

memo

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cc Brendan Buckley, Johnson Economics
re **Albany Housing Implementation Plan**
Background Report & Draft HIP, Part 1
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I. Introduction

Project Overview

The purpose of the Albany Housing Implementation Plan (HIP) is to identify a set of policies and tools that the City of Albany can implement in order to facilitate housing development that meets the needs of the community. The HIP will prioritize current and future housing needs and will outline equitable and actionable policies, strategies, and implementation steps needed to encourage the production of needed housing.

The project goals and objectives are to:

- Identify and assess policies and strategies to increase housing options and opportunities that meet the needs of Albany residents as projected in the City's 2020 Housing Needs Analysis.
- Identify housing resources and constraints, including evaluation of existing strategies and recommendations for new actions to increase housing supply or provide regulatory streamlining.
- Engage a broad spectrum of the community in conversations and input around housing needs and strategies using a variety of engagement strategies.
- Adopt policies and tools that promote fair and equitable housing choices for all residents, especially residents of protected classes and those experiencing housing insecurity.

The outcome of the project will be recommendations for adoption of a range of housing strategies, including amendments to the Albany Development Code. The HIP will also provide the foundation for updating the Housing element of the Albany Comprehensive Plan.

This *Background Report and Draft Housing Implementation Plan* provides a preliminary summary and evaluation of various strategies, tools, and policies that the City may consider as part of its Housing Implementation Plan. Further description of the contents of this report are provided in Section II.

This document represents "Part 1" of this effort. A companion "Part 2" document will describe additional potential strategies, as described below.

Background

Housing Needs in Albany

Following are some key findings related to the housing needs of the Albany community, derived from the 2020 Housing Needs Analysis:

- There is significant need for new medium- and high-density housing to meet the City’s 20-year housing needs. Attached forms of housing are expected to grow as an overall share of housing due to growing trends towards more density, infill development, accessory dwelling units, and constraints of the urban growth boundary. This includes multi-family housing and “missing middle housing” such as duplexes, triplexes, quadplexes, and townhomes.
- There is a current and future need for more affordable housing opportunities for many Albany households. Over 50% of renters spending more than 30% of their income on gross rent—these households are considered “housing cost burdened.” A quarter of renters are spending 50% or more of their income on housing and are considered *severely* housing cost burdened.
- Relatedly, the HNA identified current and future needs for housing affordable to low-income households (defined as households earning 80% or less of area median income). In particular, there is a shortage of rental units at the lowest pricing levels that would be affordable to the lowest-income households.

At the focus group meetings for the HIP, we also heard from stakeholders that the following housing types are needed in Albany: first-time homebuyer opportunities; small, single-level homes; housing for seniors to age in place; accessible homes for people with disabilities and mobility challenges; housing that fits on the spectrum between single-family homes and larger apartment complexes (i.e., missing middle housing); and accessory dwelling units.

These gaps will be a focus of the Housing Implementation Plan work. The HIP will also include strategies that will contribute to housing supply and affordability for a full range of Albany households.

Recent Housing Efforts

Albany completed a [Housing Needs Analysis](#) in 2020, which assessed current and 20-year housing needs by tenure, cost, and unit type, and ensured that City policies and codes could address those needs. The analysis provides essential data and recommends strategies for the city to consider in order to address housing needs to 2040. The HIP will build off the Housing Strategies Report that accompanied the HNA by further detailing and evaluating some of the recommended strategies.

The City also recently completed work in 2021 on the Expanding Housing Options project, which improved housing choices in Albany by allowing middle housing types—duplexes, triplexes, quadplexes, townhomes, and cottage clusters—in single-family residential zones. The resulting changes to the Albany Development Code and Comprehensive Plan brought the City into compliance with House Bill 2001 (2019), and also included new and updated design and development standards. The HIP will consider additional ways to encourage middle housing and increase its affordability through code amendments and financial incentives.

Other recent Development Code updates also simplified housing regulations by making all residential standards clear and objective, streamlining procedures for residential subdivisions, and providing greater flexibility for Planned Development projects.

The HIP will use some of the insights gained from these recent projects in identifying strategies to further support needed housing in Albany.

II. Housing Strategies Overview

This report provides a preliminary summary and evaluation of various strategies, tools, and policies that the City of Albany and its partners could employ to facilitate housing development that meets the current and future housing needs of the community. As a starting point, the project team assembled an initial list or “menu” of potential strategies that was derived from the following sources:

- Recommendations from the Housing Strategies Report that accompanied the City’s 2020 HNA.
- The master list of housing Tools, Actions, and Policies that the Oregon Department of Land Conservation and Development (DLCD) assembled as a resource for local governments in preparing Housing Production Strategies.¹
- Ideas from City of Albany staff and local housing stakeholders.

The project team reviewed the initial, more exhaustive, strategies menu with the Housing Affordability Task Force (HATF), who helped refine and prioritize the list. The strategies considered in this report are those that HATF members and the project team saw as having the most merit. These strategies will be further refined through the evaluation process and through additional discussion with the HATF and other community engagement efforts.

What’s in the Report

This report provides background information for the strategies and takes a closer look at the potential impacts to housing supply/affordability and steps needed for implementation. The report goes into greater detail for those strategies identified as higher-priority (based on HATF and staff input) and provides a more high-level summary for low-priority strategies.

The summary of each housing strategy includes the following information:

Description	What is the strategy? How can the strategy work to increase housing availability and affordability in Albany? What are potential outcomes?
Legal Basis	Are there any legal backings/requirements that are needed to allow for or implement the strategy?
Options and Alternatives	Are there any alternative ways to implement the strategy related to fees, regulatory standards, or other variables?
Issues or Constraints	What opportunities, constraints or negative issues may be associated with adoption of the housing policy or strategy?
Impact	What populations, income levels, and housing types are supported? Anticipated impact on the relative cost, financial feasibility, and affordability of housing are discussed. <i>[More in-depth for higher-priority strategies.]</i>

¹ Oregon DLCDC, HPS Tools, Actions, and Policies. https://www.oregon.gov/lcd/UP/Documents/660-008-0050_HPS_List_Tools_Actions_Policies.pdf

Implementation Actions What actions will the local government and other stakeholders need to take to implement the strategy?
[NOTE: The implementation actions are relatively high-level at this stage in the HIP process. The project team will go into more detail for higher-priority strategies in a later version of the HIP once the strategies have been refined.]

In researching the housing strategies, the consultant team relied on its own research conducted for Albany and other jurisdictions in Oregon, on similar reports prepared for other communities, and on best practices and case study research for housing policies and programs in Oregon and beyond.

Two-Part Report

This report constitutes Part 1 of a two-part report. Part 1 looks at strategies in the following two categories:

1. Development Code / Regulatory Strategies
2. Policy and Land Supply Strategies

Part 2 will describe strategies in the remaining three categories:

3. Financial and Regulatory Incentives
4. Funding Sources
5. Programs and Partnerships

A summary table of the strategies included in Parts 1 and 2 is provide below.

Table 1. Summary of Housing Strategies

	Strategy	Page #	Initial Priority
1. DEVELOPMENT CODE / REGULATORY STRATEGIES (Report Part 1)			
1.1	Ensure Land Zoned for Higher Density is not Developed at Lower Densities	6	Medium
1.2	(Incentivize) Smaller units with Smaller Lots/Prorate Density Calculations	9	High
1.3	Evaluate Existing Development Standards	11	Medium-High
1.4	Flexibility for Accessory Dwelling Units (ADUs)	14	Low
1.5	Encourage Tiny Homes and Villages	15	Medium
1.6	Legalize Alternative Housing Types on Wheels and in Parks	18	Low
1.7	Zoning Incentives for Affordable or Workforce Housing	20	Medium
1.8	Provisions for Single Room Occupancy (SRO) Housing	22	Medium-High
1.9	Evaluate mixed use and commercial zones for housing capacity	25	Low
1.10	Mixed Housing Types / Income Levels in Planned Developments	28	Low
1.11	Inclusionary Zoning	29	Low
1.12	Incentivize and Promote Accessible Design	32	Medium
1.13	Require Accessible Design for Publicly Supported Units	33	Medium

	Strategy	Page #	Initial Priority
2. POLICY AND LAND SUPPLY STRATEGIES (Report Part 1)			
2.1	Rezone and Redesignate Land	35	Low
2.2	Surplus Land for Affordable/Needed Housing	37	High
2.3	Land Banking	39	Low-Medium
3. FINANCIAL AND REGULATORY INCENTIVES (Report Part 2)			
3.1	Pre-Approved Plan Sets for ADUs and/or Middle Housing Types		Medium
3.2	Tax Abatements		High
3.3	System Development Charge (SDC) Deferrals, Exemptions or Reductions		High
3.4	Modify SDC fee methodologies/schedules		Medium
3.5	Connection Fees Waiver		Low
3.6	Annexation Fee Waiver		High
3.7	Expedite Permitting for Affordable/Needed Housing		Low
4. FUNDING SOURCES (Report Part 2)			
4.1	Construction Excise Tax (CET)		Medium
4.2	General Obligation Bonds for Affordable Housing		Medium
4.3	Tax Increment Financing (TIF)		Medium
4.4	Community Development Block Grant (CDBG)		Low
4.5	Federal HOME Program		Low
4.6	Demolition Taxes		Medium
5. PROGRAMS AND PARTNERSHIPS (Report Part 2)			
5.1	Public-Private Partnerships (PPPs)		High
5.2	Support for Existing Affordable Housing and Residents		Medium-High
5.3	Providing Information and Education to Small Developers		Medium
5.4	Conversion of Underperforming or Distressed Commercial Assets		Medium-High
5.5	Housing Trust Fund		Low

III. Housing Strategy Summaries & Evaluation

CATEGORY 1. DEVELOPMENT CODE / REGULATORY STRATEGIES

The following set of strategies includes potential changes to the Albany Development Code (ADC) related to development review processes or other regulations that the City could consider undertaking to help meet Albany’s housing needs and goals.

1.1 Ensure Land Zoned for Higher Density is not Developed at Lower Densities

INITIAL PRIORITY: HIGH

Description This strategy is intended to ensure that residential land is used efficiently, and that areas designated for higher residential densities are not consumed by low-density development. As identified in the 2020 HNA, there is significant need for new medium- and high-density housing. It is important to ensure that land planned for these housing types is reserved for that purpose. It is also important to ensure that residential development can reach the projected capacity of each zone and that buildable land within the urban growth boundary is used efficiently by developing at or near the maximum density of the zone.

To that end, the City should consider adopting **minimum density standards** in residential zones. This strategy was recommended as part of the HNA Housing Strategies Report. The City currently regulates maximum density, but not minimum density. A minimum density standard would preclude low-density developments from being constructed in higher-density residential zones—either by mandating a minimum number of dwellings per acre or setting limits on maximum lot sizes. For example, large lot, detached homes would be prohibited in a higher density zone, but the minimum density standard may allow for smaller lot detached houses, cottage cluster housing, or townhomes.

The minimum density standard can be tailored to local conditions and needs but is typically most effective if set at between 50 and 80% of the maximum density standard in the zone. The applicability could also be limited so as not to preclude smaller-scale, infill development where it is appropriate and where it will have minimal impacts on the supply of available higher-density land. For example, the City could limit applicability to land divisions and multi-family development, but not to single-family dwellings or middle housing on individual lots.

Legal Basis The City of Albany has broad authority to regulate land uses, densities, and lot sizes through the development code. There are no legal barriers to implementing this strategy.

Options and Alternatives At a minimum, we would recommend establishing a minimum density standard for the RM and RMA zones. That way, new single-family detached homes would only be permitted in the RM zone if they met the minimum density standards (i.e., if the lots were under a certain size). Applying minimum density standards in single-

family zones (e.g., RS-5 and RS-6.5) would also support efficient development in those zones.

Options for minimum density. As noted above, minimum density standards are typically set at between 50 and 80% of the maximum density standard in the zone. Examples of how the minimum density standards could be applied in the RS-5, RS-6.5, and RM zones are provided in Table 2, which illustrates how the 50% and 80% options would play out.

Table 2. Potential Minimum Density Standards

Zoning District		Existing Minimum Lot Size / Density Standard	Minimum Density Options	
			50% of Max. (approx.)	80% of Max. (approx.)
RS-5 – Residential Single Family	Lot Size	Single-family: 5,000 SF	Max. Lot Size: 10,000 SF	Max. Lot Size: 6,250 SF
	Density	Max. density: ~6.5 units/ acre ¹	Min. Density: 3.3 units/acre	Min. Density: 5.2 units/acre
RS-6.5 – Residential Single Family	Lot Size	Single-family: 6,500 SF	Max. Lot Size: 13,000 SF	Max. Lot Size: 8,125 SF
	Density	Max. density: ~5 units/ acre ¹	Min. Density: 2.5 units/acre	Min. Density: 4 du/ga
<p><i>For example, in the RS-5 zone, the minimum density of a proposed 10-acre subdivision would be 33 lots at a 50% minimum density (3.3 units/gross acre x 10 acres) or 52 lots with an 80% minimum density (5.2 units/gross acre x 10 acres).</i></p>				
RM – Residential Medium Density	Density	25 units/gross acre	13 units/gross acre	20 units/gross acre
<p><i>For example, the minimum density of a proposed 2-acre development in the RM zone would be 26 units at a 50% minimum density (13 units/gross acre x 2 acres) or 40 units with an 80% minimum density (20 units/gross acre x 2 acres).</i></p>				

(Note 1: Albany’s single-family zones control density through minimum lot sizes. These were used to calculate approximate units per gross acre in RS-5 and RS-6.5 after setting aside 25 percent for street right-of-way. The per-unit lot area requirement for multi-family development is effectively net density because it already includes the area devoted to surface parking.)

For the RM and RMA zones, minimum densities of 13 or 18 units per gross acre (respectively) would be consistent with the low end of the suggested 50-80% range and would largely be consistent with the range of densities at which housing types allowed in these zones are developed. For example, townhomes are typically constructed at densities of 10-12 units per gross acre (14-16 units per net acre) or higher. Cottage clusters are typically constructed at 11-15 units per gross acre (15-20 units per net acre). It will be important to calibrate the minimum density

standards so as to ensure a certain level of density is achieved while not precluding acceptable forms of housing or inhibiting desirable development.

Implementation Options. Aside from calibrating the density standards, the City has options in how it implements this strategy:

- Which zones – It is typically most important to ensure minimum densities are achieved in the higher-density zones (i.e., RM and RMA in Albany); however, detached housing is already prohibited in the RMA zone, so there is less concern of that area being developed with low-density housing. The City may also want to limit very low-density development in the zones for single-family and middle housing—especially the RS-5 and HM zones, where minimum lot size is 5,000 square feet.
- Application method – The requirements could be applied based on minimum dwellings per acre or maximum lot size. It may make sense to use different methods in different zones (medium-density versus single-family zones) or different housing types (multi-family versus single-family detached and middle housing). Either way, there would need to be some explanation in the Code regarding how minimum density is calculated.
- Pair with reductions to minimum lot size – To ensure land in the RM and RMA zones is developed efficiently, the City should also consider reducing minimum lot sizes (for single-family and middle housing) and lot-area per-unit requirements (for multi-family). See Strategy 1.3 for further discussion of these strategies.
- Limit to subdivisions and multi-family – Albany has two categories of land divisions: partitions (two or three lots) and subdivisions (four or more lots). The City could consider applying minimum density standards only to subdivisions, since partitions would have less flexibility in meeting minimum density and less impact on new housing supply overall. Middle housing types (duplexes, triplexes, fourplexes, and cottage clusters) may also have less flexibility in meeting minimum density standards than larger developments, so the City could consider limiting the standards to multi-family development with five or more units. (Note: Townhouses would be created through land division.)

Issues or Constraints A potential issue with applying minimum density standards is the potential of inadvertently precluding development that may be desirable to the community. As discussed below, it will be important to calibrate the regulations so as to ensure a certain level of density is achieved while not precluding desirable forms of housing or development.

- Impact**
- **Affordability target:** All income levels
 - **Income:** 0 to 120+% AMI
 - **Housing tenure/type:** For rent or sale; high-density housing
 - **Housing impact:** Modifying development standards to support appropriate

residential densities would have a limited impact on housing supply as it would not work directly toward creating new units. However, it would support efforts to add to the city’s housing supply and affordability by ensuring that residential land is not consumed by low-density single-family development, which is typically more expensive than small-lot or higher-density housing types.

Implementation Actions

1. Determine which implementation options to pursue, based on the discussion above. This should be informed by input from the Planning Commission and from members of the local development community.
2. Draft the recommended ADC amendments.
3. Go through the legislative text amendment process.

Implementing Entity(ies): Lead - City of Albany Community Development Department.

1.2 (Incentivize) Smaller Units Through Development Standards

INITIAL PRIORITY: HIGH

Description This strategy describes a range of options for incentivizing smaller dwelling units through favorable development standards. In the focus group meetings for the HIP project, several stakeholders noted that Albany needs more housing options for singles, young couples, and seniors who do not want, or cannot afford, a large single-family home. This strategy would encourage smaller dwelling units (e.g., 1,200 SF or less) and single room occupancy (SRO) dwellings through one or more of the following development code incentives:

- Allow units to count as less than one dwelling unit for purposes of calculating density;
- Allow reduced lot size requirements for smaller units;
- Allow reduced setbacks, lot coverage, and/or vehicle parking.

Legal Basis The City of Albany has broad authority to regulate the form and design of housing through the development code. Any standards applicable to middle housing would need to maintain compliance with the Oregon Administrative Rules (OAR 660-046). However, any changes that the City may consider would provide more flexibility for housing development, not less, which is generally supported by the state requirements.

Options and Alternatives **Density and Lot Size.** Small dwellings typically do not have the same land needs as larger units; therefore, it makes sense to allow smaller dwellings to be built on smaller lots. Also, reducing lot sizes and allowing higher density for smaller units will make them more feasible to build. Several stakeholders noted that building smaller single-family homes on standard lots may not “pencil out,” and that these homes are unlikely to be developed if higher returns can be earned by building

larger homes. Reducing lot sizes would reduce costs associated with land and would allow more units to be built on a given site.

Below are some examples of potential reduced lot size / density standards:

<i>Unit Size</i>	Minimum Lot Size: Single-family & duplex	Minimum Lot Size: Triplex, fourplex, townhouse, cottage cluster
<i>601 – 1,200 SF</i>	3,000 SF	1,200 SF per unit
<i>600 SF or smaller</i>	1,500 SF	1,000 SF per unit

Assuming reduced lot sizes are allowed for all single-family and middle housing types, the unit sizes may need to be scaled in a way that makes sense for each housing type. For example, the maximum unit size for triplex and fourplex units on reduced-size lots should potentially be lower than the maximum unit size for single-family detached units.

See Strategy 1.3 for discussion of reducing minimum area-per-unit requirements for multi-family dwellings.

Increased Lot Coverage. If reduced lot sizes are permitted for smaller units, those units may occupy a larger percentage of the site. This is especially true of single-story homes, which have larger footprints than two-story homes of the same overall size. Therefore, the City could consider allowing increased lot coverage for small units built on small lots. The City's current lot coverage standards range from 50-60% in the RS zones and HM and 70% in RM and RMA. Increasing lot coverage allowances may not be necessary for single-family detached dwellings. Using the numbers in the table above, a single-story, 1,200-SF home that is built on a 3,000-SF lot would cover only 40% of the lot—this is below the maximum lot coverage standard in all zones except RR. However, it may be necessary to allow higher lot coverage for middle housing types, depending on how the standards are calibrated.

Reduced Setbacks. Smaller dwellings will typically have less impact on adjacent dwellings and are less imposing in terms of building bulk/scale. Therefore, smaller units might need smaller setbacks to protect neighboring homes and to provide adequate spacing from the street. Interior (side and rear) setbacks in Albany are already scaled to the number of stories in a building. The City could consider also reducing front setbacks for smaller units (under 1,200 SF) from 20 feet down to 15 feet in RS-10; from 15 feet to 12 feet in RS-6.5, RS-5, HM, and RM.

Reduced Parking. Households occupying smaller dwellings typically have fewer cars, and therefore, have less need for parking and less per-unit impact on the transportation system. Accordingly, the City could encourage smaller units by reducing off-street parking requirements. The state's recently-adopted administrative rules for Climate Friendly and Equitable Communities (CFEC) will require Albany to remove all parking mandates for housing units under 750 SF starting in 2023. The City could also encourage dwellings between 750 SF and 1,200 SF (or an appropriate upper limit) by reducing parking to a lesser degree. For

example, minimum parking for a fourplex could be reduced from 4 spaces to 3 spaces.

Issues or Constraints There may be community concerns about prorating density calculations for smaller housing units due to concerns about impacts to traffic and parking. However, others may welcome increased density in their neighborhoods. These considerations should be evaluated as part of the City’s implementation of this strategy.

- Impact**
- **Populations served:** Low to moderate income households
 - **Income:** 30 – 120% AMI
 - **Housing tenure/type:** For rent or sale
 - **Housing impact:** Modifying development standards to encourage smaller units would have a limited impact on housing supply, as it would not work directly toward creating new units. However, the strategies discussed above would help fill the gap in the city’s supply of smaller dwellings, which are typically more affordable to rent or purchase.

Implementation Actions See Strategy 1.1 for the general steps needed to implement a development code amendment.

Implementing Entity(ies): Lead – City of Albany Community Development Dept.

1.3 Evaluate Existing Development Standards

INITIAL PRIORITY: MEDIUM-HIGH

Description Some regulations may constrain housing development to a degree that the corresponding public benefits of the regulation do not outweigh the effect on housing development. These regulations could include off-street parking requirements, open space standards, minimum lot sizes, or other development standards such as setbacks and height requirements. As part of the 2020 Housing Strategies Report, Angelo Planning Group (now MIG|APG) identified some initial suggestions related to parking, setbacks, lot coverage, and lot sizes. Some of these issues were already addressed as part of the Expanding Housing Options project, which updated standards for middle housing. The City could consider additional adjustments to the code to further facilitate and reduce barriers to needed housing development. In addition, some members of the local development community have recently asked the City to consider allowing small-lot single-family homes and to allow more flexibility for things like setbacks.

Legal Basis See Strategy 1.2.

Options and Alternatives **Minimum Lot Size.** The ADC’s current minimum lot size standards for single-family detached dwellings in residential zones is summarized below:

RS-10	RS-6.5	HM	RS-5	RM	RMA
10,000	6,500	5,000	5,000	3,500	N/A

The City's recent Code updates to allow middle housing in single-family zones opened up significantly more opportunities for housing variety in residential areas. However, single-family detached homes continue to be a highly desirable form of housing—both by residents and developers. One way to enable more affordable single-family homes is to allow smaller lot sizes. Reducing minimum lot size typically reduces costs for developers and homebuyers because of the high cost of land. In the focus group meetings for the HIP project, we heard from multiple stakeholders that homeownership options in the \$200k - \$300k price range and one-level dwellings constitute some of the biggest gaps in Albany's existing housing stock. Middle housing could help fill this gap, but so could small-lot single-family development, which may be more likely to be built in the near term, given the high demand and developers' familiarity with this housing type.

The City could consider reducing minimum lot sizes for single-family detached dwellings in certain zones. *One thing to keep in mind is that duplexes would need to be allowed on the same reduced-size lots as single-family detached dwellings—this is a requirement of the middle housing OARs.*

Minimum lot size – RS-5 zone example. Minimum lot size in this zone is 5,000 square feet. The City could consider reducing lot sizes to somewhere between 10 and 50% (4,500 SF and 2,500 SF). Since duplexes are currently permitted on 5,000-SF lots (as required by HB 2001), allowing 2,500-SF lots for detached units would achieve the same density as a duplex under today's code.

Minimum Area Requirements for Multi-Family. There is currently a mismatch between the maximum density and minimum lot size standards in the medium-density zones. Maximum density is 25 units per gross acre in RM and 35 units per gross acre in RMA. These densities are not achievable given the current standards for minimum site area per unit—especially for dwelling units with two or more bedrooms. In fact, townhouses (aka single-family attached homes) in these zones can achieve higher densities than multi-family development. The table below summarizes achievable densities in these zones, given site area standards.

Table 3. Achievable Densities for Multi-Family in RM and RMA

<i>Unit Type</i>	<i>RM</i>		<i>RMA</i>	
	Min. Site Area per Unit	Max. Density (units per acre)	Min. Site Area per Unit	Max. Density (units per acre)
<i>Studio and 1-bedroom</i>	2,000 SF	21.8	1,500 SF	29
<i>2- and 3-bedroom</i>	2,400 SF	18.2	1,800 SF	24.2
<i>4+ bedroom</i>	3,000 SF	14.5	2,200 SF	19.8

The City should consider either reducing minimum site area per unit for multi-family in the RM and RMA zones or using density (units per acre), rather than lot size as the guiding metric.

Minimum Interior Setbacks. The City has recently received requests from developers to reduce interior setbacks in the RM zone for narrow-lot development. Minimum interior (side and rear) setbacks in the RM and RMA zones are as follows:

- Single-family detached and middle housing: 3 feet for 1-story dwellings and 5 feet for 2-story buildings.
- Multi-family: 10 feet for 1- and 2-story buildings. Additional setback for taller buildings.

In the RM zone, minimum lot size for single-family and duplex dwellings is 3,500 SF and minimum lot width is 30 feet. With 5-foot setbacks on both sides, buildings could be as narrow as 20-feet wide. Reducing side setbacks to 3 feet would allow an additional 4 feet of building width. This may not be a significant change but could make narrow-lot single-family development more feasible. Further, side setbacks often do not provide usable space; they primarily provide fire separation from adjacent homes. Therefore, reducing side setbacks would not reduce usable yard area.

If the City chose to allow reduced interior setbacks, we would recommend allowing reductions only for side setbacks (not rear), and only for narrow lots (e.g., lots 35-feet wide and under).

Detached “plexes.” As part of its recent code amendments to meet state middle housing requirements, the City amended a variety of standards associated with duplexes, triplexes and quadplexes. The City’s code continues to define these forms of housing as two, three, or four attached units on one lot. The City could choose to expand this definition to include both attached and detached units. Allowing for detached plexes, in combination with allowing for middle housing land divisions, would expand opportunities for development of smaller, detached units, many of which could be owner-occupied units. As part of a separate code update effort, the City is considering this option.

Issues or Constraints

- Reducing minimum lot size alone, without limiting the size of buildings, may not result in significantly smaller or more affordable homes.
- Reducing side setbacks for narrow lots could result in bulkier, closer-spaced homes, but potentially without much appreciable benefit in terms of housing production or feasibility. This issue warrants further discussion with the development community.

Impact

- **Populations served:** Moderate income households
- **Income:** 80 - 120+% AMI
- **Housing tenure/type:** For sale; small single-family homes
- **Housing impact:** Similar to Strategies 1.1 and 1.2, modifying development standards to support housing development would have a limited impact on housing supply, as it would not work directly toward creating new units.

However, the strategies discussed above would support efforts to add to the city’s housing supply and affordability by allowing more housing to be built and would encourage smaller single-family detached dwellings.

Implementation Actions See Strategy 1.1 for the general steps needed to implement a development code amendment.

Implementing Entity(ies): Lead – City of Albany Community Development Department.

1.4 Flexibility for Accessory Dwelling Units (ADUs)

INITIAL PRIORITY: LOW

Description This strategy involves adjusting standards for accessory dwelling units to allow more flexibility for their siting on single-family lots. ADUs are a viable housing option with several benefits:

- Building and renting an ADU can raise income for a homeowner and help offset the homeowner’s mortgage and housing costs.
- ADUs can add to the local supply of rental units and can provide a relatively affordable rental option for a person or household that prefers living in a small detached unit rather than an apartment or other attached housing.
- ADUs offer flexibility for homeowners to either rent the unit or to host a family member. The proximity to the main house can be particularly beneficial for hosting an elderly family member that may need care and assistance.

The City of Albany already allows ADUs outright on any lot where single-family housing is allowed, in compliance with state statute. The City also recently updated its standards to comply with state requirements, and they do not appear to pose particular barriers to ADU development. However, the City could potentially go further to encourage ADUs through the Development Code.

Legal Basis See Strategy 1.2.

Options and Alternatives If the City wanted to provide more flexibility for ADUs, it could consider the following strategies:

Allow increased floor area as a percentage of the primary dwelling. The current Code limits ADUs to 50% of the gross floor area of the primary residence (excluding garages or carports) or 900 square feet, whichever is less. While the 900-SF limit is relatively generous, the 50-percent limit may be prohibitive if the ADU is constructed on a lot with a small home. For example, some older homes are only 800-1,000 SF—this would limit allowable ADUs to only 400-500 SF. The City could consider increasing the allowance to 75 or 80% of the primary residence to allow a

wider range of ADU sizes (up to 900 SF) that are still smaller than the primary home.

Provide lot coverage exception for reduced-size lots. If the City chooses to allow reduced-size lots for single-family dwellings, as discussed under Strategies 1.2 and 1.3, lot coverage standards may pose a barrier to ADUs. The City could consider allowing exceptions to lot coverage for ADUs constructed on lots under a certain size (e.g., under 4,000 SF).

Allow more than one ADU on a lot. The City could consider allowing up to two ADUs with single-family dwellings. The City already allows something similar to a house with two detached ADUs by allowing a 3-cottage cluster; however, cottage clusters have additional standards addressing things like common open space. The City could consider allowing two ADUs only if one of the ADUs is internal to the primary dwelling or an attached addition. This would help reduce potential impacts to neighboring properties. If there are concerns about having two ADUs on an undersized lot, the City could also require that the lot meet the minimum lot size in the zone.

Issues or Constraints N/A

- Impact*
- **Populations served:** Moderate income households
 - **Income:** 80 – 120% AMI
 - **Housing tenure/type:** For rent; smaller units
 - **Housing impact:** See Strategy 1.2.

Implementation Actions See Strategy 1.1 for the general steps needed to implement a development code amendment.

Implementing Entity(ies): Lead – City of Albany Community Development Department.

1.5 Encourage Tiny Homes and Villages

INITIAL PRIORITY: MEDIUM

Description This strategy involves encouraging development of tiny homes built on foundations through regulatory incentives such as reductions in required off-street parking or open space, or exemptions from design requirements.

Tiny homes are typically defined as detached units under 600 square feet. Tiny homes present an appealing option for affordable homeownership due to their small size and the privacy and independence they offer to residents. However, this housing type can face a number of regulatory barriers because they do not fit the typical housing mold. Many development codes are not geared toward accommodating this housing type.

Tiny homes are often grouped into three different categories based on their intended use—each of which has different regulations that apply²:

- **Permanent tiny homes** – Built on a foundation and subject to Building Code and Development Code standards.
- **Temporary tiny homes** – Built on a chassis or frame and may have wheels. Often referred to as tiny homes on wheels (THOW). Typically, they are classified as recreational vehicles (RVs) and are not permitted for full-time living in most Oregon jurisdictions, unless they are located in a manufactured dwelling park or RV park. See Strategy 1.6 for more discussion of this type of tiny home.
- **Transitional tiny homes** – These are living facilities for persons who lack shelter. They may or may not meet the definition of either a permanent tiny home or a THOW (i.e., they may not be considered “buildings” for the purposes of the building code or vehicles for the purposes of NHSTA standards.

This strategy focuses on permanent tiny homes. Strategy 1.6 addresses THOWs. Transitional tiny homes provide shelter, rather than housing, and are therefore outside the purview of this Housing Implementation Plan.

Permanent tiny homes are often sited in “tiny home villages,” where multiple homes share the same lot. Under the current ADC, multiple tiny homes sited on a single lot would be considered either multiple family or cottage cluster. Eight or fewer tiny homes on a lot would be considered a cottage cluster and would be subject to the cottage cluster design standards in ADC 8.175. The Code does not permit more than eight cottages on one lot; therefore, a larger tiny home village would either need to go through a land division to create additional lots, the planned development process and adjustment process, or else be permitted as multi-family development. However, multi-family development is only permitted in the RM and RMA zones, and the design standards in ADC Article 8 are even less compatible with the characteristics of tiny home villages.

Legal Basis See Strategy 1.2.

Options and Alternatives **Define tiny homes as units under 750 SF.** Under the new CFEC rules, the state will exempt parking requirements for units under 750 SF. Albany’s code could align with that threshold, which may be a more realistic and livable home size, by defining tiny homes as detached units under 750 SF.

Exempt tiny home villages from certain cottage cluster standards. If a tiny home village is permitted as a cottage cluster, it may be appropriate to apply certain design standards, such as standards for orientation, open space, pedestrian access, parking, and landscaping. However, the City’s current cottage cluster standards may be too stringent given the size and impact of tiny homes and may serve to

² Tiny Home Regulation Background Brief, Oregon Legislative Policy and Research Office.
<https://www.oregonlegislature.gov/lpro/Publications/Background-Brief-Tiny-Home-Regulation-2019.pdf>

discourage tiny homes as homeownership opportunities. The City could allow reduced standards for tiny homes—for example, to the minimum size and location of a common courtyard.

Allow additional units in a tiny home cluster. The City could also allow additional dwellings in a cottage cluster (e.g., up to 12 or 16) if they are under 750 SF in area. These homes would be significantly smaller than the allowed cottage size of 1,400 SF; therefore, it may be appropriate to allow more homes on one lot.

Allow reduced lot sizes for tiny home clusters. The minimum lot size for cottage clusters in RS-6.5 through RMA is 7,000 SF. This could be reduced for tiny home clusters—say, down to 5,000 SF. Or it could be scaled by unit—e.g., 1,000 SF per unit. This would allow infill development of small clusters of tiny homes on existing lots under 7,000 SF.

Exempt tiny house villages from multi-family design standards. The multi-family design standards are geared toward more typical large-scale apartment developments. The standards for open space, building orientation, façade articulation, window coverage, etc. could be prohibitive to tiny home development. The City could consider exempting tiny homes from these standards, and instead applying a more limited set of standards more akin to the cottage cluster standards.

Remove parking requirements. The state’s CFEC rules will require Albany to remove all parking mandates for housing units under 750 SF and for affordable housing (for households earning up to 80 percent of AMI) starting in 2023.³ As a result, the City would not be able to require off-street parking for tiny homes after that date.

Issues or Constraints Encouraging tiny home villages may increase density in existing neighborhoods, with the potential to cause concern for some of the existing residents, while others may welcome it.

- Impact*
- **Populations served:** Low to moderate income households
 - **Income:** 30 - 120% AMI
 - **Housing tenure/type:** For rent or sale; smaller units
 - **Housing impact:** See Strategy 1.2

Implementation Actions See Strategy 1.1 for the general steps needed to implement a development code amendment.

Implementing Entity(ies): Lead – City of Albany Community Development Department.

³ OAR 660-012-0430. https://www.oregon.gov/lcd/LAR/Documents/LCDD_2-2022.pdf

1.6 Legalize Alternative Housing Types on Wheels and in Parks

INITIAL PRIORITY: LOW

Description Many smaller housing formats are built on wheels, including tiny homes on wheels (THOWs), park model homes, and recreational vehicles (RVs). Many local codes classify THOWs and park model homes as RVs and prohibit siting these housing types outside of manufactured home and RV parks.

Permitting these housing types, with appropriate siting standards to ensure adequate public facilities access and life/safety, can provide additional permanent or interim housing options outside of manufactured home/RV parks. Allowing broader siting of RV parks and amending standards to allow THOWs, and other housing types on wheels can also provide additional siting opportunities.

Legal Basis Tiny homes on wheels and RVs are constructed and inspected to a nationally recognized standard. They are subject to state law and are regulated primarily by ODOT. An RV tiny home is defined as a vehicle with or without motive power, that is designed for use as temporary living quarters and which is not wider than 8 ½ feet wide.⁴ A park model RV tiny home is an RV that:

- Is designed for use as temporary living quarters;
- Is more than 8 ½ feet wide;
- Is built on a single trailer or chassis mounted on wheels;
- Has a gross trailer area that does not exceed 400 square feet; and,
- Complies with manufacturing standards and other requirements adopted by ODOT.⁵

RVs are designed for short term recreational living and are not designed and constructed to safety standards to be lived in for permanent housing. However, State law does not regulate cities' allowances for occupancy of THOWs and RVs, except when located in a manufactured dwelling park, mobile home park, or recreational vehicle park. Cities cannot prohibit the occupancy of RVs in those locations.⁶

Options and Alternatives **Local Examples.** The City of Portland recently updated its City Code to allow permanent occupancy of THOWs and RVs on a lot with an existing home. THOWs and RVs continue to be classified as vehicles in the code and are therefore not considered "dwelling units" or buildings. Thus, they are not subject to typical development standards that apply to buildings; rather, they are subject to siting

⁴ ORS 801.565, ORS 803.045, ORS 803.300-445

⁵ Oregon House Bill 2333 (2019),

<https://olis.oregonlegislature.gov/liz/2019R1/Downloads/MeasureDocument/HB2333/Enrolled>

⁶ ORS 197.493

standards related to parking. Portland applies the following regulations to occupied RVs and THOWs⁷:

- Only one RV or THOW is allowed on a residential lot with a house, attached house or manufactured home. They are not permitted on undeveloped lots.
- They must comply with parking requirements for RVs on residential lots. This means they cannot be parked in front of the street-facing façade of the primary dwelling.
- Occupancy of RVs and THOWs does not count toward residential density.
- THOWs are prohibited from being used as accessory short-term rentals.

Some cities in California have added references to “movable tiny houses” in their zoning codes and regulate them like other housing types. For example, the City of San Diego has the following definition:

*Movable tiny house means an accessory structure that is between 150 and 430 square feet in size on a residential lot, and that provides independent living facilities for one or more persons, independent of the primary dwelling unit, and that includes permanent provisions for living, sleeping, eating, cooking and sanitation.*⁸

San Diego allows movable tiny houses on lots with a primary dwelling, similar to Portland.⁹ However, San Diego (and likely other cities) distinguishes THOWs from other types of recreational vehicles. This approach may be more appealing to those concerned about encouraging long-term occupancy of typical RVs. Tiny homes can better blend into a neighborhood setting and can often appear indistinguishable from a tiny home built on a foundation.

Issues or Constraints While some may welcome new housing options, there may be some community opposition to allowing full-time occupancy of RVs and THOWs. The City would need to carefully consider the siting/parking standards to limit impacts to neighboring properties. Also, there is no good path to converting THOWs for permanent living, unless they are constructed to the building code (ORSC) standards under the state's prefabrication program.

Impact

- **Populations served:** Extremely low to moderate income households
- **Income:** 0 – 120% AMI
- **Housing tenure/type:** For sale
- **Housing impact:** Allowing occupancy of tiny homes on wheels and RVs would offer a housing option for those with few other choices. Living in an RV is not a permanent housing solution for most people, but offers an option for those

⁷ City of Portland, Occupied Recreational Vehicles, including Tiny Houses on Wheels.

<https://www.portland.gov/bds/zoning-land-use/zoning-code-overview/occupied-rvs-and-tiny-houses-wheels#toc-land-use-and-other-requirements>

⁸ San Diego Municipal Code, <https://docs.sandiego.gov/municode/MuniCodeChapter11/Ch11Art03Division01.pdf>

⁹ San Diego Municipal Code, <https://docs.sandiego.gov/municode/MuniCodeChapter14/Ch14Art01Division03.pdf>

who may otherwise lose their housing and could provide shelter for those who are already unhoused. THOWs could offer more permanent housing and opportunities for those who could not otherwise afford to own their own homes.

Implementation Actions See Strategy 1.1 for the general steps needed to implement a development code amendment.

Implementing Entity(ies): Lead – City of Albany Community Development Department.

1.7 Zoning Incentives for Affordable or Workforce Housing

INITIAL PRIORITY: MEDIUM

Description Some development regulations can present obstacles or add costs to housing developments. These obstacles are particularly challenging for developments built by housing authorities, non-profit developers, or even for-profit developers that are attempting to build units affordable to people with lower or moderate incomes.¹⁰ In order to support developments that include units affordable to moderate- or low-income households, the City can offer concessions on zoning and development code standards. The concessions should be offered in exchange for the development dedicating a minimum proportion of the units to be regulated as affordable to people with lower or moderate incomes with a minimum affordability period of 10 or 20 years. The incentives typically include relief from certain development standards such as parking, setbacks, or density.

Legal Basis See Strategy 1.2.

Options and Alternatives **Parking reductions.** In general, research shows that households with lower incomes tend to have lower car ownership and driving rates, particularly when residents have ready access to shopping and other opportunities and services. Partly in response to the costs of car ownership, new CFEC rules will not allow cities to require parking for affordable housing serving households with incomes up to 80 percent of area median incomes (AMI). The city may wish to consider reduced parking ratios for certain housing types intended to serve households earning between 80 and 120 percent of AMI or housing serving certain populations such as the elderly or people with disabilities. Albany already applies reduced parking ratios of 0.5 spaces per unit for senior housing but may consider a reduced ratio.

Typically, developments must commit to providing affordable units over a significant length of time (20-60 years). Alternatively, if the occupancy of the

¹⁰ Housing affordable to moderate-income, working households that do not typically qualify for subsidized housing is often referred to as “workforce housing.”

property changes from subsidized housing to another use, the development would need to provide additional parking meeting typical parking ratios.

Height or density bonuses. Some cities allow higher density or greater height in exchange for a commitment to provide housing units that are affordable to households with low or moderate incomes. Height bonuses are typically applied in terms of the number of stories allowed (e.g., one story in an area with an existing height limit of 30 or 45 feet). Density bonuses are typically stated in terms of a percentage of units (e.g., 10-20% is a common threshold). The amount of the bonus can be tied to the affordability levels provided and/or to the number of affordable units. Additionally, setback and bulk standards may be allowed to vary to accommodate the added density or to reduce development costs.

In 2021, the City updated its density bonus provisions for moderate-cost and affordable housing in residential zones (see ADC Table 3.220-2, below). The bonus provisions are scaled to offer larger density bonuses (up to 30% bonus) for projects that include units with deeper affordability requirements (50% of area median income). They also allow a range of density bonuses (e.g., 5%, 10%, 20% bonus), based on the percentage of units with affordability requirements.

Economists at Johnson Economics suggest providing a more generous density bonus for units with the deepest affordability requirements (50% AMI). Without additional incentives, the 80% AMI bonus thresholds may outcompete the 50% AMI thresholds, and the City may not see much of the lowest income units being provided. Johnson Economics recommends increasing the bonus for the 50% affordability as follows:

- 5% of units – 15% density bonus
- 10% of units – 25% bonus
- 20% of units – 35% bonus

TABLE 3.220-2

AFFORDABLE HOUSING DENSITY BONUS STANDARDS		
Affordability Level	Percent of units set aside for persons whose household income is less than or equal to the affordability level (including bonus units)	Area Reduction Bonus Permitted
120% AMI	50 percent of units	5 percent
100% AMI	50 percent of units	10 percent
80% AMI	5 percent of units	5 percent
	10 percent of units	10 percent
	20 percent of units	20 percent
50% AMI	5 percent of units	10 percent
	10 percent of units	20 percent
	20 percent of units	30 percent

NOTE: Johnson Economics does not believe that a height bonus would do much to encourage affordable housing, since the City's current height limits (45 feet in RM, 60 feet in RMA) can accommodate the multi-family housing market for the time being.

Allow flexibility in how affordable units are provided. In some cases, it may be advantageous to construct the affordable units on a different site than the primary development that is receiving the concession. It may also make sense for the development to purchase existing market-rate units and convert them to affordable units. Allowing flexibility in how the units are provided can also widen the appeal of the program.

Issues or Constraints N/A

Impact

- **Populations served:** Extremely low to moderate income households
- **Income:** 0 – 120% AMI
- **Housing tenure/type:** For rent or sale; income-restricted units
- **Housing impact:** Offering a bonus in return for more affordable units can create a win/win between the builder and housing goals. Generally, developers will still be incentivized to offer units at higher affordability levels (i.e. 100% or 120% AMI) so a bonus that scales to the affordability level is appropriate. When successful, these programs not only provide a number of units at a controlled affordability level, but also help create mixed-income communities among the subsidized and unsubsidized units.

Implementation Actions

See Strategy 1.1 for the general steps needed to implement a development code amendment. We also suggest working closely with affordable housing providers to determine what zoning incentives would be most beneficial in supporting their work.

Implementing Entity(ies): Lead – City of Albany Community Development Department.

1.8 Provisions for Single Room Occupancy (SRO) Housing

INITIAL PRIORITY: MEDIUM

Description Single room occupancy (SRO) is a form of housing in which the units share bathroom or kitchen facilities with other units on the floor or in the building. SROs are typically aimed at those earning low or very low incomes. SROs (sometimes known as “SRO hotels”) were once very common in urban areas and served as a landing place for residents with few other housing options. However, they have since become scarce after gaining an unsavory reputation in many areas. Many former SROs have been torn down or converted to higher-end apartments or hotels in recent decades.¹¹

In recent years, housing advocates have urged cities to consider enabling SROs as an alternative, low-cost form of housing for those experiencing homelessness or at

¹¹ Portland banking on low-rent SRO hotels to ease housing problems, OregonLive. <https://www.oregonlive.com/business/2019/04/officials-look-to-sro-hotels-as-model-for-low-income-housing.html>

risk of losing their housing. As such, SROs have opportunities to serve as a form of transitional or supportive housing or as a viable form of housing for more transitory residents.

Related housing types. “Micro housing” or “micro apartments” are a type of housing that have been gaining in popularity in recent years, mostly in larger cities so far. Micro housing is usually defined as units under 400 SF that may or may not share kitchen facilities with other units on the same floor. They typically have their own private bathrooms. If there are shared kitchen facilities, they may be shared among a smaller number of units than SROs, and micro apartments are typically marketed as higher-end units compared to SROs. Still, micro apartments are usually more affordable than standard apartments because the units are very small and because kitchens are expensive to build. They can be a viable option for individuals with lower incomes who simply desire or are willing to live with less space and fewer amenities.

The Albany Code used to have separate definitions for “quad dwelling unit” and “quint dwelling unit,” which were defined as dwellings with separate sleeping and living quarters for four or five individuals, centered around a common kitchen facility. These definitions were removed in 2013 and replaced with the single-room occupancy definition. Albany has not seen any SRO, quad/quint, or micro housing development in many years.

Challenges for SROs and micro housing. Some local development codes include definitions or other provisions that have the effect of prohibiting SROs and micro housing—whether by design or not. The intent of the strategies discussed below is to ensure that SROs and micro housing are not precluded by Albany’s housing definitions or other standards, and to ensure they are permitted in residential zones. There may also be strategies to encourage these forms of lower-cost or transitional housing through regulatory incentives, such as prorated density.

Legal Basis In addition to evaluating Development Code standards for SROs and similar housing types, it will also be important to ensure that standards in the Albany Municipal Code do not have the effect precluding these housing types. This may require some additional research by the City.

Options and Alternatives **Add SROs to the Schedule of Permitted Uses in residential and mixed use zones.** As noted above, the ADC does have a definition for SRO, and it is included as an example of the Multiple Family use category in Article 22. However, the Schedule of Permitted Uses in Article 3 lists only “Multi-Family” under the category of “RESIDENTIAL: Multi-Family.” Therefore, it is somewhat ambiguous as to whether SROs are permitted in residential zones or not. To address this, the City could add SROs directly to the permitted uses tables in Articles 3 and 5.

Consider adding definitions of “quad dwellings,” “quint dwellings,” and micro housing. Micro housing, quad dwellings, and quint dwellings share similarities with SROs, in that they often have shared kitchen or other facilities. However, micro housing units could be fully equipped with kitchen and bathroom facilities, but could simply be very small. Quad and quint dwellings—as formerly defined in the

ADC—were distinct in that they comprised a shared unit or suite with four or five bedrooms and a shared kitchen. This is most commonly thought of as a form of student housing. The challenge with each of these housing types is that they defy the typical definition of a dwelling unit. Per the ADC, “dwelling unit” is defined as “One or more habitable rooms that are occupied or intended or designed to be occupied by one family with housekeeping facilities for living, sleeping, cooking, and eating.” (Note: A “family” may be composed of unrelated individuals, per the ADC and state statute.) This can lead to issues in calculating density, which is based on dwelling units per acre or land area per dwelling unit.

Revisit density calculations for SROs, micro housing, and quads/quints. In the current ADC, density for SRO dwellings is calculated at a rate of one dwelling unit for every 2 rooms. In the former quad/quint provisions, density was calculated at essentially the same rate: a quad counted as 2 dwelling units and a quint counted as 2 ½ dwelling units. There is no density discount for micro housing that is simply small and does not have shared facilities.

Strategy 1.2, above, recommends density discounts for small dwelling units. The initial suggestion is for multi-family dwellings that are 600 SF or smaller to count as 0.25 dwellings for the sake of calculating density. The City should consider calculating density for SROs, micro housing, and quads/quints at a similar, or even further discounted, rate as a means of incentivizing these types of lower-cost housing.

Parking reductions. The CFEC rules will require Albany to remove all parking mandates for SROs and units under 750 SF starting in 2023.¹² In addition, the City should potentially clarify some unclear parking requirements in the ADC. The category of “Multi-Family: Quad and quint units (SRO)” has a minimum parking ratio of 0.75 spaces per unit. However, not all SROs would meet the definition of a quad/quint. We would recommend:

- Listing SRO, quad/quint, and micro housing separately in the parking standards (assuming micro housing and quad/quint are defined separately in the ADC).
- Revisiting how the parking ratio is calculated for quad/quint—i.e., is it 0.75 spaces per bedroom or 0.75 spaces per suite? Consider reducing the ratio to 0.5 or 0.25 spaces per bedroom.
- Remove parking requirements for SROs and micro housing, as required by CFEC rules.

Issues or Constraints Primary constraints are related to the market demand and feasibility of this form of housing in Albany and the potential for opposition to it as an unfamiliar form of housing, particularly given the historical concerns associated with it. As described further below, relatively little SRO housing or micro-housing developments have been constructed in Oregon during the last decade and future developers will likely face financing and other feasibility issues.

¹² OAR 660-012-0430. https://www.oregon.gov/lcd/LAR/Documents/LCDD_2-2022.pdf

- Impact**
- **Populations served:** Extremely low to moderate income households
 - **Income:** 0 – 120% AMI
 - **Housing tenure/type:** For rent; smaller units
 - **Housing impact:** SROs and micro housing may not have a strong potential for market-rate development in Albany at this time. As noted above, micro housing units have mostly been developed in larger cities such as Portland where the housing prices are higher. However, this form of housing could become more feasible if housing prices continue to rise statewide. Also, this type of housing could present opportunities for non-profit housing providers of subsidized, transitional, or supportive housing, as well as for employer-provided workforce housing. Therefore, it is important to ensure that the Code does not preclude these types of housing, but rather encourages them through supportive regulations and incentives.

Implementation Actions See Strategy 1.1 for the general steps needed to implement a development code amendment.

Implementing Entity(ies): Lead – City of Albany Community Development Department.

1.9 Evaluate Mixed Use and Commercial Zones for Housing Capacity

INITIAL PRIORITY: LOW

Description This strategy involves evaluating permitted residential uses and development standards in mixed use and commercial zones to support housing development in these areas.

Albany’s mixed use and commercial zoning districts comprise a relatively small portion of the city; most of the remainder is residential zoning. However, these mixed use and commercial areas offer opportunities for higher-density residential development in the most urban parts of the city.

In many of the mixed use and commercial zones, housing is only allowed if above or attached to a business—i.e., as part of a mixed use development. However, housing is allowed on its own in some of the mixed use zones. The residential use allowances in these zones are summarized in Table 4.

Table 4. Housing Allowances in Mixed Use and Commercial Zones

Zone	Above or Attached to a Business	Multi-Family	Some or All Middle Housing Types
HD – Historic Downtown District	✓	X	X
DMU – Downtown Mixed Use District	✓	✓	✓
CB – Downtown Central Business District	✓	✓	✓
MUR – Mixed Use Residential District	✓	✓	✓
WF – Waterfront District	✓	✓	✓
LE – Lyon-Ellsworth District	✓	✓	✓
MS – Main Street District	✓	CU	CU / X
ES – Elm Street District	✓	CU	CU
PB – Pacific Boulevard District	✓	X	X
MUC – Mixed Use Commercial District	✓	✓	✓
OP – Office Professional District	✓	CU	CU
NC – Neighborhood Commercial District	✓	X	X
CC – Community Commercial District	✓	X	X
RC – Regional Commercial District	✓	X	X

Key: ✓ = permitted (outright or through Site Plan Review)
 X = not permitted
 CU = Conditional Use

Legal Basis See Strategy 1.2.

Options and Alternatives If the City wished to see more housing development in these areas, it could consider various strategies for facilitating that.

Allow horizontal mixed use. A relatively small change that would enable housing in more situations is to allow “horizontal mixed use”—i.e., allow housing on the same site as nonresidential uses, but not necessarily above or attached. This may require tweaks to the definition of “Units Above or Attached to a Business,” or could be achieved by adding exceptions to the Schedule of Permitted Uses. So-called “vertical mixed use” development, wherein housing occupies the floors above a commercial use, can be more complex to design and build, and challenging to finance for developers. Also, vertical mixed use development faces regulatory complexities—the residential portion of a building is subject to residential design standards while the commercial portion is subject to commercial standards. Because horizontal mixed use involves single-use buildings on the same site, or as part of the same development, it can avoid some of these financing and code complexities.

Allow standalone housing. In certain zones, it may make sense to allow housing without requiring it to be part of a mixed use development. This is already allowed in some mixed use zones, and could be extended to other mixed use zones. It may be less appropriate in commercial zones, where it is more important to reserve land for employment and commercial activity. The City should evaluate where multi-family and middle housing might be compatible in mixed use zones where it

is not already allowed. To ensure that key commercial streets have active ground floor uses, the City could limit housing development on those streets to mixed-use only (similar to the current limitation on street-facing dwellings on First or Second Avenue in the downtown zones).

Evaluate middle housing allowances. The City should also evaluate which middle housing types should be allowed in which mixed-use zones. As part of the Expanding Housing Options project, which implemented House Bill 2001 requirements, the City updated the Schedule of Permitted Uses in Article 5 to: (1) allow all middle housing types in MUR and MUC, which are subject to HB 2001; and (2) keep use allowances the same as they are today in most of the other zones (e.g., allow triplexes and fourplexes where multi-family is permitted, since these types used to be included in the multi-family definition).

Evaluate development standards. The development standards in mixed use and commercial zones should be evaluated and the City should consider updating standards that pose barriers to housing development. For example, the land area per unit standards in certain mixed use zones (WF, PB, MS, ES, and MUR) may not be necessary and may not make sense when applied to mixed use development. The City could consider applying the standards only to residential-only development, or shifting to a units-per-acre density standard (as recommended under Strategy 1.2).

Evaluate design standards in mixed use zones. As part of the Expanding Housing Options project, the City updated design standards applicable to middle housing in residential zones and in MUR and MUC—this was necessary to comply with the Oregon Administrative Rules for middle housing. However, the design standards for the downtown zones (DMU, CB, HD, and WF) that were adopted in 2017 were not changed and are somewhat inconsistent with the newer standards. These standards have different applicability, but the City may wish to make them more consistent across the city—especially where the different standards do not lead to meaningfully different outcomes.

Issues or Constraints Albany’s mixed-use and commercial zones are intended to support a mix of uses—not just residential. The City should carefully balance its employment and economic goals in considering strategies to encourage more residential development in these areas.

Impact

- **Populations served:** All income levels
- **Income:** 0 – 120+% AMI
- **Housing tenure/type:** For rent or sale
- **Housing impact:** See Strategy 1.2.

Implementation Actions See Strategy 1.1 for the general steps needed to implement a development code amendment.

Implementing Entity(ies): Lead – City of Albany Community Development Department.

1.10 Mixed Housing Types / Income Levels in Planned Developments

INITIAL PRIORITY: LOW

Description Planned Development (PD) is an alternative to a typical land division or site development that provides more flexibility in site arrangement, density, and design. Per the ADC, “It promotes an integrated, coordinated development of land, normally involving increased flexibility in use and design standards, with special incentives or restrictions on development.” In Albany, all types of housing are permitted in PDs and development standards (lot area, lot dimensions, height, and setbacks) can be modified from the base zone standards. In exchange, developments are required to provide additional open space and to demonstrate how the project is superior to a project that would have been developed under the standard regulations.

Albany’s PD regulations could potentially be enhanced to provide further support for more variety of housing options within neighborhoods and housing affordability.

Legal Basis See Strategy 1.2.

Options and Alternatives **Require a mix of housing types within residential PDs.** As noted above, mixed housing types are permitted in PDs, but not required or incentivized. One option for promoting housing options is to require that large PDs in certain zones include a mix of housing types. This is more important in lower-density zones, where the City may wish to encourage inclusion of middle housing or multi-family housing. As an example, the City of Beaverton has housing mix requirements for PDs within the South Cooper Mountain Community Plan area¹³:

- Up to 15 acres – at least one housing type required
- 15-30 acres – at least two housing types required
- Greater than 30-acres – at least three housing types required

Provide incentives for a mix of housing types. As an alternative to requiring mixed housing types, the City could provide incentives for including a mix of housing. This could include density bonuses or reduced open space requirements.

Provide incentives for affordable housing. The City could also incentivize affordable housing in PDs through similar density or open space incentives. Since the City already offers a density bonus for moderate-cost and affordable housing, the incentives offered through the PD process would need to offer even higher densities. Alternatively, the City could offer reduced open space requirements for PDs that include affordable housing.

Apply minimum density requirements. Coupling PD requirements with application of minimum density requirements (see Strategy 1.1) also would increase the likelihood of developing a mix of housing types. Minimum densities of 10-15 units

¹³ Beaverton Development Code. <https://online.encodeplus.com/regs/beaverton-or/doc-viewer.aspx#secid-1035>

per net acre generally lead developers to include some middle housing units in a development to offset the relatively lower density of single-family detached units.

Issues or Constraints Albany may not have enough vacant buildable land for housing mix requirements in large PDs to have much impact, but could consider this in smaller increments than in the Beaverton example.

If offering reduced open space as an incentive for affordable housing, it will be important to ensure that there is still adequate open space to make the developments livable.

Impact

- **Populations served:** Low to moderate, plus higher income households
- **Income:** 30 – 120+% AMI
- **Housing tenure/type:** For rent or sale
- **Housing impact:** This is expected to have a limited impact on housing production/affordability because it would only apply in PDs. Requiring a mix of housing types in PDs would contribute to housing variety to a limited extent. Offering incentives for housing affordability in PDs may not have a large impact due to Albany’s existing density bonus program.

Implementation Actions See Strategy 1.1 for the general steps needed to implement a development code amendment.

Implementing Entity(ies): Lead – City of Albany Community Development Department.

1.11 Inclusionary Zoning

INITIAL PRIORITY: LOW

Description Inclusionary zoning (IZ; sometimes called “inclusionary housing”) is a tool used to produce affordable housing for low- to moderate- income households within new market-rate residential developments. Typically, IZ is implemented through an ordinance with mandatory requirements that a minimum percentage of a new development’s total units must be designated as affordable, and that these units remain affordable for a set period of time, usually between 10 and 20 years.

Legal Basis After being prohibited in Oregon since 1999, legislation allowing jurisdictions to adopt IZ was passed by the Oregon Legislature in 2016. However, this legislation came with a number of limitations that are regarded by affordable housing providers and advocates as making it challenging to implement this strategy in most small- and medium-sized jurisdictions in the state. Per state statute, the IZ requirements may only be applied to multi-family housing developments of 20 units or more. In addition, jurisdictions must provide “finance-based incentives” (e.g., property tax exemptions, fee waivers, development bonuses) to offset the cost of providing affordable units, but in an undetermined amount. Cities must also provide developers with the option to pay a “fee in lieu” instead of providing

affordable units. Further, cities may also establish a local construction excise tax (CET—to be explored in Part 2 of this report) to help fund the inclusionary zoning program but are not required to do so.

These provisions required by state law are expected to limit the applicability and extent of the application of inclusionary zoning programs and result in administrative and financial hurdles to implementation, particularly for smaller communities. Relatively few communities are expected to have the financial and administrative resources to establish inclusionary zoning programs. At this point, only one community in the state (Portland) has adopted IZ requirements. Examples can be found in neighboring states: several major cities in California (Los Angeles and San Jose) and Seattle passed IZ regulations in 2017.

Options and Alternatives

Despite the challenges, Albany may wish to explore the relative costs and benefits of establishing IZ requirements. The City could also explore implementation of IZ on a voluntary basis, either as part of a negotiated process through annexation of land into the city or through use of incentives such as those described under Strategy 1.7. The cities of Bend and Hillsboro have used these types of processes with specific annexation areas and developments in the past. This voluntary approach to IZ may avoid some of the pitfalls of the mandated approach allowed by the recent state legislation.

Issues or Constraints

- Mandatory inclusionary zoning can affect development feasibility and land values. Incentives and requirements must be carefully balanced so as not to inhibit housing production.
- Inclusionary zoning requires close administrative oversight to ensure the mandatory units are properly built and maintained. Further, administration of fee-in-lieu funds to additional affordable housing units is required.
- Inclusionary zoning programs typically create a fraction of the needed affordable housing units and their efficacy at producing affordable housing units fluctuates over extended periods of time.

Impact

- **Populations served:** Low to moderate income levels
- **Income levels:** 0 – 120% AMI
- **Housing tenure/type:** For rent or sale; income-restricted units
- **Housing impact:** Inclusionary zoning directly supports creation of affordable units by requiring them as part of all large multi-family projects. However, IZ programs typically create a fraction of the needed affordable housing units in the community and their efficacy at producing affordable housing units fluctuates over extended periods of time. In Portland, the IZ requirements reportedly have led to a decline in the multi-family construction market. Also, due to the 20-unit threshold for IZ requirements, Portland has seen an increase in permits for apartments with 19 or fewer units, which do not have to provide

affordable units.¹⁴ This has sometimes resulted in less efficient use of land and could lead to slower housing supply growth and increasing rents in the city.

**Implementation
Actions**

Mandatory IZ. The following actions could be taken to assess the feasibility of a mandatory approach to inclusionary zoning:

1. Identify the approximate benefits of establishing a set of IZ provisions based on the expected number of developments that would be subject to the standards and the approximate number of resulting new units.
2. Estimate potential CET revenues that could be applied to covering the cost of implementing IZ standards.
3. Estimate the cost of establishing and administering the non-code-based elements of an IZ program, including a fee-in-lieu program and other finance-based incentives.
4. Determine if the expected benefits outweigh the costs of establishing an IZ program.
5. If the costs outweigh the benefits and the City decides to move forward with the program, establish needed code requirements and other administrative and financial procedures and protocols needed for implementation.

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

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

Implementing Entity(ies): Lead – City of Albany Community Development Department. Partners – Oregon Home Builders Association; for-profit housing developers.

¹⁴ City Observatory, with data from ECONorthwest and EnvisionPDXtrends. <https://cityobservatory.org/inclusionary-zoning-portlands-wile-e-coyote-moment-has-arrived/>

1.12 Incentivize and Promote Accessible Design

INITIAL PRIORITY: MEDIUM

Description This strategy involves incentives to increase development of housing that is accessible for people with disabilities or mobility challenges. Housing that is accessible for seniors and people with disabilities was identified by stakeholders in the HIP focus group meetings as a need that is not being met in the Albany housing market. This strategy would encourage accessible units through development code, regulatory, or financial incentives and through education to the development community.

To qualify for incentives, the units could be required to meet certain standards, such as Universal Design or Lifelong Housing Certification.

- **Universal Design** is a building concept that incorporates design layouts and characteristics into residences to make them usable by the greatest number of people and respond to the changing needs of the resident. Universal Design incorporates standards for features such as hallways, doorways, bathrooms, and kitchens that make these features usable for people with disabilities or adaptable for that purpose.¹⁵
- **Lifelong Housing Certification** is a program developed by the Rogue Valley Council of Governments (RVCOG) in partnership with AARP Oregon as a voluntary certification process for evaluating the accessibility and/or adaptability of homes. Residences can be certified at three levels based on the extent of their accessibility: (1) Visitable (basic accessibility for visitors); (2) Fully Accessible (accessible for a person in a wheelchair on the main floor); and (3) Enhanced Accessibility (customized for specific accessibility needs).¹⁶

Legal Basis N/A

Options and Alternatives **Development Code incentives.** The City could provide incentives in the ADC for accessible units meeting one of the standards above (or a similar standard). These could be similar incentives to those discussed under Strategy 1.7 for incentivizing affordable or workforce housing—such as density or height bonuses or parking reductions.

Permitting incentives. Projects with accessible units could receive expedited development review and permitting. This strategy will be discussed in Part 2 of this report.

Financial incentives. Financial incentives could include planning and building fee reductions and system development charge deferrals. Accessibility provisions could also be incorporated into a tax abatement program. These incentives will be discussed in Part 2 of this report.

Provide information to developers. The City could also provide information (such as

¹⁵ Universal Design Standards, West Virginia Housing Development Fund. <https://tinyurl.com/yx63h792>

¹⁶ Lifelong Housing Program, RVCOG. <https://rvcog.org/home/sds-2/lifelong-housing-program/>

handouts or information on their Website) to educate builders and contractors on ways to adopt plans with Universal Design principles or to make homes visitable (e.g., accessible bathroom on first floor, stairs/ramp/pavement into home, etc.).

Issues or Constraints If the incentives are not set at the right level to be attractive to use, they may not be effective. The incentive(s) should be calibrated effectively to be attractive to both a non-profit and for-profit developer. The benefit of using the incentive should outweigh the costs associated with implementing accessible design features.

Impact

- **Populations served:** Seniors and people with disabilities
- **Income:** 0 – 120+% AMI
- **Housing tenure/type:** For rent or sale
- **Housing impact:** This strategy will not directly result in the production of new units, but it may increase the number of new units that have accessibility features incorporated into the design—or it may increase the number of units remodeled with accessibility features.

Implementation Actions

- Develop an incentive program and source of funding to increase the number of dwelling units designed accessibly.
- Work with developers to gather feedback on program parameters and interest.
- Implement program through Council action.

Implementing Entity(ies): Lead - City of Albany Community Development Department. Partners – Oregon Home Builders Association; Fair Housing Council of Oregon; AARP.

1.13 Require Accessible Design for Publicly Supported Units

INITIAL PRIORITY: MEDIUM

Description This strategy involves requiring all housing units receiving public funding to be designed to meet Universal Design, Lifelong Housing Certification, or similar standards (see Strategy 1.12).

Legal Basis Several federal laws have accessibility requirements for housing development:¹⁷

- The **Fair Housing Act** requires all new multi-family housing with four or more units to be designed and built to allow access for persons with disabilities. For

¹⁷ Accessibility Requirements for Buildings, HUD.

https://www.hud.gov/program_offices/fair_housing_equal_opp/disabilities/accessibilityR#:~:text=Accessibility%20Requirements%20for%20Federally%20Assisted,for%20persons%20with%20mobility%20disabilities.

buildings with an elevator, all units must be accessible. For those without an elevator, all ground floor units must be accessible.¹⁸

- The Architectural Barriers Act (ABA) of 1968, Title II of the ADA, and Section 504 of the Rehabilitation Act all have requirements for **public housing** projects or those receiving **federal funding**. Such developments are subject to the Uniform Federal Accessibility Standards (UFAS) or the 1991 ADA Standards, as applicable.¹⁹

All multi-family developments are subject to the Fair Housing Act, and those receiving federal grants and loans (which is common for affordable housing projects) are subject to the other federal standards. However, the standards only apply to certain units in a development or to a percentage of units.

Options and Alternatives

Require all housing units receiving public funding to be accessible. The City could apply higher accessibility standards than is federally required for projects that are funded through City dollars (i.e., subsidized affordable housing). The City could apply the standards to all units (not just certain units), and could require units to meet Universal Design, Lifelong Housing Certification, or similar standards. See Strategy 1.12 for discussion of these standards.

Require elevators in multi-story buildings. The City could consider requiring elevators in any multi-story buildings that are supported by the City. Currently, the Building Code only requires elevators to reach common spaces (such as exercise rooms) or units required to be accessible. Requiring elevators in one or more buildings would make all levels of that multi-family building accessible for those with mobility challenges. It would also make all units “covered” units under the Fair Housing Act, meaning all units would need to have accessibility features.

Issues or Constraints

Accessibility features can add to the cost of construction for a development, which can make affordable housing projects less financially feasible. Elevators, in particular, add significant cost to a project. While these requirements may provide more accessible units, they could prevent some affordable housing projects from being developed. As with any large cost factor in a development, the expense can become more feasible if shared across a larger building with more units. Steps such as providing dedicated accessible units on the ground floor can help manage these challenges.

Impact

- **Populations served:** Seniors and people with disabilities; extremely low to moderate income households
- **Income:** 0 – 120% AMI
- **Housing tenure/type:** For sale or rent
- **Housing impact:** This strategy will not directly result in the production of new units, but it may increase the number of new units that have accessibility

¹⁸ Disability Law Handbook, Southwest ADA Center.

<http://www.southwestada.org/html/publications/dlh/housing.html>

¹⁹ Uniform Federal Accessibility Standards (UFAS). <https://www.access-board.gov/aba/ufas.html>

features incorporated into the design.

Implementation Actions

- Work with non-profit housing developers to gather input on potential new requirements.
- Develop requirements for accessible housing—either through the Municipal Code or ADC.
- Adopt requirements through Council action.

Implementing Entity(ies): Lead - City of Albany Community Development Department. Partners – non-profit housing providers; Fair Housing Council of Oregon; AARP.

CATEGORY 2. POLICY AND LAND SUPPLY STRATEGIES

The following strategies could be considered to address Albany’s existing land capacity and its ability to accommodate needed housing and support affordable housing development.

2.1 Rezone and Redesignate Land

INITIAL PRIORITY: LOW

Description This strategy involves rezoning land from other residential designations and/or from non-residential designations to meet specific housing needs.

Albany’s 2020 HNA found that if the city continues to grow at its current rate, it may have insufficient capacity to accommodate the forecasted medium-density and high-density housing need. At the same time, the HNA identified a surplus of capacity for low-density housing. One potential strategy to address a deficit of land for medium- and high-density housing would be to rezone land within the city from a lower-density to a higher-density designation (i.e., to RM - Residential Medium Density or RMA - Residential Medium Density Attached).

To reduce or address concerns related to compatibility of adjacent lower and higher density areas, the City would most likely want to target higher-density single-family zones (rather than the lowest-density areas) for potential rezoning. Any rezoning of a single-family zone to a medium-density zone would also need to be accompanied by amendments to Albany’s Comprehensive Plan map (which applies two residential land use designations: Residential - Low Density and Residential - Medium Density).

A variation on this approach can be applied in areas within the City’s UGB which have not yet been annexed to the City. For example, much of the area in East Albany has not yet been annexed and is essentially within a rural holding zone, but has a Comprehensive Plan designation which broadly allows a wide range of housing types and densities. As part of the annexation process, medium and higher

density residential zones or mixed use zones may be applied to these areas which will increase the capacity for higher density housing in these areas.

In considering the most appropriate locations for City-initiated rezoning of land, the City should use the following criteria or factors:

- **Proximity to transit and services.** Ideally, higher-density areas should be close to transit and to supporting commercial and other services (schools, parks, etc.) to help ensure that residents can easily access these services and daily needs by walking, biking, taking transit, or driving. Proximity to arterial or collector streets could also be a consideration, and would support greater access to services.
- **Size and ownership.** The City should prioritize relatively large sites (3-10 acres) for rezoning, but could prioritize smaller sites adjacent to services. Larger sites will be more attractive for development and provide more flexibility for site design.
- **Proximity to existing high-density areas.** Extending an existing area of high-density land would reduce impacts on the transition between lower- and higher-density areas and could increase the level or potential for support from surrounding property owners. However, this criterion would not support broader distribution of higher-density zoning in the city, and would contribute to more concentration of multi-family housing.

Legal Basis Legislative Zoning Map and Comprehensive Plan Map Amendments are processed through the Type IV-L review procedure and are decided by City Council. The City would need to demonstrate that the proposed rezoning best satisfies the goals and policies of the Comprehensive Plan (per ADC 2.740).

Options and Alternatives As explained in the HNA, the official growth forecast (which showed a lower annual growth rate than the alternative forecast) does not indicate a future deficit of land for medium- and high-density housing. Accordingly, the City may want to consider rezoning as a longer-term strategy or a strategy to pursue if growth rates continue to be higher than the official forecast over the next several years. The City could also evaluate the potential need for medium- and high-density land and housing in the urban fringe and in planning for areas of new growth, for example, as part of the East Albany planning process as described above. The City's Urban Residential Reserve (URR) designation—which applies to areas between the developed urban area and the Urban Growth Boundary—allows for every residential zone and some commercial and mixed-use zones, and does not provide much certainty for planning purposes. The City should consider redesignating portions of URR land as Residential – Medium Density in planning for new growth in these areas as noted above.

Issues or Constraints Rezoning land could displace existing residents. Lower-income residents may be most vulnerable to rezoning, unless affordable housing preservation actions are taken in conjunction with rezoning.

- Impact**
- **Populations served:** All income levels
 - **Income:** 0 – 250+% AMI
 - **Housing tenure/type:** For rent or sale
 - **Housing impact:** The amount of housing production depends on the size and number of properties that are rezoned. If this strategy identified, for example, 5 acres of land for residential redevelopment at 35 units per acre (per the RMA zone), this strategy could facilitate up to 175 units of housing from land currently zoned for lower-density.

- Implementation Actions**
- Establish criteria to identify land to rezone for higher-density residential uses.
 - Analyze candidate sites and work with property owners, including through planning processes such as the East Albany planning process.
 - Pursue a public process (with public hearings) to implement the zone changes, including through annexation and application of urban zoning designations.

Implementing Entity(ies): Lead – City of Albany Community Development Department. Partners – Property owners of land considered for rezoning as well as adjacent/nearby property owners.

2.2 Surplus Land for Affordable/Needed Housing

INITIAL PRIORITY: HIGH

Description This strategy involves providing City-owned or other surplus land owned by public agencies or institutions to support development of long-term affordable housing.

As the needs of public agencies or institutions change over time, properties may not be needed for their originally intended purpose. Also, sometimes sites that are still serving their intended purpose are larger than needed, and the unused portion could be converted to other uses. When these opportunities come up, the City can capitalize on them to support development of affordable housing.

Other public agencies and institutions (including religious institutions) may also have land that they no longer need and are willing to make available for affordable housing. Some may be legally required to sell surplus and excess property at fair market value, but others may have flexibility for how they dispose of this land and may be willing to partner with the City to consider opportunities to use this land for affordable housing. In some cases (e.g., with faith-based institutions), developing affordable housing may be consistent with or further the mission of the organization.

Legal Basis The City should review its existing policies for surplus land to determine whether this strategy is viable—or whether existing policies need to be amended.

- Options and Alternatives**
- Sell surplus land at cost or below market value to developers of long-term affordable housing.

- Allow long-term leases (e.g., 100 years) at minimal cost for land that is not yet ready to surplus.
- Allow first right of refusal to a land bank, land trust, or non-profit affordable housing provider.
- Consider partnering with the County, school district, or religious institutions to broaden the potential impact of the program.

Issues or Constraints

If certain public land is used for affordable housing, it may not be able to be used for other city functions. However, if the land is deemed as surplus or excess land, it may not be needed for other city purposes. If the land is owned by an institution, such as a church, it may be able to be used, purchased, or donated for affordable housing.

Impact

- **Populations served:** Extremely low to low-income households
- **Income:** 0 – 80% AMI
- **Housing tenure/type:** For rent or sale; income-restricted units
- **Housing impact:** This strategy allows the City of Albany to directly influence the ability to secure land for affordable housing, by offering particular properties only to affordable housing developers. It can also influence the cost of land, by buying down prices to support affordable housing.

Implementation Actions

- Inventory City-owned land within Albany that may be suitable for affordable housing development and determine what land is currently surplus or excess or may be deemed so in the next few years.
- Reach out to other public agencies and institutions, including religious institutions, that own land within Albany to determine if these entities are willing to include their lands in the inventory.
- Review policies and procedures related to surplus and excess lands to determine whether changes or refinements are needed to enable or encourage them to be made available for affordable housing.
- Establish protocols for how affordable housing developers would be selected when land is available.
- Negotiate with affordable housing developers to implement future projects on specific properties identified through the steps above.

Implementing Entity(ies): Lead – City of Albany Community Development Department. Partners – Linn and Benton Counties; Linn-Benton Community College; Greater Albany Public Schools; religious institutions.

2.3 Land Banking

INITIAL PRIORITY: LOW-MEDIUM

Description Land banking is the acquisition and holding of properties for extended periods of time without immediate plans for development, but with the intent that properties eventually will be developed for affordable housing. Land banks often are quasi-governmental entities created by municipalities to effectively manage and repurpose an inventory of underused, abandoned, or foreclosed property. Public agencies or larger non-profits may be better equipped than small community development corporations to do both land acquisition and banking.

Land banking can be used as an anti-displacement strategy. Land banks can acquire land in high-opportunity areas where prices are going up and develop affordable housing before the market becomes too competitive.

Most land banks rely on property tax-related revenue streams, although some have relied on private foundation or federal grants. Tax Exemptions (to be discussed in Part 2 of this report) can be applied to land held for the purpose of developing low-income housing. Therefore, tax exemptions can help make land banking more financially feasible as an affordable housing strategy.

Legal Basis In 2015, state legislation (House Bill 2734) made it possible for local governments to create government authorities that have an explicit focus on buying and holding land. While the land bank legislation was created with the intent of incenting brownfield redevelopment, the tool can be used for the purpose of creating affordable housing.

- Options and Alternatives**
- The City could manage its own land bank or acquisition strategy, or work in concert with a non-profit or non-governmental entity at a larger, regional scale that manages a portfolio of properties to support affordable housing development over many years. Ideally, the land bank would be set up to manage financial and administrative resources, including strategic property disposal, for the explicit purpose of supporting affordable housing development.
 - The land bank would purchase vacant land in high-opportunity areas close to transit, schools, and other important amenities and require that the land be used for the development of affordable housing.
 - In most cases, land banking programs have focused on properties in tax foreclosure, but Albany’s program could explore voluntary donation or purchase on the open market.
 - One way the City could support a land bank is to assist with creating an inventory of suitable sites for housing development, based on infrastructure conditions, location, and other factors.

- Issues or Constraints**
- Vacant land in high-opportunity areas is scarce in Albany. Key challenges for land acquisition include reliably identifying future areas of gentrification before prices go up, developing the resources necessary to purchase the land, creating

mechanisms for easy land transfer and removing the liability associated with holding land.

- Land banking requires political commitment over time and across market cycles.
- Purchasing new land requires agencies to find and secure the property and fund land acquisition and due diligence.
- Administering a land bank can be costly.

- Impact*
- **Populations served:** Extremely low to low income households
 - **Income:** 0 – 80% AMI
 - **Housing tenure/type:** For rent or sale; income-restricted units
 - **Housing impact:** Land banks support affordable housing development by reducing or eliminating land cost from development. However, the impact of a land bank program would depend on the availability of suitable land the City’s capacity to administer or support the program.

- Implementation Actions*
- Evaluate use of existing GIS tools to inventory publicly and privately owned properties in areas well suited for a land bank purpose.
 - Partner with and contribute funds or land to an existing non-profit land bank or participate in the formation of a new non-profit land bank if one does not exist with sufficient capacity to serve Albany.
 - Incorporate publicly owned land into a bank or acquire new land to incorporate.

Implementing Entity(ies): Lead – City of Albany Community Development Department or Non-profit organization. Partners – Land bank entity.

IV. Next Steps

The project team will review the draft housing strategies and background information presented in this document with the Housing Affordability Task Force (HATF) in July 2022. At the same time, the team will prepare Part 2 of the report, which will address Financial and Regulatory Incentives, Funding Sources, and Programs and Partnerships. The HATF will review Part 2 of the report in early fall 2022.

Following HATF review, community members will have an opportunity to review and comment on the draft housing strategies at a public open house (either virtual or in-person or both) and through an online survey.

The project team will then work with City staff to refine the strategies and to identify more detailed implementation actions for high-priority items. The final product will be a Housing Implementation Plan, which the project team will further refine with HATF input before it goes through the City’s adoption process.