



CITY OF MOLALLA

2022 – 2042 Housing Production Strategy

Introduction

This document serves as the Housing Production Strategy (HPS) report for the City of Molalla as required by State Law (OAR 660-048-0050). The HPS was developed in partnership with the community and local stakeholders in 2022 and 2023. The HPS addresses housing needs identified in the City's Housing Needs Analysis.

The Housing Production strategy is organized in five sections:

- ◆ **Strategies and Actions Summary Table** lists all the strategies and actions included in the HPS along with their affordability, housing type, tenure, and equity targets. *To be included once strategies are finalized from the table on Page 19.*
- ◆ **Section 1: Molalla's Housing Needs** provides a summary of Molalla's current and future housing needs, of factors affecting housing production, and housing-related equity concerns.
- ◆ **Section 2: Engagement** includes a summary of stakeholder and community input that was used to develop the strategies and actions included in the HPS as well as some recommendations for future engagement.
- ◆ **Section 3: Strategies to Meet Future Housing Need** contains a list of ten (10) specific actions the City intends to undertake to fulfill its commitment to meeting the housing needs.
- ◆ **Section 4: Achieving Fair and Equitable Housing Outcomes** includes a narrative summarizing how the actions in the HPS, in combination with other City actions, will achieve equitable housing outcomes.

Section 1: Molalla's Housing Needs

The Housing Needs Analysis and the contextualized housing need summary (Appendix 1) informed selection of the strategies and actions included in the HPS.

Current Needs

- ◆ Single-Family houses makeup most of the housing stock in Molalla and will continue to be the key housing need.
- ◆ Housing costs are high relative to income levels in Molalla.
- ◆ The City has a significant deficit of both affordable and market-rate rental apartments.

Future Needs

- ◆ Molalla expects to add around 5,432 new residents over the next 20 years. To accommodate these new residents, 2,077 new dwelling units are needed, consisting of:
 - 55% Low Density Residential (R-1 zone) – Single-Family (1,143 dwelling units)
 - 25% Medium Density Residential (R-2 zone) – Single-Family attached & detached and Plexes (519 dwelling units)
 - 20% Medium-High density Residential (R-3 zone) – Multi-Family (415 dwelling units)
- ◆ Single-Family detached housing will continue to be a key housing need in the city, accounting for over 50% of the future housing need.

- ◆ Demographic changes are driving a shift in housing demand and needs. About 45% of the future housing need will be a mix of plexes (duplex, tri-plex, quad-plex), townhomes and apartments, and 55% will be single-family, manufactured housing, and other housing types.
- ◆ New Housing is needed for all income levels in order to create a healthy, well-functioning housing market.

Factors Affecting Housing Production

- ◆ There is enough buildable land zoned for housing overall but that does not mean that land is available and practical to develop.
- ◆ There is a tighter supply of land for high density housing, such as apartments and townhomes than low or medium density housing.
- ◆ Market factors outside the City’s control – such as job and population growth, construction costs, the developer pool, and availability of financing – will continue to impact how much and what type of housing is produced.

Section 2: Engagement

Input from housing stakeholders, the project’s Technical Advisory Committee (TAC), and the public shaped the HPS. The general themes of this input included:

This section to be completed after March TAC meeting, open house, and possible second survey.

Section 3: Strategies to Meet Future Housing Need

The strategies and actions included in this document were initially identified by the project consulting team based on experience with similar policies, best practices research, and a list of potential strategies published by Department of Land Conservation and Development (DLCD). Working collaboratively with staff and based on input from stakeholders and the community, the consulting team refined the strategies and actions to best fit Molalla’s housing needs and the City’s capacity for implementation over time.

The actions in this document fall into four strategic categories: (1) Land Use and Zoning Changes; (2) Development Incentives; (3) Public Projects and Resources; and (4) partnerships. There is a one page summary devoted to each action, which includes a description of the action, steps to implement it, implementation considerations, an adoption timeline, an estimate of magnitude of the action’s impact, some suggestions for measuring progress on implementation, and a summary of the action’s targets. A full list of actions and targets can be viewed in the table found on page 20.

Section 4: Achieving Fair and Equitable Housing Outcomes

The fairness and equity of the actions included in the HPS have been evaluated in terms of their impacts on:

- ◆ Location of Housing
- ◆ Fair Housing and Housing Choice
- ◆ Housing Options for Residents Experiencing Homelessness
- ◆ Affordable Homeownership and Affordable Rental Housing
- ◆ Gentrification, Displacement, and Housing Stability

Of the ten (10) actions included in the HPS:

- ◆ Two (2) may have a high impact on development of market-rate housing.
- ◆ Three (3) may have a high impact on development impacting senior residents and a student populations.
- ◆ Four (4) may have a high impact on development of housing for rent.
- ◆ One (1) may have a high impact on development of housing for sale.

Appendices

Appendix 1 contains a report summarizing Molalla's housing needs.

Appendix 2 contains a summary of all strategies considered for inclusion in the Housing Production Strategy (HPS)

Appendix 3 contains a summary of community engagement efforts that informed development of the HPS. **This section to be completed after open house and possible second survey.**

Appendix 1 – Molalla’s Housing Needs

Molalla completed the work for a Housing Needs Analysis (HNA) in 2022 for adoption in 2023. The HNA provides a basis for the City to anticipate future land and housing needs and to develop strategies to meet those needs using data and projections related to buildable lands, population growth, and employment trends.

The purpose of this summary is to provide the City of Molalla with a factual basis to inform and guide future planning efforts related to residential development and redevelopment.

Current Housing Needs

Single-family homes makeup most of the housing stock and will continue to be a key housing need. Using the Safe Harbor Method, the housing need is still strong for single-family homes but with a slightly different distribution of housing needs for the R-2 and R-3 zones.

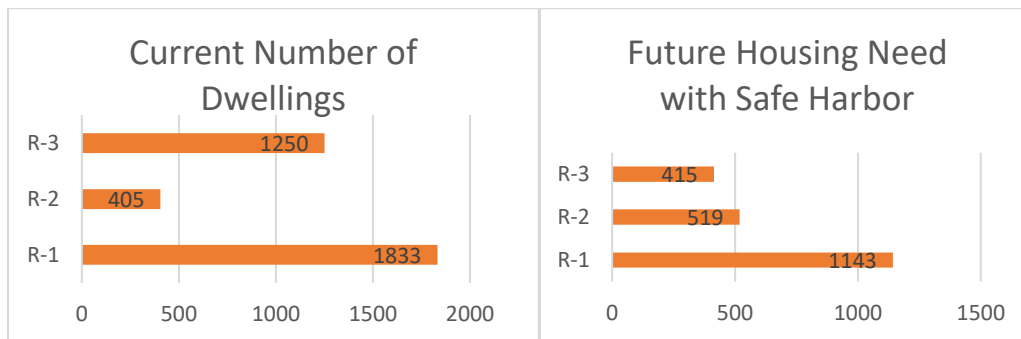


Figure 1: Existing Housing Stock and Future Need by Method

Approximately 92% of single-family homes in Molalla are owner-occupied. In addition, of the renter occupied dwelling units in Molalla are predominantly split among the single-family detached homes, Triplex/quadrplexes, and apartment communities.

Housing Costs

According to the 2020 Census, the median cost for housing in Molalla is \$327,200 for those with a mortgage¹ and \$257,800 for those without a mortgage². In 2020, the median rent in Molalla was \$1,118 per month according to the Census data³. Renters are significantly more likely to be rent burdened in all income categories than are homeowners. However, most homeowners still pay more than 30% of their income on housing in Molalla. Data for Clackamas County shows similar trends with renters significantly more rent burdened than home owners and higher costs of living.

Oregon Housing and Community Services (OHCS) produces an annual report reviewing severe rent burdened communities of 10,000 people or larger. OHCS defines “severe rent burden” as the share of households spending more than 50% of their income on rent. Molalla was included in the 2020 report

¹ Data source: Table S2506 American Community Survey; Financial Characteristics for Housing Units with a Mortgage

² Data source: Table S2507 American Community Survey; Financial Characteristics for Housing Units without a Mortgage

³ Data source: Table DP04 American Community Survey; Selected Housing Characteristics

after surpassing the 10,000-resident threshold. The 2020 OHCS report lists Molalla as 23.6% severe rent burdened.

Future Housing Need

Molalla is expected to add approximately 15,660 people by 2024, as forecasted by Portland State University Population Research Center. Based on local housing mix preferences outlined in the Safe Harbor Method, it is anticipated that 55% of the dwelling unit demand (1,143 dwelling units) will consist of single-family detached homes including manufactured dwellings, 25% will be medium density such as townhouse/plexes (519 dwelling units), and 20% (415 dwelling units) will be high density such as multi-family (apartments). Vacancy rates were also studied as part of this analysis. The City of Molalla had overall vacancy rate lower than Clackamas County and indicates a constrained housing market. In 2020, Molalla saw a vacancy rate of 2% compared to Clackamas County at 3.7%⁴. For this analysis, an assumed vacancy rate of 4% was used to accommodate for large margins of error in Census data and the housing market fluctuation that occurred between 2020 and 2022.

⁴ Data source: US Census Table CP04 American Community Survey; Comparative Housing Characteristics

Appendix 2: Housing Production Strategy

The purpose of this appendix is to propose a draft set of strategies and actions to be identified in the City of Molalla's Housing Production Strategy. The City of Molalla conducted a Housing Needs Analysis (HNA) in 2022 for adoption in 2023. As required by state law, the HNA projects the housing needs of the City over the next 20 years and evaluates the City's supply of residentially zoned land designated to meet the need.

Through the passage of House Bill 2003 in 2019, the state legislature directed Department of Land Conservation and Development (DLCD) to require that each City with a population of more than 10,000 produce a Housing Production Strategy (HPS) that includes a list of specific actions the City intends to undertake to fulfill the commitment of meeting the housing needs identified in the HNA, as well as an expected timeline for adoption and implementation of each action.

Implementation and Review by DLCD

The strategies and actions included in this appendix are in draft form. If they are included in the final HPS report, then the City is committing into implementation the actions with a timeline that will be defined in the final HPS report. The City will be required to submit a narrative report on implementation of the HPS to DLCD for review and comment for (4) years after it adopts its HPS. The narrative must include a summary of the work already completed to implement the actions included in the HPS.

If the City has not implemented specific actions, it must provide an explanation of the circumstances or factors that posed a barrier to implementation and an alternative plan for addressing the housing need that the strategy was intended to address.

Organization of the Housing Production Strategy Appendix

This document is organized in three sections:

- ◆ **Section 1: Strategies and Actions** provides a summary description of each proposed strategy and action. There are four overall strategies identified, each with a set of actions to implement the strategy. For each action, the document summarizes the proposal, provides relevant background information, identifies the benefits and drawbacks of the action, and provides considerations for how the action could be most effectively implemented by the City.
- ◆ **Section 2: Analysis of Impacts** presents an evaluation of the potential impacts of each action on the City's housing needs. The Analysis considered affordability levels of housing that may be produced, whether the action will produce for-sale or for-rent housing units, and how the action may benefit the housing needs of certain populations.
- ◆ **Section 3: Future Potential Strategies** includes a list of strategies and actions that were either discussed or considered by the City, but not included as part of the near-term implementation plan. The City may revisit these in the future.

Process for Developing Strategies and Actions

The strategies and actions included in this document were initially identified by the project consulting team based on experience with similar policies in similar jurisdictions, an audit of the City's existing zoning code and housing policies, best practices research, and a list of potential strategies published by

DLCD. Working collaboratively with Staff, the consulting team refined the strategies and actions to best fit Molalla’s housing needs and the City’s capacity for implementation.

Public Meeting and Virtual Open House

This section to be completed after Open House.

Advisory Committee

The strategies and actions were also presented to the project Technical Advisory Committee.

This section to be completed after March TAC meeting.

Section 1: Strategies and Actions

This section of the Appendix provides a summary of the four strategies, followed by detailed descriptions of each implementing action related to the four broad strategies.

| Strategy | Summary |
|--|--|
| <p>1 Reform zoning and land use regulations to respond to housing needs</p> | <p>This strategy presents a set of actions that would remove or lessen regulatory barriers to housing development to help meet the City's housing needs. The actions are based on an in-depth review of the City's Development Code.</p> |
| <p>2 Modify tax and fee policies to reduce the cost to develop and operate housing</p> | <p>This strategy presents a set of potential actions for the City to restructure property taxes or development fees to encourage development of needed housing types.</p> |
| <p>3 Organize public projects and resources to catalyze housing development</p> | <p>This strategy presents a set of actions the City can take to organize existing planning efforts or implement new partnerships and programs to directly spur housing development.</p> |
| <p>4 Support local partners in their efforts to acquire land and assets to meet housing needs</p> | <p>This strategy presents a set of actions the City can take, in concert with other local agencies and organizations, to acquire land and properties that can be used to meet housing needs.</p> |

Strategy 1: Reform Zoning and Land Use Regulations to Respond to Housing Needs

Action 1.1 Allow small lot Single-Family Detached Houses

Proposal: Reduce minimum lot size for single-family detached homes in the R-2 zone to 3,000 square feet. Likewise, reduce the minimum lot size for single-family homes in the R-3 zone to 2,500 square feet. Additionally, a reduction in lot width in the R-2 zone to 44 feet for interior lots and 50 for corner lots, and within the R-3 zone, reduce the lot width to 40 feet for interior lots and 46 for corner lots.

Background: The Housing Needs Analysis (HNA) found that the Single-family detached homes will continue to be the most widely needed form of housing.

The Development Code currently requires a minimum lot size of 3,600 square feet and a minimum lot width of 46 feet (interior) and 50 feet (corner) for single-family detached homes in the R-2 zone. In the R-3 zone, the current Development Code requires a minimum lot size of 3,000 square feet and a minimum lot width of 44 feet (interior) and 48 feet (corner) for single-family detached homes.

Single-family houses on lots as small as 2,500 square feet have proven to be a viable product type in other markets. It is feasible to build 3–4-bedroom houses with minimum yard areas on lots of this size.

Benefits Single-family detached houses are simpler to develop and local builders could more easily respond to this code change than efforts to encourage townhomes or multi-family development.

Reduces land costs per unit, making it more feasible to deliver single-family houses at workforce income levels (80-120% of AMI). Small lot houses can also appeal to more affluent neighborhoods.

Drawbacks Small lots be perceived as incompatible with established patterns of lot size and house scale in some neighborhoods.

Application

Considerations Minimum lot sizes could be scaled by zone to better align with existing lot sizes and density patterns

If there are concerns about the compatibility of small lot homes, consider applying additional standards, such as Floor Area Ratio (FAR) limits or special design standards.

Under HB 2001, duplexes would also need to be subject to the same minimum lot size requirements.

Public

Comments This section to be completed after open house and possible second survey.

TAC Comments This section to be completed after March TAC meeting.

City Staff
Comments **This section to be completed after Staff review.**

Action 1.2 Reduce barriers to Apartment Building/Multi-Family development in the R-3 zone.

Proposal: In concert with reduced minimum lot size for single-family detached homes, reduce the minimum lot size for larger multi-family/ apartment complexes to 1,500 square feet per unit in the R-3 zone.

Background: Currently, a multi-family building in the R-3 zone requires 2,000 square feet per unit.

If the minimum lot sizes were reduced as proposed, an 8-unit apartment complex/multi-family development would require a 12,000 square foot lot size. Under the current zoning standards, this same proposal would require a 16,000 square foot lot.

Benefits Enable development of multi-family/apartment complexes on more sites.

Reduce land costs per unit and increase opportunity for lower cost housing options.

Drawbacks Larger multi-family developments/apartment complexes on smaller sites may be perceived as incompatible with established patterns of lot size and house scale in some neighborhoods.

Application Considerations If there are concerns about the compatibility of this development type in the R-3 zone, consider applying additional standards, such as Floor Area Ratio (FAR) limits or special design standards.

Public
Comments **This section to be completed after open house and possible second survey.**

TAC Comments **This section to be completed after March TAC meeting.**

City Staff
Comments **This section to be completed after Staff review.**

Action 1.3 Reduce barriers to conversions or additions to existing buildings that create new housing.

Proposal: Review the City’s non-conforming uses and other provisions to identify potential barriers to conversions or additions to create new housing. If unnecessary barriers are identified, amend code to remove or lessen barriers.

Background: Converting an existing building to create new housing units, such as converting a single-family house to a multi-unit building or converting a commercial space into residential units above first floor commercial, is a cost-effective way to create new housing.

Conversions or additions often encounter zoning code challenges because the building or site has unique challenges that would not apply to new development or an existing building or site is not in compliance with the code.

Benefits Remove barriers to cost-effective method of creating new housing.

Encourage the preservation and conservation of existing structures rather than demolition and redevelopment.

Drawbacks The code changes may allow for conversions or additions which are perceived as incompatible with existing neighborhood patterns.

Application

Considerations Conduct a thorough review of the LDC ensuring all potential barriers to conversions or additions are identified.

Public

Comments This section to be completed after open house and possible second survey.

TAC Comments This section to be completed after March TAC meeting.

City Staff

Comments This section to be completed after Staff review.

Strategy 2: Modify tax and fee policies to reduce the cost to develop and operate housing.

Action 2.1 Provide a temporary property tax abatement for multi-family housing and townhouses.

Proposal: Offer a property tax abatement by adopting a Multiple Unit Property Tax Exemption (MUPTE)

Structure the MUPTE program to encourage development of specific needed housing types in specific locations, such as affordable housing and accessible housing.

Periodically review the program to evaluate how effective it is at meeting goals to create needed housing.

Background: MUPTE is a state-enabled program that allows cities to incentivize production of multi-family housing with specific locations and/or specific features.

Allows developments with multi-unit structures to receive a property tax exemption for up to ten (10) years on the improvement value of the property. The property owner continues to pay taxes on the land value and any commercial portion of the property.

The City can generally shape the program as it sees fit: geographically where it applies, application process, program requirements and criteria (such as a percentage affordable units). The City must only require that the project provides public benefits.

Example from Eugene, OR: The 50-unit TATE Condominium project used the MUPTTE almost 10 years ago. When it comes onto tax rolls, it will generate approximately \$262,000 in tax revenue. Without the new structure, the property would generate about \$3,300 in tax revenue.

Benefits There are many benefits to this program. It is flexible, it allows cities to control which developments are eligible and to cap the total amount of tax abatement annually.

It can significantly improve development feasibility for multi-family housing, townhouses, and affordable housing. It can be designed to incent housing that would not otherwise be built, so it can have a net positive impact on the tax base over time.

Drawbacks The program could result in a short-term loss of property tax revenue over the up to 10-year period. However, the intent of the program is to enable developments that would otherwise not occur.

The program must be approved by at least some overlapping tax districts.

It is a discretionary approval, which can be complex and time consuming for applicants.

Application

Considerations Carefully consider program eligibility to target tax abatement for high priority needs.

Public

Comments This section to be completed after open house and possible second survey.

TAC Comments This section to be completed after March TAC meeting.

City Staff

Comments This section to be completed after Staff review.

Action 2.2 Waive or reduce development fees for needed housing types.

Proposal: Offer a waiver or reduction in System Development Charges (SDCs) and permitting fees in order to incentivize development of high priority needed housing types.

Background: In addition to scaling fees to be proportionate to their impact, the City can further incentivize development of needed housing types by offering outright reductions or exemptions for certain fees.

This strategy may apply to water and sewer connection fees, the Parks SCD, building permit fees, or all development fees.

The incentive should be targeted at high priority needed housing types. This may include affordable housing units, accessible housing units, market rate rental units, or more

affordable forms of market rate ownership units such as small lot single-family houses, townhomes or cottages.

Benefits A fee waiver or reduction can “tip the scales” to make a project economically viable that would otherwise not be developed.

It may also encourage a developer to shift the type of housing they produce in order to take advantage of the waiver/reductions.

Drawbacks Reductions in fee revenue may need to be offset from other funding sources.

Application

Considerations Consider offering the waiver/reduction to housing types which are more difficult to construct and may have thinner profit margins or financing challenges, such as affordable housing.

Public

Comments This section to be completed after open house and possible second survey.

TAC Comments This section to be completed after March TAC meeting.

City Staff

Comments This section to be completed after Staff review.

Strategy 3: Organize public projects and resources to catalyze housing development.

Action 3.1 Coordinate infrastructure planning and construction to support housing development.

Proposal: Adopt a Comprehensive Plan or other city policy that states the City will coordinate infrastructure planning and construction to support development of high priority housing needs.

Background: The City can have a significant influence on whether it is feasible or attractive to build housing in a certain location based on where public infrastructure projects (water or sewer lines, street improvements, parks, etc.) are located, how they are designed, and the timing of their construction.

Whenever planning for improvements, the City should consider how the improvements will affect housing development opportunities in the area and, where feasible, modify project designs to better improve conditions for housing development.

This step should be incorporated into city-wide, long-term master planning efforts (such as a wastewater master plan or a transportation system plan) and Capital Improvement Program (CIP) planning for short-term improvements. Further, the City may incorporate this step into the development review process.

Benefits New funding will likely be required in many cases. The City can consider modifying planned and funded infrastructure investments to catalyze housing projects.

Infrastructure investments can reduce costs of housing development and enable development on sites that would otherwise not be viable.

Drawbacks Projects needed to support new housing must compete with other needs and priorities given limited fundings for public infrastructure projects.

Application

Considerations If a high priority housing project is proposed, the City may consider either (1) accelerating implementation of previously planned improvements that would benefit the project or (2) funding off-site improvements (such as street intersection improvements) triggered by the development that would otherwise be borne by the private developer. The City may choose to limit this option to new affordable or workforce housing projects.

Public

Comments This section to be completed after open house and possible second survey.

TAC Comments This section to be completed after March TAC meeting.

City Staff

Comments This section to be completed after Staff review.

Action 3.2 Provide technical assistance to small developers.

Proposal: Provide technical assistance to small developers to assist with housing developments.

Background: Providing information to small, local developers that will help them understand land use permitting processes and give them a sense of clarity and certainty about requirements so they can better provide smaller scale housing at an affordable level.

The City would produce clear, easy to use information that would be distributed on the City website or at City Hall. The City may also offer workshops, webinars, or training sessions to help small builders become familiar with the permitting process and make them aware of City resources.

Benefits Build awareness of zoning and financial incentives among local builders.

Reduce uncertainty about City regulations and permitting processes to remove barriers to development of certain housing types.

An active pool of local, small developers also supports local economic development and jobs.

Drawbacks Staff capacity and funding may be needed to produce new informational materials and trainings.

Application

Considerations Some of this work may be a good fit for an intern or student project, particularly those interested in communications or marketing.

Several web-based software tools have been developed in recent years that are intended to simplify zoning and permitting information for the public.

Public

Comments This section to be completed after open house and possible second survey.

TAC Comments This section to be completed after March TAC meeting.

City Staff

Comments This section to be completed after Staff review.

Action 3.3 Support opportunities to engage in public-private partnerships.

Proposal: Adopt a policy that the City will welcome opportunities to engage in public-private partnerships with developers on key sites to support high priority housing needs.

Background: If the City has administrative capacity and resources to offer to a private developer, it may consider taking a more active role in the development of certain sites through a Public-Private Partnership (PPP).

A PPP may also be an option if the City has financial resources to offer incentives, such as a “gap financing” loan or grant, that is interested in ensuring the development produces certain outcomes, such as affordable housing units or community amenities.

Benefits The City can experience some control over a development project to ensure it meets high priority housing needs or achieves other policy goals.

Drawbacks The City must be able to offer significant asset or financial incentive for a private developer to engage in a partnership.

Application

Considerations The other actions underneath this strategy may be more viable in the short-term because they require less funding, but any of those actions could also be part of a larger PPP if the City has additional incentives or assets to offer.

Public

Comments This section to be completed after open house and possible second survey.

TAC Comments This section to be completed after March TAC meeting.

City Staff

Comments This section to be completed after Staff review.

Strategy 4: Support local partners in their efforts to acquire land and assets to meet housing needs.

Action 4.1 Support the establishment of a local non-profit land bank or land trust

Proposal: Support the work of local and regional housing organizations by helping to convene or otherwise support organizations, charities, foundations, or other stakeholders that may be interested in founding a local non-profit land bank.

Background: One of the most common barriers to building more affordable housing is acquiring the land. Non-profit developers and housing authorities often struggle to compete with the resources of private developers in an open market bid for land.

Land banks support affordable housing development by reducing or eliminating land cost from development. They can take several forms. Most are administered by a non-profit or non-governmental organization with a mission of managing a portfolio of properties to support affordable housing development over many years.

The City can play a support role by supporting convene local housing organizations, charities, foundations, or other stakeholders that may be interested in founding a local non-profit land bank.

One way the City could support the land bank/land trust is to assist with creating an inventory of suitable sites for housing development. The City could utilize the data collected for the Buildable Land Inventory (BLI), then conduct additional analysis to identify properties most suitable for development in the short-term, based on infrastructure conditions, location, and other factors. A separate inventory may also be created for older, distressed properties that may be targeted for acquisition by a non-profit affordable housing operator.

Benefits Establish a bank of land that is reserved for high priority housing needs.

Reduce a key barrier to workforce or affordable housing development.

Drawbacks A funding source must be identified, and staff time may be needed to convene stakeholders to establish the program.

Application

Considerations [Proud Ground](#), a community land trust that operates in the Portland metro region and on the coast, and could be a partner in this work. Proud Ground’s mission is to provide permanently affordable homeownership opportunities.

The [Network of Oregon Affordable Housing](#) (NOAH) provides loans to developers to acquire land and existing rental buildings. NOAH could also be a partner in this work.

Public

Comments This section to be completed after open house and possible second survey.

TAC Comments This section to be completed after March TAC meeting.

City Staff

Comments This section to be completed after Staff review.

Action 4.2 Engage with Faith-based organizations to identify opportunities to use surplus land for housing needs.

Proposal: Consider engaging with leadership of local faith-based organizations that may have surplus land that could be sold or donated to be developed for high priority housing needs.

Background: Many faith-based organizations own land that may be in excess of their long-term needs.

The City could engage with faith-based organizations to understand long-term plans for their sites and develop partnerships to explore housing opportunities.

Benefits Faith-based organizations often perceive affordable housing development to be consistent with their mission and are interested in partnerships to support housing.

Drawbacks Staff time and funding may be necessary to engage with those organizations.

Application

Considerations The City could offer support to understand zoning or infrastructure issues and facilitate connections with local developers that may be interested in building on their site.

Public

Comments This section to be completed after open house and possible second survey.

TAC Comments This section to be completed after March TAC meeting.

City Staff

Comments This section to be completed after Staff review.

Section 2: Analysis of Impacts

This section of the draft Housing Production Strategy provides an analysis of the impacts of each of the actions identified in Section 1. The intent is to evaluate how each action may contribute to meeting the City's housing needs, and to identify the extent to which the various actions work together as a whole to meet housing needs.

Housing Need Targets

The Analysis considers the impact of each action on targeted housing needs in three areas:

- ◆ **Affordable Targets:** This section evaluates the degree to which an action will help to produce housing affordability to various income levels. The evaluation is based on the housing types that are most likely to be produced as a result of the action and the extent to which the City can target the action to meet housing for certain income levels.
- ◆ **Tenure Targets:** This section evaluates the degree to which an action will help to produce housing that is either for-sale or for-rent.
- ◆ **Equity Targets:** This section evaluates the degree to which an action will help to produce housing that can meet the needs of specific populations that may be disproportionately impacted by housing issues.

It is important to note that the City can make a decision to implement many of the actions in a manner that achieves a specific affordability, tenure, or equity target. At this draft stage of the strategy, this evaluation is intended to identify which actions are more or less likely to impact certain housing needs and/or which actions are most easily targeted to certain needs.

Impact Levels

The analysis rates the level of impact of each action on a housing need as follows:

Low or no impact: This indicates that the action is very unlikely to help meet the relevant housing need either because the action would not lead to production of a new housing type that would benefit that need or population or because there are limitations on how that housing type can be targeted to specifically meet the need.

Moderate or potential impact: This indicates that the action either (1) may have a moderate impact on meeting the relevant housing need or (2) the implementation of the action could potentially be designed to target that need.

High impact: This indicates that the action may directly benefit a certain housing need and is likely to be most effective at meeting that need relative to other needs.

Based on the level of impact of each action compared to the relative complexity of implementing the action, a preliminary prioritization rating is identified on a “**High**”, “**Medium**”, and “**Low**” scale.

| Strategies & Actions | Priority Ranking | Affordability Target | | | | Tenure Targets | | Equity Targets | | | | |
|--|------------------|--------------------------------|-------------------------|-------------------------|-------------------------|----------------|----------|-----------------|----------------------------------|--------------------------|---------|----------|
| | | Publicly-Subsidized (<30% AMI) | Affordable (30-80% AMI) | Workforce (80-120% AMI) | Market Rate (>120% AMI) | For Rent | For Sale | People of Color | People Experiencing Homelessness | People with Disabilities | Seniors | Students |
| Strategy 1: Reform Zoning and Land Use Regulations to Respond to Housing Needs | | | | | | | | | | | | |
| 1.1 Allow small lot Single-Family Detached Houses | | Low | Low | Medium | High | Medium | High | Medium | Low | Medium | Medium | Low |
| 1.2 Reduce barriers to Apartment Building/Multi-Family development in the R-3 zone. | | Medium | Medium | High | High | | High | Medium | Medium | Medium | High | High |
| 1.3 Reduce barriers to conversions or additions to existing buildings that create new housing. | | Low | Low | Medium | Medium | Medium | Medium | Medium | Medium | Medium | Medium | Medium |
| Strategy 2: Modify Tax and Fee Policies to Reduce the Costs to Develop and Operate Housing | | | | | | | | | | | | |
| 2.1 Provide a temporary property tax abatement for multi-family housing and townhouses. | | Medium | Medium | Medium | Medium | | High | Medium | Medium | Medium | High | High |
| 2.2 Waive or reduce development fees for needed housing types. | | Medium | Medium | Medium | Low | | Medium | Medium | Medium | Medium | Medium | Medium |
| Strategy 3: Organize Public Projects and Resources to Catalyze Housing Development. | | | | | | | | | | | | |
| 3.1 Coordinate infrastructure planning and construction to support housing development. | | Medium | Medium | Medium | Medium | | High | Medium | Medium | Medium | High | High |
| 3.2 Provide technical assistance to small developers. | | Low | Low | Medium | Medium | | Medium | Medium | Low | Medium | Medium | Medium |
| 3.3 Support opportunities to engage in public-private partnerships. | | Medium | Medium | Medium | Medium | | Medium | Medium | Medium | Medium | Medium | Medium |
| Strategy 4: Support Local Partners in Their Efforts to Acquire Land and Assets to Meet Housing Needs. | | | | | | | | | | | | |
| 4.1 Support the establishment of a local non-profit land bank or land trust | | High | High | High | Low | | High | Medium | High | Medium | Medium | Medium |
| 4.2 Engage with Faith-based organizations to identify opportunities to use surplus land for housing needs. | | Medium | Medium | Medium | Low | | Medium | Medium | Medium | Medium | Medium | Medium |

Section 3: Future Potential Actions

The actions in Section 3 were considered by the project team and stakeholders but were not selected for inclusion in the HPS. The actions will be reserved in this memorandum for reference and may be considered for action by the City within the timeframe of the HPS if conditions change or new opportunities arise.

This section to be completed once strategies are determined.

Appendix 3: Community Engagement Summary

This section to be completed after March TAC meeting and Open House due to the need for stakeholder input.