



Housing Advisory Committee Meeting #1

COOS BAY HOUSING ADVANCEMENT PROJECT
Friday, November 20, 1-3 PM

ZOOM link: <https://zoom.us/j/93176595640>

Meeting ID: 931 7659 5640

Phone: 1-253-215-8782

AGENDA

| Time | Subject | Lead |
|-------------|---|---|
| 1:00 | Welcome and Introductions | Carolyn Johnson, City of Coos Bay |
| 1:10 | Project Overview <ul style="list-style-type: none"> • Objectives • Schedule • Housing Needs • Past Actions | Steve Faust, 3J Consulting Todd Chase, FCS Group |
| 1:30 | Housing Tools and Strategies <ul style="list-style-type: none"> • Land use policies and regulations • Program and partnership development • ORS – increased housing production • DLCD best practices • Other/City generated options | Todd |
| 2:10 | Housing Themes | Jacob Callister, LCOG |
| 2:30 | Policy Evaluation Criteria | Todd |
| 2:50 | Next Steps | Steve |
| 3:00 | Adjourn | |



To: Housing Advisory Committee **Date:** November 13, 2020

From: Carolyn Johnson, Community Development Administrator
on behalf of the Housing Advancement Project Team

RE: November 20, 2020 Housing Advisory Committee (AC) Meeting: Housing
Advancement Project evaluation of housing programs, tools and
regulations

BACKGROUND/CONTEXT. As indicated throughout the Housing Needs Analysis process, Coos Bay secured Oregon Department of Land Conservation (DLCD) grant funding to engage consulting services to evaluate and modify the City's land use policies and regulatory documents for State law compliance. This evaluation is prompted by Oregon House Bills HB 2001 & 2003 and findings of Coos Bay's recently completed Housing Needs Analysis (HNA)).

Lane Council of Governments (LCOG) is represented by Jake Callister; he will facilitate the evaluation and modification process through Council adoption. 3j Consulting, represented by Steve Faust, will support LCOG's efforts with a characterization of Coos Bay housing and evaluation of potential housing tools and strategies. LCOG and 3j staff and I work closely with each other and the AC as your Housing Advancement Project Team. (Team). AC assessment of the information shared by the Team will guide the public conversation, Planning Commission consideration/advisement and Council decisions to modify land use policy and regulations changes to expand Coos Bay housing opportunities.

KEY CONSIDERATIONS AND QUESTIONS. At our November 20 meeting the Team will go over the attached materials. attached to this memo. These include:

Draft Background Report. 3J has developed a report briefly characterizing housing dynamics and the City's recent and ongoing housing efforts. It also introduces a number of housing tools and strategies for consideration and a proposed set of criteria to evaluate potential strategies. The Team seeks a robust discussion and your feedback.

Comprehensive Plan & Development Codes Themes. LCOG is diving deep into the City's land use policy regulatory documents – identifying elements of those documents that should be evaluated for adjustments to address Coos Bay's documented housing needs and changes to state law. An organized list of recurring themes ripe for adjustment will be presented for AC discussion and feedback.

Please familiarize yourselves with the attached. We look forward to discussing them with you at our November 20th Housing Advisory Committee meeting.

COOS BAY PRE-PRODUCTION HOUSING STRATEGY

TASK 2 BACKGROUND REPORT

November 12, 2020

I. Introduction

A. Purpose of Pre-production Strategy

The objective of the Coos Bay Housing Pre-Production Strategy (HPPS) is to incentivize the development of needed housing in the City and within the Urban Growth Barrier¹. This effort will include the preparation of baseline assumptions required by House Bill 2003 (2019) to create a future Housing Needs Capacity Analysis (HCA)² and Housing Production Strategy (HPS).

The HPPS process and outcomes are intended to identify, analyze, and recommend housing development incentives as well as legislative, regulatory, and policy options for the expansion of housing opportunities for households of all income levels. The HPPS will also build upon and complement housing expansion efforts previously undertaken by the City of Coos Bay (City).

B. HPPS Work Plan

The HPPS Work Plan tasks include the following:

- The basics for a future HCA/HPS. This background report to set the stage for the HPS. The background report will summarize: findings from housing plans that have been completed; actions to foster housing production already completed by the city; housing policies the city could consider going forward; and draft criteria to be used when evaluating potential local housing policies.
- Stakeholder Interviews. Interviews are to be conducted with housing stakeholders such as developers, affordable housing advocates and others.
- City code evaluation and recommendations. During the HPPS process, the city and consultant team will review current city codes and recommend potential code amendments for Coos Bay to consider to produce target housing types.
- Housing Advisory Committee engagement. Two meetings with the Housing Advisory Committee (HAC)³ to review, advise and participate and refine consultant recommendations and products.

¹ The Coos Bay city limits and urban growth boundary are one in the same

² HCA studies are meant to measure future housing demand against developable land available for residential development to ensure that cities have sufficient land to meet demand.

³ The Housing Advisory Committee includes: Sara Stephens, United Way Board, Brian Shelton-Kelley, Neighbor Works Umpqua; Amy Aguirre, Coos Bay Planning Commission; Drew Farmer and Stephanie Kilmer; Coos Bay City Council; Hui Rodomsky, DLCD; Matt Jensen, Coquille Indian Tribe

- Meeting with the Public. One meeting with the general public will be held to inform and further refine consultant recommendations.
- Final Report. The HPPS work efforts will be compiled into a final report with code amendment recommendations for Comprehensive Plan and Development Code amendments developed as part of the City's Housing Advancement Project⁴.

II. Summary of Housing Needs in Coos Bay

A. Coos Bay Housing Needs Analysis Findings

The 2020 Housing Needs Analysis (HNA)⁵ was recently adopted by City Council following its preparation and recommendation for adoption by the Lane Council of Governments, city staff and the HAC.

Key findings contained in the HNA include:

- Owner-occupied decrease and projections. In 2018, 56.5% of households in Coos Bay were owner-occupied, a share which has decreased from 57.2% in 2010. To help counter the trend towards decreasing home ownership, the HNA projects that 81% of future demand will be for owner-occupied units, and 19% for rental units.
- Forecasted housing needs. Over the next 20 years, the HNA forecasts overall housing need to increase by 604 net new housing units to keep pace with population growth.
 - 168 of the housing demand is projected to consist of single-family units (both attached and detached)
 - 369 of housing demand is projected to occur within manufactured home parks (this level of demand reflects a recent development approval for a large mobile home park in Coos Bay)
 - 67 of demand is projected for duplex, triplex or quadplex units
- Multi-family future demand. The HNA does not anticipate there to be any measurable demand for new multifamily housing (5 or more units per structure).
- Housing types for affordability. To address housing affordability and to foster home ownership, the HNA supports significant development opportunities for manufactured home parks, and growth in demand for plexes.
- Higher income housing types. At the higher end of the income spectrum, single family housing is supported as either detached or attached (townhome) construction types.
- Multi-plex demand. Development in the multi-plex category is expected to address demand from seniors (e.g., living in group homes) as well as younger middle-income professionals.

⁴ The Housing Advancement Project is underway concurrent with the HPPS work.

⁵ Council Resolution 20-25

B. Coos Bay Buildable Land Inventory Conclusions

In addition to the HNA, also completed and adopted was a buildable lands inventory (BLI) of developable residential land within the Coos Bay Urban Growth Boundary (UGB). The BLI findings indicate that the Coos Bay UGB is sufficient to meet the projected 20-year housing need.

C. Regional Housing Needs Assessment

In 2018, Coos County, with assistance from a Consultant (czb, LLC.) completed a countywide Housing Analysis and Action Plan. The findings of this study are not specific to Coos Bay; however, highlights from the study for background are listed below:

- Coos County population levels have remained stable and the median age is increasing. Between 2000 and 2018, population has increased by only 0.2% while the countywide median age has increased from 43 to 48 years of age.
- Despite sluggish population growth, median home values have increased 79% in that same timeframe, outpacing the statewide average of 62.5%.
- Countywide housing construction has slowed significantly since 2010, averaging 73 units annually.
- While rental housing the county appears to be affordably priced, there are significant inventory gaps at the upper and lower end of the market.
- The opportunity for people to own homes within the county are limited for those making less than \$50,000 per year.

Identified were factors influencing the housing market that included a slowly evolving economy, zoning codes and development fees which do not incentivize development, and a weak construction sector. A number of actions were proposed that could be pertinent to Coos Bay and included:

1. Creating a housing trust fund
2. Establishing an employer-funded housing program
3. Regulatory (code) changes to remove barriers, such as reducing permit costs, encouraging middle housing developments, and pursuing zoning and regulatory streamlining actions.
4. Supporting housing developments proposed by Coquille Indian Tribe.

III. Past Actions by the City to Meet Housing Need

Coos Bay's actions over recent years to address City housing needs have been included below:

1. Moratorium on SDC charges on new construction since 2008.
2. Adoption of Accessory Dwelling Unit construction regulations in 2019 allowing a maximum unit size of 1,000 square feet.
3. Modification of the Development Code in 2017 to allow duplexes in all land use districts that allow single family residences.
4. As a part of a Council commitment to make City-owned property available at low or no cost for housing, in 2018, the City Council made available to a private developer land for development of nine common-wall 3 bedroom/2 bath family apartments with an agreement for affordability to moderate income families. The units are under construction at this time.

5. Partnered in 2019 with NeighborWorks Umpqua on a Community Development Block Grant program for housing rehabilitation. The rehabilitation of dwelling units occupied by low income families for the City of Coos Bay, Reedsport and Coos County is indicative of the City's value of recognition of regional need for safe and affordable housing. The program is managed by the City and operated by NeighborWorks Umpqua. City subcontracting with Reedsport and Coos County will enable families in those communities to also reap of benefits of the program assistance. Thirty-five (35) units are expected to be rehabilitated.
6. Provided in 2019 and 2020 Urban Renewal Agency low-interest loans to a downtown property owner for rehabilitation of three historic structures that will include forty (40) residential apartments as a part of a mixed-use project. Work commenced in 2020 with completion anticipated in 2021.
7. Established a vacant property registration program in 2019 that could in the future be used as a resource for a non-profit to purchase foreclosed vacated homes for rehab and rental to low/moderate income families.
8. Adopted a Development code amendment to create a Planned Unit Development concept use for non-subdivision development.
9. With City Manager participation beginning in 2018, engagement with the Community Housing Action Team (CHAT). CHAT is comprised of local housing advocates and social service providers developing ways to incentivize, support and facilitate affordable housing. The group has developed a Housing Trust Fund.
10. Began the process of evaluating the benefits of establishing a new URA District in 2019 to identify an undeveloped area of the City to incentivize future housing. Work is planned to determine the financial feasibility and timing for a new URA district.
11. Though an agreement with Coos County in 2018, collaborated on contamination, debris and trash mitigation on a school property to allow for the property transfer to Oregon Coast Community Action (ORCCA) for a multi-family housing development. Funded by the City, work is underway on the required mitigation to transfer the property for development of multi-family housing. 16 to 31 housing units are anticipated.
12. In 2018, applied for and received a DLCD Technical Assistance Grant to update the City's 2009 HNA/BLI. With the Council's commitment to housing and recent State regulation changes on the horizon, it was clear an HNA/BLI update was required to reflect current conditions and to serve as an accurate data source for an accurate determination of City's housing needs and available land for housing development. The HNA/BLI was adopted by Council in October 2020. The HNA data will inform the HPPS and Housing Advancement Project.
13. Provided city funds to cost share in public improvements to serve a recently approved 400+ unit Manufactured home park.

IV. Housing Tools and Strategies

The City will consider new housing tools and strategies as a part of the HPPS and Housing Advancement Project processes. The table below identifies potential policies and actions.

| Policy Option | Description |
|---|--|
| I: Land Use Policies and Regulations, Examination of Current Development Code Options. | Future Comprehensive Plan revisions to Housing and Land Use element policies and implementation directives that reflect the updated Housing Needs Assessment and community input. |
| I.a: Minimum density requirement | Minimum density standard of at least 70% of that for maximum density permitted in any residential zone. |
| I.b: Density bonuses | Density bonuses for development of deed-restricted affordable housing |
| I.c: Inclusionary zoning | Deed restrictions on bonus units for a specified amount of time to assure affordability. |
| I.d: Housing types | Limitation of single-family homes in the medium density residential district to a certain percentage of the total land area specified for medium family residential use. |
| I.e: Lot size reduction | Lot size reduction for new lots in residential areas. |
| I.f: Housing types | Prohibition of new single-family housing units in high density residential zoning districts unless the site is less relatively small and the site could not accommodate multiple units. |
| I.g: Reduced setbacks | Revisit the City's Zero-lot line concept for residentially zoned property to refine as needed. |
| I.h: Parking requirements | Modification of parking requirements for certain housing types. |
| I.i: Mixed Use development | Residential development by right on commercial property less than a certain size. |
| I.j Middle income zoning | Middle Housing (including Townhomes, Duplexes, Triplexes and quadplexes) in single-family low-density residential zoning districts with design standards for compatibility with single family homes. |
| I.k: Cottage cluster zoning | Cottage cluster development options. |
| I.l: High-density zoning | Creation of a high-density residential land use district consistent with the Comprehensive Plan. |
| I.m: Permit streamlining | Evaluation of the City's current land use review process with an eye towards permit streamlining. |
| I.n: Current non-conforming Housing Limitations | Examine zoning limitations on existing non-conforming housing uses. |
| II: Program and Partnership Development | Identify programs and partnerships to stimulate new housing. |

| Policy Option | Description |
|--|---|
| II.a: Non-Profit/ For Profit partnerships with the City | Working with non-profit or for-profit developers to identify and develop housing opportunities in partnerships with the City. A successful example is the City's policy to collaborate with the development community to make City land available for housing. Another alternative could be making City property available on a long-term ground lease to enable development of manufactured home housing with ground ownerships by the City. |
| II.b: Expansion of Vacant Property Program registration | Expansion of the City's vacant property registration program to engage a community partner such as a non-profit housing corporation to follow up with property owners for housing rehabilitation or purchase. |
| II.c: Naturally occurring affordable housing opportunity program analysis | A program in partnership with a housing nonprofit to acquire naturally-occurring affordable housing such as foreclosures. |
| III: Oregon Revised Statutes (ORS) that facilitate increased housing production | Consider and evaluate options that could be appropriate for Coos Bay |
| III.a: Funding Options | Options to increase owner-occupied affordable housing such as general obligation bonds for affordable housing, a construction excise tax, and inclusionary housing requirements as specified in ORS 197.309. |
| III.b: Limited Tax Abatement | Exploration of the opportunities offered in statute including tax exemption for low income housing developments and single unit housing in distressed areas as well as property tax freezes. |
| IV: Department of Land Conservation and Development (DLCD) Best Practices | DLCD has identified and modeled a variety of best practices for consideration by community around Oregon. |
| IV.a: Up zoning | Identify appropriate locations for "up-zoning" to create a high-density residential area to meet multifamily land needs. Use areas that were previously zoned for high density residential but are now medium density. |
| IV.b: Clear & objective standards | Ensure that zoning is clear and objective to allow lower-cost housing types (e.g. ADUs, cottage clusters, multifamily, manufactured housing, etc.) where appropriate. |
| IV.c: Density transfers | Consider density transfers from land area on property that is > 20% or land located in environmentally sensitive areas to "receiving areas" within the City. Explore if/how density transfers could be achieved outside city limits in collaboration with Coos County. |
| IV.d: Housing mix in PUDs | Addition of requirements and incentives for a mix of housing types and affordable housing including but not limited to Planned Unit Developments. |

| Policy Option | Description |
|--|---|
| IV.e: Design Prototypes | Provide a pre-approved set of plans for middle housing typologies (ex. Cottage clusters, townhomes, and ADUs). The plans would be highly-efficient, designed for constrained lots and low cost solutions, and would allow for streamlined permitting. |
| IV.f: Density bonuses for affordable housing | Award density bonuses for developers that includes affordable units that will remain in the affordable housing “pool” for a period of at least X years. |
| IV.g: Displacement minimization | Preventing displacement and preserving "naturally occurring" affordable housing through acquisition, low-interest loans/revolving loan fund for preservation, and/or code enforcement. |
| IV.h: Funding | Create affordable housing fund, by considering a construction excise tax/dedication of city bed tax |
| V: Other/City generated option for consideration. | Examine if/how RV Park regulations identified in state stature can be incorporated in to the City’s development regulations to provide long term housing options. |

V. Criteria for Evaluating Potential Strategies

An important part of setting policy direction includes criteria for evaluating the effectiveness of a given policy. Below are potential evaluation criteria that community members can consider to further refine which local policies are most appropriate. Each potential policy or incentive (action) should be evaluated for potential to produce targeted affordable and middle housing using a scoring system ranging from 0 (no impact), 1 (little impact), 2 (medium impact) and 3 (high impact). Potential evaluation criteria include:

| Evaluation Criteria | Score |
|--|-------|
| Political feasibility: Odds of support from City Council. | |
| Public Opportunity Cost: Assessing measurement of policy costs such as foregone property tax income or staff time requirements, against estimated additional low or middle-income housing units added. | |
| Compatibility with the 2020 HNA targeted housing numbers and types: Options for new and / or revised policies and regulations and whether each can be used to quantify low/middle income housing development opportunities. | |
| Compatibility with other City Policies: Assessing if/how policy is compatible with other existing city policies to avoid conflict with other city objectives. | |
| Development Feasibility: The ability for a policy or development incentive to enhance overall project feasibility improves the chance that a developer will be willing to risk private equity and leverage debt required to construct and sustain new investment. | |

VI. Next Steps

1. Utilize the HNA to examine policy and regulation options aimed at fostering housing development, particularly affordable and middle-income housing types.
2. Conduct outreach and obtain input from the local community to further evaluate and prioritize new housing policies aimed at spurring additional affordable and middle housing development.
3. Prepare Pre-Production Strategy & draft Code Amendments.

COOS BAY COMPREHENSIVE PLAN/DEV. CODE REVIEW - OVERARCHING THEMES

Overarching Themes

1. *Consistency with Community Values*
2. *Middle Housing/Increased Density - State Requirement*
3. *Consistency between Comprehensive Plan and Development Code*
4. *Streamline Process, Clarify Standards, Reduce (Legal) Risk, and Expand Housing Opportunities*

Consistency with Community Values

Examples

What are Coos Bay's housing priorities today?: The Coos Bay Comprehensive Plan is decades old. Planning patterns and themes that are referenced in the plan do not always reflect best practice and are, in some cases, inconsistent with current state law.

Residential Objective 1;
Residential Objective 3

Affordable Housing: Several Comprehensive Plan housing policies focus on Affordable Housing. These policies can be viewed as focusing solely on Affordable Housing (i.e., federal and state programs) or more broadly on housing affordability. The Plan and/or code could be updated to provide clearer definitions of housing terms, both in form (examples, multi-family, cottages) and in occupancy (examples, retirees, work force, affordable). The Plan / code could also be updated to provide a more defined focus on differing housing types and resident needs.

Housing Goal #4;
Housing Policy 4.2

Middle Housing/Increased Density - State Requirement

Examples

Low Density/Single Family) Neighborhoods: HB2001's requirement for middle housing (e.g., duplexes in medium-sized cities) appears to conflict with a recurring Comprehensive Plan theme of "protecting the integrity of neighborhoods" with phrases like "irreversibly committed to low density residential development" and "integrity of established land use patterns." The City's zoning regulations were modified in 2016 to permit duplexes in low density residential districts.

EC.4; EC.6; Residential Objective 1; Residential Objective 3

Comprehensive Plan policies need to "catch up" with the State's middle housing mandate while accommodating valued neighborhood "integrity" through design, building, open space placement and reasonable access.

Consistency Between Comprehensive Plan and Development Code

Simplify Regulation References: Multiple policies are very specific with references to now-outdated regulations. Where reference is made to non- Coos Bay regulation it should be kept general to avoid future inconsistencies.

EC.10; Housing Goal 7

Broaden Housing Options: The Comprehensive Plan should not limit options available for development of needed housing to those examples provided in the plan. Keeping things broad by stating consistency and compliance with Oregon Planning law can keep options open for the future.

Housing Policy 2.1

Plan/Zone Conflicts: There is presently some discrepancy between the Comprehensive Plan and Code with respect to densities. Zone changes, limited Comprehensive Plan adjustments, or new designations are needed to bring

Residential Objective 1

| <p>these into better alignment. The current Comprehensive Plan provides a thorough list of residential land use objectives. A complete overhaul of this language is beyond the scope and scale of this project and its accompanying public process. The City could pursue implementing limited adjustments to the Plan, with a focus on greater correlation between plan objectives and the implementing development code.</p> | |
|---|--|
| Streamline Process, Clarify Standards, Reduce (Legal) Risk, and Expand Housing Opportunities | Examples |
| <p>Streamlined Process: HB2001 requires the City to streamline processes to reduce barriers to the development of needed housing. Early impressions with the City have revealed themes including resistance to design review and long processes that make development more costly or time consuming. Existing plan policies that refer to site plan review and PUDs as a preferred tool create a policy tension around this. There is an opportunity in the Comprehensive Plan and Land Development Code work to incentivize housing forms and functions for specific populations. The City Council was presented recently with options for streamlining a focused site plan review requirement and changing review of some land uses from a Type III (Planning Commission review) to a Type II (staff review) process. There may be other opportunities to augment existing code and enhance existing standards to reduce process.</p> <p>Clear & Objective: Lengthy and subjective design standards should be revised to be clear and objective. Some policies and codes are more subjective and leave developers with uncertainty and the City open to legal concerns. Again, clarity in code can streamline process and less subjectivity can increase certainty of outcomes. More processes conducive to Type II review.</p> | <p>Housing Policy 4.1</p> Residential Objective 3 |
| <p>By Right Uses: Allowing middle housing types by right with objective standards is preferable to a Type III PUD process and extensive site plan review, both of which are cited in the Comprehensive Plan. Use by right is achievable while maintaining a robust but simplified review process. Evaluate if/where processing development applications is achievable at a staff level. Reserve PUDs exclusively for instances necessitating creativity/flexibility in realizing the “intent” of the code.</p> | <p>Housing Policy 3.1</p> |

COOS BAY HOUSING ADVANCEMENT PROJECT

Housing Advisory Committee Meeting #1; Friday, November 20, 1-3 PM MINUTES

Committee members present: Sara Stevens of ORCCA & United Way of Southwestern Oregon; Brian Shelton-Kelley of NeighborWorks Umpqua; Matt Jensen of Coquille Indian Tribe; Hui Rodomsky of Department of Land Conservation & Development; Stephanie Kilmer & Drew Farmer of Coos Bay City Council; Amy Aguirre of City of Coos Bay Planning Commission.

Consultants present: Steve Faust & Christina Winberry of 3J Consulting; Todd Chase of FCS Group; Jacob Callister, Rachel Dorfman, Kristen Taylor & Zach Galloway of Lane Counsel of Governments.

Staff present: Carolyn Johnson, Community Development Administrator and Sheila Love, Planning Codes Specialist.

Carolyn Johnson welcomed the committee and introduced consulting staff. **The committee** introduced themselves.

Jake Callister provided a presentation on Housing Themes.

Steve Faust, 3J Consulting and **Todd Chase**, FCS Group provided a Project Overview of objectives, schedule, housing needs and past actions. **Drew Farmer** noted that Bond passage for housing would be unlikely. Options for tiny home villages should be considered. Efforts should be undertaken to improve and or create housing on second stories of commercial areas. Tax abatement, like that in Opportunity zones, should be explored. **Stephanie Kilmer** shared that façade improvement grants could be considered for housing improvements as recommended by the Coos Bay Downtown Association. More people could be accommodated with housing in RV's and exploration of this option is supported.

Todd Chase, provided a presentation on Housing Tools and Strategies that included Land use policies and regulations, Program and partnership development, ORS – increased housing production, DLCDC best practices, Other/City generated options. **Todd Chase** also provided a presentation on Policy evaluation criteria. **Drew Farmer** inquired about the paying SDC's vs. property tax abatement. More exploration of this concept will be explored.

Brian Shelton-Kelley provided comments that the work effort may align with ideas in the Coos County Action Plan and that he can provide some information on work NW Umpqua is doing in Roseburg.

Steve Faust and **Jake Callister** provided information on next steps. The next HAC will be held in February, 2021 and a public meeting will be held in the first quarter of 2021. Information at the next HAC meeting will be provided to members timely, there will be much to go over.

Adjournment: 2:20 PM.