

## ORDINANCE NO. 23XX

AN ORDINANCE REPEALING AND REPLACING POLICY 21 OF THE HERMISTON COMPREHENSIVE PLAN TO COMPLY WITH STATEWIDE REQUIREMENTS RELATING TO UPDATING HOUSING NEEDS.

Whereas, House Bill 2003 requires cities to review and update comprehensive plan policies relating to the provision of housing. The law, passed by the 2019 Oregon Legislature requires cities with populations between 10,000 and 24,999 to update comprehensive planning documents relating to residential buildable lands inventories and housing capacity analyses for a 20-year planning horizon.

Whereas, the City of Hermiston is conducting a review of the City's Comprehensive Plan to comply with the provisions of HB 2003; now therefore,

The City of Hermiston ordains as follows:

**Section 1.** Policy 21 (Housing Availability and Affordability) adopted by Ordinance No 2179 on July 25, 2011 is hereby amended to Hermiston Comprehensive Plan Policy 21 adopted by Ordinance No 21XX on June 14, 2021 to read:

### **Introduction**

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

The City sought and received grant funding from the State of Oregon in 2020 to undertake a Housing Capacity Analysis project and to proactively plan for future housing needs in Hermiston. The City has undertaken and will continue to implement and update a variety of activities to meet current and future housing needs:

- Conduct and periodically update an analysis of current and future housing conditions and needs. The City most recently conducted this analysis in 2021 through the Housing Capacity Analysis planning project. The results are summarized in this element of the Comprehensive Plan and described in more detail in a supporting Residential Land Need Assessment Report.
- Conduct and periodically update an inventory of buildable residential land (BLI) to ensure that the City has an adequate supply of land zoned for residential use to meet projected future needs. The City most recently conducted this analysis in 2020. The results are summarized in this element of the Comprehensive Plan and described in more detail in a supporting Buildable Lands Inventory Report.

- Adopt and amend, as needed, a set of housing-related Comprehensive Plan policies to address future housing needs.
- Regularly update and apply regulations in the City’s Zoning Code to meet housing needs identified in the Comprehensive Plan and supporting documents.
- Implement additional strategies to address housing needs in partnership with State and County agencies and other housing organizations. Potential strategies are described in more detail in the 2020 City of Hermiston Housing Measures Report.

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

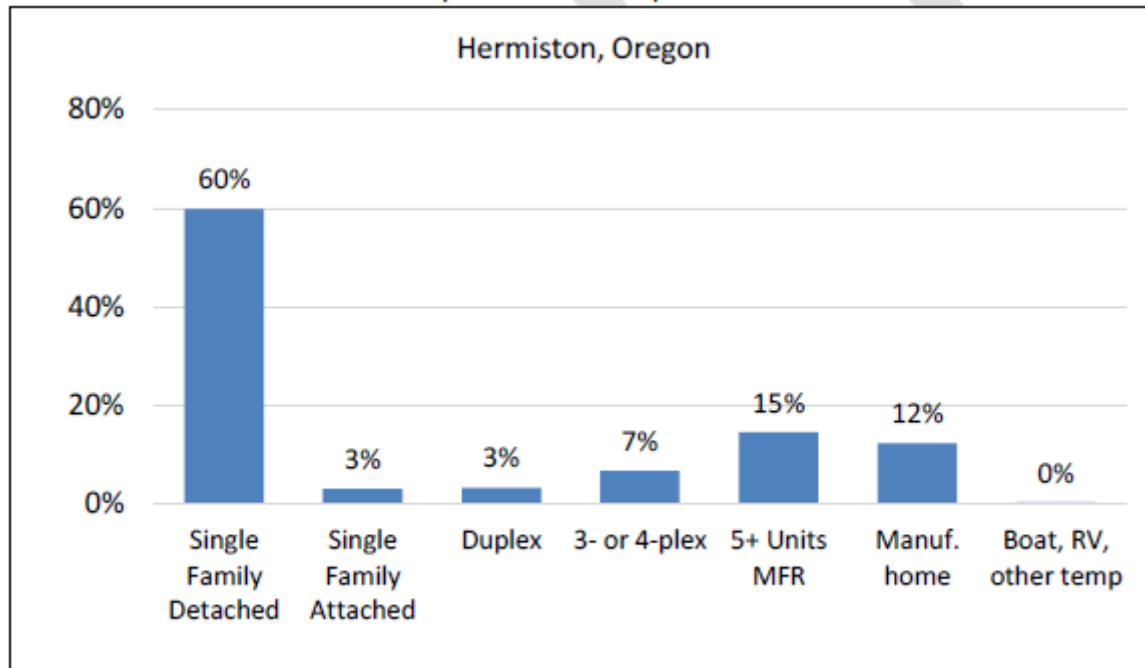
### **Demographic Conditions and Trends**

- Hermiston is a City of nearly 21,400 people (within the UGB) located in Umatilla County in northeast Oregon. The city is the largest city in the county and represents roughly a quarter of the county’s population. The estimated population within the city limits was 18,600 in 2020, meaning that an additional 2,800 people (or 15%) live outside the city but within the UGB.
- Hermiston’s UGB population makes it roughly the 28th largest city in the state by population, similar in size to other Oregon cities such as Ashland or Happy Valley. The city is roughly 125% the size of nearby Pendleton.
- According to the US Census and PSU estimates, Hermiston has experienced moderate growth, growing at just over 42% since 2000. In comparison, Umatilla County and the state are both estimated to have experienced lower growth of less than 24% since 2000.
- Hermiston’s UGB was home to an estimated 7,673 households in 2020, an increase of 1,975 households since 2000. The percentage of families has remained stable from 68% of all households in 2000 to 67% in 2020. The city has a higher share of family households than Umatilla County (64%) and the state (63%).
- Average household size is estimated to have grown since 2000. Hermiston’s estimated average household size is 2.8 persons. This is slightly larger than the Umatilla County average of 2.7 and the statewide average of 2.5.

### **Housing Conditions and Trends**

- **Housing Tenure.** Hermiston has a greater share of homeowner households than renter households. The 2018 ACS estimates that 60% of occupied units were owner occupied, and 40% renter occupied. The ownership rate has risen from an estimated 55% in 2000. During this period, the statewide rate fell from 64% to 61%. Nationally, the homeownership rate is 66%. The estimated ownership rate is higher across Umatilla County (64%) than it is in Hermiston or the state overall.
- **Housing Stock.** Hermiston had an estimated 8,051 housing units in 2020, with a vacancy rate of 4.7% (includes ownership, rental units, and second homes). The housing stock has increased by roughly 1,930 units since 2000, or growth of 32%.

Figure 1. Estimated Share of Units, By Property Type, 2020



SOURCE: US Census, City of Hermiston

### Current Housing Needs

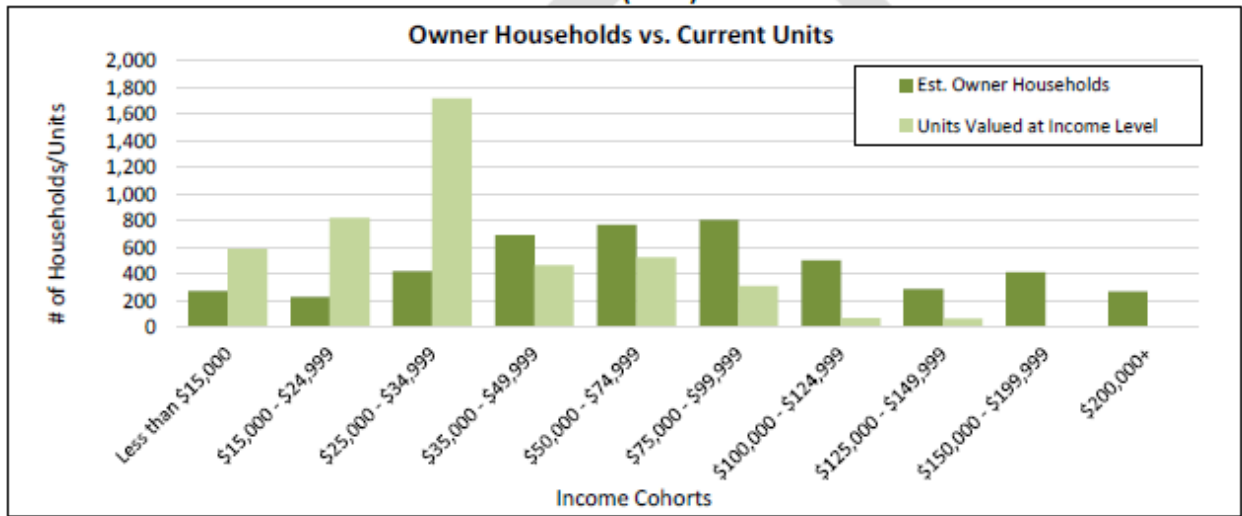
A comparison of estimated current housing demand with the existing supply identifies the existing discrepancies between needs and the housing that is currently available. Figures 2 and 3 compare the estimated number of households in given income ranges, and the supply of units currently affordable within those income ranges. The data is presented for owner and renter households.

- In general, this identifies that there is currently support for more ownership housing in the middle price ranges. This is because much housing in Hermiston is clustered at lower-value levels (older, modest, or substandard homes, and mobile homes), while analysis of household incomes and ability to pay indicates that some households could afford housing at higher price points. The analysis shows support for more homes are needed in the \$175k to \$300k price range.
- The analysis finds that the current market rates for most rental units are in the \$400 to \$1,000/month range. Therefore, this is where most of the rental unit supply is currently clustered. While there is a fair amount of low-rent and subsidized units in the community, there is still some unmet need at the lowest end of the income scale, where many current renters pay more than 30% of their income in housing costs. There is also an indication that some renter households could support more units at higher rent levels. Rentals at more expensive levels generally represent houses for rent or new apartment developments.
- The home value and rent segments which show a “surplus” in Figures 2 and 3 illustrate where current property values and market rent levels are in Hermiston. Housing values and rent levels will tend to congregate around those levels. These levels will be too costly

for some (i.e., require more than 30% in gross income) or “too affordable” for others (i.e., they have income levels that indicate they could afford more expensive housing if it were available).

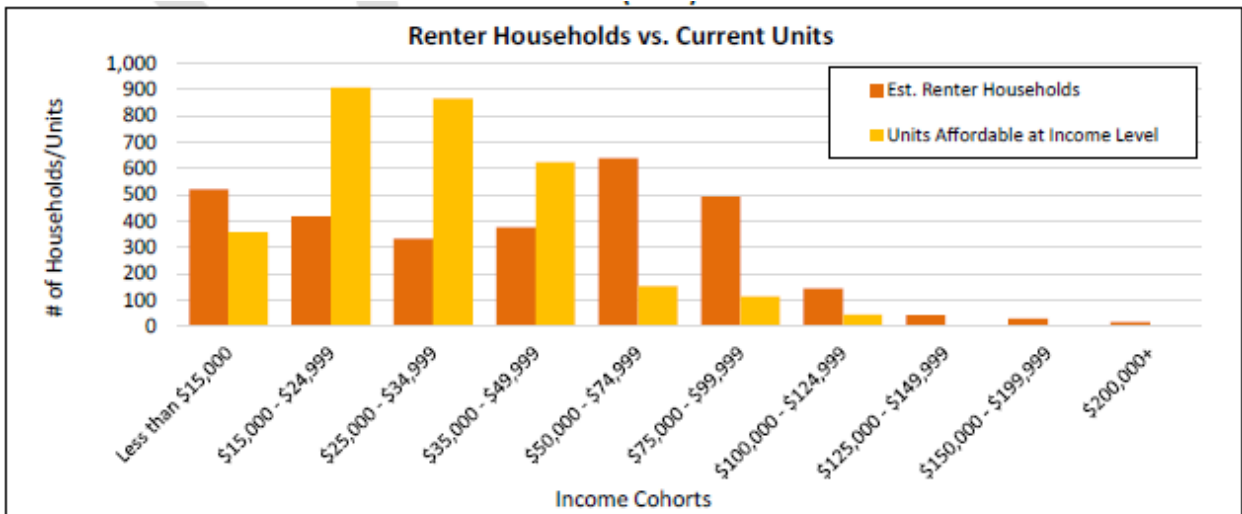
- In general, these findings demonstrate that there is a need for more home buying opportunities in the heart of Hermiston’s income distribution, where most households are found. There is also a need for additional subsidized affordable units for low-income households. In general, there is need for more apartment units of all types to alleviate low vacancy and availability in the community.

Figure 2. Comparison of Owner Household Income Groups to Estimated Supply Affordable at Those Income Levels



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

Figure 3. Comparison of Renter Household Income Groups to Estimated Supply Affordable at Those Income Levels



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

## Projected Housing Needs

The projected future (20-year) housing profile in the study area is based on the current housing profile (2020), multiplied by an assumed projected future household growth rate. The projected future growth is the forecasted 2040 generated by the PSU Oregon Forecast Program.

- Figure 4 shows a projected increase of 60% in homeownership rates in Hermiston over the next 20 years, which would remain lower than the current statewide average (62%). The shift to older and marginally higher income households is moderate but is projected to increase the homeownership rate somewhat. At the same time, the number of lower income households seeking affordable rentals is also anticipated to grow.
- As shown in Figure 5, the results show a need for 2,030 new housing units by 2040. Of the new units needed, roughly 62% are projected to be ownership units, while 38% are projected to be rental units. This is due to the forecast of a slightly higher homeownership rate.
- There is some new need for ownership housing at the low-end of the pricing spectrum. But income trends suggest that the greatest demand will remain in the middle price ranges (\$175k to \$300k). This is because some of the city's current housing is found at lower value levels due to age, condition, and mobile homes. At the same time, most new homes are projected to be priced at higher price points.
- The greatest need for rental units is found at the lowest and some higher price points. Market rents are currently clustered in the \$400 to \$1,000 range in current dollars. Therefore, most units are to be found in this range. There is insufficient rental housing for the lowest income households making \$15,000 or less, and there may also be some support for higher rent units, which may be in new apartment complexes, townhomes or detached single-family homes for rent.

Figure 4 Projected Occupied Future Housing Demand by Income Level (2040)

Ownership				
Price Range	# of Households	Income Range	% of Total	Cumulative
\$0k - \$80k	327	Less than \$15,000	5.8%	5.8%
\$80k - \$130k	274	\$15,000 - \$24,999	4.9%	10.8%
\$130k - \$190k	506	\$25,000 - \$34,999	9.0%	19.8%
\$190k - \$220k	828	\$35,000 - \$49,999	14.8%	34.6%
\$220k - \$270k	924	\$50,000 - \$74,999	16.5%	51.1%
\$270k - \$360k	965	\$75,000 - \$99,999	17.3%	68.4%
\$360k - \$440k	603	\$100,000 - \$124,999	10.8%	79.1%
\$440k - \$530k	346	\$125,000 - \$149,999	6.2%	85.3%
\$530k - \$710k	498	\$150,000 - \$199,999	8.9%	94.2%
\$710k +	323	\$200,000+	5.8%	100.0%
<b>Totals:</b>	<b>5,595</b>		<b>% of All:</b>	<b>60.7%</b>

Rental				
Rent Level	# of Households	Income Range	% of Total	Cumulative
\$0 - \$400	625	Less than \$15,000	17.3%	17.3%
\$400 - \$700	501	\$15,000 - \$24,999	13.8%	31.1%
\$700 - \$900	400	\$25,000 - \$34,999	11.0%	42.1%
\$900 - \$1100	453	\$35,000 - \$49,999	12.5%	54.7%
\$1100 - \$1300	768	\$50,000 - \$74,999	21.2%	75.9%
\$1300 - \$1700	592	\$75,000 - \$99,999	16.3%	92.2%
\$1700 - \$2100	173	\$100,000 - \$124,999	4.8%	97.0%
\$2100 - \$2500	52	\$125,000 - \$149,999	1.4%	98.4%
\$2500 - \$3400	35	\$150,000 - \$199,999	1.0%	99.4%
\$3400 +	21	\$200,000+	0.6%	100.0%
<b>Totals:</b>	<b>3,619</b>		<b>% of All:</b>	<b>39.3%</b>

<b>All Units</b>
<b>9,214</b>

Sources: Census, Environics Analytics, JOHNSON ECONOMICS

Figure 5. Projected Future Need for NEW Housing Units (2040), Hermiston

OWNERSHIP HOUSING									
Unit Type:	Single Family Detached	Single Family Attached	Multi-Family			Manuf. home	Boat, RV, other temp	Total Units	% of Units
			2-unit	3- or 4-plex	5+ Units MFR				
Totals:	1,028	41	0	0	0	180	0	1,249	61.5%
Percentage:	82.3%	3.3%	0.0%	0.0%	0.0%	14.4%	0.0%	100%	

RENTAL HOUSING									
Unit Type:	Single Family Detached	Single Family Attached	Multi-Family			Manuf. home	Boat, RV, other temp	Total Units	% of Units
			2-unit	3- or 4-plex	5+ Units MFR				
Totals:	136	45	79	146	298	78	0	781	38.5%
Percentage:	17.4%	5.7%	10.1%	18.7%	38.2%	10.0%	0.0%	100%	

TOTAL HOUSING UNITS									
Unit Type:	Single Family Detached	Single Family Attached	Multi-Family			Manuf. home	Boat, RV, other temp	Total Units	% of Units
			2-unit	3- or 4-plex	5+ Units MFR				
Totals:	1,164	85	79	146	298	258	0	2,030	100%
Percentage:	57.3%	4.2%	3.9%	7.2%	14.7%	12.7%	0.0%	100%	

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

- Figure 6 presents estimates of need at key low-income affordability levels in 2020 and in 2040. There is existing and on-going need at these levels, based on income levels specified by Oregon Housing and Community Services for Umatilla County. An estimated 44% of households qualify as at least “low income” or lower on the income scale, while 14% of household qualify as “extremely low income”. Typically, only rent-subsidized properties can accommodate these households at “affordable” housing cost levels. (The threshold income levels presented here are generated for the entire county based on the significantly higher countywide average household income. Therefore, these income thresholds are likely somewhat high for Hermiston.)

Figure 6. Projected Need for Housing Affordable at Low Income Levels, Hermiston

Affordability Level	Income Level*		Current Need (2020)		Future Need (2040)		NEW Need (20-Year)	
			# of HH	% of All	# of HH	% of All	# of HH	% of All
Extremely Low Inc.	30% AMI	\$19,590	1,089	14%	1,375	15%	286	14%
Very Low Income	50% AMI	\$32,650	2,015	26%	2,494	27%	479	24%
Low Income	80% AMI	\$52,240	3,385	44%	4,278	46%	892	44%

Sources: OHCS, Environics Analytics, JOHNSON ECONOMICS

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

## **Agricultural Worker Housing**

There are currently 148 units of housing dedicated to this population in Hermiston, which is less than 2% of local housing. Based on the assumption that this type of housing will maintain its current representation in the local housing stock, this indicates a need for 35 – 40 additional units for agricultural workers over the planning period. This population may also be served by other available affordable units.

## **Comparison of Projected Need and Buildable Land Supply**

The projected housing needs were compared with the supply of buildable residential land within the City of Hermiston UGB.

- There is a total estimated remaining capacity of over 18,000 units of different types within the UGB.
- There are nearly 430 acres available in low-density zones. In total, the capacity of these zones represents 12% of the total unit capacity, or capacity for over 2,100 units.
- The remaining buildable acreage (88%) is in the Medium-Density Residential zones. At a total capacity of 15,961 housing units.
- Figure 7 breaks the Medium-Density Residential zones into those best suited for “missing middle housing” such as single-family attached, mobile homes and duplexes through fourplexes. In these zones, there is an estimated capacity for 12,622 housing units, roughly 70% of the total unit capacity.
- Because Hermiston lacks a true High Density Residential zone, the projected demand for larger apartment complexes is allocated to the R-4 and R-R zones, which have an assumed average density of 10 units/acre and 12 units/acre, respectively. These zones have an estimated capacity of nearly 3,300 new units, or 18% of the total unit capacity.

For more detail on these findings please refer to the Housing Capacity Analysis prepared for the City.



Figure 7. Estimated Buildable Lands Capacity by Acreage and No. of Units (2019)

ZONING		Unconstrained Acres			Unit Capacity	
		Vacant	Part. Vac.	Total	Units	Share
<b>RESIDENTIAL ZONE</b>	<b>Category</b>					
<b>City Zoning</b>						
R-1	Low-Density Res.	97.6	69.1	166.7	748	13%
R-2	Low-Density Res.	27.2	8.9	36.1	195	3%
R-3	Medium-Density Res.	185.7	6.1	191.8	1,656	28%
R-4	Med-Density Res.*	33.2	10.1	43.3	327	6%
R-R	Med-Density Res.*	121.5	183.6	305.1	2,972	50%
<b>TOTALS:</b>		<b>465.2</b>	<b>277.8</b>	<b>743.0</b>	<b>5,898</b>	<b>100%</b>
<b>Comp Plan Area Designations</b>						
L	Low-Density Res.	94.4	64.2	158.6	711	6%
M	Low-Density Res.	8.9	59.6	68.5	460	4%
MH	Medium-Density Res.	43.1	41.6	84.7	735	6%
F-R	Medium-Density Res.	460.7	1,047.1	1,507.8	10,270	84%
R-R	Medium-Density Res.	0.1	0.0	0.1	1	0%
<b>TOTALS:</b>		<b>607.2</b>	<b>1,212.5</b>	<b>1,819.7</b>	<b>12,177</b>	<b>100%</b>
<b>GRAND TOTAL:</b>		<b>1,072.4</b>	<b>1,490.3</b>	<b>2,562.7</b>	<b>18,075</b>	<b>100%</b>
<b>ZONE CATEGORIES</b>	<b>Typical Housing Type</b>					
Low-Density Res.	Single-family detached; Duplex	228.1	201.8	429.9	2,114	12%
Medium-Density Res.	SF attached; Mobile home; 2-4 plexes	689.6	1,094.8	1,784.4	12,662	70%
Med-Density Res.*	Multi-family apartments	154.7	193.7	348.4	3,299	18%
<b>TOTALS:</b>		<b>1,072.4</b>	<b>1,490.3</b>	<b>2,562.7</b>	<b>18,075</b>	<b>100%</b>

Source: Angelo Planning Group

\* Hermiston does not have a "High Density Residential" zone, defined as a zone with a density of 18 units/net acre or higher. The projected demand for multi-family apartment units is allocated to the R-4 and R-R zones, which allow the highest density among the Medium Density Zones.

Figure 8. Comparison of Forecasted Future Land Need (2039) with Available Capacity

WITHIN CITY LIMITS		SUPPLY			DEMAND		
Zone & Plan Category	Typical Housing Type	Buildable Land Inventory (Total)			Growth Rate (1.8%)		
		Developable Acres	Unit Capacity	Avg. Density (units/ac)	New Unit Need (2040)	Surplus or (Deficit)	
					Units	Acres	
Low-Density	Single-family detached; Duplex	429.9	2,114	4.9	1,220	894	182
Med-Density	SF attached; Mobile home; 2-4 plexes	1,784.4	12,662	7.1	512	12,150	1,712
Med-Density Res.*	Multi-family apartments	348.4	3,299	9.5	298	3,001	317
<b>TOTALS:</b>		<b>2,562.7</b>	<b>18,075</b>	<b>7.1</b>	<b>2,030</b>	<b>16,045</b>	<b>2,211</b>

Sources: Angelo Planning Group, Johnson Economics

## Housing Policies and Implementing Actions

THE CITY OF HERMISTON WILL ENCOURAGE THE HOME-BUILDING INDUSTRY TO PROVIDE A VARIETY OF HOUSING OPPORTUNITIES IN SUFFICIENT QUANTITIES AT AFFORDABLE PRICES TO MEET THE HOUSING NEEDS OF ITS RESIDENTS. IN SUPPORT OF THIS GOAL, THE CITY OF HERMISTON ADOPTS THE FOLLOWING POLICIES:

- A) Support the adequate supply of housing that is affordable for low- and moderate-income households is a top priority;
- B) To assure a variety of housing types, the City also places a high priority the provision of sufficient housing opportunities for households at middle to higher income levels;
- C) The City will maintain an adequate supply of land to provide for housing types within the City's residential land use categories consistent with the findings from the adopted housing needs analyses;
- D) The City may identify, through an adequate public process, specific areas to become the focus of redevelopment, and/or housing infill opportunities (for instance, the Downtown area);
- E) The City supports the provision of housing for senior citizens and other residents of the city with specialized needs, such as physical disabilities.
- F) Support state housing objectives by encouraging the availability of adequate numbers of needed housing units at price ranges and rent levels that are commensurate with the financial capabilities of Umatilla County households and allow for flexibility of housing location, type, and density.
- G) Support partnerships with public sector, private sector, and non-profit programs which facilitate the construction of affordable housing for moderate- and low-income households.
- H) Develop code and building regulations that allow for and accommodate a variety of housing types, including single-family detached housing, attached single-family housing (duplexes, townhouses), accessory dwelling units, apartments, manufactured housing, and mixed-use development.
- I) Support the opportunity for a wider range of rental and ownership housing choices in Hermiston.
- J) Encourage maintenance and rehabilitation of the existing housing stock and support local or regional programs that provide assistance.

**Section2.** The findings of fact as adopted by the City Council on June 14, 2021 are incorporated herein by reference.

**Section3.** The effective date of this ordinance shall be the thirtieth day after enactment.

PASSED by the Common Council this 14th day of June, 2021.

SIGNED by the Mayor this 14th day of June, 2021.

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David Drotzmann, MAYOR

ATTEST:

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Lilly Alarcon-Strong, CMC, CITY RECORDER