

RESOLUTION NO. 1443

A RESOLUTION APPROVING THE CANBY HOUSING PRODUCTION STRATEGY.

WHEREAS, The City of Canby prepared a Housing Production Strategy (HPS) as required by the state to promote the development of needed housing over the next 20 years in Canby;

WHEREAS, The HPS includes actions and policies, and fifteen strategies developed with assistance from the housing advisory committee, stakeholders, the community, Planning Commissions and City Council; and


WHEREAS, Housing strategies target ways to provide a greater diversity of housing types with more affordable cost and will be implemented over the next four to eight years.

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of Canby as follows:

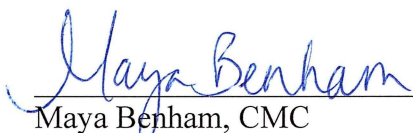
Section 1: The Canby City Council hereby approves this resolution to adopt the Housing Production Strategy.

Section 2: This Resolution will take effect on October 1, 2025.

ADOPTED this 1st day of October, 2025, by the Canby City Council.


Brian Hodson
Mayor

ATTEST:


Maya Benham, CMC
City Recorder



FCS GROUP

Solutions-Oriented Consulting

3J CONSULTING

CITY OF CANBY

Housing Production Strategy

SEPTEMBER 2025

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PREFACE:

This document represents a preliminary draft Housing Production Strategy that focuses on housing needs and potential strategies the City of Canby is considering for adoption during FY 2025/2026. The findings contained in this report reflect current statistics from FY 2023/2024, available data sources, and community engagement from 2022 to 2024.

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Glossary

Accessory Dwelling Unit (ADU): An interior, attached or detached residential structure that is used in connection with or that is accessory to and located on the same lot as a single-family dwelling.

Affordable For-Sale Housing: An owner-occupied dwelling with an annual housing cost (mortgage payments, utilities, property taxes, etc.) that equates to no more than 30% of household income.*

Affordable Rental Housing: A dwelling that is rented by a person or household whose monthly housing costs, including utilities other than telephone, do not exceed 30% of the household's monthly income. If income-restricted or government supported, U.S. Housing and Urban Development (HUD) income restrictions vary by family size.*

**A healthy housing market includes a variety of housing types that are affordable to a range of household income levels. However, the term “affordable housing” is often used to describe income-restricted housing available only to qualifying low-income households. Income-restricted housing can be located in public, non-profit or for-profit developments. It can also include housing vouchers to help pay for market-rate housing (see “Vouchers” below for more details).*

American Community Survey (ACS): This is an ongoing nationwide survey conducted by the U.S. Census Bureau. It is designed to provide communities with current data about how they are changing.

Area median income (AMI): This term refers to area-wide median family income calculations provided by the federal Department of Housing and Urban Development (HUD) for a county or region. Income limits to qualify for affordable housing are often set relative to AMI in this report, unless otherwise indicated.

Buildable Lands Inventory (BLI): An assessment of the capacity of land to accommodate forecasted housing and employment needs.

Buildable Residential Land: Includes land that is designated for residential development that is vacant and part-vacant and not constrained by existing buildings or environmental issues.

Cost Burdened: Defined by US Department of Housing and Urban Development (HUD) as households who spend over 30% of their income on housing.

Cottages: Small, single-level, detached units, often on their own lots and sometimes clustered around pockets of shared open space. A cottage is typically under 1,000 square feet in footprint.

Density: Defined by the number of housing units on one acre of land.

Development density: Expected number of dwelling units (per acre) based on current zoning designations.

Fair market rent (FMR): HUD determines what a reasonable rent level should be for a geographic area and sets this as the area's FMR. Housing choice voucher program holders are limited to selecting units that do not rent for more than fair market rent.

Group Quarters: People living in shared housing facilities, such as a college dormitory, military barrack, nursing home or temporary shelter are not considered households and are counted as group quarters population.

High Density: Lots with the average density of 12+ dwelling units per acre. Best suited for multifamily housing such as apartments and condominiums.

Housing Unit (or Dwelling Unit): A house, an apartment or other group of rooms, or a single room is regarded as a housing unit when it is occupied or intended for occupancy as separate living quarters; that is, when the occupants do not live and eat with any other person in the structure and there is direct access from the outside or common hall.

Household: Consists of all people that occupy a housing unit. The people can be related, such as a family or unrelated. A person living alone is also a household.

HUD: Acronym for US Department of Housing and Urban Development, the federal agency dedicated to strengthening and supporting the housing market.

Low Density: Land zoned to allow up to an average density of 3-5 dwelling units per acre. The most typical housing type on these lands are larger detached single-family homes on lots between 8,000 and 15,000 square feet

Low-Income: Families designated as low-income may qualify for subsidized housing and/or income-based deed-restricted housing units. HUD classifies families based on median family income levels as shown below:

| Income Category | Household Income* |
|----------------------|--------------------|
| Extremely low-income | 30% of MFI or less |
| Very-low income | 30-50% of MFI |
| Low income | 50-80% of MFI |
| Middle income | 80-120% of MFI |
| Upper income | > 120% of MFI |

* Median Family Income (MFI) for the HUD defined market area.

Manufactured Housing: A structure constructed for movement on the public highways that has sleeping, cooking and plumbing facilities, that is intended for human occupancy, that is being used for residential purposes and that was constructed in accordance with federal manufactured housing construction and safety standards and regulations in effect at the time of construction.

Median Family Income (MFI): The median sum of the income of all family members 15 years and older living in the household. Families are groups of two or more people (one of whom is the householder) related by birth, marriage, or adoption and residing together; all such people (including related subfamily members) are considered as members of one family. Median income of non-family households tends to be lower than for family households. In this report both MFI and AMI refer to the U.S. Department of Housing and Urban Development Area Median Family Income (AMI) unless otherwise specified.

Medium Density: Lots with the average density of 6-12 dwelling units per acre.

Middle Housing: Typically includes duplexes, triplexes, quadplexes, townhomes, and cottage clusters.

Mixed Use: Characterized as two or more residential, commercial, cultural, institutional, and/or industrial uses into one combined building or building(s) on the same parcel of land.

Multi-Family Housing: Multiple dwelling units in a single building or groups of buildings on a single lot with 5 or more units per structure. Parking is shared, and entrance to units is typically accessed through a shared lobby.

Partially-vacant land: Unconstrained land that has some existing development but can be subdivided to allow for additional residential development.

Permanent Resident Population: This refers to the count of all people (citizens and noncitizens) who are living in the location at the time of the census. People are counted at their usual residence, which is the place where they live and sleep most of the time.

Plexes: two to four separate dwelling units within one structure. In most instances each duplex, triplex or quadplex unit has its own separate entry.

Residual Land Value: The amount a developer would typically be willing to pay for the land/site in order to build a specific real estate improvement based on underlying assumptions and market conditions.

Seasonal dwellings: These units are intended by the owner to only be occupied during certain seasons of the year. They are not intended to be used as a principal residence. A seasonal unit may be used in more than one season; for example, for both summer and winter sports. Published counts of seasonal units also include housing units held for occupancy by migratory farm workers. While not currently intended for year-round, continuous habitation, most seasonal units can be used year-round.

Severely Cost Burdened: Defined US Department of Housing and Urban Development (HUD) as households who spend over 50% of their income on housing.

Single Family Attached: Residential structures comprised of two to four housing units with a shared wall that separates each unit. “Attached” duplexes require a single building permit for both dwelling units.

Single Family Detached: Free standing residential building, unattached, containing separate bathing, kitchen, sanitary, and sleeping facilities.

Subsidized Housing: Public housing, rental assistance vouchers, and developments that use Low-Income Housing Tax Credits (LIHTC) area examples of subsidized housing. Subsidized housing lowers overall housing costs for its occupants. Affordable housing and subsidized housing are different even though the terms are sometimes used interchangeably.

Tenure: Tenure refers to the ownership of the housing unit in relation to its occupants. According to the U.S. Census Bureau, a housing unit is “owned” if the owner or co-owner(s) live in the unit, even if it is mortgaged or not fully paid for. A cooperative, condominium or mobile home is “owned” only if the owner or co-owner lives in it. All other occupied housing units are classified as “rented.”

Townhome: Attached housing units, each on a separate lot, and each with its own entry from a public or shared street or common area.

Vacant housing unit: A housing unit is vacant if no one is living in it at the time of enumeration unless its occupants are only temporarily absent. Units temporarily occupied at the time of enumeration entirely by people who have a usual residence elsewhere are also classified as vacant.

Vacant land: Vacant land identified within the local buildable land inventory that is not developed and unconstrained for future planned residential development.

Vouchers (Tenant-based and Project-based): HUD provides housing vouchers to qualifying low-income households to off-set a portion of their rents. These are typically distributed by local housing authorities. Vouchers can be “tenant-based,” meaning the household can use them to help pay for market-rate housing in the location of their choice. The tenant pays the difference between the fair market rent and 30% of the tenant’s income. Or vouchers can be “project-based,” meaning they are assigned to a specific building.

EXECUTIVE SUMMARY

The City of Canby is undertaking studies of housing issues, needs and local land use policies through a Housing Needs Analysis (HNA) and this Housing Production Strategy (HPS). The HPS examines how the City can impact housing affordability, access and choice issues, displacement and housing stability. The HPS process includes a review of the city's policies, past actions, future housing needs, and an analysis of who is at risk of being left behind in the existing housing environment. At its core, the HPS identifies which tools, actions, or policies the City can implement to promote housing production, affordability, and choice, especially as it relates to the needs identified in the HNA.

The City of Canby has already adopted policy measures that provide focused housing production opportunities, including:

- The City has a provision in the Zoning Code (Chapter 16.82) that allows deviations of development standards for "Special Housing Projects for the Elderly or Handicapped."
- If a development is located in a specified portion of the Downtown Core area of the C-1 Zone, it is not required to provide parking if the development provides both housing and commercial uses.
- The City's R-2 (High Density) Residential Zone has been amended to require a minimum density of 14 du/ac, preventing lower density development.
- Canby City Council can grant partial or full system development charges (SDCs) waiver for affordable housing projects for "very low income persons or families, defined by Federal Housing and Urban Development Department (HUD) criteria."
- The City has amended its Zoning Code to allow duplexes in all low-density residential zones to fully comply with HB 2001.
- In 2024, the City amended the R-1 (Low Density) and R-1.5 (Medium Density) Zones to permit cottage clusters.
- In 2024, the City amended the planned unit development ordinance to permit a 20% density bonus, with the condition that a minimum of five (5) percent of the planned unit development's dwelling units must be single-story units that have at least one (1) entrance accessible via a route that does not have any stairs between it and the street lot line or an on-site parking space.

Concurrent with the HNA and the HPS planning process, the City conducted community outreach through community open house meetings, housing advisory committee meetings, planning commission and city council work sessions and hearings, and community housing surveys to obtain input from the public-at-large (housing consumers) and housing producers (builders and developers) regarding issues and ideas that could foster new housing development.

Based on the HNA findings and community feedback, additional strategies are recommended to help address housing needs for all citizen and to reduce regulatory "barriers" through actions, including:

- Providing a process for identification of land to up-zone for middle housing
- Allowing clusters of cottage housing in all R Zones
- Streamlining the PUD review/approval process with clear and objective guidelines

- Creating new incentives for fostering a range of housing types within PUDs
- Scaling SDCs by home size
- Conducting education to property owners regarding land use permitting for infill development, such as adding accessory dwellings and minor partitions.
- Amending commercial zoning to allow mixed-use housing development in appropriate locations.

The eventual adoption/implementation of these new policy actions will help foster additional housing construction for all needed housing types.

I. INTRODUCTION

Purpose

Communities across the state of Oregon are facing unprecedented challenges with providing safe and affordable housing. In response, the Oregon legislature passed a series of measures designed to encourage cities to proactively look ahead and identify local housing policies which will meet existing and future housing needs for all residents.

In Canby, the City is undertaking comprehensive studies of housing issues, needs and local policy recommendations in the form of a Housing Needs Analysis

update and this Housing Production strategy. This Housing Production Strategy is intended to expand on the work of the Housing Needs Analysis by examining how a city can impact housing affordability, access and choice issues, displacement and housing stability. The HPS process includes a review of the City's policies, past actions, future housing needs, and an analysis of who is at risk of being left behind in the existing housing environment. Community input is obtained to identify and evaluate recommended policy changes that can be implemented to increase production of needed subsidized and market-rate housing.

At its core, the HPS identifies which tools, actions, or policies the city can implement to promote housing production, affordability, and choice, especially as it relates to the needs identified in the HNA.

The Housing Production Strategy address the following questions:

- *What tools, actions or policies will the city implement to promote housing production, affordability and choice?*
 - *What local policies and actions can be taken to produce additional affordable and market rate housing?*
-

Approach

Key steps that were taken to create this report include the following:

- **Contextualized Housing Needs Analysis** (Report) sets the stage for the overall HPS. The Report summarizes findings from the HNA; identifies actions already taken by the City to foster housing production; and identifies the housing needs of key demographics in the City of Canby whose housing needs may not be met. Those demographics include residents living in rental units, people with disabilities, older Oregonians, people experiencing homelessness, and Black, Indigenous, and People of Color (BIPOC) community members. This report can be found in **Appendix A**.
- **Stakeholder Input**. Through the HNA and HPS process, interviews were conducted with housing stakeholders including developers, affordable housing advocates, real estate brokers, housing consumers and others to confirm housing development barriers and opportunities. Input was also gathered through an online survey open to the public, an open house, a regularly convened Housing Advisory Committee, and presentations to both City Council and the Planning Commission. These outreach efforts provided local context regarding existing conditions in Canby's housing market as well as direction on which policies were recommended.

- **Development of Recommended Strategies to Accommodate Future Housing Need.** Based on data gathered through public outreach and review of the city's HNA, the consultant team identified strategies recommended for inclusion in the HPS (detailed in section 4 of this report).
- **HPS Report.** The findings and recommendations of the HPS are compiled in this draft report document. Feedback and recommended edits to this draft report will be reviewed and incorporated prior to the HPS being finalized.

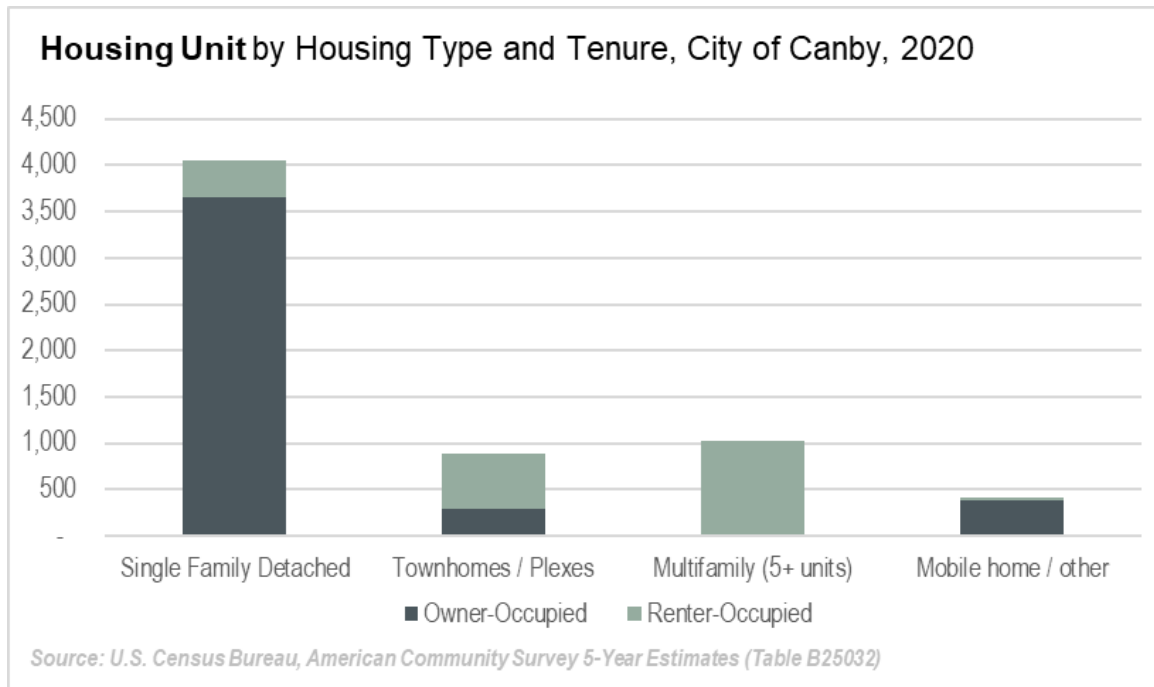
II. CANBY'S HOUSING NEEDS

Canby completed a Housing Needs Analysis (HNA), which was adopted in July 2024. The HNA projects the number of housing units that will be needed to meet the needs of the city's growing population, as well as the buildable land that will be needed to accommodate the development of that new housing. The HNA also provides crucial data related to the state of the existing housing market including affordability analyses, and it serves as an important bridge to the Contextualized Housing Need analysis available in **Appendix A**, which is summarized below.

Key takeaways from the HNA include the following.

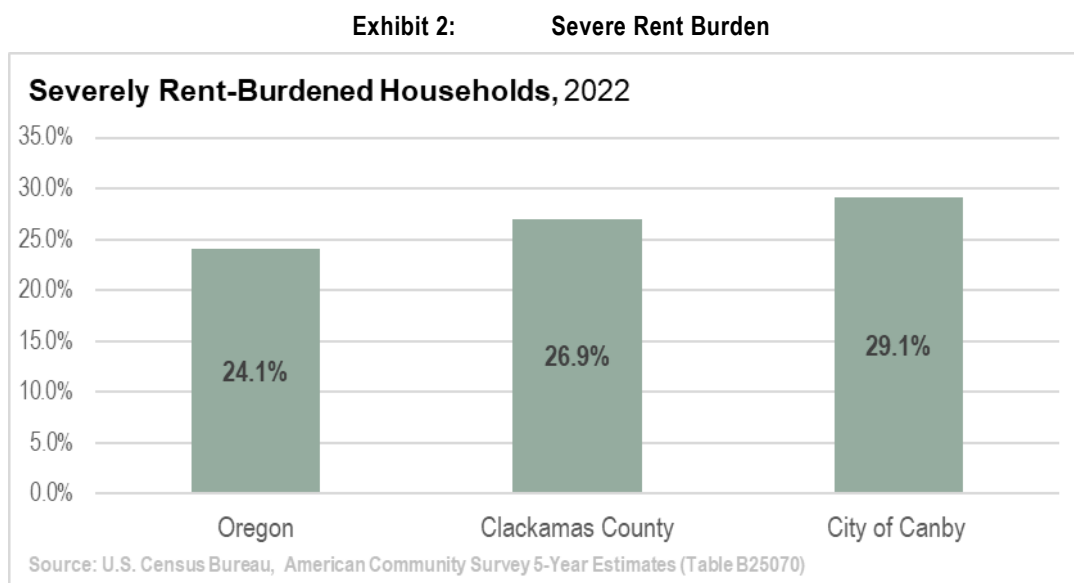
- **Population in Canby is forecasted to increase faster than the statewide average.** Based on Portland State University Population Research Center (PRC) data, population in the Canby UGB is projected to increase by 5,931 persons over the next 20 years, this equates to a 1.3% average annual rate of growth.
- **The vast majority (68% of occupied dwellings) in Canby are owner-occupied.** Most of those owner-occupied units are single-family detached units. Renters are much more likely to live in multifamily and townhome/plex units.
- **Within the Canby School District 89 in FY 2021-22, there were approximately 125 students in grades K-12 that were experiencing housing hardships.** According to the district's website, in 2022 the Canby School District's total enrollment was 4,220. According to McKinney-Vento estimates this includes children in shelters (1-5), unsheltered (22), motel/hotel residents (6), doubled-up residents (78) and unaccompanied youths (19).
- **Vacancy rates are very low.** Only 3% of housing units in Canby were vacant in 2020, which is lower than the countywide average (6%) as well as the statewide average (8%). Canby housing vacancy rates are reported to be even lower today as housing demand continues to outpace production of new housing.
- **Housing prices are outpacing household incomes.** In 2019, the median family income in Canby was \$80,484. Households making the MFI can afford the mortgage of a \$410,000 house or a monthly rent of \$1,900. The median home price in Canby is \$560,000. Home prices have been growing rapidly in the region - 14% in each of the last two years.

Exhibit 1: Existing Housing by Type and Tenancy, Canby



- Housing demand prospects are very strong in Canby.** The draft HNA forecasts a need for 2,262 units (1,536 new ownership units and 725 new rental units) to keep pace with population growth. The forecasted housing needs analysis concluded that:
 - Approximately 60% of the new units were projected to be single-family (detached and attached) homes.
 - 7% are projected to be manufactured homes in parks.
 - Duplex through four-plex units were projected to represent 16% of the total need.
 - Multifamily units are expected to make up 17% of projected future need.
 - Of ownership units, 84% were projected to be single-family homes, 7% will be absorbed by townhomes and plexes, another 7% of demand will be met by manufactured homes, and 2% will be in multifamily developments.
 - There is a greater mix of demand among rental units, with 49% expected in multifamily developments, 30% in townhomes and plexes, 19% in single-family detached units, and 2% in manufactured homes.
- There is a current supply shortage for rentals in Canby, which is impacting cost burdens.** According to the US Census American Community Survey (ACS) 2022 5-year estimates, renters in Canby experience a high-cost burden (over 29% of renter households spend more than 50% on rent) largely because of a lack of affordable rental units, especially among households at the lower to middle end of the rent range.

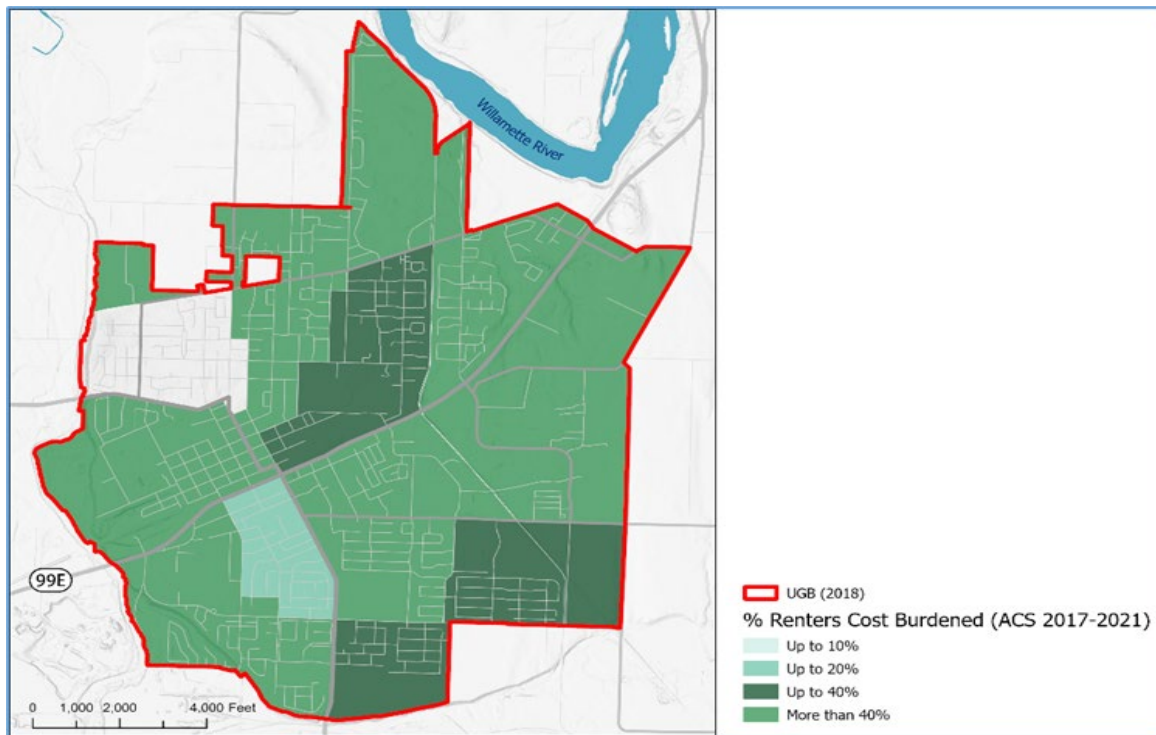
Further information regarding contextualized housing needs, an analysis of the housing needs of key demographic subgroups in the city of Canby, can be found in **Appendix A**.



Canby's rent-burdened households are disbursed throughout the entire city, as shown in the following map reflecting the estimates for 2020 (**Exhibit 3**). In 2023, 24.7% of Canby's rental population was severely rent burdened. 495 of the 2,004 renter households were severely rent-burdened.¹

¹ Source: 2019-2023 American Community Survey 5-Year Estimates, Table B25070 and PSU Certified Population Estimates as of July 1, 2024. Shared with City of Canby by DLCD on 9/10/2026.

Exhibit 3: Map of Canby Rent Burdened Households, 2020



- **Housing demand will persist across all income levels.** The draft HNA recommends that Canby plan for a wider range of housing types over the next 20 years, as mentioned above.
- **Single family housing demand will remain strong.** Future demand for home ownership will remain higher in the mid- to higher-income ranges.
- **To help minimize rent burdens,** it is recommended that the City continue to plan for several middle housing types that would be more attainable to households earning 120% or less of the area median income level (see **Exhibits 4 and 5**).

Exhibit 4: Projected Housing Unit Demand by Income Level

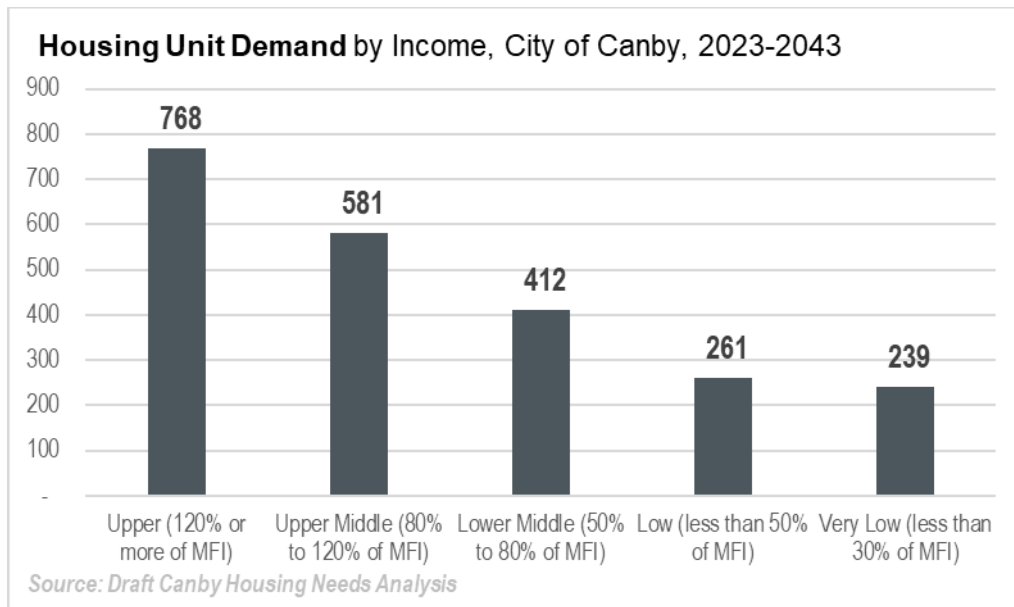


Exhibit 5: Projected Housing Unit Demand by Income Level

| Household Income Level | Owner Occupied Dwelling Units | Renter Occupied Dwelling Units | Total Dwellings | % Mix | Representative Attainable Housing Products |
|-----------------------------------|-------------------------------|--------------------------------|-----------------|-------------|--|
| Upper (120% or more of MFI) | 768 | - | 768 | 34% | Standard Detached Homes |
| Upper Middle (80% to 120% of MFI) | 538 | 44 | 581 | 26% | Small Lot Homes & Cottages |
| Lower Middle (50% to 80% of MFI) | 230 | 181 | 412 | 18% | Townhomes, Plexes & Modular Homes |
| Low (less than 50% of MFI) | - | 261 | 261 | 12% | Apts., ADUs, Gov't Assisted |
| Very Low (less than 30% of MFI) | - | 239 | 239 | 11% | Apts., ADUs & Govt. Assisted Housing |
| Housing Units | 1,536 | 725 | 2,262 | 100% | |
| Plus Group Quarters Units | - | 23 | 23 | | Transitional housing & congregate care |
| Total Dwelling Units | 1,536 | 749 | 2,285 | | |
| Demand Mix | 67% | 33% | 100% | | |

- **Overall net new housing demand in Canby for the next 20 years is 2,285 dwelling units.**
- **Canby will require approximately 392 gross buildable acres of residential land to accommodate 20-year housing needs.** Currently, Canby has a deficit of land in all residential categories (**Exhibit 6**). Most land demand is expected in the lower density category (294 buildable acres) with measurable demand also expected in the medium and high-density category (66 acres).

Exhibit 6: Projected 20-year Land Sufficiency for Housing, Canby UGB

| Dwelling Unit Type | Most Typical Plan Designation ¹ | Buildable Land Requirement ³ | Current Buildable Land Inventory ³ | Buildable Land Deficit (excluding public parks) |
|--------------------------------------|--|---|---|---|
| Single-Family Standard Lot | LDR | 127.6 | 173.7 | (22.62) |
| Single-Family Small Lot & Cottages | | 102.7 | | (33.93) |
| Townhomes/Plexes (2-4 units) | MDR | 45.3 | 37.2 | (8.10) |
| Multi-family/Other ² | HDR /varies | 18.2 | 9.8 | (8.42) |
| Total (gross buildable acres) | | 293.9 | 220.8 | (73.07) |

Source: prior tables; and interpretation of current zoning code and housing development/market conditions.

¹ Manufactured housing is allowed in all residential land use classifications.

² Category also includes group quarters housing demand.

³ Derived from previous Exhibits.

ACTIONS BY THE CITY TO MEET HOUSING NEEDS

The City of Canby has been focused on addressing local housing needs for many years.

Recent Accomplishments

The City of Canby has recently adopted important efficiency measures that provide additional housing production opportunities including:

- The City has a provision in the Zoning Code (Chapter 16.82) that allows deviations of development standards for "Special Housing Projects for the Elderly or Handicapped."
- If a development is located in a specified portion of the Downtown Core area of the C-1 Zone, it is not required to provide any parking if the development is mixed use.
- The City's R-2 (High Density) Residential Zone has been amended to require a minimum density of 14 du/ac, preventing lower density development.
- The City has amended its Zoning Code to allow duplexes in all low density residential zones to fully comply with HB 2001.

These efficiency measures that have already been adopted are expected to increase the overall density in Canby by 3%, adding a total of 55 dwelling units within the City's UGB (**Exhibit 7**).

Exhibit 7: Supplemental Analysis of Adopted Efficiency Measures

| 3% Density Increase due to adopted efficiency measures (DUs per net acre) | Net Acres Needed after density increase | Additional Dwellings added due to efficiency measures |
|---|--|--|
| 0.16 | 101.70 | 16 |
| 0.22 | 77.92 | 17 |
| 0.26 | 41.05 | 11 |
| 0.58 | 18.10 | 10 |
| | | 55 |

Derived from Canby HNA Exhibit 26.

Evaluation of Additional Local Policy Actions

- In addition to these actions, the City drafted a current Housing Needs Analysis (adopted in July 2024). Concurrent with the HNA and the HPS planning process, the City conducted community outreach (through community open house meetings, housing advisory committee meetings, planning commission and city council work sessions and hearings, and community housing surveys) to obtain feedback from the public-at-large (housing consumers) and housing producers (including builders and developers) to identify key issues and to obtain input regarding “best practices” used by cities to foster housing development.
- Community input has been incorporated into the Housing Production Strategy to address housing needs for all citizen and to help remove regulatory “barriers” through locally preferred actions, such as:
 - A. Providing a process for identification of land to up-zone for middle housing
 - B. Allowing clusters of cottage housing in all R Zones
 - C. Streamlining the PUD review/approval process with clear and objective guidelines
 - D. Creating new incentives for fostering a range of housing types within PUDs
 - E. Scaling system development charges (SDCs) by Home Size
 - F. Conducting education to property owners regarding land use permitting for infill development, such as adding accessory dwellings and minor partitions.
- The eventual adoption/implementation of these new policy actions will help foster additional near-term housing construction for all needed housing types and could also create UGB efficiencies which could reduce the overall land needs discussed above. An evaluation of key policy measures is provided in **Section IV**.

III. COMMUNITY ENGAGEMENT

Throughout the HNA and HPS process, Canby and the consultant team conducted stakeholder interviews with key housing producers, employers, and housing non-profit representatives (e.g. developers, real estate agents, housing advocates, and consumers and consumer representatives for priority populations). A presentation of public outreach activities is included in **Appendix C**.

Housing producers were asked to identify barriers and opportunities to facilitate the development of more affordable housing options. Housing consumers were asked to share their experiences attaining affordable housing and the barriers to doing so.

STAKEHOLDER INTERVIEW SUMMARY

Interviews were conducted with several housing stakeholders including the following:

Housing Consumers and Advocates

- Hope Village (staff)
- Canby Adult Center (staff and clients)
- Bridging Cultures
- Faith-Based Communities

Housing Producers

- Property Owners
- Developers
- Land Use Attorney
- Apartment Complex Manager

Key themes from these interviews include the following:

Housing Producer Input

- **Lack of incentives and guidance for affordable housing** – Incentives are needed for developers to produce smaller homes.
- **Overarching regulatory requirements create a barrier** – The amount of roadway required, parking, SDC fees, design standards, and minimum lot width limit a developer's ability to lower costs.
- **Existing Zoning Code, specifically Zone R-2, offers helpful flexibility** – Zone R-2 is less limiting than R-1 in terms of lot size and locational variability.
- **Higher density housing centralized in the Downtown area** – Look to the Dahlia Building and consider both the lack of senior housing and the surplus of large rental units.

Housing Consumer Input

- **Community members live in a variety of housing types, and more housing in each category is desired** – Such housing should incorporate minimal maintenance, multi-modal accessibility, and connectivity.
- **Intergenerational housing, home equity, and senior housing are at the forefront of Canby residents' desires** – Many residents live in Canby for the proximity to family, and because they want to be able to own housing; they see a large need for affordable senior housing.
- **Rental housing rates are too high** – The need for affordable housing starts at 40% MFI. People with \$40,000 annual income struggle to make rents in the \$1,200 to \$1,400 range, and most rents are closer to \$1,600.
- **The City should take actionable steps to aide in creating and attracting affordable housing** – Ideally such steps would include the purchase of land, rent control measures, and development code revisions.

HOUSING ADVISORY COMMITTEE

The process for the HNA and the HPS for Canby included periodic meetings with Canby's Housing Advisory Committee to obtain feedback on interim deliverables and draft recommendations, with specific attention focused on understanding housing issues and identifying which policies the City should pursue. In a committee meeting on September 27, 2022, the agenda focused on draft HNA findings and "best practices" cities can take to foster housing production. Key takeaways are highlighted below:

- Committee members urged caution in pursuing ways to increase housing production without quality controls included. Committee members want quantity and quality.
- Pursuing high-priority infrastructure projects to unlock developable residential land has worked for Canby in the past and should continue to be emphasized. This is especially true of the needed water treatment plant project.
- Density bonuses for income-restricted housing received positive feedback from committee members.
- SDCs scaled that reflect the size of housing units was recommended.
- Relaxing parking requirements is viewed as extremely controversial, and artful implementation should be considered, particularly in downtown.
- In order to ensure growth occurs in an orderly manner with high quality housing products, a well thought out, incremental approach to policy implementation is encouraged.

COMMUNITY OPEN HOUSE

A community open house meeting was held on July 14, 2022 on the topic of housing. Approximately 40 members of the public attended. City staff and the consultant team provided an update on housing data followed by an opportunity for the public to share their observations about housing issues and needs in Canby. A summary of meeting input includes the following:

- Some attendees were concerned that, by planning for growth, the City was making unwanted growth happen. They said that Canby should remain small and rural and should not emulate larger cities, like those in the greater Portland Metro Area.
- Some attendees expressed concern that any potential expansion to the UGB would destroy prime farmland.

- Attendees observed that new development design standards in Canby need to be created, with a special focus on multifamily housing and fencing.
- Attendees were very supportive of Canby pursuing a policy that would allow for the development of cottage clusters.
- Several attendees observed that residents need to be able to weigh in on what constitutes “affordable” housing.
- Some attendees expressed concern that new apartments in the city are not affordable to most residents, with newer apartments in the area charging \$1,800 per month.
- Attendees expressed interest in using tax increment financing as part of newly formed urban renewal districts as a means to pay for infrastructure and “pay down SDCs” for affordable housing.

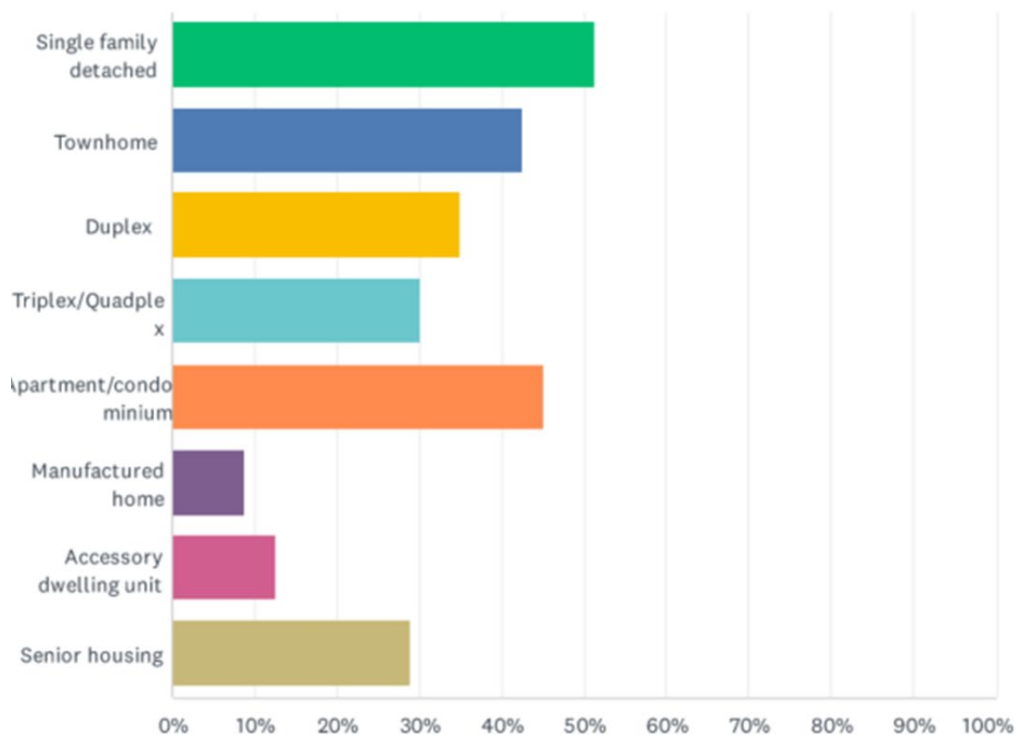
PUBLIC SURVEY

An online public survey was conducted throughout the HNA process, which helps contextualize public perspectives on the housing market in Canby. A total of 80 responses were recorded as of December 2022. A summary of feedback obtained from the online survey is provided below.

What Housing Types does Canby Need Most?

Respondents to this question favored single-family detached housing followed closely by apartments/condominiums and townhomes. Accessory dwelling units were called out by about 10% of respondents with even fewer respondents saying that manufactured homes were needed in Canby.

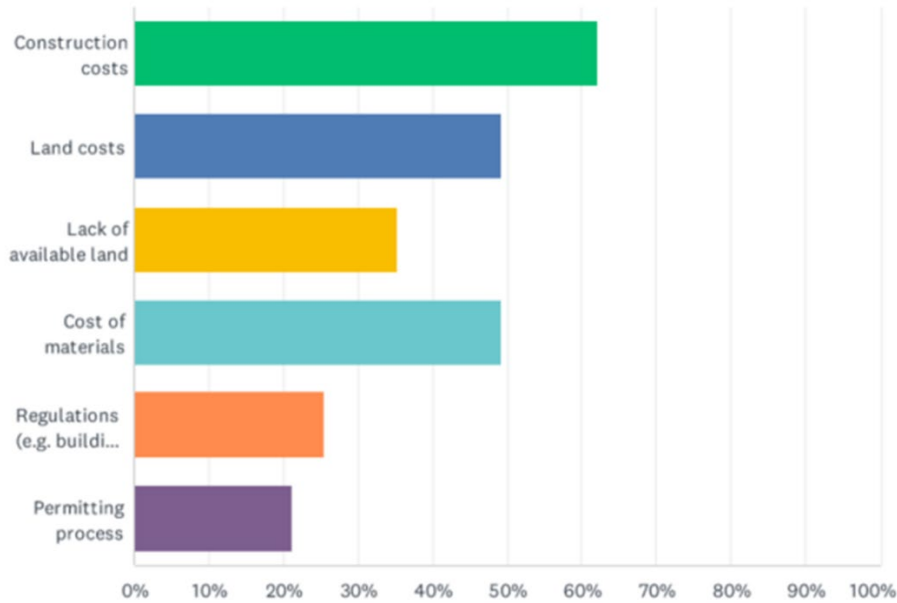
What Types of Housing Does Canby Need the Most?



What are the Top Three Barriers to Housing Development in Canby?

Nearly three quarters of respondents cited construction costs as the largest barrier to the construction of housing in Canby. Nearly half of all respondents cited land costs and cost of materials as major factors as well. Importantly, only one quarter of respondents cited regulations and 20% of respondents cited the permitting process as a major barrier.

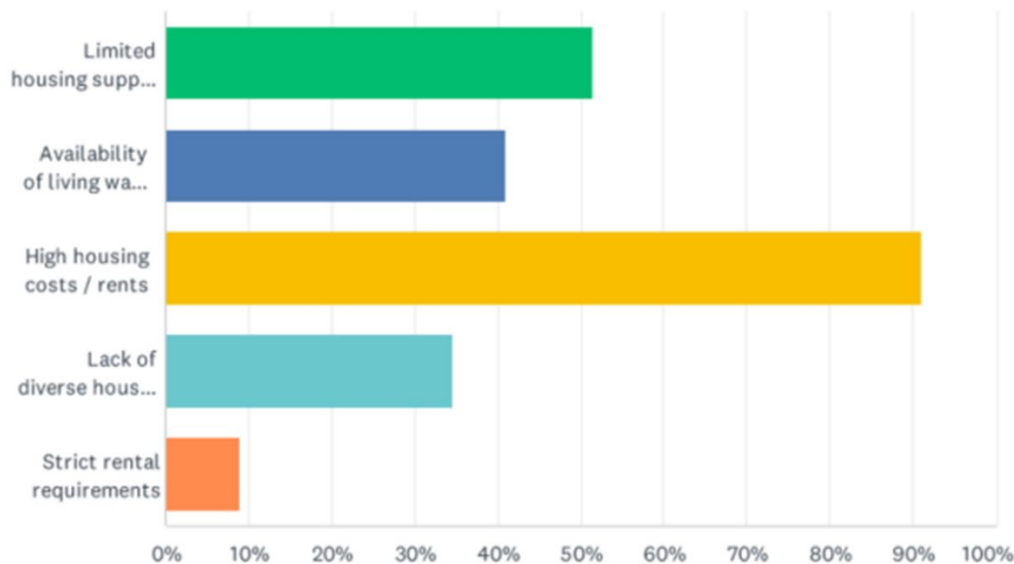
What are the Top Barriers to Housing Development?



What are the Top Barriers to Owning a Home in Canby?

Over 90% of respondents cited housing costs as a major barrier to home ownership. A lack of housing supply and the availability of living wage jobs were also significant concerns.

What are the Top Barriers to Home Ownership?



An opportunity for respondents to provide open-ended responses was also provided. Thematic responses regarding issues and concerns are summarized below.

- Traffic congestion and anything that degrades quality of life are concerns
- Lack of sidewalks & traffic control systems
- Lack of attainable housing supply for workers
- Lack of coordinated long term community master plan
- Lack of quality design & landscaping standards
- Warehousing & distribution businesses that pay low wages
- Sprawl (low density development that is not pedestrian friendly)

HOW WAS INPUT CONSIDERED?

Feedback provided by the Housing Advisory Committee, open house attendees, stakeholders, and public survey participants was used to provide important local context to the unique issues faced by Canby. Additionally, this diverse feedback provided a sense for what new policies might be politically feasible in the near term (1 to 8 years). Examples include:

- Broad support for cottage cluster development standards suggests that this is a policy the City can undertake without concern for significant pushback.
- Concern from community members regarding widespread up-zoning, or implementing a higher-density zone, versus a more focused approach to identifying strategic locations where multifamily should occur.
- General support regarding the need to scale SDCs by house size.
- Overall support for additional downtown mixed-use development (e.g., housing over commercial or adjacent to commercial uses).

FUTURE OUTREACH RECOMMENDATIONS

The following recommendations for public outreach are not limited to only housing policy development efforts, but may be implemented on a regular basis.

- The opportunity to hear from the general public in an open house setting is beneficial. Members of the public appreciate the opportunity to learn what City staff are working on and like to have their opinions heard. This exercise also improves the mutual understanding of concerns being faced by housing consumers in Canby. In 2023, the City held community-wide open house meetings for the public that were focused on housing policy implementation.
- Continued efforts to reach out to the Hispanic and Latino community in Canby should be undertaken. Nearly 1 in 5 residents in Canby (17%) are included in this demographic. Minority residents have not been well represented during the public meetings so more targeted outreach will be required to obtain their input regarding local housing issues.
- Additional efforts should be made to meet with the public at locations that are convenient to them (such as community events, farmers markets, club meetings, etc.).
- The City may also consider regularly convening a housing committee that is similar to the Housing Advisory Committee created for the HNA and HPS planning process. This model exists in other communities of similar size to Canby. The ad hoc housing committee could assist with updates to local housing market data and serve as a sounding board for the review of new local policies.

IV. STRATEGIES TO MEET FUTURE NEEDS

The following strategies are intended to increase the provision of needed housing in Canby. Strategies listed below have been analyzed to determine citywide housing impact as well as how well they meet the needs of key demographics. These policies will be refined through the Housing Production Strategy process.

A. Develop Process for Identifying Land to Up-Zone

Description

- Develop a process for identifying land to up-zone (or rezone) to meet a growing need for medium and high-density housing development. The identification criteria may include considerations of location, transportation access, access to and capacity of infrastructure, site size, development constraints, and other relevant criteria.
- Determine the quantity of land needed to be up-zoned to address deficits identified in the HNA process.
- A land identification policy is recommended because of the known need for increased middle housing products highlighted in the Housing Needs Analysis, as well as a need for more affordable housing options to meet the needs of protected classes identified in the Contextualized Housing Need memo (**Appendix A**).
- A land identification policy also dovetails with a preference for R-2 zoned land by stakeholders, as highlighted herein.

Implementation Steps

- A major code update to the Canby Development Code is planned to begin in 2026. It is expected to be a two year project with a code audit the first year and code update the second year. The project timeline is subject to acquiring consulting budget for this work. Consider adding this as a policy to the development code, along with other housing policies.
- Determine the need for consultant assistance for public outreach or technical analysis.
- Review buildable land inventory data, adequacy of infrastructure, access to services throughout Canby UGB, and willingness of property owners to develop land with proposed uses.
- Identify candidate sites and up-zone evaluation criteria.
- Identify and convene a new advisory committee to advise and review staff recommendations.
- Develop zoning code amendments through the comprehensive plan update process and adopt them through legislative hearings.

Timeframes

- For Adoption: 2029
- For Implementation: 2030
- For housing Impacts: 2032

Estimated Magnitude of Impact

- Housing Type Impact: increase in low income and multifamily housing.
- Housing Tenure Impact: Increase in rental units.
- Income Demographic Served: Low to middle income households (50-120% MFI)
- Housing Production Impacts: The Canby HNA estimates that after the implementation of HB 2001 and related Canby land use regulations, low density residential land is expected to yield between 5.59 units per net acre for standard detached homes and 7.8 dwellings per net acre for cottage homes. Medium and high density land is expected to yield 8.46 dwellings per net acre for townhomes and 19.46 units per net acre for apartments on average. Using those density assumptions, for every acre Canby up-zones from low density to medium or high density the City can expect an increase of about 1.7 units per net acre for townhomes and 12.7 units per acre for apartments.
- Demographic Benefits and Burdens
 - Low-income communities: Up-zoning is expected to be a benefit to lower income households by providing more cost effective, higher density market-rate housing which will be relatively more affordable than single-family detached units. In addition, higher density land could provide the opportunity for subsidized housing development, which will be required to address the needs of extremely low-income households and Canby's homeless population. A potential burden of up-zoning is an increased risk of displacement of lower-income families if up-zoning occurs in enclaves of existing affordable housing. Potential mitigation strategies that the City can explore include affordable housing requirements and renter protection regulations.
 - Communities of color: Up-zoning is expected to have a direct benefit to BIPOC communities given that higher density residential land will likely yield more housing choice for renters (55% of Canby's BIPOC households live in rental housing compared with 33% of white households). As stated above, this policy could burden BIPOC households with a greater risk of displacement if up-zoning occurs in existing enclaves of affordable housing without mitigation strategies.
 - People with disabilities: This policy could provide increased housing choice and accessibility for Canby residents with disabilities, especially if this policy includes accessibility considerations. If some up-zoning occurs in areas with nearby amenities, this policy could be especially beneficial to Canby residents with disabilities. As stated above, this policy could increase the burden of displacement on disabled residents of Canby if upzoning occurs in existing enclaves of affordable housing without mitigation strategies.
 - Individuals experiencing homelessness: As stated above, this policy creates an increased opportunity for the development of subsidized housing, including housing intended to meet the needs of Canby's homeless population. As with other vulnerable populations, displacement of homeless residents could occur if up-zoning is pursued without mitigation strategies.
 - Seniors: There is no direct benefit to older residents of Canby with this policy; however, to the extent that there is desire amongst seniors to downsize (e.g. move from a single-family home to a more centrally located, higher-density home), increasing medium and higher-density housing opportunities will benefit such residents. The potential burden of displacement risk for Canby's senior residents does exist to the extent their homes are included in areas identified to be up-zoned.

Revenue Impacts:

- May result in increased property tax revenues.
- Increased intensity of development may result in more efficient use of infrastructure and favorable return on public investment.

B. Allow Cottage Clusters in Residential Zones

Description

- Allow cottages to be developed in clusters with shared central amenities (such as open spaces) to allow for the development of small single-family detached housing clustered on a lot in the R-1 and R-1.5 zones.
- This housing type can provide a variety of needed housing units. Examples of cottage cluster housing across the state of Oregon include subsidized housing for homeless veterans and market rate developments focused on serving seniors and people with disabilities. These types of developments can also subdivide, allowing for affordable starter home opportunities.
- Allow cottage developments with sufficient density to make their development financially viable for developers.
- This policy is recommended because of the need for smaller scale, more affordable housing units documented in the HNA.
- This policy also reflects the community's desire for more diverse housing types as expressed in stakeholder outreach.
- This policy could also address Canby residents' desire for senior housing, affordable home ownership opportunities and attainably priced rental housing options.

Implementation Steps

- Canby adopted the cottage cluster code in 2024. A major code update to the Canby Development Code is planned to begin in 2026. Consider adding this as a policy to the development code, along with other housing policies.
- Determine the need for consultant assistance for public outreach or technical analysis.
- Develop zoning code amendments and adopt them through required public hearings.

Timeframes

- For Adoption: 2025
- For Implementation: 2026
- For housing Impacts: 2028

Estimated Magnitude of Impact

- Housing Type Impact: Increase in middle housing options.
- Housing Tenure Impact: Increase in rental units as well as “starter home” ownership and opportunities and downsizing opportunities for “empty nesters”.
- Income Demographic Served: Middle- and upper-income households (30% - 120%+ MFI)
- Housing Production Impacts: Increased infill housing production with the potential for greater impact if incentives such as scaled SDCs are adopted in conjunction with this strategy.
- Demographic Benefits and Burdens
 - Low-income communities: This policy would have a direct benefit to middle-income households in a market-rate setting. The City could also provide incentives for development of cottage clusters aimed at lower-income households. This style of development may also provide home ownership opportunities to residents who may not otherwise be able to afford to buy a home in

Canby, increasing housing choice for residents of a broad income spectrum. As with an up-zoning land policy, this strategy does potentially burden low-income communities with an increased risk of displacement in areas where cottage development is allowed. Potential mitigation strategies that the City can explore include affordable housing requirements and ownership opportunity assistance targeted at lower-income households.

- Communities of color: An indirect benefit is expected given that 55% of BIPOC Canby residents are currently renters in the community and this style of development is likely to increase the amount and variety of housing choice. This benefit could be twofold given that, as stated above, cottage clusters can provide home ownership opportunities that may not otherwise be available in Canby. However, this strategy could also burden BIPOC households with an increased risk of displacement in areas where cottage development is allowed. Potential mitigation strategies that the City can explore include affordable housing requirements and ownership opportunity assistance targeted at residents of color.
- People with disabilities: This policy could benefit Canby residents with disabilities by providing a greater selection of housing choice as well as access to amenities in cases where cottage clusters are developed in a central location. Cottage cluster communities could also cater to residents with disabilities by focusing on accessibility. A potential burden for disabled residents is that, unlike structures with four or more units, there is no Federal requirement for accessible design in the cottage cluster style of development. Potential mitigation strategies that the City can explore include a focus on accessibility in siting and design can help address this burden.
- Individuals experiencing homelessness: Taken alone, this policy will not provide a direct benefit to Canby's homeless population. The City could consider providing incentives to nonprofits that work with homeless residents on a case-by-case basis, which would provide a direct benefit. For instance, as a part of strategy M described below, the County, nonprofit housing providers, and the City could collaborate to develop a cottage cluster development aimed at housing Canby's homeless residents. As with other potentially vulnerable populations, the displacement burden of homeless residents could occur in areas where cottage developments are allowed absent mitigation strategies.
- Seniors: To the extent that there is desire to downsize (e.g. move from a single-family home to a more centrally located, higher-density home), cottage cluster housing opportunities will benefit Canby's seniors. In addition, several other communities in Oregon have seen the development of cottage clusters targeted towards seniors (especially lower-income seniors), which would provide additional affordable housing choice. To the extent that cottage clusters are available adjacent to amenities, seniors could also benefit from greater access to services. The burden of increased risk of displacement for Canby's seniors does exist to the extent their homes are included in areas where cottage clusters become an allowed use.

Revenue Impacts:

- Increased intensity of development may result in an increase in infrastructure system efficiencies and return on public investment.
- Increases in residential population may result in an increased need for City services.

C. Identify Opportunities to Streamline Planned Unit Developments (PUDs)

Description

- Identify opportunities to streamline the PUD approval process and standards for designing and approving planned developments.
- This policy will help to address the need for single-family detached housing in Canby.
- This policy is recommended so the City can explore ways to reduce the time and monetary costs of producing needed housing in Canby.
- This policy could also include application of a broader variety of housing types allowed in PUDs, addressing the community's desire for more diverse housing types.
- This policy could also address the regulatory barriers identified by the development community, such as roadway and right-of-way standards and minimum lot width.

Implementation Steps

- A major code update to the Canby Development Code is planned to begin in 2026. Consider adding this as a policy to the development code, along with other housing policies.
- Determine the need for consultant assistance for public outreach or technical analysis.
- Develop zoning code amendments and adopt them through required public hearings.

Timeframes

- For Adoption: 2029
- For Implementation: 2030
- For housing Impacts: 2031

Estimated Magnitude of Impact

- Housing Type Impact: Increase in variation in single family housing types (small lot, large lot, townhomes, etc.) and duplex development.
- Housing Tenure Impact: Increase in owner-occupied units.
- Income Demographic Served: Middle- and upper-income households (80%-120%+ MFI)
- Housing Production Impacts: This policy will increase the range of housing types within planned residential developments which may translate to more affordable home ownership opportunities.
- Demographic Benefits and Burdens
 - Low-income communities: There is no direct benefit to low-income Canby residents from this policy. Increased use of the PUD path could increase housing costs overall, which may increase housing cost burden for lower-income residents of Canby. Generally speaking, PUDs are subject to Planning Commission review which makes these developments vulnerable to localized opposition to new housing proposals, particularly those that contain denser, diverse, and affordable housing options. This could result in fewer housing units attainable for low-income residents. Potential mitigation strategies that the City can explore include incorporating affordable housing or housing mix requirements as discussed below in strategy D.
 - Communities of color: There is no direct benefit to BIPOC Canby residents from this policy. There is a potential indirect benefit in the increased housing choice that PUDs can provide.

As noted above, newer homes could increase cost burdens experienced by lower income BIPOC households. Potential mitigation strategies that the city can explore include incorporating affordable housing or housing mix requirements as discussed in strategy D below.

- People with disabilities: There is no direct benefit to Canby residents with disabilities. It is possible that newer developments will be built with accessibility considerations in mind, but that would not be ensured by this policy alone. There is a risk that new PUD units will not contain accessibility features required in structures with four or more units, which are required under federal law to include certain minimum accessibility features. Potential mitigation strategies that the City can explore include focusing on accessibility in siting and design, which can help address this risk.
- Individuals experiencing homelessness: It is unlikely that this policy will result in any direct benefits for Canby's homeless residents. As in prior strategies discussed in this HPS, displacement of homeless residents could occur in areas where new PUDs are developed absent mitigation strategies.
- Seniors: Canby's seniors may benefit from increased housing choice stemming from PUDs. As in prior strategies, there is a risk of displacement for Canby's older residents to the extent their homes are included in areas identified for PUDs.

Revenue Impacts:

- No revenue impact expected.

D. Incentives to Encourage Diverse Housing Development in PUDs

Description

- Provide financial incentives to encourage developers to build planned developments with a variety of housing types, including incentives to support the development of income-restricted housing.
- Recommended incentives include: 1) the use of SDC credits for private financing and the application of tax increment financing (through new urban renewal district) for funding roads and infrastructure, 2) use of publicly-owned land, 3) density bonuses and other considerations, 4) a required share of deed restricted affordable housing, and 5) other options as may be adopted as policy by the City.
- This policy will address the need for a broad range of housing types in Canby.
- This policy will address residents' desire for the City to take actionable steps to incentivize both private investment in affordable housing as well as developer incentives to construct and build affordable housing.

Implementation Steps

- Consider and adopt incentives that foster a wider range of housing types in PUDs, including reduced SDCs for deed restricted affordable housing, lot size reductions for middle housing, and inclusion of public facility investments (such as public open space, parks, bike/pedestrian facilities) for PUDs that provide a range of housing options that deliver benefits to marginalized populations and households.
 - Canby adopted a revised planned unit development code in 2024 that incentivizes housing for the elderly with a density bonus provided in exchange for the requirement that up to 5% of the housing units will be single story units, that have at least one entrance accessible via a route that does not have any stairs between it and the street lot line or an on-site parking space.
- Conduct outreach to the public, property owners, and development community.
- Present recommended incentives and financial impacts to decision makers (Planning Commission, City Council, etc.) for approval.
- Annually report on the count of income restricted units developed stemming from this strategy to measure its effectiveness. Reports shall be provided to both Canby City Council and appropriate state agencies.

Timeframes

- For Adoption: 2029
- For Implementation: 2031
- For housing Impacts: 2033

Estimated Magnitude of Impact

- Housing Type Impact: Increasing middle housing (duplexes, ADUs) as well as the provision of income restricted units.
- Housing Tenure Impact: Increase in rental and owner-occupied units.
- Income Demographic Served: Low to middle income households (50-120% MFI)
- Housing Production Impacts: This policy will indirectly increase the development of needed housing by reducing the development costs of needed middle housing and income-restricted dwelling units.
- Demographic Benefits and Burdens

- Low-income communities: This policy could have an indirect or direct housing choice benefit to low-income residents of Canby, depending on how it is implemented. The most direct way the City can help low-income communities is to provide incentives to developers in exchange for a share of PUD units being deed-restricted affordable dwellings. This would provide guaranteed units for residents who require a subsidized unit to live in Canby. If incentives provided are not contingent on deed restrictions, indirect benefits may still accrue to lower-income residents in the form of an increased number of rental units, some of which may be priced lower than existing rentals in Canby. As in the prior PUD-related strategy, PUDs are subject to Planning Commission review which makes these developments subject to localized opposition, particularly those that contain denser, diverse, and affordable housing options. This could result in fewer housing units attainable for low-income residents.
- Communities of color: As noted above, the impact of this policy on BIPOC Canby residents depends on how incentives are crafted and deployed. For instance, the City could provide incentives to a non-profit developer whose focus is providing homes to Latinx residents which would be a direct benefit. More likely, these incentives will provide a proportional benefit to BIPOC residents of Canby through the development of more dwelling units, greater housing choice, and the potential for deed-restricted dwelling units. As mentioned above, local opposition to housing developments could result in fewer new housing units attainable to this population.
- People with disabilities: Again, this policy's impact on Canby residents with disabilities will depend on how the City chooses to deploy them. For instance, incentives could be contingent, in part, on the development of units explicitly accessible to residents with disabilities, which would be a direct benefit. Otherwise, benefits of incentives would be proportional. There is a risk that new PUD units will not contain accessibility features required in structures with four or more units, which are required under federal law to include certain minimum accessibility features. Potential mitigation strategies that the City can explore include a focus on accessibility in siting and design can help address this risk. As noted under implementation steps, a density bonus is provided for accessible homes.
- Individuals experiencing homelessness: It is unlikely that this policy will result in any positive or negative impacts for Canby's homeless residents. As in prior strategies discussed in this HPS, displacement of homeless residents could occur in areas where new PUDs occur absent mitigation strategies.
- Seniors: Again, this policy's impact on older residents of Canby will be contingent on how incentives are deployed. As noted above, Canby adopted a revised PUD code in 2024 that incentivizes housing for the elderly with a density bonus provided in exchange for the requirement that up to 5% of the housing units will be single story units, that have at least one entrance accessible via a route that does not have any stairs between it and the street lot line or an on-site parking space. As in prior strategies, there is a risk of displacement for Canby's older residents to the extent their homes are included in areas identified for PUDs.

Revenue Impacts:

- No significant revenue impact is expected over the long term.

E. Modify System Development Charge (SDC) Fee Schedules with Scaled Charges Based on Home Size

Description

- Create SDC fee schedule that is scaled based on dwelling unit size. Consider per square foot fees rather than fees per dwelling.
- This policy will reduce the up-front cost of developing smaller housing units while charging more to larger units, creating a more equitable regime of development fees.
- This policy is in response to the community desire for Canby to take actionable steps to incentivize private and non-profit developer investment in affordable housing. This policy will also address developers' recommendation that more incentives be provided for the development of affordable housing.

Implementation Steps

- Consider adding this as a policy to the development code, along with other housing policies.
- Determine the need for consultant assistance for public outreach or technical analysis.
- Identify and convene an advisory committee to advise and review staff recommendations.
- Adopt updated SDC methodology through required public process.

Timeframes

- For Adoption: 2026
- For Implementation: 2027
- For housing Impacts: 2028

Estimated Magnitude of Impact

- Housing Type Impact: Primary benefit: smaller housing units (e.g., plexes, townhomes, cottage homes, manufactured homes).
- Housing Tenure Impact: Benefits home renters and owners
- Income Demographic Served: Low to upper income households (50%-120%+ MFI)
- Housing Production Impacts: Scaling SDCs will help to incentivize construction of smaller market-rate single family detached dwelling units which should be less expensive than larger dwelling units.
- Demographic Benefits and Burdens
 - Low-income communities: It is unlikely that scaled SDCs on single-family detached housing will provide direct benefit or burden to low-income communities.
 - Communities of color: BIPOC residents of Canby who hope to own a single-family detached home will realize direct benefits from this policy, given that a lower SDC on smaller homes will result in cost savings.
 - People with disabilities: Canby residents with a disability hoping to own a single-family detached home will realize direct benefits from this policy, given that a lower SDC on smaller homes will result in cost savings.
 - Individuals experiencing homelessness: It is unlikely that this policy will result in any positive or negative impacts for Canby's homeless residents.

- Seniors: Canby's senior residents hoping to own a single-family detached home will realize direct benefits from this policy, given that a lower SDC on smaller homes will result in cost savings.

Revenue Impacts:

- No overall revenue impact if scaled SDCs are calibrated to be revenue neutral.

F. Land Use Permitting Education for Property Owners/ Developers

Description

- Provide information and FAQs to local developers and property owners to help them understand how to navigate the land use permitting process.
- Develop a property owner guidebook to building ADUs, which would address residents' desires for more diverse housing types.
- Provide outreach documents that would both distribute information to and provide networking opportunities between property owners and smaller-scale developers to encourage infill developments.
- This policy would address residents' request for more attainably priced rental housing as well as intergenerational housing opportunities by providing information on financial resources available for ADUs, middle and multi-family housing.
- This policy would address developers' critique that there is a lack of guidance for development of affordable housing.

Implementation Steps

- Develop outreach materials (e.g. meeting slides, infographics, newsletters, etc.)
- Develop FAQ and guidance manuals
- Conduct outreach to the development community, property owners.
- Schedule and conduct meetings/networking events.

Timeframes

- For Adoption: 2029
- For Implementation: 2030
- For housing Impacts: 2033

Estimated Magnitude of Impact

- Housing Type Impact: Minor impact across all housing types.
- Housing Tenure Impact: Homeowners may learn more about what is permissible on their land (e.g. duplex, ADUs, etc.) which could lead to the development of more rental units.
- Income Demographic Served: Minor impact across all incomes.
- Housing Production Impacts: Overall increased development of needed housing, especially infill, and smaller scale development types.
- Demographic Benefits and Burdens
 - Low-income communities: Long-term, this strategy may encourage property owners to develop more ADUs than they would without the educational guidance, which may ultimately result in more affordable rental units for low-income residents.²
 - Communities of color: Short term, this strategy may help address the documented shortcomings the City has in outreach to BIPOC community members in Canby. In the long term, an increased supply of ADUs would create more housing choices for Canby's renters of color. In addition,

² Portland State University Institute for Sustainable Solutions 2018 ADU Survey

ADUs developed in areas close to amenities would also provide BIPOC renters in Canby better access to community services and opportunities. As with low-income residents, this strategy could reinforce systemic barriers that have historically excluded BIPOC residents from property ownership.

- People with disabilities: Long term, an increased provision of ADUs would create more housing choice for Canby's renters with a disability. In addition, ADUs developed in areas close to amenities would also provide Canby's disabled renters with better access to community services and opportunities.
- Individuals experiencing homelessness: In the long term, it is possible that connections developed through educational events result in subsidized housing being constructed, which would directly benefit homeless residents of Canby.
- Seniors: In the long term, an increased supply of ADUs would create more housing choice for Canby's seniors. In addition, ADUs developed in areas close to amenities would also provide Canby's older residents with better access to community services and opportunities. ADUs are also commonly built to allow for multigenerational housing, while also providing the privacy of a stand-alone residence.

Revenue Impacts:

- Initial years may require 0.2 FTE of staff time plus advertising and education/outreach materials cost of approximately \$5,000 per year.

G. Reduce Minimum Lot Size

Description

- Reduce the minimum lot size for townhomes from 3,000 square feet to between 1,500 and 2,000 square feet for all zones that allow townhomes.
- Allowing for more density among the townhome category can address some of Canby's demand for middle housing types as well as provide more affordable ownership opportunities for Canby residents.
- This policy is recommended based on conversations with housing providers and more accurately reflects the current industry standard in townhome construction practices.
- This policy directly addresses developers' concerns regarding minimum lot width regulations.
- This policy responds to residents' desire for more diverse housing type options, the potential for additional senior housing, and more attainably priced home ownership opportunities.

Implementation Steps

- Consider adding this as a policy to the development code, along with other housing policies, such as reducing the minimum lot size within the Low Density Residential zone.
- Determine the need for consultant assistance for public outreach or technical analysis.
- Develop zoning code amendments and adopt them through the requisite public hearings process.

Timeframes

- For Adoption: 2029
- For Implementation: 2030
- For housing Impacts: 2032

Estimated Magnitude of Impact

- Housing Type Impact: Increase in middle housing.
- Housing Tenure Impact: Increase in "starter home" ownership opportunities.
- Income Demographic Served: Middle to upper income residents (80-120%+ MFI)
- Housing Production Impacts: Increased infill housing production with the potential for greater impact if incentives, such as scaled SDCs, are adopted in conjunction with this strategy.
- Demographic Benefits and Burdens
 - Low-income communities: This policy would result in lower development costs as a result of increased density of dwelling units, which could increase rental opportunities for lower income residents of Canby. This increased housing choice would, at least in part, materialize in more amenity-rich areas of Canby, which could provide locational benefits for lower income residents as well. As with the up-zoning land strategy described above, this strategy could result in increased housing cost burden for low-income communities in areas where reduced lot sizes are allowed.
 - Communities of color: An indirect benefit is expected given the fact that 55% of BIPOC Canby residents are currently renters in the community, and this style of development is likely to increase the housing choices available to renters. This benefit would likely be twofold given that townhomes can provide home ownership opportunities that may not otherwise be available in

Canby, providing BIPOC residents the opportunity to become homeowners. This strategy does run the risk of displacement of Canby's communities of color in areas where minimum lot sizes are reduced because of the increased risk of gentrification.

- People with disabilities: Adoption of lower minimum lot size requirements would likely provide increased housing choice and improved access to services and amenities for Canby's disabled residents. There may be a risk to this strategy because townhomes developed as a result of reduced minimum lot size requirements are more likely to be multi-story and are unlikely to be developed with an elevator or other accessibility features. A focus on accessibility in siting and design can help address this risk.
- Individuals experiencing homelessness: Taken alone, this policy will not provide a direct benefit to Canby's homeless population. Taken in conjunction with Strategy I, identified below as an update to residential zones, reduced minimum lot sizes could provide opportunities for nonprofits to provide housing to residents experiencing homelessness in a more cost-effective manner. As with other potentially vulnerable populations, displacement of homeless residents could occur in areas where reduced minimum lot sizes lead to increased development.
- Seniors: To the extent that there is a desire amongst Canby's senior population to downsize (e.g. move from a larger single-family home to a more centrally located townhome or smaller single-family detached home), reduced minimum lot sizes will benefit those residents by increasing housing choice and access to amenities. There is a risk of displacement for Canby's senior residents to the extent that their homes are included in areas where minimum lot sizes are reduced, encouraging more development in those areas. Additionally, the multi-story nature of townhomes may pose accessibility issues for seniors experiencing mobility issues.

Revenue Impacts:

- Increased intensity of development may result in an increase in infrastructure system efficiencies and return on public investment.
- Increases in residential population may result in an increased need for city services.

H. Increase Building Heights for Middle and Multi-family Housing

Description

- Increase maximum building height restrictions in R-2 zones and for housing located within commercial zones.
- Pursuant to Senate Bill 1537 (2024) allow additional bonus height for projects with regulated affordable housing units.
- This policy reflects the observations made by housing providers that there is strong demand for housing in the downtown area. Developers believe that taller residential buildings, most likely in the form of multi-family housing, would be market supportable.
- This strategy also addresses the need for more middle- and high-density housing development opportunities, which was observed in the HNA.
- Citizens' desire for more diverse housing types and affordable home ownership opportunities (in the case of condo development) would also be addressed by this strategy.

Implementation Steps

- A major code update to the Canby Development Code is planned to begin in 2026. Consider adding this as a policy to the development code, along with other housing policies.
- Determine the need for consultant assistance for public outreach or technical analysis.
- Develop zoning code amendments and adopt them through requisite public hearings process.
- Height increases will need to be factored into on-site parking requirements, available transit services, and state fire codes.

Timeframes

- For Adoption: 2029
- For Implementation: 2031
- For housing Impacts: 2033

Estimated Magnitude of Impact

- Housing Type Impact: Increase in high density housing.
- Housing Tenure Impact: Increase in rental units and potentially “starter home” ownership opportunities.
- Income Demographic Served: Low to middle income households (50-120% MFI)
- Housing Production Impacts: Increased housing density in the R-2 and commercial zones resulting in greater infill housing production with the potential for greater impact if incentives, such as scaled SDCs, are adopted in conjunction with this strategy.
- Demographic Benefits and Burdens
 - Low-income communities: This strategy is expected to provide a minor benefit to lower-income households by supplying more cost effective, higher density market-rate housing. In addition to expanding available housing choices, increased building heights in the R-2 zone could provide the opportunity for subsidized housing development, which will address the needs of extremely low-income households. However, preexisting affordable units currently located in the R-2 zone

could succumb to the pressure to redevelop should this policy be implemented, potentially causing displacement and increasing the housing cost burden in lower-income residents of Canby.

- Communities of color: This policy is expected to have a direct benefit to BIPOC communities because of the increased opportunity for the development of multi-family residential housing, likely yielding more housing choices for renters (55% of Canby's BIPOC households live in rental housing compared with 33% of white households). Additionally, increased building height could result in the development of condos or other home ownership opportunities that are presently less available in Canby, which increases housing choice for BIPOC families. As described above, this policy could increase housing cost burdens on BIPOC residents living in preexisting housing that is currently located on R-2 zones, as this policy would increase redevelopment pressure on those property owners.
- People with disabilities: This strategy will provide Canby's disabled residents with increased housing choice in the form of greater availability of multi-family units, which are required to include accessibility adaptations. These units will also be located in amenity-rich districts with access to necessary community services. As noted above, to the extent that Canby's disabled residents live in preexisting housing that is located in the R-2 zone, those residents may face displacement due to the increased pressure to redevelop.
- Individuals experiencing homelessness: As stated above, this policy would create an increased opportunity for the development of subsidized housing, which may include housing intended to meet the needs of Canby's homeless population. Increased development pressure in the R-2 zone may disrupt shelters for Canby's homeless residents.
- Seniors: To the extent that seniors in Canby desire to downsize, the opportunity for multi-family will benefit those residents by providing increased housing choice. As described above, these units will be in amenity-rich districts that will allow for easy access to necessary community services. Taller, multi-family developments are also likely to include federally-mandated accessibility features, which will benefit seniors with mobility issues. However, as noted above, Canby's seniors that are currently living in preexisting housing located in the R-2 zone may lose their housing due to the increase pressure to redevelopment.

Revenue Impacts:

- Increased intensity of development may result in an increase in infrastructure system efficiencies and return on public investment.
- Increases in residential population may result in an increased need for city services.

I. Update Residential Zones

Description

- Revise the R-1.5 zone to allow mobile home parks as a permitted use as required by state law. Manufactured housing communities are required by state statute to be a permitted use. Remove single-family detached residential as a permitted use in the R-2 zone.
- This policy is recommended because there is a projected deficit in middle and high-density residential land, which would be exacerbated by the development of additional single-family detached housing on higher-density R-2 land.
- This policy addresses residents' desires for more diverse housing types, affordable home ownership opportunities, and attainably priced rental housing.

Implementation Steps

- A major code update to the Canby Development Code is planned to begin in 2026. Consider adding this as a policy to the development code, along with other housing policies.
- Determine the need for consultant assistance for public outreach or technical analysis.
- Develop zoning code amendments and adopt them through requisite public hearings process.

Timeframes

- For Adoption: 2026
- For Implementation: 2027
- For housing Impacts: 2029

Estimated Magnitude of Impact

- Housing Type Impact: Increase in middle housing, naturally occurring affordable housing.
- Housing Tenure Impact: Increase in rental units as well as naturally occurring affordable ownership opportunities.
- Income Demographic Served: Very low to low income households (30-80% MFI)
- Housing Production Impacts: Maintenance of middle housing and infill housing production opportunities along with increased opportunities for the private development of affordable housing.
- Demographic Benefits and Burdens
 - Low-income communities: This strategy directly benefits low-income residents by providing affordable rental and ownership opportunities in the form of manufactured housing communities. As in prior land use-focused strategies, there is a risk of displacement of low-income communities in areas where increased development occurs.
 - Communities of color: Manufactured housing communities and multi-family developments allowed in the R-2 zone increase housing choice for Canby's BIPOC households. An increased supply of manufactured housing communities could also provide home ownership opportunities for Canby's BIPOC households that may not otherwise be available. This strategy does run the risk of displacement of Canby's BIPOC residents in areas where new development occurs. Potential mitigation strategies that the City can explore include affordable housing requirements and ownership opportunity assistance targeted at BIPOC residents.

- People with disabilities: Preserving the R-2 zone for middle and high density housing will benefit Canby's disabled residents by increasing the availability of accessible housing. This benefit is twofold in that the R-2 zone in Canby is in amenity-rich areas, providing disabled residents access to necessary community services. There is a risk, however, that multi-family developments under four units will not be Federally required to include accessibility features and will thus pose a greater accessibility barrier than other housing types. Potential mitigation strategies that the City can explore involve a focus on accessibility in siting and design approvals.
- Individuals experiencing homelessness: This strategy, in conjunction with Strategy L below, which identifies partnering with county and local nonprofit providers, could empower the City to partner with housing providers to house homeless residents. This could be especially effective in the context of a manufactured dwelling communities that are owned by a nonprofit. As with other vulnerable populations, displacement of homeless residents could occur in areas where more dense developments are allowed absent mitigation strategies.
- Seniors: This strategy could benefit Canby's senior population in (at least) two ways. Firstly, maintaining R-2 land for more dense housing options provides opportunities to downsize out of larger units. In addition, there are numerous examples of prosperous 55+ manufactured dwelling communities throughout Oregon, which could prove to also be prosperous for the seniors of Canby. There is a risk of displacement for Canby's older residents to the extent their homes are included in zones impacted by this strategy.

Revenue Impacts:

- Increased intensity of development may result in an increase in infrastructure system efficiencies and return on public investment.
- Increases in residential population may result in an increased need for city services.

J. Update Design Standards

Description

- Update design standards to allow for more cost-effective designs, such as modern styles, and reduce dimensional requirements that limit infill development.
- Specifically, street width requirements from the fire department (provided consistent with Oregon State Fire Codes), 20-foot width requirement for townhome developments and impervious street requirements necessary for storm drainage.
- This policy is recommended because several stakeholders identified dimensional requirements as a restriction on infill development in the downtown area.
- This policy also addresses residents' desires for more diverse housing types and, potentially, attainably-priced rental and home ownership opportunities.

Implementation Steps

- A major code update to the Canby Development Code is planned to begin in 2026. Consider adding this as a policy to the development code, along with other housing policies.
- Determine the need for consultant assistance for public outreach or technical analysis.
- Develop zoning code amendments and adopt them through requisite public hearings process.

Timeframes

- For Adoption: 2029
- For Implementation: 2031
- For housing Impacts: 2033

Estimated Magnitude of Impact

- Housing Type Impact: Increase in infill development, particularly middle housing types.
- Housing Tenure Impact: Increase in rental units as well as townhome and small lot single family-detached ownership opportunities.
- Income Demographic Served: Low to middle income households (50-120% MFI)
- Housing Production Impacts: Increased infill housing production with the potential for greater impact if incentives such as scaled SDCs are adopted in conjunction with this strategy.
- Demographic Benefits and Burdens
 - Low-income communities: If the updated standard produces the expected increase in middle housing development, there will be a benefit to lower income households in the form of increased rental housing choice. This strategy, like others, does run the risk of displacement of low-income communities in areas where increased middle housing development is allowed.
 - Communities of color: To the extent that this strategy leads to increased middle housing production, it will provide improved housing choice for Canby's BIPOC households. However, this strategy does run the risk of displacement of Canby's BIPOC residents in areas where infill development occurs.

- People with disabilities: Canby's disabled population could benefit from this strategy because infill development will increase housing choice, and the development is likely to be near to other community services, which would increase accessibility. In addition, the design updating process allows for an opportunity to include accessibility requirements on future middle housing development requests. However, there is a risk that more dense developments, which include more than one story, pose a greater accessibility barrier than single-story, single family, detached housing.
- Individuals experiencing homelessness: This policy in itself will not provide a direct benefit to Canby's homeless population. As with other potentially vulnerable populations, displacement of homeless residents could occur in areas where infill development is allowed, absent mitigation strategies.
- Seniors: Infill development could provide more opportunities for Canby's senior population to downsize and live in areas with better access to community services. However, there is a risk of displacement for Canby's senior residents to the extent their homes are included in areas identified to be upzoned due to displacement.

Revenue Impacts:

- Increased intensity of development may result in an increase in infrastructure system efficiencies and return on public investment.
- Increases in residential population may result in an increased need for city services.

K. Inventory and Encourage Preservation of Naturally Occurring Affordable Housing

Description

- Preserve and support the development of existing manufactured housing communities because they play a significant role in providing naturally occurring affordable housing.
- Work with owners of manufactured home parks to ensure livable conditions.
- Support manufactured home parks residents taking advantage of Oregon Housing and Community Services (OHCS) Manufactured Dwelling Park Loan program to preserve manufactured home parks up for sale. A coop or nonprofit ownership model can be used.
- Develop connections with organizations that provide support for manufactured home park preservation, including Oregon Housing and Community Services (OHCS), Network for Oregon Affordable Housing, Banner Bank, and CDFIs.
- This policy is recommended based on Canby residents' desires for affordable home ownership opportunities, attainably priced rental housing, and the desire for the City to take actionable steps to incentivize affordable housing.

Implementation Steps

- Partner with organizations listed above and the Clackamas County Housing Authority to support preservation efforts.
- Inventory and monitor manufactured housing communities in the Canby UGB.
- In zones with pre-existing, legal, non-conforming manufactured housing communities, make manufactured housing communities a permitted use and allow replacements for new manufactured homes. Alternatively, consider a Manufactured Housing Community Preservation zone that is a single-use zone only allowing manufactured housing.

Timeframes

- For Adoption: 2029
- For Implementation: 2030
- For housing Impacts: 2031

Estimated Magnitude of Impact

- Housing Type Impact: Increase in naturally occurring affordable housing.
- Housing Tenure Impact: Maintenance of affordable home ownership options.
- Income Demographic Served: Very low to low income households (0-80% MFI)
- Housing Production Impacts: Limited housing production impacts will result from this strategy.
- Demographic Benefits and Burdens
 - Low-income communities: The impact of this strategy on low-income residents will be most pronounced for those living in a manufactured housing community that is for sale. This strategy will also maintain current manufactured housing communities, providing affordable rental and ownership housing options available for low-income Canby residents. Negative impacts of this strategy on low-income residents are expected to be limited.

- Communities of color: As with low-income communities, this strategy will most benefit Canby's BIPOC residents living in a manufactured housing community that is for sale. The strategy will also provide affordable rental and home ownership options for Canby's BIPOC households. Negative impacts of this strategy on communities of color are expected to be limited.
- People with disabilities: Impacts on Canby's disabled residents are expected to be most pronounced for those living in a manufactured housing community that is for sale. As with Canby's low-income and BIPOC populations, preserving manufactured housing communities will maintain important housing options for disabled Canby residents. Negative impacts of this strategy on people with disabilities are expected to be limited.
- Individuals experiencing homelessness: Preserving naturally occurring affordable housing could provide attainable housing options for Canby's homeless residents that would like to move into housing, but otherwise lack the resources to do so. There is not expected to be any negative impact on the homeless residents of Canby.
- Seniors: As with Canby's low-income communities, this strategy will chiefly benefit Canby's senior households living in a manufactured housing community that is for sale. Additionally, maintaining naturally occurring affordable housing will provide additional housing options for Canby's seniors. Negative impacts of this strategy on Canby's seniors are expected to be limited.

Revenue Impacts:

- Financial impacts to the City will be limited to staff time spent developing connections with service providers.

L. Partner with Clackamas County and Seek Public/Private Partnerships

Description

- Coordinate with existing Clackamas County entities, such as the Clackamas County Housing Authority, to address supply of affordable housing and to assist those experiencing homelessness.
- Partner with Clackamas County Health, Housing and Human Services (H3s) Divisions to support housing programs in and around Canby to alleviate housing cost burden and displacement
- Partner with the Clackamas County Housing and Homelessness Task Force to find ways to secure a clear path to shelter and reduce wait times for those experiencing homelessness.
- Seek opportunities for public private partnerships and possible partnerships with faith-based organizations for housing programs and to seek opportunities to develop housing on property owned by faith-based organizations
- This policy reflects Canby residents' desire for the city to take actionable steps to incentivize affordable housing as well as the construction of attainably priced rental housing.

Implementation Steps

- Identify agencies, organizations and partners that can help the City address the needs of those at risk of losing their housing or those who can help provide attainably priced rental housing
- Reach out and hold meetings with relevant County staff.
- Coordinate with faith-based organizations to discuss potential housing development opportunities.

Timeframes

- For Adoption: 2029
- For Implementation: 2030
- For housing Impacts: 2031

Estimated Magnitude of Impact

- Housing Type Impact: Potential increase in shelter and transitional housing types.
- Housing Tenure Impact: Potential increase in temporary group quarters housing. Maintaining access to rental and ownership housing for those at risk.
- Income Demographic Served: Extremely low to middle-income households (0-80% MFI)
- Housing Production Impacts: Potential for an increase in shelter and group quarters housing.
- Demographic Benefits and Burdens
 - Low-income communities: To the extent that resources are provided through a partnership with the County, low-income residents at risk of losing their housing will benefit. Negative impacts of this strategy on low-income residents are expected to be limited.
 - Communities of color: No unique benefit will be provided to Canby's BIPOC residents, but those experiencing housing insecurity may benefit. Negative impacts of this strategy on communities of color are expected to be limited.
 - People with disabilities: Impacts on Canby's disabled residents are expected to be limited to those facing housing insecurity. Negative impacts of this strategy on people with disabilities are expected to be limited.

- Individuals experiencing homelessness: Assuming that this strategy results in increased provision of resources, there will be a direct, substantial benefit for homeless residents of Canby, particularly housing navigation and financial resources. Negative impacts of this strategy on Canby's homeless population are expected to be limited.
- Seniors: Seniors will not be uniquely benefited by this policy apart from those experiencing housing instability. Negative impacts of this strategy on Canby's senior population is expected to be limited.

Revenue Impacts:

- There is not expected to be a measurable revenue impact from this policy.

M. Deferred System Development Charges

Description

- The Bancroft Bonding Act (ORS 223.210) allows jurisdictions to finance public improvements through adoption, such as SDCs, through bonding typically for up to 10 years. This allows development to use a 10-year payment plan, with interest, to pay SDCs.
- Support development through deferred SDC payments, allowing a 10-year payment plan with interest. The interest rate would be set up front.
- The City has allowed development to utilize this tool in the past. Within the past 10 years, it has been used for several projects.
- Allow deferred SDCS for middle and multi-family housing to promote a diversity of housing types in Canby.
- This policy reduces the upfront cost of development to encourage more affordable prices for new development, with minimal to no cost to the City.
- This policy reflects Canby residents' desire for the city to take actionable steps to incentivize affordable housing as well as the construction of attainably priced rental housing.

Implementation Steps

- Adopt a policy to allow for deferral of SDCs with City Council approval by ordinance or resolution. The current practice is not yet codified.
- In recent years, SDC deferrals have been authorized by the City Administrator. The City Administrator or City Council may be the approving body.
- A major code update to the Canby Development Code is planned to begin in 2026. Consider combining this change with other housing policies.
- Determine criteria for projects that could receive the funds, such as housing type and affordability rate.

Timeframes

- For Adoption: 2029
- For Implementation: 2030
- For housing Impacts: 2031

Estimated Magnitude of Impact

- Housing Type Impact: Benefit to middle and multi-family housing types.
- Housing Tenure Impact: Benefits home renters and owners
- Income Demographic Served: Extremely low to upper income households (0% - 120% MFI)
- Housing Production Impacts: Deferred SDC payments can help incentivize the construction of all housing types.
- Demographic Benefits and Burdens
 - Low-income communities: This policy would result in lower upfront development costs which could increase rental opportunities for lower income residents of Canby. This strategy could result in decreased housing cost burden for low-income communities.

- Communities of color: No unique benefit will be provided to Canby's BIPOC residents but those experiencing housing insecurity may benefit. Negative impacts of this strategy on communities of color are expected to be limited.
- People with disabilities: Seniors will not be uniquely benefited by this policy apart from those experiencing housing instability. Negative impacts of this strategy on Canby's senior population are expected to be limited.
- Individuals experiencing homelessness: As stated above, this policy creates an increased opportunity for the development of subsidized housing, which could also include housing intended to meet the needs of Canby's homeless population. Increased development pressure in residential zones may disrupt housing currently occupied by Canby's homeless residents.
- Seniors: Seniors will not be uniquely benefited by this policy apart from those experiencing housing instability. Negative impacts of this strategy on Canby's senior population are expected to be limited.

Revenue Impacts:

- There is not expected to be a measurable revenue impact from this policy, as the SDCs will be paid in full with interest.

N. System Development Charge (SDC) Waiver for Affordable Housing

Description

- Waive System Development Charges for regulated affordable housing projects that target certain affordability levels at or below 60% MFI. The affordable housing is required to remain regulated affordable housing for a set period of time.
- The City currently allows SDC waivers for “very low-income persons or families per Federal Housing and Urban Development (HUD) criteria” if the Council approves pursuant to Canby Municipal Code Section 4.20.120.E.
- Create more objective criteria for the policy, such as affordability rate and period to remain affordable, to both provide more certainty for developers and to incentivize affordable housing projects specifically.
- This policy reflects Canby residents’ desire for the city to take actionable steps to incentivize affordable housing as well as the construction of attainably-priced rental housing.
- Per City Council guidance, prioritize this tool for dwellings that provides an option for ownership (e.g., townhouses and condominiums).

Implementation Steps

- A major code update to the Canby Development Code is planned to begin in 2026. Consider combining this change with other housing policies.
- Specify the objective criteria for projects that could receive the funds, such as housing type and affordability rate.
- City Council shall be the decision maker, and the financial impact on the City shall be a criterion for Council consideration.
- Adopt with City Council approval by ordinance or resolution.

Timeframes

- For Adoption: 2029
- For Implementation: 2030
- For housing Impacts: 2031

Estimated Magnitude of Impact

- Housing Type Impact: Increase in regulated affordable housing that can include various housing types
- Housing Tenure Impact: Potential increase in regulated affordable housing
- Income Demographic Served: Extremely low to middle income households (0-80% MFI)
- Housing Production Impacts: Potential for increase in regulated affordable housing for low-income housing.
- Demographic Benefits and Burdens
 - Low-income communities: This strategy directly benefits low-income residents by providing affordable rental and ownership opportunities. There is a risk of displacement of low-income communities in areas where increased development occurs.

- Communities of color: No unique benefit will be provided to Canby's BIPOC residents, but those experiencing housing insecurity may benefit. Negative impacts of this strategy on communities of color are expected to be limited.
- People with disabilities: Impacts on Canby's disabled residents would be positive, as a percentage of housing units will be required to be accessible. Negative impacts of this strategy on people with disabilities are expected to be limited.
- Individuals experiencing homelessness: This policy creates an increased opportunity for the development of subsidized housing, which could also include housing intended to meet the needs of Canby's homeless population. Increased development pressure in the residential zones may disrupt housing currently occupied by Canby's homeless residents.
- Seniors: Seniors will not be uniquely benefited by this policy apart from those experiencing housing instability. Negative impacts of this strategy on Canby's senior population is expected to be limited.

Revenue Impacts:

- There is a revenue loss when SDC exemptions are granted.

O. Construction Excise Tax (CET) Waiver

Description

- Waive the City’s existing Construction Excise Tax (CET) for regulated affordable housing development, up to a defined index, based on the City’s CET collection. The City currently charges \$1 per square foot for new residential development, including certain additions.
- The City’s CET was adopted in 1994. Canby’s CET fee is not subject to the restrictions on use of funds in ORS 320.195 because they predate the statutory standards, as per ORS 320.192(5)(a).
- This policy reflects Canby residents’ desire for the City to take actionable steps to incentivize affordable housing as well as the construction of attainably priced rental housing.
- Per City Council guidance, prioritize tools for dwellings that provide an option for ownership (e.g., townhouses, condominiums, etc.)

Implementation Steps

- Determine criteria for projects that could receive the CET waiver, such as housing type and affordability rate.
- Require that a percentage of units that receive CET the waiver be accessible.
- City Council is the decision-making body, and the financial impact on the city is a criterion for Council consideration.
- Adopt with City Council approval by ordinance or resolution.

Timeframes

- For Adoption: 2029
- For Implementation: 2030
- For housing Impacts: 2031

Estimated Magnitude of Impact

- Housing Type Impact: Increase in regulated affordable housing that can be various housing types
- Housing Tenure Impact: Potential increase in regulated affordable housing
- Income Demographic Served: Extremely low to low-income households (0-120% MFI)
- Housing Production Impacts: Potential for increase in regulated affordable housing for low-income housing.
- Demographic Benefits and Burdens
 - Low-income communities: This strategy directly benefits low-income residents by providing affordable rental and ownership opportunities. There is a risk of displacement of low-income communities in areas where increased development occurs.
 - Communities of color: No unique benefit will be provided to Canby’s BIPOC residents, but those experiencing housing insecurity may benefit. Negative impacts of this strategy on communities of color are expected to be limited.
 - People with disabilities: Impacts on Canby’s disabled residents would be positive as a percentage of housing units will be required to be accessible. Negative impacts of this strategy on people with disabilities are expected to be limited.

- Individuals experiencing homelessness: This policy creates an increased opportunity for the development of subsidized housing, which could also include housing intended to meet the needs of Canby's homeless population. Increased development pressure in the residential zones may disrupt housing currently occupied by Canby's homeless residents.
- Seniors: Seniors will not be uniquely benefited by this policy apart from those experiencing housing instability. Negative impacts of this strategy on Canby's senior population is expected to be limited.

Revenue Impacts:

- There is a revenue loss when waivers are granted.

V. ACHIEVING FAIR & EQUITABLE HOUSING OUTCOMES

Location of Housing

Many of the recommended policies in this HPS would result in an increase in compact, residential development in Canby, which will have a positive impact on greenhouse gas emissions. Pursuing these strategies will result in higher density development through a mix of regulatory and financial incentives. Policies expected to have a positive impact on location of housing considerations include the following:

- Develop Criteria & Process for Identifying Land to Up-zone
- Allow Cottage Clusters in Residential Zones
- Modify System Development Charge (SDC) Fee Schedules
- Reduce Lot Size
- Increase Building Heights
- Update Design Standards
- Deferred System Development Charges
- System Development Charge (SDC) Waiver for Affordable Housing Description
- Construction Excise Tax Allocation for Affordable Housing Description

Fair Housing and Housing Choice

Many policies recommended in the HPS will result in an increase in the supply of housing at various price-points and locations throughout Canby. While none of these policies explicitly require increased access to federally protected classes, it is expected that an increase in supply will indirectly provide increased access to affordable housing for all residents of Canby. It is also expected that the increase of supply will occur throughout the city, providing access to neighborhoods with high-quality community amenities, schooling, employment and business opportunities, and a healthy and safe environment. Policies expected to positively impact fair housing and housing choice considerations include the following:

- Develop Criteria & Process for Identifying Land to Up-zone
- Allow Cottage Clusters in Residential Zones
- Identify Opportunities to Streamline PUDs
- Incentives to Encourage Diverse Housing Development in PUDs
- Modify System Development Charge (SDC) Fee Schedules
- Land Use Permitting Education for Property Owners and Developers
- Reduce Minimum Lot Size
- Increase Building Heights

- Update Residential Zones
- Update Design Standards
- Inventory and Encourage Preservation of Preserving Naturally Occurring Affordable Housing
- Deferred System Development Charges
- System Development Charge (SDC) Waiver for Affordable Housing Description
- Construction Excise Tax Allocation for Affordable Housing Description

Housing Options for Residents Experiencing Homelessness

Many of the policies recommended by the HPS would have peripheral impacts on housing options for residents experiencing homelessness, specifically strategies aimed at increasing the amount and variety of housing available in the City and preserving naturally occurring affordable housing. Strategy L directly calls for building connections to services, shelter, and subsidized housing options for Canby's residents experiencing homelessness. At full implementation of strategy L, these services would be provided locally, allowing residents of Canby who are experiencing homelessness to remain where they are most comfortable.

Affordable Homeownership and Affordable Rental Housing

Several strategies recommended in this HPS would have a direct impact on the provision of affordable housing. More affordable rental units will be realized by increasing higher density zoning and opportunities to develop multifamily housing in commercial zones, and affordable home ownership opportunities, and subsequent opportunities for wealth creation via home ownership, will be more attainable through streamlined PUD processes. Policies aimed at providing incentives for the development of income restricted units as a part of a PUD would be especially helpful in this regard. Examples of strategies that will increase affordable rental and ownership housing options include the following.

- Develop Criteria & Process for Identifying Land to Up-zone
- Allow Cottage Clusters in Residential Zones
- Identify Opportunities to Streamline PUDs
- Incentives to Encourage Diverse Housing Development in PUDs
- Modify System Development Charge (SDC) Fee Schedules
- Land Use Permitting Education for Property Owners and Developers
- Reduce Minimum Lot Size
- Increase Building Heights
- Update Residential Zones
- Update Design Standards
- Inventory and Encourage Preservation of Preserving Naturally Occurring Affordable Housing
- Partner with Clackamas County and Seek Public/Private Partnerships
- Deferred System Development Charges
- System Development Charge (SDC) Waiver for Affordable Housing Description
- Construction Excise Tax Allocation for Affordable Housing Description

Gentrification, Displacement, and Housing Stability

Strategies identified throughout this HPS are aimed at improving housing stability and preventing displacement as new development occurs in Canby. In part, this issue is addressed by simply providing a variety of housing types, tenures, and price points so that residents can continue to reside in Canby as their needs change. However, to completely address the risks of displacement and housing instability, the City will need to be proactive by incentivizing and pursuing the development of deed restricted affordable housing, actively maintain naturally occurring affordable housing, and conduct outreach to residents facing housing instability. Policies expected to positively impact fair housing and housing choice considerations include the following:

- Develop Criteria & Process for Identifying Land to Up-zone
- Allow Cottage Clusters
- Update Residential Zones
- Inventory and Encourage Preservation of Preserving Naturally Occurring Affordable Housing
- Partner with Clackamas County and Seek Public/Private Partnerships
- Deferred System Development Charges
- System Development Charge (SDC) Waiver for Affordable Housing Description
- Construction Excise Tax Allocation for Affordable Housing Description

MEASURING STRATEGY IMPLEMENTATION AND PROGRESS

As stipulated in ORS 660-008-0050, a city's first HPS report must include measurements of progress towards housing outcomes made by that city. Canby will be required to report progress on its HPS goals to DLCD every four years, starting from the date of HPS adoption. This report must include the following elements:

- A summary of the actions already taken by the City to implement the Strategies to Meet Future Housing Need adopted in the city's most recent Housing Production Strategy Report. If the City has not implemented Strategies to Meet Future Housing Need on the schedule adopted in their most recent Housing Production Strategy Report, the City must provide an explanation of the circumstances or factors that posed a barrier to implementation and a plan for addressing the identified need that the strategy addressed.
- A reflection of the relative efficacy of implemented Strategies to Meet Future Housing Need adopted in the City's most recent Housing Production Strategy Report. This section of the report will require the city to report progress observed from the strategies adopted through the HPS process.
- A reflection of the actions taken in response to the factors discussed above (e.g. progress towards fair housing or mitigation of displacement).
- With the goal of statutory compliance and ease of reporting progress in mind, the following are recommended metrics for the City to monitor annually.

Affordability Metrics

- Citywide median rent
- Citywide median home value
- Estimated median cost of new housing
- Estimated median rent for new development

Provision of New Needed Housing

- Tracking the number and type of new units developed in Canby
- To the extent possible, new unit construction by location
- To the extent possible, new units of housing by zone
- Number of new income restricted units with special attention paid to units resulting from incentives provided to PUD developments
- Number of new units in mixed use developments
- New units added in cottage clusters
- New duplex units developed in low density zones

Other Considerations

- Average density of development in low, medium, and high density zones
- New housing for homeless residents by type (e.g., shelter, permanent supportive housing, subsidized, etc.)
- Informational meetings held with developers and landowners.
- Results of review of potential barriers to new development
- Results of scaled SDC methodology report
- Acres of upzoned land within the Canby UGB

APPENDIX A. CONTEXTUALIZED HOUSING NEED

To: Don Hardy and Jamie Stickel, City of Canby
Date: December 29, 2022
From: Todd Chase & Tim Wood; FCS GROUP
CC: Steve Faust, 3J Consulting
RE: Canby Contextualized Housing Need

INTRODUCTION

This Memorandum provides a contextualized look at housing needs for the Canby Urban Growth Boundary (UGB). This is a required element of the larger Housing Production Strategy effort to properly address housing needs in the UGB over the next 20 years. This effort will build on the parallel effort being undertaken to update the Canby Housing Needs Analysis (HNA), providing a more granular look at projected housing needs.

Information provided in this memorandum will help decision makers better understand the strategies recommended in the Housing Production Strategy (HPS) document.

METHODOLOGY

As provided in OAR 660-008-0050, HPS reports must include analysis of the housing needs through several lenses, including:

- Income
- Race and ethnicity
- People experiencing homelessness
- People with disabilities
- Older Residents

In order to provide this context, data was collected from the following sources:

- Clackamas County
- City of Canby
- Portland State University Population Research Center
- U.S. Decennial and American Community Survey (ACS)
- U.S. Department of Housing and Urban Development (HUD)

Where trends or long-range projections are provided by an identified data source, FCS GROUP has included extrapolations or interpolations of the data to arrive at a base year (2023 estimate) and forecast year (2043 projection).

PAST ACTIONS BY THE CITY TO MEET HOUSING NEEDS

The City of Canby has been focused on addressing local housing needs for many years. Recent accomplishments include:

- The City has a limited provision in the Zoning Code (Chapter 16.82) that allows deviations of development standards for "Special Housing Projects for the Elderly or Handicapped."
- Housing in a specifically defined Downtown Core area of the C-1 Zone doesn't have to provide any parking if the development is mixed use.
- The City's R-2 (High Density) Residential Zone has been amended to require a minimum density of 14 du/ac, preventing lower density development.

In addition to these actions, the City has drafted a current Housing Needs Analysis. Community outreach was conducted to review "best practices" used by cities to foster housing development. The City is now focused on evaluating the following "short listed" policy actions as part of the Housing Production Strategy Process:

- Revise development code to allow duplexes
- Reduce minimum lot sizes in single family zones (with design guidelines)
- Identify high-priority infrastructure projects to leverage buildable residential land
- Provide density bonuses for affordable housing
- Monitor residential land supply & housing inventory
- Develop partnerships with nonprofits
- Housing-focused community outreach
- Conduct development barriers audit

HOUSING POLICY BACKGROUND

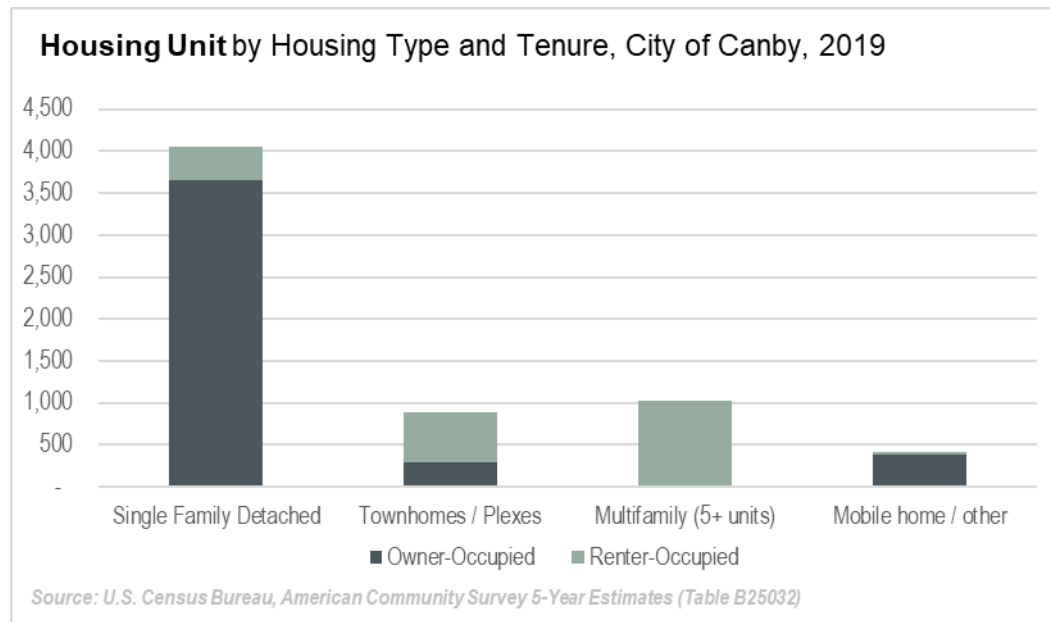
This section provides additional context for the code and zoning amendments that will be evaluated.

Canby Housing Needs Analysis Update

Findings of the HNA include the following:

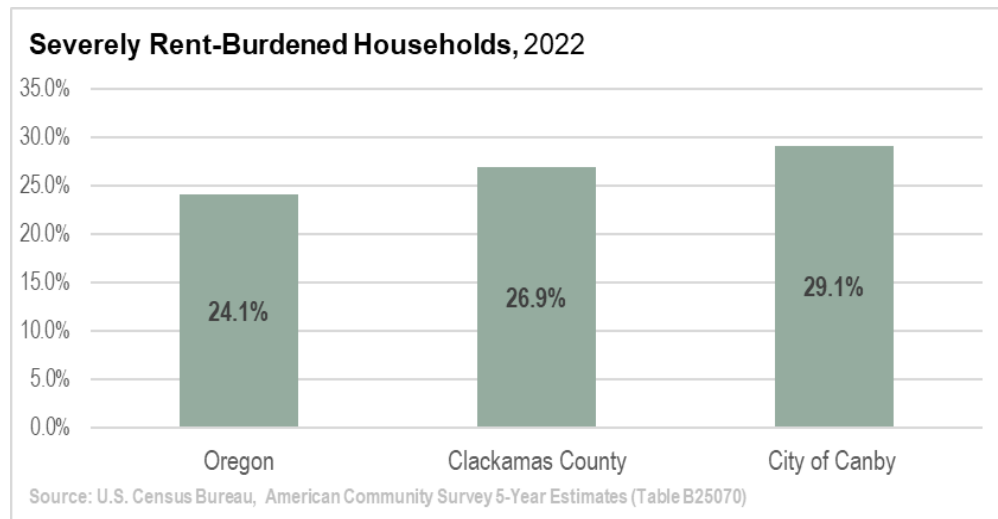
- **Population in Canby is forecasted to increase faster than the statewide average.** Based on Portland State University Population Research Center (PRC) data, population in the Canby UGB is projected to increase by 5,931 persons over the next 20 years, this equates to an 1.3% annual rate of growth.
- **The vast majority (68% of occupied dwellings) in Canby are owner-occupied.** Most of those owner-occupied units are single-family detached units. Renters are much more likely to live in multifamily and townhome/plex units.

Exhibit 1: Existing Housing by Type and Tenancy, Canby



- **Vacancy rates are very low.** Only 3% of housing units in Canby were vacant in 2020, which is lower than the countywide average (6%) as well as the statewide average (8%). Canby housing vacancy rates are reported to be even lower today as housing demand continues to outpace production of new housing.
- **Housing Demand prospects are very strong in Canby.** The HNA forecasts a need for 2,236 units (1,502 new ownership units and 733 new rental units) to keep pace with population growth. The forecasted housing needs analysis concluded that:
 - Approximately 62% of the new units were projected to be single-family (detached and attached) homes.
 - 7% are projected to be manufactured homes in parks.
 - Duplex through four-plex units were projected to represent 15% of the total need.
 - Multifamily units are expected to make up 16% of projected future need.
 - Of ownership units, 84% were projected to be single-family homes, 7% will be absorbed by townhomes and plexes, another 7% of demand will be met by manufactured homes, and 2% will be in multifamily developments.
 - There is a greater mix of demand among rental units, with 49% expected in multifamily developments, 30% in townhomes and plexes, 19% in single-family detached units, and 2% in manufactured homes.
- **There is a current supply shortage for rentals in Canby.** According to the US Census American Community Survey (ACS) 2020 5-year estimates renters in Canby experience a high-cost burden (over 29% of renter households spend more than 50% on rent) largely because of a lack of affordable rental units, especially among households at the lower to middle end of the rent range.

Exhibit 2: Rent Burden



HOUSING DEMAND: KEY DEMOGRAPHICS

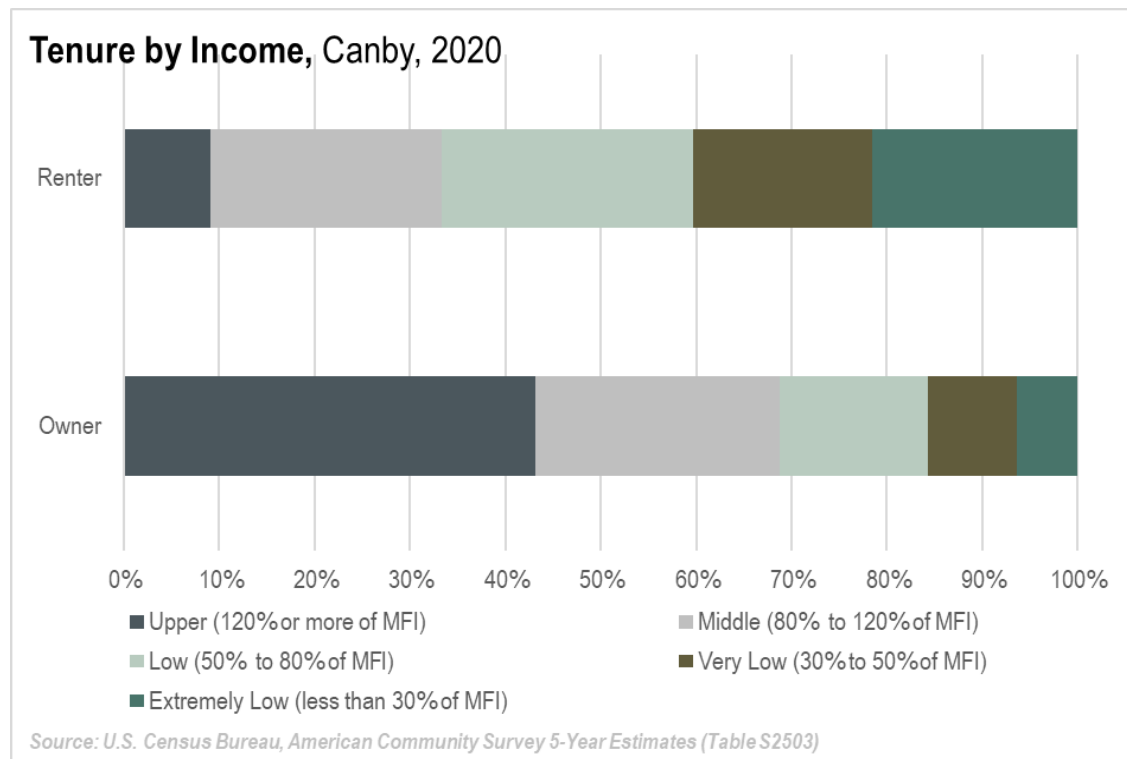
Building on the HNA housing needs forecast for the Canby UGB, this section highlights key demographics within Canby.

Renters

Why are renters a key demographic?

- Renters are much more vulnerable to housing insecurity because they do not own their residences; and are subject to issues beyond their control such as rent increases, and evictions.
- As detailed later in this section, residents of color in Canby are more likely to be renters (56%) than white residents (33%).
- Increasingly, renters make up the backbone of the workforce as home ownership becomes less attainable to those earning under 120% of the median family income (**Exhibit 3**).

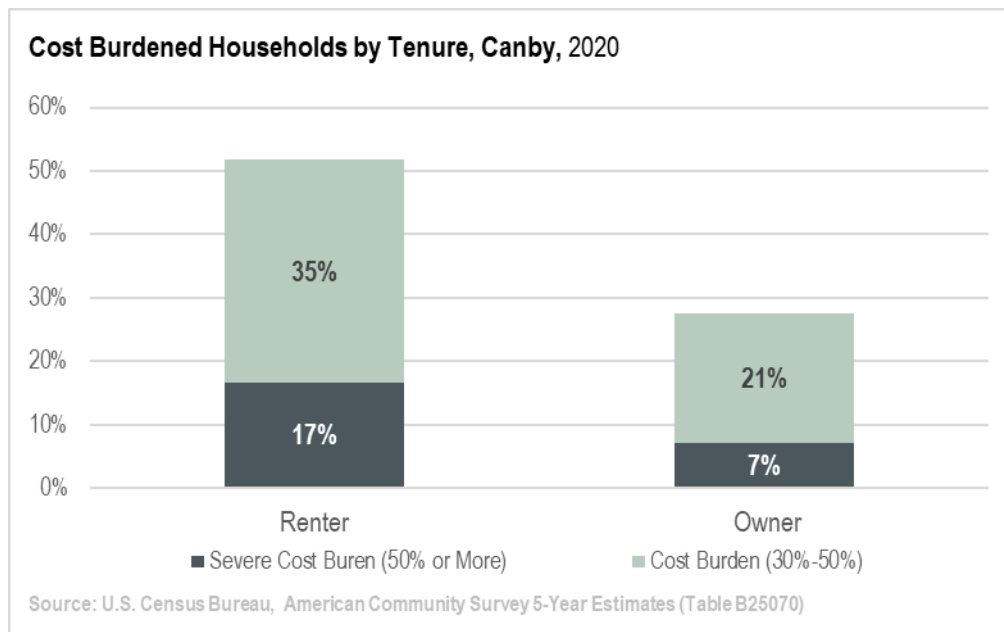
Exhibit 3: Tenure by Income



Renter Housing Cost Burden Considerations

- Renter-occupied households are much more likely to spend more than 30% of household income for housing. As such, the share of renters that are housing cost burdened is more than twice that for homeowners, as shown in **Exhibit 4**.

Exhibit 4: Cost Burdened Households by Tenure



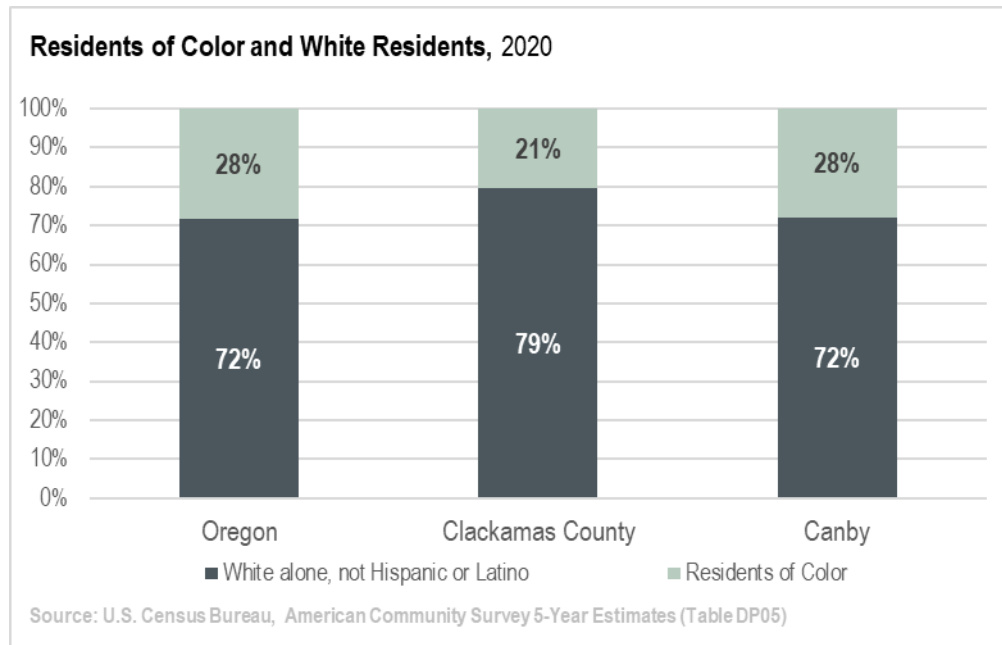
- The Canby HNA identifies the need for approximately 733 additional rental dwelling units, with approximately 49% of future renters residing within multifamily developments, 30% in townhomes and plexes, 19% in single-family detached units, and 2% in manufactured homes. This allocation of demand takes into account recent demand findings and input received during developer stakeholder interviews as part of the HNA planning process.
- Policies that are being evaluated to accommodate needed housing for renter households include providing new “incentives” for the development of multifamily and attached housing types, which will result in increased housing options and improved overall quality of rental products offered in Canby.

People of Color

Why are people of color a key demographic?

- For the purposes of this report, people of color (POC) include residents that fall into any of the following Census-defined categories of racial identify:
 - Black or African American
 - American Indian and Alaska Native
 - Asian
 - Native Hawaiian and Other Pacific Islander
 - Some other race
 - Two or more races
 - Hispanic or Latino (of any race)
- According to U.S. Census data, 28% of Canby’s population is represented by residents of color which is the same as the statewide average but higher than the Clackamas County average (**Exhibit 5**). Most residents of color in Canby are identified as Hispanic or Latino (17% of the total population).

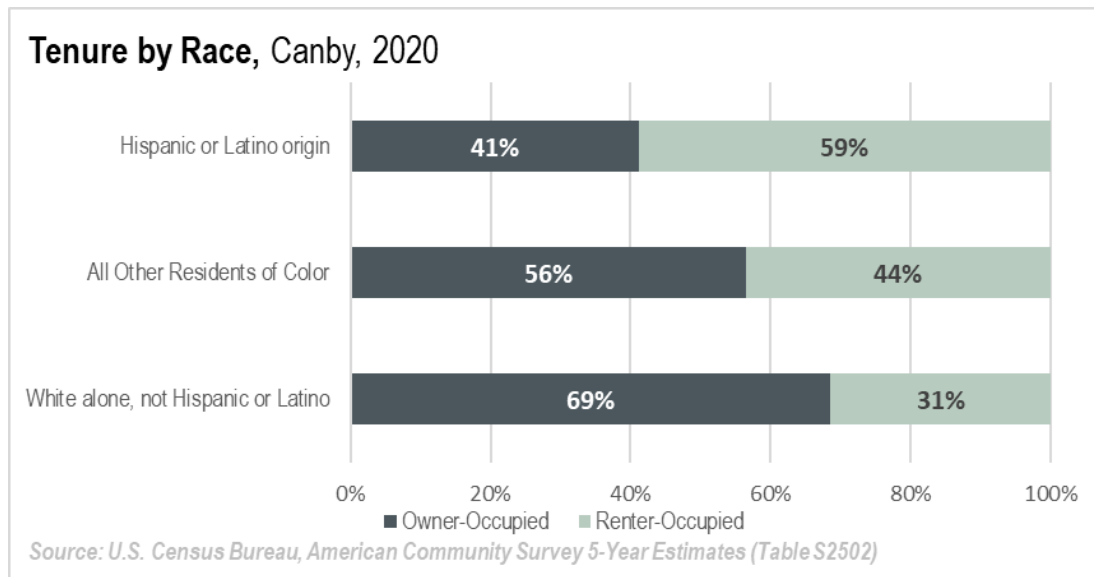
Exhibit 5: Residents of Color and White Residents



Housing Considerations for People of Color

- According to U.S. Census data, residents of color in Canby are more likely to live in renter-occupied housing (**Exhibit 6**). That is especially true among Hispanic or Latino households, 59% of which live in rental housing.

Exhibit 6: Tenure by Race



- As discussed earlier, renter households are nearly twice as likely to experience housing cost burden which suggests that Canby’s residents of color experience a significant share of the housing cost burdens in the city.

- Based on discussions with community members, Hispanic or Latino households in Canby are largely forced to have a higher average occupancy and tend to be more intergenerational in nature on account of the lack of affordable housing available in the community.
- Policies pursued by the city to accommodate needed housing for households of color should incentivize a greater diversity of housing types and affordability. In addition, the city could pursue policies to eliminate housing discrimination.

Homeless Residents

Why are homeless residents a key demographic?

- In a for-profit housing environment, homeless residents are unlikely to be provided housing, which requires non-profits and governments to step in to fill the gap. This is exacerbated by a hot housing market like the tri-county area where rent and housing costs are rising rapidly.
- The latest estimate of homelessness in Clackamas County, the January 2023 point in time homeless count, reported 410 individuals experiencing homelessness. 178 of those individuals were unsheltered while 182 were in a shelter and 50 were in transitional housing. It should be noted that point-in-time figures are generally considered to be undercounts.
- Within the Canby School District 89 in FY 2021-22, there were approximately 125 students in grades K-12 that were experiencing housing hardships. According to McKinney-Vento estimates this includes children in shelters (1-5), unsheltered (22), motel/hotel residents (6), doubled-up residents (78) and unaccompanied youths (19).
- 2021-22 McKinney-Vento Act data from the U.S. Department of Education suggests that 453 students in Canby School District are experiencing poverty while 110 are currently experiencing homelessness.

Housing Considerations for Homeless Residents

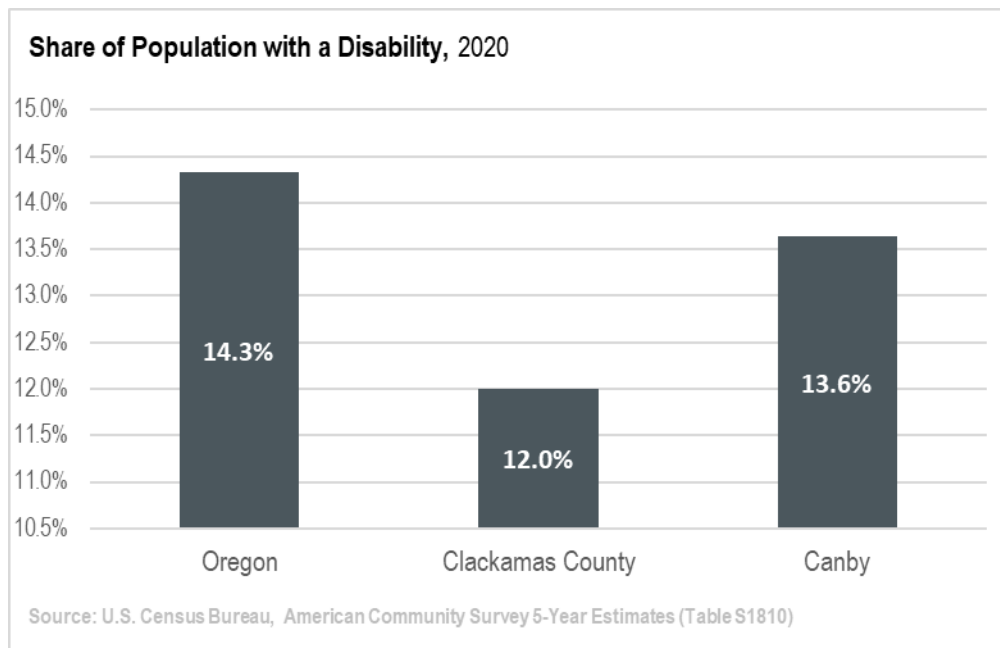
- Housing for homeless residents will include traditional housing units such as subsidized apartment or single-family detached housing units in addition to shelter options ranging from permanent supportive housing (housing which also includes health care and supportive services provided on-site) to emergency shelters providing short-term housing support.

Disabled Residents

Why are disabled residents a key demographic?

- Housing for disabled residents requires more specialization, from accessibility for those with ambulatory difficulty to the requirement for in-home care.
- Accommodations for the disabled are more expensive which means that for-profit developers are unlikely to voluntarily develop housing built to suit their needs.
- According to data from the U.S. Census Bureau, 13.6% of the population in Canby (2,423 residents) are disabled. That share is lower than the statewide average and higher than the Clackamas County average (**Exhibit 7**).

Exhibit 7: Share of Population with a Disability



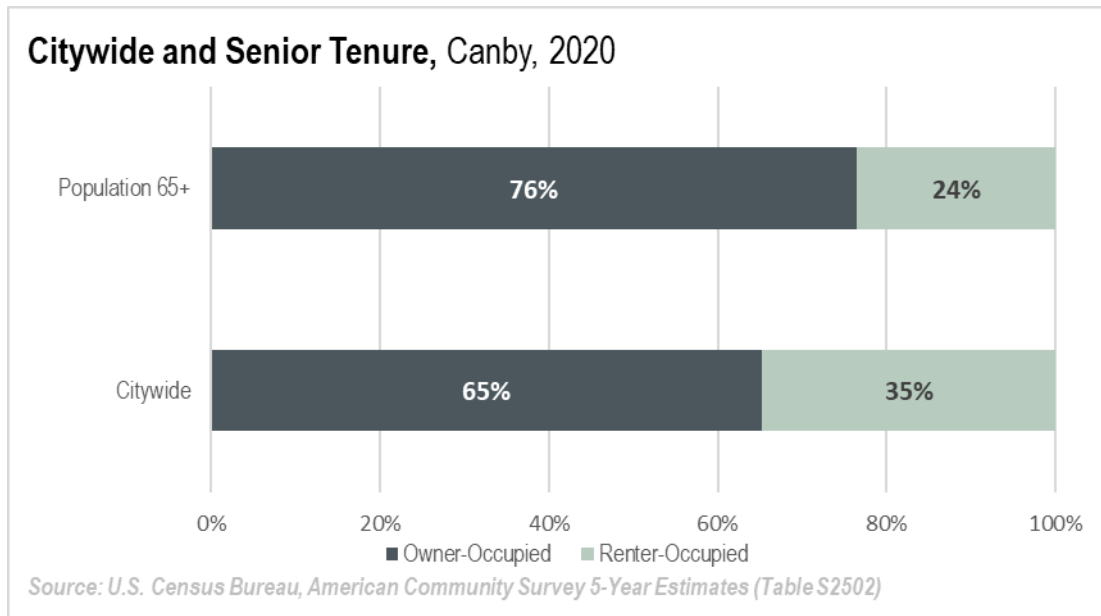
- Disabled residents of Clackamas County are much more likely to be out of the labor force than residents without a disability (71% compared with 29%) making disabled residents far more likely to face housing insecurity due to cost burden.
- Median earnings for Clackamas County residents with a disability were also lower than those without a disability (\$29,479 compared with \$40,571)
- While housing cost burden data was not available for residents with a disability, lower incomes and lower labor force participation suggest that housing costs are a more significant burden to disabled residents.

Seniors

Why are seniors a key demographic?

- 18% of Canby residents 65 and over struggle with ambulatory difficulty which means that their housing needs will include enhanced accessibility features.
- Many seniors consider “downsizing” as they age, opting for a smaller and more centrally located dwelling.
- Seniors often rely on a fixed income which leaves them vulnerable to housing cost fluctuations.
- Seniors in Canby are more likely to own their homes (**Exhibit 8**).

Exhibit 8: Citywide and Senior Tenure



Housing Considerations for Seniors Residents

- “Downsizing” seniors often prefer locations adjacent to services such as downtown mixed-use developments.

OBSERVATIONS ON THE DEVELOPMENT OF NEEDED HOUSING

As detailed throughout the Canby HNA process, current observations regarding the development of needed housing have been identified during the community outreach process. They are as follows:

Regulatory Observations

- **There is a perceived lack of incentives and guidance for development of affordable housing**
Incentives are needed for developers to produce smaller homes and/or income-restricted rental housing.
- **Overarching regulatory requirements create a barrier** – Items such as future roadway right-of-way and design standards, SDC fees, and minimum lot width regulations were cited as issues that increase developments costs in Canby.
- **Existing Zoning Code, specifically Zone R-2, offers helpful flexibility** – The R-2 Zone is considered more marketable since it has fewer restrictions than R-1 in terms of lot size and locational variability.
- **Additional housing is desired in the Downtown area**– Positive feedback was received over the design and density of the Dahlia Building. Downtown redevelopment is desired to address a mix of demand for senior housing and market rate rental housing.

Market Observations

- **More diverse housing types are desired** – There is support for a mix of single family detached, townhomes and multifamily apartments and condos. Additionally, new housing should incorporate minimal maintenance, accessibility, and pedestrian connectivity.
- **Intergenerational housing, home equity, and senior housing are at the forefront of Canby residents' desires** – Many who live in Canby would like housing that appeals to all age groups, from young residents (renters and first-time homebuyers), as well as middle-aged households (detached for sale housing) and seniors who require affordable senior housing options.
- **There is significant market demand for attainably-priced rental housing**– There is a very limited existing supply of rental housing in Canby. This has resulted in many renters paying 40%+ of their income on housing. Hence, local service workers with \$40,000 in annual income struggle to make rents in the \$1,200 to \$1,400 range, and most rents are closer to \$1,600 per month.
- **The City should take actionable steps to incentivize private and non-profit developer investment in affordable housing** – Ideally through the purchase of land for public/private developments, development code revisions (such as bonus densities for provision of affordable housing), and SDCs that are scaled based on home size.

APPENDIX B. DRAFT STRATEGIES AND ACTIONS

Memorandum

To: Don Hardy, City of Canby
From: Todd Chase and Tim Wood; FCS GROUP
CC: Steve Faust; 3J Consulting
Date: October 20, 2022 (Revised)
RE Draft Canby Housing Needs and Production Strategy Considerations

The City of Canby is in the process of updating its Housing Needs Analysis (HNA) that identifies the long-range land needs for accommodating 20-years of population growth. In addition to adopting the HNA in 2023, the City will be preparing a **Housing Production Strategy** once the HNA is completed.

This Memorandum is intended to set the stage for a community discussion of near-term land use and development policies that the City should consider for guide future development.

Community Input

As part of the HNA process, the consultant team conducted interviews with a cross-section of local “stakeholders” including developers, residents, and representatives from non-profits. This input was mainly focused on discussion of regulatory and market barriers, buildable land inventory, and housing affordability. Input from these interviews will be combined with broad-based community wide survey input to understand key issues that the City should address through new policies and techniques to foster desired housing creation.

A summary of public input that has been received to date includes:

Regulatory Observations

- **There is a lack of incentives and guidance for development of affordable housing** – Incentives are needed for developers to produce smaller homes and/or income-restricted rental housing.
- **Overarching regulatory requirements create a barrier** – Items such as future roadway right-of-way and design standards, SDC fees, and minimum lot width regulations were cited as issues that increase developments costs in Canby.
- **Existing Zoning Code, specifically Zone R-2, offers helpful flexibility** – The R-2 Zone is considered more marketable since it has fewer restrictions than R-1 in terms of lot size and locational variability.
- **Additional housing is desired in the Downtown area**– Positive feedback was received over the design and density of the Dahlia Building. Downtown redevelopment is desired to address a mix of demand for senior housing and market rate rental housing.

- **Canby has recently adopted new regulations to abide by HB 2001.** Housing unit growth estimates have been adjusted for allowance for middle housing development due to HB 2001 requirement. The Canby HNA analysis assumes that 3% of the future housing need for townhomes, plexes & cottage homes is addressed through recently approved Canby regulations that allow middle housing in low density zones. This assumption results in 14 additional middle housing dwelling units on land that is classified by the Canby Buildable Land Inventory (2022) as “developed” within the Canby UGB.

Market Observations

- **More diverse housing types are desired** – There is support for a mix of single family detached, townhomes and multifamily apartments and condos. Additionally, new housing should incorporate minimal maintenance, accessibility, and pedestrian connectivity.
- **Intergenerational housing, home equity, and senior housing are at the forefront of Canby residents’ desires** – Many who live in Canby would like housing that appeals to all age groups, from young residents (renters and first-time homebuyers), as well as middle-aged households (detached for sale housing) and seniors who require affordable senior housing options.
- **There is significant market demand for attainably-priced rental housing**– There is a very limited existing supply of rental housing in Canby. This has resulted in many renters paying 40%+ of their income on housing. Hence, local service workers with \$40,000 in annual income struggle to make rents in the \$1,200 to \$1,400 range, and most rents are closer to \$1,600 per month.
- **The City should take actionable steps to incentivize private and non-profit developer investment in affordable housing** – Ideally through the purchase of land for public/private developments, development code revisions (such as bonus densities for provision of affordable housing), and SDCs that are scaled based on home size.

Housing Needs Analysis Findings

Key findings contained in the draft 2022 Canby Housing Needs Analysis include:

- Over the next 20 years, the Canby UGB is projected to require 2,286 net new housing units to keep pace with population growth. The projected housing demand mix that will require vacant or part-vacant land includes 1,416 single-family detached units, 317 townhomes/plexes (with 2 to 4 units per structure), 375 multifamily units (with 5 or more units per structure) and 158 manufactured homes or cottages.
- After accounting for additional middle housing infill that is allowed due to HB 2001 and related local code changes (as mentioned above), the adjusted housing demand assumes 21 middle housing units (duplexes with 2-4 units per structure) as infill and redevelopment over 20 years.
- This housing forecast takes into account demographic shifts such as the changing needs of an aging population, as well as affordability issues observed in Canby.
- Based on current zoning and remaining buildable land area within the existing UGB, the HNA findings indicate that there is a residential land need of 530 gross buildable acres in the Canby UGB. The current land shortfall is particularly acute within lower density residential zones (152 acres) as well as the higher-density zones which has a projected shortfall of 49 acres.
- Before considering a UGB expansion, the City will need to consider and adopt policy measures that increase the capacity of remaining vacant buildable land within the current UGB boundary.

Exhibit 1: Canby Land Needs

| Projected 20-year Land Need for Housing, City of Canby UGB: Safe Harbor Scenario | | | | | | | | |
|--|--|-----------------------------|------------------------|-------------------------------------|--|---|--|-------------|
| Dwelling Unit Type | Adjusted 20-Year Housing Need ¹ | Applicable Plan Designation | Applicable Local Zones | Allowable Density (gross DU per Ac) | Avg. Development Density (net DU per Ac) | Net Buildable Land Requirement (net acres) ⁴ | Gross Buildable Land Need (acres) ⁵ | % |
| Single Family Detached | 1,416 | LDR | R-1, RRFF-5 | 3 to 6.2 | 4.0 | 354 | 443 | 63% |
| Mfd. Homes & Cottages | 158 | | ³ | 3 to 10 | 9.0 | 18 | 22 | 7% |
| Townhomes / Plexes | 317 | MDR | R-1.5 | 6 to 12 | 10.0 | 32 | 40 | 14% |
| Multifamily (5+ units) ² | 375 | HDR, RC | R-2, DC | 14 to 36 | 18.0 | 21 | 26 | 17% |
| Total | 2,266 | | | | | 424 | 530 | 100% |

Source: derived from Canby Housing Needs Forecast Memorandum; and interpretation of current zoning code and housing development/market conditions.

¹ Analysis assumes HB 2001 safe harbor assumption that 3% of middle housing demand (cottages, townhomes and plexes) is addressed through infill and redevelopment in existing developed (R-1) zones.

² Category also includes group quarters housing demand @1.5 persons per dwelling unit.

³ Manufactured housing is allowed in all residential zones.

⁴ Land inventory assumes that all developments in the planning pipeline will have building permits issued prior to adoption.

⁵ Assumes 25% of site area required for future public facilities, roads, easements, etc.

| Projected 20-year Land Sufficiency for Housing, Canby UGB: Safe Harbor Scenario | | | | |
|---|-----------------------------|--|---|---|
| Dwelling Unit Type | Applicable Plan Designation | Gross Buildable Land Requirement (gross acres) | Buildable Land Inventory (gross acres) ³ | Net Buildable Land Surplus or Deficit (acres) |
| Single Family Detached | LDR | 443 | 312 | (152) |
| Mfd. Homes & Cottages | ¹ | 22 | - | |
| Townhomes/Plexes (2-4 units) | MDR | 40 | 7 | (33) |
| Multifamily (5+ units) ² | HDR, RC | 26 | 10 | (16) |
| Total | | 530 | 329 | (201) |

Source: prior tables; and interpretation of current zoning code and housing development/market conditions.

¹ Manufactured housing is allowed in all residential zones.

² Category also includes group quarters housing demand.

³ Land inventory assumes that all developments in the planning pipeline will have building permits issued prior to adoption.

Policy Strategies to Increase Housing types within the existing UGB

To help increase the overall housing supply within the Canby UGB and to address the capacity shortfall for higher-density housing, the consultant team has identified a list of potential strategies or actions the City might consider.

Generally, the policy strategies can be separated into seven categories:

- A. Zoning and Code Changes
- B. Reduce Regulatory Impediments
- C. Financial Incentives
- D. Financial Resources
- E. Tax Exemption and Abatement
- F. Land Acquisition, Lease, and Partnerships
- Z. Custom Options

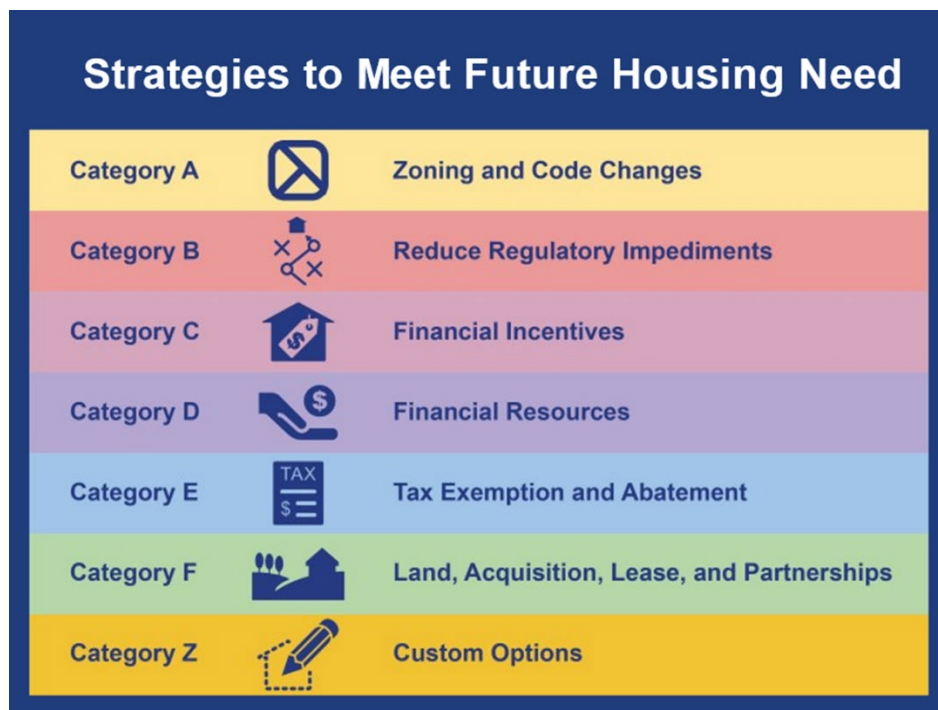


Exhibit 2 identifies and describes various housing policy strategies that have been utilized in cities throughout Oregon. **Preliminary consultant/staff recommendations are identified with an asterisk.** It is recommended that the Canby HNA and HPS planning efforts continue to obtain community input as the City evaluates which of these policies it should implement.

*Policy actions that have generally been implemented by the City or identified by the Canby Housing Advisory Committee for additional consideration are denoted with an * asterisk.*

Exhibit 2: Canby Housing Policy Considerations

| Action Number | Description | Category | Notes & Sources |
|---|--|-------------------------------------|--|
| A-1: Develop Criteria & Process for Identifying Land to Up-zone* | Develop criteria and a process for identifying land to up-zone (or rezone) to meet the deficit of land for multifamily development. The criteria may include considerations of location, transportation access, access to and capacity of infrastructure, site size, development constraints, and other relevant criteria. | Category A: Zoning and Code Changes | |
| A-2: Revise Development Code to Allow Duplexes* | Revise Development Code to allow duplexes where single-family dwellings are allowed | Category A: Zoning and Code Changes | HB 2001 requirement for cities with population between 10,000 and 25,000 |
| A-3: Allow Cottage Clusters* | Allow cottages to be developed in clusters with shared central amenities (such as open spaces) to allow for the development of small single-family detached housing clustered on a lot in the R-1, R-5, RM-10, and RM-20 zones. | Category A: Zoning and Code Changes | City of the Dalles Housing Strategy Report, April 2017 |
| A-4 Allow Tri/Quad Plexes in Single Family Zones | Allow triplexes and quadplexes in single-family zones, possibly using a form-based code approach to regulate the development of these units. | Category A: Zoning and Code Changes | HB 2001 requirement for cities with population greater than 25,000 |
| A-5: Develop a Form-Based Code | Adopt a form-based code approach to regulate the development of small apartments, cottages, tiny houses, and desired multifamily housing types in more zones. | Category A: Zoning and Code Changes | Downtown Bend |
| A-6: Allow Courtyard Apartments (all zones) | Allow courtyard apartments in single family and/or medium density zones. | Category A: Zoning and Code Changes | |
| A-7: Multifamily Residential Buildings in Downtown* | Create development standards that allow development of multifamily residential buildings in downtown. These buildings could be exclusively residential, or they may include a small amount of commercial space. | Category A: Zoning and Code Changes | |

| Action Number | Description | Category | Notes & Sources |
|--|---|---|---|
| A-8: Expand Mixed-Use Zoning* | Identify opportunities to rezone commercial land to commercial mixed-use to support multifamily housing development, if the City has more commercial land than needed to accommodate growth over the next 20-years. | Category A: Zoning and Code Changes | City of Forest Grove |
| A-9: Limit Single Family Detached Development in Higher-Density Zones | Limit amount of single family detached homes in medium and high density zones. Limitation can be established as a percentage of the total land area or in total dwelling units. | Category A: Zoning and Code Changes | Morrow County HNA, 2017 |
| A-10: Create a Minimum Density Standard | Create a minimum density standard in all residential zones. Example: minimum density standard of at least 70% of maximum density permitted in any residential zone. | Category A: Zoning and Code Changes | Morrow County HNA, 2017 |
| A-11: Limits on Short Term Rentals (STRs) | Require permits for STRs, and consider enforcing a minimum length of stay for at least 30 days. | Category A: Zoning and Code Changes | City of Newport, City of Dundee |
| A-12: Designs to Promote Aging in Place | Ensure that design standards allow for developments appropriate for seniors to live in. Examples include properties without yards or single story developments. | Category A: Zoning and Code Changes | |
| B-1: Reduce Minimum Lot Size (all zones) | Amend lot characteristic standards, such as setback requirements, lot size averaging, etc. to remove barriers to the development of a wider range of housing. | Category B: Reduce Regulatory Impediments | |
| B-2: Reduce Minimum Lot Sizes in Single Family Zones* | Evaluate reducing the minimum lot size in the Single-Family Residential zones. | Category B: Reduce Regulatory Impediments | |
| B-3: ADU Development Standards | Evaluate changing development standards for accessory dwelling units, including changing the size limit from 40% to 60% of the primary structure, but retaining the 800 square foot maximum size limit. | Category B: Reduce Regulatory Impediments | City of the Dalles Housing Strategy Report (2017) |

| Action Number | Description | Category | Notes & Sources |
|---|---|---|---|
| B-4: Identify Opportunities to Streamline PUDs* | Identify opportunities to streamline the process and standards for designing and approving planned developments | Category B: Reduce Regulatory Impediments | Local Housing Solutions |
| B-5: Transferable Development Density on a Parcel with Constraints | Allow housing clusters on a parcel with constraints that prohibit or limit development, such as floodplains or wetlands. This would allow the transfer of density to unconstrained portion of the parcel to be developed at a higher density than the underlying zone, leaving the constrained portion of the parcel undeveloped. | Category B: Reduce Regulatory Impediments | |
| B-6: Remove Maximum Density Standards | Evaluate removing maximum density standards and allowing building height limitation, lot coverage standard, and parking requirement to limit density. | Category B: Reduce Regulatory Impediments | |
| B-7: Lower Off-street Parking Requirements* | Evaluate reductions to off-street parking requirements for multifamily housing, including housing serving seniors and other populations that may have lower car ownership. | Category B: Reduce Regulatory Impediments | City of Tigard, Statewide Climate Friendly Community requirements |
| B-8: Allow Single-Room Occupancies | Allow single-room occupancies (SROs) for the development or conversion of structures with multiple bedrooms and shared common spaces (i.e., shared kitchens and bathrooms), with the intention of allowing more than six unrelated persons to live in the same unit. | Category B: Reduce Regulatory Impediments | |
| B-9: Allow Live/Work Housing | Evaluate developing a policy and development standards to allow live/work housing (buildings that include both housing and areas for work) in limited circumstances in commercial and light industrial areas. | Category B: Reduce Regulatory Impediments | |

| Action Number | Description | Category | Notes & Sources |
|---|---|---|-----------------|
| B-10: Streamline Infrastructure Funding Process | Evaluate land use processing & infrastructure funding requirements. Land use permit process streamlining would cut down on developer time and cost. Clarity should be provided on infrastructure cost reimbursement. These would be incentives for developers to more quickly get through the land use review process with assurance of reimbursement for off-site public improvements with broader public benefit. | Category B: Reduce Regulatory Impediments | |
| B-11: Provide Pre-Approved Middle Housing Designs | Providing a pre-approved set of plans for middle housing typologies (ex. Cottage clusters, townhomes, and ADUs). The plans would be highly efficient, designed for constrained lots and low-cost solutions, and would allow for streamlined permitting. | Category B: Reduce Regulatory Impediments | |
| C-1: Incentives to Encourage Developers to Build PUDs* | Provide incentives to encourage developers to build planned developments with a variety of housing types, including incentives to support the development of income-restricted housing. Examples include use of TIF for funding off-site infrastructure, bonus density allowances, SDC discounts, etc. | Category C: Financial Incentives | |
| C-2: Identify High-Priority Infrastructure Projects* | Identify areas of high priority for improving infrastructure to support new residential development, focusing on opportunities for new development in higher density zones. | Category C: Financial Incentives | |
| C-3: Provide Density Bonuses for Affordable Housing* | Density bonuses for development of deed-restricted affordable housing. | Category C: Financial Incentives | |
| C-4: Modify SDC Fee Schedules* | Create SDC fee schedule that is tied to dwelling unit size. Consider per square foot fees rather than per dwelling. | Category C: Financial Incentives | City of Newport |

| Action Number | Description | Category | Notes & Sources |
|---|--|---|---|
| D-1: Ensure CIP Includes Funding Sources | Ensure that the City's Capital Improvement Plan includes funding for infrastructure improvements and maintenance necessary to support residential development. | Category D: Financial Resources | |
| D-2: General Obligation Bonds for Affordable Housing Development | Following the passage of Measure 102 Oregon local governments, including cities and counties, can now issue voter approved general obligation bonds to provide direct funding for construction and other capital costs associated with the development and construction of affordable housing. | Category D: Financial Resources | City of Portland |
| D-3: Create an Affordable Housing Fund | Create affordable housing fund, by considering a construction excise tax/dedication of city bed tax. | Category D: Financial Resources | City of Newport, Hood River, Bend |
| D-4: Tax Increment Financing (TIF) Set Aside | Create a TIF set-aside for affordable housing development programs within designated Urban Renewal Areas (URAs). Target could be to begin setting aside funds for affordable housing projects as a medium-term action, | Category D: Financial Resources | City of Portland |
| E-1: Property Tax Exemptions | Property tax options. Provide limited property tax exemption for low-income housing developments and single unit housing in distressed areas. | Category E: Tax Exemption and Abatement | |
| E-2: Multifamily Tax Exemptions | Provide limited multifamily tax exemptions to incentivize the development of higher density housing | Category E: Tax Exemption and Abatement | |
| E-3: Multiple Unit Property Tax Exemption (MUPTE) | This strategy can be used to incentivize production of multifamily housing with particular features or at particular price points by offering qualifying developments a partial property tax exemption over the course of several years. | Category E: Tax Exemption and Abatement | See Oregon Revised Statute, Chapter 307.600 |

| Action Number | Description | Category | Notes & Sources |
|--|--|---|---|
| E-4: Nonprofit Low-Income Rental Housing Exemption* | This tool can provide a simplified way for affordable housing owned and operated by a nonprofit or Community Land Trusts to qualify for a property tax exemption. | Category E: Tax Exemption and Abatement | See Oregon Revised Statute, Chapter 307.540 |
| F-1: Monitor Residential Land Supply & Housing Inventory* | Develop and implement a system to monitor the supply of residential land every two years. This includes monitoring residential development (through permits) as well as land consumption (e.g., development on vacant or redevelopable lands). | Category F: Land Acquisition, Lease, and Partnerships | |
| F-2: Develop Partnerships with Nonprofits* | Partnering with housing non-profits. A partnership with a housing nonprofit can be established to acquire naturally occurring affordable housing such as foreclosures and expansion of the City's vacant property registration program for housing rehabilitation or purchase. | Category F: Land Acquisition, Lease, and Partnerships | |
| F-4: Preserve Existing Affordable Housing | Preventing displacement and preserving "naturally occurring" affordable housing (such as mobile home parks) through acquisition by non-profits, low-interest loans/revolving loan fund for preservation, and/or code enforcement. | Category F: Land Acquisition, Lease, and Partnerships | OHCS Mfd Dwelling Parks Program |
| F-5: Public/Private Partnerships (P3) | Partnerships between government and private developers and/or nonprofits have the potential to leverage financial resources with limited public investment in infrastructure or conveyance of land or development rights. | Category F: Land Acquisition, Lease, and Partnerships | |
| F-6: Housing on City/County Surplus Land | Local agencies may designate surplus property for housing and mixed use development that includes an affordable element. | Category F: Land Acquisition, Lease, and Partnerships | City of Bend |
| Z-1: Community Outreach | Conduct public meetings and develop materials to provide information to the community about local housing needs and various policies that encourage new development. | Category Z: Custom Options | |

| Action Number | Description | Category | Notes & Sources |
|---|---|----------------------------|-----------------|
| Z-2: Update Housing Needs Periodically* | Reevaluate housing needs and land sufficiency every eight years as required by House Bill 2003, or sooner. | Category Z: Custom Options | |
| Z-3: Conduct Fair Housing Audit | Conduct a Fair Housing audit of the City's development processes and Development Code. An audit would look at existing definitions, restrictions, standards that trigger conditional use permits, and disparate impacts of policies on protected classes. | Category Z: Custom Options | |
| Z-4: Conduct Development Barriers Audit* | Conduct a broader audit of local zoning code and development processes to identify barriers to residential development and identify alternatives for lowering or eliminating the barriers. | Category Z: Custom Options | |
| Z-5: Education for Property Owners/ Developers* | Provide information and FAQs to local developers and property owners to help them understand how to navigate the land use permitting process. | Category Z: Custom Options | |
| Z-6: Explore Community Land Trusts | Consider the formation of a community land trust (A non profit corporation) which will act as a steward for land intended for the development of affordable housing | Category Z: Custom Options | |
| Z-7: Amend Commercial zoning to allow mixed use development* | Provides more flexibility by allowing mixed-use buildings with residential flats above ground floor commercial. | Category Z: Custom Options | |

**Denotes preliminary consultant/staff recommendation to be refined during Housing Production Strategy and Comprehensive Plan update pending additional community input*

APPENDIX C. ENGAGEMENT SUMMARIES

Engagement Timeline:

- Housing Advisory Committee met 4 times between March 2022 and February 2023
- Stakeholder Interviews - April 2022
- Community Open House and online survey – January 2023

Stakeholder Perspectives

Housing Producers

- Developers
- North Willamette Habitat for Humanity
- Land use attorney
- Apartment complex manager

Local Perspectives

- Community At Large (surveys / open houses)
- HNA/EOA Advisory Committees

Employers & Businesses

- Local Businesses
- School District
- Chamber of Commerce
- Clackamas County
- Workforce Development

Community Outreach Summary

Stakeholder Interviews Summary

Housing Producers

Lack of incentives and guidance for affordable housing – Incentives are needed for developers to produce smaller homes.

Overarching regulatory requirements create a barrier – The amount of roadway required, parking, SDC fees, design standards, and minimum lot width limit cost reducing options.

Existing Zoning Code, specifically Zone R-2, offers helpful flexibility – It is less limiting than R-1 in terms of lot size and locational variability.

Higher density housing centralized in the Downtown area – Look to the Dahlia Building and consider the lack of senior housing, and surplus of large rental units.

Community Outreach Summary

Stakeholder Interviews Summary

Housing Consumers

- Hope Village (staff)
- Canby Center (staff)
- Canby Adult Center (staff)
- Canby Adult Center Focus Group
- Bridging Cultures

Community Outreach Summary

Stakeholder Interviews Summary

Housing Consumers

Community members live in a variety of housing types and more housing in each category is desired – Housing should incorporate minimal maintenance, multi-modal accessibility, and connectivity.

Intergenerational housing, home equity, and senior housing are at the forefront of Canby residents' desires – Many live in Canby for the proximity to family, want to be able to own housing, and see a large need for affordable senior housing.

Rental housing rates are too high – People with \$40,000 annual income struggle to make rents in the \$1,200 to \$1,400 range, and most rents are closer to \$1,600.

The City should take actionable steps to aide in creating and attracting affordable housing – Ideally through the purchase of land, rent control measures, and development code revisions.

Community Outreach Summary

Public Meeting Comments

- Mixed support for UGB expansion— concerns about density and preserving prime farmland; desire for the city to remain small and rural.
- Concern that income growth is not keeping up with the cost of housing.
- Additional public outreach is necessary to ensure a wide range of views regarding potential up-zoning and UGB expansion.
- Pursue less development in downtown since traffic is already bad there.
- Design standards in Canby need work. Especially on multifamily and fencing.

Community Outreach Summary

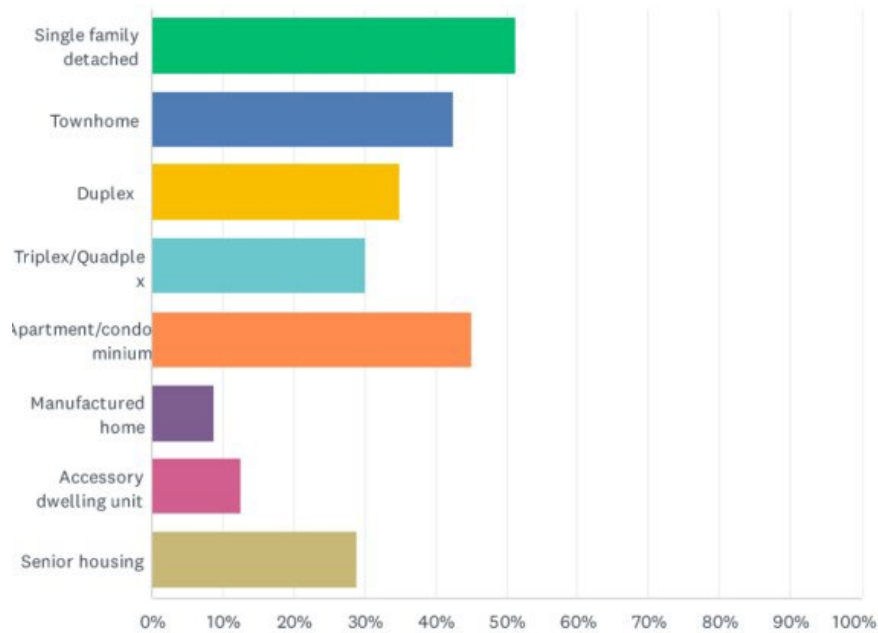
Public Meeting Comments

- Concern that the city might rezone R1 property to a higher density.
- Concern about out-of-area investors buying up single family detached homes in Canby.
- Desire for the City to allow cottage clusters.
- Consider using tax increment financing could be used to pay down SDCs for affordable housing.

Community Outreach Summary

Online Survey Results (80 respondents)

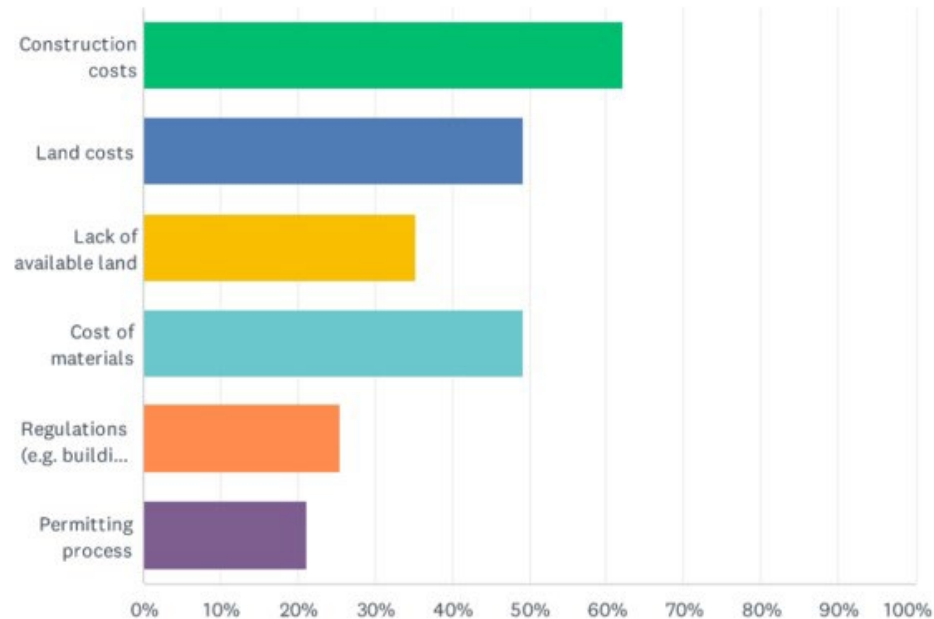
What housing types does
Canby need most?



Community Outreach Summary

Online Survey Results (80 respondents)

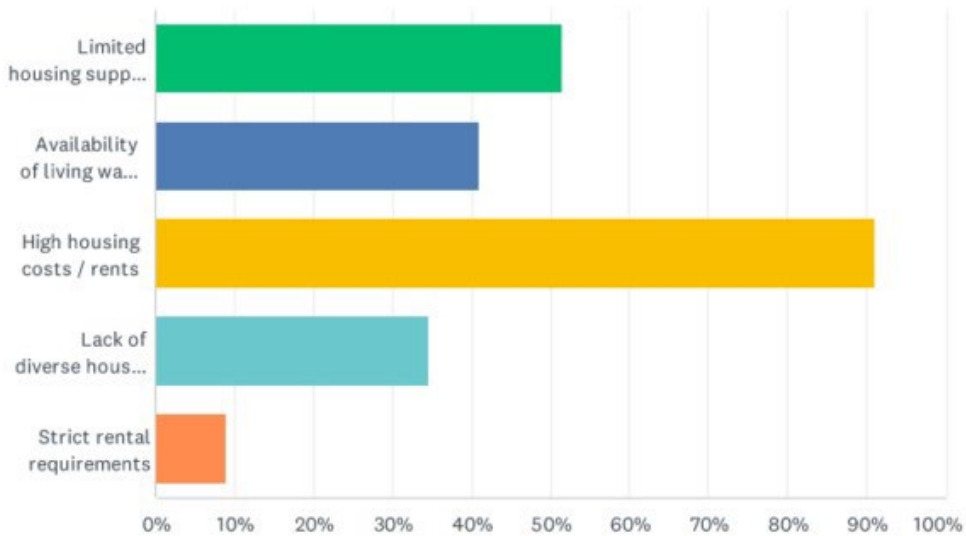
What are the top three barriers to housing development in Canby?



Community Outreach Summary

Online Survey Results (80 respondents)

What are the top three barriers to owning a home in Canby?



Community Outreach Summary

Residents are concerned about...

- Traffic congestion and anything that degrades quality of life
- Lack of sidewalks & traffic control systems
- Lack of attainable housing supply for workers
- Lack of coordinated long term community master plan
- Lack of quality design & landscaping standards
- Warehousing & distribution businesses that pay low wages
- Sprawl (low density development that is not pedestrian friendly)

Community Outreach Summary

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