



PLANNING COMMISSION

WEDNESDAY, MAY 13, 2020

II. LEGISLATIVE HEARINGS

- A. Equitable Housing Strategic Plan (Rybold) (60 Minutes)



PLANNING COMMISSION STAFF REPORT

Meeting Date: May 13, 2020		Subject: Equitable Housing Strategic Plan	
		Staff Member: Kimberly Rybold, AICP, Senior Planner	
		Department: Community Development	
Action Required		Advisory Board/Commission Recommendation	
<input type="checkbox"/> Motion <input checked="" type="checkbox"/> Public Hearing Date: 5/13/2020 <input type="checkbox"/> Ordinance 1 st Reading Date: <input type="checkbox"/> Ordinance 2 nd Reading Date: <input type="checkbox"/> Resolution <input type="checkbox"/> Information or Direction <input type="checkbox"/> Information Only <input type="checkbox"/> Council Direction <input type="checkbox"/> Consent Agenda		<input type="checkbox"/> Approval <input type="checkbox"/> Denial <input type="checkbox"/> None Forwarded <input checked="" type="checkbox"/> Not Applicable	
		Comments: N/A	
Staff Recommendation: Conduct the public hearing, and when complete, forward a recommendation to City Council to adopt the proposed Equitable Housing Strategic Plan.			
Recommended Language for Motion: I move to adopt Resolution LP20-0002 recommending adoption of the Equitable Housing Strategic Plan.			
Project / Issue Relates To:			
<input checked="" type="checkbox"/> Council Goals/Priorities Housing Affordability Study and Policy Development	<input type="checkbox"/> Adopted Master Plan(s)	<input type="checkbox"/> Not Applicable	

ISSUE BEFORE COMMISSION:

Hold a public hearing and forward recommendation to City Council regarding the proposed Equitable Housing Strategic Plan.

EXECUTIVE SUMMARY:

In 2016, Wilsonville applied for and received a Metro Community Planning and Development Grant to develop an Equitable Housing Strategic Plan. The primary goal of this project is to identify gaps that are currently present in Wilsonville's housing market and develop a plan with prioritized strategies to fill these gaps, providing Wilsonville residents and employees housing opportunities for different household compositions, ages, and income ranges.

Development of the Equitable Housing Strategic Plan (Attachment 1) was guided by the City Council's 2017-2019 goal to "Pursue a balanced housing mix with a variety of choices to meet the needs of current and future residents of varying financial levels." From this broad goal, along with input from the Planning Commission and project task force, the City Council developed seven policy objectives to guide development of the recommended strategic actions included within the Plan.

As a first step to help identify gaps in the City's housing market, the project team prepared a Housing Market Research Report (Appendix A) highlighting key factors affecting Wilsonville's housing market, including changing demographics, increased rental costs, and unit type mix of recent construction. The project team also undertook a variety of stakeholder outreach activities (Appendix B), including focus groups, interviews, an informational kiosk, and in-person and online surveys, where over 100 people shared perspectives on housing in Wilsonville. This information, coupled with input from the project task force, Planning Commission, and City Council, shaped the actions and overall framework of the Equitable Housing Strategic Plan.

Actions within the Plan are split into two categories – those best suited for implementation to begin in the next two years, and those that will require additional exploration to determine funding and undertake stakeholder outreach. Based on feedback received at the February Planning Commission work session, the project team added considerations for some of the Plan's actions, including those related to Transit-Oriented Development at the Wilsonville Transit Center (Action 1A), Missing Middle Housing Planning (Action 1B), and Equitable Housing Approaches in New Urban Growth Areas (Action 1C). The project team also included additional implementation considerations for the Actions Requiring Further Exploration, including the addition of an action supporting local repair programs (Action 2G) based on task force feedback. At its April 6 work session, City Council reaffirmed this framework and the actions within it, noting that all five actions within the Implementation Actions category are important in achieving the overall Council goals for this Plan.

Based on Planning Commission and City Council feedback and in acknowledgement of the changes in circumstance surrounding the COVID-19 epidemic, the final draft Plan includes the following refinements:

- Spotlights to provide historic context about Wilsonville's housing polices and successes, information about different cost factors for market-rate housing, a discussion on the role of inclusion in creating equitable housing, and quotes from stories shared on *Let's Talk, Wilsonville!*
- A discussion on the role of this Plan in the context of COVID-19 recovery.
- Additional guidance on funding sources, including a roadmap to evaluate a Construction Excise Tax (a percentage-based fee on new residential or commercial construction charged

at the time of permitting), reflecting City Council direction to evaluate this funding mechanism in the next six months to a year (Appendix C).

- Refinement of the Steps for Implementation chapter to include suggested indicators to measure the progress of the Plan in achieving its policy objectives and a framework for monitoring and prioritizing the Plan's actions over time.

Adoption of the Plan will give the City a framework to guide implementation of these actions with the goal of making housing more affordable and attainable. As the City begins to implement the Plan's actions, the Planning Commission will play a critical role in providing insight and recommendations on considerations listed in this Plan, particularly those involving changes to the City's Development Code and land use process.

EXPECTED RESULTS:

Recommendation to the City Council to adopt the proposed Equitable Housing Strategic Plan.

TIMELINE:

The Planning Commission is scheduled to hold the first public hearing on the Equitable Housing Strategic Plan on May 13, 2020. A public hearing date is scheduled before the City Council on June 15, 2020.

CURRENT YEAR BUDGET IMPACTS:

The Professional Services Agreement has a budget of \$62,500 included within the CD Fund in the adopted budget, which is funded through a Metro Community Planning and Development grant with a \$10,000 City match. Staff estimates spending approximately \$50,000 of the remaining Professional Services Agreement contract amount during this fiscal year.

FINANCIAL REVIEW / COMMENTS:

Reviewed by: Date:

LEGAL REVIEW / COMMENT:

Reviewed by: Date:

COMMUNITY INVOLVEMENT PROCESS:

There have been multiple opportunities for the community to participate in the project. Participation opportunities included an advisory task force, stakeholder interviews, focus groups, and online surveys, in addition to work sessions and public hearings before the Planning Commission and City Council. The project team seeks to provide meaningful stakeholder engagement and worked with stakeholders to make available fair and equitable opportunities to voice needs and opinions for the future of equitable housing development in Wilsonville.

POTENTIAL IMPACTS or BENEFIT TO THE COMMUNITY:

As a result of this project, the City will have a better understanding of the specific housing gaps that exist within Wilsonville, with a list of policy strategies for the City to pursue aimed at filling these gaps. Pursuit of these strategies will strive to make housing more affordable and attainable for City residents and employees, ensuring Wilsonville provides housing opportunity for different household compositions, ages, and income ranges.

ALTERNATIVES:

The Planning Commission may recommend the Plan as is, with modifications, or continue the hearing for more information or deliberation.

CITY MANAGER COMMENT:

ATTACHMENT:

1. Equitable Housing Strategic Plan, May 2020
 - Appendix A. Housing Market Research Report
 - Appendix B. Stakeholder Outreach Process and Themes
 - Appendix C. Construction Excise Tax Implementation Roadmap
 - Appendix D. All Actions Evaluated
 - Appendix E. Property Tax Abatements for Housing in Oregon
2. Equitable Housing Strategic Plan LP20-0002 Planning Commission Record Index

**PLANNING COMMISSION
RESOLUTION NO. LP20-0002**

A WILSONVILLE PLANNING COMMISSION RESOLUTION RECOMMENDING APPROVAL OF THE EQUITABLE HOUSING STRATEGIC PLAN TO THE CITY COUNCIL.

WHEREAS, the Planning Commission of the City of Wilsonville (“City”) who under Wilsonville City Code Section 4.032 has the authority to review and make recommendations to the City Council; and

WHEREAS, in 2016, the City applied for and received a Metro 2040 Planning and Development Grant for the creation of an Equitable Housing Strategic Plan (“Plan”) in response to community concerns about increasing housing costs; and

WHEREAS, in 2017, the City approved an Inter-Governmental Agreement between Metro and the City, which outlined the major milestones, deliverables, and funding conditions for completing the Plan; and

WHEREAS, upon receiving the Metro grant, the City Council identified pursuit of a balanced housing mix with a variety of choices to meet the needs of current and future residents of varying financial levels as a City Council goal for FY 2017-19; and

WHEREAS, community involvement for the Plan began in July 2019 and included an advisory task force, focus groups, interviews, an informational kiosk, and in-person and online surveys, where over 100 people shared perspectives on housing in Wilsonville; and

WHEREAS, a Market Research Report assessed the City’s current housing mix and future demographic trends to inform the Plan’s actions; and

WHEREAS, the results of the Market Research Report and community involvement informed the framework and actions contained in the Plan; and

WHEREAS, the City Council held five work sessions and the Planning Commission held three work sessions regarding the Plan; and

WHEREAS, the Planning Commission, after Public Hearing Notices were provided to a list of interested parties and interested agencies, published in the Wilsonville Spokesman, and posted in two locations throughout the City and on the City’s website, held a public hearing on May 13, 2020 to review the Plan and to gather additional testimony and evidence regarding the proposed Plan; and

WHEREAS, the Planning Commission has afforded all interested parties an opportunity to be heard on this subject and has entered all available evidence and testimony into the public record of their proceeding; and

WHEREAS, the Planning Commission has duly considered the subject, including the staff recommendations and all the exhibits and testimony introduced and offered by all interested parties.

NOW, THEREFORE, BE IT RESOLVED that the Wilsonville Planning Commission does hereby adopt the Staff Report (attached hereto as Exhibit A) and its attachments as presented at the May 13, 2020 public hearing, including the findings and recommendations contained therein, and further recommends the Wilsonville City Council adopt the Equitable Housing Strategic Plan as hereby approved by the Planning Commission.

BE IT FURTHER RESOLVED that this Resolution shall be effective upon adoption.

RECOMMENDED by the Wilsonville Planning Commission at a regular meeting thereof this 13th day of May 2020, and filed with the Planning Administrative Assistant on May 14, 2020.

Wilsonville Planning Commission Chair

Attest:

Tami Bergeron, Administrative Assistant III

SUMMARY of Votes:

Chair: Kamran Mesbah: _____
Commissioner: Ron Heberlein _____
Commissioner: Jerry Greenfield _____
Commissioner: Phyllis Millan _____
Commissioner: Jennifer Willard _____
Commissioner: Aaron Woods _____
Commissioner: Vacant N/A



Wilsonville Equitable Housing Strategic Plan

May 2020



ATTACHMENT 1

Acknowledgements

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ATTACHMENT 1

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1. A Call for Action

Rising housing prices affect every community in the Portland metropolitan region in different ways, and each community is searching for solutions that match their unique challenges.

Wilsonville experiences many of the same challenges as other communities in the region: affordable rental and homeownership options are increasingly out of reach for current residents as well as for those seeking a new life in the community, construction costs are rising, and there is a limited supply of new land.

At the same time, Wilsonville has unique challenges that require targeted solutions. For example, while multifamily housing comprises over half of Wilsonville’s housing stock, the City’s supply of low-cost market rate housing units is limited. And, while the City is planning for new housing in urban growth areas, there are limited opportunities for near-term new development opportunities in established residential neighborhoods. The City also has no dedicated City staff working to promote lower-cost housing options.

In the midst of the regional housing crisis, and as the economic recovery from COVID-19 takes shape, Wilsonville seeks to expand opportunities and access for more people to enjoy the City’s quality of life. To address the community’s housing needs now and in the future, the City has committed to establishing a roadmap toward a more *equitable* housing system. While housing affordability is a key component of housing equity, providing more rent-restricted affordable housing without also taking other actions will not achieve the full potential of an equitable housing approach.

Equitable housing means that all people are able to find a home that meets their location, price, space requirements, and desired amenities. It requires a strategy that not only accounts for new units and price points, but also other features needed by the people who will occupy them.

With this Strategic Plan (Plan), the City commits to a set of actions that it will begin in the next two years and beyond to move toward more equitable housing outcomes.

The Plan’s actions encourage the production of more diverse housing types with access to services, improve partnerships with housing providers, expand homeownership opportunities, and reduce displacement risk for Wilsonville residents.

WHAT IS EQUITABLE HOUSING?

Equitable housing goes beyond simple 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. This broad definition includes choices for homes to buy or rent that are accessible across all ages, abilities, and incomes and convenient to everyday needs, such as transit, schools, childcare, food, and parks.

Equitable housing also represents a system that accounts for the needs of households with low income and communities of color, recognizes a history of housing discrimination, and complies with current state and federal fair housing policy. *Source: Metro*

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WHY NOW?

Residents have expressed concern about being displaced or having to move out of the city in search of more affordable rental and homeownership opportunities. Residents have also expressed an interest in encouraging a broader range of housing types to be built, including more single-level homes with accessibility or adaptability features, accessory dwelling units and entry-level homes.

The City pursued the Metro Equitable Housing Grant in 2016 that funded this work, and established a Council Goal for 2017-2019 as follows: *Pursue a balanced housing mix with a variety of choices to meet the needs of current and future residents of varying financial levels.*

This Strategic Plan documents the plan process, key findings from the outreach and technical analysis, the City's framework action, and details the list of specific actions the City will take to advance its equitable housing goals.

How can this Plan Advance Housing Equity?

Access to housing is foundational to family success and helps to achieve broader equity goals. Affordable, stable housing can help families meet their basic needs and build reserves for unforeseen expenses. Providing a diverse set of housing sizes and types can help to accommodate the many different households that might wish to locate in Wilsonville in the future. Furthermore, locating those units close to services, transit, parks, civic buildings, and retail opportunities can increase quality of life.

Starting a conversation about equity with an intentional focus on housing can lead to meaningful change toward better outcomes for all Wilsonville residents. Housing equity means that people have housing choices that meet their unique needs without racial and economic disparities. It is a key component of a larger strategy of achieving greater equity.

WHAT IS EQUITY?

There are many working definitions and visions of what an equitable world would look like. One definition, from the Stanford Social Innovation Review, describes equity this way:

*"It is about each of us getting what we need to survive or succeed—access to opportunity, networks, resources, and supports—based on where we are and where we want to go."*¹

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THE RIPPLE EFFECTS OF AFFORDABLE HOUSING

Housing affordability is an important component of housing equity. Research for Metro's 2018 Affordable Housing Bond found that access to stable, accessible housing that people can afford contributes to a wide range of equitable outcomes:

- **Better outcomes for schoolkids:** Studies have shown that children from low-income families earn more as young adults when they spend more of their childhood in an affordable home.²
- **Increased access to jobs:** A TriMet analysis suggests high housing costs are playing a role in pushing low-income workers into neighborhoods where there are more dispersed street networks, low population densities, and a lack of safe walking routes.
- **Lower housing cost burdens for people of color:** Better access to affordable housing would lead to increased stability for people of color, since they often experience housing cost burden. In the Portland Metro region, 51% of households headed by a person of color pay more than 30% of their income for housing, compared with 46% of households headed by a white person. Fifty-two percent of households with a Latinx householder are cost-burdened.³
- **Better quality of life for seniors and people with disabilities:** Research shows that low-income seniors who pay less than half of their income on rent have up to \$150 more per month, or \$1,800 more per year, available to spend on health care or other basic necessities than their cost-burdened peers.⁴
- **A more stable economy:** Analysis shows that the economy of greater Portland is being held back because of the growing imbalance between housing costs and wages—one estimate predicts this imbalance will result in 50,000 fewer jobs over the next 10 years.⁵ Workforce housing supply is a critical component to Wilsonville's ability to remain a desirable place to do business. Prospective employers are weighing this factor more heavily than they have in past when making decisions on relocation and expansion.
- **Lower medical expenses:** A Providence Health study in the Portland region showed that once lower income families moved into affordable housing, they had fewer emergency room visits and accumulated lower medical expenditures than in the year before they moved in.⁶
- **More stable employment:** Housing stability affects worker performance. For low-income workers who experienced an eviction or forced move, the likelihood of being laid off increases between 11 and 22 percentage points, compared to similar workers who were not forced to move.⁷

"For many of our patients, a safe, decent, affordable home is like a vaccine—it literally keeps children healthy."

-Megan Sandel, M.D., M.P.H. and Deborah Frank, M.D.

The Role of this Plan during COVID-19 Reopening and Recovery: What Changes with Implementation?

This Plan is the first step in a change from business as usual, at a time when change from business as usual is called for. It was completed in May 2020, during the global COVID-19 pandemic and associated stay-at-home orders. Most of the research, outreach, and plan development occurred prior to March 2020, without any expectation of the sudden economic slow-down that would impact Wilsonville (and the world). The timing for re-opening Oregon's economy, the full impacts of stay-at-home orders, and the depth of the accompanying recession will not be known for some time.

"I live in Wilsonville because I was able to get low income housing here. That has made all the difference. Now my social security payment stretches to cover my monthly expenses instead of just covering rent. I can't say how grateful I am for my housing situation."

*- Let's Talk, Wilsonville!
online participant*

Prior to the COVID-19-induced economic shock, like much of the West Coast, Wilsonville residents were experiencing a housing crisis. Housing prices were rising faster than incomes, and unit production for both market-rate and affordable units failed to keep up with demand.

While the housing crisis inspired the commitments contained in this document, what is understood right now of the COVID-19 crisis increases the urgency for action to create a more resilient and equitable housing market. Without the recently-enacted emergency eviction moratoriums and unprecedented federal funding for unemployment, some Wilsonville renters might have already lost their homes. While much remains uncertain at this point, it seems possible that the region could see a slowdown in unit production that will exacerbate unit supply shortages at the same time that rising unemployment rates hobble incomes. This "one-two punch" would be disproportionately felt by the lower-income residents and communities of color that most need proactive implementation of this Plan. Without action, the crisis could lead to increased inequity in housing.

Recognizing the complex, interrelated conditions that result in social and economic inequities, and the critical urgency of housing access in this time of economic uncertainty, **this Plan intentionally focuses on a set of housing actions that the City can begin to advance in the two years following the Plan's adoption.** These actions range from identifying site-specific development opportunities, to code-based strategies, to tax abatements.

At the same time, the Plan also identifies a set of actions that have promise but that will require more exploration and definition to advance. These actions include revisiting parking requirements, exploring a land acquisition strategy, and reducing or waiving permit fees. **This structure allows the City to make immediate progress on pressing issues while clarifying its next steps. It recognizes that achieving housing equity will require sustained action over time, and that the City has more to learn as it goes.**

The structure of the strategy—with an explicit focus on actions the City can begin in the next two years—allows the City to make progress while forging new partnerships, learning more about residents' needs, and reshaping fiscal priorities as the COVID crisis evolves.

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Commitments to near-term actions will position the City for mid- and longer-term actions that can be better tailored to changing housing needs during the time of economic recovery.

Truly resilient and equitable housing access requires collective action. The City is just one among many players that must engage to achieve the goals in this strategy. Much of what the City needs to learn about housing equity will require careful listening, especially to those who understand housing inequities first-hand. Success will build from ongoing engagement with housing and service providers, regional and state housing funders, and residents—especially Wilsonville’s communities of color, renters, those seeking to become homeowners, and other residents who are experiencing the worst effects of income disparities and the current economic crisis. In the current context, authentic community conversations that expand the collective imagination about equitable outcomes are an even more necessary starting place. Through committing to the actions in this plan, the City is leading the first step toward long-term equitable housing access for all Wilsonville residents.

2. The Need for Equitable Housing

This Plan draws from many sources to identify priorities, including technical analysis of the housing market, stakeholder interviews, public outreach, and discussions with a project task force, Planning Commission, and City Council.

Overview of Housing Needs

The project team completed a Housing Market Research Report to document existing and projected future housing conditions. The purpose of this Housing Market Research Report is to synthesize background information on the current housing market to support development of focused actions. In particular, the report focuses on housing affordability issues and identifies the types of housing that the City should plan for in the future. The data source for the following summary is predominantly the United States Census American Community Survey, with additional data from Metro's Regional Land Information System.

This section summarizes the research conducted as part of the Housing Market Research Report, which is included in Appendix A.

Who lives in Wilsonville today?

- **Wilsonville has a relatively young population.** Millennials (ages 25 to 40) make up 32% of the population in the city, compared to 24% in Clackamas County. Aging Baby Boomers (ages 60+) make up 20% of the population in the city, compared to 23% in the county. The majority of households are family households.¹
- **Median household income in 2016 was \$105,000 for homeowners and \$50,000 for renters.** The majority (56%) of Wilsonville householders are renters.
- **The Latinx community is expanding quickly.** Between 2000 and 2016, the Latinx population in Wilsonville grew by about 2,000 people, from 6% to 11% of the population. This growth rate was greater than the growth rate of any other population in Wilsonville or the growth rate of Latinx population in the county.

"We have now found that even renting here is something we are no longer able to afford ... I've looked into housing assistance, SNAP/WIC, affordable housing, energy bill assistance, etc., only to be told that we just make a few hundred dollars too much per month to qualify."

- Let's Talk, Wilsonville!
online participant

¹ Per the United States Census, a family is a group of two people or more (one of whom is the householder) related by birth, marriage, or adoption and residing together.

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What will Wilsonville's future population look like?

- **Wilsonville's population is projected to grow by 14% over 20 years.** About half of the new households are expected to be low income (earning less than 80% of the Area Median Income,² or AMI).
- **Countywide, the share of residents ages 40 to 60) will grow to 28% of the population, and, the share of people over age 60 is expected to stay relatively constant.** While city-level projections are not available, Wilsonville will likely continue to have a large share of older residents.
- **Latinx residents in the metropolitan region will more than double by 2040 because 46% of all new residents are expected to be Latinx.** Again, Wilsonville is expected to be affected by this broader trend.

What are the current housing conditions in Wilsonville?

- **Wilsonville has an even mix of single-family homes and multifamily homes (including apartments), while a greater proportion of homes in Clackamas County are single-family.** Market trends for multifamily rental housing in Wilsonville mirror those of the Portland region, but a larger share of the city's multifamily housing stock is relatively new and high-quality compared to other communities in the region.
- **Homeownership is out of reach for many residents.** Entry-level homes and most other homes cost much more than what the average household can afford. A median renter household could afford homes valued between \$221,000 and \$252,000 if they had sufficient down payment resources, but the median housing price in Wilsonville was \$454,500 as of February 2019.
- **One in ten Wilsonville households live in the city's 449 subsidized units, most of which are for families and seniors.** However, despite Wilsonville's subsidized housing stock, almost a quarter of all households in the city are housing cost-burdened, meaning they spend more than 30% of their income on housing. Eight of ten Wilsonville households earning less than \$50,000 per year are cost-burdened.

"Right now, there is a large gap in Wilsonville. There are no starter homes, just condos for older, financially stable couples who are downsizing or starter homes for singles or two working professionals with at least one high paying job."

*- Let's Talk, Wilsonville!
online participant*

² Area Median Income (AMI) is a metric calculated by the U.S. Department of Housing and Urban Development (HUD) to determine the income eligibility requirements of federal housing programs.

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Subsidized Housing in Wilsonville

With a strong employment base, good schools, and other community amenities, Wilsonville is considered a high opportunity area for people to live. Subsidized housing is an important part of the city's housing mix, providing opportunity for people with lower household incomes to have access to stable housing in the city. Subsidized housing exists in Wilsonville in the following ways:

- **Subsidized units:** Wilsonville has seen a substantial amount of subsidized affordable housing development, with a rate of approximately 52 units per 1,000 households. This is about six times the entire Clackamas County average of 8.5 units per 1,000 households.
- **Housing vouchers:** Housing vouchers provide a subsidy for recipients to use to pay for housing on the private market. Wilsonville has fewer people than average using housing vouchers, which may be due to the city's relatively higher rental housing costs or the fact that other communities in the County have established social service networks that help to account for higher number of vouchers per household.

What types of housing will future residents need?

As described in **Appendix A**, future Wilsonville residents will be more diverse in race and ethnicity and age than current residents. To support them, the City will need to continue to provide a wide range of housing types at a variety of price points. Baby Boomers, Millennials, and Latinx families will be increasingly important groups seeking affordable housing options, but they will have different preferences for unit types and sizes. Attached single-family and multifamily units will likely be the most affordable choices for people seeking less expensive options. The City will need to continue to enable the development of a range of missing middle, cottage cluster, and multifamily developments, and support the inclusion of affordable family-sized units.

Key growth areas are the Frog Pond and Town Center planning areas. Most future housing needs can be met by the new homes built in these areas, if the City can encourage a variety of housing types at a range of price points. For an overview of future households in Wilsonville by family income, see page 7 of **Appendix A**. Exhibit 1 provides an overview of key takeaways for future housing, based on the housing market research report.

Exhibit 1. Key Future Housing Trends in Wilsonville (2020-2040)

Future Demographic Shift	What does this mean for future housing types?
More middle-aged Millennials	<ul style="list-style-type: none">• Homeownership for Millennials will increase• Demand for relatively affordable ownership and rental types near amenities
Constant Number of people age 60+	<ul style="list-style-type: none">• Downsizing• Aging in place and multigenerational households• Homes close to services
Increasing share of Latinx households	<ul style="list-style-type: none">• Larger units, to accommodate larger, multigenerational households• Relatively affordable housing

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SPOTLIGHT: A MIXED-INCOME, MIDDLE HOUSING APPROACH IN VILLEBOIS

Villebois is an example of Wilsonville’s experience in helping to shape equitable outcomes in a neighborhood. In 1999, Senate Bill 686 authorized the State of Oregon to sell the Dammasch State Hospital site for development. The legislation required up to ten acres be set aside for community housing for individuals with chronic mental illness. In addition, the legislature designated the bulk of the sale proceeds to be put in a Community Mental Health Housing Fund to be used to leverage partners and provide housing units to serve those with chronic mental illness.

The Villebois Village Master Plan identifies 13 housing types for a variety of income levels and household compositions. One of the three guiding design principles of the Villebois Village Master Plan is Diversity, including housing options. Almost fully built out, Villebois now includes a mix of market-rate and subsidized affordable housing, including housing with supportive services for mental health, as part of the overall Master Plan for the community. In addition, the area includes a variety of middle housing types, including townhomes, carriage houses, and multiplexes. By integrating subsidized housing into market rate development, Villebois encourages greater community stability, safety, and access to opportunity for vulnerable populations.



Stakeholder and Public Engagement

The project team conducted stakeholder and public engagement to understand housing challenges and possible solutions. The team conducted a process that included:

- One-on-one interviews with 10 key stakeholders. Participants included community-based organizations, real estate and building professionals, and employers. Some of these organizations currently address the needs of underrepresented groups in Wilsonville.
- A survey of 15 community members who rent units in existing subsidized buildings.
- An online survey on *Let’s Talk, Wilsonville!* with 80 participants.
- Three focus groups with nonprofit affordable housing developers, local employers, and community-based organizations that serve Wilsonville residents, including underrepresented populations.

An in-depth review of findings from the project’s stakeholder and public engagement process is included in Appendix B.

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- A kiosk at the Wilsonville Public Library that featured an interactive poll available in English and Spanish that was available during December 2019.
- A survey of employers with nine responses.

A few high-level themes surfaced that helped shape the plan, summarized below:

- **Many people are paying more than they can afford for rental housing in the city.** Wilsonville’s rental market is bifurcated. There is subsidized rental housing for lower income households. There are also newer, more expensive market-rate developments, but little else in the middle. While stakeholders recognized that Wilsonville has a large share of multifamily units, the city lacks older market-rate rental housing that depreciated over time to become less expensive. The result is that the city’s rental market is perceived as being more similar to Lake Oswego and West Linn than to Milwaukie or Oregon City.
- **Affordable homeownership is a key challenge.** Based on conversations with service providers and community stakeholders, the biggest challenge to homeownership that renters identified was finding a home that they could afford, especially for middle-income families (making 80% to 120% of the AMI) single-parent families, and people of color. For existing homeowners, there is ongoing concern about homeowners association (HOA) fees and property taxes driving up housing costs for themselves and for future residents. There are some resources to support existing homeowners, like home repair programs, but demand for support may be larger than the individual programs can address on their own.
- **There is a need for housing for people with mobility needs.** A key theme in the outreach was the need for single-level homes.
- **There is a perception that there is little land for infill housing development and some opportunities for the City to explore in new planning areas.** Those opportunities include (1) encouraging new housing types (like homes with accessory dwelling units (ADUs) in new residential neighborhoods) with incentives (e.g. tax abatements) and (2) an easier/clearer path for small and medium infill development. Developers also identified tools to support housing affordability that other communities have, but Wilsonville lacks.
- **Wilsonville has a strong and positive history of working with affordable housing developers.** The City’s active support is both valued and seen as being essential for future development to occur. Because of this positive relationship, nonprofit housing

“As a city, we need to refocus our determination to build an inclusive community and one with a large variety of housing types including housing for all people who work here, and I don’t just mean the high-tech firms, I’m including retail and service workers. By building a complete community that respects all the workers and residents we can reduce traffic by reducing the need to commute in and out of the city.”

*- Let’s Talk, Wilsonville!
online participant*

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providers are willing and eager to consult with the City early on and lend their development knowledge and expertise to planning efforts.

The team communicated the issues identified through the technical analysis and stakeholder engagement process to the task force, Planning Commission, and City Council to develop the action framework and implementation actions, detailed in the following sections.

SPOTLIGHT: EQUITY AND INCLUSION

Throughout the project, stakeholders emphasized the importance of equity and inclusion as a priority for the City, in a housing context and in more general terms as well. They provided examples of the need for better social connections and to make Wilsonville a more welcoming place for people with different backgrounds. Stakeholders discussed the need to distribute equitable housing throughout the city to provide access to services and employment. They also generated ideas for how to make Wilsonville a more inclusive place, including linking housing with economic development, diversifying board representation, and convening community-based organizations to identify solutions. The Planning Commission had lengthy discussions about the need to enhance the City's culture of inclusion. They emphasized the need to create an environment in which people of different cultures and backgrounds feel welcome. This could help community members build social resilience and better weather a crisis.

While not the emphasis of this housing-focused Plan, these issues and ideas are a starting place for a more comprehensive approach to an equitable future for the city. These insights informed the overall planning process and the priorities included in this plan, and also are fruitful feedback for future equity-planning initiatives.

Appendix B provides a more detailed summary of key themes and ideas.

3. Framework for Action

The outcome of the market analysis and public outreach described in Section 2 resulted in an understanding of issues related to equitable housing, including affordability gaps and housing needs for specific populations. This section establishes an implementation framework for the plan, including a set of policy objectives, partners, and funding options.

Policy Objectives

As the City pursued the Metro Equitable Housing Grant in 2016 that funded this work, City Council also established a goal related to housing as part of its goal setting process for 2017 to 2019. To guide development of the Plan, Council developed a set of policy objectives. These objectives drew from adopted policies and priorities, stakeholder input, and feedback from the Planning Commission and Equitable Housing Task Force. These objectives set the course for the City's actions to improve equitable access to a range of housing in Wilsonville and address the identified needs within the city:

1. Greater availability of a diversity of housing types for a full range of price points to serve the community.
2. Increased partnerships with nonprofit and for-profit housing developers.
3. New and expanded affordable homeownership opportunities, especially for first-time homebuyers.
4. Reduced risk of housing displacement.
5. Targeted housing opportunities in areas with access to services and public transit.
6. Maintenance and expansion of quality subsidized affordable housing stock.
7. Implementation of all housing policies through a lens of social equity and inclusion.

*Equitable Housing
Council Goal
for 2017-2019:*

*Pursue a balanced
housing mix with a
variety of choices
to meet the needs
of current and
future residents of
varying financial
levels.*

Funding Sources

One of the key limitations to implementing the actions in this Plan is the availability of funding. Funding is needed not just to build units, preserve affordable housing, and provide access to equitable housing, but also to cover staff time to implement the Plan. Identifying a set of realistic funding sources will be necessary for achieving the vision of equitable housing in Wilsonville.

Locally-Controlled Funding Sources

Beyond the funding tools available at the state and regional levels, the City will need to explore a range of locally-controlled funding options to generate additional resources for affordable housing development and associated programs.

- Additional **General Fund Revenue** can support equitable housing preservation and development programs in the Wilsonville. General fund dollars are generally in short supply; housing projects and programs must compete with other key City services for funding. However, as a source of one-time funds for important projects, to support outreach efforts and fund staff time, or for other smaller-scale funding needs, the general fund can be a critical contributor to a comprehensive equitable housing implementation.

SPOTLIGHT: WILSONVILLE'S MOBILE HOME PARK CLOSURE ORDINANCE

In 2007, the Thunderbird Mobile Home Park closed, evicting 160 mostly low-income, senior residents. This sudden event spurred the City of Wilsonville to adopt a mobile home park ordinance that required any owner of a manufactured home park to provide adequate notice of a park closure, a plan for where the park tenants could move their homes and a payment toward moving expenses. This decision helps to preserve affordable housing and lessen the resulting losses for homeowners when a park is closed. It also resulted in the City's partnership with Northwest Housing Alternatives to build Creekside Woods Senior Apartments, a low-income senior housing development.



Source: Metro

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- A **Construction Excise Tax**³ (CET) consistent with recent changes to state law can generate funding for housing development incentives and programs in Wilsonville. Many communities around Oregon are in the process of exploring the application of CET for housing projects. The City should explore implementation of a CET in the near-term, including assessing potential revenue generation (using 10 to 15 years of past development activity as a case study), studying impacts on development activity and business recruitment, outlining funding objectives needed to advance the equitable housing strategy, and coordinating the process for CET adoption by ordinance. To support future Council conversations, **Appendix C** provides a roadmap to implementation of a CET with key considerations on program details and policy choices.
- **Tax Increment Financing (TIF) Revenue** from Wilsonville's urban renewal areas (as applicable). TIF (also commonly referred to as urban renewal) is a financing tool for local governments to use property taxes generated from new development in a specific area to fund capital improvements in that same area. The state's statutes, Oregon Revised Statutes Chapter 457, allow for TIF to fund the development of affordable housing, mixed-use housing, housing that meets other public goals, and / or infrastructure. Some communities choose to include funding for affordable housing as a project in their urban renewal area plans; some have even used their urban renewal plans to identify a portion of all TIF dollars that should be used for affordable housing. Wilsonville should review its current TIF districts to determine if there is potential project funding available for housing development (that would comply with the district plan) and the legal capacity for the City to expand or establish new TIF districts that could include allowances for housing assistance.

Partner Funding Sources

Funding sources available at the regional and state levels can be used to fund several projects and programs, such as new construction of subsidized units, renter supports, weatherization programs, and home ownership support programs. These partner funds will be an important part of how the City will advance its equitable housing priorities. As such, the City should seek to develop closer ties with its regional and state partners, track funding cycles, and understand gaps in funding availability.

- **Clackamas County**, through its Department of Health Housing and Human Services (H3S), manages a wide array of federal, state and local resources for housing and social services that are available in Wilsonville. For example, the Community Development Department administers federal Community Development Block Grant and HOME funds that represent potential funding sources for housing development and rehabilitation programs. The Housing Authority of Clackamas County administers

³ A CET is a percentage-based fee on new residential or commercial construction charged at the time of permitting. In 2016, the Oregon Legislature passed Senate Bill 1533 which permits cities to adopt a CET on the value of new construction projects to raise funds for affordable housing projects. If adopted, the tax would be 1% of the permit value on residential construction and at an uncapped rate on commercial and industrial construction.

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housing vouchers that help lower income households afford rental housing. One way to capture these and other housing and human services resources is through collaboration with affordable housing providers and Clackamas County.

- **Metro’s General Obligation Bond** will fund regional affordable housing development through a new region-wide property tax. In the near-term, this funding source creates the most likely opportunity for funding construction of new affordable housing units or rehabilitation of existing units in the city. The Housing Authority of Clackamas County is responsible for creating and administering the countywide Local Implementation Strategy for deploying these funds. One of the key actions in the coming year is to work more closely with Clackamas County to determine which properties and projects in Wilsonville are eligible for these resources. In addition, **Metro’s TOD Program** provides support to create public-private partnerships that produce transit oriented development projects, which would complement City’s potential land acquisition activities.
- The **State of Oregon** can serve as a partner in several ways.
 - **Oregon Housing and Community Services (OHCS)** funds low-interest loan programs, grants, and tax credits for affordable multifamily rental housing developments through its Multifamily Housing Finance Section (“Section”). The Section works with local jurisdictions and affordable housing developers to provide financing packages to carry out the department’s mission to develop and preserve affordable housing, linked with appropriate services, throughout Oregon. In addition, OHCS has a variety of programs that support tenants, including home weatherization and emergency rent supports. One way to better access these resources for Wilsonville is through partnering with affordable housing providers and Clackamas County.
 - In 2019 the Oregon Legislature passed two bills that support housing development in urban areas – referred to as House Bills 2001 and 2003 (HB 2001 and HB 2003). The new laws seek to expand housing choice in cities across the state by requiring cities within the Metro area to allow duplexes on lands zoned for single dwellings and to develop new methodologies for calculating the amount of land and types of housing needed to meet growth expectations. To support local government efforts in implementing HB 2001 and HB 2003, the Legislature appropriated \$4.5 million to **the Department of Land Conservation and Development (DLCD)** for technical assistance grants. In early 2020, Wilsonville applied for a grant from DLCD through this program, which would support a portion of the work outlined in one of this Plan’s implementation actions.
- Many **private organizations** in the region provide services and housing that can support a more equitable community in Wilsonville. Partnerships with these organizations will be necessary to secure and create equitable housing as envisioned in this strategy. These partners have their own sources of funding that can be matched to one another and to public sources noted above. Funding partnerships for equitable housing could include

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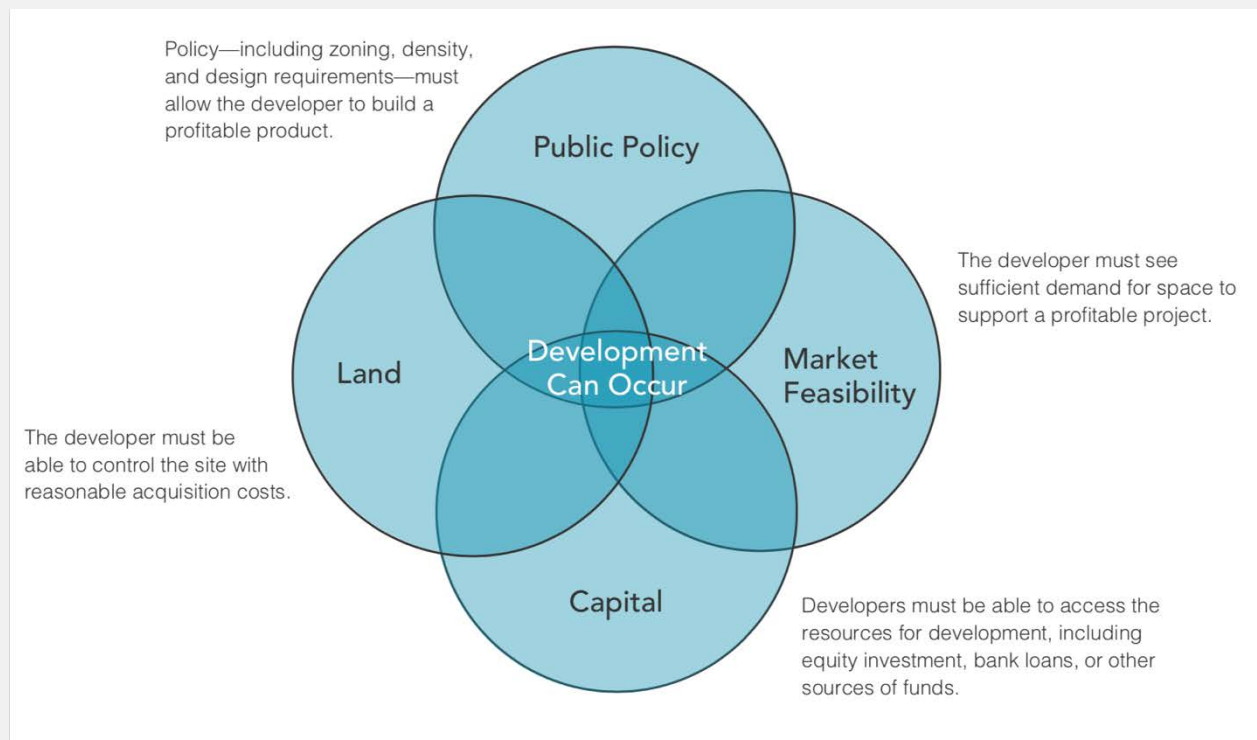
public/private development agreements, foundation grants, down-payment assistance, rent assistance, land trusts, transportation or in-home care for disabled and elderly residents, and employer-based housing assistance.

Partnerships

An effective strategy will require ongoing outreach, support, and coordination with organizations in the community to maximize the impact of the City’s actions. While these partners may not be able to offer direct funding, they can provide information and support for the City’s actions. For example, the City’s community-based organizations are already serving community members with diverse needs, and the City can work with them to understand up-to-date conditions in the community. Other partners include local and regional foundations (e.g., Oregon Community Foundation, Meyer Memorial Trust), community-based organizations (including Heart of the City and Wilsonville Community Sharing), large employers, the West Linn-Wilsonville School District, and Habitat for Humanity.

FOUR NECESSARY FACTORS ALLOW NEW MARKET-RATE HOUSING

Understanding how market-rate development occurs is critical for understanding how housing policies and development incentives can be structured to work with the market to increase the supply of market-rate housing. The graphic below illustrates how four factors must intersect so that development can occur.



4. Implementation Actions

Community stakeholders and market research provided insights to the greatest needs and opportunities for equitable housing in Wilsonville. Throughout the process, the City asked its leaders and partners: **What are the actions we can take in the next few years to address these needs?**

This Plan identifies a set of **implementation actions** that can be initiated in the two years after Plan adoption and completed in the short-term. The actions in this section arose as the best opportunities for responding to immediate needs while also establishing a system for the City to continue its work for the long term.

The Council also identified a set of **actions requiring further exploration** that necessitate additional research and community discussions and were not prioritized for immediate implementation. These actions may be considered again in the future as more equitable housing is achieved and new needs arise.

Over the course of four meetings, Wilsonville City Council narrowed its list of potential actions to a discrete list of **implementation actions** that have been prioritized for near-term implementation. The project team also vetted the possible implementation actions with the Task Force and Planning Commission.

Please refer to Appendix D for a complete list of actions considered in the process.

Exhibit 2. Overview of Equitable Housing Actions

1. Implementation Actions <i>High-priority actions the City plans to initiate within two years of strategic Plan adoption.</i>	2. Actions Requiring Further Exploration <i>High-priority actions that require further research and community discussions for the City to determine how or if it will pursue in the near-term.</i>
1A: Explore Implementation of Transit-Oriented Development (TOD) at City-owned Wilsonville Transit Center Property 1B: Incorporate Equitable Housing Needs into Middle Housing Planning 1C: Define Equitable Housing Approaches in New Urban Growth Areas 1D: Create Housing Tax Abatement Programs to Achieve Housing Diversity and Affordability 1E: Facilitate Connections to Partners and Housing Resources through City Liaison	2A: Secure Land for Development of Affordable and Equitable Housing 2B: Modify Parking Requirements, Which May Reduce Housing Costs 2C: Explore Tactics to Reduce the Impact of Systems Development Charges on Affordable Housing 2D: Partner with Community Land Trusts 2E: Explore Homeownership Support Programs 2F: Explore Housing Preservation Tax Abatement 2G: Support Local Home Repair Programs 2H: Assess Accessibility and Visitability Standards or Incentives

The actions in the Plan correspond to the seven policy objectives detailed on page 12, which were developed by City Council at the start of the project in summer 2019. These objectives drew from adopted policies and priorities, stakeholder input, and feedback from the Planning Commission and Equitable Housing Task Force.

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These objectives provide guidance to the City as it tracks progress on Plan implementation. Exhibit 3 cross-references the Plan’s policy objectives and actions.

Exhibit 3. Actions by Policy Objective

		1. Diverse Housing Types	2. Partnerships	3. Homeownership	4. Reduced Displacement	5. Accessible Locations	6. Expand Subsidized Housing Stock	7. Social Equity
1A	Explore Implementation of Transit-Oriented Development (TOD) at City-owned Wilsonville Transit Center Property	■	■			■	■	■
1B	Incorporate Equitable Housing Needs into Middle Housing Planning	■		■		■		■
1C	Define Equitable Housing Approaches in New Urban Growth Areas	■	■			■	■	■
1D	Create Housing Tax Abatement Programs to Achieve Housing Diversity and Affordability	■	■			■		
1E	Facilitate Connections to Partners and Housing Resources through City Liaison		■	■	■			■
2A	Secure Land for Development of Affordable and Equitable Housing		■	■		■		■
2B	Modify Parking Requirements, Which May Reduce Housing Costs	■	■			■		
2C	Explore Tactics to Reduce the Impact of Systems Development Charges on Affordable Housing		■				■	
2D	Partner with Community Land Trusts		■	■			■	■
2E	Explore Homeownership Support Programs			■	■			■
2F	Explore Housing Preservation Tax Abatement		■		■			■
2G	Support Local Home Repair Programs			■	■			■
2H	Assess Accessibility and Visitability Standards or Incentives	■						■

The following section details the five key actions for the first year after adoption of the Strategic Plan, providing information about why the action is important and what stakeholders said about the action. It also includes an order-of-magnitude assessment of each action’s potential impact (a qualitative assessment of people served or units developed) and administrative requirement, referencing the following key.

Key:	Potential Impact	Administrative Requirements
	◆◆◆ High	◆◆◆ Relatively low administrative requirements, mostly policy setup
	◆◆ Medium	◆◆ Moderate administrative effort
	◆ Low	◆ Substantial staff time and program setup required

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1A: Explore Implementation of Transit-Oriented Development (TOD) at City-owned Wilsonville Transit Center Property

Summary

The City-owned property at the Wilsonville Transit Center is the City's main opportunity to promote TOD with affordable and/or workforce housing. Potential support could include development/permitting incentives or a public-private partnership that would provide development or infrastructure subsidies in exchange for fulfillment of community goals. The parking lot adjacent to the development site currently has 399 spaces. Many of those spaces are not utilized during the day and overnight parking is permitted but rare, so one opportunity in the development program is the ability to share parking between the park and ride and the development.

The City is interested in completing a Development Opportunities Study and Prospectus to understand development possibilities and constraints, clarify objectives for site development, and compile materials that the City can use as it conducts outreach with potential developers.



Source: City of Wilsonville

Rationale

The Wilsonville Transit Center is one of the City's limited opportunities to provide true transit-oriented development within the community. Given City ownership of the site, it is also an opportunity to provide affordable housing through land write downs for nonprofit affordable housing development.

Policy Objectives

1 (Diversity of Unit Types), 2 (Partnerships), 5 (Accessible Locations), 6 (Expand Subsidized Housing Stock), 7 (Social Equity)

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Summary of Stakeholder Feedback This is a near-term opportunity with potential high-impact. Affordable housing developers are interested in exploring this opportunity. The Planning Commission and Task Force were supportive, but expressed concerns about the lack of parks and open spaces near the site to support families. In addition, the site is not well connected to the multimodal transportation network. More work would be needed to clarify target demographics that would be appropriate at the site.

Potential Impact ◆◆◆ Control of land is one of the key sources of local government leverage for housing development. The Wilsonville Transit Center property presents an opportunity for transit-oriented affordable housing, especially given the existing parking that could be available to serve housing units.

Administrative Effort ◆◆ Requires development of partnership agreement with developer

Applicable Geographies Single-site

Partners Nonprofit developers, Tri-Met, State of Oregon, Metro, Clackamas County

Potential Funding Sources Land write-down, Metro Bond, Federal Transit Administration (FTA) funding, Metro TOD Grant Program. If the City is interested in pursuing Metro Affordable Housing Bond funding for this project, any technical work will need to be expedited to match up to the release of bond funds through the second Notice of Funding Available through the Housing Authority of Clackamas County (expected in 2022).

-
- Next Steps**
1. **Complete Development Opportunities Study (DOS)**
 The DOS will explore the following questions:
 - What are Council’s goals for site’s development? How can the City balance its financial goals, housing goals, and livability goals (access to open space, multimodal transportation, etc.)?
 - What are the market conditions for development at this site?
 - What are the constraints for the site, including any considerations related to environmental features, transportation impacts, access to open spaces, utility connections, etc.
 - Given limited parks and recreational space near the site, what population could the site best serve? What mix of unit types best meets that population’s needs?
 - How many housing units could the site accommodate under existing zoning?
 - How can the City best position the site for Metro Bond funding? Does that include confirming desired income tiers and unit types (e.g. two bedroom units) that conform with the Clackamas County Housing Authority’s Local Implementation Strategy for the site?
 - Given current market conditions and the site's context, should the development program include ground-floor retail?
 - Would having one residential site near the WES station lead to other property owners being interested in redevelopment of their sites as residential? What are some opportunities?
 - What disposition alternatives should the City explore?

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2. Outreach with Developers

The outcome of the DOS exercise will be a site prospectus that will provide potential development partners and funders with information about the site and the City's objectives for development. The City should consider convening a mix of affordable housing developers and for-profit developers to (1) help understand opportunities and barriers and (2) build interest.

3. Research Funding Options

Questions regarding funding include:

- What are possible funding sources for development, including regional, state, and federal sources?
- What is the Housing Authority looking for in potential bond-funded projects? The next round of funding for the Metro bond will likely be in 2022, which gives the City time to complete due diligence and reach out to partners. In tandem with conversations with developers, Wilsonville staff should reach out to the Housing Authority to discuss their evaluation criteria, potential complementary tools, and potential funding options.
- What can the City do to make this site more attractive for those funding sources?

4. Solicitation Process

The final near-term implementation step will be to define a process for soliciting interest from affordable housing developers.

- Determine funding resources or incentives that could be applied.
 - Refine Council goals for the site, based on feedback from outreach.
 - Market and Release RFP for the site. The RFP should include information on the following: the site's development context (environmental, infrastructure, zoning, etc.), potential advantages, market analysis results to date, development objectives, potential partnership and public investment details, and the submission and evaluation process.
-

1B: Incorporate Equitable Housing Needs in Middle Housing Planning

Summary

Oregon HB 2001 requires that local jurisdictions adopt zoning code regulations or comprehensive plan amendments to permit middle housing types in all areas that are zoned for residential use and allow for detached single-family dwellings. Middle Housing is considered “missing” because many cities’ zoning codes disallowed this type of housing in the postwar period. Middle housing encompasses housing types that fall between single-family development and larger multiunit apartment buildings, such as duplexes, triplexes, and townhomes.

These changes will allow a diversity of unit types throughout Wilsonville, but the City will need to assess its own plans for future planning areas for Frog Pond as well as the restrictions in each of its existing neighborhoods. The City could explore implementation actions beyond HB 2001’s requirements, such as code changes to encourage accessibility or design options to promote affordability.

Wilsonville’s unique circumstances require a creative approach to implementing the HB 2001 requirements. Most of the City’s established neighborhoods are in planned unit developments, and a majority of planned housing units are located in large master plan areas with a variety of housing types. The City of Wilsonville is spearheading a project that will ensure that tools are in place to support the development of a range of housing types. As part of this project, the City will complete the following activities:

1. **Public outreach and education:** public events, a public engagement website, and a memo for duplex and middle housing design based on community inputs.
2. **Updating plans and codes:** review of density limits and other codes, revision of Frog Pond West master plan, and updated zoning code amendments. This will include an analysis of how zoning code requirements may affect the affordability of housing.
3. **Developing architectural standards:** research of architectural standards and architectural renderings.
4. **Reviewing and updating infrastructure plans:** projection of infrastructure needs, revision of Frog Pond West infrastructure plan, and citywide infrastructure update recommendations.
5. **Funding infrastructure:** analysis of various public service charge and permitting process options.

This action will intersect with **Action 1C**, which includes approaches for equitable development in newly master planned areas.

Rationale

The City will explore design standards and incentives to further expand the housing variety in Wilsonville. Not all residential communities have explicitly considered housing variety in previous planning efforts. Now there is an opportunity to address equitable housing concerns related to HB 2001.

Policy Objectives

1 (Diversity of Unit Types), 3 (Homeownership), 5 (Accessible Locations), 7 (Social Equity)

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Summary of Stakeholder Feedback	There is interest in a broader variety of housing types, including starter homes and middle housing types, but the ability to incorporate those housing types into existing neighborhoods requires further study.
Potential Impact	◆◆ Changes are expected to happen incrementally. Some neighborhoods will likely see more of a diversity of development proposals than other neighborhoods, depending on building age, location, and other factors. When combined with financial incentives, these changes could have a greater impact on development feasibility for middle housing types.
Administrative Effort	◆◆ The City will explore potential amendments to the Development Code through a public process, adopt any Development Code changes that emerge from that process, and then review proposals through the existing development review process.
Applicable Geographies	Citywide, with a focus on Frog Pond
Partners	DLCD, Metro
Potential Funding Sources	DLCD grant, other regional funding sources, General Fund
Next Steps	<ul style="list-style-type: none">● Understand state rulemaking around HB 2001 and implications for current master plans.● Assess to what degree the statewide requirements affect an area that has a master plan.● Identify regulatory barriers to duplex and middle housing development and needed updates for regulatory compliance.● Discuss possible financial, design, or other regulatory incentives for missing middle housing, and whether to target to specific geographies. Prior to the passage of HB 2001, other communities have used the following approaches to encourage middle housing outside:<ul style="list-style-type: none">○ Incentives for internal conversions, including alternative paths to code compliance, implementing exemptions to SDCs for internal conversions, reductions or waivers of off-street parking requirements.○ Zoning code and regulatory approaches that incent middle housing development, such as modifications to development and design standards in the base zone, density bonus options, the creation of new zoning designations, or the implementation of an overlay zone.○ Financial incentives, such as a middle housing property tax abatement or SDC waivers.● Resources to start with include:<ul style="list-style-type: none">○ Making Room: Housing for a Changing America. 2018. AARP. https://www.aarp.org/makingroom○ Sightline Institute's research on affordable housing incentives and attitudes. https://www.sightline.org/

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1C: Define Equitable Housing Approaches in New Urban Growth Areas

Summary	As part of the master planning requirements for Frog Pond East and South, the City will establish goals or targets for accessibility to services/amenities, unit types, and unit affordability levels. The targets for affordability levels (number of units and depth of affordability for those units) should be reasonably achievable, allowing for sufficient market rate development to support key infrastructure investments. This approach will provide a methodology and framework that can be applied in other growth areas beyond Frog Pond.
Rationale	Integrating housing units for low-income and subsidized housing residents into market rate development buildings and neighborhoods can encourage greater community stability, safety, and access to opportunity for vulnerable populations.
Policy Objectives	1 (Diversity of Unit Types), 2 (Partnerships), 5 (Accessible Locations), 6 (Expand Subsidized Housing Stock), 7 (Social Equity)
Summary of Stakeholder Feedback	The City has already developed broad goals for housing types in the Frog Pond Area Plan. Developing additional policies for affordability may require additional technical analysis.
Potential Impact	◆◆ By establishing targets ahead of master planning efforts, the City can work with stakeholders to achieve those targets.
Administrative Effort	◆ Requires staff time and stakeholder engagement to establish goals/targets.
Applicable Geographies	Frog Pond East and South, other future urban growth areas
Partners	Metro, affordable and market-rate housing developers
Potential Funding Sources	N/A
Next Steps	<p>At Start of Master Planning Process: Develop policy guidance to guide master planning. The City can consider the following:</p> <ul style="list-style-type: none"> • Determine the range of units affected by a potential affordability target policy, including rent-restricted units, ownership units, accessory dwelling units, and units by size. • Determine a range for depth of affordability for those units. • Provide guidance on how the City should further refine these policies, including stakeholder engagement with property owners, developers, renters, communities of color, and potential funders and composition of any oversight or advisory committees. • Understand community design implications, including providing a specific focus on maintaining access to amenities for affordable units and integrating those units into the overall master plan design. <p>During Master Planning Process:</p> <ul style="list-style-type: none"> • Define policies: Identify the City’s targets for affordability levels and number of units that meet those affordability levels in the master plan

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area. The target should be provided in a range to allow flexibility to be responsive to changing market dynamics, funding sources, and partner interests.

- Identify specific properties that could play a role in achieving the Master Plan targets.
 - Explore how the affordability targets interact with the Master Plan and use mix, the location of amenities, infrastructure provision, and the implementation and funding plan.
 - Determine potential changes to impact fee assessments and conduct infrastructure funding analysis.
 - Directly engage nonprofit and for profit affordable housing developers.
-

1D: Create Housing Tax Abatement Programs to Achieve Housing Diversity and Affordability

Summary

Communities can support housing production and encourage preservation of housing affordability by providing a partial property tax exemption on increased property value for qualified developments.

The City will analyze the available options to determine which are most appropriate to and viable in Wilsonville. Through a multifamily tax exemption, a jurisdiction can incent diverse housing options in urban centers lacking in housing choices or workforce housing units. There are several additional abatement programs authorized at the state level that the City could evaluate. Each targets a slightly different type of market rate and/or affordable housing unit. Potential programs include:

Vertical Housing Development Zones (VHDZ):

While ground floor retail is desirable in high-density, amenity-rich areas, the additional expense and regulatory requirements that result often make projects infeasible. Providing ground floor retail can help to increase access to services and amenities in a neighborhood. VHDZ incents multi-story mixed-use development by offering a partial property tax exemption for 10 years to developments that include housing as well as non-residential use (e.g. retail on the ground floor), with a larger tax exemption for higher density developments. A tax exemption can help to increase development feasibility for projects that might not otherwise pencil. *Key Takeaway: This program could be useful in specific, geographically-limited areas like Villebois and Town Center.*

Multiple Unit Property Tax Exemption (MUPTE, sometimes called MULTE):

A flexible program that can be used to incent multifamily housing with particular features or at particular price points by offering qualifying developments a partial property tax exemption for 10 years. Though the state enables the programs, each city has an opportunity to shape the program to achieve its goals by controlling the geography of where the exemption is available, application process and fees, program requirements, criteria, and program cap. An important implementation consideration is the need to monitor compliance over the course of the abatement. The City could implement one or more of the following program types:

- **Encouraging middle housing rental development** by establishing a program that would be available for small-scale development, such as duplexes, cottage cluster housing, and other unit types. The City would establish eligibility criteria related to tenure, number of units on site, and unit size but would not require detailed income reporting. Such a program could be administered on a per-unit basis, which would allow small-scale developers and property owners to access it, but could increase the City's level of effort for administration.
- **Supporting rent-regulated affordable projects** that are not eligible for the City's existing nonprofit exemption (e.g. projects developed by for-profit developers) but still have monitoring required by state or federal funds.

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- **Supporting workforce housing projects.** The City could offer a citywide program for housing that is affordable to households making up to some specific income level (e.g., 80% or 100% of AMI). If the affordability threshold is relatively close to current market rents, the City could limit the rent the developer could charge but not require income certification for tenants.
- **Preserving the affordability of existing housing** (see Action 2F). A program focused on housing preservation would help to maintain Wilsonville's limited supply of low cost market rate housing units and ensure that they remain affordable over time. Such an abatement program would decrease displacement risk, and would help to address the City's social equity objective (Objective 7).

Key Takeaway: A citywide program with multiple uses would likely be the most effective program in encouraging affordable housing at multiple scales.

Low Income Rental Housing Exemption:

This program provides a 20-year, renewable property tax exemption for rental housing for low-income households (60% of AMI 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 is limited to adopting jurisdiction's taxes unless there is sufficient support from overlapping taxing districts. It requires that savings be passed on to tenants through rent reductions. *Key Takeaway: Because the full savings must be passed through to residents, the exemption does not provide a sufficient incentive to encourage new housing production by improving feasibility or reducing costs for the developer.*

Nonprofit Low Income Rental Housing Exemption:

This program provides a simplified way for affordable housing owned and operated by a nonprofit to qualify for a property tax exemption. *Key Takeaway: The City already provides an abatement to nonprofit affordable housing developers.*

Temporary exemption for newly rehabilitated or constructed multiunit rental housing:

This program incents development or rehabilitation of multifamily rental housing with rents affordable to households with an annual income at or below 120% of AMI citywide through a full property tax abatement for no more than 10 years. The program is most useful when a city is interested in encouraging all multifamily development, even above the median income. *Key Takeaway: Given the City's interest in prioritizing affordable development, the MUPTE program is a more suitable program unless the City is interested in providing an abatement to almost any new multifamily housing development project.*

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Homebuyer Opportunity Limited Tax Exemption (HOLTE):

The purpose of this program is to encourage homeownership among low- and moderate-income families. It provides a 10-year property tax exemption for the structural improvements of a new or rehabilitated single-unit housing, but not the land value. Available for properties valued at no more than 120% of the median sales price. Allows each city to determine its own income and owner-occupancy requirements. Eligible building types include single-family housing units, multifamily homeownership units (e.g. condos and townhomes), and manufactured housing. *Key Takeaway: This program could provide a powerful incentive for affordable homeownership, but would require close coordination with other overlapping taxing districts.*

A more detailed comparison of the available programs is included in **Appendix E.**

Rationale	Tax abatements can substantially contribute to the feasibility of both market-rate and regulated units. Saving on operational costs contributes to greater net operating income, which is important in determining project value and subsequently the development feasibility. By reducing ongoing operating costs for housing through a housing tax abatement, the City could help to incent developers to include affordable units as part of larger development projects.
Policy Objectives	1 (Diversity of Unit Types), 2 (Partnerships), 5 (Accessible Locations)
Summary of Stakeholder Feedback	Developers consider this tool highly impactful. This would require more research about which abatements to explore.
Potential Impact	◆◆ Or ◆◆◆ An abatement can be an important incentive to enable new development; more research into the abatements that work best for Wilsonville is needed (see next steps).
Administrative Effort	◆ Market and policy analysis plus stakeholder outreach (including outreach to overlapping taxing districts) is required to evaluate and adopt options. Ongoing administration depends on the program, and can include processing applications, managing agreements, and monitoring compliance.
Applicable Geographies	Zone specific: Vertical Housing (Villebois, Town Center), MUPTE (core or transit-oriented housing for market-rate housing) Citywide: MUPTE (with affordability restrictions), HOLTE, Temporary exemption for newly rehabilitated or constructed multiunit rental housing
Partners	Other taxing jurisdictions
Funding Required	N/A. Foregone revenue
Next Steps	<ul style="list-style-type: none"> • Explore the following implementation considerations: <ul style="list-style-type: none"> ○ How much revenue would the City be willing to forgo on an annual basis? Does the City want to limit the number of abatements provided? ○ How can the City best assess the benefit it receives in exchange for the abatement?

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- How would the City evaluate and select projects that would receive the abatement?
 - Would the City be interested in leading an effort to abate its own taxes, in addition to working with other taxing jurisdictions to seek abatement of their taxes, to encourage deeper levels of affordability?
 - Determine City goals for how many units can receive an abatement.
 - How would the City accommodate reporting requirements?
 - How does the City weigh the temporary (up to 10 years) loss of tax revenue against the potential attraction of new investment to targeted areas?
 - Is there a threshold at which the City would end the program, such as after certain number of units receive the abatement?
 - Identify specific geographies where specific abatements would be most effective.
 - Conduct a financial analysis of the expected cost to the City and other taxing jurisdictions and potential program impact.
 - Reach out to overlapping taxing districts to gauge support for the City's priority program(s). To extend the exemption to all taxing districts, the City must secure support (in the form of a resolution) from governing boards representing at least 51% of the total combined rate of taxation levied on the property.
 - If the City ultimately decides to implement MUPTE, the City must adopt the provisions of ORS 307.600 to 307.637 by resolution or ordinance. The City must designate a specific area if MUPTE will be applied to market-rate housing; for housing subject to affordability restrictions, the City can designate the entire city for the exemption.
 - Prior to passing an ordinance or resolution to adopt MUPTE, the City must hold a public hearing to determine whether qualifying housing would otherwise be built or preserved without the benefit of the exemption (most cities do this per project). The City must also establish standards and guidelines to consider applications and make decisions, including setting eligibility criteria.
 - Adopt the selected tax abatement(s) by resolution, including specifying any local parameters and definitions required for the abatement in question.
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1E: Facilitate Connections to Partners and Housing Resources through City Liaison

Summary	<p>The City would designate a point person to serve as a resource for community members and interested housing stakeholders. That staff person would:</p> <ul style="list-style-type: none"> • Help to implement Strategic Plan implementation actions. • Conduct ongoing outreach with the County, Metro, development community, community-based organizations, and service providers. • Connect prospective homeowners, renters, and people experiencing homelessness with the array of resources available through other partners. The City does not expect to be able to offer its own housing services, including homeless services, in the near-term. • Create and maintain the online One Stop Shop that would include a directory of housing-related resources on the City’s website for community members, key stakeholders, and interested developers. See City of Milwaukie’s One Stop Shop for an example: https://www.milwaukieoregon.gov/housingaffordability).
Rationale	Achieving lasting implementation of the Strategic Plan requires focused attention. The Housing Liaison would be able to track current conditions, build relationships with local stakeholders, support renters, maintain information on the website, and help to implement the Plan.
Policy Objectives	2 (Partnerships), 3 (Homeownership), 4 (Prevent Displacement), 7 (Social Equity)
Summary of Stakeholder Feedback	The City could provide resource referrals, but it is not the City’s role to provide the resources (i.e. renter support, landlord counseling). The City lacks information for interested housing developers.
Potential Impact	◆ to ◆◆ Focused attention on implementation can help to advance Council’s priorities. In addition, this staff person could increase the City’s exposure to potential funding partners, including regional, state, and private players.
Administrative Effort	◆ to ◆◆ Requires staff allocation.
Applicable Geographies	Citywide
Partners	Clackamas County, Metro, State, nonprofit/for profit developers, nonprofit organizations
Funding Required	General fund
Key Considerations	<ul style="list-style-type: none"> • This staff person could either be a full-time housing liaison, or the responsibilities could be folded into another staff role.
Next Steps	<ul style="list-style-type: none"> • Determine needed staffing levels and designate staff person. • Develop work plan, which includes the creation of online one stop shop, stakeholder engagement, and Plan implementation. • Monitor engagement and partnership development.

5. Tools Requiring Further Exploration

2A: Secure Land for Development of Affordable and Equitable Housing

Summary	The City could consider developing a program to position its current land holdings for future housing development, and to buy and hold land for future development opportunities. This supports affordable housing by reducing or eliminating land cost from development. The City has a number of properties in its portfolio that could serve as housing opportunity sites, including the Public Works/Police/Community Center property and the Wilsonville Transit Center.
Policy Objectives	2 (Partnerships), 3 (Homeownership), 5 (Accessible Locations), 7 (Social Equity)
Summary of Stakeholder Feedback:	There is an overall favorable opinion, especially among potential developers who were concerned about lack of available land for infill development. This action requires more research about potential funding sources, strategy execution, and target properties.
Potential Impact	◆◆◆ Control of land is one of the key sources of local government leverage for housing development.
Administrative Effort	◆◆ Requires development of a land banking or acquisition strategy that includes a funding source. For properties the City already owns, the administrative effort is minimal.
Key Considerations	<ul style="list-style-type: none"> • This is an important tool to use in “down market” conditions, when land prices decrease or property owners are more willing to sell land due to tax implications. The City and Metro have more patient money than many private developers. • Depending on the City’s goals, it could look for private foundation and government grants. • Key challenges for land acquisition include reliably identifying future areas of gentrification before prices go up, developing the resources necessary to purchase the land, creating mechanisms for easy land transfer and removing the liability associated with holding land.
Next Steps	<ul style="list-style-type: none"> • Inventory City and publicly-owned property. • Determine the viability of a policy that prioritizes surplus property for housing development. Such a policy would not stipulate that all surplus property will or can be development for housing, but that the City must at least evaluate a parcel’s potential for housing before selling the property or using it for another purpose.

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- Explore the feasibility of a City-led effort to work with partners, including regional land banks, to optimize the use of City-owned land. This could include a parcel-by-parcel development opportunity study or a set of conversations with potential development partners about the opportunities and challenges for each parcel.
- Identify the sources of funding the City has to deploy, and how the City could leverage those funds with outside funding.
- Conduct an analysis of potential acquisition opportunities.
- Consider the role of the Metro housing bond in helping to fund affordable housing projects on City-owned parcels.

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2B: Modify Parking Requirements, Which May Reduce Housing Costs

Summary

Parking requirements can have an adverse impact on land and development costs, leading to an increase in housing costs. In some communities, there are areas where the required parking is considerably more excessive than the need. This is especially true as areas transition to support more people traveling by transit, carpool, bicycle and walking/rolling. Parking that is developed but rarely used consumes a lot of land and resources.

Some communities have helped to increase development feasibility by looking more closely at their parking policies, including shared parking policies, minimum parking requirements, and comprehensive parking plans and strategies for commercial districts such as Wilsonville’s Town Center.

Reducing parking requirements for regulated affordable housing can allow more housing units to be built on a given site, especially when paired with density bonuses, and can reduce the cost of building surface parking, which costs roughly \$5,000 per space. Regulated housing for people who are disabled or elderly, and those that are close to regional transit, typically have lower levels of car ownership and needs for parking. There is potential to limit this to subsidized units, areas with better transit access, or provide a case-by-case review depending on the project parameters.

Policy Objectives	1 (Diversity of Unit Types), 2 (Partnerships), 5 (Accessible Locations)
Summary of Stakeholder Feedback	There is split agreement on this action. Some stakeholders are in favor and others oppose. This requires more research and discussion.
Potential Impact	◆◆ For some projects, especially affordable housing projects, a reduction in parking requirements can mean greater feasibility.
Administrative Effort	◆◆ Requires stakeholder outreach and staff time to develop standards.
Key Considerations	Given that much of Wilsonville does not have easy access to frequent transit service, parking is going to continue to be needed for nearly all housing development. This is more likely to benefit regulated affordable housing developments which truly have less need for parking than market rate housing.
Next Steps	<ul style="list-style-type: none"> • Discuss potential parking requirement reductions with key stakeholders, including nonprofit and for profit housing developers. • Determine eligibility requirements, including how much of a parking reduction would be appropriate for affordable housing units. • If the City decides to move forward, draft the amendments, provide opportunities for public comment, and bring them forward for hearings.

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2C: Explore Tactics to Reduce the Impact of Systems Development Charges on Affordable Housing

Summary Systems Development Chargers (SDCs) can have an impact on the feasibility of a housing project. Some cities make changes to their SDC schedules to incent more affordable housing types, while others provide reductions or waivers to projects that meet specific program criteria. Many programs have specific requirements that eligible projects must include a share of affordable units. This reduces the cost to build affordable housing and can allow affordable housing developers to produce units more cost-effectively, particularly in new urban growth areas. Potential avenues for the City to explore for eligible projects that meet City criteria include:

- Tying SDCs to the overall size of housing unit (potentially regardless of number of fixtures or size of infrastructure).
- Delaying collection of SDCs and/or time of investment.
- Offering reductions or waivers on SDCs or permit fees, which reduces the cost to build those types of housing.

Policy Objectives 2 (Partnerships), 6 (Expand subsidized housing stock)

Summary of Stakeholder Feedback This could be an effective tool to bridge the feasibility gap. Developers consider these tools highly impactful.

Potential Impact ◆◆◆ Developers working in Wilsonville have stated that SDCs have a big impact on project costs, even though Wilsonville’s SDCs are comparable to the regional average. This make waivers a valuable incentive; however, the City cannot waive SDCs collected by the County or special districts without prior approval. The City must balance its affordable housing goals with its ability to pay for infrastructure to support new housing.

Administrative Effort ◆ to ◆◆ Depends on program criteria and ongoing monitoring required.

Key Considerations

- What projects would be eligible? Would it be projects that are not already subject to monitoring and compliance regulations, or should the City limit it to projects with state or federal funding and projects to be owned/operated by nonprofits?
- How long of an affordability restriction would the City want to impose?
- If the City were to exempt affordable housing from SDCs or permit fees and not subsidize from another source, how big of a reduction to permit and/or SDC revenue can the City sustain?
- Are there other funding sources the City could identify to fill the gap? CET funds? Other?

Next Steps

- Conduct an analysis of funding implications, including what revenue sources are needed to subsidize foregone revenues from reducing or waiving SDCs.
- Coordinate among City staff and policymakers to identify desired project eligibility.

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2D: Explore Partnerships with a Community Land Trust

Summary

Wilsonville faces a lack of affordable homeownership options for middle-income households. From 2015 to 2019, just 10% of homes in Wilsonville sold for under \$300,000. One potential option to bridge the gap would be to partner with a Community Land Trust (CLT), which can make homeownership affordable through a shared equity approach. A qualified family, with the assistance of the CLT, purchases a home at a reduced price that they can afford. The CLT attaches a deed restriction that requires the family to “pay it forward” when they sell the home to another qualifying family. The deed restriction prescribes a formula for future resale prices and equity recapture to ensure that the homes remain affordable for future residents in perpetuity while helping the current homeowner build wealth. The CLT serving the Portland region and other areas of the state is Proud Ground. Proud Ground estimates that \$100,000 to \$120,000 is needed to subsidize a new home affordable at 60% to 80% AMI in Wilsonville; if purchasing an existing home, subsidy equivalent to about 20% of value of home is needed.

The City would be unlikely to manage a CLT itself. Instead, the City could support a CLT subsidy in several ways, including land write-downs, permit fee/SDC waivers and outright subsidy.

For more information on home prices in Wilsonville, see **Appendix A: Housing Market Research Report** (page 18).

Policy Objectives	2 (Partnerships), 3 (Homeownership), 4 (Prevent Displacement), 6 (Affordable Housing Stock), 7 (Social Equity)
Summary of Stakeholder Feedback	There are few entry-level homes that would be affordable to first-time homebuyers in Wilsonville. The City should do more to support homebuyers with modest incomes.
Potential Impact	◆◆◆ A supply of affordable, entry-level homes is one of the critical missing pieces in Wilsonville’s array of housing options.
Administrative Effort	◆ This action will require staff time to meet with Proud Ground and coordinate possible partnerships. Proud Ground’s model works with either subsidies/land that support the construction of new affordable homes or subsidies that make the acquisition of existing homes affordable to first time homebuyers.
Key Considerations	<ul style="list-style-type: none"> • What funding sources are available to support CLT homes? • Are there homes on the market, perhaps during a post-COVID-19 recession, that are for sale at a reduced price that would make excellent candidates for City-subsidized land trust homes? Could the City partner with Proud Ground on an acquisition strategy for distressed home sales? • How can the City require or incent developers to work with Proud Ground? For example, could the City work with Proud Ground to partially subsidize some homes in a new development so that they become CLT homes? • Are there city-owned parcels that are suitable for new development? If city-owned land is in an area with concentrated poverty or low transit access, can it be swapped for another parcel?

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Next Steps

- Contact Proud Ground, which has expressed interest in working with Wilsonville and has CLT homes throughout Clackamas County.
- Identify funding opportunities to support permanently affordable homeownership through a CLT.

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2E: Explore Homeownership Support Programs

Summary	Homeownership is key to wealth building and is strongly supported by stakeholders and City leadership. Advancing this action will also interact with and help to advance many of the other actions. For example, SDC waivers and tax abatements can be structured to help encourage homeownership product and increasing access to homeownership is a key tool for reducing displacement.
Policy Objectives	3 (Homeownership), 4 (Reduced Displacement), 7 (Social Equity)
Summary of Stakeholder Feedback	There are few entry-level homes that would be affordable to first-time homebuyers in Wilsonville. More support for homebuyers is desired.
Potential Impact	◆ to ◆◆ The amount of impact depends on the program pursued, the level of financial support the City could provide, and the strength of the partnerships developed through these efforts.
Administrative Effort	◆ to ◆◆ Depends on program parameters and City involvement.
Key Considerations	<ul style="list-style-type: none"> • Does the City have funding capacity available to support homeownership programs? • How can the City best develop a partnership with other entities working to encourage affordable homeownership opportunities?
Next Steps	<p>Conduct outreach with potential partners to determine the City's role, potential new programs the City could develop, and potential impact. The City could provide the following:</p> <ul style="list-style-type: none"> • Education on Home Ownership Preparation. Help first-time homebuyers learn the basics about the home buying process in classes taught by experienced professionals who specialize in helping first-time homebuyers. Special topics on HOAs can be included. <i>Potential Partners: The City could coordinate with existing organizations such as the Portland Housing Center to facilitate this training or develop its own program.</i> • Alternative Funding Sources for Down Payment and Mortgage Assistance. Expand financing options to low-income and middle-income households who plan to purchase a home. Down payment assistance is the quickest way to help households access the homeownership market. While this approach does not lead to the home being permanently affordable, it is an efficient way to help individual qualified households. <i>Potential Partners: Clackamas County Housing Authority, nonprofit organizations.</i>

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- **Partnership with local nonprofits.** Work with Proud Ground or Habitat for Humanity to develop affordable homeownership projects, especially if there is publicly-owned land available or other incentives (e.g., a waiver of Systems Development Charges). Connect renters interested in home ownership to these local nonprofits for assistance with the home purchasing process. Investment needed to help homebuyers purchase an existing home in the Portland region is about 20% of value of home. In Wilsonville, this may be higher because the city's housing stock is newer and more expensive. *Potential Partners: Proud Ground, Habitat for Humanity.*
- **A Homebuyer Opportunity Limited Tax Exemption Program.** The purpose of this program is to encourage homeownership among low- and moderate-income families. The tax exemption can be granted for up to 10 years for the value associated with property improvements, but not the land value. Eligible building types include single-family housing units, multifamily homeownership units (e.g. condos and townhomes), and manufactured housing. Please see **Appendix D** for more information. *Potential Partners: Clackamas County and other taxing jurisdictions, as applicable.*
- **Financial and logistical support for voluntary sale of manufactured home communities to resident groups as resident-owned communities and to nonprofits or a housing authority as permanently affordable housing.** These models of ownership provide stability, predictability, and affordability for residents. The communities are acquired at market value from willing sellers with financing and incentives from Oregon Housing and Community Services, private lenders, and various grant sources. *Potential Partners: OHCS, foundations, Clackamas County Housing Authority.*

2F: Explore Housing Preservation Tax Abatement

Summary

As suggested in Action 1D, the City could explore the creation of a tax abatement program specifically targeted toward existing low-cost market rate rental properties to reduce potential displacement of tenants living in those properties. The City would use the Multiple Unit Property Tax Exemption Program (MUPTe) with a set of program parameters targeted toward preservation.

MUPTe is a flexible program that can be used to incent multifamily housing with particular features or at particular price points by offering qualifying developments a partial property tax exemption for 10 years. Though the state enables the programs, Wilsonville can shape the program to achieve its preservation goals by controlling the geography of where the exemption is available, application process and fees, program requirements, criteria, and program cap. One important implementation consideration is the need to monitor compliance over the course of the abatement.

Statute allows for MUPTe to be used for existing multiple-unit housing that is or becomes subject to an affordability agreement with a public agency. This means that the City could offer the tax abatement authorized under MUPTe in exchange for signing an agreement with a public agency (such as the local Housing Authority or another affordable housing provider) to regulate rents. Because the statute is flexible about the nature of the affordability agreement, it could be structured to limit the annual increase in rents or to require a reduction based on the value of the tax abatement. The City could require that participating property owners invest in renovations in order to qualify, but this is not required under statute. ECONorthwest has been exploring a similar preservation-focused tax abatement in the City of Scappoose. Possible options include:

- **Rehabilitation emphasis:** Make renovations an eligibility requirement, with a required investment amount that is proportional to (and less than) the value of the tax abatement to the property owner. Require that participating property owners prioritize investments in health and safety improvements first, and then improvements for energy efficiency, universal accessibility, etc. Limit the rate of rent increases for the duration of the tax abatement (e.g., 2% or less).
- **Rent reduction emphasis:** Do not require renovations, but require that rents be reduced in proportion to the tax abatement, with a limit on the rate of increase year-to-year.

Policy Objectives	2 (Partnerships), 4 (Reduce Displacement), 7 (Social Equity)
Summary of Stakeholder Feedback	Residents are concerned about the potential for displacement, given rising rents in the community.
Potential Impact	◆◆ Or ◆◆◆◆ An abatement can be an important incentive to ensure affordability; more research into the abatements that work best for Wilsonville is needed.

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Administrative Effort

- ◆ Policy analysis plus outreach with overlapping taxing districts and existing property owners is required to evaluate and adopt options. Ongoing administration depends on the program, and can include processing applications, managing agreements, and monitoring compliance.

Key Considerations

- For either option described above, the affordability agreement should require rent restrictions but not income qualification in order to avoid creating administrative burden for the property owner and to ensure that existing residents would be able to remain.
- For enforcement, participating property owners could be required to submit current rent rolls and provide written notice to all tenants of the affordability agreement with contact information to report any potential violations.
- Since income qualification would not be necessary, the City could in theory establish affordability contracts directly with property owners. This would require some additional administrative effort, but much less than income certification.

Next Steps

- Explore implementation considerations:
 - Would the City's program focus on goals of rent reduction, unit rehabilitation, or another goal?
 - Are affordable housing providers willing to partner on implementation of affordability restrictions for preservation projects? If providers are unwilling to take on this role, consider whether City staff can administer a preservation program like the one described above. If the City is willing to take this on, staff may need additional support to create the program?
 - How would the City find eligible property owners and market the program?
 - How would the City evaluate and select projects that would receive the abatement?
 - How much revenue would the City be willing to forgo on an annual basis? Does the City want to limit the number of abatements provided? How does the City weigh the temporary (up to 10 years) loss of tax revenue against the potential attraction of new investment to targeted areas?
 - How can the City best assess the benefit it receives in exchange for the abatement?
 - Would the City be interested in leading an effort to abate its own taxes and work with other taxing jurisdictions to seek abatement of their taxes as well, to encourage deeper levels of affordability?
 - How would the City accommodate reporting requirements?
 - Is there a threshold at which the City would end the program, such as after a certain number of units receive the abatement?
- Conduct a financial analysis of the expected cost to the City and other taxing jurisdictions and potential program impact.

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2G: Support Local Home Repair Programs

Summary	<p>A home repair program would provide grants to lower income and fixed income homeowners who may be struggling with their home’s maintenance needs. Such a program would help to stabilize households and reduce displacement, including households in manufactured housing.</p> <p>Catalyst Partnerships NW, based out of Beaverton, already operates a home repair program that has benefitted Wilsonville residents by connecting homeowners with volunteers from local faith organizations including Grace Chapel and Community of Hope Lutheran Church. Catalyst Partnerships NW mobilizes volunteers to provide home repairs and remodeling services for elderly, disabled, and under-resourced homeowners. The group is funded through tax-deductible donations. The City could help to support such a program by providing direct grant funding, helping to the organization pursue grants, and offering City resources and organizational support.</p>
Policy Objectives	3 (Homeownership), 4 (Reduced Displacement), 7 (Social Equity)
Summary of Stakeholder Feedback	Members of the task force were especially supportive of programs to reduce displacement and support community partnerships.
Potential Impact	◆ to ◆◆ Impact would focus on existing homeowners, especially older residents and those with limited mobility. The level of impact depends on the amount of funding that the City could provide.
Administrative Effort	◆ to ◆◆ Depends on program parameters and City involvement.
Key Considerations	<ul style="list-style-type: none"> • Does the City have funding capacity available to support a home repair program? • How can the City best develop a partnership with Catalyst Partnerships NW or other groups?
Next Steps	<ul style="list-style-type: none"> • Conduct outreach with potential partners to determine the City’s role. • Determine City’s capacity to fund projects, provide in-kind support, or identify potential program participants.

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2H: Assess Accessibility and Visitability Standards or Incentives

Summary	“Visitability” describes a set of home design standards that address accessibility needs of visitors with mobility impairments. The three principles of visitability are at least one zero-step entrance, wide doorways and hallways for clear passage, and at least one bathroom with wheelchair access on the main floor. The City of Wilsonville can adopt new design codes or grant incentives for developments with visitability standards.
Policy Objectives	1 (Diverse Housing Types), 7 (Social Equity)
Summary of Stakeholder Feedback	Through the library kiosk, <i>Let’s Talk, Wilsonville!</i> website, and renter survey, many residents expressed a desire to see more one-level homes. This speaks to the need for more accessible homes that can accommodate people with mobility challenges.
Potential Impact	◆ The City’s initiative to consider the needs of all ages and abilities could be a welcome change for the residents. The new standards could apply to new construction or to building retrofits (which would increase the impact).
Administrative Effort	◆◆ or ◆◆◆ The City Council can propose and adopt the three principles of the visitability standards relatively quickly. More staff time will be required for creating incentives associated with visibility standards.
Key Considerations	<ul style="list-style-type: none"> • Is visitability a concern for current and future residents? • Are there existing design or space limitations for enhancing visitability (i.e., on-site stormwater mitigation, narrow lots)? • How might additional requirements or incentives for accessibility add to development costs and increase rents and sales prices? • Would small, accessible cottage homes be a viable housing type to meet accessibility needs, especially affordable homeownership? • What do households with accessibility needs want in a single level affordable home? • Are there any creative ways to make affordable and accessible apartments, infill duplexes, and accessory dwelling units? • How does Wilsonville’s topography limit to ability for accessible homes, often leading to the need for stairs in site design?
Next Steps	<ul style="list-style-type: none"> • Disseminate information on visitability standards among policymakers. • Review the State’s Affordable Housing Standards, which provides accessibility requirements for affordable homes. • Through HB 2001 implementation (Action 1B), explore the design approaches like stacked duplexes, where first floor is the more accessible unit. • Reach out to other communities for guidance, such as the City of Milwaukie, which has adopted a Cottage Cluster Code with developer incentives. • Identify Development Code sections that need to be amended.

6. Steps for Implementation

In the coming years, implementing the Plan will require the City to balance and coordinate its pursuit of actions, funding, and partnerships with its other policy and programmatic priorities. This section outlines an implementation process that will improve success with advancing this Plan's near-term actions while building momentum toward the larger goal of achieving housing equity.

Develop and Assign Work Programs

After the Plan's adoption, the City will move towards implementing the Plan's actions. Doing so will require detailed work programs, assignments of staff to complete analysis and initiate conversations with stakeholders, and meetings with Clackamas County and other partners to identify potential partnership opportunities. Implementation of some actions will require dedicated staff time and budget, which the Plan accounts for in Action 1E through the creation of a housing liaison position.

Explore Funding Tools

This Plan outlines five implementation actions for near-term implementation and eight actions for further exploration. Many of these actions will require on-going funding for implementation. As outlined on page 13, there are a number of funding programs that could support these actions, most of which are not locally controlled. In the near-term, City Council and staff should:

- **Explore the creation of a Construction Excise Tax:** Based on City Council direction, the City will begin this effort by evaluating the potential for creating a Construction Excise Tax in the first year of implementation (see **Appendix C**). The CET is a locally controlled and implemented tool that generates revenue from building construction specifically to support affordable housing program implementation.
- **Track Metro Housing Bond:** The next round of funding will be available for the Metro Affordable Housing Bond in 2022. The City should complete the necessary analysis and stakeholder conversations to best position itself to compete for these funds on target projects, including the potential transit-oriented housing development at the Wilsonville Transit Center (Action 1A).

Carrying out the actions outlined in this Plan will require the City to continually review potential sources of funding to carry out its implementation actions. The City will explore other funding sources as each action requires, and as opportunities for partnerships and grants arise.

Involve the Community

The City will continue engaging the community in this work, seeking input regarding the nature of housing challenges as the economy evolves. The City will pay particular attention to those community members who experience housing inequities, including lower-income renters, communities of color, and people with disabilities. These community members will be best positioned to inform the City's next set of actions beyond those identified in this Plan.

As implementation activity continues, the City may realize efficiencies through establishing an ongoing equitable housing advisory committee composed of service providers, employers, real estate professionals, and community members. Through the proposed housing liaison identified in Action 1E, the City should maintain an open line of communication to understand evolving needs and how the City can best respond to those needs.

Build Partnerships

Many partners and funders seek to improve access to equitable and affordable housing in the Portland region. Stakeholders include nonprofit housing developers, Metro, Clackamas County, community-based organizations, school districts, tenant's rights organizations, land trusts and other nonprofits focused on increasing access to home ownership, the State of Oregon (especially Oregon Housing and Community Services), and others. Wilsonville staff will conduct outreach with these organizations to understand their roles in meeting Wilsonville's housing needs and finding joint funding opportunities.

Develop Indicators

Priorities for implementation will evolve over time, as actions are completed and Wilsonville's needs change. Tracking the City's progress towards implementing the Plan is important to determine whether the activities the City is implementing have the desired impacts and to inform future updates to this strategy with key trend data. To keep Plan implementation on track, the City will identify a limited set of indicators that are based on available data and most likely to express how well the City's actions are improving conditions for those who experience housing inequities. Additional indicators will be identified to track the progress of individual actions as they are implemented.

The City will track equitable housing activities and information about these indicators in a new section of its Annual Housing Report. In the 2021 Annual Housing Report, the City will establish a baseline evaluation of potential indicators as a "learning laboratory" that will be used to track progress toward equitable outcomes. The indicators used in the annual report may change over time, especially if new data become available or market conditions change.

Exhibit 4 shows potential indicators that the City could track through its Annual Housing Report process. Determining the exact indicators will (1) require additional research into availability of data and (2) additional discussions with City leaders and the community to make

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sure the indicators can adequately gauge equitable housing progress. The City will use the list in Exhibit 4 as a starting point for its research.

Exhibit 4. Potential Indicators for Future Exploration

Policy Objective	Potential Indicators
1. Greater availability of a diversity of housing types for a full range of price points to serve the community.	Number and type of new homes produced and total within the city over time - location, tenure, size, sale price/asking rent, accessibility/visitability (measure TBD), and unit type
2. Increased partnerships with nonprofit and for-profit housing developers.	Number of properties or units acquired by City, County, or nonprofit partner
	Permits issued for nonprofit developments
3. New and expanded affordable homeownership opportunities, especially for first-time homebuyers.	Mortgage applications and denials, including by race and ethnicity
	Home purchases by transaction type – cash vs. mortgage by type (conventional, FHA, VA, etc.)
	Share of homebuyers receiving assistance (e.g. down payment assistance)
4. Reduced risk of housing displacement.	Share of rent-burdened residents
	Number of requests County receives for tenant assistance from the Wilsonville zip code (211 data)
5. Targeted housing opportunities in areas with access to services and public transit.	Number of new market-rate and affordable homes in ½ mile proximity/10 to 15 minute walk to daily shopping, medical services, and transit services
6. Maintenance and expansion of quality subsidized affordable housing stock.	Number, location, and expiration date of regulated affordable units with change in units provided over time
	Land use regulations adopted with incentives for regulated affordable units
7. Implementation of all housing policies through a lens of social equity and inclusion.	Neighborhood integration over time by income, household demographics, and sales prices/rents
	Share of racial and ethnic diversity as compared to County and region

NOTE: Proposed performance measures will require additional discussion to confirm them as well as how to integrate data collection and analysis into ongoing staff work flow. Potential data sources include City of Wilsonville, Clackamas County Assessor's Office, Home Mortgage Disclosure Act, the U.S. Census American Community Survey, 211, Regional Land Information System, Oregon Housing and Community Services, and proprietary sources (e.g., Costar and Property Radar).

Assess, Align, Update

As conditions change and the City makes progress towards its goals, the City Council should revisit and update the Plan on a periodic basis. Key questions that Council can consider in its assessment include:

- Is there a need to reprioritize the actions, based on changing conditions or the results of research into indicators?
- Should some of the actions move from the “Explore” category to the “Implement” category?
- Are additional actions needed to address new or changing conditions?
- Is staff capacity sufficient to meaningfully advance the key strategies?
- What benefits has the City seen from its efforts to date? Are the City’s residents, and especially its lower-income residents and communities of color, seeing a return on the investments that the City has made?

In the coming months, the City will have additional information about how the process of updating this Plan can be in alignment with newly-required housing planning work. House Bill 2003, passed in the 2019 legislature, created new requirements for cities to regularly update their Housing Needs Analysis (HNA) and in conjunction, create a Housing Production Strategy. Wilsonville is scheduled to complete its next HNA in 2023 with its first Housing Production Strategy to follow in 2024.

While this document will certainly give Wilsonville a head start in meeting these requirements, rulemaking for the new Housing Production Strategy is still proceeding as of May 2020, and the specific requirements for that document are not known. Guidelines and requirements for the Housing Production Strategy will become clearer over the initial two-year implementation period of this Plan. This will create an opportunity to use the update process to scope how to address any additional requirements for the Housing Production Strategy the City will undertake in 2024. The City will align future updates of this document with timing of Housing Needs Analysis updates and the specific requirements for Housing Production Strategies.

Appendices

- A. Housing Market Research Report
- B. Stakeholder Outreach Process and Themes
- C. Construction Excise Tax Implementation Roadmap
- D. All Actions Evaluated
- E. Property Tax Abatements for Housing in Oregon

¹ Walkerly and Russel, September 2016, accessed online at:
https://ssir.org/articles/entry/what_the_heck_does_equity_mean

² Andersson, Fredrik, John C. Haltiwanger, Mark J. Kutzbach, Giordano E. Palloni, Henry O. Pollakowski, and Daniel H. Weinberg. "Childhood Housing and Adult Earnings: A Between-Siblings Analysis of Housing Vouchers and Public Housing," National Bureau of Economic Research, 2016.

³ Tract-level CHAS 2012-2016, Tables 1, 8, 9, compiled by Metro's Data Research Center.
<https://www.huduser.gov/portal/datasets/cp.html>

⁴ Fernald, Marcia, Ed., "The State of the Nation's Housing 2013," Joint Center for Housing Studies of Harvard University, 2013, <http://www.jchs.harvard.edu/sites/jchs.harvard.edu/files/son2013.pdf>.

⁵ ECONorthwest analysis using methodology from the following paper: Chakrabarti, Ritashree, and Junfu Zhang. *Unaffordable housing and local employment growth*. No. 10-3. Federal Reserve Bank of Boston, 2010.

⁶ Wright, Bill, Keri Vartanian, Grace Li, and Maggie Weller, "Health in Housing: Exploring the Intersection Between Housing & Health Care," The Center for Outcomes Research & Education, Providence Health & Services, 2016, https://oregon.providence.org/~media/Files/Providence%20OR%20PDF/core_health_in_housing_full_report_feb_2016.pdf.

⁷ Desmond, Matthew and Gershenson, Carl, "Housing and Employment Insecurity among the Working Poor." *Social Problems*, Volume 63, Issue 1, 1 2016, Pages 46–67, <https://doi.org/10.1093/socpro/spv025>

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Appendix A: Housing Market Research Report

This memorandum was part of the presentation materials for the September 2019 Task Force and Planning Commission meetings

City of Wilsonville

Housing Market Research Report

August 2019

ECONorthwest
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For over 40 years ECONorthwest has helped its clients make sound decisions based on rigorous economic, planning, and financial analysis. For more information about ECONorthwest: www.econw.com.

ECONorthwest prepared this report for the City of Wilsonville. It received substantial assistance from Communitas, LLC and Commonworks Consulting as well as Kim Rybold at the City of Wilsonville. Other firms, agencies, and staff contributed to other research that this report relied on.

This project is partially funded by a Metro 2040 Grant. That assistance notwithstanding, ECONorthwest is responsible for the content of this report. The staff at ECONorthwest prepared this report based on their general knowledge of housing economics, and on information derived from government agencies, private statistical services, the reports of others, interviews of individuals, or other sources believed to be reliable. ECONorthwest has not independently verified the accuracy of all such information, and makes no representation regarding its accuracy or completeness. Any statements nonfactual in nature constitute the authors' current opinions, which may change as more information becomes available.

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1 Purpose and Context

As housing affordability declines in Wilsonville, community members have expressed concern about being displaced or having to move out of the city in search of more affordable rental and homeownership opportunities elsewhere. A number of community members have testified before the Wilsonville City Council about how the large and sudden rent increases threaten community members' housing stability.

To address the community's housing needs now and in the future, the City of Wilsonville has identified the need to establish a roadmap toward a more equitable housing system. Generally speaking, equitable housing means more people are able to find a home that meets their needs for location, price, and household needs. In the midst of a regional housing crisis, Wilsonville is poised to design a strategy that expands opportunities and access for more people to enjoy the quality of living in the city.

The purpose of this Housing Market Research Report is to synthesize background information on the current housing market to support decision making as the City develops its Equitable Housing Strategic Plan. In particular, the report focuses on housing affordability issues and identifies the types of housing that the City should plan for in the future. This analysis draws heavily on the Wilsonville Baseline Housing Needs Assessment, completed as a component of the Clackamas County Regional Housing Needs Analysis in 2019. Based on research and stakeholder outreach the team will conduct throughout Summer 2019, the Task Force and City Council identify which types of programs and policies are relevant to promoting equitable housing in Wilsonville.

The remainder of this document is organized into five sections:

2. Who lives in Wilsonville today?
3. What will Wilsonville's future population look like?
4. What are the current housing conditions in Wilsonville?
5. What types of housing will future residents need?
6. Conclusion

What is equitable housing?

Equitable housing goes beyond simple 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.

This broad definition includes choices for homes to buy or rent that are accessible across all ages, abilities, and incomes and convenient to everyday needs, such as transit, schools, childcare, food, and parks.

Equitable housing also represents a system that accounts for the needs of households with low income and communities of color, recognizes a history of housing discrimination, and complies with current state and federal fair housing policy.

Source: Metro

2 Who lives in Wilsonville today?

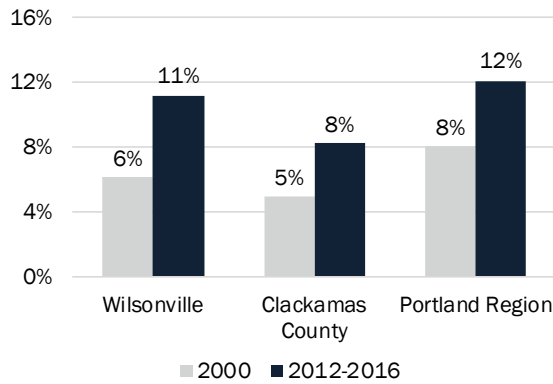
Wilsonville has grown quickly, and with that growth has come changing demographics and an increasing need for the City’s leadership to focus on existing and future housing needs. From 2014 to 2019, Wilsonville saw a 15% increase in population and an 11% increase in housing units.¹ According to a recent article in the Portland Business Journal, Wilsonville ranks third in the entire state of Oregon in five-year population growth.²

Demographics have changed over the last 20 years.

Wilsonville’s Latinx community is expanding. Between 2000 and 2016, the Latinx population in Wilsonville increased by about 2,000 people, almost doubling from a share of 6% to 11% of the population. Over the same period, the County and Portland Region saw slower growth in this population group. The growth rate of Wilsonville’s Latinx population was greater than the growth rate of Wilsonville’s population overall.

Exhibit 1. Share of Latinx Population, Wilsonville, Clackamas County, Portland Region, 2000 to 2012-2016, 2012-2016

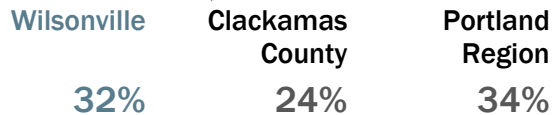
Source: U.S. Census Bureau, 2012-2016 ACS Table.



Millennials are a large proportion of Wilsonville residents. In 2012-2016, 32% of Wilsonville’s population was between 20 and 40 years old. This is more similar to the share within the Portland region than in Clackamas County.

Exhibit 2. Population between 20 and 40 years of age, Wilsonville, Clackamas County, Portland Region 2012-2016

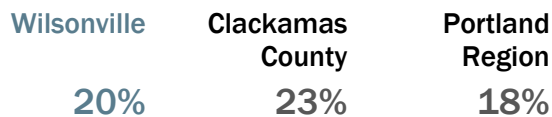
Source: U.S. Census Bureau, 2012-2016 ACS Table.



Aging Baby Boomers are a small, but important population segment in the city. In 2012-2016, 20% of Wilsonville’s population was over 60 years old. This is a greater share than the Portland region.

Exhibit 3. Population over 60 years of age, Wilsonville, Clackamas County, Portland Region 2012-2016

Source: U.S. Census Bureau, 2012-2016 ACS Table.



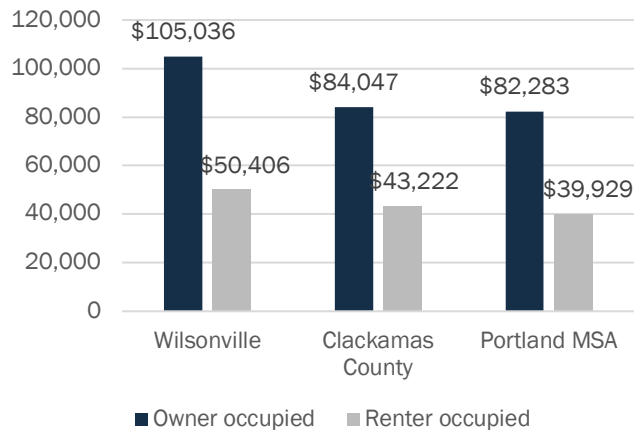
Incomes for owner households are generally higher than renter households.

The median household income for renters, just \$50,000, is less than half the median for homeowners, over \$105,000.

While average incomes in Wilsonville are higher than in the rest of the County and metro area, the magnitude of difference in income between renters and homeowners is similar.

Exhibit 4. Median Household Income by Tenure, 2012-2016

Source: U.S. Census Bureau, 2012-2016 ACS Table B25119.

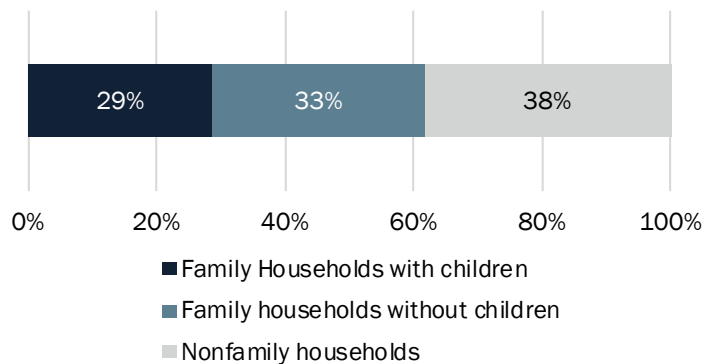


Incomes vary by family type.

The majority of households in Wilsonville are family households. Per the Census, “Family households consist of two or more individuals who are related by birth, marriage, or adoption, although they also may include other unrelated people. Nonfamily households consist of people who live alone or who share their residence with unrelated individuals.”³

Exhibit 5. Family and Non-Family Households, Wilsonville, 2012-2016

Source: U.S. Census Bureau, 2012-2016 ACS Table B25119.

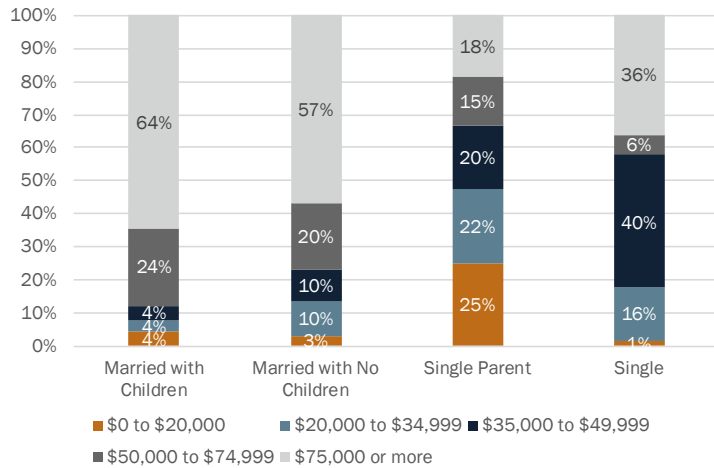


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Of all family types, single parent households in Wilsonville have some of the lowest incomes compared to the amount of housing they need. Two thirds of single parent households have less than \$50,000 in household income per year.

Exhibit 6. Household Income by Family Type, Wilsonville, 2012-2016

Source: U.S. Census Bureau, 2012-2016 ACS

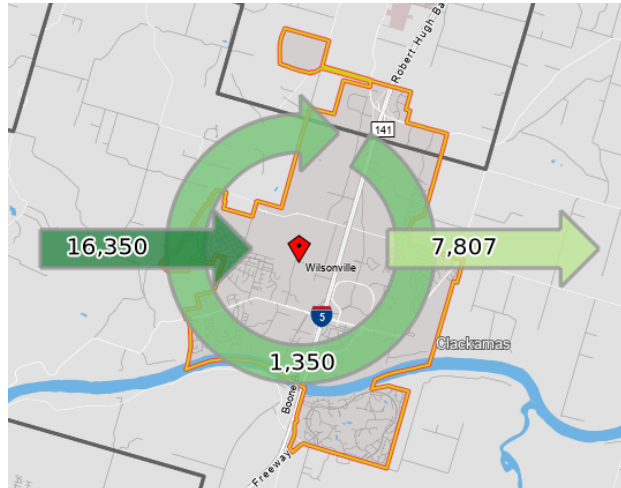


Most Wilsonville residents commute elsewhere to work.

As of 2015⁴, about 85% of employed residents leave Wilsonville for work, while over 16,000 workers come to Wilsonville from other communities.

Exhibit 7. Commuting Patterns in Wilsonville.

Source: U.S. Census Bureau, Center for Economic Studies, On The Map, 2015.



Many children attending Wilsonville schools are economically disadvantaged.

There are several schools in Wilsonville with a large share of economically disadvantaged students, which the Oregon Department of Education defines as students eligible for free and reduced price lunch.⁵ In 2016-2017, a family of four qualified for free lunches with a household income of \$31,590, and reduced price lunches with a household income of \$44,955.

Exhibit 8. Share of Economically Disadvantaged Students (per Oregon Department of Education) in Wilsonville Schools.

Source: Oregon Report Card 2016-2017.
<https://www.wlww.k12.or.us/domain/95> and Free and Reduced Price Meal Income Guidelines for School Year 2016-2017
<https://www.ode.state.or.us/wma/nutrition/snp/memos/nsip-income-guidelines.pdf>

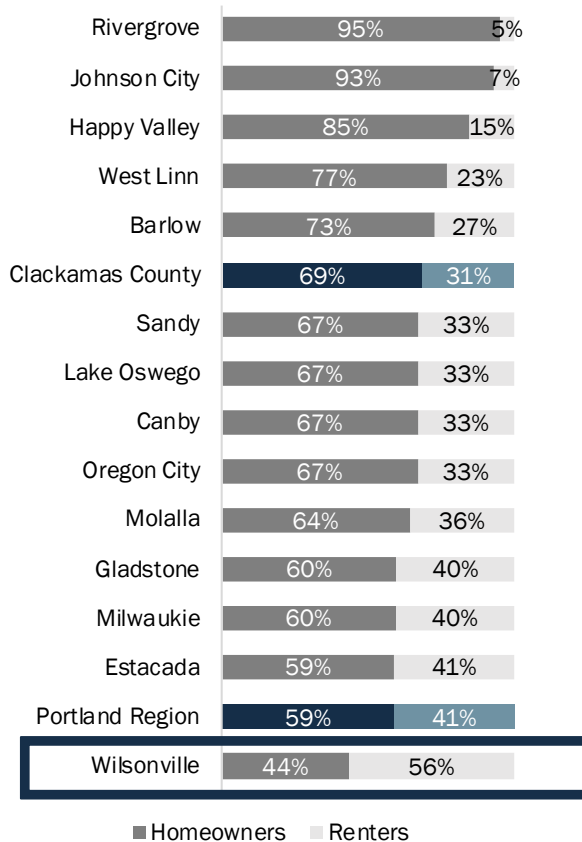
- Arts and Technology High School – 54%
- Boeckman Creek Primary School – 33%
- Boones Ferry Primary School – 40%
- Lowrie Primary School – 21%
- Wilsonville High School – 21%
- Inza Wood Middle School – 30%

The majority of Wilsonville households rent their homes.

In Wilsonville, over half of households rent their homes. In 2012-2016, about 56% of Wilsonville’s households were renters and 44% were homeowners. In every other major city in Clackamas County, the majority of households are homeowners.

Exhibit 9. Housing Tenure, Wilsonville and cities within Clackamas County, 2012-2016

Source: U.S. Census Bureau, 2012-2016 ACS Table B25032.

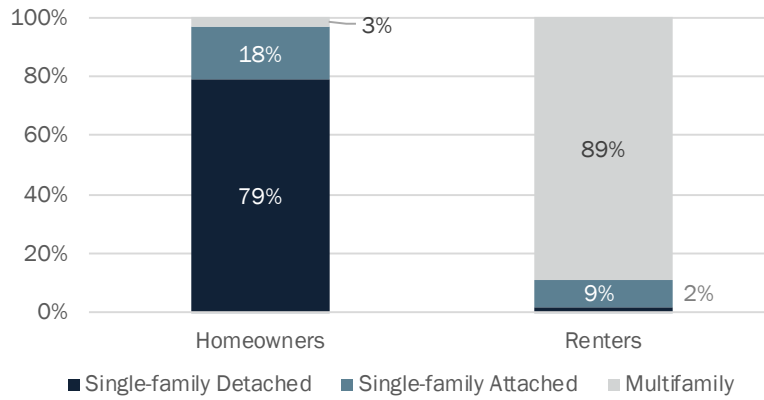


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In Wilsonville, homeowners mostly live in single-family houses, while renters mostly live in apartment buildings.

Exhibit 10. Housing Tenure by Housing Type, Wilsonville and Cities within Clackamas County, 2012-2016

Source: U.S. Census Bureau, 2012-2016 ACS Table B25032.



3 What will Wilsonville’s future population look like?

Wilsonville is expected to grow by over 3,000 new residents over the next 20 years.

By 2040, Wilsonville is projected to see a 14% increase over the 2019 population. Wilsonville is expected to add 3,373 people in about 1,752 households between 2019 and 2039. In recent years, however, the City has grown faster than Metro forecasts, with annual housing growth surpassing the forecasted growth in each of the past five years (15% population growth from 2014 to 2018).⁶ If this trend continues, population and household growth would likely surpass this estimate before 2039.

Exhibit 11. Forecast of Population Growth, Wilsonville UGB, 2019–2039

Source: Metro population forecast, 2015.

23,492 Residents in 2019	26,865 Residents in 2039	3,373 New residents, 2019-2039	14% increase 0.7% AAGR
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Note: This forecast does not account for expected growth that may come as a result of the City’s recent UGB expansion in Frog Pond East and South and the 2019 adoption of the Town Center Plan.⁷

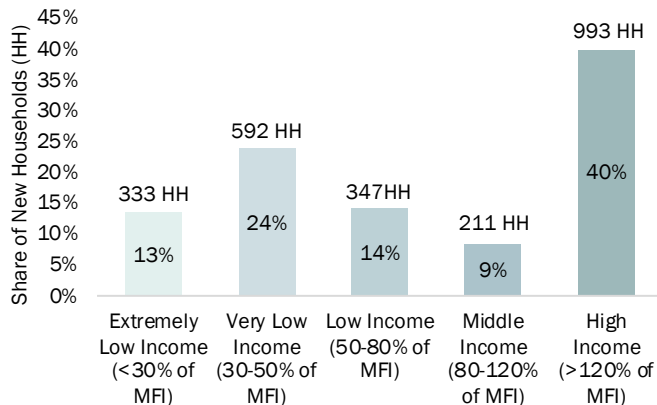
About half of new households in Wilsonville are forecast to be low income. These households will need affordable housing options.

This is similar to Clackamas County as a whole, where 47% of households are expected to be low income (with household incomes less than 80% of MFI).⁸

Exhibit 12. Future New Households in Wilsonville, by Median Family Income (MFI) for Clackamas County (\$81,400), 2019 to 2039

Source: U.S. Department of Housing and Urban Development. U.S. Census Bureau, 2012-2016 ACS Table 19001.

The percentages used below are based on current household income distribution, assuming that approximately the same percentage of households will be in each market segment in the future.



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Recent forecasting work from the Portland State University Population Research Center and Metro points to the following trends over the planning period. Since specific estimates for Wilsonville are not available, we used Clackamas County, Portland Region, or Portland MSA trends:

- **More middle-aged Millennials.** Wilsonville currently has a larger share of Millennials than the County. The Population Research Center at PSU estimated future age cohorts by county. By 2040, Millennials will be between 40 and 60 years old. This generation is expected to grow from 23% of Clackamas County's population to 28% of the County's population. Family households in this age cohort are moving toward becoming "empty nesters" or multi-generation households.
- **A relatively constant share of people over the age of 60.** Between 2020 and 2040, the share of people over 60 years old is expected to stay relatively constant in Clackamas County, from 26% of the population to 27% of the population. However, Metro anticipates for the Portland MSA, the share of heads of households who are 65 and older will increase from 23% to 30% by 2038. Wilsonville will need to plan for a stable to growing share of older households.
- **An increasing share of Latinx households.** Metro's growth forecast projects an increase of about 329,000 new Latinx residents in the region by 2040. This represents 46% of all new residents in the region by that date, and a 116% growth in the share of Latinx residents over 2015.
- **Lower average household sizes.** Metro anticipates that the average household size for the seven-county metropolitan area is expected to drop from 2.6 people per household in 2018 to about 2.4 people per household in 2038. Today (and in 2038), almost two-thirds of households consist of one or two people.⁹ This trend suggests an increased need for smaller housing types.
- **Increasing monthly housing costs.** In its regional Housing Needs Assessment, Metro forecasts that "average monthly housing costs for both owners and renters will continue to increase above historical levels, with the projected increases being particularly acute for owners."¹⁰ Metro projects that household incomes will not increase as fast as housing costs, which means cost burdens will also increase, with new homeowners experiencing more significant increases than renters. This is because historic sales prices have outpaced growth in rents and household incomes, and this trend is expected to continue.¹¹ These results suggest that the need for additional entry-level ownership housing will continue to be strong.

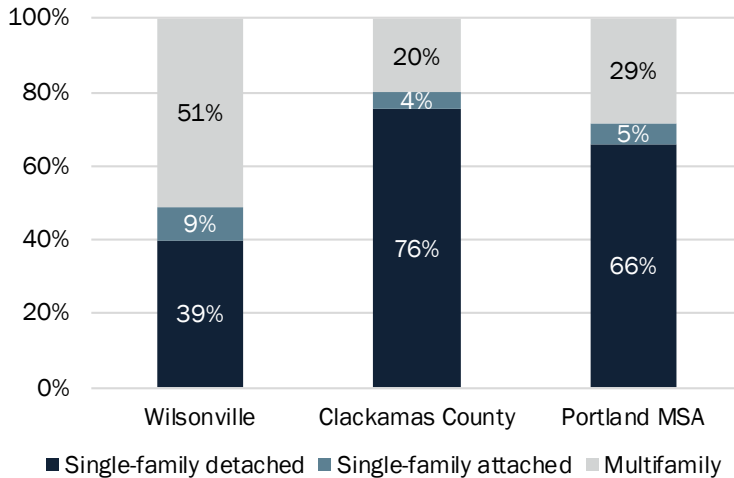
4 What are the current housing conditions in Wilsonville?

Wilsonville has an even mix of multifamily and single-family homes.

Wilsonville has a much larger proportion of multifamily homes than Clackamas County or the region as a whole. About half of all housing units in the city are located in multifamily buildings. Wilsonville also has a greater share of single-family attached units (like townhomes and duplexes) than Clackamas County or the region.

Exhibit 13. Housing Mix in Wilsonville and Comparison Geographies, 2012-2016.

Source: U.S. Census Bureau, 2012-2016 ACS Table B25024.



Census Definitions for Housing Mix

Multifamily housing: “residential buildings containing units built one on top of another and those built side-by-side which do not have a ground-to-roof wall and/or have common facilities (i.e., attic, basement, heating plant, plumbing, etc.)”

Single-family attached: “each must be separated from the adjacent unit by a ground-to-roof wall in order to be classified as a single-family structure. Also, these units must not share heating/air-conditioning systems or utilities.

Units built one on top of another and those built side-by-side that do not have a ground-to-roof wall and/or have common facilities (i.e., attic, basement, heating plant, plumbing, etc.) are not included in the single-family statistics

Source: United States Census Bureau. New Residential Construction Definitions. <https://www.census.gov/construction/nrc/definitions/index.html>

Until recently, the housing mix for new development has been evenly split between multifamily and single-family homes.

Historically, housing construction in Wilsonville has included multifamily units, single-family attached homes (townhomes), and single-family detached homes, with more units overall in apartments and townhomes.

Between 2000 and 2012, Wilsonville permitted 2,862 housing units, two-thirds of which (1,892) were multifamily or single-family attached units.¹² These new developments include market-rate apartments and townhomes, senior living (both assisted and independent), and subsidized affordable housing (including some designated for seniors or others for people of all ages with disabilities). Most new home construction between 2014 and 2017 has been in the Villebois neighborhood, which is required to build about one third of the units as multifamily housing. Some of these units must come with affordability requirements under the City’s development agreement with the State of Oregon, which allowed the former state hospital to be converted into a mixed-income neighborhood.¹³

Wilsonville’s development code characterizes attached single-family units as multifamily: “Dwelling, Multiple Family: Three or more attached dwelling units located on a single tax lot. In the Village zone, such use also includes stacked flats or townhouses”

Source: City of Wilsonville

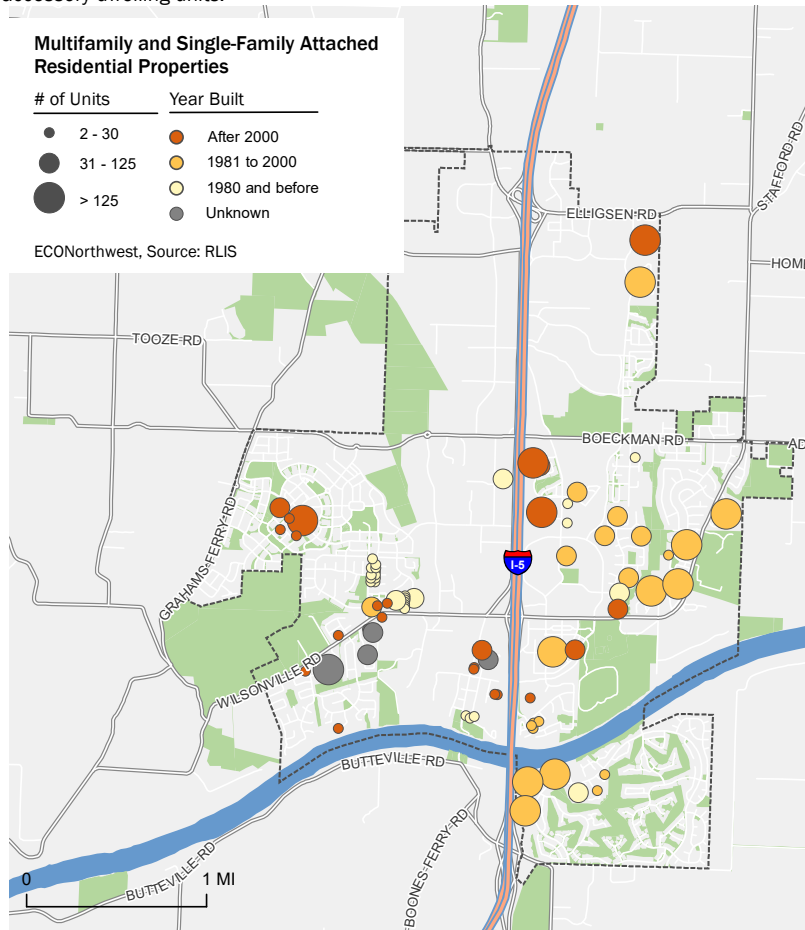
However, more single-family homes have been built in recent years. The construction of additional single-family units has helped to balance the city’s overall housing inventory, which has been weighted towards multifamily homes. In 2016 and 2017, no multifamily units were permitted. In 2018, 70% of permits approved were for single-family homes, including attached and detached rowhomes, and 30% were for multifamily units.¹⁴

Wilsonville’s multifamily and single-family attached housing stock is well-distributed across the city, and close to services.

Metro’s Regional Land Information System (RLIS) data shows where the distribution of multifamily and single-family attached units are in the city. Exhibit 14 shows where multifamily units—both ownership and rental buildings—are located in Wilsonville as well as the age and relative size of each complex. Much of Wilsonville’s multifamily housing stock is concentrated near the Town Center, where the majority of housing was built between 1981 and 2000. Town Center has a concentration of services, shops, and amenities. Newer multifamily and single-family attached housing development is concentrated in Villebois and several complexes in the core of Wilsonville.

Exhibit 14. Distribution of Multifamily and Single-Family Attached Residential Units, Wilsonville, 2019

Source: Metro RLIS. Note: RLIS data includes multifamily unit types as well as single-family attached types like townhomes, duplexes, and accessory dwelling units.



The city has a limited stock of subsidized affordable housing.

About 11% of Wilsonville residents live in subsidized housing. As of 2018, Wilsonville had 449 subsidized, affordable units in 12 developments. The majority of these units are reserved for families; two developments are reserved for seniors. The subsidies and affordability regulations for these units come from programs such as the low-income housing tax credit and the City’s tax abatement. These units serve residents making between 30% and 60% of area median income. Exhibit 15 shows the total number of subsidized units in Wilsonville as of 2018.

Exhibit 15. Government-Subsidized Affordable Housing, Wilsonville, 2018

Source: Oregon Housing and Community Services. Note: Two of these developments are accessible to residents through referral only (Rain Garden and Renaissance Court). This is because they serve residents with specific needs.

Development Name	Total Units	Total Affordable Units	Population Served
29875 SW Montebello Dr	1	1	Family
29885 SW Montebello Dr	1	1	Family
Autumn Park	143	140	Family
Beaver State - Montebello	50	41	Family
Charleston Apts	52	52	Family
Creekside Woods	84	44	Senior
Duck Country - Wilsonville Heights	24	24	Family
Hearthstone	5	5	Low income
Montecino	34	34	Family
Rain Garden	29	29	Low income, Referral Only
Renaissance Court	20	20	Low income, Referral Only
Wiedemann Park Apts	58	58	Senior
Totals	501	449	

Unregulated homes may be affordable to some renters, but prices are subject to market fluctuations. In these homes, rents are subject to market conditions, which generally means they have been increasing. There are no Wilsonville-based policies in place to preserve their affordability or protect tenants from displacement if they cannot afford a rent increase levied by their landlords. However, Senate Bill 608 was passed in 2019 which includes the following provisions:

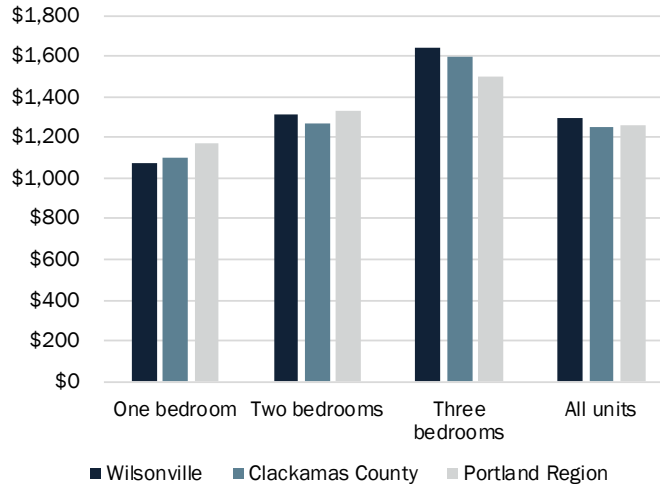
- Annual rent increases are limited to 7% plus the Consumer Price Index for the past 12 months. This applies to buildings over 15 years old.
- No-cause evictions are now limited to one of these four reasons:
 - Sale of the home to a new owner who will move-in
 - If the landlord or a family member will move-in
 - To address a significant repair or renovation of the unit
 - If the rental will no longer be used for residential use¹⁵

Wilsonville’s multifamily rental housing market trends mirror the Portland region.

On average, rents for one-bedroom units in Wilsonville are less than Clackamas County or the region, while larger units have similar or slightly higher rents than those in Clackamas County and the region.

Exhibit 16. Apartment Rents, by Bedroom Count, Wilsonville, Clackamas County, Portland Region, 2018.

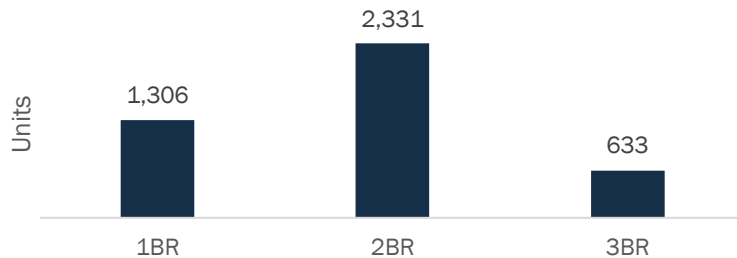
Source: CoStar.



Most multifamily rental housing units in the city are smaller one and two-bedroom units. Of 4,270 housing units in Wilsonville, about 31% have one bedroom, almost 55% have two, and only 15% have three.

Exhibit 17. Housing Unit Size, Wilsonville. 2019.

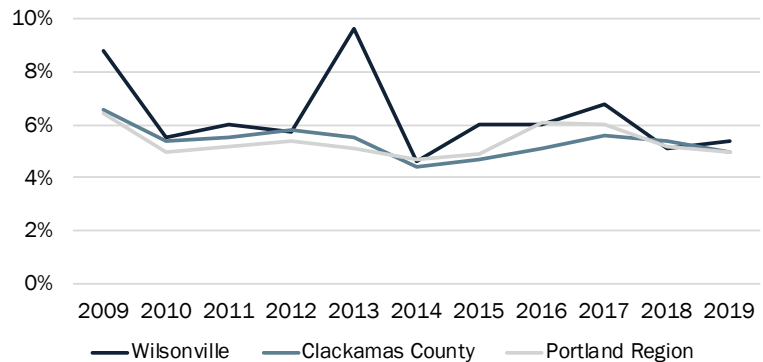
Source: CoStar



Multifamily vacancies in Wilsonville are average for the region. After some volatility during the recession, vacancy rates have settled at 5.4% in 2019, mirroring trends in the region, with vacancy rates of 5% for the Portland MSA and 4.8% for Clackamas County.

Exhibit 18. Multifamily Vacancy Rates in Wilsonville and Comparison Geographies, 2009-2019.

Source: CoStar

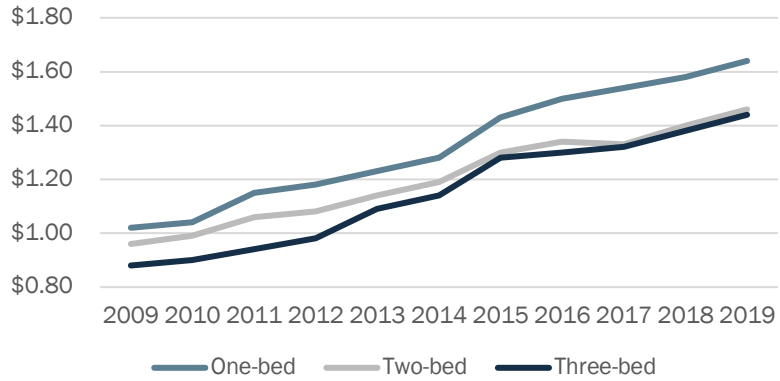


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Apartment rents per square foot have been rising at similar rates across unit sizes. While one-bedroom apartments are still more expensive on a per square foot basis than larger units, the prices are rising at similar rates as for two- and three-bedroom apartments.

Exhibit 19. Wilsonville Apartment Rents per Square Foot, by Bedroom Count.

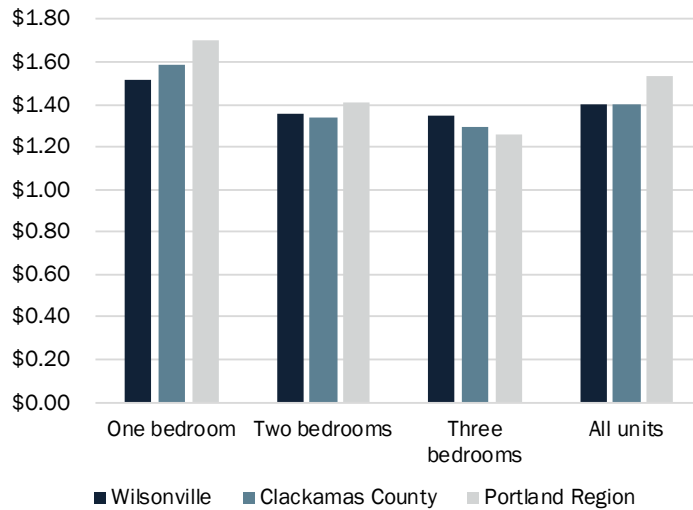
Source: CoStar.



Rents for Wilsonville's one bedroom units are less expensive than the County or region, while three bedroom units are more expensive.

Exhibit 20. Apartment Rents Per Square Foot, by Bedroom Count, Wilsonville, Clackamas County, Portland Region, 2018.

Source: CoStar.

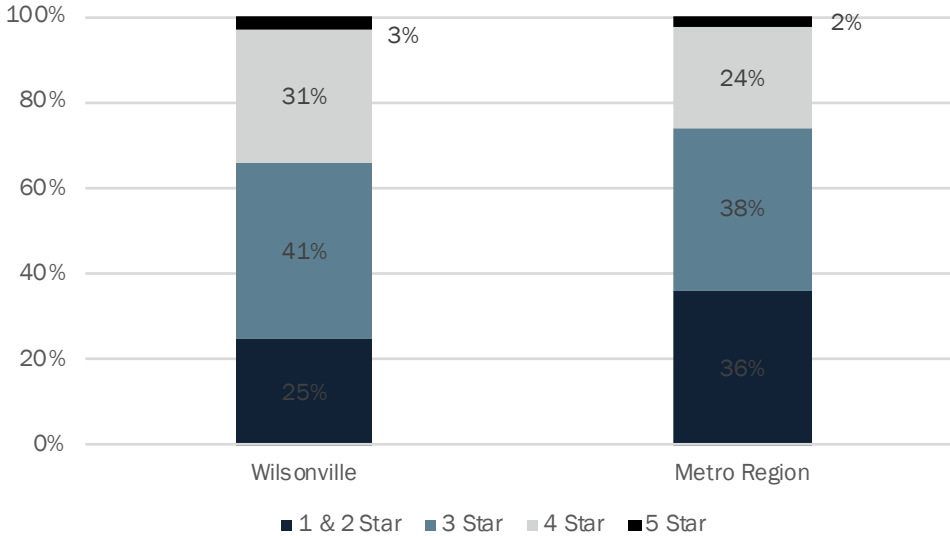


Wilsonville’s multifamily housing stock is relatively high-quality compared to the region.

According to CoStar—a multi-national commercial real estate information company—over one-third of Wilsonville’s multifamily housing stock is high-quality, compared to only one-quarter in the Portland region. This difference is mostly explained by the city’s relative lack of housing that CoStar¹⁶ rates as lower-tier.

Exhibit 21. Costar Quality Ratings for Multifamily Buildings in Wilsonville and Metro Region housing.

Source: CoStar.



Wilsonville’s higher quality multifamily housing stock results in higher rental prices compared with communities with a greater share of low-cost market rate rentals. On the other hand, Wilsonville may be less likely to see as much repositioning of its multifamily housing stock. This is the result of investors buying low-cost apartment complexes, making improvements, and increasing the rents at higher than average market rates.

Many residents cannot afford their housing costs.

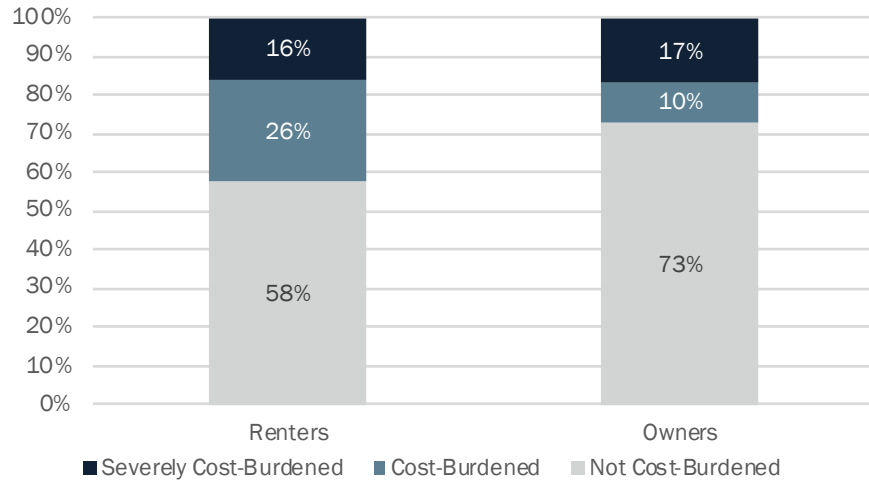
Many residents are paying more than 30% of their income on housing. Almost a quarter (23%) of all households in Wilsonville are cost-burdened, defined as spending more than 30% of their income on housing costs. Renters are particularly impacted: 42% are cost-burdened or extremely cost-burdened (spending more than 50% of their income on housing costs).

Low-income households are particularly likely to be cost-burdened.

Cost burden is a particularly pressing issue amongst renters. Disparities in income between current residents who rent and own their homes exacerbate the issue of housing cost burden, as renters have less income to begin with and are also paying too much of these limited resources on housing costs.

Exhibit 22. Housing Cost Burden in the City of Wilsonville by Tenure, 2012-2016

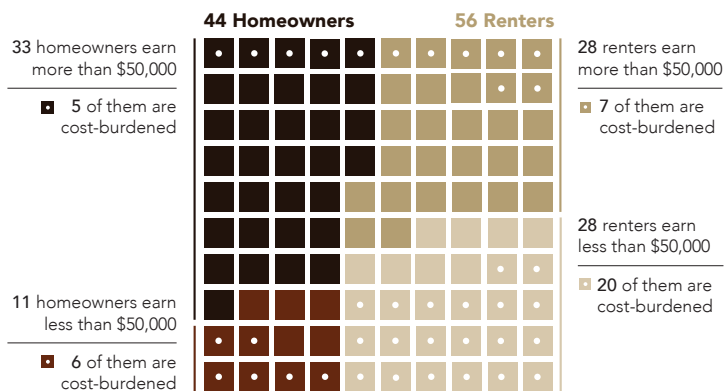
Source: U.S. Census Bureau, 2012-2016 ACS Table B25091 and B25070.



Almost **8 of 10 households** that earn less than \$50,000 per year in Wilsonville are cost-burdened.¹⁷

Exhibit 23. Illustration of Cost Burden if all of Wilsonville's Households were 100 Residents

Source: U.S. Census Bureau, 2012-2016 ACS Table S2503.



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Rents are relatively less affordable in Wilsonville than in Clackamas County.

When comparing household incomes to the median rent, Wilsonville's rental housing stock is relatively more expensive than the county as a whole.

A household can start to afford Wilsonville's median rents at about 70% of Wilsonville's median household income (\$44,167).

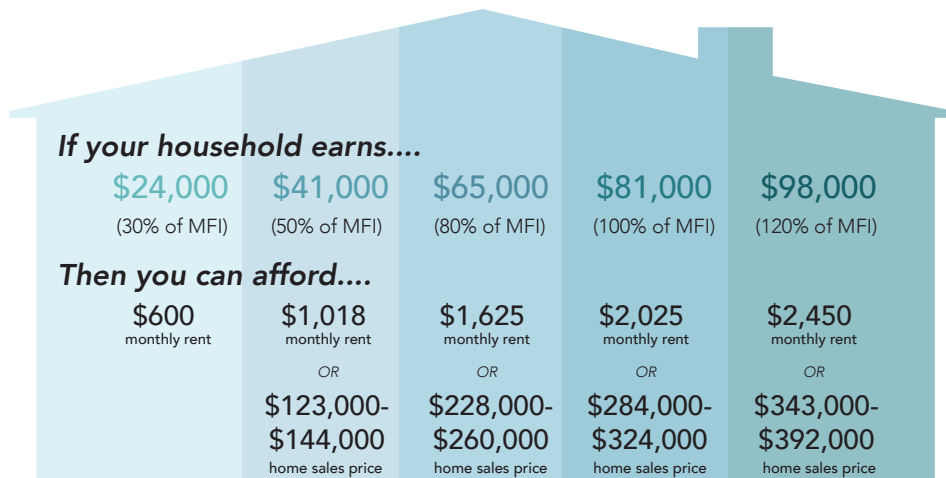
A household can start to afford Clackamas County's median rents at about 61% of County median household income (\$41,349).

Low-income households have very few options for either homeownership or rental. Exhibit 24 provides an overview of what households at different incomes can afford in terms of monthly rent or home sales price. It also provides examples of annual salaries for different job types that fall into each income bracket.

Wilsonville's residents are dissatisfied with the availability of reasonably-priced housing. The City's 2018 Community Survey concluded that only 38% of residents rated the availability of affordable quality housing as excellent or good, down from 47% in 2014.

Exhibit 24. Financially Attainable Housing, by Median Family Income (MFI) for Clackamas County (\$81,400), Clackamas County, 2018

Source: U.S. Department of Housing and Urban Development 2016. U.S. Census Bureau, 2012-2016 ACS Table 19001, Bureau of Labor Services, Portland MSA, 2018, Note: MFI is Median Family Income, determined by HUD for Clackamas County.

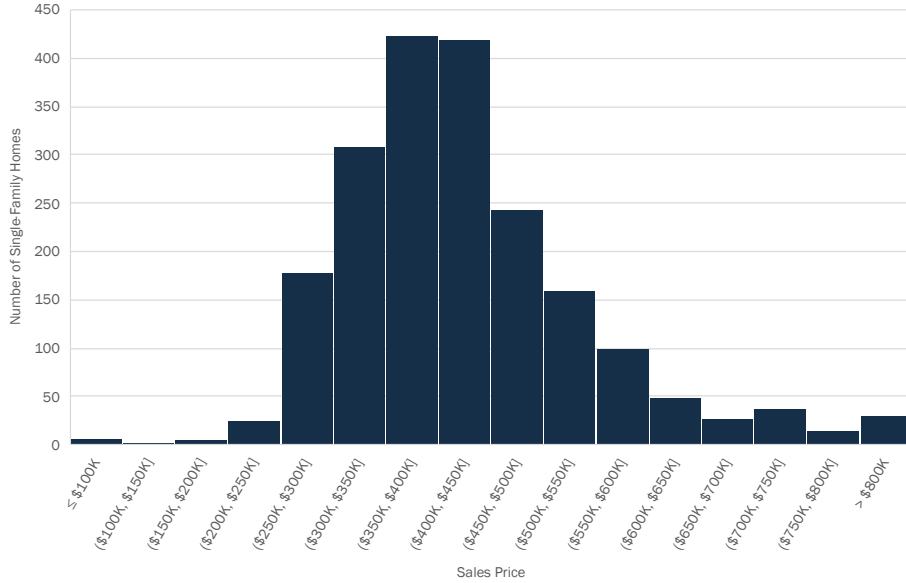


Homeownership is out of reach for many of Wilsonville’s current residents.

In the past five years, Wilsonville saw few single-family homes sell below \$300,000. Just 10% of homes sold for under \$300,000.

Exhibit 25. Single-Family Home Sales Price Distribution, Wilsonville, 2015-2019

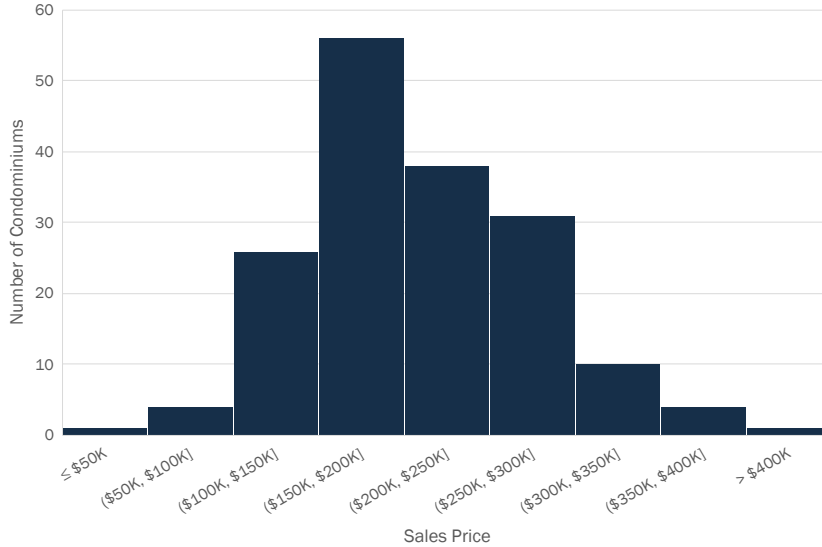
Source: Oregon Metro, Taxlots data, 2015-2019. N = 2,034. Includes single-family detached and attached housing types.



Condominiums had somewhat lower sales prices, with most selling for under \$300,000. However, there were only 171 sales of condos over the past five years.

Exhibit 26. Condominium Sales Price Distribution, Wilsonville, 2015-2019

Source: Oregon Metro, Taxlots data, 2015-2019. N = 171



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A family making the median income for a renter household (\$50,406) could afford homes valued between about \$221,000 to \$252,000 (based on a range of financing assumptions).

However, the median home sales price in the city was almost double, at \$454,500, in February 2019.¹⁸

A household can start to afford the median home sales price (\$454,500), at:

Wilsonville:
185%
of Wilsonville's
median household income
(\$116,550).

Clackamas County:
152%
of County
median household income
(\$105,000).

In addition to high home sales prices, there are ongoing costs of homeownership. Most residential neighborhoods in Wilsonville have an homeowners association (HOA), which levies fees that can add to housing costs. An HOA is an organization in a subdivision, planned community or condominium that makes and enforces rules for properties. Those who purchase a house within an HOA's jurisdiction become members and must pay dues. These costs can add hundreds of dollars to monthly housing costs.

Wilsonville has few starter homes, which means would-be homeowners may be renting for longer.

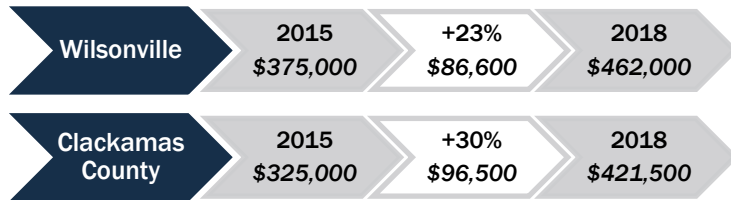
Homeownership is generally out of reach for most first-time buyers. The median housing sales price in September 2018, \$462,000, indicates that few entry-level homes are available for sale in Wilsonville. Prospective homeowners are likely renting for a longer period of time, perhaps bypassing the starter home stage and seeking instead to buy a “forever” home. This can be due to the many costs of acquiring a home, primarily the down payment and closing costs.

The average home in Wilsonville costs 31% more than what the average household can afford.¹⁹

Despite high home costs in Wilsonville, prices are increasing at a slower rate than in the County. From 2015 to 2018, the median home price increased only 23% in Wilsonville compared to 30% in Clackamas County.

Exhibit 27. Median Home Prices in Wilsonville and Clackamas County, 2015-2018.

Source: Property Radar.



An entry-level home, or starter home, is a home accessible to a first-time homebuyer, often smaller and on the less expensive side of the market. Trulia defines a starter home as one priced in the lowest third of the local market, which in Wilsonville's case is up to about \$350,000 as of 2019. Typically, starter homeowners trade up to a bigger home in about five years.

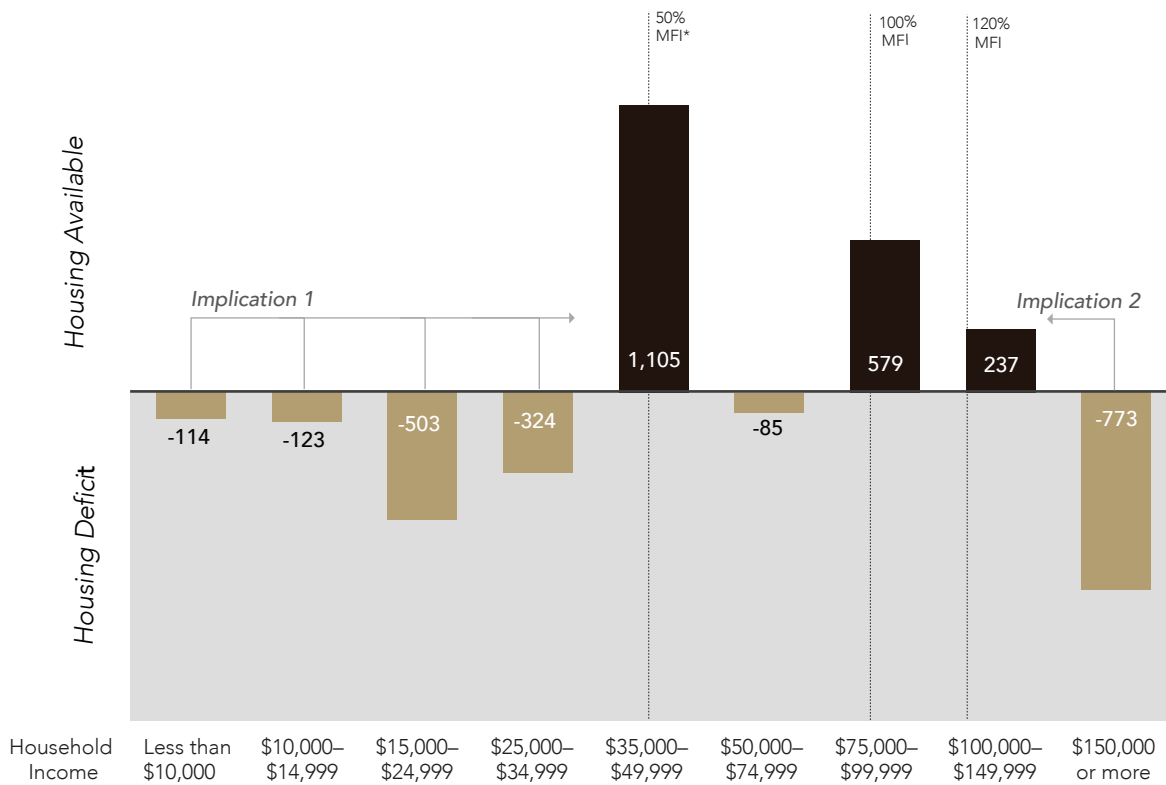
Overall, there is little housing affordable to those at the low end of the income spectrum.

Wilsonville currently has a deficit of housing for households earning less than \$35,000. The housing types that Wilsonville has a deficit of are more affordable housing types such as apartments, duplexes, tri and quad-plexes, manufactured housing, and small, clustered single-family detached housing (e.g. cottages).

Exhibit 28 compares the number of households by income level with the number of units affordable to those households in cities within Clackamas County. Many lower-income households are living in expensive homes because of a deficit in units that they can afford (**Implication 1**). On the other end of the spectrum, some higher-income households are spending less than they could afford on housing, either because of preference, the timing of when they started renting or owning their home, or because of a lack of high-end housing stock (**Implication 2**). The pattern is similar for low-income households in Clackamas County.²⁰

Exhibit 28. Housing Costs and Units by Income Level, All Households, Wilsonville, 2018.

Source U.S. Census Bureau, 2012-2016 ACS. Note: MFI is Median Family Income, determined by HUD for the Portland MSA.



5 What types of housing will future residents need?

In the future, Wilsonville will need a wider range of housing types and price points.

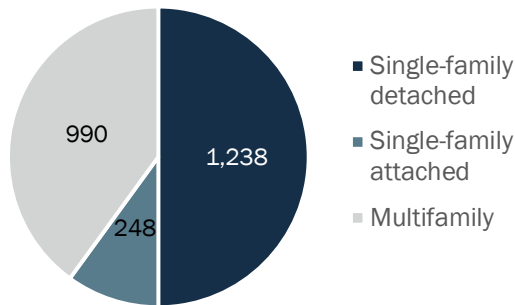
Over the next 20 years, the city will need a **wide range of housing types** and **housing that is affordable to households at all income levels** to accommodate an estimated 3,373 new residents by 2039. This conclusion is consistent with housing need in other cities in Clackamas County, the Portland Region, and most cities across the state.

This need largely originates in above-described demographic changes, where **Baby Boomers, Millennials, and Latinx families** will be increasingly important groups seeking housing. All three groups seek **affordable housing options, but may have different requirements for unit types and sizes**. Housing needs and preferences change for households in predictable ways over time, such as with changes in marital status, age, and size of family. However, income is the biggest driver of housing type choice. Both single-family attached and multifamily units will likely appeal to the growing demographic groups because they are less expensive and easier to maintain than single-family detached homes.

It is projected that Wilsonville will have demand for 2,476 new dwelling units over the next 20 years, and Wilsonville has land capacity for 2,377 units over that same period (not including the recently expanded UGB area of Frog Pond South and East).¹

Exhibit 29. Forecast of demand for new dwelling units, Wilsonville Planning Area, 2019 to 2039

Source: Calculations by ECONorthwest



¹ The HNA's forecast for Frog Pond East and South is based on Metro Ordinance 18-1427¹ which says Wilsonville must plan for a minimum of 1,325 dwelling units in Frog Pond East and South. However, this area was not included within the HNA's housing growth in the forecast for Wilsonville Planning Area because this UGB expansion was not yet acknowledged by the Land Conservation and Development Commission at the time of publication.

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Exhibit 30. Implications for Future Housing Types from Increased Population Growth and Demographic Changes

Source: Population Research Center and ECONorthwest.

Future Trends	What could this mean for future housing types?
A growing city.	<ul style="list-style-type: none"> To accommodate these new households, an average of 124 new units will need to be built each year.
More middle-aged Millennials.	<ul style="list-style-type: none"> Homeownership rates for Millennials will increase as they continue to form their own households. There will likely be increased demand for relatively affordable housing types, including ownership and rental types, over the next 20 years. Some older Millennials with families may become empty nesters who need smaller units. Others may want housing to accommodate a three-generation family. <p><i>Source: Clackamas County HNA (page 54 and page 315)</i></p>
A relatively constant share of people 60+.	<ul style="list-style-type: none"> The aging of the Baby Boomers may have a smaller impact in Wilsonville than in some cities in the County because Wilsonville has a smaller share of people over 60 years of age. The city will be affected by retirement and changing housing needs of seniors as their households get smaller and their lifestyles change. While most Baby Boomers prefer to stay in their current homes as long as possible, some Baby Boomers may choose to downsize into smaller homes and seek homes where they can age in place (often single-story with easy access to services and amenities). Due to health or other issues, some Baby Boomers may become unable to stay in their current homes and will choose to live in multigenerational households or assisted-living facilities (at various stages of the continuum of care). <p><i>Source: Clackamas County HNA (page 53 and page 315)</i></p>
A steady or increasing share of Latinx households.	<ul style="list-style-type: none"> Continued growth in Latinx households will increase need for larger units (to accommodate larger, multigenerational households) and relatively affordable housing. <p><i>Source: Clackamas County HNA (page 316)</i></p>

The key finding from the data above is that Wilsonville will need to continue to offer a diverse array of housing types, at a range of price points. Given decreases in average household sizes and a stable to increased share of older households, there will be more demand for smaller, attached housing types and multifamily housing.

Wilsonville has diverse housing types and is planning for a mix of unit types in its growth areas.

Much of the current residential growth in Wilsonville is taking place in the Villebois neighborhood on the west side of I-5, but a handful of other smaller pockets of development are under construction as well. Primary future growth areas for the community include the Frog Pond and Town Center Planning Areas, which are both on the east side of I-5.

This section summarizes information from the Clackamas County Baseline Housing Needs Analysis (2019) and the Wilsonville Baseline Housing Needs Analysis (2019), which is included in Appendix A.

Key Growth Areas

Frog Pond

Development of Frog Pond, an area designated to transition from rural to urban development, will take time, given the need to extend utilities and build infrastructure to serve houses. Engineering and construction plans for Frog Pond West are underway, with an expectation that the first homes will be available starting in 2019. Frog Pond West will include mostly single-family detached housing types, with some single-family attached units. The rest of the Frog Pond Area—Frog Pond South and East—is expected to contain some attached housing and cottage clusters, with the majority of the Frog Pond Area planned for single-family detached housing. Timing for moving forward on Frog Pond South and East is not entirely known, but, following master planning of this area, it is expected that building of the first homes in the area will not likely begin until after 2024.²¹ Ultimately, infrastructure extensions, market response to Frog Pond West, and overall housing demand will determine the timing for Frog Pond South and East.

The forecast for Frog Pond East and South is based on Metro Ordinance 18-1427, which says Wilsonville must plan for a minimum of 1,325 dwelling units in Frog Pond East and South. However, the Baseline HNA for Wilsonville did not include Frog Pond East and South housing growth in the forecast for Wilsonville Planning Area because this UGB expansion has not yet been acknowledged by the Land Conservation and Development Commission.

Town Center

The Wilsonville Town Center area is already built, but there is a newly adopted plan that anticipates infill and redevelopment of much of the area that could result in up to 880 new units within a 20-year timeframe. Almost all of the new housing in the Town Center is expected to be attached single family or multifamily housing, much of which will be co-located with retail and office uses in modern, mixed-use buildings. Timing for the infill and redevelopment will be determined by private property owners, their business plans, and market demand for a more urban living experience in the center of Wilsonville.

Villebois

On the west side of the city, Villebois is a mixed-use community that contains single-family detached housing, single-family attached housing, duplexes, row houses, multifamily housing, and cluster housing. Villebois will be nearing full build-out in the next few years.

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Other Neighborhoods

Infill may be possible in some areas outside of Villebois, the Town Center, and the UGB expansion areas. There could be an opportunity for accessory dwelling units, but most neighborhoods are planned developments with Covenants, Conditions, and Restrictions that could make infill more challenging.

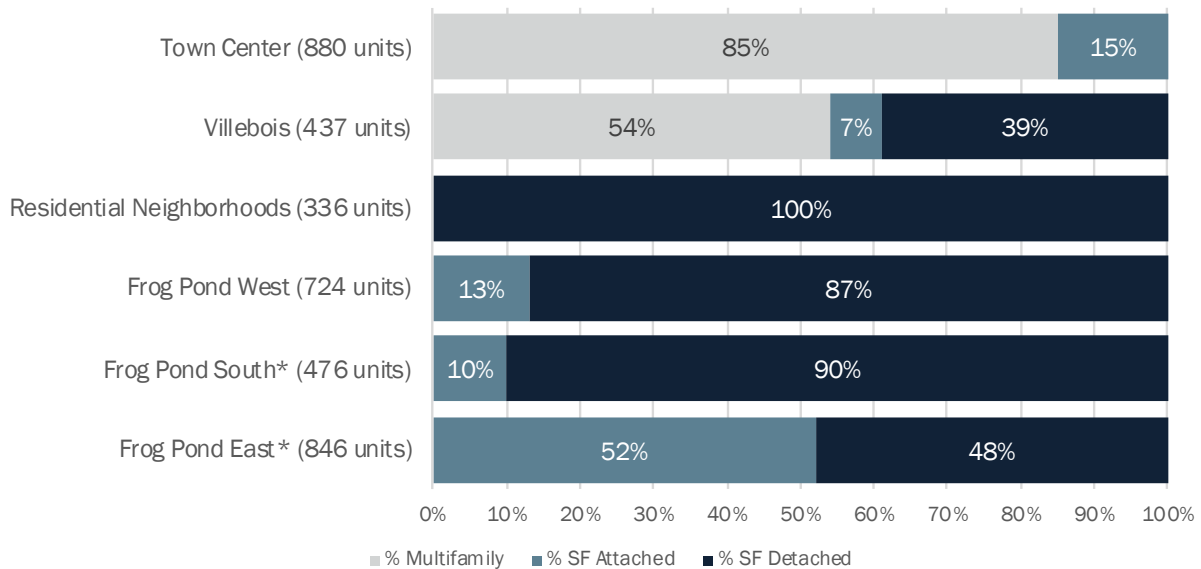
Summary of Capacity by Neighborhood

In 2019, the City of Wilsonville received a baseline Housing Needs Analysis as part of a broader project to assess housing needs across Clackamas County (for details, see Appendix A). It is expected that most new homes will be built in the existing neighborhoods of Villebois and Town Center, and the new Frog Pond West growth area. The analysis also assumes that vacant residential land in other existing Residential Neighborhoods will be built, at historical densities, over the next 20 years.²² Exhibit 31 provides a graphical summary of the capacity within Wilsonville planning areas that was included in the Housing Needs Assessment.

Exhibit 31. Summary of Estimated Capacity and Housing Mix within Wilsonville Planning Areas, 2019 to 2039

Source: Buildable Lands Inventory; Frog Pond Concept Plan (2015), Wilsonville Staff, Calculations by ECONorthwest.

Note: Capacity matches demand in Villebois, Town Center, and Frog Pond West. Land in Residential Neighborhoods includes vacant and partially vacant land. For this housing market research report, we have added in calculations for Frog Pond South and East. For a map of these areas, see page 4 of Appendix A: Wilsonville Baseline Housing Needs Analysis.



* Not included in Baseline HNA Calculations.

6 Conclusion

This housing market research report provides a compendium of information to City leadership to support future decision making for the Equitable Housing Strategic Plan. The analysis found that the City has proactively planned for a mix of housing types across its planning areas, but increasing rents and home sales prices in the Portland region continue to exacerbate affordability in Wilsonville. The City is expected to grow by over 3,000 people in the next 20 years, many of whom will be interested in diverse, affordable housing types. These issues point to a need for a proactive roadmap toward achieving more equitable housing now and into the future.

The Plan will build on this base of information to identify implementation actions that the City should take to address current housing issues and plan for future housing. In future phases of the work, the City should take the following considerations into account:

- **Affordability Considerations.** Housing prices are a regional issue that also must be addressed at the local scale. Many residents in the city are paying more than 30% of their income towards housing. This is especially true for lower income renters. Contributors to development costs such as parking requirements, on-site amenities, extending water and sewer lines into new growth areas, and escalating construction costs have significant implications as to what housing types get built and where the rent or sales price needs to be set. Similarly, residents' incomes are not keeping pace with rising housing costs. Many residents who would like to own a home struggle to save enough to cover down payment and closing costs, and avoid being cost-burdened by the mortgage payment, insurance and property taxes, and monthly homeowners association fees.
- **Unit Type Considerations.** The demographic changes that Wilsonville will see over the next 20 years point to a need for planning a broad range of housing types for owners and renters with a wide range of price points. This conclusion is consistent with housing need in other cities in Clackamas County, the Portland Region, and most cities across the state. Compared to the rest of the county, Wilsonville has done a commendable job of promoting a diversity of housing types in the past, but recent trends point to a growing production of single-family detached units. Going forward, Wilsonville will need to continue to ensure a range of housing types are developed, such as small single-family detached housing (e.g., small-lot single-family and cottage clusters), townhouses, duplexes and quad-plexes, and apartments. Wilsonville is planning for these housing types in areas like Villebois and Town Center. However, in the Town Center, it will take time before market conditions improve for mixed-use multifamily development and the implementation of the Town Center Plan. The Frog Pond Planning Area includes new single-family attached types, which will meet an important need among future residents. Going forward, Wilsonville will need to ensure that these plans and their goals are fully implemented.

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- **Access to Services, Amenities, and Transit.** Given Wilsonville’s relatively small size, much of Wilsonville’s housing is within easy reach of services, amenities, and transit. However, new planning areas are located farther from the city’s core and existing city services and amenities. Frog Pond West is planned to develop as predominately single-family detached neighborhoods, without the addition of retail amenities or services. The Town Center is the city’s commercial core with unrealized capacity to develop into a dynamic, amenity-rich center that could appeal to growth populations – Millennials, Baby Boomers, and Latinx populations.
- **Structural Considerations.** Finally, Metro notes that “Equitable housing also represents a system that accounts for the needs of households with low income and communities of color, recognizes a history of housing discrimination, and complies with current state and federal fair housing policy.”²³ ECONorthwest and its partners will be conducting stakeholder outreach to uncover findings related to the structural gap – how welcome do people feel in Wilsonville’s housing market? What kinds of barriers to people have in getting financing or making a security deposit? Have people encountered discrimination when looking for or locating in a home? Addressing these structural issues is important to achieving a balanced plan that meets the needs of Wilsonville’s diverse residents.

The Equitable Housing Strategy Plan should seek to address each of these considerations. The consultant team will use the research along with findings from the stakeholder outreach to develop a set of implementation actions in the final Equitable Housing Strategic Plan.

Appendix

Appendix A: Wilsonville Baseline HNA

This memorandum serves as Wilsonville’s preliminary baseline HNA, as an update to the HNA completed by the City in 2014.

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¹ 2018 Wilsonville Annual Housing Strategy

² Geigerich, Andy. "List Leaders: These are Oregon's 15 fastest-growing cities." Portland Business Journal. May 13, 2019. <https://www.bizjournals.com/portland/news/2019/05/13/list-leaders-these-are-oregons-15-fastest-growing.html>

³ Current Population Survey Definitions. United States Census Bureau.

<https://www.census.gov/programs-surveys/cps/technical-documentation/subject-definitions.html>

⁴ U.S. Census Bureau. 2019. LEHD Origin-Destination Employment Statistics (2002-2015). Washington, DC: U.S. Census Bureau, Longitudinal-Employer Household Dynamics Program, accessed on June 20, 2019 at <https://onthemap.ces.census.gov>. LODES 7.3. The latest Census data available on commute patterns are from 2015.

⁵ The Oregon Department of Education Child Nutrition Programs provides income guidelines by household size for free and reduced price meals for students in schools. In 2016-2017, students qualified for free lunch at the following income levels: 2 people (\$20,826), 3 people (\$26,208), 4 people (\$31,590). Students qualified for reduce lunch prices at the following income levels: 2 people (\$29,637), 3 people (\$37,296), 4 people (\$44,955).

⁶ 2018 Wilsonville Annual Housing Report.

https://www.ci.wilsonville.or.us/sites/default/files/fileattachments/community_development/page/29051/housing_report_pdf_version.pdf

⁷ Wilsonville Housing Needs Assessment, 2019.

⁸ Clackamas County Baseline Housing Needs Assessment, 2019. Page 73.

⁹ https://www.oregonmetro.gov/sites/default/files/2018/12/03/2018_UGR-summary-11282018_v2pdf.pdf

¹⁰ Portland Region Housing Needs Assessment.

<https://www.oregonmetro.gov/sites/default/files/2018/12/04/Appendix5A-HousingNeedsAnalysis.pdf>

¹¹ Clackamas County Baseline Housing Needs Assessment, 2019.

¹² Wilsonville Residential Land Study

¹³ Villebois Village Master Plan.

https://www.ci.wilsonville.or.us/sites/default/files/fileattachments/planning/page/84681/villebois_village_master_plan.pdf

¹⁴ 2018 Wilsonville Annual Housing Report

¹⁵ <https://olis.leg.state.or.us/liz/2019R1/Downloads/MeasureDocument/SB608/Introduced>

¹⁶ The CoStar Building Rating System provides a national rating for buildings. Properties are evaluated and rated using a 5-star scale based on the characteristics of each property type, including: architectural attributes, structural and systems specifications, amenities, site and landscaping treatments, third party certifications and detailed property type specifics. More information on CoStar's website:

https://www.costar.com/docs/default-source/brs-lib/costar_buildingratingsystem-definition.pdf?sfvrsn=12a507a4_2

¹⁷ 2018 Wilsonville Annual Housing Report.

¹⁸ Redfin, Property Radar.

¹⁹ 2018 Wilsonville Annual Housing Report.

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²⁰ Clackamas County Baseline Housing Needs Assessment, 2019. See Exhibit 67 on page 75.

²¹ In addition to the capacity in the areas mentioned above, Frog Pond East and South are new additions to the Metro Urban Growth Boundary with housing expectations defined in Metro's growth boundary (refer to Metro Ordinance 18-1427 at <http://rim.oregonmetro.gov/Webdrawer/Record/558717>). The growth decision says Wilsonville must plan for a minimum of 1,325 dwelling units in Frog Pond East and South. However, as of June 2019, this UGB expansion has not yet been acknowledged by the State of Oregon Land Conservation and Development Commission. Therefore, ECONorthwest has not included Frog Pond East and South housing growth in the forecast for Wilsonville.

²² Assumption for future mix is based on requirements from OAR 660.007. OAR 660-007-0030(1) requires "(1) Jurisdictions other than small developed cities must either designate sufficient buildable land to provide the opportunity for at least 50 percent of new residential units to be attached single family housing or multiple family housing or justify an alternative percentage based on changing circumstances. Factors to be considered in justifying an alternate percentage shall include but need not be limited to: (a) Metro forecasts of dwelling units by type; (b) Changes in household structure, size, or composition by age; (c) Changes in economic factors impacting demand for single family versus multiple family units; and (d) Changes in price ranges and rent levels relative to income levels. (2) The considerations listed in section (1) of this rule refer to county-level data within the UGB and data on the specific jurisdiction."

²³ "Opportunities and Challenges for Equitable Housing." Metro. 2016.

<https://www.oregonmetro.gov/sites/default/files/2016/01/28/EquitableHousingReport-20160122.pdf>



DATE: June 27, 2019
 TO: Miranda Bateschell, City of Wilsonville
 FROM: Beth Goodman and Sadie DiNatale, ECONorthwest
 SUBJECT: WILSONVILLE BASELINE HOUSING NEEDS ANALYSIS

Clackamas County is developing a Housing Needs Analysis (HNA).¹ The purpose of the HNA is to provide information to the County about Clackamas County's housing market and to provide a basis for updating the County's housing policies. The project also provides participating cities in Clackamas County with a baseline housing needs analysis.

This memorandum serves as Wilsonville's preliminary baseline HNA, as an update to the HNA completed by the City in 2014.² The City can use the information in the Clackamas County HNA and the information in the City's baseline housing needs analysis as the basis for developing a full housing needs analysis. The preliminary HNA provides information to staff and decision makers about the characteristics and conditions of the city's housing market and serves as a starting point for further evaluation of the city's housing needs and housing policies.

Organization of this Memorandum

The contents of this memorandum include the following sections:

- Buildable Lands Inventory Results
- Baseline Housing Forecast
- Baseline Assessment of Residential Land Sufficiency
- Conclusions

In addition, Appendix B of the Clackamas County HNA provides the factual basis for the analysis in the baseline housing needs analysis.

Buildable Land Inventory Results

This section provides a summary of the residential buildable lands inventory (BLI) for the Wilsonville planning area, which includes the city limits and the Frog Pond West area. This buildable land inventory analysis complies with statewide planning Goal 10 policies that govern planning for residential uses. This section presents a summary of vacant and partially vacant land in Wilsonville that excludes land with constraints that limit or prohibit

¹ This project is funded through a grant from the Oregon Department of Land Conservation and Development (DLCD).

² *Wilsonville Residential Land Study: Technical Report*, May 2014, ECONorthwest

development, such as slopes over 25% or floodplains. **The full results of the Buildable Land Inventory and the methodology are presented in detail in Appendix A.**³

Wilsonville has 1,920 acres of residentially zoned land. Exhibit 1 shows that Wilsonville has 186 unconstrained vacant acres in designations that outright allow housing, including in Town Center. About 46% of Wilsonville’s unconstrained buildable residential land is vacant and 54% are in tax lots classified as partially vacant.

Note: Residential Neighborhood is Frog Pond West and Village is Villebois.

Exhibit 1. Unconstrained buildable acres in vacant and partially vacant tax lots by Plan Designation, Wilsonville city limits, 2019

Source: ECONorthwest Note: The numbers in the table may not sum to the total as a result of rounding.

Generalized Plan Designation	Total buildable acres	Buildable acres on vacant lots	Buildable acres on partially vacant lots
Residential			
0-1 du/ac	3	0	3
2-3 du/ac	1	0	1
4-5 du/ac	6	0	6
6-7 du/ac	25	20	5
10-12 du/ac	20	18	1
16-20 du/ac	0	0	0
Residential Neighborhood	100	15	84
Village	24	24	0
Town Center			
Town Center	7	7	0
Total	186	85	100

³ Appendix A of the Clackamas County Housing Needs Analysis provides an overview of the structure of the buildable land (supply) analysis based on the DLCD HB 2709 workbook “Planning for Residential Growth – A Workbook for Oregon’s Urban Areas,” which specifically addresses residential lands. Appendix A also discusses the buildable lands inventory methods and definitions, consistent with Goal 10/OAR 660-008.

Exhibit 2 shows buildable acres by size of parcels (e.g., acres in tax lots after constraints are deducted) for vacant and partially vacant land by Plan Designation. Of Wilsonville’s 186 unconstrained buildable residential acres, about 89% are in tax lots larger than one acre.

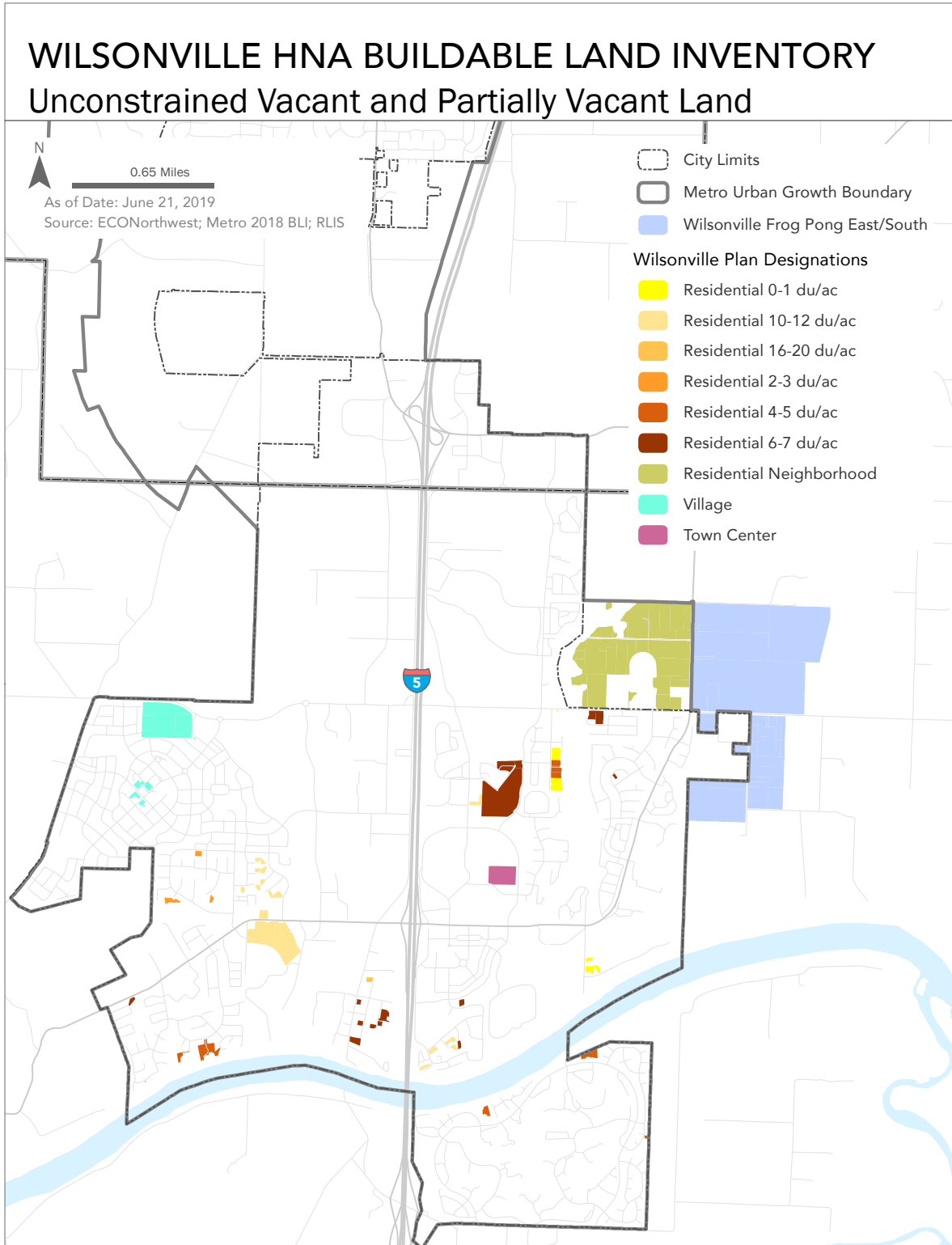
Exhibit 2. Unconstrained buildable acres, by size of parcel, in vacant and partially vacant tax lots by Plan Designation, Wilsonville city limits, 2019

Source: ECONorthwest Note: The numbers in the table may not sum to the total as a result of rounding.

Generalized Plan Designation	Total buildable acres	Buildable acres on vacant lots	Buildable acres on partially vacant lots
Residential			
0-1 du/ac	3	0	3
2-3 du/ac	1	0	1
4-5 du/ac	6	0	6
6-7 du/ac	25	20	5
10-12 du/ac	20	18	1
16-20 du/ac	0	0	0
Residential Neighborhood	100	15	84
Village	24	24	0
Town Center			
Town Center	7	7	0
Total	186	85	100

Exhibit 3 shows the results of Wilsonville’s BLI by plan designation and by plan designation and planned density range.

Exhibit 3. Vacant and Partially Vacant Residential Land by Plan Designation with Constraints, Wilsonville, 2019



Over the 20-year study period, some lots with existing development are likely to redevelop within new buildings. To account for the development capacity on these developed lots, Metro identifies a subset of developed lots as “redevelopable”. Metro has created two “filters” to identify lots with the potential to redevelop.⁴

- **Threshold Method.** This method identifies lots where redevelopment would result in a net increase of 50% more than the current number of units on the site. The method uses property value thresholds where it is economically viable for a lot to redevelop at this intensity. For suburban areas in the regional UGB the threshold is \$10 per square foot of property value for multifamily structures and \$12 per square foot for mixed use structures. If a lot’s current property value is below these thresholds, it is assumed to have the potential to redevelop.
- **Historic Probability Method.** This method determines the probability of a lot redeveloped based on a statistical analysis of lots that historically redeveloped within the region. The probability for each lot is multiplied by the total zoned capacity of the lot to determine the likely future residential capacity.

For the Wilsonville BLI, ECONorthwest used the estimate of redevelopable units on *developed* lots, as identified based on the Threshold Method, which is based on discussion with Metro staff. The analysis of redevelopment potential in Exhibit 4 does **not** take into account the City redevelopment plans for Town Center, as documented in the Town Center Plan, adopted in 2019.

Exhibit 4. Potential redevelopment capacity by plan designation, Wilsonville city limits, 2019

Source: ECONorthwest Note: The numbers in the table may not sum to the total as a result of rounding.

Generalized Plan Designation	Estimated Redevelopment Units
Residential 0-1 du/ac	-
Residential 2-3 du/ac	3
Residential 4-5 du/ac	18
Residential 6-7 du/ac	67
Residential 10-12 du/ac	282
Residential 16-20 du/ac	-
Village	664
Town Center	8
Total	1,042

⁴ Oregon Metro. Appendix 2: Buildable Lands Inventory. November 21, 2018. https://www.oregonmetro.gov/sites/default/files/2018/12/03/Appendix2-BuildableLandsInventory_12032018.pdf

Note, the capacity of partially vacant lots (where the lot could be further developed under current development standards without demolishing existing structures) is accounted for in the unconstrained buildable acres.

Baseline Housing Forecast for 2019 to 2039

The purpose of Wilsonville's housing forecast is to estimate future housing need in Wilsonville to provide the basis for additional analysis of housing need and discussions about housing policies.

The baseline housing needs analysis is based on: (1) Metro's official population forecast for household growth in Wilsonville over the 20-year planning period, (2) information about Wilsonville's housing market, and (3) the demographic composition of Wilsonville's existing population and expected long-term changes in the demographics of Clackamas County. **This analysis pulls information about Wilsonville's demographic and socioeconomic characteristics and housing market from Appendix B Housing Trends.**

Forecast for Housing Growth

A 20-year household forecast (in this instance for 2019 to 2039) is the foundation for estimating needed new dwelling units. Metro forecasts growth of new households and this analysis assumes one household is equal to need for one dwelling unit. The forecast for Wilsonville Planning Area is based the following geographies:

- **Wilsonville city limits.** Wilsonville's city limits will grow from 9,883 households in 2019⁵ to 11,635 households in 2039, an increase of 1,752 households.⁶ This forecast is based on Metro's *2040 Household Distributed Forecast, 2016*. It also includes the household forecast for TAZ 973 (the Coffee Creek area) of 24 new households, based on *Metro's 2040 TAZ Forecast, 2016*.⁷
- **Wilsonville's Urban Growth Boundary expansion area.** Frog Pond West will grow from 40 households in 2019 to 754 households in 2039, an increase of 724 households.

⁵ Metro's 2040 Household Distributed Forecast shows that in 2015 the Wilsonville's city limits had 9,553 households. The Metro forecast shows Wilsonville growing to 11,706 households in 2040, at an average annual growth rate of 0.82% for the 25-year period. Using this growth rate, ECONorthwest extrapolated the forecast to 2019 (9,869 households) and 2039 (11,611 households).

⁶ This forecast is based on Wilsonville's (city limits) official household forecast from Metro for the 2019 to 2039 period.

⁷ Per Jim Cser: Metro's *2040 Household Distributed Forecast, 2016* is based on the Portland State University city population estimates as of July 1, 2015. At the time of the forecast, TAZ 973 was not annexed into the city limits. Therefore, to account for annex today, ECONorthwest included the household forecast for TAZ 973 into the forecast for Wilsonville City limits.

The forecast for Frog Pond West is based on Metro’s 2040 TAZ Forecast, 2016, which is different from the *Frog Pond West Master Plan*.⁸

- **Frog Pond East and South.** The forecast for Frog Pond East and South is based on Metro Ordinance 18-1427⁹ which says Wilsonville must plan for a minimum of 1,325 dwelling units in Frog Pond East and South. However, we do not include Frog Pond East and South housing growth in the forecast for Wilsonville Planning Area because this UGB expansion has not yet been acknowledged by the Land Conservation and Development Commission.

While the forecast in Exhibit 5 is a forecast for new households, we assume that each household will need a dwelling unit. The new 2,476 households in Exhibit 5 will result in a need for 2,476 new dwelling units in the Wilsonville Planning Area. Throughout the remainder of this memorandum, we refer to this growth as growth in dwelling units.

Exhibit 5. Forecast for new households and dwelling units, Wilsonville Planning Area, 2019 to 2039

Source: Metro’s 2040 Household Distributed Forecast, July 12, 2016. Metro’s 2040 TAZ Forecast (released November 6, 2015 and revised January 22, 2016). Calculations by ECONorthwest.

Variable	Wilsonville City Limits	Frog Pond West	Wilsonville Planning Area (Dwelling Units, 2019-2039)
Household Forecast 2019	9,883	40	9,923
Household Forecast 2039	11,635	764	12,399
Total New Dwelling Units (2019-2039)	1,752	724	2,476
Annual Average of New Dwelling Units	88	36	124

Wilsonville is forecast to grow by 2,476 new dwelling units over the 20-year period, with an annual average of 124 dwelling units.

⁸ Metro’s 2040 TAZ Forecast (released November 6, 2015 and revised January 22, 2016) shows Frog Pond West (TAZ 976) had 22 households in 2015. The Metro forecast shows Frog Pond West growing to 878 households in 2040, at an average annual growth rate of 15.89% for the 25-year period. Using this growth rate, ECONorthwest extrapolated the forecast to 2019 (40 households) and 2039 (754 households).

⁹ <http://rim.oregonmetro.gov/Webdrawer/Record/558717>

Housing Units Needed

Exhibit 5 presented a forecast of new housing in Wilsonville planning area for the 2019 to 2039 period. This section determines the mix and density needed to meet State requirements (OAR 660-007) and meet the housing needs of Wilsonville residents.

The preliminary conclusion for Wilsonville is that, over the next 20 years, the need for new housing developed in Wilsonville will generally include a wider range of housing types and housing that is more affordable. This conclusion is consistent with housing need in other cities in Clackamas County, the Portland Region,¹⁰ and most cities across the State. This conclusion is based on the following information, found in Appendix B:¹¹

- Wilsonville’s housing mix is unlike Clackamas County’s in that over half of Wilsonville’s housing stock is multifamily housing. In the 2013-2017 period, 41% of Wilsonville’s housing was single-family detached, 8% was single-family attached, and 51% was multifamily. Between 2013 and 2017, Wilsonville issued building permits for 1,352 dwelling units, 99% of which were for single-family detached units.
- Demographic changes across the Portland Region (and in Wilsonville) suggest increases in demand for single-family attached housing and multifamily housing. The key demographic trends that will affect Wilsonville’s future housing needs are:
 - The aging of the Baby Boomers. In 2012-2016, 20% of Wilsonville’s population was over 60 years old. Between 2020 and 2040, the share of people over 60 years old is expected to stay relatively constant in Clackamas County, from 26% of the population to 27% of the population. The aging of the Baby Boomers may have a smaller impact in Wilsonville than in some cities in the County because Wilsonville has a smaller share of people over 60 years of age. The City will be affected by retirement and changing housing needs of seniors as their households get smaller and their lifestyles change. Some Baby Boomers may choose to downsize into smaller homes. Due to health or other issues, some Baby Boomers may become unable to stay in their current homes and will choose to live in multigenerational households or assisted-living facilities (at various stages of the continuum of care).
 - The aging of the Millennials. In 2012-2016, 32% of Wilsonville’s population was between 20 and 40 years old. Between 2020 and 2040, Millennials are expected to grow from 23% of Clackamas County’s population to 28% of the population, an increase of 5% in the share of the population. Homeownership rates for Millennials will increase as they continue to form their own households.

¹⁰ The Portland Region is defined as all of Clackamas County, Multnomah County, and Washington County.

¹¹ Appendix B presents detailed demographic, socioeconomic, and housing affordability data. This section summarizes key findings from Appendix B for Wilsonville. For the most part, data sources included in these findings (and cited in Appendix B) derive from: United States Decennial Census, United States American Community Survey, Portland State University’s Population Research Center, Redfin, and Property Radar.

Wilsonville has a larger share of Millennials than the County. As a result, the City may have increased demand for relatively affordable housing types, for both ownership and rent, over the planning period.

- The continued growth in Latinx populations. From 2000 to the 2012-2016 period, the share of Wilsonville's Latinx population increased from 7% of the population to 14%, an increase of 7% in the share of the population. At the same time, the share of Latinx increased by 3% in Clackamas County and 4% in the Portland Region. Continued growth in Latinx households will increase need for larger units (to accommodate larger, sometimes multigenerational households) and relatively affordable housing.

- Wilsonville's median household income was \$63,097, about \$5,800 lower than Clackamas County's median. Approximately 38% of Wilsonville's households earn less than \$50,000 per year, compared to 35% in Clackamas County and 40% in the Portland Region.
- About 35% of Wilsonville's households are cost burdened (paying 30% or more of their household income on housing costs).¹² About 42% of Wilsonville's **renters** are cost burdened and about 27% of Wilsonville's **homeowners** are cost burdened. Cost burden rates in Wilsonville are similar to those in the Portland Region.
- About 56% of Wilsonville's households are renters, 89% of whom live in multifamily housing. Median rents in Wilsonville are \$1,127 per month, compared to the \$1,091 median rent for Clackamas County as a whole.

A household earning 100% of Wilsonville's median household income (\$63,000) could afford about \$1,577 per month in rent, compared with the median gross rent of \$1,127. A household can start to afford Wilsonville's median rents at about 70% of Wilsonville's median household income. However, Wilsonville's higher proportion of renters who are cost burdened signals housing affordability issues. This suggests that many households who are currently renting in Wilsonville have income below the median family income.

- Housing sales prices increased in Wilsonville over the last three years. From February 2015 to February 2019, the median housing sale price increased by about \$126,600 (39%), from \$328,000 to \$454,500.¹³ At the same time, the median housing home sale price in Clackamas County increased by \$136,700 (46%), from \$298,000 to \$435,500. Median sales prices in Wilsonville were about \$19,000 or about 4% higher than the County average in February 2019.

A household earning 100% of Wilsonville's median household income (\$63,000) could afford a home valued between about \$221,000 to \$252,000, which is less than the median

¹² The Department of Housing and Urban Development's guidelines indicate that households paying more than 30% of their income on housing experience "cost burden," and households paying more than 50% of their income on housing experience "severe cost burden."

¹³ Property Radar.

home sales price of about \$454,500 in Wilsonville. A household can start to afford Wilsonville's median home sale prices at about 185% of Wilsonville's median household income.

These factors suggest that Wilsonville continues to need a broad range of housing types with a wide range of price points. This includes providing opportunity for development of housing types such as: small single-family detached housing (e.g., small-lot single-family and cottages), townhouses, duplexes and quad-plexes, and apartments. Wilsonville is planning for these types housing types in areas like Villebois and Town Center.

Exhibit 6 shows a forecast for housing growth in the Wilsonville city limits during the 2019 to 2039 period. The projection is based on the following assumptions:

- Metro's official forecast for Wilsonville shows that the City will add 2,476 households over the 20-year period. Exhibit 5 shows that Metro's growth forecast results in 2,476 new dwelling units over the 20-year period.
- The assumptions about the mix of housing in Exhibit 6 are consistent with the requirements of OAR 660-007¹⁴:
 - **About 50% of new housing will be single-family detached**, a category which includes manufactured housing. According to 2013-2017 American Community Survey data from the U.S. Census, 41% of Wilsonville's housing was single-family detached.
 - **Nearly 10% of new housing will be single-family attached**. In 2013-2017, 8% of Wilsonville's housing was single-family attached.
 - **About 40% of new housing will be multifamily**. In 2013-2017, 51% of Wilsonville's housing was multifamily.

¹⁴ OAR 660-007-0030(1) requires "(1) Jurisdictions other than small developed cities must either designate sufficient buildable land to provide the opportunity for at least 50 percent of new residential units to be attached single family housing or multiple family housing or justify an alternative percentage based on changing circumstances. Factors to be considered in justifying an alternate percentage shall include but need not be limited to: (a) Metro forecasts of dwelling units by type; (b) Changes in household structure, size, or composition by age; (c) Changes in economic factors impacting demand for single family versus multiple family units; and (d) Changes in price ranges and rent levels relative to income levels. (2) The considerations listed in section (1) of this rule refer to county-level data within the UGB and data on the specific jurisdiction."

Wilsonville will have demand for 2,476 new dwelling units over the 20-year period, 50% of which are forecast to be single-family detached housing.

Exhibit 6. Forecast of demand for new dwelling units, Wilsonville Planning Area, 2019 to 2039

Source: Calculations by ECONorthwest.

Variable	Mix of New Housing Units (2019-2039)
Needed new dwelling units (2019-2039)	2,476
Dwelling units by structure type	
Single-family detached	
Percent single-family detached DU	50%
equals Total new single-family detached DU	1,238
Single-family attached	
Percent single-family attached DU	10%
equals Total new single-family attached DU	248
Multifamily	
Percent multifamily DU	40%
Total new multifamily DU	990
equals Total new dwelling units (2019-2039)	2,476

The forecast of new units does not include dwellings that will be demolished and replaced. This analysis does not factor those units in, but redevelopment potential in Wilsonville is explained in this document.

Exhibit 7 and Exhibit 8 allocate needed housing to generalized planning designations in Wilsonville. The allocation is based, in part, on the types of housing allowed in planned development ranges and in each plan designation.

Exhibit 7 shows:

- **Residential (PDR 1 through 6¹⁵)** land will accommodate single-family detached housing (including manufactured houses) and multifamily.
- **Village (V) Villebois** land will accommodate single-family detached housing, single-family attached housing, duplexes, row houses, multifamily housing, and cluster housing. Allocation (demand) matches capacity in Villebois.
- **Town Center** land will predominately accommodate multifamily housing with some single-family attached housing. Allocation (demand) matches capacity in Town Center, as described in the Town Center Plan.
- **Residential Neighborhood (RN) Frog Pond West** land will accommodate single-family detached housing (including manufactured houses), single-family attached housing, and duplexes. Allocation (demand) matches capacity in Frog Pond West.

¹⁵ Wilsonville has no buildable land in PDR 7 (20+ du/acre).

Exhibit 7. Allocation of needed housing by housing type and generalized planning designation, Wilsonville (city limits), 2019 to 2039

Source: ECONorthwest.

Housing Types	Generalized Plan Designation				Total
	Residential	Village (Villebois)	Commercial (Town Center)	Residential Neighborhood (Frog Pond West)	
Dwelling Units					
Single-family detached	435	173	-	630	1,238
Single-family attached	-	30	124	94	248
Multifamily	-	234	756	-	990
Total	435	437	880	724	2,476
Percent of Units					
Single-family detached	18%	7%	0%	25%	50%
Single-family attached	0%	1%	5%	4%	10%
Multifamily	0%	9%	31%	0%	40%
Total	18%	18%	36%	29%	100%

Notes:

Per the City of Wilsonville, as of February 2019, outstanding development potential in **Villebois** (Village Zone and Comprehensive Plan designation) consists of the following assumed uses: 173 single family detached units, 30 row houses/single-family attached units, and 235 multifamily units (including apartments and stacked condominiums. Due to rounding, the allocation table shows 234 multifamily units.

Per Wilsonville Town Center Master Plan (March 2019),¹⁶ potential future development in **Town Center** is 880 units (page 41, table 3.1). The City of Wilsonville indicated that Town Center will be predominately composed of multifamily housing with some single-family attached housing.

Frog Pond West planning area is located in transportation analysis zone (TAZ) 976, which is forecast to grow by 724 households/dwelling units between 2019 and 2039. The 2040 TAZ forecast for households is from Metro, released November 6, 2015 and revised January 22, 2016, which is different from the *Frog Pond West Master Plan*.

¹⁶

https://www.ci.wilsonville.or.us/sites/default/files/fileattachments/planning_commission/meeting/packets/88931/ii.a._town_center_plan_90_minutes.pdf

Exhibit 8. Allocation subset (Residential) of needed housing by housing type, Wilsonville (city limits), 2019 to 2039

Source: ECONorthwest.

Housing Types	Residential						Total
	0-1 DU/Acre	2-3 DU/Acre	4-5 DU/Acre	6-7 DU/Acre	10/12 DU/Acre	16-20 DU/Acre	
Dwelling Units							
Single-family detached	-	-	207	208	20	-	435
Single-family attached	-	-	-	-	-	-	-
Multifamily	-	-	-	-	-	-	-
Total	-	-	207	208	20	-	435

Exhibit 9 shows an estimate of baseline densities for future development. If the City conducts a full HNA, the City may need to evaluate assumptions about future densities to determine whether the City is meeting the requirements of OAR 660-007 to provide opportunity for housing.

Exhibit 9 also converts between net acres and gross acres¹⁷ to account for land needed for rights-of-way by plan ranges within Residential in Wilsonville, based on Metro’s methodology of existing rights-of-way.¹⁸ Exhibit 9 uses the mathematical average of permitted housing density by planned development range informed the baseline density (with the exception of the 0-1 du/acre range, where we use one dwelling unit per acre). For example, the average density in the 2-3 du/acre range, will be 2.5 dwelling units per gross acre, in tax lots smaller than 0.38 acres as no land is needed for rights-of-ways based on Metro’s assumptions. In this planned development range, for lots between 0.38 and 1.0 acres, the future density will be 2.3 dwelling units per gross acre and for lots larger than 1.0 acres the future density will be 2.0 dwelling units per gross acre.

¹⁷ OAR 660-024-0010(6) uses the following definition of net buildable acre. “Net Buildable Acre” “...consists of 43,560 square feet of residentially designated buildable land after excluding future rights-of-way for streets and roads.” While the administrative rule does not include a definition of a gross buildable acre, using the definition above, a gross buildable acre will include areas used for rights-of-way for streets and roads. Areas used for rights-of-way are considered unbuildable.

¹⁸ Metro’s methodology about net-to-gross assumptions are that: (1) tax lots under 3/8 acre assume 0% set aside for future streets; (2) tax lots between 3/8 acre and 1 acre assume a 10% set aside for future streets; and (3) tax lots greater than an acre assumes an 18.5% set aside for future streets. The analysis assumes an 18.5% assumption for future streets.

Exhibit 9. Future Housing Densities in Residential Accounting for land for rights-of-way, Wilsonville city limits, 2013 to 2017¹⁹

Source: ECONorthwest. Note: DU is dwelling unit.

Plan Designation and Planned Development	Tax Lots Smaller than 0.38 acre			Tax Lots ≥ 0.38 and ≤ 1.0 acre			Tax Lots larger than 1.0 acre		
	Net Density (DU/net acre)	% for Rights-of-Way	Gross Density (DU/gross acre)	Net Density (DU/net acre)	% for Rights-of-Way	Gross Density (DU/gross acre)	Net Density (DU/net acre)	% for Rights-of-Way	Gross Density (DU/gross acre)
Residential									
0-1 du/ac	1.0	0%	1.0	1.0	10%	0.9	1.0	18.5%	0.8
2-3 du/ac	2.5	0%	2.5	2.5	10%	2.3	2.5	18.5%	2.0
4-5 du/ac	4.5	0%	4.5	4.5	10%	4.1	4.5	18.5%	3.7
6-7 du/ac	6.5	0%	6.5	6.5	10%	5.9	6.5	18.5%	5.3
10-12 du/ac	11.0	0%	11.0	11.0	10%	9.9	11.0	18.5%	9.0

Housing Need by Income Level

The next step in the housing needs analysis is to develop an estimate of need for housing by income and housing type. This analysis requires an estimate of the income distribution of current and future households in the community. Estimates presented in this section are based on (1) secondary data from the Census, and (2) analysis by ECONorthwest.

The analysis in Exhibit 10 is based on American Community Survey data about income levels of existing households in Wilsonville. Income is categorized into market segments consistent with HUD income level categories, using Clackamas County’s 2018 Median Family Income (MFI) of \$81,400. The percentages used in Exhibit 10 are based on current household income distribution, assuming that approximately the same percentage of households will be in each market segment in the future.

¹⁹ The analysis of historical densities was housing developed between 2013 and 2017. The analysis of land in rights-of-way is based on analysis of existing development patterns and percentages of land in rights-of-way in 2018.

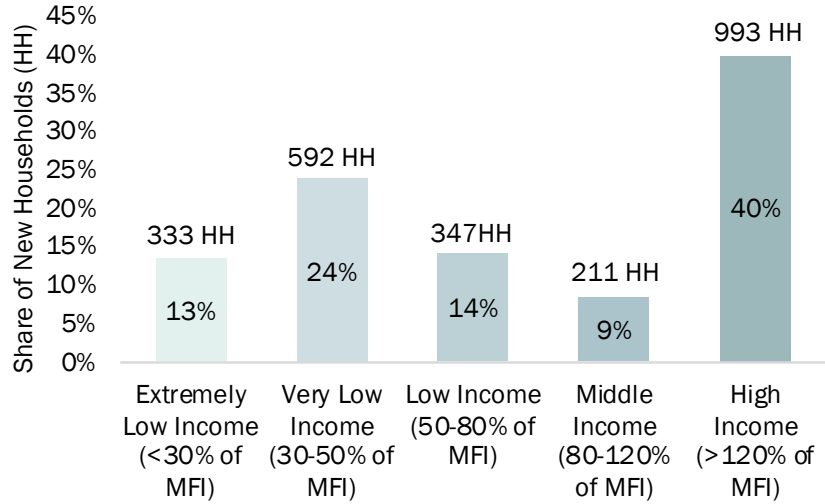
About 37% of Wilsonville's future households will have income below 50% of Clackamas County's median family income (less than \$40,700 in 2016 dollars) and about 23% will have incomes between 50% and 120% of the county's MFI (between \$40,700 and \$97,680).

This trend shows a substantial need for more affordable housing types, as well as housing types affordable to households earning more than 120% of MFI.

Exhibit 10. Future (New) Households, by Median Family Income (MFI) for Clackamas County (\$81,400), Wilsonville, 2019 to 2039

Source: U.S. Department of Housing and Urban Development. U.S. Census Bureau, 2012-2016 ACS Table 19001.

The percentages used in Exhibit 10 are based on current household income distribution, assuming that approximately the same percentage of households will be in each market segment in the future.



Need for Government Assisted, Farmworker Housing, and Manufactured Housing

ORS 197.303, 197.307, 197.312, and 197.314 requires cities to plan for government-assisted housing, farmworker housing, manufactured housing on lots, and in manufactured home parks.

- **Government-subsidized housing.** Government-subsidies can apply to all housing types (e.g., single family detached, apartments, etc.). Wilsonville allows development of government-assisted housing in all residential plan designations, with the same development standards for market-rate housing. This analysis assumes that Wilsonville will continue to allow government housing in all of its residential plan designations. Because government assisted housing is similar in character to other housing (with the exception being the subsidies), it is not necessary to develop separate forecasts for government-subsidized housing.
- **Farmworker housing.** Farmworker housing can also apply to all housing types and the City allows for development of farmworker housing in all residential plan designations, with the same development standards as market-rate housing. This analysis assumes that Wilsonville will continue to allow this housing in all of its residential plan designations. Because it is similar in character to other housing (with the possible exception of government subsidies, if population restricted), it is not necessary to develop separate forecasts for farmworker housing.
- **Manufactured housing on lots.** Wilsonville allows manufactured homes on lots in residential zones. Wilsonville does not have special siting requirements for manufactured homes. Since manufactured homes are subject to the same siting requirements as site-built homes, it is not necessary to develop separate forecasts for manufactured housing on lots.
- **Manufactured housing in parks.** OAR 197.480(4) requires cities to inventory the mobile home or manufactured dwelling parks sited in areas planned and zoned or generally used for commercial, industrial, or high-density residential development. According to the Oregon Housing and Community Services' Manufactured Dwelling Park Directory,²⁰ Wilsonville has two manufactured home parks within the City, with 120 spaces.

ORS 197.480(2) requires Wilsonville to project need for mobile home or manufactured dwelling parks based on: (1) population projections, (2) household income levels, (3) housing market trends, and (4) an inventory of manufactured dwelling parks sited in areas planned and zoned or generally used for commercial, industrial, or high density residential.

- Wilsonville will grow by 2,476 dwelling units over the 2019 to 2039 period.

²⁰ Oregon Housing and Community Services, Oregon Manufactured Dwelling Park Directory, <http://o.hcs.state.or.us/MDPCRParcs/ParkDirQuery.jsp>

- Analysis of housing affordability shows that about 37% of Wilsonville’s new households will be Extremely-Low or Very-Low Income, earning 50% or less of the region’s median family income. One type of housing affordable to these households is manufactured housing.
- Manufactured housing in parks accounts for about 1.3% (about 120 dwelling units) of Wilsonville’s current housing stock.
- National, state, and regional trends since 2000 showed that manufactured housing parks are closing, rather than being created. For example, between 2000 and 2015, Oregon had 68 manufactured parks close, with more than 2,700 spaces. Discussions with several stakeholders familiar with manufactured home park trends suggest that over the same period, few to no new manufactured home parks have opened in Oregon.
- The households most likely to live in manufactured homes in parks are those with incomes between \$24,420 and \$40,700 (30% to 50% of MFI), which include 24% of Wilsonville’s households. However, households in other income categories may live in manufactured homes in parks.

The national and state trends of closure of manufactured home parks, and the fact that no new manufactured home parks have opened in Oregon in over the last 15 years, demonstrate that development of new manufactured home parks in Wilsonville is unlikely.

Our conclusion from this analysis is that development of new manufactured home parks in Wilsonville over the planning period is unlikely over the 2019 to 2039 period. It is, however, likely that manufactured homes will continue to locate on individual lots in Wilsonville. The forecast of housing assumes that no new manufactured home parks will be opened in Wilsonville over the 2019 to 2039 period. The forecast includes new manufactured homes on lots in the category of single-family detached housing.

- Over the next 20 years (or longer) one or both manufactured home parks may close in Wilsonville. This may be a result of manufactured home park landowners selling or redeveloping their land for uses with higher rates of return, rather than lack of demand for spaces in manufactured home parks. Manufactured home parks contribute to the supply of low-cost affordable housing options, especially for affordable homeownership.

While there is statewide regulation of the closure of manufactured home parks designed to lessen the financial difficulties of this closure for park residents,²¹ the

²¹ ORS 90.645 regulates rules about closure of manufactured dwelling parks. It requires that the landlord must do the following for manufactured dwelling park tenants before closure of the park: give at least one year’s notice of park

City has a role to play in ensuring that there are opportunities for housing for the displaced residents. The City has ordinances that regulate closure of existing mobile and manufactured home parks that exceed State standards, requiring adequate notice of closure, definition and mitigation of social and economic impacts of the proposed closure, and provision of relocation and other assistance to park residents.

The City's primary roles are to ensure that there is sufficient land zoned for new multifamily housing and to reduce barriers to residential development to allow for development of new, relatively affordable housing. The City may use a range of policies to encourage development of relatively affordable housing, such as allowing a wider range of moderate density housing, designating more land for multifamily housing or removing barriers to multifamily housing development, using tax credits to support affordable housing production, developing an inclusionary zoning policy, or partnering with a developer of government-subsidized affordable housing. For example, Wilsonville incentivized development of affordable multifamily housing in the Creekside Woods development, to accommodate the former residents of the Thunderbird Mobile Home Park when the park closed.

Baseline Assessment of Residential Land Sufficiency

This section presents an evaluation of the sufficiency of vacant residential land in Wilsonville to accommodate expected residential growth over the 2019 to 2039 period. This section includes an estimate of residential development capacity (measured in new dwelling units) and an estimate of Wilsonville's ability to accommodate needed new housing units for the 2019 to 2039 period, based on the analysis in the housing needs analysis.

Capacity Analysis

The comparison of supply (buildable land) and demand (population and growth leading to demand for more residential development) allows the determination of land sufficiency.

There are two ways to calculate estimates of supply and demand into common units of measurement to allow their comparison: (1) housing demand can be converted into acres, or (2) residential land supply can be converted into dwelling units. A complication of either approach is that not all land has the same characteristics. Factors such as zone, slope, parcel size, and shape can affect the ability of land to accommodate housing. Methods that recognize this fact are more robust and produce more realistic results. This analysis uses the second approach: it estimates the ability of vacant residential lands within the city limits to accommodate new

closure, pay the tenant between \$5,000 to \$9,000 for each manufactured dwelling park space, and cannot charge tenants for demolition costs of abandoned manufactured homes.

housing. This analysis, sometimes called a “capacity analysis,”²² can be used to evaluate different ways that vacant residential land may build out by applying different assumptions.

Wilsonville Capacity Analysis Results

Exhibit 11 summarizes capacity in all of the areas of the Wilsonville Planning Area, based on the more detailed analysis shown in Exhibit 12 and Exhibit 13.

Exhibit 11. Summary of capacity within areas of the Wilsonville Planning Area, 2019 to 2039

Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note: DU is dwelling unit.
 Note: Capacity matches demand in Villebois, Town Center, and Frog Pond West.

Generalized Plan Designation	Capacity (Dwelling Unit)
Residential	336
Village (Villebois)	437
Town Center	880
Residential Neighborhood (Frog Pond West)	724
Total	2,377

The capacity analysis estimates the development potential of vacant Residential land by planned density range to accommodate new housing, based on the densities shown in Exhibit 9. Exhibit 12 shows that **Wilsonville’s vacant and partially vacant land in Residential has capacity to accommodate approximately 336 new dwelling units**, based on the following assumptions:

- **Buildable residential land.** The capacity estimates start with the number of buildable acres in residential Plan Designations that allow residential uses.
- **Assumed densities.** The capacity analysis in Exhibit 12 assumes development will occur at historical densities. Those densities were derived from the densities shown in Exhibit 9.
- **Average net density.** Exhibit 12 shows capacity and densities in gross density. OAR 660-007 requires that Wilsonville provide opportunity for development of housing at an overall average density of eight dwelling units per net acre. The average net density of

²² There is ambiguity in the term *capacity analysis*. It would not be unreasonable for one to say that the “capacity” of vacant land is the maximum number of dwellings that could be built based on density limits defined legally by plan designation or zoning, and that development usually occurs—for physical and market reasons—at something less than full capacity. For that reason, we have used the longer phrase to describe our analysis: “estimating how many new dwelling units the vacant residential land in the UGB is likely to accommodate.” That phrase is, however, cumbersome, and it is common in Oregon and elsewhere to refer to that type of analysis as “capacity analysis,” so we use that shorthand occasionally in this memorandum.

buildable residential land in Exhibit 12 is 7.4 dwelling units per net acres and 6.2 dwelling units per gross acre.

Exhibit 12. Estimate of residential capacity on unconstrained vacant and partially vacant buildable Residential land, Wilsonville city limits, 2019 to 2039

Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note: DU is dwelling unit.

Plan Designation and Planned Development Range	Tax Lots Smaller than 0.38 acre			Tax Lots ≥ 0.38 and ≤ 1.0 acre			Tax Lots larger than 1.0 acre			Total, combined	
	Build-able Acres	Density Assumpt. (DU/gross acre)	Capacity (Dwelling Units)	Build-able Acres	Density Assumpt. (DU/gross acre)	Capacity (Dwelling Units)	Build-able Acres	Density Assumpt. (DU/gross acre)	Capacity (Dwelling Units)	Build-able Acres	Capacity (Dwelling Units)
Residential											
0-1 du/ac	0	1.0	0	3	0.9	2	0	0.8	0	3	2
2-3 du/ac	0	2.5	0	1	2.3	1	0	2.0	0	1	1
4-5 du/ac	1	4.5	2	3	4.1	12	2	3.7	8	6	22
6-7 du/ac	1	6.5	4	2	5.9	11	22	5.3	116	25	131
10-12 du/ac	1	11.0	11	2	9.9	15	17	9.0	154	20	180
Total	3	-	17	10	-	41	42	-	278	54	336

Capacity in master plan areas (Exhibit 13) assumes that demand will match capacity in Town Center, Villebois, and Frog Pond West. Wilsonville’s capacity for dwelling units in Frog Pond West, Town Center, and Villebois totals 2,041 dwelling units.

Exhibit 13. Estimate of residential capacity in Frog Pond West, Town Center, and Villebois 2019 to 2039

Source: Conversations with the City of Wilsonville. Metro’s 2040 TAZ forecast for households (TAZ 976), released November 6, 2015 and revised January 22, 2016. Wilsonville Town Center Master Plan.

Area	Capacity (Dwelling Units)
Residential Neighborhood (Frog Pond West)	
Single-Family Detached	630
Single-Family Attached & Multifamily	94
Town Center	
Single-Family Detached	-
Single-Family Attached & Multifamily	880
Village (Villebois)	
Single-Family Detached	173
Single-Family Attached & Multifamily	264
Total	2,041
Single-Family Detached	39%
Single-Family Attached & Multifamily	61%

Residential Land Sufficiency

The next step in the analysis of the sufficiency of residential land within Wilsonville is to compare the forecast for new housing by generalized plan designation (Exhibit 7) with the capacity of land by generalized plan designation (Exhibit 12 and Exhibit 13).

Exhibit 14 shows:

- Wilsonville has a **small surplus of capacity (3 dwelling units)** in the 0-1 du/ac and 2-3 du/ac planned development ranges.
- Wilsonville has a **deficit of capacity for 185 dwelling units in the 4-5 du/ac and 77 dwelling units in the 6-7 du/ac ranges**. Exhibit 8 shows that this deficit is for single-family detached housing types.
- Wilsonville has a **surplus of capacity of 160 dwelling units** in the 10-12 du/ac planned development range. The 2014 *Wilsonville Residential Land Study: Technical Report* assumed that about 10% of new housing in the 10-12 du/ac range would be single-family detached and the remainder single-family attached or multifamily. This analysis uses the same assumption. As a result, this 160 unit surplus will likely all be single-family attached and multifamily housing types.
- Wilsonville has **sufficient capacity** in the Village, Town Center, and Residential Neighborhood areas to accommodate expected growth

Exhibit 14. Capacity to accommodate new housing with demand for new housing, Wilsonville city limits, 2019 to 2039

Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note: Capacity matches demand in Villebois, Town Center, and Frog Pond West.

*Note: The 10-12 du/ac planned development range includes capacity for 20 dwelling units of single-family detached housing.

Plan Designation and Planned Development Range	Capacity of Buildable Residential Land (Dwelling Units)	Demand for New Housing (Dwelling Units)	Comparison Capacity minus Demand (Dwelling Units)
Residential			
0-1 du/ac	2	0	2
2-3 du/ac	1	0	1
4-5 du/ac	22	207	(185)
6-7 du/ac	131	208	(77)
10-12 du/ac	180	20	160
Village (Villebois)	437	437	0
Commerical (Town Center)	880	880	0
Residential Neighborhood (Frog Pond West)	724	724	0

Summary of Planned Housing Mix

Exhibit 15 shows the estimated housing mix based on the forecast for new housing. About 50% of new housing will be single-family detached and 50% will be single-family attached and multifamily. Exhibit 14 shows that Wilsonville has a deficit of land to accommodate 262 new dwelling units in areas planned as Residential (in the 4-5 du/ac and 6-7 du/ac ranges), all of which are expected to be single-family detached units.

Exhibit 15. Estimated housing mix based on forecast of housing need

Source: Calculations by ECONorthwest.

Note: The type of attached and multifamily housing planned in Frog Pond West is single-family attached housing, not multifamily housing.

Generalized Plan Designation	Single-Family Detached	Single-Family Attached and Multifamily
Residential	435	-
Village (Villebois)	173	264
Commerical (Town Center)	-	880
Residential Neighborhood (Frog Pond West)	630	94
Total Units	1,238	1,238
Percent of Total	50%	50%

Conclusions and Next Steps

The conclusions of the baseline HNA are:

- **Identify opportunities to address the housing deficits shown in Exhibit 14.** Wilsonville has a deficit of capacity (262 dwelling units) for single-family detached housing, resulting in a deficit of about 53 gross acres of suitable land for residential development. These deficits are in the planned density ranges for 4-5 du/ac and 6-7 du/ac. These deficit may be met through planning for new development in the Frog Pond South and Frog Pond East areas.
- **Work with Metro to better understand the analysis of redevelopment potential and ensure that the analysis makes sense in the context of Wilsonville’s housing market and planning context.** Metro assumes a substantial amount of redevelopment (shown in Exhibit 4) may occur in the Village designation (Villebois). Given that Villebois is still developing and that most development there is relatively new, the City should better understand what types of redevelopment that Metro expects to occur in Villebois. On the other hand, the redevelopment analysis shows little redevelopment potential in Town Center. Metro conducted the redevelopment analysis prior to the City’s completion of the *Town Center Plan*.
- **Evaluate changes in Wilsonville’s housing market since the *Wilsonville Residential Land Study: Technical Report* was completed in May 2014.** This report presented a HNA for Wilsonville. Since 2014, the housing market in Wilsonville has continued to change. Below is a brief summary of changes in Wilsonville’s housing market since completion of the 2014 Report. The City should evaluate changes since 2014 in more detail.
 - *Wilsonville is growing faster than the forecast in the 2014 Report*, which forecast growth of 3,749 new units over the 2014 to 2034 period, or about 187 new units per year. Between 2013 and 2017, Wilsonville issued permits for 1,352 new dwelling units or 338 new units per year. The forecast for new growth in the Wilsonville Planning area is for 123 new units per year, which is a considerably slower growth than the city has been experiencing.
 - *Wilsonville’s growth since 2013 has been mostly single-family dwelling units*, with 99% of the new 1,352 units permitted being single-family units, including single-family detached and single-family attached. The 2014 report shows that, between 2000 and 2012, 66% of the new units permitted were multifamily housing (1,892 units), with 34% (970 units) in single-family housing types.
 - *Housing sales prices continue to increase.* In 2012, the median sales price for housing in Wilsonville was \$290,000. By 2019, the median sales price was \$454,500, an increase of \$164,000 or 57%. This increase is consistent with increases in housing prices across Clackamas County and the Portland region.

-
- *Rents also increased.* For the 2007-2011 period, the median gross rent was \$912 per unit. In the 2012-2016 period, gross rent increased to \$1,127, an increase of \$215 or 24%. This is consistent with increases in rent costs across Clackamas County and the Portland region.
 - *The landbase in Wilsonville has changed.* Villebois continued to build-out since 2014 and will be nearing build-out in the next years. Frog Pond West was brought into the city and the master plan was completed. If the rate of growth in Wilsonville continues, Frog Pond West will build-out early in the 2019 to 2039 planning period.
 - *Wilsonville continues to have a deficit of land for single-family housing.* Wilsonville has a deficit of land for 162 single-family detached dwelling units, shown in the 4-5 du/ac and 6-7 du/ac residential density ranges in Exhibit 14. These units could be accommodated in Frog Pond South and Frog Pond East. The Metro UGB has been expanded to include these areas but that expansion has not yet been acknowledged by DLCD.

Once these areas are acknowledged to be within the Metro UGB, Wilsonville should continue to planning work to bring these areas into the city limits and get land in these areas development ready. Given that Wilsonville continues to grow faster than Metro's forecasts, Wilsonville may need these areas to accommodate residential growth within the next five to ten years and maybe as soon as five to seven years if Wilsonville continues to grow at the rate the city did between 2013 to 2017.

Appendix B: Summary of Stakeholder Input

This document provides an overview of stakeholder input and ideas for how to improve housing equity in Wilsonville. To understand the housing challenges in Wilsonville and possible solutions to them, the project team conducted a stakeholder engagement process with the following activities:

- Focus groups and interviews during summer 2019
- An informational kiosk at the Wilsonville Public Library in December 2019
- Online surveys and feedback forums on Let's Talk Wilsonville, the City's online public engagement platform from August to December 2019
- A survey of people living in rent-regulated affordable housing in December 2019

This appendix is composed of three parts:

- Part 1: Summary of Input on Equitable Housing
- Part 2: Summary of Input on Broader Social Equity Themes
- Part 3: Outreach Process and Key Findings for Each Outreach Activity

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Part 1: Summary of Input on Equitable Housing

A few larger themes surfaced that helped shape the plan, summarized below:

- **Wilsonville’s rental market is bifurcated.** There is subsidized rental housing for lower income households and newer, more expensive developments, but little else in the middle. While stakeholders recognized that Wilsonville has a large share of multifamily units, the city lacks older market-rate rental housing that has “filtered” over time to become less expensive. The result is that the city’s rental market is perceived as being more similar to Lake Oswego and West Linn than to Milwaukie or Oregon City. Many people are paying more than they can afford for rental housing in the city.
- **For homeowners, housing affordability is seen as a key obstacle.** Wilsonville needs middle-income ownership housing most of all, including housing for residents earning 80% to 120% of area median income. Per the service providers in the focus group, the biggest challenge to homeownership that renters identified was finding a home that they could afford, especially for single-parent families and people of color. For existing homeowners, there is ongoing concern about HOA fees and property taxes driving up housing costs for themselves and for future residents. There are some resources to support existing homeowners, like home repair programs, but demand for support may be larger than the individual programs can address on their own.
- **There is a need for housing for people with mobility needs.** A key theme in the outreach was the need for single-level homes.
- **There is a perception that there is little land for infill housing development and some opportunities for the city to explore in new planning areas.** Those opportunities include (1) encouraging new housing types (like homes with accessory dwelling units (ADUs) in new residential neighborhoods) with incentives (e.g. tax abatements) and (2) an easier/clearer path for small and medium infill development. Developers also identified tools to support housing affordability that other communities have, but Wilsonville lacks.
- **Wilsonville has a strong and positive history of working with affordable housing developers.** The City’s active support is both valued and seen as being essential for future development to occur. Because of this positive relationship, nonprofit housing providers are willing and eager to consult with the City early on and lend their development knowledge and expertise to planning efforts.

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Part 2: Summary of Input on Broader Social Equity Themes

Equity – a world in which all people have housing choices that meet their unique needs without racial and economic disparities – is a key component of a larger strategy of achieving greater equity. As part of the project team’s conversations with stakeholders, other themes related to equity emerged, not specific to housing. While most of the items below are not directly housing related and are therefore not appropriate to include as actions in a housing-focused strategy, they are a starting place for a more comprehensive approach to an equitable future for the City of Wilsonville. These insights informed the overall planning process, and also are fruitful feedback for future City of Wilsonville equity-planning initiatives.

General Social Equity Themes

- Wilsonville would be well-served by a committee or body focused on issues of diversity and inclusion, to provide a forum for the City to more comprehensively address social equity across all of its functions and services.
- More social connections are needed for residents who do not have a community gathering space where they feel welcome.
- Service providers participating in a Summer 2019 focus group provided examples of some residents, including people experiencing homelessness and people of color, reporting that they had felt unwelcome in public spaces.
- It is important to promote inclusion within the community. As discussed at a high level at the February 2020 Planning Commission meeting, it is important to think about what would encourage people of color to move into Wilsonville, especially if there are not enough jobs for people with different skillsets.

General Social Equity Ideas

- Develop a citywide equity strategy that incorporates a new approach to drive internal and external operations toward a more socially just and equitable community.
- Consider expanding representation on boards and commissions to increase diversity of backgrounds and views, including the Development Review Board and Planning Commission.
- Require future housing data collection and analysis (e.g. HNA, BLI, etc.) to include an equity-based group of people to provide input, feedback, and identify equity measures.
- Convene community-based organizations to determine how the City can best support them.
- Consider chartering a Human Rights Commission or similar organization that would encourage diversity, inclusivity, and celebration of Wilsonville’s many cultures.

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- Given the bifurcated housing market of subsidized housing and expensive homes, aiming for the inclusion of owner-occupied units at 80 to 120% of median income would be a great idea. Wilsonville needs middle-income housing most of all.
- Reach out to school district representatives to discuss possible partnerships related to equity training, new policies to promote inclusion, etc.
- Generate ideas for what actions the City could take to attract more people of color to the community.
- Ask each of the City's boards and commissions to spend part of a meeting in the next year talking about equity and how it could incorporate greater equity in its work. The City might consider creating a training toolkit that the boards and commissions could use to increase their understanding of equity and inclusion. Each group could list what it is doing now to promote equity and inclusion and identify two to three new actions it could take in the next year to bring greater equity and inclusion into its work. This could be repeated annually or biennially.

Part 3: Outreach Process and Key Findings

Focus Groups and Interviews

The project team conducted three focus groups with employers, nonprofit service providers in Wilsonville, and nonprofit affordable housing providers. The team also conducted ten interviews with for-profit developers and a representative from the real estate industry.

Key Findings

- **Wilsonville's rental market is perceived as having newer, higher quality, more expensive developments with longer waitlists.** The market is perceived as being more similar to Lake Oswego and West Linn than to Milwaukie or Oregon City. The County gets fewer calls on discrimination/repairs/landlord-tenant issues from residents in Wilsonville. The City has a lot of amenities that make it an attractive place to build housing.
- **There is ongoing concern about HOA fees and property taxes driving up housing costs.**
- **Needed housing types:** Single-story units; smaller homes; triplex/duplexes; houses with ADUs; low-cost, single-room occupancy units for people transitioning into the area; roommate matching/homeshares.
- **Who needs help with housing:** single parents, single working adults, people with disabilities, seniors (people cannot age in place easily in Wilsonville).
- **There are not a lot of services for homeless people available locally.**
- **Like affordable rental housing, affordable homeownership projects require subsidy.** About \$100,000 to \$120,000 in subsidy is needed to build a new home affordable at 60% to 80% AMI; if purchasing an existing home, a buyer needs about 20% of value of home.

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The subsidy can come from several sources: land write-downs, permit fee/SDC waivers, outright subsidy, etc.

- **Affordability is a key issue for employers.** In a recent survey of the city’s employers, approximately 30% identified housing costs as a problem for local businesses.
- **The cost of housing presents challenges for those relocating from out of state.** Employers are challenged to find affordable, temporary housing for employees moving to the area. Those arriving in the area find housing costs to be out of line with their previous location. Many employers have to increase wages as a result.
- **Workers commuting to Wilsonville face increasing congestion** (especially shift workers). Some businesses mentioned having a difficult time retaining employees, partly due to transportation costs. Many would like to see increased transportation options for workers, such as regional transit connections and bike/walk options.
- **Employers do not have capacity to offer housing assistance** because they are increasing wages. Instead, employees (particularly lower-wage employees) are finding lower-cost housing in places like Salem, Keizer, Woodburn, Oregon City, Tualatin, and Canby.
- **Additional workforce housing and affordable student housing is needed** to help accommodate growing employment and student populations.
- **Developers working in Wilsonville find some of the City’s regulations to be onerous,** including the stormwater regulations and high SDC fees (though these are comparable to other areas). Many were complimentary of City staff but would like to see a less discretionary, streamlined review process. There has been public pushback on infill development due to density and parking concerns, which has led to increased carrying costs.
- **There is the perception that there is not a lot of land to accommodate new infill development.** Wilsonville is not on the radar for many infill developers given the lack of land for infill development, and the perception that Town Center is not yet “ready” for development.
- **The City could do a better job encouraging new housing types** (like homes with ADUs in new residential neighborhoods) with incentives (e.g. Vertical Housing Program) and an easier/clearer path for small and medium infill development.
- **Capacity for ADUs and infill development in most neighborhoods is unknown:** The majority of Wilsonville’s residential areas are covered under covenants and restrictions (CC&Rs) established by the original developers. The capacity for existing homes to add ADUs or infill on a large lot is unknown by the City and many property owners. New developments could add provisions for ADU development in the future, but there is no incentive for developers to deviate from writing CC&Rs to match the original plans.
- **Some developers referenced incentives that other communities provide:** SDC waivers for ADUs (Wilsonville has this provision in policy), Tigard’s Lean Code, tools for preserving affordability, and tools to reduce carrying costs.

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- **The list of developers working in Wilsonville is short.** Developers who might be a good fit for infill development in the Town Center or other areas are not familiar with the City's opportunities or potential incentives. While many developers are focusing attention on suburban markets, they remain interested in opportunities near good transit and existing services and retail. Infill developers are looking to partner with a city and would be open to an array of incentives. Supports could include land write-downs, SDC waivers, tax abatements, urban renewal support for infrastructure development, etc.
- **The City and County could have a closer working relationship, potentially through information sharing, relationship-building and formal agreements on County and other housing resources.** Information and referral linkages between the City and County regarding services for older adults are strong; what is needed is more actual onsite (in Wilsonville) delivery of County programs. More ongoing information sharing is needed about plans for the Metro Housing Bond, assistance for renters, housing authority programs, use and availability of federal housing assistance, and homelessness funding.
- **Wilsonville has a strong and positive history of working with affordable housing developers in the past.** For example, the City made land available, championed projects, and cleared a pathway toward a tax exemption for affordable units. This has solidified the City's good reputation among affordable housing developers.
- **A city's advocacy and support for affordable housing is key in making a project work.** Projects need champions on City Council, the Planning Commission, and among City staff to problem-solve development review projects and provide support for these projects at neighborhood meetings.
- **The Metro Affordable Housing Bond is a near-term opportunity to help fund affordable housing.** The City is receiving calls from affordable housing developers who might be interested in working in the city.
- **The City-owned site near the WES station could be a desirable Transit-Oriented Development site.** To make property near WES station viable, the City needs to: provide a clear path for land use review, write down land cost, provide goals for the project, and make site issues known.
- **Affordable housing developers like being involved early in process.** They are happy to share expertise and can even bring development team to talk about ideas for potential sites. Possible opportunities for tours and additional engagement.
- **Some see isolation among some residents.** More social connections are needed for residents who do not have a community gathering space. The city's parks are a wonderful asset and people feel safe there.

Library Kiosk

In December 2019, the project team placed a kiosk survey board in the Wilsonville Public Library to gather resident input on what kind of housing Wilsonville needs most. The board was presented in English and Spanish to gather input from a wider range of residents who live

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in Wilsonville, focusing on residents who have not provided project feedback through other venues such as Let's Talk, Wilsonville!

In total there were over 320 votes, which ranked eight different potential housing types for Wilsonville. Participants could choose to place as many votes as they wanted. Every housing option received votes, and the top three choices were single-level homes where people can live their whole lives, smaller single-family homes, and homes with an accessory dwelling unit (ADU). Smaller homes were preferred more often than bigger single-family homes at a ratio of two to one. Co-housing, which ranked fifth, received higher interest than smaller apartments or live-work spaces; both of these options ranked last, with fewer votes overall.

Most popular responses

- Single-level homes/accessibility was the most popular response
- Smaller homes (but not as much interest in smaller apartments); preferred to bigger homes by 2 to 1 ratio.
- Homes with an accessory dwelling unit

Let's Talk Wilsonville Survey and Submitted Stories

The City of Wilsonville released a survey about equitable housing on its online open house platform, Let's Talk Wilsonville, in August 2019, and a quick poll in December 2019. In addition, website visitors could submit stories about their housing experiences in the city.

Key Findings

- A total of 80 residents took the online survey. Respondents tended to be longtime residents (10+ years, 36%) or fairly new to the City (1-5 years, 39%). Renters were highly underrepresented, with 76% of respondents stating they owned their home.
- General takeaways from people who rent their homes:
 - Properties are seen as fairly well-maintained.
 - All but one respondent was at least somewhat stressed about the possibility of rent increases (79% responded yes).
 - The biggest challenge respondents identified to buying a home in Wilsonville is finding a home they can afford (68% of respondents).
- General takeaways from people who own their homes:
 - Affording maintenance needs is not generally a problem, but 88% of owners are at least somewhat stressed about affording overall monthly housing costs.
 - There is close to a 50/50 split on whether homes are suitable for aging in place. Multiple floors seem to be the biggest factor in this perception.
 - Less than half of owners (41%) think they could afford to buy a home in Wilsonville in today's market.
- Commute and schools were the top two choices of why people chose Wilsonville.

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- Respondents were split on whether there is an adequate variety of housing types in Wilsonville.
- Housing concerns are mixed:
 - Just under half of respondents indicated concerns about cost of housing and expressed a need for more affordable housing.
 - About one-third of respondents shared concerns around themes of quick growth, density, too many apartments, etc.
 - Other comments indicated that more unit types are needed in the City.
- A separate “quick poll” asked “Which of these ideas would most help ensure that people from different backgrounds, ages, ethnicities, incomes, and physical abilities have an opportunity to enjoy Wilsonville?” (*a total of 31 responses were recorded as of January 13, 2020*)
 - The most popular response was “encourage builders to construct more single-level homes with features that make independent living easier.” (31% of responses)
 - Other responses that garnered interest were:
 - Work with apartment owners to maintain housing for the long term and keep rents from increasing too rapidly (all types of apartments, not only “affordable housing”) (21% of responses)
 - Make it easier to build different types of homes – single detached homes, cohousing, townhomes, cottage clusters, apartments, mobile home parks (17% of responses)
- Themes of stories shared on Let’s Talk, Wilsonville!: (14 total submitted)
 - Lack of starter homes affordable for first time homebuyers
 - Increased cost of rent over time
 - More housing types needed
 - Little housing for working class
 - Need for more outreach and education on available services
 - Good quality of life – parks and schools
 - Need to plan for infrastructure to support increased growth

Renter Survey

In order to improve the project’s engagement of underrepresented groups, including renters and communities of color, housing surveys were distributed to residents living in Wilsonville’s subsidized affordable apartment complexes in December 2019. A total of 14 responses were returned to the project team.

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Key Findings

Residents surveyed seem to be connected to the community of Wilsonville:

- Most of the respondents do not plan to leave Wilsonville in the next five years.
- Around 36% of respondents only looked in Wilsonville for housing.
- Most respondents were somewhat long-term residents, five years or more.
- Around 40% of respondents would contact friends of family in times of need, which suggests they have a strong network nearby.

Survey respondents feel secure and satisfied with their housing:

- Compared to the national averages, respondents found affordable housing very quickly.
- The majority also did not feel that they are at risk of losing their housing or not being able to afford their current home in the future.
- While many of the responses to the quick poll and library kiosk indicated a need for more housing suitable to aging in place, all but one respondent to this survey felt they are able to age in their current home without issue.

Survey respondents may not feel it is possible to be homeowners or are just not interested:

- The most picked answer for the last question, which asked about strategies that would help ensure that people from different backgrounds, ages, ethnicities, incomes, and physical abilities can live in Wilsonville was “working with apartment owners to maintain housing for the long term and keep rents from increasing too rapidly.”
- Very few respondents aspired to buy a home. This could be due to how satisfied they are with their current living situation. However, it is interesting to note that they believe the biggest barrier for anyone to buy a home in Wilsonville would be finding a home they could afford. This suggests that, if they did aspire to own a home, they see it being a big challenge to stay in their community.

Detailed Results

Question 1: How long have you lived in Wilsonville?

Twelve survey respondents have lived in Wilsonville for more than five years.

Question 2: Why did you choose to live in Wilsonville?

Housing cost was at least one of the reasons 10 survey respondents choose to live in Wilsonville. For half of the respondents, parks and open space was one of the reasons they choose Wilsonville. Only one survey respondent chose Wilsonville because of the proximity to

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work. No respondents choose to live in Wilsonville for the school system or because they liked the home.

Question 3: When you were looking for your current home, how long did it take before you found it in Wilsonville?

Ten respondents only looked for housing for between zero to six months before finding housing in Wilsonville. The other respondents found housing between six months and two years. No respondents waited more than two years to find housing.

Question 4: When you were looking for your current home, what other areas were you considering?

Five respondents were looking for housing in only Wilsonville. The two other cities most commonly chosen were Tualatin and Oregon City.

Question 5: Do you feel your home is suitable for aging in place?

All but one respondent felt that their home is suitable for aging in place.

Question 6: Is your home big enough to meet the needs of your family?

Twelve respondents felt their home is big enough to meet their needs.

Question 7: If you could improve one thing about your housing now, what would it be?

The majority of respondents chose other. There did not appear to be any trend for the other responses. The second highest response for this question was more bedrooms.

Question 8: How well do you feel the property owner is maintaining your home?

Ten respondents feel their property is well maintained. No respondents felt their home is poorly maintained.

Question 9: Do you feel stressed about your ability to afford monthly housing costs?

Nine respondents indicated they are not stressed about affording monthly housing costs. Only one respondent felt stressed with two feeling somewhat stressed.

10. Do you plan to stay in your current home for at least the next 5 years?

Ten respondents planned to stay in their current home for the next five years. Three were unsure.

11. Do you aspire one day to buy a home?

Ten respondents do not aspire to buy a home.

ATTACHMENT 1

12. What do you think would be the biggest challenge to buying a home in Wilsonville?

Ten respondents believed that finding a home that they could afford would be the biggest barrier to buying a home (some respondents chose more than one response).

13. If you had an issue with your living situation or needed assistance, who would you go to for help?

Seven respondents indicated they would go to County or State services for help, and seven indicated they would go to family or friends (some respondents chose more than one response).

14. Which of these ideas would help ensure that people from different backgrounds, ages, ethnicities, incomes, and physical abilities can live in Wilsonville?

Nine respondents thought that working with apartment owners to maintain housing for the long term and keep rents from increasing too rapidly would help the most (some respondents chose more than one response).

Appendix C: Construction Excise Tax Implementation Roadmap

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 statute permits a maximum rate of 1% of permit value on residential construction and does not limit the rate on commercial and industrial construction. The adopting jurisdiction selects the rate within these constraints. Many communities in Oregon are exploring the application of CET for housing projects, because the tool can provide a locally-generated, dedicated source of funds for affordable housing programs and developer incentives.

The allowed uses for CET funding are defined by the state statute. The City may retain 4% of funds to cover administrative costs. The net revenue after deducting administrative costs must be allocated as follows, if the City uses a residential CET:

- 50% must be used for developer incentives (e.g. fee and SDC waivers, tax abatements, etc.)
- 35% may be used flexibly for affordable housing programs, as defined by the jurisdiction.
- 15% flows to Oregon Housing and Community Services for homeowner programs.

If the City implements a CET on commercial or industrial uses, 50% of the net revenue must be used for local housing programs, as defined by the jurisdiction, and the remaining 50% are unrestricted.

The statute exempts public buildings; regulated affordable housing; places of worship; public and private hospitals; agricultural buildings; and nonprofit long term care facilities, residential care facilities, and continuing care retirement communities.² The City can exempt other types of development if desired (e.g., small developments under a certain size or permit value). The tax applies only to new construction and additions or remodels that add square footage.

Construction Excise Taxes in Oregon¹

As of 2020, the following Oregon cities have adopted a CET:

- Portland
 - Corvallis
 - Tillamook County
 - Cannon Beach
 - Hood River County
 - Hood River City
 - Newport
 - Medford
 - Milwaukie
 - Bend (*grandfathered program from before legislation*)
-

¹ This list is based on ECONorthwest research as of April 2020 and may not be exhaustive.

² Oregon Revised Statute 320.173

Pros

- Flexible funding source, especially for funds derived from commercial/industrial development.
- Can be blended with other City funds to maximize impact.
- Ability to link industrial or other employment investments, which generate new jobs and demand for new housing, with funding for housing development.
- Allows some use of funds for administration; can fund staff time needed to administer programs.

Cons

- CET increases development costs in an environment where many developers are already seeking relief from systems development charges, so it would have impact on project feasibility.
- Where demand is high relative to supply, may be passed on in whole or in part through higher housing costs or higher rents for tenants in new buildings.
- Revenue will fluctuate with market cycles and will not be a steady source of funding when limited development is occurring.

Application in Wilsonville

This section outlines the broad steps that the City might take in evaluating the establishment of a CET in the City.

1. Develop and analyze program scenarios

To better understand and select among the options available through the statutes, the City should evaluate a number of scenarios that are tailored to the Wilsonville market and the specific program design.

- Should the CET apply to both residential and commercial / industrial development?
- What rate would be appropriate for each type of development included, balancing revenue generation with impacts to development feasibility?
- What exemptions might the City want to establish, in addition to those required under statute (see above)? For example, would the City want to exempt projects under a certain size or permit value, certain housing types, or a broader definition of affordable housing?

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Using the historical and projected residential building permit values, the City could analyze the average revenue it would generate with a CET by use, per the statutory rate cap and spending limitations.

	Residential	Commercial/Industrial
Rate Cap	The statutory rate cap is 1%. The City could look at rates of 0.5% to 1% of permit value.	Given that the rate is uncapped, the City could evaluate a range of CET rates (e.g., 0.5%, 1%, 2%, and 5%).
Spending Limitations	50% - developer incentives 35% - affordable housing programs, as defined by the jurisdiction 15% - Oregon Housing and Community Services for homeowner programs	50% - developer incentives 50% - unrestricted

Source: Oregon Revised Statutes 320.195 (4)

A key question for the program structure will be how the City can structure the CET so that it would not provide a great disincentive to new market-rate development that would otherwise pencil without the CET.

2. Determine how the City would use CET revenues

Because CET is dependent on new construction, revenue will vary with market cycles. The City should consider reasonable assumptions for budgeting purposes and define priorities for the portion of the revenue that may be used flexibly. Consistent with implementation of this Plan's actions, Council would determine what types of incentives it would want to fund with the money dedicated to developer incentives (e.g. a tax abatement, SDC waiver, direct grants, land write-downs, etc.), funds for affordable housing, and any unrestricted funds.

If the City were to establish a CET on commercial and industrial development, there may be demand from other City priorities and programs for the unrestricted portion of the revenue, which would reduce the amount available for affordable housing. The City could consider dedicating CET to actions that are focused on reducing displacement that could also withstand the variability in CET revenue generation, such as emergency short-term rent vouchers.

As part of these conversations, the City should consider how it would administer the program, and what staffing and partnerships would be needed to implement the programs identified.

3. Seek stakeholder input

The City should seek input from local developers and business leaders regarding the potential impact of a CET on development activity and business recruitment. To ground these conversations, the City can evaluate recent development examples and calculate what the CET costs would have been. It may also be helpful to conduct additional outreach to affordable

housing providers to help the City understand how best to administer funding if a CET is adopted.

4. If applicable, carry out adoption process

If the City chooses to adopt a CET, it must pass an ordinance or resolution that states the rate and base of the tax.³ Most communities also identify any further self-imposed restrictions on the use of funds as part of the adopting ordinance (e.g. establishing that the housing programs will support housing affordable up to a certain percentage of area median income, or specifying the allowed uses of unrestricted funds). If the ordinance passes, the City must then establish a process to distribute the funds.

³ ORS 320.192

Appendix D: All Actions Evaluated

This information was part of the presentation materials for the September 4, 2019 Task Force and September 11, 2019 Planning Commission meetings.

To address the community's housing needs now and in the future, the City of Wilsonville has identified the need to establish a roadmap toward a more equitable housing system. This memorandum provides a menu of potential actions that the City can take to advance its Equitable Housing Strategy.

The tools outlined in this document fall under the following categories:

- A. Programs to Fund or reduce Costs for Housing Development or Preservation
- B. Development/Permitting Incentives and Regulatory Reform
- C. Outreach and Coordination
- D. Property Tax Abatement Programs
- E. Affordability Requirements
- F. Homeownership Programs
- G. Anti-displacement and Renter Support Tools
- H. Ownership or Sale Requirements

A. Programs to Fund or Reduce Costs for Housing Development or Preservation

Grants/Loans for New Development and Preservation. Investments intended to help regulated and unregulated properties with development costs, pre-development assistance, loan recapitalization, and/or pay for necessary capital repairs so that land-owners can avoid selling to the private market for capital. The City would need to determine funding sources – possible sources include urban renewal, CDBG, Section 108 (up to 80% of MFI).

Reduced or Waive Permit Fees or Systems Development Charges (SDCs) for Affordable Housing. An array of programs that offer reductions or waivers on a project's permit fees or system development charges in order to reduce the cost to build housing. The City already waives SDCs for Accessory Dwelling Units. One option would be to develop a separate fee schedule for the portion of rent-restricted affordable units within a project.

Financed Building Permit and Planning Fees or SDCs. Program to finance permit fees and/or System Development Charges for affordable housing developments.

Expedited and Fast-Tracked Planning and Building Permit Review for Affordable Housing or Specific Housing Types. Allows for faster development review for affordable housing, or for pre-approved housing development types, thereby reducing time and cost of new development to allow for lower rents to be charged.

Partnerships with Community Land Trusts. There are several community land trust models throughout the country. The model used in the Portland area involves a non-profit, municipal, or other organization that owns land and provides long-term ground leases to low-income households to purchase the homes on the land, agreeing to purchase prices, resale prices, equity capture, and other terms. The City could pursue discussions with Proud Ground, determine the sites it could offer for a CLT, and explore options agreements for voluntary inclusionary zoning in partnership CLT's as part of single family neighborhood development.

SMART/WES Property Development. The two- to three-acre City-owned property near Wilsonville's WES transit station is the City's main opportunity to promote Transit-Oriented Development for affordable and/or workforce housing. Potential support could include development/permitting incentives or a public-private partnership that would provide development or infrastructure subsidies in exchange for fulfillment of community goals.

City-led Land Acquisition Strategy and Land Banking. City-led program to buy and hold land for future development opportunities. This supports affordable housing by reducing or eliminating land cost from development.

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City-supported Employer-assisted Housing. Employer-assisted housing programs help employees meet their housing needs, which in turn helps employers to achieve their business goals. The City's role could be to provide subsidies, convene employers with other players in the housing sphere, or partner in development.

B. Development/Permitting Incentives and Regulatory Reform

Development of Requirements and Policies for Master Planning Efforts in Frog Pond East and South. Frog Pond East, West, and South are the main areas where the City expects new housing development. Frog Pond West has a master plan, but Frog Pond East and South do not. Those areas will likely be developed through a series of Planned Unit Developments. As part of its planning, the City should determine what kinds of affordability and unit type requirements to consider as a part of the master planning requirements for Frog Pond East and South.

Implementation of Oregon House Bill 2001 (Middle Housing). Oregon House Bill 2001 requires that local jurisdictions adopt zoning code regulations or comprehensive plan amendments to permit middle housing types (e.g., duplexes, triplexes, etc.) in all areas that are zoned for residential use and allow for detached single-family dwellings. These changes will allow for a diversity of unit types throughout Wilsonville, but the City will need to assess its own plans for future planning areas for Frog Pond as well as the restrictions in each of its existing neighborhoods that have HOAs.

Accessible Design Standards Incentives. Incentives for visitability, adaptability, and accessibility. This could include incentives encouraging universal design.

Incentives for Space-Efficient Housing. Provides development standards that allow certain types of housing such as cottage clusters, internal division of larger homes, duplexes, and accessory dwelling units. This could include increased density and/or height for regulated affordable housing and/or for housing types that tend to be lower cost (e.g. cottage homes, duplexes/triplexes, etc.) Consider including as part of new development agreements. Follow up actions include fact-finding with existing Homeowners' Associations about whether ADUs are allowed within CC&Rs.

Reduced Parking Requirements for Affordable Housing or Housing near High-Capacity Transit. Development standards that reduce the required number of parking spaces for affordable housing and/or housing near high-capacity or rapid transit. Potential to limit to subsidized units.

C. Outreach and Coordination

Track Market Conditions. To support successful program implementation, the City can enhance its tracking of the residential real estate market, such as RMLS, Zillow, Multifamily NW, and Co-Star. This will help the City to understand where change is occurring and help the City to better target its resources.

Outreach with Non-profit Affordable Housing Developers. Proactively seek out connections to regional developers looking for infill and other development opportunities. Potential organizations include: REACH CDC, Habitat, Northwest Housing Alternatives.

Outreach with Market-rate Developers. Proactively seek out connections to regional developers looking for infill and other development opportunities. This could include a public relations strategy about possible opportunity sites available, developer tours, and increased participation in housing-related real estate events so that the City can better understand development activity within the region.

Better connections to Clackamas County's Housing Bond Implementation. Increase coordination and communication on the Metro Affordable Housing Bond.

D. Property Tax Abatement Programs

Multiple-Unit Limited Tax Exemption Program. Incentivizes high-quality, mixed-use, and diverse housing options by selecting a development to award a property tax exemption.

Vertical Housing Tax Abatement. Subsidizes mixed-use development by providing a partial property tax exemption on increased property value for qualified developments.

Tax Abatement for New and Rehabilitated Multifamily Rental Housing. Offers a full property tax abatement for up to 10 years for multifamily rental housing affordable at up to 120% of Area Median Income. City sets length of exemption based on percent of units meeting affordability criteria.

Nonprofit Affordable Housing Property Tax Abatement. The Oregon legislature authorizes a property tax exemption for low-income housing (60% MFI and below) held by charitable, nonprofit organizations only.

Low Income Rental Housing Property Tax Abatement. The Oregon legislature authorizes a property tax exemption for new rental housing exclusively for low-income households (60% MFI and below). Housing need not be owned or operated by a nonprofit entity.

E. Affordability Requirements

Inclusionary Zoning. Incentivizes or requires developers to set aside a certain share of new housing at a price affordable to people of low or middle income.

F. Homeownership Programs

Education on Home Ownership Preparation. Help first-time homebuyers learn the basics about the home buying process in classes taught by experienced professionals who specialize in helping first-time homebuyers. Special topics on HOAs can be included. The City could coordinate with existing organizations such as the Portland Housing Center to facilitate this training or develop its own program.

Alternative Funding Sources for Down Payment and Mortgage Assistance. Expand financing options to low-income and middle-income households who plan to purchase a home.

G. Anti-Displacement and Renter Support Tools

Create Better Linkages to County Support Services for Renters. Create formal structures with County to better provide resources and technical assistance for tenants: (1) Provide connections to the County mediation process in which people work with a neutral professional to facilitate a mutually beneficial, binding resolution, (2) work with County on trainings, counseling services, resource fair, website resources to help residents to gain familiarity with landlord-tenant law and information needed to know their rights, (3) provide information on existing local rent assistance programs.

Monitor Implementation of State Rules on Rent Control and Evictions. City staff can monitor and understand how Senate Bill 608 is being implemented within the City. This landmark law fundamentally changes landlord-tenant laws by regulating how and when Oregon landlords can increase rents, sets limitations on when landlords can use evictions, and requires landlords to pay relocation payments to tenants in certain circumstances.

Mediation that Supports Residents to Remain in Their Homes. The City could provide its own mediation services for homeowners facing foreclosure to resolve the issue with the mortgage by mutual agreement before a default judgment or foreclosure sale is reached.

City-Led Landlord Counseling. Support landlords towards successful property management by providing education services that inform landlords of their rights and responsibilities, coach them on best practices, and assist in solving disputes. This could also incorporate better connections to County resources.

Landlord Accountability and Support. Explore options to partner with – and hold accountable – landlords whose properties generate disproportionate complaints from tenants. Examples include strong code enforcement and a rental housing inspection program.

ATTACHMENT 1

City Database of Rental Buildings. The City could create a database of rental buildings to provide data for programs to (1) support renters and (2) watch for opportunities to preserve housing that may be sold or may see rents increase.

Short-term Assistance for Upfront Rental Costs. Create a Wilsonville-specific program for upfront rental costs.

Platforms to More Easily Find a Place to Live. Create a single place in which to find housing and submit a rental application, such as OneAppOregon.com.

Designate “Front Door” Staff at City Hall. Designate staff that are available for referrals, community housing training, etc. A possible role could be connecting employees to housing opportunities.

H. Ownership or Sale Requirements

Policies Requiring or Incenting Purchase Rights to Nonprofits or City (First Right of Refusal Policies). Policy that would require landlords to notify cities and/or nonprofits of the intent to sell so that the cities/nonprofits have the ability to purchase land/properties before they turn to market rate (important for low-cost market-rate housing).

Policies Requiring Notification of Expiring Contracts. Policy requiring that rent-regulated properties coming upon their regulatory expirations notify cities or nonprofits (again to enable cities/nonprofits to purchase the properties before they turn to market rate).

Appendix E: Property Tax Abatement Programs for Housing in Oregon

Oregon has several property tax abatement programs that can be used to support development of affordable housing or to leverage private housing development to provide benefits (e.g. a portion of units at reduced rents, or ground floor retail in key areas) that the market may not deliver on its own. Each program differs in the type of housing it incents (eligibility criteria), the geographic specificity, and other policy parameters:

- **Vertical Housing Development Zones (VHDZ):** Incents multi-story mixed-use development by offering a partial property tax exemption for 10 years to developments that include housing as well as non-residential use (e.g. retail on the ground floor), with a larger tax exemption for higher density developments. Overlapping taxing districts can opt out.
- **Multiple Unit Property Tax Exemption (MUPTe, sometimes called MULTE):** Can be used to incent multifamily housing with particular features or at particular price points by offering qualifying developments a partial property tax exemption for 10 years (or longer, for housing subject to affordability agreements). Limited to adopting jurisdiction's taxes unless there is sufficient support from overlapping taxing districts.
- **Low Income Rental Housing Exemption:** Provides 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. Limited to adopting jurisdiction's taxes unless there is sufficient support from overlapping taxing districts. Requires that savings be passed on to tenants through rent reductions.
- **Nonprofit Low Income Rental Housing Exemption:** Provides a full property tax exemption for new and existing affordable housing owned and operated by a nonprofit organization for as long as the property meets eligibility criteria. Also applies to land held by a nonprofit for future affordable housing development. Limited to adopting jurisdiction's taxes unless there is sufficient support from overlapping taxing districts.
- **Temporary exemption for newly rehabilitated or constructed multiunit rental housing:** Incents development or rehabilitation of multifamily rental housing with rents affordable to households with an annual income at or below 120% of area median income citywide through a full property tax abatement for no more than 10 years. Does not take effect unless there is sufficient support from overlapping taxing districts.
- **Homebuyer Opportunity Limited Tax Exemption (HOLTE):** Provides a 10-year property tax exemption for the structural improvements of a new or rehabilitated single-unit housing. Available for properties valued at no more than 120% of the median sales price. Allows each city to determine its own income and owner-occupancy requirements.

ATTACHMENT 1

The following sections describe each program and its pros and cons. To facilitate comparison between programs, key features and differences of the programs are summarized in Exhibit 1.

Vertical Housing Development Zones (VHDZ)

How it Works

This program incents mixed-use development and affordable housing by partially exempting property taxes for qualifying projects. The exemption varies in accordance with the number of residential floors in a mixed-use project; the maximum property tax exemption is 80% of the residential improvement value over 10 years. An additional property tax exemption on the land may be given if some or all of the housing is for low-income persons (80% of area median income or below). There is no tax exemption on the non-residential component.

Before a city or county can grant an exemption for an eligible development project, they must establish a VHDZ. Per state statute, jurisdictions must consider the potential for displacement¹ of households within a proposed vertical housing development zone before designating the zone. Once the VHDZ is established, the developer may apply for the city's Vertical Housing Tax Abatement Program.

Pros

- Targeted tool to support mixed-use development in places with locational advantages.
- Overlapping taxing districts must take action to opt out, rather than having to take affirmative action to approve zone designations and project applications.
- Offers incentives for market rate, mixed income, and affordable housing, with greater incentives for affordable/mixed income housing.
- Incents higher density development as well as mixed-income development.

Cons

- May provide insufficient incentive to lead to affordability unless paired with other tools.
- Requires retail space, which may not be viable or appropriate for all projects, and can be particularly challenging for publicly-funded affordable housing projects.

¹ According to the relevant statute (ORS 307.841(2)): "Displacement" means a situation in which a household is forced to move from its current residence due to conditions that affect the residence or the immediate surroundings of the residence and that: (a) A reasonable person would consider to be beyond the household's ability to prevent or control; (b) Occur despite the household's having met all previously imposed conditions of occupancy; and (c) Make continued occupancy of the residence by the household unaffordable, hazardous or impossible.

In evaluating this issue for other communities, ECONorthwest has considered the potential for displacement because of redevelopment of existing housing with new development using the VHDZ program ("direct displacement"), and the potential that the presence of new development that uses the VHDZ program could encourage property owners to increase rents in existing housing to a degree that the households can no longer afford them ("indirect displacement").

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- Can't qualify until project is under construction—creates uncertainty for developer & lenders
- Reduces general fund revenues for all overlapping taxing districts (unless they opt out).

Best for:

- Encouraging mixed use development in locations where ground floor commercial uses are essential to the vision and mixed use is not economically feasible yet.

Implementation Considerations

- Both ground-floor retail and multifamily rental housing must be allowed, appropriate, and potentially desirable to tenants for the program to be effective.
- The program works better for taller development (at least 4 stories tall) since the incentive is very limited for lower-scale development. It should be applied in places where this is allowed, desirable, and close to being feasible, given the higher cost of such development relative to 2- to 3-story housing or single-story retail.
- Expect market-rate development through this program, if any development occurs because of it—there is little or no history of it being used for affordable housing in Oregon. Also consider how any affordability restrictions will be monitored and enforced.

Multiple Unit Property Tax Exemption (MUPTTE)

How it Works

Through a multiple unit property tax exemption, a jurisdiction can encourage multifamily and attached housing in specific locations lacking in housing choices, or inclusion of units with below-market rents. The abatement applies to improvement value only and lasts for 10 years, except for affordable housing, which lasts as long as the affordability restriction lasts. Though the state enables the program, each City has an opportunity to shape the program to achieve its goals by controlling the geography of where the exemption is available, eligibility criteria (including required public benefits), program requirements, application process and fees, and program cap.

The City can select projects on a case-by-case basis through a competitive process. Applicants must show that the housing would not be feasible without the abatement.

To implement the exemption, the City would take the following steps:

- (1) Determine desired eligibility criteria (percentage affordable or workforce housing or other public benefits, where the program applies, etc.).
- (2) Seek agreement from taxing districts representing 51% or more of the combined levying authority on the property to include all of the taxing jurisdictions in the abatement. If the

ATTACHMENT 1

City is unable to get agreement from other taxing districts, the abatement will only apply to the City's portion of property taxes.

- (3) Establish annual reporting and administration procedures.

Pros

- City sets eligibility criteria and controls application process and project selection.
- Program is flexible to support various objectives related to encouraging housing.
- Tax abatements can contribute to the feasibility of both market-rate and regulated units. Saving on operational costs contributes to greater net operating income, which is important in determining project value and subsequently the development feasibility.
- The City can use the abatement program to incent private development to include some affordable units, or to incent higher density housing or other specific types of housing not being delivered by the market.
- Since applicants need to prove that the project would not be feasible without the exemption, the funding theoretically only goes to developments that would not have otherwise occurred.
- Property owner can apply by the February before first assessment year of requested exemption. Construction need not be complete.
- The City can set an annual cap on the total amount of tax exemptions in any given year for all projects.

Cons

- May provide insufficient incentive to lead to affordability unless paired with other tools.
- Discretionary application process creates uncertainty during the development stage and more work for applicants. Some developers will be discouraged from applying.
- Can be difficult for the City to validate applicants' claims that the development would otherwise not be feasible.
- Depending on the project criteria, can be a highly competitive process among development projects.
- City must weigh the temporary (up to 10 years) loss of tax revenue against the potential attraction of new investment to targeted areas.
- Reduces general fund revenues for all overlapping taxing districts, which could make it harder to promote the tool to partner jurisdictions that do not perceive the same project benefits.
- Must get affirmative support from enough overlapping taxing districts to apply to their tax collections.

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Best for:

Encouraging multifamily housing in strategic locations and with specific features (with or without ground floor commercial uses), or supporting development of housing affordable to moderate-income households (e.g. around 80% AMI where the rent discount relative to market rates is limited).

Implementation Considerations

There are multiple ways a City could implement this tool, which will require additional staff and stakeholder conversations to determine which application is most appropriate.

- The City could offer a citywide program for housing that is affordable to households making up to some specific income level (e.g., 80% or 100% of AMI). If the City were to require income certification of tenants, this would require a lot of paperwork for developers. If the affordability threshold is relatively close to current market rents, the City could limit the rent the developer could charge but not require income certification for tenants. This would be less burdensome for all involved but would not guarantee that the units would go to those that need them most, and would offer little discount relative to market-rate development. Also, the City should consider how affordability restrictions will be monitored and enforced – whether City staff has capacity for this, or whether there is an appropriate and willing partner to assist.
- The City could offer abatements for market rate apartments that meet public goals and are not being produced by the market today. This could include higher density development adjacent to transit or downtown, development that meets certain green building or sustainability goals, etc. In some markets, any multifamily rental housing development at scale is a challenge due to low market rents and difficult financing, and the program may be appropriate with minimal eligibility criteria.
- The abatement could be applied to certain middle housing types like duplexes, triplexes, cottage clusters on a common lot, etc. in neighborhoods close to transit or services. It will be most effective for rental properties, and should not be tied to affordability requirements without careful consideration of whether those will work for middle housing.
- Regardless of how the City chooses to apply the program, it could set a limit on the total amount of abatement granted per year or at any given time in order to limit fiscal impacts to the City and other taxing districts.

Low Income Rental Housing Exemption

How it Works

Provides a 20-year, renewable property tax exemption for rental housing exclusively for low-income households (60% of AMI and below). Housing need not be owned or operated by a nonprofit entity. The program is limited to housing built after the program is adopted, except for existing housing owned by a nonprofit. The exemption is limited to the adopting jurisdiction's taxes unless there is sufficient support from overlapping taxing districts. Rents within the eligible properties must be reduced to reflect the full value of the property tax abatement. The exemption can also apply to land held for future affordable housing development, up to whatever time limit the City sets. If only a portion of a given property is used for qualifying low income housing (e.g., a mixed use or mixed-income development), the exemption is applied only to the qualifying portion of the property. This program offers one of few options for private affordable housing development to receive a property tax exemption.

Pros

- Housing need not be owned or operated by a nonprofit entity.
- No requirement that construction be complete prior to application.
- Reduces carrying costs before development occurs (tax exemption available for land being held for development of affordable units).
- Reduces costs for low-income residents by passing through savings in reduced rents.
- Demonstrates local support for affordable housing development, which can make projects more competitive for state and federal funds.
- Allows a city to adopt additional criteria, such as a cap on the number of eligible properties or on the amount of lost tax revenue.

Cons

- Because the full savings must be passed through to residents, the exemption does not improve feasibility or reduce costs for the developer.
- In most affordable housing development using state and federal subsidies, rents are set based on a percentage of the household's income using formulas set by state or federal agencies. Building in an additional reduction based on the tax exemption and determining how to distribute savings among tenants with different unit sizes and incomes creates additional complexity and requires the City to monitor compliance with that aspect of the program.
- Complex to apply to mixed-income housing, since the abatement is pro-rated to apply to the portion of the property that meets the criteria. Even housing funded with Low Income Housing Tax Credits can sometimes have a mix of income levels that includes households with incomes above 60% of area median income.

ATTACHMENT 1

- The 20-year duration does not align well with the 15- and 30-year compliance periods for the Low Income Housing Tax Credit program, which is a likely source of funding for property that would qualify for this exemption.
- Reduces general fund revenues for all overlapping taxing districts if properties that would not otherwise have received an exemption are approved through the program.
- Must get affirmative support from enough overlapping taxing districts to apply to their tax collections.

Best for:

Lowering rent burdens for residents of affordable housing in jurisdictions with a sophisticated affordable housing program.

Implementation Considerations

- Although not required in statute, most cities conduct ongoing monitoring or enforcement to confirm ongoing eligibility.

Nonprofit Corporation Low Income Housing Exemption

How it Works

This program provides an opportunity to assist nonprofits providing affordable housing in the community by lowering operating costs. It applies to rental housing for low income persons² that is owned, being purchased, and/or operated by a nonprofit. It can apply to land held for affordable housing development, existing affordable housing, or new construction. Both land and improvement value (if any) are exempt. The exemption can be granted for as long as the property meets eligibility criteria, but the property owner must reapply on an annual basis to demonstrate on-going eligibility. For land held for future affordable housing development, the City sets a limit on how long the exemption can apply, with the option for property owners to apply for an extension after that time. This program offers one of few options for nonprofit affordable housing development to receive a property tax exemption.

Pros

- The abatement can be used for most nonprofit affordable rental housing development.
- Can apply to both existing and new housing.
- Reduces carrying costs before development occurs (tax exemption available for land being held for development of affordable units), and offsets operational costs once the development is complete, reducing feasibility gaps.
- Allows a city to adopt additional criteria, such as a cap on the number of eligible properties or on the amount of lost tax revenue.

² Incomes must be at or below 60% of area median income (AMI) to start, and up to 80% AMI in subsequent years.

ATTACHMENT 1

Cons

- Must get affirmative support from enough overlapping taxing districts to apply to their tax collections.
- Reduces general fund revenues for all affected taxing districts.
- Limited applicability / eligibility, since it does not apply to mixed-income housing or affordable housing built by for-profit developers.
- The requirement for the property owner to resubmit eligibility documentation every year may be burdensome, though a streamlined application process can mitigate this.

Best for:

Reducing operating costs for regulated affordable rental housing developed by nonprofits.

Implementation Considerations

- Because this exemption applies to both new construction and existing housing, it has the potential to cover more properties and have a greater impact on a city's tax revenues.
- Little or no additional monitoring or enforcement is likely needed for this program, since eligibility is limited to nonprofit affordable housing providers and the annual application process provides evidence of eligibility.
- If part of an eligible property is used for purposes other than low income housing (e.g., a commercial use or mixed-income housing), the exemption is pro-rated.

Temporary exemption for newly rehabilitated or constructed multiunit rental housing

How It Works

This program provides a maximum 10-year tax abatement for newly rehabilitated or constructed multiunit rental housing that is affordable to households with an annual income at or below 120% of area median income. The tax abatement applies to the full property tax amount—land and improvements.

A city must establish a schedule that provides longer exemptions for projects with more qualifying units, with a maximum of 10 years. To establish this tax abatement, a City adopts an ordinance or resolution, the city must establish definitions of affordability and duration of exemption, and overlapping taxing districts must agree. Specifically, the city must:

- (1) Create an ordinance to adopt a schedule establishing the length and percentage of the exemption based on the number of affordable units.
- (2) Define the terms “area median income” and “affordable” for families of varying sizes.

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- (3) Seek agreement from taxing districts representing 51% or more of the combined levying authority on the property. If the City is unable to get agreement from other taxing districts, the abatement cannot take effect.

Pros

- Properties must re-apply every year, which provides a built-in enforcement mechanism. This is not overly burdensome since they only need to show that they continue to meet the criteria, which are non-discretionary.
- All properties that meet eligibility criteria must be granted the exemption, reducing uncertainty for developers.

Cons

- Little ability to tailor the program to offer greater benefits to projects that are more desirable, and all eligible projects get the exemption.
- With market rents even for new construction generally already affordable at or below 120% of area median income, this would offer as much of an incentive for market-rate development as for affordable housing development.

Best for:

Incenting market rate / moderate-income multifamily housing development city-wide.

Implementation Considerations

- The City may run into more concerns among local tax jurisdictions with this program due to the temporary loss of tax revenue (because land value is exempted in addition to improvement value) and because there are so few limits on the program.
- In markets where any multifamily rental housing is needed, and market rents are already affordable at or below 120% of AMI, this program may make sense as a developer-friendly and streamlined alternative to MUPTE. The sliding scale for number of years of abatement for the percent of units affordable at or below 120% AMI will be irrelevant in this case.
- In markets where typical rents for new construction are well above 120% of AMI, this program could potentially make sense as a way to incent lower rents for market-rate housing or inclusion of some below-market units, but without income qualification (which the program does not require), there is no guarantee they would go to those that need them most.
- While income qualification is not required, consider whether staff has capacity to review annual submittals detailing rents for compliance with program requirements.

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Homebuyer Opportunity Limited Tax Exemption (HOLTE)

How it Works

The purpose of this program is to encourage homeownership among low and moderate income households. As authorized by ORS 307.651 through 307.687, a rehabilitated or newly constructed eligible unit types can be granted the tax exemption for up to 10 years for the value associated with the property's structural improvements, but not the land value. The property values for the structural improvements and the land are reassessed at the end of the exemption period. Eligible building types include single-family housing units, multifamily homeownership units (e.g. condos and townhomes), and manufactured housing. Effective October 2017, the law was expanded to allow for exemptions for low- and moderate-income homebuyers of existing homes and low-income property owners at risk of losing their homes.³

At the time of the application, the market value for the land and the improvements must be no more than 120% of the median sales price of single-unit housing in the city, though some cities may opt for a lower threshold. Each city can formulate the eligibility criteria, required design elements, and public benefits that would be applied to properties using the exemption.

The City of Portland employs this limited tax exemption as the "Homebuyer Opportunity Limited Tax Exemption," which provides a ten-year property tax exemption for structural improvements to single-unit housing with at least three bedrooms and single-unit housing with two bedrooms in transit-oriented areas. The program is highly competitive; only 100 units can be approved each year, though properties with long-term affordability covenants are exempt from this cap. The units must be occupied by the owners as their primary residence. Eligibility requirements restrict the incomes of homeowners to 100% of AMI for a family of four. If a housing unit transfers ownership during the 10-year exemption period, the new homebuyer must meet the affordability and owner-occupancy requirements of the program to be eligible. The City of Portland also specifies design standards and requires participation in a green building program.

Pros

- Helps to buy down ongoing housing costs for prospective purchases and opens up the pool of buyers.
- Lowers the expenses of qualifying, low-income homeowners.
- Can be used in conjunction with other incentives (e.g., SDC waivers) and homeownership programs (e.g., down payment assistance programs and mortgage credit certificate programs).
- Can be used to accomplish other development goals, such as green buildings and transit-oriented development.

³ HB 2964. Oregon Legislative Information. <https://olis.leg.state.or.us/liz/2017R1/Measures/Overview/HB2964>

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- May incent developers to include more middle housing in development plans than may have otherwise occurred.

Cons

- Ongoing administrative requirements include annual application process and ongoing monitoring to ensure owner-occupancy.
- Requires coordination with other taxing districts (including Clackamas County) representing 51% of taxing authority with ongoing agreement for a total estimate of foregone revenue.

Best for: Encouraging affordable homeownership and stabilizing low- and moderate-income families in single- and two-unit homes.

Implementation Considerations

- City should consider setting a limit for foregone revenues on an annual basis, or an annual unit cap.
- City must maintain an annual application process.
- City must monitor and publish median sales price of single-unit dwellings every year.

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Exhibit 1. Housing Tax Exemption Program Comparison

Program	Vertical Housing Development Zones (VHDZs)	Multiple-Unit Property Tax Exemption (MUPTE)	Low Income Rental Housing Exemption	Nonprofit Low Income Rental Housing Exemption	Temporary Exemption for Newly Rehabilitated or Constructed Multiunit Rental Housing	Homebuyer Opportunity Limited Tax Exemption
Authorizing Statute	ORS 307.841 to 307.867	ORS 307.600 to 307.637	ORS 307.515 to 307.535	ORS 307.540 to 307.548	HB 2377 / chapter 624, Oregon Laws 2017 ¹	ORS 307.651 to 687
Adoption / Designation Process	City designates via ordinance or resolution. Notice to overlapping taxing districts required. Must consider potential for displacement of households in the zone.	City designates via ordinance or resolution. Public hearing required to determine whether qualifying housing would or would not be built without the benefit of the program. City must establish standards and guidelines with requirements for eligibility.	City adopts an ordinance or resolution. City sets any additional local requirements.	City adopts an ordinance or resolution. City must select one of two definitions of affordability and set any additional local requirements.	City adopts an ordinance or resolution. City must establish definitions of affordability and duration of exemption. Overlapping taxing districts must agree (see below).	City adopts an ordinance or resolution.
Participation by Other Taxing Districts	Can elect not to participate within 30 days from City notice	None, unless districts representing at least 51% of combined levy agree by board resolution to participate, in which case all districts are included.	None, unless the boards of districts representing at least 51% of combined levy agree to the exemption for a given property, in which case all districts are included	None, unless the boards of districts representing at least 51% of combined levy agree to the exemption for a given property, in which case all districts are included.	Exemption cannot take effect unless governing bodies representing at least 51% of the total combined tax rate (when combined with the City's tax rate) agree to grant the exemption.	Exemption cannot take effect unless governing bodies representing at least 51% of the total combined tax rate (when combined with the City's tax rate) agree to grant the exemption.
Eligible Areas	Within designated areas. City may designate any area it chooses. ²	Within designated areas such as core areas, ³ light rail station areas, transit-oriented areas (within a quarter-mile of fixed-route transit service per a local transportation plan), or Urban Renewal Areas. Alternatively, the city can designate the entire City and limit the program to affordable housing.	Anywhere in a city	Anywhere in a city	Anywhere in a city	Anywhere in a city

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Program	Vertical Housing Development Zones (VHDZs)	Multiple-Unit Property Tax Exemption (MUPTE)	Low Income Rental Housing Exemption	Nonprofit Low Income Rental Housing Exemption	Temporary Exemption for Newly Rehabilitated or Constructed Multiunit Rental Housing	Homebuyer Opportunity Limited Tax Exemption
Eligible Projects / Properties	Must include at least one "equalized floor" of residential; at least 50% of the street-facing ground floor area must be committed to non-residential use. Can be new construction or rehabilitation. City can add other criteria.	Housing subject to a housing assistance contract with a public agency (must show that the exemption is necessary to preserve or establish the low-income units, but the statute does not define an income threshold); OR housing that meets City-established criteria for design elements benefitting the general public and number of units. If transit-oriented, must support the transit system. May be new construction, addition of units, or conversion of existing building to residential use.	New rental housing exclusively for low-income households (60% of area median income and below). Housing need not be owned or operated by a nonprofit entity. Existing nonprofit-owned housing can also qualify. Rents must reflect the full value of the property tax abatement. City can add other criteria.	New rental housing exclusively for low-income households (at or below 60% AMI); rental housing for low-income persons (at or below 60% AMI) that is owned, being purchased, and/or operated by a nonprofit; ⁴ or land held for affordable housing development. Rents must reflect the full value of the property tax abatement. City can add other criteria.	Newly rehabilitated or constructed multiunit rental housing. Rental units affordable to households with an annual income at or below 120% of AMI.	Existing or new construction single-family, townhome, or condominium with an annual income at or below 120% of AMI.
Extent of Tax Exemption / Abatement	Improvements exempt based on number of "equalized floors" of residential use: 20% for 1 floor, 40% for 2 floors, 60% for 3 floors, 80% for 4 floors. Land partially exempt for low-income housing (up to 80% AMI) - same % per floor as above.	Improvements exempt. Exemption does not apply to commercial components unless required as a public benefit element.	Land and improvements exempt.	Land and improvements exempt.	Full property tax levy of all taxing districts.	Improvements exempt.

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Program	Vertical Housing Development Zones (VHDZs)	Multiple-Unit Property Tax Exemption (MUPTE)	Low Income Rental Housing Exemption	Nonprofit Low Income Rental Housing Exemption	Temporary Exemption for Newly Rehabilitated or Constructed Multiunit Rental Housing	Homebuyer Opportunity Limited Tax Exemption
Duration of Tax Exemption / Abatement	Exemption is for 10 years (this is set in statute, not by the City).	Exemption is for up to 10 years (this is set by statute, not by the City), except that for low-income housing, exemption can be extended for as long as the housing is subject to the public assistance contract.	Exemption lasts 20 years, but can be renewed.	Must be applied for every year, but can continue as long as the property meets the criteria.	City must establish a schedule that provides longer exemptions for projects with more qualifying units, with a maximum of 10 years.	Maximum of 10 years
Where in use⁵	<p>Program Established and Tax Abatements Granted: Tigard, Hillsboro, Beaverton, Milwaukie, Gresham</p> <p>Program Adopted: Oregon City, Wood Village, Forest Grove, Stayton, Springfield, Cottage Grove, Monmouth, La Grande, The Dalles, Canby, Central Point, Klamath Falls, Roseburg, Grants Pass, Medford, Eugene</p>	Portland, Eugene, Salem, Newport	Springfield, Eugene, Bend	Newport, Beaverton, Portland, Tigard, Forest Grove, Cornelius, Wilsonville	None identified to date	Portland

¹ The text is included following ORS 307.867 in the online version of ORS Chapter 307, but is not numbered to match the rest of the statute.

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² The prior statutes governing the VHDZ program specified certain types of areas where VHDZs could be designated. The current version of the statute leaves this decision entirely up to the City. However, logically, the zoning would need to allow both residential and non-residential uses in order to allow development that could be eligible for VHDZ tax abatement.

³ “Core areas” is not defined in the statute. The legislative findings in ORS 307.600 suggest that the intent is for areas around a downtown, but there seems to be discretion for the City to interpret this broadly if desired.

⁴ For the nonprofit corporation low-income housing program, eligibility is housing owned by a nonprofit that is occupied by low-income persons (at or below 60% AMI to start, and up to 80% AMI in subsequent years).

⁵ This list is based on the best information available to ECONorthwest in April 2020, but it may not be exhaustive.

ATTACHMENT 2
Planning Commission Record Index
Equitable Housing Strategic Plan
LP20-0002

Planning Commission Meetings

All PC Meeting dates can be accessed here: <https://www.ci.wilsonville.or.us/meetings>

- May 13, 2020 – PC Hearing
 - Affidavit of PC Hearing Noticing (not online)
- March 11, 2020 – PC Informational Session
- February 12, 2020 – PC Worksession
- September 11, 2019 – PC Worksession
- June 12, 2019 – PC Worksession

City Council Meetings

All CC Meeting dates can be accessed here: <https://www.ci.wilsonville.or.us/meetings>

- April 6, 2020 – CC Work Session
- March 2, 2020 – CC Work Session
- October 21, 2019 – CC Work Session
- August 5, 2019 – CC Work Session
- June 3, 2019 – CC Work Session

Focus Group Meetings

Information about these meetings can be accessed in Supporting Documents here:

<https://www.ci.wilsonville.or.us/planning/page/equitable-housing-strategic-plan>

- Non-Profit Group Meeting 2019.08.19
- Local Organizations 2019.07.30
- Employer Group Meeting 2019.08.19

Task Force Meetings

Information about these meetings can be accessed in Supporting Documents here:

<https://www.ci.wilsonville.or.us/planning/page/equitable-housing-strategic-plan>

January 29, 2020 – TF Meeting #3

- Meeting Summary

September 4, 2019 – TF Meeting #2

- Meeting Summary

July 17, 2019 – TF Meeting #1

- Meeting Summary

Task Force Members

Public Engagement

Information about public engagement can be accessed in Supporting Documents here:

<https://www.ci.wilsonville.or.us/planning/page/equitable-housing-strategic-plan>

Surveys – two

- Questions
- Results

Email notifications

Library voting boards

Let's Talk, Wilsonville storytelling engagement

Public Comment

Information about public comments can be accessed in Supporting Documents here:

<https://www.ci.wilsonville.or.us/planning/page/equitable-housing-strategic-plan>

2019 - 2020 Comments

C. ALLARD

N. CUTLER & Staff Responses

D. ELLIN

S. ELON

G. FARR

M. FRASER

K. GREENFIELD

C. MARTIN

A. MCCONNAUGHEY

G. PRIOR

M. PRIOR

R. TRUIT

J. VANLANDINGHAM

M. VEDACK

A. VOVES