

PROJECT BACKGROUND

Wilsonville, like Portland, has a housing crisis. Wilsonville is not your typical suburb as the town has a higher percentage of renter-occupied households than Portland, 53.8% to 52.8% respectively (Source 2014 American Community Survey). The vast majority of renters in Wilsonville live in unregulated-market rate housing where rents are subject to market conditions and recent changes in ownership are triggering large rent increases. Like Portland as a whole, rent increases in Wilsonville are outpacing income growth and more and more people are paying a higher percentage of their household income for housing. In Wilsonville, according to the 2014 American Community Survey data, 42.7% of renting households pay more than 30% of their household income for housing, which by definition is not affordable. Almost one third of the renting households in Wilsonville, 32.5%, pay 35% or more of the household income for rent. As housing affordability declines in Wilsonville more and more community members are being displaced or are opting to move out of town in search of more affordable rental and homeownership opportunities.

An increasing number of community members have testified before the Wilsonville City Council about how the large and sudden rent increases are no longer affordable and threaten the community member's housing stability. A low vacancy rate in Wilsonville and a strong demand for housing are enticing many out-of-state investors to buy and then increase rents in Wilsonville's multi-family communities. The lack of regulation such as rent control and the shortage of supply make Oregon an attractive place to make multi-family rental investments.

There is a growing concern among community members about the availability of high quality affordable housing in Wilsonville. The City's recently completed 2016 Community Survey concluded that only 22% of residents rated the availability of affordable quality housing as excellent or good which, according to the National Research Center, is below the national benchmark for the measure. This is in contrast to the results in 2014 when the survey was last conducted and 47% of the households surveyed felt Wilsonville had excellent or good availability of affordable quality housing.

In the recently completed Community Survey a community member states,

"Housing-too expensive to purchase a home here. When our rental agreement is up, we will be forced to move out of Wilsonville due to high price of homes and rent. We have lived here for 17 years, but are no longer able to afford to."

As a result of this community feedback and changes in the housing market the Wilsonville City Council directed staff to look into various programs options, and new legislative changes that can address these community concerns.

Rapid rent increases are also spurring many renters to pursue becoming a first-time homebuyer, but Wilsonville has an insufficient housing stock of entry-level homes. According to the Regional Multiple Listing Service (RMLS) on July 28, Wilsonville had no single-family homes for sale below \$300,000 and



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only 12 condos and townhomes below \$300,000. Many community members who want to buy a first home must leave Wilsonville to pursue homeownership in more remote communities, like Canby, Keizer, Woodburn, Newberg and Molalla among others with lower housing prices, a larger inventory of homes and often much longer commutes.

According to U.S. Census and population estimates Wilsonville has a significant workforce of approximately 18,500 employees, but unfortunately only 9% of the Wilsonville based employees also reside in Wilsonville. Each day approximately 16,500 employees commute to and from their jobs in Wilsonville. Additional work-force housing opportunities specifically targeted at Wilsonville workers will help the region reduce traffic and congestion, support previous road investments and reduce future greenhouse gas emissions and help meet regional climate change goals.

Increasing rents, soaring housing prices, large numbers of commuters, along with new policy opportunities to promote equitable housing make this project both timely and necessary.

Other Planning and Studies

In 2013, the City prepared a Residential Lands Study, also known as a housing needs analysis, to plan for the future of Wilsonville's neighborhoods. The purpose of the study is to forecast Wilsonville's housing needs over the next 20 years. The analysis prepared by ECONorthwest concluded that the City's residential policies provide an adequate framework for meeting the forecasted housing need. It also concluded Wilsonville may not have a 20-year supply of residential land if it continues to grow at the historical growth rate over the 2000 to 2010 period (2.8% annual growth).

The report highlighted the City's population has grown continuously over time, even during the Great Recession. Between 2000 and 2012, Wilsonville added 6,500 new people—an increase of 47%. This growth has continued throughout the economic recovery: since 2012, the population has increased by another 2,200 residents. While the City's planning framework provides opportunities for development of housing that is affordable to Wilsonville's current and future workforce, both for owner-occupied and renter-occupied housing, a limited land supply coupled with significant growth will continue to impact housing prices. That said, like other communities in the Metro region, Wilsonville will have an on-going need for housing affordable to lower-income households, as well as middle- and upper-income households.

Since publishing the report in 2013, the City has published two Annual Housing Reports to track housing construction and supply in the City. These reports confirm the high growth rates, and corresponding record-setting housing construction activity, while also tracking increasing housing prices. The increase in housing values raised the average sale price of a home to \$385,000 putting it 6% above the affordability target for the average Wilsonville family (based on the median household income reported by the 2013 U.S. Census: \$56,430). Based on the average sale price of a home, the household's mortgage payment equals almost 40% of the average family's income. With a continued increase in home values, the city's commitment to providing a range of housing options to meet the various preferences and income levels of Wilsonville employees and residents remains critical.



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In addition, the City has recently completed the Frog Pond Area Plan and is kicking off the Town Center Redevelopment Plan both made possible through Metro's Community Planning and Development Grants. The Frog Pond Area is a new residential neighborhood that calls for a range of housing types and sizes, and the Town Center project will be looking at what amount and types of housing are appropriate for that area. As the City plans for growth in both of these areas, and experiences unprecedented housing cost increases, it has become necessary the City works to ensure all community members have an opportunity to secure housing among these options.

EVALUATION CRITERIA

Expected Development Outcome

In addition to developing and adopting an Equitable Housing Strategic Plan the City's proposal includes initiating implementation of the top three priorities as identified in the plan. These action steps might include adopting new resolutions or programs to create new funding sources, or amend zoning code, or partner with local housing providers to facilitate development of a broader range of equitable housing options to better meet the community's diverse needs.

Objectives of the plan align with Metro's overarching objectives for the program, which are:

- Increase and diversify market-rate housing
- Leverage growth for affordability
- Maximize and optimize resources
- Mitigate displacement & stabilize communities

The biggest barriers to developing equitable housing are the availability of resources and land. As a rapidly growing community Wilsonville has limited time and opportunity to incentivize the development of equitable housing before all the available land is fully developed. This project seeks to fast-track the creation of new policies and programs which aim to fundamentally alter future residential growth to incorporate more equitable housing opportunities for a broader range of community members. The City expects to continue growing in line with historic growth rates. As such, residential development is expected to continue in the immediate future and long-term. This project can help influence that expected development.

Success depends upon selecting the best policies and programs to incentivize non-profit and for-profit housing developers to build new forms of housing that better meet the long-term needs of current community members, limit displacement, maintain quality of life and leverage external resources.

The development and implementation of this strategic plan, including a commitment of \$10,000 in matching contributions, is supported by the Wilsonville City Council and is documented by the City Council's passage of Resolution 2599 on August 1.

