

Housing Choice in the Oregon-Washington Region Scoping Session Summary

Session Details

Location: Portland, Oregon

Date: October 6, 2004

Participants:

- Edward Sullivan, Schubert & Barer
- Richard Bjelland, Oregon Housing and Community Services
- Dave Andersen, Department of Community Trade and Economic Development, Growth Management Services, Olympia, Washington
- John MacLaughlin, City of Ashland, Oregon
- Rita Robison, Department of Community Trade and Economic Development, Growth Management Services, Olympia, Washington
- Kelly Ross, Home Builders Association of Metropolitan Portland
- Andree Tremoulet, Housing Development Center
- John Van Landingham, Lane County Law & Advocacy Center
- Barbara Sack, City of Portland Planning Bureau

Facilitator: Stuart Meck, FAICP

Notetaker: Donna Baribeau, City of Portland Planning Bureau

Methodology

Oregon and Washington APA chapters assisted APA in the selection of participants in the scoping sessions who would represent a broad range of interests. Prior to the scoping session, APA distributed a list of 17 questions to be addressed in the sessions. The session was taped and transcribed. APA staff then conducted a content analysis of the transcript, and coded the responses to identify key themes, which are listed below.

Key Themes

- Change in Household Composition
- Gentrification
- Impact of Federal Programs (HOPE VI, Sections 8, etc.)
- Increasing land and construction costs
- Affordable Housing: Perception vs. Reality
- NIMBY
- Impact of the Local/Regional Tax Structure
- State Funding for Housing
- Wage/Cost of Living Imbalance
- Lack of Housing Option for Households with Children in the Center City
- Workforce Housing
- Education, Training and Capacity Building
- Regulatory Barriers In Place
- Use of Tax Credits

- Regulatory-Barrier Removal
- Resistance to Inclusionary Zoning
- Service Gap for the Very Low-Income

Session Summary

Oregon has affordable housing needs in every county, as does Washington state, agreed participants in an affordable housing scoping session sponsored by the American Planning Association in Portland, Oregon, on October 6, 2004. The scoping session was sponsored through a grant to the APA by the Fannie Mae Foundation. The purposes of the scoping session were to identify the unique nature of the housing challenge in a particular state or region; and the tools that are available, or could be available, in that state or region that holds out the most promise for helping to meet the challenge.

Both states have sophisticated growth management systems. The Oregon system has been in place since 1973, and is administered by the Oregon Department of Land Development and Conservation and the Land Conservation and Development Commission. The Washington system, enacted in 1990 and amended several times since, is administered by the Washington State Department of Community Trade and Economic Development.

According to Richard Bjelland, with the Oregon Department of Oregon Housing and Community Services, “Basically every county has a significant affordable housing problem from the standpoint of the percentage of people who are paying a significant portion of their income on the housing costs.”

Bjelland, who had developed an analytical model to help local government conduct housing needs assessment, believes that two factors are highly correlated with housing need, the age of the person or people in the household and income. “The older you get the more likely you will be a homeowner, until you hit 75, and then you are more likely to become a renter. The higher your income increases the probability you’ll become a homeowner.” Age and income cohorts in a community, he said, will create “very distinct 10-year housing choices.”

In Oregon, Hispanics represent eight percent of the state’s population, said Bjelland. “Yet that eight percent of Hispanics contributed 49 percent of the population growth from natural increase alone because of the difference in age structure. Hispanics are going to represent almost one in three households that are going to be formed.” This growth, said Bjelland, is fueling housing demand, along with significant increases in single-person and multiperson, non-family households.

Portland, reported Barbara Sack, with the City of Portland, “used to be a very affordable market and there really wasn't any big affordable housing crisis and increasingly there is now.” Now the city is considered one of the least affordable areas in the state, she said. “This is because we've had a lot of in migration into the metropolitan area and of course there's been the boom of the high tech industries. There have been a lot of more affluent households moving into the City of Portland and the housing prices have gone up a lot.” Compared to the nation as a whole, Portland housing prices haven’t increased as much since 1980, but still locally the “increases have been pretty dramatic.”

What's happening in the City of Portland, Sack said, is that the city is getting smaller households. “Families with children are increasingly moving out of the city. The

City of Portland is becoming more expensive and the surrounding suburbs are now the places where your poverty is increasing, particularly the eastern suburb Gresham.”

In Corvallis, Oregon, said Bjelland, “you have a severe jobs-housing imbalance,” due in part to the presence of a university and a Hewlett Packard facility. “So many people who are employed in Corvallis are finding themselves having to live in the surrounding communities and its creating transportation issues” from commuting.

In Washington state, said Rita Robison, a planner with CTED, the Puget Sound area, where Seattle is located, is “really hot, but in other regions of the state in eastern Washington there are areas that aren't growing and there are areas that want to get economic development and housing so that they can have an improvement in their rural economies. We've had the timber communities and also mining where those industries have just gone down and those communities are having hard economic times.”

This had led to a two-part affordable housing problem, added Dave Andersen, a planner with CTED. “There are jurisdictions, especially the rural jurisdictions in the eastern part of the state, who are having affordable housing problems because incomes have dropped as a result of the collapse of the traditional rural economy. And incomes are just falling relative to the rest of the nation. The other affordable housing problem is in the big metro areas where you've got the expanding high tech economy that's creating a lot of wealth” and the middle class is getting pushed out of the housing market because of competition.

A barrier to affordable housing in Washington state is the tax structure, said Andersen. “One land use in the state that pays the bills on the local government basis and that is retail sales tax. The entire local tax structure in this state is now driven by

commercial land and retail sales tax base. So local governments are obsessed with attracting retail establishments, and they're obsessed with discouraging locations of land uses that are heavy service consumers and housing, especially multifamily housing is seen as a heavy service consumer because these people, they want to go to the park, they want to go to school.”

Participants said that some federal programs, like the Hope VI efforts in Seattle, are working well, but others criticized federal tax credits. Dave Andersen observed that there is “frustration with the tendency of the federal government to administer these programs through the tax code” rather than through direct subsidies. Richard Bjelland observed that the consequence of investment tax credits is to up the cost of the development with “soft cost” charges for “all of the advisors and all of the fees— everything not going into the actual physical infrastructure.”

Oregon’s growth management program, which requires that each city establish an urban growth boundary with sufficient land for population and economic growth for 20 years, is problematic, said Kelly Ross with the Home Builders Association of Portland. Although the Portland growth boundary has been expanded several times, the land brought within it hasn’t been planned or zoned—“it isn’t ready for development yet.” Because of this, Ross said, “it’s very difficult to find individual building lots for under \$100,000 a lot so that makes it very difficult to deliver an affordable product. The land supply is exacerbated by some additional environmental restrictions that have come in over the last five years that have required wider buffer areas, no touch zones around like variant areas, and impact fees are very much an issue in Oregon.”

Ross added that one community attempted to charge an \$18,000 per home impact fee early in 2004, but the Home Builders Associate got a compromise reduction to \$5,000.

Oregon has a housing trust fund, but it suffers from the lack of a dedicated funding source, said John Van Landingham, with Lane County and Advocacy Center. Still the legislature has allocated some money to it during each session. Oregon also has an affordable housing tax credit that reduces the interest rate on commercial bank loans for affordable housing projects by four percentage points.

Ed Sullivan, attorney with Garvey, Schubert & Barer, pointed out that the Portland Metro has a fair-share affordable housing plan that sets voluntary housing goals for local governments in the three-county region. Not much has been done to implement that plan, he said, partly because Oregon has passed a law prohibiting local governments from imposing mandatory inclusionary zoning. “Metro has recently reestablished a committee to start looking at what can be done to enforce” the plan.

Washington State, said Rita Robison and Dave Andersen, have passed a law preventing local governments from regulating manufactured housing differently than stick-built housing. “If you have residential design standards,” said Andersen, “you can apply those to manufactured housing provided housing provided you apply them to stick-built housing.”

Ed Sullivan maintained that professional planners have an ethical responsibility to take affirmative steps to provide affordable housing. APA, he said, should make affordable housing a primary issue for Congress and work with state legislators on it as well. Planners also can make local governments aware of what is needed, he said.

Andree Tremoulet, of the Housing Development Center in Portland, said the key way for APA is to participate in coalitions and to be a “great link between practicing planners and academics and actually be able to frame what the key research issues are in affordable housing.” Tremoulet urged APA to become a source of attracting resources to fund research to address those issues and then be a forum for disseminating the resulting information.

Most Promising Strategies

Participants at the Oregon-Washington session identified the following strategies as the most promising:

- **A Regional Coalition for Housing (ARCH), King County, Washington**
 - ARCH is a unique partnership King County and 15 suburban King County cities east of Seattle. ARCH was created 12 years ago to help suburban cities become effective and efficient partners in meeting local housing needs, with particular emphasis on preserving and increasing housing opportunities for low- and moderate-income households. Primary activities of ARCH include helping member cities coordinate their financial support to groups creating affordable housing, assisting households looking for affordable housing, and assisting member governments in developing housing policies to allow a wider range of housing diversity and affordability. To date, the ARCH housing trust

fund has provided loans and grants totaling over \$21 million to support community not-for-profit and private housing groups in the development of over 2,000 units for low income families, seniors, and persons with special needs. These resources have leveraged over \$215 million in additional public and private resources for this housing.

- The Oregon Department of Land Conservation and Development needs to develop the capacity to assist local governments in adopting tools for affordable housing. (John Van Landingham)
- In Oregon, there are a lot of property owners competing to get into the urban growth boundary, but the only criteria that's used for expansion is whether it's farm land or locationally efficient. If there was a mechanism where property owners could pledge a certain percentage of affordable housing units or make proposals for redevelopment within the boundary somewhere else for affordable housing, then they could get first consideration or rise up the list somewhat. (Kelly Ross)
- Training—citizens need to be educated about community needs. There needs to be training aimed at citizens, and policy makers at the local level. (Rita Robison)
- (1) A real estate transfer tax that supports affordable housing; and (2) removal of the Oregon ban on mandatory inclusionary zoning. (Ed Sullivan)
- “We need to modify the state of Oregon’s housing goal to meet certain housing affordability targets, and we must start by identifying the units that we need to get on the ground. That would then logically lead to ‘Okay we've set this as our goal and standard, how do we achieve that?’ Then that's going to open the door for ‘is

that through inclusionary zoning or is that through additional funding opportunities? How do we subsidize this or what and do cities make other lands - - you know some how make funds available? Is it a local, federal, state partnership that happens?" (John MacLaughlin)

- Affordable housing is often difficult to develop because of an inability to provide land or find land that's affordable for the type of housing you want to build. If you could have some sort of mechanism that allows you to bank land through some impact fees or transfer taxes, then that would be a big help in affordable housing. (Richard Bjelland)