

DATE: December 1, 2020
TO: Tualatin Planning Commission
CC: Steve Koper and Karen Perl Fox, City of Tualatin
FROM: Beth Goodman, Sadie DiNatale, and Becky Hewitt, ECONorthwest
SUBJECT: Tualatin's Existing Housing Measures and Potential New Measures

The City of Tualatin completed a Housing Needs Analysis in 2019, as part of the Tualatin 2040 project. Tualatin was selected to be one of four cities in Oregon to develop a prototype Housing Production Strategy (HPS) by the Department of Land Conservation and Development, who contracted ECONorthwest to develop an HPS for Tualatin.¹

An HPS is a report that provides additional information about housing needs, beyond the information in the Housing Needs Analysis, and proposes a short list of housing measures (or policies or strategies) to address Tualatin's housing needs. This memorandum presents preliminary draft measures that may be included in the HPS. These measures will be discussed at the December 10, 2020 Planning Commission Meeting. The measures will be refined, further developed, and evaluated throughout the project.

Tualatin's Housing Measures and Gaps

This memorandum describes 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 memorandum is one of three interim deliverables that will later become sections in the final Housing Production Strategy report. Tualatin's Planning Commission will discuss the findings of this memorandum at their first meeting of the project on December 10.

The two additional interim deliverables, which will be discussed at future meetings, are:

- **Memorandum providing additional evaluation and refinement of the selected, short-list of measures.** Tualatin's Planning Commission will discuss the findings of the memorandum on February 18, 2021.
- **Memorandum summarizing the information required for each measure.** Tualatin's Planning Commission will discuss the findings of the memorandum on March 18, 2021.

¹ 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.

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:

- 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.²
- Applying density standards uniformly across zones that allow dwelling units on fee simple lots and on multifamily sites.
- Ensuring decisions about what kind and how much housing goes where is 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 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 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 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.

The following section presents a list of preliminary measures to address these gaps in Tualatin's housing policies.

² Although, Tualatin's ADU provisions are not yet compliant in regard to HB 2001 off-street parking requirements.

Potential Measures, Policies, or Strategies for the Housing Production Strategy

- Preservation of Affordable Housing: Preservation of affordable housing stock to prevent displacement of existing residents
- Houselessness and Housing Stabilization: Prevent and reduce houselessness
- Workforce Housing Expansion: Expand development of workforce owner and renter housing to increase the jobs-housing balance
- Housing for People with Special Needs: Expand development of housing for people with special needs and seniors
- Housing for Diverse Populations: Housing to meet the cultural needs of diverse populations
- Social and Racial Equity: Develop a lens for housing policy decision-making through consideration of social and racial equity
- Regulatory and Zoning Change: Greater availability of a diversity of housing types
- Mixed Use Development and Redevelopment: Encourage development and redevelopment of housing in commercial areas
- Transportation and Public Infrastructure: Plan for and develop transportation and public infrastructure to support housing development including affordable housing, workforce housing and mixed-use housing development.

Exhibit 1 provides a list of potential measures (or policies or strategies) for inclusion in the Housing Production Strategy. These measures range from policies to adopt to programs to implement in support of housing. These measures represent a starting point for strategies to consider for inclusion in the Housing Production Strategy report. In the next months, ECONorthwest will work with City staff to refine the measures and begin the evaluation of the measures, considering information for each measure such as: the level of housing need (by income) each measure addresses, the role of the city for each measure, partners needed for each measure, the potential impact of the measure, the potential costs of the measure, and other criteria. In upcoming meetings for the project, we will present a revised list of measures, with that evaluation framework in place.

The measures are grouped according to the type of housing need they address, in the following groupings:

- Affordable Rental Housing Expansion: Expand affordable rental housing stock to include long-term affordable housing
- Preservation of Affordable Housing: Preservation of affordable housing stock to prevent displacement of existing residents
- Houselessness and Housing Stabilization: Prevent and reduce houselessness
- Workforce Housing Expansion: Expand development of workforce owner and renter housing to increase the jobs-housing balance
- Housing for People with Special Needs: Expand development of housing for people with special needs and seniors
- Housing for Diverse Populations: Housing to meet the cultural needs of diverse populations
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- Regulatory and Zoning Change: Greater availability of a diversity of housing types
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Exhibit 1. Potential Measures for inclusion in the Housing Production Strategy

Measure	Description
Affordable Rental Housing Expansion: Expand affordable rental housing stock to include long-term affordable housing	
Adopt a Policy to Support Expansion of Development of Affordable Housing	<p>Strongly prioritize development of affordable housing for households with incomes of 60% of MFI or below (\$55,200 or less for a family of four) and that aim to leverage funds to fill the gap. Take advantage of Federal, State, Metro, local, and other sources of funding to support development of affordable housing when they are available. As part of this strategy, ensure that city policies reflect a have a pro-affordable housing agenda for development of housing for rental and homeownership.</p> <p>Forming partnerships with other public agencies, nonprofit developers and service providers, and private developers and others involved with affordable housing development will be essential to expanding development of affordable housing.</p> <p>Affordable housing policies should maximize outcomes for development quality, design beautification, long-term sustainability and healthy outcomes.</p>
Land for Affordable Housing Development	<p>This strategy can be implemented in several ways: through the city playing a proactive role in parcel assembly for affordable housing sites or through use of excess or surplus city-owned property. The city could identify land where affordable housing development can occur by identifying excess or surplus publicly owned land, such as land in city-ownership, where affordable housing may be appropriate. The City may need to periodically review its list of city-owned properties to determine if other properties are appropriate for affordable housing development. The City should develop a policy to offer affordable housing developers the right of first refusal for purchasing city-owned land for affordable housing.</p> <p>The City can work with other public agencies to identify excess or surplus properties that may be appropriate for affordable housing development. In addition, Tualatin may consider reaching out to faith-based organizations to see if they have excess or surplus land they would consider having used for affordable housing development.</p> <p>The City can also assist in assembly of privately-owned parcels into single parcels where affordable housing development can occur. This may require the City to purchase smaller privately-owned parcels to assemble into a larger parcel. The City could sell, lease or possibly donate the parcel to an affordable housing developer to produce affordable housing.</p> <p>The City could consider forming a development partnership or collaboration with nonprofit and/or private affordable housing developers or other appropriate entities, such as an agency.</p>
Evaluate Tax Exemptions	Evaluate tax exemption options to support development of affordable housing or mixed-use housing.

Measure	Description
Evaluate Changes to SDCs and TDTs	Evaluate options for potential changes to SDCs and TDTs to support development of affordable housing. This strategy could include reducing, deferring, and/or financing System Development Charges (SDCs) at a low interest rate for needed housing types, reducing development costs. However, Tualatin has limited control of SDCs and collects on behalf of other service districts and providers. Parks is the City's only "city-only" SDC, which recently went through an extensive review.
Evaluate Construction Excise Tax (CET)	Evaluate implementation of a CET, starting with an analysis of the financial capacity of a CET. A CET could be levied on commercial, industrial, and residential development. Tualatin has limited land for new residential development. If a CET is levied on commercial or industrial development, the City would need to provide a clear use for funds and a nexus to housing for employees at businesses in Tualatin. This strategy would require discussions with major employers and the business community in Tualatin.
Evaluate a New Urban Renewal District with TIF Set Aside for Affordable Housing and Mixed Income Housing	<p>Continue the evaluation of establishing a new urban renewal district and consider including urban renewal projects that support development of multifamily housing affordable for households earning 60% of MFI or below and Mixed Income Housing that includes Affordable Housing. The evaluation of new urban renewal district is underway in Tualatin.</p> <p>As part of the urban renewal district, Tualatin could create a TIF set-aside for affordable housing development programs within designated Urban Renewal Areas (URAs). Target could be to begin setting aside funds for affordable housing projects as a medium-term action, over the next 5 years or so. For example: Portland City Council designates 45% of the gross amount of TIF for designated housing purposes (rental housing for households earning 60% of MFI or below and homeownership for households 80% of MFI or below. Tualatin is considering a TIF Set Aside in its current discussion of Urban Renewal District(s).</p>
Housing Trust Funds	<p>Housing Trust Funds are a flexible source of funding that can be used to support a variety of affordable housing activities. Because they are created and administered at the city, county, region, or state level, housing trust funds are not subject to the restrictions of federal subsidy programs and therefore can be designed specifically to address local priorities and needs. Tualatin would need to identify funding source(s) for a housing trust fund, which could include the city's general fund or other sources of funding.</p> <p>The housing trust fund could also include funds to preserve affordable housing, such as supporting acquisition or rehabilitation of naturally occurring affordable housing and regulated affordable housing nearing the end of its compliance period.</p>

Measure	Description
Encourage Diverse Rental Housing Types	Evaluate allowing and supporting development of other housing types in Tualatin that provide affordable housing, such as units designed for multiple unrelated living in the same dwelling with shared kitchen and bathrooms, tiny homes (dwelling units between 100 and 500 square feet), and other innovative small housing types. These small units are strongly needed to meet identified "Needed Housing" particularly for extremely low and very low income.
Flexible Regulatory Concessions for Affordable Housing	Evaluate development codes and processes to identify opportunities to make it easier to develop and build affordable housing. This could include updating the modifications / variance process and requirements, including making allowing modification / variance processes for affordable housing to have a simpler review process than typical, such as not requiring hearings.
Preservation of Affordable Housing: Preservation of affordable housing stock to prevent displacement of existing residents	
Preserving Low-Cost Rental Housing to Mitigate Displacement	Preventing displacement and preserving "naturally occurring" affordable housing through acquisition, low-interest loans/revolving loan fund for preservation, and/or code enforcement. Tualatin can identify partners with shared interests in housing in Tualatin and could lead to more low-cost renter housing. Identifying local or regional funding sources will be key. Tualatin's urban renewal program could include funds for rehabilitation and stabilization of existing low-cost rental housing.
Houselessness and Housing Stabilization: Prevent and reduce houselessness	
Provide Rental Assistance	Identify opportunities to provide rental assistance. The City is currently exploring an informal partnership or collaboration with the Community Action Agency on rental assistance and prevention of houselessness.
Develop Housing Options and Services to Address and Prevent Houselessness	The City of Tualatin should partner with agencies and nonprofit organizations that provide housing and services to people experiencing houselessness. This could include: (1) working with partners to support development of an emergency shelter for people experiencing houselessness, (2) working with service providers who provide rapid re-housing services to exit houselessness, (3) work with nonprofit housing developers and service providers to develop an application to the State for funding for permanent supportive housing, and (4) work with partners to support transitional housing development.

Measure	Description
Workforce Housing Expansion: Expand development of workforce owner and renter housing to increase the jobs-housing balance	
Plan for Workforce Housing Affordable to Workers in Tualatin	Ensure the City includes housing planning for workforce housing that is affordable to people who work at businesses in Tualatin, such as households earning between 61% to 80% median family income (\$55,201 to \$74,000 for a family of four).
Employer Assisted Housing	Identify opportunities to partner with or support employers who are interested in developing an employer-assisted housing program.
Participate in Land Bank	Determine whether to participate in a land bank, which can help communities provide land for workforce housing development. Tualatin, however, has limited land availability at this time. This tool may work better through use of existing public or City-owned land or as land becomes available through redevelopment. The City could take a proactive role in land assembly, either public or purchase of private lands.
Affordable Homeownership	<p>This strategy has two parts: (1) homeownership education and (2) identifying barriers to development of affordable homeownership opportunities. Tualatin can partner with nonprofit organizations that offer homeownership education to low- and middle-income households. The City's role in the partnership may be to promote the educational opportunities and refer people in need of homeownership education to the nonprofit.</p> <p>Tualatin should develop a comprehensive review of the impediments to the development of homeownership opportunities and actionable steps to remove those impediments.</p>
Encourage Diverse Housing Types for Affordable Homeownership	Evaluate allowing and supporting development of other housing types in Tualatin that provide affordable homeownership opportunities, such as small homes, skinny homes, very small homes (dwelling units between 100 and 500 square feet), reuse of cargo containers for housing, and other innovative small housing types. These small units can help meet identified needs for workforce affordable homeownership opportunities.

Measure	Description
Housing for People with Special Needs: Expand development of housing for people with special needs and seniors	
Accessible Design	Provide incentives in the development code to increase the number of units designed to meet Universal Design, Lifelong Housing Certification, and other similar standards. This strategy could include pre-approved plan sets (e.g. SF and townhomes with barrier-free / universal design), within the context of ADA and FHA rules.
Housing for Diverse Populations: Housing to meet the cultural needs of diverse populations	
Encourage Diverse Housing Types in High Opportunity Neighborhoods	Enable developments that support multiple unit sizes, types, and tenure options to promote diverse housing options in high-opportunity neighborhoods, with a goal of reversing historical patterns of racial, ethnic, cultural and socio-economic exclusion. Use an analysis of “Access to Opportunity” to decide which zones or locations (via zoning overlay) to determine where this is appropriate. The purpose of this strategy is to promote access to opportunity (e.g., high performing schools, multiple transportation options, services, etc.) to households with a range of backgrounds and incomes. This strategy may work well with the incentives for development of affordable and workforce housing described in this strategy.
Social and Racial Equity: Develop a lens for housing policy decision-making through consideration of social and racial equity	
Implementation of all Housing Policies through a Lens of Social and Racial Equity and Inclusion	Develop a social and racial equity and inclusion lens to evaluate all housing policies.
Adopt Affirmatively Furthering Fair Housing as a Housing Policy in Comprehensive Plan	<p>Amend the comprehensive plan to explicitly make Affirmatively Furthering Fair Housing a Housing Policy. This strategy is important to prevent and address housing discrimination. Tualatin may consider flexibility in expressly adopting federal guidance, which may change, in a long-term planning document. Tualatin may consider whether the Comp Plan which is implemented through the Development Code is the appropriate home for policies not implemented in that manner.</p> <p>A part of this policy will be ensuring there are opportunities for education about fair housing to residents, property owners, property managers, realtors, lenders and others involved with real estate transactions with access to Fair Housing information and referrals. Ensure that city staff know how to identify potential Fair Housing violations and make referrals to the Fair Housing Council of Oregon and state and local enforcement agencies. Partner with and fund Fair Housing Council of Oregon to provide periodic Fair Housing Audit Testing, customized outreach and education and other specialized services.</p>

Measure	Description
Regulatory and Zoning Change: Greater availability of a diversity of housing types	
Increase Allowable Densities in High Density Zones	Evaluate increasing densities in the Residential High and Residential High Density / High Rise residential designations by allowing buildings that are five to eight stories tall. Ensure that these zones have appropriate minimum densities to ensure that land in these zones is used for higher density housing. As part of this change, the City might evaluate merging the High Density zone and the High Density / High Rise zones into one zone.
Up-zone Land	Evaluate opportunities to re-zone Residential Low Density and Residential Medium Low-Density residential land for higher-density housing in selected areas.
Reduce Off-Street Parking Requirements	Evaluate off-street parking requirements for multifamily housing to identify opportunities for reduction in parking requirements. Tualatin could consider allowing reduction of parking requirements near transit and for affordable housing with tenants who generally own fewer cars, like seniors. In addition, the City should consider allowing public on-street parking in ROW within a certain radius to count towards off-street parking requirements.
Small Dwelling Unit Developments	<p>Tualatin should consider small scale units with affordable housing income limits, that is not part of HB 2001 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. Tualatin should consider this in the context of new cottage cluster regulations because this development type would be similar to cottage cluster development. This would involve calculating density differently for the dwelling units due to their limited size. For example:</p> <ul style="list-style-type: none"> a. Dwelling units 600 square feet or smaller: 0.25 of a dwelling unit. b. Dwelling units 601 to 1,200 square feet: 0.50 of a dwelling unit.
Expedite Permitting for Affordable Rental Housing and Affordable Homeownership	<p>Expedited permitting will help to reduce costs and financial vulnerabilities of development and construction of affordable housing.</p> <p>This strategy would prioritize review of development proposed for affordable rental housing at 0-60% of MFI and below and Affordable Homeownership at 80% of MFI and below.</p> <p>Consider projects with direct or indirect funding from local government as essential and projects with long-term affordability covenants through tax abatement or inclusionary requirements as high priority.</p> <p>Assigning a designated staff person to shepherd these projects through the development and construction process in order to expedite them will be essential.</p>

Measure	Description
Providing Information and Education to Developers of Needed 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. The City could create a formal process to provide this information to include all housing developers, especially aimed at those that can produce the identified "Needed Housing." The City could promote development of "Needed Housing" through a City housing program with variety of venues such as developers' roundtable, informational sessions with developers, promotion of incentives and funding resources and more.
Evaluate Staff Capacity	Determine whether the City will need to add staff to implement the policies in the housing production strategy.
Align Lot Division Density with Zoning Density	Identify and resolve conflicting regulations that can cause unintentional reductions in density, such as the density allowance in the code not matching the density allowance through lot division is considered when a developer would like to create for-sale housing on fee-simple lots. In Tualatin generally, zones that allow dwelling units on fee simple lots and on multifamily sites apply density standards uniformly.
Mixed-Use Development and Redevelopment: Encourage development and redevelopment of housing in commercial areas	
Rezone Land for Mixed-Uses	Identify opportunities to rezone industrial or commercial land for mixed-use that includes employment and residential uses.
Identify Underutilized Commercial Areas Ripe for Mixed-Use Redevelopment	Identify opportunities for redevelopment of mixed-use districts and initiate an area planning process to guide redevelopment. This may be connected with newly forming urban renewal district(s) or may be other commercial areas.
Conversion of Commercial Space to Residential Uses	Identify and evaluate opportunities for housing above ground floor retail and change the development code to allow more housing above ground floor retail in commercial areas. In addition, consider opportunities for conversion of some ground floor retail to allow housing on the ground floor

Measure	Description
Transportation and Public Infrastructure: Plan for and develop transportation and public infrastructure to support affordable housing, workforce housing and mixed-use housing.	
Increase Density in Town Center, near Transit Stations and Regional Multi-Use Trails	The City can consider adopting policies to increase near transit stations, with higher levels of density near high capacity/high frequency stations, then stepping back into residential areas, as well as automatically up zone land near transit stations based on transportation corridor classifications so that wider ROWs get more flexibility in land use by right. The policy can (and should) be put in place when the transit station location is determined, before transit is developed. Tualatin should consider this housing-transportation strategy near Town Center area, near existing WES Station and future WES substations.
Identify Opportunities for Transit-Oriented Development and Communities	The City can provide financial incentives to developers to create transit-oriented communities. Funding can be used for site acquisition, infrastructure projects and residential/mixed-use projects . Metro TOD Grants could be applied for as funding resource. This strategy could be connected with the strategies about Affordable Rental Housing Expansion.
Capital Improvements Programming (CIP) and Public Facility Planning	<p>The City can prioritize work in a Capital Improvements Programming (CIP) and public facilities planning so that projects are constructed sooner to support development of affordable or workforce housing, coordinating housing planning with CIP work to prioritize those projects that would support development (e.g. new water line, sewer pumping station). This planning can make it easier to understand infrastructure costs and allow for planning for more development capacity in areas for higher density housing.</p> <p>Tualatin could consider this strategy as part of future urban renewal planning, which traditionally focuses on employment uses. Identifying where infrastructure constraints are or could be a barrier to denser housing development would be a first step.</p>