

HOUSING ADVISORY COMMITTEE
Meeting Minutes – May 19, 2023 at 9:00 AM

Committee Members

Doug Walker – Chair
Tom Bradbeer - Vice Chair
Holly Fifield (Absent)
Tammy D’Amico
Steve Gulliford
VACANT
Molly Nichols (Absent)
Jason Elzy
Duward Brown
Craig Dent
Josh Balloch
Ralph “JR” Wheeler
Kathleen Foster

Staff/Council Liaisons:

Dwayne Yunker – Council Liaison
Amber Neeck – Housing and Neighborhood Specialist
Mark Trinidad – Principal Planner

Guests:

1. **Roll Call:**
 - a. Chair Doug Walker opened the meeting at 9:00 am and took roll.
2. **Introductions:**
 - a. None
3. **Public Comment:** (opportunity for citizens to share information with the committee regarding items that are not on the agenda)
 - a. None
4. **Consent Agenda:**
 - a. Minutes: April 21, 2023

MOTION/VOTE

Member Balloch moved, and Vice Chair Bradbeer seconded the motion to approve the minutes from April 21, 2023. The vote resulted as follows: “AYES”: Chair Walker, Vice Chair Bradbeer, Members D’Amico, Gulliford, Elzy, Brown, Dent, Balloch, Wheeler, and Foster. “NAYS”: None. Abstain: None. Absent: Members Fifield and Nichols. The motion passed.

5. **Action Items:**
 - a. Parking Reform Options
 - **Option A: Repeal Parking Mandates** (ORS 660-012-0420) Repeal all parking mandates in all land use zones.
 - No further action required.
 - Cities and counties that adopt land use regulations that do not include parking mandates are exempt from OAR 660-012-0425 through OAR 660-012-0450.
 - **Option B: Fair Policies** (ORS 660-012-0445)
 - A fair parking policy approach shall include at least two (2) of the following five provisions:
 - A requirement that parking spaces for each residential unit in developments that include five or more leased or sold residential units on a lot or parcel be unbundled parking. Cities and counties may exempt townhouse and rowhouse development from this requirement

- A requirement that parking spaces serving leased commercial developments be unbundled parking
- A requirement for employers of 50 or more employees who provide free or subsidized parking to their employees at the workplace provide a flexible commute benefit of \$50 per month or the fair market value of that parking, whichever is greater, to those employees eligible for that free or subsidized parking who regularly commute via other modes instead of using that parking
- A tax on the revenue from commercial parking lots collecting no less than 10 percent of income, with revenues dedicated to improving transportation alternatives to drive-alone travel
- A reduction of parking mandates for new multifamily residential development to no higher than one-half spaces per unit, including visitor parking

Option C: Reduce Red Tape (ORS 660-012-0445)

- A reduced regulation parking management approach shall include all of the following:
 - A repeal of all parking mandates within one-half mile pedestrian travel of climate-friendly areas
 - A repeal of parking mandates for transit-oriented development and mixed-use development
 - A repeal of parking mandates for group quarters, including but not limited to dormitories, religious group quarters, adult care facilities, retirement homes, and other congregate housing
 - A repeal of parking mandates for studio apartments, one-bedroom apartments and condominiums in residential developments of five or more units on a lot or parcel
 - A repeal of parking mandates for change of use of, or redevelopment of, buildings vacant for more than two years. Cities and counties may require registration of a building as vacant two years prior to the waiving of parking mandate
 - A repeal of requirements to provide additional parking for change of use or redevelopment
 - A repeal of parking mandates for expansion of existing businesses by less than 30 percent of a building footprint
 - A repeal of parking mandates for buildings within a National Historic District, on the National Register of Historic Places, or on a local inventory of historic resources or buildings
 - A repeal of parking mandates for commercial properties that have fewer than ten on-site employees or 3,000 square feet floor space
 - A repeal of parking mandates for developments built under the Oregon Residential Reach Code
 - A repeal of parking mandates for developments seeking certification under any Leadership in Energy and Environmental Design (LEED) rating system, as evidenced by either proof of pre-certification or registration and submittal of a complete scorecard
 - A repeal of parking mandates for schools
 - A repeal of parking mandates for bars and taverns
 - Setting parking maximums consistent with OAR 660-012-0415(1), notwithstanding populations listed in that section
- Designation of at least one residential parking district or parking benefit district where on-street parking is managed through permits, payments, or time limits.

VOTE

Mark Trinidad requested a vote of choice support for a Parking option. The Option A held support from all voting members. The vote resulted as

follows: “AYES”: Chair Walker, Vice Chair Bradbeer, Members Gulliford, Brown, Dent, Balloch. “NAYS”: None. Abstain: Elzy, Wheeler, D’Amico, Foster. Absent: Members Fifield and Nichols.

b. Density Incentives Potential Options

- Density Bonuses
 - Developers serve as the primary drivers of the development process, typically initiating land development. The developer is in the business of managing risk - evaluating the probable financial return on a project in light of the level of risk they will assume. The market is the customer or end-user in the development process and will largely dictate to the developer what is marketable and how much users will pay for it. Government agencies typically define the legal and bureaucratic process under which entitlements are granted and can influence the marketplace through incentives or restrictions.

Development typically occurs when the development of an allowed use yields an adequate return to attract a developer and equity source. The final development form will typically represent what is viewed as the “highest and best use” of the property from the development perspective, which reflects the development type and timing yielding the greatest return.

Higher-density development often requires changes in construction type, which can yield higher costs per unit. In the case of both office and residential development, low-rise wood-frame construction represents the lowest cost per square foot. As densities rise, leading to taller buildings, construction shifts to concrete and steel, bringing higher costs.

The density of development that produces the highest and best use on a given site is influenced by achievable rent (or sale) levels. Where achievable rent is relatively low, low-rise development will provide the best return.

For the purposes of this analysis, it is important to keep in mind that once the rent threshold is passed requiring a more expensive construction type, it is beneficial to the developer to maximize the density possible with that construction type.

- A density bonus is an incentive-based tool that permits a developer to increase the maximum allowable dwelling units per acre, floor area ratio, and/or height which generally means that more housing units can be built on any given site.
- Typically, programs allow increases of between 10 percent and 20 percent over baseline permitted density in exchange for the provision of affordable housing.
- Bonuses work best where development is at full density

- a. Regulatory entitlements such as permitted FAR or height are important in influencing development form and design, and ultimately land values.
 - Code standards do not ultimately determine where and how development takes place
 - a. For instance, many of Grants Pass lots zoned for increased density are still developed well under max density.
 - b. As achievable rents and sales prices climb, bonus programs become more attractive.
 - A robust density bonus program must be:
 - a. Calibrated to market realities
 - b. Compatible with neighborhood context
 - c. Easy to read and understand
- Approach
 - While higher density buildings can add value to a real estate project, these buildings cost more to build – sometimes much more. Even if the added income of having more on-site units is more than the cost to build higher, increasing the allowable density may not automatically add enough value to offset the cost of providing affordable housing.
 - Allowing developers to choose from multiple incentives to meet their project helps to fit the unique needs of each development.
- Examples of Density Bonus Incentives
 - Permitting a larger number of units in a building or development site.
 - Permitting smaller minimum lot sizes in a development.
 - Providing a bonus height allowance or exemption from height restrictions that allow for construction of additional stories.
 - Reducing the amount of open space required on a development site.
 - Reducing the required number of parking spaces.
 - Setback reduction of the parent parcel
- Housing Bonus
 - This category includes those bonuses in which the public benefit being sought is Affordable housing, Accessible Housing or Middle-Income Owner-Occupied Housing.
- Specified Use Bonus
 - This category includes those bonuses in which the public benefit being sought is a particular use to be included in the project by the developer.
 - a. Day Care
 - b. Retail Use
 - c. Accessible Unit Percentage
 - d. Specific Unit Sizes (such as 1 bedrooms or studios)
 - e. Smaller lots sizes for Single Family Homes
- Open Space Bonus
 - This Category includes bonuses which are granted in return for developing open space for public use. The cost to the developer is the construction and upkeep of open space features. Some land is lost as it is made public, but the value of this land is recouped through chosen bonus/s

- a. Parks
 - b. Trails
 - c. Percentage bonuses
 - i. Art
 - ii. Water features/public fountain
- Design Specific Bonus Examples
 - This category includes bonuses which are earned by providing a standard building component to a different design or performance specification. The cost of the bonus is the additional cost that might result from constructing the component to a different standard than one otherwise would.
 - a. Eco-roof
 - b. Below Grade Parking
- Automatic Density Bonus
 - This category includes specific bonuses which are automatically available to developments in specific areas identified as in need of higher density housing.
 - a. Urban Renewal Area
 - b. Vertical Housing Tax Zone
 - c. Climate Friendly Area
 - d. 100% Program Restricted Affordable Housing
- Examples
 - Bend, OR
 - a. Density Bonus:
 - i. Projects that are providing up to 50% of the units as affordable (targeting 80% of Area Median Income for ownership projects, 60% of AMI for rental projects) are allowed to go to 1.5 of the base density for that zone. It has a decreasing scale of 1.4 for 40% affordable, 1.3 for 30%, etc.
 - b. Parking Bonus
 - i. For all multi-family developments at 60% AMI or under, requirement is 1 space per unit instead of 1.5.
 - Beaverton, OR
 - a. Open Space Bonus:
 - i. Up to a 50 percent reduction in the required amount of open space as approved by the planning commission may be achieved by the development of 10 percent of the units as affordable housing. Up to 60 percent reduction may be achieved by the development of 20 percent of the units as affordable housing.
 - ii. Affordable housing is defined as housing affordable to households earning up to 100 percent of the median household income in Washington County, or less as adjusted for family size as determined by the U.S.

Department of Housing and Urban Development (HUD). Housing prices and/or rents shall be limited to that level through deed restriction for up to thirty (30) years. Approval of the affordable housing Development Incentive Option shall be subject to a developer identifying and contracting with a public, or private housing agency that will administer the housing affordability guarantee.

- Are Density Bonuses Always Valuable?
 - While higher density buildings can add value to a real estate project, these buildings cost more to build – sometimes much more. Even if the added income of having more on-site units is more than the cost to build higher, increasing the allowable density may not automatically add enough value to offset the cost of providing affordable housing.
- What needs to be Considered?
 - Infrastructure capacity
 - Traffic Impact
 - Usability of a bonus program
 - Future preparedness for development needs

6. Matters from Committee Members and Staff

- a. City Website Landing Page Update
- b. Housing Production Strategy at City Council – May 17th at 6:00 PM Council Chambers
- c. Glencrest Cottages – UAPC hearing May 24th at 6:00 PM Council Chambers

7. Future Agenda Building for Next Meeting

- a. Open Space Development Code
- b. Housing Production Half Year Progress

8. Adjournment

- a. Chair Walker adjourned the meeting at 10:13 am.

Next scheduled meeting: June 16, 2023, in the City Council Chambers.

Minutes prepared by Amber Neeck, City of Grants Pass Community Development.