

**CITY of LA GRANDE
RESOLUTION NUMBER 4810
SERIES 2021**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LA GRANDE, UNION COUNTY,
OREGON, ADOPTING A HOUSING PRODUCTION STRATEGY**

WHEREAS, pursuant to Oregon House Bill 2003, cities with a population greater than 10,000 are required to prepare and adopt a Housing Needs Analysis (HNA) that includes a housing needs projection addressing housing types and price levels, residential land needs analysis, buildable land needs analysis, and identification of measures for accommodating needed housing per OAR Chapter 660, Divisions 7 and 8; and,

WHEREAS, the City Council of the City of La Grande, Union County, Oregon, prepared and adopted a HNA as an amendment to Statewide Planning Goal 10 of the City of La Grande Comprehensive Plan on December 2, 2020, by Ordinance 3250, Series 2020; and,

WHEREAS, pursuant to House Bill 2003, implemented through OAR 660, Division 8, cities with a population greater than 10,000 are required, within one year of adopting a HNA, to develop a Housing Production Strategy (HPS) to promote the development of needed housing identified in the adopted HNA; and,

WHEREAS, in partnership with and funded by the Oregon Department of Land Conservation and Development (DLCD), the City of La Grande and DLCD contracted with Cascadia Partners to develop a HPS for the City of La Grande, which was completed in June 2021; and,

WHEREAS, the development of the HPS was approximately a nine (9) month process that included the review and input from a nine (9) member advisory committee, one public open house, and a joint work session of the City Council and Planning Commission of the City of La Grande.

WHEREAS, the final HPS has been reviewed by DLCD for conformance with House Bill 2003, implemented through OAR 660, Division 8, as was found to meet all applicable requirements.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of La Grande, Union County, Oregon, that Housing Needs Analysis, dated June, 2021, shall be and hereby is adopted; and,

PASSED and EFFECTIVE ON this Seventh (7th) day of July, 2021, by four
(4) of four (4) Councilors present and voting in the affirmative.

Stephen E. Clements
Stephen E. Clements, Mayor

[Signature]
Gary Lillard, Mayor Pro Tem

ABSENT EXCUSED

John Bozarth, Councilor

ABSENT EXCUSED

David Glabe, Councilor

ABSENT EXCUSED

Nicole Howard, Councilor

Mary Ann Miesner
Mary Ann Miesner, Councilor

[Signature]
Justin Rock, Councilor

ATTEST:
[Signature]
Sandra Patterson
City Recorder



Housing Production Strategy

June 2021 FINAL REPORT



City of La Grande



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Executive Summary

This document serves as the Housing Production Strategy (HPS) report for the City of La Grande, as required by state law (OAR 660-048-0050). The HPS was developed in partnership with the community and local stakeholders in 2021. The HPS addresses housing needs identified in the City's Housing Needs Analysis, adopted in 2019.

The HPS is organized in five sections:

- **Strategies and Actions Summary Table** lists all the strategies and actions included in the HPS along with their affordability, housing type, tenure, and equity targets.
- **Section 1: La Grande's Housing Needs** provides a summary of La Grande's current and future housing needs, of factors affecting housing production, and of housing-related equity concerns.
- **Section 2: Engagement** includes a summary of stakeholder and community input that was used to develop the strategies and actions included in the HPS as well as some recommendations for future engagement.
- **Section 3: Strategies to Meet Future Housing Need** contains a list of fifteen (15) specific actions the City intends to undertake to fulfill its commitment to meeting its housing needs.
- **Section 4: Achieving Fair and Equitable Housing Outcomes** includes a narrative summarizing how the actions in the HPS, in combination with other City actions, will achieve equitable housing outcomes.

Housing Needs

The HNA and the Contextualized Housing Need Summary (Appendix A) informed selection of the strategies and actions included in the HPS.

Current Housing Needs

- Single-family houses makeup the majority of the housing stock in La Grande and will continue to be a key housing need.

- Housing costs are high relative to income levels in La Grande.
- The city has a significant deficit of both affordable and market-rate rental apartments.

Future Housing Needs

- La Grande expects to add around 1,400 new residents over the next 20 years. To accommodate these new residents, 795 new dwelling units are needed, consisting of:
 - 42% single family (336 units)
 - 25% multifamily (200 units)
 - 14% townhomes/plexes (115 units)
 - 13% manufactured housing (100 units)
 - 6% group quarters (44 units)
- Single-family detached housing will continue to be a key housing need in the city, accounting for over 40% of the future housing need.
- Demographic changes are driving a shift in housing demand and needs. About 45% of the future housing need will be a mix of plexes (small apartment buildings), townhomes and apartments, and 13% will be manufactured housing and other housing types.
- New housing is needed for all income levels in order to create a healthy, well-functioning housing market.

Factors Affecting Housing Production

- There is enough buildable land zoned for housing overall, but that does not mean that land is available and practical to develop.
- There is a tighter supply of land for high density housing, such as apartments and townhouses, than low or medium density housing.
- Market factors outside the City's control—such as job and population growth, construction costs, the developer pool, and availability of financing—will continue to impact how much and what type of housing is produced.

Engagement

Input from housing stakeholders, the project Advisory Committee, and public shaped the HPS. The general themes of this input included:

- There is broad support for more flexible zoning requirements and allowances for a wider range of housing types.
- There is broad support for financial incentives such as tax abatements or fee waivers to help facilitate housing development.
- There is a need for more ownership housing options for middle- and upper-income households that may move to La Grande or seek to upgrade from existing homes.
- There is a broad support for more housing for low and very low-income households, particularly those experiencing homelessness or in otherwise unstable housing situations.

Strategies and Actions

The strategies and actions included in this document were initially identified by the project consulting team based on experience with similar policies in similar jurisdictions, an audit of the City's existing zoning code and housing policies, best practices research, and a list of potential strategies published by Department of Land Conservation and Development (DLCDC). Working collaboratively with staff and based on input from stakeholders and the community, the consulting team refined the strategies and actions to best fit La Grande's housing needs and the City's capacity for implementation over time.

The actions in this document fall into four strategic categories: (1) Land Use and Zoning Changes; (2) Development Incentives; (3) Public Projects and Resources; and (4) Partnerships. There is a one-page summary devoted to each action, which includes a description of the action, steps to implement it, implementation considerations, an adoption timeline, an implementation timeline, an estimate of magnitude of the action's impact, some suggestions for measuring progress on

implementation, and a summary of the action's targets. A full list of the actions and targets can be viewed in the table found on page 4.

Achieving Fair and Equitable Housing Outcomes

The fairness and equity of the actions included in the HPS have been evaluated in terms of their impacts on:

- Location of Housing
- Fair Housing and Housing Choice
- Housing Options for Residents Experiencing Homelessness
- Affordable Homeownership and Affordable Rental Housing
- Gentrification, Displacement, and Housing Stability

Of the fifteen (15) actions included in the HPS:

- Six (6) may have a high impact on development of market-rate housing.
- Five (5) may have a high impact on development of "missing-middle" housing, which includes ADUs, Duplexes, Triplexes, Quadplexes, Townhouses, and Cottage Clusters.
- Three (3) may have a high impact on development of single-family housing.
- Four (4) may have a high impact on development of housing for rent.
- Three (3) may have a high impact on development of housing for sale.

Appendices

- **Appendix A** contains a memo summarizing La Grande's housing needs.
- **Appendix B** contains a summary of all strategies considered for inclusion in the HPS.
- **Appendix C** contains a summary of community engagement efforts that informed development of the HPS.

Overview of Strategies and Actions		AFFORDABILITY TARGETS				HOUSING TYPE TARGETS			TENURE TARGETS		EQUITY TARGETS				
		Publicly Subsidized (< 30% AMI)	Affordable (30-80% AMI)	Workforce (80-120% AMI)	Market Rate (> 120% AMI)	Single-Family	Middle Housing	Multi-Family	For Rent	For Sale	People of Color	People Experiencing Homelessness	People with Disabilities	Seniors	Students
Strategy 1: Land Use and Zoning Changes															
1.1	Allow small lot single-family houses	○	○	◐	●	●	○	○	○	●	◐	○	◐	◐	○
1.2	Allow townhouses in the R-2, R-3, and R-P zones	○	◐	◐	●	○	●	○	○	●	◐	○	◐	◐	◐
1.3	Reduce barriers to triplexes and quadplexes	◐	◐	●	●	○	●	○	●	○	◐	○	◐	◐	◐
1.4	Reduce barriers to apartment buildings in the R-3 zone	◐	◐	●	●	○	○	●	●	○	◐	◐	◐	●	●
1.5	Reduce barriers to cottage housing developments	○	◐	●	●	○	●	○	◐	●	◐	○	◐	●	○
1.6	Reduce barriers to accessory dwelling units	○	◐	◐	◐	○	●	○	◐	○	◐	○	◐	◐	◐
1.7	Reduce barriers to conversions or additions to existing buildings that create new housing	○	○	◐	◐	○	●	○	◐	◐	◐	◐	◐	◐	◐
Strategy 2: Development Incentives															
2.1	Provide a temporary property tax abatement for multi-unit housing	◐	◐	◐	◐	○	◐	●	●	○	◐	◐	◐	●	●
2.2	Scale development fees to reflect impact on public services	○	○	◐	◐	●	◐	○	◐	◐	◐	◐	◐	◐	◐
2.3	Waive or reduce development fees for needed housing types	◐	◐	◐	○	◐	◐	◐	◐	◐	◐	◐	◐	◐	◐
Strategy 3: Public Projects and Resources															
3.1	Coordinate infrastructure planning and construction to support housing development	◐	◐	◐	◐	●	◐	◐	◐	◐	◐	◐	◐	◐	◐
3.2	Target Urban Renewal District investments to better support renovation and creation of new housing units	○	○	◐	●	◐	◐	◐	●	◐	◐	○	◐	◐	◐
3.3	Provide technical assistance to small developers	○	○	◐	◐	◐	◐	◐	◐	◐	◐	○	◐	◐	◐
Strategy 4: Partnerships															
4.1	Prioritize the use of surplus public land for housing needs	◐	◐	◐	◐	○	◐	◐	◐	◐	◐	◐	◐	◐	◐
4.2	Engage with faith-based organizations to identify opportunities to use surplus land for housing needs	◐	◐	◐	○	○	◐	◐	◐	◐	◐	●	◐	◐	◐

○ Low or no impact ◐ Moderate or potential impact ● High impact

1. La Grande's Housing Needs

La Grande completed a Housing Needs Analysis (HNA) in 2019. The HNA provides a basis for the City to anticipate future land and housing needs and to develop strategies to meet those needs using data and projections related to buildable lands, population growth, and employment trends.

The HNA, along with a Regional Housing Needs Analysis (RHNA) completed as part of a statewide study, informed the Contextualized Housing Need Summary (see Appendix A). This summary is intended to help the City to select the most appropriate and effective strategies to facilitate housing production. Key information about La Grande's current and future housing needs is summarized in this section.

Current Housing Needs

Single-family houses makeup the majority of the housing stock and will continue to be a key housing need.

Most current residents in La Grande live in detached, single-family houses or manufactured homes (Figure 1). The great majority of single-family houses are owner-occupied. While existing homeowners are less likely to be cost-burdened than renters, many people report that there are few options on the market for first-time homebuyers. Moreover, there are few options for existing homeowners to upgrade to newer or larger homes or for middle-to-upper income households that seek to move to La Grande.

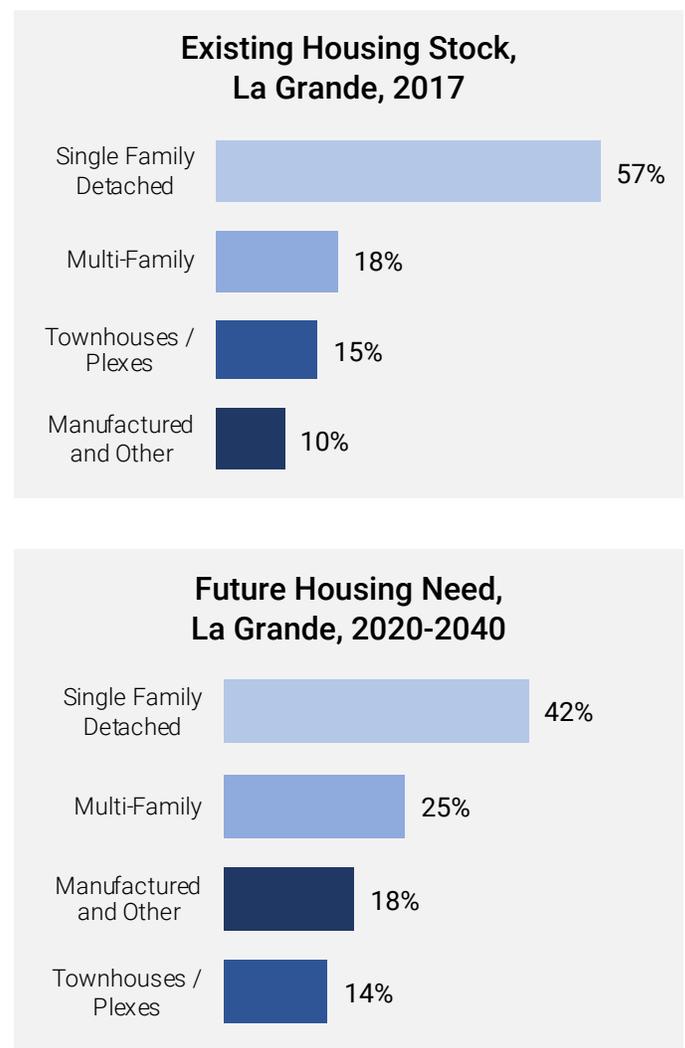
Housing costs are high relative to income levels.

Over half of La Grande's households are considered low-income, making 80% or less of the median family income for Union County. Although housing rents and prices are slightly lower than the County and state of Oregon as a whole, the lower income levels of many current residents result in affordability challenges. Approximately 1 in 4 households in the City are severely rent burdened, meaning that 50% or more of their income goes towards monthly housing costs.

The city has a significant deficit of both affordable and market-rate rental apartments.

Vacancy rates for rental units have declined in recent years and there has been a relatively small amount of new construction of multi-family rental housing over the last decade. As of 2018, there was a 6 month wait list for income-restricted affordable housing. Residents report that there are few options for rental apartments in the City, even for middle- or upper-income households.

Figure 1. Existing Housing Stock and Future Need



Source: La Grande Housing Needs Analysis, 2019

Future Housing Needs

La Grande will continue to grow at a steady rate and a significant amount of new housing is needed to accommodate that growth.

La Grande is expected to add around 1,400 new residents over the next 20 years. To accommodate these new residents, the city will require the addition of 795 new dwelling units:

- 42% single family (336 units)
- 14% townhomes/plexes (115 units)
- 25% multifamily (200 units)
- 13% manufactured housing (100 units)
- 6% group quarters (44 units)

Of these new dwellings, roughly 40% of the need is for owner-occupied units and 60% is for renter-occupied units.

72% of the owner-occupied dwelling need is for workforce or market rate units while 71% of the

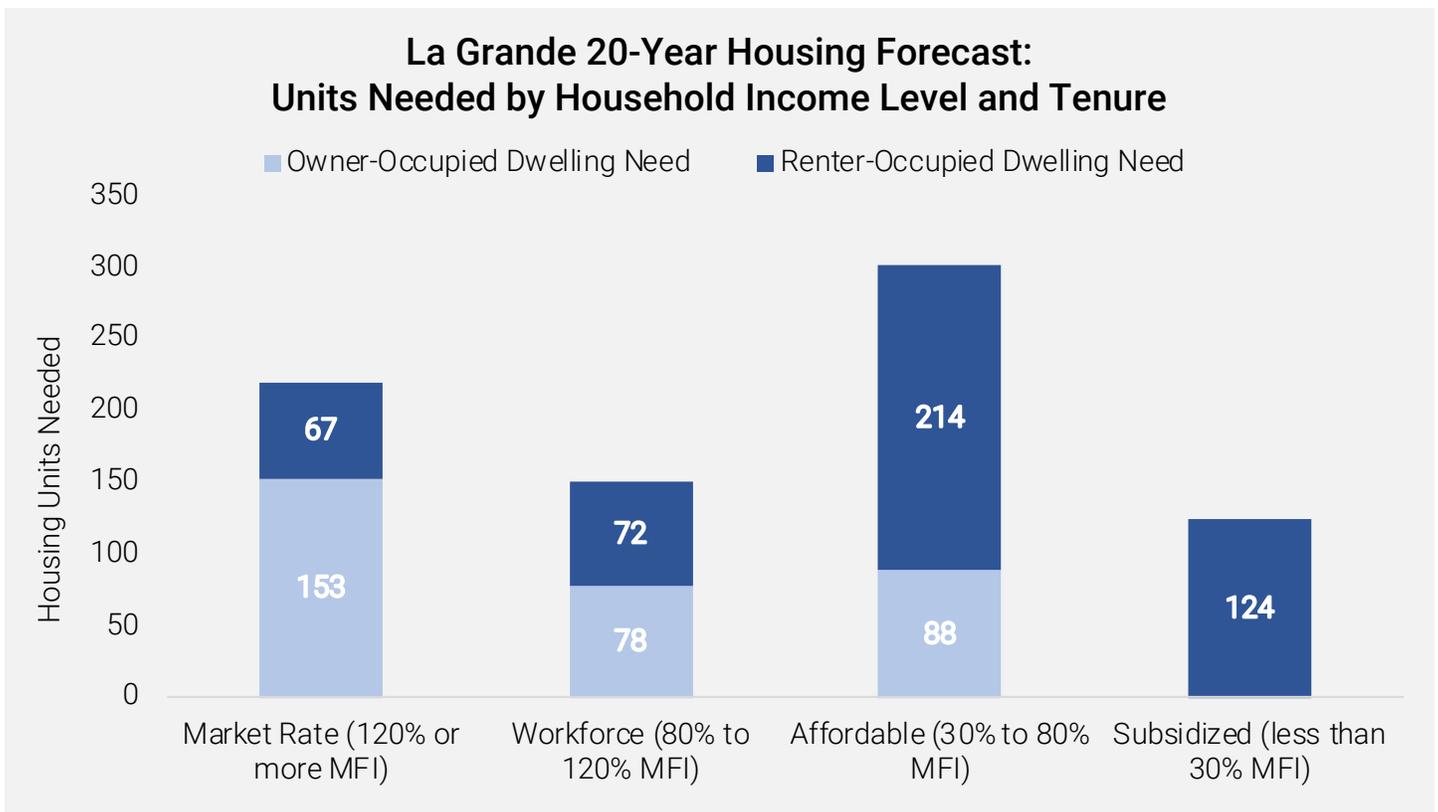
renter-occupied dwelling need is for affordable and subsidized units (Figure 2).

Demographic changes are driving a shift in housing needs, but single-family detached housing will remain an important need.

The City’s current housing is predominantly single-family detached houses, which makes up 57% of the housing stock. However, young households are starting families later and renting for longer than previous generations. Older households are downsizing from single family homes.

Due to these demographic and generational changes, only 42% of the future housing stock will consist of single family detached houses. About 45% of the future housing stock will be a mix of plexes, townhomes and apartments, and 13% will consist of manufactured housing and other housing types (Figure 1)

Figure 2. La Grande 20-Year Housing Forecast: Units Needed by Household Income



Source: La Grande Housing Needs Analysis, 2019

The City will need to shift the types of housing produced to respond to evolving needs.

If the City’s historical average housing production rate of about 40 units per year continues, then it will likely to satisfy the overall forecasted housing need for about 800 units over the next 20 years. Multifamily units, townhomes, plexes and other housing types need to account for about 50-60% of the net new housing production over the next 20 years, yet these housing types have only made up 23% of housing production since 2007 (Table 3).

New single-family detached houses remain an important need.

It is important to note that this shift does not diminish the need to continue to produce single-family detached houses. The City will need to continue to produce a significant number of single-family detached houses (about 20 per year), though this is less than the amount that has been produced historically. From 2007 to 2017, the City has issued about 33 single-family permits per year).

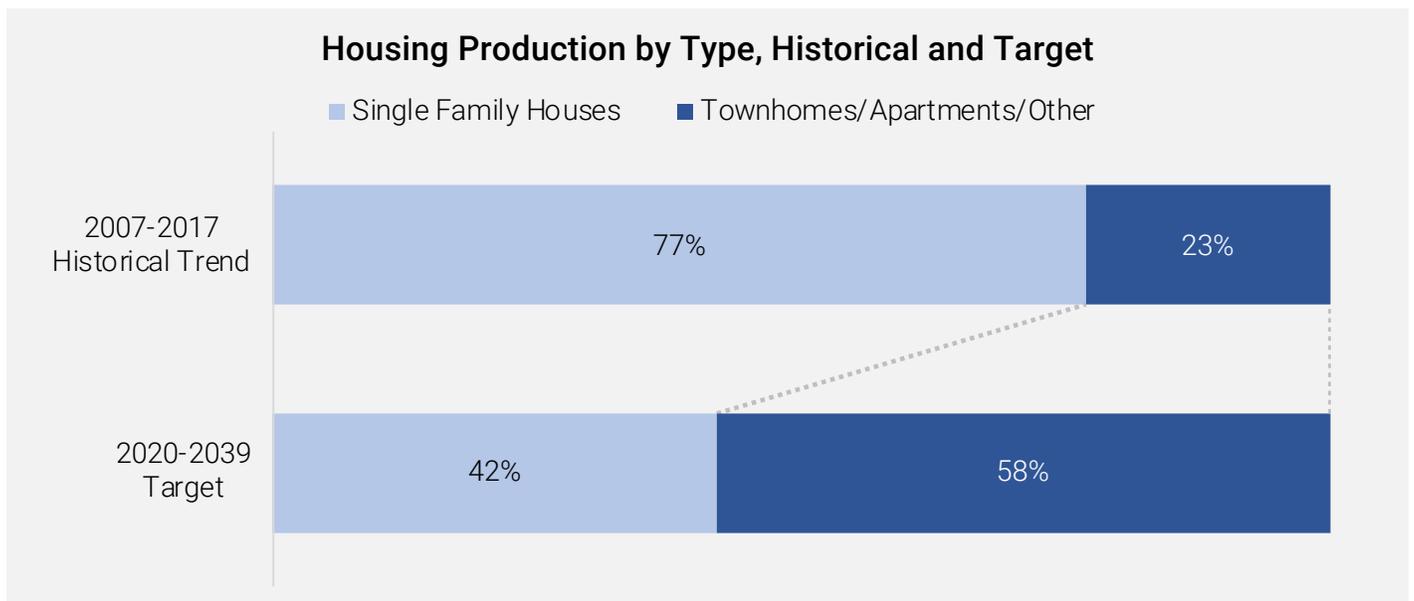
New housing is needed for all income levels in order to create a healthy, well-functioning housing market.

Just over half of the net new housing need is for affordable housing (housing affordable to people earning 80% of the median household income and below), and just under half of new housing need is for workforce and market-rate units. Due to the costs of development, new, privately developed housing units are less likely to be affordable to lower-income households.

While market forces drive market-rate housing production, subsidies and other targeted incentives are often required to close funding gaps and spur the development of affordable housing.

Still, if higher income households occupy newer units, this opens up older, less expensive units for middle to lower income households. For this reason, it is important for the City to facilitate development of new housing that is affordable to lower, middle-, and upper-income households.

Figure 3. Housing Production Historical Trend and Target



Source: La Grande Housing Needs Analysis, 2019

Factors Affecting Housing Production

In addition to being informed by current and future housing needs, the strategies and actions of the HPS are informed by an understanding of some of the key factors that are affecting housing production in La Grande. These include the following factors:

There is enough buildable land zoned for housing overall, but that does not mean that land is available and practical to develop.

An inventory of the city's buildable land for housing found a sufficient supply of land to meet expected housing needs overall. An expansion of the Urban Growth Boundary (UGB) is not necessary. Some land may not be in an attractive location for housing, be encumbered with environmental constraints not considered by the buildable land inventory or be costly to serve with infrastructure.

There is a tighter supply of land for high density housing, such as apartments and townhouses, than low or medium density housing.

There is a surplus of 81 acres for low density housing and 128 acres for low density housing over the next 20 years, but there is no surplus or deficit of land for high density housing. There is a projected need for 14 acres of land for high density housing and estimated supply of 14 acres of buildable land. Given the land availability issues noted above, more land zoned for high density housing would ensure that the market can respond to this need.

Market factors outside the City's control will continue to impact how much and what type of housing is produced.

Most of the city's housing stock is supplied by the private market. The rate of housing production and the mix of housing types that are produced is primarily driven by economic conditions and the dynamics of the real estate market. These factors are listed below.

Market Factors Influencing Housing Production

- **Population and Job Growth.** La Grande has seen slower population and job growth than some other regions of the state and the northwest. Developers are more likely to invest in high growth areas and may overlook places with more modest growth rates.
- **Construction Costs.** Local incomes may not be keeping up the costs of development. Construction costs are at an all-time high across the country, and they may be even higher in small towns such as La Grande due to a lack of construction laborers and higher costs to transport materials.
- **Developer Pool.** Due to the factors noted above, there may be relatively few developers or home builders who are interested in building in La Grande. This is likely to change over time if local market conditions improve and developers perceive there is a strong demand in La Grande for new housing.
- **Financing Options.** Even if a developer is interested in building in La Grande, they likely still need to obtain financing from a bank or other lender. Lenders may be unwilling to fund a project unless there are comparable projects in the same area that have shown to be successful.

Equity: Whose Housing Needs are Not Being Met?

It is important for the City to not only consider how many housing units are needed in the future, but whose housing needs are not being met and what impacts those unmet needs may have on that population and the City as a whole.

Some population groups are disproportionately impacted by a lack of housing options that meet their needs compared to other groups or the population as a whole, including Black, Indigenous and People of Color (BIPOC), people experiencing homelessness, people with disabilities, seniors, and students.

- In La Grande, it is estimated that people of color (excluding Asian and Pacific Islander) represent 10% of the total population. People of color are more likely to be burdened by high housing costs. It is estimated that 37% of households of color in Union County experience housing cost burdens, compared to 26% of white households (Figure 4).
- People with a disability (excluding hearing or vision disabilities) in Union County were significantly more likely to be severely rent

burdened (29%) than those without a disability (14%).

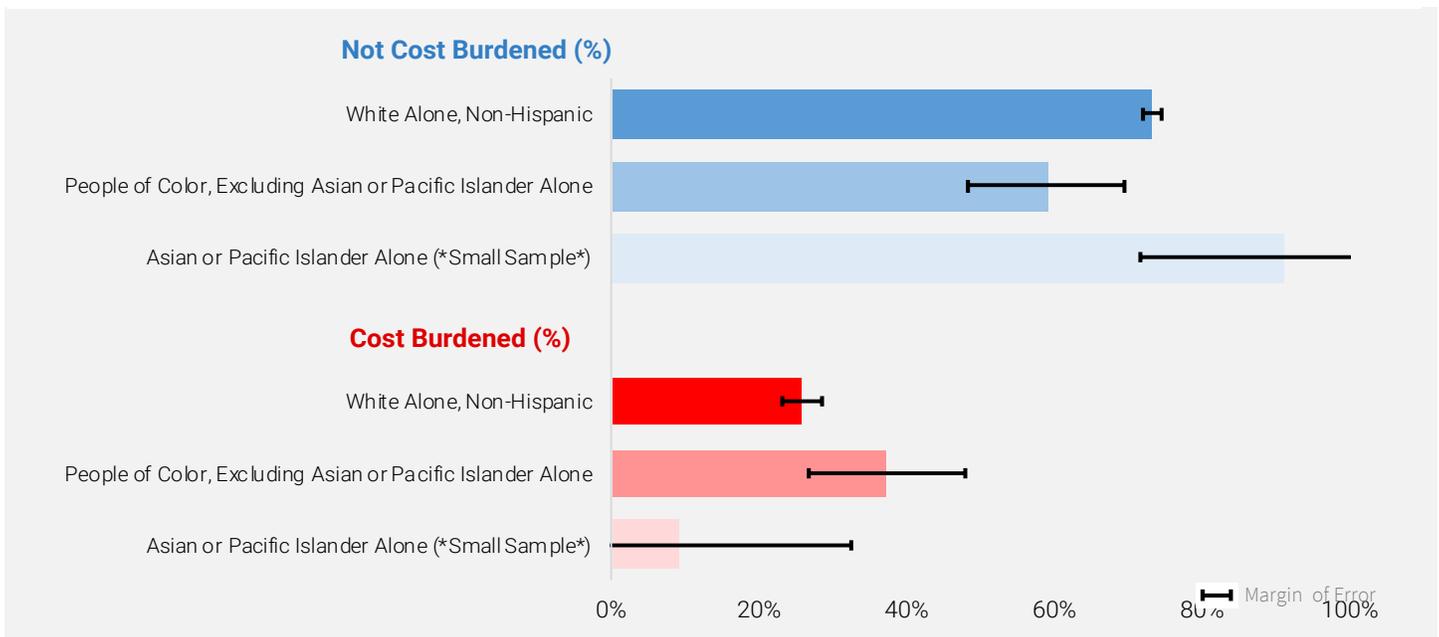
- Based on data for the northeast region of Oregon, 24% of seniors are severely rent burdened, meaning they spend more than 50% of their income on rent, compared to just 14% of households in general

Considering the unmet housing needs of particular groups may illuminate opportunities to advance other policy goals not directly related to housing. Including economic development, public health, transportation, or other issues.

Each action included in the HPS includes a summary of equity targets, highlighting the degree to which that action will help to produce housing that can meet the needs of specific populations that may be disproportionately impacted by housing issues.

For more discussion of the needs of some of these specific groups, see the Achieving Fair and Equitable Housing Section and Appendix A: Contextualized Housing Need.

Figure 4. Housing Cost Burden by Race/Ethnicity, Union County



Source: 2013-17 HUD CHAS. Union County, OR. 90% Confidence Interval.

2. Engagement

The implementation of the HPS will impact many existing and future residents of La Grande. The HPS was developed with input from a variety of community members and stakeholders in the housing development process. This engagement process included a survey to key stakeholders, two meetings with a project Advisory Committee, a virtual open house and online survey intended for community members, and a virtual public meeting with community members.

Stakeholder Survey

A survey was sent to a broad list of stakeholders from both consumers and producers of needed housing. The survey included 12 open-ended questions about populations underserved by existing housing, key issues with existing housing stock, needed housing types, cost of development, regulatory barriers, market issues, and ways the City can help facilitate the production of housing. There were 18 survey responses with participants representing the following roles within the community:

1. Representative of major employer
2. Local elected or appointed official
3. Non-profit/public housing developer
4. Other real estate professional (realtor, contractor)
5. Private housing developer
6. Representative of an advocacy or social service organization

The following is a summary of the key themes that emerged in the stakeholder survey. A complete record of the responses is provided in Appendix C.

- The following populations were commonly identified as having particular challenges in meeting their housing needs: seniors, people with disabilities, people with mental illnesses, people experiencing homelessness, lower income families, middle income families looking for homeownership options, younger

families, and households looking to upgrade or purchase larger/newer homes.

- Poor quality, aging, or under maintained housing makes it difficult for many people to find housing that is acceptable, particularly middle- or upper-income households looking to purchase a home.
- No specific housing types (such as single-family detached, townhomes, apartments) were identified significantly more often than others, and many respondents noted that all types of housing were in short supply.
- Many respondents indicated that more flexibility in zoning standards and the locations where new housing is allowed would help to facilitate new development. These respondents often noted that although there is a good supply of vacant and buildable land overall, much of the land is not in ideal locations or costly to serve with infrastructure.

Advisory Committee

The HPS Advisory Committee (AC) consisted of both consumers and producers of needed housing. The Committee represented the following roles:

1. Real estate professionals, including homebuilders, contractors, and realtors
2. Affordable housing developer
3. Social service organization representative
4. Local university representative
5. Local school district representative

Two meetings were held with the AC to provide an overview of the Housing Production Strategy requirements and process, receive their feedback on the Contextualized Housing Need memo, and discuss and receive feedback on the draft strategies and actions.

The Advisory Committee's input was important in shaping the strategies that were included in the HPS. below. The input from the AC on specific

strategies is identified in the Draft Strategies Memo (Appendix B). A recap of each of the AC meetings is provided in Appendix C. Key themes that emerged from the AC meeting discussions are summarized below.

- Local home builders on the committee confirmed the need for more flexibility in zoning, such as reductions in minimum lot sizes and allowances for a wider range of housing types. Affordable housing providers and social service representatives also noted that this flexibility was important.
- There was not a consensus view among the AC members about the need for reduction in off-street parking requirements. However, some members supported a reduction while others were concerned about the impacts of that change.
- A local realtor confirmed market data that showed a tight inventory of for-sale homes in La Grande. There is strong demand for people who want to move to La Grande, housing options are limited and there are few listings at any one time. More for-sale options would relieve pressure in the market.
- The AC was broadly supportive of any financial incentives the City could offer to reduce the cost of development and improve feasibility. Several AC members were specifically supportive of a temporary property tax abatement for new housing.
- Some AC members noted that even though there is some new affordable housing development underway, there could be an increased need for low-income housing and policies to protect tenants from eviction as COVID-era eviction moratoriums were lifted.
- Some AC members expressed support for City action to help establish a local non-profit land trust or land bank, recognizing that land acquisition is a key challenge for new housing development.

Public Meeting, Open House, and Public Survey

One virtual public meeting was held during the project to receive feedback from the community on the draft housing production strategies. During this time, there was also a virtual open house and online survey to educate the public about the project and solicit feedback on the proposed draft strategies.

Four residents of La Grande attended the public meeting and ten residents took the public survey. A recap of the public meeting and a record of online survey results is provided in Appendix C. The input from the public on specific strategies is identified in the Draft Strategies Memo (Appendix B). Key themes of the public meeting and survey are summarized below:

- Several members of the public expressed concern about any proposed reductions in off-street parking requirements and the impacts of that change. Respondents to the online survey were somewhat evenly split on the question of reducing parking requirements (50% approved, 40% disapproved)
- There was generally broad support among meeting participants and survey respondents for City actions to provide financial incentives or other forms of support to encourage housing development, particularly affordable housing.
- Proposed strategies to reduce barriers in the zoning code, such as reducing minimum lot sizes, were generally supported among survey respondents and some of the meeting participants. Others expressed concern about the impact of the changes or did not see the need for the changes.

- There were some concerns over what types of housing should receive incentives such as a tax abatement or reducing permit fees. One respondent in the survey felt it should be geared towards affordable housing.

Responding to Community Feedback

Input from housing stakeholders, the Advisory Committee, and public shaped the HPS in two ways. At the outset of the project, the insights from the engagement activities helped the consultant team to focus on the types of strategies that might be most effective in meeting La Grande’s housing needs and would be supported by the community. The general themes of this initial input included:

- Broad support for more flexible zoning requirements and allowance for a wider range of housing types. The consultant team conducted a more in-depth audit of the City’s zoning code to identify a range of potential barriers to housing, some more minor or others more significant.
- Broad support for financial incentives such as tax abatements or fee waivers to help facilitate housing development. These types of incentives do not always require a new source of funding for their support and so were seen as more feasible to implement for a smaller community such as La Grande.
- The confirmation from local real estate professionals that there was a key need for more ownership housing options. Many of the zoning recommendations specifically address ownership housing options, including townhouses, cottage housing, and small lot single-family houses.
- A widely supported desire for more action to support low and very low-income households, particularly those experiencing homelessness or in otherwise unstable housing situations. This input led the consulting team to continue



to focus on strategies that could benefit both low-income affordable housing and new market rate housing.

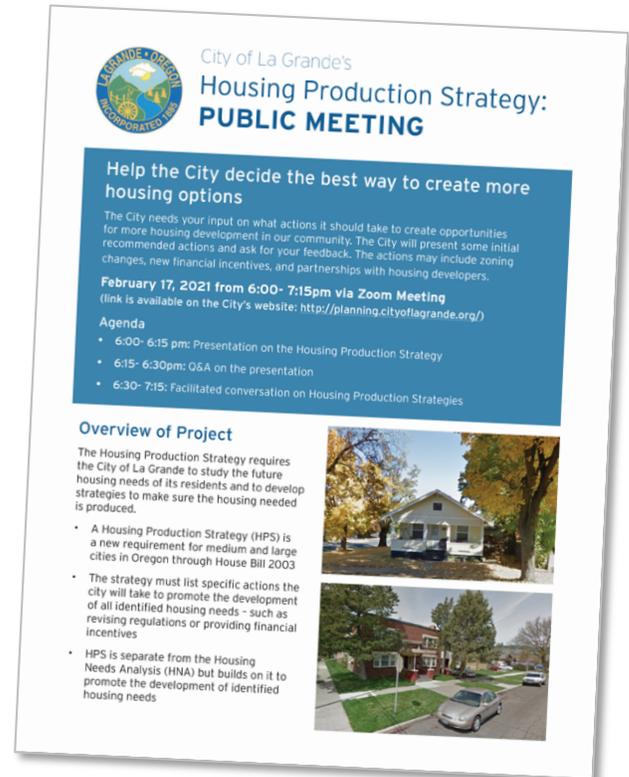
Once the draft set of strategies was prepared, input from engagement efforts also shaped the final set of strategies that is included in the HPS. The feedback from the community and stakeholders on the draft strategies was summarized and presented at a joint meeting of the Planning Commission and City Council. Based on this input, as well as direction from the Planning Commission and City Council, some strategies were modified or removed, including:

- Proposed reductions in minimum lot sizes in some zones were modified to respond to concerns about the scale and character of development and whether it could be made compatible with existing neighborhoods.
- A proposed reduction in minimum parking requirements for multi-family developments was removed due to concerns about the impact of that change on existing neighborhoods.
- Two potential tax abatement programs were removed to respond to concerns about the fiscal impact of the programs.

Recommendations for Future Engagement

The following recommendations are provided for consideration in future updates to the HPS and during implementation of any of the actions in the HPS.

- Conduct more targeted outreach, such as interviews or focus groups, with stakeholder groups from both consumers and producers of housing, such as people experiencing homelessness, people living in low income housing, local homebuilders, real estate professionals, large employers and non-profit affordable housing providers. The Advisory Committee served this purpose for this project, but additional insights could be gained from multiple, individual meetings with stakeholders.
- Alternatively, the City could form multiple subcommittees made up of different interest groups/stakeholders in order to provide more opportunities for review and input.
- Provide for more rounds of feedback from stakeholders, the public, and City staff on proposed strategies. Time permitting, a more iterative process of developing strategies may result in more refined approaches that are better tailored to unique conditions in La Grande.
- Use a variety of approaches to build awareness of the project among the general public and to encourage participation. This may include communicating through trusted leaders in the community, additional media outreach, and incentives for participation.
- Provide multiple formats and times for public engagement meetings. The COVID-19 pandemic necessitated a virtual format for this entire project, which may have affected who participated in the public meeting and online survey.



3. Strategies to Meet Future Housing Need

The strategies included in this document were identified by the project consulting team based on experience with policies in similar jurisdictions, an audit of the City’s zoning code and policies, best practices research, and a list of potential strategies published by DLCD. Working collaboratively with staff and based on input from stakeholders and the community, the consulting team refined the strategies to best fit La Grande’s housing needs and the City’s capacity for implementation over time.

Format

The actions in this document fall into four strategic categories: (1) Land Use and Zoning Changes; (2) Development Incentives; (3) Public Projects and Resources, and; (4) Partnerships.

There is a one-page summary devoted to each action, which includes a description of the action, steps to implement it, implementation considerations, an adoption timeline, an implementation timeline, an estimate of magnitude of the action’s impact, and some suggestions for measuring progress on implementation. Once adopted, it is assumed that these actions will continue to impact the production of needed housing over time.

Housing Need Targets

The HPS considers the impact of each action on targeted housing needs in four areas:

- **Affordability Targets:** This section evaluates the degree to which an action will help to produce housing affordable to various income levels. This is based on the housing types that are most likely to be produced and the extent to which the City can target the action to meet housing for certain income levels. The following table summarizes the affordability targets used for this report.
- **Housing Type Targets:** This section evaluates the degree to which an action will help to

produce single-family, middle housing, and multi-family housing. Middle housing includes Accessory Dwelling Units, duplexes, triplexes, quadplexes, townhouses, and cottage clusters.

- **Tenure Targets:** This section evaluates the degree to which an action will help to produce housing that is either for-sale or for-rent.
- **Equity Targets:** This section evaluates the degree to which an action will help to produce housing that can meet the needs of specific populations that may be disproportionately impacted by housing issues.

Affordability Target	Percent of Median Family Income (MFI)	Monthly Housing Cost Range
Subsidized	Less than 30%	\$416 or less
Affordable	30% to 80%	\$416 to \$1,110
Workforce	80% to 120%	\$1,110 to \$1,664
Market Rate	Over 120%	\$1,664 or more

Source: City of La Grande 2019 Housing Needs Analysis

Impact Levels

The impact of each action on a housing need has been assessed as follows:

- **Low or no impact:** This indicates that the action is very unlikely to help meet the relevant housing need either because the action would not lead to production of a housing type that would benefit that need or population or because there are limitations in how that housing type can be targeted to specifically meet that need.
- ◐ **Moderate or potential impact:** This indicates that the action either (1) may have a moderate impact on meeting the relevant housing need or (2) the implementation of the action could potentially be designed to target that need.
- **High impact:** This indicates that the action may directly benefit a certain housing need and is likely to be most effective at meeting that need relative to other needs.

Action 1.1 Allow small lot single-family houses

Land Use and Zoning Changes

Description

Reduce the minimum lot size in the R-2, R-3, and R-P zones to 3,000 square feet and reduce the minimum lot width to 30 feet, with 40 feet required for corner lots. The Land Development Code (LDC) currently requires a minimum lot size of 5,000 square feet and minimum lot width of 50 feet for a single-family house. Single-family houses on lots as small as 3,000 square feet have proven to be a viable product type in other markets.



Implementation Steps

- Determine if this change should be packaged with other code and zoning changes.
- Determine if grant funding or consultant support is needed to implement.
- Draft code amendments and bring through a public hearing process for adoption.

Considerations

- Minimum lot sizes could be scaled by zone to better align with existing lot size and density patterns, while maintaining the intent to provide the opportunity for detached houses on more lots.
- If there are concerns about the compatibility of small lot houses, consider applying additional standards, such as Floor Area Ratio (FAR) limits or special design standards.
- Under House Bill 2001, duplexes would also need to be subject to the same minimum lot size requirements.

Adoption Timeline

1-3 3-5 5-8 yrs

Implementation Timeline

1-3 3-5 5-8 yrs

Magnitude of Impact

This change would make roughly 450 existing lots (14% more lots) in these zones eligible for development of a new detached house. Additionally, there is approximately 166 acres of vacant, buildable land in these zones. By allowing smaller lots, which allows more units, it may improve the feasibility of developing more of these sites.

Measuring Progress

The City should analyze building permits annually to track how many new permits are issued for single-family detached dwellings on lots under 5,000 square feet in these zones.

Affordability Targets

Subsidized

Workforce

Affordable

Market Rate

Housing Type Targets

Single-Family

Multi-Family

Middle Housing

Tenure Targets

For Rent

For Sale

Demographic Targets

People of Color

Seniors

People Experiencing Homelessness

Students

People with Disabilities

Action 1.2 Allow townhouses in the R-2, R-3, and R-P zones

Land Use and Zoning Changes

Description

The term “townhouse” is currently not defined in the LDC. A townhouse unit can be developed under the Duplex Division provisions (Article 4.4). However, these provisions limit the structure to two units and require a minimum lot size of 3,000 square feet per unit. This code change would add a definition for “townhouse” to the LDC and allow more flexible options for townhouse development in the R-2, R-P, and R-3 zones.



Implementation Steps

- Determine if this change should be packaged with other code and zoning changes.
- Determine if grant funding or consultant support is needed to implement.
- Draft code amendments that:
 - Define “Townhouse” in the Land Development Code and designate it as a permitted use in the R-2, R-P, and R-3 zones.
 - Allow up to a 3-unit townhouse project in the R-2 zone with a minimum lot size of 1,500-2,500 sf per unit.
 - Allow townhouse projects (on individual lots) in the R-3 zone and a lot size of 1,500-2,500 sf per unit.
 - Increase max density in these zones to align with minimum lot size.
 - Amend Duplex Division (Article 4.4) provisions to align with proposed minimum lot sizes and lot widths in each zone.
- Bring through a public hearing process for adoption.

Considerations

If there are concerns about the compatibility of townhouses, consider applying additional standards, such as Floor Area Ratio (FAR) limits or special design standards.

Adoption Timeline

1-3 3-5 5-8 yrs

Implementation Timeline

1-3 3-5 5-8 yrs

Magnitude of Impact

The HNA found that townhouses and “plexes” (small apartment buildings) should account for 14% of new housing units to meet projected needs, yet townhouses have accounted for a small share of overall new housing in La Grande historically. This change would improve feasibility of townhouse development by allowing more attached units and lower land costs per unit.

Measuring Progress

The City should analyze building permits annually to ensure that, on average, it is meeting the goal of having at least 14% of new housing units consist of townhouses and plexes.

Affordability Targets

Subsidized

Workforce

Affordable

Market Rate

Housing Type Targets

Single-Family

Multi-Family

Middle Housing

Tenure Targets

For Rent

For Sale

Demographic Targets

People of Color

Seniors

People Experiencing Homelessness

Students

People with Disabilities

Action 1.3 Reduce barriers to triplexes and quadplexes Land Use and Zoning Changes

Description Allow triplexes on a minimum lot size of 4,500 square feet in the R-2, R-3 and R-P zones and allow quadplexes on a minimum lot size of 6,000 square feet in the R-P and R-3 zones. Triplexes and quadplexes can be compatible in scale and design with single-family houses. However, the LDC currently requires a minimum lot size of 7,000 square feet for a triplex and 8,000 square feet for a quadplex



- Implementation Steps**
- Determine if this change should be packaged with other code and zoning changes.
 - Determine if grant funding or consultant support is needed to implement.
 - Draft code amendments and bring through a public hearing process for adoption.

Considerations If there are concerns about the compatibility of triplexes/quadplexes, consider applying additional standards, such as Floor Area Ratio (FAR) limits or special design standards.

Adoption Timeline ● 1-3 ○ 3-5 ○ 5-8 yrs **Implementation Timeline** ● 1-3 ○ 3-5 ○ 5-8 yrs

Magnitude of Impact Allowing a triplex on a minimum lot size of 4,500 square feet or quadplex on a minimum lot size of 6,000 square feet would enable these housing types to be developed on an additional 52 vacant lots in the city. This change would allow a triplex or fourplex on 1,007 developed lots, some of which may be suitable for redevelopment or conversion of a single-family house to triplex or quadplex.

Measuring Progress The City should analyze building permits annually to ensure that it is meeting the goal of having at least 14% of new housing units consist of a combination of townhouses and plexes.

Affordability Targets	<input type="radio"/> Subsidized	<input checked="" type="radio"/> Workforce
	<input type="radio"/> Affordable	<input checked="" type="radio"/> Market Rate
Housing Type Targets	<input type="radio"/> Single-Family	<input type="radio"/> Multi-Family
	<input checked="" type="radio"/> Middle Housing	
Tenure Targets	<input checked="" type="radio"/> For Rent	<input type="radio"/> For Sale
Demographic Targets	<input type="radio"/> People of Color	<input type="radio"/> Seniors
	<input type="radio"/> People Experiencing Homelessness	<input type="radio"/> Students
	<input type="radio"/> People with Disabilities	

Action 1.4 Reduce barriers to apartments in the R-3 zone Land Use and Zoning Changes

Description In concert with minimum lot size reductions for triplexes and quadplexes in the R-3 zone (Action 1.3), the minimum lot size for larger multi-family developments should be reduced to 6,000 square feet for the first 4 units and 1,000 square feet per each additional unit in the R-3 zone. Currently, an apartment building in the R-3 zone would require a minimum lot size of 5,000 square feet for the first unit, and 1,000 square feet for each additional units.



- Implementation Steps**
- Determine if this change should be packaged with other code and zoning changes.
 - Determine if grant funding or consultant support is needed to implement.
 - Draft code amendments and bring through a public hearing process for adoption.

Considerations If there are concerns about the compatibility of apartments in the R-3 zone, consider applying additional standards, such as Floor Area Ratio (FAR) limits or special design standards.

Adoption Timeline 1-3 3-5 5-8 yrs **Implementation Timeline** 1-3 3-5 5-8 yrs

Magnitude of Impact A wide variety of potential development scenarios makes it difficult to accurately estimate the magnitude of this change. As an example, an 8-unit apartment building would be allowed on 19 additional lots and on approximately 70% of all vacant lots in the R-3 zone given this change. In general, allowing higher density development improves feasibility and can result in more overall units.

Measuring Progress The City should analyze building permits annually to ensure that, on average, it is meeting the goal of having at least 25% of new housing consist of multi-family (5 or more) units.

Affordability Targets	<input type="radio"/> Subsidized	<input checked="" type="radio"/> Workforce
	<input type="radio"/> Affordable	<input checked="" type="radio"/> Market Rate
Housing Type Targets	<input type="radio"/> Single-Family	<input checked="" type="radio"/> Multi-Family
	<input type="radio"/> Middle Housing	
Tenure Targets	<input checked="" type="radio"/> For Rent	<input type="radio"/> For Sale
Demographic Targets	<input type="radio"/> People of Color	<input checked="" type="radio"/> Seniors
	<input type="radio"/> People Experiencing Homelessness	<input checked="" type="radio"/> Students
	<input type="radio"/> People with Disabilities	

Action 1.5 Reduce barriers to cottage cluster housing Land Use and Zoning Changes

Description Allow cottage housing in the R1 and RP zones, in addition to current allowances in the R2 and R3 zones. For cottage housing developments outside an existing platted subdivision, remove the minimum development area requirement of 15,000 square feet and reduce the minimum number of cottages from 6 to 4. For infill cottage housing, only require Conditional Use approval for larger cottage housing developments, such as more than 6-10 units.



- Implementation Steps**
- Determine if this change should be packaged with other code and zoning changes.
 - Determine if grant funding or consultant support is needed to implement.
 - Draft code amendments and bring through a public hearing process for adoption.

Considerations The City should review all other cottage housing design and development standards to ensure they do not conflict with the proposed changes and to identify if there are additional barriers to cottage housing developments which may be lessened.

Adoption Timeline 1-3 3-5 5-8 yrs **Implementation Timeline** 1-3 3-5 5-8 yrs

Magnitude of Impact By allowing cottage housing developments in more zones and removing the minimum development area requirement, this housing form would be possible on more sites across the city. Increasing the project size threshold for requiring a Conditional Use permit would allow smaller cottage housing developments within existing neighborhoods to avoid the uncertainty and additional time and expense required to receive Conditional Use approval.

Measuring Progress The City should analyze building permits annually to track cottage housing development. If possible, the City should track cottage housing which is developed on individual lots separately than cottage housing on a single lot, as cottage housing on individual lots would be more likely to meet the need for ownership housing.

Affordability Targets	<input type="radio"/> Subsidized	<input checked="" type="radio"/> Workforce
	<input checked="" type="radio"/> Affordable	<input checked="" type="radio"/> Market Rate
Housing Type Targets	<input type="radio"/> Single-Family	<input type="radio"/> Multi-Family
	<input checked="" type="radio"/> Middle Housing	
Tenure Targets	<input checked="" type="radio"/> For Rent	<input checked="" type="radio"/> For Sale
Demographic Targets	<input checked="" type="radio"/> People of Color	<input checked="" type="radio"/> Seniors
	<input type="radio"/> People Experiencing Homelessness	<input type="radio"/> Students
	<input checked="" type="radio"/> People with Disabilities	

Action 1.6 Reduce barriers to accessory dwelling units Land Use and Zoning Changes

Description Replace the requirement that the front setback of the ADU be 10 feet greater than the front setback of the primary dwelling with a requirement that the ADU not be placed in front of the primary dwelling. Consider replacing the discretionary standard that the ADU is “architecturally compatible with the primary single-family dwelling” with a set of clear and objective design or compatibility standards.



- Implementation Steps**
- Determine if this change should be packaged with other code and zoning changes.
 - Determine if grant funding or consultant support is needed to implement.
 - Draft code amendments and bring through a public hearing process for adoption.

- Considerations**
- ADUs are an important way for the City to create additional housing units on existing developed lots in a manner that has little impact on the function of a neighborhood.
 - ADUs can provide options for multi-generational living or generate rental income for homeowners to offset their housing costs.
 - The City’s existing ADU provisions are largely supportive of this housing type, but there are some code barriers which may discourage some homeowners from building an ADU.

Adoption Timeline ● 1-3 ○ 3-5 ○ 5-8 yrs **Implementation Timeline** ● 1-3 ○ 3-5 ○ 5-8 yrs

Magnitude of Impact Changes to front setback requirements for ADUs provide more options for homeowners for where an ADU can be sited on their lot. Changes to design standards would provide more clarity about what it means for an ADU to be “architecturally compatible” with the primary dwelling.

Measuring Progress The City should analyze building permits annually to track ADU development. ADUs should be classified as a rental housing option, though the unit may not be rented in all cases.

Affordability Targets	<input type="radio"/> Subsidized	<input checked="" type="radio"/> Workforce
	<input checked="" type="radio"/> Affordable	<input checked="" type="radio"/> Market Rate
Housing Type Targets	<input type="radio"/> Single-Family	<input type="radio"/> Multi-Family
	<input checked="" type="radio"/> Middle Housing	
Tenure Targets	<input checked="" type="radio"/> For Rent	<input checked="" type="radio"/> For Sale
Demographic Targets	<input checked="" type="radio"/> People of Color	<input checked="" type="radio"/> Seniors
	<input type="radio"/> People Experiencing Homelessness	<input type="radio"/> Students
	<input checked="" type="radio"/> People with Disabilities	

Action 1.7: Reduce barriers to conversions or additions to existing buildings that create new housing

Description Review the City’s non-conforming uses and other provisions to identify potential barriers to conversions or additions to create new housing. If unnecessary barriers are identified, amend code to remove or lessen barriers.



- Implementation Steps**
- Determine if this change should be packaged with other code and zoning changes.
 - Determine if grant funding or consultant support is needed to implement.
 - Draft code amendments and bring through a public hearing process for adoption.

- Considerations**
- Converting an existing building to create new housing units, such as converting a single-family house to a multi-unit building or converting a commercial space into residential units, is a cost-effective way to create new housing.
 - Conversions or additions often encounter zoning code challenges because the building or site has unique challenges that would not apply to new development or an existing building or site is not in compliance with the code.
 - The code changes may allow for conversions or additions which are perceived as incompatible with existing neighborhood patterns and so additional design and siting standards may be necessary to adopt in conjunction with the changes.

Adoption Timeline ● 1-3 ○ 3-5 ○ 5-8 yrs **Implementation Timeline** ● 1-3 ○ 3-5 ○ 5-8 yrs

Magnitude of Impact Conversions and additions encourage the preservation and renovation of existing structures rather than demolition and redevelopment. Such conversions are likely to be more affordable than new construction and/or to increase the quality of existing housing units that are in need of renovations. In combination with the minimum lot size reductions for triplexes/fourplexes (Action 1.3), this strategy could allow additional options for creating new housing units by dividing large, existing houses, or adding on to existing houses.

Measuring Progress The City should analyze building permits annually to track conversions and additions that add housing units.

Affordability Targets	<input type="radio"/> Subsidized	<input checked="" type="radio"/> Workforce
	<input type="radio"/> Affordable	<input checked="" type="radio"/> Market Rate
Housing Type Targets	<input type="radio"/> Single-Family	<input type="radio"/> Multi-Family
	<input checked="" type="radio"/> Middle Housing	
Tenure Targets	<input checked="" type="radio"/> For Rent	<input type="radio"/> For Sale
Demographic Targets	<input checked="" type="radio"/> People of Color	<input checked="" type="radio"/> Seniors
	<input checked="" type="radio"/> People Experiencing Homelessness	<input checked="" type="radio"/> Students
	<input checked="" type="radio"/> People with Disabilities	

Action 2.1 Provide a temporary property tax abatement for multi-unit housing **Development Incentives**

Description Offer a property tax abatement by adopting a Multiple Unit Property Tax Exemption (MUPTE). Structure the MUPTE program to incentivize development of specific needed housing types in specific locations, such as affordable housing, energy-efficient housing, conversions/adaptive reuse of existing structures, and accessible housing.



- Implementation Steps**
- Review MUPTE program structure in other jurisdictions such as Newport, Salem, Eugene and Portland.
 - Determine policy objectives and eligibility criteria for the program, such as targeted locations, minimum unit number, tenure target (for rent or for sale), required green building or design standards, minimum percentage of dedicated affordable or workforce housing units, allowable commercial property tax exemption, etc.
 - Meet with overlapping taxing districts to garner support.
 - Consider building in a third party pro-forma reviewer to the application fee and process.
 - Draft code amendments and application materials and bring through a public hearing process for adoption.

- Considerations**
- This program allows cities to control which projects are eligible and to cap the total amount of tax abatement annually. The developer must show that the project will provide a public benefit and would not otherwise be feasible, but for the tax abatement, at the time of application.
 - Can be designed to incentivize housing that would not otherwise be built, so it can have a net positive impact on the tax base over time. Program could result in a short-term loss of property tax revenue over the exemption period.
 - Must be approved by at least some overlapping tax districts.

Adoption Timeline 1-3 3-5 5-8 yrs **Implementation Timeline** 1-3 3-5 5-8 yrs

Magnitude of Impact A 10-year property tax exemption can significantly improve development feasibility for multifamily housing, townhouses, and affordable housing. This program would specifically incentivize multi-unit housing that could not be built “but for” the exemption.

Measuring Progress The City should review the program periodically to evaluate how effectively it is meeting goals to create needed housing, including which types of projects are or are not meeting eligibility criteria, and make adjustments as needed.

Affordability Targets	<input type="radio"/> Subsidized	<input type="radio"/> Workforce
	<input type="radio"/> Affordable	<input type="radio"/> Market Rate
Housing Type Targets	<input type="radio"/> Single-Family	<input checked="" type="radio"/> Multi-Family
	<input type="radio"/> Middle Housing	
Tenure Targets	<input checked="" type="radio"/> For Rent	<input type="radio"/> For Sale
Demographic Targets	<input type="radio"/> People of Color	<input checked="" type="radio"/> Seniors
	<input type="radio"/> People Experiencing Homelessness	<input checked="" type="radio"/> Students
	<input type="radio"/> People with Disabilities	

Action 2.2: Scale development fees to reflect impact on services

Development Incentives

Description	Scale development fees so they are proportionate to the impact of a housing unit on public services.
Implementation Steps	<ul style="list-style-type: none"> • Determine if grant funding or consultant support is needed to implement. • Determine if this action should be packaged or sequenced with others. • Draft fee structure changes and bring through a public hearing process for adoption.
Considerations	<ul style="list-style-type: none"> • Currently, the City’s water connection and sewer connection fees are based on the lot size and frontage of the lot, not on the size of the home. This formula may undercharge large homes or multi-family dwellings that have a greater impact on public services and overcharge smaller homes that have a lesser impact. • The City could establish a “Single Family Equivalent” standard that allows for smaller units, such as compact houses, cottage cluster units, and ADUs to pay a lower fee than larger homes. The City could also scale the connection fees by the square footage of the unit or the number of bedrooms. • The City’s System Development Charge (SDC) for Parks is not scaled by the size of the unit. The City could amend the SDC to be based on the size of the unit, such as number of bedrooms. • Reducing fees may result in lower overall fee revenue; however, this can be mitigated by increasing the base fee rate while applying a “Single Family Equivalent” scale to reduce the relative fee cost for smaller units. • This action should be coordinated with Action 2.3 to ensure that fee rates and revenue projections account for any additional waivers or reductions for needed housing.

Adoption Timeline 1-3 3-5 5-8 yrs **Implementation Timeline** 1-3 3-5 5-8 yrs

Magnitude of Impact In general, scaled fees would incentivize development of smaller units, which are usually more affordable than larger units. However, more research is needed to determine the magnitude of this action. The City could choose to hire a consultant to assist with financial projections and analysis of various fee structure changes.

Measuring Progress Fee revenues are tracked annually as part of the City’s budgeting process. Total SDC balances could be compared against building permits each year to gauge the impact of fee structure on specific types of development.

Affordability Targets	<input type="radio"/> Subsidized	<input checked="" type="radio"/> Workforce
	<input type="radio"/> Affordable	<input checked="" type="radio"/> Market Rate
Housing Type Targets	<input checked="" type="radio"/> Single-Family	<input type="radio"/> Multi-Family
	<input checked="" type="radio"/> Middle Housing	
Tenure Targets	<input checked="" type="radio"/> For Rent	<input checked="" type="radio"/> For Sale
Demographic Targets	<input checked="" type="radio"/> People of Color	<input checked="" type="radio"/> Seniors
	<input checked="" type="radio"/> People Experiencing Homelessness	<input checked="" type="radio"/> Students
	<input checked="" type="radio"/> People with Disabilities	

Description Offer a waiver or reduction in SDCs and permitting fees in order to incentivize development of high priority needed housing types.



Implementation Steps

- Determine if grant funding or consultant support is needed to implement.
- Determine if this action should be packaged or sequenced with others.
- Identify source(s) of offset funding to balance out fee waivers and reductions.
- Determine fee waiver and reduction program criteria and bring through a public hearing process for adoption.

Considerations

- In addition to scaling fees to be proportionate to their impact, the City can further incentivize development of needed housing types by offering outright reductions or exemptions from certain fees.
- This strategy may apply to water and sewer connection fees, the Parks SDC, building permit fees, or all development fees.
- The incentive should be targeted to high priority needed housing types. This may include affordable housing units, accessible housing units, market rate rental units, or more affordable forms of market rate ownership units such as small lot single-family houses, townhomes, or cottages.
- The City’s current SDCs and permitting fees are relatively low, so it is unclear if offering a waiver or reduction will affect developer decisions.
- Reduction in fee revenue may need to be offset from other funding sources.

Adoption Timeline 1-3 3-5 5-8 yrs **Implementation Timeline** 1-3 3-5 5-8 yrs

Magnitude of Impact A fee waiver or reduction incentive can “tip the scales” to make a project economically viable that would not be developed otherwise. It may also encourage a developer to shift the type of housing they produce.

Measuring Progress Fee waivers and reductions can be tracked as they are granted and should be reported on annually along with information about which housing types and projects utilized the program. The program should be reviewed periodically to evaluate how effectively it is meeting goals to create needed housing.

Affordability Targets	<input checked="" type="radio"/> Subsidized	<input checked="" type="radio"/> Workforce
	<input checked="" type="radio"/> Affordable	<input type="radio"/> Market Rate
Housing Type Targets	<input checked="" type="radio"/> Single-Family	<input checked="" type="radio"/> Multi-Family
	<input checked="" type="radio"/> Middle Housing	
Tenure Targets	<input checked="" type="radio"/> For Rent	<input checked="" type="radio"/> For Sale
Demographic Targets	<input checked="" type="radio"/> People of Color	<input checked="" type="radio"/> Seniors
	<input checked="" type="radio"/> People Experiencing Homelessness	<input checked="" type="radio"/> Students
	<input checked="" type="radio"/> People with Disabilities	

Action 3.1 Coordinate infrastructure planning and construction to support housing development

Public Projects
and Resources

Description	Adopt a Comprehensive Plan policy that states the City will coordinate infrastructure planning and construction to support development of high priority housing needs.
Implementation Steps	<ul style="list-style-type: none"> • Determine if grant funding or consultant support is needed to implement. • Determine if this action should be packaged or sequenced with others. • Bring through a public hearing process for adoption.
Considerations	<ul style="list-style-type: none"> • Infrastructure investments can reduce costs of housing development and enable development on sites that would otherwise not be viable. • Whenever planning for improvements, the City should consider how the improvements will affect housing development opportunities in the area and, where feasible, modify project designs to better improve conditions for housing development. • This action should be incorporated into citywide, long-term master planning efforts (such as a wastewater master plan or a transportation system plan) and Capital Improvement Program (CIP) planning. • If a high priority housing project is proposed, the City may consider either (1) accelerating implementation of previously planned improvements that would benefit the project or (2) funding off-site improvements (such as street intersection improvements) triggered by the development that would otherwise be borne by the private developer. The City may choose to limit this option to new affordable or workforce housing projects.

Adoption Timeline 1-3 3-5 5-8 yrs **Implementation Timeline** 1-3 3-5 5-8 yrs

Magnitude of Impact The City can have a significant influence on whether it is feasible or attractive to build housing in a certain location based on where public infrastructure projects (water or sewer lines, street improvements, parks, etc.) are located, how they are designed, and the timing of their construction.

Measuring Progress The City should spatially analyze building permits annually to track levels of housing development in different areas of the City and use that information along with BLI data to inform strategic decision making related to infrastructure improvements and investments.

Affordability Targets	<input checked="" type="radio"/> Subsidized	<input checked="" type="radio"/> Workforce
	<input checked="" type="radio"/> Affordable	<input checked="" type="radio"/> Market Rate
Housing Type Targets	<input checked="" type="radio"/> Single-Family	<input checked="" type="radio"/> Multi-Family
	<input checked="" type="radio"/> Middle Housing	
Tenure Targets	<input checked="" type="radio"/> For Rent	<input checked="" type="radio"/> For Sale
Demographic Targets	<input checked="" type="radio"/> People of Color	<input checked="" type="radio"/> Seniors
	<input checked="" type="radio"/> People Experiencing Homelessness	<input checked="" type="radio"/> Students
	<input checked="" type="radio"/> People with Disabilities	

Action 3.2 Target Urban Renewal District investments to better support renovation and creation of new housing units

Description

La Grande’s Urban Renewal Area (URA) is one of the City’s only funding sources for directly investing in a public-private partnership to renovate or create new housing. To incentivize housing within the URA:

- The URA should amend the existing Call for Projects (CFP) policies for the Revitalization Incentive Program to allow for improvements to upper story housing without requiring improvements to associated commercial spaces.
- The URA should review the list of public infrastructure projects included in the Urban Renewal Plan (URP) and evaluate if any projects will have a significant impact on the feasibility of housing development in the URA. If so, it should consider prioritizing those projects for earlier implementation.
- Subsequent to amending the CFP policies, the Urban Renewal Agency should identify if there are any infrastructure improvements needed to improve feasibility of housing development that are not on the project list and consider amending the URP and adding them to the list.



Implementation Steps

- Determine if grant funding or consultant support is needed to implement.
- Determine if this action should be packaged or sequenced with others.
- Draft URP and CFP changes and bring through a public hearing process for adoption.

Considerations

Urban renewal funds can be invested in the form of low interest loans and/or grants for a variety of capital investments, including redevelopment projects, such as mixed-use or infill housing developments, streetscape improvements, land assembly, and transportation enhancements.

Adoption Timeline

1-3 3-5 5-8 yrs

Implementation Timeline

1-3 3-5 5-8 yrs

Magnitude of Impact

The Authority can have a significant influence on whether it is feasible or attractive to renovate and build housing within the URA by providing grants and low interest loans and funding public infrastructure projects that support housing development.

Measuring Progress

The Urban Renewal Agency should highlight housing related projects and infrastructure as part of annual reporting.

Affordability Targets

Subsidized

Workforce

Affordable

Market Rate

Housing Type Targets

Single-Family

Multi-Family

Middle Housing

Tenure Targets

For Rent

For Sale

Demographic Targets

People of Color

Seniors

People Experiencing Homelessness

Students

People with Disabilities

Action 3.3 Provide technical assistance to small developers

Description

The City will provide technical assistance to small developers to assist with housing development, including information to help them find suitable sites for housing development, understand land use permitting processes, and provide a sense of clarity and certainty about housing development requirements. To do so, the City can produce clear, easy to use information that would be distributed on the City website or at City hall. The City may also offer workshops, webinars, or training sessions to help small builders become familiar with the permitting process and make them aware of City resources.



Implementation Steps

- Determine if grant funding or consultant support is needed to implement and/or if it can be advertised as an intern or student project through EOU.
- Determine if this action should be packaged or sequenced with others.
- Brainstorm some common housing developer questions and answers and post them to the Planning FAQs section of the City website. Compile these and provide them as a fact sheet on the website and printed for distribution at City Hall.
- Poll local small developers about specific workshops or information that would be helpful to them and work within available resources to provide it.

Considerations

- Additional staff capacity or funding may be needed to produce new informational materials and trainings.
- Several web-based tools have been developed in recent years that are intended to simplify zoning and permitting information for the public.

Adoption Timeline

1-3 3-5 5-8 yrs

Implementation Timeline

1-3 3-5 5-8 yrs

Magnitude of Impact

This project would help to build awareness of zoning and financial incentives among local builders. It would also reduce uncertainty about City regulations and permitting processes to remove barriers to development of certain housing types.

Measuring Progress

The City should keep record of all new information resources, trainings, webinars, or other efforts to support small, local developers. The City should consider keeping record of whether any developers that accessed these resources went on to produce new housing units.

Affordability Targets

Subsidized

Workforce

Affordable

Market Rate

Housing Type Targets

Single-Family

Multi-Family

Middle Housing

Tenure Targets

For Rent

For Sale

Demographic Targets

People of Color

Seniors

People Experiencing Homelessness

Students

People with Disabilities

Action 4.1 Prioritize the use of surplus public land for housing needs

Partnerships

Description	Adopt a land disposition policy that states the City will prioritize selling or dedicating any surplus publicly-owned land to meet housing needs.
Implementation Steps	<ul style="list-style-type: none"> • Determine if grant funding or consultant support is needed. • Determine if this action should be packaged or sequenced with others. • Bring through a public hearing process for adoption.
Considerations	<ul style="list-style-type: none"> • The City may own or may come into ownership of land which it does not need for other public facilities or uses. The land may have been acquired for a facility that is no longer needed. • In these cases, cities usually sell the land to a private party. Alternatively, the City could adopt a policy that specifically prioritizes this surplus land to be used to meet high priority housing needs. The policy may state that the City will offer the right of first refusal to a land bank, land trust, or non-profit affordable housing developer. • The land could be offered as a long-term lease at very minimal cost to developers for land the City is not yet ready to surplus. • The policy could be adopted jointly in partnership with the County, school district, or other public agencies, in order to broaden its impact to include other surplus lands. • In cases where the land may not be zoned appropriately or otherwise conducive to meeting high priority housing needs, money from the sale of the land could be dedicated to an affordable housing fund.

Adoption Timeline 1-3 3-5 5-8 yrs **Implementation Timeline** 1-3 3-5 5-8 yrs

Magnitude of Impact By prioritizing the use of surplus land to meet housing needs, the City would be directly supporting a reduction of development cost in the form of land and/or funding.

Measuring Progress This action will have been successful when a policy concerning land disposition is adopted.

Affordability Targets	<input checked="" type="radio"/> Subsidized	<input checked="" type="radio"/> Workforce
	<input checked="" type="radio"/> Affordable	<input checked="" type="radio"/> Market Rate
Housing Type Targets	<input type="radio"/> Single-Family	<input checked="" type="radio"/> Multi-Family
	<input checked="" type="radio"/> Middle Housing	
Tenure Targets	<input checked="" type="radio"/> For Rent	<input checked="" type="radio"/> For Sale
Demographic Targets	<input checked="" type="radio"/> People of Color	<input checked="" type="radio"/> Seniors
	<input checked="" type="radio"/> People Experiencing Homelessness	<input checked="" type="radio"/> Students
	<input checked="" type="radio"/> People with Disabilities	

Action 4.2 Engage with faith-based organizations to identify opportunities to use surplus land for housing needs

Partnerships

Description Be open to engaging with leadership of local faith-based organizations (FBO) that may have surplus land that could be sold or donated to be developed for high priority housing needs, including affordable housing allowed under ORS 227.500 and projects benefiting homeless and very low income populations.



Implementation Steps

- Determine if grant funding or consultant support is needed.
- Determine if this action should be packaged or sequenced with others.
- Offer technical support to help FBO understand housing-related zoning and infrastructure issues.
- Facilitate connections with local developers that may be interested in partnering to build on FBO-owned sites.

Considerations

- Many FBO in La Grande own land that may be in excess of their long-term needs. At least six FBO throughout La Grande own over 18 acres of land in medium and high-density residential zones.
- The City could engage with FBO to understand long-term plans for their sites and encourage partnerships to explore housing development opportunities.
- FBO often perceive affordable housing development and work benefiting homeless and very low-income populations to be consistent with their mission and are interested in partnerships to support housing.
- Property owned by FBO may be eligible for property tax exemptions. These organizations may also be eligible for specialized funding sources and fundraising mechanisms to build housing that could target homeless and very low-income populations.

Adoption Timeline

1-3 3-5 5-8 yrs

Implementation Timeline

1-3 3-5 5-8 yrs

Magnitude of Impact

Within the HPS, this action has the greatest potential to benefit homeless and very low-income populations.

Measuring Progress

This action can be measured in terms of the number of FBOs the City engages with as well as any developments that are proposed on land owned by FBOs.

Affordability Targets

Subsidized

Workforce

Affordable

Market Rate

Housing Type Targets

Single-Family

Multi-Family

Middle Housing

Tenure Targets

For Rent

For Sale

Demographic Targets

People of Color

Seniors

People Experiencing Homelessness

Students

People with Disabilities

4. Achieving Fair and Equitable Housing Outcomes

Of the fifteen (15) actions included in the HPS:

- Six (6) may have a high impact on development of market-rate housing.
- Five (5) may have a high impact on development of “missing-middle” housing, which includes ADUs, Duplexes, Triplexes, Quadplexes, Townhouses, and Cottage Clusters.
- Three (3) may have a high impact on development of single-family housing.
- Four (4) may have a high impact on development of housing for rent.
- Three (3) may have a high impact on development of housing for sale.

None of the actions, as described in the HPS, has a high impact on development of subsidized or affordable housing, but many actions have a moderate or partial impact on housing within these affordability ranges. As a group, the proposed actions included in the HPS will achieve equitable outcomes in the following ways.

Location of Housing

Many of the actions in this Housing Production Strategy encourage compact, mixed-use development patterns. These primarily entail code and zoning changes, including:

- Action 1.1 Allow small lot single-family houses
- Action 1.2 Allow townhouses in the R-2, R-3, and R-P zones
- Action 1.3 Reduce barriers to triplexes and quadplexes
- Action 1.4 Reduce barriers to apartment buildings in the R-3 zone
- Action 1.5 Reduce barriers to cottage housing developments
- Action 1.6 Reduce barriers to accessory dwelling units

- Action 1.7 Reduce barriers to conversions or additions to existing buildings that create new housing

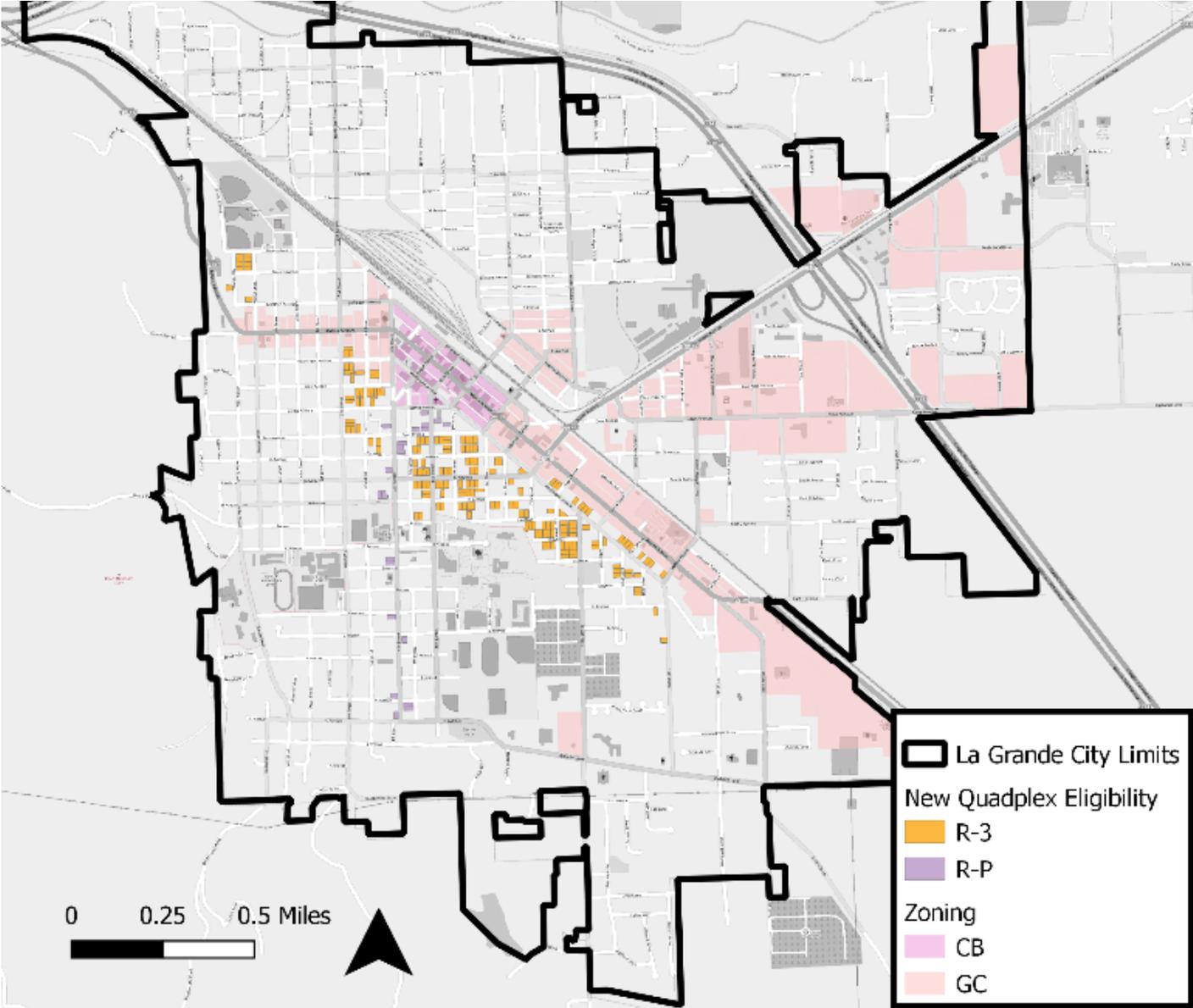
Adopting these code changes will create new allowances for small lot single-family homes and higher density middle housing types in areas surrounding La Grande’s commercial zones, thereby encouraging reduced greenhouse gas emissions and opening up more opportunities to live in a mixed-use neighborhoods with services and amenities in close proximity. (Figure 4).

Fair Housing and Housing Choice

Several of the actions included in the HPS further fair housing goals. They do so by addressing disproportionate housing needs and access to housing and creating housing opportunities in racially and ethnically concentrated areas of poverty. These include:

- Action 1.1 Allow small lot single-family houses
- Action 1.2 Allow townhouses in the R-2, R-3, and R-P zones
- Action 1.3 Reduce barriers to triplexes and quadplexes
- Action 1.4 Reduce barriers to apartment buildings in the R-3 zone
- Action 1.5 Reduce barriers to cottage housing developments
- Action 1.6 Reduce barriers to accessory dwelling units
- Action 1.7 Reduce barriers to conversions or additions to existing buildings that create new housing
- Action 2.1 Provide a temporary property tax abatement for multi-unit housing
- Action 2.2 Scale development fees to reflect impact on public services
- Action 4.3 Engage with faith-based organizations to identify opportunities to use surplus land for housing needs

Figure 5. Lots Newly Eligible for a Quadplex and Existing Commercial Zones



There is some evidence of residential segregation in La Grande by income level. Higher income households are concentrated to the west and south, while lower income households are concentrated in central and eastern areas.

This pattern is closely related to the City's zoning map. Areas to the west and south are more likely to be zoned Low or Medium Density Residential, which is predominantly made up of single-family houses. Areas in the central and eastern parts of La Grande are more likely to be zoned High Density Residential or General Commercial, which are built out with more multi-family developments.

This pattern is correlated with segregation by race/ethnicity. There is a higher percentage of People of Color in the same block groups as lower income households. If adopted, many of the code and zoning changes included in the HPS would create new housing opportunities in areas that are less racially/ethnically diverse today and have higher median incomes (Figures 5 and 6).

Housing Options for Residents Experiencing Homelessness

While a number of actions in the HPS have a moderate or partial impact on residents experiencing homeless, there is only one action that would have a high impact on providing housing options for residents experiencing homelessness:

- Action 4.3 Engage with faith-based organizations to identify opportunities to use surplus land for housing needs

In future updates of the HPS, the City should evaluate how effective this and other actions have been in terms of benefitting populations experiencing homelessness. The City should consider implementing some of the "Future Potential Actions" included in the draft housing production report to more effectively serve this population if the need remains unmet.

Affordable Homeownership and Affordable Rental Housing

Many of the actions included in the HPS support and create opportunities to encourage production of housing units for sale and for rent at prices that are affordable to the general public, primarily through code and zoning changes and development incentives. Many of the code and zoning changes create new development opportunities for small lot and higher-density housing development in areas of La Grande where lower and moderate-income households are concentrated (Figure 5). These include:

- Action 1.1 Allow small lot single-family houses
- Action 1.2 Allow townhouses in the R-2, R-3, and R-P zones
- Action 1.3 Reduce barriers to triplexes and quadplexes
- Action 1.4 Reduce barriers to apartment buildings in the R-3 zone
- Action 1.5 Reduce barriers to cottage housing developments
- Action 1.6 Reduce barriers to accessory dwelling units
- Action 1.7 Reduce barriers to conversions or additions to existing buildings that create new housing
- Action 2.1 Provide a temporary property tax abatement for multi-unit housing
- Action 2.2 Scale development fees to reflect impact on public services
- Action 2.3 Waive or reduce development fees for needed housing types
- Action 3.1 Coordinate infrastructure planning and construction to support housing development
- Action 4.2 Prioritize the use of surplus public land for housing needs

Figure 6. Lots Newly Eligible for a Triplex and Persons of Color

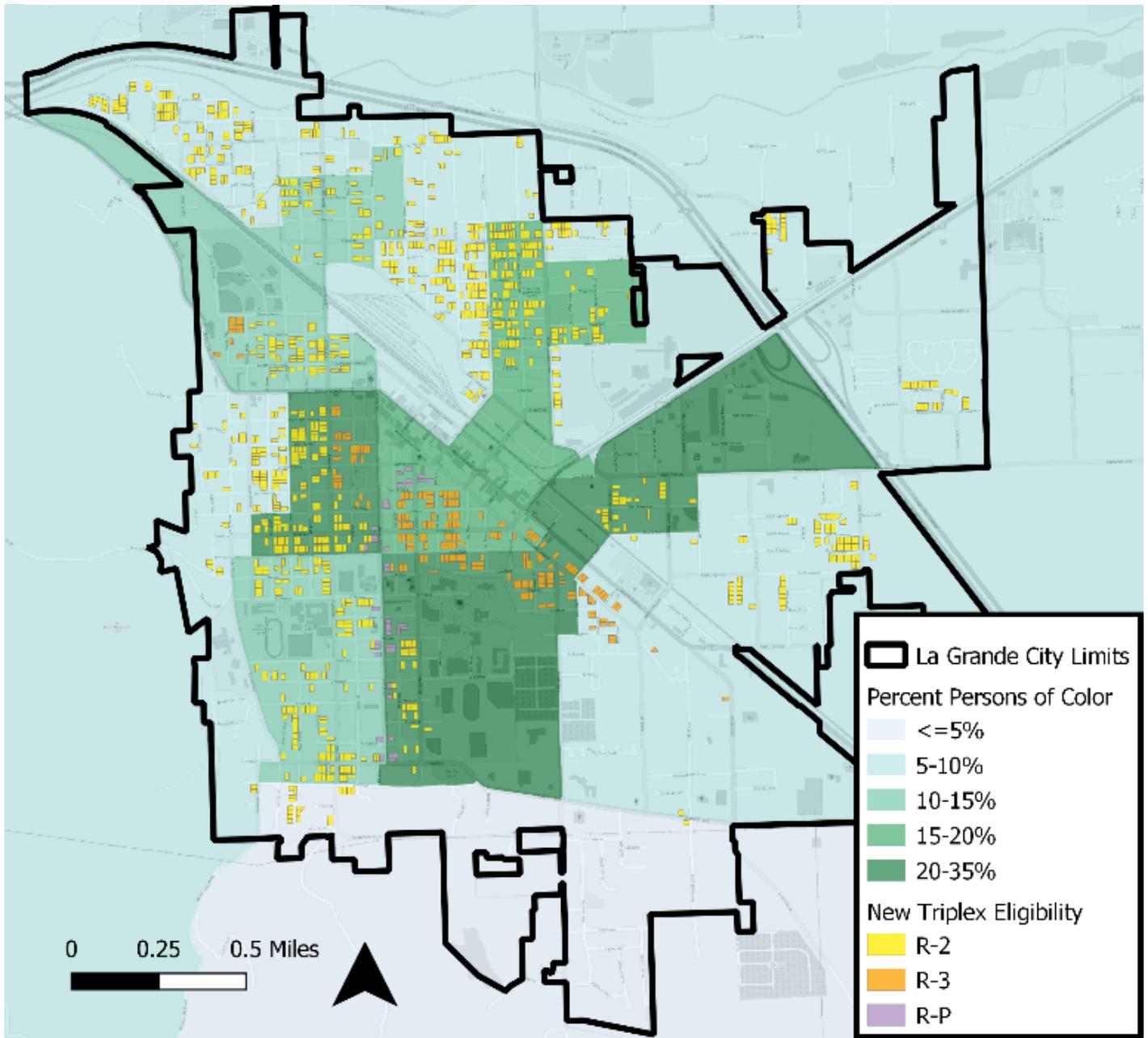
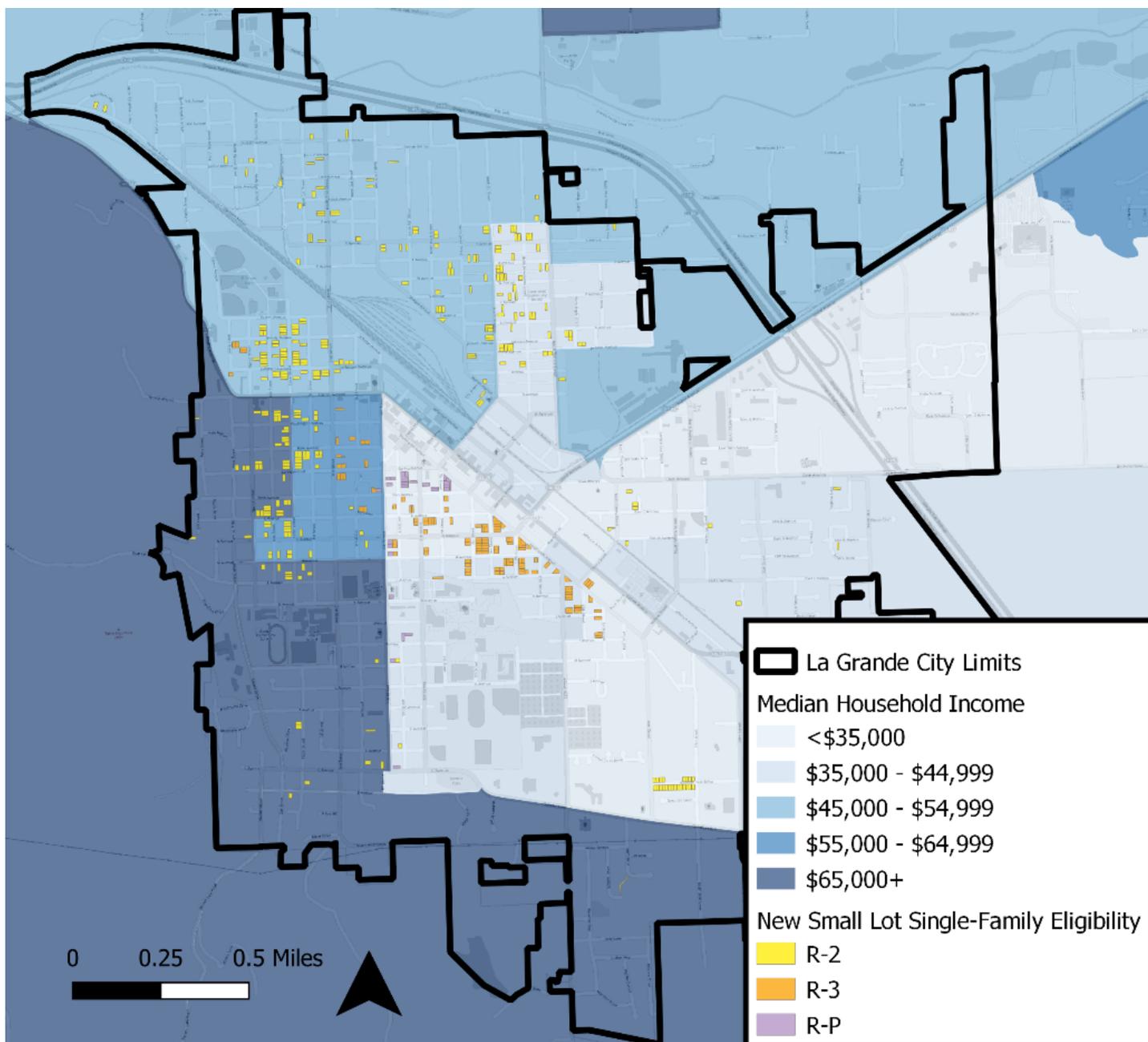


Figure 7. Lots Newly Eligible for Small Lot Single-Family Housing and Median Household Income



Gentrification, Displacement, and Housing Stability

Many of the actions included in the HPS increase housing stability for residents and mitigate the impacts of gentrification and displacement. These objectives are achieved primarily through land use and zoning changes that facilitate the use of lower-cost housing types, development incentives that reduce costs and fees, and public funded infrastructure improvements that support the renovation and creation of new housing units. These include:

- Action 1.1 Allow small lot single-family houses
- Action 1.2 Allow townhouses in the R-2, R-3, and R-P zones
- Action 1.3 Reduce barriers to triplexes and quadplexes
- Action 1.4 Reduce barriers to apartment buildings in the R-3 zone
- Action 1.5 Reduce barriers to cottage housing developments
- Action 1.6 Reduce barriers to accessory dwelling units

- Action 1.7 Reduce barriers to conversions or additions to existing buildings that create new housing
- Action 2.1 Provide a temporary property tax abatement for multi-unit housing
- Action 2.2 Scale development fees to reflect impact on public services
- Action 2.3 Waive or reduce development fees for needed housing types
- Action 3.1 Coordinate infrastructure planning and construction to support housing development
- Action 3.2 Target Urban Renewal District investments to better support renovation and creation of new housing units
- Action 4.2 Prioritize the use of surplus public land for housing needs

As the City measures and considers the magnitude of the actions included in the HPS over time, it should continue to assess equity goals and engage communities at risk for displacement. This work should include prioritizing actions that directly address the needs of vulnerable populations as well as mitigating any strategies that have been determined to result in negative consequences for vulnerable populations.

Appendix A

Contextualized Housing Need Memo

La Grande Housing Production Strategy: Contextualized Housing Need

TO: La Grande Housing Production Strategy Advisory Committee
FROM: Alex Joyce, Jamin Kimmell, and Lydia Ness, Cascadia Partners LLC
DATE: December 1, 2020

Background

Purpose of the Contextualized Housing Need Memo

The purpose of this memo is to summarize critical background information related to the development of a Housing Production Strategy (HPS) for the City of La Grande. The memo summarizes the housing needs identified in the City of La Grande's Housing Needs Analysis (HNA), while also incorporating new and improved methodologies for understanding local housing needs that have been derived from recent statewide housing studies. This information will provide context to help the City to select the most appropriate and effective strategies to facilitate housing production. This information will also help the City to evaluate how to prioritize various strategies and to identify specific issues that can be addressed through implementation of the strategies. Information from this memo will be incorporated into the final Housing Production Strategy report.

Evolving State Housing Policies

The City of La Grande conducted a Housing Needs Analysis (HNA) in 2019. As required by state law, the HNA projects the housing needs of the City over the next 20 years and evaluates the City's supply of residentially zoned land designated to meet that need. Concurrent with the City's HNA process, state agencies have begun to implement major changes to the rules and guidelines that direct how local jurisdictions plan for their housing needs. Through the passage of HB 2003 in 2019, the state legislature directed Oregon Housing and Community Services (OHCS) and the Department of Land Conservation and Development (DLCD) to consider a new methodology for projecting housing needs for each City in Oregon, termed the Regional Housing Needs Analysis (RHNA). The agencies also were directed to write rules for how each City will prepare a Housing Production Strategy (HPS).

These changes constitute a major shift in the practice of local planning for housing in Oregon. The methodology of the RHNA is currently under review; however, if it is approved, it will supplement the City's HNA by providing a regional perspective on housing needs. The RHNA attempts to project housing needs based on economic regions, rather than by individual

jurisdictions. It also provides a more in-depth analysis of specific populations with unmet housing needs. The RHNA is intended to supplement the City's HNA, however, and the key findings of the HNA remain valid.

The proposed administrative rules for how each local government will prepare a HPS go beyond the current requirements of the HNA and call for a more in-depth analysis of a wide range of strategies and actions that a city will take to meet its housing needs. These rules require the HPS to include a section, termed the Contextualized Housing Need, which both summarizes the key findings of the HNA and presents additional data on local housing conditions in order to provide context for the projected housing needs in the HNA. In short, this section of the HPS report is intended to paint a more complete picture of housing conditions and needs.

Note on the Scope of a Housing Production Strategy

It is important to note that the primary goal of a Housing Production Strategy, as envisioned by the state legislature, is for jurisdictions to identify and commit to actions to facilitate the production of *new* housing units. DLCDC strongly suggests that the City also consider actions it can take to more directly support people who may be at risk of being displaced from an *existing* housing unit. This may include policies related to tenant protections, limits on evictions, assistance for tenants that are forced to move, financial assistance to tenants, and other efforts. Regardless of the pace of new housing production, there are benefits to reducing housing instability, which can have severe negative effects on families and especially children. However, the focus of this project will be on strategies and policies to promote production of new housing units.

Key Implications of the Housing Needs Analysis

The HNA studied the existing housing stock, forecasted housing needs based on population growth, and evaluated the City's supply of residential land. Below we summarize four key findings of the HNA and identify implications for housing production strategies.

- **The City needs to produce approximately 795 new dwelling units between 2019 and 2039.** The current population of the City of La Grande is approximately 14,420. The existing housing stock of the City of La Grande is estimated at approximately 5,966 units. The City is projected to grow by 1,392 new residents over the next 20 years, with an annual growth rate of 0.47%. This rate is lower than the statewide projection of 1.5% annual growth.
- **The City needs to produce a more diverse housing stock to meet future housing needs.** The City's current housing includes predominantly single-family detached houses, which makes up 57% of the housing stock. However, only 42% of the future housing need will consist of single family detached houses, while 45% will be a mix of plexes, townhomes and apartments, and 13% will consist of manufactured housing and other housing types. Generational demographic shifts are driving down the average household size and increasing the demand for rental units. Young households,

particularly the millennial generation, are starting families later and rent for longer than previous generations. Older households are downsizing from single family homes. Apartments, townhomes, plexes, and other housing types need to account for about 50-60% of the net new housing production over the next 20 years, yet these housing types have only made up 23% of housing production since 2007.

- **The City needs housing units for all income levels, but the private market is unlikely to produce housing for most low income households.** High income households (more than 120% of MFI) primarily need ownership housing. Low income households (less than 50% of MFI) primarily need rental units. Almost 1 in 4 renter households are severely rent burdened with over 50% of their income going towards monthly housing costs. Due to the costs of development, new housing units are less likely to be affordable to middle or lower income households; however, if higher income households occupy newer units, this opens up older, less expensive units for middle to lower income households. However, the private market is highly unlikely to meet the need for rental housing for the lowest income households. There will continue to be a critical need for a sufficient supply of publicly-assisted (subsidized) housing units.
- **The City has enough land zoned for low density housing, but more land is needed for high density housing types such as townhomes and apartments.** There is a surplus of 81 acres for low density housing and 128 acres for low density housing, but there is no surplus or deficit of land for high density housing. The HNA projects a need for 14 acres of land for high density housing and estimates 14 acres of buildable land in this category, so the land supply is more constrained for high density housing than other housing types. Additionally, this assessment of land supply does not account for several issues which influence the feasibility of developing housing, including acquisition challenges and the suitability and marketability of the location of a site. Additionally, land is not the only factor that constrains housing production, other market and policy/regulatory factors may constrain housing production.

Uncertainties in the Project Housing Needs

As noted in the introduction, recent statewide planning efforts have identified a need to highlight the potential uncertainties of the current methodology for forecasting housing needs as part of an HNA. These uncertainties do not render the forecasts inaccurate per se. Rather, they represent factors that may be highly variable or difficult to measure. Therefore, it is important to identify these factors and discuss how they could impact the City's understanding of local housing needs.

Housing Needs by Income Levels

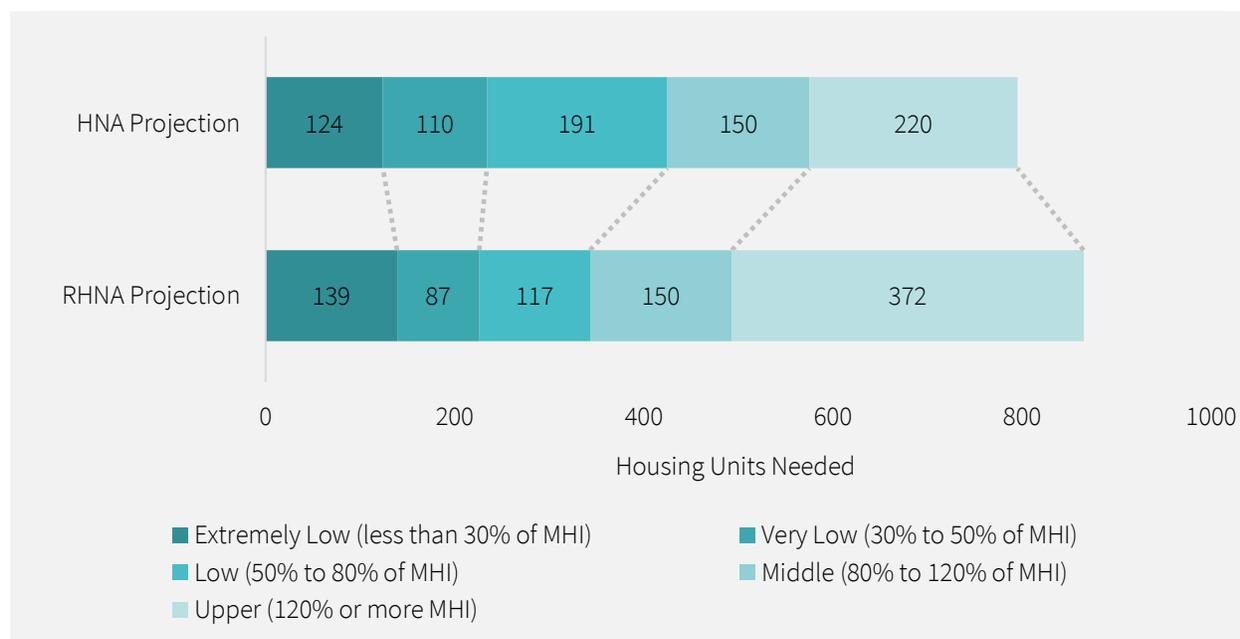
The HNA projected estimated housing needs at various income levels to inform potential policies and strategies to ensure the City can meet the housing needs of all residents. The RHNA also projected housing needs by income level for La Grande. While the projections are generally similar, there are important differences that may indicate a greater need for housing for both upper income and extremely low income households.

Figure 1 below compares the projected housing units needed by income level from the HNA and RHNA. The total housing units needed under each projection is similar: the HNA estimates 795 units, the RHNA estimates 865 units. However, the RHNA estimates that the City needs substantially more housing units for upper income households (earning more than 120% of the median household income (MHI)). The RHNA also projects fewer units needed for low income (50%-80% of MHI) and very low income (30%-50% of MFI) households. Yet, the RHNA also estimates a slightly higher need for housing for extremely low income households (less than 30% of MFI).

The RHNA likely projects a greater need for housing for upper income households because the methodology of the projection is slightly different. The RHNA projection is based on the regional income distribution, while the HNA is based on the local income distribution. Additionally, the RHNA adjusts income levels for household size. Regardless of the cause of the difference, this projection indicates that the need for housing for upper income households in La Grande may be greater than the HNA projects.

The higher need for housing for extremely low income households is primarily the result of the RHNA choosing to estimate housing needs of people currently experiencing homelessness. This is discussed in more detail below.

Figure 1. Projected Housing Units Needed by Income Level, 2019-2039, HNA vs. RHNA



Underproduction

Underproduction refers to the concept that there is a shortage of housing units to meet current demand, either in general or for certain types of housing. Underproduction can lead to rising prices and cost burdens, lower vacancy rates, overcrowding, and homelessness.

The HNA attempted to account for underproduction by comparing the income levels of current households with the available housing inventory. This analysis found that there is a current shortage of rental housing units at both the middle and upper income levels (over \$50,000) and at very and extremely low incomes levels (less than \$20,000). The analysis estimated there is a “pent up demand” for approximately 175 multi-family rental units for middle/upper income households and 110 multi-family rental units for very low/extremely low income households, a total need for 285 multi-family rental units to shore up this existing shortfall in housing supply. These units are in addition to the forecasted 104 units needed to fulfill demand for multi-family rental units for new residents as a result of population growth.

The total amount of this “pent up demand” was not ultimately included in the final forecasted housing need, however, because it was not clear that this forecasting method was in compliance with applicable state rules and guidelines. Alternatively, the City elected to use a hybrid forecast and reduced the projected need for new multi-family rental units to meet the pent-up demand from 285 to 96 units.

The RHNA measured underproduction by assessing the ratio of housing units to households. The national ratio of units to households is 1.14. If a region has less than 1.14 units per household, housing is too scarce, and prices may rise. In areas with a high number of vacation and second homes, this ratio is reduced to 1.10 (excluding vacation and second homes). The RHNA estimated that the Northeast region of Oregon, which includes Union county, has a units per household ratio of 1.10. Applying this same methodology to La Grande, based on data compiled in the HNA, the units per household ratio is estimated at 1.07. This may indicate a moderate amount of underproduction in the City, consistent with the findings of the HNA.

Data on the recent housing construction are also consistent with these findings. According to the HNA, the City issued permits for 470 new residential dwelling units between 2007 and 2017, of which 77% were single family dwellings, 11% were townhomes/plexes, and 11% were multifamily (apartments). Average annual housing absorption for the City during this time frame equated to 47 dwellings per year. If this historical housing production rate of about 40 units per year continues, then the City is likely to satisfy the total forecasted need for about 800 units over the next 20 years. However, in order to address the pent up demand for rental housing, apartments, townhomes, plexes and other housing types need to account for about 50-60% of the net new housing production over the next 20 years, yet these housing types have only made up 23% of housing production since 2007.

Housing for the Homeless

The HNA uses estimates of the existing population of the City that are based on data from the U.S. Census Bureau and the Population Research Center at Portland State University. The existing and forecasted housing needs are derived from these population estimates. These estimates do not account for the population that is experiencing homelessness at any particular point in time because this population is not accounted for in survey data produced by the Census Bureau. This means that the number of housing units projected to be needed by the HNA do not include units to house people who are currently experiencing homelessness.

There is no reliably accurate data source on the number of people experiencing homelessness in the City. However, the RHNA combined data from a variety of sources to produce an estimate of the homeless population and the housing units needed to serve this population. These data sources include Point-in-Time (PIT) counts of both sheltered and unsheltered population, data from school districts collected under the programs authorized by the McKinney Vento Homeless Assistance Act, and other sources. The RHNA also estimated income distribution of people experiencing homelessness based on existing OHCS administrative data.

The RHNA estimates that there is a need for approximately 84 housing units to provide housing for those currently experiencing homelessness. The great majority of those units (75) must be affordable to extremely low income households (earning less than 30% of median household income). The HNA projected a need for approximately 124 units over the next 20 years for extremely low income households. It is unlikely that this projection is completely inclusive of units needed to serve the existing homeless population. Therefore, it is possible that the forecasted need for housing for extremely low income households should be higher. The RHNA estimated a need for 139 units for these households, 75 of which are units needed for those currently experiencing homelessness (Figure 1). Given this uncertainty, it is recommended to assume that the need for units for extremely low income households is in the range of approximately 139-200 units.

The above unit numbers do not include shelter options such as Permanent Supportive Housing (PSH), which is an important component of providing housing for people experiencing homelessness. PSH includes affordable housing, health care, and supportive services provided on-site. The PIT count includes individuals who live in PSH, therefore, the projected need for number of new housing units needed for the homeless assumes these households need a permanent, affordable housing unit that is not a PSH unit. Ideally, PSH units are available to all those who need wrap-around supportive services in order to be stably housed, but other, non-PSH units would be available to those who no longer need a PSH unit and can be stably housed without supportive services. Therefore, we assume that the projected need for housing units for the homeless—in the range of 139-200 units—does not include any PSH units. It is unclear the precise number of PSH units are needed in the City today and in the future, but local social service agencies indicate that more units are needed than available today.

Housing for Students

One source of uncertainty in forecasting housing needs in La Grande is accounting for the population of students that attend Eastern Oregon University. The average attendance at EOU over the last three years was approximately 3,020 students, with approximately 1,557 of those students attending classes in-person at the university. The university provides student housing facilities for approximately 420 students, with the remainder (about 1,000 students) living off-campus in private housing units.

If a student considers themselves a year-round resident, then they are included in U.S. Census population estimates for the City and thus included in the forecasted housing need in the HNA.

It is possible that some portion of the EOU student body is not reported as a year-round resident by Census data, and therefore is not included in the population estimate for La Grande. There is no accurate data source to estimate the prevalence of this “undercount”. In the survey of local housing stakeholders, many people observed that there is a lack of housing options for students and that the student population seemed to absorb a large share of the supply of rental units, exerting pressure on the overall rental market.

Second Homes/Short-Term Rentals

Another challenge in estimating housing needs is accounting for housing units that are used as second homes/vacation homes, or short-term rentals. These units are not available for long-term occupancy by local residents and thus should not be included in the housing stock. These units are typically classified as vacant by the U.S. Census. The HNA accounts for these units by estimating the proportion of vacant units that are not currently for rent or sale, or recently rented or sold but not yet occupied. In 2016, second homes/short-term rentals accounted for about 60% of all vacant units, or about 5% of the total housing stock.

The HNA forecasted that the share of second homes/short term rentals would remain constant over the next 20 years. If the share of the housing stock that is used as a second home or short-term rental increases over time, then a proportionate increase in housing units for local residents may be needed to offset this increase. Online short-term rental platforms, such as Airbnb and VRBO, have made it easier and more profitable to convert units to short-term rental use. One data source indicates there are 27 housing units listed on Airbnb and VRBO as of October 2020, down from a high of 37 listings in 2017.¹ If this indicator or other measures of second home/short term rental uses increases over time, then it may warrant adjusting the forecasted housing need upward to offset the loss in units for local residents.

Housing Units Produced Since the HNA or Currently Under Development

The HNA was completed in 2019, but the data was collected in 2018, so the estimates do not account for units that have been constructed in 2019 and 2020. The City has permitted 15 units in 2019 and thus far in 2020, including 12 units in single-family homes or duplexes and 3 Accessory Dwelling Units (ADUs). Data on the tenure and price of these units is not available, so it is not possible to adjust the income and tenure-based housing need forecast precisely. However, it is likely that a majority are single-family detached houses for sale, so this most recent construction activity continues the historical trend of primarily producing single-family units for ownership.

Equity: Whose Housing Needs are Not Being Met?

It is important for the City to not only consider how many housing units are needed in the future, but whose housing needs are not being met and what impacts those unmet needs may have on that population and the City as a whole. Some population groups are disproportionately impacted by a lack of housing options that meet their needs compared to

¹ Source: AirDNA.com. For La Grande data, see: <https://www.airdna.co/vacation-rental-data/app/us/oregon/la-grande/overview>

other groups or the population as a whole. As a matter of policy, the City could elect to prioritize strategies to meet the needs of these groups in order to reduce or eliminate this disproportionate burden or impact. This does not mean that the City does not take actions to meet the housing needs of other groups or the population as a whole, only that one or more groups may be allocated more focus and resources.

Secondly, considering the unmet housing needs of particular groups may illuminate opportunities to advance other policy goals not directly related to housing. Housing is one element of a healthy and vibrant community. In some cases, targeting resources to meet the housing needs of particular groups may be strategically important to addressing issues related to economic development, public health, transportation, or other issues.

Below we identify four groups that may be disproportionately impacted by unmet housing needs: renters, people of color, people with disabilities, and seniors. In each section, we explain rationale for focusing on this particular population, and provide an assessment of their housing needs.

Renters

Why focus on this population?

- Renters are subject to greater housing insecurity and vulnerability to homelessness than homeowners because they typically have lower incomes, lower overall wealth, and less control over their housing situation.
- Renters are more likely to suffer health issues associated with poorly maintained housing because they lack the resources or control to address maintenance issues.
- Renters are overrepresented among many groups that have other special needs or challenges related to housing, including people of color, people with disabilities, seniors, and students.
- A healthy rental housing market is a strong buffer against housing insecurity and homelessness, and it is key to attracting economically mobile upper/middle income households who may consider moving to La Grande for work or other reasons.

Assessment of housing needs

- Housing cost burdens disproportionately impact renters compared to owners. It is estimated that 19% of renter households are severely cost burdened, according to the data from the American Community Survey published by OHCS.² According to the HNA, of homeowners with a mortgage, just 10% are severely cost burdened.
- The HNA found that the City needed to shift to producing more housing types which are most likely to be used as rentals. Apartments, townhomes, plexes and other housing types need to account for about 50-60% of the net new housing production over the next

² Source: Severe Rent Burden in Oregon <https://www.oregon.gov/lcd/UP/Documents/2020%20Severe%20Burden%20by%20City%2014-18.pdf>

20 years, yet these housing types have only made up 23% of housing production since 2007.

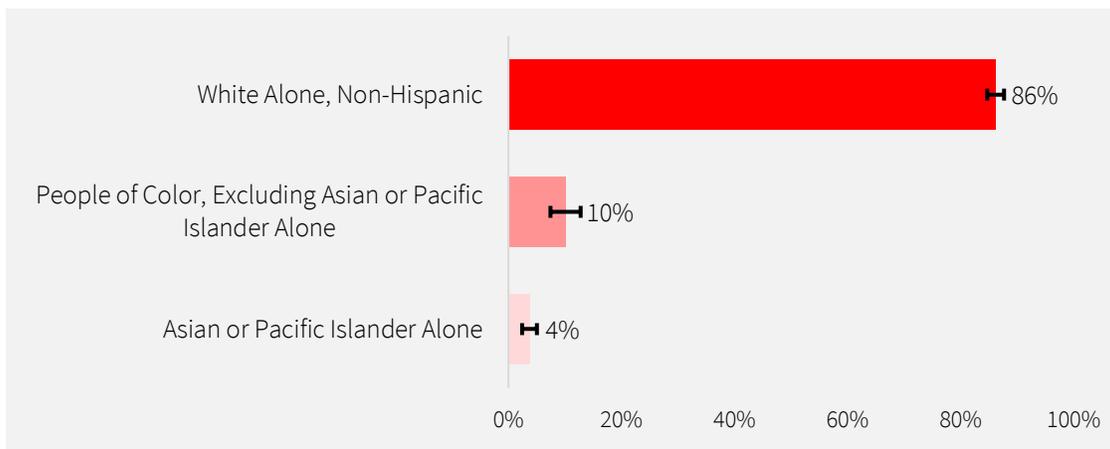
- The HNA found there is a “pent up demand” for approximately 175 rental units for middle/upper income households and 110 rental units for very low/extremely low income households.

People of Color

Why focus on this population?

- People of color include people in the following groups: American Indian or Alaska Native, Black or African American, people of two or more races, and the Hispanic population. We group these people of color together because there is not sufficient information to show differences in housing affordability and housing characteristics for each of the people of color.
- In La Grande, it is estimated that people of color represent 10% of the total population (Figure 2). The Asian and Pacific Islander community represents an additional 4% of the population.
- People of color are more likely to have lower incomes and lower overall wealth, and are thus more likely to experience housing insecurity, vulnerability to homelessness, and lack access to homeownership.
- People of color are more likely to experience discriminatory practices in leasing, mortgage lending, and home buying which may present barriers to meeting their housing needs, in addition to discriminatory practices which may negatively impact their employment options.

Figure 2. Population by Race/Ethnicity, La Grande

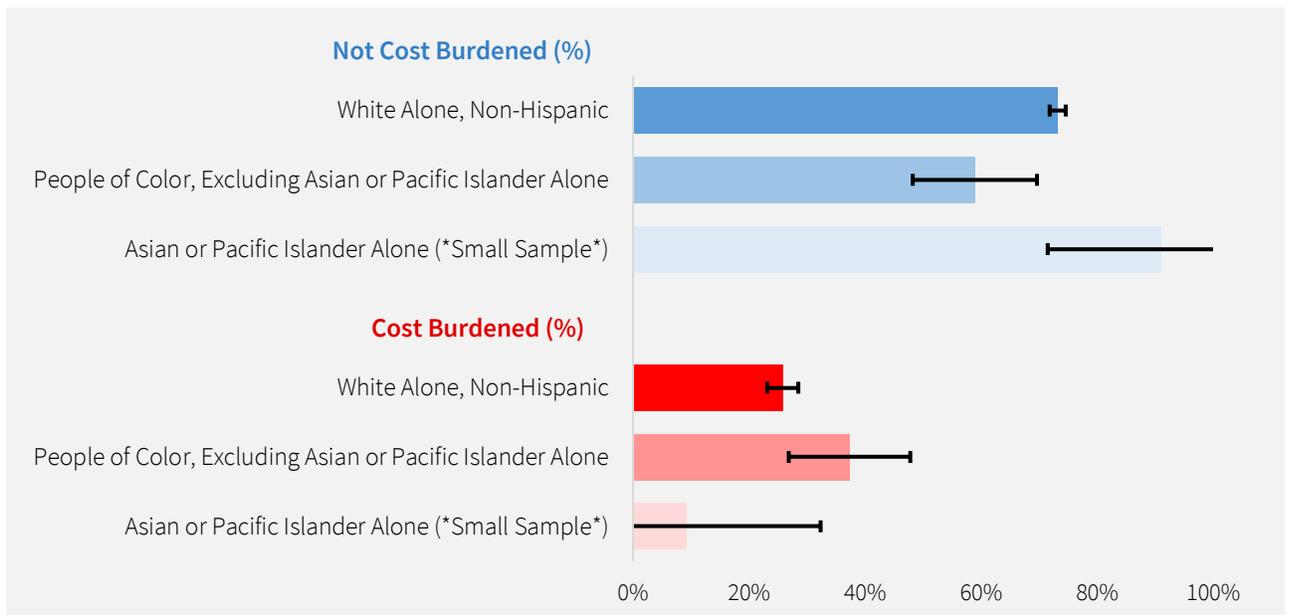


Source: American Community Survey 5-Year Data (2014-2018). La Grande, OR. Margin of Error

Assessment of housing needs

- Based on data available for Union County as a whole, people of color (excluding Asian and Pacific Islander) are more likely to be burdened by high housing costs. It is estimated that 37% of households of color experience housing cost burdens, compared to 26% of white households (Figure 1).
- People of color in Union County are also more likely to experience a severe housing cost burden, meaning they spend more than 50% of income on housing costs (Figure 2).
- These trends are consistent with statewide averages, but available data for the Northeast region of the state, which includes Union County, indicates that non-Asian people of color may experience similar or lower cost burdens than the white population.

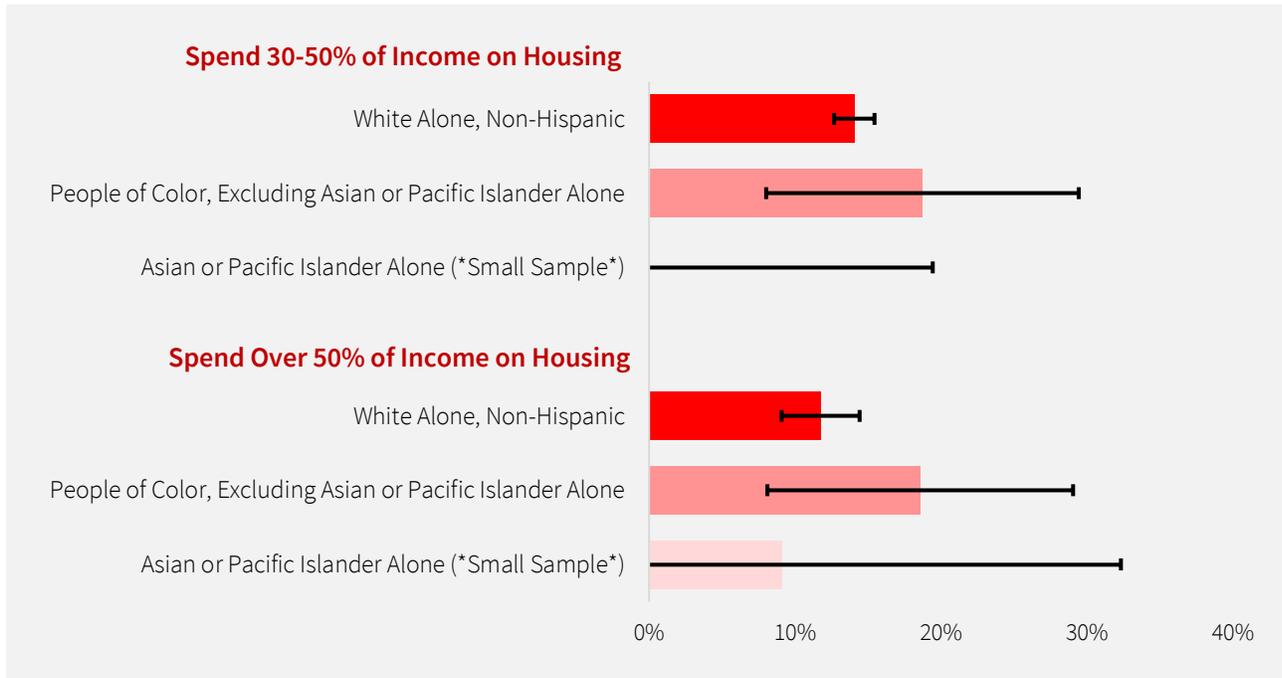
Figure 3. Prevalence of Cost Burden by Race/Ethnicity



2013-17 HUD CHAS. Union County, OR. 90% Confidence Interval.

— Margin of Error

Figure 4. Level of Cost Burden by Race/Ethnicity



2013-17 HUD CHAS. Union County, OR. 90% Confidence Interval.

■ Margin of Error

People with Disabilities

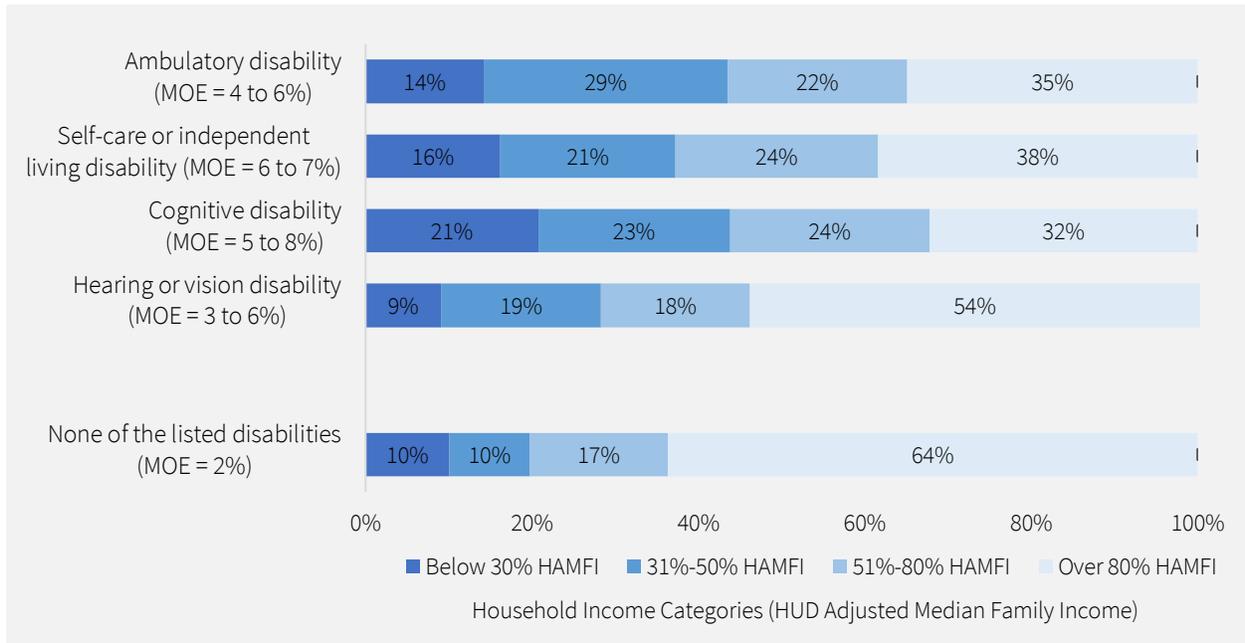
Why focus on this population?

- People with disabilities are more likely to have special needs related to housing, ranging from needing in-home care, an assisted living facility or group home, or physical accessibility features.
- The private market may be less likely to provide units that are accessible, especially for conversions of existing dwellings.
- People with disabilities are likely to have lower incomes, less economic security, and fewer employment options than the population as a whole.

Assessment of housing needs

- Data is not available on the housing conditions for people with disabilities specifically in La Grande. However, the RHNA summarized data for the Northeast region. People with a disability (excluding hearing or vision disabilities) were significantly more likely to be severely rent burdened (29%) than those without a disability (14%). This is likely due to the lower income profile of people with disabilities.
- Income data for people with disabilities in Union County is consistent with this finding. People with any type of disability are more likely to earn less than 50% of median household income than people without a disability. People with a self-care, cognitive, or ambulatory disability are significantly more likely to earn less than 30% of median household income (Figure 5).

Figure 5. Household Income Level of People with Disabilities, Union County



2013-17 HUD CHAS. Union County, OR. 90% Confidence Interval.
 Margins of error ranged from 2-8%, with the largest errors for the top most three disability categories.

Seniors 65 Years and Older

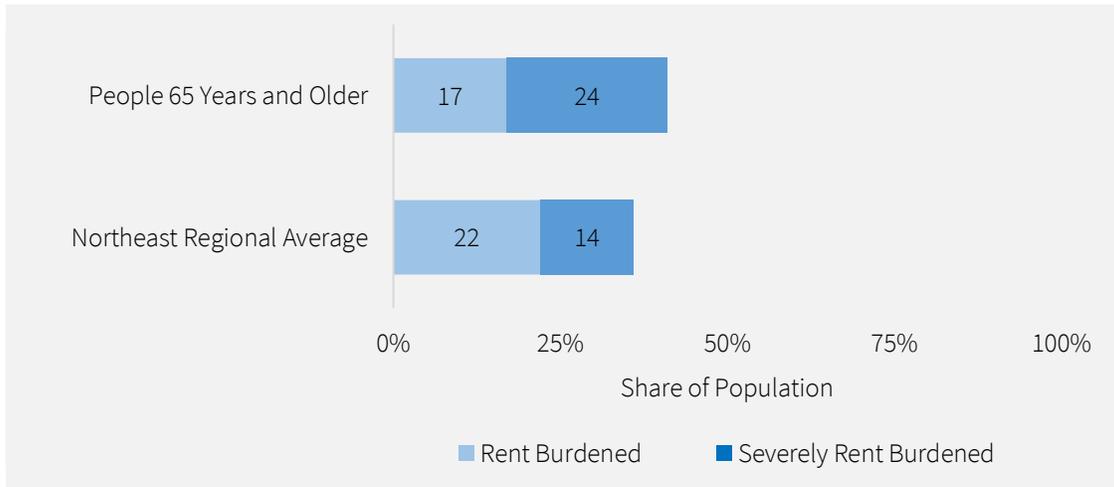
Why focus on this population?

- Seniors are more likely to have a fixed income and are more vulnerable to increasing housing costs, including rents, property taxes, utilities, or maintenance. For this reason, both seniors who are renters and seniors who are homeowners are vulnerable to increasing housing costs.
- Seniors are more likely to have special needs related to housing, which may or may not be related to a disability.
- Seniors may be less likely or able to move to improve their housing situations, especially to move to a new community.

Assessment of housing needs

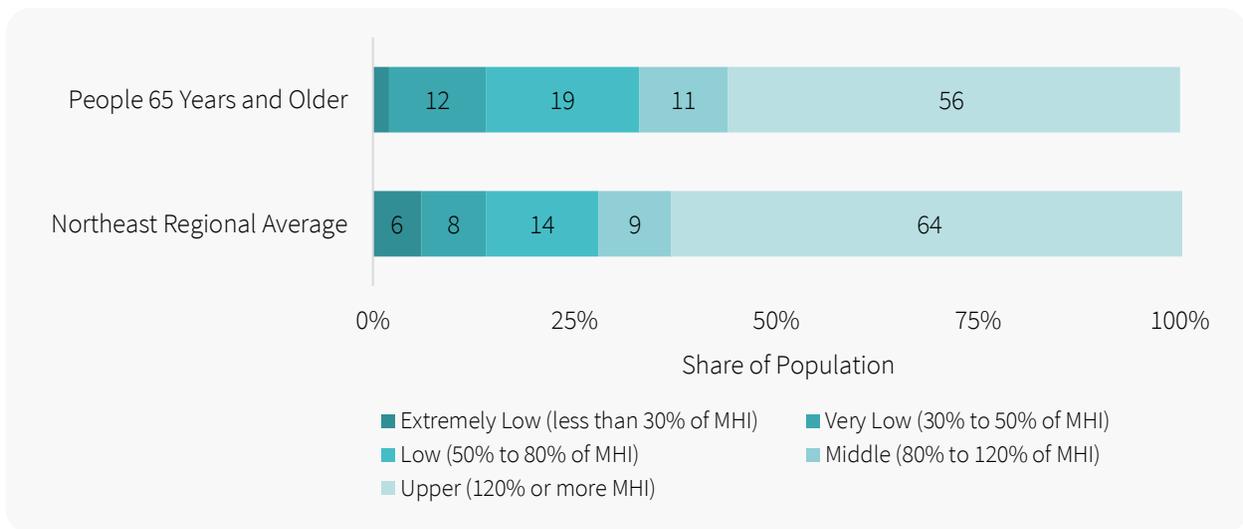
- Based on data for the northeast region of Oregon from the RHNA, 24% of seniors are severely rent burdened, meaning they spend more than 50% of their income on rent, compared to just 14% of households in general (Figure 6).
- In addition to having a fixed income, seniors are significantly more likely to have a low or very low income. Approximately 31% of seniors in the northeast region of Oregon fall into this category, compared with just 22% among the general population (Figure 7).

Figure 6. Rent Burden, People 65 Years and Older, Northeast Region of Oregon



Source: U.S. Census, 2018 ACS 1-year PUMS estimates

Figure 7. Household Income Distribution, People 65 Years and Older, Northeast Region of Oregon



Source: U.S. Census, 2018 ACS 1-year PUMS estimates

Locational Equity and Segregation: Where Can People Find Housing that Meets Their Needs?

In addition to considering whose housing needs are not being met, it is important for the City to consider where it is possible for people to find housing that meets their needs. Where one

lives has a significant influence on both the day-to-day life of the residents of La Grande and on important citywide policy issues. The distribution of housing units across the community influences access to employment opportunities, access to services and amenities, livability, public health, transportation and traffic, and economic development.

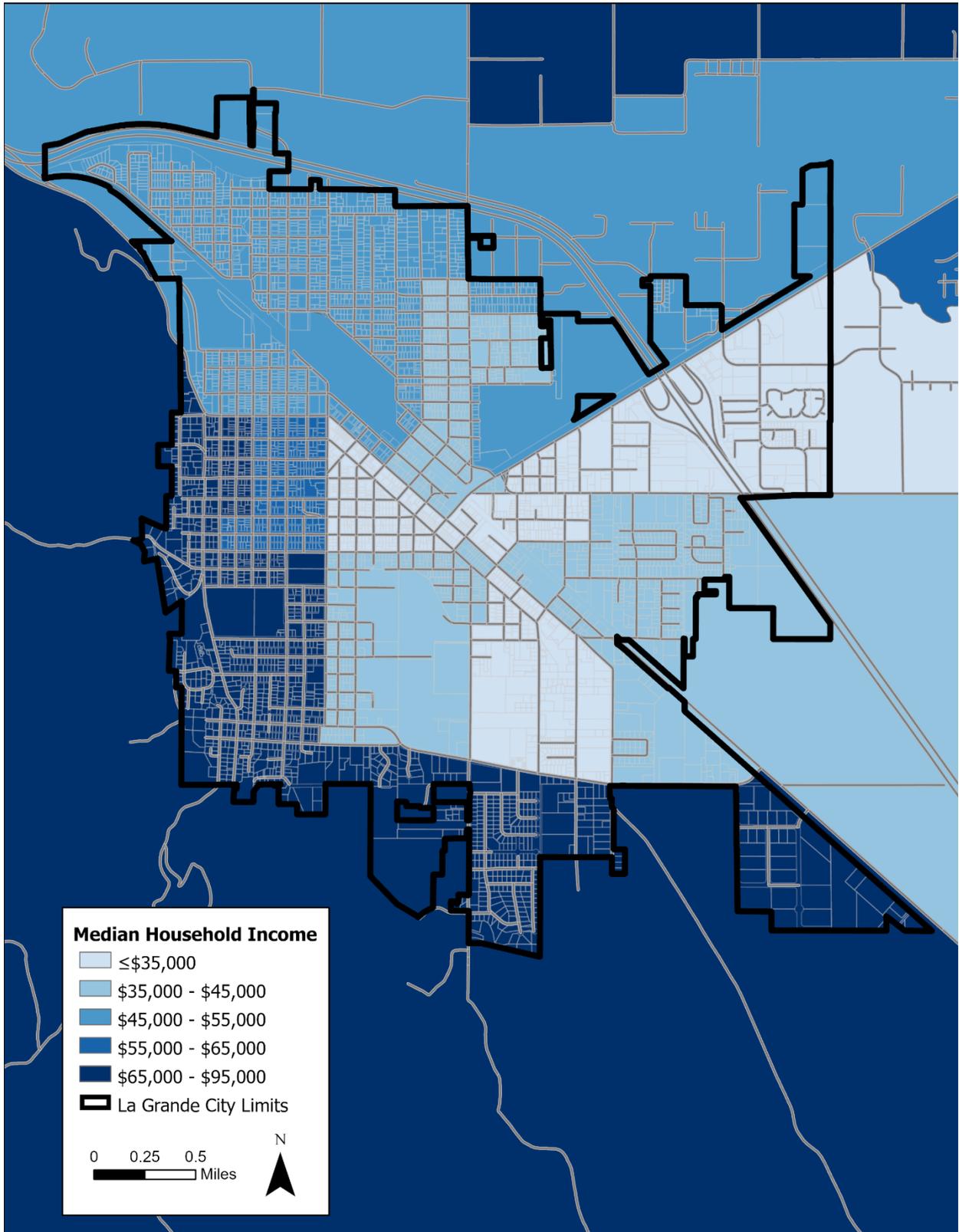
Additionally, when housing is segregated by income or race/ethnicity, it perpetuates patterns of exclusion and discrimination which have presented barriers to economic mobility for people of color or lower income families. The federal Fair Housing Act of 1987 elevated this issue, and the Department of Housing and Urban Development (HUD) has attempted to address residential segregation through programs such as Affirmatively Furthering Fair Housing (AFFH).

Below we provide a preliminary assessment of the geographic distribution of housing in La Grande and identify potential issues related to locational equity and segregation. More detailed analysis of locational issues may be conducted to inform potential housing strategies in future phases of the project.

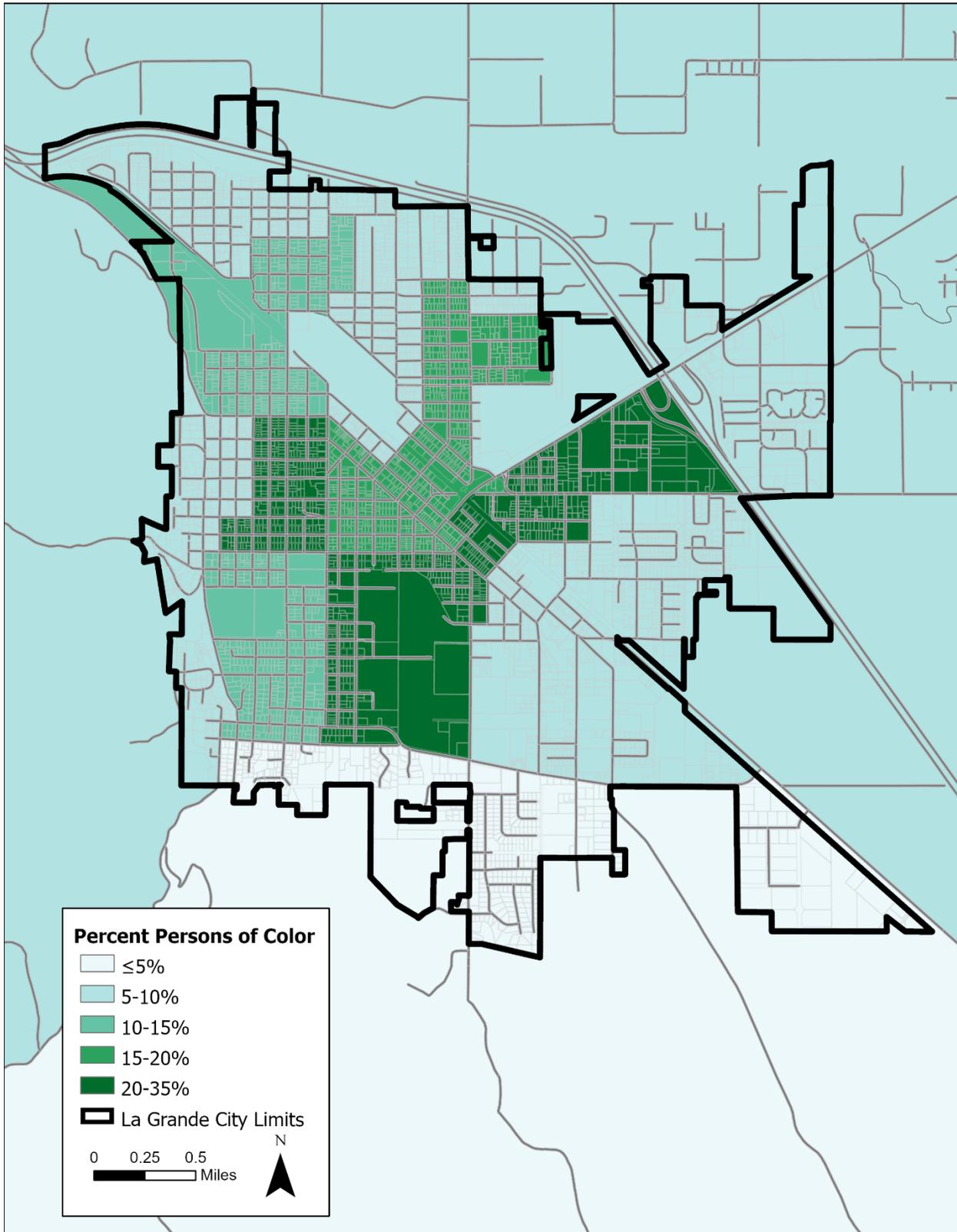
Assessment of locational equity and segregation

- There is some evidence of residential segregation in La Grande by income level. Higher income households are concentrated to the west and south, while lower income households are concentrated in central and eastern areas (Map 1).
- This pattern is closely related to the City's zoning map. Areas to the west and south are more likely to be zoned Low or Medium Density Residential, which is predominantly made up of single-family houses. Areas in the central and eastern parts of La Grande are more likely to be zoned High Density Residential or General Commercial, which are built out with more multi-family developments.
- This pattern is correlated with segregation by race/ethnicity. There is a higher percentage of People of Color in the same block groups as lower income households (Map 2).
- Residential permits issued from 2010-2020 are widely distributed across the City, except there were very few new homes built on the western side of town (Map 3). The lack of new development on the west side of town may have to do with the lack of buildable land, as well as the large amount of land area used by Eastern Oregon University and the Grande Ronde Hospital.
- More duplexes and multi-family housing types were built in the eastern and central areas of town, while the northern and southern areas were almost exclusively developed with single-family homes during this time period.

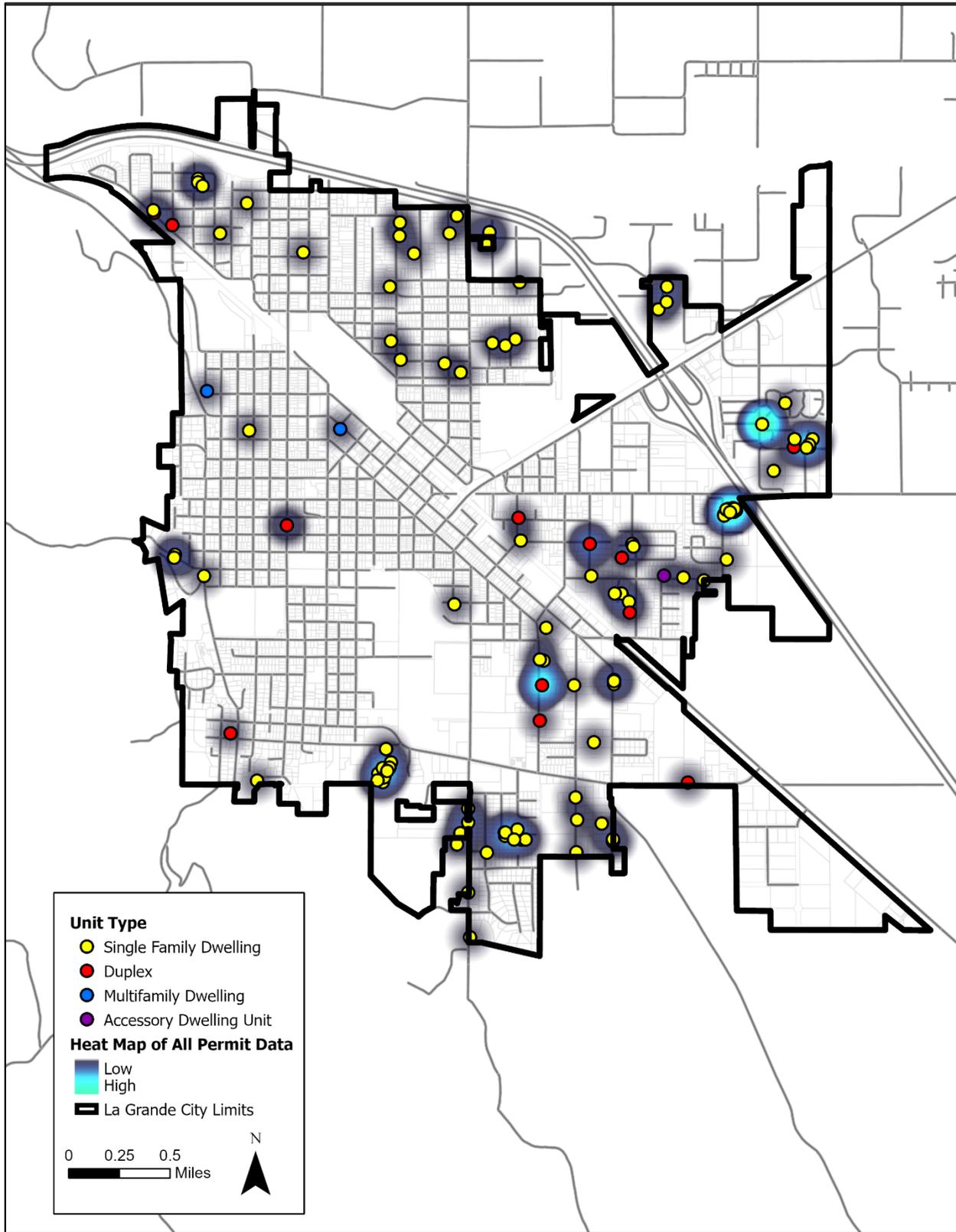
Map 1. Median Household Income by Census Block Group, ACS 5-Year (2014-2018)



Map 2. Percentage People of Color by Census Block Group, ACS 5-Year (2014-2018)



Map 3. Residential Permitting Activity, 2010-2020



Potential Root Causes of Unmet Housing Needs

Market Factors

Most of the City's housing stock is provided by the private market. The rate of housing production and the mix of housing types that are produced is primarily driven by economic conditions and the dynamics of the real estate market. In La Grande, the following market factors may be constraining housing production:

- **Population and Job Growth.** La Grande has seen slower population and job growth than some other regions of the state and the northwest. Developers are more likely to invest in high growth areas and may overlook places with more modest growth rates.
- **Local Incomes and Construction Costs.** Local incomes may not be keeping up the costs of development. Construction costs are an all-time high across the country, and they may be even higher in small towns such as La Grande due to a lack of construction laborers and higher costs to transport materials. At the same time, local incomes may not be growing at a rate to offset higher costs of development, so housing developments may be less profitable and more risky.
- **Developer Pool.** Due to the factors noted above, there may be relatively few developers or home builders who are interested in building in La Grande. This is likely to change over time if local market conditions improve and developers perceive there is a strong demand in La Grande for new housing; however, some developers are reticent to work in new locations or may not be aware of improving market conditions.
- **Financing Options.** Even if a developer is interested in building in La Grande, they likely still need to obtain financing from a bank or other lender. Lenders may be unwilling to fund a project unless there are comparable projects in the same area that have shown to be successful.

The City can influence some of these factors through local policies and programs. These strategies will be explored further in the next stage of the project.

Land and Infrastructure Factors

Acquiring a suitable site for a development project is one of the most significant challenges faced by builders. While the HNA found there is a sufficient supply of land for housing in La Grande, there are factors that impact whether the land is available, suitable, or attractive for development:

- **Physical and Environmental Constraints.** Some land factors are relatively fixed and cannot be easily changed, such as the size and shape of the site, how much of the land is buildable and unconstrained by steep slopes or natural features like floodplains or wetlands, and the cost to acquire and demolish any existing structures. The HNA attempts to account for these issues in estimating the amount of buildable land, but a citywide study usually cannot account for the nuances of each site.

- **Availability of Land.** There is also the issue of landowners holding onto their land, which makes that site unavailable for development, even if it has been identified as buildable land. Many landowners are unwilling to sell at any given time as they hold out for a higher price in the future. Others may be willing to sell but have unrealistic expectations of the value of their property. Others are unwilling to sell because they do not want to move or desire to pass down the land to their heirs. This further restricts available sites.
- **Cost to Serve.** Additionally, the cost to serve the land with infrastructure can make or break the feasibility of developing it for housing. Infrastructure costs are greater on the edges of town, due to the lack of infrastructure and the need to extend trunk lines, yet this is where many of the large, vacant tracts of land are located.

Each of these factors acts as a filter in the site selection process, reducing the number of potentially suitable sites. City-led strategies to influence these factors will be discussed further in the next stage of the project.

Policy and Regulatory Factors

In addition to the market and land factors identified above, government policies and regulations influence housing production. Local governments implement policies and regulations which can shape where and how much housing is developed. A general list of policies and regulations are identified below. A detailed review of the City of La Grande's specific policies will be conducted in the next stage of the HPS project. The review will identify opportunities to modify policies or standards to better facilitate housing production.

- **Zoning and Development Code Standards.** The La Grande Land Development Code regulates allowed housing types, densities, development standards, and other issues that impact housing development. A detailed review of zoning standards will be conducted to identify unnecessary barriers to housing production.
- **Permitting Fees.** The City charges fees to review land use applications and building permits, connect to water and sewer lines, and other infrastructure connections. The cumulative cost of these permitting fees can impact the cost of development and housing. There are options for modifying fees to reduce the financial impact on development while maintaining needed revenue for local services.
- **Permitting Processes.** Land use or building permit review processes can be complex and time-consuming, which is perceived as uncertainty and risk by a potential developer and may deter developers or add costs to a project.
- **Financial Incentives and Funding Sources.** Cities can offer financial incentives such as fee reductions, tax abatements, gap financing, or direct grants in order to encourage development of certain, needed housing types. In order to do so, cities may need to assess the fiscal impact of providing the incentive and identify sources of funding to generate revenue to offset the cost of the incentive.

Appendix B

Draft Strategies and Actions Memo

City of La Grande

Draft Housing Production Strategy

TO: Michael J. Boquist, Community Development Director, City of La Grande

FROM: Jamin Kimmell, Alex Joyce, Lydia Ness, and Rachel Cotton, Cascadia Partners LLC

DATE: April 7, 2021

Background and Purpose

The purpose of this memo is to propose a draft set of strategies and actions to be included in the City of La Grande's Housing Production Strategy. The City of La Grande conducted a Housing Needs Analysis (HNA) in 2019, which was adopted through Ordinance 3250, Series 2020, into the Goal 10 Chapter of the City's Comprehensive Plan. As required by state law, the HNA projects the housing needs of the City over the next 20 years and evaluates the City's supply of residentially zoned land designated to meet that need.

Through the passage of House Bill 2003 in 2019, the state legislature directed the Department of Land Conservation and Development (DLCD) to require that each City with a population of more than 10,000 produce a Housing Production Strategy (HPS) that includes a list of specific actions the City intends to undertake to fulfill the commitment of meeting the housing needs identified in the HNA, as well as an expected timeline for adoption and implementation of each action.

Implementation and Review by DLCD

The strategies and actions included in this memo are in draft form. If they are included in the final HPS report, then the City is committing an intention to implement the actions within a timeline that will be defined in the final HPS report. The City will be required to submit a narrative report on implementation of the HPS to DLCD for review and comment four (4) years after it adopts its HPS. The narrative must include a summary of the work already completed to implement the actions included in the HPS.

If the City has not implemented specific actions, it must provide an explanation of the circumstances or factors that posed a barrier to implementation and an alternative plan for addressing the housing need that the strategy was intended to address.

Organization of this Memo

This document is organized in three sections:

- **Section 1: Strategies and Actions** provides a summary description of each proposed strategy and action. There are four overall strategies identified, each with a set of actions to implement the strategy. For each action, the document summarizes the proposal, provides relevant background information, identifies the benefits and drawbacks of the action, and provides considerations for how the action could be most effectively implemented by the City.
- **Section 2: Analysis of Impacts** presents an evaluation of the potential impacts of each action on the City's housing needs. The analysis considers affordability levels of housing that may be produced, whether the action will produce for-sale or for-rent housing units, and how the action may benefit the housing needs of certain populations.
- **Section 3: Future Potential Strategies** includes a list of strategies and actions that were either discussed or considered by the City, but not included as a part of the near-term implementation plan. The City may revisit these in the future.

Process for Developing Strategies and Actions

The strategies and actions included in this document have were initially identified by the project consulting team based on experience with similar policies in similar jurisdictions, an audit of the City's existing zoning code and housing policies, best practices research, and a list of potential strategies published by DLCDC. Working collaboratively with staff, the consulting team refined the strategies and actions to best fit La Grande's housing needs and the City's capacity for implementation over time.

Public Meeting and Virtual Open House

The strategies and actions were then presented to the public at a virtual meeting on February 17, 2021 and made available for review on a Virtual Open House. The Virtual Open House also included an online survey which asked respondents to indicate their level of support for strategies and actions. The feedback from this process is summarized in the "Public and Advisory Committee Comments" section associated with each action. Five (5) community members attended the public meeting and ten (10) people responded to the online survey.

Advisory Committee

The strategies and actions were also presented to the project Technical Advisory Committee. The committee is made up of local home builders, non-profit organizations that work on housing and social services, the Northeast Oregon Housing Authority, and major local

employers. The feedback from this committee is summarized in the “Public and Advisory Committee Comments” section associated with each action.

Section 1. Strategies and Actions

This section of the memo provides a summary of the four strategies, followed by detailed descriptions of each implementing action related to the four broad strategies.

Strategy	Summary
1 Reform zoning and land use regulations to respond to housing needs	This strategy presents a set of actions that would remove or lessen regulatory barriers to housing development to help meet the City’s housing needs. The actions are based on an in-depth review of the City’s Land Development Code (LDC).
2 Modify tax and fee policies to reduce the cost to develop and operate housing	This strategy presents a set of potential actions for the City to restructure property taxes or development fees to encourage development of needed housing types.
3 Organize public projects and resources to catalyze housing development	This strategy presents a set of actions the City can take to organize existing planning efforts or implement new partnerships and programs to directly spur housing development.
4 Support local partners in their efforts to acquire land and assets to meet housing needs	This strategy presents a set of actions the City can take, in concert with other local agencies and organizations, to acquire land and properties that can be used to meet housing needs.

Strategy 1 Reform zoning and land use regulations to respond to housing needs

Action 1.1 Allow small lot single-family houses

Proposal Reduce minimum lot size in the R-2, R-3, and R-P zone to 3,000 square feet and reduce minimum lot width to 30 feet, with 40' for corner lots.

- Background**
- The Housing Needs Analysis (HNA) found that the single-family detached houses will continue to be the most widely needed form of housing, even if it represents a smaller share of new housing units than the existing housing stock.
 - The Land Development Code (LDC) currently requires a minimum lot size of 5,000 square feet and minimum lot width of 50 feet for a single-family house in the R-2, R-3, and R-P zone.
 - This standard prevents the creation of new lots smaller than 5,000 square feet for housing development. On larger sites, the standard limits the opportunity to add additional units and impairs development feasibility.
 - Single-family houses on lots as small as 3,000 square feet have proven to be a viable product type in other markets. It is feasible to build 3-4 bedroom houses with yard area on lots of this size.

- Benefits**
- Single-family detached houses are simpler to develop and local builders could more easily respond to this code change than efforts to encourage townhomes or multi-family development.
 - Reduces land costs per unit, making it more feasible to deliver single-family houses at workforce income levels (80-120% of AMI). Small lot houses can also appeal to more affluent buyers.

Drawbacks Small lot houses may be perceived as incompatible with established patterns of lot size and house scale in some neighborhoods.

- Implementation Considerations**
- Minimum lot sizes could be scaled by zone to better align with existing lot size and density patterns.
 - If there are concerns about the compatibility of small lot houses, consider applying additional standards, such as Floor Area Ratio (FAR) limits or special design standards.
 - Under HB 2001, duplexes would also need to be subject to the same minimum lot size requirements.

**Public and
Advisory
Committee
Comments**

80% of survey respondents were supportive of this action, 10% were neutral and 10% were opposed.

**City Staff
Comments**

Recommendation: Supported by Staff as a potential strategy.

Comments: A minimum lot width of 30' would be consistent with how lots were platted in the early 1900s, and consistent with some existing lots within the City. Because of increased setback requirements for corner lots, a 40' wide minimum would not be unreasonable and may retain sufficient building area to accommodate a small home.

Action 1.2 Allow townhouses in the R-2, R-3, and R-P zone

- Proposal**
- Define “Townhouse” in the Land Development Code and designate as a permitted use in the R-2, R-P, and R-3 zone.¹
 - Allow up to a 3-unit townhouse project in the R-2 zone with a minimum lot size of 1,500-2,500 sf per unit. Increase max density in these zones to align with minimum lot size for townhouses.
 - Allow townhouse projects (on individual lots) in the R-3 zone and a lot size of 1,500-2,500 sf per unit.
 - Amend Duplex Division (Article 4.4) provisions to align with proposed minimum lot sizes and lot widths in each zone.

- Background**
- The HNA found that the City will need to produce more townhouses than has been constructed historically in order to meet evolving housing needs. Townhouses and “plexes” (small apartment buildings) should account for 20% of new housing units to meet projected needs, but they only account for 15% of the existing housing stock.
 - The term “townhouse” is currently not defined in the LDC. A townhouse unit could be developed under the Duplex Division provisions (Article 4.4). However, these provisions limit the structure to two units and require a minimum lot size of 3,000 square feet per unit. This lot size may be appropriate for “end units” in a townhouse project, which typically have side yard setbacks, but it is far too large for “interior” units, which are attached on both sides to other townhouse units.
 - Two-unit townhouse projects are less feasible to develop than 3-4 unit townhouse projects due to higher land costs per unit.

¹ For reference, this is the definition used in DLCD’s Model Code for Middle Housing: “Townhouse” means a dwelling unit that is part of a row of two or more attached dwelling units, where each unit is located on an individual lot or parcel and shares at least one common wall with an adjacent dwelling unit.

Benefits	<ul style="list-style-type: none"> • Improve the feasibility of developing townhouse units by reducing land costs per unit and opening up development on more sites. • Townhouses may be more feasible as ownership housing options at workforce income levels (80-120% of AMI), yet they can also appeal to more affluent buyers.
Drawbacks	Townhouses may be perceived as incompatible with established patterns of lot size and house scale in some neighborhoods.
Implementation Considerations	If there are concerns about the compatibility of townhouses, consider applying additional standards, such as Floor Area Ratio (FAR) limits or special design standards.
Public and Advisory Committee Comments	90% of survey respondents were supportive of this action, and 10% were neutral.
City Staff Comments	<u>Recommendation:</u> Supported by Staff as a potential strategy.

Action 1.3 Reduce barriers to triplexes and quadplexes

Proposal	Allow a triplex on a minimum lot size of 4,500 square feet in the R-2, R-3 and R-P zones/quadplex on a minimum lot size of 6,000 square feet in the R-P and R-3 zones.
Background	<ul style="list-style-type: none"> • The HNA found that the City will need to produce more “plexes” or small apartment buildings than has been constructed historically in order to meet evolving housing needs. Townhouses and “plexes” should account for 20% of new housing units to meet projected needs, but they only account for 15% of the existing housing stock. • Triplexes and quadplexes can be compatible in scale and design with single-family houses. However, the LDC currently requires a minimum lot size of 7,000 square feet for a triplex and 8,000 square feet for a quadplex. • According to the Buildable Land Inventory (BLI), this minimum lot size requirement precludes a triplex or fourplex from being developed on 38% of vacant or partially vacant lots in these zones and 43% of developed lots.
Benefits	<ul style="list-style-type: none"> • Allowing a triplex on a minimum lot size of 4,500 square feet, or quadplex on a minimum lot size of 6,000 square feet would enable these housing types to be developed on an additional 52 vacant lots in the City. It would also enable a triplex or fourplex on 1,007 developed lots, some

of which may be suitable for redevelopment or conversion of a single-family house to triplex or quadplex.

- Triplexes/fourplexes may be more feasible to develop than single-family houses or duplexes due to lower land costs per unit.

Drawbacks Triplexes/quadplexes may be perceived as incompatible with established patterns of lot size and house scale in some neighborhoods.

Implementation Considerations

- If there are concerns about the compatibility of triplexes/quadplexes, consider applying additional standards, such as Floor Area Ratio (FAR) limits or special design standards.

Public and Advisory Committee Comments 90% of survey respondents were supportive of this action, and 10% were neutral.

City Staff Comments Recommendation: Supported by Staff as a potential strategy.

Action 1.4 Reduce barriers to apartment buildings in the R-3 zone

Proposal In concert with minimum lot size reductions for triplexes and quadplexes in the R-3 zone (Action 1.3), reduce the minimum lot size for larger multi-family developments to 6,000 square feet for the first 4 units and 1,000 square per each additional unit.

Background

- Currently, an apartment building in the R-3 zone would require a minimum lot size of 5,000 square feet for the first unit, and 1,000 square feet for each additional units. For example, an 8-unit apartment building would require 12,000 square feet.
- Only 13% of all lots, and 55% of vacant lots, in the R-3 zone are over 12,000 square feet. This limits the locations where a new apartment building can be sited.
- If the minimum lot size were reduced as proposed, an 8-unit apartment building would require a 10,000 square foot lot. This would allow for this building on 19 additional lots than the current standard and the project would now be allowed on approximately 70% of all vacant lots.

Benefits

- Enable development of apartment buildings on more sites.
- Reduce land costs per unit and increase opportunity for lower cost housing options.

Drawbacks	Larger apartment buildings on smaller sites may be perceived as incompatible with established patterns of lot size and house scale in some neighborhoods.
Implementation Considerations	If there are concerns about the compatibility of apartments in the R-3 zone, consider applying additional standards, such as Floor Area Ratio (FAR) limits or special design standards.
Public and Advisory Committee Comments	No comments were received regarding this strategy.
City Staff Comments	<u>Recommendation</u> : Supported by Staff as a potential strategy.

Action 1.5 Reduce barriers to cottage housing developments

- | | |
|-------------------|--|
| Proposal | <ul style="list-style-type: none"> • Allow cottage housing² in the R1 and RP zone, in addition to current allowance in the R2 and R3 zone. • For cottage housing developments outside an existing platted subdivision, remove minimum development area requirement of 15,000 square feet and reduce the minimum number of cottages from 6 to 4. • For infill cottage housing, only require Conditional Use approval for larger cottage housing developments, such as more than 6-10 units. |
| Background | <ul style="list-style-type: none"> • Cottage housing is an important alternative form of housing which can meet the need for affordable ownership housing for smaller households, especially young families and seniors. • Cottage housing developments can also be attractive to small households with higher incomes. • The LDC provisions to allow cottage housing developments are generally supportive of this housing type, but there are some barriers which may discourage some developers from using these provisions. |
| Benefits | <ul style="list-style-type: none"> • By allowing cottage housing developments in more zones and removing the minimum development area requirement, this housing form would be possible on more sites across the city. • By increasing the threshold for a Conditional Use permit, this would allow smaller cottage housing developments within existing |

² A cottage housing development is an alternative type of detached housing comprised of small residences that are one thousand (1,000) square feet or less and suited to accommodate a typical household of one or two individuals.

neighborhoods to avoid the uncertainty and additional time and expense required to receive Conditional Use approval.

Drawbacks	Cottage housing developments would be allowed on more sites and could be perceived as incompatible with established patterns in certain areas.
Implementation Considerations	The City should review all other cottage housing design and development standards to ensure they do not conflict with the proposed changes and to identify if there are additional barriers to cottage housing developments which may be lessened.
Public and Advisory Committee Comments	Developer feedback provided through the Advisory Committee was supportive.
City Staff Comments	<u>Recommendation</u> : Supported by Staff as a potential strategy.

Action 1.6 Reduce barriers to accessory dwelling units

Proposal	<ul style="list-style-type: none">• Replace the requirement that the front setback of the ADU be 10 feet greater than the front setback of the primary dwelling with a requirement that the ADU not be placed in front of primary dwelling.• Consider replacing discretionary standard that the building is “architecturally compatible with the primary single-family dwelling” with a set of clear and objective design or compatibility standards.
Background	<ul style="list-style-type: none">• ADUs are an important way for the City to create additional housing units on existing developed lots in a manner that has little impact on the function of a neighborhood.• ADUs can provide options for multi-generational living or generate rental income for homeowners to offset their housing costs.• The City’s existing ADU provisions are largely supportive of this housing types, but there are some barriers which may discourage some homeowners from building an ADU.
Benefits	<ul style="list-style-type: none">• The proposed changes to setbacks provide more options for homeowners for where an ADU can be sited on their lot.• The proposed changes to design standards reduce uncertainty about what it means for an ADU to be “architecturally compatible” with the primary dwelling.

Drawbacks	Changes to setbacks or design standards could permit ADUs that are perceived as incompatible with established neighborhood patterns.
Implementation Considerations	If there are concerns about the compatibility or impacts on adjacent properties, consider strategies to address those concerns without creating unnecessary barriers to ADU development.
Public and Advisory Committee Comments	The Public and Advisory Committee did not provide input on this specific action, but they were generally supportive of other zoning changes intended to remove barriers to development of a wider variety of housing types.
City Staff Comments	<u>Recommendation</u> : Supported by Staff as a potential strategy.

Action 1.7 Reduce barriers to conversions or additions to existing buildings that create new housing

Proposal	<ul style="list-style-type: none"> Review the City’s non-conforming uses and other provisions to identify potential barriers to conversions or additions to create new housing. If unnecessary barriers are identified, amend code to remove or lessen barriers.
Background	<ul style="list-style-type: none"> Converting an existing building to create new housing units, such as converting a single-family house to a multi-unit building or converting a commercial space into residential units, is a cost-effective way to create new housing. Conversions or additions often encounter zoning code challenges because the building or site has unique challenges that would not apply to new development or an existing building or site is not in compliance with the code.
Benefits	<ul style="list-style-type: none"> Remove barriers to cost-effective method of creating new housing. Encourage the preservation and conservation of existing structures rather than demolition and redevelopment.
Drawbacks	The code changes may allow for conversions or additions which are perceived as incompatible with existing neighborhood patterns.
Implementation Considerations	Conduct a thorough review of the LDC to ensure to identify all potential barriers to conversions or additions.
Public and Advisory	There were no specific comments on this action.

**Committee
Comments**

**City Staff
Comments**

Recommendation: Supported by Staff as a potential strategy.

Strategy 2 Modify tax and fee policies to reduce the cost to develop and operate housing

Action 2.1 Provide a temporary property tax abatement for multifamily housing and townhouses

- Proposal**
- Offer a property tax abatement by adopting a Multiple Unit Property Tax Exemption (MUPTE).
 - Structure the MUPTE program to encourage development of specific needed housing types in specific locations, such as affordable housing and accessible housing.
 - Periodically review the program to evaluate how effectively it is meeting goals to create needed housing.

- Background**
- MUPTE is a state-enabled program that allows cities to incent production of multifamily housing with specific locations and/or specific features.
 - Allows developments with multi-unit structures to receive a property tax exemption for up to ten (10) years on the improvement value of the property. The property owner continues to pay taxes on the land value and any commercial portion of the property.
 - The City can generally shape the program as it sees fit: geography where it applies, application process, program requirements and criteria (such as percentage affordable units). The City must only require that the project provides public benefits.
 - Example from Eugene, OR: The 50-unit Tate Condominium project used the MUPTE 9 years ago. When it comes onto tax rolls in 2016, it will generate approximately \$262,000 in tax revenue. Without the new structure, the property would generate about \$3,300 in tax revenue.
 - Enabling statute: ORS 307.600 to 307.637

- Benefits**
- There are many benefits to this program. It is flexible, it allows cities to control which developments are eligible and to cap the total amount of tax abatement annually.
 - It can significantly improve development feasibility for multifamily housing, townhouses, and affordable housing. It can be designed to incent housing that would not otherwise be built, so it can have a net positive impact on tax base over time.

- Drawbacks**
- The program could result in a short-term loss of property tax revenue over the up to 10-year period. However, the intent of the program is to enable developments that would otherwise not occur.

- The program must be approved by at least some overlapping tax districts.
- It is a discretionary approval, which can be complex and time-consuming for applicants.

Implementation Considerations Carefully consider program eligibility to target the tax abatement for high priority housing needs.

Public and Advisory Committee Comments 80% of survey respondents were supportive of providing property tax abatements for new multi-family developments that include units affordable to people with lower incomes, and 20% were neutral.

City Staff Comments Recommendation: Supported by Staff as a potential strategy.

Action 2.2 Scale development fees to reflect impact on public services

Proposal Scale Consider scaling development fees so they are proportionate to the impact of a housing unit on public services

Background

- Currently, the City’s water connection and sewer connection fees are based on the lot size and frontage of the lot, not on the size of the home. This formula may undercharge large homes that have a greater impact on public services and overcharge small 1 or 2 bedroom homes that have a lesser impact.
- The City could establish a “Single Family Equivalent” standard that allows for smaller units, such as compact houses, cottage cluster units, and ADUs to pay a lower fee than larger homes. The City could also scale the connection fees by the square footage of the unit or the number of bedrooms.
- For instance, a smaller house may have a Single Family Equivalent of 75 percent while a large home may have a Single Family Equivalent of 125 percent.
- Similarly, the City’s System Development Charge (SDC) for Parks is not scaled by the size of the unit. The City could amend the SDC to be based on the size of the unit, such as number of bedrooms.

Benefits

- More equitable method of charging development fees.
- Reduced fee costs for development smaller units, which are usually more affordable than larger units

Drawbacks	May result in lower overall fee revenue; however, this can be mitigated by increasing the base fee rate while applying a “Single Family Equivalent” scale to reduce the relative fee cost for smaller units.
Implementation Considerations	Coordinate this action with Action 3.5 to ensure that fee rates and revenue projections account for any additional waivers or reductions for needed housing types.
Public and Advisory Committee Comments	There were no specific comments on this action.
City Staff Comments	Recommendation: Supported by Staff as a potential strategy.

Action 2.3 Waive or reduce development fees for needed housing types

Proposal	Offer a waiver or reduction in SDCs and permitting fees in order to incentivize development of high priority needed housing types.
Background	<ul style="list-style-type: none"> • In addition to scaling fees to be proportionate to their impact, the City can further incentivize development of needed housing types by offering outright reductions or exemptions from certain fees. • This strategy may apply to water and sewer connection fees, the Parks SDC, building permit fees, or all development fees. • The incentive should be targeted to high priority needed housing types. This may include affordable housing units, accessible housing units, market rate rental units, or more affordable forms of market rate ownership units such as small lot single-family houses, townhomes, or cottages.
Benefits	<ul style="list-style-type: none"> • A fee waiver or reduction can “tip the scales” to make a project economically viable that would otherwise not be developed. • It may also encourage a developer to shift the type of housing they produce in order to take advantage of the waiver/reductions.
Drawbacks	<ul style="list-style-type: none"> • The City’s current SDCs and permitting fees are relatively low, so it is unclear if offering a waiver or reduction will affect developer decisions. • Reduction in fee revenue may need to be offset from other funding sources.
Implementation Considerations	Given that the City’s fees are relatively low, consider offering the waiver/reduction to housing types which are more difficult to construct and

may have thinner profit margins or financing challenges, such as affordable housing.

**Public and
Advisory
Committee
Comments**

80% of survey respondents were supportive of this action, and 10% were neutral.

**City Staff
Comments**

Recommendation: Supported by Staff as a potential strategy.

Strategy 3 Organize public projects and resources to catalyze housing development

Action 3.1 Coordinate infrastructure planning and construction to support housing development

Proposal

- Adopt a Comprehensive Plan or other city policy that states the City will coordinate infrastructure planning and construction to support development of high priority housing needs.

Background

- The City can have a significant influence on whether it is feasible or attractive to build housing in a certain location based on where public infrastructure projects (water or sewer lines, street improvements, parks, etc.) are located, how they are designed, and the timing of their construction.
- Whenever planning for improvements, the City should consider how the improvements will affect housing development opportunities in the area and, where feasible, modify project designs to better improve conditions for housing development.
- This step should be incorporated into citywide, long-term master planning efforts (such as a wastewater master plan or a transportation system plan) and Capital Improvement Program (CIP) planning for short-term improvements. Further, the City may incorporate this step into the development review process

Benefits

- New funding will likely be required in many cases. The City can consider modifying planned and funded infrastructure investments to catalyze housing projects.
- Infrastructure investments can reduce costs of housing development and enable development on sites that would otherwise not be viable.

Drawbacks	Projects needed to support new housing must compete with other needs and priorities given limited funding for public infrastructure projects.
Implementation Considerations	If a high priority housing project is proposed, the City may consider either (1) accelerating implementation of previously planned improvements that would benefit the project or (2) funding off-site improvements (such as street intersection improvements) triggered by the development that would otherwise be borne by the private developer. The City may choose to limit this option to new affordable or workforce housing projects.
Public and Advisory Committee Comments	The public and Advisory Committee were generally supportive of prioritizing infrastructure investments that would support new housing development.
City Staff Comments	<u>Recommendation</u> : Supported by Staff as a potential strategy.

Action 3.2 Target Urban Renewal District investments to better support renovation and creation of new housing units

- | | |
|-------------------|---|
| Proposal | <ul style="list-style-type: none"> • Amend the existing Call for Projects (CFP) policies for the Revitalization Incentive Program to allow for improvements to upper story housing without improvements to associated commercial spaces. • Subsequent to amending the CFP policies, review the list of public infrastructure projects and evaluate if any projects will have a significant impact on the feasibility of housing development in the URA. If so, consider prioritizing those projects for earlier implementation. • Subsequent to amending the CFP policies, identify if there are any infrastructure improvements needed to improve feasibility of housing development that are not on the project list and consider adding them to the list. |
| Background | <ul style="list-style-type: none"> • One of the primary goals of the City’s URA is to “promote the development of a range of housing within the Area, especially rental units and housing units as part of mixed-use development in the Central Business Zone (CBZ)”. • The URA plan identifies zoning updates, public facilities and infrastructure investments, and direct assistance to property owners as actions to support housing development. • The URA has already made significant investments in housing by supporting projects to renovate upper floor housing, but the program requires improvements to commercial space as well as housing. |

Benefits	The URA is one of the City’s only funding sources for directly investing in a public-private partnership to renovate or create new housing units. This change could encourage more property owners to submit grant applications for housing-related projects.
Drawbacks	Projects must be implemented within the boundaries of the URA district, which may or may not include areas suitable for new housing.
Implementation Considerations	Consider whether other City policies related to the URA district would support extending the length of the URA, modifying the boundaries, or other actions that could make it more useful for housing investments.
Public and Advisory Committee Comments	Public comments were strongly supportive of prioritizing public infrastructure construction projects (sewer or water lines, street improvements) that may support new needed housing. 90% of survey respondents were supportive of that action, and 10% were opposed.
City Staff Comments	<u>Recommendation</u> : Supported by Staff as a potential strategy.

Action 3.3 Provide technical assistance to small developers

Proposal	Provide technical assistance to small developers to assist with housing development
Background	<ul style="list-style-type: none"> • Providing information to small, local developers that will help them understand land use permitting processes and give them a sense of clarity and certainty about requirements so they can better provide smaller scale housing at an affordable level. • The City could produce clear, easy to use information that would be distributed on the City website or at City hall. The City may also offer workshops, webinars, or training sessions to help small builders become familiar with the permitting process and make them aware of City resources.
Benefits	<ul style="list-style-type: none"> • Build awareness of zoning and financial incentives among local builders. • Reduce uncertainty about City regulations and permitting processes to remove barriers to development of certain housing types. • An active pool of local, small developers also supports local economic development and jobs.
Drawbacks	Staff capacity and funding may be needed to produce new informational materials and trainings.

**Implementation
Considerations**

- Some of this work may be a good fit for a intern or student project, particularly those interested in communications or marketing.
- Several web-based software tools have been developed in recent years that are intended to simplify zoning and permitting information for the public.

**Public and
Advisory
Committee
Comments**

The public and Advisory Committee were generally supportive of this action.

**City Staff
Comments**

Recommendation: Supported by Staff as a potential strategy.

Action 3.4 Support opportunities to engage in public-private partnerships

Proposal Adopt a policy that the City will welcome opportunities to engage in public-private partnerships with developers on key sites to support high priority housing needs.

Background

- If the City has administrative capacity and resources to offer to a private developer, it may consider taking a more active role in the development of certain sites through a Public-Private Partnership (PPP).
- A PPP may also be an option if the City has financial resources to offer incentives, such as a “gap financing” loan or grant, and is interested in ensuring the development produces certain outcomes, such as affordable housing units or community amenities.

Benefits The City can exercise some control over a development project to ensure it meets high priority housing needs or achieves other policy goals.

Drawbacks The City must be able to offer significant asset or financial incentive in order for a private developer to engage in a partnership.

Implementation Considerations The other actions underneath this strategy may be more viable in the short-term because they require less funding, but any of those actions could also be part of a larger PPP if the City has additional incentives or assets to offer.

Public and Advisory Committee Comments Members of the Advisory Committee were generally supportive of this action. No specific comments from the public.

City Staff Comments Recommendation: Supported by Staff as a potential strategy.

Strategy 4 Support local partners in their efforts to acquire land and assets to meet housing needs

Action 4.1 Support the establishment of a local non-profit land bank or land trust

Proposal Support the work of local and regional housing organizations by helping to convene or otherwise support organizations, charities, foundations, or other stakeholders that may be interested in founding a local non-profit land bank.

Background

- One of the most common barriers to building more affordable housing is acquiring land. Non-profit developers and housing authorities often struggle to compete with the resources of private developers in an open market bid for land.
- Land banks support affordable housing development by reducing or eliminating land cost from development. They can take several forms. Most are administered by a non-profit or nongovernmental entity with a mission of managing a portfolio of properties to support affordable housing development over many years.
- The City can play a support role by helping to convene local housing organizations, charities, foundations, or other stakeholders that may be interested in founding a local non-profit land bank.
- One way the City could support the land bank/land trust is to assist with creating an inventory of suitable sites for housing development. The City could utilize the data collected for the Buildable Land Inventory (BLI), then conduct additional analysis to identify properties most suitable for development in the short-term, based on infrastructure conditions, location, and other factors. A separate inventory may also be created for older, distressed properties that may be targeted for acquisition by a non-profit affordable housing operator.

Benefits

- Establish a bank of land that is reserved for high priority housing needs.
- Reduce a key barrier to workforce or affordable housing development.

Drawbacks A funding source must be identified and staff time may be needed to convene stakeholders and establish the program.

Implementation Considerations

- [Proud Ground](#), a community land trust that operates in the Portland metro region and on the coast, is looking to expand statewide and could be a partner in this work. Proud Ground's mission is to provide permanently affordable homeownership opportunities.

- Lincoln Community Land Trust (consolidated with Proud Ground) is a successful rural area land trust model currently operating in Lincoln County on the Central Oregon Coast.
- The [Network of Oregon Affordable Housing](#) (NOAH) provides loans to developers to acquire land and existing rental buildings. NOAH could also be a partner in this work.

Public and Advisory Committee Comments

Members of the Advisory Committee were supportive of this action and noted that there are likely several organizations in the area that would be interested in working together to establish a land bank/land trust. 70% of survey respondents were supportive of this action, and 30% were opposed.

City Staff Comments

Recommendation: Supported by Staff as a potential strategy.

Action 4.2 Prioritize the use of surplus public land for housing needs

Proposal

- Adopt a land disposition policy that states the City will prioritize selling or dedicating any surplus publicly-owned land to meet housing needs.

Background

- The City may own or may come into ownership of land which it does not need for other public facilities or uses. The land may have been acquired for a facility that is no longer needed. The County may also acquire land that has been foreclosed upon for tax delinquency.
- In these cases, cities usually sell the land to a private party. Alternatively, the City could adopt a policy that specifically prioritizes this surplus land to be used to meet high priority housing needs. The policy may state that the City will offer the right of first refusal to a land bank, land trust, or non-profit affordable housing developer.
- The City of [Port Townsend, WA](#) is an example of a land disposition policy adopted by the City.

Benefits

No new funding source needed. This action would be triggered only when the City comes into ownership of surplus land.

Drawbacks

A funding source must be identified and staff time will be needed to convene stakeholders and establish the program.

Implementation Considerations

- The land could also be offered as a long-term lease at very minimal cost to developers for land the City is not yet ready to surplus.
- The policy could be adopted jointly in partnership with the County, school district, or other public agencies, in order to broaden its impact to include other surplus lands.

Public and Advisory Committee Comments 90% of survey respondents were supportive of this action, and 10% were neutral.

City Staff Comments Recommendation: Supported by Staff as a potential strategy.

Action 4.3 Engage with faith-based organizations to identify opportunities to use surplus land for housing needs

Proposal Consider engaging with leadership of local faith-based organizations that may have surplus land that could be sold or donated to be developed for high priority housing needs.

- Background**
- Many faith-based organizations in La Grande own land that may be in excess of their long term needs. At least six faith-based organizations throughout La Grande own over 18 acres of land in medium and high density residential zones.
 - The City could engage with faith-based organizations to understand long-term plans for their sites and develop partnerships to explore housing opportunities.

Benefits Faith-based organizations often perceive affordable housing development to be consistent with their mission and are interested in partnerships to support housing.

Drawbacks Staff time and funding may be necessary to engage with these organizations and offer technical assistance.

Implementation Considerations The City could offer support to understand zoning or infrastructure issues and facilitate connections with local developers that may be interested in building on their site.

Public and Advisory Committee Comments There were no specific comments on this action.

City Staff Comments Recommendation: Supported by Staff, but not as a proactive effort.

Section 2: Analysis of Impacts

This section of the Draft Housing Production Strategy provides an analysis of the impacts of each of the actions identified in Section 1. The intent is to evaluate how each action may contribute to meeting the City’s housing needs, and to identify the extent to which the various actions work together as a whole to meet housing needs.

Housing Need Targets

The analysis considers the impact of each action on targeted housing needs in three areas:

- **Affordability Targets:** This section evaluates the degree to which an action will help to produce housing affordable to various income levels. The evaluation is based on the housing types that are most likely to be produced as a result of the action and the extent to which the City can target the action to meet housing for certain income levels.
- **Tenure Targets:** This section evaluates the degree to which an action will help to produce housing that is either for-sale or for-rent.
- **Equity Targets:** This section evaluates the degree to which an action will help to produce housing that can meet the needs of specific populations that may be disproportionately impacted by housing issues. For more information on how these populations were identified, see the “Contextualized Housing Need” memo.

It is important to note that the City can make a decision to implement many of the actions in a manner that achieves a specific affordability, tenure, or equity target. At this draft stage of the strategy, this evaluation is intended to identify which actions are more or less likely to impact certain housing needs and/or which actions are most easily targeted to certain needs.

Impact Levels

The analysis rates the level of impact of each action on a housing need as follows:

- **Low or no impact:** This indicates that the action is very unlikely to help meet the relevant housing need either because the action would not lead to production of a housing type that would benefit that need or population or because there are limitations in how that housing type can be targeted to specifically meet that need.
- **Moderate or potential impact:** This indicates that the action either (1) may have a moderate impact on meeting the relevant housing need or (2) the implementation of the action could potentially be designed to target that need.
- **High impact:** This indicates that the action may directly benefit a certain housing need and is likely to be most effective at meeting that need relative to other needs.

Based on the level of impact of each action compared to the relative complexity of implementing the action, a preliminary prioritization rating is identified on a “High”, “Medium”, and “Low” scale.

STRATEGIES AND ACTIONS		PRIORITY RANKING	AFFORDABILITY TARGET				TENURE TARGETS		EQUITY TARGETS				
			Publicly-Subsidized (< 30% AMI)	Affordable (30-80% AMI)	Workforce (80-120% AMI)	Market Rate (> 120% AMI)	For Rent	For Sale	People of Color	People Experiencing Homelessness	People with Disabilities	Seniors	Students
Strategy 1: Reform zoning and land use regulations to respond to housing needs													
1.1	Allow small lot single-family houses	Medium	○	○	◐	●	◐	●	◐	○	◐	◐	○
1.2	Allow townhouses in the R-2, R-3, and R-P zone	High	○	○	◐	●	◐	●	◐	○	◐	◐	◐
1.3	Reduce barriers to triplexes and quadplexes	High	○	◐	●	●	●	○	◐	○	◐	◐	◐
1.4	Reduce barriers to apartment buildings in the R-3 zone	High	◐	◐	●	●	●	○	◐	◐	◐	●	●
1.5	Reduce the cost of complying with off-street parking standards	Low	◐	◐	◐	◐	◐	◐	◐	◐	◐	◐	◐
1.5	Reduce barriers to cottage housing developments	Medium	○	○	●	●	◐	●	◐	○	◐	●	○
1.6	Reduce barriers to accessory dwelling units	Low	○	○	◐	◐	◐	◐	◐	○	◐	●	○
1.7	Reduce barriers to conversions or additions to existing buildings that create new housing	Low	○	○	◐	◐	◐	◐	◐	◐	◐	◐	◐
Strategy 2: Modify tax and fee policies to reduce the cost to develop and operate housing													
2.1	Provide a temporary property tax abatement for new multi-family housing and townhouses	Medium	◐	◐	◐	◐	●	◐	◐	◐	◐	●	●
2.3	Scale development fees to reflect impact on public services	Medium	○	○	◐	◐	◐	◐	◐	◐	◐	◐	◐
2.4	Waive or reduce development fees for needed housing types	Medium	◐	◐	◐	○	◐	◐	◐	◐	◐	◐	◐
Strategy 43: Organize public projects and resources to catalyze housing development													
3.1	Coordinate infrastructure planning and construction to support housing development	Medium	◐	◐	◐	◐	◐	◐	◐	◐	◐	◐	◐
3.2	Target Urban Renewal District investments to better support renovation and creation of new housing units	Medium	○	○	◐	●	●	○	◐	○	◐	◐	◐

STRATEGIES AND ACTIONS		PRIORITY RANKING	AFFORDABILITY TARGET				TENURE TARGETS		EQUITY TARGETS				
			Publicly-Subsidized (< 30% AMI)	Affordable (30-80% AMI)	Workforce (80-120% AMI)	Market Rate (> 120% AMI)	For Rent	For Sale	People of Color	People Experiencing Homelessness	People with Disabilities	Seniors	Students
3.3	Provide technical assistance to small developers	Medium	○	○	◐	◐	◐	◐	◐	○	◐	◐	◐
3.4	Support opportunities to engage in public-private partnerships	Low	◐	◐	◐	◐	◐	◐	◐	◐	◐	◐	◐
Strategy 4: Support local partners in their efforts to acquire land and assets to meet housing needs													
4.1	Support the establishment of a non-profit land bank or land trust	High	●	●	●	○	●	◐	◐	●	◐	◐	◐
4.2	Prioritize the use of surplus public land for housing needs	Low	◐	◐	◐	◐	◐	◐	◐	◐	◐	◐	◐
4.3	Engage with faith-based organizations to identify opportunities to use surplus land for housing needs	Low	◐	◐	◐	○	◐	◐	◐	◐	◐	◐	◐

Section 3: Future Potential Actions

The actions in Section 3 were considered by the project team and stakeholders but were not selected for inclusion in the HPS . The actions will be reserved in this memorandum for reference and may be considered for action by the City within the timeframe of the HPS if conditions change or new opportunities arise.

Action A-1 Provide additional pathways for high density housing development in the GC zone

- Proposal**
- Conduct a commercial land needs analysis to determine future needs for commercial lands and to identify commercially zoned areas with barriers to commercial development. If the analysis shows there is a surplus of commercial land, move forward with steps below to provide new pathways for residential development in these zones.
 - Identify areas within the General Commercial (GC) zone where it may be appropriate to allow residential development outright without an associated commercial use, such as those properties lacking frontage along main streets and arterials.
 - Where commercial ground floor spaces are required, consider replacing the existing standard that limits the amount of ground floor residential space with a standard that requires a minimum amount of ground floor commercial space fronting the street. This change would allow for more residential space on the ground floor while preserving space along the street frontage for commercial uses.
 - Consider rezoning some areas of the GC zone to high density residential (R-3) that may not be viable or very difficult to build, lease or redevelop for commercial uses.

- Background**
- The LDC currently requires that any residential use must be part of a development that also includes commercial uses. The residential uses cannot account for more than 25% of the ground floor space, unless otherwise approved by conditional use.
 - The intent of this requirement is to preserve ground floor space for commercial storefronts while allowing residential units above the ground floor space. This form of mixed use development is complex to finance and construct and is unlikely to occur widely in a smaller market such as La Grande.
 - Additionally, in some areas of the GC zone, particularly off main streets, commercial uses may not be viable or very difficult to build and lease.

- Benefits**
- Repurpose vacant or underutilized commercial properties that are unlikely to develop with commercial uses.
 - Locate higher density residential uses in close proximity to existing businesses, which may increase their customer base.

Drawbacks If the City allows residential uses too broadly in the GC zone, then it is possible that residential uses will consume land that is needed to meet the City's long term need for commercial land.

Implementation Considerations Ideally, this change would be completed in concert with a commercial land needs analysis which showed that there is a surplus of commercial land in La Grande. This analysis is typically conducted as part of an Economic Opportunities Analysis (EOA), however, but it can be implemented independently.

Public and Advisory Committee Comments Advisory Committee comments were neutral for this action.

Action A-2 Provide code incentives for affordable or accessible housing

Proposal	When adopting any code change that increases density, reduces parking requirements, or provides other relief from certain standards, consider providing an additional benefit for projects that include deed-restricted affordable housing units or accessible housing units.
Background	<ul style="list-style-type: none">• Many of the regulatory changes noted above can be structured so that all developments may take advantage of the code change, while providing an additional benefit to projects that provided needed housing types.• The incentives could include a density bonus, height bonus, parking reduction, or a flexible code provision which allows the developer to propose a specific regulatory concession.• The incentives that are likely to be most effective at reducing costs of development for affordable housing and making it more feasible to build are density bonuses and parking reductions for multi-family development, such as reducing the parking requirement from 1.5 spaces per unit to 1 space per unit.
Benefits	Encourage for-profit developers to build needed housing that may otherwise not be feasible to develop.
Drawbacks	If the incentive is not set at the right level to be attractive to use, it may not be effective.
Implementation Considerations	<ul style="list-style-type: none">• The incentive should be calibrated effectively to be attractive to both a non-profit or for-profit developer. The benefit of using the incentive should outweigh the costs.• Incentives for affordable housing units should define the level of affordability required as a percentage of Area Median Income (AMI) and how the affordability requirement will be enforced over time.• Incentives for accessible housing units could require the unit to meet certain standards, such as Universal Design or Lifelong Housing Certification.
Public and Advisory Committee Comments	90% of survey respondents were supportive of providing code incentives to encourage new developments to include affordable housing, and 10% were opposed. 100% of survey respondents were supportive of providing code incentives to encourage new developments to include accessible housing.
City Staff Comments	<u>Recommendation</u> : Not supported by Staff for Section 1. But, may support to retain in the new Section 3. This action may require additional staff resources to track deed restrictions and/or enforce this proposed incentive/benefit.

Action A-3 Reduce the cost of complying with off-street parking standards

Proposal	<ul style="list-style-type: none">• Reduce minimum off-street parking standards to 1 space per unit for triplexes, quadplexes, townhouses and multi-family dwellings.• Do not require covered parking for triplexes, quadplexes, townhouses and multi-family dwellings.
Background	<ul style="list-style-type: none">• Due to recent changes as a result on HB 2001, the LDC currently requires 1 space per unit for a duplex, 1.5 spaces per unit for multi-family dwellings, and 2 spaces per unit for single-family dwellings.

	<ul style="list-style-type: none"> • This standard requires more parking per unit for a triplex, quadplex, or other multi-family dwelling than a duplex. However, demand for parking is likely to be similar for these housing types or may even be lower than multi-family dwellings as they are likely to have smaller units than a duplex. • Requiring more parking than the market demands can place a significant cost on development. Every parking space consumes approximately 400 square feet of site area that could otherwise be used for housing. Parking spaces cost \$5,000 to \$20,000 per space to construct depending on their design. • The LDC also requires one space per unit to be covered (as in a carport or garage). This requirement adds to the cost of providing parking.
Benefits	<ul style="list-style-type: none"> • Enable development of triplexes, quadplexes, townhouses, and other small apartment buildings on smaller sites where development may otherwise not be feasible under existing parking standards. • Reduce the cost of housing development.
Drawbacks	Reduced off-street parking could result in greater use of on-street parking, which may differ from existing conditions in a neighborhood and in some places could impact the function of the street.
Implementation Considerations	<ul style="list-style-type: none"> • Alternatively, the City could set parking standards based on the size of the unit or number of bedrooms rather than housing type. This can be a more equitable approach as it is more likely to correlate with parking demand. • Recommended standards are 1 space per unit for a studio/1 bedroom, 1.25 spaces per unit for a 2 bedroom, and 1.5 spaces per unit for a 3 bedroom. To comply with HB 2001, an exception must be granted for duplexes to require only 1 space per unit.
Public and Advisory Committee Comments	Public comments were split in support of this action. Developer feedback provided through the Advisory Committee was generally supportive. Others on the Advisory Committee were less supportive and expressed concern about impacts to on-street parking. 50% of survey respondents were supportive of this action, 10% were neutral and 40% were opposed.
City Staff Comments	Recommendation: Supported by Staff as a potential strategy.

Action A-4 Create additional staff capacity to implement housing-related actions and programs

Proposal	Create additional staff capacity to implement housing-related actions and programs
Background	<ul style="list-style-type: none"> • Implementing many of the policies, programs, and partnerships outlined herein will require administrative resources. • The City should evaluate the administrative load associated with selected strategies and assess whether existing staff have capacity to manage the work over the targeted timelines for implementation.
Benefits	Sufficient staff capacity is critical to unlocking the ability for the City to implement housing strategies effectively and efficiently.
Drawbacks	This may require allocating funding from other priorities or creating a new funding source.
Implementation Considerations	The funding sources noted in Strategy 2 could be potentially used to fund additional staff capacity.

Public and Advisory Committee Comments There were no specific comments on this action.

City Staff Comments Recommendation: Not supported for inclusion in the HPS because there is not a clear funding source that could be used to support additional staff capacity.

Action A-5 Establish a new urban renewal district

Proposal Consider establishing a new urban renewal district

Background

- The City’s existing urban renewal district focuses on economic development. This district will eventually be closed when it has reached its maximum indebtedness.
- The City could establish a second urban renewal district with a central goal of promoting housing development in a targeted area.

Benefits A new URA could be organized from the outset to focus on promoting housing development.

Drawbacks

- The size of the URA may be limited by state law if it is put in place prior to the closure of the existing URA.
- The URA must be approved by other taxing jurisdictions.

Implementation Considerations The district may or may not overlap with the boundaries of the existing urban renewal district. If it is proposed to be established prior to the close of the existing district, then the size of the district will be limited by state laws that require no more than 25% of the area within City limits to be in a urban renewal district. The current district accounts for approximately 19% of the city.

Public and Advisory Committee Comments There were no specific comments on this action.

City Staff Comments Recommendation: Not supported for inclusion in the HPS because this action requires a significant effort and partnership with other taxing districts that the City cannot commit to working toward or accomplishing in the planning period.

Action A-6 Establish a Construction Excise Tax (CET)

Proposal Consider establishing a Construction Excise Tax (CET)

Background

- A Construction Excise Tax (CET) is a tax assessed on construction permits issued by a city. The tax is assessed as a percent of the value of the improvements. Some projects may be exempted.
- The tax must be limited to 1% of the permit value of residential construction. There is no limit on the rate applied to commercial and industrial construction.
- The state has set out rules for how CET funding can be used. The City can reserve 4% for administrative costs. Of the remainder, 50% must be used on developer incentives, 35% on affordable housing programs, and 15% must flow to Oregon Housing and Community Services for homeownership programs.

- Other cities that have adopted a CET include Portland, Milwaukie, Corvallis, Tillamook County, Cannon Beach, Hood River County, Hood River City, and Newport.

Benefits	The primary benefit of a CET is a dedicated source of revenue for housing programs. It also provides the option to create a linkage between new commercial or industrial development and investment in housing.
Drawbacks	The primary drawback of a CET is that it can reduce the financial feasibility of a development project, or it may be passed on to consumers in the form of higher costs (if the market will bear a higher rent/price).
Implementation Considerations	<ul style="list-style-type: none"> • Study the potential revenue that could be generated by the CET. • Consider the costs that a CET would impose on new development and identify ways to offset these costs by taking other actions to improve financial feasibility, such as zoning changes.
Public and Advisory Committee Comments	There were no specific comments on this action.
City Staff Comments	<u>Recommendation</u> : Not supported for inclusion in the HPS. This Action requires more research and a fair amount of discussion about what is involved in establishing a CET and what the resulting consequences may be that affect development projects. The City cannot commit to working toward or accomplishing this in the planning period.

Action A-7 Utilize the City’s existing Transient Lodging Tax (TLT) funds

Proposal	Allocate funding from the City’s existing Transient Lodging Tax (TLT) revenue for housing actions and programs.
Background	<ul style="list-style-type: none"> • The City currently collects a 6% tax on hotels, motels, and other forms of short-term lodging. Revenues from the tax are expected to total approximately \$375,000 in 2021 according to the City’s annual budget report. • The City could designate a portion of TLT revenue to fund specific housing policies and programs.
Benefits	The TLT is an existing revenue source that is relatively stable over time.
Drawbacks	The TLT funds other City expenditures, so housing-related investments must compete with other priorities.
Implementation Considerations	Study the impacts of allocating funding from TLT revenue and consider if current expenditures funded by TLT could be funded in an alternative manner.
Public and Advisory Committee Comments	There were no specific comments on this action.
City Staff Comments	<u>Recommendation</u> : Not supported for inclusion in the HPS as the TLT is currently used for other high priority needs and the City does not anticipate being able to use it for housing programs in the near future.

Action A-8 Reduce operating and land holding costs for non-profit affordable housing providers

Proposal	Adopt Consider adopting a Low-Income Rental Housing Tax Exemption program.
Background	<ul style="list-style-type: none">• This program provides a simplified way for affordable housing owned and operated by a nonprofit to qualify for a property tax exemption.• Affordable housing provided by the Housing Authority is already exempt. Some non-profits obtain tax exemptions through the state, though this can be cumbersome.• Enabling statute: ORS 307.540 to 307.548
Benefits	Unlike MUPTE, this exemption applies to both the improvement value and land value, so it can be reduce land holding costs for non-profit housing provider or land bank.
Drawbacks	A drawback of the program is that it does not apply to mixed-income housing or affordable housing built by for-profit developers. However, MUPTE can be used for this purpose.
Implementation Considerations	Work with local non-profit housing providers to consider the benefits of this program and weigh against the administrative costs for the City.
Public and Advisory Committee Comments	Public comments were supportive of providing a code incentive to encourage new developments to include housing affordable to people with lower or moderate incomes.
City Staff Comments	<p>Recommendation: Not Supported for Section 1. Delete or move to new Section 3 for future consideration during next HPS update.</p> <p>Creating and managing this type of program would be difficult for the City. It would require more staffing and financial resources, which the City cannot commit to at this time. Additionally, these types of developments tend to be multi-family and higher density, which rely more heavily on City services (police, library, parks, other) than other types of developments. Providing a property tax exemption would increase the financial responsibilities of the City without an identified revenue source to offset and support the proposed exemption.</p>

Action A-9 Reduce property tax costs for low- or moderate-income homebuyers

Proposal	Support homeownership for low to moderate income households by offering a limited tax exemption for new homebuyers who meet certain eligibility criteria.
Background	<ul style="list-style-type: none">• Under the Homebuyer Opportunity Limited Tax Exemption (HOLTE) Program, single-unit homes (single-family, townhomes, or condominiums) receive a ten-year property tax exemption on structural improvements.• Property owners are still responsible for payment of the taxes on the assessed value of the land during the exemption period. The property is reassessed expires after the ten years, and owners begin paying full property taxes. The exemption period cannot be extended.• Both the homebuyer and property must meet eligibility criteria. The City can set these requirements to encourage homeownership for certain income levels.• Enabling statute: ORS 307.651

Benefits	Reduce a potential barrier to homeownership for low to moderate income households.
Drawbacks	<ul style="list-style-type: none"> • Short-term reduction in property tax revenue over the period the program. The extent of this loss of revenue depends on how widely the program is used by developers and homeowners. • The most common barrier to homeownership for low/moderate income households is usually the down payment and not the monthly mortgage and property tax costs.
Implementation Considerations	<ul style="list-style-type: none"> • Work with local builders to determine if they would be interested in using the program. • Set eligibility criteria to target high priority housing needs.
Public and Advisory Committee Comments	There were no specific comments on this action.
City Staff Comments	<u>Recommendation:</u> Not Supported for inclusion in the HPS. This action will be considered for a future HPS update. For this Action, the City would have to establish a housing program to implement this Action, which will require additional staffing and General Fund budgeting. The City cannot commit to this Action without additional research and considerations.

Action A-10 Support opportunities to engage in public-private partnerships

Proposal	Adopt a policy that the City will welcome opportunities to engage in public-private partnerships with developers on key sites to support high priority housing needs.
Background	<ul style="list-style-type: none"> • If the City has administrative capacity and resources to offer to a private developer, it may consider taking a more active role in the development of certain sites through a Public-Private Partnership (PPP). • A PPP may also be an option if the City has financial resources to offer incentives, such as a “gap financing” loan or grant, and is interested in ensuring the development produces certain outcomes, such as affordable housing units or community amenities.
Benefits	The City can exercise some control over a development project to ensure it meets high priority housing needs or achieves other policy goals.
Drawbacks	The City must be able to offer significant asset or financial incentive in order for a private developer to engage in a partnership.
Implementation Considerations	The other actions underneath this strategy may be more viable in the short-term because they require less funding, but any of those actions could also be part of a larger PPP if the City has additional incentives or assets to offer.
Public and Advisory Committee Comments	Members of the Advisory Committee were generally supportive of this action. No specific comments from the public.
City Staff Comments	<u>Recommendation:</u> Supported by Staff as a potential strategy.

Action A-11 Offer pre-development assistance to remove barriers to housing development on key sites

Proposal	Consider offering grants or low-interest loans to property owners or developers to acquire technical assistance to help prepare complex sites for development.
Background	<ul style="list-style-type: none"> • Some sites remain undeveloped because they may be hindered by certain constraints and complexities, such as environmentally sensitive areas, or sites that may be difficult to serve with infrastructure. • Some sites may have development potential but the property owner may not have the skills or capacity to attract a developer. A conceptual development plan and feasibility analysis can help convince developers that a site is worthy of consideration. • To address this issue, the City could offer grants or low interest loans for property owners to acquire technical assistance. The assistance may include engineering, environmental, or architectural analysis. It may also include a market study, feasibility analysis, or site marketing assistance.
Benefits	<ul style="list-style-type: none"> • This assistance has potential to unlock development opportunities by reducing uncertainty about certain issues, signaling the City’s support for development of the site, building awareness of the site, and creating an attractive vision for a feasible development concept. • Financial assistance at the pre-development stage can be most valuable because developers or property owners often cannot obtain bank financing until a specific development plan is prepared. • A relatively small investment at the pre-development stage can catalyze a project that may otherwise not be built or remains “stuck”.
Drawbacks	A funding source must be identified, and staff time will be needed to administer this program.
Implementation Considerations	<ul style="list-style-type: none"> • The City will need to define eligibility criteria in order to select sites that would most benefit from the assistance and are most likely to meet high priority housing needs. • The program could be offered citywide or limited to a targeted area. • Consider allowing for technical assistance to include real estate services such as market analysis, generating alternative development programs, or outreach to developers. These services can help a property owner or developer to recognize new opportunities.
Public and Advisory Committee Comments	There were no specific comments on this action.

Appendix C

Engagement Summaries



STAKEHOLDER SURVEY RESPONSES

La Grande Housing Production Strategy (HPS) Responses to Stakeholder Survey Conducted October, 2020

1. **Name**
2. **Title**
3. **Role:** There were 18 survey responses with participants representing the following roles within the community:
 - a. Representative of major employer
 - b. Local elected or appointed official
 - c. Non-profit/public housing developer
 - d. Other real estate professional (realtor, contractor)
 - e. Private housing developer
 - f. Representative of an advocacy or social service organization
4. **Populations. In your view, what are the populations where you see deficiencies or challenges with individuals finding adequate or desired housing (e.g. people experiencing homelessness, seniors, young families, people with disabilities, certain racial/ethnic groups)?**
 - Seniors and other with fixed income
 - Certain racial/ethnic groups
 - People with disabilities
 - Persons with mental illness
 - Persons with a poor rental history/past substance abuse or criminal history
 - Persons experiencing homelessness
 - Low income persons and families (e.g. young families, single moms) needing housing
 - Low income families that are growing in size and looking for a larger apartment
 - Young families looking to move out of a rental into their first purchased home
 - Young people first entering the work force after either high school or college who are working full time but still cannot afford rent



- Middle income families looking for homes within their income range (low inventory)
- Professionals with families looking for homes within their income range (low inventory)
- Middle and low income homebuyers are currently priced out of purchasing a home due to the low inventory. This leads to a shortage of RENTAL vacancies as well considering people have nowhere to 'move up' to
- In Union County, all populations have deficiencies in housing options.
- I don't have enough information on the adequacy of housing for people with disabilities to say, but if you are poor or have kids I think you are just screwed around here. You take whatever you can get for whatever price will get you and the kids out of the weather. Then you hope your landlord isn't an ogre and won't use their power, which feels ultimate, to bully you and your family.
- It seems all populations are experiencing deficiencies & challenges, with no one group with more of a challenge than others in La Grande. Young students can't find affordable house, professionals & seniors seek housing outside of the City limits which is a reversal from 30 years ago
- Middle class people. There are several housing opportunities for low income and high income groups, but it is very difficult for middle income families or individuals to find affordable housing here.
- I think all these categories are having issues, likely precipitated by not enough high end homes and the downward push on availability
- Housing is difficult to find across all income levels. It impacts everyone seeking housing from EOU students to professionals coming into the community
- In my view the major groups would be young families/singles and seniors on a fixed income
- Affordable good rental homes for working families, senior population, low income and homeless
- Young families with jobs. They make too much money to qualify for many loans and rental programs but not enough to afford housing
- I see low inventory of housing for low income and moderate income individuals and families
- The insecurely housed is the most noticeable group facing housing problems in LG. Transient (?) Latinx farm workers should have access to temporary housing that's not run down motels; there are also a number of folks who are likely on the verge of homelessness who are living in transient motels in town too. Renters have little or no options in LG and when there are options, the properties are nearly unlivable and often overpriced.



5. Existing Housing Stock. In your view, what are the key issues with the existing housing stock (e.g. too few options of a certain type of housing, poor maintenance, wrong location)?

- Limited quantity of existing homes for sale and few locations/opportunities for new development.
- Difficult to find property for sale. My family just purchased a home after a long process.
- There seems to be a lot of people looking for 2-3 bedroom homes in the \$200k-\$300k range and limited quantity of homes for sale in the South part of town.
- I often hear people talk about the lack of quality middle income family housing available
- Too few affordable options that are livable. There seems to be a hole in the middle of the market. You can find junky cheap houses, but quality homes that are livable seem to be too expensive
- not many assessable for seniors or disabled, affordably priced, older aged inventory lacking good energy sense, poorly maintained
- The low inventory, matched with a high demand has led to prices rising far too high and too quickly. Many home buyers in our area are not locals residents earning blue-collar wages. They seem to be coming from larger cities, and coming with more money, keeping locals in their rentals for longer
- Too few options, too many incoming parties
- As somebody who tried to rent someplace four years ago, rental vacancies are impossible to find, the ones that are open are dumps, the monthly rents are too high for what you get and you get treated like a criminal in the humiliating application processes
- Not enough rental stock. Not enough good quality and low to middle income housing stock to buy. There is a need for both skills and available capital to rehab older homes, especially for older adults. If some of the current stock can be rehabbed, that would help.
- According to the Housing Needs Study, we have a housing shortage at all income levels which is consistent with my own anecdotal experience
- Current housing is outdated, deteriorating, and have high deferred maintenance backlog. When the demand for housing is higher than the housing stock for long periods of time, there is no incentive to renew property in order to attract renters or buyers. With limited number of medium priced new homes, sellers have no incentive to remodel prior to selling.
- Old houses that need a lot of work. Not enough new housing developments for the middle class groups



- Too few high end options, poor maintenance on over-priced homes requiring substantial investment after purchase
- There are not many options for housing available both for rentals and for purchase. Many homes are older and suffer from deferred maintenance. There is also a lack of contractors available to perform routine maintenance which contributes to the problem of home owners not properly maintaining homes
- key issues would be: old homes with little maintenance or upkeep, and low availability for entry level priced homes (< \$175k)
- Quality affordable housing (this includes lower end all the way up to upper level housing) for the working family. Obviously we are still lacking housing opportunities for our homeless population.
- No real available inventory of any kind
- I see low inventory as the primary problem. There are not enough apartments for lower income and more transient populations (i.e. EOU students). Many of the homes offered for sale are older and not upgraded for modern living.
- Too much of LG's housing stock is devoted to students and the overall quality of that housing stock is extremely poor; the University should be forced to provide more on-campus housing (dorms and apartments). Having recently moved to LG for work, finding decent rental housing was nearly impossible; what housing was available was in poor condition, over-priced for the condition, not pet-friendly (as if a pet was going to ruin something that was nearly unlivable anyway?), and the property owners/managers had no interest in improving the property (many locales have rental laws on the books that require carpet cleaning/replacement, a fresh coat of paint on the walls, and a general cleaning of the property before the next tenant moves in...LG should consider something like this). The best option for someone moving to LG is to purchase property and that's just not an option for a lot of people. Apartments are non-existent for anyone except low-income and seniors; the city needs to provide incentives to developers to build apartments and/or townhouses as not everyone wants to live in single-family homes.

6. Locations. In your view, what location(s) within the City are ideal for new housing, yet new housing is not being developed in that location(s)?

- South of Gekeler Lane.
- West side of 30th South of I-84 (Comment/Mike – *This location does not exist as described*)
- Not sure. We have some areas that are really run down, so it would be nice to see efforts to revitalize these areas. Not sure it's possible, but I do think it would be



positive for our community. We have several very old run down trailer parks that would be a great place to start

- Near Coke plant off 26th/Q Avenue area
- Off of 16th/18th/20th, north of Gekeler Lane
- Southeast of island avenue and Adams
- East L Ave., East H Ave., South 18th St., East Q Ave
- It seems as though development has stepped up in several locations over that last several years. I don't think there is one specific area that might be considered "overlooked".
- I like the idea the big cities are using that if we get people living downtown we can park the cars, people can walk to businesses that are near their homes. Downtown looks too dead too many days despite the admirable efforts by many to have festivities there. People aren't used to hanging out there enough. If more people just lingered on Adams or Washington Streets we may start to see more tables out on the sidewalks. The pandemic may have done us a favor by demonstrating that this can be done more. After living in Bend and seeing a vibrant downtown, Portland where lots of stuff is outside and even Walla Walla where an entire side street has been blocked off with enough tables to social distance I don't understand why the Chamber or the local businesses don't get together and do it.
- Island City of course, but also areas out towards Gekeler as you head towards Bi-Mart and the FedEx building
- I'm not aware that there is a lot of buildable land remaining within the core city limits. We'd probably need to look at the edges of city boundaries as well as the UGB
- Areas North of I-84 & West of Mt. Glenn Road (county) & Also areas East of Mt Glenn Road & West of Leffel Road (county). Expansion of public water and sewer systems coupled with zoning changes will create incentives for new single family development while increasing the wealth of property owners in those areas
- Multifamily units and commercial zoning changes west of EOU in between 6th Street and 4th Street from K avenue to Gekeler Ave. Perhaps L Avenue from 10th to 7th Street as well due to proximity to EOU and downtown.
- An "Adequate" overall supply of land/zoning will meet Oregon rules but when the land/zoning supply is not aligned with market demands and needs, the supply is simply inadequate, stagnation occurs, and housing falters. Especially for a community like La Grande where other options are readily available and at a distance other communities consider a neighborhood. Communities along I-5 can have a larger margin of error from market needs and demands than communities along I-84. La Grande's margin for error is small due geography, size, comparable size of surrounding communities, and efforts of competitors along I-84, an



aggregate "adequate" calculation is almost meaningless other than satisfying an Oregon law. Implementation and flexibility matter more for La Grande than others.

- Between the City of La Grande City limits and Island City. I see plenty of property, just not enough development.
- There is not a lot of places to expand, except out into the valley, and much of that area is not in the City
- There is an opportunity for upper story housing in many zones within the City. In particular there are large properties in the downtown area that have underutilized upper story housing and other properties that could be converted into housing. Housing could also be in-filled in vacant lots off of Island Avenue. Higher income housing could be built on a few large lot developments, but developers may need to be incentivized to undertake these projects particularly if the system development costs are significant.
- Between Gekeler Lane and the Truck stop, east of Hwy 30, and West of I-84
- North La Grande, Foothill Rd area, Some areas near Island City
- I would like to see downtown apartments above the businesses developed. We would need to develop a parking plan to accommodate more residents, however. Other areas to consider for development are along Gekeler, 16th, 20th, near the business park, along highway 30

7. Housing Types. In your view, what housing types are needed most in the City but are not being developed? (e.g. single-family, duplexes, apartment, other) Why are they not being developed?

- Single-family
- Duplexes
- Apartments
- Townhouses
- Low income housing
- I suspect the financial security in developing low income house and/or apartments is attractive to developers, but does not help attract workforce to our area
- I also suspect that rental developments (duplexes and apartments) are attractive to developers, particularly with the EOU population.
- Single family affordable housing
- multi family, assessable
- Larger square-footage Duplexes or row homes. Example: the duplexes on 16th St across from Wildflower Lodge.



- Newly built Single-Family homes under \$220,000
- Reasonably priced middle income serving housing. However, lower income homes have proven in high demand and we are getting ready to experience Demand for speculative high end housing in our newest development
- Affordable for families with children that are safe, clean and modern
- I think we need all types. Single family, apartment complexes that are mixed income levels, duplexes. I firmly believe the community will be better off if we have mixed income, mixed housing types and mixed use, creating the idea of intentional communities. This allows for maximum community development, maximum understanding and tolerance, and maximum ability for their to be upward fluidity
- I think most housing types, if not all, are in short supply. The reason why is not at all clear to me. We probably need to survey local contractors and mortgage companies to get further info. Are there barriers to development that would be under our control? So much of this begins at the state level, of course
- Multifamily units and commercial zoning changes west of EOU in between 6th street & 4th Street from K Avenue to Gekeler Ave. Multifamily units and zoning along L Avenue in-between 7th to 10th.
- Again, there is a need for all types of house
- Entry level affordable housing
- I am not sure why need housing is are not being developed. Cost of land? High initial investment? Coding issues? I think we need to ask developers this question
- Not sure why they're not being developed when there is a known housing shortage in the city. Are city zoning rules in need of amending? Do developers need tax incentives to start development? LG is an attractive city in a lovely setting and could surely attract new residents and businesses if there were better housing options available as a selling point.

8. Cost of Development. In your view, what are the most important factors that increase the cost of development (e.g. materials, labor, financing, professional services, infrastructure, fees)?

- Infrastructure and fees
- I'm not sure, but I expect the lack of labor is a challenge in our area
- Materials and labor
- Materials, labor, financing, professional services, land cost
- Labor and Materials. However, perhaps an incentive program for developers wishing to build a new subdivision could benefit from a more streamlined



planning/permitting process could help reduce material costs by allowing them to purchase materials for several homes at once

- I don't presume any unusually abnormal factors exist in cost of development. Often times community push back is difficult and has personally affected us resulting in cancellation of a 32 unit apartment development. But the biggest hurdle is financing. Banks do not like sub divisions in rural America. They in fact do not like single family spec homes, of which we have built over 30 in the last 15 years
- Don't know, but I do know that Covid has increased the costs of all this stuff do to scarcities in supply
- Labor for certain, possible infrastructure costs. Material prices are growing, as well
- Limited # of contractors that can demand and secure high fees for their services. Limited
- Fees, Materials, Labor and finding a reasonable contractor
- Labor is likely the most important cost element in construction. That said, contractors aren't building on spec, even with a strong market, because they cannot get the initial funding approval
- All of the above
- Currently, they are materials and low supply. Additionally, cost associated with large-scale projects can discourage development
- I don't know what are the most important factors except maybe the incentive financially to invest in property development
- Infrastructure, Materials
- I am not sure. I know land prices are relatively high. Materials are very high following several years of fires in the West. Many areas have recently rebuilt or are in the process of rebuilding, increasing demand for materials and labor.
- Nothing to add aside from what's already cited as examples.

9. Regulations. In your view, what City regulations present unnecessary barriers to the development of needed housing (e.g. zoning or development standards, permitting processes, etc.)?

- Permitting process and fees
- Again, I'm not sure, but I believe that development standards are important to maintain as a long-term strategy
- Zoning should be flexible to allow for reasonable solutions
- Zoning



- I don't think any of them are inappropriate or unnecessary, however a more streamlined (ie administrative action vs City Council) process for use zoning/use changes may be more attractive to developers. Or perhaps a property tax deferment for developers of apartments or other new rentals is a good idea. Loosening other restrictions like set-backs could be explored as well
- None that I know of. In fact, recent years have shown this to ease in process and on occasion we have experienced support in troubleshooting and mitigating issues
- I probably should, and would like, to know more about this since I'm on the Planning Committee, but I like to think that I try to favor the development of most new small business or at least give them the benefit of the doubt coming in. Having lived in places where there is practically no business, I know that at a certain low level, for me, the place is unlivable.
- I do not have a good sense of this
- I'm not aware of any city regulations that are problematic and fully under our control. As mentioned above, a lot of the challenges begin at the state level.
- Improper mix/location of zoning. For example, lack of commercial and multifamily housing in-between 4th to 6th from Gekeler to K Avenue. Zoning locations don't align with demands of those seeking housing, employment, and business will just continue down I-84 to other locations
- Not really sure
- For those to know how to negotiation these regulations, I doubt there are barriers. I see the major contractors in town building subdivisions all the time. The barrier to building is available land and finances
- Development standards, system buy in fees (no SDC credit system in place), and limits of existing utility infrastructure
- Since I haven't dealt with the city regulation but from what I hear is the zoning and permit process. The permit process is cumbersome with having to continually go back and get the necessary permits instead of knowing all the information from the start.
- Infrastructure costs and regulation. Maybe subdivision rules
- I think this is better answered by a developer
- Don't know but if I were to guess I'd guess zoning and development standards are not in line with what actual housing needs are.

10. Market Issues. In your view, what are the issues related to the local real estate market that hold back development of needed housing (e.g. local income levels, lack of financing options, too few developers, etc.)



- Lack of available land. It seems large areas are owned by ranchers/farmers, limiting the amount of available land.
- I suspect local income levels and lack of developers are both contributing factors
- Not sure on this one. I'm going to guess it's a multitude of issues including the lack of high paying jobs, affordable housing, stagnant growth, and unwillingness for change in our community
- Land use
- Too many folks just aren't earning enough income to afford housing costs. La Grande is a great example of a town that could benefit a lot from an increase of minimum wage, or cheaper healthcare costs. We just don't have the inventory to satisfy both the demand from people who are fortunate enough to afford the prices, and bring the costs down enough to allow more folks to enter the housing market
- Historically, Union County has not been a profitable location to build homes, outside of the few select custom home builders, who inevitably run from the concept. Now it seems development is in full stride and numbers will undoubtedly rise.
- I think the worst thing I see is a preponderance of right wing political ideology where local business expects us to save them from the grip of the Wal Marts but use their energy to oppose the interests of the community (i'e the warming shelter), Where anything new is seen as some sort of offensive infiltration. The local Chamber of Commerce, which could be working to change the downtown business culture, is nothing but a waste of space. (Aren't you glad you asked?)
- I would like to see more public minded developers. Not necessarily non profit, but those that are willing to take a social entrepreneurship view of development, partnering with non profits to bring public art, community spaces, and advisory committees into new spaces, especially those that serve low income. I think the overall income levels in our county are problematic. Many of the jobs and the income levels our county has are outpaced by the ever increasing cost of housing
- Local income levels are the primary issue coupled with rising overall costs
- While the Need Study indicates "Adequate" supply of buildable land, they are in locations or in a condition that aren't in alignment with demands. Stock is lower than demand creating disincentives for renewal of properties and increasing likelihood of potential businesses, home owners, and renters to continue down I-84 to where housing stocks are higher and provide more variety. The Study doesn't account for choices of other location along I-84 or Union County. Size of the community matters in such studies providing more meaning and value to Bend or Eugene than La Grande. In a community the size of La Grande, such a study can backfire creating unintentional consequence that can further restrain housing in La Grande for years to come.

- Too few developers for the middle class groups
- My guess is local income levels hold back development somewhat. I often scratch my head at the price of homes and wonder who is setting those prices. When prices are too high for the general income level, pressure will be put on the homes that are affordable, and the prices of those homes are likely to rise.
- There are not many developers that are willing to take the risk of building more than a few houses at a time. Perhaps the City should consider a planned development with mixed uses including shopping, housing and work space
- lack of buildable lots (when considering development costs), and too few developers
- Lack of getting financed is probably one of the major issues in today uncertain market
- Local income levels related to the cost of development. The cost of real estate and materials is high in this area, which makes many newer homes unaffordable to the average La Grande buyer
- Too few developers, higher cost of land, lower local income levels
- With local poverty levels higher than the state average, I'm guessing local income levels have an impact on development. Low-income residents and residents of color are adversely affected by/discriminated against when it comes to financing options; I'm not sure if the City would be able to provide assistance to these folks in some way similar to how the city has been assisting local businesses during COVID? There's also a seemingly large number of properties on the market at any one time and maybe developers see that as a disincentive to building apartments/townhouses/duplexes? I think the city needs to make a case that there is clear demand for decent rental properties to developers.

11. Physical Constraints. In your view, what are the physical challenges that constrain development of needed housing (e.g. availability or suitability of land, infrastructure – water/sewer/streets, etc.)

- Suitability of land and infrastructure. There is a fair amount of property for sale on Morgan Lake Road that would be difficult to build on, and the road is treacherous in the winter. This would otherwise be a very desirable location. Much of the east part of town is also in the floodplain.
- I think the lack of available land is a HUGE issue in the lack of housing development. I have considered building a new house, but lack of suitable building locations in or near La Grande is a problem
- Not sure where the UGB is, but I would think there's an opportunity to work with Island City or County to increase buildable spaces



- availability or suitability of land, infrastructure - water/sewer/streets
- I don't know of any. However, perhaps we could look at reducing water/sewer "tap fees" for people developing an entire subdivision (perhaps this is already practiced?). I believe developers looking at the per-lot cost of developing an open field into a housing subdivision would appreciate more cooperation and cheaper fees from all of the utility companies.
- Rural America offers many of the same constraints. Lack of developers. Lack of Lenders. Lack of forward thinking city officials. If you live in small towns, and manage small towns, you usually like it that way
- Given what we just learned from the latest needs assessment I think we're in pretty good shape on this.
- So the limits of the urban growth boundary are a big one. Not sure about the infrastructure
- All of the above? In addition, there are geographical challenges locally that may impact some development (e.g., wetlands, flood zones, unstable land, etc.)
- Public infrastructure north of I-84. I understand that is a hot topic on a few fronts, but other communities that extended services to similar areas 20 to 30 years ago are thriving and providing a better range of housing and affordable housing in their communities all while following Oregon Planning Rules.
- Finding a reasonable building contractor to build reasonable housing. Seems to be enough property, just no development
- Availability of suitable land is, IMHO, the most restrictive element. La Grande is filling in, but its population is not rising fast enough for it to expand its urban growth boundary
- As previously mentioned: limit of utility infrastructure, availability of buildable lots (considering development costs), and availability of specialty contractors (to allow more construction on slopes)
- Availability
- Adding the infrastructure may be a barrier
- I'm guessing that most available land is in the UGB and currently lacks infrastructure...installing all the necessary infrastructure is probably expensive. The costs for build-out should be shared by the City and the developer?

12. City Actions and Impacts. In your view, what are the most important action the City can take to facilitate housing development (e.g. zoning changes, incentives, policy changes, streamline permitting, etc.)? Do you have any concerns about potential



negative impacts of the City taking a particular action to facilitate housing development?

- I'm not familiar with current housing policies. Flexible/mixed use zoning is always helpful in expanding housing opportunities, but can also create opportunities for poorly planned developments.
- Honestly, I'm not sure about this as I don't have much experience with it
- zoning flexibility, work with neighboring jurisdictions for solutions
- zoning changes, incentives, policy changes; none
- Streamlining and reducing the cost of permitting.
- Incentivizing new construction in the UGB.
- Setting expiration dates of any kinds of incentive programs may encourage quicker growth, and also ensure that changes made during this special time to not have a permanent effect
- I have noticed System development fees to be skewed at times. Public works dept has scared off many conceptual projects.
- Keep doing what you're doing but find more ways to incentivize and enforce what needs to happen to get livable, affordable housing for families. I am not as sympathetic to college students, because having been one, I know that they will never have any money and can get by almost anywhere. We need to look at for our children. Us citizens have to elect a City Council that has the guts to take this on and not be led down the "do nothing" road or allow themselves to be intimidated by aggressive business owners.
- I think that zoning changes, perhaps opening up the urban growth boundary (I know this is very hard), streamlining permitting, offering incentives (especially incentives that support equity in building new housing, and the mixed use development and public spaces mentioned above)
- I think we need to review our permitting process to make sure it is as efficient as possible. I'm not sure what kind of incentives may be possible as the city has financial challenges as well, but we should probably take a look at possibilities. My major concern comes more from the state, such as eroding the parameters of single family dwelling zones, especially in concert with related conditions, such as those pertaining to parking; shortsighted and foolish
- Commercial and multifamily housing zoning changes from 4th to 6th in between K Ave and Gekeler and public infrastructure north of I-84 will increase quality, affordability, of housing in La Grande while increasing property taxes and the wealth of those property owners in those locations. This will also provide incentives for current property owners to renovate and upgrade facilities to compete for renters and buyers



- I am not certain what the barriers are at this time
- The City should look at the options - zoning, incentives, policy changes, etc. Once we have a good idea of what's holding us back we can test out changes to make sure they work, then scale up
- Developing a system of incentivizing housing development. Many creative ideas using Urban Renewal have been presented to the City Council/Urban Renewal Agency. Communities like the City of Baker and the City of John Day provide regional examples of pro-active City involvement in housing development. Downtown housing should only be created with an analysis of parking availability and a plan to address parking
- Develop a SDC system with credits to assist large-scale developments to move forward, invest capital in extending the utility infrastructure, and review development standards to consider cost impacts. Concern would be lowering standards too low and placing undue burden on City budgets
- We as the City need to minimize the requirements needed to get a permit, provide all the needed information at the start of the process, give incentives to property developers if possible
- All the above at some level
- Incentives for building multiple units could be helpful. I am concerned with parking availability with apartment construction in particular.
- Answers to this question can be found in my answers to the other questions



MEETING SUMMARY - AC MEETING #1

La Grande Housing Production Strategy (HPS) Advisory Committee (AC) Meeting #1 November 16, 2020, 10:00am-12:00pm

Introductions

- Attendees: Ashley O'Toole, John Garlitz, Dale Inslee, Gust Tsiatsos, George Mendoza, David Moore, Seth Pennington, Derek Howard, Lisa Ladendorff, Michael Boquist, Jamin Kimmell, Alex Joyce, Lydia Ness

Background on Housing Production Strategy

- Michael B. (City of La Grande) and CP provided background on the Housing Production Strategy and why the City is conducting this process now.

Purpose, Scope, and Timeline

- CP provided an overview of the purpose, scope, and timeline of the project.

Contextualized Housing Need (CHN) - Key Takeaways from Discussion

- CP provided an overview presentation of the Contextualized Housing Need memo.
- The CHN should address how the housing needs related to the need for permanently supportive housing
- The CHN should also clarify how the Housing Production Strategy relates to issues on housing instability in existing units, and whether the City can or should take actions to help people stay in existing housing.
- The committee agreed that HNA captures the projected housing needs adequately and the RHNA is a useful comparison but does not drastically change the need established by the HNA
- Some AC members affirmed the need for housing for very low income households and the finding that there does not seem to be enough land zoned for higher density residential uses, which would often include housing that is more affordable to these households.
- Some AC members questioned whether the needs of students were fully addressed in the memo. CP summarized the information that was available related to students and noted that they are considered part of the renter population that is identified in the equity section. The AC seemed to agree that more focus on the specific housing needs for students would help both students and the overall rental market.
- AC members affirmed the finding the generational changes are influencing the market. Millennials are competing with baby boomers to buy homes, and often have less options as a result. AC members concurred that more homeownership options at all levels, but particularly smaller and more affordable units, are needed.



Next Steps and AC Meeting #2

- Next AC meeting will be late February or early March
- The meeting will focus on reviewing a draft list of strategies and preliminary analysis of impacts on housing needs



MEETING SUMMARY - AC MEETING #2

La Grande Housing Production Strategy (HPS) Advisory Committee (AC) Meeting #2 March 8, 2021, 3:30pm-5:00pm

Introductions

- Attendees
 - David Moore (EOU Capital Projects Manager), Lisa Ladendorff (NE Oregon Network - Housing Matters Union County), John Garlitz (EOU Director of Planning), Gus Tsiastosos (developer/contractor), Stella, Ashley O'Toole (realtor/property manager), Samuel Garcia, Michael Boquist, Jamin Kimmell, Alex Joyce, and Lydia Ness
- Michael
 - Conveyed to the AC that we're continuing to move along on the project, held a public meeting, released virtual open house and survey

Draft Housing Production Strategies Overview

- Jamin presented on draft strategies, focusing on a select number of all strategies
- Presentation outline
 - Project Background
 - Overview of Strategies and Actions
 - Zoning Changes
 - Taxes and Fees
 - Planning and Partnerships

Draft Housing Production Strategies Discussion

- Which strategies do you think will be most effective at meeting La Grande's housing needs over the next 5-8 years?
 - John - what strategies have we seen that have been successful across the state?
 - Jamin - all strategies that are included are tailored to La Grande's size and can be successful
 - Lisa
 - Coming from perspective of affordable housing for populations that don't qualify for subsidized housing but can't afford market-rate
 - Zoning strategies make most sense - small scale projects are particularly interesting such as triplex, fourplexes, and townhouses
 - Strategy 3: In combination that would make more affordable housing options such as tax abatements, pre-development ready steps the City can take
 - Strategies that would help bring costs down for developer are of most interest to her



- There are players that would be happy to work with City/County on Land trust/bank, such as the housing authority
 - Alex responded that this could be non profit or public entity or combination could take this
- Derek Howard
 - Tax abatement is pretty intriguing
 - Currently building 20 unit complex and tax abatement is something that would have been beneficial to performance of the projects
 - Reducing lot size requirements is important
 - Opening up zones would be helpful
 - Talking to Michael Boquist about Interchange Commercial zone and looking at affordable housing development
 - Could work with less restrictions
 - Repurpose building for apartments would enhance La Grande
 - He also found encouraging was the off-street parking strategy
 - Only City he's built in that requires covered parking for apartments and added \$5800/unit for buildout
 - He has to increase further out of loan to make project pencil
 - Jamin responded there are ways to make surface parking more attractive with landscaping and others, while not requiring covered parking
- Gus
 - He agreed with Derek's points
 - He mentioned meetings on how a development could happen would be beneficial- more insight in City's willingness at all levels of development
 - He was intrigued by a Land Trust or Bank strategy
 - He is encouraged about the open dialogue of housing production strategies and incentives
- Ashley O'Toole
 - Issue about year or so ago, he remembered the Airbnb discussion at City Council for units that are SF home into multi units or basement to require off-street parking space to require parking side by side rather than in tandem
 - Michael - standard still exists
 - What is the study in looking at off street parking changes - what barriers there are and proposals to reduce them? Is this stuff considered in the final version?
 - Michael - just changed zoning code for duplexes - reduced parking from 2 spaces to 1 space
 - As far as strategies currently, a report will be sent to the City Council/Planning Commission with revisions
 - Some of these strategies have financial implications that the City currently cannot commit to
 - City is going through each strategy and move into 3 lists - last list will include strategies the City needs to look into more before the next HPS
 - Prioritizing surplus public lands for housing is interesting but wondered if there is a list of current lands?
 - City currently doesn't have surplus land and likely would go to county

- Mike - It be great if County would have a list like this
 - Jamin - The City and County could coordinate on list or create an opportunity to prioritize surplus land for housing
- Are there any housing types or needs that are not addressed effectively by the strategies?
 - Lisa
 - Most of housing support comes in through vouchers - many people go wanting for a location
 - She doesn't know where this fits in but inability to find a place that will accept vouchers is an issue
 - Ashley wholeheartedly agrees because of his experience as a property manager
 - It doesn't need to be affordable housing unit
 - Housing office and way they've calculated prohibits folks from finding housing
 - The vouchers are missing the mark on the cost of living and what can people afford from voucher
 - This exacerbates the need for housing
 - A lot of progress on affordable housing project but looming is the moratorium on eviction
 - There is a concern of intensification when the moratorium ends and people don't have a plan and are still behind on rent
 - Ashley agrees but ultimately will come down to property owner to property owner basis
 - Ashley
 - He still maintains how the HNA has extremely low and low income housing - where they place that demand might be more than what the reports are saying
 - There is a shortage of inventory all around
 - Jamin - there are ways to modify strategies to specific income level
 - CP could take closer look at what would be some of the highest priority needs based on recent developments and what HNA told us
 - Gus
 - He likes the idea of the City being proactive for possibilities for developers or folks who have interest in duplexes/cottage cluster that could leverage large amount of activity instead of a small amount of developers
 - It would be helpful to advertise these opportunities to help get off bubble and create more activity and less pressure on what we're seeing here
 - He recommended getting communications out from the City on what's available and how to do it to try to make it easier for developer and homeowners
 - It could help create an incentive for larger population of people creating housing
 - Ashley
 - It will be important for education moving forwards on these strategies
 - Perhaps we can look to CP and La Grande on education for how to get the word out about the HPS
- Do you have suggestions for ways to modify a strategy to better meet a housing need? Certain



location needs?

- Do you have suggestions for strategies to add to this list?
 - Lisa
 - How do we keep track of what development is occurring to know how we're meeting our goals?
 - Jamin - There isn't requirements for the City to do periodic updates
 - Michael - City has GIS data on development of lots
 - He has already talked to the consultant who does mapping software and is hoping to build tracking app on zoning approvals/permits
 - The plan is use the BLI on what land has been built to know what inventory looks like
 - The City has needs in all income ranges but strategies can be applied depending on priority housing needs - even though it started at mostly affordable housing
 - He would like to have the City Council and planning commission to go through annually or every few years to identify needs and shift strategies

Next Steps

- Michael will send after City Council meeting to AC on refined strategies list
- As the City starts to pursue code amendments, Michael believes AC will be engaged again

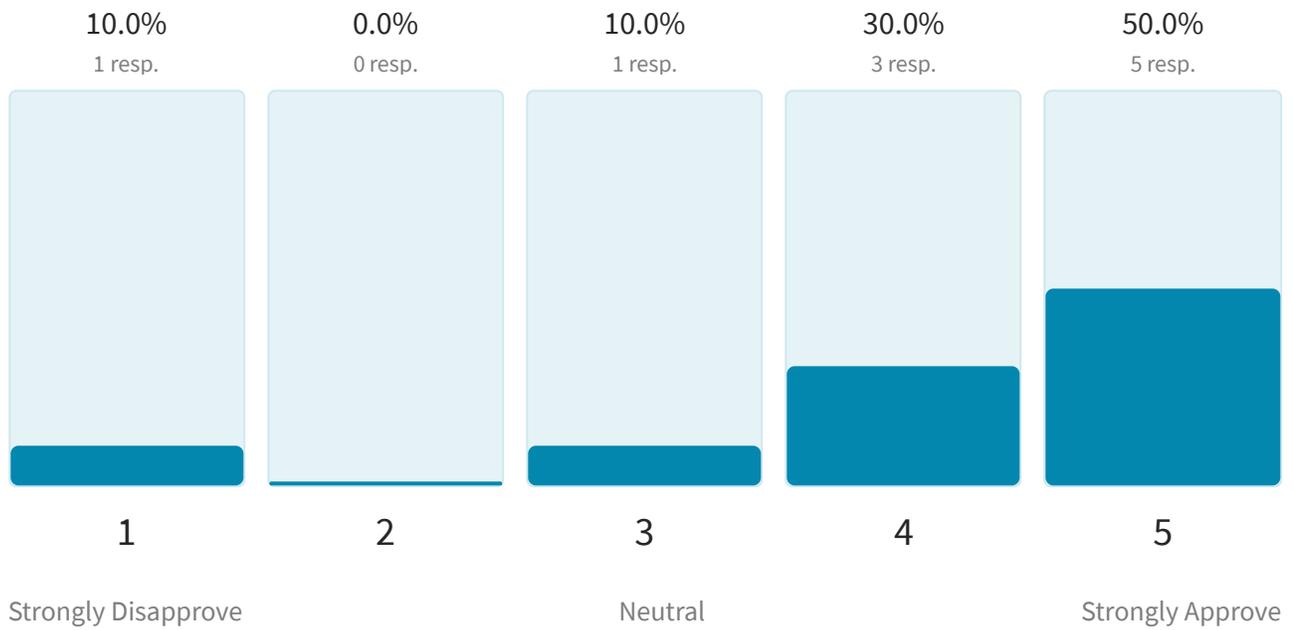
La Grande HPS Survey

10 responses

Allow for single-family houses on lots as small as 3,000 square feet (e.g. 30' x 100') in the R-2, R-3, and R-P zones.

10 out of 10 answered

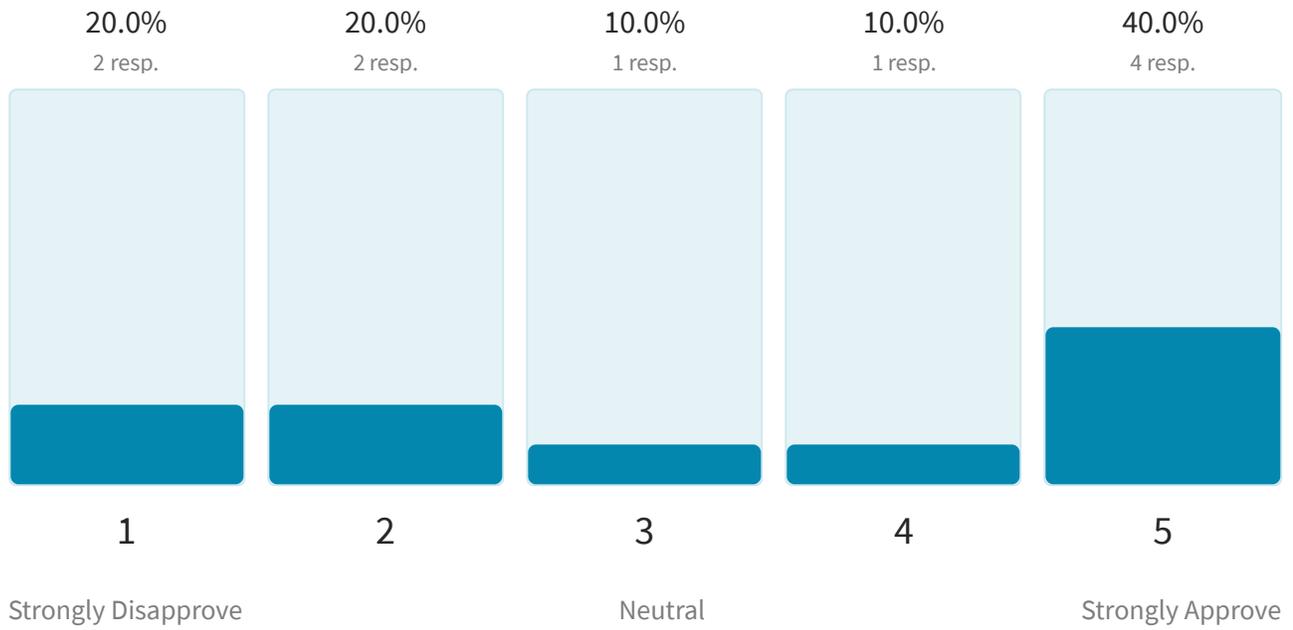
4.1 Average rating



Reduce the amount of off-street parking required for multi-family buildings from 1.5 spaces per unit to 1 space per unit.

10 out of 10 answered

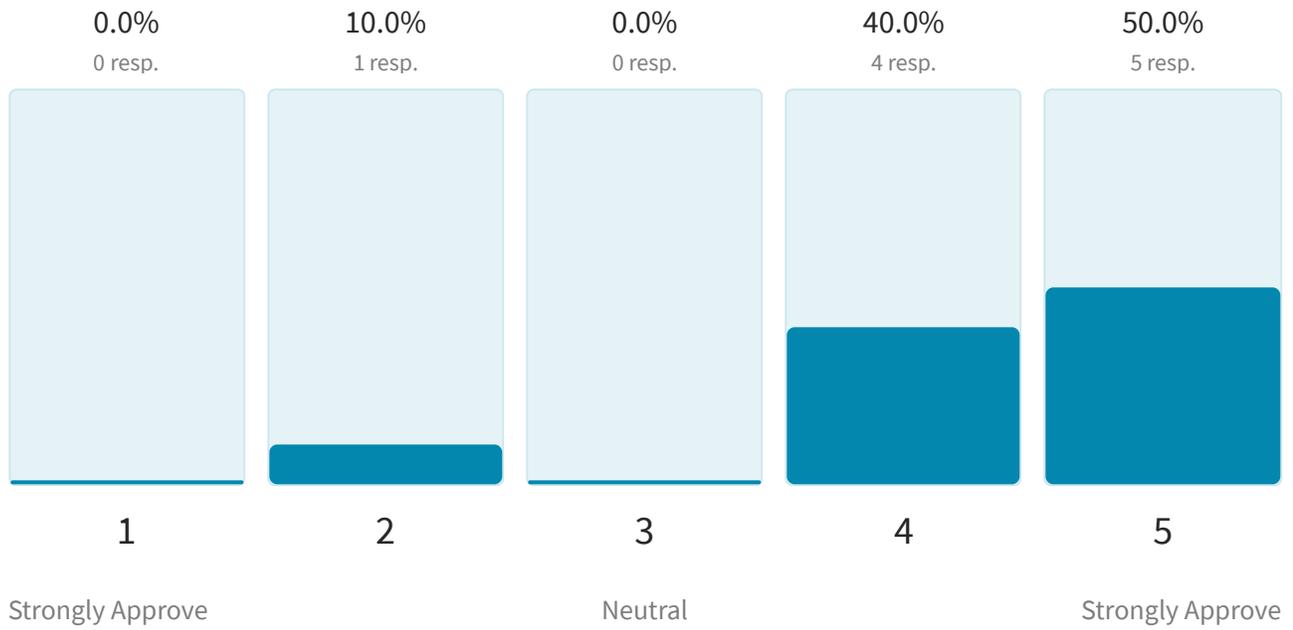
3.3 Average rating



Provide a code incentive to encourage new developments to include housing affordable to people with lower or moderate incomes

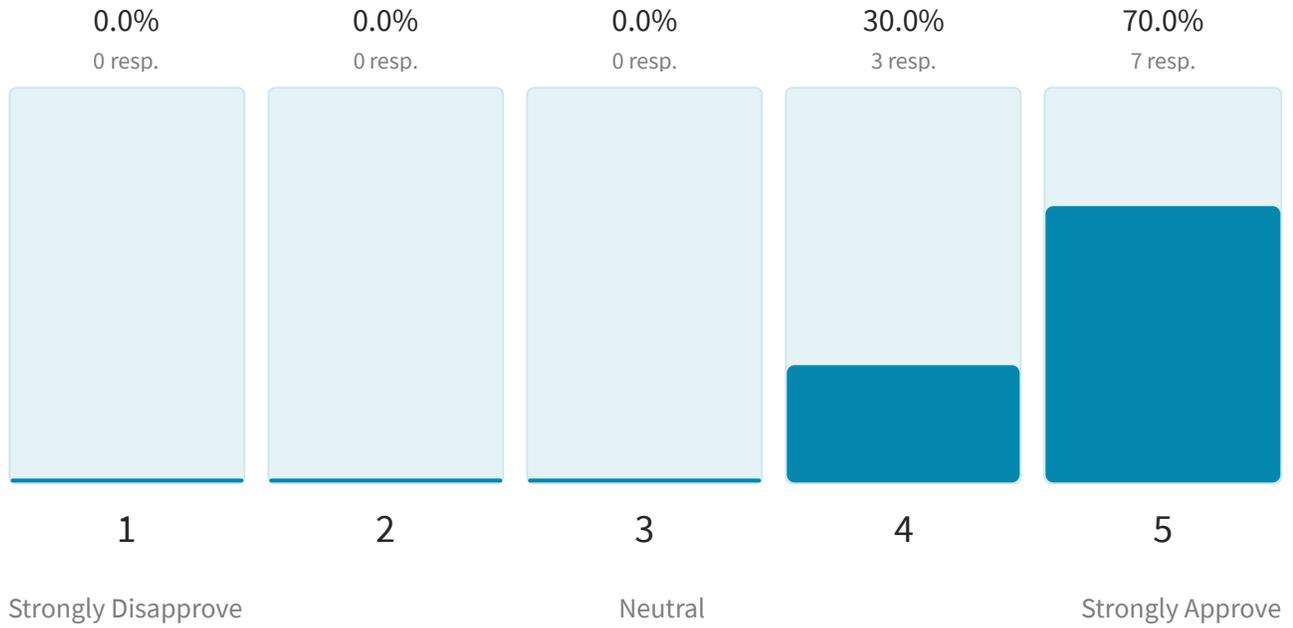
10 out of 10 answered

4.3 Average rating



Provide a code incentive to encourage new developments to include housing accessible to people with disabilities
10 out of 10 answered

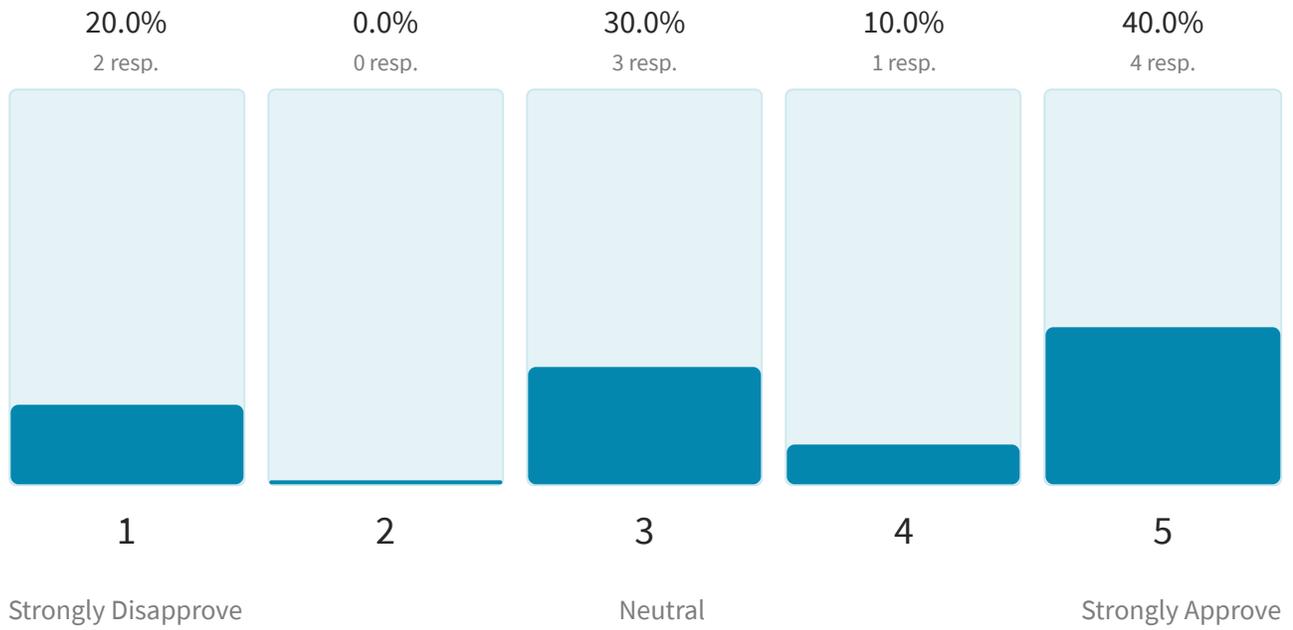
4.7 Average rating



Provide a property tax abatement for new multi-family developments that are rented at market rate prices (not income-restricted)

10 out of 10 answered

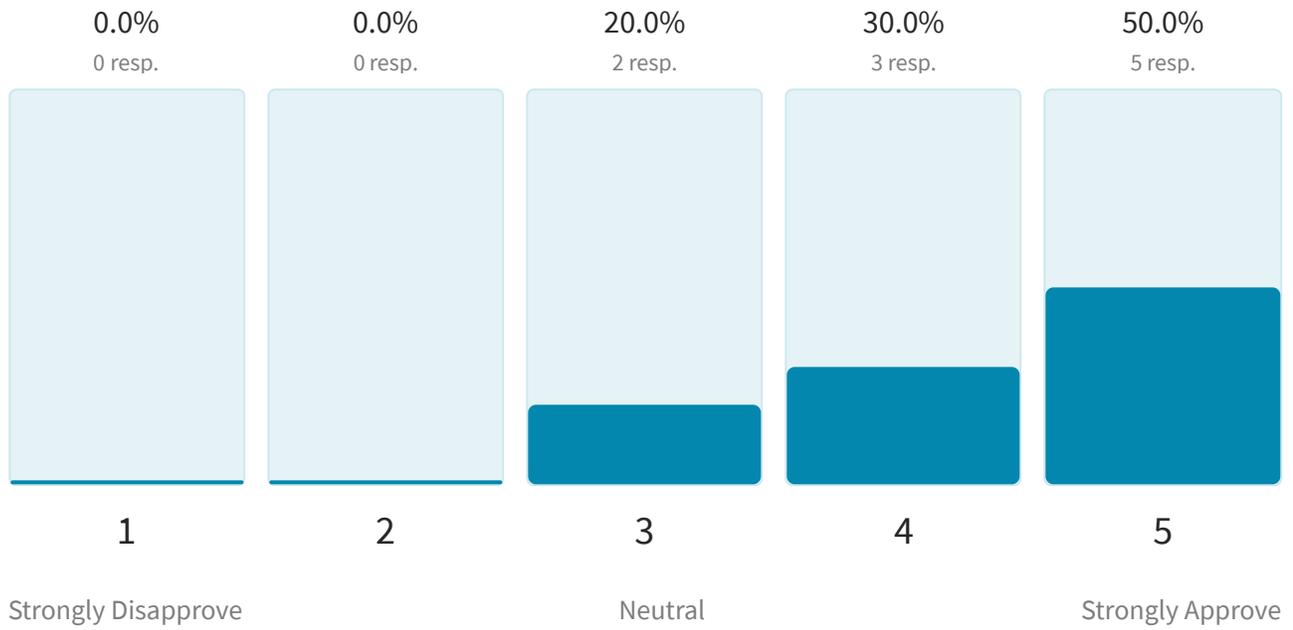
3.5 Average rating



Provide a property tax abatement for new multi-family developments that include units affordable to people with lower incomes (less than 80% of median income)

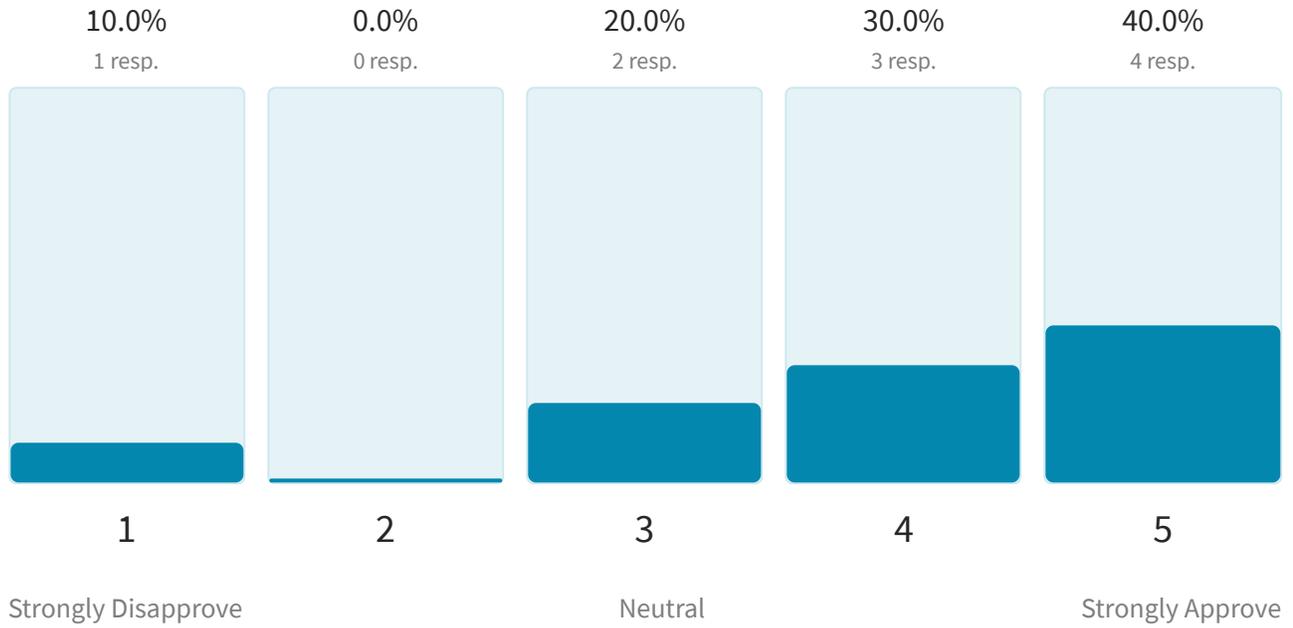
10 out of 10 answered

4.3 Average rating



Provide a property tax abatement for homebuyers with low to moderate incomes (less than 120% of median income)
10 out of 10 answered

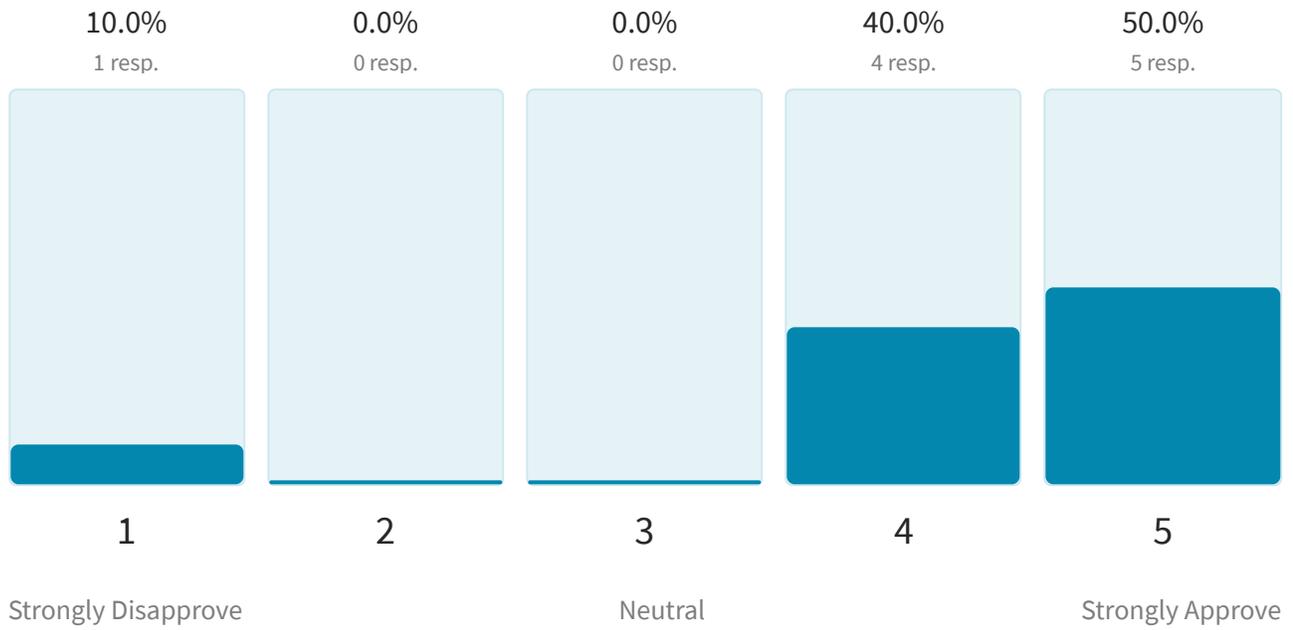
3.9 Average rating



Prioritize public infrastructure construction projects (sewer or water lines, street improvements) that may support new needed housing

10 out of 10 answered

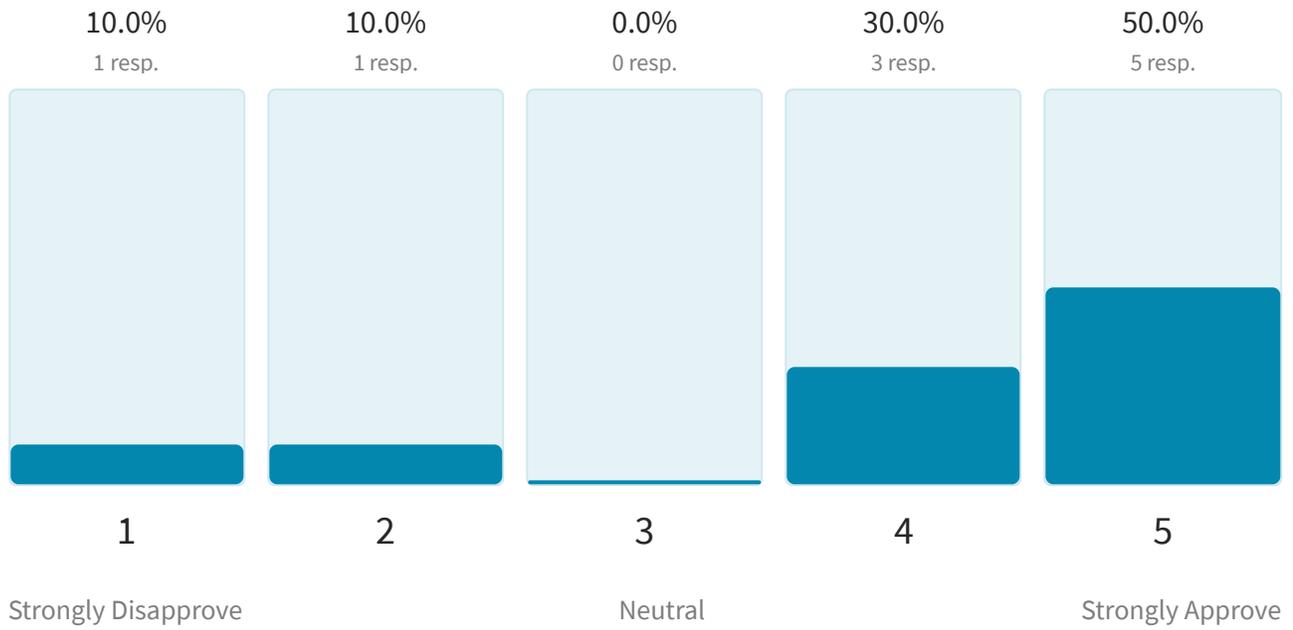
4.2 Average rating



Provide grants or low-interest loans to help a developer or property owner overcome barriers to new development on complex sites

10 out of 10 answered

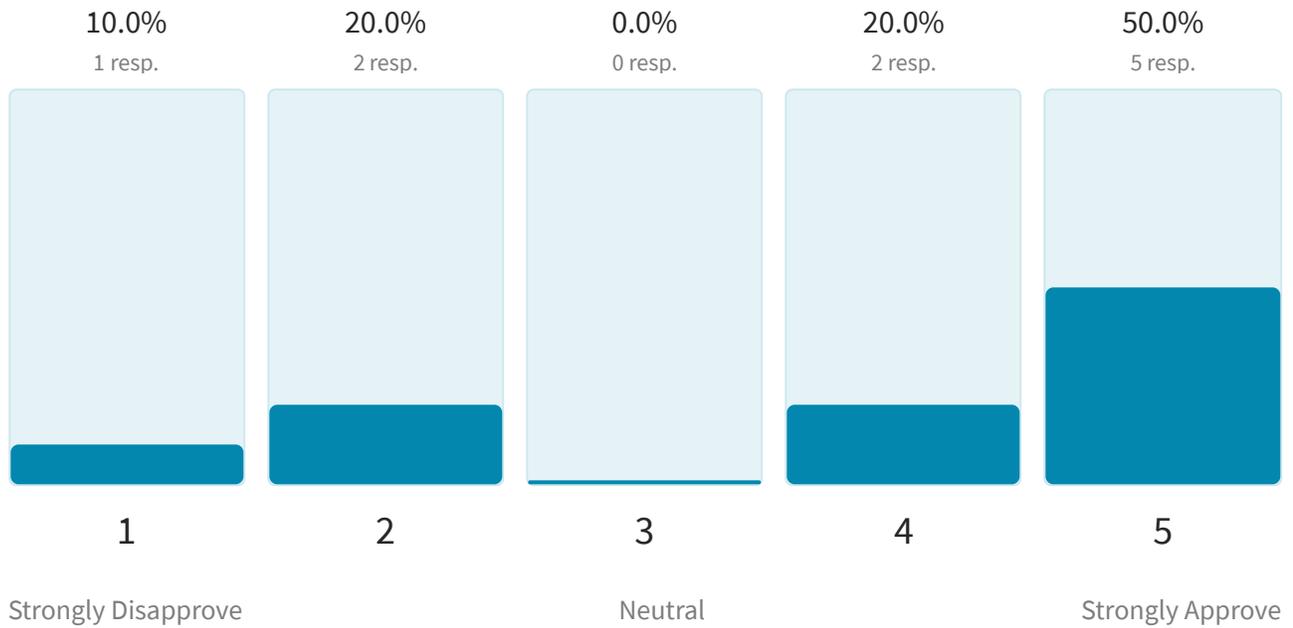
4.0 Average rating



Work with local housing organizations to form a non-profit agency that can acquire and preserve land for affordable housing projects

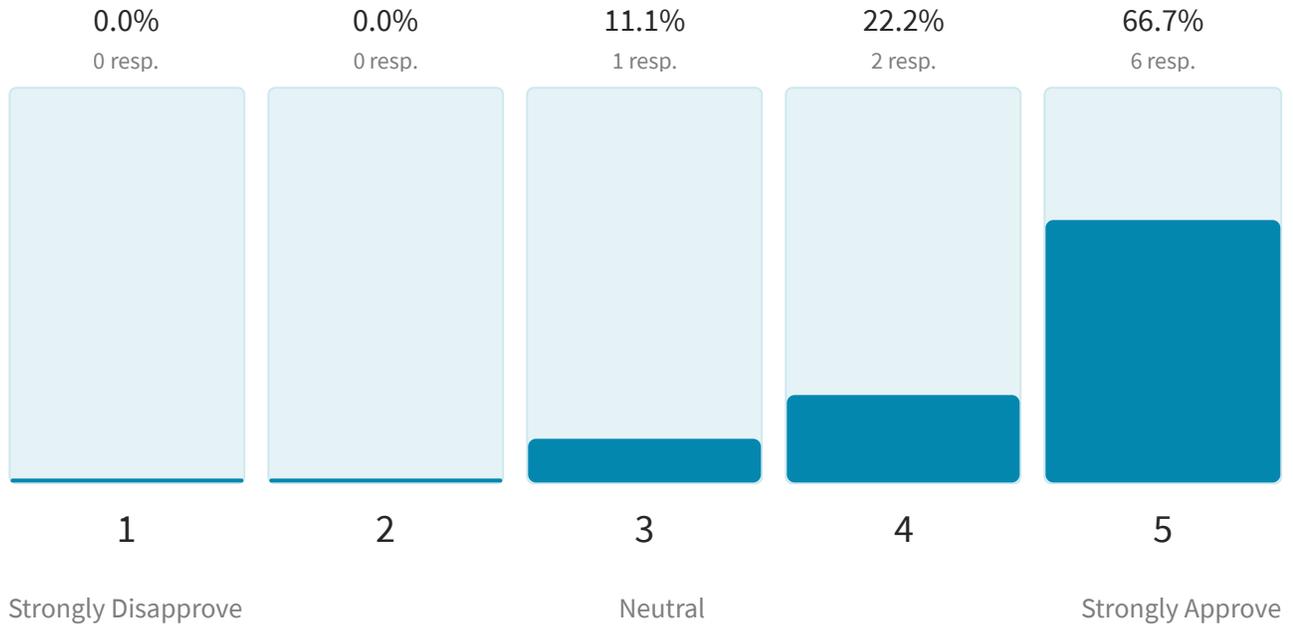
10 out of 10 answered

3.8 Average rating



If disposing of publicly owned land, prioritize selling or donating to land for development of needed housing.
9 out of 10 answered

4.6 Average rating





PUBLIC MEETING

**La Grande Housing Production Strategy (HPS)
Public Meeting
February 17, 2021, 6:00-7:15pm**

Project Team Attendees: Jamin Kimmell, Alex Joyce, Lydia Ness,
Michael Boquist, and Samuel Garcia

Presentation Overview

- **Introductions**
- **Project Background**
 - What is a Housing Production Strategy?
 - When will the HPS be complete?
 - How will the City use the HPS?
- **Summary of Housing Needs**
 - Overview of HNA
 - Housing needs identified in HNA
 - Equity considerations
- **Overview of recommended strategies and actions**
 - Zoning Changes
 - Taxes and Fees
 - Planning and Partnerships

Attendance/Participation: Outreach was conducted and posted on various media outlets and the City's website. Five members of the public logged in to participate in the public meeting. Of the five, two participated in the discussion and one participated via Zoom chat.

Responses from general Q&A:

- Participant asked about who sat on the Advisory Committee, particularly from the real estate community
 - Michael Boquist responded with one realtor from John Howard and Associates, three developers or contractors, three representatives from education, and one from nonprofit development



- Question on proposed parking reductions: A participant is concerned about street parking, such as Jacobs St. that has so many vehicles on the street due to college students etc. Are we going to start seeing more parking issues associated with this parking reduction?
 - Jamin discussed action could take a more targeted approach such as number of bedrooms related to parking, etc. or limit reduction with targeted locations
 - Another participant commented to the question in the chat: “I like to think of reducing requirements as allowing the market to dictate how much parking developers have to build. If it adds to density it also supports more local walkable business so a household might need less cars.”
- Question on reduction of lot requirement for small sf homes: participant asked if La Grande has a surplus of land for sf homes then what's the purpose? For affordable housing?
 - Jamin explained the rationale for the strategy. He explained that it is intended to improve feasibility of housing development by opening up more lots for development. It also encourages smaller, more affordable units.
- A participant brought up a need for mid or high level income single family homes, such as 3-bedroom and 2-bath, that was identified in the HNA. He didn't see this represented in the strategies presented.
 - Jamin mentioned that several strategies could connect to this need. The project team will review and determine if they can emphasize this need more related to specific strategies. Michael envisions many of these strategies can be crafted to meet different housing needs
 - Likes the idea of utilizing strategies for needed housing identified by City Council and each can be tailored depending on what the City wants to prioritize
- Same participant also brought up issue of parking and photos in the presentation showed more infrastructure than what La Grande currently has
 - Jamin mentioned the strategy could include an infrastructure evaluation in where these parking reductions would be targeted

Questions for participants:

- **Priorities:** Which 2-3 strategies do you think should be the highest priority?
- **Housing Needs:** Are there any housing types or needs that aren't addressed by the strategies? Are there strategies that could be modified to better address a specific need?
- **Impacts:** What concerns do you have about the impacts of implementing any of these strategies (e.g. fiscal impacts, design/compatibility with existing housing, etc.?)

Responses from participant questions:

- Priorities
 - Tailoring some of the strategies for more market-rate sf housing in the mid to upper level income
- Housing needs



- Market rate housing
- A participant wanted to know if this study is taking into account the new affordable housing development
 - Jamin mentioned a good next step in the development of the strategies list is to understand what income levels need to be taken into account to tailor the strategies and incentives for housing types and needs
- A participant said they are excited about the idea of increased lower income housing stock availability. They also think another participant is bringing up some really good points about how to tackle the cost of infrastructure improvements.
- Impacts
 - Parking concerns was mentioned multiple times
 - A participant mentioned that currently UGB, especially on the south side, doesn't have a lot of infrastructure and a lot needs to happen - water, etc.
 - Suggested this would need to be a priority of incentivizing rather than a tax reduction in this area



MEETING SUMMARY – JOINT PLANNING COMMISSION & CITY COUNCIL

La Grande Housing Production Strategy (HPS) Joint Planning Commission and City Council Meeting April 12, 2021, 6:00pm-8:00pm

Introductions

Project Background

- Jamin shared background on project
 - What is a Housing Production Strategy?
 - Timeline of project
 - How will the City use the HPS?

Key Housing Needs and Issues

- Jamin gave overview of housing needs and issues in La Grande
 - Highlighted findings from HNA
 - 800 new housing units needed over next 20 years
 - City will need to shift mix of new housing that is created - need townhomes, apartments, and other types of housing
 - Land for high density housing more limited than land for low or medium density
 - Housing is needed at all income levels, including a significant amount of new market rate housing
 - Discussed populations disproportionately impacted by housing challenges
 - Showed two maps on income and race/ethnicity segregation in La Grande

Strategies and Actions

- **Strategy 1: Zoning Changes**
 - Action 1.1 and Action 1.2
 - Councilor Miener - asked about reducing square footage to 3,000 sq ft
 - Wanted clarification on townhouse lot size
 - Councilor Glabe - asked for clarification on medium and high density zones
 - Concerned with the incompatibility of houses with small lots and struggle to attract new residents
 - Hears a lot of dearth on housing options for professionals and people come here because they can build home with more space that is rural - doesn't come for Portland or Kennewick housing
 - Jamin addressed his comment with barriers to the larger, SF housing types but found barriers to these types of housing



- Focus on helping city to steer market to produce more housing
- Michael added to this is current standard is 5,000 sq ft but creates opportunity but doesn't require developers/builders to do this
 - Way to create more affordable housing options for starter homes or smaller cottage homes - smaller houses fit better in this lot size
- Commissioner Riley - commented that this memo is about building but doesn't value space between buildings
 - Asked about what the value is of yard area
 - Jamin responded with tradeoffs for City needing to grapple with
- Commissioner Liberty Avila - spoke in support of this - value of mix of housing types and need for more start homes that are close to services
- Action 1.3 and Action 1.4
 - Michael clarified there are still other regulations such as parking and setbacks and would limit where this could be applied
 - Councilors Glabe - wanting to understand reduce cost to consumer and are developers interviewed or surveyed that this is a barrier
 - Jamin mentioned worked in other projects that this does reduce barriers and creates more affordable units
 - Developers did agree that there developers were supportive of more flexibility for lot sizes
 - Commissioner Felley - with Liberty on the idea to allow infill and increase housing mix to the whole community is a good thing
 - Concerned with parking though
- Action 1.5 - removed from strategy action list
 - Michael added this is consistent with one parking for duplexes and adds consistency to higher density dwelling
 - Would need to look at standards for parking overall and standards for off and on street parking
 - Mayor Pro Tem Lillard - too many places where on street parking makes sight lines difficult and doesn't agree with state law on duplex
 - Thinks this will bring traffic safety issues
 - Downtown is a good example of how much more difficult this makes it
 - Thinks this is imprudent action in this document
 - Councilor Miesner - agrees with Gary Lillard and not having enough on site parking
 - Councilor Howard - in line with state duplex, covered parking is not as onerous for building costs - serves as important stabilizing force and not big barrier
 - Jamin asked about scaling parking by unit size would that be more attractive to the commission and councilors



- Gary Lillard doesn't have an answer because he's not familiar with this criteria and doesn't know what impact it would have, but any increase in on-street parking is a concern
 - Michael - consensus is that it is not supported and will be removed from the report where this is moved into a third category
 - Action 1.6, Action 1.7, and Action 1.8
 - Mayor Pro Tem Lillard - asked for clarification on the definition of cottage housing and if it's similar to tiny homes
 - Jamin responded that the City currently allows cottage homes
 - Michael added that right now their cottage code has 2 categories
 - **Strategy 2: Taxes and Fees Policies**
 - Action 2.1
 - Commissioner Felley - mechanism to poll tax the district
 - Not exactly sure how to approve this taxing district
 - Michael said they would follow up with research if this action moved forward
 - Commissioner Riley - likes this whole section because it uses positive incentives
 - Councilor Bozarth - Public and advisory committee - mentioned affordable housing and don't understand why they would want to incentivize more affordable housing when a new project has 100+ units
 - Concerned about the affordable piece
 - Michael followed up and wouldn't use this incentive for affordable housing but to target other housing types
 - Councilor Glabe - like this type of mechanism - promote housing through incentives but concern is the service costs for the City - forgoing revenue that could be captured and not reimbursed to the City
 - Costs not sure they are in position to
 - Jamin followed up that there are flexibilities in implementing this program - term limit or amount of percentage tax abatement
 - Councilor Howard - thinking about median income, framed who affordable housing is for (such as a professor at EOU making \$36k) and economic growth, people are coming and spending money in town when they move and live in La Grande
 - Action 2.2 and Action 2.3
 - No discussion
 - **Strategy 3: Public Investment**
 - Action 3.1 and Action 3.2
 - Lillard - concern about ending CFP but understands issues addressing urban blight, URA is geared to economic development and if you disconnect housing, it's not clear this supports economic development



- Jamin addressed people living will invest in businesses
- Michael said this can continue to be addressed through implementation and future consideration should this be something to prioritize
- Action 3.3 and Action 3.4
 - Lillard - has language that speaks to good concern about action 2 and 3 - City offer significant financial support
 - Problem is struggled with budget that provides basic services to citizens
 - This needs to be understood the assets to do these things and will look at closely to proceed through these ideas and are financially suitable and create financial streams in the future
 - Michael added to this as an example is with the veteran village project, they have poor streets and City has paving equipment entering public/private partnerships and they are buying materials but using city equipment
 - Drawback significant may needs to be reworded that doesn't need to be significant
 - Not just talking about public private partnership is tax reduction could in total have negative impact on budget
 - Michael clarified this will need to be considered in total on which incentive applies to which project because city can't offer them all to all qualifying projects
- **Strategy 4: Partnerships**
 - Action 4.1, Action 4.2 and Action 4.3
 - No discussion

Next Steps

- Prepare the final Housing Production Strategy Report by end of May
- Ensure compliance with all associated administrative rules
- Identify timelines for implementation of each action
- City Council adopts the report in summer or fall of 2021

Final questions and comments

- Commissioner Miesner - prepare final housing production report and can there still be made changes
 - Jamin clarified this is not final in the sense that the City can still amend and change as the Commission and Council deliberate
- Councilor Glabe - thanked us for efforts by CP and City, as well as support on this document - he really liked strategy 2, 3, and 4
 - Strategy 1 action 1-5 will still need to be persuaded on adopting these actions - transform the look of La Grande and not sure he's ready to wrap his mind, even though it's a min standard, still keeps in place a look



- Also, items for future consideration and a couple of those sound appealing as alternatives to his concerns on strategy 1 actions 1-5
- Commissioner Miesner is also concerned about these issues, as well, and the finality of adopting these strategies and actions
 - Wants to make commitment now and not commit to something the City won't pursue or implement
 - Michael also clarified that in the second paragraph of memo on level of commitment from City
 - Michael thinks this will go through as resolution