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City of Canby

Housing Production Strategy

DRAFT REPORT ♦ MARCH 2023

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GLOSSARY

Accessory Dwelling Unit (ADU): A small living space located on the same lot as a single-family house.

Affordable For-Sale Housing: An owner-occupied dwelling with an annual housing cost (mortgage payments, utilities, property taxes, etc.) that equates to no more than 30% of household income.*

Affordable Rental Housing: A dwelling that is rented by a person or household whose monthly housing costs, including utilities other than telephone, do not exceed 30% of the household's monthly income. If income-restricted or government supported, U.S. Housing and Urban Development (HUD) income restrictions vary by family size.*

**A healthy housing market includes a variety of housing types that are affordable to a range of household income levels. However, the term “affordable housing” is often used to describe income-restricted housing available only to qualifying low-income households. Income-restricted housing can be located in public, non-profit or for-profit developments. It can also include housing vouchers to help pay for market-rate housing (see “Vouchers” below for more details).*

American Community Survey (ACS): This is an ongoing nationwide survey conducted by the U.S. Census Bureau. It is designed to provide communities with current data about how they are changing.

Area median income (AMI): This term refers to area-wide median family income calculations provided by the federal Department of Housing and Urban Development (HUD) for a county or region. Income limits to qualify for affordable housing are often set relative to AMI in this report, unless otherwise indicated.

Buildable Lands Inventory (BLI): An assessment of the capacity of land to accommodate forecasted housing and employment needs.

Buildable Residential Land: Includes land that is designated for residential development that is vacant and part-vacant and not constrained by existing buildings or environmental issues.

Cost Burdened: Defined by US Department of Housing and Urban Development (HUD) as households who spend over 30% of their income on housing.

Cottages: Small, single-level, detached units, often on their own lots and sometimes clustered around pockets of shared open space. A cottage is typically under 1,000 square feet in footprint.

Density: Defined by the number of housing units on one acre of land.

Development density: Expected number of dwelling units (per acre) based on current zoning designations.

Fair market rent (FMR): HUD determines what a reasonable rent level should be for a geographic area and sets this as the areas FMR. Housing choice voucher program holders are limited to selecting units that do not rent for more than fair market rent.

Family: A group two or more people (one of whom is the householder) related by birth, marriage, or adoption and residing together.

Group Quarters: People living in shared housing facilities, such as a college dormitory, military barrack, nursing home or temporary shelter are not considered households and are counted as group quarters population.

High Density: Lots with the average density of 12+ dwelling units per acre. Best suited for multifamily housing such as apartments and condominiums.

Housing Unit (or Dwelling Unit): A house, an apartment or other group of rooms, or a single room is regarded as a housing unit when it is occupied or intended for occupancy as separate living quarters; that is, when the occupants do not live and eat with any other person in the structure and there is direct access from the outside or common hall.

Household: Consists of all people that occupy a housing unit. The people can be related, such as a family or unrelated. A person living alone is also a household.

HUD: Acronym for US Department of Housing and Urban Development, the federal agency dedicated to strengthening and supporting the housing market.

Low Density: Lots with the average density of 3-5 dwelling units per acre. Best suited for family housing such as single-family detached homes.

Low-Income: Families designated as low-income may qualify for subsidized housing and/or income-based deed-restricted housing units. HUD classifies families based on median family income levels as shown below:

Income Category	Household Income*
Extremely low-income	30% of MFI or less
Very-low income	30-50% of MFI
Low income	50-80% of MFI
Moderate income	80-100% of MFI
Above median income	> 100% of MFI

* Median Family Income (MFI) for the HUD defined market area.

Manufactured Housing: A type of prefabricated home that is largely assembled of site and then transported to sites of use. The definition of the term in the United States is regulated by federal law (Code of Federal Regulations, 24 CFR 3280): "Manufactured homes are built as dwelling units of at least 320 square feet in size, usually with a permanent chassis to assure the initial and continued transportability of the home. The requirement to have a wheeled chassis permanently attached differentiates "manufactured housing" from other types of prefabricated homes, such as modular homes.

Median Family Income (MFI): The median sum of the income of all family members 15 years and older living in the household. Families are groups of two or more people (one of whom is the householder) related by birth, marriage, or adoption and residing together; all such people (including related subfamily members) are considered as members of one family. Median income of non-family households tends to be lower than for family households. In this report both MFI and AMI refer to the U.S. Department of Housing and Urban Development Area Median Family Income (AMI) unless otherwise specified.

Medium Density: Lots with the average density of 6-12 dwelling units per acre. Best suited for small lot housing such as single family attached, townhomes, plexes and cottages.

Middle Housing: Housing types that is generally attainable for households earning less than 120% of the area median income level. Typically includes plexes (2-4 units per structure), townhomes, apartments, accessory dwellings, cottage homes and manufactured homes.

Mixed Use: Characterized as two or more residential, commercial, cultural, institutional, and/or industrial uses into one combined building or building(s) on the same parcel of land.

Multi-Family Housing: Stacked flats in a single buildings or groups of buildings on a single lot with 5 or more units per structure. Parking is shared, and entrance to units is typically accessed through a shared lobby.

Part-vacant land: Unconstrained land that has some existing development but can be subdivided to allow for additional residential development.

Permanent Resident Population: This refers to the count of all people (citizens and noncitizens) who are living in the location at the time of the census. People are counted at their usual residence, which is the place where they live and sleep most of the time.

Plexes: two to four separate dwelling units within one structure on a single lot. In most instances each duplex, triplex or quadplex unit has its own separate entry.

Residual Land Value: The amount a developer would typically be willing to pay for the land/site in order to build a specific real estate improvement based on underlying assumptions and market conditions.

Seasonal dwellings: These units are intended by the owner to be occupied during only certain seasons of the year. They are not anyone's usual residence. A seasonal unit may be used in more than one season; for example, for both summer and winter sports. Published counts of seasonal units also include housing units held for occupancy by migratory farm workers. While not currently intended for year-round use, most seasonal units could be used year-round.

Severely Cost Burdened: Defined US Department of Housing and Urban Development (HUD) as households who spend over 50% of their income on housing.

Single Family Attached: Residential structures comprised of two to four housing units with a shared wall that separates each unit. "Attached" duplexes require a single building permit for both dwelling units.

Single Family Detached: Free standing residential building, unattached, containing separate bathing, kitchen, sanitary, and sleeping facilities designed to be occupied by not more than one family, not including manufactured and mobile homes.

Subsidized Housing: Public housing, rental assistance vouchers, and developments that use Low-Income Housing Tax Credits (LIHTC) are examples of subsidized housing. Subsidized housing lowers overall housing costs for its occupants. Affordable housing and subsidized housing are different even though the terms are sometimes used interchangeably.

Tenure: Tenure refers to the ownership of the housing unit in relation to its occupants. According to the U.S. Census Bureau, a housing unit is “owned” if the owner or co-owner(s) live in the unit, even if it is mortgaged or not fully paid for. A cooperative, condominium or mobile home is “owned” only if the owner or co-owner lives in it. All other occupied housing units are classified as “rented.”

Townhome (also known as duplexes, rowhouse, etc.): Attached housing units, each on a separate lot, and each with its own entry from a public or shared street or common area.

Vacant housing unit: A housing unit is vacant if no one is living in it at the time of enumeration unless its occupants are only temporarily absent. Units temporarily occupied at the time of enumeration entirely by people who have a usual residence elsewhere are also classified as vacant.

Vacant land: Vacant and part-vacant land identified within the local buildable land inventory that is not developed and unconstrained for future planned residential development.

Vouchers (Tenant-based and Project-based): HUD provides housing vouchers to qualifying low-income households to off-set a portion of their rents. These are typically distributed by local housing authorities. Vouchers can be “tenant-based,” meaning the household can use them to help pay for market-rate housing in the location of their choice. The tenant pays the difference between the fair market rent and 30% of the tenant’s income. Or vouchers can be “project-based,” meaning they are assigned to a specific building.

EXECUTIVE SUMMARY

Key findings from the draft **Housing Needs Analysis** include:

- Canby's population is forecast to grow by approximately 5,931 new residents by 2043.
- Nearly 1 in 5 renter households in Canby are severely rent burdened with over 50% of their income going towards monthly housing costs.
- In 2019, the median family income (MFI) in Canby was \$80,484. Households making the MFI can afford the mortgage of a \$410,000 house or a monthly rent of \$1,900.
- The median home price in Canby is \$560,000. Home prices have been growing rapidly in the region - 14% in each of the last two years.
- Based on the projected population, Canby needs to add 2,286 new dwelling units over the next 20 years:
 - ✓ 1,416 single-family detached homes
 - ✓ 327 townhomes/plexes
 - ✓ 362 multifamily units
 - ✓ 158 manufactured housing or cottages
 - ✓ 23 group quarters (e.g., beds in assisted living arrangements)
- The Canby Urban Growth Boundary (UGB) cannot accommodate future housing needs, with a land deficit of approximately 201 acres.
- Before considering a UGB expansion, the City must explore ways to accommodate more housing within the existing UGB pursuant to state law.

Concurrent with the Canby Housing Needs Assessment, the City is also preparing a Housing Production Strategy. The draft **Housing Production Strategy** examines how the City can impact housing affordability, access and choice, displacement and housing stability.

Community input will help inform and shape future housing strategies and policies that shall be adopted as part of a Community Plan and Transportation System Plan update during 2023-2024.

Potential housing production strategies are listed on the following page.

1. Develop criteria & process for identifying areas to increase housing density
2. Allow cottage developments in low density residential zones (i.e., grouping of small detached homes with shared common areas)
3. Streamline permitting for Planned Unit Developments (PUDs)
4. Encourage development through Planned Unit Developments
5. Modify system development charges (SDCs) to reflect home size
6. Periodically update the Housing Needs Analysis
7. Conduct periodic review of potential barriers to new development
8. Conduct land use permitting education workshops
9. Amend commercial zoning to allow mixed-use housing development

If you would like to learn more about the City of Canby's long range planning initiatives please visit:

<https://www.canbyoregon.gov/dev-services/page/canby-housing-and-economic-opportunity-assessments>

I. INTRODUCTION

PURPOSE

Communities across the state of Oregon are facing unprecedented challenges with providing and affordable housing. In response, the Oregon legislature passed a series of measures designed to encourage cities to proactively look ahead and identify local housing policies which will meet existing and future housing needs for all residents.

In Canby, the City is undertaking comprehensive studies of housing issues, needs and local policy recommendations in the form of a Housing Needs Analysis update and this Housing Production strategy. The Housing Production Strategy is intended to expand on the work of the Housing Needs Analysis by examining how a City can impact housing affordability, access and choice issues, displacement and housing stability. The HPS process includes a review of the City's policies, past actions, future housing needs, and an analysis of who is at risk of being left behind in the existing housing environment. Community input is obtained to identify and evaluate recommended policy changes that can be implemented to increase production of needed subsidized and market-rate housing.

At its core, the HPS identifies future housing needs to serve all economic and demographic segments of the community.

The Housing Production Strategy address the following questions:

APPROACH

Key steps taken to create this report include the following:

- **Contextualized Housing Needs Analysis** (Report) sets the stage for the overall HPS. The Report summarizes findings from the HNA; identifies actions already taken by the City to foster housing production; and identifies the housing needs of key demographics in the City of Canby whose housing needs may not be met. Those demographics include renters, the elderly, the disabled, and racial and ethnic minorities. This report can be found in **Appendix A**.
- **Stakeholder Input.** Through the HNA and HPS process, interviews were conducted with housing stakeholders including developers, affordable housing advocates, real estate brokers, housing consumers and others to confirm housing development barriers and opportunities. Input was also gathered through an online survey open to the public, an open house, a regularly convened Housing Advisory Committee, and presentations to City Council and Planning Commission. These outreach efforts provided local context regarding existing conditions in Canby's housing market as well as direction on which policies were recommended.

-
- *Who lives here, what are their socioeconomic characteristics and what are their housing needs?*
 - *What types of housing are available?*
 - *Are there any groups of people who are not able to find housing that is safe, affordable, and meets their household needs?*
 - *How much housing, and what types of housing, are needed to meet current and future housing needs?*
 - *What local policies and actions can be taken to produce additional affordable and market rate housing?*
-

- **Development of Recommended Strategies to Accommodate Future Housing Need.** Based on data gathered through public outreach and review of the City's draft HNA, the consultant team identified strategies recommended for inclusion in the HPS (detailed in section 4 of this report).
- **HPS Report.** The findings and recommendations of the HPS are compiled in this draft report document. Feedback and recommended edits to this draft report will be reviewed and incorporated prior to the HPS being finalized.

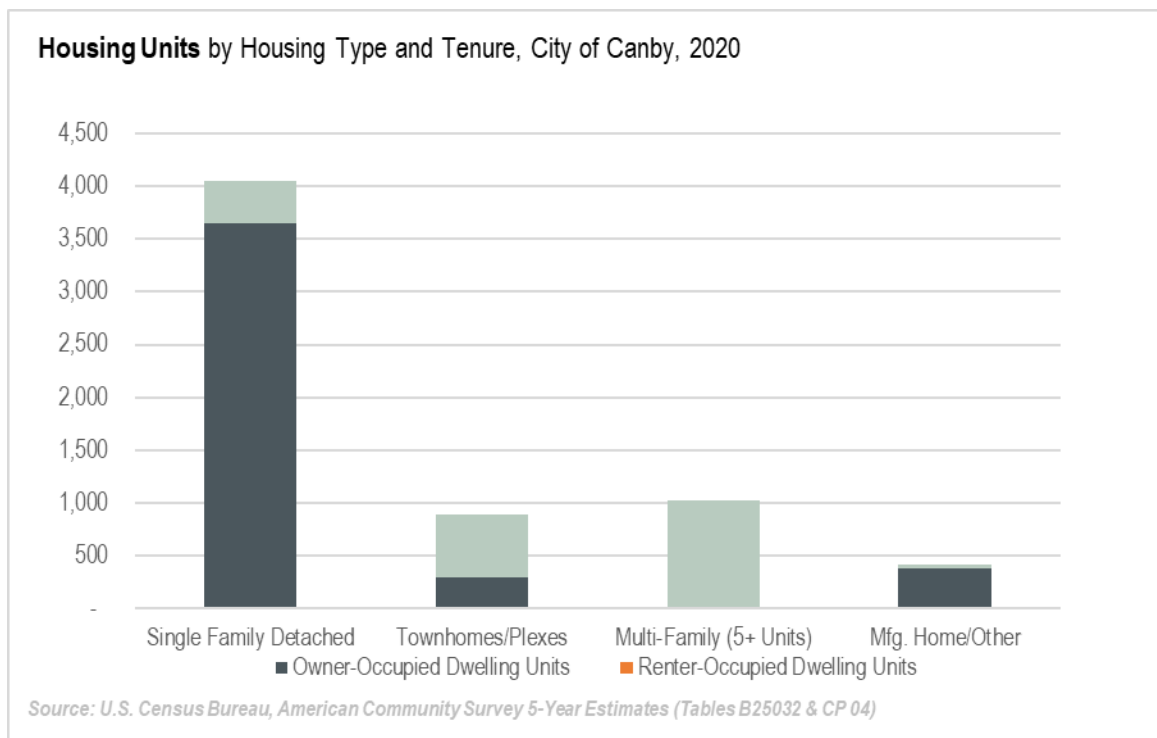
II. CANBY'S HOUSING NEEDS

Canby is in the process of completing an update to its Housing Needs Analysis (HNA). The HNA projects the number of housing units that will be needed to meet the needs of the City's growing population as well as the buildable land that will be needed to accommodate the development of that new housing. The document also provides crucial data related to the state of the existing housing market including affordability analyses. The HNA also served as an important bridge to the Contextualized Housing Need analysis available in **Appendix A** and which is summarized below.

Key takeaways from the HNA include the following.

- **Population in Canby is forecasted to increase faster than the statewide average.** Based on Portland State University Population Research Center (PRC) data, population in the Canby UGB is projected to increase by 5,931 persons over the next 20 years, this equates to a 1.3% average annual rate of growth.
- **The vast majority (68% of occupied dwellings) in Canby are owner-occupied.** Most of those owner-occupied units are single-family detached units. Renters are much more likely to live in multifamily and townhome/plex units.

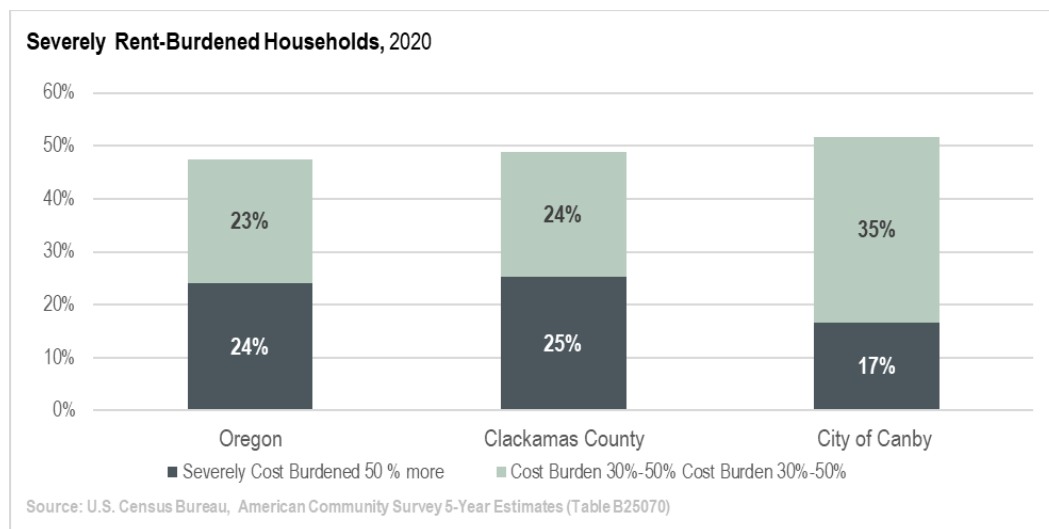
Exhibit 1: Existing Housing by Type and Tenancy, Canby



- **Vacancy rates are very low.** Only 3% of housing units in Canby were vacant in 2020, which is lower than the countywide average (6%) as well as the statewide average (8%). Canby housing vacancy rates are reported to be even lower today as housing demand continues to outpace production of new housing.

- **Housing demand prospects are very strong in Canby.** The draft HNA forecasts a need for 2,236 units (1,502 new ownership units and 733 new rental units) to keep pace with population growth. The forecasted housing needs analysis concluded that:
 - Approximately 62% of the new units were projected to be single-family (detached and attached) homes.
 - 7% are projected to be manufactured homes in parks.
 - Duplex through four-plex units were projected to represent 15% of the total need.
 - Multifamily units are expected to make up 16% of projected future need.
 - Of ownership units, 84% were projected to be single-family homes, 7% will be absorbed by townhomes and plexes, another 7% of demand will be met by manufactured homes, and 2% will be in multifamily developments.
 - There is a greater mix of demand among rental units, with 49% expected in multifamily developments, 30% in townhomes and plexes, 19% in single-family detached units, and 2% in manufactured homes.
- **Housing prices are outpacing household incomes.** In 2019, the median family income in Canby was \$80,484. Households making the MFI can afford the mortgage of a \$410,000 house or a monthly rent of \$1,900. The median home price in Canby is \$560,000. Home prices have been growing rapidly in the region - 14% in each of the last two years.
- **There is a current supply shortage for rentals in Canby.** According to the US Census American Community Survey (ACS) 2020 5-year estimates (B25070) cited in the draft HNA, over half of all renter households (52%) spend greater than 30% of their incomes on rent, while 17% spent greater than 50% of their incomes on rent, indicating that they were severely housing cost burdened. Renters in Canby experience a high-cost burden (over a quarter of renter households spend more than 50% on rent) largely because of a lack of affordable rental units, especially among households at the lower to middle end of the rent range.

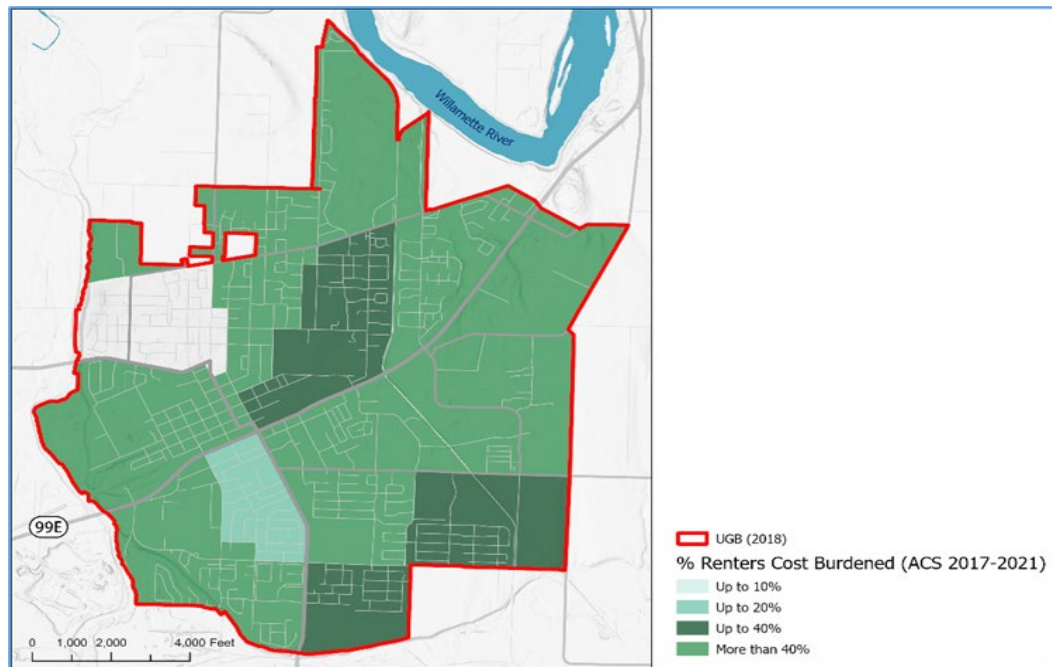
Exhibit 2: Rent Burden



Further information regarding contextualized housing needs, an analysis of the housing needs of key demographic subgroups in the City of Canby, can be found in **Appendix A**.

Canby's rent burdened households are dispersed throughout the entire City, as shown in the following map reflecting the latest estimates for 2020.

Map of Canby Rent Burdened Households, 2020



- **Housing demand will persist across all income levels.** The draft HNA recommends that Canby plan for a wider range of housing types over the next 20 years, as mentioned above.
- **Single family housing demand will remain strong.** Future demand for home ownership will remain higher in the mid- to higher-income ranges.
- **To help minimize rent burdens** it is recommended that the City continue to plan for several middle housing types that would be more attainable to households earning 80% or less of the area median income level (see Exhibits 3 and 4).

Exhibit 3: Projected Housing Unit Demand by Income Level

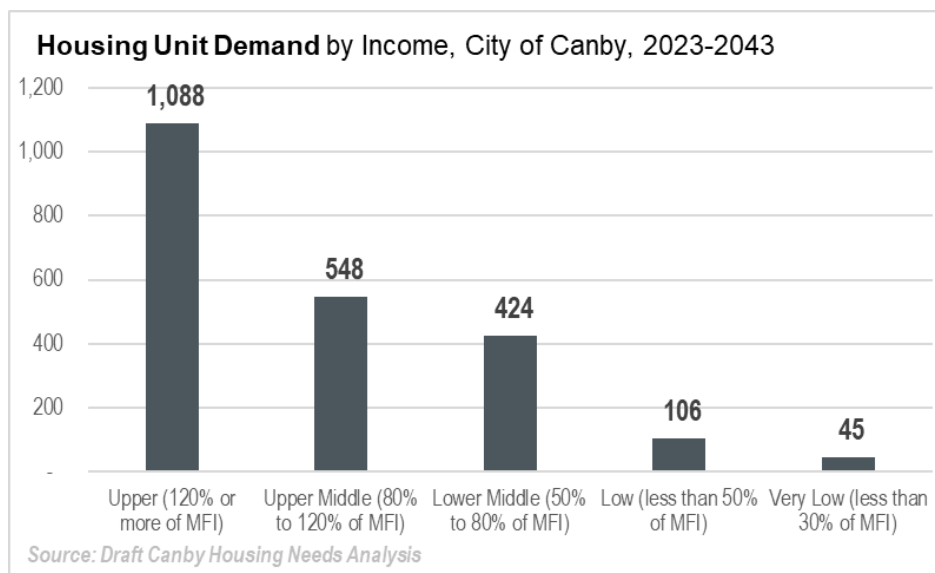


Exhibit 4: Projected Housing Unit Demand by Income Level

Household Income Level	Owner Occupied Dwelling Units	Renter Occupied Dwelling Units	Total Dwellings	Attainable Housing Products
Upper (120% or more of MFI)	1,076	36	1,113	Standard Detached Homes
Upper Middle (80% to 120% of MFI)	353	207	561	Small Lot Homes, Townhomes, Apartments
Lower Middle (50% to 80% of MFI)	108	326	434	Townhomes, Cottage or Mfg'd. Homes, Plexes, Apartments
Low (less than 50% of MFI)	0	109	109	Govt. Assisted & Accessory Dwellings
Very Low (less than 30% of MFI)	0	46	46	Govt. Assisted Housing
Housing Units	1,536	725	2,263	
Plus Group Quarters Units	0	23	23	Transitional housing & congregate care
Total Dwelling Units	1,536	749	2,286	

Source: estimates based on prior tables and stated assumptions.

- **Overall net new housing demand in Canby for the next 20 years is 2,286 dwelling units.** After accounting for an estimated 20+/- infill middle housing units that could be attributed to recent amendments to comply with HB 2001, the new construction that will require vacant or part vacant land consists of 2,262 dwellings.
- **Canby will require approximately 424 net acres and 518 gross buildable acres of residential land to accommodate 20-year housing needs.** Most land demand is expected in the lower density category (465 buildable acres) with measurable demand also expected in the medium and high-density category (66 acres).
- **Canby has an inadequate buildable land supply.** The updated buildable land inventory indicates that the vacant, part vacant and redevelopable land inventory is insufficient to address overall housing needs (201-acre deficit). Additional land needs are evident in all land use categories, ranging from low (152-acre) to medium (33 acres) and higher density (16 acres).

Exhibit 5: Baseline Housing Land Need Forecast, Canby UGB

Projected 20-year Land Sufficiency for Housing, Canby UGB: Safe Harbor Scenario				
Dwelling Unit Type	Applicable Plan Designation	Gross Buildable Land Requirement (gross acres)	Buildable Land Inventory (gross acres)³	Net Buildable Land Surplus or Deficit (acres)
Single Family Detached	LDR	443	312	(152)
Mfd. Homes & Cottages	¹	22	-	
Townhomes/Plexes (2-4 units)	MDR	40	7	(33)
Multifamily (5+ units) ²	HDR, RC	26	10	(16)
Total		530	329	(201)

Source: prior tables; and interpretation of current zoning code and housing development/market conditions.

¹ Manufactured housing is allowed in all residential zones.

² Category also includes group quarters housing demand.

³ Land inventory assumes that all developments in the planning pipeline will have building permits issued prior to adoption.

ACTIONS BY THE CITY TO MEET HOUSING NEEDS

The City of Canby has been focused on addressing local housing needs for many years.

Recent Accomplishments

Recent accomplishments include:

- The City has a limited provision in the Zoning Code (Chapter 16.82) that allows deviations of development standards for "Special Housing Projects for the Elderly or Handicapped."
- Housing in a specifically defined Downtown Core area of the C-1 Zone doesn't have to provide any parking if the development is mixed use.
- The City's R-2 (High Density) Residential Zone has been amended to require a minimum density of 14 du/ac, preventing lower density development.

Evaluation of Additional Local Policy Actions

- In addition to these actions, the City has drafted a current Housing Needs Analysis. Community outreach was conducted to review "best practices" used by cities to foster housing development.
- The City is also focused on concurring a Housing Production Strategy and has already conducted outreach to discuss best practices and to "short list" policy actions for potential adoption, such as:
 - A. Identify criteria and process for land to up-zone for middle housing
 - B. Revise development code to allow duplexes
 - C. Allow Cottage Clusters in all R Zones
 - D. Streamline the PUD review/approval process
 - E. Incentives for Development within PUDs
 - F. Scale SDCs by Home Size

- G. Update Housing Needs Periodically
 - H. Review Potential Barriers to Development Periodically
 - I. Education to Property Owners: Land Use Permitting for Infill & Redevelopment
 - J. Amend Commercial Zoning to Allow Mixed-Use Housing Development outside of the downtown area
- The eventual adoption/implementation of these new policy actions will help foster additional near-term housing construction for all needed housing types and could also create UGB efficiencies which could reduce the overall land needs discussed above. An evaluation of key policy measure is provided in **Section IV**.

III. COMMUNITY ENGAGEMENT

Throughout the HNA and HPS process, Canby and the consultant team conducted stakeholder interviews with key housing producers, employers, housing non-profit representatives. Examples include developers, real estate agents, housing advocates, and consumers and consumer representatives for priority populations. A presentation of public outreach activities is included in **Appendix C**.

Housing producers were asked to identify barriers and opportunities to facilitate the development of more affordable housing options. Housing consumers were asked to share their experiences attaining affordable housing and the barriers to doing so.

STAKEHOLDER INTERVIEW SUMMARY

Interviews were conducted with several housing stakeholders including the following:

Housing Consumers and Advocates

- Hope Village (staff)
- Canby Adult Center (staff and clients)
- Bridging Cultures
- Faith Based Communities

Housing Producers

- Property Owners
- Developers
- Land Use Attorney
- Apartment Complex Manager

Key themes from these interviews include the following:

Housing Producer Input

- **Lack of incentives and guidance for affordable housing** – Incentives are needed for developers to produce smaller homes.
- **Overarching regulatory requirements create a barrier** – The amount of roadway required, parking, SDC fees, design standards, and minimum lot width limit cost reducing options.
- **Existing Zoning Code, specifically Zone R-2, offers helpful flexibility** – It is less limiting than R-1 in terms of lot size and locational variability.
- **Higher density housing centralized in the Downtown area** – Look to the Dahlia Building and consider the lack of senior housing, and surplus of large rental units.

Housing Consumer Input

- **Community members live in a variety of housing types and more housing in each category is desired** – Additionally, housing should incorporate minimal maintenance, multi-modal accessibility, and connectivity.
- **Intergenerational housing, home equity, and senior housing are at the forefront of Canby residents’ desires** – Many live in Canby for the proximity to family, want to be able to own housing, and see a large need for affordable senior housing.
- **Rental housing rates are too high** – The need for affordable housing starts at 40% MFI. People with \$40,000 annual income struggle to make rents in the \$1,200 to \$1,400 range, and most rents are closer to \$1,600.
- **The City should take actionable steps to aid in creating and attracting affordable housing** – Ideally through the purchase of land, rent control measures, and development code revisions.

HOUSING ADVISORY COMMITTEE

The process for the HNA and the HPS for Canby included periodic meetings with Canby’s housing advisory committee to obtain feedback on interim deliverables and draft recommendations, with specific attention focused on understanding housing issues and identifying which policies the City should pursue. In a meeting on September 27, 2022 the agenda focused on draft HNA findings and “best practices” cities can take to foster housing production. Key takeaways are highlighted below:

- Committee members urged caution in pursuing ways to increase housing production without quality controls included. Committee members want quantity and quality.
- Pursuing high-priority infrastructure projects to unlock developable residential land has worked for the City in the past and should continue to be emphasized. This is especially true of the needed water treatment plant project.
- Density bonuses for income-restricted housing received positive feedback from committee members.
- SDCs scaled that reflect the size of housing units was also recommended.
- While relaxing parking requirements is viewed as extremely controversial, artful implementation should be considered, particularly in downtown.
- In order to make sure growth occurs in an orderly manner with high quality housing products, a well thought out, incremental approach to policy implementation is encouraged.

COMMUNITY OPEN HOUSE

An community open house meeting was held on July 14, 2022 on the topic of housing. Approximately 40 members of the public attended. City staff and the consultant team provided an update on housing data followed by an opportunity for the public to share their observations about housing issues and needs in Canby. A summary of meeting input includes the following:

- Some attendees were concerned that by planning for growth the City is making it happen. They said the City should remain small and rural and should not emulate larger cities in the greater Portland Metro Area.

- Some attendees expressed concern that any potential expansion to the UGB would destroy prime farmland.
- Attendees observed that new development design standards in Canby need to be created, with special focus on multifamily housing and fencing.
- Attendees were very supportive of Canby pursuing a policy that would allow clusters of cottages to be developed on a common lot.
- Several attendees observed that residents need to be able to weigh in on what constitutes “affordable” housing.
- Some attendees expressed concern that new apartments in the City are not affordable to most residents, with newer apartments in the area charging \$1,800 per month.
- Attendees expressed interest in using tax increment financing as part of newly formed urban renewal districts as a means to pay for infrastructure and “pay down SDCs” for affordable housing.

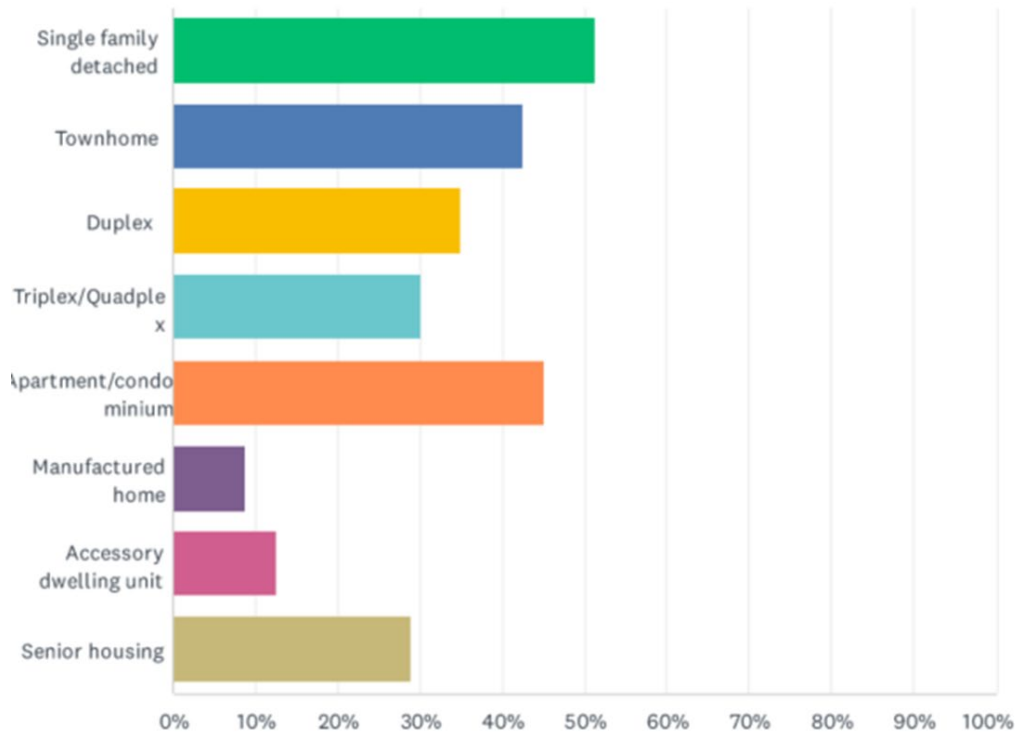
PUBLIC SURVEY

Two public meetings and online public surveys were conducted during the HNA and HPS processes, which helps contextualize public perspectives on the housing market in Canby. The first survey about housing needs received 82 responses were recorded between July 18 and September 26, 2022. A summary of feedback obtained from the online survey is provided below. The second survey about housing production strategies received 63 responses between January 31 and February 22, 2023.

What Housing Types does Canby Need Most?

Respondents to this question favored single-family detached housing followed closely by apartments/condominiums and townhomes. Accessory dwelling units were called out by about 10% of respondents with even fewer respondents saying that manufactured homes were needed in Canby.

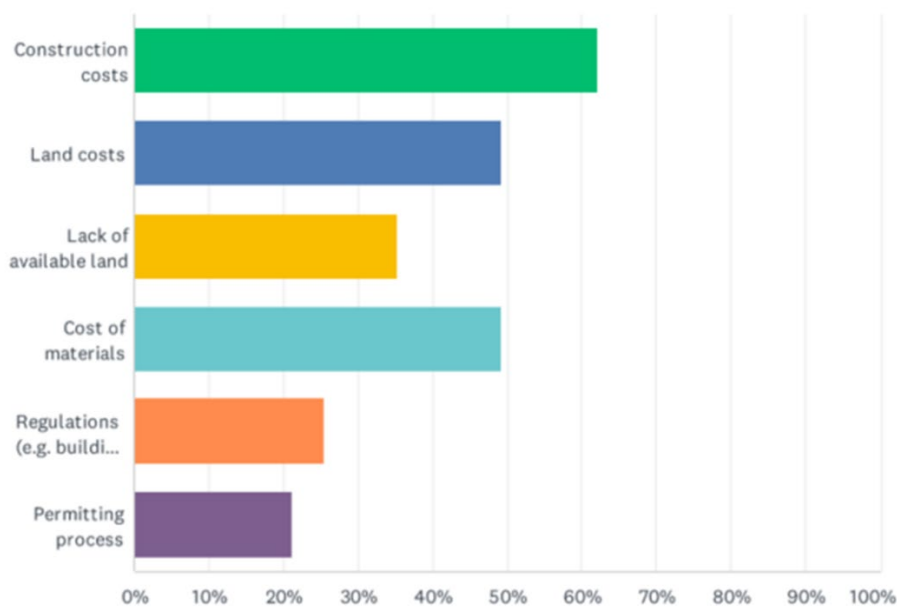
What Types of Housing Does Canby Need the Most?



What are the Top Three Barriers to Housing Development in Canby?

Nearly three quarters of respondents cited construction costs as the largest barrier to the construction of housing in the City. Nearly half of all respondents cited land costs and cost of materials as major factors as well. Importantly, only one quarter of respondents cited regulations and 20% of respondents citing the permitting process as a major barrier.

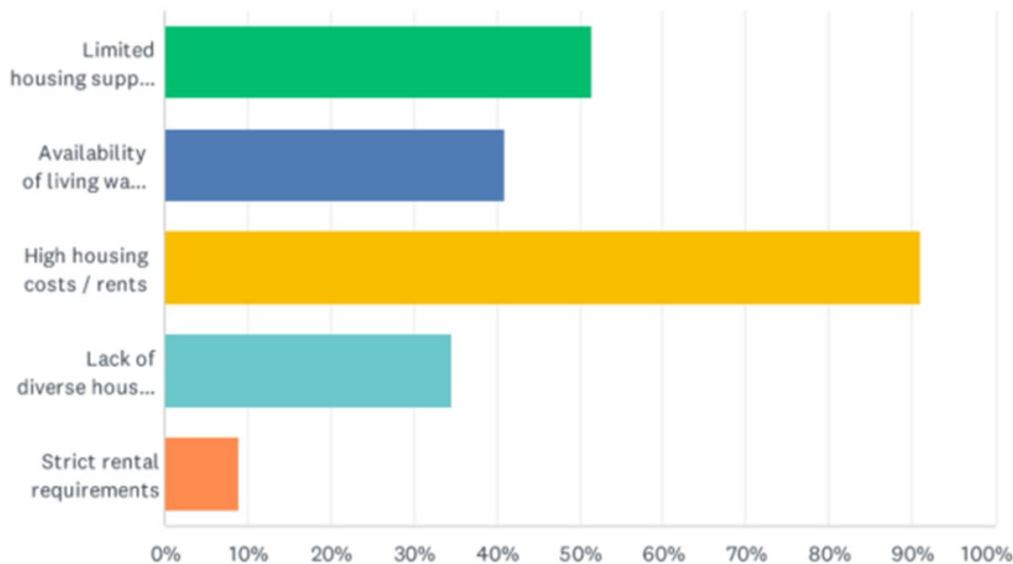
What are the Top Barriers to Housing Development?



What are the Top Barriers to Owning a Home in Canby?

Over 90% of respondents cited housing costs as a major barrier to home ownership. A lack of housing supply and the availability of living wage jobs were also significant concerns.

What are the Top Barriers to Home Ownership?



An opportunity for respondents to provide open-ended responses was also provided. Thematic responses regarding issues and concerns are summarized below.

- Traffic congestion and anything that degrades quality of life are concerns
- Lack of sidewalks & traffic control systems
- Lack of attainable housing supply for workers
- Lack of coordinated long term community master plan
- Lack of quality design & landscaping standards
- Warehousing & distribution businesses that pay low wages
- Sprawl (low density development that is not pedestrian friendly)

HOW WAS INPUT CONSIDERED?

Feedback provided by the Housing Advisory Committee, open house attendees, stakeholders, and public survey participants was used to provide important local context to the unique issues faced by Canby. Additionally, this diverse feedback provided a sense for what new policies might be politically feasible in the near term (1 to 8 years). Examples include:

- Broad support for cottage cluster development standards suggests that this is a policy the City can undertake without concern for significant pushback.
- Concern from community members regarding widespread up-zoning versus a more focused approach to identifying strategic locations where multifamily should occur.
- General support regarding the need to scale SDCs by house size.

- Overall support for additional downtown mixed-use development (e.g., housing over commercial or adjacent to commercial uses).

FUTURE OUTREACH RECOMMENDATIONS

The following recommendations for public outreach are not limited to housing policy development efforts but can be implemented on a regular basis.

- The opportunity to hear from the general public in an open house setting is beneficial. Members of the public appreciate the opportunity to learn what City staff are working on and like to have their opinions heard. This exercise also improves the mutual understanding of concerns being faced by housing consumers in Canby. It should be noted that the City has already scheduled another community wide public open house meeting that is focused on housing policy implementation during 2023.
- Continued efforts to reach out to the Hispanic and Latino community in Canby should be undertaken. Nearly 1 in 5 residents in Canby (17%) are included in this demographic. Minority residents have not been well represented during the public meetings so more targeted outreach will be required to obtain their input regarding local housing issues.
- As the impacts of the Covid-19 pandemic ease, additional efforts should be made to meet with the public at locations that are convenient to them (such as community events, farmers markets, club meetings, etc.).
- The City could consider regularly convening a housing committee that is similar to the Housing Advisory Committee created for the HNA and HPS planning process. This model exists in other communities of similar size to Canby. The ad hoc housing committee could assist with updates to local housing market data and serve as a sounding board for the review of new local policies.

IV. STRATEGIES TO MEET FUTURE NEEDS

The following strategies are intended to increase the provision of needed housing in Canby. Strategies listed below are analyzed to determine Citywide housing impact as well as how well they meet the needs of key demographics. These policies will be refined through the Housing Production Strategy process.

A. Develop Criteria & Process for Identifying Land to Up-zone for Middle Housing

Description

- Develop criteria and a process for identifying land to up-zone (or rezone) to meet the deficit of land for multifamily housing development. The criteria may include considerations of location, transportation access, access to and capacity of infrastructure, site size, development constraints, and other relevant criteria.
- This policy is recommended because of a developable high-density residential land shortfall identified in the Canby Housing Needs Analysis.

Implementation Steps

- Consider combining this change to the development code with other housing policies.
- Determine the need for consultant assistance for public outreach or technical analysis.
- Periodically update buildable land inventory data, adequacy of infrastructure, access to services throughout Canby UGB, and willingness of property owners to development land.
- Identify candidate sites and up-zone evaluation criteria.
- Identify and convene Advisory Committee to advise and review staff recommendations.
- Develop zoning code amendments and adopt them through required public hearings.

Timeframes

- For Adoption: 1-3 Years
- For Implementation: 1-3 Years
- For housing Impacts: 3-20 Years

Estimated Magnitude of Impact

- Housing Type Impact: increase in multifamily housing.
- Housing Tenure Impact: Increase in rental units
- Income Demographic Served: low to middle income households (50-80% MFI)
- Housing Production Impacts: The Canby HNA estimates an 11-acre multifamily shortfall which could yield between 154 and 396 units over the next 20 years.
- Demographic Benefits
 - Low-income communities: Direct Benefit to extremely low income households (0-30% of MFI), over 60% of which are renters.
 - Communities of color: Direct Benefit (55% of POC live in rental housing compared with 33% of white households in Canby)

- People with disabilities: Proportional benefits based on needs
- Individuals experiencing houselessness: No direct benefit
- Seniors: Proportional benefits based on age cohorts

Revenue Impacts:

- May result in increased property tax revenues.
- Increased intensity of development may result in more efficient use of infrastructure and favorable return on public investment.

B. Revise Development Code to Allow Duplexes¹

Description

- Revise the development code to allow duplexes throughout the City, including in areas zoned for single-family detached development.
- It is expected that this change could add additional market-rate rental units as well as a unit for the owner of the duplex to reside in.
- This policy is recommended because it is a new DLCD requirement for cities between 10,000 and 25,000 residents. It will also provide a greater variety of housing products throughout residential land in Canby.

Implementation Steps

- This policy measure was adopted by City of Canby during 2022.

Timeframes

- For Adoption: 2022
- For Implementation: 1-3 Years
- For housing Impacts: 3-5 Years

Estimated Magnitude of Impact

- Housing Type Impact: increase in middle housing.
- Housing Tenure Impact: Increase in owner-occupied and renter-occupied units
- Income Demographic Served: all income ranges will benefit.
- Housing Production Impacts: It is estimated that about 1-3% of needed housing will come from this change, or approximately 26 units over the next 20 years.
- Demographic Benefits
 - Low-income communities: Primary target: low-income households (50-80% of MFI), who can afford market-rate units.
 - Communities of color: Benefit: (55% of POC live in rental housing compared with 33% of white households in Canby)
 - People with disabilities: proportionate benefits based on needs
 - Individuals experiencing homelessness: no direct benefit
 - Seniors: proportionate benefits based on age cohorts

Revenue Impacts:

- Increased intensity of development may enhance infrastructure system efficiencies.
- Increases in residential population may result in an increased need for City services.

¹ This policy measure was officially adopted by the City of Canby to abide by HB2001 requirements during 2022.

C. Allow Cottage Clusters in Residential Zones

Description

- Allow cottages to be developed in clusters with shared central amenities (such as open spaces) to allow for the development of small single-family detached housing clustered on a lot in the R-1, R-1.5, and R-2 zones.
- This housing type can provide a range of needed housing. Examples of cottage cluster housing across the state of Oregon include subsidized housing for homeless veterans to market rate developments focused on serving seniors.
- This policy is recommended because of a need for smaller scale, more affordable housing units.

Implementation Steps

- Consider combining this change to the development code with other housing policies.
- Determine the need for consultant assistance for public outreach or technical analysis.
- Develop zoning code amendments and adopt them through required public hearings.

Timeframes

- For Adoption: 1-3 Years
- For Implementation: 1-3 Years
- For housing Impacts: 3-5 Years

Estimated Magnitude of Impact

- Housing Type Impact: increase in middle housing.
- Housing Tenure Impact: Increase in rental units
- Income Demographic Served: Extremely low to low-income households (0-80% MFI)
- Housing Production Impacts: It is estimated that 2-3% of Canby's projected housing need could be accommodated in cottage clusters (between 40 and 70 units over the next 20 years).
- Demographic Benefits
 - Low-income communities: Direct Benefit to low-income households (less than 80% MHI)
 - Communities of color: Direct Benefit: (55% of POC live in rental housing compared with 33% of white households in Canby)
 - People with disabilities: Proportional benefit based on needs
 - Individuals experiencing houselessness: Indirect benefit
 - Seniors: Direct benefit

Revenue Impacts:

- Increased intensity of development may result in an increase in infrastructure system efficiencies and return on public investment.
- Increases in residential population may result in an increased need for City services.

D. Identify Opportunities to Streamline Planned Unit Developments (PUDs)

Description

- Identify opportunities to streamline the process and standards for designing and approving planned developments
- This policy will help to address the need for single-family detached housing in Canby.
- This policy is recommended so the City can explore ways to reduce the time and monetary costs of producing needed housing in Canby.

Implementation Steps

- Consider combining this change to the development code with other housing policies.
- Determine the need for consultant assistance for public outreach or technical analysis.
- Develop zoning code amendments and adopt them through require public hearings.

Timeframes

- For Adoption: 1-3 Years
- For Implementation: 1-3 Years
- For housing Impacts: 3-20 Years

Estimated Magnitude of Impact

- Housing Type Impact: increase in variation in single family housing types (small lot, large lot, townhomes, etc.)
- Housing Tenure Impact: Increase in owner-occupied units
- Income Demographic Served: Middle to upper income households (80%-120%+ MFI)
- Housing Production Impacts: This policy will increase the range of housing types within planned residential developments (1,300+ detached homes needed over next 20 years) which may translate to more affordable home ownership opportunities.
- Demographic Benefits
 - Low-income communities: Indirect benefit
 - Communities of color: Indirect benefit
 - People with disabilities: Proportional benefit based on need
 - Individuals experiencing homelessness: No direct benefit
 - Seniors: Proportional benefit

Revenue Impacts:

- No revenue impact expected.
- Increased home ownership may result in more stable property values over time.

E. Incentives to Encourage Development in PUDs

Description

- Provide incentives to encourage developers to build planned developments with a variety of housing types, including incentives to support the development of income-restricted housing.
- Examples include use of SDC credits for private financing and the use of tax increment financing (through new urban renewal district) for funding system roads and infrastructure.
- This policy will address the need for high-quality, range of housing types in Canby

Implementation Steps

- Consider available incentives, targeted housing products.
- Conduct outreach to the general public, property owners, and development community.
- Present recommended incentives, financial impacts to decision makers (Planning Commission, City Council, etc.) for approval.

Timeframes

- For Adoption: 1-3 Years
- For Implementation: 1-3 Years
- For housing Impacts: 3-20 Years

Estimated Magnitude of Impact

- Housing Type Impact: Increasing middle housing (duplexes, ADUs) as well as the provision of income restricted units.
- Housing Tenure Impact: Increase in rental and owner-occupied units
- Income Demographic Served: low to high income households (50-120%+ MFI)
- Housing Production Impacts: This policy will indirectly increase the development of needed housing by reducing the development costs of needed middle housing and income-restricted dwelling units.
- Demographic Benefits
 - Low-income communities: Indirect benefit
 - Communities of color: Indirect benefit
 - People with disabilities: Proportional benefit
 - Individuals experiencing homelessness: No direct benefit
 - Seniors: Proportional benefit

Revenue Impacts:

- No significant revenue impact expected over long term.

F. Modify System Development Charge (SDC) Fee Schedules with Scaled charges based on home size

Description

- Create SDC fee schedule that is scaled based on dwelling unit size. Consider per square foot fees rather than fees per dwelling.
- This policy will reduce the up-front cost of developing smaller housing units while charging more to larger units, creating a more equitable regime of development fees.

Implementation Steps

- Consider combining this change to the development code with other housing policies.
- Determine the need for consultant assistance for public outreach or technical analysis.
- Identify and convene Advisory Committee to advise and review staff recommendations.
- Adopt updated SDC Methodology through required public process.

Timeframes

- For Adoption: 1-3 Years
- For Implementation: 1-3 Years
- For housing Impacts: 3-20 Years

Estimated Magnitude of Impact

- Housing Type Impact: Primary benefit: smaller housing units (e.g., plexes, townhomes, cottage homes, manufactured homes).
- Housing Tenure Impact: Benefits home renters and owners
- Income Demographic Served: Primary benefit to middle to upper income households (80%-120%+ MFI)
- Housing Production Impacts: Scaling SDCs will help to incentivize construction of smaller market-rate single family detached dwelling units which should be less expensive than larger dwelling units.
- Demographic Benefits
 - Low-income communities: Primary benefit
 - Communities of color: Primary benefit
 - People with disabilities: Proportional benefit
 - Individuals experiencing homelessness: Indirect benefit
 - Disabled individuals: Proportional benefit
 - Seniors: Proportional benefit

Revenue Impacts:

- No overall revenue impact if scaled SDCs are calibrated to be revenue neutral.

G. Update Housing Needs Periodically

Description

- Reevaluate housing needs and land sufficiency every eight years as required by House Bill 2003, or sooner.
- This policy is recommended to encourage the City to frequently update needed housing assumptions and to properly calibrate strategies.

Implementation Steps

- Determine the need for consultant assistance for public outreach or technical analysis.
- Identify and convene Advisory Committee to advise and review staff recommendations.
- Develop adoption ready HNA and HPS documents, usher them through required public process.

Timeframes

- For Adoption: 8 Years
- For Implementation: 9 Years
- For housing Impacts: 10+ Years

Estimated Magnitude of Impact

- Housing Type Impact: N/A
- Housing Tenure Impact: N/A
- Income Demographic Served: All
- Housing Production Impacts: N/A
- Demographic Benefits
 - Low-income communities: No direct benefit
 - Communities of color: No direct benefit
 - People with disabilities: No direct benefit
 - Individuals experiencing houselessness: No direct benefit
 - Seniors: No direct benefit

Revenue Impacts:

- There are no significant revenue impacts associated with this strategy

H. Conduct Periodic Review of Potential Barriers to New Development

Description

- Conduct a focused review of local zoning code and development processes to identify barriers to residential development and identify alternatives for lowering or eliminating the barriers.
- This policy is recommended as part of overall Canby Comprehensive Plan update to provide the City with an opportunity to review and streamline the development code for all residential development.

Implementation Steps

- Determine the need for consultant assistance for public outreach or technical analysis.
- Solicit input from the public, development community.
- Identify barriers to development of needed housing
- Develop zoning code amendments and adopt them through require public hearings.

Timeframes

- For Adoption: 1 Year
- For Implementation: 1 Year
- For housing Impacts: 2-20 Years

Estimated Magnitude of Impact

- Housing Type Impact: Benefits all housing types
- Housing Tenure Impact: Benefits home renters and owners
- Income Demographic Served: Benefits households at all income levels.
- Housing Production Impacts: Reducing barriers to housing development will result in lowering housing development costs which should translate into relatively lower housing prices and rents.
- Demographic Benefits
 - Low-income communities: Direct benefit
 - Communities of color: Direct benefit
 - People with disabilities: Proportional benefit
 - Individuals experiencing houselessness: Direct benefit
 - Seniors: Proportional benefit

Revenue Impacts:

- No measurable revenue impact expected.

I. Land Use Permitting Education for Property Owners/ Developers

Description

- Provide information and FAQs to local developers and property owners to help them understand how to navigate the land use permitting process.
- This policy is recommended because nuances of the Canby Development Code are not always clear to developers.
- This outreach could also include networking between property owners and smaller scale developers to encourage infill developments.

Implementation Steps

- Develop outreach materials (e.g. meeting slides, infographics, newsletters, etc.)
- Conduct outreach to development community, property owners.
- Schedule and conduct meetings/networking events.

Timeframes

- For Adoption: 1 Year
- For Implementation: 1 Year
- For housing Impacts: 2-20 Years

Estimated Magnitude of Impact

- Housing Type Impact: Benefits all housing types
- Housing Tenure Impact: Benefits home renters and owners.
- Income Demographic Served: Benefits households at all income levels.
- Housing Production Impacts: Overall increased development of needed housing, especially infill, and smaller scale development types.
- Demographic Benefits
 - Low-income communities: Direct benefits.
 - Communities of color: Direct benefits.
 - People with disabilities: Proportional benefits.
 - Individuals experiencing houselessness: Indirect benefits
 - Seniors: Proportional benefits

Revenue Impacts:

- Initial years may require 0.2 FTE of staff time plus advertising and education/outreach materials cost of approximately \$5,000 per year.

J. Amend Commercial zoning to allow mixed-use housing development

Description

- Provides more flexibility by allowing mixed-use buildings with residential flats above ground floor commercial.
- This policy is recommended to help mitigate a shortfall in buildable high-density residential land as well as taking advantage of the locational advantages provided in downtown Canby and targeted to other commercial areas in the City.

Implementation Steps

- Consider combining this change to the development code with other housing policies.
- Determine the need for consultant assistance for public outreach or technical analysis.
- Conduct a case study audit of mixed-use land use codes in similar cities.
- Identify and convene Advisory Committee to advise and review staff recommendations.
- Develop zoning code amendments and adopt them through required public hearings.

Timeframes

- For Adoption: 3-5 Years
- For Implementation: 3-5 Years
- For housing Impacts: 5-20 Years

Estimated Magnitude of Impact

- Housing Type Impact: Direct benefit: multifamily (5+ units per structure)
- Housing Tenure Impact: Primary benefit to home renters
- Income Demographic Served: Primary benefit to moderate and upper-income households (80-120%+ MFI)
- Housing Production Impacts: Helps to address long term demand for 340+ multifamily units over 20 years.
- Demographic Benefits
 - Low-income communities: Indirect benefit
 - Communities of color: Indirect benefit.
 - People with disabilities: Direct benefit by providing housing closer to services and transit
 - Individuals experiencing houselessness: Indirect benefit
 - Seniors: Direct benefit by providing housing closer to services and transit

Revenue Impacts:

- Increased intensity of development will result in more efficient provision of public services (such as transit and EMS)
- Increases in residential population density may result in an increased need for City services.

V. ACHIEVING FAIR & EQUITABLE

HOUSING OUTCOMES

Fair Housing and Housing Choice

Many policies recommended in the HPS will result in an increase in the supply of housing at various price-points and locations throughout Canby. While none of these policies explicitly require increased access to federally protected classes it is expected that an increase in supply will indirectly provide increased access to all residents of Canby. It is also expected that the increase of supply will occur throughout the City, providing access to neighborhoods with high-quality community amenities, schooling, employment and business opportunities, and a healthy and safe environment. Policies expected to positively impact fair housing and housing choice considerations include the following.

- Develop Criteria & Process for Identifying Land to Up-zone
- Revise Development Code to Allow Duplexes in All Zones
- Allow Cottage Clusters
- Identify Opportunities to Streamline PUDs
- Modify System Development Charge (SDC) Fee Schedules
- Conduct Development Barriers Audit
- Amend Commercial zoning to allow mixed use development

Housing options for residents experiencing homelessness

Many of the policies recommended by the HPS would have peripheral impacts on housing options for residents experiencing homelessness, but none of the recommended policies would directly impact them. The City could consider explicit policies to accommodate housing for residents experiencing homelessness in future iterations of its HPS.

Affordable Homeownership and Affordable Rental Housing

Several policies recommended in the HPS would have a direct impact on the provision of affordable housing. More affordable rental units will be realized increasing higher density zoning and opportunities to develop multifamily housing in commercial zones. Affordable home ownership opportunities, and subsequent opportunities for wealth creation via home ownership, will be more attainable through streamlined PUD processes. Policies aimed at providing incentives for the development of income restricted units as a part of a PUD would be especially helpful in this regard. Examples of policies that will increase affordable rental and ownership housing options include the following.

- Develop Criteria & Process for Identifying Land to Up-zone
- Revise Development Code to Allow Duplexes in All Zones
- Allow Cottage Clusters

- Identify Opportunities to Streamline PUDs
- Incentives to Encourage Developers to Build PUDs
- Modify System Development Charge (SDC) Fee Schedules
- Conduct Development Barriers Audit
- Amend Commercial zoning to allow mixed use development

Gentrification, Displacement, and Housing stability

So far, gentrification has not been identified as a major issue in Canby. However, it should be noted that policies recommended in the HPS will result in an increase in the supply of housing at various price-points and locations throughout Canby. It is expected that the increase of supply will occur throughout the City, easing the pressures of displacement and gentrification by absorbing more demand in high-demand areas of the City. Policies expected to positively impact fair housing and housing choice considerations include the following.

- Develop Criteria & Process for Identifying Land to Up-zone
- Revise Development Code to Allow Duplexes in All Zones
- Allow Cottage Clusters
- Identify Opportunities to Streamline PUDs
- Incentives to Encourage Developers to Build PUDs
- Modify System Development Charge (SDC) Fee Schedules
- Conduct Development Barriers Audit
- Amend Commercial zoning to allow mixed use development

MEASURING STRATEGY IMPLEMENTATION AND PROGRESS

As stipulated in ORS 660-008-0050, a City's first HPS report must include measurements of progress towards housing outcomes made by the City.

Canby will be required to report progress on HPS goals to DLCDC every four years from HPS adoption. This report must include the following elements:

- A summary of the actions already taken by the City to implement the Strategies to Meet Future Housing Need adopted in the City's most recent Housing Production Strategy Report. If the City has not implemented Strategies to Meet Future Housing Need on the schedule adopted in their most recent Housing Production Strategy Report, the City must provide an explanation of the circumstances or factors that posed a barrier to implementation and a plan for addressing the identified need that the strategy addressed.
- A reflection of the relative efficacy of implemented Strategies to Meet Future Housing Need adopted in the City's most recent Housing Production Strategy Report. This section of the report will require the City to report progress observed from the strategies adopted through the HPS process.

- A reflection of the actions taken in response to the factors discussed above (e.g. progress towards fair housing or mitigation of displacement).

With the goal of statutory compliance and ease of reporting progress in mind, the following are recommended metrics for the City to monitor annually.

Affordability Metrics

- Citywide median rent
- Citywide median home value
- Estimated median cost of new housing
- Estimated median rent for new development

Provision of New Needed Housing

- Tracking the number and type of new units developed in Canby
- To the extent possible, new unit construction by location
- To the extent possible, new units of housing by zone
- Number of new income restricted units with special attention paid to units resulting from incentives provided to PUD developments
- Number of new units in mixed use developments
- New units added in cottage clusters\
- New duplex units developed in low-density zones

Other Considerations

- Average density of development in low, medium, and high-density zones
- New housing for homeless residents by type (e.g., shelter, permanent supportive housing, subsidized, etc.)
- Informational meetings held with developers and landowners.
- Results of review of potential barriers to new development
- Results of scaled SDC methodology report
- Acres of upzoned land within the Canby UGB

APPENDIX A. CONTEXTUALIZED HOUSING NEED

To: Don Hardy and Jamie Stickel, City of Canby

Date: December 29, 2022

From: Todd Chase & Tim Wood; FCS GROUP

CC: Steve Faust, 3J Consulting

RE: Canby Contextualized Housing Need

INTRODUCTION

This Memorandum provides a contextualized look at housing needs for the Canby Urban Growth Boundary (UGB). This is a required element of the larger Housing Production Strategy effort to properly address housing needs in the UGB over the next 20 years. This effort will build on the parallel effort being undertaken to update the Canby Housing Needs Analysis (HNA), providing a more granular look at projected housing needs.

Information provided in this memorandum will help decision makers better understand the strategies recommended in the Housing Production Strategy (HPS) document.

METHODOLOGY

As provided in OAR 660-008-0050, HPS reports must include analysis of the housing needs through several lenses, including:

- Income
- Race and ethnicity
- Houseless residents
- Disabled residents
- Seniors

In order to provide this context, data was collected from the following sources:

- Clackamas County
- City of Canby
- Portland State University Population Research Center
- U.S. Decennial and American Community Survey (ACS)
- U.S. Department of Housing and Urban Development (HUD)

Where trends or long-range projections are provided by an identified data source, FCS GROUP has included extrapolations or interpolations of the data to arrive at a base year (2023 estimate) and forecast year (2043 projection).

PAST ACTIONS BY THE CITY TO MEET HOUSING NEEDS

The City of Canby has been focused on addressing local housing needs for many years. Recent accomplishments include:

- The City has a limited provision in the Zoning Code (Chapter 16.82) that allows deviations of development standards for "Special Housing Projects for the Elderly or Handicapped."
- Housing in a specifically defined Downtown Core area of the C-1 Zone doesn't have to provide any parking if the development is mixed use.
- The City's R-2 (High Density) Residential Zone has been amended to require a minimum density of 14 du/ac, preventing lower density development.

In addition to these actions, the City has drafted a current Housing Needs Analysis. Community outreach was conducted to review "best practices" used by cities to foster housing development. The City is now focused on evaluating the following "short listed" policy actions as part of the Housing Production Strategy Process:

- Revise development code to allow duplexes
- Reduce minimum lot sizes in single family zones (with design guidelines)
- Identify high-priority infrastructure projects to leverage buildable residential land
- Provide density bonuses for affordable housing
- Monitor residential land supply & housing inventory
- Develop partnerships with nonprofits
- Housing-focused community outreach
- Conduct development barriers audit

HOUSING POLICY BACKGROUND

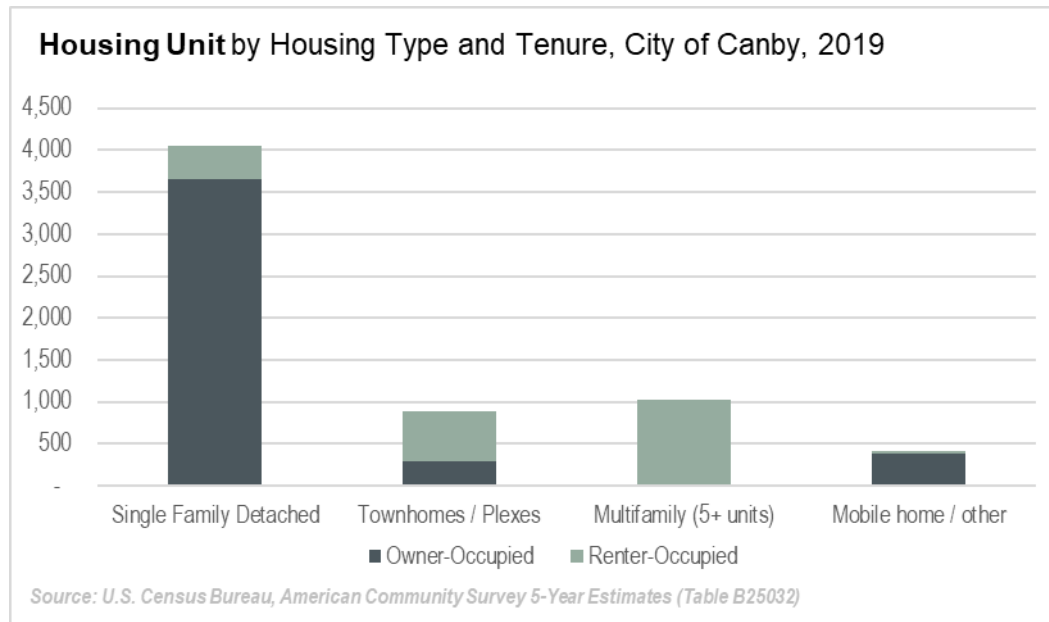
This section provides additional context for the code and zoning amendments that will be evaluated.

Draft Canby Housing Needs Analysis Update

Findings of the draft HNA include the following:

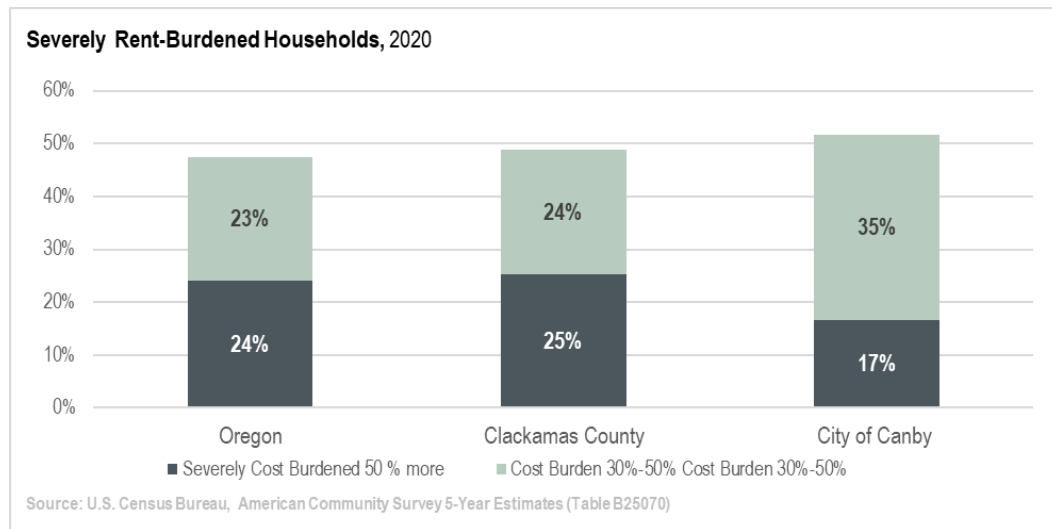
- **Population in Canby is forecasted to increase faster than the statewide average.** Based on Portland State University Population Research Center (PRC) data, population in the Canby UGB is projected to increase by 5,931 persons over the next 20 years, this equates to an 1.3% annual rate of growth.
- **The vast majority (68% of occupied dwellings) in Canby are owner-occupied.** Most of those owner-occupied units are single-family detached units. Renters are much more likely to live in multifamily and townhome/plex units.

Exhibit 6: Existing Housing by Type and Tenancy, Canby



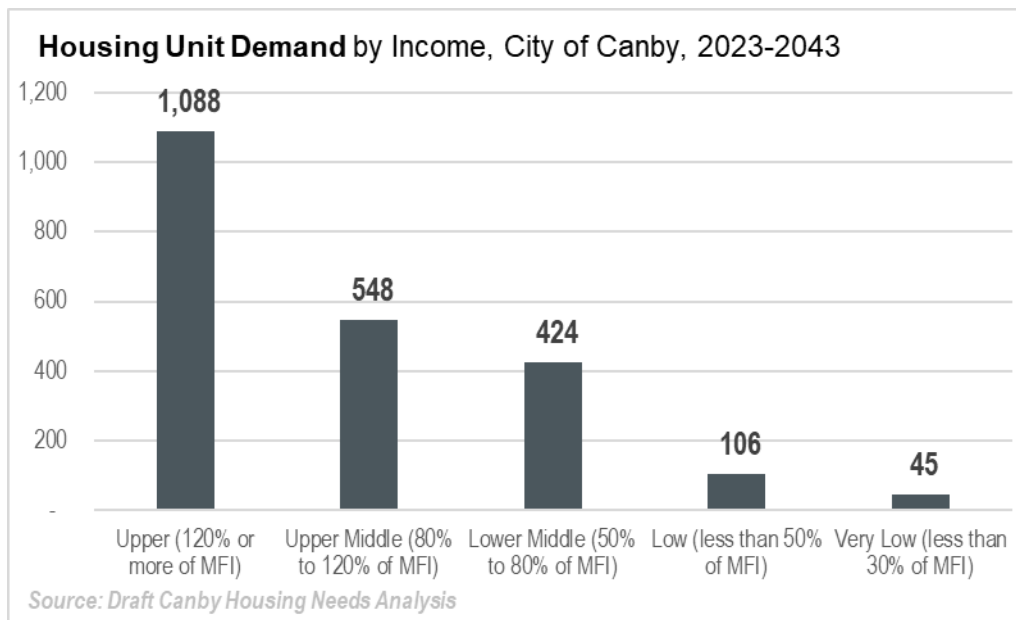
- **Vacancy rates are very low.** Only 3% of housing units in Canby were vacant in 2020, which is lower than the countywide average (6%) as well as the statewide average (8%). Canby housing vacancy rates are reported to be even lower today as housing demand continues to outpace production of new housing.
- **Housing Demand prospects are very strong in Canby.** The draft HNA forecasts a need for 2,236 units (1,502 new ownership units and 733 new rental units) to keep pace with population growth. The forecasted housing needs analysis concluded that:
 - Approximately 62% of the new units were projected to be single-family (detached and attached) homes.
 - 7% are projected to be manufactured homes in parks.
 - Duplex through four-plex units were projected to represent 15% of the total need.
 - Multifamily units are expected to make up 16% of projected future need.
 - Of ownership units, 84% were projected to be single-family homes, 7% will be absorbed by townhomes and plexes, another 7% of demand will be met by manufactured homes, and 2% will be in multifamily developments.
 - There is a greater mix of demand among rental units, with 49% expected in multifamily developments, 30% in townhomes and plexes, 19% in single-family detached units, and 2% in manufactured homes.
- **There is a current supply shortage for rentals in Canby.** According to the US Census American Community Survey (ACS) 2020 5-year estimates (B25070) cited in the draft HNA, over half of all renter households (52%) spend greater than 30% of their incomes on rent, while 17% spent greater than 50% of their incomes on rent, indicating that they were severely housing cost burdened. Renters in Canby experience a high-cost burden (over a quarter of renter households spend more than 50% on rent) largely because of a lack of affordable rental units, especially among households at the lower to middle end of the rent range.

Exhibit 2: Rent Burden



- **Single family housing demand will remain strong.** Future demand for home ownership will remain higher in the mid- to higher-income ranges.
- **Housing demand will persist across all income levels.** The draft HNA recommends that Canby plan for a wider range of housing types over the next 20 years, as mentioned above.
- **Canby will require approximately 518 acres of residential land to accommodate 20-year housing needs.** Most land demand is expected in the lower density category (454 acres) with measurable demand also expected in the medium and high-density category (65 acres).

Exhibit 3: Projected Housing Unit Demand by Income Level



- **Canby has an inadequate buildable land supply.** The updated buildable land inventory indicates that there are 374 net buildable acres (with constraints and public facilities allowances removed) in the Canby UGB. Buildable land is inadequate in lower density (157-acre deficit) and higher density (12 acres) zoning categories. However, the HNA identified a potential surplus in medium density zoned land (24 acres).

HOUSING DEMAND: KEY DEMOGRAPHICS

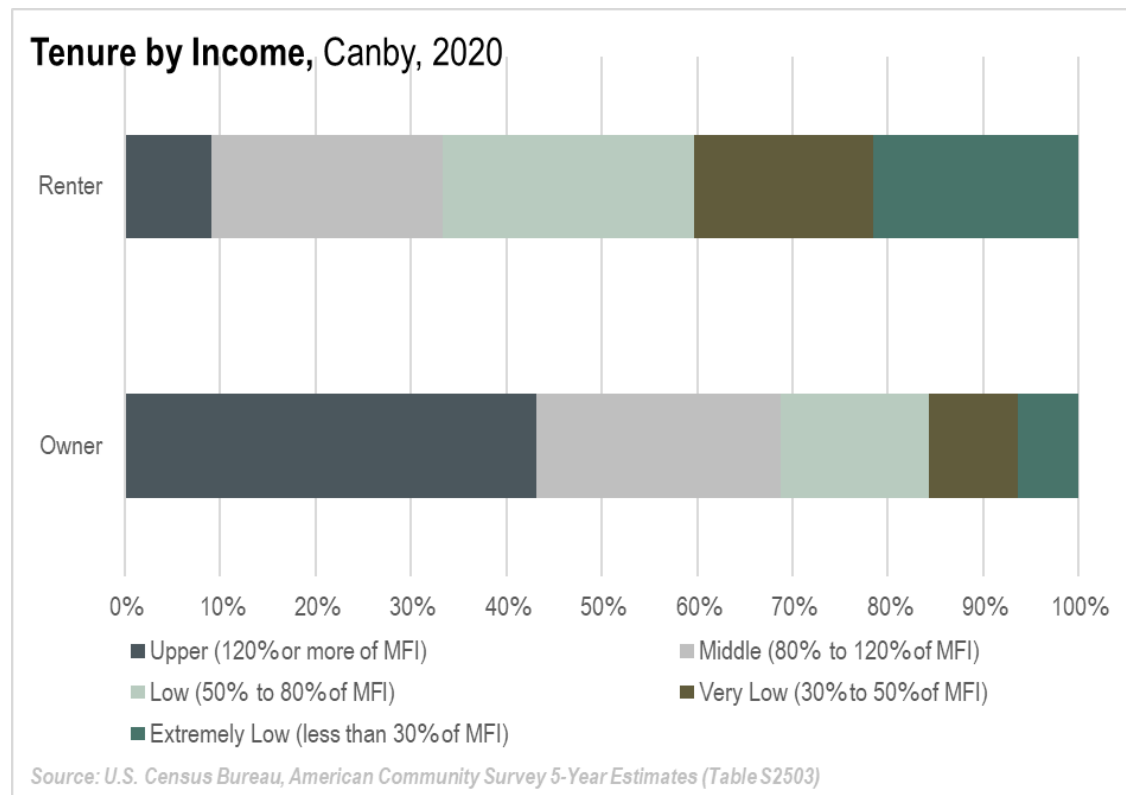
Building on the HNA housing needs forecast for the Canby UGB, this section highlights key demographics within Canby.

Renters

Why are renters a key demographic?

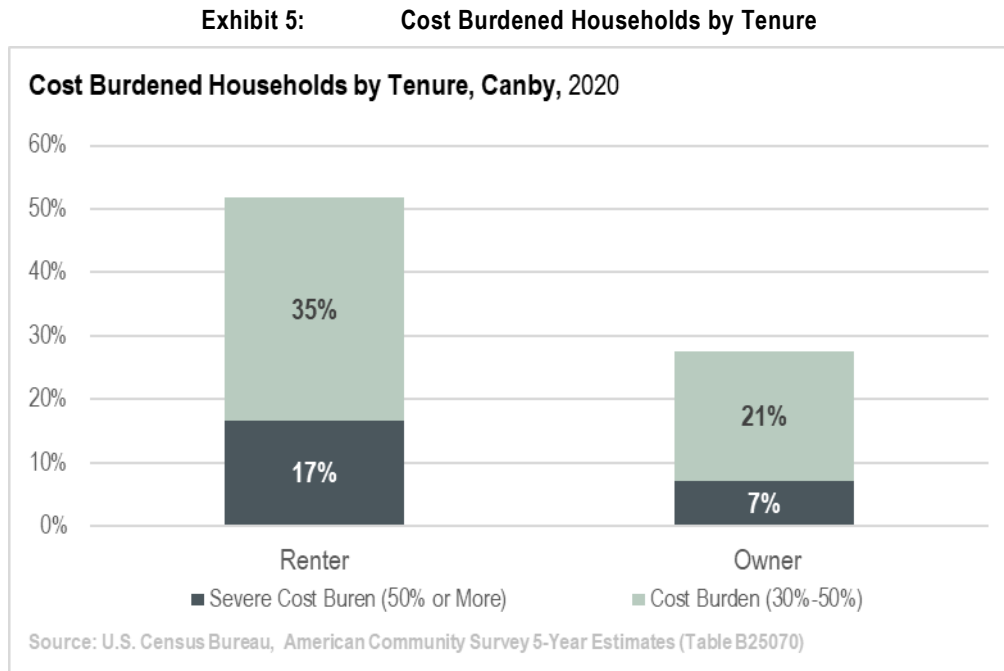
- Renters are much more vulnerable to housing insecurity because they do not own their residences; and are subject to issues beyond their control such as rent increases, and evictions.
- As detailed later in this section, residents of color in Canby are more likely to be renters (56%) than white residents (33%).
- Increasingly, renters make up the backbone of the workforce as home ownership becomes less attainable to those earning under 120% of the median family income (**Exhibit 4**).

Exhibit 4: Tenure by Income



Renter Housing Cost Burden Considerations

- Renter-occupied households are much more likely to spend more than 30% of household income for housing. As such, the share of renters that are housing cost burdened (52%) is more than twice that for homeowners (28%), as shown in **Exhibit 5**.



- The Canby HNA identifies the need for approximately 733 additional rental dwelling units, with approximately 49% of future renters residing within multifamily developments, 30% in townhomes and plexes, 19% in single-family detached units, and 2% in manufactured homes. This allocation of demand takes into account recent demand findings and input received during developer stakeholder interviews as part of the HNA planning process.
- Policies that are being evaluated to accommodate needed housing for renter households include providing new “incentives” for the development of multifamily and attached housing types, which will result in increased housing options and improved overall quality of rental products offered in Canby.

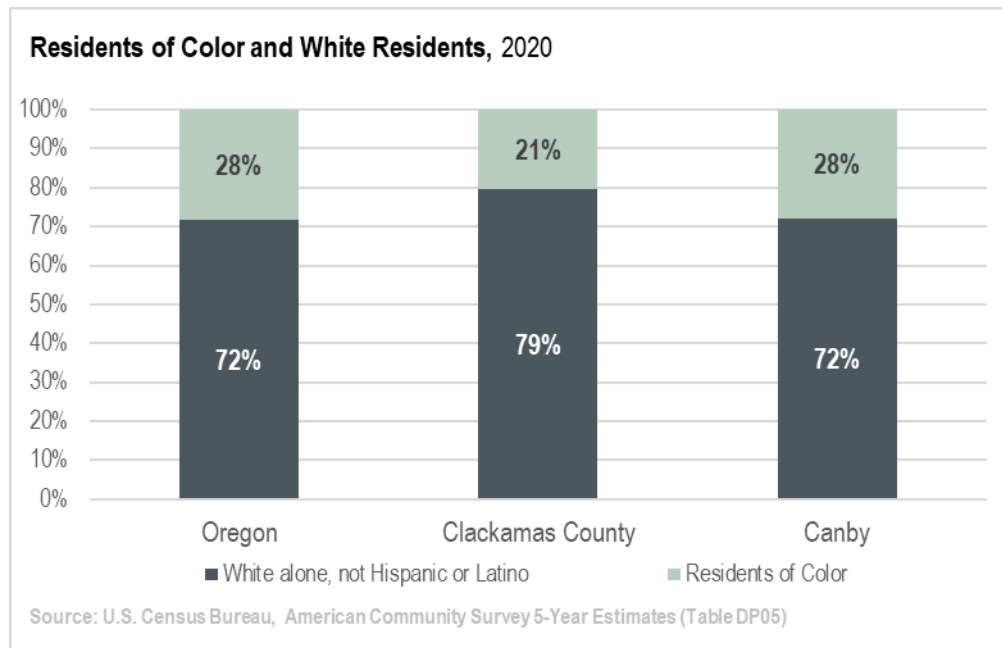
People of Color

Why are people of color a key demographic?

- For the purposes of this report, people of color (POC) include residents that fall into any of the following Census-defined categories of racial identify:
 - Black or African American
 - American Indian and Alaska Native
 - Asian
 - Native Hawaiian and Other Pacific Islander
 - Some other race

- Two or more races
- Hispanic or Latino (of any race)
- According to U.S. Census data, 28% of Canby’s population is represented by residents of color which is the same as the statewide average but higher than the Clackamas County average (**Exhibit 6**). Most residents of color in Canby are identified as Hispanic or Latino (17% of the total population).

Exhibit 6: Residents of Color and White Residents

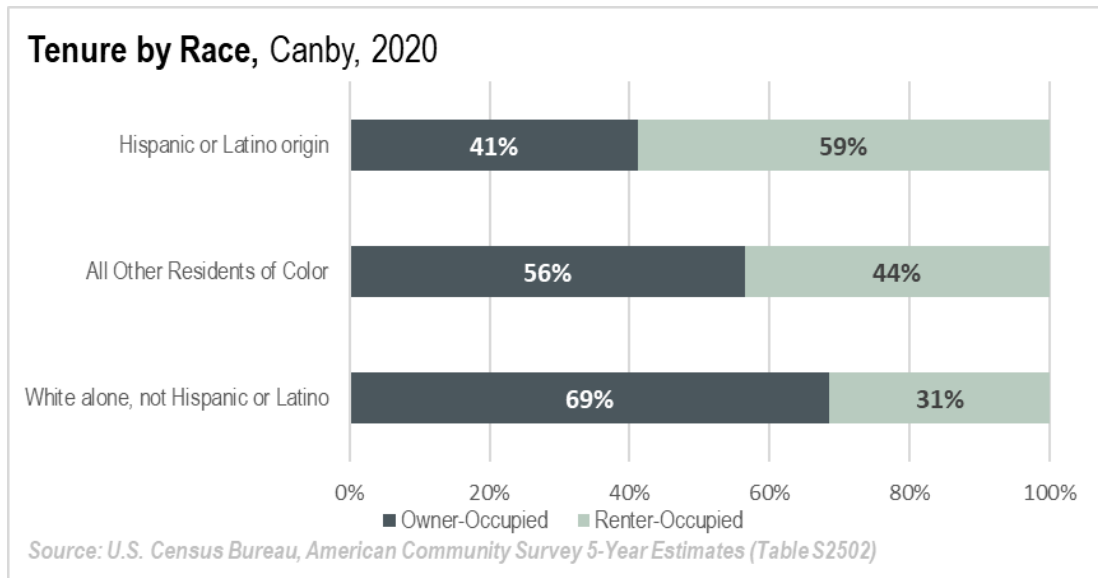


- Statistically, people of color have a lower average income level and experience higher rates of unemployment and under-employment than white residents which makes them more likely to experience housing instability.
- People of color are more likely to experience discrimination on the housing market, making finding a place to live harder.

Housing Considerations for People of Color

- According to U.S. Census data, residents of color in Canby are more likely to live in renter-occupied housing (**Exhibit 7**). That is especially true among Hispanic or Latino households, 59% of which live in rental housing.

Exhibit 7: Tenure by Race



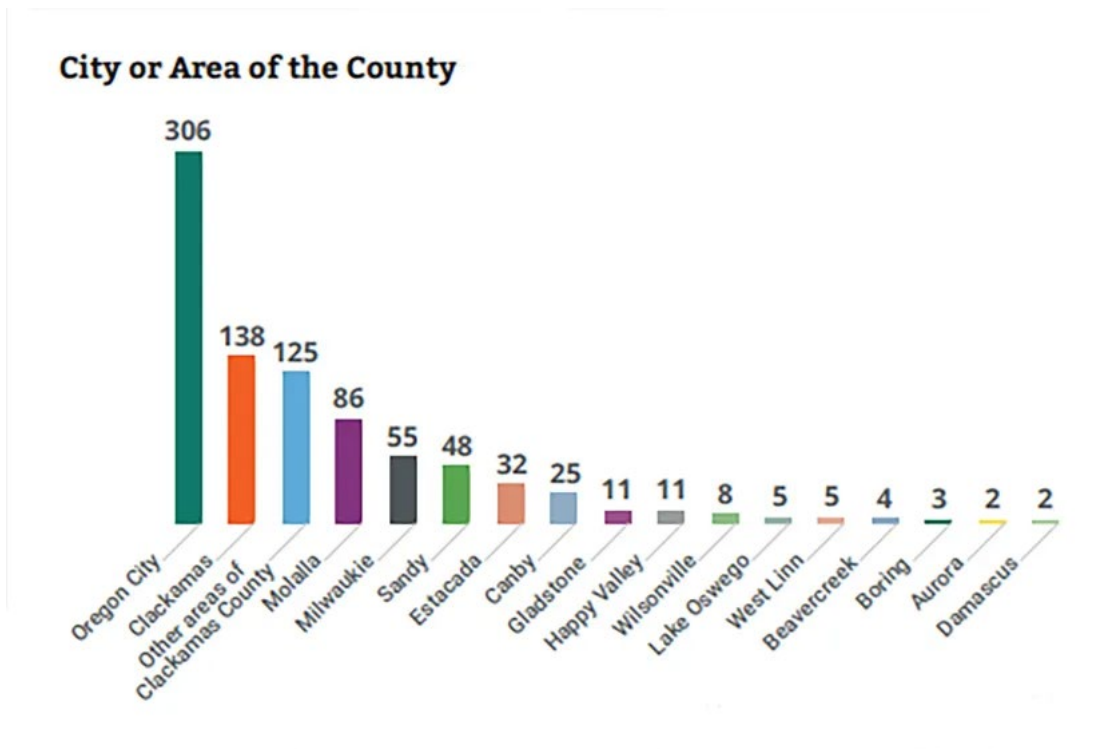
- As discussed earlier, renter households are nearly twice as likely to experience housing cost burden which suggests that Canby’s residents of color experience a disproportionate share of the housing cost burden in the City.
- Based on discussions with community members, it is expected that Hispanic or Latino households tend to have a higher average occupancy and tend to be more intergenerational in nature.
- Like policies aimed at renter households in general, policies pursued by the City to accommodate needed housing for households of color should incentivize the development of multifamily and attached housing types. In addition, the City could pursue policies to eliminate housing discrimination.

Homeless Residents

Why are homeless residents a key demographic?

- In a for-profit housing environment, homeless residents are unlikely to be provided housing, which requires non-profits and governments to step in to fill the gap. This is exacerbated by a hot housing market like the tri-county area where rent and housing costs are rising rapidly.
- The latest estimate of homelessness in Clackamas County, the January 26, 2022 point in time homeless count, reported 597 individuals experiencing homelessness. 327 of those individuals were unsheltered while 241 were in a shelter and 29 were in transitional housing.
- While granular detail is not yet available from the 2022 count, data from the 2019 point in time count suggests that Canby was home to 25 homeless residents (**Exhibit 8**). That equates to about 2% of the 1,166 homeless residents counted in Clackamas County in 2019.

Exhibit 8: Homeless Residents by Area of Clackamas County



Source: Clackamas County 2019 Homeless Point-In-Time Count Report

- Data from the U.S. Department of Education suggests that 149 students in Canby School District 86 are currently experiencing homelessness.

Housing Considerations for Homeless Residents

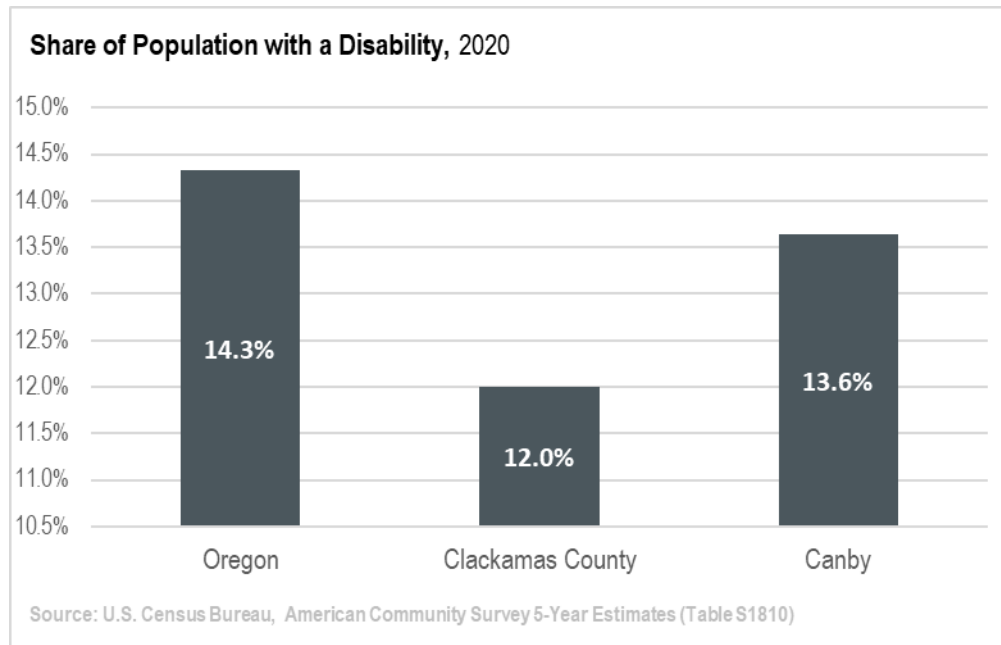
- Housing for homeless residents will include traditional housing units such as subsidized apartment or single-family detached housing units in addition to shelter options ranging from permanent supportive housing (housing which also includes health care and supportive services provided on-site) to emergency shelters providing short-term housing support.

Disabled Residents

Why are disabled residents a key demographic?

- Housing for disabled residents requires more specialization, from accessibility for those with ambulatory difficulty to the requirement for in-home care.
- Accommodations for the disabled are more expensive which means that for-profit developers are unlikely to voluntarily develop housing built to suit their needs.
- According to data from the U.S. Census Bureau, 13.6% of the population in Canby (2,423 residents) are disabled. That share is lower than the statewide average and higher than the Clackamas County average (**Exhibit 9**).

Exhibit 9: Share of Population with a Disability



- Disabled residents of Clackamas County are much more likely to be out of the labor force than residents without a disability (71% compared with 29%) making disabled residents far more likely to face housing insecurity due to cost burden.
- Median earnings for Clackamas County residents with a disability were also lower than those without a disability (\$29,479 compared with \$40,571)

Housing Considerations for Homeless Residents

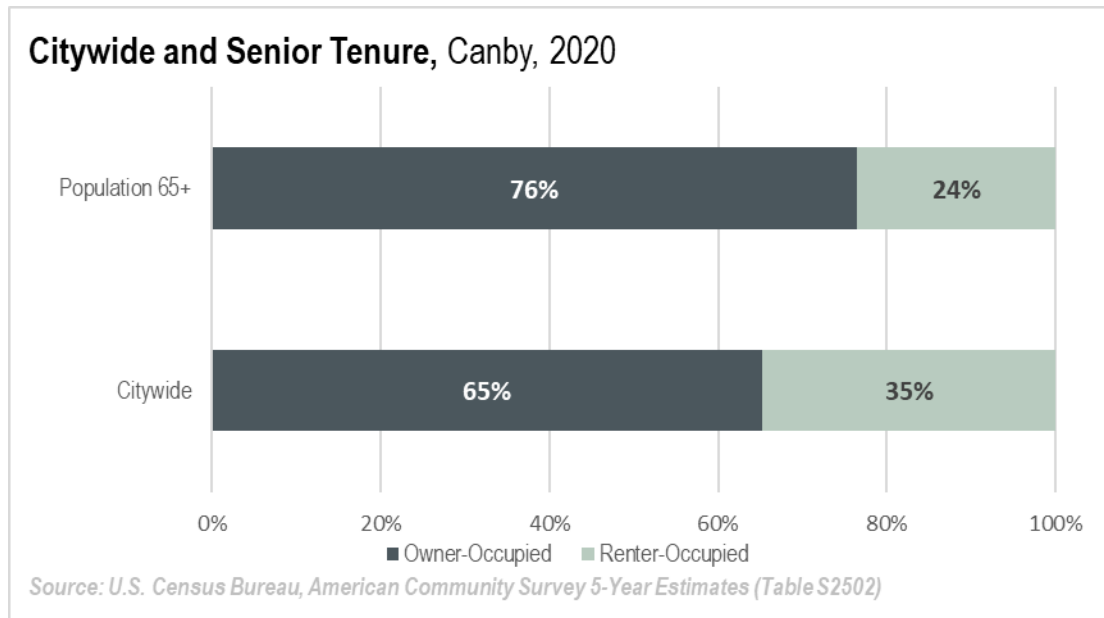
- While housing cost burden data was not available for residents with a disability, lower incomes and lower labor force participation suggest that housing costs are a more significant burden to the disabled.

Seniors

Why are seniors a key demographic?

- 18% of Canby residents 65 and over struggle with ambulatory difficulty which means that their housing needs will include enhanced accessibility features.
- Many seniors consider “downsizing” as they age, opting for a smaller and more centrally located dwelling.
- Seniors often rely on a fixed income which leaves them vulnerable to housing cost fluctuations.
- Seniors in Canby are more likely to own their homes (**Exhibit 10**).

Exhibit 10: Citywide and Senior Tenure



Housing Considerations for Homeless Residents

- “Downsizing” seniors often prefer locations adjacent to services such as downtown mixed-use developments.

OBSERVATIONS ON THE DEVELOPMENT OF NEEDED HOUSING

As detailed throughout the Canby HNA process, current observations regarding the development of needed housing have been identified during the community outreach process. They are as follows:

Regulatory Observations

- **There is a perceived lack of incentives and guidance for development of affordable housing** – Incentives are needed for developers to produce smaller homes and/or income-restricted rental housing.
- **Overarching regulatory requirements create a barrier** – Items such as future roadway right-of-way and design standards, SDC fees, and minimum lot width regulations were cited as issues that increase developments costs in Canby.
- **Existing Zoning Code, specifically Zone R-2, offers helpful flexibility** – The R-2 Zone is considered more marketable since it has fewer restrictions than R-1 in terms of lot size and locational variability.
- **Additional housing is desired in the Downtown area**– Positive feedback was received over the design and density of the Dahlia Building. Downtown redevelopment is desired to address a mix of demand for senior housing and market rate rental housing.

Market Observations

- **More diverse housing types are desired** – There is support for a mix of single family detached, townhomes and multifamily apartments and condos. Additionally, new housing should incorporate minimal maintenance, accessibility and pedestrian connectivity.
- **Intergenerational housing, home equity, and senior housing are at the forefront of Canby residents' desires** – Many who live in Canby would like housing that appeals to all age groups, from young residents (renters and first time homebuyers), as well as middle-aged households (detached for sale housing) and seniors who require affordable senior housing options.
- **There is significant market demand for attainably-priced rental housing**– There is a very limited existing supply of rental housing in Canby. This has resulted in many renters paying 40%+ of their income on housing. Hence, local service workers with \$40,000 in annual income struggle to make rents in the \$1,200 to \$1,400 range, and most rents are closer to \$1,600 per month.
- **The City should take actionable steps to incentivize private and non-profit developer investment in affordable housing** – Ideally through the purchase of land for public/private developments, development code revisions (such as bonus densities for provision of affordable housing), and SDCs that are scaled based on home size.

APPENDIX B. DRAFT STRATEGIES AND ACTIONS

Memorandum

To: Don Hardy, City of Canby
From: Todd Chase and Tim Wood; FCS GROUP
CC: Steve Faust; 3J Consulting
Date: October 20, 2022 (Revised)
RE Draft Canby Housing Needs and Production Strategy Considerations

The City of Canby is in the process of updating its Housing Needs Analysis (HNA) that identifies the long-range land needs for accommodating 20-years of population growth. In addition to adopting the HNA in 2023, the City will be preparing a **Housing Production Strategy** once the HNA is completed.

This Memorandum is intended to set the stage for a community discussion of near-term land use and development policies that the City should consider for guide future development.

Community Input

As part of the HNA process, the consultant team conducted interviews with a cross-section of local “stakeholders” including developers, residents, and representatives from non-profits. This input was mainly focused on discussion of regulatory and market barriers, buildable land inventory, and housing affordability. Input from these interviews will be combined with broad-based community wide survey input to understand key issues that the City should address through new policies and techniques to foster desired housing creation.

A summary of public input that has been received to date includes:

Regulatory Observations

- **There is a lack of incentives and guidance for development of affordable housing** – Incentives are needed for developers to produce smaller homes and/or income-restricted rental housing.
- **Overarching regulatory requirements create a barrier** – Items such as future roadway right-of-way and design standards, SDC fees, and minimum lot width regulations were cited as issues that increase developments costs in Canby.
- **Existing Zoning Code, specifically Zone R-2, offers helpful flexibility** – The R-2 Zone is considered more marketable since it has fewer restrictions than R-1 in terms of lot size and locational variability.

- **Additional housing is desired in the Downtown area**– Positive feedback was received over the design and density of the Dahlia Building. Downtown redevelopment is desired to address a mix of demand for senior housing and market rate rental housing.
- **Canby has recently adopted new regulations to abide by HB 2001.** Housing unit growth estimates have been adjusted for allowance for middle housing development due to HB 2001 requirement. The Canby HNA analysis assumes that 3% of the future housing need for townhomes, plexes & cottage homes is addressed through recently approved Canby regulations that allow middle housing in low density zones. This assumption results in 14 additional middle housing dwelling units on land that is classified by the Canby Buildable Land Inventory (2022) as “developed” within the Canby UGB.

Market Observations

- **More diverse housing types are desired** – There is support for a mix of single family detached, townhomes and multifamily apartments and condos. Additionally, new housing should incorporate minimal maintenance, accessibility and pedestrian connectivity.
- **Intergenerational housing, home equity, and senior housing are at the forefront of Canby residents’ desires** – Many who live in Canby would like housing that appeals to all age groups, from young residents (renters and first time homebuyers), as well as middle-aged households (detached for sale housing) and seniors who require affordable senior housing options.
- **There is significant market demand for attainably-priced rental housing**– There is a very limited existing supply of rental housing in Canby. This has resulted in many renters paying 40%+ of their income on housing. Hence, local service workers with \$40,000 in annual income struggle to make rents in the \$1,200 to \$1,400 range, and most rents are closer to \$1,600 per month.
- **The City should take actionable steps to incentivize private and non-profit developer investment in affordable housing** – Ideally through the purchase of land for public/private developments, development code revisions (such as bonus densities for provision of affordable housing), and SDCs that are scaled based on home size.

Housing Needs Analysis Findings

Key findings contained in the draft 2022 Canby Housing Needs Analysis include:

- Over the next 20 years, the Canby UGB is projected to require 2,286 net new housing units to keep pace with population growth. The projected housing demand mix that will require vacant or part-vacant land includes 1,416 single-family detached units, 317 townhomes/plexes (with 2 to 4 units per structure), 375 multifamily units (with 5 or more units per structure) and 158 manufactured homes or cottages.
- After accounting for additional middle housing infill that is allowed due to HB 2001 and related local code changes (as mentioned above), the adjusted housing demand assumes 21 middle housing units (duplexes with 2-4 units per structure) as infill and redevelopment over 20 years.
- This housing forecast takes into account demographic shifts such as changing needs of an aging population, as well as affordability issues observed in Canby.
- Based on current zoning and remaining buildable land area within the existing UGB, the HNA findings indicate that there is a residential land need of 530 gross buildable acres in the Canby

UGB. The current land shortfall is particularly acute within lower density residential zones (152 acres) as well as the higher-density zones which has a projected shortfall of 49 acres.

- Before considering a UGB expansion, the City will need to consider and adopt policy measures that increase the capacity of remaining vacant buildable land within the current UGB boundary.

Exhibit 1: Exhibit 1 Canby Land Needs

Projected 20-year Land Need for Housing, City of Canby UGB: Safe Harbor Scenario									
Dwelling Unit Type	Adjusted 20-Year Housing Need ¹	Applicable Plan Designation	Applicable Local Zones	Allowable Density (gross DU per Ac)	Avg. Development Density (net DU per Ac)	Net Buildable Land Requirement (net acres) ⁴	Gross Buildable Land Need (acres) ⁵	%	
Single Family Detached	1,416	LDR	R-1, R-1.5, R-2, R-3, R-4, R-5	3 to 6.2	4.0	354	443	63%	
Mfd. Homes & Cottages	158			3 to 10	9.0	18	22	7%	
Townhomes / Plexes	317	MDR	R-1.5	6 to 12	10.0	32	40	14%	
Multifamily (5+ units) ²	375	HDR, RC	R-2, DC	14 to 36	18.0	21	26	17%	
Total	2,266					424	530	100%	

Source: derived from Canby Housing Needs Forecast Memorandum; and interpretation of current zoning code and housing development/market conditions.

¹ Analysis assumes HB 2001 safe harbor assumption that 3% of middle housing demand (cottages, townhomes and plexes) is addressed through infill and redevelopment in existing developed (R-1) zones.

² Category also includes group quarters housing demand @1.5 persons per dwelling unit.

³ Manufactured housing is allowed in all residential zones.

⁴ Land inventory assumes that all developments in the planning pipeline will have building permits issued prior to adoption.

⁵ Assumes 25% of site area required for future public facilities, roads, easements, etc.

Projected 20-year Land Sufficiency for Housing, Canby UGB: Safe Harbor Scenario				
Dwelling Unit Type	Applicable Plan Designation	Gross Buildable Land Requirement (gross acres)	Buildable Land Inventory (gross acres) ³	Net Buildable Land Surplus or Deficit (acres)
Single Family Detached	LDR	443	312	(152)
Mfd. Homes & Cottages		22	-	
Townhomes/Plexes (2-4 units)	MDR	40	7	(33)
Multifamily (5+ units) ²	HDR, RC	26	10	(16)
Total		530	329	(201)

Source: prior tables; and interpretation of current zoning code and housing development/market conditions.

¹ Manufactured housing is allowed in all residential zones.

² Category also includes group quarters housing demand.

³ Land inventory assumes that all developments in the planning pipeline will have building permits issued prior to adoption.

Policy Strategies to Increase Housing types within the existing UGB

To help increase the overall housing supply within the Canby UGB and to address the capacity shortfall for higher-density housing, the consultant team has identified a list of potential strategies or actions the City might consider.

Generally, the policy strategies can be separated into seven categories:

- A. Zoning and Code Changes
- B. Reduce Regulatory Impediments
- C. Financial Incentives
- D. Financial Resources
- E. Tax Exemption and Abatement
- F. Land Acquisition, Lease, and Partnerships
- Z. Custom Options

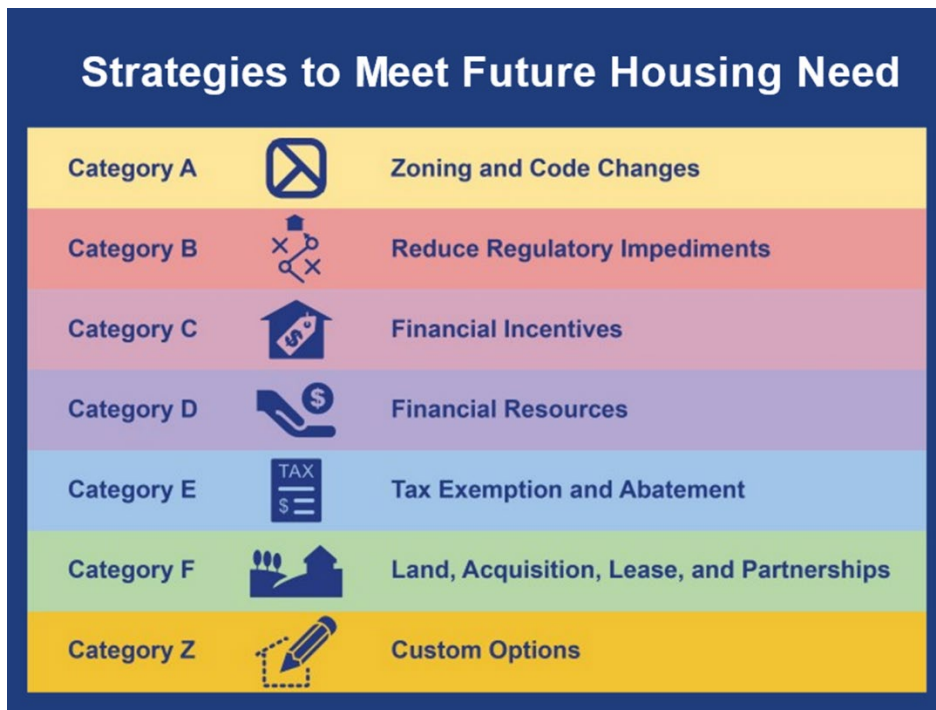


Exhibit 2 identifies and describes various housing policy strategies that have been utilized in cities throughout Oregon. **Preliminary consultant/staff recommendations are identified with an asterisk.** It is recommended that the Canby HNA and HPS planning efforts continue to obtain community input as the City evaluates which of these policies it should implement.

*Policy actions that have generally been implemented by the City or identified by the Canby Housing Advisory Committee for additional consideration are denoted with an * asterisk.*

Exhibit 2: Canby Housing Policy Considerations

Action Number	Description	Category	Notes & Sources
A-1: Develop Criteria & Process for Identifying Land to Up-zone*	Develop criteria and a process for identifying land to up-zone (or rezone) to meet the deficit of land for multifamily development. The criteria may include considerations of location, transportation access, access to and capacity of infrastructure, site size, development constraints, and other relevant criteria.	Category A: Zoning and Code Changes	
A-2: Revise Development Code to Allow Duplexes*	Revise Development Code to allow duplexes where single-family dwellings are allowed	Category A: Zoning and Code Changes	HB 2001 requirement for cities with population between 10,000 and 25,000
A-3: Allow Cottage Clusters*	Allow cottages to be developed in clusters with shared central amenities (such as open spaces) to allow for the development of small single-family detached housing clustered on a lot in the R-1, R-5, RM-10, and RM-20 zones.	Category A: Zoning and Code Changes	City of the Dalles Housing Strategy Report, April 2017
A-4 Allow Tri/Quad Plexes in Single Family Zones	Allow triplexes and quadplexes in single-family zones, possibly using a form-based code approach to regulate the development of these units.	Category A: Zoning and Code Changes	HB 2001 requirement for cities with population greater than 25,000
A-5: Develop a Form-Based Code	Adopt a form-based code approach to regulate the development of small apartments, cottages, tiny houses, and desired multifamily housing types in more zones.	Category A: Zoning and Code Changes	Downtown Bend

Action Number	Description	Category	Notes & Sources
A-6: Allow Courtyard Apartments (all zones)	Allow courtyard apartments in single family and/or medium density zones.	Category A: Zoning and Code Changes	
A-7: Multifamily Residential Buildings in Downtown*	Create development standards that allow development of multifamily residential buildings in downtown. These buildings could be exclusively residential, or they may include a small amount of commercial space.	Category A: Zoning and Code Changes	
A-8: Expand Mixed-Use Zoning*	Identify opportunities to rezone commercial land to commercial mixed-use to support multifamily housing development, if the City has more commercial land than needed to accommodate growth over the next 20-years.	Category A: Zoning and Code Changes	City of Forest Grove
A-9: Limit Single Family Detached Development in Higher-Density Zones	Limit amount of single family detached homes in medium and high density zones. Limitation can be established as a percentage of the total land area or in total dwelling units.	Category A: Zoning and Code Changes	Morrow County HNA, 2017
A-10: Create a Minimum Density Standard	Create a minimum density standard in all residential zones. Example: minimum density standard of at least 70% of maximum density permitted in any residential zone.	Category A: Zoning and Code Changes	Morrow County HNA, 2017
A-11: Limits on Short Term Rentals (STRs)	Require permits for STRs, and consider enforcing a minimum length of stay for at least 30 days.	Category A: Zoning and Code Changes	City of Newport, City of Dundee
A-12: Designs to Promote Aging in Place	Ensure that design standards allow for developments appropriate for seniors to live in. Examples include properties without yards or single story developments.	Category A: Zoning and Code Changes	

Action Number	Description	Category	Notes & Sources
B-1: Reduce Minimum Lot Size (all zones)	Amend lot characteristic standards, such as setback requirements, lot size averaging, etc. to remove barriers to the development of a wider range of housing.	Category B: Reduce Regulatory Impediments	
B-2: Reduce Minimum Lot Sizes in Single Family Zones*	Evaluate reducing the minimum lot size in the Single-Family Residential zones.	Category B: Reduce Regulatory Impediments	
B-3: ADU Development Standards	Evaluate changing development standards for accessory dwelling units, including changing the size limit from 40% to 60% of the primary structure, but retaining the 800 square foot maximum size limit.	Category B: Reduce Regulatory Impediments	City of the Dalles Housing Strategy Report (2017)
B-4: Identify Opportunities to Streamline PUDs*	Identify opportunities to streamline the process and standards for designing and approving planned developments	Category B: Reduce Regulatory Impediments	Local Housing Solutions
B-5: Transferable Development Density on a Parcel with Constraints	Allow housing clusters on a parcel with constraints that prohibit or limit development, such as floodplains or wetlands. This would allow the transfer of density to unconstrained portion of the parcel to be developed at a higher density than the underlying zone, leaving the constrained portion of the parcel undeveloped.	Category B: Reduce Regulatory Impediments	
B-6: Remove Maximum Density Standards	Evaluate removing maximum density standards and allowing building height limitation, lot coverage standard, and parking requirement to limit density.	Category B: Reduce Regulatory Impediments	
B-7: Lower Off-street Parking Requirements*	Evaluate reductions to off-street parking requirements for multifamily housing, including housing serving seniors and other populations that may have lower car ownership.	Category B: Reduce Regulatory Impediments	City of Tigard, Statewide Climate Friendly Community requirements

Action Number	Description	Category	Notes & Sources
B-8: Allow Single-Room Occupancies	Allow single-room occupancies (SROs) for the development or conversion of structures with multiple bedrooms and shared common spaces (i.e., shared kitchens and bathrooms), with the intention of allowing more than six unrelated persons to live in the same unit.	Category B: Reduce Regulatory Impediments	
B-9: Allow Live/Work Housing	Evaluate developing a policy and development standards to allow live/work housing (buildings that include both housing and areas for work) in limited circumstances in commercial and light industrial areas.	Category B: Reduce Regulatory Impediments	
B-10: Streamline Infrastructure Funding Process	Evaluate land use processing & infrastructure funding requirements. Land use permit process streamlining would cut down on developer time and cost. Clarity should be provided on infrastructure cost reimbursement. These would be incentives for developers to more quickly get through the land use review process with assurance of reimbursement for off-site public improvements with broader public benefit.	Category B: Reduce Regulatory Impediments	
B-11: Provide Pre-Approved Middle Housing Designs	Providing a pre-approved set of plans for middle housing typologies (ex. Cottage clusters, townhomes, and ADUs). The plans would be highly efficient, designed for constrained lots and low-cost solutions, and would allow for streamlined permitting.	Category B: Reduce Regulatory Impediments	
C-1: Incentives to Encourage Developers to Build PUDs*	Provide incentives to encourage developers to build planned developments with a variety of housing types, including incentives to support the development of income-restricted housing. Examples include use of TIF for funding off-site infrastructure, bonus density allowances, SDC discounts, etc.	Category C: Financial Incentives	

Action Number	Description	Category	Notes & Sources
C-2: Identify High-Priority Infrastructure Projects*	Identify areas of high priority for improving infrastructure to support new residential development, focusing on opportunities for new development in higher density zones.	Category C: Financial Incentives	
C-3: Provide Density Bonuses for Affordable Housing*	Density bonuses for development of deed-restricted affordable housing.	Category C: Financial Incentives	
C-4: Modify SDC Fee Schedules*	Create SDC fee schedule that is tied to dwelling unit size. Consider per square foot fees rather than per dwelling.	Category C: Financial Incentives	City of Newport
D-1: Ensure CIP Includes Funding Sources	Ensure that the City’s Capital Improvement Plan includes funding for infrastructure improvements and maintenance necessary to support residential development.	Category D: Financial Resources	
D-2: General Obligation Bonds for Affordable Housing Development	Following the passage of Measure 102 Oregon local governments, including cities and counties, can now issue voter approved general obligation bonds to provide direct funding for construction and other capital costs associated with the development and construction of affordable housing.	Category D: Financial Resources	City of Portland
D-3: Create an Affordable Housing Fund	Create affordable housing fund, by considering a construction excise tax/dedication of City bed tax.	Category D: Financial Resources	City of Newport, Hood River, Bend
D-4: Tax Increment Financing (TIF) Set Aside	Create a TIF set-aside for affordable housing development programs within designated Urban Renewal Areas (URAs). Target could be to begin setting aside funds for affordable housing projects as a medium-term action,	Category D: Financial Resources	City of Portland

Action Number	Description	Category	Notes & Sources
E-1: Property Tax Exemptions	Property tax options. Provide limited property tax exemption for low-income housing developments and single unit housing in distressed areas.	Category E: Tax Exemption and Abatement	
E-2: Multifamily Tax Exemptions	Provide limited multifamily tax exemptions to incentivize the development of higher density housing	Category E: Tax Exemption and Abatement	
E-3: Multiple Unit Property Tax Exemption (MUPTe)	This strategy can be used to incentivize production of multifamily housing with particular features or at particular price points by offering qualifying developments a partial property tax exemption over the course of several years.	Category E: Tax Exemption and Abatement	See Oregon Revised Statute, Chapter 307.600
E-4: Nonprofit Low-Income Rental Housing Exemption*	This tool can provide a simplified way for affordable housing owned and operated by a nonprofit or Community Land Trusts to qualify for a property tax exemption.	Category E: Tax Exemption and Abatement	See Oregon Revised Statute, Chapter 307.540
F-1: Monitor Residential Land Supply & Housing Inventory*	Develop and implement a system to monitor the supply of residential land every two years. This includes monitoring residential development (through permits) as well as land consumption (e.g., development on vacant or redevelopable lands).	Category F: Land Acquisition, Lease, and Partnerships	
F-2: Develop Partnerships with Nonprofits*	Partnering with housing non-profits. A partnership with a housing nonprofit can be established to acquire naturally occurring affordable housing such as foreclosures and expansion of the City's vacant property registration program for housing rehabilitation or purchase.	Category F: Land Acquisition, Lease, and Partnerships	

Action Number	Description	Category	Notes & Sources
F-4: Preserve Existing Affordable Housing	Preventing displacement and preserving "naturally occurring" affordable housing (such as mobile home parks) through acquisition by non-profits, low-interest loans/revolving loan fund for preservation, and/or code enforcement.	Category F: Land Acquisition, Lease, and Partnerships	OHCS Mfd Dwelling Parks Program
F-5: Public/Private Partnerships (P3)	Partnerships between government and private developers and/or nonprofits have the potential to leverage financial resources with limited public investment in infrastructure or conveyance of land or development rights.	Category F: Land Acquisition, Lease, and Partnerships	
F-6: Housing on City/County Surplus Land	Local agencies may designate surplus property for housing and mixed use development that includes an affordable element.	Category F: Land Acquisition, Lease, and Partnerships	City of Bend
Z-1: Community Outreach	Conduct public meetings and develop materials to provide information to the community about local housing needs and various policies that encourage new development.	Category Z: Custom Options	
Z-2: Update Housing Needs Periodically*	Reevaluate housing needs and land sufficiency every eight years as required by House Bill 2003, or sooner.	Category Z: Custom Options	
Z-3: Conduct Fair Housing Audit	Conduct a Fair Housing audit of the City's development processes and Development Code. An audit would look at existing definitions, restrictions, standards that trigger conditional use permits, and disparate impacts of policies on protected classes.	Category Z: Custom Options	
Z-4: Conduct Development Barriers Audit*	Conduct a broader audit of local zoning code and development processes to identify barriers to residential development and identify alternatives for lowering or eliminating the barriers.	Category Z: Custom Options	

Action Number	Description	Category	Notes & Sources
Z-5: Education for Property Owners/ Developers*	Provide information and FAQs to local developers and property owners to help them understand how to navigate the land use permitting process.	Category Z: Custom Options	
Z-6: Explore Community Land Trusts	Consider the formation of a community land trust (A non profit corporation) which will act as a steward for land intended for the development of affordable housing	Category Z: Custom Options	
Z-7: Amend Commercial zoning to allow mixed use development*	Provides more flexibility by allowing mixed-use buildings with residential flats above ground floor commercial.	Category Z: Custom Options	

**Denotes preliminary consultant/staff recommendation to be refined during Housing Production Strategy and Comprehensive Plan update pending additional community input*

APPENDIX C. ENGAGEMENT SUMMARY, OCTOBER 2022

Stakeholder Perspectives

Housing Producers

- Developers
- North Willamette Habitat for Humanity
- Land use attorney
- Apartment complex manager

Local Perspectives

- Community At Large (surveys / open houses)
- HNA/EOA Advisory Committees

Employers & Businesses

- Local Businesses
- School District
- Chamber of Commerce
- Clackamas County
- Workforce Development

Community Outreach Summary

Stakeholder Interviews Summary

Housing Producers

Lack of incentives and guidance for affordable housing– Incentives are needed for developers to produce smaller homes.

Overarching regulatory requirements create a barrier– The amount of roadway required, parking, SDC fees, design standards, and minimum lot width limit cost reducing options.

Existing Zoning Code, specifically Zone R2, offers helpful flexibility– It is less limiting than R-1 in terms of lot size and locational variability.

Higher density housing centralized in the Downtown area– Look to the Dahlia Building and consider the lack of senior housing, and surplus of large rental units.

Community Outreach Summary

Stakeholder Interviews Summary

Housing Consumers

- Hope Village (staff)
- Canby Center (staff)
- Canby Adult Center (staff)
- Canby Adult Center Focus Group
- Bridging Cultures

Community Outreach Summary

Stakeholder Interviews Summary

Housing Consumers

Community members live in a variety of housing types and more housing in each category is desired – Housing should incorporate minimal maintenance, multi-modal accessibility, and connectivity.

Intergenerational housing, home equity, and senior housing are at the forefront of Canby residents' desires – Many live in Canby for the proximity to family, want to be able to own housing, and see a large need for affordable senior housing.

Rental housing rates are too high – People with \$40,000 annual income struggle to make rents in the \$1,200 to \$1,400 range, and most rents are closer to \$1,600.

The City should take actionable steps to aide in creating and attracting affordable housing – Ideally through the purchase of land, rent control measures, and development code revisions.

Community Outreach Summary

Public Meeting Comments

- Mixed support for UGB expansion— concerns about density and preserving prime farmland; desire for the city to remain small and rural.
- Concern that income growth is not keeping up with the cost of housing.
- Additional public outreach is necessary to ensure a wide range of views regarding potential upzoning and UGB expansion.
- Pursue less development in downtown since traffic is already bad there.
- Design standards in Canby need work. Especially on multifamily and fencing.

Community Outreach Summary

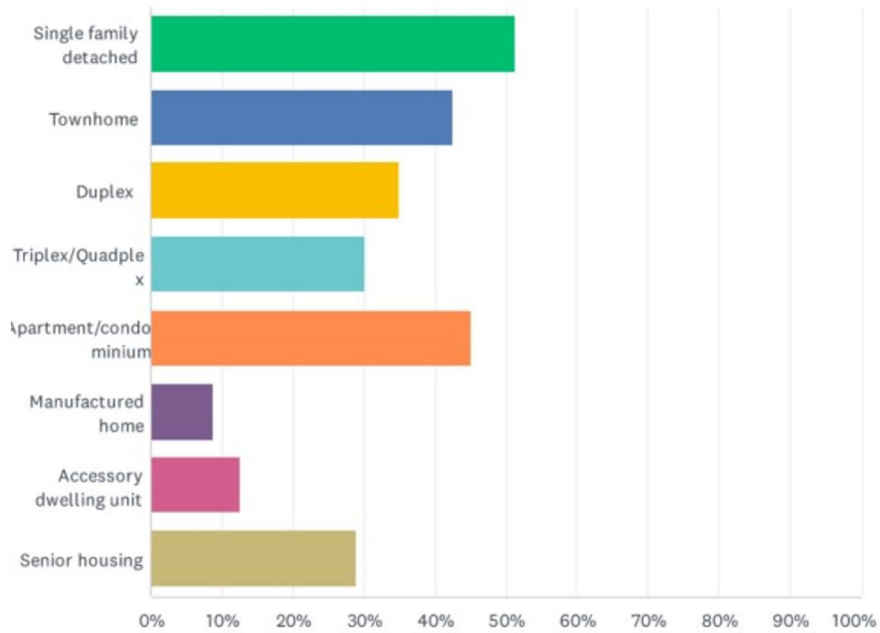
Public Meeting Comments

- Concern that the city might rezone R1 property to a higher density.
- Concern about outof-area investors buying up single family detached homes in Canby.
- Desire for the City to allow cottage clusters.
- Consider using tax increment financing could be used to pay down SDCs for affordable housing.

Community Outreach Summary

Online Survey Results (80 respondents)

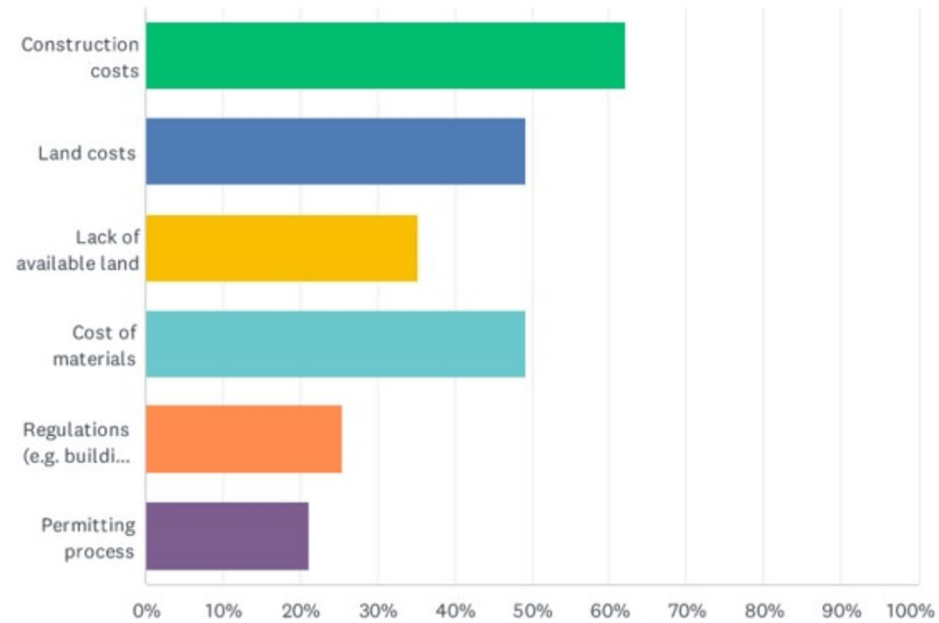
What housing types does Canby need most?



Community Outreach Summary

Online Survey Results (80 respondents)

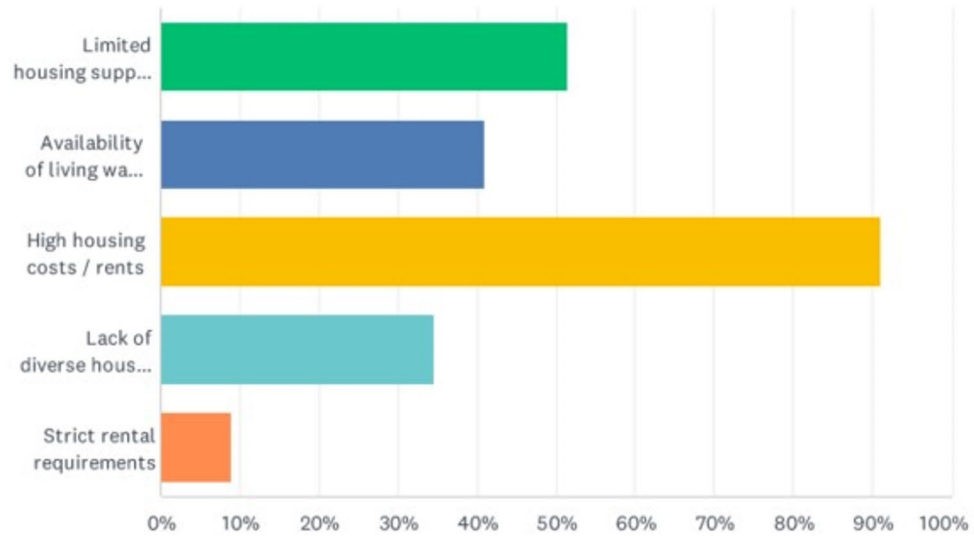
What are the top three barriers to housing development in Canby?



Community Outreach Summary

Online Survey Results (80 respondents)

What are the top three barriers to owning a home in Canby?



Community Outreach Summary

Residents are concerned about...

- Traffic congestion and anything that degrades quality of life
- Lack of sidewalks & traffic control systems
- Lack of attainable housing supply for workers
- Lack of coordinated long term community master plan
- Lack of quality design & landscaping standards
- Warehousing & distribution businesses that pay low wages
- Sprawl (low density development that is not pedestrian friendly)

Community Outreach Summary

APPENDIX D. ENGAGEMENT SUMMARY, FEBRUARY 2023

Community Outreach Summary

January 24 Public Meeting

- Consider community members that live outside of city limits and how an urban growth boundary expansion might affect them.
- It is important to create more opportunities for middle housing and diverse housing.
- Ensure quality for all housing types including off-street parking.
- Need to maintain quality of life through public utilities and facilities (parks) to accommodate increase in population and density.
- Also need to add services like grocery stores.

Community Outreach Summary

February 22, Online Questionnaire

Results of 63 completed online questionnaires following the January 24, 2023 open house:

- Recognize housing affordability needs within the community support for addressing these needs through 9 housing production strategies.
- Least support for associated with “Amend commercial zoning to allow mixed use housing development.”
- Greatest support for “Periodically update the House Needs Analysis.”

Community Outreach Summary

February 22, Online Questionnaire

Ranking of the most supported to least supported using Support and Strongly Support scores included:

- #1. Periodically update the Housing Needs Analysis (63.4%).
- #2. Conduct periodic review of potential barriers to new development (53.9%).
- #3. Conduct land use permitted education workshops (50.8%).
- #4. Modify System Development Charges (SDC's) to reflect home size (50%).
- #5. Amend commercial zoning to allow for mixed-use housing development (49.2%).
- #6. Allow cottage developments in low density residential zones (i.e., group of small detached homes with shared common areas) (48.3%).
- #7. Streamline permitting for Planned Unit Developments (PUD's) (46.7%).
- #8. Encourage development through Planned Unit Development (42.8%).
- #9. Develop criteria and process for identifying areas to increase housing density (42.8%).

Community Outreach Summary