

Forest Grove Affordable Housing Needs Assessment and Recommendations

Recommended By: Ad-Hoc Affordable Housing Committee

Document Prepared By: Community Development Department

Ad-Hoc Affordable Housing Community and Technical Advisory Committee

The Forest Grove City Council and Community Development Department wish to thank the following participants for their time, effort and commitment leading to completion of this Affordable Housing Needs Assessment and Action Plan:

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Chapter 1 - Introduction

Forest Grove is an attractive place to live and work. The high quality of life in the Tualatin Valley attracts people from all over the country. With the influx of households to the region since the recession of 2008/2009 the housing supply for both rental and home ownership opportunities is severely constrained throughout the region. The result is higher housing costs. Housing costs are beyond the reach of many households. In addition, many households are vulnerable to rent increases placing them in the precarious situation of deciding between paying rent, buying groceries, or purchasing needed medication. Those that can't absorb price increases are faced with relocation provided they can find an affordable place to rent. Many Forest Grove residents are particularly vulnerable since median household and median family income is lower in Forest Grove compared to Washington County and the region as a whole.

City Council recognizes the urgency of the affordable housing situation facing our community and identified as an objective for 2017 the need to prepare a white paper on the issue and specific recommendations for addressing Forest Grove's affordable housing needs. To assist with this effort City Council established an ad-hoc affordable housing community and technical advisory committee to guide preparation of a white paper and recommendations. The committee included representatives from agencies and organizations involved with affordable housing as well as persons from the community interested in the issue. The committee met five times during 2017.

This document summarizes the work of the Ad-hoc Committee and also provides background information about the Forest Grove community, the current state of affordable housing in Forest Grove, and priority recommendations for addressing the City's affordable housing needs. Information contained in this paper includes:

- Working definition of affordable housing;
- Overview of the Forest Grove Community including population, employment, income, and education as factors affecting a person's ability to afford housing;
- Description of the current affordable housing supply in Forest Grove including manufactured homes and regulated affordable housing;
- Factors affecting affordable housing;
- Results from the community housing questionnaire distributed throughout the City;
- Affordable housing concepts;
- Overview of affordable housing policies; and
- Affordable housing policy and action recommendations.

Purpose

Although this report focuses on housing as a commodity it is really about people. It is about the ability of our children, parents, friends, and co-workers to afford safe and decent housing suitable for our needs as individuals. Housing provides basic shelter, access to opportunity and for home ownership the prospect of wealth creation. This report addresses the need for housing affordable to households with modest incomes. For purposes of this report affordable housing means housing (rental or owner-occupied) available to households earning 60% or less of the Washington County Median Family Income (MFI) where a household pays no more than 30% of gross household income on housing related expenses including rent or mortgage and utilities. Sixty-percent of the County's MFI was selected as the threshold because this translates to about 80% of the City's MFI which is lower than the County's MFI. The 30% rule is a commonly accepted definition of affordable housing for various affordable housing programs including those administered by or on-behalf of the US Department of Housing and Urban Development.

Housing is a necessity. Housing provides safety, comfort, contributes to general well-being and increases our stake in our community.

Housing is a necessity. Housing provides safety, comfort and contributes to general well-being. Shelter in some forms provides an opportunity for wealth creation and increases our stake in our community. Given, how important housing is why do some members of our community have difficulty accessing and retaining affordable housing?

One possible answer is the majority of housing is provided by private developers with housing made available in the private marketplace. In this respect, housing is considered to be nothing more than a commodity sold to the highest bidder with the aim of maximizing profit. The result is there is little incentive or assurance to construct modest homes, or affordable housing built or provided by non-profit or for-profit organizations that will result in housing for low- and moderate-income households. As such, these households are faced with competing for existing homes or regulated housing built or provided by non-profit organizations.

Affordable housing provides stability to individuals and families. Such stability supports the success of children in school and their future economic opportunities. In addition, Forest Grove has a sizable elderly population. Stable affordable housing is important to seniors in order to avoid displacement from their homes. This also applies to individuals with disabilities.

As noted in the Meyer Memorial Trust, *The Cost of Affordable Housing Development in Oregon* report published in October 2015, "affordable housing is a specific and unusual niche in real estate development, premised on the basic fact that the tenants can't pay the full cost of their housing." "Restrictions on rents and on rent increases over time – drives a housing model fundamentally dependent on public subsidies, and one which brings a string of additional (and not always obvious) costs that aren't faced by market rate housing developers."

Providing affordable housing is a complex issue. There are strategies, however, that could result in expanding the supply of affordable housing. This report recommends these strategies for consideration by the City Council.

Desired Outcomes

The Committee identified several desired outcomes for affordable housing initiatives for City Council consideration. The desired outcomes include:

- Retain the existing affordable housing stock in Forest Grove recognizing that retaining affordable housing is often more cost-effective than constructing new housing.
- To the greatest extent possible provide financial incentives to expand the supply of affordable housing throughout Forest Grove. This could be achieved through existing sources of financial assistance provided by Washington County, the US Department of Housing and Urban Development, US Department of Agriculture, Community Action, and Community Housing Fund. New sources of funding such as a construction excise tax recently authorized by the Oregon Legislature.
- Identify regulatory barriers to expanding the supply of affordable housing in Forest Grove and mitigate these barriers through Development Code amendments.
- Support efforts and programs (partnerships) to expand and retain affordable housing opportunities for Forest Grove residents.
- Monitor the effectiveness of adopted affordable housing programs and policies to ensure desired outcomes are achieved.

Recommended Approach to Affordable Housing

Members of the ad-hoc affordable housing committee believe that housing needs should be addressed from the perspective of a continuum ranging from basic shelter, affordable rental housing, market rate rental housing, affordable homeownership opportunities and market rate homeownership. This approach is consistent with Statewide Land Use Planning Goal 10: Housing, which requires cities and counties to provide for the housing needs of citizens of the state and plans shall encourage the availability of adequate numbers of needed housing units at price ranges and rent levels which are commensurate with the financial capabilities of Oregon households. Only by providing housing opportunities across this spectrum can the issue of affordable truly be addressed.

The Affordable Housing Need in Forest Grove

Based in the American Community Survey household income data presented in Chapter 3, there are 2,015 households -about 26% of the City's total number of households - that fall in the low income and extremely low income categories. Low income households are those with incomes between 30% and 50% of area median income. Extremely low income households are those with income below 30% of the area median income.

Metro maintains an inventory of regulated affordable housing throughout the region. Regulated affordable housing means housing that is made affordable through public subsidies and/or agreements or statutory regulations that restrict income levels and/or rents. Regulated affordable housing generally provides housing for households that otherwise could not afford adequate housing at market rates.

*Conservatively, there is a need for about **1,400 housing units** affordable to low- and extremely low income households in Forest Grove.*

The Metro 2015 Regional Inventory of Regulated Affordable Housing Summary Report is included in the appendix and indicates there is a supply of only 652 regulated affordable housing units in Forest Grove. Based on the number of households with incomes below 50% of the City median household income there appears to be a need for at least an additional 1,400 affordable housing units just to meet the needs of low and extremely low income households currently residing in Forest Grove. The identified need of 1,400 affordable housing units is also consistent with the estimated number of severely cost-burdened extremely low-, low-, and moderate-income households in Forest Grove as described in Chapter 3. Extremely cost burdened households are those paying more than 50% of household income toward housing costs.

The identified need of 1,400 affordable housing units is about 10% of the affordable housing need identified by Washington County (14,000 units) and is consistent with the current share of regulated affordable housing provided in Forest Grove at about 9% of the current County total.

The identified need of about 1,400 affordable housing units should be considered to be a conservative estimate. Some of the most vulnerable households facing housing insecurity and affordability challenges are households in the moderate income category renting market-rate units. If the unit is a month-to-month tenancy only three months' notice is required for a rent increase under state law. The needs of moderate income households are not included in the estimate above.

The affordable housing need could be addressed in a variety of ways. One way to encourage apartment owners to accept project based vouchers that fill the gap between what a household is able to afford and market rents. Another way is to reduce the cost of providing new housing units such as accessory dwelling units by reducing or waiving some fees. Chapter 8 and 9 of this report go into considerable detail about strategies to address the affordable housing need. Regardless of the strategy the need is urgent. As demand for housing units of all types continues exceed supply there will be upward pressures on rents and home purchase price. Further, land and construction costs will only become more expensive over time. Delaying action will only make the problem more difficult and more expensive to address.

A Note on Homelessness

Sometimes the notion of homelessness and affordable housing gets considered as part of the same issue. The Ad-hoc Committee recognizes the topics are different with one exception. The Committee did consider the connection from the standpoint that affordable housing can provide an opportunity to create transitional housing for certain homeless persons obtaining more solutions rather than relying on temporary shelters. The Committee does recommend the City Council to further explore the homeless situation by establishing and ad-hoc committee on the subject.

Chapter 2 - Defining Affordable Housing

The City of Forest Grove Affordable Housing Committees considered several ways for defining affordable housing. The conventional public policy indicator of housing affordability in the United State is the percent of income spent on housing¹. A common threshold for determining if a household is cost burdened is if housing expenditures exceed 30% of household income. This is the measure used by many public housing organizations and agencies including the US Department of Housing and Urban Development. The 30% of household income measure evolved from the United State National Housing Act of 1937².

Transportation is the second largest expense for most households after housing³. According to the US Department of Transportation and Center for Transit Oriented Development, households living in auto-dependent locations spend 25% of its income on transportation costs. In contrast, housing that is located closer to employment, shopping, restaurants and other amenities can reduce household transportation costs to 9% of household income.

Some agencies including Metro include transportation costs to housing expenses to create a measure of burden. The Committee discussed these considerations and chose to focus on the housing related costs only and not to include transportation. This is consistent with most affordable housing programs.

Housing cost burden is a problem in Forest Grove. According to the latest data from the American Community Survey many households spend more than 30% of their household income on housing related costs. Approximately 1,214 owner-occupied households in Forest Grove spend more than 30% of their household income on housing expenses. Another 1,708 renter-households spend more than 30% of their income on housing costs for a combined total of 2,922 households. To give an idea of the magnitude of the problem the number of cost burdened households in Forest Grove represents about 35% of Forest Grove's total number of households. This amount provides one indication of the overall affordable housing need in Forest Grove.

*Approximately **3,000 households** (about 35% of all households) in Forest Grove spend more than 30% of their household income on housing related costs.*

Housing Costs

To accurately assess housing affordability consideration must be given to what makes up housing costs since affordability measures are based on the percentage household income used for housing related expenses. Housing related expenses for home-owners include the following categories:

- Mortgage payment (principal, interest and mortgage insurance, if applicable);
- Second mortgage and/or home equity loans, if any;
- Real Estate taxes;
- Homeowners insurance;
- Condominium or home-owner association fees, if applicable; and
- Utilities including – electricity, gas, water and sewer, and other utilities.

¹ US Census Bureau, Who can Afford to Live in a Home

² US Census Bureau, Who can afford to Live in a Home

³ US Department of Transportation, Federal Highway Administration, "Transportation and Housing Costs"

Income set-aside for future maintenance could also be added to the list to get a complete picture of homeownership costs.

Monthly homeowner costs alone may not accurately reflect actual cost burden since mortgage interest and real estate taxes may be tax deductible thereby reducing a household's overall housing related expenses.

Rental related housing costs come from the following two categories:

- Contract rent (the amount paid to the landlord); and
- Utilities – electricity, gas, water, sewer, and other utilities

Unlike some homeownership costs rental costs, such as property taxes included in rent, are not tax deductible for the renter.

Housing costs are divided by monthly household income to calculate monthly owner costs as a percentage of income, and gross rent as a percentage of income⁴. According to information presented by Johnson Economics to the Washington County Affordable Housing Committee on October 14, 2016, rents have increased considerably in the Hillsboro-Forest Grove area since 2011. Between 2011 and 2015 rents have increased 34.1% over the five-year period. This amounts to an average annual increase of about 6.8%. In contrast the non-seasonally adjustment consumer price index for all items in the Portland Metropolitan area increased 19.6% over the same five-year period for an annual average increase of about 3.9%.

The US Department of Housing and Urban Development publishes Fair Market Rent data for areas throughout the country. The 2017 Fair Market rent reported for a studio unit in Washington County is \$946 per month. The 2017 Fair Market rent for a one-bedroom unit is \$1,053 per month; a two-bedroom is \$1,242 per month and a three-bedroom unit is \$1,808 per month. These amounts are beyond the means of many households. For example using the HUD guideline that a maximum of 30% of a household income should be used for housing related costs a household earning 80% of the median income in Forest Grove would be able to afford a unit priced at about \$968 per month. This is just over the Fair Market rent for a studio unit in Washington County. More than 30% of the household's income would be required for a one- or two-bedroom unit. Data on rent levels for Forest Grove by dwelling type is provided in Chapter 4.

Defining Low and Moderate Income Households

Cost is one side of the affordable housing issue. The other side is household income. There are a variety of definitions for low- and moderate-income households. The definition used depends on the program. For example, the HUD Home Investment Partnership (HOME) program regulations define a low-income family as one whose annual income does not exceed 80% of the area median adjusted for family size. In contrast, the Community Development Block Grant (CDBG) program defines low-income households as those having an income equal to or less than 50% of the area median defined by household size. USDA programs for rural areas uses yet another definition based on the national non-metro area median income. Forest Grove is considered rural for purposes of USDA programs. More information about the HUD and USDA income limits is provided in Chapter 3 in Table 5 and Table 6.

⁴ US Census Bureau, Who Can Afford to Live in a Home

The Washington County Consolidated Plan uses the following convention for categorizing income groups. Chapter 3 provides additional detail about the number of households in Forest Grove falling within the income categories listed below.

Table 1

Income Category	Definition
Extremely Low Income	Income at or below 30% of the area median
Low Income Households	Income above 30% and at or below 50% of the area median income
Moderate Income Households	Income above 50% and at or below 80% of the area median income

Chapter 3 provides current data with respect to the number of low- and moderate-income households in Forest Grove.

Chapter 3 - Our Community

Overview

Forest Grove is experiencing the effects of growth pressures in Washington County generally and the Hillsboro area specifically. Washington County has a 2016 population of approximately 583,000 persons. Forest Grove has a 2016 population of 23,375. The population of Forest Grove makes-up about 4% of the County's total population.

In-migration accounts for much of the population growth experienced in Washington County since 2010. Since 2010, the population of Washington County has increased by approximately 54,000 persons. Of this increase, roughly 54% is due to net-migration according to the Center for Population Research at Portland State University⁵. Washington County's strong economy since the financial crisis was a major contributor to net in-migration. This is reflected in the low unemployment rate published by the Oregon Employment Division. The Oregon Employment Division reports a 3.1% unemployment rate for Washington County as of April 2017. In addition, Washington County has the highest wages of any county in Oregon. Washington County's average wages are more than \$16,000 higher than the statewide average. These factors have had a profound effect on housing demand and prices.

According to the Portland State University Population Research Center, the 2016 population for Forest Grove is 23,375⁶. As the table below shows, this is slightly less than Tualatin and more than Sherwood. The table below also shows that Forest Grove's median age is lower than Newberg, Sherwood and Tualatin. Median Household Income is also lower than the other three communities. This is reflected in the poverty rate which is higher than the three other communities.

Table 2

	Forest Grove	Newberg	Sherwood	Tualatin
Population (2016)	23,375	23,465	19,145	26,840
Housing Units	8,374	8,158	6,702	11,166
Median Household Income	\$48,411	\$50,039	\$80,107	\$66,384
Median Age	34.1	38.1	36.2	38.1
Poverty Rate	16.9%	11.7%	5.9%	11.7%

Source: Portland State University Population Research Center and American Factfinder (2015)

Table 2 below shows housing the number of housing units that are either owner-occupied or renter-occupied. The majority of housing units in Forest Grove are owner-occupied at about 58% of the total occupied housing units in the City. Rental housing makes-up about 42% of the occupied housing units. The supply of rental housing units does not meet demand especially with the presence of Pacific University in the City. Although Pacific University recently expanded the number of on-campus housing units many students choose to reside off-campus since this often a

⁵ Center for Population Research, Portland State University; Table 3: Components of Population Change for Oregon's Counties: April 1, 2010 to July 1, 2016, prepared April 2017.

⁶ Portland State University Population Center

cheaper option. Students living off-campus compounds the already limited supply of rental housing options in the City at least while school is in session.

Although the supply of rental housing is limited this situation should improve. There are close to three hundred market-rate rental housing units in the pipeline. This includes the 192-unit Forestplace Apartments on Pacific Avenue near the Forest Grove Ace Hardware; the 78-unit Jesse Quinn project on Pacific Avenue and A Street; and the 28-unit Cedar Manor Apartments on Hawthorne Street and 26th Avenue. These additional units will help ease the constrained supply of rental units in Forest Grove. It should be noted, however, that all of these units are market-rate and not restricted or regulated as affordable housing units.

Table 3

Tenure	Number	Percentage
Owner-occupied	4,554	57.9%
Renter-occupied	3,315	42.1%

Source: American Factfinder (2015)

Employment and Income

Many factors influence a household's ability to afford housing. Clearly, type of employment and income are significant factors. Table 3 below shows average wages for various occupational categories provided by the Oregon Employment Division. The table also shows the annual wage based on full-time employment and how this annual wage relates to median family income for Forest Grove.

It is rather striking that five occupation categories shown on the table, on average, earn an annual wage that is less than 80% of the City's median income. This includes food service, retail salesperson, personal care, building maintenance and healthcare support categories. It is these households that are most in need of affordable housing opportunities such as those described in Chapter 7 (Affordable Housing Concepts). These households also need certainty regarding housing costs and are the least likely to whether significant price increases.

Table 4

Occupation	Average Hourly Wage	Annual Wage (Full Time)	Percent of Forest Grove Median HH Income
Food Service	\$12.13	\$25,243	52%
Retail Sales	\$13.40	\$27,872	56%
Personal Care and Service	\$13.73	\$28,553	59%
Building Maintenance	\$14.46	\$30,085	62%
Healthcare Support	\$17.41	\$36,214	75%
Construction Laborer	\$18.94	\$39,395	81%
Office and Administrative	\$19.15	\$39,815	82%
Teacher	\$26.90	\$55,952	115%
Education, Training, Library	\$29.33	\$61,015	126%
Healthcare Practitioner and Technical	\$42.76	\$88,939	184%
General and Operations Managers	\$55.89	\$116,234	240%

Source: Oregon Employment Division and Forest Grove Community Development Department (2017)

Table 4 below shows the estimated number of employees for each occupation category identified in Table 3 earning less than 80% of the City's median income if employed fulltime. The civilian employed population as of 2015 is approximately 9,500 persons⁷. Table 4 indicates approximately 2,400 persons are engaged in occupations where an employee is likely to earn less than 80% of the City's median household income. This represents approximately 26% of total employment in Forest Grove. This suggest that in order to afford the majority of housing available in Forest Grove an employee in one of the occupations listed below would have to live in a household with another wage earner.

Table 5

Occupation	Employees
Food Service	378
Retail Sales	788
Personal Care	440
Building Maintenance	622
Healthcare Support	200
TOTAL	2,428

Source: Oregon Employment Division (2017)

Additional information about available jobs in the Portland Metro Region is published by the Oregon Employment Division. Some of this information is provided in the appendix and includes data on number of vacancies by industry and occupation, educational requirements, and average hourly wage.

Income Trends

Although household incomes in Forest Grove have edged up since 2000, incomes have not kept pace with increases in inflation especially escalation of housing costs. Table 5 below shows income gains between 2000 and 2015. Between 2000 and 2015 household income increased by a modest \$8,373 per year. This represents a 20.9% increase over the past fifteen year or about 1.4% per year. Over that same fifteen year period the Consumer Price Index increased by 37.2% or 2.5% annually. The fact that incomes have not kept pace with price inflation compounds an already difficult housing affordability situation especially for households earning less than 80% of the City's median income.

Table 6

Median Household Income (2000)	\$40,038
Median Household Income (2010)	\$47,296
Median Household Income (2015)	\$48,411

Source: American Factfinder (2015 data)

As shown above, the median family income for Forest Grove based on information published in the American Community Survey for 2015 is \$48,411. Using the Washington County income categories and income levels from the 2015 American Community Survey, more than 1/3 of Forest Grove households are at or fall below the moderate income threshold. This amounts to more than 2,700 households needing affordable housing options in Forest Grove.

⁷ US Census Bureau, American Factfinder, Table S2401

Table 7

Income Category	Income	Estimated Number of Households	Percentage of Forest Grove Households
Extremely Low Income	\$14,999 and below	1,055	13.4%
Low Income	\$15,000 to \$24,999	960	12.2%
Moderate Income	\$25,000 to \$38,700	750	9.5%
Total		2,765	35.1%

Source: American Factfinder (2015 data)

Table 7 below provides data showing supportable rent levels if no more than 30% of a household's income is spent on rent. This amount does not include utilities.

Table 8

Income Category	Affordable Rent Level
Extremely Low Income	\$375 and below
Low Income	\$375 to \$625
Moderate Income	\$625 to \$970

Source: City of Forest Grove, Community Development Department

Chapter 4 (The State of Affordable Housing in Forest Grove) provides information on rent for various housing types in Forest Grove. Based in this information the median rent for a one-bedroom apartment unit in Forest Grove is \$675 per month. The median rent level for a two-bedroom apartment is \$750 per month. Vacant units however, typically rent well above these levels. For example a two-bedroom unit available at the Boxer Apartments is currently listed for rent at \$845 per month and a two-bedroom apartment at College Place Apartments is currently listed for rent at \$1,035 per month. These units are above many low- and moderate-income households ability to afford.

Many Forest Grove residents confront a housing cost burden. This is especially true for persons living in rental units. The median household income for renters in Forest Grove is approximately \$24,000. In contrast, owner median household income is approximately \$71,000 According to the American Community Survey; renters spend on average 38% of household income in housing costs compared to 24% for owners.

The table below shows the number and percentage of severely cost burdened households by income category. A severely cost burdened household is one paying more than 50% of household income on housing related costs.

Table 9

Income Category	Number of Households Severely Cost Burdened	Percentage of Households in Income Category Severely Cost Burdened
Extremely Low Income	1,151	65%
Very Low Income	262	19%
Low Income	82	5%
Total	1,495	

Source: American Community Survey (2014 data)

The US Department of Housing and Urban Development publishes rent data and income limits for the several affordable housing programs. The table below shows what HUD indicates as being “Fair Market Rent” in Washington County. In the affordable housing program Fair Market Rent is used to determine the amount of subsidy a household may receive. Under the certificate program a household may not rent a unit exceeding the Fair Market Rent and receive a subsidy. If a unit up to the Fair Market Rent is rented the recipient receives a subsidy between the gross rent and 30% of the household’s income. The Fair Market Rent for Washington County as of June 15, 2017 ranges from \$946 for a studio to over \$2,000 for a four bedroom unit.

Table 10

Fair Market Rent (2017) Washington County				
0 Bedroom	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom
\$946	\$1,053	\$1,242	\$1,808	\$2,188

Source: US Department of Housing and Urban Development (2017 data)

HUD also establishes income qualification limits for the HOME Investment Partnership affordable housing program. The eligibility of households for HOME assistance varies with the funded activity, for example, rental assistance or home purchase assistance. For rental assistance at least 90 percent of the families participating in the program must have incomes that are no more than 60% of the HUD-adjusted median family income for the area. For rental projects with five or more assisted units, program requirements are at least 20% of the units must be occupied by families with incomes that do not exceed 50% of the HUD-adjusted area median income. The maximum e income of households receiving HUD assistance must not exceed 80% of the area median income bases on the size of the household. The HUD income limits for 2017 are shown below for various household sizes.

Table 11

2017 Income Limits Washington County				
50% Income Limit (2017) Washington County				
1 Person	2 Persons	3 Persons	4 Persons	5 Persons
\$26,150	\$29,900	\$33,650	\$37,350	\$40,350
60% Income Limit (3017) Washington County				
1 Person	2 Persons	3 Persons	4 Persons	5 Persons
\$31,380	\$35,880	\$40,380	\$44,820	\$52,020
80% Income Limit (2017) Washington County				
1 Person	2 Persons	3 Persons	4 Persons	5 Persons
\$41,850	\$47,800	\$53,800	\$59,750	\$64,550

Source: US Department of Housing and Urban Development (2017 data)

In addition to HUD, the US Department of Agriculture administers several rural development programs that provide housing assistance to individuals and families. Forest Grove is classified as a rural community for purposes of the USDA rural development programs. Specific programs include a single family housing direct home loan, single family housing guaranteed loan program and single family housing repair loans and grants. Eligibility requirements for these programs are described below.

USDA Single Family Housing Direct Home Loan Program

The USDA single family housing direct home loan and grant program assists low- and very-low-income applicants obtain decent, safe and sanitary housing in eligible rural areas by providing down payment assistance. The purpose of this program is to provide affordable homeownership opportunities to promote prosperity which in turn creates thriving communities and improves the quality of life in rural areas.

To qualify, households must meet certain income eligibility standards. The USDA adjusted income limits for the Portland-Vancouver-Hillsboro Metropolitan Statistical Area are provided below. Similar to the HUD programs, the income limits are based on the number of persons residing in the home.

Table 12

	1 Person	2 Persons	3 Persons	4 Persons
Very Low Income	\$37,350	\$37,350	\$37,350	\$37,350
Low Income	\$59,750	\$59,750	\$59,750	\$59,750
Moderate Income	\$65,250	\$65,250	\$65,250	\$65,250
Adjusted Median Income⁸	\$74,700	\$74,700	\$74,700	\$74,700

	5 Persons	6 Persons	7 Persons	8 Persons
Very Low Income	\$49,350	\$49,350	\$49,350	\$49,350
Low Income	\$78,850	\$78,850	\$78,850	\$78,850
Moderate Income	\$84,350	\$84,350	\$84,350	\$84,350
Adjusted Median Income⁹	\$98,700	\$98,700	\$98,700	\$98,700

Source: USDA, HB-1-3550, Appendix 9 5/17/2017

The maximum loan amount for eligible property in Washington County, effective January 2017, is \$326,600. Borrowers are required to repay all or a portion of the payment subsidy received over the life of the loan when the title to the property transfers or the borrower is no longer living in the dwelling.

Applicants must:

- Be without decent, safe and sanitary housing
- Be unable to obtain a loan from other resources on terms and conditions that can be reasonably expected to meet
- Agree to occupy the property as a the primary residence

Properties financed with direct loan funds must be:

- Generally less than 2,000 square feet
- Not have a market value in excess of the applicable area loan limit
- Not have in ground swimming pools
- Not be designed for income producing activities.

Funds can be used to build, repair, renovate or relocate a home, or to purchase and prepare sites, including providing water and sewage facilities.

⁸ Adjusted median income is equal to twice the respective very low-income limit

⁹ Adjusted median income is equal to twice the respective very low-income limit

USDA Single Family Guaranteed Loan Program

The USDA single family guaranteed loan program assists approved lenders in providing low- and moderate-income households the opportunity to own adequate, modest, decent, safe, and sanitary dwellings are their primary residence in eligible rural areas. Households must meet income eligibility standards to qualify.

Loan proceeds may be used for:

- New or existing residential property used as a permanent residence;
- Closing costs and other reasonable expenses associated with the purchase may be included in the transaction;
- Repairs and rehabilitation when associated with the purchase of an existing dwelling,
- Refinancing of eligible loans,
- Improvements accommodate a household member who has a physical disability,
- Connection fees, assessments or the pro rata installment cost for utilities such as water, sewer, electricity, and gas for which the buyer is liable;
- Essential household equipment
- Energy efficiency measures
- Site preparation costs, including grading, foundation plantings, seeding or sod installation, trees, walks, fences and driveways.

USDA Single Family Housing Repair Loan and Grant Program

The USDA single family housing repair loan and grant program provides loans to very-low-income homeowners to repair, improve or modernize their homes. This program requires a family income below 50% of the area median income. The maximum loan amount is \$20,000. Grants are also provided to elderly very-low-income homeowners to remove health and safety hazards. To qualify for a grant applicants must be age 62 or older and not be able to repay a repair loan and have a family income below 50% of the area median income. The maximum grant is \$7,500.

Education

Income is strongly correlated with educational attainment. While higher education is not a guarantee of higher income it does provide additional opportunity that might not otherwise be available to a person. The power of education is indicated by the fact that earning a Bachelor degree increases annual median earnings by over 61% compared with the earnings potential for someone with only a high school diploma.

Table 13

Educational Attainment	Annual Median Earnings
High School Graduate	\$30,000
Some College/Associates Degree	\$35,881
Bachelor Degree	\$48,205
Graduate or Professional Degree	\$51,671

Source: Oregon Employment Division

The table below from the American Community Survey (2011-2015) shows educational attainment for Forest Grove residents 25 years of age and older. The data indicates approximately one-third (34.4%) of Forest Grove residents age 25 years or older have a high school education.

Approximately one-quarter of the City's residents age 25 years or more have some college education. Just under one-fifth of Forest Grove residents 25 years of age or more have a Bachelor degree.

Table 14

Educational Attainment	Population 25 years of Age and Older	Percentage of Population 25 years of age or older
High School Graduate	3,963	34.4%
Some College No Degree	3,149	27.4%
Associates Degree	1,106	9.6%
Bachelor Degree	2,120	18.4%
Graduate or Professional Degree	1,173	10.2%
Total	11,511	100%

Source: American Community Survey (2015 data)

Chapter 4 - The State of Affordable Housing in Forest Grove

This chapter provides a snapshot of existing affordable housing opportunities in Forest Grove. The City is home to a variety of affordable housing options including manufactured home parks, apartments, attached single family homes, and single family dwellings on small lots. The Casey Meadows subdivision on 26th Avenue, shown below, is an example of a market-rate subdivision providing detached single family homes on small lots. While not affordable for some households, the homes in Casey Meadows are less expensive than subdivisions elsewhere in the City and provide an option for some first-time homebuyers or persons that wish to downsize or not maintain a large yard.

Typical Contemporary Single Family Development



Manufactured Home Parks

There are three manufactured home parks and one recreational vehicle park in Forest Grove. The manufactured home parks include Rose Grove on Pacific Avenue, Quail Run Estates north of Bonnie Lane between Main Street and B Street, and The Homestead Community on Heather Street near Mountain View Lane. The Homestead Community is a development for persons 55 years of age and older. Combined the three manufactured home parks accommodate 645 homes. The number of units for each of the manufactured home parks is shown below.

Table 15

Manufactured Home Park	Number of Spaces
Rose Grove	332
Quail Run Estates	147
The Homestead Community	166
TOTAL	645

Source: City of Forest Grove Community Development Department

The Hampton Court recreational vehicle park is located north of Pacific Avenue north of the Ballad Towne Shopping Center. The recreational vehicle park accommodates ten recreational vehicles.

Apartment Inventory

In February 2017, the Planning Division conducted a cursory inventory of apartment vacancies and rents for units currently on the market in Forest Grove. The results of the inventory are shown below and are quite telling. Based on the data compiled the apartment vacancy rate in Forest Grove is near one percent. This is likely one reason why there are several apartment projects in the pipeline including the 192-unit Forestplace Apartments on Pacific Avenue near the Forest Grove Ace Hardware. When completed, the Forestplace Apartments will be the largest complex in Forest Grove. Other apartment projects underway include the 78-unit Jesse Quinn project on Pacific Avenue at A Street and the 28-unit Cedar Manor Apartments on Hawthorne Street at 21st Avenue.

The highlighted projects shown with an asterisk are projects with subsidized units.

Table 16

Name	Unit Type	Area (Square ft.)	Total Units	Available Units
The Boxer	2 bed/1 bath	600	100	1
Forest Grove Apts.	2 bed/1 bath	850	30	1
Sherwood Manor	2 bed/1.5 bath	850	48	1
Cedar Street Apts.	1 bed/1 bath	550	21	1
Park View Apts.	2 bed/1 bath	824	36	
Karen's Corner	1 bed/ bath	615	61	1
*Forest Manor Apts.	1 bed/1 bath	750	4	
	2 bed/2 bath	1,000	24	
Vandervelden Court			38	
Myrtlewood Apts.	1 bed/1 bath	700	5	
	2 bed/1 bath	1,100	1	
Maywood Terrace	2 bed/1 bath	904	12	
Donna's Place	1 bed/1 bath	600	2	
Donna's Place	2 bed/1 bath	800	6	
Forest Villa			84	
*Juniper Gardens	2 bed/1 bath	898	15	
	3 bed/1.5 bath	1,324	25	
	4 bed/2 bath	1,472	6	
*Garden Grove Apts.	2 bed/1 bath	1,000	25	
	3 bed/1 bath	1,200	23	

Four Oaks Apts.	1 bed/1bath	600	16	
Holroyd Building	Studio	213	1	
	1 bed/1 bath	414	1	
	2 bed/1 bath	840	1	
*Jose Arciga Apts.	2 bed/1 bath	1,000	12	
*Jose Arciga Apts. II			12	
Parkside Apartments	1 bed/1 bath	667	6	
	2 bed/1 bath	800	12	
	3 bed/1 bath	963	6	
Vanrich Apartments	Studio	383	17	
The Villager Apartments	1 bed/1 bath	690	8	
	2 bed/1 bath	800	20	
	3 bed/1 bath	985	8	
Kimberly	1 bed/1bath	750	20	
Hidden Pines	1 bed/1 bath	980	1	
	2 bed/1 bath	980	14	
Candlewood Apts.	2 bed/1 bath	875	24	
*Covey Run Apartments	3 bed/1.5 bath	1,180	26	
	4 bed/2.5 bath	1,485	14	
Kaylee Apartments			10	
College Place Apts.	1 bedroom/1 bath	620	70	4
			895	9

Regulated Affordable Housing

According to the regional affordable housing inventory maintained by Metro¹⁰, there are 652 regulated affordable housing units in Forest Grove. This is about 9% of the total regulated affordable housing units in Washington County according to the Metro data.

Table 17

Jurisdiction	Subsidized Units (2011)	Subsidized Per Capita (per 1000 persons)
Forest Grove	604	28.8
Hillsboro	2,200	24.0
Tualatin	604	23.2
Wash Co. (uninc.)	2,118	11.1
Tigard	642	13.4
Beaverton	512	5.7
Cornelius	10	0.8

Regulated housing means housing made affordable through public subsidies and/or agreements or statutory regulations that restrict or limit incomes levels and/or rents. Subsidized home ownership units including homes built or rehabilitated by Habitat for Humanity are included in the regional inventory.

The estimate of regulated affordable housing units provides one measure of the minimum supply of affordable units in the community. Since the units are regulated there is greater assurance that the

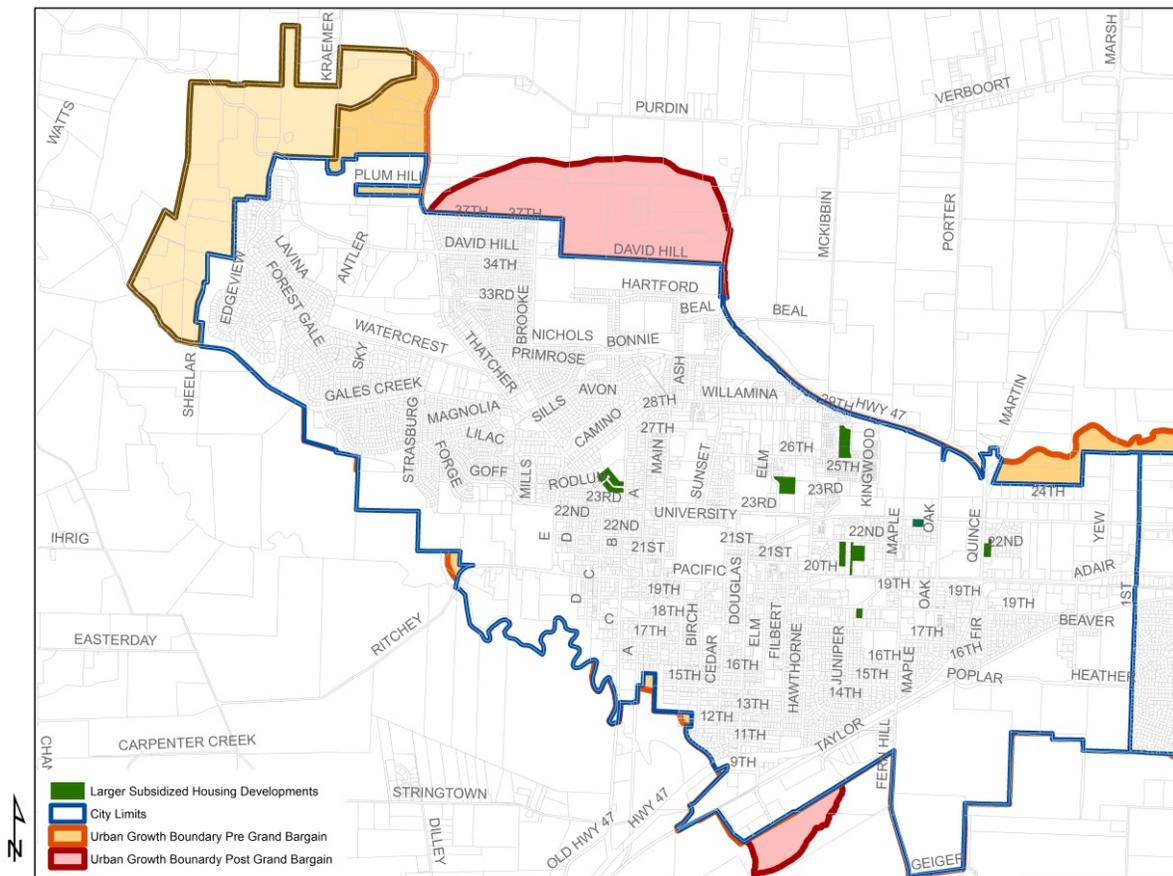
¹⁰ 2015 Regional Inventory of Regulated Affordable Housing Summary Report
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units will remain affordable compared to market rate units where out-of-pocket housing costs are more likely to appreciate.

Based in the American Community Survey household income data there are 2,015 households that fall in the low income and extremely low income categories. With a supply of only 652 regulated affordable housing units there appears to be a need for at least an additional 1,363 affordable housing units to meet the needs of low and extremely low income households. This need is about 10% of the affordable housing need identified by Washington County and is consistent with the current share of regulated affordable housing provided in Forest Grove at about 9% of the current County total.

The City of Forest Grove home is home to several affordable housing projects receiving funding through a variety of federal affordable housing programs. The locations of the larger subsidized affordable housing projects are shown on the map below.

Larger Subsidized Housing Developments



The federal programs include Low Income Housing Tax Credits, Community Development Block Grant, Section 8 housing vouchers, and US Department of Agriculture Rural Development 515 program. A listing of affordable housing projects with the number of units at each is shown below.

Table 18

Development	Number of Units
Covey Run Townhomes	40
Elm Park Phase 1 and II	78
Forest Senko Villa	84
Garden Grove Apts.	48
Jose Arciga Apartments	49
Juniper Gardens	46
Willow Park Apts.	46
Forest Manor Apts.	28
Villager	36
Parkside	24
Vanrich	17

The Covey Run Townhomes development is shown below. The development includes attached duplex units designed to look similar to a detached single family home.

Covey Run Townhomes



The image below shows the Jose Arciga apartment complex south of 19th Avenue near the Ballard Towne Shopping Center. The project was developed by Bienestar a local community development corporation specializing in farmworker labor housing.

Jose Arciga Apartments



Another Bienestar project, Juniper Gardens is shown below. Juniper Gardens is located on Juniper Street north of 26th Avenue. The project was completed in 2014.

Juniper Gardens



Overall, Forest Grove is home to a total of 604 subsidized housing units according to the Washington County Consolidated Plan. Based on this information, Forest Grove has the largest number of subsidized units per capita in Washington County.

Rental Rates in Forest Grove

Metro maintains an inventory of rental units throughout the region. The inventory includes rental rates for apartments, condominiums, duplexes and single family homes. Data for Forest Grove is provided below.

The first table shows the range of rents for various dwelling types.

Table 19

Dwelling Type	Rental Range per Month
Apartment – Studio	\$350 to \$875
Apartment – 1 bedroom	\$495 to \$950
Apartment – 2 bedroom	\$475 to \$1,350
Apartment – 3 bedroom	\$695 to \$1,895
Condominium – 1 bedroom	\$550 to \$825
Condominium – 2 bedroom	\$725 to \$1,350
Condominium – 3 bedroom	\$849 to \$1,600
Duplex – 1 bedroom	\$495 to \$795
Duplex – 2 bedroom	\$725 to \$1,100
Duplex – 3 bedroom	\$849 to \$1,200
Duplex – 4 bedroom	\$925 to \$1,250
Single Family – 1 bedroom	\$600 to \$1,025
Single Family – 2 bedroom	\$600 to \$1,500
Single Family – 3 bedroom	\$695 to \$2,695
Single Family – 4 bedroom	\$550 to \$2,795

Source: Metro

The next table shows the median rent level by dwelling type and the income necessary to afford the median rent. This is compared to the median household income for Forest Grove and Washington County to give a sense of affordability.

Table 20

Dwelling Type	Median Rent Per Month	Annual Income Required To Afford Median Rent If No More than 30% of Household Income Goes to Rent	Percentage of Forest Grove Annual Median Income (\$48,411¹¹)	Percentage of Washington County Annual Median Income (\$66,754¹²)
Apartment Studio	\$550	\$22,000	45%	33%
Apartment – 1 bedroom	\$675	\$27,000	56%	40%
Apartment – 2 bedroom	\$750	\$30,000	62%	45%
Apartment – 3 bedroom	\$1,373	\$54,920	113%	82%
Condominium – 1 bedroom	\$650	\$26,000	54%	39%
Condominium – 2 bedroom	\$900	\$36,000	74%	54%
Condominium – 3 bedroom	\$1,300	\$52,000	107%	79%
Duplex – 1 bedroom	\$650	\$26,000	54%	39%
Duplex – 2 bedroom	\$875	\$35,000	72%	52%
Duplex – 3 bedroom	\$995	\$39,800	82%	59%
Duplex – 4 bedroom	\$950	\$38,000	78%	57%
Single Family Home – 1 bedroom	\$695	\$27,800	57%	42%
Single Family Home – 2 bedroom	\$1,050	\$42,000	87%	63%
Single Family Home – 3 bedroom	\$1,450	\$58,000	120%	87%
Single Family Home – 4 bedroom	\$1,900	\$76,000	157%	114%

Source: Metro and City of Forest Grove Community Development Department

¹¹ US Census Bureau, American Community Survey (2011-2015)

¹² US Census Bureau, American Community Survey (2011-2015)

Chapter 5 - Factors Affecting Housing Affordability

Many factors affect the type and amount of housing built in a community. In general, factors influencing housing affordability can be grouped in the following categories:

- Access to capital;
- Infrastructure costs;
- Land prices;
- Land supply;
- Construction costs;
- Soft costs such as fees, taxes, engineering, surveying and architecture costs; and
- Length of time to complete a project

Development rules and regulations, development fees, land supply, cost of land and demand for housing influence the housing market. Taxes and fees are a necessity for funding services and improvement people expect and rely on. However, such fees impact the cost of housing and affordability.

Although city government the size of Forest Grove does not typically provide housing, government has an instrumental role to play in how housing is provided. For example, state and local governments establish rules for housing construction including type of housing allowed and where it can be built. City and County government also maintain the critical infrastructure needed to serve development including water and sewer lines, reservoirs, treatment plants and roads. The cost of this infrastructure impacts the cost of housing.

City policy and codes can provide additional opportunity for affordable housing options but this does not mean that private developers will produce the units. One thing is clear the private market does not seem to be constructing housing commensurate with median family income levels in Forest Grove. However, the market seems to be doing a good job constructing housing for households relocating from elsewhere with incomes higher than Forest Grove median income levels.

Another factor affecting housing affordability is uncertainty. Considerable uncertainty exists at the federal level with respect to federal tax law and possible impacts to the viability of the Low Income Housing Tax Credit Program. There is also uncertainty with respect to the federal budget and funding levels for the Community Development Block Grant Program and HOME Investment Partnership. In addition, federal legislation (HR 482) referred to the House Committee on Financial Services would repeal the Affirmatively Furthering Fair Housing rule and associated programs. Land costs represent about 1/3 of the cost of development. With land costs increasing it is difficult to produce housing affordable to moderate and low income households. The chart below shows land costs for several developments in Forest Grove.

Soft costs are another factor impacting housing cost. Soft costs include permit fees, financing, architectural, engineering, surveying costs, management fees and overhead. The chart below shows permit fees for a standard 2,000 square foot home. The chart only shows permit fees including system development charges, surcharges and certain taxes. The total amount for such costs is currently approximately \$30,000.00. System Development Charges (SDCs) amount to about \$22,000 or about 73% of the total.

Table 21

**COMMUNITY DEVELOPMENT DEPARTMENT
BUILDING DIVISION**

Estimated fees for a 2000 sq. ft. single family home w/550 sq. ft. garage

As of July 1, 2016

Planning Department Site Review Fee	\$351.00
Structural Plan Review	\$1,015.38
Building Permit	\$1,562.13
12% State Surcharge	\$187.46
Mechanical Permit (Includes 12% State Surcharge)	\$118.27
Plumbing Permit (3 bath home – includes 12% State Surcharge)	\$417.15
Excavation Fee (May require performance and 1-year maintenance bond)	\$33.00
Water Connection - 3/4 inch meter	\$314.00
Water System Development Charge	\$5,478.00
Parks System Development Charge	\$3,000.00
Transportation Development Tax	\$8,278.00
CWS Sewer Connection	\$5,300.00
Surface Water Management - Quantity	\$280.50
Erosion Control	\$295.00
Tree Planting Deposit (Average Two Trees Per Lot @ \$363 Each)	\$748.00
Metro Construction Excise Tax (0.12% of project valuation)	\$270.82
Forest Grove School District Construction Excise Tax (\$1.00 per square foot of heated space)	\$2,000.00
Light & Power Service Extension	\$195.00
TOTAL ESTIMATED DEVELOPMENT AND PERMIT FEES	\$29,843.71**
Sanitary Sewer Lateral Deposit (if necessary)	\$1,000.00***
Total With Deposit:	\$30,843.21
<p>*Note: there may be additional charges for unimproved properties (not in a subdivision). **Note: there may be additional charges for power line extensions. Temporary power (3 mos.) can be acquired for \$150 through the Light & Power Department. Please call (503) 992-3250 for questions relating to these fees. ***Note: this is a deposit <u>only</u>. Actual fees are based on the cost of labor to install the lateral or water meter and the equipment and materials used. After Public Works has installed the lateral or water meter, you will either receive a refund for the amount not used or a bill for any amount exceeding the deposit.</p>	

In addition to soft costs, hard costs impact the cost of housing. Hard costs include sitework and building construction including labor costs. A hypothetical project pro-forma is provided below. The pro-forma shows the elements typically included in a market-rate residential subdivision project.

Table 22

Project Revenues	
Number of Units	50
Average Sales Price per Unit	\$400,000
Gross Sales Revenue	\$20,000,000
Less Commission Fees	\$800,000
Net Project Revenues	\$19,200,000
Project Costs	
Land Acquisition	\$2,575,000
Planning, Design and Approvals	\$750,000
Sitework and Building Construction	\$12,175,000
Amenities and Off-Site Costs	\$100,000
Management & Overhead	\$1,760,000
Total Project Costs	\$17,210,500
Net Cash Flow Before Financing	\$1,989,500
Financing Interest	\$1,102,400
Net Cash Flow to Developer	887,100
Equity Investment	\$1,020,600
Total Cash-on-Cash Return	86.9%
Annualized Cash-on-Cash Return	19.9%

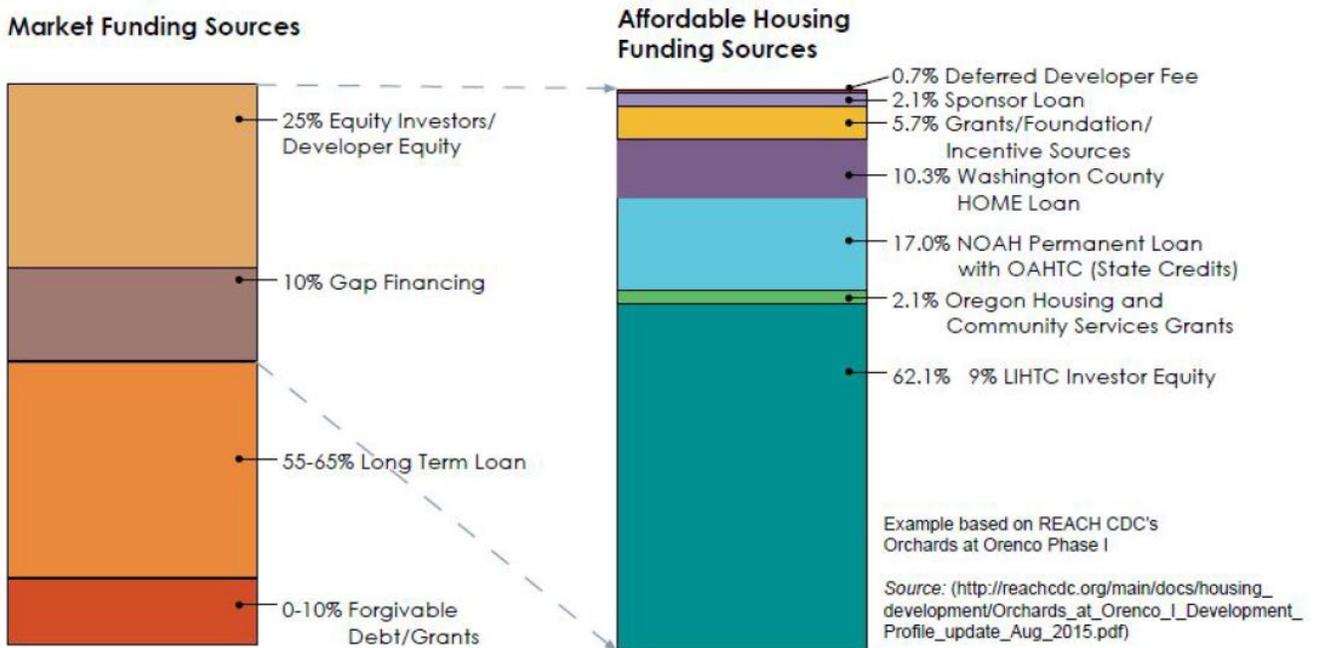
Source: American Planning Association, Plannersweb.com, *Pro-Forma 101 – Getting Familiar With a Basic Tool of Real Estate Analysis* by Wayne Lemmon, December 23, 2013.

The pro-forma is used to assess what it will costs to construct the project including how much can be paid for the land given anticipated soft and hard costs. In general, if soft and hard costs increase the developer will have to pay less for the land, find a way to reduce costs or provide additional equity investment to the project. If the land owner does not accept a lower price for the land or reduce costs, the developer will have to increase the cost of homes or accept a lower rate of return. If the lower rate of return does not compensate the developer for the inherent risk involved in undertaking the a development project and provide adequate reward/profit, the project will not move forward.

Affordable housing developers are faced with many of the same choices. However, they are not driven by profit motives. Unlike private developers affordable housing providers are faced with issues the private market does not contend with. This includes cobbling together project funding from a multitude of sources with divergent reporting and monitoring requirements. This increases the complexity and cost of the project. In addition, affordable housing funders have requirements for quality of construction to ensure durability that private developers need not comply with. Given

the complexity of affordable housing projects, timelines from inception to completion are often longer than those of a private developer since filing deadlines among affordable housing programs are not aligned. This also increases the cost of the project including holding costs on the land and delays add to labor costs. In addition, affordable housing providers are constrained in how much they can borrow from lenders due to the low rents they charge. As a result, affordable housing providers are faced with delivering costly projects for a market where purchasers or renters have limited means to pay these costs. The private market is not faced with this dilemma.

The graphic below shows typical funding sources for market rate and affordable housing projects. The information is from the Orchards at Orenco Phase 1 project. The graphic was prepared by Open Doors Housing Solutions for the Washington County Affordable Housing Strategy, a Portland State University Master of Urban Planning capstone project. The graphic clearly shows the complexity of an affordable housing project with its multiple funding sources.



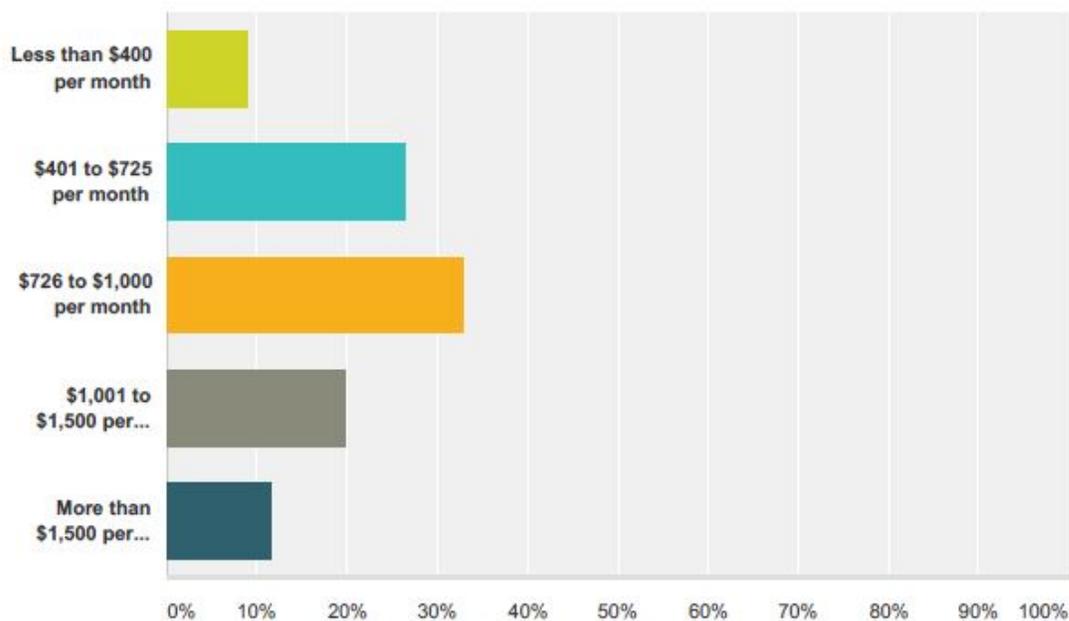
Chapter 6 – Community Questionnaire

A community questionnaire was conducted between March and April 2017 to gauge housing related concerns in the City. The questionnaire was distributed in the City’s monthly utility billings statements, at the Library, and at the Senior Center. Questionnaires were also provided to Adelante Mujeres for distribution to their clients. Copies to the questionnaire were available in both English and Spanish. The questionnaire was available on the City’s web page for download or filling out via a link to Survey Monkey. Over 800 responses were received. The questionnaire form and results are presented in the appendix. Key findings are presented below.

The majority of respondents (71%) currently reside in single family detached homes. More than 57% of respondents have lived in Forest Grove for ten years or more. New arrivals living in Forest Grove for five years or less accounted for 30% of respondents.

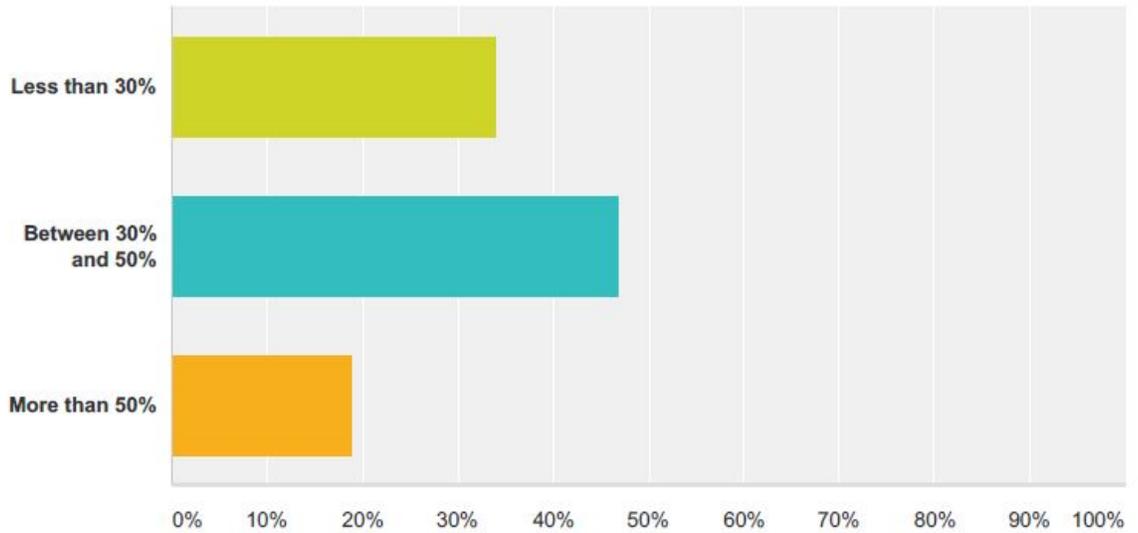
In terms of rent, more than 30% of respondents reported paying more than \$1,000 per month with 12% paying more than \$1,500 per month (see Graph 1 below). Approximately 35% of respondents reported paying less than \$725 per month in rent.

Graph 1



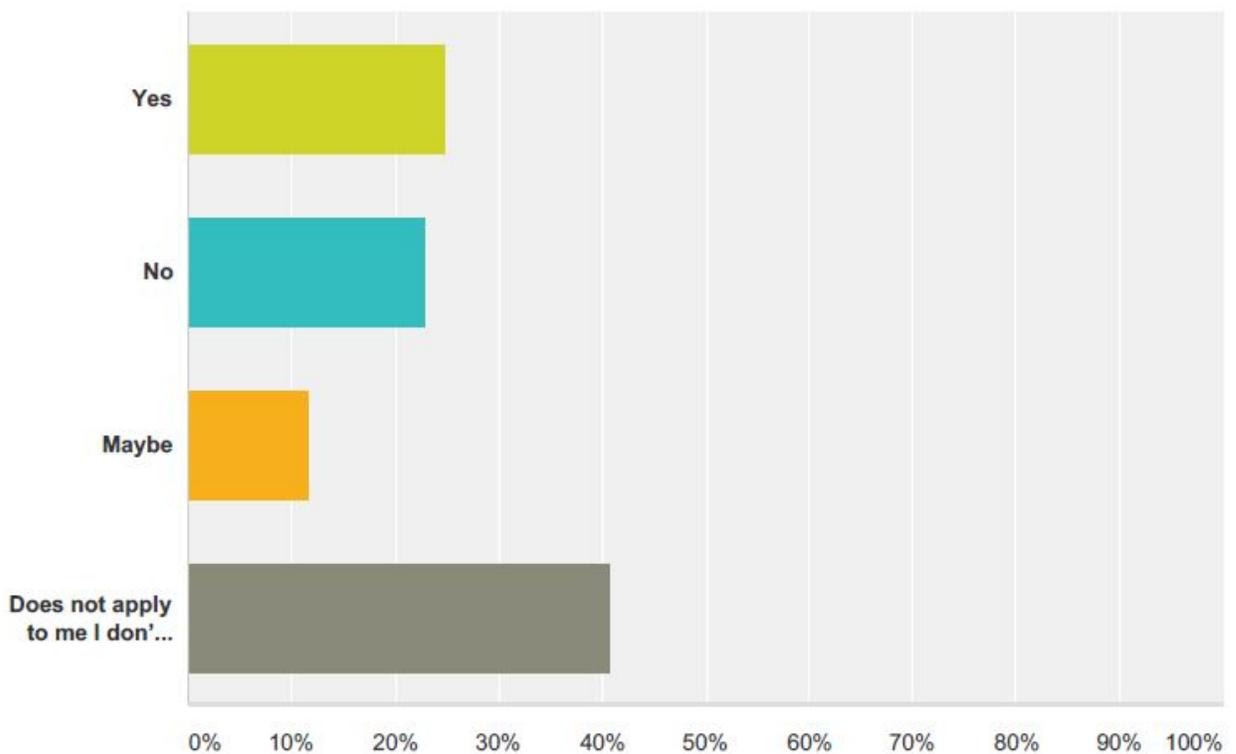
As shown in Graph 2 below, 19% of respondents reported paying more than 50% of their income on housing related costs including rent or mortgage, utilities and maintenance. Approximately 47% of respondents reported paying between 30% and 50% in housing related expenses. This corresponds to 461 households responding to the questionnaire being cost burdened. That is, paying more than 30% of household income on housing related expenses.

Graph 2



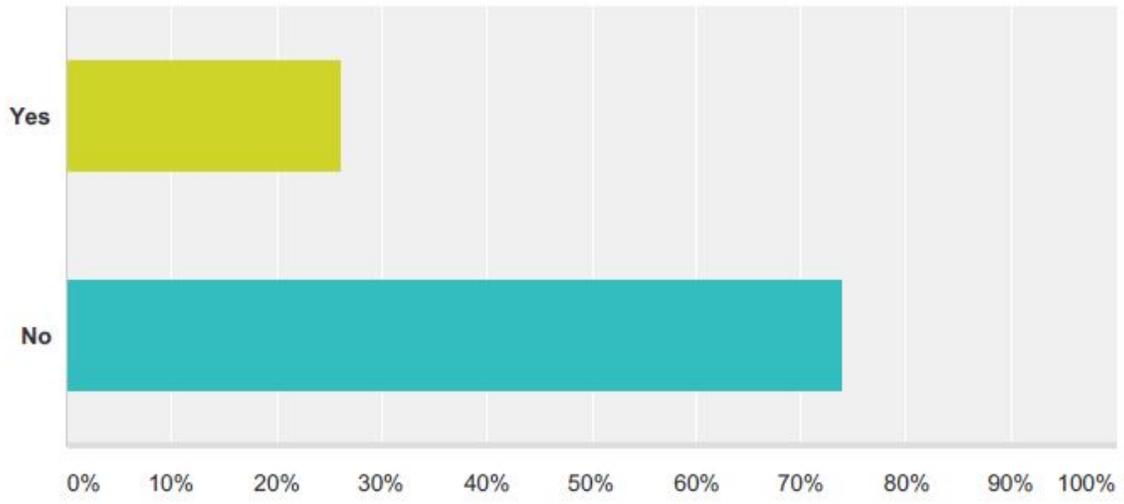
Graph 3 indicates, approximately 12% of respondents indicated they can't afford required rent (first and last month) and deposits if forced to move.

Graph 3



Graph 4 below shows that approximately 26% of respondents indicated they've faced a situation in the last five years where they had to choose between paying housing costs or paying for groceries, medical car/medication or transportation costs.

Graph 4



Chapter 7 – Affordable Housing Concepts

Affordable housing can take many forms. Several affordable housing concepts are described below including cottage clusters, duplexes/single family attached homes, accessory dwelling units, internal home divisions, manufactured homes, and micro-houses sometimes referred to as tiny homes. Each form of housing described below provides an opportunity to help address the supply of affordable housing.

Development Forms

Cottage Clusters

Cottage clusters are a traditional development form regaining popularity. Historic cottage clusters are found in Pasadena, California and Salem, Oregon. Cottage clusters may include bungalow style homes are range in size from 750 square feet to 1,200 square feet. Homes are usually placed around a common open area and parking is separated from the unit. Newer developments have been placed on one- to three-acre lots and can be considered infill.



*Cottage clusters on Cottage Street NE, Salem, OR.
(Photos courtesy of TGM.)*

A contemporary example is the new Commons at NW Crossing in Bend, Oregon shown below.



*1,200 square foot cottage, Commons at NW Crossing, Bend, OR.
(Photo courtesy of Tye Development.)*

Cottage clusters could be developed as condominiums (home ownership with land held in common), multifamily units (units on one lot) or homes on individual lots around a central open space. The Green Grove co-housing development, under construction north of David Hill Road and west of Thatcher Road, is an example of cottage cluster with condominium ownership. Individual single family homes are owned privately but the land is held in common.

Duplexes/Single Family Attached

Under the Development Code up to 8% of lots for a development in a single family zone may be developed as a duplex or single family attached lots in subdivisions with more than 20 lots.

Accessory Dwelling Units

Accessory dwelling units are currently allowed by Development Code through an administrative (Type I) review process. The Development Code limits the number of accessory dwelling units to one in conjunction with a single-family dwelling. The accessory unit could be created through conversion of existing space, by means of an addition, or as an accessory structure on the same lot with an existing dwelling. Accessory structures are subject to the following standards:

- The owner of the primary dwelling shall occupy at least one of the units;
- Any addition shall not increase the gross floor area of the original dwelling by more than 10%;
- The gross floor area of the accessory dwelling unit shall not exceed 30% of the primary dwelling's gross floor area, or 720 square feet, whichever is less;
- One additional off-street parking space shall be provided in addition to the required parking for the primary dwelling;
- The accessory dwelling unit shall have exterior siding and roofing similar in color, material and appearance to that used on the primary dwelling; and
- The accessory dwelling shall comply with applicable fire and life safety codes.

A local example of an accessory dwelling unit is shown below. The accessory dwelling units is a garage conversion.



The standards above were adopted in 1992 and respond to the concerns about accessory dwellings raised at the time.

Reducing or eliminating City controlled SDCs for accessory dwellings could provide an incentive for the construction of these units.

Internal Home Divisions

As described in the DLCDC document, Character-Compatible, Space-Efficient Housing Options for Single-Dwelling Neighborhoods, homes can be internally divided in many ways to create housing units:

- Converting a two-story house into stacked flats by adding a side entry door for the first floor unit, converting an upstairs space into a second kitchen and ensuring that there is a bathroom on each floor;
- Bisecting a two story house into side-by-side townhomes by using a vertical partition wall to split the house in half from front to back and adding a second set of stairs;
- Combining both of the above approaches to create a four-plex;
- Converting basements, attics, or garages into stand-alone dwelling units by bringing them into the insulated envelope of the structure, installing life safety measures, adding heat sources and providing independent access.

Single family homes may be internally divided into multiple independent units up to 2 times the target density of the zone provided the appearance of the home remains that of a single family house. Entrances may be shared or separate entrances may be created around the side or back. Apply Commercial building codes are applied that require fire-rated separation between units and/or fire sprinkler system for internal divisions of three or more units. Historic buildings including historic contributing buildings may not be structurally expanded. In Forest Grove, a Type II process is required for such proposals.

Manufactured Homes

Manufactured home parks have provided affordable housing opportunities for low- and moderate-income households for decades. A manufactured home is defined in the City Code to mean a residential trailer, mobile home or a manufactured home as those terms are defined in ORS 446.003(26). The City's Development Code allows for manufactured homes on individual lots or within manufactured home parks.

According to Development Code Article 7, manufactured homes on individual lots must be at least 1,000 square feet in area, placed on an excavated and back-filled foundation, and have a pitched roof, with a slope of at least three feet in height for each twelve feet in width. In addition, a manufactured home on a lot must have exterior siding and roofing similar in color, material and appearance to that of residential dwellings within the community. Manufactured homes on individual lots may not be sited adjacent to any structure designated as a historic landmark.

In contrast to manufactured homes on individual lots, a manufactured dwelling park means a place where four or more manufactured dwellings are located together. Manufactured home parks are allowed in the City's residential zoning districts including R-10, R-7, R-5, RML and RMH. Manufactured home parks are not allowed in the Community Commercial zone, however, other residential development is permitted in the commercial zone at a maximum density of 30 units per net acre.

The minimum land area for a manufactured home park is four acres. Within a park homes must have a minimum width of 12 feet and minimum floor area of 672 square feet. In addition, 20% of the site must be reserved as open space. This requirement is comparable to open space requirements for multifamily development projects. The Development Code also requires that 10% of the manufactured home park site be reserved and improved as common open space.

Manufactured homes must bear Oregon Department of Commerce "Insignia of Compliance" indicating conformance with HUD standards. In addition, wheels must be removed and all manufactured dwellings shall be skirted and tied down in accordance with state standards. All system development charges apply to manufactured homes.

The picture below is the Quail Run Manufactured Home Park in Forest Grove.



Multifamily Homes

Multifamily housing including apartments and condominiums are a cost-effective way to provide rental and ownership affordable housing options. Forest Grove has approximately 8,370 housing units. Of this number, approximately 2,700 units or 32% of the housing units in the City are multifamily units including manufactured homes in manufactured home parks. To expand the supply of affordable housing units in apartment projects, the City could encourage market-rate developers to seriously consider integrating some project-based housing vouchers into the market rate project. This could be a requirement if the City provides incentives such as tax exemptions, land, fee waivers and the like. Project based vouchers could result in units for households down to 30% of median family income by matching all or most of the advertised rents.

Micro-Housing

Micro-housing, sometimes called tiny houses, is a potential way to reduce housing costs. In particular, several cities are considering micro-housing as a way to address homeless shelter needs. Although an innovative approach to housing, development codes have not caught up with the concept. Amendments to the City's Development Code would likely be required to allow this form of development. Furthermore, as a residential structure building codes for dwellings would apply. Subject to Building Code requirements, micro-houses could be used as accessory dwelling units. Consideration of this approach must also take into account public health and safety concerns.

Micro-housing is a prefabricated structure form of manufactured home if constructed off-site and moved to a location. Manufactured homes must meet the requirements of the Oregon

Manufactured Dwelling Installation Specialty Code. If the micro-house is on wheels it would be considered a “park trailer”. The Development Code restricts length of stay to 30 days if located within a recreational vehicle park. The Municipal Code restricts length of stay to two weeks outside of a recreational vehicle park.

The Oregon Legislature is considering a bill (HB 2737) during the 2017 session to direct the Department of Consumer and Business Services to adopt construction standards for small homes. These units currently are considered mobile and the legislation would establish requirements similar to stick built housing. The bill defines small homes to be a dwelling not more than 600 square feet in size. The bill requires that the construction standards for small homes include, but need not be limited to standards that:

- Allow sleeping lofts;
- Allow the use of ladders or alternate tread devices as the primary means of egress from a sleeping loft.

The bill does not include location standards for small homes. The City could add location standards for small homes to the Development Code. Location standards could identify the zoning districts that small homes could locate as individual units, use of small homes as accessory dwelling units or placement of small homes in a manufactured dwelling park as examples.

Chapter 8 – Affordable Housing Policy Framework

This chapter summarizes the current policy framework pertaining to affordable housing in Forest Grove.

Statewide Land Use Planning Goal 10: Housing

Statewide Land Use Planning Goal 10 requires that cities and counties plan for the housing needs of residents of the state. To that end, Goal 10 requires that plans encourage the availability of adequate numbers of needed housing units at price levels which are commensurate with the financial capabilities of Oregon households allow for flexibility of housing location, type and density. This document describes at length the financial capabilities of Forest Grove households. This document also describes housing types that could meet the housing needs of Forest Grove households.

Metro Regional Framework Plan

The Metro Regional Framework Plan could be considered the comprehensive plan for the urbanized portions of Washington, Clackamas and Multnomah Counties. The Metro Regional Framework Plan implements the Metro Region 2040 concept based on regional and town centers, transit corridors and residential neighborhoods. The Framework Plan also includes several fundamentals including Land Use Fundamental 7:

“Enable communities to provide diverse housing options for all residents by providing a mix of housing types as well as affordable homes in every jurisdiction.”

Land Use Policy 1.3 addresses affordable housing. Policy 1.3.1 states:

“Encourage affordable housing opportunities in the region by:

- a. Offering a diverse range of housing types, available within the region, and within cities and counties inside the Metro’s Urban Growth Boundary.
- b. Being available to households of all income levels that live or have a member working in each jurisdiction and subregion.
- c. Providing an appropriate balance of jobs and housing of all types within subregions.
- d. Addressing current and future need for and supply of affordable housing production goals.
- e. Minimizing concentration of poverty.

Policy 1.3.2 encourages local voluntary affordable housing production goals as well as non-land use affordable housing tools and strategies.

Policy 1.3.3 requires local governments in the region to report progress towards increasing the supply of affordable housing.

Policy 1.3.4 acknowledges there is a need to create a housing fund available region wide in order to leverage other affordable housing resources, and that, if the region is to be successful in increasing the amount of affordable housing, such a housing fund would need the support of a wide range of interests including local government, state and business groups.

Forest Grove Comprehensive Plan

The Forest Grove Comprehensive Plan includes a number of goals and policies pertaining to affordable housing. These adopted goals and policies are identified below.

The Forest Grove Comprehensive Plan includes several goals and policies pertaining to housing in general and affordable housing specifically. These goals and policies are described below and provide a framework for establishing an affordable housing strategy in Forest Grove.

Comprehensive Plan Housing Goal: Provide and maintain an adequate supply of affordable housing opportunities.

Policy 4.1: Develop and implement programs to offset increasing cost of new housing construction. Programs may include, but are not limited to, reductions in building permit fees, development impact fees, or property taxes for affordable housing meeting US Department of Housing and Urban Development Low Income Housing Tax Credit program requirements.

Policy 4.2: Promote the provision of housing assistance to low- and moderate-income individuals in Forest Grove through the Washington County Community Development Block Grant and HOME Investment Partnership programs.

Policy 4.3: Develop and implement programs to encourage the rehabilitation of older stock throughout the community. Examples of such programs include grants or low-interest loans for weatherization improvements, and grants for the rehabilitation of historic residences.

Policy 4.4: Develop and support partnerships with local Community Development Corporations whose mission it is to construct and rehabilitate affordable housing in Forest Grove. Such support, within budgetary and staffing limitations, may take the form of direct financial assistance or help preparing grant applications for funding affordable housing projects.

Policy 4.5: Implement a program to sell unneeded land owned by the City of Forest Grove for the construction of affordable housing in areas designated for residential development.

Policy 4.6: Continue policies to allow for manufactured dwellings on individual lots outside of designated historic districts and within manufactured home parks.

Community Sustainability Goal 4:: Reduce barriers to affordable housing by advocating for an inventory of a minimum 20-year supply of land for needed housing types.

Community Sustainability Goal 9: Foster the preservation, construction and maintenance of an adequate supply of healthful, affordable, resource-efficient and inclusive housing.

Land Use Policy 10: The availability of affordable housing is a priority for the City of Forest Grove. Affordable housing options provided for through planning and development regulations should reflect the documented housing needs of current and future residents of the City.

Land Use Policy 11: Develop and implement incentives for the construction of affordable housing meeting documented community needs.

Land Use Policy 15: Prior to redevelopment of manufactured housing parks the City shall identify sites for replacement housing.

Land Use Policy 16: Adopt development standards to promote compact and cluster residential land use patterns without requiring a planned development review process. This could include development standards for court bungalows, zero lot line housing, or co-housing.

Urbanization Goal: Land shall be made available within the urban growth boundary to meet all local land use needs.

Land Use Policies:

Development regulations shall promote a variety of housing types suitable for owner- and renter-occupants.

Ensuring the availability of affordable housing is a priority for the City of Forest Grove. Affordable housing options provide for through planning and development regulations should reflect the documented housing needs of current and future residents of the City.

Develop and implement incentives for the construction of affordable housing meeting documented community needs.

Adopt development standards to promote compact and cluster residential land use patterns without requiring a planned development review process. This could include development standards for court bungalows, zero lot line housing, or co-housing.

Chapter 9 - Affordable Housing Policy and Action Recommendations

This chapter describes the affordable housing strategy and program recommendations developed by the Ad-hoc affordable housing committee. The recommendations are divided by program area addressed including regulatory measures, funding and partnerships.

The committee also recognized that homelessness is an issue that can't be ignored. One full committee meeting focused on homelessness. Although committee members recognized the issue of homelessness is a separate matter from affordable housing with its own set of considerations, the committee felt compelled to make a statement about homelessness. The committee's statement on homelessness is provided below.

Statement on Homelessness

While homelessness is beyond the ability of any one city to solve, the ad-hoc affordable housing committee felt compelled to recognize the problem of consistent secure shelter causes. Therefore, the committee adopted a motion making the following statement with respect to homelessness.

“The Ad-hoc Affordable Housing Committee recommends that City Council establish a homeless advisory committee to develop strategies for provision of safe and secure shelter and associated services; and develop approaches for linking homeless persons with needed shelter and services.”

Affordable Housing Strategies

The Ad-hoc Affordable Housing Committee reviewed many affordable housing programs and policies used in other jurisdictions. This review served as a starting point for evaluating possible affordable housing initiatives intended to address Forest Grove specific affordable housing needs.

The Committee began with a list of twenty-five strategies for initial review. These programs and strategies are listed below.

Table 23

Strategy	Tigard	Newberg	Ashland	Bend	Sisters
Affordable Housing Trust Fund		✓		✓	
Inclusionary Housing			✓		✓
Mobile Home Preservation Ordinance		✓		✓	
Developer Incentives – Fee Waiver/Deferral/Reduction	✓		✓	✓	
Developer Incentives – Density Bonus			✓		✓
Developer Incentives – Expedited Permitting	✓				
Developer Incentives – Relaxed Design Standards					
Land Banking – Surplus Land			✓		
Community Land Trust			▪		
Employer Assisted Housing			▪		
Home Rehabilitation Programs		✓	✓	✓	✓
Tax Abatement/Relief	✓			✓	
Rental Assistance – Emergency	✓			▪	▪
First Time Homebuyer Program				✓	✓
Accessory Dwelling Units	✓			✓	✓
Housing Replacement Law					
Bonds or Levies for Affordable Housing					
Reduced Parking Requirements	✓				
Annexation Agreement Requiring Affordable Housing			✓	✓	
First-Time Homebuyer Program		▪		▪	▪

- ✓ Provided by city
- Provided by Other Organization but funded or supported by city

The strategies identified above were prioritized by Committee members during one of the Committee meetings.

Prioritization

The Ad-hoc Affordable Housing Committee went through a prioritization exercise to rank strategies as to high, medium and low priorities. The numbers on the chart below show the number of votes received for each program and priority classification. The higher the number the more votes received. The votes were tallied and weighted according the number of votes received by priority category. High priority votes were weighted by a factor of 3, medium priority votes were weighted by a factor of 2 and low priority votes were weighted by a factor of 1. The total weighted scores are shown on the table below. The cells shaded in yellow show the programs receiving the highest number of votes by priority category.

Based on the prioritization exercise the top ten program ideas include:

1. Promote accessory dwelling units by providing incentives through reduced costs and fees;
2. Adopt an affordable housing tax exemption program;
3. Establish a security deposit/rent assistance program;
4. Adopt an inclusionary housing ordinance
5. Adopt an ordinance establishing a construction excise tax for affordable housing;
6. Identify/set-aside land for a manufactured home village;
7. Expand City partnerships with affordable housing providers
8. Adopt a system development charge (SDC) waiver/offset for affordable housing

9. Adopt micro-housing village regulations
10. Implement a streamlined development approval process/identify an affordable housing point person to shepherd projects.

While this indicates the Ad-hoc Committee's priorities, the Committee recommends that the City should consider all these proposals in developing an affordable housing program. Table 19 below shows the ranking of programs and strategies. Expanding use of the vertical housing development zone tax abatement program was the only initiative identified that didn't receive any votes in support.

Table 24

Strategy	Total Weighted Score
Promote accessory dwelling units by providing incentives through reduced costs or fees	38
Adopt an affordable housing tax exemption program	37
Adopt an inclusionary housing ordinance	34
Adopt an ordinance establishing a construction excise tax for affordable housing	28
Identify/set-aside land for a new manufactured home village	26
Expand City partnerships with affordable housing providers	24
Adopt a system development charge (SDC) waiver/offset for affordable housing	20
Adopt micro-housing village regulations	20
Implement a streamlined development approval process/identify an affordable housing point person to shepherd projects	19
Amend the Forest Grove Urban Renewal Plan to allow the use of tax increment financing/urban renewal for affordable housing	17
Expand the Town Center density bonus for affordable housing beyond the Town Center	14
Establish funding for a first-time homebuyer program	12
Encourage Habitat for Humanity or other non-profit housing provider to build additional affordable homes by donating surplus City-owned land and providing incentives	12
Encourage the Viking House program to construct cottage housing	11
Amend the planned development provisions of the Development Code to encourage a mix of housing types including affordable housing options	11
Amend parking regulations to reduce the amount of parking for affordable housing	11
Adopt an ordinance requiring annexation agreements to encourage a mix of housing on property annexed to the City and zoned for residential development	11
Recommend City Council pursue bonds or levies for affordable housing	10
Establish funding for a housing rehabilitation program to help retain affordable housing	10
Adopt relaxed development/design standards for affordable housing	9
Establish an affordable housing commission to oversee an affordable housing trust fund program and encourage collaboration with partners	6
Adopt a housing replacement ordinance	6
Adopt a cottage housing ordinance	5
Expand use of the Vertical Housing Development Zone (tax abatement) program	0

For funding programs identified above, local sources would likely require the use of urban renewal program tax increment revenue or adoption and implementation of a construction excise tax on residential and possibly commercial building permits. If tax increment funds are used projects must be located within the City's urban renewal district. The issue is whether the amount of funding generated would be sufficient to provide meaningful assistance.

Regulatory Measures

Addressing regulatory barriers to affordable housing is an area the City has considerable control over. The Development Code contains standards, requirements and rules governing the use of land in the City. The Development Code can either hinder or promote affordable housing options. The ad-hoc committee recommends the following goals, policies and actions for regulatory measures to promote affordable housing.

Goal 1: Reduce regulatory barriers to expanding the supply of affordable housing in Forest Grove.

Policy 1.1: Promote small homes meeting minimum standards as accessory dwelling units.

Action 1.1.1: The Development Code allows for accessory dwelling units in single family residential zones. The Committee recommends the City Council consider amending the Development Code to clarify that small homes up to 400 square feet, compliant with Oregon Building Code, are permissible as accessory dwelling units where accessory dwelling units are permitted by zoning. The Committee also recommends City Council consider amending the Development Code to remove burdensome restrictions for accessory dwelling units such as requiring additional parking and limiting the size of an accessory dwelling units to the smaller of 720 square feet or 30% of the primary dwelling unit.

This action addresses the following Comprehensive Plan Policy:

Community Sustainability Goal 9: Foster the preservation, construction and maintenance of an adequate supply of healthful, affordable, resource-efficient and inclusive housing. Land Use Policy 16: Adopt development standards to promote compact and cluster residential land use patterns without a planned development review process.

Priority: High

Timeline for Completion: Complete within one year

Lead: Forest Grove Community Development Department

Monitoring: Track the number of accessory dwelling units approved in the City.

Action 1.1.2: To encourage the construction of accessory dwelling units, the Committee recommends the City reduce or waive system development charges imposed by the City for accessory dwelling units. The Committee also recommends the City work with County partners to reduce the County's system development charges including the Transportation Development Tax and sewer system development charges to decrease permitting costs for accessory dwelling units.

Comprehensive Plan Policy Addressed: Policy 4.1: Develop and implement programs to offset increasing cost of new housing.

*Priority: **High***

Timeline for Completion: Complete within one year

Lead: Forest Grove Community Development Department

Monitoring Track the number of accessory dwelling units approved in the City:

Action 1.1.3: To encourage the construction of small homes as stand-alone dwellings in residential zones, the Committee recommends the City consider amending the Development Code to allow micro-houses in manufactured home parks or as part of a cottage cluster.

*Priority: **High***

Comprehensive Plan Policy Addressed: Land Use Policy 16: Adopt development standards to promote compact and cluster residential land use patterns.

Timeline for Completion: Complete within two years

Lead: Forest Grove Community Development Department

Monitoring: If allowed track the number and location of micro-housing units approved in the City.

Policy 1.2: Adopt an affordable housing tax exemption program using Washington County's approach as a model.

Action 1.2.1: The Committee recommends the City draft an ordinance establishing an affordable housing tax exemption program using Washington County's approach as a model.

*Priority: **High***

Comprehensive Plan Policy Addressed: Housing Policy 4.1: Develop and implement programs to offset increasing cost of new housing construction. Programs may include, but are not limited to reductions in building permit fees, development impact fees, or property taxed for affordable housing meeting US Department of Housing and Urban Development Low Income Housing Tax Credit program requirements

Timeline for Completion: Complete within two years

Lead: Forest Grove Administrative Services

Monitor: If established, track the number of affordable housing units using tax exemption incentives.

Policy 1.3: Provide incentives for constructing affordable housing in the City's Community Commercial zone.

Action 1.3.1: The Development Code provides for a density bonus in the Town Center of up to 20 units per acre when 20% of units are set-aside for renters or purchasers earning no more than 80% of the City's median family income and paying no more than 30% of total household income in rent or mortgage. Consider applying the affordable housing density bonus in the Community Commercial zone.

Priority: Medium

Comprehensive Plan Policy Addressed: Land Use Policy 11: Develop and implement incentives for the construction of affordable housing meeting documented community needs.

Timeline for Completion: Complete within two years

Lead: Forest Grove Community Development Department

Monitoring:

Policy 1.4: Promote manufactured homes as an affordable housing option.

Action 1.4.1: To expand opportunities for manufactured homes in the City, the Committee recommends the City amend the Development Code to allow for a density bonus for manufactured home parks meeting minimum standards as an incentive.

Priority: Medium

Comprehensive Plan Policy Addressed: Land Use Policy 11: Develop and implement incentives for the construction of affordable housing meeting documented community needs.

Timeline for Completion: Complete within two years

Lead: Forest Grove Community Development Department

Action 1.4.2: Currently manufactured dwelling parks are limited to sites at least four acres in area and individual dwellings may not be smaller than 672 square feet. The Committee recommends the City review the manufactured dwelling park regulations and if necessary revise the regulations to encourage new manufactured dwelling parks as a way to provide opportunities for low and moderately priced single-family housing.

Priority: Medium

Comprehensive Plan Policy Addressed: Housing Goal 4: Provide and maintain an adequate supply of affordable housing opportunities. Community Sustainability Goal 4: Reduce barriers to affordable housing by advocating for an inventory of a minimum 20-year supply of land for needed housing types.

Timeline for Completion: Complete within two years

Lead: Forest Grove Community Development Department

Policy 1.5: Provide a density bonus for planned unit developments providing affordable housing in all residential zones.

Action 1.5.1: The Committee recommends the City prepare an amendment to Article 4 of the Forest Grove Development Code to allow a density bonus in a planned development if a specified number of housing units are set-aside for households at or below 80% of the City's median family income.

Priority: Medium

Comprehensive Plan Policy Addressed: Land Use Policy 11: Develop and implement incentives for the construction of affordable housing meeting documented community needs.

Timeline for Completion: Complete within two years

Lead: Forest Grove Community Development Department

Policy 1.6: Reduce the potential for conversion of existing manufactured dwelling parks to other uses.

Action 1.6.1: The Committee recommends the City amend the Development Code to allow manufactured home parks as an outright permitted use in the Community Commercial zone to reduce the potential for conversion to another use.

Priority: Medium

Comprehensive Plan Policy Addressed: Community Sustainability Goal 9: Foster the preservation, construction and maintenance of an adequate supply of healthful, affordable, resource-efficient and inclusive housing.

Timeline for Completion: Complete within two years

Lead: Forest Grove Community Development Department

Policy 1.7: Reduce parking requirements for affordable housing projects within 1/8 mile of transit lines with at least 20-minute service.

Action 1.7.1: To reduce the cost for affordable housing projects the Committee recommends the City amend the Development Code to reduce the minimum number of required off-street parking spaces required for affordable housing projects near frequent transit service.

Priority: **High**/Medium

Comprehensive Plan Policy Addressed: Community Sustainability Goal 9: Foster the preservation, construction and maintenance of an adequate supply of healthful, affordable, resource-efficient and inclusive housing.

Timeline for Completion: Complete within two years

Lead: Forest Grove Community Development Department

Policy 1.8: Encourage the Oregon Legislature to improve the recently adopted inclusionary housing law (SB 1533) so that it applies to Forest Grove and helps address Forest Grove's affordable housing needs.

Action 1.8.1: The Committee recommends the City monitor legislative actions pertaining to affordable housing and work with affordable housing partners to encourage improvement to the state's inclusionary housing law so that it can apply in Forest Grove and help address Forest Grove's affordable housing needs.

Priority: Medium

Comprehensive Plan Policy Addressed: Community Sustainability Goal 4: Reduce barriers to affordable housing by advocating for an inventory of a minimum 20-year supply of land for needed housing types.

Timeline for Completion: Immediately

Lead: Forest Grove Community Development Department

Policy 1.9: Promote the construction of duplexes in single family residential zones.

Action 1.9.1: To encourage affordable housing options in single family residential zones, the Committee recommends the City amend the Development Code to allow duplexes on corner lots and lots exceeding 10,000 square feet.

Priority: Low

Comprehensive Plan Policy Addressed: This action is consistent with Community Sustainability Goal 4: Reduce barriers to affordable housing by advocating for an inventory of a minimum 20-year supply of land for needed housing types and Community Sustainability Goal 9: Foster the preservation, construction and maintenance of an adequate supply of healthful, affordable, resource-efficient and inclusive housing.

Timeline for Completion: To be determined

Lead: Forest Grove Community Development Department

Policy 1.10: Promote affordable housing options in planned developments.

Action 1.10.1: To promote affordable housing options in new developments, the Committee recommends the City should amend the planned development provisions of the Development Code provide for flexibility in the application of development standards. The committee also recommends the City consider amending the Development Code to require a mixture of housing types, including attached single family dwellings, in planned developments in single family residential zones.

Priority: Low

Comprehensive Plan Policy Addressed: This action is consistent with the intent of Community Sustainability Goal 4: Reduce barriers to affordable housing by advocating for an inventory of a minimum 20-year supply of land for needed housing types and

Community Sustainability Goal 9: Foster the preservation, construction and maintenance of an adequate supply of healthful, affordable, resource-efficient and inclusive housing.

Timeline for Completion: To be determined

Lead: Forest Grove Community Development Department

Policy 1.11: Promote cottage housing as an affordable housing option in Forest Grove.

Action 1.11.1: The Development Code does not identify cottage housing or cohousing as a housing type on the permitted use list for residential zones. To address this issue the Committee recommends the City amend the Development Code to explicitly list cottage housing and cohousing as housing types and add regulations for cottage housing and cohousing in residential zoning districts. Also consider adding a definition to the Development Code for cottage housing.

Priority: Low

Comprehensive Plan Policy Addressed: This action is consistent with the intent of Community Sustainability Goal 9: Foster the preservation, construction and maintenance of an adequate supply of healthful, affordable, resource-efficient and inclusive housing.

Timeline for Completion: To be determined

Lead: Forest Grove Community Development Department

Policy 1.12: Preserve affordable housing in the City by encouraging home rehabilitation.

Action 1.12.1: Recognizing that retention of existing affordable housing is a strategy for addressing affordable housing, the Committee recommends the City establish a fund for home rehabilitation possibly using urban renewal funds, or other funds, to rehabilitate existing affordable housing.

Priority: Low

Comprehensive Plan Policy Addressed: Housing Policy 4.3: Develop and implement programs to encourage the rehabilitation of older housing stock throughout the community.

Timeline for Completion: To be determined

Lead: Forest Grove Community Development Department

Funding Initiatives

Reliable and dedicated funding for affordable housing is a necessity. Affordable housing projects often require multiple funding sources with divergent requirements. This is a burden that providers of market rate housing do not face. To address the need for reliable and dedicated sources of funding the ad-hoc committee recommends the following goals, policies and actions.

Goal 2: Establish a reliable and dedicated funding source of local affordable housing initiatives

Policy 2.1: Create incentives that encourage developers to produce and preserve affordable housing.

Action 2.1.1: The committee recommends the City work with affordable housing partners, including Washington County Housing Services, to evaluate the potential of establishing a construction excise tax at the County or City level to fund affordable housing incentives in Forest Grove.

Priority: **High**

Comprehensive Plan Policy Addressed: This action is consistent with the intent of the Housing Policy 4.1: Develop and implement programs to offset increasing cost of new housing construction.

Timeline for Completion: Immediately

Lead: Forest Grove Community Development Department

Policy 2.2: Authorize the use of urban renewal tax increment funds to promote affordable housing in the Forest Grove urban renewal plan area.

Action 2.2.2: The Committee recommends the City draft an ordinance amending the Forest Grove Urban Renewal Plan to allow the use of tax increment revenue to promote creation and retention of affordable housing and provide incentives such as system development (SDC) offsets to reduce costs for affordable housing projects. Include a definition of affordable housing in the Urban Renewal Plan based on US Department of Housing and Urban Development guidelines.

Priority: **High/Medium**

Comprehensive Plan Policy Addressed: This action is consistent with the intent of Housing

Policy 4.1: Develop and implement programs to offset increasing cost of new housing construction.

Timeline for Completion: Immediately

Lead: Forest Grove Urban Renewal Agency

Policy 2.3: Seek funding through the Washington County through the Community Development Grant Program and Home Investment Partnership for affordable housing initiatives.

Action 2.3.1: The Committee recommends the City prepare a list of potential projects eligible for Community Development Grant Program and Home Investment Partnership and seek funding through future grant award cycles. Program ideas include funding a security deposit/rent assistance program and first-time homebuyer program.

Priority: Medium

Comprehensive Plan Policy Addressed: Housing Policy 4.2: Promote the provision of housing assistance to low- and moderate-income individuals in Forest Grove through the Washington County Development Block Grant and HOME Investment Partnership programs.

Timeline for Completion: Immediately

Lead: Forest Grove City Manager's Office

Policy 2.4: Use tax increment financing to fund affordable housing initiatives in the urban renewal area including home rehabilitation.

Action 2.4.1: The Committee recommends the City amend the urban renewal plan and adopt an Affordable Housing Set Aside Policy to explicitly allow for the use of tax increment revenue to fund affordable housing initiatives.

Priority: Medium

Comprehensive Plan Policy Addressed: This action is consistent with the intent of Housing Policy 4.1: Develop and implement programs to offset increasing cost of new housing construction.

Timeline for Completion: Immediately

Lead: Forest Grove Urban Renewal Agency

Policy 2.5: Evaluate the feasibility of bonds or levies to provide assistance and incentives for affordable housing construction and retention.

Action 2.5.1: The Committee recommends the City work with affordable housing partners, including Washington County Housing Services and Washington County Community Development to evaluate the feasibility of using bonds or levies to provide assistance incentives for affordable housing construction and retention.

Priority: Low

Comprehensive Plan Policy Addressed: This action is consistent with the intent of Housing Policy 4.2: Promote the provision of housing assistance to low- and moderate-income individuals in Forest Grove through the Washington County Community Development Block Grant and HOME Investment Partnership programs.

Timeline for Completion: To be determined

Lead: To be determined

Policy 2.6: Promote affordable housing in market-rate multifamily projects by encouraging project based vouchers in market rate projects. Acceptance of project based vouchers should be a requirement if a market-rate multifamily project receives a City incentive such as tax exemption, land, or fee waivers.

Action 2.6.1: The Committee recommends the City adopt a policy to promote acceptance of project based vouchers in multifamily projects generally and in all market-rate projects receiving City incentive such as tax exemption, land, or fee waiver.

Priority: **High**

Comprehensive Plan Policy Addressed: This action is consistent with the intent of Housing Policy 4.2: Promote the provision of housing assistance to low- and moderate-income individuals in Forest Grove through the Washington County Community Development Block Grant and HOME Investment Partnership programs.

Timeline for Completion: Less than one year

Lead: Forest Grove Community Development Department

Partnership Opportunities

The ad-hoc supports partnerships as a cost-effective way to advance the City's affordable housing objectives. Several organizations provide affordable housing for Forest Grove residents. This includes Washington County Department of Housing Services, Bienestar, and Habitat for Humanity. Other agencies provide funding or support services including Washington County Community Development, Community Action Agency, and Community Housing Fund. The City is well served by continuing engagement with these organizations. The City should look for ways to strengthen these relationships and opportunities to cultivate new relationships.

Goal 3: Support efforts and programs to expand and retain affordable housing opportunities for Forest Grove residents.

Policy 3.1: Promote affordable homeownership opportunities throughout Forest Grove.

Action 3.1.1: The Committee recommends the City continue to support the efforts of affordable housing providers to expand affordable homeownership opportunities in Forest Grove. Support should include expedited review of affordable housing projects or assigning a staff person to shepherd a project through the review and approval process. The Committee also recommends City Council consider making unneeded City-owned land available to non-profit housing providers for affordable housing development.

Priority: **High**

Comprehensive Plan Policy Addressed: Housing Policy 4.4: Develop and support partnerships with local Community Development Corporations whose mission it is to construct and rehabilitate affordable housing in Forest Grove.

Timeline for Completion: Immediately

Lead: Forest Grove Community Development Department and Administrative Services Department

Policy 3.2 Encourage non-profit organizations to build additional homes by providing surplus City-owned land and providing incentives.

Action 3.2.1: The Committee supports the efforts of West Tuality Habitat for Humanity, and other non-profit organizations, to increase home-ownership and expand the supply of affordable homes. In this regard, the Committee recommends the City identify unused sites owned by the City and evaluate the potential of the sites for a future Habitat for Humanity project.

Priority: Medium

Comprehensive Plan Policy Addressed: Housing Policy 4.4: Develop and support partnerships with local Community Development Corporations whose mission it is to construct and rehabilitate affordable housing in Forest Grove.

Timeline for Completion: Complete within three years.

Lead: Forest Grove Administrative Services in partnership with Habitat for Humanity

Policy 3.3 : Encourage the Forest Grove High School Viking House Program to construct an affordable cottage style house.

Action 3.3.1: To expand the supply of affordable home-ownership opportunities, the Committee recommends the City approach the Forest Grove High School Viking House Program to encourage construction of an affordable cottage style house as a future project.

Priority: Medium

Comprehensive Plan Policy Addressed: Citizen Involvement Goal 3.1: Inter-agency coordination. Housing Policy 4.4: Develop and support partnerships with local Community Development Corporations whose mission it is to construct and rehabilitate affordable housing in Forest Grove.

Timeline for Completion: To be determined

Lead: Forest Grove City Manager's Office in partnership with Forest Grove School District.

Policy 3.4: Work with the Forest Grove Senior and Community Center to assess the housing needs of the senior population.

Action 3.4.1: The Committee recommends the City meet and coordinate with the Senior and Community Center staff to identify the housing needs for the City's senior population and explore ways to address identified needs. The Committee further recommends that needs be assessed on an ongoing basis.

Priority: Medium

Comprehensive Plan Policy Addressed: Citizen Involvement Goal 3.1: Inter-agency coordination.

Timeline for Completion: Complete within two years.

Lead: Forest Grove Community Development Department in partnership with Forest Grove Senior and Community Center

Policy 3.5 : Support and promote County and regional efforts to preserve and produce affordable housing.

Action 3.5.1: The Committee recommends the City assign responsibility for supporting efforts aimed at preserving and producing affordable housing.

Priority: High

Comprehensive Plan Policy Addressed: Community Sustainability Goal 9: Foster the preservation, construction and maintenance of an adequate supply of healthful, affordable, resource-efficient and inclusive housing.

Timeline for Completion: Immediately/ongoing

Lead: Forest Grove City Council, Forest Grove City Manager's Office, and Forest Grove Community Development Department

Policy 3.6: Establish an affordable housing advisory commission to recommend use of affordable resources and affordable housing programs and projects.

Action 3.6.1: The Committee recommends City Council consider establishing a standing affordable housing commission to make recommendations to City Council about affordable housing initiatives and to monitor implementation of the Affordable Housing Action Plan. As an alternative, to a new standing commission this responsibility could be assigned to an existing board or commission.

Priority: Low

Comprehensive Plan Policy Addressed: Citizen Involvement Goal 2.1: Promote the participation of an engaged public and accessible, responsive government.

Timeline for Completion: To be determined

Lead: Forest Grove City Council

Chapter 10 – Monitoring Plan

Monitoring is an essential aspect supporting success of any strategy. Monitoring improves the chances that desired outcomes will be achieved. Monitoring also provides an opportunity to make course corrections if necessary.

Monitoring comes with a cost. It must be a priority and adequate resources including staff time must be allocated for this task. In addition, responsibilities for monitoring must be assigned and clearly delineated.

Much of the data collection required for monitoring can be tracked through the City's building permit issuance software. The number of multi-family units permitted is already closely tracked. In addition to multifamily units, the number of accessory dwelling units permitted should also be tracked. Locations of permitted units could be mapped for reporting using the City's geographic information mapping and analysis system.

Tracking the location of regulated affordable housing units is an area where improvement can be made. The US Department of Housing and Urban Development, Metro, and Washington County track affordable housing units. This data should be integrated into the City's geographic information system for local reporting, to assess trends and to more closely track when affordability restrictions expire.

In addition to tracking regulated affordable housing, market-rate units should be tracked including vacancy rates and rent levels. Several third-party organizations perform this work. The City should consider subscribing to such a service.

Monitoring results should be reported to City Council at least annually ahead of the City Council's annual goal-setting. This will provide an opportunity for City Council to prioritize activities related to affordable housing and allocate resources through the budget process.

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Appendix

- A. Help Wanted in Oregon: Results from the 2015 Job Vacancy Survey, Job Vacancies in: Portland Metro Region (Multnomah and Washington Counties), Oregon Employment Division
- B. Community Housing Questionnaire
- C. Community Housing Questionnaire Results