



Land of Cheese, Trees and Ocean Breeze

TEXT AMENDMENT REQUEST
#851-21-000427-PLNG: GOAL 10 HOUSING ELEMENT

STAFF REPORT DATE: January 20, 2022

TILLAMOOK COUNTY PLANNING COMMISSION HEARING DATE: January 27, 2022

BOARD OF COMMISSIONERS HEARING DATE: March 9, 2022

PREPARED BY: Sarah Absher, CFM, Director

Thomas (TJ) Fiorelli, Housing Coordinator

I. GENERAL INFORMATION

Requested actions: Ordinance Amendment request to the Goal 10 Housing Element of the Tillamook County Comprehensive Plan to incorporate the December 27, 2019, Tillamook County Housing Needs Analysis completed by the Tillamook County Housing Commission.

Initiated By: Tillamook County Department of Community Development

II. PURPOSE

The 2019 Tillamook County Housing Needs Analysis (HNA) outlined a 20-year housing needs forecast for both expected year-round and seasonal population growth, provided an analysis of buildable lands, and recommended the goals and policy actions that would create new housing opportunities. County-wide population, households, income, and housing characteristics were defined by FCS GROUP using valid and reliable data from the U.S. Census, the U.S. Department of Housing and Urban Development (HUD), Oregon Department of Housing and Community Services (OHCS), Portland State University (PSU), and the Tillamook County Department of Community Development. Trends and forecasts provided in the HNA were derived from extrapolations or interpolations of the data to arrive at a base year (2019 estimate) and forecast year (2039 projection).

III. SUMMARY OF FINDINGS

Over the past twenty years, new housing production has not kept pace with demand, leading to a severe shortage of housing availability and affordability issues. Most new construction over the past two decades

has occurred in coastal “resort” towns, and 66%-80% of the total housing stock is owned by part-time residents.

Home values decreased significantly during the Great Recession followed by a rebound and substantial increase in recent years. Whereas home prices had increased by over 40% from 2014 to 2019, median family incomes increased by only 21%. Further complicating these challenges are environmental flood zone and agricultural land use constraints, a limited supply of vacant land area with adequate infrastructure, and a growing service economy with jobs that pay below living family wages.

Between 2000 and 2019, the permanent year-round population in Tillamook County rose from 24,262 to 26,348—an increase of 8.6%. In the 2019 base year, the median age was 48 years and the average household size of 2.41 persons earned a median family income of \$45,061, compared to 38 years, 2.5 persons, and \$56,119, respectively, for the State of Oregon.

Low-density single-family detached homes accounted for 75% of the housing inventory, medium-density townhomes and plexes 6.5%, mobile homes and manufactured housing comprised 11.6%, while high-density multi-family developments accounted for just 4.3%. Seasonal ownership accounted for 44% of the 18,789 housing units. Among Tillamook County’s permanent residents, it was shown that 69% own homes while 31% rent. The vacancy rate for year-round rental housing was, and remains, far below 1%.

Families defined as housing cost-burdened are those paying over 30% of household income while severely cost-burdened households are those paying more than 50%. The HNA found that 23% of renters and 17% of homeowners in Tillamook County are severely cost-burdened. Over 80% of households earning less than \$20,000 and 60% of households earning less than \$50,000 are cost-burdened. Nearly 25% of the workforce in Tillamook County commutes more than 100 miles per day—twice the statewide average.

In 2017, there was a market gap of approximately 406 housing units for households earning between 50% to 120% of median family income, and an additional market gap of 202 units for households earning below 50% MFI (Figure 1). Approximately one in three local workers now reside outside Tillamook County.

Figure 1

Current Housing Market Gap for Housing at 50% to 120% MFI or higher, Tillamook County

		Total Dwelling Units	Rental Units	Owner Units
Existing Workers in Tillamook County	9,476			
Long Distance commuters (over 100 miles per day)	2,030			
Market Demand Sensitivity Analysis				
Low Capture Rate	15%	305	152	152
Midpoint Capture Rate	20%	406	203	203
High Capture Rate	25%	508	254	254

Based on U.S. Census Bureau, On-The-Map data for Tillamook County, 2017.

Current Market gap for Housing at less than 50% MFI, Tillamook County

Affordable Monthly Rent Costs *	Current # of Renter-Occupied Households	Estimated Available Rental Units at this rent level	Housing (Gap) or Surplus	Capture Rate for Analysis	Housing Needed (units)
Less than \$500	1,139	528	(611)	33%	202

Source: U.S. Census Bureau, American Community Survey, 2017. * Assumes 30% of income towards rent.

Forecast Housing Demand

The HNA estimated an increase of 2,936 residents in the 20-year projection between the base and forecast years with significant socio-economic and demographic shifts. Accordingly, the number of housing units necessary to ensure an adequate supply is expected to increase in tandem with the variety of housing types needed to accommodate a diversity of new residents. Renters—the vast majority of new residents—will demand medium- and high-density housing types.

The 2019 HNA forecast the housing needs for Tillamook County under four scenarios and underlying assumptions to determine the additional housing units needed by 2039 (Figure 2): (Scenario A) the baseline assumption that demographics remain constant, requiring 2,305 units; (Scenario B) the baseline with an assumption that workforce housing will capture a portion of the market gap, requiring 2,730 units; (Scenario C) the same 2,730-unit forecast as the previous scenario with the assumption that coastal “resort” communities will accommodate very little of the market demand, and (Scenario D) a midpoint scenario assuming a blended low and high growth forecast.

Figure 2

Tillamook County 20-year Housing Forecast Scenarios (dwelling units)			
	Scenario A	Scenario B	Scenario C
Tillamook UGB	349	455	819
Nehalem UGB	144	165	137
Bay City UGB	119	140	137
Manzanita UGB	649	691	137
Rockaway Beach UGB	456	499	273
Garibaldi UGB	41	62	55
Wheeler UGB	38	59	55
Subtotal UGBs	1,795	2,071	1,611
Unincorporated areas	510	659	1,119
Total Dwelling Units	2,305	2,730	2,730
	Low	High	Midpoint (Scenario D)
Tillamook UGB	349	819	584
Nehalem UGB	137	165	151
Bay City UGB	137	140	138
Manzanita UGB	137	691	414
Rockaway Beach UGB	273	499	386
Garibaldi UGB	55	62	58
Wheeler UGB	55	59	57
Subtotal UGBs	1,141	2,435	1,788
Unincorporated areas	510	1,119	815
Total Dwelling Units	1,651	3,554	2,603

Given the aforementioned socio-economic and demographic shifts that are expected, future demand for attainably priced housing will largely require the development of medium-density “missing middle” housing types. The likely forecast housing mix corresponds to 1,562 single-family detached homes, 286 townhomes/duplexes/ADUs, 364 multifamily housing units, and 390 manufactured housing units. At the midpoint of the forecast scenarios (Scenario D), the net new housing need is expected to consist of 1,796 owner-occupied dwellings and 807 renter-occupied dwellings, and an overall amount of residential land of just over 1,340 buildable acres are needed to accommodate this growth.

IV. ANALYSIS:

1. *Statewide Planning Goal & Tillamook County Comprehensive Plan Discussion*

Oregon's 19 statewide planning goals are adopted as Administrative Rule and express the state's policies on land use as well as land use related topics. Each county is required to have a comprehensive plan consistent with the statewide planning goals as well as zoning and land division ordinances for implementation of plan policies and objectives. The Tillamook County Comprehensive Plan contains 17 of the 19 Statewide Planning Goal Elements. A Goal 15 Element (Willamette Valley) and Goal 19 Element (Ocean Resources) are absent from the Tillamook County Comprehensive Plan as the goals and policies for the Willamette Valley do not apply to Tillamook County and the Ocean Resources Element was created after the adoption of the County's comprehensive plan.

The Comprehensive Plan provides the County with an important opportunity to make a detailed statement describing the needs and desires of its citizens for the future use of the County's land and water resources, and to guide future development of the County through agreed upon policy statements which give direction to County actions and programs. The policies provide a basis for coordination of the programs of other governmental entities and are also intended to assist the private sector in reaching development decisions which are beneficial to the citizens of the County generally as well as to the private property owner.

The plan must also be in conformance with the adopted statewide planning goals and policy statements are to be based upon required inventories of resource and other pertinent information and findings related to analysis of problems and opportunities existing in Tillamook County. In order that the plan will be used to guide actions for problem-solving, the state goals also require local adoption of implementation measures appropriate for dealing with the identified problems and needs.

- Tillamook County Comprehensive Plan Goal 1 Element: The Planning Process
Summary: Goal 1 calls for "the opportunity for citizens to be involved in all phases of the planning process." It requires each city and county to have a citizen involvement program containing six components specified in the goal. It also requires local governments to have a committee for citizen involvement (CCI) to monitor and encourage public participation in planning.

The proposed amendments are consistent with the Goal 1 element policies. Development of the HNA was completed through a series of publicly noticed Tillamook County Housing Commission meetings. The public participated in the process for the development of the HNA and significant public outreach efforts continue. The County designated Citizen Advisory Committees (CACs) were noticed of the proposed amendment process and the hearing process has been noticed in the Headlight Herald in accordance with the Article 10 of the TCLUO.

- Tillamook County Comprehensive Plan Goal 2 Element: THE LAND USE PLAN
Summary: Goal 2 outlines the basic procedures of Oregon's statewide planning program and describes the development of Tillamook County's Comprehensive Plan including justification for identifying exception areas.

The proposed amendments are consistent with the Goal 2 element and an exception is not required for this process.

- Tillamook County Comprehensive Plan Goal 3 Element: AGRICULTURAL LANDS
Summary: Goal 3 defines "agricultural lands." It then requires counties to inventory such lands and to "preserve and maintain" them through farm zoning. Details on the uses allowed in farm zones are found in ORS Chapter 215 and in Oregon Administrative Rules, Chapter 660, Division 33.
- Tillamook County Comprehensive Plan Goal 4 Element: FOREST LANDS
Summary: This goal defines forest lands and requires counties to inventory them and adopt policies and ordinances that will "conserve forest lands for forest uses."

The proposed amendments do not apply to resource lands.

- Tillamook County Comprehensive Plan Goal 5 Element: NATURAL RESOURCES
Summary: The purpose of Goal 5 is to protect natural resources, and conserve scenic and historic areas and open space. Goal 5 covers more than a dozen natural and cultural resources such as wildlife habitats and wetlands. It establishes a process for each resource to be inventoried and evaluated. If a resource or site is found to be significant, a local government has three policy choices: preserve the resource, allow proposed uses that conflict with it, or strike some sort of a balance between the resource and the uses that would conflict with it.
- Tillamook County Comprehensive Plan Goal 6 Element: AIR, WATER AND LAND RESOURCES QUALITY
Summary: This goal requires local comprehensive plans and implementing measures to be consistent with state and federal regulations on matters such as groundwater pollution and noise control in Tillamook County.
- Tillamook County Comprehensive Plan Goal 7 Element: HAZARDS
Summary: Goal 7 deals with development in places subject to natural hazards such as floods or landslides. It requires that jurisdictions apply "appropriate safeguards" (floodplain zoning, for example) when planning for development there. In Tillamook County, the purpose of addressing hazards is not meant to restrict properties from development, but to institute policies concerning potential problems, so they can be considered before financial losses and possible injury which may be avoided by the application of the policies formulated in the Comprehensive Plan.

The proposed amendments are not in conflict with any of the policies outlined in the Goal 5, 6 and 7 elements of the Tillamook County Comprehensive Plan.

- Tillamook County Comprehensive Plan Goal 8 Element: RECREATION
Summary: This goal calls for each community to evaluate its areas and facilities for recreation and develop plans to deal with the projected demand for them. It also sets forth detailed standards for expedited siting of destination resorts. In Tillamook County, the main issue surrounding recreation is that of quantity, location and orientation. This Goal element recognizes that the tourism sector of the County's economy is rapidly growing and some feel tourism places too large a burden on local public facilities and services.

Recreation opportunities are not prohibited or limited by the proposed amendments.

- Tillamook County Comprehensive Plan Goal 9 Element: POPULATION AND ECONOMY
Summary: Goal 9 calls for diversification and improvement of the economy. It asks communities to

inventory commercial and industrial lands, project future needs for such lands, and plan and zone enough land to meet those needs. Projections in this Element of the Comprehensive Plan extend to year 2000. The importance of cottage industry, rural industry and light industry is recognized throughout this Element, stating that regulations be adopted to permit low-impact light manufacturing activity in suitable rural zones.

The Tillamook County Comprehensive Plan is in significant need of updated population projections. The proposed amendments provide updated information in the Goal 10 element as they specifically related to future housing needs of Tillamook County.

- **Tillamook County Comprehensive Plan Goal 10 Element: HOUSING**

Summary: This goal specifies that each city must plan for and accommodate needed housing types, such as multifamily and manufactured housing. It requires each city to inventory its buildable residential lands, project future needs for such lands, and plan and zone enough buildable land to meet those needs. It also prohibits local plans from discriminating against needed housing types. This Goal element within the Tillamook County Comprehensive Plan focuses on the separation of housing needs and opportunities in both rural and urban areas. There is a strong tie to the Goal 11: Public Facilities and Goal 14: Urbanization elements of the Comprehensive Plan in this section.

The proposed amendments wholly support the goals and policies of the Goal 10 element of the Tillamook County Comprehensive Plan. The proposed amendments are consistent with the existing goals and policies of this element.

- **Tillamook County Comprehensive Plan Goal 11 Element: PUBLIC FACILITIES**

Summary: Goal 11 calls for efficient planning of public services such as sewers, water, law enforcement, and fire protection. The goal's central concept is that public services should be planned in accordance with a community's needs and capacities rather than be forced to respond to development as it occurs. This Element of the Comprehensive Plan outline types and levels of urban and rural facilities and services, with guidance to ensure timely, orderly and efficient arrangement of public facilities and services in Tillamook County.

Future needs or opportunities for public facilities can be better projected utilizing the data contained within the HNA. Existing goals and policies are not limited or compromised by the proposed amendments.

- **Tillamook County Comprehensive Plan Goal 12 Element: TRANSPORTATION**

Summary: The goal aims to provide "a safe, convenient and economic transportation system." It asks for communities to address the needs of the "transportation disadvantaged." Policies outlined in this Goal element of the Tillamook County Comprehensive Plan require the County to protect the function, operation and safety of existing and planned roadways as identified in the County's Transportation Plan, consider land use impacts on existing or planned transportation facilities in all land use decisions, plan for multi-modal networks, and coordinate transportation planning efforts with other jurisdictions to assure adequate connections to streets and transportation systems between incorporated and unincorporated areas.

Future needs or opportunities for transportation facilities are not limited or compromised by the proposed amendments and can be better projected utilizing the data contained within the HNA.

- **Tillamook County Comprehensive Plan Goal 13 Element: ENERGY CONSERVATION**

Summary: Goal 13 declares that "land and uses developed on the land shall be managed and controlled so as to maximize the conservation of all forms of energy, based upon sound economic principles." Planning for energy conservation and opportunities to promote the installation of

renewable energy systems are discussed in this Goal element of the Tillamook County Comprehensive Plan.

Existing opportunities for renewable energy conservation systems and efforts to maximize conservation of existing energy facilities are not affected by the proposed amendments.

- Tillamook County Comprehensive Plan Goal 14 Element: URBANIZATION

Summary: This goal requires cities to estimate future growth and needs for land and then plan and zone enough land to meet those needs. It calls for each city to establish an "urban growth boundary" (UGB) to "identify and separate urbanizable land from rural land." It specifies seven factors that must be considered in drawing up a UGB. It also lists four criteria to be applied when undeveloped land within a UGB is to be converted to urban uses. This Goal element of the Tillamook County Comprehensive Plan focuses largely on development within unincorporated communities, public facility limitations to rural areas, and impacts of urban sprawl on resource lands.

As stated in response to Goal 11 Comprehensive Plan policies, continued planning to ensure adequate public services such as sewer, water, law enforcement and fire protection is critical to the public health, welfare and safety of Tillamook County communities and its residents.

The proposed amendments support expansion of urban uses in areas where needed. A Goal Exception is required to expand a community growth boundary and criteria that consider impacts to adjacent resource activities on resource zoned properties is built into existing review procedures. The need to demonstrate a future community or urban growth boundary proposal does not result in urban sprawl on resource lands is still required under existing already established land use review processes.

- Tillamook County Comprehensive Plan Goal 16 Element: ESTUARINE RESOURCES

Summary: This goal requires local governments to classify Oregon's 22 major estuaries in four categories: natural, conservation, shallow-draft development, and deep-draft development. It then describes types of land uses and activities that are permissible in those "management units." Five estuaries are inventoried and described in this element of the Tillamook County Comprehensive Plan, the Nehalem Estuary, Tillamook Estuary, Netarts Estuary, Sandlake Estuary and Nestucca Estuary.

- Tillamook County Comprehensive Plan Goal 17 Element: COASTAL SHORELANDS

Summary: The goal defines a planning area bounded by the ocean beaches on the west and the coast highway (State Route 101) on the east. It specifies how certain types of land and resources there are to be managed: major marshes, for example, are to be protected. Sites best suited for unique coastal land uses (port facilities, for example) are reserved for "water-dependent" or "water related" uses. Coastal Shorelands inventoried in Tillamook County as described in this element are Nehalem Estuary Shorelands, Tillamook Estuary Shorelands, Netarts Estuary Shorelands, Sandlake Estuary Shorelands, and Nestucca Estuary Shorelands.

- Tillamook County Comprehensive Plan Goal 18 Element: BEACHES AND DUNES

Summary: Goal 18 sets planning standards for development on various types of dunes. It prohibits residential development on beaches and active foredunes but allows some other types of development if they meet key criteria. The goal also deals with dune grading, groundwater drawdown in dunal aquifers, and the breaching of foredunes. Several categories of dunes are described and discussed in this element of the Tillamook County Comprehensive Plan, and includes discussion about where residential, commercial and industrial uses are prohibited. Goal 18 Exception areas are also inventoried within this element which allow for residential, industrial and commercial uses in dune areas that would otherwise be prohibited.

The proposed amendments are not in conflict with the goals and policies of the coastal elements.

Coastal resources areas already under policy protection will continue to remain under those protections contained within the Comprehensive Plan.

2. *Tillamook County Land Use Ordinance, Article IX, Amendment Process*

A. **Section 9.030: Text Amendment Procedure (Amend Goal 10: Housing Element of the Tillamook County Comprehensive Plan)**

1. **A COMPREHENSIVE PLAN TEXT or ORDINANCE AMENDMENT may be requested by any person, subject to the requirements of a Type IV procedure and Article 10.**

If County initiated, Article 9 requires the Department to prepare an analysis of the proposed amendments addressing such issues as the intent of the applicable Comprehensive Plan policies; the intent of the provisions being amended; the effect on the land use patterns in the County; the effect on the productivity of resource lands in the County; administration and enforcement; and the benefits or costs to Departmental resources resulting from the proposed amendment.

Staff finds as follows:

- Analysis of the proposed amendments in relation to existing Comprehensive Plan policies has been addressed previously in this report.
- The proposed amendments do not impair legally designated uses permitted outright or conditionally in the established underlying zones. No effect on land use patterns is anticipated as a result of adoption of the HNA.
- The proposed amendments do not have an anticipated affect on the productivity of resource lands in Tillamook County.
- The Department does not anticipate any impact on County administration or enforcement of development of properties.
- A fee structure already exists for required land use, zoning and building permit application(s) which will continue to apply to development requests of properties located within unincorporated Tillamook County.

2. **CRITERIA**

- (a) *If the proposal involves an amendment to the Comprehensive Plan, the amendment must be consistent with the Statewide Planning Goals and relevant Oregon Administrative Rules;*
- (b) *The proposal must be consistent with the Comprehensive Plan. (The Comprehensive Plan may be amended concurrently with proposed changes in zoning);*
- (c) *The Board must find the proposal to be in the public interest with regard to community conditions; the proposal either responds to changes in the community, or it corrects a mistake or inconsistency in the subject plan or ordinance; and*
- (d) *The amendment must conform to Section 9.040 Transportations Planning Rule Compliance.*

Staff finds as follows:

- Analysis of the proposed amendments are consistent with the Statewide Planning Goals and relevant Oregon Administrative Rules as well as the Tillamook County Comprehensive plan as previously discussed in this report. These goals and rules are reflected in the Tillamook County Comprehensive Plan, which is required to be consisted with the overarching goals

and rules. The proposed amendments update relevant information related to future housing needs based upon current and projected population growths.

- The proposed amendments are within the public interest with regard to community conditions as much needed updated community information related to existing conditions and future housing needs are contained within the HNA.
- The proposed amendments are not in conflict with Section 9.040 Transportation Planning Rule Compliance, specifically this updated information will not significantly affect a transportation facility pursuant with Oregon Administrative Rule (OAR) 660-012-0060 (Transportation Planning Rule - TPR).
- Future development proposals and amendments to address Tillamook County's housing needs will require additional analysis with the transportation planning rule in coordination with Tillamook County Public Works and the Oregon Department of Transportation.

V. EXHIBITS:

Exhibit A: Proposed Housing Needs Analysis dated December 27, 2019

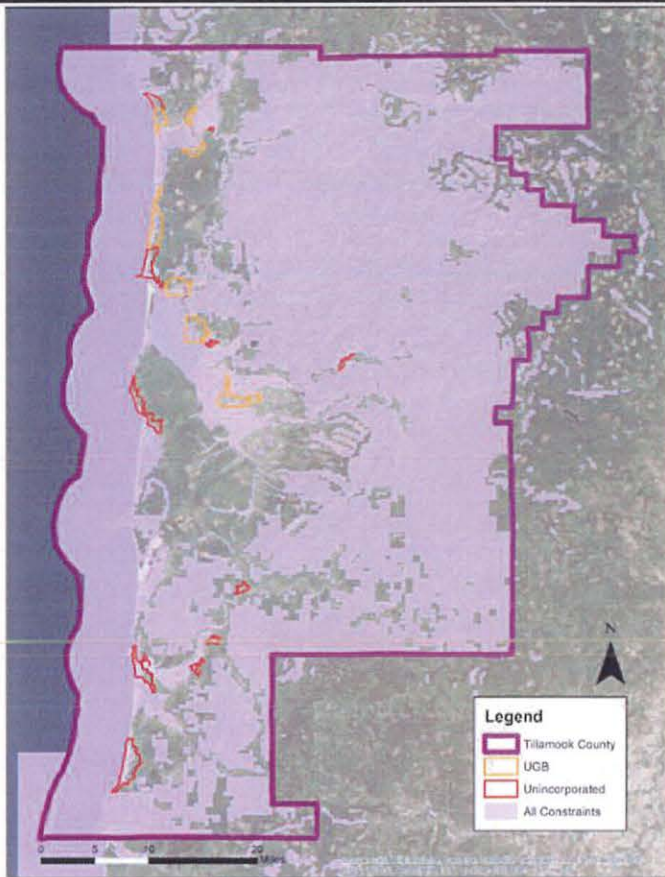
EXHIBIT A

EXHIBIT A



Tillamook County

Housing Needs Analysis



Tillamook County



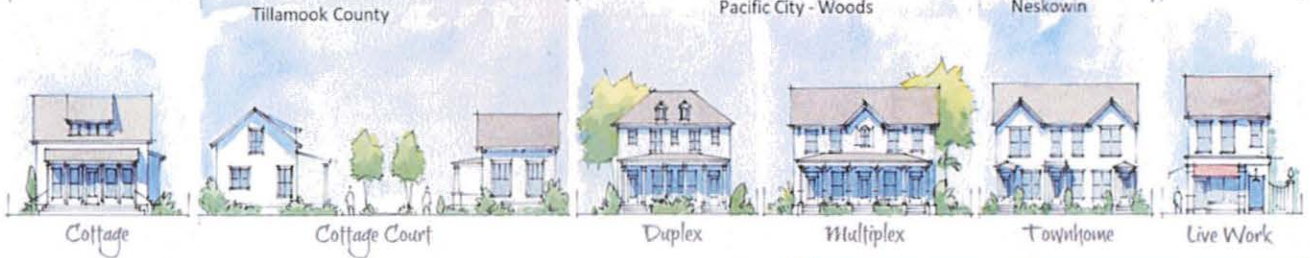
Netarts



Pacific City - Woods



Neskowin



December 27, 2019

ACKNOWLEDGEMENTS

This work is made possible through input provided by County staff and the Tillamook County Housing Commission. We specifically recognize and appreciate the time and attention dedicated to this work by the following participants.

Tillamook County

David Yamamoto (Tillamook County Commission Chair)

Bill Baertlein, (Tillamook County Commission Vice Chair, Liaison to County Housing Commission)

Mary Faith Bell (Tillamook County Commissioner)

Sarah Absher (Tillamook County Community Development Director)

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Barbara McLaughlin (North County)

Gale Ousele (South County)

Erin Skaar (Non-Profit)

Mayor Suzanne Weber (City of Tillamook)

John Southgate, Strategic Partner, Project Coordinator

Interviews and Work sessions

During the course of this assignment, FCS GROUP collected information gleaned from the following property owners, business owners, developers, and local planning commissions. We sincerely thank these individuals and collective bodies for sharing their time and attention.

- Todd Bouchard, developer/local resident
- Julie Garver, Director, Innovative Housing, Inc. (nonprofit housing developer)
- Thomas Kemper, nonprofit housing developer
- Jeff Schons and Mary Jones, Pacific City property owners/developers/business owners
- Paul Wyntergreen, City of Tillamook, City Manager
- Manzanita City Planning Commission
- Bay City Planning Commission

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TABLE OF CONTENTS

Section I. Introduction.....	1
Section II. Market Trends and Forecasts	2
II.A. Methodology	2
II.B. Demographics and Socio-Economics	2
Population	2
Factors Affecting Housing Demand.....	4
Generational Cohorts	5
Income Characteristics	6
II.C. Existing Housing Characteristics.....	7
Seasonal Housing Inventory and Vacancy Rates	9
Housing Construction Permitting Activity	10
Housing Affordability.....	11
Housing Cost Burdens	13
Workforce Housing Demand	16
II.D. Future Housing Needs	17
Scenario A: Baseline Housing Demand Forecast.....	17
Scenario B: Baseline + Workforce Housing Forecast.....	18
Scenario C: Coordinated Policy Forecast	19
Comparison of Housing Forecast Scenarios.....	20
Projected Needs by Housing Type.....	21
Projected Residential Land Needs.....	24
Section III. Buildable Land Inventory	26
Methodology	26
All Areas of the County	27

Tillamook county (unincorporated areas)	27
Section IV. Action Plan Policy Recommendations	32
Recent Policies	32
Federal Policies.....	32
Oregon Policies	33
Key Findings and Policy Recommendations.....	34
Recommended Actions.....	34
Appendix A. Housing Attainability Analysis	38
Appendix B. DLCD staff Input	40

Section I. INTRODUCTION

Tillamook County is widely known for its dramatic coastline, misty beaches and award winning dairy and seafood products. Tillamook County is located along the breathtaking northern Oregon Coast within 50 miles from the Portland and Salem metro regions.

Like many coastal communities, portions of Tillamook County are experiencing strong housing demand by part-time seasonal residents, especially in coastal “resort” communities. Over the past decade, new housing production has not nearly kept pace with the demand generated by permanent residents and seasonal home owners. With the majority of its housing, now controlled by part-time residents, vacancy rates have plunged to near zero and rents/prices have increased to record levels. This has led to a severe housing affordability challenge that is exacerbated by: environmental flood zone and agricultural land use constraints; limited vacant land area with adequate water, sewer and roadway infrastructure; and a growing service economy with limited family wage job opportunities.

These challenges continue to mount as employers struggle to fill job positions since workers are faced with very limited housing choices.

The Tillamook Housing Needs Analysis (HNA) is being conducted to ensure that the County can plan for coordinated housing growth in line with community preferences and market forces. The HNA includes the following:

- A determination of 20-year housing needs based upon long-term growth forecast of demand by permanent and seasonal population increases.
- An analysis of buildable vacant, part-vacant and re-developable land inventory (BLI) for land that’s planned to accommodate housing.
- Identification of new housing goals, objectives, and policy actions that address housing opportunities.



Section II. MARKET TRENDS AND FORECASTS

This section of the HNA includes a forecast of housing needed to accommodate expected year round and seasonal population growth for Tillamook County. The housing needs forecast represents a 20-year projection from the base year (2019) through year 2039. These technical findings are also consistent with the State of Oregon requirements for determining housing needs per Oregon land use planning Goals 10 and 14, OAR Chapter 660, Division 8, and applicable provision of ORS 197.295 to 197.314 and 197.475 to 197.490, except where noted.

II.A. METHODOLOGY

The methodology for forecasting housing needs for Tillamook County considers a mix of demographic and socio-economic trends, housing market characteristics and long-range population growth projections. Population is a primary determinate for household formations—which in-turn drives housing need. Given the significance of coastal tourism and visitation, the demand for second homes and short-term rentals is also an important determinate in understanding future housing needs.

County-wide population, households, income and housing characteristics are described in this section using available data provided by reliable sources, such as the U.S. Census Bureau (Census and American Community Survey), the U.S. Department of Housing and Urban Development (HUD), Oregon Department of Housing and Community Services, Portland State University (PSU) and Tillamook County's Planning and Community Development department. Where trends and forecasts are provided by an identified data source, FCS GROUP has included extrapolations or interpolations of the data to arrive at a base year (2019 estimate) and forecast year (2039 projection).

The housing need forecast translates population growth into households and households into housing need by dwelling type, tenancy (owner vs. renter) and affordability level.

II.B. DEMOGRAPHICS AND SOCIO-ECONOMICS

Population

Since the year 2000, Tillamook County's permanent year-round population (including local cities) increased 8.6%, from 24,262 residents in 2000 to 26,348 in 2019. Population within Tillamook County is projected to increase to 29,284 over the next 20 years (0.5% avg. annual growth rate).

As population increases, the demand for all types of housing will increase. This HNA supports long-range planning focused on expanding the local housing inventory to accommodate baseline population growth.

Population Growth Forecast in AGR Tillamook County, Oregon, 2019-2039
Source: Portland State University, Pop. Res. & Eval. Center



The long-range population forecast prepared by PSU’s Population Research Center (PRC) expects 2,936 additional people to be added to Tillamook County by year 2039. This equates to an annual average growth rate (AGR) of 0.5%. Baseline population growth forecasts for Tillamook County and its incorporated areas is shown below in **Exhibit 2.1**.

Exhibit 2.1 Population Growth Forecast

	Estimate 2019	Forecast 2039	Proj. Change 20 Years	Proj. AGR (2019-2039)
Oregon	4,209,177	4,954,640	745,463	0.8%
Tillamook County	26,348	29,284	2,936	0.5%
Bay City	1,448	1,796	348	1.1%
Garibaldi	802	875	73	0.4%
Manzanita	910	1,209	299	1.4%
Nehalem	1,272	1,642	370	1.3%
Rockaway Beach	1,590	1,862	272	0.8%
Tillamook	5,643	6,439	796	0.7%
Wheeler	415	486	72	0.8%
Unincorporated	14,261	14,971	710	0.2%

Source: Portland State Population Research Center, 2017 estimate; 2017-2040 forecast, interpolated by FCS GROUP.
Compiled by FCS Group. AGR = average annual growth rate.

*Populations are based on Urban Growth Boundary

Tillamook County has a relatively older population in comparison to the Oregon average. In Tillamook County, nearly 24% of the population is 65 or older, compared to 16% for Oregon as a whole. The median age of residents in Tillamook County was 48 in 2017, compared with the State average of 39.2.

Median Age, Tillamook County, Oregon, 2017
Source: U.S. Census Bureau, 2017 American Community Survey



Tillamook County’s average household size is 2.41 people per occupied household, which is slightly less than the statewide average of 2.5.

Average Number of People per Unit, Tillamook County, Oregon, 2017

Source: U.S. Census Bureau (2011-2017 American Community Survey, compiled by FCS Group)

2.41
Tillamook County

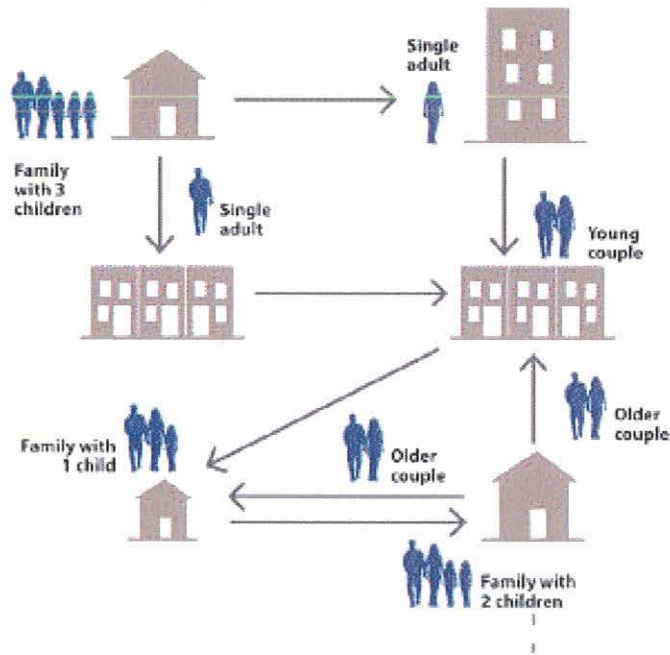
2.5
Oregon

Factors Affecting Housing Demand

There is a clear linkage between demographic characteristics and housing choice. As shown in the figure below, housing needs change over a person's lifetime. Other factors that influence housing include:

- Homeownership rates increase as income rises.
- Single family detached homes are the preferred housing choice as income rises.
- Renters usually have lower incomes than owners and are much more likely to choose multifamily housing options (such as apartments or plexes) over single-family housing.
- Very low-income households (those earning less than 50% of the median family income) are most at-risk for becoming homeless if their economic situation worsens.
- The housing available to households earning between 50% and 120% of the median family income is crucial to middle-income residents, and is often referred to "missing middle" housing stock or "workforce housing."
- Seasonal housing demand by part time residents will continue to occur primarily in coastal communities that provide access to recreational areas and services.

Housing Life Cycle



Key definitions:

“**Households**” consist of all people that occupy a housing unit.

“**Family**” is a group two or more people (one of whom is the householder) related by birth, marriage, or adoption and residing together.

The relationship between demographic changes and housing needs can be used to forecast future housing needs. Three main demographic changes affecting housing in Tillamook County include:

Generational Cohorts

As people age, their housing requirements change with time. **Exhibit 2.2** summarizes the current (2017) distribution of major generational cohorts of people living in Tillamook County.

Greatest/Silent Generation (those born before 1925 to 1945)

This includes retirees better than age 74, who were raised during the Great Depression, Word War I or World War II. This cohort currently accounted for 9% of the county’s population in 2017. As they reach their 80s some move into assisted living facilities with convenient health care services and transit access. Meanwhile, others will leave the county to be closer to family or medical services.

Baby Boom Generation (those born 1946 to 1964)

Baby boomers (currently age 55 to 74) accounted for 32% of Tillamook County residents in 2017. The boomer population segment has been growing more rapidly than the other cohorts over the past 10 years and many are now entering their retirement years. Boomers usually prefer to “age in place” but may downsize or move in with family members, sometimes opting to reside in accessory dwellings off the main house.

Generation X (born early 1965 to 1980)

Gen X (currently includes people between age 39 to 54) accounted for 17% of Tillamook County residents in 2017. GenX households often include families with children, and many prefer to live in single family detached dwellings at various price points.

Millennials (born early 1980s to early 2000s)

Millennials (currently in their twenties or thirties) accounted for 21% of Tillamook County residents in 2017. Younger millennials tend to rent as they establish their careers and/or payback student loans. Working millennials often become first-time homebuyers, opting to purchase smaller single-family detached homes or townhomes.

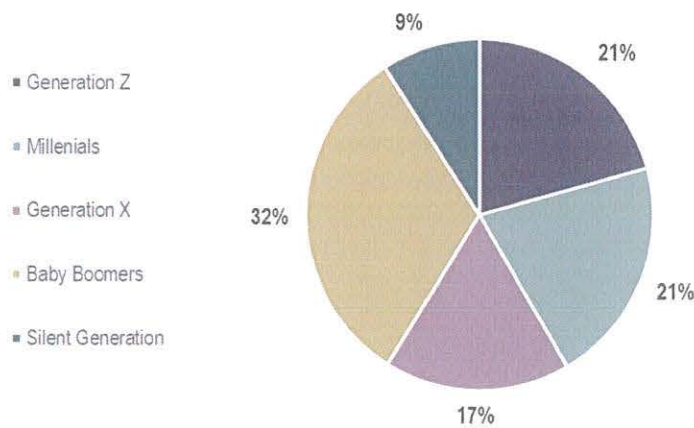
Generation Z (born mid-2000s or later)

GenZ includes residents age 19 or less, which accounted for 21% of Tillamook County residents in 2017. This segment mostly includes children living with Gen Xers or Millennials.

Families with Children living at home

This category includes a subset of Baby Boomers, Gen Xers and millennials. Taken as a whole, this category constitutes a significant proportion of Tillamook County’s population; and is expected to increase moderately over the next two decades. Families prefer to live in a variety of housing types (detached homes or townhomes/plexes) at price points commensurate with their family income.

Exhibit 2.2
Population Share by Generational Cohort, Tillamook County, 2013-2017



Source: U.S. Census Bureau, 2013-2017 American Community Survey, by State or Estimation (Table B0105)

Income Characteristics

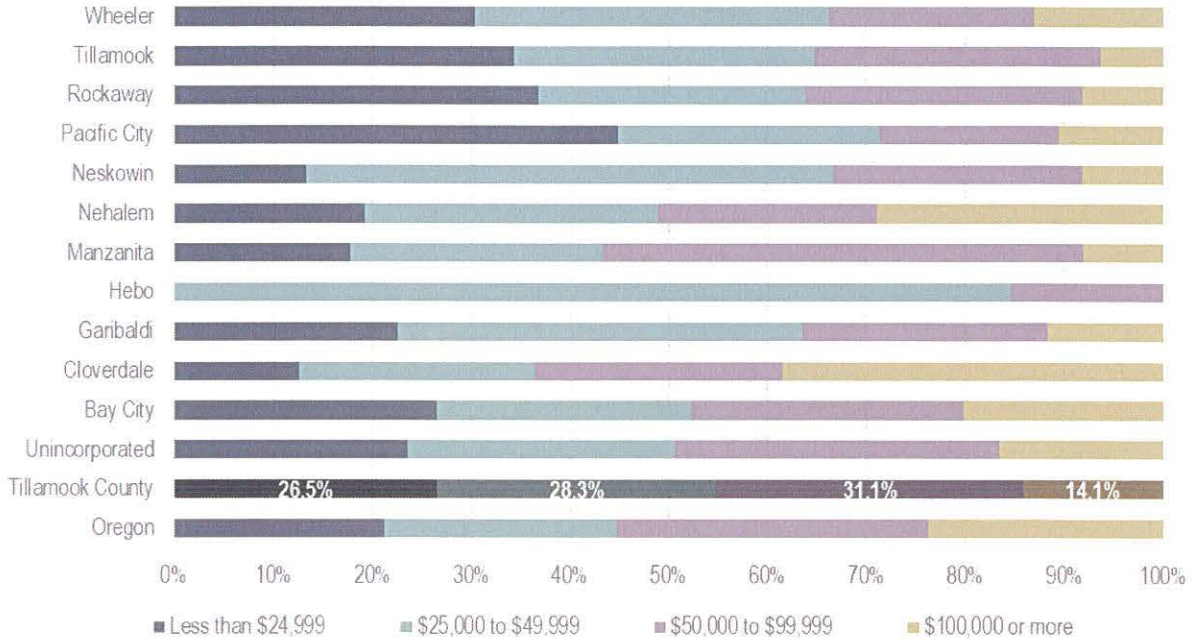
The median household income in Tillamook County (\$45,061) is well below incomes observed statewide in Oregon (\$56,119).

As shown in **Exhibit 2.3**, Tillamook County in comparison with Oregon, has a higher share of low-income residents (earning less than \$30,000), and a lower share of middle- and upper-income residents (those earning more than \$50,000). Countywide incomes vary significantly between communities, with Hebo, Pacific City, Rockaway and City of Tillamook residents having relatively lower incomes compared with Manzanita and Nehalem.

It should be noted that this analysis focuses on local cities and Census Defined Places, since those are the communities for which comparative data are available. There are additional small communities in Tillamook county, such as Oceanside, Netarts and Beaver, which do not have readily available statistics. While such small communities are vital, they are referenced here within the unincorporated county area.

Exhibit 2.3

Household Income, Tillamook County, Other Comparison Cities, Oregon, 2017



Source: U.S. Census Bureau, 2013-2017 American Community Survey (Table B19001) tabulated by FCS Group

II.C. EXISTING HOUSING CHARACTERISTICS

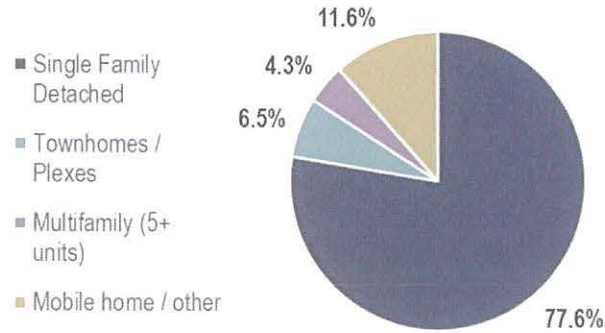
An analysis of historical development trends and local housing market dynamics provides insight regarding how the housing market functions. Findings indicate that changes in demographic and socio-economic patterns over the next two decades will result in a shift in housing demand from what is now predominantly single-family detached housing to wider mix of housing types.

Housing Inventory and tenancy

The existing housing stock in Tillamook County is dominated by single family detached (low density development) which accounts for just over three-fourths of the inventory. This is well above the state average of 63.7%. Mobile homes/other housing types comprise the remaining 11.6% of the inventory. Townhomes/plexes (medium density development) accounts for 6.5% of the inventory. Multifamily apartments and condos (with more than 5 units per structure) currently comprise only 4.3% of the inventory (see Exhibit 2.4).

Exhibit 2.4

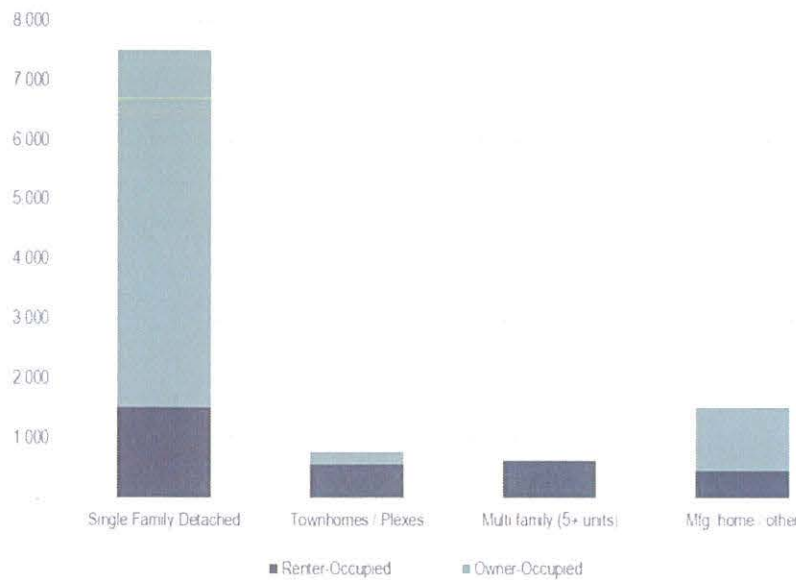
Households by Housing Type, Tillamook County, 2017



The overall housing tenancy in Tillamook County mirrors the Oregon statewide average, with 69% of the permanent residents owning their homes, and the remaining 31% renting. As shown in **Exhibit 2.5**, most homeowners reside in single family detached homes or mobile homes (including manufactured housing). Renters occupy all types of housing, and constitute the majority of demand for townhomes/plexes and multifamily apartments.

Exhibit 2.5

Tenancy by Type of Housing, Tillamook County, 2017



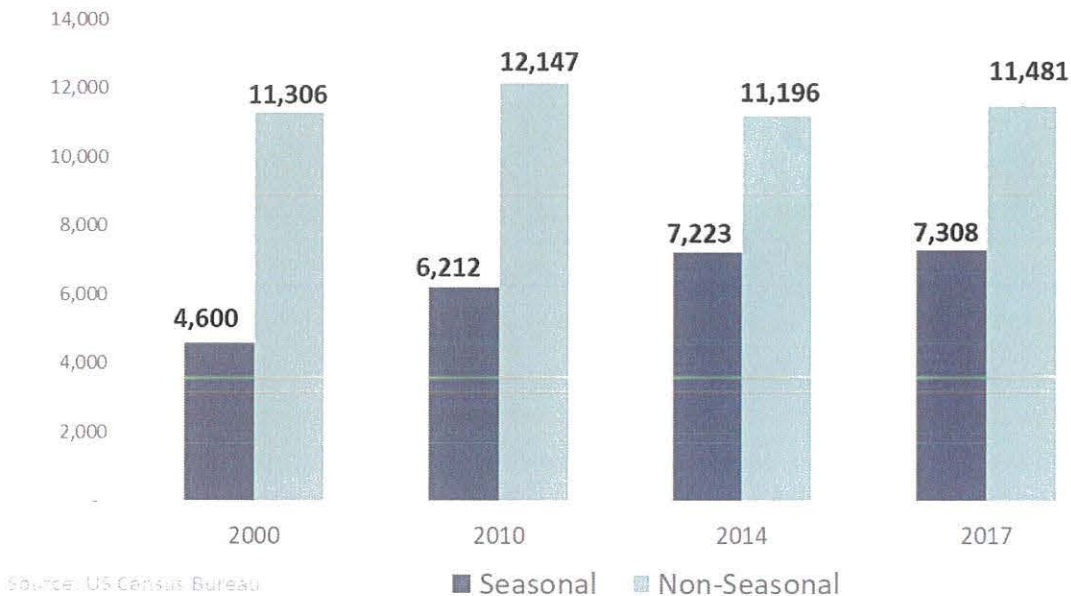
Seasonal Housing Inventory and Vacancy Rates

The prior housing study that was prepared for Tillamook County, *Creating a Healthy Housing Market for Tillamook County*, March 2017 (by CZB), noted that the housing market in Tillamook County has two distinct parts. There is a *coastal market* with strong demand from upper-income households, investors, second home buyers and retirees. And there is an *interior market* concentrated largely around Tillamook and other inland communities, such as Bay City. This market has a relatively older and less expensive housing inventory, which is more attainable to local residents. The demand for both seasonal housing and year-round non-seasonal demand is rising, as indicated in **Exhibit 2.6**.

Of Tillamook County’s 18,789 total housing units, 44%, were classified as having “seasonal ownership” in 2017, up from 38% in 2010, according to the U.S. Census American Community Survey.

Exhibit 2.6

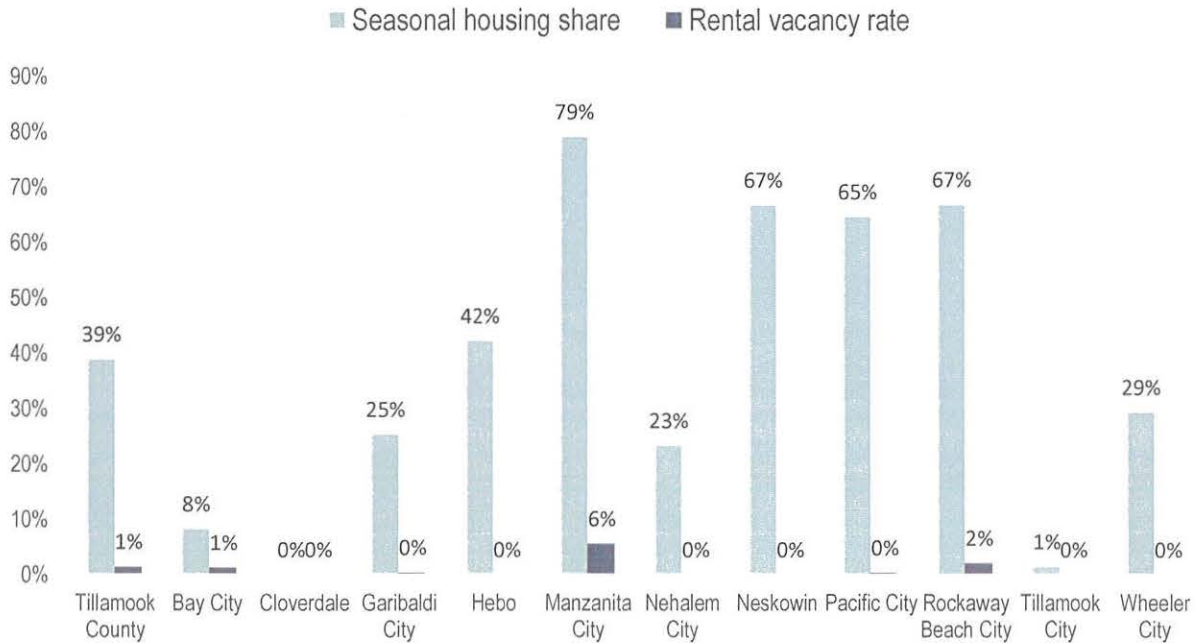
Non-seasonal and Seasonal Housing Supply (dwelling units) Tillamook County, 2000-2017



The seasonal housing inventory varies significantly by location, with the City of Tillamook, Bay City and Cloverdale having the lowest rates of seasonal homeownership and coastal resort areas such as Rockaway Beach and Manzanita having the highest levels at 74% and 87%, respectively.

As shown below in **Exhibit 2.7**, the vacancy rates for non-seasonal (year round rental housing) is well below 1% in all areas and near zero in Cloverdale, Gribaldi, Hebo, Nehalem, Neskowin and Wheeler. In comparison, the statewide average housing vacancy rate was 9.3% in 2017.

Exhibit 2.7 Vacancy Rates by Housing Type



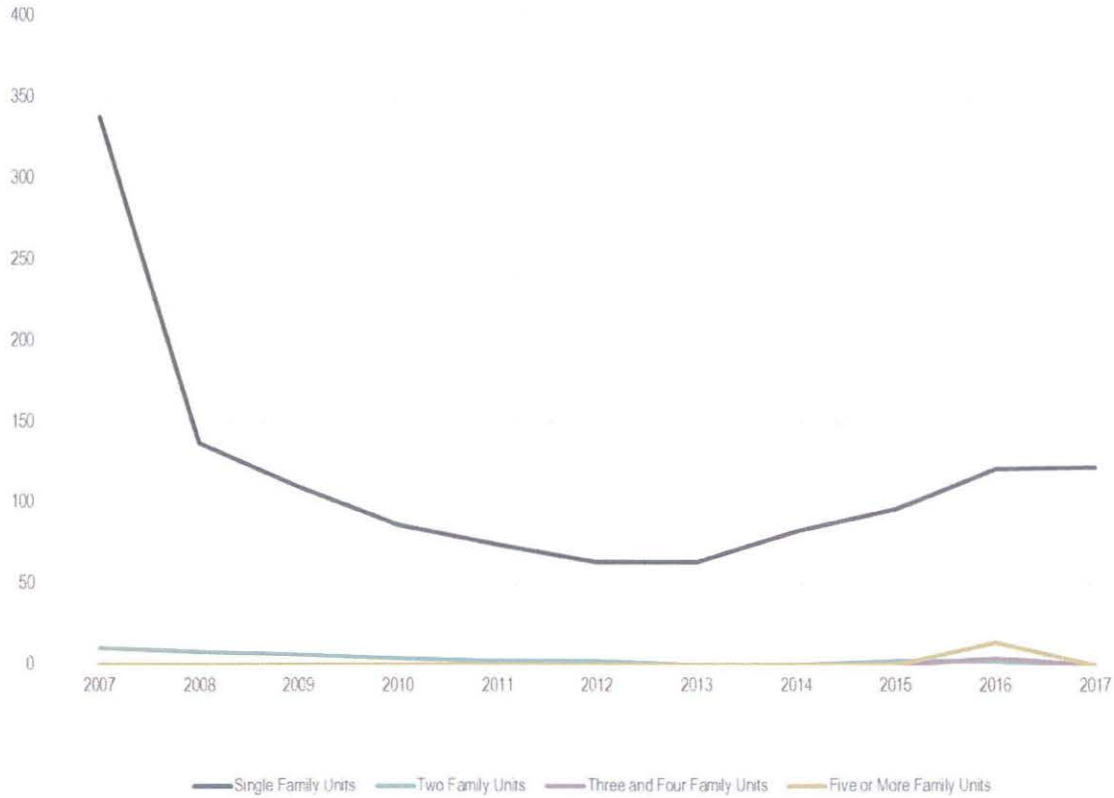
Housing Construction Permitting Activity

During the past decade new housing construction in Tillamook County has been dominated by single family housing. Despite falling sharply following the recession, the county has issued an average of 117 single family permits annually for new construction since 2007. Issuance of new permits has picked up since its low of 2013 (**Exhibit 2.8**).

Housing production has not nearly kept up with the pace of demand. Between 2007 and 2017, about 120 new dwellings were added throughout Tillamook County annually with the vast majority as second homes. Most new housing construction has occurred in coastal “resort” towns, such as Manzanita, Neskowin, Pacific City and Rockaway Beach, where 66%-80% of the total housing stock is now owned by part-time residents. During this same time frame, it is estimated that about 80-90 existing dwelling units were converted to seasonal units or short-term vacation rentals each year. As such, the permanent year-round housing inventory in Tillamook County has been decreasing at a time when nearly 60 households were moving into the county each year.

Exhibit 2.8

Building Permits Issued, Tillamook, 2007-2017



Housing Affordability

The median home price in Tillamook County was approximately \$323,000 (2019, 1st Q), which is slightly below the median home price in Oregon as a whole. As shown in **Exhibit 2.9**, year-over-year, home prices in Tillamook County increased by 12.2% from \$288,000 in 2018 to \$323,000 in 2019.

Median Home Sales Price, Tillamook County, Oregon, January 2018 to 2019

\$323,000
Tillamook County

\$346,100
Oregon

In general, home values declined following the Great Recession (2009 to 2014), then began a steady ascent. In Tillamook County, it is estimated that median home prices have increased by over 40%

between 2014 and 2019. During this same time frame, median household income levels in Tillamook County increased only 21%; thereby creating a major housing affordability challenge.

Based on active home listings and average sales over the past two years in Tillamook County, there is less than a three month supply of homes priced under \$300,000; and only a four to five month inventory of homes priced \$300,000 to \$500,000. For comparison, a healthy housing market is considered to have a six month housing inventory.

Exhibit 2.9

Homes Sales and Inventory, Tillamook County

Sales Price Level	Recent Sales (past 2 years)	Avg. Sales Per Month (past 2 years)	Current Listings	Remaining Inventory (months)
Sales Price Level				
Less than \$100,000	175	7.3	4	0.5
\$100,000 to \$199,999	384	16.0	27	1.7
\$200,000 to \$299,999	556	23.2	61	2.6
\$300,000 to \$399,999	421	17.5	70	4.0
\$400,000 to \$499,999	270	11.3	57	5.1
\$500,000 or more	298	12.4	124	10.0
Total	2,104	88		

Source: Zillow.com; analysis by FCS 9/3/19.

Median Home Price Sales Trends in Select Markets

	Aug-18	Aug-19	Change %
Tillamook County	\$288,000	\$323,000	12.2%
Bay City	\$213,000	\$244,000	14.6%
Nehalem	\$372,000	\$415,000	11.6%
Neskowin	\$425,000	\$457,000	7.5%
Pacific City	\$292,000	\$323,000	10.6%
Rockaway Beach	\$255,000	\$294,000	15.3%
Tillamook City	\$251,000	\$283,000	12.7%

Source: Zillow.com; analysis by FCS Group 1/24/18.

Median rents are also slightly lower in Tillamook County compared with the Oregon statewide average. However, in many communities within Tillamook County, rents are now on par with or have surpassed the statewide average (Exhibit 2.10).

Exhibit 2.10

Median Gross Rent, Tillamook, Tillamook County, Oregon, Other Comparison Cities, 2013-2017



Source: U.S. Census Bureau, 2013-2017 American Community Survey, 5-Year Estimates (Table B25004)

Housing Cost Burdens

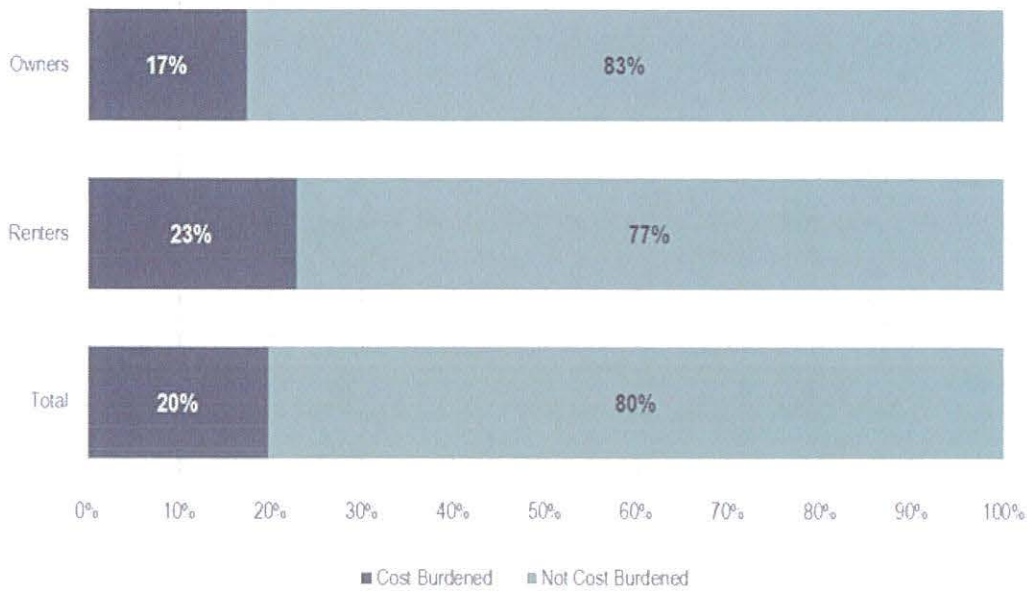
According to the U.S. Housing and Urban Development (HUD) standards, households are considered “cost burdened” if they pay over 30% of their income on housing. Households are “severely cost burdened” if they pay over 50% of their income on housing.

Despite relatively low housing costs, the fact that there limited numbers of family wage jobs makes finding attainably priced housing difficult for many residents. Approximately 23% of the renters and 17% of the owners in Tillamook County are severely cost burdened (see **Exhibit 2.11**).

Exhibit 2.11

Severe Housing Cost Burden by Tenure, Tillamook County, 2013-2017

Based on the assumption that the cost burden threshold is 50% of income



Source: FCS Group, "Severe Housing Cost Burden in Tillamook County, 2013-2017", <https://www.fcsgroup.com/research/severe-housing-cost-burden-in-tillamook-county-2013-2017>

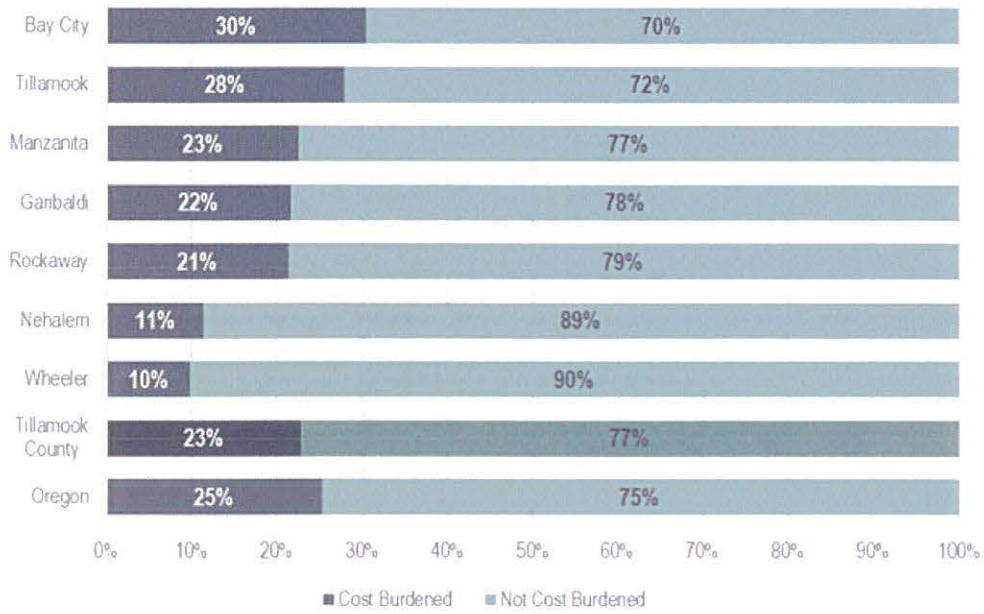
Severe rent burdens vary widely between local areas. For example, Wheeler faces severe rent burden rates of just 10%, while 30% of Bay City renters are severely rent burdened (see **Exhibit 2.12**).

Exhibit 2.13 further illustrates the link between lower incomes and housing cost burdens. Over 80% of households earning less than \$20,000 were cost burdened in Tillamook County. In fact, almost 60% of households earning less than \$50,000 are paying more than 30% of their income in housing costs.

Exhibit 2.12

Severe Rent Cost Burden, Tillamook County, Oregon, Other Comparison Cities, 2013-2017

Based on the assumption that the housing cost burden threshold is 50% of income.

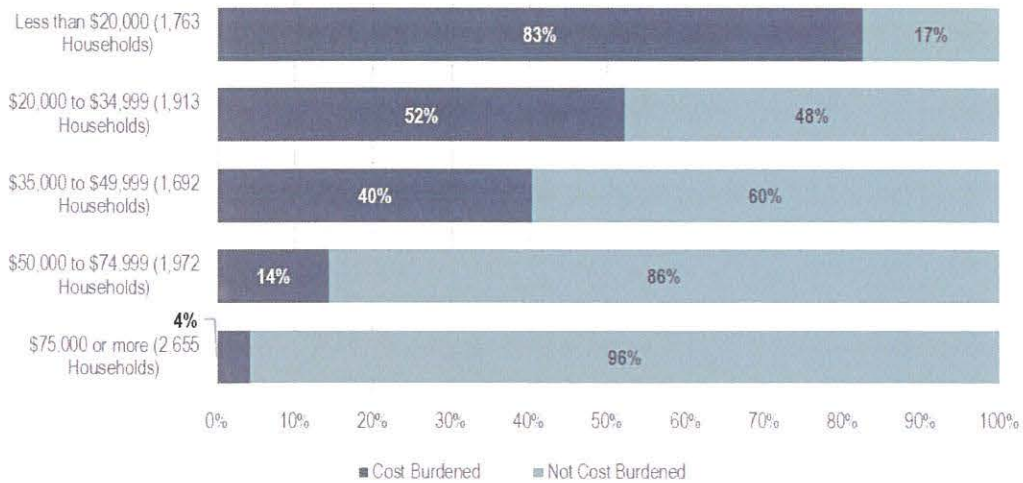


Source: U.S. Census Bureau, HUD, FRED, and FRED. "Housing Burden" (2013-2017)

Exhibit 2.13

Housing Cost Burden by Income, Tillamook County, 2013-2017

Based on the HUD assumption that the cost burden threshold is 30% of income.



Source: U.S. Census Bureau, 2013-2017, American Community Survey, 5-year estimates

Workforce Housing Demand

Representatives from local businesses, school districts, hospitals and emergency service sectors (e.g., police and fire districts) have voiced concern over the lack of attainable housing for their employees. Many workers now travel very long distances to jobs in Tillamook County. According to U.S. Census stats, **almost one in four workers in Tillamook County commute greater than 50 miles each way (100 miles per day); which is double the statewide average.** Nearly one in three local workers now reside outside Tillamook County.

Note: These findings are based on U.S. Census On-the-Map Longitudinal Employer-Household Dynamics (LEHD) data which are based on tabulated and modeled administrative employer survey data, which are subject to error. The Quarterly Workforce Indicators (QWI), LEHD Origin-Destination Employment Statistics (LODES), Job-to-Job Flows (J2J), and Post-Secondary Employment Outcomes (PSEO) are available online for public use.

Because the estimates are not derived from a probability-based sample, no sampling error measures are applicable. While no direct measurement of these joint effects has been obtained, precautionary steps are taken in all phases of collection and processing to minimize the impact of nonsampling errors.

As indicated in **Exhibit 2.14**, FCS GROUP has documented market gaps in Tillamook County’s available housing inventory. Conversion of homes to seasonal and vacation rentals, low vacancy rates, and inadequate housing construction levels result in market gaps that can only be corrected by supply additions. Based on relatively low market capture rates, as of year 2017, there is a housing gap of approximately 406 units for housing units needed for moderate income households at 50% to 120% of the area median family income (MFI) level.

In addition, there is also a significant market gap for government assisted housing available to households earning less than 50% of the MFI level. This analysis indicates that the market gap for rental housing at this price point equates to over 600 dwellings. In light of inadequate levels of state and federal housing grants, we have assumed a 33% market capture rate or approximately 200 units of low income housing demand is needed at this time.

Exhibit 2.14 Existing Housing Market Gaps, Tillamook County

Current Housing Market Gap for Housing at 50% to 120% MFI or higher, Tillamook County

		Total Dwelling Units	Rental Units	Owner Units
Existing Workers in Tillamook County	9,476			
Long Distance commuters (over 100 miles per day)	2,030			
Market Demand Sensitivity Analysis				
Low Capture Rate	15%	305	152	152
Midpoint Capture Rate	20%	406	203	203
High Capture Rate	25%	508	254	254

Based on U.S. Census Bureau, On-The-Map data for Tillamook County, 2017.

Current Market gap for Housing at less than 50% MFI, Tillamook County

Affordable Monthly Rent Costs *	Current # of Renter-Occupied Households	Estimated Available Rental Units at this rent level	Housing (Gap) or Surplus	Capture Rate for Analysis	Housing Needed (units)
Less than \$500	1,139	528	(611)	33%	202

Source: U.S. Census Bureau, American Community Survey, 2017. * Assumes 30% of income towards rent.

This analysis conservatively assumes that the level of near-term pent up market demand could support development of over 400 units of rental housing, with about half needed for households in the 50% to 120% of the MFI level for Tillamook County.

II.D. FUTURE HOUSING NEEDS

The methodology includes three housing forecast scenarios which were reviewed and discussed by the Housing Committee. They include:

Scenario A Baseline Forecast

Scenario B Baseline + Workforce Housing Forecast

Scenario C Policy Scenario as modified version of Scenario 2

Scenario D Midpoint of low and high growth forecasts

Scenario A: Baseline Housing Demand Forecast

The future (20 year) housing forecast for Tillamook County takes into account the population and socioeconomic and housing characteristics described earlier.

The baseline forecast applies the long term population forecast by Portland State University, and assumes that current household size, group quarters demand, vacancy rates and seasonal housing rates remain constant. With the baseline forecast, Tillamook County is projected to add 2,936 people which will require 2,305 new dwellings over the next 20 years. If the future housing demand is distributed within Tillamook County based on the current housing mix, the 20-year housing demand in the unincorporated areas would equate to 510 dwellings, and the various incorporated area UGBs would need to accommodate the remaining 1,795 housing unit (see Exhibit 2.15).

Exhibit 2.15 Scenario A Baseline Forecast

Baseline Housing Demand Forecast, Tillamook County, 2019-2039

	Net New Population ¹	Group Quarters Share	Group Quarters Pop. ²	Avg. HH Size ²	Occupied Dwellings ²	Seasonal & Vacancy Rate ²	Seasonal & Vacant Dwellings	Total Dwelling Need (excl. group quarters)
Unincorporated areas	707	2.6%	18.4	2.41	286	44.0%	225	510
Tillamook UGB	796	0.88%	7.0	2.47	319	8.5%	30	349
Nehalem UGB	370	0.00%	-	3.43	108	25.0%	36	144
Bay City UGB	348	0.00%	-	3.43	101	14.6%	17	119
Manzanita UGB	299	0.00%	-	3.43	87	86.6%	562	649
Rockaway Beach UGB	272	0.00%	-	2.27	120	73.7%	336	456
Garibaldi UGB	73	0.75%	0.5	2.62	28	31.8%	13	41
Wheeler UGB	72	1.45%	1.0	2.62	27	29.4%	11	38
Total	2,936	0.9%	27		1,076	53.3%	1,229	2,305

Notes: ¹ population forecast from PSU Population Research Center, interpolated by FCS GROUP; ² based on 2017 ACS. Numbers may not add due to rounding.

Scenario B: Baseline + Workforce Housing Forecast

This scenario includes the baseline housing forecast based on future growth along with a capture of a portion of the current market gap for workforce housing.

As discussed earlier in this report, there is a demonstrated “market gap” for workforce housing in Tillamook County. In this scenario, it is assumed that the overall housing demand over the next 20 years equates to the baseline demand described in Scenario A plus an additional 400 units of pent up demand for rental housing. This would include approximately 200 units of moderate income rental housing attainable to households earning 50% to 120% of the MFI; and another 200 units for households earning less than 50% of the MFI level.

This forecast scenario assumes that the majority of the housing production would occur in communities that can provide water and sanitary sewer service, with capacity that can be increased as needed to accommodate new housing development. As shown in **Exhibit 2.16**, the housing forecast under Scenario B equates to 2,730 dwelling units over 20 years.

Exhibit 2.16 Baseline + Workforce Housing Forecast Scenario B

	Demand Dist. (Scenario A)	Demand Dist. (Scenario B)	Pent Up Rental Workforce Housing Need (units)	Baseline Housing Need (Scenario A)	Total Housing Need (Scenario B)
Tillamook UGB	15%	25%	106	349	455
Nehalem UGB	6%	5%	21	144	165
Bay City UGB	5%	5%	21	119	140
Manzanita UGB	28%	10%	43	649	691
Rockaway Beach UGB	20%	10%	43	456	499
Garibaldi UGB	2%	5%	21	41	62
Wheeler UGB	2%	5%	21	38	59
Subtotal UGBs	78%	65%	276	1,795	2,071
Unincorporated areas	22%	35%	149	510	659
Total Dwelling Units	100%	100%	425	2,305	2,730

Scenario C: Coordinated Policy Forecast

This scenario assumes that same level of overall Countywide housing demand as with Scenario B, but takes into account the fact that many of the coastal communities may have achieved market prices for land and housing that is out of reach for most residents. Small cities and resort communities in Tillamook County may not be capable of accommodating all of the potential market demand. Limiting factors may include inadequate infrastructure (particularly sewer) and environmental risks associated with developing housing in floodways, floodplains and tsunami hazard areas.

As shown in **Exhibit 2.17**, with this scenario it is assumed that the share of housing demand that will be accommodated within incorporated cities is 59% of total demand, down from about three quarters of total demand in the prior scenarios. Hence, the level of demand that would need to be addressed within unincorporated portions of Tillamook County would increase to 41% of the Countywide housing demand, compared with 22% to 24% in Scenarios A and B.

Exhibit 2.17 Housing Market Share by Scenario

	Demand Dist. (Scenario A)	Demand Dist. (Scenario B)	Demand Dist. (Scenario C)	Total Housing Need (Scenario C)
Tillamook UGB	15%	17%	30%	819
Nehalem UGB	6%	6%	5%	137
Bay City UGB	5%	5%	5%	137
Manzanita UGB	28%	25%	5%	137
Rockaway Beach UGB	20%	18%	10%	273
Garibaldi UGB	2%	2%	2%	55
Wheeler UGB	2%	2%	2%	55
Subtotal UGBs	78%	76%	59%	1,611
Unincorporated areas	22%	24%	41%	1,119
Total Dwelling Units	100%	100%	100%	2,730

Comparison of Housing Forecast Scenarios

These findings indicate that the future housing market in Tillamook County is expected to remain strong, barring natural disasters or global or national economic downturns. Population increases due largely to second home investors will likely account for just over half of the future housing demand. In order for housing prices and rents to be attainable to households at 120% or less of the local median income level for the County (\$45,060), for sale housing would need to be priced at \$299,000 or less and rentals priced at \$1,352 or less (per month for 2 bedroom unit). For additional analysis of housing affordability levels, please refer to **Appendix A**.

Exhibit 2.18 provides a comparison of the housing demand within local areas for each of the three forecast scenarios. The findings indicate a low and high range of housing needs along with a mid-point demand forecast, which is referred to as Scenario D.

Exhibit 2.18

Tillamook County 20-year Housing Forecast Scenarios (dwelling units)

	Scenario A	Scenario B	Scenario C
Tillamook UGB	349	455	819
Nehalem UGB	144	165	137
Bay City UGB	119	140	137
Manzanita UGB	649	691	137
Rockaway Beach UGB	456	499	273
Garibaldi UGB	41	62	55
Wheeler UGB	38	59	55
Subtotal UGBs	1,795	2,071	1,611
Unincorporated areas	510	659	1,119
Total Dwelling Units	2,305	2,730	2,730

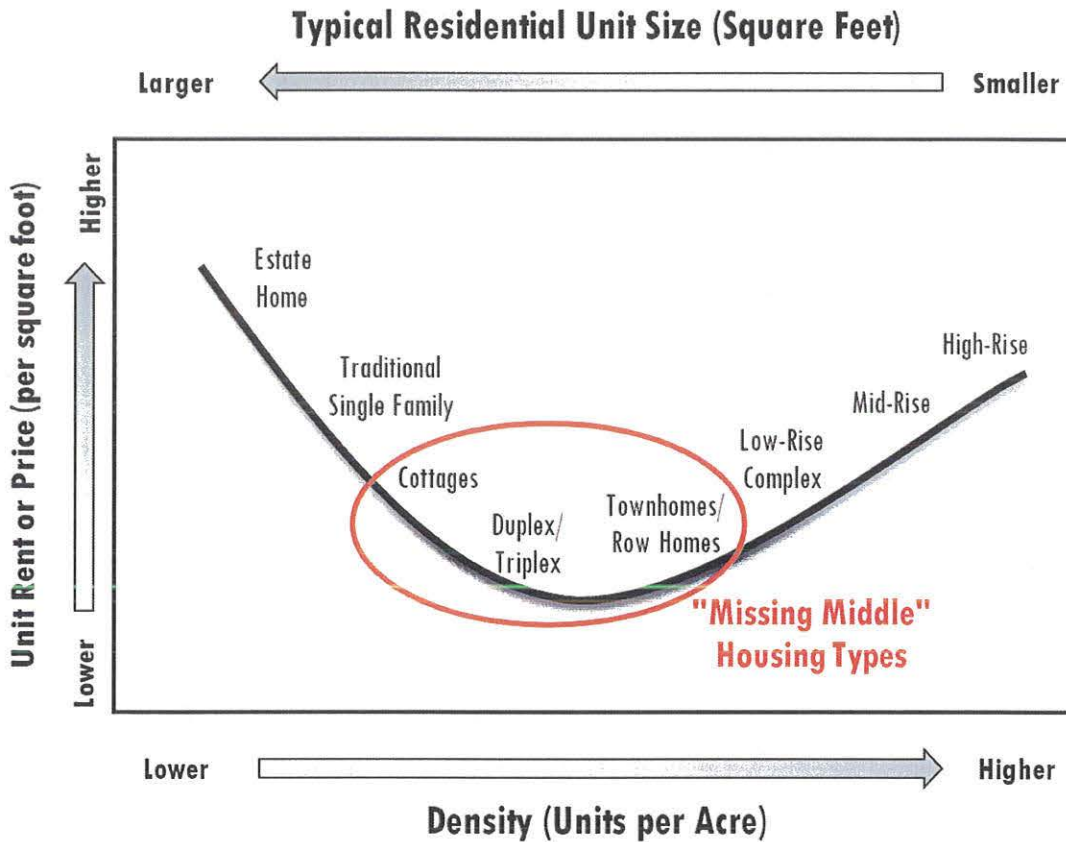
	Low	High	Midpoint (Scenario D)
Tillamook UGB	349	819	584
Nehalem UGB	137	165	151
Bay City UGB	137	140	138
Manzanita UGB	137	691	414
Rockaway Beach UGB	273	499	386
Garibaldi UGB	55	62	58
Wheeler UGB	55	59	57
Subtotal UGBs	1,141	2,435	1,788
Unincorporated areas	510	1,119	815
Total Dwelling Units	1,651	3,554	2,603

Source: prior exhibits.

Projected Needs by Housing Type

In light of the current housing affordability challenges, the future demand for attainably priced housing within Tillamook County will need to increase measurably in the future. This would require development of affordable “missing middle” housing types, such as market rate and government assisted plexes, townhomes and apartments as well as cottage homes, manufactured homes and accessory dwelling units (ADUs). As shown in **Exhibit 2.19**, these housing types can be delivered at a lower cost and rent level per square foot than other housing types.

Exhibit 2.19

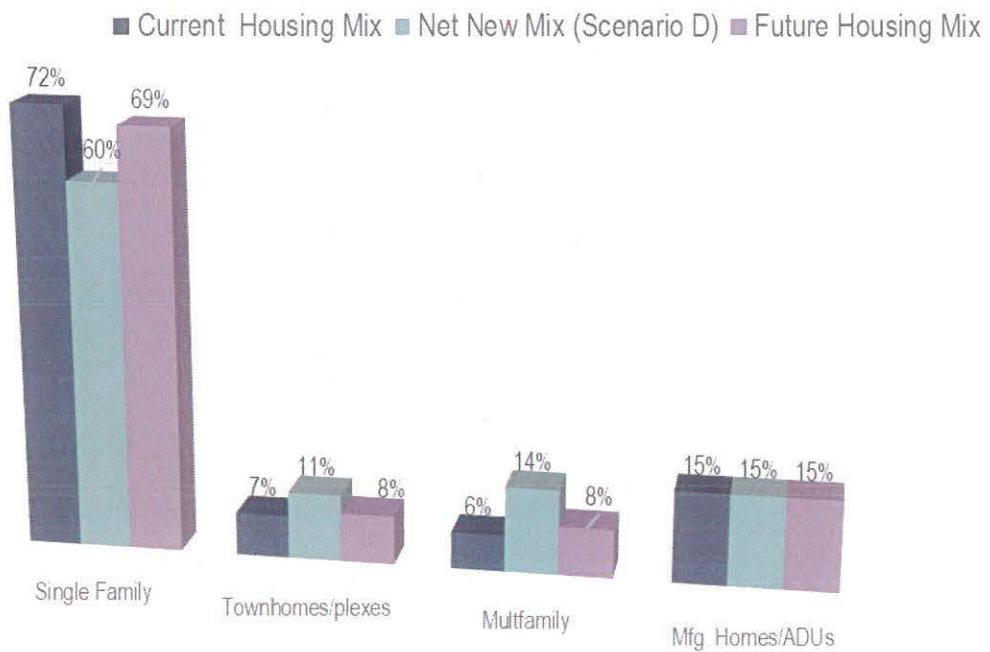


The forecasted housing mix that addresses future demand will likely consist of: 1,562 single-family detached homes (including cottage homes), 286 townhomes/duplexes/ADUs, 364 multifamily housing units and 390 manufactured housing units (see **Exhibit 2.20**). There will also be some “group quarters” housing demand for about 30 additional residents that will require shared living arrangements (such as congregate care or interim housing).

The graph below juxtaposes the housing mix in Tillamook County today compared with the projected mix of units to be added in the next twenty years and the overall housing mix observed in the county after twenty years. As shown in **Exhibit 2.21**, the Policy Scenario D would increase the overall share of multifamily, townhomes, and plexes in comparison to the current mix. The share of single family detached housing would decline and the share of manufactured housing would remain relatively constant.

Exhibit 2.20

Tillamook County Housing Need: Current and Future dwelling units



Source: U.S. Census Bureau, 2013-17 American Community Survey, Table B25001, and Scenario D's Assumptions

At midpoint of the forecast scenarios (Scenario D), the net new housing need is expected to consist of: 1,796 owner-occupied dwellings and 807 renter-occupied dwellings. As shown in **Exhibit 2.21**, the types of housing that is most suited to meet qualifying income levels for home ownership vary by family income level. The owner and rental housing forecast that's suited to meet qualifying income levels is shown below

Exhibit 2.21 Current and Future Housing Mix, Scenario D

	Current Housing Mix	Net New Housing Mix (Policy Scenario C)	Future Housing Mix
Single Family	72%	60%	69%
Townhomes/Plexes	7%	11%	8%
Multi family	6%	14%	8%
Mfg. home / other	15%	15%	15%
Total	100%	100%	100%

	Current Housing Mix	Net New Housing Mix (Policy Scenario C)	Future Housing Mix
Single Family	7,501	1,562	9,063
Townhomes/Plexes	781	286	1,067
Multi family	641	364	1,005
Mfg. home / other	1,531	390	1,921
Total	10,454	2,603	13,057

Source: prior exhibits.

As we consider the demand for housing by affordability level, the vast majority of housing demand needs will be from households at 120% or below of the Median Family Income level for Tillamook County (see **Exhibit 2.22**).

For additional analysis regarding housing affordability price points for owner occupied and renter occupied housing please refer to **Appendix A**.

Exhibit 2.22 Forecasted Housing Demand by Affordability (Scenario D)

Approximate Attainable Home Price*	Owner-Occupied	Renter-Occupied	Total	Dist. %	Attainable Housing Products
Upper (120% or more of MFI)	790	166	956	36.7%	Standard Homes, Townhomes, Condos
Upper Middle (80% to 120% of MFI)	647	135	782	30.0%	Small Homes, Townhomes, Apartments
Lower Middle (50% to 80% of MFI)	269	163	433	16.6%	ADUs, Townhomes, Mfgd. Homes.
Low (30% to 50% of MFI)	90	190	279	10.7%	Govt. Assisted Apts. & Plexes
Very Low (less than 30% of MFI)	0	153	153	5.9%	Govt. Assisted Apts.
Total	1,796	807	2,603	100.0%	

*Assumes 30% of income is used for rental or mortgage payments. Derived from Appendix A.

Projected Residential Land Needs

Using the mid-points of the housing demand forecasts, the buildable land that will be needed to accommodate planned housing production is shown in **Exhibit 2.23**. **At the midpoint of the growth forecast scenarios (Scenario D), the overall amount of residential land that will be needed within all of Tillamook County over the next 20 years equates to just over 1,340 buildable acres of land area.**

It should be noted that actual gross land needs could be much higher given the limited availability of sewer infrastructure capacity within Tillamook County.

The forecast of residential land that is needed within each local community and incorporated cities is provided below by general land use type (low, medium and high density) for discussion and policy planning purposes.

Exhibit 2.23

Tillamook County 20-year Housing Land Need Forecast at Midpoint										
	Total Housing Need (Midpoint)	Housing Mix*				Land Need (Buildable acres)				Total Land Need (buildable acres)
		Very Low Density (single family homes)	Low Density (single family and mfg. homes)	Medium Density (townhomes, plexes)	Higher Density (apartments)	Very Low Density	Low Density	Medium Density	Higher Density	
Tillamook UGB	584	-	292	124	169	-	97	21	14	132
Nehalem UGB	151	-	75	32	44	-	25	5	4	34
Bay City UGB	138	-	69	29	40	-	23	5	3	31
Manzanita UGB	414	-	207	88	120	-	69	15	10	94
Rockaway Beach UGB	386	-	193	82	112	-	64	14	9	87
Garibaldi UGB	58	-	29	12	17	-	10	2	1	13
Wheeler UGB	57	-	28	12	17	-	9	2	1	13
Subtotal UGBs	1,788	-	894	378	518	-	298	63	43	404
Unincorporated areas**	815	407	326	81	-	815	109	14	-	937
Total	2,603	407	1,220	460	518	815	407	77	43	1,341

*Assumes mix and density as follows:

	City/Town Housing Mix	Unincorp. Area Mix**	Dwellings per acre (avg.)
Very Low Density*	0%	50%	0.5
Low Density	50%	40%	3
Medium Density	21%	10%	6
Higher Density	29%	0%	12
Total	100%	100%	

Source: compiled by FCS GROUP based on midpoint of housing forecast scenarios and expected market demand.

Section III. BUILDABLE LAND INVENTORY

This section includes a summary of the residential buildable land inventory (BLI) in Tillamook County. The focus of this 2019 BLI analysis is on the following geographic areas:

- Tillamook County, unincorporated areas outside existing urban growth boundaries (UGBs)
- Tillamook UGB
- Manzanita UGB
- Bay City UGB

In addition to these locations, this report cites findings from prior adopted plans and BLI studies to ascertain buildable lands in the following locations:

- Garibaldi UGB
- Nehalem UGB
- Rockaway Beach UGB
- Wheeler UGB

METHODOLOGY

As part of Tillamook County's Housing Needs Analysis process, an estimate of buildable lands was completed to assess the supply of available land for housing development in unincorporated areas as well as three cities that opted to update their land inventories at this time. The Buildable Lands Inventory (BLI) was completed in accordance with OAR 660-008-0005 (2) and guidance provided by the Department of Land Conservation and Development (DLCD).¹

¹ While Oregon state regulations pertaining to BLI methods apply only to UGBs of incorporated areas, the same methodology was applied to unincorporated portions of Tillamook County with one exception which was reviewed by the Housing Committee: the removal of 100-year flood zones from the vacant land inventory for unincorporated areas only. The BLIs for incorporated areas assume land within 100-year flood zones is considered to be unconstrained and buildable.

The objective of the residential BLI is to determine the amount of developable land available for future residential housing development. The steps taken to perform this analysis are as follows:

1. Create a unified environmental constraints layer. These are areas where land is unsuitable for development due to natural hazards
2. Generate the residential land base by identifying all taxlots that are zoned to allow residential development (either permitted outright or as a conditional use)
3. Subtract all environmentally constrained land from the residential land base
4. Classify land by development category (vacant, partially vacant, or redevelopable)
5. Calculate total net buildable acres by netting out land needed for public facilities such as roads and utility infrastructure and factoring a redevelopment rate for parcels deemed redevelopable

Please refer to the separate Tillamook County Residential Buildable Land Inventory reports by Cascadia Partners for additional details regarding the methodology used for each location.

ALL AREAS OF THE COUNTY

An estimate of the total buildable land for residential development is provided in **Exhibit 3.1**. The results indicate that overall there is over 3,700 acres of buildable residential land area throughout the county, with the vast majority located in unincorporated areas.

It should be noted that the term density is used to reflect the average number of housing units per buildable acre on a particular site. Density is a relative term that generally reflects the type of housing that a land use zone is planned to accommodate. Based on local construction trends and market activity in Tillamook County, the density and housing types generally fall into the following categories:

- Very Low Density: 1 dwelling per 2 acres on average. Rural development typically relies on septic systems and connections to local water systems.
- Low Density: average of 3 dwellings per acre. Typically single family detached housing or mobile homes.
- Medium Density: 6-9 dwellings per acre. May include duplexes, townhomes and small lot cottage homes.
- High Density: typically 9-18 dwellings per acre. Includes townhomes and apartments.

TILLAMOOK COUNTY (UNINCORPORATED AREAS)

Based on the BLI finding for the unincorporated portions of Tillamook County shown in **Exhibit 3.2 and Map 3.1**, approximately 2,135 acres of land are available in the residential buildable lands inventory. Not surprisingly, as most of unincorporated Tillamook County is rural, most of the land available falls under low density residential zoning (roughly 54%). Medium density residential and high density residential make up 34% and 10% of the residential buildable lands inventory

respectively. Only 2% of the residential land base is comprised of land zoned as commercial / mixed-use.

Vacant land represents by far the largest opportunity for development, comprising more than 95% of the land available in the buildable lands inventory. While less partially vacant and redevelopable land is available, the location of specific parcels are important as they may represent geographies where development is highly desired (i.e., areas close to commercial cores) or where infrastructure (water and sewer) is available.

Exhibit 3.1: Summary of Residential Buildable Lands Inventory, Unicorp. Tillamook County (acres)

Location (BLI Source)	Relative Zoned Housing Density Class				Total
	Very Low	Low	Medium	High	
County Commercial (Cascadia 2019)	30		25		54
County Residential Zones (Cascadia 2019)	1,710	286	11	11	2,017
Manzanita UGB (Cascadia 2019)		52	69	6	127
Neahkahnie (Cascadia 2019)		13	25	76	114
Nehalem (2018)		207	95	43	345
Nehalem (COG 2007)		36	94	19	149
Neskowin (Cascadia 2019)	235	158	2	0	395
Netarts (Cascadia 2019)		59	56	18	133
Oceanside (Cascadia 2019)		82	1		82
Pacific City (Cascadia 2019)	30	49	34	83	196
Tillamook UGB (Cascadia 2019)	-	-	17	45	62
Wheeler (COG 2007)		61	18		79
Total	2,004	1,001	446	302	3,753

Source: various Tillamook County and local area Buildable Land Inventory studies, as noted.

Exhibit 3.2: Residential Buildable Lands Inventory, Unincorporated Tillamook County, 2019

Housing Category	Vacant	Partially Vacant	Redevelopable	Total Buildable
Very low density Residential	1,097	27	21	1,145
Medium Density Residential	694	29	4	727
High Density Residential	205	8	1	214
Commercial / Mixed-use	45	2	1	48
Total:	2,042	66	27	2,135

Source: Tillamook County Buildable Land Inventory by Cascadia Partners et al., September 2019.

Incorporated Cities

In addition to the 2019 BLI studies by Cascadia Partners and FCS GROUP, other communities in Tillamook County have completed residential buildable land inventories (BLIs) within the last 15 years. The objective of the residential BLI is to determine the amount of developable land available for future residential housing development within the UGB. BLI highlights include the following

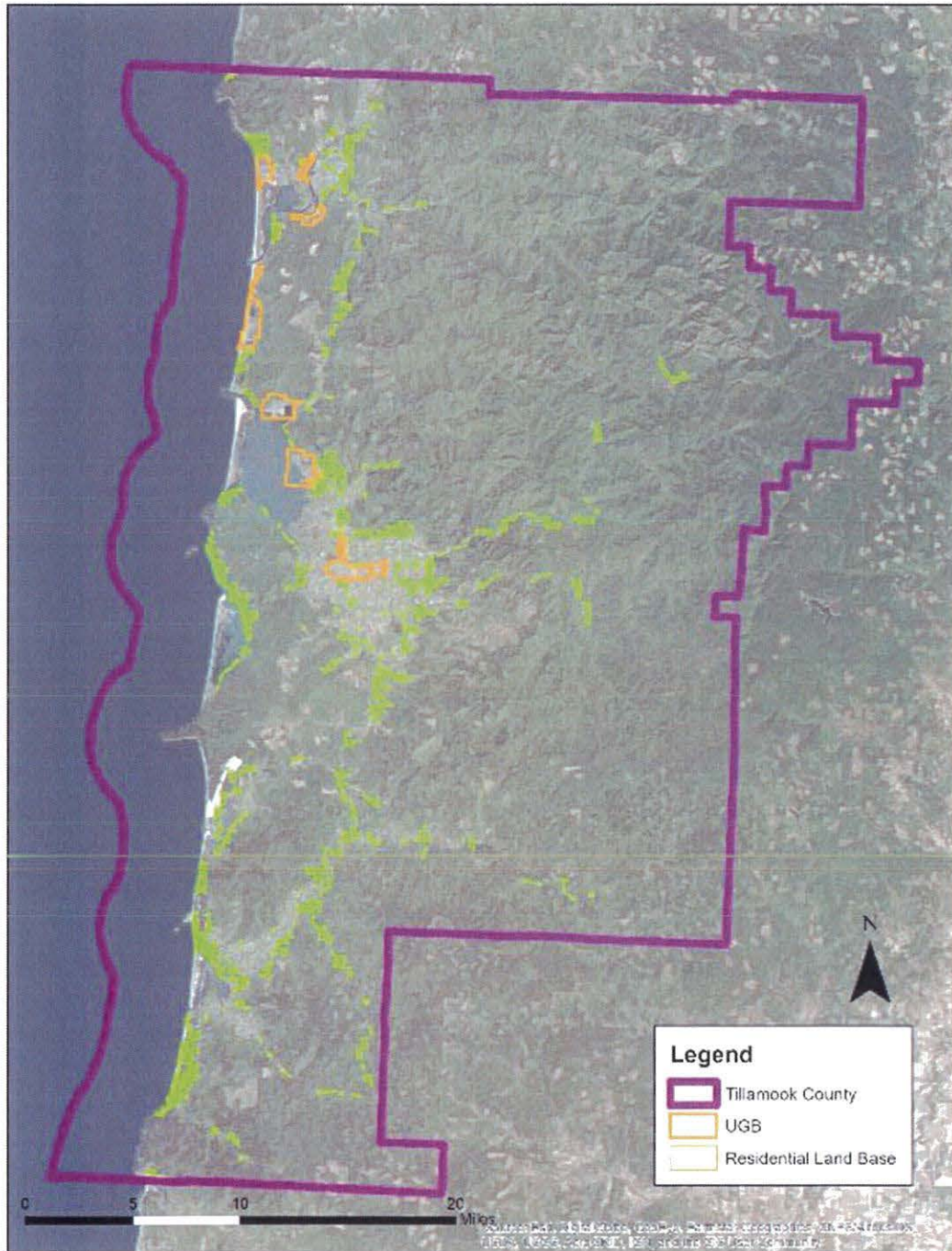
- **Tillamook:** draft findings by FCS GROUP/Cascadia Partners indicate that there is a current need for additional low- and medium-density zoned land area within the Tillamook UGB that ranges from approximately 48 to 76 acres of net buildable land area.
- **Nehalem:** according to the City of Nehalem, no residential land shortages were identified for the planning horizon (2007-2027) with an overall residential buildable land **surplus of 121.4 acres**. The City is in the process of approving a new buildable land inventory which indicates a **supply of 377.15 acres of residential land**. That BLI work is still in process.
- **Wheeler:** according to the City, no residential land shortages were identified for the planning horizon (2007-2027) with an overall residential buildable land **surplus of 66.7 acres**.
- **Rockaway Beach:** according to the City of Rockaway Beach, no residential land shortages were identified for the planning horizon (2007-2027) with an overall residential buildable land **surplus of 57 acres**.
- **Bay City:** Buildable Land Inventory is in process; however Housing Needs Analysis appears to be outdated.

- **Manzanita:** FCS/Cascadia identified a total land inventory of 122 net acres (residential zones) plus 4 acres of mixed use zoning (BLI adopted by City in Sept. 2019). This level of supply appears to be adequate for meeting the 20 year demand identified earlier in this report (94 acres at midpoint of low and high forecast scenarios).

These findings indicate the City of Tillamook may be able to justify a UGB expansion or a Comprehensive Plan amendment and with changes in zoning to allow for more housing. However, it is unlikely that other cities can do so in the near future.

In light of the significant level of housing demand outside the incorporated cities and their urban growth boundaries, and the desire to encourage more development in those locations, several local and state policy actions are identified in the next Section of this report for additional consideration.

Map 3.1 Residential Land Base, Unincorporated Tillamook County



Section IV. ACTION PLAN

POLICY RECOMMENDATIONS

This section summarizes relevant federal and state housing policies and identifies a set of Action Plan recommendations.

RECENT POLICIES

Several recent policy changes have occurred at the federal, state and regional level that may affect the future housing supply and demand in Tillamook County.

Federal Policies

Tax Cuts and Jobs Act

Passed in 2017, the Tax Cuts and Jobs Act initiates large scale federal tax reform. The reform made changes in many ways but most notable was the shift in the federal corporate tax rate, decreasing from 35% to 21%. The new tax cuts also lower most individual income tax rates, including the top marginal rate from 39.6 percent to 37 percent. The lower tax rates potentially affect Tillamook County and its municipalities because it makes tax free municipal bonds and affordable housing tax credits less attractive to investors because the relative advantage of lowering taxable income by investing in tax exempt bonds would decrease in most cases. However, with the adoption of measure 102 (see below), Oregon voters have expressed the need for investing in affordable housing bonds, and these state measures should mitigate the impact of this federal act.

Low Income Housing Tax Credits

The Low Income Housing Tax Credits program is a series of tax incentives administered by the IRS to encourage developers to construct affordable housing. Currently the program accounts for the largest source of new affordable housing in the U.S. In securing these credits, developers agree to rent out housing at an affordable level, often below market price (this is referred to as a use restriction). State agencies distribute credits to developers based on a state designed application process. These credits come in two forms, 9% (this raises about 70% of total cost) and 4% (this raises about 30% of the total cost), where 4% tax credits are often complimented with support from state bonds. In Oregon and in Tillamook County's case, Measure 102 (see below) should enable more funding of housing tax credit bonds and strengthen the effect of these tax credits on a for affordable housing development in Tillamook County.

Oregon Policies

Oregon's Statewide Housing Plan: "Breaking New Ground"

Oregon's 2018 Statewide Housing Plan is a long-term plan designed to increase housing in Oregon. The plan was researched and developed by Oregon Housing Community Services (OHCS) and its implementation will rely on OHCS in conjunction with local governments and private businesses. OHCS is Oregon's housing finance agency and as such the organization issues grants and loans to help facilitate home ownership in the state. OHCS regards housing in Oregon as a statewide crisis. Housing production has failed to keep up with Oregon's population growth therefore demand has outpaced supply, pushing up home prices. From 2000 to 2015, an additional 155,156 housing units would need to have been built throughout Oregon to keep up with demand.²

The Statewide Housing Plan calls for over 85,000 new units to be constructed for households earning below 30% of Median Family Income (MFI). The plan is outlined in six priorities and each promotes increased housing supply. Priorities include an increase housing supply that: (1) improves racial equity; (2) combats homelessness; (3) increases housing stability for families; (4) makes rent affordable; (5) proliferates homeownership; and (6) empowers rural communities. With this in mind, OHCS will triple the existing pipeline of affordable rental housing — up to 25,000 homes in the development pipeline by 2023.

The plan proposes increased access to housing through partnerships with community organizations, loans with low interest rates, better access to OHCS resources, funding grants for housing projects, improved technology, and streamlined processes with a foundation of collaboration. Implementation seems to rely on each area's ability to utilize and engage with OHCS as the plan clarifies goals and does not specify implementation policies.

Senate Bill 1533

Enacted by the 2016 Oregon Legislature, this bill aims to promote affordable housing development through local regulations and a new source of funding: the Affordable Housing Construction Excise Tax (CET). The bill allows municipalities to adopt regulations that impose conditions on development for new multifamily structures (20 units or more per project), including: requirements for the inclusions of some affordable housing; or the option of paying an in-lieu fee (construction excise tax) not to exceed \$1 per square foot of floor area for residential, and \$0.50 per square foot for nonresidential structures (with a maximum cap of \$25,000 per building or structure). For new

² Up for Growth, "Housing Underproduction in the U.S.: Economic, Fiscal and Environmental Impacts of Enabling Transit-Oriented Smart Growth to Address America's Housing Affordability Challenge," Up for Growth National Coalition, 2018, 9.

affordable housing projects, this legislation supports special incentives including: full or partial exemption of ad valorem property taxes, SDC waivers or reductions and other incentives.

Tillamook County voters soundly defeated a local CET ballot measure in 2017, and there is little appetite to pursue another CET at this time.

Measure 102: Passed by Oregon voters in November 2018

Measure 102 is intended to empower the collaborative partnerships described in Oregon's Statewide Housing Plan. Measure 102 amends the state's constitution to allow cities and counties to issue bonds for the construction of affordable housing construction without retaining 100% public ownership of the property. The goal is to allow local governments to pursue private public partnerships to better facilitate demand for housing.

KEY FINDINGS AND POLICY RECOMMENDATIONS

Based on the 20-year population growth forecasts for Tillamook County (forecasted increase of 2,936 year-round residents) and seasonal housing and demographic characteristics, **the recommended housing needs for Tillamook County requires 2,305 to 2,603 net new dwelling units.** The Tillamook County Housing Needs Analysis supports a variety of housing is needed over the next 20 years, including approximately 1,692 owner-occupied dwellings and 911 renter-occupied dwellings.

Recommended Actions

Market factors combined with limiting state and local land use policies have led to unprecedented housing challenges facing Tillamook County today. Addressing these challenges will require a coordinated effort by local and state government officials.

Vacancy rates for long-term rental units are now near zero in most communities in Tillamook County. While there is a strong and stable level of near term and long term demand for new housing construction throughout Tillamook County, there are very few local builders/developers that are focused on constructing the missing middle housing types needed for the workforce. To attract private investment and development of new workforce housing, a mix of local, state and federal policies, incentives and actions need to occur.

Local Policies and Actions

Challenge: Relatively high land and development costs in coastal areas hamper financial viability of developing attainable workforce housing for permanent residents. As a result, Tillamook County has an existing deficit for "missing middle" housing.

Tillamook County is tied for the second highest rate of economically distressed households in Oregon. Cities including Tillamook and Bay City have the highest share of severe rent burdened households at 28% and 30% of households, respectively.

To help encourage or incentivize construction of missing middle housing priced at 120% or below of the median family income levels, the County should continue to pursue state OHCS housing investment grants and work with local cities to consider the following policies:

Short-term Actions (1-2 years)

- ✓ Identify public-owned properties (excluding park/open space areas) that could be developed for a mix of housing types.
- ✓ Work with cities and sewer districts to update SDCs so that they are lower for smaller housing units than larger homes. Encourage SDC deferrals so that payments can be deferred for a period of time after building permit issuance for developments that contain deed restricted housing units.
- ✓ Consider a tax abatement program, such as the multiple-unit limited tax exemption program to promote development of affordable housing.
- ✓ Embark on a program that encourages Accessory Dwelling Units (ADUs) and “Cottage Homes” and “Tiny Home Communities” as an allowed use or conditional use within low density zones.
- ✓ Allow “lot size averaging” so that the site of individual lots in a short-plat development can vary from the zoned minimum or maximum density, in a manner that the overall development still meets average lot size requirements.
- ✓ Encouraging upper-level redevelopment and conversions in downtown Tillamook and other locations through financial assistance programs, such as use of urban renewal funds as loans.
- ✓ Tillamook County and its eligible local communities should leverage CDBG funds, state grants and bonds to help communities expand water, sewer and transportation infrastructure within areas planned for workforce housing through establishment of local improvement districts or reimbursement district programs.



Long-term Actions (2-5 years)

Challenge: locations with available sewer capacity are limited to areas such as the city of Tillamook.

- ✓ Support Tillamook UGB expansion and potential rezoning efforts that result in additional housing development opportunities. The current Tillamook UGB contains 98 acres of buildable residential land inventory, yet residential land needs are forecasted to be up to 175 acres. In light of this finding the City and County should identify ways to increase low and medium density housing development opportunities through a UGB expansion
- ✓ Work local sewer and water districts to document their current and planned capacity levels to address future housing needs and inform the county wide housing strategy.

Challenge: Tillamook County like many rural locations has a short supply of qualified residential construction workers and specialty contractors. This results in higher housing prices as construction workers and crews must be obtained from the Willamette Valley region and temporarily housed.

- ✓ Facilitate development of trade related certification programs for people interested in residential construction and trades offered by Tillamook Bay Community College and Tillamook High School in partnership with home builders and general contractors.

State Policies and Potential Actions³

Challenge: Oregon planning requirements for urban areas hamstring local cities and counties ability to create coordinated and creative housing strategies.

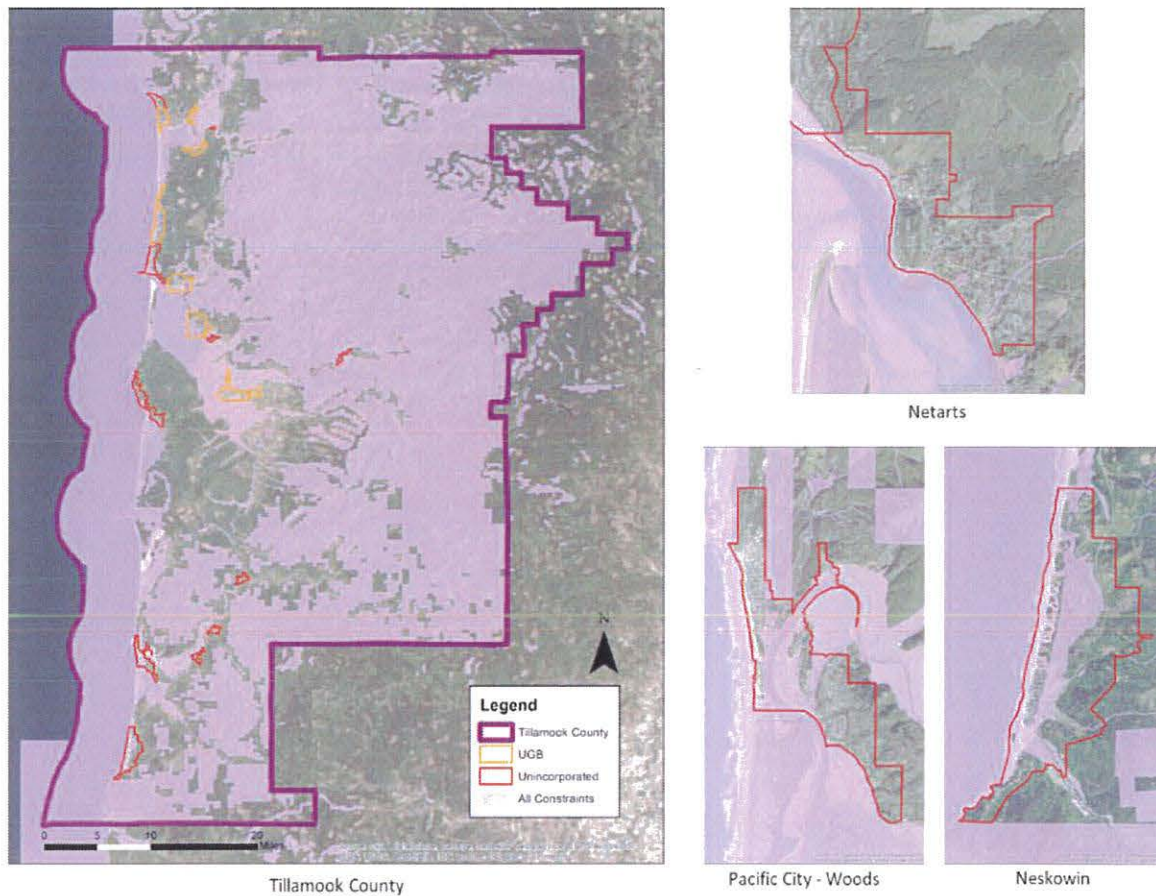
- ✓ Engage DLCD and Oregon Legislature to draft new planning guidelines for rural counties (e.g., population under 50,000) to adopt a coordinated county-wide Housing Needs Strategy. This would enable jurisdictions to prepare housing strategies that meet PSU's baseline forecasts countywide and allows for a localized allocation of housing and population (among cities and rural centers). This regional HNA approach would be intended to reflect unique market conditions and development opportunities and constraints in order to optimize the provision of more attainable housing.
- ✓ Engage DLCD and Oregon Legislature to include new state rules that allow rural development centers (outside UGBs) to rezone land for housing as long as there are adequate public facilities.

³ Input received from DLCD staff regarding current interpretation of state rules applying to local HNAs and Economic Opportunity Analysis (EOA) compliance is provided in Appendix B.

Challenge: Tillamook County has a large share of vacant lands in areas that are subject to frequent flooding and agricultural use restrictions. This restricts the amount of development that is likely to occur in rural residential zones (see **Map 3.2**).

- ✓ The County should pursue Oregon Legislature initiated amendments to the Oregon Administrative Rules to allow property owners to transfer future development rights (TDRs) from environmentally sensitive areas (such as vacant land within floodplains and tsunami hazard zones) and agricultural areas onto receiving areas that are located in communities that can provide adequate public facilities, such as roads, sewer and water services.

Map 3.2 Constrained Land Areas



APPENDIX A. HOUSING ATTAINABILITY ANALYSIS

Appendix A. Housing Attainability Analysis for Tillamook County

Median Family Income Level (2017)*		\$45,061	
Market Segment by Income Level			
	Lower-end	Upper-End	
High (120% or more of MFI)		120%	
Upper Middle (80% to 120% of MFI)	80%	120%	
Lower Middle (50% to 80% of MFI)	50%	80%	
Low (30% to 50%)	30%	50%	
Very Low (less than 30% of MFI)	30%		
Qualifying Income Level			
	Lower-end	Upper-End	
High (120% or more of MFI)	\$54,073	or more	
Upper Middle (80% to 120% of MFI)	\$36,049	\$54,073	
Lower Middle (50% to 80% of MFI)	\$22,531	\$36,049	
Low (30% to 50%)	\$13,518	\$22,531	
Very Low (less than 30% of MFI)	\$13,518	or less	
Available Annual Housing Payment (@30% of income level)			
	Lower-end	Upper-End	
High (120% or more of MFI)	\$16,222	or more	
Upper Middle (80% to 120% of MFI)	\$10,815	\$16,222	
Lower Middle (50% to 80% of MFI)	\$6,759	\$10,815	
Low (30% to 50%)	\$4,055	\$6,759	
Very Low (less than 30% of MFI)	\$4,055	or less	
Available Monthly Rent or Payment (@30% of income level)			
	Lower-end	Upper-End	
High (120% or more of MFI)	\$1,352	or more	
Upper Middle (80% to 120% of MFI)	\$901	\$1,352	
Lower Middle (50% to 80% of MFI)	\$563	\$901	
Low (30% to 50%)	\$338	\$563	
Very Low (less than 30% of MFI)	\$338	or less	
Approximate Attainable Home Price**			
	Lower-end	Upper-End	
High (120% or more of MFI)	\$299,000	or more	
Upper Middle (80% to 120% of MFI)	\$199,000	\$299,000	
Lower Middle (50% to 80% of MFI)	\$104,000	\$166,000	
Low (30% to 50%)	\$62,000	\$104,000	
Very Low (less than 30% of MFI)	\$62,000	or less	

* based on U.S. Census American Community Survey 2013-17.

** High and upper middle income levels assume 20% down payment on 30-year fixed mortgage at 5% interest.

** Lower middle and low income levels assume 0% down payment on 30-year fixed mortgage at 5% interest.

Source: Housing and Urban Development guidelines, and U.S. Census data, analysis by FCS Group

Tillamook County Owner-Occupied Housing Needs, 20-year Forecast*

Family Income Level	Upper Range of Qualifying Income	Upper Range of Home Price*	Attainable Housing Products	Estimated Distribution of Owner-Occupied Units	Projected Owner-Occupied Units Needed
Upper (120% or more of MFI)	Greater than \$54,073	Greater than \$299,000	Standard Homes	44%	790
Upper Middle (80% to 120% of MFI)	\$54,073	\$299,000	Small Homes, Townhomes	36%	647
Lower Middle (50% to 80% of MFI)	\$36,049	\$166,000	Mfgd. Homes, Plexes	15%	269
Low (30% to 50% of MFI)	\$22,531	\$104,000	Govt. Assisted	5%	90
Very Low (less than 30% of MFI)	\$13,518			0%	0
Total Dwelling Units				100%	1,796

*Assumes 30% of income is used for mortgage payment, with 5% interest, 30-year term with 20% downpayment for upper middle and high income levels, and 5% downpayment for lower income levels.

Tillamook County Renter-Occupied Housing Needs, 20-year Forecast*

Family Income Level	Upper Range of Qualifying Income	Upper Range of Monthly Rent*	Attainable Housing Products	Estimated Distribution of Units	Projected Renter-Occupied Units Needed
Upper (120% or more of MFI)	Greater than \$54,073	Greater than \$1,551	Standard Homes, Townhomes, Condos	21%	166
Upper Middle (80% to 120% of MFI)	\$54,073	\$1,551	Small Homes, Townhomes, Apartments	17%	135
Lower Middle (50% to 80% of MFI)	\$36,049	\$1,034	ADUs, Townhomes, Mfgd. Homes, Plexes, Apts.	20%	163
Low (30% to 50% of MFI)	\$22,531	\$646	Govt. Assisted Apts.	23%	190
Very Low (less than 30% of MFI)	\$13,518	\$388	Govt. Assisted Apts.	19%	153
Total Dwelling Units				100%	807

*Assumes 30% of income is used for rental payments.

APPENDIX B. DLCD STAFF INPUT

From: "Phipps, Lisa" <lisa.phipps@state.or.us>
Date: Monday, December 16, 2019 at 10:40 AM
To: Paul Wyntergreen <pwyntergreen@tillamookor.gov>
Subject: FW: HNAs and EOAs

Hi, Paul,

Here are the answers to the questions regarding the life span of a document and HNA approach. I met with Kevin Young in Salem to address these questions:

- 1) Do EOAs have a lifespan? The City of Tillamook had an EOA completed around 2013 and are now looking at updating their HNA, etc. Is it possible that a review of the EOA could show that it is still relevant (or mostly still relevant)? Would a letter just accompany that review showing it is still relevant? Or regardless, do they need to go through a full-blown process?

In 2013 it should have projected a 20-year need for employment lands. Since then, best practice would be to track what has developed since that time so they have a current understanding of their inventory of employment lands. There's no requirement for periodic updates of EOAs at this time, but what often drives a local gov. to do that is running short on land supply. The most recently adopted EOA remains valid until it is replaced by an updated EOA. There's no expiration date, but if they run out of land it becomes pretty irrelevant.

- 2) The City of Tillamook is currently having a BLI completed. I held a Planning Commission 101 workshop for the city before Thanksgiving and one of the questions that came up was whether it was acceptable to do a regional HNA? I know that 10-13 years ago, three of the cities and Tillamook County did a regional BLI and HNA with each community getting a HNA that was unique to them as well. So there was this broad overview of the area and its needs and then the community-specific HNAs were completed. Are you comfortable with this approach? Also, the commission asked about Safe Harbor and what pitfalls there might be in moving in that direction.

I think a regional HNA makes sense, as we discussed. I would not encourage use of the safe harbor methods from Div. 24. Reportedly, those have not worked that well. They created quite a bit of confusion with the recent Dallas HNA.⁴

Paul, I talked to Kevin about several different ways to approach the HNA. The first was to do an HNA just for the city, but one that included a regional overview given the City's place as the County seat and home of most of the industry. He thought that made good sense but wanted to make sure that in terms of any decisions that might come out of the HNA with this approach, that it was related to the city limits only – but that the overview could provide good context.

The second was that the City partner with the county (and other cities), to do a broader and more global HNA – however, in order for it to be of value for the City (in terms of UGBs, etc.) it would also need to include an HNA specific to the City of Tillamook (and the other cities).

Does that make sense? I did ask, that as you get closer, if we could hold a workshop for Tillamook and he said yes...if you want one!

Thanks!

Lis



Lisa M. Phipps

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⁴ Note by T. Chase, FCS GROUP with respect to Safe Harbors. "**Safe harbor**" means an optional course of action that a local government may use to satisfy a requirement of Goal 14 (urbanization) based on projected population, and residential zoned density levels; and if the city needs to expand their urban growth boundary, a safe harbor analysis lends protections from appeals on certain elements which can cost time and money. A safe harbor approach per OAR 660-024-0040(1)-(8) is not the only way or necessarily the preferred way to comply with the requirements of a housing needs analysis. It was employed for the city of Dallas (along with other approaches) as an alternative way of looking at residential land need scenarios for the 20-year forecast. The Dallas City Council successfully adopted their HNA in December 2019 without appeal.

From: Paul Wyntergreen [mailto:pwyntergreen@tillamookor.gov]
Sent: Monday, December 16, 2019 2:11 PM
To: Phipps, Lisa <lhipps@dlcd.state.or.us>
Cc: Debbi Reeves <dreeves@tillamookor.gov>
Subject: Re: HNAs and EOAs

Thank you Lisa; this is very helpful and yes let's schedule up a workshop for February or March.

It is wonderful to see that a regional approach is a possibility. I am still a bit confused by your last couple of paragraphs; I understand that the City and the County (with other cities) would each do an HNA, but it is unclear as to whether the project demand could be allocated. Since High-premium cities at the beach will probably not produce sufficient approachable housing at rent levels that its service workers could afford, but places like Tillamook City could, is it allowable to assign additional growth allocation to certain cities if agreement is reached between communities?

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City Manager
City of Tillamook
210 Laurel Avenue
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From: "Phipps, Lisa" <lisa.phipps@state.or.us>
Date: Friday, December 20, 2019 at 1:29 PM
To: Paul Wyntergreen <pwyntergreen@tillamookor.gov>
Cc: Debbi Reeves <dreeves@tillamookor.gov>
Subject: RE: HNAs and EOAs

Hi, Paul,

That is a great question with a good philosophical foundation. But, I am not sure that the laws have caught up with the realities of what regions like ours face. I will reach out again with the nuance described below, but my initial reaction, that while the regional approach will give people a better understanding of the how and why, the growth will still be confined to the PSU estimate for each city.

But, I will follow up.

Thanks, Lisa



Lisa M. Phipps

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