

RESOLUTION NO. 1661

A RESOLUTION APPROVING THE CITY'S AFFORDABLE HOUSING REPORT TO METRO IN COMPLIANCE WITH TITLE 7 OF THE METRO URBAN GROWTH MANAGEMENT FUNCTIONAL PLAN

THE TROUTDALE CITY COUNCIL FINDS AS FOLLOWS:

1. Title 7 of the Metro Urban Growth Management Functional Plan is intended to ensure a choice of housing types and to encourage a reduction of regulatory barriers to affordable housing within all jurisdictions of the Metro region.
2. In order to achieve these objectives among the local jurisdictions, Title 7 either requires, or seeks voluntary compliance with, specific tasks such as adoption of a voluntary affordable housing production goal, adoption of comprehensive plan amendments, and consideration of adoption of various affordable housing land use tools and strategies.
3. Title 7 further states that local government compliance is achieved when the governing body considers each tool or strategy and either amends its comprehensive plan and implementing ordinances to adopt the tool or strategy or explains in writing why it has decided not to adopt it.
4. The Troutdale City Council met on June 17, 2003 to consider and discuss the affordable housing tools and strategies available to the City and finds that it has given these tools and strategies full consideration.
5. The City Council desires to submit a progress report to Metro on its consideration of the affordable housing tools and strategies in satisfaction of the reporting requirements of Title 7.


NOW THEREFORE BE IT RESOLVED BY THE COUNCIL OF THE CITY OF TROUTDALE


Section 1. The City of Troutdale's Title 7 Affordable Housing Report, dated June 24, 2003, as set forth in Attachment A, is hereby approved and is authorized to be submitted to Metro.

Section 2. The Affordable Housing Report is deemed to be the City's first and second progress report as required by section 3.07.740 of Title 7.

Section 3. This resolution shall take effect immediately.

YEAS: 6
NAYS: 0
ABSTAINED: 0


Debbie Stickney, City Recorder
Adopted: June 24, 2003


Paul Thalhofer, Mayor
Dated: 6-25-03

CITY OF TROUTDALE
Title 7 Affordable Housing Report
June 24, 2003

In Compliance with the Reporting Requirements of
Metro Code 3.07.740

In January 2001, the Metro Council amended the Urban Growth Management Functional Plan to include an Affordable Housing section (Codified as Title 7 of Chapter 3.07 of the Metro Code). The Title recommends changes to city and county policies related to affordable housing. It also establishes requirements that local governments must undertake in order to demonstrate efforts are being made to accommodate a fair share of the region's needed affordable housing. These requirements include the following:

January 2002. Local Governments are required to consider adoption of:

- I. A voluntary housing production goal established by Metro for each jurisdiction within the region;
- II. Comprehensive Plan and implementing ordinance changes to ensure a diverse range of affordable housing types, maintain the existing supply of affordable housing, and increase opportunities for new affordable housing;
- III. Several specific tools and strategies identified in the Regional Housing Strategy Plan (RHSP);
- IV. Other land use and non-land use tools that promote affordable housing.

By January 20, 2002 cities and counties in the Metro region are to have submitted a brief status report as to what items they have considered and which items remain to be considered.

January 2003. By January 20, 2003 local governments are required to have submitted a progress report on the status of Comprehensive Plan amendments and adoption of land use housing tools.

January 2004. Local governments are required to report on amendments to their Comprehensive Plan; the outcomes of affordable housing tools implemented, and developed, or expected affordable housing projects.

Actions to Accommodate Affordable Housing

The City of Troutdale failed to submit a January 2002 report to Metro on the status of what has been considered and what remains to be considered. Similarly, the City did not meet the January 2003 deadline for a second report to Metro on the status of comprehensive plan amendments and adoption of land use related affordable housing tools. Because the majority of jurisdictions in the Metro region failed to meet the Title 7 compliance deadlines, the Metro Council will be amending Title 7 to extend the deadline for the second progress report to June 30, 2003.

This report is intended to serve as a combined progress report for purposes of Title 7 compliance.

I. Adopt the five-year affordable housing production goal in Title 7 as a guide to measure progress toward meeting the affordable housing needs of households with incomes at or below 50% of median income in our jurisdiction.

As mentioned above, Title 7 establishes a voluntary housing production goal that each jurisdiction is encouraged to adopt. The voluntary affordable housing production goal for Troutdale is construction of 131 additional affordable housing units through the year 2006.

The Troutdale City Council discussed the voluntary affordable housing goal but has decided it is unnecessary to adopt a quantitative goal. In 2002 alone, a 228-unit low-income apartment complex was constructed in Troutdale. All 228 units are being rented to households making 60% or less of Multnomah County 's median household income. It appears than the free market itself is working to meet the housing needs of the low income in this area.

II. Adoption of Comprehensive Plan and implementing ordinance changes that ensure a diverse range of housing types, maintain existing housing supply of affordable housing, and increase opportunities for new affordable housing units.

The Troutdale Comprehensive Plan's Housing Section includes several policies to ensure a diversity of housing types and to address affordable housing. The relevant policies are listed below.

- Residential areas shall offer a wide variety of housing types in locations best suited to each type.
- Review fees and charges regularly to determine the impact on housing costs, and to determine if they are as reasonable and efficient as possible.

- Attempt to balance the benefits of regulatory actions with the cost of such regulations in relationship to the cost of housing, as well as the City's cost of regulation.
- Recognize condominium ownership as a legitimate and affordable housing alternative. Condominium developments will be encouraged provided the density meets the requirements in the Comprehensive Plan.
- Recognize the need for housing for senior citizens and encourage senior center complexes, or other developments that serve primarily senior citizens.
- Recognize and promote single-family attached homes as a legitimate and desirable alternative to single-family detached homes.
- Recognize the need for additional multi-family dwellings in Troutdale and encourage multi-family developments in areas designated for such in the Comprehensive Plan.
- Encourage a mix of single-family, duplexes, tri-plexes, and four-plexes as part of a Planned Development as an attractive and desirable alternative to providing just a single type of housing in a subdivision.
- Recognize manufactured homes as an affordable alternative housing type.
- Pursue methods of improving the quality of deteriorated housing stock, particularly in the downtown area, in order to upgrade the total housing stock.
- Attempt to offer incentives to homeowners to repair and upgrade poor quality housing stock.

The Troutdale Development Code is the principal implementing ordinance for accomplishing the housing policies of the Comprehensive Plan. Particular provisions of the code that meet housing diversity and affordable housing objectives of Title 7 include the following.

- The code establishes land use zones that provide development opportunities ranging from detached single-family (LDR zones) on 20,000 sf lots to high-density multi-family (A-2) units at one dwelling unit per 1,500 sf of land area. Attached single-family housing is permitted in the medium and high-density residential zones as well as for all zones within the town center overlay district.
- Accessory residential units are permitted within the single-family residential zones subject to certain standards to ensure compatibility with the surrounding neighborhood.

- Manufactured homes are allowed on individual lots in all residential zones that allow single-family detached dwellings. Manufactured home parks are allowed in the two medium density residential zones.
- Congregate care facilities, which are specialized housing to meet the needs of the elderly and handicapped, are permitted by conditional use in most of the low-density residential zones and permitted outright in the medium and high-density residential zones, as well as the Mixed Office/Housing and the Central Business District of the city. These are groups that generally need access to affordable housing.

In conclusion, the City's Comprehensive Plan contains policies and a range of implementation strategies that facilitate the development of affordable housing. The Troutdale Development Code implements these policies and strategies in a variety of ways to ensure a diverse range of housing types and to increase opportunities for new affordable housing units to be built. The current Comprehensive Plan and implementing ordinance satisfy the Title 7 requirements.

III. Consider the adoption of specific affordable housing land use tools and strategies.

Title 7 requires that local governments consider the following seven affordable housing land use tools as potential amendments to the comprehensive plan and implementation ordinances. These are described below, along with a description of Council actions, if any, related to each.

1. Density Bonus

A density bonus is a land use incentive that allows a developer to construct more units than would otherwise be allowed in a specified zone in exchange for the provision of affordable housing units.

The city has not done extensive research on the use of density bonuses in exchange for affordable housing units, but our basic understanding of how this type of program works suggests that it is not feasible to implement. In order to implement a density bonus program, a city/developer agreement and periodic monitoring is needed to make sure the units are rented at affordable rates and rented to households who have incomes falling within the range established by the city, state or federal government (depending on the specific program). Also, periodic updating of the income levels would be necessary. The City currently allows up to a 25% density bonus within residential planned developments when certain criteria are met. The criteria do not specifically speak to affordable housing; however, provision of affordable housing would certainly qualify for the density bonus allowed in planned developments.

Status of Consideration

The administration and monitoring requirements of a density bonus program tied to affordable housing would require City staff time and expertise both of which currently

are unavailable and financially not feasible. For this reason, the City does not favor adoption of such a program.

2. Replacement Housing

Replacement housing is the concept that affordable housing units lost through demolition or conversion must be replaced by an equal number of similarly sized, priced and located units by the agency or individual deemed responsible for the loss of the original units. This affordable housing tool is usually applied within urban renewal districts when urban renewal funds are being used to improve urban blight through the removal of older, dilapidated housing stock.

Status of Consideration:

The City Council attempted to create an urban renewal district in 2001; however, the voters overturned the Council's action when the issue was placed on the ballot through the petition process. Linking a replacement housing policy to urban renewal is not currently an option. To effectively implement this tool outside of an urban renewal program, the City would have to know whether the housing being demolished or converted qualifies as affordable housing and must therefore be replaced. The City does not have an inventory of affordable housing, nor does it have the staffing and expertise to research and compile such an inventory. Furthermore, in Troutdale's case any housing units that are candidates for demolition or conversion are likely to be older, deteriorated housing units that are desirable to be removed from the housing supply. It may not be reasonable or practical in many instances to require old, dilapidated housing to be replaced only by new affordable housing units. For these reasons, the City does not favor this program.

3. Inclusionary Housing

In its various forms, inclusionary housing is a mandatory requirement or voluntary objective that assigns a percentage of housing units in new residential developments to be sold or rented to low or moderate-income households at an affordable rate. Mandatory inclusionary housing is prohibited in Oregon. Most inclusionary housing programs rely on a combination of incentives. These can include a density bonus, fee waivers, or reduced system development charges.

Status of Consideration:

The City Council does not favor implementing a voluntary inclusionary housing strategy through incentives and prefers to let the free market determine the best location and the need for affordable housing.

4. Transfer of Development Rights

Transfer of development rights (TDR) is a zoning strategy designed to direct development from one site to another in order to preserve a publicly valued (and typically natural) resource. As applied to housing, it allows the transfer of unused density or development potential from one site to another. Strategies identified by Metro include encouraging local governments to consider TDR in Town Center areas.

Status of Consideration:

The City has looked at TDR programs relating to development within the vegetation corridor and flood management areas as a resource protection measure. However, our understanding of how these programs work showed them to be very difficult and time consuming to administer. Applying TDR as a means of encouraging affordable housing would prove to be no easier to administer. The City does not have the staff or expertise to implement this type of program. For this reason, the City does not favor adoption of a TDR program.

5. Elderly and People with Disabilities

Title 7 recommends that local governments examine their zoning codes for conflicts in meeting the locational need of the elderly and disabled. This affordable housing strategy includes focusing development for low and moderate-income seniors with disabilities in transit-friendly areas to encourage continued independence and mobility.

The Troutdale Development Code already allows accessory dwelling units, or so-called granny flats, in all single-family residential zones. Accessory dwellings often provide an affordable housing option for the elderly or those with special needs who may be able to live independently but require some level of supervision or oversight.

Congregate care facilities, which are specialized housing to meet the needs of the elderly and handicapped, are permitted conditionally in most of the low-density residential zones and are permitted outright in the medium and high-density residential zones, as well as the Mixed Office/Housing and the Central Business District of the city. These are groups that generally need access to affordable housing. Adult foster care facilities are permitted in all the residential zones.

Those City zoning districts that allow for congregate care facilities or similar types of senior housing are located adjacent to transit streets to make it easier to access public transportation. An 82-unit senior housing facility that was recently approved and is expected to be under construction by the end of 2003 will be located adjacent to 257th Ave, a primary transit route within Troutdale.

Status of Consideration:

The City believes that the current zoning code presents no conflicts in meeting the locational needs of the elderly and disabled.

6. Local Regulatory Constraints/Discrepancies in Planning and Zoning Codes/Local Permitting or Approval Process

Title 7 asks that local governments look at ways of streamlining the permitting process and making other changes to the planning and zoning codes in order to reduce obstacles to affordable housing. The City is constantly monitoring and evaluating the performance of its development code to improve efficiency in processing land use applications. Based on the comments and feedback we have received from developers over the years, the City feels very strongly that its procedures and processes are very

efficient and streamlined when compared to other cities in the Metro region. The development code already establishes some process time frames that are less than the maximum allowed under state law. For example, state law allows up to 30 days from the time a land use application is submitted to the time the jurisdiction must acknowledge an application as complete in order to commence the statutory 120-day processing deadline. Troutdale's development code establishes only a 15-day review period in order to determine whether an application is complete. There are other examples where our process is more expedient than state law authorizes. In addition, because of Troutdale's size and relatively small staff, the City's development review process amounts to one-stop permitting and there is usually a single staff contact responsible for shepherding a development application through the permitting process.

Status of Consideration

The City believes its development code already promotes efficient and effective permitting and review processes toward achieving more affordable housing projects.

7. Parking

Parking standards affect the cost of development and, therefore, are an important cost consideration in the provision of affordable housing. Title 7 encourages local government to review their parking requirements for impacts on affordable housing.

Status of Consideration:

The Troutdale Development Code recognizes that reduced parking standards are appropriate in instances where transit is readily available to the site. The code allows up to a ten percent reduction in the required number of off-street parking spaces when the site is within 400 feet of a transit route and the development provides a transit stop and related amenities. The code also allows for shared use parking by multiple uses if it can be shown that the need for the parking does not materially overlap. The two principal mixed use zones of the City – Central Business District and Mixed Office/Housing – make affordable housing more feasible by not requiring any off-street parking at all (CBD zone), or by allowing on-street parking that abuts the site to substitute for required off-street parking (MO/H zone).

The City believes that its current parking requirements meet the needs of the residents of all types of housing and makes provisions to reduce the cost of providing parking in affordable housing developments.

IV. Other land use and non-land use actions considered or taken by the City of Troutdale to support the development of affordable housing in the community.

Title 7 also encourages local jurisdictions to analyze, adopt and apply other land use and non-land use strategies to increase and preserve the supply of affordable housing. Additional strategies considered or already acted on by the City of Troutdale are listed below.

1. System Development Charges

System Development charges (SDCs) are a financial tool to assist with funding improvements to water and sewer systems, parks, roads, and other infrastructure. The purpose of SDCs is to impose an equitable share of the cost of capital facilities upon those developments that create the need for or increase the usage of those facilities. Strategies identified by Metro include reducing, waiving or deferring SDCs for affordable housing projects.

Status of consideration:

As allowed by state law, the City of Troutdale imposes SDCs for water, sanitary sewer, transportation, storm sewer, and parks and recreation. The City's SDC code already exempts facilities in existence as of July 11, 1995 from paying the additional transportation SDC that normally is required when the use within the facility changes to one that generates more vehicle trips to the site. This means that conversion of any building predating July 11, 1995 for affordable housing would be exempt from paying the transportation SDC associated with that use change. The City has also demonstrated its willingness to be flexible in how it applies SDCs to special needs housing projects to reduce construction costs, thereby making them more affordable. A recently approved 82-unit congregate care facility for senior citizens is being given a lower use classification for purposes of calculating its SDC fees in order to lower the overall amount of these charges to the developer, and ultimately to the occupants.

The Council could modify its SDC ordinance to allow some or all SDCs to be waived or deferred in particular situations such as an affordable housing project; however, the council has not given serious consideration to this idea and there are no plans to do so.

2. Permit Fees

Permit fees are charged to support the review of construction plans and building site inspections to ensure safe buildings that comply with state and local codes. The amount of a building permit fee is based on the construction type and anticipated cost of the proposed project. Strategies identified by Metro include reducing, waiving or deferring payment of permit fees.

Status of Consideration:

We are not aware of any housing project proposed for construction in Troutdale that was rendered financially infeasible due to our permit fees. For this reason, the City does not believe that waiving or reducing permit fees will necessarily attract more affordable housing projects here.

3. Property Tax Exemption

Property tax exemptions allow the owners of targeted low-income housing to reduce rents or allow homeowners to reduce monthly housing costs. Strategies identified by Metro include encouraging use of the property tax exemption on single and multifamily housing.

Status of Consideration:

Troutdale has not investigated this option; however, the City has been experiencing a shrinking budget due to declining property tax revenues. Given the City's worsening budget picture, this does not appear to a viable option.

4. Land Cost and Availability

When the supply of land available for housing is limited and demand for additional housing is high, the cost of land increases. Strategies identified by Metro to address the issue of land cost and availability include public and private donation of land, land banking, and public-private partnerships.

Status of Consideration:

The City of Troutdale owns several tracts of property that are candidates for redevelopment. The most notable of these is the former sewage treatment plant site located in the downtown. The City has been studying various alternatives for how this property could be redeveloped in the future. One of the favored alternatives includes a housing component. Although the property is quite distant from a transit line and does not lend itself well to bus service, the City could specify in the sales agreement for the property that the redevelopment must include a certain number of affordable housing units. No decision has yet been made to impose such a condition on the sale of the property.

5. Other Actions the City Has Taken to Support Affordable Housing

As was mentioned previously under the replacement housing discussion, the City Council approved the formation of an urban renewal district in August of 2001 for the downtown area that includes the city's oldest and lowest cost housing units. The adopted urban renewal plan earmarked \$300,000 for low-interest housing rehabilitation loans in order to provide assistance with repairs and improvements to the City's aging and deteriorating housing stock that is predominantly occupied by the low income. The urban renewal district was overturned in March 2002 when the question was placed before the voters in a special election called for through a petition process.

In 1996 the City approved the construction of a 112-unit RV park on property that abuts the Sandy River and is near I-84 and Historic Columbia River Highway. Although this development was originally intended to be an overnight RV campground for use by the traveling public, the facility soon became popular among retired persons and lower income residents who reside in motor homes and other types of recreational vehicles. Eventually, the RV park became a de facto affordable housing project for seniors and the low income. After conducting a public hearing to determine whether the actual use of the RV park violates the land use permit which authorized its construction, the City Council concluded that the park served a valid need by accommodating those who could not afford conventional housing in this area. The City now recognizes the RV park as a legitimate affordable housing option for retired persons and those on limited incomes.

V. Conclusion

As required by Title 7 of Metro's Urban Growth Management Functional Plan, this report serves as an analysis of land use related affordable housing tools and strategies. In this analysis, the Troutdale City Council has considered all of the land use tools and strategies listed in Section 3.07.730(B) of the Metro Functional Plan. In considering these various tools and strategies, the Troutdale City Council has determined that the City's comprehensive plan and implementing ordinances are consistent with the goals and objectives of Title 7 and already accomplish the following:

- Includes strategies to ensure a diverse range of housing types.
- Includes actions and measures designed to maintain the existing supply of affordable housing as well as increase the opportunities for new dispersed affordable housing.
- Includes polices, actions and measures aimed at increasing opportunities for households of all income levels to live in affordable housing.

In light of the above, the Troutdale City Council finds it unnecessary to amend the comprehensive plan or to adopt any additional land use-related affordable housing tools.