



The Knot: Creating More Attainable Housing

A few thoughts to spark
community creativity
and, hopefully,
construction.

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Creating More Attainable Housing Thought Paper

Purpose of This Paper

Development of housing attainable to most working families seems to be tied in a knot no one can untie. The strands of the knot include competition for buildable land, zoning restrictions, financial incentives to meet the needs of working families, the expense and delay of planning and permitting processes, lack of labor and expensive materials among other challenges. Meanwhile, families are burdened with rents they cannot afford or live in housing that doesn't meet their needs.

This report aims to explore how housing development might be accelerated in the state of Oregon to alleviate the housing crisis that affects many people's ability to have stable, safe living situations, to build resilience, and to accumulate generational wealth.

To be very clear, we are not housing experts, we are concerned citizens who seek solutions to our current housing crisis. Our beliefs are simple:

- We need to create more housing as a community.
- The current system is not producing all the housing our community needs.
- Creative solutions are likely to come out of conversations between experts and advocates.

As advocates, our goal is to review some of the thinking and data from experts and to approach "the knot" differently in hopes that:

- We help decision makers think a bit more expansively, urgently, and creatively.
- An impassioned idea here prompts a more practical idea in another's mind.
- Experts, advocates, and community leaders align to take action that yields more housing.

Context and Need

The need for more housing is well established by the US Department of Housing and Urban Development (HUD) report completed after the fires in Southern Oregon in September of 2020 [in this linked document](#). Statewide housing burden information is available via the [National Low Income Housing Coalition](#) website and reveals that many in our area spend over 30% of their income on housing.

Strategic processes to improve housing production are underway via the Oregon Department of Land Conservation and Development (DLCD) work on [HB 2003: Housing Needs and Production](#). Here is the [context](#), [process](#), [guidelines for cities](#), and [timeline](#).

While this strategic approach is comprehensive, its timelines for housing needs analysis work don't match the urgency of the need. Here is a snapshot from the report with Jackson County cities highlighted:

Cities not within a Metropolitan Service District
(must update HNA every eight years)

	2022	2023	2024	2025	2026	2027	2028	2029
1	Grants Pass	McMinnville	Bend	Springfield	Eugene	Canby	Albany	Ashland
2	Lebanon	Medford	Keizer	The Dalles		Central Point	Baker City	Hermiston
3	Pendleton		Salem	Sandy		Corvallis	Coos Bay	Newberg
4	Newport					Cottage Grove	Dallas	Ontario
5						Prineville	Klamath Falls	
6						Redmond	La Grande	
7						Roseburg	Silverton	
8						St. Helens		
9						Woodburn		

[Timeline source](#)

The housing needs assessment work focuses on both affordable housing (<60% of area median income (AMI)) and Attainable housing (80-120% of AMI). In Jackson County, AMI is quite low compared to more urban areas, so these standards include households well below the poverty line. More data on the AMI and actual income levels [here](#), Jackson county housing burden [here](#), and statewide housing burden [here](#).



Our question is:

What can be done in the short term to help private developers build housing for households earning 80-120% of AMI?

The Knot

Based on conversations with experts and advocates, we believe that misalignment of incentives have created this situation.

“There's plenty of capacity amongst the nonprofits and the housing authority, but we are facing the same question: it's not economically feasible.

So how do you get developers here?”

- Margaret Van Vliet, Trillium Advisors

A few thoughts

Local governments are incented to maximize fees exacted from developers and to limit impacts on existing residents via system development charges ([example](#), \$3,643.95 per apartment unit), parks levies, permitting fees, [etc.](#), while trying to serve the long-term best interests of an often deeply conflicted community where some call for more housing, while others do everything possible to limit environmental impact and growth.

Developers face limited access to land because of urban growth boundaries ([UGB](#)) and increased costs to build with land use regulations, risks and delays around entitlements, and building code changes all adding risks and costs that make projects either financially infeasible or more expensive for occupants.

Because of these real and opportunity costs, private developers of larger parcels within the UGB are incentivized to build the most valuable units possible to offset rising land, entitlement, and construction costs. Recently, the state passed [HB 2001](#) allowing “missing middle” housing to be built more densely on single family zoned lots, but owners’ unwillingness and financial inability to actually build these ADUs and other units have slowed the impact of this important change.

The housing production process in Oregon is also tied in knots. The issues of houselessness, housing burdens limiting family wealth accumulation, and inability to attract new essential employees into areas lacking attainable housing all limit our ability to reach our goal of “[Prosperity for all Oregonians](#).” Our situation calls for action in the near term. As professionals make long term plans, the community must do all it can to add housing supply to meet the short term needs of citizens.

Untying the Knot

Many good ideas for improving the situation have been cataloged by the [RHNA guidelines for cities](#) and on the [Local Housing Solutions website](#).

Here is a list of key levers we believe might improve housing production over the next two years rather than the 8 year window RHNA allows.

Immediate Levers to Add	Related RHNA Strategies
Available Land	F1 Land Banking and F3 Community Land Trusts - surplus lands in CLT or leased to developers?
Speed and Clarity to Approvals	B15 Reduce the Power of NIMBYism to stop, slow, change, or reduce affordable housing - by-right approvals? B6 Streamline Permitting Process - add an express lane, staff capacity B5 Reduce Regulatory Barriers to Lot Division B4 Expedite Lot Division for Affordable Housing B7 Flexible Regulatory Concessions for Affordable Housing
Cost Savings on Fees	D20 Local Innovation and Fast Track (LIFT) Program - add funds and extend to attainable housing development? C1 Reduce or Exempt SDCs for Needed Housing C2 Modify SDC fee schedules - base on square footage per unit, not number of units C3 Reduce or Exempt SDCs for ADUs Zx Share low cost construction best practices among developers via state government symposia and channels
Density	B1 Remove or Reduce Minimum Parking Requirements A3 FAR, Density, or Height Bonuses for Affordable Housing - extend to attainable housing? A5 ADU, Code Provisions - promote infill ADU construction with education, lower fees, easy approvals, low cost financing
Wisdom to Building	A18 Increase Density near Transit Stations and Regional Multi-use Trails D19 Transit-Oriented Development Grants A23 Accessible Design - design needs to support our aging population Zx Firewise and Energy efficient designs

The question is: how can we as a community expedite pulling these levers to deliver more attainable housing units in the next year or two?

Generally, our communities lack the coordinated effort required to implement these changes. It may be that the layering crises of 2020 have galvanized our community to act. If so, what might be done?

Cutting the Knot - A Not So Modest Proposal

One way to quickly cut through the knots in our housing production process is for the state of Oregon to declare a housing state of emergency that empowers counties and local jurisdictions to adopt aggressively pro-housing practices and redirect some of the housing funds freed up by the [422 million dollar HUD commitment](#) of October 2021 to incentivize local jurisdictions to quickly activate a pro housing agenda in disaster areas.

"Everything has to be on the table. We're at that point where [nibbling] around the edges will not do the job. ... Go big, work strongly with other folks and you can actually do these things in your state."

- Oregon House Speaker Tina Kotek [here](#)

[Huge sums have been earmarked to support affordability](#), zoning rules on single family home lots have been relaxed, funding has been made available, and yet our housing crisis persists. How can we turn possibilities for improvement into an improved reality that includes sufficiently diverse housing options to meet our communities' needs?

To cut the knot, here are some potential process improvements the state of emergency could implement include:

1. **Increase Land Availability**
 - 1.1. Explore and promote opportunities for 60-99 year land leases to secure buildable land that is not for sale.
 - 1.2. Compile a list of potentially available land (held by government, local churches, businesses, and others) that can be maintained by local government staff (council of local governments or county). This should include land that may need to be rezoned or only available for land lease. For instance, California has created a statewide [Surplus Land Unit](#).
2. **Reduce Risk, Cost, and Time to Approval**
 - 2.1. Local planning jurisdictions should work quickly towards [By-Right](#) and express lane approvals for all affordable and attainable housing projects within the UGB.
 - 2.2. Jurisdictions in disaster areas could waive or defer SDCs using CDBG grants out of the new HUD - DR funds.
3. **Leverage Public Funds to Ease Project Finance**
 - 3.1. Use public funds to reduce bank risks for affordable and attainable housing projects, including ADU development via a loan loss reserve fund in partnership with local banks.
 - 3.2. Promote and extend [Craft3's ADU loan program](#), or other/new mechanisms and organizations.

- 3.3. Offer development fees like those paid on affordable housing projects to developers who can deliver long-term attainable housing projects.
- 3.4. Extend the OHCS [LIFT program](#) to include housing up to 120% AMI.
4. **Reduce Construction Costs**
 - 4.1. In counties with housing emergencies, modify BOLI prevailing wage policies to reduce labor costs for affordable and attainable housing projects.
 - 4.2. Increase promotion of alternative building methods; modular, prefabricated, or 3D printed construction.
 - 4.3. Share best practices on lowering the cost of construction with innovative builders like [Home First Development](#).
5. **Increase Development Capacity**
 - 5.1. Set the table for developers to build in the Rogue Valley.
 - 5.2. Support the growth of local developers and recruit regional and national developers as well.
 - 5.3. Increase Vo-Tech education to increase the supply of skilled labor.
 - 5.4. Increase affordable housing so that construction labor has a place to live in our region.

Our thinking is that here in Oregon, any emergency measures should be structured to automatically sunset as conditions dictate. The state of emergency should only apply to counties where affordable and attainable housing needs outstrip supply based on a reliable measure. For instance, the methods and findings of the [RHNA report](#) (especially page 16), where housing burdens exceed a certain percentage (30%?) for those under 120% of AMI.

Once local housing needs are substantially met, each county could have the option to turn off the process improvements listed in items one through four above.

Of course, much work has already been done—both Oregon and California have been working hard to improve their housing supply situations. See a number of resources on what’s already being done below. The question now is, how do we accelerate the impact of these changes in our communities?

Next: Align The Threads of Development

As a community of housing developers, regulators, experts, and advocates, we must quickly develop unity of vision and action.

- Who should host the required alignment conversations?
 - Who should be included in the conversations for maximum effectiveness and efficiency?
- What combination of cutting and unraveling the housing production knot should we pursue as a community?

- What roles should each sector play? How can we collaborate across sectors to increase our effectiveness within each sector?
- Who can best plan an impactful legislative agenda with state legislators?
- Who can best organize and drive local government policy changes?
- Who can work with developers to incentivize them to see and deliver on the vision?
- Who can manage collaborative community projects in public/private partnerships to expedite development?

A new era of collaboration between traditional local government, economic development, and private development interests is required. Conversations have begun via organizations like the [Jackson County Community Long Term Recovery Group](#) and [Reimagine and Rebuild Rogue Valley](#), and SOREDI's [One Rogue Valley](#) initiative. Now, it's time to align and accelerate.

Actors, Initiators and Weavers

These organizations should be involved in starting the necessary conversations and collaborations to jumpstart the housing development process.

- Housing developers in the Rogue Valley and in the region
- State and local elected officials
- Housing Authority of Jackson County
- City staff of all cities in Jackson County
- Rogue Valley Council of Governments
- Urban renewal agencies - Medford and Talent
- SOREDI
- JRHA and Continuum of Care
- Housing-related CBOs
- Community-representative CBOs

Your Thoughts?

Our hope is that this examination of some issues constraining attainable housing development stimulated a fresh inspiration or two in your mind about ways to accelerate the process. We'd welcome your thoughts on next steps.

Longer Term Solutions

Even with all these adjustments at the state and local levels, we may need to rethink how housing works in the United States more broadly to solve the problem in the long term.

“Our system of housing finance has really fundamentally not changed in this country for many, many decades. Our system of building homes on site has not changed for many, many decades.”

- Margaret Van Vliet, Trillium Advisors

Who is hosting this larger conversation? Who might be best to carry it forward?

Sources

- [Regional Housing Needs Assessment](#) - OHCS
- [The Cost Of Affordable Housing Development In Oregon](#) - Meyer Memorial Trust
- [Sonoma Housing 101](#), Trillium Advisors
- [Oregon Housing and Community Services : Regional Housing Needs Analysis, HB 2003 : About Us : State of Oregon](#)
- [R3V Panel Discussion on Housing](#) - October 27, 2021
- [Missing Middle Housing post HB 2001](#) - Brody, PSU
- [Single-Family Zoning Reform Highlights a Breakthrough in California Housing Policy](#) - Garcia, Berkeley
- [How Tigard is Addressing the Housing Crisis and How Your City Can Too](#) - Asher, 2019
- Good catalog of policy ideas [from the City of Medford](#) - 2021

Additional Data

- [City of Ashland Housing Capacity Analysis](#) - 2021
- [Housing, Real Estate, Building Permit, and Construction Trends in the Rogue Valley](#) - Tauer, 2021

California's Housing Legislative Actions

- [Summary of bills passed in 2020](#)
- [Summary of bills in 2021](#)

Authors

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