

Annual Housing Report Budget Note Staff Report

Summary of Budget Note

“Capitalizing on the work of the Growth Management Plan and Equitable Housing Initiative, as well as the preparation for a 2040 Growth Concept update, Planning Department staff will convene a conversation about what tools and policies may benefit from annual housing needs and pipeline analysis, and what shape an annual housing report might take to be most relevant for meeting housing needs across the region and at all income levels.”

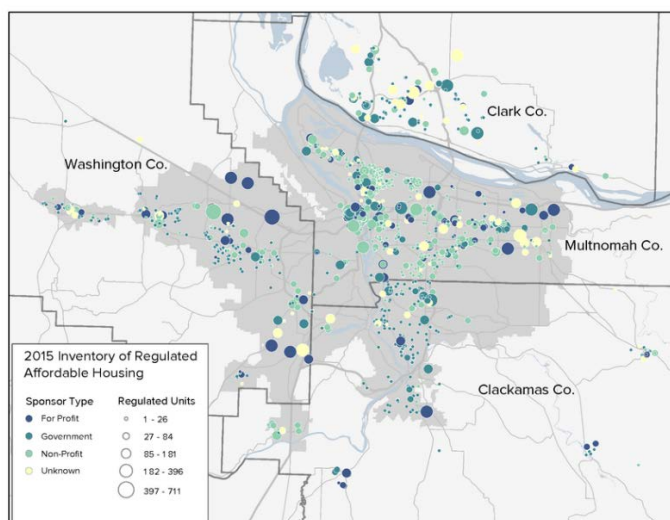
Resources Currently Allocated

Metro’s current work in reporting on regional housing needs and development is grounded in two key programmatic areas: Urban Growth Management and the Equitable Housing Initiative. These programs typically involve Planning and Development, Research Center, Communications, and OMA staff.

Urban Growth Management:

- **Biannual inventory of regulated affordable housing:**

Responding to Title 7 (Housing Choice) of the Metro Urban Growth Management Functional Plan, Metro staff completes an inventory of regulated affordable housing every two years. This involves data coordination with various cities, counties, non-profits, the state, and HUD. The inventory covers a four-county area, which includes Clark County. The most recent inventory was released by Metro in 2018. This effort requires approximately .05 FTE from Planning and Development and .2 FTE from the Research Center in years when the inventory is being completed, for a total of .25 FTE.



- **Regional Housing Needs Analysis**

To support the Metro Council’s urban growth management decisions, Metro staff periodically conducts a regional housing needs analysis. Under state law, Metro is required to complete this analysis at least every six years. This analysis is conducted to determine the adequacy of growth capacity inside the urban growth boundary and includes documentation of historic residential development trends, a household forecast, a buildable land inventory and extensive scenario modeling. The analysis also includes information about forecasted housing costs for different household income brackets, ages and sizes.

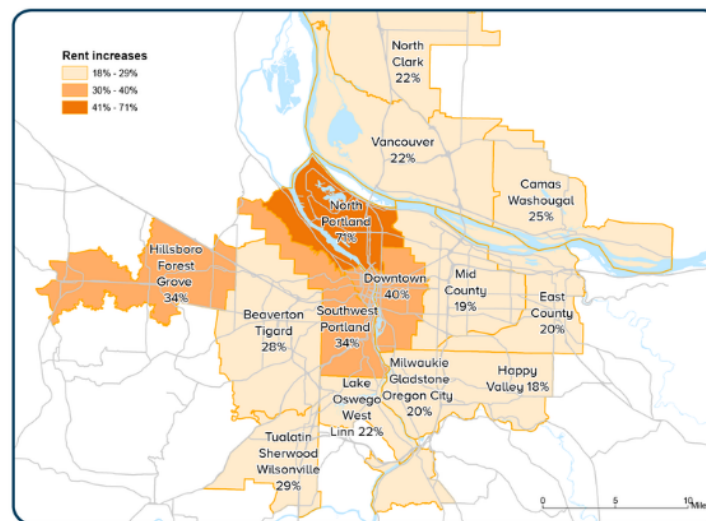
Conducting this analysis is a multi-year effort that involves Metro staff from several departments, coordinated by Planning and Development staff. Planning and Development devotes approximately .25 FTE and the Research Center devotes approximately 1.1 FTE to growth management tasks that most directly relate to housing needs analyses, for a total of approximately 1.35 FTE per year over the course of 1.5 to 2 years.¹ Communications and OMA support are also standard practice, but are not estimated here. In addition to Metro staff resources, this process entails extensive engagement and coordination with cities, counties, and communities in the region.

- **Regional Snapshots**

Since 2015, Metro has produced Regional Snapshots, a web-based communications effort that uses data and multimedia storytelling to describe how regional policies, programs and projects affect people's lives. Produced approximately quarterly, Regional Snapshots is a way to communicate technical information with a broad range of audiences and to reflect a more diverse perspective on how Metro's work affects real people. In addition to topics such as transportation, equity, and the economy, housing and growth management are regular topics for Regional Snapshots. This program requires about 2.0 FTE between Planning and Development and Communications.

Renters in some parts of our region have faced increases of over 70% in just half a decade

Percent change in cost of rental housing, 2011 to 2015



Source: Multifamily NW, Axiometrics, Johnson Economics

- **Implementation of HB 2001 and HB 2003**

HB 2001 and HB 2003 were signed into law in the summer of 2019, and staff are focused on facilitating their effective implementation. HB 2001 requires some cities and counties to allow a more diverse mix of “middle housing” such as duplexes, triplexes and quadplexes in zones that allow single-family detached housing. HB 2003 directs the state and large cities to conduct housing needs analyses and to develop production strategies.

¹ Planning and Development and Research Center devote more FTE to growth management decisions in the 1.5 to 2 year period preceding a Council decision, but those efforts often do not specifically relate to housing needs analyses.

The Oregon Land Conservation and Development Commission has begun the administrative rulemaking process for both bills. Metro staff participates in the rulemaking advisory committees. In that capacity, staff advocates for rules that enhance the likelihood that a variety of needed housing will be built, with particular focus on advancing affordability. Staff's proposal suggests that Metro use its existing advisory committee structures to provide venues for cities, counties and others to share best practices related to these bills. Metro staff's role in this work is approximately .25 FTE as part of the overall urban growth management work program.

Equitable Housing Initiative:

- **Affordable Housing Bond implementation**

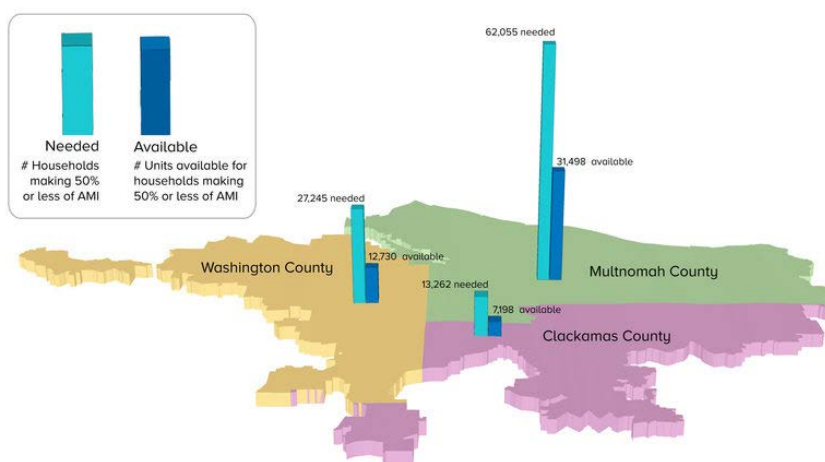
In 2018, regional voters approved a \$652.8 million affordable housing bond measure to create 3,900 permanently affordable homes across greater Portland for seniors, working families, veterans and others who need them. Planning and Development and Communications staff dedicated to bond implementation total approximately 6 FTE. As part of our oversight responsibilities, staff will produce an annual report to Council that includes outcomes in unit production, households served, and racial equity metrics.

Staff Proposal— Narrative

"What shape might an annual housing report take to be most relevant for meeting housing needs across the region and at all income levels?"

There is a shortage of affordable housing relative to need in all three counties of the Portland metro area

Demand vs. supply of units affordable to households making 50% or less of area median income (AMI).



Linking our analytical work with our policy and development goals has been a fundamental strength of how Metro accomplishes its work. Reporting is most relevant when it helps Metro and our partners take concrete, measurable action. Similarly, Metro has been a leader in communicating complex technical data to a wide range of audiences to help make the information useful, meaningful, and actionable.

The proposal below links together policy, reporting, communication and implementation elements to ensure that new reporting work can help lead to more housing development across the region.

Enhanced Reporting:

- **Improve and expand the Biannual Housing Report**

To implement the policy direction of Title 7 (Housing Choice) of the Urban Growth Management Functional Plan, Metro currently works with cities, counties, housing providers and others to update a regional (four-county) inventory of regulated affordable housing on a biannual basis. The most recent inventory was released in 2018. Staff believes that the report could be made more useful and proposes improving and expanding the content in future reports by including, for instance:

- Inventory of regulated affordable housing (existing effort).
- Snapshot of Housing Choice (Section 8) vouchers by county (existing effort included in the biannual inventory).
- Inventory of all existing housing stock by housing type, including middle housing types (new proposal).
- Additional information about income levels throughout the region (existing effort included in the biannual inventory).
- Additional information about race and ethnicity mix in the region (new proposal).
- A new “Housing Policy Tracker,” intended to provide a snapshot of policies and financial tools used by cities and counties² in the region to advance housing choices and affordability (new proposal).
- Statistics on the mix of lands zoned for various housing types by city and county (new proposal).
- Statistics on regional housing production (new proposal).

Staff also proposes improving engagement in and awareness of the report through discussions at MPAC, MTAC, CORE and other related advisory bodies. These discussions can inform, among other things, the refresh of the region’s Growth Concept and related housing policies that Council will consider in the next several years. Staff proposes that the report scheduled to be released in 2020 reflect these proposed improvements as well as other feasible additions that stakeholders may help us identify.

While continuing to produce an enhanced version of the required biannual report will not require new staff resources in Planning and Development, procuring new data and being able to use it effectively may require resources for acquisition and analysis above and beyond current resources allocated in Research Center.

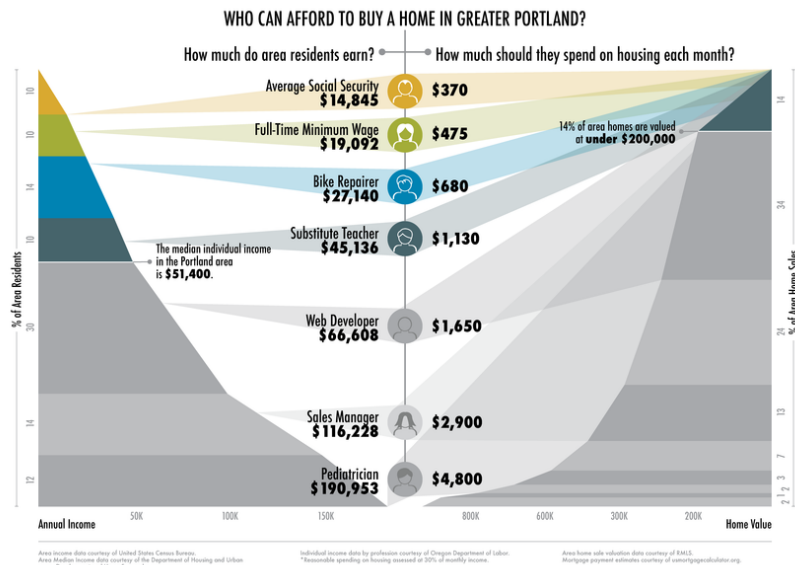
Statistics to Stories:

- **Annual Regional Housing Snapshot**

The Regional Snapshot has become one of our most effective tools for sharing stories of how growth affects everyone in our region, and for bringing statistics and data to life through infographics, expert commentary, personal profiles, and events. In addition to generating content, Metro Council and staff are able to disseminate the information through social media channels, public presentations and events, and by sharing with other interested parties and users of the information. Previous Housing Snapshots (see below) have generated significant web traffic and community and stakeholder interest.

² Source of information will be surveys or interviews with city and county staff.

- Example: [Housing Snapshot 1](#)
- Example: [Housing Snapshot 2](#)



Staff proposes that as part of the Regional Snapshots editorial calendar, an Annual Housing Snapshot be produced that illuminates key issues and opportunities for each year, and in addition to generating and disseminating content, resources from the Regional Snapshots speakers budget be allocated to the production of a public event, forum or other meeting format that allows for discussion of current issues, highlighting of regional best practices, and grows regional capacity to address housing needs for all. The resources to continue the Regional Snapshots program require an ongoing commitment to the 2.0 Planning and Development and Communications FTE and to the materials and services costs associated with producing Regional Snapshots and Speakers Series events.

Policy and Partnerships:

- **Invest in Best Practices**

State and local partners will be working over the next several years to implement HB 2001 and HB 2003, and Metro has the opportunity to continue prioritizing investments in communities that are demonstrating best practices. Our region also has a wide network of regional affordable housing experts who offer significant academic and practical knowledge about housing needs analysis and production who have offered to share their expertise with Metro as we seek to enhance regional housing needs analysis.

Staff proposes that MPAC and MTAC play a key role in leading discussions highlighting ways that local jurisdictions are meeting their housing needs and addressing production issues.

In addition, staff proposes to convene conversations with regional housing analysis and development experts to seek additional information, input and ideas about what could be included in both an Enhanced Bi-Annual Housing Report and an Annual Regional Housing Snapshot. These proposals do not require new staff or financial resources, but they do require Council support to yield successful public events and inclusive committee discussions that can inform future Council policy and program decisions.

While it is early in the 2040 Growth Concept Refresh process, input received from these forums can help set the stage for future policy proposals Council may want to consider for inclusion in that work.



Staff Proposal – Resources

Expanded housing reporting, convening, communicating, and partnering are all elements of work that can be incorporated into the existing FTE in Planning and Development and Communications. Regional Snapshots funding includes limited M & S for Communications that needs ongoing support. As noted, there may be additional costs for acquiring and analyzing new data in Research Center.

FTE

Classification	Regular Status/LD	# of FTE	Position Cost
Planning and Devt.	n/a	n/a	n/a
Research Center	n/a	0.1 ³ (See footnote)	n/a
Communications	n/a	n/a	n/a

Budget

Account	Description	Ongoing/One-time	Amount

A note about what is not proposed

The original budget note suggests consideration of an annual housing report that includes a housing needs and production pipeline analysis. For reasons described below, staff has recommended a somewhat different approach to meet the objectives of the budget note.

³ Research Center has included additional housing data acquisition and support as part of a larger package of new data needs that will be submitted as modification requests in the RC department budget. The 0.1 FTE to support this effort is included in that package of options.

- HB 2003 was signed into law after the budget note was drafted. HB 2003 tasks OHCS with conducting (one-time) regional housing needs analyses around the state, including for the greater Portland region. HB 2003 also directs OHCS to – for each city and Metro – estimate existing housing stock, conduct a housing shortage analysis and estimate housing necessary to accommodate growth. In these analyses, OHCS is directed to classify housing needs by housing type and affordability. A Metro analysis could be redundant and/or present different results.
- There are significant data limitations for conducting analyses of existing housing needs. This is particularly the case for accurately reporting rents for existing housing stock below the county level of geography. This same challenge will exist for the work to be completed by OHCS.
- The housing market is regional. Staff understands Council and stakeholder interest in presenting city level housing needs analyses, but believe that this would not be a purely analytic exercise. Asserting housing needs at the city or county level requires making normative statements about where people should live, what kind of housing they should live in and how much they should spend. There are subjective factors inherent in all of those assertions. Staff notes that this same issue will exist for the work to be completed by OHCS under HB 2003.

Risk Analysis

Political risks

The greater Portland region has a long history of discussing housing affordability and choice as well as the appropriate balance of regulations, incentives, voluntary actions, local control vs. regional control, and market forces. Any efforts to engage on the topic are likely to again stimulate those debates. In the past, Metro has concluded that additional affordability regulations won't necessarily result in more housing being built. Efforts to exert more regulatory control tend to elicit mistrust from the private sector and local jurisdictions. Efforts to rely on voluntary or incentive-based approaches tend to elicit mistrust from affordable housing advocates.

Policy risks

Success in producing additional housing for low-to-middle income households will depend on effective political leadership at multiple levels and supportive market conditions. Housing development will not occur purely as a consequence of additional information being reported more regularly.

Metro staff generally expects that middle housing production resulting from HB 2001 implementation will occur over a longer time period and will not result in wholesale changes to single-family neighborhoods in the shorter term. Likewise, staff anticipates that housing production responses around the region may be uneven due to local zoning code implementation as well as market conditions. To mitigate risks, staff intends to work to maximize housing production that may result from this bill.

In the case of HB 2003, staff notes significant challenges with data availability for conducting the housing needs analyses described in the bill. Staff also notes that this kind of analysis necessarily has subjectivity built in, which may conflict with stakeholders' expectations for objective analyses. Lastly, it will be challenging for OHCS to meet the ambitious statutory deadlines for completion of housing needs analyses. Staff will work to be supportive of this effort.

Financial risks

Financial risks associated with this proposal are limited to the staffing expenses described herein.