



ORDINANCE NO. 6017

AN ORDINANCE AMENDING ORDINANCE NO. 4836, WHICH ADOPTED THE CITY OF ALBANY COMPREHENSIVE PLAN, BY AMENDING THE ALBANY COMPREHENSIVE PLAN AND ADOPTING FINDINGS

WHEREAS, from time to time it is appropriate to amend the Albany Comprehensive Plan to plan for future needs or changing conditions; and

WHEREAS, in 2020, the City adopted the 2020 Housing and Residential Land Needs Assessment (2020 HNA) as required by Oregon Administrative Rule 660 Division 8 (statewide planning Goal 10, Housing) that identifies Albany's housing needs to 2040; and

WHEREAS, the 2020 HNA projected Albany will need more than 6,700 new housing units by 2040, including more than 3,000 units affordable to households earning 80 percent or less of the area median income; and

WHEREAS, the City received a grant from the Department of Land Conservation and Development to prepare a Housing Implementation Plan that identifies strategies and actions the City can take to help increase housing options for more residents; and

WHEREAS, the City Council appointed members to the Housing Affordability Task Force (HATF) in November of 2021, with representation from the planning commission, city council, nonprofit and for-profit development community, lending institutions, affordable housing nonprofits, emergency shelters, historic preservation community, homeowners, and renters; and

WHEREAS, the HATF met five times between February 2022 and March 2023 to review housing needs, review and prioritize the initial menu of housing strategies, and evaluate and discuss each proposed strategy for potential impacts on housing costs and affordability locally, opportunities and constraints, and necessary implementation measures; and

WHEREAS, the City solicited input on gaps in housing needs from residents and stakeholders representing diverse households and housing needs through seven focus groups and sought feedback on potential strategies through a community survey; and

WHEREAS, the planning commission and city council held joint work sessions on December 12, 2022; and provided guidance and feedback on the proposed housing strategies and policies; and

WHEREAS, the proposed comprehensive plan amendments will adopt the Housing Implementation Plan and add policies and implementation methods to the Albany Comprehensive Plan; and

WHEREAS, a notice of the planning commission and city council public hearings was published in the Albany Democrat-Herald on May 1, 2023; and

WHEREAS, on May 15, 2023, the Albany Planning Commission held a public hearing regarding the Housing Implementation Plan and housing policies, considered public input, deliberated on the proposed amendments, and recommended approval based on findings of fact presented in the staff report and evidence presented during the public hearing; and

WHEREAS, on June 14, 2023, the Albany City Council held a public hearing on the proposed Comprehensive Plan amendments, reviewed the findings of fact and testimony presented at the public hearing, and deliberated.

NOW, THEREFORE, THE PEOPLE OF THE CITY OF ALBANY DO ORDAIN AS FOLLOWS:

Section 1: The Albany Comprehensive Plan Chapter 4 Housing is hereby amended as described in Exhibits A and B. (Planning file CP-03-23)

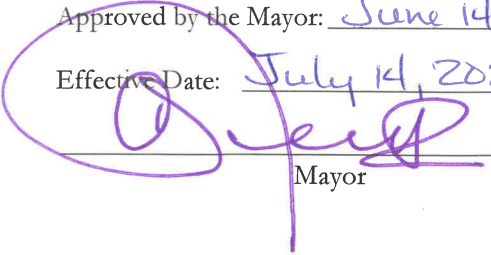
Section 2: The findings of fact and conclusions included in the staff report and attached as Exhibit C are hereby adopted in support of the decision.

Section 3: A copy of this ordinance shall be filed in the office of the city clerk of the City of Albany and these changes shall be made to the Albany Comprehensive Plan.

Passed by the Council: June 14, 2023

Approved by the Mayor: June 14, 2023

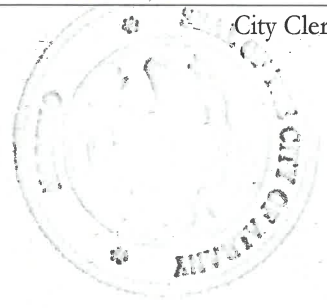
Effective Date: July 14, 2023



Mayor

ATTEST: Allison Luise

City Clerk



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CHAPTER 4: HOUSING

GOAL 10: HOUSING

BACKGROUND SUMMARY

INTRODUCTION

Housing is one of the most basic and fundamental needs of our society. In Oregon, statewide housing goals aim to provide housing that meets the needs of all residents. Albany's choices and policies will affect housing opportunities for its citizens. It is essential the City of Albany plans to meet the needs of residents, considering a full range of incomes, ages, household sizes, and specialized housing needs. The role of local governments like Albany in meeting housing needs includes:

- Ensuring an adequate supply of land within its urban growth boundary to meet forecasted population growth.
- Zoning land and applying development standards in a way that supports the mix of housing needed by residents, without creating barriers to the development of specific types of needed housing.
- Supporting the provision of housing and services to people with low or moderate income who would not otherwise be able to afford housing in Albany.

DEMOGRAPHIC AND HOUSING TRENDS

In 2019, the City of Albany's population was roughly 54,000 people, with over 55,000 people within the urban growth boundary (UGB), located mostly in Linn County. The neighborhood of North Albany is in Benton County. The Albany UGB includes roughly 11,350 acres in Linn County, and 2,550 acres in Benton County.

Albany is the 11th largest city in the state by population (2019), the largest in Linn County, and the second largest in Benton County. Albany is similar in size to its neighboring city of Corvallis, and statewide is also similar in size to Springfield and Tigard.

Albany grew by an estimated 32 percent between 2000 and 2019. In contrast, Linn County and the state experienced population growth of 22 percent and 23 percent respectively during the same period.¹

Albany was home to an estimated 21,500 households and 22,800 housing units in 2019, an increase of about 5,000 households and housing units since 2000. This translates to a vacancy rate of 5.6 percent.²

~~US Census and PSU Population Research Center~~

¹ US Census and PSU Population Research Center

² US Census and PSU Population Research Center

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Figure 4.1: Albany Demographic Profile

	2000 (Census)	2010 (Census)	Growth 00-10	2019 (PSU, City)	Growth 10-19
Population	41,895	50,158	20%	55,201	10%
Households ¹	16,549	19,705	19%	21,517	9%
Families ²	11,105	12,894	16%	14,072	9%
Housing Units ³	17,817	20,979	18%	22,805	9%
Group Quarters Population ⁴	687	824	20%	1,410	71%
Household Size (non-group quarters)	2.49	2.50	0%	2.50	0%
Average Family Size	2.99	3.01	1%	3.07	2%
Per Capita Income ⁵	\$18,570	\$22,236	20%	\$26,978	21%
⁵ Median Household Income	\$39,409	\$46,638	18%	\$54,275	16%

SOURCES: Census (SF1, DP-1 DP-2, S1901, S19301), PSU Population Research Center, Johnson Economics

¹ 2019 Households =(2019 population-Group Quarters)/2019 household size

² Ratio of 2019 families to total households is based on 2018 ACS 5-year estimate

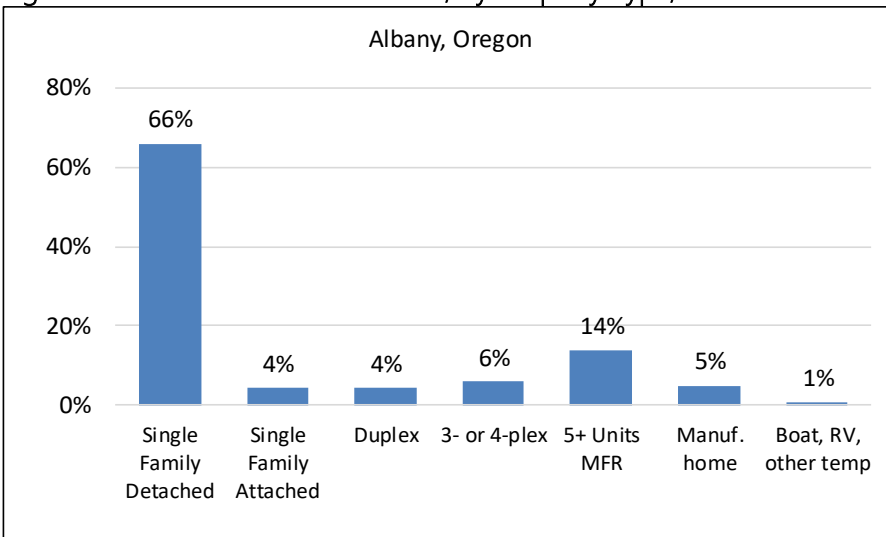
³ 2019 housing units are 2010 Census total plus new units permitted from 2010-2019

⁴ 2019 figure from City of Albany

⁵ 2019 income projected from 2018 ACS 5-year estimate

An average of 300 units have been permitted in the City annually since 2000, with 20 percent being multi-dwelling units. Single-dwelling unit detached homes and manufactured homes account for 71 percent of Albany’s housing supply. Middle housing types accounted for 14 percent of Albany’s housing stock.

Figure 4.2: Estimated Share of Units, by Property Type, 2019



SOURCE: US Census, City of Albany

More than half (55 percent) of Albany’s housing stock was constructed before 1980. Seventy percent of rented housing was constructed before 1990.

Most of Albany’s owner-occupied housing is detached single-dwelling unit with three or more bedrooms (86 percent), while one-third of rentals are complexes with five or more units. Just over half of Albany’s rental units have two-bedrooms, and 18 percent are one-bedroom or studio units.

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Household age and income tend to have a stronger correlation to housing tenure and choice than other variables. Albany’s population continues to age, those ages 55 through 74 saw the greatest increase in the share of the population since 2000, rising from 14 percent to 20 percent in 2018.

The percentage of families remained steady between 2000 and 2019 at 65 percent of all households. Almost one third of all households have children under 18 at home. Albany estimated 1,410 persons living in group quarters (assisted living, nursing homes, jails, shelters) in 2019.

Average household size remained flat at 2.50 persons during this period, while average family size increased to 3.07. The average size of owner households was 2.7 and renter household size was 2.2 in 2018.

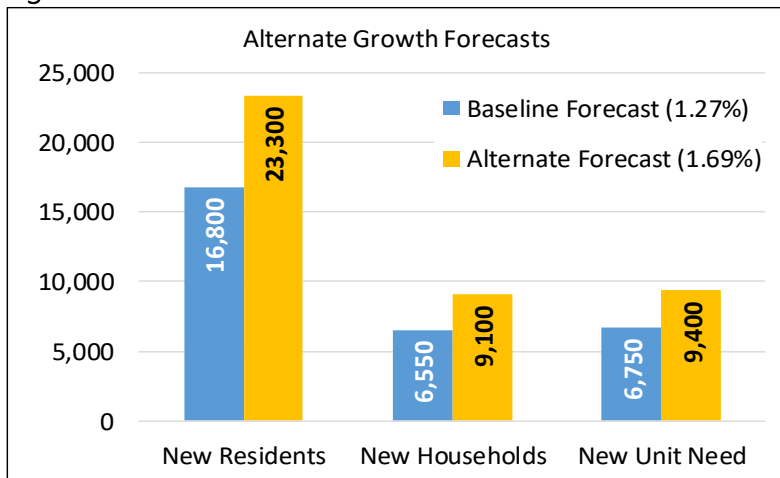
Home ownership rate dropped slightly from 59.5 percent in 2000 to 58.5 percent in 2018, which is lower than Linn County (64 percent), the state (62 percent), and national average of 65 percent.

Albany’s median household income was \$54,275 in 2019, about 37 percent higher than 2000. Just under half of Albany households earned less than \$50,000 in 2018, while 21 percent earned \$25,000 or less in 2018. Housing prices also increased, with the largest increase seen in the last few years. In 2019, the average mean sales price was \$325,271 in Linn County and \$408,744 in North Albany. Rents also increased by more than 15 percent between 2015 and 2018. Consequently, almost one in four renter households were severely housing cost burdened, spending at least half of their income on housing.

POPULATION AND HOUSING PROJECTIONS

Cities are required to base future planning on population projections prepared by the Portland State University (PSU) Center for Population Research. The official PSU forecasted annual growth rate of 1.27 percent per year was used to project growth to 2040. Since Albany has grown faster than the PSU baseline forecast during the past 30 years, an alternative forecast was prepared that reflects Albany’s average annual growth rate of 1.69 percent since 1992.

Figure 4.3 2040 Growth Forecasts



Depending on the rate of growth, the City is projected to add between 16,800 and 23,300 new residents to 2040, requiring between 6,750 and 9,400 new housing units after factoring for group quarters and a vacancy rate of five percent.

The City’s assessment of future housing needs is based on a combination of past and future projected demographic and housing trends. It considered the propensity of households at specific age and income levels to either rent or own

their home, and the affordable cost level of each. The analysis projected the need for all 2040 households and therefore includes the needs of current households.

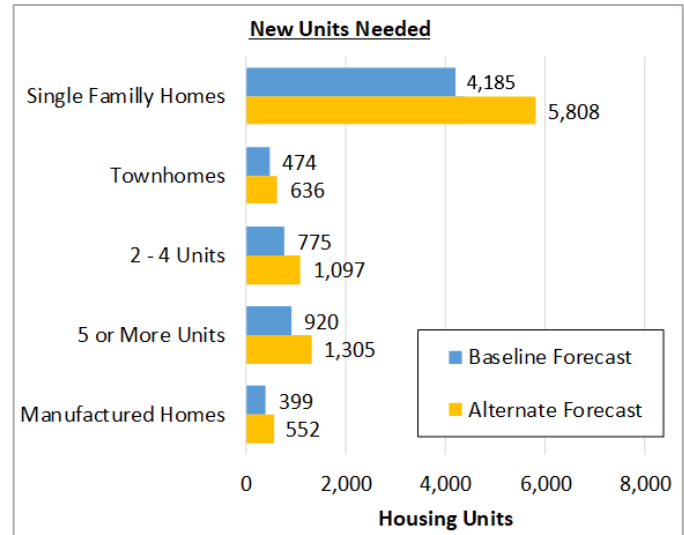
Single dwelling unit detached housing units are expected to make up the greatest share (62 percent) of new housing development over the planning period (2020-2040). However, attached forms of housing are also

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expected to grow as an overall share of housing (32 percent) due to growing trends towards more density, infill development, accessory dwelling units, and constraints of the urban growth boundary. State legislation adopted in 2019 also seeks to encourage more “middle housing” (duplexes, triplexes, etc.) in traditional single-dwelling unit zones.

Figure 4.4 Housing Unity Need by Housing Type (2040)

- Single attached dwelling units (townhomes on individual lots) are projected to meet seven percent of future need.
- Duplex through four-plex units are projected to represent 11.5 percent of the total need. Duplex units would include a detached single-dwelling unit home with an accessory dwelling unit.
- Multi-dwelling units in structures of five attached units are projected to be 14 percent of all needed units.
- Manufactured homes will represent five percent of new needed units, while RV or other temporary housing is projected to be one percent; both will help meet the needs of some low-income households for both owners and renters.



It is projected homeownership rate in Albany will remain steady to 2040 at 59 percent. Residents are projected to seek a range of ownership and rental housing types across all income spectrums.

- Ownership units are projected to be primarily single-dwelling unit detached homes, with nine percent manufactured homes and two percent in attached forms.
- About 72 percent of new rental units are expected to be in new attached buildings, with 34 percent projected in rental properties of five or more units, and 27 percent in buildings of two- to four-plexes.

HOUSING NEED BY AFFORDABILITY

The profile of future housing demand by cost was compared to the current housing inventory to determine future demand by housing type and price range (Figure 4.5).

There is a current and projected need for more affordable housing opportunities for many Albany households. Over 50 percent of renters spending more than 30 percent of their income on gross rent, and a quarter of renters are spending 50 percent or more of their income on housing and are considered severely rent-burdened.

- Households earning less than \$30,000 in 2019 dollars ~~is~~are expected to account for 20 percent of all households in 2040.
- The number of households earning less than 80 percent of the median income is projected to increase by 1,100 using the PSU baseline forecast to 2040.

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- Ownership demand exists at both the low-end and the high-end of the pricing spectrum – below \$200,000 and over \$350,000 in 2019 dollars.
- The greatest need for rental units is at the low-end of the spectrum for households earning \$25,000 or less; however, some demand exists for higher-end units.

Figure 4.5 Projected Need for New Housing by Income Level

Household Income Segment	Income Level (Rounded)*	Share	Baseline Forecast (1.3%)			Alternative Forecast (1.7%)			Common Housing Product
			Owned	Renter	Total	Owner	Renter	Total	
Extremely Low Inc. < 30% AMI	< \$18,000	11%	201	565	766	277	802	1,079	Govt-subsidized; Voucher
Very Low Income 30% - 50% AMI	\$18k - \$30k	11%	262	480	742	363	680	1,043	Aging/substandard rentals; Govt-subsidized; Voucher
Low Income 50% - 80% AMI	\$30k - \$48k	17%	513	598	1,111	709	848	1,557	Market apts; Mauf. Homes; Plexes; Aging Single-family
Middle income 80% - 120% AMI	\$48k - \$71.5k	17%	726	431	1,157	1,004	611	1,615	Single-family detached; Townhomes; small homes; new apts
Upper Income > 120% AMI	> \$71,500	44%	2,375	580	2,955	3,281	823	4,104	Single-family detached; S-F high end attached/condos
		100%	4,077	2,654	6,731	5,634	3,764	9,398	

Sources: HUD, Census, Environics Analytics, Johns Economics

CAPACITY FOR FUTURE HOUSING DEVELOPMENT

A buildable lands inventory (BLI) was conducted to determine the amount of buildable residential and mixed-use land available within the city limits of Albany and the Urban Growth Boundary to accommodate residential growth to 2040. First, environmental, and other constraints that reduce development capacity (floodplains, wetlands, water bodies, steep slopes, power, and gas line easements) were identified per Oregon Administrative Rules Chapter 660 Division 8. Then the developable acreage was determined for every vacant or partially vacant tax lot.

Housing needs are broken down by matching housing types to the general density range of the zoning districts and plan designations. The average effective density per acre is based on City development trends by zone.

Figure 4.6 summarizes the capacity of Albany’s buildable land within the City limits for new housing units by comparing the residential BLI to the estimate for new housing need by housing types to 2040 based on the PSU growth forecast. Figure 4.7 provides the supply of buildable residential land outside the city limits but within the UGB.

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Figure 4.6 Comparison of Forecasted Land Need to 2040 with Available Capacity in City Limits

WITHIN CITY LIMITS		SUPPLY			DEMAND		
Zoning Districts	Typical Housing Types	Buildable Land Inventory			PSU Forecast (1.3%)		
		Buildable	Avg. Density	Unit	New Unit Need to 2040	Surplus (Deficit)	
		Acres	units/ac	Capacity		Units	Acres
Low-Density: RR, RS-10, RS-6.5, RS-5, HM, MS	Single-family detached; duplex	1,165	3.9	4,525	4,270	255	23
Med-Density: RS-5 attached, MUR, RM<1ac, WF<1ac, MUC, DMU, CB	Single-family Attached; Manuf. Home parks, 2-4 plexes	120	10.6	1,271	1,540	(269)	(25)
High-Density: RM, RMA, HD	Apartments, condos	115	21.0	2,418	920	1,498	71
TOTALS		1,397	5.6	7,829	6,730	1,484	69

Sources: Angelo Planning Group, Johnson Economics

Figure 4.7 Buildable Land Supply Outside City, in UGB

OUTSIDE CITY LIMITS, IN UGB		SUPPLY		
Comprehensive Plan Designation	Typical Housing Type	Buildable Land Inventory		
		Buildable Acres	Avg. Density units/ac	Unit Capacity
Low-Density	Single-family detached; duplex	1,214	4.5	5,456
Med-Density	SF attached; Manuf. home; 2-4 plexes	28	10.0	276
High-Density/ Village Center	Apartments, condos	36	20.0	722
TOTALS		1,278	5.0	6,454

Sources: Angelo Planning Group, Johnson Economics

Findings of the comparison of land need to land supply indicate:

- Low Density – There is enough land in the City limits to accommodate future growth needs for low-density and high-density housing types under the PSU forecast to 2040 (Figure 4.6).
- Medium Density – If historic trends in housing types and tenancy continue, there will likely be demand for land that can accommodate medium density housing (8 to 18 units/acre) to 2040 according to Figure 4.6. However, land in the UGB outside the City limits can meet this demand (Figure 4.7). In addition, medium density housing is permitted in the RM and RMA zones and could be developed in Village Centers.
- High Density – ~~The City~~ Albany has enough land zoned for high density housing (18+ units/acre) based on the assumption that all buildable land over one acre in the RM and RMA zones will be developed with higher density housing. Land designated Village Center outside the city limits in the UGB could help to meet projected demand (Figure 4.7). [Ord. 5951 12/2/2020]

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GOAL 10: HOUSING

GOALS, POLICIES & IMPLEMENTATION METHODS

GOALS

Provide a variety of development and program opportunities that meet the housing needs of all Albany's citizens.

Create a city of diverse neighborhoods where residents can find and afford the values they seek.

POLICIES

General

1. Ensure an adequate supply of residentially zoned land in areas accessible to employment and public services.
2. Provide a variety of choices regarding type, location, density, and cost of housing units corresponding to the needs and means of city residents.
3. Provide the opportunity for a wider range of rental and ownership housing choices in Albany and encourage innovation in housing types, densities, lot sizes and design to promote housing alternatives. [Ord. 5968, 1/14/22]

Examples include:

- a. Middle housing types, including duplexes, triplexes, fourplexes, townhouses, and cottage clusters, in areas zoned for residential use. [Ord. 5968, 1/14/22]
 - b. Attached single-dwelling unit housing and condominium ownership opportunities in the Waterfront zoning district.
 - c. The adaptive reuse of the upper floors of structures within the Downtown Business District for residential purposes.
 - d. Mixed housing types and price ranges at a minimum of ten units per acre in Village Center Comprehensive Plan districts.
 - e. Neighborhoods with a variety of lot and housing sizes and types.
 - f. Accessory dwelling units.
 - g. Other actions directed at reducing housing costs which conform to the Comprehensive Plan, including innovative Development Code regulations.
4. Encourage residential development that conserves energy and water, uses renewable resources, and promotes the efficient use of land, conservation of natural resources, easy access to public transit, and easy access to parks and services.
 5. Encourage the use of Cluster and Planned Unit Developments to:
 - a. Promote architecturally appealing and functional land use design.
 - b. Allow flexibility in the placement and uses of buildings, recreation areas, open spaces, streets, utilities, and off-street parking areas.

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- c. Effectively utilize special site features including natural characteristics, location, view, topography, size, or shape of parcels.
 - d. Maintain a development pattern compatible with the surrounding area as determined by the Comprehensive Plan designation.
6. Encourage residential development on already serviced vacant residential lots or in areas where services are available or can be economically provided.
 7. Require residential densities to be commensurate with the availability and adequacy of public facilities and services.
 8. Encourage the development of great neighborhoods by:
 - a. Supporting neighborhood identity
 - b. Locating parks, trails, schools, daycare, and churches ~~in close proximity~~ to residences
 - c. Incorporating natural features and spaces into developments
 - d. Connecting and orienting new neighborhoods to Village Centers
 9. Encourage new residential developments to provide housing choices that allow for persons to stay within their neighborhoods (“age in place”) as their housing needs change.
 10. Preserve and enhance Albany’s historic housing as a unique and valuable resource.
 11. Promote the conservation of existing housing by supporting programs that rehabilitate and upgrade substandard and deteriorating units.
 12. Encourage the development of housing with quality craftsmanship and amenities to attract new business as well as keep local business executives within the community.
 13. Allow the establishment of bed and breakfast accommodations in existing residential areas when it can be determined the use will be compatible with the surrounding neighborhood in terms of traffic generation, parking, use intensity, and size of structure.
 14. Encourage a mix of housing types and residential densities within the Urban Residential Reserve area which conform to the population and density projections adopted by the City of Albany and where infrastructure is available or can be made available.
 15. Encourage the removal of barriers to safe neighborhoods, such as vacant lots and buildings and overgrown vegetation.
 16. Provide opportunities for higher density residential and mixed-use developments with 1/4 mile of public transportation.

Affordable, Accessible, Elderly, and Other Needed Housing

17. Encourage the development of accessible, affordable, and lower-cost housing in a range of types and appropriate sizes to meet Albany’s housing needs. Examples include tiny homes, smaller homes on smaller lots, accessory dwelling units, single room occupancy and micro housing, manufactured and prefabricated housing, and middle housing. [Ord. 5968, 1/14/22]

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18. Recognize groups needing specialized housing such as the elderly, homeless, individuals with disabilities, and other disadvantaged groups when identifying housing programs and opportunities. [Ord. 5968, 1/14/22]
19. Encourage providers of transitional housing units, shelters, and single-room occupancy housing to locate near Village Centers, employment centers, and public transportation.
20. Comply with federal, state, and local fair housing laws and policies that affirm access to housing opportunities for all persons in Albany.
21. Encourage senior housing developments and care facilities to be located in or near Village Centers for improved access to goods, services, and public transportation.
- ~~21.22.~~ ~~Use tax abatements programs to support development of affordable housing and housing in mixed-use and climate friendly areas.~~ Engage in partnerships, funding, incentives, and other strategies to support development of housing affordable to low and moderate income households.

IMPLEMENTATION METHODS

1. Use a variety of techniques to reduce housing costs including:
 - a. Timely processing of development permits;
 - b. Providing opportunities for the use of innovative techniques in development, design, and construction;
 - c. Encouraging housing types with smaller unit sizes, lower construction costs, and lower sales prices per unit, which can help meet the needs of low- or moderate-income households and promote home ownership; [Ord. 5968, 1/14/22]
 - d. Promoting Cluster Developments to allow flexibility in residential development and the transfer of density within the development when protecting natural features, open areas, and park spaces;
 - e. Allowing increased densities within Planned Unit Developments, zero lot line setbacks, attached single-dwelling unit housing, middle housing, single room occupancy and micro housing, and other innovative housing types and techniques;
 - f. Developing new residential street designs that may reduce pavement widths in appropriate situations and allow for natural drainage; and
 - f.g. Providing zoning and other incentives to support the development of accessible, affordable, and work force housing.
2. Require residential densities to be commensurate with the availability and adequacy of public facilities and services and consider minimum densities in medium and high density zones.
3. Work with the Parks and Recreation Department to evaluate ways to incorporate parks and trails into neighborhoods. Determine if changes are needed to the Comprehensive Plan, Parks Master Plan, or Development Code to implement ideas.
4. Periodically review the residential zoning district standards and the subdivision standards in the Development Code to remove barriers to needed housing and identify ~~for~~ ways to better meet the housing need of all income levels and of all housing types.

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5. Review all mixed-use zoning districts, such as MUR and MUC, to determine if maximums should be set on the amount of land that can be used for commercial or residential purposes.
6. Facilitate occasional city staff-developer roundtables to identify potential incentives that might encourage developers to build great neighborhoods with a diversity of housing choices, densities, and price ranges.
7. Upon annexation of Urban Residential Reserve areas, medium- and high-density developments will be encouraged in areas that:
 - a. Have adequate sewer and water capacity;
 - b. Can be served economically and efficiently with public services including fire protection, police protection, and schools; and
 - c. Are located in close proximity to collector or arterial streets.
8. Periodically review the Urban Residential Reserve designation to determine anticipated residential densities as reflected by anticipated needs, development trends, and extension of public services.
9. Support enforcement of the City's Property Maintenance Code and Compliance Program that addresses substandard housing issues.

Affordable and ~~Special Needs~~ Needed Housing

10. Participate in federal, state, local, and other housing programs that ~~provide assistance to~~ assist the City's low-income individuals, households, and neighborhoods through:
 - a. Public facility improvements;
 - b. Rehabilitation loans and grants;
 - c. Historic preservation grants and other related programs;
 - d. Property acquisition and improvement assistance; and
 - ~~e.~~ Regional fair share distribution of assisted housing and other local, state, and federal programs.
11. Monitor low- and moderate-income housing needs by reviewing available information on current conditions including census data, rental rates, vacancy rates, and housing sales prices.
12. Encourage public and private social service and housing agencies to coordinate programs that provide secure transitional or supportive housing and shelter opportunities to those in need.
13. Continue to maintain and expand partnerships with non-profit housing developers and other affordable housing providers and agencies that ~~Support efforts by the Albany Partnership for Housing and Community Development, the Linn-Benton Housing Authority, Habitat for Humanity, the Community Services Consortium, and other local agencies to provide affordable housing, financial assistance, and services to Albany's moderate-, low- and very-low-income households; for the elderly; and for~~ residents with disabilities. ~~Albany's special needs populations.~~
14. Work with local jurisdictions, and regional, and state agencies to identify and assess the region's housing needs and evaluate a shared approach to improve housing affordability across all household income ranges.

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- ~~14.~~15. Convene Albany's housing agencies to discuss affordable and needed housing, ~~housing for the special-needs populations,~~ agency roles, and existing programs. Evaluate program gaps and areas for improvement.
- ~~15.~~16. Identify areas with a concentration of ~~very-low~~very low-income households to determine if there are any programs or assistance that can help provide safe and decent housing and improve neighborhood vitality.
17. Evaluate tax abatement and other incentives to support the development of accessible, affordable, and work force housing as well as housing in mixed-use and climate friendly areas. ~~Become an entitlement community under the Community Development Block Grant program.~~
18. Offer surplus city-owned residential or mixed-use zoned land for affordable housing.
19. Support community land trusts to facilitate affordable homeownership.
- ~~16.~~20. Consider new revenue sources to support development of affordable and other needed housing.

RECOMMENDATIONS

- ~~17.~~21. Encourage Linn and Benton Counties to consider the needs of the homeless and other displaced persons by:
- Maintaining close contact with local social service providers in order to be able to measure needs and to be able to provide appropriate referrals.
 - Facilitating emergency housing assistance during severe conditions.
- ~~18.~~22. Encourage the Community Services Consortium (CSC) to serve as the region's "housing resource center" that can serve as a "clearinghouse" for housing needs.

SUPPORTING DOCUMENTS

The following documents prepared by Angelo Planning Group, Johnson Economics, and the City of Albany between July 1, 2019, and April 1, 2020, are hereby adopted in their entirety as supporting documents to the Albany Comprehensive Plan:

- City of Albany Housing and Residential Land Needs Assessment; 20-year housing need to 2040
- Albany Building Lands Inventory – Methodology and Results.

The Albany Housing Implementation Plan prepared between 2022 and 2023 by Housing Affordability Task Force, MIG/APG, Johnson Economics and the City of Albany is hereby adopted in its entirety as a supporting document to the Albany Comprehensive Plan.

[Ord. 5951 12/2/2020]



Albany Housing Implementation Plan

JUNE 2023



ACKNOWLEDGMENTS

Housing Affordability Task Force

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Theodore Bunch, Jr., *Planning Commission liaison*

Emma Deane, *Helping Hands Shelter*

Erin Dey, *DevNW*

Shane Fagan, *Architect*

Steve Hammond, *Albany resident*

Donna Holt, *Linn Benton Housing Authority*

Alana Kenagy, *Albany resident*

Sharon Konopa,
Resident/Housing non-profit board member

Faren Leader, *Linn Benton Community College*

Scott Lepman, *Developer/Appraiser*

Mike Quinn, *Builder/Developer*

Camron Settlemier, *Historic district resident*

Rebecca Tolentino, *Central Willamette Credit Union*

Patrick Wingard, *DLCD*

City Council

Steph Newton, *Ward 1*

Matilda Novak, *Ward 1*

Jackie Montague, *Ward 2*

Ray Kopczynski, *Ward 2*

Ramycia McGhee, *Ward 3*

Marilyn Smith, *Ward 3*

Dick Olsen (*former Councilor*)

Stacey Bartholomew (*former Councilor*)

Bessie Johnson (*former Councilor*)

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EXECUTIVE SUMMARY

OVERVIEW

The City of Albany prepared the Housing Implementation Plan (HIP) to identify actions the City can take to help increase housing options that create more housing for more people. The HIP prioritizes current and future housing needs and outlines equitable and actionable policies, strategies, and implementation steps needed to encourage the production of housing that is needed in the Albany community.

The HIP summarizes recommendations for adoption of a range of housing strategies or tools to study further—these include regulatory changes, incentives, funding sources, programs, and partnerships.

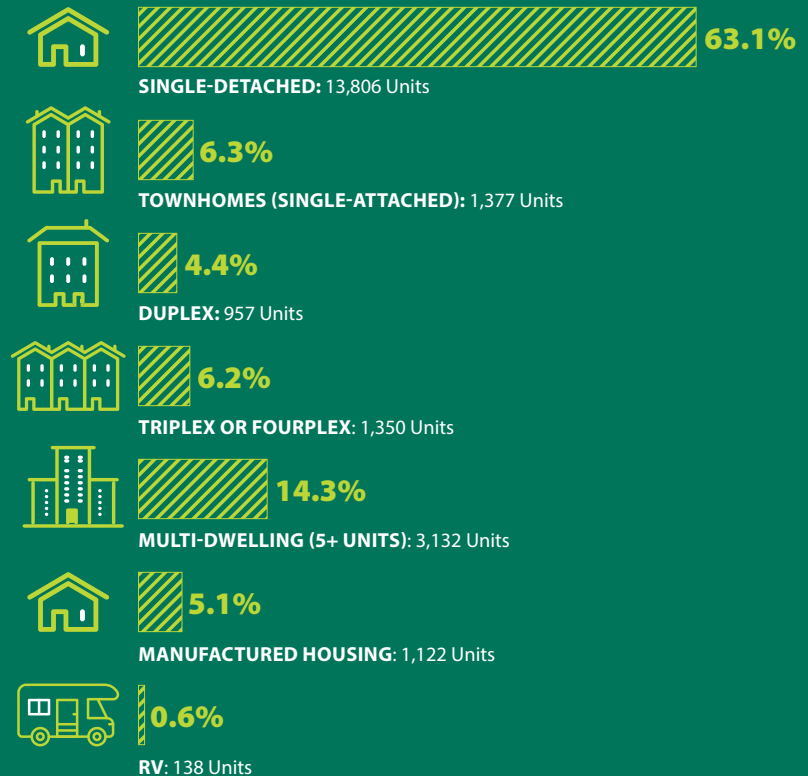


HOUSING NEEDS IN ALBANY

The following are some key statistics related to the housing needs of the Albany community, derived from the 2020 Housing Needs Analysis (HNA), U.S. Census data, and City permit data:

Albany has a total of 21,882 housing units (as of 2021). Ownership rate is 61%, while 39% of units are rentals.

Over 63% of the existing housing stock is single-detached dwellings. Apartments with 5+ units account for 14% of housing units. [Data source: ACS 2021 5-year Estimates*]



*Note: A portion of the townhomes, triplexes, and fourplexes counted in the ACS data are actually part of multi-dwelling developments. Townhomes (attached units on separate lots) and individual triplexes and fourplexes have constituted only 1% of housing development in Albany within the last 12 years, according to City permit data.

HOUSING NEEDS IN ALBANY (continued)

20-year housing needs



Apartments



Condos



Middle Housing

Albany needs new medium- and high-density housing to meet the City's 20-year housing needs. The city is projected to need between 6,700-9,400 total housing units over the next 20 years.

Attached forms of housing are expected to grow as an overall share of housing due to growing trends towards more density, infill development, accessory dwelling units, and constraints such as wetlands and the urban growth boundary. This includes apartments, condos, and "missing middle housing" such as duplexes, triplexes, quadplexes, and townhomes.

Shortage of affordable housing for Households earning 80% or less of median income



The HNA noted significant current and future needs for housing affordable to low-income households (those earning 80% or less of area median income). Albany will need 3,058 new units (45% of total needed units) to meet the 20-year needs of low-income households. In particular, there is a shortage of rental units at the lowest pricing levels that would be affordable to the lowest-income households.



50% of Renters are Housing Cost Burdened

There is a current and future need for more affordable housing opportunities for many Albany households. Nearly half of renters (3,800 households) spend more than 30% of their income on gross rent—these households are considered "housing cost burdened." Nearly a quarter of renters (1,872 households) spend 50% or more of their income on housing and are considered severely housing cost burdened.

[Data source: ACS 2021 5-year Estimates, Table B25070]

Gaps in housing supply



First-Time



Single-Level



Seniors



Accessible

Local residents and housing stakeholders have noted the following gaps in Albany's housing supply: first-time homebuyer opportunities; small, single-level homes; housing for seniors to age in place; accessible homes for people with disabilities and mobility challenges; housing that fits on the spectrum between single-dwelling homes and larger apartment complexes (i.e., missing middle housing); and accessory dwelling units.

KEY PROJECT COMPONENTS

The HIP was developed between February 2022 and spring 2023 with the help of the Housing Affordability Task Force (HATF), City staff, housing stakeholders, and the broader Albany community. Outreach and engagement undertaken during the preparation of the HIP included four HATF meetings; focus group meetings with local residents and housing stakeholders; a community survey; email and social media outreach; and a joint work session with the Planning Commission and City Council.

Development of the HIP's recommended housing strategies process started with a large list (or "menu") of potential policies and tools and evaluation of the City's existing housing measures. The project team then refined this list with help from the HATF; researched and evaluated promising strategies; and narrowed down the recommended strategies with input from the HATF, community survey, and Planning Commission/City Council.

The result is a recommended set of strategies and actions that the City of Albany and community partners can take to promote housing development that meets the needs of the community, with a focus on more equitable and affordable housing options for a wider range of incomes, needs, and preferences.

RECOMMENDED HOUSING STRATEGIES

Below is a summary of the strategies recommended in the HIP and their priority based on potential impact, opportunity for implementation, and available resources. Additional information, considerations, and implementation steps for each of these strategies is provided in the HIP.

1. LAND USE AND ZONING STRATEGIES

Recommended changes to the Albany Development Code (ADC) related to land use regulations, development standards, review processes, or other regulations that would support needed housing development.

	Strategy	Priority
1.1	Ensure land zoned for higher density is not developed at lower densities	Medium
1.2	Encourage small dwelling units through lot size/density incentives	High
1.3	Reduce code barriers to needed housing	High
1.4	Increase flexibility for accessory dwelling units (ADUs)	Medium
1.5	Facilitate "tiny home villages" as cottage cluster housing	Medium
1.6	Use zoning incentives to support affordable or workforce housing	Medium-High
1.7	Support single room occupancy (SRO) and micro housing	Medium-High
1.8	Encourage mixed-income development	Medium
1.9	Encourage accessible housing units	High
1.10	Require accessible design for publicly supported units	Medium

2. DEVELOPMENT INCENTIVES AND POLICIES

Policy and incentive strategies intended to make development of housing—particularly affordable housing—more feasible or financially viable by reducing fees or other costs and by reducing process barriers.

	Strategy	Priority
2.1	Evaluate implementation of pre-approved plan sets for ADUs and/or middle housing types	Medium
2.2	Use tax abatements to encourage affordable housing and housing in mixed-use areas	High
2.3	Reduce system development charge (SDC) cost burden on affordable or lower cost housing	High
2.4	Offer surplus city-owned land for affordable housing	High

3. FUNDING SOURCES

Potential new revenue sources that could be used to support affordable housing development. Several of the other recommended HIP strategies are dependent on new funding sources.

	Strategy	Priority
3.1	Evaluate implementation of a construction excise tax (CET)	Medium
3.2	Evaluate implementation of a general obligation bond for affordable housing	Low
3.3	Use tax increment financing (TIF) to support development of affordable housing	Medium

4. PROGRAMS AND PARTNERSHIPS

Programmatic strategies that could help the Albany community increase its housing supply (particularly affordable housing), support existing affordable units and residents, and/or leverage partnerships to catalyze housing development. The programmatic strategies would typically depend on partnerships with other organizations to implement or rely on additional funding sources.

	Strategy	Priority
4.1	Support a community land trust to facilitate affordable homeownership	High
4.2	Support programs that benefit existing affordable housing and residents	Medium-High
4.3	Provide information and education to small developers	Medium
4.4	Facilitate conversion of underperforming or distressed commercial assets into housing	Low-Medium

I. Introduction

PROJECT OVERVIEW

The purpose of the Albany Housing Implementation Plan (HIP) is to identify a set of policies and tools the City of Albany can implement to facilitate housing development that meets the needs of the community. The HIP prioritizes current and future housing needs and outlines equitable and actionable policies, strategies, and implementation steps necessary to encourage the production of needed housing.

THE PROJECT GOALS AND OBJECTIVES ARE:



Identify and assess policies and strategies to increase housing options and opportunities that meet the needs of Albany residents as projected in the City's 2020 Housing Needs Analysis.



Identify housing resources and constraints, including evaluation of existing strategies and recommendations for new actions to increase housing supply or provide regulatory streamlining.



Engage a broad spectrum of the community in conversations and input around housing needs and strategies using a variety of engagement strategies.



Adopt policies and tools that promote fair and equitable housing choices for all residents, especially residents of protected classes and those experiencing housing insecurity.

The HIP summarizes recommendations for adoption of a range of housing strategies or tools to study further—these include:

Regulatory Changes

Incentives

Funding Sources

Programs

Partnerships

Additional information about each of the recommended strategies can be found in the HIP Background Reports, Parts 1 and 2 (Appendix A). The Background Reports provide preliminary summaries and evaluation of a wider range of strategies, tools, and policies than those reflected in the final HIP.

Strategies that the City considered, but which are not in the final HIP, were identified as lower priority items. The City may still consider implementing those strategies at some point in the future.

BACKGROUND

Housing Needs in Albany

Following are some key findings related to the housing needs of the Albany community, derived from the 2020 Housing Needs Analysis (HNA):

- There is a significant need for new medium- and high-density housing to meet the City’s 20-year housing needs. Attached forms of housing are expected to grow as an overall share of housing due to growing trends towards more density, infill development, accessory dwelling units, and constraints such as wetlands and the urban growth boundary. This includes multi-dwelling housing and “missing middle housing” such as duplexes, triplexes, quadplexes, and townhomes.
- There is a current and future need for more affordable housing opportunities for many Albany households. Nearly 50% of renters spend more than 30% of their income on gross rent—these households are considered “housing cost burdened.” Nearly a quarter of renters spend 50% or more of their income on housing and are considered severely housing cost burdened. *[These figures have been updated based on the 2021 ACS 5-year estimates.]*
- Relatedly, the HNA identified current and future needs for housing affordable to low-income households (defined as households earning 80% or less of area median income). In particular, there is a shortage of rental units at the lowest pricing levels that would be affordable to the lowest-income households.

At the HIP focus group meetings, we also heard from stakeholders that the following housing types are needed in Albany: first-time homebuyer opportunities; small, single-level homes; housing for seniors to age in place; accessible homes for people with disabilities and mobility challenges; housing that fits on the spectrum between single-dwelling homes and larger apartment complexes (i.e., missing middle housing); and accessory dwelling units.

These gaps were a focus of the Housing Implementation Plan work. However, the HIP also includes strategies that will contribute to housing supply and affordability for a full range of Albany households.

Recent Housing Efforts

Albany completed a Housing Needs Analysis in 2020, which assessed current and 20-year housing needs by tenure, cost, and unit type, and ensured that City policies and codes could address those needs. The analysis provides essential data and recommends strategies for the city to consider in order to address housing needs to 2040. The HIP builds off the Housing Strategies Report that accompanied the HNA by further detailing and evaluating some of the recommended strategies.

The City also recently completed work in 2021 on the Expanding Housing Options project, which improved housing choices in Albany by allowing middle housing types—duplexes, triplexes, quadplexes, townhomes, and cottage clusters—in single-dwelling residential zones. The resulting changes to the Albany Development Code and Comprehensive Plan brought the City into compliance with House Bill 2001 (2019), and also included new and updated design and development standards.

The HIP considers additional ways to encourage middle housing and increase its affordability through code amendments and financial incentives.

Other recent Development Code updates also simplified housing regulations by making all residential standards clear and objective, streamlining procedures for residential subdivisions, and providing greater flexibility for Planned Development projects.

The HIP used some of the insights gained from these recent projects in identifying strategies to further support needed housing in Albany.

HOUSING COST BURDENED

50% Renters
PAY
30% Income
ON HOUSING

25% Renters
PAY
50% Income
ON HOUSING

CITY OF ALBANY RECENT HOUSING EFFORTS



PROCESS AND ENGAGEMENT

The HIP was developed between February 2022 and spring 2023 with the help of the Housing Affordability Task Force (HATF), City staff, housing stakeholders, and the broader Albany community.

The planning process included the following general steps:

- **Housing Affordability Task Force Kickoff** – The first HATF meeting (Feb 2022) introduced the HIP project, housing needs in Albany, basics about housing affordability, and the City’s and its partners’ roles in supporting needed housing development.
- **Focus group meetings** – The purpose of these meetings was to collect information and opinions about gaps in Albany’s housing supply and strategies to address those gaps. Focus group participants represented a range of stakeholder groups, including local residents, builders, lenders, affordable housing providers, those facing housing insecurity, and a range of agencies and organizations involved in the planning and provision of housing in the Albany area. (See Appendix B for a summary of the focus group meetings.)
- **Menu of Potential Housing Strategies** – The project team put together a starting list or “menu” of potential housing policies, strategies, and tools that the City could consider as part HIP. The menu was assembled based on recommendations from the 2020 Housing Strategies Report (an outcome of the HNA); the master list of housing Tools, Actions, and Policies that the Oregon Department of Land Conservation and Development (DLCD) assembled as a resource for local governments in preparing Housing Production Strategies; and ideas from City of Albany staff and local housing stakeholders. (See Appendix C for the initial menu of strategies.)

The project team reviewed this initial, more exhaustive, strategies menu with the HATF (April 2022 meeting), who helped refine and prioritize the list. The strategies carried forward into the next step were those that HATF members and the project team saw as having the most merit.

- **Background Reports** – The project team gathered information and evaluated the refined list of potential strategies in two Background Reports—Parts 1 and 2. These reports provided thorough information for the strategies and took a closer look at the potential impacts to housing supply/affordability and steps needed for implementation. (See Appendix A for the full Background Reports.)

Information from the Background Reports was reviewed with the HATF at two meetings in July and September 2022.

- **Community Survey** – The team hosted an online survey in November 2022 to gather community input on potential housing strategies being considered. The survey received a total of 138 responses. Survey responses were mostly supportive of the proposed strategies. The five strategies that received the most community support were: Encourage accessible housing units; Encourage small single-detached homes; Offer surplus City-owned land for affordable housing; Support a community land trust; and Facilitate “tiny home villages” as cottage cluster housing. (See Appendix D for a full summary of the survey results.)
- **Planning Commission / City Council Work Session** – The project team reviewed the results of prior engagement efforts and gave an overview of the potential housing strategies. Overall, Planning Commission and City Council members were supportive of the project team’s direction and moving into the next step of drafting the HIP.

HOUSING IMPLEMENTATION PLAN

The project team considered all the feedback received through HATF meetings, the online survey, focus groups, and Planning Commission/City Council work session to further refine the strategies recommended in the HIP. See Section II for a description of the contents of the HIP.



II. Housing Strategies Overview

The Housing Implementation Plan identifies strategies and actions the City of Albany and community partners can take to promote housing development that meets the needs of the community, with a focus on more equitable and affordable housing options for a wider range of incomes, needs, and preferences.

The HIP summarizes key information for each of the recommended strategies and identifies steps needed for implementation.

For each housing strategy, the HIP provides the following information:

Priority Level	How should this strategy be prioritized, base on its potential impact, opportunity for implementation, and available resources?
Description	What is the strategy? How can the strategy work to increase housing availability and affordability in Albany? What are potential outcomes?
Recommendations	What specific approaches are recommended for this strategy?
Considerations	What potential options, funding needs, potential challenges, etc. are applicable to the strategy?
Impact	What populations, income levels, and housing types are supported? Anticipated impact on the relative cost, financial feasibility, and affordability of housing are discussed.
Implementation Steps	What actions will the local government and other stakeholders need to take to implement the strategy?
Lead and Partners	Who will lead implementation, and what partnerships are necessary? Because this is a City-led effort. The City of Albany is the lead agency for most actions.

The strategies are organized into four general categories:



1. Land Use and Zoning Strategies

Recommended changes to the Albany Development Code (ADC) related to land use regulations, development standards, review processes, or other regulations that would support needed housing development.



2. Development Incentives and Policies

Policy and incentive strategies intended to make development of housing—particularly affordable housing—more feasible or financially viable by reducing fees or other costs and by reducing process barriers.



3. Funding Sources

Potential new revenue sources that could be used to support affordable housing development. Several of the other recommended HIP strategies are dependent on new funding sources.



4. Programs and Partnerships

Programmatic strategies that could help the Albany community increase its housing supply (particularly affordable housing), support existing affordable units and residents, and/or leverage partnerships to catalyze housing development. The programmatic strategies would typically depend on partnerships with other organizations to implement or rely on additional funding sources.

Refer to the Executive Summary for an overview of the recommended strategies.

III. Recommended Housing Strategies



CATEGORY 1. LAND USE AND ZONING STRATEGIES

The following set of strategies includes recommended changes to the Albany Development Code (ADC) related to land use regulations, development standards, review processes, or other regulations that the City should undertake to help meet Albany's housing needs and goals.

1.1 Ensure land zoned for higher density is not developed at lower densities

Priority	HIGH
Description	The intent of this strategy is to ensure that residential land is used efficiently, and that areas designated for higher residential densities are not consumed by low-density development. As identified in the 2020 HNA, there is significant need for new medium- and high-density housing. It is important to ensure that land planned for these housing types is reserved for that purpose. It is also important to ensure that residential development can reach the projected capacity of each zone and that buildable land within the urban growth boundary is used efficiently by developing at or near the maximum density of the zone.

Recommendations	<p>High Priority Adopt minimum density standards in the Residential Medium Density (RMA) and Residential Medium Density Attached (RMA) zoning districts. These are the districts where it is most important to use land efficiently.</p> <p>Lower Priority Adopt minimum density or maximum lot size requirements in the RS-5—Residential Single-Dwelling Unit zone (the higher-intensity single-dwelling zone).</p>
Considerations	<p>Potential Standards: Minimum density standards are typically most effective if set at between 50 and 80 percent of the maximum density standard in the zone. This translates to the following minimum density options for each zone listed above:</p> <ul style="list-style-type: none"> • RMA – 17.5 to 28 units per gross acre • RM – 12.5 to 20 units per gross acre • RS-5 – 3.3 to 5.2 units per gross acre (or maximum lot size of 10,000 to 7,000 SF for single-dwelling development) <p>Applicability: Consider limiting the minimum density standards only to subdivisions and multiple-dwelling development. Smaller-scale infill development would have less flexibility in meeting minimum requirements and less impact on new housing supply overall.</p> <p>Implementation: The requirements could be applied based on minimum dwellings per acre or maximum lot size. Either way, there will need to be some explanation in the Code regarding how minimum density is calculated.</p>
Impact	<p>Populations Served: All income levels.</p> <p>Housing Types: For rent or sale; medium- and high-density housing.</p> <p>Housing Impact: Modifying standards to support appropriate residential densities would have a limited impact on housing supply as it would not work directly toward creating new units. However, it would support efforts to add to the city's housing supply and affordability by ensuring that residential land is not consumed by low-density single-dwelling development, which is typically more expensive than small-lot or higher-density housing types.</p>
Implementation Actions	<ol style="list-style-type: none"> 1. Work with local development stakeholders and Planning Commission to identify which implementation options to pursue, based on the considerations discussed above. 2. Legislative ADC text amendment process.
Lead and Partners	<p>Lead – City of Albany Community Development Department.</p> <p>Partners – Developer stakeholders.</p>

1.2 Encourage small dwelling units through lot size/density incentives

Priority	HIGH
Description	<p>There is a significant need in Albany for smaller, more affordable detached housing options. In the focus group meetings for the HIP project, several participants noted that Albany needs more housing options for singles, young couples, and seniors who do not want, or cannot afford, a large single-detached home. This strategy would encourage smaller detached dwelling units (e.g., 1,250 SF or less) by allowing them to be built on smaller lots.</p> <p>Small dwellings typically do not have the same land needs as larger units and can be built on smaller lots. Also, reducing minimum lot size typically reduces costs for developers and homebuyers because of the high cost of land.</p>
Recommendations	<p>Further evaluation is needed to determine the right dwelling size threshold and minimum lot size. As a starting point, the project team recommends the following:</p> <ul style="list-style-type: none"> • Unit size threshold of 1,250 SF • RS-5 and HM districts: 3,000 SF minimum lot size for small dwellings • RS-6.5 district: 4,000 SF minimum lot size for small dwellings <p>(Note: Lot coverage maximums would ensure lots are not completely covered with dwellings.)</p>
Impact	<p>Populations served: Moderate income households.</p> <p>Housing Types: For sale (typically); small detached dwellings.</p> <p>Housing impact: Modifying lot size standards to encourage smaller units would have a limited impact on housing supply, as it would not work directly toward creating new units. However, it could help fill the gap in the city's supply of smaller dwellings, which are typically more affordable than larger homes.</p>
Implementation Actions	<ol style="list-style-type: none"> 1. Further analyze potential lot size standards and coordinate with local development stakeholders. 2. Legislative ADC text amendment process.
Lead and Partners	<p>Lead – City of Albany Community Development Department. Partners – Developer stakeholders.</p>

1.3 Reduce code barriers to needed housing

Priority	HIGH
Description	<p>This strategy involves amending development regulations that may constrain housing. The project team examined a range of code standards to identify areas where barriers could be reduced or removed—these included minimum lot size/density, setbacks, lot coverage, and off-street parking, and others. The key recommendation that emerged is to remove the land-area-per-unit requirement for multiple-dwelling development and rely on maximum density (units per acre) standards.</p> <p>There is currently a mismatch between the maximum density and minimum lot size standards in the city's medium-density zones. Maximum density is 25 units per gross acre in RM and 35 units per gross acre in RMA. These densities are not achievable given the current standards for minimum site area per unit. In fact, townhouses (attached units on their own lots) in these zones can achieve higher densities than multiple-dwelling development.</p> <p>Apartments or condos with multiple bedrooms—which can accommodate larger families—are especially disadvantaged. For example, an apartment building with 2- or 3-bedroom units in the RM zone would require 2,400 SF land per unit—this translates to an achievable density of only 18 units per acre (as compared to the zone maximum of 25 units per acre).</p>
Recommendations	<p>Remove the minimum land-area-per-unit requirement for multiple-dwelling development to enable the maximum allowed density to be achieved. The zone's maximum density (units per acre) would determine the number of units.</p> <p>This strategy will better enable development of multiple-bedroom units. When paired with minimum density recommendations (Strategy 1.1), the strategy will also help ensure medium-density land can be used as efficiently as possible to support more housing units.</p> <p>(Note: Lot coverage maximums would ensure there is still green space on a site.)</p>
Impact	<p>Populations served: All income levels.</p> <p>Housing Type: For rent (typically); multiple-dwelling units (especially with 2+ bedrooms).</p> <p>Housing impact: Similar to Strategies 1.1 and 1.2, modifying development standards to support housing development would have a limited impact on housing supply, as it would not work directly toward creating new units. However, allowing denser development tends to support housing affordability by reducing land costs per-unit.</p>
Implementation Actions	Legislative ADC text amendment.
Lead and Partners	City of Albany Community Development Department.

1.4 Increase flexibility for accessory dwelling units (ADUs)

Priority	MEDIUM
Description	<p>Accessory dwelling units are small, secondary units on the same lot as an existing home. ADUs are an appealing housing option with several benefits:</p> <ul style="list-style-type: none"> • ADUs can add to the local supply of rental units and can provide a relatively affordable rental option for a person or household that prefers living in a small detached unit rather than an apartment or other attached housing. • Building and renting an ADU can raise income for a homeowner and help offset the homeowner's mortgage and housing costs. • ADUs offer flexibility for homeowners to either rent the unit or to host a family member. The proximity to the main house can be particularly beneficial for hosting an elderly family member that may need care and assistance. <p>The City of Albany already allows ADUs outright on any lot where single-detached housing is allowed and recently updated its standards to comply with state requirements. However, the City could potentially go further to encourage ADUs by allowing larger units (as a percentage of the primary dwelling) and/or by allowing two ADUs on one lot.</p>
Recommendations	<p>Allow increased floor area ratio to primary home. The current Code limits ADUs to 50 percent of the gross floor area of the primary residence (excluding garages or carports) or 900 square feet, whichever is less. While the 900-SF limit is relatively generous, the 50-percent limit may be prohibitive if the ADU is constructed on a lot with a small home. For example, some older homes are only 800-1,000 SF—this would limit allowable ADUs to only 400-500 SF.</p> <p>The project team recommends increasing the size limit to 75 percent of the primary residence to allow a wider range of ADU sizes (up to 900 SF) that are still smaller than the primary home.</p> <p>Allow an ADU with a townhouse. To add further flexibility, the City could allow an ADU with a townhouse (single-attached dwelling). Depending on how a townhouse is designed, an ADU could be accommodated in a lower level (e.g., daylight basement) or as an attached or detached unit in the backyard. If desired, the City could further restrict the size or placement of the ADU to limit its impact on neighboring properties.</p> <p>Allow more than one ADU on a lot. The City could also consider allowing up to two ADUs with a single-detached dwelling. Albany already allows something similar to a house with two detached ADUs by allowing a 3-cottage cluster; however, cottage clusters have additional standards such as minimum shared open space. Some options to consider:</p>

	<ul style="list-style-type: none"> • Allow two ADUs only if one of the ADUs is internal to the primary dwelling or an attached addition. This would help reduce potential impacts to neighboring properties. • If there are concerns about having two ADUs on an undersized lot, the City could also require that the lot meet the minimum lot size in the zone (which it cannot require for just one ADU).
Impact	<p>Populations served: Moderate income households.</p> <p>Housing Types: For rent; smaller units.</p> <p>Housing Impact: See Strategy 1.2.</p>
Implementation Actions	Legislative ADC text amendment.

Lead and Partners City of Albany Community Development Department.



1.5 Facilitate “tiny home villages” as cottage cluster housing

Priority	MEDIUM
Description	<p>Tiny homes are typically defined as small detached units, typically under 600 square feet. Tiny homes present an appealing option for affordable homeownership due to their small size and the privacy and independence they offer to residents. They can also serve as regulated or transitional housing for low-income residents—examples are Hub City Village (currently being built in Albany)¹ and Emerald Village in Eugene.²</p> <p>However, this housing type can face a number of regulatory barriers because they do not fit the typical housing mold. Many development codes are not geared toward accommodating this housing type.</p> <p>While there is a range of types of tiny homes—including permanent homes, tiny homes on wheels, and transitional homes—this strategy focuses on permanent tiny homes that are built on foundations and subject to the Building Code and ADC.</p> <p>Permanent tiny homes are often sited in “tiny home villages,” where multiple homes share the same lot. Under the current ADC, up to eight tiny homes on a single lot would be considered a cottage cluster development. The Code does not permit more than eight cottages on one lot; therefore, a larger tiny home village would either need to go through a land division to create additional lots, the planned development process and adjustment process, or be permitted as multiple-dwelling development. However, multiple-dwelling development and design standards are not compatible with the characteristics of tiny home villages.</p>



Recommendations	<p>Tiny home size. The project team recommends 750 SF as the unit size threshold for a “tiny home.” Under the state’s new Climate Friendly and Equitable Communities (CFEC) rules, there is an exemption from parking requirements for units under 750 SF. Albany’s code could align with that threshold, which may be a more realistic and livable home size than smaller units.</p> <p>Allow additional units in a tiny home cluster. The team also recommends allowing more than 8 cottages in a cluster if all dwellings are 750 SF or less. These tiny homes would be significantly smaller than the maximum allowed cottage size of 1,400 SF. Therefore, additional homes could fit onto the same size lot and would have less impact on neighbors than larger cottages.</p> <p>The team recommends scaling the maximum number of tiny homes in a cottage cluster by the intensity of the zone. For example, the City could allow up to:</p> <ul style="list-style-type: none"> • 10 cottages in the RS-10, RS-6.5, and HM zones • 12 cottages in the RS-5 zone • 16 cottages in the RM and RMA zones <p>Allow reduced lot sizes for smaller tiny home clusters. In the current Code, the minimum lot size for cottage clusters in the RS-6.5 through RMA zones is 7,000 SF. This could be scaled down for tiny home clusters with fewer units (e.g., those with fewer than 7) to only 1,000 SF per unit. This would allow, for example, infill development of 5-unit or smaller tiny home clusters on 5,000 SF lots.</p>
Impact	<p>Populations served: Low to moderate income households.</p> <p>Housing Types: For rent or sale; small units.</p> <p>Housing impact: See Strategy 1.2</p>
Implementation Actions	Legislative ADC text amendment.
Lead and Partners	City of Albany Community Development Department.

1 Hub City Village, Creating Housing Coalition. <https://creatinghousing.org/about/>
 2 Emerald Village Eugene, SquareOne Villages. <https://www.squareonevillages.org/emerald>

1.6 Use zoning incentives to support affordable or workforce housing

Priority	MEDIUM-HIGH
Description	<p>Some development regulations can present obstacles or add costs to housing development. These obstacles are particularly challenging for developments built by housing authorities, non-profit developers, or even for-profit developers that are attempting to build units affordable to people with lower or moderate incomes.³ In order to support developments that include units affordable to moderate- or low-income households, the City can offer concessions on zoning and development code standards.</p> <p>The concessions should be offered in exchange for the development dedicating a minimum proportion of the units to be regulated as affordable to people with lower or moderate incomes with a minimum affordability period of 20 or more years. The incentives typically include relief from certain development standards such as parking, setbacks, or density.</p> <p>Note: Senate Bill 8 (2021 session) requires cities to allow affordable housing that meets specific criteria on a wide range of sites and provides height and density bonuses. If the height/density bonus exceeds local bonuses for affordable housing, the SB 8 bonus will apply directly. This should be a factor in the City's analysis of new/expanded bonuses, as recommended below. The City could also incorporate SB 8's provisions into the ADC, though this is not required—the allowances established by SB 8 are available regardless of local adoption.</p>
Recommendations	<p>Adjust density bonus for very low-income households. Albany already offers a density bonus for low- and moderate-income housing. The bonus provisions are scaled to offer larger density bonuses (up to 30% additional density) for projects that include units with deeper affordability requirements. They also allow a range of density bonuses (e.g., 5%, 10%, 20% bonus), based on the percentage of units with affordability restrictions.</p> <p>The project team recommends providing a more generous density bonus for units with the deepest affordability requirements (50% AMI—HUD's threshold for "very low-income" households). Without additional incentives, the 80% AMI bonus thresholds may outcompete the 50% AMI thresholds, and the City may not see much of the lowest income units being provided. We recommend increasing the bonus for 50% AMI housing units by 5% for each level, as follows:</p> <ul style="list-style-type: none"> • 5% of units – 15% density bonus • 10% of units – 25% bonus • 20% of units – 35% bonus

Impact	<p>Offer new height bonus. The team also recommends adopting a new height bonus for units that are affordable to households earning 80% AMI or less. This could be implemented by allowing one additional building story if all units (or a certain percentage) are designated as affordable. This height bonus would also make it more feasible for developments to maximize the available density bonus.</p> <p>Populations Served: Very low to low-income households.</p> <p>Housing Types: For rent or sale; income-restricted units.</p> <p>Housing impact: Offering a bonus in return for more affordable units can create a win/win between the builder and housing goals. Generally, developers will still be incentivized to offer units at higher income levels (e.g., 100% or 120% AMI) so a bonus that scales to the affordability level is appropriate. When successful, these programs not only provide a number of units at a controlled affordability level, but also help create mixed-income communities among the subsidized and unsubsidized units.</p>
Implementation Actions	<ol style="list-style-type: none"> 1. Consult with affordable housing providers to determine what density/height incentives would be most beneficial in supporting their work. 2. Evaluate SB 8 to determine how the statutory bonuses compare to the City's existing or proposed new bonuses. 3. Legislative ADC text amendment.

Lead and Partners **Lead** – City of Albany Community Development Department.
Partners – Affordable housing providers.



³ Housing affordable to moderate-income, working households that do not typically qualify for subsidized housing is often referred to as "workforce housing."

1.7 Support single room occupancy (SRO) and micro housing

Priority	MEDIUM-HIGH
Description	<p>Single room occupancy (SRO) is a form of housing in which the units share bathroom or kitchen facilities with other units on the floor or in the building. SROs are typically aimed at those earning low or very low incomes. While SROs (sometimes known as “SRO hotels”) were once very common in urban areas, many have been torn down or converted to higher-end apartments or hotels, and few new SROs have been built in recent decades.⁴</p> <p>As the housing crises worsened in recent years, housing advocates have urged cities to consider enabling SROs as an alternative, low-cost form of housing for those experiencing homelessness or at risk of losing their housing. As such, SROs have opportunities to serve as a form of transitional or supportive housing or as a viable form of housing for more transitory residents.</p> <p>“Micro housing” or “micro apartments” are a related type of housing that has been gaining in popularity in recent years, mostly in larger cities so far. Micro housing is usually defined as units under 400 SF that may or may not share kitchen facilities with other units on the same floor. While typically marketed as higher-end units compared to SROs, micro apartments are usually more affordable than standard apartments due to their size and shared amenities. They can be a viable option for individuals with lower incomes, or for those who simply desire to live with less space and fewer private amenities.</p> <p>Some local development codes have definitions or other provisions that have the effect of prohibiting SROs and micro housing—whether by design or not. The intent of the recommendations below is to ensure that SROs and micro housing are allowed, and not precluded by the ADC, and to potentially encourage these lower-cost housing options through regulatory incentives, such as prorated density.</p>
Recommendations	<p>Add SROs, micro housing, and quad/quint dwellings to the Schedule of Permitted Uses in residential and mixed-use zones.</p> <ul style="list-style-type: none"> • SRO housing. The ADC has a definition for SRO, and it is included as an example of the Multiple Dwelling Unit use category in Article 22. However, adding SROs directly to the Schedule of Permitted Uses tables in Articles 3, 4, and 5 would make it clearer that SROs are permitted. • Micro housing should be separately defined and also added the Schedule of Permitted Uses tables. Micro housing units could have shared amenities, similar to SROs, or they could be fully equipped with kitchen and bathroom facilities, but could simply be very small. As an example, Vancouver, Washington recently updated its code to define Micro Housing Units as 120-400 SF units that may or may not have shared facilities.

Impact	<ul style="list-style-type: none"> • Quad/quint dwellings should also be defined separately. The Albany Code used to have separate definitions for “quad dwelling unit” and “quint dwelling unit,” which were defined as dwellings with separate sleeping and living quarters for four or five individuals, centered around a common kitchen facility. These definitions were removed in 2013 and replaced with the single-room occupancy definition. However, quad/quint dwellings were distinct from SROs in that they comprised a shared unit or suite with four or five bedrooms and a shared kitchen. This is most commonly thought of as a form of student housing. While Albany has not seen any quad/quint dwellings built in recent years, they could offer an appealing low-cost alternative to typical apartments, e.g., for Linn-Benton Community College students. <p>Prorate density calculations for SROs, micro housing, and quads/quints. In the current ADC, density for SRO dwellings is calculated at a rate of one dwelling unit for every two rooms. In the former quad/quint provisions, density was calculated at essentially the same rate: a quad counted as 2 dwelling units and a quint counted as 2 ½ dwelling units. There is no density discount for micro housing that is simply small and does not have shared facilities.⁵</p> <p>The team recommends prorating density for each of these unit types so that each room counts as 0.25 dwelling units. For example, a single quad unit would count as one dwelling for calculating density. This would help incentivize these types of lower-cost housing and would make them more feasible to build and rent.</p>
Implementation Actions	Legislative ADC text amendment.
Lead and Partners	City of Albany Community Development Department.

⁴ Portland banking on low-rent SRO hotels to ease housing problems, OregonLive. <https://www.oregonlive.com/business/2019/04/officials-look-to-sro-hotels-as-model-for-low-income-housing.html>

⁵ Vancouver Municipal Code, Ch. 20.815 Micro Housing Units. <https://vancouver.municipal.codes/VMC/20.815>

1.8 Encourage mixed-income development

Priority	MEDIUM
Description	<p>Mixed-income development projects include a mix of market-rate and dedicated affordable units (restricted to low-income households) in the same building or development. These units may be mixed in the same hallway, separated in different buildings or on different floors or wings of the same building.</p> <p>Mixed-income development can facilitate economic integration, create well-maintained and amenity-rich housing options for low-income individuals and families, and can increase community acceptance of affordable housing, particularly in higher-income neighborhoods.</p> <p>Requiring mixed-income development is known as “Inclusionary Zoning,” which is strictly regulated in Oregon and has only been implemented by the City of Portland. The project team explored Inclusionary Zoning in the HIP Background Reports; however, we do not recommend this approach in Albany.</p> <p>Instead, the team recommends the City consider ways to encourage affordable housing integrated with market-rate development through regulatory and other incentives.</p>
Recommendations	<p>Density/height bonuses. See Strategy 1.6 for recommendations.</p> <p>Financial incentives. Tax abatements and other financial incentives can be offered for mixed-income development. See Strategies 2.2 and 2.3.</p> <p>Inclusionary upzoning. This approach would allow a property owner to “upzone” their property to a higher-density designation—say from RM to RMA—if their plans include mixed-income housing with a percentage of affordable units. Rezoning is already allowed in Albany, provided an application meets the review criteria for a zone change and is consistent with the Comprehensive Plan. This approach could “pre-qualify” mixed-income developments for upzoning. The details of the specific approach should be further evaluated.</p>
Considerations	<p>A mixed-income approach can offer both challenges and benefits to the financial feasibility of developing affordable housing. Requirements from public funding sources—which nearly all affordable housing relies on—can be a barrier. However, in areas with very high rents, mixed-income developments may be able to use profits from the market-rate units to subsidize the income-restricted units and reduce the amount of subsidy required.⁶</p>

Impact	<p>Populations Served: Low to moderate income levels.</p> <p>Housing Types: For rent or sale; income-restricted / mixed-income units.</p> <p>Housing Impact: Inclusionary upzoning can incentivize affordable/mixed-income housing beyond the bonuses recommended under Strategy 1.6 by offering a potentially larger increase in allowed density and height. This may make mixed-income development more feasible in more locations in Albany.</p>
Implementation Actions	<ol style="list-style-type: none"> 1. Evaluate programmatic options and approaches for inclusionary upzoning. 2. Consult with market-rate and affordable housing developers to assess the potential efficacy of various approaches. 3. Determine appropriate ratios or requirements for the number or percentage of affordable units to be incorporated in applicable developments. 4. Implement through the legislative ADC text amendment process.
Lead and Partners	<p>Lead – City of Albany Community Development Department.</p> <p>Partners – Affordable housing providers; Oregon Home Builders Association; for-profit housing developers.</p>



⁶ Local Housing Solutions. <https://localhousingolutions.org/refine/developing-mixed-income-housing/>

1.9 Encourage accessible housing units

Priority	HIGH
Description	<p>This strategy involves incentives to increase development of housing that is accessible for seniors and people with disabilities or mobility challenges. Accessible housing was identified by stakeholders in the HIP focus group meetings as a need that is not being met in the Albany housing market. This strategy would encourage accessible units through development code, regulatory, or financial incentives and through education to the development community.</p> <p>To qualify for incentives, the units could be required to meet certain standards, such as Universal Design or Lifelong Housing Certification.</p> <p>Universal Design is a building concept that incorporates design layouts and characteristics into residences to make them usable by the greatest number of people and respond to the changing needs of the resident. Universal Design incorporates standards for features such as hallways, doorways, bathrooms, and kitchens that make these features usable for people with disabilities or adaptable for that purpose.⁷</p> <p>Lifelong Housing Certification is a program developed by the Rogue Valley Council of Governments (RVCOG) in partnership with AARP Oregon as a voluntary certification process for evaluating the accessibility and/or adaptability of homes. Residences can be certified at three levels based on the extent of their accessibility: (1) VISIBLE (basic accessibility for visitors); (2) Fully Accessible (accessible for a person in a wheelchair on the main floor); and (3) Enhanced Accessibility (customized for specific accessibility needs).⁸</p>
Recommendations	<p>Provide information to developers. The project team recommends the City provide information to builders and contractors about how to design and build accessible homes. This could include handouts, information on the City Website, or potentially a Universal Design manual.</p> <p>Density/height bonus. The City should consider density incentives similar to those discussed under Strategy 1.6 for accessible units meeting one of the standards above (or a similar standard).</p> <p>Financial incentives, such as reduced fees. Financial incentives could include planning and building fee reductions or system development charge (SDC) reductions—see Strategy 3.3. (Note: SDC reductions would require a revenue source to implement. Funding sources are discussed under Category 4.)</p>

Considerations	If the incentives are not set at the right level to be attractive to use, they may not be effective. The incentive(s) should be calibrated effectively to be attractive to both a non-profit and for-profit developer. The benefit of using the incentive should outweigh the costs associated with implementing accessible design features.
Impact	<p>Populations Served: Seniors and people with disabilities.</p> <p>Housing Types: For rent or sale; accessible or visitable units.</p> <p>Housing impact: This strategy will not directly result in the production of new units, but it may increase the number of new units that have accessibility features—or it may increase the number of units remodeled with accessibility features.</p>
Implementation Actions	<ol style="list-style-type: none"> 1. Develop educational/informational materials on accessible/Universal Design for builders and/or provide links to materials that have been prepared by other organizations such as the AARP. Potentially collaborate with the Lifelong Housing Certification program at RVCOG or a similar program. 2. Evaluate a potential new density/height bonus. This should be carefully considered in conjunction with existing/new affordability bonuses. 3. Implement bonus program through a legislative ADC text amendment. 4. Develop an incentive program and source of funding to increase the number of dwelling units designed accessibly. 5. Work with developers to gather feedback on program parameters and interest. 6. Implement incentive program through Council action.

Lead and Partners **Lead** – City of Albany Community Development Department. **Partners** – Oregon Home Builders Association; Fair Housing Council of Oregon; AARP; Rogue Valley COG.



⁷ Universal Design Standards, West Virginia Housing Development Fund. <https://tinyurl.com/yx63h792>
⁸ Lifelong Housing Program, RVCOG. <https://rvcog.org/home/sds-2/lifelong-housing-program/>

1.10 Require accessible design for publicly supported units

Priority	MEDIUM
Description	This strategy involves requiring housing units receiving public funding to be designed to meet Universal Design, Lifelong Housing Certification, or similar standards (see Strategy 1.9). Cities have limited ability to require accessibility features in new development, but could potentially tie the requirements to public funding.
Recommendations	<p>The project team recommends the City further evaluate the following approaches:</p> <p>Require all housing units receiving public funding to be accessible. The City could apply accessibility standards beyond what is federally required for projects that are funded through City dollars (i.e., subsidized affordable housing). The City could apply the standards to all units (not just certain units, as is federally required), and could require that units meet Universal Design, Lifelong Housing Certification, or similar standards.</p> <p>Require elevators in some or all multi-story buildings. The City could also require elevators in some or all multi-story buildings that are supported by City dollars. Currently, the Building Code only requires elevators to reach common spaces (such as exercise rooms) or units that are federally required to be accessible. Requiring elevators in one or more multi-dwelling buildings would make all levels of that building accessible for those with mobility challenges. It would also make all units “covered” units under the Fair Housing Act, meaning all units would need have accessibility features. (Refer to Background Report Part 1 in Appendix A for further information about federal requirements.)</p>
Issues or Constraints	Accessibility features can add to the cost of construction for a development, which can make affordable housing projects less financially feasible. Elevators, in particular, add significant cost to a project. While these requirements may provide more accessible units, they could prevent some affordable housing projects from being developed. As with any large cost factor in a development, the expense can become more feasible if shared across a larger building with more units. Steps such as providing dedicated accessible units on the ground floor can help manage these challenges.

Impact	<p>Populations Served: Seniors and people with disabilities; extremely low to moderate income households.</p> <p>Housing Types: For sale or rent; accessible units.</p> <p>Housing Impact: This strategy would increase the number of new units that are designated for lower-income households with accessibility features incorporated into the design.</p>
Implementation Actions	<ol style="list-style-type: none"> 1. Evaluate potential new accessibility requirements, working closely with non-profit housing developers to understand how their projects might be impacted. 2. Develop requirements for accessible housing—either through the Municipal Code or ADC. 3. Adopt requirements through the legislative ADC text amendment process or through Council action. <p>Implementing Entity(ies): Lead - City of Albany Community Development Department. Partners – non-profit housing providers; Fair Housing Council of Oregon; AARP.</p>
Lead and Partners	<p>Lead – City of Albany Community Development Department. Partners – non-profit housing providers; Fair Housing Council of Oregon; AARP.</p>



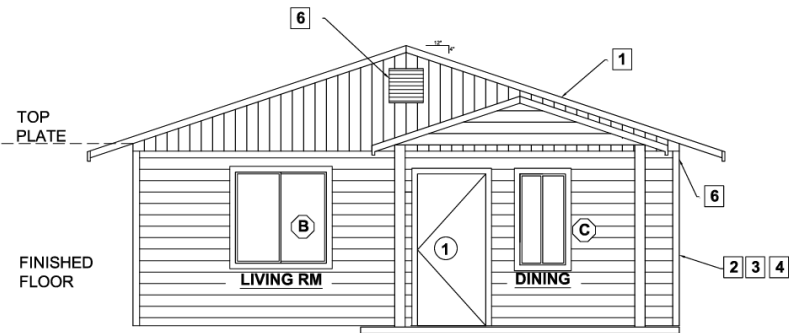


CATEGORY 2. DEVELOPMENT INCENTIVES AND POLICIES

The following policy and incentive strategies are intended to make development of housing—particularly affordable housing—more feasible or financially viable by reducing fees or other costs and by reducing process barriers.

2.1 Evaluate implementation of pre-approved plan sets for middle housing and/or ADUs

Priority	MEDIUM
Description	<p>Pre-approved building and site plans are plan sets that have been reviewed in advance for conformance with zoning and building codes. Pre-approved plan sets can reduce housing development costs by reducing design and permit process times and fees.</p> <p>This strategy might encourage homeowners to build an accessory dwelling unit in cases where the homeowner does not have the resources or desire to hire an architect to produce a custom design.</p> <p>For middle housing, pre-approved plans may attract developers that typically develop only single-dwelling housing to get into missing middle housing production.</p> <p>For pre-approved plan sets, the Building Department may decrease the charges (plan check fee) and decrease the approval time for applicants. The City Building Official has indicated that they would support reduced costs.</p> <p>See HIP Background Report, Part 2 for examples from other cities that have implemented pre-approved plans, such as Eugene’s recent pre-approved ADU program.</p>



Recommendations	<p>The project team recommends that the City evaluate this strategy further to determine whether it is feasible, to select a workable approach, and to determine what partnerships and other resources might be needed.</p> <p>We also recommend that the City consider this strategy in conjunction with the strategy for encouraging accessible housing (1.9). Any pre-approved plans adopted by the City could incorporate accessible features, which would work toward achieving multiple housing goals.</p>
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Considerations	<p>The City could consider partnering with a university—such as Oregon State University or the University of Oregon—or a design institution to develop plans. The City could also develop a competition to produce plans, adopting pre-approved plans developed by other cities, or working with other cities to develop pre-approved plans.</p> <p>The City could offer the plans for free and downloadable from the City’s website (as does the City of Eugene) or for a low fee. Alternatively, the City could work with a number of design firms to pre-approve their plans, which could then be purchased at a reduced cost. Local design firms might see this as a marketing opportunity to sell their pre-approved plans multiple times.</p> <p>There are upfront costs associated with developing the pre-approved plans, including paying design fees for architects that develop the base plans, and dedicating staff time for working with the architects and reviewing the plans.</p> <p>ADU plans may be more straightforward to develop and might be a good first step.</p>
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Impact	<p>Populations Served: All income levels.</p> <p>Housing Types: For rent or sale; middle housing; ADUs.</p> <p>Housing impact: It is difficult to estimate how effective pre-approved plan sets would be in promoting development of middle housing or ADUs because it is not clear that they will be favored by the development community or homeowners.</p>
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Implementation Actions	<ol style="list-style-type: none"> Evaluate which housing type(s) to adopt plans for and which programmatic approaches to pursue. Develop ADU and/or middle housing type plans in collaboration with one or more of the partners discussed above. Work with the Building Division to ensure plans meet all City Code standards and to approve the plans. Work with Albany’s Building Department, Planning Commission, and City Council to adopt pre-approved plans.
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Lead and Partners	<p>Lead – City of Albany Community Development Department.</p> <p>Partners – Developer stakeholders.</p>
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2.2 Use tax abatements to encourage affordable housing and housing in mixed-use areas

Priority	HIGH
Description	<p>Tax abatements are reductions in property taxes for housing. Abatements may include full or partial tax exemptions or freezes on the assessed value of properties. Abatements are often provided to non-profit corporations or private developers in exchange for developing affordable housing or other desired housing types (such as mixed-use). Property tax exemptions or freezes can also be applied to housing in distressed areas, or for rehabilitated housing. Property tax abatements reduce ongoing operating costs for affordable housing projects, which can be greatly beneficial for affordable housing finances.</p> <p>The state currently authorizes tax abatements for various types of housing and affordable housing through several programs outlined in the Oregon Revised Statutes (ORS). The City of Albany adopted the Nonprofit Low-Income Housing Tax Credit (ORS 307.540 – 307.548) in 1993, which enables the City to exempt affordable housing developed by non-profit agencies from City taxes, although annual renewal is required. Because the City of Albany makes up less than 51% of the taxing district, only City taxes can be exempted unless the developer receives approval from Linn County and the school district to exempt their portions of property taxes as well.</p>
Recommendations	<p>Consider adopting the Low-Income Rental Housing abatement (ORS 307.515 – 307.537). The state authorizes a 20-year tax exemption for any entity that provides regulated affordable housing, including nonprofits and for-profit developers. The statutes outline similar eligibility requirements as the City’s existing Nonprofit Low-Income Housing Tax Credit, in that eligible properties must be offered for rent to low-income persons (at or below 60% AMI) or held for the purpose of developing low-income rental housing.</p> <p>Key advantages of this abatement are that it is available to more than just non-profits and it does not require annual renewal. In contrast, recipients of the City’s current non-profit tax abatement need to seek renewal every year by City Council, which can be a time-consuming process for applicants.</p> <p>Consider adopting the Transit-Supportive Multi-Unit Development abatement (ORS 307.600 – 307.637). This exemption (known as “MUPTC” in some communities) is an abatement for multiple-unit housing in corridors and centers that support transit. Eligible development must be located in transit-oriented areas (as designated by the City) and have multiple units but may include ground floor commercial space. The exemption can be provided for up to 10 years.</p> <p>This incentive may encourage development downtown and along Albany’s transit corridors, including future mixed-use areas. City staff have heard from local developers that Albany does not offer adequate incentives for development downtown, and that it is not competitive with other cities.</p>

Considerations	<p>For the Transit-Supportive Multi-Unit abatement, the City has broad discretion as to how to structure the program and define affordability requirements. The Housing Affordability Task Force supported incorporating affordability as a program component. The Planning Commission also suggested adding accessibility requirements, which does not appear to be precluded by the statute. The details of this program would need to be carefully considered by the City so it is appealing to developers.</p> <p>Tax exemptions apply only to the tax levy of a governing body that adopts the provisions of the tax exemptions. A city must seek approval from partner jurisdictions that, together with the city, make up at least 51% of the overall tax levy. In the case of the City of Albany, which makes up roughly 38% of the local levy, the agreement of either the County or School District or both would be required, as these are the two other sizable taxing levies.</p>
Impact	<p>Populations Served: Low-income and/or moderate-income households (depending on the abatement program).</p> <p>Housing Types: For rent; multi-dwelling housing; income-restricted units.</p> <p>Housing impact: Tax abatement programs can be a powerful additional incentive to increase the feasibility of low-income housing, and perhaps increase the number of units feasible in planned projects. These programs would almost certainly be used. Abatements for transit-supportive housing may be effective in the downtown area and newer mixed-use areas such as East Albany. Prospects have approached the City about these exemptions for development downtown and affordable housing development.</p>
Implementation Actions	<ol style="list-style-type: none"> 1. Assess which tax abatement program(s) to implement and/or update. Create evaluation criteria to decide which types of housing would be eligible for certain types of exemption programs in Albany. 2. Discuss potential programs with key stakeholders, including other City departments, overlapping taxing districts, and developers. 3. Seek Council direction on any eligibility criteria that should be incorporated into the program(s). 4. If the program(s) are determined to be feasible and approved by the other taxing districts, the City should develop a program framework and application process based on the recommended criteria. 5. Identify staff capacity and roles for assisting developers during the application process and monitoring the compliance during operations.
Lead and Partners	<p>Lead – City of Albany Community Development Department. Partners – Housing developers, lenders, and overlapping taxing districts.</p>

2.3 Reduce system development charge (SDC) cost burden on affordable or lower cost housing

Priority	HIGH
Description	<p>SDCs are one-time charges assessed on new development to pay for the costs of expanding public facilities. The City of Albany charges SDCs for water, sewer, parks, and transportation. Greater Albany Public Schools also charges a construction excise tax (effectively an SDC) for new construction in the city (except for affordable housing). Some jurisdictions offer full or partial SDC exemptions to incentivize affordable housing or desired market-rate residential development or subsidize SDCs with funding from another source (e.g., Construction Excise Tax, urban renewal/TIF, or general fund).</p> <p>A related type of program can allow developers of affordable/desired housing to defer or finance payment of fees, which can reduce up-front costs and financing costs for the developer.</p> <p>Note: The City recently amended its SDC methodology 2022 to apply a more equitable approach that scales fees by unit size/type. Fees for single-unit dwellings are scaled to dwelling size and middle housing types are scaled to be less than the fee for an average sized single-unit home. Fees for apartments were reduced even further.</p>
Recommendations	<p>Defer SDCs for all housing until certificate of occupancy. Typically, SDCs are due at the time a building permit is issued. Deferring SDCs until the certificate of occupancy could improve the feasibility of projects, delay payment until the property is generating income, and still eventually provide the public revenue over time. The City's Public Works Department has expressed initial support for this approach.</p> <p>Reduce or exempt SDCs for affordable housing (if a revenue source is adopted). Reducing or exempting SDCs for affordable housing would provide significant cost savings to affordable housing developers and could help more projects "pencil out" financially. Since SDC revenues are needed to expand or make infrastructure system improvements, they would need to be backfilled by another funding source—such as construction excise tax (see strategies under Category 3).</p>

Considerations	<p>SDC deferral can be combined with SDC financing so that payments begin at the certificate of occupancy or other specified time and continue for a certain number of years (e.g., 10 years). While not many developers finance SDCs, the City could consider a lower interest rate (e.g., 0.25% above the Oregon Prime rate) and/or allow the lien to be in second position for affordable housing or other types of housing developments. A financing program can be beneficial to the property owner because fees are paid gradually, rather than in a lump sum soon after the completion of the project. However, a financing program also brings additional administrative requirements and costs to the City to track and collect payments over time.</p> <p>As noted above, exempting or reducing SDCs is contingent on adoption of a new funding source.</p>
Impact	<p>Populations Served: Deferrals—all income levels; Reductions/exemptions—extremely low to low-income households.</p> <p>Housing Types: For rent or sale; income-restricted units.</p> <p>Housing impact: This strategy alone will not result in additional units, but it may incentivize the production of affordable housing, which could increase the number of units developed. SDC deferrals or financing can improve the feasibility of projects by delaying payment until the property is generating income.</p>
Implementation Actions	<ol style="list-style-type: none"> 1. Further consult with other City departments about the possibility of deferring or exempting SDCs. 2. Consider new funding sources for backfilling lost SDC revenues—such as a CET. 3. Work with other service providers to offer SDC deferral, reductions or exemptions. 4. Adopt, implement, and track the effectiveness of the program.
Lead and Partners	<p>Lead – City of Albany Community Development Department. Partners – Other City Departments; Greater Albany Public Schools.</p>

2.4 Offer surplus City-owned land for affordable housing

Priority	HIGH
Description	<p>This strategy involves providing City-owned or other surplus land owned by public agencies or institutions to support development of long-term affordable housing.</p> <p>As the needs of public agencies or institutions change over time, properties may not be needed for their originally intended purpose. Also, sometimes sites that are still serving their intended purpose are larger than needed, and the unused portion could be converted to other uses. When these opportunities come up, the City can capitalize on them to support development of affordable housing.</p> <p>Other public agencies and institutions (including religious institutions) may also have land that they no longer need and are willing to make available for affordable housing. Some may be legally required to sell surplus and excess property at fair market value, but others may have flexibility for how they dispose of this land and may be willing to partner with the City to consider opportunities to use this land for affordable housing. In some cases (e.g., with faith-based institutions), developing affordable housing may be consistent with or further the mission of the organization.</p>
Recommendations	<p>Adopt a surplus property policy. The project team recommends that the City adopt a policy of offering its surplus land for affordable housing. The City should consider the various implementation approaches described below and either incorporate them into the policy or consider them on case-by-case basis.</p>
Considerations	<p>Options for implementation:</p> <ul style="list-style-type: none"> • Sell surplus land at cost or below market value to developers of long-term affordable housing. • Allow long-term leases (e.g., 100 years) at minimal cost for land that is not yet ready to surplus. • Allow first right of refusal to a land bank, land trust, or non-profit affordable housing provider. • Consider partnering with the County, school district, or religious institutions to broaden the potential impact of the program.

Impact	<p>Populations Served: Extremely low to low-income households.</p> <p>Housing Types: For rent or sale; income-restricted units.</p> <p>Housing Impact: This strategy allows the City of Albany to directly influence the ability to secure land for affordable housing, by offering particular properties only to affordable housing developers. It can also influence the cost of land, by buying down prices to support affordable housing.</p>
Implementation Actions	<ol style="list-style-type: none"> 1. Inventory City-owned land within Albany that may be suitable for affordable housing development and determine what land is currently surplus or excess or may be deemed so in the next few years. 2. Reach out to other public agencies and institutions, including religious institutions, that own land within Albany to determine if these entities are willing to include their lands in the inventory. 3. Review policies and procedures related to surplus and excess lands to determine whether changes or refinements are needed to enable or encourage them to be made available for affordable housing. 4. Establish protocols for how affordable housing developers would be selected when land is available. 5. Negotiate with affordable housing developers to implement future projects on specific properties identified through the steps above.
Lead and Partners	<p>Lead – City of Albany Community Development Department.</p> <p>Partners – Linn and Benton Counties; Linn-Benton Community College; Greater Albany Public Schools; religious institutions.</p>





CATEGORY 3. FUNDING SOURCES

One of the key challenges in implementing the actions in the HIP is the availability of funding. Funding is needed for staff time to implement the HIP but also to build units, acquire land, preserve housing, and support partner programs. Identifying realistic funding sources will be critical to increasing access to housing in Albany, especially for low-income households and underserved communities.

The following funding sources are recommended for further evaluation in Albany.

3.1 Evaluate implementation of a Construction Excise Tax (CET)

Priority	MEDIUM
Description	<p>A construction excise tax (CET) is a one-time tax on construction projects that can be used to fund affordable housing projects and programs. According to state statutes, the tax may be imposed on improvements to real property that result in a new structure or additional square footage in an existing structure.</p> <p>The City may levy a CET on residential construction for up to 1% of the permit value; or on commercial and industrial construction, with no cap on the rate of the CET.</p> <p>The allowed uses for CET funding are defined by the state law; a large portion of revenues must be used for developer incentives (e.g., fee and SDC waivers, tax abatements, etc.). A commercial/industrial CET has fewer restrictions than a residential CET.</p> <p>The primary advantage of a CET is that it would provide a source of funding for other programs or measures aimed at helping subsidize the cost of affordable housing in the community, either through City-led programs or those implemented by private or non-profit partners. In addition, once a CET is established, it would be straightforward to administer through the development permitting process.</p> <p>Oregon cities that have passed a Construction Excise Tax for affordable housing include Grants Pass, Medford, Milwaukie, Corvallis, Cannon Beach, Newport, Hood River, Bend, Eugene, Tigard, and Portland (and likely others). More cities are currently considering a CET. Most cities are using or plan to use the revenues to offer grants and/or loans as flexible gap financing for affordable housing development.</p>
Recommendations	<p>Evaluate adoption of a CET. Given the importance of a new revenue source to carry out many HIP strategies, the project team recommends that the City initiate a process to further evaluate adoption of a CET.</p>

Considerations

A CET could be applied to residential or commercial/industrial property types, or both.

A key choice is what tax percentage should be levied on residential construction (up to 1%) and on commercial and industrial construction (unlimited). Most jurisdictions that have implemented CETs in Oregon levy taxes at a rate of 1% for both development types.

Permitting data from 2016 through 2021 indicates that a CET could generate average annual revenue of \$185k for a 0.25% CET to \$740k for 1.0% CET. Even the lower end of CET revenues could allow a significant contribution to one or two projects per year.

CET is a tax on development. It increases development costs in an environment where many developers are already seeking relief from systems development charges, so it could impact development feasibility and increase the costs of housing more generally (by no more than 1%). However, by structuring the policy with offsetting incentives or tools to reduce development barriers, the City could potentially limit the impact on feasibility for certain projects.

The City could limit a CET only to commercial/industrial development (i.e., exclude residential), and possibly only to larger projects, which may be less impacted by the tax.

Because CET revenue is development-derived, it will fluctuate with market cycles.

The expected revenue from a CET to pay for desired programs should be weighed against the potential drawbacks of taxing new development.

Impact

Populations Served: Depends on how the program is structured, but would be for extremely-low to low-income households.

Housing Types: For rent or sale; income-restricted units.

Housing impact: CET is one of few options to generate locally controlled funding for affordable housing and could be implemented without a public vote. The estimates based on development activity since 2016 indicate that a CET could generate significant revenue to contribute to affordable housing projects. This fund could incentivize additional affordable units in both non-profit and for-profit development, and expected interest in using these funds would likely be high.

Implementation Actions

1. Evaluate a potential approach. Include projections on potential revenue and what programmatic goals could be accomplished with revenue. Consider:
 - Both residential and commercial/industrial options
 - A range of tax percentage rates
 - Potential use of funds
 - What income levels would be served (e.g., households earning <60% AMI, <80% AMI, etc.)
 - What types of development might be exempt
2. Engage with developers in Albany to evaluate tolerance for a CET on residential, commercial, and industrial development.
3. Seek direction on whether to proceed with adoption from City Council.
4. Albany City Council could impose the CET by adoption of an ordinance or resolution that conforms to the requirements of ORS 320.192–ORS 320.195.
5. If directed, create a plan for the use of CET funds.

Lead and Partners

Lead – City of Albany Community Development Department.
Partners – City of Albany Finance Department; local developers; non-profit housing partners could implement funded programs.



3.2 Evaluate implementation of a general obligation bond for affordable housing

Priority	LOW
Description	<p>General obligation (GO) bonds provide a stable, dedicated revenue source through increased property tax rates. Cities or other jurisdictions can issue bonds backed by the full faith and credit of the jurisdiction to pay for capital construction and improvements. GO bonds are issued for a specific dollar amount and paid back over a certain period (typically 20 to 30 years) through increased property taxes. GO bonds must be approved by voters.</p> <p>Because they are legally limited to use for capital investments and require a public vote to enact, these bonds are typically used for major infrastructure investments (such as roadway improvements that benefit all or nearly all of a city’s residents). However, GO bonds can be used for land acquisition or development if the city’s residents agree to fund them. GO bonds can also be used to purchase existing buildings and convert them into permanently affordable rental housing. Funds can be loaned or granted to both public and privately owned affordable housing projects.</p> <p>At least one jurisdiction in Oregon—the City of Portland—is using this tool to construct affordable housing. In 2016, Portland voters approved Portland’s Housing Bond dedicating \$258.4 million in general obligation bonds to the development of 1,300 units of affordable housing for low-income households—including 600 units for households with incomes at or below 30% of the Area Median Income (AMI), 650 family-sized units, and 300 units of Supportive Housing.⁹</p>

Recommendations The project team recommends that the City **evaluate implementation of a GO bond alongside the CET evaluation**, since only one of these strategies is likely to move forward.

- Considerations** Alternatives and questions to consider if the City of Albany were to consider a GO bond initiative:
- What type of housing projects could best be publicly supported based on polling? Do those projects align with the requirements and limitations of GO bond funding? Do those projects align with the City’s most pressing housing needs?
 - What is a reasonable dollar amount for the bond, given the public priorities and funding appetite? How many units might be acquired and / or built at various funding levels?
 - What are the implications of a new GO bond for Albany’s property taxpayers?

A primary challenge of GO bonds is that they require voter approval to increase property taxes, which may not receive adequate community support. As such, it may not be the most politically feasible funding strategy.

If successful, the administration of this funding may require additional staffing and skill sets if the City is unfamiliar with undertaking these types of projects on this scale.

GO bonds can only be used for capital projects and cannot be used for supportive services or for operations. However, if the City issues a bond to build new affordable housing, it may free up resources from other funding sources for services linked to affordable housing.

Impact

Populations Served: Extremely low to low-income households

Housing Types: For rent or sale; income-restricted units.

Housing Impact: A GO bond can be the most direct and best-funded way for a jurisdiction to support the development of new housing. It provides a large funding source that is dedicated to the pre-determined uses and that enjoys political support as it has been passed by voters. For example, a GO bond has the potential to fully fund production of multiple affordable housing developments and hundreds of units.

Implementation Actions

1. Evaluate the types of projects the City wishes to include on the ballot (and their costs) to determine a bond rate. The bond funds may only be used to pay for capital costs related to construction; acquisition or rehabilitation of residential buildings for affordable housing; other capital construction costs; predevelopment costs; and administrative costs.
2. The City should vet projects with the general public to gauge acceptability. They should also educate the public about the proposed projects' value.
3. GO bonds are issued with long-term, fixed rates. The City of Albany should evaluate the type of bond it will pursue (20-year or 30-year).
4. GO bonds must be approved by a simple majority through a ballot measure.

Lead and Partners

Lead – City of Albany Community Development Department.
Partners – City of Albany Finance Department, Legal Department, City Council, Albany residents.

3.3 Use tax increment financing (TIF) to support development of affordable housing

Priority	MEDIUM
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Description	<p>Tax increment financing is a funding mechanism in which future tax revenues in targeted development or redevelopment areas (TIF districts / urban renewal areas) are diverted to finance infrastructure improvements and/or development.</p> <p>At the time of adoption, the tax revenues flowing to each taxing jurisdiction from the TIF district is frozen at its current level. Any growth in tax revenues in future years, due to annual tax increase plus new development, is the “tax increment” that goes to the district itself to fund projects in the area. TIF is a good tool to use in areas where new development or redevelopment is anticipated.</p> <p>While many different types of projects are eligible for TIF funds, for the most part, TIF funds go to physical improvements in the district itself. These projects can include participating in public/private partnerships with developers—including for affordable, workforce, or market-rate housing—or can be used to complete off-site public improvements that benefit and encourage new development in the area, or to acquire key sites. TIF funds can also be used to pay for development fees.</p> <p>The City of Albany established a TIF district downtown in 2001 called the Central Albany Revitalization Area (CARA). The CARA has been used to date to help finance the development of workforce housing units at the Woodwind Apartments. However, CARA is sunseting soon and is not going out for any more bonds to support new projects</p>
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Recommendations	<p>Create one or more new TIF districts—such as in East Albany—where housing development is desired but where market conditions are hindering private development. Creation of a new district would require voter approval.</p> <p>Incorporate affordable housing into new TIF district plans. This could take the form of a set-aside that creates designated funding sources for affordable housing development programs within the TIF district(s).</p>
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Considerations	<p>TIF districts are established to support economic development more generally, not just housing development. However, housing (especially affordable housing) should be an important focus of any new TIF planning.</p> <p>TIF results in foregone tax revenue for the City and other overlapping taxing districts for several decades, though it can (and should) grow the tax base in the long-term by supporting development that would not otherwise have occurred.</p> <p>If a new TIF district were established, it would likely be several years before there was sufficient revenue in the district to make significant investment in housing.</p>
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Impact	<p>Populations Served: Low-income to workforce housing.</p> <p>Housing Types: For rent or sale; moderate-cost and/or income-restricted units.</p> <p>Housing Impact: The amount of housing production would depend on the funds raised through Urban Renewal.</p>
Implementation Actions	<ol style="list-style-type: none"> 1. Evaluate the potential for creation of one or more new TIF districts. 2. Evaluate whether a housing set-aside would be an appropriate expenditure for the new district(s) and how much could be allocated while balancing the need for infrastructure investments. 3. Should a new TIF district be deemed appropriate, proceed with the planning and adoption process for the new district. Establish priorities for the area, identify a project list, confirm financial feasibility, prepare required plan documents, and hold adoption hearings.
Lead and Partners	<p>Lead – City of Albany Community Development Department and Urban Renewal Agency.</p> <p>Partners – Overlapping taxing districts; Albany residents.</p>



CATEGORY 4. PROGRAMS AND PARTNERSHIPS

These are programmatic strategies that could help the Albany community increase its housing supply (particularly affordable housing), support existing affordable units and residents, and/or leverage partnerships to catalyze housing development. The programmatic strategies would typically depend on partnerships with other organizations to implement or rely on additional funding sources identified in the previous set of strategies.

4.1 Support a community land trust to facilitate affordable homeownership

Priority	HIGH
Description	<p>Community Land Trust (CLT) is a model wherein a community organization owns land and provides long-term ground leases to low-income households to purchase the homes on the land, agreeing to purchase prices, resale prices, equity capture, and other terms. This model allows low-income households to become homeowners and capture some equity as the home appreciates, but ensures that the home remains affordable for future homebuyers. CLTs may also lease land to affordable housing developers for the development of rental housing or may develop and manage rental housing themselves. Land trusts are typically run as non-profits, with support from the public sector and philanthropy, and could be linked to a land bank. Land trusts can be focused on homeownership or rental units.</p>

Recommendations	<p>Provide support to a CLT to facilitate development of affordable homes in Albany.</p> <p>The City can play a variety of roles in supporting CLTs through administrative or financial support. Direct financial support would be contingent on adoption of a new revenue source. Options to consider:</p> <ul style="list-style-type: none"> • Donate City-owned land (Strategy 2.4) to be managed by CLTs. The City can transfer property they see fit for affordable housing development to a CLT to develop and maintain. • Provide grants or low-interest loans for specific development or rehabilitation projects. Grants and loans can provide funds to CLTs to assist with predevelopment costs or acquisition and rehabilitation costs for existing homes. • Provide down payment assistance for homes owned by CLTs. Providing down payment assistance grants or loans can help create homeownership for those who otherwise would not have the opportunity. Local examples of this approach include Springfield’s program with DevNW and Hillsboro and Beaverton’s down payment assistance grants through Proud Ground.^{10,11,12} • Provide direct funding to a CLT. An example of this approach is the City of Hillsboro’s annual set-aside of CDBG funds to Proud Ground, which allows the organization to eschew the competitive grant process annually. This partnership was key to Proud Ground’s ability to expand into Hillsboro.
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Considerations	<p>DevNW is an example of a CLT working in the Linn-Benton area in other jurisdictions. Among a suite of other services, DevNW is currently developing homes for affordable homeownership under the CLT model in Corvallis, Eugene, Milwaukie, and Salem, and has completed projects in Florence and Cottage Grove—but has not had any projects in Albany.¹³ The City already partners with DevNW on the Linn-Benton-Lincoln County Home Repair Program, which is supported by Albany CDBG funds and administered by DevNW.</p> <p>Habitat for Humanity is not a CLT per se but uses a similar approach to maintain the affordability of the homes it builds largely through volunteer labor and first right of refusal on sales of Habitat homes. Albany Area Habitat for Humanity is the local affiliate organization and is a potential partner for the City. The City has already supported Habitat’s efforts by providing CDBG funds for land acquisition.</p>
Impact	<p>Populations Served: Low income and workforce housing.</p> <p>Housing tenure/type: For sale (typically); income-restricted ownership housing.</p> <p>Housing impact: CLTs are unlikely to produce substantial unit numbers unless significant resources are raised from a broad mix of funding partners, but they can provide permanent affordability of the units they develop. The City’s funds can help to leverage investments from other partners. This could work in conjunction with a land acquisition strategy.</p>
Implementation Actions	<ol style="list-style-type: none"> 1. Work with a CLT to discuss opportunities in Albany and need for financial support. 2. Determine how the City can support a CLT’s efforts in Albany, depending on available resources, revenue sources, etc. 3. Provide on-going support through development/rehabilitation grants, homeownership grants/loans, donation of City-owned land, and/or an annual funding set-aside. <p>Implementing Entity(ies): Lead - City of Albany Community Development Department. Partners – private or non-profit developers; community land trust.</p>
Lead and Partners	<p>Lead – City of Albany Community Development Department.</p> <p>Partners – DevNW, Habitat for Humanity, or another CLT.</p>

4.2 Support programs that benefit existing affordable housing and residents

Priority	MEDIUM-HIGH
Description	<p>This strategy describes a variety of programs that can be used to maintain housing affordability or to help keep lower income residents in their homes.</p> <p>Financial assistance programs. Possible tools include rent assistance, loans for homeowners, or assistance to income-restricted apartment owners for repairs and upgrades. In Albany, several such programs have been funded through the City’s annual allocation from the federal Community Development Block Grant (CDBG) program. Albany partners with organizations including DevNW, Albany Partnership for Housing and Community Development, and Community Services Consortium (CSC) to implement these programs.</p> <p>Preserving low-cost housing. Preventing displacement and preserving “naturally occurring” affordable housing through acquisition, low-interest loans/revolving loan fund for preservation, and/or code enforcement. Example: The Oregon Legislature committed \$15 million in lottery bonds to Oregon Housing and Community Services (OHCS) in 2019 to create a naturally occurring affordable housing (NOAH) loan fund. The 2021 session granted \$30 million for purchase of existing housing stock and land acquisition.</p> <p>Preserving manufactured home parks. Manufactured home parks often provide a form of affordable housing stock but are particularly vulnerable to redevelopment pressures since lots are temporarily leased out. In order to preserve safe, affordable options into the future, manufactured home parks may be protected through assistance that allows community purchase of the underlying land and maintenance of the dwelling units. This strategy is often implemented through use of Land Trusts, Resident-Owned Cooperatives, Public Ownership of Land, or Condominium Conversion of the real estate assets to preserve the community(ies). OHCS has regularly received lottery bonds or general funds from the Oregon Legislature to preserve manufactured home parks through either Resident Owned Cooperatives or Non-profit ownership.</p>
Recommendations	<p>The City should continue to support local organizations’ efforts to provide financial assistance to low-income residents. Given the City’s limited CDBG resources, additional financial support would not be possible without a new revenue source.</p> <p>The project team recommends that the City undertake an affordable housing preservation inventory of subsidized and naturally occurring affordable housing. The inventory could support proactive policies intended to preserve affordable housing stock by identifying potential target properties. This would help offset some of the need for costly new construction.</p> <p>The City should also advocate for state funds from OHCS to be used in Albany to preserve existing affordable, low-cost, and manufactured housing.</p>

¹⁰ DevNW. Downpayment Assistance. <https://devnw.org/access-funds/downpayment-assistance/>
¹¹ Proud Ground. Beaverton Down-Payment Assistance Grant. <https://proudground.org/properties/affordable-pending/90000-beaverton-homebuying-opportunity-pool/227>
¹² Proud Ground. Hillsboro Down-Payment Assistance Grant. <https://proudground.org/properties/affordable-pending/90000-hillsboro-homebuying-opportunity-pool/227>
¹³ DevNW Homeownership. <https://devnw.org/affordable-homes/homeownership/>

Considerations	<p>Programmatic strategies to preserve low-cost housing would require the City to be program-lead or create one or more partnerships with local organizations. Both require funding, development of policies and program structure, and administration of the programs. Future monitoring of compliance is also a consideration for implementation.</p> <p>Existing low-cost housing may need to be brought up to health and safety standards required in the building codes.</p> <p>Albany could work with owners of manufactured home parks, especially those where redevelopment is being considered, to identify opportunities to preserve manufactured home parks through these approaches.</p>
Impact	<p>Populations Served: Extremely low to low-income households.</p> <p>Housing Types: Existing subsidized housing; existing low-cost housing; existing manufactured housing.</p> <p>Housing Impact: These strategies are not anticipated to produce new units but are intended to preserve existing low-cost housing and promote housing stability for existing residents.</p>
Implementation Actions	<p>Financial Assistance Programs:</p> <ol style="list-style-type: none"> 1. Consult with non-profits and agencies providing assistance in Albany to determine how the City could further support their efforts. 2. If new revenue sources are adopted, consider additional financial contributions to these agencies. 3. Continue to track the outcomes of assistance programs and re-evaluate regularly. <p>Preserving Low-Cost Housing:</p> <ol style="list-style-type: none"> 1. Develop an inventory of regulated affordable housing, unregulated lower-cost housing, and manufactured home parks. Include the property locations, number of units per development, and property owner contact information. 2. Evaluate programs, technical assistance opportunities, regulatory changes, and other options to support preservation. This step can include multiple approaches, as noted in the description of this action. 3. Reach out to property owners to gauge their interest in working with the City or partners. 4. Work with OHCS and/or apply for housing preservation funding/programs in Albany. 5. Develop requirements for maintaining lower-cost rent as a condition of receiving financial assistance from this program. 6. Connect interested property owners to established programs and opportunities. 7. Regularly update the affordable housing inventory.
Lead and Partners	<p>Lead – City of Albany Community Development Department. Partners – State of Oregon OHCS; non-profit housing organizations.</p>

4.3 Provide information and education to small developers

Priority	MEDIUM
Description	<p>Providing information to small, local developers can 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. Information can also promote accessible/Universal Design building techniques.</p> <p>The City already provides numerous informational handouts on its webpage in at the permit counter, including new handouts for middle housing.</p>
Recommendations	<p>Create FAQs and/or handouts about the development/permitting process. Emphasize step-by-step city processes with estimated timelines.</p> <p>Create a Universal Design manual or fact sheet about accessible design and/or link to existing resources, such as the RVCOG's Lifelong Housing Program resources and materials published by AARP.</p> <p>Consider providing the following additional resources:</p> <ul style="list-style-type: none"> • Create an educational workshop for small developers, such as a recorded video or presentation slides. • Establish a point-of-contact or staff person to help guide individual projects through the planning and permitting process. This person helps the applicant follow the proper steps and contact the right staff or departments at the right time.
Considerations	<p>The main constraint for this strategy would be the staff time necessary to compile and present the information or to be the point person for specific projects. There is uncertainty about the need for information about the permitting process.</p>
Impact	<p>Populations Served: Moderate income households and above; seniors and people with disabilities.</p> <p>Housing Types: For sale or rent; accessible units.</p> <p>Housing Impact: This strategy does not directly result in production of new housing but is intended to make it easier for local developers to build the type of housing that is needed in Albany. This could result in more development of middle housing, for example, or more accessible units.</p>
Implementation Actions	<ol style="list-style-type: none"> 1. Identify staff to prepare the materials. 2. Assemble the educational/informational materials. 3. Contact developers and make the information available online and at the permit counter.
	<p>Lead - City of Albany Community Development Department. Partners - Rogue Valley COG or other sources of accessible design information.</p>

4.4 Facilitate conversion of underperforming or distressed commercial assets into housing

Priority	LOW-MEDIUM
Description	<p>This strategy involves acquisition of underperforming or distressed commercial assets (commercial, retail, industrial, or hotel) or facilitating partnerships with owners of the assets for conversion into needed housing.</p> <p>Albany has several underutilized commercial buildings, such as stores or other businesses that have closed, that could be appropriate for redevelopment. Downtown Albany also has underutilized upper-floor spaces that could be repurposed for housing. The City could work with landowners to evaluate opportunities for adapting vacant/ underused buildings for new housing or mixed use developments.</p> <p>Implementing this strategy may depend, in part, on use of tools such as TIF funding (Strategy 3.3) to address infrastructure deficiencies or support development of affordable housing.</p> <p>The City could also consider opportunities for conversion of some ground-floor retail to allow housing on the ground floor.</p>
Recommendations	<p>Work with existing property owners to convert their own buildings to housing or mixed uses, with City support.</p> <p>Work with downtown property owners to upgrade upper floors of commercial buildings for residential use.</p> <p>Work with a non-profit or for-profit developer to acquire distressed properties and convert them to housing. Provide financial or other programmatic support.</p> <p>Incorporate provisions required by Oregon House Bill 3261 (2021 session) into the ADC or promote statutory allowances for converting hotels or motels into housing. HB 3261 requires jurisdictions to allow the conversion of a hotel or motel to an emergency shelter or affordable housing when certain criteria and standards are met. HB 3261 requires that all converted housing units be affordable to households earning 60% AMI or less. Note: The provisions of HB 3261 apply whether or not the City updates its Code; however, adding these provisions into the Code may increase awareness and make them easier for applicants and staff to interpret.</p> <p>Consider acquire distressed properties using City funding. This recommendation is contingent on adopting a new revenue source, such as a CET or new TIF district.</p>

Considerations	<p>Given staff resources, the City has limited capacity to take the lead on this strategy at this time.</p> <p>There are very few vacant commercial properties in Albany. This strategy may be better focused on “underperforming” or underutilized properties—such as downtown commercial buildings with vacant upper floors.</p> <p>Commercial buildings are not designed for residential occupancy and may face structural or construction-related challenges to being converted for this purpose. This may include laws around electrical and water lines, fire sprinklers, entry and exit points, and more.¹⁴ Hotels and motels may be the most straightforward properties to convert—and there are many examples of this—because they already have features similar to dwelling units. In addition, older commercial buildings may not meet current Building Code standards and upgrading them to be code-compliant could be costly.</p> <p>Given the challenges associated with conversions, it may also be more challenging to secure financing for a conversion project, as compared to traditional construction or rehabilitation.</p>
Impact	<p>Populations Served: All income levels</p> <p>Housing tenure/type: For rent</p> <p>Housing Impact: The potential impact of this project is limited by staff’s capacity to take the lead, the Albany’s lack of vacant commercial properties, and the challenges associated with upgrading older buildings.</p>
Implementation Actions	<ol style="list-style-type: none"> 1. Inventory vacant, distressed, or underutilized commercial/non-residential buildings. 2. Identify one or more underutilized buildings that could be converted (or partially converted) to residential uses. 3. Discuss interest in converting underutilized buildings to residential uses with the owners or assess the owners’ interest in selling the buildings. 4. Help connect property owners with potential developers. 5. Assist with the development process to make it easier for redevelopment to occur. This may require a rezone from a commercial zone into a mixed-use zone where housing is allowed. 6. Pursue the appropriate process for permitting the reuse of the building(s).
<p>Lead - City of Albany Community Development Department. Partners - non-profit or private developers.</p>	

¹⁴ Tips for Converting Commercial Property to Residential. <https://www.fortunebuilders.com/tips-for-converting-commercial-property-to-residential/>

IV. Recommendations for Initial Implementation



City of Albany staff and the Housing Affordability Task Force have identified priority recommended actions for initial implementation of the HIP. These are higher-priority actions than can be implemented by City staff in the near-term without additional resources (i.e., “low hanging fruit”). While other strategies in the HIP are also considered high-priority, they may rely on new funding sources or require additional evaluation. Staff will work on implementing those strategies in the longer term.

If approved by City Council, the actions below will be added to the Albany Community Development Department’s work plan for 2023-2024.

CATEGORY 1. LAND USE AND ZONING STRATEGIES

Strategy	Priority
1.2 Encourage small dwelling units through lot size/density incentives <ul style="list-style-type: none"> Size threshold for small dwellings: 1,250 SF and below RS-5 and HM: 3,000 SF minimum lot size for small dwellings RS-6.5: 4,000 SF minimum lot size for small dwellings 	High
1.3 Reduce code barriers to needed housing <ul style="list-style-type: none"> Remove the minimum land-area-per-unit requirement for multiple-dwelling development 	High
1.4 Increase flexibility for accessory dwelling units (ADUs) <ul style="list-style-type: none"> Allow increased floor area ratio to primary home Allow an ADU with a townhouse 	Medium
1.6 Use zoning incentives to support affordable or workforce housing <ul style="list-style-type: none"> Adjust density bonus for very low-income households Offer new height bonus 	Medium-High
1.7 Support single room occupancy (SRO) and micro housing <ul style="list-style-type: none"> Add to permitted uses in multi-dwelling and mixed-use zones Prorate density (count each unit as 0.25 dwelling units) 	Medium-High
1.9 Encourage accessible housing units <ul style="list-style-type: none"> Provide info to developers Density/height bonus Financial incentives, such as reduced SDCs (revenue source is needed) 	High

CATEGORY 2. DEVELOPMENT INCENTIVES AND POLICIES

Strategy	Priority
2.2 Use tax abatements to encourage affordable housing and housing in mixed-use areas <ul style="list-style-type: none"> Consider adopting the Low-Income Rental Housing abatement Consider adopting the Transit-Supportive Multi-Unit Development abatement (“MUPTTE”) 	High
2.3 Reduce system development charge (SDC) cost burden on affordable or lower cost housing <ul style="list-style-type: none"> Defer SDCs for all housing until certificate of occupancy Reduce or exempt SDCs for affordable housing (if a revenue source is adopted) 	High
2.4 Offer surplus city-owned land for affordable housing <ul style="list-style-type: none"> Adopt a surplus property policy 	High

CATEGORY 3. FUNDING SOURCES

Strategy	Priority
3.1 Evaluate implementation of a Construction Excise Tax (CET) <ul style="list-style-type: none"> Initiate a process to further evaluate adoption of a CET 	Medium

CATEGORY 4. PROGRAMS AND PARTNERSHIPS

Strategy	Priority
4.1 Support a community land trust (CLT) to facilitate affordable homeownership <ul style="list-style-type: none"> Identify a CLT partner or partners Donate City-owned land (Strategy 2.4) to be managed by a CLT Provide grants or low-interest loans for specific development or rehabilitation projects Provide down payment assistance for homes owned by a CLT Provide direct funding to a CLT 	High

[Note: Financial support to a CLT would be contingent on adoption of a new revenue source.]



cityofalbany.net/cd/housing



memo

to Anne Catlin, Matthew Ruetters & Beth Freeland, City of Albany
 from Kate Rogers & Matt Hastie, MIG | APG
 cc Brendan Buckley, Johnson Economics
 re **Albany Housing Implementation Plan**
Background Report & Draft HIP, Part 1
 date 12/08/2022

I. Introduction

Project Overview

The purpose of the Albany Housing Implementation Plan (HIP) is to identify a set of policies and tools that the City of Albany can implement in order to facilitate housing development that meets the needs of the community. The HIP will prioritize current and future housing needs and will outline equitable and actionable policies, strategies, and implementation steps needed to encourage the production of needed housing.

The project goals and objectives are to:

- Identify and assess policies and strategies to increase housing options and opportunities that meet the needs of Albany residents as projected in the City's 2020 Housing Needs Analysis.
- Identify housing resources and constraints, including evaluation of existing strategies and recommendations for new actions to increase housing supply or provide regulatory streamlining.
- Engage a broad spectrum of the community in conversations and input around housing needs and strategies using a variety of engagement strategies.
- Adopt policies and tools that promote fair and equitable housing choices for all residents, especially residents of protected classes and those experiencing housing insecurity.

The outcome of the project will be recommendations for adoption of a range of housing strategies, including amendments to the Albany Development Code. The HIP will also provide the foundation for updating the Housing element of the Albany Comprehensive Plan.

This *Background Report and Draft Housing Implementation Plan* provides a preliminary summary and evaluation of various strategies, tools, and policies that the City may consider as part of its Housing Implementation Plan. Further description of the contents of this report are provided in Section II.

This document represents "Part 1" of this effort. A companion "Part 2" document will describe additional potential strategies, as described below.

Background

Housing Needs in Albany

Following are some key findings related to the housing needs of the Albany community, derived from the 2020 Housing Needs Analysis:

- There is significant need for new medium- and high-density housing to meet the City’s 20-year housing needs. Attached forms of housing are expected to grow as an overall share of housing due to growing trends towards more density, infill development, accessory dwelling units, and constraints of the urban growth boundary. This includes multi-family housing and “missing middle housing” such as duplexes, triplexes, quadplexes, and townhomes.
- There is a current and future need for more affordable housing opportunities for many Albany households. Over 50% of renters spending more than 30% of their income on gross rent—these households are considered “housing cost burdened.” A quarter of renters are spending 50% or more of their income on housing and are considered *severely* housing cost burdened.
- Relatedly, the HNA identified current and future needs for housing affordable to low-income households (defined as households earning 80% or less of area median income). In particular, there is a shortage of rental units at the lowest pricing levels that would be affordable to the lowest-income households.

At the focus group meetings for the HIP, we also heard from stakeholders that the following housing types are needed in Albany: first-time homebuyer opportunities; small, single-level homes; housing for seniors to age in place; accessible homes for people with disabilities and mobility challenges; housing that fits on the spectrum between single-family homes and larger apartment complexes (i.e., missing middle housing); and accessory dwelling units.

These gaps will be a focus of the Housing Implementation Plan work. The HIP will also include strategies that will contribute to housing supply and affordability for a full range of Albany households.

Recent Housing Efforts

Albany completed a [Housing Needs Analysis](#) in 2020, which assessed current and 20-year housing needs by tenure, cost, and unit type, and ensured that City policies and codes could address those needs. The analysis provides essential data and recommends strategies for the city to consider in order to address housing needs to 2040. The HIP will build off the Housing Strategies Report that accompanied the HNA by further detailing and evaluating some of the recommended strategies.

The City also recently completed work in 2021 on the Expanding Housing Options project, which improved housing choices in Albany by allowing middle housing types—duplexes, triplexes, quadplexes, townhomes, and cottage clusters—in single-family residential zones. The resulting changes to the Albany Development Code and Comprehensive Plan brought the City into compliance with House Bill 2001 (2019), and also included new and updated design and development standards. The HIP will consider additional ways to encourage middle housing and increase its affordability through code amendments and financial incentives.

Other recent Development Code updates also simplified housing regulations by making all residential standards clear and objective, streamlining procedures for residential subdivisions, and providing greater flexibility for Planned Development projects.

The HIP will use some of the insights gained from these recent projects in identifying strategies to further support needed housing in Albany.

II. Housing Strategies Overview

This report provides a preliminary summary and evaluation of various strategies, tools, and policies that the City of Albany and its partners could employ to facilitate housing development that meets the current and future housing needs of the community. As a starting point, the project team assembled an initial list or “menu” of potential strategies that was derived from the following sources:

- Recommendations from the Housing Strategies Report that accompanied the City’s 2020 HNA.
- The master list of housing Tools, Actions, and Policies that the Oregon Department of Land Conservation and Development (DLCD) assembled as a resource for local governments in preparing Housing Production Strategies.¹
- Ideas from City of Albany staff and local housing stakeholders.

The project team reviewed the initial, more exhaustive, strategies menu with the Housing Affordability Task Force (HATF), who helped refine and prioritize the list. The strategies considered in this report are those that HATF members and the project team saw as having the most merit. These strategies will be further refined through the evaluation process and through additional discussion with the HATF and other community engagement efforts.

What’s in the Report

This report provides background information for the strategies and takes a closer look at the potential impacts to housing supply/affordability and steps needed for implementation. The report goes into greater detail for those strategies identified as higher-priority (based on HATF and staff input) and provides a more high-level summary for low-priority strategies.

The summary of each housing strategy includes the following information:

Description	What is the strategy? How can the strategy work to increase housing availability and affordability in Albany? What are potential outcomes?
Legal Basis	Are there any legal backings/requirements that are needed to allow for or implement the strategy?
Options and Alternatives	Are there any alternative ways to implement the strategy related to fees, regulatory standards, or other variables?
Issues or Constraints	What opportunities, constraints or negative issues may be associated with adoption of the housing policy or strategy?
Impact	What populations, income levels, and housing types are supported? Anticipated impact on the relative cost, financial feasibility, and affordability of housing are discussed. <i>[More in-depth for higher-priority strategies.]</i>

¹ Oregon DLCD, HPS Tools, Actions, and Policies. https://www.oregon.gov/lcd/UP/Documents/660-008-0050_HPS_List_Tools_Actions_Policies.pdf

Implementation Actions What actions will the local government and other stakeholders need to take to implement the strategy?
[NOTE: The implementation actions are relatively high-level at this stage in the HIP process. The project team will go into more detail for higher-priority strategies in a later version of the HIP once the strategies have been refined.]

In researching the housing strategies, the consultant team relied on its own research conducted for Albany and other jurisdictions in Oregon, on similar reports prepared for other communities, and on best practices and case study research for housing policies and programs in Oregon and beyond.

Two-Part Report

This report constitutes Part 1 of a two-part report. Part 1 looks at strategies in the following two categories:

1. Development Code / Regulatory Strategies
2. Policy and Land Supply Strategies

Part 2 will describe strategies in the remaining three categories:

3. Financial and Regulatory Incentives
4. Funding Sources
5. Programs and Partnerships

A summary table of the strategies included in Parts 1 and 2 is provide below.

Table 1. Summary of Housing Strategies

	Strategy	Page #	Initial Priority
1. DEVELOPMENT CODE / REGULATORY STRATEGIES (Report Part 1)			
1.1	Ensure Land Zoned for Higher Density is not Developed at Lower Densities	6	Medium
1.2	(Incentivize) Smaller units with Smaller Lots/Prorate Density Calculations	9	High
1.3	Evaluate Existing Development Standards	11	Medium-High
1.4	Flexibility for Accessory Dwelling Units (ADUs)	14	Low
1.5	Encourage Tiny Homes and Villages	15	Medium
1.6	Legalize Alternative Housing Types on Wheels and in Parks	18	Low
1.7	Zoning Incentives for Affordable or Workforce Housing	20	Medium
1.8	Provisions for Single Room Occupancy (SRO) Housing	22	Medium-High
1.9	Evaluate mixed use and commercial zones for housing capacity	25	Low
1.10	Mixed Housing Types / Income Levels in Planned Developments	28	Low
1.11	Inclusionary Zoning	29	Low
1.12	Incentivize and Promote Accessible Design	32	Medium
1.13	Require Accessible Design for Publicly Supported Units	33	Medium

	Strategy	Page #	Initial Priority
2. POLICY AND LAND SUPPLY STRATEGIES (Report Part 1)			
2.1	Rezone and Redesignate Land	35	Low
2.2	Surplus Land for Affordable/Needed Housing	37	High
2.3	Land Banking	39	Low-Medium
3. FINANCIAL AND REGULATORY INCENTIVES (Report Part 2)			
3.1	Pre-Approved Plan Sets for ADUs and/or Middle Housing Types		Medium
3.2	Tax Abatements		High
3.3	System Development Charge (SDC) Deferrals, Exemptions or Reductions		High
3.4	Modify SDC fee methodologies/schedules		Medium
3.5	Connection Fees Waiver		Low
3.6	Annexation Fee Waiver		High
3.7	Expedite Permitting for Affordable/Needed Housing		Low
4. FUNDING SOURCES (Report Part 2)			
4.1	Construction Excise Tax (CET)		Medium
4.2	General Obligation Bonds for Affordable Housing		Medium
4.3	Tax Increment Financing (TIF)		Medium
4.4	Community Development Block Grant (CDBG)		Low
4.5	Federal HOME Program		Low
4.6	Demolition Taxes		Medium
5. PROGRAMS AND PARTNERSHIPS (Report Part 2)			
5.1	Public-Private Partnerships (PPPs)		High
5.2	Support for Existing Affordable Housing and Residents		Medium-High
5.3	Providing Information and Education to Small Developers		Medium
5.4	Conversion of Underperforming or Distressed Commercial Assets		Medium-High
5.5	Housing Trust Fund		Low

III. Housing Strategy Summaries & Evaluation

CATEGORY 1. DEVELOPMENT CODE / REGULATORY STRATEGIES

The following set of strategies includes potential changes to the Albany Development Code (ADC) related to development review processes or other regulations that the City could consider undertaking to help meet Albany’s housing needs and goals.

1.1 Ensure Land Zoned for Higher Density is not Developed at Lower Densities

INITIAL PRIORITY: HIGH

Description This strategy is intended to ensure that residential land is used efficiently, and that areas designated for higher residential densities are not consumed by low-density development. As identified in the 2020 HNA, there is significant need for new medium- and high-density housing. It is important to ensure that land planned for these housing types is reserved for that purpose. It is also important to ensure that residential development can reach the projected capacity of each zone and that buildable land within the urban growth boundary is used efficiently by developing at or near the maximum density of the zone.

To that end, the City should consider adopting **minimum density standards** in residential zones. This strategy was recommended as part of the HNA Housing Strategies Report. The City currently regulates maximum density, but not minimum density. A minimum density standard would preclude low-density developments from being constructed in higher-density residential zones—either by mandating a minimum number of dwellings per acre or setting limits on maximum lot sizes. For example, large lot, detached homes would be prohibited in a higher density zone, but the minimum density standard may allow for smaller lot detached houses, cottage cluster housing, or townhomes.

The minimum density standard can be tailored to local conditions and needs but is typically most effective if set at between 50 and 80% of the maximum density standard in the zone. The applicability could also be limited so as not to preclude smaller-scale, infill development where it is appropriate and where it will have minimal impacts on the supply of available higher-density land. For example, the City could limit applicability to land divisions and multi-family development, but not to single-family dwellings or middle housing on individual lots.

Legal Basis The City of Albany has broad authority to regulate land uses, densities, and lot sizes through the development code. There are no legal barriers to implementing this strategy.

Options and Alternatives At a minimum, we would recommend establishing a minimum density standard for the RM and RMA zones. That way, new single-family detached homes would only be permitted in the RM zone if they met the minimum density standards (i.e., if the lots were under a certain size). Applying minimum density standards in single-

family zones (e.g., RS-5 and RS-6.5) would also support efficient development in those zones.

Options for minimum density. As noted above, minimum density standards are typically set at between 50 and 80% of the maximum density standard in the zone. Examples of how the minimum density standards could be applied in the RS-5, RS-6.5, and RM zones are provided in Table 2, which illustrates how the 50% and 80% options would play out.

Table 2. Potential Minimum Density Standards

Zoning District		Existing Minimum Lot Size / Density Standard	Minimum Density Options	
			50% of Max. (approx.)	80% of Max. (approx.)
RS-5 – Residential Single Family	Lot Size	Single-family: 5,000 SF	Max. Lot Size: 10,000 SF	Max. Lot Size: 6,250 SF
	Density	Max. density: ~6.5 units/ acre ¹	Min. Density: 3.3 units/acre	Min. Density: 5.2 units/acre
RS-6.5 – Residential Single Family	Lot Size	Single-family: 6,500 SF	Max. Lot Size: 13,000 SF	Max. Lot Size: 8,125 SF
	Density	Max. density: ~5 units/ acre ¹	Min. Density: 2.5 units/acre	Min. Density: 4 du/ga
<p><i>For example, in the RS-5 zone, the minimum density of a proposed 10-acre subdivision would be 33 lots at a 50% minimum density (3.3 units/gross acre x 10 acres) or 52 lots with an 80% minimum density (5.2 units/gross acre x 10 acres).</i></p>				
RM – Residential Medium Density	Density	25 units/gross acre	13 units/gross acre	20 units/gross acre
<p><i>For example, the minimum density of a proposed 2-acre development in the RM zone would be 26 units at a 50% minimum density (13 units/gross acre x 2 acres) or 40 units with an 80% minimum density (20 units/gross acre x 2 acres).</i></p>				

(Note 1: Albany’s single-family zones control density through minimum lot sizes. These were used to calculate approximate units per gross acre in RS-5 and RS-6.5 after setting aside 25 percent for street right-of-way. The per-unit lot area requirement for multi-family development is effectively net density because it already includes the area devoted to surface parking.)

For the RM and RMA zones, minimum densities of 13 or 18 units per gross acre (respectively) would be consistent with the low end of the suggested 50-80% range and would largely be consistent with the range of densities at which housing types allowed in these zones are developed. For example, townhomes are typically constructed at densities of 10-12 units per gross acre (14-16 units per net acre) or higher. Cottage clusters are typically constructed at 11-15 units per gross acre (15-20 units per net acre). It will be important to calibrate the minimum density

standards so as to ensure a certain level of density is achieved while not precluding acceptable forms of housing or inhibiting desirable development.

Implementation Options. Aside from calibrating the density standards, the City has options in how it implements this strategy:

- Which zones – It is typically most important to ensure minimum densities are achieved in the higher-density zones (i.e., RM and RMA in Albany); however, detached housing is already prohibited in the RMA zone, so there is less concern of that area being developed with low-density housing. The City may also want to limit very low-density development in the zones for single-family and middle housing—especially the RS-5 and HM zones, where minimum lot size is 5,000 square feet.
- Application method – The requirements could be applied based on minimum dwellings per acre or maximum lot size. It may make sense to use different methods in different zones (medium-density versus single-family zones) or different housing types (multi-family versus single-family detached and middle housing). Either way, there would need to be some explanation in the Code regarding how minimum density is calculated.
- Pair with reductions to minimum lot size – To ensure land in the RM and RMA zones is developed efficiently, the City should also consider reducing minimum lot sizes (for single-family and middle housing) and lot-area per-unit requirements (for multi-family). See Strategy 1.3 for further discussion of these strategies.
- Limit to subdivisions and multi-family – Albany has two categories of land divisions: partitions (two or three lots) and subdivisions (four or more lots). The City could consider applying minimum density standards only to subdivisions, since partitions would have less flexibility in meeting minimum density and less impact on new housing supply overall. Middle housing types (duplexes, triplexes, fourplexes, and cottage clusters) may also have less flexibility in meeting minimum density standards than larger developments, so the City could consider limiting the standards to multi-family development with five or more units. (Note: Townhouses would be created through land division.)

Issues or Constraints

A potential issue with applying minimum density standards is the potential of inadvertently precluding development that may be desirable to the community. As discussed below, it will be important to calibrate the regulations so as to ensure a certain level of density is achieved while not precluding desirable forms of housing or development.

Impact

- **Affordability target:** All income levels
- **Income:** 0 to 120+% AMI
- **Housing tenure/type:** For rent or sale; high-density housing
- **Housing impact:** Modifying development standards to support appropriate

residential densities would have a limited impact on housing supply as it would not work directly toward creating new units. However, it would support efforts to add to the city’s housing supply and affordability by ensuring that residential land is not consumed by low-density single-family development, which is typically more expensive than small-lot or higher-density housing types.

Implementation Actions

1. Determine which implementation options to pursue, based on the discussion above. This should be informed by input from the Planning Commission and from members of the local development community.
2. Draft the recommended ADC amendments.
3. Go through the legislative text amendment process.

Implementing Entity(ies): Lead - City of Albany Community Development Department.

1.2 (Incentivize) Smaller Units Through Development Standards

INITIAL PRIORITY: HIGH

Description This strategy describes a range of options for incentivizing smaller dwelling units through favorable development standards. In the focus group meetings for the HIP project, several stakeholders noted that Albany needs more housing options for singles, young couples, and seniors who do not want, or cannot afford, a large single-family home. This strategy would encourage smaller dwelling units (e.g., 1,200 SF or less) and single room occupancy (SRO) dwellings through one or more of the following development code incentives:

- Allow units to count as less than one dwelling unit for purposes of calculating density;
- Allow reduced lot size requirements for smaller units;
- Allow reduced setbacks, lot coverage, and/or vehicle parking.

Legal Basis The City of Albany has broad authority to regulate the form and design of housing through the development code. Any standards applicable to middle housing would need to maintain compliance with the Oregon Administrative Rules (OAR 660-046). However, any changes that the City may consider would provide more flexibility for housing development, not less, which is generally supported by the state requirements.

Options and Alternatives **Density and Lot Size.** Small dwellings typically do not have the same land needs as larger units; therefore, it makes sense to allow smaller dwellings to be built on smaller lots. Also, reducing lot sizes and allowing higher density for smaller units will make them more feasible to build. Several stakeholders noted that building smaller single-family homes on standard lots may not “pencil out,” and that these homes are unlikely to be developed if higher returns can be earned by building

larger homes. Reducing lot sizes would reduce costs associated with land and would allow more units to be built on a given site.

Below are some examples of potential reduced lot size / density standards:

<i>Unit Size</i>	Minimum Lot Size: Single-family & duplex	Minimum Lot Size: Triplex, fourplex, townhouse, cottage cluster
<i>601 – 1,200 SF</i>	3,000 SF	1,200 SF per unit
<i>600 SF or smaller</i>	1,500 SF	1,000 SF per unit

Assuming reduced lot sizes are allowed for all single-family and middle housing types, the unit sizes may need to be scaled in a way that makes sense for each housing type. For example, the maximum unit size for triplex and fourplex units on reduced-size lots should potentially be lower than the maximum unit size for single-family detached units.

See Strategy 1.3 for discussion of reducing minimum area-per-unit requirements for multi-family dwellings.

Increased Lot Coverage. If reduced lot sizes are permitted for smaller units, those units may occupy a larger percentage of the site. This is especially true of single-story homes, which have larger footprints than two-story homes of the same overall size. Therefore, the City could consider allowing increased lot coverage for small units built on small lots. The City’s current lot coverage standards range from 50-60% in the RS zones and HM and 70% in RM and RMA. Increasing lot coverage allowances may not be necessary for single-family detached dwellings. Using the numbers in the table above, a single-story, 1,200-SF home that is built on a 3,000-SF lot would cover only 40% of the lot—this is below the maximum lot coverage standard in all zones except RR. However, it may be necessary to allow higher lot coverage for middle housing types, depending on how the standards are calibrated.

Reduced Setbacks. Smaller dwellings will typically have less impact on adjacent dwellings and are less imposing in terms of building bulk/scale. Therefore, smaller units might need smaller setbacks to protect neighboring homes and to provide adequate spacing from the street. Interior (side and rear) setbacks in Albany are already scaled to the number of stories in a building. The City could consider also reducing front setbacks for smaller units (under 1,200 SF) from 20 feet down to 15 feet in RS-10; from 15 feet to 12 feet in RS-6.5, RS-5, HM, and RM.

Reduced Parking. Households occupying smaller dwellings typically have fewer cars, and therefore, have less need for parking and less per-unit impact on the transportation system. Accordingly, the City could encourage smaller units by reducing off-street parking requirements. The state’s recently-adopted administrative rules for Climate Friendly and Equitable Communities (CFEC) will require Albany to remove all parking mandates for housing units under 750 SF starting in 2023. The City could also encourage dwellings between 750 SF and 1,200 SF (or an appropriate upper limit) by reducing parking to a lesser degree. For

example, minimum parking for a fourplex could be reduced from 4 spaces to 3 spaces.

Issues or Constraints There may be community concerns about prorating density calculations for smaller housing units due to concerns about impacts to traffic and parking. However, others may welcome increased density in their neighborhoods. These considerations should be evaluated as part of the City’s implementation of this strategy.

- Impact**
- **Populations served:** Low to moderate income households
 - **Income:** 30 – 120% AMI
 - **Housing tenure/type:** For rent or sale
 - **Housing impact:** Modifying development standards to encourage smaller units would have a limited impact on housing supply, as it would not work directly toward creating new units. However, the strategies discussed above would help fill the gap in the city’s supply of smaller dwellings, which are typically more affordable to rent or purchase.

Implementation Actions See Strategy 1.1 for the general steps needed to implement a development code amendment.

Implementing Entity(ies): Lead – City of Albany Community Development Dept.

1.3 Evaluate Existing Development Standards

INITIAL PRIORITY: MEDIUM-HIGH

Description Some regulations may constrain housing development to a degree that the corresponding public benefits of the regulation do not outweigh the effect on housing development. These regulations could include off-street parking requirements, open space standards, minimum lot sizes, or other development standards such as setbacks and height requirements. As part of the 2020 Housing Strategies Report, Angelo Planning Group (now MIG|APG) identified some initial suggestions related to parking, setbacks, lot coverage, and lot sizes. Some of these issues were already addressed as part of the Expanding Housing Options project, which updated standards for middle housing. The City could consider additional adjustments to the code to further facilitate and reduce barriers to needed housing development. In addition, some members of the local development community have recently asked the City to consider allowing small-lot single-family homes and to allow more flexibility for things like setbacks.

Legal Basis See Strategy 1.2.

Options and Alternatives **Minimum Lot Size.** The ADC’s current minimum lot size standards for single-family detached dwellings in residential zones is summarized below:

RS-10	RS-6.5	HM	RS-5	RM	RMA
10,000	6,500	5,000	5,000	3,500	N/A

The City's recent Code updates to allow middle housing in single-family zones opened up significantly more opportunities for housing variety in residential areas. However, single-family detached homes continue to be a highly desirable form of housing—both by residents and developers. One way to enable more affordable single-family homes is to allow smaller lot sizes. Reducing minimum lot size typically reduces costs for developers and homebuyers because of the high cost of land. In the focus group meetings for the HIP project, we heard from multiple stakeholders that homeownership options in the \$200k - \$300k price range and one-level dwellings constitute some of the biggest gaps in Albany's existing housing stock. Middle housing could help fill this gap, but so could small-lot single-family development, which may be more likely to be built in the near term, given the high demand and developers' familiarity with this housing type.

The City could consider reducing minimum lot sizes for single-family detached dwellings in certain zones. *One thing to keep in mind is that duplexes would need to be allowed on the same reduced-size lots as single-family detached dwellings—this is a requirement of the middle housing OARs.*

Minimum lot size – RS-5 zone example. Minimum lot size in this zone is 5,000 square feet. The City could consider reducing lot sizes to somewhere between 10 and 50% (4,500 SF and 2,500 SF). Since duplexes are currently permitted on 5,000-SF lots (as required by HB 2001), allowing 2,500-SF lots for detached units would achieve the same density as a duplex under today's code.

Minimum Area Requirements for Multi-Family. There is currently a mismatch between the maximum density and minimum lot size standards in the medium-density zones. Maximum density is 25 units per gross acre in RM and 35 units per gross acre in RMA. These densities are not achievable given the current standards for minimum site area per unit—especially for dwelling units with two or more bedrooms. In fact, townhouses (aka single-family attached homes) in these zones can achieve higher densities than multi-family development. The table below summarizes achievable densities in these zones, given site area standards.

Table 3. Achievable Densities for Multi-Family in RM and RMA

<i>Unit Type</i>	<i>RM</i>		<i>RMA</i>	
	Min. Site Area per Unit	Max. Density (units per acre)	Min. Site Area per Unit	Max. Density (units per acre)
<i>Studio and 1-bedroom</i>	2,000 SF	21.8	1,500 SF	29
<i>2- and 3-bedroom</i>	2,400 SF	18.2	1,800 SF	24.2
<i>4+ bedroom</i>	3,000 SF	14.5	2,200 SF	19.8

The City should consider either reducing minimum site area per unit for multi-family in the RM and RMA zones or using density (units per acre), rather than lot size as the guiding metric.

Minimum Interior Setbacks. The City has recently received requests from developers to reduce interior setbacks in the RM zone for narrow-lot development. Minimum interior (side and rear) setbacks in the RM and RMA zones are as follows:

- Single-family detached and middle housing: 3 feet for 1-story dwellings and 5 feet for 2-story buildings.
- Multi-family: 10 feet for 1- and 2-story buildings. Additional setback for taller buildings.

In the RM zone, minimum lot size for single-family and duplex dwellings is 3,500 SF and minimum lot width is 30 feet. With 5-foot setbacks on both sides, buildings could be as narrow as 20-feet wide. Reducing side setbacks to 3 feet would allow an additional 4 feet of building width. This may not be a significant change but could make narrow-lot single-family development more feasible. Further, side setbacks often do not provide usable space; they primarily provide fire separation from adjacent homes. Therefore, reducing side setbacks would not reduce usable yard area.

If the City chose to allow reduced interior setbacks, we would recommend allowing reductions only for side setbacks (not rear), and only for narrow lots (e.g., lots 35-feet wide and under).

Detached “plexes.” As part of its recent code amendments to meet state middle housing requirements, the City amended a variety of standards associated with duplexes, triplexes and quadplexes. The City’s code continues to define these forms of housing as two, three, or four attached units on one lot. The City could choose to expand this definition to include both attached and detached units. Allowing for detached plexes, in combination with allowing for middle housing land divisions, would expand opportunities for development of smaller, detached units, many of which could be owner-occupied units. As part of a separate code update effort, the City is considering this option.

Issues or Constraints

- Reducing minimum lot size alone, without limiting the size of buildings, may not result in significantly smaller or more affordable homes.
- Reducing side setbacks for narrow lots could result in bulkier, closer-spaced homes, but potentially without much appreciable benefit in terms of housing production or feasibility. This issue warrants further discussion with the development community.

Impact

- **Populations served:** Moderate income households
- **Income:** 80 - 120+% AMI
- **Housing tenure/type:** For sale; small single-family homes
- **Housing impact:** Similar to Strategies 1.1 and 1.2, modifying development standards to support housing development would have a limited impact on housing supply, as it would not work directly toward creating new units.

However, the strategies discussed above would support efforts to add to the city’s housing supply and affordability by allowing more housing to be built and would encourage smaller single-family detached dwellings.

Implementation Actions See Strategy 1.1 for the general steps needed to implement a development code amendment.

Implementing Entity(ies): Lead – City of Albany Community Development Department.

1.4 Flexibility for Accessory Dwelling Units (ADUs)

INITIAL PRIORITY: LOW

Description This strategy involves adjusting standards for accessory dwelling units to allow more flexibility for their siting on single-family lots. ADUs are a viable housing option with several benefits:

- Building and renting an ADU can raise income for a homeowner and help offset the homeowner’s mortgage and housing costs.
- ADUs can add to the local supply of rental units and can provide a relatively affordable rental option for a person or household that prefers living in a small detached unit rather than an apartment or other attached housing.
- ADUs offer flexibility for homeowners to either rent the unit or to host a family member. The proximity to the main house can be particularly beneficial for hosting an elderly family member that may need care and assistance.

The City of Albany already allows ADUs outright on any lot where single-family housing is allowed, in compliance with state statute. The City also recently updated its standards to comply with state requirements, and they do not appear to pose particular barriers to ADU development. However, the City could potentially go further to encourage ADUs through the Development Code.

Legal Basis See Strategy 1.2.

Options and Alternatives If the City wanted to provide more flexibility for ADUs, it could consider the following strategies:

Allow increased floor area as a percentage of the primary dwelling. The current Code limits ADUs to 50% of the gross floor area of the primary residence (excluding garages or carports) or 900 square feet, whichever is less. While the 900-SF limit is relatively generous, the 50-percent limit may be prohibitive if the ADU is constructed on a lot with a small home. For example, some older homes are only 800-1,000 SF—this would limit allowable ADUs to only 400-500 SF. The City could consider increasing the allowance to 75 or 80% of the primary residence to allow a

wider range of ADU sizes (up to 900 SF) that are still smaller than the primary home.

Provide lot coverage exception for reduced-size lots. If the City chooses to allow reduced-size lots for single-family dwellings, as discussed under Strategies 1.2 and 1.3, lot coverage standards may pose a barrier to ADUs. The City could consider allowing exceptions to lot coverage for ADUs constructed on lots under a certain size (e.g., under 4,000 SF).

Allow more than one ADU on a lot. The City could consider allowing up to two ADUs with single-family dwellings. The City already allows something similar to a house with two detached ADUs by allowing a 3-cottage cluster; however, cottage clusters have additional standards addressing things like common open space. The City could consider allowing two ADUs only if one of the ADUs is internal to the primary dwelling or an attached addition. This would help reduce potential impacts to neighboring properties. If there are concerns about having two ADUs on an undersized lot, the City could also require that the lot meet the minimum lot size in the zone.

Issues or Constraints N/A

- Impact*
- **Populations served:** Moderate income households
 - **Income:** 80 – 120% AMI
 - **Housing tenure/type:** For rent; smaller units
 - **Housing impact:** See Strategy 1.2.

Implementation Actions See Strategy 1.1 for the general steps needed to implement a development code amendment.

Implementing Entity(ies): Lead – City of Albany Community Development Department.

1.5 Encourage Tiny Homes and Villages

INITIAL PRIORITY: MEDIUM

Description This strategy involves encouraging development of tiny homes built on foundations through regulatory incentives such as reductions in required off-street parking or open space, or exemptions from design requirements.

Tiny homes are typically defined as detached units under 600 square feet. Tiny homes present an appealing option for affordable homeownership due to their small size and the privacy and independence they offer to residents. However, this housing type can face a number of regulatory barriers because they do not fit the typical housing mold. Many development codes are not geared toward accommodating this housing type.

Tiny homes are often grouped into three different categories based on their intended use—each of which has different regulations that apply²:

- **Permanent tiny homes** – Built on a foundation and subject to Building Code and Development Code standards.
- **Temporary tiny homes** – Built on a chassis or frame and may have wheels. Often referred to as tiny homes on wheels (THOW). Typically, they are classified as recreational vehicles (RVs) and are not permitted for full-time living in most Oregon jurisdictions, unless they are located in a manufactured dwelling park or RV park. See Strategy 1.6 for more discussion of this type of tiny home.
- **Transitional tiny homes** – These are living facilities for persons who lack shelter. They may or may not meet the definition of either a permanent tiny home or a THOW (i.e., they may not be considered “buildings” for the purposes of the building code or vehicles for the purposes of NHSTA standards.

This strategy focuses on permanent tiny homes. Strategy 1.6 addresses THOWs. Transitional tiny homes provide shelter, rather than housing, and are therefore outside the purview of this Housing Implementation Plan.

Permanent tiny homes are often sited in “tiny home villages,” where multiple homes share the same lot. Under the current ADC, multiple tiny homes sited on a single lot would be considered either multiple family or cottage cluster. Eight or fewer tiny homes on a lot would be considered a cottage cluster and would be subject to the cottage cluster design standards in ADC 8.175. The Code does not permit more than eight cottages on one lot; therefore, a larger tiny home village would either need to go through a land division to create additional lots, the planned development process and adjustment process, or else be permitted as multi-family development. However, multi-family development is only permitted in the RM and RMA zones, and the design standards in ADC Article 8 are even less compatible with the characteristics of tiny home villages.

Legal Basis See Strategy 1.2.

Options and Alternatives **Define tiny homes as units under 750 SF.** Under the new CFEC rules, the state will exempt parking requirements for units under 750 SF. Albany’s code could align with that threshold, which may be a more realistic and livable home size, by defining tiny homes as detached units under 750 SF.

Exempt tiny home villages from certain cottage cluster standards. If a tiny home village is permitted as a cottage cluster, it may be appropriate to apply certain design standards, such as standards for orientation, open space, pedestrian access, parking, and landscaping. However, the City’s current cottage cluster standards may be too stringent given the size and impact of tiny homes and may serve to

² Tiny Home Regulation Background Brief, Oregon Legislative Policy and Research Office.
<https://www.oregonlegislature.gov/lpro/Publications/Background-Brief-Tiny-Home-Regulation-2019.pdf>

discourage tiny homes as homeownership opportunities. The City could allow reduced standards for tiny homes—for example, to the minimum size and location of a common courtyard.

Allow additional units in a tiny home cluster. The City could also allow additional dwellings in a cottage cluster (e.g., up to 12 or 16) if they are under 750 SF in area. These homes would be significantly smaller than the allowed cottage size of 1,400 SF; therefore, it may be appropriate to allow more homes on one lot.

Allow reduced lot sizes for tiny home clusters. The minimum lot size for cottage clusters in RS-6.5 through RMA is 7,000 SF. This could be reduced for tiny home clusters—say, down to 5,000 SF. Or it could be scaled by unit—e.g., 1,000 SF per unit. This would allow infill development of small clusters of tiny homes on existing lots under 7,000 SF.

Exempt tiny house villages from multi-family design standards. The multi-family design standards are geared toward more typical large-scale apartment developments. The standards for open space, building orientation, façade articulation, window coverage, etc. could be prohibitive to tiny home development. The City could consider exempting tiny homes from these standards, and instead applying a more limited set of standards more akin to the cottage cluster standards.

Remove parking requirements. The state’s CFEC rules will require Albany to remove all parking mandates for housing units under 750 SF and for affordable housing (for households earning up to 80 percent of AMI) starting in 2023.³ As a result, the City would not be able to require off-street parking for tiny homes after that date.

Issues or Constraints Encouraging tiny home villages may increase density in existing neighborhoods, with the potential to cause concern for some of the existing residents, while others may welcome it.

- Impact**
- **Populations served:** Low to moderate income households
 - **Income:** 30 - 120% AMI
 - **Housing tenure/type:** For rent or sale; smaller units
 - **Housing impact:** See Strategy 1.2

Implementation Actions See Strategy 1.1 for the general steps needed to implement a development code amendment.

Implementing Entity(ies): Lead – City of Albany Community Development Department.

³ OAR 660-012-0430. https://www.oregon.gov/lcd/LAR/Documents/LCDD_2-2022.pdf

1.6 Legalize Alternative Housing Types on Wheels and in Parks

INITIAL PRIORITY: LOW

Description Many smaller housing formats are built on wheels, including tiny homes on wheels (THOWs), park model homes, and recreational vehicles (RVs). Many local codes classify THOWs and park model homes as RVs and prohibit siting these housing types outside of manufactured home and RV parks.

Permitting these housing types, with appropriate siting standards to ensure adequate public facilities access and life/safety, can provide additional permanent or interim housing options outside of manufactured home/RV parks. Allowing broader siting of RV parks and amending standards to allow THOWs, and other housing types on wheels can also provide additional siting opportunities.

Legal Basis Tiny homes on wheels and RVs are constructed and inspected to a nationally recognized standard. They are subject to state law and are regulated primarily by ODOT. An RV tiny home is defined as a vehicle with or without motive power, that is designed for use as temporary living quarters and which is not wider than 8 ½ feet wide.⁴ A park model RV tiny home is an RV that:

- Is designed for use as temporary living quarters;
- Is more than 8 ½ feet wide;
- Is built on a single trailer or chassis mounted on wheels;
- Has a gross trailer area that does not exceed 400 square feet; and,
- Complies with manufacturing standards and other requirements adopted by ODOT.⁵

RVs are designed for short term recreational living and are not designed and constructed to safety standards to be lived in for permanent housing. However, State law does not regulate cities' allowances for occupancy of THOWs and RVs, except when located in a manufactured dwelling park, mobile home park, or recreational vehicle park. Cities cannot prohibit the occupancy of RVs in those locations.⁶

Options and Alternatives **Local Examples.** The City of Portland recently updated its City Code to allow permanent occupancy of THOWs and RVs on a lot with an existing home. THOWs and RVs continue to be classified as vehicles in the code and are therefore not considered "dwelling units" or buildings. Thus, they are not subject to typical development standards that apply to buildings; rather, they are subject to siting

⁴ ORS 801.565, ORS 803.045, ORS 803.300-445

⁵ Oregon House Bill 2333 (2019),

<https://olis.oregonlegislature.gov/liz/2019R1/Downloads/MeasureDocument/HB2333/Enrolled>

⁶ ORS 197.493

standards related to parking. Portland applies the following regulations to occupied RVs and THOWs⁷:

- Only one RV or THOW is allowed on a residential lot with a house, attached house or manufactured home. They are not permitted on undeveloped lots.
- They must comply with parking requirements for RVs on residential lots. This means they cannot be parked in front of the street-facing façade of the primary dwelling.
- Occupancy of RVs and THOWs does not count toward residential density.
- THOWs are prohibited from being used as accessory short-term rentals.

Some cities in California have added references to “movable tiny houses” in their zoning codes and regulate them like other housing types. For example, the City of San Diego has the following definition:

*Movable tiny house means an accessory structure that is between 150 and 430 square feet in size on a residential lot, and that provides independent living facilities for one or more persons, independent of the primary dwelling unit, and that includes permanent provisions for living, sleeping, eating, cooking and sanitation.*⁸

San Diego allows movable tiny houses on lots with a primary dwelling, similar to Portland.⁹ However, San Diego (and likely other cities) distinguishes THOWs from other types of recreational vehicles. This approach may be more appealing to those concerned about encouraging long-term occupancy of typical RVs. Tiny homes can better blend into a neighborhood setting and can often appear indistinguishable from a tiny home built on a foundation.

Issues or Constraints While some may welcome new housing options, there may be some community opposition to allowing full-time occupancy of RVs and THOWs. The City would need to carefully consider the siting/parking standards to limit impacts to neighboring properties. Also, there is no good path to converting THOWs for permanent living, unless they are constructed to the building code (ORSC) standards under the state's prefabrication program.

Impact

- **Populations served:** Extremely low to moderate income households
- **Income:** 0 – 120% AMI
- **Housing tenure/type:** For sale
- **Housing impact:** Allowing occupancy of tiny homes on wheels and RVs would offer a housing option for those with few other choices. Living in an RV is not a permanent housing solution for most people, but offers an option for those

⁷ City of Portland, Occupied Recreational Vehicles, including Tiny Houses on Wheels.

<https://www.portland.gov/bds/zoning-land-use/zoning-code-overview/occupied-rvs-and-tiny-houses-wheels#toc-land-use-and-other-requirements>

⁸ San Diego Municipal Code, <https://docs.sandiego.gov/municode/MuniCodeChapter11/Ch11Art03Division01.pdf>

⁹ San Diego Municipal Code, <https://docs.sandiego.gov/municode/MuniCodeChapter14/Ch14Art01Division03.pdf>

who may otherwise lose their housing and could provide shelter for those who are already unhoused. THOWs could offer more permanent housing and opportunities for those who could not otherwise afford to own their own homes.

Implementation Actions See Strategy 1.1 for the general steps needed to implement a development code amendment.

Implementing Entity(ies): Lead – City of Albany Community Development Department.

1.7 Zoning Incentives for Affordable or Workforce Housing

INITIAL PRIORITY: MEDIUM

Description Some development regulations can present obstacles or add costs to housing developments. These obstacles are particularly challenging for developments built by housing authorities, non-profit developers, or even for-profit developers that are attempting to build units affordable to people with lower or moderate incomes.¹⁰ In order to support developments that include units affordable to moderate- or low-income households, the City can offer concessions on zoning and development code standards. The concessions should be offered in exchange for the development dedicating a minimum proportion of the units to be regulated as affordable to people with lower or moderate incomes with a minimum affordability period of 10 or 20 years. The incentives typically include relief from certain development standards such as parking, setbacks, or density.

Legal Basis See Strategy 1.2.

Options and Alternatives **Parking reductions.** In general, research shows that households with lower incomes tend to have lower car ownership and driving rates, particularly when residents have ready access to shopping and other opportunities and services. Partly in response to the costs of car ownership, new CFEC rules will not allow cities to require parking for affordable housing serving households with incomes up to 80 percent of area median incomes (AMI). The city may wish to consider reduced parking ratios for certain housing types intended to serve households earning between 80 and 120 percent of AMI or housing serving certain populations such as the elderly or people with disabilities. Albany already applies reduced parking ratios of 0.5 spaces per unit for senior housing but may consider a reduced ratio.

Typically, developments must commit to providing affordable units over a significant length of time (20-60 years). Alternatively, if the occupancy of the

¹⁰ Housing affordable to moderate-income, working households that do not typically qualify for subsidized housing is often referred to as “workforce housing.”

property changes from subsidized housing to another use, the development would need to provide additional parking meeting typical parking ratios.

Height or density bonuses. Some cities allow higher density or greater height in exchange for a commitment to provide housing units that are affordable to households with low or moderate incomes. Height bonuses are typically applied in terms of the number of stories allowed (e.g., one story in an area with an existing height limit of 30 or 45 feet). Density bonuses are typically stated in terms of a percentage of units (e.g., 10-20% is a common threshold). The amount of the bonus can be tied to the affordability levels provided and/or to the number of affordable units. Additionally, setback and bulk standards may be allowed to vary to accommodate the added density or to reduce development costs.

In 2021, the City updated its density bonus provisions for moderate-cost and affordable housing in residential zones (see ADC Table 3.220-2, below). The bonus provisions are scaled to offer larger density bonuses (up to 30% bonus) for projects that include units with deeper affordability requirements (50% of area median income). They also allow a range of density bonuses (e.g., 5%, 10%, 20% bonus), based on the percentage of units with affordability requirements.

Economists at Johnson Economics suggest providing a more generous density bonus for units with the deepest affordability requirements (50% AMI). Without additional incentives, the 80% AMI bonus thresholds may outcompete the 50% AMI thresholds, and the City may not see much of the lowest income units being provided. Johnson Economics recommends increasing the bonus for the 50% affordability as follows:

- 5% of units – 15% density bonus
- 10% of units – 25% bonus
- 20% of units – 35% bonus

TABLE 3.220-2

AFFORDABLE HOUSING DENSITY BONUS STANDARDS		
Affordability Level	Percent of units set aside for persons whose household income is less than or equal to the affordability level (including bonus units)	Area Reduction Bonus Permitted
120% AMI	50 percent of units	5 percent
100% AMI	50 percent of units	10 percent
80% AMI	5 percent of units	5 percent
	10 percent of units	10 percent
	20 percent of units	20 percent
50% AMI	5 percent of units	10 percent
	10 percent of units	20 percent
	20 percent of units	30 percent

NOTE: Johnson Economics does not believe that a height bonus would do much to encourage affordable housing, since the City’s current height limits (45 feet in RM, 60 feet in RMA) can accommodate the multi-family housing market for the time being.

Allow flexibility in how affordable units are provided. In some cases, it may be advantageous to construct the affordable units on a different site than the primary development that is receiving the concession. It may also make sense for the development to purchase existing market-rate units and convert them to affordable units. Allowing flexibility in how the units are provided can also widen the appeal of the program.

Issues or Constraints N/A

Impact

- **Populations served:** Extremely low to moderate income households
- **Income:** 0 – 120% AMI
- **Housing tenure/type:** For rent or sale; income-restricted units
- **Housing impact:** Offering a bonus in return for more affordable units can create a win/win between the builder and housing goals. Generally, developers will still be incentivized to offer units at higher affordability levels (i.e. 100% or 120% AMI) so a bonus that scales to the affordability level is appropriate. When successful, these programs not only provide a number of units at a controlled affordability level, but also help create mixed-income communities among the subsidized and unsubsidized units.

Implementation Actions

See Strategy 1.1 for the general steps needed to implement a development code amendment. We also suggest working closely with affordable housing providers to determine what zoning incentives would be most beneficial in supporting their work.

Implementing Entity(ies): Lead – City of Albany Community Development Department.

1.8 Provisions for Single Room Occupancy (SRO) Housing

INITIAL PRIORITY: MEDIUM

Description

Single room occupancy (SRO) is a form of housing in which the units share bathroom or kitchen facilities with other units on the floor or in the building. SROs are typically aimed at those earning low or very low incomes. SROs (sometimes known as “SRO hotels”) were once very common in urban areas and served as a landing place for residents with few other housing options. However, they have since become scarce after gaining an unsavory reputation in many areas. Many former SROs have been torn down or converted to higher-end apartments or hotels in recent decades.¹¹

In recent years, housing advocates have urged cities to consider enabling SROs as an alternative, low-cost form of housing for those experiencing homelessness or at

¹¹ Portland banking on low-rent SRO hotels to ease housing problems, OregonLive. <https://www.oregonlive.com/business/2019/04/officials-look-to-sro-hotels-as-model-for-low-income-housing.html>

risk of losing their housing. As such, SROs have opportunities to serve as a form of transitional or supportive housing or as a viable form of housing for more transitory residents.

Related housing types. “Micro housing” or “micro apartments” are a type of housing that have been gaining in popularity in recent years, mostly in larger cities so far. Micro housing is usually defined as units under 400 SF that may or may not share kitchen facilities with other units on the same floor. They typically have their own private bathrooms. If there are shared kitchen facilities, they may be shared among a smaller number of units than SROs, and micro apartments are typically marketed as higher-end units compared to SROs. Still, micro apartments are usually more affordable than standard apartments because the units are very small and because kitchens are expensive to build. They can be a viable option for individuals with lower incomes who simply desire or are willing to live with less space and fewer amenities.

The Albany Code used to have separate definitions for “quad dwelling unit” and “quint dwelling unit,” which were defined as dwellings with separate sleeping and living quarters for four or five individuals, centered around a common kitchen facility. These definitions were removed in 2013 and replaced with the single-room occupancy definition. Albany has not seen any SRO, quad/quint, or micro housing development in many years.

Challenges for SROs and micro housing. Some local development codes include definitions or other provisions that have the effect of prohibiting SROs and micro housing—whether by design or not. The intent of the strategies discussed below is to ensure that SROs and micro housing are not precluded by Albany’s housing definitions or other standards, and to ensure they are permitted in residential zones. There may also be strategies to encourage these forms of lower-cost or transitional housing through regulatory incentives, such as prorated density.

Legal Basis In addition to evaluating Development Code standards for SROs and similar housing types, it will also be important to ensure that standards in the Albany Municipal Code do not have the effect precluding these housing types. This may require some additional research by the City.

Options and Alternatives **Add SROs to the Schedule of Permitted Uses in residential and mixed use zones.** As noted above, the ADC does have a definition for SRO, and it is included as an example of the Multiple Family use category in Article 22. However, the Schedule of Permitted Uses in Article 3 lists only “Multi-Family” under the category of “RESIDENTIAL: Multi-Family.” Therefore, it is somewhat ambiguous as to whether SROs are permitted in residential zones or not. To address this, the City could add SROs directly to the permitted uses tables in Articles 3 and 5.

Consider adding definitions of “quad dwellings,” “quint dwellings,” and micro housing. Micro housing, quad dwellings, and quint dwellings share similarities with SROs, in that they often have shared kitchen or other facilities. However, micro housing units could be fully equipped with kitchen and bathroom facilities, but could simply be very small. Quad and quint dwellings—as formerly defined in the

ADC—were distinct in that they comprised a shared unit or suite with four or five bedrooms and a shared kitchen. This is most commonly thought of as a form of student housing. The challenge with each of these housing types is that they defy the typical definition of a dwelling unit. Per the ADC, “dwelling unit” is defined as “One or more habitable rooms that are occupied or intended or designed to be occupied by one family with housekeeping facilities for living, sleeping, cooking, and eating.” (Note: A “family” may be composed of unrelated individuals, per the ADC and state statute.) This can lead to issues in calculating density, which is based on dwelling units per acre or land area per dwelling unit.

Revisit density calculations for SROs, micro housing, and quads/quints. In the current ADC, density for SRO dwellings is calculated at a rate of one dwelling unit for every 2 rooms. In the former quad/quint provisions, density was calculated at essentially the same rate: a quad counted as 2 dwelling units and a quint counted as 2 ½ dwelling units. There is no density discount for micro housing that is simply small and does not have shared facilities.

Strategy 1.2, above, recommends density discounts for small dwelling units. The initial suggestion is for multi-family dwellings that are 600 SF or smaller to count as 0.25 dwellings for the sake of calculating density. The City should consider calculating density for SROs, micro housing, and quads/quints at a similar, or even further discounted, rate as a means of incentivizing these types of lower-cost housing.

Parking reductions. The CFEC rules will require Albany to remove all parking mandates for SROs and units under 750 SF starting in 2023.¹² In addition, the City should potentially clarify some unclear parking requirements in the ADC. The category of “Multi-Family: Quad and quint units (SRO)” has a minimum parking ratio of 0.75 spaces per unit. However, not all SROs would meet the definition of a quad/quint. We would recommend:

- Listing SRO, quad/quint, and micro housing separately in the parking standards (assuming micro housing and quad/quint are defined separately in the ADC).
- Revisiting how the parking ratio is calculated for quad/quint—i.e., is it 0.75 spaces per bedroom or 0.75 spaces per suite? Consider reducing the ratio to 0.5 or 0.25 spaces per bedroom.
- Remove parking requirements for SROs and micro housing, as required by CFEC rules.

Issues or Constraints

Primary constraints are related to the market demand and feasibility of this form of housing in Albany and the potential for opposition to it as an unfamiliar form of housing, particularly given the historical concerns associated with it. As described further below, relatively little SRO housing or micro-housing developments have been constructed in Oregon during the last decade and future developers will likely face financing and other feasibility issues.

¹² OAR 660-012-0430. https://www.oregon.gov/lcd/LAR/Documents/LCDD_2-2022.pdf

- Impact**
- **Populations served:** Extremely low to moderate income households
 - **Income:** 0 – 120% AMI
 - **Housing tenure/type:** For rent; smaller units
 - **Housing impact:** SROs and micro housing may not have a strong potential for market-rate development in Albany at this time. As noted above, micro housing units have mostly been developed in larger cities such as Portland where the housing prices are higher. However, this form of housing could become more feasible if housing prices continue to rise statewide. Also, this type of housing could present opportunities for non-profit housing providers of subsidized, transitional, or supportive housing, as well as for employer-provided workforce housing. Therefore, it is important to ensure that the Code does not preclude these types of housing, but rather encourages them through supportive regulations and incentives.

Implementation Actions See Strategy 1.1 for the general steps needed to implement a development code amendment.

Implementing Entity(ies): Lead – City of Albany Community Development Department.

1.9 Evaluate Mixed Use and Commercial Zones for Housing Capacity

INITIAL PRIORITY: LOW

Description This strategy involves evaluating permitted residential uses and development standards in mixed use and commercial zones to support housing development in these areas.

Albany’s mixed use and commercial zoning districts comprise a relatively small portion of the city; most of the remainder is residential zoning. However, these mixed use and commercial areas offer opportunities for higher-density residential development in the most urban parts of the city.

In many of the mixed use and commercial zones, housing is only allowed if above or attached to a business—i.e., as part of a mixed use development. However, housing is allowed on its own in some of the mixed use zones. The residential use allowances in these zones are summarized in Table 4.

Table 4. Housing Allowances in Mixed Use and Commercial Zones

Zone	Above or Attached to a Business	Multi-Family	Some or All Middle Housing Types
HD – Historic Downtown District	✓	X	X
DMU – Downtown Mixed Use District	✓	✓	✓
CB – Downtown Central Business District	✓	✓	✓
MUR – Mixed Use Residential District	✓	✓	✓
WF – Waterfront District	✓	✓	✓
LE – Lyon-Ellsworth District	✓	✓	✓
MS – Main Street District	✓	CU	CU / X
ES – Elm Street District	✓	CU	CU
PB – Pacific Boulevard District	✓	X	X
MUC – Mixed Use Commercial District	✓	✓	✓
OP – Office Professional District	✓	CU	CU
NC – Neighborhood Commercial District	✓	X	X
CC – Community Commercial District	✓	X	X
RC – Regional Commercial District	✓	X	X

Key: ✓ = permitted (outright or through Site Plan Review)
 X = not permitted
 CU = Conditional Use

Legal Basis See Strategy 1.2.

Options and Alternatives If the City wished to see more housing development in these areas, it could consider various strategies for facilitating that.

Allow horizontal mixed use. A relatively small change that would enable housing in more situations is to allow “horizontal mixed use”—i.e., allow housing on the same site as nonresidential uses, but not necessarily above or attached. This may require tweaks to the definition of “Units Above or Attached to a Business,” or could be achieved by adding exceptions to the Schedule of Permitted Uses. So-called “vertical mixed use” development, wherein housing occupies the floors above a commercial use, can be more complex to design and build, and challenging to finance for developers. Also, vertical mixed use development faces regulatory complexities—the residential portion of a building is subject to residential design standards while the commercial portion is subject to commercial standards. Because horizontal mixed use involves single-use buildings on the same site, or as part of the same development, it can avoid some of these financing and code complexities.

Allow standalone housing. In certain zones, it may make sense to allow housing without requiring it to be part of a mixed use development. This is already allowed in some mixed use zones, and could be extended to other mixed use zones. It may be less appropriate in commercial zones, where it is more important to reserve land for employment and commercial activity. The City should evaluate where multi-family and middle housing might be compatible in mixed use zones where it

is not already allowed. To ensure that key commercial streets have active ground floor uses, the City could limit housing development on those streets to mixed-use only (similar to the current limitation on street-facing dwellings on First or Second Avenue in the downtown zones).

Evaluate middle housing allowances. The City should also evaluate which middle housing types should be allowed in which mixed-use zones. As part of the Expanding Housing Options project, which implemented House Bill 2001 requirements, the City updated the Schedule of Permitted Uses in Article 5 to: (1) allow all middle housing types in MUR and MUC, which are subject to HB 2001; and (2) keep use allowances the same as they are today in most of the other zones (e.g., allow triplexes and fourplexes where multi-family is permitted, since these types used to be included in the multi-family definition).

Evaluate development standards. The development standards in mixed use and commercial zones should be evaluated and the City should consider updating standards that pose barriers to housing development. For example, the land area per unit standards in certain mixed use zones (WF, PB, MS, ES, and MUR) may not be necessary and may not make sense when applied to mixed use development. The City could consider applying the standards only to residential-only development, or shifting to a units-per-acre density standard (as recommended under Strategy 1.2).

Evaluate design standards in mixed use zones. As part of the Expanding Housing Options project, the City updated design standards applicable to middle housing in residential zones and in MUR and MUC—this was necessary to comply with the Oregon Administrative Rules for middle housing. However, the design standards for the downtown zones (DMU, CB, HD, and WF) that were adopted in 2017 were not changed and are somewhat inconsistent with the newer standards. These standards have different applicability, but the City may wish to make them more consistent across the city—especially where the different standards do not lead to meaningfully different outcomes.

Issues or Constraints Albany’s mixed-use and commercial zones are intended to support a mix of uses—not just residential. The City should carefully balance its employment and economic goals in considering strategies to encourage more residential development in these areas.

Impact

- **Populations served:** All income levels
- **Income:** 0 – 120+% AMI
- **Housing tenure/type:** For rent or sale
- **Housing impact:** See Strategy 1.2.

Implementation Actions See Strategy 1.1 for the general steps needed to implement a development code amendment.

Implementing Entity(ies): Lead – City of Albany Community Development Department.

1.10 Mixed Housing Types / Income Levels in Planned Developments

INITIAL PRIORITY: LOW

Description Planned Development (PD) is an alternative to a typical land division or site development that provides more flexibility in site arrangement, density, and design. Per the ADC, “It promotes an integrated, coordinated development of land, normally involving increased flexibility in use and design standards, with special incentives or restrictions on development.” In Albany, all types of housing are permitted in PDs and development standards (lot area, lot dimensions, height, and setbacks) can be modified from the base zone standards. In exchange, developments are required to provide additional open space and to demonstrate how the project is superior to a project that would have been developed under the standard regulations.

Albany’s PD regulations could potentially be enhanced to provide further support for more variety of housing options within neighborhoods and housing affordability.

Legal Basis See Strategy 1.2.

Options and Alternatives **Require a mix of housing types within residential PDs.** As noted above, mixed housing types are permitted in PDs, but not required or incentivized. One option for promoting housing options is to require that large PDs in certain zones include a mix of housing types. This is more important in lower-density zones, where the City may wish to encourage inclusion of middle housing or multi-family housing. As an example, the City of Beaverton has housing mix requirements for PDs within the South Cooper Mountain Community Plan area¹³:

- Up to 15 acres – at least one housing type required
- 15-30 acres – at least two housing types required
- Greater than 30-acres – at least three housing types required

Provide incentives for a mix of housing types. As an alternative to requiring mixed housing types, the City could provide incentives for including a mix of housing. This could include density bonuses or reduced open space requirements.

Provide incentives for affordable housing. The City could also incentivize affordable housing in PDs through similar density or open space incentives. Since the City already offers a density bonus for moderate-cost and affordable housing, the incentives offered through the PD process would need to offer even higher densities. Alternatively, the City could offer reduced open space requirements for PDs that include affordable housing.

Apply minimum density requirements. Coupling PD requirements with application of minimum density requirements (see Strategy 1.1) also would increase the likelihood of developing a mix of housing types. Minimum densities of 10-15 units

¹³ Beaverton Development Code. <https://online.encodeplus.com/regs/beaverton-or/doc-viewer.aspx#secid-1035>

per net acre generally lead developers to include some middle housing units in a development to offset the relatively lower density of single-family detached units.

Issues or Constraints Albany may not have enough vacant buildable land for housing mix requirements in large PDs to have much impact, but could consider this in smaller increments than in the Beaverton example.

If offering reduced open space as an incentive for affordable housing, it will be important to ensure that there is still adequate open space to make the developments livable.

Impact

- **Populations served:** Low to moderate, plus higher income households
- **Income:** 30 – 120+% AMI
- **Housing tenure/type:** For rent or sale
- **Housing impact:** This is expected to have a limited impact on housing production/affordability because it would only apply in PDs. Requiring a mix of housing types in PDs would contribute to housing variety to a limited extent. Offering incentives for housing affordability in PDs may not have a large impact due to Albany’s existing density bonus program.

Implementation Actions See Strategy 1.1 for the general steps needed to implement a development code amendment.

Implementing Entity(ies): Lead – City of Albany Community Development Department.

1.11 Inclusionary Zoning

INITIAL PRIORITY: LOW

Description Inclusionary zoning (IZ; sometimes called “inclusionary housing”) is a tool used to produce affordable housing for low- to moderate- income households within new market-rate residential developments. Typically, IZ is implemented through an ordinance with mandatory requirements that a minimum percentage of a new development’s total units must be designated as affordable, and that these units remain affordable for a set period of time, usually between 10 and 20 years.

Legal Basis After being prohibited in Oregon since 1999, legislation allowing jurisdictions to adopt IZ was passed by the Oregon Legislature in 2016. However, this legislation came with a number of limitations that are regarded by affordable housing providers and advocates as making it challenging to implement this strategy in most small- and medium-sized jurisdictions in the state. Per state statute, the IZ requirements may only be applied to multi-family housing developments of 20 units or more. In addition, jurisdictions must provide “finance-based incentives” (e.g., property tax exemptions, fee waivers, development bonuses) to offset the cost of providing affordable units, but in an undetermined amount. Cities must also provide developers with the option to pay a “fee in lieu” instead of providing

affordable units. Further, cities may also establish a local construction excise tax (CET—to be explored in Part 2 of this report) to help fund the inclusionary zoning program but are not required to do so.

These provisions required by state law are expected to limit the applicability and extent of the application of inclusionary zoning programs and result in administrative and financial hurdles to implementation, particularly for smaller communities. Relatively few communities are expected to have the financial and administrative resources to establish inclusionary zoning programs. At this point, only one community in the state (Portland) has adopted IZ requirements. Examples can be found in neighboring states: several major cities in California (Los Angeles and San Jose) and Seattle passed IZ regulations in 2017.

Options and Alternatives

Despite the challenges, Albany may wish to explore the relative costs and benefits of establishing IZ requirements. The City could also explore implementation of IZ on a voluntary basis, either as part of a negotiated process through annexation of land into the city or through use of incentives such as those described under Strategy 1.7. The cities of Bend and Hillsboro have used these types of processes with specific annexation areas and developments in the past. This voluntary approach to IZ may avoid some of the pitfalls of the mandated approach allowed by the recent state legislation.

Issues or Constraints

- Mandatory inclusionary zoning can affect development feasibility and land values. Incentives and requirements must be carefully balanced so as not to inhibit housing production.
- Inclusionary zoning requires close administrative oversight to ensure the mandatory units are properly built and maintained. Further, administration of fee-in-lieu funds to additional affordable housing units is required.
- Inclusionary zoning programs typically create a fraction of the needed affordable housing units and their efficacy at producing affordable housing units fluctuates over extended periods of time.

Impact

- **Populations served:** Low to moderate income levels
- **Income levels:** 0 – 120% AMI
- **Housing tenure/type:** For rent or sale; income-restricted units
- **Housing impact:** Inclusionary zoning directly supports creation of affordable units by requiring them as part of all large multi-family projects. However, IZ programs typically create a fraction of the needed affordable housing units in the community and their efficacy at producing affordable housing units fluctuates over extended periods of time. In Portland, the IZ requirements reportedly have led to a decline in the multi-family construction market. Also, due to the 20-unit threshold for IZ requirements, Portland has seen an increase in permits for apartments with 19 or fewer units, which do not have to provide

affordable units.¹⁴ This has sometimes resulted in less efficient use of land and could lead to slower housing supply growth and increasing rents in the city.

**Implementation
Actions**

Mandatory IZ. The following actions could be taken to assess the feasibility of a mandatory approach to inclusionary zoning:

1. Identify the approximate benefits of establishing a set of IZ provisions based on the expected number of developments that would be subject to the standards and the approximate number of resulting new units.
2. Estimate potential CET revenues that could be applied to covering the cost of implementing IZ standards.
3. Estimate the cost of establishing and administering the non-code-based elements of an IZ program, including a fee-in-lieu program and other finance-based incentives.
4. Determine if the expected benefits outweigh the costs of establishing an IZ program.
5. If the costs outweigh the benefits and the City decides to move forward with the program, establish needed code requirements and other administrative and financial procedures and protocols needed for implementation.

Voluntary IZ. The following steps could be undertaken to explore a voluntary approach to inclusionary zoning:

1. Identify programmatic opportunities for implementation (e.g., annexation agreements, incentives such as building height or density bonuses or parking reductions).
2. Determine appropriate ratios or requirements for the number or percentage of affordable units to be incorporated in applicable developments.
3. Develop sample annexation agreement language and/or other implementing procedures.
4. Undergo initial implementation through one or more test cases.
5. If test cases are successful, implement more broadly.

Implementing Entity(ies): Lead – City of Albany Community Development Department. Partners – Oregon Home Builders Association; for-profit housing developers.

¹⁴ City Observatory, with data from ECONorthwest and EnvisionPDXtrends. <https://cityobservatory.org/inclusionary-zoning-portlands-wile-e-coyote-moment-has-arrived/>

1.12 Incentivize and Promote Accessible Design

INITIAL PRIORITY: MEDIUM

Description This strategy involves incentives to increase development of housing that is accessible for people with disabilities or mobility challenges. Housing that is accessible for seniors and people with disabilities was identified by stakeholders in the HIP focus group meetings as a need that is not being met in the Albany housing market. This strategy would encourage accessible units through development code, regulatory, or financial incentives and through education to the development community.

To qualify for incentives, the units could be required to meet certain standards, such as Universal Design or Lifelong Housing Certification.

- **Universal Design** is a building concept that incorporates design layouts and characteristics into residences to make them usable by the greatest number of people and respond to the changing needs of the resident. Universal Design incorporates standards for features such as hallways, doorways, bathrooms, and kitchens that make these features usable for people with disabilities or adaptable for that purpose.¹⁵
- **Lifelong Housing Certification** is a program developed by the Rogue Valley Council of Governments (RVCOG) in partnership with AARP Oregon as a voluntary certification process for evaluating the accessibility and/or adaptability of homes. Residences can be certified at three levels based on the extent of their accessibility: (1) Visitable (basic accessibility for visitors); (2) Fully Accessible (accessible for a person in a wheelchair on the main floor); and (3) Enhanced Accessibility (customized for specific accessibility needs).¹⁶

Legal Basis N/A

Options and Alternatives **Development Code incentives.** The City could provide incentives in the ADC for accessible units meeting one of the standards above (or a similar standard). These could be similar incentives to those discussed under Strategy 1.7 for incentivizing affordable or workforce housing—such as density or height bonuses or parking reductions.

Permitting incentives. Projects with accessible units could receive expedited development review and permitting. This strategy will be discussed in Part 2 of this report.

Financial incentives. Financial incentives could include planning and building fee reductions and system development charge deferrals. Accessibility provisions could also be incorporated into a tax abatement program. These incentives will be discussed in Part 2 of this report.

Provide information to developers. The City could also provide information (such as

¹⁵ Universal Design Standards, West Virginia Housing Development Fund. <https://tinyurl.com/yx63h792>

¹⁶ Lifelong Housing Program, RVCOG. <https://rvcog.org/home/sds-2/lifelong-housing-program/>

handouts or information on their Website) to educate builders and contractors on ways to adopt plans with Universal Design principles or to make homes visitable (e.g., accessible bathroom on first floor, stairs/ramp/pavement into home, etc.).

Issues or Constraints If the incentives are not set at the right level to be attractive to use, they may not be effective. The incentive(s) should be calibrated effectively to be attractive to both a non-profit and for-profit developer. The benefit of using the incentive should outweigh the costs associated with implementing accessible design features.

Impact

- **Populations served:** Seniors and people with disabilities
- **Income:** 0 – 120+% AMI
- **Housing tenure/type:** For rent or sale
- **Housing impact:** This strategy will not directly result in the production of new units, but it may increase the number of new units that have accessibility features incorporated into the design—or it may increase the number of units remodeled with accessibility features.

Implementation Actions

- Develop an incentive program and source of funding to increase the number of dwelling units designed accessibly.
- Work with developers to gather feedback on program parameters and interest.
- Implement program through Council action.

Implementing Entity(ies): Lead - City of Albany Community Development Department. Partners – Oregon Home Builders Association; Fair Housing Council of Oregon; AARP.

1.13 Require Accessible Design for Publicly Supported Units

INITIAL PRIORITY: MEDIUM

Description This strategy involves requiring all housing units receiving public funding to be designed to meet Universal Design, Lifelong Housing Certification, or similar standards (see Strategy 1.12).

Legal Basis Several federal laws have accessibility requirements for housing development:¹⁷

- The **Fair Housing Act** requires all new multi-family housing with four or more units to be designed and built to allow access for persons with disabilities. For

¹⁷ Accessibility Requirements for Buildings, HUD.

https://www.hud.gov/program_offices/fair_housing_equal_opp/disabilities/accessibilityR#:~:text=Accessibility%20Requirements%20for%20Federally%20Assisted,for%20persons%20with%20mobility%20disabilities.

buildings with an elevator, all units must be accessible. For those without an elevator, all ground floor units must be accessible.¹⁸

- The Architectural Barriers Act (ABA) of 1968, Title II of the ADA, and Section 504 of the Rehabilitation Act all have requirements for **public housing** projects or those receiving **federal funding**. Such developments are subject to the Uniform Federal Accessibility Standards (UFAS) or the 1991 ADA Standards, as applicable.¹⁹

All multi-family developments are subject to the Fair Housing Act, and those receiving federal grants and loans (which is common for affordable housing projects) are subject to the other federal standards. However, the standards only apply to certain units in a development or to a percentage of units.

Options and Alternatives

Require all housing units receiving public funding to be accessible. The City could apply higher accessibility standards than is federally required for projects that are funded through City dollars (i.e., subsidized affordable housing). The City could apply the standards to all units (not just certain units), and could require units to meet Universal Design, Lifelong Housing Certification, or similar standards. See Strategy 1.12 for discussion of these standards.

Require elevators in multi-story buildings. The City could consider requiring elevators in any multi-story buildings that are supported by the City. Currently, the Building Code only requires elevators to reach common spaces (such as exercise rooms) or units required to be accessible. Requiring elevators in one or more buildings would make all levels of that multi-family building accessible for those with mobility challenges. It would also make all units “covered” units under the Fair Housing Act, meaning all units would need to have accessibility features.

Issues or Constraints

Accessibility features can add to the cost of construction for a development, which can make affordable housing projects less financially feasible. Elevators, in particular, add significant cost to a project. While these requirements may provide more accessible units, they could prevent some affordable housing projects from being developed. As with any large cost factor in a development, the expense can become more feasible if shared across a larger building with more units. Steps such as providing dedicated accessible units on the ground floor can help manage these challenges.

Impact

- **Populations served:** Seniors and people with disabilities; extremely low to moderate income households
- **Income:** 0 – 120% AMI
- **Housing tenure/type:** For sale or rent
- **Housing impact:** This strategy will not directly result in the production of new units, but it may increase the number of new units that have accessibility

¹⁸ Disability Law Handbook, Southwest ADA Center.

<http://www.southwestada.org/html/publications/dlh/housing.html>

¹⁹ Uniform Federal Accessibility Standards (UFAS). <https://www.access-board.gov/aba/ufas.html>

features incorporated into the design.

Implementation Actions

- Work with non-profit housing developers to gather input on potential new requirements.
- Develop requirements for accessible housing—either through the Municipal Code or ADC.
- Adopt requirements through Council action.

Implementing Entity(ies): Lead - City of Albany Community Development Department. Partners – non-profit housing providers; Fair Housing Council of Oregon; AARP.

CATEGORY 2. POLICY AND LAND SUPPLY STRATEGIES

The following strategies could be considered to address Albany’s existing land capacity and its ability to accommodate needed housing and support affordable housing development.

2.1 Rezone and Redesignate Land

INITIAL PRIORITY: LOW

Description

This strategy involves rezoning land from other residential designations and/or from non-residential designations to meet specific housing needs.

Albany’s 2020 HNA found that if the city continues to grow at its current rate, it may have insufficient capacity to accommodate the forecasted medium-density and high-density housing need. At the same time, the HNA identified a surplus of capacity for low-density housing. One potential strategy to address a deficit of land for medium- and high-density housing would be to rezone land within the city from a lower-density to a higher-density designation (i.e., to RM - Residential Medium Density or RMA - Residential Medium Density Attached).

To reduce or address concerns related to compatibility of adjacent lower and higher density areas, the City would most likely want to target higher-density single-family zones (rather than the lowest-density areas) for potential rezoning. Any rezoning of a single-family zone to a medium-density zone would also need to be accompanied by amendments to Albany’s Comprehensive Plan map (which applies two residential land use designations: Residential - Low Density and Residential - Medium Density).

A variation on this approach can be applied in areas within the City’s UGB which have not yet been annexed to the City. For example, much of the area in East Albany has not yet been annexed and is essentially within a rural holding zone, but has a Comprehensive Plan designation which broadly allows a wide range of housing types and densities. As part of the annexation process, medium and higher

density residential zones or mixed use zones may be applied to these areas which will increase the capacity for higher density housing in these areas.

In considering the most appropriate locations for City-initiated rezoning of land, the City should use the following criteria or factors:

- **Proximity to transit and services.** Ideally, higher-density areas should be close to transit and to supporting commercial and other services (schools, parks, etc.) to help ensure that residents can easily access these services and daily needs by walking, biking, taking transit, or driving. Proximity to arterial or collector streets could also be a consideration, and would support greater access to services.
- **Size and ownership.** The City should prioritize relatively large sites (3-10 acres) for rezoning, but could prioritize smaller sites adjacent to services. Larger sites will be more attractive for development and provide more flexibility for site design.
- **Proximity to existing high-density areas.** Extending an existing area of high-density land would reduce impacts on the transition between lower- and higher-density areas and could increase the level or potential for support from surrounding property owners. However, this criterion would not support broader distribution of higher-density zoning in the city, and would contribute to more concentration of multi-family housing.

Legal Basis Legislative Zoning Map and Comprehensive Plan Map Amendments are processed through the Type IV-L review procedure and are decided by City Council. The City would need to demonstrate that the proposed rezoning best satisfies the goals and policies of the Comprehensive Plan (per ADC 2.740).

Options and Alternatives As explained in the HNA, the official growth forecast (which showed a lower annual growth rate than the alternative forecast) does not indicate a future deficit of land for medium- and high-density housing. Accordingly, the City may want to consider rezoning as a longer-term strategy or a strategy to pursue if growth rates continue to be higher than the official forecast over the next several years. The City could also evaluate the potential need for medium- and high-density land and housing in the urban fringe and in planning for areas of new growth, for example, as part of the East Albany planning process as described above. The City's Urban Residential Reserve (URR) designation—which applies to areas between the developed urban area and the Urban Growth Boundary—allows for every residential zone and some commercial and mixed-use zones, and does not provide much certainty for planning purposes. The City should consider redesignating portions of URR land as Residential – Medium Density in planning for new growth in these areas as noted above.

Issues or Constraints Rezoning land could displace existing residents. Lower-income residents may be most vulnerable to rezoning, unless affordable housing preservation actions are taken in conjunction with rezoning.

- Impact**
- **Populations served:** All income levels
 - **Income:** 0 – 250+% AMI
 - **Housing tenure/type:** For rent or sale
 - **Housing impact:** The amount of housing production depends on the size and number of properties that are rezoned. If this strategy identified, for example, 5 acres of land for residential redevelopment at 35 units per acre (per the RMA zone), this strategy could facilitate up to 175 units of housing from land currently zoned for lower-density.

- Implementation Actions**
- Establish criteria to identify land to rezone for higher-density residential uses.
 - Analyze candidate sites and work with property owners, including through planning processes such as the East Albany planning process.
 - Pursue a public process (with public hearings) to implement the zone changes, including through annexation and application of urban zoning designations.

Implementing Entity(ies): Lead – City of Albany Community Development Department. Partners – Property owners of land considered for rezoning as well as adjacent/nearby property owners.

2.2 Surplus Land for Affordable/Needed Housing

INITIAL PRIORITY: HIGH

Description This strategy involves providing City-owned or other surplus land owned by public agencies or institutions to support development of long-term affordable housing. As the needs of public agencies or institutions change over time, properties may not be needed for their originally intended purpose. Also, sometimes sites that are still serving their intended purpose are larger than needed, and the unused portion could be converted to other uses. When these opportunities come up, the City can capitalize on them to support development of affordable housing.

Other public agencies and institutions (including religious institutions) may also have land that they no longer need and are willing to make available for affordable housing. Some may be legally required to sell surplus and excess property at fair market value, but others may have flexibility for how they dispose of this land and may be willing to partner with the City to consider opportunities to use this land for affordable housing. In some cases (e.g., with faith-based institutions), developing affordable housing may be consistent with or further the mission of the organization.

Legal Basis The City should review its existing policies for surplus land to determine whether this strategy is viable—or whether existing policies need to be amended.

- Options and Alternatives**
- Sell surplus land at cost or below market value to developers of long-term affordable housing.

- Allow long-term leases (e.g., 100 years) at minimal cost for land that is not yet ready to surplus.
- Allow first right of refusal to a land bank, land trust, or non-profit affordable housing provider.
- Consider partnering with the County, school district, or religious institutions to broaden the potential impact of the program.

Issues or Constraints

If certain public land is used for affordable housing, it may not be able to be used for other city functions. However, if the land is deemed as surplus or excess land, it may not be needed for other city purposes. If the land is owned by an institution, such as a church, it may be able to be used, purchased, or donated for affordable housing.

Impact

- **Populations served:** Extremely low to low-income households
- **Income:** 0 – 80% AMI
- **Housing tenure/type:** For rent or sale; income-restricted units
- **Housing impact:** This strategy allows the City of Albany to directly influence the ability to secure land for affordable housing, by offering particular properties only to affordable housing developers. It can also influence the cost of land, by buying down prices to support affordable housing.

Implementation Actions

- Inventory City-owned land within Albany that may be suitable for affordable housing development and determine what land is currently surplus or excess or may be deemed so in the next few years.
- Reach out to other public agencies and institutions, including religious institutions, that own land within Albany to determine if these entities are willing to include their lands in the inventory.
- Review policies and procedures related to surplus and excess lands to determine whether changes or refinements are needed to enable or encourage them to be made available for affordable housing.
- Establish protocols for how affordable housing developers would be selected when land is available.
- Negotiate with affordable housing developers to implement future projects on specific properties identified through the steps above.

Implementing Entity(ies): Lead – City of Albany Community Development Department. Partners – Linn and Benton Counties; Linn-Benton Community College; Greater Albany Public Schools; religious institutions.

2.3 Land Banking

INITIAL PRIORITY: LOW-MEDIUM

Description Land banking is the acquisition and holding of properties for extended periods of time without immediate plans for development, but with the intent that properties eventually will be developed for affordable housing. Land banks often are quasi-governmental entities created by municipalities to effectively manage and repurpose an inventory of underused, abandoned, or foreclosed property. Public agencies or larger non-profits may be better equipped than small community development corporations to do both land acquisition and banking.

Land banking can be used as an anti-displacement strategy. Land banks can acquire land in high-opportunity areas where prices are going up and develop affordable housing before the market becomes too competitive.

Most land banks rely on property tax-related revenue streams, although some have relied on private foundation or federal grants. Tax Exemptions (to be discussed in Part 2 of this report) can be applied to land held for the purpose of developing low-income housing. Therefore, tax exemptions can help make land banking more financially feasible as an affordable housing strategy.

Legal Basis In 2015, state legislation (House Bill 2734) made it possible for local governments to create government authorities that have an explicit focus on buying and holding land. While the land bank legislation was created with the intent of incenting brownfield redevelopment, the tool can be used for the purpose of creating affordable housing.

- Options and Alternatives**
- The City could manage its own land bank or acquisition strategy, or work in concert with a non-profit or non-governmental entity at a larger, regional scale that manages a portfolio of properties to support affordable housing development over many years. Ideally, the land bank would be set up to manage financial and administrative resources, including strategic property disposal, for the explicit purpose of supporting affordable housing development.
 - The land bank would purchase vacant land in high-opportunity areas close to transit, schools, and other important amenities and require that the land be used for the development of affordable housing.
 - In most cases, land banking programs have focused on properties in tax foreclosure, but Albany's program could explore voluntary donation or purchase on the open market.
 - One way the City could support a land bank is to assist with creating an inventory of suitable sites for housing development, based on infrastructure conditions, location, and other factors.

- Issues or Constraints**
- Vacant land in high-opportunity areas is scarce in Albany. Key challenges for land acquisition include reliably identifying future areas of gentrification before prices go up, developing the resources necessary to purchase the land, creating

mechanisms for easy land transfer and removing the liability associated with holding land.

- Land banking requires political commitment over time and across market cycles.
- Purchasing new land requires agencies to find and secure the property and fund land acquisition and due diligence.
- Administering a land bank can be costly.

- Impact**
- **Populations served:** Extremely low to low income households
 - **Income:** 0 – 80% AMI
 - **Housing tenure/type:** For rent or sale; income-restricted units
 - **Housing impact:** Land banks support affordable housing development by reducing or eliminating land cost from development. However, the impact of a land bank program would depend on the availability of suitable land the City's capacity to administer or support the program.

- Implementation Actions**
- Evaluate use of existing GIS tools to inventory publicly and privately owned properties in areas well suited for a land bank purpose.
 - Partner with and contribute funds or land to an existing non-profit land bank or participate in the formation of a new non-profit land bank if one does not exist with sufficient capacity to serve Albany.
 - Incorporate publicly owned land into a bank or acquire new land to incorporate.

Implementing Entity(ies): Lead – City of Albany Community Development Department or Non-profit organization. Partners – Land bank entity.

IV. Next Steps

The project team will review the draft housing strategies and background information presented in this document with the Housing Affordability Task Force (HATF) in July 2022. At the same time, the team will prepare Part 2 of the report, which will address Financial and Regulatory Incentives, Funding Sources, and Programs and Partnerships. The HATF will review Part 2 of the report in early fall 2022.

Following HATF review, community members will have an opportunity to review and comment on the draft housing strategies at a public open house (either virtual or in-person or both) and through an online survey.

The project team will then work with City staff to refine the strategies and to identify more detailed implementation actions for high-priority items. The final product will be a Housing Implementation Plan, which the project team will further refine with HATF input before it goes through the City's adoption process.



memo

to Anne Catlin, Matthew Ruetters & Beth Freeland, City of Albany
 from Kate Rogers & Matt Hastie, MIG|APG
 cc Brendan Buckley, Johnson Economics
 re **Albany Housing Implementation Plan**
Background Report & Draft HIP, Part 2
 date 9/9/2022

I. Introduction

Project Overview

The purpose of the Albany Housing Implementation Plan (HIP) is to identify a set of policies and tools that the City of Albany can implement in order to facilitate housing development that meets the needs of the community. The HIP will prioritize current and future housing needs and will outline equitable and actionable policies, strategies, and implementation steps needed to encourage the production of needed housing.

The project goals and objectives are to:

- Identify and assess policies and strategies to increase housing options and opportunities that meet the needs of Albany residents as projected in the City's 2020 Housing Needs Analysis.
- Identify housing resources and constraints, including evaluation of existing strategies and recommendations for new actions to increase housing supply or provide regulatory streamlining.
- Engage a broad spectrum of the community in conversations and input around housing needs and strategies using a variety of engagement strategies.
- Adopt policies and tools that promote fair and equitable housing choices for all residents, especially residents of protected classes and those experiencing housing insecurity.

The outcome of the project will be recommendations for adoption of a range of housing strategies, including amendments to the Albany Development Code. The HIP will also provide the foundation for updating the Housing element of the Albany Comprehensive Plan.

This *Background Report and Draft Housing Implementation Plan* provides a preliminary summary and evaluation of various strategies, tools, and policies that the City may consider as part of its Housing Implementation Plan. Further description of the contents of this report are provided in Section II.

This document represents "Part 2" of this effort. A companion "Part 1" document described additional potential strategies, as described below. That report also included more background information on current housing needs in Albany and recent City efforts to address those needs.

II. Housing Strategies Overview

This report provides a preliminary summary and evaluation of various strategies, tools, and policies that the City of Albany and its partners could employ to facilitate housing development that meets the current and future housing needs of the community. As a starting point, the project team assembled an initial list or “menu” of potential strategies that was derived from the following sources:

- Recommendations from the Housing Strategies Report that accompanied the City’s 2020 HNA.
- The master list of housing Tools, Actions, and Policies that the Oregon Department of Land Conservation and Development (DLCD) assembled as a resource for local governments in preparing Housing Production Strategies.¹
- Ideas from City of Albany staff and local housing stakeholders.

The project team reviewed the initial, more exhaustive, strategies menu with the Housing Affordability Task Force (HATF), who helped refine and prioritize the list. The strategies considered in this report are those that HATF members and the project team saw as having the most merit. These strategies will be further refined through the evaluation process and through additional discussion with the HATF and other community engagement efforts.

What’s in the Report

This report provides background information for the strategies and takes a closer look at the potential impacts to housing supply/affordability and steps needed for implementation. The report goes into greater detail for those strategies identified as higher-priority (based on HATF and staff input) and provides a more high-level summary for low-priority strategies.

The summary of each housing strategy includes the following information:

Description What is the strategy? How can the strategy work to increase housing availability and affordability in Albany? What are potential outcomes?

Legal Basis Are there any legal backings/requirements that are needed to allow for or implement the strategy?

Options and Alternatives Are there any alternative ways to implement the strategy related to fees, regulatory standards, or other variables?

Issues or Constraints What opportunities, constraints or negative issues may be associated with adoption of the housing policy or strategy?

Impact What populations, income levels, and housing types are supported? Anticipated impact on the relative cost, financial feasibility, and affordability of housing are discussed.
[More in-depth for higher-priority strategies.]

Implementation Actions What actions will the local government and other stakeholders need to take to implement the strategy?
[NOTE: The implementation actions are relatively high-level at this stage in the

¹ Oregon DLCD, HPS Tools, Actions, and Policies. https://www.oregon.gov/lcd/UP/Documents/660-008-0050_HPS_List_Tools_Actions_Policies.pdf

HIP process. The project team will go into more detail for higher-priority strategies in a later version of the HIP once the strategies have been refined.]

In researching the housing strategies, the consultant team relied on its own research conducted for Albany and other jurisdictions in Oregon, on similar reports prepared for other communities, and on best practices and case study research for housing policies and programs in Oregon and beyond.

Two-Part Report

This report constitutes Part 2 of a two-part report. Part 1 looked at strategies in the following two categories:

1. Development Code / Regulatory Strategies
2. Policy and Land Supply Strategies

Part 2 describes strategies in the remaining three categories:

3. Financial and Regulatory Incentives
4. Funding Sources
5. Programs and Partnerships

A summary table of the strategies included in both Parts 1 and 2 is provide below.

Table 1. Summary of Housing Strategies

	Strategy	Page #	Initial Priority
1. DEVELOPMENT CODE / REGULATORY STRATEGIES (Report Part 1)			
1.1	Ensure Land Zoned for Higher Density is not Developed at Lower Densities	-	Medium
1.2	(Incentivize) Smaller units with Smaller Lots/Prorate Density Calculations	-	High
1.3	Evaluate Existing Development Standards	-	Medium-High
1.4	Flexibility for Accessory Dwelling Units (ADUs)	-	Low
1.5	Encourage Tiny Homes and Villages	-	Medium
1.6	Legalize Alternative Housing Types on Wheels and in Parks	-	Low
1.7	Zoning Incentives for Affordable or Workforce Housing	-	Medium
1.8	Provisions for Single Room Occupancy (SRO) Housing	-	Medium-High
1.9	Evaluate mixed use and commercial zones for housing capacity	-	Low
1.10	Mixed Housing Types / Income Levels in Planned Developments	-	Low
1.11	Inclusionary Zoning	-	Low
1.12	Incentivize and Promote Accessible Design	-	Medium
1.13	Require Accessible Design for Publicly Supported Units	-	Medium
2. POLICY AND LAND SUPPLY STRATEGIES (Report Part 1)			
2.1	Rezone and Redesignate Land	-	Low
2.2	Surplus Land for Affordable/Needed Housing	-	High
2.3	Land Banking	-	Low-Medium

	Strategy	Page #	Initial Priority
3. FINANCIAL AND REGULATORY INCENTIVES (<i>Report Part 2</i>)			
3.1	Pre-Approved Plan Sets for Middle Housing and/or ADUs	5	Low-Medium
3.2	Tax Abatements	7	High
3.3	System Development Charge (SDC) Deferrals, Exemptions or Reductions	10	High
3.4	Expedited Permitting for Affordable/Needed Housing	13	Low
4. FUNDING SOURCES (<i>Report Part 2</i>)			
4.1	Construction Excise Tax (CET)	15	Medium-High
4.2	General Obligation Bonds for Affordable Housing	17	Medium
4.3	Tax Increment Financing (TIF)	19	Medium
4.4	Federal CDBG and HOME Funding	21	Low
4.5	Demolition Taxes	23	Medium
5. PROGRAMS AND PARTNERSHIPS (<i>Report Part 2</i>)			
5.1	Public-Private Partnerships (PPPs)	25	Medium-High
5.2	Support for Existing Affordable Housing and Residents	28	Medium
5.3	Providing Information and Education to Small Developers	30	Low-Medium
5.4	Conversion of Underperforming or Distressed Commercial Assets	31	Low
5.5	Housing Trust Fund	33	Medium

III. Housing Strategy Summaries & Evaluation

CATEGORY 3. FINANCIAL AND REGULATORY INCENTIVES

The following incentive strategies are intended to make development of housing—particularly affordable housing—more feasible or financially viable by reducing fees or other costs and by reducing process barriers.

3.1 Pre-Approved Plan Sets for Middle Housing and/or ADUs

INITIAL PRIORITY: LOW-MEDIUM

Description Pre-approved building and site plans are plan sets that have been reviewed in advance for conformance with zoning and building codes. Pre-approved plan sets can reduce housing development costs by reducing design and permit process times and fees.

This strategy might encourage homeowners to build an ADU in cases where the homeowner does not have the resources or desire to hire an architect to produce a custom design.

For middle housing, pre-approved plans may attract developers that typically develop only single-family housing to get into missing middle housing production.

For pre-approved plan sets, the Building Department may decrease the charges (plan check fee) and decrease the approval time for applicants. The City Building Official has indicated that they would support reduced costs.

Cities in Oregon, Washington, and elsewhere in the U.S. have used this approach to streamline the development review process, providing an incentive for certain types of housing development. Some of the plan programs also seek to promote improved residential design that fits a neighborhood context. This often works best for simpler types of development and could work especially well for ADU plans. Below are examples of this approach in other cities.

- **Eugene, OR:** In 2021, the City of Eugene launched a Pre-Approved ADU Program. The City created two pre-approved accessory dwelling unit plans that are available to download for free from the City's website. These plans include options for variations in exterior materials and roof style. The City also plans to add additional plans in an online library created by local architects. Property owners will still need to develop a site plan and pay applicable fees, however using the pre-approved ADU plans saves the cost of plan review fees, in addition to saving time by streamlining the process.²
- **Portland, OR:** In 2007, Portland developed a set of housing prototype plans geared toward infill development on small sites in low- and medium-density

² Pre-Approved Accessory Dwelling Unit (ADU) Plans Program, City of Eugene. <https://www.eugene-or.gov/4707/Pre-Approved-ADU-Plans>

multi-dwelling zones. Portland’s Infill Design Project objective was to improve design outcomes for smaller-scale infill development in existing neighborhoods and to facilitate development of smaller-scale housing that could meet the needs of families with children. Portland solicited prototype designs from architects through a competitive process. The prototypes were designed to be suitable for common infill situations, to meet City regulations and design objectives, and to be feasible from a market perspective. The housing prototypes covered development forms including cottage cluster, cottage court, rowhouses, townhouses, house-plexes (a multi-unit building that resembles a large house), and courtyard flats.³ While Portland’s code has undergone significant changes since that time and the prototypes are now outdated, the former program still serves as an example that could be replicated in other cities.

- **Roanoke, VA:** Roanoke’s Residential Plans Library is a database of professionally designed residential building plans available for purchase that complement the character of Roanoke’s neighborhoods. The plans are all pre-approved for compliance with the Neighborhood Design District and building code. As such, the plans come with reduced permitting fees, since plan review requirements already have been addressed.⁴ While Roanoke’s plans library only includes designs for single-family detached homes and duplexes, the model could potentially be applied to ADUs (or other housing types) as well.

Legal Basis Approval or pre-approval of building plans is at the discretion of the local permitting jurisdiction.

- Options and Alternatives*
- The City could consider partnering with a university—such as Oregon State University or the University of Oregon—or a design institution to develop plans. The City could also consider developing a competition to produce plans, adopting pre-approved plans developed by other cities, or working with other cities to develop pre-approved plans.
 - The City could offer the plans for free and downloadable from the City’s website (as does the City of Eugene). Alternatively, the City could work with a number of design firms to pre-approve their plans, which could then be purchased at a reduced cost. Local design firms might see this as a marketing opportunity to sell their pre-approved plans multiple times.

- Issues or Constraints*
- Pre-approving batches of similar designs for middle housing could detract from unique neighborhood character in Albany if not developed appropriately. (This is less of an issue for ADUs, which are not as visually prominent on a site.) However, this is already difficult to avoid, given that many developers often use

³ City of Portland. Infill Design Toolkit. Available at: https://www.portland.gov/sites/default/files/2020-01/toolkit1208-optimized_bkmrks.pdf

⁴ Residential Plans Library, City of Roanoke, VA. <https://www.roanokeva.gov/1297/Residential-Plans-Library>

standard plans repeatedly. Some communities limit the number of times a plan can be used in a given area, prohibit use of the same design for buildings adjacent to or directly across the street from one another, or allow the plans to expire after several years.

- Template plans may not work on all lot layouts or provide enough personal design flexibility, and so would not be appropriate for all projects.
- There are upfront costs associated with developing the pre-approved plans, including paying design fees for architects that develop the base plans, and dedicating staff time for working with the architects and reviewing the plans.
- ADU plans may be more straightforward to develop and might be a good first step.

- Impact*
- **Affordability target:** All income levels
 - **Income:** 0 to 120+% AMI
 - **Housing tenure/type:** For rent or sale
 - **Housing impact:** It is difficult to estimate how effective pre-approved plan sets would be in promoting development of middle housing because it is not clear that they will be favored by the development community.

- Implementation Actions*
1. Develop ADU and/or middle housing type plans in collaboration with developers and the community.
 2. Work with Albany's Planning Commission and City Council to adopt pre-approved plans.

Implementing Entity(ies): Lead – City of Albany Community Development and Building Divisions. Potential partners – other cities, university(s), design firms.

3.2 Tax Abatements

INITIAL PRIORITY: HIGH (FOR CERTAIN TYPES)

Description Tax abatements are reductions in property taxes for housing. Abatements may include full or partial tax exemptions or freezes on the assessed value of properties. Abatements are often provided to non-profit corporations or to private developers in exchange for developing affordable housing or other desired housing types (such as mixed-use). Property tax exemptions or freezes can also be applied to housing in distressed areas, or for rehabilitated housing. Property tax abatements reduce ongoing operating costs for affordable housing projects, which can be greatly beneficial for affordable housing finances.

The state currently authorizes tax abatements for various types of housing and affordable housing through several programs outlined in the Oregon Revised Statutes (ORS). These include:

- Nonprofit Corporation Low-Income Housing (ORS 307.540 – 307.548)

- Low-Income Rental Housing (ORS 307.515 – 307.537)⁵
- Vertical Housing (ORS 307.841 – 307.867)⁶
- Transit-Supportive Multi-Unit Development (ORS 307.600 – 307.637) – city must identify specific areas
- Homebuyer Opportunity Limited Tax Exemption (ORS 307.651 – 307.687)

The City of Albany adopted the Nonprofit Low-Income Housing Tax Credit in 1993, which enables the City to exempt affordable housing developed by non-profit agencies from City taxes, although annual renewal is required. Because the City of Albany makes up less than 51% of the taxing district, only City taxes can be exempted unless the developer receives approval from Linn County and the school district to exempt their portions of property taxes as well.

The City could consider adopting additional tax abatement programs to incentivize development of other needed housing types. The highest-priority programs are discussed below. In particular, City staff has heard from local developers that Albany does not offer adequate incentives for development downtown, and that it is not competitive with other cities. Encouraging development downtown and/or in mixed-use areas could be a focus of this strategy.

Legal Basis The state authorizes specific types of tax abatements through the Oregon Revised Statutes (ORS). The ORS references are listed above.

Options and Alternatives **Low-Income Rental Housing (ORS 307.515 – 307.537)**. These ORS provisions allow tax exemptions for any entity that provides regulated affordable housing, including nonprofits and for-profit developers. Albany could potentially use these provisions to effectively extend its existing Nonprofit Low-Income Housing Program to all developers, making its tax exemptions more widely applicable. The statutes outline similar eligibility requirements, in that eligible properties must be offered for rent to low-income persons (at or below 60% AMI), or held for the purpose of developing low-income rental housing. However, unlike the Nonprofit Low Income Housing exemption, the exemption that is available to for-profit developers is limited to new construction, and not acquisition of existing housing. The tax exemption lasts for 20 years.

Vertical Housing Development Zone (ORS 307.841 – 307.867). This program allows a partial tax exemption of 20% per floor (and up to 80% total) for residential developments within a designated “Vertical Housing Development Zone” (VHDZ). The exemption is only allowed for the improvements to the property (not the land itself), unless the development provides low income housing; in that case, the land can also be exempted from property taxes at the same rate as the improvements (on a per-floor basis). The low income units must remain affordable for at least as long as the length of the tax exemption. The tax exemption is available for both

⁵ Oregon cities that have adopted the Low-Income Rental Housing tax exemption include Silverton, Springfield, Prineville, La Pine, North Plains, Bend, and Eugene (among others).

⁶ Oregon cities that have adopted the Vertical Housing tax exemption include Grants Pass, Hillsboro, Beaverton, Milwaukie, Gresham, Tigard, Wood Village, Forest Grove, and Estacada (among others).

new construction and rehabilitation projects, for the first 10 years of the project.

Transit-Supportive Multi-Unit Development (ORS [307.600](#) – [307.637](#)). The transit-oriented tax exemption is an abatement for multiple-unit housing in corridors and centers that support transit. Eligible development must be located in transit-oriented areas and have multiple units, but may include ground floor commercial space. The exemption can be provided for up to 10 years. The City has broad discretion as to how to structure the program and define affordability requirements, allowing it to act relatively independently (though it must get other taxing districts onboard in order to provide an exemption that goes beyond the City's portion of the tax bill). The exemption program does not have to be provided only for affordable housing but can be used in combination with other tax abatement programs. This incentive may encourage development downtown and along Albany's transit corridors, including future mixed-use areas.

Issues or Constraints

Tax exemptions apply only to the tax levy of a governing body that adopts the provisions of the tax exemptions. The City and participating taxing districts will lose property tax income for the duration of any tax exemption, reducing revenue for city services and revenue for participating taxing districts. A city must seek approval from partner jurisdictions that, together with the city, make up at least 51% of the overall tax levy. In the case of the City of Albany, which makes up roughly 38% of the local levy, the agreement of either the County or School District or both would be required, as these are the two other sizable taxing levies.

The usage of tax abatement programs by private developers will generally be related to the underlying market forces already present in the community. For instance, if some areas or neighborhoods are on the cusp of seeing more vertical housing development, then a VHDZ will likely see greater usage, amplifying the benefits such as greater density, more housing and mixed uses. However, if a neighborhood is not ready for vertical housing, this incentive is unlikely to make it desirable to a private developer. For that reason, focusing the vertical housing or transit-supportive programs where they already enjoy some support is recommended.

Low-income housing tax credits are typically used by agencies or developers who are already interested in providing this form of housing. The tax credit can be an integral part of the complex financing and incentive package that is typically required to make a low-income housing project feasible. Tax abatements are valuable in helping to defray costs and make up the reduced income from restricted rents. These abatements can help achieve more low-income housing by making it feasible for some projects to increase their unit count and even encouraging some market-rate projects to include affordable units.

- Impact**
- **Affordability target:** Depends on the abatement program – could target 60%-80% AMI affordability level and/or market-rate units.
 - **Income:** Depends on the abatement program
 - **Housing tenure/type:** For rent or sale
 - **Housing impact:** Tax abatement programs can be a powerful additional incentive to increase the feasibility of low-income housing, and perhaps

increase the number of units feasible in planned projects. These programs would almost certainly be used. Abatements for vertical housing or transit-supportive may be effective in the downtown area if that is a priority for the City. Prospects have approached the City about these exemptions for development downtown and affordable housing development.

Implementation Actions

1. Assess which tax abatement program(s) to implement and/or update. Create evaluation criteria to decide which types of housing would be eligible for certain types of exemption programs in Albany.
2. Discuss potential programs with key stakeholders, including other City departments, overlapping taxing districts, and developers.
3. Seek Council direction on any eligibility criteria that should be incorporated into the program(s).
4. If the program(s) are determined to be feasible and approved by the other taxing districts, the City should develop a program framework and application process based on the recommended criteria.
5. Identify staff capacity and roles for assisting developers during the application process and monitoring the compliance during operations.

Implementing Entity(ies): Lead - City of Albany Community Development Department. Partners - Housing developers, lenders, and overlapping taxing districts.

3.3 System Development Charge (SDC) Deferrals, Exemptions or Reductions

INITIAL PRIORITY: HIGH

Description SDCs are one-time charges assessed on new development to pay for the costs of expanding public facilities. The City of Albany charges SDCs for water, sewer, parks, and transportation. Greater Albany Public Schools also charges a construction excise tax (effectively an SDC) for new construction in the city (except for affordable housing). Some jurisdictions offer full or partial SDC exemptions to incentivize affordable housing or desired market-rate residential development or subsidize SDCs with funding from another source (e.g., Construction Excise Tax, urban renewal/TIF, or general fund). A related type of program can allow developers of affordable/desired housing to defer or finance payment of fees, which can reduce up-front costs and financing costs for the developer.

Legal Basis Albany's authority to establish SDCs is contained in Chapter 15.16 of the Albany Municipal Code.

Policy-based reductions, waivers, or exemptions that do not have a basis in reduced impacts or costs are not explicitly addressed in Oregon's SDC laws, and local jurisdictions have taken a range of approaches to navigating this ambiguity.

The state statute enabling inclusionary zoning (ORS 197.307(4)-(10)) identifies SDC

and permit fee reductions or waivers as incentives that may be offered to development impacted by an inclusionary zoning requirement. While the statute does not include further discussion on SDC or permit fee waivers or reductions for affordable housing generally, it has been interpreted by some as authorizing SDC reductions or exemptions for affordable multifamily development without changes to the jurisdictions' SDC methodology. Other jurisdictions have indicated that "waiving" SDCs does require either changing the SDC methodology or backfilling lost revenues from another source.

Several cities in Oregon choose to exempt certain classes of development (such as ADUs and regulated affordable housing) from SDC requirements. House Bill 2001 requires cities to consider SDC deferrals or waivers for middle housing types.

Options and Alternatives **Deferrals and Reductions vs. Exemptions**

SDC deferrals typically allow a development to delay payment of the fees for a specified period of time (e.g., 6, 9 or 12 months) or until the certificate of occupancy is issued, rather than at the time the building permit is issued. SDC deferral can be combined with SDC financing so that payments begin at the certificate of occupancy or other specified time and continue for a certain number of years (e.g., 10 years). The City could consider deferring SDC payments for new residential construction until the certificate of occupancy is issued. While not many developers finance SDCs, the City could consider a lower interest rate (e.g., 0.25% above the Oregon Prime rate) and/or allow the lien to be in second position for affordable housing or other types of housing developments.

A financing program can be beneficial to the property owner because fees are paid gradually, rather than in a lump sum soon after the completion of the project. However, a financing program also brings additional administrative requirements and costs to the City to track and collect payments over time.

SDC Reductions – One approach to reducing SDCs is to scale the SDC methodologies to dwelling size. In general, SDC methodologies are intended to be commensurate with the cost or impact to the system. Smaller housing types such as ADUs typically have lower impacts to the system, as their smaller footprint and lower occupancy results in lower needs for water, sewer, and transportation facilities. Duplexes, triplexes, fourplexes and cottage cluster housing units may have similarly reduced impacts on average.

Scaling SDC methodologies ensures that smaller dwelling sizes and middle, and multi-family housing are not disproportionately burdened by fees, and therefore, are encouraged. This provides a more equitable approach to SDC fees, and reduces barriers to construction of more affordable, smaller-scale homes, including middle and other alternative housing forms.

The City is currently proposing to change the SDC methodology for residential development so that fees for single-unit dwellings are scaled to dwelling size and middle housing types would be scaled to be less than the fee for an average sized single-unit home. Fees for apartments are proposed to be reduced even further. For example, wastewater SDC fees for two to fourplexes would be charged 0.9 of the fee for the average house size (1 EDU), and apartments would be charged 0.68 of

the EDU.

SDC exemptions provide larger incentives for housing development by providing additional cost savings to developers. This is especially helpful for regulated affordable housing development, and can help projects “pencil out” financially. However, exemptions can be more challenging to the local jurisdictions in terms of lost revenue, and often need to be backfilled with other funding sources. *Since SDC revenues are needed to expand or make system improvements, staff is supportive of other funding sources being used to pay SDC fees for identified needed housing types, rather than exemptions.*

Housing Types

ADUs. One relatively popular program in Oregon is reducing or exempting SDCs for accessory dwelling units (ADUs). Currently in Albany, when a new ADU permit comes in, it is subject to the standard SDCs, with the exception of water. The water SDC is only charged if a separate service is requested. SDCs for ADUs are reported by some local jurisdictions to have an outsize effect on discouraging ADU construction.⁷ As an example, the City of Springfield is offering a temporary waiver of transportation, stormwater, and local wastewater system SDCs for new ADU construction through June 2027.⁸

Affordable housing. Other cities have reduced or exempted SDCs for regulated affordable housing. For example, the City of Eugene offers SDC exemptions for development or preservation of rental and homeownership housing affordable to low-income households.⁹ The exemption is available to rental housing developments for households with incomes of 60 percent of AMI, and for homeownership developments for households with incomes of 80 percent of AMI. The affordability requirement must be met for a period of five years. If the property ceases to be used for low-income housing within 5 years of being granted the exemption, the amount of the exemption must be repaid with interest. *Fee waivers are covered by annual transfers from the City’s general fund.* **Other needed housing types.** SDC deferral may be an appropriate strategy for incentivizing other housing types that are needed in the community and that are typically lower-cost, such as middle housing.

Issues or Constraints

- There may be legal limitations of the City’s ability to exempt, waive, or reduce SDCs (see Legal Basis, above) and there are specific requirements for how to implement an SDC fee reduction.
- Lower fees may result in less revenue for public purposes. SDCs are generally calibrated to reflect the true estimated cost of the additional development on the City’s systems. Eugene’s program for affordable housing is offset by

⁷ Oregon Metro. Accessory dwelling unit (ADU) zoning code audit report, 2018.

https://www.oregonmetro.gov/sites/default/files/2018/10/01/Build_Small_Coalition_2018_ADU_code_audit_report_final.pdf

⁸ Springfield ADU Program. <https://springfield-or.gov/city/development-public-works/applications-licenses-and-permits/accessory-dwelling-units/>

⁹ Eugene SDC Exemption RFP. <https://www.eugene-or.gov/4922/SDC-Exemption-Request-for-Proposals>

transfers from the City’s general fund. If Albany adopts a new funding source, such as a Construction Excise Tax (see Strategy 4.1), that could potentially be used to backfill lost funds from reduced SDCs.

- As reported in the Metro ADU study, SDC reductions or waivers alone may not be sufficient in reducing barriers to ADU construction. The study noted that even cities with reduced or eliminated SDCs did not necessarily report a significant boost in ADU permits. It is important to address zoning barriers (discussed in Strategy 1.4), in addition to the financial barriers posed by SDCs.

- Impact**
- **Affordability target:** Depends on how the program is structured and what the eligible housing types are.
 - **Income:** Depends on the program.
 - **Housing tenure/type:** For rent or sale
 - **Housing impact:** This strategy alone will not result in additional units, but it may incentivize the production of affordable housing and other needed housing types, which could increase the number of units developed. SDC deferrals or financing can improve the feasibility of projects, delay payment until the property is generating income, and still eventually provide the public revenue over time.

- Implementation Actions**
1. Consult with other City departments about the possibility of deferring or exempting SDCs.
 2. Work with housing stakeholder and City Council to determine what housing types to target with SDC deferrals, reductions, or exemptions.
 3. Consider new funding sources for backfilling lost SDC revenues—such as a CET.
 4. Work with other service providers to offer SDC deferral, reductions or exemptions.
 5. Adopt, implement, and track the effectiveness of the program.

Implementing Entity(ies): Lead - City of Albany Community Development Department. Partners – Other City Departments; Greater Albany Public Schools.

3.4 Expedited Permitting for Affordable/Needed Housing

INITIAL PRIORITY: LOW

Description A variety of strategies could be considered to reduce review and processing times for affordable housing development, such as formally adopting shortened review timelines for applications or giving priority in scheduling hearings and meetings with staff. The City could also prioritize projects with direct or indirect funding from the local government or could consider assigning a designated staff person to shepherd projects through the construction process in order to expedite the

process.

Legal Basis While state statutes control the overall timeline in which developments must be reviewed and approved, local jurisdictions are free to establish their own policies for shorter review timelines. The state already requires that cities make decisions on applications for affordable multi-family housing development (with at least 50% of units available at 60% AMI) within 100 days (per ORS 197.311).

Options and Alternatives The City could prioritize housing projects that receive direct or indirect funding from the local government. The City could also prioritize development of accessible housing units.

Issues or Constraints Expedited development review puts pressure on City staff during a time when many jurisdictions in Oregon are overwhelmed by the volume of development applications. The program must ensure that staff has the capacity to meet expedited timelines. Effectiveness also depends on cooperation of other departments (e.g., public works, transportation).

In addition, review timelines in Albany are already relatively short. Single-family detached and middle housing only require building permit review (10 day review time). Land use applications for housing are typically reviewed within 30-45 days for lower-level reviews to 60-90 days for higher-level reviews, which is less than the state-mandated timeline of 100 days for affordable housing development.

Impact

- **Affordability target:** Low income or workforce housing
- **Income:** 0 – 120% AMI
- **Housing tenure/type:** For rent or sale; income-restricted; accessible units
- **Housing impact:** The impact of expedited review is expected to be limited; while it could bring affordable units online faster and help limited funding go further to produce a few additional units, it may not be enough to incentivize more projects than would have occurred anyway. Also, like other strategies, it could be an effective addition to a suite of incentives and other tools.

Implementation Actions

1. Research best practices and staff capacity to help determine what reduced timeline staff can reasonably provide.
2. If expedited permitting timeline can be reduced, establish what the expedited review deadline would be.
3. Implement the program once the Community Development Department meets the needed staffing threshold.
4. Track legislative changes to state mandated review periods for affordable housing developments.

Implementing Entity(ies): Lead - City of Albany Community Development Department.

CATEGORY 4. FUNDING SOURCES

The following funding sources could create new revenues for Albany to increase its supply of needed housing, particularly affordable housing.

4.1 Construction Excise Tax (CET)

INITIAL PRIORITY: MEDIUM-HIGH

Description Construction excise tax (CET) is a one-time tax on construction projects that can be used to fund affordable housing projects and programs. According to state statutes, the tax may be imposed on improvements to real property that result in a new structure or additional square footage in an existing structure. Cities and counties may levy a CET on residential construction for up to 1% of the permit value; or on commercial and industrial construction, with no cap on the rate of the CET.

The allowed uses for CET funding are defined by the state law. The City may retain 4% of funds to cover administrative costs. The funds remaining must be allocated as follows, if the City uses a residential CET:

- 50% must be used for developer incentives (e.g., fee and SDC waivers, tax abatements, etc.)
- 35% may be used flexibly for affordable housing programs, as defined by the jurisdiction.
- 15% flows to Oregon Housing and Community Services (OHCS) for homeowner programs.

If the City implements a CET on commercial or industrial uses, 50% of the funds must be used for allowed developer incentives and the remaining 50% are unrestricted.

The primary advantage of a CET is that it would provide a source of funding for other programs or measures aimed at helping subsidize the cost of affordable housing in the community, either through City-led programs or those implemented by private or non-profit partners. In addition, once a CET is established, it would be straightforward to administer through the development permitting process.

Oregon cities that have passed a Construction Excise Tax for affordable housing include Grants Pass, Medford, Milwaukie, Corvallis, Cannon Beach, Newport, Hood River, Bend, Eugene, Tigard, and Portland (and likely others). More cities are currently considering a CET. Most cities are using or plan to use the revenues to offer grants and/or loans as flexible gap financing for affordable housing development.

Legal Basis The construction excise tax for affordable housing was enabled by Senate Bill 1533, which the Oregon Legislature passed in 2016. The limitations and requirements (discussed above) are outlined in ORS 320.170-195.

Options and Alternatives Alternatives and questions to consider if the City of Albany were to adopt a CET:

- Should a CET be applied to residential and/or commercial/industrial property types?
- What tax percentage should be levied on residential construction (up to 1%) and on commercial and industrial construction (unlimited). Most jurisdictions that have implemented CETs in Oregon levy taxes at a rate of 1% for both development types.
- Permitting data from 2016 through 2021 indicates that a CET could generate average annual revenue of \$185k for a 0.25% CET to \$740k for 1.0% CET (assumes same rate applied to value of residential and commercial permits). The amount of revenue needed to make a “meaningful” contribution to affordable programs will depend on perception. Certainly, \$740k in annual revenue for affordable housing programs would be a significant fund with which to contribute to desirable development, however even \$185k would allow a significant contribution to one or two projects per year.
- There are many ways to configure a CET based on which types of development it is applied to, and the tax rate. The numbers provided above might be considered “book ends” between which different program configurations would provide differing amounts.
- How should the 50% flexible commercial/industrial CET funds be dedicated (e.g., for economic development, affordable housing fund, or developer incentives)?
- What income levels should benefit from production of affordable units (e.g., households earning <60% AMI, <80% AMI, etc.)?
- Are there any conditions under which a developer would be exempted from paying the CET?

Issues or Constraints

- CET is a tax on development. It increases development costs in an environment where many developers are already seeking relief from systems development charges, so it could impact development feasibility and increase the costs of housing more generally. However, by structuring the policy with offsetting incentives or tools to reduce development barriers, the City could potentially limit the impact on feasibility for certain projects. Also, the City could limit a CET only to commercial/industrial development (i.e., exclude residential), and possibly only to larger projects, which may be less impacted by the tax.
- The additional costs to developers are typically passed on to tenants in new buildings, thereby increasing housing costs and commercial lease rates when demand for housing is high.
- Because CET revenue is development-derived, it will fluctuate with market cycles.
- The expected revenue from a CET to pay for desired programs should be weighed against these potential drawbacks.

Impact

- **Affordability target:** Depends on how the program is structured, but would be for extremely-low to low-income households.

- **Income:** Depends on how the program is structured. Could be 0-60% or 0-80% (or a different range).
- **Housing tenure/type:** For rent or sale
- **Housing impact:** CET is one of few options to generate locally controlled funding for affordable housing and could be implemented without a public vote. The estimates based on development activity since 2016 indicate that a CET could generate significant revenue to contribute to affordable housing projects. This fund could incentivize additional affordable units in both non-profit and for-profit development, and expected interest in using these funds would likely be high.

Implementation Actions

1. Evaluate a potential approach. Include projections on potential revenue and what programmatic goals could be accomplished with revenue. Consider both residential and commercial/industrial options.
2. Engage with developers in Albany to evaluate tolerance for a CET on residential, commercial, and industrial development.
3. Seek direction on whether to proceed with adoption from City Council.
4. Albany City Council could impose the CET by adoption of an ordinance or resolution that conforms to the requirements of ORS 320.192–ORS 320.195.
5. If directed, create a plan for the use of CET funds.

Implementing Entity(ies): Lead – City of Albany Community Development Department. Partners – City of Albany Finance Department; local developers; non-profit housing partners could implement funded programs.

4.2 General Obligation Bonds for Affordable Housing

INITIAL PRIORITY: MEDIUM

Description General obligation (GO) bonds provide a stable, dedicated revenue source through increased property tax rates. Cities or other jurisdictions can issue bonds backed by the full faith and credit of the jurisdiction to pay for capital construction and improvements. GO bonds are issued for a specific dollar amount and paid back over a certain period (typically 20 to 30 years) through increased property taxes. *GO bonds must be approved by voters.*

Because they are legally limited to use for capital investments and require a public vote to enact, these bonds are typically used for major infrastructure investments (such as roadway improvements that benefit all or nearly all of a city's residents). However, GO bonds can be used for land acquisition or development if the city's residents agree to fund them. GO bonds can also be used to purchase existing buildings and convert them into permanently affordable rental housing. Funds can

be loaned or granted to both public and privately owned affordable housing projects.

At least one jurisdiction in Oregon—the City of Portland—is using this tool to construct affordable housing. In 2016, Portland voters approved Portland’s Housing Bond dedicating \$258.4 million in general obligation bonds to the development of 1,300 units of affordable housing for low-income households—including 600 units for households with incomes at or below 30% of the Area Median Income (AMI), 650 family-sized units, and 300 units of Supportive Housing.¹⁰

Legal Basis Authority for local governments to issue GO bonds is enabled by state statute (ORS 287A.010 – 287A.145). Eligible uses of GO bond funds are limited by the Oregon Constitution (Article XI, Sections 11, 11b, and 11L).

Options and Alternatives Alternatives and questions to consider if the City of Albany were to consider a GO bond initiative:

- What type of housing projects could best be publicly supported based on polling? Do those projects align with the requirements and limitations of GO bond funding? Do those projects align with the City’s most pressing housing needs?
- What is a reasonable dollar amount for the bond, given the public priorities and funding appetite? How many units might be acquired and / or built at various funding levels?
- What are the implications of a new GO bond for Albany’s property taxpayers?

Issues or Constraints A primary downside of GO bonds is that they require voter approval to increase property taxes, which may not receive adequate community support. As such, it may not be the most politically feasible funding strategy.

If successful, the administration of this funding may require additional staffing and skill sets if the City is unfamiliar with undertaking these types of projects on this scale.

GO bonds can only be used for capital projects and cannot be used for supportive services or for operations. However, if the City issues a bond to build new affordable housing, it may free up resources from other funding sources for services linked to affordable housing. Examples of supportive services linked to affordable housing include rapid rehousing, permanent supportive housing, down payment assistance, and rent deposits.

- Impact**
- **Affordability target:** Extremely-low to low-income households
 - **Income:** 0 – 80% AMI
 - **Housing tenure/type:** For rent or sale
 - **Housing impact:** A GO bond can be the most direct and best-funded way for a jurisdiction to support the development of new housing. It provides a large,

¹⁰ Portland Housing Bond, <https://portlandhousingbond.com/>

dedicated funding source, dedicated to the pre-determined uses, and enjoying political support as it has been passed by voters. For example, a GO bond has the potential to fully fund production of multiple affordable housing developments and hundreds of units.

Implementation Actions

1. Evaluate the types of projects the City wishes to include on the ballot (and their costs) to determine a bond rate. The bond funds may only be used to pay for capital costs related to construction; acquisition or rehabilitation of residential buildings for affordable housing; other capital construction costs; predevelopment costs; and administrative costs.
2. The City should vet projects with the general public to gauge acceptability. They should also educate the public about the proposed projects' value.
3. GO bonds are issued with long-term, fixed rates. The City of Albany should evaluate the type of bond it will pursue (20-year or 30-year).
4. GO bonds must be approved by a simple majority through a ballot measure.

Implementing Entity(ies): Lead - City of Albany Community Development Department. Partners - City of Albany Finance Department, Legal Department, City Council, Albany residents

4.3 Tax Increment Financing (TIF)

INITIAL PRIORITY: MEDIUM

Description TIF is a funding mechanism in which future tax revenues in targeted development or redevelopment areas (TIF districts / urban renewal areas) are diverted to finance infrastructure improvements and/or development.

At the time of adoption, the tax revenues flowing to each taxing jurisdiction from the TIF district is frozen at its current level. Any growth in tax revenues in future years, due to annual tax increase plus new development, is the “tax increment” that goes to the district itself to fund projects in the area. Per state statute, large cities (over 50,000 people) are allowed to have up to 15% of their land area and assessed value in TIF districts. TIF is a good tool to use in areas where new development or redevelopment is anticipated.

While many different types of projects are eligible for TIF funds, for the most part, TIF funds go to physical improvements in the district itself. These projects can include participating in public/private partnerships with developers—including for affordable, workforce, or market-rate housing—or can be used to complete off-site public improvements that benefit and encourage new development in the area, or to acquire key sites. TIF funds can also be used to pay for development fees. *TIF set-asides can create designated funding sources for affordable housing development programs within TIF districts.*

The City of Albany established a TIF district downtown in 2001 called the Central

Albany Revitalization Area (CARA). The CARA has been used to date to help finance the development of workforce housing units at the Woodwind Apartments.

Legal Basis TIF districts and urban renewal are regulated by state statute (ORS Chapter 457). The creation of a new TIF district requires voter approval.

Options and Alternatives

- The City’s existing TIF district, CARA, is sunseting soon and is not going out for any more bonds to support new projects. Therefore, the applicability of this strategy to CARA is unlikely.
- There may be opportunities to establish additional TIF districts in targeted areas—such as East Albany—where housing development is desired but where market conditions are hindering private development.

Issues or Constraints TIF results in foregone tax revenue for the City and other overlapping taxing districts for several decades, though it can (and should) grow the tax base in the long-term by supporting development that would not otherwise have occurred. If a new TIF district were established, it would likely be several years before there was sufficient revenue in the district to make significant investment in housing.

Impact

- **Affordability target:** Low-income to workforce housing.
- **Income:** 0 – 120% AMI
- **Housing tenure/type:** For rent or sale
- **Housing impact:** The amount of housing production would on the funds raised through Urban Renewal.

Implementation Actions

1. Evaluate the potential for creation of one or more new TIF districts.
2. Evaluate whether a housing set-aside would be an appropriate expenditure for the new district(s) and how much could be allocated while balancing the need for infrastructure investments.
3. Should a new TIF district be deemed appropriate, proceed with the planning and adoption process for the new district. Establish priorities for the area, identify a project list, confirm financial feasibility, prepare required plan documents, and hold adoption hearings.

Implementing Entity(ies): Lead - City of Albany Urban Renewal Agency.

4.4 Federal CDBG and HOME Funding

INITIAL PRIORITY: LOW

Description CDBG

The Community Development Block Grant (CDBG) Entitlement Program is a federal program administered by the Department of Housing and Urban Development (HUD). The program provides annual grants to entitled cities and counties to “develop viable urban communities by providing decent housing and a suitable living environment, and by expanding economic opportunities, principally for low- and moderate-income persons.”

The City of Albany became a CDBG entitlement community in 2013 and receives an annual allocation of CDBG funds that primarily benefit low- and moderate-income households and residents. In recent years, Albany has received between \$375,000 and \$410,000 in annual CDBG funds; however, allocations have been decreasing.

Eligible activities include public infrastructure, housing rehabilitation, property acquisition, down-payment assistance, emergency rent assistance, and other public services. CDBG funds can be used for activities that support affordable housing, but they cannot be used to construct new housing, unless the applicant is a Community Based Development Organization.

Albany’s CDBG funds have helped Habitat for Humanity, Creating Housing Coalition, and Jackson Street Youth Services purchase property, supported a housing rehabilitation program, provided emergency rent assistance and down-payment assistance, and funded sidewalk and park improvements.

HOME

The HOME Investment Partnerships Program (HOME) is a HUD program with a specific focus on increasing the supply of housing for low- and very low-income households. There are four eligible activities under HOME and all relate directly to affordable housing: home purchase or rehabilitation assistance, building or rehabilitation of housing, site acquisition or improvement, and supporting Community Housing Development Organizations.

All housing developed with HOME funds must serve low- and very low-income families. For rental housing, at least 90 percent of the families benefited must have incomes at or below 60% AMI; the remaining 10 percent of the families benefited must have incomes at or below 80% AMI. Homeownership assistance must be to families with incomes at or below 80% AMI.

The City is not eligible to receive a direct allocation from HUD for the HOME program because it does not receive over \$500k in CDBG funds. However, the state receives HOME funding to support the creation of affordable housing by local governments or non-profit organizations. The Oregon Housing and Community Services (OHCS) Affordable Rental Housing Division administers the HOME program for the State of Oregon. Funds can be used for the acquisition, new construction, or rehabilitation of affordable rental housing or tenant-based rental assistance. OHCS awards available funds through an annual competitive allocation process.

Legal Basis The CDBG Entitlement Program is authorized under Title 1 of the Housing and Community Development Act of 1974, Public Law 93-383, as amended; 42 U.S.C.-5301 et seq.

HUD determines the amount of each entitlement grantee’s annual funding allocation by a statutory dual formula which uses several objective measures of community needs, including the extent of poverty, population, housing overcrowding, age of housing and population growth lag in relationship to other metropolitan areas.¹¹

The HOME program is authorized under the National Affordable Housing Act of 1990 (P.L. 101-625).

Options and Alternatives No changes to the City’s CDBG funding itself are recommended. The City already uses its annual allocation to support other housing strategies identified in this report—particularly housing rehabilitation under Strategy 5.2, Support for Existing Affordable Housing and Residents. See the “Issues and Constraints” section for further discussion.

The City could apply for state HOME funding in partnership with a non-profit developer or housing provider to develop affordable housing or acquire existing housing and convert it to affordable housing. See Strategy 5.1 for further discussion of Public-Private Partnerships.

Issues or Constraints There is a significant amount of planning and reporting required to meet federal grant requirements as CDBG entitlement community. Only 20 percent of each year’s allocation, plus program income, can be used for planning and administrative costs.

Due to funding limitations, there is limited potential for expanding programs funded through CDBG. The City’s program used to support down payment assistance before housing prices became too high. If new strategies were to be funded by CDBG, funds would need to be diverted from other programs.

In addition, CDBG funding comes with significant “strings attached” when granted to non-profit organizations for their programs. Due to limited funding and federal requirements, there has been limited interest from non-profits for these funds for new projects.

Partnering with an organization to receive state HOME funds would provide the City with less flexibility to implement housing strategies and programs, but would be a lower-barrier way to utilize direct HOME funding.

- Impact**
- **Affordability target:** Extremely low to low-income households
 - **Income:** 0 – 80% AMI
 - **Housing tenure/type:** For rent or sale
 - **Housing impact:** Potential impact depends on how CDBG funds are used and

¹¹ HUD Exchange. CDBG Entitlement Program Eligibility Requirements. <https://www.hudexchange.info/programs/cdbg-entitlement/cdbg-entitlement-program-eligibility-requirements/>

which programs are supported by the funding. If the City pursues the partnership approach, the potential impact would depend on what housing projects the City pursues and the willingness of non-profit agencies to participate.

Implementation CDBG

n Actions

1. Identify funding priorities for upcoming fiscal years (the City does this every year).
2. Incorporate updated priorities into the next (and future) five-year CDBG Consolidated Plan and CDBG Annual Action Plans.
3. Implement funding as indicated in the Action Plan.

HOME

1. Identify potential agency partners and development/acquisition opportunities.
2. Apply for HOME funding from the state.
3. Work with the partner agency to administer/implement the funds.

Implementing Entity(ies): Lead - City of Albany Community Development Department. Partners – non-profit agencies.

4.5 Demolition Taxes

INITIAL PRIORITY: MEDIUM

Description Cities, towns, and counties can establish demolition taxes as a way to generate revenue and replace affordable housing that is lost to these activities. The proceeds from demolition taxes are typically deposited in a Housing Trust Fund to support affordable and accessible housing activities (see Strategy 5.5).

The City of Lake Oswego established a demolition tax in 2019 to encourage retention of existing housing stock. The ordinance specifies a tax of \$15,000 for demolition of single-family dwellings and duplexes, with a \$5,000 reduction for structures removed by deconstruction as opposed to mechanical demolition. Homes demolished for the purpose of clearing land for the development of affordable multi-family housing or where the City declares the home unsafe or condemns it are also exempt. The ordinance also included a 3-year sunset clause, meaning the City Council can revisit the issue and decide whether to renew the tax. Note, however, that Lake Oswego’s demolition tax revenues are dedicated to funding parks maintenance, rather than affordable housing.

Legal Basis Cities are entitled to establish a demolition tax as a “general tax” that may be used for public purposes as determined by the City Council. A demolition tax would not be considered a system development charge under ORS 223.297–314 or a construction excise tax under ORS 320.195.

Options and Alternatives To ensure that a demolition tax on residential development does not deter needed redevelopment, the City should consider implementing this strategy only if the housing replacement is 1:1 or less than 1:1—e.g., replacement of an older single-family home with a larger home. If the proposed development is denser than the original structure—e.g., replacement of an older home with a duplex or fourplex—the City could exempt it from a demolition tax.

Lake Oswego’s demolition tax only exempts development of affordable multi-family housing, not all denser housing. However, Lake Oswego has very high land values and may see more redevelopment demand than Albany. Because of the potential for returns on investment, middle housing developers in Lake Oswego may be less deterred by a demolition tax than they might be in Albany.

Albany should be careful in defining “demolition” and “remodel” so as not to create a loophole for demolitions masquerading as a remodel.

The City would need to consider how revenues from a demolition tax should be allocated. As noted above, they could be deposited into a Housing Trust Fund (Strategy 5.5), or otherwise dedicated to supporting affordable housing funding production or programs.

Issues or Constraints This tool could be considered if demolition and replacement with more expensive housing is seen as a pervasive or growing problem in the community. However, this has not been as much of a concern in Albany as it may be in Corvallis or other cities.

The strategy may help to preserve some of the existing housing that is less expensive. In some cases, or in some lower-income neighborhoods, it may deter the replacement or reinvestment in truly dilapidated, substandard, and or unhealthy housing, which may or may not be desirable to the community. Smaller and older housing provides naturally occurring affordable housing in many cities.

- Impact**
- **Affordability target:** All income levels
 - **Income:** 0 – 120+% AMI
 - **Housing tenure/type:** For rent or sale
 - **Housing impact:** A demolition tax is likely to deter demolition of naturally occurring affordable housing in some cases, if the amount of the tax is set high enough.
 - This of course helps to maintain existing affordable housing units, not create additional new units.

- Implementation Actions**
1. Evaluate a potential tax, including projections on potential revenue and what programmatic goals could be accomplished with revenue. Consider how the tax should be calibrated and what projects would be exempt.
 2. Engage with developers and community members in Albany to evaluate tolerance for a demolition tax.
 3. Seek direction on whether to proceed with adoption of an ordinance from City Council.

Implementing Entity(ies): Lead - City of Albany Community Development Department. Partners – Linn and Benton Counties.

CATEGORY 5. PROGRAMS AND PARTNERSHIPS

These are programmatic strategies that could help the Albany community increase its housing supply (particularly affordable housing), support existing affordable units and residents, and/or leverage partnerships to catalyze housing development. The programmatic strategies would typically depend on partnerships with other organizations to implement or rely on additional funding sources identified in the previous set of strategies.

5.1 Public-Private Partnerships (PPPs)

INITIAL PRIORITY: MEDIUM-HIGH

Description **Public-private partnerships** are arrangements between public and private entities to create more and/or affordable housing. PPPs have the capacity to bring resources to the table that would otherwise not be available if each institution were to provide housing on its own. PPPs can promote a variety of affordable housing programs or projects and include partnerships from multiple entities (public, private, and non-profit). Cities can engage in PPPs in a variety of ways, such as providing flexibility in development standards and helping leverage public funding. Partnership with a Community Land Trust is an example of a type of PPP that the City could pursue—see below. The Woodwind Apartments, completed in 2015, are an example of a PPP for affordable housing. The Central Albany Revitalization Area (CARA) committed \$1.45 million to the project, including \$817,660 for the purchase of the property. The City has also partnered with Habitat for Humanity and Albany Partnership for Housing and Community Development in the past—applying for state CDBG funds to pay for infrastructure improvements for projects and donating surplus land to these two agencies.

Community Land Trust (CLT) is a model wherein a community organization owns land and provides long-term ground leases to low-income households to purchase the homes on the land, agreeing to purchase prices, resale prices, equity capture, and other terms. This model allows low-income households to become homeowners and capture some equity as the home appreciates, but ensures that the home remains affordable for future homebuyers. CLTs may also lease land to affordable housing developers for the development of rental housing or may develop and manage rental housing themselves. Land trusts are typically run as non-profits, with support from the public sector and philanthropy, and could be linked to a land bank. Land trusts can be focused on homeownership or rental units.

Supporting an existing CLT would likely provide a greater impact than supporting the startup of a new CLT. The City can help identify key opportunities for this model and help to capitalize the efforts of its partner. DevNW is an example of a CLT working in the Albany area (as well as other jurisdictions). Among a suite of other

services, DevNW is currently developing homes for affordable homeownership under the CLT model in Corvallis, Eugene, Milwaukie, and Salem, and has completed projects in Florence and Cottage Grove.¹² The City could consider supporting DevNW’s efforts to build similar homes in Albany. The City already partners with DevNW on the Linn-Benton-Lincoln County Home Repair Program, which is supported by Albany CDBG funds and administered by DevNW.

Habitat for Humanity is not a CLT per se but uses a similar approach to maintain the affordability of the homes it builds largely through volunteer labor and first right of refusal on sales of Habitat homes. Albany Area Habitat for Humanity is the local affiliate organization and is a potential partner for the City. As noted above, the City has already supported Habitat’s efforts by providing CDBG funds for land acquisition.

If seeking a partnership with a CLT, an important first step in implementing this strategy would be to make inquiries regarding an organization such as DevNW’s interest in operating in Albany and the type of support they typically seek from local governments. See below for options for supporting a CLT.

Legal Basis A CLT lease creates a distinctive legal framework within which ownership of the land is separated from ownership of the improvements on land. The structure involves a “fee interest” in the leased land held by the CLT, and a “leasehold interest” held by the homeowner. In most cases the homeowner’s leasehold interest is accompanied by or includes deeded ownership of the house and other improvements on the leased land. As a general rule, there is no legal prohibition against the creation of separate ownership interests in a building and the underlying land.¹³

Options and Alternatives **PPP.** Typically, public-private partnerships are implemented on a case-by-case basis and therefore vary significantly in their structure, costs, and resulting number of units. This makes it difficult to evaluate or compare alternative approaches to implementing them. A benefit to this structure is the flexibility to include a variety of partnerships/funding sources.

CLT. The City can play a variety of roles in supporting CLTs through administrative or financial support:

- **Donate City-owned land (Strategy 2.2) to be managed by CLTs.** The City can transfer property they see fit for affordable housing development to a CLT to develop and maintain the development.
- **Provide grants or low-interest loans for specific development or rehabilitation projects.** Grants and loans can provide funds to CLTs to assist with predevelopment costs or acquisition and rehabilitation costs for existing homes.
- **Provide down payment assistance for homes owned by CLTs.** Providing

¹² DevNW Homeownership. <https://devnw.org/affordable-homes/homeownership/>

¹³ CLT Network. The CLT Technical Manual. <http://cltnetwork.org/wp-content/uploads/2014/01/MASTER-CLT-MANUAL.pdf>

down payment assistance grants or loans can help create homeownership for those who otherwise would not have the opportunity. Grants and loans can help bridge the gap between what the homebuyer can afford and the actual cost of the home. A few examples:

- The City of Springfield provides zero-interest home loans for income-qualified homebuyers. Those homes do not need to be CLT homes owned by DevNW, but DevNW’s homebuying course is an eligibility requirement.¹⁴
- Both the City of Hillsboro and City of Beaverton provide down payment assistance grants in partnership with the CLT Proud Ground. Both Beaverton and Hillsboro use CDBG funds to finance the grant programs.
- **Funding Partnership.** Providing direct funding to a CLT is also an effective way to support affordable homeownership. For example, the City of Hillsboro provides an annual set-aside of CDBG funds to Proud Ground, which allows the organization to eschew the competitive grant process. Proud Ground was not operating in Hillsboro prior to receiving funding from the City; therefore, this partnership has been key to Proud Grounds ability to expand their local capacity.

Issues or Constraints

PPPs are often not associated with structured programs; rather, they are often individual projects, which has both advantages and disadvantages. Projects are often opportunity-driven and may be spearheaded by the City or by private developers or partner agencies. With this structure, there is less administrative burden to the City, but it is also difficult to prepare for the capacity, typically financial, to participate in a partnership

Financing the initial acquisition of land and securing enough equity to scale the strategy are key challenges for the CLT model. Across the country, land trusts use a variety of land acquisition mechanisms, from private financing and municipal subsidies to relationships with land bank entities.

Impact

- **Affordability target:** Low income and workforce housing
- **Income:** 0 – 120% AMI
- **Housing tenure/type:** For rent or sale
- **Housing impact:** Typically, PPPs are implemented on a case-by-case basis and therefore vary significantly in their structure, costs, and resulting number of units. This makes it difficult to evaluate this strategy’s potential impact. A benefit to this structure is the flexibility to include a variety of partnerships/funding sources.

CLTs are unlikely to produce substantial unit numbers unless significant resources are raised from a broad mix of funding partners, but they can provide permanent affordability of the units they develop. The City’s funds can

¹⁴ DevNW. Downpayment Assistance. <https://devnw.org/access-funds/downpayment-assistance/>

help to leverage investments from other partners. This could work in conjunction with a land acquisition strategy. Similarly, a Housing Trust Fund could serve as a source of funding for contributions to CLTs (see Strategy 5.5).

Implementation Actions

1. Work with affordable housing organizations and/or a CLT to discuss opportunities in Albany.
2. Take action on partnership models and programs that best benefit the organization and the City's financial and/or administrative capacity.
3. Potentially provide on-going support through development/rehabilitation grants, homeownership grants/loans, donation of City-owned land, and/or an annual funding set-aside.

Implementing Entity(ies): Lead - City of Albany Community Development Department. Partners – private or non-profit developers; community land trust.

5.2 Support for Existing Affordable Housing and Residents

INITIAL PRIORITY: MEDIUM

Description

This strategy describes a variety of programs that can be used to maintain housing affordability or to help keep residents in their homes.

- **Financial assistance programs.** Possible tools include rent assistance, loans for homeowners, or assistance to low-cost apartment owners for repairs and upgrades. In Albany, several such programs have been funded through the City's annual allocation from the federal Community Development Block Grant (CDBG) program (see Strategy 4.4). Albany partners with organizations including DevNW, Albany Partnership for Housing and Community Development, and Community Services Consortium (CSC) to implement these programs. However, CSC receives other funds for rent assistance programs. The City can and should continue to work with these and other organizations to implement and publicize these types of programs.
- **Preserving low-cost housing.** Preventing displacement and preserving "naturally occurring" affordable housing through acquisition, low-interest loans/revolving loan fund for preservation, and/or code enforcement. Example: The Oregon Legislature committed \$15 million in lottery bonds to Oregon Housing and Community Services (OHCS) in 2019 to create a naturally occurring affordable housing (NOAH) loan fund. Modeled after the Greater Minnesota Housing Fund. The 2021 session granted \$30 million for purchase of existing housing stock and land acquisition.
- **Preserving manufactured home parks.** Manufactured home parks often provide a form of affordable housing stock, but are particularly vulnerable to redevelopment pressures since lots are temporarily leased out. In order to preserve safe, affordable options into the future, manufactured home parks

may be protected through assistance that allows community purchase of the underlying land and maintenance of the dwelling units. This strategy is often implemented through use of Land Trusts, Resident-Owned Cooperatives, Public Ownership of Land, or Condominium Conversion of the real estate assets to preserve the community(ies). Oregon Housing and Community Services (OHCS) has regularly received lottery bonds or general funds from the Oregon Legislature to preserve manufactured home parks through either Resident Owned Cooperatives or Non-profit ownership.

- **Affordable Housing Preservation Inventory.** The City could prepare an inventory of subsidized and naturally occurring affordable housing to support proactive policies intended to preserve the affordable housing stock. The inventory would be used to target potential properties for implementation of this strategy. This strategy is intended to help offset some of the need for costly new construction.

Legal Basis N/A

Options and Alternatives (see Description, above)

Issues or Constraints Programmatic strategies to preserve low-cost housing would require the City to be program-lead or create one or more partnerships with local organizations. Both require funding, development of policies and program structure, and administration of the programs. Future monitoring of compliance is also a consideration for implementation.

Regarding preserving low-cost housing:

- Housing preservation funds are not typically city-led so Albany likely would not take a lead role in creating or administering a preservation fund.
- With established funds such as the state’s NOAH fund, owner-operators and developers can use them to move quickly in the market, with lower risks due to the effect of the more patient capital from social impact investors.
- Existing low-cost housing may need to be brought up to health and safety standards required in the building codes.

Regarding preserving manufactured home parks:

- Albany could work with owners of manufactured home parks, especially those where redevelopment is being considered, to identify opportunities to preserve manufactured home parks through these approaches

- Impact*
- **Affordability target:** Extremely low to low-income households
 - **Income:** 0 – 80% AMI
 - **Housing tenure/type:**
 - **Housing impact:** Impact depends on which of the specific programs is

implemented. More information will be provided in a later version of the draft HIP if this strategy is included among a list of high-priority initiatives.

Implementation Actions More information will be provided in a later version of the draft HIP if this strategy is included among a list of high-priority initiatives.

Implementing Entity(ies): Lead - City of Albany Community Development Department. Partners – State of Oregon OHCS; non-profit housing organizations.

5.3 Providing Information and Education to Small Developers

INITIAL PRIORITY: LOW-MEDIUM

Description 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. Information can also promote accessible/Universal Design building techniques.

The City already provides numerous informational handouts on its webpage and at the permit counter, including new handouts for middle housing.

Legal Basis N/A

Options and Alternatives

- Create FAQs and/or handouts about the basics of the development/permitting process. Emphasize step-by-step city processes with estimated timelines.
- Create a fact sheet about accessible/Universal Design and/or link to existing resources, such as the RVCOG’s Lifelong Housing Program resources.
- Create an educational workshop for small developers, such as a recorded video or presentation slides.
- Consider a single point-of-contact or staff person to help guide individual projects through the planning and permitting process. This person helps the applicant follow the proper steps and contact the right staff or departments at the right time. (See Strategy 3.4 for more information.)

Issues or Constraints The main constraint for this strategy would be the staff time necessary to compile and present the information. There is uncertainty about the need for information about the permitting process.

Impact

- **Affordability target:** Workforce and market-rate housing
- **Income:** 80 – 120+% AMI
- **Housing tenure/type:** For sale or rent; accessible units
- **Housing impact:**

Implementation Actions

1. Identify staff to prepare the materials.
2. Assemble the educational/informational materials.

3. Contact developers and/or make the info available online and at the permit counter.

Implementing Entity(ies): Lead - City of Albany Community Development Department.

5.4 Conversion of Underperforming or Distressed Commercial Assets

INITIAL PRIORITY: LOW

Description This strategy involves acquisition of underperforming or distressed commercial assets (commercial, retail, industrial, or hotel) or facilitating partnerships with owners of the assets for conversion into needed housing.

Albany has several underutilized commercial buildings, such as stores or other businesses that have closed, that could be appropriate for redevelopment. The City could work with landowners to evaluate opportunities for redeveloping vacant buildings for new housing or mixed use developments.

Implementing this strategy may depend, in part, on use of tools such as TIF funding (Strategy 4.3) to address infrastructure deficiencies or support development of affordable housing.

The City could also consider opportunities for conversion of some ground-floor retail to allow housing on the ground floor. This strategy is connected with Strategy 1.9, Evaluate Mixed Use and Commercial Zones, which suggests the City consider allowing more flexibility for residential uses on the ground floor in certain mixed use and commercial zones where it is currently prohibited.

Legal Basis The City would need to make sure the Development Code allows residential uses on the properties where commercial/non-residential buildings would be converted. This may either require updating the code to allow residential uses in the zone (as part of a larger project) or rezoning the specific property.

Oregon House Bill 3261 (HB 3261, 2021 session) requires jurisdictions to allow the conversion of a hotel or motel to an emergency shelter or affordable housing when certain criteria and standards are met, subject to only “reasonable regulations on siting and design.” HB 3261 requires that all converted housing units be affordable to households earning 60% AMI or less.

- Options and Alternatives**
- Incorporate HB 3261 requirements into the code and/or promote the statutory allowances for converting hotels or motels into housing. The allowances of HB 3261 apply whether or not the City updates its Development Code; however, adding its provisions into the code may make them easier for applicants and staff to interpret. Alternatively, the City could simply promote the statutory provisions—such as through handouts at the permit counter and on the City website—without updating the code.
 - Work with existing property owners to convert their own buildings to housing,

with City support.

- Acquire distressed properties using City funding, such as TIF funds or CDBG.
- Work with a non-profit or for-profit developer to acquire distressed properties and convert them to housing. Provide financial or other programmatic support.
- Work with downtown property owners to upgrade upper floors of commercial buildings for residential use.

Issues or Constraints

- Albany needs commercial development in addition to housing.
- There are very few vacant commercial properties in Albany. This strategy may be better focused on “underperforming” or underutilized properties—such as downtown commercial buildings with vacant upper floors.
- Commercial buildings are not designed for residential occupancy and may face structural or construction-related challenges to being converted for this purpose. This may include laws around electrical and water lines, entry and exit points, and more. Hotels and motels may be the most straightforward properties to convert—and there are many examples of this—because they already have features similar to dwelling units. In addition, older commercial buildings may not meet current Building Code standards, and upgrading them to be code-compliant could be costly.
- Given the challenges associated with conversions, it may also be more challenging to secure financing for the project, as compared to traditional construction or rehabilitation.
- Staff resources are limited to take the lead on this project at this time.

Impact

- **Affordability target:** All income levels
- **Income:** 0 – 120+% AMI
- **Housing tenure/type:** For rent
- **Housing impact:** The potential impact of this project is limited by staff’s capacity to take the lead, the city’s lack of vacant commercial properties, and the challenges associated with upgrading older buildings.

Implementation Actions

1. Inventory vacant, distressed, or underutilized commercial/non-residential buildings.
2. Identify one or more underutilized buildings that could be converted (or partially converted) to residential uses.
3. Discuss interest in converting underutilized buildings to residential uses with the owners or assess the owners’ interest in selling the buildings.
4. Help connect property owners with potential developers.
5. Assist with the development process to make it easier for redevelopment to occur. This may require a rezone from a commercial zone into a mixed-use zone where housing is allowed.
6. Pursue the appropriate process for permitting the reuse of the building(s).

Implementing Entity(ies): Lead - City of Albany Community Development Department. Partners – non-profit or private developers.

5.5 Housing Trust Fund

INITIAL PRIORITY: MEDIUM

Description Affordable housing trust funds are public sector tools used to direct financial resources to support a variety of affordable housing activities. Funds in housing trusts are known for their flexibility, sustainability, and success in addressing critical housing needs.

Housing trust funds are not revenue sources themselves, but rather are tools for consolidating revenue, planning for how the funds are spent, and directing them to housing programs. Funds typically have these three components in common:

1. commit public sources of revenue;
2. create dedicated, ongoing funding for the support of affordable housing;
3. do not depend on interest or earning from a fixed fund, or on contributions from corporations, financial institutions, or foundations.

Public revenue sources vary by jurisdiction, often due to the variation in specific taxes and fees. Common sources include linkage fee programs or development impact fees, document recording fees, and bonds or levies. A Construction Excise Tax (CET) or General Obligation (GO) Bond could be a potential revenue sources (see Strategies 4.1 and 4.2).

Legal Basis The legal backings of a housing trust fund depend on the revenue source, which may be associated with state requirements. ORS 320.170-195 provides limitations and requirements for how CET funds can be spent. Eligible uses of GO bond funds are limited by the Oregon Constitution. Revenue sources that are directed via a city's general fund can be allocated at the discretion of local elected officials.

Options and Alternatives The following examples from other jurisdictions illustrate how a Housing Trust Fund could be funded and implemented:

Ashland, OR: Ashland established an Affordable Housing Trust Fund (AHTF) in 2008. Initially the program dedicated rehabilitation loan repayments to the fund, later a second revenue source was established to ensure a more sustainable program. In 2017 the City Council dedicated portions of the City's revenue from the State Marijuana Tax to the AHTF. The City is now making the fund available to eligible applicants (government subdivisions, community development corporations, local housing authorities, nonprofit organizations, and private employers) to receive up to \$170,000 for affordable housing projects. The funds can be dedicated to

development or conservation, land banking, transitional/emergency housing, and more.¹⁵

Eugene, OR: In 2019, the Eugene City Council passed an ordinance establishing a construction excise tax in Eugene. The tax creates a dedicated source of funding for affordable housing in Eugene, called the Affordable Housing Trust Fund. The fund can be used for projects and programs that increase availability and access to owner- and renter-occupied housing that is affordable to lower-income residents. Since 2020, Eugene’s fund has accomplished the following:¹⁶

- \$1.3 million from AHTF will leverage more than \$48 million to support new affordable housing in Eugene
- Supporting creation of 130 new rental units and 70 new owner-occupied tiny homes
- Kept over 100 local families and individuals in their homes in the wake of the pandemic with rental assistance and foreclosure prevention funds

Issues or Constraints

- This strategy relies on identifying a sustainable funding source with sufficient revenue to have impactful contributions.
- Sources of funding will fluctuate with the strength of the economy and construction.
- There is potentially a high cost to seed the program.
-

Impact

- **Affordability target:** Extremely low to low-income households
- **Income:** 0 – 80% AMI
- **Housing tenure/type:** For rent or sale
- **Housing impact:** See Strategy 4.1, CET and Strategy 4.2, GO Bonds.

Implementation Actions

1. Identify a potential funding source for a Housing Trust Fund.
2. See Strategy 4.1, CET, and Strategy 4.2, GO Bonds, for additional implementation steps.

Implementing Entity(ies): Lead - City of Albany Community Development Department.

¹⁵ City of Ashland. Housing Trust Funds. <https://www.ashland.or.us/Page.asp?NavID=10828>

¹⁶ City of Eugene. Affordable Housing Trust Fund. <https://www.eugene-or.gov/4232/Affordable-Housing-Trust-Fund>

IV. Next Steps

The project team will review the draft housing strategies and background information presented in this document with the Housing Affordability Task Force (HATF) in September 2022.

Following HATF review, community members will have an opportunity to review and comment on the draft housing strategies at a public open house (either virtual or in-person or both) and through an online survey.

The project team will then work with City staff to refine the strategies and to identify more detailed implementation actions for high-priority items. The final product will be a Housing Implementation Plan, which the project team will further refine with HATF input before it goes through the City's adoption process.



memo

to Anne Catlin, Matthew Ruetters, and Beth Freeland, City of Albany
 from Kate Rogers and Matt Hastie, MIG | APG
 cc Brendan Buckley, Johnson Economics
 re Focus Group Meetings Summary
 date 03/24/2022

Introduction

As an early step of the Albany Housing Implementation Plan, the project team conducted a series of focus group meetings. The purpose of these meetings was to solicit information and opinions about gaps in Albany's housing supply and potential strategies to address those gaps and provide housing that is needed in the community. Focus group participants represented a range of stakeholder groups, including local residents, builders, lenders, affordable housing providers, those facing housing insecurity, and a range of agencies and organizations involved in the planning and provision of housing in the Albany area. A list of all focus group participants is provided on page 4.

Seven focus group meetings were conducted between March 14-18, 2022. Matt Hastie and/or Kate Rogers of MIG | APG facilitated each meeting and Anne Catlin of the City of Albany also attended each meeting and helped facilitate. The meetings were largely conducted virtually over Zoom, but some participants joined in person at City Hall.

Summary

Below is a summary of key themes that emerged from the focus groups.

Most Needed Housing Types. Participants were asked what they thought were the greatest gaps in the current housing supply in Albany, or what types of housing were most needed but undersupplied. Following is a list of the types of housing mentioned by focus group participants, grouped by theme.

- Price ranges / income levels / populations served:
 - Homeownership options in the \$200k - \$300k price range. There's high demand in this price range, but almost no inventory. First-time homebuying opportunities are limited. [Note: This was one of the most frequently mentioned gaps in the housing supply, especially among mortgage lenders.]
 - Affordable rental housing (not necessarily regulated affordable, just affordable to low- and moderate-incomes). [Note: This was also frequently mentioned.]
 - Housing affordable to low- and extremely low-income residents (which will require subsidies). Housing for those on fixed incomes.
 - Housing options for seniors to age in place.

- Housing types / sizes:
 - Smaller homes (e.g., 1,200 SF or less; 1 or 2 bedrooms)
 - Cottage housing with smaller square footages (600-1,200 SF).
 - Single-level homes, including condos.
 - Middle housing – e.g., fourplexes, smaller apartment developments. Housing that provides a transition and range between single-family detached and apartments.
 - Accessory dwelling units / granny flats.
 - Affordable housing with multiple bedrooms for larger families (3 and 4 bedrooms).
 - Vertical housing / residential over commercial mixed-use development.
- Locations / amenities / other features:
 - Housing that is close to transit, services, and employment.
 - Housing with lower maintenance needs and costs.
 - Homes with master bedroom on main floor for accessibility.
 - Rental housing that accepts pets.
 - Housing providers willing to work with criminal backgrounds.

Greatest Barriers to Needed Housing. Participants were asked what they saw as the most significant barriers or challenges to developing housing that's most needed in Albany. Below is a list of the challenges mentioned by focus group participants, grouped by category.

- Development Cost Barriers:
 - High cost of land.
 - High construction costs (especially lumber) and labor shortages for builders.
 - Fees (such as system development charges [SDCs], utilities, etc.). [Note: SDCs were frequently mentioned by builders/developer participants.]
 - Cost of parking, infrastructure, street trees, etc.
 - Several participants noted that developers won't build smaller, more affordable units if larger, higher-end units are possible and more financially feasible.
- Process/Regulatory Barriers:
 - Time for development and permitting process (adds cost).
 - Annexation and rezoning processes – lengthy and costly.
 - Parking requirements add cost and may not be in sync with the market.
- Other Challenges:
 - Lack of available, vacant land.
 - Local residents are competing with investors and cash buyers/flippers for home purchases.
 - NIMBYism is an issue; people often don't want to see different types of housing next to them. Participants noted that this could change in the future as people become used to a greater mix of housing (such as in the Knox Butte area).
 - Local wage stagnation.
 - Increased construction time due to contractor labor shortages and some materials take months to arrive.

Potential Housing Strategies. Participants were asked what tools or strategies they thought would be effective in creating more needed housing in Albany and addressing the barriers they'd identified. Below is a list of strategies mentioned by participants, grouped by category.

- Financial Incentives:
 - Incentives for affordable housing, such as reduced SDCs or other reduced fees.
 - Lower SDCs for smaller homes. [Note: The City is currently evaluating its SDC methodology for the potential to reduce fees for smaller homes.]
 - Defer SDCs to time of purchase.
 - Incentivize modular housing.
 - Tax abatement for vertical housing.
- Regulatory Incentives:
 - Expediting the permit process for affordable housing or projects under a certain price point.
 - Density bonuses for affordable housing.
- Zoning / Regulatory Strategies:
 - Require market-rate housing to provide a certain amount of affordable housing (i.e., inclusionary zoning).
 - Require a mix of homes in different price ranges (certain number of lower cost housing when higher priced homes are being built).
 - Remove parking requirements and separate the costs of rent and parking.
 - Allow taller buildings.
 - Increase density allowances.
 - Allow long-term occupancy of RVs and tiny homes on wheels.
 - Evaluate design standards that add cost with no livability benefit (like window percentage).
- Land Supply Strategies:
 - City to provide surplus land for regulated affordable housing.
 - Acquire and hold land for affordable housing.
 - Repurpose existing, vacant buildings and land; convert into housing; rezone if needed. Public private partnerships could be helpful.
 - Rezone nonresidential land to residential.
- Programs and Partnerships:
 - Financial Assistance:
 - Help finance infrastructure improvements.
 - Down payment assistance for homebuyers.
 - Partnerships:
 - Connect agencies to remove the gaps in pathways to housing. People don't know their rights and get taken advantage of.
 - City to partner with and assist non-profit housing developers. Help overcome hurdles, fast-track projects.
 - Support land trusts like DevNW.
 - Education:
 - Programs, services, education for first-time homebuyers. Financial literacy programs.
 - Work with school district, LBCC, etc. for vocational training – need plumbers, electricians, etc.
 - Educate/encourage homeowners associations with restrictive CC&Rs to change bylaws and remove restrictions on middle housing, ADUs, etc.
 - Other:
 - Rent to own program.

- Strategies to give local residents the priority in purchasing homes before investors or out-of-state residents.
- Allow for consolidated rental applications to reduce application fees.
- Funding Strategies:
 - Leverage federal funding to help reduce development fees.

Focus Group Participants

Focus Group #1 – 3/14/2022, 1-2 PM

- Javier Cervantes, Resident, Latinx Community
- Keonali Huntley, Linn Benton Housing Authority Family Self Sufficiency program
- Jillyan Rogers, Lender, Landmark Professional
- Katherine Domingo, Realtor, Garden Gate Realty
- Gabrielle Dibble, Renter looking to become an owner

Focus Group #2 – 3/15/22, 2-3 PM

- Dina Eldridge, Community Services Consortium – Housing Services Manager
- Stacey Bartholomew, Creating Housing Coalition - President
- Angela Stuckart Resident, Realtor, Next Door Real Estate Group
- Jennifer McClean, Broker, Coldwell Banker Valley Brokers
- John Collet, Resident
- Tom Klaus, Downtown resident, previously homeless

Focus Group #3 – 3/16/22, 10-11 AM

- Ken Marshall, Broker, Vintage Realty Northwest
- Alexis Biddle, 1000 Friends of Oregon, Program Director
- Rod Porsche, Habitat for Humanity - Executive Director
- Heather Efraimson, Hayden Homes, Builder/Housing Developer
- Suzanne Phillips, Resident
- Stacie Wyss-Schoenborn, Central Willamette Credit Union, CEO
- Janet Steele, Chamber of Commerce - President
- Sonja Neperud, Real Estate Broker

Focus Group #4 – 3/16/22, 11-12 PM

- Steph Nappa, Cascades West Council of Govts (OCWCOG), Resident
- Shawnn Hartley, Resident, formerly worked in social services
- John Robinson, Local Residential Builder
- Gary Rodgers, Realtor, Northwest Realty
- Joann Zimmer, Resident, long history in addressing homelessness
- Alana Kenagy, Resident, Farmer

Focus Group #5 – 3/16/22, 1-2 PM

- Anna Dvorak, Linn Benton Housing Authority, Intake Department
- Kristen Smith, Realtor, Keller Williams
- Faren Leader, Lane-Benton Community College – Affordability Resources Coordinator
- Ryan Vogt, OCWCOG
- Andrea Bartell, Young Roots Oregon
- Emma Deane, Albany Helping Hands shelter - Executive Director
- Bill Root, Creating Housing Coalition

Focus Group #6 – 3/17/22, 9-10 AM

- Roseann Johnson, Lennar, Builder/Housing Developer
- Eddie Sepeda, Farmworker Housing Development Corporation
- Annie McDonald, Albany Partnership for Housing and Community Development, Housing Services Manager
- Don McBride, SMI Property Management
- Brad Whitcomb, Real Estate Broker, Coldwell Banker Valley Brokers
- Rebecca Tolentino, Central Willamette Credit Union
- Scott Thiebert, Retired contractor

Focus Group #7 – 3/18/22, 10-11 AM

- Justin Peterson, OCWCOG
- Travis Younger, Loan consultant, Caliber Home Loans
- Carol Davies, Creating Housing Coalition and COAT (homeless outreach team)
- Bill MacHugh, Realtor, Keller Williams
- Brad Wilson, Developer, School board member
- Susan Heath, Resident
- Matt Straite, City of Millersburg CD Director
- Casey Nelson, Housing insecure/houseless



memo

to Anne Catlin, Matthew Ruetters & Beth Freeland, City of Albany
from Kate Rogers & Matt Hastie, MIG|APG
cc Brendan Buckley, Johnson Economics
re **Albany Housing Implementation Plan**
Survey Summary
date 11/22/2022

Introduction

The City of Albany conducted an online survey in November to gather community input into the Housing Implementation Plan (HIP) project. The main purpose of the survey was to ask whether community members support some of the potential housing strategies that the city is considering. The survey also gathered demographic information and asked a few questions about respondents' personal experiences with housing (e.g., whether they have had trouble finding housing they can afford in Albany).

The survey was available on the SurveyMonkey platform for approximately two weeks—from November 2 through November 15, 2022. It was promoted through the project's interested parties email list, the City's website, and the City's social media accounts (Facebook and Instagram). The survey received a total of **138 responses**.

Housing Strategy Questions

The survey provided some brief background information about the HIP project and included links to the HIP Background Reports for access to more detailed information about potential housing strategies that the city is considering. The survey then asked questions about a subset of strategies—14 strategies that have been identified as higher-priority initiatives for the city. Each strategy was described at a high level so that respondents did not need detailed knowledge to respond.

Respondents were asked to “indicate their level of support” for each strategy “to help encourage or produce more housing and a wider variety of housing options that meet the needs of current and future Albany residents.” The response options were on a five-point scale, from “Do not support at all” (1) to “Strongly support” (5). Results are summarized below.

Overall, the top five strategies that received the **most support** were:

- Encourage accessible housing units.
- Encourage small single-detached homes.
- Offer surplus City-owned land for affordable housing.
- Support a community land trust.

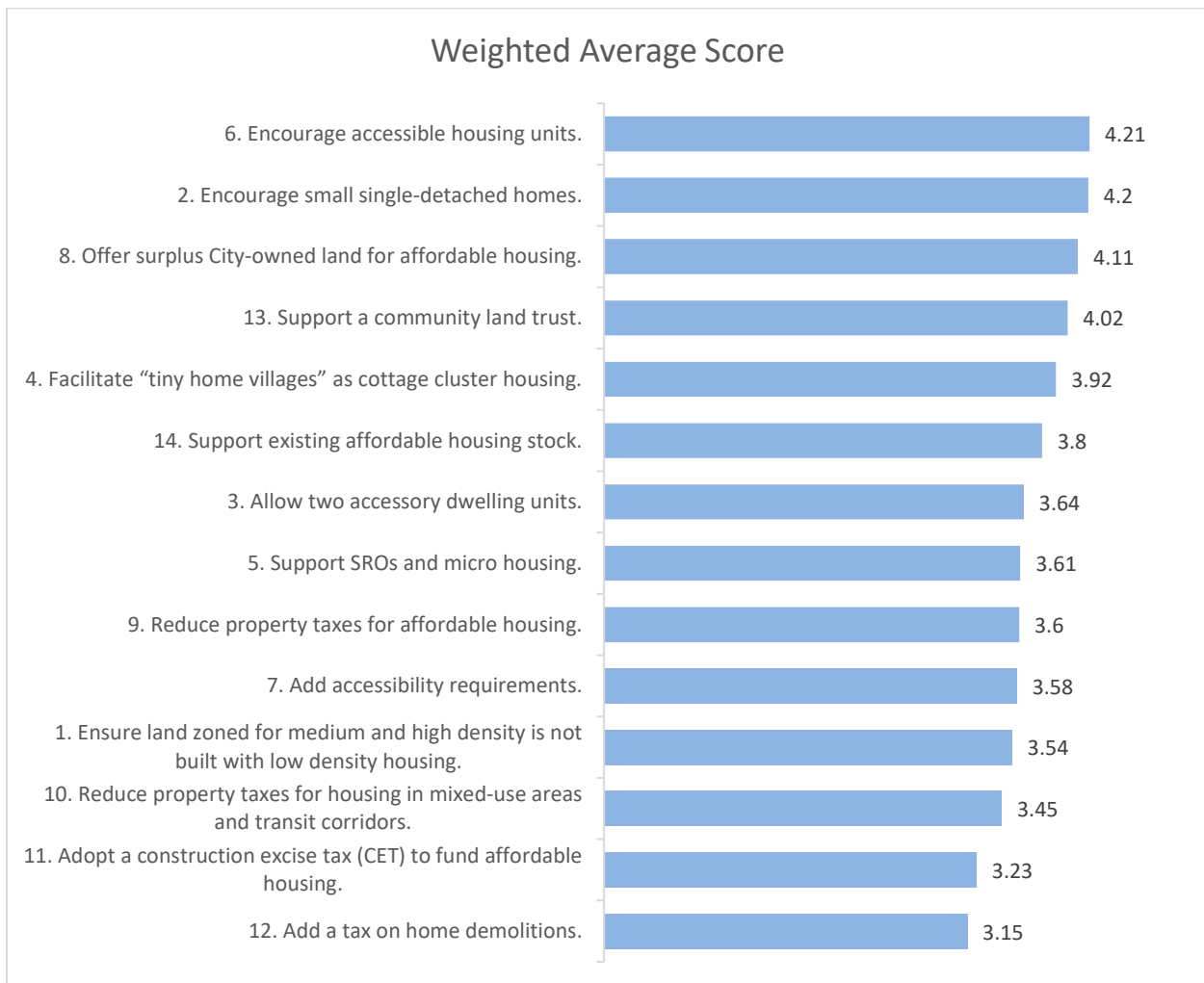
- Facilitate “tiny home villages” as cottage cluster housing.

The five strategies that received the **least support** were:

- Add a tax on home demolitions.
- Adopt a construction excise tax (CET) to fund affordable housing.
- Reduce property taxes for housing in mixed-use areas and transit corridors.
- Ensure land zoned for medium and high density is not built with low density housing.
- Add accessibility requirements.

However, even the least supported strategies received more support than non-support.

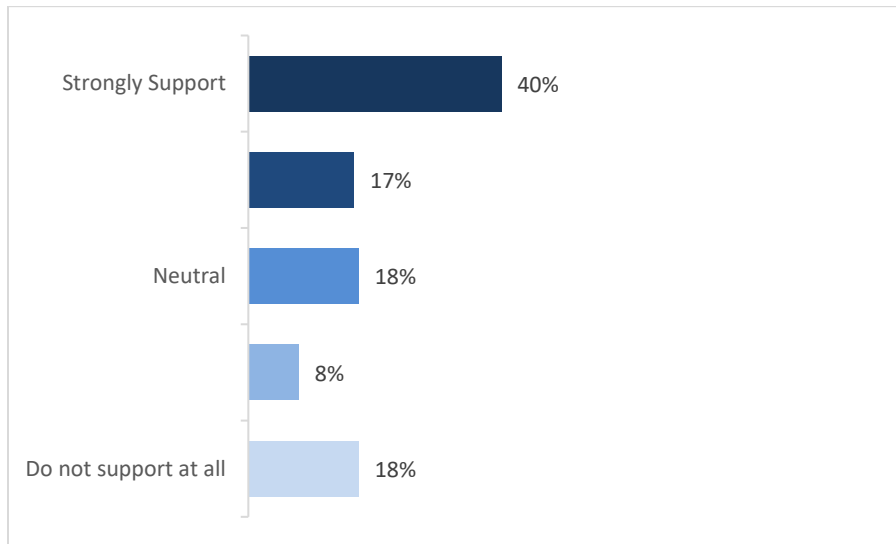
The chart below compares the level of respondent support for each strategy, based on a weighted average score. On the following pages are more detailed charts that summarize the results for each strategy individually.



1. Ensure land zoned for medium and high density is not built with low density housing.

Albany has a limited supply of land that is designated for things like apartments and townhomes. This strategy would require new development to be built at 50 to 80 percent of the maximum density so lands are used efficiently and not consumed by lower-density development (such as large-lot single-detached homes). [Strategy 1.1]

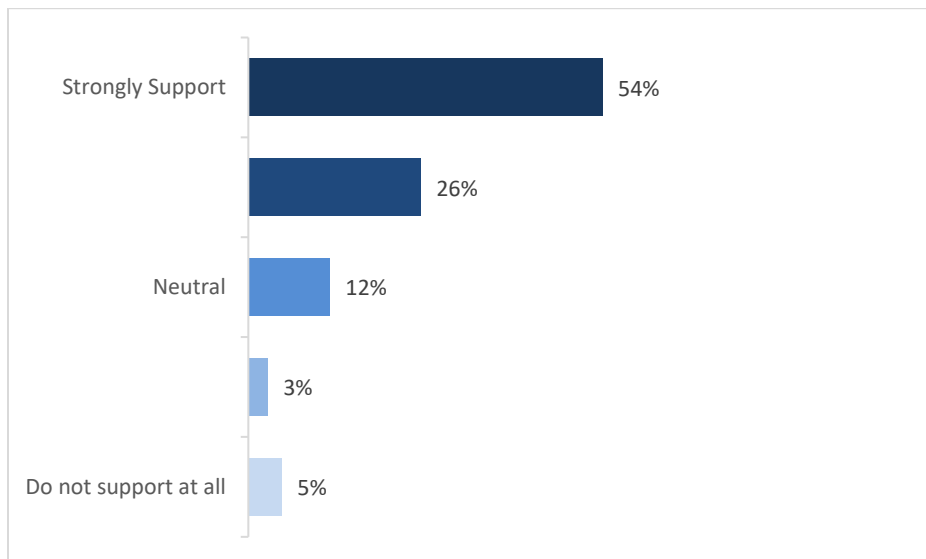
Although this was one of the lower-supported strategies overall, it still received support from 57% of respondents.



2. Encourage small single-detached homes.

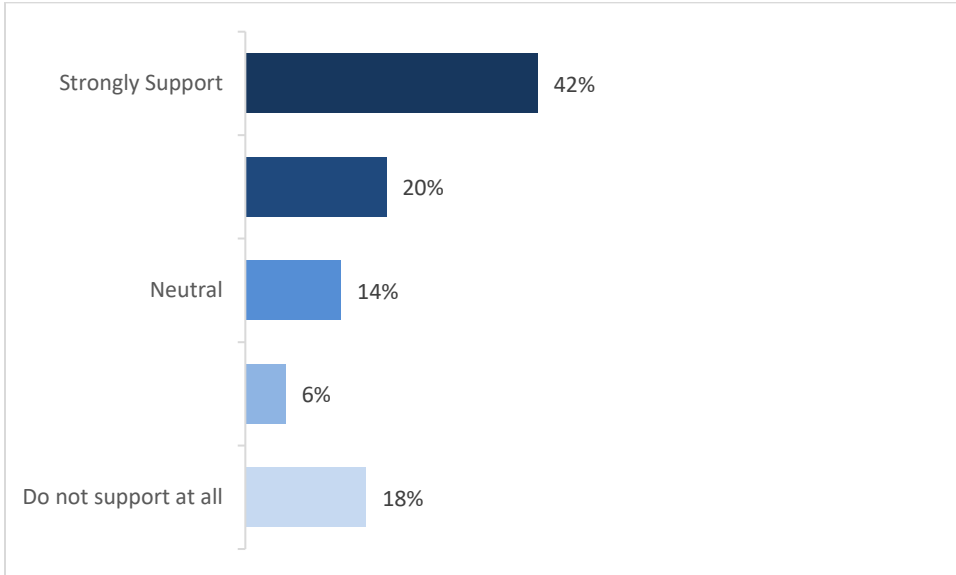
This strategy would encourage development of smaller single-detached homes (e.g., under 1,250 square feet) by allowing those homes to be built on smaller lots than would be allowed today and may provide more entry level and empty nester ownership options. [Strategy 1.2]

This was one of the most strongly supported strategies.



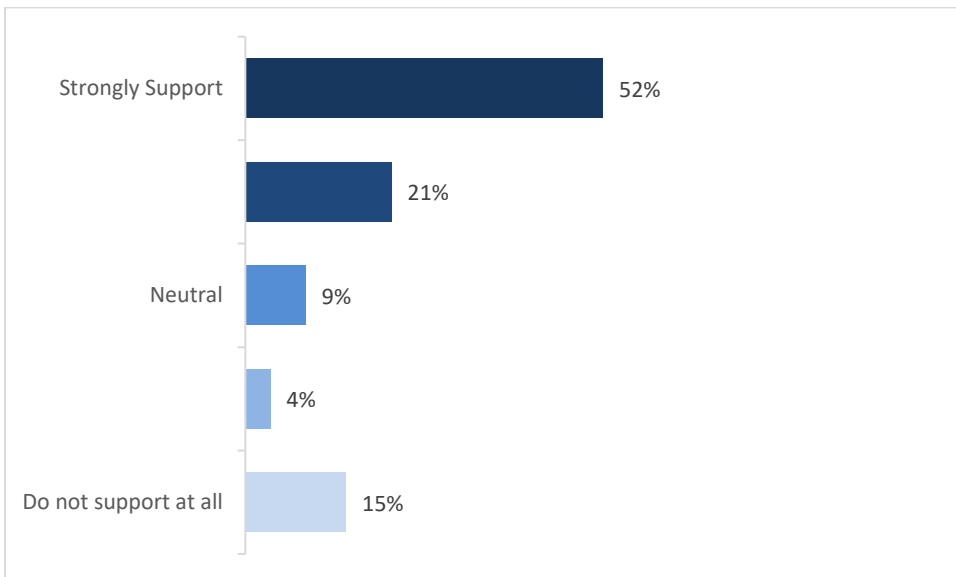
3. Allow two accessory dwelling units.

Accessory dwelling units (ADUs) are small homes (under 900 square feet) built on the same lot as a single-detached home. Albany currently allows one ADU on a lot with a single-detached home—the ADU can be internal or attached to the home or in separate, detached building. This strategy would allow two ADUs on a lot, as long as one of the ADUs is attached or internal to the home. [Strategy 1.4]



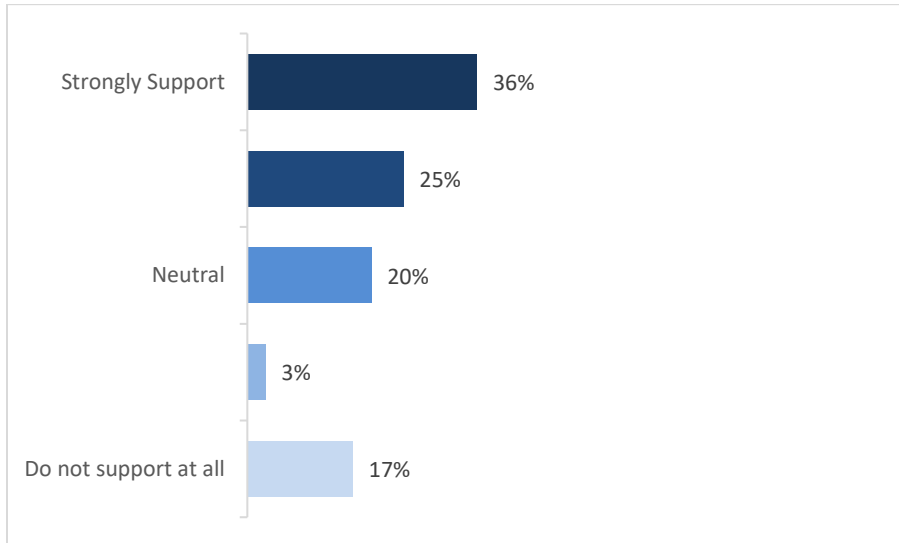
4. Facilitate “tiny home villages” as cottage cluster housing.

Cottage clusters are groupings of small, detached homes with shared open space and sometimes parking. Albany currently allows up to 8 cottages per cluster. This strategy would allow additional cottages in a cluster (up to 10 or 16, depending on the zone) if all the homes are under 750 square feet—to encourage “tiny home villages” in Albany. [Strategy 1.5]



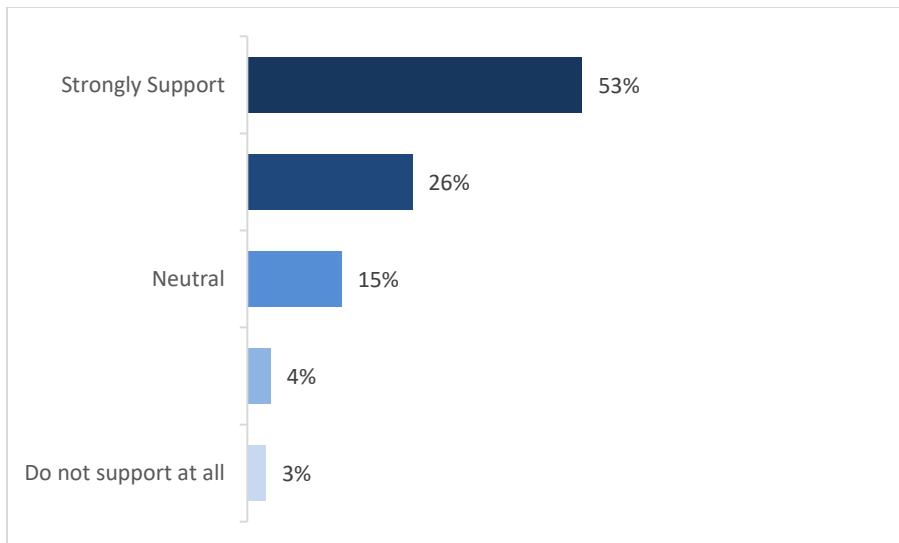
5. Support SROs and micro housing.

Single room occupancy (SRO) housing and micro housing are specialized types of apartments where individual living spaces are smaller and kitchen and (sometimes) bathroom facilities are shared. This can offer a more economical form of housing for people who want or need less space and don't mind sharing common areas—especially for very low-income individuals, young adults, singles, and seniors. This strategy would reduce barriers to and encourage more of this type of housing in Albany by making these developments more feasible to build. [Strategy 1.8]



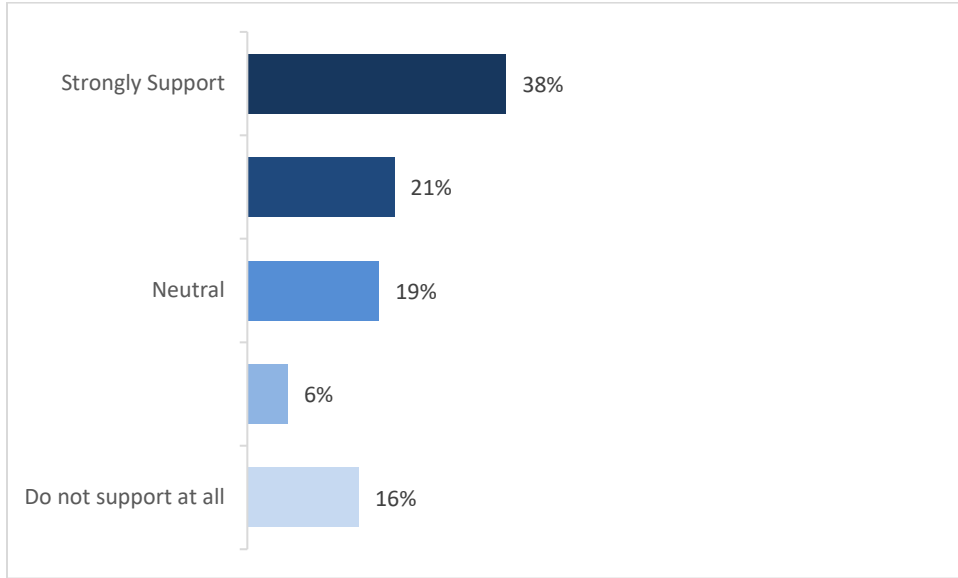
6. Encourage accessible housing units.

While the elderly and people with disabilities account for 20% or more of Albany's population, less than 1% of housing is accessible, and virtually all of that is in new multi-family development. These potential strategies could promote design of homes that are accessible to people with physical or other disabilities or limitations, including many of Albany's aging residents. [Strategy 1.12]



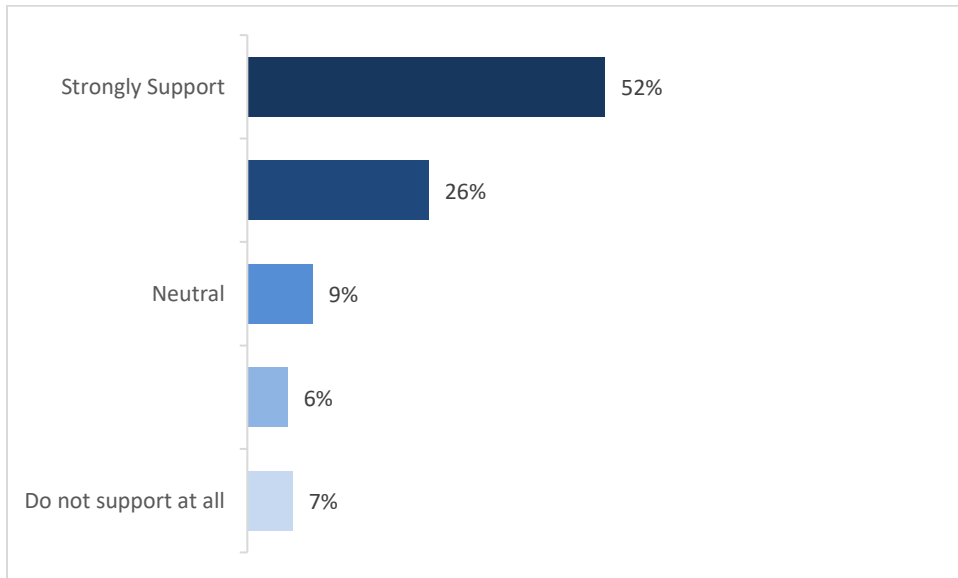
7. Add accessibility requirements.

Elevators are typically not required in multi-story residential developments (under 5 stories). This strategy would require housing that is paid for with public dollars to provide certain accessible features within units, and elevators in some or all buildings, even if elevators increase the cost to develop such housing. [Strategy 1.13]



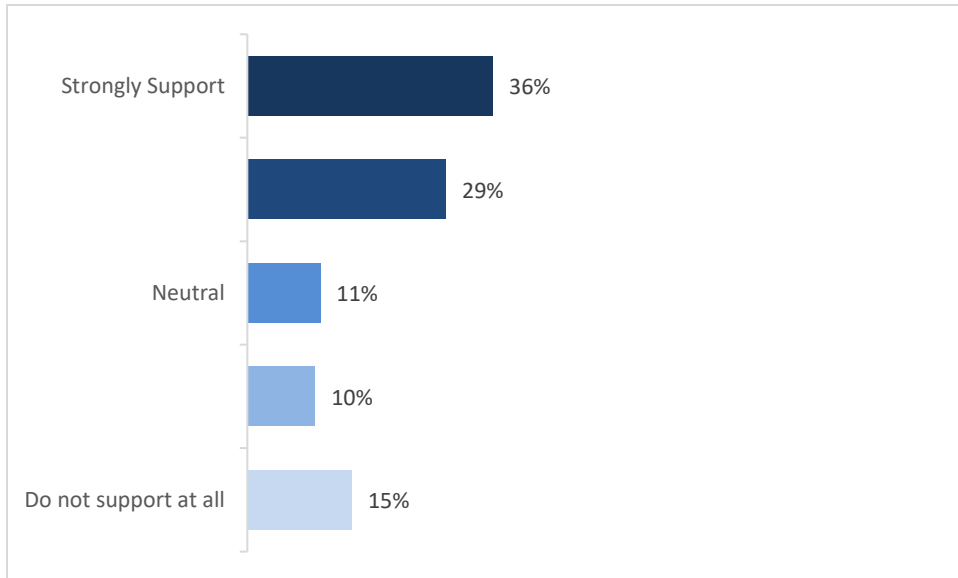
8. Offer surplus City-owned land for affordable housing.

This strategy involves the city repurposing land that it no longer needs so it can be developed with affordable housing for low-income households. The city could sell or lease the land, or partner with a non-profit housing developer to build affordable housing. [Strategy 2.2]



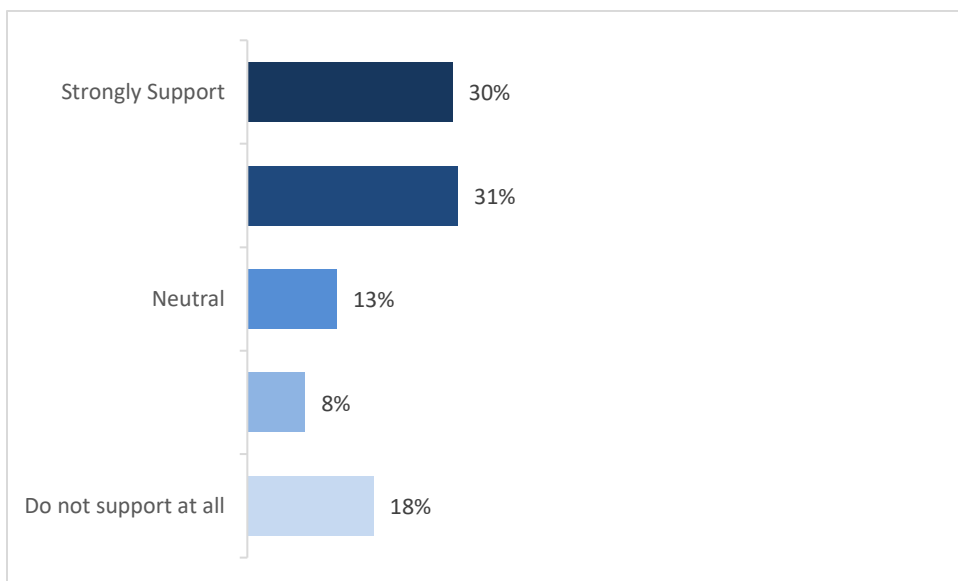
9. Reduce property taxes for affordable housing.

The city could provide a 20-year tax reduction for new rental housing that is guaranteed to be affordable to low-income households over the long term. [Strategy 3.2]



10. Reduce property taxes for housing in mixed-use areas and transit corridors.

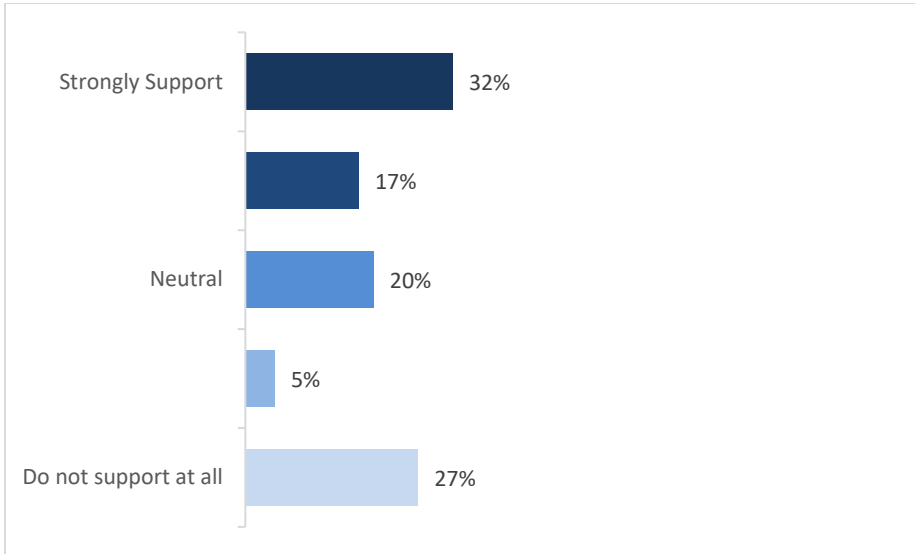
Support multi-story residential development within designated areas such as downtown, along transit corridors, and in other areas where a mix of housing and businesses is permitted/planned by allowing reduced property taxes for up to 10 years for these developments where they meet specific local and state requirements. [Strategy 3.2]



11. Adopt a construction excise tax (CET) to fund affordable housing.

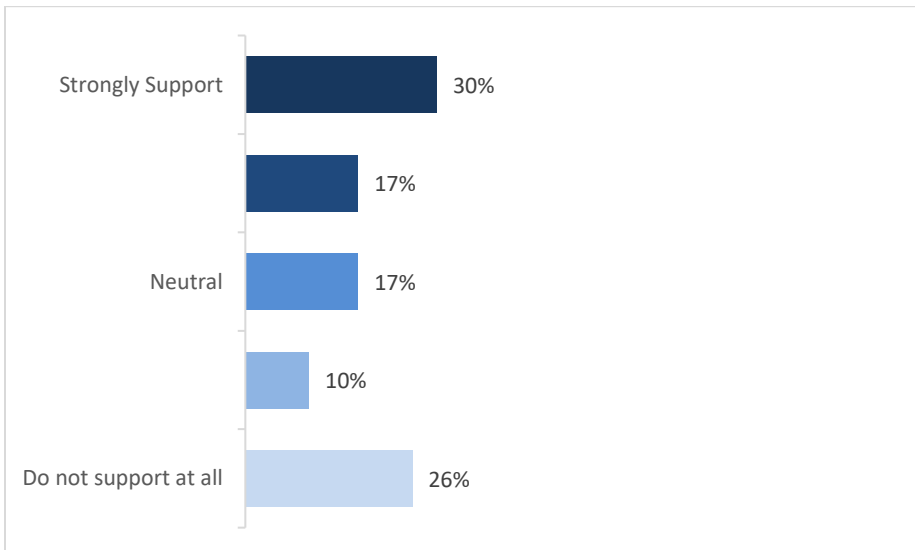
Apply a tax of up to 1 percent of the permit value for residential and/or commercial/industrial development, with proceeds used to help pay for programs to promote housing affordability, including homeowner programs. Many similar-sized cities like Corvallis, Newport, and Medford have a CET and revenues are used to provide financing and incentives for affordable housing. [Strategy 4.1]

This strategy received the highest percentage of “Do not Support at All” but still had close to 40% levels of support overall.



12. Add a tax on home demolitions.

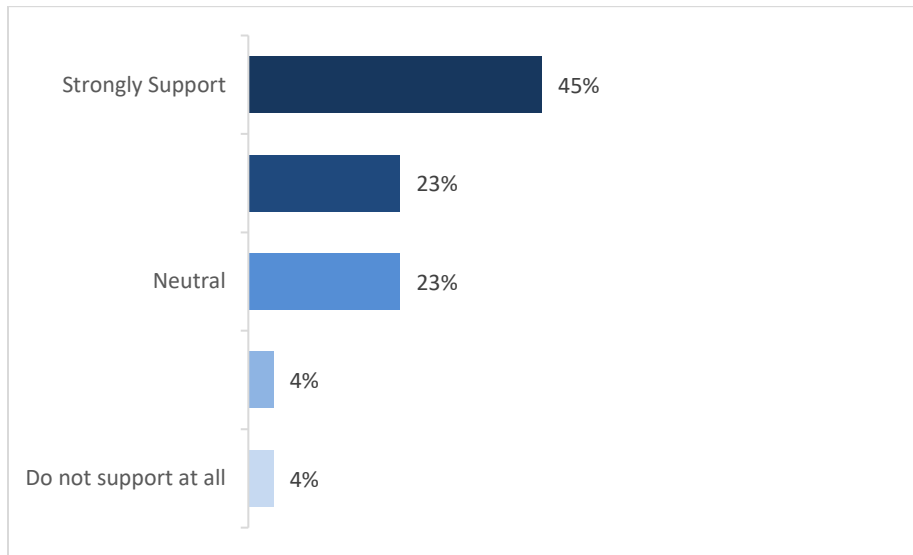
This would encourage retention of smaller and/or older existing livable housing, which may be naturally more affordable. The City could provide exemptions when the dwelling is replaced with affordable housing or denser housing types, like middle housing. [Strategy 4.5]



13. Support a community land trust.

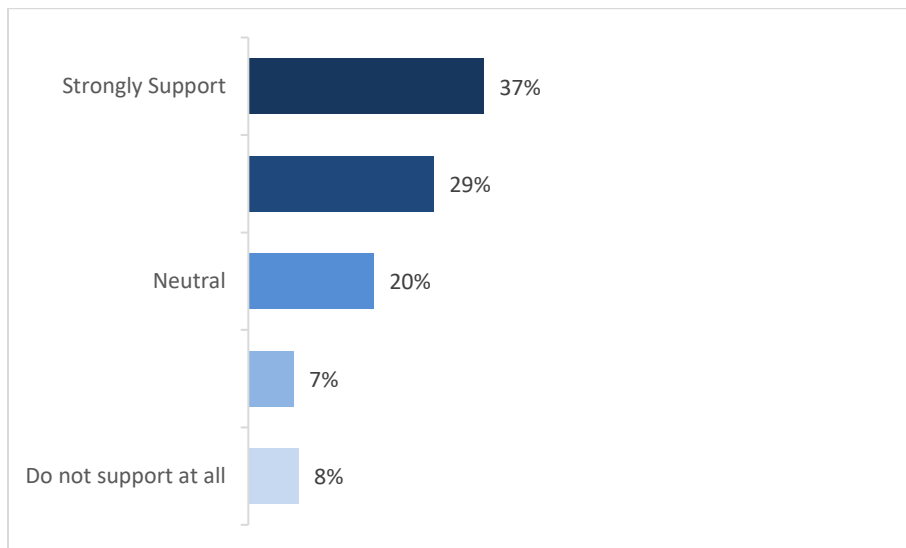
Work with and support a non-profit organization that provides affordable homeownership opportunities for those with low incomes. Support could be in the form of grants, loans, donating land, or direct funding support. (Note: Financial assistance would require a revenue source.) [Strategy 5.1]

This strategy had the highest level of neutral responses among all the strategies, with very few respondents not supporting it.



14. Support existing affordable housing stock.

Consider development standards and policies that may prevent demolition of naturally occurring affordable housing or preserve manufactured home parks from redevelopment. The city could support non-profits and owners in efforts to preserve and improve existing housing. [Strategy 5.2]

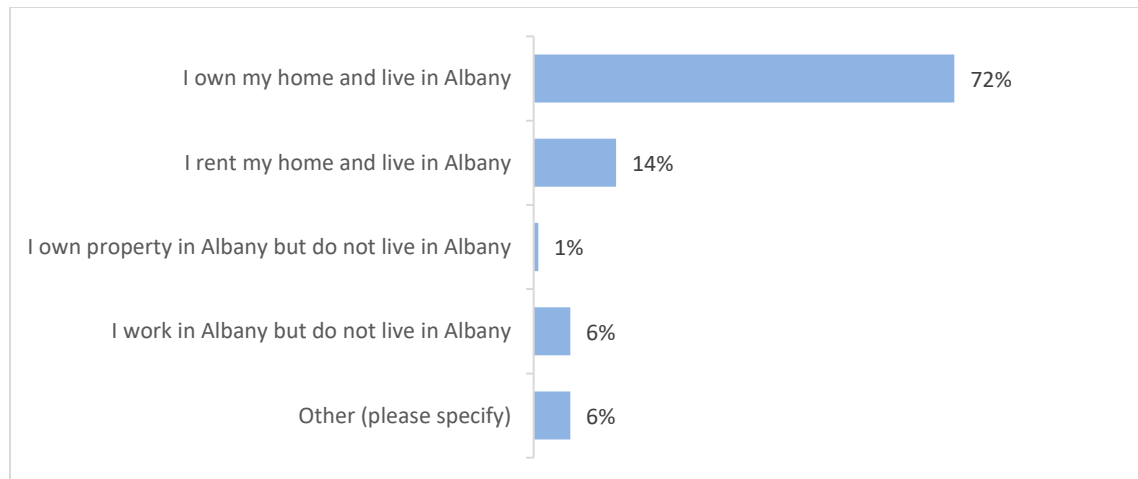


Demographics Questions

Highlights from these responses are summarized below. For some items, the respondent data is compared to city-wide demographic data.

- **Homeownership:** About three-quarters of respondents are homeowners in Albany. This compares to the city-wide homeownership rate of 60%.¹
- **Housing type:** Most respondents (over 80%) live in a single-family detached home. City-wide, 66% of housing units are single-family detached homes.
- **Children:** Almost 50% of respondents have children in the home.
- **Disability:** Over 20% of respondents report having a disability.
- **Age:** About 45% of respondents are 55 years old or older. This compares to the city-wide rate of 28%.²
- **Income:** About 58% of respondents have annual household incomes of \$75,000 or more. This compares to a city-wide rate of 38% earning \$75,000 or more (the City's median household income is \$60,624).³
- **Housing cost burden:** A substantial percentage of respondents (almost 40%) spend more than 30% of their income on housing.
- **Housing challenges:** About 40% of respondents have had difficulty finding housing in Albany that meets their needs.

16. Do you live, work, or own property in Albany? (select all that apply)



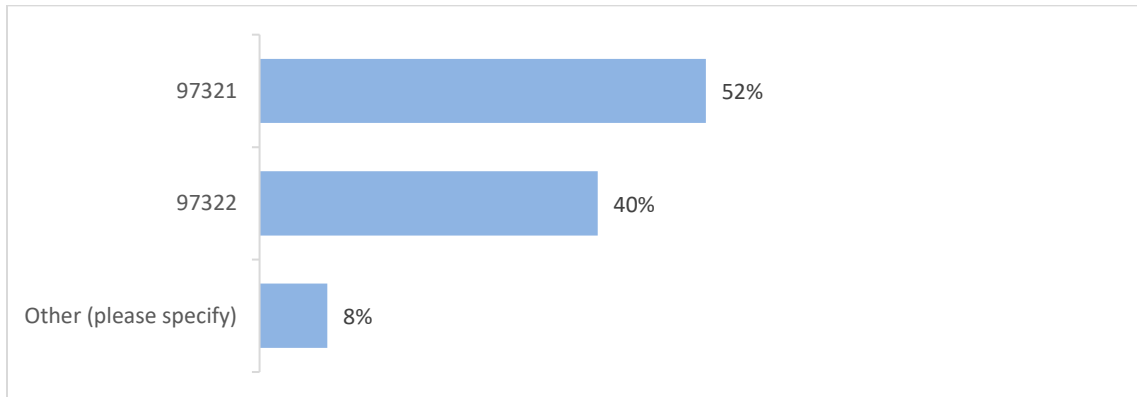
¹ U.S. Census, QuickFacts, Albany city, Oregon.

<https://www.census.gov/quickfacts/fact/table/albanycityoregon/PST045221>

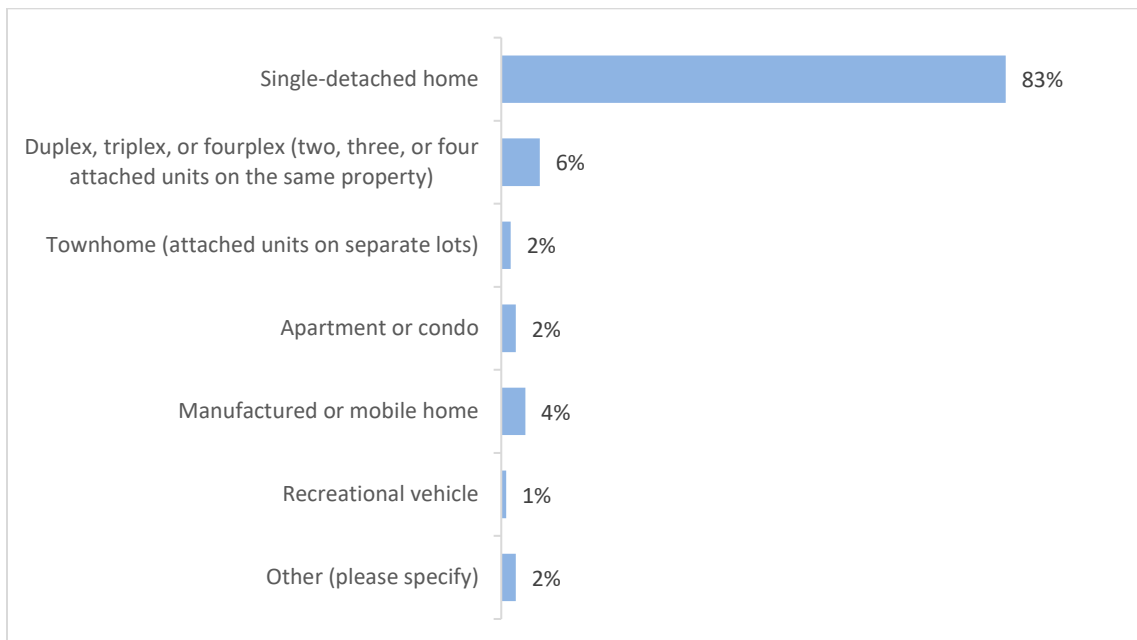
² City of Albany, Demographic Data. <https://www.cityofalbany.net/demographics/population/age>

³

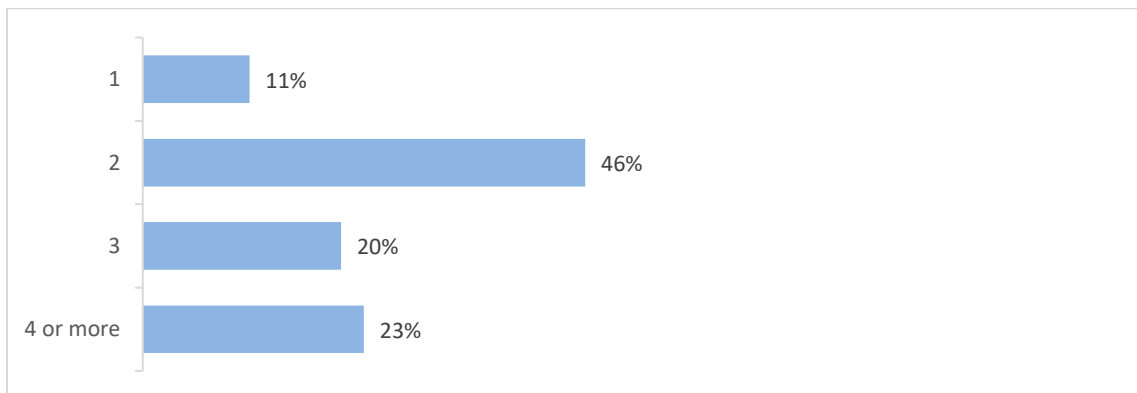
17. What is your zip code of residence?



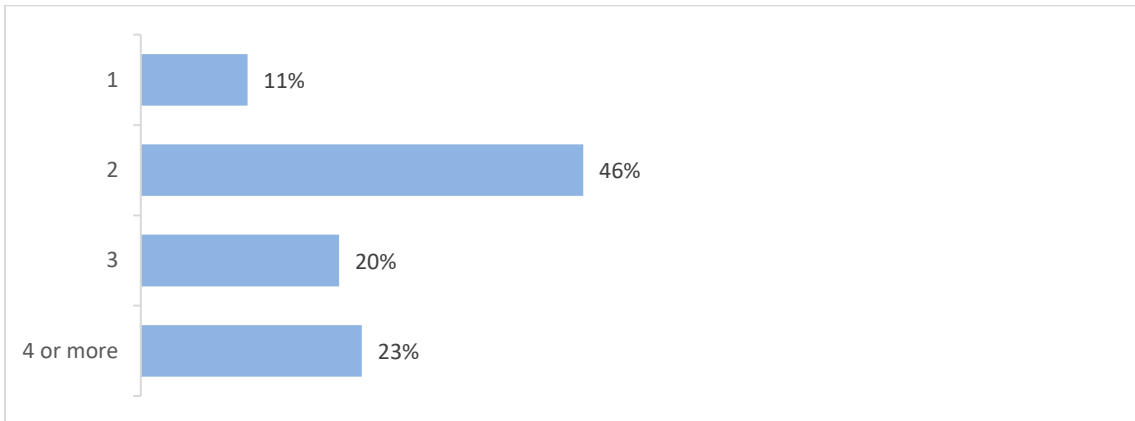
18. What type of housing do you live in currently?



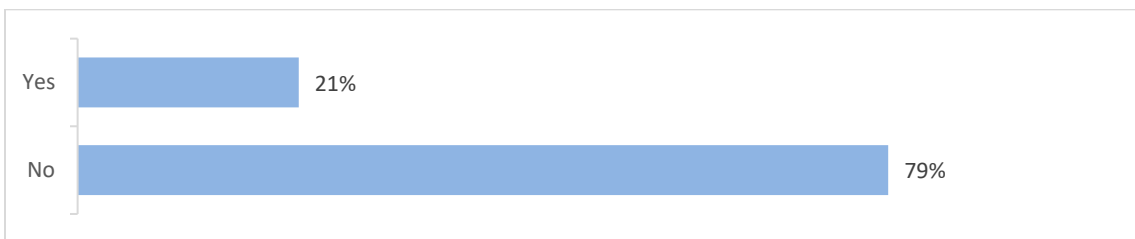
19. How many people live or stay in your home (including yourself)?



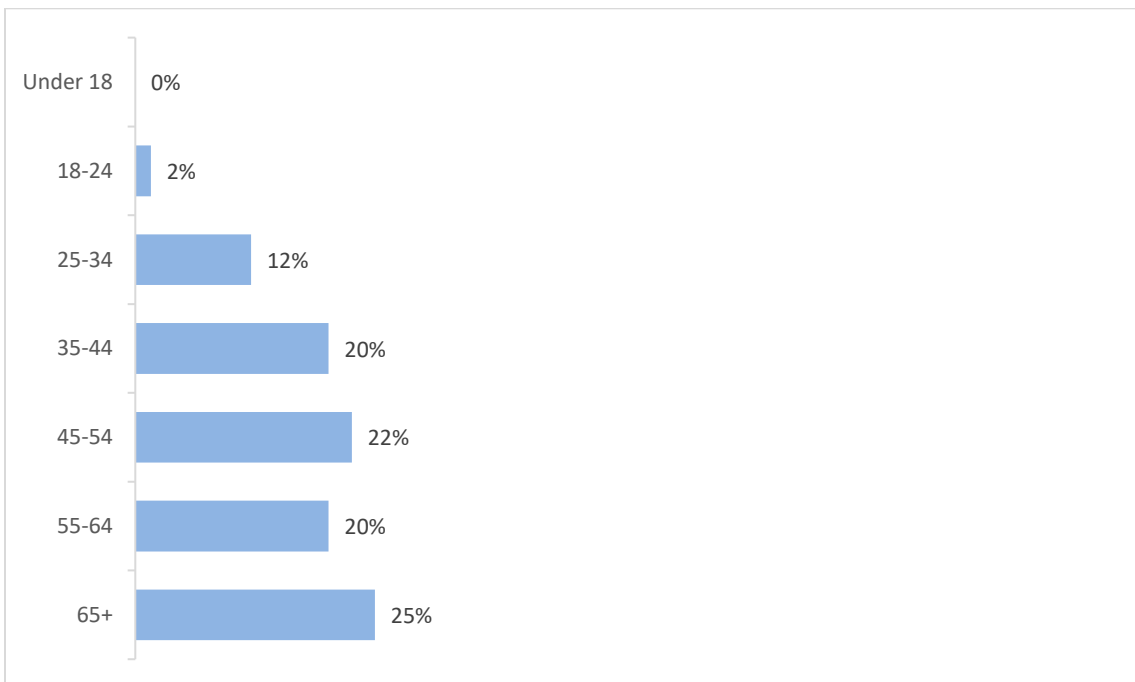
20. Do children age 17 or younger live in your home?



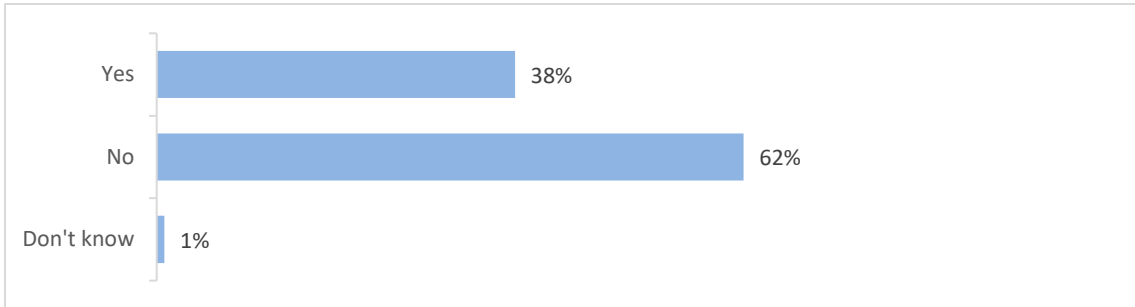
21. Do you experience a disability?



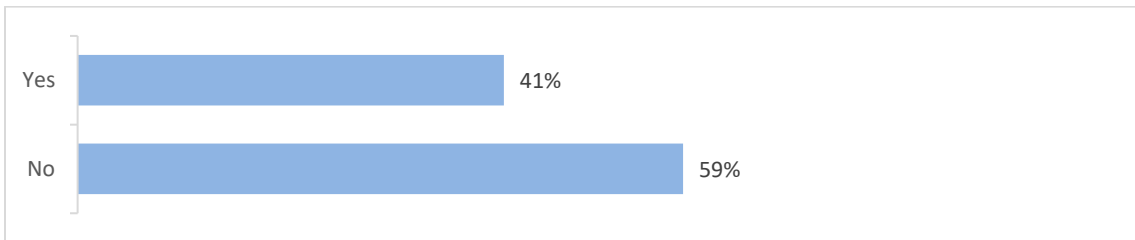
22. What is your age?



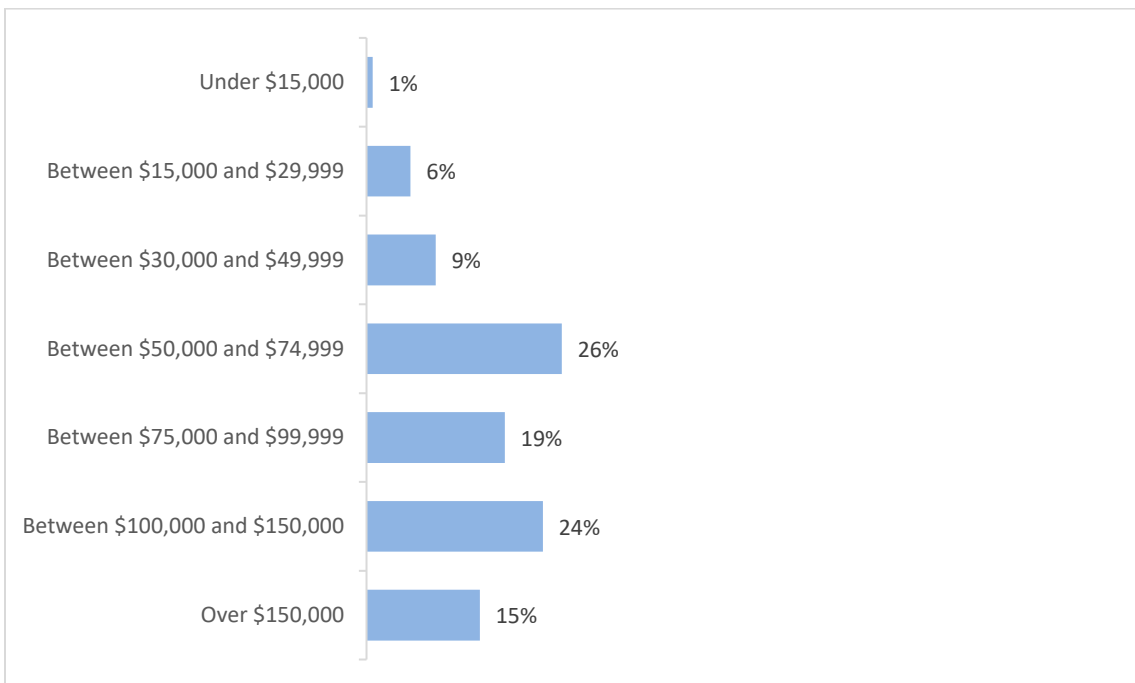
23. Do you spend more than approximately 30% of your household income on housing (mortgage, rent, property taxes, etc.)?



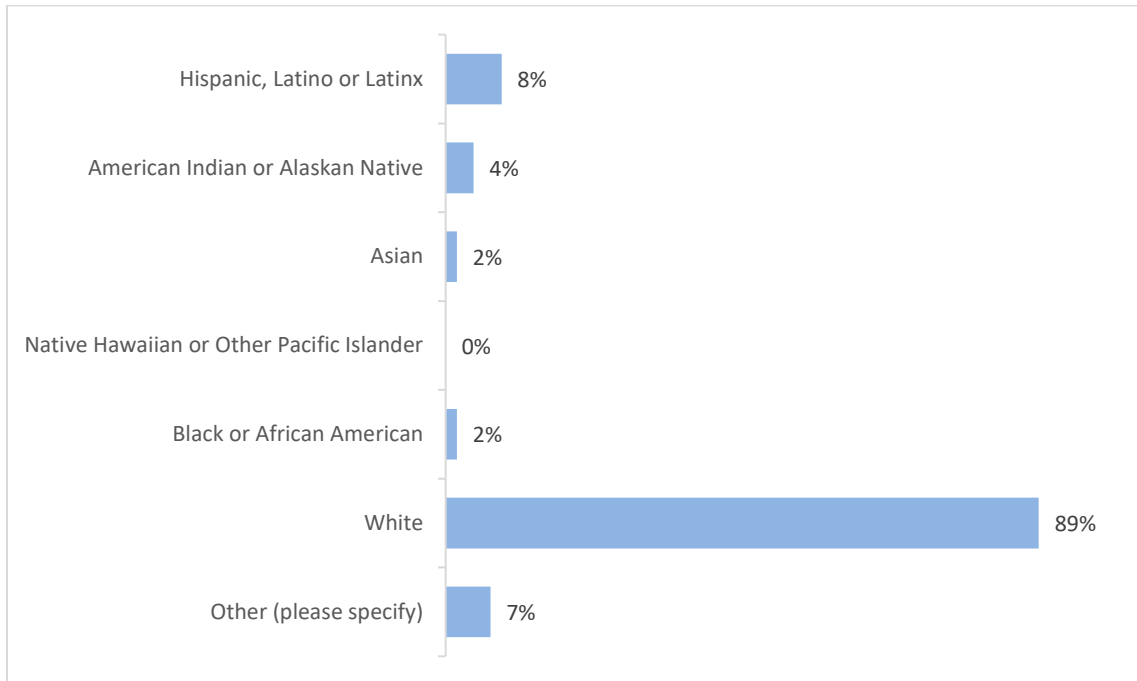
24. Have you had difficulty finding housing in Albany that you can afford or that meets all your needs?



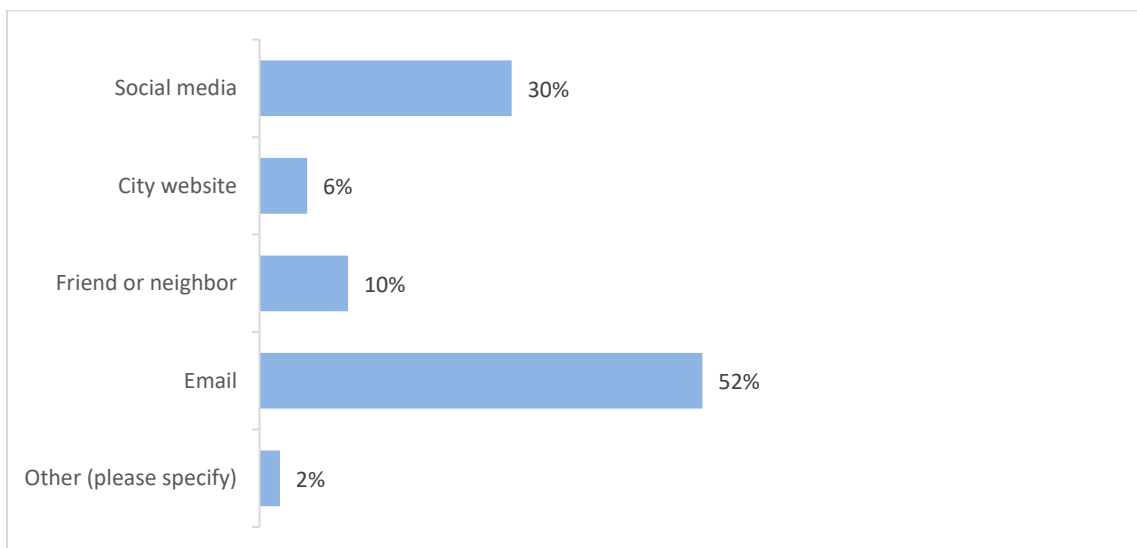
25. What is your annual household income?



26. How do you identify your race or ethnicity? (select all that apply)



27. How did you find out about this survey?





memo

to Anne Catlin, Matthew Ruetters, and Beth Freeland, City of Albany
from Kate Rogers and Matt Hastie, MIG | APG
re Housing Strategies Menu
date 03/25/2022

Introduction

The purpose of this project is to develop an equitable and actionable Housing Implementation Plan (HIP). The HIP will evaluate policies and strategies that the City can employ to address Albany's current and future housing needs, as identified in the City's recently-adopted Housing Needs Analysis (HNA).

The purpose of this memorandum is to identify an initial list or "menu" of potential housing policies, strategies, and tools that the City of Albany may consider as part of its Housing Implementation Plan. These are potential strategies that the City and its partners can employ to address Albany's current and future housing needs, as identified in Albany's Housing Needs Analysis (HNA), adopted in 2020. The initial strategies menu is derived from the following sources:

- Recommendations from the Housing Strategies Report associated with the City's 2020 HNA
- The master list of housing Tools, Actions, and Policies that the Oregon Department of Land Conservation and Development (DLCD) assembled as a resource for local governments in preparing Housing Production Strategies.¹
- Ideas from City of Albany staff and local housing stakeholders.

The strategies menu on the following pages includes: (1) a brief description of each strategy, (2) the type of entity typically responsible for implementation, (3) current and past efforts to implement the strategy, (4) whether the strategy was recommended as part of the HNA (column labeled "HNA?"), and (5) the typical populations or income levels served and type of units supported (e.g., rental or for-sale units).

This menu will be a starting point for further analysis and recommendations in subsequent tasks. It is expected that the list will be narrowed down significantly with assistance from the Housing Affordability Task Force. Then, a refined list of strategies will be further evaluated in the next phase of the project.

¹ Oregon DLCD, HPS Tools, Actions, and Policies. https://www.oregon.gov/lcd/UP/Documents/660-008-0050_HPS_List_Tools_Actions_Policies.pdf

Housing Strategies Menu

1. DEVELOPMENT CODE / REGULATORY STRATEGIES

The following set of strategies includes potential changes to the Albany Development Code (ADC), development review processes, or other regulations that the City could consider to help meet Albany’s housing needs and goals.

Strategy	Implementing Entity(ies)	Current and Past Efforts	HNA?	Populations Served or Type of Units Supported
<p>1.1 Ensure Land Zoned for Higher Density is not Developed at Lower Densities</p> <p>Establish minimum density standards, prohibit low-density housing in high density zones, and allow single-dwelling detached homes in medium density zones only if they meet minimum density or maximum lot size requirements.</p>	City of Albany	No minimum density standards. Single-dwelling detached is prohibited in RMA (highest density zone).	<p>✓</p> <p>(min density)</p>	<p>All income levels</p> <p>For rent or sale; high density</p>
<p>1.2 Evaluate Existing Development Standards</p> <p>Review existing standards to ensure they do not overly constrain housing development. This could include:</p> <ul style="list-style-type: none"> • minimum lot size/maximum density • lot widths/depths • building height • setbacks and lot coverage • parking requirements, and • design and open space standards. 	City of Albany	City recently updated residential standards to be clear and objective, but these updates did not address standards identified as barriers.	<p>✓</p>	<p>All income levels</p> <p>For rent or sale</p>
<p>1.3 (Incentivize) Smaller units with Smaller Lots/Prorate Density Calculations</p> <p>Allow small dwelling units (e.g., 1,200 SF or less) and single room occupancy (SRO) dwellings to count as less than one unit for purposes of calculating density and/or allow reduced lot size requirements for smaller units. Density and lot size examples:</p> <ul style="list-style-type: none"> • Dwelling units <= 600 SF: 0.25 unit; minimum lot size 1,500 SF • Dwelling units 601 – 1,200 SF: 0.5 unit, minimum lot size 3,000 SF 	City of Albany	N/A		<p>Affordable (< 80% AMI)</p> <p>Workforce (80-120% AMI)</p> <p>Market Rate (> 120% AMI)</p> <p>For rent or sale; smaller units</p>

	Strategy	Implementing Entity(ies)	Current and Past Efforts	HNA?	Populations Served or Type of Units Supported
1.4	<p>Flexibility for Accessory Dwelling Units (ADUs) Allow more flexibility in siting of ADUs. Consider allowing exceptions to certain standards such as rear setbacks or lot coverage. Potentially allow more than one ADU on a lot.</p>	City of Albany	City recently updated ADU standards in compliance with SB 1051.		Workforce (80-120% AMI) Market Rate (> 120% AMI) For rent; smaller units
1.5	<p>Encourage Tiny Homes and Villages Consider ways to encourage development of tiny homes (600 SF or less) built on foundations through regulatory incentives such as reductions in required off-street parking or open space, or exemptions from design requirements.</p>	City of Albany	Tiny home villages would be classified in the current ADC as either multi-family or cottage cluster development and would be subject to the associated design standards.		Affordable (<80% AMI) Workforce (80-120% AMI) For rent or sale; smaller units
1.6	<p>Zoning Incentives for Affordable or Workforce Housing Create incentives for developers to provide affordable and workforce housing in exchange for flexibility from existing development standards. Examples include height bonuses, density bonuses, reduced parking requirements, flexibility in how affordable units are provided.</p>	City of Albany	City currently provides density bonuses for moderate-cost housing. The bonus varies by the affordability level.	✓	Affordable (<80% AMI) Workforce (80-120% AMI) For rent or sale
1.7	<p>Building Height and Density Transfers Enable and encourage Transfer of Development Rights (TDR) to maximize available building height and density provided public benefit (e.g., historic preservation & affordable housing) are attained and covenants ensure long term benefit. This strategy assumes that there are adequate, realistic, and relatively easy receiving areas (with adequate height allowances) for TDRs.</p>	City of Albany	N/A		Affordable (< 80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI) For rent or sale
1.8	<p>Facilitate Middle Housing Types Amend the zoning code to increase housing choices and reduce barriers to development for duplexes, triplexes, fourplexes, townhomes, cottage clusters, and other “missing middle” housing types. Evaluate middle housing standards annually to assess any identified barriers to constructing middle housing.</p>	City of Albany	City recently adopted code amendments to allow middle housing types, per House Bill 2001.	✓	Workforce (80-120% AMI) Market Rate (> 120% AMI) For rent or sale; smaller units

Strategy	Implementing Entity(ies)	Current and Past Efforts	HNA?	Populations Served or Type of Units Supported
<p>1.9 Evaluate Existing Non-Residential Uses Review and consider amendments to allowed uses in residential zones to ensure development of non-residential uses does not prevent those zones from meeting their projected housing capacity.</p>	City of Albany	N/A	✓	All income levels For rent or sale
<p>1.10 Provisions for Single Room Occupancy (SRO) Housing Ensure SROs are not precluded by housing definitions. Allow for SROs, Adult Dorms, and Cohousing in residential zones. Also allow quads/quints as a housing type (different than standard multi-family units) with prorated density.</p>	City of Albany	N/A		All income levels For rent; smaller units
<p>1.11 Encourage Diverse Housing Types in High- Opportunity Neighborhoods Enable developments that support multiple unit sizes, types, and tenure options to promote diverse housing options in high-opportunity neighborhoods (e.g., near high performing schools, transportation options, services, etc.). With goals to promote access to opportunity and reverse historical patterns of racial, ethnic, cultural and socioeconomic exclusion. Use an analysis of “Access to Opportunity” to decide which zones or locations (via zoning overlay) to determine where this is appropriate. The jurisdiction could pair this strategy with a robust program of incentives (e.g., deeper financial incentives, greater range of housing types, more regulatory waivers, etc.) to be made available in these areas than in other areas of the city.</p>	City of Albany	N/A		All income levels For rent or sale
<p>1.12 Evaluate mixed use and commercial zones for housing capacity Consider requiring residential uses to be included in certain areas or certain developments. Consider requiring multi-story development or a minimum number of stories in certain zones or areas. Also evaluate permitted uses and development standards. Consider removing the requirement that housing be attached to a business in some zones (i.e., allow horizontal mix).</p>	City of Albany	Housing is permitted in mixed use and commercial zones, some only if above or attached to a business.		All income levels For rent or sale
<p>1.13 Mixed Housing Types in Planned Developments Require or incentive a mix of housing types within Residential Planned Developments (PD).</p>	City of Albany	Mixed housing types are permitted in PDs, but not required or incentivized.		Workforce (80-120% AMI) Market Rate (> 120% AMI) For rent or sale

Strategy	Implementing Entity(ies)	Current and Past Efforts	HNA?	Populations Served or Type of Units Supported
<p>1.14 Inclusionary Zoning</p> <p>A tool used to produce affordable housing within new market-rate residential developments. Typically implemented through an ordinance mandating that a minimum percentage of units remain affordable for a set period of time.</p>	City of Albany	N/A	✓	Affordable (<80% AMI) Workforce (80-120% AMI) For rent or sale
<p>1.15 Legalize Alternative Housing Types on Wheels and in Parks</p> <p>Many smaller housing formats are built on wheels, including tiny homes on wheels (THOWs), park model homes, and recreational vehicles (RVs). Many local codes prohibit siting these housing types outside of manufactured home and RV parks. Permitting these housing types, with appropriate siting standards to ensure adequate public facilities access and life/safety, can provide additional permanent or interim housing options outside of parks. Allowing broader siting of RV parks and amending standards to allow THOWs, park model homes, and other housing types on wheels can also provide additional siting opportunities.</p>	City of Albany	N/A		Affordable (<80% AMI) Workforce (80-120% AMI) For rent or sale; smaller units
<p>1.16 Incentivize and Promote Accessible Design</p> <p>Provide incentives in the development code to increase the number of units designed to meet Universal Design, Lifelong Housing Certification, and other similar standards. Examples of incentives include: expedited review and permitting processing, planning and building fee reductions, system development charge deferrals, density or building height bonuses.</p> <p>Provide information (e.g., handouts) to educate builders/contractors on ways to adopt plans with Universal Design principals or to make homes visitable (e.g., ADA bathroom on first floor, stairs/ramp/pavement into home, etc.).</p>	City of Albany	N/A		People with disabilities or mobility challenges; All income levels For rent or sale
<p>1.17 Require Accessible Design for Publicly Supported Units</p> <p>Require all publicly supported units to be designed to meet Universal Design, or to be adaptable for this purpose. Consider requiring elevators in any multi-story buildings that are supported by the City.</p>	City of Albany	N/A		People with disabilities or mobility challenges; All income levels For rent or sale

Strategy	Implementing Entity(ies)	Current and Past Efforts	HNA?	Populations Served or Type of Units Supported
<p>1.18 Require Visitable Units in Multi-Unit Development</p> <p>Require a portion of the units in a multi-unit development to be “visitable.” “Visitability” standards promote housing that can be accessed and visited by people with mobility challenges (including elderly and people with disabilities), while also providing convenience to other users of all ages, who, for example, use strollers or bicycles.</p>	City of Albany	N/A		<p>People with disabilities or mobility challenges;</p> <p>All income levels</p> <p>For rent or sale</p>

2. POLICY AND LAND SUPPLY STRATEGIES

The following strategies are intended to address Albany’s existing land capacity and its ability to accommodate needed housing.

Strategy	Implementing Entity(ies)	Current and Past Efforts	HNA?	Populations Served or Type of Units Supported
<p>2.1 Rezone and Redesignate Land</p> <p>Rezone land from other residential designations and/or from non-residential designations to meet specific housing needs, assuming there is an adequate supply of land available to meet non-residential needs.</p>	City of Albany	N/A	✓	<p>All income levels</p> <p>For rent or sale</p>
<p>2.2 Surplus Land for Affordable/Needed Housing</p> <p>Sell City or other surplus land suitable for housing at cost or below market to developers of long-term affordable housing or allow long-term leases at minimal cost. County surplus supply of foreclosed land can be used to provide land to affordable housing developers.</p> <p>Or allow first right of refusal to affordable housing providers.</p>	City of Albany, Linn and Benton Counties, Other public entities	City has donated surplus land to Habitat for Humanity	✓	<p>Affordable (<80% AMI)</p> <p>Workforce (80-120% AMI)</p> <p>For rent or sale</p>
<p>2.3 Land Banking</p> <p>Public purchase of vacant/under-utilized sites for future affordable housing development.</p>	City of Albany or Nonprofit, and Landbank partner	The City has acquired properties within the Central Albany Revitalization Area (CARA); but not for the purpose of developing affordable housing.	✓	<p>Affordable (<80% AMI)</p> <p>For rent or sale</p>

	Strategy	Implementing Entity(ies)	Current and Past Efforts	HNA?	Populations Served or Type of Units Supported
2.4	<p>Annexation and Development Agreements</p> <p>Support housing through annexation and developer agreements. Consider including requirements for housing mix, housing types, unit sizes, or income levels.</p>	City of Albany	N/A		All income levels For rent or sale
2.5	<p>Capital Improvements Programming (CIP)</p> <p>Plan the CIP so that projects are constructed sooner to support development of needed housing or to open up more land in an Urban Growth Boundary (UGB) for development of needed housing. Coordinate housing planning with CIP work to prioritize those projects that would support development (e.g., new water line, sewer pumping station). If the UGB is amended or the premises on which the CIP were based changed substantially, the CIP should be revised.</p>	City of Albany – multiple departments	N/A		All income levels For rent or sale
2.6	<p>Public Facility Planning</p> <p>Completing water, sewer, and transportation PFPs and getting capital improvement projects (CIP) built so that costs to develop on land zoned for needed housing can be further anticipated and supported. In addition, public utilities planning also allows for more unit capacity, especially in areas that are upzoned for denser housing.</p>	City of Albany – multiple departments	N/A		All income levels For rent or sale
2.7	<p>Survey Applicants on Development Program Decision-Making</p> <p>Add a section to the city's development application asking developers how they decided on their development program and which public incentives were part of the consideration. This would lead to better information about how to tailor city strategies toward production.</p>	City of Albany	N/A		All income levels For rent or sale

3. FINANCIAL AND REGULATORY INCENTIVES

The following incentive strategies are intended to make development of housing—particularly affordable housing—more feasible or financially viable by reducing fees or other costs and by reducing process barriers.

Strategy	Implementing Entity(ies)	Current and Past Efforts	HNA?	Populations Served or Type of Units Supported
<p>3.1 Pre-Approved Plan Sets for Middle Housing Types Providing a pre-approved set of plans for middle housing (ex. Duplex, cottage cluster, townhomes). The plans would be highly-efficient, designed for constrained lots and low cost solutions, and would allow for streamlined permitting. This would help attract developers that typically develop only single-family housing to get into the missing middle housing production. Consider partnering with a university, design institution, or developing a competition to produce plans.</p>	Albany Building Division; potential university partner	N/A		All income levels For rent or sale
<p>3.2 Pre-Approved Plan Sets for Accessory Dwelling Units Provide a pre-approved set of plans for ADUs that, if chosen by a developer/owner, would lead to automatic approvals and reduced permitting schedule. Plans would reduce the need for architectural costs and reduce barriers to entry.</p>	Albany Building Division; potential university partner	N/A		All income levels For rent

Strategy	Implementing Entity(ies)	Current and Past Efforts	HNA?	Populations Served or Type of Units Supported
<p>3.3 Tax Abatements</p> <p>Tax abatements are reductions in property taxes for housing and may include full or partial tax exemptions or freezes on the assessed value of properties. Abatements are often provided to non-profit corporations or to private developers in exchange for developing affordable or other desired housing types (such as mixed-use). Authorized abatements include:</p> <ul style="list-style-type: none"> • Nonprofit Corporation Low-Income Housing (ORS 307.540 – 307.548) • Low-Income Rental Housing (ORS 307.515 – 307.537)² • Vertical Housing (ORS 307.841 – 307.867)³ • Transit-Supportive Multi-Unit Development (ORS 307.600 – 307.637) – city must identify specific areas • Homebuyer Opportunity Limited Tax Exemption (ORS 307.651 – 307.687) • Residential Rehabilitation Tax Freeze (ORS 308.450 – 308.481) 	<p>City of Albany (may need approval from other taxing districts, e.g., schools)</p>	<p>The City adopted the Non-Profit Low-Income Housing Tax Credit per ORS 307.540-548 in 1993, which enables the City to exempt affordable housing developed by non-profit organizations from City taxes, although annual renewal is required.</p>	<p>✓</p>	<p>Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)</p> <p>For rent or sale (depends on which tax exemption)</p>
<p>3.4 Delayed Tax Exemptions – for Market Rate to Affordable Conversions</p> <p>Allow housing to be built and operated at market rate while allowing developers to choose a path that maintains or reduces rents over time. Once the property’s rents (for some or all of the units) are affordable to households earning below 80% AMI (while maintaining HUD quality standards), tax exemptions (full or pro-rated) would kick in. This could be an incentive to convert market rate units to affordable and is an alternative to upfront incentive dollars, SDC reductions, etc. for providing affordable housing.</p>	<p>City of Albany</p>	<p>N/A</p>		<p>Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI)</p> <p>For rent</p>

² Oregon cities that have adopted the Low-Income Rental Housing tax exemption include Silverton, Springfield, Prineville, La Pine, North Plains, Bend, and Eugene (among others).

³ Oregon cities that have adopted the Vertical Housing tax exemption include Grants Pass, Hillsboro, Beaverton, Milwaukie, Gresham, Tigard, Wood Village, Forest Grove, and Estacada (among others).

Strategy	Implementing Entity(ies)	Current and Past Efforts	HNA?	Populations Served or Type of Units Supported
<p>3.5 System Development Charge (SDC) Deferrals, Exemptions or Reductions SDCs are one-time charges assessed on new development to pay for the costs of expanding public facilities. This strategy reduces costs for housing development by deferring, reducing, or exempting SDCs for needed housing types. This strategy could target affordable housing, ADUs, middle housing, or other housing types.</p>	City of Albany	N/A	✓	All income levels or targeted incomes or housing types For rent or sale
<p>3.6 Modify SDC fee methodologies/schedules Update the SDC fee schedule so it is tied to dwelling size. This strategy ensures that smaller dwelling sizes in single and multi-family housing are not disproportionately burdened by fees, and therefore, encouraged. Consider per-square-foot fees rather than per-dwelling. Evaluate methodologies for middle housing and ADUs.</p>	City of Albany	The City is currently proposing to change the SDC methodology so fees are scaled to dwelling size for single-unit dwellings.	✓	All income levels For rent or sale
<p>3.7 Connection Fees Waiver When there are no capital reserve reimbursement agreements, consider waiving connection fees.</p>	City of Albany	N/A		Affordable (<80% AMI) Accessible housing For rent
<p>3.8 Annexation Fee Waiver Waive annexation fees for affordable and/or needed housing.</p>	City of Albany	N/A		Affordable (<80% AMI) Workforce (80-120% AMI) Accessible housing For rent or sale
<p>3.9 Expedite Permitting for Affordable/Needed Housing Variety of strategies to reduce review and processing times for affordable housing development, such as formally adopting shortened review timelines for applications or giving priority in scheduling hearings and meetings with staff. Prioritize projects with direct or indirect funding from local government. Also consider assigning a designating staff to shepherd projects through the construction process in order to expedite process.</p>	City of Albany	N/A		Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) For rent or sale

4. FUNDING SOURCES

The following funding sources could create new revenues for Albany to increase its supply of needed housing, particularly affordable housing.

	Strategy	Implementing Entity(ies)	Current and Past Efforts	HNA?	Populations Served or Type of Units Supported
4.1	<p>Construction Excise Tax (CET)⁴ One-time tax on new construction to help pay for affordable housing projects and programs. Cities and counties may levy a CET on residential construction for up to 1% of the permit value; or on commercial and industrial construction, with no cap on the rate of the CET. State law requires it to be spent on specific types of programs and activities.</p>	City of Albany; Housing partners could implement funded programs	N/A	✓	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) For rent or sale
4.2	<p>General Obligation Bonds for Affordable Housing Voter-approved bond to provide direct funding for construction and other capital costs associated with the development and construction of affordable housing. Funds can be loaned or granted to both public and privately owned affordable housing projects.</p>	City of Albany	N/A		Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) For rent or sale
4.3	<p>Tax Increment Financing (TIF) TIF is a funding mechanism in which future tax revenues in targeted development or redevelopment areas are diverted to finance infrastructure improvements and/or development—potentially including affordable and/or market-rate housing. TIF set-asides can create designated funding sources for affordable housing development programs within TIF districts.</p>	City of Albany (Urban Renewal Agency)	The City has supported development of affordable housing and infrastructure improvements in the Central Albany Revitalization Area (CARA). Those improvements could be leveraged to reduce costs for private or non-profit housing developers.	✓	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) For rent or sale

⁴ Oregon cities that have passed a Construction Excise Tax for affordable housing include Grants Pass, Medford, Milwaukie, Corvallis, Cannon Beach, Newport, Hood River, Bend, Eugene, and Portland (and likely others). More cities are currently considering a CET.

	Strategy	Implementing Entity(ies)	Current and Past Efforts	HNA?	Populations Served or Type of Units Supported
4.4	<p>Community Development Block Grant (CDBG)</p> <p>Albany receives an annual allocation of CDBG funds from HUD for programs that primarily benefit LMI households and residents. Eligible activities include public infrastructure, housing rehabilitation, property acquisition, down-payment assistance, emergency rent assistance, and other public services.</p>	City of Albany	CDBG funds have helped Habitat purchase a property, supported a housing rehab program, emergency rent assistance, down-payment assistance, sidewalk and park improvements.	✓	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) For rent or sale
4.5	<p>Federal HOME Program</p> <p>The state receives HOME funding from HUD to support the creation of affordable housing for low and very-low-income households. Funds can be used for the acquisition, rehab or construction of rental housing, homebuyer assistance, or tenant-based rental assistance.</p>	City of Albany and nonprofits are eligible to apply.	N/A		
4.6	<p>Housing Trust Fund</p> <p>Affordable housing trust funds are public sector tools used to direct financial resources to support a variety of affordable housing activities. Funds in housing trusts are known for their flexibility, sustainability, and success in addressing critical housing needs. <i>Housing trust funds are not revenue sources themselves, but rather are tools for consolidating revenue, planning for how the funds are spent, and directing them to housing programs.</i> Typically, a trust uses one or more committed public sources of revenue to create a dedicated, ongoing funding source to support affordable housing.</p>	City of Albany or partner nonprofit organization	N/A		Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) For rent
4.7	<p>Demolition Taxes</p> <p>Cities, towns, and counties establish demolition taxes and condo conversion fees as a way to generate revenue and replace affordable housing lost to these activities. The proceeds from both demolition taxes and condo conversion fee are typically deposited in a Housing Trust Fund to support affordable and accessible housing activities. To ensure that a demolition tax on residential development does not deter needed redevelopment, this strategy should only be applied if the housing</p>	City of Albany, Linn and Benton Counties	N/A		All income levels For rent or sale

Strategy	Implementing Entity(ies)	Current and Past Efforts	HNA?	Populations Served or Type of Units Supported
replacement is 1:1 or less than 1:1. If the proposed development is more dense than the original structure, there should not be a demolition tax.				
4.8 Allocate Health and Public Safety Resources to Housing Because healthy housing makes a huge difference in health care, public safety, and other costs, identify paths to redirect budgets from those sectors toward housing construction funds and supporting services.	City of Albany; Samaritan, IHN-CCO, County Health Departments, Nonprofits	N/A		Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) For rent or sale

5. PROGRAMS AND PARTNERSHIPS

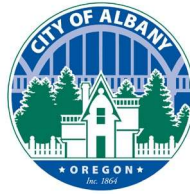
These are programmatic strategies that could help the Albany community increase its housing supply (particularly affordable housing), support existing affordable units and residents, and/or leverage partnerships to catalyze housing development. The programmatic strategies would typically depend on partnerships with other organizations to implement or rely on additional funding sources identified in the previous set of strategies.

Strategy	Implementing Entity(ies)	Current and Past Efforts	HNA?	Populations Served or Type of Units Supported
5.1 Financial Assistance Programs A range of tools that can be used to maintain housing affordability or to help keep residents in their homes. Possible tools include rent assistance, loans for homeowners, or assistance to low-cost apartment owners for repairs and upgrades.	City of Albany; Community Services Consortium, Linn Benton Housing Authority; OHCS, Nonprofit organizations	The City funds assistance programs through its Community Development Block Grant (CDBG) program and public utility funds; however CSC receives other funds for rent assistance programs...	✓	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) For rent or sale
5.2 Public-Private Partnerships (PPPs) Arrangements between public and private entities to create more and/or affordable housing. PPPs have the capacity to bring resources to the table that would otherwise not be available if each institution were to provide housing on its own. PPPs can promote a variety of affordable housing programs or projects and include partnerships from multiple entities	City of Albany; Private or other nonprofit developer partners	The Woodwind Apartments, completed in 2015, are an example of a PPP for affordable housing. The CARA committed \$1.45 million	✓	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) For rent or sale

Strategy	Implementing Entity(ies)	Current and Past Efforts	HNA?	Populations Served or Type of Units Supported
(public, private, and non-profit). Cities can engage in PPPs in a variety of ways, such as providing flexibility in development standards and helping leverage public funding.		to the project, including \$817,660 for the purchase of the property.		
<p>5.3 Community Land Trusts</p> <p>Community Land Trust (CLT) is a model wherein a community organization owns the land and low- to moderate-income households own the housing and accrue equity. Prospective homeowners can enter long-term (e.g., 99-year), renewable leases at an affordable rate. Upon selling, homeowners only earn a portion of the increased property value, while the trust keeps the remainder, thereby preserving affordability for future low- to moderate-income households.</p> <p>Cities can support CLTs in various ways, including financial assistance such as grants or loans to homebuyers for down payments.</p>	City of Albany; CLT partner (such as DevNW)	N/A		Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) For sale
<p>5.4 Employer-Assisted Housing Programs</p> <p>Employer-assisted housing programs provide a channel through which employers can help their employees with the cost of owning or renting a home, typically in neighborhoods close to the workplace. Assistance may be provided in a variety of ways, including through down payment grants or loans that are forgiven over a period of employment, homeownership counseling and education, rental subsidies and, less commonly, direct investment in the construction of rental housing.</p>	Local employers	N/A		Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) For rent or sale
<p>5.5 Preserving Low-Cost Rental Housing to Mitigate Displacement</p> <p>Preventing displacement and preserving "naturally occurring" affordable housing through acquisition, low-interest loans/revolving loan fund for preservation, and/or code enforcement. Example: The Oregon Legislature committed \$15 million in lottery bonds to Oregon Housing and Community Services (OHCS) in 2019 to create a naturally occurring affordable housing loan fund. Modeled after the Greater Minnesota Housing Fund.</p>	Oregon Housing and Community Services (OHCS); Non-profit partners	N/A		Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) For rent

	Strategy	Implementing Entity(ies)	Current and Past Efforts	HNA?	Populations Served or Type of Units Supported
5.6	<p>Preserving Safe, Affordable Manufactured Homes</p> <p>Manufactured home parks often provide a form of affordable housing stock, but are particularly vulnerable to redevelopment pressures since lots are temporarily leased out. In order to preserve safe, affordable options into the future, manufactured home parks may be protected through assistance that allows community purchase of the underlying land, manufactured homes and provide funds used to maintain upkeep of these dwelling units. This strategy is often implemented through use of Land Trusts, Resident-Owned Cooperatives, Public Ownership of Land, or Condominium Conversion of the real estate assets to preserve the community(ies). Oregon Housing and Community Services (OHCS) has regularly received lottery bonds or general funds from the Oregon Legislature to preserve manufactured home parks through either Resident Owned Cooperatives or Non-profit ownership.</p>	<p>OHCS, Community Land Trust; Resident-Owned Cooperative; Nonprofit partner; Housing Authority</p>	<p>N/A</p>		<p>Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) For rent or sale</p>
5.7	<p>Providing Information and Education to Small Developers</p> <p>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. Information can also promote accessible/Universal Design building techniques.</p>	<p>City of Albany</p>	<p>The City provides numerous informational handouts on its webpage in at the permit counter, including new handouts for middle housing.</p>		<p>Workforce (80-120% AMI) Market Rate (> 120% AMI) For rent or sale</p>
5.8	<p>Conversion of Underperforming or Distressed Commercial Assets</p> <p>Acquisition of underperforming or distressed commercial assets (commercial, retail, industrial, or hotel) or partnerships with owners of the assets for conversion into needed housing.</p>	<p>City of Albany; Non-profit or private partners</p>	<p>N/A</p>		<p>All income levels For rent</p>
5.9	<p>Affordable Housing Preservation Inventory</p> <p>Prepare an inventory of subsidized and naturally occurring affordable housing to support proactive policies intended to preserve the affordable housing stock. This strategy is intended to help offset some of the need for costly new construction.</p>	<p>City of Albany</p>	<p>N/A</p>		<p>Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) For rent or sale</p>

	Strategy	Implementing Entity(ies)	Current and Past Efforts	HNA?	Populations Served or Type of Units Supported
5.10	<p>Fair Housing Education, Referral, and Other Services</p> <p>Provide residents, property owners, property managers, realtors, lenders and others involved with real estate transactions with access to Fair Housing information and referrals. Ensure that city staff know how to identify potential Fair Housing violations and make referrals to the Fair Housing Council of Oregon and state and local enforcement agencies. Partner with and fund Fair Housing Council of Oregon (FHCO) to provide periodic Fair Housing Audit Testing, customized outreach and education and other specialized services.</p>	<p>City of Albany; Fair Housing Council of Oregon</p>	<p>The City refers residents to FHCO and has resources online and partners with FHCO on education and outreach.</p>		<p>All income levels For rent</p>



COMMUNITY DEVELOPMENT

333 Broadalbin Street SW, PO Box 490, Albany, Oregon 97321-0144 | BUILDING 541-917-7553 | PLANNING 541-917-7550

Staff Report

Albany Comprehensive Plan Amendments To adopt the Housing Implementation Plan

Planning File: CP-03-23

June 2, 2023

HEARING BODIES:	Planning Commission	City Council
HEARING DATES:	Monday, May 15, 2023	Wednesday, June 14, 2023
HEARING TIMES:	5:15 p.m.	6:00 p.m.
HEARING LOCATION:	Council Chambers, Albany City Hall, 333 Broadalbin Street SW	
VIRTUAL OPTIONS:	Instructions to attend the hearings and provide comments will be provided on the applicable agenda.	
STAFF REPORT PREPARED BY:	Anne Catlin, Comprehensive Planning Manager	

Application Information

Proposal:	The proposed legislative amendments would adopt the Housing Implementation Plan (HIP) into the Albany Comprehensive Plan and add policies and implementation measures to support strategies identified in the HIP to increase needed housing are also recommended.
Applicant:	Albany Community Development Department, 333 Broadalbin Street SW, Albany, OR 97321
Location:	Legislative amendments; not site specific

Overview

In 2020, the City adopted a housing needs analysis (HNA) that identified Albany's current and future housing needs to 2040. The analysis concluded that Albany does not have enough housing choices that are affordable to all residents, especially households with lower incomes. Because Albany is not required to adopt a Housing Production Strategy (HPS) which would outline how Albany would provide needed housing until 2029, the City committed to evaluating potential strategies that could be included in an actionable plan to encourage or facilitate needed housing types for all residents, including housing that is affordable, as required by state administrative rules for housing.

In 2021, the City secured a grant from Oregon's Department of Land Conservation and Development (DLCD) to hire a consultant APG (now MIG/APG) to assist in the preparation of a Housing Implementation Plan (HIP). The HIP project built upon community conversations held in 2020 and 2021 around the Expanding Housing Options project which updated the Albany Development Code and Albany Comprehensive Plan to allow middle housing types in order to comply with House Bill 2001 (2019 legislative session).

The City Council appointed a housing affordability task force (HATF) to provide strategic direction on the project and feedback on a comprehensive menu of housing strategies. The HIP project identified several focus areas including

land use and zoning strategies, development incentives and policies, potential funding sources, and programs and partnerships.

Summary of Proposed Changes

The City of Albany is proposing to adopt a Housing Implementation Plan (HIP) into the Albany Comprehensive Plan (Plan) and update the housing policies to support strategies outlined in the HIP. The HIP identifies actionable strategies, policies and implementation steps needed to encourage the production of needed housing types in support of housing affordability. The proposed Plan amendments and the HIP are included in the attached Ordinance and exhibits:

- Exhibit A: Comprehensive Plan, Chapter 4: Housing, Amendments
- Exhibit B: Albany Housing Implementation Plan

In Exhibit A, proposed new text is shown in red underline print and proposed deleted text is in ~~black strike-out font~~.

Notice Information

Public notice was issued in accordance with legislative amendment requirements in the ADC Section 1.260. Specifically,

- Notice was provided to the Oregon Department of Land Conservation and Development (DLCD) on April 7, 2023, at least 35 days before the first evidentiary hearing, in accordance with Oregon Administrative Rule (OAR) 660-018-0020 and the ADC.
- Notice of the public hearings was published in the *Albany Democrat-Herald* on May 1, 2023, two weeks before the first public hearing on May 15, 2023.
- Notice of the proposed amendments was emailed on May 1, 2023, to Linn County, Benton County, and Cascades West Council of Governments, and Greater Albany Public Schools.
- Notice was emailed to the interested parties list on May 2, 2023.

As of the date of this report, the Community Development Department has not received any written testimony.

Analysis of Development Code Criteria

The ADC includes the following review criteria in Section 2.220 and 2.290, which must be met for these legislative amendments to be approved. Code criteria are written in ***bold italics*** and are followed by findings and conclusions.

Comprehensive Plan Amendment Review Criteria (ADC 2.220)

Criterion 1: A legislative amendment is consistent with the goals and policies of the Comprehensive Plan, the statewide planning goals, and any relevant area plans adopted by the City Council.

Findings of Fact

- 1.1 The Comprehensive Plan defines a goal as, “a general statement indicating a desired end, or the direction the city will follow to achieve that end.”
- 1.2 The Comprehensive Plan defines a policy as, “a statement identifying a course of action or City position.”
- 1.3 The Comprehensive Plan describes the City’s obligation regarding policies as follows: “The City must follow relevant policy statements in making a land use decision or show cause why the Comprehensive Plan should be amended consistent with statewide goals. Such an amendment must take place following prescribed procedures prior to taking a land use action that would otherwise violate a Plan policy. However, in the

instance where specific Plan policies appear to be conflicting, the City must seek solutions that maximize each applicable policy objective within the overall content of the Comprehensive Plan and in a manner consistent with the statewide goals. In balancing and weighing those statements, the City can refer to general categories of policies and does not have to respond to each applicable policy. Also, in this weighing process, the City must consider whether the policy contains mandatory language (e.g., shall, require) or more discretionary language (e.g., may, encourage).”

- 1.4 The applicable Albany Comprehensive Plan and Statewide Planning goals and policies are provided below in **bold** print and are followed by findings of fact and conclusions.
- 1.5 The amendments in Exhibit A propose new and revised policies and implementation measures for the Albany Comprehensive Plan that reflect housing strategies to support the production of needed housing in compliance with rules related to Statewide Planning Goal 10, Housing.
- 1.6 The proposed legislative amendments include adopting the Housing Implementation Plan (Exhibit B) as a supporting document to the Albany Comprehensive Plan.

Statewide Planning Goal 1, Citizen Involvement: *To develop a citizen involvement program that ensures the opportunity for citizens to be involved in all phases of the planning process.*

Goal: Ensure that local citizens and other affected groups, neighborhoods, agencies, and jurisdictions are involved in every phase of the planning process.

Policy 2: When making land use and other planning decisions:

- a. Actively seek input from all points of view from citizens and agencies and assure that interested parties from all areas of the Urban Growth Boundary have the opportunity to participate.
- b. Utilize all criteria relevant to the issue.
- c. Ensure the long-range interests of the general public are considered.
- d. Give particular attention to input provided by the public.
- e. Where opposing viewpoints are expressed, attempt to reach consensus where possible.

Policy 3: Involve the general public in the use, evaluation, and periodic review and update of the Albany Comprehensive Plan.

- 1.7 A public engagement plan was prepared for the HIP to provide a range of opportunities for residents and community stakeholders to provide meaningful input on housing needs and HIP strategies. Public input was received from low-income residents, renters, housing insecure residents, seniors, young adults, homeowners, people of color, families with children, low-income residents, affordable housing providers and developers, for profit developers, realtors, lenders, staff at educational institutions.
- 1.8 Housing Affordability Task Force (HATF). The City Council appointed the HATF that included representatives from the city council, planning commission, affordable housing providers and developers, for profit developers, historic preservation advocates, emergency shelter providers and houseless resident advocates, lenders, renters, seniors, young adults, homeowners, people of color, architect, and disability advocate. The HATF held five meetings between February 2022 and March 2023 to review housing needs, review and prioritize initial menu of housing strategies, and evaluate and discuss each proposed strategy for potential impacts on housing costs and affordability locally, opportunities and constraints, and necessary implementation measures.
- 1.9 Focus Groups. Seven focus group meetings were held in March 2022, to solicit information and opinions about gaps in Albany’s housing supply and strategies to address those gaps. Participants represented a range of stakeholder groups, including local residents, builders, lenders, affordable housing providers, those facing housing insecurity, and a range of agencies and organizations involved in the planning and provision of housing in the Albany area. (See HIP Appendix B, Focus Group Meetings Summary.)
- 1.10 Community Survey. The City conducted an online survey in November of 2022 to gather community input on the potential housing strategies being considered. The survey received a total of 138 responses. (See HIP Appendix C Community Survey Results Summary.)

- 1.11 A Project Website has been maintained throughout the project with public meeting information and project documents.
- 1.12 Interested parties email list was established to allow interested parties a chance to receive email communications about the project and opportunities for input.
- 1.13 Public hearings are part of the public involvement process. Two public hearings are scheduled – May 1, 2023 (planning commission), and May 24, 2023 (city council).
- 1.14 Public notice regarding the Planning Commission and City Council hearings was provided in accordance with ADC Section 1.260. Specifically, notice was sent to the Department of Land Conservation and Development on April 7, 2023; notice was published in the Albany Democrat Herald on May 1, 2023; and the hearings notice was emailed to Linn County, Benton County, and the Greater Albany Public School District.

Statewide Planning Goal 2, Land Use Planning: *To establish a land use planning process and policy framework as a basis for all decisions and actions related to the use of land and to assure an adequate factual bases for such decisions.*

Albany Comprehensive Plan Chapter 9: Land Use Planning, Updating and Amending the Comprehensive Plan

Goal: Undertake Periodic Review and Update of the Albany Comprehensive Plan to ensure the Plan:

1. Remains current and responsive to community needs.
2. Retains long-range reliability.
3. Incorporates the most recent and reliable information.
4. Remains consistent with state laws and administrative rules.

Policy 2: Base approval of Comprehensive Plan amendments upon consideration of the following:

- a. Conformance with goals and policies of the Plan,
- b. Citizen review and comment,
- c. Applicable Statewide Planning Goals,
- d. Input from affected governmental units and other agencies,
- e. Short - and long-term impacts of the proposed change,
- f. Public need for the change, and
- g. The amendments will best meet the identified public need versus other available alternatives.

- 1.15 According to projections in Albany’s 2020 Housing Needs Analysis, roughly 3,800 units will be needed by 2040 for residents earning below 120 percent of the area median income, most of these units (3,058) are needed to provide housing that is affordable to households earning less than 80 percent of the area median income.
- 1.16 Local residents and stakeholders identified the following gaps in Albany’s housing supply: first-time home buyer opportunities, small, single-level homes, housing for seniors to age in place, accessible housing for people with disabilities and mobility challenges, middle housing, and accessory dwelling units. More development code strategies and incentives are needed to help address housing for all incomes and populations, especially for households earning less than the median family income.
- 1.17 In 2019, the Oregon legislature passed House Bill 2003 (associated Oregon Administrative Rules 660-008-0050) which require cities over 10,000 in population to adopt a Housing Production Strategy (HPS) one year following their HNA adoption deadline. While Albany will not be required to prepare an HPS until after the city’s next HNA (due in 2028), the City was interested in evaluating and considering strategies recommended in the 2020 HNA to encourage the production of housing to address needs identified in the 2020 HNA.
- 1.18 The proposed amendments in Chapter 4 of the Comprehensive Plan respond to this community need by recommending strategies and implementation methods the City can employ to encourage housing that addresses a variety of housing needs, including lower-cost options. Amendments expand on the Plan’s techniques for reducing housing costs by encouraging features of middle housing that help reduce costs—

such as “smaller unit sizes, lower construction costs, and lower sales prices per unit, which can help meet the needs of low- or moderate-income households.”

- 1.19 In accordance with the above goals and policies to periodically update the Albany Comprehensive Plan (Plan), the proposed Housing Implementation Plan and associated amendments to the Plan will help ensure that it remains current and responsive to community needs by proposing housing strategies in Chapter 4: Housing that may help facilitate the production of needed housing and provide choices, especially more affordable housing options.
- 1.20 In addition, the proposed amendments to adopt the HIP and update housing policies will ensure the Plan remains consistent with state law (ORS 197.296) and administrative rules (OAR 660-008) related to Statewide Planning Goal 10, Housing.
- 1.21 The proposed Comprehensive Plan amendments are consistent with the policies noted above.

Statewide Planning Goal 10: Housing: *To provide for the housing needs of citizens of the state.*

Albany Comprehensive Plan Chapter 4: Housing

Goal 1: Provide a variety of development and program opportunities that meet the housing needs of all Albany citizens.

Goal 2: Create a city of diverse neighborhoods where residents can find and afford the values they seek.

Policy 2: Provide a variety of choices regarding type, location, density, and cost of housing units corresponding to the needs and means of city residents.

Policy 3: Encourage innovation in housing types, densities, lot sizes and design to promote housing alternatives. ...

Policy 6: Encourage residential development on already serviced vacant residential lots or in areas where services are available or can be economically provided.

Policy 9: Encourage new residential developments to provide housing choices that allow for persons to stay within their neighborhoods (“age in place”) as their housing needs change.

Policy 16: Encourage the development of a range of affordable housing in a range of types and appropriate sizes to meet Albany’s housing needs. Examples include accessory apartments, manufactured housing, and attached single-family houses.

Policy 17: Recognize groups needing specialized housing such as the elderly, handicapped, homeless, and other disadvantaged groups when identifying housing programs and opportunities.

- 1.22 Goal 10 requires the city to maintain and plan for an adequate number of needed housing units, and efficient use of buildable land within the urban growth boundary. It also requires cities to provide sufficient land to accommodate at least 20 years of future residential growth and satisfy housing needs by providing flexibility in housing location, type, and density to ensure the availability and prices of housing units are commensurate with the needs and financial capabilities of Oregon households.
- 1.23 In 2020, the Albany City Council passed Ordinance 5951, which adopted the 2020 Buildable Land Inventory (BLI) and the 2020 Housing and Residential Land Needs Analysis (HNA) and updated the background section of Comprehensive Plan Chapter 4: Housing, with current information from the 2020 BLI and HNA. Adoption of those documents met the Goal 10 requirements in OAR 660-008 and ORS 197.296 and findings of fact associated with Goal 10 and other statewide planning goals, local policies, and approval criteria for legislative actions were prepared at that time.
- 1.24 The HNA found Albany is projected to add between 6,700 and 9,300 new households between 2020 and 2040, depending on the average annual growth rate.
- 1.25 As noted under Goal 2, Land Use Planning, House Bill 2003 and associated Oregon Administrative Rules (OAR 660-008-0050) require cities over 10,000 population to adopt a Housing Production Strategy (HPS)

one year following their HNA adoption deadline. The HPS report must identify a list of specific actions, measures, and policies needed to address housing needs identified in the most recent HNA. Because Albany adopted its last HNA update prior to the passage of HB 2003, the City is **not yet required to prepare an HPS Report outlined in ORS 197.290(1)**. It will be required to prepare and adopt an HPS within one year after its next HNA update (in 2028).

1.26 Housing Implementation Plan (HIP). The City has taken the proactive approach of preparing a Housing Implementation Plan (HIP) in advance of the HPS deadline. The HIP includes many of the same types of information as an HPS and will provide a solid foundation of work to build on at the time the City prepares the required HPS. The HIP also will further many of the goals established in HB 2003 and would be identified through the HPS process.

The goals and objectives of the HIP are consistent with and implement Goal 10 and the HPS process by:

- (a) Identifying and assessing policies and strategies to increase housing options and opportunities that meet the needs of Albany residents as projected in the City's 2020 Housing Needs Analysis. The HIP Report includes much of the same information required for an HPS, including a description of each strategy, the estimated magnitude of impact, how each strategy will impact different households (by tenure and income range), and relative priority based on guidance from the Housing Affordability Task Force, City staff, stakeholders, and City officials.
- (b) Identifying housing resources and constraints, including evaluation of existing strategies and recommendations for new actions to increase housing supply or provide regulatory streamlining. The HIP Report also describes potential barriers and concerns associated with each strategy, actions needed to implement specific strategies and identifies leads and partners for each strategy.
- (c) Engaging a broad spectrum of the community in conversations and input around housing needs and strategies using a variety of engagement strategies. The HIP was developed between February 2022 and spring 2023 with the help of the Housing Affordability Task Force (HATF), City staff, housing stakeholders, and the broader Albany community.
- (d) Recommending policies and tools that promote fair and equitable housing choices for all residents, especially residents of protected classes and those experiencing housing insecurity. As part of the HIP, the City is also preparing and adopting updated Comprehensive Plan goals and policies that are consistent with and provide the policy foundation for implementing the strategies embedded in the HIP. Additional findings related to adoption of these amendments are provided in the following section.
- (e) Providing Recommendations for initial implementation. City of Albany staff and the Housing Affordability Task Force have identified priority recommended actions for initial implementation of the HIP in chapter IV of the HIP. These are higher-priority actions that can be implemented by City staff in the near-term with relatively limited additional resources.

1.27 Comprehensive Plan Policy updates in Support of Goal 10. As part of the HIP process, city staff and project consultants reviewed the City's existing Comprehensive Plan Goal 10 policies for consistency with a variety of local, regional, and statewide housing objectives. In many ways, the City's existing policies already provide a strong policy basis and framework in this regard. The City previously updated its Comprehensive Plan Housing background information as part of the HNA adoption process in 2020 and made minor updates to the Housing policies as part of the middle housing amendments in 2021. These recently updated Comprehensive Plan goals and policies also are consistent with and provide the policy foundation for implementing the strategies embedded in the HIP. Those strategies are intended to address Goal 10 requirements to provide opportunities and zone land to meet a variety of housing needs for people with a range of incomes and other characteristics.

1.28 The policy amendments recommended as part of the current adoption process will further strengthen existing policy language and implementation methods in the following ways:

- (a) Provide additional or refined policies to encourage the development of, and recognize the specialized housing needs of, affordable, accessible, elderly, or other needed housing.
- (b) Include additional and refined implementation methods that address the specialized housing needs of affordable, accessible, elderly, or other needed housing. The implementation methods specifically address the strategies identified in the HIP.

These specific policy and implementation strategy amendments are consistent with and build on the existing Comprehensive Plan goals and policies cited above.

- 1.29 Taken as a whole, the HIP and associated Comprehensive Plan policy amendments proposed for adoption are consistent with Statewide Planning Goal 10 and Albany's Comprehensive Plan Chapter 4, Goal 10: Housing Goals, Policies & Implementation Methods. The primary objective of the HIP is to provide strategies and tools to implement Goal 10 and the needed housing identified in Albany's HNA and Comprehensive Plan, and as identified by the community. When implemented, the strategies will provide additional housing opportunities that meet the housing needs of all Albany citizens and further local and statewide housing goals and policies.

Statewide Planning Goal 5: Natural Resources, Scenic and Historic Areas, and Open Spaces: To protect natural resources and conserve scenic and historic areas and open spaces.

Albany Comprehensive Plan Chapter 1: Natural Resources

Vegetation and Wildlife Goal 3: Balance compact development patterns with natural resource protection.

Albany Comprehensive Plan Chapter 2: Special Areas, Historic and Archaeological Resources

Goal: Protect Albany's historic resources and utilize and enhance those resources for Albany residents and visitors.

Policy 3: Within the city limits, maintain historic review ordinances for historic structures and districts which incorporate the following:

- a. Except where public safety is jeopardized, allow the demolition of historic structures only when the existing structure cannot be economically rehabilitated or moved, or there is a demonstrated public need for the new use; and the proposed development is compatible with the adjacent properties.
- b. Ensure that exterior alterations of historic structures maintain the historic value of the structure and conform with the Secretary of the Interior's Standards for Historic Preservation.
- c. Ensure that the design of new construction within historic districts does not detract from the architectural qualities of the district.
- d. Where the original or intended use of a structure is not feasible, encourage compatible adaptive uses of historic structures (i.e., establishment of bed and breakfast operations, specialty shops, restaurants, and professional offices) provided the historic integrity of the structure is maintained.

- 1.30 The proposed HIP and housing policies will not impact applicability of Albany's natural resource regulations on new development. The existing regulations in the development code Article 6, Natural Resource Districts, will continue to apply to all new development to protect Goal 5 resources.

- 1.31 The HIP and proposed Plan amendments will not change the applicability of Article 7 Historic Overlay District standards to local landmarks on the Local Historic Inventory. Specifically, historic review and approval will be required for conversion of any Landmark or Local Historic Inventory resource subject to the standards in Article 7, such as exterior alterations to existing local landmarks, demolition, or relocation of local landmarks, and new construction in Albany's historic districts.

Conclusions: Comprehensive Plan Amendments Criterion 1

- 1.1 Goal 1, Citizen Involvement. The city engaged the public and interested parties in a variety of ways – including focus groups, surveys, task force membership and outreach to parties interested in housing and followed the required public participation process.
- 1.2 Goal 2, Land Use Planning. The city is required to periodically update the comprehensive plan policies to respond to community needs, changing conditions and laws. The proposed legislative amendments are consistent with these goals and policies to ensure the Plan remains current and reliable as a long-range planning document.
- 1.3 Goal 5, Open Space, Scenic, Natural and Historic Resources. The proposed HIP strategies will not impact application of natural and historic resource protection standards as applicable..
- 1.4 Goal 10, Housing. The proposed HIP and additional housing policies support existing Plan policies to encourage a variety of housing choices for all residents and may help address needs identified in the 2020 HNA..
- 1.5 The proposed Comprehensive Plan text amendments are consistent with the Comprehensive Plan policies and the Statewide Planning Goals. In particular, the proposed amendments will support Statewide Planning Goal 10 to provide for the housing needs of residents and will support the City’s Plan policies to provide a variety of housing choices and lower-cost and affordable housing options to meet the needs and means of wider range of Albany residents.
- 1.6 This review criterion is met.

Criterion 2: A legislative amendment is needed to meet changing conditions or new laws.

Findings of Fact

- 2.1 As noted in the findings provided under criterion 1 for Statewide Planning Goal 2, Land Use Planning, the legislative amendments are needed to meet changing conditions related to housing needs and gaps in Albany’s housing supply, and to comply with housing administrative rules. The findings 1.15 through 1.21 under review criterion 1 are hereby incorporated.
- 2.2 The findings provided for Statewide Planning Goal 10, Housing, further document the need to identify and consider strategies and policies to address changing housing needs to 2040. Findings 1.22 through 1.27 are hereby incorporated.

Conclusions: Comprehensive Plan Amendments Criterion 2

- 2.1 The proposed legislative amendments are needed to address changing conditions related to housing needs and housing supply, and to comply with state laws.
- 2.2 This criterion is met.

Overall Conclusions

Based on the analysis in this report, the proposed Albany Comprehensive Plan amendments meet the applicable review criteria as outlined in this report.

The City Council has three options with respect to the proposed Comprehensive Plan amendments:

- Option 1: Approve the proposed Plan amendments to adopt the Housing Implementation Plan as a supporting document and update housing policies to include strategies identified in the HIP; or

Option 2: Approve the proposed Plan amendments to adopt the Housing Implementation Plan as a supporting document and update housing policies as modified by the City Council [State modifications.]

Option 3: Do not approve the amendments to the Comprehensive Plan and direct staff on how to proceed with the Housing Implementation Plan.

Recommended Motion

Based on the Planning Commission recommendation and the staff report analysis, the following motion is suggested:

I MOVE that the City Council adopt the ordinance that would approve the proposed amendments to the Albany Comprehensive Plan to adopt the Housing Implementation Plan and update housing policies as detailed in planning file CP-03-23.

This motion is based on the findings and conclusions in the June 2, 2023, staff report, and the findings in support of the application made by the City Council during deliberations on this matter.

Attachments

Ordinance that includes following exhibits:

Exhibit A: Comprehensive Plan, Chapter 4: Housing, Amendments

Exhibit B: Albany Housing Implementation Plan

Exhibit C: June 2, 2023, Staff Report Findings

Acronyms

CP	Comprehensive Plan Amendment File Designation
DLCD	Oregon Department of Land Conservation and Development
OAR	Oregon Administrative Rule
ORS	Oregon Revised Statutes