

Executive Summary of

Columbia County Housing Report



December 2017

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Columbia County Housing Study
October 2016 – December 2017

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Cover Photo: Homes in Rainier, Oregon
Source: Land and Farm
https://www.landandfarm.com/property/29_9_Acres_in_Columbia_County-1525000/

Executive Summary

In fall 2016, the Community Action Team, with the support of Columbia County and its cities, established a Housing Work Group to better understand what was causing the shortage of housing for residents of all income levels and what could be done about it. Members included a diverse group of professionals engaged in the housing industry, including developers, planners, appraisers, lenders and nonprofit sector representatives. Our group heard from industry experts, engaged in lively dialogue and learned from one another over the course of fifteen months. **This report presents the highlights of what we learned and our recommendations for a coordinated set of actions** to better meet the housing needs of current and future residents of Columbia County.

From a housing analysis prepared by ECONorthwest, some key facts emerged about the County's current housing market.

Columbia County Housing Market

---Housing affordability is a challenge faced by County households of all income levels. One third of all Columbia County households spend more than 30% of their income for housing. This includes half of all renters and a quarter of all homeowners. These figures are consistent with other communities in Oregon and the US.

---The County has a deficit of 1,900 housing units affordable to households earning less than \$25,000 annually.

---Without a change in course, these conditions will worsen in the future.

---One of the local contributing factors to the lack of affordability is the county's housing mix, which is 87% single family detached, 2% single family attached and 12% multifamily.

Broader Economic Trends and Policies

--- Nationally as well as locally, incomes have not kept pace with the rising cost of housing. On an inflation-adjusted basis, 2014 rents were about 1.6 times their 1960 value, while real incomes increased by a factor of 1.2. Housing has become less affordable for almost everyone. Especially hard-hit are lower-income working households.

---Federal and state investments in low-cost housing fall well short of adequate. As a result, funding for subsidized housing is highly competitive, favoring the efficiency of larger projects and not typically scaled for smaller communities like those in Columbia County. This contributes substantially to the County's deficit of housing affordable to those earning less than \$25,000 annually.

---Like other communities, Columbia County has a pronounced real estate market cycle affecting supply & affordability. When the study began, supply was low, demand was high and prices were increasing. At the end, supply was increasing but prices have yet to stabilize.

We also learned that larger-scale factors may be in play and contributing to the mismatch between housing demand and housing supply in the County.

We learned that Columbia County (and probably other small, rural communities) has unique challenges related to land availability. In small cities, a few land owners can have a near monopoly on developable land. This stifles development because these owners have more leverage in negotiations than in larger markets and can even balk at selling to a perceived competitor. Thus, while it may look like land is available for development on a map, a normal market for undeveloped land does not exist. This challenge is compounded for specialized uses in which only a limited number of sites can work. We found this to be true when our local partners looked for a site for an assisted living facility in Rainier.

We also found that the Columbia County housing market is profoundly affected by economic and housing conditions in the Portland metro area. When housing prices rise in Portland, people employed there become more willing to commute to work from Columbia County. Because it takes some time for economic changes in Portland to affect Columbia County, we estimate that Columbia County's housing market cycle lags a year or two behind that of Portland.

Ultimately, we reached three primary conclusions.

Study Conclusions

- Addressing the housing problem will require a **shift in perspective from past thinking.*****
 - We need to pursue **a different housing mix & wider variety of housing types** that cost less than the traditional single-family detached home to better meet current and future demand. Once codes are changed, alternative housing types will offer **savings to the consumer with little or no added costs** to jurisdictions or developers.***
 - To assist those who cannot afford market-rate housing, we need to identify and aggressively pursue **local cost savings and local subsidies** to support housing development by nonprofits.***
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Action Plan

The time for action is now. We developed recommendations for a series of coordinated actions involving the public, private and nonprofit sectors that would build a sounder housing mix and prime the pump. Our recommended action plan is summarized below.

A. Goal: A more suitable array of housing types and a better calibrated housing mix

Challenge: Columbia County's existing development pattern is misaligned with the changing housing needs and budgets of a significant portion of the County's current residents. This mismatch will worsen in the future if the current economic trends and development patterns continues. Well considered local government planning action does have a real impact on how development occurs. A good strategy is to acknowledge that it is not possible to freeze Columbia County as it is or go back in time; for example, major new projects like OMIC will bring jobs, opportunity and growth to the County. More housing types and a mix that includes a greater share of smaller, attached and/or less expensive homes is needed if we are to meet current and future housing demand.

Strategy 1: Remove regulatory barriers that prevent the development of a broader array of housing types and a housing mix that better meets the needs and budgets of current and future residents.

Actions	Lead
a. Remove barriers & costs associated with the development of small multifamily rental housing projects, including (where appropriate) mixed use development.	Public Sector
b. Support more opportunities for duplexes, triplexes and quads, including in some neighborhoods zoned for single-family housing, and especially on corner lots.	Public Sector
c. Make Accessory Dwelling Units (ADUs) an easily permitted use in single-family zones, and ensure that they are available as permanent housing regardless of owner occupancy and that they not absorbed as vacation rentals. ¹	Public Sector
d. Make Cottage Housing a permitted use in certain zones or areas.	Public Sector
e. Remove regulatory barriers to the development of townhouses and other forms of attached single-family housing.	Public Sector
f. Re-examine the types of housing that fit well in single-family zones, increasing density and broadening housing size and type where appropriate. The other alternative is to consider rezoning some existing land for more intensive residential and mixed-use development types.	Public Sector

Strategy 2: Take steps to actively promote the development of new housing types, ease the permitting and financing processes and introduce new housing options to the community.

Actions	Lead
a. Provide training for all those engaged in the permitting process (planning, building, fire safety, etc.) about new housing types and the importance of new housing types to the County’s economic health. Develop simple protocols and other tools to ease permitting process.	Public Sector
b. Where feasible, streamline permitting processes.	Public Sector
c. Develop a permitting and design toolkit for homeowners considering the development of Accessory Dwelling Units similar to the one used in Oregon City.	Public Sector
d. Work with a local lender to encourage a “go to” lender for ADU projects and HUD 203b loans.	Private Sector - Lenders Nonprofit developers—CAT & Habitat
e. Consider developing one or more new public-private partnership programs to “prime the pump” for the development of ADUs, duplexes and triplexes. Create support programs for homeowners or homebuyers pursuing this option to help them learn how to be effective landlords. [To be undertaken in collaboration with lenders—see item c above.]	Nonprofit Sector – Nonprofit developers – CAT & Habitat
f. Pursue new models and opportunities for creating subsidized affordable housing that result from the approval of new housing types.	Nonprofit Sector - Nonprofit

¹ SB 1051, approved by the 2017 state legislature, requires Oregon cities with populations greater than 2,500 and counties with populations greater than 15,000 to allow the development of at least one accessory dwelling unit for each detached single-family dwelling in areas zoned for detached single-family dwellings, subject to reasonable siting & design regulations. The deadline for implementation of this provision of SB 1051 is June 30, 2018.

developers – CAT & Habitat

B. Goal: More housing affordable to households with modest or low, fixed incomes

Challenge: Even with a broader array of housing types, finding suitable affordable housing will likely remain a challenge for some households whose wages or benefits are insufficient to pay for even modest market-rate housing. Two ways to bring down the cost of new housing are to reduce development costs and to provide development subsidies. At present and for the foreseeable future, subsidies from state and federal sources are insufficient, highly competitive and often come with requirements that make it hard for nonprofit developers serving smaller cities and more rural counties to access or use efficiently.

Strategy 1: Reduce development costs.	
Actions	Lead
a. Identify vacant or underutilized sites owned by faith-based organizations or civic/fraternal organizations that may provide opportunities for reduced-cost development.	Nonprofit Sector
b. Identify vacant or underutilized sites owned by the public sector that may provide an opportunity to incorporate affordable housing and/or consider land swaps or contributions that make needed housing available, such as the one under consideration for an Assisted Living Facility in Rainier.	Public Sector
c. Investigate innovative construction techniques, such as modular or panelized construction.	Nonprofit Sector
d. For housing developed by nonprofits, continue to waive or subsidize permit fees and/or system development charges or change how they are structured.	Public Sector
e. For small infill projects, exercise flexibility regarding full public improvements in areas that do not currently have curb, gutter or sidewalks.	Public Sector

Strategy 2: Support local capacity for subsidized housing development.	
Actions	Lead
a. Do not be an early adopter of the Construction Excise Tax (CET) authorized by the 2016 state legislature. Instead, evaluate the impacts of the CET in smaller cities and rural counties that are implementing it to decide whether to pursue it or other options at a later date.	Public Sector
b. Preserve local development capacity as a strategy to maximize affordable housing opportunities.	Public, Private & Nonprofit Sectors
c. Organize area housing nonprofits to strengthen collaboration, minimize competition and develop a governing rationale for public support and investment in their affordable housing activities	Nonprofit Sector - Nonprofit developers – CAT, NOHA, CCMH, CESH & Habitat

A plan is only as good as its implementation. CAT is committed to following through on those actions involving the nonprofit sector. There is much here for cities and the County to consider. This process created an informed and engaged group of stakeholders who now have a deeper understanding and broader view of the county’s housing needs and possible solutions. We encourage local jurisdictions to call on us individually or collectively to assist with advising on reviewing and implementing these

recommendations. We understand that building community acceptance and creating change is a process, and we invite you to ask us to assist.

How to Find the Complete Report

*The full 80+ page **Columbia County Housing Report** can be found online at
<https://www.cat-team.org/resources.html>*

It includes:

- Information about broader trends and the economic cycle affecting housing supply, demand and prices in Columbia County*
 - An analysis of Columbia County housing conditions and market by ECONorthwest -- Information and examples of five types of housing suitable for Columbia County changing demographics*
 - Detailed review of barriers and solutions related to these housing types*
 - Further detail regarding the recommendations presented in the Executive Summary*
 - Five sample budgets for four types of housing.*
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