

To: Chair Pramuk and Planning Commission
From: Housing Production Strategy Project Team
Memo Date: February 17, 2023
Meeting Date: February 27, 2023
Subject: Housing Production Strategy Work Session

On February 27, 2023 the Planning Commission will hold a Work Session on the Housing Production Strategy Project (HPS). The focus of this work session will be the Comprehensive Plan Amendment, which includes updated community needs, and housing goals, policies, and actions measures. This memo provides project background and information to prepare the Commission for the session. The two components of the project will be presented. The project team will:

- Focus on reviewing the proposed Comprehensive Plan Amendment and preparing the Commission for its public hearing on the amendments (scheduled for March 27, 2023), and
- Provide a brief update on the HPS. No Commission input is needed on the HPS; the adoption of this document does not include a Planning Commission hearing.

The Housing Production Strategy is required by Oregon as part of House Bill 2003 (HB 2003), adopted by the State Legislature in 2019. HB 2003 was adopted to help communities meet the diverse housing needs of Oregonians and requires cities to develop strategies to encourage production of needed housing.

This project is also an action measure in the City’s 2022-2025 Strategic Plan, under the Housing for All Priority. The Housing for All goal reads:

Everyone in Gresham can live in a secure and reliable place they call home, and no one experiences housing uncertainty. All Gresham community members can access housing that meets their changing needs and wants.

Project Overview

Gresham’s Housing Production Strategy Project has two related components: the Housing Production Strategy and a Comprehensive Plan Amendment. The graphic below explains these components and was presented at the Planning Commission’s first HPS Work Session on July 25, 2022.

- Latinx community members, with a strong preference for those with household incomes below \$75,000 – (held in Spanish).
- Black and African American community members, with a strong preference for those with household incomes below \$75,000.
- People living in subsidized housing.
- People from the immigrant/refugee communities.

In the summer of 2022 staff also tabled at three large community events and collected data regarding housing priorities, barriers the community faced in finding appropriate housing, and strategies the City could pursue.

Key takeaways from these activities were:

- Cost is overwhelmingly the most important factor people consider when looking at housing; it was also the number one barrier to attaining housing appropriate for a household’s needs.
- Different communities have different barriers to housing: some people face language challenges, some find the down payment or credit score requirements a problem, others need more bedrooms than they can find.
- Not all landlords know about fair housing laws. The Black and Latinx focus group participants stated that they faced discrimination in housing.
- Different communities have different priorities in housing: while parks and open spaces are important to a lot of people, being close to family or grocery stores can be more significant to others.
- There is a lack of small housing and units accessible to people in the disability communities.
- Community members want the City to be part of the housing conversation and to help connect people looking for housing with providers, advocates, and non-profits.
- There was community support for encouraging neighborhoods with a mix of incomes, places to live, work, and play, and a greater variety of housing types in neighborhoods.
- Lack of privacy was discussed as a challenge.
- The immigrant, Latinx, and subsidized housing focus group participants said they want or need assistance in finding housing and with the process of applying for or purchasing it.
- The quality of housing was mentioned by the Latinx and Black focus group participants. It was discussed that low-quality construction leading to noise and lack of maintenance are challenges.
- The Black focus group participants said the communities they live in lack diversity, therefore, are missing some services/activities that would be appropriate for them.

Other Discussions with Interested Parties

The consultants on this HPS project (ECONorthwest) also interviewed service providers for vulnerable populations, affordable housing developers, local housing developers, and builders to discuss special population needs and barriers to housing in general as well as those specific to Gresham.

Staff discussed the HPS with the Coalition of Gresham Neighborhood Associations in summer of 2022. There have been two virtual open houses on this project (summer 2022 and winter

2023). A Planning Commission work session was held for this project on July, 25, 2022 and City Council work sessions were held on September 6, 2022 and on December 6, 2022.

Proposed Comprehensive Plan Amendments

The Planning Commission will consider the proposed Comprehensive Plan Volume 1 and 2 Amendments (described below) at a public hearing on March 27, 2023.

Volume 1 – Findings Document

Volume 1 contains factual information that is the basis for the policies found in Volume 2 of the Comprehensive Plan. Volume 1 Section 4.0800 2021-2041 Housing Capacity Analysis was amended in 2021 to reflect the Housing Capacity Analysis that was also required by HB 2003. The proposed amendments to this section are targeted and include new and updated data regarding people experiencing homelessness and information on the risks of gentrification and displacement across the city.

Volume 2 – Policy Document

Volume 2 contains housing policy statements and implementation strategies that form the basis for land use activities. Volume 2 Section 10.0600 Housing was also amended in 2021 with the Housing Capacity Analysis. However, the Goals, Policies, and Action Measures were not reviewed with that update because staff knew the Housing Production Strategy was required and would have more complete data to inform how the City addresses housing policies.

Updates to the existing Goals, Policies, and Action Measures are proposed in response to the new housing data and recent public input. Proposed amendments include adding context regarding housing for protected classes, affordability, homelessness, and the risks of gentrification and displacement. A single overarching housing goal is proposed to closely align with the Gresham 2022-2025 Strategic Plan. The previous policies and action measures were reviewed in light of the current housing situation and the City’s goal of Housing for All. As part of this process action measures were removed when no longer needed, refined when progress has been made, and redrafted or consolidated to support the policies.

Housing Production Strategy

The Housing Production Strategy will be a detailed public policy plan adopted by City Council Resolution. It will outline land use and operational policies to be evaluated and/or undertaken by the City. The strategies are designed to support and create equitable housing outcomes for the Gresham community. The City will be evaluated by Oregon’s Department of Land Conservation and Development (DLCD) based on these strategies. The HPS is an implementation/action plan rather than a land use document, therefore a Planning Commission hearing is not required. However, Planning Commission did give input into the range of strategies the last time the project was brought to Planning Commission. City Council will consider a motion to adopt the plan by resolution on May 2, 2023. Planning Commission does not have an official role in the adoption process, but a summary of the Housing Production Strategy is included below to show how it intersects with the proposed Comprehensive Plan Amendments.

Housing Production Strategy Summary

The HPS includes initiatives and action measures that combine to achieve equitable housing outcomes for all residents of Gresham. The market has struggled to produce housing accessible to many low to middle income households without assistance. Therefore, while the strategy addresses all housing, an emphasis has been placed on improving outcomes for underserved communities, low to middle income households, and people in state and federal-protected classes. DLCD requires that the HPS includes an analysis of unmet housing need in Gresham, actions to meet future housing need, and an evaluation of achieving fair and equitable housing outcomes. The plan is intended to support fair housing by supporting access to housing choice for everyone, free from discrimination. In developing the HPS, the team considered equity as both an outcome and a process.

Local Housing Conditions

Across the Portland region, developers have been able to build some types of housing without need for public intervention, such as single detached housing that is affordable to people with higher incomes. However, many low- and middle-income households have unmet housing needs. Key local housing conditions include:

- Proportionately, more Gresham households are low income (less than 80% MFI¹) than the Portland region as a whole.
- There is a lack of financially attainable housing: 44% of households in Gresham are cost burdened (pay more than 30% of their income for housing).
- About 36% of Gresham’s population identify as Black, Indigenous, and People of Color (BIPOC) and/or Latinx and such households are more than twice as likely to be extremely low income (less than 30% of MFI) and almost twice as likely to be very low income (30-50% of MFI).
- Low-income households have few options for both ownership and rental units, despite Gresham’s low rent levels and low home sales prices compared to the region.
- Gresham is forecast to grow by 6,229 new housing units between 2021 and 2041.

Matching Strategies to Needs

The plan recognizes that differing strategies are needed to meet the housing needs of different Gresham households²:

- Housing Needs for Extremely Low Income (Less than 50% MFI) Households: Within this income range, Gresham has a housing need of:
 - Existing households: 19,523
 - Estimated new households: 3,037 (from 2021-2041)
- Housing Needs for Low Income (50-80% MFI) Households: Within this income range, Gresham has a housing need of:
 - Existing households: 8,468
 - Estimated new households: 1,317 (from 2021-2041)

¹ Median Family Income

² Estimates are based on Gresham’s current income distributions.

- **Housing Needs for Middle Income (80-120% MFI) Households:** Within this income range, Gresham has a housing need of:
 - Existing households: 7,056
 - Estimated new households: 1,097 (from 2021-2041)
- **Housing Needs of People of Color:** Black, Indigenous, and People of Color are cost burdened more frequently than the average household in Gresham. 15% of Gresham’s population identify as non-Hispanic Black, Asian, American Indian or Alaska Natives, Native Hawaiian or Pacific Islanders, two or more races, or another race. About 21% of Gresham’s population identify as Latino (any race). Black, Latino, American Indian or Alaska Natives, and Native Hawaiian or Pacific Islanders are more likely to rent their homes and to live in multifamily housing than the overall average in Gresham.
- **Housing Need of People with Disabilities:** The Census reports that about 13% of Gresham’s population have one or more disability, such as ambulatory, vision, hearing, cognitive, self-care, or independent living disabilities.
- **Housing Need of People Experiencing Homelessness:** According to the 2022 Point-in-Time Count, there were approximately 48 households experiencing unsheltered homelessness in Gresham in 2022. In addition, 1,106 students in the Gresham-Barlow, Centennial, and Reynolds School Districts experienced homelessness. These numbers may be underestimated, especially because people experiencing homelessness may move between cities in the Portland region.

Initiatives

The City of Gresham has identified four initiatives to address its housing needs. The initiatives comprise a set of potential city-led strategies, funding sources, and potential partnerships with other entities that help to achieve an overarching goal by bundling strategies and funding sources. The City acknowledges that several strategies and partnerships are necessary to achieve the City’s housing goals. The four initiatives and example City actions include:

Initiative	Income range Impacted (median family income for a 4 person household)	Example action
Open Up Affordable Ownership Opportunities	Less than 120% (up to \$127,800)	Build capacity and technical assistance support for organizations pursuing affordable homeownership.
Preserve Existing Low and Middle Income Affordable Housing	60%-80% (\$63,900 - \$85,200)	Support acquisition and rehabilitation of existing apartments by providers of regulated affordable housing.
Encourage Production of Publicly Subsidized Affordable Housing Units	Up to 60% median family income (under \$63,900)	Explore land banking, parcel assembly, and public land disposition efforts within future TIF district(s).

	sometimes 80% (under \$85,200)	
Reduce Barriers to Producing Low and Middle Income Affordable Rental Housing	60%-80% (\$63,900 - \$85,200)	Reduce zoning barriers for multifamily housing development

Reporting

The initiatives work together to achieve equitable outcomes for all residents. DLCDC requires Gresham to report progress on implementation of the HPS every three years. This report must include:

- A summary of the actions taken to implement the HPS.
- A reflection of the efficacy of the actions the City has implemented.
- A reflection of the efficacy of the actions in the context of the outcomes described above.