Forest Grove Code Text Amendments
Staff Report and Recommendation

Community Development Department, Planning Division

REPORT DATE:	July 6, 2018
HEARING DATE:	July 16, 2018
REQUEST:	Legislative amendments to the Forest Grove Development Code to increase the bonus residential density for affordable housing, up to 30 dwelling units per acre in the RMH zoning district and up to 50 dwelling units per acre in the CC zoning district
FILE NUMBER:	311-18-000014-PLNG
PROPERTY LOCATION:	Not applicable
LEGAL DESCRIPTION:	Not applicable
APPLICANT:	City of Forest Grove
APPLICABLE STANDARDS AND CRITERIA:	City of Forest Grove Development Code - §10.1.700 et. seq. *Legislative Land Use Decision* §10.2.600 et. seq. *Development Code Text Amendment*
REVIEWING STAFF:	James Reitz, AICP, Senior Planner Dan Riordan, Senior Planner Bryan Pohl, Community Development Director
RECOMMENDATION:	Staff recommends approval of the amendments

I. BACKGROUND

According to the Washington County Housing Plan, as many as 14,000 affordable housing units are needed in Washington County, with 1,400 of those units needed in Forest Grove. To help address this need locally, the City Council adopted a priority objective to address the housing needs and housing affordability of current and future residents.

In response to the Council's direction, several steps have already been taken: target residential densities in the TC and CC zoning districts have been increased, and the Development Code has been amended to adopt Density Incentives for Affordable Housing for projects located in the Town Center (among other incentives). While increasing target residential densities have resulted in the construction of additional units, to date, all the units have been market-rate; no new units have been constructed that would be defined as affordable, based on Forest Grove's median household income.

The City Council and Planning Commission met in a joint work session on May 29, 2018 to discuss other possible Development Code amendments that might promote the construction of

affordable housing units. The consensus was to consider increasing the density allowed in the RMH and CC zoning districts specifically for projects that included an affordable housing component as defined in Development Code Table 7-2 Tier 2. If adopted, the attached Ordinance Exhibit A would increase the density in the RMH zoning district from 20.28 to 30.00 dwelling units per acre (DUA) and in the CC zoning district from 30.00 to 50.00 DUA for affordable housing projects.

Public notice of this proposal was provided to the Department of Land Conservation and Development (DLCD) on June 11, 2018. DLCD staff responded on June 21, and expressed support for the amendments. The Measure 56 notice was mailed to all property owners (approximately 1,000) in the RMH and CC zoning districts on June 14, 2018. Notice was also published in the *News Times* on July 11, 2018. As of the date of this report, no written or emailed comments have been received from the public. Staff has responded to several callers requesting further information.

II. PROPOSED AMENDMENTS

The proposed Development Code amendments would -

- Amend §10.3.130 *Residential Densities* to establish a Bonus Density of up to 30.00 DUA for affordable housing projects in the RMH zoning district. The bonus would be 9.72 units over the target density of 20.28 DUA for an overall density of 30.00 DUA; and
- Amend §10.3.320 *Commercial and Mixed Use Zones – Use Regulations* to establish a Bonus Density of up to 50.00 DUA for affordable housing projects in the Community Commercial zoning district. The bonus would be 20.00 units over the target density of 30.00 DUA.

III. APPROVAL CRITERIA AND FINDINGS

Development Code §10.2.630 *Review Criteria* lists two standards to be satisfied to adopt a text amendment:

A. The text amendment is consistent with relevant goals and policies of the Forest Grove Comprehensive Plan; and

Finding: The proposed amendments would provide bonus density for projects that include an affordable housing component. Bonus density of up to 30.00 DUA would be permitted in the RMH zoning district, and up to 50.00 DUA for projects in the CC zoning district. Relevant goals and policies related to the proposed changes are addressed as follows:

Forest Grove Comprehensive Plan - Housing Goals and Policies

Goal 2: Provide incentives for increased residential development densities within the Forest Grove Town Center and near high capacity transit corridors.

Policy 2.3 Amend Development Code standards to increase maximum development densities within the Forest Grove Town Center, identified high capacity transit station areas, and mixed use target areas along the Pacific Avenue commercial corridor.

Finding: RMH-zoned districts abut both the Town Center and the Pacific Avenue commercial corridor. Many RMH-zoned districts are within a quarter mile of a high capacity transit corridor. Increasing the bonus density in the RMH zoning district for projects that comply with affordable housing standards would address both the Goal and Policy to increase maximum development density near high capacity transit corridors generally and the Pacific Avenue commercial corridor specifically.

Finding: The Community Commercial zoning district largely parallels the Pacific Avenue high-capacity transit corridor. Target density in the CC zoning district is 30.00 DUA. With the proposed amendment, density along the transit corridor could be increased by up to an additional 20.00 DUA for projects that comply with affordable housing standards.

Forest Grove Comprehensive Plan - Land Use Policies

9. Development regulations shall promote a variety of housing types suitable for owner- and renter-occupants. The 2009 Economic Opportunity Analysis indicates a need for 3,859 owner-occupied units and 878 renter-occupied units over the next 20 years.

Finding: The Oregon Department of Housing and Community Services indicates that approximately 37% of renter households in Forest Grove currently experience a severe rent burden whereby such renters pay more than 50% of their household income on rent. Increasing the bonus density in the RMH zoning district could promote a variety of housing types suitable for renter-occupants because a greater number of units per acre should result in a lower per-unit cost, thus encouraging the development of needed housing types serving this market segment.

Finding: Increasing the bonus densities for affordable housing in the RMH and CC zoning districts would result in units specifically set aside for those meeting affordable housing occupancy standards.

Finding: Both the RMH and CC zoning districts allow for a variety of housing types for owner- and renter-occupants. Amending the Development Code to increase density would promote the construction of additional units, thus helping to achieve EOA housing targets including affordable units.

10. Ensuring the availability of affordable housing is a priority for the City of Forest Grove. Affordable housing options provided for through planning and development regulations should reflect documented housing needs of current and future residents of the City.

Finding: Increasing the bonus densities for affordable housing in the RMH and CC zoning districts would result in a greater number of units per acre which could result in a lower per-unit cost. In addition, the units would also be set aside specifically for those meeting affordable housing occupancy standards, since the density bonus would apply when 20% of the units are set aside for renters or purchasers earning no more than 80% of Forest Grove's median income and paying no more than 30% of total household income on rent or a mortgage.

Finding: The Washington County Housing Plan identifies a need for as many as 14,000 affordable housing units in Washington County. The City of Forest Grove Affordable Housing Needs Assessment and Recommendations report identifies a need for at least

1,400 housing units affordable to low- and extremely low-income households in Forest Grove. Increasing allowed density in the RMH and CC zoning districts would expand opportunities for increasing the supply and availability of housing units including affordable housing options such as apartments.

11. Develop and implement incentives for the construction of affordable housing meeting documented community needs.

Finding: The Oregon Department of Housing and Community Services indicates that approximately 37% of renter households in Forest Grove currently experience a severe rent burden whereby such renters pay more than 50% of their household income on rent.

Finding: Increasing the bonus densities for affordable housing in the RMH and CC zoning districts should promote affordability for renter-occupants since a greater number of units per acre should result in a lower per-unit cost, thus potentially lowering the rent burden. In addition, the units would also be set aside specifically for those meeting affordable housing occupancy standards.

Forest Grove Comprehensive Plan Housing Goals and Policies

Goal 1: Ensure an adequate supply of developable land to support needed housing types and a complete community.

Policy 1.3 Evaluate requests for rezoning from lower density zones to higher density zones based on the following factors:

A. Identified housing needs;
B. Ability to provide public facilities to the site in an efficient manner;
C. The ability of the site to support higher density development; and
D. Land use location policies of the Comprehensive Plan.

Finding: According to the Washington County Housing Plan, as many as 14,000 affordable housing units are needed in Washington County, with 1,400 of those units needed in Forest Grove.

Finding: The Oregon Department of Housing and Community Services has identified about 37% of the renter households in Forest Grove that are currently experiencing a severe rent burden whereby such renters pay more than 50% of their household income on rent. Increasing the bonus densities for affordable housing in the RMH and CC zoning districts could promote the construction of a greater number of units set aside specifically for those meeting affordable housing occupancy standards.

Goal 2: Provide incentives for increased residential development densities within the Forest Grove Town Center and near high capacity transit corridors.

Policy 2.3 Amend Development Code standards to increase maximum development densities within the Forest Grove Town Center, identified high capacity transit station areas, and mixed-use target areas along the Pacific Avenue commercial corridor.

Finding: The Community Commercial zoning district largely parallels the Pacific Avenue high-capacity transit corridor. Target density in the CC zoning district is 30.00 DUA. With the proposed amendment, density along the transit corridor could be increased by up to an additional 20.00 DUA for projects that comply with affordable housing standards.

Goal 4: Provide and maintain an adequate supply of affordable housing opportunities.

Policy 4.1 Develop and implement programs to offset the increasing cost of new housing construction.

Finding: Increasing the bonus densities for affordable housing in the RMH and CC zoning districts would result in a greater number of units per acre. As the per-unit cost would thus be lower, increasing density should result in lower rents.

Finding: Increasing the bonus densities for affordable housing in the RMH and CC zoning districts would result in units being specifically set aside for those meeting affordable housing occupancy standards.

B. The text amendment is consistent with relevant statewide and regional planning goals, programs and rules.

Finding: Relevant statewide and regional goals and policies related to the proposed changes are addressed as follows:

Statewide Planning Goal 10 Housing – To provide for the housing needs of citizens of the state.

Finding: Increasing density for affordable housing in the RMH and CC zoning districts would increase opportunities for the construction of needed housing in a cost-effective manner by spreading the cost of construction across more units. This would help to reduce the per-unit cost of housing and would promote construction of housing at price ranges and rent levels commensurate with the financial capabilities of Oregon households, consistent with Statewide Planning Goal 10.

Finding: Oregon Administrative Rules Chapter 660-007-0035(2) requires that the City of Forest Grove provide for an overall density of eight or more units per net buildable acre across the City's residential zoning districts. Increasing opportunities for higher density in the RMH and CC zoning districts would help ensure that the City meets this requirement.

Metro Urban Growth Management Functional Plan - Title 1: Housing Capacity

Finding: Increasing the bonus densities in the RMH and CC zoning districts could further Statewide Goal 10 and Metro Title 1 by increasing the potential inventory of housing options available, thus helping to ensure that the City continues to meet its regional housing targets.

Metro Regional Framework Plan Policy 1.3 Housing Choices and Opportunities

Finding: Housing choices and opportunities would be improved by increasing the bonus density in the RMH and CC zoning districts, thus increasing the availability of both market rate and affordable housing options.

IV. ALTERNATIVES

The Planning Commission may recommend that the City Council –

- Approve the proposal as submitted; or
- Approve it with modifications; or
- Reject the proposal; or
- The Commission may continue deliberations to a date certain.

V. RECOMMENDATION

Based on the findings above, staff recommends approval of the proposed amendments listed in attached Exhibit A, as well as any revisions found appropriate by the Planning Commission.

VI. LIST OF EXHIBITS

The following exhibits were received, marked, and entered into the record as evidence for this application at the time this staff report was written. Exhibits received after the date of this report will be marked beginning with the next consecutive letter and will be entered into the record at the time the public hearing is opened, prior to oral testimony.

Exhibit A	Ordinance Exhibit A - Proposed Development Code Amendments