

Traditional Housing Choices

Guide Book, 2nd edition

Promoting Homeownership Memorandum

DECEMBER 2024



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The contents of this document do not necessarily reflect views or policies of the State of Oregon

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INTRODUCTION

INTRODUCTION

Background

2018 Housing Choices Guide Book (1st edition)

The Housing Choices Guide Book was first published in 2018 and made available on the Oregon Department of Land Conservation and Development (DLCD) website. Since that time, it has been downloaded thousands of times, and hundreds of print copies have been provided at planning and housing conferences and sent directly to cities. That project was developed to educate planning commissioners and councilors about the importance of housing choice, via a “picture book” of middle housing, combining images and data in an easy-to-read format. Set up like a tour guide, it was intended to get people to see and experience actual, built examples of middle housing and, as a result, make more informed decisions about zoning, density, and housing. As described on the following pages, the term “traditional middle housing” refers to forms of housing that are neither large-scale apartments (dwelling units inside an apartment building) nor a single detached house on a typical lot with fee simple ownership. Middle housing is seen as a critical element in solving the housing crisis that includes a severe shortage of housing options and housing affordability for Oregonians.

Since publication of the first Housing Choices Guide Book in 2018, Oregon state land use and housing agencies, along with the state legislature, have addressed the housing crisis in a number of important ways. Most relevant to this guide book, through House Bill (HB) 2001, also known as the middle housing bill, the 2019 legislation requires all cities in Oregon with a population greater than 10,000, or within the Portland Metro’s boundary, or within Tillamook County, to adopt zoning code amendments to remove barriers to the creation of middle housing. As a companion to HB 2001, another bill (Senate Bill [SB] 458) passed in the Oregon state legislature. It requires cities to adopt middle housing

expedited land division. Most cities’ updated zoning codes and land division amendments went into effect in 2023.

2nd edition of the Housing Choices Guide Book

The 2nd edition, published in late 2024, is an update of the 1st edition. It includes more middle housing examples located throughout Oregon and includes more emphasis on middle housing as an affordable and workforce housing solution.

Purpose of this Memo

The purpose of this memo is to:

- Summarize and compare established forms of homeownership in the United States, including lesser-known equity ownership models.
- Summarize the HB 2001 housing types specifically named in the state legislation and identify how they lend themselves to homeownership options.
- Describe additional forms of housing not named in HB 2001, such as tiny homes and Single Room Occupancy (SRO), and identify how those may lend themselves to homeownership options.
- Reflect the policy position that all housing can offer both ownership and rental tenure opportunities, depending on the development approach chosen.



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HOMEOWNERSHIP

HOMEOWNERSHIP

The following forms of ownership are the established models of homeownership in the United States, and are discussed in more detail below:

- Conventional lot and homeownership
- SB 458 middle housing land division ownership
- Equity ownership arrangements that promote affordability
 - Deed-restricted homeownership
 - Limited-, shared-, and zero-equity cooperatives
 - Community land trust
- Condominiums

Conventional Lot and Home Ownership

“Fee simple,” also referred to as conventional homeownership, is real property ownership that is characterized by a detached house on a single lot or parcel, including the right to enjoy and use the land.¹

Homeownership has a privileged place in the United States and is supported by a legacy of policies that allowed and promoted homeownership to select groups. The 1930s New Deal reforms saw programs that expanded the affordability and accessibility of housing on an unprecedented level,² and tax advantages include lower taxes on home sale gains than on sales gains from stocks and bonds.

A home commonly represents the largest asset owned by US households. In the 20th century house prices generally increased at rates below the stock market performance and represented a stable investment, but more importantly a stable place to

live.³ Since the 1990s house prices have been much more volatile, often rising. Beginning in the 1990s and until 2006 house prices rose at a much higher average rate than the stock market. In the wake of the financial crisis and the COVID-19 pandemic, homeownership remains popular and provides an alternative to the unpredictability and rising costs of the rental housing market. Homeownership can also create financial barriers, including limiting the ability of people to move to “right size” housing and the financial challenges of expected and unexpected home repairs or maintenance.

“Most middle-class families in this country gain their wealth from the equity they have in their homes. So this enormous difference between a 60 percent income ratio and a 5 percent wealth ratio is almost entirely attributable to federal housing policy implemented through the 20th century.”

—Richard Rothstein, author of The Color of Law: A Forgotten History of How Our Government Segregated America⁴

Housing prices, especially single detached houses, have outpaced incomes, growing at an unprecedented rate and thus making entrance into the housing market prohibitively expensive for most households. Housing prices have risen sharply due to the increased premium of land and the related economics, which have limited the ability to produce the modestly sized or moderately priced “starter homes” to which previous generations had access.⁵

³ *Ibid*, 384.

⁴ Rothstein, Richard. “A ‘Forgotten History’ Of How The U.S. Government Segregated America.” *Fresh Air*. <https://www.npr.org/2017/05/03/526655831/a-forgotten-history-of-how-the-u-s-government-segregated-america>.

⁵ *The New York Times*. “Whatever Happened to the Starter Home?” September 25, 2022, sec. The Upshot. <https://www.nytimes.com/2022/09/25/upshot/starter-home-prices.html>.

¹ Bloomenthal, Andrew. “What Is Property? Definition, Types, Valuation, and Taxation.” *Investopedia*, July 24, 2024. <https://www.investopedia.com/terms/p/property.asp>.

² Schwartz, Alex F. “Homeownership and Income Integration,” in *Housing Policy in the United States*. Routledge, 2014, 379.

SB 458 Land Division Ownership

SB 458, adopted by the Oregon Legislature in 2021 as a follow-up to HB 2001, allows lot divisions for middle housing that enables them to be sold or owned individually.

For any city or county subject to the requirements of HB 2001, SB 458 requires those jurisdictions to allow middle housing lot divisions for any HB 2001 middle housing type (duplexes, triplexes, quadplexes, townhouses, and cottage clusters) built in accordance with Oregon Revised Statutes (ORS) 197.758. SB 458 only applies to middle housing land divisions permitted on or after June 30, 2022. DLCDC interprets middle housing land divisions to mean applications for land divisions on a single parent lot where one middle housing type is being proposed. DLCDC does not interpret SB 458 processes to apply to larger partitions or subdivisions intended to get land ready for development.

The law sets forth a series of parameters on how a city must process middle housing lot division applications. The city must apply an “expedited land division” process, as defined in ORS 197.360 through 197.380, and the applicant must submit a tentative plan for the division, including the following:

- A proposal for development of middle housing in compliance with the Oregon Residential Specialty Code and applicable middle housing land use regulations;
- Separate utilities for each dwelling unit;
- Easements necessary for utilities, pedestrian access, common use areas or shared building elements, dedicated driveways/parking, and dedicated common areas;
- One dwelling unit per each resulting lot or parcel (except common areas); and
- Demonstration that the buildings will meet the Oregon Residential Specialty Code.

Additionally, cities retain the ability to require or condition certain things, including further division limitations, street frontage improvements, and right-of-way dedication, if the original parcel did not make such dedications. Cities may not subject applications to approval criteria other than as provided in SB 458 such as the requirement that a lot or parcel include driveways, vehicle access, parking, or minimum/maximum street frontage, or requirements inconsistent with HB 2001 and Oregon Administrative Rule 660-046.

Equity Ownership Arrangements

There are various programs and arrangements for homeownership in the United States that are used by local, regional, and national nonprofits; community members; and housing providers to promote more affordable, lower risk homeownership options. The most widely used programs include community land trusts (CLTs); deed-restricted housing programs; and zero-equity, shared equity, and/or limited-equity resident-owned housing cooperatives.⁶ Sometimes the programs are combined to create the affordability options desired by the community and developer. There are currently over 250,000 shared equity homeowners in the United States.⁷

According to Grounded Solutions Network (a national network for community land trusts and long-term affordable housing), “shared equity homeownership is a self-sustaining model that takes a one-time public investment to make a home affordable for a lower-income household and then restricts the home’s sale

⁶ Shared Equity Models Offer Sustainable Homeownership | HUD USER. <https://www.huduser.gov/portal/periodicals/em/fall12/highlight3.html>. Accessed May 31, 2024.

⁷ Shared Equity Homeownership – Grounded Solutions Network. <https://groundedsolutions.org/strengthening-neighborhoods/shared-equity-homeownership/>. Accessed May 31, 2024.

price each time it is sold to keep it affordable for subsequent low-income households who purchase the home. The model balances wealth building for households who would otherwise be unable to afford owning a home with preserving the community's investment."⁸ The shared equity model can be used in a variety of applications, including resident-owned cooperatives and CLTs.

Community Land Trusts⁹

CLTs are nonprofit organizations that create and maintain affordable housing by owning land and leasing it to homeowners. Homebuyers purchase homes at below-market prices and lease the land under long-term agreements. CLTs are commonly developed in conjunction with shared equity and limited-equity models, ensuring affordability through resale restrictions and allowing buyers to build equity. CLTs often work with local governments and rely on grants for funding. They provide ongoing support and require buyers to meet income eligibility and other criteria. Examples of CLTs in Oregon include DevNW (Clackamas, Marion, and Lane counties), Proud Ground (Portland), Rooted Homes (Bend), and many local Habitat for Humanity affiliates.

See projects #11 and #27 in the *Traditional Housing Choices Guide Book, 2nd edition*, for examples of community land trusts.¹⁰

8 *Ibid.*

9 Published. "Community Land Trusts." *Local Housing Solutions*, <https://localhousingsolutions.org/housing-policy-library/community-land-trusts/>. Accessed May 28, 2024.

10 "Traditional Housing Choices Guide Book, 2nd Edition (September 2024) – A Visual Guide to Compact Housing In Oregon." *Transportation and Growth Management Program. Joint Program of DLCDD and ODOT*, https://www.oregon.gov/lcd/TGM/Documents/240924_TraditionalHousingChoicesguidebook.pdf.

Deed-restricted Homeownership¹¹

Deed-restricted homeownership maintains long-term affordability by attaching resale restrictions to property deeds, so that homes remain affordable for low- and moderate-income buyers through subsequent sales. Restrictions often limit resale prices and set eligibility criteria for buyers, such as age requirements. These programs help communities preserve affordable housing stock and require monitoring and enforcement to ensure compliance. Deed restrictions can be perpetual or time-limited and are typically used alongside other affordable housing policies such as inclusionary zoning.

See project #11 in the *Traditional Housing Choices Guide Book, 2nd edition*, for an example of deed-restricted homeownership.¹²

Equity Cooperatives¹³

Cooperatives offer affordable homeownership by allowing residents to purchase shares in a cooperative, not individual units. These shares may be resold at prices determined by a formula to maintain affordability, depending on the equity model of the cooperative. Zero-equity cooperatives offer the permanent tenure of homeownership without a wealth-building opportunity, prioritizing stability for the current resident and affordability for future residents. Limited-equity, shared equity, and zero-equity cooperatives often receive initial government

11 Published. "Deed-Restricted Homeownership." *Local Housing Solutions*, <https://localhousingsolutions.org/housing-policy-library/deed-restricted-homeownership/>. Accessed May 28, 2024.

12 *Ibid.*, 17.

13 Published. "Limited Equity Cooperatives." *Local Housing Solutions*, <https://localhousingsolutions.org/housing-policy-library/limited-equity-cooperatives/>. Accessed May 28, 2024.

assistance and have resale restrictions to ensure long-term affordability. More funding sources are needed for these tenure models to flourish.

Residents typically manage the cooperative, which can be a multi-unit attached building or another housing type such as cottage clusters and manufactured dwelling parks. Local governments can support affordable resident-owned cooperatives of various equity types through public financing, tax breaks, and rights of first refusal.

See project #27 in the *Traditional Housing Choices Guide Book, 2nd edition*, for an example of limited-equity cooperative.¹⁴

Condominiums

Condominiums can be residential or commercial. A condominium development can be as small as two units or as large as many buildings with hundreds of units. A residential condominium combines two types of ownership. A resident owns their own home and shares ownership of common areas with other residents. All unit owners are members of an owners' association that manages the condominium building. An elected board of directors acts on behalf of the association.

Condominiums offer several advantages for homeowners. The purchase price can be more affordable even though the homeowner pays regular owners' association fees. Home maintenance is easier because the owners' association is responsible for common areas. Unit owners share the cost of common area maintenance.

¹⁴ "Traditional Housing Choices Guide Book, 2nd Edition (September 2024) – A Visual Guide to Compact Housing In Oregon." *Transportation and Growth Management Program. Joint Program of DLCD and ODOT*, <https://www.oregon.gov/lcd/TGM/Documents/240924-TraditionalHousingChoicesguidebook.pdf>, 27.

The formation of new condominiums and the conversion of existing buildings to condominium ownership are regulated by the Oregon Condominium Act (Oregon Revised Statutes [ORS] Chapter 100). The Oregon Real Estate Agency administers the process for both new construction and conversions. Condominium formation or conversion involves state and local approvals and can be lengthy and complex. This may deter some developers from building or converting condominiums and spur them to construct conventional homes or multi-dwelling rental units instead.



3

**TRADITIONAL
MIDDLE HOUSING**

TRADITIONAL MIDDLE HOUSING

What Is Meant by Middle Housing?

The term “middle housing” refers to forms of housing that are neither large-scale apartments nor a single detached house on a typical lot with fee simple ownership. Between detached homes and apartments exist many other housing options, such as cottage clusters, courtyard units, quads, and townhouses. These in-between types were built throughout the United States, often as a starter home for first-time homeowners, until local laws and codes passed in the mid-twentieth century restricted their building.

DLCD added the word *traditional* to the 2nd edition of the housing choices guide book. The terms “traditional middle housing” or “traditional housing choices” acknowledges that, while the term middle housing is new, the idea of housing choice is old and predates modern “single family” zoning and postwar-era racial housing restrictions.

In 2019, the Oregon Legislature passed HB 2001. As a result, cities of a certain size or within Metro’s Portland metropolitan area urban growth boundary must allow middle housing types in single family zones. In addition, cities cannot place unreasonable barriers to limit their development. The state rules are part of sweeping housing reforms intended to address the state’s ongoing housing shortage and the inequities in the housing market that have led to inequities in wealth-building and economic security for the state’s disadvantaged and low- to middle-income households. HB 2001 and related bills define middle housing as:

1. Duplexes;
2. Triplexes;
3. Quadplexes;
4. Cottage clusters; and
5. Townhouses.

“Cottage clusters” means groupings of no fewer than four detached housing units per acre with a footprint

of less than 900 square feet each and that include a common courtyard.

“Townhouses” means a dwelling unit constructed in a row of two or more attached units, where each dwelling unit is located on an individual lot or parcel and shares at least one common wall with an adjacent unit.

History of Middle Housing

Historically, middle housing was a common sight in most American cities. The advent of zoning and development regulations in the mid-twentieth century resulted in the eventual exclusion of these housing types in favor of single detached houses on individual lots with fee simple ownership. This process was hastened in the years after World War II, with vast federal investment in housing through the GI Bill and other programs. This transformation led to the development and expansion of suburban areas, where cities adopted further zoning restrictions that limited or prohibited middle housing.

The “single-family” zoning that was adopted on a widespread basis by most US cities dictated the size of residential lots, the form and shape of dwellings, the types and numbers of households that could live in them, and included requirements for providing parking on-site.¹ Single-family zoning created large areas with only one type of housing, one which many households could not afford. These neighborhoods became monocultures of housing, and by extension, monocultures of people, segregated by age, race, income, and household type. Today, most forms

¹ Since adoption of House Bill 2001 (2019), Oregon communities are moving away from the term “single-family” and using more inclusive terms such as “single unit dwelling” instead. The word “family” is difficult to define, fails to reflect the wide variety of possible household arrangements—such as multigenerational households—and its use in zoning may violate the Fair Housing Act.

of middle housing are rarely found in suburban, exurban, and peri-urban areas. Thus, the term “missing middle housing” represents more than just forms of housing, it also signifies lost opportunity and institutionalized segregation.

Zoning and the History of Racial Exclusion

For the past 75 years or more, the average American family has held most of its net worth in the form of equity in homeownership. The federal home loan subsidy programs, created after World War II, favored the development of single-family-zoned areas that were intentionally racially exclusive. This meant that many Black veterans and other veterans of Color were excluded from accessing the GI Bill benefits because of housing and lending discrimination. Most US Department of Housing and Urban Development (HUD) loan programs at one point required that housing development include covenants, conditions, and restrictions that precluded the purchase of homes by marginalized racial, ethnic, and religious groups. This practice deprived entire communities of the benefit of intergenerational wealth accrual and in many cases housing stability.

Exclusion was not the only practice that had an impact on marginalized groups of people. “Redlining,” the practice by which neighborhoods with high levels of African American homeownership were graded by insurance and loan companies as “high-risk,” also had a negative impact. The result of “redlining” is that families who owned homes in these neighborhoods saw their equity drop precipitously, as underwriters no longer approved purchases under federal loan programs.² These and many other policies and practices explicitly enacted and perpetuated segregation and racism. Even with the gains made in the civil rights movement of the 1960s, segregation

² Rothstein, Richard. 2017. *The Color of Law: A Forgotten History of How Our Government Segregated America*. 1st ed. W. W. Norton & Company, Inc.

remained largely in place in the form of single-family zoning and inequitable and unethical lending practices. The ramifications of these disastrous policies remain with us today. As recently as 2022, studies found the existence of appraisal valuation bias. Valuation bias is a discrepancy in appraisal valuation when the race of the homeowner is known, and appraisers depreciate the values of Black households' homes compared to white households' home valuations.

After decades of exclusion ranging from being denied home loans, having their neighborhoods redlined, facing discrimination in employment, and receiving less pay on average than their White counterparts, Black people and other underserved communities were effectively denied the opportunity to own a home and enjoy the benefits that accrue from ownership. Even at comparable income levels, homeownership rates are much lower for Black households than White households.^{3 4} Exclusion and segregation persist particularly in neighborhoods zoned for single detached homes.

Generations of denial have compounded to make it harder for Black people to buy homes today, leading to the average White household having 9.2 times the

³ Urban Institute, based on 2017 American Community Survey data. Hyun Choi, Jun. “Breaking Down the Black-White Homeownership Gap.” *Urban Wire*. Urban Institute, February 21, 2020. <https://www.urban.org/urban-wire/breaking-down-black-white-homeownership-gap>.

⁴ Hermann, Alexander. “In Nearly Every State, People of Color Are Less Likely to Own Homes Compared to White Households.” *Housing Perspectives*. Joint Center for Housing Studies of Harvard University, February 8, 2023. <https://www.jchs.harvard.edu/blog/nearly-every-state-people-color-are-less-likely-own-homes-compared-white-households#:~:text=At%20just%2041.7%20percent%2C%20Black,they%20exceeded%2040%20percentage%20points>.

wealth of the average Black household.⁵

Oregon Middle Housing Prior to HB 2001

Similar to communities across the United States, forms of middle housing have disappeared from Oregon's building lexicon in small towns and cities. Before implementation of HB 2001 there were few examples of new middle housing incorporated into Oregon projects. Recent middle housing projects are mostly in neighborhood infill projects (such as Portland's Belmont Dairy or Cully Grove), greenfield projects that are categorized as "intentionally planned" communities, or in small developments that took advantage of local Planned Unit Development (PUD) provisions. These intentionally planned communities include Orenco in Hillsboro, Villebois in Wilsonville, NorthWest Crossing in Bend, Wilder in Newport, and cottage clusters such as Classic Cottages in Manzanita and Salish Pond in Fairview.⁶

Removing Barriers to Middle Housing

Implementing HB 2001 and further removing zoning that creates barriers to middle housing development will encourage the reestablishment of middle housing options, while also benefiting affordable housing providers. Small, compact housing forms could more easily be built on smaller lots, making this type of housing inherently more affordable. It will take work

⁵ "2. Wealth Gaps across Racial and Ethnic Groups." Report: *Wealth Surged in the Pandemic, but Debt Endured for Poorer Black and Hispanic Families*. Pew Research Center, <https://www.pewresearch.org/2023/12/04/wealth-gaps-across-racial-and-ethnic-groups/>.

⁶ "Traditional Housing Choices Guide Book, 2nd Edition (September 2024) — A Visual Guide to Compact Housing In Oregon." Transportation and Growth Management Program. Joint Program of DLCDC and ODOT, <https://www.oregon.gov/lcd/TGM/Documents/240924-TraditionalHousingChoicesguidebook.pdf>, 8, 9, 13, 14, 16, 17, 39, 43.

to encourage a shift in the conventional approaches of the for-profit housing development industry. Because much of the institutional knowledge about middle housing development has been lost, there is little to no information on market comparables to guide development pro formas. Most of the work to remove barriers to middle housing will need to focus on knowledge building and concept-proofing.

Goals of Traditional Middle Housing

The goals of traditional middle housing are to:

- Provide more housing choices (including affordable choices) to serve the full range of housing needs for current and future community members.
- Integrate opportunities for market rate and regulated affordable housing to facilitate homeownership at all income levels, in all types of neighborhoods.
- Provide opportunity for all neighborhoods to include diverse housing types.

Middle Housing Can Be More Affordable Housing

Small housing and middle housing generally are more affordable than single detached dwellings, primarily because traditional middle housing is smaller (and can be on smaller lots) than the current detached house. Reducing the size of the unit and the lot can help reduce the overall cost of constructing a home. Nationwide, however, the small, detached house has all but vanished from new construction.⁷

⁷ Badger, Emily. "Whatever Happened to the Starter Home?" *The Upshot*. *The New York Times*, September 25, 2022. <https://www.nytimes.com/2022/09/25/upshot/starter-home-prices.html>.

The following home or neighborhood features have the most significant effect on affordability:

- Making homes smaller reduces construction costs.
- Making lots smaller reduces land acquisition cost.
- Unit size is the greatest factor in determining the home price under current market conditions.

Despite these affordability features, large single detached houses are generally the preferred typology for homebuilders due to phasing capabilities, zoning, land use, and development codes, as well as known market risk factors.

Approaches to Increase Affordability

These approaches can increase the affordability of housing:

- Implement inclusionary zoning policies that require a certain percentage of homes in a development be affordable to lower income brackets.
- Remove barriers to the development of smaller homes, including accessing smaller lot sizes.
- Increasing home buyer spending power with improved loan terms and financial assistance programs.
- Establish affordability during the planning and development phase through specific tenure type development.
- Directly reduce the costs of housing (by a city), for example, by reducing development fees, paying for infrastructure, or adjusting zoning requirements in exchange for deed restrictions or other mechanisms to ensure affordable housing.

The Gap Between Housing Needs and Housing Supply

There is a gap between the size and price of housing as determined by market forces and the size and price of housing needed or desired by many buyers and their ability to pay. Even while the typical

American household has fallen in size for decades, the typical home has grown larger. Today, only about 8 percent of new single-family homes are 1,400 square feet or less.⁸

The following conditions help describe this gap and how it manifests in Oregon:

- Before HB 2001, most homes built were large single detached houses.
- Medium- and large-lot homes are not affordable to households with median incomes in most of areas of the state.
- The average price of single detached houses has increased significantly for all lot sizes in the past decade, making them unaffordable for most Oregonians.
- In many areas of the state, including in the Portland metropolitan region, the following conditions characterize the gap between housing supply and affordability:
 - At 80 percent of the median household income, a four-person household could afford a condominium and perhaps a lower priced townhouse.
 - Oregon's existing housing stock is especially unaffordable for households earning less than 80 percent of the median household income.

Comparison of Middle Housing Types

The following section consists of a comparative summary of the characteristics, benefits, and considerations for each housing type that is included in the Traditional Housing Choices Guide Book.⁹

⁸ *Ibid.*

⁹ "Traditional Housing Choices Guide Book, 2nd Edition (September 2024) — A Visual Guide to Compact Housing In Oregon." Transportation and Growth Management Program. Joint Program of DLCD and ODOT, https://www.oregon.gov/lcd/TGM/Documents/240924_TraditionalHousingChoicesguidebook.pdf.

Single Dwellings, Detached

Overview

A single-household detached dwelling is a stand-alone residential structure intended for one household, including individual home entries that are visible and accessible from a public street, shared street, or common area. It is not attached to any other housing unit and typically sits on its own parcel of land (e.g., is fee simple). Since the mid-20th century, it has been the most common housing ownership type in the US. Because it is fee simple, the dwelling structure and the land it sits on are often owned by the residents, but not always; residents may rent from owners who own both the home and the land. The homebuilding industry and financing institutions favor this housing type, and owners continue to enjoy certain tax benefits such as a home mortgage tax deduction even when the home is rented.

Characteristics and benefits

- Privacy – Offers the highest level of privacy among housing types.
- Space – Generally provides more living space, both indoors and outdoors, including private yards.
- Customization – Gives owners the flexibility to modify or renovate the property according to their preferences.
- Separation – Is ideal for those seeking an independent living environment without shared walls or communal spaces.
- Property Value – Often is associated with higher property values and the potential for appreciation.

Considerations

- Cost – Typically is more expensive to purchase and maintain compared to other housing types.
- Land Use – Requires more land, which can limit

availability in densely populated areas.

- Utilities and Maintenance – Owners or occupants are responsible for utilities, maintenance, and repairs, which can be time and cost burdens.
- Property Tax – Is based on structure and land values determined by the market, which can create a cost burden.

This housing type:

- *Is featured in Housing Choices Guide Book 1st or 2nd edition* | NO
- *Is named in HB 2001 middle housing legislation?* | NO
- *Lends itself to homeownership* | YES

Townhouses

Overview

Townhouses, sometimes called rowhouses, are a series of similar or identical homes sharing common walls. Even though they are attached on their side walls, each unit sits on its own lot and is therefore fee simple (i.e., the land and the dwelling can be owned by the resident). Sometimes a group of townhouses share common space, such as parking lot, driveway access, or yards; these areas are owned in common by all residents through a condominium or shared equity ownership legal arrangement. Otherwise, townhouses share many aspects of the single detached dwellings described above, including individual home entries that are visible and accessible from a public street, shared street, or common area.

Characteristics and benefits

- Shared Walls – Each unit shares walls with adjacent units, reducing heating and cooling costs.
- Urban Setting – Commonly found in urban areas, maximizing land use efficiency.
- Multi-story – Often multi-story, providing a good amount of living space on a smaller footprint.
- Affordability – Generally more affordable

than single detached homes due to shared construction costs.

- Community Feel – Promotes a sense of community with neighbors living in proximity.
- Low Maintenance – Smaller yards and shared walls reduce maintenance responsibilities.
- Property Value – Often associated with higher property values and the potential for appreciation.

Considerations

- Noise – Shared walls can lead to noise transfer between units.
- Privacy – Less private than detached homes, with closer neighbor interactions.
- Limited Customization – Exterior modifications are often restricted to maintain uniformity.
- Utilities and Maintenance – Owners or occupants are responsible for utilities, maintenance, and repairs, which can create time and cost burdens.
- Property Tax – Is based on structure and land values determined by the market, which can create a cost burden.

This housing type:

- Is featured in *Housing Choices Guide Book 1st or 2nd edition* | YES
- Is named in *HB 2001 middle housing legislation* | YES
- Lends itself to homeownership | YES

Narrow-lot Dwellings

Overview

Similar to a townhouse with a narrow configuration on a separate lot and entrance on public right-of-way but detached. The narrow-lot dwelling shares many of the same characteristics, benefits, and considerations as the townhouse, and it is detached on the side walls. These detached side walls mean that it may be constructed without fire-protected construction (i.e., “non-fire-rated construction”) on one or both sides,

depending on the dimension of the side yard setback. If one side setback is set at zero (see “zero lot-line” in the glossary), the dwelling may be offset toward one side lot line, leaving room along the other side of the lot that provides private outdoor space.

Characteristics and benefits

- Privacy – Ideal for those seeking an independent living environment without shared walls.
- Urban Setting – Commonly found in urbanized areas, maximizing land use efficiency in small or large communities.
- Multi-story – Often multi-story, providing a good amount of living space on a smaller footprint.
- Affordability – Generally more affordable than typical single-detached homes due to smaller unit construction costs.
- Community Feel – Promotes a sense of community with neighbors living in proximity.
- Low Maintenance – Smaller yards and reduced maintenance responsibilities.
- Property Value – Often associated with higher property values and the potential for appreciation.

Considerations

- Noise – Proximity can lead to noise transfer between units.
- Privacy – Less private than detached homes on larger lots, with closer neighbor interactions.
- Limited Customization – Exterior modifications are often restricted due to lot size and setback requirements.
- Utilities and Maintenance – Owners or occupants are responsible for utilities, maintenance, and repairs, which can be time and cost burdens.
- Property Tax – Is based on structure and land values determined by the market, which can create a cost burden.

This housing type:

- *Is featured in Housing Choices Guide Book 1st or 2nd edition | YES*
- *Is named in HB 2001 middle housing legislation | NO*
- *Lends itself to homeownership | YES*

Cottage Clusters

Overview

Cottages, referred to as cottage clusters, are small, detached units clustered around pockets of shared open space. A cottage typically has a footprint of less than 1,000 square feet.¹⁰ Because units share common space, parking, driveways, and utility access to the public street, there are at least two ownership arrangements for cottage clusters: (1) the entire lot upon which the cottages sit is owned in common by all residents through a condominium or shared equity ownership legal agreement, and (2) each cottage sits on its own separate lot, and these are individually owned by residents. Residents then share ownership of common areas and tracts. Of course, the entire cottage cluster may be owned and managed by a public or private housing provider, and cottages rented to individual tenants. SB 458 (expedited middle housing legislation) was written to provide a subdivision procedure specific to middle housing, so cities could make it easier to subdivide housing arrangements such as cottage clusters and make cottages available for homeownership.

Cottage clusters blend the privacy, independence, and access advantages of living in a single detached dwelling with the smaller footprint, lower maintenance, and affordability advantages

¹⁰ HB 2001 defines “Cottage cluster” as a grouping of no fewer than four detached housing units per acre with a footprint of less than 900 square feet each and that includes a common courtyard. A Medium or Large City may allow Cottage Cluster units to be located on a single Lot or Parcel, or on individual Lots or Parcels.

of apartment living, along with a communal environment and opportunities for social interaction.

Characteristics and benefits

- **Privacy** – Ideal for those seeking an independent living environment without shared walls.
- **Small Homes** – Individual cottages are smaller than typical single detached homes.
- **Clustered Layout** – Homes are grouped closely together, promoting interaction while maintaining some privacy.
- **Community Feel** – Encourages strong community bonds through shared spaces.
- **Affordability** – Generally more affordable than typical single detached homes due to smaller unit construction cost and shared land potential.
- **Low Maintenance** – Smaller homes and shared spaces reduce individual maintenance responsibilities.

Considerations

- **Privacy** – Proximity to neighbors can reduce privacy compared to traditional single detached homes.
- **Space** – Limited indoor and outdoor space compared to larger homes.
- **Shared Decision-making** – Maintenance and use of common areas often require cooperative decision-making among residents.

This housing type:

- *Is in Housing Choices Guide Book 1st or 2nd edition | YES*
- *Is named in HB 2001 middle housing legislation | YES, Cottage Cluster*
- *Lends itself to homeownership | YES, through middle housing land division, cooperative ownership, or condominiumization.*

Accessory Dwelling Units

Overview

An Accessory Dwelling Unit (ADU), colloquially referred to as “granny flat” or “mother-in-law

cottage,” is a small living space located on the same lot as a single detached house. Since 2018 Oregon land use rules require municipalities over 2,500 in population to permit ADUs without requiring off-street parking or owner occupancy. If a municipality permits ADUs, design standards—if required for ADUs—must be clear and objective. This applies no matter the population number; that is, even if the municipality is under 2,500 in population.

An ADU is called “accessory” because it is typically smaller than the “primary” dwelling. Under the 2018 established state rules, ADUs can take many forms: attached to the primary dwelling, such as a lower-level, side-by-side, or upper-level apartment; as well as detached, as a separate cottage, or above a garage. Because ADUs co-occupy a lot with the primary dwelling, they frequently provide one unit that can be rented. A common arrangement is one in which the property owner resides in the primary unit and rents out the secondary unit. In Oregon, due to the flexibility of rules, other tenure options are possible, such as both the primary unit and secondary unit being available for rent, with an absentee landlord. SB 458 does not apply to ADUs, because HB 2001 did not define ADUs as a middle housing type. Some recent ordinances adopted by communities in Oregon allow ADUs to be the same size as the primary dwelling or do not specify the size of ADUs, thus eliminating the “primary” and “secondary” status of dwellings.

Characteristics and benefits

- Small Homes – ADUs are smaller than typical single detached homes.
- Community Feel – Promotes a sense of community, with neighbors living in proximity.
- Low Maintenance – Features shared yards and possible shared maintenance agreements.
- Property Value – Associated with higher property values and potential for appreciation with rental tenure agreements for property and/or

homeowner. Rental tenancy can provide financial benefits to the property owner.

- Home Extender – Provides additional living or work space for household.
- Caregiver Accommodations – Provides space for caregivers or persons receiving care. May allow older people to age in place.

Considerations

- Privacy – For both primary dwelling and ADU residents, proximity can reduce privacy compared to conventional single detached homes.
- Space – Limited indoor and outdoor space compared to one larger dwelling per lot configuration.
- Shared Decision-making – Maintenance and use of common areas can require cooperative decision-making among ADU residents and primary dwelling residents.
- Construction Financing – Can be challenging, given that the property owner may access home equity to borrow construction loan funds (e.g., for a HELOC (Home Equity Line of Credit)).
- Leveraging of Rental Income for Mortgage Qualification – New federal housing policies allow rental income from an ADU to count as additional income for borrowers, thereby improving their mortgage qualifications.
- Short-term Rentals – Local rules may not allow ADUs to be rented out as short-term vacation rentals, so that they can contribute to the local supply of needed housing.

This housing type:

- *Is featured in Housing Choices Guide Book 1st or 2nd edition | YES*
- *Is named in HB 2001 middle housing legislation | NO*
- *Lends itself to homeownership | NO*

Plexes

Overview

Traditionally, a duplex, triplex, or quadplex is multiple units inside one structure on a single lot. Usually, each unit has its own entry. Under HB 2001, plexes are considered an important middle housing type and defined as multiple units on a single lot, with many different configurations allowed: detached, attached, stacked, single level, or a combination. A common tenure arrangement, especially with duplexes, is one in which the property owner resides in one unit and rents out the other. Other tenure options are possible, for example, all units rented by an absentee landlord, or all units condominiumized. SB 458 permits the subdivision of the parent parcel into multiple middle housing lots for individual homeownership. Due to land efficiency and lower cost of construction, plexes are predicted by housing researchers to become a more affordable housing type.¹¹

Characteristics and benefits

- Shared Walls – Units may share walls with adjacent units, reducing heating and cooling costs.
- Land use efficiency – Multiple units on a single lot maximizes land use efficiency.
- Multi-story – Often multi-story, providing a good amount of living space on a smaller footprint.
- Affordability – Generally more affordable per unit than single detached homes due to shared construction costs.
- Community Feel – Promotes a sense of community with neighbors living in proximity.
- Low Maintenance – Smaller yards and shared

walls reduce maintenance responsibilities.

- Caregiver Accommodations – Provides space for caregivers or persons receiving care. May allow seniors to age in place.
- Property Value – Associated with potential for appreciation with rental tenure agreements for property and/or homeowner. Rental tenancy can provide financial benefits to the property owner.

Considerations

- Noise – Shared walls can lead to noise transfer between units.
- Privacy – Less private than detached homes, with closer neighbor interactions.
- Shared Decision-making – Maintenance and use of common areas often require cooperative decision-making among residents.
- Limited Customization – Exterior modifications are often restricted to maintain uniformity.
- Utilities and Maintenance – Owners or occupants are responsible for utilities, maintenance, and repairs, which can be time and cost burdens.
- Property Tax – Is based on structure and land values determined by the market, which can create a cost burden, and appraisal comparable properties can be hard to find.
- Building Code Requirements – Plexes with four or more attached units require commercial building code compliance.
- Leveraging of Rental Income for Mortgage Qualification– New federal housing policies allow rental income to count as additional income for borrowers, thereby improving their mortgage qualifications.
- Short-term Rentals –Local rules may not allow units to be rented out as short-term vacation rentals, so that they can contribute to the local supply of needed housing.

¹¹ "Case Studies Memorandum, Traditional Housing Choices Guide Book, 2nd Edition." Traditional Housing Choices. Transportation and Growth Management Program. Joint Program of DLCDC and ODOT, https://www.oregon.gov/lcd/TGM/Documents/241126_CaseStudies_TradHousChoicGB.pdf, 13

This housing type:

- Is featured in Housing Choices Guide Book 1st or 2nd edition | YES

- *Is named in HB 2001 middle housing legislation | YES, called Duplex, Triplex, and Quadplex*
- *Lends itself to homeownership | YES, through expedited middle housing land division, cooperative ownership, or condominiumization.*

Courtyard Apartments

Overview

Courtyard units or apartments are multi-dwelling attached housing types arranged around a shared courtyard. Typically, each unit has its own entry or other access off the courtyard. This design creates a communal space for residents while maintaining individual unit privacy. Traditional courtyard apartments are found in many historic neighborhoods. Units are often single level, but in more urban settings, two-story units can be found.

Characteristics and benefits

- **Clustered Layout** – Units are oriented around a central, open courtyard, providing a shared outdoor space. Typically includes multiple units in a single building or connected buildings.
- **Community Feel** – Encourages strong community bonds through shared spaces. Often features direct access to the shared courtyard from each unit, enhancing community interaction.
- **Efficient Land Use** – Maximizes land use by combining multiple units on a single parcel.
- **Shared Amenities** – Courtyard often includes shared amenities such as gardens, seating areas, and play spaces.

Considerations

- **Privacy** – Shared courtyard may reduce privacy compared to stand-alone units.
- **Noise** – Potential for noise from communal areas to affect adjacent units.
- **Maintenance** – Shared spaces require coordinated maintenance efforts among residents or property

management.

- **Building Code Requirements** – Four or more attached units require commercial building code compliance.

This housing type:

- *Is featured in Housing Choices Guide Book 1st or 2nd edition | YES*
- *Is named in HB 2001 middle housing legislation | NO*
- *Lends itself to homeownership | YES, through expedited middle housing land division, cooperative ownership, or condominiumization.*

Multi-dwellings

Overview

Multi-dwellings are stacked flats in a single building or groups of buildings on a single lot. Parking is shared, and the entrances to units are typically accessed through a shared lobby.

This housing type:

- *Is featured in Housing Choices Guide Book 1st or 2nd edition | YES*
- *Is named in HB 2001 middle housing legislation | NO*
- *Lends itself to homeownership | YES, through cooperative ownership or condominiumization.*

Upper Story

Overview

Upper level are residential units found on the upper levels of downtown buildings above street-level retail or office.

This housing type:

- *Is featured in Housing Choices Guide Book 1st edition | YES*
- *Is named in HB 2001 middle housing legislation | NO*
- *Lends itself to homeownership? YES, through cooperative ownership or condominiumization.*

OTHER HOUSING DISCUSSION TERMS

Tiny Homes

“Tiny home” is a broad category that applies to many small structures intended to create low-cost or very compact housing options.¹ Tiny homes can be used for permanent, temporary, and transitional housing. Tiny homes include a wide range of uses and are a highly adaptable form. Sometimes they may be relied on to provide temporary or transitional housing for vulnerable populations, and sometimes can provide compact, well-designed homeownership opportunities. The term “tiny home” is often used colloquially to describe a structure that may not legally be determined to be habitable, but that its inhabitants are using as housing.

Tiny homes that are permanent structures on a foundation must meet local zoning, building code, and legal requirements and have historically been regulated by the Oregon Residential Specialty Code, which defined tiny homes as homes under 600 square feet that meet safety regulations, including a fire sprinkler system. In 2019, with the Oregon Small Home Specialty Code (OSHSC), the state permitted the construction of tiny homes up to 400 square feet that may include sleeping lofts accessed by ladders and that have appropriate fire protection.² There may also be manufactured housing types that are considered to be tiny homes that would fall under federal building code regulation, and also are subject to local siting and zoning standards.³

Tiny homes have the potential to create more

1 “Tiny Home Regulation.” [oregonlegislature.gov](https://www.oregonlegislature.gov/lpro/Publications/Background-Brief-Tiny-Home-Regulation-2019-rs.pdf), 2019. <https://www.oregonlegislature.gov/lpro/Publications/Background-Brief-Tiny-Home-Regulation-2019-rs.pdf>.

2 Thome, Janet. “Oregon Regulation of Tiny Houses.” Tiny House Alliance USA, December 22, 2020. <https://www.tinyhouseallianceusa.org/oregon-regulation-of-tiny-houses/>.

3 *Ibid.*

compact or low-cost housing options, and updates to the OSHSC, in combination with the provisions of HB 2001, will allow tiny homes on more lots throughout the state. For example, thanks to HB 2001 and flexible parking requirements, Hiatus Homes, a Bend developer, completed a cottage cluster development in 2020, consisting of 22 well-designed 400-square-foot footprint dwellings, with 600 square feet of living space, including lofts. The tiny cottages provide Bend housing at the lower end of the housing market, where small and starter homes have been underproduced for decades.⁴

Prefabricated and Modular Housing

“Prefabricated housing,” also called “manufactured housing,” refers to the construction type for homes that are built in a factory and then transported to their final site for installation. Prefabricated and modular housing is generally quicker and cheaper to produce than site-built housing. Prefabricated and modular housing can include mass timber modular housing. Recent changes to state laws, including House Bill 4064 (2022), are aimed at removing obstacles to the use of prefabricated structures on residentially zoned lands. Additionally, DLCD has issued guidance to help local governments to remove regulatory barriers.⁵

See project #33 in the *Traditional Housing Choices Guide Book, 2nd edition*, for an example of prefabricated housing.⁶

4 Badger, Emily. “Whatever Happened to the Starter Home?” *The Upshot*. *The New York Times*, September 25, 2022. <https://www.nytimes.com/2022/09/25/upshot/starter-home-prices.html>.

5 “Oregon Prefabricated and Modular Housing Model Code and Audit Workbook.” DLCD, February 24, 2024. https://www.oregon.gov/lcd/Housing/Documents/Prefabricated_and_Modular_Housing_Model_Code_and_Audit_Workbook%20.pdf.

6 *Traditional Housing Choices Guide Book, 2nd Edition*

Manufactured Dwellings

The ORS provides specific definitions for manufactured dwellings. The various types of manufactured dwellings include: “residential trailers,” “mobile homes,” and “manufactured homes.”⁷

These homes are constructed according to federal building codes, administered by HUD, that regulate their design, construction, strength, durability, fire resistance, and energy efficiency.⁸ While prefabricated and modular housing is regulated by federal building codes instead of local building codes, units are subject to local land use regulations.

In terms of homeownership, manufactured dwellings are not considered real estate. Units can be owned under a variety of models, but often the land is leased from an entity and the dwelling units is financed with a property loan, which has less favorable terms and higher rates than a conventional mortgage.⁹

(September 2024) – A Visual Guide to Compact Housing In Oregon.” Transportation and Growth Management Program. Joint Program of DLCD and ODOT, https://www.oregon.gov/lcd/TGM/Documents/240924_TraditionalHousingChoicesguidebook.pdf, 30.

7 “Oregon Prefabricated and Modular Housing Model Code and Audit Workbook.” DLCD, February 24, 2024. https://www.oregon.gov/lcd/Housing/Documents/Prefabricated_and_Modular_Housing_Model_Code_and_Audit_Workbook%20.pdf, 5-6.

8 Factory-Built Housing for Affordability, Efficiency, and Resilience | HUD USER. <https://www.huduser.gov/portal/periodicals/em/WinterSpring20/highlight1.html>. Accessed May 28, 2024.

9 Published. “Manufactured Housing and Manufactured Home Communities.” Local Housing Solutions, <https://localhousingsolutions.org/housing-policy-library/manufactured-housing-and-manufactured-home-communities/>. Accessed May 28, 2024.

A growing alternative ownership model is Resident Owned Communities (ROCs) in which residents of a trailer home or mobile home park purchase the land as cooperative owners. This ownership model preserves affordability and provides stability to owners, ensuring communities are not resold as investment opportunities, which make residents vulnerable to raising of rents and displacement.¹⁰

Single Room Occupancy

Single-room housing, known as Single Room Occupancy (SROs), also is referred to as: single-room housing, residential hotels, boardinghouses, rooming houses, lodgings, and lodging houses. SRO dwelling units are private, low-rent housing units that were very common in American cities and towns until about 1930. At that time, urban reform movements, central planning, new regulations, and the promotion of single detached houses at the edge of cities led to their discontinuation and ultimately to their exclusion as a housing type.

Re-establishing SROs in Oregon cities

Restrictive zoning codes and parking requirements have mostly eliminated SROs, however Climate-Friendly and Equitable Communities (CFEC) guidance from the Oregon DLCD promotes the inclusion of SROs into zoning codes, as follows:

(c) Single-room occupancy housing; Many local codes define single-room occupancy housing. If your code does not have a definition, the following definition from HUD can be used: “A residential property that includes multiple single room dwelling units. Each unit is for occupancy by a single eligible individual.

10 Published. “Manufactured Housing and Manufactured Home Communities.” Local Housing Solutions, <https://localhousingsolutions.org/housing-policy-library/manufactured-housing-and-manufactured-home-communities/>. Accessed May 28, 2024.

The unit need not, but may, contain food preparation, or sanitary facilities, or both." (Implementation Guidance Oregon Administrative Rules 660-012-0430 Parking Reform for Equity Uses, Section 3)¹¹

The land use and development ordinance for Roseburg, Oregon, includes this SRO language: "Single room occupancy housing (SRO) means a structure that provides individual rooms with sleeping accommodations for no more than two persons per room and shared or communal bath, toilet, and cooking facilities for residents."¹²

The DLCDD guidance includes reference to additional, non-zoning regulations that may be useful for cities, and cites Portland's property maintenance regulations, which set a minimum unit size (100 square feet) and require access to a cooking facility on each floor, among other things.¹³

SROs may include a variety of layouts, including some with both a bedroom and a bathroom, with shared cooking and living, or even an in-room kitchenette.

As Paul Groth stated in the preface to his seminal 1994 book about SROs, *Living Downtown: The History of Residential Hotels in the United States*, "I am now convinced that where hotels are properly managed and maintained, they deserve a place in the range of

11 "More than One Dwelling Unit." Implementation Guidance OAR 660-012-0430 Parking Reform for Equity Uses, <https://www.oregon.gov/lcd/CL/Documents/Guidance0430ParkingEquityUses.pdf>.

12 "'Single Room Occupancy Housing (SRO).'" Title 12: Land Use and Development Regulations, Ch 12.02: GENERAL PROVISIONS, 12.02.090: Definitions. City of Roseburg, OR, Accessed January 3, 2025. <https://ecode360.com/43089632?highlight=sro&searchId=16665844961791238#43089632>

13 29.30.290 Special Standards for Single-Room Occupancy Housing Units. | Portland.Gov. <https://www.portland.gov/code/29/30/290>. Accessed May 28, 2024.

American housing."¹⁴

In earlier times SROs provided vital housing options for a diverse community. Within today's discussion of traditional housing choices, it is time to reconsider SROs as a viable source of housing.

14 Groth, Paul. 1994. *Living Downtown: The History of Residential Hotels in the United States*. Berkeley and Los Angeles: University of California Press.

An aerial photograph of a residential neighborhood, likely a beach town, showing numerous houses with gabled roofs and porches. The houses are densely packed, and a road with utility poles is visible in the middle ground. A large, white, semi-transparent number '5' is overlaid on the right side of the image.

5

AFFORDABILITY

AFFORDABILITY

What Is Affordable Housing?

The federal definition of affordable housing is any housing that costs a renter or owner no more than 30 percent of their gross household income, including utilities. What is affordable for a given area will depend on the Area Median Income (AMI) of that area.

What is Area Median Income (AMI)?

AMI is calculated by HUD annually for different communities. By definition, 50 percent of households within the specified geographic area earn less than AMI, and 50 percent earn more. AMI is adjusted based on household size and used to determine the eligibility of applicants for federally and locally funded housing programs. The table below shows HUD's 2024 AMI and affordable housing income limits numbers for four counties in Oregon.¹

How HUD Defines Affordability for Five Areas in Oregon

		Multnomah County (Portland)	Umatilla County (Pendleton, Milton-Freewater)	Clatsop County (Astoria, Seaside, Cannon Beach)	Coos County (Coos Bay, Myrtle Point)	Harney County (Burns, Wagonfire)
AMI		\$116,900	\$97,100	\$92,300	\$78,500	\$61,400
Fiscal Year 2024 Income Limit Category for a 4-person household	Low (80%) Income Limits	\$94,400	\$68,250	\$73,850	\$64,700	\$64,700
	Very Low (50%) Income Limits	\$59,000	\$42,650	\$46,150	\$40,450	\$40,450
	Extremely Low (30%) Income Limits	\$35,400	\$31,200	\$31,200	\$31,200	\$31,200

¹ https://www.huduser.gov/portal/datasets/il/il2024/select_Geography.odn, retrieved on May 25, 2024.

Context matters when interpreting the table. For example, the AMI for some areas is almost twice that for others (e.g., Portland metropolitan area compared to Harney County), which will have a direct effect on affordability.

Tools and Approaches for Affordable Housing

Housing, to be affordable to people with incomes between 0 to 60 percent of AMI, will require an ongoing subsidy, such as rental assistance vouchers. The market does not provide affordable housing for residents at this income level because these rents cannot support construction costs. In the case of Community Land Trusts and cooperative ownership types, organizations such as Habitat for Humanity or SquareOne Villages may provide a mechanism for permanent affordability without ongoing subsidies.

For people with 30-60% of AMI specifically, regulated affordable housing requires developer subsidies for construction. Rents alone, at this level, may not support the costs of new development without some kind of public subsidy.

Measuring housing affordability can seem abstract, however, using an hourly wage puts affordability in practical terms. The types of households in Clatsop County that would fall into the 0-60% AMI income level include:

- Couple earning maximum Social Security (family of two)
- Hotel Housekeeper working 30 hours/week (family of four)
- Restaurant Cook working full-time (family of two)
- City Parking Enforcement Officer working full-time (family of four)

What is Workforce Housing?

The term “workforce housing” is most often used to indicate programs targeted at households that earn too much to qualify for traditional affordable housing subsidies. It is most commonly intended for households with incomes between 80 and 120% of AMI, although the term is controversial and the exact definition in terms of AMI is imprecise.² Some organizations define people in the workforce housing bracket as those with incomes between 60 and 120% of AMI.³

The types of households in Clatsop County that would fall into the 60-120% AMI income level include:

- Certified Nursing Assistant working full-time (family of two)
- Pub General Manager (family of four)
- Mechanical Installer working full-time (family of two)
- Pharmacist making over \$100,000 per year (family of four)

Tools and Approaches for Workforce Housing

To be affordable to people with incomes between 60 and 80 percent of AMI, the most affordable housing is in older rental housing stock. The private market is very unlikely to provide any new housing in this range.

At the upper end of this range (80-120% AMI), affordable housing is likely to take the form of a range

² Ford, Tiffany N., and Jenny Schuetz. “Workforce Housing and Middle-income Housing Subsidies: A Primer.” *Commentary*. Brookings, October 19, 2019. <https://www.brookings.edu/articles/workforce-housing-and-middle-income-housing-subsidies-a-primer/>.

³ “Workforce Housing Is...” *Clatsop County Housing Information and Resources*. Clatsop County, Oregon, <https://www.clatsopcounty.gov/county/page/work-force-housing>.

of smaller housing types: ADUs, cottage clusters, and condominiums. At the lower end of this range, older rental and homeownership housing stock that has aged and become more affordable over time (as the condition of the homes declines) can provide housing options.

As housing affordability challenges climb the income scale, state and local governments have adopted programs and policies explicitly to address the needs of middle income renters.⁴

What is Market Rate Housing?

The term “market rate housing” is used to indicate housing for households with incomes of 120% or more of AMI. Beginning at the bottom of this range, the private market is generally able to provide a range of housing types serving individuals, couples, and families earning above the average income for that area.

Even under these conditions, however, the market is not necessarily meeting all the needs of households above 120% AMI for several reasons: the severity of the housing shortage; housing costs that outpace incomes; and the scarcity of units that fit average households, including young couples, retiring couples, and small-family households.

⁴ Hermann, Alexander, Whitney Airgood-Obrycki, Nora Cahill, and Peyton Whitney. “Middle-Income Housing Programs Emerge as Affordability Challenges Climb the Income Ladder.” *Housing Perspectives*. Joint Center for Housing Studies of Harvard University, July 1, 2024.



6

**GLOSSARY
& ACRONYMS**

GLOSSARY & ACRONYMS

Affordable housing: The federal definition of affordable housing is any housing that costs a renter or owner no more than 30 percent of their gross household income, including utilities. What is affordable for a given area will depend on the Area Median Income of that area.

Area Median Income (AMI): AMI is the midpoint of a specific area's income distribution, calculated on an annual basis, at which 50 percent of incomes are higher, and 50 percent are lower.

Cooperative housing:¹ There are at least two types of cooperative housing:

- In a Market Rate or Equity Cooperative, units are bought and sold at market value, but residents own a share of the cooperative corporation rather than a specific piece of property, with a binding lease to occupy a specific unit.
- A Limited Equity Cooperative limits the maximum resale prices of co-op units through bylaw provisions to maintain long-term housing affordability and retain public subsidies used in financing the co-op.

Cottage cluster: According to Oregon Revised Statutes (ORS) 197.758 (a), "Cottage clusters" means groupings of no fewer than four detached housing units per acre with a footprint of less than 900 square feet each and that include a common courtyard.

Density: Expressed as "# of units per acre," density is the number of housing units on 1 acre of land. For the purposes of this document, this number is calculated as "net" density, meaning it does not include the land area provided by surrounding streets, neighborhood-serving parks, or schools. A project example may only have 12 units within it, but the density per acre may be 29 (net) units per acre. In this case the density is expressed as "29 per acre."

Dwelling unit: A dwelling unit, which is synonymous with housing unit, is a house, an apartment, a mobile home or trailer, a group of rooms, or a single room occupied as separate living quarters, or if vacant, intended for occupancy as separate living quarters. Separate living quarters are those in which the occupants live separately from any

¹ *Cooperative Housing Toolkit: A Practical Guide for Cooperative Success.* Northcountry Cooperative Foundation, 2003, https://resources.uwcc.wisc.edu/housing/Practical_guide_for_success.pdf. Accessed May 30, 2024.

other individuals in the building and which have direct access from outside the building or through a common hall. For vacant units, the criteria of separateness and direct access are applied to the intended occupants whenever possible.²

Deed-restricted housing: Deed-restricted applies to homeownership housing and means that perpetual or time-limited restrictions are attached to the deed to preserve affordability; deed restrictions are often used to limit resale prices.

Community land trust (CLT): CLTs are nonprofits formed to fulfill a variety of missions, such as preserving agricultural land or developing local-serving commercial; within the mission of providing affordable rental, cooperative, or ownership housing, CLTs reduce the cost of housing by owning and maintaining the land, which means residents are paying only for the dwelling, not the land.

Exurban: Small, mostly residential communities situated beyond the suburb. These are usually less dense and less walkable than suburban areas.

Family: The US Census Bureau defines family consistent with the American Housing Survey, as follows: 1) the householder and all (one or more) other people living in the same household who are related to the householder by blood, marriage, or adoption, or 2) A primary individual, which is a householder who lives alone or with nonrelatives only. Although only one primary individual is identified per household, the household also may include one or more roommates, lodgers, resident employees, or other people unrelated to the householder. These nonrelatives are considered members of the household but not of the family.

The US Census Bureau states, the definition of families and primary individuals is significant in that some income items namely, current income and food stamps are collected only for the family or primary individual.³

² "Glossary." *Census Definition: Housing Unit.* United States Census Bureau, <https://www.census.gov/glossary/?term=Housing+unit>.

³ "Glossary." *Census Definition: Families and Primary Individuals.* United States Census Bureau, <https://www.census.gov/glossary/?term=Families+and+primary+individuals>.

Fee simple: Fee simple is an inheritable interest in land that remains in the possession of the owner until death of all heirs and collateral heirs of the first owner; it may be freely conveyed by its owner.

Fire-rated or fire-resistive construction: This is the capacity of material or construction to withstand fire or give protection from fire.

Greenfield: A greenfield is an undeveloped site that is typically in a natural state.

Household: A household includes all the people who occupy a housing unit (such as a house or apartment) as their usual place of residence. Households are formed by families and non-families.⁴

Infill: Infill refers to an undeveloped or underdeveloped site that is already subdivided or platted for urban development.

Oregon House Bill (HB) 2001 (2019): HB 2001 requires medium-sized cities (defined as those with population of 10,000) to allow duplexes on lands zoned for single-family dwellings and within an urban growth boundary. For large cities (defined as those with a population of 25,000 or more, or each county or city within a metropolitan service district), HB 2001 requires duplexes and other middle housing types—triplexes, quadplexes, cottage clusters, and townhouses—on lands zoned for single-family dwellings and within an urban growth boundary.

Planned Unit Development (PUD): A type of residential development in which the zoning code allows more flexibility of development standards than in a conventional subdivision, typically as a tradeoff for a development amenity.⁵

Prefabricated and modular housing: "Prefabricated housing," also called "manufactured housing," refers to the construction type for homes that are built in a factory and then transported to their final site for installation.⁶

⁴ "Glossary." *Census Definition: Household*. United States Census Bureau, <https://www.census.gov/glossary/?term=Household>.

⁵ *Oregon Planning Commissioner Handbook*. DLCD, OAPA. https://www.oregon.gov/lcd/Publications/OR_Planning_Comm_Handbook_April_2015.pdf.

⁶ *Oregon Prefabricated and Modular Housing Model Code and Audit*

Manufactured dwelling: Manufactured dwellings are generally constructed for movement on public highways. They include sleeping, cooking, and plumbing facilities and are used for residential purposes. The various types of manufactured dwellings include: "residential trailers," "mobile homes," and "manufactured homes."⁷

Middle housing – HB 2001 (2019) housing types: According to ORS 197.758 (b), "Middle housing" means:

- (A) Duplexes;
- (B) Triplexes;
- (C) Quadplexes;
- (D) Cottage clusters; and
- (E) Townhouses.

Missing middle: Missing middle is a term coined by Dan Parolek in 2010 to define a range of multi-unit or clustered housing types compatible in scale with single detached homes. The term refers to traditional housing types that were often built, and still exist, in most towns and cities, such as courtyard apartments or bungalow courts. They are "missing" because they are prohibited by many modern zoning codes and parking requirements. Many of these "traditional," pre-suburban housing types filled in the gap between apartments and detached single dwellings.⁸

Peri-urban: The pattern of dispersed, fragmented urban growth outside of urban and suburban areas, often interspersed with

Workbook." DLCDD, February 24, 2024. https://www.oregon.gov/lcd/Housing/Documents/Prefabricated_and_Modular_Housing_Model_Code_and_Audit_Workbook%20.pdf

⁷ *"Oregon Prefabricated and Modular Housing Model Code and Audit Workbook." DLCDD, February 24, 2024. https://www.oregon.gov/lcd/Housing/Documents/Prefabricated_and_Modular_Housing_Model_Code_and_Audit_Workbook%20.pdf. 5-6.*

⁸ *"Missing Middle Housing." Opticos Design, <https://missingmiddlehousing.com>.*

agricultural areas. These areas are not totally urban and not totally rural.

Prefabricated Housing: Housing that uses pre-engineered, factory-fabricated structures in three-dimensional sections that are transported to a job site, assembled, and finished. A prefabricated home is constructed to the same state, local, or regional building codes as site-built homes. Often used interchangeably with the term "modular" or "modular construction."

Senate Bill (SB) 458: SB 458 is expedited middle housing land division, adopted by the Oregon Legislature in 2021 as a follow-up to HB 2001. It allows middle housing lots to be divided, so that dwelling units can be sold or owned individually.

Single Room Occupancy (SRO): The federal definition of a Single Room Occupancy with respect to subsidized housing is "a residential property that includes multiple single room dwelling units. Each unit is for occupancy by a single eligible individual. The unit need not, but may, contain food preparation or sanitary facilities, or both."⁹ SROs may also be unsubsidized; states and local jurisdictions may have additional specifications.

Suburban: An outlying area, in or near a city, of predominantly residential land use; it is typically less dense and less walkable than the urban area.

Tiny home: The Oregon Small Home Specialty Code (OSHSC) defines a tiny home as a single detached residence up to 400 square feet built to the Small Home Specialty Code (SHSC).¹⁰

Tract: A tract is an area of land.

Urban: Pertaining to cities.

⁹ "Understanding SRO." *hudexchange.info*, January 2001. <https://files.hudexchange.info/resources/documents/Understanding-SRO.pdf>.

¹⁰ "Tiny Home Regulation." *oregonlegislature.gov*, 2019. <https://www.oregonlegislature.gov/lpro/Publications/Background-Brief-Tiny-Home-Regulation-2019-rs.pdf>.

Workforce housing: The term “workforce housing” is most often used to indicate programs targeted at households that earn too much to qualify for traditional affordable housing subsidies. It is most commonly intended for households with incomes between 80 and 120% of AMI, although the term is controversial and the exact definition in terms of AMI is imprecise.¹¹ Some organizations define people in the workforce housing bracket as those with incomes between 60 and 120% of AMI.¹²

Zero lot line: A zero lot line refers to a lot in which the residential structure comes up to the edge of the property line.

11 Ford, Tiffany N., and Jenny Schuetz. “Workforce Housing and Middle-income Housing Subsidies: A Primer.” *Commentary. Brookings*, October 19, 2019. <https://www.brookings.edu/articles/workforce-housing-and-middle-income-housing-subsidies-a-primer/>.

12 “Workforce Housing Is...” *Clatsop County Housing Information and Resources. Clatsop County, Oregon*, <https://www.clatsopcounty.gov/county/page/work-force-housing>.

Acronyms (as used in this document):

ADU	Accessory Dwelling Unit	MH	Manufactured Housing
AMI	Area Median Income	NOAH	Naturally occurring affordable housing
CFEC	Climate Friendly and Equitable Communities	ORS	Oregon Revised Statutes
CLT	Community Land Trust	PH	Prefabricated Housing
DLCD	Department of Land Conservation and Development (Oregon)	ROC	Resident Owned Communities
HB	House Bill	SB	Senate Bill
HUD	Housing and Urban Development (US Department of)	SRO	Single Room Occupancy

