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# Tigard Affordable Housing Strategies

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2002- 2016

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## Table of Contents

<b>Introduction</b>	<b>2</b>
<b>Regional and Local Housing Context, 2002-2016</b>	<b>3</b>
<b>Affordable Housing Determinations</b>	<b>5</b>
<b>Affordable Housing Program Report</b>	<b>8</b>
<b>Streamlined Development Review Process</b>	<b>8</b>
<b>Accessory Dwelling Units</b>	<b>9</b>
<b>Parking Requirements</b>	<b>14</b>
<b>Budget Set-Aside to Offset Fees for Affordable Housing Developers</b>	<b>16</b>
<b>Property Tax Exemption</b>	<b>17</b>
<b>Support for Sale or Donation</b>	<b>20</b>
<b>Financial Support for the Good Neighbor Center</b>	<b>21</b>
<b>Identify and Pursue Grants for Public Improvements</b>	<b>21</b>
<b>Housing Maintenance Programs</b>	<b>23</b>
<b>Membership in the County-Wide Housing Advocacy Group</b>	<b>24</b>
<b>Affordable Housing Program Report Review</b>	<b>25</b>
<b>Additional Housing Strategies</b>	<b>28</b>
<b>Strategy Opportunities Review</b>	<b>33</b>
<b>Conclusions</b>	<b>34</b>

## Introduction

Safe and secure housing is one of the few essential human needs. It provides the stability individuals need to lead healthy and productive lives. Yet in the Portland metropolitan housing market, it is also one of the hardest necessities to secure. The side effects of stagnant housing construction, stagnant wages for middle and low-income earners, and mass in-migration are most keenly felt by the region's vulnerable residents.

The City of Tigard has a duty to meet the diverse housing needs of all who call the city home. Subject to Oregon's Statewide Planning Goal 10, Tigard must "provide for the housing needs of the citizens of the state." Periodically, the City evaluates its progress in meeting Goal 10, and identifies strategies to further housing opportunities for its residents. To understand Tigard's track record on affordable housing, one must revisit the City's 2002 Affordable Housing Program. To date, the Affordable Housing Program constitutes the most thorough platform of housing strategies to which Tigard has committed.

However, in the nearly 15 years since their announcement, the program strategies have not evolved.

While the City's affordable housing actions are largely the same as they were in 2002, local trends and needs have shifted dramatically. Still, the Affordable



*New housing construction in Tigard*

Housing Program is held up as an example of Tigard's successful support for housing. But is it enough to address the modern housing environment?

The study reveals that few of the policy, budgetary, and program commitments are still in place in 2016. Tigard has retired the majority of its prior affordable housing strategies. This leaves an incomplete patchwork of housing tactics, and thus an incomplete response to local housing needs.

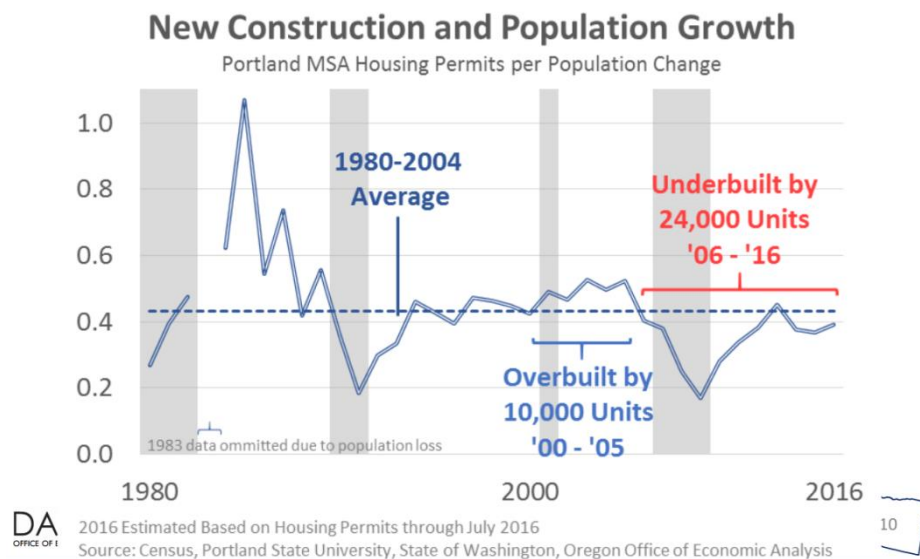
This report will evaluate each of the program's twelve action items. It will provide an understanding of how the strategies have changed since 2002, and the net effect each has had on the housing landscape in Tigard. The remainder of the report will offer suggestions for how the City can recommit to a robust, equitable housing environment for all Tigard residents.

## Regional and Local Housing Context, 2002-2016

In 2015, Tigard’s population reached 51,253<sup>1</sup>-- a nearly 25% increase from Tigard’s population in 2000. New residents are moving to Tigard for its unique suburban amenities and distinct quality of life. Suburban development patterns have historically dominated Tigard’s housing environment. While low-density, single-family homes are the lineage of Tigard, there remains a need to respond to the evolving housing needs of the city’s new and future residents.

Over the nearly 15 years since the Affordable Housing Program report publication, regional housing trends have changed. New housing construction stalled during the economic downturn, yet the Portland metro area experienced unforeseen population growth. The in-migration that started during the Recession and continues now in 2016 has put intense pressure on the rental housing market. The disparity between demand and stagnant housing supply had led to skyrocketing housing costs across the region.

The Portland metropolitan area added 40,621 new people between July 2014 and July 2015, or 111 new people per day<sup>2</sup>. That is a 19% increase from the 2013-2014 growth rate.



Source: Lehner, Josh. “Oregon’s Economic and Housing Outlook.” Oregon Department of Economic Analysis, 4 November 2016.  
<https://housinglandadvocates.files.wordpress.com/2016/09/oregons-economic-housing-outlook-lehner.pdf>

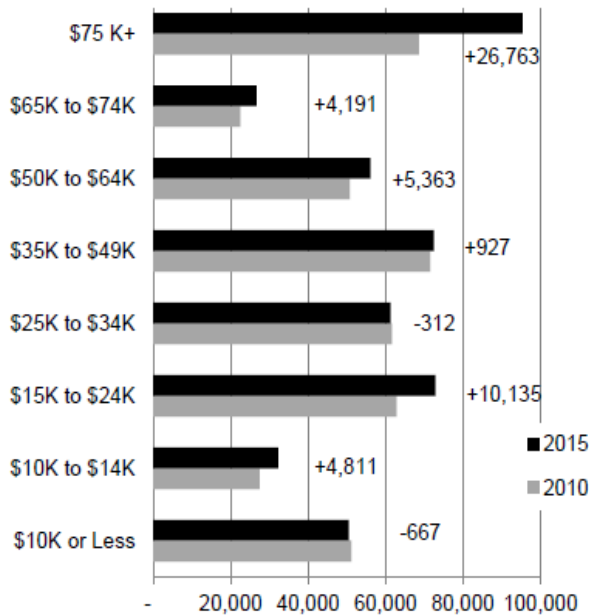
As young families, people from out of state, and displaced, long-time urban core residents relocated to Tigard, the rental vacancy rate plummeted. It dropped from 6.9% of all units in 2000 to 3.9% in 2014<sup>3</sup>, contributing to the region’s dire vacancy rate—one of the lowest in the country<sup>4</sup>.

<sup>1</sup> “City of Tigard Census Community Facts.” *United States Census Bureau*, [http://factfinder.census.gov/faces/nav/jsf/pages/community\\_facts.xhtml?src=bkmk](http://factfinder.census.gov/faces/nav/jsf/pages/community_facts.xhtml?src=bkmk). Accessed 21 November 2016.

<sup>2</sup> Beebe, Craig. “Portland region nears 2.4 million residents, growing by 41,000 last year.” *Metro News*, 23 March 2016, <http://www.oregonmetro.gov/news/portland-region-nears-24-million-residents-growing-41000-last-year>. Accessed 21 November 2016.

## Employment by Earning Level

City of Portland - 2015 & 2010



Of the 51,000 new jobs created in the city of Portland since 2010, half of them earned \$75,000 or more. Meanwhile almost no newly created jobs paid between \$25,000 and \$50,000.

Source: Portland Economic Indicators, full citation below

The local economy rebounded and wages increased for those already in resilient income brackets. Nearly none of the jobs created between 2010 and 2015 paid between \$25,000 and \$50,000, while half of the all new positions paid \$75,000 or more<sup>5</sup>. In Tigard, the poverty rate reached 10.6% in 2014, up from 6.6%<sup>6</sup>.

When considered in aggregate, population growth was met with more jobs and a stronger regional economy. However, the gains are concentrated in stable, high-income segments of the population. The region's most vulnerable residents have experienced stagnant or decreasing wages and an increase in the cost of living.

Given the fierce housing market and austere demographic indicators, it is essential to revisit the City of Tigard's Affordable Housing Program. Did the strategies successfully address the new and intensifying housing needs? How can Tigard better respond to the economic diversity of its community? And, what lessons can the City take from its neighboring jurisdictions?

The following report is a response to those questions. It will provide an overview of the Affordable Housing Program report, detail the successes and shortcomings of its policies, and identify opportunities Tigard can pursue to bolster support for a thriving, equitable housing community in the city.

<sup>3</sup> "City of Tigard Selected Housing Characteristics." United States Census Bureau, <http://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?src=CF>. Accessed 21 November 2016.

<sup>4</sup> Cordell, Kasey. "Rental Market Madness." *Portland Monthly*, 22 March 2013.

<sup>5</sup> Kaylor, Christian. "Portland Economic Indicators October 2016." *Quality Info*, October 2016. <https://www.qualityinfo.org/documents/10182/96541/Portland+Economic+Indicators?version=1.9>. Accessed 21 November 2016.

<sup>6</sup> "City of Tigard Census Community Facts." *United States Census Bureau*, [http://factfinder.census.gov/faces/nav/jsf/pages/community\\_facts.xhtml?src=bkmk](http://factfinder.census.gov/faces/nav/jsf/pages/community_facts.xhtml?src=bkmk). Accessed 21 November 2016.

## Affordable Housing Determinations

The term “affordable housing” has many definitions that vary by agency determinations, public program, and target demographics. For the purposes of this report, “affordable housing” refers to rent or mortgage and utility expenses that cost households no more than 30% of their gross income.

FY 2016 Income Limits Summary

FY 2016 Income Limit Area	Median Income Explanation	FY 2016 Income Limit Category	Persons in Family							
			1	2	3	4	5	6	7	8
Washington County	\$73,300	Very Low (50%) Income Limits (\$) Explanation	25,700	29,350	33,000	<b>36,650</b>	39,600	42,550	45,450	48,400
		Extremely Low Income Limits (\$)* Explanation	15,400	17,600	20,160	<b>24,300</b>	28,440	32,580	36,730	40,890
		Low (80%) Income Limits (\$) Explanation	41,100	46,950	52,800	<b>58,650</b>	63,350	68,050	72,750	77,450

Source: HUD FY 16 Income Limits Documentation System

Area Median Income is a term that refers to average household earnings as reported by the American Community Survey. It differs by geographic area, and is used to determine affordability thresholds. The median household income in Tigard is \$60,849<sup>7</sup>. Commonly, regulated affordable units are those that are available to people making 60% of the area median income (AMI) or below, that will cost no more than 30% of occupants’ incomes.

Applying these thresholds, Washington County households at exactly 60% AMI, or a \$36,507 in gross annual income, should pay no more than \$912 a month for rent and utilities. In 2014, median rent was \$959 in Tigard<sup>8</sup>. Households at 60% AMI that pay \$959 for rent are using more than 30% of their income for housing. The cost burden worsens for households below 60% .AMI.

<sup>7</sup> “City of Tigard Census Community Facts.” *United States Census Bureau*, [http://factfinder.census.gov/faces/nav/jsf/pages/community\\_facts.xhtml?src=bkmk](http://factfinder.census.gov/faces/nav/jsf/pages/community_facts.xhtml?src=bkmk). Accessed 21 November 2016.

<sup>8</sup> “City of Tigard Selected Housing Characteristics.” *United States Census Bureau*, <http://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?src=CF>. Accessed 21 November 2016.

TABLE 3: REGULATED AFFORDABLE HOUSING BY JURISDICTION IN FOUR-COUNTY AREA (2015)

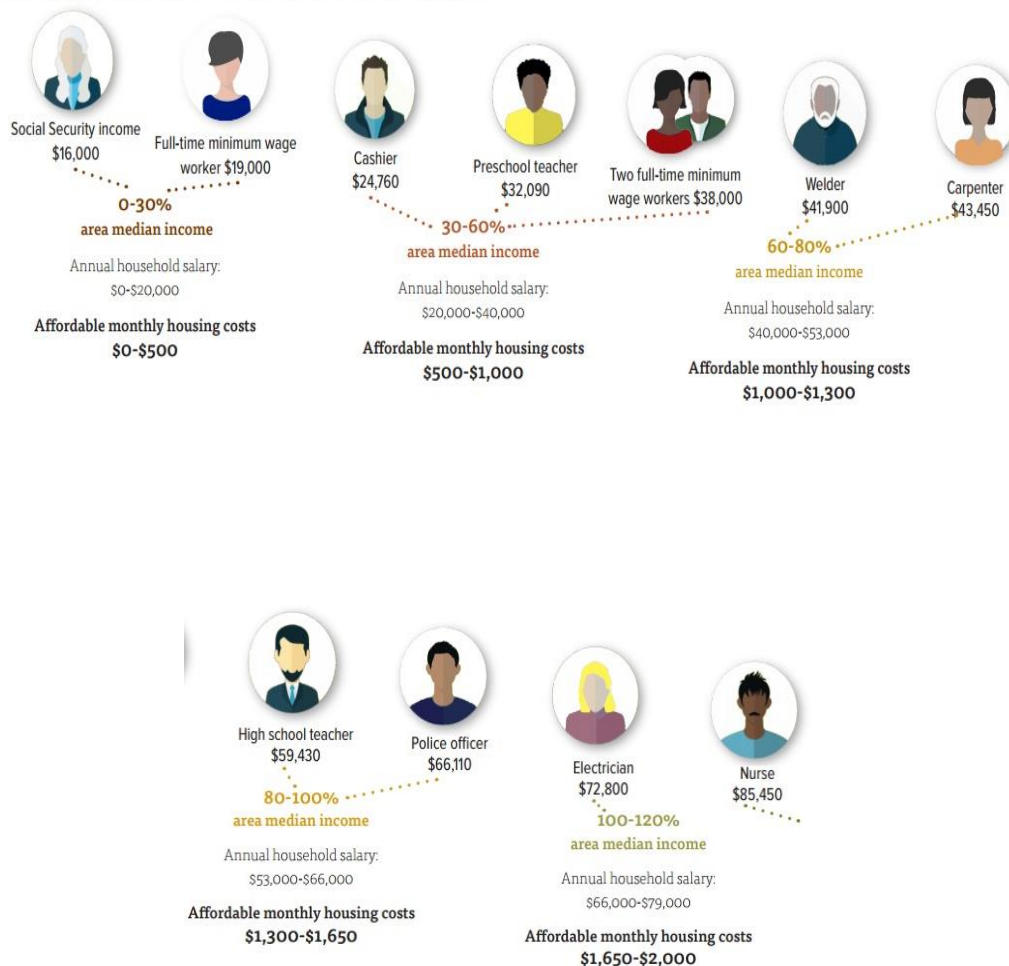
COUNTY/City	Number of sites with at least one regulated affordable unit	Total units (unregulated and regulated) in these sites	Unregulated units	Regulated units	Share of regulated units in four-county area
<b>CLACKAMAS</b>	<b>290</b>	<b>4,104</b>	<b>166</b>	<b>3,937</b>	<b>18.6%</b>
Canby	8	343	2	341	0.5%
Estacada	9	143	1	142	0.6%
Gladstone	18	66	-	66	1.2%
Lake Oswego	3	201	-	201	0.2%
Milwaukie	35	369	-	369	2.2%
Molalla	9	167	2	165	0.6%
Oregon City	36	553	1	552	2.3%
Sandy	18	319	1	318	1.2%
West Linn	10	14	-	14	0.6%
Wilsonville	14	548	4	544	0.9%
Unincorporated	130	1,381	155	1,225	8.3%
<b>CLARK</b>	<b>156</b>	<b>6,127</b>	<b>1,033</b>	<b>5,094</b>	<b>9.9%</b>
Battle Ground	3	106	22	84	0.2%
Camas	5	120	53	67	0.3%
Ridgefield	3	10	-	10	0.2%
Vancouver	97	3,953	598	3,355	6.2%
Washougal	3	122	2	120	0.2%
Unincorporated	45	1,816	358	1,458	2.8%
<b>MULTNOMAH</b>	<b>837</b>	<b>27,256</b>	<b>2,294</b>	<b>24,989</b>	<b>53.7%</b>
Fairview	3	525	1	524	0.2%
Gresham	49	2,236	27	2,207	3.1%
Portland	782	24,063	2,265	21,827	50.1%
Troutdale	3	432	1	431	0.2%
<b>WASHINGTON</b>	<b>278</b>	<b>7,436</b>	<b>129</b>	<b>7,307</b>	<b>17.8%</b>
Banks	1	1	-	1	0.1%
Beaverton	36	683	13	670	2.3%
Cornelius	13	40	4	36	0.8%
Durham	1	210	-	210	0.1%
Forest Grove	35	663	11	652	2.2%
Hillsboro	76	2,346	9	2,337	4.9%
North Plains	1	33	-	33	0.1%
Portland	2	82	-	82	0.1%
Sherwood	8	125	1	124	0.5%
Tigard	18	705	10	695	1.2%
Tualatin	3	604	-	604	0.2%
Unincorporated	84	1,944	81	1,863	5.4%
<b>Grand Total</b>	<b>1,561</b>	<b>44,923</b>	<b>3,622</b>	<b>41,327</b>	<b>100%</b>

Source: Regional Inventory of Affordable Housing. Oregon Metro, 2015.

Shortly before the City published the Affordable Housing Program report, Metro estimated that Tigard would need to add 3,205 new units by 2017 to meet the needs of households earning 50% AMI or less. In 2013, Angelo Planning projected Tigard's housing needs through 2030. It found that Tigard will need to add 1,560 rental units in the next 13 years. As of 2015, there were 705 units of affordable housing in Tigard total, 2,500 units short of the 1997 recommendation and 855 units short of the 2013 recommendation.

As of the 2014 American Community Survey, 33.4% of Tigard households earned less than \$35,000<sup>9</sup>, making them eligible for housing reserved for households at 60% AMI or below. The survey also revealed that 51.4% of Tigard renters pay more than 30% of gross household income on housing costs. With a significant percentage of Tigard residents at 60% AMI or below, a majority of Tigard renters experiencing housing-related cost burdens, and construction of new affordable units well below demand, there is fierce competition for affordable housing in Tigard.

### CONNECTING STRATEGY TO THE NEEDS OF RESIDENTS



Source: Connecting Strategy to the Needs of Residents, PDF, Oregon Metro

<sup>9</sup> Selected Economic Characteristics. *US Census American Fact Finder*, 2010-2014 American Community Survey 5-Year Estimates. <http://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?src=CF>



## The Affordable Housing Program Report

The Affordable Housing Program report, released in September of 2002, was created to address the disparity between housing needs and the market's tendency to underprovide affordable housing. The program was, in part, a response to the City Council goal to, "consider ways to support the provision of affordable housing." It identified a platform of existing, past, and possible actions that Tigard could utilize to address diverse housing needs. The City of Tigard is limited in the ways by which it can meet the residents' housing needs. However, it can use powerful tools like the Tigard Community Development Code (TCDC) to capitalize on the City's ability to facilitate housing for the 33% of residents that are cost-burdened. The following section will review each of the 12 program elements and its effect on affordable housing in Tigard.

### Streamlined Development Review Process

#### *Barrier*

Inconsistent and vague standards in the Tigard Community Development Code (TCDC) lead to delays in the project approval process. Development standards with subjective interpretations mean members of Tigard's planning staff are applying different approval criteria. It takes longer to review a development application if standards are ambiguous. The additional time it takes for project approval leads to increased fees for developers, who are accruing interest on borrowed project funds while staff review their planning applications. All of the project costs incurred by housing developers are eventually passed on to future occupants in the form of higher rent. In this way, longer application periods affect affordability.

#### *2002 Response*

In 1998, Community Development staff updated the TCDC to revise vague development standards and project approval criteria. In a year-long effort, the City edited the TCDC to create clear, objective, and "user-friendly" standards. The streamlined development review process reduced delays and minimized the amount that developers accrued in interest.

#### *Effect*

Individuals with the Community Housing Fund (CHF) and Community Partners for Affordable Housing (CPAH) noted that projects built during the 2000s received an expedited approval process, but attributed this to the decline of development during the recession rather than to streamlined and user-friendly development standards. Staff expressed frustration with the PDR process, which is currently costing CPAH several thousand dollars, but did not point to any specific standards that commonly delayed their projects.

To ensure a clear and objective development code, planning staff regularly amend unnecessary, subjective, or conflicting standards. In 2009 and 2015, there were thorough code amendments, called Omnibus updates. There have been sweeping code amendments, called Omnibus Updates, in 2009 and 2015. In 2016, planning staff began another extensive update of the development code.

The frequent housekeeping updates indicate that the 1998 TCDC revisions did not perfectly achieve their goal. Planning staff still make determinations based upon inexplicit development standards.

The current Omnibus update will address redundant or unclear standards. In light of the recurring code amendments, the 1998 “user-friendly” update was an important action—as all of the updates have been—but did not perfectly streamline the code.

### *Opportunities*

The 2013 Goal 10 Housing Strategies Report noted that Tigard development standards for certain needed housing types conflicts with OR 197,307, which states:

*(4) Except as provided in subsection (6) of this section, a local government may adopt and apply only clear and objective standards, conditions and procedures regulating the development of needed housing on buildable land described in subsection (3) of this section. The standards, conditions and procedures may not have the effect, either in themselves or cumulatively, of discouraging needed housing through unreasonable cost or delay.*

Currently, residential development other than single-family detached units must undergo a Site Development Review (SDR) process. SDR approval criteria are not subject to the state statute requiring clear and objective standards—a fact which could lead to “an unreasonable cost for delay.” The report suggests that SDR approval criteria should be reviewed to ensure clear and objective standards, or to exempt needed housing types such as accessory dwelling units and duplexes from standards that are not clear or objective. At the time of publication, City staff have not yet undertaken this update to SDR review procedures.

## **Accessory Dwelling Units**

### *Barrier*

Over 10,000 Americans reach the age of 65 every day<sup>10</sup>. This trend will continue until the youngest in the Baby Boom generation reach retirement in 2030. Of the total group projected to enter retirement over the next 14 years, 35% are expected to rely on Social Security as their sole source of income<sup>11</sup>. Nearly two-thirds of the older American population is projected to spend significantly more than 30% of their fixed incomes on housing<sup>12</sup>. The increased demand on local and federal services is referred to by some as the “silver tsunami”. The shifting housing needs and economic security of Baby Boomers will place new demand on alternative housing types. This generational shift will mean a significant relocation from sprawling suburbs to smaller housing types in dense, walkable neighborhoods.

Over the same timeframe, millennials will reach the age at which previous generations started to buy their first homes. However, millennials are not projected to follow the same homeownership trends. Debt from student loans averages nearly \$30,000 a person<sup>13</sup>. Nearly 40% of millennials have not started

<sup>10</sup> “The Silver Tsunami: Hard facts facing the aging baby boomer population.” *NW Pilot Project*, <http://www.nwpilotproject.org/images/pageImages/nwpp%20silver%20tsunami.pdf>

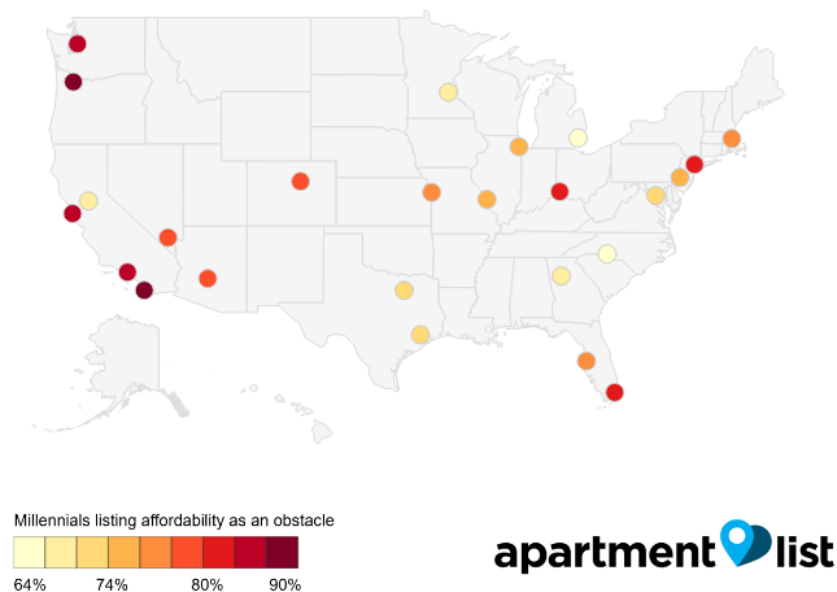
<sup>11</sup> “The Silver Tsunami: Hard facts facing the aging baby boomer population.” *NW Pilot Project*, <http://www.nwpilotproject.org/images/pageImages/nwpp%20silver%20tsunami.pdf>

<sup>12</sup> “The Silver Tsunami: Hard facts facing the aging baby boomer population.” *NW Pilot Project*, <http://www.nwpilotproject.org/images/pageImages/nwpp%20silver%20tsunami.pdf>

<sup>13</sup> Woo, Andrew. “The Affordability Crisis: What Happens When Millennials Can’t Afford to Buy Homes?” *Apartment List*, 13 April 2016. <https://www.apartmentlist.com/rentonomics/millennials-and-homeownership-2016/> Accessed 22 November 2016.

saving for their down payments<sup>14</sup>. Millennials that have saved money have, on average, \$5,830 set aside—a small fraction of the down payment costs for even a modest home.

A recent survey conducted by Apartment List found that 90% of millennials in the Portland metropolitan area listed affordability concerns as the primary reason that they have delayed homeownership. This rate puts Portland first among all other polled metropolitan areas in the number of millennials who delayed home purchases because of affordability<sup>15</sup>. These economic realities will cause millennials to remain in the rental market longer than previous generations. In the Portland region, rising housing costs and a shortage of housing in the urban core will lead millennials to make uncharacteristic housing choices, including relocating to well planned, mixed-use areas of suburban communities.



Source: Apartment List, “The Affordability Crisis: What Happens When Millennials Can’t Afford to Buy Homes?”

To fill the gap between existing rental units and future demand, cities will need to reconsider previously restricted housing types: duplexes, townhouses, cottage clusters, micro apartments, and accessory dwelling units, particularly in walkable and transit accessible areas.

### 2002 Response

The code defines ADUs as “one or more rooms with a private bath and kitchen facilities comprising an independent, self-contained dwelling unit within or attached to a single-family dwelling.” In 1998, staff updated city code to allow attached accessory dwelling units (ADUs) in the city’s single-family neighborhoods. For approval, proposed units must share a common wall with the primary residence, be no more than 800 square feet, and create an additional off-street parking space.

<sup>14</sup> Woo, Andrew. “The Affordability Crisis: What Happens When Millennials Can’t Afford to Buy Homes?” *Apartment List*, 13 April 2016. <https://www.apartmentlist.com/rentonomics/millennials-and-homeownership-2016/> Accessed 22 November 2016.

<sup>15</sup> Woo, Andrew. “The Affordability Crisis: What Happens When Millennials Can’t Afford to Buy Homes?” *Apartment List*, 13 April 2016. <https://www.apartmentlist.com/rentonomics/millennials-and-homeownership-2016/> Accessed 22 November 2016.

*Effect*

The strict development standards were written to ensure neighborhood compatibility, but effectively limit ADU development. There have been 17 approved ADUs in the past eight years. Well considered ADU standards can prompt homeowners to contribute to the City's need for new housing by building in backyards. However, as they are currently written, Tigard's ADU standards preserve low-density, auto-oriented, single family neighborhoods at the expense of diverse housing options. Aside from a noticeable increase in 2015 caused by one developer, approved permits for accessory units are modest.

Approved Accessory Residential Unit Permits in Tigard

2009	2010	2011	2012	2013	2014	2015	2016*
1	2	0	2	1	2	8	1

\* Rate reflects Jan-Oct 2016 permits

*Opportunities*

The table on the next page is a collection of ADU standards from neighboring and leading Oregon cities. Most of the listed cities restrict square footage as Tigard does. Notably, Portland and Bend—known for their liberal ADU policies and strong ADU numbers—have loosened their parking requirements and occupancy restrictions.

CITY OR COUNTY	TYPES OF STRUCTURES	SIZE LIMITATION	PARKING REQUIREMENTS	ENTRANCE STANDARDS	OCCUPANCY RESTRICTIONS	OTHER STANDARDS
Tigard	Must be within or attached to a primary dwelling.	May not exceed 50% of the size of the primary unit, up to a maximum of 800 square feet;	One parking space shall be provided for the accessory residential unit. This parking space shall be paved and/or covered;	The door to the ADU cannot open onto the front façade.	Either the primary or accessory residential unit must be owner-occupied;	Garage may not be converted to an ADU unless it is replaced.
Beaverton		The proposed ADU shall be no more than fifty percent (50%) of the gross floor area of the primary detached dwelling or 800 square feet, whichever is less.	One off street parking space must be provided.	The entrance to the ADU may not face the front property line.	Either the primary or accessory dwelling units shall be occupied by the property owner at any time the accessory dwelling unit is occupied	The primary dwelling shall be at least two-stories when the accessory dwelling unit is to be provided over a garage.
Tualatin	Must be within a detached single-family dwelling or be an addition to the primary dwelling.	An ADU shall not exceed 50% of the gross floor area (house and garage) of the existing detached single-family dwelling up to a maximum of 800 square feet.	One paved onsite parking space shall be provided for the ADU.	ADU front door shall not be located on the same street frontage as the primary dwelling's front door.		
Bend	Attached, separate structure, or above detached garage	Maximum 600 sq. ft. on a lot less than 6,000 sq. ft. Maximum 800 sq. ft. on a lot greater than 6,000 sq. ft.	One off-street parking space required. May be in a "tandem" arrangement with other required parking.	none	none	Overall floor-area ratio on lot no greater than .55. Height no greater than 25 feet or height of primary residence, whichever is less.
Portland	Converting existing living area. Finishing an existing basement or attic. Building a new structure Making an addition to an existing structure. Some existing attached or detached garages can be converted into an ADU.	The ADU may be no more than 75% of the total living area of the house or a maximum of 800 square feet, whichever is less.	Additional parking is not required for an ADU. However, if parking is required for the existing dwelling unit, that parking must either be retained, or if eliminated in the creation of the ADU, replaced.	Only one entrance can be located on the facade facing a street.	NONE	Building coverage smaller than SFR and no more than 15% of lot. Detached ADUs set back 60 feet from street or 6 feet behind main SFR

Accessory dwelling standards are slated for revision in the Omnibus code update. The change will expand allowed ADU types, such as permitting detached units. In addition, city staff should consider changes to standards for duplexes, triplexes, fourplexes, townhomes, and cottage clusters.

As per the TCDC, duplexes are permitted in high density zones. However, they are not permitted in R-1 and R-2 zones, and are conditional in R-3.5 and R4.5—zones that typically accommodate single family housing. The regulatory barrier to siting duplexes in typical single family zones is not in line with Fair Housing laws. Future updates should permit housing solutions like duplexes and ADUs in all residential zones.

Below is a table with further recommendations for how city codes can robustly support ADU development, taken from the “Character Compatible, Space-Efficient Housing Options for Single Dwelling Neighborhoods” report.

Provision Type	Supportive Codes	Limiting Codes
Use	<ul style="list-style-type: none"> <li>Rental and occupancy standards for both primary unit and ADU match what is allowed in single-dwelling zones</li> <li>Allow one “household” per unit</li> </ul>	<ul style="list-style-type: none"> <li>Owner-occupancy requirement for one of the dwellings</li> <li>Limit use as short-term rentals</li> <li>Allow one “household” for the entire property (primary house + ADU)</li> <li>ADU residents must be family members of primary home’s household</li> </ul>
Eligible Properties	<ul style="list-style-type: none"> <li>Allow on any residentially-zoned lot with a house or a duplex</li> <li>Low lot size minimums (e.g., 4,000 sf or less) for a property to be ADU-eligible</li> </ul>	<ul style="list-style-type: none"> <li>Only allow in some single-dwelling zones or only allow in duplex or multi-dwelling zones</li> <li>Only allow in overlay zones or specific geographic areas</li> <li>Large lot size minimums (e.g., 6,100 sf or more)</li> </ul>
Size	<ul style="list-style-type: none"> <li>Allow a flexible range of ADU sizes, e.g., ranging from small, micro-ADUs of 160 sf (Novato, CA) to detached ADUs up to 80% FAR of the main house (Portland, OR)</li> <li>Allow 1.5-2 story ADUs</li> <li>If the code allows garages in side or rear setbacks, allow small, 1-story ADUs there too</li> </ul>	<ul style="list-style-type: none"> <li>Cap ADUs at very small sizes, e.g., ADU limited to 600 sf (Durham, OR)</li> <li>Cap ADU height at 1 story</li> </ul>
Form	<ul style="list-style-type: none"> <li>Allow attached and detached options</li> <li>Allow up to two ADUs per lot, one internal and one detached</li> </ul>	<ul style="list-style-type: none"> <li>Only allow attached ADUs in single-dwelling zones</li> </ul>
Parking	<ul style="list-style-type: none"> <li>Require no on-site parking beyond what’s required for the primary house</li> <li>Waive on-site parking requirement for ADU if site is near transit</li> </ul>	<ul style="list-style-type: none"> <li>Require one or more additional on-site parking spaces per ADU</li> </ul>
Design Compatibility	<ul style="list-style-type: none"> <li>Require design compatibility with the primary house only for new ADUs over 1-story tall</li> </ul>	<ul style="list-style-type: none"> <li>Require ADU’s design to match primary residence in all cases, including one-story units (commonly specified items include roof pitch, siding, trim, windows, eaves, and others)</li> </ul>
Approval/ Process	<ul style="list-style-type: none"> <li>Allow by right</li> </ul>	<ul style="list-style-type: none"> <li>Require conditional use permit or other discretionary review process</li> </ul>
Fees	<ul style="list-style-type: none"> <li>Waive or reduce development impact fees</li> <li>Scale impact fees based on reduced size</li> </ul>	<ul style="list-style-type: none"> <li>Charge the same development impact fees as for larger single-dwelling homes</li> </ul>
Standard Provisions	<ul style="list-style-type: none"> <li>Locate ADUs behind the main house and/or set back a certain distance from the front property line (often 40 to 50 feet)</li> <li>Limit homes with internal ADUs to one street-facing entry door</li> </ul>	

Source: ODOT, DLCD, and DEQ. “Character Compatible, Space-Efficient Housing Options for Single Dwelling Neighborhoods”

## Parking Requirements

### Barrier

Parking construction is one of the costliest project elements for new development. High minimum parking standards lead to greater total development costs, which dictate the price that housing operators must charge future occupants. Large parking minimums affect future affordability.

Off-street parking minimums are the most expensive zoning regulation that the City enforces. The structural engineering firm Carl Walker projects that 2016 parking construction costs in Portland will average \$19,094 per parking space<sup>16</sup>.

In most housing complexes, parking costs are bundled with monthly rent—a certain number of parking spaces are assigned to each housing unit, and the cost for those spaces is included in rent, rather than allowing each household to purchase the amount of parking it needs separately. If parking and housing costs are bundled, requiring a minimum number of spaces for which there may not be demand leads to high construction fees that are absorbed by tenants who do not utilize the service for which they are paying.

Furthermore, populations with low rates of car ownership—seniors, people with special needs, and people with low and extremely-low incomes—require fewer spaces. 12.1% of poor whites, 25% of poor Latinos and 33% of poor African Americans do not have access to a car<sup>17</sup>. Yet affordable housing occupants pay for the space when they pay for rent, without an option to opt out.

Since the parking costs that are passed on to occupants will be a smaller percentage of market-rate rent than regulated affordable rent, the externalized parking costs are a regressive cost to those earning lower incomes.

### 2002 Approach

In 1998, Community Development staff amended the TCDC to allow parking reductions for projects that serve special resident populations, such as affordable housing.

City	Index	Cost/Space	Cost/SF
Atlanta	88.6	\$16,866	\$50.50
Baltimore	93.2	\$17,742	\$53.12
Boston	117.5	\$22,368	\$66.97
Charlotte	83.6	\$15,915	\$47.65
Chicago	117.8	\$22,425	\$67.14
Cleveland	99.3	\$18,903	\$56.59
Denver	92.3	\$17,571	\$52.60
Dallas	85.4	\$16,257	\$48.67
Detroit	102.6	\$19,532	\$58.47
Houston	87.1	\$16,581	\$49.64
Indianapolis	93.0	\$17,704	\$53.00
Kansas City, MO	102.2	\$19,455	\$58.25
Los Angeles	107.7	\$20,502	\$61.38
Miami	87.2	\$16,600	\$49.70
Minneapolis	109.1	\$20,769	\$62.18
Nashville	87.6	\$16,676	\$49.93
New York	131.1	\$24,957	\$74.72
Philadelphia	115.0	\$21,892	\$65.54
Phoenix	88.4	\$16,828	\$50.38
Pittsburgh	102.1	\$19,436	\$58.19
Portland, OR	100.3	\$19,094	\$57.16
Richmond	86.1	\$16,391	\$49.07
St. Louis	102.0	\$19,417	\$58.13
San Diego	105.1	\$20,007	\$59.90
San Francisco	122.5	\$23,320	\$69.82
Seattle	103.0	\$19,608	\$58.70
Washington D.C.	98.5	\$18,751	\$56.14
National Average	100	\$19,037	\$56.99

Source: Carl Walker, *Parking Construction Outlooks 2016*

<sup>16</sup> Carl Walker. "Parking Structure Cost Outlook for 2016." *Carl Walker*, 2016, <http://www.cgswwi.com/carl-walker/wp-content/uploads/2016/06/2016-Carl-Walker-Cost-Article.pdf>. Accessed 22 November 2016.

<sup>17</sup> Policy Link and the Prevention Institute. 2009. *Healthy, Equitable Transportation Policy: Recommendations and Research*. [http://www.policylink.org/sites/default/files/HEALTHTRANS\\_FULLBOOK\\_FINAL.PDF](http://www.policylink.org/sites/default/files/HEALTHTRANS_FULLBOOK_FINAL.PDF). Accessed 22 November 2016.

TCDC 18. 360.080 states:

B. Exceptions to parking requirements. The director may grant an exception or reduction to the off-street parking dimensional and minimum number of space requirements in the applicable zoning district based on the following findings:

1. The application is for a use designed for a specific purpose which is intended to be permanent in nature; e.g. senior citizen housing, and which has a demonstrated low demand for off-street parking;

Projects must apply for the exemption on a case-by-case basis. Applicants are eligible for up to a 20% reduction in parking requirements, subject to a Type II review.

*Effect*

Since the 1998 parking adjustment update, 3 affordable housing projects have received an adjustment: The Village at Washington Square in 2000, Greenburg Oaks in 2005, and The Knoll in 2009.

Multifamily developers that do not receive a parking adjustment are subject to the highest minimum parking standard of any household type. At 1.25 spaces per dwelling unit in multifamily complexes, parking costs total \$23,867 for each one bedroom unit, and increase by the cost of .25 spaces for each additional bedroom. Single family units and duplexes are not subject to the same parking increases for additional bedrooms. The incurred parking costs serve to either reduce the operating capacity of housing providers or increase rents for tenants.

**TABLE 18.765.2**  
**MINIMUM AND MAXIMUM REQUIRED OFF-STREET VEHICLE AND BICYCLE PARKING REQUIREMENTS**  
 (NA: Not Addressed DU: Dwelling Unit (M): Metro Requirement)

RESIDENTIAL	MINIMUM <sup>[5]</sup>	MAXIMUM <sup>[1]</sup>		
		ZONE A	ZONE B	BICYCLE <sup>[2]</sup>
<b>Household Living</b>				
Single Units, Attached	See Multifamily (M)	none (M)	none (M)	none
Single Units, Detached	1.0/DU	none (M)	none (M)	none
Accessory Units	1.0/DU	none	none	none
Duplexes				none
Multifamily Units	DU<500 sq ft: 1.0/DU (M) 1 bedroom: 1.25/DU (M) 2 bedroom: 1.5/DU (M) 3 bedroom: 1.75/DU (M) <sup>[7]</sup>	none	none	1.0/2 DUs except elderly, which is 1.0/20 DUs

[1] To be determined by the City of Tigard based on Metro criteria.  
 [2] Required bicycle parking shall be required per the ratios below except in no case shall there be fewer than two spaces provided.  
 [3] Refers to 1,000 sq. ft. of floor area, unless otherwise noted.  
 [4] Does not include outpatient clinics or medical offices; see Medical/Dental Offices.  
 [5] Please see Section 18.610.060, off-street vehicle parking minimum requirements in the MU-CBD zone.  
 [6] Religious institutions may provide 1 space for every 4 seats on site in the main assembly area provided that they supply the city with a parking plan that demonstrates that the peak parking demand of 1 space for every 3 seats is met utilizing any combination of the alternatives mentioned in this chapter. Adjustments to the minimum parking of 1 space for every 3 seats may be granted per applicable provisions of the code, but shall not decrease the amount of required on-site parking to less than 1 space for every 4 seats (unless the cumulative value of all adjustments granted results in an adjusted requirement of less than 1 space for every 4 seats).  
 [7] In the MU-CBD zone the minimum parking requirements for all multifamily units is 1.0/DU.  
 [8] Fast food designation includes all eating and drinking establishments with a "walk-up counter" or less than 10 tables in the dining area.

*Opportunities*

Reducing the parking requirements for affordable housing developers can significantly improve a project’s financial feasibility. A parking adjustment has been available to affordable housing developers in Tigard since 1998. However, the case-by-case basis has resulted in few adjustments, and creates an additional step in the project approval process.

A standard in the TCDC Off-Street Parking and Loading Requirements Chapter that explicitly reduces affordable housing parking requirements would ensure that all eligible projects receive the appropriate parking reductions. The City of Tigard’s Senior Transportation Planner recommends a new standard that sets no minimum parking spaces for needed development types, such as affordable housing. A separate



parking standard for affordable housing developers would eliminate a step in the application procedure and further streamline the permitting and approval process.

In November 2016, Portland City Council voted to offer a parking exemption to developers of projects that include affordable housing units. Portland is also preparing to implement an inclusionary zoning program, which will require projects with more than 20 housing units to include units affordable to people at 80% AMI or below. Taken together, these two policies will result in waived parking requirements for any new housing with more than 20 units.

## Budget set-aside to offset fees for affordable housing developers

### Barrier

System development charges (SDCs) are levied on project developers to cover the need for public infrastructure improvements created by new development. SDCs are collected at the project outset, increasing the funds developers need upfront to get a project off of the ground. SDCs can total over \$1 million, which is a significant portion of overall project costs for affordable housing developers.

### 2002 Approach

In Fiscal Year 2002, City Council established an Affordable Housing Fee Assistance program to offset the costs of SDCs and permitting fees. Affordable housing providers could apply to receive a portion of the \$10,000 annual set-aside to alleviate development costs. In 2007, the program was amended so Tigard would donate any unallocated funds to the Community Housing Fund (CHF) at the end of each year.

### Effect

The full \$10,000 set aside was given to CHF in Fiscal Years 2010 through 2014, indicating that the set aside was not utilized by developers to minimize project costs.

It is important to note that CPAH, a principal affordable housing provider in Washington County, did not develop new housing in Tigard during those years. CPAH did build The Knoll in 2008; the full \$10,000 annual set aside would have accounted for less than 3% of the nearly \$350,000 that CPAH paid for that project. The set aside was defunded in FY '14-'15.

The Affordable Housing Fee Assistance program did not accomplish its original goal to minimize project costs. It was most effective as financial support for CHF.

Tigard Affordable Housing Strategies

<b><i>Washington County Transportation Development Tax</i></b>	<b>Non RT</b>	<b>In RT</b>
<b>Single Family Detached</b> (per detached unit, including manufactured housing unit on individual lot)	\$8,278.00	\$8,278.00
<b>Apartment</b> (per unit)	\$5,415.00	\$5,415.00
<b>Condominium/Townhouse</b> (per attached unit, including duplex units)	\$4,951.00	\$4,951.00
<b>Manufactured Housing</b> (per unit in a park)	\$4,142.00	\$4,142.00
<b>Assisted Living</b> (per bed)	\$2,558.00	\$2,558.00
<b>Continuing Care Retirement</b> (per unit)	\$2,587.00	\$2,587.00
<b>Commercial/Industrial</b> - Call Permit Coordinator at 503-718-2426 for estimate.		

<b><i>Tigard Transportation System Development Charge</i></b>	<b>Non RT</b>	<b>In RT</b>
<b>Single Family Detached</b> (per detached unit, including manufactured housing unit on individual lot)	\$5,805.00	\$8,489.00
<b>Apartment</b> (per unit)	\$3,386.00	\$4,952.00
<b>Condominium/Townhouse</b> (per attached unit, including duplex units)	\$3,386.00	\$4,952.00

<b><i>Tigard Parks System Development Charge</i></b>	<b>Non RT</b>	<b>In RT</b>
<b>Single Family Unit</b> (per detached or attached unit, including manufactured housing on individual lot or in a park)	\$7,178.00	\$7,566.00
<b>Multi-Family Unit</b> (per apartment or condominium unit)	\$5,268.00	\$5,559.00
<b>Commercial/Industrial</b> (per employee) Call Permit Coordinator at 503-718-2426 for estimate.	\$444.00	\$444.00

<b><i>Sewer Connection - Clean Water Services (CWS)</i></b>	<b>Non RT</b>	<b>In RT</b>
<b>Residential</b> (per equivalent dwelling unit, including detached, attached duplex, townhouse or apartment units, and manufactured housing on individual lot)	\$5,300.00	\$5,300.00
<b>Commercial/Industrial</b> (per equivalent dwelling unit as determined by total plumbing fixture count)	\$5,300.00	\$5,300.00

*Note:* Sewer connection fee is calculated based on **plumbing permit** application submittal date.

However, system development charges remain a financial burden for affordable housing developers. Given that the more expensive charges cost \$3,000 to \$5,000 *per unit*, it is likely that the \$10,000 yearly cap on SDC aid was not enough to meaningfully reduce overall costs.

### *Opportunities*

According to a recent survey conducted by the League of Oregon Cities, approximately one-third of Oregon cities that levy SDCs also offered some form of payment accommodation over the past three years<sup>18</sup>.



*Commuters waiting at Tigard WES station*

Tigard should pursue opportunities to offer SDC waivers or reductions for affordable housing. New projects in Tigard's downtown are eligible for a reduction of the transportation SDC if approved by City Council. Tigard should consider extended the same SDC reductions to affordable housing developers across the City.

## **Property Tax Exemption**

### *Barrier*

After development, housing operators must find a way to keep operating costs low enough that rents remain affordable for occupants. Property taxes add a significant amount to yearly operating costs that are transferred to residents as higher rent.

### *2002 Approach*

The Oregon legislature approved a property tax exemption for affordable housing in 1985. The Oregon statute requires that exempt properties are owned or leased by 501c3 or 501c4 organizations, occupied by persons at or below 60% AMI as determined by HUD. Participating local governments must review properties annually to reassess occupant income levels, the benefit to occupants, and proof of the owners' 501c3 or 501c4 status.



*The Knoll at Tigard*

<sup>18</sup> System Development Charge Survey Data for the 2016 Survey. *League of Oregon Cities*, 2016, <https://data.orcities.org/City-Financial-Data/System-Development-Charge-Survey-Data/nb7c-wkjq/data>.

In 1996, Tigard implemented its Nonprofit Corporation Low Income Housing Tax Exemption program in an effort to lower operating costs for affordable housing providers.

### *Effect*

When Tigard implemented the tax exemption in 1996, few other cities offered the program. With Portland, which created its program in 1985, Tigard was a leader in tax exemption programs for many years.

In 2016, five properties were approved for the tax exemption:

1. Greenburg Oaks
2. The Knoll
3. The Village at Washington Square
4. Hawthorne Villa
5. A single family residence on SW Tangelia Court

Combined, the five properties have 276 units of dedicated affordable housing. For the 2016-2017 tax year, the City of Tigard forewent roughly \$40,000 in property tax revenue from the five properties. Though a relatively small amount for the City, the savings are meaningful for housing operators. The savings allow new development projects to get off of the ground sooner. Organizations like CPAH, which operate on lean budgets, commonly allocate their developer fees to their largest operating expense: staffing costs. Properties approved for the exemption can utilize tax savings for operating costs, and save developer fees for future housing projects, as intended. In that sense, the property tax exemption accelerates the development of new affordable units.

## Affordable Housing Tax Exemption Criteria

### **3.50.020 Nonprofit Corporation Low Income Housing; Exemption; Criteria.**

A. Property that meets all of the following criteria shall be exempt from taxation as provided in this section.

1. The property is owned or being purchased by a corporation that is exempt from income taxes under section 501(c) (3) or (4) of the Internal Revenue Code as amended before December 1, 1984.

2. Upon liquidation, the assets of the corporation are required to be applied first in payment of all outstanding obligations, and the balance remaining, in cash and in kind, to be distributed to corporations exempt from taxation and operated exclusively for religious, charitable, scientific, literary or educational purposes or to the State of Oregon.

3. The property is occupied by low income persons.

4. The property or portion of the property receiving the exemption, is actually and exclusively used for the purposes described in section 501(c) (3) or (4) of the Internal Revenue Code as amended before December 1, 1984.

5. The exemption has been approved as provided in section 3.50.050.

B. For the purposes of subsection (1) of this section, a corporation that has only a leasehold interest in property is deemed to be a purchaser of that property if:

1. The corporation is obligated under the terms of the lease to pay the ad valorem taxes on the real and personal property used in this activity on that property; or

2. The rent payable by the corporation has been established to reflect the savings resulting from the exemption from taxation.

C. A partnership shall be treated the same as a corporation to which this section applies if the corporation is:

1. A general partner of the partnership; and

2. Responsible for the day to day operation of the property that is the subject of the exemption. (Ord. 96-34)

### **3.50.040 Application For Exemption.**

A. To qualify for the exemption provided by 3.50.020, the corporation shall file an application for exemption with the governing body for each assessment year the corporation wants the exemption. The application shall be filed on or before March 1 of the assessment year for which the exemption is applied for, except that when the property designated is acquired after March 1 and before July 1, the claim for that year shall be filed within 30 days after the date of acquisition. The application shall include the following information:

1. A description of the property for which the exemption is requested;

2. A description of the charitable purpose of the project and whether all or a portion of the property is being used for that purpose;

3. A certification of income levels of low income occupants;

4. A description of how the tax exemption will benefit project residents; and

5. A declaration that the corporation has been granted an exemption from income taxes under 26 U.S.C. section 501(c) (3) or (4) as amended before December 1, 1984.

B. The applicant shall verify the information in the application by oath or affirmation. (Ord. 96-34)

### **3.50.050 Determination Of Eligibility For Exemption; Notice To County Assessor.**

A. Within 30 days of the filing of an application under 3.50.040, the governing body shall determine whether the applicant qualifies for the exemption under 3.50.020. If the governing

*Opportunities*

The exemption is one of the few Affordable Housing Program strategies that is still in place in 2016. It remains an important form of city support for affordable housing.

Staff from organizations like CHF and CPAH have noted that the exemption is considered favorably when decided whether to locate new housing in Tigard.

The program is successful. Logistically, however, the approval process is flawed. Updates to the state statute have rendered Tigard's code inconsistent. For example, Tigard Municipal Code 3.50.040 lists the necessary application elements; the section requires that applicants submit proof that certain exemption criteria are met, but does not mention whether it requires proof that the others are also met. To grant an exemption, staff must have proof positive that *all* of the criteria apply to the property. The application instructions do not make this clear, and so applicants can submit all of the materials required as per the application instructions, but staff do not have sufficient information to make decision.

Tigard Municipal Code Chapter 3.50 should be revised for consistency between sections 3.50.020 and 3.50.040.

In addition, updates to this chapter should extend the exemption to undeveloped land held for affordable housing. It can take years to get a development project from planning application to a functioning building. In the meantime, operators pay property taxes on vacant and underdeveloped lots while the project gets off of the ground. The City should make sites of future housing eligible for the exemption. Beaverton and Washington County extend their exemptions to predevelopment lots.

Furthermore, applications should be reviewed through an administrative process. State statute gives participating cities 30 days from the application deadline to review applications. This leaves City Council a narrow window of time in which it must schedule application review time into one of its weekly meetings. The approval process requires reviewers to make relatively simple determinations of whether the project meets criteria; application determinations would be more effectively completed through an administrative process.

**Support for Sale or Donation***Barrier*

There is a limited supply undeveloped lots, and those lots are becoming even more rare as the Tigard population increases. Land in amenity-rich areas, where it is advantageous to have affordable housing, is especially expensive. The cost of land is yet another cost that restricts the future affordability of housing.

*2002 Approach*

The Affordable Housing Program report supported Washington County's practice of selling or donating surplus publicly-owned land to affordable housing developers.

*Effect*

While the strategy could significantly minimize developer expenses, Tigard has never sold surplus land to affordable housing developers below the market rate. City code has always prohibited the City from

donating land for affordable housing development. Tigard Municipal Code Chapter 3.44 requires that surplus public property is sold to the highest bidder in a public sale process.

#### *Opportunities*

As it is written at the time of this report's publication, Tigard Municipal Code still does not allow surplus property to go to affordable housing development. It would be relatively simple to change the ban. In fact, this chapter was amended in 2015 to allow the City to give surplus property to Urban Renewal agencies. In lieu of a code amendment, Tigard could pursue land leases for affordable developers.

## **Financial Support for Good Neighbor Center**

#### *Barrier*

When service providers are underfunded, people at imminent risk of homelessness must compete for limited space and limited services at shelters and service centers. Local shelters must serve an expanding number of people experiencing poverty with a diminished capacity.

#### *2002 Approach*

The City of Tigard has donated \$15,000 annually to The Good Neighbor homeless shelter since 2002. The center provides housing, meals, a children's program and support services for up to 9 families at a time.

#### *Effect*

The Good Neighbor Center frequently uses the Tigard's donation for operating costs. Tigard's funds are one of the center's few sources of undedicated funding, meaning the center is free to utilize the donation as it sees appropriate. Because Tigard does not stipulate that the funds must go to a certain program or target demographic, the center is able to use the donation to pay for unflashy yet essential expenses, like heating bills. The executive director of the Good Neighbor Center noted that the yearly budgeting process is made that much simpler when he can count on Tigard's donation for operating expenses, for which donated funds are typically scarce.

#### *Opportunities*

The City of Tigard should continue to support the Good Neighbor Center.

## **Identify and pursue grants for public improvements**

#### *Barrier*

The CDBG program is one source from which Tigard can fund neighborhood improvements in underserved areas. The City is responsible for securing grants to fund public improvements, which it typically does with Community Development Block Grant (CDBG) funds.

#### *2002 Approach*

The Affordable Housing Program report reaffirmed the City's on-going work to pursue grant opportunities for needed on- and off-site public improvements around affordable housing.

#### *Effect*

As budget cuts affect agencies like HUD, funding for programs like CDBG has dwindled. Low income neighborhoods have subsequently received less for infrastructure repairs. Between 2010 and 2013,

Oregon lost \$23 million in CDBG funds to federal budget cuts<sup>19</sup>. Still, Tigard secured 8 CDBG grants between 2002 and 2016 that totaled nearly \$1.3 million. The following table shows the grants awarded to Tigard since 2002 for public improvements in low income neighborhoods.

Year	Project	CDBG Award	Matching Funds	Project Description
2002	Bonita Park	\$140,400	\$105,550	Construct and equip a neighborhood park. Improvements include a play structure, seating and picnic areas, open lawn area, and a hard surface basketball court.
2003	Hall St Sidewalk Improvements	\$71,958	\$30,755	Constructed 12,256 square feet of five-foot sidewalks and 1,523 lineal feet of curb on Hall Blvd. between 99W and Spruce St.
2005	Hall St Sidewalk Improvements (Phase II)	\$136,725	\$57,408	Improvements included sidewalks, curbs, retaining wall, wheelchair ramp and driveway apron.
2009	Garrett Street Sidewalks	\$141,790	\$24,770	Design and construction of sidewalks and associated storm drainage facilities on one side of Garrett St to then-current city standards.
2010	The Knoll Infrastructure Improvements	\$425,000	\$183,070	Construction of 552 lineal feet of curb, sidewalk, landscape and drainage, as well as the installation of a traffic signal adjacent to the proposed 48-unit The Knoll senior housing development.
2014	North Dakota/95 <sup>th</sup> Ave Sidewalks	\$200,000	\$30,000	Construction of new “missing link” sidewalks along 95 <sup>th</sup> Ave north of Greenburg Road and North Dakota St. Sidewalks were built along two key neighborhood entrances connecting residents to the rest of the city’s sidewalks and nearby transit lines.
2016	Commercial Street Sidewalks	\$170,000	\$25,000	Construction of 500 feet of sidewalk along the north side of Commercial St. New sidewalks will connect the existing neighborhood sidewalks to the existing sidewalks along Commercial St.

### *Opportunities*

Tigard’s Community Development department has appointed a staff member as the main CDBG point-person and applicant for future funding opportunities. Tigard has a good track record on grant awards for neighborhoods in need, and should continue to pursue grant opportunities.

<sup>19</sup> Community Development Block Grant Cuts, by State. *Center on Budget and Policy Priorities*, 19 July 2013, [http://www.cbpp.org/sites/default/files/atoms/files/7-19-13house-Table\\_D.pdf](http://www.cbpp.org/sites/default/files/atoms/files/7-19-13house-Table_D.pdf). Accessed 22 November 2016.

## Housing Maintenance Programs

Housing Inspection Program, Housing Emergency Fund, and Enhanced Safety Properties Program

### *Barrier*

Disrepair and funding constraints have shrunk the national supply for affordable housing while demand grows. This problem underscores the need for a two-pronged approach to housing that includes housing construction *and* preservation.

Cities can efficiently preserve their housing with thoughtful maintenance programs and services. Preservation typically costs between one-half and two-thirds the price of new construction<sup>20</sup>, so proactive and efficient housing preservation will save cities money in local funding awards and development cost exemptions.

### *2002 Approach*

The Affordable Housing Program included three strategies to maintain the quality and quantity of Tigard's rental housing stock: the Housing Inspection Program, the Housing Emergency Fund, and the Enhanced Safety Properties Program.

The *Housing Inspection Program* was implemented in the late 1990s to enforce the new Residential Property Maintenance Code. Prior to its implementation, Tigard convened a task force of landlords, tenants and community representatives to collaboratively create a fair and effective housing maintenance code. That code is enforced through the City's Housing Inspection Program. Tenants can file maintenance complaints against unresponsive landlords. This triggers a series of warnings and notifications that the landlord must address the code violation. If still unresponsive after three weeks, tenants are able to pursue further action in small claims court.

The *Housing Emergency Fund* (HEF) was created in 1999. The \$10,000 annual fund was available to residents of unsafe and uninhabitable housing to address safety concerns or find temporary living accommodations.

Tigard established the *Enhanced Safety Properties (ESP) Program* in 2000 to reduce crime and improve livability at the City's rental properties. The program, administered by the Tigard Police Department, included landlord training, property security assessments, and tenant crime prevention.

### *Effect*

All three of the housing maintenance efforts have been underutilized or discontinued.

The Housing Inspection Program was broadly used when first implemented. Tigard was the fourth city in Oregon to adopt a Residential Property Maintenance Code, which generated local media attention. As such, local residents were aware of the service and used it. Today, without continued attention, the Housing Inspection Program is an underutilized city service; few residents know about the resource. Given that the program requires tenant participation to work, the program cannot succeed in preserving Tigard's housing stock without tenant complaints.

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<sup>20</sup> Preserving Affordable Rental Housing: A Snapshot of Growing Need, Current Threats, and Innovative Solutions. HUD: *Evidence Matters*, Summer 2013, <https://www.huduser.gov/portal/periodicals/em/summer13/highlight1.html>. Accessed 22 November 2016.



The Housing Emergency Fund was an important emergency resource for people facing safety threats or immediate risk of homelessness in their current living situations. The funds helped vulnerable tenants relocate to safer living conditions. Unfortunately, the HEF was defunded in FY 14-15.

The ESP program drew modest participation, due to the financial commitments it required from property owners for repairs and enhanced safety measures. The few properties that did participate comprised over 375 rental units. Participants reported lower crime rates and high occupant retention. However, running the program for so many units was time and labor intensive for Tigard's small police department. Statewide staffing cuts in law enforcement further reduced TPD's capacity. Tigard police were unable to invest the necessary labor hours in the program. It was discontinued by 2005.

#### *Opportunities*

It is probable that Tigard's low rental vacancy rate and housing shortage will renew interest in robust property maintenance programs. Still, it is incumbent upon the City to take the lead to ensure the continued quality and safety of its housing stock.

### **Membership in County-wide Housing Advocacy Group**

#### *Barrier*

City staff need opportunities to convene with housing practitioners, service agencies, and housing providers throughout the County to share information about housing news, best practices, and funding opportunities.

#### *2002 Approach*

City staff have participated in the County-wide housing group since 2000. Formerly the Housing Advocacy Group, the group is now called the Coalition of Housing Advocates (CHA).

#### *Effect*

The Washington County-wide housing group promotes affordable housing efforts and holds monthly meetings, convening housing providers with social services agencies and city staff.

In its current incarnation, the group convenes primarily as an information sharing forum for members. CHA writes letters of support to advocate for equitable housing solutions. Tigard is restricted in its ability to participate in these actions and primarily attends for educational purposes.

#### *Opportunities*

The City of Tigard renewed its membership in the Oregon Housing Alliance in September of 2016. Staff regularly attends membership meetings.

## Affordable Housing Program Report Review

In light of the above research, can we deem the strategies from the Affordable Housing Program report successful? To determine this, one must first determine a barometer for success.

If the barometer is support for affordable housing developers and operators, the Affordable Housing Program has had some success. The City's foregone property tax revenues have saved housing operators roughly \$40,000 a year. The Community Housing Fund has an additional \$40,000 from the Fee Assistance Program that it can use to support affordable housing projects in Tigard. There have been over \$1 million in public improvements such as sidewalks and local parks in neighborhoods with low-income residents.

Unfortunately, other strategies were never implemented, failed to perform, or did not maintain City support. The yearly provisions for three different housing programs were defunded despite 12 years of City support, including support that lasted through difficult Recession years. Tigard Municipal Code still—nearly fifteen years after it was suggested—prohibits the City from donating or selling surplus land at below market rates to housing providers. If success looks like new affordable housing construction that meets demand, Tigard has not done enough.



Tigard Affordable Housing Strategies

The chart below illustrates that the majority of the strategies were not effective. The number of dots in the “Current and Successful” category are dwarfed by dots in the other columns, indicating that the program’s successes are not broad enough or effective enough to combat the effects of population growth and the highly competitive housing market.

Strategy	Never In Place	Expired	Current but Underperforming	Current and Successful
Streamlined Development			●	
Reduced Parking			●	
ADUs ***			●	
Tax Exemption***				●
AH Fee Assistance Program		●		
Good Neighbor Support				●
Sell/donate City land	●			
Grant Awards				●
Housing Inspection Program			●	
Housing Emergency Fund		●		
ESP Program		●		
Membership in Housing Groups			●	

\*\*\* Indicates programs that lead to new AH units

Half of the City's renters spend more on housing costs than what HUD recommends. According to Metro, Tigard has 705 units of affordable housing—a number that number reflects both regulated and unregulated units<sup>21</sup>. That is 2,500 fewer units than Metro's 1997 projection that Tigard would need to *add 3,205 new units by 2017*<sup>22</sup>.

The chart depicts the spotted patchwork of program successes and active policies. Were all of the strategies from the 2002 report in effect today, with robust support from the various City departments, Tigard would have an effective affordable housing platform.

As it stands, the housing needs of half of the renters in Tigard are not adequately addressed, and City support is not sufficient to draw affordable housing developers and operators to Tigard to the degree necessary.

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<sup>21</sup> "Regional Inventory of Regulated Affordable Housing." *Metro*, 30 August 2016, <http://www.oregonmetro.gov/sites/default/files/Inventory-of-Regulated-Affordable-Housing-2015.pdf>. Accessed 22 November 2016.

<sup>22</sup> Affordable Housing Program Report. *City of Tigard*, September 2002. [http://www.tigard-or.gov/document\\_center/CommunityDevelopment/affordable\\_housing\\_report.pdf](http://www.tigard-or.gov/document_center/CommunityDevelopment/affordable_housing_report.pdf). Accessed 22 November 2016.

## Additional Housing Strategies

There is a clear need for the City to renew its commitment to a healthy spectrum of housing opportunities in Tigard. The current state of the Affordable Housing Program policies affords The City of Tigard an opportunity to reconsider and improve upon them, as well as adopt effective new housing approaches.

Cities and jurisdictions around the state utilize approaches that could also work well in the unique context of Tigard. What follows is an overview of the policies, services, and development incentives that have been successful in other cities. In addition to strategies from the Affordable Housing Program report, The City should consider these new opportunities when it revisits the ways in which it can support affordable housing.

### *Just Cause Eviction Standards*

In compliance with Oregon Landlord-Tenant law, landlords are able to serve tenants with an eviction notice without explicit reason at any time.

Tenants in the Walnut Tree apartment complex in Tigard were given these “no cause” eviction notices in July, after a California property management company purchased the complex. Long time occupants of the de-facto affordable complex were given a three-month notice to find new housing. Some were able to stay in Tigard, but many opted to double up with friends and family or move to nearby cities like Wilsonville.

In an effort to provide tenants with a safeguard against no cause evictions, the cities of Portland and Milwaukie adopted renter’s protections. Tenants in both cities are now guaranteed at least a 90 day notice of eviction, up from 60 day notices for month-to-month tenancies in place for over one year at the time of eviction and 30 day notices for tenancies under one year.

While they are not a solution, longer noticing periods are a step in the right direction for renter protections. Additional time to budget for moving expenses and find new housing in a tight market can be the difference between a smooth housing transition and homelessness.

The City of Tigard should consider adopting a local ordinance that protects vulnerable residents, like the former Walnut Tree occupants, from rapid eviction processes.

In addition to renter safeguards, organizations like the Oregon Housing Alliance are pursuing a statewide ban on no cause evictions at the state legislature.

### *Rent Stabilization*

In addition to just cause eviction standards, the City of Portland adopted limits to the amount by which landlords can increase rent within a 12-month period. As per Section C of Chapter 30.01.085 of Portland City Code:

*A Landlord may not increase a Tenant’s Rent or Associated Housing Costs by 5 percent or more over a 12 month period unless the Landlord gives notice in writing to each affected Tenant: (a) at least 90 days prior to the effective date of the rent increase; or (b) the time period designated in the Rental Agreement, whichever is longer. Such notice must specify the amount of the increase, the amount of the new Rent of Associated Housing Costs and the date, as calculated under the Act, when the increase becomes effective.*

As with longer eviction processes, the change from 30 days to 90 days allows tenants more time to budget for rent increases or find different housing accommodations.

Should low rental vacancy rates and escalating housing costs persist, Tigard should assess whether rent increase restrictions are appropriate for this city.

#### *Landlord Tenant Mediation*

To resolve disputes between landlords and tenants, jurisdictions including The City of Beaverton and Clackamas County offer dispute resolution services.

#### *Inclusionary Zoning*

Senate Bill 1533 lifted the ban on inclusionary zoning (IZ) policies in Oregon in June of 2016. Cities and counties are now allowed to require that new housing projects with more than 20 units construct 20% of those units to be affordable to people making 80% AMI or below. The bill stipulates that IZ policies must provide developers some flexibility in meeting program criteria, such as fee-in-lieu options allowing developers to forego constructing affordable units if they pay an avoidance fee into an affordable housing development fund.

Currently, the City of Portland is the only city in the region pursuing an IZ policy.

The City of Tigard should monitor the Portland as it implements its IZ policy to determine whether such an approach to mixed-income housing and affordable unit construction is feasible in Tigard.

#### *Construction Excise Tax*

Construction excise taxes (CETs) are assessed on new construction permits to fund other planning and development efforts. SB 1533 permitted Oregon cities to assess a CET on new residential, commercial and industrial construction. The bill allows 35% of the revenues collected to go toward affordable housing programs. The legislature had banned cities from assessing new CETs in 2007, and reversed that decision with SB 1533, the same bill that lifted the ban on inclusionary zoning. The CET on residential projects is capped at 1% of a project's permit value; there is no cap for a CET on commercial and industrial permits.

The following cities assessed CETs prior before the 2007 ban:

Ashland	Fairview
Bend	Jacksonville
Canby	Madras
Cornelius	Newberg
Depoe Bay	Rogue River

Metro has collected a CET since 2005.

The City of Portland adopted a new CET after the passage of SB 1533.

A new tax on building permits could allow Tigard to collect funds for a gap funding program, reinstate SDC reductions, or collect money for emergency rent assistance—three strategies detailed below.

### *Land Leases and Donations*

As noted earlier, leasing, donating or selling surplus City-owned land below the market rate is one way jurisdictions can help housing providers keep costs low for occupants.

Tigard Municipal Code currently allows the City to give land to either the highest bidder in a public auction or to Urban Renewal agencies. The City cannot give surplus land to affordable housing developers unless they pay market rate.

Tigard has the ability to either amend Municipal Code Chapter 3.44 to allow land donations, or lease lands to affordable developers. Land leases would not require a change to Municipal Code.

The City of Beaverton has such a lease with CPAH for its Barcelona property. CPAH will pay \$20 for 75 years for the land.

In addition, Beaverton's Draft Housing Five Year Action Plan announced an Affordable Housing Land Acquisition Program to help developers secure land. Beaverton's FY16-17 budget includes in \$100,000 general funds and \$100,000 in Beaverton Urban Redevelopment Agency funds for the program<sup>23</sup>.

The City of Portland supports land acquisition indirectly through its \$1 million investment in the Oregon Housing Acquisition Fund. The fund provides financial and technical assistance to developers, and leverages investments to enhance land banking opportunities.

In 2007, Washington County started leasing property to the Good Neighbor Center for \$1 a year for 20 years, with the stipulation that the property remains a homeless shelter.

Tigard's neighboring jurisdictions are leasing land, budgeting funds for land acquisition, or donating to land banks—or all three. The City of Tigard should identify public sites that can accommodate new housing development, and begin discussions with local housing providers regarding land opportunities and constraints.

### *Gap Funding*

Housing providers must secure funds from as many as ten different sources, sometimes more, to cover land, development, and operating costs. Typically, project costs are paid for with a combination of bank financing, tax credits, and federal funds. Bond financing and HUD's Low Income Housing Tax Credit (LIHTC) are the most essential funding tools for housing development.

As budget cuts affect the provision of services at federal agencies, departments like HUD have had to use less funding to create more housing. Since 2010, Oregon has lost nearly \$21 million in HOME funds<sup>24</sup> and \$23 million in CDBG funds<sup>25</sup> from cuts related to the Federal Budget Control Act.

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<sup>23</sup> Draft Housing Five Year Action Plan. *City of Beaverton*, 12 September 2016, <http://www.beavertonoregon.gov/documentcenter/view/16012>. Accessed 22 November 2016.

<sup>24</sup> HOME Funding Cuts, by State. Center on Budget and Policy Priorities, 19 July 2013, [http://www.cbpp.org/sites/default/files/atoms/files/7-19-13house-Table\\_C.pdf](http://www.cbpp.org/sites/default/files/atoms/files/7-19-13house-Table_C.pdf). Accessed 22 November 2016.

<sup>25</sup> Community Development Block Grant Cuts, by State. *Center on Budget and Policy Priorities*, 19 July 2013, [http://www.cbpp.org/sites/default/files/atoms/files/7-19-13house-Table\\_D.pdf](http://www.cbpp.org/sites/default/files/atoms/files/7-19-13house-Table_D.pdf). Accessed 22 November 2016.

Bond financing and LIHTC funds alone are not enough to get new affordable housing off of the ground. The difference between the funding from these two traditional sources, and the total funds needed to pay for a project create a funding gap. State and local jurisdictions have stepped in to minimize the gap left by federal funding cuts.

Oregon cities as diverse as Portland and Boardman have adopted gap funding programs to prod housing development.

The City of Portland's Equity Gap Contributions program provides new and existing affordable rental and mixed-used projects with public funds to cover development costs. The loan program was explicitly created to address the gap between project costs and available bank and federal financing. Applicants are eligible for loans in excess of \$1 million. The program stipulates that designated affordable units remain affordable for 60 years.

The City of Boardman's Housing Development Fund uses enterprise zone funds to provide gap lending opportunities for single-family, duplex, triplex, and fourplex development projects. Notably, the program is for new market-rate housing.

The City of Beaverton's Draft Housing Five Year Action Plan also announced an Affordable Housing Development Program, which will directly invest in one new affordable housing project in the next year. Beaverton's FY16-17 budget includes in \$100,000 general funds and \$100,000 in Beaverton Urban Redevelopment Agency funds for the program.

Tigard should look for opportunities to replicate these gap funding programs both as a city and in partnership with Washington County.

#### *SDC Waivers and Reductions*

System development charges place a substantial financial burden on nonprofit housing providers. Typical SDCs for multifamily developments can total nearly \$1 million. The City of Tigard began a \$10,000 set aside to offset permitting and SDC charges for affordable housing developers in 2002. That set aside was defunded in FY '14. Tigard has not since offered any form of SDC reductions for affordable housing.

At least 109 cities in Oregon levy system development charges, representing 45% of the state's 242 cities<sup>26</sup>. Of those cities, 38 cities report that they offer some form of a payment accommodation. SDC accommodations utilized across the state include waivers, reductions, phased in payments, and payment deferrals.

The City of Portland waives SDCs for new accessory dwelling units.

The City of Eugene waives SDCs for all housing for low-income persons.

The City of Gresham allows developers to defer SDC payment until projects are occupied, or to finance SDCs over 10 year period. The program is not specifically for affordable housing, or even housing.

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<sup>26</sup> System Development Charge Survey Data for the 2016 Survey. *League of Oregon Cities*, 2016, <https://data.orcities.org/City-Financial-Data/System-Development-Charge-Survey-Data/nb7c-wkjq/data>. Accessed 22 November 2016.



The City of West Linn permits the City Manager to waive or decrease SDCs based upon “unusual circumstance or event, past practices, demonstrated hardship, or public benefit.”

The following is an abbreviated list of Oregon cities that offer SDC waivers or reductions.

**Waivers:** Newburg, Portland, Gresham, West Linn, Pendleton, Troutdale, St. Helens, Coburg

**Reductions:** Gervais, Portland, Grants Pass, Redmond, Gresham, Roseburg, Newport, Klamath Falls, The Dalles

There is no shortage of ways in which Oregon cities allow SDC accommodations for developments that serve community goals. Though the City previously set funds aside for SDC offsets, Tigard should look for opportunities to more substantially alleviate the SDC burden on housing developers using any of the above programs as a model.

#### *Emergency Housing Assistance*

Emergency housing assistance helps people at imminent risk of homelessness secure emergency rent or hotel vouchers. The assistance keeps vulnerable residents from sleeping in the streets.

The City of Beaverton offers an emergency rent program. FY16-17 budget identifies \$20,000 in CDBG funds and \$30,000 in general funds for assistance. Budget forecasts for FY 18-19 show funds for rent assistance increasing more than twofold.

Community Action of Washington County offers emergency rent assistance, but funds are extremely limited. Those seeking assistance are frequently added to waitlists, but people in precarious housing situations often cannot afford to wait.

Tigard should contribute a yearly donation to the Emergency Rent Assistance program at Community Action of Washington County. The City could donate money to the organization with the stipulation that funds are used to help Tigard residents.

City staff should also monitor the Beaverton program, and if successful, to the extent possible, use it as a model to create a similar pilot program in Tigard.

## Strategy Opportunities Review

To summarize the strategies discussed throughout this report, cities across Oregon have committed to the following housing actions:

SDC accommodations

Renter protections

Inclusionary zoning

Construction excise taxes

Land leases to affordable developers

Gap funding

Emergency rent assistance

Required parking reductions

Lax ADU standards

Tigard should consider all of these strategies in determining how it can best reinstate the vision of the Affordable Housing Program.

Strategy	Tigard	Beaverton	Hillsboro	Milwaukie	Portland	Bend	Eugene
Stream-lined Development						●	
Liberal ADUs					●	●	
Parking Reductions					●		
SDC Accommodation					●	●	●
Tax Exemption	●	●			●	●	●
Land Acquisition		●			●		
Enhanced Safety Property Program					●		●
No Cause Eviction Protection				●	●		
Rent Increase Protections					●		
IZ					●		
CETs					●	●	
Gap Funding Support		●			●	●	
Emergency Rent Assistance		●					
Density Bonuses					●	●	
VHDZ	●	●	●	●			●
Landlord Tenant Mediation		●					
Housing Maintenance Program		●			●		

## Conclusions

This report revisited the housing strategies that the City of Tigard advanced in its Affordable Housing Program. As the 15 year anniversary of that report approaches, it is essential to establish an understanding of how those strategies have shaped the housing landscape in Tigard.

Some of the factors that affected housing availability were the inevitable result of rapid population growth and an emboldened economy. After an initial stalling, market rate housing construction picked up. There was renewed interest in housing options in the region's urban core. Housing costs increased overall.

The greatest hastener of the region's housing crisis was the sluggish response to demand for new units. The growth in demand was met with a stagnant supply of housing and prices outpaced income gains, leaving many to vie for the few remaining affordable units.

The Affordable Housing Program was created to support the provision of affordable housing in Tigard. However, many of the program's strategies were discontinued as the regional housing crisis deepened.

Of the 12 program elements, just three are still effective in 2016: the tax exemption, grant funding for public improvements, and Tigard's ongoing financial support for the Good Neighbor Center. In reality, the tax exemption is the only one that results in the construction of new affordable units, though indirectly. The existing patchwork of strategies that have not evolved since 2002 leaves Tigard residents vulnerable to volatile housing market trends.

To better plan for equitable housing, the City recently received a grant from Metro to pursue creative and lasting housing options along the SW Corridor light rail extension to Tigard. The City's Vertical Housing Development Zone presents an opportunity to locate high-density housing in walkable, amenity-rich areas of Tigard. The Burnham/Ash mixed-used apartment complex is set to add 166 rental units in Downtown Tigard. CPAH is in the planning process for a new affordable housing project in Tigard, which is projected to add nearly 100 dedicated affordable units in the Tigard Triangle.



The City of Tigard has facilitated important housing wins since it announced its Affordable Housing Program, but the underlying fabric of policies and services that ensures these outcomes has dissipated. The result is a local housing environment that does not represent the City's best effort to address the diverse housing needs of all of its citizens.

City governments have the ability to affect and instigate housing supply. Given the City of Tigard's goal to "provide opportunities to develop a variety of housing types that meet the needs, preferences, and financial capabilities of Tigard's present and future residents", it needs to reinstate an ambitious vision for affordable housing, like the one promoted by the 2002 program.

Neighboring cities in Washington County and across the Portland metropolitan area are testing new housing strategies. Eviction protections for renters can bolster housing security and minimize the demand on exacerbated homeless and transient shelters. Local gap funding programs will directly translate to new affordable housing units. Inclusionary zoning requirements are a promising tool for creating and integrating affordable units with market rate construction. There is no shortage of tools to promote affordable housing, there is a shortage of response.

The City should continue to pursue individual housing victories. In addition, it needs to integrate the new understanding of Tigard's history of affordable housing program provided in this report with other jurisdictions' best practice. Tigard has the ability to adopt a renewed and informed affordable housing program. This new approach will create an effective network of services and support for the needs of the underserved members of Tigard's housing community.