

ORDINANCE NO. 2019-12

**ORDINANCE ACCEPTING THE UPDATE TO THE CITY OF FOREST GROVE
HOUSING NEEDS ANALYSIS AND AMENDING THE TEXT OF THE FOREST
GROVE COMPREHENSIVE PLAN TO ADD THE 2019 HOUSING NEEDS ANALYSIS
UPDATE AS A TECHNICAL APPENDIX
FILE NUMBER 311-19-000016-PLNG**

WHEREAS, in 2017, the Oregon legislature passed HB 4006 pertaining to severe rent burden in cities throughout Oregon; and

WHEREAS, the Oregon Department of Land Conservation and Development (DLCD) and Oregon Department of Housing and Community Services (OHCS) identified Forest Grove as a severe rent burden city where more than 25% of renter households pay more than 50% of household income on rent; and

WHEREAS, HB 4006 made technical assistance grants available through DLCD to help severe rent burden cities update housing needs analysis; and

WHEREAS, Forest Grove being a severe rent city, qualified for and received technical assistance to update the City's 2009 Housing Needs Analysis; and

WHEREAS, DLCD selected consultants FCS Group to lead the HNA update for the City; and

WHEREAS, a City Council work session was held on June 10, 2019, to present findings and conclusions from the HNA update prior to completion; and

WHEREAS, the HNA update was completed by FCS Group to the satisfaction of the City; and

WHEREAS, the Planning Commission held a duly-noticed Public Hearing on August 19, 2019, to accept public comment on the HNA update and to consider recommending City Council adoption; and

WHEREAS, the Planning Commission adopted a motion on August 19, 2019, recommending that City Council accept the HNA update and amend the text of the Forest Grove Comprehensive Plan to add the HNA update as a technical appendix to the Plan; and

WHEREAS, City Council held a duly-noticed Public Hearing on September 23, 2019 and continued the Public Hearing to October 14, 2019.

NOW, THEREFORE, THE CITY OF FOREST GROVE ORDAINS AS FOLLOWS:

Section 1: The City Council hereby adopts the Housing Needs Analysis dated June 27, 2019, attached as Exhibit A.

Section 2: The City Council hereby amends the Forest Grove Comprehensive Plan to include the HNA update as an appendix to the Plan.

Section 3: This ordinance is effective 30 days following its enactment by the City Council.

PRESENTED AND PASSED the first reading the 23rd day of September, 2019.

PASSED the second reading this 14th day of October, 2019.



Anna D. Ruggles, City Recorder

APPROVED by the Mayor this 14th day of October, 2019.



Peter B. Truax, Mayor

EXHIBIT A



Forest Grove

Housing Needs Analysis



This project is funded by Oregon general fund dollars through the Department of Land Conservation and Development. The contents of this document do not necessarily reflect the views or policies of the State of Oregon.



Public Hearing Draft

June 27, 2019

ACKNOWLEDGEMENTS

This work is made possible through the sincere input by City staff and the Forest Grove Planning Commission. We specifically recognize and appreciate the time and attention dedicated to this work by the following people.

Mayor and City Council

Peter B. Truax, Mayor
Thomas (TJ) Johnston, Council President
Timothy A. Rippe
Ronald (Ron) Thompson
Elena Uhing
Adolph “Val” Valfre, Jr.
Malynda Wenzl

Forest Grove Planning Commission

Thomas Beck, Chair
Phil Ruder, Vice Chair
Sebastian Bannister Lawler
Lisa Nakajima
Hugo Rojas
Virginia (Ginny) Sanderson
Dale Smith

City of Forest Grove Administration

Jesse VanderZanden, City Manager
Bryan Pohl, Community Development Director
James Reitz, Senior Current Development Planner
Dan Riordan, Senior Long Range Planner

Forest Grove Housing Committee

Kimberly Armstrong, Washington County Land Use
Al Jeck, Stone Bridge Homes
Ezra Hammer, Homebuilders Association
Eileen Filipelli, Tokola Properties / Jesse Quinn Apartments
Brian Schimmel, Community Connection
James Adkins, Home Builders Association
Nathan Teske, Bienstar
Phil Ruder, Forest Grove Planning Commission
Russ Dondero, Community Representative At-large
Val Valfre, Forest Grove City Council
Virginia Ohler, West Tuality Habitat for Humanity

Project Consultants

FCS GROUP

Table of Contents

Acknowledgements.....	ii
Section I. Introduction.....	1
Oregon Regulatory Requirements	1
HNA Methodology.....	2
Report Organization.....	3
Section II. Trends & Forecasts.....	4
Population.....	4
Income	6
Housing Inventory.....	7
Housing Occupancy and Tenancy	9
Affordable Housing Inventory	10
Housing Market Gap Analysis	11
Construction Permitting Activity	11
Housing Cost Burdens.....	13
Section III. Housing Needs	16
Factors Affecting Housing Needs	16
Housing Need Forecast	18
Emerging Housing Attainability Issues	21
Summary of Housing Needs	21
Section IV. Residential Land Sufficiency	22
Section V. Housing Policy Strategies	24
Key Findings	24
Housing Policy Recommendations	24
New Policy Considerations	25
Appendix A: Existing Housing goals and policies	28
Housing Goals, Objectives, Policies and Recommendations	28
Appendix B: Housing Policy Changes.....	32
Federal Policies	32

Oregon Policies	32
Regional Policies	34
Appendix C: Buildable Land Inventory	35
Glossary	38

Section I. INTRODUCTION

The Forest Grove Housing Needs Analysis (HNA) is intended to update the City's 2009 HNA prepared for periodic review of the Forest Grove Comprehensive Plan. The HNA update serves as a basis for the City to explore and document new information regarding the City's buildable land inventory (BLI), population and development policies aimed at accommodating population growth and providing adequate land within the urban growth boundary (UGB) to handle the next 20 years of growth.

Oregon Regulatory Requirements

The passage of the Oregon Land Use Planning Act of 1974 (ORS Chapter 197) established the Land Conservation and Development Commission (LCDC) and the Department of Land Conservation and Development (DLCD). The Act required the Commission to develop and adopt a set of statewide planning goals. Goal 10 addresses housing in Oregon and provides guidelines for local governments to follow in developing their local comprehensive land use plans and implementing policies.

At a minimum, local housing policies contained in a Comprehensive Plan must meet the applicable requirements of Goal 10 and administrative rules that implement state land use planning statutes. (ORS 197.295 to 197.314, ORS 197.475 to 197.490, and OAR 600-008).¹

Goal 10 requires incorporated cities to complete an inventory of buildable residential lands. Goal 10 also requires cities to encourage the numbers of housing units in price and rent ranges commensurate with the financial capabilities of its households.



¹ ORS 197.296 only applies to cities with populations over 25,000.

Goal 10 defines needed housing types as “all housing on land zoned for residential use or mixed residential and commercial use that is determined to meet the need shown for housing within an urban growth boundary at price ranges and rent levels that are affordable to households within the county with a variety of incomes, including but not limited to households with low incomes, very low incomes and extremely low incomes.” ORS 197.303 defines needed housing types:

- (a) Housing that includes, but is not limited to, attached and detached single-family housing and multiple family housing for both owner and renter occupancy.
- (b) Government assisted housing.²
- (c) Mobile home or manufactured dwelling parks as provided in ORS 197.475 to 197.490.
- (d) Manufactured homes on individual lots planned and zoned for single-family residential use that are in addition to lots within designated manufactured dwelling subdivisions.
- (e) Housing for farmworkers.

Forest Grove is also subject to the state Metropolitan Housing Rule (OAR 660-007). The purpose of the Metropolitan Housing Rule is to “assure opportunity for the provision of adequate numbers of needed housing units and the efficient use of land within the Metropolitan Portland (Metro) urban growth boundary, to provide greater certainty in the development process and so to reduce housing costs.” The Metropolitan housing rule also establishes regional density standards for each jurisdiction. Under the rule, Forest Grove must provide for an overall density of eight or more dwelling units per net buildable acre. The City Planning Division estimates that current zoning and comprehensive plan designations provide an opportunity for about 9.8 dwellings per net buildable acre.

HNA Methodology

A recommended approach to conducting a housing needs analysis is described in *Planning for Residential Growth: A Workbook for Oregon’s Urban Areas*, the Department of Land Conservation and Development’s guidebook on local housing needs studies. As described in the workbook, the specific steps in the housing needs analysis are:

1. Inventory the supply of buildable residential lands.
2. Determine the actual density and mix of housing in the planning area.
3. Project the number of new housing units needed in the next 20 years.

² Government assisted housing can be any housing type listed in ORS 197.303 (a), (c), or (d).

4. Identify relevant national, state, and local demographic and economic trends and factors that may affect the 20-year projection of structure type mix.
 5. Describe the demographic characteristics of the population and, if possible, the housing trends that relate to demand for different types of housing.
 6. Determine the types of housing that are likely to be affordable to the projected households based on household income.
 7. Determine the needed housing mix and density ranges for each plan designation and the average needed net density for all structure types.
 8. Estimate the number of additional needed units by structure type.
 9. Determine if there is enough buildable land in the planning area to accommodate the number of additional needed units.
 10. Identify and evaluate measures to increase likelihood needed residential development will occur.
- While ORS 197.296 specifically applies to cities with 25,000 or more population, this statute is generally followed as a best practice to determine housing needs for Forest Grove. This analysis incorporates 20-year population growth for the Forest Grove Urban Growth Boundary (UGB) based on population growth forecast data provided by Metro.

Report Organization

This report provides the technical basis of findings that support proposed housing policy recommendations and subsequent actions that the city could take to update its Comprehensive Plan and Development Code to promote needed housing. Each section of this report provides current data, assumptions and results that comprise all findings and conclusions:

- **Section II: Trends and Forecasts**, includes an analysis of existing housing stock, and review of housing trends affecting Forest Grove;
- **Section III: Housing Needs**, documents the housing needs forecast for the portion of the Portland Regional Urban Growth Boundary (UGB) adjacent to the Forest Grove city limits;
- **Section IV: Residential Land Sufficiency**, evaluates the residential land needs with respect to the estimated residential development capacity of the current UGB based on the buildable land inventory; and
- **Section V: Residential Policy Strategies**, summarizes key findings and provides a set of new local policy measures to consider for accommodating needed housing.

Please refer to the Glossary for a list of terms used in the Housing Needs Analysis.

Section II. TRENDS & FORECASTS

Forest Grove is located on the western border of the Tualatin Plains and is part of the Portland-Hillsboro-Vancouver Metropolitan Statistical Area. The city's namesake was derived from large groves of white oaks, and natural background setting of fir forests. As the home of Pacific University (established in 1845 as one of the oldest institutions of higher learning in the Northwest), downtown Forest Grove has a distinctively historic charm.

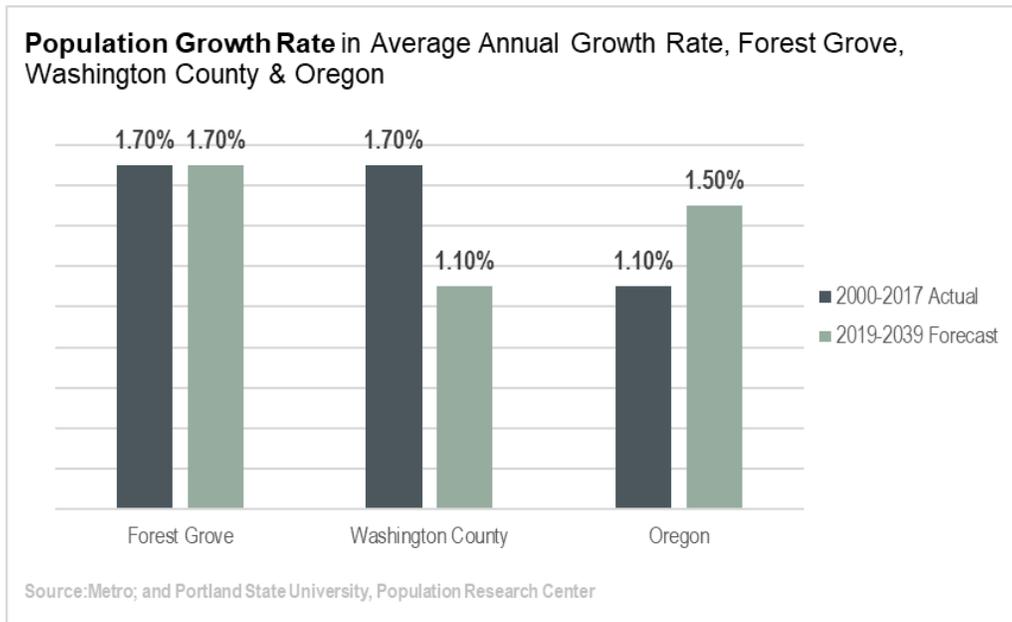
Like many Northwest communities, Forest Grove is experiencing rapid growth as national immigration patterns translate to rapid population growth for Oregon in comparison to the rest of the nation. According to the U.S. Census Bureau, population in the Western U.S. is projected to grow at an average annual rate of 1.6%, compared to 1.0% nationally over the next 20 years. With a comparably lower cost of living and favorable quality of life factors, Forest Grove will likely experience a continued influx of the region's workforce seeking housing near major employment areas in Washington County as well as retiring baby boomers wishing to live near recreational amenities. As population increases, the demand for all types of housing will increase.

Population

Since the year 2000, population in the City of Forest Grove Urban Growth Boundary (UGB) has increased by 33%, up from 17,708 residents in 2000 to an estimated 24,125 in 2018³. Population within the Forest Grove UGB is projected to add 9,622 residents over the next 20 years (1.7% avg. annual growth rate) according to the Metro regional government (see **Exhibit 2.1**).

³ Certified population estimate, Portland State University, Population Research Center, July 1, 2018.

Exhibit 2.1



Forest Grove and Washington County have a high share of younger residents (under age 19) and a low share of older residents (over age 65) in comparison with the State of Oregon. As shown in **Exhibit 2.2**, the median age of residents was 33.1 in 2017, considerably less than the State average of 39.2.

Exhibit 2.2



Exhibit 2.3: Population Under 19 Years of Age

Forest Grove	29.9%
Washington County	26.1%
Oregon	23.9%

Exhibit 2.4: Population Over 65 Years of Age

Forest Grove	13.2%
Washington County	12.0%
Oregon	16.4%

Source: U.S. Census Bureau, 2013-2017 American Community Survey 5-Year Estimates

Forest Grove has a relatively high average household size, which is evidenced by that fact that there are 2.79 people per housing unit, well above the State and Washington County averages (see **Exhibit 2.4**).

Exhibit 2.4



Exhibit 2.5 shows that Forest Grove has a higher share of four or more person households than Washington County and a much higher share than the state.

Exhibit 2.5: Household Size Distribution

Household Size	Forest Grove	Washington County	Oregon
One Person	24.2%	24.2%	27.7%
Two Person	31.6%	34.6%	36.8%
Three Person	15.4%	16.2%	14.8%
Four or More Persons	28.7%	25.0%	20.7%

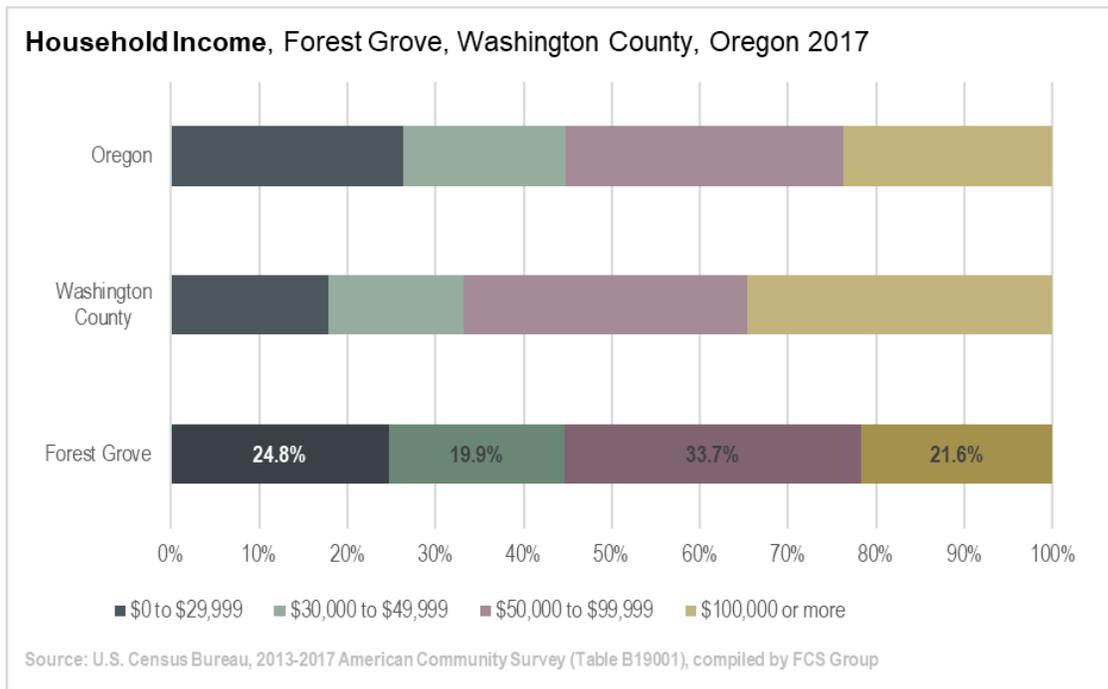
Source: U.S. Census Bureau, 2013-2017 American Community Survey 5-Year Estimates

In addition, average family size in Forest Grove also tends to be larger than the averages for Washington County and the state as a whole. Average family size in Forest Grove is 3.24 persons whereas it is 3.14 for Washington County and 3.02 for the state.

Income

Median household income in Forest Grove (\$54,503) is below Washington County (\$74,033) and Oregon (\$56,119). As shown in **Exhibit 2.6**, Forest Grove has a higher number of low-income residents earning less than \$30,000 per year than Washington County, and a relatively smaller share of mid and upper income residents earning more than \$50,000.

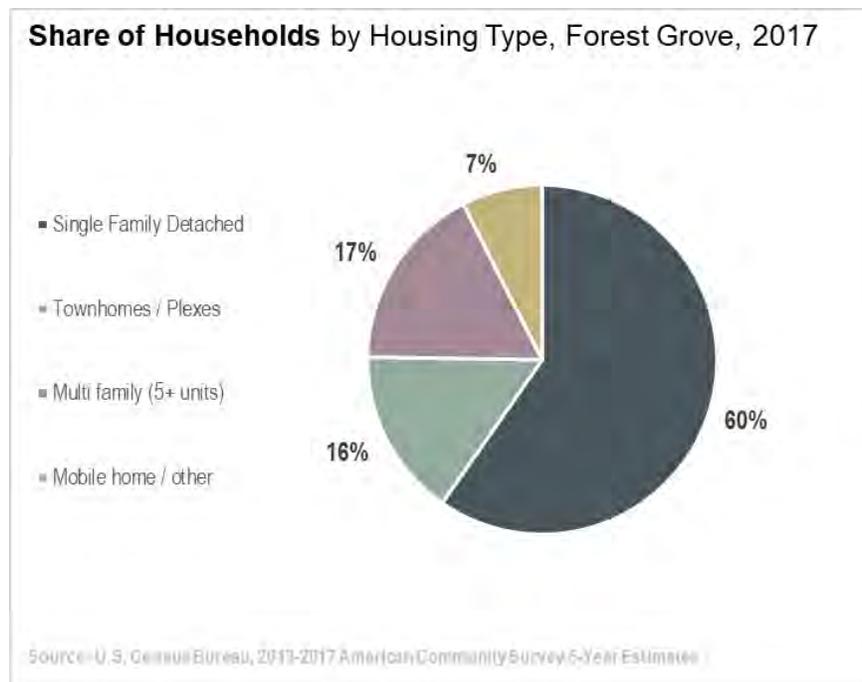
Exhibit 2.6



Housing Inventory

According to published American Community Survey data for Forest Grove published by the US Census Bureau, there are 8,440 housing units in Forest Grove. Like many communities, the existing housing stock in Forest Grove is dominated by single family detached (low to medium density development) which accounts for 60% of the inventory. Townhomes/plexes (medium density development) make up 16% of the inventory. Higher density multifamily apartments and condos (with more than 5 units per structure) make up 17%. Finally, manufactured / mobile homes/other housing types comprise the remaining 7% of the inventory (see **Exhibit 2.7**). Many of the manufactured homes are located in the Rose Grove, Quail Run and The Homestead Community manufactured home parks.

Exhibit 2.7



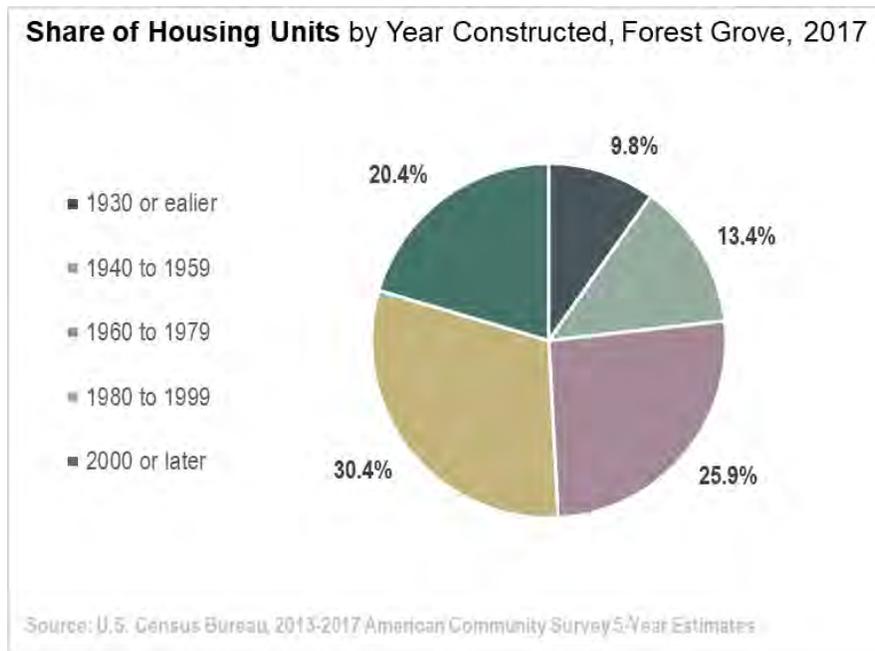
Government assisted housing is another needed housing type under state law (ORS 197). Government assisted housing means housing that is financed in whole or in part by either a federal or state housing agency or local housing authority. Government assisted housing also includes housing occupied by a tenant or tenants who benefit from rent supplements or housing vouchers provided by a federal or state housing agency or local housing authority.

According to the Oregon Department of Housing and Community Services (OHCS) housing database there are about 680 government assisted housing units in Forest Grove. Government assisted housing units comprise about 8% of the City's total housing inventory.

Live Government assisted housing, farmworker housing is needed under state law (ORS 197.303(1)e). Farmworker housing is also tracked by the OHCS which indicates that there are 82 units across four agriculture worker housing developments.

The table below shows when homes in Forest Grove were constructed. Although there has been significant development in the City since 2000 only 20% of the City's housing stock has been constructed since then. Homes built during 1980 and 2000 represents the largest period of home construction in the City. During this period almost 1/3 of the City's housing stock was built.

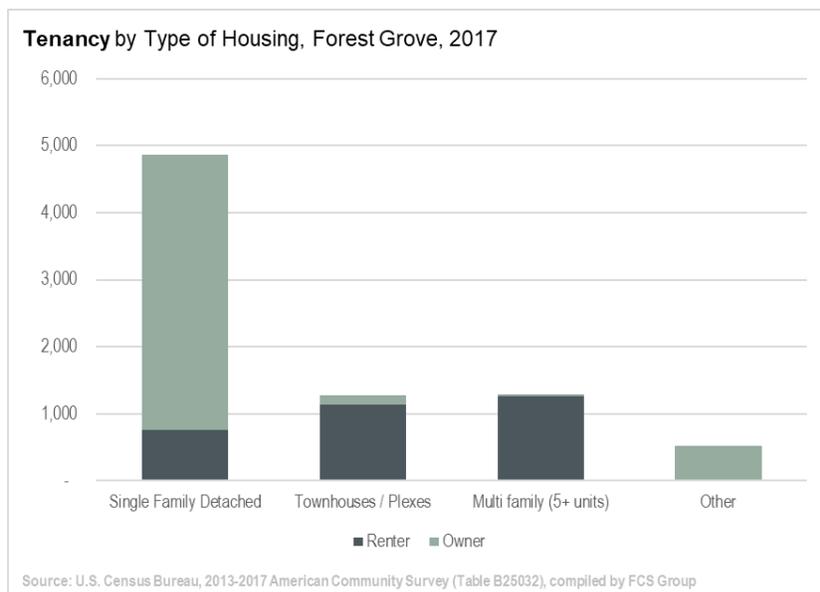
Exhibit 2.8: Year Home Built



Housing Occupancy and Tenancy

As would be expected, most homeowners reside in single family detached homes or mobile homes (manufactured housing, categorized among the “other” category by the Census) and most renters reside in townhomes/plexes and multifamily (apartment and condominium) units, as shown in **Exhibit 2.9**.

Exhibit 2.9



Manufactured homes represent a lower cost single family home option for many households in the City when compared to traditional stick built homes. Approximately 8% of the City’s housing stock is manufactured housing. Most of the manufactured homes are located in manufactured home parks including Quail Run, Rose Grove and The Homestead Community.

As noted in the introduction, Forest Grove is home to Pacific University whose enrollment reached 2,443 during the 2015-16 school year. 1,229 students lived on campus in that year, constituting a majority of the City’s group quarters population.

Affordable Housing Inventory

The housing affordability analysis evaluates median income levels using two measures: median family income, and median household income. As shown in **Exhibit 2.10**, the median family income level in Washington County for 2017 was \$85,993, and the median household income was \$74,033. At these income levels, if we assume 30% of income is devoted to housing costs, the theoretically attainable monthly housing payment for a low-income household at 80% of the income level would be \$1,481 based on median household income and \$1,720 based on median family income. The 30% threshold is generally accepted by the US Housing and Urban Development Department and many other housing agencies as the threshold for determining if housing is affordable for the residents.

Exhibit 2.10 indicates that there is 3,846 housing units (including 1,266 owner-occupied housing units and 2,580 renter occupied housing units) in the Forest Grove inventory that are affordable to households at 80% of the median income level. Within this total, there are 526 regulated government assisted housing units; and 3,320 units are considered to be “naturally occurring” without government assistance. This naturally occurring affordable housing inventory includes 5,551 units that are affordable to households at the median family income level and 3,320 units that are affordable to households at 80% of the median family income level.

Exhibit 2.10

	Analysis based on:			
	Median Family Income	Median Household Income	80% Median Family Income	80% Median Household Income
Median Family Income*	\$85,993	\$74,033	\$68,794	\$59,226
Affordable Monthly Housing Cost**	\$2,150	\$1,851	\$1,720	\$1,481
Affordable Owner-Occupied Units	3,190	1,266	1,266	1,266
Affordable Renter-Occupied Units	2,887	2,580	2,580	2,580
Total Affordable Units	6,077	3,846	3,846	3,846
Regulated Affordable Units	526	526	526	526
"Naturally Occuring" Affordable Units	5,551	3,320	3,320	3,320
Percent of Total Housing Stock	69.4%	41.5%	41.5%	41.5%

* Figures for Washington County, 2017.

** Calculated as 30% of income range based on HUD guidelines.

Housing Market Gap Analysis

The existing conditions analysis indicates that there is a sizable rental housing gap at the upper and lower end of the housing market in Forest Grove. **Exhibit 2.11** illustrates the relative extent of the rental housing gaps based on monthly rent levels in comparison to household incomes.

The current inventory of rental housing in Forest Grove primarily consists of units priced at \$500 to \$1,250 per month. This results in a gap in market supply for households that earn between \$50,000 and \$75,000 who could likely afford newer or larger rental units priced at \$1,250 to \$1,875/month (Exhibit 2.11 indicates a market gap of 276 units at this price point).

Market gaps are much higher for rentals priced below \$500 per month. In particular, the housing demand created by households earning less than \$20,000 has a market gap for an estimated 710 rental units. Rents in this income range would generally need to be government assisted to be considered affordable from HUD's perspective. The potential for Forest Grove to add additional income restricted housing units will depend on many factors, such as availability of government grants and loans that can be used for developing affordable housing, as well as local policies that can help enhance feasibility of mixed-income apartment buildings.

Exhibit 2.11

Median Household Income Range	Renter-Occupied Housing Units	Affordable Monthly Rent Costs *	Level of subsidy required	Estimated Available Rental Units	Gap or Surplus
\$75,000 or more:	293	\$1,875	Zero	404	111
\$50,000 to \$74,999:	509	\$1,250-\$1,875	Zero	233	(276)
\$35,000 to \$49,999:	691	\$875-\$1,250	Low	1,037	346
\$20,000 to \$34,999:	684	\$500-\$875	Medium	1,213	529
Less than \$20,000:	861	Less than \$500	High	173	(688)
Zero or negative income	111	N/A	High	89	(22)
Total	3,149			3,149	-

Source: US Census Bureau 2013-2017 ACS.

* Calculated as 30% of income range based on HUD guidelines

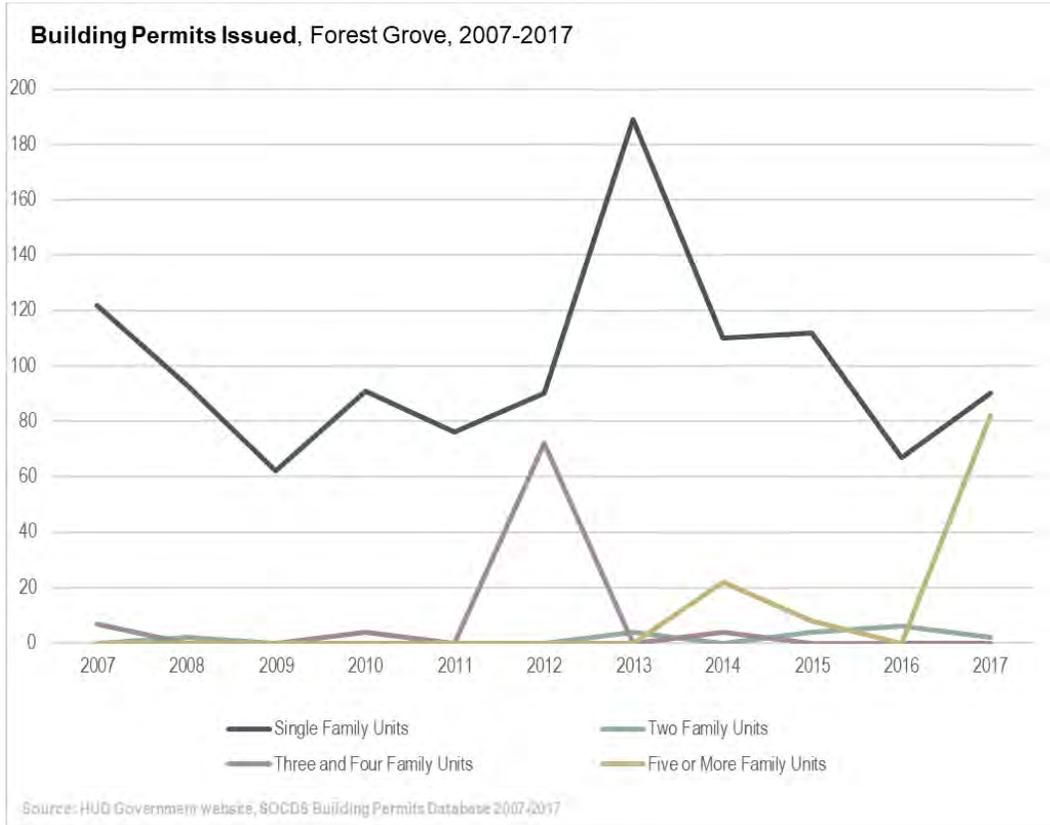
A similar market gap analysis was performed for owner-occupied housing. However, the use of U.S. Census statistics for this type of analysis **may not provide an accurate portrayal of the demand generated by low-income households** since the U.S. Census data compares the number of homeowners (by income level) with the number of attainably priced homes. For lower-income households, if there were more for-sale housing products available at lower price levels (e.g., priced below \$150,000), there would be significant demand from current renters that wish to own a home.

Construction Permitting Activity

Historically new building construction in Forest Grove has been primarily single family housing. As shown in **Exhibit 2.12**, from 2007 to 2017, the City issued an average of 100 single family permits, and an average of 20 permits of other types. The issuance of permits for five or more family units has

risen since 2016, but single family construction continues to outpace all other types. Over the past two years the City issued permits for about 300 multifamily apartments. This includes units at the Forestplace, Cedar Manor and Jesse Quinn developments.

Exhibit 2.12



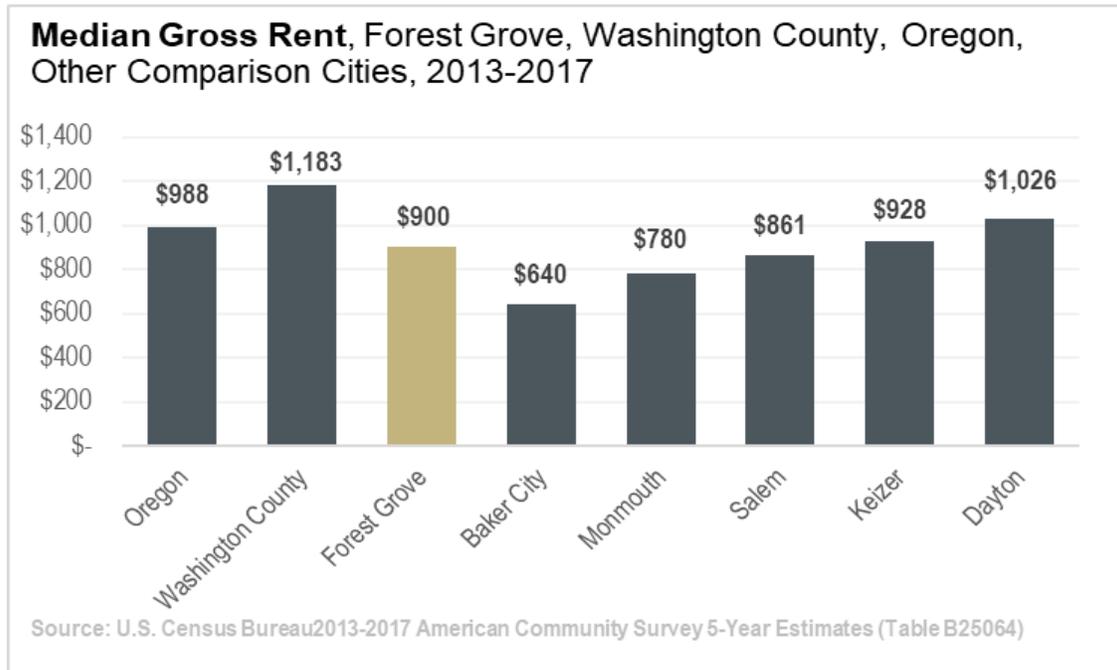
The median home price in Forest Grove was \$406,900 (as of the first quarter of 2019) which is lower than the median home price in Washington County, but significantly more than the stateside median (see **Exhibit 2.13**). The US Census Bureau publishes estimated home value data through the American Community Survey. The most recent data is also show below. The distinction between home price and home value is price data is based on homes for sale whereas home value data is based on total owner-occupied units.

Exhibit 2.13



Median rents are also lower in Forest Grove than other parts of Washington County and in Oregon as a whole (see **Exhibit 2.14**).

Exhibit 2.14

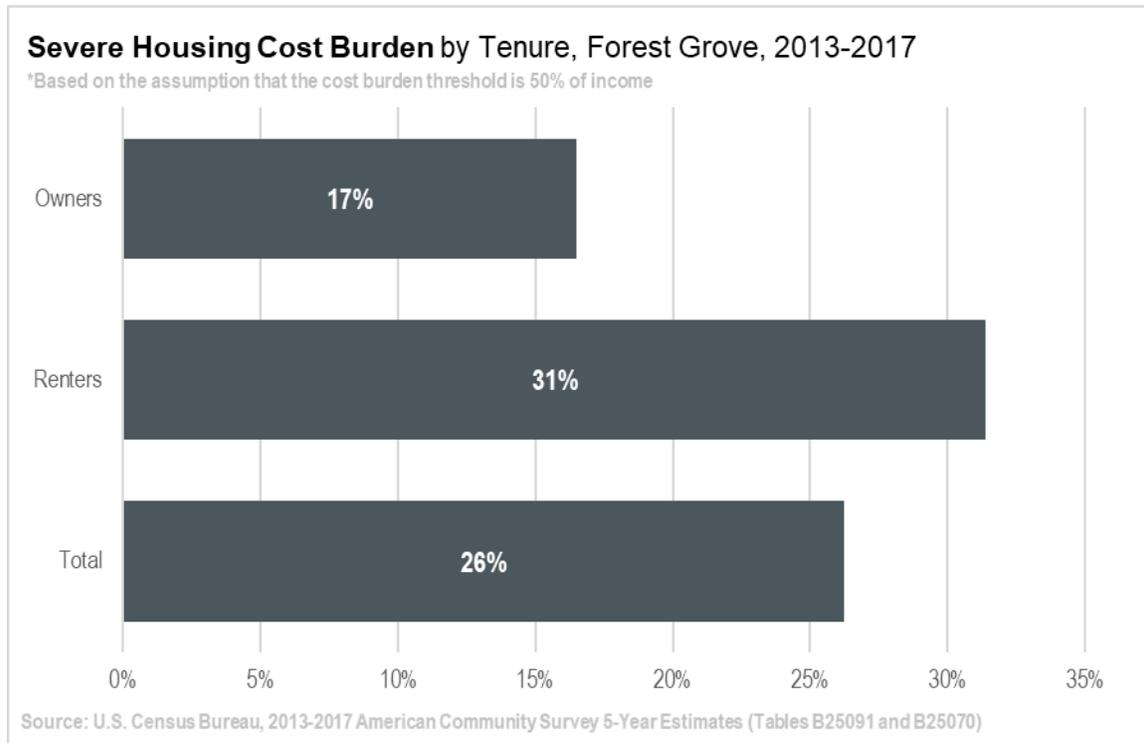


Housing Cost Burdens

According to the U.S. Department of Housing and Urban Development (HUD), households are considered “cost burdened” if they pay over 30% of their income on housing costs (e.g. rent, mortgage payments, etc.). Households are considered “severely cost burdened” when they pay over 50% of their income on housing.

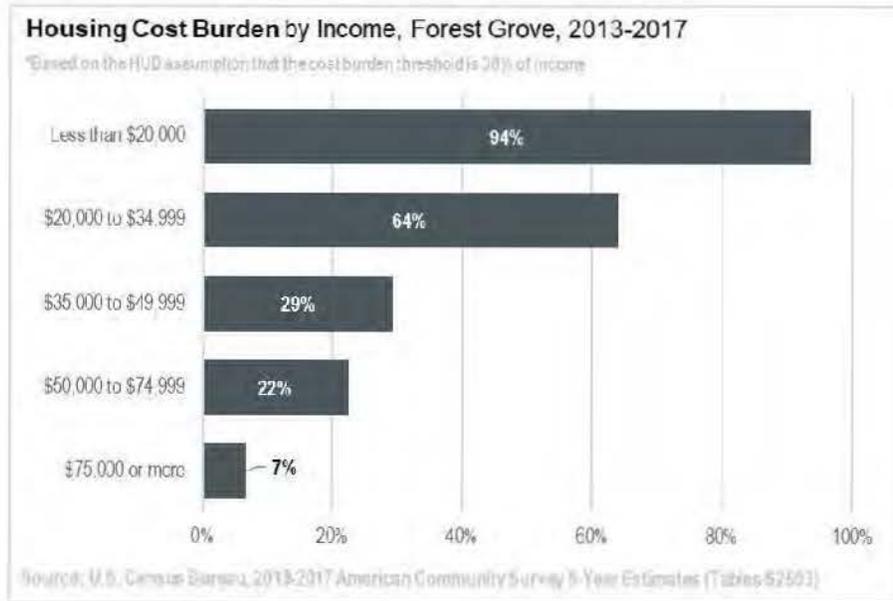
Given the relatively low household income levels, Forest Grove is experiencing widespread housing cost burden issues. When considering both renters and homeowners, 26% of all residents in Forest Grove were severely housing cost burdened in 2017. As shown in **Exhibit 2.12**, 17% of the homeowners and 31% of the renters were severely rent burdened.

Exhibit 2.15



As would be expected, low-income households are experiencing the highest levels of housing cost burden. As shown in **Exhibit 2.17**, over 2 in 3 households earning less than \$35,000 are cost burdened (paying more than 30% of household income on housing).

Exhibit 2.17



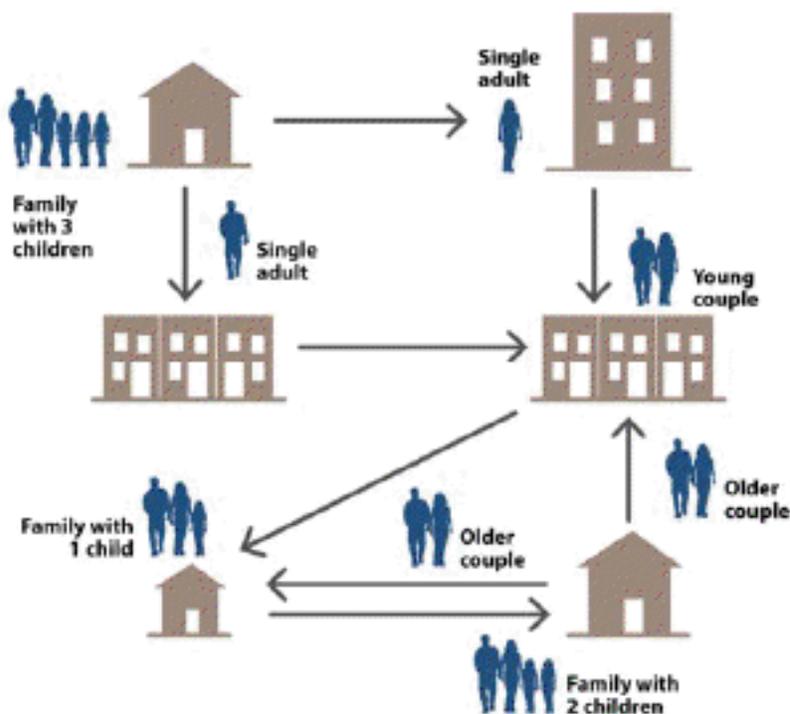
Section III. HOUSING NEEDS

Factors Affecting Housing Needs

There is a direct linkage between demographic characteristics and housing choice. As shown in **Exhibit 3.1**, housing needs change over a person's lifetime. Other factors that influence housing include:

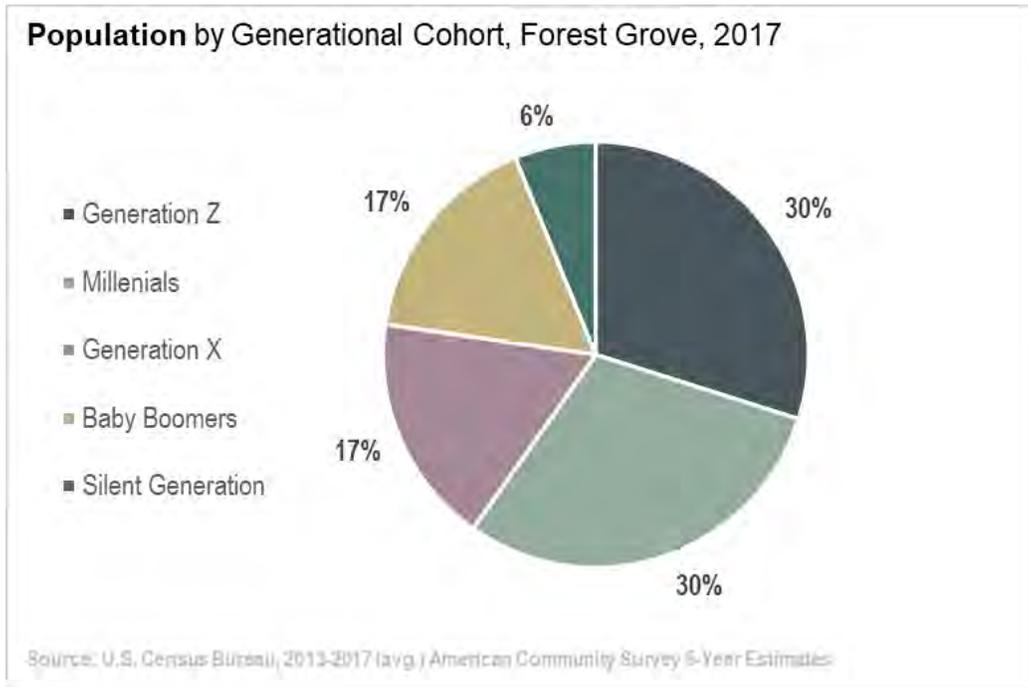
- Homeownership rates increase as income rises
- Single family detached homes are the preferred housing choice as income rises
- Renters are much more likely to choose multifamily housing options (such as apartments or plexes) than single-family housing
- Very low-income households (those earning less than 50% of the median family income) are most at-risk for becoming homeless if their economic situation worsens.

Exhibit 3.1



The relationship between demographic changes, income levels and housing needs has been considered to forecast future housing needs. The primary demographic cohorts in Forest Grove is shown in **Exhibit 3.2** and described below:

Exhibit 3.2



Greatest/Silent Generation (those born before 1925 to 1945)

This includes retirees better than age 74, who were raised during the Great Depression, Word War I or World War II. This cohort currently accounted for 6% of the city’s population in 2017. As they reach their 80s some desire to move into assisted living facilities with nearby health care services and transit access.

Baby Boom Generation (those born 1946 to 1964)

Baby boomers (currently age 55 to 74) accounted for 17% of Forest Grove residents in 2017, up from 15% in 2010. The boomer population segment has been growing more rapidly than the other cohorts over the past 10 years and many are now entering their retirement years. Boomers usually prefer to “age in place” until after age 80, then may downsize or move in with family members (sometimes opting to reside in accessory dwellings off the main house).

Generation X (born early 1965 to 1980)

Gen X is the demographic cohort following the baby boomers and preceding the Millennials. This cohort (currently includes people between age 39 to 54) accounted for 17% of Forest Grove residents in 2017 and is now trending upwards over the past several years. GenX households often include families with children, and many prefer to live in single family detached dwellings at various price points.

Millennials (born early 1980s to early 2000s)

Millennials (currently in their twenties or thirties) accounted for 30% of the Forest Grove residents in 2017, overtaking Baby Boomers in recent years. This segment is expected to increase more slowly than the overall population over the next few decades. Younger millennials tend to rent as they establish their careers and/or pay back student loans. Working millennials often become first-time homebuyers, opting to purchase smaller single-family detached homes or townhomes.

Generation Z (born mid-2000s or later)

GenZ includes residents age 19 or less, which accounted for 30% of the Forest Grove residents in 2017. This segment mostly includes children living with GenXers or younger Baby Boomers and has been decreasing in numbers in Forest Grove over the past several years. This trend is forecasted to continue as people are delaying starting families and tend to have fewer children than past generations.

Hispanic and other ethnic groups

Forest Grove is home to a significant Hispanic population which is spread among all age cohorts. Forest Grove's Hispanic/Latino population accounted for 23% of its residents in 2017, down from 25% in 2010, according to the U.S. Census and American Community Survey data. While the overall growth may slow in comparison to the past, it is still projected to be the fastest growing racial/ethnic group over the next few decades.

Housing Need Forecast

These findings consider the above demographic and socioeconomic changes that will impact the types of dwellings needed to accommodate a projected population increase of 9,622 in Forest Grove over the next 20-years.

The housing forecast also anticipates there to be:

- A decrease in average household size as younger residents delay starting families, and older residents become empty nesters and consider downsizing from single family detached homes into apartments, condominiums or other forms of shared living arrangements.
- An increase in renters, as younger residents prefer to rent for longer periods as they pay off debt and save money for down payments.
- A need for more affordable housing at price points that are attainable to households earning less than 80% of the area's median income level. This would support greater demand for government assisted housing options, as well market-rate rentals and home ownership options, such as duplexes, townhomes, cottage homes, and manufactured dwellings.

Based on the projected population growth and housing market conditions, and a vacancy allowance of 5%, Forest Grove will need to plan for 3,426 additional housing units over the next 20 years. Group quarters housing demand will be needed for about 256 people that require shared living arrangements (such as student housing and other forms of group housing). The types of housing that are most suited to meet qualifying income levels for home ownership vary by family income level.

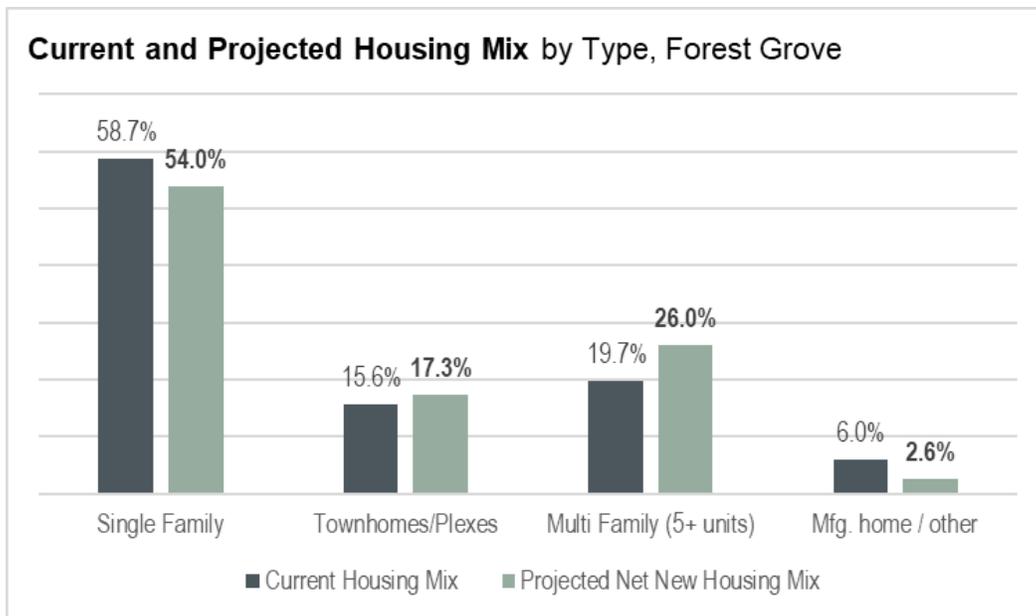
As indicated in **Exhibits 3.3 to 3.5**, the 20-year housing need is expected to consist of: 2,052 owner-occupied dwellings and 1,374 renter-occupied dwellings. The housing mix that addresses future demand consists of approximately: 1,988 single-family detached homes, 638 townhomes/duplexes, 702 multifamily apartment/condo units and 97 manufactured housing units.

Exhibit 3.3: Net New Housing Forecast, Forest Grove UGB, 2019-2039

	Owner-Occupied Dwelling Units	Renter-Occupied Dwelling Units	Vacant Dwelling Units	Net New Dwelling Units
Housing Tenure Distribution:	1,948	1,305	174	3,426
	57%	38%	5%	100%
Housing Unit/Type				
Single Family Detached	1,558	326	104	1,988
Mfg. Housing (SFD)	97	0	0	97
Townhomes / Plexes (2-4 units)	195	391	52	638
Multifamily (5+ units)	97	587	17	702
Total Dwelling Units	1,948	1,305	174	3,426
Group Quarters		256		256

The net new housing mix is expected to shift slightly away from single family detached housing and more towards townhomes, plexes and apartments (**Exhibit 3.4**).

Exhibit 3.4



The owner-occupied housing forecast that's suited to meet qualifying income levels is shown in **Exhibit 3.5**.

Exhibit 3.5: Owner Occupied Housing Needs Forecast, Forest Grove, 2019-2039

Family Income Level	Upper Range of Qualifying Income	Upper Range of Home Price*	Attainable Housing Products	Estimated Distribution of Owner-Occupied Units	Projected Owner-Occupied Units Needed
High (120% or more of Median Income)	\$89,640+	\$469,000+	Standard Homes	39%	809
Upper Middle (80% to 120% of Median Income)	\$89,640	\$469,000	Small and Standard Homes, Townhomes	32%	658
Lower Middle (50% to 80% of Median Income)	\$59,760	\$359,950	Small Homes, Townhomes, Mfgd. Homes, Plexes	24%	483
Low (30% to 50% of Median Income)	\$37,350	\$224,250	ADUs, Govt. Assisted	5%	103
Very Low (less than 30% of Median Income)				0%	0
Total				100%	2,052

*Assumes 30% of income is used for mortgage payment, with 5.5% interest, 30-year term with 20% downpayment for upper middle and high income levels, and 5% downpayment for lower income levels.

The rental housing forecast that's consistent with qualifying income levels is shown in **Exhibit 3.6**.

Exhibit 3.6: Renter Occupied Housing Needs Forecast, Forest Grove, 2019-2039

Family Income Level	Upper Range of Qualifying Income	Upper Range of Monthly Rent*	Attainable Housing Products	Estimated Distribution of Owner-Occupied Units	Projected Renter-Occupied Units Needed
High (120% or more of Median Income)	\$89,640+	\$2,241+	Standard Homes, Townhomes	7%	98
Upper Middle (80% to 120% of Median Income)	\$89,640	\$2,241	Small Homes, Townhomes, Apartments	23%	316
Lower Middle (50% to 80% of Median Income)	\$59,760	\$1,494	Small Homes, Townhomes, Mfgd. Homes, Plexes, Apts.	28%	385
Low (30% to 50% of Median Income)	\$37,350	\$934	ADUs, Govt. Assisted Apts.	22%	302
Very Low (less than 30% of Median Income)	\$22,410	\$560	Govt. Assisted Apts.	20%	275
Total				100%	1,376

*Assumes 30% of income is used for rental payments.

Forecasts do not reflect group quarters units.

Currently the US Department of Housing and Urban Development fair market rents within Washington County range from \$1,131 for an efficiency unit to \$2,531 for a four-bedroom unit (see **Exhibit 3.7**).

Exhibit 3.7

HUD Fair Market Rent (FMR) by Unit Type, Washington County, 2019				
Source: U.S. Department of Housing and Urban Development				
\$1,131	\$1,234	\$1,441	\$2,084	\$2,531
Efficiency	1-Bedroom	2-Bedroom	3-Bedroom	4-Bedroom

Emerging Housing Attainability Issues

As mentioned previously, the city of Forest Grove has been issuing about 100 new housing construction permits annually over the past several years. Private developers and builders will likely continue to meet the majority of housing market demand for both owners and renters, particularly for households earning over 60-80% of the median family income (some developments will require subsidies for the provision of a percentage of units restricted to low income households).

To address the housing need associated with very low and extremely low-income levels (less than 60% of the Median Family Income), there will be increased pressure on non-profit developers to deliver “deed restricted” government subsidized housing units and mixed-income developments. Deed restrictions typically require that units remain affordable given income (e.g. 60% or below area median income) for a specific period of time.

Summary of Housing Needs

- The Greater Portland region is forecasted to grow significantly over the next 20 years.
- Forest Grove and Washington County population is increasing at a faster pace than peer counties within the Tri-County Metro Region.
- Forest Grove is an attractive location for virtually all housing segments, ranging from off-campus housing for students, entry-level homeowners, retirees, and renters seeking good quality *workforce* housing. Much of this demand can be addressed with new apartments, townhomes, plexes and small lot housing developments.
- Given Forest Grove’s small-town charm, quality schools, and convenient access to major Washington County employers, we would expect an increase in single family housing demand at all price points across the city.
- Various state measures and policies are now in place to respond to the severe rent burden situation throughout the state, including within Forest Grove, and provide new revenue sources for funding construction of affordable housing (see **Appendix B**).

Local land use policies and other affordable housing recommendations that are intended to help address affordable housing needs are identified in Section 5.

Section IV. RESIDENTIAL LAND SUFFICIENCY

Forest Grove is contained within the tri-county Metro (regional government) Urban Growth Boundary (UGB). In 2018, Metro released the Urban Growth Report: Buildable Land Inventory (BLI) which breaks down residential development capacity for all 23 cities contained in the UGB. Coupling the buildable land data with the HNA residential demand analysis provides a basis for determining whether the land supply in Forest Grove is adequate to meet the projected demand over the 20-year timeframe of the HNA.

Metro estimates that the BLI in Forest Grove has the capacity of adding 4,823 to 4,882 net new housing units within the UGB. The 59 dwelling unit difference is due to a slightly more aggressive redevelopment assumption within the multi-family category.

The reconciliation of expected land capacity and projected 20-year housing demand, indicates that the level of low density (i.e. single-family detached housing) demand will approach buildout near the end of the 20-year planning period.

As we compare the expected level of high-density development (townhomes, plexes, apartments, manufactured homes and group quarters) to Metro’s forecast of housing capacity. Forest Grove is expected to have a more than adequate supply of vacant, part-vacant and redevelopable high-density land to address the next 20-years of housing needs (see **Exhibits 4.1 and 4.2**).

**Exhibit 4.1: Reconciliation of Residential Capacity and Projected Demand
(Threshold Price Method)**

	Housing Capacity (Supply)	Housing Demand	Remaining Capacity
Low Density	2,732	2,724	8
High Density*	2,091	958	1,133
Total	4,823	3,682	1,141

* includes townhomes, apartments and group quarters.

Source: Appendix 2, 2018 Metro Buildable Land Inventory (BLI) report

**Exhibit 4.2: Reconciliation of Residential Capacity and Projected Demand
(Statistical Analysis Method)**

	Housing Capacity (Supply)	Housing Demand	Remaining Capacity
Low Density	2,732	2,724	8
High Density*	2,150	958	1,192
Total	4,882	3,682	1,200

* includes townhomes, apartments and group quarters.

Source: Appendix 2, 2018 Metro Buildable Land Inventory (BLI) report

These findings indicate that Forest Grove currently has an adequate residential land supply within its UGB to accommodate the 20-year forecast for housing needs based on land use designations shown on the Forest Grove Comprehensive Plan map.

It should be noted, however, not all of this land is currently available for development. Annexation of the area within the UGB north of David Hill Road is required before development occurs. Timing of annexation is controlled by individual property owners. Therefore, timing of development is uncertain.

In addition to annexation, lack of infrastructure west of Thatcher Road and north of David Hill Road is an impediment to development. Typically, extension of infrastructure occurs incrementally when land is developed. This means timing of development is largely controlled by property owners adjacent to existing infrastructure unless a property owner chooses to extend infrastructure at their expense or the City extends infrastructure ahead of development.

In addition to the considerations noted above the supply of approved subdivision lots is low limiting short term development. As Exhibit 4.2 below shows, there are about 276 approved subdivision lots remaining in the City. This is about a three year supply of lots.

Exhibit 4.3

Current Subdivisions					
Forest Grove					
Project Name	Location	# of Lots	# of Lots	Lots	Status
		Approved	Issued	Left	
Green Grove Co-Housing Phase 1	3351 Thatcher Rd	9	3	6	Initiated
Oak Hill Settlement IV (Lots 112-152)	Brooke Street & David Hill Road	41	36	5	Initiated
Pacific Crossing Phase 4	West end of Goff Road	63	62	1	Initiated
Silverstone Phase 1 (Lots 1-45)	David Hill Road	45	45	0	Initiated
Silverstone Phase 2	David Hill Road	38	34	4	Initiated
Silverstone Phase 3	David Hill Road	44	18	26	Initiated
Silverstone 4 "The Meadows" (Lots 1-73)	David Hill Road	73	73	0	Completed
Smith Orchard	Gales Way & B St	8	0	8	In grading
Kidd Court	22nd Place	7	4	3	Initiated
Hawthorne Gardens	Hawthorne & 26th Ave	29	29	0	Completed
Gales Creek Terrace	Pacific Ave	197	0	197	In grading
Sunset Crossing	Sunset Ave	26	0	26	Initiated
		580	304	276	

Section V. HOUSING POLICY STRATEGIES

Key Findings

As mentioned previously, Forest Grove population growth over the next 20 years will result in new households that will require additional housing and residential land.

Key findings of the housing needs analysis are:

- Forest Grove's population is forecast to grow at 1.7% per year over the next two decades, adding 9,622 new residents.
- Based on emerging demographic and socio-economic characteristics, it is expected that this growth will require the addition of 3,426 new dwelling units over the next 20 years.
- Household tenancy is expected to still favor owners over renters, but the share of renters will likely increase in the future.
- Changing household size characteristics is also expected to create more demand for smaller homes, townhomes, plexes and apartments. About 58% of the future housing is expected to consist of single-family detached housing, 39% is expected to consist of plexes, townhomes and apartments; and 3% is expected to be comprised of manufactured housing and other housing types.
- In 2017, 31% of the renter households in Forest Grove were classified as being severely cost burdened with over 50% of their income going towards housing costs.
- An analysis of current housing inventory and demand indicates that there is more demand than supply for both affordable housing units as well as market-rate rental housing in Forest Grove.

Housing Policy Recommendations

Accomplishments to Date

In effort to address local housing needs, the City of Forest Grove has already made a number of policy changes during the 2016-2018 time frame. Recent housing policy accomplishments include:

- ✓ Updated planned development ordinance to promote variety of housing types in new planned developments.
- ✓ Adopted low income housing non-profit corporation tax exemption ordinance to encourage preservation of affordable and new affordable housing projects.
- ✓ Adopted vertical housing tax exemption ordinance to promote needed market rate housing.
- ✓ Adopted increased target residential density in Town Center from 20 units per acre to 40+ units per acre.

- ✓ Adopted increased target residential density in Community Commercial Zone from 20 units per acre to 30 units per acre.
- ✓ Adopted a density bonus option for affordable housing in Town Center and Community Commercial zones.
- ✓ Prepared city-owned land inventory to help identify possible sites for new residential development.

The current housing related Comprehensive Plan policies for Forest Grove are provided in Appendix A.

Based on this HNA findings, and Housing Committee and public input, several additional policy considerations have been identified.

New Policy Considerations

The Forest Grove HNA includes several findings that are discussed below, which for the basis for draft policy recommendations, which include a new housing policy goal and objectives focused on the provision of affordable housing.

Recommended New Housing Policy Goal for Comprehensive Plan

To encourage the development of a variety of housing types to meet the needs and desires of the community, and assure that residents of Forest Grove have the opportunity to live in safe and sanitary housing at a reasonable cost.

Key findings and new policy recommendations

The key findings and recommended policy measures from the housing needs analysis are:

- **Forest Grove’s existing policies generally comply with Goal 10.** The local development code allows a wide mix of housing types and density ranges.
- **There is sufficient capacity within the current UGB** to accommodate planned residential development and related land needs over the next 20 years. The current UGB is expected to accommodate 4,823 net new dwelling units (per Metro Buildable Land Inventory findings), while the 20-year population growth forecast will require 3,682 new dwellings. However, the City should move forward with implementation of the Westside Refinement Plan including adopting an infrastructure funding approach.
- Notwithstanding this finding of UGB sufficiency, it is recommended that the City considering the following housing policies.

Recommendations

- ✓ Allow Planned Developments (PDs) with clear and objective standards to enable developers to qualify for PDs; with an increase in allowed housing types and offerings in PDs, such as requiring minimum overall density levels of 8 units per buildable acre and at least 10% of total dwelling units provided in single family attached (townhomes or plexes) or multifamily structures.

- ✓ Allow single family lots to front along private streets (current code requires lots to have 15 to 30 feet of frontage along public streets).
- **Forest Grove has a need for more affordable housing.** While housing prices and rent levels in Forest Grove are below Washington County averages, 31% of renter households are severely cost burdened with over 50% of their income devoted to housing payments. To help encourage or incentivize construction of affordable housing priced at 80% or below of the median family income levels, the City should consider the following:

Recommendations

- ✓ Continue to update listing of potential public-owned properties that could be used for affordable housing.
- ✓ Partner with local housing authorities or non-profit housing developers to provide offsite infrastructure (sewer, water, road improvements) or parking that supports affordable housing development (note, this recommendations is contingent on available local funding sources).
- ✓ Prepare a sliding scale system of System Development Charges (SDCs) which would provide charges that vary by home size and type.
- ✓ Provide policies that allow SDC deferrals for affordable housing developments until a certificate of occupancy is granted.
- ✓ Continue to maintain the local tax abatement program for affordable housing units developed and maintained by non-profits.
- ✓ Consider establishing a local *construction excise tax (CET)* to fund affordable housing initiatives allowed by state law. Oregon law allows a CET of up to 1.0% of building permit valuation for projects that result in a new residential structure or additional square footage in an existing residential structure that adds living space. ([2016 Senate Bill 1533 Enrolled](#)). A CET may also be imposed on improvements to commercial and industrial real property.
- **Forest Grove has a need for more market rate housing.** The current rental housing vacancy rate in Forest Grove is below 5%, which is considered to be low relative to many communities, and there is presently a significant need for market rate owner and rental housing units to meet demand by households earning between 80% and 120% of the median family income level.

Recommendations

- ✓ Support infill development that makes use of existing infrastructure capacity and defers the need to make costly capital investments on new and extended infrastructure; thereby limiting the level of housing costs that get passed on to home buyers and renters.
- ✓ Prepare a sliding scale system of System Development Charges (SDCs) which would provide charges that vary by home size and type. This would reduce SDCs for ADUs, apartments and cottage homes. Adopt new SDC methodology report or amendment to existing SDC methodology for City-controlled water and parks SDCs. This would lower

some SDCs for smaller dwellings including accessory dwelling units (ADUs). For example, if SDCs for new ADUs are reduced by 50%, their construction would be more attractive to individual homeowners with small capital. Multifamily dwellings and cottage homes could also warrant a lower SDC, which would allow developers to deliver housing at a lower cost to the renter/home buyer.

- ✓ Consider adopting separate cottage cluster development standards that enable cottage homes to be developed in a fashion other than through the current PD process.
- **Forest Grove has a relatively high share of rent burdened households (paying 30% to 50% of income towards housing) that do not want to be priced out of housing if incomes cannot keep pace with costs.**

Recommendations

- ✓ Explore creation of a limited year tax abatement program that promotes rehabilitation of existing housing stock for qualifying low-income homeowners that desire to improve their homes.
- ✓ Given that utility costs are a contributing factor to housing cost burden, work with water and sewer utility providers to create a low-income rate program for qualifying households.

APPENDIX A: EXISTING HOUSING GOALS AND POLICIES

The following has been excerpted from Chapter 5 of the city of Forest Grove's Comprehensive Plan.

Housing Goals, Objectives, Policies and Recommendations

Housing Goals and Policies

Goal 1: Ensure an adequate supply of developable land to support needed housing types and a complete community.

Policy 1.1: Establish the location and density of residential development based on the following factors:

- A. The type and distribution of housing units required to meet projected population needs;
- B. The capacity of land resources given the slope, elevation, wetlands, floodplains, geological hazards, soil characteristics, and urban/rural interface.
- C. Capacity of public services and facilities including but not limited to water, sanitary sewer, fire and police protection and transportation facilities;
- D. Proximity to services including, but not limited to, shopping, employment areas, parks, schools and municipal services. Proximity shall be determined by distance, access, and ability to provide public and private infrastructure service to the site;
- E. Density standards for minimum residential development for new construction established by the Metropolitan Housing Rule (Oregon Administrative Rules (OAR 660-007-0035)).

Policy 1.2: Evaluate requests for rezoning from non-residential to residential development zones based on the following factors:

- A. Identified housing needs contained in an adopted Goal 9 analysis;
- B. Ability to provide public facilities to the site in a cost-effective and efficient manner;
- C. Potential of the site to support higher density development;
- D. Site characteristics including topography; and
- E. Land Use location policies of the Comprehensive Plan.

Policy 1.3: Evaluate requests for rezoning from lower density zones to higher density zones based on the following factors:

- A. Identified housing needs;
- B. Ability to provide public facilities to the site in an efficient manner;
- C. The ability of the site to support higher density development; and

D. Land use location policies of the Comprehensive Plan. Ability to support higher density development should take into account impact to traffic volumes, ability to provide buffering with less intensive uses, distance to transit service, and site characteristics including topography.

Policy 1.4 Update the City's land use inventory at regular intervals to monitor the supply of developable land.

Policy 1.5 Implement codes and ordinances to encourage the development of passed-over and underutilized land for residential development.

Policy 1.6 Adopt codes that allow for aging in place.

Goal 2: Provide incentives for increased residential development densities within the Forest Grove Town Center and near high capacity transit corridors.

Policy 2.1 Establish incentive programs to leverage local resources with private investments. Incentives may take the form of direct financial participation (grants or loans), or indirect participation such as land write-downs.

Policy 2.2 Evaluate the feasibility of establishing a tax increment financing district or Vertical Housing Development Zone to promote residential and mixed-use development within the Forest Grove Town Center, identified high capacity transit station areas, and mixed-use target areas along the Pacific Avenue commercial corridor.

Policy 2.3 Amend Development Code standards to increase maximum development densities within the Forest Grove Town Center, identified high capacity transit station areas, and mixed-use target areas along the Pacific Avenue commercial corridor.

Goal 3: Promote mixed-use development opportunities throughout the community.

Policy 3.1 Identify locations on the Comprehensive Plan and Zoning maps for mixed-use development opportunities. Establish standards for residential and commercial densities, desired building mix, and building design for mixed-use areas.

Goal 4: Provide and maintain an adequate supply of affordable housing opportunities.

Policy 4.1 Develop and implement programs to offset the 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 housing 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 applications.

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.

Goal 5: Develop and implement standards for sustainable neighborhood development.

Policy 5.1 Encourage the use of Leadership in Energy and Environmental Design (LEED) development practices in subdivisions and residential structures.

Policy 5.2 Encourage the use of energy efficient building materials and practices in the design, construction, and remodeling of housing.

Goal 6: Promote neighborhoods complete with residences, open space, schools, parks, and shopping opportunities within close proximity to each other. Avoid stand-alone residential developments lacking support activities.

Policy 6.1 Designate small-scale neighborhood-oriented commercial areas within walking distance of residential areas.

Policy 6.2 Locate parks to maximize access by neighborhood residents.

Goal 7: Provide for the preservation of neighborhoods, housing types and lot sizes.

Policy 7.1 Maintain the existing residential housing stock in established neighborhoods by retaining single family residential comprehensive plan and zoning designations.

Policy 7.2 Restrict the further division of residential property within established historic districts.

Policy 7.3 Ensure that infill development retains the character of established residential neighborhoods through the use of building materials and design representative of adjacent properties.

Goal 8: Create opportunities to retrofit single use commercial and retail developments into walkable, mixed-use communities.

Policy 8.1 Facilitate the financing of mixed-use development projects through tax increment financing or other financial incentive programs.

Goal 9: Preserve the stability of residential neighborhoods through code enforcement actions intended to rid areas of nuisances.

Policy 9.1 Establish a multifamily residential unit inspection program to ensure compliance with the City codes.

APPENDIX B: HOUSING POLICY CHANGES

Several recent policy changes have occurred at the federal, state and regional level that may affect the future housing supply and demand in Forest Grove.

Federal Policies

Tax Cuts and Jobs Act

Passed in 2017, the Tax Cuts and Jobs Act initiates large scale federal tax reform. The reform made changes in many ways but most notable was the shift in the federal corporate tax rate, decreasing from 35% to 21%. The new tax cuts also lower most individual income tax rates, including the top marginal rate from 39.6 percent to 37 percent. The lower tax rates potentially affect Forest Grove and other municipalities because it makes tax free municipal bonds and affordable housing tax credits less attractive to investors because the relative advantage of lowering taxable income by investing in tax exempt bonds would decrease in most cases. However, with the adoption of measure 102 and 26-199 (see below), Oregon voters have expressed the need for investing in affordable housing bonds, and these state measures should mitigate the impact of this federal act.

Low Income Housing Tax Credits

The Low-Income Housing Tax Credits program is a series of tax incentives administered by the IRS to encourage developers to construct affordable housing. Currently the program accounts for the largest source of new affordable housing in the U.S. In securing these credits, developers agree to rent out housing at an affordable level, often below market price (this is referred to as a use restriction). State agencies distribute credits to developers based on a state designed application process. These credits come in two forms, 9% (this raises about 70% of total cost) and 4% (this raises about 30% of the total cost), where 4% tax credits are often complimented with support from state bonds. In Oregon and in Washington County's case, Measures 102 and 26-199 (see below) should enable more funding of housing tax credit bonds and strengthen the effect of these tax credits on a for affordable housing development in Forest Grove.

Oregon Policies

Oregon's Statewide Housing Plan: "Breaking New Ground"

Oregon's 2018 Statewide Housing Plan is a long-term plan designed to increase housing in Oregon. The plan was researched and developed by Oregon Housing Community Services (OHCS) and its implementation will rely on OHCS in conjunction with local governments and private businesses. OHCS is Oregon's housing finance agency and as such the organization issues grants and loans to help facilitate home ownership in the state. OHCS regards housing in Oregon as a statewide crisis. Housing production has failed to keep up with Oregon's population growth therefore demand has

outpaced supply, pushing up home prices. From 2000 to 2015, an additional 155,156 housing units would need to have been built throughout Oregon to keep up with demand.⁴

The Statewide Housing Plan calls for over 85,000 new units to be constructed for households earning below 30% of Median Family Income (MFI). The plan is outlined in six priorities and each promotes increased housing supply. Priorities include an increase housing supply that: (1) improves racial equity; (2) combats homelessness; (3) increases housing stability for families; (4) makes rent affordable; (5) proliferates homeownership; and (6) empowers rural communities. With this in mind, OHCS will triple the existing pipeline of affordable rental housing — up to 25,000 homes in the development pipeline by 2023.

The plan proposes increased access to housing through partnerships with community organizations, loans with low interest rates, better access to OHCS resources, funding for housing projects, improved technology, and streamlined processes with a foundation of collaboration. Implementation seems to rely on each area's ability to utilize and engage with OHCS as the plan clarifies goals and does not specify implementation policies.

House Bill 4006

Oregon House Bill 4006, passed by the legislature during the 2018 general session, addresses the need for affordable housing and housing assistance. Among the provisions, this Act defines “severely rent burdened” households as those spending more than 50 percent of household income on gross rent for housing; and declared this Act an emergency for the immediate preservation of the public peace, health and safety. For cities with over 10,000 residents (including Forest Grove), in any year in which the city is informed that at least 25 percent of the renter households are severely rent burdened (which included Forest Grove in 2018 with 31%), the city must hold at least one public meeting to discuss its causes and barriers to reducing rent burdens and possible solutions. In this case, no later than February 1 of each year, the City of Forest Grove shall submit to the Oregon DLCD the total number of units that were permitted and the total number that were produced in terms of:

- Residential units
- Regulated affordable residential units
- Multifamily units
- Regulated affordable multifamily units

⁴ Up for Growth, “Housing Underproduction in the U.S.: Economic, Fiscal and Environmental Impacts of Enabling Transit-Oriented Smart Growth to Address America’s Housing Affordability Challenge,” Up For Growth National Coalition, 2018, 9.

- Single family units
- Regulated affordable single-family units

Senate Bill 1533

Enacted by the 2016 Oregon Legislature, this bill aims to promote affordable housing development through local regulations and a new source of funding: the Affordable Housing Construction Excise Tax. The bill allows Forest Grove to adopt regulations that impose conditions on development for new multifamily structures (20 units or more per project), including: requirements for the inclusions of some affordable housing; or the option of paying an in-lieu fee (construction excise tax) not to exceed \$1 per square foot of floor area for residential, and \$0.50 per square foot for nonresidential structures (with a maximum cap of \$25,000 per building or structure). For new affordable housing projects, this legislation supports special incentives including: full or partial exemption of ad valorem property taxes, SDC waivers or reductions and other incentives.

Measure 102: Passed by Oregon voters in November 2018

Measure 102 is intended to empower the collaborative partnerships described in Oregon's Statewide Housing Plan. Measure 102 amends the state's constitution to allow cities and counties to issue bonds for the construction of affordable housing construction without retaining 100% public ownership of the property. The goal is to allow local governments to pursue private public partnerships to better facilitate demand for housing.

Regional Policies

Measure 26-199: Passed by Metro voters in November 2018

Measure 26-199 authorizes the Metro region to issue \$652.8 million in Bonds to go towards creating between 2,400 and 4,000 affordable homes within portions of Clackamas, Multnomah and Washington counties, including Forest Grove. About half of these funds will go towards new construction and half to renovation of existing affordable housing. At this moment, the details as to where those housing units will be constructed is yet to be determined but Metro plans to return funds to the counties within the Metro region in proportion to their share of assessed value within its service district. The funds will then be allocated to local housing authorities with tight restrictions meant to produce affordable housing.

APPENDIX C: BUILDABLE LAND INVENTORY

Table 1: Gross Acreage in Residential Land Inventory

General Plan Designation	Number of Taxlots	Percent	Total Gross Acres	Percent
Low-Density Residential	4,474	68.4%	1,616	66.0%
Medium Density Residential	605	9.3%	185	7.8%
High-Density Residential	939	14.4%	312	12.7%
Commercial/Mixed Use	520	8.0%	337	13.8%
TOTAL	6,538	100%	2,450	100%

Source: Metro, Buildable Land Inventory, March 2018 and City of Forest Grove Planning Division

Table 2: Developed / Committed Acres in Residential Land Inventory

General Plan Designation	Developed Acres	Percent
Low-Density Residential	1,334	71.3%
Medium Density Residential	136	7.3%
High-Density Residential	219	11.7%
Commercial/Mixed Use	181	9.7%
TOTAL	1,870	100%

Source: Metro, Buildable Land Inventory, March 2018 and City of Forest Grove Planning Division

Table 3: Vacant and Redevelopable Land Inventory

General Plan Designation	Gross Vacant Acres	Gross Infill / Redevelopable Acres	Total Gross Vacant & Infill / Redevelopable Acres
Low-Density Residential	282	231	513
Medium Density Residential	8	54	62
High Density Residential	16	78	94
Commercial Mixed Use	46	25	71
TOTAL	352	388	740

Source: Metro, Buildable Land Inventory, March 2018 and City of Forest Grove Planning Division

Table 4: Environmentally Constrained Land (Acres)

General Plan Designation	Slope 25%+	Metro Title 3 Natural Areas	Metro Title 13 Water Quality and Flood Management Areas	Floodway	Floodplain	Environmentally Constrained Areas
Low-Density Residential	32	32	7	0	6	77
Medium Density Residential	0	5	1	0	0	6
High Density Residential	0	6	2	0	0	8
Commercial/Mixed Use	0	8	1	0	0	9
TOTAL	32	51	11	0	6	100

Source: Metro, Buildable Land Inventory, March 2018 and City of Forest Grove Planning Division

Table 5: Net Buildable Acres

General Plan Designation	Gross Vacant & Infill Redevelopment Acres	Environmentally Constrained Acres	Unconstrained Acres	Right-of-Way Deduction Percent / Acres		Total Net Buildable Acres
Low Density Residential	513	77	436	25%	109	327
Medium Density Residential	62	6	56	25%	14	42
High Density Residential	94	8	86	20%	17	69
Commercial / Mixed Use	71	9	62	10%	6	56
TOTAL	740	100	640		146	494

Source: Metro, Buildable Land Inventory, March 2018 and City of Forest Grove Planning Division

Table 6: Westside Planning Area Dwelling Unit Estimate

Housing Type	North of David Hill Road UGB Expansion Area	West of Thatcher Road Area	TOTAL
Low Density Residential	524	744	1,268
Medium Density Residential	252	235	487
TOTAL	776	979	1,755

Source: Metro, Buildable Land Inventory, March 2018 and City of Forest Grove Planning Division

Table 7: Estimated Dwelling Capacity

General Plan Designation	Net Buildable Acres	Percent	Estimated Dwelling Capacity	Capacity Distribution (%)
Low Density Residential	327	66.2%	2,540	52.5%
Medium Density Residential	42	8.5%	990	20.5%
High Density Residential	69	14.0%	1,100	22.7%
Commercial/Mixed Use	56	11.3%	210 ⁵	4.3%
TOTAL	494	100%	4,840	100%
	Estimated Average Density 9.8 dwellings / net acre			

Source: Metro, Buildable Land Inventory, March 2018 and City of Forest Grove Planning Division

⁵ Assumes 35% of commercial land will be developed with housing consistent with the Metro Urban Growth Report (2018)

GLOSSARY

Accessory Dwelling Unit (ADU): A small living space located on the same lot as a single-family house.

Buildable Lands: Lands in in urban and urbanizable areas that are suitable, available and necessary for residential uses. Buildable lands includes both vacant land and developed land likely to be redeveloped.

Buildable Lands Inventory (BLI): An assessment of the capacity of land within the city's Urban Growth Boundary to accommodate forecasted housing and employment needs.

Buildable Residential Land: Includes land that is designated for residential development that is vacant and part-vacant and not constrained by existing buildings or environmental issues.

Constrained land: Land that is unavailable for future net new residential development based on one or more factors, such as environmental protections, public lands, floodplains, or steep slopes.

Cost Burdened: Defined by US Department of Housing and Urban Development (HUD) as households who spend over 30% of their income on housing.

Cottages: Small, single-level, detached units, often on their own lots and sometimes clustered around pockets of shared open space. A cottage is typically under 1,000 square feet in footprint.

Density: Defined by the number of housing units on one acre of land.

Development density: Expected number of dwelling units (per acre) based on current zoning designations.

Family: A group two or more people (one of whom is the householder) related by birth, marriage, or adoption and residing together.

Government Assisted Housing: Housing that is financed in whole or part by either a federal or state housing agency or a housing authority as defined in ORS 456.605, or housing that is occupied by a tenant or tenants who benefit from rent supplements or housing vouchers provided by either a federal or state housing agency or a local housing authority.

High Density: Lots with the average density of 12+ dwelling units per acre. Best suited for multifamily housing such as apartments and condos.

Housing Needs Analysis (HNA): The Housing Needs Analysis consists of four distinct reports that analyze the state of housing supply, housing affordability issues and the City's ability to meet projected housing demand going into 2040.

Housing Unit (or Dwelling Unit): A house, an apartment or other group of rooms, or a single room is regarded as a housing unit when it is occupied or intended for occupancy as separate living quarters; that is, when the occupants do not live and eat with any other person in the structure and there is direct access from the outside or common hall.

Household: Consists of all people that occupy a housing unit.

HUD: Acronym for US Department of Housing and Urban Development, the federal agency dedicated to strengthening and supporting the housing market.

Low Density: Lots with the average density of 3-4 dwelling units per acre. Best suited for family housing such as single family detached homes.

Manufactured Housing: is a type of prefabricated home that is largely assembled of site and then transported to sites of use. The definition of the term in the United States is regulated by federal law (Code of Federal Regulations, 24 CFR 3280): "Manufactured homes are built as dwelling units of at least 320 square feet in size, usually with a permanent chassis to assure the initial and continued transportability of the home. The requirement to have a wheeled chassis permanently attached differentiates "manufactured housing" from other types of prefabricated homes, such as modular homes.

Manufactured Home Park: a local zoning designation that is specifically intended to address demand for this housing type. OAR chapter 813, division 007 is adopted to implement section 9, chapter 816, Oregon Laws 2009, and sections 2, 3 and 4, chapter 619, Oregon Laws 2005, as amended by sections 10 to 12, chapter 816, Oregon Laws 2009, and sections 19, and 21, chapter 503, Oregon Laws 2011 for the purpose of regulating manufactured dwelling parks.

Median Family Income (MFI): The median sum of the income of all family members 15 years and older living in the household. Families are groups of two or more people (one of whom is the householder) related by birth, marriage, or adoption and residing together; all such people (including related subfamily members) are considered as members of one family.

Medium Density: Lots with the average density of 6-12 dwelling units per acre. Best suited for small lot housing such as single family attached, townhomes, plexes and cottages.

Mixed Use: Characterized as two or more residential, commercial, cultural, institutional, and/or industrial uses into one combined building or building(s) on the same parcel of land.

Multi-Family Housing: Stacked flats in a single buildings or groups of buildings on a single lot. Parking is shared, and entrance to units is typically accessed through a shared lobby.

Needed Housing: Housing types determined to meet the need shown for housing within an urban growth boundary at particular price ranges and rent levels, including at least the following housing types: attached and detached single-family housing and multiple family housing for both owner and renter occupancy; government assisted housing; mobile home or manufactured dwelling parks as provided in ORS 197.475 to 197.490; manufactured homes on individual lots planned and zoned for single-family residential use that are in addition to lots with designated manufactured dwelling subdivisions; and housing for farmworkers.

Oregon Administrative Rules (OAR): Administrative Rules are created by most agencies and some boards and commissions to implement and interpret their statutory authority (ORS 183.310(9)). Agencies may adopt, amend, repeal or renumber rules, permanently or temporarily. Every OAR uses the same numbering sequence of a three-digit chapter number followed by a three-digit division number and a four-digit rule number. For example, Oregon Administrative Rules, chapter 166, division 500, rule 0020 is cited as OAR 166-500-0020. (oregon.gov)

Part-vacant land: Unconstrained land that has some existing development but can be subdivided to allow for additional residential development.

Plexes and Apartments: Multiple units inside one structure on a single lot. Usually each unit has its own entry.

Seasonal dwellings: These units are intended by the owner to be occupied during only certain seasons of the year. They are not anyone's usual residence. A seasonal unit may be used in more than one season; for example, for both summer and winter sports. Published counts of seasonal units also include housing units held for occupancy by migratory farm workers. While not currently intended for year-round use, most seasonal units could be used year-round.

Severely Cost Burdened: Defined US Department of Housing and Urban Development (HUD) as households who spend over 50% of their income on housing.

Single Family Attached: Dwelling units that are duplexes without a subdividing property line between the two to four housing units. "Attached" duplexes require a single building permit for both dwelling units. The "attached" units would be addressed with one numerical street address for the overall structure with separate alpha-numeric unit numbers for each dwelling.

Single Family Detached: Free standing residential building, unattached, containing separate bathing, kitchen, sanitary, and sleeping facilities designed to be occupied by not more than one family, not including manufactured and mobile homes.

Townhome (also known as duplexes, rowhouse, etc.): Attached housing units, each on a separate lot, and each with its own entry from a public or shared street or common area.

Urban Growth Boundary (UGB): Under Oregon law, each of the state's cities and metropolitan areas has created an urban growth boundary around its perimeter – a land use planning line to control urban expansion onto farm and forest lands.

Vacant housing unit: A housing unit is vacant if no one is living in it at the time of enumeration, unless its occupants are only temporarily absent. Units temporarily occupied at the time of enumeration entirely by people who have a usual residence elsewhere are also classified as vacant.

Vacant land: Vacant and part-vacant land identified within the local buildable land inventory that is not developed and unconstrained for future planned residential development.

**Planning Commission Findings and Decision Number 2019-10
To Recommend City Council Accept the 2019 Housing Needs Analysis (HNA)
Update and Adopt a Comprehensive Plan Text Amendment to Add the HNA
Update as a Technical Appendix
File Number: 311-19-000016-PLNG**

WHEREAS, in 2017, the Oregon legislature allocated funds to provide technical assistance through the Oregon Department of Land Conservation and Development (DLCD) to update local Housing Needs Analysis (HNA); and

WHEREAS, the City applied for and received technical assistance to update the City's 2009 HNA; and

WHEREAS, the updated HNA was completed on June 27, 2019; and

WHEREAS, local adoption of the HNA update requires a legislative amendment to the Forest Grove Comprehensive Plan; and

WHEREAS, the City desires to now amend the Forest Grove Comprehensive Plan to add the HNA update as a technical appendix; and

WHEREAS, The Planning Commission must hold a public hearing and make a recommendation to City Council to amend the Comprehensive Plan; and

WHEREAS, notice of the Planning Commission public hearing on this matter was published in the *Forest Grove News Times* on August 14, 2019; and

WHEREAS, the Planning Commission held the duly-noticed public hearing on the request on August 19, 2019; and

WHEREAS, no written or verbal public testimony was received on this matter.

NOW THEREFORE, the City of Forest Grove Planning Commission does hereby recommend City Council accept the HNA update dated June 27, 2019, and adopt an ordinance approving a legislative Comprehensive Plan text amendment to add the HNA Update as a technical appendix, making the following specific findings in support of this decision:

- 1) The Planning Commission adopts by reference the staff report dated August 19, 2019, including the findings, conclusions and recommendations therein.
- 2) The Planning Commission finds the HNA update provided adequate opportunities for public involvement as required by Statewide Land Use Planning Goal 1 (Citizen Involvement) including involvement by members of the community on the project technical advisory committee and community housing forum held on May 14, 2019.
- 3) The Planning Commission finds the HNA update complies with Statewide Planning Goal 2 (Land Use Planning) since the HNA update includes data and analysis providing a factual basis for local decision related to housing. This factual basis includes an existing housing inventory, housing occupancy and tenancy data, affordable housing inventory, housing market gap analysis, documentation of construction activity, assessment of housing cost burden, housing need forecast for the period 2019 to 2039 and buildable land inventory.

- 4) The Planning Commission finds the HNA update complies with Statewide Planning Goal 10 (Housing) and Oregon Revised Statutes §197.296(3)(b) describing the requirements for preparing HNA updates. The HNA update includes the necessary elements described in Finding #3 above.
- 5) The Planning Commission finds the HNA update complies with Statewide Planning Goal 14 (Urbanization) by providing current data on housing capacity within the City's urban growth boundary planning area and forecasted residential land need during the planning period. Furthermore, the HNA update includes recommended policies supporting the efficient use of land by promoting higher density development within planned developments and land efficient housing types new to the City including cottage clusters.
- 6) The Planning Commission finds the HNA update complies with Oregon Revised Statutes §197.296 (Factors to establish sufficiency of buildable lands within the urban growth boundary) since the HNA update includes an inventory of buildable land supply and analysis of housing need and type for the twenty year planning period.
- 7) The Planning Commission finds the HNA update demonstrates the City's compliance with the Metropolitan Housing Rule (OAR 660, Division 7). Under the Metropolitan Housing Rule Forest Grove must provide for an overall density of eight or more dwelling units per net buildable acre. The HNA update shows Forest Grove provides for an overall density of 9.8 dwellings per net acre based on zoning and Comprehensive Plan designations for residential land within the City's urban growth boundary planning area.
- 8) The Planning Commission finds the HNA update is consistent with and supports Forest Grove Comprehensive Plan policies pertaining to housing including Housing Policy 1.1 (Update the City's land use inventory at regular intervals to monitor the supply of developable land), 4.1 (Develop and implement programs to offset the increasing cost of new housing construction), 4.3 (Develop and implement programs to encourage the rehabilitation of older housing stock throughout the community); and 9.1 (Establish a multifamily residential unit inspection program to ensure compliance with City codes). The HNA update is consistent with and supports the policies above by providing up-to-date information on the housing inventory and needs. In addition, Section V. of the HNA update includes specific policy recommendations to reduce the cost of housing construction including a sliding for system development charges based on house size.
- 9) The Planning Commission finds the HNA update is consistent with Title 1 of the Metro Urban Growth Management Functional Plan (Housing Capacity). The HNA includes an estimate of housing capacity of about 4,800 units based on amount of buildable land designated for residential development in the City's urban growth boundary planning area.
- 10) The Planning Commission finds the HNA update is consistent with Title 7 of the Metro Urban Growth Management Functional Plan (Housing Choice) since the HNA update includes policy recommendations aimed at increasing opportunities for households of all income levels to live in affordable housing. Policy recommendations include techniques for reducing housing costs such as a sliding scale for system development charges based on house size, and consideration of a construction excise tax to fund incentives for expanding the supply of affordable housing. The HNA update also includes specific policy recommendations aimed at increasing housing choice. This includes policies for cottage/cluster housing developments.



Tom Beck, Chair

8/19/19
Date



Comprehensive Plan Text Amendment Staff Report and Recommendation

Community Development Department, Planning Division

- HEARING DATE:** August 19, 2019
- REQUEST:** Comprehensive Plan text amendment to add the 2019 Housing Needs Analysis as a technical appendix.
- FILE NUMBER(S):** 311-19-000016-PLNG
- OWNER/APPLICANT(S):** Applicant: City of Forest Grove
1924 Council Street
PO Box 326
Forest Grove, OR 97116
- APPLICATION TYPE:** Type IV: Legislative Land Use Decision
- APPLICABLE DECISION FACTORS:**
- Statewide Land Use Planning Goal 1 (Citizen Involvement);
 - Statewide Land Use Planning Goal 2 (Land Use);
 - Statewide Land Use Planning Goal 10 (Housing);
 - Statewide Land Use Planning Goal 14 (Urbanization);
 - Forest Grove Comprehensive Plan Goals and Policies;
 - Metro Urban Growth Management Functional Plan (Title 1: Housing Capacity and Title 7: Housing Choice);
 - ORS 197.296 (Sufficiency of Buildable Lands, Analysis and Determination of Residential Housing Patterns);
and
 - OAR 660-007 (Metropolitan Housing Rule)
- REVIEWING STAFF:** Daniel Riordan, Senior Planner (Long Range)
- RECOMMENDATION:** Staff recommends the Planning Commission adopt a motion:
1. Recommending City Council acceptance of the Housing Needs Analysis update; and
 2. Council adopt an ordinance amending the Forest Grove Comprehensive Plan to include the HNA update as a technical appendix to the Plan.

I. BACKGROUND

In 2017, the Oregon legislature adopted HB 4006 to address the needs of renter households in Oregon paying a significant share of household income on rent and other housing related costs. HB 4006 focuses on renter households in Oregon facing what is called “severe rent burden.” That is, renter households paying more than 50% of household income on rent.

Under HB 4006, a City is severely rent burdened when more than 25% of renter households are paying more than 50% of household income on rent. Forest Grove is considered a severe rent burden city since about 31% of renter households are paying more than 50% of household income on rent. HB 4006 requires that a severe rent burden city hold an annual public meeting to discuss the causes and consequences of severe rent burden within the city, barriers to reducing rent burdens and possible solutions. The City held the first public meeting in December 2018. A follow-up meeting was held in May 2019. Key findings from the Housing Needs Analysis (HNA) update was also presented to community members in attendance during the May 2019 meeting.

In addition to the public meeting requirement, HB 4006 made technical assistance grants available, through the Oregon Department of Land Conservation and Development (DLCD), to help severe rent burdened communities update housing needs analysis, conduct audits of land use codes to identify barriers to housing development, prepare revisions to land use codes to remove barriers, and implement plans for increasing housing supply. As a severe rent burdened City Forest Grove qualified for a technical assistance grant to update the City’s 2009 Housing Needs Analysis. As funder, DLCD selected consultant FCS Group to update the City’s HNA.

The HNA, is required by Statewide Land Use Planning Goal 10 (Housing). In part, Goal 10 specifies that each city must plan for and accommodate needed housing types. The Goal 10 Housing Needs Analysis (HNA) must include:

- An inventory of buildable land within the planning area;
- A forecast of future housing needs over the next twenty years, and
- An assessment of whether the jurisdiction has enough land zoned to accommodate forecasted housing needs.

The purpose of this analysis is to ensure that cities have an adequate land supply within the urban growth boundary to accommodate their housing needs over the next twenty years. If there’s an insufficient land supply for needed housing a local jurisdiction could request an urban growth boundary expansion through Metro’s periodic review of the urban growth boundary. Metro has authority to add urban reserve land to the urban growth boundary if land use concept planning meeting Metro Urban Growth Management Functional Plan requirements is adopted by the jurisdiction and accepted by Metro with consent of the applicable county and the Oregon Department of Land Conservation and Development. A formal concept plan has not been done for the City’s only urban reserve area located west of Forest Gale Heights in the David Hill Road area. This area is referred to as the David Hill Urban Reserve Area.

The City’s current HNA was adopted in 2009 to support the 2014 update to the Forest Grove Comprehensive Plan. The 2009 HNA is out-of-date and no longer provides a sound basis for planning activities for the following reasons:

- The 2009 HNA does not include potential housing capacity within the area north of David Hill Road added to the urban growth boundary by the Oregon legislature.

- The 2009 HNA does not reflect the findings and conclusion for development contained in the Westside Refinement Plan.
- The 2009 HNA does not reflect the City’s designation as a severe rent burden city.
- The 2009 HNA does not reflect the recent update the 2018 Metro Urban Growth Report and update to the local and regional buildable land inventory.

FCS Group completed the HNA update with guidance from an advisory group representing housing and development interests. Advisory group members included a City Councilor, Planning Commissioner, non-profit affordable housing developers, homebuilders’ association staff, local apartment manager, community member at large, and Washington County planner.

The completed HNA update is attached for Planning Commission consideration (Attachment A). Staff is requesting that the Planning Commission review the HNA update and recommend that City Council accept the update and adopt an ordinance amending the Forest Grove Comprehensive Plan to add the HNA as a technical appendix to the Plan.

II. HOUSING NEEDS ANALYSIS OVERVIEW

The HNA update (Attachment A) includes considerable information about housing in Forest Grove including housing types and household characteristics. The HNA update summarizes economic trends affecting the City’s housing supply and demand, recent development activity, emerging housing issues affecting housing, and policy strategies to address local housing needs. The HNA update also includes the update to the City’s buildable land inventory prepared for the update to the 2018 Metro Urban Growth Report and urban growth boundary amendment decision.

Key findings from the HNA are presented below. In general, the HNA update analysis finds there is enough zoned residential land within the urban growth boundary to accommodate housing needs over the next twenty years for both low- and high-density housing types. This is discussed further below.

Housing Need

The table below shows housing need by type of unit and tenure (renter- or owner-occupied). The table shows is projected that an additional 1,948 owner-occupied and 1,305 renter-occupied units are needed over the next 20-years to meet forecasted demand.

	Owner-Occupied Dwelling Units	Renter-Occupied Dwelling Units	Vacant Dwelling Units	Net New Dwelling Units
Housing Tenure Distribution:	1,948	1,305	174	3,426
	57%	38%	5%	100%
Housing Unit/Type				
Single Family Detached	1,558	326	104	1,988
Mfg. Housing (SFD)	97	0	0	97
Townhomes / Plexes (2-4 units)	195	391	52	638
Multifamily (5+ units)	97	587	17	702
Total Dwelling Units	1,948	1,305	174	3,426
Group Quarters		256		256

Source: FCS Group, US Census Bureau American Community Survey 2012-2017

Housing Supply and Demand Reconciliation

The table below shows estimated housing capacity based on the City's buildable land inventory and current Comprehensive Plan and zoning designations. It is estimated housing capacity within the urban growth boundary for both low-density and high-density housing is about 4,900 units. Twenty-year housing demand is estimated to total 3,682 units which is about 1,200 units below total capacity. The table below demonstrates there's "just enough" capacity for low-density demand. There appears to be excess land designated for high-density development based on forecasted need.

	Housing Capacity (Supply)	Housing Demand	Remaining Capacity
Low Density	2,732	2,724	8
High Density*	2,150	958	1,192
Total	4,882	3,682	1,200

* includes townhomes, apartments and group quarters.

Source: Appendix 2, 2018 Metro Buildable Land Inventory (BLI) report

Policies

FCS Group prepared a number of policy recommendations to address the City's identified housing needs based on the housing projections and current supply. These policy recommendations, listed in no particular order, include:

- ✓ Within planned developments require an overall minimum density of 8 units per buildable acre and at least 10% of total dwelling units provided in single family attached or multifamily structures.
- ✓ Allow single family lots to front along private streets (current code requires lots to have 15 to 30 feet of frontage along public streets). This provision precludes development of parcels that only have frontage on a private street. This provision also makes it difficult for cottage cluster development since individual lots would have to have frontage on a public street.
- ✓ Continue to update listing of potential public-owned properties that could be used for affordable housing developments.
- ✓ Partner with local housing authorities or non-profit housing developers to provide offsite infrastructure (sewer, water, road improvements) or parking that supports affordable housing development (note, this recommendations is contingent on available local funding sources).
- ✓ Provide policies that allow SDC deferrals for affordable housing developments until a certificate of occupancy is granted by the City.
- ✓ Continue to maintain the local tax abatement program for affordable housing units developed and maintained by non-profits (i.e. Non-Profit Corporation Tax Exemption Program).
- ✓ Consider establishing a local construction excise tax (CET) to fund affordable housing initiatives allowed by state law. Oregon law allows a CET of up to 1.0% of building permit valuation for projects that result in a new residential structure or additional square footage in an existing residential structure that adds living space. A

CET may also be imposed on improvements to commercial and industrial real property.

- ✓ Support infill development that makes use of existing infrastructure capacity and defers the need to make costly capital investments on new and extended infrastructure; thereby limiting the level of housing costs that get passed on to home buyers and renters.
- ✓ Prepare a sliding scale system of System Development Charges (SDCs) which would provide charges that vary by home size and type. This would reduce SDCs for ADUs, apartments and cottage homes. Adopt new SDC methodology report or amendment to existing SDC methodology for City-controlled water and parks SDCs. This would lower some SDCs for smaller dwellings including accessory dwelling units (ADUs). For example, if SDCs for new ADUs are reduced by 50%, their construction would be more attractive to individual homeowners with small capital. Multifamily dwellings and cottage homes could also warrant a lower SDC, which would allow developers to deliver housing at a lower cost to the renter/home buyer.
- ✓ Consider adopting separate cottage cluster development standards that enable cottage homes to be developed in a fashion other than through the current planned development process.
- ✓ Explore creation of a limited year tax abatement program that promotes rehabilitation of existing housing stock for qualifying low-income homeowners that desire to improve their homes.
- ✓ Given that utility costs are a contributing factor to housing cost burden, work with water and sewer utility providers to create a low-income rate program for qualifying households.
- ✓ Consider establishing a multifamily rental unit inspection program to ensure units meet health and safety codes.

Implementation of the policy recommendations above requires further City Council direction and resources would have to be allocated through the Community Development Department work programs.

III. ADOPTION PROCESS

The HNA update provides a technical basis for preparing and implementing policies pertaining to housing. Adoption of the Housing Needs Analysis update is a legislative (Type IV) text amendment to the Forest Grove Comprehensive Plan since it is a general policy document.

Notice

As required by the Development Code (§17.1.170), notice of text amendments is provided by publication of notice of required public hearings in a newspaper of general circulation. The notice must state the time, date, place, purpose of the public hearing and list of review standards and criteria. Notice (Attachment B) must be published not less than five days prior to the date of the hearing.

Decision Authority

For legislative matters pertaining to the Comprehensive Plan or Development Code the Planning Commission conducts the initial public hearing on the proposal. The Planning Commission must make a recommendation to the City Council to approve, approve with conditions or deny the proposal. The City Council conducts the final public hearing on legislative decisions and adopts the final local decision.

IV. LEGAL CONTEXT

The HNA is subject to several state land use goals, laws and administrative rules:

- Statewide Planning Goal 1 (Public Involvement): Goal 1 requires a public involvement program that provides opportunity for public involvement in all phases of the planning process including plan preparation. The advisory group convened to guide the HNA update assists the City with Goal 1 compliance. A public meeting was also hosted by the City on May 14, 2019, to present findings from the HNA update and to receive public comments. Additional opportunities for public involvement and influence will be provided through the formal public hearing process.
- Statewide Planning Goal 2 (Land Use Planning): Goal 2 requires a policy framework and a factual basis for all decisions and actions related to the use of land. The Forest Grove Comprehensive Plan (of which the HNA is a part) provides the required policy framework and factual basis for decisions and actions related to housing in the City's planning area. This includes assignment of Comprehensive Plan map and zoning map designations for land intended for residential development. Furthermore, Goal 2 requires that the inventory or residential buildable lands be part of the comprehensive plan.
- Statewide Planning Goal 10 (Housing): Goal 10 requires that plans encourage the availability of adequate numbers of needed housing units at price ranges and rent levels commensurate with the financial capabilities of Oregon households. Needed housing is defined in state law (ORS 197.303) as attached and detached single-family housing and multiple family housing for owner and renter occupancy, government assisted housing, manufactured homes and manufactured home parks, and housing for farmworkers. Goal 10 also promotes flexibility of housing location, type and density. The HNA update specifically addresses the number of needed housing units including type, price and density for Forest Grove.
- Statewide Planning Goal 14 (Urbanization): Goal 14 addresses the orderly transition from rural to urban land use to accommodate urban population and urban employment inside urban growth boundaries. The HNA update addresses Goal 14 by forecasting land need for housing in the City's planning area and reconciling this need with the supply shown in the City's Buildable Land Inventory (ORS 197.296(3)(a)).
- ORS 197.296(3)(a) (Buildable Land Inventory). Buildable lands include vacant lands planned for residential use; partially vacant lands planned or zoned for residential use; lands that may be used for a mix of residential and employment uses under existing planning or zoning; and lands that may be used for residential infill or redevelopment. The BLI for the HNA update was prepared, in part, to support the 2018 to support Metro's update to the Urban Growth Report and subsequent regional urban growth boundary decision. The Buildable Land Inventory is summarized in Appendix C to the HNA.

- ORS 197.296(3)(b) (Analysis of Housing Need by Type and Density Range). The HNA update includes an analysis of housing need by type and density range consistent with the requirements of ORS 197.296(3)(b). Housing need by income range is summarized in the HNA in Exhibit 2.11, Exhibit 3.3: Net New Housing Forecast, Forest Grove UGB 2019-2039, and Exhibits 4.1 and 4.2: Reconciliation of Residential Capacity and Projected Demand.
- ORS 197.303 (Needed Housing Defined). Under state law, “needed housing” includes attached and detached single-family housing and multiple family housing for both owner and renter occupancy; government assisted housing including housing financed in whole or in part by either a federal or state housing agency or a housing authority, or housing occupied by a tenant or tenants who benefit from rent supplements or housing vouchers; manufactured homes; and housing for farmworkers. The housing needs forecast contained in the HNA specifies need by housing type (HNA Exhibit 3.3: Net New Housing Forecast, Forest Grove UGB, 2019-2039).
- OAR 660, Division 7 (Metropolitan Housing Rule). The Metropolitan Housing Rule is intended to ensure opportunity for the provision of adequate numbers of needed housing units and the efficient use of land with the Metro regional urban growth boundary. In part, the Metropolitan Housing Rules establishes requirements for minimum residential density for new construction. Under the Metropolitan Housing Rule Forest Grove must provide for an overall density of eight or more dwelling units per net buildable residential acre. HNA Appendix C, Table 7, shows the City provides for an overall density of 9.8 dwellings per net acre buildable residential acre. This assessment is based on Comprehensive Plan designations, estimated net buildable acres and estimated dwelling capacity.

V. ADOPTION FINDINGS

The findings and conclusions below provide the facts relied upon supporting a recommendation to accept the HNA update and to amend the Forest Grove Comprehensive Plan to include the HNA update as a technical appendix. The findings and conclusions below demonstrate that the HNA update complies with the applicable decisions factors below:

1. **Statewide Planning Goal 1 (Citizen Involvement)**

Analysis: As stated above, Goal 1 promotes community involvement in the preparation of plans and policies. Preparation of the HNA included the formation of an advisory group representing diverse interests in housing policy. The advisory group was formed to review work products and provided guidance to the consultant team as they developed recommendations for meeting housing needs based on the data compiled. A public meeting was also held on May 14, 2019, to present key findings from the HNA update and to receive public comments. Additional opportunities for public involvement will be provided during the formal public hearing process.

Conclusion: The HNA update is consistent with Goal 1 since the process provided opportunities for meaningful public involvement including reviewing data for accuracy and preparing policy recommendations for consideration. Members of the project advisory group included a City Councilor, Planning Commissioner, staff from Washington County Land Use, Bienestar, Portland Metropolitan Homebuilders Association, local apartment manager and West Tuality Habitat for Humanity, and a community member at large that also participated on the Ad-Hoc Affordable Housing Committee appointed by City Council. In addition to advisory group meeting a housing forum and severe rent burden meeting was held on May 14, 2019.

2. Statewide Planning Goal 2 (Land Use Planning)

Analysis: Goal 2 requires a factual basis for decisions and actions related to land use. The local Comprehensive Plan fulfills this requirement. The HNA is part of the Comprehensive Plan and provides a factual basis for decisions related to housing. The factual basis prepared for the HNA includes an existing housing inventory, data for housing occupancy and tenancy, affordable housing inventory based on data from the Oregon Department of Housing and US Census Bureau Community Services and American Community Survey, housing market gap analysis, documentation of construction activity, assessment of housing cost burden, housing need forecast and buildable land inventory.

Conclusion: For the reasons stated above, the HNA update is consistent with Goal 2 by providing an up to date factual basis for decisions and actions related to residential land use and housing in the City's planning area.

3. Statewide Planning Goal 10 (Housing)

Analysis: ORS 197.296(3)(b) describes requirements for preparing HNAs consistent with Goal 10. Although these requirements generally apply at time of periodic review of a comprehensive plan or legislative review of the urban growth boundary the City's HNA update was prepared in accordance with ORS 197.296(3)(b). The HNA update includes a buildable land inventory (HNA Appendix C), an analysis of housing need by type for the next 20 years (HNA Exhibit 3.3) and density range (HNA Exhibits 4.1 and 4.2), and assessment of land needed to accommodate the projected number of units (HNA Appendix C).

Conclusion: As noted above, the HNA update includes elements for an HNA as described in ORS 197.296(3)(b). Therefore, the HNA update is deemed compliant with Goal 10.

4. Statewide Planning Goal 14 (Urbanization)

Analysis: The HNA update provides current data on housing capacity and residential land needs. This data will guide decisions related to zoning of land to ensure there's sufficient developable land for needed housing types over the next twenty years as well as the efficient use of the land. Specifically, recommended policies contained in the HNA support the efficient use of land by promoting higher density within planned developments and land efficient housing types new to the City such as cottage clusters.

Conclusion: The HNA update is consistent with the intent of Goal 14 by providing current information on housing capacity (HNA Exhibits 4.1 and 4.2) and residential land needs (HNA Appendix C) and recommending policies supporting land efficient development (HNA Section V. Housing Policy Strategies). The HNA update also includes the buildable land inventory prepared for the Metro Urban Growth Report and urban growth boundary decision (HNA Appendix C and Metro Urban Growth Report (2018), Appendix 2 – Buildable Land Inventory). For these reasons the HNA update complies with Goal 14.

5. ORS 197.296: Factors to establish sufficiency of buildable lands within the urban growth boundary: analysis and determination of residential housing patterns.

Analysis: ORS 197.296(3) establishes requirements for a Housing Needs Analysis. An HNA must include an inventory of buildable land supply within the urban growth boundary and determine the housing capacity of the buildable lands and conduct an analysis of

housing need by type and density range to determine the number of units and amount of land needed for each housing type for the next twenty years.

The HNA includes an estimate of housing capacity and demand for low- and high-density housing types. This information is summarized in the table below (HNA Exhibits 4.1 and 4.2).

	Housing Capacity (Supply)	Housing Demand	Remaining Capacity
Low Density	2,732	2,724	8
High Density*	2,150	958	1,192
Total	4,882	3,682	1,200

* includes townhomes, apartments and group quarters.

Source: Appendix 2, 2018 Metro Buildable Land Inventory (BLI) report

Conclusion: The HNA update is based on the inventory of buildable land prepared for the update to the 2018 Metro Urban Growth Report and subsequent regional urban growth boundary decisions. The buildable land inventory for Forest Grove is summarized in HNA Appendix 2. This summary shows the estimated supply of buildable land based on Comprehensive Plan map and zoning map designations, estimated capacity by housing type and density range. In addition, the HNA includes an estimate of the number of units and amount of land needed by housing type for the next 20 years. For the reasons, the HNA update complies with ORS 197.296(3).

6. OAR 660, Division 7: Metropolitan Housing Rule.

Analysis: The Metropolitan Housing Rule is intended to ensure opportunity for the provision of adequate numbers of needed housing units and the efficient use of land with the Metro urban growth boundary. In part, the Metropolitan Housing Rules establishes requirements for minimum residential density for new construction. Under the Metropolitan Housing Rule Forest Grove must provide for an overall density of eight or more dwelling units per net buildable acre. The HNA indicates in the table below (HNA Appendix C, Table 7) that Forest Grove is providing an overall density for new construction of 9.8 dwellings per acre.

Metropolitan Housing Rule Analysis

General Plan Designation	Net Buildable Acres	Percent	Estimated Dwelling Capacity	Capacity Distribution (%)
Low Density Residential	327	66.2%	2,540	52.5%
Medium Density Residential	42	8.5%	990	20.5%
High Density Residential	69	14.0%	1,100	22.7%
Commercial/Mixed Use	56	11.3%	210	4.3%
TOTAL	494	100%	4,840	100%
Estimated Average Density 9.8 dwellings / net acre				

Source: Metro, Buildable Land Inventory, March 2018 and City of Forest Grove Planning Division

Conclusion: As shown in the table above, the HNA update demonstrates Forest Grove complies with the Metropolitan Housing Rule. Therefore, the HNA shows the City is in compliance with the Metropolitan Housing Rule (OAR 660, Division 7).

7. Forest Grove Comprehensive Plan

Analysis: Chapter 5 of the Forest Grove Comprehensive Plan establishes policies for housing. These policies include:

Policy 1.1: Update the City's land use inventory at regular intervals to monitor the supply of developable land.

Policy 4.1: Develop and implement programs to offset the increasing cost of new housing construction. HNA update recommends a sliding scale for system development charges which would reduce permit cost for smaller houses.

Policy 4.3: Develop and implement programs to encourage the rehabilitation of older housing stock throughout the community. The HNA update recommends affordable housing preservation to maintain the affordable housing stock.

Policy 9.1: Establish a multifamily residential unit inspection program to ensure compliance with the City codes.

The HNA updates information contained in the City's 2011 Land Use Inventory including the estimate of number of housing units by type. This updated information supports Policy 1.1 above.

The HNA Update also includes policy recommendations to offset the increasing cost of new housing construction (HNA Section V.). Policy recommendations consistent with Policy 4.1 include amending the City's Development Code to allow for cottage cluster units and a sliding scale for City system development charges based on unit size.

Consistent with Policy 4.3 above, the HNA update recommends affordable housing preservation to maintain the affordable housing stock. The HNA update also recognizes the need to preserve the existing affordable housing stock. This is supported, in part, by the recommendation to establish a multifamily residential housing inspection program consistent with Policy 9.1 above.

Conclusion: The HNA update is consistent with and furthers implementation of the Forest Grove Comprehensive Plan by providing up to date information on housing needs and identifying policies to further housing goals and objectives. In addition, the HNA includes policy recommendations consistent with the goals and objectives of the Comprehensive Plan as stated above. Therefore, the HNA update is consistent with and supports the Comprehensive Plan policies for housing contained in Chapter 5 of the Plan.

8. Metro Urban Growth Management Functional Plan

Analysis: Title 1 of the Metro Urban Growth Management Functional Plan requires each city and county to maintain or increase its housing capacity with limited exceptions. The HNA provides data documenting housing capacity consistent with Title 1 as shown below. The HNA update estimates housing capacity at about 4,800 units (HNA Exhibits 4.1 and 4.2). This compares to 4,700 units in 2009. Through actions such as increasing permissible development densities in the Town Center and Community Commercial zones and adding land to the urban growth the City has been able to maintain sufficient housing capacity needed to meet forecasted demand.

Title 7 of the Metro Urban Growth Management Functional Plan addresses housing choice. Under Title 7 cities and counties in the Metro region must ensure their comprehensive plans and implementing ordinances include strategies for a diverse range of housing types within their jurisdictional boundaries. In addition, Title 7, requires maintaining the existing supply of affordable housing through voluntary actions. Title 7 also requires implementation measures aimed at increasing opportunities for households of all income levels to live within their jurisdictions in affordable housing.

The HNA update provides current data documenting the number of regulated affordable housing units in the City based on data from the Oregon Department of Housing and Community Services. The current estimate of regulated affordable housing in the City is approximately 680 units. The HNA update also includes policy recommendations aimed at increasing opportunities for households of all income levels to live within Forest Grove in affordable housing. Policy recommendations include techniques for reducing the cost of housing and resources for affordable housing incentives.

Estimated Housing Capacity

	Housing Capacity (Supply)	Housing Demand	Remaining Capacity
Low Density	2,732	2,724	8
High Density*	2,150	958	1,192
Total	4,882	3,682	1,200

* includes townhomes, apartments and group quarters.

Source: Appendix 2, 2018 Metro Buildable Land Inventory (BLI) report

The HNA update also includes specific policy recommendations aimed at increasing housing choice. This includes policies for cottage/cluster housing developments, and establishing a dedicated source of revenue by adopting a local construction excise tax to fund affordable housing initiatives.

Conclusion: For the reasons stated above, the HNA update demonstrates the City complies with the Metro Urban Growth Management Functional Plan. The HNA includes a housing capacity analysis and policy recommendations to expand housing choice.

VI. RECOMMENDATION

The HNA update fulfills the requirements for an HNA under Statewide Land Use Planning Goal 10 (Housing) and ORS 197.296(3)(b). The HNA update is also consistent with the applicable policies contained in the Forest Grove Comprehensive Plan and Metro Urban Growth Management Plan. The HNA update also demonstrates that the City complies with the Metropolitan Housing Rule (OAR 660, Division 7). Therefore, staff recommends the Planning Commission adopt a motion:

3. Recommending City Council acceptance of the Housing Needs Analysis update; and
4. Council adopt an ordinance amending the Forest Grove Comprehensive Plan to include the HNA update as a technical appendix to the Plan.

VII. ATTACHMENTS

- A. Housing Needs Analysis Update Public Hearing Draft, June 27, 2019.
- B. Public Hearing Notice for Publication, August 14, 2019



A place where families and businesses thrive.

**Planning Commission
Community Auditorium
1915 Main Street, Forest Grove, OR
Monday, August 19th, 2019, 7:00 pm**

1. CALL TO ORDER:

Chair Tom Beck called the meeting to order at 7:00 p.m. Roll Call:

Planning Commission Present: Tom Beck, Chair; Commissioners Lisa Nakajima, Ginny Sanderson, and Dale Smith.

Planning Commission Excused: Phil Ruder, Vice Chair; Commissioners Sebastian Bannister Lawler and Hugo Rojas.

Staff Present: James Reitz, Senior Planner; Dan Riordan, Long Range Planner; Bryan Pohl, Community Development Director; Cassi Bergstrom, Planning Commission Coordinator

2. PUBLIC MEETING:

A. PUBLIC COMMENT PERIOD FOR NON-AGENDA ITEMS:

None.

B. PUBLIC HEARING:

(1.) File No. 311-19-000017-PLNG – Amendment to Development Code Article 3 Zoning Districts, Article 5 Special Provisions, and Article 12 Use Categories and Definitions to permit Seasonal Shelters in the Town Center and Community Commercial zoning districts

Chair Beck opened the legislative public hearing at 7:00 p.m, calling for the staff report.

Senior Planner James Reitz gave the staff report, informing the Commissioners that City Council has directed staff to prepare an ordinance to regulate temporary seasonal shelters as currently there is no Development Code to regulate and define temporary uses and seasonal shelters specifically. Severe weather shelters are not incorporated into the Development Code, but will be drafted and prepared to be defined and regulated within the Forest Grove City Code for the City Manager’s review. The City’s goal is to make the permitting process for the shelter as simple and timely as possible.

Mr. Reitz went over the submittal requirements for the temporary use permits. Review criteria include parking, access/circulation, compliance with fire life safety building codes, and located within the Community Commercial (CC) or Town Center (TC) zoning districts. These temporary use permits are applicable to stands as well, such as Christmas tree stands, firework stands, etc. Seasonal shelters exclusively will be defined as to their intent and permitting conditions within Article 5 and 12 of the Development Code for clarity.

Chair Tom Beck questioned the definition of seasonal shelters, the time limit suggested, and the limited zoning districts the City was imposing due to the fact that some churches are not located within the allowable zoning districts. Community Development Director Bryan Pohl explained that staff has been directed by City Council to allow temporary use permits in the TC and CC zoning districts.

Commissioner Nakajima commented that a seasonal shelter has the risk of operating for profit as it is currently defined. Commissioners discussed the civic use category and including a condition of being non-profit.

Chair Beck suggested similar language for conditional use permits be used regarding returning the condition of the site back to its original use.

CORRESPONDENCE:

A handout was received at the meeting with information regarding the West Washington County Winter Shelter.

PROPONENTS:

Michael Terhorst, Cherry Grove, OR:

Mr. Michael Terhorst came to the front, informing the Commission that he is the Site Coordinator for the United Church of Christ in Forest Grove. Mr. Terhorst is very grateful for this review process of the ministry. The suggestion of running the seasonal shelters to the end of the month would be helpful, as well as increasing the annual maximum of days from 35 to 40 days. Sometimes there is a conflict with events happening at the shelter locations, and the various churches will substitute for one another. The permitting condition stating “a seasonal shelter may be open not more than two (2) days per week” could provide a barrier to the ministry they are providing. Having seasonal shelters available will benefit everyone in the community, with a broader focus being affordable housing and working towards a solution.

Commissioner Nakajima asked Mr. Terhorst to explain the ‘Family Promise’ organization. Mr. Terhorst explained that it is an organization with a focus on family that can stay for up to a week at a time with roots in Community Action.

Commissioner Sanderson asked Mr. Terhorst if he had any comments on the permitting process the City is proposing, and Mr. Terhorst responded that they can do it rather easily.

Celeste Goulding, Gaston, OR:

Ms. Celeste Goulding came to the front, explaining that she is the manager for seasonal shelters in the western Washington County area. Ms. Goulding agrees with all of Mr. Terhorst's suggestions and comments. Ms. Goulding gave her background, explaining she is a Masters level social worker.

Ms. Goulding explained that most of the staff for seasonal shelters are volunteers, and having more options available to host the shelters would be the most humane action. The 'Family Promise' organization would not fall under the temporary seasonal shelter ordinance.

OPPONENTS:

None.

OTHER:

None.

Chair Beck closed the public hearing at 7:44 p.m.

COMMISSIONER DISCUSSION:

Chair Beck questioned the City as to why a temporary shelter only qualifies during the winter and not the rest of the year.

Director Bryan Pohl explained that the City Council has directed staff to focus on the seasonal shelters and their locations. There are other avenues to address year-round sheltering for homelessness.

Commissioner Nakajima suggested omitting the two day limitation, and extending the maximum number of days to 45 days. Commissioners discussed the location of the temporary seasonal shelters, and the limitation of the zoning. Commissioners had Ms. Celeste Goulding come forward and explain the release procedure. Ms. Goulding explained they do "sweeps" within 2-4 blocks of the shelter to make sure the homeless population are not gathering in residential areas. It is almost never a problem as the homeless head straight to the transit lines, and transit lines need to be close by for their homeless guests with disabilities and difficulties walking.

Commissioners discussed the options and concluded amending these conditions:

- Extend the maximum number of days for a seasonal shelter to be open to 45 days;
- Omit the limitation of two (2) days per week a shelter can be open in one location;
- Change the open dates to November 1 – March 31st;
- Include language from conditional use permit to restore site to its original condition when the temporary use ends;

- To include all 501(c)3 charitable organizations for allowance to operate seasonal shelters

Commissioner Sanderson moved a motion to recommend to City Council with the discussed amendments for file number 311-19-000017-PLNG – Amendment to Development Code Article 3 Zoning Districts, Article 5 Special Provisions, and Article 12 Use Categories and Definitions to permit seasonal shelters in the Town Center and Community Commercial zoning districts. Commissioner Nakajima seconded the motion.

Roll Call Vote on Motion: AYES: Chair Beck; Commissioners Nakajima, Sanderson, and Smith. NOES: None. ABSENT: Vice Chair Ruder; Commissioners Bannister-Lawler and Rojas. MOTION CARRIED 4-0.

(2.) File No. 311-19-000016-PLNG – Comprehensive Plan text amendment to add the 2019 Housing Needs Analysis Update as a technical appendix

Long Range Planner Dan Riordan gave a staff report using a Power Point presentation, explaining the purpose of having a public hearing for the update to the Housing Needs Analysis (HNA) that was adopted in 2009. The City was provided funding for a consultant with expertise to prepare the HNA update, and tonight the Planning Commission will make a recommendation whether City Council should accept the update.

Mr. Riordan gave the background of the project and the participants selected for the advisory committee. An inventory of the housing types and demand projections was provided, and the HNA update covers the period from 2019 to 2039. The population in Forest Grove is expected to increase by about 9,600 people over the next 20 years, making an additional 3,400 housing units needed for the expected growth. Overall, the UGB appears adequate to address housing needs during the 20 year planning period.

Currently, expanding the supply of approved subdivision lots is constrained by the lack and cost of infrastructure needed to serve the areas, as well as the lack of desire for property owners to annex into the City. Mr. Riordan went over some policy considerations to help promote needed housing. Policy considerations include establishing a Construction Excise Tax to incentivize affordable housing, revising System Development Charge methodology, cottage/cluster housing development standards, reduce parking requirements, and reduce the cost of development. Director Bryan Pohl explained the calculation of the Construction Excise Tax and how it is utilized.

Staff recommends the Planning Commission approve a motion recommending City Council acceptance of the HNA update and Council adopt an ordinance amending the Forest Grove Comprehensive Plan to include the HNA update as a technical appendix. Commissioner Nakajima recommended the City address within the HNA

the new apartment units that were built in 2017-2018 with a footnote.

Commissioner Nakajima moved a motion to recommend to City Council for file number 311-19-000016-PLNG – Acceptance of the Housing Needs Analysis update with the edit in the footnote and Council adopt ordinance for amendment of the Comprehensive Plan text to add the 2019 Housing Needs Analysis Update as a technical appendix. Commissioner Sanderson seconded the motion.

Roll Call Vote on Motion: AYES: Chair Beck; Commissioners Nakajima, Sanderson, and Smith. NOES: None. ABSENT: Vice Chair Ruder; Commissioners Bannister-Lawler and Rojas. MOTION CARRIED 4-0.

C. ACTION ITEMS:

None.

D. WORK SESSION ITEMS:

None.

3. BUSINESS MEETING:

A. APPROVAL OF MINUTES:

Commissioner Smith moved to approve the minutes of the July 1st, 2019 meeting. Commissioner Nakajima seconded. Motion passed 4-0.

B. REPORTS FROM COMMISSIONERS/SUBCOMMITTEES:

None.

C. DIRECTOR'S REPORT:

Director Bryan Pohl gave an update from the City Council meeting on August 12th regarding the appeal of the Dollar General. The appeal was upheld, and in speaking with the applicant they will not be appealing the decision. City Council has indicated to staff that the Neighborhood Mixed Use zoning definition needs to be clarified as far as a Village Center. There will be a work session held on September 23rd to discuss next steps.

Chair Beck suggested the Council think about what the City can do when a project might result in greater pedestrian traffic is applied for, but the street is not within City jurisdiction. The City needs to allocate funds for a solution to the pedestrian traffic.

James Reitz gave an update on the fence variance at Ivy Crest Court, stating the issue is resolved.

Date: **OCTOBER 14, 2019**

Agenda Item: **6.**

Subject: **CONTINUE PUBLIC HEARING AND SECOND READING OF ORDINANCE NO. 2019-12 ACCEPTING THE UPDATE TO THE CITY OF FOREST GROVE HOUSING NEEDS ANALYSIS AND AMENDING THE TEXT OF THE FOREST GROVE COMPREHENSIVE PLAN TO ADD THE 2019 HOUSING NEEDS ANALYSIS UPDATE AS A TECHNICAL APPENDIX; FILE NO. 311-19-000016-PLNG**

CITY COUNCIL MEETING

Request to Testify at Public Hearing

Public Hearings – Public hearings are held on each matter required by state law or City policy. Anyone wishing to testify should sign-in for the Public Hearing prior to the meeting. The Mayor or presiding officer will review the complete hearing instructions prior to testimony. The Mayor or presiding officer will call the individual or group by the name given on the sign-in form. When addressing the Mayor and Council, please move to the witness table (center front of the room). Each person should speak clearly into the microphone and must state their first and last name and provided a mailing address for the record. All testimony is electronically recorded. In the interest of time, Public Hearing testimony is limited to three minutes unless the Mayor or presiding officer grants an extension. Written or oral testimony is heard prior to any Council action.

Please sign-in below to testify:

PROPONENTS: (Please print legibly)

First & Last Name:

Address:

City, State & Zip Code:

OPPONENTS: (Please print legibly)

First & Last Name:

Address:

City, State & Zip Code:

OTHERS: (Please print legibly)

First & Last Name:

Address:

City, State & Zip Code:

Mr. Reitz informed the Commission that there is a pre-application meeting scheduled regarding a proposed subdivision at Thatcher Road/Watercrest Road. Staff is not sure if this will be a subdivision or a planned development as of yet.

D. ANNOUNCEMENT OF NEXT MEETING:

The next meeting is to be determined.

E. ADJOURNMENT:

The meeting was adjourned at 8:39 p.m.

Respectfully submitted by:

Cassi Bergstrom
Planning Commission Coordinator



A place where families and businesses thrive.

<i>CITY RECORDER USE ONLY:</i>	
AGENDA ITEM #:	<u>7.</u>
MEETING DATE:	<u>09/23/2019</u>
FINAL ACTION:	<u>First Reading</u> <u>ORD 2019-12</u>

CITY COUNCIL STAFF REPORT

TO: *City Council*

FROM: *Jesse VanderZanden, City Manager*

MEETING DATE: *September 23, 2019*

PROJECT TEAM: *Daniel Riordan, Senior Planner, Bryan Pohl, Community Development Director*

SUBJECT TITLE: *Public Hearing and First Reading of an Ordinance Accepting the Update to the City of Forest Grove Housing Needs Analysis and Amending the Text of the Forest Grove Comprehensive Plan to Add the 2019 Housing Needs Analysis Update as a Technical Appendix*

ACTION REQUESTED:

<input checked="" type="checkbox"/>	Ordinance	<input type="checkbox"/>	Order	<input type="checkbox"/>	Resolution	<input type="checkbox"/>	Motion	<input type="checkbox"/>	Informational
-------------------------------------	-----------	--------------------------	-------	--------------------------	------------	--------------------------	--------	--------------------------	---------------

X all that apply

ISSUE STATEMENT: The Oregon Department of Land Conservation and Development (DLCD) provided funding for consulting assistance to update the City’s 2009 Housing Needs Analysis (HNA). The HNA is a component part of the Forest Grove Comprehensive Plan and provides a basis for policy decisions related to housing needs in the City’s planning area. The updated HNA is attached for City Council review and consideration.

Since the HNA is part of the Comprehensive Plan, City Council must adopt an ordinance amending the text of the Comprehensive Plan to include the Plan as a technical appendix. Amending the Comprehensive Plan is a Type IV, legislative action. Type IV actions require an initial public hearing by the Planning Commission and recommendation. The Planning Commission recommendation is provided to City Council for public hearing and final local action. The Planning Commission adopted a motion recommending City Council accept the HNA update and add the HNA as an appendix to the Comprehensive Plan.

BACKGROUND: In 2017, the Oregon Legislature passed House Bill HB 4006 pertaining to severe rent burden in cities throughout Oregon. DLCD and the Oregon Department of Housing and Community Services identified Forest as a severe rent burden city where more than 25% of renter households pay more than 50% of household income on rent. HB 4006 made technical assistance grants available through DLCD to help severe rent burden cities update local HNAs. Since Forest Grove is identified as a severe rent burden community the City qualified for and received a technical assistance grant. DLCD selected FCS Group to lead the HNA update effort for the City.

A work session was held with City Council on June 10th to present findings and conclusions from the HNA update prior to completion. FCS completed the HNA update on June 27th.

The Planning Commission held a duly-noticed public hearing on August 19th to accept public comment on the HNA update and to consider recommending City Council adoption. On August 19th the Planning adopted a motion on a unanimous vote of 4-0 recommending that City Council accept the HNA update and amend the text of the Forest Grove Comprehensive Plan (Plan) to add the HNA update as a technical appendix to the Plan.

An ordinance accepting the HNA update and amending the text of the Comprehensive Plan to add the plan as an appendix is attached for Council consideration (Attachment A). The HNA update document is attached to the ordinance as Exhibit A.

Several additional items are attached as additional information for City Council. The first items is Planning Commission Decision 2019-10 (Attachment B). The decision includes the Planning Commission's findings providing the basis for the Planning Commission's recommendation to Council. The second item is the staff report prepared for the Planning Commission's public hearing held on August 19th (Attachment C). The third, and final item, item is the draft minutes from the Planning Commission's public hearing.

FISCAL IMPACT: Adoption of the attached ordinance has no fiscal impact to the City. The HNA is a technical document required by state law and administrative rule providing a basis for policy decision related to housing needs in the City's planning area.

STAFF RECOMMENDATION: Staff recommends:

- City Council hold a Public Hearing on September 23, 2019, and continue the Public Hearing to October 14, 2019; and
- City Council adopt an ordinance on October 14, 2019, accepting the update to the City of Forest Grove Housing Needs Analysis and amending the text of the Forest Grove Comprehensive Plan to add the 2019 Housing Needs Analysis as a technical appendix.

ATTACHMENT(s):

- A. Ordinance and Exhibit A: Housing Needs Analysis, June 27, 2019
- B. Planning Commission Decision 2019-10, August 19, 2019
- C. Planning Commission Staff Report, August 19, 2019
- D. Planning Commission Draft Minutes, August 19, 2019



HOUSING NEEDS ANALYSIS UPDATE

**Dan Riordan,
Senior Planner**

**Bryan Pohl, Community
Development Director**

City Council
09/23/2019

HNA ADOPTION

PUBLIC HEARING

- ❑ Council consideration of an ordinance accepting the update to the City's 2009 Housing Needs Analysis (HNA) and amending the City's Comprehensive Plan to add the HNA as a technical appendix.
- ❑ Prior to tonight's hearing a work session was held with City Council on June 10th to present details from the analysis prior to finalizing the HNA.
- ❑ Tonight's presentation will only summarize major findings and conclusions.

BACKGROUND

- ❑ Statewide Planning Goal 10 (Housing) requires there be enough land in the City's planning area (urban growth boundary) to meet demand for needed housing over a 20-year planning period.
- ❑ The HNA also supports local compliance with Statewide Planning Goal 2 (Land Use) which requires a factual basis for decisions and actions related to land use.
- ❑ As a policy document guiding decisions and actions related to land use, the HNA must be formally adopted as part of the Comprehensive Plan.

BACKGROUND

- ❑ In general, an HNA includes:
 - ❑ An inventory of existing housing stock by type and price range.
 - ❑ Housing demand projections by type and price range for the next 20 years.
 - ❑ Assessment of housing land needs based on how land is currently zoned and the housing projections.

BACKGROUND

- ❑ An advisory committee was convened to assist the project team and review work products.
- ❑ The committee also supports compliance with Statewide Planning Goal 1 (Citizen Involvement).
- ❑ The committee met three times during the project.

Participants

- ❖ **City Councilor Valfre**
- ❖ **Planning Commissioner Ruder**
- ❖ **Bienestar Director**
- ❖ **West Tuality Habitat Director**
- ❖ **Home Builders Association Staff**
- ❖ **Local Apartment Manager**
- ❖ **Affordable Housing Ad-Hoc Committee Member**
- ❖ **Washington County Land Use and Transportation staff**

HOUSING NEEDS ANALYSIS

- ❑ The HNA covers the period from 2019 to 2039.
- ❑ During this period Forest Grove's population is forecasted to increase from about 24,000 persons to about 34,000 persons.
- ❑ An additional 3,400 housing units will be needed for this population growth.
- ❑ The HNA shows that there's enough land zoned for residential in the UGB to meet this demand.

HOUSING NEEDS ANALYSIS

- ❑ The HNA also shows there's a need for a variety of housing types including single family units, duplexes, triplexes, apartments and manufactured homes.
- ❑ Units are needed across the entire price and rental spectrum.
- ❑ The data shows a significant need for homes affordable to households earning between \$60,000 and \$90,000 annually.
- ❑ This market segment represents about 56% of the owner market demand and 51% of the rental demand.

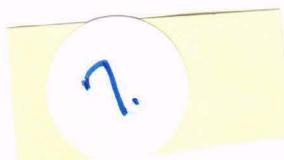
PLANNING COMMISSION ACTION

- ❑ The Planning Commission held an initial public hearing on the HNA update on August 19th.
- ❑ The Commission found the HNA update complies with applicable planning laws and administrative rules.
- ❑ The Commission adopted a motion, on vote of 4- 0, to recommend Council adopt an ordinance:
 - ❑ Accepting the HNA update; and
 - ❑ Adding the HNA update as a technical appendix to the Comprehensive Plan.

STAFF RECOMMENDATION TO COUNCIL

- ❑ Staff recommends City Council support the Planning Commission recommendation and adopt an ordinance accepting the HNA update and amending the Comprehensive Plan to add the HNA update as a technical appendix.

QUESTIONS?



ORDINANCE NO. 2019-12

**ORDINANCE ACCEPTING THE UPDATE TO THE CITY OF FOREST GROVE
HOUSING NEEDS ANALYSIS AND AMENDING THE TEXT OF THE FOREST
GROVE COMPREHENSIVE PLAN TO ADD THE 2019 HOUSING NEEDS ANALYSIS
UPDATE AS A TECHNICAL APPENDIX
FILE NUMBER 311-19-000016-PLNG**

WHEREAS, in 2017, the Oregon legislature passed HB 4006 pertaining to severe rent burden in cities throughout Oregon; and

WHEREAS, the Oregon Department of Land Conservation and Development (DLCD) and Oregon Department of Housing and Community Services (OHCS) identified Forest Grove as a severe rent burden city where more than 25% of renter households pay more than 50% of household income on rent; and

WHEREAS, HB 4006 made technical assistance grants available through DLCD to help severe rent burden cities update housing needs analysis; and

WHEREAS, Forest Grove being a severe rent city, qualified for and received technical assistance to update the City's 2009 Housing Needs Analysis; and

WHEREAS, DLCD selected consultants FCS Group to lead the HNA update for the City; and

WHEREAS, a City Council work session was held on June 10, 2019, to present findings and conclusions from the HNA update prior to completion; and

WHEREAS, the HNA update was completed by FCS Group to the satisfaction of the City; and

WHEREAS, the Planning Commission held a duly-noticed Public Hearing on August 19, 2019, to accept public comment on the HNA update and to consider recommending City Council adoption; and

WHEREAS, the Planning Commission adopted a motion on August 19, 2019, recommending that City Council accept the HNA update and amend the text of the Forest Grove Comprehensive Plan to add the HNA update as a technical appendix to the Plan; and

WHEREAS, City Council held a duly-noticed Public Hearing on September 23, 2019 and continued the Public Hearing to October 14, 2019.

NOW, THEREFORE, THE CITY OF FOREST GROVE ORDAINS AS FOLLOWS:

Section 1: The City Council hereby adopts the Housing Needs Analysis dated June 27, 2019, attached as Exhibit A.

Section 2: The City Council hereby amends the Forest Grove Comprehensive Plan to include the HNA update as an appendix to the Plan.

Section 3: This ordinance is effective 30 days following its enactment by the City Council.

PRESENTED AND PASSED the first reading the 23rd day of September, 2019.

PASSED the second reading this 14th day of October, 2019.

Anna D. Ruggles, City Recorder

APPROVED by the Mayor this 14th day of October, 2019.

Peter B. Truax, Mayor



A place where families and businesses thrive.

NOTICE OF PUBLIC HEARING FOREST GROVE CITY COUNCIL

NOTICE IS HEREBY GIVEN that the Forest Grove City Council will hold a Public Hearing on **Monday, September 23, 2019, 7:00 p.m.** or thereafter, in the Community Auditorium, 1915 Main Street, to review the following request; **FILE NO. 311-19-000016-PLNG:**

-
- Planning Commission recommendation that City Council accept the 2019 update to the City's Housing Needs Analysis (HNA) and adopt an ordinance amending the Forest Grove Comprehensive Plan to add the HNA update as a technical appendix. The proposed ordinance, if enacted by the City Council, would take effect 30 days immediately after enactment unless City Council declares an emergency.

The City Council will consider the Planning Commission's recommendation on the following decision factors.

- A. Statewide Land Use Planning Goal 1 (Citizen Involvement);
- B. Statewide Land Use Planning Goal 2 (Land Use);
- C. Statewide Land Use Planning Goal 10 (Housing);
- D. Statewide Land Use Planning Goal 14 (Urbanization);
- E. Forest Grove Comprehensive Plan Goals and Policies;
- F. Metro Urban Growth Management Functional Plan (Title 1: Housing Capacity and Title 7: Housing Choice);
- G. Oregon Revised Statutes Chapter: 197.296 (Sufficiency of Buildable Lands, Analysis and Determination of Residential Housing Patterns); and
- H. Oregon Administrative Rules Chapter: 660-007 (Metropolitan Housing Rule).

At this time and place, all persons will be given reasonable opportunity to give testimony about the proposal. If an issue is not raised in the hearing (by person or by letter) or if the issue is not explained in sufficient detail to allow the City Council to respond to the issue, then that issue cannot be used for an appeal to the Land Use Board of Appeals. Information pertaining to this request may be obtained from Senior Planner Daniel Riordan, Community Development Department, 9am-5pm, 1924 Council Street, (503) 992-3226 or driordan@forestgrove-or.gov. A copy of the staff report is available seven days prior to the hearing at the City Recorder's Office or by visiting the City's website at www.forestgrove-or.gov. Written comments or testimony may be submitted at the hearing or sent prior to the hearing to the attention of the City Recorder's Office, P. O. Box 326, 1924 Council Street, Forest Grove, OR 97116, aruggles@forestgrove-or.gov.

###

Anna D. Ruggles, CMC, City Recorder
City of Forest Grove

FG NewsTimes 09/18/2019



6605 SE Lake Road, Portland, OR 97222
PO Box 22109 Portland, OR 97269-2169
Phone: 503-684-0360 Fax: 503-620-3433
E-mail: legals@commnewspapers.com

AFFIDAVIT OF PUBLICATION

State of Oregon, County of Washington, SS I, Charlotte Allsop, being the first duly sworn, depose and say that I am the Accounting Manager of the **Forest Grove News Times**, a newspaper of general circulation, serving Forest Grove in the aforesaid county and state, as defined by ORS 193.010 and 193.020, that

**City of Forest Grove
NOTICE OF PUBLIC HEARING FOREST GROVE CITY COUNCIL FILE NO. 311-19-000016-PLNG**

Ad#: 130011

A copy of which is hereto annexed, was published in the entire issue of said newspaper(s) for 1 week(s) in the following issue(s):
09/18/2019

Charlotte Allsop

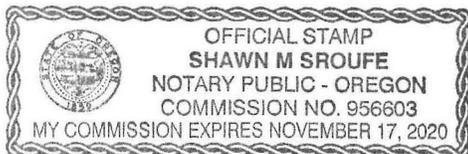
Charlotte Allsop (Accounting Manager)

Subscribed and sworn to before me this 09/18/2019.

[Signature]

NOTARY PUBLIC FOR OREGON

Acct #: 104052
Attn: Anna Ruggles
FOREST GROVE, CITY OF
PO BOX 326
FOREST GROVE, OR 97116



**NOTICE OF PUBLIC HEARING
FOREST GROVE CITY COUNCIL**

NOTICE IS HEREBY GIVEN that the Forest Grove City Council will hold a Public Hearing on **Monday, September 23, 2019, 7:00 p.m.** or thereafter, in the Community Auditorium, 1915 Main Street, to review the following request; **FILE NO. 311-19-000016-PLNG:**

•Planning Commission recommendation that City Council accept the 2019 update to the City’s Housing Needs Analysis (HNA) and adopt an ordinance amending the Forest Grove Comprehensive Plan to add the HNA update as a technical appendix. The proposed ordinance, if enacted by the City Council, would take effect 30 days immediately after enactment unless City Council declares an emergency.

The City Council will consider the Planning Commission’s recommendation on the following decision factors.

- A. Statewide Land Use Planning Goal 1 (Citizen Involvement);
- B. Statewide Land Use Planning Goal 2 (Land Use);
- C. Statewide Land Use Planning Goal 10 (Housing);
- D. Statewide Land Use Planning Goal 14 (Urbanization);
- E. Forest Grove Comprehensive Plan Goals and Policies;
- F. Metro Urban Growth Management Functional Plan (Title 1: Housing Capacity and Title 7: Housing Choice);
- G. Oregon Revised Statutes Chapter: 197.296 (Sufficiency of Buildable Lands, Analysis and Determination of Residential Housing Patterns); and
- H. Oregon Administrative Rules Chapter: 660-007 (Metropolitan Housing Rule).

At this time and place, all persons will be given reasonable opportunity to give testimony about the proposal. If an issue is not raised in the hearing (by person or by letter) or if the issue is not explained in sufficient detail to allow the City Council to respond to the issue, then that issue cannot be used for an appeal to the Land Use Board of Appeals. Information pertaining to this request may be obtained from Senior Planner Daniel Riordan, Community Development Department, 1928 Council Street, (503) 992-3226 or driordan@forestgrove-or.gov, 9 am - 5 pm. A copy of the staff report is available seven days prior to the hearing at the City Recorder’s Office or by visiting the City’s website at www.forestgrove-or.gov. Written comments or testimony may be submitted at the hearing or sent prior to the hearing to the attention of the City Recorder’s Office, P. O. Box 326, 1924 Council Street, Forest Grove, OR 97116, aruggles@forestgrove-or.gov.

Anna D. Ruggles, CMC, City Recorder
City of Forest Grove
Publish September 18, 2019

FGNT130011

Date: **SEPTEMBER 23, 2019**

Agenda Item: **7.**

Subject: **PUBLIC HEARING AND FIRST READING OF ORDINANCE NO. 2019-12 ACCEPTING THE UPDATE TO THE CITY OF FOREST GROVE HOUSING NEEDS ANALYSIS AND AMENDING THE TEXT OF THE FOREST GROVE COMPREHENSIVE PLAN TO ADD THE 2019 HOUSING NEEDS ANALYSIS UPDATE AS A TECHNICAL APPENDIX; FILE NO. 311-19-000016-PLNG**

CITY COUNCIL MEETING

Request to Testify at Public Hearing

Public Hearings – Public hearings are held on each matter required by state law or City policy. Anyone wishing to testify should sign-in for the Public Hearing prior to the meeting. The Mayor or presiding officer will review the complete hearing instructions prior to testimony. The Mayor or presiding officer will call the individual or group by the name given on the sign-in form. When addressing the Mayor and Council, please move to the witness table (center front of the room). Each person should speak clearly into the microphone and must state their first and last name and provided a mailing address for the record. All testimony is electronically recorded. In the interest of time, Public Hearing testimony is limited to three minutes unless the Mayor or presiding officer grants an extension. Written or oral testimony is heard prior to any Council action.

Please sign-in below to testify:

PROPONENTS: *(Please print legibly)*

First & Last Name:

Address:

City, State & Zip Code:

OPPONENTS: *(Please print legibly)*

First & Last Name:

Address:

City, State & Zip Code:

OTHERS: *(Please print legibly)*

First & Last Name:

Address:

City, State & Zip Code:
