



MEMORANDUM

City of Prineville Residential Buildable Lands Inventory (BLI) Prineville Housing Needs Analysis

DATE May 2, 2019 (Revised/Final)
TO Prineville HNA PMT and TAC
FROM Matt Hastie, Andrew Parish, Brandon Crawford, Angelo Planning Group
CC File

The purpose of this memo is to summarize the methodology and initial results of a Geographic Information Systems (GIS)-based Buildable Land Inventory for the City of Prineville Housing Needs Analysis (HNA). The results are expected to inform the strategies and approaches that may be effective and appropriate for increasing the supply or configuration of buildable residential land, which can lead to greater overall housing supply. The memo summarizes the methodology and key findings of the analysis, then presents the results in a series of tables and maps.

METHODOLOGY

Step 1: Identify Residential Land

For the purposes of this analysis, residential land includes the following:

- Land with a comprehensive plan designation of “Residential”. Zoning designations for residential taxlots within Prineville’s city limits generally match comprehensive plan categories, with some small exceptions for lots with “Open Space” designations that have residential zoning. These are examined on a case-by-case basis.
- Land with a comprehensive plan designation of “Mixed Use”. While many uses are possible within this area, “expand[ing] housing opportunities” is listed as a primary development objective of the CMU district. “Development within the CMU District shall have a significant commercial element, along with medium to high density residential uses.” (153.063(C)(1))
- Other land (open space, commercial, industrial, airport) is excluded as it does not require residential uses.

Figure 1. Prineville Location Map

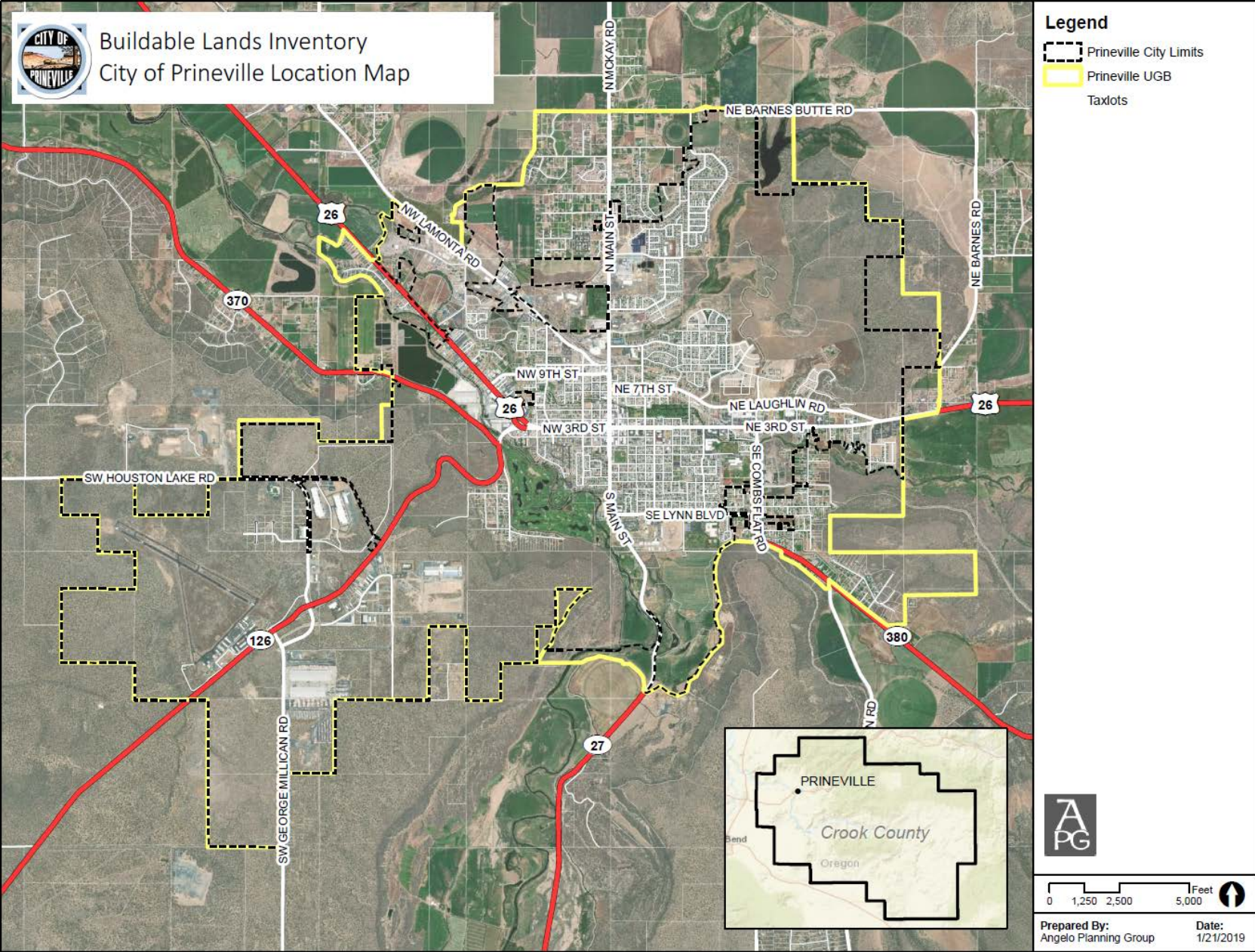


Figure 2. Prineville Zoning Designations

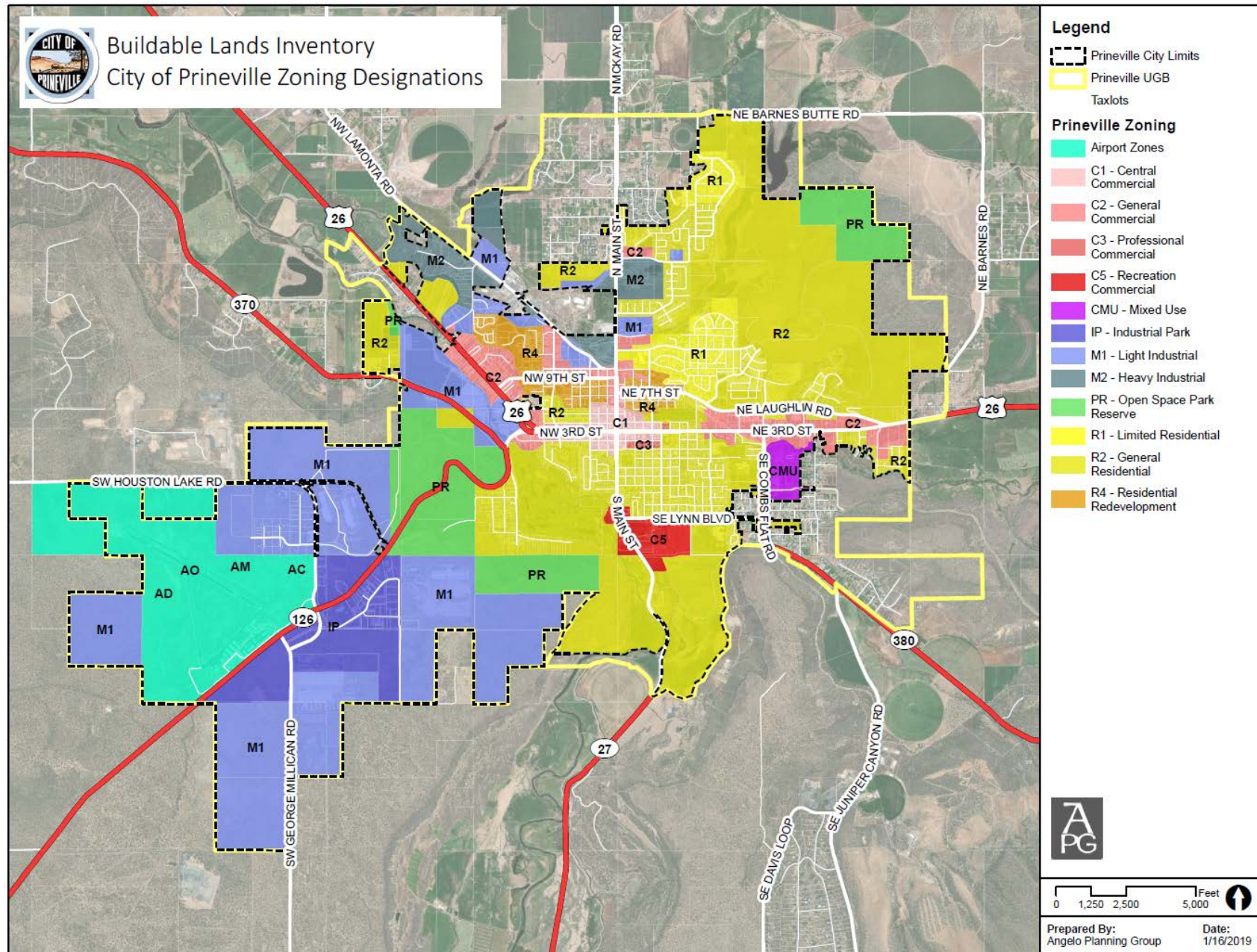
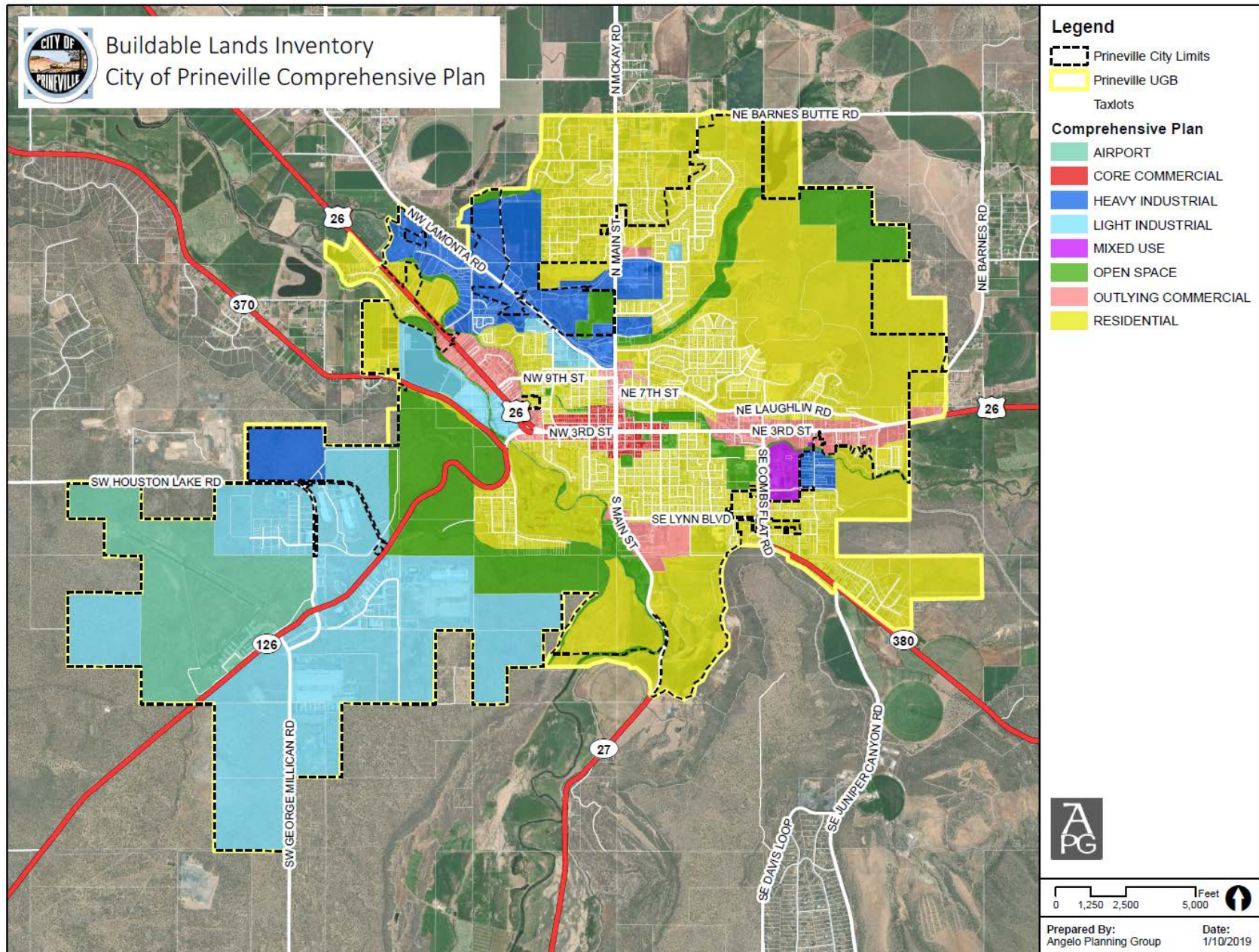


Figure 3. Prineville Comprehensive Plan Designations



Step 2: Identify Environmental Constraints

In order to estimate lands that may be buildable for residential uses, it is necessary to remove any lands where development is constrained or unfeasible due to environmental resources, hazards, or topography. GIS data on location of these constraints was obtained from multiple sources, including the State of Oregon, DOGAMI, Crook County.

- **Natural Features Overlay District (NFOD):** The City of Prineville utilizes an overlay district to protect significant natural resources and mitigate against natural hazards as mapped in the Prineville Natural Features Inventory. Significant natural features include surface water features, wildlife habitat areas, rimrock scenic areas, and the Barnes Butte scenic area, as identified in the Prineville Natural Features Inventory and ESEE (Economic, Social, Environmental, and Energy) Analysis, and are described below. There are density transfer provisions that are applied in a later step.
 - *Surface Water Features.* These include several rivers, riparian corridors, wetlands, and dry washes and their associated setbacks.
 - *Rimrock Scenic Areas.* These include the rimrock face, the top-of-rimrock setback area, and the rimrock slope.
 - Development is prohibited within the 200-foot top of rimrock setback. Development is limited, but not prohibited, within 500’.
 - *Barnes Butte Scenic Area.* There is a primary and secondary scenic area.
 - Some development is permitted in this area, but limited to 2DU/Acre in the secondary area and 1DU/Acre in the primary area. Density transfer provisions allow for increased density on a parcel that contains land both within and outside of the scenic area.
 - *Wildlife Habitat Areas.* These include habitat within surface water areas, within the Barnes Butte and rimrock scenic areas, and raptor nesting sites and respective impact areas.
 - Raptor nesting sites do not prohibit development
- **Floodplains:** All areas designated in the 100-year floodplain, based on the most recent version of FEMA floodplain maps released in 2012.
- **Wetlands:** All wetlands mapped in the City’s local wetland inventory (LWI).
- **Steep Slopes:** Data from the Department of Geological and Mineral Industries (DOGAMI) was used to estimate the amount of land that is unavailable for development due to slopes of over 25 percent. The amount of buildable land in each parcel was adjusted if it contains steep slopes.

These lands were combined and then overlaid with taxlots within the UGB to estimate the amount of land in each parcel where development is limited by these environmental constraints. These constrained areas were deducted from the total area of the parcel to estimate the portion of the parcel that is potentially buildable.

Figure 4. Natural Resources

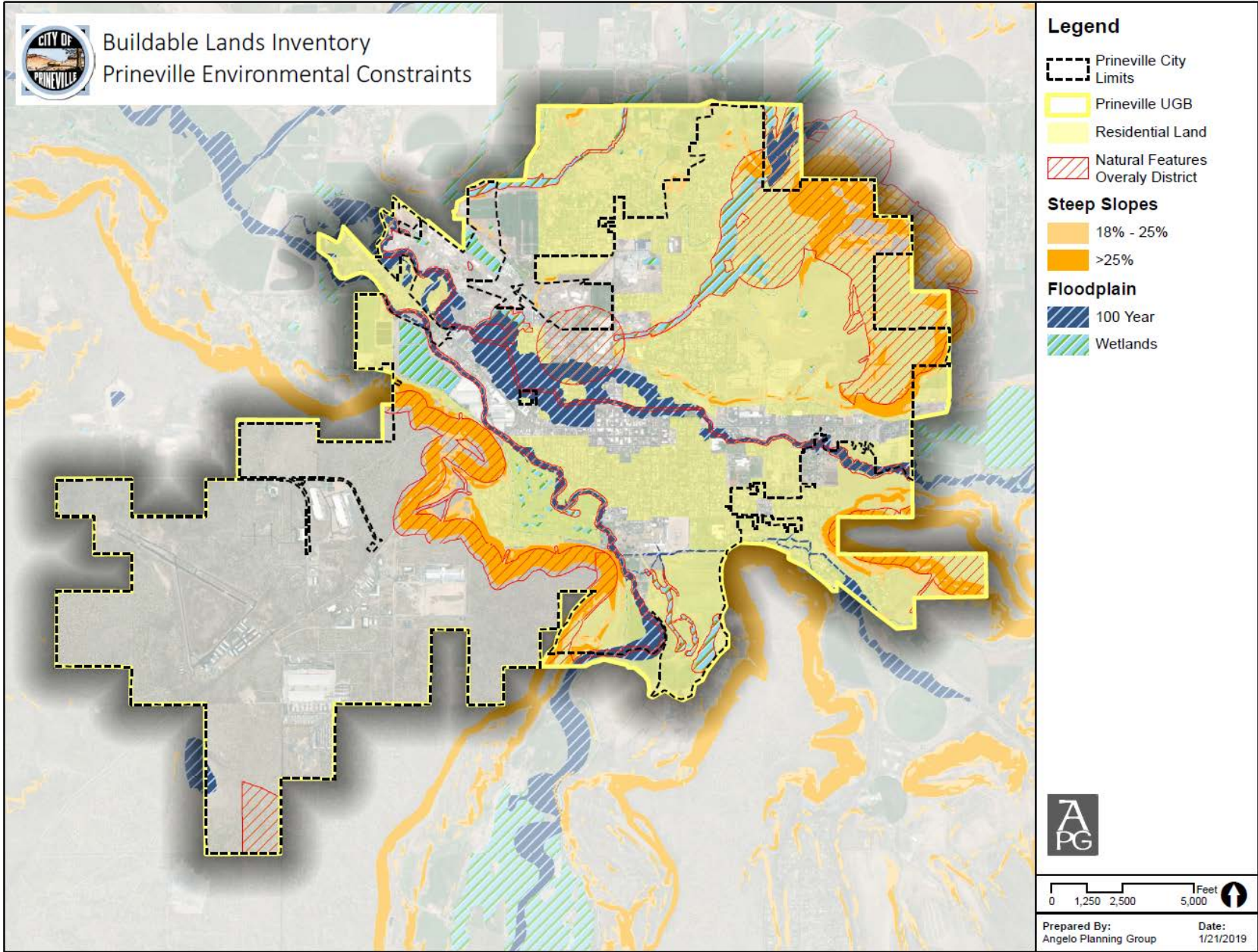
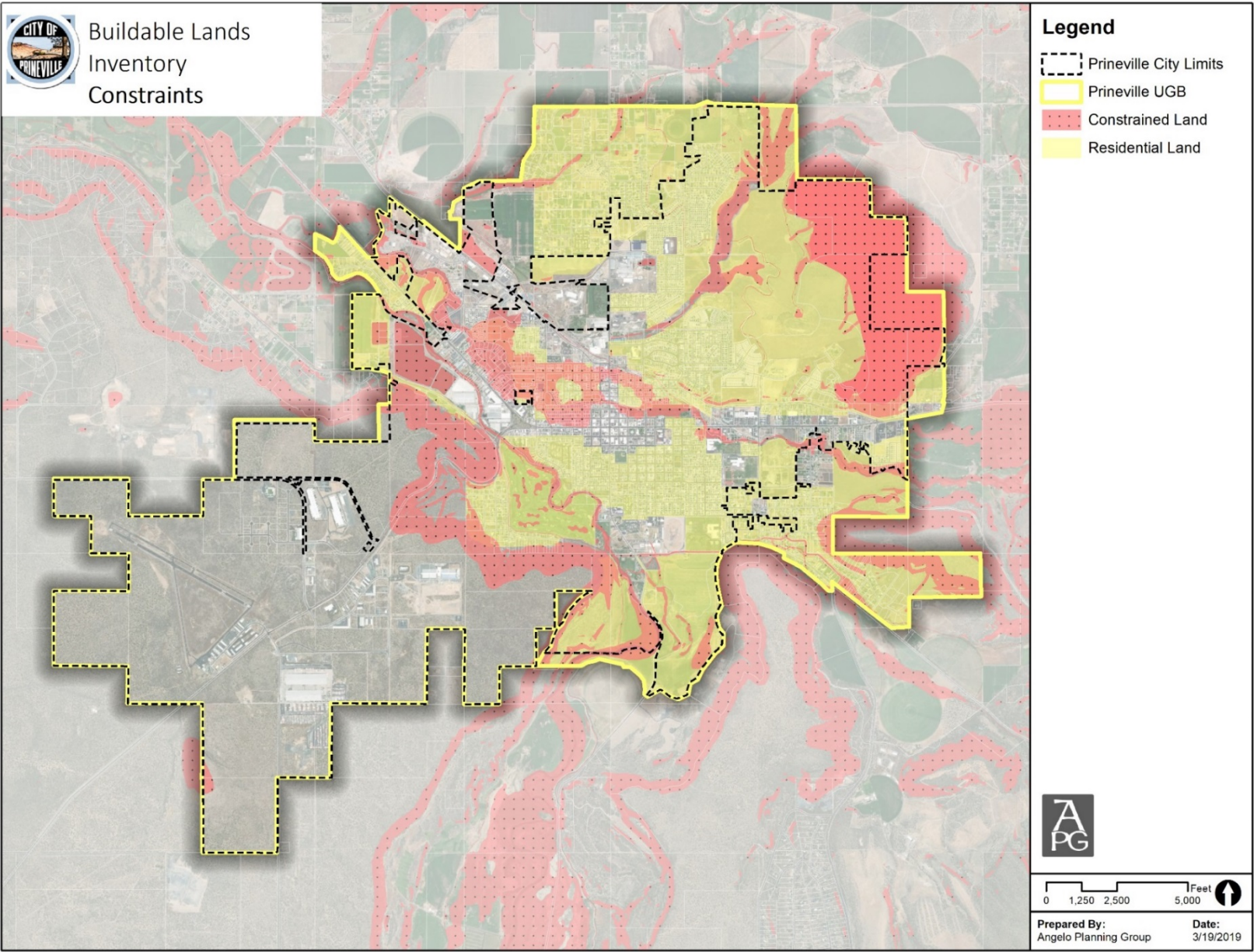


Figure 5. Development Constraints



Step 3 – Classify Parcels by Development Status

Each parcel in the City was classified based on the potential for new development on the parcel. This classification is intended to separate parcels that have capacity for development from those that do not. The classification is based on the amount of potentially buildable area on the parcel and the valuation of improvements (buildings, other structures). Improvement values are sourced from Crook County Tax Assessor data. The following four categories were used to classify parcels:

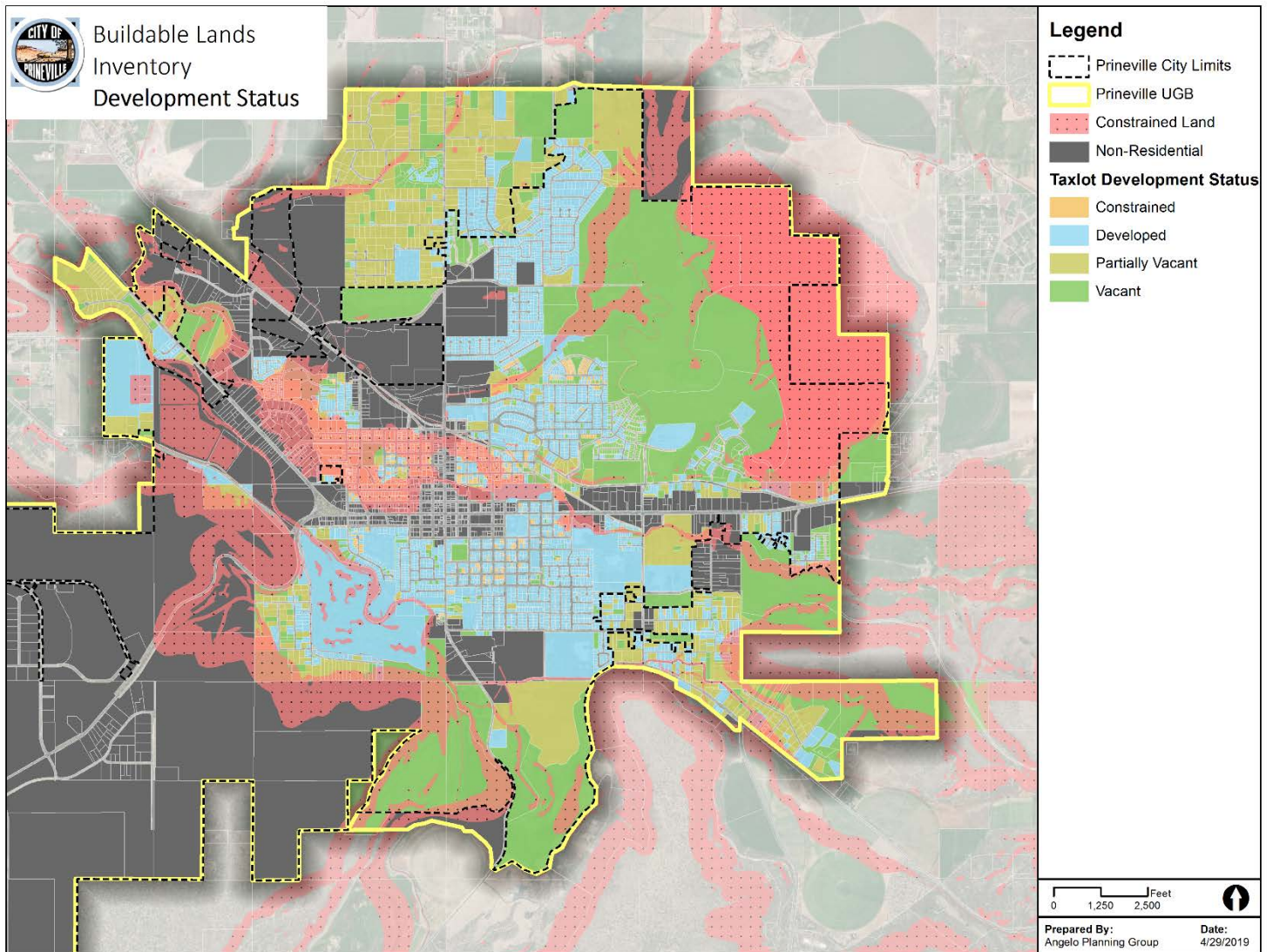
- **Developed:** Parcels that have an improvement value of more than \$10,000, but do not meet the definition of Partially Vacant or Constrained.
- **Constrained:** Parcels with less than 5,000 square feet unconstrained land. These parcels are assumed to not be developable due to the small area on the lot that is potentially buildable.
- **Partially Vacant:** Parcels that meet the state definition as partially vacant under the “safe harbor” provisions for residential buildable land inventories.¹ These parcels are at least a half-acre in size, have an existing single-family dwelling, and have an improvement value greater than \$10,000. The amount of potentially buildable area on a parcel was estimated based on the type of structure, value of structure, and size of parcel, as follows:
 - A quarter-acre was removed from the unconstrained area of these parcels to account for the existing dwelling. If the remaining unconstrained area was less than a quarter acre, then the parcel was classified as “Developed”.
 - Parcels with an improvement value to land value ratio of less than 0.75. Those with a ratio greater than 0.75 were classified as “Developed”.
- **Vacant:** These are parcels with sufficient area for development and/or little to no improvements. They must meet a minimum of 5,000 square feet of unconstrained land and:
 - An improvement value of less than \$10,000, OR;
 - Have a tax assessor property class code that meets the criteria for residential (beginning with 1 or 7) and vacant (ending in 0).

The classification of each parcel will be reviewed by jurisdictional staff and the Technical Advisory Committee and some parcels may be re-classified depending on the results of that review. Examination of aerial imagery with staff assistance also may contribute to identification of any remaining discrepancies among development status classifications.

¹ OAR 660-024-0050, Land Inventory and Response to Deficiency

(2) As safe harbors, a local government, except a city with a population over 25,000 or a metropolitan service district described in ORS 197.015(13), may use the following assumptions to inventory the capacity of buildable lands to accommodate housing needs:

- (a) The infill potential of developed residential lots or parcels of one-half acre or more may be determined by subtracting one-quarter acre (10,890 square feet) for the existing dwelling and assuming that the remainder is buildable land;
- (b) Existing lots of less than one-half acre that are currently occupied by a residence may be assumed to be fully developed.



Step 4 – Estimate Potentially Buildable Lands and Housing Unit Capacity

Assign parcels to zones

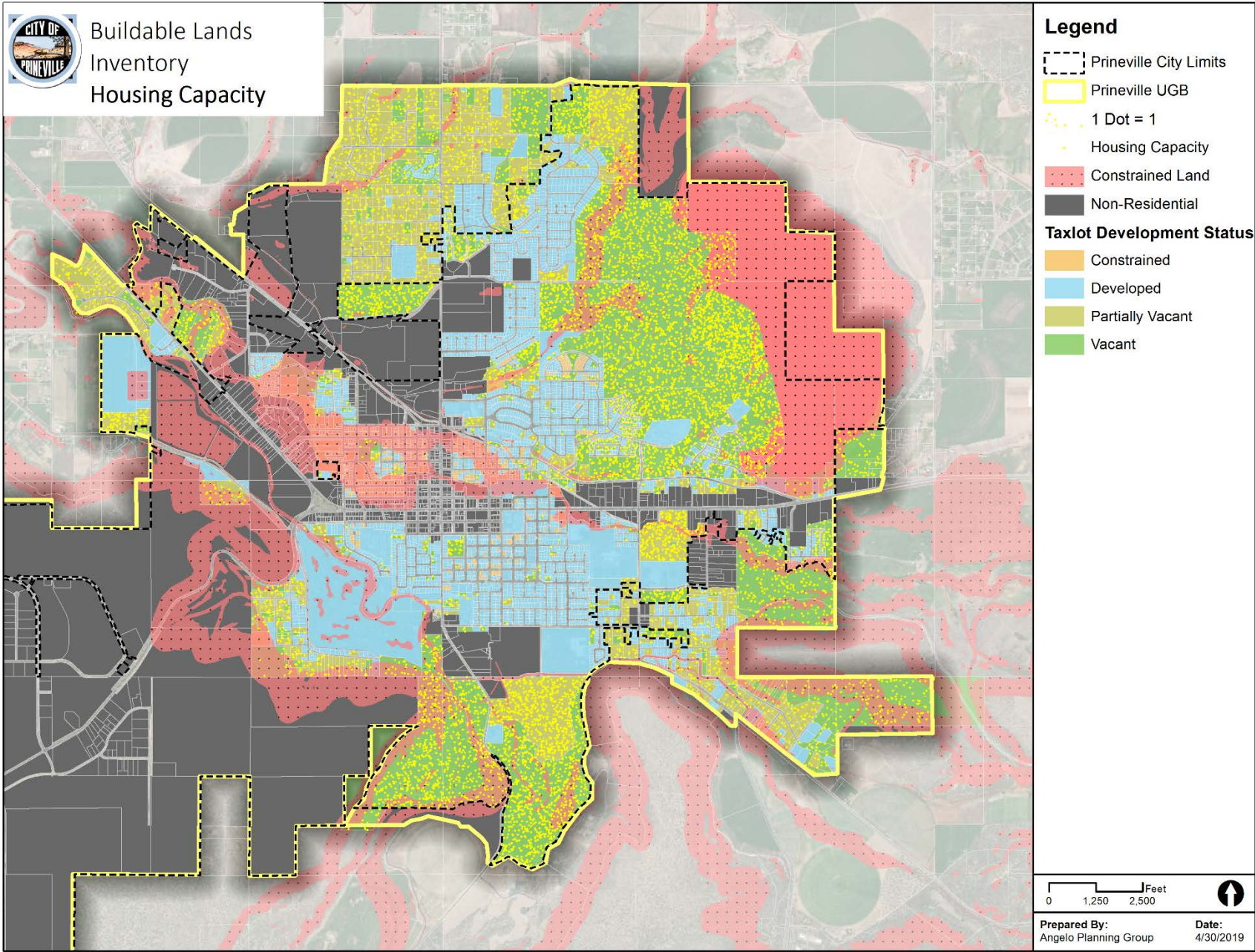
Lands were classified by zone type (residential, commercial, etc.) to estimate the amount of land that is potentially developable that is zoned for residential uses. To do this, all City and County zoning designations were classified into generalized zone types, and each parcel was assigned a zone and zone type. These zone types are Residential, Commercial, Industrial, Resource Lands (Farm and Forest), and Public Facilities. Where parcels span multiple zones, the parcel was assigned the zone that covers the centroid (center point) of the parcel.

Estimate housing unit capacity based on zoning

Next, the capacity for residential development on each parcel was estimated based on the density regulations of the zone. Housing unit capacity was only estimated for residential zones. For each zone, a projected density (units per acre) was calculated based on the minimum lot size standards of the zone and the housing types (single-family, duplex, multi-family, etc.) that are permitted in the zone. A gross-to-net conversion of 25% was used to account for new rights-of-way, open space, and non-residential uses allowed in residential zones.

These assumptions for projected density are detailed in Table 3.

The projected density was applied to the buildable acres of each parcel to estimate the capacity for new housing units on that parcel. Finally, the housing unit capacity of each parcel was rounded down to a whole number to reflect the actual maximum allowable number of units that could be permitted.



KEY FINDINGS

Preliminary key findings of this analysis are summarized below.

- A large portion of the development capacity in Prineville is on the properties north and west of Barnes Butte. One of these properties is available for density transfer from land affected by the Butte overlay, and another is owned by the City of Prineville. The City-owned property is zoned residential, but the City expressed plans for recreational uses for much of the property. Because of its zoning and location within the Prineville UGB, however, it is counted as residential capacity for the City. If specific plans are developed for this property or a portion of it in the future and it is formally committed to recreational use, the BLI and associated residential capacity would need to be reduced accordingly.
- Properties within the UGB but outside the City Limits in the northern part of the city have capacity for infill due to large lot sizes.
- There is very limited opportunity for infill development near Prineville's city center.
- The Iron Horse Planned Unit Development (PUD), in the eastern portion of the Barnes Butte overlay, could increase housing unit capacity anywhere from 500 to 1,500 units, depending on the zoning and density transfer agreement at the time of development. This PUD currently is not represented in the BLI and housing capacity figures due to the site's constrained development status.

RESULTS

Table 1. Buildable Lands Inventory

Parcel Status	Total Parcels	Total Acres	Constrained Acres	Potentially Buildable Acres
Constrained	773	196	140	--
Developed	2,751	1,143	95	--
<i>Total Not Buildable</i>	<i>3,524</i>	<i>1,344</i>	<i>235</i>	<i>--</i>
Partially Vacant	521	941	115	522
Vacant	535	2,144	532	1,044
<i>Possible Park (vacant - park)</i>	<i>1 (534)</i>	<i>395 (1,749)</i>	<i>110 (422)</i>	<i>285 (759)</i>
Total Potentially Buildable	1,056	3,085	647	1,565
<i>Potentially Buildable w/ Possible Park</i>	<i>1,055</i>	<i>2,690</i>	<i>537</i>	<i>1,280</i>

Table 2. Potentially Buildable Acres by Zone³

Zone	Potentially Buildable Acres			
	Partially Vacant	Vacant	Total	Share of Total
R1 – Limited Residential	12	20	32	2%
R2 – General Residential	171	728	900	57%
R3/County Residential	310	284	595	38%
R4 – Residential Redevelopment	3	4	7	0.4%
CMU – Mixed Use	24	8	32	2%
Subtotal	522	1,044	1,565	--

Table 3. Density Assumptions by Zone

Zone	Min lot size	Max DU/Net Acre	Notes	Projected DU/Net Acre
R-1 Limited Residential	6,500	6.7	Single Family only allowed. Minimum density at 3/acre.	4
R-2 General Residential	5,000 for sf, 2625/unit for fourplex, 1,500 per unit for MF projects	8.7 for SF, upwards of 20 for attached/MF	Variety of unit types allowed, max density based on housing types. Minimum density at 4/acre.	8
R-3 Low Density Residential (and County S-R Suburban Residential)	10,000	4.3	Single family only allowed. Minimum density at 2/acre.	4
R-4 Residential Redevelopment	4,000 for SF	10.9	Similar to R2 – slightly smaller lot sizes allowed. 6 DU/acre min.	10
CMU Commercial Mixed Use	N/A	N/A	No single family allowed but code does not contain density requirements. Portion of CMU assumed to be residential	10

³ A gross-to-net conversion of 25% was applied vacant and partially vacant (after subtracting a quarter-acre) to account for public right-of-way dedication (e.g. streets, sidewalks, etc.) and non-residential uses.

Table 5. Housing Unit Capacity by Zone and Development Status

Zone	Housing Unit Capacity			
	Partially Vacant	Vacant	Total	Share of Total
R1 – Limited Residential	42	93	135	1%
R2 – General Residential	1,320	5,767	7,087	69%
R3/County Residential	1,097	1,523	2,620	26%
R4 – Residential Redevelopment	24	35	59	0.6%
CMU – Mixed Use	239	77	316	3%
Subtotal	2,722	7,495	10,217	--
<i>Possible Park (w/ park)</i>	<i>0</i>	<i>2,142 (5,353)</i>	<i>2,142 (8,075)</i>	<i>--</i>



Credit: Oriana Schwindt

CITY OF PRINEVILLE, OR

HOUSING AND RESIDENTIAL LAND NEEDS ASSESSMENT (OREGON STATEWIDE PLANNING GOAL 10)

20-YEAR HOUSING NEED 2019 - 2039

Prepared For:
CITY OF PRINEVILLE, OREGON
June 2019

TABLE OF CONTENTS

Introduction	2
I. CITY OF PRINEVILLE DEMOGRAPHIC PROFILE	2
A. POPULATION GROWTH	3
B. HOUSEHOLD GROWTH & SIZE	3
C. FAMILY HOUSEHOLDS	4
D. HOUSING UNITS	4
E. AGE TRENDS	5
F. INCOME TRENDS	6
G. POVERTY STATISTICS	7
H. EMPLOYMENT LOCATION TRENDS	8
II. CURRENT HOUSING CONDITIONS	10
A. HOUSING TENURE	10
B. HOUSING STOCK	10
C. NUMBER OF BEDROOMS	10
D. UNITS TYPES BY TENURE	11
E. AGE OF HOUSING STOCK	12
F. HOUSING COSTS VS. LOCAL INCOMES	13
G. PUBLICLY-ASSISTED HOUSING	14
III. CURRENT HOUSING NEEDS (CITY OF PRINEVILLE)	15
IV. FUTURE HOUSING NEEDS - 2039 (CITY OF PRINEVILLE)	21
V. RECONCILIATION OF FUTURE NEED (2039) & LAND SUPPLY (CITY OF PRINEVILLE)	26

INTRODUCTION

This analysis outlines a forecast of housing need within the City of Prineville. Housing need and resulting land need are forecast to 2039 consistent with 20-year need assessment requirements of periodic review. This report presents a housing need analysis (presented in number and types of housing units) and a residential land need analysis, based on those projections.

The primary data sources used in generating this forecast were:

- Portland State University Population Research Center
- U.S. Census
- Environics Analytics Inc.¹
- Oregon Employment Department
- Crook County GIS
- Other sources are identified as appropriate.

This analysis reflects the coordinated population forecast from the Oregon Population Forecast Program, at the Population Research Center (PRC) at PSU. State legislation passed in 2013 made the PRC responsible for generating the official population forecasts to be used in Goal 10 housing analyses in Oregon communities outside of the Portland Metro area (ORS 195.033). The population forecasts used in this analysis were generated in 2016.

This project is funded by Oregon general fund dollars through the Department of Land Conservation and Development. The contents of this document do not necessarily reflect the views or policies of the State of Oregon.

I. CITY OF PRINEVILLE DEMOGRAPHIC PROFILE

SUMMARY

The following table (Figure 1.1) presents a profile of City of Prineville demographics from the 2000 and 2010 Census. This includes the city limits of Prineville, as well as areas currently included within the Urban Growth Boundary (UGB). It also presents the estimated population of this area as of 2018 from PSU estimates.

- Prineville is a City of an estimated 10,000 people (City limits), and 11,910 people (UGB), located in Crook County in Central Oregon. An estimated 19% of the population in the UGB lives outside the city limits.
- Based on the UGB population, Prineville is roughly the 42nd largest city in the state by population, and is the main population center in Crook County.
- Prineville has experienced steady growth, growing over 36% in population since 2000. In contrast, Crook County and the state experienced population growth of 15% and 21% respectively. (US Census and PSU Population Research Center)

¹ Environics Analytics Inc. is a third-party company providing data on demographics and market segmentation. It licenses data from the Nielson Company which conducts direct market research including surveying of households across the nation. Nielson combines proprietary data with data from the U.S. Census, Postal Service, and other federal sources, as well as local-level sources such as Equifax, Vallassis and the National Association of Realtors. Projections of future growth by demographic segments are based on the continuation of long-term and emergent demographic trends identified through the above sources.

- The Prineville UGB was home to an estimated 5,218 households in 2018, an increase of roughly 1,850 households since 2000. The percentage of families fell between 2000 and 2018 from 67% to 53% of all households. The city has a smaller share of family households than Crook County (65%) and the state (63%).
- Prineville's estimated average household size is 2.26 persons, having also fallen since 2000. This is lower than the Crook County average of 2.31 and the statewide average of 2.47.
- *Unless otherwise noted, the flowing discussion refers to the Prineville UGB area, not the city limits.*

FIGURE 1.1: PRINEVILLE DEMOGRAPHIC PROFILE (UGB)

POPULATION, HOUSEHOLDS, FAMILIES, AND YEAR-ROUND HOUSING UNITS					
	2000 (Census)	2010 (Census)	Growth 00-10	2018 (PSU)	Growth 10-18
Population ¹	8,755	11,010	25.8%	11,910	8.2%
Households ²	3,362	4,415	31.3%	5,218	18.2%
Families ³	2,275	2,879	27%	2,755	-4%
Housing Units ⁴	3,596	4,975	38%	5,307	7%
Group Quarters Population ⁵	181	236	30%	118	-50%
Household Size (non-group)	2.55	2.44	-4%	2.26	-7%
Avg. Family Size	3.09	2.98	-4%	2.96	-1%
PER CAPITA AND MEDIAN HOUSEHOLD INCOME					
	2000 (Census)	2010 (Census)	Growth 00-10	2018 (Proj.)	Growth 10-18
Per Capita (\$)	\$14,163	\$17,692	25%	\$18,503	5%
Median HH (\$)	\$30,435	\$30,628	1%	\$33,195	8%

SOURCE: Census, PSU Population Research Center, and Johnson Economics

Census Tables: DP-1 (2000, 2010); DP-3 (2000); S1901; S19301

¹ From PSU Population Research Center, Population Forecast Program, final forecast for Crook Co. (2017)

² 2018 Households = (2018 population - Group Quarters Population)/2018 HH Size

³ Ratio of 2018 Families to total HH is based on 2016 ACS 5-year Estimates

⁴ 2018 housing units are the '10 Census total plus new units permitted from '10 through '18 (source: Census, Cities)

⁵ Ratio of 2018 Group Quarters Population to Total Population is kept constant from 2010.

A. POPULATION GROWTH

Since 2000, Prineville has grown by roughly 3,150 people within the UGB, or 36% in 18 years. This is a faster growth rate than was seen in the rest of the county (15%), and the state (21%). In comparison, the City of Redmond grew over 100% over this period.

B. HOUSEHOLD GROWTH & SIZE

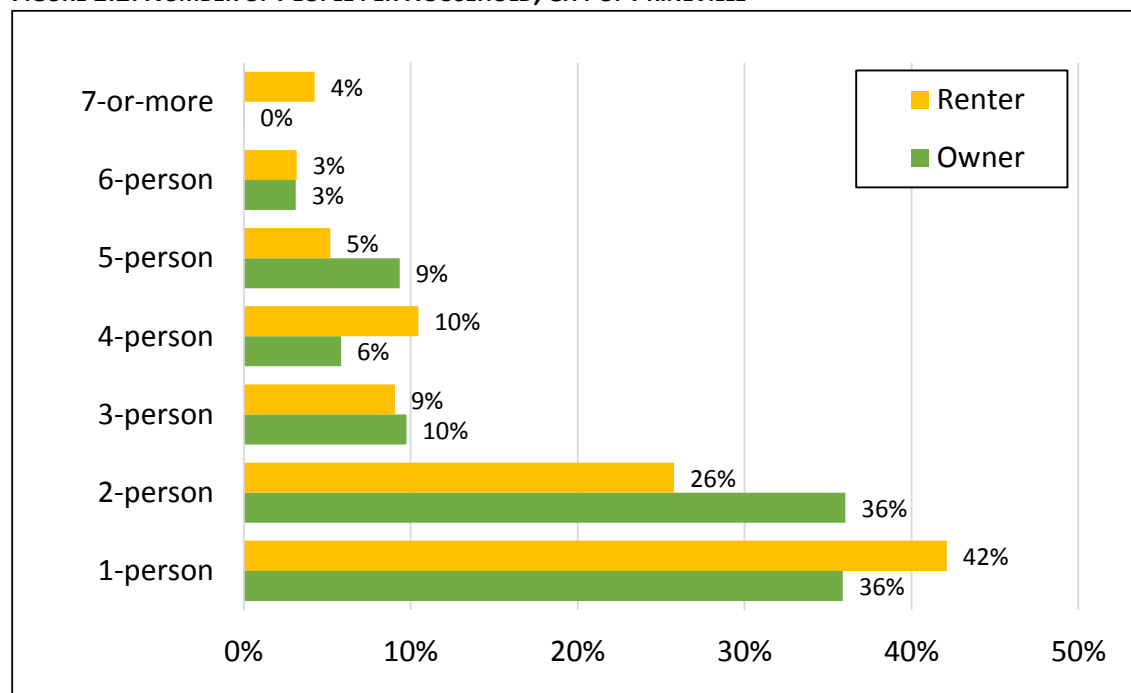
As of 2018, the city has an estimated 5,218 households. Since 2000, Prineville has added an estimated 1,850 households, or 55% growth. A household is defined as all the persons who occupy a single housing unit, whether or not they are related.

Household growth was faster than population growth reflecting that the average household size has fallen significantly. Because there are fewer persons per household, there are more households to accommodate the same population.

Prineville's average household size of 2.26 people is smaller than Crook County (2.31). There has been a general trend in Oregon and nationwide towards declining household size as birth rates have fallen, more people have chosen to live alone, and the Baby Boomers have become empty nesters. While this trend of diminishing household size is expected to continue nationwide, there are limits to how far the average can fall. Prineville has reflected this trend in recent decades, but moreso due to the change in the working population it has housed in recent years.

Figure 1.2 shows the share of households by the number of people for renter and owner households in 2017 (latest available), according to the Census. There are many one and two-person households in Prineville, making up 70% of all households.

FIGURE 1.2: NUMBER OF PEOPLE PER HOUSEHOLD, CITY OF PRINEVILLE



SOURCE: US Census, JOHNSON ECONOMICS LLC
Census Tables: B25009 (2017 ACS 5-yr Estimates)

C. FAMILY HOUSEHOLDS

As of the 2017 ACS, 53% of Prineville households were family households, down significantly from 2000 (67%). The total number of family households in Prineville is estimated to have grown by 480 since 2000. This is 26% of all new households in this period. However, the number of family households is estimated by the Census to have fallen since 2010.

The Census defines family households as two or more persons, related by marriage, birth or adoption and living together. In 2017, family households in Prineville had an average size of 2.96 people.

D. HOUSING UNITS

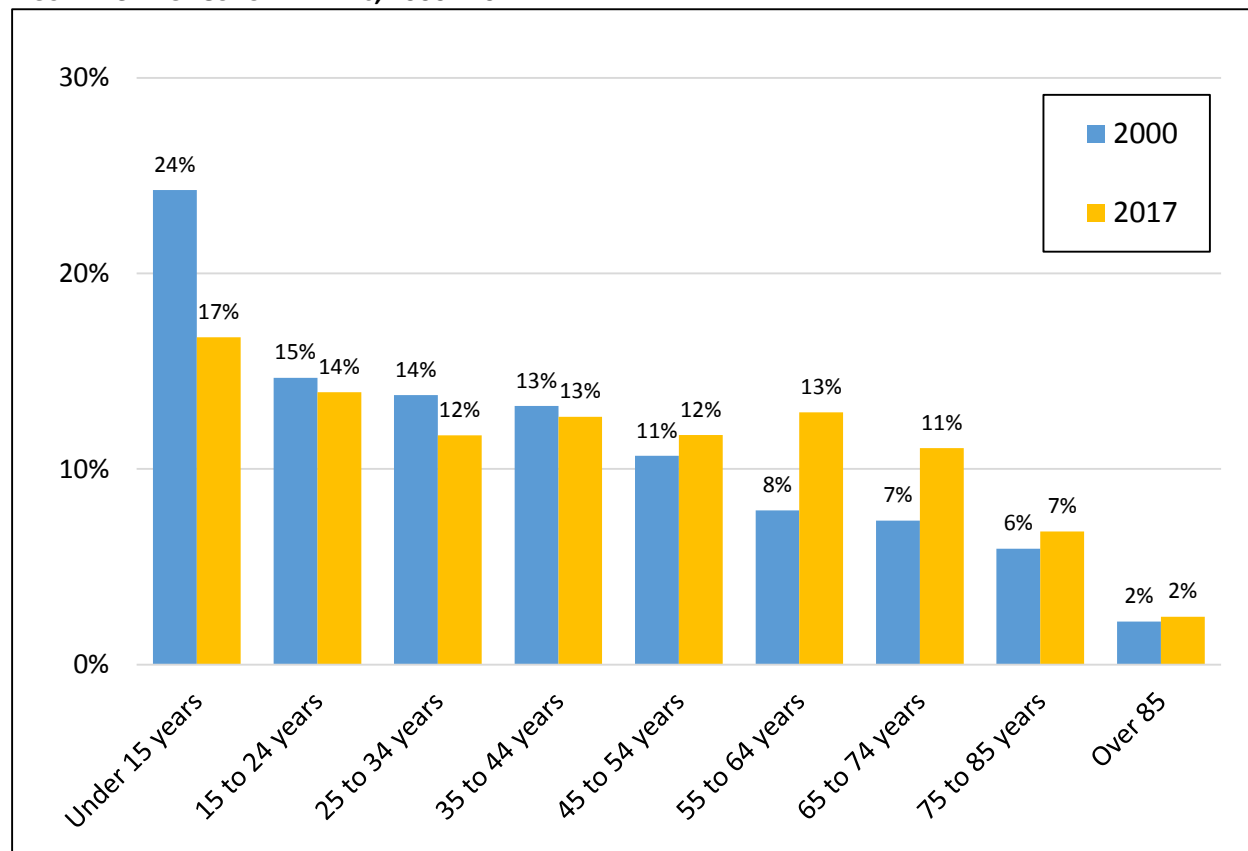
Data from the US Census and the county indicate that the city added over 1,700 new housing units since 2000 within the UGB. At the same time, the city has added an estimated 1,850 households, meaning the growth in households and population is outpacing the production of new housing in the community.

As of 2018, the city had an estimated housing stock of roughly 5,300 units for its 5,200 estimated households. These estimates would mean very low vacancy of 1.7% in the community, which indicates a tight housing supply. (5% is often considered a “healthy” vacancy rate at which some housing is available, without representing an excessive rate for landlords.)

E. AGE TRENDS

The following figure shows the share of the population falling in different age cohorts between the 2000 Census and the most recent 5-year estimates. As the chart shows, there is a general trend of younger age cohorts falling as share of total population, while older cohorts have grown in share. This is in keeping with the national trend caused by the aging of the Baby Boom generation.

FIGURE 1.3: AGE COHORT TRENDS, 2000 - 2017

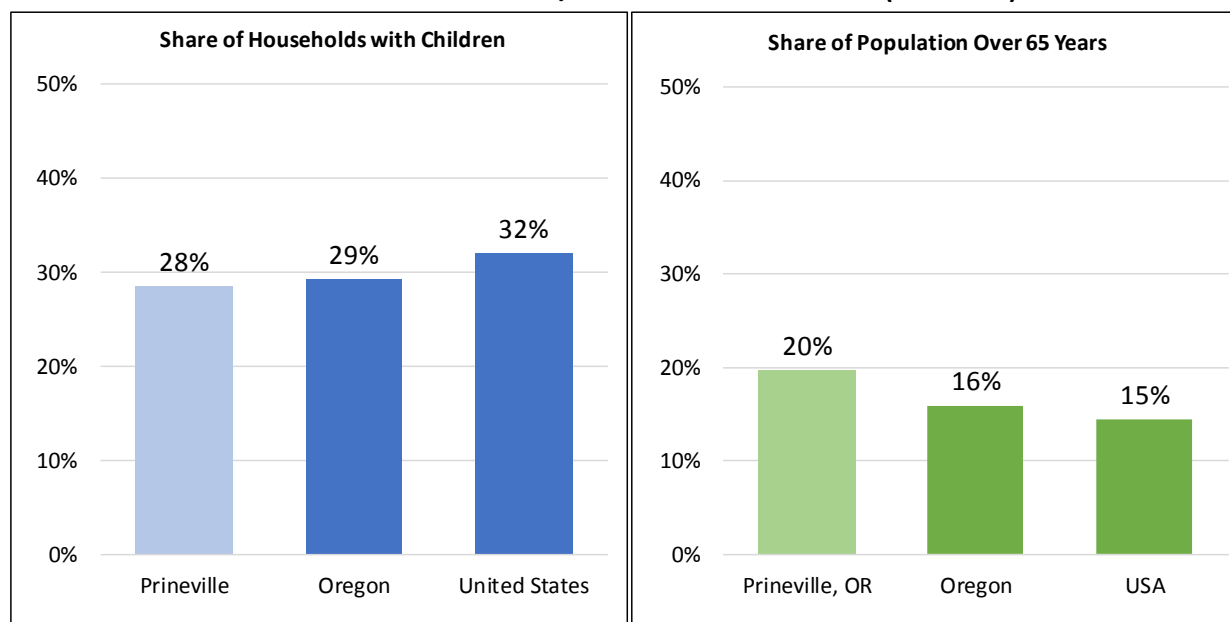


SOURCE: US Census, JOHNSON ECONOMICS LLC

Census Tables: QT-P1 (2000); S0101 (2017 ACS 5-yr Estimates)

- The cohorts that grew in share during this period were those aged 45 and older. An estimated 20% of the population is over 65 years of age, and 80% under 65 years in age.
- The share of children aged 15 years or younger has experienced the greatest decrease among the age groups.
- In the 2017 ACS, the local median age was an estimated 40 years, near the median age of 39 years in Oregon.
- Figure 1.4 presents the share of households with children (18 and under), and the share of population over 65 years for comparison. Compared to state and national averages, Prineville has a slightly smaller share of households with children and a larger share of the population over 65.

FIGURE 1.4: SHARE OF HOUSEHOLDS WITH CHILDREN/ POPULATION OVER 65 YEARS (PRINEVILLE)



SOURCE: US Census, JOHNSON ECONOMICS LLC
Census Tables: B11005; S0101 (2017 ACS 5-yr Estimates)

F. INCOME TRENDS

The following figure presents data on income trends in Prineville.

FIGURE 1.5: INCOME TRENDS, 2000 – 2018

PER CAPITA AND MEDIAN HOUSEHOLD INCOME					
	2000 (Census)	2010 (Census)	Growth 00-10	2018 (Proj.)	Growth 10-18
Per Capita (\$)	\$14,163	\$17,692	25%	\$18,503	5%
Median HH (\$)	\$30,435	\$30,628	1%	\$33,195	8%

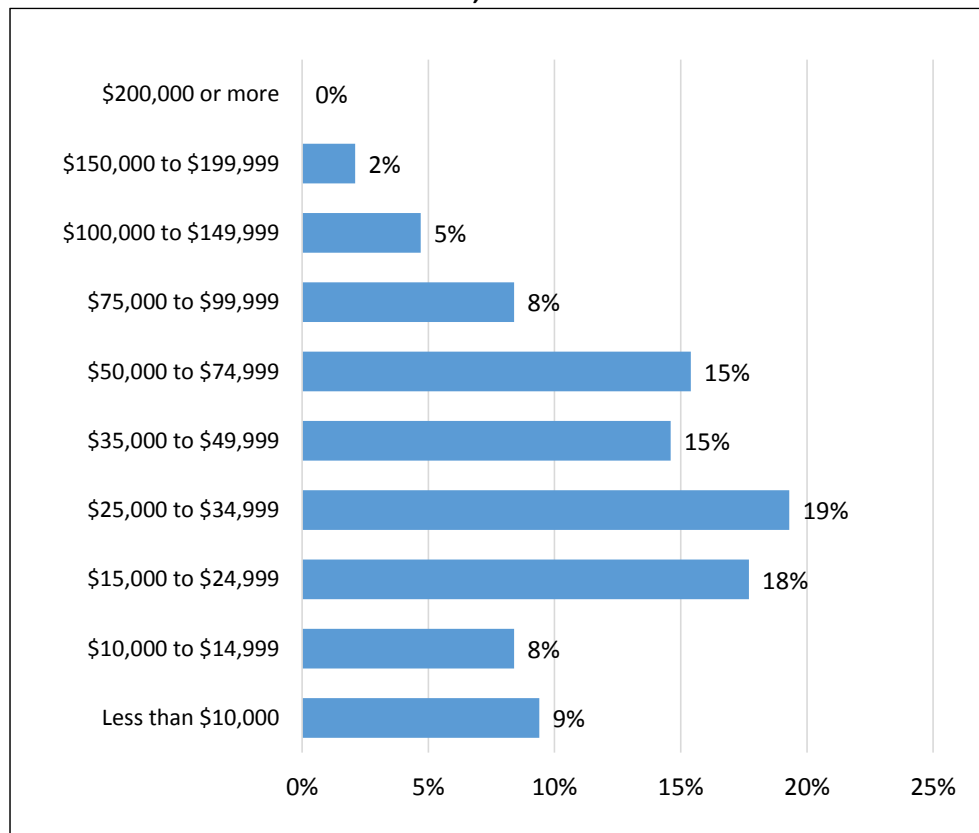
SOURCE: Census, PSU Population Research Center, and Johnson Economics
Census Tables: DP-1 (2000, 2010); DP-3 (2000); S1901; S19301

- Prineville's estimated median household income was \$33,195 in 2018. This has risen somewhat from the estimated median in 2010, and is lower than the Crook County median of \$41,000.
- Prineville's per capita income is a low \$18,500.
- Median income has only grown an estimated 9% between 2000 and 2018, in real dollars. As is the case regionally and nationwide, the local median income has not kept pace with inflation.

Figure 1.6 presents the estimated distribution of households by income as of 2017. The largest income cohorts are those households earning between \$15k and \$35k.

- 69% of households earn less than \$50k per year, while 31% of households earn \$50k or more.
- 35% of households earn \$25k or less.

FIGURE 1.6: HOUSEHOLD INCOME COHORTS, 2018



SOURCE: US Census
Census Tables: S1901 (2017 ACS 5-yr Est.)

G. POVERTY STATISTICS

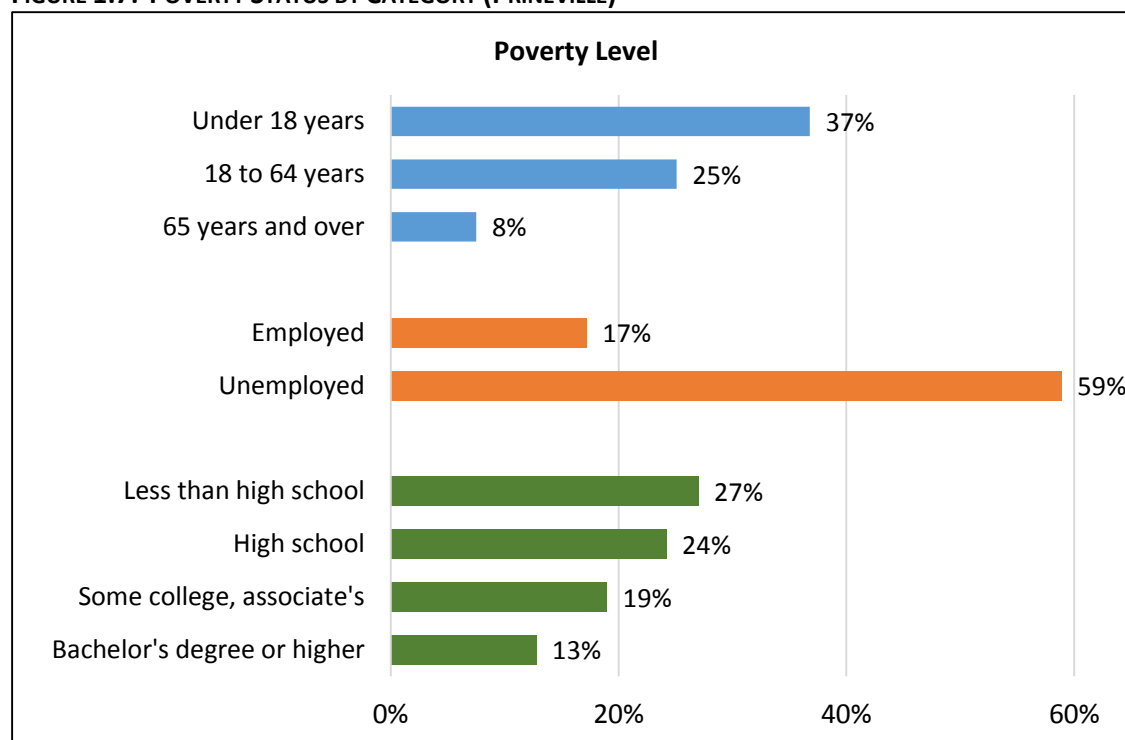
According to the US Census, the official poverty rate in Prineville is an estimated 24% over the most recent period reported (2017 5-year estimates).² This is roughly 2,860 individuals in Prineville. In comparison, the poverty rate in Crook County is 15%, and at the state level 17%.

Figure 1.7 shows that in the 2013-17 period:

- The Prineville poverty rate is highest among children at 37%. The rate is 25% among those 18 to 64 years of age. The rate is lowest for those 65 and older at 8%.
- For those without a high school diploma the poverty rate is 27%. For those with a high school diploma only, the estimated rate is 24%. For those with more than high school education, the poverty rate is the lower.
- Among those who are employed the poverty rate is 17%, while it is 59% for those who are unemployed.
- Information on affordable housing is presented in the following section of this report.

² Census Tables: S1701 (2017 ACS 5-yr Estimates)

FIGURE 1.7: POVERTY STATUS BY CATEGORY (PRINEVILLE)



SOURCE: US Census
Census Tables: S1701 (2017 ACS 5-yr Est.)

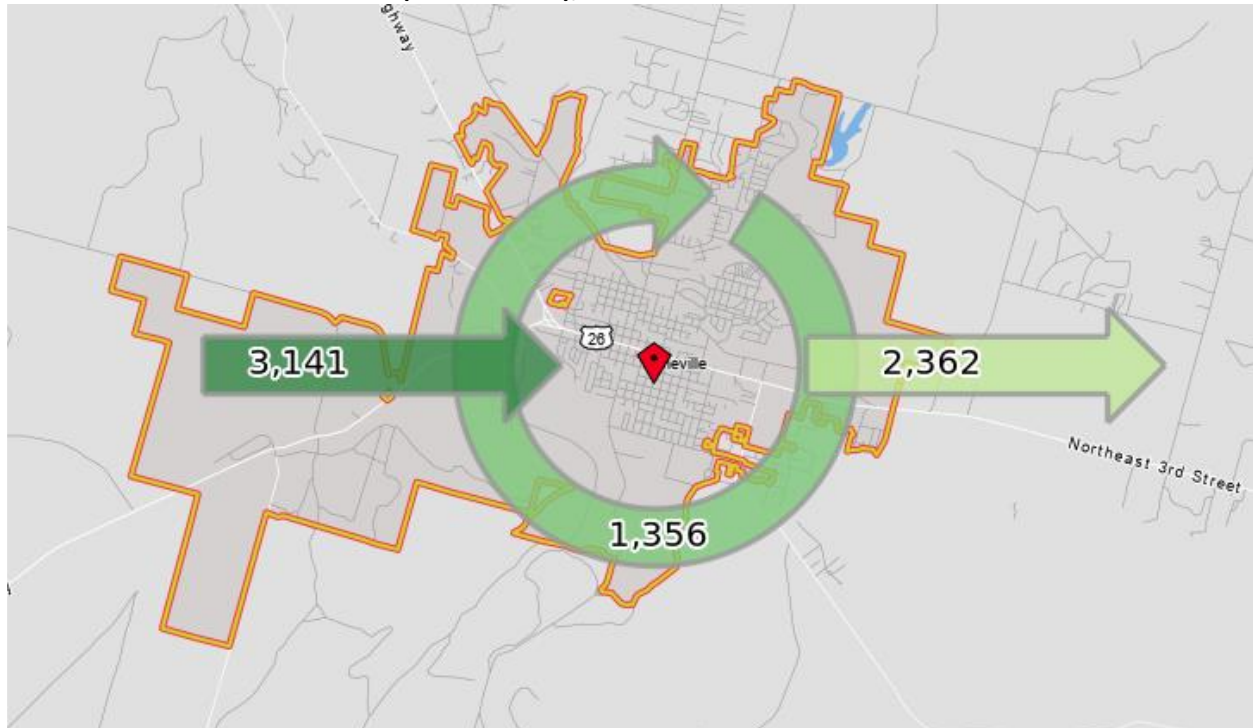
H. EMPLOYMENT LOCATION TRENDS

This section provides an overview of employment and industry trends in Prineville that are related to housing.

Commuting Patterns: The following figure shows the inflow and outflow of commuters to Prineville according to the Census Employment Dynamics Database. As of 2015, the most recent year available, the Census estimated there were roughly 4,500 jobs located in Prineville. Roughly 30% are held by local residents, while over 3,100 employees commute into the city from elsewhere. This pattern is fairly common among many communities. While Census data is incomplete, it seems that most local workers commuting into the city live in Redmond, Bend, Madras, or unincorporated areas.

Of the estimated 3,700 employed Prineville residents, over 60% of them commute elsewhere for employment. Many of these residents commute to Bend and Redmond.

FIGURE 1.8: COMMUTING PATTERNS (PRIMARY JOBS), PRINEVILLE



Source: US Census Longitudinal Employer-Household Dynamics

Jobs/Household Ratio: Prineville features a jobs-to-households ratio of 0.9 jobs per household. There is not a “correct” jobs-to-housing ratio, however a ratio of 1.0 indicates that there is some balance between employment and residential uses in the city. An imbalance would indicate that a city is more skewed towards commercial/industrial use, or is more residential without many local jobs (i.e. a bedroom community.)

There are an estimated 4,500 jobs in the city of Prineville, and an estimated 3,700 Prineville residents in the labor force. This represents 1.2 jobs per working adult (as opposed to *households*), meaning that Prineville has a healthy number of jobs available for local residents. As noted, it is very common for workers to live in one community and work in another.

II. CURRENT HOUSING CONDITIONS

The following figure presents a profile of the current housing stock and market indicators in Prineville. This profile forms the foundation to which current and future housing needs will be compared.

A. HOUSING TENURE

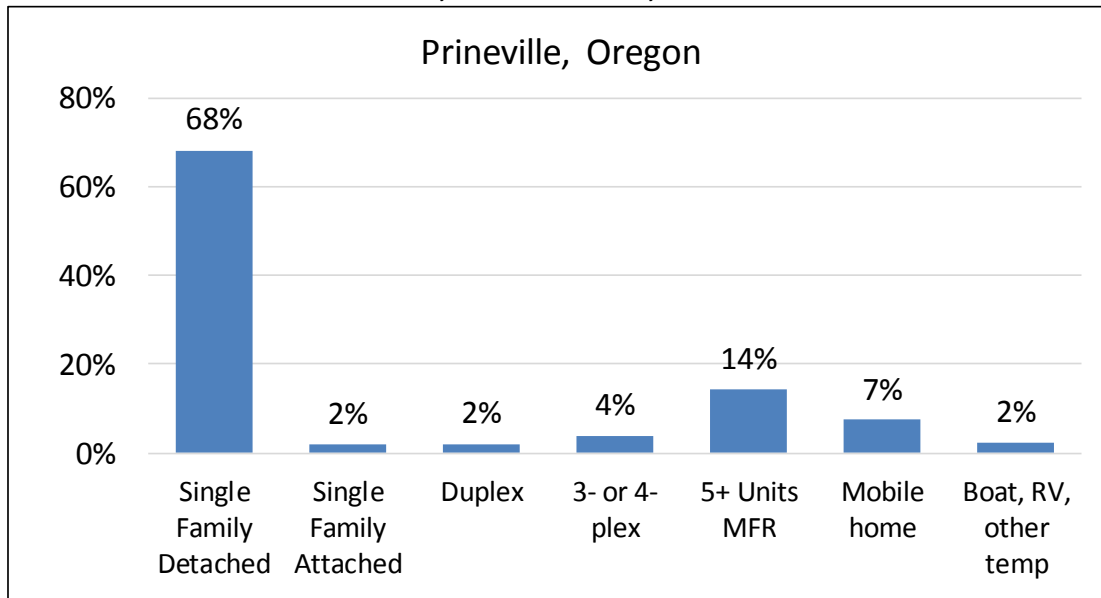
Prineville has a greater share of owner households (55%) than renter households (45%) according to the Census. The ownership rate in Prineville has fallen significantly from 63% since 2000. During this period the statewide rate fell from 64% to 61%. Nationally, the homeownership rate has nearly reached the historical average of 65%, after the rate climbed from the late 1990's to 2004 (69%).

The estimated ownership rate is higher in Crook County (67%) and statewide (61%).

B. HOUSING STOCK

As shown in Figure 1.1, Prineville UGB had an estimated 5,300 housing units in 2018, with a very low estimated vacancy rate (includes ownership and rental units).

FIGURE 2.1: ESTIMATED SHARE OF UNITS, BY PROPERTY TYPE, 2017



SOURCE: City of Prineville, Census ACS 2017

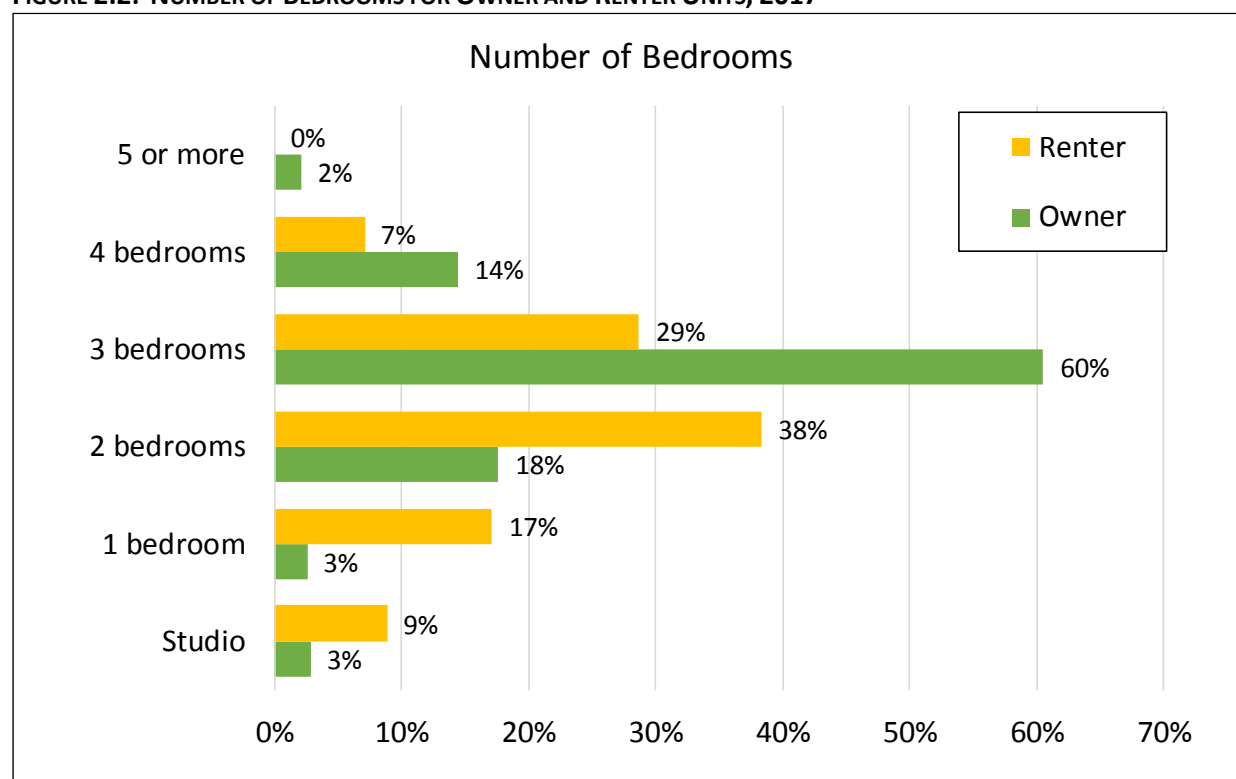
Figure 2.1 shows the estimated number of units by type in 2017. Detached single-family homes represent an estimated 68% of housing units (includes manufactured homes on a single-family lot).

Units in larger apartment complexes of 5 or more units represent 14% of units, and other types of attached homes represent an additional 8% of units. (Attached single family generally includes townhomes, some condo flats, and plexes which are separately metered.) Mobile homes (in parks) represent 7% of the inventory.

C. NUMBER OF BEDROOMS

Figure 2.2 shows the share of units for owners and renters by the number of bedrooms they have. In general, owner-occupied units are more likely to have three or more bedrooms, while renter occupied units are more likely to have two or fewer bedrooms.

FIGURE 2.2: NUMBER OF BEDROOMS FOR OWNER AND RENTER UNITS, 2017



SOURCE: US Census

Census Tables: B25042 (2017 ACS 5-year Estimates)

D. UNITS TYPES BY TENURE

As Figure 2.3 and 2.4 show, a large share of owner-occupied units (88%) are detached homes, or mobile homes (9%). Renter-occupied units are more distributed among a range of structure types. 49.5% of rented units are estimated to be detached homes or mobile homes, while the remainder are some form of attached unit. And an estimated 32% of rental units are in larger apartment complexes.

FIGURE 2.3: CURRENT INVENTORY BY UNIT TYPE, FOR OWNERSHIP AND RENTAL HOUSING

OWNERSHIP HOUSING

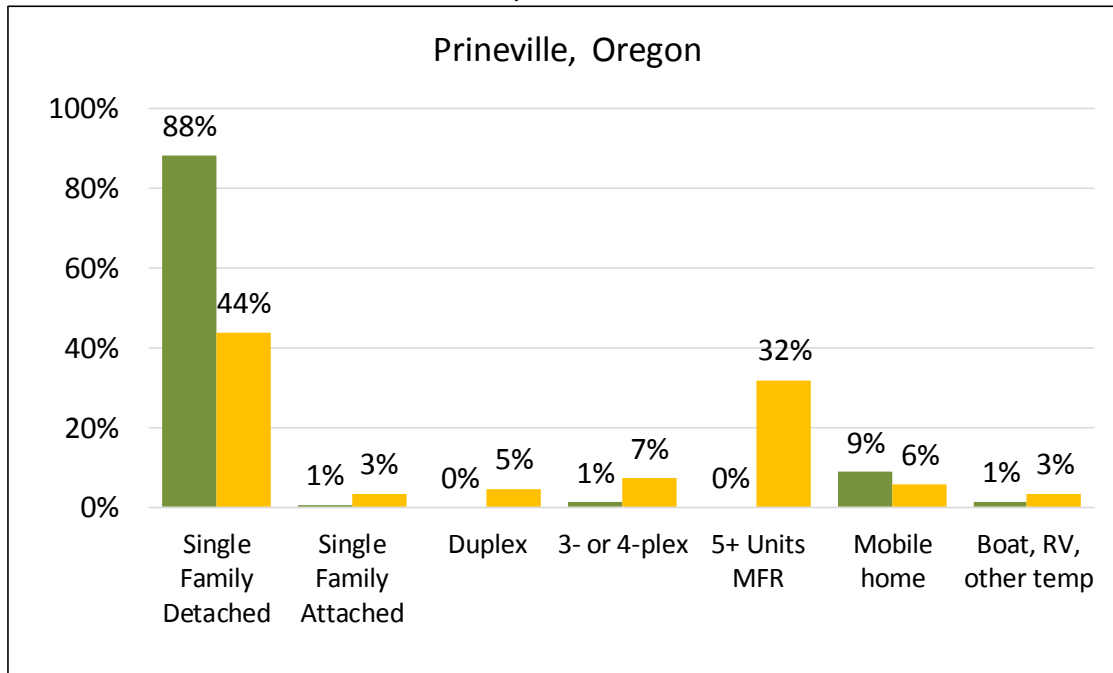
Price Range	Single Family Detached	Single Family Attached	Duplex	3- or 4-plex	5+ Units MFR	Mobile home	Boat, RV, other temp	Total Units
Totals:	2,571	17	0	36	0	254	42	2,921
Percentage:	88.0%	0.6%	0.0%	1.2%	0.0%	8.7%	1.5%	100.0%

RENTAL HOUSING

Price Range	Single Family Detached	Single Family Attached	Duplex	3- or 4-plex	5+ Units MFR	Mobile home	Boat, RV, other temp	Total Units
Totals:	1,044	83	108	172	761	137	81	2,386
Percentage:	43.8%	3.5%	4.5%	7.2%	31.9%	5.7%	3.4%	100.0%

Sources: US Census, JOHNSON ECONOMICS, CITY OF PRINEVILLE

FIGURE 2.4: CURRENT INVENTORY BY UNIT TYPE, BY SHARE

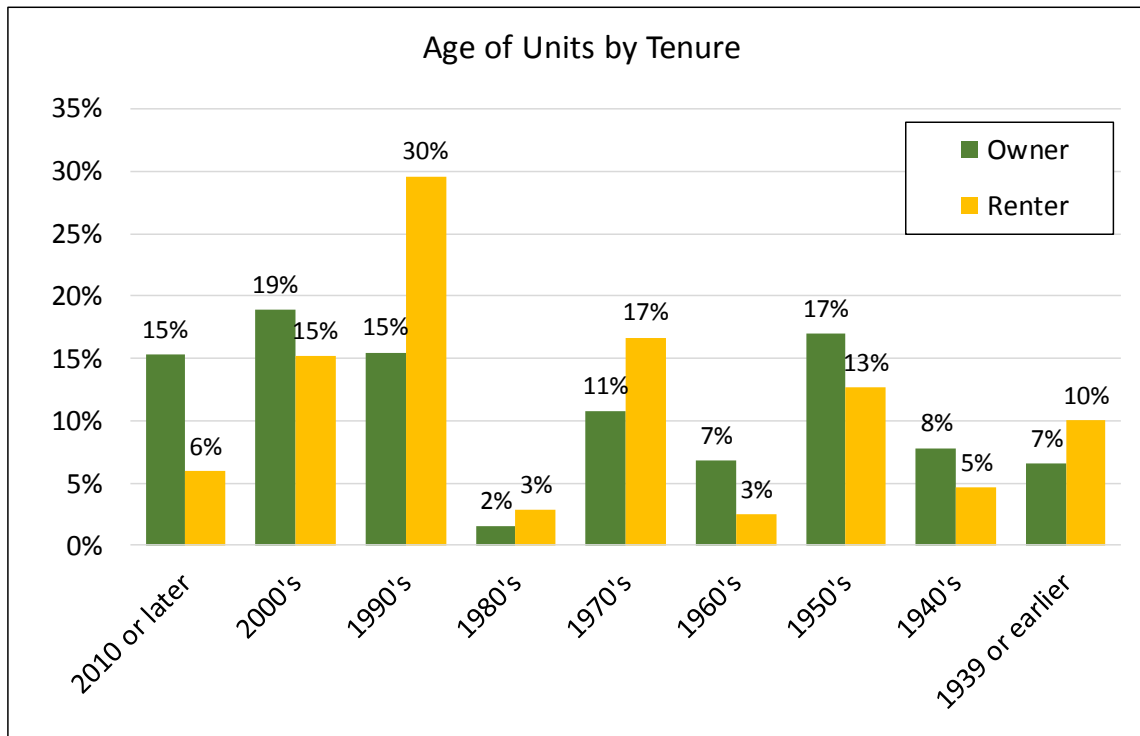


Sources: US Census, JOHNSON ECONOMICS, CITY OF PRINEVILLE

E. AGE OF HOUSING STOCK

Prineville's housing stock reflects the pattern of development in the area. An estimated 72% of the housing stock is pre-2000 with 28% being post-2000. Roughly another quarter of the inventory was built in the 1980's and 1990's. Nearly 50% were built before 1980. The following figure shows that owners are more likely to live in newer housing, while renter households are more likely to live in older housing.

FIGURE 2.5: AGE OF UNITS FOR OWNERS AND RENTERS



SOURCE: US Census
Census Tables: B25036 (2017 ACS 5-year Estimates)

F. HOUSING COSTS VS. LOCAL INCOMES

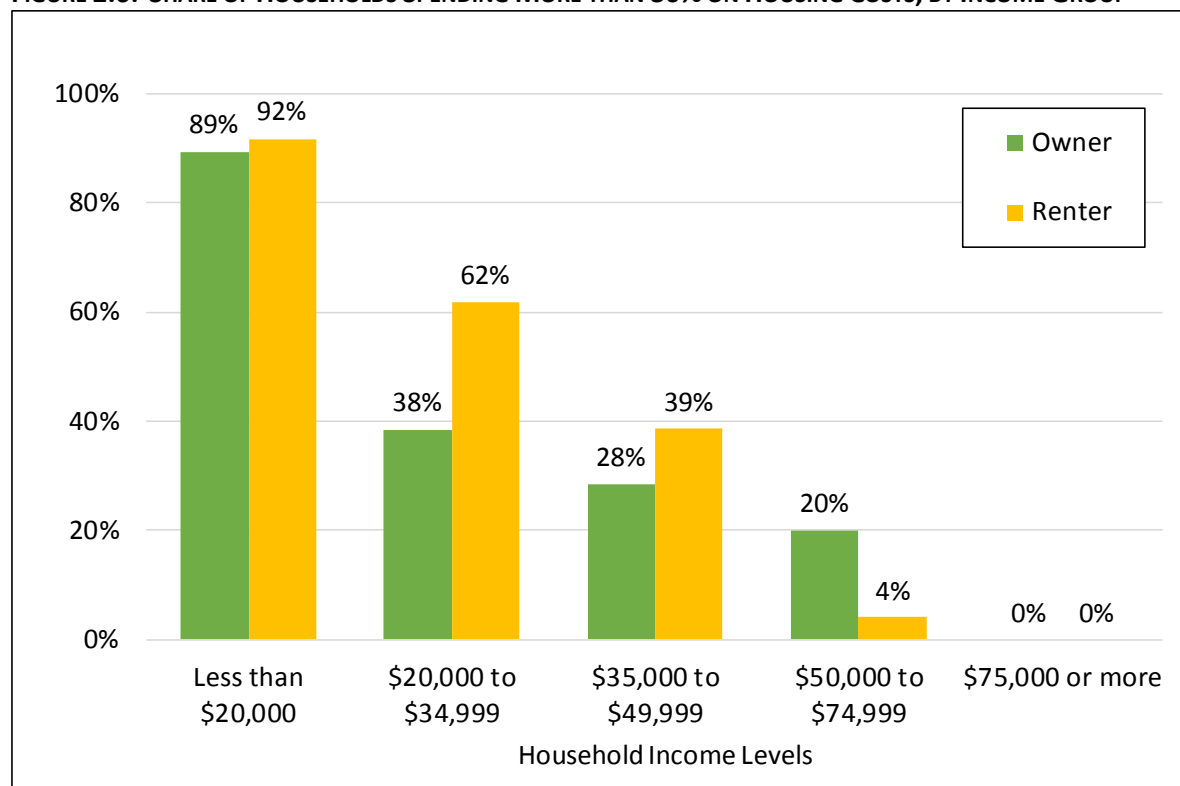
Figure 2.6 shows the share of owner and renter households who are paying more than 30% of their household income towards housing costs, by income segment. (Spending 30% or less on housing costs is a common measure of “affordability” used by HUD and others, and in the analysis presented in this report.)

In total, the US Census estimates that 39% of Prineville households pay more than 30% of income towards housing costs (2017 American Community Survey, B25106)

As one would expect, households with lower incomes tend to spend more than 30% of their income on housing, while incrementally fewer of those in higher income groups spend more than 30% on their incomes on housing costs. Of those earning less than \$20,000, an estimated 89% of owner households and 92% of renters spend more than 30% of income on housing costs.

Only those earning more than \$75,000 do not pay more than 30%.

FIGURE 2.6: SHARE OF HOUSEHOLDS SPENDING MORE THAN 30% ON HOUSING COSTS, BY INCOME GROUP

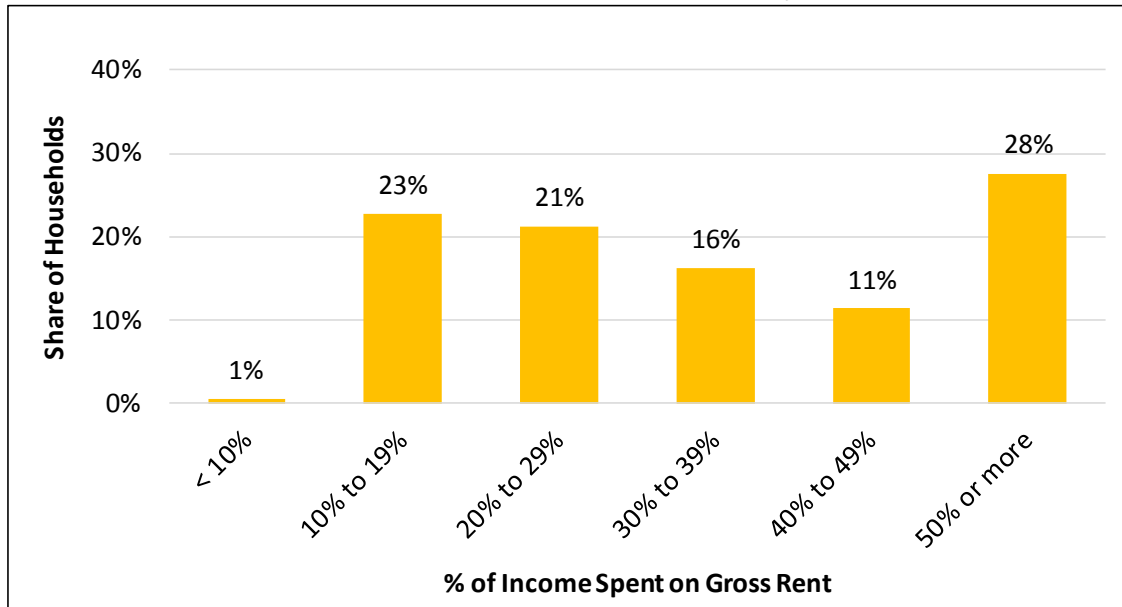


Sources: US Census, JOHNSON ECONOMICS
Census Table: B25106 (2017 ACS 5-yr Estimates)

The following figures shows the percentage of household income spent towards gross rent for local renter households only. This more fine-grained data shows that 55% of renters spending more than 30% of their income on rent, with an estimated 28% of renters are spending 50% or more of their income.

Renters are disproportionately lower income relative to homeowners. The burden of housing costs are felt more broadly for these households, and as the analysis presented in later section shows there is a need for more affordable rental units in Prineville, as in most communities.

FIGURE 2.7: PERCENTAGE OF HOUSEHOLD INCOME SPENT ON GROSS RENT, PRINEVILLE RENTER HOUSEHOLDS



Sources: US Census, JOHNSON ECONOMICS
Census Table: B25070 (2017 ACS 5-yr Estimates)

G. PUBLICLY-ASSISTED HOUSING

Currently Prineville has seven rent-subsidized properties located in the town, with a total of 230 units. This represents roughly 4% of the city's total housing stock, and over 9% of the rental housing stock.

Housing Works Central Oregon also administers roughly 1,200 housing choice vouchers which may be used in Prineville or other communities in the jurisdiction.

Agricultural Worker Housing: There are no identified housing properties dedicated to agricultural workers in Prineville.

Homelessness: A Point-in-Time count of homeless individuals in Crook County conducted in 2017 found 43 homeless individuals on the streets, in shelters, or other temporary and/or precarious housing. *These figures are for the entire county.*³ This included:

- 8 people in emergency shelter, warming shelter, or transitional housing programs;
- 35 people unsheltered;
- 16% of counted individuals were children;
- 51% of individuals were women or girls, and 49% are male.

An analysis of the ability of current and projected housing supply to meet the needs of low-income people, and the potential shortfall is included in the following sections of this report.

³ Figures via OHCS

III. CURRENT HOUSING NEEDS (CITY OF PRINEVILLE)

The profile of current housing conditions in the study area is based on Census 2010, which the Portland State University Population Research Center (PRC) uses to develop yearly estimates through 2018. The PRC methodology incorporates the estimated population from within the city limits and an estimated population from those areas within the UGB, but outside of the city limits. To estimate the additional population within the UGB area, the PRC assigned a share of the population from the relevant Census tracts.

FIGURE 3.1: CURRENT HOUSING PROFILE (2018)

CURRENT HOUSING CONDITIONS (2018)			SOURCE
Total 2018 Population:	11,910		PSU Pop. Research Center
- Estimated group housing population:	118	(1% of Total)	US Census
Estimated Non-Group 2018 Population:	11,792	(Total - Group)	
Avg. HH Size:	2.26		US Census
Estimated Non-Group 2018 Households:	5,218	(Pop/HH Size)	
Total Housing Units:	5,307	(Occupied + Vacant)	Census 2010 + permits
Occupied Housing Units:	5,218	(= # of HH)	
Vacant Housing Units:	89	(Total HH - Occupied)	
Current Vacancy Rate:	1.7%	(Vacant units/ Total units)	

Sources: Johnson Economics, City of PRINEVILLE, PSU Population Research Center, U.S. Census

*This table reflects population, household and housing unit projections shown in Figure 1.1

We estimate a current population of roughly 11,900 residents, living in 5,218 households (excluding group living situations). Average household size is 2.26 persons.

There are an estimated 5,300 housing units in the city, essentially equal to the number of households and indicating next to no vacancy. This includes units vacant for any reason, not just those which are currently for sale or rent.

ESTIMATE OF CURRENT HOUSING DEMAND

Following the establishment of the current housing profile, the current housing demand was determined based upon the age and income characteristics of current households.

The analysis considered the propensity of households in specific age and income levels to either rent or own their home (tenure), in order to derive the current demand for ownership and rental housing units and the appropriate housing cost level of each. This is done by combining data on tenure by age and tenure by income from the Census American Community Survey (tables: B25007 and B25118, 2017 ACS 5-yr Estimates).

The analysis takes into account the average amount that owners and renters tend to spend on housing costs. For instance, lower income households tend to spend more of their total income on housing, while upper income households spend less on a percentage basis. In this case, it was assumed that households in lower income bands would *prefer* housing costs at no more than 30% of gross income (a common measure of affordability). Higher income households pay a decreasing share down to 20% for the highest income households.

While the Census estimates that most low-income households pay more than 30% of their income for housing, this is an estimate of current *preferred* demand. It assumes that low-income households prefer (or demand) units affordable to them at no more than 30% of income, rather than more expensive units.

Figure 3.2 presents a snapshot of current housing demand (i.e. preferences) equal to the number of households in the study area (5,218). The breakdown of tenure (owners vs. renters) is slightly different from the 2017 ACS, as current demographics indicate that some more households could likely afford to own their homes if opportunities were available (56% vs. 55%).

FIGURE 3.2: ESTIMATE OF CURRENT HOUSING DEMAND (2018)

Ownership				
Price Range	# of Households	Income Range	% of Total	Cumulative
\$0k - \$90k	189	Less than \$15,000	6.5%	6.5%
\$90k - \$130k	376	\$15,000 - \$24,999	12.9%	19.4%
\$130k - \$190k	350	\$25,000 - \$34,999	12.0%	31.4%
\$190k - \$210k	491	\$35,000 - \$49,999	16.8%	48.2%
\$210k - \$340k	465	\$50,000 - \$74,999	15.9%	64.2%
\$340k - \$360k	483	\$75,000 - \$99,999	16.6%	80.7%
\$360k - \$450k	306	\$100,000 - \$124,999	10.5%	91.2%
\$450k - \$540k	145	\$125,000 - \$149,999	5.0%	96.2%
\$540k - \$710k	77	\$150,000 - \$199,999	2.7%	98.9%
\$710k +	33	\$200,000+	1.1%	100.0%
Totals:	2,915		% of All:	55.9%

Rental				
Rent Level	# of Households	Income Range	% of Total	Cumulative
\$0 - \$400	551	Less than \$15,000	23.9%	23.9%
\$400 - \$600	487	\$15,000 - \$24,999	21.2%	45.1%
\$600 - \$900	528	\$25,000 - \$34,999	22.9%	68.1%
\$900 - \$1000	375	\$35,000 - \$49,999	16.3%	84.4%
\$1000 - \$1600	293	\$50,000 - \$74,999	12.7%	97.1%
\$1600 - \$1700	25	\$75,000 - \$99,999	1.1%	98.2%
\$1700 - \$2100	6	\$100,000 - \$124,999	0.2%	98.4%
\$2100 - \$2500	3	\$125,000 - \$149,999	0.1%	98.5%
\$2500 - \$3300	24	\$150,000 - \$199,999	1.0%	99.6%
\$3300 +	10	\$200,000+	0.4%	100.0%
Totals:	2,302		% of All:	44.1%

All Households
5,218

Sources: PSU Population Research Center, Envionics Analytics., Census, JOHNSON ECONOMICS

Census Tables: B25007, B25106, B25118 (2017 ACS 5-yr Estimates)

Claritas: Estimates of income by age of householder

The estimated home price and rent ranges are irregular because they are mapped to the affordability levels of the Census income level categories. For instance, an affordable home for those in the lowest income category (less than \$15,000) would have to cost \$90,000 or less. Affordable rent for someone in this category would be \$400 or less.

The affordable price level for ownership housing assumes 30-year amortization, at an interest rate of 5% (significantly more than the current rate, but in line with historic norms), with 15% down payment. These assumptions are designed to represent prudent lending and borrowing levels for ownership households. The 30-year mortgage commonly serves as the standard. In the 2000's, down payment requirements fell significantly, but standards have tightened somewhat since the 2008/9 credit crisis. While 20% is often cited as the standard for most buyers, it is common for homebuyers, particularly first-time buyers, to pay significantly less than this using available programs.

Interest rates are subject to disruption from national and global economic forces, and therefore impossible to forecast beyond the short term. The 5% used here is roughly the average 30-year rate over the last 20 years. The general trend has been falling interest rates since the early 1980's, but coming out of the recent recession, many economists believe that rates cannot fall farther and must begin to climb as the Federal Reserve raises its rate over the coming years.

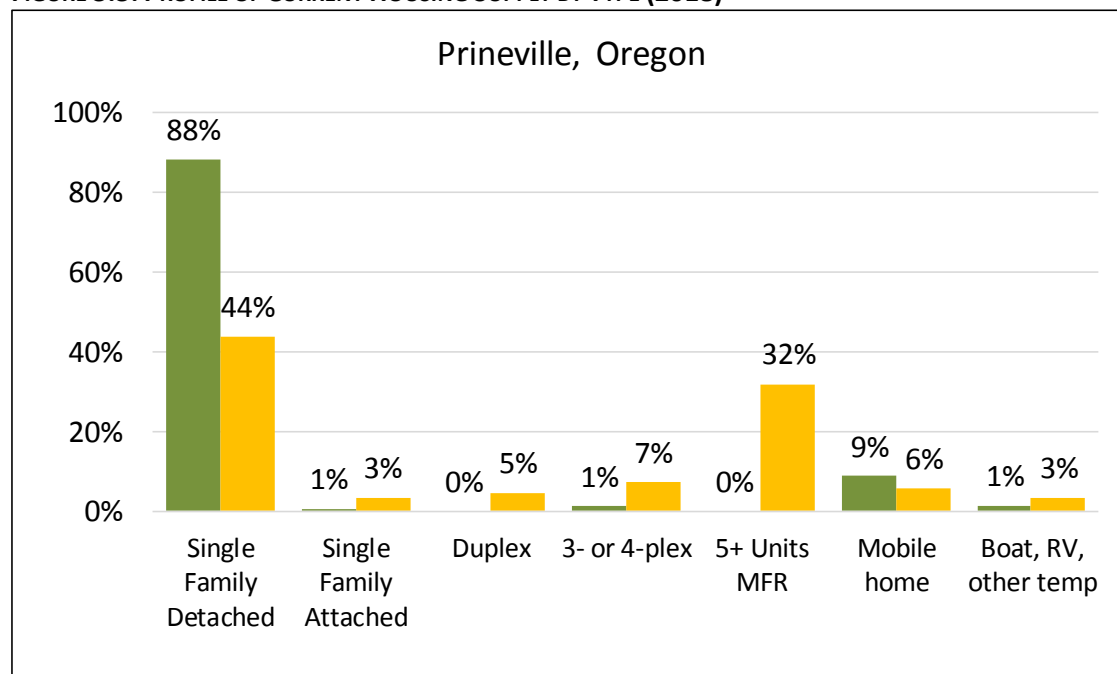
CURRENT HOUSING INVENTORY

The profile of current housing demand (Figure 3.2) represents the preference and affordability levels of households. In reality, the current housing supply (Figures 3.3 and 3.4 below) differs from this profile, meaning that some households may find themselves in housing units which are not optimal, either not meeting the household's own/rent preference, or being unaffordable (requiring more than 30% of gross income).

A profile of current housing supply in Prineville was estimated based on permit data from the City of Prineville and Census data from the most recently available 2017 ACS, which provides a profile of housing types (single family, attached, mobile home, etc.), tenure, housing values, and rent levels. The 5-year estimates from the ACS were used because 3-year and 1-year estimates are not yet available for Prineville geography.

- An estimated 55% of housing units are ownership units, while an estimated 45% of housing units are rental units. This is close to the estimated demand profile shown in Figure 3.2, which forecasted a slightly higher ownership rate. (The inventory includes vacant units, so the breakdown of ownership vs. rental does not exactly match the tenure split of actual households.)
- 88% of ownership units are detached homes, and 9% are mobile homes. 49.5% of rental units are either single family homes or mobile homes, and 38% are in structures of 5 units or more.
- Of total housing units, an estimated 68% are detached homes, 7.5% are mobile homes, while 22% are some sort of attached type. There are a small share of households living in RV units.
- The affordability of different unit types is an approximation based on Census data on the distribution of housing units by value (ownership) or gross rent (rentals).
- Most subsidized affordable housing units found in the city is represented by the inventory at the lowest end of the rental spectrum.
- Ownership housing found at the lower end of the value spectrum generally reflect mobile homes, older, smaller homes, or homes in poor condition on small or irregular lots. **It is important to note that these represent estimates of current *property value* or *current housing cost to the owner*, not the current market pricing of homes for sale in the city.** These properties may be candidates for redevelopment when next they sell but are currently estimated to have low value.

FIGURE 3.3: PROFILE OF CURRENT HOUSING SUPPLY BY TYPE (2018)



Sources: US Census, PSU Population Research Center, JOHNSON ECONOMICS
 Census Tables: B25004, B25032, B25063, B25075 (2017 ACS 5-yr Estimates)

FIGURE 3.4: PROFILE OF CURRENT HOUSING SUPPLY, ESTIMATED AFFORDABILITY (2018)

Income Range	Ownership Housing		Rental Housing		Share of Total Units
	Affordable Price Level	Estimated Units	Affordable Rent Level	Estimated Units	
Less than \$15,000	\$0k - \$90k	687	\$0 - \$400	294	18%
\$15,000 - \$24,999	\$90k - \$130k	734	\$400 - \$600	672	26%
\$25,000 - \$34,999	\$130k - \$190k	883	\$600 - \$900	688	30%
\$35,000 - \$49,999	\$190k - \$210k	266	\$900 - \$1000	315	11%
\$50,000 - \$74,999	\$210k - \$340k	182	\$1000 - \$1600	403	11%
\$75,000 - \$99,999	\$340k - \$360k	15	\$1600 - \$1700	0	0%
\$100,000 - \$124,999	\$360k - \$450k	30	\$1700 - \$2100	0	1%
\$125,000 - \$149,999	\$450k - \$540k	20	\$2100 - \$2500	0	0%
\$150,000 - \$199,999	\$540k - \$710k	33	\$2500 - \$3300	0	1%
\$200,000+	\$710k +	69	\$3300 +	15	2%
	55%	2,921	45%	2,386	

Sources: US Census, PSU Population Research Center, JOHNSON ECONOMICS
 Census Tables: B25004, B25032, B25063, B25075 (2017 ACS 5-yr Estimates)

COMPARISON OF CURRENT HOUSING DEMAND WITH CURRENT SUPPLY

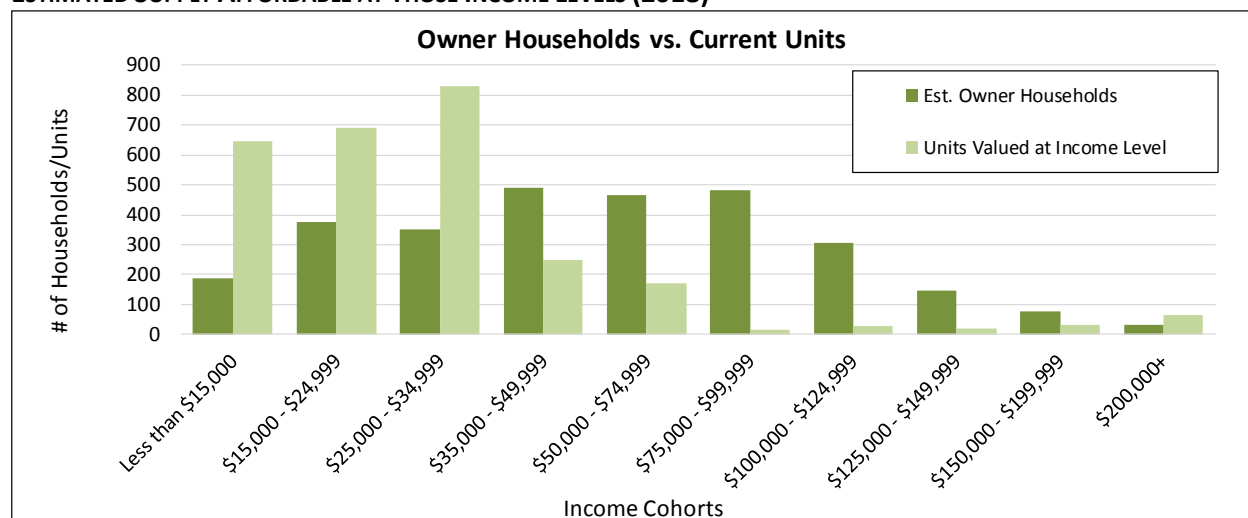
A comparison of estimated current housing *demand* with the existing *supply* identifies the existing discrepancies between needs and the housing which is currently available. The estimated number of units outnumbers the number of households by roughly 89 units, indicating a low vacancy rate of 1.7%.

In general, this identifies that there is currently support for more ownership housing at price ranges above \$200,000. This is because most housing in Prineville is clustered at the low to middle property values, while analysis of household incomes and ability to pay indicates that some could afford housing at higher price points.

The analysis finds that most rental units are currently found at the lower end of the rent spectrum, therefore the supply of units priced from \$400 to \$900 is estimated to be sufficient. This represents the current average rent prices in Prineville, where most units can be expected to congregate. However, the greatest need is found at the lowest end of the income scale, where many current renters pay more than 30% of their income in housing costs. There is an indication that some renter households could support more units at higher rental levels. Rentals at more expensive levels generally represent single family homes for rent.

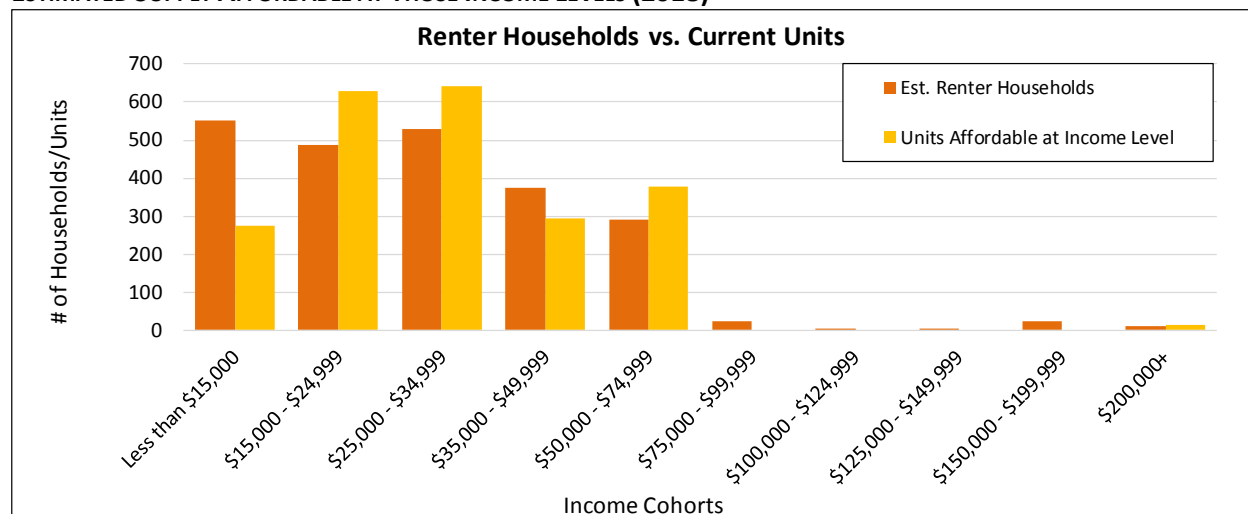
Figures 3.5 and 3.6 present this information in chart form, comparing the estimated number of households in given income ranges, and the supply of units currently affordable within those income ranges. The data is presented for owner and renter households.

FIGURE 3.5: COMPARISON OF OWNER HOUSEHOLD INCOME GROUPS TO ESTIMATED SUPPLY AFFORDABLE AT THOSE INCOME LEVELS (2018)



Sources: PSU Population Research Center, City of Prineville, Census, JOHNSON ECONOMICS

FIGURE 3.6: COMPARISON OF RENTER HOUSEHOLD INCOME GROUPS TO ESTIMATED SUPPLY AFFORDABLE AT THOSE INCOME LEVELS (2018)



Sources: PSU Population Research Center, City of Prineville, Census, JOHNSON ECONOMICS

Those price and rent segments which show a “surplus” in Figures 3.5 and 3.6 are illustrating where current property values and market rent levels are in Prineville. Housing prices and rent levels will tend to congregate around those levels. These levels will be too costly for some (i.e. require more than 30% in gross income) or “too affordable” for others (i.e. they have income levels that indicate they could afford more expensive housing if it were available). In general, these findings demonstrate that there are sufficient housing opportunities at lower value and rent points than might be considered “affordable” for many owner or renter households. While the community may be able to support some new single-family housing at a higher price point, or newer units at a higher rent point.

* * *

The findings of current need form the foundation for projected future housing need, presented in a following section.

IV. FUTURE HOUSING NEEDS - 2039 (CITY OF PRINEVILLE)

The projected future (20-year) housing profile (Figure 4.1) in the study area is based on the current housing profile (2018), multiplied by an assumed projected future household growth rate. The projected future growth is the official forecasted annual growth rate (0.7%) for 2040 generated by the PSU Oregon Forecast Program. This rate is applied to the year 2039. (This represents a 20-year forecast period from the preparation of this report in 2019, though much of the most current data on population and current housing dated to 2018.)

FIGURE 4.1: FUTURE HOUSING PROFILE (2039)

PROJECTED FUTURE HOUSING CONDITIONS (2018 - 2039)			SOURCE
2018 Population (Minus Group Pop.)	11,792		PSU
Projected Annual Growth Rate	0.68%	OR Population Forecast Program	PSU
2039 Population (Minus Group Pop.)	13,586	(Total 2039 Population - Group Housing Pop.)	
Estimated group housing population:	136	Share of total pop from Census	US Census
Total Estimated 2039 Population:	13,722		
Estimated Non-Group 2039 Households:	6,011	(2039 Non-Group Pop./Avg. Household Size)	
New Households 2018 to 2039	794		
Avg. Household Size:	2.26	Projected household size	US Census
Total Housing Units:	6,328	Occupied Units plus Vacant	
Occupied Housing Units:	6,011	(= Number of Non-Group Households)	
Vacant Housing Units:	316		
Projected Market Vacancy Rate:	5.0%	(Vacant Units/ Total Units)	

Sources: PSU Population Research Center Oregon Population Forecast Program, Census, JOHNSON ECONOMICS LLC

*Projections are applied to estimates of 2018 population, household and housing units shown in Figure 1.1

The model projects growth in the number of non-group households over 20 years of just under 800 households, with accompanying population growth of 1,800 new residents. (The number of households differs from the number of housing units, because the total number of housing units includes a percentage of vacancy. Projected housing unit needs are discussed below.)

PROJECTION OF FUTURE HOUSING UNIT DEMAND (2039)

The profile of future housing demand was derived using the same methodology used to produce the estimate of current housing need. This estimate includes current and future households, *but does not include a vacancy assumption. The vacancy assumption is added in the subsequent step.* Therefore the need identified below is the total need for actual households in occupied units (6,011).

The analysis considered the propensity of households at specific age and income levels to either rent or own their home, in order to derive the future need for ownership and rental housing units, and the affordable cost level of each. The projected need is for *all* 2039 households and therefore includes the needs of current households.

The price levels presented here use the same assumptions regarding the amount of gross income applied to housing costs, from 30% for low income households down to 20% for the highest income households.

The affordable price level for ownership housing assumes 30-year amortization, at an interest rate of 5%, with 15% down payment. Because of the impossibility of predicting variables such as interest rates 20 years into the future, these assumptions were kept constant from the estimation of current housing demand. Income levels and price levels are presented in 2018 dollars.

Figure 4.2 presents the projected occupied future housing demand (current and new households, without vacancy) in 2039.

FIGURE 4.2: PROJECTED OCCUPIED FUTURE HOUSING DEMAND (2039)

Ownership				
Price Range	# of Households	Income Range	% of Total	Cumulative
\$0k - \$90k	218	Less than \$15,000	6.5%	6.5%
\$90k - \$130k	434	\$15,000 - \$24,999	12.9%	19.4%
\$130k - \$190k	403	\$25,000 - \$34,999	12.0%	31.4%
\$190k - \$210k	566	\$35,000 - \$49,999	16.8%	48.2%
\$210k - \$340k	536	\$50,000 - \$74,999	15.9%	64.2%
\$340k - \$360k	556	\$75,000 - \$99,999	16.6%	80.7%
\$360k - \$450k	352	\$100,000 - \$124,999	10.5%	91.2%
\$450k - \$540k	167	\$125,000 - \$149,999	5.0%	96.2%
\$540k - \$710k	89	\$150,000 - \$199,999	2.7%	98.9%
\$710k +	38	\$200,000+	1.1%	100.0%
Totals:	3,359		% of All:	55.9%

Rental				
Rent Level	# of Households	Income Range	% of Total	Cumulative
\$0 - \$400	635	Less than \$15,000	23.9%	23.9%
\$400 - \$600	562	\$15,000 - \$24,999	21.2%	45.1%
\$600 - \$900	609	\$25,000 - \$34,999	22.9%	68.1%
\$900 - \$1000	432	\$35,000 - \$49,999	16.3%	84.4%
\$1000 - \$1600	337	\$50,000 - \$74,999	12.7%	97.1%
\$1600 - \$1700	29	\$75,000 - \$99,999	1.1%	98.2%
\$1700 - \$2100	6	\$100,000 - \$124,999	0.2%	98.4%
\$2100 - \$2500	3	\$125,000 - \$149,999	0.1%	98.5%
\$2500 - \$3300	28	\$150,000 - \$199,999	1.0%	99.6%
\$3300 +	12	\$200,000+	0.4%	100.0%
Totals:	2,653		% of All:	44.1%

All Units
6,011

Sources: Census, EnviroNics Analytics, JOHNSON ECONOMICS

It is projected that the homeownership rate in Prineville will increase slightly over the next 20 years to 56%, which would remain lower than the current statewide average (61%). The shift to older and marginally higher income households is moderate but is projected to increase the homeownership rate somewhat. At the same time, the number of lower income households seeking affordable rentals is also anticipated to grow.

COMPARISON OF FUTURE HOUSING DEMAND TO CURRENT HOUSING INVENTORY

The profile of occupied future housing demand presented above (Figure 4.2) was compared to the current housing inventory presented in the previous section to determine the total future need for *new* housing units by type and price range (Figure 4.3).

This estimate includes a vacancy assumption. As reflected by the most recent Census data, and as is common in most communities, the vacancy rate for rental units is typically higher than that for ownership units. An average vacancy rate of 5% is assumed for the purpose of this analysis. This analysis maintains the discrepancy between rental and ownership units going forward, so that the vacancy rate for rentals is assumed to be slightly higher than the overall average, while the vacancy rate for ownership units is assumed to be lower.

FIGURE 4.3: PROJECTED FUTURE NEED FOR NEW HOUSING UNITS (2039), PRINEVILLE

OWNERSHIP HOUSING											
Price Range	Single Family Detached	Single Family Attached	Multi-Family			Mobile home	Boat, RV, other temp	Total Units	% of Units	Cumulative %	
			2-unit	3- or 4-plex	5+ Units MFR						
\$0k - \$90k	0	0	0	0	0	0	0	0	0.0%	0.0%	
\$90k - \$130k	0	0	0	0	0	0	0	0	0.0%	0.0%	
\$130k - \$190k	0	0	0	0	0	0	0	0	0.0%	0.0%	
\$190k - \$240k	17	21	0	7	0	59	0	104	17.8%	17.8%	
\$240k - \$320k	121	0	0	0	0	0	0	121	20.7%	38.6%	
\$320k - \$360k	181	0	0	0	0	0	0	181	31.1%	69.6%	
\$360k - \$450k	108	0	0	0	0	0	0	108	18.6%	88.2%	
\$450k - \$540k	49	0	0	0	0	0	0	49	8.5%	96.7%	
\$540k - \$710k	19	0	0	0	0	0	0	19	3.3%	100.0%	
\$710k +	0	0	0	0	0	0	0	0	0.0%	100.0%	
Totals:	495	21	0	7	0	59	0	582	% of All Units:		57.0%
Percentage:	85.0%	3.6%	0.0%	1.2%	0.0%	10.2%	0.0%	100.0%			

RENTAL HOUSING											
Price Range	Single Family Detached	Single Family Attached	Multi-Family			Mobile home	Boat, RV, other temp	Total Units	% of Units	Cumulative %	
			2-unit	3- or 4-plex	5+ Units MFR						
\$0 - \$400	33	20	19	31	143	20	15	280	63.9%	63.9%	
\$400 - \$600	0	0	0	0	0	0	0	0	0.0%	63.9%	
\$600 - \$900	0	0	0	0	0	0	0	0	0.0%	63.9%	
\$900 - \$1100	85	0	5	5	5	5	0	107	24.3%	88.2%	
\$1100 - \$1500	0	0	0	0	0	0	0	0	0.0%	88.2%	
\$1500 - \$1700	23	0	0	0	0	0	0	23	5.2%	93.4%	
\$1700 - \$2100	5	0	0	0	0	0	0	5	1.1%	94.5%	
\$2100 - \$2500	2	0	0	0	0	0	0	2	0.5%	95.1%	
\$2500 - \$3300	22	0	0	0	0	0	0	22	4.9%	100.0%	
\$3300 +	0	0	0	0	0	0	0	0	0.0%	100.0%	
Totals:	170	20	24	36	149	25	15	439	% of All Units:		43.0%
Percentage:	38.8%	4.5%	5.5%	8.2%	33.9%	5.7%	3.4%	100.0%			

TOTAL HOUSING UNITS									
	Single Family Detached	Single Family Attached*	Multi-Family			Mobile home	Boat, RV, other temp	Total Units	% of Units
			2-unit	3- or 4-plex	5+ Units MFR				
Totals:	665	40	24	43	149	84	15	1,021	100%
Percentage:	65.2%	4.0%	2.4%	4.2%	14.6%	8.3%	1.5%	100.0%	

Sources: PSU, City of Prineville, Census, Envirionics Analytics, JOHNSON ECONOMICS

- The results show a need for 1,020 new housing units by 2039.
- Of the new units needed, roughly 57% are projected to be ownership units, while 43% are projected to be rental units. This is due to the forecast of a slightly higher homeownership rate in the future.
- The table shows no new need for ownership housing at the low-end of the pricing spectrum, but in the middle. This is because these are the value levels where a majority of the city's housing is currently found. Therefore, what Figure 4.3 represents is that there may be support for some units at higher price points.
- The greatest need for rental units is found at the lowest and middle price points. There is support for some units in the \$900 to \$1,100 rent levels, which is above most current market rents. This shows that there is some support for new, more expensive rental supply. There is also a need for some single-family homes for rent at higher price points.

Needed Unit Types

The mix of needed unit types shown in Figure 4.3 reflects both past trends and anticipated future trends. Since 2000, detached single family units (including manufactured and mobile homes) have constituted nearly all of the permitted units in Prineville. In keeping with development trends, and the buildable land available to Prineville, single family units are expected to make up the greatest share of new housing development over the next 20 years.

- 65% of the new units are projected to be single family detached homes, while 25% is projected to be some form of attached housing, and 10% are projected to be mobile homes, or RV or other temporary housing.
- Single family attached units (townhomes on individual lots) are projected to meet 4% of future need. These are defined as units on separate tax lots, attached by a wall but separately metered, the most common example being townhome units.
- Duplex through four-plex units are projected to represent nearly 7% of the total need. Duplex units would include a detached single family home with an accessory dwelling unit on the same lot, or with a separate unit in the home (for instance, a rental basement unit.)
- 15% of all needed units are projected to be multi-family in structures of 5+ attached units.
- 8% of new needed units are projected to be mobile home units, which meet the needs of some low-income households for both ownership and rental.
- Of ownership units, 85% are projected to be single-family homes, and 10% mobile homes. Only a few units are projected to be attached forms.
- About 52% of new rental units are projected to be found in new attached buildings, with 34% projected in rental properties of 5 or more units, and 14% in buildings of two to four units.

Needed Affordability Levels

- The needed affordability levels presented here are based on current 2018 dollars. Over time, incomes and housing costs will both inflate, so the general relationship projected here is expected to remain unchanged.
- The future needed affordability types (2039) reflect the same relationship shown in the comparison of current (2018) need and supply (shown in Figure 3.4). Generally, based on income levels there is a shortage of units in the lowest pricing levels for renter households.
- Figure 4.3 presents the *net NEW* housing unit need over the next 20 years. However, there is also a *current* need for more affordable units. In order for all households, current and new to pay 30% or less of their income towards housing in 2039, more affordable rental units would be required. This indicates that some of the current supply, while it shows up as existing available housing, would need to become less expensive to meet the needs of current households.
- There is a finding of some new need at the lowest end of the rental spectrum (\$400 and less).
- Projected needed ownership units show that the supply at the lowest end of the spectrum is currently sufficient. (This reflects the estimated *value* of the total housing stock, and not necessarily the average

pricing for housing currently for sale.) And the community can support some housing at higher price points, mostly in ranges above \$200,000.

- Figure 4.4 presents estimates of need at key low-income affordability levels in 2018 and in 2039. There is existing and on-going need at these levels, based on income levels specified by Oregon Housing and Community Services for Crook County. An estimated 55% of households qualify as at least “low income” or lower on the income scale, while 17% of household qualify as “extremely low income”. Typically, only rent-subsidized properties can accommodate these households at “affordable” housing cost levels.

FIGURE 4.4: PROJECTED NEED FOR HOUSING AFFORDABLE AT LOW INCOME LEVELS, PRINEVILLE

Affordability Level	Income Level		Current Need (2018)		Future Need (2039)		NEW Need (20-Year)	
			# of HH	% of All	# of HH	% of All	# of HH	% of All
Extremely Low Inc.	30% AMI	\$16,410	862	17%	993	17%	131	13%
Very Low Income	50% AMI	\$27,350	1,811	35%	2,086	35%	275	27%
Low Income	80% AMI	\$43,760	2,876	55%	3,313	55%	437	43%

Sources: OHCS, Environics Analytics, JOHNSON ECONOMICS

* Income levels are based on OHCS guidelines for a family of four.

Agricultural Worker Housing

There is currently no identified housing dedicated to this population in Crook County. Based on the assumption that this type of housing will maintain its current representation in the local housing stock, this indicates no need for dedicated agricultural workforce housing in Prineville during this planning period. However, this population may be served by other available affordable units.

V. RECONCILIATION OF FUTURE NEED (2039) & LAND SUPPLY (CITY OF PRINEVILLE)

This section summarizes the results of the Buildable Lands Inventory (BLI). The BLI is presented in detail in an accompanying memo to this report.

The following table present the estimated new unit capacity of the buildable lands identified in the City of Prineville. There is a total remaining capacity of 10,217 units of different types within the study area. Much of this capacity is within the UGB, but outside current city limits.

The zones are broken down into Low, Medium and High Density residential subjectively.

FIGURE 5.1: ESTIMATED BUILDABLE LANDS CAPACITY BY ACREAGE AND NO. OF UNITS (2019)

ZONE	Buildable Acreage				Projected Unit/ Net Acre	Housing Unit Capacity			
	Partially Vacant	Vacant	Total	Share		Partially Vacant	Vacant	Total	Share
R1 - Limited Residential	12	20	32	2%	4	42	93	135	1%
R2 - General Residential	171	728	899	57%	8	1,320	5,767	7,087	69%
R3 - County Residential	310	284	594	38%	4	1,097	1,523	2,620	26%
R4 - Resid. Redevelopment	3	4	7	0.4%	10	24	35	59	0.6%
CMU - Mixed Use	24	8	32	2%	10	239	77	316	3%
TOTALS:	520	1,044	1,564		7	2,722	7,495	10,217	
<i>Low Density Residential</i>	<i>322</i>	<i>304</i>	<i>626</i>	<i>40%</i>		<i>1,139</i>	<i>1,616</i>	<i>2,755</i>	<i>27%</i>
<i>Medium Density Residential</i>	<i>171</i>	<i>728</i>	<i>899</i>	<i>57%</i>		<i>1,320</i>	<i>5,767</i>	<i>7,087</i>	<i>69%</i>
<i>High Density Residential</i>	<i>27</i>	<i>12</i>	<i>39</i>	<i>2%</i>		<i>263</i>	<i>112</i>	<i>375</i>	<i>4%</i>

Source: Angelo Planning Group

The following tables summarize the forecasted future unit need for Prineville. These are the summarized results from Section IV of this report.

FIGURE 5.2: SUMMARY OF FORECASTED FUTURE UNIT NEED (2039)

TOTAL HOUSING UNITS									
	Single Family Detached	Single Family Attached*	Multi-Family			Mobile home	Boat, RV, other temp	Total Units	% of Units
			2-unit	3- or 4-plex	5+ Units MFR				
Totals:	665	40	24	43	149	84	15	1,021	100%
Percentage:	65.2%	4.0%	2.4%	4.2%	14.6%	8.3%	1.5%	100.0%	

Sources: PSU Population Research Center, Census, Johnson Economics

Comparison of Housing Need and Capacity

There is a total forecasted need for 1,021 units over the next 20 years. This is well below the estimated capacity of over 10,000 units. After this need is accommodated, there is an estimated remaining capacity of over 9,200 additional units, mostly in the low- and medium-density residential zones. As Figure 5.3 below demonstrates, there is sufficient capacity to accommodate all projected new unit types.

The following table shows the same comparison, converting the forecasted residential need and capacity by acres, rather than units. There is a projected need for 216 acres of new residential development, but a buildable capacity of 1,564 acres.

FIGURE 5.3: COMPARISON OF FORECASTED FUTURE LAND NEED (2039) WITH AVAILABLE CAPACITY

<u>LAND INVENTORY VS. LAND NEED</u>	Unit Type			<u>TOTAL</u>
	Single Family Detached	Medium- Density Attached*	Multi- Family	
Buildable Land Inventory (Acres):	626	899	39	1,564
Estimated Land Need (Acres):	187	14	15	216
<i>Land Surplus (Inventory - Need:)</i>	<i>439</i>	<i>885</i>	<i>24</i>	<i>1,348</i>

Sources: Angelo Planning Group, Johnson Economics

FINDING: There is currently sufficient buildable capacity within Prineville to accommodate projected need. Some of this capacity is in the form of parcels with the potential for infill or redevelopment for future multi-family units. The character of this supply can help guide housing policy and strategy recommendations to be included in subsequent reports and ultimately integrated in the City's updated Comprehensive Plan.



JUNE 10, 2019

HOUSING STRATEGIES REPORT

PRINEVILLE, OREGON

Angelo
planning group

Table of Contents

1. INTRODUCTION AND OVERVIEW	2
2. HOUSING CONDITIONS AND TRENDS (COMPREHENSIVE PLAN FINDINGS)	3
INTRODUCTION	3
DEMOGRAPHIC CONDITIONS AND TRENDS.....	3
HOUSING CONDITIONS AND TRENDS	4
CURRENT AND PROJECTED HOUSING NEEDS	5
COMPARISON OF PROJECTED NEED AND BUILDABLE LAND SUPPLY.....	8
STRATEGIES TO ACCOMMODATE FUTURE HOUSING NEEDS.....	10
3. COMPREHENSIVE PLAN HOUSING POLICIES.....	12
<i>Table 1. Comprehensive Plan Policy.....</i>	<i>15</i>
4. OTHER HOUSING MEASURES	17
LAND SUPPLY AND REGULATORY STRATEGIES.....	17
1. Urban Growth Boundary Expansion	17
2. Rezoning.....	Error! Bookmark not defined.
3. Code Amendments for “Missing Middle” Housing Types, including Cottage Cluster Housing	18
INCENTIVES	21
4. Incentive Zoning	21
5. System Development Charge (SDC) Reductions, Exemptions, or Deferrals	22
6. Expedited Development Review	22
7. Tax Exemptions and Abatements	23
FUNDING SOURCES AND USES.....	24
8. Public-Private Partnerships (PPPs) and Community Land Trusts.....	24
9. Tenant Protection Programs and Policies.....	25
10. Land Acquisition and Banking	26
11. Construction Excise Tax	27
12. Financial Assistance Programs	28

This project is funded by Oregon general fund dollars through the Department of Land Conservation and Development. The contents of this document do not necessarily reflect the views or policies of the State of Oregon.

1. Introduction and Overview

Having affordable, quality housing in safe neighborhoods with access to community services is essential for all Oregonians. Like other cities in Oregon, the City of Prineville is responsible for helping to ensure that its residents have access to a variety of housing types that meet the housing needs of households and residents of all incomes, ages and specific needs. Towards that end, the City has conducted a Housing Needs Analysis and Buildable Lands Inventory to update the Housing Element of its Comprehensive Plan; complete an updated, realistic assessment of future residential land needs and supply; and make amendments to the City's Comprehensive Plan and Development Code to support housing needs. Statewide Planning Goal 10 (Housing) states that each city must:

“encourage the availability of adequate numbers of needed housing units at price ranges and rent levels which are commensurate with the financial capabilities of Oregon households and allow for flexibility of housing location, type and density.”

This report includes the following information intended to help the City update its Comprehensive Plan:

- Findings associated with existing and future housing needs which can be incorporated into narrative sections of the City's Comprehensive Plan.
- Recommended new or updated Comprehensive Plan policies for housing.
- Recommended measures that the City can consider in the future and use to help meet future housing needs.

The first two elements above would be incorporated into the City's Comprehensive Plan as part of a subsequent update. This report, along with the associated Housing Needs Projection Report and Buildable Lands Inventory maps and a summary memo or report would be referenced in the Comprehensive Plan and as supporting or ancillary documents to the Comprehensive Plan.

This report, along with the accompanying Housing Needs Projection and Buildable Lands Inventory (BLI) maps, was prepared in coordination with Prineville City staff, a project advisory committee, the Prineville City Council, and community members who attended a combined City Council work session and public meeting and/or commented on the draft reports and presentation materials. The project was funded by a grant from the Oregon Department of Land Conservation and Development (DLCD) and DLCD staff participated in managing the grant and reviewing materials prepared for the project.

2. Housing Conditions and Trends (Comprehensive Plan Findings)

The following is introductory information, a summary of data and findings from the “Housing and Residential Land Needs Assessment” report, and a brief summary of potential housing strategies which can ultimately be incorporated into the Prineville Comprehensive Plan as supporting narrative for Chapter 7 - Housing.

INTRODUCTION

Having affordable, quality housing in safe neighborhoods with access to community services is essential for all Oregonians. Like other cities in Oregon, the City of Prineville is responsible for helping to ensure that its residents have access to a variety of housing types that meet the housing needs of households and residents of all incomes, ages and specific needs. The City does this primarily by regulating residential land uses within the City, and working with and supporting non-profit and market rate developers, and other housing agencies in developing needed housing.

In addition, the City has undertaken and will continue to implement and update a variety of activities to meet current and future housing needs:

- Conduct and periodically update an analysis of current and future housing conditions and needs. The City most recently conducted this analysis in 2019. The results are summarized in this element of the Comprehensive Plan and described in more detail in a supporting Housing and Residential Land Need Assessment Report.
- Conduct and periodically update an inventory of buildable residential land (BLI) to ensure that the City has an adequate supply of land zoned for residential use to meet projected future needs. The City most recently conducted this analysis in 2019. The results are summarized in this element of the Comprehensive Plan and described in more detail in a supporting Buildable Lands Inventory Report.
- Adopt and amend, as needed, a set of housing-related Comprehensive Plan policies to address future housing needs.
- Regularly update and apply regulations in the City’s Zoning and Land Division Ordinances to meet housing needs identified in the Comprehensive Plan and supporting documents.
- Implement additional strategies to address housing needs in partnership with state and county agencies and other housing organizations. Potential strategies are described in more detail in section 4 of the Housing Strategies Report prepared as part of the Housing Needs Analysis in 2019.

The remainder of this chapter summarizes these topics in more detail.

DEMOGRAPHIC CONDITIONS AND TRENDS

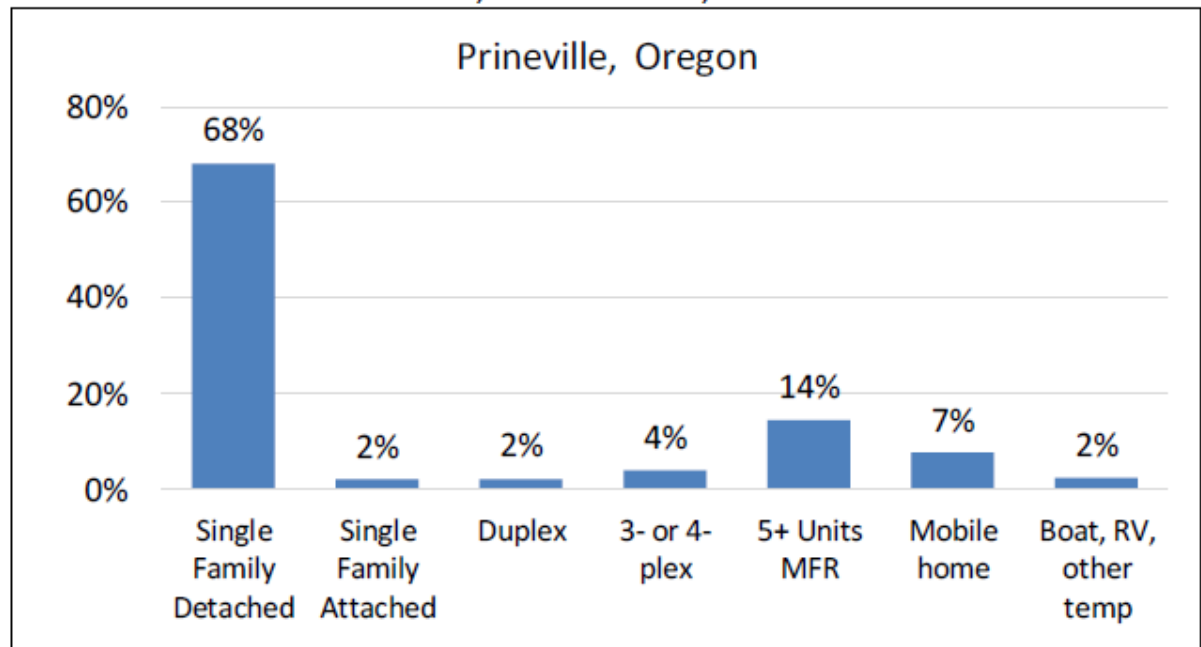
Unless otherwise noted, the flowing discussion refers to the Prineville Urban Growth Boundary (UGB) area, not the city limits.

- Prineville is a City of an estimated 10,000 people within its City limits, (11,910 people within the UGB), located in Crook County in Central Oregon. An estimated 19% of the population in the UGB lives outside the city limits.
- Prineville has experienced steady growth, growing over 36% in population since 2000. In contrast, Crook County and the state experienced population growth of 15% and 21% respectively. (US Census and PSU Population Research Center)
- The Prineville UGB was home to an estimated 5,218 households in 2018, an increase of roughly 1,850 households since 2000. The percentage of families fell between 2000 and 2018 from 67% to 53% of all households. The city has a smaller share of family households than Crook County (65%) and the state (63%).
- Prineville's estimated average household size is 2.26 persons, having also fallen since 2000. This is lower than the Crook County average of 2.31 and the statewide average of 2.47.

HOUSING CONDITIONS AND TRENDS

- **Housing Tenure.** Prineville has a greater share of owner households (55%) than renter households (45%) according to the Census. The ownership rate in Prineville has fallen significantly from 63% since 2000. During this period the statewide rate fell from 64% to 61%. Nationally, the homeownership rate has nearly reached the historical average of 65%, after the rate climbed from the late 1990's to 2004 (69%). The estimated ownership rate is higher in Crook County (67%) and statewide (61%).
- **Housing Stock.** The Prineville UGB had an estimated 5,300 housing units in 2018, with a very low estimated vacancy rate (includes ownership and rental units). Figure 2.1 shows the estimated number of units by type in 2017. Detached single-family homes represent an estimated 68% of housing units (includes manufactured homes on a single-family lot). Units in larger apartment complexes of 5 or more units represent 14% of units, and other types of attached homes represent an additional 8% of units. (Attached single family generally includes townhomes, some condo flats, and plexes which are separately metered.) Mobile homes (in parks) represent 7% of the inventory.

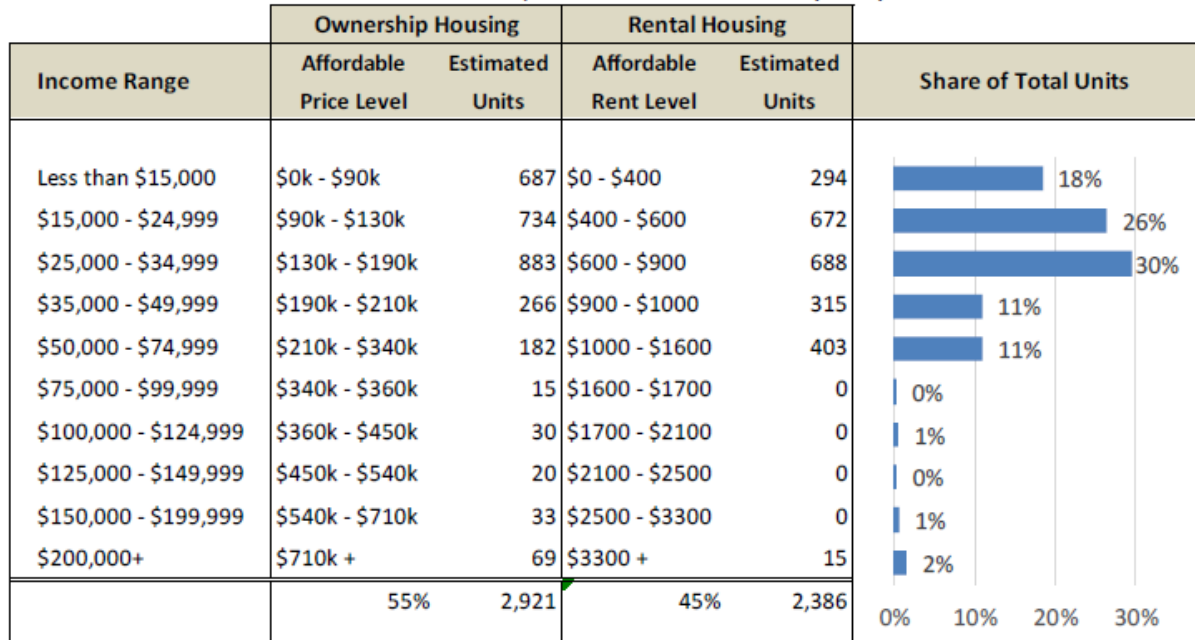
FIGURE 2.1: ESTIMATED SHARE OF UNITS, BY PROPERTY TYPE, 2017



SOURCE: City of Prineville, Census ACS 2017

CURRENT AND PROJECTED HOUSING NEEDS

- The results show a need for 1,020 new housing units by 2039.
- Of the new units needed, roughly 57% are projected to be ownership units, while 43% are projected to be rental units. This is due to the forecast of a slightly higher homeownership rate in the future.
- The table shows no new need for ownership housing at the low-end of the pricing spectrum, but in the middle. This is because these are the value levels where a majority of the city's housing is currently found. Therefore, what Figure 4.3 represents is that there may be support for some units at higher price points.
- The greatest need for rental units is found at the lowest and middle price points. There is support for some units in the \$900 to \$1,100 rent levels, which is above most current market rents. This shows that there is some support for new, more expensive rental supply. There is also a need for some single-family homes for rent at higher price points.

FIGURE 3.4: PROFILE OF CURRENT HOUSING SUPPLY, ESTIMATED AFFORDABILITY (2018)


Sources: US Census, PSU Population Research Center, JOHNSON ECONOMICS
Census Tables: B25004, B25032, B25063, B25075 (2017 ACS 5-yr Estimates)

FIGURE 4.3: PROJECTED FUTURE NEED FOR NEW HOUSING UNITS (2039), PRINEVILLE

OWNERSHIP HOUSING										
Price Range	Single Family Detached	Single Family Attached	Multi-Family			Mobile home	Boat, RV, other temp	Total Units	% of Units	Cumulative %
			2-unit	3- or 4-plex	5+ Units MFR					
\$0k - \$90k	0	0	0	0	0	0	0	0	0.0%	0.0%
\$90k - \$130k	0	0	0	0	0	0	0	0	0.0%	0.0%
\$130k - \$190k	0	0	0	0	0	0	0	0	0.0%	0.0%
\$190k - \$240k	17	21	0	7	0	59	0	104	17.8%	17.8%
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\$710k +	0	0	0	0	0	0	0	0	0.0%	100.0%
Totals:	495	21	0	7	0	59	0	582	% of All Units:	57.0%
Percentage:	85.0%	3.6%	0.0%	1.2%	0.0%	10.2%	0.0%	100.0%		

RENTAL HOUSING										
Price Range	Single Family Detached	Single Family Attached	Multi-Family			Mobile home	Boat, RV, other temp	Total Units	% of Units	Cumulative %
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\$400 - \$600	0	0	0	0	0	0	0	0	0.0%	63.9%
\$600 - \$900	0	0	0	0	0	0	0	0	0.0%	63.9%
\$900 - \$1100	85	0	5	5	5	5	0	107	24.3%	88.2%
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\$3300 +	0	0	0	0	0	0	0	0	0.0%	100.0%
Totals:	170	20	24	36	149	25	15	439	% of All Units:	43.0%
Percentage:	38.8%	4.5%	5.5%	8.2%	33.9%	5.7%	3.4%	100.0%		

TOTAL HOUSING UNITS									
	Single Family Detached	Single Family Attached*	Multi-Family			Mobile home	Boat, RV, other temp	Total Units	% of Units
			2-unit	3- or 4-plex	5+ Units MFR				
Totals:	665	40	24	43	149	84	15	1,021	100%
Percentage:	65.2%	4.0%	2.4%	4.2%	14.6%	8.3%	1.5%	100.0%	

Sources: PSU, City of Prineville, Census, Environics Analytics, JOHNSON ECONOMICS

- Figure 4.4 presents estimates of need at key low-income affordability levels in 2018 and in 2039. There is existing and on-going need at these levels, based on income levels specified by Oregon Housing and Community Services for Crook County. An estimated 55% of households qualify as at least “low income” or lower on the income scale, while 17% of household qualify as “extremely low income”. Typically, only rent-subsidized properties can accommodate these households at “affordable” housing cost levels.

FIGURE 4.4: PROJECTED NEED FOR HOUSING AFFORDABLE AT LOW INCOME LEVELS, PRINEVILLE

Affordability Level	Income Level		Current Need (2018)		Future Need (2039)		NEW Need (20-Year)	
			# of HH	% of All	# of HH	% of All	# of HH	% of All
Extremely Low Inc.	30% AMI	\$16,410	862	17%	993	17%	131	13%
Very Low Income	50% AMI	\$27,350	1,811	35%	2,086	35%	275	27%
Low Income	80% AMI	\$43,760	2,876	55%	3,313	55%	437	43%

Sources: OHCS, Environics Analytics, JOHNSON ECONOMICS

* Income levels are based on OHCS guidelines for a family of four.

COMPARISON OF PROJECTED NEED AND BUILDABLE LAND SUPPLY

- There is a total forecasted need for 1,021 units over the next 20 years. This is well below the estimated capacity of over 10,000 units. As Figure 5.3 below demonstrates, there is sufficient capacity to accommodate all projected new unit types. After this need is accommodated, there is an estimated remaining capacity of over 1,900 additional units, mostly in the medium-density residential zone.
- The following table shows the same comparison, converting the forecasted residential need and capacity by acres, rather than units. There is a projected need for 216 acres of new residential development, but a buildable capacity of 1,569 acres.
- There is currently sufficient buildable capacity within Prineville to accommodate projected need. Some of this capacity is in the form of parcels with the potential for infill or redevelopment for future multi-family units. The character of this supply can help guide housing policy and strategy recommendations to be included in subsequent reports and ultimately integrated in the City's updated Comprehensive Plan.

FIGURE 5.1: ESTIMATED BUILDABLE LANDS CAPACITY BY ACREAGE AND NO. OF UNITS (2019)

ZONE	Buildable Acreage				Projected Unit/ Net Acre	Housing Unit Capacity			
	Partially Vacant	Vacant	Total	Share		Partially Vacant	Vacant	Total	Share
R1 - Limited Residential	12	20	32	2%	4	42	93	135	1%
R2 - General Residential	171	728	899	57%	8	1,320	5,767	7,087	69%
R3 - County Residential	310	284	594	38%	4	1,097	1,523	2,620	26%
R4 - Resid. Redevelopment	3	4	7	0.4%	10	24	35	59	0.6%
CMU - Mixed Use	24	8	32	2%	10	239	77	316	3%
TOTALS:	520	1,044	1,564		7	2,722	7,495	10,217	
<i>Low Density Residential</i>	<i>322</i>	<i>304</i>	<i>626</i>	<i>40%</i>		<i>1,139</i>	<i>1,616</i>	<i>2,755</i>	<i>27%</i>
<i>Medium Density Residential</i>	<i>171</i>	<i>728</i>	<i>899</i>	<i>57%</i>		<i>1,320</i>	<i>5,767</i>	<i>7,087</i>	<i>69%</i>
<i>High Density Residential</i>	<i>27</i>	<i>12</i>	<i>39</i>	<i>2%</i>		<i>263</i>	<i>112</i>	<i>375</i>	<i>4%</i>

Source: Angelo Planning Group

FIGURE 5.3: COMPARISON OF FORECASTED FUTURE LAND NEED (2039) WITH AVAILABLE CAPACITY

<u>LAND INVENTORY VS. LAND NEED</u>	Unit Type			<u>TOTAL</u>
	Single Family Detached	Medium-Density Attached*	Multi-Family	
Buildable Land Inventory (Acres):	626	899	39	1,564
Estimated Land Need (Acres):	187	14	15	216
<i>Land Surplus (Inventory - Need:)</i>	<i>439</i>	<i>885</i>	<i>24</i>	<i>1,348</i>

Sources: Angelo Planning Group, Johnson Economics

For more detail on these findings please refer to the "Housing and Residential Land Needs Assessment Report" and the Buildable Lands Inventory (BLI) maps prepared for the city.

STRATEGIES TO ACCOMMODATE FUTURE HOUSING NEEDS

The Housing Needs Analysis and Buildable Lands Inventory conducted for the City in 2019 indicated that the City had an adequate supply of buildable residential land within its urban growth boundary (UGB) to meet projected housing needs during the next 20 years. If population growth occurs at a faster rate than projected at that time, the City could find that additional land is needed in the future.

Although the City is not anticipated to need to expand its UGB during the planning period, it can continue to consider and implement a variety of strategies in the future to further provide opportunities for a wide range of housing choices, efficient land use, and development of housing affordable to people with low and moderate incomes. For the purposes of this Plan, “affordable housing” is defined as housing that is affordable to a household that spends 30% or less of its income on housing, including rent or mortgage payments and utilities. Households with low incomes are those who make 80% or less of median household income. Those with moderate incomes make 81-95% of median household income.

The City is already implementing a variety of land use and other strategies that help provide for a wide range of housing options in Prineville. Potential strategies not currently being undertaken by the City, or existing strategies with the potential to be strengthened or enhanced, are summarized in the following table. The ability to implement them will depend on available resources, community priorities and other factors.

These strategies are described in more detail in section 4 of the Housing Strategies Report prepared by the City as part of its Housing Needs Analysis project in 2019.

Strategy	Primary goal
1. Urban Growth Boundary (UGB) Amendment or Adjustment (Swap) Amend the city’s UGB in the future if the supply of land within the UGB cannot accommodate the amount needed for future development. Alternatively, consider exchanging land inside the UGB for land outside the boundary if it will improve the likelihood of future development inside the UGB. Prior to pursuing an expansion, the city must consider measures to improve the efficiency of future land use within the existing boundary.	Ensure an adequate land supply for future residential development
2. Code Amendments for Small Housing Types Consider developing specific standards for cottage cluster housing and/or develop additional standards, as needed for duplexes, triplexes, four-plexes, townhomes, and other “missing middle” housing types to ensure compatibility of size and scale with surrounding housing.	Remove regulatory barriers
3. Incentive Zoning Creates incentives to developers to provide a community benefit (such as affordable housing), in exchange for ability to build a project that would not otherwise be allowed by the development code.	Increase development flexibility / reduce housing costs

4. System Development Charge (SDC) Deferral

Deferral or exemption of SDCs for affordable housing or other desired housing types. Can be applied to regulated affordable housing and/or specific housing types (such as ADUs).

Reduce development costs

5. Expedited Development Review

Variety of strategies to reduce review and processing times for regulated affordable housing development, such as formally adopting shortened review timelines for applications or giving priority in scheduling hearings and meetings with staff.

Reduce development costs / remove process barriers

6. Tax Abatements or Exemptions

Tax exemptions or abatements offer another financial incentive to developers that can improve the long-term economic performance of a property and improve its viability. This can be a substantial incentive, but the City will forego taxes on the property, generally for ten years. Other taxing jurisdictions are not included, unless they agree to participate. Tax exemption programs are authorized by the state for specific purposes: Vertical Housing; Multiple-Unit Housing; Non-Profit Low-Income.

Reduce development costs

7. Public-Private Partnerships (PPPs) and Community Land Trusts

Arrangements between public and private entities to create more and/or affordable housing. PPPs can promote a variety of affordable housing programs or projects and include partnerships from multiple entities (public, private, and non-profit), including community land trusts.

Promote construction of new affordable housing

8. Tenant Protection Programs and Policies

Local regulations and enforcement programs that provide protections for tenants of existing affordable housing and low-cost market rate housing against evictions, excessive rent increases, discrimination, and health and safety violations.

Protect affordable units and reduce displacement

9. Land Acquisition and Banking

Land acquisition is a tool to secure sites for affordable housing. Land banking is the acquisition and holding of properties for extended periods without immediate plans for development, but with the intent that properties eventually be used for affordable housing.

Reduce land costs

10. Construction Excise Tax

Adopt a tax on new construction of between 1 and 3% to help pay for other affordable housing strategies identified here. The tax is a one-time tax assessed on new construction. State law requires it to be spent on specific types of programs and activities.

Provide source of funding for other affordable housing programs

11. Financial Assistance Programs

A range of tools that can be used to maintain housing affordability or to help keep residents in their homes. Possible tools include rent assistance, loans for homeowners, or assistance to low-cost apartment owners for repairs and upgrades.

Protect affordable units and reduce displacement

3. Comprehensive Plan Housing Policies

It is essential that the Comprehensive Plan of every city in Oregon include a robust set of policies directed at meeting the current and future housing needs of community members. APG reviewed the Comprehensive Plan to assess whether it includes the following types of supportive policies:

- **Supports Statewide Planning Goal 10.** Comprehensive Plans typically do and should include a general policy that mirrors Statewide Planning Goal 10 (Housing), stating that the overall goal of the jurisdiction is to *“encourage the availability of adequate numbers of needed housing units at price ranges and rent levels which are commensurate with the financial capabilities of Oregon households and allow for flexibility of housing location, type and density.”*
- **Emphasizes affordable housing needs.** Given that meeting the needs of low and moderate-income households often requires public intervention or subsidy, it is important to include policies emphasizing the needs of these households.
- **Supports partnerships.** Most Comprehensive Plan housing elements include policies aimed at supporting other public agencies, non-profits and market rate developers who focus on meeting the needs of low and moderate-income households and community members with special housing needs.
- **Encourages a variety of housing types.** In addition to a broad goal or policy about meeting a full range of housing needs, Plans often include policies noting the need for a variety of housing types, including single family attached housing, duplexes, triplexes, multi-family housing and townhomes, as well as less traditional forms of housing such as cottage cluster housing and accessory dwelling units.
- **Affirms Fair Housing goals.** Local governments are required to ensure that their housing policies and standards do not discriminate against or have adverse effects on the ability of “protected classes” to obtain housing, consistent with the federal Fair Housing Act.
- **Supports mixed use development.** Some Plans explicitly support the development of mixed-use projects, which typically include upper story housing located above retail or commercial uses.
- **Supports accessory dwelling units.** Comprehensive Plans may include policies specifically referencing support for this form of housing. Recent Oregon legislation requires all cities below a certain size to allow for this form of housing outright in all zones where single-family detached housing is allowed.
- **Addresses land supply goals.** Many Comprehensive Plans include policies which reference the need to ensure that adequate land is zoned to meet identified housing needs, and to periodically update the jurisdiction’s inventory of such lands.
- **Supports maintenance and rehabilitation of existing housing.** Many comprehensive plans emphasize maintenance of existing housing stock as a method to prevent unsafe conditions and keep affordable housing available within the community.

- **Supports development of manufactured homes.** Oregon law requires that all zones that allow for “stick built” single family detached homes also allow for manufactured homes on individual lots. Each jurisdiction must also allow for manufactured home parks in at least one residential zone.
- **Regulates short term rentals.** Many communities, particularly those with high levels of tourism, regulate short-term rental housing to reduce its impact on the supply and affordability of long-term rental housing.

Table 1 assesses current housing policies and identifies opportunities for potential amendments to address policy gaps. A set of potential adoption-ready Comprehensive Plan policies amendments are provided below. The City may refine these policies as part of the adoption process.

Housing Goal: Provide opportunities for a wide range of housing types that meet the needs of residents with a full range of incomes and circumstances.

Policies

1. The City shall apply zoning designations and standards that create opportunities for wide variety of housing types, including but not limited to single-family detached homes, manufactured homes, duplexes, triplexes, four-plexes, townhomes, apartments, accessory dwelling units, cottage cluster housing, recreational vehicle parks, and mixed commercial and residential use.
2. The City shall encourage development of higher density and multifamily housing within areas designated for this use and limit low-density housing in these locations.
3. The City shall seek partnerships with non-profit housing developers and other agencies to create the opportunity to provide moderate-and low-income housing development and rehabilitation activities within the City.
4. The City shall continue to implement its Natural Feature Overlay District (NFOD) to help reduce the amount of development in hazardous areas such as floodplains and steep slopes as well as natural areas such as wetlands and rimrock.
5. The City shall employ strategies that support federal and state Fair Housing laws and other federal and state fair housing requirements to affirmatively further fair housing.
6. The City shall allow and support the development of Accessory Dwelling Units in all residential zones where single-family detached homes are allowed, as required by State law.
7. The City shall allow for a mix of residential uses with other compatible uses in appropriate locations.
8. The City shall support the maintenance and development of manufactured homes as an affordable housing choice in appropriate locations.
9. The City shall continue to support and publicize programs implemented by partner organizations which promote energy efficiency and use of other sustainable building materials and practices in the construction and rehabilitation of housing.

10. The City will support programs implemented by partnering agencies which address the needs of the unhoused, as well as people with specialized housing needs.
11. The City shall encourage maintenance and rehabilitation of the existing housing stock and support local or regional programs that provide funding for these efforts.
12. The City shall encourage efficient use of residential land within the Urban Growth Boundary.
13. The City shall regularly monitor its supply of buildable land and shall provide a sufficient amount of residential land to accommodate residential growth.
14. The City shall continue to provide opportunities for the flexible design and siting of housing through use of its Planned Unit Development provisions and other alternative land use permitting procedures and processes.



Table 1. Comprehensive Plan Policy

<i>Policy Topic</i>	<i>Existing Goal Language</i>	<i>Example Additional or Alternative Language to Consider</i>
Supports Statewide Planning Goal 10.	Goal # 1: Encourage a wide range housing types satisfying the urban development needs of the Prineville community.	<ul style="list-style-type: none"> • Adequately addressed.
Emphasizes affordable housing needs	Goal # 5: Promote quality affordable housing and recognize that lack of affordable housing is an economic issue negatively affecting the community	<ul style="list-style-type: none"> • Add “including low and moderate income households” to the existing policy language.
Supports partnerships	N/A	<ul style="list-style-type: none"> • The City shall seek partnerships with non-profit housing developers and other agencies to create the opportunity to provide moderate-and low-income housing and rehabilitation activities within the City.
Encourages a variety of housing types	See Goal #1 (Little existing policy support for multifamily housing in an explicit way.)	<ul style="list-style-type: none"> • The City shall encourage development of higher density and multifamily housing within areas designated for this use and limit low-density housing in these locations. • The City shall provide opportunities for the development of a variety of housing choices that meet the needs and preferences of current and future households.
Supports mixed use development	N/A	<ul style="list-style-type: none"> • The City shall allow for a mix of residential uses with other compatible uses in appropriate locations.
Affirms Fair Housing Goals	N/A	<ul style="list-style-type: none"> • The City shall employ strategies that support the Fair Housing Act and affirmatively further fair housing.
Supports ADUs	See Goal #3	<ul style="list-style-type: none"> • The City shall allow and support the development of Accessory Dwelling Units in all residential zones as required by State law.

<i>Policy Topic</i>	<i>Existing Goal Language</i>	<i>Example Additional or Alternative Language to Consider</i>
Addresses Land Supply Goals	<p>Value/Policy under Goal 1:</p> <ul style="list-style-type: none"> It is necessary to provide adequate buildable residential land for the 20-year planning horizon. <p>A regular housing analysis shall be the basis for understanding and projecting housing needs. City staff will need to manage the calibration data in order to accommodate local cultural characteristics and anomalies.</p>	<ul style="list-style-type: none"> The City shall encourage efficient use of residential land within the Urban Growth Boundary The City shall regularly monitor its supply of buildable land and shall provide a sufficient amount of residential land to accommodate residential growth. The City shall ensure that the City has an adequate housing supply with enough land to support the community's growth. The City shall prepare, regularly monitor and periodically update an inventory of buildable residential land.
Supports Development of Manufactured Homes	<p>Goal # 3: Identify and permit alternatives to traditional stick-built homes, such as manufactured, mobile homes, and accessory dwellings necessary for providing a range of housing choices with in the UGB.</p>	<ul style="list-style-type: none"> The City shall support the maintenance and development of manufactured homes as an affordable housing choice in appropriate locations.
Supports maintenance and rehabilitation of existing housing	<p>Goal # 2: Identify and analyze existing housing stock and determine opportunities for rehabilitation, redevelopment, and connection to urban infrastructure and services.</p>	<ul style="list-style-type: none"> The City shall encourage maintenance and rehabilitation of the existing housing stock and support local or regional programs and provide funding for these efforts.
Regulates Short Term Rentals	N/A	<ul style="list-style-type: none"> As necessary, the City shall regulate short term rentals to reduce their impact on availability and long-term affordability of housing.

4. Other Housing Measures

APG and Johnson Economics have identified a variety of measures that the City can undertake to address current and future housing needs identified in the Housing Needs Assessment and Buildable Lands Inventory reports. These measures have been organized into the following categories.

Land Supply and Regulatory Strategies

- UGB Expansion or Adjustment (“Swap”)
- Rezoning
- Code Amendments to Support Small Housing Types

Incentives

- Incentive Zoning
- System Development Charge Exemptions or Deferrals
- Expedited Development Review
- Tax Exemptions and Abatements

Funding Sources and Uses

- Public-Private Partnerships and Community Land Trusts
- Tenant Protection Programs and Policies
- Land Acquisition and Banking
- Construction Excise Tax
- Financial Assistance Programs

The remainder of this section describes these potential measures in more detail.

LAND SUPPLY AND REGULATORY STRATEGIES

1. Urban Growth Boundary Expansion

The findings of our study do not indicate the need for a UGB expansion to accommodate projected housing needs in Prineville. However, in the long term an expansion could be an option beyond the currently planning horizon or if growth rates increase beyond those currently projected. Prior to applying for a UGB expansion, the city would need to complete the following steps:

- Consider and adopt efficiency measures to ensure that land inside the UGB is being used efficiently. Many of the code update recommendations identified for this project are efficiency measures.

- Demonstrate that there is an insufficient supply of buildable land inside the UGB. Due to relatively low projected growth rates in the planning horizon, the City will likely need to demonstrate that existing vacant or partially vacant land in the UGB cannot be served with public facilities. A significant portion of the vacant land within Prineville's UGB is taken up by the large city-owned parcel slated for future park/recreation uses. A comprehensive plan change or similar measure would likely be needed for this property in order to remove it from the inventory.

In addition to meeting these state requirements, the City will want to consider other factors in this process such as:

- Will potential expansion areas have direct access to roads, sewer or water lines or will they be even more difficult or costly to serve with these facilities than land proposed to be removed from the UGB?
- Will areas proposed for inclusion be in relatively close proximity to commercial and other services? This is particularly important if new areas are proposed for higher density development.
- Will the areas have any other practical barriers or impediments to residential development or conflict with other strategies to meet future housing needs?

2. Rezoning

Given that the City has an adequate supply of land within its UGB in total and within each residential zoning designation, there is not a demonstrated need to rezone land from one residential designation to another. However, there are industrial lands within the City that are poorly located for industrial use and potentially in conflict with other residential zones due to past industries, rail service, and current development patterns. At some point in the future, these conditions may warrant rezoning these areas from industrial to residential use.

3. Code Amendments for "Missing Middle" Housing Types, including Cottage Cluster Housing

Small housing types typically include accessory dwelling units (ADUs), duplexes, triplexes, fourplexes, townhomes and cottage cluster housing. Many of these housing types can be compatible with single-family detached housing, while providing a wider range of housing options for smaller households and at lower costs to develop. The City of Prineville already allows a number of these types of housing in various zones, either outright or as a conditional use. The City could consider allowing a greater range of housing types in its most restrictive zones – the R-1 and R-3 zones.

The City also could consider developing code requirements for cottage cluster housing and allowing them in the R-2, R-4 and R-5 zones as an alternative to use of the City's Planned Unit Development provisions which currently allow for cottage clusters. Cottage Clusters are small dwelling units with shared amenities appropriately sized for smaller households and available as an alternative to the development of typical detached single-family homes. Cottage cluster housing is intended to address

the changing composition of households, and the need for smaller, more diverse, and more affordable housing choices. While cottage cluster standards could provide a straightforward clear and objective path for this form of housing, City staff note that the PUD process provides a more flexible approach which can allow for more variation in site design or other issues. As a result, specific standards for cottage cluster housing may not be needed.

If the city decides to develop code provisions specific to cottage clusters, they could consider incorporating the following provisions: ¹

- Allow for increased densities over the base zone in exchange for maximum house sizes. This combination allows for more dwelling units while ensuring an efficient use of land.
- Given maximum house sizes of 1,000-1,200 square feet, allow a wide range of sizes—even as small as 600 square feet—and consider allowing both attached and detached housing.
- Do not specify ownership structure; allow the site to be divided into individual lots, built as rental units on one lot, or developed as a condominium plat.
- Ensure that minimum site size, setbacks and building coverage requirements do not prohibit cottage cluster development on smaller lots.
- Draft design requirements that ensure neighborhood compatibility, and efficient use of land, but are not so specific as to restrict the ability to adapt to varying neighborhood contexts.

Another measure for the City to consider would be to Courtyard apartments also could be allowed in appropriate zones. Courtyard apartments are typically located in one to two-story buildings, are small in size, and are arranged around a common courtyard. They tend to match the scale of surrounding single-family detached housing or other small housing types such as “plexes,” townhomes or cottage cluster housing.

If the City moves forward with these types of code amendments, they should consider code requirements that help limit the size and scale of these forms of housing to be consistent with the existing or desired scale of housing in these areas. A variety of different approaches can be undertaken to achieve this objective. These include but are not limited to the following:

- Density and lot size – increasing the minimum density required in the R-2 and R-4 districts in particular.
- Building size limitations in terms of square footage, lot coverage and height.
- Floor area requirements which also will limit the size and scale of the building.
- Bulk plane/encroachment plane.

¹ Character-Compatible, Space-Efficient Housing Options in Single-Dwelling Neighborhoods. ODOT, DEQ and OCLD Joint Study. Eli Spevak and Madeline Kovacs. May 2016.
<https://www.oregon.gov/LCD/TGM/docs/SpaceEfficientHousingReport.pdf>

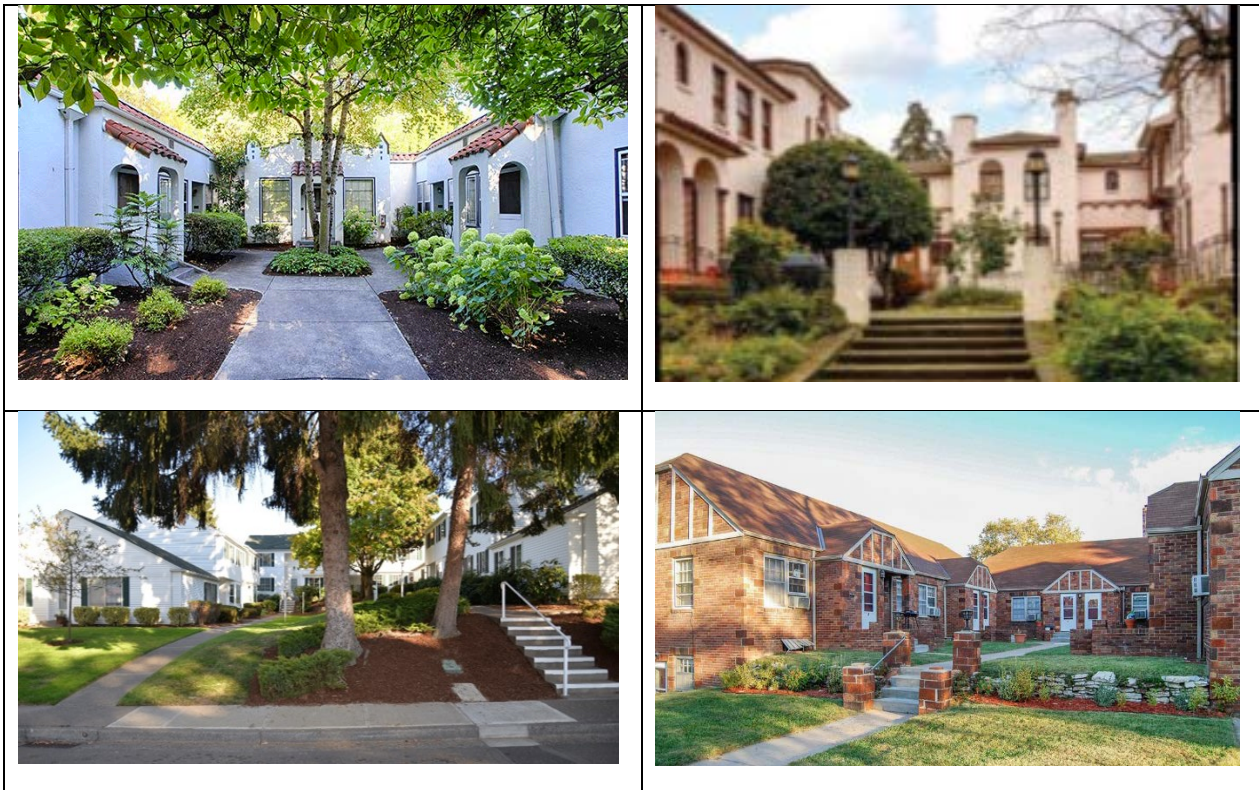
More information about and examples of these approaches can be provided to supplement these recommendations, if desired.

Diagram and Example Images of Cottage Cluster Housing



Image Credits: Daniel Parolek, Eli Spevak/Madeline Kovacs

Example Images of Courtyard Apartments



INCENTIVES

4. Incentive Zoning

Some development regulations can present obstacles or add costs to housing developments. In addition to or in lieu of financial incentives, the City can offer concessions on regulatory standards that provide meaningful economic value. 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 income. The incentives typically include relief from certain development standards such as parking, setbacks, or density. Examples include the following:

- Parking reductions.** In general, research shows that households with lower incomes tend to have lower car ownerships and driving rates, particularly when residents have ready access to shopping and other opportunities and services. A number of jurisdictions in Oregon provide reductions in off-street parking requirements for developments that are affordable to households with low or moderate incomes. Typically, developments must commit to providing affordable units over a significant length of time (20-60 years). The City could provide similar reductions if there is a documented reduced need for vehicles (e.g., if transit passes were provided to residents) or there was a demonstration of lower car ownership rates for residents. The City of Prineville currently allows for flexibility in meeting off-street

parking requirements in the downtown area. For example, no additional parking is required for new upper floor housing in that area.

- **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 in terms of number of stories (e.g., one story in an area with an existing height limit of 35 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.

5. System Development Charge (SDC) Reductions, Exemptions, or Deferrals

System Development Charge (SDC) exemptions and deferrals can be used to reduce the cost of development. Many SDC methodologies are intended to be commensurable with the cost or impact to the system. Some missing middle housing types, such as ADUs (often associated with affordable units), do not fit within the levels within SDC methodologies because the impact of these types of housing on the need for water, sewer or transportation facilities is not equivalent to that of other housing units, given the reduced average size and occupancy of smaller units. Therefore, any reduction that can be justified based on reduced demand or impact (e.g. smaller units, multifamily vs. single family, housing types that tend to generate less traffic, etc.) is justifiable for reducing or potentially waiving SDCs for these housing types. This type of reduction is generally identified in the SDC methodology and rate setting.

The City of Prineville has essentially implemented this strategy. The City recently updated its SDC methodology to base the fees on the degree of impact associated with different types of housing units which resulted in significant reductions for multi-family housing and other smaller housing types. The City also exempts ADUs from their SDCs. Typically, the City does not provide SDC deferrals although it has done so in the past. If it does so in the future, deferrals should be limited to larger affordable housing projects, developed by housing organizations where there is an effective, straightforward way to document and track the deferrals to ensure the SDCs are ultimately paid at the end of the deferral period.

6. Expedited Development Review

Jurisdictions can search for ways to reduce time and costs of the review and permitting process to developers building desired housing types. This incentive can be accomplished by reducing review times, consolidating steps in the process, and reducing or simplifying submittal requirements. In few industries is the old adage that “time is money” more true than in the development industry. The developer is often tying up capital and/or paying interest on loans during the pre-development process. Any reduction in process time translates into reduced costs and greater certainty to the developer and their partners.

Streamlining the process can involve an internal audit of the process to ensure it is efficient for both staff and applicants. This might involve making all permits available in one location with one main contact, providing clear and accessible information on requirements, and also allowing enough flexibility to consider innovative or new forms of development. Streamlining the review and permitting process is usually administratively feasible, though the greatest obstacle is often staff resources to expedite some projects when staff is already busy and/or limited in size. While City review processes could be streamlined, other regulatory review processes also impact the length of the permitting process. For example, state permitting of wetland fill or removal would also need to be streamlined to have a meaningful impact on permit review processes where wetlands are potentially impacted.

City staff note that the City typically turns around development applications very quickly, usually within about 30 days. Most applications are Type 1 or administrative reviews which do not require a public hearing or Planning Commission review. This helps expedite the process. To supplement this existing practice, the City should update its land use procedures provisions to be consistent with recent statewide legislation (codified in Oregon Revised Statute 197.311) that requires cities with a population over 5,000, and counties with a population over 25,000 to allow for 100-day review and decision on qualified affordable housing applications.

7. Tax Exemptions and Abatements

Tax abatements are reductions in property taxes for affordable housing. Abatements may be provided to non-profit corporations or to private developers in exchange for developing affordable housing. Property tax exemptions/freezes can also be applied to housing in distressed areas, or for rehabilitated housing. Common tax abatement programs include vertical housing programs that provide property tax exemptions for development that reaches a certain height, and multifamily housing tax exemptions. Examples from other communities include:

- The City of Newberg has a Multiple Unit Housing Property Tax Exemption (MUPTE) that aims to encourage private development of multi-unit housing in transit-oriented areas by providing a ten-year property tax exemption on the residential portion of improvements. Newberg also has a property tax exemption of properties owned by low-income persons or held for the purposes of developing low-income housing.
- The City of Beaverton has an Affordable Housing Tax Exemption Program designed to promote construction of affordable rental housing for low-income households (focusing on 60 percent area median income and below). The program allows an exemption of up to 100 percent of property taxes.

The City of Prineville also has used this strategy in the past (e.g., on the Pacific Crest housing development) and could use it again in the future. Use of this strategy would be more feasible for projects with a non-profit organization like Housing Works with the condition that the managing organization do the work of ensuring the tenants meet the income requirements.

FUNDING SOURCES AND USES

8. Public-Private Partnerships (PPPs) and Community Land Trusts

The City can implement arrangements between public and private entities to create more and/or affordable housing. These PPPs can promote a variety of affordable housing programs or projects and include partnerships from multiple public, private, and non-profit entities such as the Central Oregon Regional Housing Authority (also known as Housing Works). These efforts typically involve utilization of a variety of other housing measures or strategies, including those described in this report. Examples of these types of efforts implemented in other Oregon communities include the following:

- **The Fields Apartments, Tigard, OR.** A recent example of an innovative PPP in Tigard is The Fields mixed-use development, which is planned to include 260 housing units affordable to residents earning 60% AMI or below, including 26 units serving extremely low-income families at or below 30% AMI. The site will also include office development. To help facilitate the project, the City of Tigard worked with the property owner to pursue a grant from the Economic Development Administration that paid for infrastructure improvements to unlock the economic development potential of the site. The City also worked with the property owner to rezone the site, which allowed the apartments to be developed. As mentioned below, the Fields project received a LIFT award to assist with project financing, and the Washington County Housing Authority also contributed financing.
- **Our Coastal Village (Fisterra Gardens), Yachats, OR.** This project included use of several city, county and state programs. This included direct funding from Lincoln County to match other state, federal, and private funding sources bringing this project to fruition; tax abatement by Lincoln County; deferral of SDCs by the City of Yachats, and updates to the City's development code allowing flexible development standards for townhomes.
- **Local Innovation and Fast Track Housing Program (LIFT), State of Oregon.** LIFT is a state-administered program that was approved through legislation in 2016 and provides funding for new affordable housing across the state, including for projects by private developers. The program was developed with the goal of quickly providing affordable housing units to low-income families and has funded numerous projects since its inception, including the Fields Apartments in Tigard (provided \$9.8 million) described above and Cornerstone Apartments in Salem (provided \$4.9 million).

The City of Prineville has implemented this strategy in the past through partnerships with Housing Works for projects affordable to low income households and through construction of multi-family housing in its mixed-use zone. The City can continue to support non-profit and market rate housing developers by helping provide clarity and certainty in the design and permitting process through the following strategies:

- Ensure that primary documents such as the Development Code and design standards are easy to use for a person moderately informed in the design or development process;
- Provide knowledgeable staff to answer questions regarding the entire process from planning to permitting;
- Create additional materials such as one-page handouts that summarize relevant code and process information, even if it is already available in longer documents
- Provide information about code provisions and other strategies described elsewhere in this report that can serve as incentives to develop housing in places with good access to transportation, services and facilities;
- Assign a single contact person to facilitate the development process for key projects, such as a large-scale development, prominent site location, or catalyst project; and
- Provide as much of this information in advance as possible. Try to provide estimates of time, requirements and fees to the extent practicable, while emphasizing that these are all preliminary estimates that may change. Avoid processes which require developers to commit extensive time and money before key requirements or public processes become apparent.

Community Land Trusts (CLT) is a model wherein a community organization owns land and provides long-term ground leases to low-income households to purchase the homes on the land, agreeing to purchase prices, resale prices, equity capture, and other terms. This model allows low-income households to become homeowners and capture some equity as the home appreciates, but ensures that the home remains affordable for future homebuyers. CLTs may also lease land to affordable housing developers for the development of rental housing or may develop and manage rental housing themselves. Land trusts are typically run as non-profits, with support from the public sector and philanthropy, and could be linked to a land bank. Land trusts can be focused on homeownership or rental units.

KOR Community Land Trust operates in the Bend area and is a likely partner for these efforts. The most active CLT currently operating in Oregon is Proud Ground. It focuses on affordable homeownership and controls ground leases in Multnomah, Washington, Clackamas, and Clark County. Proud Ground also offers homebuyer education and consulting services. Approximately 81 percent of the organization's funding is derived from public subsidy, mostly from the jurisdictions where Proud Ground operates. Habitat for Humanity also uses a similar model for conveying homes to owners and uses volunteer efforts for construction of the homes to reduce construction costs.

The City's primary role in the CLT model would be to support an organization like KOR, Proud Ground or Habitat, either through financial contributions or through assistance in finding or acquiring properties for development.

9. Tenant Protection Programs and Policies

Tenant protections include local regulations and enforcement programs that provide protections for tenants of existing affordable housing and low-cost market rate (LCMR) housing against evictions, excessive rent increases, discrimination, and health and safety violations. Tenant protections can also provide various types of assistance to renters. The purpose of these protections is help tenants of

affordable units to access and retain their housing, particularly for very low-income and other vulnerable community members. Tenant protections can be implemented through policies and/or programs. The Oregon State Legislature is currently in the process of reviewing Senate Bill 608, which would regulate some tenant protection policies statewide. With the exception of rent regulation, local jurisdictions have the ability create tenant protection regulations that go beyond state requirements as long as they do not conflict with them. Homeowner protection programs could include education as well as financial and technical assistance to stabilize and combat predation of low- and moderate-income homeowners. Rent stabilization legislation was adopted by the State of Oregon during the 2019 legislative session and the state will essentially administer associated programs. The remainder of this section focuses on other types of tenant protection programs.

Notification for No-Cause Evictions. Under the provisions of ORS 90.427, landlords are required to give 30- or 60-day notification of no-cause evictions. Previously, some jurisdictions, including Portland and Milwaukie, increased the no-cause eviction notice to 90-day. However, Senate Bill 608, mandates a 90-day notice for no-cause eviction statewide. Senate Bill 608 was passed on February 28, 2019 and is effective immediately.

Renter Relocation Assistance. These programs require landlords to pay a set amount to assist tenants when lease conditions change—such as no-cause eviction, substantial rent increase, or not receiving the option to renew a lease. Relocation assistance programs have been implemented by the cities of Portland, OR and Vancouver, BC during the last several years. Recent state legislation also addresses these programs.

Rental Registration. These programs allow jurisdictions to keep an accurate inventory of residential rentals. A well-maintained inventory can help improve notification of changes to local landlord-tenant laws. Also, the program helps monitor and protect tenants while requiring more responsibility and accountability from landlords.

Rental Inspection Program. Rental inspection programs monitor rentals to protect tenants and require more accountability from landlords. Inspection programs can be combined with a registration program or stand-alone. Also, the types of housing or dwellings that a required to register for the program can vary to all housing, affordable housing, multi-family housing, or other criteria. Several Oregon jurisdictions have rental inspection programs, including the cities of Gresham and Salem.

Several of these programs require relatively significant administrative time and resources and may not be appropriate for the City as this time but could be considered for implementation in the future.

10. Land Acquisition and Banking

Land acquisition is a tool to secure sites for affordable housing. Public agencies can identify locations where prices are going up and acquire land before the market becomes too competitive, with the intention to use the land for affordable housing. The ability to identify promising sites within these locations and act quickly and efficiently in acquiring them can tip the scales to make an affordable housing development financially feasible.

Land banking is the acquisition and holding of properties for extended periods without immediate plans for development, but with the intent that properties eventually be developed for affordable

housing. Land banks are 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 nonprofits may be better equipped than small community development corporations to do both land acquisition and banking.

This strategy may be a challenge for implementation in Prineville. 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 significant up-front investment to acquire land, which typically requires grants, and funding partnerships—with non-profits, public entities, and private financing—to reach necessary funding levels. In addition, while this technique can help address the long-term need for affordable housing, it will not address the current need in the short-term.

A more feasible way to implement this strategy in Prineville would be to assess the potential for any existing city-owned properties to be used for affordable housing development in the future and then seek non-profit or other affordable housing developers to lead the actual development efforts. In exchange for donating or selling city-owned land at a nominal price, the City would require a commitment to long-term affordability of any housing units developed.

11. Construction Excise Tax

A construction excise tax (CET) is a tax on construction projects that can be used to fund affordable housing. According to state statutes, the tax may be imposed on improvements to real property that result in a new structure or additional square footage in an existing structure. Cities and counties may levy a CET on residential construction for up to 1% of the permit value; or on commercial and industrial construction, with no cap on the rate of the CET.

The allowed uses for CET funding are defined by the state statutes. The City may retain 4% of funds to cover administrative costs. The funds remaining must be allocated as follows, if the City uses a residential CET:

- 50% must be used for developer incentives (e.g. fee and SDC waivers, tax abatements, etc.)
- 35% may be used flexibly for affordable housing programs, as defined by the jurisdiction.
- 15% flows to Oregon Housing and Community Services (OHCS) for homeowner programs.

If the City implements a CET on commercial or industrial uses, 50% of the funds must be used for allowed developer incentives and the remaining 50% are unrestricted.

To date, eight jurisdictions (Portland, Corvallis, Cannon Beach, Hood River County, Hood River City, and Newport) have passed local CETs under the new state statutes, and many others are considering adopting the tool.

The primary advantage of a CET is that it would provide a source of funding for other programs or measures aimed at helping subsidize the cost of affordable housing in Prineville, either through city-led programs or those implemented by private or non-profit partners. In addition, once a CET is established, it would be straightforward to administer through the development permitting process.

On the down side, CET increases development costs in an environment where many developers are already seeking relief from systems development charges, so it could impact development feasibility and increase the costs of housing more generally. However, by structuring the policy with offsetting incentives or tools to reduce development barriers, the City could potentially limit the impact on feasibility for certain projects.

Establishing a construction excise tax would necessitate that the Prineville City Council pass a new City ordinance. The City should work closely with the development and housing community in developing the fee structure. Implementing programs would need to be developed, and possibly coordinated with housing partners.

12. Financial Assistance Programs

A range of tools that can be used to maintain housing affordability or to help keep residents in their homes. Possible tools include rent assistance, loans for homeowners, or assistance to low-cost apartment owners for repairs and upgrades. Often these programs are funded by federal and state housing programs such as the Community Development Block Grant program administered by housing authorities in partnership with local jurisdictions. The City of Prineville can work with the Central Oregon Regional Housing Authority (now known as Housing Works) to advocate for implementation of specific CDBG-authorized programs in Prineville. The City also could consider implementation of financial assistance programs related to utility payments or other city fees and services. For example, the City of Milwaukie, OR provides for reduced municipal utility bill payments for qualified low-income households.