

CITY OF SILVERTON
AFFORDABLE HOUSING TASK FORCE MINUTES

Silverton Community Center – Council Chambers – 421 South Water St.

June 18, 2019, 8:30 a.m.

I. CALL TO ORDER

Chairman Kyle Palmer called the meeting to order at 8:33 a.m.

Present	Absent	
X		Kyle Palmer
X		Dana Smith
X		Jason Freilinger
X		Sarah DeSantis (<i>arrived at 8:40 a.m.</i>)
X		Harry Douglass
X		Kari Johnsen
X		Bonnie Logan
X		Laurie Chadwick
X		Sarah White
X		David Goldblatt
X		Gene Oster
X		Terry Caster
X		Molly Ainsley

Staff Present:

Community Development Director, Jason Gottgetreu and Assistant to the City Manager/City Clerk, Angela Speier

II. APPROVAL OF MINUTES

Member Freilinger made a motion to approve the minutes from the May 28, 2019 meeting as presented. Member Smith seconded the motion. There was no discussion and the motion passed unanimously (12-0).

III. PUBLIC COMMENT - None

IV. DISCUSSION/ACTION

4.1 Presentation – Local Affordable Housing Group

Arlea Gibson with the Silverton Affordable Housing Chat Group thanked the members for allowing them to present today. She explained the Group was formed from individuals in the community who want to be part of the solution to the rising costs of housing in Silverton. They have been meeting for several months and decided to focus their efforts on affordable housing for seniors. Ms. Gibson introduced two Silverton residents who would like to share their housing stories with the Task Force.

Diane Struts said she is 72 years young and is a retired middle and high school math and science teacher. She is currently an active volunteer tutor in the community. She explained her extremely fragile financial status and health issues that were caused by a teaching environment that led to hospitalization and her eventual retirement in 2015. Before coming to Oregon she was living in a Monastery in Buffalo, New York and was abruptly cast out after donating her life savings to the Catholic Abbey. She did not have any relatives that she could stay with while getting back on her feet and became penniless at 53 years old. She explained how an Abbot helped pay for her education with the intent to seek a job as a

principal after graduation. Unfortunately, she was unable to find a job with the church, which is when she moved to Oregon. She taught at the Molalla River School District until she got sick and had to retire. She is currently living at Twilight Courts Apartment in Silverton off very little Social Security Income.

Norman English introduced himself and said he was born in Silverton almost 75 years ago. He and his wife have spent most of their lives in the Silverton community. Shortly after retiring they moved back to Silverton and he began a career in volunteerism. They are currently renting a duplex and have seen eight rent increases since the fall of 2013. In October last year they faced a 6.5 percent increase and most recently had an increase of 11.5 percent effective May 1, 2019. This represents an increase of 18 percent over a seven month period. Their housing cost, not including utilities is almost 33 percent of their monthly income, which forces them to make hard choices on where to spend their remaining income. He was led to the Affordable Housing Chat Group with a hope to find a solution to the crisis of insufficient affordable housing for seniors living on fixed incomes.

Ms. Gibson provided a PowerPoint presentation regarding the overall idea the Affordable Housing Chat Group has developed. She said they want to build affordable homes for seniors. She started with providing an overview of the need in Silverton. There are two affordable apartment buildings in town, Twilight Courts and Silvertowne Apartments, both have no vacancies. As of June 12 there were only seven apartments available for rent and all were over \$1,000 per month. The Group would like to develop a project with 10-12 small homes between 300-700 square feet. Each house would have a kitchen, bedroom, bathroom, and a living room. They would like to have a small green space area around the home or the cluster of homes for plants and a garden. They would like this project to be part of a community of affordable, rentable homes with a community center that would be available to the tenants. She reviewed two affordable housing communities the Group has looked at; one is located in Eugene and the other in Cottage Grove. Emerald Village in Eugene includes 22 individual homes that house people who were homeless. Both communities are under the umbrella of Square One Village. She explained the community model. The tenants have rules they must follow regarding pets, quiet hours, smoking, and alcohol use. The tenants volunteer to serve on a variety of different committees, such as grounds maintenance, building maintenance, conflict resolutions, etc. They have regular tenant meetings, similar to a Homeowner's Association. Ms. Gibson reviewed the funding sources for the projects, including: the Ford Family Foundation, Meyer Memorial Trust, Lane County, and donations from architects, business owners, and citizens. The Affordable Housing Chat Group will be reaching out to Square One Village for assistance in getting started on their project.

Ms. Gibson said the Group is asking the City of Silverton to donate one acre of land behind the Senior Center for this project. They feel that would be an ideal location for what they want to do. They would also like the City to waive System Development Charges (SDCs) for the project. The homes would first be rented to low income seniors and if there is a vacancy that cannot be filled by a senior then they could be rented to other low income individuals in the community.

Member Gene Oster thanked Ms. Gibson for her presentation and said he has looked at Emerald Village's website and found it to be an interesting project. He asked if the group has had any serious discussion on affordable housing ownership. The presentation today was more focused on the rental side of affordable housing. Ms. Gibson said the group initially talked about that, but the target population would likely be people who have exhausted any money they may have received from any equity in a home. She explained Emerald Village charges \$250 - \$350 in rent and \$50 each month is placed in a savings account for the renter which can accrue up to \$1,500 and that is money they can take with them if they choose to leave. Once they have accrued \$1,500 their rent is lowered by \$50 per month. Member David Goldblatt explained the Silverton community will be a little different, because it would be small affordable homes and the rent would be based on the renter's income at 30 percent of their social security benefits. The members discussed the option of renting verses homeownership. Member Kari Johnsen explained the funding resources available for down payments.

Member Terry Caster asked how much the development in Eugene cost to build and what the target number would be to build it in Silverton. The Group said the next step is to reach out to Square One to

learn more about the paths they can take. Member Caster said the construction cost currently is approximately \$150 per square foot for the house only.

Member Sarah White asked if they have considered a development that is higher density in order to house more individuals. The cottage concept is charming, but if they were to build a courtyard apartment complex it could go further to help the need. The Group indicated they are open to that idea and could even build in phases.

Diane Struts encouraged looking into a possible partnership with Silverton High School to help with the building. Member Smith said the development in Cottage Grove is in the process of hiring college interns to work alongside the experienced construction crew.

Member Goldblatt asked what would need to be accomplished for the City to assist with the project moving forward. Chairman Palmer explained the Council has identified part of the property behind the Senior Center as a place for a potential affordable housing development. He cautioned them about the significant infrastructure costs to develop that site. He said the Group should be a little further down the road on the costs associated to build it and who will be managing the property. He thanked them for their great work so far.

Member Bonnie Logan asked how much land the City owns behind the Senior Center. Chair Palmer said approximately eight acres and a portion is made up of wetlands. The City also owns 80 acres at Pettit Lake. He explained how the City was able to purchase a portion of the property back from a developer and the City is in the process of developing a Master Plan for the property. The members discussed both sites and felt the property at the Senior Center would be better suited for this type of development. Member Smith explained the next steps for the Group should be the business end of it; they need to form a nonprofit to start fundraising. It took the Cottage Grove Village 3-5 years from the concept phase to where they are now in the beginning of the construction phase. She also pointed out that it is difficult to give land to an organization without a business plan in place.

4.2 Discuss Inclusionary Zoning and how it could facilitate affordable housing

Community Development Director Jason Gottgetreu provided an overview of the zoning code changes that have been discussed by the Task Force. The Task Force will be looking at inclusionary zoning today. He reviewed the area median income (AMI) for Silverton which is at \$60,603. A commonly accepted guideline for housing affordability is housing cost, including utilities that do not exceed 30 percent of a household's gross income. The Oregon Legislature passed Senate Bill 1533 in 2016, which allows cities to require a certain portion of new housing units to be rented or sold as affordable (a policy known as "inclusionary zoning") and allows cities and counties to enact a Construction Excise Tax. Local governments can adopt land use regulations, functional plan provisions, or permit conditions that establish the sale or rental price of housing units within the following parameters:

- May require that up to 20 percent of the units within a multifamily structure are sold or rented as affordable.
- "Affordable housing" is defined as housing units affordable to households with incomes at 80 percent of the AMI.
- Applies to units that are for sale or for rent in multifamily structures of 20 units or more.

Under this concept the affordable monthly rent would be capped at \$1,212 in Silverton. He reviewed the current monthly rent prices at Silverplace Apartments for their various floor plans, which their studio and one bedroom/one bath units are under the affordable price under this concept. There was not anything in the bill regarding the size of the apartment or layout. The City must provide the option of an in-lieu of fee, in an amount determined by the city or county that developers can pay instead of building the required affordable units. A participating local government must also offer at least one of the following incentives:

- Whole or partial fee waivers or reductions;
- Whole or partial waivers of SDCs;
- Other finance-based incentives;
- Full or partial property tax exemptions; or

- Property tax exemptions created under state statutes for units under 60 percent AMI will apply to any locally affordable units sold or rented at 80 percent of AMI or less.

Director Gottgetreu explained the City of Portland adopted the inclusionary zoning bill and reviewed their incentives with the Task Force. He explained one way to help pay for the incentives is through a Construction Excise Tax (CET). Cities and counties may impose a CET on residential construction at a rate of 1 percent of the value of the permit cost and there is no cap on the rate for new commercial and industrial construction. He reviewed potential permit valuation that Silverton could receive. If you look at the average 50 homes built per year a CET would bring in approximately \$128,000 in new revenue. He explained this money would be on top of the \$28,000 a developer already pays in permit fees to build a home in Silverton. He reviewed how cities are required to use the CET revenue collected:

- 4 percent is retained for administration costs;
- 50 percent must be used for developer incentives;
- 15 percent goes to the Housing and Community Services Department to fund homeownership programs that provide down payment assistance; and
- 35 percent can fund affordable housing programs and incentives as defined by the local jurisdiction.

Director Gottgetreu further explained the 50 percent to the developer would equate to approximately \$61,680 which would be SDC's for six apartment units. This would require a 30 unit apartment complex. Cities are not allowed to make their inclusionary zoning more stringent than the 80 percent AMI. The City could offer additional incentives to the developer to encourage them to charge less in rent. Member Johnsen added the state also has incentives for developers to charge less than 80 percent of the AMI for rent.

Director Gottgetreu said at the last meeting the Task Force talked about SDCs and Newport's tiered approach. He reviewed their SDC Methodology which has a tiered approach based on the square footage of a house for all SDCs except Parks. Newport was looking for the SDCs for the smaller homes to be lower and the large homes (4,200 square feet or more) would be about 50 percent more. They adopted a CET as well. He applied their rate to the typical Silverton annual home builds and reviewed the SDC rates with the Task Force. He said if the Task Force wants to pursue this option further; the City Council would have to direct staff to look at the SDC methodology and go through the process to update that.

The Housing Needs Analysis is underway and the consultants will present their initial data gathering at the July meeting. Member Freilinger asked if a city could enact a CET without having to include inclusionary zoning, because it doesn't seem like inclusionary zoning is going to help spur affordable housing in Silverton. Staff will bring additional information regarding the CET at the July meeting.

V. ADJOURNMENT

Member Smith made a motion to adjourn and Chairman Palmer adjourned the meeting at 10:09 a.m.

Respectfully submitted by:

/s/Angela Speier, Assistant to the City Manager/City Clerk