



APRIL 21, 2017

HOUSING STRATEGIES REPORT

THE DALLES, OREGON

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Table of Contents

1. INTRODUCTION AND OVERVIEW 2

2. HOUSING CONDITIONS AND TRENDS..... 3

3. FEDERAL AND STATE COMPLIANCE ANALYSIS..... 6

 FAIR HOUSING ACT.....6

 STATE STATUTES11

4. RECOMMENDED COMPREHENSIVE PLAN AMENDMENTS 13

 BACKGROUND AND EXISTING CONDITIONS13

 GOALS, POLICIES AND IMPLEMENTING MEASURES13

5. RECOMMENDED CODE AMENDMENTS 16

 DENSITY STANDARDS16

 DENSITY OR HEIGHT BONUSES18

 MINIMUM PARKING REQUIREMENTS19

 ACCESSORY DWELLING UNITS21

 COTTAGE CLUSTER HOUSING23

 CO-HOUSING25

 LIVE/WORK UNITS25

 INCLUSIONARY ZONING.....27

 SHORT-TERM RENTALS.....28

6. FUTURE PLANNING FOR NEW RESIDENTIAL DEVELOPMENT AND REDEVELOPMENT 30

 LIMITATIONS ON SINGLE-FAMILY HOUSING IN THE RH ZONE30

 INCENTIVES FOR HIGH DENSITY HOUSING IN THE RH ZONE31

 EXPANSION OR AMENDMENT OF THE RM ZONE.....31

 SUPPORT FOR APPROPRIATE HOUSING DEVELOPMENT IN GEOHAZARD AREAS.....31

 ADDRESS POTENTIAL IMPACTS OF LARGE-LOT DEVELOPMENT.....32

7. NON-REGULATORY AND FUNDING STRATEGIES..... 33

 PROVIDING INFORMATION TO PRIVATE DEVELOPERS33

 CONTINUED SUPPORT FOR LOCAL AND REGIONAL HOUSING EFFORTS.....34

 FINANCING TOOLS35

8. SUMMARY RECOMMENDATIONS AND PRIORITIES 37

1. Introduction and Overview

Having affordable, quality housing in safe neighborhoods with access to community services is essential for all Oregonians. Like other cities in Oregon, the City of The Dalles is responsible for helping to ensure that its residents have access to a variety of housing types that meet the housing needs of households and residents of all incomes, ages and specific needs. Towards that end, the City is conducting a Housing Needs Analysis and Buildable Lands Inventory to update the Housing Element of its Comprehensive Plan; complete an updated, realistic assessment of future residential land needs and supply; and comply with Oregon Statewide Goal 10 (Housing). The overarching intent of Goal 10 is to:

“encourage the availability of adequate numbers of needed housing units at price ranges and rent levels which are commensurate with the financial capabilities of Oregon households and allow for flexibility of housing location, type and density.”

This report summarizes a variety of local housing issues and the strategies that are recommended to address them. It builds on a comprehensive study of the local housing market and future trends (the Housing Needs Assessment, or HNA) and an in-depth review of current local, regional, state and federal housing requirements, goals and initiatives. It was prepared in coordination with a technical advisory group of City of City staff, local realtors, development experts and citizens, as well as representatives of the Mid-Columbia Housing Authority, the Oregon Department of Land Conservation and Development and the Oregon Department of Housing and Community Services.

Section 2 of this Report summarizes key housing conditions and future trends to provide context for the strategies that follow. Section 3 briefly reviews issues associated with federal Fair Housing and other requirements. Section 4 recommendations for updates to the City’s Comprehensive Plan, while Section 5 recommends similar changes to the City’s Development Code. Sections 6 and 7 outline additional strategies related to the following types of initiatives:

- Future planning for new residential development and redevelopment
- Information sharing with housing developers and other community partners
- Intergovernmental coordination and advocacy
- Administrative and funding tools

All of the strategies summarized in this report are intended to address the findings of the associated Housing Needs Analysis and meet overarching state and local goals associated with providing a variety of housing options to people with a full range of incomes and housing needs. Implementation of these strategies should be directly related to achieving these goals and addressing the housing needs and gaps identified in the Housing Needs Analysis.

2. Housing Conditions and Trends

The following is a summary of data and findings from the “Housing and Residential Land Needs Assessment” report.

Demographic Trends

- The Dalles is a City of over 15,500 people (City), and over 16,800 people (UGB), located in Wasco County in the Columbia River Gorge on the northern border of Oregon. Based on the UGB population, The Dalles is the 40th largest city in the state by population, and the largest city in Wasco County.
- Since 2000, The Dalles has grown by roughly 2,000 people within the UGB, or 13.4% in 16 years. In contrast, Wasco County and the state experienced population growth of 10.8% and 17.3% respectively. The population of nearby Hood River grew by over 30% during this period.
- The Dalles is home to an estimated 6,800 households in 2016, an increase of 787 households since 2000. The percentage of families fell somewhat between 2000 and 2016 from 65.9% to 62.9% of all households. Average household size has remained flat during this period. The city has a similar share of family households as Wasco County (65%) and the state (63%).
- The Dalles features a healthy jobs-to-households ratio. There are an estimated 7,200 jobs in the city of The Dalles, and an estimated 6,340 Dalles residents in the labor force. This represents 1.2 jobs per working adult, and more than one job per household.
- The Dalles’ estimated median household income was \$47,000 in 2016. This is roughly 7% higher than the Wasco County median of \$43,500. In comparison, the median income in the City of Hood River is \$49,500. Median income has grown an estimated 33% between 2000 and 2016, in real dollars. Inflation was an estimated 36% over this period, so as is the case regionally and nationwide, the local median income has not kept pace with inflation.
- According to the US Census, the official poverty rate in The Dalles has been increasing over time from 9% of individuals in 2000, to an estimated 13.8% over the most recent period reported (2014 5-year estimates). This is roughly 2,000 individuals in The Dalles. In comparison, the official poverty rate in Wasco County and at the state level is 17%.
- One measure of poverty as it relates to housing is the share of income local households are spending on their housing costs. The Census estimates that over 42% of all households spend more than 30% of their income on housing costs. Among renters, nearly 62% of households spend more than 30% of their income on housing costs, while 39% of renter households spend more than 50% of their income.

In coming decades, some of the demographic trends that are likely to affect future housing needs include:

- As demand increases, prices rise, and remaining land within the UGB is developed, denser forms of development and creative reuse of parcels through infill and redevelopment become more economically viable. Communities like The Dalles which face a future of growing within limited boundaries are likely to see increased pressure to generate denser housing than they have historically experienced in some parts of the community. This may occur through a mixture of market forces, policy choices and state planning mandates.

- Baby boomer households will have a preference towards aging in place as long as possible, particularly for homeowners, and will on average be healthier longer than previous generations. When they do transition to other housing, their stock of older existing single family homes will be attractive starter and move-up homes to younger family households. The Dalles will continue to be an attractive regional location for senior housing and assisted living due to the good local medical care.
- The Dalles can plan ahead for younger generations by continuing to support the mixed-use town center which will provide livability amenities. Opportunities to walk and bike will also be attractive. However, attractive local employment opportunities will likely be the greatest factor in keeping and attracting young households. Many of these households will seek good first-time home buying opportunities, meaning a stock of existing and new homes in low- to middle price ranges. The younger and lower income members of this generation will need a sufficient stock of multi-family rentals.
- According to the Census, The Dalles has a foreign-born population of 8%, lower than the statewide percentage. It is estimated that 80% of this population is from Latin America. The share of persons speaking a language other than English at home is 16%. As with the rest of the state and nation, immigrants will continue to make up an increasing share of households in coming decades. While not homogeneous, these household on average tend to be larger, have lower incomes and are more likely to rent their homes than the average household.
- The Dalles, like many communities, currently has a persistent shortage of housing available to the lowest-income households, particularly rental units.

Projected Housing Needs

- There is a projected need for 1,769 new housing units by 2036.
- Of the new units needed, roughly 59% are projected to be ownership units, while 41% are projected to be rental units.
- There is *not* a projected need for ownership housing at the low-end of the pricing spectrum. This is because these are the price levels where a majority of the city's housing is currently found. There will likely be support for units at higher price points.
- The greatest need for rental units is found at lowest price points. This reflects the findings that many of The Dalles renter households currently pay more than 30% of their income towards housing costs. There is still a strong need for affordable housing. At the same time, there is also support for some new, more expensive rental supply.
- In keeping with development trends, and the buildable land available to The Dalles (discussed in the next section), single family units are expected to make up less of the overall new housing development over the next 20 years, while still remaining a majority of the new *ownership* housing.
- 63% of the new units are projected to be single family detached homes, while 27% is projected to be some form of attached housing, and 10% are projected to be mobile homes.

- Single family attached units (townhomes on individual lots) are projected to meet 3% of future need. These are defined as units on separate tax lots, attached by a wall but separately metered, the most common example being townhome units.
- Duplex through four-plex units are projected to represent an additional 11% of the total need. Duplex units would include a detached single family home with an accessory dwelling unit on the same lot, or with a separate unit in the home (for instance, a rental basement unit.)
- 13% of all needed units are projected to be multi-family in structures of 5+ attached units.
- 10% of new needed units are projected to be mobile home units, which meet the needs of some low-income households for both ownership and rental.

Comparison of Projected Need and Buildable Land Supply

- The new unit capacity was estimated for the remaining buildable lands identified in the City of The Dalles. There is a total remaining capacity for nearly 3,689 units of different types within the study area. 71% of this capacity is within the current city limits (2,632 units), and 29% of the capacity is within the UGB, but outside current city limits. (1,058 units).
- There is a total forecasted need for 1,769 units over the next 20 years. This is well below the estimated capacity of 3,689 units. After projected need is accommodated, there is an estimated remaining capacity of over 1,900 additional units, mostly in the high-density residential zone.
- There is currently sufficient buildable capacity within The Dalles to accommodate projected need. Much of this capacity is in the form of parcels with the potential for development or infill with future multi-family units. The size of the available remaining capacity assumes that some high-density and medium-density zoned lands are built out at higher average densities than these areas have traditionally achieved in the past.

For more detail on these findings please refer to the “Housing and Residential Land Needs Assessment Report” and the “The Dalles Buildable Lands Inventory (BLI) – Methodology and Results” memorandum.

3. Federal and State Compliance Analysis

Fair Housing Act

The federal Fair Housing Act, initially passed in 1968 and amended in 1988, requires that jurisdictions take affirmative actions to ensure fair treatment of “protected classes”. In practical terms, this means that housing and housing finance tools cannot be denied to any person based on gender, race, color, religion, national origin, familial status, or disability. The State of Oregon extends the definition of protected class so that discrimination is not permitted based on source of income, marital status, sexual orientation, or gender identity.

In practice, federal authorities primarily focus compliance with the Fair Housing Act on ensuring that financial institutions, realtors and housing providers do not discriminate against protected classes in providing opportunities to pay for or obtain housing. Cities like The Dalles have a limited role in monitoring these activities. However, cities can ensure consistency with the Fair Housing Act by:

1. Administering fair and timely permitting and zoning practices;
2. Ensuring that zoning, permitting and housing funding decisions do not deprive people in protected classes of housing opportunities or perpetuate housing segregation; and
3. Funding subsidized housing in a way that provides residents with access to public facilities and services

The location of subsidizing housing often presents complex policy decisions. Some communities have been criticized for concentrating publicly assisted housing in lower-income neighborhoods with poorer access to high-quality schools and other community facilities in comparison to more affluent areas. This outcome is often the result of attempting to maximize the number of housing units that can be developed by selecting locations with low land values, and thus lower development costs. This situation presents a policy choice for affordable housing developers and public agencies of whether to provide more affordable housing units in total or to provide fewer units in locations with better access to services and amenities, such as schools, healthcare, transit, shopping, parks and libraries.

To address this policy tradeoff, the U.S. Department of Housing and Urban Development (HUD) adopted the Affirmatively Furthering Fair Housing (AFFH) rule in 2015. The rule identifies fair housing outcomes that program participants must assess:

1. Patterns of integration and segregation;
2. Racially or ethnically concentrated areas of poverty;
3. Disparities in access to opportunity; and
4. Disproportionate housing needs.¹

¹ Affirmatively Furthering Fair Housing (AFFH) Final Rule Overview, HUD Exchange, US Department of Housing and Urban Development. Viewed on June 16, 2016. <https://www.hudexchange.info/programs/affh/>

These issues are addressed through an Assessment of Fair Housing (AFH). The AFH is to be prepared using data and an assessment tool provided by HUD, integrating responses received through public outreach. The City of The Dalles is not an entitlement agency for federal funds (i.e. a “program participant”) so it does not have a direct role in preparing the Assessment of Fair Housing. However, the City may partner with the Mid-Columbia Housing Authority to help prepare the AFH. Further, the City’s zoning and permitting practices impact Fair Housing opportunities, so the City must consider these impacts when making decisions about housing policy and zoning. Existing and potential new policies that are supportive of Fair Housing opportunities are discussed in the following sections.

Policies

The goals and policies expressed in Goal 10 – Housing chapter of The Dalles Comprehensive Plan are broadly consistent with Fair Housing requirements. Policies 1 and 9 generally state the need to provide a variety of housing types to meet the needs of people in all income groups. Policy 21 states that the city will support housing assistance programs administered by other public or private, non-profit organizations. The next section presents several amendments or additions that could be made to strengthen the plan’s policies specific connection to Fair Housing goals.

Section 4 of this report outlines a series of potential changes to the comprehensive plan that would strengthen compliance with Fair Housing, including:

- Clarification that the need for affordable housing includes both rental and owner-occupied housing units
- Broaden policies related to provision of a range of housing types to include housing for populations with special needs, including seniors, people with disabilities, or those with other special needs such as homelessness, chemical dependency, mental illness, or recovery.
- Identify the use of incentives not only for increasing density of residential development, but also for developing affordable housing or needed housing types.

Recommendation: Adopt comprehensive plan amendments to specifically address Fair Housing regulations and requirements.

In addition to the general comprehensive plan amendments and additions proposed in Section 4, the City should consider several specific amendments or additions to strengthen the plan’s consistency with Fair Housing goals:

- Add a policy that explicitly states a commitment to fair housing goals in all permitting and zoning practices.
- Consider a policy statement that calls for the City to support the siting of subsidized or affordable housing in areas with good access to public facilities and services, in alignment with the “access to opportunity” goal that must be addressed as part of the 2015 AFFH rule.

- Make a general statement about collaborating with and supporting the Mid-Columbia Housing Authority in its preparation and implementation of Assessments of Fair Housing.
- Add a policy that states the city’s commitment to fair housing in city practices outside of planning and zoning, including addressing accessibility in the city’s development standards and providing support for housing assistance programs.

Development Code

This analysis has found that current zoning designations, existing Zoning Code provisions, and proposed zoning code changes support housing variety throughout city, and thus address an important element of Fair Housing.

Residential Homes and Facilities

Residential Care Homes and Residential Care Facilities are housing types defined by the city to specifically address Fair Housing requirements. A Residential Care Home is defined as: “A residential treatment or training home, or an adult foster home duly licensed by the State of Oregon which provides residential care alone or in conjunction with treatment or training for 5 or fewer individuals who need not be related.” Residential Care Facilities are similarly defined, but can house between 5 and 16 people. Pursuant to ORS 197.665 and 197.667, residential homes must be permitted in any residential or commercial zone where single-family dwellings are permitted and residential facilities must be permitted in any zone where multi-family dwellings are permitted.

The Dalles zoning code designates Residential Care Homes as a permitted accessory use in every zone where single-family dwellings are a permitted use. Accessory uses are defined as “a use on the same lot with and of a nature customarily incidental and subordinate to the principal use”. This provision could be interpreted to mean that a conventional household living use must be in place before a Residential Care Home can be operated on a site. ORS 197.665(2) stipulates that cities may not impose zoning requirements on residential homes that are more restrictive than those imposed single-family dwellings in the same zone. Limiting Residential Care Homes to an accessory use could be interpreted as a more restrictive requirement than those applied to single-family dwellings.

Residential Care Facilities are a permitted use in every zone where multi-family dwellings are permitted. However, the provisions for these uses in the Central Business Commercial District zone may be unclear. The code lists the use as “Residential Care Facilities and Group Homes”. Group Homes may be understood as synonymous with Residential Care Homes, but are not defined in the code. Residential Care Homes are permitted as an accessory use, however. The definition of group homes in this context should be clarified.

Timely and Fair Permitting

The Dalles appears to generally offer reasonable land use application types, procedure types, application timelines, and fees. Examples of procedure types and fees are presented below, pursuant to the Planning Department Fee Schedule and Section 3.020

- Site Plan Review, Administrative (\$220)
- Variance, Administrative or Quasi-Judicial (\$380)
- Conditional Use Permit, Quasi-Judicial (\$420)
- Planned Unit Development, Quasi-Judicial (\$480)

Section 1.120 of the code authorizes the City Council to reduce or waive fees upon written request of an applicant. Fee waivers or reductions could potentially support the development of needed housing and help to address Fair Housing requirements. To further advance Fair Housing, the city could document the conditions under which fee waivers or reductions may apply, and specifically identify the potential to reduce or waive fees for needed housing types, or for applicants who are seniors or low-income residents.

Application review procedures and timelines are established in Chapter 3 of the development code. The City has adopted typical requirements that application completeness be determined within 30 days of receiving the application. The City must then take final action on land use applications within 120 days, per ORS 227.178. These timelines are adequate to serve Fair Housing regulations. To further strengthen Fair Housing compliance, the City could consider creating an expedited review process for needed housing types and/or for housing proposed to be provided to low income residents and those with special needs, including protected classes under the Fair Housing Act. An expedited review may reduce development costs for needed housing.

Accessibility

A critical element of Fair Housing is accessibility. Provisions addressing accessibility are more the domain of building code than zoning code, and building code compliance in The Dalles is the responsibility of the Mid-Columbia Council of Governments (MCCOG). MCCOG administers the Oregon Specialty Codes for Structural, Mechanical, Plumbing, Electrical, and Residential. It is important to note that the use of these Oregon standards do not guarantee compliance with federal or state accessibility laws. As stated in the Fair Housing Council of Oregon’s Accessible Design and Construction handbook:

Oregon’s building code governing multi-unit residential buildings (the Oregon Structural Specialty Code, or OSSC) includes a comprehensive set of accessibility requirements. Thus, designers, builders, and building officials may believe that compliance with the OSSC brings a project in compliance with all accessibility requirements. However, compliance with the OSSC does not assure compliance with all accessibility laws because:

(a) While the OSSC draws on many of the same standards, the OSSC differs in organization and language from other laws, and is not a “safe harbor” for compliance with any federal law.

(b) The OSSC includes only those accessibility criteria and standards required to be included in the OSSC by Oregon law. It does not incorporate all federal accessibility laws or Oregon accessibility laws.²

This means that designers, builders, and building officials must look beyond the adopted building code to ensure that new construction of multi-unit housing complies with federal accessibility laws. To help comply with the accessibility provisions of the Fair Housing Act, HUD established Fair Housing Accessibility Guidelines (FHAG) that “provide builders and developers with technical guidance on how to comply with the accessibility requirements of the Fair Housing Amendments Act of 1988.³ Additionally, HUD recognizes the American National Standards Institute (ANSI) A117.1 – a set of accessible design specifications – as “safe harbors” for compliance with Fair Housing Act accessibility requirements.⁴ MCCOG does not specify how they ensure compliance with the Fair Housing Act for multi-unit housing in their operating plan.⁵

Recommendation: Consider minor modifications to zoning and building code practices to strengthen compliance with Fair Housing regulations, including by working with MCCOG to provide information about FHAG recommendations to builders and developers.

Details and Actions

- Clarify the meaning of Residential Care Homes as an accessory use in order to ensure that it could not be interpreted as a more restrictive requirement than the standards that apply to single-family dwellings.
- Clarify code language related to the use limitations on Residential Care Homes and the definition of Residential Care Facilities in the Central Business District zone.
- Consider creating an expedited review process or formalizing fee waivers or discounts for needed housing types and/or for projects intended for people with low incomes, special housing needs or within Fair Housing protected classes.

² Accessible Design and Construction: A Handbook Prepared by the Community Development Law Center for the Fair Housing Council of Oregon. June 2010. <http://fhco.org/pdfs/DCHandbook062010.pdf>

³ Fair Housing Accessibility Guidelines.

http://portal.hud.gov/hudportal/HUD?src=/program_offices/fair_housing_equal_opp/disabilities/fhefhag

⁴ Accessible Design and Construction: A Handbook Prepared by the Community Development Law Center for the Fair Housing Council of Oregon. June 2010. p. 3

⁵ Mid-Columbia Council of Governments, Building Code Compliance Program, Operating Plan. July 2014. <http://mccog.com/wp-content/uploads/2014/07/Operating-Plan-07-01-14.pdf>

- Work with MCCOG to ensure that Fair Housing accessibility requirements for multi-unit housing are addressed through building code compliance and/or be sharing information about additional Fair Housing Accessibility Guidelines.

State Statutes

Clear and Objective Standards for Needed Housing (ORS 197.307)

Clear and objective standards are generally available for development of needed housing in The Dalles. Needed housing, pursuant to ORS 197.303, includes single-family detached dwellings, single-family attached dwellings, manufactured dwellings (standalone and in parks), government-assisted housing, and farmworker dwellings. Government-assisted housing and farmworker dwellings are not specified housing types in the The Dalles Comprehensive Plan and development code, but could be interpreted to include those housing types identified in the zoning code, including single-family dwellings (detached and attached), duplexes, residential homes and facilities, ADUs, manufactured dwellings and manufactured dwelling parks, and multifamily dwellings. Needed housing can also be understood to include any housing needs and types identified in the HNA.

Where permitted outright in residential zones, development review procedures are ministerial or administrative. Needed housing is currently permitted outright in residential zones, with the following exceptions.

- Per Chapter 6, Section 6.120, Manufactured Dwellings are divided into two categories: residential trailers/mobile homes and manufactured homes. Residential Trailers and Mobile Homes are only permitted in the RM zone, where Manufactured Dwelling Parks are permitted. Manufactured Homes are permitted in all locations where single-family dwellings are permitted.
- Multifamily housing (3 or more units) is not a permitted use in the RL zone.

Approval standards for development appear to be generally reasonable. A few design standards applicable to Neighborhood Compatibility Review—which is required for all new construction or infill in established neighborhoods—may need to be amended to ensure they are clear and objective.

Recommendation: Consider minor revisions to permitted uses and approval standards to strengthen compliance with state statutes.

To ensure that approval standards for needed housing types are clear and objective, consider the following revisions or clarifications to design standards (Table 1).

Table 1. Code Revisions to Ensure Clear and Objective Standards for Needed Housing

Existing Code	Potential Revisions
<p>Scale. Buildings with walls greater than 80 feet in length shall include street facades that are varied and articulated at regular 20, 30, 40 or 50 foot intervals along the facade to provide the appearance of smaller buildings. Articulation shall be achieved through the use of offsets, jogs, variation of finishes, projections, windows, bays, porches, traditional storefront elements, entries or other similar distinctive changes. (3.040.050(B)(1))</p>	<ul style="list-style-type: none"> • Clarify the meaning of some of these architectural features, such as offsets, jogs, traditional storefront element, and similar distinctive changes. • Consider adopting a quantitative standard for the depth or width of the articulation to ensure objectivity.
<p>Trim and Details. Trim shall be used around the windows, doors, frieze, and corners of buildings. Details shall be used around the porch, fascia board, and window and door tops. (3.040.050(B)(10))</p>	<ul style="list-style-type: none"> • Clarify the meaning of “details” related to their use on porch, fascia board, etc.
<p>Two Family and Three Family Structures, and Attached Single Family Structures (2 units) shall be designed and constructed to have the appearance of a single house. (3.040.050(C)(10))</p>	<ul style="list-style-type: none"> • Clarify what is meant by the “appearance of a single house”. • Reconsider if this standard is appropriate for the RH and RM zones, where multi-family housing is widely permitted.
<p>Multi-Family Dwellings (greater than 3 units) shall...be encouraged to incorporate usable covered front porch space. (3.040.050(C)(10))</p>	<ul style="list-style-type: none"> • Consider removing this standard, as “encouraged” may be interpreted as subjective; it’s unclear what is required.
<p>Entries. Upper story residential uses are encouraged to have shared or individual entries on the first level only. (5.030.050(C))</p>	<ul style="list-style-type: none"> • Consider removing this standard or making it required • One may assume this refers only to exterior building entries, not entries to individual units, but it is unclear.

4. Recommended Comprehensive Plan Amendments

The Dalles Comprehensive Plan establishes the policy goals and implementing strategies that direct how the city will meet its housing needs and remain compliant with Goal 10 of the Oregon Statewide Planning Goals. The Comprehensive Plan was closely reviewed as part of this 2016 Housing Needs Analysis (HNA). In light of the findings of the HNA related to existing conditions and trends and ongoing changes in federal and state housing regulation, a number of amendments to the Comprehensive Plan are recommended. Additionally, several revisions and a general restructuring of the plan is recommended to improve clarity.

Recommendation: Adopt amendments to the Goal 10 Chapter of The Dalles Comprehensive Land Use Plan to reflect existing conditions, strengthen compliance with federal and state regulation, and improve clarity of goals, policies and implementation strategies.

Background and Existing Conditions

The housing chapter of the comprehensive plan opens by introducing the key text of Goal 10 and provides a short summary of the contents of the chapter. Given the central importance of adequate and affordable housing in the everyday lives of The Dalles residents, this section could be expanded to recognize the city’s role in shaping housing conditions. This statement could be linked to further background on the purpose of Goal 10 and its associated planning requirements.

The background section is followed by a review of existing housing conditions. The source of this information is the 2006 Housing Needs Analysis; the data needs to be replaced with the 2016 Housing Needs Analysis. Additionally, the city may consider expanding the existing conditions summary to include a wider range of measures of housing conditions and trends, including tenure, price, public housing/assistance programs, development trends, and broader demographic or economic trends that impact housing. The HNA will be referenced as a supporting document to the plan, so a concise summary will be sufficient.

Goals, Policies and Implementing Measures

The recommended amendments to the goals, policies and implementing measures sections are divided into general recommendations for improving clarity structure and organization of the plan, and specific recommendations for revisions or additions to the content of the plan.

Structure and Organization

A number of statements in the “Housing Goals” and “Goal 10 Policies” sections are either internally redundant, are redundant with a goal or policy in the other section, or are better defined as implementation measures than goals or policy statements. This redundancy affects the clarity of the

plan. To improve clarity, consider reorganizing these sections into a hierarchy of goals, policies and implementing measures:

- Goals are broad statements of intended outcomes.
- Policies are directives that generally state how the city will realize those outcomes.
- Implementation measures are specific actions the city will take to advance a policy or goal.

An effective approach is to draft a small number of broad goals (less than five), then nest policies and implementation measures under each goal. This organization makes clear the intended outcome of each policy or implementation measure. The existing statements in the “Housing Goals” sections should be reviewed closely and either consolidated with another goal—if substantially similar—or written as a policy if the statement refers to a method or directive for achieving a goal. For example, the statement “adopt standards and incentives to increase residential land use efficiency” is listed as a goal, but this is actually a policy statement about what the city will do to achieve a goal.

Similarly, many of the statements under “Goal 10 Policies” can either be consolidated into one policy statement or defined as implementation measures. The following policies are redundant and may be consolidated into one statement, or made into two distinct statements:

- Policy 1 and 10 both relate to provision of a range of housing types
- Policy 2 is an exact duplication of Goal 5.
- Policies 4, 11, and 14 all relate to how residential development should be responsive to environmental constraints and protect natural resources
- Policies 8 and 16 both call for flexibility in development standards
- Policies 7 and 19 both call for the use of incentives to encourage higher density development

The following statements describe specific standards, locations or actions that are more appropriate for the “Implementing Measures” section of the plan:

- Policies 3a-d: specific land use patterns of residential development
- Policy 10: target ratios by housing type
- Policy 20: specific locations of the Neighborhood Center overlay

Additionally, some statements in the policies section are purely informational or ambiguous about the specific directive for the city. For clarity, policy statements should generally use the words “will” or “shall” to describe what the city will do, and should avoid statements of fact that do not relate to a specific directive or statements of actions that are needed, possible or potential.

Most of the statements in the “Goal 10 Implementing Measures” section are either factual in nature, describe potential strategies that should be considered, or are more appropriate to be addressed through the development code because they describe specific standards and criteria. Factual information about housing forms or potential housing strategies should be reserved for the

background section or an appendix to the plan. The statements that remain as implementation measures in this section should describe specific actions the city will take or strategies the city will use to advance housing goals.

Content

Once a more clear and concise framework of goals is established, the City should consider the following additions or amendments to the plan’s content to respond to the findings of the HNA and strengthen compliance with federal and state regulations:

1. Expand goals and policies related to providing a variety of housing types to include a broader set of housing forms, including accessory dwelling units, live/work units, cottage cluster housing, transitional housing, and co-housing.
2. Broaden policies related to providing a range of housing types for all income groups to include populations with special needs, including seniors, people with disabilities, or those with other special needs (such as homelessness, chemical dependency, or recovery).
3. Revise goals and policies related to affordable housing to clarify that affordability is needed for both ownership and rental units, and specifically address the need for workforce housing.
4. Clarify the role of the neighborhood centers overlay in addressing housing needs by improving accessibility to services and amenities.
5. Re-examine target ratios by housing type pending the results of the housing needs analysis. Include policies that support revised implementation strategies if target ratios are not being met.
6. Revise policies related to the location of high density housing to discuss the need for this housing to be in close proximity to opportunities, services, and high-quality public facilities, in addition to being in areas well-served by infrastructure.
7. Consider broadening Policy 13 related to manufactured housing parks to open up the possibility for these parks to be located in more than one zone.
8. Incorporate recommended additional statements related to compliance with the Fair Housing Act, identified in Section 3 of this report.

5. Recommended Code Amendments

Density Standards

The efficient use of land within The Dalles UGB is an essential strategy for meeting the city’s housing needs while preserving land for other uses, particularly retail, commercial, industrial and public facility uses. Development standards that regulate residential density—such as minimum lot size, maximum lot coverage, and height limits—largely determine how efficiently land is used by constraining the overall bulk of buildings and the number of dwelling units that can be constructed on any given lot.

The Dalles divides residential areas into three zoning districts: Low Density Residential (RL), Medium Density Residential (RM), and High Density Residential (RH). Neighborhoods in the RL zone are intended primarily for single-family development, while the RM and RH zones allow both single-family and multi-family housing.

The RH and RM zones account for a significant portion of the city’s total residential land; however, the development standards of these zones may inhibit the production of some multi-family housing types that use land relatively efficiently and can be made compatible with single-family housing. One way to conceptualize these housing types is as the “missing middle” between detached, single-family homes and three-to-five story, mid-rise apartments (Figure 1). There are several advantages to ensuring that these housing types can be built in the RH zone, and potentially a subset of these types in the RM zone:⁶

- Demand is growing within the state and nationally for smaller, more affordable units in walkable neighborhoods, driven by demographic shifts toward smaller household sizes and a preference for urban, mixed use areas by millennials.
- Most of these housing types can be made compatible with single-family homes—which are common in these zones—because they are not significantly larger than a large single-family home and have a small overall footprint.
- These housing types are relatively easy to develop because they do not always require large lots—or aggregation of lots—and use simple construction methods.

⁶ Missing Middle Housing: Responding to the Demand for Walkable Urban Living. Daniel Parolek. <http://missingmiddlehousing.com/dev/wp-content/uploads/2015/04/Missing-Middle-Housing-Responding-to-the-Demand-for-Walkable-Urban-Living-by-Daniel-Parolek.pdf>

Per the city’s comprehensive plan, multi-family development may not be appropriate in the RL zone generally, but the code makes exceptions for duplexes built on corner lots. This exception makes sense, but the standards that govern corner duplexes could be adjusted to make their development feasible on more sites.

Figure 1. Conceptual Diagram and Examples Images of “Missing Middle” Housing Types



Duplex (Stacked)



Duplex (Side-by-Side)



Fourplex

Image Credit: Daniel Parolek, Opticos Design

Recommendation: Revise development standards in residential zones to ensure that compact, multi-family development is feasible on a wider range of sites.

Details and Actions

In the RH and RM zones, revise development standards to permit infill development of duplexes, triplexes and 3-10 unit apartment buildings on a wider range of sites. Table 2 outlines a few conceptual code revisions for the RH zone that could help achieve this goal; further study of development patterns and building prototypes is necessary to determine the appropriate quantitative standards.

Table 2: Example Code Revisions to Support Compact, Multi-Family Development

Development Standard	Existing Code (RH)	Potential Revisions
<i>Minimum Lot Area</i>	2 units: 5,000 sq. ft. 3 units: 8,000 sq. ft. 4 units: 10,000 sq. ft.	2 units: 3,500 sq. ft. (same as 1-unit) 3-8 units: 7,500 sq. ft. 9 or more units: 10,000 sq. ft.
<i>Minimum Site Area per Dwelling Unit</i>	2 units: 2,500 sq. ft. 3 units: 2,500 sq. ft. 4 units: 1,500 sq. ft.	2 units: 1,750 sq. ft. 3 units: 1,500 sq. ft. 4-8 units: 1,000 sq. ft. 9 or more units: 1,000 sq. ft.
<i>Minimum Lot Width</i>	2 units: 65 ft. 3 or more units: 80 ft.	2-8 units: 50 ft. 9 or more units: 75 ft.
<i>Minimum Side Setbacks</i>	Interior Lots: 5 ft. Exterior Lots: 10 ft.	All lots: 5 ft.

Further research is needed to determine if these allowances for developments of greater than three units is compatible with existing development patterns in the RM zone, but a minor code revision to allow duplexes more widely may be appropriate. The minimum lot area could be reduced to 5,000 sq. ft. to allow duplexes on common 50 ft. x 100 ft. parcels.

The only multi-family development allowed in the RL zone are duplexes on corner lots. However, the minimum lot size for corner duplexes is 4,500 sq. ft. per dwelling unit (or a 9,000 sq. ft. lot), nearly twice the minimum lot size for a single-family home. This minimum lot size may incentivize development of larger unit sizes, and thus a larger overall duplex structure, in order to make up for land costs. This may result in buildings that are out of scale with nearby homes, and does not incentive development of more affordable, smaller units. The city should consider lowering the minimum lot size to 2,500-3,000 sq. ft. per dwelling unit for corner duplexes in the RL zone so it is equivalent to or only slightly higher than the minimum lot size for a single-family home. Other regulations should prevent structures that are out of proportion with adjacent homes, including the setbacks, lot coverage maximum and height limit.

Density or Height Bonuses

Encouraging the development of affordable housing by offering density and/or height bonuses can work in areas where demand is constrained by zoning requirements. It also can potentially act as an incentive to building specific types of housing needed or desired in specific areas, including housing that incorporates high quality architectural design or materials. Residential developers in The Dalles likely find the height and density standards adequate to build their projects. In some zones, achieving

the minimum densities may actually be more of a concern to developers than exceeding the maximums. However, while the current market conditions do not suggest a significant demand for density or height bonuses, there may be some types of projects that would benefit and changing demographics could lead to further interest in these incentives in the future.

Recommendation: Establish density and height bonuses as incentives for affordable housing.

Details and Actions

Height and density bonuses for the provision of affordable or needed housing in market-rate development or housing with high quality architectural design and materials could be available in residential as well as mixed use zones. The bonuses may allow more dwelling units per acre than typically permitted in the base zone, and/or allow additional building height over the base standard. These bonuses may be constrained by additional conditions, including design standards. Further, they can be paired with or operate independently of additional incentives for other community benefits, such as the creation of public spaces or public art.

Minimum Parking Requirements

In some situations, minimum off-street parking requirements can present a barrier to the production of more affordable housing, especially for multi-family developments. Paved surfaces for off-street parking adds to the cost of land and development and contributes to maximum lot coverage area, reducing space for leasable housing units. Structured parking is only feasible if rental rates are high enough to offset high construction costs, which is usually only the case in large urban areas. If a development is at the margins of economic feasibility, parking requirements—in combination with other regulations—may preclude the development or cause fewer housing units to be built. This constraint on housing supply can contribute to higher housing prices.

Minimum off-street parking requirements of The Dalles development code are not significantly higher than most small towns or suburban cities. In larger cities, transit systems and compact land use patterns enable fewer people to own cars, so minimum parking requirements can be lower without resulting in saturation of on-street parking supply. The Dalles offers methods to reduce off-street parking requirements, including waivers for developments in certain districts, shared parking arrangements, or submission of a Parking Management Plan. Yet, these methods may only be applicable or feasible or appropriate for a small number of potential developments. In addition, this strategy should be implemented in coordination with transit and parking planning findings, policies and strategies incorporated in The Dalles' Transportation System Planning process.

Recommendation: Adopt additional provisions to allow for the reduction of minimum parking requirements where it may support production of affordable housing.

Details and Actions

In addition to existing code provisions that allow reduction of minimum parking requirements, consider the following reductions:

- **Affordable housing.** Automobile ownership is strongly correlated with income level. If a development proposes to construct housing affordable to people with low-incomes—potentially defined as high as 80% of median income—then it is reasonable to assume that the tenants will own fewer cars than assumed by the minimum parking requirements. At the same time, members of the project TAC note that lower income housing developments in The Dalles do not always appear to have lower rates of car ownership. Some documentation of projected lower car ownership rates should be required for reducing parking requirements for such developments.
- **Senior housing and group homes.** Older adults living in senior housing are also likely to own fewer vehicles. Similarly, residents of group homes or residential care facilities often also have documented reduced rates of car ownership. Requirements could be reduced by-right for housing specifically serving these populations.
- **Small multi-family developments.** The minimum parking requirements for duplexes and smaller apartment buildings (3-8 units) may be difficult to meet, especially on smaller lots. For example, a four-unit apartment building may not be feasible to build on the minimum lot size of 10,000 square feet in the RH zone if the development must include 8 parking spaces and cover less than 60% of the lot. Consider allowing on-street spaces to account for some of the parking supply. This reduction could be limited to corner lots, as two street frontages provide more on-street parking spaces per lot. A similar reduction could apply to corner duplexes permitted in the RL zone.
- **Extend waiver to more zones.** A complete waiver of minimum parking requirements is a strong incentive for multi-family development. The existing waiver for the CBC 1 and 2 zones could be expanded to other districts where higher densities are desired and appropriate, such as the CBC-3 zone and the Neighborhood Center overlay. In zones where impacts of on-street parking are a concern, a significant reduction in minimum parking requirements could be used in place of a complete waiver.

Accessory Dwelling Units

Accessory Dwelling Units (ADUs) are smaller, ancillary dwelling units located on the same lot as a primary residence (Figure 2). ADUs are typically complete dwellings with their own kitchen, bathroom and sleeping area. A common form of housing in many pre-World War II neighborhoods—and sometimes referred to as in-law units, granny flats, or studio apartments—ADUs have grown in popularity over the last two decades. They offer a flexible housing solution for a diverse range of households and situations, and their use can evolve over time as owner’s needs change. ADUs may take multiple forms: a separate structure detached from the primary house, an addition to the primary house, a conversion or addition to a garage, or a conversion of a basement (Figure 2). Their small scale, minimal impact on neighbors, and suitability on a wide range of properties give ADUs the potential to play a significant role in meeting local housing needs and increasing land use efficiency.

ADUs are permitted outright as an accessory use in all residential zones in The Dalles. However, a number of code provisions may inhibit production of ADUs. Given that ADUs are usually built by individual homeowners with limited experience or financial resources, code provisions can have a significant influence on the feasibility of their development.

Figure 2: Diagram and Examples Images of Accessory Dwelling Units (ADUs)

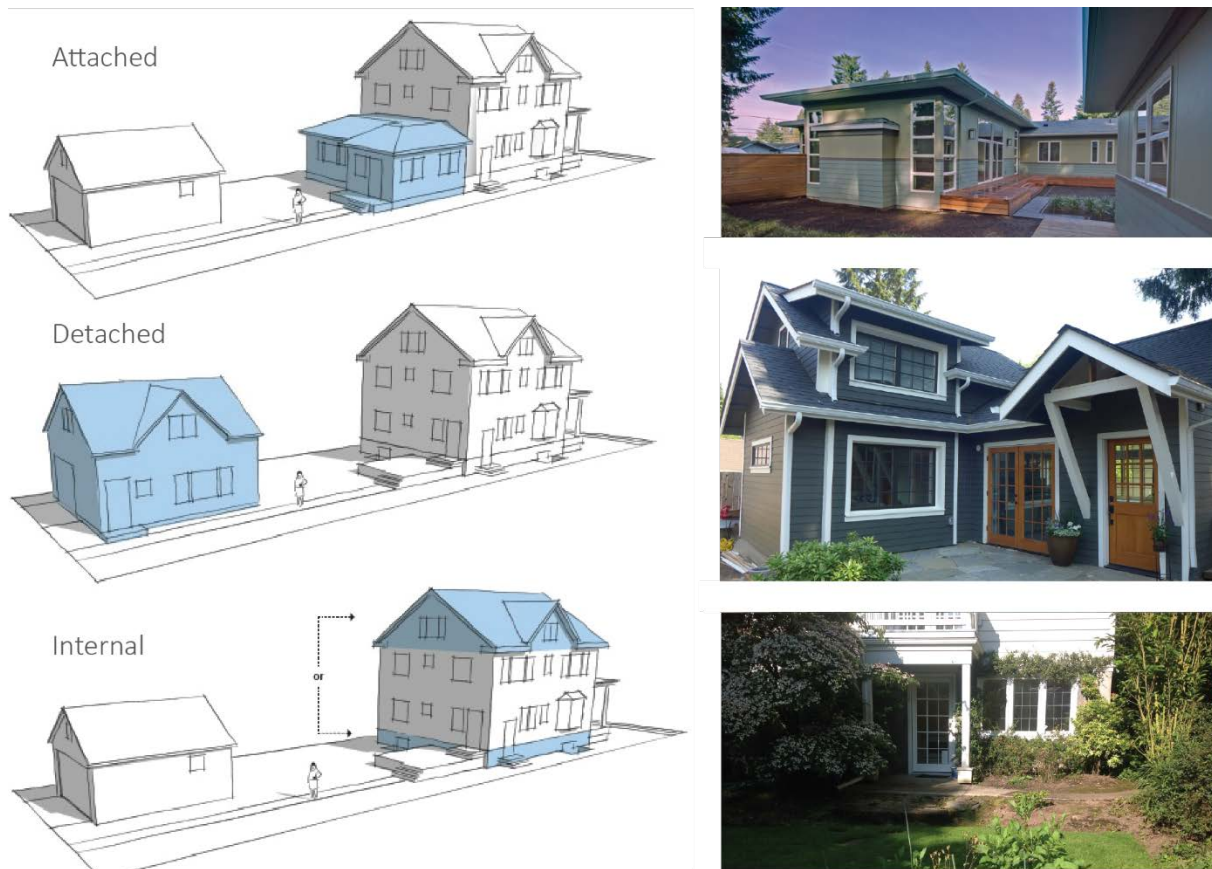


Image Credits: City of Minneapolis, AccessoryDwellings.org

Recommendation: Revise code provisions for ADUs to enable more widespread production while balancing impacts on neighborhoods.

Details and Actions

Table 3 details several code provisions that could be revised to support wider production of ADUs.

Table 2. Potential Code Revisions to Support Construction of ADUs

Code Element	Existing Provision	Potential Revisions
<i>Occupancy requirement.</i>	Owner must occupy either principal residence or ADU.	<ol style="list-style-type: none"> 1. Do not require owner-occupancy, as rental duplexes—which are functionally equivalent to rental occupancy in both units—are allowed in RH and RM zones, and on corner lots in RL zone. 2. Require owner-occupancy only in RL zone, except for corner lots where rental duplexes are allowed.
<i>Maximum number of ADUs per lot.</i>	One per lot.	Allow two ADUs per lot if one is internal to the primary residence (as in a basement conversion).
<i>ADUs on lots with duplexes.</i>	Conditional use.	Permit outright in all zones, or at least in RH and RM zones.
<i>Maximum size.</i>	60% of primary structure up to 600 square feet.	Expand to up to 75-80% of primary structure or 800-1,000 square feet.
<i>Design compatibility with primary structure.</i>	Use similar materials, color, and roof pitch.	Replication of primary structure may be undesirable in some situations. Require design compatibility only for ADUs over one story tall.
<i>Lot requirements.</i>	Match base zone.	Analyze lot sizes to determine if minimum dimensions and lot coverage maximum would prohibit ADUs in many cases.
<i>System Development Charges (SDCs)</i>	Apply to ADUs.	Consider a waiver or reduction of SDCs for ADUs in order to improve the feasibility of their development.

Cottage Cluster Housing

Cottage clusters are groups of relatively small homes typically oriented around shared common grounds (Figure 3). The developments usually include 4-14 homes that are under 1,000-1,200 square feet in size, but also may take the form of a courtyard apartment if all units are attached, or include a mix of attached and detached homes. Parking is usually situated at the periphery of the, but may be limited to on-street spaces. The scale and orientation of cottage clusters—around a common space—promotes a communal atmosphere that many people appreciate, especially empty-nesters, singles or young families. Smaller homes sizes enable density levels over twice the average of single-family zones while maintaining potential for compatibility with a wide range of neighborhoods. This housing form challenges some cultural norms related to private yards and lot ownership—which may limit its market appeal—but developers are adopting design and ownership strategies to overcome this limitation. The cottages may be owned fee-simple (each on its own lot) or as part of a condominium plat where the land is owned in common by the buildings are individually owned.

Figure 3: Diagram and Example Images of Cottage Cluster Housing



Image Credits: Daniel Parolek, Eli Spevak/Madeline Kovacs

Cottage cluster housing could potentially be developed by-right in the RH and RM zones, which allow multiple-dwelling development on one lot. However, the development standards of these zones may significantly limit the number of sites where cottage cluster development would be feasible. The combination of minimum lot area, setbacks, lot coverage, building orientation, and off-street parking requirements may be prohibitive, especially for cottage cluster development on smaller lots. The applicable design standards for these zones may not be appropriate for cottage cluster development, as they are intended for either single-family development, duplexes, or apartment buildings. Additionally, if the developer preferred a fee-simple ownership structure, the use would not be permitted outright as the lots would not meet the minimum size requirements of the zone.

Alternatively, cottage cluster housing could be developed through a Planned Development application in all residential zones. All Planned Development applications are conditional uses subject to Planning Commission review. While the Planned Development track offers the flexibility to accommodate cottage clusters where they may not meet base zone standards, the additional cost and complexity of the process may deter development.

Recommendation: Consider defining cottage clusters as a housing type, creating specific development and design standards, and permitting outright in some or all residential zones.

Details and Actions

A cottage cluster or cottage housing code can effectively address development impacts and design goals while providing a more predictable process for developers than a Planned Development application, and potentially encourage greater production of this housing type. In general, the following provisions are supportive of cottage clusters and can stimulate their development:⁷

- Allow for increased densities over the base zone in exchange for maximum house sizes. This combination allows for more dwelling units while ensuring an efficient use of land.
- Given maximum house sizes of 1,000-1,200 square feet, allow a wide range of sizes—even as small as 600 square feet—and consider allowing both attached and detached housing.
- Do not specify ownership structure; allow the site to be divided into individual lots, built as rental units on one lot, or developed as a condominium plat.
- Ensure that minimum site size, setbacks and building coverage requirements do not prohibit cottage cluster development on smaller lots.
- Draft design requirements that ensure neighborhood compatibility, and efficient use of land, but are not so specific as to restrict the ability to adapt to varying neighborhood contexts.

⁷ Character-Compatible, Space-Efficient Housing Options in Single-Dwelling Neighborhoods. ODOT, DEQ and OCLD Joint Study. Eli Spevak and Madeline Kovacs. May 2016.
<https://www.oregon.gov/LCD/TGM/docs/SpaceEfficientHousingReport.pdf>

Co-Housing

This form of housing typically includes a mix of privately owned homes along with shared facilities for meals, socializing and other activities. Co-housing developments can include a mix of housing types, including single-family homes, townhomes, duplexes or other residences. They also typically include dining rooms and other facilities for shared meals and other activities. The Dalles does not explicitly allow this form of housing and if it wants to allow it in the future, amendments to the development code would be needed. While this type of housing has seen limited development in other communities in Oregon historically, it would provide another option to meet the needs of households with unique housing needs or desires and/or lower incomes.

Recommendation: Amend the development code to allow for co-housing developments.

Details and Actions

Allowing for co-housing would entail the following updates to the code either in Chapter 2, Definitions or Chapter 5, Zone District Regulations:

- Add a definition of co-housing.
- Determine in which residential zones co-housing would be allowed and then add it to the list of allowed uses in each residential and/or mixed use zone.
- Create specific standards for co-housing developments related to allowed housing types, density, setbacks, building heights, building design, accessory structures, common/open space, parking and other development characteristics.

Live/Work Units

Live/work units are dwellings in which a business may be operated on the ground floor. They are similar to a home occupation operating in a single-family home or apartment, except they are typically intended for commercial or mixed-use zones, and allow for more commercial area, signage, visibility, and access from the primary street. Demand for live/work units—especially when built as townhouses or apartments—is growing. The flexibility of these units is advantageous, as residential or office spaces can occupy the ground floor until the area becomes more viable for ground floor retail use. The market demand for this type of housing, and developers and financiers that are responding to that demand, may continue to be relatively small, but they fill an important housing need. Additionally, economic and demographic trends are supportive of further growth. Live/work units are popular options for artists (both for studio or sales space), professional services, personal services, and some forms of retail sales.

Live/work units are not currently defined and regulated by The Dalles development code. Existing regulation for home businesses (section 6.020) are intended for businesses operating in residential

zone, and therefore the use, operational and development standards would be too prohibitive for many types of commercial uses.

Figure 4: Examples of Live/Work Townhomes



Recommendation: Evaluate the need for code provisions specific to live/work housing units

Details and Actions

Live/work units may currently be allowed in the CBC-Central Business Commercial, CG-General Commercial, CR-Recreational Commercial, and NC-Neighborhood Center Overlay zones. Residential dwellings are permitted in these zones if the ground floor is a permitted commercial use. Most live/work units are designed for commercial use on the ground floor and residential on the second floor. However, live/work housing development may be limited by the following factors:

- The commercial uses permitted in these zones may not include some businesses that are best suited for live/work housing, such as an artist studio
- Temporary use of the ground floor as residential may be desirable in some locations, given that design and development standards ensure the space can be transitioned to retail or other commercial use in the future
- The development and design standards of these commercial zones may not effectively address the specific form of live/work housing units
- Residential dwellings are completely prohibited in the CLI-Commercial/Light Industrial and I-Industrial district, but live/work units may be appropriate in these zones in general, or in some locations within these zones.

Inclusionary Zoning

After being prohibited in Oregon since 1999, legislation allowing jurisdictions to adopt inclusionary zoning was passed in the Oregon Legislature in 2016. However, this legislation came with a number of limitations that are being regarded by affordable housing providers and advocates as challenging to implement this strategy in most small- and medium-sized jurisdictions in the state. The requirements only may be applied to multifamily housing development 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. They also must provide developers with the option to pay a “fee in lieu” instead of providing affordable units. Cities may also establish a local excise task to help fund inclusionary housing program.

These provisions are expected to limit the applicability and extent of the application of inclusionary housing 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. That said, The Dalles should explore the relative costs and benefits of establishing inclusionary zoning requirements. In addition, the City could explore implementation of inclusionary housing 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 earlier in this report. This voluntary approach to inclusionary zoning may avoid some of the pitfalls of the mandated approach allowed by the recent state legislation.

Recommendation: Explore the relative costs and benefits of establishing inclusionary zoning requirements and implement if warranted.

Details and Actions

The following actions are recommended to assess the feasibility of a mandatory approach to inclusionary zoning:

- Identify the approximate benefits of establishing a set of inclusionary zoning provisions based on the expected number of developments that would be subject to the standards and the approximate number of resulting new units.
- Estimate potential excise fee revenues that could be applied to covering the cost of implementing inclusionary zoning standards.
- Estimate the cost of establishing and administering the non-code based elements of an inclusionary zoning program, including a fee-in-lieu program and other finance-based incentives.
- Determine if the expected benefits outweigh the costs of establishing an inclusionary zoning program.

- 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.

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

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

Short-Term Rentals

The emergence of online vacation rental or “room sharing” networks over the last decade may have an impact on local housing markets. These websites—such as AirBnB or HomeAway—enable a much wider range homeowners or small investors to arrange short term rentals of rooms or entire homes. Demand for this type of vacation lodging continues to grow.

Research on the precise effect of short term rentals on local housing markets is limited. Studies that have attempted to measure the effect typically focus on spaces that are rented out for a many months of the year or on listings that advertise an entire home or apartment. These listings are assumed to displace a housing unit that would otherwise be made available for long-term rental or owner-occupancy. Some data is available on the most popular listing site, AirBnB, from the consulting firm AirDNA⁸, and is summarized below:

- There are 25 active rentals operated by 13 hosts
- Most hosts (10 of 13) operate only one listing, but 2 hosts operate more than 5 listings
- 60% of listings are for private rooms, 40% for the entire home or apartment
- 60% of rentals are listed as available for more than 3 months of the year

This data is limited to one site, so may not represent all short term rentals in The Dalles. This findings suggest, however, that the total number of short term rentals is small and the number of rentals that displace housing units that would otherwise be on the housing market may be very limited. Still, this data may be incomplete, and it is reasonable to expect further growth of short-term rentals in line with national trends.

There are additional reasons to regulate short-term rentals outside of their impact on the local housing market, including to preserve livability of neighborhoods, minimize nuisances, and ensure

⁸AirDNA.com. <https://www.airdna.co/city/us/oregon/the-dalles>

consistency with the regulatory treatment of similar businesses, such as licensed Bed and Breakfasts and Vacation Rentals. And while some communities note adverse impacts of short-term rentals on housing supply or affordability, they can be seen as an opportunity. For example, increased tourism associated with short-term rental opportunities can have positive economic impacts. Municipal fees associated with short-term rentals also could be used to support affordable housing programs.

Recommendation: Monitor the activity of short-term rentals and consider regulatory measures to mitigate impacts on the housing affordability, ensure fairness and preserve neighborhood livability.

The City of Hood River recently adopted new regulations of short-term rentals. A review of their background research and proposed code amendments highlights a number of issues that need to be addressed to effectively regulate short-term rentals:⁹

- **Definitions of various forms of short-term rentals.** Hood River makes a distinction between sharing a room within a home (Hosted Homeshare) and renting the entire home (Vacation Home Rental), as they have different impacts on the local housing market.
- **Licensing and taxation, and the use of revenue generated by taxation.** Licensing and taxation are typically required in order to effectively regulate the rentals. Affordable housing advocates in Oakland, CA recommended the city use funds generated from taxation of short-term rentals to support construction of affordable housing.¹⁰
- **Use and occupancy standards.** Hood River is proposing to allow short-term rentals as an accessory use in residential zones and a primary use in commercial zones. Where an accessory use in a residential zone, the owner/operator must live in the home as their primary residence.
- **Limitations.** Hood River opted to limit the number of days that a short term rental can be in operation as a method of mitigating their impact on the housing market. In residential zones, short-term rentals can only operate 90 days of the year. This approach was favored over limiting the total number or spacing of rentals, which is more complex to administer.
- **Establishment of non-conforming use and amortization.** To allow for a transition period for rentals already in operation to come into compliance with the new requirements, Hood River established a 5-year amortization period beginning after the non-conforming use is established. The date of the establishment of a non-conforming use differs for rentals in residential vs. commercial zones.

⁹ City of Hood River City Council Agenda and Minutes. April 11, 2016.

http://centralpt.com/upload/375/2015HousingStudy/19570_20160407151925.pdf

¹⁰ The Impact of Short Term Rental on Affordable Housing in Oakland. Community Economics, Inc. and East Bay Housing Organizations. December 2015.

<http://www.naceda.org/assets/EBHO%20Short%20Term%20Rental%20Impact%20Report.pdf>

6. Future Planning for New Residential Development and Redevelopment

The Buildable Land Inventory and Housing Needs Analysis found that The Dalles has sufficient zoned capacity for nearly all housing types. However, market conditions and other factors may still limit production of some housing types, even if there is sufficient land zoned for that housing type in general.

Addressing some of these technical barriers will require further research, analysis and planning that is outside the scope of the Housing Needs Analysis. Outlined below are several initial ideas for future planning study that can further advance affordable or needed housing types in The Dalles.

Limitations on single-family housing in the RH zone

The RH zone accounts for a significant share of land zoned for housing in The Dalles, and for most of the city's zoned capacity for multi-family housing. The Central Business District and General Commercial zones also allow multi-family housing on upper stories, but it is required to be above a permitted commercial use on the ground floor. This type of mixed-use development is more difficult to finance and develop, especially in smaller cities. Therefore, most future multi-family housing will likely occur in the RH zone.

However, single-family housing is still permitted outright in the RH zone, with a minimum lot size of 4,000 square feet. If a significant amount of single-family housing development continues to occur in this zone, there is a risk that single-family housing development will absorb much of the land zoned for needed, affordable multi-family housing in the zone. To prevent this situation, The Dalles should consider the following strategies for ensuring that the development of single-family detached housing in the zone does not eliminate needed capacity for multi-family or single-family attached housing (e.g., rowhouses or townhomes):

- *Prohibit or significantly limit detached, single-family housing.* This would ensure that land is used for multi-family housing. However, it may reduce the zoned capacity for single-family housing too greatly, especially for small-lot single family, which is allowed only sparingly in the RL zone. Attached single-family housing could still be permitted, as this housing type consumes less land, is identified as a needed housing type in the HNA, and is not widely permitted in the RL zone.
- *Increase the minimum density standard.* All new development in the RH zone must currently produce at least one dwelling unit per 4,000 square feet. This represents a relatively low minimum density standard for a high density zone (in the form of a maximum lot size). To ensure that land used for single-family housing does not displace too much land needed for multi-family housing, consider establishing a minimum density requirement that would be equivalent to one dwelling unit per 2,500-3,000 square feet (or 15-20 units per acre). This

may result in more small lot single-family, attached single-family and duplex development in place of relatively larger lot, detached single-family housing. It also could incentivize attached forms of housing over detached forms.

Incentives for high density housing in the RH zone

Given that there is sufficient zoned capacity for multi-family housing in the RH zone, but limited actual development, several code amendments identified in Section 3 of this report are intended to remove barriers or provide incentives for this type of housing, including revisions to development standards, reduction or elimination of minimum parking requirements, and density or height bonuses. Additional incentives for high-density, multi-family housing in the RH zone could be considered. These strategies may reduce costs or improve feasibility of this development type:

- *Expedited development review process.* A more predictable and/or faster development review process can be a very attractive incentive for developers that are risk-averse.
- *Waiver or reduction of System Development Charges (SDCs).* SDCs have the potential to make some development infeasible, especially in difficult market conditions. Reducing or waiving these charges for multi-family housing, in coordination with other service providers, could stimulate development.

Expansion or amendment of the RM zone

In tandem with the above strategies intended to limit single-family housing and promote multi-family housing in the RH zone, the RM zone could be amended or expanded to allow small lot, detached single-family housing, duplexes and other small scale multi-family housing in more locations. This would increase the zoned capacity for the housing types that become prohibited or limited in the RH zone. This strategy could include one or both of these changes:

- *Revise development standards to allow a wider range of housing.* The lot dimension and development standards in the RM zone could be revised to permit small-lot single family, attached single-family and duplexes on a wider range of lots. The RM zone could adopt the development standards that currently apply to these housing forms in the RH zone.
- *Expand the RM zone to more areas.* The RM zone is currently limited to a relatively small area of The Dalles. To increase zoned capacity for housing types that would no longer be permitted in the RH zone, the RM zone could be expanded into some areas of the RH or RL zones, or applied to new land brought into the Urban Growth Boundary if expansions occur in the future.

Support for appropriate housing development in geohazard areas

Section 8.040 of The Dalles development code defines special requirements for developments in areas that have characteristics that make the ground potentially unstable, as identified by a 2010

Geologic Hazards Study. A Physical Constraints Permit is required for all new development and additions, which requires a geologic impact statement and a certification of development plans, both of which must be prepared by a professional geotechnical engineer or engineering geologist.

These requirements are essential for preventing loss of life, property damage and environmental degradation, but they add costs to the development process and could potentially inhibit development in some cases. Much of the land in geohazard areas is zoned RL, so the impact on affordable and/or needed housing types may be limited. The extent to which the permitting requirements deter development outright, or reduce potential density of new development, depends largely on the costs and complexity of the required permits.

One way the City could support appropriate housing development in these zones by subsidizing the costs of the permits. The City could either waive or reduce other fees to offset the costs, provide grants to cover the costs for certain qualified developers or housing types (e.g., for housing affordable to low income households or those with special needs), or establish a contract with engineering firm that may offer lower costs in exchange for being the City's preferred firm.

Address potential impacts of large-lot development

A number of areas within the city's urban area (either within the City or between the city limits and urban growth boundary) are not served by city water and sewer lines. The ability to provide water and sewer for individual development also can be prohibitively expensive for property owners or developers, particularly in areas with challenging topography or other conditions. As a result, very low density housing served by wells and septic systems has been developed in these areas (e.g., development on one to five-acre lots).

While there clearly is a market for this form of development, it does not represent an "urban" form of development and if it continues to occur on a moderate to significant scale, it will very quickly consume a significant portion of the city's buildable land supply. While the City requires shadow-platting in these areas to demonstrate that these properties could be redeveloped to a higher density in the future, the reality is that such redevelopment is extremely challenging and rarely occurs in the absence of very high land values. A number of strategies could and should be considered to address this issue, including:

- Limit or restrict development served by wells or septic systems.
- Maintain and apply minimum densities that are consistent with the City's development code and Comprehensive Plan and represent an urban level of development.
- Establish and implement plans to provide water and sewer infrastructures to these areas.
- Partner with property owners and developers to fund infrastructure improvements in a way that makes urban levels of development in these areas financially feasible.

7. Non-Regulatory and Funding Strategies

The Dalles can best meet some housing goals by providing information to other parties as part of planning and development processes, or leveraging funding tools to help support affordable housing. Decisions about where and how to build and finance housing are made primarily by other entities. Either private or non-profit developers or public agencies—such as the Mid-Columbia Housing Authority—directly fund and/or manage housing for people with low incomes or special needs.

In addition to its general role in planning for and permitting residential uses, the City also can help advocate for or support specific projects that further the City’s housing goals. In doing so, the City can provide information to prospective developers about strategies described elsewhere in this report that help serve as incentives to building needed housing in areas that provide residents with access to transportation, services, public facilities and employment opportunities. In some cases, this also will include areas where the cost of infrastructure is relatively lower, potentially reducing the overall cost of development. More specific approaches and actions are described below.

Providing Information to Private Developers

Private market developers appreciate clarity and certainty in the design and permitting process. Certainty helps the developer save time, make decisions to proceed, and avoid costly surprises further along in the process. In some cases, a developer will prefer the certainty of a clear process even if it has greater requirements and fees, over a complex and unclear process with nominally lower requirements and fees. This means that City development code, review processes, permitting process, fees etc. should be as easy to understand and navigate for the developer as possible.

Recommendation: Provide information to developers that will help them understand land use permitting process and give them a sense of clarity and certainty about requirements.

Details and Actions

The City can do this in multiple ways:

- Ensure that primary documents such as the Development Code and design standards are easy to use for a person moderately informed in the design or development process;
- Provide knowledgeable staff to answer questions regarding the entire process from planning to permitting;
- Create additional materials such as one page handouts that summarize relevant code and process information, even if it is already available in longer documents
- Provide information about code provisions and other strategies described elsewhere in this report that can serve as incentives to develop housing in places with good access to transportation, services and facilities;

- Assign a single contact person to facilitate the development process for key projects, such as a large-scale development, prominent site location, or catalyst project; and
- Provide as much of this information in advance as possible. Try to provide estimates of time, requirements and fees to the extent practicable, while emphasizing that these are all preliminary estimates that may change. Avoid processes which require developers to commit extensive time and money before key requirements or public processes become apparent.

Continued Support for Local and Regional Housing Efforts

Similar to many communities across Oregon, The Dalles city government does not directly administer housing assistance programs or develop affordable housing projects. A regional housing agency—the Mid-Columbia Housing Authority (MCHA) and its development arm, the Columbia Cascade Corporation—is allocated the federal funding to support these essential programs and services.

These regional housing efforts include:

- Development and management of rental units for low-income or special needs populations;
- Down payment assistance and homeowner education programs for potential homeowners;
- Home repair loans and foreclosure prevention programs for existing homeowners.

Recommendation: The City should continue to participate in and support local and regional efforts to meet current and future housing needs, particularly those targeted to affordable and special needs housing.

Details and Actions

The city can take a number of actions to support the work of the Mid-Columbia Housing Authority and other non-profit organizations engaged in housing assistance programs:

- *Support for regional housing planning efforts.* As noted in Section 2 on Fair Housing Compliance, the Mid-Columbia Housing Authority is required to prepare regional housing assessments and plans. The Dalles planning staff can act as an essential resource for understanding housing conditions and their relation to broader land use policy and regulation, transportation, and economic development.
- *Assistance with site identification and acquisition.* One of the most challenging aspects of affordable housing development is finding and acquiring suitable sites for affordable housing in high-quality locations. The Dalles planning staff have the expertise to help identify and evaluate potential sites for housing development. Additionally, the City can consider the potential for existing city-owned properties to be used for affordable housing development or look for ways to include land for housing when acquiring property for other purposes, such as infrastructure, parks, or right-of-way.

- *Disseminate information about housing issues, services and programs.* The City maintains close contact with residents, the development community, business owners and other stakeholders through a variety of services, such as police enforcement, code compliance, the library, or economic development. All staff should be aware of regional housing resources and able to disseminate information to residents or potential partners in housing efforts.

Financing Tools

One of the primary obstacles to achieving housing goals, particularly those for development of affordable housing, is a lack of sufficient funding at all levels of government, as the private sector is often unable to develop certain types of housing needs without public subsidy. The Dalles currently supports the development of housing in the downtown area through use of urban renewal funding. Urban renewal has supported housing development in a few ways: ¹¹

- Funding of public improvements—including streets, public spaces and parks, and parking facilities— that act as incentives for private sector residential development
- Funding of property acquisition, repair or redevelopment that enhances the attractiveness of the downtown and the potential for market rents to support new residential development
- Amended the property rehabilitation program to allow for residential façade improvements

However, more funding will likely be needed to address future housing gaps for low-income rental households (the most significant gap identified in the Housing Needs Analysis) and potentially for other underserved groups.

Recommendation: Develop and use one or more existing and new financing sources or tools to provide funding for the most critical needs, including rental housing for low-income households.

Details and Actions

The City could consider a variety of other strategies for increasing funding or enhancing the economic feasibility of affordable housing development, including the following:

- Conditioning the use of urban renewal funding for property rehabilitation or redevelopment on the inclusion of affordable housing units
- Establishment of a fee assistance program or implementation of a separate program to waive or defer payment of SDCs for affordable housing projects or for ADUs
- Leveraging the Vertical Housing Tax Credits program to help developers gain access to state incentives for housing development

¹¹ The Dalles Urban Renewal Agency, Fiscal Year 2016-2017 Budget. http://www.ci.the-dalles.or.us/sites/default/files/imported/public_docs/ur_fy16-17_adopted_budget_book.pdf

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- Low interest loans, grants or down payment assistance for developers of affordable housing or low-income homeowners
 - Municipal bonds or loans to finance acquisition of manufactured home parks by tenants

8. Summary Recommendations and Priorities

The project’s Technical Advisory Committee reviewed the strategies described in the preceding pages and identified the relative priority and proposed timeframe for implementing each one. The following table summarizes those priorities, as well as the estimated level of effort and impact associated with implementation.

<i>Strategy</i>	<i>Required/ Optional</i>	<i>Level of Effort</i>	<i>Relative Impact</i>	<i>Relative Priority</i>	<i>Ranking</i>	<i>Timing*</i>	<i>Notes</i>
Comprehensive Plan Amendments							
Update Comprehensive Plan narrative, goals, policies and action items, including Fair Housing Act compliance.	Required	Medium-High	Medium	High	1	Short-term	Expect to complete as part of future Comprehensive Plan update process; update required to ensure that the Comp Plan is consistent with current and future housing needs and priorities.
Code Amendments							
LUDO #1. Update provisions for Residential Care provisions to strengthen compliance with Fair Housing Act.	Required	Low	Low-Medium	High	1	Short-term	Modest revisions required; can be done as part of a package of future amendments to the LUDO.
LUDO #2. Update neighborhood compatibility provisions to ensure standards are clear and objective.	Required	Medium	Low-Medium	High	1	Short-term	City is required to have clear and objective standards for housing. Amendments are relatively modest but may generate public discussion.

<i>Strategy</i>	<i>Required/Optional</i>	<i>Level of Effort</i>	<i>Relative Impact</i>	<i>Relative Priority</i>	<i>Ranking</i>	<i>Timing*</i>	<i>Notes</i>
LUDO #3. Update density standards to allow denser levels of development and potentially broader mix of housing forms.	Optional	Medium-High	Medium-High	High	2	Short-term	This is one of the more significant code recommendations in terms of potential impact and community interest or concern. It should be done in concert with additional community engagement.
LUDO #4. Implement density and height bonuses.	Optional	Medium	Low-Medium	Medium	7	Medium-term	Changes could improve opportunities to create housing affordable to people with low-moderate incomes and/or housing with high quality architectural design and materials. However, ability for market to respond to bonuses would need to be more fully assessed.
LUDO #5. Adjust minimum parking requirements for selected land uses or housing types, including low income housing, senior housing and smaller multi-family uses, and mixed use zones.	Optional	Medium	Medium-High	Low	8	Long-term	Parking is a significant cost of the provision of housing, particularly for multi-family units; reducing parking requirements could have make certain forms of housing more feasible for developers and less costly for residents. Parking also is a controversial topic and public outreach will be needed.
LUDO #6. Update code requirements for accessory dwelling units (ADUs).	Optional	Low - Medium	Low - Medium	High	2	Short-term	Code changes are generally modest and straightforward. Relatively few ADUs have been developed or proposed recently. However, construction of ADUs is a relatively easy way to improve overall land use efficiency and affordability.



Strategy	Required/ Optional	Level of Effort	Relative Impact	Relative Priority	Ranking	Timing*	Notes
LUDO #7. Adopt code requirements for cottage cluster housing.	Optional	Medium	Low-Medium	Medium	6	Medium-term	Requires potential creation of new code requirements. The market for this type of housing in The Dalles is untested and therefore the impact is difficult to estimate. However, this would expand the range of housing choices for households with low and moderate incomes and be compatibility with more traditional single-family detached housing.
LUDO #8. Adopt code requirements to allow for co- housing.	Optional	Medium	Low-Medium	Low	9	Long-term	Same comments as for LUDO #7.
LUDO #9. Modify requirements for live/work housing units.	Optional	Low - Medium	Low - Medium	Low	8	Long-term	Code changes are relatively modest. Potential impact will be limited to selected downtown and mixed use zones and areas where ground-floor live/work units are feasible.
LUDO #10a. Explore the relative costs and benefits of adopting inclusionary zoning provisions - mandatory.	Optional	Low - Medium	Low - Medium	Low	10	Long-term	A high-level qualitative cost-benefit assessment is recommended. Given limitations and administrative costs of adopting these provisions, the costs are likely to outweigh the benefits in The Dalles.
LUDO #10b. Explore the relative costs and benefits of adopting inclusionary zoning provisions – incentives-based.	Optional	Low - Medium	Low - Medium	Medium	5	Medium-term	A high-level qualitative cost-benefit assessment is recommended. Implementing this strategy through in incentives-based or negotiated approach may make this strategy more feasible The Dalles.



<i>Strategy</i>	<i>Required/Optional</i>	<i>Level of Effort</i>	<i>Relative Impact</i>	<i>Relative Priority</i>	<i>Ranking</i>	<i>Timing*</i>	<i>Notes</i>
LUDO #11. Assess short-term rental regulatory measures.	Optional	Medium	Low - Medium	Medium	7	Medium-term	Developing a set of regulations is likely to be relatively challenging, with limited impacts in the near future based on an assessment of the existing short-term rental market.
Land Supply							
Land Supply #1. Consider lower minimum density requirements in high density zones.	Optional	Medium	Medium-High	High	1	Short-term	This strategy would be intended to preserve an adequate amount of land available for future higher density housing. Given the character of existing development in these areas, a robust community outreach process would be needed to implement this strategy.
Land Supply #2. Create incentives for high density housing in the high density residential zone.	Optional	Low - Medium	Medium	High	4	Short-term	Incentives could include expedited development review, parking reductions, density bonuses and/or fee waivers. Incentives would need to be balanced with neighborhood impacts and might be a challenge politically.
Land Supply #3. Expand or amend the medium density zone.	Optional	Medium-High	High	Medium	6	Medium-term	This would involve a possible combination of rezoning selected areas from high to medium density housing and allowing for a broader range of medium density housing types in that zone. The relative impact could be high if the market responds with medium density housing types.



<i>Strategy</i>	<i>Required/ Optional</i>	<i>Level of Effort</i>	<i>Relative Impact</i>	<i>Relative Priority</i>	<i>Ranking</i>	<i>Timing*</i>	<i>Notes</i>
Land Supply #4. Subsidize the cost of permits by waiving or reducing fees associated with geologic impact statements.	Optional	Medium	Low-Medium	Low	10	Long-term	This would help improve the financial feasibility for development in some areas but impacts likely would be limited both in their geographic and fiscal scope.
Land Supply #5. Address large lot development issues and infrastructure constraints.	Optional	Medium-High	Medium-High	High	2	Short-term	This would reduce potential impacts on the City's supply of buildable land and enhance the efficiency of future development.
<i>Non-Regulatory & Funding Strategies</i>							
Partnering #1. Provide information to developers about housing development opportunities and requirements, particularly opportunities to reduce the cost of development for specific housing products.	Optional	Low-Medium	Low-Medium	Medium	7	Medium-term	The cost of implementation would be relatively low – preparing informational materials and providing them as a matter of standard procedure. Impacts would depend on the level of interest in and feasibility of future development.



Strategy	Required/ Optional	Level of Effort	Relative Impact	Relative Priority	Ranking	Timing*	Notes
Partnering #2. Support regional housing authority efforts.	Optional/ Needed	Low- Medium	Medium	High	3	Short-term	Intergovernmental cooperation is an essential activity for local governments and this strategy is generally already being implemented. Further or more formalized support could help improve the potential success of housing authority efforts.
Partnering #3. Develop and use one or more new or existing financing sources or tools to meet the community's most critical housing needs.	Optional	Medium- High	Medium- High	High	2	Short-term	The ability to identify and adopt meaningful public financing likely will take a relatively significant amount of additional research and analysis and political and public support would need to be built to enable implementation. However, impacts for construction of affordable housing could be high, depending on the mechanisms adopted.
Partnering #4. Consider waiving or reducing SDCs for accessory dwelling units.	Optional	Low- Medium	Medium- High	Low	9	Long-term	This strategy could reduce SDC revenues in comparison to single-family detached homes; at the same time, it could increase revenues if it results in more development overall.

* Short-term = 1-3 years; Medium-term = 4-5 years; Long-term = 6-10 or more years

In addition to recommending the priorities summarized in the above table, TAC members suggested that the implementation of these strategies should be tied directly to the goals and findings of the city's Housing Needs Analysis, including meeting the most significant housing needs and gaps such as for renters at the lowest end of the income scale.