



## Middle Housing Affordability FAQ

**Question 1:** Can the City require that new middle housing units be affordable to people in certain income ranges?

**Answer:** State law does not allow jurisdictions to require all new middle housing to be affordable at a specific income level. Imposing affordability requirements on private development (known as “inclusionary zoning”) is allowed by Oregon law only for development with at least 20 units per building, and only if certain incentives are offered in exchange. This would also be prohibited by House Bill 2001 because it would almost certainly constitute an unreasonable cost that is not applied to single-family housing. The City could make density bonuses, lower parking ratios, or other code incentives that go beyond minimum compliance available only for development that meets certain affordability criteria but must allow middle housing subject to standards consistent with HB2001 regardless of pricing.

New middle housing is likely to be affordable to a broader range of households than new single-family detached homes; however, it is very difficult to deliver new housing (of any form) that is affordable to the City’s lowest income residents without public subsidy. Even if it were legal, requiring middle housing to offer below-market rents or sales prices without providing public subsidy or incentives would likely make it impossible for the private market to develop. It would also mean that middle housing would face even greater obstacles compared to single family development. Nearly all for-profit developers would likely continue to build single family homes. Some non-profit or affordable housing builders would be able to build middle housing, but it would rarely be delivered by the private market.

**Question 2:** Are there ways for the City to provide incentives or other strategies to make middle housing more affordable?

**Answer:** Yes, the City has discussed and is considering several options for encouraging or incentivizing development of middle housing that would be affordable to a wider range of residents. These include:

- Allow for development of middle housing with smaller lot sizes and/or more units on each lot, to reduce land cost per unit.
- Offer a density bonus if property owners want to keep some units affordable to people earning limited incomes.
- Encourage smaller middle housing unit sizes by reducing lot area requirements and eliminating off-street parking mandates when units are smaller than 900 square feet.
- Reduce city fees, property taxes, and/or the cost of associated public facilities for middle housing units that are affordable to people with lower incomes.

**Question 3:** How else will the City's proposed middle housing standards address City equity and affordability goals?

**Answer:** Implementation of the proposed middle housing code updates will enhance housing equity and affordability in the long-term in a variety of ways.

- Increasing the overall supply of housing in the City will help keep housing costs from escalating faster than incomes as the City grows. This will have a positive effect on affordability of all housing over time.
- Allowing middle housing in the City's low-density residential zones creates opportunities to expand the supply of moderate-cost housing in the City.
- Reducing lot sizes for middle housing will reduce the cost of development associated with land, which allows middle housing to be developed in more situations and potentially at more affordable price-points.
- Allowing for middle housing broadly across the City will help improve the equitable distribution of middle housing in a wider range of neighborhoods and provide a greater variety of housing options, including homeownership and wealth building opportunities, in more parts of the City.

**Question 4:** Is increased regulation of middle housing beneficial in creating more housing opportunities?

**Answer:** In general, imposing more regulation on the development and design of any form of housing tends to increase the cost of producing and providing that housing. While it is important to continue to regulate certain aspects of housing development in a reasonable, fair and consistent manner, too much regulation can constrain housing production in ways that drive up housing costs overall. However, if calibrated carefully to the local housing market so that new development remains viable, regulations that limit the size of new homes (including single-family detached homes as well as middle housing) can help prevent very large homes that are more likely to be expensive from "out-competing" smaller and lower-cost housing options.

**Question 5:** What else can the City do to support development of housing affordable to people with limited means?

**Answer:** The City can continue to work with non-profit and market rate developers of all forms of housing that are affordable to people with low incomes. This includes continuing to implement a variety of strategies including: use of publicly owned land, reduction of system development charges or other fees, implementation of property tax abatement programs, provision of technical assistance by City staff, use of state and federal funds for subsidies, and others.