Acknowledgments

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Summary

This report presents a housing needs analysis consistent with requirements of Statewide Planning Goal 10 and OAR 660-008. The methods used for this study generally follow the Planning for Residential Growth guidebook, published by the Oregon Transportation and Growth Management Program (1996).

The primary goals of the housing needs analysis were to (1) project the amount of land needed to accommodate the future housing needs of all types within the North Plains Urban Growth Boundary (UGB), (2) evaluate the existing residential land supply within the North Plains UGB to determine if it is adequate to meet that need, (3) to fulfill state planning requirements for a twenty-year supply of residential land, and (4) identify policy and programmatic options for the City to meet identified housing needs.

What are the key housing needs in North Plains?

Following are several key issues identified in the housing needs analysis:

- **North Plains’ housing market is strongly impacted by the housing market in the Portland region.** North Plains is relatively small, accounting for less than 1% of Washington County’s population, and located west of Portland along US-26 and north of Hillsboro (with more than 97,000 people). Most residents who live in North Plains work in Hillsboro or Portland, and North Plains residents’ incomes are generally higher than in Hillsboro or Portland.

  Home sales prices in North Plains are higher than in both Beaverton and Hillsboro. In comparison with other Washington County cities, North Plains has seen a particularly strong recovery since the housing market crash. Rental costs in North Plains are much lower than in Beaverton, Hillsboro, and Washington County overall. North Plains has a relatively small share of housing that is multifamily housing (less than a quarter of the City’s housing stock).

  Given these factors, demand for housing in North Plains will continue to be driven by growth in the Portland Region. North Plains will have demand for development of single-family detached housing and multifamily housing, especially as rents rise in North Plains, with continued growth on the Portland region’s Westside.

- **Demographic and economic trends will drive demand for relatively affordable single-family detached, single-family attached, and multifamily housing in North Plains.**

  The key demographic trends that will affect North Plains’ future housing needs are: (1) the aging of the Baby Boomers, (2) aging of the Millennials, and (3) continued growth in Hispanic and Latino population.

    - *Baby Boomers.* By 2035, people 60 years and older will account for 24% of the population in Washington County (up from 18% in 2017). As the Baby Boomers age, growth of retirees will drive demand for small single-family detached and
townhomes for homeownership, townhome and multifamily rentals, age-restricted housing, and assisted-living facilities.

- **Millennials.** Growth in this population will result in increased demand for both ownership and rental opportunities. Between 2017 and 2037, Millennials will be a key driver in demand for housing that is comparatively affordable and housing for families with children.

- **Hispanic and Latino population.** Growth in the number of Hispanic and Latino households will result in increased demand for housing of all types, both for ownership and rentals, with an emphasis on housing that is comparatively affordable. Hispanic and Latino households are more likely to be larger than average, with more children and possibly with multigenerational households.

**North Plains has an existing lack of affordable housing.** North Plains’ key challenge over the next 20 years is providing opportunities for development of relatively affordable housing of all types of housing, from lower-cost single-family housing to market-rate multifamily housing.

- More than one-third of North Plains households cannot afford a two-bedroom apartment at HUD’s fair market rent level of $1,208.

- In 2016, a household needed to earn $23.23 an hour to afford a two-bedroom rental unit in Washington County.

- North Plains currently has a deficit of housing units that are affordable to households earning less than $50,000.

- About 38% of North Plains’ households are cost burdened, with 57% of renters and 43% of owners paying more than 30% of their income on housing.
How much growth is North Plains planning for?

A 20-year population forecast (in this instance, 2017 to 2037) is the foundation for estimating the number of new dwelling units needed. Exhibit 1 shows a population forecast for North Plains for the 2017 to 2037 period. It shows that North Plains’ population will grow by about 3,825 people over the 20-year period.

Exhibit 1. Population Forecast, North Plains, 2017-2037
Source: ECONorthwest based on North Plains’ official 2015-2035 population forecast from the Oregon Population Forecast Program.

<table>
<thead>
<tr>
<th>Year</th>
<th>Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017 Population</td>
<td>2,266</td>
</tr>
<tr>
<td>2037 Population</td>
<td>6,091</td>
</tr>
<tr>
<td>Change 2017 to 2037</td>
<td></td>
</tr>
<tr>
<td>Number</td>
<td>3,825</td>
</tr>
<tr>
<td>Average annual growth rate</td>
<td>5.1%</td>
</tr>
</tbody>
</table>

The housing needs analysis assumes that North Plains’ population will grow by 3,825 people over the 2017 to 2037 period.

How much buildable residential land does North Plains currently have?

Exhibit 2 shows buildable residential acres by plan designation, after excluding constrained and unbuildable land. The results show that North Plains has about 148 net buildable acres in residential plan designations. Of this, about 54% are in tax lots classified as vacant, and 46% are in tax lots classified as partially vacant.

Source: North Plains Buildable Lands Inventory, Exhibit 5

<table>
<thead>
<tr>
<th>Inside North Plains City Limits</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Low-Density Residential</td>
<td>6 acres</td>
</tr>
<tr>
<td>Standard-Density Residential</td>
<td>13 acres</td>
</tr>
<tr>
<td>High-Density Residential</td>
<td>10 acres</td>
</tr>
<tr>
<td>Outside City Limits, within Urban Growth Boundary</td>
<td></td>
</tr>
<tr>
<td>Neighborhood Community</td>
<td>46 acres</td>
</tr>
<tr>
<td>Future Development</td>
<td>73 acres</td>
</tr>
<tr>
<td>Total</td>
<td>148 acres</td>
</tr>
</tbody>
</table>
How much housing will North Plains need?

North Plains will need to provide about 1,547 new dwelling units to accommodate forecast population growth between 2017 and 2037.

About 1,083 dwelling units (70%) will be single-family detached types, which includes manufactured dwellings. About 155 (10%) will be single-family attached, and 309 (20%) will be multifamily, which includes duplexes, structures with three to four dwellings, and structures with five or more dwellings.

This mix represents a shift from the existing mix of housing, in which more than three-quarters of the housing stock is single-family detached housing. The shift in mix is in response to the need for a wider range of relatively affordable housing types, including housing types such as duplexes, townhouses, and apartments. In addition, North Plains has need for relatively affordable smaller single-family detached housing.

How much land will be required for housing?

Exhibit 3 shows that North Plains’ 148 acres of vacant land has the capacity to accommodate 755 new dwelling units. North Plains has a deficit of capacity for 791 new dwelling units in the Neighborhood Community and Future Development designation.

North Plains does not have enough land to accommodate residential growth over the 20-year period.

Exhibit 3. Comparison of capacity of existing residential land with demand for new dwelling units and land deficit, North Plains UGB, 2017-2037

<table>
<thead>
<tr>
<th>Plan Designation</th>
<th>Dwelling Units Capacity of Buildable Land</th>
<th>Needed Dwelling Units (2017-2037)</th>
<th>Surplus or Deficit of Dwelling Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low Density Residential (R7.5)</td>
<td>26</td>
<td>26</td>
<td>0</td>
</tr>
<tr>
<td>Standard Density Residential (R5)</td>
<td>85</td>
<td>85</td>
<td>0</td>
</tr>
<tr>
<td>High Density Residential (R2.5)</td>
<td>85</td>
<td>85</td>
<td>0</td>
</tr>
<tr>
<td>NC &amp; FD-10</td>
<td>559</td>
<td>1,350</td>
<td>-791</td>
</tr>
<tr>
<td>Total</td>
<td>755</td>
<td>1,546</td>
<td>-791</td>
</tr>
</tbody>
</table>
What are the Conclusions and Recommendations of the Housing Needs Analysis?

The key findings of North Plains’ housing needs analysis are described above and restated below:

▪ **North Plains will need to plan for more single-family attached and multifamily dwelling units in the future to meet the City’s housing needs.** Historically, about 85% of North Plains housing was single-family detached. While 70% of new housing in North Plains is forecast to be single-family detached, the City will need to provide opportunities for development of new single-family attached (10% of new housing) and new multifamily (20% of new housing), which includes a wide range of housing types (e.g., duplexes, triplexes, apartments).

The factors driving the shift in types of housing needed in North Plains include changes in demographics and decreases in housing affordability, described above and in the full housing needs analysis.

▪ **North Plains will need to plan to provide opportunity for development of a wider range of housing types.** While North Plains will continue to need single-family detached housing in the future, the City’s needed housing mix includes a wider range of housing types, such as small lot single-family housing, townhouses and all types of multifamily housing.

▪ **North Plains will need to evaluate how to accommodate the deficit of land for housing.** The City has three choices for addressing this land deficit: increase capacity of land within the UGB through land use efficiency measures; expand the UGB; or both. Most cities choose to evaluate options to increase land use efficiency and (if there is still a deficit of land), expand the UGB. The State process for expanding the UGB requires that cities consider policies to increase land use efficiency prior to expanding the UGB.

ECONorthwest’s’ recommendations to North Plains for addressing the City’s housing needs are:

▪ **North Plains should plan to provide opportunities for development of the housing need identified in this report.** While the City does not generally have a direct role in housing development, the City’s planning framework set the context for housing development. The City should evaluate opportunities to lower barriers to development of types of housing that are relatively more affordable (e.g., townhouses and multifamily housing) and ensure that sufficient land is available to accommodate these housing types.

▪ **North Plains has an existing deficit of affordable housing.** North Plains housing prices, especially ownership prices, have increased substantially since 2000. The City should consider opportunities to allow and encourage development of more affordable housing types, as described in this report.
- North Plains should update its Comprehensive Plan policies. As part of this project, we evaluated and made recommendations for revisions to the City’s residential Comprehensive Plan policies. We recommend the City adopt the revised policies when it adopts other revisions to the Comprehensive Plan in 2017.

- North Plains should update its Comprehensive Plan policies for development of land newly brought into the UGB. Currently, the City’s Comprehensive Plan requires that land newly brought into the UGB develop at 8.4 dwelling units an acre with the following mix: 40% low-density housing, 40% medium-density housing, and 20% high-density housing. In addition, the City’s Comprehensive Plan says that the City “...shall encourage a minimum of 25% of the total new housing types to be attached housing.” We recommend at the City consider the following changes to the Comprehensive Plan:
  
  o The City should establish a concept and master planning requirement for land newly brought into the UGB. The land should be concept planned after it is brought into the UGB and master planned before it is annexed into the city limits.
  
  o The Comprehensive Plan should require that areas newly brought into the UGB include opportunities for development of all needed housing types. That means ensuring there is sufficient opportunities for development of single-family detached, single-family attached, and multifamily housing.

- North Plains should begin to plan for UGB expansion in 2018 or 2019. About half of North Plains’ forecast of housing growth can fit within the existing UGB, including the north expansion area that has not yet been annexed into the city limits. If North Plains’ population grew steadily at 77 dwelling units per year, North Plains would have a 10-year supply of residential land within its UGB. North Plains’ growth will be driven by growth in the Portland region, especially employment growth of the Westside of the region, which could occur considerably faster than 10-years. The UGB expansion process can be time consuming and the City will need time to evaluate land use efficiency policies, evaluate UGB expansion alternatives and adopt a UGB expansion, and plan for infrastructure and facility improvements necessary to serve areas newly brought into the UGB. Without beginning the UGB expansion process in the next few years, most vacant land within the city may develop before land can be planned and brought into the UGB.

- North Plains should monitor residential land development. Monitoring residential land development will help the City ensure that there is enough residential land to accommodate the long-term forecast for population growth. We recommend that the City Develop and implement a system to monitor the supply of residential land. This includes monitoring residential development (through permits) as well as land consumption (e.g. development on vacant, or redevelopable lands).
1. Introduction

This report presents North Plains’ Housing Needs Analysis for the 2017 to 2037 period. It is intended to comply with statewide planning policies that govern planning for housing and residential development, including Goal 10 (Housing), and OAR 660 Division 8. The methods used for this study generally follow the Planning for Residential Growth guidebook, published by the Oregon Transportation and Growth Management Program (1996).

This report provides North Plains with a factual basis to update the Housing Element of the City’s Comprehensive Plan and to support future planning efforts related to housing and options for addressing unmet housing needs in North Plains. It provides information that informs future planning efforts, including development and redevelopment in urban renewal areas in the future. It provides the City with information about the housing market in North Plains and describes the factors that will affect housing demand in North Plains in the future, such as changing demographics. This analysis will help decision makers understand whether North Plains has enough land to accommodate growth over the next 20 years.

Framework for a Housing Needs Analysis

Economists view housing as a bundle of services for which people are willing to pay. In addition to shelter, housing includes proximity to other attractions (job, shopping, recreation), amenities (type and quality of fixtures and appliances, landscaping, views), prestige, and access to public services (quality of schools). Because it is impossible to maximize all of these services and simultaneously minimize costs, households must, and do, make tradeoffs. What they can get for their money is influenced both by economic forces and government policy. Moreover, different households will value what they can get differently. They will have different preferences, which in turn are a function of many factors like income, age of household head, number of people and children in the household, number of workers and job locations, number of automobiles, and so on.

Thus, housing choices of individual households are influenced in complex ways by dozens of factors; and the housing market in the Portland region, Washington County, and North Plains are the result of the individual decisions of hundreds of thousands of households. These points help to underscore the complexity of projecting what types of housing will be built in North Plains between 2017 and 2037.

The complex nature of the housing market was demonstrated by the unprecedented boom and bust during the past decade. This complexity does not eliminate the need for some type of forecast of future housing demand and need, with the resulting implications for land demand and consumption. Such forecasts are inherently uncertain. Their usefulness for public policy often derives more from the explanation of their underlying assumptions about the dynamics of markets and policies than from the specific estimates of future demand and need. Thus, we start our housing analysis with a framework for thinking about housing and residential markets, and how public policy affects those markets.
Statewide planning Goal 10

The passage of the Oregon Land Use Planning Act of 1974 (ORS Chapter 197) established the Land Conservation and Development Commission (LCDC) and the Department of Land Conservation and Development (DLCD). The Act required the Commission to develop and adopt a set of statewide planning goals. Goal 10 addresses housing in Oregon and provides guidelines for local governments to follow in developing their local comprehensive land use plans and implementing policies.

At a minimum, local housing policies must meet the requirements of Goal 10 and the statutes and administrative rules that implement it (ORS 197.295 to 197.314, ORS 197.475 to 197.490, and OAR 600-008). Goal 10 requires incorporated cities to complete an inventory of buildable residential lands and to encourage the availability of adequate numbers of housing units in price and rent ranges commensurate with the financial capabilities of its households.

Goal 10 defines needed housing types as “housing types determined to meet the need shown for housing within an urban growth boundary at particular price ranges and rent levels.” ORS 197.303 defines needed housing types:

(a) Housing that includes, but is not limited to, attached and detached single-family housing and multiple family housing for both owner and renter occupancy;

(b) Government assisted housing;

(c) Mobile home or manufactured dwelling parks as provided in ORS 197.475 to 197.490; and

(d) Manufactured homes on individual lots planned and zoned for single-family residential use that are in addition to lots within designated manufactured dwelling subdivisions.

DLCD provides guidance on conducting a housing needs analysis in the document Planning for Residential Growth: A Workbook for Oregon’s Urban Areas, referred to as the Workbook.

North Plains must identify needs for all of the housing types listed above as well as adopt policies that increase the likelihood that needed housing types will be developed. This housing needs analysis was developed to meet the requirements of Goal 10 and its implementing administrative rules and statutes.

1 ORS 197.296 only applies to cities with populations over 25,000.

2 Government assisted housing can be any housing type listed in ORS 197.303 (a), (c), or (d).
Organization of this Report

The rest of this document is organized as follows:

- **Chapter 2. Residential Buildable Lands Inventory** presents the methodology and results of North Plains’ inventory of residential land.

- **Chapter 3. Historical and Recent Development Trends** summarizes the state, regional, and local housing market trends affecting North Plains’ housing market.

- **Chapter 4. Demographic and Other Factors Affecting Residential Development in North Plains** presents factors that affect housing need in North Plains, focusing on the key determinants of housing need: age, income, and household composition. This chapter also describes housing affordability in North Plains relative to the larger region.

- **Chapter 5. Housing Need in North Plains** presents the forecast for housing growth in North Plains, describing housing need by density ranges and income levels.

- **Chapter 6. Residential Land Sufficiency within North Plains** estimates North Plains’ residential land sufficiency needed to accommodate expected growth over the planning period.
2. Residential Buildable Lands Inventory

This chapter summarizes the residential buildable lands inventory (BLI) for the North Plains UGB. Washington County staff conducted the BLI on behalf of the City of North Plains. It complies with statewide planning Goal 10 policies that govern planning for residential uses.

Methods, Definitions, and Assumptions

Overview of the Methodology

Washington County staff completed the BLI according to Metro’s BLI methodology. The BLI built from a Washington County tax lot database to estimate buildable land by plan designation. The tax lot data was current as of January 2016.

First, the analysis established the residential land base (parcels or portion of parcels with appropriate zoning). Then, these parcels were classified by development status. Next, environmental constraints were identified and deducted. Lastly, Washington County staff summarized total buildable area by plan designation.

Definitions

A key step in the buildable lands analysis is to classify each tax lot into a set of mutually exclusive categories based on development status. For the purpose of this study, all residential tax lots in the UGB are classified into one of the following categories:

- **Vacant land.** Tax lots that have no development (based on examination of aerial imagery) or where development covers only a small portion of the tax lot. For this inventory, residential lands with fewer than 2,000 square feet of improvements and where the developed portion covered less than 10% of the total tax lot area were considered vacant.

- **Partially vacant and potentially redevelopable land.** Partially vacant tax lots are those occupied by a use, but which contain enough land to be further subdivided without need of rezoning. Partially vacant residential land was identified through review of aerial photography and consultation with City of North Plains staff and members of the North Plains Planning Commission. Potentially redevelopable tax lots are those that are currently developed but may be candidates for redevelopment in the future. These tax lots were identified through visual inspection by City of North Plains staff.

- **Undevelopable land.** Undevelopable tax lots are vacant but cannot be developed due to zoning, access, or policy constraints. Undevelopable lands include tax lots under the under the minimum lot size for the underlying zoning district, tax lots that have no access or potential access, and tax lots that are already committed to other uses by policy.

- **Public or exempt land.** Lands in public ownership are considered unavailable for residential development. This includes lands in Federal, State, County, or City ownership, as well as lands owned by churches, utilities, and other semi-public
organizations, such as hospitals. Public lands were identified using property assessor tax exemption codes and property owners’ name and refined through consultation with City of North Plains staff and the North Plains Planning Commission.

- **Developed land.** Land that is developed at densities consistent with zoning with improvements that make it unlikely to redevelop during the analysis period. Lands not classified in any of the above categories are considered developed.

## Development Constraints

Consistent with state guidance on buildable lands inventories, Washington County deducted the following constraints from the buildable lands inventory and classified those portions of tax lots that fall within the following areas as constrained, unbuildable land.

- **Land within natural resource protection areas.** Washington County consulted with City of North Plains staff and the North Plains Planning Commission to identify wetlands. These areas were deducted from the buildable lands inventory.

- **Land with slopes over 25%.** Lands with slopes over 25% are considered unsuitable for residential development.

- **Lands within floodplains.** Lands falling within the FEMA 100-year flood plain were deducted from the buildable lands inventory.
Results of the Buildable Lands Inventory

Exhibit 4 shows residential land in the North Plains UGB by classification (development status). Of North Plains’ 356 total residential acres, about 208 acres (58%) are in classifications with no development capacity, including developed land, public land, or land that is undevelopable because of development constraints.

The remaining 148 acres (42%) is unconstrained vacant or partially vacant residential land with development capacity. Seventy-three acres of vacant land is located in the FD-10 zone. An additional 46 vacant acres is in the NC zone. The remaining land (nearly 30 acres) is within the city limits in North Plains’ residential zones.

<table>
<thead>
<tr>
<th>Land with Residential Development Capacity (acres)</th>
<th>Land Without Residential Development Capacity (acres)</th>
<th>Total Acres</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vacant</td>
<td>Partially Vacant</td>
<td>Total Vacant and Partially Vacant Land</td>
</tr>
<tr>
<td>Low-Density Residential (R7.5)</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>Standard-Density Residential (R5)</td>
<td>5</td>
<td>8</td>
</tr>
<tr>
<td>High-Density Residential (R2.5)</td>
<td>6</td>
<td>4</td>
</tr>
<tr>
<td>Neighborhood Community (NC)</td>
<td>46</td>
<td>-</td>
</tr>
<tr>
<td>Future Development (FD-10)</td>
<td>23</td>
<td>50</td>
</tr>
<tr>
<td>Total</td>
<td>80</td>
<td>68</td>
</tr>
</tbody>
</table>

Washington County BLI

Exhibit 6 and Exhibit 7 show the location of vacant and partially vacant land in North Plains.

The majority of North Plain’s vacant residential land is in the NC zone or in FD-10. Land in the NC zone (located in the south east part of the City) recently annexed into North Plains’ city limits. Land in the FD-10 zone (located in the north west part of the city) is expected to annex into North Plains and will be zoned NC.

Section 15.02.144 of the North Plains Comprehensive Plan describes the expected uses in these two expansion areas. Exhibit 5 shows the planned uses of vacant land in these areas based on the uses listed in the Comprehensive Plan for these areas.

- **East Expansion Area.** This area is partially developed, with a developed subdivision. The remaining undeveloped area is about 46 acres. Of that, 10 acres are planned to be used for a school, leaving **36 acres of land for streets, parks, and housing.** The Comprehensive Plan says that this area should develop at an overall average density of 8.4 dwelling units per net acre.

- **North Expansion Area.** This area is largely undeveloped, except for a small two-acre area. The undeveloped area is about 73 acres. Of that, 22 acres are planned to be used for a commercial, institutional, and municipal parks. The **remaining 51 acres is expected to be developed with streets, parks, greenways, and housing.** The Comprehensive Plan
says that this area should develop at an overall average density of 8.4 dwelling units per net acre.

**Exhibit 5. Land with residential development in expansion areas, North Plains UGB, 2016**

<table>
<thead>
<tr>
<th>Neighborhood Community (NC):</th>
<th>46</th>
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<tbody>
<tr>
<td>East Expansion Area</td>
<td>10</td>
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<tr>
<td>New school</td>
<td></td>
</tr>
<tr>
<td><strong>Streets, Parks, and Housing</strong></td>
<td><strong>36</strong></td>
</tr>
<tr>
<td>Future Development (FD-10):</td>
<td>73</td>
</tr>
<tr>
<td>North Expansion Area</td>
<td></td>
</tr>
<tr>
<td>Commercial</td>
<td>4</td>
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<tr>
<td>Institutional</td>
<td>7</td>
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<tr>
<td>Municipal Parks</td>
<td>11</td>
</tr>
<tr>
<td><strong>Streets, Parks, Greenways, and Housing</strong></td>
<td><strong>51</strong></td>
</tr>
</tbody>
</table>

Washington County BLI

North Plains Residential BLI by Land Use Designations

North Plains, Oregon

Source: Washington County
3. Historical and Recent Development Trends

Analysis of historical development trends in North Plains provides insight into the functioning of the local housing market. The mix of housing types and densities, in particular, are key variables in forecasting future land need. The specific steps are described in Task 2 of the DLCD Planning for Residential Lands Workbook as:

1. Determine the time period for which the data will be analyzed
2. Identify types of housing to address (all needed housing types)
3. Evaluate permit/subdivision data to calculate the actual mix, average actual gross density, and average actual net density of all housing types

This HNA examines changes in North Plains’ housing market from January 2000 to December 2016. We selected this time period because it provides information about North Plains’ housing market before and after the national housing market bubble’s growth and deflation. In addition, data about North Plains’ housing market during this period is readily available, from sources such as the Census and the City’s building permit database.

The HNA presents information about residential development by housing type. There are multiple ways that housing types can be grouped. For example, they can be grouped by:

1. Structure type (e.g., single-family detached, apartments, etc.)
2. Tenure (e.g., distinguishing unit type by owner or renter units)
3. Housing affordability (e.g., units affordable at given income levels)
4. Some combination of these categories

For the purposes of this study, we grouped housing types based on: (1) whether the structure is stand-alone or attached to another structure and (2) the number of dwelling units in each structure. The housing types used in this analysis are:

- **Single-family detached** includes single-family detached units, manufactured homes on lots and in mobile home parks, and accessory dwelling units.
- **Single-family attached** are structures with a common wall where each dwelling unit occupies a separate lot, such as row houses or townhouses.
- **Multifamily** is all attached structures (e.g., duplexes, tri-plexes, quad-plexes, and structures with five or more units) other than single-family detached units, manufactured units, or single-family attached units.
Data Used in this Analysis

Throughout this analysis, we use data from multiple sources, choosing data from well-recognized and reliable data sources. One of the key sources for data about housing and household data is the U.S. Census. This report primarily uses data from two Census sources:

- The Decennial Census, which is completed every ten years and is a survey of all households in the U.S. The Decennial Census is considered the best available data for information such as demographics (e.g., number of people, age distribution, or ethnic or racial composition), household characteristics (e.g., household size and composition), and housing occupancy characteristics. As of the 2010 Decennial Census, it does not collect more detailed household information, such as income, housing costs, housing characteristics, and other important household information. Decennial Census data is available for 2000 and 2010.

The American Community Survey (ACS), which is completed every year and is a sample of households in the U.S. From 2010 through 2014, the ACS sampled an average of 3.5 million households per year, or about 2.6% of the households in the nation. The ACS collects detailed information about households, such as: demographics (e.g., number of people, age distribution, ethnic or racial composition, country of origin, language spoken at home, and educational attainment), household characteristics (e.g., household size and composition), housing characteristics (e.g., type of housing unit, year unit built, or number of bedrooms), housing costs (e.g., rent, mortgage, utility, and insurance), housing value, income, and other characteristics.

In general, this report uses data from the 2010-2014 ACS for North Plains. Where information is available, we report information from the 2000 and 2010 Decennial Census.

The foundation of the housing needs analysis is the population forecast for North Plains from the Oregon Population Forecast Program by the Portland State University Population Research Center.
Trends in Housing Mix

This section provides an overview of changes in the mix of housing types in North Plains and comparison geographies. These trends demonstrate the types of housing developed in North Plains historically. Unless otherwise noted, this chapter uses data from the 2000 and 2010 Decennial Census, and 2010-2014 American Community Survey 5-Year Estimates.

This section shows the following trends in housing mix in North Plains:

- **North Plains’ housing stock is predominantly single-family detached housing units.** Eighty-five percent of North Plains’ housing stock is single-family detached, 12% is multifamily, and 3% is single-family attached (e.g., townhouses). This proportion of single-family housing is much larger than the average for Washington County (62%).

- **Since 2000, North Plains’ housing mix has shifted toward single-family housing.** North Plain’s housing stock grew by about 24% (more than 150 new units) between 2000 and the 2010-2014 period. The mix of housing types also shifted slightly between 2000 and 2010-2014. The percentage of single-family detached housing increased from 83% in 2000 to 58% in 2010-2014.

- **Single-family detached housing accounted for all new housing growth between 2005 and 2016.** No new multifamily or single-family detached units were built between 2005 and 2016.

### Housing Mix

**About 85% of North Plains’ housing stock is single-family detached.**

In comparison, about 62% of the housing in Washington County.

![Housing Mix Chart](chart.png)

Exhibit 8. Housing Mix, 2010-2014

Source: Census Bureau, 2010-2014 ACS Table B25024

- North Plains: 85% Single-family Detached, 3% Single-family Attached, 12% Multifamily
- Washington County: 62% Single-family Detached, 8% Single-family Attached, 31% Multifamily
- Oregon: 72% Single-family Detached, 4% Single-family Attached, 23% Multifamily
The mix of housing in North Plains was largely stable between 2000 and 2010-2014.

The percentage of single-family attached housing remained consistent at 3% while single-family attached increased by 2% and multifamily fell by 2%.

North Plains had 793 dwelling units in the 2010-2014 period. About 672 were single-family detached, 26 were single-family attached, and 99 were multifamily.

The total number of dwelling units in North Plains added 156 dwelling units from 2000 to 2010-14.

This amounted to a 24% increase over the analysis period.
Building Permits

Over the 2005 to 2016 period, North Plains permitted 412 new single-family residential units, with an average of 32 new units permitted annually.

All of the new units in North Plains between 2005 and 2016 were single-family residential. No new multifamily or single-family attached units were built during that time period.

The largest number of units were permitted in 2015 and 2016, with nearly 100 units permitted annually.

Source: City of North Plains.
Trends in Tenure

Housing tenure describes whether a dwelling is owner or renter-occupied. This section shows:

- **About 78% of North Plains’ households own their own home.** In comparison, 62% of Washington County households and 53% of Hillsboro households are homeowners.

- **Homeownership in North Plains is well above the county and state averages.**

- **Homeownership in North Plains increased between 2000 and 2010-2014.** In 2000 and 2010, 75% of North Plains households were homeowners. This rose to 78% in 2010-2014.

- **Nearly all North Plains homeowners (96%) live in single-family detached housing, while many renters (57%) live in multifamily housing.**

The implications for the forecast of new housing are: (1) opportunities for rental housing in North Plains are limited, given more than half of renters live in multifamily housing and no new multifamily housing has been built in North Plains since 2005 and (2) there may be opportunities to encourage development of a wider variety of affordable attached housing types for homeownership, such as townhomes.

**North Plains has higher homeownership rates than the county average, but similar rates to other small cities in western Washington County.**

More than three quarters of households in North Plains live in owner-occupied dwelling units, compared with 61% of households in Washington County and 53% of Hillsboro households.

### Exhibit 12. Tenure, Occupied Units, North Plains, Banks, Forest Grove, Cornelius, Hillsboro, Beaverton, Washington County, Oregon, 2010-14

Source: Census Bureau, 2010-2014 ACS Table B24003

<table>
<thead>
<tr>
<th>Location</th>
<th>Owner Occupied</th>
<th>Renter Occupied</th>
</tr>
</thead>
<tbody>
<tr>
<td>North Plains</td>
<td>78%</td>
<td>22%</td>
</tr>
<tr>
<td>Banks</td>
<td>76%</td>
<td>24%</td>
</tr>
<tr>
<td>Beaverton</td>
<td>48%</td>
<td>52%</td>
</tr>
<tr>
<td>Cornelius</td>
<td>79%</td>
<td>21%</td>
</tr>
<tr>
<td>Forest Grove</td>
<td>59%</td>
<td>41%</td>
</tr>
<tr>
<td>Hillsboro</td>
<td>53%</td>
<td>47%</td>
</tr>
<tr>
<td>Washington County</td>
<td>61%</td>
<td>39%</td>
</tr>
<tr>
<td>Oregon</td>
<td>62%</td>
<td>38%</td>
</tr>
</tbody>
</table>

Occupied Housing Units

- Owner occupied
- Renter Occupied
The overall homeownership rate in North Plains remained between 75% and 78% since 2000.

The majority (96%) of owner-occupied housing units are single-family detached units and more than half of renter-occupied units are multifamily.
Vacancy Rates

The Census defines vacancy as: "Unoccupied housing units are considered vacant. Vacancy status is determined by the terms under which the unit may be occupied, e.g., for rent, for sale, or for seasonal use only." The Census determines vacancy status and other characteristics of vacant units by enumerators obtaining information from property owners and managers, neighbors, rental agents, and others.

From 2000 to 2011-2015, North Plains vacancy rate remained around 6%. North Plains’ vacancy rate is higher than the county rate but lower than the state. 

Exhibit 15. Percent of Housing Units that are Vacant, 2011-2015
Source: Census Bureau, 2011-15 ACS Table B25002

![Bar chart showing percent of housing units that are vacant for North Plains, Washington County, and Oregon from 2000, 2010, and 2011-2015.]
Manufactured Homes

Manufactured homes have provided a source of affordable housing in North Plains. They provide a form of homeownership that can be made available to low- and moderate-income households. Cities are required to plan for manufactured homes—both on lots and in parks (ORS 197.475-492).

Generally, manufactured homes in parks are owned by the occupants who pay rent for the space. Monthly housing costs are typically lower for a homeowner in a manufactured home park for several reasons, including the fact that property taxes levied on the value of the land are paid by the property owner rather than the manufactured homeowner. The value of the manufactured home generally does not appreciate in the way a conventional home would, however. Manufactured homeowners in parks are also subject to the mercy of the property owner in terms of rent rates and increases. It is generally not within the means of a manufactured homeowner to relocate another manufactured home to escape rent increases. Living in a park is desirable to some because it can provide a more secure community with on-site managers and amenities, such as laundry and recreation facilities.

North Plains had 71 mobile homes in 2000 and 103 mobile homes in the 2010-14 period, an increase of 31 dwellings. According to Census data, 91% of the mobile homes in North Plains were owner-occupied in the 2010-2014 period.

OAR 197.480(4) requires cities to inventory the mobile home or manufactured dwelling parks sited in areas planned and zoned or generally used for commercial, industrial or high-density residential development. According to the Oregon Manufactured Dwelling Park Directory, North Plains has no manufactured home parks.3

4. Demographic and Other Factors Affecting Residential Development in North Plains

Demographic trends are important for a thorough understanding of the dynamics of the North Plains housing market. North Plains exists in a regional economy; trends in the region impact the local housing market. This chapter documents demographic, socioeconomic, and other trends relevant to North Plains, at the national, state, and regional levels.

Demographic trends provide a context for growth in a region. Factors such as age, income, migration and other trends show how communities have grown and how they will shape future growth. To provide context, we compare North Plains to Washington County and nearby cities (Banks, Beaverton, Cornelius, Forest Grove, Hillsboro) where appropriate. Characteristics such as age and ethnicity are indicators of how population has grown in the past and provide insight into factors that may affect future growth.

A recommended approach to conducting a housing needs analysis is described in “Planning for Residential Growth: A Workbook for Oregon’s Urban Areas,” the Department of Land Conservation and Development’s guidebook on local housing needs studies. As described in the workbook, the specific steps in the housing needs analysis are:

1. Project the number of new housing units needed in the next 20 years.
2. Identify relevant national, state, and local demographic and economic trends and factors that may affect the 20-year projection of structure type mix.
3. Describe the demographic characteristics of the population and, if possible, the housing trends that relate to demand for different types of housing.
4. Determine the types of housing that are likely to be affordable to the projected households based on household income.
5. Determine the needed housing mix and density ranges for each plan designation and the average needed net density for all structure types.
6. Estimate the number of additional needed units by structure type.

This chapter presents data to address steps 2, 3, and 4 in this list. Chapter 5 presents data to address steps 1, 5, and 6 in this list.
Demographic and Socioeconomic Factors Affecting Housing Choice

Analysts typically describe housing demand as the preferences for different types of housing (i.e., single-family detached or apartment), and the ability to pay for that housing (the ability to exercise those preferences in a housing market by purchasing or renting housing; in other words, income or wealth).

Many demographic and socioeconomic variables affect housing choice. However, the literature about housing markets finds that age of the householder, size of the household, and income are most strongly correlated with housing choice.

- **Age of householder** is the age of the person identified (in the Census) as the head of household. Households make different housing choices at different stages of life. This chapter discusses generational trends, such as housing preferences of Baby Boomers, people born from about 1946 to 1964, and Millennials, people born from about 1980 to 2000.

- **Size of household** is the number of people living in the household. Younger and older people are more likely to live in single-person households. People in their middle years are more likely to live in multiple person households (often with children).

- **Income** is the household income. Income is probably the most important determinant of housing choice. Income is strongly related to the type of housing a household chooses (e.g., single-family detached, duplex, or a building with more than five units) and to household tenure (e.g., rent or own).

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4 The research in this chapter is based on numerous articles and sources of information about housing, including:

- The American Planning Association, “Investing in Place; Two generations’ view on the future of communities.” 2014
- “Survey Says: Home Trends and Buyer Preferences;” National Association of Home Builders International Builders
This chapter focuses on these factors, presenting data that suggests how changes to these factors may affect housing need in North Plains over the next 20 years.

**National Trends**

This brief summary on national housing trends builds on previous work by ECONorthwest, the Urban Land Institute (ULI) reports, and conclusions from *The State of the Nation’s Housing, 2016* report from the Joint Center for Housing Studies of Harvard University. The Harvard report summarizes the national housing outlook as follows:

“With household growth finally picking up, housing should help boost the economy. Although homeownership rates are still falling, the bottom may be in sight as the lingering effects of the housing crash continue to dissipate. Meanwhile, rental demand is driving the housing recovery, and tight markets have added to already pressing affordability challenges. Local governments are working to develop new revenue sources to expand the affordable housing supply, but without greater federal assistance, these efforts will fall far short of need.”

The U.S. housing market has recovered substantially from the crash, but there are still some challenges ahead.

- **Household growth should spur the economy.** In 2015, the economy neared full employment and incomes began to climb. Household growth returned to its expected pace, and new home construction was up by 11 percent. Household growth continues to gain momentum, and the housing sector should be an engine of growth.

- **Lowest homeownership.** Homeownership rate has fallen to its lowest level in a half-century. Foreclosures are a factor in low homeownership rates, and 9.4 million homes were forfeited through foreclosures from the start of the housing crash, 2007-2015. Foreclosures have slowed recently, but tight mortgage credit is not helping the transition into owning a home either.

- **Housing affordability.** In 2014, more than one-third of American households spent more than 30% of income on housing. Low-income households face an especially dire hurdle to afford housing. Among those earning less than $15,000, more than 83% paid over 30% of their income and almost 70% of households paid more than half of their income. For households earning $15,000 to $29,000, more than 65% were cost burdened, with about 30% paying more than half of their income on housing.

- **Long-term growth and housing demand.** The Joint Center for Housing Studies forecasts that demand for new homes could total as many as 13.2 million units nationally between 2015 and 2025. Much of the demand will come from Baby Boomers, Millennials, and immigrants.

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5 These trends are based on information from: (1) The Joint Center for Housing Studies of Harvard University’s publication “The State of the Nation’s Housing 2016,” (2) Urban Land Institute, “2011 Emerging Trends in Real Estate,” and (3) the U.S. Census.

6 There is no precisely agreed on definition for when the Millennial generation started. Millennials are, broadly speaking, the children of Baby Boomers, born from the early 1980’s through the early 2000’s.
• **Changes in housing preference.** Housing preference will be affected by changes in demographics, most notably the aging of the Baby Boomers, housing demand from the Millennials, and growth of foreign-born immigrants.

  - **Baby Boomers.** The housing market will be affected by continued aging of the Baby Boomers, the oldest of whom were in their late 60’s in 2015 and the youngest of whom were in their early 50’s in 2015. Baby Boomers’ housing choices will affect housing preference and homeownership, with some boomers likely to stay in their home as long as they are able and some preferring other housing products, such as multifamily housing or age-restricted housing developments.

  - **Millennials.** As Millennials age over the next 20 years, they will be forming households and families. In 2015, the oldest Millennials in their mid-20’s and the youngest in their mid-teens. By 2035, Millennials will be between 35 and 55 years old.

    Millennials were in the early period of household formation at the beginning of the 2007-2009 recession. Across the nation, household formation fell to around 600,000 to 800,000 in the 2007-2013 period, well below the average rate of growth in previous decades. Despite sluggish growth recently, several demographic factors indicate increases in housing growth to come. The Millennial generation is the age group most likely to form the majority of new households. While low incomes have kept current homeownership rates among young adults below their potential, Millennials may represent pent-up demand that will release when the economy fully recovers. As Millennials age, they may increase the number of households in their 30s by 2.4 to 3.0 million over the through 2025.

  - **Immigrants.** Immigration and increased homeownership among minorities will also play a key role in accelerating household growth over the next 10 years. Current Population Survey estimates indicate that the number of foreign-born households rose by nearly 400,000 annually between 2001 and 2007, and accounted for nearly 30 percent of overall household growth. Beginning in 2008, the influx of immigrants was staunched by the effects of the Great Recession. After a period of declines, however, the foreign born are again contributing to household growth. Census Bureau estimates of net immigration in 2013-2014 indicate an increase of 995,944 persons over the previous year.

The growing diversity of American households will have a large impact on the domestic housing markets. Over the coming decade, minorities will make up a larger share of young households, and constitute an important source of demand for both rental housing and small homes. This makes the growing gap in homeownership rates between whites and blacks and whites and Hispanics troubling. Since 2001, the difference in homeownership rates between whites and blacks rose from 25.9 to 29.8 in 2014. Similarly, the gap between white and Hispanic homeownership rates increased since 2008, from 25%, to 26% in 2014. This growing gap between racial and ethnic groups will hamper the country’s
homeownership rate as minority households constitute a larger share of the housing market.

- **Changes in housing characteristics.** The U.S. Census Bureau’s Characteristics of New Housing Report (2016) presents data that show trends in the characteristics of new housing for the nation, state, and local areas. Several long-term trends in the characteristics of housing are evident from the New Housing Report:7
  
  - *Larger single-family units on smaller lots.* Between 1990 and 2015 the median size of new single-family dwellings increased 30% nationally from 1,905 sq. ft. to 2,467 sq. ft., and 23% in the western region from 1,985 sq. ft. to 2,435 sq. ft. Moreover, the percentage of units smaller than 1,400 sq. ft. nationally decreased by almost half, from 15% in 1999 to 8% in 2015. The percentage of units greater than 3,000 sq. ft. increased from 17% in 1999 to 33% of new one-family homes completed in 2015. In addition to larger homes, a move towards smaller lot sizes is seen nationally. Between 1990 and 2015, the percentage of lots less than 7,000 sq. ft. increased from 27% of lots to 30% of lots.
  
  - *Larger multifamily units.* Between 1999 and 2015, the median size of new multiple family dwelling units increased by 3% nationally and 1% in the western region. The percentage of new multifamily units with more than 1,200 sq. ft. increased from 28% in 1999 to 30% in 2015 nationally, and went from 25% to 24% in the western region.
  
  - *More household amenities.* Between 1990 and 2015, the percentage of single-family units built with amenities such as central air conditioning, 2 or more car garages, or 2 or more baths all increased. The same trend in increased amenities is seen in multifamily units.

7 https://www.census.gov/construction/chars/highlights.html
State Trends

Oregon’s 2016-2020 Consolidated Plan includes a detailed housing needs analysis as well as strategies for addressing housing needs statewide. The plan concludes, “Oregon’s changing population demographics are having a significant impact on its housing market.” It identified the following population and demographic trends that influence housing need statewide. Oregon is facing:

- Housing cost increases that far surpass wage growth
- Limited supply of rental housing at prices that are affordable to moderate and low income households.
- Extremely low vacancy rates in some parts of the state, due to population growth, lack of new unit production, and increase in rental households due to foreclosures.
- Expiration of subsidies on about 49% of housing units that are currently federally subsidized by the Section 8 or HUD Multifamily Assistance programs
- Increasing homelessness and housing instability
- Lack of housing stock that is suitable for the elderly and people with disabilities
- Increasingly older, more diverse, and has less affluent households.

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Regional and Local Demographic Trends that may affect housing need in North Plains

Demographic trends that might affect the key assumptions used in the baseline analysis of housing need are: (1) the aging population, (2) changes in household size and composition, and (3) increases in diversity.

An individual’s housing needs change throughout their life, with changes in income, family composition, and age. The types of housing needed by a 20-year-old college student differ from the needs of a 40-year-old parent with children, or an 80-year-old single adult. As North Plains’ population ages, different types of housing will be needed to accommodate older residents. The housing characteristics by age data below reveal this cycle in action in North Plains.

Housing needs and preferences change in predictable ways over time, with changes in marital status and size of family.

Families of different sizes need different types of housing.

Exhibit 16. Effect of demographic changes on housing need
Growing population

North Plains’ population grew by 107% between 1990 and 2015, adding about 1,043 new residents. Over this period, North Plains’ population grew at an average annual growth rate of 3.0%.

North Plains’ population growth will drive future demand for housing in North Plains over the planning period. North Plains is forecast to grow at 5% annually between 2017 and 2037, adding 3,825 new residents. The forecast of faster growth in North Plains is reflective of the residential development pressure in the west side of the Portland region, including growth of employment in Hillsboro, Beaverton, and other west side cities. In part, the population growth is based on recent and upcoming annexations of residential land newly brought into the North Plains UGB and the rapid pace of planned development of these areas.

Since 1990, North Plains’ population has grown by roughly 1,043 people.

From 1990 to 2015, North Plains’ population grew by 107%, accounting for 0.4% of population growth in Washington County.

North Plains’ population grew at a faster rate compared to that of the county, region, and state.


<table>
<thead>
<tr>
<th></th>
<th>North Plains</th>
<th>Wash. Co.</th>
<th>Oregon</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990</td>
<td>972</td>
<td>83%</td>
<td>41%</td>
</tr>
<tr>
<td>2015</td>
<td>2,015</td>
<td>107%</td>
<td></td>
</tr>
</tbody>
</table>

Exhibit 19. Annual Average Rate of Growth, 1990 - 2014

<table>
<thead>
<tr>
<th></th>
<th>North Plains</th>
<th>Wash. Co.</th>
<th>Oregon</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990</td>
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<td>41%</td>
</tr>
<tr>
<td>2015</td>
<td>2,015</td>
<td>107%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3.0%</td>
<td>2.4%</td>
<td>1.4%</td>
</tr>
</tbody>
</table>
North Plains is projected to grow by 3,825 people between 2017 and 2037, at an average annual growth rate of 5.1%.\(^9\)

Between 1990 and 2015, North Plains grew at 3% annually. The City is forecast to grow at 5% annually between 2017 and 2037.

### Aging Population

This section shows two key characteristics of North Plains’ population, with implications for future housing demand in North Plains:

- **Seniors.** North Plains and Washington County currently have a smaller share of elderly residents than the state average. As North Plains’ elderly population grows, it will have increasing demand for housing that is suitable for elderly residents.

  Demand for housing for retirees will grow over the planning period, as the Baby Boomers continue to age and retire. The State forecasts share of residents aged 60 years and older will account for about one-quarter of Washington County’s population, compared to around 15% in 2010.

  The impact of growth in seniors in North Plains will depend, in part, on whether older people already in the city continue to live there as they retire. National surveys show

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\(^9\) This forecast of population growth is based on North Plains’ official population forecast from the Oregon Population Forecast Program. ECONorthwest extrapolated the population forecast of 5,922 people in North Plains by 2035 to 2037 on the methodology specified in the following file (from the Oregon Population Forecast Program website):

http://www.pdx.edu/prc/sites/www.pdx.edu.prc/files/Population_Interpolation_Template.xlsx
that, in general, most retirees prefer to age in place by continuing to live in their current home and community as long as possible.\textsuperscript{10}

**Growth in the number of seniors will result in demand for housing types specific to seniors, such as small and easy to maintain dwellings, assisted living facilities, or age-restricted developments.** Senior households will make a variety of housing choices, including: remaining in their homes as long as they are able, downsizing to smaller single-family homes (detached and attached) or multifamily units, or moving into group housing (such as assisted living facilities or nursing homes), as their health fails. The challenges that aging seniors face in continuing to live in their community include: changes in healthcare needs, loss of mobility, the difficulty of home maintenance, financial concerns, and increases in property taxes.\textsuperscript{11}

- **North Plains has a larger population of younger people than the State average.** About 30\% of North Plains’ population is under 20 years old, compared to 28\% of Washington County’s population and the State average of 25\%. The forecast for population growth in Washington County shows the percentage of people under 20 years old decreasing from 26\% of the population to 24\% of the population, and people between 20 and 39 also decreasing from 29\% of the population to 27\% of the population. People aged 40 to 59 are forecast to decrease from 27\% of the population to 25\% of the population. Assuming that the age distribution of North Plains’ population continues to resemble the County’s, North Plains will have a slight decrease in these age groups.

People currently aged 15 to 35 are referred to as the Millennial generation and account for the largest share of population in Oregon. By 2035, they will be aged 35 to 55. The forecast for Washington County shows a decrease in Millennials from 28\% of the population in 2017 to 26\% of the population in 2035. North Plains’ ability to attract people in this age group will depend, in large part, on whether the city has opportunities for housing that both appeals to and is affordable to Millennials.

In the near-term, Millennials may increase demand for rental units. The long-term housing preference of Millennials is uncertain. They may have different housing preferences as a result of the current housing market turmoil and may prefer smaller, owner-occupied units or rental units. On the other hand, their housing preferences may be similar to the Baby Boomers, with a preference for larger units with more amenities. Recent surveys about housing preference suggest that Millennials want affordable single-family homes in areas that offer transportation alternatives to cars, such as suburbs or small cities with walkable neighborhoods.\textsuperscript{12}

\textsuperscript{10} A survey conducted by the AARP indicates that 90\% of people 50 years and older want to stay in their current home and community as they age. See \url{http://www.aarp.org/research}.

\textsuperscript{11} “Aging in Place: A toolkit for Local Governments” by M. Scott Ball.

\textsuperscript{12} The American Planning Association, “Investing in Place; Two generations’ view on the future of communities.” 2014.


A recent survey of people living in the Portland Region shows that Millennials prefer single-family detached housing. The survey finds that housing price is the most important factor in choosing housing for younger residents. The survey results suggest that Millennials are more likely than other groups to prefer housing in an urban neighborhood or town center. While this survey is for the Portland Region, it shows similar results as national surveys and studies about housing preference for Millennials.

Growth in Millennials in North Plains will result in increased demand for both affordable single-family detached housing, as well as increased demand for affordable townhouses and multifamily housing. Growth in this population will result in increased demand for both ownership and rental opportunities, with an emphasis on housing that is comparatively affordable. There is potential for attracting new residents to housing in downtown, especially if the housing is relatively affordable and located in proximity to services.

Between 2000 and 2010, the number of North Plains residents aged 45-64 increased by 77%.

From 2000 to 2010-2014, North Plains’ median age increased from 34.0 to 38.6 years.

In 2010, about 55% of North Plains residents were aged between 20 and 59.
Oregon’s largest age groups are the Millennials and the Baby Boomers.

By 2035, Millennials will be between 35 and 54 years old. Baby Boomers will be 71 to 89 years old.


Forty-two-percent of population growth in Washington County will be people 60 years and older.

People over age 40 will continue to account for more than half of the population in Washington County through 2035.

Exhibit 26. Fastest-growing Age Groups, Washington County, 2017 - 2035
Source: Portland State University, Population Research Center, Washington County Forecast, June 30, 2017

Under 20  20-39 Yrs  40-59 Yrs  60+ Yrs
17%  22%  18%  42%  
30,767 People  39,104 People  31,421 People  74,602 People

Exhibit 27. Population Growth by Age Group, Washington County, 2017 - 2035
Source: Portland State University, Population Research Center, Washington County Forecast, June 30, 2017
Increased Ethnic Diversity

North Plains is becoming more ethnically diverse. The Hispanic and Latino population grew from 7% of North Plains’ population in 2000 to 10% of the population in the 2010-2014 period, adding more than 71 new Hispanic and Latino residents. North Plains’ population is less ethnically diverse than Washington County or Oregon.

Continued growth in the Hispanic and Latino population will affect North Plains’ housing needs in a variety of ways. Growth in first and, to a lesser extent, second and third generation Hispanic and Latino immigrants will increase demand for larger dwelling units to accommodate the, on average, larger household sizes for these households. Households for Hispanic and Latino immigrants are more likely to include multiple generations, requiring more space than smaller household sizes. As Hispanic and Latino households integrate over generations, household size typically decreases and their housing needs become similar to housing needs for all households.

Growth in Hispanic and Latino households will result in increased demand for housing of all types, both for ownership and rentals, with an emphasis on housing that is comparatively affordable.

North Plains’ Hispanic population has increased.

The Hispanic population also grew in Washington County, and Oregon.

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14 The following articles describe housing preferences and household income trends for Hispanic and Latino families, including differences in income levels for first, second, and third generation households. In short, Hispanic and Latino households have lower median income than the national averages. First and second generation Hispanic and Latino households have median incomes below the average for all Hispanic and Latino households. Hispanic and Latino households have a strong preference for homeownership but availability of mortgages and availability of affordable housing are key barriers to homeownership for this group.


Household size and composition

North Plains’ household size and composition show that households in North Plains’ are somewhat different from the county and statewide averages. North Plains’ households are smaller, with a large percent being family households with children.

North Plains’ average household size is below that of the county and the state.

North Plains has a larger share of households with children than Washington County or Oregon.

Source: US Census Bureau, 2011-2015 ACS Table B25010.

<table>
<thead>
<tr>
<th></th>
<th>Average Household Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>North Plains</td>
<td>2.6 Persons</td>
</tr>
<tr>
<td>Washington County</td>
<td>2.66 Persons</td>
</tr>
<tr>
<td>Oregon</td>
<td>2.51 Persons</td>
</tr>
</tbody>
</table>

Exhibit 30. Household Composition, 2010-2014
Source: US Census Bureau, 2010-2014 ACS, Table DP02.

- **North Plains**
  - Households with children: 36%
  - Family households without children: 31%
  - Nonfamily households: 33%

- **Washington County**
  - Households with children: 33%
  - Family households without children: 34%
  - Nonfamily households: 33%

- **Oregon**
  - Households with children: 27%
  - Family households without children: 36%
  - Nonfamily households: 37%
Income of North Plains Residents

Income is one of the key determinants in housing choice and households’ ability to afford housing. Income for people living in North Plains is higher than the average in Washington County and considerably higher than the state average.

In the 2010-14 period, North Plains’ median household income was above that of the county and the state.

North Plains’ median household income was $73,750—is $73,750–higher than all comparison cities except Banks.

Approximately half of North Plains’ households earn more than $75,000 per year.
After adjusting for inflation, North Plains’ median household income increased by 6% from 2000 to 2010-14, from $69,492 to $73,750 per year.

In contrast, the median household income in Washington County and Oregon decreased by more than 10% since 2000.

Exhibit 33. Median Household Income, North Plains, Washington County, Oregon, 2000 to 2010-14, Inflation-adjusted
Source: US Census Bureau, 2000 Decennial Census, Table HCT012, 2010-2014 ACS Table B25119
Commuting trends

North Plains is part of the complex, interconnected economy of the Portland region and western Washington County. Of the more than 850 people who work in North Plains, more than 97% of workers commute into North Plains from other areas, most notably Hillsboro and unincorporated Washington County. More than 780 residents of North Plains commute out of the city for work, mostly to Hillsboro, Portland, and Beaverton.

About 63% of workers at businesses located in North Plains live in Washington County, mostly in areas outside of North Plains. Eighteen percent of people employed at businesses in North Plains live in Hillsboro, 8% live in Portland, 6% live in Forest Grove, and 5% live in Portland.
Nearly two-thirds of North Plains work in Washington County, most of them in cities outside of North Plains. Thirty-two percent of residents of North Plains work in Hillsboro and 20% in Portland. Three percent of North Plains residents live and work in North Plains.

Most North Plains residents have a commute time that takes less than 30 minutes. About 66% of North Plains residents have commute times less than 30 minutes. Twelve percent of North Plains residents commute for longer than one hour.

Exhibit 36. Places Where North Plains Residents were Employed, 2014
Source: US Census Bureau, Census On the Map.

<table>
<thead>
<tr>
<th>Place</th>
<th>North Plains</th>
<th>Hillsboro</th>
<th>Portland</th>
<th>Beaverton</th>
<th>Tigard</th>
</tr>
</thead>
<tbody>
<tr>
<td>3%</td>
<td>32%</td>
<td>20%</td>
<td>11%</td>
<td>5%</td>
<td></td>
</tr>
</tbody>
</table>

Exhibit 37. Commute Time by Place of Residence, North Plains, Washington County, Oregon, 2010-2014
Source: US Census Bureau, 2010-2014 ACS Table B08303.
Regional and Local Trends Affecting Affordability in North Plains

This section describes changes in sales prices, rents, and housing affordability in North Plains and Washington County since 2000.

Changes in housing costs

North Plains’ home sales prices are higher than other cities in western Washington County, with a median sales price in $337,000 in 2016. In general, North Plains’ housing prices changed in concert with changes in housing price throughout the region, but staying slightly above most prices.

North Plains’ median home sale price in 2016 was higher than any other nearby city, at about $337,000.

Median home sales prices in North Plains and across western Washington County declined between 2007 and 2012, but have generally recovered from the housing market crash. Sales prices in North Plains increased from about $130,000 in 2000, an increase of more than $200,000 or 160% by 2016. This growth rate is larger in both increase in dollars and in percentage change from the other cities in the region.
North Plains housing costs have increased slightly faster than income since 2000, but less so than in other cities.

The median value of a house in North Plains was 3.0 times the median household income in 2000 and 3.1 times by the 2010-2014 period. The change in housing value compared to income was smaller in North Plains than Washington County.

Exhibit 40. Ratio of Housing Value to Income (Median to Median), 2000 to 2010-14
Source: US Census Bureau, 2000 Decennial Census, Tables HCT012 and H085, and 2010-2014 ACS, Tables B19013 and B25077

Changes in rental costs

Rent costs are relatively low in North Plains, compared to Washington County and other nearby cities in western Washington County.

Median contract rent in North Plains is about $620.

Exhibit 41. Median Contract Rent, 2010-2014
Source: US Census Bureau, 2010-2014 ACS Table B25058

---

15 This ratio compares the median value of housing in North Plains and other places to the median household income. Inflation-adjusted median owner values in North Plains increased from $207,604 in 2000 to $225,900 in 2010-14. Over the same period, median income increased from $69,492 to $73,750.
Almost 30% of renters in North Plains pay between $600 and $799.

Housing Affordability

A typical standard used to determine housing affordability is that a household should pay no more than a certain percentage of household income for housing, including payments and interest or rent, utilities, and insurance. HUD guidelines indicate that households paying more than 30% of their income on housing experience “cost burden,” and households paying more than 50% of their income on housing experience “severe cost burden.” Using cost burden as an indicator is consistent with the Goal 10 requirement to provide housing that is affordable to all households in a community.

About 38% of North Plains’ households are cost burdened. About 57% of renter households are cost burdened, compared with 32% of homeowners. For both owner and renter households, cost burden rates in North Plains are higher than those in Washington County.

For example, about 12% of North Plains households have income of less than $25,000 per year. These households can afford rent of less than $625 per month, or a home with a value of less than $62,500. Most, but not all, of these households are cost burdened.
Cost Burden

About 38% of all households in North Plains are cost burdened.

The percentage of cost burdened households in Washington County is slightly lower than that of North Plains.

More than half of North Plains renters are cost burdened, compared to less than one third of homeowners.

Cost burden rates are much higher among renters in North Plains than among homeowners. In the 2010-14 period, about 57% of renters were cost burdened, compared to 32% of homeowners.

North Plains’ percentage of cost-burdened homes is above that of Washington County, but below that of most cities in the region.
According to the Center for Neighborhood Technology’s (CNT) Housing and Transportation Index, the average North Plains resident spends 53% of their income on housing and transportation costs. In comparison, a resident of Hillsboro spends 50% of their income on housing and transportation costs and a resident of Portland spends 49%. \(^{16}\)

While cost burden is a common measure of housing affordability, it does have some limitations. Two important limitations are:

- A household is defined as cost burdened if the housing costs exceed 30% of their income, regardless of actual income. The remaining 70% of income is expected to be spent on non-discretionary expenses, such as food or medical care, and on discretionary expenses. Households with higher income may be able to pay more than 30% of their income on housing without impacting the household’s ability to pay for necessary non-discretionary expenses.

- Cost burden compares income to housing costs and does not account for accumulated wealth. As a result, the estimate of how much a household can afford to pay for housing does not include the impact of accumulated wealth a household’s ability to pay for housing. For example, a household with retired people may have relatively low income but may have accumulated assets (such as profits from selling another house) that allow them to purchase a house that would be considered unaffordable to them based on the cost burden indicator.

Cost burden is only one indicator of housing affordability. Another way of exploring the issue of financial need is to review housing affordability at varying levels of household income. This section describes affordability in North Plains in the context of housing costs across Washington County.

<table>
<thead>
<tr>
<th>Unit Type</th>
<th>Fair Market Rent (FMR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Studio</td>
<td>$886</td>
</tr>
<tr>
<td>1-Bedroom</td>
<td>$1,021</td>
</tr>
<tr>
<td>2-Bedroom</td>
<td>$1,208</td>
</tr>
<tr>
<td>3-Bedroom</td>
<td>$1,757</td>
</tr>
<tr>
<td>4-Bedroom</td>
<td>$2,109</td>
</tr>
</tbody>
</table>

\(^{16}\) Center for Neighborhood Technology Housing and Transportation Affordability Index. For more information, please see: http://htaindex.cnt.org/fact-sheets/?focus=place&gid=7891
A household must earn at least $23.23 per hour to afford a two-bedroom unit in Washington County.

More than 30% of households in North Plains have an income below the affordable housing wage for Washington County.

Exhibit 47 shows the types of housing attainable at different household incomes based on Washington County’s median family income ($73,300). Exhibit 48 shows that North Plains has households with incomes across the spectrum, from 11% of households earning less than 30% of the County’s median family income (less than $21,990) to 38% of households with income of 120% or more of the County’s median family income ($87,960 or more).

Exhibit 48 shows that North Plains’ households have a wide range of housing needs, from government assisted housing to owner-occupied single-family detached housing.

About 36% of North Plains households have income less than $48,000 and cannot afford a two-bedroom apartment at Washington County’s Fair Market Rent (FMR) of $1,208.
Exhibit 49 compares the demand for housing by income category with the supply of housing, assuming that households are not cost burdened. Exhibit 49 shows that North Plains has a deficit of 37 dwelling units affordable to households with income of less than $25,000 and 75 dwelling units affordable to households with income of $25,000 to $50,000. These households are unable to find affordable housing in North Plains and are cost burdened as a result.

North Plains currently has a deficit of housing affordable to households earning less than $50,000.

The deficit of housing for households earning less than $50,000 results in these households living in housing that is more expensive than they can afford. This is consistent with the data about renter cost burden in North Plains.

The housing types that North Plains has a deficit of are more affordable housing types such as apartments, duplexes, tri- and quad-plexes, manufactured housing, townhomes, and smaller single-family housing.

Exhibit 49. Rough Estimate of Housing Affordability, North Plains, 2016

Source: US Census Bureau, 2010-2014 ACS Tables 19001, 25075, 25063

<table>
<thead>
<tr>
<th>Annual Income</th>
<th>&lt;$25K</th>
<th>$25K-$50K</th>
<th>$50K-$75K</th>
<th>$75K-$100K</th>
<th>&gt;$100K</th>
</tr>
</thead>
<tbody>
<tr>
<td>HH in North Plains</td>
<td>92</td>
<td>176</td>
<td>113</td>
<td>160</td>
<td>205</td>
</tr>
<tr>
<td>13%</td>
<td>24%</td>
<td>15%</td>
<td>21%</td>
<td>27%</td>
<td></td>
</tr>
<tr>
<td>Monthly Affdble. Housing Cost</td>
<td>&lt;$625</td>
<td>$625-$1,250</td>
<td>$1,250-$1,875</td>
<td>$1,875-$2,450</td>
<td>&gt;$2,450</td>
</tr>
<tr>
<td>Affdble. Owner Housing Cost</td>
<td>&lt;$62,500</td>
<td>$62,500-$125,000</td>
<td>$125,000-$187,500</td>
<td>$187,500-$245,000</td>
<td>&gt;$245,000</td>
</tr>
<tr>
<td>Est. of Number of Owner Units</td>
<td>8</td>
<td>20</td>
<td>143</td>
<td>175</td>
<td>235</td>
</tr>
<tr>
<td>Est. of Number of Renter Units</td>
<td>47</td>
<td>81</td>
<td>32</td>
<td>6</td>
<td>0</td>
</tr>
</tbody>
</table>

Does North Plains Have Enough Units?

<table>
<thead>
<tr>
<th></th>
<th>No Deficit: 37 units</th>
<th>No Deficit: 75 units</th>
<th>Yes Surplus: 62 units</th>
<th>Yes Surplus: 55 units</th>
<th>Yes Surplus: 29 units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Studio:</td>
<td>$886</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 bdrm:</td>
<td>$1,021</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 bdrm:</td>
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<td>3bdrm:</td>
<td>$1,757</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4 bdrm:</td>
<td>$2,109</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Housing types shown in the exhibit include:

- Apartments
- Duplexes
- Triplexes
- Quadplexes
- Manufactured housing
- Townhomes
- Single-family houses

This data is consistent with the percentage of households in North Plains that are cost burdened, which is consistent with the data on renter cost burden.

Does North Plains Have Enough Units?

- No Deficit: 37 units
- No Deficit: 75 units
- Yes Surplus: 62 units
- Yes Surplus: 55 units
- Yes Surplus: 29 units
Summary of the Factors Affecting North Plains’ Housing Needs

The purpose of the analysis thus far has been to provide background on the kinds of factors that influence housing choice, and in doing so, to convey why the number and interrelationships among those factors ensure that generalizations about housing choice are difficult to make and prone to inaccuracies.

There is no question that age affects housing type and tenure. Mobility is substantially higher for people aged 20 to 34. People in that age group will also have, on average, less income than people who are older. They are less likely to have children. All of these factors mean that younger households are much more likely to be renters, and renters are more likely to be in multifamily housing.

The data illustrate what more detailed research has shown and what most people understand intuitively: life cycle and housing choice interact in ways that are predictable in the aggregate; age of the household head is correlated with household size and income; household size and age of household head affect housing preferences; income affects the ability of a household to afford a preferred housing type. The connection between socioeconomic and demographic factors and housing choice is often described informally by giving names to households with certain combinations of characteristics: the "traditional family," the "never marrieds," the "dinks" (dual-income, no kids), the "empty nesters." Thus, simply looking at the long wave of demographic trends can provide good information for estimating future housing demand.

One is ultimately left with the need to make a qualitative assessment of the future housing market. The following is a discussion of how demographic and housing trends are likely to affect housing in North Plains over the next 20 years:

- **Growth in housing will be driven by growth in population.** Between 1990 and 2015 North Plains’ population grew by 1,043 people, more than doubling the city’s population. The population in North Plains’ UGB is forecast to grow from 2,266 to 6,091, an increase of 3,825 people (169%) between 2017 and 2037.

- **Housing affordability will be a growing challenge in North Plains.** Housing affordability is a challenge in western Washington County in general, and North Plains is affected by these regional trends. Housing prices are increasing faster than incomes in Washington County, consistent with state and national challenges. North Plains has a relatively small share of housing that is multifamily housing (less than a 15% of the City’s housing stock), and more than half of households that rent are cost burdened. North Plains’ key challenge over the next 20 years is providing opportunities for

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17 See Planning for Residential Growth: A Workbook for Oregon’s Urban Areas (June 1997).

18 This forecast of population growth is based on North Plains’ official population forecast from the Oregon Population Forecast Program. ECONorthwest extrapolated the population forecast of 5,922 people in North Plains by 2035 to 2037 on the methodology specified in the following file (from the Oregon Population Forecast Program website): http://www.pdx.edu/prc/sites/www.pdx.edu.prc/files/Population_Interpolation_Template.xlsx
development of relatively affordable housing of all types of housing, from lower-cost single-family housing to market-rate multifamily housing.

- **Without substantial changes in housing policy, on average, future housing will look a lot like past housing.** That is the assumption that underlies any trend forecast, and one that allows some quantification of the composition of demand for new housing.

  The City’s residential policies can impact the amount of change in North Plains’ housing market to some degree. If the City adopts policies to increase opportunities to build smaller-scale single-family, townhouses, and multifamily housing types, especially multifamily that is affordable to low- and moderate-income households, a larger percentage of new housing developed over the next 20 years in North Plains may be relatively affordable. Examples of policies that the City could adopt to achieve this outcome include: allowing a wider range of housing types (e.g., duplex or townhouses) in single-family zones, ensuring that there is sufficient land zoned to allow single-family attached multifamily housing development, supporting development of government-subsidized affordable housing, and encouraging multifamily residential development. The degree of change in North Plains’ housing market, however, will depend on market demand for these types of housing in the western part of Washington County.

- **If the future differs from the past, it is likely to move in the direction (on average) of smaller units and more diverse housing types.** Most of the evidence suggests that the bulk of the change will be in the direction of smaller average house and lot sizes for single-family housing. This includes providing opportunities for development of smaller single-family detached homes, townhomes, and multifamily housing.

  Key demographic and economic trends that will affect North Plains’ future housing needs are: (1) the aging of the Baby Boomers, (2) aging of the Millennials, and (3) continued growth in Hispanic and Latino population.

  - **The Baby Boomer’s population is continuing to age.** The changes that most affect North Plains’ housing demand as the population ages are that household sizes decrease and homeownership rates decrease. North Plains has a larger share of working-aged residents than the County average and may continue to do so in the future. North Plains will be affected by the aging of the Baby Boomers, as more residents of North Plains retire. Some of the retiring residents in North Plains may choose to downsize their housing, if housing types such as townhouses or small single-family housing are available in North Plains.

  - **Millennials will continue to age.** By 2035, Millennials will be roughly between about 35 years old to 55 years old. As they age, generally speaking, their household sizes will increase and homeownership rates will peak by about age 55. Between 2015 and 2036, Millennials will be a key driver in demand for housing for families with children.

  - **Hispanic and Latino population will continue to grow.** The U.S. Census projects that by about 2040, Hispanic and Latino population will account for one-quarter of the nation’s population. The share of Hispanic and Latino population in the western U.S. is likely to be higher. The Hispanic and Latino population currently
account for about 10% of North Plains’ population. In addition, the Hispanic and Latino population is generally younger than the U.S. average, with many Hispanic and Latino people belonging to the Millennial generation.

Hispanic and Latino population growth will be an important driver in growth of housing demand, both for owner- and renter-occupied housing. Growth in Hispanic and Latino population will drive demand for housing for families with children. Given the lower income for Hispanic and Latino households, especially first generation immigrants, growth in this group will also drive demand for affordable housing, both for ownership and renting. In summary, an aging population, increasing housing costs (with faster growth in sales price than nearby cities in the region), housing affordability concerns for Millennials and the Hispanic and Latino populations, and other variables are factors that support the conclusion of need for a smaller and less expensive units and a broader array of housing choices. Growth of retirees will drive demand for small single-family detached and townhomes for homeownership, townhome and multifamily rentals, age-restricted housing, and assisted-living facilities. Growth in Millennials and the Hispanic and Latino population will drive demand for affordable housing types, including demand for small, affordable single-family units (many of which may be ownership units), townhouses, and for affordable multifamily units (many of which may be rental units).

- **No amount of analysis is likely to make the distant future completely certain:** the purpose of the housing forecasting in this study is to get an approximate idea about the future so policy choices can be made today. Economic forecasters regard any economic forecast more than three (or at most five) years out as highly speculative. At one year, one is protected from being disastrously wrong by the sheer inertia of the economic machine. But a variety of factors or events could cause growth forecasts to be substantially different.

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19 The following articles describe housing preferences and household income trends for Hispanic and Latino families, including differences in income levels for first, second, and third generation households. In short, Hispanic and Latino households have lower median income than the national averages. First and second generation Hispanic and Latino households have median incomes below the average for all Hispanic and Latino households. Hispanic and Latino households have a strong preference for homeownership but availability of mortgages and availability of affordable housing are key barriers to homeownership for this group.


5. Housing Need in North Plains

Project New Housing Units Needed in the Next 20 Years

The results of the housing needs analysis are based on: (1) the official population forecast for growth in North Plains over the 20-year planning period, (2) information about North Plains’ housing market relative to Washington County and nearby cities, and (3) the demographic composition of North Plains’ existing population and expected long-term changes in the demographics of Washington County.

Forecast for housing growth

This section describes the key assumptions and presents an estimate of new housing units needed in North Plains between 2017 and 2037, shown in Exhibit 50. The key assumptions are based on the best available data and may rely on safe harbor provisions, when available.\(^{20}\)

- **Population.** A 20-year population forecast (in this instance, 2017 to 2037) is the foundation for estimating needed new dwelling units. North Plains will grow from 2,266 persons in 2017 to 6,091 persons in 2037, an increase of 3,825 people.\(^{21}\)

- **Persons in Group Quarters.** Persons in group quarters do not consume standard housing units: thus, any forecast of new people in group quarters is typically derived from the population forecast for the purpose of estimating housing demand. Group quarters can have a big influence on housing in cities with colleges (dorms), prisons, or a large elderly population (nursing homes). In general, any new requirements for these housing types will be met by institutions (colleges, government agencies, health-care corporations) operating outside what is typically defined as the housing market. Nonetheless, group quarters require residential land. They are typically built at densities that are comparable to that of multiple-family dwellings.

  The 2010-2014 American Community Survey shows that 0.6% of the City’s population was in group quarters. **For the 2017 to 2037 period, we assume that 0.6% of new population, 23 people, will be in group quarters.**

- **Household Size.** OAR 660-024 established a safe harbor assumption for average household size—which is the figure from the most-recent decennial Census at the time of the analysis. According to the 2011-2015 American Community Survey, the average

\(^{20}\) A safe harbor is an assumption that a city can use in a housing needs analysis that the State has said will satisfy the requirements of Goal 14. OAR 660-024 defines a safe harbor as “…an optional course of action that a local government may use to satisfy a requirement of Goal 14. Use of a safe harbor prescribed in this division will satisfy the requirement for which it is prescribed. A safe harbor is not the only way, or necessarily the preferred way, to comply with a requirement and it is not intended to interpret the requirement for any purpose other than applying a safe harbor within this division.”

\(^{21}\) This forecast is based on North Plains’ official forecast from the Oregon Population Forecast Program for the 2017 to 2037 period, shown in Exhibit 20.
household size in North Plains was 2.60 people. Thus, for the 2017 to 2037 period, we assume an average household size of 2.60 persons per household.

- **Vacancy Rate.** The Census defines vacancy as: "Unoccupied housing units are considered vacant. Vacancy status is determined by the terms under which the unit may be occupied, e.g., for rent, for sale, or for seasonal use only." The Census determines vacancy status and other characteristics of vacant units by enumerators obtaining information from property owners and managers, neighbors, rental agents, and others.

Vacancy rates are cyclical and represent the lag between demand and the market’s response to demand for additional dwelling units. Vacancy rates for rental and multifamily units are typically higher than those for owner-occupied and single-family dwelling units.

OAR 660-024 established a safe harbor assumption for vacancy rate—which is the figure from the most-recent decennial Census. According to the 2011-2015 American Community Survey, North Plains’ vacancy rate was 5.8%. For the 2017 to 2037 period, we assume a vacancy rate of 5.8%.

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**Exhibit 50. Forecast of demand for new dwelling units, North Plains UGB, 2017 to 2037**

Source: Calculations by ECONorthwest

<table>
<thead>
<tr>
<th>Change in persons</th>
<th>3,825</th>
</tr>
</thead>
<tbody>
<tr>
<td>minus Change in persons in group quarters</td>
<td>23</td>
</tr>
<tr>
<td>equals Persons in households</td>
<td>3,802</td>
</tr>
<tr>
<td>Average household size</td>
<td>2.60</td>
</tr>
<tr>
<td>New occupied DU</td>
<td>1,462</td>
</tr>
<tr>
<td>times Aggregate vacancy rate</td>
<td>5.8%</td>
</tr>
<tr>
<td>equals Vacant dwelling units</td>
<td>85</td>
</tr>
<tr>
<td>Total new dwelling units (2016-2036)</td>
<td>1,547</td>
</tr>
<tr>
<td>Annual average of new dwelling units</td>
<td>77</td>
</tr>
</tbody>
</table>
New housing units needed over the next 20 years

Exhibit 50 presents a forecast of new housing in North Plains UGB for the 2017-2037 period. This section determines the needed mix and density for new housing developed over this 20-year period in North Plains.

Exhibit 51 shows that, in the future, the need for new housing developed in North Plains will include more housing generally more affordable, with some housing located in walkable areas with access to services. This assumption is based on the following findings in the previous chapters:

- Demographic changes suggest moderate increases in demand for attached single-family housing and multifamily housing. The key demographic trends that will affect North Plains’ future housing needs are: (1) the aging of the Baby Boomers, (2) aging of the Millennials, and (3) continued growth in Hispanic and Latino population. Growth of these groups has the following implications for housing need in North Plains:

  - **Baby Boomers.** Growth in the number of seniors will have an impact on demand for new housing through demand for housing types specific to seniors, such as assisted living facilities or age-restricted developments. North Plains has a larger share of working-aged residents than the County average and may continue to do so in the future. North Plains will be affected by the aging of the Baby Boomers, as more residents of North Plains retire. Some of the retiring residents in North Plains may choose to downsize their housing, if housing types such as townhouses or small single-family housing is available in North Plains. Some Baby Boomers may prefer housing in walkable neighborhoods, with access to services.

  - **Millennials.** Growth in Millennial households is will be important to North Plains, as the Millennials will be in their prime working years during the planning period. North Plains has a larger share of working aged residents because of the city’s proximity to employment centers on the west side of the Portland region. Growth in Millennials will result in increased demand for both ownership and rental opportunities, with an emphasis on housing that is comparatively affordable. Millennials will need affordable housing for owners and renters, including small single-family detached houses, townhouses, or multifamily housing. Millennials often prefer housing in walkable neighborhoods, with access to services.

  - **Hispanic and Latino population.** Growth in the number of Hispanic and Latino households will result in increased demand for housing of all types, both for ownership and rentals, with an emphasis on housing that is comparatively affordable. Hispanic and Latino households are more likely to be larger than average, with more children and possibly with multigenerational households. The types of housing that are most likely to be affordable to the majority of Hispanic and Latino households are existing, lower-cost single-family housing, single-family housing with an accessory dwelling unit, and multifamily housing. In
addition, growth in the number of farmworkers will increase need for affordable housing for farmworkers.

- About 38% of North Plains’ households have affordability problems, indicating a need for more affordable housing types. More than one-third of North Plains’ households could not afford a two-bedroom apartment at HUD’s fair market rent level of $1,208. A household earning median family income ($73,300) could afford a home valued up to about $258,000, which is below the median sales price for single-family housing of about $337,000 in North Plains.

In addition, North Plains has a small supply of multifamily housing, which accounts for less than 15% of the city’s housing stock. North Plains has few multifamily buildings. As a result, there are few choices for market-rate multifamily housing opportunities in North Plains.

Continued increases in housing costs may increase demand for denser housing (e.g., multifamily housing, townhouses, or smaller single-family housing). To the extent that denser housing types are more affordable than larger housing types, continued increases in housing costs will increase demand for denser housing.

These findings suggest that North Plains’ needed housing mix is for a broader range of housing types than are currently available in North Plains’ housing stock. The types of housing that North Plains will need to provide opportunity for development of over the next 20-years are described above: smaller single-family detached housing (e.g., cottages or small single-family detached units), manufactured housing, “traditional” single-family detached housing, townhouses, duplexes and quad-plexes, and apartment buildings.

Exhibit 51 shows a forecast of needed housing in the North Plains UGB during the 2017 to 2037 period. The projection is based on the following assumptions:

- North Plains’ official forecast for population growth shows that the City will add 3,825 people over the 20-year period. Exhibit 50 shows that the new population will result in need for 1,547 new dwelling units over the 20-year period.

- The assumptions about the mix of housing in Exhibit 51 are:
  - Seventy percent of new housing will be single-family detached, a category which includes manufactured housing. Exhibit 9 shows that 85% of North Plains’ housing was single-family detached in the 2010-2014 period, a small increase since 2000.
  - Ten percent of new housing will be single-family attached. Exhibit 9 shows that 3% of North Plains’ housing was single-family attached in the 2010-2014 period, with little change since 2000.
  - Twenty percent of new housing will be multifamily. Exhibit 9 shows that 12% of North Plains’ housing was single-family attached in the 2010-2014 period, a small decrease since 2000.
North Plains will have demand for 1,547 new dwelling units over the 20-year period, 70% of which will be single-family detached housing.

Exhibit 51. Forecast of demand for new dwelling units, North Plains UGB, 2017 to 2037
Source: Calculations by ECONorthwest

<table>
<thead>
<tr>
<th>Needed new dwelling units (2017-2037)</th>
<th>1,547</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dwelling units by structure type</td>
<td></td>
</tr>
<tr>
<td>Single-family detached</td>
<td></td>
</tr>
<tr>
<td>Percent single-family detached DU</td>
<td>70%</td>
</tr>
<tr>
<td>equals Total new single-family detached DU</td>
<td>1,083</td>
</tr>
<tr>
<td>Single-family attached</td>
<td></td>
</tr>
<tr>
<td>Percent single-family attached DU</td>
<td>10%</td>
</tr>
<tr>
<td>equals Total new single-family attached DU</td>
<td>155</td>
</tr>
<tr>
<td>Multifamily</td>
<td></td>
</tr>
<tr>
<td>Percent multifamily detached DU</td>
<td>20%</td>
</tr>
<tr>
<td>equals Total new multifamily DU</td>
<td>309</td>
</tr>
<tr>
<td>Total new dwelling units (2017-2037)</td>
<td>1,547</td>
</tr>
</tbody>
</table>

The forecast of new units does not include dwellings that will be demolished and replaced. This analysis does not factor those units in; it assumes they will be replaced at the same site and will not create additional demand for residential land.
Error! Reference source not found. allocates needed housing to plan designations in North Plains. The allocation is based, in part, on the types of housing allowed in the zoning designations in each plan designation. Error! Reference source not found. shows:

- **R-7.5** will accommodate new single-family detached housing and only a small amount of land with this zone is vacant within the current city limits.
- **R-5** will accommodate new single-family detached housing and only a small amount of land with this zone is vacant within the current city limits.
- **R-2.5** will accommodate new single-family detached housing, single-family attached, and multifamily housing. Only a small amount of land with this zone is vacant within the current city limits.
- **NC and FD-10** will accommodate new single-family detached housing, single-family attached, and multifamily housing. As land is annexed into the UGB, it is re-zoned from FD-10 to the NC zone.

Exhibit 52. Allocation of needed housing by housing type and plan designation, North Plains UGB, 2017 to 2037

Source: ECONorthwest

<table>
<thead>
<tr>
<th>Comprehensive Plan Designation</th>
<th>Residential Zones</th>
<th></th>
<th></th>
<th>NC &amp; FD-10</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>R-7.5</td>
<td>R-5</td>
<td>R-2.5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Single-family detached</td>
<td>26</td>
<td>85</td>
<td>62</td>
<td>910</td>
<td>1,083</td>
</tr>
<tr>
<td>Single-family attached</td>
<td>-</td>
<td>-</td>
<td>8</td>
<td>147</td>
<td>155</td>
</tr>
<tr>
<td>Multifamily</td>
<td>-</td>
<td>-</td>
<td>15</td>
<td>293</td>
<td>308</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>26</strong></td>
<td><strong>85</strong></td>
<td><strong>85</strong></td>
<td>1,350</td>
<td>1,546</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Percent of Units</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Single-family detached</td>
<td>2%</td>
<td>5%</td>
<td>4%</td>
<td>59%</td>
<td>70%</td>
</tr>
<tr>
<td>Single-family attached</td>
<td>0%</td>
<td>0%</td>
<td>1%</td>
<td>10%</td>
<td>10%</td>
</tr>
<tr>
<td>Multifamily</td>
<td>0%</td>
<td>0%</td>
<td>1%</td>
<td>19%</td>
<td>20%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2%</strong></td>
<td><strong>5%</strong></td>
<td><strong>5%</strong></td>
<td><strong>87%</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>
Needed housing by income level

The next step in the housing needs analysis is to develop an estimate of need for housing by income and housing type. This requires an estimate of the income distribution of current and future households in the community. These estimates presented in this section are based on secondary data from the Census, and analysis by ECONorthwest.

The analysis is based on American Community Survey data about income levels in North Plains, using information shown in Exhibit 48. Income is categorized into market segments consistent with HUD income level categories, using Washington County’s 2016 Median Family Income (MFI) of $73,300. Error! Reference source not found. is based on current household income distribution, assuming approximately that the same percentage of households will be in each market segment in the future.

About one-quarter of North Plains’ future households will have income below 50% of Washington County’s median family income (less than $37,000 in 2016 dollars) and more than one-third will have incomes between 50% and 120% of the County’s median family income (income between $37,000 and $88,000).

This shows a substantial need for affordable housing types, such as government-subsidized affordable housing, manufactured homes, apartments, townhomes, duplexes, and small single-family homes.

---

### Exhibit 53. Financially Attainable Housing, by Median Family Income (MFI) for Washington County ($73,300), North Plains, 2017-2037

<p>| Source: U.S. Department of Housing and Urban Development US Census Bureau, 2014 ACS Table 19001 |</p>
<table>
<thead>
<tr>
<th>% of Wa. Co. MFI</th>
<th>&lt;30%</th>
<th>30%-50%</th>
<th>50%-80%</th>
<th>80%-120%</th>
<th>&gt;120%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Income</td>
<td>&lt;$21,990</td>
<td>$21,990-$36,650</td>
<td>$36,650-$58,640</td>
<td>$58,640-$87,960</td>
<td>&gt; $87,960</td>
</tr>
<tr>
<td>Monthly Affordable Housing Cost</td>
<td>&lt;$550</td>
<td>$550-$916</td>
<td>$916-$1,466</td>
<td>$1,466-$2,199</td>
<td>&gt; $2,199</td>
</tr>
<tr>
<td>Percent of North Plains Households</td>
<td>11%</td>
<td>13%</td>
<td>14%</td>
<td>24%</td>
<td>38%</td>
</tr>
<tr>
<td>New Households 2017-2037</td>
<td>155</td>
<td>186</td>
<td>340</td>
<td>278</td>
<td>588</td>
</tr>
</tbody>
</table>

**Attainable Owner Housing Types**
- None
- Mfg. in parks
- Single-family attached
- Condos
- Duplexes
- Mfg. on lots
- Affordable single-family housing and other housing types
- All housing types

**Attainable Renter Housing Types**
- Apartment New and used government assisted housing
- Apartments Mfg. in parks
- Duplex
- Single-family attached
- Detached
- Mfg. on lots
- Apartments
- All housing types
- All housing types
Need for government assisted and manufactured housing

ORS 197.303 requires cities to plan for government-assisted housing, manufactured housing on lots, and manufactured housing in parks.

- **Government-subsidized housing.** Government-subsidies can apply to all housing types (e.g., single family detached, apartments, etc.). North Plains allows development of government-assisted housing in all residential plan designations, with the same development standards for market-rate housing. This analysis assumes that North Plains will continue to allow government housing in all of its residential plan designations. Because government assisted housing is similar in character to other housing (with the exception being the subsidies), it is not necessary to develop separate forecasts for government-subsidized housing.

- **Manufactured housing on lots.** North Plains does not allow manufactured homes as an outright use on lots in the R-7.5, R-5, R-2.5, or the NC zones, which are the zone where single-family detached housing is allowed. Manufactured homes on lots are allowed as a conditional use in these zones. North Plains plans to update its zoning code to allow manufactured homes on lots in these zones as an outright permitted use.

North Plains does not have any manufactured home parks within its UGB. As a result, all the manufactured homes in North Plains are on individual lots. The 2010-2014 American Community Survey shows that 13% of North Plains’ homes are manufactured homes. Given the need for affordable housing, shown in Exhibit 53, it is reasonable to assume that up to 13% of North Plains’ new housing may be manufactured homes on lots. Based on the forecast of new housing in Exhibit 51, up to about 200 new dwelling units in North Plains may be manufactured homes on lots. Manufactured homes on lots are part of the forecast for 1,083 new single-family detached dwellings. Once the City allows manufactured homes on lots as an outright permitted use in single-family zones, the number of manufactured homes on lots will be developed based on market demand for this type of housing over the 20-year planning period.

- **Manufactured housing in parks.** OAR 197.480(4) requires cities to inventory the mobile home or manufactured dwelling parks sited in areas planned and zoned or generally used for commercial, industrial, or high-density residential development. According to the Oregon Housing and Community Services’ Manufactured Dwelling Park Directory, North Plains has no manufactured home parks within the city.

ORS 197.480(2) requires North Plains to project need for mobile home or manufactured dwelling parks based on (1) population projections, (2) household income levels, (3) housing market trends, and (4) an inventory of manufactured dwelling parks sited in areas planned and zoned or generally used for commercial, industrial, or high density residential.

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22 Oregon Housing and Community Services, Oregon Manufactured Dwelling Park Directory, http://o.hcs.state.or.us/MDPCRParks/ParkDirQuery.jsp
National, state, and regional trends since 2000 showed that manufactured housing parks were closing, rather than being created. For example, between 2000 and 2015, Oregon had 68 manufactured parks close, with more than 2,700 spaces. Discussions with several stakeholders familiar with manufactured home park trends suggest that over the same period, few to no new manufactured home parks have opened in Oregon.

Given these trends, the lack of manufactured home parks in North Plains, increases in land prices across the Portland region, and the comparatively high home sales prices in North Plains, it is reasonable to assume that North Plains may not have development of new manufactured home parks over the 20-year planning period. However, the City is required by ORS 197.480 to allow manufactured home parks in zones planned for six to 12 dwelling unit units per acre (R-5 and R-2.5 zones).
6. Residential Land Sufficiency within North Plains

This chapter presents an evaluation of the sufficiency of vacant residential land in North Plains to accommodate expected residential growth over the 2017 to 2037 period. This chapter includes an estimate of residential development capacity (measured in new dwelling units) and an estimate of North Plains’ ability to accommodate needed new housing units for the 2017 to 2037 period, based on the analysis in the housing needs analysis. The chapter ends with a discussion of the conclusions and recommendations for the housing needs analysis.

Framework for the Capacity Analysis

The buildable lands inventory summarized in Chapter 2 (and presented in full in Appendix A) provides a supply analysis (buildable land by type), and Chapter 5 provided a demand analysis (population and growth leading to demand for more residential development). The comparison of supply and demand allows the determination of land sufficiency.

There are two ways to get estimates of supply and demand into common units of measurement so that they can be compared: (1) housing demand can be converted into acres, or (2) residential land supply can be converted into dwelling units. A complication of either approach is that not all land has the same characteristics. Factors such as zone, slope, parcel size, and shape, can all affect the ability of land to accommodate housing. Methods that recognize this fact are more robust and produce more realistic results. This analysis uses the second approach: it estimates the ability of vacant residential lands within the UGB to accommodate new housing. This analysis, sometimes called a “capacity analysis,” can be used to evaluate different ways that vacant residential land may build out by applying different assumptions.

23 There is ambiguity in the term capacity analysis. It would not be unreasonable for one to say that the “capacity” of vacant land is the maximum number of dwellings that could be built based on density limits defined legally by plan designation or zoning, and that development usually occurs—for physical and market reasons—at something less than full capacity. For that reason, we have used the longer phrase to describe our analysis: “estimating how many new dwelling units the vacant residential land in the UGB is likely to accommodate.” That phrase is, however, cumbersome, and it is common in Oregon and elsewhere to refer to that type of analysis as “capacity analysis,” so we use that shorthand occasionally in this memorandum.
North Plains Capacity Analysis Results

The first step in the capacity analysis is to account for land for rights-of-way on North Plains’ vacant land. Exhibit 4 and Exhibit 5 show vacant and partially vacant residential land in North Plains. The capacity analysis begins with the inventory of vacant and partially vacant land to determine the number of dwelling units that could be built in North Plains on residential lands.

Before calculating residential land capacity, it is necessary to account for land that will be needed for public rights-of-way (e.g., roads and sidewalks). Exhibit 54 shows that about 15% of land vacant land will be needed for future rights-of-way on vacant land in North Plains. This estimate is based on analysis from “Analysis of Land Use Efficiency in Oregon Cities: A Report to the HB 2254 Rules Advisory Committee” that shows an average of 15% of land (in cities the size that North Plains will be by 2037), were used for rights-of-way as of 2015. This finding is consistent with research by ECONorthwest for other cities that shows that cities typically use between 10% and 20% of land for rights-of-way in residential areas.

Exhibit 54 estimates North Plains has about 96 acres of vacant and partially vacant land for housing, excluding land for rights-of-way.


<table>
<thead>
<tr>
<th>Vacant Land (acres)</th>
<th>Percentage of Land for Rights-of-Way</th>
<th>Estimated Land for Housing (acres)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low-Density Residential (R7.5)</td>
<td>6</td>
<td>15%</td>
</tr>
<tr>
<td>Standard-Density Residential (R5)</td>
<td>13</td>
<td>15%</td>
</tr>
<tr>
<td>High-Density Residential (R2.5)</td>
<td>10</td>
<td>15%</td>
</tr>
<tr>
<td>Neighborhood Community (NC): East Expansion Area</td>
<td>33</td>
<td>15%</td>
</tr>
<tr>
<td>Future Development (FD-10): North Expansion Area</td>
<td>51</td>
<td>15%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>113</strong></td>
<td><strong>96</strong></td>
</tr>
</tbody>
</table>

SOURCE: Washington County BLI; Calculations by ECONorthwest

Estimate of percentage of land for rights-of-way from Table 3-8 in "Analysis of Land Use Efficiency in Oregon Cities: A Report to the HB 2254 Rules Advisory Committee" prepared by the University of Oregon’s Community Service Center and the Department of Planning, Public Policy and Management, 2015.

24 “Analysis of Land Use Efficiency in Oregon Cities: A Report to the HB 2254 Rules Advisory Committee” prepared by the University of Oregon’s Community Service Center and the Department of Planning, Public Policy and Management, 2015.
The capacity analysis estimates the development potential of vacant residential land to accommodate new housing based on the development densities allowed or required in North Plains’ zoning code and Comprehensive Plan. Where information is available, we considered densities of recent residential development. Exhibit 55 uses the following development densities assumptions:

- **Low Density Residential (R7.5):** The maximum density in R7.5 is 5.8 dwelling units per acre (assuming 7,500 square foot lots). Exhibit 55 assumes that land in this zone will develop at 90% of maximum density at 5.2 dwelling unit per acre.

- **Standard Density Residential (R5):** The maximum density in R5 is 8.7 dwelling units per acre (assuming 5,000 square foot lots) for single-family detached housing. Exhibit 55 assumes that land in this zone will develop at 90% of maximum density at 7.8 dwelling unit per acre.

- **High Density Residential (R2.5):** The maximum density in R2.5 is 10.9 dwelling units per acre (assuming 4,000 square foot lots) for single-family detached housing and 17.4 dwelling units per acre for duplex, triplex, and single-family attached housing.
  - For land in approved (but not yet built) subdivisions in R2.5, Exhibit 55 assumes that development will occur at the densities approved in the subdivisions (8.4 dwelling units per acre).
  - For the remaining vacant R2.5 land, Exhibit 55 assumes land will develop at the densities in recently developed subdivisions, 11 dwelling units per acre.25

- **Neighborhood Community (NC) in the East Expansion Area:** This area is planned for an additional 198 units at a density of 7.1 dwelling units per acre. When taken as a whole, the entire East Expansion Area has a density of 8.4 dwelling units per acre because earlier development in the area occurred at a density above 8.4 dwelling units per acre.

- **Future Development (FD-10) in the North Expansion Area:** This area will be zoned NC when it annexes into the city and is expected to develop at a density of 8.4 dwelling units per acre, per policy in the Comprehensive Plan.

Exhibit 55 shows that North Plains’ vacant land (excluding land for rights-of-way) has capacity for 755 dwelling units.

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25 The recently developed subdivisions include: Sunset Terrace (10.2 dwelling units per acre, when land for rights of way, constraints, and other non-residential land is accounted for), McKay Fields (14.3 dwelling units per acre), McKay Creek Crossing (12.9 dwelling units per acre), Kemmer Meadows (8.2 dwelling units per acre), North Meadows (10.0 dwelling units per acre), and Highland Court (14.2 dwelling units per acre).
Exhibit 55. Estimated housing development potential on vacant residential lands, number of dwelling units, North Plains UGB
Source: Buildable Lands Inventory from Washington County; Calculations by ECONorthwest

<table>
<thead>
<tr>
<th>Vacant Land Excluding ROW</th>
<th>Development Density (dwelling units/acre)</th>
<th>New Dwelling Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low Density Residential (R7.5)</td>
<td>5.0</td>
<td>5.2</td>
</tr>
<tr>
<td>Standard Density Residential (R5)</td>
<td>11.0</td>
<td>7.8</td>
</tr>
<tr>
<td>High Density Residential (R2.5)</td>
<td>9.0</td>
<td>9.4</td>
</tr>
<tr>
<td>Approved Subdivisions in R2.5</td>
<td>5.1</td>
<td>8.4</td>
</tr>
<tr>
<td>Remaining R2.5 land</td>
<td>3.9</td>
<td>11.0</td>
</tr>
<tr>
<td>Neighborhood Community (NC): East Expansion Area</td>
<td>28.0</td>
<td>7.1</td>
</tr>
<tr>
<td>Future Development (FD-10): North Expansion Area</td>
<td>43.0</td>
<td>8.4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>96.0</strong></td>
<td><strong>755</strong></td>
</tr>
</tbody>
</table>
Residential Land Sufficiency

The final step in the analysis of the sufficiency of residential land within North Plains is to compare the demand for housing by Plan Designation (Exhibit 52) with the capacity of land by Plan Designation (Exhibit 55).

Exhibit 56 shows that North Plains has sufficient capacity in the R7.5, R5, and R2.5 zones. This is because Exhibit 52 allocates a limited amount of housing to these designations based on the amount of vacant land within these designations. As new land is brought into North Plains, that land is zoned NC and will be planned to meet North Plains’ housing needs.

Exhibit 56 shows that North Plains has a deficit of land to accommodate 791 new dwelling units in the NC and FD-10 designation (which will be designated NC when annexed into the city).

Exhibit 56. Comparison of capacity of existing residential land with demand for new dwelling units and land deficit, North Plains UGB, 2017-2037

<table>
<thead>
<tr>
<th>Plan Designation</th>
<th>Dwelling Units Capacity of Buildable Land</th>
<th>Needed Dwelling Units (2017-2037)</th>
<th>Surplus or Deficit of Dwelling Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low Density Residential (R7.5)</td>
<td>26</td>
<td>26</td>
<td>0</td>
</tr>
<tr>
<td>Standard Density Residential (R5)</td>
<td>85</td>
<td>85</td>
<td>0</td>
</tr>
<tr>
<td>High Density Residential (R2.5)</td>
<td>85</td>
<td>85</td>
<td>0</td>
</tr>
<tr>
<td>NC &amp; FD-10</td>
<td>559</td>
<td>1,350</td>
<td>-791</td>
</tr>
<tr>
<td>Total</td>
<td>755</td>
<td>1,546</td>
<td>-791</td>
</tr>
</tbody>
</table>

Exhibit 56 shows that about half of North Plains’ forecast of housing growth can fit within the existing UGB, including the north expansion area that has not yet been annexed into the city limits. If North Plains’ population grew steadily at 77 dwelling units per year, North Plains would have a 10-year supply of residential land within its UGB.

However, North Plains’ growth will be driven by growth in the larger Portland region, especially employment growth of the Westside in Hillsboro and Beaverton. North Plains is very small compared to Hillsboro and Beaverton. Continued growth on the Westside may drive growth in North Plains fast, with most vacant residential (especially land in parcels large enough to subdivide) developing over the course of three to five years. However, changes in regional growth rates (such as slowing from a recession) may slow growth in North Plains.

Despite the uncertainty of regional growth rates over the next few years, we recommend that North Plains begin planning for UGB expansion once the Comprehensive Plan update process is completed. The UGB expansion process can be time consuming and the City will need time to plan for infrastructure and facility improvements necessary to serve areas newly brought into the UGB.
Estimate of Additional Land Needed to Accommodate Housing Demand

The conclusions from Exhibit 56 show that North Plains does not have sufficient land within its urban growth boundary to accommodate future growth. The City has three choices for addressing this land deficit: increase capacity of land within the UGB through land use efficiency measures; expand the UBG; or both. Most cities choose to evaluate options to increase land use efficiency and (if there is still a deficit of land), expand the UGB. The State process for expanding the UGB requires that cities consider policies to increase land use efficiency prior to expanding the UGB.

The overall density assumption for land brought into North Plains’ UGB in the early 2000s, in the north and east portions of the City was development of an average of 8.4 dwelling units per acre. If the City proceeds with a UGB expansion to accommodate the forecast of population growth, the City will need to identify an average density that meets the City’s identified housing needs in this analysis. The density target should also consider historical development patterns and opportunities for increasing land use efficiency (analysis the City will perform as part of the UGB expansion process).

Exhibit 57 to Exhibit 59 estimate the amount of land that North Plains may need for a UGB expansion based on existing zoning policies. These estimates will likely change as the City considers policies to increase land use efficiency within its UGB. The purpose of these tables is to give an estimate of potential land need, given a range of mixtures of housing types and densities. These estimates do not include land needed for rights-of-ways, parks, and other public facilities.

We assume that North Plains will require master plans for any UGB expansion areas. The master plan will determine the amounts and range of densities of each housing type. Regardless of development densities, meeting the housing needs of households with low- and moderate-income will require policies that support development of a wider range of housing types. Actions in the City’s revised Comprehensive Plan Objectives and Policies that support development of a range of housing types include: working with the Housing Authority of Washington County to identify sites, projects and developers to provide assisted housing units for low- and moderate-income households or identifying financial and other strategies to encourage development of low- and moderate-income housing.

Exhibit 57 shows a lower density estimate of land needed to accommodate the 791 dwelling units that cannot be accommodated on vacant land within North Plains UGB. Exhibit 57 assumes:

- The deficit of 791 units will have a housing mix that matches the mix for all of North Plains (Exhibit 51).
- All new housing will be designated NC and master planned.
- Exhibit 57 assumes that the densities for new dwelling units in the NC zone will be similar to existing densities for designations within North Plains city limits:
o Density of 4.0 dwelling units per acre (similar to R10 densities), which is 90% of the maximum density allowed density in this zone.

o Density of 5.2 dwelling units per acre (similar to R7.5 densities), which is 90% of the maximum density allowed density in this zone.

o Density of 10 dwelling units per acre (similar to R5 densities). The higher density assumption (compared with the assumption of 7.8 dwelling units per acre in Exhibit 55) reflects the assumption that more single-family attached and multifamily housing will be developed at higher densities in North Plains in the future.

o Density of 15 dwelling units per acre (similar to R2.5 densities). The higher density assumption (compared with the assumption of 11 dwelling units per acre in Exhibit 55) reflects the assumption that more single-family attached and multifamily housing will be developed at higher densities in North Plains in the future.

Exhibit 57 shows that North Plains will need 118 acres of land at an average density of 6.7 dwelling units per acre to accommodate the 791 dwelling units. Exhibit 57 assumes that North Plains will have a mixture of housing at all density levels. This density is at the lower end of densities that may meet the City’s identified housing needs, depending on the policies the City adopts to support development of housing affordable to low- and moderate-income households.

Exhibit 57. Lower density estimate of land to meet residential deficits in the NC designation, North Plains UGB, 2017-2037
Source: ECONorthwest

<table>
<thead>
<tr>
<th>Housing Types</th>
<th>Housing Needed Mix</th>
<th>Dwelling Units</th>
<th>Percent of Housing at by Plan Designation</th>
<th>Land Need (acres)</th>
<th>Density (du/acre)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>4.0 du/acre (R10 densities)</td>
<td>5.2 du/acre (R7.5 densities)</td>
<td>10 du/acre (R5 densities)</td>
<td>15 du/acre (R2.5 densities)</td>
</tr>
<tr>
<td>Single-Family Detached</td>
<td>70%</td>
<td>554</td>
<td>25%</td>
<td>45%</td>
<td>25%</td>
</tr>
<tr>
<td>Single-Family Attached</td>
<td>10%</td>
<td>79</td>
<td>0%</td>
<td>5%</td>
<td>50%</td>
</tr>
<tr>
<td>Multifamily</td>
<td>20%</td>
<td>158</td>
<td>0%</td>
<td>0%</td>
<td>40%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
<td>791</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Exhibit 58 and Exhibit 59 use the same density assumptions as Exhibit 57, but assume different mix of housing at the different density levels. For example, Exhibit 57 assumes that 25% of new single-family detached housing will be developed at 4.0 dwelling units per acre (R10 densities), while Exhibit 58 assumes that 10% of new single-family detached housing will be developed at 4.0 dwelling units per acre. Exhibit 58 shows that North Plains will need 94 acres of land at a density of 8.4 dwelling units per acre.
Exhibit 58. Moderate density estimate of land to meet residential deficits in the NC designation, North Plains UGB, 2017-2037
Source: ECONorthwest

<table>
<thead>
<tr>
<th>Housing Types</th>
<th>Mix</th>
<th>Dwelling Units</th>
<th>4.0 du/acre (R10 densities)</th>
<th>5.2 du/acre (R7.5 densities)</th>
<th>10 du/acre (R5 densities)</th>
<th>15 du/acre (R2.5 densities)</th>
<th>Land Need (acres)</th>
<th>Density (du/acre)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single-Family Detached</td>
<td>70%</td>
<td>554</td>
<td>10%</td>
<td>25%</td>
<td>45%</td>
<td>20%</td>
<td>73</td>
<td>7.6</td>
</tr>
<tr>
<td>Single-Family Attached</td>
<td>10%</td>
<td>79</td>
<td>0%</td>
<td>15%</td>
<td>50%</td>
<td>35%</td>
<td>8</td>
<td>9.8</td>
</tr>
<tr>
<td>Multifamily</td>
<td>20%</td>
<td>158</td>
<td>0%</td>
<td>0%</td>
<td>50%</td>
<td>50%</td>
<td>13</td>
<td>12.0</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
<td>791</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>94</td>
<td>8.4</td>
</tr>
</tbody>
</table>

Exhibit 58 shows that North Plains will need 82 acres of land at a density of 9.7 dwelling units per acre.

Exhibit 59. Higher density estimate of land to meet residential deficits in the NC designation, North Plains UGB, 2017-2037
Source: ECONorthwest

<table>
<thead>
<tr>
<th>Housing Types</th>
<th>Mix</th>
<th>Dwelling Units</th>
<th>4.0 du/acre (R10 densities)</th>
<th>5.2 du/acre (R7.5 densities)</th>
<th>10 du/acre (R5 densities)</th>
<th>15 du/acre (R2.5 densities)</th>
<th>Land Need (acres)</th>
<th>Density (du/acre)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single-Family Detached</td>
<td>70%</td>
<td>554</td>
<td>5%</td>
<td>20%</td>
<td>35%</td>
<td>40%</td>
<td>62</td>
<td>8.9</td>
</tr>
<tr>
<td>Single-Family Attached</td>
<td>10%</td>
<td>79</td>
<td>0%</td>
<td>5%</td>
<td>50%</td>
<td>45%</td>
<td>7</td>
<td>11.2</td>
</tr>
<tr>
<td>Multifamily</td>
<td>20%</td>
<td>158</td>
<td>0%</td>
<td>0%</td>
<td>30%</td>
<td>70%</td>
<td>12</td>
<td>13.0</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
<td>791</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>82</td>
<td>9.7</td>
</tr>
</tbody>
</table>

**Land needed for public and semi-public uses**

Public uses include government facilities (i.e., water or wastewater facilities, schools, parks, or rights-of-way) and semi-public uses include churches and fraternal organizations. Land within North Plains UGB has been planned for public and semi-public uses. Residential land within the city limits is mostly developed, with little vacant land outside of the NC zone. Land in the NC and FD-10 zones has largely been planned to accommodate major public land needs, such as parks and schools.

Land newly brought into the UGB would need to include lands for schools and parks. Land for rights-of-way is already accounted for in the density assumptions (see Exhibit 54). The Hillsboro School District has plans and existing site for a school in North Plains (in the UGB expansion area in the north part of the City). The District expects to plan for additional school facilities, possibly in North Plains, when the district updates its Facilities Plan to accommodate growth that occurs in 2027 and beyond. As a result, the School District has not identified the need for an additional school site in North Plains.26

The North Plains Parks and Open Space Master Plan identifies the level-of-service standards for parks in North Plains:

- Mini-Park: 0.25 acres per 1,000 people

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26 Based on discussions with Adam Stewart, Hillsboro School District Chief Financial Officer.
- Urban Plaza Park: 0.20 acres per 1,000 people
- Neighborhood Park: 2.0 acres per 1,000 people
- Community Park: 4.0 acres per 1,000 people
- Nature Park: 10.0 acres per 1,000 people

Exhibit 56 shows that approximately 791 dwelling units cannot be accommodated within North Plains’ existing UGB. When converted from dwelling units to people, that is about 1,940 people. It is unclear whether all of these parks will be located on areas brought into the UGB, with land for new housing. If land for all parks except nature parks are needed in the area newly brought into the UGB, this would be 6.45 acres of parkland per 1,000 people or 12.5 acres of land for parks. If all parts (including nature parks) parks are needed in the area newly brought into the UGB, this would be 16.45 acres of parkland per 1,000 people or 31.9 acres of land for parks.

The City may have additional park land needs for households located within the UGB (both existing and future households) that cannot be accommodated within the UGB. Some of these parks (most likely community and nature parks) may need to be accommodated within UGB expansion areas.

We recommend that the City identify specific park land needs that meet the City’s identified park needs when developing a UGB expansion proposal.

**Conclusions and Recommendations**

The key findings of the North Plains Housing Needs Analysis are that:

- **North Plains’ population is forecast to grow substantially faster than in the past.** North Plains is forecast to grow from 2,266 people in 2017 to 6,091 people in 2037, an increase of 3,825 people. This population growth will occur at an average annual growth rate of 5.1%. In comparison, North Plains grew at an average annual growth rate of 3.0% between 1990 and 2014. One of the reasons for faster growth in the future is that North Plains has recently annexed vacant land into the city limits and expects to annex the remaining vacant residential land relatively soon.

- **North Plains is planning for 1,547 new dwelling units.** The growth of 3,825 people will result in demand for 1,547 new dwelling units over the 20-year planning period, averaging 77 new dwelling units annually.

- **North Plains will need to plan for more single-family attached and multifamily dwelling units in the future to meet the City’s housing needs.** Historically, about 85% of North Plains housing was single-family detached. While 70% of new housing in North Plains is forecast to be single-family detached, the City will need to provide opportunities for development of new single-family attached (10% of new housing) and new multifamily (20% of new housing), which includes a wide range of housing types (e.g., duplexes, triplexes, apartments).
The factors driving the shift in types of housing needed in North Plains include changes in demographics and decreases in housing affordability. The aging of the Baby Boomers and the household formation of the Millennials will drive demand for renter- and owner-occupied housing such as small single-family detached housing, townhouses, duplexes, and apartments. Both groups may prefer housing in walkable neighborhoods, with access to services.

In addition, 38% of North Plains’ households have affordability problems, indicating a need for more these affordable housing types. About 340 new households will have incomes of $36,650 (in 2014 dollars) or less. And more than 600 new households will have incomes between $36,650 and $88,000. These households will all need access to affordable housing, such as the housing types described above.

- **North Plains has a deficit of land to accommodate housing.** North Plains’ vacant and partially vacant land can accommodate about 755 dwelling units, which is 791 dwelling units short of North Plains forecast of 1,546 dwelling units.

- **North Plains will need to evaluate how to accommodate the deficit of land for housing.** The City has three choices for addressing this land deficit: increase capacity of land within the UGB through land use efficiency measures; expand the UGB; or both. Most cities choose to evaluate options to increase land use efficiency and (if there is still a deficit of land), expand the UGB. The State process for expanding the UGB requires that cities consider policies to increase land use efficiency prior to expanding the UGB.

- **North Plains will need to plan to provide opportunity for development of a wider range of housing types.** Eight-five percent of the housing in North Plains’ housing market is single-family detached. While North Plains will continue to need single-family detached housing in the future, the City’s needed housing mix includes a wider range of housing types, such as small lot single-family housing, townhouses and all types of multifamily housing.

ECONorthwest’s recommendations to North Plains for addressing the City’s housing needs are:

- **North Plains should plan to provide opportunities for development of the housing need identified in this report.** This analysis found that North Plains housing needs are for more development of single-family attached housing and multifamily housing. While the City does not generally have a direct role in housing development, the City’s planning framework set the context for housing development. The City should evaluate opportunities to lower barriers to development of types of housing that are relatively more affordable (e.g., townhouses and multifamily housing) and ensure that sufficient land is available to accommodate these housing types.

- **North Plains has an existing deficit of affordable housing.** North Plains housing prices, especially ownership prices, have increased substantially since 2000. The City should consider opportunities to allow and encourage development of more affordable housing types, as described in this report. The City may consider partnering with organizations involved in producing affordable housing, such as the Washington
North Plains should update its zoning code to meet state requirements related to manufactured homes and make other clarifications. This project results in recommendations for the following revisions to North Plains’ zoning code:

- ORS 197.314 requires cities to allow manufactured home development on individual lots on all land zoned for single-family residential uses. This would require North Plains to allow manufactured homes on individual lots as an outright permitted use in the R-7.5, R-5, R-2.5, and NC zones.

- ORS 197.480 requires cities to allow manufactured home parks in zones planned for six to 12 dwelling unit units per acre. This includes the R-5 and R-2.5 zones in North Plains.

- North Plains’ zoning code refers to single-family attached housing in a variety of ways: single-family attached homes/row houses, single family attached row houses up to 4 units, townhomes/condominiums, or row homes/town homes. We recommend that the City define single-family attached housing and refer to it in a consistent way.

  For example, in a recent update to their zoning code, Hood River defined single-family attached housing as: “Townhouse (attached single family) means a single-family dwelling unit located on its own lot that shares one or more common or abutting walls with one or more single family dwelling units on adjacent lot(s).”

- Multifamily is currently a conditional use in the R-2.5 zone. However, the purpose of the zoning is to “to provide for the development of residential single family and multifamily housing and to implement the housing policies of the Comprehensive Plan.” We recommend that the City allow multifamily as an outright use in the R-2.5 zone.

- North Plains’ regulation of multifamily housing should be clarified. The development standards for multifamily housing are found in the Design Review chapter of the City’s zoning code in section 16.175.155 part D. We recommend including the design standards in the zoning chapters (R-2.5 and NC) where multifamily housing is allowed.

North Plains should update its Comprehensive Plain policies. As part of this project, we evaluated and made recommendations for revisions to the City’s residential Comprehensive Plan policies. We recommend the City adopt the revised policies when it adopts other revisions to the Comprehensive Plan in 2017.

North Plains should update its Comprehensive Plan policies for development of land newly brought into the UGB. Currently, the City’s Comprehensive Plan requires that land newly brought into the UGB develop at 8.4 dwelling units an acre with the following mix: 40% low-density housing, 40% medium-density housing, and 20% high-density housing. In addition, the City’s Comprehensive Plan says that the City “…shall
encourage a minimum of 25% of the total new housing types to be attached housing.” We recommend at the City consider the following changes to the Comprehensive Plan:

- The City should establish a concept and master planning requirement for land newly brought into the UGB. The land should be concept planned after it is brought into the UGB. The concept plan will identify the broad mix of uses within the expansion area and provide information for planning public services (e.g., roads, water, wastewater, and stormwater) to the area. Before the land is annexed into the City, the area would need to be master planned and identify the specific uses, locations and amount of each use, and infrastructure needs and locations. The master plan should include an implementation strategy for development phasing and paying for new infrastructure.

- The Comprehensive Plan should require that areas newly brought into the UGB include opportunities for development of all needed housing types. That means ensuring there is sufficient opportunities for development of single-family detached, single-family attached, and multifamily housing. The City may consider combining single-family attached and multifamily housing, into 30% of new housing, when planning for new housing.

Most cities zone land newly brought into the UGB into multiple zoning districts (like those in North Plains city limits) to ensure that there is sufficient opportunities for development of single-family attached and multifamily housing. North Plains has taken a different approach with the NC zone, requiring that development plans meet the density of 8.4 dwelling units per acre.

If the City wants to continue using this approach, the City will need to establish some standards for development of land newly brought into the UGB. Exhibit 57 to Exhibit 59 illustrate three ways that the City could plan for land newly brought into the UGB, in terms of mix of housing and housing densities. If the City combines single-family attached and multifamily housing into one category for planning (30% of new housing), the City will need to ensure that it is planning for the opportunity for development of these housing types at densities sufficient to meet its housing needs.

There are many variations of mix of housing and densities that North Plains could use to meet its housing needs. The City will need to identify needed densities of housing in new UGB expansion areas that meet the City’s identified housing needs. These densities should be identified at the beginning of the process for expanding the UGB.

- North Plains should evaluate opportunities to provide for efficient development of residential land within the UGB. As part of expanding the UGB, North Plains is required to evaluate opportunities to provide efficient development of residential land within the UGB. This evaluation is challenging in North Plains because the City has relatively little vacant land within the city limits (zoned R-7.5, R-5, or R-2.5). Development plans for land in the NC zone in the East Expansion Area have been approved by the City. Land in the North Expansion Area is already planned to be
developed at 8.4 dwelling units per acre, consistent with agreements with the State when that land was brought into the City’s UGB in the early 2000s.

The City may make some changes to increase land use efficiency and provide a wider range of affordable housing types. For example, the City could do some or all of the following: allow duplexes as an outright permitted use in the R-5 zone, allow multifamily outright in the R-2.5 zone, allow cottage housing development in selected single-family zones, allow accessory dwelling units in the NC zone, or revise the City’s mixed-use regulations to encourage new mixed residential and commercial development.

- **North Plains should begin to plan for UGB expansion in 2018 or 2019.** About half of North Plains’ forecast of housing growth can fit within the existing UGB, including the north expansion area that has not yet been annexed into the city limits. If North Plains’ population grew steadily at 77 dwelling units per year, North Plains would have a 10-year supply of residential land within its UGB.

North Plains’ growth will be driven by growth in the Portland region, especially employment growth of the Westside of the region. Continued growth on the Westside may drive growth in North Plains fast, with most vacant residential (especially land in parcels large enough to subdivide) developing over the course of three to five years. However, changes in regional growth rates (such as slowing from a recession) may slow growth in North Plains.

Despite the uncertainty of regional growth rates over the next few years, we recommend that North Plains begin planning for UGB expansion once the Comprehensive Plan update process is completed. The UGB expansion process can be time consuming and the City will need time to plan for infrastructure and facility improvements necessary to serve areas newly brought into the UGB. Without beginning the UGB expansion process in the next few years, most vacant land within the city may develop before land can be planned and brought into the UGB.

- **North Plains should monitor residential land development.** Monitoring residential land development will help the City ensure that there is enough residential land to accommodate the long-term forecast for population growth. We recommend that the City Develop and implement a system to monitor the supply of residential land. This includes monitoring residential development (through permits) as well as land consumption (e.g. development on vacant, or redevelopable lands).
The City of North Plains contracted ECONorthwest to develop a housing needs analysis (HNA). The HNA will determine whether the City has enough land to accommodate 20-years of population and housing growth. The HNA will provide the basis for an update to the City’s Comprehensive Plan Housing Element, as well as development of an action plan to implement the Housing policies.

This memorandum presents North Plains’ existing Comprehensive Plan Housing Objectives and Policies with revisions, additions, and comments from ECONorthwest. These changes were discussed in the April 27, 2017 and June 29, 2017 meetings with the Workgroup. This version of this memorandum presents the final draft revised goals, policies, and potential actions to implement the policies.

Appendix A provides a list of strategies for managing residential land. Many of these policies are commonly used by cities and North Plains already uses many of these policies. The purpose of this appendix is to provide the Workgroup with information about potential policies that could be implemented in North Plains to revise the City’s residential development policies and meet the City’s housing needs.
Comprehensive Plan Objectives and Policies

This section presents North Plain’s existing residential Comprehensive Plan policies, with ECONorthwest’s comments and suggestions for changes to policies. This section also proposes actions to implement the changes to the zoning. The Workgroup identified the actions with the highest priority for implementation (within 6 months of adoption) and high priority for implementation (within 2 years of adoption). These priorities are noted on actions.

Objective 1: Land availability and development opportunities. Plan to accommodate residential growth within the existing urban growth boundary if possible and plan for expansions of the urban growth boundary as necessary.

Policy 1.1: The City will insure adequate vacant land is zoned to meet residential lands as defined in the housing needs analysis.

Action 1.1a: Prior to UGB expansion analysis, evaluate opportunities for increasing land use efficiency within the existing UGB that are described in Policy 1.3.

Action 1.1b: If the City still has unmet residential land needs after completing the evaluation in Action 1.1a, evaluate opportunities for expanding the City’s urban growth boundary to meet residential land needs.

Policy 1.2: The City will maintain specific and enforceable design standards for single-family detached housing, manufactured homes, single-family attached housing, and multifamily housing.

Action 1.2a: Allow manufactured homes on individual lots in the R7.5, R-5, and R-2.5 zones, as required by ORS 197.314. (Highest priority – within 6 months)

Action 1.2b: Allow manufactured home parks in zones planned for six to 12 dwelling unit units per acre (R-5 and R-2.5 zones), as required by ORS 197.480. (Highest priority – within 6 months)

Action 1.2c: Clarify the meaning of single-family attached housing in the zoning code. (Highest priority – within 6 months)

Action 1.2d: Clarify the regulation of multifamily housing in the zoning code. (Highest priority – within 6 months)

Action 1.2e: Evaluate allowing duplexes as an outright permitted use in the R-5 zone. (High priority – within 2 years)

Action 1.2f: Evaluate allowing multifamily housing as an outright permitted use in the R-2.5 zone. (High priority – within 2 years)

Action 1.2g: Update the City’s design standards to address concerns about design features for the back of houses that are visible from the street. (High priority – within 2 years)
**Action 1.2h:** Update the City’s design standards to implement the outcomes of the upcoming project “Outreach Workshop on Housing Design.”

**Policy 1.3:** The City will provide opportunities for efficient development of residential land within the urban growth boundary.

**Action 1.3a:** Evaluate decreasing the minimum lot size in the R-7.5 zone from 7,500 square feet to 6,000 square feet. (High priority – within 2 years)

**Action 1.3b:** Evaluate decreasing the minimum lot size in the R-5 zone from 5,000 square feet to 4,000 square feet. (High priority – within 2 years)

**Action 1.3c:** Evaluate development of a cottage housing ordinance to allow for development of small single-family detached housing clustered on a lot, possibly with the inclusion of park or open space. (High priority – within 2 years)

**Action 1.3d:** Evaluate allowing accessory dwelling units in the NC zone. (High priority – within 2 years)

**Action 1.3e:** Evaluate revisions to the City’s mixed-use regulations and development standards to encourage new mixed residential and commercial development. (High priority – within 2 years)

**Action 1.3f:** Update the City’s development standards to implement the outcomes of the upcoming project “Outreach Workshop on Housing Design.”

**Policy 1.4:** Land newly brought into the urban growth boundary will be concept and master planned (per Objective 4). The plan will provide opportunity for development of the housing needs identified in the housing needs analysis through zoning sufficient land to allow: 70% of new housing will be single-family detached and 30% single-family attached1 and multifamily2.

**Action 1.4a:** At the beginning of the UGB expansion process, develop a target density or range of target densities by housing types that will meet North Plains’ housing need for housing affordable at all income levels. Exhibits 52 through 54 in the housing needs analysis document illustrate a range of potential housing densities that may meet North Plain’s housing needs. The density target should consider historical development patterns, opportunities for increasing land use efficiency (Policy 1.3), and the housing needs identified in the housing needs analysis.

**Action 1.4b:** Update the development code and Comprehensive Plan policies to remove the requirement for development at an average of 8.4 dwelling units.

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1 Single-family attached housing is a single-family dwelling unit located on its own lot that shares one or more common or abutting walls with one or more single family dwelling units on adjacent lot(s).

2 Multifamily housing includes attached housing such as duplex, triplex, quadplex, and buildings with five or more dwelling units.
units per acre in the NC designation for land newly brought into the UGB after 2017.

**Policy 1.5:** Monitor residential land development to ensure that there is enough residential land to accommodate the long-term forecast for population growth.

**Action 1.5a:** Develop and implement a system to monitor the supply of residential land. This includes monitoring residential development (through permits) as well as land consumption (e.g. development on vacant, or redevelopable lands).

**Objective 2: Provide a variety of housing choices** The City will provide opportunities for needed housing types including: attached and detached single-family housing, and multifamily housing for both owner and renter occupancy, government assisted housing, and manufactured dwelling parks.

**Policy 2.1:** The City will allow flexibility in development of innovative housing types to meet medium and high density housing as described in the HNA.

**Action 2.1a:** Evaluate allowing innovative types of housing to allow in residential zones, such as cottage cluster housing or carriage houses. (High priority – within 2 years)

**Policy 2.2:** Housing to accommodate the housing needs of retirees and assisted living housing where possible in locations within easy walking distance of business and commercial areas.

**Objective 3: Provide opportunities for development of affordable housing.** The City will encourage development of low- and moderate-income housing (as defined by HUD) through development of land use policies that allow and encourage affordable housing production and working with agencies and developers of affordable housing.³

**Policy 3.1:** Work with the Housing Authority of Washington County to identify sites, projects and developers to provide assisted housing units for low- and moderate-income households.

**Action 3.1a:** Identify publicly-owned properties that could be used as a place to develop low- or moderate-income housing.

**Action 3.1b:** Work with a nonprofit in development of a community land trust to support housing development.

**Policy 3.2:** Develop regulations to encourage development of low- and moderate-income housing.

³ The U.S. Department of Housing and Urban Development (HUD) sets a Median Family Income (MFI) for each county in the nation based on information from the U.S. Census’ American Community Survey. The MFI is meant to provide information about the income of an average family. In 2016, Washington County’s MFI was $73,300. Households earning less than 50% of MFI ($36,650 in 2016) are considered low-income households and those earning 50% to 80% of MFI ($43,650 to $58,640 in 2016) are considered moderate-income households.
income affordable housing.

**Action 3.2a:** Develop a tax abatement program, such as the multiple-unit limited tax exemption program, to promote development of affordable and market-rate multifamily housing.

**Action 3.2b:** Consider and encourage use of Tax Increment Financing in the Urban Renewal Areas to support government-subsidized and market-rate multifamily housing development.

**Action 3.2c:** Develop a program to defer systems development charges and other fees for affordable housing development.

**Action 3.2d:** Explore or encourage flexibility and variances to parking standards under limited circumstances where providing less parking makes sense for the prospective residents, such as in development of affordable senior housing.

**Action 3.2e:** Develop a density bonus for affordable housing that increases allowed density by 20% with no additional development review standards.

**Objective 4:** Require concept and master planning for newly urbanizing land. Require that land that is brought into the UGB primarily to meet residential land needs is concept planned before it is annexed into the city limits and master planned before development is allowed.

**Policy 4.1:** When land is brought into the UGB, a concept plan will be developed for the area, prior to annexation. Residential densities for the UGB expansion area will be established in the concept plan.

**Policy 4.2:** Lands newly annexed into the city limits will have the NC zone applied concurrent with annexation.

**Policy 4.3:** Newly developed residential areas will be master planned areas and may include parks, schools (as need is identified by the School District), public services and facilities, shopping, services, and activity centers, providing pedestrian access to these amenities.

**Policy 4.4:** Newly developed residential areas will include landscaping and open space to provide amenity to the residential development and reduce potential conflicts with surrounding uses.

**Policy 4.5** Coordinate capital improvements planning with concept and master planning of land newly brought into the urban growth boundary to make land ready for residential development.
Appendix A: Strategies to Manage North Plain’s Residential Land

This appendix presents a menu of housing strategies (policies) commonly, and some less commonly, used to manage a City’s supply of residential land. These strategies may provide ideas potential changes to housing policy in North Plains. The purpose of this appendix is to provide the City with information about potential policies that could be implemented in North Plains to address the City’s housing needs.

It is common for jurisdictions to adopt combinations of strategies to manage growth and improve the efficiency and holding capacity of land uses. Such strategy groupings, however, are not necessarily cumulative in their intent or impact. Strategies that address similar issues may not be mutually reinforcing. For example, having strategies in residential zones for maximum lot size and minimum density essentially address the same issue—underbuild in residential zones. Thus, North Plains should carefully consider their existing strategies and policies and evaluate each strategy individually and in consideration of other strategies. It is also important to consider market dynamics when evaluating land use efficiency strategies. Strategies such as density bonuses or the transfer or development rights (TDRs) may be of limited effectiveness if they encourage building types or densities that have little demand or are economically unviable.
## Land Use Regulations

The following policies focus on ways in which the City can modify its current land use regulations in order to increase housing affordability and available housing stock. Policies are broken into two categories: those that affect regulatory changes and those, which increase the land available for housing.

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<tr>
<th>Strategy Name</th>
<th>Description</th>
<th>Scale of Impact in North Plains</th>
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<tbody>
<tr>
<td><strong>Regulatory Changes</strong></td>
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<tr>
<td>Streamline Zoning Code and other Ordinances</td>
<td>Complexity of zoning, subdivision, and other ordinances can make development more difficult, time consuming, and costly. Streamlining development regulations can result in increased development. As part of the streamlining process, cities may evaluate potential barriers to affordable workforce housing and multifamily housing. Potential barriers may include: height limitations, complexity of planned unit development regulations,</td>
<td>Scale of Impact - Small to moderate. The level of impact on production of housing and housing affordability will depend on the changes made to North Plains’ zoning and other ordinances.</td>
</tr>
<tr>
<td>Administrative and Procedural Reforms</td>
<td>Regulatory delay can be a major cost-inducing factor in development. Oregon has specific requirements for review of development applications; however, complicated projects frequently require additional analysis such as traffic impact studies, etc. A key consideration in these types of reforms is how to streamline the review process and still achieve the intended objectives of local development policies.</td>
<td>Scale of Impact - Small. The level of impact on production of housing and housing affordability will be small and will depend on the changes made to North Plains’ procedures.</td>
</tr>
<tr>
<td>Allow Small Residential Lots</td>
<td>Small residential lots are generally less than 5,000 sq. ft. This policy allows individual small lots within a subdivision or short plat. Small lots can be allowed outright in the minimum lot size and dimensions of a zone, or they could be implemented through the subdivision or planned unit development ordinances. This policy is intended to increase density and lower housing costs. Small lots limit sprawl, contribute to the more efficient use of land, and promote densities that can support transit. Small lots also provide expanded housing ownership opportunities to broader income ranges and provide additional variety to available housing types.</td>
<td>Scale of Impact – Small to moderate. Cities have adopted minimum lot sizes as small as 3,000 sq. ft. However, it is uncommon to see entire subdivisions of lots this small. Small lots typically get mixed in with other lot sizes.</td>
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<td>Strategy Name</td>
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<tr>
<td>Mandate Maximum Lot Sizes</td>
<td>This policy places an upper bound on lot size and a lower bound on density in single-family zones. For example, a residential zone with a 6,000 sq. ft. minimum lot size might have an 8,000 sq. ft. maximum lot size yielding an effective net density range between 5.4 and 7.3 dwelling units per net acre. This approach ensures minimum densities in residential zones by limiting lot size. It places bounds on building at less than maximum allowable density. Maximum lot sizes can promote appropriate urban densities, efficiently use limited land resources, and reduce sprawl development.</td>
<td>Scale of Impact – Small to moderate. Mandating maximum lot size may be most appropriate in areas where the market is building at substantially lower densities than are allowed or in cities that do not have minimum densities.</td>
</tr>
<tr>
<td>Mandate Minimum Residential Densities</td>
<td>This policy is typically applied in single-family residential zones and places a lower bound on density. Minimum residential densities in single-family zones are typically implemented through maximum lot sizes. In multiple-family zones they are usually expressed as a minimum number of dwelling units per net acre. Such standards are typically implemented through zoning code provisions in applicable residential zones. This policy increases land-holding capacity. Minimum densities promote developments consistent with local comprehensive plans and growth assumptions. They reduce sprawl development, eliminate underbuilding in residential areas, and make provision of services more cost effective.</td>
<td>Scale of Impact - Small to moderate. Increasing minimum densities and ensuring clear urban conversion plans may have a small to moderate impact depending on the observed amount of underbuild and the minimum density standard.</td>
</tr>
<tr>
<td>Increase Allowable Residential Densities</td>
<td>This approach seeks to increase holding capacity by increasing allowable density in residential zones. It gives developers the option of building to higher densities. This approach would be implemented through the local zoning or development code. This strategy is most commonly applied to multifamily residential zones. Higher densities increase residential landholding capacity. Higher densities, where appropriate, provide more housing, a greater variety of housing options, and a more efficient use of scarce land resources. Higher densities also reduce sprawl development and make the provision of services more cost effective.</td>
<td>Scale of Impact – Small to moderate. This tool can be most effective in increasing densities where very low density is currently allowed or in areas where a city wants to encourage higher density development.</td>
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<tr>
<td>Allow Clustered Residential Development</td>
<td>Clustering allows developers to increase density on portions of a site, while preserving other areas of the site. Clustering is a tool most commonly used to preserve natural areas or avoid natural hazards during development. It uses characteristics of the site as a primary consideration in determining building footprints, access, etc. Clustering is typically processed during the site review phase of development review.</td>
<td>Moderate. Clustering can increase density, however, if other areas of the site that could otherwise be developed are not developed, the scale of impact can be reduced.</td>
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<tr>
<td>Reduce Street Width Standards</td>
<td>This policy is intended to reduce land used for streets and slow down traffic. Street standards are typically described in development and/or subdivision ordinances. Reduced street width standards are most commonly applied on local streets in residential zones. Narrower streets make more land available to housing and economic-based development. Narrower streets can also reduce long-term street maintenance costs.</td>
<td>Scale of Impact - Small. This policy is most effective in cities that require relatively wide streets.</td>
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| Preserving Existing Housing Supply | Housing preservation ordinances typically condition the demolition or replacement of certain housing types on the replacement of such housing elsewhere, fees in lieu of replacement, or payment for relocation expenses of existing tenants. Preservation of existing housing may focus on preservation of smaller, more affordable housing. Approaches include:  
  - Housing preservation ordinances  
  - Housing replacement ordinances  
  - Single-room-occupancy ordinances  
  - Regulating demolitions                | Scale of Impact - Small. Preserving small existing housing can make a difference in the availability of affordable housing in North Plains but it is limited by the existing stock housing, especially smaller, more affordable housing. |
| Inclusionary Zoning              | Inclusionary zoning policies tie development approval to, or provide regulatory incentives for, the provision of low- and moderate-income housing as part of a proposed development. Mandatory inclusionary zoning requires developers to provide a certain percentage of low-income housing. Incentive-based inclusionary zoning provides density or other types of incentives.  
  Price of low-income housing passed on to purchasers of market-rate housing; inclusionary zoning impedes the "filtering" process where residents purchase new housing, freeing existing housing for lower-income residents. | Scale of Impact – Small to moderate. Inclusionary zoning has recently been made legal in Oregon. The scale of impact would depend on the inclusionary zoning policies adopted by the city.  
  In many cases, jurisdictions that use inclusionary zoning will need to provide development incentives to ensure the feasibility of development projects affected by an inclusionary zoning policy.  
  Development incentives  
  The principal incentives are direct subsidies, tax abatements, and reduced parking requirements. Individually and in combination these incentives can substantially enhance the feasibility of development projects affected by an inclusionary zoning policy. |
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<tr>
<td><strong>Increasing Land Available for Housing</strong></td>
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<td>Redesignate or rezone land for housing</td>
<td>The types of land rezoned for housing are vacant or partially vacant low-density residential and employment land rezoned to multifamily or mixed use. In rezoning land, it is important to choose land in a compatible location, such as land that can be a buffer between an established neighborhood and other denser uses or land adjacent to existing commercial uses. When rezoning employment land, it is best to select land with limited employment capacity (e.g., smaller parcels) in areas where multifamily housing would be compatible (e.g., along transit corridors or in employment centers that would benefit from new housing). This policy change increases opportunity for comparatively affordable multifamily housing and provides opportunities for mixing residential and other compatible uses.</td>
<td><strong>Scale of Impact - Small to large:</strong> Scale of impact depends on the amount and location of land rezoned and the densities allowed on the rezoned land.</td>
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<tr>
<td>Encourage multifamily residential development in commercial zones</td>
<td>This tool seeks to encourage denser multifamily as part of mixed-use projects in commercial zones. Such policies lower or eliminate barriers to residential development in commercial or mixed-use zones. They include: eliminating requirements for non-residential uses in commercial zones (e.g., requirements for ground floor retail) or requiring minimum residential densities. This policy can increase opportunities for multifamily development on commercial or mixed-use zones or increase the density of that development.</td>
<td><strong>Scale of Impact – Small to moderate:</strong> North Plains allows multifamily housing in the Community Commercial zone, as part of a mixed-use development. Further encouraging multifamily housing in commercial zones would likely have a small impact, there is relatively little vacant Community Commercial land. North Plains’ may want to encourage more mixed-use development in the Neighborhood Community zone.</td>
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| Promoting Infill Development | This policy seeks to maximize the use of lands that are fully developed or underdeveloped. Make use of existing infrastructure by identifying and implementing policies that (1) improve market opportunities, and (2) reduce impediments to development in areas suitable for infill or redevelopment. Regulatory approaches to promote infill development include:  
- Administrative streamlining  
- Allowing accessory dwelling units (ADUs)  
- Allowing small lots  
- Density bonuses | **Scale of Impact – Small:** In general, infill development, especially small-scale infill, is more expensive than other types of residential development. Some types of infill development, such as ADUs, may provide opportunities for relatively affordable housing. |
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<tr>
<td>Transfer or Purchase of Development Rights</td>
<td>This policy is intended to move development from sensitive areas to more appropriate areas. Development rights are transferred to “receiving zones” and can be traded. This policy can increase overall densities. This policy is usually implemented through a subsection of the zoning code and identifies both sending zones (zones where decreased densities are desirable) and receiving zones (zones where increased densities are allowed).</td>
<td>Small to moderate. Actual impact will depend on the extent to which the policy is used. TDRs may have little impact on overall densities since overall density is not changed; rather it is moved around. TDRs can be used to encourage higher densities in selected areas.</td>
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<tr>
<td>Provide Density Bonuses to Developers</td>
<td>The local government allows developers to build housing at densities higher than are usually allowed by the underlying zoning. Density bonuses are commonly used as a tool to encourage greater housing density in desired areas, provided certain requirements are met. This strategy is generally implemented through provisions of the local zoning code and is allowed in appropriate residential zones. Bonus densities can also be used to encourage development of low-income or workforce affordable housing. An affordable housing bonus would allow for more housing units to be built than allowed by zoning if the proposed project provides a certain amount affordable units.</td>
<td>Scale of Impact - Small.</td>
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<tr>
<td>Parcel assembly</td>
<td>Parcel assembly involves the city’s ability to purchase lands for the purpose of land aggregation or site assembly. It can directly address the issues related to limited multifamily lands being available in appropriate locations (e.g., near arterials and commercial services). Typical goals of parcel assembly programs are: (1) to provide sites for rental apartments in appropriate locations close to services and (2) to reduce the cost of developing multifamily rental units. Parcel assembly can lower the cost of multifamily development because the City is able to purchase land in strategic locations over time. Parcel assembly is more often associated with development of government-subsidized affordable housing, where the City partners with nonprofit affordable housing developers.</td>
<td>Scale of Impact - Small to moderate: Parcel assembly is most likely to have an effect on a localized area, providing a few opportunities for new multifamily housing development over time.</td>
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### Increase the types of housing

The following policies focus on ways in which the City can increase the types of housing available in order to increase housing affordability. Policies focus on increasing housing density or the number of residents within existing City lots.

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<tr>
<td>Allow Duplexes, Townhomes, Row Houses, and Tri- and Quad-Plexes in single-family zones</td>
<td>Allowing these housing types can increase overall density of residential development and may encourage a higher percentage of multifamily housing types. This approach would be implemented through the local zoning or development code and would list these housing types as outright allowable uses in appropriate residential zones. These housing types provide additional affordable housing options and allow more residential units than would be achieved by detached homes alone.</td>
<td><strong>Scale of Impact - Small.</strong> Allowing these types of housing in more zoning districts may provide a relatively small number of new, relatively affordable, housing opportunities. North Plains allows these housing types as a permitted use in some zones but could expand where they are allowed.</td>
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<tr>
<td>Permit Accessory Dwelling Units (ADUs) in single-family zones</td>
<td>Communities use a variety of terms to refer to the concept of accessory dwellings: secondary residences; “granny” flats; and single-family conversions, among others. Regardless of the title, all of these terms refer to an independent dwelling unit that share, at least, a tax lot in a single-family zone. Some accessory dwelling units share parking and entrances. Some may be incorporated into the primary structure; others may be in accessory structures. Accessory dwellings can be distinguished from “shared” housing in that the unit has separate kitchen and bathroom facilities. ADUs are typically regulated as a conditional uses. Some ordinances only allow ADUs where the primary dwelling is owner-occupied.</td>
<td><strong>Scale of Impact - Small.</strong> Allowing ADUs can provide opportunity for development of a small number of new, more affordable housing. North Plains allows ADUs in the R-7.5 and R-5 zones. North Plains may want to allow ADUs in the NC zone.</td>
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<tr>
<td>Allow small or “tiny” homes</td>
<td>“Tiny” homes are typically dwellings that are 500 square feet or smaller. Some tiny houses are as small as 100 to 150 square feet. They include stand-alone units or very small multifamily units. Tiny homes can be sited in a variety of ways: locating them in RV parks (they are similar in many respects to Park Model RVs), tiny home subdivisions, or allowing them as accessory dwelling units. Smaller homes allow for smaller lots, increasing land use efficiency. They provide opportunities for affordable housing, especially for homeowners.</td>
<td><strong>Scale of Impact - Small:</strong> Scale of impact depends on regulation of tiny homes, where they are allowed, and market demand for tiny homes.</td>
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<tr>
<td>Allow Co-housing</td>
<td>Co-housing is a type of intentional community that provides individual dwelling units, both attached and detached, along with shared community facilities. Members of a co-housing community agree to participate in group activities and members are typically involved in the planning and design of the co-housing project. Private homes contain all the features of conventional homes, but residents also have access to extensive common facilities, such as open space, courtyards, a playground, and a common house. This approach would be implemented through the local zoning or development code and would list these housing types as outright allowable uses in appropriate residential zones.</td>
<td><strong>Scale of Impact - Small.</strong> While co-housing may be able to achieve multi-family housing densities, it is unlikely that this housing type would make up a large portion of new housing stock, thereby diminishing its impact.</td>
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Programs that provide financial assistance to homeowners and renters

The following policies focus on ways in which the City and other community stakeholders can provide financial assistance to potential residents in order to increase housing affordability and accessibility for multiple income groups.

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| Homeownership programs      | Cities use a variety of programs to assist with homeownership  
  • **Homebuyer Assistance Programs.** These Down Payment Assistance loans help low- or moderate-income households cover down payment and closing costs to purchase homes on the open market. These programs either give loans or grants, most frequently to first time homebuyers.  
  • **Inclusionary Housing Program.** Some cities have an Inclusionary Housing Ordinance (IH) requires that new residential development contribute at least 20% of the total units as permanently affordable housing. Options for meeting this requirement can be allow the affordable units to be located on or off site. Cities that use inclusionary housing generally have programs to ensure that housing continues to be affordable over the long-term.  
  • **Partnerships.** Cities often work with partnerships with nonprofit agencies that provide homeownership assistance.                                                                 | Scale of Impact - Small. While homeownership programs are important, limited funds mean that the number of households that benefit from homeownership programs is relatively small. |
| Rental assistance programs  | Cities use a variety of programs to provide rental assistances  
  • **Section 8 Voucher:** This assistance subsidizes the difference between 30 to 40 percent of a household’s income and the area’s Fair Market Rent (FMR).  
  • **Rental assistance programs.** These programs offer a range of services, such as assistance with security deposits.  
  • **Rent Control.** Rent control regulations control the level and increases in rent, over time resulting in rents that are at or below market rates.  
  • **Partnerships.** Cities often work with partnerships with nonprofit agencies that provide rental assistance.                                                                                           | Scale of Impact - Small. Renter assistance programs are important. However, limited city funds mean that the number of households that benefit from rental assistance resulting from city funding is relatively small. |
| Housing Rehabilitation Programs | Cities often offer home rehabilitation programs, which provide loans to low- and moderate-income households for rehabilitation projects such as making energy efficiency, code, and safety repairs. Some programs provide funding to demolish and completely reconstruct substandard housing.                                                                                      | Scale of Impact - Small. Limited fund availability means that relatively few households will be able to access housing rehabilitation funds. |
Programs that provide financial assistance to lower development or operational costs

The following policies focus on ways in which the City and other entities involved in development can provide financial assistance to lower development or operational costs in North Plains in order to increase housing affordability and available housing stock. Recommendations are broken into the following categories: programs to lower the cost of development, sources of funding to pay for infrastructure to support development, and tax abatement programs that decrease operational costs by decreasing property taxes.

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<tr>
<td>Programs to lower the cost of development</td>
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<td>SDC Financing Credits</td>
<td>Enables developers to stretch their SDC payment over time, thereby reducing upfront costs. Alternately, credits allow developers to make necessary improvements to the site in lieu of paying SDCs. Note that the City can control its own SDCs, but often small cities manage them on behalf of other jurisdictions including the County and special districts. Funding can come from an SDC fund or general fund. In some cases there may be no financial impact. Can come in the form of student, low-income, or workforce housing.</td>
<td>The City may consider changes in SDCs to allow financing but the City would want to ensure that the impact should be spread-out and non negatively impact one entity.</td>
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<tr>
<td>Sole Source SDCs</td>
<td>Retains SDCs paid by developers within a limited geographic area that directly benefits from new development, rather than being available for use city-wide. This enables SDC-eligible improvements within the area that generates those funds to keep them for these improvements. Improvements within smaller areas can enhance the catalytic and redevelopment value of the area. This tool can also be blended with other resources such as LIDs and TIF. Funding can come from an SDC fund or general fund. In some cases there may be no financial impact. The housing can come in the form of student, low-income, or workforce housing.</td>
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<tr>
<td>Fees or Other Dedicated Revenue</td>
<td>Directs user fees into an enterprise fund that provides dedicated revenue to fund specific projects. Examples of those types of funds can include parking revenue funds, stormwater/sewer funds, street funds, etc. The City could also use this program to raise private sector funds for a district parking garage wherein the City could facilitate a program allowing developers to pay fees-in-lieu or “parking credits” that developers would purchase from the City for access “entitlement” into the shared supply. The shared supply could meet initial parking need when the development comes online while also maintaining the flexibility to adjust to parking need over time as elasticity in the demand patterns develop in the district and influences like alternative modes are accounted for. Funding can come from residents, businesses, and developers. Also these fees or revenues allow for new revenue streams into the City.</td>
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<tr>
<td>Public Land Disposition</td>
<td>The public sector sometimes controls land that has been acquired with resources that enable it to dispose of that land for private and/or nonprofit redevelopment. Land acquired with funding sources such as tax increment, EB5, or through federal resources such as CDBG or HUD Section 108 can be sold or leased at below market rates for various projects to help achieve redevelopment objectives. This increases development feasibility by reducing development costs and gives the public sector leverage to achieve its goals via a development agreement process with the developer. Funding can come from Tax Increment, CDBG/HUD 108, EB-5.</td>
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<tr>
<td>Reduced Parking Requirements</td>
<td>Allows development of housing units to with discretionary reduction of parking requirements if an applicant can demonstrate that no more parking is needed. Reduced parking requirements are generally used in conjunction of development of subsidized affordable housing but cities like Portland have reduced or eliminated parking requirements for market-based multifamily housing in specific circumstances.</td>
<td>Scale of Impact - Small. The City could require the developer to prove the need and public benefit or reducing parking requirements to increase housing affordability.</td>
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| Sources of funding to pay for infrastructure to support development | **Urban Renewal / Tax Increment Finance (TIF)** Tax increment finance revenues are generated by the increase in total assessed value in an urban renewal district from the time the district is first established. As property values increase in the district, the increase in total property taxes (i.e., City, County, school portions) is used to pay off the bonds. When the bonds are paid off, the entire valuation is returned to the general property tax rolls. TIFs defer property tax accumulation by the City and County until the urban renewal district expires or pays off bonds. Over the long term (most districts are established for a period of 20 or more years), the district could produce significant revenues for capital projects. Urban renewal funds can be invested in the form of low-interest loans and/or grants for a variety of capital investments:  
  - Redevelopment projects, such as mixed-use or infill housing developments  
  - Economic development strategies, such as capital improvement loans for small or start up businesses which can be linked to family-wage jobs  
  - Streetscape improvements, including new lighting, trees, and sidewalks  
  - Land assembly for public as well as private re-use  
  - Transportation enhancements, including intersection improvements  
  - Historic preservation projects  
  - Parks and open spaces | Scale of Impact – Moderate. Urban Renewal funding is a flexible tool that allows cities to develop essential infrastructure or provides funding for programs that lower the costs of housing development (such as SDC reductions or low interest loan programs). Portland used Urban Renewal to catalyze redevelopment across the City, including the Pearl District and South Waterfront. |
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<td>General Fund and General Obligation (GO) Bonds</td>
<td>The city can use general fund monies on hand or can issue bonds backed by the full faith and credit of the city to pay for desired public improvements. GO Bonds require a public vote which can be time-consuming and costly. GO Bonds also raise property owner taxes.</td>
<td><strong>Scale of Impact – Moderate to Large.</strong> GO Bonds can be used to develop essential infrastructure or provides funding for programs that lower the costs of housing development (such as SDC reductions or low interest loan programs).</td>
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<tr>
<td>Linkage Fees for Non-Residential Development</td>
<td>Linkage fees are a type of impact fee based on the source of the impact. In this case, the fee is based on the impact of commercial and industrial development creating additional housing demand. New nonresidential development generates jobs, which triggers housing needs for their workers. Commercial and/or industrial developers are charged fees, usually assessed per square foot, which then are used to build new housing units. A community-wide analysis is usually performed to estimate the type and amount of jobs and wages that are expected to be generated by new development.</td>
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<td>Local Improvement District (LID)</td>
<td>This tool is a special assessment district where property owners are assessed a fee to pay for capital improvements, such as streetscape enhancements, underground utilities, or shared open space. LiDs must be supported by a majority of affected property owners and setting up fair LID payments for various property owners, who are located different distances from the improvement can be challenging. However, if successful it succeeds in organizing property owners around a common goal. It also allows property owners to make payments over time to bring about improvements quickly that benefit them individually. LiDs can also be bundled with other resources, such as TIFs.</td>
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| Community Development Block Grants (Federal Program, Locally Administered) | Community Development Block Grants (CDBG) provide communities with resources to address a range of community development needs, including infrastructure improvements, housing and commercial rehab loans and grants, as well as other benefits targeted to low- and moderate-income persons. Funds can be applied relatively flexibly. This program has been run since 1974, and is seen as being fairly reliable, but securing loans/grants for individual projects can be competitive. Some drawbacks to CDBG funds include:  
  • Administration and projects must meet federal guidelines such as Davis Bacon construction requirements.  
  • Amount of federal funding for CDBG has been diminishing over the past few years.  
  • CDBG program is not in the control of the City. | |
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<td>Section 108 (Federal Program, Locally Administered)</td>
<td>HUD Section 108 increases the capacity of block grants to assist with economic development projects by enabling a community to borrow up to five times its annual CDBG allocation. These funds can be fairly flexible in their application. The program has been in operation since 1974 and has gained reliability. It enables a larger amount of very low interest-rate-subordinate funding for eligible projects. As with CDBGs, the process of securing the loan can be competitive.</td>
<td><strong>Scale of Impact - Small.</strong> Section 108 funds could be used to help finance development of some affordable housing but would only cover a portion of the affordable housing development.</td>
</tr>
<tr>
<td>Housing Trust Funds</td>
<td>Housing trust funds are designed locally so they take advantage of unique opportunities and address specific needs that exist within a community. Housing trust funds support virtually any housing activity that serves the targeted beneficiaries and would typically fund new construction and rehabilitation, as well as community land trusts and first time homeowners. This tool is often used in cities with inclusionary zoning ordinances, which generates fees to fund development of the housing trust fund. Successfully implementing this tool requires a dedicated funding source.</td>
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**Tax abatement programs that decrease operational costs by decreasing property taxes**

| Vertical Housing Tax Abatement (State of Oregon enabled, locally adopted) | Subsidizes "mixed-use" projects to encourage dense development or redevelopment by providing a partial property tax exemption on increased property value for qualified developments. The exemption varies in accordance with the number of residential floors on a mixed-use project with a maximum property tax exemption of 80% over 10 years. An additional property tax exemption on the land may be given if some or all of the residential housing is for low-income persons (80% of area is median income or below). The proposed zone must meet at least one of the following criteria:  
  - Completely within the core area of an urban center.  
  - Entirely within half-mile radius of existing/planned light rail station.  
  - Entirely within one-quarter mile of fixed-route transit service (including a bus line).  
  - Contains property for which land-use comprehensive plan and implementing ordinances effectively allow "mixed-use" with residential. | **Scale of Impact – Small to moderate.** The design of the tax abatement program will impact whether and how many developers use the tax abatement, which will affect the scale of the impact. |

[State program webpage.](#)
<table>
<thead>
<tr>
<th>Strategy Name</th>
<th>Description</th>
<th>Scale of Impact in North Plains</th>
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<tbody>
<tr>
<td>Multiple-Unit Limited Tax Exemption Program (Locally Enabled and Managed)</td>
<td>Multi-unit projects receive a ten-year property tax exemption on structural improvements to the property as long as program requirements are met. There is no ground floor active use requirement for this tool. The City of Portland’s program, for example, limits the number of exemptions approved annually, requires developers to apply through a competitive process, and encourages projects to provide greater public benefits to the community. This program is enabled by the state, but managed by the local jurisdiction.</td>
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