

**STAFF REPORT**
November 6, 2018

AGENDA ITEM VII-C:

Consider and discuss the Housing Implementation Plan developed to address housing needs in the City per the Housing and Regional Plan Elements of the Central Point Comprehensive Plan. **File No.** CPA-18001; **Applicant:** City of Central Point

STAFF SOURCE

Stephanie Holtey, Principal Planner

BACKGROUND

The City is preparing a Housing Implementation Plan (HIP) to satisfy requirements of both the Housing and Regional Plan Elements of the Comprehensive Plan. Both documents recognize that housing affordability is a major concern for Central Point and communities in the Greater Bear Creek Valley. The City's HIP establishes a housing program that monitors residential land and housing supply and demand and establishes a housing strategy that addresses land use efficiency and housing affordability. Through the HIP implementation, the City aims to advance its housing goals and policies, including Regional Plan compliance. It will be updated on a 5-year cycle.

At its October 2018 meeting, the Planning Commission discussed the housing affordability strategy recommended by the Citizen's Advisory Committee (CAC). The CAC's recommendations include a set of regulatory reforms and affordable housing incentives that were selected based on their perceived impact and suitability for Central Point. Based on feedback received from the Planning Commission staff amended the actions and prepared a working draft HIP (Attachment "A").

At the Planning Commission meeting the HIP will be presented at a public hearing to take further public input. Staff will provide an overview of the HIP followed by the Planning Commission opening the public hearing. At the conclusion of the public hearing the Planning Commission has two choices:

1. Close the public hearing and proceed to discussion and action; or
2. Continue the public hearing to allow for further public discussion and comment.

WORKING DRAFT HIP: HOUSING STRATEGY SUMMARY

The City's HIP sets forth a short- and long-term action plan that includes regulatory reforms, incentive programs, funding sources, and monitoring (Attachment "A"). The strategy was developed in a regional context and includes the CACs recommendations with modifications based on the Planning Commission's input at the October 2, 2018 meeting. Changes include the following:

- Increase the importance of evaluating the Multiple Unit Tax Exemption Program (MULTE) to incentivize high density residential development in exchange for public benefits and housing affordability. This was rated as low priority with serious reservations by the CAC regarding staff

resources. The Planning Commission saw this as a potentially valuable tool. It is listed in the Moderate-Priority Action Item list.

- Evaluate the feasibility of a Transfer of Development Rights (TDR) program to allow “density banking” within the High Mix Residential (HMR) zone in the Central Business District. The interest in this action is due to the presence of small lots that are limited in their ability to meet minimum density requirements and provide needed parking in a cost efficient manner.
- Include evaluating the feasibility of allowing Tiny Homes/Micro Housing in future updates pending changes to state rules regarding building and licensing that present challenges currently. The smaller format homes may be attractive and suitable as a lifestyle and more affordable housing alternative; and therefore warrant consideration.
- Assemble information regarding existing programs offered by private, state, and local entities that offer services and financial support to low-and middle-income households. Examples include the Community Seconds, Mortgage Certificates, Energy Trust Incentives, and Utility Bill Discount Program.

ISSUES

There are no known issues at this time. The HIP presents the City’s preferred approach to address housing needs and challenges in the City. Effectiveness of these solutions will be addressed as the HIP is implemented and monitored over time.

ATTACHMENTS:

Attachment “A” – Working Draft Housing Implementation Plan
Attachment “B” – Resolution No. 860

ACTION:

Consider the Working Draft HIP and: 1) Forward a favorable recommendation to the City Council without changes; 2) Forward a favorable recommendation to City Council with changes; or 3) Continue the public hearing.

RECOMMENDATION:

Direct staff to finalize the draft HIP, with or without changes, and forward a favorable recommendation to the City Council for consideration the December 13, 2018 City Council Meeting.



Housing Implementation Plan

Housing Strategy 2018-2023

Working Draft

City Council Resolution No. ____

Adopted: _____

The Housing Implementation Plan (HIP) establishes the City's housing program to implement the goals and policies in the Housing and Regional Plan Elements with a focus on increasing land use efficiency and providing needed affordable housing for low- and middle-income households.

Working Draft

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1 Introduction

Housing affordability is a significant concern affecting Central Point and the Greater Bear Creek Valley communities. Per the 2017 Housing Element, 54% of renter and 37% of owner-occupied households were paying more than 30% of household income toward housing cost.¹ Although housing affordability is recognized as something that will improve and decline as a function of the economy, it is identified as a significant issue that needs to be monitored and addressed. To that end, both the Regional Plan and Housing Elements of the City's Comprehensive Plan direct the City to monitor and address housing needs in the City with a focus on improving housing affordability for low- and moderate-income households.

This Housing Implementation Plan (HIP) presents the City's preferred strategy for addressing housing needs in the short- and long-term and includes programs developed around four (4) broad themes:

- Regulatory reforms;
- Affordable housing incentive programs;
- Funding affordable housing incentives; and,
- Monitoring programs.

Although the purpose of the HIP is not to restate the analysis in the Regional Plan and Housing Elements, it is important to identify the relevant policies that guide its development and will ultimately be applied to measure its success. Sections 1.1 through 1.3 provide an overview of regional housing principles, affordable housing definitions and the most relevant housing policies.

1.1 Regional Housing Strategy

The Greater Bear Creek Valley Regional Plan (Regional Plan) was adopted by Central Point, Medford, Eagle Point, Phoenix, Talent, and Ashland through Regional Problem Solving (RPS) into each City's Comprehensive Plan. In Central Point it is known as the Regional Plan Element and includes goals and policies implementing the Regional Plan performance measures, including development of a regional housing strategy within 5-years of acknowledging the Regional Plan.²

1.1.1 Regional Housing Principles

The Department of Land Conservation and Development (DLCD) hired ECO|NW in partnership with the RPS communities to facilitate development of a regional housing strategy for each city based on regional housing principles.³ The regional housing principles describe the desired outcome of the regional housing strategy without prescribing specific programs that each community should adopt. The objective is to provide flexibility for each city to craft a program that best suits its needs and aligns with its values within the parameters of the regional principles. The regional housing principles are:

- Plan for residential growth in urban reserve areas (URAs) consistent with the committed residential density requirements in the Regional Plan.
- Identify opportunities for increasing land use efficiency within the existing urban growth boundary (UGB).

¹ Central Point Comprehensive Plan Housing Element, 2017-2037. City of Central Point.

² Central Point Comprehensive Plan Regional Plan Element, 2012. City of Central Point.

³ RPS Regional Housing Strategy Principles.

- Provide opportunities for development of a range of housing types with special attention to missing middle housing types and other multifamily housing types.⁴
- Accommodate medium and high density housing within the existing UGB and close to transit to the extent feasible.
- Work with a common definition of affordable housing based on income and affordable housing costs.
- Evaluate and identify opportunities and policy tools to support development of low-income housing.
- Evaluate and identify opportunities and policy tools to support development of middle-income affordable housing.

1.1.2 Housing Affordability, Defined

Affordable housing is divided into two (2) subcategories based on income: 1) low-income affordable housing for households earning less than 60% of the area Median Family Income; and 2) middle-income affordable housing for households earning between 60% and 120% of the area Median Family Income. The threshold for determining whether housing is affordable is a measure of the percentage of gross monthly income allocated to total housing cost.

According to the Department of Housing and Urban Development (HUD), the Jackson County Median Family Income in 2018 is \$58,900, which is an average income of \$4,908 per month. HUD guidelines specify that when monthly housing cost exceeds 30% of gross household income, the household is cost burdened. A breakdown of median family income relative to affordable housing cost is provided in Table 1 below.

	Percent of Median Family Income	Monthly Median Family Income	Affordable Monthly Housing Costs
Low-income Affordable Housing	Very Low Income 0% - 30%	Up to \$1,473	Up to \$442
	Low Income 30% - 60%	\$1,472 to \$2,945	\$442 to \$884
Middle-income Affordable Housing	Lower Middle Income: 60% - 80%	\$2,945 to \$3,927	\$884 to \$1,178
	Upper Middle Income: 80% - 120%	\$3,927 to \$5,890	\$1,178 to \$1,767

1.2 Housing Element

Goals and policies in the Housing Element provide the framework for housing programs in the City based on an analysis of housing needs over a 20-year period. The Housing Element was updated in 2017 and identifies a need for additional land to provide needed housing including units that are affordable for low- and middle-income households. The following goals and policies demonstrate the City’s commitment to addressing housing affordability through development and implementation of the HIP:

⁴ Missing middle housing types are described on the website missingmiddlehousing.com. A high-level definition of missing middle housing is: “Missing Middle is a range of multi-unit or clustered housing types compatible in scale with single-family homes that help meet the growing demand for walkable urban living.”

- Goal 1: To provide an adequate supply of housing to meet the diverse needs of the City's current and projected households;
 - Policy 1.2: Develop a Housing Implementation Plan that is regularly updated based on current market conditions;
- Goal 2: To encourage the development and preservation of fair and affordable housing.
 - Policy 2.1: Through a Housing Implementation Plan explore and promote federal, state, and regional programs and incentives that support new affordable housing;
 - Policy 2.2: Support and participate in the Greater Bear Creek Valley Regional Plan's program addressing regional housing strategies, particularly as they apply to affordable housing.
 - Policy 2.3: Support regional efforts addressing homelessness, medical, and social services for special need households.
- Goal 4: To ensure that a variety of housing will be provided in the City in terms of location, type, price and tenure, according to the projected needs of the population.
 - Policy 4.2: Based on findings in the Housing Implementation Plan, incentivize housing types that are needed but not being provided in adequate numbers by the private sector market forces.
 - Policy 4.4: Support programs that encourage the ability of older residents to age in place by making existing housing more age friendly and accessible.
- Goal 5: To ensure that municipal development procedures and standards are not unreasonable impediments to the provision of affordable housing.
 - Policy 5.1: As part of a Housing Implementation Plan periodically evaluate development procedures and standards for compliance with the goals of this Housing Element and modify as appropriate.
- Goal 6: To develop and maintain a Housing Implementation Plan that includes programs that monitor and address the housing affordability needs of the City's low- and moderate income households.
 - Policy 6.1: Support collaborative partnerships with non-profit organizations, affordable housing buildings, and for-profit developers to gain greater access to various sources of affordable housing funds.
 - Policy 6.2: Support and participate in the Greater Bear Creek Valley Regional Plan's program addressing regional housing strategies.
 - Policy 6.3: Address the special needs of seniors through the provision of affordable housing and housing related services.

2 Current Housing Programs

Prior to 2018 the City did not have a formal housing program; however, through the City Council and Community Development Department the City has either directly or indirectly supported housing goals or needs. The following summarizes prior housing initiatives, but it not intended to be exhaustive:

- Zoning standards:
 - Allow a variety of housing types, especially in the Transit Oriented Development (TOD) District and Corridor;
 - Performance zoning in conventional medium and high density zones allows applicants to apply more flexible TOD land use and site dimension standards (i.e. setbacks, lot coverage, parking ratios) in exchange for TOD building designs.
 - The City is responsive to feedback regarding development constraints and regularly reviews and updates its zoning code requirements to eliminate barriers to good residential and economic development. Examples of this include allowing performance zoning, establishing minimum densities in 2006, and adjusting design standards to provide for functional and attractive developments desired by the community.
- Central Point Planning Approach. Efficient land use application review process and proactive, solution-oriented approach to identifying and resolving issues can reduce time cost associated with entitlements and produce better results for the community.
- Partnerships. The City maintains communication with partners in affordable housing, such as the Jackson County Housing Authority. Although funds are not directly budgeted for direct contribution to offset project costs, the City has historically collaborated to assure land is planned and zoned to support needed affordable housing projects near schools and transit areas.
- Direct Contributions.
 - The City Council provides direct contributions to partners that provide housing assistance and services to homeless and low-income residents in the community, including: ACCESS, Habitat for Humanity, St. Vincent de Paul, and Meals on Wheels.
 - The City offers discounts on water bills for qualified low-income households.
 - The City has provided transitional housing assistance to keep at least one family off the street until stable income and housing could be secured.

3 Central Point Housing Strategy

The Central Point HIP prioritizes actions or programs that fall within one of four categories (i.e. regulatory reforms, affordable housing incentives, affordable housing funding, and monitoring). Figure 1 illustrates the planning process for development of the City’s HIP as a continuous cycle that aims to implement actions and programs that will advance the goal of increasing housing supply and affordability. Through program monitoring it will be possible to better understand of how well the program achieves

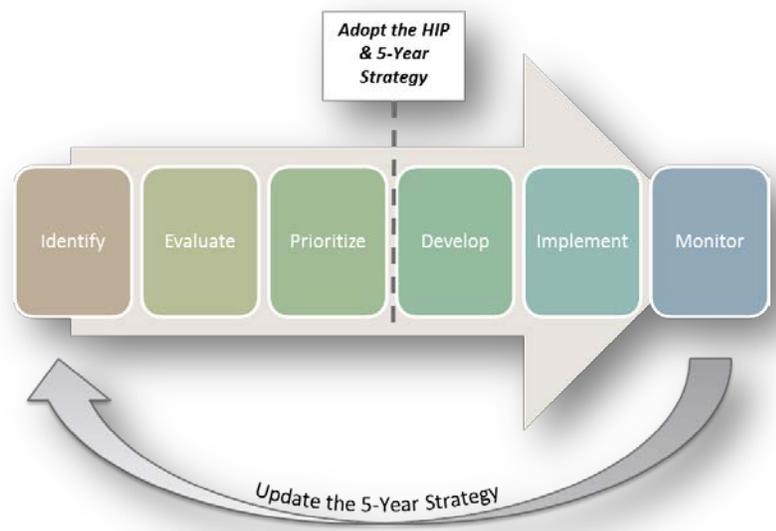


Figure 1 Housing Implementation Cycle

the relevant goals and policies in the Regional Plan and Housing Elements. Adjustments are anticipated based on monitoring results and may be incorporated during the 5-year HIP update.

3.1 Short-Term Actions

Based on input and direction from citizens and decision makers, the City has established a short-term housing strategy (Table 2). These actions are considered a high priority and considered foundational to establishing a successful housing program. Consequently the short-term projects are planned for completion within the first 5-year reporting cycle.

No.	Description	Performance Measures
1.	<p>Prepare and adopt amendments to the residential zoning standards to:</p> <ul style="list-style-type: none"> • Improve ease of access and clarity of standards by grouping into 1 to 2 chapters; • Increase minimum residential densities consistent with the Housing and Regional Plan Elements; • Adjust dimensional standards in the R-3 zone to eliminate barriers to maximizing density: <ol style="list-style-type: none"> 1) increase building height allowance from 35-ft to 45-ft plus to allow four (4) stories; 2) increase maximum lot coverage from 50% to 60-75% to increase building area allowed on a site while still providing adequate land for off-street parking and landscaping; and, 3) Consider adding a buffer between buildings on R-3 lots and those in the R-1, R-2 and LMR zones. • Amend ADU standards to comply with SB 1051, increase size of ADU from 35% to 50% or 800 s.f., whichever is less. • Add Cottage Housing as a permitted housing type in the R-1, R-2, and LMR zones with a density bonus of 1.5. • Consider allowing Missing Middle Housing types within the R-1 zone, such as corner duplexes that increase density but look like single family dwellings. <p><i>Housing Element Policies: 1.1, 1.3, 4.1, 5.1, 7.1, 7.2, 7.3, 7.4</i></p> <p><i>Regional Plan Performance Measures: 4.1.5, 4.1.6</i></p>	<ol style="list-style-type: none"> 1. Prepare draft code amendments; 2. Adopt code amendments; 3. Increase multifamily development (new, infill and redevelopment in the R-3 zone) 4. Increase ADU construction in the City. 5. Increase existing city limits gross density from 5.31 units/acre in 2017.
2.	<p>Evaluate Infill Barriers in the high density and mixed use zones in and around the Central Business District (CBD). Identify possible solutions and develop plans to implement those, which should include evaluation of a Transfer of Development Rights (TDR) program for density credits.</p> <p><i>Housing Element Policies: 1.6, 5.1, 7.3</i></p> <p><i>Regional Plan Performance Measures: 4.1.5, 4.1.6</i></p>	<ol style="list-style-type: none"> 1. Prepare report identifying barriers and solutions to infill, redevelopment in the HMR zone. 2. Present results, options to CAC, PC, CC for direction.
3.	<p>Implement Transient Lodging Tax for Short-Term Rentals. Consider short-term rental regulations and allocating some of the proceeds in the General Fund to regular affordable housing program support. (Note: This action aims to minimize impact of short-term rentals on the full-time rental housing supply, and to eliminate competitive advantage for short-term rentals. Special consideration should be given to evaluating the cost-benefit of enforcement and</p>	<ol style="list-style-type: none"> 1. Develop/adopt short-term rental regulations; 2. Assess Transient Lodging Tax; 3. Present budget request after first 5-years for affordable

	housing benefits. <i>Housing Element Goals: Goal 1, 4</i> <i>Housing Element Policies: 2.1</i>	housing project(s)/program(s).
4.	Continue to support partner organizations that provide services and support to low-income and homeless populations living in Central Point. <i>Housing Element Policies: 2.3, 6.3</i>	1. Continue to provide financial support to partner organizations as funds are available. 2. Report on contributions and during the 5-year HIP reporting period.
5.	Pre-zone and plan lands added to the UGB based on the Concept Plan adopted by Council as a conceptual land use and transportation guide. Add new land to the UGB per the Housing Element and pre-assign Comprehensive Land Use and Zoning designations based on the land use distribution, committed residential density and transportation performance measures in the Regional Plan Element, which are illustrated in adopted Concept Plans. <i>Housing Element Goal: 1, 3, 4</i> <i>Regional Plan Performance Measures: 4.1.5, 4.1.6, 4.1.7, 4.1.8</i>	1. Amend the UGB per the HNA; 2. Prepare findings as part of the UGB Amendment package demonstrating Regional Plan compliance using Concept Plan as a general guide
6.	Monitor Buildable Lands. Continue maintaining and updating the Buildable Lands Inventory (BLI) to track construction as building permits are issued, and to maintain an adequate supply of vacant residential land. <i>Housing Element Policies: 3.1, 3.3, 3.5</i>	1. Complete BLI update every 4-years concurrent with PSU Population Update. 2. Report on Buildable Lands status as part of HIP update (i.e. vacant acres, infill acres, redevelopment acres, gross density)
7.	Monitor Regional Plan Compliance. As the City expands its UGB in response to identified need for housing, track new construction using the BLI to assure the minimum average density targets (i.e. 6.9 units per acre until 2035; and 7.9 units per acre, 2035-2060) are met. <i>Housing Element Policies: 1.1, 3.2</i> <i>Regional Plan Performance Measures: 4.1.5, 4.1.6, 4.1.7, 4.1.8</i>	1. Report on Regional Plan compliance every 5-years, including: UGB acres added, use designations, committed density, mixed-use/pedestrian-friendly areas.

3.2 Long-Term Actions

The City's long-term strategy consists of actions rated as having a moderate- or low-priority given available staff resources and funding (Tables 3 and 4). Long-term actions are intended to be considered in subsequent 5-year cycle review; however, earlier implementation may occur as deemed appropriate and/or necessary.

Table 3. Moderate Priority, Long-Term Projects		
No.	Description	Performance Measures
8.	<p>Evaluate the City’s Vertical Housing Tax Exemption program and make adjustments, as needed to increase usage. The City established a Vertical Housing Tax Exemption program in 2003 that has been used once for the construction of the Four Oaks Centre. Mixed-use projects in the City’s Vertical Housing zone can obtain up to an 80% exemption on structural improvements over a 10-year period based on the number of floors and whether affordable units are included. The purpose of this action is to determine why the tax exemption is not having the intended effect of encouraging mixed-use commercial/residential infill/redevelopment projects in the downtown and to make adjustments as needed.</p> <p><i>Housing Element Policies: 1.6, 2.1, 7.3</i></p> <p><i>Regional Plan Performance Measures: 4.1.5, 4.1.6</i></p>	Complete an evaluation of the program and present findings and solutions to the PC and/or Council to direct action.
9.	<p>Evaluate feasibility of developing Multiple Unit Tax Exemption (MULTE) program for Central Point to encourage multifamily housing development projects in the City’s high density zones.</p> <p><i>Housing Element: Policies 1.4, 2.1, 4.2, 4.3</i></p>	Complete a feasibility study to establish a MULTE program in Central Point. Include options for regional collaboration.
10.	<p>Evaluate feasibility of establishing a Transfer of Development Rights Program for “density banking.”</p> <p><i>Housing Element: Policies 1.1, 3.2, 3.5</i></p>	Report on how a program could work, the benefits, challenges and any major issues identified in the feasibility analysis.
11.	<p>Evaluate impacts of flood risk/insurance requirements on housing supply within the high risk flood zone in Central Point and address as part of the Hazard Mitigation Plan update.</p> <p><i>Housing Element: Policies 1.1, 3.2, 3.5</i></p>	Complete a study to determine impacts of flood risk and insurance requirements on housing cost within the high risk floodplain. Incorporate findings and mitigation actions in the Hazard Mitigation Plan update.

Table 4. Low Priority, Long-Term Projects		
No.	Description	Performance Measures
12.	<p>Monitor success of Urban Renewal’s single-family housing rehabilitation grant/loan program. The Urban Renewal has been approved to support rehabilitation of existing single family homes in a poor condition. There are no affordability requirements in place for the program, but rehabilitation is generally more affordable than demolishing and building new and therefore may be affordable for current and future residents. Based on observed success of the program, the City may consider implementing a similar program in other areas of town.</p> <p><i>Housing Element: Policies 1.6, 2.1, 7.3</i></p>	<p><u>Performance Measures:</u> Monitor urban renewal’s program, in terms of dollars spent, number of homes rehabilitated, and home cost benefits (if data are available).</p>

	<i>Regional Plan Performance Measures: 4.1.5, 4.1.6</i>	
13.	<p>Promote affordable housing services and programs offered by the City and other organizations. There are state, local, and private organizations that offer affordable housing assistance, such as Affordable Community Seconds and Mortgage Credit Certificate lending assistance; Energy Trust energy efficiency incentives, and others. The City used to provide an updated packet of information to individuals who qualified for the City's utility billing discount program, but has been discontinued. This program would revive and expand on the prior effort.</p> <p><i>Housing Element: 2.1, 2.3, 6.1</i></p>	<p><u>Performance Measures:</u> Research state, local, and private entity incentives, services, and support for low-income and middle-income households. Provide this information online, in print, and/or through advertising on the City's website.</p>
14.	<p>Evaluate and develop a program to make SDC waivers or discounts available for qualified affordable housing projects. Qualified projects would be those funded and managed by federal or non-profits entities that assure unit affordability over the life of a project. The program would include criteria that determine when and how much funding assistance can be provided, and is generally envisioned to be limited to those instances when the assistance is necessary to make a project financially viable.</p> <p><i>Housing Element: Policies 4.2, 6.1</i></p>	<p><u>Performance Measures:</u> Develop a draft program framework and prepare draft amendments to CPMC 11.12.</p>
15.	<p>Evaluate the feasibility of allowing micro housing, including tiny homes as a possible new housing type. Current regulations limit viability of allowing tiny homes on wheels due to conflicts between building and licensing requirements (i.e. RV vs. Manufactured Home). However, the City recognizes that micro housing, including tiny homes on permanent foundations may be attractive outside of cottage housing developments. This action involves revisiting tiny homes and micro housing to determine whether or not they are appropriate for Central Point.</p> <p><i>Housing Element: Goals 1, 4, and 5</i></p>	<p><u>Performance Measures:</u> Review any changes to tiny home regulations at the state level, model codes, and case studies. Present to the CAC, PC and/or CC to determine if changes in market conditions warrant an amendment to the code allowing tiny homes/micro housing.</p>

4 Reporting

The Central Point HIP represents the City's first coordinated housing program. It aims to build on prior actions and adapt to community needs over time. Given the small size of the city and resources available, adoption of this plan marks a significant milestone in meeting housing needs in the City and region. To maintain focus on addressing housing needs consistent with the Housing and Regional Plan Elements, the HIP is designed to be a vehicle for continuous action in identifying and addressing factors that influence housing needs in the city. This is achieved through program monitoring and reporting.

At the conclusion of every 5-year cycle, a summary report will be prepared that presents an overview of significant changes in the city relative to the performance of housing programs and recommended adjustments. Changes that should be addressed include UGB amendments, annexations, population forecast projections, market conditions, development activity, and housing indicators including affordability. The final 5-year HIP report will be delivered to the Planning Commission and City Council and included as part of the City's Regional Plan compliance report to Jackson County and DLCD.

Working Draft

Appendix A – ECO|NW Memorandum: Central Point Housing Draft Strategy



DATE: 3/28/2017
TO: Tom Humphrey
FROM: Beth Goodman
SUBJECT: CENTRAL POINT HOUSING STRATEGY: DRAFT STRATEGY

The City of Central Point is currently participating at a regional level with the development of Regional Housing Principles agreeable to all cities. As part of that effort this memorandum identifies housing strategies that meet the RPS requirement to address regulatory issues and those strategies needed to increase development of housing in general and affordable housing in particular. It is further the purpose of this memorandum to identify housing strategies in a form to be discussed by the City of Central Point's decision makers for formal discussion, consideration, and adoption as part of the City's Housing Implementation Plan.

Central Point has an adopted Regional Plan Element, which was developed through the Regional Problem Solving (RPS). The Regional Plan Element requires the development of a regional housing strategy within five years of acknowledgement of the Regional Plan, by March 2018. The requirement in the Regional Plan is broad and does not specify what a housing strategy would include. The requirement is as follows:

Housing Strategies. Participating jurisdictions shall create regional housing strategies that strongly encourage a range of housing types throughout the region within 5 years of acknowledgement of the RPS Plan.

Housing strategies in Oregon generally focus on two broad issues: (1) increasing efficiency of land use in residential development; and (2) strategies that encourage development of housing affordable to low- and middle-income households. These strategies may be mutually supportive, as housing developed more densely or on smaller lots (i.e., more efficient use of residential land) may result in development of lower-cost housing. Increased densities, however, do not necessarily equate to affordability. Moreover, encouraging development of affordable housing requires a broader focus than issues related to land use efficiency.

Housing costs have increased faster than incomes in recent years. The median home value in Central Point increased from 3.0 times the median household income in 2000 to 3.7 times median household income in the 2011-2015 period. Forty-one percent of households in Central Point are cost burdened, with 33% of homeowners cost burdened and 54% of renters cost

burdened.⁵ In the fourth quarter of 2017, the median home sale prices in Central Point was \$256,500 for existing homes and \$275,000 for new homes.⁶

The City of Central Point has conducted a substantial amount of research about the city’s housing market and housing needs within the City. The City conducted a housing needs analysis and updated its Comprehensive Plan Housing Element in 2017. The Housing Strategy presented below builds on the research and analysis completed to-date to address housing needs and affordability in Central Point.

1 Affordability Definitions

Within this memorandum, housing affordability is divided into the three-categories based on income: (1) housing for low-income households (e.g., households earning less than 60% of Median Family Income); (2) housing for moderate-income households (e.g., households earning between 60% and 80% of Median Family Income); and (3) housing for middle-income households (e.g., households earning between 80% and 120% of Median Family Income).

According to HUD, the Median Family Income in Jackson County in 2017 is \$53,600, which is an average income of \$4,467 per month. HUD guidelines specify the affordable monthly housing costs should not exceed 30% of gross household income. Table 1 shows how affordability is defined for the purpose of this strategy.

Table 1. Definition of affordable housing based on 2017 Median Family Income for Jackson County

	Percent of Median Family Income	Monthly Income in 2017	Affordable Monthly Housing Costs in 2017
Low-income affordable housing	Low Income: 0% - 60%	Up to \$2,680	Up to \$804
Moderate-income affordable housing	Lower Middle: 60% to 80%	\$2,680 to \$3,575	\$804 to \$1,072
Middle-income affordable housing	Upper Middle: 80% to 120%	\$3,575 to \$5,360	\$1,072 to \$1,608

Central Point’s Comprehensive Plan Housing Element shows that over the 2017-2027 period, the City will have need for about 1,770 new dwelling units. In 2015, about 54% of renters and 37% of owners were cost burdened (spent more than 30% of their gross income on housing costs). The City is planning that 70% of new housing would be owner-occupied and 30% would be renter-occupied. Based on the historical data about cost burden and planned for split in tenure, this suggests that about 275 of Central Points’ future renter households and 455 of the City’s future owner households may fit into the one of the three categories shown in Table 1, needing some type of relatively affordable housing.

⁵ Cost burden is a measure of whether a household can afford its housing costs. HUD defines a household as cost burdened if the household pays more than 30% of its gross income on housing costs, such as rent or mortgage, utilities, and housing insurance and property taxes.

⁶ Data sources: 2000 Decennial Census, 2011-2015 American Community Survey, and Rogue Valley Realtors.

This memorandum also discusses housing development densities. As part of the RPS, Central Point agreed that future development in urban reserves and unincorporated areas within the urban growth boundary (e.g., areas in the UGB but outside of the city limits) would occur at the following average minimum densities:

- Development for the 2010-2035 period: 6.9 du/gross acre
- Development for the 2036-2060 period: 7.9 du/gross acre

The RPS gives the City the option of developing at lower average densities in urban reserve areas newly added to the urban growth boundary if the City achieves higher densities for development within the rest of the urban growth boundary.

Over the 2007 to 2016 period, the average density of new single-family development was 6.66 dwelling units per gross acre. The average density of new multifamily housing over the same period was 22.1 dwelling units per gross acre. The City’s overall average density was 9.3 dwelling units per gross acre. It is important to note that the period 2007-2016 includes the Great Recession, a period during which the construction of new housing by type was skewed toward higher density renter occupied multiple-family housing. Over a longer period (1980-2016), which included numerous business cycles, and therefore is more inclusive of the true housing demand by type, Central Point’s average density was 5.31 dwelling units per gross acre.

2 Regulatory Reforms

The policies and actions discussed in this section relate to changes in Central Point’s land use regulations that can: (1) improve the efficiency of residential land use by increasing densities under certain circumstances, (2) increase opportunity for development of housing types that are comparatively affordable, such as missing middle housing types, or (3) both increase land use efficiency and provide opportunities for development of comparatively affordable housing.

Policy 1: Provide a variety of housing types in Central Point at densities that support maintaining average densities of 6.9 dwelling units per gross acre through 2035 and 7.9 dwelling units per gross acre between 2036 and 2060 in urban reserves and unincorporated areas within the urban growth boundary.

Action 1.a: Ensure that zoning on land newly brought into the UGB is zoned to allow for development of moderate and higher density single-family as presented in the Regional Plan Concept Plans and the minimum and maximum gross densities per the Housing Element:

Development Requirements	Residential Zoning Districts— (Gross Density)								
	R-L	R-1-10	R-1-8	R-1-6	R-2	R-3	LMR	MMR	HMR
Density— Units per <i>Gross</i> Acre									
Minimum Density	1	4	5	6	7	12	7	12	25
Maximum Density	2.5	5	6	8	12	25	12	25	50

Implementation Steps: Continue to work with the Planning Commission and City Council to revise the zoning code to align with the Housing Element.

Priority: High priority

Action 1.c: Areas of land newly brought into the UGB shall be zoned consistent with applicable URA Concept Plan.

Implementation Steps: Complete Concept Plans for all URAs per the Regional Plan. As URA properties are brought into the UGB apply the zoning consistent with the adopted URA Concept Plan.

Priority: High priority when expanding the UGB

Policy 2: To continue to update the Zoning Ordinance, as necessary to take advantage of planning innovation, best practices, and technological improvements that could have applications in Central Point to the benefit of the community.

Action 2.1: Revise the zoning code to group all residential land use, development, and design standards into a single chapter. Use approaches such as presenting development standards in a consolidated table for all zones.

Implementation Steps: Continue to work with Planning Commission to determine if such change is appropriate and implement any change through a public process.

Priority: High (in progress)

Policy 3: Encourage development of a wider range of housing types in Central Point.

Action 3.a: Evaluate lowering or eliminating systems development charges for qualifying affordable housing

Implementation Steps: Evaluate whether the City will reduce SDCs for qualifying affordable housing for streets, parks, and water. Adjust the City's SDC to reflect the changes. Sewer SDC's are assessed by Rogue Valley Sewer Services, separately from the City.

Priority: Medium

Action 3.b: Evaluate development of a cottage housing ordinance to allow for development of small single-family detached housing, such as cottages, carriage houses, and two/three unit homes designed to look like single family detached housing.

Implementation Steps: Develop standards for allowing cottage housing in specific zones, such as the R-1, R-2, and LMR zones. Develop standards for cottage housing.

For example, the City might consider standards that include density bonus

of 1.5 units/acre, allow reduced front and side yard setbacks consistent with building codes to maximize private and common open space, provide parking requirements commensurate with dwelling size and allow for reductions based on factors that justify a lower standard. The floor area for cottage housing might be limited to a maximum of 1,500 square feet; where and least 40% but not more than 50% in a Cottage Housing Development must be 700 square feet or less.

Priority: High (in progress)

Action 3.c: Evaluate development of a tiny home ordinance to allow for development of small units, typically smaller than 500 square feet in size, clustered on a lot, possibly with the inclusion of park or open space. Tiny homes could also be very small multifamily apartments.

Implementation Steps: Develop standards for allowing tiny homes in specific zones, such as the R-1-8, R-1-6, LMR, R-2, MMR, and R-3 zones.

Priority: Medium

Action 3.d: Allow Manufactured Home Parks as a permitted use in the R-2, R-3, LMR, and MMR zones. Manufactured Home Parks are a conditional use in the R-2 and R-3 zones and not mentioned in the LMR and MMR zones. ORS 197.480 (1) (b) requires that cities allow manufactured dwelling parks as a permitted use in areas zoned for a residential density of six to 12 units per acre. Each of these four zones allow six to 12 units per acre.

Implementation Steps: Revise the permitted uses in the R-2, R-3, LMR, and MMR zones.

Priority: Medium to High

Policy 4: Encourage development of new attached and multifamily in areas zoned for attached and multifamily housing by diversifying the types of housing allowed and increasing the amount and density of development.

Action 4.a: Increase the building height from 35 feet tall, which would allow a three-story building to 45 feet tall, to allow a four-story building, in the R-3 zone.

Implementation Steps: Continue to work on revising the existing zoning code to change the height limitation.

Priority: High

Action 4.b: Increase the lot coverage ratio for buildings in the R-3 zone. Currently, the maximum amount of the lot that can be developed with covered structure is 50% R-3 zone. Increasing lot coverage ratios to 65% to 75% would allow for more development on each site, while still requiring that a substantial amount of the lot is not in covered structures.

Implementation Steps: Revise the existing zoning code to change the lot coverage ratio

Priority: High

Action 4.c: Evaluate the need for new buffering standards in R-3 zone where adjacent to R-1/LMR, to provide separation between single-family zones and newly developing multifamily zones. The buffers could be as simple as requiring a setback from the property edge of newly development R-3 land from adjacent land in a single-family zone.

Implementation Steps: Continue to work on modifying the zoning code setback table and/or the landscape buffer chart.

Priority: High

Policy 5: Monitor residential land development to ensure there is enough residential land to accommodate the long-term forecast for population growth.

Action 5.a: Develop and implement a system Use the BLI Database to monitor the supply of residential land as building permits are requested.

Implementation Steps: (1) Develop a monitoring system for land development based on development applications, starting with the existing inventory of buildable lands. (2) Update the inventory of buildable lands on an annual basis.

Priority: Medium

Action 5.b: Develop and implement a system to monitor development of all new housing built within the Central UGB to ensure compliance with RPS average density requirements.

Implementation Steps: The system should monitor all residential development, including mixed-use development. The information collected should include: the location of development (geo-coded), the size of the site in gross unconstrained acres, the number of units developed, the type of units developed, the year when the development was permitted, and plan designation and zoning when the permit was issues. The information should be presented for three areas: (1) within the city limit, (2) unincorporated areas within the UGB, and (3) urban reserve areas. While the data should be collected on an annual basis, we suggest the City report the data on a 5-year basis to smooth over the annual variation that naturally occurs in development density.

Priority: High

3 Affordable Housing Strategies

This section presents policies and actions to encourage development of both low-income affordable housing and middle-income affordable housing.

Table 1 shows that low-income households have income below \$2,680 per month and can afford up to \$804 in housing costs without being cost burdened. These housing costs are below market

rents in Jackson County. New housing affordable to low-income households will generally be government-subsidized housing.

Table 1 shows that middle-income households have income of between \$2,680 and \$5,360 per month, affording housing costs of \$804 to \$1,608. At the low end of this income spectrum, households may be able to afford existing housing in areas with lower rents. At the other end of the income spectrum, households can afford most rental costs and some may be able to afford purchase lower-cost existing homes.

Policy 6 and 7 present options and ideas for strategies to approach affordable housing issues. **The City should focus on developing a comprehensive affordable housing program by implementing interrelated programs described below.** The affordable housing tools in Policy 6 are frequently implemented together. For example, a city may contribute the development of a government-subsidized affordable housing project by offering tax incentives, lower or no SDCs, and low- or no-cost land (from a land bank) for the development. In addition, identifying sources of funding (under Policy 7) will be essential to implementing the affordable housing program using the tools described in Policy 6.

Policy 6: Develop policies to support affordable housing by lowering the costs of housing development for low-income affordable housing and/or middle-income affordable housing.

Action 6.a: Evaluate barriers to the use of the existing vertical housing tax credit, which has only been used once.

Implementation Steps: (1) Identify the barriers to use of the vertical housing tax credit through discussions with developers, financiers, or other stakeholders who either considered using it or would be likely to develop housing that would qualify for use of the tax credit. (2) Where appropriate and possible, make changes to the City's implementation of the vertical housing tax credit program or other City policies to lower barriers to use of the program. (3) Provide more information to developers about use of the program to make it more accessible and easier to use.

Priority: High

Action 6.b: Evaluate additional opportunities for a tax abatement program, such as the multiple-unit limited tax exemption program to promote development of affordable multifamily housing.

Through the Multiple-Unit Limited Tax Exemption Program, a jurisdiction can incent diverse housing options in urban centers that lack housing choices or workforce housing units. Through a competitive process, the City can select multi-unit projects to receive a property tax exemption for up to ten years on structural improvements to the property in exchange for setting aside a percentage of the units in the project as affordable. The City has the opportunity to control the geography of where the exemption is

available, the application process and fees, the program requirements, the criteria (return on investment, sustainability, inclusion of community space, the percentage of affordable or workforce housing, etc.), and the program cap to shape the program to achieve its goals.

Implementation Steps: (1) Select the tax abatement program the City prefers to implement. (2) Set the program criteria, such as the type of housing it will apply to (low-income affordable housing and/or middle-income affordable housing), the length of tax abatement, or the location for where the program is applied.

Priority: High

Partners: Developers and nonprofit organization that use the program, other taxing jurisdictions that need to approve the program and foregone tax revenue.

Estimate of impact: Moderate to large impact on multifamily housing development. Tax abatements substantially increase development feasibility by increasing revenue through lowered operational costs. The capitalized value of a tax abatement can offset the construction cost by tens of thousands of dollars per unit. However, unless market-rate units are feasible, a tax-abatement would not be enough to offset the cost of a mixed-income project.

Action 6.c Evaluate development of a program to provide grants or low-interest loans to support rehabilitation of existing, older single-family detached homes in poor condition.

Implementation Steps: Develop a program to support rehabilitation of existing single-family homes, including determining whether there is any requirement that the newly rehabilitated unit have future price limitations that keep it affordable for middle-income households. Identify one or more funding sources, such as Urban Renewal. Determine how the program will be implemented and the criteria for awarding grants or low interest loans to for rehabilitation of single-family homes, such as the conditions that warrant rehabilitation, the location of housing eligible for the program (e.g., within the Urban Renewal District), or income limitations for homeowners awarded funding through the project.

Priority: Medium

Action 6.d: Evaluate lowering or eliminating systems development charges for newly developed qualifying affordable housing.

Implementation Steps: Evaluate whether the City will reduce SDCs for ADUs for streets, parks, and water. Adjust the City's SDC to reflect the changes. Identify one or more funding sources, such as those in Action 7b or Action 7c, to fund the lowering of SDCs for ADUs. Sewer SDC's are

assessed by Rogue Valley Sewer Services, separately from the City.

Priority: Medium

Action 6.e: Evaluate lowering or eliminating systems development charges for newly developed Cottage Housing units.

Implementation Steps: Evaluate whether the City will reduce SDCs for Cottage Housing units based on the smaller size of the units or lower impact of the units on streets, parks, and water. Identify one or more funding sources, such as those in Action 7b or Action 7c, to fund the lowering of SDCs for Cottage Housing. Adjust the City's SDC to reflect the changes. Sewer SDC's are assessed by Rogue Valley Sewer Services, separately from the City.

Priority: Medium

Action 6.f: Develop a program to pay the SDCs for low-income affordable housing when developed with Federal Government subsidies that have income restrictions limiting tenants to those with income below 60% of Jackson County's Median Family Income.

Implementation Steps: Identify one or more funding sources, such as those in Action 7b or Action 7c, to fund the lowering of SDCs for low-income affordable housing. Develop criteria and conditions to identify the conditions under which the City will pay for SDCs for low-income affordable housing, such as the level of income restriction, type of housing, or location of low-income affordable housing.

Priority: High

Partners: Jackson County Housing Authority, Access Inc., or a community development corporation

Estimate of impact: Paying the SDCs for low-income affordable housing would have a large impact on development feasibility as it results in a cost savings of typically \$10,000 to \$20,000 per unit in the Portland Metro region. The City may choose to develop an estimate of the potential impact specific to Central Point.

Action 6.g: Work with nonprofit agencies and developers in conjunction with the Continuum of Care to provide supportive housing and services to people experiencing homelessness in Central Point.

Implementation Steps: Identify strategic actions and partnerships that target high priority homeless subpopulations. Consider partnerships with other cities in the Rogue Valley, especially Medford.

Priority: Medium

Partners: Nonprofit agencies and developers addressing homelessness.

Action 6.h: Establish a land bank or a land trust.

Land banks support affordable housing development by reducing or eliminating land cost from development. They can take several forms. Many are administered by a non-profit or non-governmental entity with a mission of managing a portfolio of properties to support affordable housing development over many years or decades. Ideally, a land bank is set up to manage financial and administrative resources, including strategic property disposal, for the explicit purpose of supporting affordable housing development. Cities can partner with non-profits or sometimes manage their own land banks. Cities may also donate, sell, or lease publicly-owned land for the development of affordable housing even without a formal 'land bank' organization.

A land trust is typically a nonprofit organization that owns land and sells or leases the housing on the land to income-qualified buyers. Because the land is not included in the housing price for tenants / buyers, land trusts can achieve below-market pricing. Land trusts are most commonly used as a method for supporting affordable home ownership goals.

Implementation Steps: Decide what the City's role would be in a land bank or land trust. If the City wants to be a leading partner, a land bank may be the right choice. If the City wants to be a partner with some leadership in a community partnership, a community land trust might be the right choice.

Priority: Medium

Partners: Interested nonprofits and government agencies

Estimate of impact: This action has a moderate to large impact on development feasibility – being able to offer land for free, or at below-market rates, can decrease development costs by up to approximately 15%. The true level of impact to feasibility varies based on the market value of the land, the amount of land per unit, and the parking requirements per unit.

Action 6.i: Work with public agency partners to identify publicly-owned properties that could be used for affordable housing and partner with the Jackson County Housing Authority to develop affordable housing.

The City of Central Point or other public agencies (i.e., the school district) may have publicly-owned properties that they have identified as surplus that may be suitable for affordable housing development. These surplus properties could contribute to the land bank for future low-income affordable housing development.

Another potential source of properties is receivership of properties that are

foreclosed on by Jackson County. The City could partner with Jackson County to identify foreclosed properties to use for affordable housing development and to transfer the ownership to the City or the appropriate partner.

Establishing such a program will require staff resources to implement and administer. The City should consider whether the City has the resources to implement and administer this program.

Implementation Steps: (1) Establish partnerships with Jackson County Housing Authority, Jackson County, and other public agencies for the program. (2) Develop a formal agreement with Jackson County to give the City priority choice of foreclosed properties. (3) Develop criteria for selecting foreclosed properties to add to land bank.

Priority: On-going, Medium priority

Partners: Jackson County Housing Authority, Jackson County, and other public agencies

Estimate of impact: This action has a moderate to large impact on development feasibility – being able to offer land for free, or at below-market rates, can decrease development costs by up to approximately 15%. The true level of impact to feasibility varies based on the market value of the land, the amount of land per unit, and the parking requirements per unit.

Policy 7: Develop funding sources to pay for the costs of implementing the affordable housing programs described in Policy 5.

Action 7.a: For affordable housing development in Central Point's Urban Renewal District, the City can use revenues from tax increment finance (TIF) to pay for a portion of the costs of the affordable housing programs in Policy 7.

Urban renewal funds can be invested in the form of low interest loans and/or grants for a variety of capital investments, including affordable housing development.

Implementation Steps: Work with the Urban Renewal District to identify projects to support affordable housing for inclusion in the Urban Renewal Plan. Affordable housing projects developed within the Urban Renewal funding may be combined with other programs, such as land banking, payment of SDCs for government-subsidized affordable housing, or use of other affordable housing funding (e.g., CET funds).

Priority: High

Partners: Jackson County Housing Authority, Access Inc., or a community development corporation

Estimate of impact: The impact on development feasibility will vary from moderate to high depending on whether TIF dollars are used for grants or loans. In general, general fund dollars are successful at bridging gaps in development feasibility. Additionally, compared to other actions, they have lower administration costs for both the private and public sectors because the application requirements and administrative requirements may be less costly and easier to implement for a city.

Action 7.b: Develop a Construction Excise Tax (CET) on new development to pay for developer incentives, such as fee and SDC waivers, tax abatements, or finance-based incentives.

Central Point, like most cities in Oregon and across the nation, does not currently have funding to support affordable housing development. Being able to support development of affordable housing can make an important difference in the financial feasibility the housing development, increasing the opportunities for affordable housing development.

Cities can adopt a CET of 1% of the permit value on residential construction and at an uncapped rate on commercial and industrial construction, for use on affordable housing projects. A CET is a tax assessed on construction permits issued by local cities and counties. The tax is assessed as a percent of the value of the improvements for which a permit is sought, unless the project is exempted from the tax.

Implementation Steps: Evaluate potential adoption of a CET. If the City chooses to adopt a CET, develop the rules and program to implement the CET. Identify the affordable housing program(s) that the CET will support.

Priority: High

Partners: Housing Advisory Committee, Jackson County Homebuilders Association, Association of Realtors

Estimate of impact: The impact varies depending on the resulting programs that use the CET revenues, how much revenue is generated, and if new housing also has to pay a CET.

One of the largest limitations that cities generally face in supporting affordable housing development is a lack of funding. CET could be a crucial funding source to pay for other affordable housing policies, such as paying SDCs for low-income affordable housing.

Action 7.c: Identify other sources of funding to pay, such as paybacks from Community Development Block Grants or transient lodging tax receipts, for programs that support affordable housing development. As discussed in Action 6b, Central Point does not currently have funding to support affordable housing development.

Implementation Steps: Identify one or more appropriate funding sources. Identify one or more affordable housing programs to devote the funding to, creating a cohesive, funded program to support development of affordable housing.

Priority: High

Estimate of impact: The impact varies depending on the resulting programs that use the revenues and how much revenue is generated.

Working Draft

Appendix B – ECO|NW Affordable Housing Policy Overview



DATE: 10/24/2017
TO: RPS Committee
CC: Josh LeBombard
FROM: Beth Goodman
SUBJECT: POLICIES TO SUPPORT HOUSING DEVELOPMENT

This memorandum presents a menu of housing strategies (policies) commonly, and some less commonly, used to manage a city's supply of residential land. These strategies may provide ideas potential changes to housing policy in the RPS cities. The purpose of this memorandum is to provide staff at the RPS cities with information about potential policies that could be implemented to address the City's deficit of residential land and to address housing affordability problems.

It is common for jurisdictions to adopt combinations of strategies to manage growth and improve the efficiency and holding capacity of land uses. Such strategy groupings, however, are not necessarily cumulative in their intent or impact. Strategies that address similar issues may not be mutually reinforcing. For example, having strategies in residential zones for maximum lot size and minimum density essentially address the same issue—underbuild in residential zones. Thus, the cities should carefully consider their existing strategies and policies and evaluate each strategy individually and in consideration of other strategies. It is also important to consider market dynamics when evaluating land use efficiency strategies. Strategies such as density bonuses or the transfer or development rights (TDRs) may be of limited effectiveness if they encourage building types or densities that have little demand or are economically unviable.

Land Use Regulations

The following policies focus on ways in which the City can modify its current land use regulations in order to increase housing affordability and available housing stock. Policies are broken into two categories: those that affect regulatory changes and those, which increase the land available for housing.

Strategy Name	Description	Scale of Impact
Regulatory Changes		
Streamline Zoning Code and other Ordinances	<p>Complexity of zoning, subdivision, and other ordinances can make development more difficult, time consuming, and costly. Streamlining development regulations can result in increased development.</p> <p>As part of the streamlining process, cities may evaluate potential barriers to affordable workforce housing and multifamily housing. Potential barriers may include: height limitations, complexity of planned unit development regulations,</p>	<p>Scale of Impact - Small to moderate. The level of impact on production of housing and housing affordability will depend on the changes made to the zoning code and other ordinances.</p>
Administrative and Procedural Reforms	<p>Regulatory delay can be a major cost-inducing factor in development. Oregon has specific requirements for review of development applications; however, complicated projects frequently require additional analysis such as traffic impact studies, etc.</p> <p>A key consideration in these types of reforms is how to streamline the review process and still achieve the intended objectives of local development policies.</p>	<p>Scale of Impact - Small. The level of impact on production of housing and housing affordability will be small and will depend on the changes made to the city's procedures.</p>
Allow Small Residential Lots	<p>Small residential lots are generally less than 5,000 sq. ft. This policy allows individual small lots within a subdivision or short plat. Small lots can be allowed outright in the minimum lot size and dimensions of a zone, or they could be implemented through the subdivision or planned unit development ordinances.</p> <p>This policy is intended to increase density and lower housing costs. Small lots limit sprawl, contribute to the more efficient use of land, and promote densities that can support transit. Small lots also provide expanded housing ownership opportunities to broader income ranges and provide additional variety to available housing types.</p>	<p>Scale of Impact – Small to moderate. Cities have adopted minimum lot sizes as small as 3,000 sq. ft. However, it is uncommon to see entire subdivisions of lots this small. Small lots typically get mixed in with other lot sizes.</p>
Mandate Maximum Lot Sizes	<p>This policy places an upper bound on lot size and a lower bound on density in single-family zones. For example, a residential zone with a 6,000 sq. ft. minimum lot size might have an 8,000 sq. ft. maximum lot size yielding an effective net density range between 5.4 and 7.3 dwelling units per net acre.</p> <p>This approach ensures minimum densities in residential zones by limiting lot size. It places bounds on building at less than maximum allowable density. Maximum lot sizes can promote appropriate urban densities, efficiently use limited land resources, and reduce sprawl development.</p>	<p>Scale of Impact – Small to moderate. Mandating maximum lot size may be most appropriate in areas where the market is building at substantially lower densities than are allowed or in cities that do not have minimum densities.</p>

Strategy Name	Description	Scale of Impact
Mandate Minimum Residential Densities	<p>This policy is typically applied in single-family residential zones and places a lower bound on density. Minimum residential densities in single-family zones are typically implemented through maximum lot sizes. In multiple-family zones they are usually expressed as a minimum number of dwelling units per net acre. Such standards are typically implemented through zoning code provisions in applicable residential zones.</p> <p>This policy increases land-holding capacity. Minimum densities promote developments consistent with local comprehensive plans and growth assumptions. They reduce sprawl development, eliminate underbuilding in residential areas, and make provision of services more cost effective.</p>	<p>Scale of Impact - Small to moderate. Increasing minimum densities and ensuring clear urban conversion plans may have a small to moderate impact depending on the observed amount of underbuild and the minimum density standard.</p>
Increase Allowable Residential Densities	<p>This approach seeks to increase holding capacity by increasing allowable density in residential zones. It gives developers the option of building to higher densities. This approach would be implemented through the local zoning or development code. This strategy is most commonly applied to multifamily residential zones.</p> <p>Higher densities increase residential landholding capacity. Higher densities, where appropriate, provide more housing, a greater variety of housing options, and a more efficient use of scarce land resources. Higher densities also reduce sprawl development and make the provision of services more cost effective.</p>	<p>Scale of Impact – Small to moderate. This tool can be most effective in increasing densities where very low density is currently allowed or in areas where a city wants to encourage higher density development.</p>
Allow Clustered Residential Development	<p>Clustering allows developers to increase density on portions of a site, while preserving other areas of the site. Clustering is a tool most commonly used to preserve natural areas or avoid natural hazards during development. It uses characteristics of the site as a primary consideration in determining building footprints, access, etc. Clustering is typically processed during the site review phase of development review.</p>	<p>Moderate. Clustering can increase density, however, if other areas of the site that could otherwise be developed are not developed, the scale of impact can be reduced.</p>
Reduce Street Width Standards	<p>This policy is intended to reduce land used for streets and slow down traffic. Street standards are typically described in development and/or subdivision ordinances. Reduced street width standards are most commonly applied on local streets in residential zones.</p> <p>Narrower streets make more land available to housing and economic-based development. Narrower streets can also reduce long-term street maintenance costs.</p>	<p>Scale of Impact - Small. This policy is most effective in cities that require relatively wide streets.</p>

Strategy Name	Description	Scale of Impact
Preserving Existing Housing Supply	<p>Housing preservation ordinances typically condition the demolition or replacement of certain housing types on the replacement of such housing elsewhere, fees in lieu of replacement, or payment for relocation expenses of existing tenants. Preservation of existing housing may focus on preservation of smaller, more affordable housing. Approaches include:</p> <ul style="list-style-type: none"> • Housing preservation ordinances • Housing replacement ordinances • Single-room-occupancy ordinances • Regulating demolitions 	<p>Scale of Impact - Small. Preserving small existing housing can make a difference in the availability of affordable housing in a city but it is limited by the existing stock housing, especially smaller, more affordable housing.</p>
Inclusionary Zoning	<p>Inclusionary zoning policies tie development approval to, or provide regulatory incentives for, the provision of low- and moderate-income housing as part of a proposed development. Mandatory inclusionary zoning requires developers to provide a certain percentage of low-income housing. Incentive-based inclusionary zoning provides density or other types of incentives.</p> <p>Price of low-income housing passed on to purchasers of market-rate housing; inclusionary zoning impedes the "filtering" process where residents purchase new housing, freeing existing housing for lower-income residents.</p> <p>Ashland has long has a quasi-inclusionary housing provision in their code that is implemented at the point of annexation.</p>	<p>Scale of Impact – Small to moderate. Inclusionary zoning has recently been made legal in Oregon. The scale of impact would depend on the inclusionary zoning policies adopted by the city.</p>

Increasing Land Available for Housing		
Redesignate or rezone land for housing	<p>The types of land rezoned for housing are vacant or partially vacant low-density residential and employment land rezoned to multifamily or mixed use. In rezoning land, it is important to choose land in a compatible location, such as land that can be a buffer between an established neighborhood and other denser uses or land adjacent to existing commercial uses. When rezoning employment land, it is best to select land with limited employment capacity (e.g., smaller parcels) in areas where multifamily housing would be compatible (e.g., along transit corridors or in employment centers that would benefit from new housing). This policy change increases opportunity for comparatively affordable multifamily housing and provides opportunities for mixing residential and other compatible uses.</p>	<p>Scale of Impact - Small to large: Scale of impact depends on the amount and location of land rezoned and the densities allowed on the rezoned land.</p>
Encourage multifamily residential development in commercial zones	<p>This tool seeks to encourage denser multifamily as part of mixed-use projects in commercial zones. Such policies lower or eliminate barriers to residential development in commercial or mixed-use zones. They include: eliminating requirements for non-residential uses in commercial zones (e.g., requirements for ground floor retail) or requiring minimum residential densities.</p> <p>This policy can increase opportunities for multifamily development on commercial or mixed-use zones or increase the density of that development.</p>	<p>Scale of Impact – Small to moderate: Many cities already encourage multifamily housing in commercial zones. Further encouraging multifamily housing in commercial zones would likely have a small impact, as multifamily housing is allowed many of the commercial areas where it would be desirable.</p>
Promoting Infill Development	<p>This policy seeks to maximize the use of lands that are fully developed or underdeveloped. Make use of existing infrastructure by identifying and implementing policies that (1) improve market opportunities, and (2) reduce impediments to development in areas suitable for infill or redevelopment.</p> <p>Regulatory approaches to promote infill development include:</p> <ul style="list-style-type: none"> • Administrative streamlining • Allowing accessory dwelling units (ADUs) • Allowing small lots • Density bonuses 	<p>Scale of Impact – Small. In general, infill development, especially small-scale infill, is more expensive than other types of residential development. Some types of infill development, such as ADUs, may provide opportunities for relatively affordable housing.</p>

<p>Transfer or Purchase of Development Rights</p>	<p>This policy is intended to move development from sensitive areas to more appropriate areas. Development rights are transferred to “receiving zones” and can be traded. This policy can increase overall densities. This policy is usually implemented through a subsection of the zoning code and identifies both sending zones (zones where decreased densities are desirable) and receiving zones (zones where increased densities are allowed).</p>	<p>Small to moderate. Actual impact will depend on the extent to which the policy is used. TDRs may have little impact on overall densities since overall density is not changed; rather it is moved around. TDRs can be used to encourage higher densities in selected areas.</p>
<p>Provide Density Bonuses to Developers</p>	<p>The local government allows developers to build housing at densities higher than are usually allowed by the underlying zoning. Density bonuses are commonly used as a tool to encourage greater housing density in desired areas, provided certain requirements are met. This strategy is generally implemented through provisions of the local zoning code and is allowed in appropriate residential zones.</p> <p>Bonus densities can also be used to encourage development of low-income or workforce affordable housing. An affordable housing bonus would allow for more housing units to be built than allowed by zoning if the proposed project provides a certain amount affordable units.</p>	<p>Scale of Impact - Small.</p>
<p>Parcel assembly</p>	<p>Parcel assembly involves the city’s ability to purchase lands for the purpose of land aggregation or site assembly. It can directly address the issues related to limited multifamily lands being available in appropriate locations (e.g., near arterials and commercial services). Typical goals of parcel assembly programs are: (1) to provide sites for rental apartments in appropriate locations close to services and (2) to reduce the cost of developing multifamily rental units</p> <p>Parcel assembly can lower the cost of multifamily development because the City is able to purchase land in strategic locations over time. Parcel assembly is more often associated with development of government-subsidized affordable housing, where the City partners with nonprofit affordable housing developers.</p>	<p>Scale of Impact - Small to moderate: Parcel assembly is most likely to have an effect on a localized area, providing a few opportunities for new multifamily housing development over time.</p>

<p>Community Land Trust (CLT)</p>	<p>A Community Land Trust (CLT) creates permanent affordability by severing the value of the land and the improvements (i.e., the house). The land is held in trust by a nonprofit or other entity then leased to the homeowner. The homeowner enjoys most of the rights of homeownership, but restrictions are placed on use (e.g., owner occupancy requirement) and price restrictions on resale ensure that the home remains affordable.</p> <p>CLTs may be used in conjunction with land banking programs, where the city or a nonprofit housing corporation purchases a future site for affordable housing or other housing that meets community goals.</p> <p>A variation to the community land trust is to have the City own the property rather than the land trust, and lease property to income-qualifying households (such as low-income or moderate-income households) to build housing. The City would continue to own the land over the long-term but the homeowner would be able to sell the house. Restrictions on resale ensure that the home remains affordable.</p>	<p>Scale of Impact - Small to moderate: A land trust will have the biggest impact on production of low- and moderate-income affordable housing. Considering how difficult it is to build this type of affordable housing and the level of need for affordable housing, a land trust could increase nonprofits' capacity to build affordable housing.</p>
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Increase the types of housing

The following policies focus on ways in which the City can increase the types of housing available in order to increase housing affordability. Policies focus on increasing housing density or the number of residents within existing City lots.

Strategy Name	Description	Scale of Impact
<p>Allow Duplexes, Townhomes, Row Houses, and Tri- and Quad-Plexes in single-family zones</p>	<p>Allowing these housing types can increase overall density of residential development and may encourage a higher percentage of multifamily housing types. This approach would be implemented through the local zoning or development code and would list these housing types as outright allowable uses in appropriate residential zones. These housing types provide additional affordable housing options and allow more residential units than would be achieved by detached homes alone.</p>	<p>Scale of Impact - Small. Allowing these types of housing in more zoning districts may provide a relatively small number of new, relatively affordable, housing opportunities.</p>
<p>Permit Accessory Dwelling Units (ADUs) in single-family zones</p>	<p>Communities use a variety of terms to refer to the concept of accessory dwellings: secondary residences; “granny” flats; and single-family conversions, among others. Regardless of the title, all of these terms refer to an independent dwelling unit that share, at least, a tax lot in a single-family zone. Some accessory dwelling units share parking and entrances. Some may be incorporated into the primary structure; others may be in accessory structures. Accessory dwellings can be distinguished from “shared” housing in that the unit has separate kitchen and bathroom facilities. ADUs are typically regulated as a conditional uses. Some ordinances only allow ADUs where the primary dwelling is owner-occupied.</p>	<p>Scale of Impact - Small. Oregon law recently changed to require cities to allow ADUs.</p>

Strategy Name	Description	Scale of Impact
Allow small or "tiny" homes	<p>"Tiny" homes are typically dwellings that are 500 square feet or smaller. Some tiny houses are as small as 100 to 150 square feet. They include stand-alone units or very small multifamily units.</p> <p>Tiny homes can be sited in a variety of ways: locating them in RV parks (they are similar in many respects to Park Model RVs), tiny home subdivisions, or allowing them as accessory dwelling units.</p> <p>Smaller homes allow for smaller lots, increasing land use efficiency. They provide opportunities for affordable housing, especially for homeowners.</p>	<p>Scale of Impact - Small: Scale of impact depends on regulation of tiny homes, where they are allowed, and market demand for tiny homes.</p>
Allow Co-housing	<p>Co-housing is a type of intentional community that provides individual dwelling units, both attached and detached, along with shared community facilities. Members of a co-housing community agree to participate in group activities and members are typically involved in the planning and design of the co-housing project. Private homes contain all the features of conventional homes, but residents also have access to extensive common facilities, such as open space, courtyards, a playground, and a common house.</p> <p>This approach would be implemented through the local zoning or development code and would list these housing types as outright allowable uses in appropriate residential zones.</p>	<p>Scale of Impact - Small. While co-housing may be able to achieve multi-family housing densities, it is unlikely that this housing type would make up a large portion of new housing stock, thereby diminishing its impact.</p>

Programs that provide financial assistance to homeowners and renters

The following policies focus on ways in which the City and other community stakeholders can provide financial assistance to potential residents in order to increase housing affordability and accessibility for multiple income groups.

Strategy Name	Description	Scale of Impact
Home ownership programs	<p>Cities use a variety of programs to assist with homeownership</p> <ul style="list-style-type: none"> • Homebuyer Assistance Programs. These Down Payment Assistance loans help low- or moderate-income households cover down payment and closing costs to purchase homes on the open market. These programs either give loans or grants, most frequently to first time homebuyers. • Inclusionary Housing Program. Some cities have an Inclusionary Housing Ordinance (IH) requires that new residential development contribute at least 20% of the total units as permanently affordable housing. Options for meeting this requirement can be allow the affordable units to be located on or off site. Cities that use inclusionary housing generally have programs to ensure that housing continues to be affordable over the long-term. • Partnerships. Cities often work with partnerships with nonprofit agencies that provide homeownership assistance. 	<p>Scale of Impact - Small. While homeownership programs are important, limited funds mean that the number of households that benefit from homeownership programs is relatively small.</p>
Rental assistance programs	<p>Cities use a variety of programs to provide rental assistances</p> <ul style="list-style-type: none"> • Section 8 Voucher: This assistance subsidizes the difference between 30 to 40 percent of a household's income and the area's Fair Market Rent (FMR). • Rental assistance programs. These programs offer a range of services, such as assistance with security deposits. • Rent Control. Rent control regulations control the level and increases in rent, over time resulting in rents that are at or below market rates. • Partnerships. Cities often work with partnerships with nonprofit agencies that provide rental assistance. 	<p>Scale of Impact - Small. Renter assistance programs are important. However, limited city funds mean that the number of households that benefit from rental assistance resulting from city funding is relatively small.</p>
Housing Rehabilitation Programs	<p>Cities often offer home rehabilitation programs, which provide loans to low- and moderate-income households for rehabilitation projects such as making energy efficiency, code, and safety repairs. Some programs provide funding to demolish and completely reconstruct substandard housing.</p>	<p>Scale of Impact - Small. Limited fund availability means that relatively few households will be able to access housing rehabilitation funds.</p>

Programs that provide financial assistance to lower development or operational costs

The following policies focus on ways in which the City and other entities involved in development can provide financial assistance to lower development or operational costs in a city in order to increase housing affordability and available housing stock. Recommendations are broken into the following categories: programs to lower the cost of development, sources of funding to pay for infrastructure to support development, and tax abatement programs that decrease operational costs by decreasing property taxes.

Strategy Name	Description	Scale of Impact
Programs to lower the cost of development		
SDC Financing Credits	Enables developers to stretch their SDC payment over time, thereby reducing upfront costs. Alternately, credits allow developers to make necessary improvements to the site in lieu of paying SDCs. Note that the City can control its own SDCs, but often small cities manage them on behalf of other jurisdictions including the County and special districts. Funding can come from an SDC fund or general fund. In some cases there may be no financial impact. Can come in the form of student, low-income, or workforce housing.	The City may consider changes in SDCs to allow financing but the City would want to ensure that the impact should be spread-out and non-negatively impact one entity.
Sole Source SDCs	Retains SDCs paid by developers within a limited geographic area that directly benefits from new development, rather than being available for use city-wide. This enables SDC-eligible improvements within the area that generates those funds to keep them for these improvements. Improvements within smaller areas can enhance the catalytic and redevelopment value of the area. This tool can also be blended with other resources such as LIDs and TIF. Funding can come from an SDC fund or general fund. In some cases there may be no financial impact. The housing can come in the form of student, low-income, or workforce housing.	
Fees or Other Dedicated Revenue	Directs user fees into an enterprise fund that provides dedicated revenue to fund specific projects. Examples of those types of funds can include parking revenue funds, stormwater/sewer funds, street funds, etc. The City could also use this program to raise private sector funds for a district parking garage wherein the City could facilitate a program allowing developers to pay fees-in-lieu or “parking credits” that developers would purchase from the City for access “entitlement” into the shared supply. The shared supply could meet initial parking need when the development comes online while also maintaining the flexibility to adjust to parking need over time as elasticity in the demand patterns develop in the district and influences like alternative modes are accounted for. Funding can come from residents, businesses, and developers. Also these fees or revenues allow for new revenue streams into the City.	

Strategy Name	Description	Scale of Impact
Public Land Disposition	The public sector sometimes controls land that has been acquired with resources that enable it to dispose of that land for private and/or nonprofit redevelopment. Land acquired with funding sources such as tax increment, EB5, or through federal resources such as CDBG or HUD Section 108 can be sold or leased at below market rates for various projects to help achieve redevelopment objectives. This increases development feasibility by reducing development costs and gives the public sector leverage to achieve its goals via a development agreement process with the developer. Funding can come from Tax Increment, CDBG/HUD 108, EB-5.	
Reduced Parking Requirements	<p>Allows development of housing units to with discretionary reduction of parking requirements if an applicant can demonstrate that no more parking is needed.</p> <p>Reduced parking requirements are generally used in conjunction of development of subsidized affordable housing but cities like Portland have reduced or eliminated parking requirements for market-based multifamily housing in specific circumstances.</p>	<p>Scale of Impact - Small.</p> <p>The City could require the developer to prove the need and public benefit or reducing parking requirements to increase housing affordability.</p>
Sources of funding to pay for infrastructure to support development		
Urban Renewal / Tax Increment Finance (TIF)	<p>Tax increment finance revenues are generated by the increase in total assessed value in an urban renewal district from the time the district is first established. As property values increase in the district, the increase in total property taxes (i.e., City, County, school portions) is used to pay off the bonds. When the bonds are paid off, the entire valuation is returned to the general property tax rolls. TIFs defer property tax accumulation by the City and County until the urban renewal district expires or pays off bonds. Over the long term (most districts are established for a period of 20 or more years), the district could produce significant revenues for capital projects. Urban renewal funds can be invested in the form of low-interest loans and/or grants for a variety of capital investments:</p> <ul style="list-style-type: none"> • Redevelopment projects, such as mixed-use or infill housing developments • Economic development strategies, such as capital improvement loans for small or startup businesses which can be linked to family-wage jobs • Streetscape improvements, including new lighting, trees, and sidewalks • Land assembly for public as well as private re-use • Transportation enhancements, including intersection improvements • Historic preservation projects • Parks and open spaces 	<p>Scale of Impact – Moderate. Urban Renewal funding is a flexible tool that allows cities to develop essential infrastructure or provides funding for programs that lower the costs of housing development (such as SDC reductions or low interest loan programs). Portland used Urban Renewal to catalyze redevelopment across the City, including the Pearl District and South Waterfront.</p>

Strategy Name	Description	Scale of Impact
General Fund and General Obligation (GO) Bonds	The city can use general fund monies on hand or can issue bonds backed by the full faith and credit of the city to pay for desired public improvements. GO Bonds require a public vote which can be time-consuming and costly. GO Bonds also raise property owner taxes.	Scale of Impact – Moderate to Large. GO Bonds can be used to develop essential infrastructure or provides funding for programs that lower the costs of housing development (such as SDC reductions or low interest loan programs).
Linkage Fees for Non-Residential Development	Linkage fees are a type of impact fee based on the source of the impact. In this case, the fee is based on the impact of commercial and industrial development creating additional housing demand. New nonresidential development generates jobs, which triggers housing needs for their workers. Commercial and/or industrial developers are charged fees, usually assessed per square foot, which then are used to build new housing units. A community-wide analysis is usually performed to estimate the type and amount of jobs and wages that are expected to be generated by new development.	
Local Improvement District (LID)	This tool is a special assessment district where property owners are assessed a fee to pay for capital improvements, such as streetscape enhancements, underground utilities, or shared open space. LIDs must be supported by a majority of affected property owners and setting up fair LID payments for various property owners, who are located different distances from the improvement can be challenging. However, if successful it succeeds in organizing property owners around a common goal. It also allows property owners to make payments over time to bring about improvements quickly that benefit them individually. LIDs can also be bundled with other resources, such as TIFs.	
Community Development Block Grants (Federal Program, Locally Administered)	<p>Community Development Block Grants (CDBG) provide communities with resources to address a range of community development needs, including infrastructure improvements, housing and commercial rehab loans and grants, as well as other benefits targeted to low- and moderate-income persons. Funds can be applied relatively flexibly. This program has been run since 1974, and is seen as being fairly reliable, but securing loans/grants for individual projects can be competitive.</p> <p>Some drawbacks to CDBG funds include:</p> <ul style="list-style-type: none"> • Administration and projects must meet federal guidelines such as Davis Bacon construction requirements. • Amount of federal funding for CDBG has been diminishing over the past few years. • CDBG program is not in the control of the City. 	

Strategy Name	Description	Scale of Impact
Section 108 (Federal Program, Locally Administered)	HUD Section 108 increases the capacity of block grants to assist with economic development projects by enabling a community to borrow up to five times its annual CDBG allocation. These funds can be fairly flexible in their application. The program has been in operation since 1974 and has gained reliability. It enables a larger amount of very low interest-rate-subordinate funding for eligible projects. As with CDBGs, the process of securing the loan can be competitive.	Scale of Impact - Small. Section 108 funds could be used to help finance development of some affordable housing but would only cover a portion of the affordable housing development.
Housing Trust Funds	<p>Housing trust funds are designed locally so they take advantage of unique opportunities and address specific needs that exist within a community. Housing trust funds support virtually any housing activity that serves the targeted beneficiaries and would typically fund new construction and rehabilitation, as well as community land trusts and first time homeowners.</p> <p>This tool is often used in cities with inclusionary zoning ordinances, which generates fees to fund development of the housing trust fund. Successfully implementing this tool requires a dedicated funding source.</p>	
Tax abatement programs that decrease operational costs by decreasing property taxes		
Vertical Housing Tax Abatement (Locally Enabled and Managed)	<p>Subsidizes "mixed-use" projects to encourage dense development or redevelopment by providing a partial property tax exemption on increased property value for qualified developments. The exemption varies in accordance with the number of residential floors on a mixed-use project with a maximum property tax exemption of 80% over 10 years. An additional property tax exemption on the land may be given if some or all of the residential housing is for low-income persons (80% of area is median income or below). The proposed zone must meet at least one of the following criteria:</p> <ul style="list-style-type: none"> • Completely within the core area of an urban center. • Entirely within half-mile radius of existing/planned light rail station. • Entirely within one-quarter mile of fixed-route transit service (including a bus line). • Contains property for which land-use comprehensive plan and implementing ordinances effectively allow "mixed-use" with residential. <p>Central Point has the vertical housing provisions in place within zones that allow mixed use development</p>	Scale of Impact – Small to moderate. The design of the tax abatement program will impact whether and how many developers use the tax abatement, which will affect the scale of the impact.

Strategy Name	Description	Scale of Impact
Multiple-Unit Limited Tax Exemption Program (Locally Enabled and Managed)	Multi-unit projects receive a ten-year property tax exemption on structural improvements to the property as long as program requirements are met. There is no ground floor active use requirement for this tool. The City of Portland's program, for example, limits the number of exemptions approved annually, requires developers to apply through a competitive process, and encourages projects to provide greater public benefits to the community. This program is enabled by the state, but managed by the local jurisdiction.	Scale of Impact – Small to moderate. The design of the tax abatement program will impact whether and how many developers use the tax abatement, which will affect the scale of the impact.

Working Draft

Appendix C – Selected Affordable Housing Tools, Overview⁷

Regulatory Reforms

Space-Efficient Housing

How It Works	General policy focus on encouraging development of more dense neighborhoods to increase housing options. More communities are experimenting with this as cities grow, focusing on encouraging dwellings that are nonintrusive and that are compatible with existing neighborhoods, such as: cottage clusters, internal division of larger homes, corner duplexes, and accessory dwelling units. Generally, this type of development is accomplished through changing the zoning code, as such homes are traditionally either not allowed or not encouraged by the zoning code. In theory, these units are more affordable than other units because they are smaller.
Benefits	<ul style="list-style-type: none"> • Changing the zoning is an inexpensive market solution. • Can increase total land available for new market rate units, and may increase supply of smaller homes, which may be more affordable. • Does not require large empty properties. • Complements the shrinking sizes of households. • Depending on market conditions and property owner motivation, may be more likely to be privately funded (without public support).
Drawbacks	<ul style="list-style-type: none"> • Not guaranteed to promote housing of a certain price. • There are drawbacks to higher density. • A cut to zoning restrictions may be detrimental; e.g. a common one is to reduce parking requirements
Current Status / Options for Implementing	
For more information	<ul style="list-style-type: none"> • Through its Transportation Growth Management program (TGM), the State of Oregon has conducted substantial research into zoning and other policy approaches to space-efficient housing. http://www.oregon.gov/LCD/TGM/Pages/SpaceEfficientHousing.aspx

Reduced Parking Requirements

How It Works	Parking is one of the more expensive parts of project development. To the extent that code requires more parking than a developer would otherwise want to provide, the cost of meeting these requirements creates financial burden. A city can adjust the zoning requirements for parking production relative to unit production, specifically for affordable housing projects. This reduces the construction and development costs of a project, especially for higher density projects with structured parking.
Benefits	<ul style="list-style-type: none"> • In interviews, developers listed reduced parking requirements as among one of the most useful supports for more affordable housing production. • Changing the zoning is an inexpensive solution from a public-sector perspective. • Supports transit ridership, if development is near transit.
Drawbacks	<ul style="list-style-type: none"> • Reduced parking can have spillover effects. • On its own, reduced parking requirements may not provide enough incentive power to change development feasibility for affordable units. • If developers / tenants demand more parking than the lower ratios provide, the incentive power is lessened, as developers may be obligated to provide a greater amount of parking than the ratios require.
Current Status / Options for Implementing	

⁷ Affordable Housing Tools. ECO|NW

For more information

- ECO Northwest has worked with the City of Portland and the City of Gresham on analysis of changes to parking ratios and found that, in both cases, reducing parking ratios improved development feasibility.

Affordable Housing Incentives

Vertical Housing Tax Credit (locally enabled and adopted)

How It Works	<p>Subsidizes "mixed-use" projects to encourage dense development or redevelopment by providing a partial property tax exemption on increased property value for qualified developments. An additional property tax exemption on the land may be given if some, or all, of the residential housing is for low-income persons (80 percent of area is median income or below). The exemption varies in accordance with the number of residential floors on a mixed-use project with a maximum property tax exemption of 80 percent over 10 years. The proposed zone must meet at least one of the following criteria:</p> <ul style="list-style-type: none">• Completely within the core area of an urban center.• Entirely within a half-mile radius of existing/planned light rail station.• Entirely within a one-quarter mile of fixed-route transit service (including a bus line).• Contains property for which land-use comprehensive plans and implementing ordinances effectively allow "mixed-use" with residential. <p>Central Point has the provisions in place for use of the vertical housing tax credit in zones that allow mixed use development</p>
Benefits	<ul style="list-style-type: none">• Targeted tool to support mixed-use development in places with locational advantages.• City-controlled on project-by-project basis.
Drawbacks	<ul style="list-style-type: none">• Only available in limited geographies• May provide insufficient incentive to lead to affordability unless paired with other tools.• Reduces general fund revenues for all overlapping taxing districts, including the city.• Requires retail space, which may not be viable or appropriate for all projects.• Requires a lengthy approval process with taxing districts.
Current Status / Options for Implementing	<ul style="list-style-type: none">• Recent legislation was passed by the Legislature to increase local control of the use of this tool.
For More Information	<ul style="list-style-type: none">• Details of program requirements and eligibility are noted in Oregon Statutes 307.841 to 307.867 https://www.oregonlaws.org/ors/307.600

Financing building permit and planning fees or SDCs

How It Works	<p>These programs reduce the impact of development fees and systems development charges (SDCs) on the development cost of the project by allowing the developer to avoid the upfront cost and finance the fees over time. A financing program can be used as an incentive to induce qualifying types of development or building features (in this case, affordable housing). The city still receives fees and SDCs, but at a later date. This can, however, create cash flow challenges.</p>
Benefits	<ul style="list-style-type: none">• Nominally increases development feasibility by reducing soft costs for developers.• Fee cost structures are within city control and can be easier to implement than other components of the development cost structure.
Drawbacks	<ul style="list-style-type: none">• Reduces revenues, in the short term, to provide permitting and compliance services.• Financing fees adds costs to a developer's operating budget, which is already very constrained. Although this tool will decrease the development cost, it will increase the operational cost of a project by having an additional debt payment. Employing this tool in an affordable deal might not be feasible due to a constrained operating budget relative to revenue.
Current Status / Options for Implementing	

For More Information

- The City of Portland Water Bureau has a financing option: <https://www.portlandoregon.gov/water/article/219105>

General Fund Grants or Loans

How It Works	A city can use general fund or tax increment dollars to directly invest in a specific affordable housing project. These grants or loans can serve as gap funding to improve development feasibility. There are several options for using general fund grants or loans, including the potential for bonds to generate upfront revenue that is repaid over time, as recently approved in the City of Portland. Another option is to use general fund dollars to contribute to other programs that are successfully operating, such as non-profit land trusts or even other government agencies that have the administrative capacity to maintain compliance requirements over time, using intergovernmental agreements.
Benefits	<ul style="list-style-type: none">• Flexible source of funds for gap financing.• Community can implement public projects that can, in turn, catalyze other development (e.g. parking garage, transportation improvements...).
Drawbacks	<ul style="list-style-type: none">• General fund dollars may be limited, and allocated to other city priorities.• Investing over \$750,000 of public funds directly into a new or rehab private project triggers prevailing wage requirements, which can increase overall project costs by 10 – 20%.• Lending of Credit provision prohibits a city from contributing to private sector projects, so the use of these funds should be evaluated carefully for legal compliance.
Current Status / Options for Implementing	

Affordable Housing Sources

Urban Renewal / Tax Increment Finance (TIF)

How It Works	Tax increment finance revenues are generated by the increase in total assessed value in an urban renewal district from the time the district is first established. As property values increase in the district, the increase in total property taxes (i.e., city, county, school portions) is used to pay off the bonds. When the bonds are paid off, the entire valuation is returned to the general property tax rolls. Urban renewal funds can be invested in the form of low interest loans and/or grants for a variety of capital investments, including affordable housing development.
Fund Sources	Local taxing jurisdictions' permanent rate property tax impacts (including city).
Use	<ul style="list-style-type: none">• Can be used for acquisition and rehabilitation of existing affordable units.• Can be used for new construction.
Benefits	<ul style="list-style-type: none">• Existing tool in Downtown.• Among the most flexible incentives. Can be used as a direct investment into an affordable housing capital stack, for site prep, for pre-development analysis or design work, or for needed utilities or other infrastructure to serve a site.
Drawbacks	<ul style="list-style-type: none">• Can only be used inside of established urban renewal areas.• Investing over \$750,000 in TIF (or any public funds) directly into a new or rehab private project triggers prevailing wage requirements, which can increase overall project costs by 10 – 20%.

PLANNING COMMISSION RESOLUTION NO. 860

A RESOLUTION RECOMMENDING APPROVAL OF THE CENTRAL POINT HOUSING IMPLEMENTATION PLAN

(File No. CPA-18001)

WHEREAS, on August 9, 2012 by Ordinance No. 1964 the City Council adopted the City of Central Point Regional Plan Element; and

WHEREAS, in accordance with Regional Plan Sections 4.1.12 (Performance Indicators) participating jurisdictions in the RPS Plan, including Central Point, shall create regional housing strategies that strongly encourage a range of housing types throughout the region within 5-years of acknowledging the RPS Plan; and

WHEREAS, on October 12, 2017 by Ordinance No. 2039 the City Council adopted the City of Central Point Housing Element; and,

WHEREAS, the Housing Element sets forth housing goals and policies in Section 11 directing the City to develop a Housing Implementation Plan that includes programs that monitor and address the housing affordability needs of the City's low- and moderate-income households (Goal 6), is regularly updated based on current market conditions (Policy 1.2); promotes programs and incentives that support affordable housing (Policy 2.1) and evaluates development procedures and standards for compliance with the Housing Element (Policy 5.1); and,

WHEREAS, the Housing Implementation Plan in Exhibit "A", has been determined prepared in accordance with the performance indicators in the Regional Plan Element and policies of the Housing Element; and,

WHEREAS, the Citizen's Advisory Committee considered the housing actions at the April 13, 2018 and July 13, 2018 meetings and recommended approval by the Planning Commission; and,

WHEREAS, a duly noticed public hearing was conducted by the Planning Commission on November 6, 2018.

NOW, THEREFORE, BE IT RESOLVED, that the City of Central Point Planning Commission, by Resolution No. 860, does hereby accept, and forward to the City Council, a recommendation to approve the Housing Implementation Plan as per attached Exhibit "A".

PASSED by the Planning Commission and signed by me in authentication of its passage this 6th day of November, 2018.

Approved by me this 6th day of November, 2018

Planning Commission Chair

ATTEST:
