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# Tualatin

## Housing Production Strategy

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Final Draft Report

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# Acknowledgements

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# Executive Summary

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This report presents a housing production strategy (HPS) for the City of Tualatin. A housing production strategy is intended to include goals and strategic actions to work together to achieve equitable outcomes for all residents of Tualatin, with an emphasis on improving outcomes for underserved communities, people with lower incomes, and people in state and federal protected classes.<sup>1</sup> This report is intended to meet the requirements of OAR 660-008, as described within the report.

The HPS is intended to address the housing needs identified in the *Tualatin Housing Needs Analysis* (HNA) in 2019, which concluded that Tualatin has very limited land to accommodate future housing growth and that housing needs are changing as a result of demographic changes and need for affordable housing. Specifically, the HNA concluded:

- **Tualatin is forecasted to increase its housing by about 1,014 new dwelling units between 2020 and 2040.**
- **Changes in demographic characteristics will drive need for new housing.** The HNA forecast that Tualatin would need more attached and multifamily housing in the future than the current housing stock provides. The factors driving the shift in types of housing needed in Tualatin include changes in demographics, such as growing senior populations, and the household formation of young adults.

**Tualatin has an existing deficit of housing that is affordable to low and moderate-income households and is likely to have similar future deficits.** Tualatin's existing deficit of housing to meet the needs of extremely low to low-income households indicates a need for subsidized affordable housing for renters and affordable homeownership. Moderate income households may benefit from a wider range of housing types, but housing types alone do not necessarily bring the cost down for renters or homeowners. Without the types of solutions proposed in this report, lack of affordability will continue to be a problem and will possibly grow, in the future, if incomes continue to grow at a slower rate than housing costs.

- **Tualatin has a limited amount of vacant, unconstrained buildable residential land, particularly for higher-density multifamily housing.** Tualatin has about 244 acres of vacant, unconstrained buildable land. About 64% of vacant land is in Low Density Residential, 29% is in Medium Low Density Residential, and 8% of land in areas that allow higher-density multifamily housing such as Medium High Density, High Density, High Density High-Rise, and commercial area.

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<sup>1</sup> Federal protected classes include race, color, national origin, gender, familial status, and disability. Oregon's additional protected classes include marital status, source of income, sexual orientation, and status as a domestic violence survivor. Under Fair Housing laws, it is illegal to deny access to housing based on the characteristics of people within these protected classes.

- **Tualatin cannot accommodate all of its housing needs on existing vacant land.** Tualatin has a land deficit of seven acres and four acres in the Medium High Density and High Density High Rise Plan Designations, of 7 acres and 4 acres respectively.

The HPS is intended to establish a framework for the evaluation and potential development of policies and strategic actions that address the housing needs described above over a six-year period. Key findings of the HPS are that Tualatin needs:

- **Increased housing diversity.** Nearly two-thirds of Tualatin’s housing stock is single-family detached housing. The City’s demographic and socioeconomic characteristics suggest a need for a wide variety of housing types to meet the needs of a growing and diverse pool of existing and future residents.
- **Greater housing affordability and availability for homeowners.** Tualatin’s homeownership stayed static from 2000 to 2017 at about 55%, however, it was lower than Washington County’s (61%) and the Portland Region’s (60%) homeownership rate. These statistics highlight a potential need for greater homeownership opportunities as homeownership continues to be one of the most effective (and primary ways) for households and individuals to build wealth.
- **Greater housing affordability and availability for renters.** Competition for lower-priced affordable units in Tualatin is strong and many cannot afford these rents or housing sales prices without cost burdening themselves. In the 2013-2017 period, about 56% of Tualatin’s renters were cost burdened, with 26% severely cost burdened.<sup>2</sup> Renters, especially those with lower incomes, are at risk of being displaced through increases in rental costs.
- **Increased income-restricted regulated, emergency, and supportive housing.** Tualatin has about 604 rent-restricted affordable housing units (accounting for about 5% of Tualatin’s housing stock) but has about 1,753 households experiencing severe housing cost burden in the city. Washington County has about 530 people experiencing homelessness, about 300 of whom are unsheltered. About 44 people experiencing homelessness are estimated to live in the Tualatin and Tigard area.
- **Need for housing for people to live and work in Tualatin.** Tualatin’s Economic Opportunities Analysis report (December 2019) reported that 93% of people working in Tualatin lived in another community (such as Portland, Tigard, Beaverton, or Hillsboro) and commuted into Tualatin each day. Some people who work in Tualatin can afford rent or homeownership in Tualatin, but some would be cost burdened in Tualatin.

This analysis finds disproportionate housing needs for seniors, people of color, people with one or more disabilities, and people experiencing homelessness. Washington County’s Consolidated

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<sup>2</sup> A household is said to be cost burdened if they spend 30% or more of their gross income on housing costs. A household is said to be severely cost burdened if they spend 50% or more of their gross income on housing costs.



Plan identifies all of these groups as a priority with special housing needs. The following groups have greater-than-average housing needs:

- **Seniors.** People 65 years of age and older are disproportionately cost burdened compared to the average household—many living on fixed incomes in a region with increasing housing costs. Over the next twenty years, people over 65 years are expected to be the fastest-growing age group. As this group grows, Tualatin will need more housing that is affordable, physically accessible, and in proximity to needed services (such as nearby health care or in-home assistance). Seniors will also need improved access to housing without discrimination, especially seniors of color.
- **People of color.** About 25% of Tualatin’s population identified as a person of color, who are more likely to be cost burdened when compared to the average household. Broadly, the housing needs for many people of color in Tualatin include improved access to affordable housing units, assistance to avoid displacement, access to housing in locations with “high opportunity” (such as areas near jobs, transit, or services), and access to housing without discrimination.
- **People with disabilities.** Across the Portland Region, people with one or more disabilities experience disproportionate cost burden. Housing needs of people with one or more disabilities vary by type of disability. But in general, housing needs include improved access to an affordable unit, improved physical access to housing units, access to housing with needed services, and access to housing without discrimination.
- **People experiencing homelessness.** People experiencing homelessness are disproportionately affected by the lack of affordable housing. Housing needs for people experiencing homelessness vary by reason for homelessness. In Washington County, the primary reason cited for experiencing homelessness was inability to afford housing. The broad housing needs for this group include the need for immediate assistance (e.g., rent support), permanent supportive housing (with services), and improved access to an affordable unit.

## Summary of Goals and Strategic Actions

The HPS presents goals and strategic actions to address the housing needs described above. Implementation of the HPS is expected to occur over a six-year period. Each strategic action will require further consideration, such as additional analysis, engagement of consultants, changes to existing standards or programs, discussions with decision makers, or public hearings. The City may be unable to or not chose to implement some strategic actions because of new information that arises from a detailed evaluation of the specifics of each strategic action. In that case, the City may identify a different action (or actions) to meet the specific housing need addressed by the strategic action.

Exhibit 1 presents a summary of the goals and strategic actions and includes the following information:

- **Goal or strategic action.** This is either the text of the goal or a short summary of the strategic action. Chapter 3 of the report presents additional information about each goal and a description of each strategic action.
- **Incomes of populations served by each strategic action.** Income is based on Median Family Income (MFI) as defined by the US Department of Housing and Urban Services (HUD) for Washington County. The example below is for a family of four people. The HUD terms used to describe housing by income group are:
  - Extremely Low Income: Less than 30% MFI, \$28,000 or less for a family of four
  - Very Low Income: 31% to 50% of MFI, \$28,000 to \$46,000 for a family of four
  - Low Income: 51% to 80% of MFI, \$46,000 to \$74,000 for a family of four
  - Moderate Income: 81% to 120% of MFI, \$74,000 to \$110,000 for a family of four
  - High Income: 121% of MFI or more, \$110,000 or more for a family of four
- **Potential magnitude of the action for producing new housing.** This is an estimate of the amount of new housing that may be produced over the six-year period as a result of each strategic action. The magnitudes of impact are:
  - A **low** magnitude is anticipated production of 1% or less of the needed new units (1,014 units) or about 10 dwelling units over the six-year period. A low magnitude does not mean a strategic action is unimportant. Some strategic actions are necessary but not sufficient to produce new housing.
  - A **moderate** magnitude is anticipated production of 1% to 5% of the needed new units (1,014 units) or about 10 to 50 dwelling units over the six-year period.
  - A **high** magnitude is anticipated production of 5% or more of the needed new units (1,014 units) or 50 or more dwelling units over the six-year period.
- **Expected year of adoption.** The HPS will be implemented over a six-year period. Each strategic action will be evaluated, and if the City chooses to implement it, then it would be adopted or would have some other official acknowledgement that the City is going to execute the strategic action.

Exhibit 1. Summary of Goals and Strategic Actions

Goal and Strategic Actions	Income Levels Served (MFI)	Magnitude of Impact	Expected Year of Adoption
<b>1. Affordable Housing: Strongly prioritize, encourage, and support affordable rental housing development to increase affordable housing for households earning 0-60% Median Family Income.</b>			
1.a Evaluate a Low-Income Housing Property Tax Exemption Program for Affordable Rental Housing	0-60%	Moderate	2023
1.b Evaluate Changes to Systems Development Charges	0-80%	Low	2026
1.c Evaluate Implementation of a Construction Excise Tax (CET)	Mostly 0-60% Possibly 61-80%	Moderate	2025
1.d Evaluate Support for Affordable and Workforce Rental Housing as part of Urban Renewal	0-80%	Moderate to large	2022
1.e Evaluate Financial Resources for Local Contributions to Affordable Housing Development	0-60%	Moderate	2026
1.f Evaluate Buildable or Redevelopable Public and Institutional Land Potentially Suitable for Affordable Housing	0-60%	Moderate	2023
1.g Evaluate Development Code Changes to Allow and Support Other Affordable Rental Housing Types in Tualatin	0-80%	Indirect, low	2024
1.h Evaluate Municipal Code, Development Code, Public Works Construction Code, and Building Code Processes to Make Building Affordable Housing Easier	0-60%	Low	2024
<b>2. Affordable Homeownership: Encourage and support affordable homeownership to create opportunities for wealth creation.</b>			
2.a Evaluate Impediments to Homeownership and Their Removal	0-120%	Indirect, low	2024
2.b Partner to Encourage Education about Homeownership Opportunities	0-120%	Low to moderate	2022
2.c Partner with Organizations that Develop Affordable Ownership Housing	0-80%	Low to moderate	2023
2.d Evaluate Development Code to Encourage Diverse Housing Types for Affordable Homeownership	0-120%	Indirect, low	2024
<b>3. Preservation of Regulated Affordable Housing: Preserve affordable housing to prevent the loss of existing affordable housing units and to prevent resident displacement.</b>			
3.a Evaluate How to Support Preservation of Regulated Affordable Rental Housing	0-60%	Moderate	2025
3.b Evaluate Developing a Healthy Housing Initiative for Multifamily Housing	0-80%	Moderate to large	2024

Goal and Strategic Actions	Income Levels Served (MFI)	Magnitude of Impact	Expected Year of Adoption
4. Preservation of Naturally Occurring Affordable Housing (NOAH): Preserve naturally occurring affordable housing, where possible, to prevent loss of affordable units and to mitigate resident displacement.			
4.a Evaluate Development of Incentives to Preserve Low-Cost Rentals for Below-Market-Rate Privately Owned Rental Housing	0-80%	Moderate	2026
4.b Evaluate Using the Multiple Unit Property Tax Exemption to Slow Rental Cost Increases	0-80%	Moderate	2026
5. Housing for Underserved Communities: Implement housing policies, projects, programs, and partnerships to further support racial and social equity.			
5.a Consider Development of a Funding Action Plan to Implement the HPS with Attention to Equity	Emphasis on 120% and below	Indirect, large	2023
5.b Evaluate Impediments to Fair Housing to Create an Analysis of Impediments	All income groups	Moderate	2024
5.c Evaluate Ways to Best Ensure Opportunities for Education about Fair Housing Are Provided	All income groups	Moderate	No adoption needed
5.d Evaluate Strategies to Encourage Diverse Housing Types in High-Opportunity Neighborhoods	0-80%	Moderate	2024
6. Workforce Housing: Encourage, plan for, and support the development of workforce housing for households earning 61-80% Median Family Income for both owner and renter, in order to increase the jobs-housing balance, reduce commute time, and provide attainable housing for workers in Tualatin.			
6.a Evaluate Ways to Incentivize Inclusion of Workforce Housing Units within New Multifamily Rental Development	61-80%	Moderate	2026
6.b Evaluate Potential Partnerships with Employers on Employer-Assisted Housing	Less than 120%	Low to moderate	No adoption needed
6.c Evaluate City Partnership to Participate in a Land Bank	0-80%	Low to moderate	2024
7. Housing Stabilization: Prevent and address homelessness to provide safe living conditions for everyone living in Tualatin.			
7.a Evaluate Opportunities to Partner on a Local Rental and Utility Assistance Program	0-80%	Moderate	No adoption needed
7.b Evaluate Ways to Develop Housing Options and Services to Address and Prevent Houselessness	0-30%	Moderate	2026
8. Housing Rehabilitation: Plan for and support housing programs and initiatives that are responsive to the safety and health needs of households earning 0-80% of Median Family Income.			

Goal and Strategic Actions	Income Levels Served (MFI)	Magnitude of Impact	Expected Year of Adoption
8.a Evaluate Establishing Local Housing Rehabilitation Program	0-80%	Low to moderate	2026
8.b Evaluate the Implementation of a Healthy Housing Initiative for Single-Family Housing	0-80%	Moderate to large	2024
9. Accessible Design and Other Specialized Design: Encourage and support Universal Design, Lifelong Housing Certification, and other similar standards.			
9.a Evaluate the Development of Specialized Design Standards and Incentives to Accommodate Special Needs	For Standards: All income groups For Incentives: income qualifying level TBD.	Low	2024
10. Mixed-Use Housing and Redevelopment: Encourage and support development of mixed-use, mixed-income, and multifamily housing in commercial zones and urban renewal areas for households earning 0-80% Median Family Income.			
10.a Evaluate Redevelopment Opportunities for the Creation of Mixed-Use Development Districts to Support Development of Affordable Housing and Workforce Housing	0-80%	Large	2022
10.b Evaluate Opportunities for Conversion of Commercial Buildings to Residential Uses	0-80%	Low to moderate	2023
10.c Evaluate Opportunities to Rezone Land for Mixed-Use	All income groups	Large	2022
10.d Evaluate Establishing Incentives to Support Mixed-Use Development, such as the Vertical Housing Tax Abatement	Typically, over 80% unless affordable housing	Moderate	2023
11. Regulatory and Zoning Changes: Increase housing development opportunities through regulatory and zoning changes to accommodate a diverse range of housing types and price points to meet the housing needs in Tualatin.			
11.a Evaluate Updating Density Standards for Multifamily Housing in Medium-Density, High-Density, and Mixed-Use Zones	All income groups	Large	2022

Goal and Strategic Actions	Income Levels Served (MFI)	Magnitude of Impact	Expected Year of Adoption
11.b Evaluate Opportunities to Rezone Lower-Density Residential Land to Higher Density	All income groups	Moderate to large	2022
11.c Evaluate the Feasibility of Targeted Reductions to Off-Street Parking Requirements	All income levels	Moderate	2022
11.d Evaluate Updating Code to Allow Small Dwelling Unit Developments	Less than 100%	Low	2024
11.e Evaluate Adopting an Expedited Permitting Process for Affordable Rental Housing and Affordable Homeownership	0-80%	Low to moderate	2023
11.f Evaluate Providing Additional Engagement and Information to Developers of Affordable Housing	0-60%	Low to moderate	2022
12. Transportation and Public Infrastructure: Plan for and develop transportation and public infrastructure to support affordable housing, workforce housing, mixed-use housing, and mixed-income housing.			
12.a Evaluate Ways to Prioritize Capital Improvements Programming for Affordable and Workforce Housing	0-80%	Moderate	2023

# 1. Introduction

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A Housing Production Strategy is intended to include goals and strategic actions to work together to achieve equitable outcomes for all residents of Tualatin, with an emphasis on improving outcomes for underserved communities, people with lower incomes, and people in state and federal protected classes. Fair housing law is intended to provide access to housing choice for everyone, free from discrimination. Federal protected classes are: race, color, national origin, gender, familial status, and disability. Oregon's additional protected classes are: marital status, source of income, sexual orientation, and status as a domestic violence survivor. Under Fair Housing laws, it is illegal to deny access to housing based on the characteristics of people within these protected classes.

The Tualatin Housing Production Strategy presents information about Tualatin's housing needs (including the housing needs of people disproportionately affected by insufficient access to affordable housing) and presents goals and strategic actions to address these housing needs. This report is intended to meet the requirements of OAR 660-008, which are presented below.

## Background

Tualatin is a city with a unique role and location within the Portland Region. The city is located at the southern portion of the region, along Interstate 5 and very near the intersection of Interstate 5 and Interstate 205. Tualatin had about 27,200 residents in 2020 and approximately 40,500 employees at businesses located in Tualatin.<sup>3</sup> Commuting is common in the Portland Region and in Tualatin. In Tualatin, approximately 93% of working people commute out and 7% of working people who live in Tualatin also work in Tualatin.<sup>4</sup>

Tualatin completed the Tualatin Housing Needs Analysis (HNA) in 2019, which concluded that Tualatin has very limited land to accommodate future housing growth and that housing needs are changing as a result of demographic changes and the need for affordable housing.<sup>5</sup> Specifically, the analysis concluded:

- **Tualatin is forecasted to increase its housing by about 1,014 new dwelling units between 2020 and 2040.** This is anticipated to occur within the city limits (571 new households) and in the Basalt Creek Area (443 new households).

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<sup>3</sup> The population estimate from the Portland State University Population Research Center Annual Population Estimate. The employment estimate is based on the Tualatin Economic Opportunities Analysis report.

<sup>4</sup> US Census Bureau, Census On the Map, 2015

<sup>5</sup> Throughout this report, we use information from the Tualatin Housing Needs Analysis report, which is largely based on information from the 2013-2017 US Census Bureau American Community Survey. We updated data about housing sales costs and rents, as they have changed meaningfully since completion of the Housing Needs Analysis. This report does not incorporate data specifically about the impacts of the COVID-19 pandemic on housing affordability because newer information is unavailable on a city level. It is reasonable to assume that, since completion of the HNA, more households are struggling to afford housing.

- **Changes in demographic characteristics will drive the need for new housing.** The HNA forecast that Tualatin would need more attached and multifamily housing in the future than the current housing stock provides. The HNA forecast that 40% of new housing would be single-family detached, 15% single-family attached, and 45% multifamily. The factors driving the shift in types of housing needed in Tualatin include changes in demographics. The aging of senior populations and the household formation of young adults will drive demand for renter and owner-occupied housing, such as small single-family detached housing, town houses, duplexes, and apartments/condominiums. Both groups may prefer housing in walkable neighborhoods with access to services.
- **Tualatin has an existing deficit of housing that is affordable to low and moderate-income households and is likely to have similar future deficits.** Tualatin’s existing deficit of housing to meet the needs of extremely low to low-income households indicates a need for subsidized affordable housing for renters and affordable homeownership. Moderate income households may benefit from a wider range of housing types, but housing types alone do not necessarily bring the cost down for renters or homeowners. As of 2017, about 37% of Tualatin’s households were cost burdened,<sup>6</sup> including a cost-burden rate of 56% for renter households. As the Tualatin HNA was completed prior to the occurrence of the Covid-19 pandemic in 2020-2021, and the data in this report is based largely on that HNA, it does not include cost-burden data for that more recent period. It is reasonable to assume that, since completion of the HNA, more households are struggling to afford housing.

Exhibit 2 shows that 31% of Tualatin’s households had incomes less than 50% of MFI (\$41,000) and cannot afford a two-bedroom apartment at Washington County’s Fair Market Rent (FMR) of \$1,330 in 2018.

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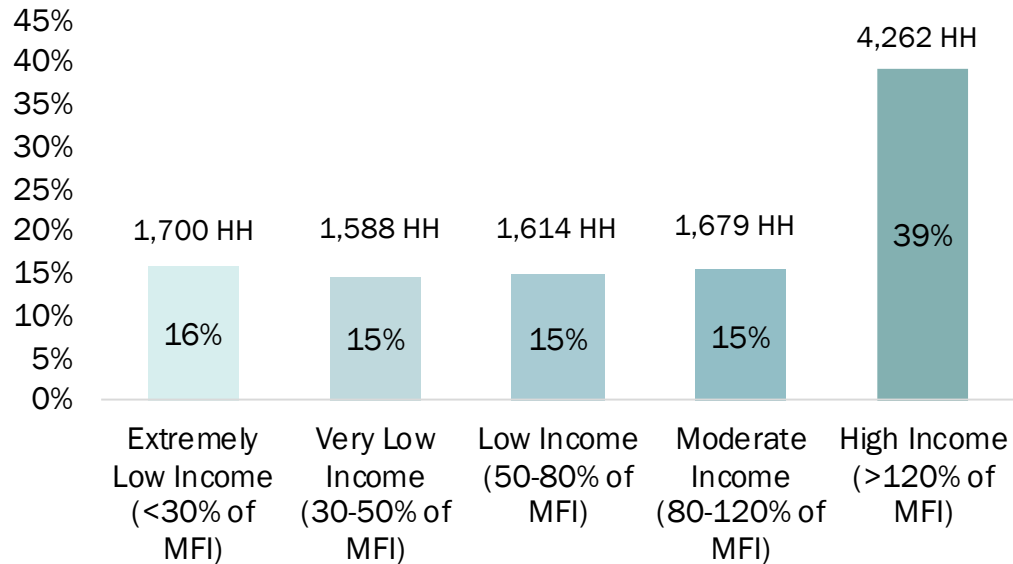
<sup>6</sup> A household is considered cost burdened if they pay 30% or more of their gross income on housing costs, such as rent, selected utilities like electricity and heating, and mortgage/interest/insurance. A household is severely cost burdened if they spend 50% or more of their gross income on housing costs



**Exhibit 2 Share of Households, by Median Family Income (MFI) for Washington County (\$81,400), Tualatin, 2018**

Source: US Department of Housing and Urban Development, Washington County, 2018. US Census Bureau, 2013-2017 ACS Table 19001.

Note: Exhibit 2 was based on information from Tualatin’s Housing Needs Analysis, with corrections (to fix errors) to the number of existing dwelling units in each income category.



Without the types of solutions proposed in Chapter 3 of this report, lack of affordability will continue to be a problem and will possibly grow in the future if incomes continue to grow at a slower rate than housing costs. Under the current conditions, 307 of the forecasted new households will have incomes of \$40,700 (in 2018 dollars) or less (50% of MFI income or less). These households cannot afford market-rate housing and have the largest unmet housing need. Another 151 new households will have incomes between \$40,700 and \$65,120 (51% to 80% of MFI). All tiers of low-income households need access to subsidized affordable housing or stable below-market-rate housing to be able to afford housing.

- Tualatin has a limited amount of vacant, unconstrained buildable residential land, particularly for higher-density multifamily housing.** Tualatin has about 244 acres of buildable, unconstrained vacant land. About 64% of vacant land is in Low Density Residential and 29% is in Medium Low Density Residential, both of which allow single-family detached housing and will allow multifamily housing types (such as duplexes, triplexes, quadplexes, and town houses) when the City implements HB 2001. This leaves a very small amount of land (about 19 acres) in areas that allow higher-density multifamily housing such as Medium High Density, High Density, High Density High-Rise, and commercial area.
- Tualatin cannot accommodate all of its housing needs on existing vacant land.** Tualatin has a deficit of land in the Medium High Density and High Density High Rise Plan Designations, of 7 acres and 4 acres respectively. The deficits may be addressed in multiple ways, such as by re-zoning land, increasing densities allowed in Plan

Designations with deficits, or by accommodating housing in Plan Designations with surpluses. These options are included in the strategic actions in this report.

## Housing Production Strategy Purpose

The Housing Production Strategy is intended to establish a framework for the evaluation and potential development of policies and strategic actions that address Tualatin’s housing needs. Throughout this report, we discuss housing income based on Median Family Income (MFI) as defined by the US Department of Housing and Urban Services (HUD) for Washington County. The example below is for a family of four people. The information used in this report is generally from the Tualatin HNA, which presents data current as of 2018.<sup>7</sup> The information about Median Family Income below (and throughout the report) use the 2020 MFI for Washington County (\$92,000). The HUD terms used to describe housing by income group are:<sup>8</sup>

- Extremely-Low Income: Less than 30% MFI or \$28,000 or less for a family of four
- Very-Low Income: 31% to 50% of MFI or \$28,000 to \$46,000 for a family of four
- Low Income: 51% to 80% of MFI or \$46,000 to \$74,000 for a family of four
- Moderate Income: 81% to 120% of MFI or \$74,000 to \$110,000 for a family of four
- High Income: 121% of MFI or more \$110,000 or more for a family of four

Throughout this report, the term “workforce housing” is used. In this report, it generally refers to housing affordable at 61% to 80% of MFI.

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<sup>7</sup> The date ranges for data vary, with much of the information from the HNA from the U.S. Census 2013-2017 period. In some cases, the report presents data from the 2000 or 2010 Decennial Census to provide historical context. In some cases the report uses more updated data for things like housing sales prices, rents, median family income, people experiencing homelessness, and other subjects.

<sup>8</sup> The actual income limits on specific affordable housing programs, such as LIHTC or CDBG HOME, vary by program. As the City implements the strategic actions presented in this report, the City will need to understand the income limitations of different programs.

## Requirements of a Housing Production Strategy

OAR 660-008 describes the requirements of a Housing Production Strategy (HPS) in sections 660-008-0050 through 660-008-0070. This section briefly describes these requirements and review by staff with the Department of Land Conservation and Development (DLCD).

The HPS is required to include the following information. We have noted what chapter this information is included in this report:

- **Contextualized Housing Need and Engagement** (Chapter 2 in this report) should provide information about the socioeconomic and demographic trends of households in Tualatin, the policies the City has adopted to meet housing needs, and a summary of engagement the City has had with stakeholders about housing needs.
- **Strategies to Meet Future Housing Need** (Chapter 3 in this report) identifies specific actions, measures, and policies needed to address housing needs identified in Tualatin's HNA report.
- **Achieving Fair and Equitable Housing Outcomes** (Chapter 4 in this report) evaluates the entire list of strategies to achieve equitable outcomes. The valuation considers factors such as location of housing, affirmatively furthering Fair Housing, facilitating housing choice, identifying housing options for residents experiencing homelessness, supporting development of affordable housing, and increasing housing stability.

The City is required to submit the HPS to DLCD after its adoption by the City Council. Then the City is required to monitor progress on implementation of the HPS and progress on production of housing related to the policies and strategic actions in this report. Linking housing development directly to implementation of the strategic actions in this report may be challenging and difficult to quantify. But City staff will be able to report changes in building activity that occurs before and after implementation of specific strategic actions and will be able to provide qualitative feedback on implementation of strategic actions based on development of partnerships and discussions with stakeholders.

Tualatin will be required to submit a report to DLCD three years after the City adopts the HPS, which includes:

- A **summary** of the strategic actions taken by that time. For strategic actions not adopted on the schedule in the HPS, the City must provide an explanation of the circumstances that posed a barrier to implementation and a plan for addressing the need identified in the strategy.
- An **evaluation** of the efficacy of the strategic actions that the City has implemented for meeting the needs in the HNA and whether the strategic actions are moving the City to achieve more fair and equitable housing outcomes.

Implementation of the HPS will take time because each strategic action will require further consideration, such as additional analysis, engagement of consultants, changes to existing

standards or programs, discussions with decision-makers, or public hearings. The City may be unable to or chose not to implement some strategic actions because of new information that arises from a detailed evaluation of the specifics of each strategic action.

If the City is unable to or chooses not to implement a strategic action within 90 days of the timeline proposed in the HPS, the City must notify DLCD about the action(s) that the City is taking to address this issue. The City may propose an alternative schedule for implementing the strategic action or may identify a different action (or actions) to meet the specific housing need addressed by this strategic action.

## Structure of the Report

This report is organized as follows:

- **Chapter 2. Contextualizing Housing Need** summarizes the findings about housing need in Tualatin, with a focus on housing need at varying income levels and housing needs of specific groups of people
- **Chapter 3. Strategies to Meet Future Housing Need** presents the proposed goals and strategic actions to meet the housing need described in Chapter 2.
- **Chapter 4. Evaluation of the Housing Production Strategy for Achieving Fair and Equitable Housing Outcomes** presents an evaluation of the HPS through considerations of the location of housing, Fair Housing, housing choice, and other factors.
- **Appendix A. Contextualizing Tualatin's Housing Needs** presents the data and analysis necessary to understand Tualatin's housing needs in more detail.

## 2. The Need for Housing in Tualatin

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### Introduction

The Tualatin Housing Needs Analysis (HNA) describes the housing needs of current and future residents of Tualatin based on demographic and socioeconomic characteristics, such as age and income. It does not provide detailed data about housing needs for other demographic characteristics, such as race, ethnicity, people with one or more disabilities, or people experiencing homelessness.<sup>9</sup>

This chapter provides additional information about the housing needs by income, age, race, ethnicity, disability and for people experiencing homelessness. It uses standard sources of information from the U.S. Census. It adds information from other sources, such as Oregon’s Housing and Community Services Department, the United States Department of Housing and Urban Development, RLIS, Redfin, Costar, the City of Tualatin, and the Washington County Consortia 2020-2024 Consolidated Plan.

This chapter presents a description of the housing needs that the Housing Production Strategy is intended to address, as well as existing policies to address Tualatin’s housing needs. It ends with a summary of the existing and expected barriers to development of needed housing.

### Summary of Tualatin’s Housing Needs

Appendix A provides detailed information about housing needs in Tualatin. Appendix A includes discussion of housing need related to demographics and socioeconomic characteristics of people in Tualatin, housing market conditions and trends, housing affordability, and information about outreach and engagement by City staff. This section summarizes these housing needs briefly. For more details about housing needs and the sources of information for this analysis, please refer to Appendix A.

- **Increased housing diversity.** Nearly two-thirds of Tualatin’s housing stock is single-family detached housing. Tualatin is a relatively young and ethnically diverse city. While Tualatin comprises many families with and without children, the senior population across the region is growing. Tualatin serves as an important employment hub in the Portland Metro area, drawing workers from across the region. The City’s demographic and socioeconomic characteristics suggest a need for a wide variety of housing types to meet the needs of a growing and diverse pool of existing and future residents. Feedback from stakeholders (in Appendix A) indicated that they think Tualatin needs to allow a wider range of housing types, such as more town homes,

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<sup>9</sup> Inclusion of detailed information about housing needs for other demographic characteristics—such as race, ethnicity, people with disabilities, or people experiencing homelessness—was not a requirement of the HNA when the Tualatin HNA was completed. This information is required by the HPS, so it has been included in this report.

mixed-use development, duplexes, triplexes, cottage clusters, multigenerational housing, accessory dwelling units, and high-rise apartments (structures that are six to eight stories in height).

- **Greater housing affordability and availability for homeowners.** Tualatin's homeownership stayed static from 2000 to 2017 at about 55%, however, it was lower than Washington County's (61%) and the Portland Region's (60%) homeownership rates. These statistics highlight a potential need for greater homeownership opportunities as homeownership continues to be one of the most effective (and primary ways) for households and individuals to build wealth. In addition, renter households are more likely to be at risk of displacement than homeowners, particularly in Oregon.<sup>10</sup> Plans to increase homeownership can help to prevent displacement due to rising rental costs. Median sales prices in Tualatin continue to increase (more than doubling in Tualatin between 2012 and 2020) consistent with the region, putting homeownership out of reach for many households in the city.
- **Greater housing affordability and availability for renters.** Based on a survey of currently available rental properties in Tualatin, the typical asking rent ranged from about \$1,125 for a one-bedroom unit to more than \$2,000 per month for a three-bedroom unit. These costs are affordable to households earning 55% to 98% of the region's MFI (about \$45,000 to \$80,000).

Competition for lower-priced affordable units is strong, and many cannot afford these rents or housing sales prices without cost burdening themselves. In the 2013-2017 period, about 56% of Tualatin's renters were cost burdened, with 26% severely cost burdened.<sup>11</sup> Renters, especially those with lower incomes, are at risk of being displaced through increases in rental costs. Anecdotal discussions with stakeholders in Tualatin suggest that rising rents are causing people to move out of the city to find more affordable housing.

- **Increased income-restricted regulated, emergency, and supportive housing.** Tualatin has about 604 rent-restricted affordable housing units (accounting for about 5% of Tualatin's housing stock) but has about 1,753 households experiencing severe housing cost burden in the city. Washington County has about 530 people experiencing homelessness, about 300 of whom are unsheltered. Tualatin's Continuum of Care region has 111 emergency shelter beds, 10 safe haven beds, 119 transitional shelter beds, and 725 permanently supportive housing beds supporting persons experiencing homelessness in the region. However, in 2019, 44% of people experiencing homelessness

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<sup>10</sup> In Oregon, homeowners are largely insulated from the financial effects of market changes due to the property taxation system, which decouples market sales prices from assessed values, meaning that rising home values only impact property tax amounts in very limited circumstances. However, even after recent changes to state law providing greater protection for renters, renters are still much more vulnerable to changing market conditions and are subject to the decisions of the property owner regarding redevelopment, remodels, rent increases, etc.

<sup>11</sup> A household is said to be cost burdened if they spend 30% or more of their gross income on housing costs. A household is said to be severely cost burdened if they spend 50% or more of their gross income on housing costs.

in the region were unsheltered and about 211 students in the Tualatin/Tigard School District experienced homelessness in some form in the 2018-19 school year (many of them doubled-up<sup>12</sup>).

- **Need for housing for people to live and work in Tualatin.** Tualatin’s Economic Opportunities Analysis report (December 2019) reported that 93% of people working in Tualatin lived in another community (such as Portland, Tigard, Beaverton, or Hillsboro) and commuted into Tualatin each day. Some people who work in Tualatin can afford rent or homeownership in Tualatin, but some would be cost burdened in Tualatin.
  - *Lower wage.* A household with 1.8 employees in lower-paying sectors, such as retail (with an average pay of \$28,300), would have an income of about 55% of the region’s MFI. This household would be unlikely to afford homeownership. They may be able to afford monthly rent of about \$1,250, such as a one-bedroom unit in Tualatin. They would not be able to afford a larger unit with two or more bedrooms. This household would likely either live in an overcrowded unit (because a one-bedroom unit is too small for a family of four) or be cost burdened so that they could have a dwelling unit big enough for their household.
  - *Average wage.* The average wage at a job in Tualatin was about \$57,300 in 2017. Assuming about 1.8 jobs per household,<sup>13</sup> the average wage for a household with jobs in Tualatin would be approximately \$103,000. This income would put the household at about 119% of the region’s MFI. A household with this income could afford a house between \$360,000 and \$412,000. While this is below the median sales price of \$491,000, a household with this income may be able to afford a lower-cost home in Tualatin.
  - *Higher wage.* A household with 1.8 employees in higher-paying sectors, such as manufacturing and health care (which has an average pay of \$73,400), would have an income of about 144% of the region’s MFI. This household could afford to rent or own and could afford the median sales price of \$491,000 in Tualatin.

Throughout this analysis, we discuss housing needs for specific populations, such as people of color. The reason for this discussion is that the housing needs of these populations are different from other groups in Tualatin. The Washington County Consolidated Plan describes the issue in the following way:

“Analyses persistently demonstrate that some population groups, including communities of color and people with disabilities, experience disproportionately high housing cost burdens, are less likely to be homeowners, are disproportionately represented in the criminal justice system, have a school

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<sup>12</sup> “Doubled-up” refers to the sharing of other persons’ housing due to loss of housing or economic hardship.

<sup>13</sup> This assumption is based on information about jobs per household for the Portland Region, including Clackamas County, Washington County, and Multnomah County. We use this estimate because commuting trends make it difficult to estimate jobs per household in Tualatin, given that so many workers commute into Tualatin for work.

achievement gap and experience other disparities relative to health, wellbeing, wealth, income and life outcomes. In deciding on priorities, the County sought opportunities to address persistent historic imbalances, consider systemic causes and advance a more equitable and fair housing system.”<sup>14</sup>

This analysis finds disproportionate housing needs for seniors, people of color, people with one or more disabilities, and people experiencing homelessness. Washington County’s Consolidated Plan identifies all of these groups as a priority with special housing needs.

- **Seniors.** People 65 years of age and older are disproportionately cost burdened compared to the average household—many living on fixed incomes in a region with increasing housing costs.<sup>15</sup> About 62% of people aged 65 years of age and older are rent burdened in the Portland Region, compared to an overall average of 46% of renter households cost burden in the Portland Region.<sup>16</sup> Over the next twenty years, people over 65 years are expected to be the fastest-growing age group. As this group grows, Tualatin will need more housing that is affordable, physically accessible, and in proximity to needed services (such as nearby health care or in-home assistance). Seniors will also need improved access to housing without discrimination, especially seniors of color.
- **People of color.** About 25% of Tualatin’s population identified as a person of color. In the Portland Region, about 55% of renter households that identified as Latino and 52% of renter households that identified as a non-Asian person of color were cost burdened.<sup>17</sup> Latinos are the largest ethnic group in Tualatin (16% of the population) and have the lowest median income (\$30,761) of any race or ethnicity in Tualatin.<sup>18</sup> Broadly, the housing needs for many people of color in Tualatin include improved access to affordable housing units, assistance to avoid displacement, access to housing in locations with “high opportunity” (such as areas near jobs, transit, or services), and access to housing without discrimination.
- **People with disabilities.** Across the Portland Region, people with one or more disabilities experience disproportionate cost burden. In particular, 53% of renters in the

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<sup>14</sup> 2020-2024 Consolidated Plan for Washington County and the Cities of Beaverton and Hillsboro, Executive Summary, page 3.

<sup>15</sup> Some seniors have accumulated wealth, which is not accounted for in this analysis. Information about accumulated wealth is available at the national level but not at the state or city level.

<sup>16</sup> Rent burden by these groups is less available and accurate for Tualatin, given the small size of the city and the quality of available data. As a result, this section presents rent burden for these groups in the Portland Region based on analysis from the report *Implementing a Regional Housing Needs Analysis Methodology in Oregon: Approach, Results, and Initial Recommendations* by ECONorthwest, March 2021.

<sup>17</sup> This information is not available on a city-by-city basis from the US Census ACS. This statistic is pulled from a statewide analysis from the report *Implementing a Regional Housing Needs Analysis Methodology in Oregon: Approach, Results, and Initial Recommendations* by ECONorthwest, August 2020.

<sup>18</sup> Tualatin’s largest community of color is Latino, with about 4,475 Latino people living in Tualatin. Other people of color living in Tualatin are Asian (1,013 people), two or more races (795 people), Black or African American (364 people), Native Hawaiian or Pacific Islander (127 people), American Indian or Alaska Native (103 people), and some other race (54 people).



Portland Region with a hearing or vision disability and 65% of renters with a disability other than a hearing or vision-based disability are cost burdened, compared to the average rate of cost burden for all households in the region at 46%. Housing needs of people with one or more disabilities vary by type of disability, but in general housing needs include improved access to an affordable unit, improved physical access to housing units, access to housing with needed services, and access to housing without discrimination—especially for people with one or more disabilities who are also seniors and/or people of color. Feedback from stakeholders (documented in Appendix A) indicates that people with disabilities have a difficult time finding accessible housing, such as housing that is physically accessible.

- **People experiencing homelessness.** People experiencing homelessness are disproportionately affected by the lack of affordable housing. There were 307 people who identified as homeless and unsheltered in Washington County and 44 people in the Tigard/Tualatin area in 2020.<sup>19</sup> In addition, 16% of households in Tualatin are at risk of homelessness because they have income at or below 30% of MFI. More than 90% of these households are cost burdened and likely many are severely cost burdened. Housing needs for people experiencing homelessness vary by reason for homelessness. In Washington County, the primary reason people cited for experiencing homelessness was inability to afford housing. The broad housing needs for this group includes needs for immediate assistance (including rent support), permanent supportive housing (including supportive housing with services), and improved access to an affordable unit. The housing needs of people experiencing homelessness who are also a senior, disabled, or a Person of Color include the housing needs of those groups as well. The housing needs for people at-risk of becoming homeless may be the same as for people experiencing homelessness.

## Stakeholder Engagement

The HPS uses stakeholder involvement that was conducted over the last two years: interviews with stakeholders as a part of the Tualatin 2040 engagement process, Tualatin HNA, and public events about severely rent-burdened communities.<sup>20</sup> The key issues identified through stakeholder engagement included the need for an increased variety of housing options (especially multifamily housing), the need for more affordable housing for both renter and owner-occupied housing, the need for housing for people who work at jobs in Tualatin, changes to the Development Code to support development of these housing types, the need for

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<sup>19</sup> This is based on the annual Point-in-Time (PIT) data. The PIT count is a snapshot of individuals experiencing homelessness on a single night in a community. Though the PIT count is not a comprehensive survey, it serves as a measure of homelessness at a given point of time and is used for policy and funding decisions.

<sup>20</sup> Annual meetings about severely rent-burdened communities are required in Oregon by HB 4006 or Oregon Laws 2018 Chapter 47. A "severely rent-burdened city" is a city where at least 25 percent of the renter households in the city are severely rent burdened. Tualatin has been designated by the State as a severely rent-burdened city since 2019.

redevelopment and creation of complete neighborhoods, and housing need for specific groups like people with disabilities and people of color.

Appendix A presents a full summary of the stakeholder input from these events. These issues have been incorporated into the goals and strategic actions presented in Chapter 3.

## Housing Needs Addressed by the Housing Production Strategy

The housing market produces some types of housing without need for public intervention, such as development of single-family detached housing. The HPS focuses on housing that may require public intervention to ensure production. This section describes the housing needs that are the focus of the HPS: development of income-restricted affordable housing, housing for moderate-income households, and housing to meet the special needs of specific groups. This section describes Tualatin’s housing needs based on analyses from the *Tualatin Housing Needs Analysis* report (December 2019)<sup>21</sup> and Appendix A, which includes an analysis of unmet housing needs for underserved groups. The analysis shows income and housing affordability based on the 2020 MFI for Washington County (\$92,000).

The housing needs in Exhibit 3 are the basis for the goals and strategic actions presented in Chapter 3.

Exhibit 3. Tualatin’s Housing Needs that Are Addressed in the HPS

Description of Need	Tualatin’s Housing Need
<b>New housing to accommodate population growth</b>	The HNA projects growth of <b>1,014</b> new dwelling units in Tualatin between 2020 and 2040.
<b>Housing Need by Income</b>	
Existing households <sup>22</sup>	Extremely Low Income (< 30% MFI): <b>1,700</b> households (16% of households) Very Low Income (30-50% MFI): <b>1,588</b> households (15% of households) Low Income (50-80% MFI): <b>1,614</b> households (15% of households) Moderate Income (80-120% MFI): <b>1,679</b> households (15% of households)
New households <sup>23</sup>	Extremely Low Income: <b>159</b> households (16% of new households) Very Low Income: <b>148</b> households (15% of new households) Low Income: <b>151</b> households (15% of new households)

<sup>21</sup> <https://www.tualatinoregon.gov/sites/default/files/fileattachments/planning/page/22631/hna.pdf>

<sup>22</sup> The HPS does not anticipate building new units for all existing households in Tualatin that have problems affording housing costs. But the HPS does propose actions to stabilize the housing costs of existing lower-income households and may result in development of housing that is more affordable to these households, enabling them to stay in Tualatin. Information about lower-income households and cost burden for existing households illustrates the existing housing need in Tualatin.

<sup>23</sup> This assumes that future residents of Tualatin have an income distribution that is the same as existing residents. Given the fact that incomes have grown at a relatively slow pace over the last two decades in comparison to housing costs (especially home sales prices), this seems like a conservative assumption about the future affordability of housing.

<p>Housing Needs for Extremely Low (&lt; 30% MFI) and Very Low–Income (30-50% MFI) Households</p>	<p>Moderate Income: <b>157</b> households (15% of new households)</p> <p>At a minimum, Tualatin has housing need for:</p> <ul style="list-style-type: none"> <li>▪ <b>307</b> households earning less than 50% of MFI <ul style="list-style-type: none"> <li>▪ Tualatin also has <b>3,288</b> existing households earning less than 50% of MFI.</li> </ul> </li> <li>▪ These households can afford rents (including basic utility costs) of not more than <b>\$1,150</b> per month. <ul style="list-style-type: none"> <li>▪ A household would need to earn <b>\$58,000</b> to afford average multifamily rent of <b>\$1,450</b> for a 2-bedroom unit (about 63% of MFI for a family of four).</li> </ul> </li> <li>▪ Meeting the housing needs of these households will require a combination of preserving existing income-restricted affordable housing and developing new income-restricted affordable housing. Development of income-restricted affordable housing typically requires extensive subsidy, with funding from the State, region, or County, in addition to any support from the City and other partners.</li> </ul>
<p>Housing Needs for Low-Income (50-80% MFI) Households</p>	<p>At a minimum, Tualatin has housing need for:</p> <ul style="list-style-type: none"> <li>▪ <b>151</b> households earning between 50% and 80% of MFI <ul style="list-style-type: none"> <li>▪ Tualatin also has <b>1,614</b> existing households earning between 50% and 80% of MFI.</li> </ul> </li> <li>▪ These households can afford rents (including basic utility costs) of between <b>\$1,150</b> and <b>\$1,850</b> per month. <ul style="list-style-type: none"> <li>▪ A household would need to earn <b>\$58,000</b> to afford average multifamily rent of <b>\$1,450</b> for a 2-bedroom unit (about 63% of MFI for a family of four).</li> <li>▪ Households with this income range are likely to live in rental housing predominantly and can likely afford a range of costs from below-average rent to average or above-average rent in Tualatin.</li> </ul> </li> <li>▪ Meeting the housing needs of these households will require a combination of preserving existing “naturally occurring affordable housing” and developing new income-restricted affordable housing in this price range. Development of new housing affordable in this price range generally requires some subsidy or public support, such as tax exemptions, government funding (typically from the State, region, or County, with some level of local contribution being critical), reduced systems development charges, low interest loans, philanthropic contributions, or other financial support. Funding for rental housing for households at 61% MFI and above is very scarce. Homeownership opportunities for this income range will likely be related to housing developed by nonprofit organizations, possibly</li> </ul>

	with some form of subsidy, such as land donation, discounted land leasing, and land banking.
Housing Needs for Moderate-Income (80-120% MFI) Households	<p>At a minimum, Tualatin has housing need for:</p> <ul style="list-style-type: none"> <li>▪ <b>157</b> households earning between 80% and 120% of MFI <ul style="list-style-type: none"> <li>▪ Tualatin also has <b>1,679</b> existing households earning between 80% and 120% of MFI</li> </ul> </li> <li>▪ These households can afford rents (including basic utility costs) of between <b>\$1,850</b> and <b>\$2,750</b> per month. <ul style="list-style-type: none"> <li>▪ These households can afford rents higher than the average multifamily rent (<b>\$1,450</b>) for a two-bedroom unit, and many of these households can afford the typical multifamily rent for a three-bedroom unit (\$2,000 to \$2,400).</li> <li>▪ These households cannot afford the median sales prices of \$491,000 in Tualatin but can likely afford lower-cost housing in the Tualatin housing market.</li> <li>▪ Some households with income in the higher part of this range are likely to live in rental housing and some are likely to be homeowners. Households with incomes in the lower part of this income range may need assistance in attaining homeownership.</li> </ul> </li> <li>▪ Meeting the housing needs of these households will be a combination of development of rental housing (without subsidy from local or state government) and lower-cost housing for homeownership. Some homeownership opportunities for this income range will likely be related to housing developed by nonprofit organizations, possible with some subsidy, such as land donation, discounted land leasing, land banking, or a community land trust. Development of smaller and more affordable housing units, such as cottage housing, may provide opportunities for homeownership (without subsidy) for households in this group with higher incomes.</li> </ul>
<b>Housing Need of Specific Populations</b>	
Housing Needs of People of Color	<p>Blacks, Latinos, American Indian or Alaska Natives, and Native Hawaiian or Pacific Islanders are more likely to rent their homes and live in multifamily housing than the overall average in Tualatin. People of color are more frequently cost burdened than the average in the Portland Region.</p> <p>About <b>19%</b> of Tualatin’s population identified as Black, Latino, American Indian or Alaska Native, or Native Hawaiian or Pacific Islander. Meeting the housing needs of these households will require addressing the affordability issues, discussed above, as well as ensuring that people of color have access to housing without discrimination. This will require increasing awareness of Fair Housing rules for property owners and managers, tenants, City decision</p>

	<p>makers, and City staff. It will also require careful decision-making to change policies that have created barriers to housing access for people of color.</p>
<p>Housing Need of People with Disabilities</p>	<p>Disabilities include those that are visible, such as ambulatory or vision disabilities, and those that are not readily apparent, such as self-care, independent-living, or cognitive disabilities. Other conditions may require special accommodations, such as disabling diseases or mental health conditions.</p> <p>The Census reports that about <b>10%</b> of Tualatin’s population has disabilities, such as ambulatory, vision, hearing, cognitive, self-care, or independent-living disabilities. Meeting the housing needs of these households will require addressing the affordability issues, discussed above, as well as ensuring that people with disabilities have access to housing that addresses their disability and that they have access to housing without discrimination. This will require increasing awareness of Fair Housing rules for property owners and managers, tenants, City decision makers, and City staff. It will also require approaches that encourage development of housing with specialized design standards to accommodate special needs.</p>
<p>Housing Need of People Experiencing Homelessness</p>	<p>The number of people experiencing homelessness in Tualatin is not clearly known. In part, this number is not known because people experiencing homelessness may move between neighboring cities, such as between Tigard and Tualatin.</p> <p>There were approximately <b>307</b> people experiencing homelessness in Washington County in 2020, <b>44</b> of whom were unsheltered in the Tigard and Tualatin area. Meeting the housing needs of people experiencing homelessness can range from emergency assistance (including rent and utility assistance), rapid rehousing, inclusion of local shelter, permanent supportive housing (including supportive housing with services), and improved access to an affordable housing unit (as discussed above).</p>

## Existing Policies to Address Tualatin’s Housing Needs

This section lists existing measures that Tualatin has implemented to support housing development and presents preliminary draft measures (or policies or strategies) that may be included in the HPS.

This City of Tualatin has the following housing measures (goals, policies, or strategies) currently in place to address Tualatin’s housing needs. These measures include:

- Prohibiting single-family detached housing in most high-density zones in Tualatin.
- Allowing one or more accessory dwelling units (ADUs) in residential zones per lot.<sup>24</sup>
- Applying density standards uniformly across zones that allow dwelling units on fee simple lots and on multifamily sites.
- Ensuring decisions about the types and locations of housing are data-driven and focused on equitable outcomes instead of the best outcomes for those with the most money and/or privilege.
- Removing open space/common amenity requirements for low-density residential.
- Providing information to small, local developers to help them understand land use permitting processes and give them a sense of clarity and certainty about the requirements, so they can better provide smaller-scale housing. Tualatin’s existing measures generally focus on land use efficiency, such as allowing development of denser housing types, or measures to reduce development costs, such as removing open space requirements for some housing development. By and large, the types of policies that Tualatin has yet to adopt are policies to support:
  - Development of affordable rental housing and preservation of affordable housing stock to prevent displacement of existing residents.
  - Prevention and reduction of homelessness.
  - Expansion of workforce owner and rental housing to increase the jobs housing balance.
  - Expansion of housing for people with special needs and seniors, and the development of housing to meet the cultural needs of diverse populations.
  - Greater availability of diverse housing types through regulatory or zoning changes, including mixed-use housing and redevelopment in commercial areas.
  - Planning for and developing transportation and public infrastructure to support affordable housing, workforce housing, and mixed-use housing development.

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<sup>24</sup> Although, Tualatin’s ADU provisions are not yet compliant in regard to HB 2001 off-street parking requirements.

## Existing and Expected Barriers to Development of Needed Housing

Barriers to development of needed housing in Tualatin include:

- **Land for housing.** Tualatin has a limited amount of unconstrained, vacant buildable residential land (244 acres) within the city (including in the Basalt Creek Planning Area). About 62% of this buildable land is within the Basalt Creek Planning Area, which is in the process of annexation. The City expects infrastructure development sufficient to support residential development over time. The concentration of buildable land in Basalt Creek may slow new residential development in Tualatin until this area is ready for development.

More than 90% of Tualatin's unconstrained, vacant buildable land is Low Density or Medium Low Density Residential, providing limited opportunities for development of multifamily housing. Tualatin has 1 acre of unconstrained vacant buildable land that is Medium High Density, 17 acres of High Density, and no unconstrained High Density High Rise Residential land. These are the areas where multifamily housing with five or more units per structure can be built. Scarcity of vacant land, especially for multifamily development, is one of Tualatin's primary barriers to development of needed housing.

- **Complexity and expense of redevelopment.** While Tualatin is able to identify areas that may be ripe for redevelopment (including areas for 4 to 6-story multifamily housing), the costs and complexity of redevelopment are substantial. Barriers to redevelopment include higher site acquisition and preparation costs (sometimes including negotiating with multiple landowners), higher construction costs for 4 to 6-story development (compared to 2 to 3-story development), and costs of upgrades to infrastructure (such as roads, water, stormwater, or sewer) to support increased development density. In a suburban environment, rents may not be high enough to justify these higher development costs. In addition, a number of the sites that the City has identified as potential redevelopment opportunities are located in a floodplain, which precludes federal funding for affordable housing from being used on those sites, or have other site-specific constraints that create challenges for development.
- **Regulatory barriers to multifamily housing.** In addition to a lack of land for multifamily development, existing development regulations for multifamily housing do not support efficient development or redevelopment of the type of housing the zones are intended to allow. Standards that force lower densities reduce the viability of both unregulated affordable housing and income-restricted affordable housing, and they make it even more challenging to build on the few smaller sites that are zoned for multifamily housing.
- **Funding and resources to support development of affordable housing.** Developing income-restricted housing for households with incomes 60% and below of MFI nearly always requires state, local, and/or philanthropic subsidy so that it can cover the costs of

development and operations with restricted rents. Developing new housing affordable to households with incomes of 51% to 80% of MFI also typically requires government subsidy and/or funding from sources such as nonprofits. One of the key barriers to development of affordable housing is identifying sufficient funding to support its development. Options for funding affordable housing development include direct funding (i.e., monetary contributions for housing), contributions of land, and cost reductions (e.g., tax abatements or waiving fees).

- **Capacity of the income-restricted development community to support development of affordable housing.** Capacity for development of affordable housing includes developers willing and able to develop income-restricted housing, such as nonprofits with the capacity to support development of affordable housing. There may be some capacity constraints for development of income-restricted affordable housing based on nonprofit developer capacity. However, availability of funding to support development of affordable housing is more of an issue.
- **Staff capacity to implement the Housing Production Strategy.** Implementing the strategic actions in the HPS will take a considerable amount of City staff capacity. If staff do not have sufficient capacity to work on the items in the HPS, that may slow or halt implementation of the HPS. Insufficient staff time to implement the HPS could be a barrier to development of needed housing. The amount of staff time needed to implement the HPS will only become clear as the City begins the evaluation of each strategic action to determine how much additional research and public engagement will be needed.
- **Need for ongoing engagement to understand housing needs.** Ongoing community engagement, especially with underserved communities or people with specialized housing need, is necessary to ensure that the City understands the current housing needs of these groups. Engagement has been more difficult than usual during the COVID-19 pandemic, especially with underserved communities because they are disproportionately negatively impacted by the pandemic. This is a potential barrier to needed housing development if the City does not have staff capacity to maintain this engagement or is unable to establish relationships with the communities in question.



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## 3. Strategies to Meet Future Housing Need

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### Developing the Housing Production Strategy

Development of the HPS required attention to a variety of factors, such as the City's housing policy objectives, funding sources to support housing development, and factors that affect both housing development and the range of impact of the strategic actions.

#### Housing Policy Objectives

The Tualatin 2040 project, which included the Tualatin Housing Needs Analysis, resulted in an update to Tualatin's Comprehensive Plan and set new housing goals, policies, and strategic actions. These goals and policies, as well as the housing needs documented in Exhibit 3, are part of the basis of the goals and strategic actions presented in this chapter. In addition, the HPS requirements place more emphasis on equitable housing, fair housing, and underserved communities. These requirements have also provided part of the basis for the goals and strategic actions in this chapter. The high-level housing goals in Tualatin's Comprehensive Plan are:

- **Goal 3.1 Housing Supply.** Ensure that a 20-year land supply is designated and has urban services planned to support the housing types and densities identified in the Housing Needs Analysis.
- **Goal 3.2 Housing for All.** Encourage development and preservation of housing that is affordable for all households in Tualatin.
- **Goal 3.3 Affordable Housing.** Encourage the establishment of funding sources to support development of affordable housing and related public infrastructure.
- **Goal 3.4 Redevelopment.** Encourage timely strategic planning and redevelopment in Tualatin to create new mixed-use residential and commercial planning districts.
- **Goal 3.5 Housing and Transportation.** Encourage development and redevelopment in Tualatin that supports all modes of transportation, including walking, biking, and mass transit.
- **Goal 3.6 Residential Growth.** Residential growth by annexation or expansion to the Urban Planning Area or Urban Growth Boundary will be coordinated with local, state, and regional governments, districts, and stakeholders.

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## Funding Sources and Incentives

**Potential Funding Sources.** One of the key challenges in implementing financial actions in the HPS is likely to be the availability of funding. Funding is needed for staff time to evaluate the feasibility of implementing the HPS, but it is also needed in the form of financial contribution, waiver, or forgone revenue to support development of units, preservation of housing, and redevelopment. Identifying realistic funding sources will be necessary to achieve the outcomes of the HPS, increasing access to housing in Tualatin, especially for low-income households and underserved communities. Strategic Action 5.a is intended as a way to develop a specific funding action plan for implanting the HPS.

Potential local sources of funding could include implementation of a Construction Excise Tax (CET) in Strategic Action 1.c, evaluating other local sources of funding in Strategic Action 1.e, evaluating how to support preservation of regulated affordable housing in Strategic Action 3.a, use of Urban Renewal to support housing development in Strategic Action 10.a, and evaluating the prioritizing of Capital Improvements Programming in Strategic Action 12.a.

Other funding sources may include Washington County's Housing Authority, Metro's grant programs, the State of Oregon's Housing and Community Services Department, other state agencies that fund infrastructure, other programs necessary to support housing development, and other private and nonprofit organizations.

**Potential Incentives.** Financial incentives are also a critical part of a successful strategy for equitable housing production. In the HPS, potential incentives include property tax exemption in Strategic Action 1.a, changes to Systems Development Charges in Strategic Action 1.b, development of incentives to preserve low-cost rentals for below-market-rate privately owned rental housing in Strategic Action 4.a, Multiple Unit Property Tax Exemption to slow rental cost increases in Strategic Action 4.b, evaluating ways to incentivize inclusion of workforce housing units within new multifamily rental development in Strategic Action 6.a, evaluating the development of specialized design standards and incentives to accommodate special needs in Strategic Action 9.a, and evaluating incentives to support mixed-use development like Vertical Housing Tax Abatement in strategic action 10.d.

## Partnerships

Partnerships will also play an important role in supporting housing development. For example, Strategic Action 2.c is about partnering to develop affordable housing for homeownership, Strategic Action 6.b is about partnering with employers on employee-assisted housing, 6.c is about partnerships for land banking, and 7.a is about partnering on existing rental and utility assistance programs.

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## Considerations for Implementing the Housing Production Strategy

In evaluating the implementation of potential strategic actions, it will be important to consider supporting and leveraging the private market's ability to delivery market-rate development at a variety of price points, due to the limited public funding available to support income-restricted housing. In other words, increasing the overall supply of available housing units plays a significant role in overall housing affordability, including increasing opportunities for providing for those at the lower end of the income spectrum as well as historically underserved communities. The emphasis in the HPS is on production of housing that is affordable below 80% of MFI because that need is difficult or impossible to meet through market-rate housing development without public subsidy, such as many of the strategic actions proposed in the HPS. In addition, the HPS has an additional emphasis on the housing needs of underserved communities.

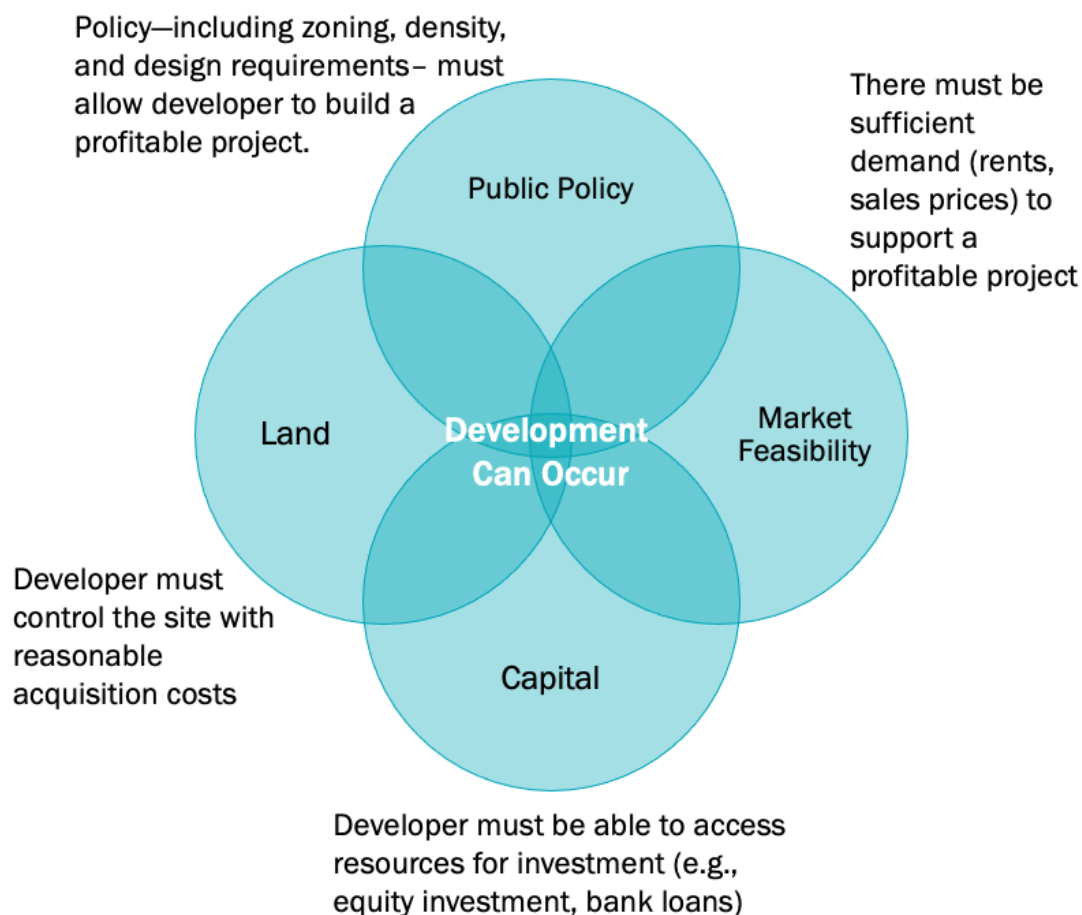
In an area with relatively low housing production per capita, the City has some influence over market-rate development through fees, charges, and development restrictions, despite the number of factors that the City does not control. The graphic in Exhibit 4 illustrates how four factors must intersect so that development can occur and where the City has most influence.

Tualatin does not control all of these factors entirely. Public policy at the local level is shaped through regional policy (by Metro) and the state. Land is generally controlled by the individual landowners, and development of infrastructure necessary to make land development can be prohibitively expensive. Market feasibility is largely affected by market forces, such as construction costs and achievable rents. Access to capital is largely controlled by investors and banks. However, Tualatin can directly influence public policy (through its Development Code) and availability of land (through zoning, density, planning for new land needed for housing, redevelopment, and infrastructure planning). Tualatin can also have a limited influence on market feasibility (through policies that reduce costs like tax abatements or waiving fees).

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Exhibit 4. Four Necessary Factors that Allow Development of New Market-Rate Housing

Source: ECONorthwest

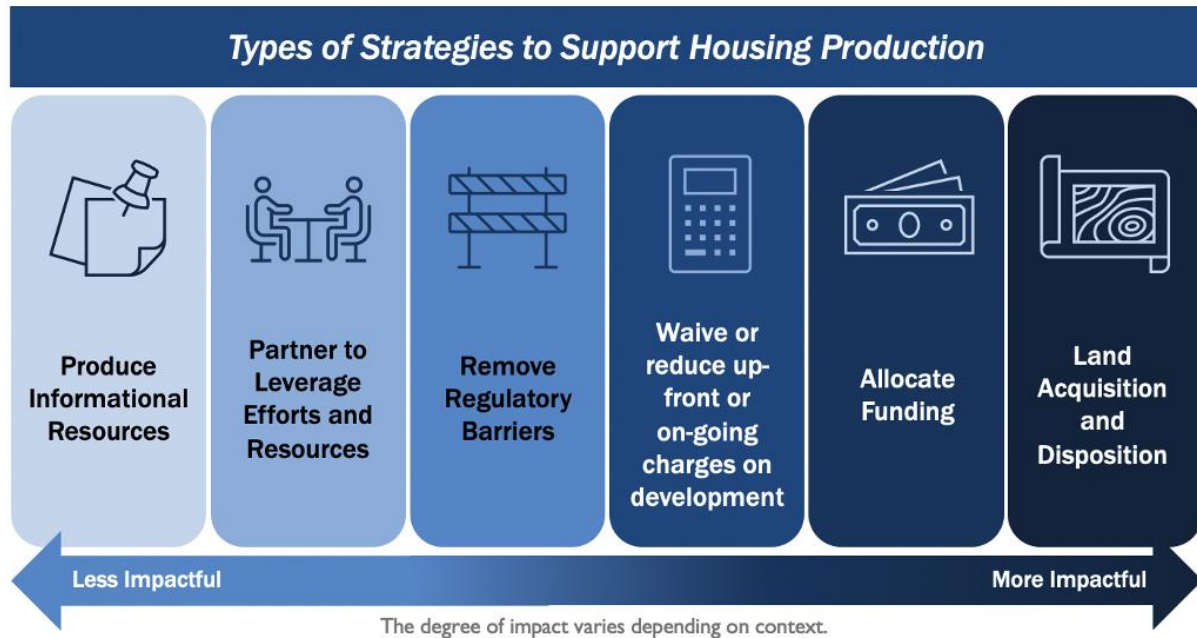


These factors all suggest that Tualatin should consider a wide range of strategic actions. Exhibit 5 shows the range of strategies, characterizing some strategies as more impactful and some as less impactful. More impactful strategies are those that provide funding or direct resources to support housing development (like land acquisition and disposition). These strategies are more impactful because funding and resources are the greatest constraint on development of income-restricted affordable housing (such as housing affordable to households with incomes below 80% of MFI).

While removing regulatory barriers and forming partnerships are shown as less impactful strategies, they are often necessary (but not sufficient on their own) to support housing development. For example, Tualatin’s HPS includes a strategic action (10.a) about redevelopment opportunities for creation of mixed-use development districts that supports development of affordable and workforce housing. This strategic action assumes that development densities will allow buildings that are four to six stories tall, with at least 80 dwelling units per acre. However, Tualatin’s Development Code does not allow for development of buildings that tall or at those densities. Strategic Action 11.a proposes to remove that regulatory barrier and allow taller and denser residential and mixed-use development.

This example also underscores the fact that many of the strategic actions presented in this chapter build on each other. While a partnership on its own may not be sufficient to support development of housing, it may be key when combined with other strategic actions.

Exhibit 5. Types of Strategies to Support Housing Production  
Source: ECONorthwest



As part of development of the strategic actions in this report, ECONorthwest conducted interviews with the following developers, to assess potential use of key strategies: Alma Flores with REACH CDC, Community Development Partners, and Community Partners for Affordable Housing. In addition, ECONorthwest staff frequently discuss the types of strategies discussed in this document with developers in the Portland Region, as well as other developers across Oregon. What we learned from these interviews, as well as other work done for similar projects, is reflected in the goals and strategic actions in this report.

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## Goals and Strategic Actions

This section presents the goals and proposed strategies for inclusion in the HPS. The goals are intended to clearly describe the intended outcome(s) of the strategic actions, as they relate to Tualatin's Comprehensive Plan. For each strategic action, we include the following information, most of which is required by OAR 660-008-0050:

- A description of the strategic action
- The type of action
- A rationale for inclusion of the strategic action
- The anticipated impact of each strategic action, including:
  - Populations served by the strategic action
  - Income level addressed by the strategic action
  - Housing tenure, either owner or renter
  - Potential Impacts
    - Estimate of production of new units as a result of implementing the strategic action
    - Potential negative impact of the strategic action if it is successfully implemented
  - Magnitude of the action for producing new housing
    - A **low** magnitude is anticipated production of 1% or less of the needed new units (1,014 units) or about 10 dwelling units over the six-year period. A low magnitude does not mean a strategic action is unimportant. Some strategic actions are necessary but not sufficient to produce new housing.
    - A **moderate** magnitude is anticipated production of 1% to 5% of the needed new units (1,014 units) or about 10 to 50 dwelling units over the six-year period.
    - A **high** magnitude is anticipated production of 5% or more of the needed new units (1,014 units) or 50 or more dwelling units over the six-year period.
- Timeline for adoption and implementation of the strategic action, including:
  - A timeline for adoption of the strategic action, which is when the city would adopt the strategic action or otherwise officially decide to implement the strategic action.
  - A timeline for implementation of the strategic action, which is when the city would begin to use or allow use of the strategic action.
  - Time frame of the impact, which is the time period when the impact occurs.
- Implementation steps summarize the steps for implementing the strategic action at a high level.
- Lead agency and potential partners provide information about who will be responsible for implementing the strategic action.

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- Funding or revenue implications provide high-level implications of the strategic action.

## Implementation Schedule for Strategic Actions

Exhibit 6 presents a draft schedule for implementation of the Housing Production Strategy. The table shows each of the 12 goals with the strategic actions below. Each strategic action will go through a period of evaluation, then potentially adoption and implementation. The activities for each of these are described below.

- **Evaluation:** All strategic actions will require some level of evaluation prior to implementation, which may range from simple logistics (including information on a website) to complicated coordination between multiple internal and external stakeholders (adoption of a construction excise tax). The evaluation period will occur during the time in the tables shown in a teal color, before adoption.
- **Adoption:** This occurs when the City takes official action to adopt (or uses another official acknowledgement that the City is going to execute on the strategic action). The table shows the expected time of adoption in the time period represented by a teal color and “A” in the table.
- **Implementation:** This occurs when the City officially allows the strategic action to be used, represented by a brown color and “I” in the table.

Exhibit 6. Schedule for Evaluating, Adopting, and Implementing the Strategic Actions

Goal and Strategic Actions	On-Going 2021	2022	2023	2024	2025	2026	2027	Beyond 2027
1. Affordable Housing: Strongly prioritize, encourage, and support affordable rental housing development to increase affordable housing for households earning 0-60% Median Family Income.								
1.a Evaluate a Low-Income Housing Property Tax Exemption Program for Affordable Rental Housing			A	I				
1.b Evaluate Changes to Systems Development Charges						A	I	
1.c Evaluate Implementation of a Construction Excise Tax (CET)					A	I		
1.d Evaluate Support for Affordable and Workforce Rental Housing as part of Urban Renewal		A	I					
1.e Evaluate Financial Resources for Local Contributions to Affordable Housing Development						A	I	
1.f Evaluate Buildable or Redevelopable Public and Institutional Land Potentially Suitable for Affordable Housing				A	I			
1.g Evaluate Development Code Changes to Allow and Support Other Affordable Rental Housing Types in Tualatin					A, I			
1.h Evaluate Municipal Code, Development Code, Public Works Construction Code, and Building Code Processes to Make Building Affordable Housing Easier					A, I			
2. Affordable Homeownership: Encourage and support affordable homeownership to create opportunities for wealth creation.								
2.a Evaluate Impediments to Homeownership and their Removal					A	I		
2.b Partner to Encourage Education about Homeownership Opportunities		A	I					
2.c Partner with Organizations that Develop Affordable Ownership Housing				A	I			
2.d Evaluate Development Code to Encourage Diverse Housing Types for Affordable Homeownership					A, I			
3. Preservation of Regulated Affordable Housing: Preserve affordable housing to prevent the loss of existing affordable housing units and to prevent resident displacement.								



Goal and Strategic Actions	On-Going 2021	2022	2023	2024	2025	2026	2027	Beyond 2027
3.a Evaluate How to Support Preservation of Regulated Affordable Rental Housing					A	I		
3.b Evaluate Developing a Healthy Housing Initiative for Multifamily Housing				A	I			
4. Preservation of Naturally Occurring Affordable Housing (NOAH): Preserve naturally occurring affordable housing, where possible, to prevent loss of affordable units and to mitigate resident displacement.								
4.a Evaluate Development of Incentives to Preserve Low-Cost Rentals for Below-Market-Rate Privately Owned Rental Housing						A	I	
4.b Evaluate Using the Multi-Unit Property Tax Exemption to Slow Rental Cost Increases						A	I	
5. Housing for Underserved Communities: Implement housing policies, projects, programs, and partnerships to further support racial and social equity.								
5.a Consider Development of a Funding Action Plan to Implement the HPS with Attention to Equity			A	I		U <sup>25</sup>		
5.b Evaluate Impediments to Fair Housing to Create an Analysis of Impediments				A	I			
5.c Evaluated Ways to Best Ensure Opportunities for Education about Fair Housing Are Provided			I					
5.d Evaluated Strategies to Encourage Diverse Housing Types in High-Opportunity Neighborhoods					A, I			
6. Workforce Housing: Encourage, plan for, and support the development of workforce housing for households earning 61-80% Median Family Income, for both owner and renter, in order to increase the jobs-housing balance, reduce commute time and provide attainable housing for workers in Tualatin.								
6.a Evaluate Ways to Incentivize Inclusion of Workforce Housing Units within New Multifamily Rental Development						A	I	

<sup>25</sup> The Funding Action Plan will likely need to be updated by about 2026.

Goal and Strategic Actions	On-Going 2021	2022	2023	2024	2025	2026	2027	Beyond 2027
6.b Evaluate Potential Partnerships with Employers on Employer-Assisted Housing					I			
6.c Evaluate City Partnership to Participate in a Land Bank				A	I			
7. Housing Stabilization: Prevent and address homelessness to provide for safe living conditions for everyone living in Tualatin.								
7.a Evaluate Opportunities to Partner on a Local Rental and Utility Assistance Program	P <sup>26</sup>	I						
7.b Evaluate Ways to Develop Housing Options and Services to Address and Prevent Houselessness						A	I	
8. Housing Rehabilitation: Plan for and support housing programs and initiatives that are responsive to the safety and health needs of households earning 0-80% of Median Family Income.								
8.a Evaluate Establishing Local Housing Rehabilitation Program						A	I	
8.b Evaluate the Implementation of a Healthy Housing Initiative for Single-Family Housing					A	I		
9. Accessible Design and Other Specialized Design: Encourage and support Universal Design, Lifelong Housing Certification, and other similar standards.								
9.a Evaluate the Development of Specialized Design Standards and Incentives to Accommodate Special Needs					A	I		
10. Mixed-Use Housing and Redevelopment: Encourage and support development of mixed-use, mixed-income, and multifamily housing in commercial zones and urban renewal areas for households earning 0-80% of Median Family Income.								
10.a Evaluate Redevelopment Opportunities for the Creation of Mixed-Use Development Districts to Support Development of Affordable Housing and Workforce Housing			A	I				
10.b Evaluate Opportunities for Conversion of Commercial Buildings to Residential Uses			A	I				

<sup>26</sup> The City is piloting a test for this Strategic Action through December 2021, with potential extension of the partnership into 2022 and beyond.

Goal and Strategic Actions	On-Going 2021	2022	2023	2024	2025	2026	2027	Beyond 2027
10.c Evaluate Opportunities to Rezone Land for Mixed-Use		A	I					
10.d Evaluate Establishing Incentives to Support Mixed-Use Development, such as the Vertical Housing Tax Abatement			A	I				
11. Regulatory and Zoning Changes: Increase housing development opportunities through regulatory and zoning changes to accommodate a diverse range of housing types and price points to meet the housing needs in Tualatin.								
11.a Evaluate Updating Density Standards for Multifamily Housing in Medium-Density, High-Density, and Mixed-Use Zones	A	I						
11.b Evaluate Opportunities to Rezone Lower-Density Residential Land to Higher Density	A	I						
11.c Evaluate the Feasibility of Targeted Reductions to Off-Street Parking Requirements		A	I					
11.d Evaluate Updating Code to Allow Small Dwelling Unit Developments					A, I			
11.e Evaluate Adopting an Expedited Permitting Process for Affordable Rental Housing and Affordable Homeownership			A	I				
11.f Evaluate Providing Additional Engagement and Information to Developers of Affordable Housing	A	I						
12. Transportation and Public Infrastructure: Plan for and develop transportation and public infrastructure to support affordable housing, workforce housing, mixed-use housing, and mixed-income housing.								
12.a Evaluate Ways to Prioritize Capital Improvements Programming for Affordable and Workforce Housing				A	I			

## Goals and Strategic Actions

This section presents Goals 1 to 12 and the strategic actions associated with each goal.

**Goal 1. Affordable Housing:** Strongly prioritize, encourage, and support affordable rental housing development to increase affordable housing for households earning 0-60% Median Family Income.

We recommend that the City pursue the following goal, which supports Goals 3.2 and 3.3 in the Comprehensive Plan:

- Strongly prioritize, encourage, support, and promote the development of affordable rental housing for households earning 0-60% Median Family Income.

Implementing this goal would require developing an affordable rental housing program to encourage and support affordable housing development for households earning 0-60% Median Family Income. The strategic actions to evaluate and potentially implement this goal are described below. The City may choose to adopt this goal or the results of the strategic actions into the Comprehensive Plan in the future.

1.a Evaluate a Low-Income Housing Property Tax Exemption Program for Affordable Rental Housing	
Description	Type of Action
<p>Evaluate a property tax exemption program for affordable rental housing.</p> <p>Two tax exemptions programs could be used to support affordable housing:</p> <ul style="list-style-type: none"> <li>▪ <b>Low-Income Rental Housing Exemption:</b> Would provide a 20-year, renewable property tax exemption for rental housing for low-income households (60% of area median income and below). Housing need not be owned or operated by a nonprofit entity; if it is not, only housing built after the program is adopted is eligible. The exemption could also apply to land held for future affordable housing development. Only the City's taxes would be exempted unless there is sufficient support from overlapping taxing districts. Requires that savings be passed on to tenants through rent reductions.</li> <li>▪ <b>Nonprofit Low-Income Rental Housing Exemption:</b> Would provide a full property tax exemption for new and existing</li> </ul>	<p>Adopt a Tax Exemption to Reduce Ongoing Charges on Development</p>

affordable housing owned and operated by a nonprofit organization for as long as the property meets eligibility criteria. Tenants must initially qualify at 60% of area median income or below, but once qualified, existing tenant incomes may rise to as much as 80% of area median income over time. The exemption could also apply to land held by a nonprofit for future affordable housing development. Only the City's taxes would be exempted unless there is sufficient support from overlapping taxing districts.

The evaluation would include a conclusion as to which of the two available options under state statute is better suited to the needs of housing providers in Tualatin.

**Rationale**

With very thin margins for rents in affordable housing developments to be able to cover operating costs (even with subsidies), eliminating the cost of property taxes is an important way to improve the viability of affordable housing. Affordable housing providers sometimes use alternative means to secure tax exemptions (e.g., partnership with the local Housing Authority), but the alternatives add complexity to an already complex process. A locally enabled tax exemption also demonstrates local support for affordable housing development, which can help with securing state and federal funds.

**Anticipated Impact**

- **Populations served:** Extremely low income, very low-income, and low-income renter households
- **Income:** 0-60% of Median Family Income
- **Housing tenure:** Rental
- **Potential Benefit:**
  - **Housing Production (new units).** If this incentive were used for one to two apartment buildings at 50 to 150 units each, this strategy could contribute to development of 50 to 300 affordable units.
  - **Equitable Outcomes:** This is an opportunity to provide equitable housing for low-income households by serving, for example, underserved communities, people with disabilities, and people with special needs, increasing diversity in neighborhoods.
- **Potential Financial Impact:** The City will forgo some property tax income for these properties for the duration of the exemption. This reduces some revenue for city services and some revenue for participating taxing districts.
- **Magnitude:** Moderate

<b>Timeline</b>	<ul style="list-style-type: none"> <li>▪ <b>Timeline for adoption:</b> June 30, 2023</li> <li>▪ <b>Implementation to commence:</b> 2023</li> <li>▪ <b>Time frame of impact:</b> The property tax exemption can be used after adoption for as long as the City offers the tax exemption.</li> </ul>
<b>Implementation Steps</b>	<ul style="list-style-type: none"> <li>▪ Evaluate viability of adoption, including an analysis of the pros and cons of the two tax exemptions.</li> <li>▪ Seek input from overlapping taxing districts on their willingness to support the exemption.</li> <li>▪ Discuss topic with City Council at work sessions and in public hearings. City Council may choose to adopt exemption by resolution or ordinance following a public hearing.</li> <li>▪ Follow up with overlapping taxing districts to request that they pass resolutions to support the exemption.</li> <li>▪ If supported, select one of the tax exemptions for adoption.</li> </ul>
<b>Lead Agency and Potential Partners</b>	<ul style="list-style-type: none"> <li>▪ <b>Lead Agency:</b> City of Tualatin Planning Division and City of Tualatin Finance Department</li> <li>▪ <b>Partners:</b> Overlapping Taxing Districts</li> </ul>
<b>Funding or Revenue Implications</b>	Tax exemptions reduce general fund revenues for all overlapping taxing districts, including the City.

## 1.b Evaluate Changes to Systems Development Charges

Description	Type of Action
<p>Evaluate options for potential changes to System Development Charges (SDCs) and Transportation Development Tax (TDT) to support development of affordable housing.</p> <ul style="list-style-type: none"> <li>▪ <b>SDCs</b> are fees collected when new development and some redevelopment occurs within the City. Revenues are used to fund growth-related capital improvements.</li> <li>▪ <b>TDT</b> is a voter-approved charge imposed on new development and redevelopment within Washington County (including its cities) to help pay for the impact development has on the transportation system.</li> </ul> <p>The City of Tualatin has limited control over SDCs because most are collected on behalf of other service districts and providers, who determine the rates and rate structures. The parks and water SDCs are set by the City. The primary opportunity for changes to SDC is with the parks SDC, which recently went through a review and update process. The water SDC is based on meter size, which makes meaningful changes in SDCs challenging, especially for multiunit projects. Tualatin does not have control over the rate or rate structure for Washington County’s TDT, though the City does receive a share of the revenue.</p> <p>The City of Tualatin could evaluate changes to its parks and water SDCs by reducing, deferring, and/or financing SDCs at a low interest rate for regulated affordable housing or other needed housing types.</p>	<p>Evaluate Change to Fee Schedules to Reduce Charges on Development</p>
<p><b>Rationale</b></p>	<p>Changes to the City’s parks or water SDC rates or methodology could reduce up-front costs for developers of regulated affordable housing and/or encourage specific types of housing development (e.g., smaller units).</p>
<p><b>Anticipated Impact</b></p>	<ul style="list-style-type: none"> <li>▪ <b>Populations served:</b> Extremely low income, very low–income, and low-income renter households</li> <li>▪ Extremely low, very low, and low-income owner households</li> <li>▪ <b>Income:</b> 0-80% of Median Family Income</li> <li>▪ <b>Housing tenure:</b> Owner and Renter</li> <li>▪ <b>Potential Benefit:</b> <ul style="list-style-type: none"> <li>- <b>Housing Production (new units):</b> Tualatin can have an impact on its parks and water SDCs and can backfill the costs to</li> </ul> </li> </ul>

	<p>County TDTs.</p> <ul style="list-style-type: none"> <li>- While reducing parks or water SDCs could provide some support for affordable housing development, on its own this action is unlikely to directly result in development of new affordable housing, but it may serve to attract affordable housing developers to Tualatin with this cost reduction.</li> <li>- <b>Equitable Outcomes:</b> Providing incentives like SDC reductions supports the development of equitable housing.</li> <li>▪ <b>Potential Financial Impact:</b> The City will likely need to make up revenue forgone through the changes to SDCs, such as by backfilling with TDTs.</li> <li>▪ <b>Magnitude:</b> Low</li> </ul>
<b>Timeline</b>	<ul style="list-style-type: none"> <li>▪ <b>Timeline for adoption:</b> December 31, 2026</li> <li>▪ <b>Implementation to commence:</b> 2027</li> <li>▪ <b>Time frame of impact:</b> Changes to SDCs will impact development of needed housing if changes are adopted and in use by 2027.</li> </ul>
<b>Implementation Steps</b>	<ul style="list-style-type: none"> <li>▪ Evaluate options for deferral or financing of parks or water SDCs for affordable housing under the existing methodology, working with current planning and finance divisions.</li> <li>▪ At the next update to the parks or water SDC methodology, evaluate options to offer full or partial exemptions for affordable housing and/or to adjust the residential rate structure to offer lower rates for smaller units.</li> </ul>
<b>Lead Agency and Potential Partners</b>	<ul style="list-style-type: none"> <li>▪ <b>Lead Agency</b> City of Tualatin Parks and Recreation Department, City of Tualatin Finance Department, and City of Tualatin Planning Division.</li> </ul>
<b>Funding or Revenue Implications</b>	<p>Changes may reduce or delay SDC revenue to the City.</p>



## 1.c Evaluate Implementation of a Construction Excise Tax

Description	Type of Action
<p>Evaluate a Construction Excise Tax (CET), a tax assessed on new development and expansions as a percent of the permit value.</p> <p>State statute defines the allowed uses of CET funds and the allowed maximum tax rate. The City of Tualatin could levy a CET on commercial, industrial, and/or residential development. Tualatin has limited land for new residential development within City limits at present; however, revenues from a CET levied on commercial or industrial development could be used for housing programs. At least half of the revenue from a CET on commercial and industrial development would need to be used for local housing programs (capital or programmatic services), but the other half is unrestricted (capital or programmatic services); revenue from a CET on housing would need to go toward housing, with certain percentages toward various specific categories of expenditures.</p> <p>At least eight jurisdictions in Oregon have adopted a CET to fund affordable housing. Most are using or plan to use the revenues to offer grants and/or loans as flexible gap financing for affordable housing development. While it can be used to pay for services, capacity building, etc., the variable nature of the revenues makes it challenging to fund ongoing commitments.</p>	<p>Establish a CET to Allocate Funding</p>
<p><b>Rationale</b></p>	<p>CET is one of few options to generate locally controlled funding for affordable housing and could be implemented without a public vote. Industrial development has been strong in Tualatin in recent years. If this continues, a CET on commercial and industrial development could potentially generate enough revenue to allow the City to fund some of its other equitable housing and related strategies.</p>
<p><b>Anticipated Impact</b></p>	<ul style="list-style-type: none"> <li>▪ <b>Populations served:</b> Depends on how revenue is used, but would be for extremely low, very low, and low-income and underserved communities.</li> <li>▪ <b>Income:</b> Depends on how revenue is used, but most likely directed toward 0-60% of Median Family Income, however, could be used to meet other income groups, such as contribution to homeownership for households at 61-80% of Median Family Income.</li> <li>▪ <b>Housing tenure:</b> Renter or owner</li> </ul>

	<ul style="list-style-type: none"> <li>▪ <b>Potential Benefit:</b> <ul style="list-style-type: none"> <li>- <b>Housing Production (new units):</b> Based on analysis by ECONorthwest, a 0.5-1% CET on commercial and industrial development could generate roughly \$200,000-400,000 per year. While this would cover the full cost of only a few units of affordable housing per year, it could pay for SDCs and TDT on roughly 100 units per year. If used as gap financing, it could potentially contribute to funding one or two affordable housing developments per year.</li> <li>- <b>Equitable Outcomes:</b> Developing funding sources like CET can support equitable housing programs and development, such as affordable housing and workforce housing.</li> </ul> </li> <li>▪ <b>Potential Financial Impact:</b> Homebuyers and businesses that pay the CET will have slightly higher costs for their homes and for commercial or industrial development. The increase in home prices will not exceed 1% as a result of the CET and may be smaller if the City establishes a CET below 1%.</li> <li>▪ <b>Magnitude:</b> Moderate</li> </ul>
<b>Timeline</b>	<ul style="list-style-type: none"> <li>▪ <b>Timeline for adoption:</b> December 31, 2025</li> <li>▪ <b>Implementation to commence:</b> 2026</li> <li>▪ <b>Time frame of impact:</b> If a CET is implemented in 2026, it may take several years for funds to accumulate to an amount that could be used to support development of housing.</li> </ul>
<b>Implementation Steps</b>	<ul style="list-style-type: none"> <li>▪ Evaluate potential approach. Include projections on potential revenue and what programmatic goals could be accomplished with revenue. Include SWOT analysis for both residential and commercial/industrial.</li> <li>▪ Engage with developers, major employers, and the business community in Tualatin to evaluate tolerance for a CET on commercial and industrial development and where there are shared interests in supporting local housing production.</li> <li>▪ Seek direction on whether to proceed with adoption from City Council at work sessions.</li> <li>▪ Tualatin City Council could impose the CET by adoption of an ordinance or resolution that conforms to the requirements of ORS 320.192–ORS 320.195.</li> <li>▪ If directed, create a plan for the use of CET funds.</li> </ul>
<b>Lead Agency and Potential Partners</b>	<ul style="list-style-type: none"> <li>▪ <b>Lead Agency:</b> City of Tualatin Planning Division and City of Tualatin Finance Department</li> <li>▪ <b>Partners:</b> Local developers, Chamber of Commerce, major</li> </ul>

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	employers, and the Tualatin business community
<b>Funding or Revenue Implications</b>	<p>Adopting a CET would provide funding for other strategies. ECONorthwest conducted a preliminary estimate of CET revenue via a backward-looking analysis using the City of Tualatin’s permit database for new residential and commercial/industrial construction from the last five years. The results of this analysis are summarized in Appendix B.</p> <p>Because a percentage (4%) of the revenue can be applied to the City’s costs for administering the program, there should be minimal additional cost for the City.</p>

## 1.d Evaluate Support for Affordable and Workforce Rental Housing as Part of Urban Renewal

Description	Type of Action
<p>Evaluate the potential to specifically identify affordable housing (for instance, housing affordable at 0-60% of MFI and workforce affordable housing at 61-80% of MFI) as a goal of existing or future Urban Renewal Plans. As applicable, identify specific affordable housing programs, projects, and/or supportive infrastructure to be included with urban renewal plan(s).</p> <p>TIF funding for affordable housing or other equitable housing would need to gain approval through the City’s Urban Renewal process and be consistent with the State Oregon Revised Statute (ORS) 457.</p> <p>TIF (for urban renewal districts) is used as a way to make strategic public investments that spur development in areas where it might not otherwise occur. When successful, the new development leads to an increase in property value and property tax revenue. The increment of new tax revenue from within the district (from the time the district is established) is captured and used to pay off bonds (or directly pay) for the public investments in the area. When the bonds are paid off, the entire valuation of the district is returned to the general property tax rolls. While regulated affordable housing is often tax exempt and does not generate additional tax revenue, some jurisdictions allocate a portion of TIF revenues to fund affordable housing to support equitable development within the TIF district. TIF can be invested in the form of low interest loans and/or grants for housing projects or a variety of capital investments.</p> <p><b>Additional Context:</b> The City of Tualatin is in the process of evaluating two potential new TIF districts: (District 1) the Basalt Creek and Southwest Industrial Area and (District 2) the North Study Area, Bridgeport Village, Town Commons, I-5 Corridor and Tualatin-Sherwood Road. The City also recently modified plans for an existing district (Leveton). While much of the land included in these areas is planned for industrial and commercial use, portions of the potential new districts are planned for residential or mixed-use development. These could be appropriate locations for new affordable housing rehabilitation or mixed-income housing.</p> <p>District 1 potential total TIF revenue over 30 years is estimated to be between \$28.4 million and \$55.5 million, depending on future growth in assessed value in the area.</p>	<p>Evaluate Affordable Housing Support as Part of Urban Renewal</p>

District 2 potential total TIF revenue over 30 years is estimated to be between \$248.2 million and \$362.7 million, depending on future growth in assessed value in the area.

District 1 is slated to be established in fall of 2021 and District 2 in approximately two years. In determining the resources for affordable housing from TIF, the City would want to consider the specific housing needs of each district. TIF funding for District 1 may be focused more on infrastructure funding to pay for infrastructure needed to support new development. For District 2, the amount of TIF used for housing could be a larger share of TIF funding, as this district may be focused on housing redevelopment.

<p><b>Rationale</b></p>	<p>TIF is one of few available locally controlled sources of funding to build or improve housing. In addition, investing a share of TIF revenues into affordable or mixed-income housing within an area that is a focus for local investment helps support inclusive and equitable housing development in that area.</p>
<p><b>Anticipated Impact</b></p>	<ul style="list-style-type: none"> <li>▪ <b>Populations served:</b> Extremely low income, very low-income, low-income, and moderate-income households</li> <li>▪ <b>Income:</b> 0-80% of Median Family Income</li> <li>▪ <b>Housing tenure:</b> Renter or Owner</li> <li>▪ <b>Potential Benefits:</b> <ul style="list-style-type: none"> <li>- <b>Housing Production (new units):</b> Urban renewal TIF is the largest source of funding over time that could be made available for affordable housing development. The amount of housing production depends on the funds raised and allotted through urban renewal. TIF can only be spent on capital projects, not operations.</li> <li>- <b>Equitable Outcomes:</b> Establishing TIF funding for equitable housing may have the greatest impact over time of any single funding sources on equitable housing development in the city to be used to develop affordable housing, workforce housing, mixed-use housing, and mixed-income housing and related infrastructure.</li> </ul> </li> <li>▪ <b>Potential Financial Impact:</b> The financial impacts of a URA are borne by overlapping taxing districts, not by individual taxpayers. The financial capacity of two potential new districts on the horizon in Tualatin would not be available immediately but would build slowly over time. In pursuing this strategic action in Tualatin, it will be important to get an early start on setting goals and priorities for TIF funding for affordable housing and other</li> </ul>

	<p>equitable housing before the URA districts are established.</p> <ul style="list-style-type: none"> <li>▪ <b>Magnitude:</b> Moderate to Large</li> </ul>
<b>Timeline</b>	<ul style="list-style-type: none"> <li>▪ <b>Timeline for adoption:</b> December 32, 2022</li> <li>▪ <b>Implementation to commence:</b> 2022</li> <li>▪ <b>Time frame of impact:</b> It would likely be at least 5 to 10 years before there is sufficient revenue in the Urban Renewal District to have enough funds to make significant investment in housing.</li> </ul>
<b>Implementation Steps</b>	<ul style="list-style-type: none"> <li>▪ As part of urban renewal planning for the two potential new districts, evaluate inclusion of affordable housing as a policy. Additionally, identify affordable housing programs, projects, and/or supportive infrastructure.</li> <li>▪ Proceed with the planning and adoption processes already underway for the two potential new districts, including establishing priorities for the areas, identifying project lists, confirming financial feasibility, preparing required plan documents, and holding adoption hearings.</li> </ul>
<b>Lead Agency and Potential Partners</b>	<ul style="list-style-type: none"> <li>▪ <b>Lead Agency:</b> City of Tualatin Planning Division and City of Tualatin Finance Department</li> <li>▪ <b>Partners:</b> Tualatin Development Commission; Overlapping taxing districts</li> </ul>
<b>Funding or Revenue Implications</b>	<p>TIF results in foregone tax revenue for the City and other overlapping taxing districts for several decades for a variety of types of development investment, though it can (and should) grow the tax base in the long term by supporting development that would not otherwise have occurred.</p>

## 1.e Evaluate Financial Resources for Local Contributions to Affordable Housing Development

Description	Type of Action
<p>Evaluate, develop, and promote financial resources for local contribution to affordable housing development. Funds from this effort could be contributed to a Housing Trust Fund Initiative.</p> <p>The City of Tualatin could consider funding sources including foundation grants, private gifts, or other sources to assist with funding contributions to support affordable housing development. The City may consider other sources of funding, such as money from the City’s General Fund, Local Option Levy, Cannabis Tax revenues, and other funding sources.</p> <p>Local contributions to affordable housing development are often critical in helping to fill the funding gap for these projects and to compete successfully for other government funding and foundation grants.</p>	<p>Collect Revenue to Allocate Funding to Housing Programs</p>
<b>Rationale</b>	<p>These funds can be used to support incentives and support for affordable housing development, such as tax exemptions.</p>
<b>Anticipated Impact</b>	<ul style="list-style-type: none"> <li>▪ <b>Populations served:</b> Extremely low income, very low-income, and low-income households</li> <li>▪ <b>Income:</b> 0-60% of Median Family Income</li> <li>▪ <b>Housing tenure:</b> Renter</li> <li>▪ <b>Potential Benefit:</b> <ul style="list-style-type: none"> <li>- <b>Housing Production (new units):</b> The amount of housing production depends on the funds raised and contributed through these resources.</li> <li>- <b>Equitable Outcomes:</b> Local contributions to affordable housing development could help underserved communities and demonstrate the City’s commitment to equity.</li> </ul> </li> <li>▪ <b>Potential Financial Impact:</b> Funds spent on affordable housing will be unavailable for other city services, however, these funds may not have been able to be successfully raised otherwise.</li> <li>▪ <b>Magnitude:</b> Moderate</li> </ul>
<b>Timeline</b>	<ul style="list-style-type: none"> <li>▪ <b>Timeline for adoption:</b> December 31, 2026</li> <li>▪ <b>Implementation to commence:</b> 2027</li> <li>▪ <b>Time frame of impact:</b> If this strategic action is implemented in</li> </ul>

	<p>2026, it may take several years for funds to accumulate to an amount that could be used to support development of housing.</p>
<b>Implementation Steps</b>	<ul style="list-style-type: none"> <li>▪ Identify financial sources that the City could use to support affordable housing development.</li> <li>▪ Develop a Housing Trust Fund as a place to collect funds.</li> <li>▪ Continue to raise funds over time.</li> </ul>
<b>Lead Agency and Potential Partners</b>	<ul style="list-style-type: none"> <li>▪ <b>Lead Agency:</b> City of Tualatin Planning Division and Finance Department</li> <li>▪ <b>Partners:</b> State/Federal Agencies, State and National Foundations</li> </ul>
<b>Funding or Revenue Implications</b>	<p>Evaluating, developing, and promoting financial resources for local contribution is a comparatively low-cost strategy, primarily relying on the use of staff time.</p> <p>If the City uses General Fund revenue or revenue from other taxes, such as Cannabis Tax revenues, the money from these sources would not be available of use for other purposes in Tualatin.</p>



1.f

Evaluate Buildable or Redevelopable Public and Institutional Land Potentially Suitable for Affordable Housing

Description	Type of Action
<p>Periodically evaluate and maintain an inventory of potentially buildable or redevelopable surplus or excess land owned by public agencies and/or institutions to determine its suitability to support development of income-restricted, publicly subsidized, affordable housing.</p> <p>As the facilities needs of public agencies or institutions change over time, properties may not be needed for their originally intended purpose. Also, sometimes sites that are still serving their intended purpose are larger than needed, and the unused portion could be converted to other uses. When these opportunities come up, the City can capitalize on them to support development of affordable housing, but this requires forethought, an intentional approach, and aligning policies and procedures around surplus and excess land and facilities management. Other public agencies and institutions (including religious institutions) may also have land that they no longer need and are willing to make available for affordable housing. Some may be legally required to sell surplus and excess property at fair market value, but others may have flexibility for how they dispose of this land and may be willing to partner with the City to consider opportunities to use this land for affordable housing.</p>	<p>Adopt a Policy or Program to Support Land Acquisition and Disposition</p>
<p><b>Rationale</b></p>	<p>Four primary factors influence housing development: (1) ability to secure suitable land, including acquisition costs; (2) access to capital, including equity and bank loans; (3) public policy, such as zoning, density, and design requirements; and (4) market conditions, including depth of demand and rents/sales prices. This strategy allows the City of Tualatin to directly influence the ability to secure land for affordable housing, by offering particular properties only to affordable housing developers. It can also influence the cost of land, by buying down prices to support affordable housing.</p>
<p><b>Anticipated Impact</b></p>	<ul style="list-style-type: none"> <li>▪ <b>Populations served:</b> Extremely and very low-income households</li> <li>▪ <b>Income:</b> 0-60% of Median Family Income</li> <li>▪ <b>Housing tenure:</b> Renter</li> <li>▪ <b>Potential Benefit:</b> <ul style="list-style-type: none"> <li>- <b>Housing Production (new units):</b> The amount of housing production depends on the size and number of properties that</li> </ul> </li> </ul>

	<p>can be converted to affordable housing as a result of this strategy. If this strategy identified 0.5 to 3 acres of surplus or excess land over the eight-year planning horizon, at 30 to 60 units per acre, this strategy could produce between 15 and 180 units of affordable housing.</p> <ul style="list-style-type: none"> <li>- <b>Equitable Outcomes:</b> Land acquisition and land donation for affordable housing development could result in project feasibility by buying down the cost of the overall project; this could contribute to much needed housing for low-income households.</li> <li>▪ <b>Potential Risk:</b> If certain public land is used for affordable housing, it may not be able to be used for other city functions. However, if the land is deemed surplus or excess land, it may not be needed for other city functions. If the land is owned by an institution, such as a church, it may be able to be used, purchased, or donated for affordable housing.</li> <li>▪ <b>Magnitude:</b> Moderate</li> </ul>
<p><b>Timeline</b></p>	<ul style="list-style-type: none"> <li>▪ <b>Timeline for adoption:</b> December 31, 2023</li> <li>▪ <b>Implementation to commence:</b> 2024</li> <li>▪ <b>Time frame of impact:</b> Land may be available to support affordable housing development immediately after adoption of this strategic action (or possibly before it is completed). It is also possible that no land will be available by adoption and that land will become available in the future through implementing this strategic action, especially with potential future conversations with land owned by institutions.</li> </ul>
<p><b>Implementation Steps</b></p>	<ul style="list-style-type: none"> <li>▪ Inventory City-owned land within Tualatin that may be suitable for affordable housing development and determine what land is currently surplus or excess or may be deemed so in the next few years.</li> <li>▪ Reach out to other public agencies and institutions, including faith-based organizations, that own land within Tualatin to determine if these entities are willing to include their lands in the inventory.</li> <li>▪ Review policies and procedures related to surplus and excess lands to determine whether changes or refinements are needed to enable or encourage them to be made available for affordable housing and to establish protocols for how affordable housing developers would be selected when land is available.</li> </ul>

<b>Lead Agency and Potential Partners</b>	<ul style="list-style-type: none"> <li>▪ <b>Lead Agency:</b> City of Tualatin Planning Division</li> <li>▪ <b>Partners:</b> Public agencies and/or institutions, including faith-based organizations, in Tualatin; affordable housing developers; City of Tualatin Finance Department; other divisions at the City of Tualatin (as needed)</li> </ul>
<b>Funding or Revenue Implications</b>	<p>Leveraging currently owned surplus and excess lands does not require direct funding, other than staff time to manage the process. Coordination with other partners primarily requires staff time; however, if the City were to acquire land from partners to control the disposition process, this would require funding.</p> <p>Disposing of surplus and excess land could relieve the City’s existing upkeep costs on those lands, but the City may forego revenue by selling the property at below-market value.</p> <p>Depending on whether the affordable housing development is tax exempt (e.g., Housing Authority) or subject to a City-controlled tax exemption, it is possible that after development, the City of Tualatin could experience an increase in their tax base.</p>

1.g

Evaluate Development Code Changes to Allow and Support Other Affordable Rental Housing Types in Tualatin

Description	Type of Action
<p>Evaluate Development Code Changes to allow and support development of other affordable rental housing types in Tualatin that provide affordable housing, beyond the required housing types in House Bill 2001.</p> <p>Other housing options may include dwelling units designed for multiple unrelated individuals living in the same dwelling with shared kitchen and bathrooms such as “adult dorms”; small-scale homes (dwelling units between 100 and 500 square feet); and other innovative, small housing types (such as cargo containers). Allowing and clarifying standards for a diverse array of housing types would require development of clear and objective standards for these housing types.<sup>27</sup></p> <p>In addition, Tualatin’s Development Code does not currently allow small-scale dwellings, such as those at 100 to 500 square feet in size, at densities that would support development of this housing type as affordable housing.</p>	<p>Evaluate Change to Zoning Code</p>
<p><b>Rationale</b></p>	<p>Further diversifying Tualatin’ housing stock gives residents and prospective residents a wider range of housing options to meet their financial needs and housing preferences.</p>
<p><b>Anticipated Impact</b></p>	<ul style="list-style-type: none"> <li>▪ <b>Populations served:</b> Extremely low and very low-income, low-income, and moderate-income households</li> <li>▪ <b>Income:</b> 0-80% of Median Family Income</li> <li>▪ <b>Housing tenure:</b> Renter</li> <li>▪ <b>Potential Benefit:</b> <ul style="list-style-type: none"> <li>- <b>Housing Production (new units):</b> This action would not directly result in production of new affordable housing units. However, it is a crucial step in the process necessary to open up more opportunities for production of potentially more affordable types of housing in Tualatin.</li> </ul> </li> </ul>

<sup>27</sup> Tualatin’s Development Code defines household living as “the residential occupancy of a dwelling unit by a family or household, where the dwelling unit is self-contained with cooking, sleeping, and bathroom facilities.” In addition, Tualatin’s Development Code defines a household as “one or more persons related by blood, marriage, domestic partnership, legal adoption or guardianship, plus not more than five additional persons, who live together in one dwelling unit.” These definitions limit options for living situations with separate living quarters but with shared kitchen and bathrooms (such as “adult dorms”), in situations that do not qualify as group living (as defined by Tualatin’s Development Code).

	<ul style="list-style-type: none"> <li>- <b>Equitable Outcomes:</b> This is an opportunity to provide more options for lower-cost housing, which may help underserved communities, people with disabilities, and people with special needs, increasing diversity in neighborhoods.</li> <li>▪ <b>Potential Risk:</b> Allowing smaller units may increase density in existing neighborhoods, with the potential to cause concern for some of the existing residents, while others may welcome it.</li> <li>▪ <b>Magnitude:</b> Indirect, small</li> </ul>
<b>Timeline</b>	<ul style="list-style-type: none"> <li>▪ <b>Timeline for adoption:</b> December 31, 2024</li> <li>▪ <b>Implementation to commence:</b> 2024 or early 2025</li> <li>▪ <b>Time frame of impact:</b> Impact is small. Impact may be greater if changing the Development Code would allow market-rate and regional affordable housing providers to utilize the new wider range of housing types in Tualatin.</li> </ul>
<b>Implementation Steps</b>	<ul style="list-style-type: none"> <li>▪ Review Development Code to identify and clarify innovative and diverse housing types in the Development Code. Consider housing definitions, types of units permitted, lot dimensions, height standards, and other related standards.</li> <li>▪ Revise Development Code as needed.</li> </ul>
<b>Lead Agency and Potential Partners</b>	<ul style="list-style-type: none"> <li>▪ <b>Lead Agency:</b> City of Tualatin Planning Division</li> <li>▪ <b>Partners:</b> Development community</li> </ul>
<b>Funding or Revenue Implications</b>	<p>Evaluating zoning code changes for allowed uses is a comparatively low-cost strategy, primarily relying on the use of staff time.</p>

**1.h Evaluate Municipal Code, Development Code, Public Works Construction Code, and Building Code Processes to Make Building Affordable Housing Easier**

Description	Type of Action
<p>Evaluate the City’s Municipal, Development, Public Works Construction, and Building Codes processes to identify opportunities to make it easier to develop and build affordable housing. This could include updating the modifications or variance process and requirements, including making allowing modification or variance processes for affordable housing to have a simpler review process than typical, such as not requiring hearings. It could also include prioritizing review of regulated affordable housing development proposals to the maximum extent possible, while also meeting state-required timelines for review of other development proposals.</p> <p>The City has varying administrative roles in land use and building permitting processes. The City could look for opportunities to reduce or expedite these processes, resulting in improved customer service and reduced development timelines. This strategy could include updating the modifications/variance processes and requirements, which would result in making modification/variance processes for affordable housing simpler and quicker (e.g., not requiring hearings).</p>	<p>Evaluate Change to Zoning Code and Other Development Processes</p>

<b>Rationale</b>	Enable easier development of regulated affordable housing in Tualatin. Enable quicker development time frames by demonstrating responsiveness to affordable housing developer needs.
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<b>Anticipated Impact</b>	<ul style="list-style-type: none"> <li>▪ <b>Populations served:</b> Extremely and very low-income households</li> <li>▪ <b>Income:</b> 0-60% of Median Family Income</li> <li>▪ <b>Housing tenure:</b> Renter</li> <li>▪ <b>Potential Benefit:</b> <ul style="list-style-type: none"> <li>- <b>Housing Production (new units):</b> In and of itself, this strategic action is not likely to result in development of more housing. It may make affordable housing more feasible to develop by decreasing the permitting time and may be helpful by attracting affordable housing developers to develop in Tualatin.</li> <li>- <b>Equitable Outcomes:</b> This is an opportunity to provide more options for lower-cost housing, which may help underserved communities, people with disabilities, and people with special needs, increasing diversity in neighborhoods.</li> </ul> </li> </ul>
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	<ul style="list-style-type: none"> <li>▪ <b>Potential Risk:</b> This strategic action may result in faster review of affordable housing development, possibly decreasing opportunities for public input. Expediting permitting processes for affordable housing may result in minor increases in the time needed for the permitting processes of other development.</li> <li>▪ <b>Magnitude:</b> Low</li> </ul>
<b>Timeline</b>	<ul style="list-style-type: none"> <li>▪ <b>Timeline for adoption:</b> December 31, 2024</li> <li>▪ <b>Implementation to commence:</b> 2024 or early 2025</li> <li>▪ <b>Time frame of impact:</b> The strategic action can begin to take effect once it is adopted and implemented in the Municipal Code.</li> </ul>
<b>Implementation Steps</b>	<ul style="list-style-type: none"> <li>▪ Work with City Council to develop goals for the length of time the permitting process may take.</li> <li>▪ Identify inefficiencies in the permitting process and make the necessary changes to streamline procedures.</li> <li>▪ Develop a system to measure and monitor the time it takes for affordable housing proposals to get through the City’s development processes.</li> <li>▪ Survey applicants periodically to assess services and areas for improvement.</li> </ul>
<b>Lead Agency and Potential Partners</b>	<ul style="list-style-type: none"> <li>▪ <b>Lead Agency:</b> City of Tualatin Planning Division</li> <li>▪ <b>Partners:</b> City of Tualatin Engineering and Building Divisions and Legal Services Department</li> </ul>
<b>Funding or Revenue Implications</b>	<p>Evaluating Development Code and process changes is a comparatively low-cost strategy, primarily relying on the use of staff time. If additional staff time were needed to support faster review/permitting times, that may require additional funding for the applicable division.</p>

Goal 2. Affordable Homeownership: Encourage and support affordable homeownership to create opportunities for wealth creation.

We recommend that the City pursue the following goal, which supports the existing Goal 3.2, Policy 3.2.1, and Goal 3.3 in the Comprehensive Plan:

- Encourage and support affordable homeownership education and development to increase equitable opportunities for homeownership and generational wealth creation.

The strategic actions to evaluate and potentially implement this goal are described below. The City may choose to adopt this goal or the results of the strategic actions into the Comprehensive Plan in the future.

2.a Evaluate Impediments to Homeownership and Their Removal	
Description	Type of Action
<p>Work with development stakeholder to develop a comprehensive review of the impediments to homeownership opportunities and evaluate actionable steps to remove those impediments.</p> <p>Barriers to homeownership and impediments may include saving for a down payment, access to down payment assistance, poor credit scores restricting households’ ability to obtain a mortgage, underproduction of homes for sale relative to demand, and lack of affordable homeownership opportunities (particularly in markets with rising home sales prices).</p> <p>The City may form partnerships with organizations that remove barriers by providing financial assistance, such as down payment assistance or paying down interest rates.</p>	<p>Remove Impediments</p>
Rationale	<p>Homeownership is one of the most effective (and primary ways) for households and individuals to build wealth. Further, renter households are more likely to be at risk of displacement than homeowners.</p>
Anticipated Impact	<ul style="list-style-type: none"> <li>▪ <b>Populations served:</b> Extremely low and very low–income, low-income, and moderate-income households</li> <li>▪ <b>Income:</b> 0-120% of Median Family Income</li> <li>▪ <b>Housing tenure:</b> Owner</li> <li>▪ <b>Potential Benefit:</b> <ul style="list-style-type: none"> <li>- <b>Housing Production (new units):</b> This strategic action does not directly result in production of new housing but is intended to</li> </ul> </li> </ul>



	<p>make it easier for residents to afford homeownership.</p> <ul style="list-style-type: none"> <li>- <b>Equitable Outcomes:</b> Removing barriers to homeownership opportunities can increase equitable outcomes by making it easier for households with lower incomes to become homeowners.</li> <li>▪ <b>Potential Risk:</b> Impacts are likely to have no negative impact.</li> <li>▪ <b>Magnitude:</b> Indirect, small</li> </ul>
<b>Timeline</b>	<ul style="list-style-type: none"> <li>▪ <b>Timeline for adoption:</b> December 31, 2024</li> <li>▪ <b>Implementation to commence:</b> 2025</li> <li>▪ <b>Time frame of impact:</b> The strategic action can begin to take effect when it is adopted and implemented, once the impediments to homeownership are removed.</li> </ul>
<b>Implementation Steps</b>	<ul style="list-style-type: none"> <li>▪ Work with partners to better understand impediments to homeownership in Tualatin.</li> <li>▪ Develop programs or partnerships to lower or remove barriers to homeownership</li> <li>▪ Provide outreach to eligible, prospective program participants to connect them with homeownership programs.</li> </ul>
<b>Lead Agency and Potential Partners</b>	<ul style="list-style-type: none"> <li>▪ <b>Lead Agency:</b> City of Tualatin Planning Division Department</li> <li>▪ <b>Partners:</b> Oregon Housing and Community Services; Portland Housing Center or other nonprofits (e.g., Oregon Housing Alliance, Housing Oregon, etc.)</li> </ul>
<b>Funding or Revenue Implications</b>	<p>Establishing partnerships and identifying impediments to homeownership are comparatively low-cost strategies, primarily relying on the use of staff time.</p>

## 2.b Partner to Encourage Education about Homeownership Opportunities

Description	Type of Action
<p>Partner with a nonprofit homeownership education program.</p> <p>Consider partnering with the Portland Housing Center (or other nonprofit) to promote homeownership educational opportunities and to help refer interested people to the program. The Portland Housing Center may be a suitable partner as they currently provide guidance, financial services, and home buyer education to Portland-area residents.</p> <p>Tualatin may provide support to renters in their pursuit of becoming homeowners. The City may also provide support to residents in manufactured housing parks (who own their home but not the lot) to form a cooperative (a group of people organized for the purpose of owning and operating a housing park for the benefit of its members on a not-for-profit basis).</p>	<p>Establish Partnerships</p>
<p><b>Rationale</b></p>	<p>Responsible homeownership is one of the most effective (and primary ways) for households and individuals to build wealth. Further, in Oregon, renter households are more likely to be at risk of displacement than homeowners.</p>
<p><b>Anticipated Impact</b></p>	<ul style="list-style-type: none"> <li>▪ <b>Populations served:</b> Extremely low income, very low-income, low-income, and moderate-income households</li> <li>▪ <b>Income:</b> 0-120% of Median Family Income</li> <li>▪ <b>Housing tenure:</b> Owner</li> <li>▪ <b>Potential Benefit:</b> <ul style="list-style-type: none"> <li>- <b>Housing Production (new units):</b> This strategic action does not directly result in production of new housing but is intended to make it easier for residents to afford homeownership.</li> <li>- <b>Equitable Outcomes:</b> The City partnering with a homeownership education organization could result in new households actively planning with support for first-time homeownership and potentially attaining it. This could open up new opportunities for underserved communities as well as low-income and moderate-income households and others who are interested yet may never have had access to homeownership education and the possibility of wealth creation.</li> </ul> </li> <li>▪ <b>Potential Risk:</b> There are likely to be no or minor negative</li> </ul>

	<p>impacts.</p> <ul style="list-style-type: none"> <li>▪ <b>Magnitude:</b> Low to moderate</li> </ul>
<b>Timeline</b>	<ul style="list-style-type: none"> <li>▪ <b>Timeline for adoption:</b> June 30, 2022</li> <li>▪ <b>Implementation to commence:</b> 2022</li> <li>▪ <b>Time frame of impact:</b> The strategic action can begin to have impacts when the partnerships are formed and the strategic action has begun to be implemented.</li> </ul>
<b>Implementation Steps</b>	<ul style="list-style-type: none"> <li>▪ Review state homeownership resources.</li> <li>▪ Establish a partnership with a nonprofit focused on encouraging and supporting homeownership opportunities in the Portland Region.</li> <li>▪ Identify opportunities to help Tualatin residents achieve homeownership.</li> <li>▪ Provide outreach to residents who rent in Tualatin to support their efforts in achieving homeownership.</li> <li>▪ Consider offering a workshop or series of workshops on homeownership in coordination with partner organizations.</li> </ul>
<b>Lead Agency and Potential Partners</b>	<ul style="list-style-type: none"> <li>▪ <b>Lead Agency:</b> City of Tualatin Planning Division Department</li> <li>▪ <b>Partners:</b> Portland Housing Center or other nonprofits (e.g., Oregon Housing Alliance, Housing Oregon, etc.); Oregon Housing and Community Services.</li> </ul>
<b>Funding or Revenue Implications</b>	<p>Encouraging residents to pursue homeownership education is a comparatively low-cost strategy, primarily relying on the use of staff time and/or community partners with support from staff to reach out to prospective/interested residents.</p>

## 2.c Partner with Organizations that Develop Affordable Ownership Housing

Description	Type of Action
<p>Explore partnership opportunities with a homeownership development organization, such as Habitat for Humanity or a land trust like Proud Ground, that develops and constructs affordable homes to own for households earning 0-80% Median Family Income.</p> <p>Habitat for Humanity (Portland Region) builds homes purposed for affordable homeownership for qualified, low-income families. Proud Ground is a community land trust that provides permanently affordable housing opportunities through funding that creates affordable home buying opportunities and management of real estate to ensure it remains permanently affordable. Tualatin could partner with these or other affordable housing development organizations, for example, by offering surplus or excess land (see Action 1.f), helping to identify suitable land, assisting with the assemblage of land, and providing support on funding applications for homeownership development in Tualatin or local gap funding contribution if funds are available such as through a Housing Trust Fund.</p>	<p>Establish Partnerships</p>
<b>Rationale</b>	<p>Increase the supply of housing available for homeownership for households with income below 80% of MFI.</p>
<b>Anticipated Impact</b>	<ul style="list-style-type: none"> <li>▪ <b>Populations served:</b> Extremely low income, very low-income, low-income, and moderate-income households</li> <li>▪ <b>Income:</b> 0-80% of Median Family Income</li> <li>▪ <b>Housing tenure:</b> Owner</li> <li>▪ <b>Potential Benefit:</b> <ul style="list-style-type: none"> <li>- <b>Housing Production (new units):</b> The amount of housing to be produced over a six-year period as a result of this is likely to be on the order of 10 to 30 units, depending on the land or funds the City has to contribute to this effort.</li> <li>- <b>Equitable Outcomes:</b> The City partnering with a homeownership development organization could result in increased opportunities for homeownership for households that cannot generally afford homeownership. This could open up new opportunities for underserved communities as well as low-income and moderate-income households and others who are interested in homeownership and the possibility of wealth creation.</li> </ul> </li> <li>▪ <b>Potential Risk:</b> There are likely to be no or minor negative</li> </ul>

	<p>impacts.</p> <ul style="list-style-type: none"> <li>▪ <b>Magnitude:</b> Low to moderate</li> </ul>
<b>Timeline</b>	<ul style="list-style-type: none"> <li>▪ <b>Timeline for adoption:</b> December 31, 2023</li> <li>▪ <b>Implementation to commence:</b> 2024</li> <li>▪ <b>Time frame of impact:</b> The strategic action can begin to have impacts when the partnerships are formed and the strategic action has begun to be implemented.</li> </ul>
<b>Implementation Steps</b>	<ul style="list-style-type: none"> <li>▪ Establish a partnership with a homeownership development organization to support development of affordable homeownership opportunities.</li> <li>▪ Identify funds (or land in Strategic Action 1.f) available to support affordable homeownership development</li> </ul>
<b>Lead Agency and Potential Partners</b>	<ul style="list-style-type: none"> <li>▪ <b>Lead Agency:</b> City of Tualatin Planning Division</li> <li>▪ <b>Partners:</b> Habitat for Humanity, Proud Ground, or other homeownership development organizations</li> </ul>
<b>Funding or Revenue Implications</b>	<p>Revenue implications vary depending on the amount of monetary support the City of Tualatin is willing to provide. Monetary support would reduce division budgets or general fund dollars unless a new funding source (tax or fee) is established/enacted.</p>

## 2.d Evaluate Development Code to Encourage Diverse Housing Types for Affordable Homeownership

Description	Type of Action
<p>Evaluate Development Code changes to allow and support development of other affordable ownership housing types in Tualatin that provide affordable housing, beyond the required housing types in House Bill 2001.</p> <p>Other housing options may include dwelling units designed for multiple unrelated individuals living in the same dwelling with shared kitchen and bathrooms such as cohousing; small-scale homes (dwelling units between 100 and 500 square feet); and other innovative, small housing types (such as cargo containers). Allowing and clarifying standards for a diverse array of housing types would require development of clear and objective standards for these housing types.<sup>28</sup></p> <p>In addition, Tualatin’s Development Code does not currently allow small-scale dwellings, such as those at 100 to 500 square feet in size, at densities that would support development of this housing type as affordable housing.</p>	<p>Making Zoning Code Changes</p>
<p><b>Rationale</b></p>	<p>Comparatively small dwelling units can help meet identified housing needs for Tualatin’s workforce, particularly affordable homeownership opportunities.</p>
<p><b>Anticipated Impact</b></p>	<ul style="list-style-type: none"> <li>▪ <b>Populations served:</b> Extremely low income, very low-income, low-income, and moderate-income households</li> <li>▪ <b>Income:</b> 0-120% of Median Family Income</li> <li>▪ <b>Housing tenure:</b> Owner</li> <li>▪ <b>Potential Benefit:</b> <ul style="list-style-type: none"> <li>- <b>Housing Production (new units):</b> This action would not directly result in production of new units. But it is necessary to remove barriers to production of more types of housing in Tualatin.</li> <li>- <b>Equitable Outcomes:</b> This is an opportunity to provide more</li> </ul> </li> </ul>

<sup>28</sup> Tualatin’s Development Code defines household living as “the residential occupancy of a dwelling unit by a family or household, where the dwelling unit is self-contained with cooking, sleeping, and bathroom facilities.” In addition, Tualatin’s Development Code defines a household as “one or more persons related by blood, marriage, domestic partnership, legal adoption or guardianship, plus not more than five additional persons, who live together in one dwelling unit.” These definitions limits options for living situations with separate living quarters but with shared kitchen and bathrooms (such as “adult dorms”), in situations that do not qualify as group living (as defined by Tualatin’s Development Code).

	<p>lower-cost homeownership opportunities, which may help underserved communities and lower-income households, increasing diversity in neighborhoods.</p> <ul style="list-style-type: none"> <li>▪ <b>Potential Risk:</b> Allowing smaller units may increase density in existing neighborhoods, with the potential to cause concern for some of the existing residents but may be welcomed by other residents.</li> <li>▪ <b>Magnitude:</b> Indirect, small</li> </ul>
<b>Timeline</b>	<ul style="list-style-type: none"> <li>▪ <b>Timeline for adoption:</b> December 31, 2024</li> <li>▪ <b>Implementation to commence:</b> 2024 or early 2025</li> <li>▪ <b>Time frame of impact:</b> The strategic action can begin to take effect once it is adopted and implemented in the Development Code.</li> </ul>
<b>Implementation Steps</b>	<ul style="list-style-type: none"> <li>▪ Review Development Code to identify and clarify innovative and diverse housing types in the Development Code. Consider housing definitions, types of units permitted, lot dimensions, height standards, and other related standards.</li> <li>▪ Revise Development Code as needed.</li> </ul>
<b>Lead Agency and Potential Partners</b>	<ul style="list-style-type: none"> <li>▪ <b>Lead Agency:</b> City of Tualatin Planning Division</li> <li>▪ <b>Partners:</b> Development community</li> </ul>
<b>Funding or Revenue Implications</b>	<p>Evaluating zoning code changes for allowed uses is a comparatively low-cost strategy, primarily relying on the use of staff time.</p>

Goal 3. Preservation of Regulated Affordable Housing: Preserve affordable housing to prevent the loss of existing affordable housing units and to prevent resident displacement.

We recommend that the City pursue the following goal, which supports the existing Goals 3.2 and 3.3 in the Comprehensive Plan:

- Preserve affordable housing to prevent the loss of existing affordable housing units and to prevent resident displacement.
- Ensure and support no net loss for affordable housing in the City through preservation of one-for-one unit replacement that will retain at least the current number of housing units affordable to households at or below 60% of area Median Family Income (MFI). The City would track and report on the no net loss of affordable housing annually and ensure there are affordability agreements to maintain long-term affordability.

The strategic actions to evaluate and potentially implement this goal are described below. The City may choose to adopt this goal or the results of the strategic actions into the Comprehensive Plan in the future.

<b>3.a Evaluate How to Support Preservation of Regulated Affordable Rental Housing</b>	
<b>Description</b>	<b>Type of Action</b>
<p>Encourage and support preservation of affordable rental housing for households earning 0-60% Median Family Income, working with the State and affordable housing partners to ensure no net loss of regulated affordable housing units.</p> <p>Two of Tualatin's three regulated housing properties have Low-Income Housing Tax Credit (LIHTC) projects that are privately owned and expire in 7 and 10 years, respectively. With nothing in place to protect from loss of these units upon expiration of the LIHTC, especially with the expansion of urban renewal districts and planning for redevelopment, these units could be lost.</p> <p>The City could, at a minimum, track the expiration of the tax credits for these properties. Recent state legislation established a regulatory framework for multifamily rental housing developments with expiring affordability restrictions across a range of state funding programs. Owners must give notice to local government and the state when affordability restrictions will expire, and owners must provide the</p>	<p>Adopt a Program</p>



opportunity for the state, local government, or designee to make an offer to purchase the property and to match a competing offer.<sup>29</sup>

The City could also develop a program to enforce a policy about no net loss of regulated affordable housing, in addition to tracking expiration of the tax credits. If the City develops a policy to avoid losing regulated affordable housing, it will need to identify how to support and enforce that policy, as discussed below.

Two of Tualatin's three regulated housing properties have Low-Income Housing Tax Credit (LIHTC) projects that are privately owned and expire in 7 and 10 years, respectively. Preserving affordability of these properties is a priority for the City. The legislation mentioned above can make it easier for Tualatin to track these properties. The City may also want to have outreach to these property owners to establish relationships with them and better understand their intentions when the tax credits are near to expiration.

For these or other properties in a similar situation, the City could work to identify organizations (e.g., nonprofit affordable housing providers) that might be willing and able to acquire the properties if the owners seek to sell or convert them to market rate. The City could also reach out to the property owner before the end of the affordability period to offer technical assistance with preservation options and make them aware of any City programs or incentives available at that time to support maintaining affordability (e.g., tax exemptions).

<b>Rationale</b>	Preservation of existing and expiring regulated affordable housing is a more cost-effective strategy to maintain the supply than building new affordable housing.
<b>Anticipated Impact</b>	<ul style="list-style-type: none"><li>▪ <b>Populations served:</b> Extremely low and very low-income residents and households</li><li>▪ <b>Income:</b> 0-60% of Median Family Income</li><li>▪ <b>Housing tenure:</b> Renter</li><li>▪ <b>Potential Benefit:</b><ul style="list-style-type: none"><li>- <b>Housing Production (new units):</b> Tualatin has three regulated affordable housing units with a total of 604 income-restricted units. One of these developments (with 100 units made affordable through the LIHTC) is set to expire in January 2028. Preserving this development, for example, could maintain 100</li></ul></li></ul>

<sup>29</sup> Oregon Housing and Community Services (OHCS), "Preservation Compliance (for Owners)," <https://www.oregon.gov/ohcs/compliance-monitoring/Pages/push.aspx>. Accessed 3/18/21.

	<p>units of affordable housing in the city, resulting in no net loss of regulated affordable housing units, which is a significantly positive impact. However, this strategy would not directly result in the production of new units.</p> <ul style="list-style-type: none"> <li>- <b>Equitable Outcomes:</b> Residents living in affordable housing with tax credits coming up for expiration may be particularly vulnerable to displacement. Preservation and no net loss policies for regulated affordable housing may offer a level of protection from displacement for low-income and vulnerable residents living in affordable housing.</li> <li>- <b>Potential Risk:</b> There are likely to be no or minor negative impacts.</li> </ul> <ul style="list-style-type: none"> <li>▪ <b>Magnitude:</b> Moderate</li> </ul>
<b>Timeline</b>	<ul style="list-style-type: none"> <li>▪ <b>Timeline for adoption:</b> December 31, 2025</li> <li>▪ <b>Implementation to commence:</b> 2026</li> <li>▪ <b>Time frame of impact:</b> This strategic action will begin to take effect in 2026. The impact will really be felt as the existing tax exemptions begin to expire on a property-by-property basis, which will begin to occur after this strategic action is implemented.</li> </ul>
<b>Implementation Steps</b>	<ul style="list-style-type: none"> <li>▪ Reach out to the GSL Properties (property owners of Terrace View, Tualatin Meadows, and Woodridge) to learn their plans for these properties once affordability restrictions expire. If ownership has changed, then reach out to current property owner.</li> <li>▪ The City may offer assistance or connect the property owner to other supportive options should any of these properties be at risk for converting back to market rate.</li> </ul>
<b>Lead Agency and Potential Partners</b>	<ul style="list-style-type: none"> <li>▪ <b>Lead Agency:</b> City of Tualatin Planning Division</li> <li>▪ <b>Partners:</b> GSL Properties and other property owners of affordable housing in Tualatin.</li> </ul>
<b>Funding or Revenue Implications</b>	<p>Outreach to a single property owner is a low-cost strategy, primarily relying on the use of staff time. Depending on the program, a no net loss policy may involve a funding source to carry it out, such as CET.</p>

### 3.b Evaluate Developing a Healthy Housing Initiative for Multifamily Housing

Description	Type of Action
<p>Evaluate developing a Healthy Housing Initiative to address life safety, mold, lead, and ventilation issues for multifamily housing.</p> <p>A Healthy Housing Initiative could involve proactive inspection of renter-occupied multifamily properties to identify issues similar to those mentioned above. In addition, this initiative could include an educational component to provide information on how to prevent these issues from developing and funding plan to address the issues identified through inspections.</p> <p>This strategic action would be connected with Action 8.b, a Healthy Housing Initiative for Single-Family Housing</p>	<p>Implement a Program to Provide Financial Resources</p>

<b>Rationale</b>	<p>To improve older multifamily properties in Tualatin that are lower cost, unregulated, and deteriorating. The City needs this housing stock, and it is important that housing stays affordable while ensuring habitable and healthy conditions for residents.</p>
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<b>Anticipated Impact</b>	<ul style="list-style-type: none"> <li>▪ <b>Populations served:</b> Extremely low and very low-income, and low-income</li> <li>▪ <b>Income:</b> 0-80% Median Family Income</li> <li>▪ <b>Housing tenure:</b> Rental</li> <li>▪ <b>Potential Benefit:</b> <ul style="list-style-type: none"> <li>- <b>Housing Production (new units):</b> This action focuses on addressing safety problems in existing housing, not producing new housing. If this action is used to assist 10 to 25 households per year, it may help 60 to 150 households over the 6-year period for the HPS.</li> <li>- <b>Equitable Outcomes:</b> Residents living in rental housing in poor condition are more likely to have lower incomes and fewer housing choices. Supporting a Healthy Housing Initiative can improve the conditions of rental housing, which may help protect vulnerable residents.</li> </ul> </li> <li>▪ <b>Potential Risk:</b> Most negative impacts would be borne by the property owner to address identified deficiencies, though there likely would be positive impacts for the property owner too, such as property value increases and longer-term renters, resulting in increased revenue. If the property owner makes substantial changes to the housing and must bear the entire cost, that may</li> </ul>
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	<p>result in increased rents without some form of rent control agreement.</p> <ul style="list-style-type: none"> <li>▪ <b>Magnitude:</b> Moderate to large, depending on the outreach of the program</li> </ul>
<b>Timeline</b>	<ul style="list-style-type: none"> <li>▪ <b>Timeline for adoption:</b> December 31, 2024</li> <li>▪ <b>Implementation to commence:</b> 2025</li> <li>▪ <b>Time frame of impact:</b> The strategic action can begin to take effect once it is adopted and implemented.</li> </ul>
<b>Implementation Steps</b>	<ul style="list-style-type: none"> <li>▪ Evaluate the benefit of establishing a Healthy Housing Initiative with interested stakeholders and the public. Conduct outreach to housing consumers and property owners/managers of older, multifamily rental properties to gauge interest in resources and to identify questions/concerns about a potential inspection program.</li> <li>▪ If the initiative is deemed important, draft code language that covers mold, lead, ventilation, and other healthy/safety issues.</li> <li>▪ Develop an educational component of the program in coordination with the Community Development Department with representation between Planning, Building, and Engineering.</li> <li>▪ Establish program parameters: How can residents file complaints? How are inspections administered? How are alleged issues communicated to property owners? How are mitigation requests enforced?</li> <li>▪ Establish source of funds to administer the program.</li> <li>▪ Discuss topic with City Council at work sessions and in a public hearing if desired. Tualatin City Council may adopt the program and code language via ordinance.</li> </ul>
<b>Lead Agency and Potential Partners</b>	<ul style="list-style-type: none"> <li>▪ <b>Lead Agency:</b> City of Tualatin Planning Division</li> <li>▪ <b>Partners:</b> Washington County Public Housing Authority, Community Alliance of Tenants (CAT)</li> </ul>
<b>Funding or Revenue Implications</b>	<p>A source of funds to administer the program may be needed, such as CET funds. Alternatively, some additional staff time may be needed if the program is primarily informational.</p>

Goal 4. Preservation of Naturally Occurring Affordable Housing (NOAH): Preserve naturally occurring affordable housing, where possible, to prevent loss of affordable units and to mitigate resident displacement.

We recommend that the City pursue the following goal, which supports the existing Goals 3.2 and 3.3 in the Comprehensive Plan:

- Preserve naturally occurring affordable housing to prevent loss of affordable units and to prevent and mitigate resident displacement.

Implementing this goal will require developing a program to preserve “naturally occurring affordable housing” through acquisition, low interest loans/revolving loan fund for preservation, code enforcement, or other approaches. The strategic actions to evaluate and potentially implement this goal are described below. The City may choose to adopt this goal or the results of the strategic actions into the Comprehensive Plan in the future.

4.a Evaluate Development of Incentives to Preserve Low-Cost Rentals for Below-Market-Rate Privately Owned Rental Housing	
Description	Type of Action
<p>Evaluate options to assist with needed improvements to existing low-cost rental housing where the housing is in poor condition. The options may include a tax abatement (such as the Multi-Unit Property Tax Exemption), low interest loan program, or other financial incentives for low-cost market-rate apartments that agree to make needed improvements (e.g., to address code violations or health/safety issues) without displacing existing residents or agree to stabilize or reduce rents.</p> <p>Needed improvements may include addressing code violations or health/safety issues. The City would need to ensure they only grant financial incentives to property owners who agree to stabilize/reduce rents or not displace existing residents.</p> <p>Much of the rental housing in Tualatin that is affordable to low and moderate-income households is older, privately owned rental housing that is not subject to affordability restrictions. This housing may have deferred maintenance issues as a result of a lack of resources to make improvements and pay for repairs (or, in some cases, owner neglect). The City could work with property owners of low-cost unregulated rental housing to support needed repairs without displacing tenants. This could include:</p> <ul style="list-style-type: none"> <li>▪ Offer low interest loans and/or grants to property owners for</li> </ul>	<p>Establish Financial Incentives</p>

<p>repairs and major rehabilitation, providing they do not displace residents.</p> <ul style="list-style-type: none"> <li>▪ Evaluate reducing regulatory requirements and permitting challenges for owners seeking to improve older rental housing.</li> <li>▪ Provide information/technical assistance to smaller property owners regarding state and local resources to support weatherization and healthy housing.</li> <li>▪ Use the Multi-Unit Property Tax Exemption (Action 4.b) to support rehabilitation of multifamily housing, as described in Action 4.b.</li> </ul> <p>The City may want to begin implementing this strategic action with a limited scope pilot program to test and fine tune this program.</p>	
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<b>Rationale</b>	This action focuses on improvement of the condition of existing housing. Keeping low-cost unregulated housing both habitable and affordable reduces the need for subsidized new construction.
<b>Anticipated Impact</b>	<ul style="list-style-type: none"> <li>▪ <b>Populations served:</b> Extremely low income, very low-income, and low-income</li> <li>▪ <b>Income:</b> 0-80% of Median Family Income</li> <li>▪ <b>Housing tenure:</b> Renter</li> <li>▪ <b>Potential Benefit:</b> <ul style="list-style-type: none"> <li>- <b>Housing Production (new units):</b> This strategy is not anticipated to produce new units, but it could improve the quality of the city’s existing supply of low-cost, regulated rental units.</li> <li>- <b>Equitable Outcomes:</b> Preservation mechanisms would protect these vulnerable populations from housing displacement.</li> </ul> </li> <li>▪ <b>Potential Risk:</b> If there are not effective mechanisms in place to ensure that housing will be affordable for the populations served, the rents may increase, making the housing less affordable and potentially displacing tenants.</li> <li>▪ <b>Magnitude:</b> Moderate</li> </ul>
<b>Timeline</b>	<ul style="list-style-type: none"> <li>▪ <b>Timeline for adoption:</b> December 31, 2026</li> <li>▪ <b>Implementation to commence:</b> 2027</li> <li>▪ <b>Time frame of impact:</b> The strategic action can begin to take effect once it is adopted and implemented, as the incentives start to be used.</li> </ul>
<b>Implementation Steps</b>	<ul style="list-style-type: none"> <li>▪ Define eligibility for this program based on income. Eligibility requirements should tell whether all units in the multifamily building serve households with incomes 80% of MFI or less or whether a minimum percentage of units should be rented to</li> </ul>

	<p>households with incomes below 80% of MFI. In addition, the City should determine whether assistance goes to the property owner or another entity</p> <ul style="list-style-type: none"> <li>▪ Develop a list of lower-cost, unregulated rental housing, including property locations, number of units per development, and property owner contact information.</li> <li>▪ Evaluate programs, technical assistance opportunities, regulatory changes, and other options to support property improvements. This step can include multiple approaches, as noted in the description of this action.</li> <li>▪ Reach out to property owners (identified in Step 1). Gauge their interest in improving the safety, health, and stability of their property. Determine what kinds of improvements their properties might need and what resources would be most useful to them.</li> <li>▪ Refine and implement programs, technical assistance opportunities, regulatory changes, and other options (identified in Step 2) based on feedback from property owners.</li> <li>▪ Connect interested property owners to established programs and opportunities.</li> <li>▪ Seek additional federal funding through the US Department of Housing and Urban Development’s (HUD’s) Lead Hazard Control and Healthy Homes program</li> </ul>
<p><b>Lead Agency and Potential Partners</b></p>	<ul style="list-style-type: none"> <li>▪ <b>Lead Agency:</b> City of Tualatin Planning Division</li> <li>▪ <b>Partners:</b> Property owners of low-cost, unregulated rental housing</li> </ul>
<p><b>Funding or Revenue Implications</b></p>	<p>Amending permitting and regulatory requirements or providing technical assistance and information are comparatively low-cost strategies, primarily relying on the use of staff time. Providing low interest loans, grants, or implementing the MUPTE tax exemption would require a funding source to backfill program dollars awarded/loaned. Implementing a new program such as the HUD Lead Hazard Control and Healthy Homes program would take extensive administrative and partner resources to meet federal regulatory requirements, including performance measures.</p>

4.b

Evaluate Using the Multiple Unit Property Tax Exemption to Slow Rental Cost Increases

Description	Type of Action
<p>Evaluate the Multi-Unit Property Tax Exemption (MUPTE) as a tool to incentivize rehabilitation of existing low-cost unregulated affordable multifamily without displacing or increasing rents for existing tenants. The savings from the tax exemption could help the property owner pay for the costs of rehabilitation over time.</p> <p>To qualify, owners of multifamily rental properties who are applying for MUPTE would need to enter into a contract with a public agency (such as the City of Tualatin) that would set affordability restrictions; the terms of the affordability restrictions can be set by the City, and there are no specific income/affordability requirements in the state statute that enable the program. The City must also show that the exemption is necessary to preserve or establish low-income units.<sup>30</sup> The exemption applies to the improvement value of the property (not the land value). The exemption is initially for 10 years (per statute), but it could be extended for as long as the housing is subject to the affordability contract.</p> <p>The exemption would apply only to the City’s portion of property taxes unless taxing districts representing 51% or more of the combined levying authority (including the City’s tax rate) agree to support the exemption.</p>	<p>Adopt a Tax Exemption to Reduce Ongoing Charges on Development</p>
<p><b>Rationale</b></p>	<p>The MUPTE program is flexible and eligibility criteria can be set locally, allowing the City to target solutions to meet its needs. It can offer an incentive for mixed-income housing, providing a way to leverage private, market-rate development to expand affordable housing.</p>
<p><b>Anticipated Impact</b></p>	<ul style="list-style-type: none"> <li>▪ <b>Populations served:</b> Extremely low income, very low-income, and low-income households</li> <li>▪ <b>Income:</b> 0-80% of Median Family Income</li> <li>▪ <b>Housing tenure:</b> Rental</li> <li>▪ <b>Potential Benefit:</b> <ul style="list-style-type: none"> <li>- <b>Housing Production (new units):</b> If this incentive was used for one to two existing apartment buildings at about 150 units</li> </ul> </li> </ul>

<sup>30</sup> The statute does not specify how to show that the exemption is necessary.



	<p>each, if 10-20% of units were affordable, this strategy could result in 30 to 60 units below market rate.</p> <ul style="list-style-type: none"> <li>- <b>Equitable Outcomes:</b> This strategic action would preserve naturally occurring affordable housing for tenants, such as those vulnerable to displacement or housing instability if rents increased or rent discounts were not offered.</li> <li>▪ <b>Potential Risk:</b> The City and participating taxing districts would forgo property tax income for the properties that qualify for MUPTE. This would reduce some revenue for city services and for participating taxing districts.</li> <li>▪ <b>Magnitude:</b> Moderate</li> </ul>
<b>Timeline</b>	<ul style="list-style-type: none"> <li>▪ <b>Timeline for adoption:</b> December 31, 2026</li> <li>▪ <b>Implementation to commence:</b> 2027</li> <li>▪ <b>Time frame of impact:</b> The strategic action can begin to take effect once it is adopted and implemented, when property owners begin to apply for the tax exemption.</li> </ul>
<b>Implementation Steps</b>	<ul style="list-style-type: none"> <li>▪ Determine desired eligibility criteria (e.g., affordability requirements and any other public benefit requirements).</li> <li>▪ Seek input from overlapping taxing districts on their willingness to support the exemption.</li> <li>▪ Discuss topic with City Council at work sessions and in public hearings. City Council may choose to adopt MUPTE by resolution or ordinance following a public hearing.</li> <li>▪ Follow up with overlapping taxing districts to request that they pass resolutions to support the exemption.</li> </ul>
<b>Lead Agency and Potential Partners</b>	<ul style="list-style-type: none"> <li>▪ <b>Lead Agency:</b> City of Tualatin Planning Division and City of Tualatin Finance Department</li> <li>▪ <b>Partners:</b> Overlapping Taxing Districts</li> </ul>
<b>Funding or Revenue Implications</b>	<p>MUPTE reduces general fund revenues for all overlapping taxing districts. The City of Tualatin must weigh the loss of tax revenue against value of the rent discounts offered by qualifying development.</p>

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Goal 5. Housing for Underserved Communities: Implement housing policies, projects, programs, and partnerships to further support racial and social equity.

We recommend that the City pursue the following goal, which supports the existing Goal 3.2 and Goal 3.3 in the Comprehensive Plan:

- Implement all City housing policies with consideration for racial and social equity, which recognizes historical inequities in housing to underserved communities and aims to rectify inequities going forward by establishing an equitable housing program and a measurable action plan toward equitable housing.
- City of Tualatin affirmatively furthers access to decent, affordable housing in locations near the services and destinations to thrive, ensuring equal access for underserved communities.
- Promote access to opportunity by encouraging and supporting affordable housing, workforce housing, mixed-use housing, and mixed-income housing that meets the cultural needs of diverse populations by providing multiple unit sizes, types, and tenure options in high-opportunity areas.

The strategic actions to evaluate and potentially implement this goal are described below. The City may choose to adopt this goal or the results of the strategic actions into the Comprehensive Plan in the future.

5.a

Consider Development of a Funding Action Plan to Implement the HPS with Attention to Equity

Description	Type of Action
<p>Consider development of a funding action plan that would include how best to implement the strategic actions in the Housing Production Strategy (HPS) through considerations of equity.</p> <p>Implementing housing policies in an equitable way goes beyond affordability—it aims to ensure all people have housing choices that are diverse, high quality, physically accessible, and reasonably priced with access to opportunities, services, and amenities (e.g., transit, schools, childcare, food, and parks). These issues are addressed throughout the 12 goals and the strategic actions in the HPS.</p> <p>A key to implementing the HPS with consideration of equity is identifying and securing resources to implement the HPS. The City could develop an action plan that refines the schedule described in the HPS and develop a confirmed budget with identified funding sources for the implementation of the HPS. This action plan could be adopted by City Council.</p> <p>Part of implementation of the HPS could be ongoing outreach to underserved communities to get feedback on prioritization of action and resources called for in the HPS. This outreach could build on the Equity Resolution adopted by the City Council on February 22, 2021, that confirms the City of Tualatin’s commitment to local actions that promote equity and other equity planning the City has recently been engaged in.</p> <p>A part of implementing the HPS will be assessing, aligning, and updating the strategic questions, perhaps at the three-year point of the HPS. Key questions that the City could consider at this point include:</p> <ul style="list-style-type: none"> <li>• Is there a need to reprioritize the strategic actions based on changing conditions or feedback from stakeholders, including underserved communities?</li> <li>• Are additional actions needed to address new or changing conditions?</li> <li>• How will the City fund implementation of the HPS?</li> <li>• Is staff capacity sufficient to meaningfully advance the strategic actions?</li> </ul>	<p>Develop a Funding Action Plan</p>

- What benefits has the City seen from its efforts to date? Are the City’s residents, especially its lower-income residents and communities of color, seeing a return on the investments that the City has made?

These and other questions could be addressed as part of developing the funding action plan.

<b>Rationale</b>	The purpose of a HPS is to increase access to housing with an emphasis on low and moderate-income households but also to further racial and social equity.
<b>Anticipated Impact</b>	<ul style="list-style-type: none"> <li>▪ <b>Populations served:</b> Low-income and moderate-income households, underserved communities, communities of color, other state and federal protected classes</li> <li>▪ <b>Income:</b> Emphasis on households with incomes below 120% of Median Family Income</li> <li>▪ <b>Housing tenure:</b> Renter or Owner</li> <li>▪ <b>Potential Benefit:</b> <ul style="list-style-type: none"> <li>- <b>Housing Production (new units):</b> This strategy alone would not result in additional units, but it may result in better housing outcomes for more people.</li> <li>- <b>Equitable Outcomes:</b> This strategic action is aimed at developing an equitable action plan to support the HPS work. This may need to be done in two phases (as noted in Exhibit 6) as the evaluation of funding resources and incentives are planned to occur over the course of the six-year HPS. This process may raise community awareness and increase participation from underserved communities.</li> </ul> </li> <li>▪ <b>Potential Risk:</b> The strategy will require explicit consideration of funding sources, which may raise issues and considerable dialogue regarding specific funding strategies. This is not necessarily negative, but it could be challenging.</li> <li>▪ <b>Magnitude:</b> Indirect, large</li> </ul>
<b>Timeline</b>	<ul style="list-style-type: none"> <li>▪ <b>Timeline for adoption:</b> June 30, 2023</li> <li>▪ <b>Implementation to commence:</b> 2023</li> <li>▪ <b>Time frame of impact:</b> This strategic action will begin to have impact when adopted. However, the funding plan resulting from this strategic action is central to the implementation of other parts of HPS.</li> </ul>

<p><b>Implementation Steps</b></p>	<ul style="list-style-type: none"> <li>▪ Identify City’s overarching policy objectives for equity and understand how housing equity fits into those objectives.</li> <li>▪ Develop a public engagement plan that can guide conversations with the community, stakeholders, housing producers, and service providers. Focus conversations on opportunities and constraints related to equitable development and the priorities of the strategic actions in the HPS to build equity.</li> <li>▪ Through these conversations, identify and document recommendations for prioritization of resources and strategic actions to achieve more equitable housing outcomes.</li> <li>▪ Identify specific sources of funding for implementing the HPS and establish a budget for implementing each action.</li> <li>▪ Report on the findings of engagement and implementation progress of the HPS, with recommendations for consideration by the Tualatin City Council.</li> <li>▪ Tualatin City Council should revisit prioritization of the strategic actions in the HPS based on these findings.</li> </ul>
<p><b>Lead Agency and Potential Partners</b></p>	<ul style="list-style-type: none"> <li>▪ <b>Lead Agency:</b> City of Tualatin Planning Division</li> <li>▪ <b>Partners:</b> Underserved communities in Tualatin, Tualatin TuaLatinos (previously the Diversity Task Force), all residents of Tualatin, Tigard-Tualatin School District, Washington County Housing Authority, Metro, area developers, service providers, nonprofits, and residents of Tualatin.</li> </ul>
<p><b>Funding or Revenue Implications</b></p>	<p>Research and development of an analysis to impediments is a time-intensive analysis, primarily relying on the use of staff time. The City may consider approaching Metro about funding this type of outreach, as it is closely connected with the equitable housing planning grants that Metro has made since 2016. The next grant funding cycle will start in fall 2021.</p>

5.b

Evaluate Impediments to Fair Housing to Create an Analysis of Impediments

Description	Type of Action
<p>Evaluate impediments to Fair Housing and create an Analysis of Impediments, starting with Washington County’s Analysis of Impediments completed in May 2020.<sup>31</sup></p> <p>Fair housing is the right to choose housing free from unlawful discrimination. An analysis of impediments to fair housing is a process that recipients of grant funds from the US Department of Housing and Urban Development (HUD) must go through to receive funds. Jurisdictions can choose to conduct this analysis to affirmatively further fair housing on their own.</p> <p>An analysis of impediments would identify fair housing issues in Tualatin (in the context of Washington County), the factors that contribute to those issues, and strategies to address those issues. Among other topics, the analysis would consider patterns of segregation, racial/ethnic concentrations of poverty, and disproportionate access to opportunity and housing needs.</p> <p>The analysis concludes with a set of recommendations to inform future policies that will promote fair housing choice and inclusivity.</p>	<p>Conduct Research and Develop Policy Recommendations</p>
<p><b>Rationale</b></p>	<p>Improving fair housing is foundational to family success and helps to achieve broader equity goals.</p>
<p><b>Anticipated Impact</b></p>	<ul style="list-style-type: none"> <li>▪ <b>Populations served:</b> Low-income, moderate-income, and high-income residents and households, communities of color, and all state and federal protected classes</li> <li>▪ <b>Income:</b> All income groups</li> <li>▪ <b>Housing tenure:</b> Renter or Owner</li> <li>▪ <b>Potential Benefit:</b> <ul style="list-style-type: none"> <li>- <b>Housing Production (new units):</b> This strategy alone would not result in additional units, but it may result in better housing outcomes for more people.</li> <li>- <b>Equitable Outcomes:</b> Likely to increase community awareness regarding fair and equitable housing and inform future policies.</li> </ul> </li> <li>▪ <b>Potential Risk:</b> This strategic action may raise challenging issues</li> </ul>

<sup>31</sup> <https://www.co.washington.or.us/CommunityDevelopment/Planning/upload/FinalAI.pdf>

	<p>and considerable community dialogue, but it is also likely to result in increased community awareness and a useful set of recommendations.</p> <ul style="list-style-type: none"> <li>▪ <b>Magnitude:</b> Moderate</li> </ul>
<b>Timeline</b>	<ul style="list-style-type: none"> <li>▪ <b>Timeline for adoption:</b> December 31, 2024</li> <li>▪ <b>Implementation to commence:</b> 2025</li> <li>▪ <b>Time frame of impact:</b> The strategic action will begin to have impact once the analysis is completed and the impediments begin to be removed.</li> </ul>
<b>Implementation Steps</b>	<ul style="list-style-type: none"> <li>▪ Establish a planning process to develop an analysis of impediments, following HUD guidelines. Establish recommendations to resolve impediments.</li> <li>▪ Conduct public and stakeholder outreach to gather feedback on the recommendations.</li> <li>▪ Pursue action with City Council, should the plan’s recommendations lead to a desire to revise or adopt new policies.</li> </ul>
<b>Lead Agency and Potential Partners</b>	<ul style="list-style-type: none"> <li>▪ <b>Lead Agency:</b> City of Tualatin Planning Division</li> <li>▪ <b>Partners:</b> City Council, Tigard-Tualatin School District, Washington County, Metro, Oregon Housing and Community Services, area developers, service providers, nonprofits, and regional foundations.</li> </ul>
<b>Funding or Revenue Implications</b>	<p>Research and development of an analysis to impediments is a time-intensive analysis, primarily relying on the use of staff time. If the City hires a consultant to complete the analysis, the amount of staff time required to complete the analysis will decrease and the City will need to fund the cost of the consultant’s analysis. The City should consider hiring a consultant to complete this analysis and assist community engagement. The consultant should have considerable expertise in fair housing and fair housing analysis.</p>

## 5.c

## Evaluate Ways to Best Ensure Opportunities for Education about Fair Housing Are Provided

Description	Type of Action
<p>Ensure there are opportunities for education about Fair Housing for residents, property owners, property managers, those involved in real estate transactions, Tualatin City staff, Tualatin Planning Commission, and Tualatin City Council. The City could contract with the Fair Housing Council of Oregon to conduct these trainings.</p>	<p>Provide Education</p>
<b>Rationale</b>	<p>Education about Fair Housing is important to preventing and addressing housing discrimination.</p>
<b>Anticipated Impact</b>	<ul style="list-style-type: none"> <li>▪ <b>Populations served:</b> Low-income, moderate-income, and high-income residents and households, communities of color, and all state and federal protected classes.</li> <li>▪ <b>Income:</b> All income levels</li> <li>▪ <b>Housing tenure:</b> Renter or Owner</li> <li>▪ <b>Potential Benefit:</b> <ul style="list-style-type: none"> <li>- <b>Housing Production (new units):</b> This strategy alone would not result in additional units, but it may result in better housing outcomes for more people.</li> <li>- <b>Equitable Outcomes:</b> This strategic action is likely to raise community awareness about this topic and help to prevent discrimination.</li> </ul> </li> <li>▪ <b>Potential Risk:</b> There are likely to be no or minor negative impacts.</li> <li>▪ <b>Magnitude:</b> Moderate</li> </ul>
<b>Timeline</b>	<ul style="list-style-type: none"> <li>▪ <b>Timeline for adoption:</b> No need for adoption or official action, as this strategic action is about forming a partnership.</li> <li>▪ <b>Implementation to commence:</b> 2023</li> <li>▪ <b>Time frame of impact:</b> The strategic action can begin to have impacts when the partnerships are formed and the strategic action has begun to be implemented.</li> </ul>
<b>Implementation Steps</b>	<ul style="list-style-type: none"> <li>▪ Partner with the Fair Housing Council of Oregon to identify educational needs and conduct trainings. These trainings should occur on a regular basis, such as every few years.</li> <li>▪ Tualatin could provide written Fair Housing information for residents, property managers, property owners, and those involved with real estate transactions.</li> </ul>



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<b>Lead Agency and Potential Partners</b>	<ul style="list-style-type: none"><li>▪ <b>Lead Agency:</b> City of Tualatin Planning Division</li><li>▪ <b>Partners:</b> Fair Housing Council of Oregon</li></ul>
<b>Funding or Revenue Implications</b>	By partnering with the Fair Housing Council of Oregon, this is likely to be a lower-cost strategy, primarily relying on the use of staff time to coordinate education opportunities and funding to pay for the trainings.

5.d

Evaluate Strategies to Encourage Diverse Housing Types in High-Opportunity Neighborhoods

Description	Type of Action
<p>Encourage development of diverse housing types in high-opportunity neighborhoods, such as neighborhoods with high environmental quality and access to transit, jobs, good schools, parks, and open spaces.</p> <p>Enable developments that support multiple unit sizes, types, and tenure options to promote diverse housing options in high-opportunity neighborhoods. Use an analysis of “access to opportunity” to decide which zones or locations (via zoning overlay) where this is appropriate. The purpose of this strategy is to promote access to opportunity to households with a range of backgrounds and incomes. This strategy may work well with the incentives for development of affordable and workforce housing.</p>	<p>Provide Education</p>
<p><b>Rationale</b></p>	<p>Reverse historical patterns of racial, ethnic, cultural, and socioeconomic exclusion.</p>
<p><b>Anticipated Impact</b></p>	<ul style="list-style-type: none"> <li>▪ <b>Populations served:</b> Extremely low income, very low-income, low-income, and moderate-income households, communities of color, and all state and federal protected classes</li> <li>▪ <b>Income:</b> 0-80% of Median Family Income</li> <li>▪ <b>Housing Tenure:</b> Renter</li> <li>▪ <b>Potential Benefit:</b> <ul style="list-style-type: none"> <li>- <b>Housing Production (new units):</b> This strategy may result in a modest increase in development of new diverse housing types that are smaller in size across the city, especially on small infill lots.</li> <li>- <b>Equitable Outcomes:</b> By locating a diverse range of smaller housing types in high-opportunity areas, it may increase access to amenities for households at 80% MFI and below to better schools, parks, modes of transportation, health-care facilities, shopping, and other neighborhood amenities they might not otherwise have had access to.</li> </ul> </li> <li>▪ <b>Potential Risk:</b> Allowing more diverse housing types may increase density in existing neighborhoods, with the potential to cause concern by some of the existing residents.</li> <li>▪ <b>Magnitude:</b> Moderate</li> </ul>

<b>Timeline</b>	<ul style="list-style-type: none"> <li>▪ <b>Timeline for adoption:</b> December 31, 2024</li> <li>▪ <b>Implementation to commence:</b> 2024 or early 2025</li> <li>▪ <b>Time frame of impact:</b> The strategic action can begin to take effect once it is adopted and implemented. It may take some years after implementation for development resulting from this strategic action to begin to occur.</li> </ul>
<b>Implementation Steps</b>	<ul style="list-style-type: none"> <li>▪ Identify high-opportunity areas and capacity in these areas to accommodate a range of housing types.</li> <li>▪ Evaluate incentives and regulatory changes that would support diverse housing in opportunity areas, such as MUPTE or a property tax exemption for regulated affordable housing.</li> <li>▪ Talk with developers about the incentives most likely to incent them to develop a wider variety of housing types in identified opportunity areas.</li> </ul>
<b>Lead Agency and Potential Partners</b>	<ul style="list-style-type: none"> <li>▪ <b>Lead Agency:</b> Tualatin Planning Division</li> <li>▪ <b>Partners:</b> Developers of affordable housing, workforce housing, and market-rate housing.</li> </ul>
<b>Funding or Revenue Implications</b>	<p>This is a comparatively low-cost strategy, primarily relying on the use of staff time.</p>

Goal 6. Workforce Housing: Encourage, plan for, and support the development of workforce housing for households earning 61%-80% Median Family Income, for both owner and renter, in order to increase the jobs-housing balance, reduce commute time, and provide attainable housing for workers in Tualatin.

We recommend that the City pursue the following goal, which supports the existing Goal 3.2 in the Comprehensive Plan:

- Encourage, plan for, and support the development of workforce owner and rental housing, 61-80% Median Family Income to increase the jobs-housing balance, reduce commute time, and provide attainable housing for workers in Tualatin.

The strategic actions to evaluate and potentially implement this goal are described below. The City may choose to adopt this goal or the results of the strategic actions into the Comprehensive Plan in the future.

<b>6.a Evaluate Ways to Incentivize Inclusion of Workforce Housing Units within New Multifamily Rental Development</b>	
Description	Type of Action
<p>Evaluate the feasibility of establishing a tax abatement for new multifamily development that includes a portion of units affordable between 61 and 80% of Median Family Income under the Multi-Unit Property Tax Exemption program (MUPTE).</p> <p>The state-authorized, locally implemented MUPTE program would allow Tualatin to offer a partial property tax exemption (limited to the value of the housing, not the land) for multifamily development that meets specific, established criteria by the City, such as having an affordability agreement with the City of Tualatin or another public agency.<sup>32</sup> The terms of the affordability agreement could be set by the City—there are no specific income/affordability requirements in the state statute that enables the program. The exemption would apply only to the City’s portion of property taxes, unless taxing districts representing 51% or more of the combined levying authority (including the City’s tax rate) agree to support the exemption. It would last for 10 years or longer if the affordability agreement remains in place. The City would need to seek support from overlapping taxing districts to offer the exemption for all property taxes (not just the City's portion).</p>	<p>Adopt a Tax Exemption</p>

<sup>32</sup> If the abatement were being applied to a project that does not have state or federal affordability requirements, the City could enter into the contract directly with the property owner or seek to partner with Washington County, which would administer the affordability agreement.

The City could explore using MUPTE in two possible ways:

- To incentivize mixed-income development through inclusion of below-market units in otherwise market-rate developments.
- To incentivize owners of existing low-cost unregulated affordable housing to rehabilitate properties without displacing existing tenants or escalating rents (Strategic Action 4.b).

<b>Rationale</b>	The MUPTE program is flexible and eligibility criteria can be set locally, allowing the City to target the housing to meet its needs. It can offer an incentive for mixed-income housing, providing a way to leverage private, market-rate development to expand affordable housing.
<b>Anticipated Impact</b>	<ul style="list-style-type: none"> <li>▪ <b>Populations served:</b> Low-income residents and households</li> <li>▪ <b>Income:</b> 61-80% of Median Family Income</li> <li>▪ <b>Housing tenure:</b> Renters</li> <li>▪ <b>Potential Benefit:</b> <ul style="list-style-type: none"> <li>- <b>Housing Production (new units):</b> If this incentive was used for one to two apartment buildings at about 150 units each and 10-20% of units were affordable to low-income households,<sup>33</sup> this strategy could result in 30 to 60 workforce-affordable units.</li> <li>- <b>Equitable Outcomes:</b> Provides the opportunity for mixed income in multifamily housing, with a portion of units affordable to low-income residents.</li> </ul> </li> <li>▪ <b>Potential Risk:</b> The City and participating taxing districts would forgo some property tax income for the duration of the exemption, reducing some revenue for city services and revenue for participating taxing districts.</li> <li>▪ <b>Magnitude:</b> Moderate</li> </ul>
<b>Timeline</b>	<ul style="list-style-type: none"> <li>▪ <b>Timeline for adoption:</b> December 31, 2026</li> <li>▪ <b>Implementation to commence:</b> 2027</li> <li>▪ <b>Time frame of impact:</b> The strategic action can begin to take effect once it is adopted and implemented, when property owners begin to apply for the tax exemption.</li> </ul>

<sup>33</sup> Where jurisdictions are trying to incentivize or require mixed-income housing, it is typically structured so that a certain percentage of units in the building (e.g., 10% to 25%) meet a certain affordability level (e.g., 61% to 80% of MFI).

<p><b>Implementation Steps</b></p>	<ul style="list-style-type: none"> <li>▪ Determine desired eligibility criteria (e.g., affordability requirements and any other public benefit requirements).</li> <li>▪ Seek input from overlapping taxing districts on their willingness to support the exemption.</li> <li>▪ Discuss topic with City Council at work sessions and in public hearings. City Council may choose to adopt MUPTE by resolution or ordinance following a public hearing.</li> <li>▪ Follow up with overlapping taxing districts to request that they pass resolutions to support the exemption.</li> </ul>
<p><b>Lead Agency and Potential Partners</b></p>	<ul style="list-style-type: none"> <li>▪ <b>Lead Agency:</b> City of Tualatin Planning Division</li> <li>▪ <b>Partners:</b> Tualatin Finance Department and Overlapping Taxing Districts</li> </ul>
<p><b>Funding or Revenue Implications</b></p>	<p>MUPTE reduces general fund revenues for all overlapping taxing districts. The City of Tualatin must weigh the loss of tax revenue against value of the rent discounts offered by qualifying development.</p>

## 6.b Evaluate Potential Partnerships with Employers on Employer-Assisted Housing

Description	Type of Action
<p>Evaluate the potential for the City to partner with one or more area employers to develop an Employer Assisted Housing program.</p> <p>Employer Assisted Housing can take many forms, such as: short-term relocation assistance, medium-term rental assistance, and homeownership assistance (such as down payment assistance).</p> <p>The City could talk with major employers to identify opportunities to partner with or support employers who are interested in developing an employer-assisted housing program. The City's role in development of an Employer Assisted Housing program could be to provide support and information to employers and help them connect with partners who can assist them in developing a program.</p>	<p>Establish Partnerships</p>
<p><b>Rationale</b></p>	<p>Brings local businesses into the discussion of housing needs and efforts to encourage housing development.</p>
<p><b>Anticipated Impact</b></p>	<ul style="list-style-type: none"> <li>▪ <b>Populations served:</b> Employees working in Tualatin who also desires to live in Tualatin</li> <li>▪ <b>Income:</b> Generally less than 120% of MFI</li> <li>▪ <b>Housing tenure:</b> Renter or owner</li> <li>▪ <b>Potential Benefit:</b> <ul style="list-style-type: none"> <li>- <b>Housing Production (new units):</b> Depends on interest and employer's funding potential. An employer may provide rental assistance or down payment assistance for a few employees. Alternatively, a single employer developing a moderate-size apartment complex could produce 20 to 40 units of housing.</li> <li>- <b>Equitable Outcomes:</b> There is a significant need for workforce housing in Tualatin, so that workers employed here — particularly in the industrial and commercial sectors — can also afford to live here. This strategic action may help to meet that need.</li> </ul> </li> <li>▪ <b>Potential Risk:</b> There are likely to be no or minor negative impacts.</li> <li>▪ <b>Magnitude:</b> Low to moderate depending on interest from employers</li> </ul>

<b>Timeline</b>	<ul style="list-style-type: none"> <li>▪ <b>Timeline for adoption:</b> No need for adoption or official action, as this strategic action is about forming a partnership.</li> <li>▪ <b>Implementation to commence:</b> 2025</li> <li>▪ <b>Time frame of impact:</b> The strategic action can begin to have impacts when the partnerships are formed and the strategic action has begun to be implemented.</li> </ul>
<b>Implementation Steps</b>	<ul style="list-style-type: none"> <li>▪ Evaluate the potential to periodically host an employer roundtable or focus group to educate, discuss, and work through Tualatin’s housing issues.</li> <li>▪ Inquire if employer-supported housing programs would be of interest to larger employers in Tualatin. What questions do they have about how such a program would function?</li> <li>▪ Identify ways the City could help interested employers establish an employer-assisted housing program.</li> </ul>
<b>Lead Agency and Potential Partners</b>	<ul style="list-style-type: none"> <li>▪ <b>Lead Agency:</b> City of Tualatin Planning Division</li> <li>▪ <b>Partners:</b> Larger employers in Tualatin; Chamber of Commerce</li> </ul>
<b>Funding or Revenue Implications</b>	<p>Unless the City wishes to financially support an employer-assisted housing program, this strategy could be a comparatively low-cost option, primarily relying on the use of staff time.</p>



## 6.c Evaluate City Partnership to Participate in a Land Bank

Description	Type of Action
<p>Evaluate potential partnerships with organization(s) to establish or support a land bank for affordable housing, workforce housing, mixed-use housing, or combination of these types.</p> <p>Land banks can take several forms. Many are administered by a nonprofit or nongovernmental entity with a mission of managing a portfolio of properties to support affordable housing development over many years or decades. A land bank could be set up to manage financial and administrative resources, including strategic property disposal, for the explicit purpose of supporting affordable housing development. Cities can partner with nonprofits or manage their own land banks. Cities may also donate, sell, or lease publicly owned land for the development of affordable housing, even without a formal “land bank” organization. Another source of land for a land bank is religious institutions.</p> <p>If Tualatin determines it is able to contribute publicly owned land or work with partners on land contributions (such as religious institutions), then this action will connect to Strategic Action 1.f.</p>	<p>Establish Partnerships</p>
<p><b>Rationale</b></p>	<p>Land banks support affordable housing development by reducing or eliminating land cost from development.</p>
<p><b>Anticipated Impact</b></p>	<ul style="list-style-type: none"> <li>▪ <b>Populations served:</b> Extremely low income, very low-income, low-income, and moderate-income households</li> <li>▪ <b>Income:</b> 0-80% of Median Family Income</li> <li>▪ <b>Housing tenure:</b> Renter or Owner</li> <li>▪ <b>Potential Benefit:</b> <ul style="list-style-type: none"> <li>- <b>Housing Production (new units):</b> If this incentive were used for one to two apartment buildings at about 75 units each, and if all of these units were affordable at 80% of MFI or less, this strategy could result in a mix of units affordable to households below 60% of MFI as well as units affordable to households between 61% and 80% of MFI.</li> </ul> </li> </ul> <p>Alternatively, potential lands could be evaluated for their use to develop affordable owner-occupied housing, likely in housing types such as single-family detached units, town houses, cottage housing, duplexes, triplexes, or quadplexes. If</p>

	<p>Tualatin had about two to five acres of land for land banking for these types of units, that may result in 20 to 45 units, assuming densities of 10 to 15 dwelling units per acre.</p> <ul style="list-style-type: none"> <li>- <b>Equitable Outcomes:</b> Land banking is proposed for the purpose of efficiently developing affordable housing and/or workforce housing.</li> <li>▪ <b>Potential Risk:</b> If public land is used for affordable housing, typically it cannot be used for other city functions. However, if the land were identified as surplus or excess, it would likely not be needed for city functions. If institutional land (such as church land) were land banked, this would not impact city functions.</li> <li>▪ <b>Magnitude:</b> Low to moderate as Tualatin has a highly limited land supply</li> </ul>
<p><b>Timeline</b></p>	<ul style="list-style-type: none"> <li>▪ <b>Timeline for adoption:</b> December 31, 2024</li> <li>▪ <b>Implementation to commence:</b> 2025</li> <li>▪ <b>Time frame of impact:</b> The strategic action can begin to have impacts when the partnerships are formed and the strategic action has begun to be implemented.</li> </ul>
<p><b>Implementation Steps</b></p>	<ul style="list-style-type: none"> <li>▪ Evaluate use of existing GIS tools to inventory publicly and privately owned properties (including properties owned by faith-based organizations) in areas well suited for a land bank purpose.</li> <li>▪ Partner with and contribute funds or land to an existing nonprofit land bank or participate in the formation of a new nonprofit land bank if one does not exist with sufficient capacity to serve Tualatin.</li> <li>▪ Incorporate publicly owned land into a bank or acquire new land to incorporate.</li> </ul>
<p><b>Lead Agency and Potential Partners</b></p>	<ul style="list-style-type: none"> <li>▪ <b>Lead Agency:</b> City of Tualatin Planning Division</li> <li>▪ <b>Partners:</b> Nonprofit Land Bank; public agencies and/or institutions, including faith-based organizations in Tualatin; affordable housing developers; City of Tualatin Finance Department; and other divisions at the City of Tualatin (as needed)</li> </ul>
<p><b>Funding or Revenue Implications</b></p>	<p>Partnering is the most administratively efficient and cost-efficient approach to implementing this strategy. If the City is contributing land to the land bank at low or no cost, then the City is forgoing realizing the value of the land if it were sold on the open market.</p>

Goal 7. Housing Stabilization: Prevent and address homelessness to provide safe living conditions for everyone living in Tualatin.

We recommend that the City pursue the following goal, which supports the existing Goals 3.2 and 3.3 in the Comprehensive Plan:

- Prevent and address homelessness to provide safe living conditions for everyone living in Tualatin.

The strategic actions to evaluate and potentially implement this goal are described below. The City may choose to adopt this goal or the results of the strategic actions into the Comprehensive Plan in the future.

7.a Evaluate Opportunities to Partner on a Local Rental and Utility Assistance Program	
Description	Type of Action
<p>Evaluate opportunities to partner with an agency that provides rental and utility assistance partnership to stabilize households and prevent people from losing their homes.</p> <p>The City is currently exploring a partnership or collaboration with the Community Action Agency, including targeted outreach to underserved communities. For rental assistance, the household must be under 80% of Area Median Income. For utility assistance, the household must be under 60% of Oregon’s median income. They are two separate programs. The City is in a trial period of this partnership with the Community Action Agency, which lasts through December 2021. The partnership may be extended beyond that date.</p>	<p>Establish Partnerships</p>
Rationale	<p>Rental and utility assistance can provide stability to households at risk of homelessness or loss of utility services.</p>
Anticipated Impact	<ul style="list-style-type: none"> <li>▪ <b>Populations served:</b> Extremely low income, very low-income, and low-income households</li> <li>▪ <b>Income:</b> Under 80% of Area Median Income for rental assistance and under 60% of Oregon Median Income for utility assistance.</li> <li>▪ <b>Housing tenure:</b> Renter</li> <li>▪ <b>Potential Benefit:</b> <ul style="list-style-type: none"> <li>- <b>Housing Production (new units):</b> This strategy will not directly result in the production of more units.</li> <li>- <b>Equitable Outcomes:</b> The rental and utility assistance partnership in the planning stages includes targeted outreach</li> </ul> </li> </ul>

	<p>to historically underserved communities and households in low-income census tracts.</p> <ul style="list-style-type: none"> <li>▪ <b>Potential Risk:</b> There are likely to be no or minor negative impacts.</li> <li>▪ <b>Magnitude:</b> Moderate</li> </ul>
<b>Timeline</b>	<ul style="list-style-type: none"> <li>▪ <b>Timeline for adoption:</b> This action may not be adopted, as it is a partnership.</li> <li>▪ <b>Implementation to commence:</b> 2021, with potential extension of the partnership into 2022 and beyond</li> <li>▪ <b>Time frame of impact:</b> The strategic action can begin to have impacts when the partnerships are formed and the strategic action has begun to be implemented.</li> </ul>
<b>Implementation Steps</b>	<ul style="list-style-type: none"> <li>▪ Work with the Community Action Agency to develop a memorandum of understanding for a rent and utility assistance partnership to support lower-income households in Tualatin.</li> </ul>
<b>Lead Agency and Potential Partners</b>	<ul style="list-style-type: none"> <li>▪ <b>Lead Agency:</b> City of Tualatin Planning Division; Tualatin Finance Department</li> <li>▪ <b>Partners:</b> Community Action of Washington County, nonprofit agency</li> </ul>
<b>Funding or Revenue Implications</b>	<p>Unless the City financially supports the rental and utility assistance program, this strategy is a comparatively low-cost option, primarily relying on the use of staff time, possibly using City phones for volunteers to carry out the targeted outreach.</p>

7.b

Evaluate Ways to Develop Housing Options and Services to Address and Prevent Houselessness

Description	Type of Action
<p>Evaluate partnering with agencies and nonprofit organizations that provide housing and services to people experiencing houselessness to address and prevent homelessness.</p> <p>Explore establishing partnerships, programs, or opportunities to rapidly rehouse people experiencing homelessness.</p>	<p>Establish Partnerships</p>
<b>Rationale</b>	<p>To improve livelihoods by reducing the number of people experiencing homelessness in Tualatin and Washington County.</p>
<b>Anticipated Impact</b>	<ul style="list-style-type: none"> <li>▪ <b>Populations served:</b> Extremely low income residents and people currently experiencing houselessness</li> <li>▪ <b>Income:</b> 0-30% of Median Family Income</li> <li>▪ <b>Housing tenure:</b> Renter</li> <li>▪ <b>Potential Impacts:</b> <ul style="list-style-type: none"> <li>- <b>Housing Production (new units):</b> This strategy may not result in production of new units in itself, but it may lead to partnerships that will support production of new units.</li> <li>- <b>Equitable Outcomes:</b> This strategic action may result in partnering with another jurisdiction or organization to serve people experiencing houselessness.</li> </ul> </li> <li>▪ <b>Potential Risk:</b> There are likely to be no or minor negative impacts.</li> <li>▪ <b>Magnitude:</b> Moderate</li> </ul>
<b>Timeline</b>	<ul style="list-style-type: none"> <li>▪ <b>Timeline for adoption:</b> December 31, 2026</li> <li>▪ <b>Implementation to commence:</b> 2027</li> <li>▪ <b>Time frame of impact:</b> The strategic action can begin to have impacts when the partnerships are formed and the strategic action has begun to be implemented.</li> </ul>
<b>Implementation Steps</b>	<ul style="list-style-type: none"> <li>▪ Contact staff with City of Tigard to understand what Tigard plans to do around providing services to address and prevent houselessness. Evaluate whether there are opportunities to partner with Tigard.</li> <li>▪ Contact Washington County to explore options for a partnership with the County to provide services to address and prevent houselessness.</li> </ul>

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<b>Lead Agency and Potential Partners</b>	<ul style="list-style-type: none"><li>▪ <b>Lead Agency:</b> City of Tualatin Planning Division</li><li>▪ <b>Partners:</b> City of Tigard; Washington County</li></ul>
<b>Funding or Revenue Implications</b>	This strategy will depend primarily on staff outreach to Tigard and Washington County to explore options for partnerships. It could result in development of programs that have financial implications for the City, but none are proposed in this strategic action at this point.

**Goal 8. Housing Rehabilitation:** Plan for and support housing programs and initiatives that are responsive to the safety and health needs of households earning 0-80% of Median Family Income.

We recommend that the City pursue the following goal, which supports the existing Goal 3.2, Policy 3.2.1, and Goal 3.3 in the Comprehensive Plan:

- Plan for and support housing programs and initiatives that are responsive to the safety and health needs of households earning 0-80% of Median Family Income.

Implementing this policy will require researching, evaluating, and developing a housing rehabilitation program, for both ownership and rental housing, suitable for Tualatin. The strategic actions to evaluate and potentially implement this goal are described below. The City may choose to adopt this goal or the results of the strategic actions into the Comprehensive Plan in the future.

<b>8.a Evaluate Establishing Local Housing Rehabilitation Program</b>	
<b>Description</b>	<b>Type of Action</b>
<p>Evaluate the feasibility of establishing a local housing rehabilitation program to improve housing safety and health conditions for households earning 80% or less of the Median Family Income.</p> <p>Much of the rental housing in Tualatin that is affordable to low and moderate-income households is older, privately owned housing that is not subject to affordability restrictions. This housing may have deferred maintenance issues as a result of a lack of resources to make improvements and pay for repairs (or, in some cases, owner neglect). The City can work with property owners of low-cost unregulated rental housing to support needed repairs without displacing tenants. This could include:</p> <ul style="list-style-type: none"> <li>▪ Offer low interest loans and/or grants to property owners for repairs and major rehabilitation, providing they do not displace residents.</li> <li>▪ Explore reducing regulatory and permitting requirements in the Development Code to identify and reduce challenges for owners seeking to improve older rental housing.</li> <li>▪ Provide information/technical assistance to smaller property owners regarding state and local resources to support weatherization and healthy housing.</li> <li>▪ Use the Multi-Unit Property Tax Exemption (Action 4.b) to support rehabilitation, as described in Action 4.b.</li> </ul>	<p>Develop a Program</p>

<b>Rationale</b>	Keeping low-cost unregulated housing both habitable and affordable reduces the need for subsidized new construction.
<b>Anticipated Impact</b>	<ul style="list-style-type: none"> <li>▪ <b>Populations served:</b> Extremely low income, very low-income, and low-income households</li> <li>▪ <b>Income:</b> 0-80% of Median Family Income</li> <li>▪ <b>Housing tenure:</b> Renter</li> <li>▪ <b>Potential Benefit:</b> <ul style="list-style-type: none"> <li>- <b>Housing Production (new units):</b> This strategy is not anticipated to produce new units, but it is intended to preserve and may improve the quality of the City’s existing supply of low-cost, regulated rental units. It may also result in improved health and safety for the residents in the existing units.</li> <li>- <b>Equitable Outcomes:</b> Improves housing safety and health conditions for households earning 80% or less of the Median Family Income.</li> </ul> </li> <li>▪ <b>Potential Risk</b> Most negative impacts would be borne by the property owner to address identified deficiencies. However, property may also have positive impacts, such as an increase in property value and longer-term renters. If the property owner makes substantial changes to the housing, that may increase rents (making it less affordable) or encourage conversion to owner-occupied housing.</li> <li>▪ <b>Magnitude:</b> Low to moderate</li> </ul>
<b>Timeline</b>	<ul style="list-style-type: none"> <li>▪ <b>Timeline for adoption:</b> December 31, 2026</li> <li>▪ <b>Implementation to commence:</b> 2027</li> <li>▪ <b>Time frame of impact:</b> The strategic action can begin to take effect once it is adopted and implemented, as the incentives start to be used.</li> </ul>
<b>Implementation Steps</b>	<ul style="list-style-type: none"> <li>▪ Maintain and enhance the existing list of lower-cost, unregulated rental housing, including property locations, number of units per development, and property owner contact information.</li> <li>▪ Evaluate programs, technical assistance opportunities, regulatory changes, and other options to support property improvements. This step can include multiple approaches, as noted in the description of this action.</li> <li>▪ Reach out to property owners (identified in Step 1). Gauge their interest in improving the safety, health, and stability of their property. Determine what kinds of improvements their properties might need and what resources would be most useful to them.</li> <li>▪ Refine and implement programs, technical assistance</li> </ul>



	<p>opportunities, regulatory changes, and other options (identified in Step 2) based on feedback from property owners.</p> <ul style="list-style-type: none"> <li>▪ Connect interested property owners to established programs and opportunities.</li> <li>▪ Seek additional federal funding through the US Department of Housing and Urban Development’s (HUD’s) Lead Hazard Control and Healthy Homes program.</li> </ul>
<p><b>Lead Agency and Potential Partners</b></p>	<ul style="list-style-type: none"> <li>▪ <b>Lead Agency:</b> City of Tualatin Community Development Department, City of Tualatin Finance Department, and City of Tualatin Building Division and Engineering Division.</li> <li>▪ <b>Partners:</b> Overlapping taxing districts (if using MUPTE), Washington County Public Housing Authority, and Community Alliance of Tenants (CAT)</li> </ul>
<p><b>Funding or Revenue Implications</b></p>	<p>Providing low interest loans, grants, or implementing the MUPTE tax exemption will require a funding source to backfill program dollars awarded/loaned. Implementing a new program such as the HUD Lead Hazard Control and Healthy Homes program would take extensive administrative and partner resources to meet federal regulatory requirements, including performance measures.</p>

8.b

Evaluate the Implementation of a Healthy Housing Initiative for Single-Family Housing

Description	Type of Action
<p>Evaluate the development of a Healthy Housing Initiative to address life safety, mold, lead and ventilation issues for single-family housing.</p> <p>A Healthy Housing Initiative could involve proactive inspection of single-family properties to identify issues similar to those mentioned above. In addition, this initiative could include an educational component to provide information on how to prevent these issues from developing and funding to address the issues identified in the inspections.</p> <p>This strategic action could be connected with Strategic Action 3.b, a Healthy Housing Initiative for Multifamily housing.</p>	<p>Implement a Program to Provide Financial Resources</p>
<p><b>Rationale</b></p>	<p>To improve older single-family properties in Tualatin that are lower cost, unregulated, and deteriorating. The City needs this housing stock, and it is important that housing stays affordable while ensuring habitable and healthy conditions for residents.</p>
<p><b>Anticipated Impact</b></p>	<ul style="list-style-type: none"> <li>▪ <b>Populations served:</b> Extremely low income, very low-income, low-income, and moderate-income households</li> <li>▪ <b>Income:</b> 0-80% of Median Family Income</li> <li>▪ <b>Housing tenure:</b> Rental or owner</li> <li>▪ <b>Potential Benefits:</b> <ul style="list-style-type: none"> <li>- <b>Housing Production (new units):</b> This action focuses on addressing safety problems in existing housing, not producing new housing. If this action is used to assist 10 to 25 households per year, it may help 60 to 150 households over the 6-year period for the HPS.</li> <li>- <b>Equitable Outcomes:</b> Improves health and safety conditions in housing for qualifying households at 80% MFI or below.</li> </ul> </li> <li>▪ <b>Potential Risk:</b> Most negative impacts would be borne by the property owner to address identified deficiencies. However, the property owner may experience positive impacts too, such as increased property value and longer-term renters. If the property owner makes substantial changes to the housing, that may increase rents (making it less affordable) or encourage conversion to owner-occupied housing.</li> <li>▪ <b>Magnitude:</b> Moderate to large, depending on the outreach of the program</li> </ul>

<p><b>Timeline</b></p>	<ul style="list-style-type: none"> <li>▪ <b>Timeline for adoption:</b> December 31, 2024</li> <li>▪ <b>Implementation to commence:</b> 2025</li> <li>▪ <b>Time frame of impact:</b> The strategic action can begin to take effect once it is adopted and implemented.</li> </ul>
<p><b>Implementation Steps</b></p>	<ul style="list-style-type: none"> <li>▪ Evaluate the benefit of establishing a Healthy Housing Initiative with interested stakeholders and the public. Conduct outreach to housing consumers and property owners/managers of older, single-family rental to gauge interest in resources and to identify questions/concerns about a potential inspection program. Consider initial grant research funding source, such as the Robert Wood Johnson Foundation. <a href="https://www.rwjf.org/en/how-we-work/grants-and-grant-programs.html">https://www.rwjf.org/en/how-we-work/grants-and-grant-programs.html</a></li> <li>▪ If the initiative is deemed important, draft code language that covers mold, lead, ventilation, and other healthy/safety issues.</li> <li>▪ Develop an educational component of the program in coordination with the Community Development Department with representation between Planning, Building, and Engineering.</li> <li>▪ Establish program parameters: How can residents file complaints? How are inspections administered? How are alleged issues communicated to property owners? How are mitigation requests enforced?</li> <li>▪ Establish source of funds to administer the program.</li> <li>▪ Discuss topic with City Council at work sessions and in a public hearing if desired. Tualatin City Council may adopt the program and code language via ordinance.</li> </ul>
<p><b>Lead Agency and Potential Partners</b></p>	<ul style="list-style-type: none"> <li>▪ <b>Lead Agency:</b> City of Tualatin Community Development Department</li> <li>▪ <b>Partners:</b> Washington County Public Housing Authority, Community Alliance of Tenants (CAT), AARP</li> </ul>
<p><b>Funding or Revenue Implications</b></p>	<p>A source of funds to administer the program may be needed, such as CET funds. Alternatively, some additional staff time may be needed if the program is primarily informational.</p>

**Goal 9. Accessible Design and Other Specialized Design: Encourage and support Universal Design, Lifelong Housing Certification, and other similar standards.**

We recommend that the City pursue the following goal, which supports the existing Goal 3.2 and Policy 3.2.1 and Goal 3.3 in the Comprehensive Plan:

- Encourage and support Universal Design, Lifelong Housing Certification, and other similar standards.

The strategic actions to evaluate and potentially implement this goal are described below. The City may choose to adopt this goal or the results of the strategic actions into the Comprehensive Plan in the future.

<b>9.a Evaluate the Development of Specialized Design Standards and Incentives to Accommodate Special Needs</b>	
Description	Type of Action
<p>Research and evaluate development of standards in the City’s development, building, and municipal codes to increase development of housing accessible for people with disabilities and other populations that need housing with specialized design.</p> <p>Disabilities include those that are visible, such as ambulatory or vision disabilities, and those that are not readily apparent, such as self-care, independent living, or cognitive disabilities. Other conditions may require special accommodations, such as disabling diseases or mental health conditions.</p> <p>Standards to accommodate special needs may include universal design components (e.g., basic accessibility features; security or communication systems; easily traversed floors; remote control features; accessible lavatories, sinks, and counters; accessible bathtubs and showers; variable height counters and accessible work surfaces; and hearing and visual impairment aids).</p> <p>Provide incentives in the Development Code to increase the number of units designed to meet Universal Design, Lifelong Housing Certification, and other similar standards. This strategy could include preapproved plan sets (e.g., single-family detached and attached homes with barrier-free universal design),<sup>34</sup> within the context of the</p>	<p>Develop Code Standards and Develop Incentives</p>

<sup>34</sup> It may be that these types of plan sets become commonly used among different cities in Oregon, not necessarily developed from the ground up for each city.

American with Disabilities Act (ADA) and Federal Housing Administration (FHA) rules.

One option could be to use the Oregon Lifelong Housing Certification program,<sup>35</sup> which lists accessibility at different levels of accessible design elements, such as “visitor accessible” (which is basic accessibility for visitors) and “enhanced accessible” (which is accessible for a person in a wheel chair for the central living floor). Consider offering path-of-travel improvements like curb ramps on the adjoining street/sidewalk.

In consultation with the Building Department, the City may decrease charges (plan check fee) by 50% for preapproved plans and that the review to approve time would be three days, rather than potentially several weeks.

<b>Rationale</b>	Provide more options for people to live independently or in a housing setting of their choice.
<b>Anticipated Impact</b>	<ul style="list-style-type: none"><li>▪ <b>Populations served:</b> Seniors and people with disabilities</li><li>▪ <b>Income:</b> Standards may apply to All Income Groups; Use of incentives may apply only to income qualifying households</li><li>▪ <b>Housing tenure:</b> Renter and Owner</li><li>▪ <b>Potential Benefit:</b><ul style="list-style-type: none"><li>- <b>Housing Production (new units):</b> This strategy will not directly result in the production of new units, but it may increase the number of new units that have accessibility features incorporated into the design—or it may increase the number of units remodeled with accessibility features.</li><li>- <b>Equitable Outcomes:</b> Serves people with disabilities, people with special needs, and seniors to provide housing accessibility, many of whom may also be low income.</li></ul></li><li>▪ <b>Potential Risk:</b> There should be minimal negative impact if the strategic action is implemented as described above. If the City requires special design standards for all new housing (which is not recommended), that may increase housing development costs and decrease housing affordability.</li><li>▪ <b>Magnitude:</b> Low</li></ul>

<sup>35</sup> The Rogue Valley Council of Government’s Lifelong Housing Certification Project is a “voluntary certification process for evaluating the accessibility and/or adaptability of homes. Developed in partnership with AARP Oregon, the project is designed to help meet the growing market demand for accessible housing in our region and to enable older adults and people with disabilities to age in place safely and independently.” Information about this certification program can be found at: <https://rvcog.org/home/sds-2/lifelong-housing-program/#:~:text=The%20Lifelong%20Housing%20Certification%20Project,call%20541%2D423%2D1383>.

<b>Timeline</b>	<ul style="list-style-type: none"> <li>▪ <b>Timeline for adoption:</b> December 31, 2024</li> <li>▪ <b>Implementation to commence:</b> 2025</li> <li>▪ <b>Time frame of impact:</b> The strategic action can begin to take effect once it is adopted and implemented in the Development Code.</li> </ul>
<b>Implementation Steps</b>	<ul style="list-style-type: none"> <li>▪ Develop an incentive program and source of funding to increase the number of dwelling units designed accessibly.</li> <li>▪ Work with developers to gather feedback on program parameters and interest.</li> <li>▪ Implement program (and potentially a new funding source) through council action.</li> </ul>
<b>Lead Agency and Potential Partners</b>	<ul style="list-style-type: none"> <li>▪ <b>Lead Agency:</b> City of Tualatin Community Development Department</li> <li>▪ <b>Partners:</b> Home Builders Association of Metropolitan Portland; Fair Housing Council of Oregon; AARP</li> </ul>
<b>Funding or Revenue Implications</b>	<p>Developing preapproved plans may require hiring consultants to develop the plans. Lowering the fee to review the preapproved plans should be commensurate with the lower staff effort to review the plans.</p>

Goal 10. Mixed-Use Housing and Redevelopment: Encourage and support development of mixed-use, mixed-income, and multifamily housing in commercial zones and urban renewal areas for households earning 0-80% of Median Family Income.

We recommend that the City pursue the following goal, which supports the existing Goal 3.2, Goal 3.3, Goal 3.4, and Policy 3.4.1 and Policy 3.4.2 in the Comprehensive Plan:

- Encourage and support development of mixed-use, mixed-income, and multifamily housing in commercial zones and urban renewal areas for households earning 0-80% of Median Family Income.

This goal includes affordable housing (0-60% of Median Family Income) and may include workforce housing (61-80% of Median Family Income). Development of mixed-use housing will likely also result in development of housing affordable above 80% of Median Family Income. The strategic actions to evaluate and potentially implement this goal are described below. The City may choose to adopt this goal or the results of the strategic actions into the Comprehensive Plan in the future.

**10.a Evaluate Redevelopment Opportunities for the Creation of Mixed-Use Development Districts to Support Development of Affordable Housing and Workforce Housing**

Description	Type of Action
<p>Identify and evaluate redevelopment opportunities to create mixed-use districts, which could include an area master planning process to guide development.</p> <p>A key finding of the Housing Needs Analysis is that Tualatin has limited land for development of multifamily housing and projects deficits of land to accommodate new housing in the Medium High Density and High Density / High Rise plan designations. The Economic Opportunities Analysis finds that Tualatin has limited land for commercial development. The COVID 19 pandemic has resulted in closure of businesses, which will leave existing buildings with vacant spaces and lessen the pressure for development of new commercial space, at least in the next two to five years.</p> <p>To address the need for more land for multifamily housing development and commercial uses, the City could identify several areas within Tualatin for redevelopment into mixed-use areas, with a mixture of higher-density housing and employment uses such as retail, office, and commercial services. These may be underutilized commercial or industrial areas ripe for mixed-use or mixed-income redevelopment. Two of these areas may already be identified through</p>	<p>Develop a Planning Process and Redevelopment Plans for Mixed-Use Districts</p>

planning for Urban Renewal Districts: District 1 is the Basalt Creek and Southwest Industrial Area and District 2 is the North Study Area, Bridgeport Village, Town Commons, I-5 Corridor, and Tualatin-Sherwood Road. The City has yet to have discussions about funding for affordable housing in these areas.

The City could engage the community in developing a vision for redeveloping the selected areas. The planning to implement this vision could be developed through redevelopment plans that show how the property will be redeveloped into a vibrant area with a mixture of uses, connections with Tualatin’s automotive and pedestrian/bicycle transportation networks, and a variety of housing types. The redevelopment plans would typically include working with landowners to ensure they are supportive of the plans, as well as incorporating stakeholder and citizen input into the vision for the district and the formation of the redevelopment plans.

A key aim would be to ensure equitable funding for affordable housing development to serve households earning 0-60% of Median Family Income and to consider opportunities for workforce housing at 61-80% of Median Family Income in mixed-use districts and urban renewal areas through redevelopment. To ensure that the districts provide opportunities for development of income-restricted affordable housing and consider workforce housing (housing affordable for rent between 61% and 80% of MFI), the City could evaluate opportunities to implement strategic actions such as 1.a (property tax exemption for income-restricted housing), 1.d (planning for Urban Renewal), 1.f (public and other land for affordable housing), 6.a (inclusion of workforce housing in multifamily development), and regulatory actions in Policy 11.

<b>Rationale</b>	Creating mixed-use districts would provide opportunity for development of new multifamily housing in areas with commercial services and access to some types of jobs.
<b>Anticipated Impact</b>	<ul style="list-style-type: none"> <li>▪ <b>Populations served:</b> Low-income, moderate-income, and high-income residents</li> <li>▪ <b>Income:</b> Inclusive of income-restricted housing development that will serve 0-60% of Median Family Income and workforce housing at 61-80% of Median Family Income.</li> <li>▪ <b>Housing tenure:</b> Renter or Owner</li> <li>▪ <b>Potential Impacts:</b> <ul style="list-style-type: none"> <li>- <b>Housing Production (new units):</b> The amount of housing</li> </ul> </li> </ul>



	<p>production depends on the size and number of properties that are redeveloped. If this strategy identified 5 acres of land for residential redevelopment over the six-year planning horizon, at 80 units per acre (assuming 4 to 6 story buildings), this strategy could produce between 400 units of housing. Achieving this density will require changes to the Tualatin Development Code to allow this level of density.</p> <ul style="list-style-type: none"> <li>- <b>Equitable Outcomes:</b> Equitable funding for housing development for affordable housing and workforce housing in mixed-use districts and urban renewal areas through redevelopment.</li> <li>▪ <b>Potential Risk:</b> Redevelopment could displace existing residents. Lower-income residents may be most vulnerable to redevelopment and urban renewal, unless housing preservation actions are taken and affordable housing investments are made to offset displacement.</li> <li>▪ <b>Magnitude:</b> Large</li> </ul>
<p><b>Timeline</b></p>	<ul style="list-style-type: none"> <li>▪ <b>Timeline for adoption:</b> December 31, 2022</li> <li>▪ <b>Implementation to commence:</b> 2023</li> <li>▪ <b>Time frame of impact:</b> It would likely be at least 5 to 10 years before there is sufficient revenue in the Urban Renewal District to have enough funds to make significant investment in housing. The strategic action may have impact sooner for redevelopment that does not depend on Urban Renewal.</li> </ul>
<p><b>Implementation Steps</b></p>	<ul style="list-style-type: none"> <li>▪ Identify and evaluate areas within Tualatin for redevelopment into mixed-use areas, which may be Urban Renewal District 1 and District 2 and additional areas.</li> <li>▪ Engage the community in developing a vision for redeveloping the selected areas.</li> <li>▪ Use available tools, such as Urban Renewal, to support redevelopment of these areas.</li> <li>▪ Identify opportunities for supporting development of income-restricted affordable housing. Also consider opportunities for workforce housing. Funding for housing affordable in the 61-80% MFI is limited and may be difficult to find.</li> <li>▪ Identify land to rezone for mixed-use (see Strategic Action 10.b), as part of the redevelopment planning.</li> <li>▪ Identify infrastructure improvements necessary to support development of the mixed-use district. Incorporate these improvements and costs into the City’s capital improvements plan.</li> </ul>

	<ul style="list-style-type: none"> <li>▪ Develop the policies and development standards necessary to support development of a mixed-use district.</li> <li>▪ Work with the Planning Commission and City Council to adopt the redevelopment plans and begin implementing them.</li> </ul>
<p><b>Lead Agency and Potential Partners</b></p>	<ul style="list-style-type: none"> <li>▪ <b>Lead Agency:</b> City of Tualatin Planning Division</li> <li>▪ <b>Partners:</b> City of Tualatin Finance Department, City of Tualatin Engineering and Building Division, and Developers</li> </ul>
<p><b>Funding or Revenue Implications</b></p>	<p>Developing and implementing plans for mixed-use districts will take substantial staff time and may require hiring consultants. Developing mixed-use district plans will have broader funding implications, especially for infrastructure development.</p>

## 10.b Evaluate Opportunities for Conversion of Commercial Buildings to Residential Uses

Description	Type of Action
<p>Identify and evaluate opportunities for housing above ground-floor retail, which would require an update to the Development Code to allow more housing above ground-floor retail in commercial areas.</p> <p>Tualatin has several underutilized commercial buildings, such as stores that have closed, that could be appropriate for redevelopment. The City could work with landowners to evaluate opportunities for redeveloping vacant buildings for new housing.</p> <p>The City could consider opportunities to support redevelopment of underutilized commercial buildings as part of developing a mixed-use district and redevelopment in Strategic Action 10.a. Implementing this action may depend, in part, on use of tools such as urban renewal (Strategic Action 1.d) to address infrastructure deficiencies or support development of affordable housing</p> <p>The City could also consider opportunities for conversion of some ground-floor retail to allow housing on the ground floor. This strategic action would be connected closely to Strategic Action 10.a, as a part of developing a mixed-use district and supporting development of income-restricted affordable housing and potentially workforce affordable housing.</p>	<p>Implement a Program</p>
<p><b>Rationale</b></p>	<p>Reusing vacant commercial buildings provides additional opportunities for housing, as well as making better use of an unused site.</p>
<p><b>Anticipated Impact</b></p>	<ul style="list-style-type: none"> <li>▪ <b>Populations served:</b> Extremely low income, very low-income, and low-income households</li> <li>▪ <b>Income:</b> 0-80% of Median Family Income</li> <li>▪ <b>Housing tenure:</b> Predominantly renter housing with some opportunities for owner-occupied housing</li> <li>▪ <b>Potential Benefit:</b> <ul style="list-style-type: none"> <li>- <b>Housing Production (new units):</b> One existing building is about 60,500 square feet. Assuming that 75% of the building is used for housing (and the remainder used for shared spaces, like hallways), they may reasonably be converted into 56 units approximately 800 square feet in size or 37 units approximately 1,200 square feet in size. Two other older existing buildings</li> </ul> </li> </ul>

	<p>that could be converted to housing are in the town center area and just west of town center and include: one at 15,000 square feet and the other 10,000 square feet. Under the same assumptions as above, these buildings together may result in 16 to 24 dwelling units.</p> <ul style="list-style-type: none"> <li>- <b>Equitable Outcomes:</b> Potential to provide housing for all income ranges.</li> <li>▪ <b>Potential Risk:</b> There are likely to be no or minor negative impacts.</li> <li>▪ <b>Magnitude:</b> Low to moderate</li> </ul>
<b>Timeline</b>	<ul style="list-style-type: none"> <li>▪ <b>Timeline for adoption:</b> June 30, 2023</li> <li>▪ <b>Implementation to commence:</b> 2023</li> <li>▪ <b>Time frame of impact:</b> The strategic action can begin to take effect once it is adopted and implemented, but redevelopment will depend on when the building owners move forward.</li> </ul>
<b>Implementation Steps</b>	<ul style="list-style-type: none"> <li>▪ Identify one or more vacant buildings that could be converted to residential uses.</li> <li>▪ Discuss interest in converting vacant buildings to residential uses with the owners or assess the owners’ interest in selling the buildings.</li> <li>▪ Act as a convener between the owners and potential developers.</li> <li>▪ Assist with the development process to make it easier for redevelopment to occur. This development may require a rezone from a commercial zone into a mixed-use zone where housing is allowed.</li> <li>▪ Pursue the appropriate process for permitting the reuse of the building(s)</li> </ul>
<b>Lead Agency and Potential Partners</b>	<ul style="list-style-type: none"> <li>▪ <b>Lead Agency:</b> City of Tualatin Planning Division</li> <li>▪ <b>Partners:</b> Property owners of buildings considered for redevelopment and possibly adjacent/nearby property owners</li> </ul>
<b>Funding or Revenue Implications</b>	<p>Developing and implementing plans for conversion of vacant buildings for residential use will require staff time and may require City support for rezoning.</p>

## 10.c Evaluate Opportunities to Rezone Land for Mixed-Use

Description	Type of Action
<p>Identify and evaluate opportunities to rezone commercial or industrial land for mixed-use that includes employment and residential uses.</p> <p>In development of the mixed-use districts (Strategic Action 10.a), the City could identify opportunities to rezone underutilized land to a mixed-use zone. In addition, the City may identify other opportunities to rezone underutilized land to support mixed-use development in areas not included in the new mixed-use districts.</p>	<p>Make Change to Zoning Map</p>
<p><b>Rationale</b></p>	<p>This would help to address Tualatin’s limited residential land base and to increase the supply of land that can accommodate residential uses outright.</p>
<p><b>Anticipated Impact</b></p>	<ul style="list-style-type: none"> <li>▪ <b>Populations served:</b> Low-income, moderate-income, and high-income residents and households</li> <li>▪ <b>Income:</b> All income levels</li> <li>▪ <b>Housing tenure:</b> Predominantly renter housing with some opportunities for owner-occupied housing</li> <li>▪ <b>Potential Benefit:</b> <ul style="list-style-type: none"> <li>- <b>Housing Production (new units):</b> The amount of housing production depends on the size and number of properties that are redeveloped. If this strategy identified 2 to 5 acres of land for residential redevelopment over the six-year planning horizon, at 80 units per acre (assuming 4 to 6 story buildings), this strategy could produce between 40 and 160 units of housing. Achieving this density will require changes to the Tualatin Development Code to allow this level of density.</li> <li>- <b>Equitable Outcomes:</b> Potential to provide mixed-use housing that is inclusive of affordable and workforce housing.</li> </ul> </li> <li>▪ <b>Potential Risk:</b> If successfully implemented, rezoning land could displace existing residents. Lower-income residents may be most vulnerable to rezoning, unless housing preservation actions are taken in conjunction with rezoning.</li> <li>▪ <b>Magnitude:</b> Large</li> </ul>
<p><b>Timeline</b></p>	<ul style="list-style-type: none"> <li>▪ <b>Timeline for adoption:</b> December 31, 2022</li> <li>▪ <b>Implementation to commence:</b> 2022</li> <li>▪ <b>Time frame of impact:</b> The strategic action can begin to take effect once land is rezoned.</li> </ul>

<b>Implementation Steps</b>	<ul style="list-style-type: none"> <li>▪ Establish criteria to identify land to rezone for mixed-use (employment and residential) purposes.</li> <li>▪ Pursue a public process (with public hearings) to implement the zone change.</li> </ul>
<b>Lead Agency and Potential Partners</b>	<ul style="list-style-type: none"> <li>▪ <b>Lead Agency:</b> City of Tualatin Planning Division</li> <li>▪ <b>Partners:</b> Property owners of land considered for rezoning as well as adjacent/nearby property owners</li> </ul>
<b>Funding or Revenue Implications</b>	<p>This strategy would rely on use of staff time but may also require funds to hire a consultant to comply with the Transportation Planning Rule.</p>

**10.d Evaluate Establishing Incentives to Support Mixed-Use Development, such as the Vertical Housing Tax Abatement**

Description	Type of Action
<p>Identify, evaluate, and promote potential financial incentives for developers of mixed-use housing. Evaluate feasibility of adopting the Vertical Housing Tax Abatement within urban renewal districts or mixed-use zones.</p> <p>This program would provide a partial exemption of property taxes for multistory, mixed-use developments (residential over commercial space) for 10 years, which reduces operating costs and improves development feasibility.</p> <p>Using this program, a jurisdiction could subsidize mixed-use projects to encourage dense development or redevelopment by providing a partial property tax exemption on the building value for qualified developments. The exemption varies in accordance with the number of residential floors on a mixed-use project with a maximum property tax exemption of 80% of improvement value over 10 years. An additional property tax exemption on the land may be given if some or all of the residential housing is for low-income persons (80% of area median income or below), but this is uncommon. The Vertical Housing Tax Abatement helps to support affordable housing by providing retail opportunities nearer to income-restricted building. There is no tax exemption on the nonresidential component.</p> <p>The exemption is only available within areas designated by the City as a vertical housing development zone. The City must consider the potential for displacement of households within a proposed vertical housing development zone before designating the zone.</p> <p>Once the zone is established, a developer may apply for the Vertical Housing Tax Abatement program for eligible projects.</p>	<p>Adopt a Tax Exemption</p>
<p><b>Rationale</b></p>	<p>This tax abatement offers incentives for market-rate, mixed-income, and affordable housing, with greater incentives for affordable/mixed-income housing. It incents higher-density development, as well as mixed-income and mixed-use development.</p>
<p><b>Anticipated Impact</b></p>	<ul style="list-style-type: none"> <li>▪ <b>Populations served:</b> All populations potentially</li> <li>▪ <b>Income:</b> Typically over 80% of Median Family Income unless applied to affordable housing (which is unusual)</li> </ul>

	<ul style="list-style-type: none"> <li>▪ <b>Housing tenure:</b> Renter</li> <li>▪ <b>Potential Benefit:</b> <ul style="list-style-type: none"> <li>- <b>Housing Production (new units):</b> If this incentive were used for one to two mixed-use apartment buildings at 50 to 150 units each with 25% of units affordable at less than 80% of Median Family Income, this strategy could contribute to development of 50 to 300 units.</li> <li>- <b>Equitable Outcomes:</b> Supports mixed-use housing, which may include workforce housing with retail or other uses.</li> </ul> </li> <li>▪ <b>Potential Risk:</b> The City and participating taxing districts would forgo property tax income for the duration of the exemption for the buildings where the exemption is granted, reducing revenue for city services and revenue for participating taxing districts. This tax abatement may disproportionately benefit moderate and high-income households, who can afford the rents in mixed-use housing unless affordable housing units are part of the mix.</li> <li>▪ <b>Magnitude:</b> Moderate</li> </ul>
<b>Timeline</b>	<ul style="list-style-type: none"> <li>▪ <b>Timeline for adoption:</b> December 31, 2023</li> <li>▪ <b>Implementation to commence:</b> 2024</li> <li>▪ <b>Time frame of impact:</b> The strategic action can begin to take effect once it is adopted and implemented, when property owners begin to apply for the tax exemption.</li> </ul>
<b>Implementation Steps</b>	<ul style="list-style-type: none"> <li>▪ Evaluate the feasibility of and potential locations for establishing a Vertical Housing Tax Abatement Zone.</li> <li>▪ If considering designating areas within existing or proposed urban renewal districts, consider potential impacts of the tax abatement on urban renewal financial forecasts.</li> <li>▪ Evaluate likely impacts of the tax exemption on feasibility of desired mixed-use development.</li> <li>▪ Evaluate impacts of the exemption and the potential resulting development on displacement for vulnerable populations.</li> <li>▪ Discuss topic with City Council at work sessions and in public hearings.</li> <li>▪ Notify overlapping taxing districts and offer the opportunity to opt out of having their rate included in the exemption.</li> </ul>
<b>Lead Agency and Potential Partners</b>	<ul style="list-style-type: none"> <li>▪ <b>Lead Agency:</b> City of Tualatin Planning Division</li> <li>▪ <b>Partners:</b> City of Tualatin Finance Department, developers</li> </ul>



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**Funding or Revenue Implications**

The Vertical Housing Tax Abatement results in foregone general fund revenues for all overlapping taxing districts (unless they opt out). However, it can still increase tax revenue if new development occurs that would not otherwise, because the commercial portion is taxable immediately and the residential portion is added to the tax rolls when the abatement expires. If applied within an urban renewal district, the tax abatement instead affects the tax increment revenue to the district and does not necessarily directly affect the overlapping taxing districts.

Goal 11. Regulatory and Zoning Changes: Increase housing development opportunities through regulatory and zoning changes to accommodate a diverse range of housing types and price points to meet the housing needs in Tualatin.

We recommend that the City pursue the following goal, which supports the existing Policy 3.1.2, Goal 3.2, Policy 3.2.1, and Goal 3.3 in the Comprehensive Plan:

- Increase housing development opportunities through regulatory and zoning changes to accommodate a diverse range of housing types and price points to meet Tualatin's housing needs as identified in the current adopted Housing Needs Analysis.

The strategic actions to evaluate and potentially implement this goal are described below. The City may choose to adopt this goal or the results of the strategic actions into the Comprehensive Plan in the future.

<b>11.a Evaluate Updating Density Standards for Multifamily Housing in Medium-Density, High-Density, and Mixed-Use Zones</b>	
<b>Description</b>	<b>Type of Action</b>
<p>Evaluate the feasibility of increasing maximum densities—which would require corresponding revisions to other standards, including maximum lot coverage and minimum front setbacks—to create the opportunity for more efficient multifamily development in zones that allow it outright (High Density, High Density High-Rise, Medium Density High, Medium Density Low, and MUCOD (mixed-use zone)).</p> <p>Initial feasibility analysis indicates that existing densities for multifamily are too low to allow for efficient development or redevelopment of the type of housing the zones are intended to allow. At least one of the High Density and/or High Density High-Rise zones, as well as MUCOD, should allow for efficient 4 to 6 story buildings, and at least one zone (e.g. High Density and/or Medium Density High) should allow for efficient 2-3 story apartment buildings. Updates in the Medium Density High and Medium Density Low zones should be informed by changes to comply with HB 2001.</p> <p>One consideration in increasing density could be proximity to transit service and transit stations. Areas closer to transit, particularly high-capacity/high-frequency transit stations, may provide opportunities for increases of density in the Medium-Density, High-Density, and mixed-use zones. Areas near transit or transit stations may be places where density could be increased and parking requirements (in Strategic Action 11.c) could be decreased somewhat.</p>	<p>Adopt Zoning Code Changes</p>

<p><b>Rationale</b></p>	<p>Increasing densities and revising zoning standards allows more efficient use of buildable land, which may be particularly effective in areas with access to transit or near to transit stations. Given Tualatin’s shortage of buildable land, allowing taller multifamily buildings will provide important opportunities for housing development.</p>
<p><b>Anticipated Impact</b></p>	<ul style="list-style-type: none"> <li>▪ <b>Populations served:</b> Extremely low income, very low-income, low-income, moderate-income, and high-income households</li> <li>▪ <b>Income:</b> All income levels</li> <li>▪ <b>Housing tenure:</b> Predominantly renter, possibly some owner units</li> <li>▪ <b>Potential Benefit:</b> <ul style="list-style-type: none"> <li>- <b>Housing Production (new units):</b> Tualatin has 16 acres of High Density and no acres of High Density High-Rise land, according to the Tualatin Housing Needs Analysis. If the City increased densities in these zones (from the current maximum density of 25 units per acre in High Density and 30 dwelling units per acre High Density High-Rise) to at least 80 units per acre (assuming 4 to 6 story buildings), that would allow for an additional 1,280 dwelling units to be built in High Density. If land is re-zoned to High Density High-Rise, that would allow for additional development at these higher densities.</li> <li>- <b>Equitable Outcomes:</b> May open up opportunity for development of affordable rental multifamily housing or workforce housing.</li> </ul> </li> <li>▪ <b>Potential Risk:</b> Allowing higher-density development may cause concern for some existing residents.</li> <li>▪ <b>Magnitude:</b> Large</li> </ul>
<p><b>Timeline</b></p>	<ul style="list-style-type: none"> <li>▪ <b>Timeline for adoption:</b> June 30, 2022</li> <li>▪ <b>Implementation to commence:</b> 2022</li> <li>▪ <b>Time frame of impact:</b> The strategic action can begin to take effect once it is adopted and implemented in the Development Code.</li> </ul>
<p><b>Implementation Steps</b></p>	<ul style="list-style-type: none"> <li>▪ Evaluate conceptual feasibility with stakeholders and the public, identifying opportunities to alleviate resident concerns about traffic and parking as well as those associated with allowing taller buildings and denser development.</li> <li>▪ Evaluate potential transportation and other public utility system impacts of potential changes.</li> <li>▪ Draft revised zoning standard amendments, providing opportunities for public comment and discussions with planning</li> </ul>

	<p>commissioners and city councilors.</p> <ul style="list-style-type: none"> <li>▪ Work with Tualatin’s Planning Commission and City Council to adopt the revised standards into the Development Code.</li> </ul>
<p><b>Lead Agency and Potential Partners</b></p>	<ul style="list-style-type: none"> <li>▪ <b>Lead Agency:</b> City of Tualatin Community Development Department</li> <li>▪ <b>Partners:</b> City of Tualatin Public Works Department, area developers, property owners, and adjacent/nearby property owners and residents.</li> </ul>
<p><b>Funding or Revenue Implications</b></p>	<p>Revising zoning standards would rely on staff time and hiring a consultant to analyze the impacts of density increases on transportation and other public utility systems.</p> <p>For areas near transit or transit stations, Tualatin could apply for one of Metro’s Transit-Oriented Development (TOD) grants to implement this strategic action.</p>

## 11.b Evaluate Opportunities to Rezone Lower-Density Residential Land to Higher Density

Description	Type of Action
<p>Evaluate and identify opportunities to re-zone Residential Low Density and Residential Medium Low-Density residential land for higher-density housing in selected areas.</p> <p>The Tualatin Housing Needs Analysis report showed that Tualatin has very little buildable land in the following zones: Medium High Density, High Density, and High Density High-Rise zones. The report identified a seven acre deficit of land in the Medium High Density zone and a four acre deficit in the High Density High-Rise zone for development through 2040.</p>	<p>Adopt Zoning Code Changes</p>
<b>Rationale</b>	<p>This could help to address Tualatin’s limited residential land base and to increase the supply of land that can accommodate residential uses at higher densities.</p>
<b>Anticipated Impact</b>	<ul style="list-style-type: none"> <li>▪ <b>Populations served:</b> Low-income, moderate-income, and high-income residents and households</li> <li>▪ <b>Income:</b> All income levels</li> <li>▪ <b>Housing tenure:</b> Predominantly renter housing with some opportunities for owner-occupied housing</li> <li>▪ <b>Potential Benefit:</b> <ul style="list-style-type: none"> <li>- <b>Housing Production (new units):</b> The amount of housing production depends on the size and number of properties that are rezoned. If this strategy identified 2 to 5 acres of land for residential redevelopment over the six-year planning horizon, at 70 to 150 units per acre (assuming 4 to 6-story buildings), this strategy could produce between 140 and 750 units of housing from land zoned Low Density.</li> <li>- <b>Equitable Outcomes:</b> May open up opportunity for development of affordable rental multifamily housing or workforce housing.</li> </ul> </li> <li>▪ <b>Potential Risk:</b> Rezoning land could displace existing residents. Lower-income residents may be most vulnerable to rezoning, unless affordable housing preservation actions are taken in conjunction with rezoning.</li> <li>▪ <b>Magnitude:</b> Moderate to large, depending on the amount of land rezoned</li> </ul>

<b>Timeline</b>	<ul style="list-style-type: none"> <li>▪ <b>Timeline for adoption:</b> June 30, 2022</li> <li>▪ <b>Implementation to commence:</b> 2022</li> <li>▪ <b>Time frame of impact:</b> The strategic action can begin to take effect once it is adopted and implemented in the Development Code.</li> </ul>
<b>Implementation Steps</b>	<ul style="list-style-type: none"> <li>▪ Establish criteria to identify land to rezone for higher-density residential uses.</li> <li>▪ Pursue a public process (with public hearings) to implement the zone changes.</li> </ul>
<b>Lead Agency and Potential Partners</b>	<ul style="list-style-type: none"> <li>▪ <b>Lead Agency:</b> City of Tualatin Planning Division</li> <li>▪ <b>Partners:</b> Property owners of land considered for rezoning as well as adjacent/nearby property owners</li> </ul>
<b>Funding or Revenue Implications</b>	Revising density standards is a comparatively low-cost strategy, primarily relying on the use of staff time.

## 11.c Evaluate the Feasibility of Targeted Reductions to Off-Street Parking Requirements

Description	Type of Action
<p>Evaluate the feasibility of providing off-street parking reductions targeted for multifamily and/or affordable housing, particularly in conjunction with nearby transit availability.</p> <p>Current parking ratios for multifamily create an additional potential obstacle to higher-density/efficient development, particularly for affordable housing and zones that are intended for higher-density housing (four or more stories in height). High parking ratios for retail and restaurants may also present an obstacle to mixed-use development.</p> <p>Tualatin could consider allowing reduction of parking requirements near transit and affordable housing with tenants who generally own fewer cars, like seniors. In addition, the City should consider allowing public on-street parking in rights-of-way within a certain radius to count toward off-street parking requirements.</p> <p>This strategic action should be implemented in conjunction with the increases to density in High Density and High Density High-Rise zones, in Strategic Action 11a, because the strategic actions work together to achieve higher densities.</p>	<p>Adopt Zoning Code Changes</p>
<b>Rationale</b>	<p>Reducing parking requirements reduces costs and can allow a development to fit more units on a site, making public resources go further.</p>
<b>Anticipated Impact</b>	<ul style="list-style-type: none"> <li>▪ <b>Populations served:</b> Low-income, moderate-income, and high-income households</li> <li>▪ <b>Income:</b> All income levels</li> <li>▪ <b>Housing tenure:</b> Renter</li> <li>▪ <b>Potential Benefit:</b> <ul style="list-style-type: none"> <li>- <b>Housing Production (new units):</b> This strategy may not produce units in itself. But it may support development of more affordable units, especially in conjunction with Strategic Action 11.a.</li> <li>- <b>Equitable Outcomes:</b> Allowing parking reductions may benefit affordable housing developments that will serve a percentage of tenants that do not own cars, such as seniors in some cases.</li> </ul> </li> <li>▪ <b>Potential Risk:</b> Reducing off-street parking requirements may</li> </ul>

	<p>cause concern for existing residents. For lower-income residents to benefit, this action should be taken in conjunction with development of affordable housing.</p> <ul style="list-style-type: none"> <li>▪ <b>Magnitude:</b> Moderate</li> </ul>
<b>Timeline</b>	<ul style="list-style-type: none"> <li>▪ <b>Timeline for adoption:</b> December 31, 2022</li> <li>▪ <b>Implementation to commence:</b> 2023</li> <li>▪ <b>Time frame of impact:</b> The strategic action can begin to take effect once it is adopted and implemented in the Development Code.</li> </ul>
<b>Implementation Steps</b>	<ul style="list-style-type: none"> <li>▪ Evaluate off-street parking requirements for multifamily housing to identify opportunities for reduction in parking requirements.</li> <li>▪ Evaluate how potential amendments would affect the type and amount of multifamily housing that would be feasible to build in Tualatin.</li> <li>▪ Adopt revised parking standards by amending the Development Code.</li> </ul>
<b>Lead Agency and Potential Partners</b>	<ul style="list-style-type: none"> <li>▪ <b>Lead Agency:</b> City of Tualatin Planning Division</li> <li>▪ <b>Partners:</b> Development Community</li> </ul>
<b>Funding or Revenue Implications</b>	<p>Amending the City’s Development Code is a comparatively low-cost strategy, primarily relying on the use of staff time.</p>



## 11.d Evaluate Updating Code to Allow Small Dwelling Unit Developments

Description	Type of Action
<p>Tualatin should evaluate the potential to update its development, municipal, and building codes to allow small-scale units with affordable housing income limits that are not part of HB 2001. This could be accomplished by allowing land division where small lots or parcels are created below the standard lot/parcel size for dwelling units that are limited in size.</p> <p>Tualatin could consider this in the context of new cottage cluster regulations because of the similar development type. This would involve calculating density differently for the dwelling units due to their limited size.</p> <p>For example:</p> <ul style="list-style-type: none"> <li>▪ Dwelling units 600 square feet or smaller: 0.25 of a dwelling unit.</li> <li>▪ Dwelling units 601 to 1,200 square feet: 0.50 of a dwelling unit.</li> </ul> <p>This strategy may result in housing opportunity for households at 60% of MFI or lower. But this strategic action is not expected to result in income-restricted housing on its own. It is more likely to produce housing affordable at 61% to 100% of MFI.</p>	<p>Adopt Zoning Code Changes</p>
<p><b>Rationale</b></p>	<p>Provides greater opportunity for development of housing affordable to low and moderate-income households.</p>
<p><b>Anticipated Impact</b></p>	<ul style="list-style-type: none"> <li>▪ <b>Populations served:</b> Extremely low income, very low-income, low-income, and moderate-income households</li> <li>▪ <b>Income:</b> 100% of MFI or less.</li> <li>▪ <b>Housing tenure:</b> Renter and owner</li> <li>▪ <b>Potential Benefit:</b> <ul style="list-style-type: none"> <li>- <b>Housing Production (new units):</b> If this strategy resulted in development of one acre for small dwelling units over the six-year planning horizon, at 10 to 15 units per acre, this strategy could produce between 10 and 15 units of housing. This may represent a pilot of this policy.</li> <li>- <b>Equitable Outcomes:</b> May produce small number of units of housing that could serve lower-income households.</li> </ul> </li> <li>▪ <b>Potential Risk:</b> Allowing smaller units may increase density in existing neighborhoods, with the potential to cause concern for some existing residents.</li> </ul>

	<ul style="list-style-type: none"> <li>▪ <b>Magnitude:</b> Low</li> </ul>
<b>Timeline</b>	<ul style="list-style-type: none"> <li>▪ <b>Timeline for adoption:</b> December 31, 2024</li> <li>▪ <b>Implementation to commence:</b> 2024 or early 2025</li> <li>▪ <b>Time frame of impact:</b> The strategic action can begin to take effect once it is adopted and implemented in the Development Code.</li> </ul>
<b>Implementation Steps</b>	<ul style="list-style-type: none"> <li>▪ Revise Tualatin’s Development Code to allow these smaller units, including revising the density standards.</li> <li>▪ Pursue a public process (with public hearings) to implement the zone changes.</li> </ul>
<b>Lead Agency and Potential Partners</b>	<ul style="list-style-type: none"> <li>▪ <b>Lead Agency:</b> City of Tualatin Planning Division</li> <li>▪ <b>Partners:</b> Small-scale housing developers and builders, lenders</li> </ul>
<b>Funding or Revenue Implications</b>	Amending the City’s Development Code is a comparatively low-cost strategy, primarily relying on the use of staff time.

## 11.e Evaluate Adopting an Expedited Permitting Process for Affordable Rental Housing and Affordable Homeownership

Description	Type of Action
<p>Evaluate adopting an expedited and/or priority review process for review of development proposed for affordable rental housing at 0-60% of Median Family Income and affordable homeownership at 80% of Median Family Income and below.</p> <p>Such a process could consider projects with direct or indirect funding from local, state, or federal government as essential and projects with long-term affordability covenants through tax abatement or inclusionary requirements as high priority. Assigning a designated staff person to shepherd these projects through the development and construction process in order to expedite them is likely to be essential.</p>	<p>Make Development Process Changes</p>
<b>Rationale</b>	<p>Expedited permitting of both land use applications and building permits would help to reduce costs and financial vulnerabilities of development and construction of affordable housing.</p>
<b>Anticipated Impact</b>	<ul style="list-style-type: none"> <li>▪ <b>Populations served:</b> Extremely low income, very low-income, low-income, and moderate-income households</li> <li>▪ <b>Income:</b> 0-80% of Median Family Income</li> <li>▪ <b>Housing tenure:</b> Renter or Owner</li> <li>▪ <b>Potential Benefit:</b> <ul style="list-style-type: none"> <li>- <b>Housing Production (new units):</b> This action will not directly result in development of more units but may make it easier to develop affordable housing.</li> <li>- <b>Equitable Outcomes:</b> Beneficial to affordable housing development, as it can save on costs and construction time.</li> </ul> </li> <li>▪ <b>Potential Risk:</b> This strategic action may allow less time for comment on affordable housing development. Expediting permitting processes for affordable housing may result in minor increases in the time needed for the permitting processes of other development.</li> <li>▪ <b>Magnitude:</b> Low to moderate</li> </ul>
<b>Timeline</b>	<ul style="list-style-type: none"> <li>▪ <b>Timeline for adoption:</b> June 30, 2023</li> <li>▪ <b>Implementation to commence:</b> 2023</li> <li>▪ <b>Time frame of impact:</b> The strategic action can begin to take effect once it is adopted and implemented in the Development Code</li> </ul>

<b>Implementation Steps</b>	<ul style="list-style-type: none"> <li>▪ Plan and carry out public engagement to get input on changes in the permitting system.</li> <li>▪ Pursue public decision-making process to make the changes to the permitting system.</li> </ul>
<b>Lead Agency and Potential Partners</b>	<ul style="list-style-type: none"> <li>▪ <b>Lead Agency:</b> City of Tualatin Community Development Department</li> <li>▪ <b>Partners:</b> Local and Regional Development Community</li> </ul>
<b>Funding or Revenue Implications</b>	<p>Amending the City’s permitting process is a comparatively low-cost strategy, primarily relying on the use of staff time.</p>

## 11.f Evaluate Providing Additional Engagement and Information to Developers of Affordable Housing

Description	Type of Action
<p>The City could evaluate the establishment of a formalized information source (i.e., an FAQ) or additional engagement opportunities specific to developers of affordable housing. The City informally provides information to small, local developers to help them understand land use permitting processes and to give developers a sense of clarity and certainty about the requirements so they can better provide smaller-scale housing at an affordable level.</p> <p>The City could create a formal process to provide this information to include all housing developers, especially aimed at those that can produce housing affordable at 80% of Median Family Income and below. The City could promote development of this housing through a City program with a variety of venues such as a developers' roundtable hosted by the Mayor, informational sessions with developers, promotion of incentives and funding resources, and more. These activities are intended to engage, inform, and build relationships with developers to attract them to do business in Tualatin.</p>	<p>Develop Processes and Materials</p>
<p><b>Rationale</b></p>	<p>Building relationships with developers, providing quality information to them, and offering incentives and networking opportunities to developers and those in the development community are effective ways to support development in Tualatin.</p>
<p><b>Anticipated Impact</b></p>	<ul style="list-style-type: none"> <li>▪ <b>Populations served:</b> Extremely low income and very low-income households</li> <li>▪ <b>Income:</b> 0-60% of Median Family Income</li> <li>▪ <b>Housing tenure:</b> Renter or Owner</li> <li>▪ <b>Potential Benefit:</b> <ul style="list-style-type: none"> <li>- <b>Housing Production (new units):</b> This action is aimed at attracting more affordable and workforce housing developers to Tualatin and may generate a fair amount of interest in housing for households at 0-80% of MFI, resulting in more development that would otherwise not have come here.</li> <li>- <b>Equitable Outcomes:</b> Cultivating relationships with affordable housing and workforce housing developers to develop equitable housing.</li> </ul> </li> <li>▪ <b>Potential Risk:</b> There are likely to be no or minor negative</li> </ul>

	<p>impacts.</p> <ul style="list-style-type: none"> <li>▪ <b>Magnitude:</b> Low to moderate</li> </ul>
<b>Timeline</b>	<ul style="list-style-type: none"> <li>▪ <b>Timeline for adoption:</b> June 30, 2022</li> <li>▪ <b>Implementation to commence:</b> 2022</li> <li>▪ <b>Time frame of impact:</b> The strategic action can begin to take effect once it is adopted and implemented in the Development Code.</li> </ul>
<b>Implementation Steps</b>	<ul style="list-style-type: none"> <li>▪ Prepare materials and presentations intended to engage, inform, and educate developers about housing development in Tualatin and share what we have to offer in Tualatin.</li> <li>▪ Meet with developers in a series of lively roundtable events to inform and interest them in Tualatin development opportunities and offer new incentives where possible. Gather feedback from the developers and development community.</li> <li>▪ Continue to develop relationships with the development community and to update materials and presentations as needed.</li> </ul>
<b>Lead Agency and Potential Partners</b>	<ul style="list-style-type: none"> <li>▪ <b>Lead Agency:</b> Tualatin Planning Division</li> <li>▪ <b>Partners:</b> Local and Regional Development Community</li> </ul>
<b>Funding or Revenue Implications</b>	<p>Developing materials and presentations for roundtable events about Tualatin’s housing development opportunities and process may be labor intensive for staff.</p>

Goal 12. Transportation and Public Infrastructure: Plan for and develop transportation and public infrastructure to support affordable housing, workforce housing, mixed-use housing, and mixed-income housing.

We recommend that the City pursue the following goal, which supports the existing Policy 3.1.5, Policy 3.1.6, Policy 3.1.7, and Goal 3.5 in the Comprehensive Plan:

- Plan for and develop transportation and public infrastructure to support affordable housing, workforce housing, and mixed-use housing.

The strategic action to evaluate and potentially implement this goal is described below. The City may choose to adopt this goal or the results of the strategic actions into the Comprehensive Plan in the future.

<b>12.a Evaluate Ways to Prioritize Capital Improvements Programming for Affordable and Workforce Housing</b>	
Description	Type of Action
<p>Evaluate ways to prioritize capital improvements programming (CIP) for affordable housing, workforce housing, and mixed-use housing with a component that includes a specified percentage of units for each of these types of housing.</p> <p>The City could coordinate housing planning, CIP planning, and public facilities planning to ensure projects that support development of needed housing types are prioritized. For example, implementing new sewer master plans or new stormwater plans in areas targeted for future housing expansions. This type of coordinated planning could make it easier to understand infrastructure costs. It would also enable the City and developers to plan for more development capacity in areas ripe for higher-density housing.</p>	<p>Improve CIP Planning Processes</p>
Rationale	<p>The City could prioritize work in a CIP and public facilities planning so that projects that support development of needed housing can be constructed sooner.</p>
Anticipated Impact	<ul style="list-style-type: none"> <li>▪ <b>Populations served:</b> Extremely low income, very low-income, and low-income households</li> <li>▪ <b>Income:</b> 0-80% of Median Family Income</li> <li>▪ <b>Housing tenure:</b> Renter or Owner</li> <li>▪ <b>Potential Benefit:</b> <ul style="list-style-type: none"> <li>- <b>Housing Production (new units):</b> This strategy alone will not result in additional units, but it will improve coordination and</li> </ul> </li> </ul>

	<p>commitment to production of housing.</p> <ul style="list-style-type: none"> <li>- <b>Equitable Outcomes:</b> Prioritizing capital improvements programming (CIP) for affordable housing, workforce housing, and mixed-use housing supports equitable housing development.</li> <li>▪ <b>Potential Risk:</b> Funds spent on needed affordable, workforce, and mixed-used housing will be unavailable for other city infrastructure priorities. However, coordinated planning could result in a more integrated and efficient approach to planning for needed housing and infrastructure.</li> <li>▪ <b>Magnitude:</b> Moderate</li> </ul>
<b>Timeline</b>	<ul style="list-style-type: none"> <li>▪ <b>Timeline for adoption:</b> December 31, 2023</li> <li>▪ <b>Implementation to commence:</b> 2024</li> <li>▪ <b>Time frame of impact:</b> The strategic action will begin to have impact with changes to funding of infrastructure to support affordable housing.</li> </ul>
<b>Implementation Steps</b>	<ul style="list-style-type: none"> <li>▪ Identify priority areas for infrastructure investment.</li> <li>▪ Determine the types of infrastructure funding needs (specific projects and costs) in priority areas.</li> <li>▪ Update the City’s CIP and respective public facility plans by listing needed infrastructure projects in these documents and establishing an implementation schedule for these projects.</li> </ul>
<b>Lead Agency and Potential Partners</b>	<ul style="list-style-type: none"> <li>▪ <b>Lead Agency:</b> City of Tualatin Planning Division</li> <li>▪ <b>Partners:</b> City of Tualatin Public Works Department</li> </ul>
<b>Funding or Revenue Implications</b>	<p>Coordinated infrastructure planning is a comparatively low-cost strategy, primarily relying on the use of staff time.</p>



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## 4. Evaluation: Achieving Fair and Equitable Housing Outcomes

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This chapter presents an evaluation of the goals and strategic actions for achieving fair and equitable housing outcomes. It also includes a discussion of monitoring the outcomes of Tualatin's HPS.

### Evaluation of the Goals and Strategic Actions

OAR 660-008 requires an evaluation of all the HPS for achieving the following types of outcomes. The discussion below provides a brief evaluation of each of the expected outcomes for the goals and strategic actions of the HPS, with a focus on housing opportunities for federal and state protected classes.<sup>36</sup> This is not intended to be an exhaustive evaluation of how each strategic action addresses these outcomes but a high-level overview of the HPS as a whole.

- **Affordable Homeownership.** This criteria focuses on strategic actions that support production of housing affordable for homeownership and includes actions to support development of housing affordable at less than 120% of MFI. Many of the strategic actions in the HPS support development of affordable housing for homeownership through partnerships, fair housing, rehabilitation programs, removing regulatory barriers to development of affordable ownership housing, and capital improvements necessary to support affordable ownership housing. Some of the strategic actions within the HPS that support affordable homeownership include:
  - The strategic actions in Goal 2 are focused on production of affordable housing for homeownership. These strategic actions are intended to work together to identify and remove barriers to homeownership, provide education to residents of Tualatin about homeownership, make regulatory changes that make it easier to develop affordable housing for homeownership, and partner with organizations that build affordable ownership housing.
  - The strategic actions in Goal 5 focus on increasing equity in the City's housing policies. Strategic Action 5.a focuses on identifying funding sources to support the actions within the HPS, including those that support development of affordable ownership housing. Other strategic actions in Goal 5 support Fair Housing goals, which includes development of affordable ownership housing.
  - Strategic Action 8.b supports rehabilitation of single-family housing, which includes ownership housing for households with income below 80% of MFI. Rehabilitation

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<sup>36</sup> Federal protected classes are: race, color, national origin, gender, familial status, and disability. Oregon's additional protected classes are: marital status, source of income, sexual orientation, and status as a domestic violence survivor. Under Fair Housing laws, it is illegal to deny access to housing in based on the characteristics of people within these protected classes.

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- may be necessary to improve housing conditions to allow people to continue to live in their housing.
- Goal 11 includes proposals for regulatory and zoning changes that support development of affordable ownership housing. These changes include allowing for development of small dwelling units, expediting permitting processes for affordable homeownership, and providing additional information to developers of affordable housing to make development in Tualatin easier.
  - Strategic Action 12.a is intended to prioritize capital improvements for affordable housing, including ownership housing. Without infrastructure (such as roads, sewer, or water), vacant land cannot be developed for affordable ownership housing at the densities envisioned in the *Tualatin Housing Needs Analysis*.
  - **Affordable Rental Housing.** Supporting affordable rental housing includes actions to support production of both income-restricted affordable housing (affordable to households with incomes below 60% of MFI) and privately developed affordable housing (affordable for households with incomes between 61% and 80% of MFI). Strategic actions within the HPS that support affordable rental housing development include:
    - The strategic actions in Goal 1 are focused on production of income-restricted affordable rental housing, with the exception of Strategic Action 1.d, which also includes workforce affordable housing. These strategic actions work together to support production of income-restricted affordable housing through proposal of actions that may reduce development or operational costs (property tax exemptions, changes to systems development charge changes, and identification of public or institutional land at low or no cost), increase funds available to support development of income-restricted affordable housing (a Construction Excise Tax, use of Urban Renewal, and identification of other sources of funding), and potential regulatory changes.
    - The strategic actions in Goals 3 and 4 are focused on preservation of existing affordable housing, both income-restricted and naturally occurring affordable housing.
    - The strategic actions in Goal 5 focus on increasing equity in the City's housing policies. Strategic Action 5.a focuses on identifying funding sources to support the actions within the HPS, including those that support development of affordable rental housing. Other strategic actions in Goal 5 support Fair Housing goals, which includes development of affordable rental housing.
    - The strategic actions in Goal 6 support development of workforce housing, which includes affordable rental housing.
    - Goal 7 supports housing stabilization, which includes strategic actions to provide rental and utility assistance.

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- Strategic actions within Goal 10 support mixed-use development and redevelopment, with a focus on development of affordable housing. Given the small amount of vacant land for multifamily development in Tualatin, developing rental housing will require development of mixed-use housing and redevelopment.
  - Goal 11 includes proposals for regulatory and zoning changes that support development of affordable rental housing. These changes include allowing for increases in the development of higher-density multifamily housing, upzoning of lower-density land to higher-density zones to increase the amount of land where multifamily housing can be built, potential targeted reductions of off-street parking requirements, expediting permitting processes for affordable rental housing, and providing additional information to developers of affordable housing to make development in Tualatin easier.
  - Strategic Action 12.a is intended to prioritize capital improvements for affordable housing, including ownership housing. Without infrastructure (such as roads, sewer, or water), vacant land cannot be developed for affordable rental housing at the densities envisioned in the *Tualatin Housing Needs Analysis*.
  - **Housing Stability.** Increasing housing stability includes actions that increase the stability of existing households and preventing displacement by mitigating gentrification resulting from public investments or redevelopment. Strategic actions within the HPS that address housing stability include:
    - Part of increasing housing stability will be preservation of existing housing, rehabilitation of housing, and development of more affordable ownership and rental housing. These items are discussed above.
    - Goal 7 supports housing stabilization, which includes strategic actions to provide rental and utility assistance and identifying housing options and services to address and prevent homelessness.
    - The descriptions of strategic actions under Goal 10 discuss the potential for displacement of existing residents through redevelopment. Through redevelopment planning, the City will need to be careful to avoid displacing existing residents through redevelopment. Urban Renewal District 2 has a mix of uses, including apartment buildings, commercial buildings, and public buildings. As the City plans for redevelopment here, the City will need to take care not to displace existing residents.
  - **Housing Options for People Experiencing Homelessness.** Increasing options for people experiencing homelessness includes working with partners and identifying ways to address homelessness and strategic actions that reduce the risk of households becoming homeless (especially for households with income below 30% of MFI). Strategic actions within the HPS that provide options for people experiencing homelessness include:

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- Part of providing options for people experiencing homelessness is development of income-restricted affordable housing, which is the focus of Goal 1 (as described above). The strategic actions in Goal 1 are also intended to provide affordable housing options for people at risk of becoming homeless, such as households with incomes below 30% of MFI.
  - Strategic Action 7.b is to evaluate development of options for provision of housing and services necessary to address and prevent homelessness.
  - **Housing Choice.** Increasing housing choice involves increasing access to housing for communities of color, low-income communities, people with disabilities, and other state and federal protected classes. Increasing housing choice also means increasing access to existing or new housing that is located in neighborhoods with healthy, safe environments and high-quality community amenities, schooling, and employment and business opportunities. Strategic actions within the HPS that increase housing choice include:
    - Increasing housing choice for state and federal protected classes involves preservation of existing housing, rehabilitation of housing, and development of more affordable ownership and rental housing. These items are discussed above.
    - The regulatory changes proposed in Goal 11 also support increases in housing choice for state and federal protected classes through supporting development of additional housing, which may be located in high-opportunity neighborhoods.
    - Strategic Action 5.d addresses housing choice directly through an evaluation of strategies to encourage development of diverse housing types in high-opportunity neighborhoods.
    - Strategic Actions 5.b and 5.c address Fair Housing issues, with the intention of increasing housing choice for state and federal protected classes.
  - **Location of Housing.** Diversifying the location of housing requires increasing options for residential development that is compact, in mixed-use neighborhoods, and available to people within state and federal protected classes. This measure is intended, in part, to meet statewide greenhouse gas emission reduction goals. Strategic actions within the HPS that support development of compact, mixed-use neighborhoods include:
    - Goal 10 proposes strategic actions that increase options for development of compact housing in mixed-use neighborhoods. The strategic actions include evaluating opportunities for redevelopment and creation of mixed-use districts, conversion of unused commercial buildings to residential uses, evaluating land to rezone for mixed-use development, and a tax exemption to support mixed-use development.
    - Strategic actions in Goal 11 support diversifying the location of housing through evaluation of actions that increase multifamily development densities, upzone lower-density land, target reductions of off-street parking requirements, and allow smaller dwelling unit development.

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- **Fair Housing.** Supporting Fair Housing is accomplished by increasing access to housing for people part of state and federal protected classes, affirmatively furthering fair housing, addressing disparities on access to housing opportunity for underserved communities, and decreasing patterns of segregations or concentrations of poverty. Strategic actions within the HPS that further Fair Housing goals include:
    - Production of affordable rental and homeownership housing, increasing housing stability, identifying housing options for people experiencing homelessness, and increasing housing choice are all part of supporting Fair Housing. These issues are addressed above.
    - The strategic actions in Goal 5 focus on increasing equity in the City’s housing policies and Fair Housing. Strategic Action 5.a focuses on identifying funding sources to support the actions within the HPS. Strategic Actions 5.b and 5.c address Fair Housing issues, with the intention of increasing housing choice for state and federal protected classes. Strategic Action 5.d addresses housing choice directly through an evaluation of strategies to encourage development of diverse housing types in high-opportunity neighborhoods.

Taken together, the goals and strategic actions included in Tualatin’s Housing Production Strategy are intended to work together to achieve equitable outcomes for all residents of Tualatin, with an emphasis on improving outcomes for historically underserved communities, households with lower income, and people in state and federal protected classes.

## Monitoring Outcomes of the HPS

This is Tualatin’s first HPS. As a result, the City is required to describe how it will measure the implementation and progress of the HPS. This section focuses on these issues.

Tualatin is required to report progress on implementation of the HPS to DLCD every three years.<sup>37</sup> This report must include:

- **A summary of the actions taken to implement the HPS.** There may be strategic actions that the City has not implemented on the schedule for the first three years of the HPS (i.e., actions expected to be adopted by December 31, 2024). If so, the City needs to provide an explanation of the barriers to implementation and a plan for addressing the need that the strategic action was intended to address. That plan could include identification of other strategic actions in the HPS that will meet the identified need, or it could include development of a new strategic action to meet the need.
- **A reflection of the efficacy of the strategic actions the City has implemented.** This reflection should discuss the outcomes the City is observing from the strategic actions they have implemented to date and could include expectations for future outcomes.

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<sup>37</sup> This report is due to DLCD no later than December 31 three years after Tualatin adopts its HPS.

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- **A reflection of the efficacy of the strategic actions in the context of the outcomes described above.** The section evaluates the goals and strategic actions in the HPS for expected outcomes such as increasing housing options for affordable homeownership, affordable rental housing, housing stability, housing options for people experiencing homelessness, housing choice, location of housing, and fair housing. The report should describe whether the goals and strategic actions implemented have resulted in the outcomes described above.

In addition, Tualatin is required to report about strategic actions that will not be adopted on the schedule presented in Exhibit 6. The City must notify DLCD that it will be unable to adopt the strategic action within 90 days of the end of the timeline to implement the strategic action. This notice must identify the actions or combinations of actions that the City will take to address the need that the strategic action was intended to address. This could include identification of other strategic actions in the HPS that will meet the identified need, or it could include development of a new strategic action to meet the need.

Tualatin proposes to monitor the impact of the HPS through the following measures. Tualatin staff will conduct a briefing to City Council every two years to discuss implementation of the HPS and the outcomes resulting from the strategic actions in the HPS.

- Number of new regulated affordable units built in Tualatin
- Loss of existing regulated affordable housing units
- Number of regulated affordable housing units that Tualatin contributed funding to, including the sources of funding or tax exemption
- Number of nonregulated affordable housing units that Tualatin contributed funding to, including the sources of funding or tax exemption
- Types of new units built
  - The types should at least include single-family detached, single-family attached, duplexes, triplexes, quadplexes, and multifamily with five or more units.
  - The types could be further disaggregated to include cottage housing, manufactured housing, accessory dwelling units, duplexes, triplexes, quadplexes, residential multifamily with five or more units, and mixed-use multifamily with five or more units.
- Densities of new units built by housing type and zone, considering the difference between the maximum allowed density and the built density
- Location of new units built
- Regulatory changes to allowable density by zone
- Code amendments that are made to remove barriers to development of housing

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- Partnerships formed as a result of the HPS, including number of people served by the partnerships
  - Changes in the characteristics of Tualatin’s population, such as changes in:<sup>38</sup>
    - Median household income
    - Percent of population in communities of color
    - Percent of renters
    - Percent of renter households cost burdened and severely cost burdened
    - Percent of owner households cost burdened and severely cost burdened
  - Changes in housing prices, such as:
    - Changes in median rent<sup>39</sup>
    - Changes in median sales price<sup>40</sup>

When Tualatin produces its next HPS in six years, the City will be required to summarize the efficacy of each strategic action included in this HPS. The information resulting from these measures will help Tualatin to summarize the outcomes and efficacy of the strategic actions in this HPS.

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<sup>38</sup> The best source of data for these indicators is the US Census’ American Community Survey Five-Year Estimate. These estimates naturally have some variation year over year and that variation may not indicate an actual change. The City should look at the change in these indicators over a period of at least 3 years or longer.

<sup>39</sup> The best existing source of data for rent is the US Census’ American Community Survey Five-Year Estimate. The City should look at the change in these indicators over a period of at least 3 years or longer. The City may also want to discuss change in rents with knowledgeable stakeholders to get current information about rents.

<sup>40</sup> The US Census’ American Community Survey Five-Year Estimate provides data about home values, but that data is not as reliable as other data about home sales. The City may be able to collect data about home sales from a source like Redfin or Zillow. Alternatively, the City may be able to work with a real estate professional who is able to provide median sales price data periodically.

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# Appendix A: Contextualizing Tualatin’s Housing Needs

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In 2019, Tualatin completed its Housing Needs Analysis for the 2020-2040 period.<sup>41</sup> The analysis found that Tualatin could not accommodate all of its housing needs on lands designated for residential use. Tualatin had a deficit of land in the Medium High Density and High-Density High-Rise Plan Designations, of seven acres (or 109 dwelling units) and four acres (or 101 dwelling units), respectively. The analysis also found that Tualatin had an unmet need for housing for extremely low income, very low-income, low-income, and moderate-income households—indicating a need for a wider range of housing types for renters and homeowners.

To build on Tualatin’s recent planning efforts, including development of the Housing Needs Analysis, the City applied for a grant with the Department of Land Conservation and Development in 2020 to produce a prototype Housing Production Strategy. The Housing Production Strategy will craft policy measures and actions to address Tualatin’s housing needs, meet the City’s housing goals, and effect positive change in the community.

To contextualize Tualatin’s housing needs, this memorandum summarizes relevant data from Tualatin’s Housing Needs Analysis, Statewide Regional Housing Needs Analysis,<sup>42</sup> the Washington County Consolidated Plan,<sup>43</sup> and other available sources to describe current and future housing needs in the context of population and market trends in Tualatin. Where appropriate, this memorandum also draws on information gathered through engagement with housing producers and consumers, including underrepresented communities, through recent outreach efforts conducted by the City of Tualatin.

As a part of providing context to better understand Tualatin’s housing needs, this memorandum presents information about housing in Tualatin for race, ethnicity, age, disability status, and other characteristics of the community to understand disproportionate housing impacts on different groups.

## Data Used in This Analysis

Throughout this analysis, data from multiple well-recognized and reliable data sources were used. One of the key sources for housing and household data is the US Census. This report primarily uses data from two Census sources:<sup>44</sup>

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<sup>41</sup> ECONorthwest. (December 2019). City of Tualatin Housing Needs Analysis, Final Report.

<sup>42</sup> ECONorthwest. (August 2020). Implementing a Regional Housing Needs Analysis Methodology in Oregon: Approach, Results, and Initial Recommendations.

<sup>43</sup> Root Policy Research. (May 15, 2020). Washington County – Beaverton – Hillsboro 2020-2024 Consolidated Plan.

<sup>44</sup> It is worth commenting on the methods used for the American Community Survey. The American Community Survey (ACS) is a national survey that uses continuous measurement methods. It uses a sample of about 3.54 million



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- The **Decennial Census**, which is completed every ten years and is a survey of *all* households in the United States. The Decennial Census is considered the best available data for information such as demographics (e.g., number of people, age distribution, or ethnic or racial composition), household characteristics (e.g., household size and composition), and housing occupancy characteristics. As of 2010, the Decennial Census does not collect more detailed household information, such as income, housing costs, housing characteristics, and other important household information. Decennial Census data is available for 2000 and 2010.
  - The **American Community Survey (ACS)**, which is completed every year and is a *sample* of households in the United States. The ACS collects detailed information about households, including demographics (e.g., number of people, age distribution, ethnic or racial composition, country of origin, language spoken at home, and educational attainment), household characteristics (e.g., household size and composition), housing characteristics (e.g., type of housing unit, year unit built, or number of bedrooms), housing costs (e.g., rent, mortgage, utility, and insurance), housing value, income, and other characteristics.

This report uses data from the 2013-2017 ACS for Tualatin and comparison areas primarily. Where information is available and relevant, we report information from the 2000 and 2010 Decennial Census. Among other data points noted throughout this analysis, this report also includes data from Oregon’s Housing and Community Services Department, the United States Department of Housing and Urban Development, RLIS, Redfin, Costar, the City of Tualatin, and the Washington County Consortia 2020-2024 Consolidated Plan.

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households to produce annually updated estimates for the same small areas (census tracts and block groups) formerly surveyed via the Decennial Census long-form sample. It is also important to keep in mind that all ACS data are estimates that are subject to sample variability. This variability is referred to as “sampling error” and is expressed as a band or “margin of error” (MOE) around the estimate.

This report uses Census and ACS data because, despite the inherent methodological limits, they represent the most thorough and accurate data available to assess housing needs. We consider these limitations in making interpretations of the data and have strived not to draw conclusions beyond the quality of the data.

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## Existing Measures, Policies, or Strategies that Address Tualatin’s Housing Needs

This City of Tualatin has the following housing measures (or policies or strategies) currently in place to address Tualatin’s housing needs. These measures include:

- Prohibited single-family detached housing in most high-density zones in Tualatin.
- Allowed one or more accessory dwelling units (ADUs) in residential zones per lot.<sup>45</sup>
- Applied density standards uniformly across zones that allow dwelling units on fee simple lots and on multifamily sites.
- Ensured decisions about type and location of housing are data-driven and focused on equitable outcomes instead of the best outcomes for those with the most money and/or privilege.
- Removed open space/common amenity requirements for low-density residential.
- Provided information to small, local developers to help them understand land use permitting processes and to give developers a sense of clarity and certainty about the requirements so they can better provide smaller-scale housing.

Tualatin’s existing measures generally focus on land use efficiency (such as allowing development of denser housing types) or measures to reduce development costs (such as removing open space requirements for some housing development). By and large, the types of policies that Tualatin has yet to adopt include policies to support:

- Development of affordable rental housing for households with incomes at or below 60% of Median Family Income (MFI).
- Preservation of affordable housing stock to prevent loss of affordable housing units and displacement of existing residents.
- Development and preservation of affordable housing for homeownership, including rehabilitation of existing housing.
- Expansion of workforce owner and rental housing to increase the jobs-housing balance.
- Increased racial and social equity for housing.
- Prevention and reduction of houselessness.
- Expansion of accessible housing and housing for people with special needs.
- Planning for mixed-use housing and redevelopment.
- Greater availability of diverse housing types through regulatory or zoning changes, including mixed-use housing and redevelopment in commercial areas.

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<sup>45</sup> Tualatin’s ADU provisions are not yet compliant in regard to HB 2001 off-street parking requirements.

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- Planning for and developing transportation and public infrastructure to support affordable housing, workforce housing, and mixed-use housing development.

## Summary of Tualatin's Housing Needs

Tualatin's primary housing needs, as described in the remainder of this memorandum, are:

- **Greater housing affordability and availability for renters.** Based on a survey of currently available rental properties in Tualatin, the typical asking rent for a two-bedroom apartment ranged from \$1,125 for a one-bedroom unit to more than \$2,000 per month for a three-bedroom unit. These costs are affordable to households earning 55% to 98% of the region's MFI (about \$45,000 to \$80,000). Competition for affordable units is strong and many cannot afford these rents without cost burdening themselves. In the 2013-2017 period, about 56% of Tualatin's renters were cost burdened, with 26% severely cost burdened.<sup>46</sup> Renters, especially those with lower incomes, are at risk of being displaced through increases in rental costs.
- **Greater housing affordability and availability for renters.** Based on a survey of currently available rental properties in Tualatin, the typical asking rent for a two-bedroom apartment was about \$1,125 to more than \$2,000 per month. These costs are affordable to households earning 55% to 98% of the region's MFI (about \$45,000 to \$80,000). Competition for affordable units is strong and many cannot afford these rents without cost burdening themselves. In the 2013-2017 period, about 56% of Tualatin's renters were cost burdened or severely cost burdened.
- **Housing diversity.** Tualatin is a relatively young and ethnically diverse city. While Tualatin comprises many families with and without children, the senior population across the region is growing. Tualatin serves as an important employment hub in the Portland Metro area, drawing workers from across the region. These characteristics suggest a need for a wide variety of housing types to meet the needs of a growing and diverse pool of existing and future residents.
- **Government-subsidized, emergency, and supportive housing.** Tualatin has about 604 rent-restricted affordable housing units (accounting for about 5% of Tualatin's housing stock), despite having about 1,753 households experiencing severe housing cost burden in the city. Tualatin's Continuum of Care region has 111 emergency shelter beds, 10 safe haven beds, 119 transitional shelter beds, and 725 permanently supportive housing beds supporting persons experiencing homelessness in the region. However, in 2019, 44% of people experiencing homelessness in the region were unsheltered and about 211

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<sup>46</sup> A household is said to be cost burdened if they spend 30% or more of their gross income on housing costs. A household is said to be severely cost burdened if they spend 50% or more of their gross income on housing costs.

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students in the Tualatin/Tigard School District experienced homelessness in some form in the 2018-19 school year (many of them doubled-up<sup>47</sup>).

Throughout this analysis, we discuss housing needs for specific populations, such as people of color. The reason for this discussion is that the housing needs of these populations are different from other groups in Tualatin. The Washington County Consolidated Plan describes the issue in the following way:

“Analyses persistently demonstrate that some population groups, including communities of color and people with disabilities, experience disproportionately high housing cost burdens, are less likely to be homeowners, are disproportionately represented in the criminal justice system, have a school achievement gap and experience other disparities relative to health, wellbeing, wealth, income and life outcomes. In deciding on priorities, the County sought opportunities to address persistent historic imbalances, consider systemic causes and advance a more equitable and fair housing system.”<sup>48</sup>

This analysis finds disproportionate housing needs in Tualatin for seniors, people of color, people with one or more disabilities, and people experiencing homelessness.

- **Seniors.** People 65 years of age and older tend to be disproportionately cost burdened compared to the average household – many living on fixed incomes in a region with increasingly growing housing costs.<sup>49</sup> About 62% of people aged 65 years of age and older are rent burdened in the Portland Region. Over the next twenty years, people over 65 years are expected to be the fastest-growing age group. As this group grows, Tualatin will need more housing that is affordable, physically accessible, and has needed services. Seniors will also need improved access to housing without discrimination, especially seniors who are also people of color.
- **People of Color.** About 55% of renter households that identified as Latino and 52% of renter households that identified as a non-Asian person of color were cost burdened in the Portland Region.<sup>50</sup> Latino is the largest ethnic or racial group in Tualatin (16% of the population) and has the lowest median income (\$30,761) of any race or ethnicity in Tualatin. Broadly, the housing needs for many people of color in Tualatin include improved access to affordable units, access to housing in locations with “high

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<sup>47</sup> “Doubled-up” refers to the sharing of other persons’ housing due to loss of housing or economic hardship.

<sup>48</sup> 2020-2024 Consolidated Plan for Washington County and the Cities of Beaverton and Hillsboro, Executive Summary, page 3.

<sup>49</sup> Some seniors have accumulated wealth, which is not accounted for in this analysis. Information about accumulated wealth is available at the national level but not at the state or city level.

<sup>50</sup> This information is not available on a city-by-city basis from the US Census ACS. This statistic is pulled from a statewide analysis from the report *Implementing a Regional Housing Needs Analysis Methodology in Oregon: Approach, Results, and Initial Recommendations* by ECONorthwest, August 2020.

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opportunity” (such as areas near jobs, transit, services, or high-quality education), and access to housing without discrimination.

- **People with disabilities.** Across the Portland Region, people with one or more disabilities experience disproportionate cost burden. In particular, 53% of renters in the Portland Region with a hearing or vision disability and 65% of renters with a disability other than a hearing or vision-based disability are cost burdened, compared to the average rate of cost burden for all households in the region at 46%. Housing needs of people with disabilities vary by type of disability, but in general, housing needs include a need for improved access to an affordable unit, improved physical access to housing units, access to housing with needed services, and access to housing without discrimination, especially for people with disabilities who are also people of color.
- **People experiencing homelessness.** People experiencing homelessness are disproportionately affected by lack of affordable housing. Three hundred seven people were identified as homeless and unsheltered in Washington County and 44 people were identified in the Tigard/Tualatin area in 2020. Housing needs for people experiencing homelessness vary by reason for homelessness. In Washington County, the primary reason people cited for experiencing homelessness was inability to afford housing. The broad housing needs for this group include needs for emergency assistance (including rent support), permanent supportive housing (including with supportive housing with services), and improved access to an affordable unit.

In addition to these needs, findings from public and stakeholder outreach helped to identify the following specific housing needs, as described later in this memorandum:

- ADA-accessible housing units and housing units developed with universal design components such as basic accessibility features; security or communication systems; easily traversed floors; remote control features; accessible lavatories, sinks, and counters; accessible bathtubs and showers; variable height counters and accessible work surfaces; and hearing and visual impairment aids.
- Wider range of housing types, such as more town homes and row houses, mixed-use development, duplexes, triplexes, cottage clusters, multigenerational housing, accessory dwelling units, and high-rise apartments (structures that are six to eight stories in height).
- Housing in mixed-use neighborhoods with access to transit, jobs, green space, and entertainment.
- Support for seniors to age in place.
- Housing options for households earning \$50,000 or less.
- Higher-quality housing.

- 
- Access to housing without discrimination.<sup>51</sup>

Discussions with stakeholders provided input on existing and expected barriers to development of needed housing, includes:

- High cost of land due to limited availability of sites (including larger sizes) that can accommodate new development.
- Increasingly high construction costs and competition for materials and labor.
- Zoning and development constraints, including lot size, height, density, and parking limitations/requirements.
- Competition for national or state grants and loans to subsidize affordable housing development.
- Developer willingness and financial ability to produce “needed” housing.

## Overview of Housing Needs in Washington County

The Washington County Consolidated Plan for 2020 to 2024 presents additional information to provide context for Tualatin’s housing needs. The groups with special housing needs in Washington County are elderly households, households with disabilities, and households with mental illness and/or substance abuse disorders. The section below presents a summary of the housing need for people in these groups. More information is available in Appendix D of the Washington County Consolidated Plan report.

- **Elderly and frail elderly.** In Washington County, between 8,000 and 20,000 elderly and frail elderly have unaddressed housing needs out of 95,000 individuals in 56,960 households that have at least one person 62 or older. About 21,000 households (38%) have a housing and supportive service need, and 25,000 households earn less than 80% of MFI and are very low income (an increase from the last Consolidated Plan). About 6,000 households in this group are extremely low income, earning less than 30% MFI. The primary concern of seniors who own their own home or live in market-rate rental housing is managing rising costs on fixed incomes. Affordable housing wait lists for seniors may be longer than their life expectancy, especially if they need a ground-floor unit. Moderate income seniors have no options for help. Lack of access to transportation is also a significant challenge for most seniors.
- **Persons with disabilities.** In Washington County, there are 57,605 households that have an individual with a self-care limitation, independent living limitation, and/or physical disability, representing 26% of households in the entire County. Another 18,200

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<sup>51</sup> Issues around housing discrimination were additionally identified through the help of focus groups during production of the Washington County Consolidated Plan: Washington County, Beaverton, Hillsboro. (August 2020). *2020-2024 Consolidated Plan for Washington County and the Cities of Beaverton and Hillsboro*, Volume 1.

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households have an individual with a cognitive limitation, representing 8% of households in the entire County.

- **Persons with mental illness and/or substance abuse disorders.** In Washington County, many as 40,000 have unaddressed substance abuse in need of treatment. According to the state data base on affordable housing, there are only three developments in Washington County that serve persons with substance abuse; these have a total of 84 beds.
- **Survivors of domestic violence.** In Washington County, there are an estimated 500 to 1000 housing units or supports needed.<sup>52</sup>

Some of the housing priorities in the Washington County Consolidated Plan include:

- Priorities for housing, including:
  - Increase the inventory of deeply affordable rental housing in good condition
  - Increase the inventory of accessible and visitable housing to serve elderly persons and those with disabilities
  - Improve the quality of affordable ownership housing in good condition and with accessibility features
  - Improve access to ownership for low to moderate income households through home buyer assistance programs/products and by helping increase the affordable ownership inventory
- Special needs priorities for elderly and frail; persons with disabilities; persons with mental illness and substance abuse challenges (includes those who are justice involved); adults and youth at risk and experiencing homelessness (including youth leaving the foster system); large families; agricultural workers; extremely low and very low-income households
- Neighborhood and community development priorities to expand transit to better serve persons with disabilities, elderly persons, and those without a car; expand the inventory of facilities servicing people experiencing homelessness; support household stabilization and displacement mitigation; and invest in public infrastructure and facilities that stabilize communities and support a variety of community needs and cultures.
- Public service priorities to fund supportive services and community-serving nonprofits and support educational and outreach activities focused on landlord-tenant and fair housing activities.

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<sup>52</sup> 2020-2024 Consolidated Plan for Washington County and the Cities of Beaverton and Hillsboro, Appendix D.

## Demographic and Socioeconomic Characteristics Affecting Tualatin’s Housing Needs

This section describes unmet housing needs in Tualatin by age, race and ethnicity, disability, household size and composition, and household income.

### Age of People in Tualatin

Population growth is the primary driver of growth in housing. Between 2000 and 2020, Tualatin’s population grew by about 4,404 people, with most of the growth occurring in the early 2000s. Over that period, Tualatin grew at a slower rate than Washington County and Oregon.

Growth in Tualatin’s senior population, as well as other age cohorts, will continue to shape the city’s housing needs. Seniors account for 16% of Tualatin’s existing population, and Washington County expects to have more than 75,000 more people over 60 years old by 2040 than in 2020.

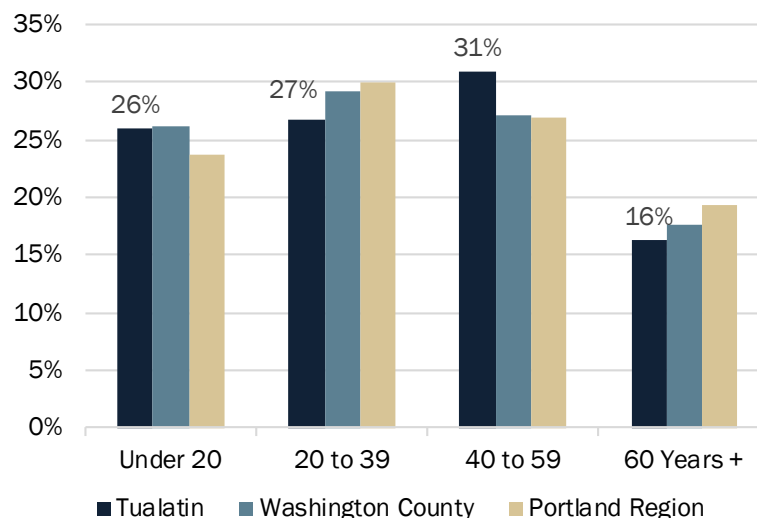
Growth in the number of seniors will result in demand for housing types specific to seniors, such as small and easy-to-maintain dwellings, assisted-living facilities, or age-restricted developments. Senior households will make a variety of housing choices, including remaining in their homes as long as they are able, downsizing to smaller single-family homes (detached and attached) or multifamily units, moving in with family, or moving into group housing (such as assisted-living facilities or nursing homes) as their health declines.

**In the 2013-2017 period, about 16% of Tualatin’s residents were over 60 years old.**

Tualatin had a slightly smaller share of people over the age of 60 than Washington County and Portland Region.

Exhibit 7. Population Distribution by Age, Tualatin, Washington County, and the Portland Region, 2013-2017

Source: US Census Bureau, 2013-2017 ACS, Table B01001.



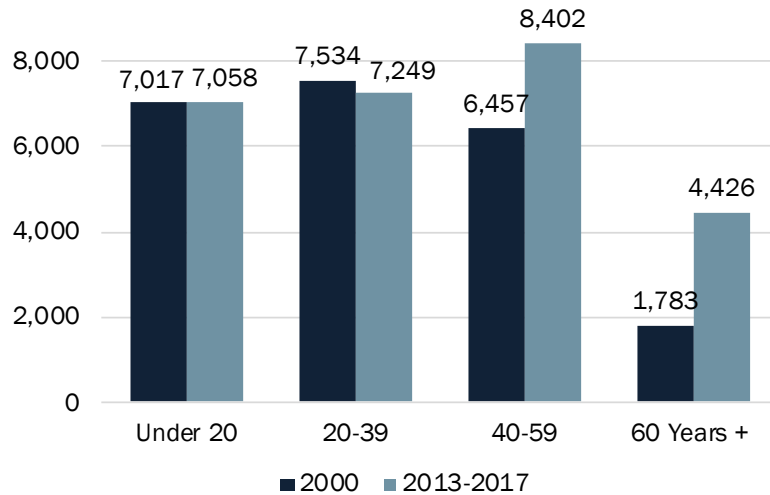


**Between 2000 and 2013-2017, people over 60 years old had the largest increase, adding 2,643 people.**

Over the next 20 years (2020 to 2040), the population aged 60 and older in Washington County is forecast to grow by 62% (75,217 people).

**Exhibit 8. Population Distribution by Age, Tualatin, 2013-2017**

Source: US Census Bureau, 2000 Decennial Census Table P012 and 2013-2017 ACS, Table B01001.



## Race and Ethnicity

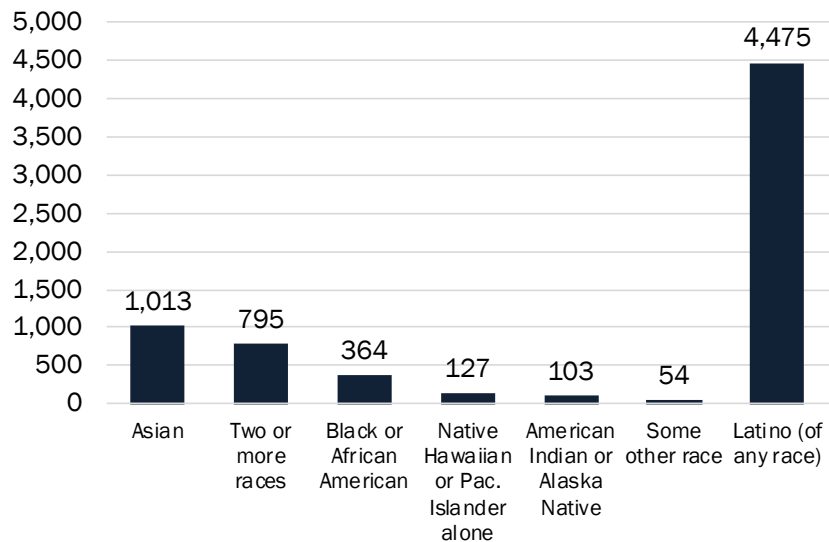
Understanding race and ethnicity characteristics<sup>53</sup> in Tualatin is important for understanding housing needs because people of color often face discrimination when looking for housing.

**About 2,400 people identify as a race other than white in Tualatin. Nearly 4,500 people identify as Latino.**

Not shown in the exhibit are the 23,694 people identifying as white in Tualatin.

**Exhibit 9. Population by Race/Ethnicity, Tualatin, 2013-2017**

Source: US Census Bureau, 2013-2017 ACS, Table B03002.



<sup>53</sup> The US Census Bureau considers race and ethnicity as two distinct concepts. Latino is an ethnicity and not a race, meaning individuals who identify as Latino may be of any race.

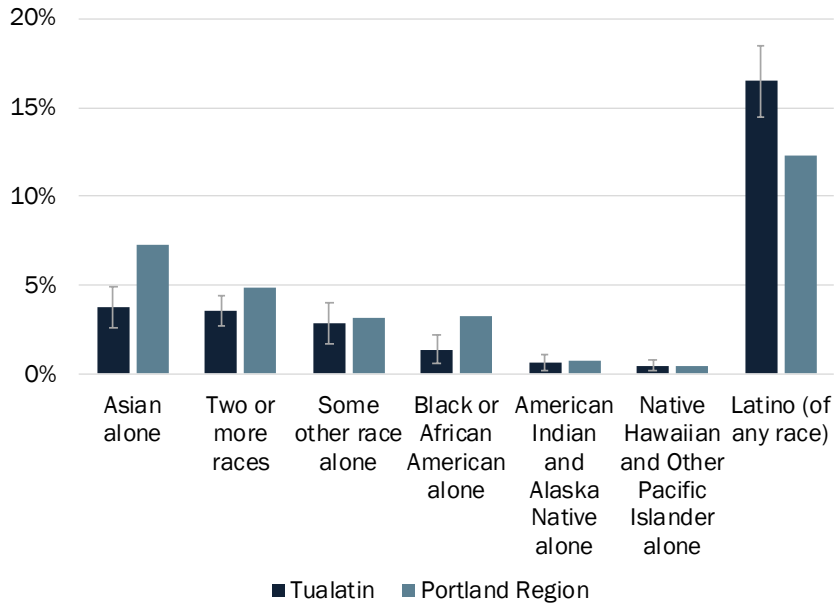
Residents who identify as Latino (of any race) account for 16% of Tualatin's population. The largest racial group in Tualatin is the Asian community, which accounts for 4% of Tualatin's population.

Not shown in this exhibit is about 74% of Tualatin's population and 72% of the Portland Region's population identifying as white.

Exhibit 10. Share of Population by Race and Ethnicity (Percent of Total Population), Tualatin, and the Portland Region, 2013-2017

Source: US Census Bureau, 2013-2017 ACS, Table B03002.

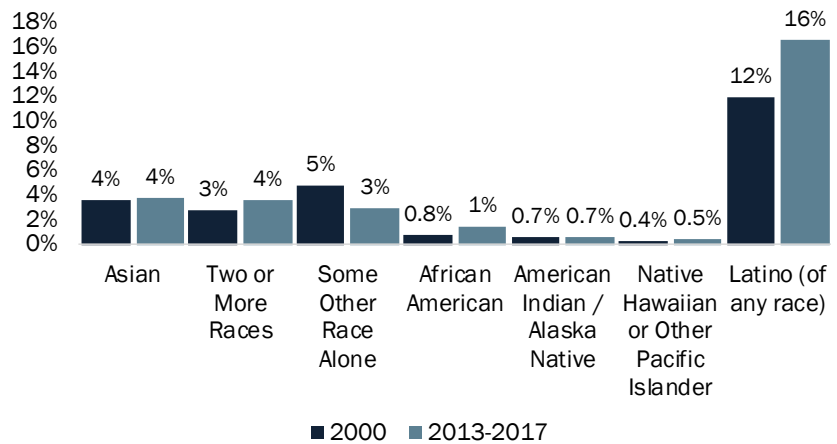
Note: Gray bars denote the potential upper and lower bound of the estimate using the margin of error reported by the Census.



The share of Tualatin's households that identified as Latino (of any race) increased from 2,701 people in 2000 to 4,475 people in 2017, consistent with regional trends.

Exhibit 11. Change in Population by Race/Ethnicity as a Percent of the Total Population, Tualatin, 2000 and 2013-2017

Source: US Census Bureau, 2013-2017 ACS, Table B01001.



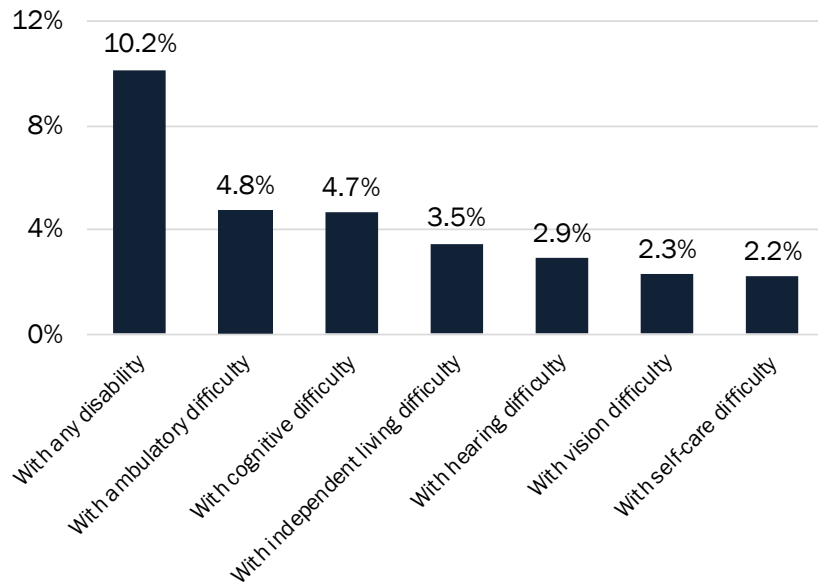
## People with One or More Disabilities

People with one or more disabilities have special housing needs because they may need housing that is physically accessible, that meets the needs of people with a cognitive disability, or that has specialized services.

**People with disabilities comprise about 10% of Tualatin’s population, or 2,800 people.**

**Exhibit 12. Share of Population with a Disability by Type of Disability, Tualatin, 2013-2017**

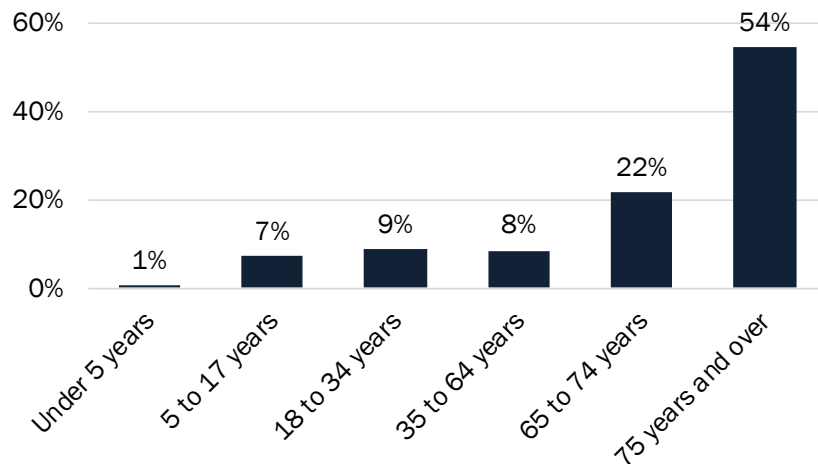
Source: US Census Bureau, 2013-2017 ACS 5-Year Estimate, Table S1810. Note that an individual can have more than one disability.



**The likelihood of having a disability increases with age. In Tualatin, over half the population that was 75 years and older had one or more disabilities.**

**Exhibit 13. Share of Population with a Disability by Age Group, Tualatin, 2013-2017**

Source: US Census Bureau, 2013-2017 ACS 5-Year Estimate, Table S1810



## Household Size and Composition

Housing need varies by household size and composition. The housing needs of a single-person household are different than those of a multigenerational family. Tualatin’s households are smaller than Washington County’s households.

**Tualatin’s average household size was smaller than Washington County’s and Clackamas County’s, but larger than Multnomah County’s.**

**Exhibit 14. Average Household Size, Tualatin, Washington County, Clackamas County, Multnomah County, 2013-2017**

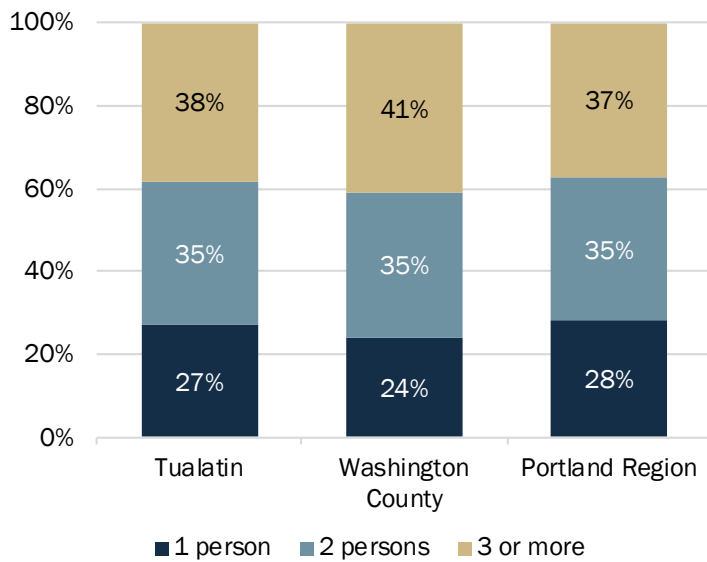
Source: US Census Bureau, 2013-2017 ACS 5-Year Estimate, Table B25010.



**About 62% of Tualatin’s households were 1 or 2-person households, compared to 59% of Washington County’s and 63% of the Portland Region’s households.**

**Exhibit 15. Household Size, Tualatin, Washington County, and Portland Region, 2013-2017**

Source: US Census Bureau, 2013-2017 ACS 5-Year Estimate, Table B25010.

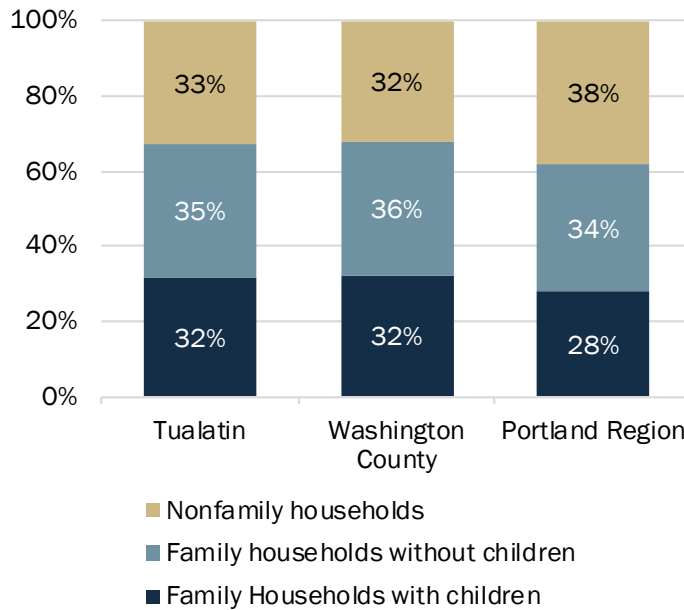


**Tualatin had a similar household composition to Washington County. Compared to the Portland Region, Tualatin had a smaller share of nonfamily households and a larger share of family households with children.**

About a third of Tualatin's households were nonfamily households (i.e., 1-person households and households composed of roommates).

**Exhibit 16. Household Composition, Tualatin, Washington County, and Portland Region, 2013-2017**

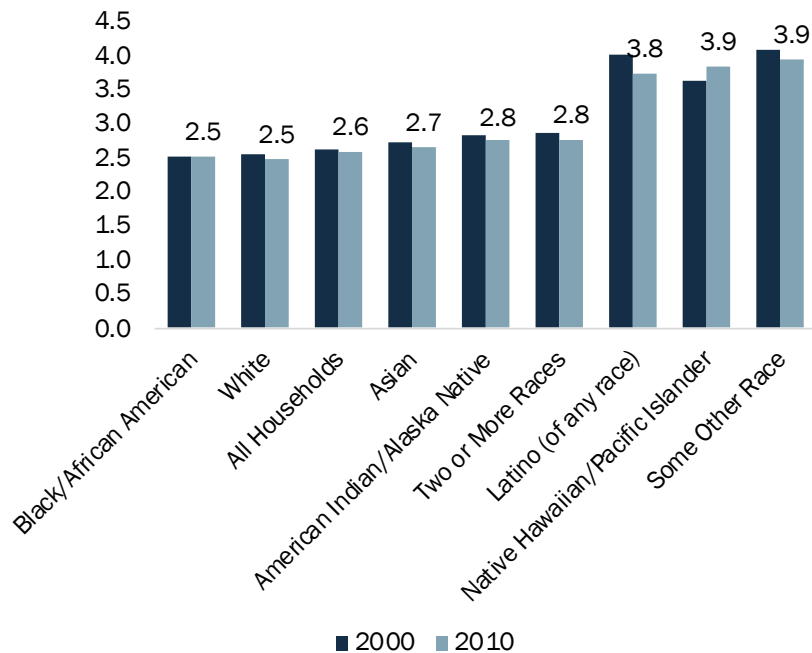
Source: US Census Bureau, 2013-2017 ACS 5-Year Estimate, Table DP02.



**Tualatin's households that identified as Black/African American and white had smaller household sizes than other racial or ethnic groups.**

**Exhibit 17. Historical Average Household Size Trends by Race and Ethnicity, Tualatin, 2000 and 2010**

Source: US Census Bureau, 2013-2017 ACS 5-Year Estimate, Table B25010.



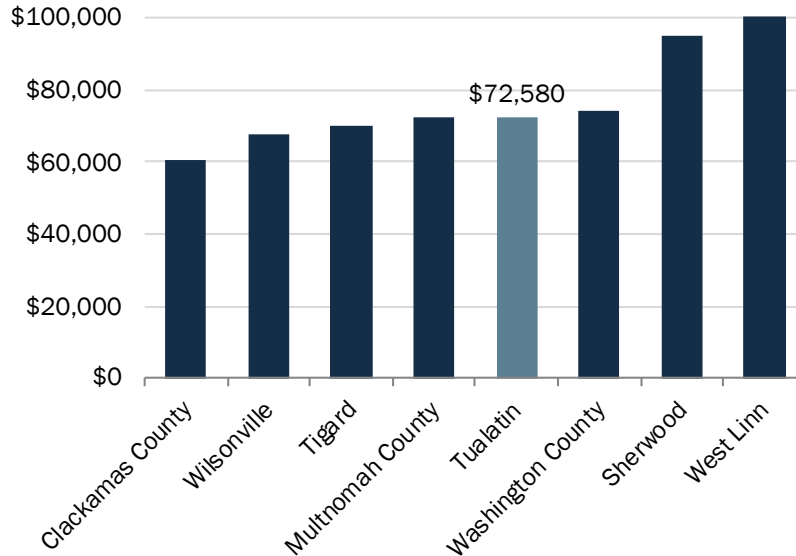
## Household Income

Income is one of the key determinants in housing choice and household ability to afford housing. Income for residents living in Tualatin was lower than the Washington County median income and the state’s median income.

**Over the 2013-2017 period, Tualatin’s median household income (MHI) was \$1,453 below that of Washington County’s.**

**Exhibit 18. Median Household Income, Tualatin, Washington County, and Comparison Regions, 2013-2017**

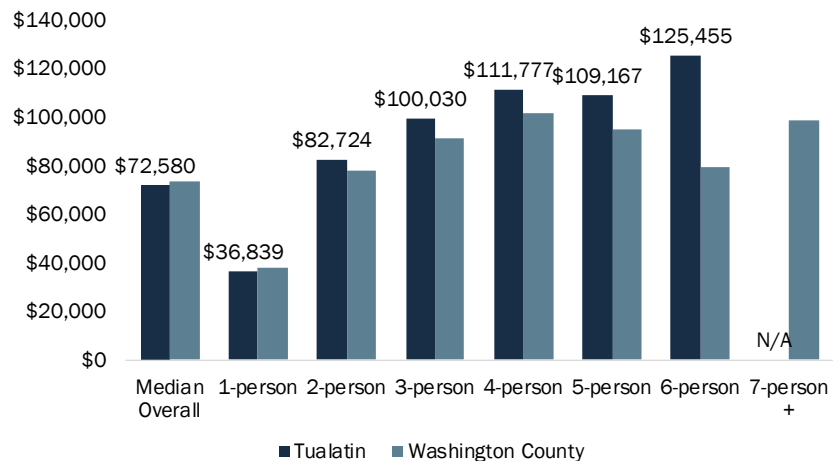
Source: US Census Bureau, 2013-2017 ACS 5-Year Estimate, Table B25119.



**In Tualatin, household income tends to increase with household size, peaking with households with four to six people.**

**Exhibit 19. Household Income by Household Size, Tualatin and Washington County, 2013-2017**

Source: US Census Bureau, 2013-2017 ACS 5-Year Estimate, Table B19019.



**Median household income was comparatively lower for households over 65 years in Tualatin and the county.**

In Tualatin, median household income for householders 65 years and older was \$57,073, compared to the overall median of \$81,118 in the 2014-2018 period.

However, older households may have wealth and savings not reflected in this statistic.

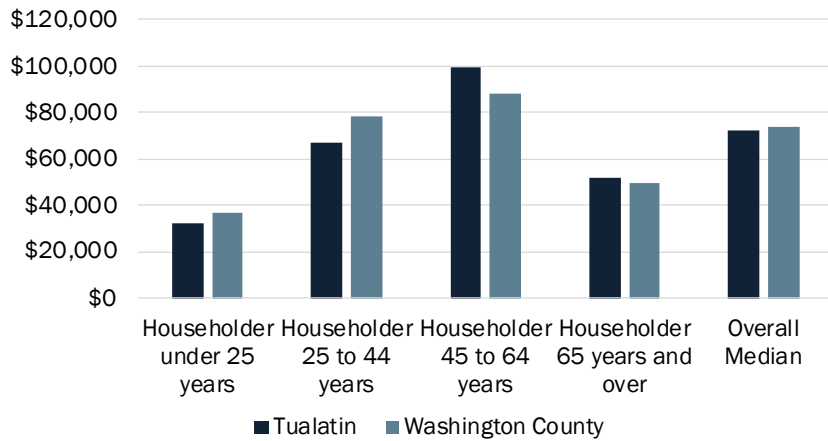
**Household income varies among households with different races and ethnicity.**

In Tualatin, median household income was proportionately higher for households with an Asian-identifying head of household.

The median household income was proportionately lower than the overall average for households with a head of household identifying as Latino or some other race.

**Exhibit 20. Median Household Income by Age, Tualatin, 2013-2017**

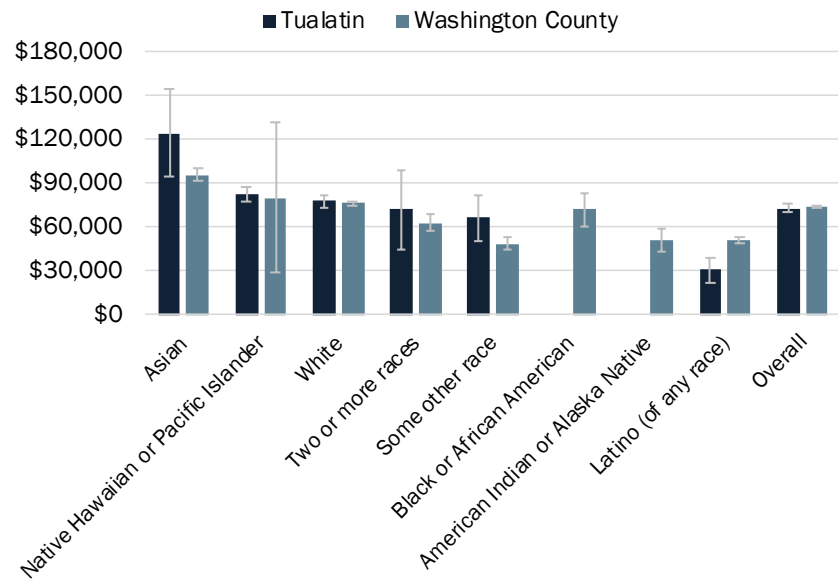
Source: US Census Bureau, 2013-2017 ACS 5-Year Estimate, Table B19049.



**Exhibit 21. Median Household Income by Race and Ethnicity for the Head of Household, Tualatin and Washington County, 2013-2017**

Source: US Census Bureau, 2013-2017 ACS 5-Year Estimate, Table S1903.

Note: In Tualatin, data was not available for heads of households identifying as Black or African American and as American Indian or Alaska Native. Gray bars denote the potential upper and lower bound of the estimate using the margin of error reported by the Census.



## Housing Market Conditions and Trends

An analysis of housing market conditions and trends in Tualatin provides insight into the functioning of the local housing market. The housing types used in this analysis are consistent with needed housing types as defined in ORS 197.303:

- **Single-family detached** includes single-family detached units, manufactured homes on lots and in mobile home parks, and accessory dwelling units.
- **Single-family attached** is all structures with a common wall where each dwelling unit occupies a separate lot, such as row houses or town houses.
- **Multifamily** is all attached structures (e.g., duplexes, triplexes, quadplexes, and structures with five or more units) other than single-family detached units, manufactured units, or single-family attached units.

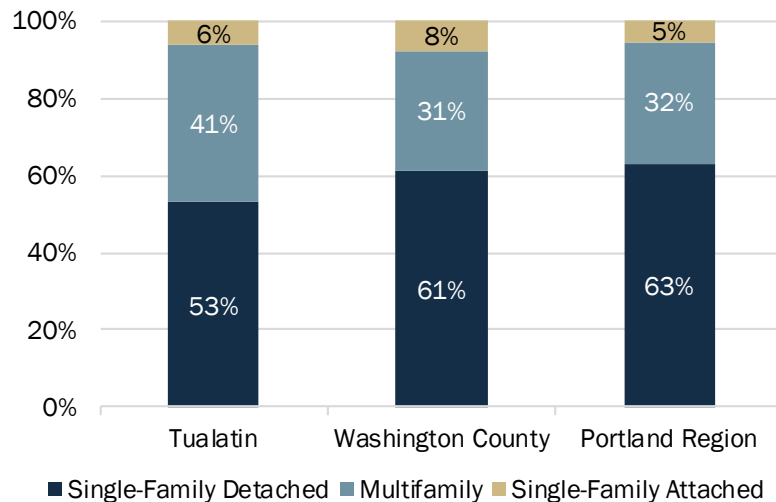
### Existing Housing Stock

According to the 2013-2017 American Community Survey (ACS) from the US Census, Tualatin had 11,329 dwelling units, an increase of 2,110 dwelling units from 2000. In that time, about 771 units of multifamily housing were built in Tualatin, accounting for 37% of the 2,110 new units over that period.

**Tualatin had a smaller share of single-family detached housing and a larger share of multifamily housing than Washington County and the Portland Region.**

Exhibit 22. Housing Mix, Tualatin, Washington County, Portland Region, 2013-2017

Source: US Census Bureau, 2013-2017 ACS Table B25024.





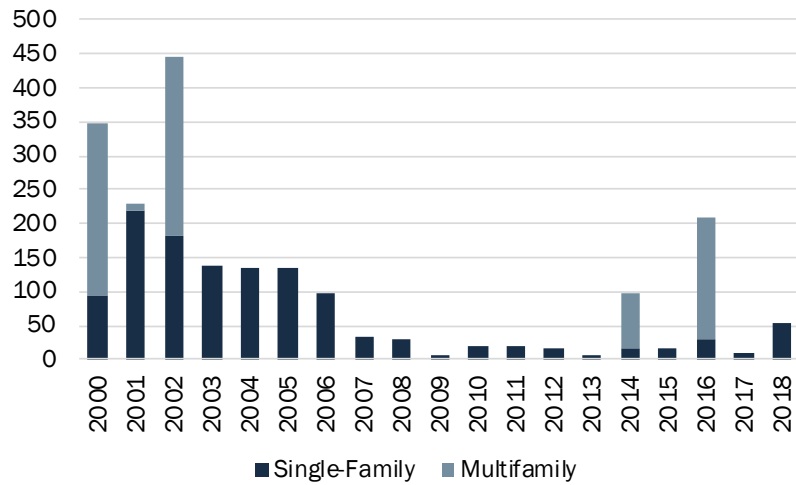
**Development of multifamily housing was strong and cyclical in Tualatin.**

Between 2000 and 2016, 789 new multifamily units were developed in Tualatin. Between 2000 and 2018, 1,262 new single-family units were developed in Tualatin.

Note: The single-family category includes detached and attached single-family homes. The multifamily category is inclusive of all multifamily types (duplexes to larger units).

**Exhibit 23. Units Built by Year and Type of Unit, Tualatin, 2000 to 2016/2018<sup>54</sup>**

Source: RLIS (data pulled November 2020).

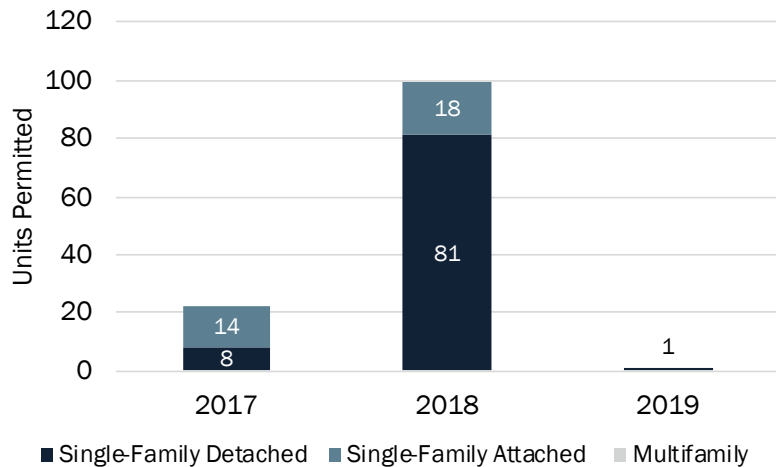


**In the last three years, mostly single-family detached housing has been permitted in Tualatin.**

In 2019, a 264-unit apartment complex began the permitting process. Another 116-unit affordable housing apartment complex is currently in process to annex to Tualatin.

**Exhibit 24. Units Permitted, Tualatin, 2017, 2018, 2019**

Source: City of Tualatin Permit Database.



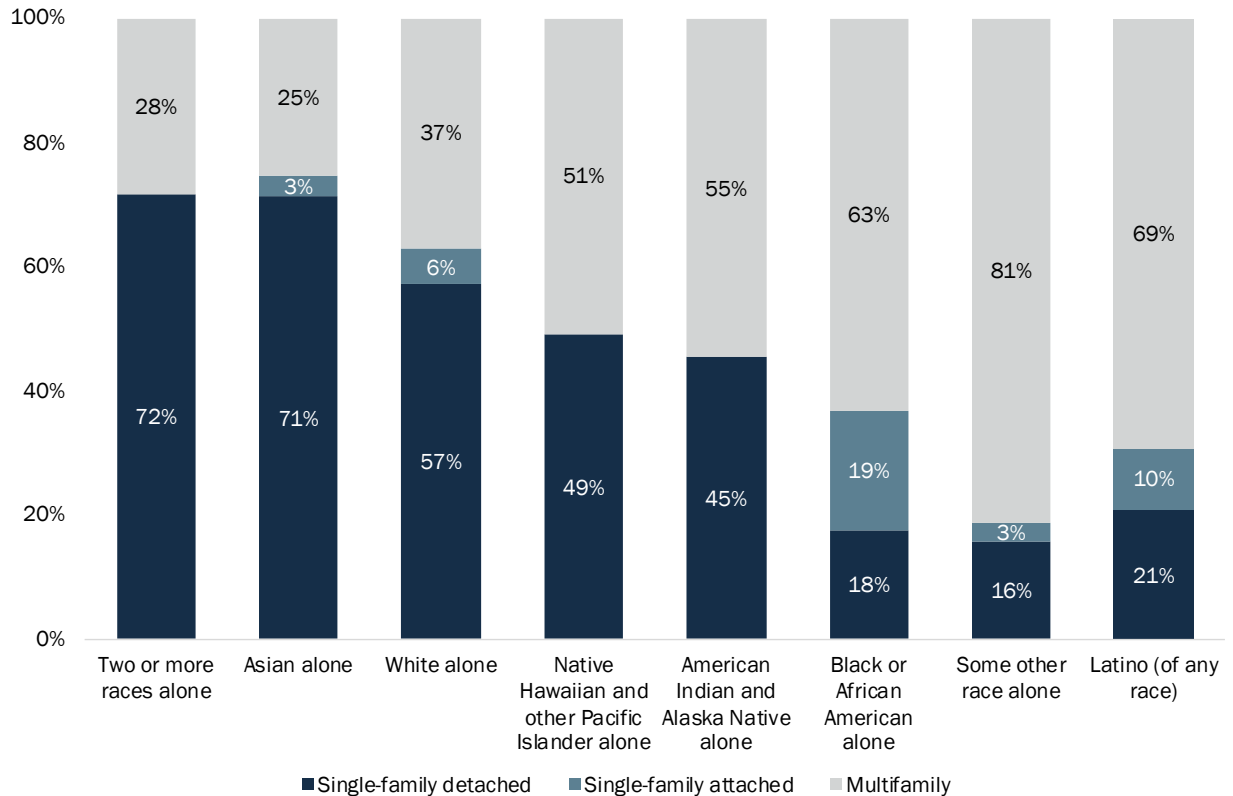
<sup>54</sup> A disclaimer about RLIS data: data for single-family and multifamily units is updated by Metro periodically. In Tualatin, RLIS data for multifamily units represents development through 2016 and the RLIS data for single-family units represents development through 2018.

Exhibit 25 shows that households that identified as Two or More Races or Asian were most likely to live in single-family detached housing (72% and 71%, respectively). The people most likely to live in multifamily housing were Black, at 63% of households; Latinos (of any race), at 70% of households; and people identifying as some other race, at 81% of households.

While this exhibit reflects the types of housing these groups *currently* live in and/or what they can currently afford to live in, it may not reflect their housing preferences.

Exhibit 25. Housing Mix by Race and Ethnicity, Tualatin 2013-2017

Source: US Census Bureau, 2013-2017 ACS Table B25032 B-H, I.



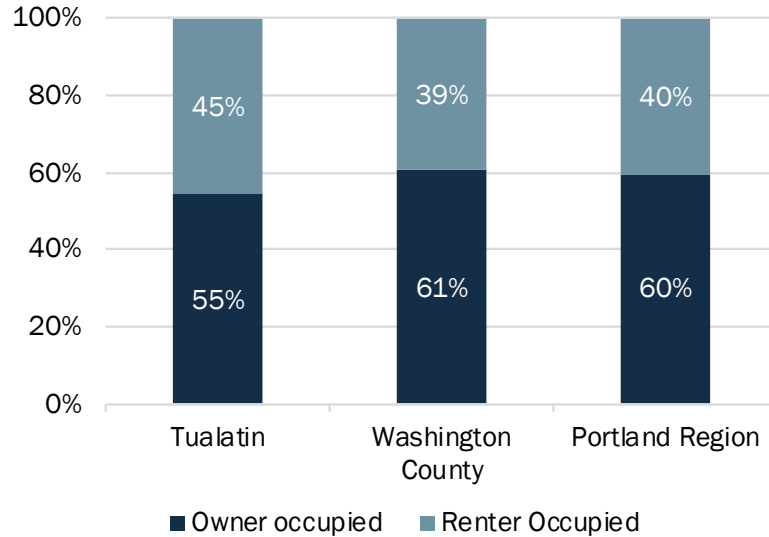
## Housing Tenure

Housing tenure describes whether a dwelling is owner or renter-occupied. In 2000 as well as in the 2013-2017 period, 55% of Tualatin’s housing stock was owner occupied and 45% was renter occupied.

**Tualatin had a lower homeownership rate than Washington County and the Portland Region by 6 percentage points.**

**Exhibit 26. Tenure, Occupied Units, Tualatin, Washington County, and Portland Region, 2013-2017**

Source: US Census Bureau, 2013-2017 ACS 5-Year Estimates, Table B24003.

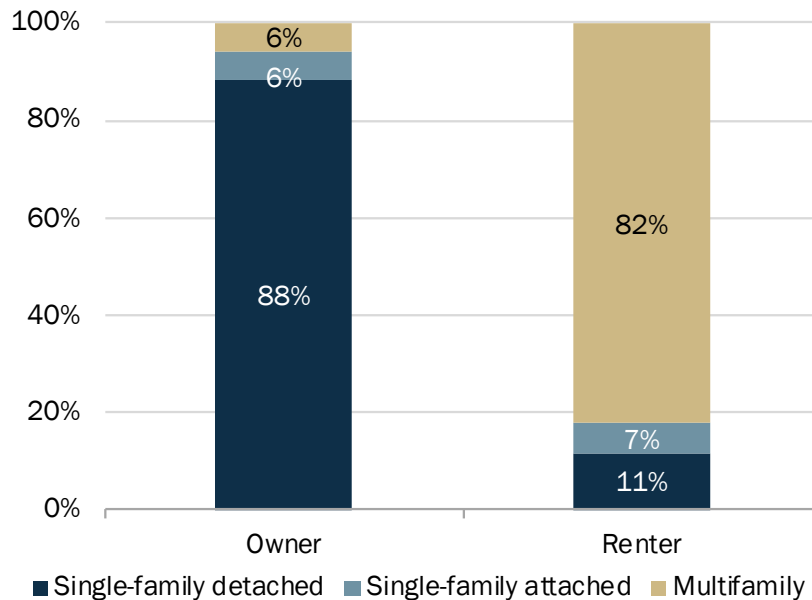


**Most of Tualatin homeowners (88%) lived in single-family detached housing.**

In comparison, most of Tualatin renters (82%) lived in multifamily housing.

**Exhibit 27. Housing Units by Type and Tenure, Tualatin, 2013-2017**

Source: US Census Bureau, 2013-2017 ACS Table B25032.

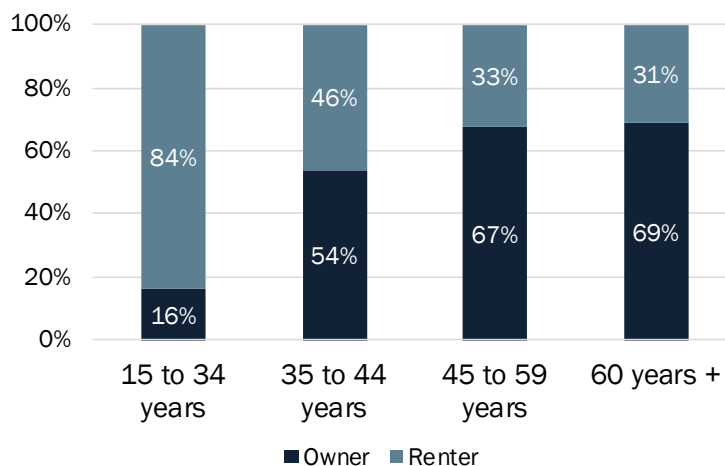


**Tualatin's household homeownership rate increases with age.**

In Tualatin, nearly 70% of householders over the age of 60 owned their own home.

**Exhibit 28. Housing Tenure by Age of the Head of Household, Tualatin, 2013-2017**

Source: US Census Bureau, 2013-2017 ACS Table B25007.

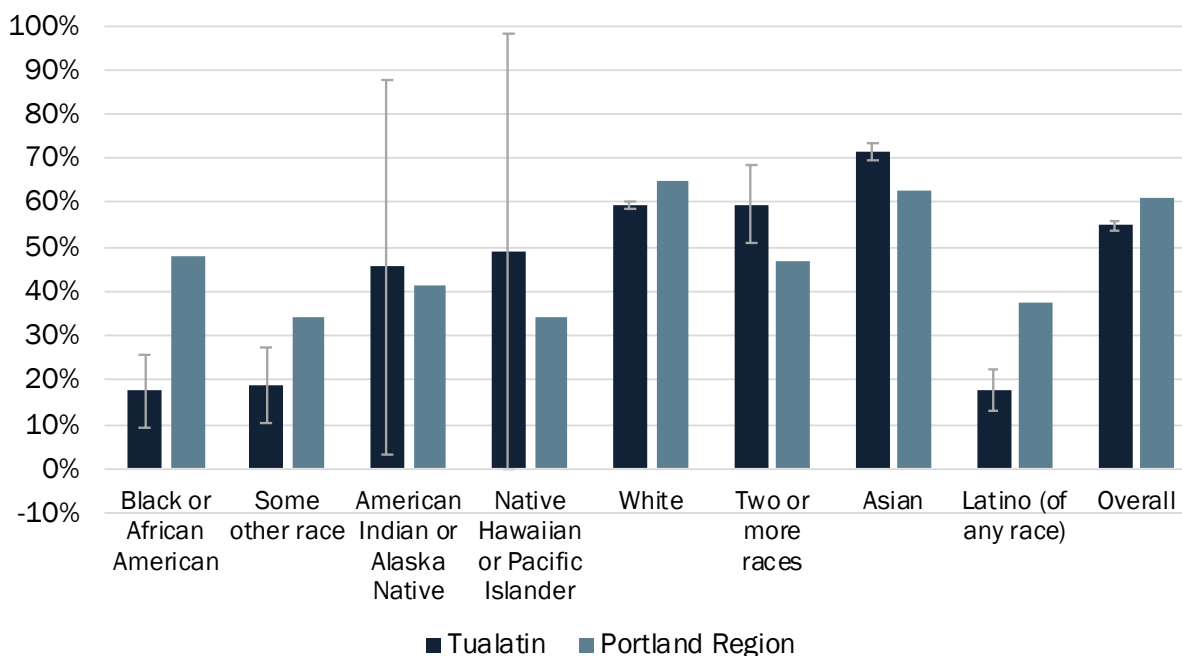


As Exhibit 29 shows, in Tualatin, the homeownership rates were lowest for households with a Black/African American or Latino-identifying head of household.

**Exhibit 29. Homeownership Rate by Head of Households' Race and Ethnicity, Tualatin and Washington County, 2013-2017**

Source: US Census Bureau, 2013-2017 ACS Table B25003 and B25003 B-I.

Note: Gray bars denote the potential upper and lower bound of the estimate using the margin of error reported by the Census. For American Indian or Alaska Native and Native Hawaiian or Pacific Islander, the margin of error is very large in Tualatin because those populations are so small in Tualatin.



## Vacancy Rates

Housing vacancy is a measure of housing that is available to prospective renters and buyers. It is also a measure of unutilized housing stock. The Census defines vacancy as "unoccupied housing units . . . determined by the terms under which the unit may be occupied, e.g., for rent, for sale, or for seasonal use only."

According to the 2013-2017 Census, the vacancy rate in Tualatin was the lowest at 4.3%, compared to 4.8% for Washington County and 5.5% for the Portland Region.

**Tualatin's homeowner vacancy rate is lower than its rental and overall vacancy rates.**

Exhibit 30. Vacancy Rate by Tenure, Tualatin, 2013-2017

Source: US Census Bureau 2013-2017 ACS Table DP04.

<b>Homeowner</b>	<b>1.4%</b> of Total Dwelling Units
<b>Rental</b>	<b>3.7%</b> of Total Dwelling Units
<b>Total</b>	<b>4.3%</b> of Total Dwelling Units

**As of 2013-2017, less than half a percent of Tualatin's dwelling units were vacant for seasonal, recreational, or occasional use (e.g., short-term rentals or vacation homes).**

Exhibit 31. Vacancy for Seasonal, Recreational, or Occasional Use, Tualatin, 2000 and 2013-2017<sup>55</sup>

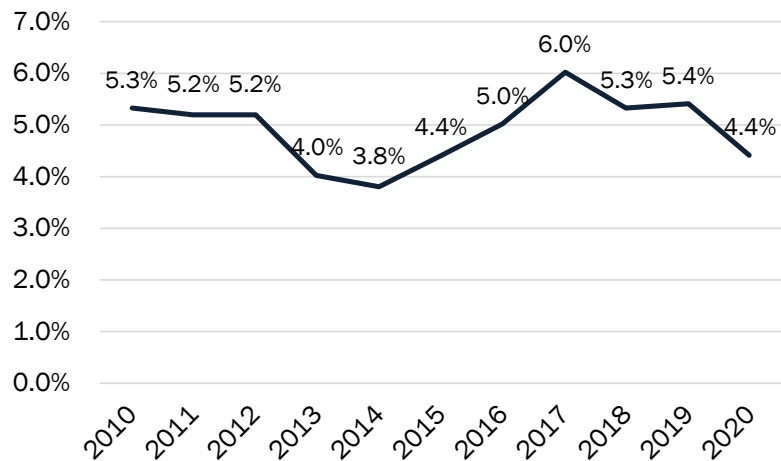
Source: US Census Bureau, 2000 Decennial Census SF1 Table H005, 2013-2017 ACS Table B25004.

<b>2000</b>	<b>43 Units</b>	<b>0.5%</b> of Total Dwelling Units
<b>2013-2017</b>	<b>44 Units</b>	<b>0.4%</b> of Total Dwelling Units

**Tualatin's multifamily vacancy rate was 4.4% in 2020, down from Tualatin's 10-year high of 6.0% in 2017.**

Exhibit 32. Average Multifamily Vacancy Rate, Tualatin, 2010-2020

Source: CoStar.



<sup>55</sup> Short-term rentals (commercial lodging) are not an allowed use in Tualatin's residential zones.

## Rent-Restricted and Emergency Housing

Governmental agencies offer subsidies to support housing development for extremely low income, very low-income, and low-income households. Tualatin has three rent-restricted housing developments, with 604 subsidized units. These 604 units represented about 5.3% of Tualatin’s total housing stock in the 2013-2017 period. In addition to these rent-restricted units, and as of August 5, 2019, households in Tualatin utilized 113 of Washington County Housing Authority’s Housing Choice Vouchers.<sup>56</sup>

### Exhibit 33. Government-Assisted Housing, Tualatin, 2020

Source: Oregon Housing and Community Services, Affordable Housing Inventory in Oregon.

Housing Developments	Total Units	Affordable Units	Population Served	Government Subsidy Type	Affordability Contract Expiration
Terrace View	100	100	Family	LIHTC 4%	January 2028
Tualatin Meadows	240	240	Family	LIHTC 4%	January 2031
Woodridge	264	264	Family	OHCS Grants	March 2049
<b>Total</b>	<b>604</b>	<b>604</b>			

The Beaverton/Washington County Continuum of Care region has 240 emergency, safe haven, and transitional housing beds and 725 permanent housing beds for people experiencing homelessness.

### Exhibit 34. Facilities and Housing Targeted to Households Experiencing Homelessness, Hillsboro, Beaverton/Washington County Continuum of Care Region, 2019

Source: HUD 2019 Continuum of Care Homeless Assistance Programs, Housing Inventory Count Report, Hillsboro, Beaverton/Washington County Continuum of Care.

Population Served	Emergency, Safe Haven, and Transitional Beds			Permanent Housing Beds
	Emergency Shelter	Safe Haven	Transitional Housing	
Households with Adult(s) and Children	103	-	41	341
Households with Only Adults	6	10	78	384
Unaccompanied Youth	2	-	-	-

<sup>56</sup> More information about Housing Choice Vouchers:

[https://www.hud.gov/program\\_offices/public\\_indian\\_housing/programs/hcv/about/fact\\_sheet](https://www.hud.gov/program_offices/public_indian_housing/programs/hcv/about/fact_sheet)

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## Manufactured Housing Communities

Manufactured homes provide a source of affordable housing in Tualatin. They provide a form of homeownership that can be made available to low and moderate-income households. Cities are required to plan for manufactured homes—both on lots and in parks. Exhibit 35 shows that Tualatin has two manufactured housing parks, with a total of 178 spaces within its city limits.

Exhibit 35. Inventory of Mobile/Manufactured Home Parks, Tualatin City Limits, March 2019

Source: Oregon Manufactured Dwelling Park Directory.

Name	Location	Type	Total Spaces	Vacant Spaces	Plan Designation
Angel Haven	18485 SW Pacific Dr	Senior	129	2	RML
Willow Glen	9700 SW Tualatin Rd	Family	49	1	RML
<b>Total</b>			<b>178</b>	<b>3</b>	

## People Experiencing Homelessness

According to HUD’s 2019 Homeless Assessment Report, across the United States, people experiencing homelessness increased. People experiencing *unsheltered* homelessness increased across all racial groups, among women and girls, and for people 25 and older.<sup>57</sup> Oregon had the second-highest rate of people experiencing unsheltered homelessness in the United States (64% of total people experiencing homelessness), behind California only. Oregon also had the largest change in homelessness by state (an increase of 1,400 people or 10% change from 2018-2019), again behind California. The following exhibits provide local estimates of homelessness in Tualatin’s region.

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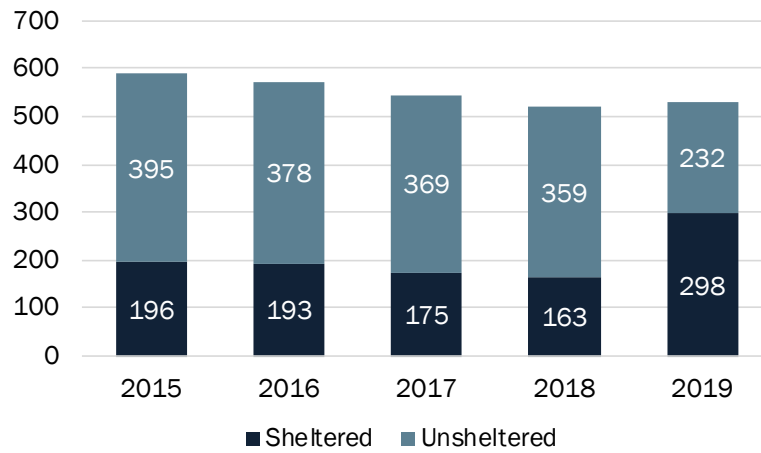
<sup>57</sup> The US Department of Housing and Urban Development. (2019). The 2019 Annual Homeless Assessment Report (AHAR) to Congress. Office of Community Planning and Development.

**In 2019, Tualatin's Continuum of Care (CoC) district counted 530 people experiencing homelessness in their annual Point-in-Time estimate.**

In 2019, 44% of the people experiencing homelessness were unsheltered, down from 67% in 2015.

**Exhibit 36. Homelessness Estimate (Sheltered and Unsheltered), Hillsboro/Beaverton/Washington County CoC, 2015-2019**

Source: Annual Homeless Assessment Report (AHAR) PIT data.





**About 44 people were experiencing unsheltered homelessness in the Tigard/Tualatin area in 2020.**

Proportioning out these individuals using population, this analysis estimates that about 15 individuals experienced homeless in Tualatin.

**Exhibit 37. Unsheltered Homelessness, Washington County and Tualatin/Tigard Area, 2020**

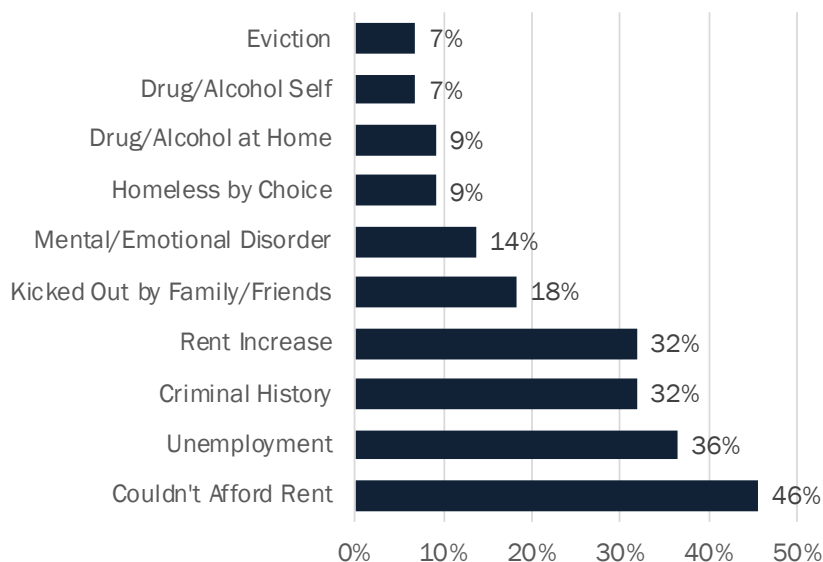
Source: Washington County Department of Housing Services, PIT data. Portland State University Population Estimates for Tualatin and Tigard Area.

<b>Washington County</b>	<b>307<sup>58</sup></b> Unsheltered People	<b>33%</b> Chronic Homeless	<b>18%</b> Domestic Violence
<b>Tualatin / Tigard Area</b>	<b>44</b> Unsheltered People	<b>27%</b> Chronic Homeless	<b>14%</b> Domestic Violence
<b>Tualatin</b>	<b>15</b> Estimated Unsheltered People	-	-

**The primary reason for homelessness in the Tigard/Tualatin area was inability to afford rent.**

**Exhibit 38. Reason for Unsheltered Homelessness, Tualatin/Tigard Area, 2020**

Source: Washington County Department of Housing Services, from the PIT 2020 Tigard Tualatin Presentation. Exhibit remade by ECONorthwest for readability.



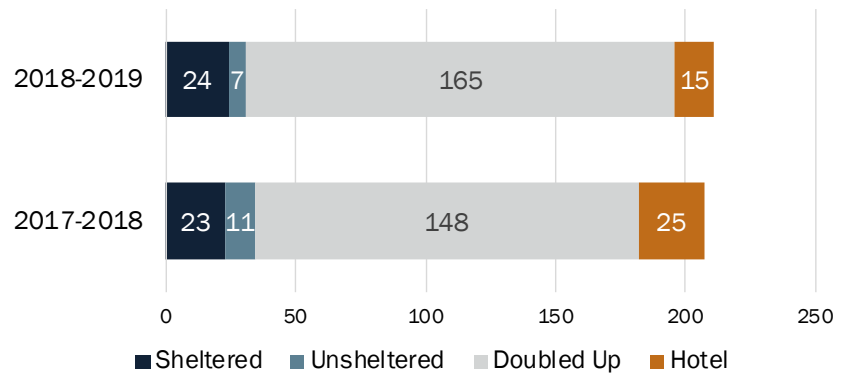
<sup>58</sup> The PIT count is a snapshot of individuals experiencing homelessness on a single night in a community. Though the PIT count is not a comprehensive survey, it serves as a measure of homelessness at a given point in time and is used for policy and funding decisions.

**From the 2017-18 school year to the 2018-19 school year, student homelessness increased from 207 students to 211 students, resulting in an increase of four students.**

Of the 211 students in 2018-19 experiencing homelessness, 36 were unaccompanied youth (17%).

**Exhibit 39. Students Homeless by Living Situation, Tigard/Tualatin School District, 2017-2018 and 2018-2019**

Source: McKinney Vento, Homeless Student Data.



**Based on the Oregon's Regional Housing Needs Analysis, Tualatin will need 252 housing units to accommodate people experiencing homelessness in the 2020-2040 period.**

**Exhibit 40. Estimate of Housing Need for People Experiencing Homelessness, Tualatin, 2020 to 2040**

Source: From the Report *Implementing a Regional Housing Needs Analysis Methodology in Oregon: Approach, Results, and Initial Recommendations* by ECONorthwest, August 2020.

**252 Dwelling Units**

New Units Need for People Experiencing Homelessness (2020-2040)

**13 Dwelling Units**

Annual Average

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## Housing Affordability Considerations

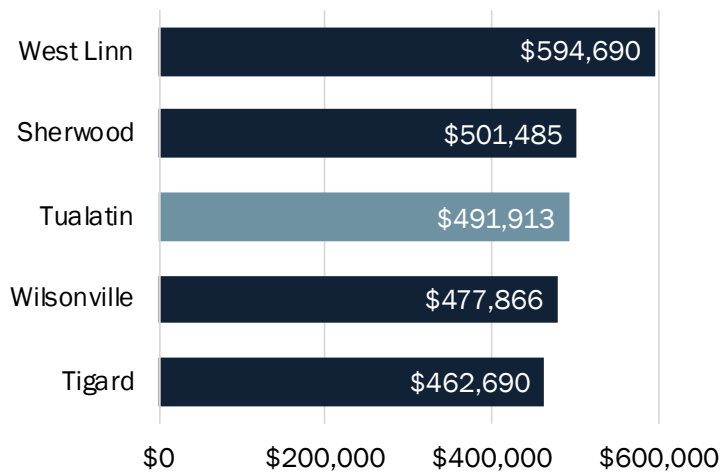
This section describes changes in sales prices, rents, and housing affordability in Tualatin. It uses cities in the region, as well as Washington County and Oregon, as comparisons. Both housing sales prices and rents have increased steadily in Tualatin and the greater region over the last several years.

### Housing Costs

**In 2020, Tualatin's annual, median home sales price was \$491,913, or \$102,777 less than West Linn's and \$29,223 more than Tigard's median home sales price.**

Exhibit 41. Median Home Sales Price, Tualatin and Comparison Cities, 2020 Annual Median

Source: Redfin.

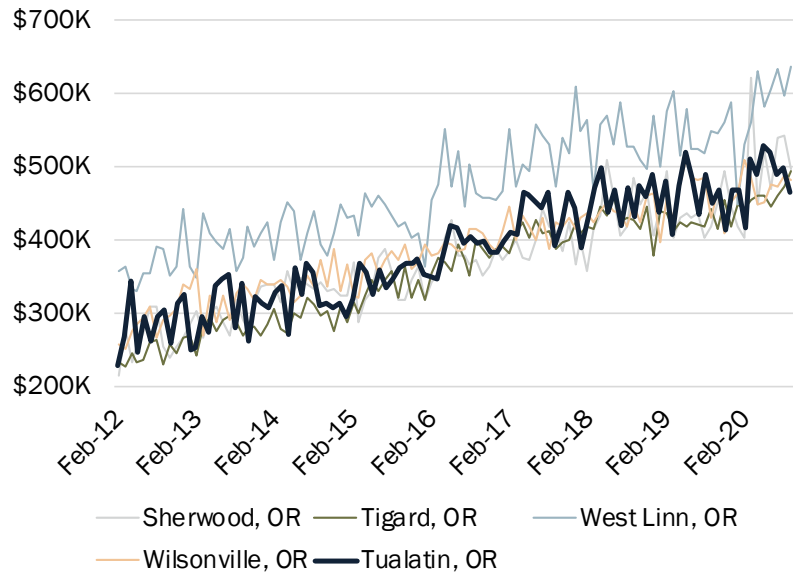


**Over the last decade, median home sales prices have marched upward in Tualatin and comparison cities. In 2020, Tualatin's median home sales price was \$491,913.**

Between February 2012 and 2020, home sales prices increased by \$261,913 (114%) in Tualatin, consistent with changes in sales prices in nearby cities.

**Exhibit 42. Median Sales Price, Single-Family housing, Tualatin and Comparison Cities, February 2012–September 2020**

Source: Redfin.

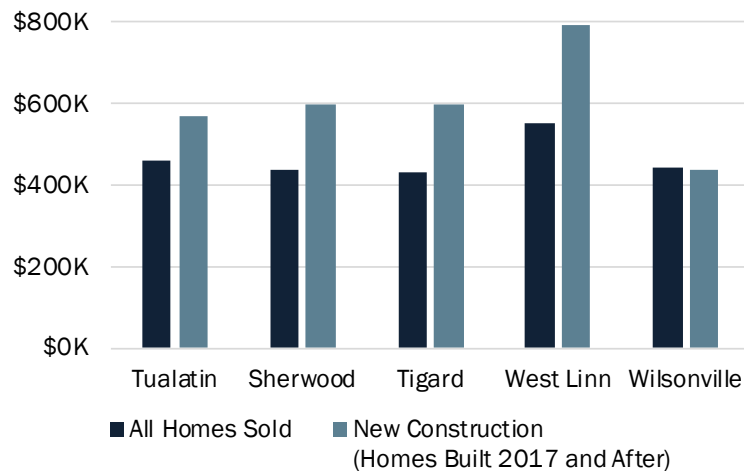


**Newly built homes generally have higher prices than existing housing.**

In Tualatin, the median sales price of all homes sold since 2017 (including existing housing) was \$461,204, compared to \$566,900 for new homes sold (i.e., new construction—homes built since 2017).

**Exhibit 43. New Construction Price Premium, Tualatin and Comparison Cities, January 2017 through September 2020**

Source: Redfin.



## Renter Costs

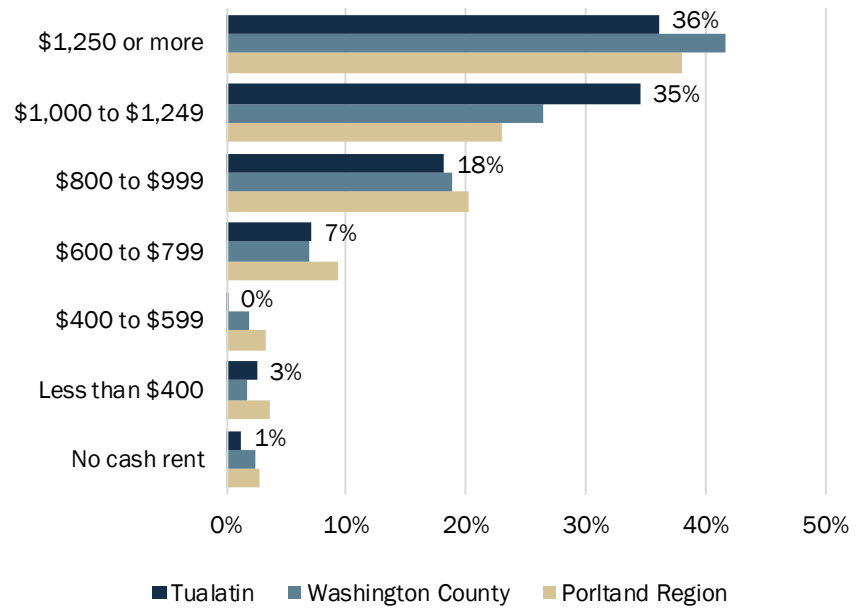
Rental costs are increasing in Tualatin. According to the US Census and ACS, median gross rents in Tualatin increased from \$768 in 2000 to \$1,154 in the 2013-2017 period.

**Most renters in Tualatin paid more than \$1,000 per month in rent.**

About 36% of Tualatin’s renters paid \$1,250 or more in gross rent per month, a smaller share than renters across Washington County (42%) and the Portland Region (38%).

**Exhibit 44. Gross Rent, Tualatin, Washington County, and Portland Region, 2013-2017**

Source: US Census Bureau, 2013-2017 ACS Table B25063.



**The average asking rent per unit has increased steadily for all bedroom sizes since 2010.**

The asking rent for a 2-bedroom unit in Tualatin increased from \$873 in 2010 to \$1,334 in 2019, an increase of \$461 (53% change).

**Exhibit 45. Average Multifamily Asking Rent by Bedroom Size, Tualatin, 2010 through 2019<sup>59</sup>**

Source: CoStar.

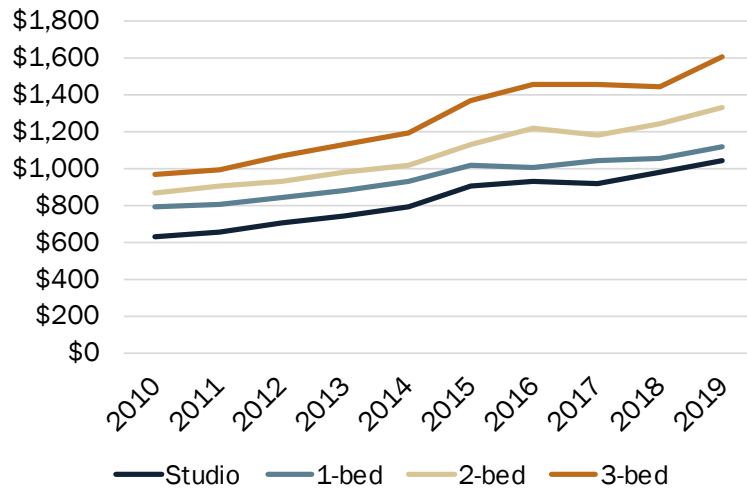


Exhibit 46 presents the findings of an assessment of available rental properties advertised on Apartments.com as of December 2020. The rental costs for these developments likely have

<sup>59</sup> This analysis excludes units with four or more bedrooms, as there is highly limited observations in the CoStar inventory for Tualatin.

higher asking rents compared to all rental housing in Tualatin. This is because Apartments.com (and similar platforms) are more likely to include listings for newer, professionally managed, larger apartment buildings (those typically priced with a premium). Exhibit 46 shows a broader, more complete picture of housing costs for renters in Tualatin than Census or CoStar data alone.

#### Exhibit 46. Rent Survey Findings, Tualatin, December 2020

Source: Apartments.com and Portland Housing Bureau.

Housing Development	Rent Range	1-bedroom	2-bedrooms	3-bedrooms
Alden	\$1,269 - \$1,729	\$1,269 - \$1,369	\$1,445 - \$1,545	\$1,679 - \$1,729
Arya at Hedges Creek	\$1,373 - \$2,446	\$1,373 - \$1,684	\$1,478 - \$2,022	\$1,756 - \$2,446
Chelan	\$950 - \$1,295	\$950 - \$1,025	\$1,125 - \$1,175	\$1,250 - \$1,295
Eddylane at Bridgeport	\$1,187 - \$2,991	\$1,348 - \$1,872	\$1,755 - \$2,991	\$2,305 - \$2,350
Forest Rim Apartments	\$1,295 - \$1,885	\$1,295 - \$1,575	\$1,495 - \$1,855	\$1,885
River Lofts	\$1,375 - \$1,877	n/a	\$1,375 - \$1,877	n/a
Stonethrow Apartments	\$1,360 - \$4,948	\$1,360 - \$4,942	\$1,590 - \$4,948	n/a
Tualatin Heights	\$1,336 - \$1,508	n/a	\$1,336 - \$1,508	n/a
Affordable Rents				
30% MFI	\$518 - \$718	\$518	\$621	\$718
50% MFI	\$863 - \$1,197	\$863	\$1,036	\$1,197
80% MFI	\$1,382 - \$1,916	\$1,382	\$1,658	\$1,916
100% MFI	\$1,726 - \$2,394	\$1,726	\$2,072	\$2,394

## Housing Cost Burden

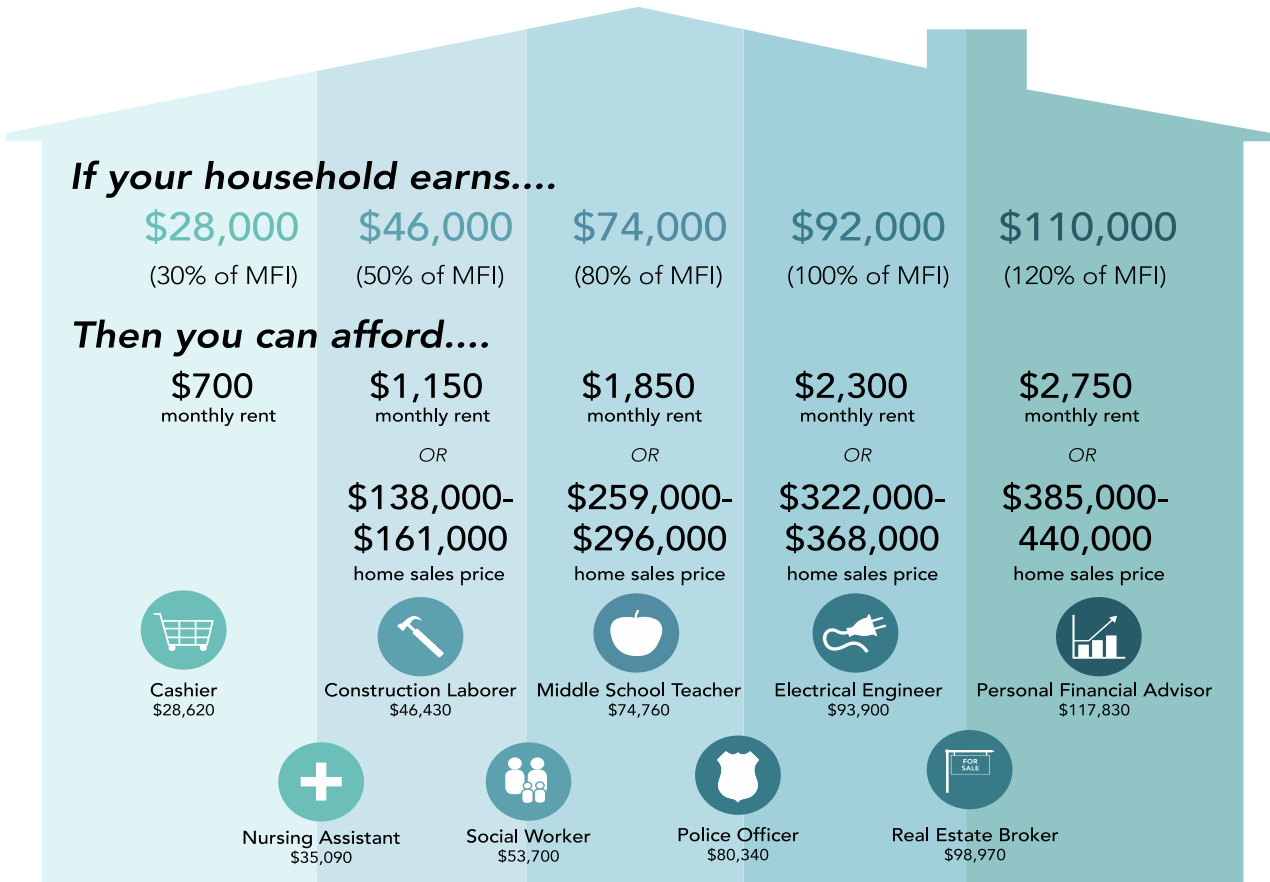
Financially attainable housing costs for households across the income spectrum in Washington County are identified in Exhibit 47. For example, a household earning Median Family Income in Washington County (about \$92,000 per year for a family of four) can afford a monthly rent of about \$2,300,<sup>60</sup> or a home roughly valued between \$322,000 and \$368,000, without cost burdening themselves.

A household would need to earn about \$140,500 a year (153% of MFI for a family of four) to afford the median sales price of a home in Tualatin (\$491,913). A household would need to earn about \$58,000 (63% of MFI for a family of four) to afford the rent on a two-bedroom apartment in Tualatin (\$1,450).

<sup>60</sup> Note that Median Family Income for the region is different than median household income (MHI) for Tualatin (see Exhibit 18). MFI is determined by HUD for each metropolitan area and nonmetropolitan county. It is adjusted by family size—in that 100% MFI is adjusted for a family of four. MHI is a more general term. MHI includes the income of the householder and all other individuals 15 years old and over in the household, whether they are related to the householder or not.

Exhibit 47. Financially Attainable Housing, by Median Family Income (MFI) for Washington County (\$92,000), Tualatin, 2020

Source: US Department of HUD 2020. Note: MFI is Median Family Income for a family of 4.



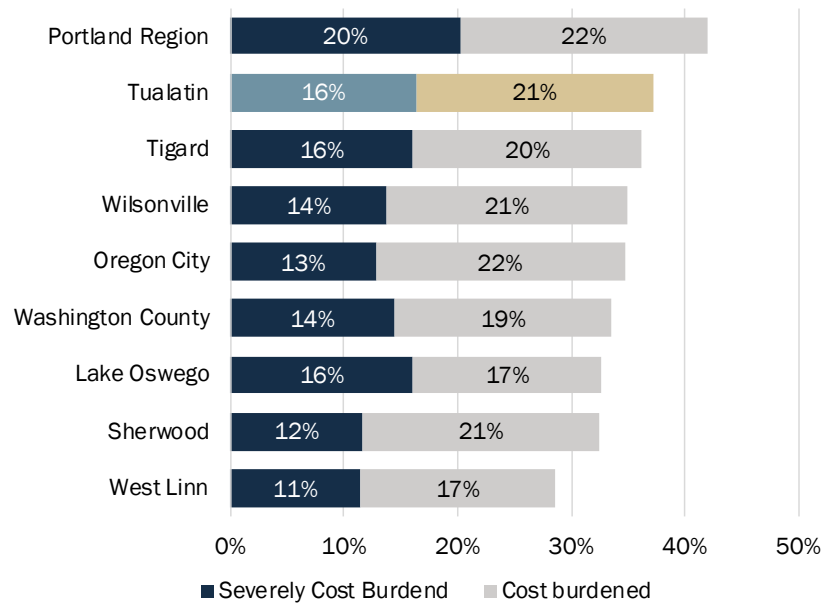
Because the local housing market cannot produce income-restricted, subsidized affordable housing at sufficient levels—and because it cannot often produce moderate-income/workforce housing without subsidy—many households in Tualatin are cost burdened (as Exhibit 48 to Exhibit 51 show). A household is defined by HUD as cost burdened if their housing costs exceed 30% of their gross income.<sup>61</sup> A household that spends 50% or more of their gross income on housing costs is considered to be severely cost burdened by HUD and the State of Oregon.

**Overall, about 37% of all households in Tualatin were cost burdened.**

In the 2013-2017 period, Tualatin had one of the highest rates of cost-burdened households relative to other comparison areas.

**Exhibit 48. Housing Cost Burden, Tualatin, Washington County, and Comparison Areas, 2013-2017**

Source: US Census Bureau, 2013-2017 ACS Tables B25091 and B25070.



<sup>61</sup> US Department of Housing and Urban Development (HUD). See [https://www.huduser.gov/portal/pdredge/pdr\\_edge\\_featd\\_article\\_092214.html](https://www.huduser.gov/portal/pdredge/pdr_edge_featd_article_092214.html)

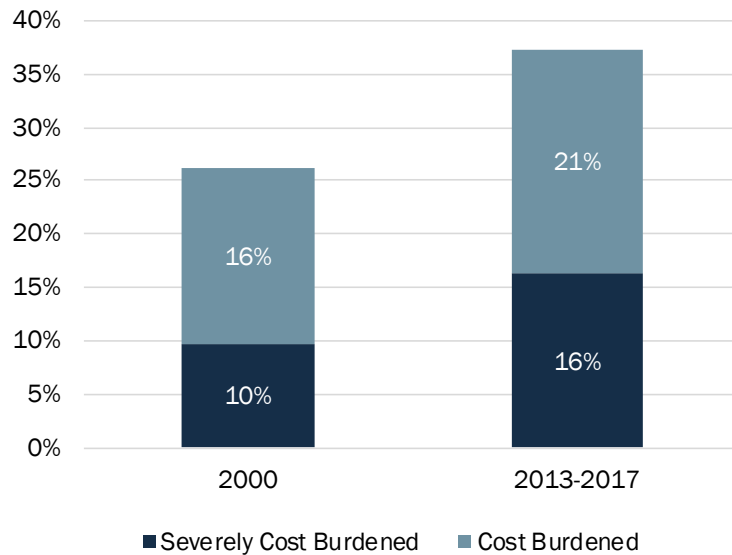


**From 2000 to the 2013-2017 period, the share of cost-burdened and severely cost burdened households in Tualatin grew by 11%.**

Tualatin has also experienced a substantial rise in its renters who are severely cost burdened. In the 2014-2018 time period, 27% of Tualatin’s renters were severely cost burdened,<sup>62</sup> compared to 26% in the 2013-2017 time period.

**Exhibit 49. Change in Housing Cost Burden, Tualatin, 2000 to 2013-2017**

Source: US Census Bureau, 2000 Decennial Census, Tables H069 and H094 and 2013-2017 ACS Tables B25091 and B25070.

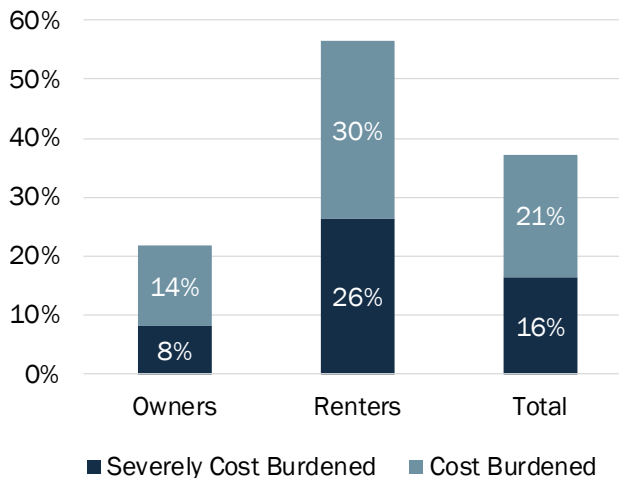


**Renters were more likely to be cost burdened than homeowners.**

In the 2013-2017 period, about 56% of Tualatin’s renters were cost burdened or severely cost burdened, compared to 22% of homeowners.

**Exhibit 50. Housing Cost Burden by Tenure, Tualatin, 2013-2017**

Source: US Census Bureau, 2013-2017 ACS Tables B25091 and B25070.



<sup>62</sup> Oregon Department of Land Conservation and Development. “Severe Rent Burden in Oregon 2020,” 2020.

**Nearly all renter households earning less than \$35,000 per year were cost burdened.**

Most households earning between \$35,000 and \$50,000 per year were cost burdened.

**Exhibit 51. Cost-Burdened Renter Households, by Household Income, Tualatin, 2013-2017**

Source: US Census Bureau, 2013-2017 ACS Table B25074.

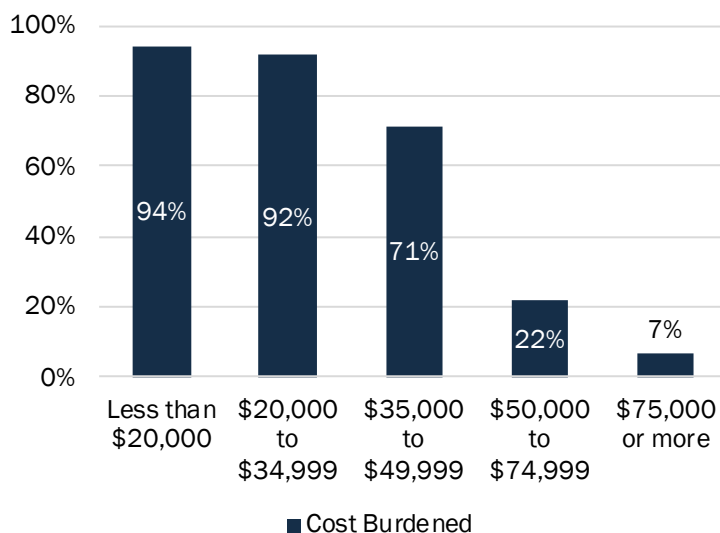


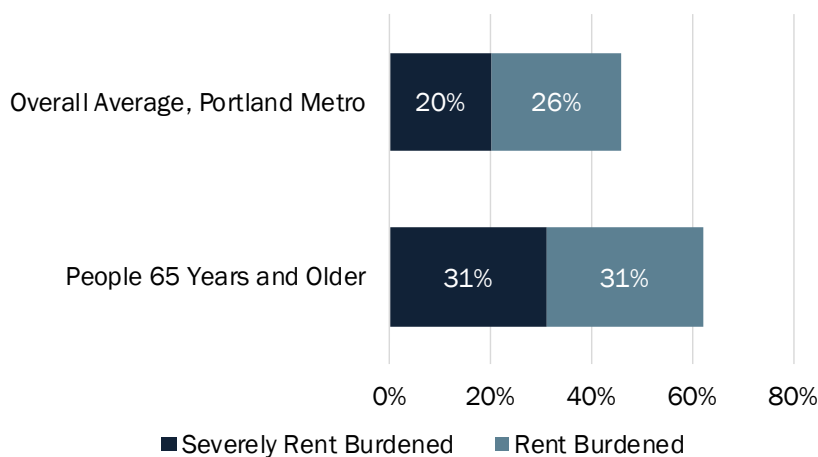
Exhibit 52 through Exhibit 54 present information about cost burden among different populations for the Portland Region. This information is not available on a city-by-city basis and is pulled from a statewide analysis from the report *Implementing a Regional Housing Needs Analysis Methodology in Oregon: Approach, Results, and Initial Recommendations* by ECONorthwest, August 2020.

**Renters 65 years of age and older are disproportionately cost burdened compared to the Portland Region average.**

Over 60% of renters aged 65 and older are cost burdened.

**Exhibit 52. Cost-Burdened Renter Households, for People 65 Years of Age and Older, Portland Region, 2018**

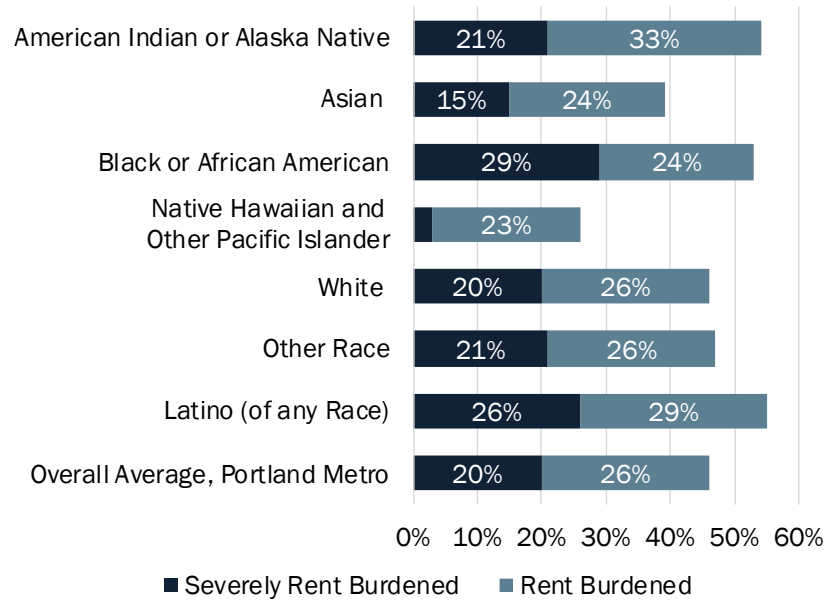
Source: US Census, 2018 ACS 1-Year PUMS Estimates. From the Report *Implementing a Regional Housing Needs Analysis Methodology in Oregon: Approach, Results, and Initial Recommendations* by ECONorthwest, March 2021.



Compared to the average renter household in the Portland Region, those that identified as American Indian or Alaska Native, Black or African American, and Latino were disproportionately cost burdened.

Exhibit 53. Cost-Burdened Renter Households, by Race and Ethnicity, Portland Region, 2018

Source: US Census, 2018 ACS 1-Year PUMS Estimates. From the Report *Implementing a Regional Housing Needs Analysis Methodology in Oregon: Approach, Results, and Initial Recommendations* by ECONorthwest, March 2021.



**Renters with one or more disabilities in the Portland Region are disproportionately cost burdened.**

About 46% of renters in the Portland Region are cost burdened, compared to 53% of renters with a hearing or vision disability and 65% of renters with a disability other than a hearing or vision-based disability in the Portland Region.

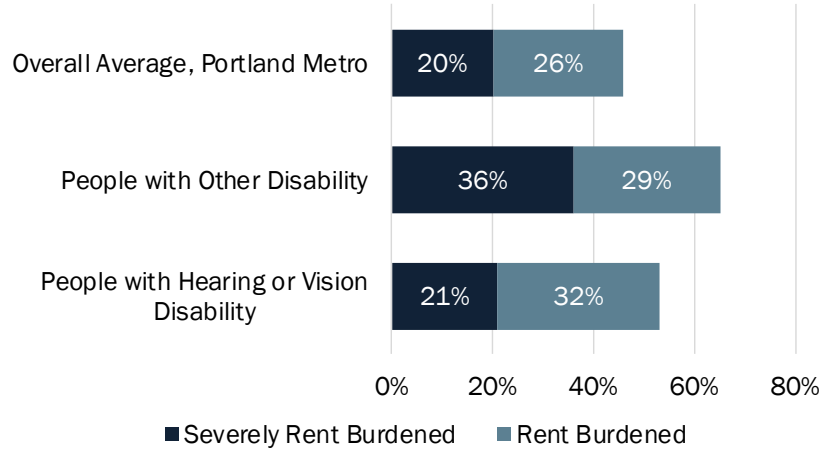
Other disabilities include self-care difficulty (having difficulty bathing or dressing), independent living difficulty (having difficulty doing errands alone), ambulatory difficulty (having serious difficulty walking or climbing stairs), and cognitive difficulty (having difficulty remembering, concentrating, or making decisions).

**Those designated as “other family household,” which includes single-parent households, are disproportionately cost burdened.**

About 55% of renters in other family households, such as single-parent households, are cost burdened more frequently than the overall average in the region.

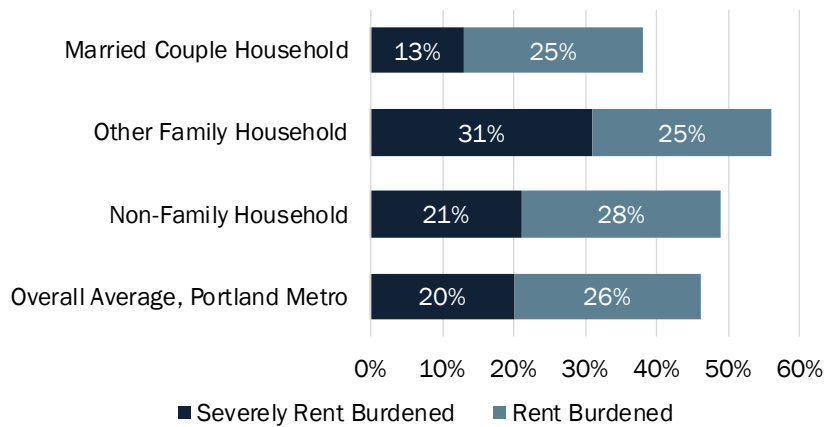
**Exhibit 54. Cost-Burdened Renter Households, for People with Disabilities, Portland Region, 2018**

Source: US Census, 2018 ACS 1-Year PUMS Estimates. From the Report *Implementing a Regional Housing Needs Analysis Methodology in Oregon: Approach, Results, and Initial Recommendations* by ECONorthwest, March 2021.



**Exhibit 55. Cost-Burdened Renter Households, by Household Type, Portland Region, 2018**

Source: US Census, 2018 ACS 1-Year PUMS Estimates. From the Report *Implementing a Regional Housing Needs Analysis Methodology in Oregon: Approach, Results, and Initial Recommendations* by ECONorthwest, March 2021.



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## Findings from Outreach and Engagement

The following is a summary of outreach and engagement efforts sponsored by the City of Tualatin in 2018 through 2020. The summary relates to matters of housing—and in particular, housing production. The following synthesizes the key findings of each effort.

- **Individual Interview (April 3, 2019).** As part of Tualatin’s 2040 engagement, the City of Tualatin interviewed a person with a physical disability. The interviewee identified several concerns related to accessibility—not only access to housing but access to parking, parks, street crossings, sidewalks, and other amenities. They indicated that people in wheelchairs require doors/entryways with suitable clearance, dwelling units on the first floor or within a structure with an elevator, park spaces without woodchips, sidewalks with space for passing (e.g., sandwich boards or tree root issues can make sidewalks inaccessible). They indicated concern with vision clearance regulations in the code—an important ADA safety and ongoing maintenance issue to evaluate. The interview identified a need to increase Tualatin’s supply of affordable housing options, particularly near grocery store options, as well as a need to address mold issues in apartments.<sup>63</sup>
- **Summary of interviews with 15 participants from (April 1 to April 29, 2019) and a group stakeholder interview with Tualatin Aging Task Force (May 13, 2019).** Findings from the following group and individual interviews identified a concern for Tualatin’s lack of affordable and workforce housing. Participants showed support for a diversity of housing types to provide more affordable options. Housing types of interest included town homes and row houses, mixed-use development, duplexes, triplexes, and accessory dwelling units. Some participants also showed interest in high-rise apartments (structures that are six to eight stories in height) and concern for large housing types (i.e., McMansions).
- **Technical Advisory Committee Meetings for Tualatin’s HNA and EOA.** The City of Tualatin convened a Technical Advisory Committee (TAC) in April 2019 to provide input on the Housing Needs Analysis (HNA), Economic Needs Analysis (EOA), and related strategy documents. The TAC met four times with the last meeting held on September 25, 2019. The TAC focused on the technical approach and methodology for HNA and EOA. The TAC comprised City staff with expertise related to city planning and development code regulation as well as county, regional, and state agencies and experts in the housing and economic development field.

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<sup>63</sup> The City of Tualatin has considered implementing a rental housing inspection program within the city, but none have been implemented to date. In general, newer rental housing in Tualatin is quite adequate, suggesting that housing quality may be more of a challenge for older buildings.

The City of Tualatin has, however, received four complaints for mold in 2019. Three complaints were in apartment buildings and one complaint at a rental house. Tualatin has no city ordinance to address mold, and those that submitted complaints were told to contact (or recontact) their property management/property owner, a mold abatement company, and/or legal counsel.

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- **Community Advisory Committee Meetings for Tualatin’s HNA and EOA.** A 16-member Community Advisory Committee (CAC) was convened by the City of Tualatin in March 2019 to provide policy input on the HNA, EOA, and related strategy documents. The CAC met seven times with the last meeting held on September 26, 2019. The CAC provided input to guide the City’s housing and economic policies with a focus on developing strategies and actions that could lead to possible changes to the Comprehensive Plan and Development Code regulations. Desirable housing outcomes brainstormed by the CAC included:
    - Housing/jobs balance
    - Housing planning that is inclusive of all households
    - Variety of housing options
    - Multifamily opportunities
    - Complete neighborhoods - mixed-use
    - Flexible plan designations - universal design standards
    - Livability/walkability
    - Enable small-scale developers
    - Support for aging in place
    - Access to max/transit
    - Renter/homeowner affordability
    - More rental opportunities
    - Housing location and quality
    - Multigenerational housing
    - Flexible zoning standards
    - Think creatively about potential solutions to affordable housing issues
    - Address affordability
  
  - **Pop-up Event and Online Survey (July–August 2019):** In the summer of 2019, the City of Tualatin hosted a pop-event and disseminated an online survey to gather input on housing and non-housing-related concerns. Key findings of these efforts include:
    - Respondents identified three preferred actions to meet affordable housing needs: offer incentives for affordable housing, improve connections to jobs/services to reduce costs, and allow more types of homes. For households making \$50,000 and below, rent control and incentives for affordable housing were of great interest. For people of color, allowing more types of homes and obtaining land for new housing were of great interest.
    - Respondents’ top three desired choices for new housing types: small homes, town homes, cottage courtyard, in addition to work-from-home (home-business) arrangements. For households making \$50,000 and below, small homes and cottage courtyards were of great interest. For people of color, the greatest preference was for home-businesses and small homes.
    - Respondents’ top three non-housing priority topics were improving connectivity, increasing and protecting green space, and increasing opportunities for jobs and entertainment. For households making \$50,000 and below, the preference was increasing and protecting green space and increasing opportunities for jobs and entertainment. For people of color, it was improving connectivity and increasing opportunities for jobs and entertainment.

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- **Under One Roof Luncheon (September 2019).** The City of Tualatin held two severely rent burdened public events. The Under One Roof Luncheon was the first event attended by 40 community members, representing a diverse group of people that included affordable housing residents, housing service providers, and elected officials. The event included a discussion with a panel of housing experts. The experts recommended the following actions for the City of Tualatin to address affordable housing needs: review what land is already in public control, reform the zoning (especially parking and density), and be ready for not-in-my-backyard (NIMBY) concerns. Luncheon participants agreed that affordable housing is a complex issue and a coalition is needed to address these issues. It was determined that the coalition should include housing experts and advocates within the community. The major theme from participant feedback was a desire to achieve greater land use efficiencies, accomplished by improving transportation connectivity or increasing the location of jobs, businesses, services, and green spaces near housing. During the question-and-answer portion of the event, community members commented on housing options and services that could be further explored: housing vouchers, shared/transitional housing, tiny homes, mobile or manufactured homes, and immediate assistance.
  - **Our Home, Our Health Event (September 2020).** Our Home, Our Health event was Tualatin’s second severely rent burdened event. It included a keynote speaker from the American Association of Retired Persons (AARP) in Oregon on the connection between housing and health and story sharing from two members of Tualatin’s Diversity Task Force. Participants expressed concerns for poor quality housing (e.g., conditions that lead to mold) and concerns for the City’s lack of affordable housing. Families are working multiple jobs and choosing between housing and food to get by. Participants commented on and shared possible solutions to these issues, which are summarized below:
    - Resolve issues related to legally undocumented persons residing in Tualatin.
    - Solve this problem: making a little too much money to qualify for assistance, yet not being able to survive on what you make.
    - Invite people of color in.
    - Ensure people are able to participate in programs without fear of being reported.
    - Provide local rental assistance.
    - Support new affordable housing.
    - Economically stabilize sites.
    - Implement rent control.
    - Enable shared housing options.
    - Relax regulations to support development of affordable housing.
    - Commit to livability and accessibility.

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- Continue to extend eviction moratorium.
  - Consider short and long-term solutions.
  - Solve for housing instability, which particularly has long-term impacts on children.

## Key Terms in the HPS

This appendix presents applicable key terms used in Tualatin’s Contextualizing Housing Needs memorandum. Per the Department of Land Conservation and Development, the following key terms will be incorporated into the definitions section of OAR 660-008 (if they are not already):

- **Consumers of Needed Housing:** any person who inhabits or is anticipated to inhabit Needed Housing, as described in the definition of “Needed Housing” in ORS 197.303.
- **Housing Production Strategy Report:** the report cities must adopt within one year of their deadline to complete an updated Housing Capacity Analysis, pursuant to OAR 660-008-0050.
- **Housing Production Strategy:** a specific tool, action, policy, or measure a city will implement to meet the housing needs described in an adopted Housing Capacity Analysis. A Housing Production Strategy is one component of a Housing Production Strategy Report.
- **Needed Housing:** housing types determined to meet the need shown for housing within an urban growth boundary at particular price ranges and rent levels, including (but not limited to) renter and owner-occupied attached and detached single-family housing, multifamily housing, and manufactured homes.
- **Producers of Needed Housing:** developers, builders, service providers, or other persons or entities providing materials and funding needed to build housing. Producers of Needed Housing may include non-profit organizations or public entities.
- **Unmet Housing Needed:** occurs when housing need determined pursuant to ORS 197.296 (3)(b) is greater than the housing capacity (i.e., buildable, residential land is insufficient to accommodate demand for housing).



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# Appendix B: Construction Excise Tax Analysis

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This appendix presents an analysis of a Construction Excise Tax (CET) for Tualatin.

DATE: February 17, 2021  
TO: City of Tualatin  
FROM: Becky Hewitt, Sadie DiNatale, and Angelica True, ECONorthwest  
SUBJECT: Summary of Construction Excise Tax Analysis

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The Department of Land Conservation and Development contracted ECONorthwest to develop a Housing Production Strategy (HPS) for the City of Tualatin. This memorandum presents preliminary research for one strategy of the HPS. The findings documented in this memorandum may later become a section or appendix of the final HPS report.

This project is funded by Oregon general fund dollars through the Department of Land Conservation and Development. The contents of this document do not necessarily reflect the views or policies of the State of Oregon.

## Construction Excise Tax

The City of Tualatin is considering a range of strategies and actions to meet its housing production goals. One such action is implementation of a Construction Excise Tax (CET). To understand the potential trade-offs of implementing a CET in Tualatin, this memorandum describes what a CET is and how it works. In addition, it summarizes an analysis of the potential revenue impacts of implementing a CET. The final section outlines potential next steps for the City of Tualatin to consider.

## How It Works, Fiscal Impacts, Pros and Cons

### How It Works

In 2016, the Oregon Legislature passed Senate Bill 1533, which permits cities to adopt a construction excise tax (CET) on the value of new construction projects to raise funds for affordable housing projects. The tax is limited to 1% of the permit value on residential construction with no cap on the rate applied to commercial and industrial construction. A number of cities of various sizes in Oregon have adopted a CET.

**Construction Excise Tax:**  
Levies a tax on new construction projects to fund housing programs and/or investments. It can be applied to residential and/or commercial and industrial development.

The allowed uses for CET funding are defined by state statute:

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- The City may retain up to 4% of funds to cover administrative costs. The funds remaining must be allocated as follows, depending on whether the CET is on residential or commercial and industrial development:
  - For a residential CET:
    - 50% must be used for developer incentives (e.g., permit fee and SDC waivers,<sup>64</sup> tax abatements, or finance-based incentives). The City would have to offer incentives but could cover the costs or foregone revenues with CET funds.
    - 35% may be used flexibly for affordable housing programs, as defined by the jurisdiction.
    - 15% is not available to the city and flows instead to Oregon Housing and Community Services for homeownership programs that provide down payment assistance.
  - For a commercial/industrial CET:
    - 50% of the funds must be used for housing-related programs, as defined by the jurisdiction (note that these funds are not necessarily limited to affordable housing).
    - The remaining 50% is unrestricted.

## Fiscal Impacts/Who Pays

The source for CET funds is new development. The statute exempts public buildings, regulated affordable housing, places of worship, public and private hospitals, agricultural buildings, nonprofit facilities, long-term care facilities, residential care facilities, and continuing care retirement communities.<sup>65</sup> The City can exempt other types of development if desired.

## Pros and Cons

### Pros:

- Offers the ability to link industrial or other employment investments, which generate new jobs and demand for new housing, with funding for housing development.
- CET is a flexible funding source, especially for funds derived from commercial/industrial development.
- Program funds can fund administration of the CET as well as staff time needed to administer programs funded by CET.

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<sup>64</sup> Note that while these are called “waivers,” they are really subsidies, since the fees would still be paid by CET revenues rather than by the developer.

<sup>65</sup> Oregon Revised Statute 320.173

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## Cons:

- CET increases development costs in an environment where many developers are already seeking relief from system development charges. Depending on the rates imposed, CET could have an impact on feasibility. More research would be necessary to understand the potential magnitude of the impact.
- Where demand is high relative to supply, additional fees on residential development may be passed on to tenants or home buyers through higher housing costs.
- Because CET revenue is development derived, it will fluctuate with market cycles and will not be a steady source of revenue for affordable housing when limited development is occurring.

## Summary of CET Analysis for Tualatin

This section summarizes ECONorthwest's CET analysis for Tualatin.

### Estimating Revenue Potential

#### Methodology Overview

There is no statutory cap on the CET rate applied on commercial and industrial construction. Therefore, this analysis assumed a range of potential rates that the City could apply on this development type: 0.3%, 0.5%, 1%, and 2%. The CET rate applied on residential construction is capped at 1%. Therefore, this analysis assumed a range of potential rates that the City could apply on this development type under the 1% threshold: 0.3%, 0.5%, .75%, and 1%.

After establishing a range of rates, the analysis assessed what revenue would look like based on historical building permit values for each respective development type (i.e., commercial and industrial development over the last five years and residential development over the last five years).

Based on the statutory regulations about how the CET funds can be expended, we allocated the projected revenue forecasts as follows:

- **Commercial/Industrial Construction:** (1) 4% to administrative costs, (2) 50% of the balance after subtracting administrative costs to housing-related programs (i.e., 48% of the total), and (3) 50% of the balance after subtracting administrative costs to an unrestricted use (i.e., 48% of the total).
- **Residential Construction:** (1) 4% administrative costs, (2) 15% of the balance after subtracting administrative costs to OHCS (i.e., 14% of the total), (3) 35% of the balance after subtracting administrative costs to affordable housing programs (i.e., 34% of the total), and (4) 50% of the balance after subtracting administrative costs to developer incentives (i.e., 48% of the total).

Results: Historical Permit Values

One way to estimate CET revenue is a backward-looking analysis. If the City of Tualatin had charged CET fees on recent development that had occurred, how much revenue might have the City collected (assuming the permitting activity had been unchanged as a result of that CET)?

Building permits for residential development and commercial/industrial development in Tualatin fluctuated from year to year over the last five years. Exhibit 56 summarizes annual total permit values for new residential and commercial/industrial construction as well as additions that increase square feet (excluding exempt development) in 2020 dollars.<sup>66</sup> The annual average over the five-year period (2016-2020) for residential development is about **\$10m in qualifying permit value** in 2020 dollars. The annual average over the five-year period for commercial and industrial development is about **\$41.8m in qualifying permit value** in 2020 dollars.

Exhibit 56. Residential Building Permit and Commercial/Industrial Building Permit Values by Year (2016 to 2020), (in 2020 dollars)

Source: ECONorthwest analysis of City of Tualatin permit data.  
 Note: The large bump in residential permit valuation in 2018 is primarily due to the City of Tualatin permitting an above-average number of residential developments (101 total permits in 2018, compared to 11, 12, 35, and 37 total permits in other years). The large bump in commercial/industrial valuation in 2020 is predominately due to a new industrial structure permitted on Blake Street with a permit value of \$90m (2020\$).

Year	Commercial and Industrial Building Permit Valuation (2020\$)	Residential Building Permit Valuation (2020\$)
2016	\$17,166,894	\$9,304,128
2017	\$11,042,600	\$6,270,048
2018	\$53,020,643	\$32,351,852
2019	\$14,918,542	\$1,257,071
2020	\$112,883,996	\$926,520
<b>Annual Average</b>	<b>\$41,806,535</b>	<b>\$10,021,924</b>
<b>Total (2016-2020)</b>	<b>\$209,032,675</b>	<b>\$50,109,618</b>

Next, the analysis calculated the revenue that the City would have generated if it had a CET in place during the 2016 to 2020 period (assuming the permitting activity had been unchanged as a result of that CET) using the different CET rates listed previously.

Exhibit 57 and Exhibit 58 show potential CET revenue for commercial/industrial development. This analysis shows that under the highest rate tested (2%), the average annual CET revenue over this period would have been about \$836,100.

<sup>66</sup> ECONorthwest used the Construction Cost Index published by Engineering News Record to inflate permit values to 2020 dollars.

Exhibit 59 and Exhibit 60 show potential CET revenue for residential development. This analysis shows that under the highest rate tested (1%), the average annual CET revenue over this period would have been about \$100,200.

Under either development type, the minimum CET revenue collected in a slow year would have varied little with the different rates, while the maximum collected in a “busy” year would have varied substantially.

Exhibit 57. Potential Annual Commercial/Industrial CET Revenue by Year and Rate (2016 to 2020)  
Source: ECONorthwest analysis of City of Tualatin permit data.

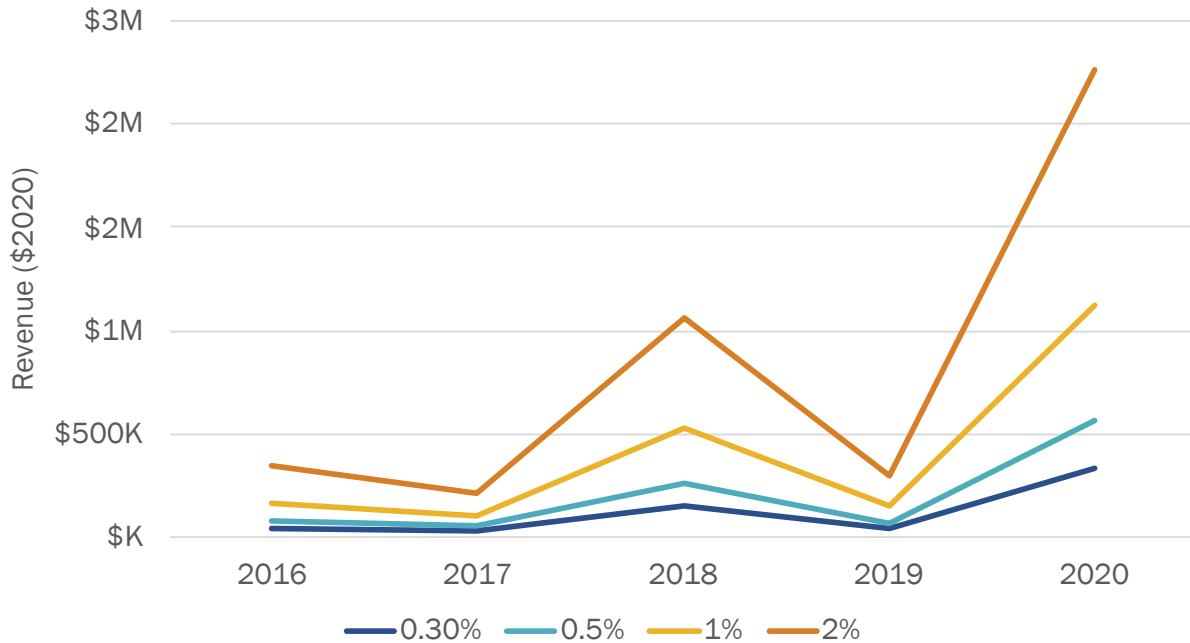
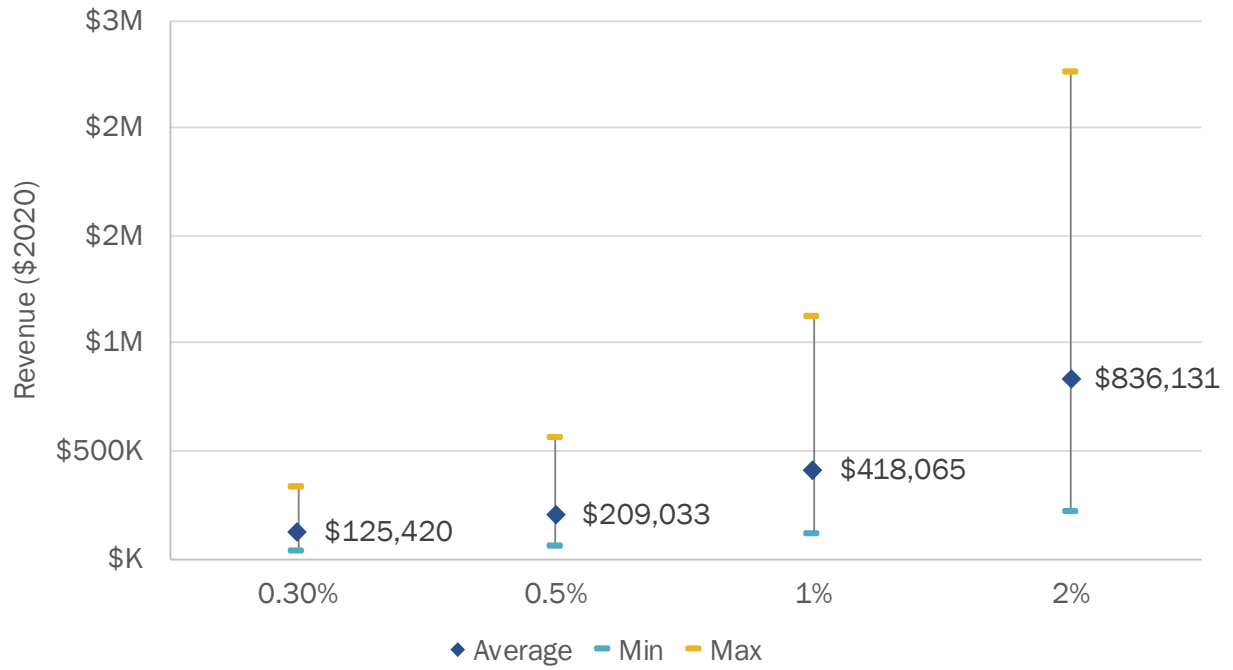


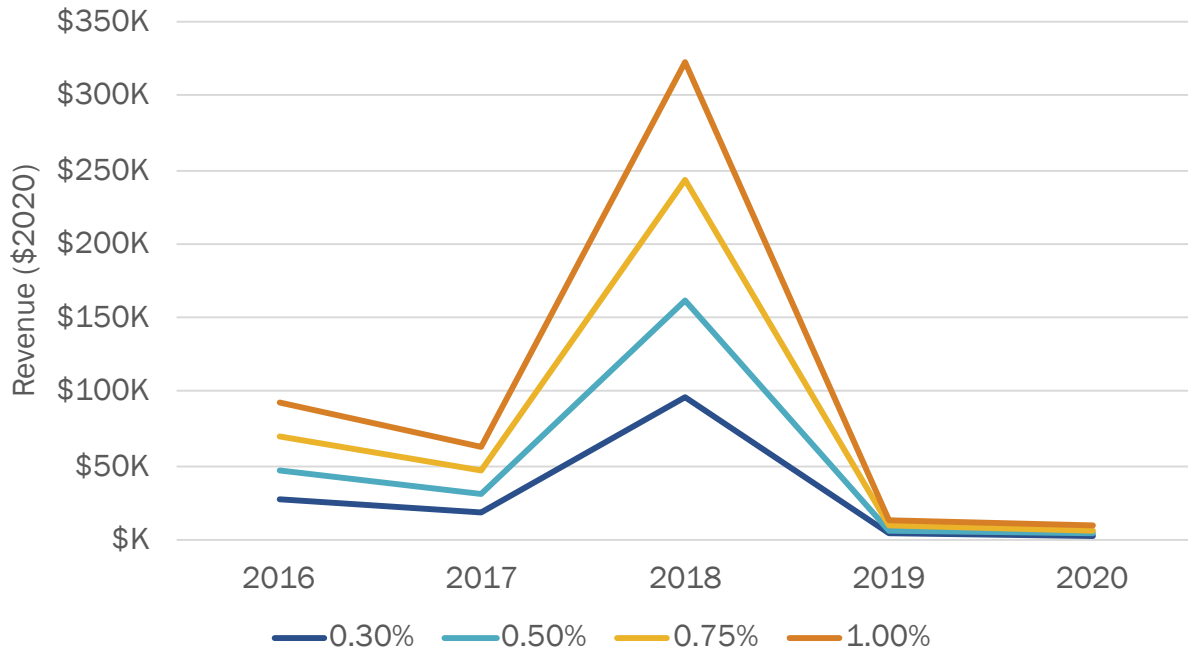
Exhibit 58. Historical Minimum, Maximum, and Average Annual Potential Commercial/Industrial CET Revenue by Rate (2016 to 2020)

Source: ECONorthwest analysis of City of Tualatin permit data.



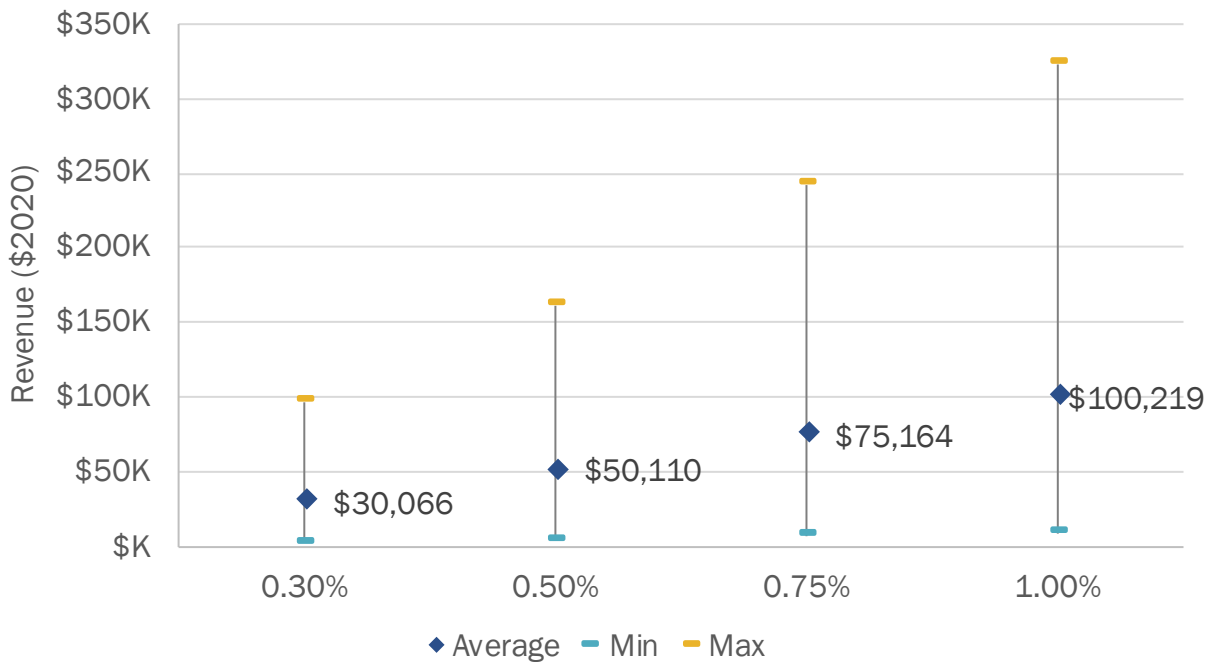
**Exhibit 59. Potential Annual Residential CET Revenue by Year and Rate (2016 to 2020)**

Source: ECONorthwest analysis of City of Tualatin permit data.



**Exhibit 60. Historical Minimum, Maximum, and Average Annual Potential Residential CET Revenue by Rate (2016 to 2020)**

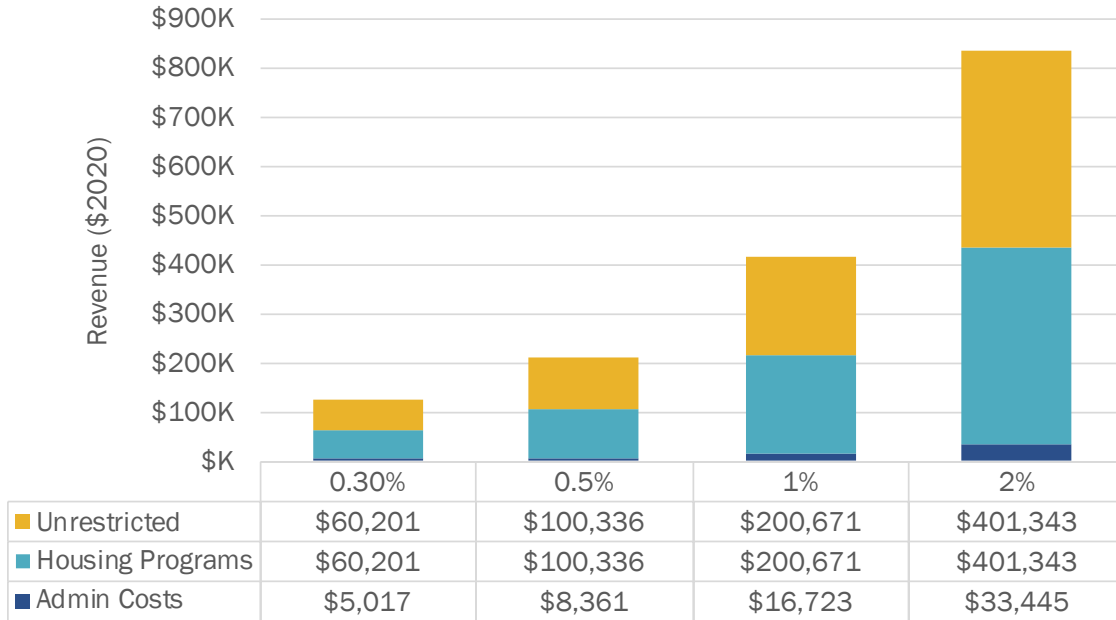
Source: ECONorthwest analysis of City of Tualatin permit data.



Based on the statutory requirements about use of funds, ECONorthwest translated the average annual simulated CET collections between 2016 and 2020 into funds available for each funding category, as shown in Exhibit 61 and Exhibit 62.

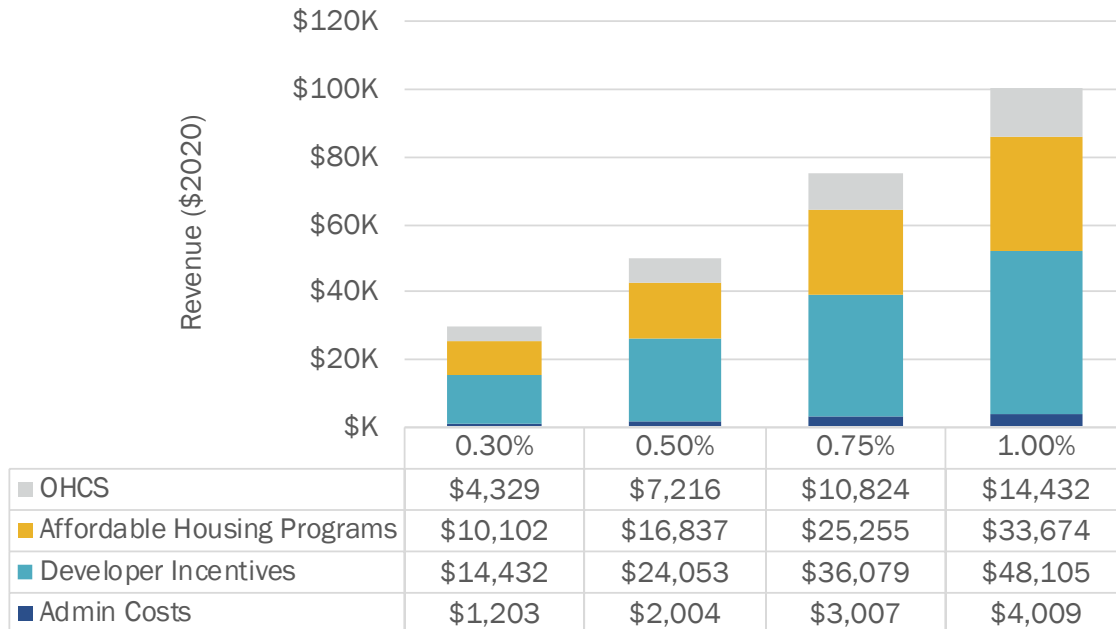
**Exhibit 61. Hypothetical Total Commercial/Industrial CET Revenue (2016 to 2020) by Rate and Use of Funds**

Source: ECONorthwest analysis of City of Tualatin permit data.



**Exhibit 62. Hypothetical Total Residential CET Revenue (2016 to 2020) by Rate and Use of Funds**

Source: ECONorthwest analysis of City of Tualatin permit data.





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As shown above, a 0.5% or 1% rate on commercial and industrial development could generate meaningful revenue for programs, especially if the unrestricted portion is also dedicated toward housing programs. Because of the greater flexibility for these revenues, the City could design a flexible program for the revenues, or direct all of the net revenues towards a Housing Trust Fund or similar fund. This ease of use is important, because even with the higher revenue potential of the commercial/industrial CET, a 0.5% to 1% rate would offer little funding for administrative costs.

A CET on residential development would generate relatively little revenue given past trends in residential development, even at the maximum rate (1%). In addition, the administration would be more complex due to needing to separate out revenues toward the spending categories as specified in statute, while the funding available to cover administrative costs would be negligible.

## Conclusions and Next Steps

Given the results summarized above, a 0.5% to 1% CET on commercial and industrial development may be worthwhile to consider as it could generate a flexible source of revenue for local housing programs, especially if the City continues to see strong industrial and commercial growth. Imposing a CET on residential development is likely not worth considering unless the City annexes a large amount of vacant residential land where higher-end new housing is expected.

If the City chooses to further evaluate adoption of a CET, it should conduct additional outreach to stakeholders and local businesses to offer an opportunity for discussion and to raise any concerns. The City should also advance conversations about the potential uses of the funds, even though this is flexible and does not necessarily need to be determined prior to adoption. Working with stakeholders to clearly define the program's intended purpose, how the funds (especially the unrestricted portion) would be used, and who would make decisions about the use of funds is likely to help build support for the program. If the City chooses to adopt a CET, it must pass an ordinance or resolution that states the rate and base of the tax. Most communities also identify any further self-imposed restrictions on the use of funds as part of adopting the ordinance. If the ordinance passes, the City must then establish a process to distribute the funds.