CITY OF OREGON CITY
CITY COMMISSION WORK SESSION
AGENDA

Commission Chambers, Libke Public Safety Facility, 1234 Linn Ave, Oregon City
Tuesday, March 08, 2022 at 6:00 PM

Typically there are no public comments at work sessions, but written comments are accepted by:

- *Email recorderteam@orcity.org (deadline to submit written testimony via email is 3:00 PM on the day of the meeting)*
- *Mail to City of Oregon City, Attn: City Recorder, P.O. Box 3040, Oregon City, OR 97045*

CONVENE WORK SESSION AND ROLL CALL

FUTURE AGENDA ITEMS

The Commission's adopted goals and available staff resources shall be considered when recommending future agenda items. The Commission may add an item to a future agenda with consensus of the Commission.

List of Future Work Session Agenda Items

DISCUSSION ITEMS

1. OC2040 Comprehensive Plan Update – Input on Draft Goals and Policies
2. Potential Housing Production Strategy Tools to Increase Middle Housing Affordability
3. Discussion of the Draft 2022-2026 Homelessness Strategy for Oregon City

CITY MANAGER'S REPORT

COMMISSION COMMITTEE REPORTS

A. Beavercreek Employment Area Blue Ribbon Committee - *Commissioner Frank O'Donnell*

B. Citizen Involvement Committee Liaison - *Commissioner Adam Marl*

C. Clackamas County Coordinating Committee (C4) - Appointed: *Mayor Rachel Lyles Smith* Alternate: *Commissioner Adam Marl*

D. Clackamas County I-205 Tolling Diversion Committee - Appointed: *Commissioner Adam Marl* Alternate: *Commissioner Frank O'Donnell*

E. Clackamas Heritage Partners - *Commissioner Rocky Smith, Jr.*

F. **Clackamas Water Environment Services Policy Committee** - Appointed: *Commissioner Rocky Smith, Jr.*

G. **Downtown Oregon City Association Board** - *Commissioner Denyse McGriff*

H. **Metro Policy Advisory Committee (MPAC)** - Appointed: *Mayor Rachel Lyles Smith* Alternate: *Commissioner Denyse McGriff*

I. **OC 2040 Project Advisory Team** - Appointed: *Commissioners Adam Marl and Denyse McGriff*

J. **Oregon Governor's Willamette Falls Locks Commission** – Appointed: *Mayor Rachel Lyles Smith*

K. **Oregon City Tourism Stakeholder's Group** - Appointed: *Commissioners Frank O'Donnell and Rocky Smith, Jr.*

L. **Oregon City/West Linn Pedestrian and Bicycle Bridge Concept Plan Project Advisory Committee** - Appointed: *Commissioner Denyse McGriff*

M. **South Fork Water Board (SFWB)** - *Mayor Rachel Lyles Smith, Commissioners Frank O'Donnell, and Rocky Smith, Jr.*

N. **Willamette Falls and Landings Heritage Area** - Appointed: *Commissioner Denyse McGriff* Alternate: *Commissioner Frank O'Donnell*

O. **Willamette Falls Legacy Project Liaisons** - *Mayor Rachel Lyles Smith and Commissioners Frank O'Donnell*

ADJOURNMENT

PUBLIC COMMENT GUIDELINES

Complete a Comment Card prior to the meeting and submit it to the City Recorder. When the Mayor/Chair calls your name, proceed to the speaker table, and state your name and city of residence into the microphone. Each speaker is given three (3) minutes to speak. To assist in tracking your speaking time, refer to the timer on the table.

As a general practice, the City Commission does not engage in discussion with those making comments.

Electronic presentations are permitted but shall be delivered to the City Recorder 48 hours in advance of the meeting.

ADA NOTICE

The location is ADA accessible. Hearing devices may be requested from the City Recorder prior to the meeting. Individuals requiring other assistance must make their request known 48 hours preceding the meeting by contacting the City Recorder's Office at 503-657-0891.

Agenda Posted at City Hall, Pioneer Community Center, Library, City Website.

Video Streaming & Broadcasts: The meeting is streamed live on the Oregon City's website at www.orcity.org and available on demand following the meeting. The meeting can be viewed on Willamette Falls Television channel 28 for Oregon City area residents as a rebroadcast. Please contact WFMC at 503-650-0275 for a programming schedule.

CITY OF OREGON CITY

Staff Report

625 Center Street
Oregon City, OR 97045
503-657-0891

To: City Commission **Agenda Date:** 03/08/2022

From: City Manager Tony Konkol

SUBJECT:

List of Future Work Session Agenda Items

BACKGROUND:

March 16, 2022

Economic Development Strategy Workshop

April 12, 2022

Joint Work Session with Planning Commission – OC 2040

Parks Special Events Fees and Application Process

Utility Rate and SDC Review

May 10, 2022

Abandoned Building Regulations

Commission Goals Update

Additional Upcoming Items (These items are in no particular order)

ARPA Funding

Beavercreek Road Concept Plan (Thimble Creek) Funding Discussion

Boards and Committee's Orientation Manual Review and Discussion

Canemah Area - Encroachments in the Right-of-Way Policy Discussion

Charter Park Discussion (Last five – Sportcraft Landing, McLoughlin Promenade, Ermatinger House, Dement Park/Property, and Clairmont Way)

Clackamas County Water Environmental Services (WES) Rate Differential

Clackamette Park Boat Ramp

Climate Action Plan Presentation (City of Milwaukie)

Code Enforcement Complaint Process

Commission Policies and Rules of Procedure Review

Compatible Change Update

Construction Excise Tax

Economic Development Strategy Follow-up

Ethics Training

Exploring Options of Youth Council or Youth Engagement in OC

Metro Food Waste Program Requirements - Annual Review

Parking Rate Increase for Permitted Parking in Downtown Oregon City (Green, Purple, Orange, etc. Zones)

Railroad Quiet Zone Funding Discussion

Request for Recording Pre-App Conferences Follow-up

South Fork Water Board - Mountain Line Easements Vacation

Transportation Demand Management (TDM) Plan Implementation Update

Update re NEPA for ODOT I-205 Project

Water System Risk and Resiliency Review

Willamette Falls Legacy Project Operations and Maintenance Discussion

CITY OF OREGON CITY

Staff Report

625 Center Street
Oregon City, OR 97045
503-657-0891

To: Mayor and City Commission **Agenda Date:** 03/08/2022

From: Aquilla Hurd-Ravich, AICP, Community Development Director

SUBJECT:

OC2040 Comprehensive Plan Update – Input on Draft Goals and Policies

STAFF RECOMMENDATION:

The staff recommendation is to provide feedback on the draft language for goals and policies.

EXECUTIVE SUMMARY:

The City Commission held a joint meeting with the Planning Commission on January 4, 2022 to receive an update on OC2040 goals and policies. During that meeting staff recognized the need to come back to each Commission prior to the next joint meeting and ask for direct input on the language used in the goals and policies. The purpose of tonight's discussion is to give the City Commission an opportunity to comment directly on the wording of goals and policies.

The Planning Commission reviewed and commented on the wording of the Goals and Policies during their meeting on February 28, 2022. The attached redline version represents their comments plus edits previously submitted by Planning Commissioner Mike Mitchell and City Commissioner Denyse McGriff.

The goals and policies are intended to support the Community Vision that was adopted by the City Commission on August 4, 2021, following an inclusive process led by the OC2040 Project Advisory Team (PAT).

BACKGROUND:

Comprehensive plans are intended to be high-level policy documents that guide city decisions and work plans. A key objective for the OC2040 update is to streamline the Comprehensive Plan and make it more intuitive and user-friendly than the current document. Part of City staff's approach for this update is to keep goals and policies at a higher level and remove short-term implementation measures that are not conducive to a 20-year planning horizon. This ensures the Comprehensive Plan can be implemented

through development of more specific and targeted action plans, projects and programs directed by City Commission.

The OC2040 Plan will be organized around four key themes that emerged from community outreach and serve as the framework for the new Oregon City 2040 Vision Statement:

1. Healthy and Welcoming Communities
2. Diverse Economy
3. Connected Infrastructure
4. Protected Environment

Each theme represents a chapter in the new OC2040 Plan; each chapter will contain brief background information along with 3-4 broad goals and a set of 4-8 policy statements per goal. Goals and policies are intended to support the Community Vision, which was developed through significant outreach and engagement with Oregon City residents and businesses over the course of a year.

When developing goal and policy concepts, an iterative, open, and transparent process ensured community priorities were captured through four Comprehensive Plan Summits, online surveys, and meetings with the PAT to review, vet and refine the concepts. New and revised goals and policies were also supported through a review of the existing Comprehensive Plan goals and policies, review of best practices, and input from City staff. The PAT met a total of 11 times over a 16-month period and their feedback was critical to the development of the draft goals and policies.

Visit www.OC2040.com to review past PAT meetings, latest drafts and sign up to be on the project mailing list.

The purpose of the work session is to:

- Provide staff with feedback directed at the language of the goals and policies.

HEALTHY AND WELCOMING COMMUNITY

- ✓ **Community Engagement**
- ✓ **Historic and Cultural Resources**
- ✓ **Civic Amenities**
- ✓ **Community Health and Safety**
- ✓ **Diversity, Equity, Inclusion**

Goal 1

Implement and maintain a community engagement program that provides broad and inclusive opportunities for all Oregon City community members to learn about and understand city government processes, including land use planning and participate meaningfully in ~~land use~~ decisions that impact their communities.

Policies:

a. Support the Citizen Involvement Committee (CIC) and Neighborhood Associations to engage and educate Oregon City community members in land use planning.
b. Actively seek input from a diverse range of participants and enhance engagement opportunities for community members with barriers (language, disability, income, age, technology) through services and methods that bolster inclusive participation.
c. Seek opportunities to develop and enhance relationships with community-based organizations (CBOs) who are working in Oregon City and the larger region.
d. ~~Explore~~ Create and utilize innovative forms of communication technology to enhance the City's public engagement efforts.
e. Provide on-going education to the community regarding land use projects and processes and ensure clear communication about when and how to be involved at key points in the process.
f. Include ~~liaisons representatives from~~ nearby communities in public engagement efforts, where appropriate, to provide an outside perspective to Oregon City land use planning.

Goal 2

Acknowledge, protect, enhance, and commemorate Oregon City's historic and cultural resources.

Policies:

a. Promote the Willamette and Clackamas ~~r R~~ivers as a community benefit for cultural connection and understanding.
b. Acknowledge the history of tribal presence in Oregon City and seek opportunities to educate community members and elevate understanding.
c. Facilitate historic preservation programs for retention of ~~quality~~ federal, state, and locally designated historic districts and sites.
d. Identify and protect important cultural resources and historic amenities through programs, interpretive signage, and other means to increase awareness and generate appreciation.
e. Provide activities and programs for residents and visitors that weave together ~~education, recreation, and~~ historic and cultural resources, education, and recreation.

Planning Commission note: add language to highlight "modern" cultural resources, diversity of cultural and historic resources, recognize value of future resources

Goal 3

Strengthen health and livability across all Oregon City neighborhoods by creating places that feel safe and comfortable with convenient access to community services.

Policies:

a. Support the City's network of community-based organizations, programs, and centers that provide services for Oregon City residents.
b. Improve equitable access to ~~comprehensive~~ health care for all residents through cross-sector partnerships and coordination with service providers.
c. Provide opportunities for learning and civic engagement ~~at~~ for all ages through City services and partnerships with local schools.
d. Support ~~access to~~ and promote availability of affordable healthy food for all Oregon City neighborhoods.
e. Build and enhance partnerships between police, government agencies, ~~local councils, and~~ neighborhoods, and civic/business organizations to enhance community safety and positive health outcomes.
f. ~~Pursue~~ Support services and programs that ~~support~~ serve Oregon City's ~~houseless~~ unhoused residents in meeting daily needs while offering stable and lasting solutions. (Question: are we going to create these programs or just support them?)

Goal 4

Integrate diversity, equity, and inclusion (DEI) best practices when evaluating all city functions, including land use policies, progr regulations.

Policies:

a. Implement DEI practices in City business and operations, and when evaluating and selecting public improvement projects.
b. ~~Ensure housing policies and regulations increase home ownership and rental opportunities for all household sizes, types, and incomes.~~ Ensure opportunities for home ownership and rental availability for all household sizes, types and incomes through housing policies and regulations.
c. Establish land uses that promote a balance of jobs and housing across Oregon City to strengthen access to employment and reduce barriers. ~~for historically disinvested communities.~~

Planning Commission note: Consider adding policy language specific to civic amenities – increase, enhance, etc.

DIVERSE ECONOMY

- ✓ **Economic Development**
- ✓ **Housing**
- ✓ **Urbanization**
- ✓ **Design and Development**

Goal 1

Provide ~~opportunity~~ opportunities for a ~~diversity~~ variety of goods, services, and employment options to work toward a dynamic, ecologically sound, and socially equitable economy.

Policies:

a. Regularly update City-wide economic studies to guide development of strategies and policies that improve economic health and resiliency.
b. Ensure a suitable amount of land is dedicated to employment uses.
c. ~~Support small and local businesses as well as retention and recruitment of medium to large sized businesses~~. Support retention and expansion of local businesses as well as recruitment of new businesses.
d. ~~Provide~~ Enhance fair and equitable opportunities to compete for city contracts ~~regardless of business owner ethnicity, gender, disability, or firm size~~ for all businesses.
e. Create and maintain cooperative partnerships with other public agencies and private business groups interested in promoting economic development.
f. Promote the city's destinations, natural resources, and historic and cultural amenities to grow the tourism industry.
g. Support a healthy and balanced workforce through a variety of programs and policies, including affordable childcare options. ~~by providing affordable childcare opportunities.~~

Goal 2

Provide housing options, including both rental and ownership opportunities, that are attainable for the full ~~diversity~~ range of Oregon City households.

Policies:

a. Plan for housing supply that supports and implements the recommendations of the current Housing Needs Analysis.
b. Ensure that land use designations and zoning code provisions allow and encourage a wide range of housing types.
c. Support retention of existing homes and opportunities for community members to "age in place".
d. ~~Provide for~~ Support and encourage transit-oriented development opportunities.
e. ~~Prioritize and support~~ Support development of subsidized and affordable housing. (Question: is the city doing this?)

Goal 3

Guide growth and development in a manner that implements the City's 2040 Vision and maintains an urban growth boundary that supports and accommodates projected population and employment during the 20-year planning period.

Policies:

a. Promote efficient use of land and public infrastructure and plan for appropriate infill development, redevelopment, and new development.
b. Promote development of ~~complete~~ walkable neighborhoods to reduce transportation demand and enhance localized access to community services and amenities.
c. Designate land uses in a manner that balances opportunities for housing and jobs and ensures development is consistent and compatible with the community's needs and resources.

Goal 4

Encourage and support new development that incorporates sustainability and livability principles in site design and building construction.

Policies:

a. Promote best practices for integrating residential infill development into the fabric of existing neighborhoods.
b. Incorporate resource efficiency and sustainability in the built environment by emphasizing energy-saving features and practices in construction and development regulations.
c. Utilize urban design principles that create livable and attractive public spaces that are reflective of Oregon City's community vision.
d. ~~Explore~~ Support and promote site and building design alternatives that balance high-quality and durable construction with affordability.

CONNECTED INFRASTRUCTURE

- ✓ ***Transportation***
- ✓ ***Public Facilities and Services***
- ✓ ***Water, Sewer, Stormwater, Utilities***
- ✓ ***Energy***

Goal 1

Provide a safe, comfortable, and accessible transportation network that ~~equitably~~ (Is equitably the right word?) serves all modes of travel, including non-motorized modes.

Policies:

a. Plan for and develop high levels (define high levels?) of multi-modal connectivity throughout Oregon City, with an emphasis on access to community services, amenities, and key points of interest.
b. Reduce Oregon City's carbon footprint by supporting and emphasizing ~~active transportation~~ non-motorized modes.
c. Promote safety by implementing street design that equally considers and serves non-motorized and motorized users.
d. Prioritize transportation improvements in underserved~~, low-income~~ neighborhoods.
e. Support opportunities for safe, affordable, and accessible transit service, including regional efforts to expand public transportation networks.
f. ~~Explore~~ Improve public parking programs and transportation demand management in downtown Oregon City while managing impacts to adjacent residential areas.

Planning Commission note: Consider exploring options for better connections to downtown Portland (this could be added to the implementation matrix for the next TSP update)

Goal 2

Ensure public utilities and infrastructure are maintained and improved to adequately serve all existing areas of Oregon City and can be extended to serve newly developing areas in a logical and fiscally responsible manner.

Policies:

a. Regularly update all City infrastructure and utility master plans.
b. Adjust system development charges to ensure the benefit of new development is captured while impacts to the system are proportionally shared. Planning Commission note: add or revise language specific to affordable/missing middle housing/housing options (this could be added to the implementation matrix – housing production strategy)
c. Prioritize public infrastructure investments in underserved areas. ~~that are historically underserved.~~
d. Increase resiliency to climate change and natural hazard events in public utility infrastructure.
e. Coordinate City-wide communication and outreach efforts around utility rates and other operational changes.
f. Support public-private partnerships to expand publicly available highspeed internet service City-wide.

Goal 3

Serve the health, safety, and welfare of all Oregon City residents through provision of comprehensive public facilities and services.

Policies:

a. Seek and support opportunities to increase access to digital communications for all Oregon City residents and businesses.
b. Maintain a high level of police ~~and fire~~ protection and enhance service in ~~underserved areas.~~ all areas of the city.
c. Support and promote emergency preparedness and climate change resiliency efforts and programs.
d. Coordinate with service providers to ensure high levels of public utility and infrastructure service.
e. Ensure adequate funding to pay for public facilities and services.

Goal 4

Promote and support energy conservation, sustainability, and resiliency through best practices in infrastructure planning, operations, and management.

Policies:

a. Identify and seek opportunities for sustainable practices in management and operation of public facilities and services.
b. Continue to implement green, sustainable, and low impact approaches to stormwater management.
c. Prioritize green street design in new development and redevelopment.
d. Coordinate infrastructure to support the development of climate-friendly and equitable ~~communities~~ neighborhoods.
e. Support opportunities to increase densities near activity and transit centers.

PROTECTED ENVIRONMENT

- ✓ **Parks and Recreation**
- ✓ **Natural Resources**
- ✓ **Climate Change**
- ✓ **Watersheds, Habitat**

Goal 1

Provide and maintain a comprehensive system of parks, trails, natural resource areas, and recreation amenities that is accessible to residents of all ages and abilities, enhances the environmental and visual quality of the community, and encourages healthy living.

Policies:

a. Provide additional parklands to adequately serve the City's current and estimated future population based on adopted service levels and community needs.
b. Provide equitable distribution of parks and trails across the City by prioritizing park and trail development in underserved neighborhoods and high-density developments.
c. Provide a network of signage and trails to enhance connections within parks, and between parks, neighborhoods, and public amenities.
d. Reduce barriers to park use and improve safety and accessibility of parks resources for all users, regardless of ability, comfort level, or native language.

Goal 2

Conserve, protect, and enhance the function, health, and diversity of the City's natural resources and ecosystems.

Policies:

a. Implement site development and design practices that incorporate natural ecosystem enhancement, minimize impacts on natural resources, and avoid degradation or loss of wetlands, watershed, and habitat.
b. Bolster efforts to reduce landfill demand through re-use, recycling, and composting methods.
c. Protect and enhance the urban forest tree canopy.
d. Support water conservation and storm water management efforts within the Willamette Basin.
e. Promote outdoor lighting that is designed to reduce the negative impacts of light pollution.
f. Support programs and methods that will improve air quality in Oregon City.
g. Protect the Clackamas and Willamette Rivers and their tributaries including Newell Creek as the centerpieces of Oregon City's natural environment.
h. Establish, restore, and maintain a network of connected wildlife habitat corridors.

Goal 3

Ensure the safety of residents and property by supporting plans, programs, and investments that ~~aid in rapid response and recovery and~~ minimize the impacts of ~~the~~ future ~~risk of~~ natural hazard events and aid in rapid response and recovery.

Policies:

a. Utilize public-private partnerships to educate residents on the importance of community hazard planning and resilience.
b. Restrict development in unsafe areas and where development would increase hazard impacts, such as steep slopes, landslides, wetlands, streams, and floodplains.
c. Invest in retrofits and infrastructure redundancies to ~~reduce~~ minimize service losses during an extreme weather or natural hazard event.
d. Prioritize restoration of critical services following a natural hazard event.
e. Collaborate with adjacent jurisdictions to coordinate emergency communication systems and distribution of resources in the event of an emergency or natural disaster.

CITY OF OREGON CITY

Staff Report

625 Center Street
Oregon City, OR 97045
503-657-0891

To: City Commission **Agenda Date:** 03/08/2022

From: Aquilla Hurd-Ravich, Community Development Director

SUBJECT:

Potential Housing Production Strategy Tools to Increase Middle Housing Affordability

BACKGROUND:

Oregon City is in the process of preparing development code amendments to comply with Oregon House Bill 2001 (HB 2001). These code amendments will allow middle housing—duplexes, triplexes, fourplexes, cottage clusters, and townhomes—in all residential zones that allow single-family detached housing, at densities higher than those for single-family housing and without restrictions that would create "unreasonable" cost or delay for middle housing development. The City is currently considering options for the specific standards that will apply to middle housing.

As part of the code development process for middle housing, the City is required to consider measures to increase the affordability of middle housing, including:

- Waiving or deferring system development charges (SDCs);
- Property tax exemptions; and
- Assessing a construction excise tax (CET) to provide local funding for housing affordability strategies.

There is no requirement that the City implement any or all of these measures—the requirement is simply to consider them.

Oregon City has no existing financial incentives or dedicated, locally-controlled funding to support affordable housing. The City anticipates preparing a Housing Production Strategy (HPS) in the next few years that will include a range of strategies to meet housing needs, including any of these measures that are recommended for further consideration in that process. However, the City could choose to advance some strategies in the interim, in advance of the more comprehensive Housing Production Strategy.

Becky Hewitt, Senior Project Manager with EconNW will provide background information and answer the Commissioner's questions on potential non-land-use measures the City could employ to increase the affordability of middle housing

ECONorthwest
ECONOMICS · FINANCE · PLANNING

DATE: March 1, 2022
TO: Aquilla Hurd-Ravich, City of Oregon City
CC: Steve Faust, 3J Consulting; Christina Robertson-Gardiner, City of Oregon City
FROM: Becky Hewitt, ECONorthwest
SUBJECT: Potential Housing Production Strategy Tools to Increase Affordability of Middle Housing

Introduction

Oregon City is in the process of preparing development code amendments to comply with Oregon House Bill 2001 (HB 2001). These code amendments will allow middle housing—duplexes, triplexes, fourplexes, cottage clusters, and townhomes—in all residential zones that allow single-family detached housing, at densities higher than those for single-family housing and without restrictions that would create "unreasonable cost or delay" for middle housing development. The City is currently considering options for the specific standards that will apply to middle housing.

As part of the code development process for middle housing, the City is required to consider measures to increase the affordability of middle housing,[1] including:

- Waiving or deferring system development charges (SDCs);
- Property tax exemptions; and
- Assessing a construction excise tax (CET) to provide local funding for housing affordability strategies.

There is no requirement that the City implement any or all of these measures—the requirement is simply to demonstrate having considered them.

Oregon City has no existing financial incentives or dedicated, locally-controlled funding to support affordable housing. The City anticipates preparing a Housing Production Strategy (HPS) in the next few years[2] that will include a range of strategies to meet housing needs. Any of these measures that are recommended for further consideration can be incorporated into that process. However, the City could choose to advance some strategies in the interim, in advance of the more comprehensive Housing Production Strategy.

This memo is intended to support a discussion with the City Commission that fulfills the requirement to consider these tools; it is also intended to help the City discuss potential tools to be further considered for implementation as part of the future HPS or in the interim. It

[1] OAR 550-046-0030(2). Based on direction from the Department of Land Conservation and Development (DLCD), increasing affordability of middle housing can include supporting regulated, income-restricted affordable middle housing and/or reducing the cost of market-rate middle housing. This memo considers measures applicable to both.

[2] The City adopted an HNA in December 2021, therefore an HPS will not be required to be adopted until 2027. However, work is likely to begin a year or more before that deadline.

summarizes how these measures could work to increase the affordability of middle housing and offers considerations related to effectiveness and administrative effort.

Summary: Potential Tools for Consideration

The summary below highlights ECONorthwest's top recommendations for tools to consider as part of the HPS or in the near term.

SDC Waivers or Deferrals

- **For potential inclusion in HPS**:
  - Consider allocating a set amount of funding per year from other sources (e.g., general fund) to pay all or a portion of SDC costs for regulated affordable housing development that is receiving state or federal funding.
  - Consider changes to rate structures to reduce SDCs for smaller units as part of future updates to SDC methodologies.
- **Near-term**: Consider allowing SDCs to be paid at certificate of occupancy rather than with a building permit for middle housing (and potentially also other types of housing).

Property Tax Exemptions

- **For potential inclusion in HPS**:
  - Consider adopting a tax abatement for affordable for-sale housing (including, but not limited to, middle housing) that offers lasting affordability commitments (e.g., community land trust or Habitat for Humanity).
  - Consider a tax abatement for rental middle housing that meets certain unit size or design criteria that align with identified housing needs (e.g., provides at least one ADA-accessible unit, family-sized units, etc.).
- **Near-term:** Consider adopting a tax exemption for nonprofit-owned affordable rental housing (including, but not limited to, middle housing).

CET to Fund Affordable Housing

- **For potential inclusion in HPS**: Evaluate revenue potential and impacts to development from a CET on residential and/or nonresidential development.

The following sections provide additional details about the tools, how they would work, what their benefits would be, and why these have been identified as the top recommendations.

Measures for Consideration: Details and Evaluation

Property Tax Exemptions

Overview

HB 2001 identifies several specific tax provisions authorized under state statute for consideration.[3] The specific tax provisions called out in the legislation are summarized in brief below, along with one additional program that may be applicable to middle housing.

- **ORS 307.515 to ORS 307.523: LOW INCOME RENTAL HOUSING:** Provides a 20-year, renewable property tax exemption for rental housing for low-income households (60% of area median income and below).
- **ORS 307.540 to ORS 307.548: NONPROFIT CORPORATION LOW INCOME HOUSING**: Provides a full property tax exemption for new and existing affordable housing owned and operated by a nonprofit organization (and land held for future affordable housing development) for as long as the property meets eligibility criteria.
- **ORS 307.651 to ORS 307.687: SINGLE-UNIT HOUSING:** Provides a 10-year property tax exemption on the improvement value of new or rehabilitated for-sale housing valued at no more than 120% of the median sales price for the City (or a lower percentage of median sales price if desired by the City) that meets any additional eligibility criteria set by the City.
- **ORS 307.600 to ORS 307.637: MULTIPLE-UNIT HOUSING:** Provides a 10-year property tax exemption on the improvement value of new or rehabilitated multifamily rental housing that meets design and/or affordability eligibility criteria set by the City. The exemption can last more than 10 years if affordability restrictions remain in place. *(This program is not listed specifically but is potentially applicable to middle housing.)*
- **ORS 308.450 to ORS 308.481: REHABILITATED RESIDENTIAL PROPERTY:** Provides a 10-year property value freeze for rehabilitation of existing units in substandard condition, and for the conversion of transient accommodation or nonresidential structures to permanent residential units, in areas designated by the jurisdiction as "distressed." For properties subject to affordability restrictions, the freeze can remain in place for the duration of the restrictions.

Program Details and Evaluation

Exhibit 1, on the following pages, provides additional details regarding these programs as well as considerations related to administration, effectiveness, and implementation requirements. All property tax abatement programs result in some foregone revenue for the City and other taxing districts, but the magnitude depends on how broadly applicable the tax abatements are and whether the City establishes limits on the amount or number of abatements granted.

[3] OAR 660-046-0030(2)(b)

Exhibit 1: Comparison and Evaluation of Property Tax Abatement Programs

Program	Low-Income Rental Housing Tax Exemption	Nonprofit Low-Income Rental Housing Tax Exemption	Single-Unit Housing Tax Abatement	Multi-Unit Housing Tax Abatement	Rehabilitated Residential Property[4]
Authorizing Statute	ORS 307.515 to 307.535	ORS 307.540 to 307.548	ORS 307.651 to 307.687	ORS 307.600 to 307.637	ORS 308.450 to 308.481
Overview	Provides a 20-year, renewable property tax exemption for new affordable housing built by for-profit developers and new or existing nonprofit-owned affordable rental housing; must be income-restricted at 60% of AMI and below.[5] Requires that savings be passed on to tenants through rent reductions.	Provides a full property tax exemption for new and existing affordable housing owned and operated by a nonprofit organization for as long as the property meets eligibility criteria; must be income-restricted at 60% of AMI[6] and below.[7] Also applies to land held by a nonprofit for future affordable housing development.	Provides a 10-year property tax exemption on the improvement value of new or rehabilitated for-sale housing valued at no more than 120% of the median sales price for the jurisdiction (or a lower percentage set by the jurisdiction).[8] The jurisdiction can establish other design requirements for eligibility and/or require public benefits that last beyond the period of the tax exemption.	Provides a 10-year property tax exemption on the improvement value of new or rehabilitated rental housing that meets local eligibility criteria. The jurisdiction sets the minimum number of units on the property for eligibility, and can set other eligibility criteria, including affordability requirements or design features that provide public benefits. For housing subject to affordability agreements the abatement can be extended for as long as the affordability agreement is in effect.	Provides a 10-year property value freeze for residential rehabilitation projects or conversion of existing nonresidential structures to residential use for older buildings, in areas designated by the jurisdiction as "distressed," that do not meet housing or building code. For properties subject to affordability restrictions, the freeze can remain in place for the duration of the restrictions.

[4] The statute includes a sunset date for this program that has already passed (January 1, 2017); it is not clear whether the program will be renewed by the legislature.

[5] Can apply to a portion of a mixed-income property with a pro-rated exemption.

[6] Income may rise up to 80% AMI in subsequent years after initial qualification.

[7] Can apply to a portion of a mixed-income property with a pro-rated exemption.

[8] Market value for the land and improvements is no more than 120 percent, or a lesser percentage as adopted by the governing body by resolution, of the median sales price of dwelling units located within the city. (ORS 307.651(2))

Program	Low-Income Rental Housing Tax Exemption	Nonprofit Low-Income Rental Housing Tax Exemption	Single-Unit Housing Tax Abatement	Multi-Unit Housing Tax Abatement	Rehabilitated Residential Property[4]
Potential Impact on Affordability of Middle Housing	Could support development of income-restricted affordable middle housing.	Could support development of income-restricted affordable middle housing.	Could support development (or conversion) of middle housing that offers lower-cost homeownership opportunities.	Could support development (or conversion) of rental middle housing with smaller units, accessibility features, or income/rent restrictions.	Could support conversion of deteriorated single-family homes to middle housing, potentially with income/rent restrictions.
Eligible Projects / Properties	New rental housing exclusively for low-income households (60% of area median income and below).[9] Housing need not be owned or operated by a nonprofit entity. Existing nonprofit-owned housing can also qualify. Can apply to a portion of a mixed-income property with a pro-rated exemption. Rents must reflect the full value of the property tax abatement. City can add other criteria.	New rental housing exclusively for low-income households (at or below 60% AMI); rental housing for low-income persons (at or below 60% AMI[10]) that is owned, being purchased, and/or operated by a nonprofit; or land held for affordable housing development. Rents must reflect the full value of the property tax abatement. City can add other criteria.	Existing or new construction single-family, townhome, or condominium with a value (land plus improvement value) less than 120% of the median home value for the jurisdiction (or a lesser value threshold established by the jurisdiction).	Housing subject to a housing assistance contract with a public agency (must show that the exemption is necessary to preserve or establish the low-income units, but the statute does not define an income threshold); OR housing that meets City-established criteria for design elements benefitting the general public and number of units. If transit-oriented, must support the transit system. May be new construction, addition of units, or conversion of existing building to residential use.	Residential rehabilitation projects or conversion of existing nonresidential structures to residential use. Structures must be at least 25 years old and not meet local building or housing code prior to the improvement. The value of the improvements must be at least 50% of the existing assessed value of the property.

[9] Abatement can be pro-rated if only a portion of the property is income restricted.

[10] Income may rise up to 80% AMI in subsequent years after initial qualification.

Program	Low-Income Rental Housing Tax Exemption	Nonprofit Low-Income Rental Housing Tax Exemption	Single-Unit Housing Tax Abatement	Multi-Unit Housing Tax Abatement	Rehabilitated Residential Property[4]
Eligible Areas	Anywhere in a city	Anywhere in a city	Anywhere in a city	Within designated areas such as core areas,[11] light rail station areas, transit-oriented areas (within a quarter-mile of fixed-route transit service per a local transportation plan), or Urban Renewal Areas. Alternatively, the City can designate the entire City and limit the program to affordable housing.	"Distressed areas" designated by the jurisdiction—residential areas that are deteriorated, lacking proper facilities, or that have vacant or abandoned homes or structures. No more than 20% of the jurisdiction's total land area may be included.
Effectiveness Considerations	The most common sources of public funding for income-restricted affordable housing do not work well for middle housing development. Because savings must be passed on to tenants, it provides little incentive to the developer.	The most common sources of public funding for income-restricted affordable housing do not work well for middle housing development. However, there are some nonprofits who are establishing models to provide affordable middle housing, and this abatement could support that development.	The value of the tax abatement goes to the buyer rather than the developer; on its own, it does little to incentivize lower-cost ownership opportunities. However, it can be paired with other incentives (e.g., SDC exemptions) to provide incentives to both the developer and the buyer, and reduces the cost of ownership for homebuyers.	Depending on the local criteria applied, could provide a powerful incentive for developers.	Program limitations in statute would likely limit applicability of this incentive to a narrow set of middle housing conversion opportunities. The multiunit housing tax abatement could potentially apply to similar projects and would provide a broader and more powerful incentive.

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

Program	Low-Income Rental Housing Tax Exemption	Nonprofit Low-Income Rental Housing Tax Exemption	Single-Unit Housing Tax Abatement	Multi-Unit Housing Tax Abatement	Rehabilitated Residential Property[4]
Administrative Considerations	Because it would likely apply only to affordable housing receiving state or federal funding, there would be less need for local enforcement and compliance monitoring of affordability and income restrictions. Ensuring the tax savings are passed on to tenants could be more complex.	Because it would apply only to nonprofit affordable housing receiving state or federal funding, there would be little need for local enforcement and compliance monitoring of affordability and income restrictions. The property owner would need to resubmit documentation each year, so staff would need to at least briefly review those submittals, but little additional review would be needed.	The City does not have to require or monitor on-going affordability past the initial sale. However, if the City does want to ensure longer-term affordability, it would need to establish deed restrictions or other mechanisms to lock in affordability requirements. Alternatively, it could limit eligibility to nonprofit-built housing (e.g., Habitat for Humanity, community land trusts) that has its own mechanisms to maintain affordability.	If the City chooses to establish criteria only related to building design (e.g., unit size, ADA accessibility), the only administrative effort would be the initial review of applications, which is relatively minor. If the City chooses to establish criteria related to affordability and make the program available to housing from for-profit developers, it would need to establish deed restrictions or other mechanisms to lock in and enforce affordability requirements.	If used for projects with affordability restrictions, the City would need to establish deed restrictions or other mechanisms to lock in and enforce affordability requirements. If not, administrative effort would be limited to review of initial applications.
Implementation Requirements	City adopts an ordinance or resolution. City sets any additional local requirements. City taxes exempted only, unless the boards of districts representing at least 51% of combined levy agree to the exemption for a given property, in which case all districts are included.	City adopts an ordinance or resolution. City must select one of two definitions of affordability and set any additional local requirements.	City adopts an ordinance or resolution. Exemption cannot take effect (even for City taxes) unless governing bodies representing at least 51% of the total combined tax rate (when combined with the City's tax rate) agree to grant the exemption.	City designates via ordinance or resolution. Public hearing required to determine whether qualifying housing would or would not be built without the benefit of the program. City must establish standards and guidelines with requirements for eligibility.	City adopts an ordinance or resolution including rules for determining the boundaries of the distressed area. City taxes exempted only, unless the boards of districts representing at least 51% of combined levy agree to the exemption for a given property, in which case all districts are included.

Program	Low-Income Rental Housing Tax Exemption	Nonprofit Low-Income Rental Housing Tax Exemption	Single-Unit Housing Tax Abatement	Multi-Unit Housing Tax Abatement	Rehabilitated Residential Property[4]
		City taxes exempted only, unless the boards of districts representing at least 51% of combined levy agree to the exemption for a given property, in which case all districts are included.		City taxes exempted only, unless the boards of districts representing at least 51% of combined levy agree to the exemption for a given property, in which case all districts are included.	
Extent of Tax Exemption / Abatement	Land and improvements exempt.	Land and improvements exempt.	Improvements exempt.	Improvements exempt. Exemption does not apply to commercial components unless required as a public benefit element.	Value of new improvements is not added to the assessed value.
Duration of Tax Exemption / Abatement	Exemption lasts 20 years, but can be renewed.	Must be applied for every year, but can continue as long as the property meets the criteria.	Maximum of 10 years	Exemption is for up to 10 years (this is set by statute, not by the City), except that for housing subject to an affordability agreement with the jurisdiction, the exemption can be extended for as long as the affordability agreement is in effect.	Exemption is for up to 10 years (this is set by statute, not by the City), except that for housing subject to an affordability agreement with the jurisdiction, the exemption can be extended for as long as the affordability agreement is in effect.
Example Jurisdictions Where in Use[12]	Springfield, Eugene, Bend	Newport, Beaverton, Hillsboro, Portland, Tigard, Forest Grove, Cornelius, Wilsonville	Portland	Portland, Eugene, Salem, Newport, Cottage Grove	Previously implemented in Portland but no longer in effect

[12] This list is based on the best information available to ECONorthwest in February 2022, but it may not be exhaustive.

Recommendations

- The Nonprofit Low-Income Rental Housing Tax Exemption is recommended for further consideration, potentially in the near-term, because of its comparatively low administrative effort and straightforward criteria.
- The Single-Unit Housing Tax Abatement is recommended for further consideration for nonprofit-built housing (e.g., Habitat for Humanity, community land trusts) that has its own mechanisms to maintain affordability, so that the City has little need for enforcement and monitoring.
- The Multi-Unit Housing Tax Abatement is recommended for further consideration for middle housing that provides unit sizes or design features that align with housing needs identified in the HPS that the market has not been providing (e.g., ADA-accessible units, family-sized units, etc.).
- The primary challenge for implementation for all potential tax abatements under consideration may be securing support from overlapping taxing districts, so although the Nonprofit Low-Income Rental Housing Tax Exemption could move forward sooner than the others, having a conversation with the taxing districts about their potential support for all three possible programs may be appropriate.

SDC Waivers or Deferrals

Existing Context

Oregon City charges SDCs for water, sanitary sewer, stormwater, transportation, and parks. The City controls most of the SDCs, with the exception of a portion of the sewer SDC, which is established by and paid to the Tri-City Service District, and a portion of the water SDC, which is established by and paid to the South Fork Water Board (SFWB). Water SDCs are based on equivalent residential units and meter size. Wastewater SDCs are based on equivalent dwelling units (EDUs); duplex, triplex, and fourplex units are considered 0.8 EDUs. Transportation SDCs are based on typical trip generation by housing type. Parks SDCs are fixed for all types of housing. The current SDC fees by housing type are shown in Exhibit 2 below.

Exhibit 2: SDCs by Housing Type (2022)
Source: Oregon City Residential SDC Sheets, 1-1-22 (https://www.orcity.org/publicworks/residential-sdc-fees)

Housing Type	Total SDCs per Unit (Estimated)
Single-Family Residence	$43,988
Townhouse, Condominium, Triplex, Fourplex	$25,522
Duplex	$23,362
Multifamily	$22,912
ADU	$21,842*

* SDCs for ADUs are the same as for multifamily except that ADUs do not pay stormwater SDCs.

While the existing system does offer lower SDCs for middle housing than for single-family homes because of differences in typical unit sizes and demand, it does not account for variability in demand based on actual unit size or offer reductions or exemptions for affordable

housing. SDCs are due with building permits, though SDC financing is available (as required for all jurisdictions).

Potential Modifications

The City could consider the following modifications to existing SDC rates and policy to support middle housing affordability:

- **Scaled SDC Rates:** Adjust SDC rates—particularly for wastewater and transportation SDCs—based on actual unit size to reflect potentially lower demand from smaller units. This could be applied to all housing types, but may be most important for middle housing.
- **SDC Exemptions:** Exempt regulated, income-restricted affordable housing units from SDCs. Alternatively, offer discounts on specific SDCs for regulated, income-restricted affordable housing units based on reduced demand (e.g., for transportation SDCs). This should apply to regulated, income-restricted affordable housing of any housing type, not just middle housing.
- **SDC Deferral:** Allow SDCs to be paid at certificate of occupancy or another point closer to the end of the development process rather than with the building permit. This could be offered for all development or for affordable housing developments only.

Evaluation

Exhibit 3 below evaluates potential impacts of strategies to reduce the burden of SDCs on middle housing affordability, including considerations related to administration, effectiveness, fiscal impacts, and implementation requirements. It also identifies examples from other communities in Oregon where these tools have been implemented.

Exhibit 3: Evaluation of SDC Strategies

	Scaled SDC Rates	SDC Exemptions	SDC Deferral
Potential Impact on Affordability of Middle Housing	A reduced rate for smaller units would provide an incentive to build smaller units, which tend to have lower costs than larger units.	An SDC waiver or reduction for regulated affordable housing (for both middle housing and multifamily) would make affordable housing more viable and reduce the subsidy required per unit.	Allowing SDCs to be deferred to certificate of occupancy reduces the developer's financing / carrying costs associated with the SDCs by allowing them to be paid closer to when the housing will be sold or begin generating revenue. Reducing development costs can make developing lower-cost housing easier, but does not guarantee the cost savings will translate into greater affordability.
Effectiveness Considerations	An SDC reduction for smaller units could make developing smaller units more financially feasible, and could help make them more competitive with larger middle housing units. How effective the incentive would be depends on how big the cost differential would be based on unit size and on other market and cost factors that tend to make larger, more expensive units more financially feasible to build.	This would apply to a small share of middle housing development, but would be very beneficial to those developments. For small affordable housing developments that must assemble many funding sources, saving over $20,000 per unit in SDC costs could make an important difference in their ability to make an affordable development possible.	This option could have appeal for both market-rate and affordable housing developers, depending on the specific requirements associated with the deferral option.
Implementation Requirements	Modifications to rate structures would need to be implemented through an update to SDC methodology or backfilled from other sources. Changes to water and sewer SDCs would require coordination with regional water and sewer providers.	This may require an update to methodology unless forgone revenues are backfilled from another source.	This could be implemented without updating SDC methodology, but would require establishing appropriate guarantees and enforcement mechanisms to ensure that deferred SDCs are paid when they are due.

	Scaled SDC Rates	SDC Exemptions	SDC Deferral
Administrative Considerations	Ongoing monitoring and enforcement would not be required.	If offered only for development that is receiving state or federal funding or for nonprofit affordable housing development, there would be little need for local enforcement and compliance monitoring of affordability and income restrictions. If applied to units meeting a defined income threshold that may or may not have state or federal funding, the City to would need to establish deed restrictions or other mechanisms to lock in affordability requirements.	The potential need for enforcement could mean additional demand for staff time.
Fiscal Considerations	Changes to rate structures would not result in lost revenue if implemented through updates to methodology, but could mean slightly higher rates for other types of development. If done without a methodology update, lost revenue would need to be backfilled from other sources.	SDC exemptions would result in lost revenue to the City, which would need to be backfilled from other sources.	The City would still collect the same amount of revenue, but collecting it later could have some impacts on the City's ability to finance infrastructure projects and on the City's interest costs on any bond-funded projects.

	Scaled SDC Rates	SDC Exemptions	SDC Deferral
Example Jurisdictions Where in Use[13]	Clackamas County TSDC,[14] City of Springfield sewer SDCs[15]	City of Portland,[16] City of Bend,[17] Bend Parks and Recreation Department[18]	City of Medford,[19] City of Tigard,[20] City of Springfield,[21] City of Grants Pass,[22] City of Gresham[23]

[13] This list is based on the best information available to ECONorthwest in February 2022, but it may not be exhaustive.

[14] https://www.clackamas.us/engineering/sdc.html

[15] https://www.springfield-or.gov/wp-content/uploads/2018/12/Resolution_18-09_5-11-18.pdf

[16] https://www.portland.gov/phb/sdc-exemption

[17] https://www.bendoregon.gov/government/departments/economic-development/affordable-housing-program/developer-resources#

[18] https://www.bendparksandrec.org/wp-content/uploads/2021/06/2021-01-Approving-Additional-SDC-waivers.pdf

[19] https://www.medfordoregon.gov/files/assets/public/planning/hcd/sdc-q-a.pdf

[20] https://agendas.tigard-or.gov/docs/2020/CCBSONE/20200107_1666/4060_Ordinance%20Amending%20TMC%203.24%20SDC%20Deferral.pdf

[21] https://www.springfield-or.gov/wp-content/uploads/2019/06/FINAL_Master-Fees-and-Charges-Schedule.pdf

[22] https://www.grantspassoregon.gov/DocumentCenter/View/36/Title-3---System-Development-Charges--PDF?bidId=

[23] https://gresham.granicus.com/MetaViewer.php?view_id=2&clip_id=503&meta_id=46334

Recommendations

- Allowing SDCs to be paid at certificate of occupancy rather than with a building permit for middle housing (and potentially also other types of housing) could be considered in the near-term because it is comparatively easy to implement and does not require new funding commitments or changes to methodology. It has less impact than the other options, but would help reduce development costs to some extent.
- As part of the HPS, the City should consider allocating a set amount of funding per year from other sources (e.g., general fund) to pay all or a portion of SDC costs for regulated affordable housing development (middle housing and other housing types). Limiting this to development that is receiving state or federal funding would limit the need for enforcement and monitoring by the City. This would have a substantial impact, but should be considered alongside other measures that would require funding commitments from the City.
- Over time, as the City updates SDC methodologies, those projects should consider changes to rate structures to reduce SDCs for smaller units or regulated affordable units where those may have less impact on the systems in question.

Construction Excise Tax

Overview

The City could consider implementing a construction excise tax (CET) to generate funding for affordable housing, including affordable middle housing. [24] A CET is a tax imposed on new development and expansions as a percentage of the permit value. It can be applied to commercial and industrial development and/or to residential development (affordable housing and certain public and institutional uses are exempt). Funds are used primarily for local housing programs. Rates on residential development are capped at 1% of permit value; there is no statutory limit on CET rates for nonresidential development.

Evaluation

- **Potential Impact on Affordability of Middle Housing**: A CET can generate locally controlled funding for affordable housing that the City could use somewhat flexibly for a range of housing programs and incentives.[25] Having additional funding for affordable housing that is flexible and can be applied to smaller affordable housing developments could help fill a gap in the availability of funding for affordable middle housing, or it

[24] Applicable CET provisions are found in ORS 320.192 and ORS 320.195.

[25] If a jurisdiction imposes a CET on residential development, 50 percent of net revenue (after subtracting up to 4 percent for administrative costs) must be used to pay for statutorily-authorized developer incentives, including fee and SDC waivers, tax abatements, or finance-based incentives; 35 percent may be used flexibly for affordable housing programs, as defined by the jurisdiction; and the remaining 15 percent goes to Oregon Housing and Community Services for homeownership programs that provide down payment assistance.

could be used for programs such as down payment assistance to help first-time homebuyers purchase homes (including, but not limited to, new middle housing units).

- **Effectiveness Considerations:** There are limited applicable state and federal funding sources for smaller affordable housing developments, making availability of local funds a significant benefit. With smaller projects, a relatively small amount of funding can make a big difference in closing funding gaps. However, a CET would increase costs on development that is subject to the tax (affordable housing is exempt, and the City can add other exemptions, such as developments under a certain permit value). If the CET is imposed on housing, this would also increase development costs and make it marginally more difficult to develop housing.
- **Implementation Requirements:** Adopting a CET would require additional evaluation of potential rates, discussion with stakeholders, and consideration of priorities for revenues.
- **Administrative Considerations:** Collecting a CET would take a small amount of additional staff time, but deploying the revenues to support housing would require more effort. While a small amount of CET funds can be used towards administrative costs, this may not be enough to cover the actual costs of administration.
- **Fiscal Considerations:** A CET generates additional revenue for the City. Most of it must be used for housing, but a share of CET revenue from nonresidential development may be used for other purposes.[26]
- **Example Jurisdictions Where in Use**:[27] Bend,[28] Corvallis,[29] Newport,[30] Hood River,[31] Milwaukie,[32] Medford,[33] Tigard,[34] Eugene,[35] Tillamook County,[36] Cannon Beach[37]

[26] If a city implements a CET on commercial or industrial uses, 50% of the funds must be used for housing-related programs, as defined by the jurisdiction (note that these funds are not necessarily limited to affordable housing under statute). The remaining 50% of funds are unrestricted. All funds from a residential CET must be used for housing (after deducting allowed administrative expenses).

[27] This list is based on the best information available to ECONorthwest in February 2022, but it may not be exhaustive.

[28] https://bend.granicus.com/MetaViewer.php?view_id=9&event_id=491&meta_id=44488

[29] https://library.municode.com/or/corvallis/codes/code_of_ordinances?nodeId=TIT8BU_CH8.16AFHOCOEXTA

[30] https://www.newportoregon.gov/dept/cdd/CET.asp

[31] https://cityofhoodriver.gov/wp-content/uploads/Ordinances/ORD-2042-Construction-Excise-Tax-signed-w-exhibits.pdf

[32] https://www.milwaukieoregon.gov/building/construction-excise-taxes#

[33] https://www.medfordoregon.gov/files/assets/public/planning/hcd/cet-q-a.pdf

[34] https://www.tigard-or.gov/home/showpublisheddocument/18/637615164583470000

[35] https://www.eugene-or.gov/DocumentCenter/View/46871/Affordable-Housing-Construction-Excise-Tax-FAQs

[36] https://www.co.tillamook.or.us/ordinances/establishing-construction-excise-tax-commercial-and-residential-housing-fund-affordable

[37] https://www.ci.cannon-beach.or.us/ordinances/ordinance-17-07

Recommendations

- Implementing a CET is a measure that should not be taken lightly, but it is one of few available options to create a new dedicated funding source for affordable housing at the local level. As part of the HPS, the City should evaluate revenue potential and impacts to development from a CET on residential and/or nonresidential development, and consider it in relationship to other potential locally-controlled funding sources that could help implement other housing strategies.

Conclusions and Recommendations

Given the City's limited staff capacity for housing-related programs and lack of existing financial incentives for housing, programs that require little ongoing administrative effort will be most appropriate. The City of Oregon City should consider including the following measures in its Housing Production Strategy to support affordability of middle housing:

- **Adopt property tax abatements that support income-restricted affordable middle housing development and middle housing that meets specific housing needs with minimal administrative burden for the City:**
  - **Nonprofit Low-Income Rental Housing Tax Exemption** (for both middle housing and multifamily housing) to provide a streamlined path to property tax exemptions for nonprofit-owned affordable rental housing at a range of scales, including middle housing that meets the affordability criteria.
  - **Single-Unit Housing Tax Abatement** for affordable for-sale middle housing that has long-term affordability restrictions in place (e.g., Habitat for Humanity or a community land trust).
  - **Multi-Unit Housing Tax Abatement** for rental middle housing that provides unit sizes or design features that meet local needs that are not being met by the market, such as developments where some or all ground-level units are designed to meet ADA requirements to be accessible to individuals with disabilities, or those that include family-size units.
- **Reduce the burden of SDCs on affordable and lower-cost middle housing development**:
  - **Exempt regulated, income-restricted affordable housing units from SDCs**, backfilling foregone revenue from other sources. The City could cap the amount exempted each year to mitigate fiscal impacts while still supporting affordable middle housing development.
  - **Adjust SDC rates**—particularly for wastewater and transportation SDCs—**based on actual unit size** to reflect potentially lower demand from smaller units as part of future SDC methodology updates.
  - **Allow SDC deferral** (e.g., to certificate of occupancy) **for middle housing or for all residential development**.

- **Evaluate the trade-offs associated with a CET** as part of a broader look at potential locally-controlled funding sources to support and implement local housing strategies.

A few of these measures—including adoption of the Nonprofit Low-Income Rental Housing Tax Exemption and allowing deferral of City SDCs for residential development—could be advanced in the near-term, prior to a more comprehensive look as part of the HPS. However, there may be benefits to making overlapping taxing districts and service providers aware of the other strategies that may be under consideration within a few years; this will help to identify any other opportunities to advance measures in the near-term that require support from those districts.

CITY OF OREGON CITY

Staff Report

625 Center Street
Oregon City, OR 97045
503-657-0891

To: City Commission **Agenda Date:** 03/08/2022

From: Police Chief Jim Band

SUBJECT:

Discussion of the Draft 2022-2026 Homelessness Strategy for Oregon City

STAFF RECOMMENDATION:

Staff recommends the City Commission review the proposed Homelessness Strategy for Oregon City and provide input during the work session.

BACKGROUND:

In January and February 2021, the City Commission and the City's Executive Team met three times for a series of goal-setting workshops. The goal was to align around a shared vision, discuss current community projects and issues, and provide City staff with direction regarding the Commission's priorities for the coming years. The City Commission and staff worked closely together to identify goals and strategies for the 2021-2023 biennium that will build on the work and success of previous years, while also addressing new challenges and/or shifting community needs.

The Commission wrapped up the goal-setting process by identifying eight goals for the 2021-2023 biennium. With a set of Commission Goals and Priorities in place, staff then created a biennial work plan that aligns specific actions to implement the Goals with proposed funding for each item. All of this work is combined to create a City budget that supports the Commission Goals while also maintaining high-quality core City services. This Homelessness Strategy is a product of City Commission *Goal #4: Adopt and implement a homelessness strategy for Oregon City*. While we acknowledge that we cannot solve the homelessness problem in the Metro region, the City is committed to a focused approach that partners with local, regional and state resources to help those that are houseless or at risk of losing their home within our community.
Our vision is…

> *To create a five-year homelessness strategy (2022-2026) that is designed to support current and future City activities and investments that are focused on partnerships, service delivery, and enforcement to reduce homelessness and the impact on Oregon City.*

The 2022-2026 Homelessness Strategy for Oregon City provides a summary of the current homelessness landscape in Oregon City, known partners, existing constraints, and potential opportunities. It outlines a set of priorities and strategies that are based on what we've learned over the past 8 years working on this issue, and what we've heard from our partners who provide on-the-ground assistance to houseless persons in Oregon City. The plan is focused on helping people in our community while also reducing the negative impact of homelessness on Oregon City.

OPTIONS:

1. Provide direction

Homelessness Strategy for Oregon City
2022-2026

INTRODUCTION

In January and February 2021, the City Commission and the City's Executive Team met three times for a series of goal-setting workshops. Our goal was to align around a shared vision, discuss current community projects and issues, and provide City staff with direction regarding the Commission's priorities for the coming years. The City Commission and staff worked closely together to identify goals and strategies for the 2021-2023 biennium that will build on the work and success of previous years, while also addressing new challenges and/or shifting community needs.

The Commission wrapped up the goal-setting process by identifying eight goals for the 2021-2023 biennium. With a set of Commission Goals and Priorities in place, staff then created a biennial work plan that aligns specific actions to implement the Goals with proposed funding for each item. All of this work is combined to create a City budget that supports the Commission Goals while also maintaining high-quality core City services.

This Homelessness Strategy is a product of City Commission *Goal #4: Adopt and implement a homelessness strategy for Oregon City*. While we acknowledge that we cannot solve the homelessness problem in the Metro region, the City is committed to a focused approach that partners with local, regional, and state resources to help those that are houseless or at risk of losing their home within our community.

Our vision is…

> *To create a five-year homelessness strategy (2022-2026) that is designed to support current and future City activities and investments that are focused on partnerships, service delivery, and enforcement to reduce homelessness and the impact on Oregon City.*

This document provides a summary of the current homelessness landscape in Oregon City, known partners, existing constraints, and potential opportunities. It outlines a set of priorities and strategies that are based on what we've learned over the past 8 years working on this issue, and what we've heard from our partners who provide on-the-ground assistance to houseless persons in Oregon City. The plan is focused on helping people in our community while also reducing the negative impact of homelessness on Oregon City.

DRAFT

CURRENT ENVIRONMENT

The Homelessness Program at Oregon City is currently established within the Oregon City Police Department (OCPD). It is led by the police chief and two full-time staff: a homeless services specialist and a behavioral health specialist. Staff are not sworn police officers or experts in homelessness; their knowledge comes from working on the street every day with the homeless population for the past 8 years. Staff continue to learn from a network of local service providers who help us via coordination and thoughtful problem-solving. The extent and shape of homelessness in Oregon City is affected by our proximity to and dynamics of the City of Portland and neighboring communities. Homelessness is a regional problem and the population in Oregon City changes daily. Our priorities and strategies acknowledge our limitation of resources, the need for regional coordination, and the opportunities that are most reasonable to pursue.

DEMOGRAPHICS

The homeless population in Oregon City is as diverse as any other sector of our society and is growing at a steady pace. Located within the Portland metropolitan area, Oregon City is part of a larger, regional homeless problem. Many of the individuals who are homeless in Oregon City travel throughout the Portland Metro region, living in different areas for varying periods of time. Oregon City has the highest concentration of homeless individuals in Clackamas County. Oregon City saw an immediate and overwhelming increase in homelessness around Oregon City at the beginning of 2013, when a day shelter opened to provide homeless services. The presence of this shelter made Oregon City a destination for unhoused people seeking services.

According to the 2019 point-in-time count for Clackamas County[1], 75% of the homeless population are single adults and 15% are single adults with children. Eight percent of the homeless population are under 18 years of age. Finally, unaffordable rent, unemployment, eviction, interpersonal conflict, and mental or emotional health issues were the most common problems faced by those who reported what caused them to leave their last living arrangement. A number of people experiencing homelessness are additionally challenged with substance dependence.

[1] Clackamas County 2019 Point-In-Time County, August 2019

COMMUNITY IMPACTS

The growing homeless population has had an impact on Oregon City neighborhoods and businesses. The presence of tents and some of the behaviors exhibited by some of the people experiencing homelessness have resulted in complaints and concerns about safety from members of the community. Crime reports from the Oregon City Police Department indicate the most common incidents that occur by homeless individuals are trespassing, theft, drinking in public places, criminal mischief, and possession of controlled substances. Community members often report piles of trash, materials associated with homeless camps, abandoned shopping carts, and human waste around businesses and homes. Citizens also voice safety concerns for individuals traveling on foot or bicycle along streets, state highways, and Interstate 205.

Businesses, neighborhoods, and City buildings have seen an increased presence of people who suffer from mental illness in the community. While many of these behaviors are completely harmless, they can be unsettling to some. This has resulted in an increased number of emergency calls to the police department. People call because they are either worried about their own safety or concerned about the safety of the individuals whose behaviors they find alarming.

CHALLENGES AND CONSTRAINTS

The City of Oregon City and our employees do not discriminate against people because they are homeless; we serve all members of this community, whether they are housed or not. Our employees work to solve issues and concerns that are tied to behaviors, not people based on their status. The following issues are the top challenges facing the City in its response to the current homelessness environment.

Mental Health Services

The biggest challenge is the lack of available mental health services for homeless people in need. The majority of the calls OCPD receives are usually linked to someone suffering from untreated mental illness. City staff have nowhere to take individuals who need behavioral health services. If an individual is an immediate danger to themselves or others, they are taken to the hospital but are generally released within hours. The lack of mental health treatment is a national problem. Officers respond and have no services or options to offer these members of the community. There are a number of people with whom we have worked for months to get services and even housed, only to find them back on the streets after having gone off their medication.

DRAFT

Camping, Trash and the Law

The City receives numerous complaints about camping and trash on public property and requests to 'make a person or persons leave an area'. There are several court cases and an Oregon law that address camping on public property and guide cities in their response to these issues. Oregon House Bill 3115 was passed in 2021 and requires city ordinances that regulate sitting, lying, sleeping, or keeping warm and dry outdoors on public property, must be objectively reasonable. In other words, the city is not allowed to target homeless individuals if they are sitting, lying, sleeping, or trying to keep warm and dry in outdoor areas. In 2020, the City Commission updated the Oregon City Municipal Code to ensure compliance with the *Martin v. Boise* ruling, a Ninth Circuit cased, upon which House Bill 3115 was written. The Bill also requires prior notification and posting of camps prior to removal, as well as a requirement that the City store personal property and debris removed from camps for 30 days. Finally, the Bill states that local governments cannot punish people for camping if the City cannot offer an alternative, such as a bed in a shelter. Therefore, City staff maintain a list of shelter options to offer homeless individuals who are willing to go to a shelter.

An additional challenge are jurisdictional issues related to camping and trash. Several of the areas where the public reports refuse are public areas controlled by government entities other than Oregon City; such as METRO, the Oregon Department of Transportation (ODOT), and Clackamas County. We work with these governments to keep the environment clean and free of unwanted trash. But the City does not have the authority to remove camps or trash from properties adjacent and outside of the city limits.

Housing Services

Getting people into housing is one of the biggest challenges faced by City staff. The majority of the people staff contact on the street are not ready or willing to accept services that would lead them to housing. To get some people housed, it takes time and a process of building trust before they are ready to engage the services necessary to get housed. Additionally, the number of available shelter spaces in the Portland Metro area is limited. Housing services in our area is led by Clackamas County and METRO(?). Housing a person or family experiencing homelessness requires a coordinated, regional effort across the County and Portland Metro area. Coordination needs to be improved to better address housing options and to provide targeted, wraparound services that effectively prepare people to come off the street and return to housing.

Homelessness is a complex issue and requires a collaborative approach. There are no silver bullet solutions or individual solutions that will be successful in all scenarios.

DRAFT

FIVE-YEAR STRATEGY: 2022-2026

The City has identified a set of priorities and associated strategies that will focus City operations and budget considerations for the next five years. The City has already made great strides in addressing homelessness in Oregon City. These priorities will continue to support the existing Homelessness Program while building new strategies that will further our ability to assist those individuals and families most in need.

PRIORITY 1: CONNECT HOMELESS PERSONS TO RESOURCES

In order for homeless persons to transition to permanent housing, health and social services are often required for success. Oregon City has hired two staff members within the Oregon City Police Department that currently work every day with the homeless community in Oregon City by providing information, determining needs, making connections between people and needed services, and working toward getting them housed. The City of Oregon City does not provide shelters or transitional housing. We work with different shelters and Clackamas County to connect people with these providers. Our staff will do whatever it takes to connect people with housing opportunities, including arranging transportation and temporary lodging until an opportunity becomes available. In addition, the City has taken advantage of grant opportunities that allow us to help people who are about to become homeless with assistance to keep them housed. This priority is centered on increasing services and resources for people at risk of or experiencing homelessness. Oregon City will support this priority by implementing the following strategies:

- Continue to fund and support the Oregon City Homeless Services Specialist and the Behavioral Health Specialist positions (2 permanent FTE).
- Build and use a network of social service providers in Oregon City and the region to provide wraparound services to homeless persons.
- Provide training to Oregon City staff to best serve the homeless community.
- Coordinate state, regional, and local resources to streamline and improve service provision and the availability of housing solutions for people experiencing homelessness.

Priority 2: Reduce the Impact on Oregon City Neighborhoods and Businesses

As discussed earlier in this document, Oregon City experiences a variety of impacts due to the growing homeless population both inside and outside the city limits. We are limited in both resources and our ability to house homeless individuals who are living in the City. We must work with a trauma informed approach to enforce local and state laws legally and ethically as they relate to behaviors that have a negative impact on the community. This is demonstrated in the following strategies:

- Enforce laws and City municipal code with compassion and prioritize alternative solutions. This is done through our partnership with the Clackamas County Community Court which diverts people from the criminal justice system and requires an individual to engage with needed services, such as behavioral health or substance dependance services.
- Continue to clean up abandoned campsites, waste, and trash.
- Work with partner agencies such as the Oregon Department of Transportation, Metro, and Clackamas County to keep the community clean and safe.

Priority 3: Increase Communications And Community Engagement

Oregon City has a community base that is consistently concerned about homeless-related issues and the growing homeless population in general. Many individuals have offered to help, have requested more information about the situation and what the City is doing to reduce the homeless population in Oregon City, and serve as a dependable resource for alerting OCPD of issues and areas of concern.

Staff must improve communications with our community and engage residents and businesses who are willing to provide time and resources. Finally, staff must be internally coordinated to strengthen the City's Homelessness Program and improve government processes.

The City will implement the following strategies:

- Create a centralized web site to communicate Homelessness Program priorities and strategies with the community at-large; Streamline the ability to report concerns to OCPD; Provide a Frequently Asked Questions (FAQ) page to provide information to the community on commonly asked questions.
- Create an internal Homeless Solutions task force with representatives from all departments to coordinate City activities and to assist with targeted problem-solving; Consider programmatic or municipal code modifications to support the Homelessness Program.
- Coordinate with local partners to leverage community members who would like to assist with homeless-related issues.

DRAFT

PRIORITY 4: LEVERAGE OTHER FUNDS TO SUPPORT PRIORITIES

Outside funding sources can be used to supplement and advance Oregon City homeless priorities and strategies. The City will leverage outside funding opportunities to the extent reasonably possible while also partnering with other government and non-profit organizations to increase service delivery and housing options for the homeless community. Oregon City will implement the following strategies:

- Leverage outside funding sources to the greatest extent possible; Monitor grant opportunities for alignment with City priorities and strategies.
- Partner with other government and non-profit organizations to increase service delivery and housing options for the homeless community.
- Consider homelessness strategy priorities each biennium during the City's budget process to determine where and how much funds should be allocated to the Homelessness Program.

DRAFT

GOAL 4 – ADOPT AND IMPLEMENT A HOMELESSNESS STRATEGY FOR OREGON CITY

Chief Jim Band

Oregon City Police Department

THE PURPOSE OF THIS CONVERSATION IS TO DISCUSS EACH OF THE APPROACH CATEGORIES RELATED TO THIS GOAL. THEN, TO USE THIS INFORMATION TO OUTLINE THE INTENDED PRIORITIES FOR A FIVE-YEAR STRATEGY.

APPROACH: STAFF WILL WORK WITH A CONSULTANT TO CREATE A WRITTEN, FORMALIZED DOCUMENT THAT OUTLINES THE CITYWIDE EFFORTS AND APPROACH IN RESPONSE TO ISSUES RELATED TO HOMELESSNESS.

HOW DO WE MEASURE SUCCESS?

1. DEVELOPMENT OF AN INTERNAL OREGON CITY HOMELESS SOLUTIONS TASK FORCE THAT WILL INCLUDE REPRESENTATIVES FROM MULTIPLE DEPARTMENTS.

This group has been meeting monthly since June 30, 2021. This is a standing meeting that includes members of City departments (i.e., library, parks, police), the Clackamas County District Attorney's Office, Father's Heart, Providence Hospital, the Law Enforcement Assisted Diversion (LEAD) program, Love One, Clackamas County, METRO, and others. This group meets to identify trends, discuss current issues, and to coordinate efforts amongst all disciplines as they work to address homeless issues in and around Oregon City.

2. ENGAGEMENT WITH EXISTING ADVISORY BODIES AND COMMUNITY MEMBERS.

- Citizen concerns/complaints
- Neighborhood Associations
- Business Community
- Clackamas County Homeless Solutions Coalition
- Citizen's Involvement Committee
- Chief's Advisory
- Downtown Oregon City Association

Opportunities: Better online and social media presence regarding this strategy, philosophy, and efforts.

3. IDENTIFICATION OF RESOURCES NECESSARY TO ADDRESS THE NEEDS OF THE HOMELESS POPULATION:

- **Oregon City Staff: Respond to complaints, concerns, and calls in the community. Coordinate problem solving efforts and interacts with all members of the community related to homelessness.**
- **Services:**
  - Most of the social services are provided by non-profits and other government agencies. Oregon City staff work with a network of these providers to connect people to services. These include shelter, housing, behavioral health services, medical help, rental assistance, daily needs, and others.
- **Camp cleanups and beautification:**
  - Oregon City code enforcement does enforcement and camp cleanups every year as needed. The City has also utilized an outside vendor to do camp cleanups (general fund and grant monies).
  - The City partners with ODOT and METRO to keep their properties (that are inside and near City limits) clean and safe.
- **Community partner resources:** LEAD Program (Law Enforcement Assisted Diversion), Clackamas County DA Community Court Program, The Father's Heart, Clackamas County Housing, Providence Hospital, Clackamas County Mental Health and Addiction Services, Bybee Lakes Hope Center, Gresham Women's Shelter, Love One.
- **Financial resources:**
  - General fund provides for staffing, cleanups, and varied assistance.
  - Grants: Clackamas County, Metro Enhancement, Department of Justice

Opportunities: Staffing. Ideally this program would be run by a coordinator/manager position, in addition to the HLO, that organized efforts, took better advantage of grant opportunities, and did case management without having to go through service providers.

4. IDENTIFICATION OF CHALLENGES AND CONSTRAINTS.

The impact on the community is significant. One of the most challenging things about working through these issues is getting people to feel safe in their community. Providing solutions that resolve the concerns of homeowners and businesses is very difficult.

4. IDENTIFICATION OF CHALLENGES AND CONSTRAINTS…CONTINUED.

a. **Lack of mental health services.** We can provide crisis intervention and limited ongoing casework through our behavioral health specialist. For people suffering mental illness, who are outside of crisis, there are little to no resources for long term help.

b. **Substance Abuse** is prolific in the homeless population. Narcotics have been decriminalized, are cheaper and more readily available than ever, and Oregon ranked last nationally in 2020, for access to treatment. (*https://oregoncapitalchronicle.com/2022/02/07/oregon-has-worst-drug-addiction-problem-in-the-nation-report-shows/).*

c. **Getting people into housing**. Most people we contact on the street are unwilling to accept the services required to get them housed. This combined with inadequate shelter resources make it very difficult to get people off the street.

d. **There is a lack of coordinated and focused efforts on homelessness in Clackamas County**. City staff are working with regional partners to address this problem and ensure services are being offered/provided throughout the County, not concentrated here.

e. **Staffing:** Ideally, we would have more staff to stand up a more robust program. In our research comparing our approach with other cities, we have not found another City where the homeless effort was assigned to the police department.

5. IDENTIFICATION OF POTENTIAL STRATEGIES TO ADDRESS THE NEEDS OF THE HOMELESS POPULATION WITH ASSISTANCE FROM OUTSIDE PARTNERS:

For discussion…

6. DEVELOPMENT OF A COMMUNICATIONS AND ENGAGEMENT PLAN TO INFORM THE COMMUNITY OF THE RESOURCES AND STRATEGIES THAT HAVE BEEN IDENTIFIED.

This has been a real need for a while. A robust section of our website must be created and potentially an additional social media presence online.

MOVING FORWARD: FIVE-YEAR STRATEGY
(PROPOSED)

FIVE-YEAR STRATEGY (DRAFT): 2022-2026

Priority 1 - Connect Homeless People to Resources:

- Continue to fund and support the Oregon City Homeless Services Specialist and the Behavioral Health Specialist positions (2 permanent FTE).
- Build and use a network of social service providers in Oregon City and the region to provide wraparound services to homeless persons.
- Provide training to Oregon City staff to best serve the homeless community.
- Coordinate state, regional, and local resources to streamline and improve service provision and the availability of housing solutions for people experiencing homelessness.

FIVE-YEAR STRATEGY (DRAFT): 2022-2026

Priority 2 - Reduce the Impact on Oregon City Neighborhood and Businesses:

- Enforce laws and City municipal code with compassion and prioritize alternative solutions. This is done through partnership with the Clackamas County Community Court, which diverts people from the criminal justice system and requires an individual to engage with needed services, such as behavioral health or substance dependence services.
- Continue to clean up abandoned campsites, waste, and trash.
- Work with partner agencies such as the Oregon Department of Transportation, Metro, and Clackamas County to keep the community clean and safe.
- Work with affected citizens, neighborhoods, and businesses to identify problems, find solutions, and minimize negative impacts.

FIVE-YEAR STRATEGY (DRAFT): 2022-2026

Priority 3 - Increase Communications and Engagement:

- Create a centralized web site to communicate Homelessness Program priorities and strategies with the community at-large; streamline the ability to report concerns to OCPD; including a Frequently Asked Questions (FAQ) resource to provide information to the community on commonly asked questions.
- Manage a Homeless Solutions task force with representatives from City departments to coordinate efforts, assist with targeted problem-solving, and to consider programmatic or municipal code modifications to support the Homelessness Program.
- Coordinate with local partners to leverage community members who would like to assist with homeless-related issues.

FIVE-YEAR STRATEGY (DRAFT): 2022-2026

Priority 4 – Leverage Other Funds to Support Priorities:

- Leverage outside funding sources to the greatest extent possible; monitor grant opportunities for alignment with City priorities and strategies.
- Partner with other government and non-profit organizations to increase service delivery and housing options for the homeless community.
- Consider homelessness strategy priorities each biennium during the City's budget process to determine where and how much funds should be allocated to the Homelessness Program.

NEXT STEPS……

- Commission direction:
  - Final document/statement regarding this goal?
  - Commission presence at homeless coordination meetings?
  - Future budget priorities?
  - Engagement with Clackamas County?
- Other Questions?