

DATE: January 6, 2020
TO: Silverton Affordable Housing Task Force
CC: Jason Gottgetreu, City of Silverton
FROM: Beth Goodman and Sadie DiNatale, ECONorthwest
SUBJECT: SILVERTON HOUSING POLICIES AND ACTIONS

ECONorthwest is working with the City of Silverton to develop a housing needs analysis. The Housing Needs Analysis determines whether the City of Silverton has enough land to accommodate 20-years of population and housing growth. It provides the basis for an update to the City’s Comprehensive Plan Housing Element, as well as the development of an action plan to implement the housing policies.

The City of Silverton has not updated its existing Comprehensive Plan housing policies since 2000. This memorandum presents Silverton’s existing housing policies, discussed with the Affordable Housing Task Force (the Task Force) at their September, October, November, and December meetings (2019). Silverton may revise or substitute the policies based on continued Task Force, Planning Commission, City Council, and public conversations.

This memorandum discusses housing affordability. It distinguishes between two types of affordable housing: (1) housing affordable to very low–income and extremely low–income households and (2) housing affordable to low-income and middle-income households. The following describes these households, based on information from the Housing Needs Analysis.

- **Very low–income and extremely low–income households** are those who have an income of 50% or less of the Marion County median family income (MFI),¹ which is an annual household income of \$34,700. About 17% of Silverton’s households fit into this category. They can afford a monthly housing cost of \$870 or less.² Development of housing affordable to households at this income level is generally accomplished through the development of government-subsidized income-restricted housing.
- **Low-income and middle-income households** are those who have incomes between 50% and 120% of Marion County’s MFI, or incomes between \$34,700 and \$83,280. About 38% of Silverton’s households fit into this category. They can afford a monthly housing cost between \$870 and \$2,080. The private housing market may develop housing affordable to households in this group, especially for the higher-income households in the group. Housing affordable to households in this income group is often referred to as “workforce housing.”

¹ Median family income is determined by the U.S. Department of Housing and Urban Development. In 2019, Marion County’s MFI was \$69,400.

² This assumes that households pay less than 30% of their gross income on housing costs, including rent or mortgage, utilities, home insurance, and property taxes.

Summary of Actions

The table below summarizes the policy and action recommendations made by the Affordable Housing Task Force. The implementation schedule is based on discussions with the Committee about the actions they think are in need of prompt attention. While some of the actions may take longer than a year to implement, the check marks in the table represent the year implementation of each action should commence. In addition, some actions may be implemented together, such as recommended changes to the Development Code.

Once the Planning Commission and City Council have reviewed and provided input on the Housing Strategy and the implementation schedule, City staff should begin to develop a work plan for implementation of the actions in the Housing Strategy, grouping like actions together for implementation.

Policies, Objectives, and Actions	Implementation Schedule				
	2020	2021	2022	2023	2024 +
Housing Goal: Ensure that there are opportunities to develop a diverse range of housing types in mixed-income neighborhoods, resulting in housing choices that are affordable at all income levels.					
G.1: Hold public meetings and develop materials to provide information to the community about Silverton’s housing needs, using information from the Housing Needs Analysis. The topics of discussion should include those discussed throughout the Housing Strategy.	✓				
Policy 1: Ensure an adequate supply of land is available and serviced.					
Objective 1.1: Ensure that there is sufficient land in each residential plan designation to meet the land needs identified in the Housing Needs Analysis					
1.1.a: Rezone land to address the deficits of land identified in the Housing Needs Analysis in the Multifamily Plan Designations, specifically in the RM-10 and RM-20 zones.	✓				

Policies, Objectives, and Actions	Implementation Schedule				
	2020	2021	2022	2023	2024 +
1.1b: Develop criteria and a process for identifying land to up-zone (or rezone) to meet the deficit of land for multifamily development (in Action 1.1a). The criteria may include considerations of location, transportation access, access to and capacity of infrastructure, site size and development constraints, and other relevant criteria. The City should work with landowners of these sites to identify those who are interested in developing their land with multifamily housing and are interested in the change in zoning.		✓			
Objective 1.2: Identify opportunities to increase allowable densities in Silverton’s residential zones.					
1.2.a: Evaluate reducing the minimum lot size in the Single-Family Residential (R-1) zone from 7,000 square feet to 5,000 square feet—possibly as low as 3,500 square feet.	✓				
1.2.b: Evaluate removing the maximum density standard and allowing the building height limitation, lot coverage standard, and parking requirement to limit density in the RM-20 zone. As an alternative, the City could evaluate increasing the maximum density in the Multifamily Family Residential (RM-20) zone from 32 dwelling units per acre to 40 or more units per acre.					✓
1.2.c: Evaluate other lot characteristic standards, such as setback requirements, to identify and remove barriers to the development of the wider range of housing discussed in Policy 2.	✓				
1.2.d: Evaluate requirements for including planting strips with new sidewalks and roads, in selected residential areas.	✓				
Objective 1.3: Continue to coordinate land use planning with the Capital Improvement Plan to ensure that infrastructure is available to support residential development					
1.3.a: Identify areas of high priority for improving infrastructure to support new residential development, focusing on opportunities for new multifamily development in areas zoned RM-10 or RM-20.		✓			

Policies, Objectives, and Actions	Implementation Schedule				
	2020	2021	2022	2023	2024 +
1.3.b: Ensure that the City’s Capital Improvement Plan includes funding for improvements and maintenance necessary to support residential development.	✓				
Objective 1.4: Monitor residential land development to ensure that there is enough residential land to accommodate the long-term forecast for population growth.					
1.4.a: Develop and implement a system to monitor the supply of residential land every two years.		✓			
1.4.b: Reevaluate Silverton’s housing needs and land sufficiency every eight years.					✓
Policy 2: Provide opportunities for housing development to meet the City’s identified housing needs.					
Objective 2.1: Modify the City’s Development Code to ensure compliance with the requirements of House Bill (HB) 2001, prior to the June 30, 2021.					
2.1.a: Revise Silverton’s Development Code to allow duplexes where single-family dwellings are allowed in the following zones: R-1, R-5, RM-10, and RM-20. Currently, the R-1 zone allows duplexes on lots with the same size standards as single-family detached units. The lot size standards are different in the R-5, RM-10, and RM-20 zones for duplexes and single-family detached units.	✓				
Objective 2.2: Allow for and encourage a wider range of types of housing development within Silverton to meet the housing needs of all income levels					
2.2.a: In addition to the R-1 zone, allow single-room occupancies (SROs) in Silverton’s R-5, RM-10, and RM-20 zones, which would allow for the development or conversion of structures with multiple bedrooms and shared common spaces (i.e., shared kitchens and bathrooms), with the intention of allowing more than six unrelated persons to live in the same unit.	✓				
2.2.b: Evaluate allowing triplexes and quadplexes in single-family zones, possibly using a form-based code approach to regulate the development of these units (Action 2.3.b).		✓			

Policies, Objectives, and Actions	Implementation Schedule				
	2020	2021	2022	2023	2024 +
2.2.c: Evaluate allowing courtyard apartments in the R-1 zone, with a goal of having these units rent at price points consistent with the rental rates published by the Marion County Housing Authority.	✓				
2.2.d: Evaluate allowing cottages in clusters with shared central amenities (such as open spaces) to allow for the development of small single-family detached housing clustered on a lot in the R-1, R-5, RM-10, and RM-20 zones.	✓				
2.2.e: Evaluate allowing tiny houses (typically units smaller than 500 square feet) in clusters with shared central amenities (such as open spaces).	✓				
2.2.f: Evaluate removing the standard that a manufactured home must be multi-sectional and have an enclosed floor area of at least 1,000 square feet.	✓				
Objective 2.3: Review development standards to allow for development of a wider range of housing types, as discussed in Objective 2.2.					
2.3.a: Conduct a broader audit of Silverton’s zoning code and development processes to identify barriers to residential development and identify alternatives for lowering or eliminating the barriers.			✓		
2.3.b: Evaluate developing a form-based code approach to regulate the development of small apartments, cottages, tiny houses, and desired multifamily housing types in the R-1 and R-5 zones.		✓			
2.3.c: Evaluate changing development standards for accessory dwelling units, including (1) removing the owner-occupied standard; (2) changing the size limit from 40% to 60% of the primary structure, but retaining the 800 square foot maximum size limit; and 3) allowing tiny homes as ADUs.	✓				
2.3.d: Evaluate reductions to off-street parking requirements for multifamily housing, including for affordable housing serving seniors and other populations that may have lower car ownership. Consider requiring off-street parking but not parking garages. Also consider allowing on-street parking within a certain distance of a development to count for a specific number or percentage of off-street parking required for that development.		✓			

Policies, Objectives, and Actions	Implementation Schedule				
	2020	2021	2022	2023	2024 +
2.3.e: Identify opportunities to streamline the process and standards for planned developments to make their development easier and less costly.		✓			
2.3.f: Evaluate incentives to encourage developers to build planned developments with a variety of housing types, including incentives to support the development of income-restricted affordable housing.		✓			
2.3.g: Evaluate allowing housing clusters on a parcel with constraints that prohibit or limit development, such as floodplains or wetlands. This would allow the unconstrained portion of the parcel to be developed at a higher density than the underlying zone, leaving the constrained portion of the parcel undeveloped.		✓			
2.3.h: Conduct a Fair Housing audit of the City’s development processes and Development Code. An audit would look at existing definitions, restrictions, standards that trigger conditional use permits, and disparate impacts of policies on protected classes.		✓			
Objective 2.4: Encourage the development of mixed-use multifamily housing in commercial zones.					
2.4.a: Identify and lower barriers to mixed-use development, including residential development in commercial zones (as part of Action 2.3a).	✓				
2.4.b: Evaluate developing a policy and development standards to allow for the development of multifamily residential buildings in downtown. These buildings could be exclusively residential, or they may include a small amount of commercial space. The design standards for these buildings could require that they look like other buildings in downtown.			✓		
2.4.c: Support redevelopment and mixed-use development within Silverton’s downtown to allow a mixture of higher-density housing and employment uses such as retail, office, and commercial services.			✓		
2.4.d: Identify opportunities to rezone industrial land to commercial mixed-use to support multifamily housing development, if the City has more industrial land than needed to accommodate growth over the next 20-years.	✓				

Policies, Objectives, and Actions	Implementation Schedule				
	2020	2021	2022	2023	2024 +
2.4.e: Evaluate developing a policy and development standards to allow live/work housing (buildings that include both housing and areas for work) in limited circumstances in industrial areas. A key issue in developing this policy is avoiding conflicts between residential uses and industrial uses.		✓			
Policy 3. Provide opportunities for the development of housing affordable to all income levels.					
Objective 3.1: Support the development of income-restricted housing for households with very low and extremely low–incomes through partnering with nonprofit, for-profit, and governmental developers of low-income affordable housing.					
3.1.a: Support the development of income-restricted low-income housing by using the policies described in Objective 3.3.	✓				
3.1.b: Identify agencies and nonprofit organizations to form relationships with for supporting the development of income-restricted low-income housing.	✓				
3.1.c: Identify surplus publicly owned properties that could be used for affordable housing, such as the Westfield property owned by the City.	✓				
3.1.d: Be aware of financial tools used by income-restricted housing developers such as Low-Income Housing Tax Credits, federal funds (e.g., the Community Development Block Grant or the HOME Investments Partnership Program), or local income weatherization programs.	✓				
Objective 3.2: Support the development of market-rate housing for households with low and middle incomes.					
3.2.a: Support the development of affordable market-rate housing by using the policies described in Objective 3.3.	✓				
Objective 3.3: Support the development of all types of affordable housing, market-rate or income-restricted affordable housing, using tools that lower development or operational costs or make the development process simpler or faster.					
3.3.a: Evaluate providing a density bonus for the development of affordable housing, either market-rate or income-restricted affordable housing.		✓			

Policies, Objectives, and Actions	Implementation Schedule				
	2020	2021	2022	2023	2024 +
3.3.b: Evaluate opportunities to reduce system development charges (SDC) to support the development of affordable housing. Approaches include (1) developing a sliding-scale of SDC based on the size of the units, charging lower SDC for smaller units; (2) reducing or waiving system development charges for residential developments that meet Silverton’s housing needs or goals (such as the development of housing affordable to households earning less than 60% of MFI); (3) implementing an SDC financing credit program to incentivize needed housing types; (4) vesting SDC rates on submission of the complete land use review application to determine the SDC early in the development process; and (5) collecting SDC at completion of construction (prior to issuance of a certificate of occupancy) rather than at issuance of the building permit.	✓				
3.3.c: Identify opportunities to reduce development costs through changes to infrastructure development standards, while maintaining public health and safety standards. For example, allow development of duplexes with a single sewer line or allow one water meter for multiple cottage units.	✓				
3.3.e: Evaluate partnering with an organization to establish or participate in a land bank or land trust.		✓			
Policy 4. Identify funding sources to support the development of infrastructure and housing affordability programs.					
Objective 4.1: Identify funding sources to pay for the affordable housing programs and infrastructure development actions in this strategy.					
4.1.a: Evaluate expanding the existing Urban Renewal district or adding a new district, with the purpose of supporting the development of market-rate and income-restricted affordable housing.			✓		

Policies, Objectives, and Actions	Implementation Schedule				
	2020	2021	2022	2023	2024 +
4.1.b: Evaluate the implementation of a construction excise tax (CET). As part of the evaluation, conduct an analysis about the benefits and drawbacks of a CET for Silverton, including potential fiscal impacts of a CET for the City. 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. CETs may be residential only, commercial only, or residential and commercial. If the City were to adopt a CET, the tax would be up to 1% of the permit value on residential construction and an uncapped rate on commercial and industrial construction.			✓		
4.1.c: Evaluate other sources of revenues for funding affordable housing development, general obligation bonds, Bancroft bonds (for infrastructure projects), or marijuana taxes.			✓		

Potential Housing Policies

In addition to Silverton’s housing goal, this section presents the Affordable Housing Task Force’s recommended policies, objectives, and actions to address Silverton’s housing needs (as identified through Silverton’s Housing Needs Analysis).

Policies, Objectives, and Actions

Housing Goal: Ensure that there are opportunities to develop a diverse range of housing types in mixed-income neighborhoods, resulting in housing choices that are affordable at all income levels.

Silverton recognizes the importance of ensuring that its residents have access to comprehensible information about the City’s housing market to understand the need for the policies and actions in the Housing Strategy – such information is crucial in gaining support for implementing the housing goal. Potential ways to further this would be to support community education about housing by providing assistance in writing articles about Silverton’s housing market for local newspapers and other news outlets, as well as having booths to provide information about housing and other key issues at community events, such as the Homer Davenport Community Festival, the Christmas Tree lighting, and the Silverton Fine Arts Festival. To facilitate outreach, City officials or volunteers could prepare the necessary materials for distribution.

Action G.1: Hold public meetings and develop materials to provide information to the community about Silverton’s housing needs, using information from the Housing Needs Analysis. The topics of discussion should include those discussed throughout the Housing Strategy: (1) the overall need for housing that is affordable to extremely low to middle-income households, (2) the need for a wider range of housing types in Silverton to provide more opportunities for the development of market-rate housing affordable to middle-income households, (3) the need for and opportunities to support the development of income-restricted housing affordable to extremely low and very low-income households, (4) the need for infrastructure (e.g., water, wastewater, and roads) to support the development of housing, and (5) options for paying for income-restricted housing development and infrastructure.

Policy 1: Ensure an adequate supply of land is available and serviced. Plan for a 20-year supply of suitable land with urban services and the necessary services for Silverton to meet housing needs within the existing planning area.

Objective 1.1: Ensure that there is sufficient land in each residential plan designation to meet the land needs identified in the Housing Needs Analysis.

Action 1.1.a: Rezone land to address the deficits of land identified in the Housing Needs Analysis in the Multifamily Plan Designations, specifically in the RM-10 and RM-20 zones.

Action 1.1b: Develop criteria and a process for identifying land to up-zone (or rezone) to meet the deficit of land for multifamily development (in Action 1.1a). The criteria may include considerations of location, transportation access, access to and capacity of infrastructure, site size and development constraints, and other relevant criteria. The evaluation of opportunities for up-zoning land may result in identifications of individual sites or groupings of adjacent sites within the city. The City may consider rezoning industrial land to RM-10 or RM-20 if it has more industrial land than needed to accommodate growth over the next 20-years. The City should work with landowners of these sites to identify those who are interested in developing their land with multifamily housing and are interested in the change in zoning.

Objective 1.2: Identify opportunities to increase allowable densities in Silverton’s residential zones.

Action 1.2.a: Evaluate reducing the minimum lot size in the Single-Family Residential (R-1) zone from 7,000 square feet to 5,000 square feet—possibly as low as 3,500 square feet. At the same time, evaluate reducing minimum lot width to allow developers to develop housing on lots as small as 3,500 square feet. If minimum lot sizes are decreased, increase the maximum density allowed from 6 dwelling units per acre (7,250 square foot minimum lot size) to 8.7 dwelling units per acre (for 5,000 square foot minimum lot sizes) or 12.4 dwelling units per acre (for 3,500 square foot minimum lot sizes).

Action 1.2.b: Evaluate removing the maximum density standard and allowing the building height limitation, lot coverage standard, and parking requirement to limit density in the RM-20 zone. As an alternative, the City could evaluate increasing the maximum density in the Multifamily Family Residential (RM-20) zone from 32 dwelling units per acre to 40 or more units per acre.

Action 1.2.c: Evaluate other lot characteristic standards, such as setback requirements, to identify and remove barriers to the development of the wider range of housing discussed in Policy 2.

Action 1.2.d: Evaluate requirements for including planting strips with new sidewalks and roads. There may be places where planting strips are not necessary, such as quiet residential neighborhoods. Removing the requirement for planting strips can increase density and lower development costs, where appropriate.

Objective 1.3: Continue to coordinate land use planning with the Capital Improvement Plan to ensure that infrastructure is available to support residential development.

Action 1.3.a: Identify areas of high priority for improving infrastructure to support new residential development, focusing on opportunities for new multifamily development in areas zoned RM-10 or RM-20.

Action 1.3.b: Ensure that the City’s Capital Improvement Plan includes funding for improvements and maintenance necessary to support residential development.

Objective 1.4: Monitor residential land development to ensure that there is enough residential land to accommodate the long-term forecast for population growth.

Action 1.4.a: Develop and implement a system to monitor the supply of residential land every two years. This includes monitoring residential development (through permits) as well as land consumption (e.g., development on vacant or redevelopable lands).

Action 1.4.b: Reevaluate Silverton’s housing needs and land sufficiency every eight years, as required by House Bill 2003.

Policy 2: Provide opportunities for housing development to meet the City’s identified housing needs. Provide opportunities for the development of a range of housing types that are affordable to households at all income levels, as described in the Silverton Housing Needs Analysis. These housing types include (but are not limited to) single-family detached housing, accessory dwellings, cottage housing, manufactured housing, townhouses, duplexes, triplexes, quadplexes, and multifamily products (including apartments).

Objective 2.1: Modify the City’s Development Code to ensure compliance with the requirements of House Bill (HB) 2001, prior to June 30, 2021. Silverton is required to “allow the development of a duplex on each lot or parcel zoned for residential use that allows for the development of detached single-family dwellings.”

Action 2.1.a: Revise Silverton’s Development Code to allow duplexes where single-family dwellings are allowed in the following zones: R-1, R-5, RM-10, and RM-20. Currently, the R-1 allows duplexes on lots with the same size standards as single-family detached units. The lot size standards are different in the R-5, RM-10, and RM-20 for duplexes and single-family detached units.

Objective 2.2: Allow for and encourage a wider range of housing development types within Silverton to meet the housing needs of all income levels in both existing neighborhoods and new residential areas.

Action 2.2.a: In addition to the R-1 zone, allow single-room occupancies (SROs) in Silverton’s R-5, RM-10, and RM-20 zones, which would allow for the development or conversion of structures with multiple bedrooms and shared common spaces (i.e., shared kitchens and bathrooms), with the intention of allowing more than six unrelated persons to live in the same unit. Allowing more than six unrelated persons to live in the same unit would require redefining “household living” in the code.

Action 2.2.b: Evaluate allowing triplexes and quadplexes in single-family zones, possibly using a form-based code approach to regulate the development of these units (Action 2.3.b).

Action 2.2.c: Evaluate allowing courtyard apartments in the R-1 zone, with a goal of having these units rent at price points consistent with the rental rates published by the Marion County Housing Authority.

Action 2.2.d: Evaluate allowing cottages in clusters with shared central amenities (such as open spaces) to allow for the development of small single-family detached housing clustered on a lot in the R-1, R-5, RM-10, and RM-20 zones.

Action 2.2.e: Evaluate allowing tiny houses (typically units smaller than 500 square feet) in clusters with shared central amenities (such as open spaces) to allow for the development of small single-family detached housing clustered on a lot, possibly using a form-based code approach to regulate the development of these units (Action 2.3.b).

Action 2.2.f: Evaluate removing the standard that a manufactured home must be multi-sectional and have an enclosed floor area of at least 1,000 square feet.

Objective 2.3: Review development standards to allow for the development of a wider range of housing types, as discussed in Objective 2.2.

Action 2.3.a: Conduct a broader audit of Silverton’s zoning code and development processes to identify barriers to residential development and identify alternatives for lowering or eliminating the barriers.

Action 2.3.b: Evaluate developing a form-based code approach to regulate the development of small apartments, cottages, tiny houses, and desired multifamily housing types in the R-1 and R-5 zones.

Action 2.3.c: Evaluate changing development standards for accessory dwelling units, including 1) removing the owner-occupied standard; 2) changing the size limit from 40% to 60% of the primary structure, but retaining the 800 square foot maximum size limit; and 3) allowing tiny homes as ADUs.

Action 2.3.d: Evaluate reductions to off-street parking requirements for multifamily housing, including for affordable housing serving seniors and other populations that may have lower car ownership. Consider requiring off-street parking but not parking garages. Also consider allowing on-street parking within a certain distance of a development to count for a specific number or percentage of off-street parking required for that development.

Action 2.3.e: Identify opportunities to streamline the process and standards for planned developments to make their development easier and less costly.

Action 2.3.f: Evaluate incentives to encourage developers to build planned developments with a variety of housing types, including incentives to support the development of income-restricted affordable housing. One incentive could be a reduction in the required amount of common open space if there were at least four housing types in the development that would be affordable at the time of development. Affordability might be defined as housing affordable for rentals at 80% or less of the median family income (\$55,500 in annual income or \$1,400 in monthly rent) and affordable for homeownership at 120% or less of the median family income (\$83,300 in annual income or a sales price of less than about \$330,000).

Action 2.3.g: Evaluate allowing housing clusters on a parcel with constraints that prohibit or limit development, such as floodplains or wetlands. This would allow the unconstrained portion of the parcel to be developed at a higher density than the underlying zone, leaving the constrained portion of the parcel undeveloped. The City will need to develop clear criteria for allowing cluster development and may want to use a discretionary process for review of these development requests, as the request will vary based on the unique conditions of each parcel and constraints.

Action 2.3.h: Conduct a Fair Housing audit of the City’s development processes and Development Code. An audit would look at existing definitions, restrictions, standards that trigger conditional use permits, and disparate impacts of policies on protected classes. The audit would produce objective information regarding compliance with the Fair Housing Act.

Objective 2.4: Encourage the development of mixed-use multifamily housing in commercial zones.

Action 2.4.a: Identify and lower barriers to mixed-use development that includes residential development in commercial zones (as part of Action 2.3.a).

Action 2.4.b: Evaluate developing a policy and development standards to allow for the development of multifamily residential buildings in downtown. These buildings could be exclusively residential, or they may include a small amount of commercial space. The design standards for these buildings could include requirements that they look like other buildings in downtown.

Action 2.4.c: Support redevelopment and mixed-use development within Silverton’s downtown to allow a mixture of higher-density housing and employment uses such as retail, office, and commercial services. The City may offer tools such as those discussed in Objective 3.2 to support this type of development.

Action 2.4.d: Identify opportunities to rezone industrial land to commercial mixed-use to support multifamily housing development, if the City has more industrial land than needed to accommodate growth over the next 20-years.

Action 2.4.e: Evaluate developing a policy and development standards to allow live/work housing (buildings that include both housing and areas for work) in limited circumstances in industrial areas. A key issue in developing this policy is avoiding conflicts between residential uses and industrial uses.

Policy 3. Provide opportunities for development of housing affordable to all income levels.

Provide the opportunity to develop a broad range of accessible and affordable housing (affordable housing is defined as housing for which persons or families pay 30% or less of their gross income for housing, including necessary and essential utilities), focusing on housing development for very low-income and low-income affordable housing and middle-income affordable housing. Development of affordable housing should be encouraged in a variety of locations across the city.

Objective 3.1: Support the development of income-restricted housing for households with very low and extremely low–incomes (households with an income of 60% or less of Marion County’s MFI or less than \$41,600 for a family of four) through partnering with nonprofit, for-profit, and governmental developers of low-income affordable housing.

Action 3.1.a: Support the development of income-restricted low-income housing by using the policies described in Objective 3.3.

Action 3.1.b: Identify agencies and nonprofit organizations to form relationships with for supporting the development of income-restricted low-income housing. These agencies include (but are not limited to) Oregon Housing and Community Services, the Marion County Housing Authority, NeighborWorks, United Way, Habitat for Humanity, Community Development Partners, and other organizations. Work with the partners to support development proposals for new income-restricted housing in Silverton.

Action 3.1.c: Identify surplus publicly owned properties that could be used for affordable housing, such as the Westfield property owned by the City. Identify the infrastructure deficiencies and costs of addressing the deficiencies that are necessary to allow the development of the properties. Partner with the developer(s) of low-income housing to develop affordable housing affordable to households earning less than 60% of MFI.

- Note: With this and several other of the policies, the City may want to require that units be affordable to households earning less than 60% of MFI over a period of time. If the City puts in a lot of subsidy (e.g., the tools discussed in Objective 3.3), it may be appropriate to require that affordability is maintained over a 50-year period (as the Task Force has discussed). But for less subsidy, it would be more reasonable to require affordability over a five to ten-year period.

Action 3.1.d: Be aware of financial tools used by income-restricted housing developers such as Low-Income Housing Tax Credits, federal funds (e.g., the Community Development Block Grant or the HOME Investments Partnership Program), or local income weatherization programs. City staff can work with staff at Oregon Housing and Community Services to better understand the use of these programs.

Objective 3.2: Support the development of market-rate housing for households with low and middle incomes (households with an income between 60% and 120% of MFI for Marion County or \$41,600 to \$77,900 for a family of four).

Action 3.2.a: Support the development of affordable market-rate housing by using the policies described in Objective 3.3.

Objective 3.3: Support the development of all types of affordable housing, market-rate or income-restricted affordable housing, using tools that lower development or operational costs or make the development process simpler or faster.

- Note: One example affordable housing development is the proposal by the Silverton Affordable Housing Chat Group, which wants to develop a project with 10–12 small homes between 300 and 700 square feet for low-income seniors.
- Note: Below are tools typically used to support housing development. The City will need to develop criteria for using most of the tools below, such as the level of affordability (i.e., market-rate affordable housing or income-restricted affordable housing), the types of housing it applies to, the location or zones where the tool can be used, and other criteria necessary to implement the tool
- Note: The City recently adopted the Low-Income Rental Housing tax exemption. This is a key tool that the City can use to help support the development of income-restricted affordable housing.

Action 3.3.a: Evaluate providing a density bonus for the development of affordable housing, either market-rate or income-restricted affordable housing. The density bonus would allow development at higher densities than those allowed under existing zoning. A density bonus could also be used to encourage infill development, in addition to affordable housing. The City can offer the density bonus on a case-by-case basis.

Action 3.3.b: Evaluate opportunities to reduce system development charges (SDCs) to support the development of affordable housing.³ Approaches include (1) developing a sliding-scale of SDCs based on the size of the units, charging lower SDCs for smaller units; (2) reducing or waiving SDCs for residential developments that meet Silverton’s housing needs or goals (such as the development of housing affordable to households earning less than 60% of MFI); (3) implementing an SDC financing credit program to incentivize needed housing types; (4) vesting SDC rates on submission of the complete land use review application to determine the SDCs early in the development process; and (5) collecting SDCs at completion of construction (prior to issuance of a certificate of occupancy) rather than at issuance of the building permit.

The City would need to work with a consultant to identify the fiscal impact of these approaches and to determine which, if any, of these approaches are appropriate for Silverton. A way to fill the funding gap created by the reductions/waivers should be identified. A Construction Excise Tax (Action 4.1.b) provides an opportunity to pay for the costs of reducing SDC costs for development of income-restricted housing.

- Note: Newport, Oregon, provides an example of a sliding scale SDC. Newport calculates the SDC for single-family units based on the size of the unit. For example, the water SDC is charged as follows: the first 1,700

³ The City does not charge SDCs for accessory dwelling units (ADUs) that are attached to the primary house.

square feet of the dwelling unit has a water SDC of \$0.62 per square foot, with an additional \$.50 per square foot for between 1,701 and 2,900 square feet and \$0.41 per square foot for more than 2,900 square feet.

Action 3.3.c: Identify opportunities to reduce development costs through changes to infrastructure development standards, while maintaining public health and safety standards. For example, allow the development of duplexes with a single sewer line or allow one water meter for multiple cottage units.

Action 3.3.d: Evaluate partnering with an organization to establish or participate in a land bank or land trust.

A land bank supports housing affordability by reducing or eliminating land or acquisition costs from a developer's total development budget. Land banks take several forms, but many are administered by a nonprofit or government entity with a mission of managing a portfolio of properties to support a public or community purpose over many years or decades.

A land trust is similar to land banking in that they participate in strategic land and property acquisition and restoration of the property (e.g., clear blight, clear title). Though instead of ultimately selling the property (land and buildings), the land trust holds the land in perpetuity and sells or leases the buildings. A land trust is typically a private or nonprofit organization that leases or sells the buildings (e.g., dwelling units) sited on the land but owns and manages the land permanently.

The City's role in a land bank or land trust may include:

- Identifying opportunities to assist with the assembly of land into a single tax lot or multiple adjacent tax lots in certain cases (i.e., a mixed-use development with more than one developer involved) to support the development of affordable housing.
- Identifying surplus publicly owned properties that could be used for affordable housing and partner with developers of affordable housing (consistent with Actions 3.1 and 3.2).

Objective 3.4: Develop the Silverton Housing Program, which would be a comprehensive housing strategy that supports the development of both income-restricted affordable housing and naturally occurring affordable housing. The Silverton Housing Program will be a program that uses a variety of tools, such as those described in this memorandum, to lower barriers and encourage affordable housing development.

Policy 4. Identify funding sources to support the development of infrastructure and housing affordability programs. Develop funding sources to pay for the costs of implementing the affordable housing programs described in Policy 3 and infrastructure improvements in Policy 1.

Objective 4.1: Identify funding sources to pay for the affordable housing programs and infrastructure development actions in this strategy.

- Note: Below are funding tools typically used to support housing development. Some of these should be used only for the development of housing affordable at 60% or less of MFI and some may be appropriate for market-rate multifamily housing

Action 4.1.a: Evaluate expanding the existing Urban Renewal district or adding a new district, with the purpose of supporting the development of market-rate and income-restricted affordable housing. The Urban Renewal district can support the development of infrastructure necessary to support housing development, as well as supporting the development of affordable housing.

Tax increment finance revenues (TIFs) 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 the bonds. Over the long term (most districts are established for a period of twenty 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:

- Redevelopment projects, such as mixed-use or infill housing developments
- Streetscape improvements, including new lighting, trees, and sidewalks
- Land assembly for public as well as private reuse
- Transportation enhancements, including intersection improvements
- Historic preservation projects
- Parks and open spaces

The City could consider including urban renewal projects that support the development of multifamily housing affordable for households earning less than 60% of MFI (\$41,600 for a household of four). Cities primarily use urban renewal funds to support the development of affordable housing by purchasing land and accepting development proposals on that land. Cities typically require some percentage of housing to be affordable, or they make the inclusion of affordable housing a criterion for the evaluation of development proposals.

Action 4.1.b: Evaluate the implementation of a construction excise tax (CET). As part of the evaluation, conduct an analysis about the benefits and drawbacks of a CET for Silverton, including potential fiscal impacts of a CET for the City.

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. CETs may be residential only, commercial only, or residential and commercial. If the City were to adopt a CET, the tax would be up to 1% of the permit value on residential construction and an uncapped rate on commercial and industrial construction.

At the initial discussions of a CET with the public, at the December public meeting, a majority of participants indicated that they thought a CET was a low-priority action. Analysis of a CET and additional public discussions may result in a different assessment of the potential for using a CET to fund programs that support the development of housing affordable to all income levels.

Action 4.1.c: Evaluate other sources of revenues for funding affordable housing development, general obligation bonds, Bancroft bonds (for infrastructure projects), or marijuana taxes.

Existing Comprehensive Plan Policies

Goal

Meet the projected housing needs of citizens in the Silverton Area

Objectives

1. Encourage a "small town" environment.
2. Encourage preservation, maintenance, and improvement of the existing housing stock
3. Encourage new housing in suitable areas to minimize public facility and service costs and preserve agricultural land.
4. Encourage an adequate supply of housing types necessary to meet the needs of different family sizes and incomes.

Policies

1. Protect adjacent residential areas from encroachment of new non-residential developments through the use of screening, buffering, landscaping, and building setbacks and compliance with other provisions within the City's Design Review Ordinance. Properties with existing developments which meet the criteria for the zone which they are in are determined to be compatible with adjacent residential uses.
2. Promote rehabilitation of older homes through use of available loan and grant programs.
3. Provide an adequate inventory of land zoned for manufactured home park and multi family dwelling sites within the City.
4. Encourage planned unit development, mixed use housing, and mixed housing with commercial uses as a means for broadening housing choices and creating sustainable neighborhoods.
5. Encourage opportunities which will provide affordable housing to meet the needs of low income, elderly, handicapped, families, and individuals within the Silverton area.
6. Provide opportunities for the development of attached and detached single-family and multi-family dwellings such as duplexes, row houses, town house apartments.
7. Allow accessory dwelling units, subject to city development and building regulations, in all residential zones.
8. Allow for, and encourage the use of, flexible lot sizes and building placement, and density transfers to reduce development costs, make efficient use of land, and promote housing variety and affordability.
9. Adhere to clear and objective standards for approval of residential development to ensure a timely and predictable development review process.
10. Encourage new housing units to adhere to the following design elements:

- Locate garages behind the primary building line of the house, side-loading garages, or garages in the rear with alley access;
 - Provision for front porches;
 - Primary orientation toward the street and sidewalk;
 - Provisions for street trees.
11. Require design review approval for all multifamily developments and manufactured home parks.
 12. Encourage the use of sustainable development practices in residential site planning, building materials, and environmental control systems, including use of active and passive solar energy, energy efficient designs, and low water use landscaping.

Implementation

1. The existing zoning and subdivision ordinances will be revised periodically so that they serve as better tools for implementing housing policies.
2. The City will work with the Marion County Housing Authority, private non-profit organizations, and for-profit entities to secure funds for housing rehabilitation in Silverton.
3. The City will work with the Marion County Housing Authority, private non-profit organizations, and for-profit entities to continue to provide for needs of low-income people living in the Silverton area. In particular, the City will work closely with Section 202 housing project sponsors to increase Silverton's supply of affordable rental housing for low income residents.

Appendix A. Housing Policy Alternatives

This appendix provides the City with information about potential policies that could be implemented in Silverton to address the City's housing needs. Implementing some of the strategies in this appendix may be beyond Silverton's current staff or financial resources.

This appendix provides a range of housing policy options for the City of Silverton to consider as it addresses its housing needs. These policy options are commonly used by cities in Oregon and other states. Policy options are categorized as follows:

- Land Use Regulations
- Increase Housing Types
- Financial Assistance to Homeowners and Renters
- Lower Development or Operational Costs
- Funding Sources to Support Residential Development

The intention of this appendix is to provide a toolbox of potential policies and actions that the City can use to address strategic issues. For many of the policy tools described below, we give an approximate scale of impact. **The purpose of the scale of impact is to provide some context for whether the policy tool generally results in a little or a lot of change in the housing market.** The scale of impact depends on conditions in the City, such as other the City's other existing (or newly implemented) housing policies, the land supply, and housing market conditions. We define the scale of impact as follows:

- A small impact may not directly result in development of new housing or it may result in development of a small amount of new housing, such as 1% to 3% of the needed housing. In terms of housing affordability, a small impact may not improve housing affordability in and of itself. A policy with a small impact may be necessary but not sufficient to increase housing affordability.
- A moderate impact is likely to directly result in development of new housing, such as 3% to 5% of needed housing. In terms of housing affordability, a moderate impact may not improve housing affordability in and of itself. A policy with a moderate impact may be necessary but not sufficient to increase housing affordability.
- A large impact is likely to directly result in development of new housing, such as 5% to 10% (or more) of needed housing. In terms of housing affordability, a large impact may improve housing affordability in and of itself. A policy with a large impact may still need to work with other policies to increase housing affordability.

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		
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. Streamlining procedures may be necessary but not sufficient to increase housing production on its own.</p>
Expedited / Fast-tracked Building Permit	<p>Expedite building permits for pre-approved development types or building characteristics (e.g. green buildings).</p> <p>City of Bend offers expedited review and permitting for affordable housing. Any residential or mixed-use development that receives local, state or federal affordable housing funding is eligible to receive a written decision by the Planning Department within two weeks of the date of submittal. For projects that require more complex planning review, a decision will be written, or the first public hearing will be held within six weeks of the date of submittal.</p>	<p>Scale of Impact - Small. Expedited permit processing will benefit a limited number of projects. It may be necessary but not sufficient to increase housing production on its own.</p>

Strategy Name	Description	Scale of Impact
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, parking requirements, and other zoning standards.</p> <p>Many of the remaining tools in this section focus on changes to the zoning code.</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>
Allow Small Residential Lots	<p>Small residential lots are generally less than 5,000 sq. ft and sometimes closer to 2,000 sq. ft. This policy allows individual small lots within a subdivision. 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 a 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>Cities across Oregon allow small residential lots, including many cities in the Metro area.</p>	<p>Scale of Impact – Small to moderate. Cities have adopted minimum lot sizes as small as 2,000 sq. ft. However, it is uncommon to see entire subdivisions of lots this small. Small lots typically get mixed in with other lot sizes. This tool generally increases density and amount of single-family detached and townhouse housing in a given area, decreasing housing costs as a result of decreasing amount of land on the lot.</p>

Strategy Name	Description	Scale of Impact
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>This tool is used by some cities but is used less frequently than mandating minimum lot sizes.</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> <p>This tool generally increases density and amount of single-family detached and townhouse housing in a given area, decreasing housing costs as a result of decreasing amount of land on the lot.</p>
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 multifamily 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>Mandating minimum density is generally most effective in medium and high-density zones where single-family detached housing is allowed. The minimum density ensures that low-density single-family housing is not built where higher-density multifamily housing could be built.</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 under-build and the minimum density standard.</p> <p>For cities that allow single-family detached housing in high density zones, this policy can result in a moderate or larger impact.</p>

Strategy Name	Description	Scale of Impact
<p>Increase Allowable Residential Densities</p>	<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>For cities with maximum densities, consider removing maximum allowable densities. This change may be most relevant.</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> <p>This tool generally increases density and amount of single-family detached and townhouse housing in a given area, decreasing housing costs as a result of decreasing amount of land on the lot.</p>
<p>Allow Clustered Residential Development</p>	<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>Scale of Impact—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>

Strategy Name	Description	Scale of Impact
Reduced Parking Requirements	<p>Jurisdictions can reduce or eliminate minimum off-street parking requirements, as well as provide flexibility in meeting parking requirements. Reducing parking requirements positively impact development of any type of housing, from single-family detached to multifamily housing.</p> <p>Reduced parking requirements are most frequently 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>City of Bend offers parking reductions for affordable housing and transit proximity. Parking for affordable housing units is 1 space per unit regardless of size, compared to 1 space per studio or 1-bedroom unit, 1.5 spaces per 2-bedroom unit, and 2 spaces per 3- or more bedroom unit for market-rate multifamily development or 2 spaces per market rate detached dwelling unit. Affordable housing units must meet the same eligibility criteria as for other City of Bend affordable housing incentives</p> <p>City of Portland offers parking exceptions for affordable housing and sites adjacent to transit. The City of Portland allows housing developments that meet the inclusionary zoning requirements to reduce parking requirements to zero if located near frequent transit service, and to exclude the affordable housing units from parking requirements for developments located further from frequent transit service. The City also allows market rate housing developments located near frequent transit service to provide little or no parking, depending on the number of units in the development.</p>	<p>Scale of Impact—Small to moderate.</p> <p>The City could require the developer to prove the need and public benefit or reducing parking requirements to increase housing affordability.</p> <p>Reducing parking requirements can have a moderate to large impact on housing affordability if little or no parking is required.</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. This strategy could be applied to alleys, when required, to ensure that alleys are relatively narrow to reduce development and maintenance costs.</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 • Manufactured home preservation • Single-room-occupancy ordinances • Regulating demolitions 	<p>Scale of Impact—Small to moderate. 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. Cities with older housing stock are more likely to benefit from this policy.</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>The 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>Oregon's inclusionary zoning laws apply to structures with 20 or more multifamily units, with inclusion of units that are affordable at 80% of the median family income of the city.</p> <p>The City of Portland has implemented an inclusionary zoning program. While Portland's inclusionary zoning program is resulting in production of affordable multifamily units, there is considerable discussion and disagreement about the impact of number of multifamily units being built and potential changes in the location of units.</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		

Strategy Name	Description	Scale of Impact
Re-designate 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 (i.e., smaller parcels) in areas where multifamily housing would be compatible (i.e., along transit corridors or in employment centers that would benefit from new housing).</p> <p>This policy change increases opportunity for comparatively affordable multifamily housing and provides opportunities for mixing residential and other compatible uses.</p> <p>Cities across Oregon frequently re-zone and re-designate land to address deficits of land for new housing.</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 housing 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>Cities across Oregon frequently encourage multifamily housing development in commercial zones, either as stand-alone residential buildings or as mixed-use buildings.</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 in many of the commercial areas where it would be desirable. Unless it is publicly subsidized, mixed-use development generally results in relatively costly housing because ground floor commercial development is relatively expensive.</p>

Strategy Name	Description	Scale of Impact
Transfer or Purchase of Development Rights	<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 and 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>Transfer of development rights is done less frequently in Oregon, as cities generally zone land for higher density housing where they would like it to occur. This policy is frequently used by cities outside of Oregon.</p>	<p>Scale of Impact - 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>
Provide Density Bonuses to Developers	<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 number of affordable units.</p> <p>City of Bend offers affordable housing density and height bonuses. Qualifying affordable housing projects are eligible for a 10-foot building height bonus for multifamily housing when affordable housing units are gained and for a density bonus. The density increase is based on the percentage of affordable housing units within the proposed development: if 10% of the units are affordable, the maximum density is 110% of the standard maximum density. The maximum density bonus is 50% above the base density. Qualifying projects must be affordable to households at or below 60% of the AMI for rental housing and at or below 80% of the AMI for ownership housing and require development agreements and restrictions to ensure continued affordability.</p> <p>Ashland has four different density bonuses, one of which is for development of affordable housing at higher densities and another for energy-efficient housing. Affordable housing projects meeting eligibility requirements (including rental housing affordable to households at or below 60% of AMI or ownership housing</p>	<p>Scale of Impact – Small to moderate. Cities provide density bonuses on a case-by-case basis, which results in a small and sometimes moderate impact in many cities. Density bonuses can have a greater impact on housing affordability when the bonus increases the number of affordable units developed.</p>

Strategy Name	Description	Scale of Impact
	<p>affordable to households at or below 80% of AMI for a minimum of 30 years) receive a density bonus of two units for each affordable housing unit provided, up to a maximum of a 35% increase in density.</p> <p>Kirkland Washington offers density bonuses for duplex, triplex, and cottage homes. Cottage homes (limited to 1,500 square feet of floor area) and two- and three-unit homes (up to 1,000 square feet of floor area average per unit) are allowed at double the density of detached dwelling units in the underlying zone.</p>	

Increase Housing Types

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, Cottage housing, Townhomes, Row Houses, and Tri- and Quad-Plexes in low density 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>House Bill 2001 requires cities to allow these housing types in single-family zones.</p>	<p>Scale of Impact – Small to moderate. Allowing these types of housing in more zoning districts may provide relatively few numbers of new, relatively affordable, housing opportunities.</p>
<p>Allow Cottage housing, Tri- and Quad-Plexes Townhomes, Row Houses, Stacked Townhomes, Cottage Courts, Duplex/Townhouse Courts, & Garden Apartments in medium density 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 to Large. Allowing these types of housing in more zoning districts may provide up to a large number of new, relatively affordable, housing opportunities. The scale of impact will depend, in part, on the amount of vacant or redevelopable land in medium density zones, as well as the types of housing newly allowed in the medium density zone.</p>

Strategy Name	Description	Scale of Impact
Allow Stacked Townhouses, Garden Apartments and larger-scale Apartments in high density zones	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.	Scale of Impact – Small to Large. Allowing these types of housing in more zoning districts may provide up to a large number of new, relatively affordable, housing opportunities. The scale of impact will depend, in part, on the amount of vacant or redevelopable land in high density zones, as well as the types of housing newly allowed in the high-density zone.
Allow Live-Work housing or Mixed-use housing in commercial zones	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.	Scale of Impact – Small to Large. Allowing these types of housing in more zoning districts may provide up to a large number of new, relatively affordable, housing opportunities.
Remove barriers to Development of Accessory Dwelling Units (ADUs) in single-family zones	As of July 1, 2018, ORS 197.312 requires cities to allow at least one ADU for each detached single-family dwelling in areas zoned for detached single-family dwellings. Jurisdictions can make development of ADUs more likely by limiting restrictive standards and procedures, such as reducing systems development charges for ADUs, reducing or eliminating parking requirements, or allowing ADUs regardless of where the primary dwelling is owner-occupied.	Scale of Impact - Small. Oregon law recently changed to require cities to allow ADUs.

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>Portland and Eugene allow tiny homes as temporary shelter for people experiencing homelessness.</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>

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.

Strategy Name	Description	Scale of Impact
Programs or policies to lower the cost of development		
Parcel assembly	<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 often associated with development of affordable housing (affordable to households with income below 60% of MFI), where the City partners with nonprofit affordable housing developers.</p> <p>Parcel assembly can be critically important role for cities to kick start quality affordable housing and work force housing projects that can be positive catalysts too for market rate development.</p>	<p>Scale of Impact - Small to large. 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>

Strategy Name	Description	Scale of Impact
Land Banking	<p>Land banks support housing development by reducing or eliminating land cost from development, with the goal of increasing the affordability of housing. 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.</p> <p>Land banks are purposed for short-term ownership of lands. Lands acquired are often vacant, blighted, or environmentally contaminated. Land banks may also acquire lands with title defects or of which derelict structures sit. Lands are eventually transferred to a new owner for reuse and redevelopment.</p>	<p>Scale of Impact - Small to large. A land bank 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>
Land Trusts	<p>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.</p> <p>Land trusts are purposed for long-term stewardship of lands and buildings. Lands / buildings acquired may have need for remediation or redevelopment. Lands / buildings may have also been acquired to preserve affordability, prevent deferred maintenance, or protect against foreclosure</p> <p>Proud Ground (Portland Metro Area) was founded in 1999 and has grown into one of the largest community land trusts in the country. The organization focuses on affordable homeownership and controls ground leases associated with 270 homes in Multnomah, Washington, Clackamas, and Clark County.</p>	<p>Scale of Impact - Small to large. 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>
Public Land Disposition	<p>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, EB-5, 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</p>	<p>Scale of Impact – Small to moderate. Depends on whether the City has surplus land that would be appropriate for future housing development.</p>

Strategy Name	Description	Scale of Impact
	<p>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, or EB-5.</p> <p>Cities across Oregon use publicly land to support affordable and market-rate of housing development. In some cases, municipalities put surplus public land into land banks or land trusts.</p> <p>Tri-Met is evaluating re-use of construction staging sites for future affordable housing and/or transit-orient development sites.</p> <p>Cottage Grove is working with the school district to discuss and plan for use of surplus school district land for future housing development.</p>	
<p>Reduced / Waived Building Permit fee, Planning fees, or SDCs</p>	<p>Programs that reduce various development fees as an incentive to induce qualifying types of development or building features. There are a number of avenues to seek reduced or waived fees. For example, stormwater improvements can be made through the Commercial Stormwater Fee Reduction. There are commonly used tools, often implemented in conjunction with development agreements or other development negotiation processes.</p> <p>City of Portland offers SDC exemptions for affordable housing. Portland’s SDC Exemption Program exempts developers of qualifying affordable housing projects from paying SDCs levied by the City of Portland for transportation, water, parks and environmental services. Eligible rental projects must serve households earning at or below 60% of the AMI for a 60-year period. Portland also offers SDC waivers for development of ADUs.</p> <p>City of McMinnville offers SDC exemptions and reduced permit fees for affordable housing. Building and planning permit fees for new or remodel housing construction projects are reduced by 50% for eligible projects and SDCs for transportation, wastewater and parks are exempted at 100%. Reductions/exemptions are prorated for mixed use or mixed-income developments. The property must be utilized for housing for low-income persons for at least 10 years or the SDCs must be paid to the city.</p>	<p>Scale of Impact - Small.</p>
<p>Scaling SDCs to Unit Size</p>	<p>Cities often charge a set SDC per dwelling unit, charging the same SDCs for large single-family detached units as for small single-family detached units or accessory dwelling units. Some cities have started scaling SDC based on the</p>	<p>Scale of Impact – Small to moderate</p>

Strategy Name	Description	Scale of Impact
	<p>size of the unit in square feet. Offering lower SDC for smaller units can encourage development of smaller units, such as small single-family detached units or cottage cluster units.</p> <p>Newport Oregon scales SDCs for water, wastewater, stormwater, and transportation. The City has a base SDC rate (per square foot) of built space. For example, a 1,000 square foot unit would be charged \$620 for water SDC (\$0.62 per square foot). A 2,000 square foot unit would be charged \$1,204 for the water SDC (\$0.62 per square foot for the first 1,700 square feet and \$0.50 for the additional 300 square feet).</p>	
SDC Financing Credits	<p>May help to offset the an SDC charge, which is a one-time fee that is issued when there is new development or a change in use.</p> <p>SDC financing 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. SDCs are granted when the project makes lasting improvements, such as improving roads, reducing number of trips, create or improve parks or recreational centers, and permanently removing water services.</p>	<p>Scale of Impact – Small to moderate. 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.</p>
Sole Source SDCs	<p>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 Urban Renewal (Tax Increment Financing). 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.</p>	<p>Scale of Impact – Small to moderate. Depends on how the tool is implemented and whether it is used with other tools, such as LIDs or Urban Renewal.</p>
Fees or Other Dedicated Revenue	<p>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-</p>	

Strategy Name	Description	Scale of Impact
	<p>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.</p>	
<p>Reimbursement District</p>	<p>A Reimbursement District is a cost sharing mechanism, typically Initiated by a developer. The purpose is to provide a reimbursement method to the developer of an infrastructure improvement, through fees paid by property owners at the time the property benefits from the improvement. A developer applies to create a Reimbursement District by demonstrating benefit to properties beyond their own. In addition, the size of the improvement must be measurably greater than would otherwise be ordinarily required for the improvement</p> <p>Eligible Reimbursement District projects typically include (but are not limited to) construction or connections of a sewer, water, storm water or street improvements. Applications typically include: a fee sufficient to cover the cost of administrative review, a description of the project, properties that would be impacted, and a detailed methodology and calculation of how the estimated costs would be reimbursed by payments from benefitted properties over a specified timeframe. A report from the City Engineer is generated in review of the submitted application. After a public hearing process, the council will approve, reject or modify the proposal. The approval of a Reimbursement District results in a resolution and distribution of notice among benefitted properties before construction can begin.</p> <p>Benefitted properties must pay the Reimbursement Fee when they make a physical connection to the improvement (or in the case of a sewer project, when the benefitted property creates an impervious surface that drains into the public sewer) within the Reimbursement District Area. Reimbursement fees are collected by the City and are distributed to the developer for the duration of the Reimbursement District, which are typically 10-15 years.</p> <p>Paid by benefitted properties at the time the property benefits from the improvement, typically at connection to the sewer, water or storm drain system.</p>	<p>Scale of Impact – Small to moderate.</p>

Strategy Name	Description	Scale of Impact
Linkage Fees	<p>Linkage fees are charges on new development, usually commercial and / or industrial development only, that can be used to fund affordable housing. To implement them, a city must undertake a nexus study that identifies a legal connection between new jobs housed in the developments, the wages those jobs will pay, and the availability of housing affordable to those employees.</p> <ul style="list-style-type: none"> • Can be used for acquisition and rehabilitation of existing affordable units. • Can be used for new construction. 	Scale of Impact – Small to moderate.
Tax abatement programs that decrease operational costs by decreasing property taxes		
Vertical Housing Tax Abatement (Locally Enabled and Managed)	<p>The 2017 Legislature passed legislation moving the administration of Vertical Housing Program from Oregon Housing and Community Services (OHCS) to the local City and County beginning Oct 6th, 2017. OHCS no longer administers this program.</p> <p>The legislation 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 percent 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 percent of area is median income or below).</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.
Multiple-Unit Limited Tax Exemption Program (Locally Enabled and Managed)	<p>Through the multifamily tax exemption, a jurisdiction can incent diverse housing options in urban centers lacking in housing choices or workforce housing units. Through a competitive process, multi-unit projects can receive a property tax exemption for up to ten-years on structural improvements to the property. Though the state enables the program, each City has an opportunity to shape the program to achieve its goals by controlling the geography of where the exemption is available, application process and fees, program requirements, criteria (return on investment, sustainability, inclusion of community space, percentage affordable or workforce housing, etc.), and program cap. The City can select projects on a case-by-case basis through a competitive process.</p> <p>The passing of HB 2377 - Multiunit Rental Housing Tax Exemption allows cities and counties to create a property tax exemption for newly rehabilitated or newly constructed multi-unit rental housing within their boundaries depending on the</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
	<p>number of units made available to low-income households, for up to 10 consecutive years. The bill was crafted to strengthen the connection to affordability by requiring cities and counties to establish a schedule in which the number of years an exemption is provided increases directly with the percentage of units rented to households with an annual income at or below 120 percent of MFI, and at monthly rates that are affordable to such households. While not specifically referenced in the measure, ORS 308.701 defines “Multi-unit rental housing” as: “(a) residential property consisting of four or more dwelling units” and; “does not include assisted living facilities.”</p> <p>All new multifamily units that are built or renovated that offer rent below 120% of AMI are potentially eligible for this tax exemption. In a city with an AMI of \$55,000 (common outside of Portland), that’s rent of \$1,650 per month or less. The tax exemption is for all taxing districts which is administered by the City. Due to this, smaller jurisdictions may have more trouble managing this program.</p> <p>Local taxing jurisdictions that agree to participate—cities, school districts, counties, etc.</p> <p>The City of Eugene offers a ten-year Multi-Unit Property Tax Exemption (MUPTe) for projects in its eastern downtown core. Eugene’s criteria for granting MUPTe include: Project must provide 5 or more units of housing (not including student housing), development must meet minimum density standards, development must comply with minimum green building requirements, a portion of construction and other contracting requirements must be through local business, the development must provide 30% of the units affordable at 100% of AMI or pay a fee of 10% of the value of the tax abatement toward supporting moderate income housing development, demonstrate that the project would not be financially feasible without the exemption by providing 10-year pro forma with and without MUPTe and comply with other criteria.</p> <p>The City of Salem’s Multi-Unit Housing Tax Incentive Program (MUHTIP) was adopted in 2012 to spur the construction of “transit supportive”⁴ multi-unit housing in the city’s downtown core. In order to qualify for the exemption,</p>	

⁴ City of Salem, “Multi Unit Housing Tax Incentive Program,” <https://www.cityofsalem.net/Pages/multi-unit-housing-tax-incentive-program.aspx>.

Strategy Name	Description	Scale of Impact
	<p>projects must consist of at least two dwelling units, be located in the city’s “core area,” and include at least one public benefit.</p>	
<p>Nonprofit Corporation Low Income Housing Tax Exemption</p> <p style="text-align: center;">and</p> <p>Low-Income Rental Housing Tax Exemption</p>	<p>Note: These are two separate tax exemptions available under statute (ORS 307.515 to 307.523 / ORS 307.540 to 307.548). They are grouped together for their similarities (but differences are noted).</p> <p>Land and improvement tax exemption used to reduce operating costs for regulated affordable housing affordable at 60% AMI or below. Requires the City to adopt standards and guidelines for applications and enforcement mechanisms.</p> <p>The low-income rental housing program exemption lasts 20 years. The nonprofit corporation low-income housing program must be applied for every year but can continue as long as the property meets the criteria. Rents must reflect the full value of the property tax abatement and City can add additional criteria.</p> <p>There is no requirement that construction must be complete prior to application. Programs both work well in tandem with other incentives, such as land banking.</p>	<p>Scale of Impact – Small to moderate. The exemption reduces operating costs, meaning it is a tool more useful to property owners of affordable housing projects. Developers, who do not own and operate their own projects, may be less inclined to use the program.</p>

Funding Sources to Support Residential Development

The following policies focus on ways to pay for the costs of implementing the affordable housing programs and infrastructure development.

Strategy Name	Description	Scale of Impact
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>Urban renewal is a commonly used tool to support housing development in cities across Oregon.</p>	<p>Scale of Impact – Moderate to Large. 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>

<p>Construction Excise Tax (CET)</p>	<p>Funds land use planning throughout the region by taxing construction permits. 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. In 2016, the Oregon Legislature passed Senate Bill 1533 which permits cities to adopt a construction excise tax (CET) on the value of new construction projects to raise funds for affordable housing projects. CETs may be residential only, commercial only, or residential and commercial. If the City were to adopt a CET, the tax would be up to 1% of the permit value on residential construction and an uncapped rate on commercial and industrial construction. The allowed uses for CET funding are defined by the state statute. The City may retain 4% of funds to cover administrative costs. The funds remaining must be allocated as follows, if the City uses a residential CET:</p> <ul style="list-style-type: none"> • 50% must be used for developer incentives (e.g. fee and SDC waivers, tax abatements, etc.) • 35% may be used flexibly for affordable housing programs, as defined by the jurisdiction. • 15% flows to Oregon Housing and Community Services for homeowner programs. <p>If the City implements a CET on commercial or industrial uses, 50% of the funds must be used for allowed developer incentives and the remaining 50% are unrestricted. The rate may exceed 1% if levied on commercial or industrial uses. The City of Portland's CET went into effect in 2016. It levies a 1% CET on residential, commercial, and industrial development valued at \$100,000 or more, with all revenues going toward affordable housing. The revenues pay for production of housing at or below 60% AMI, developer incentives for inclusionary zoning, along with state homeownership programs.</p> <p>City of Bend adopted a CET of 0.3% on residential, commercial, and industrial development in 2006, with revenues dedicated to loans to fund developments by profit and nonprofit affordable housing developers. The fee has raised \$11 million as of 2016, allowing the City to lend money to fund 615 units. The fund has leveraged \$63 million in state and federal funding and \$14 million in equity.</p> <p>The City of Milwaukie adopted a CET on commercial, residential, and industrial development in November of 2017. The City exempted deed-restricted affordable</p>	<p>Scale of Impact – Depends on the amount of funding available.</p>
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	<p>housing, ADUs, and improvements less than \$100,000 from paying the CET. The adopting ordinance allocates funds as required by state statutes, specifying that flexible funds from the commercial improvements will be used 50% toward housing available to those making up to 120% of MFI, and 50% for economic development programs in areas with sub-area plans (such as Downtown and Riverfront, and the City's urban renewal areas).</p>	
<p>General Fund and General Obligation (GO) Bonds</p>	<p>Allows funding for a project that is not dependent on revenue from the project to back the bond.</p> <p>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.</p> <p>Property taxes are increased to pay back the GO bonds.</p> <p>City of Portland passed \$258 million bond for affordable housing in 2016. The goal of the bond is to build or preserve up to 1,300 units in the next five to seven years. The city issued a request for information to solicit interest in acquiring properties or land under the affordable housing bond. The city is looking for opportunities to acquire existing properties of 20 or more units, or vacant land that is appropriately zoned for 20+ housing units and is looking for both traditional and nontraditional development opportunities.</p>	<p>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).</p>
<p>Local Improvement District (LID)</p>	<p>Enables a group of property owners to share the cost of a project or infrastructural improvement.</p> <p>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. For residential property, the estimated assessment cannot exceed the pre-improvement value of the property based on assessor records.</p> <p>An ordinance must be passed through a public hearing process which must be supported by a majority of affected property owners. Part of this process includes an estimation of the improvement costs and the portion of those costs in which property owners will be responsible to pay for. The public hearing process allows for LIDs to be challenged by property owners.</p> <p>The City collects the funds and regardless if the actual cost is greater than the estimated cost (on which the assessment was based), the City may make a deficit assessment for the additional cost, which would be prorated among all benefitted properties. Another public hearing would be held, in the event that an additional assessment was placed property owners (due to underestimation).</p>	<p>Scale of Impact – Depends on the amount of funding available and Bonding capacity.</p>

<p>General Fund Grants or Loans</p>	<p>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.</p>	<p>Scale of Impact – Depends on the amount of funding available.</p>
<p>Transient Lodging Tax (TLT)</p>	<p>Generates revenue by primarily taxing tourists and guests using temporary lodging services. Taxes for temporary lodging at hotels, motels, campgrounds, and other temporary lodgings. Oregon has a statewide TLT and cities and counties can also charge a local TLT subject to certain limitations. The statutes specify that 70% must be used for tourism promotion or tourism related facilities and 30% is unrestricted in use, and there cannot be a reduction of the total percent of room tax. The state tax is specified at 1.8%; local government tax rates vary as local governments set the rate for their jurisdiction by ordinance. Cities and counties may impose taxes on transient lodging. Alternatively, some cities have an agreement for the county to impose the tax and cities share in a percent of the revenue.</p>	<p>Scale of Impact – Small. The amount of funding from TLT is likely to be relatively small, given that only 30% of TLT funds have unrestricted use.</p>

Federal and State Financial Sources

Most affordable housing developments access some combination of federal and state funding tools. In brief, these funding sources include the following common sources. Silverton may not be eligible to access all of these funds. And some funds (like LIHTC) are accessed by developers.

Strategy Name	Description	Scale of Impact
CDBG	<p>The Community Development Block Grants program is a flexible program that provides annual grants on a formula basis to both local governments and States. Grants are awarded on a 1, 2, or 3-year period. It is required that at least 70% of the CDGB funds are used for activities that benefit low- and moderate- income. Additionally, each activity must address any threats to health or welfare in the community (for which other funding is unavailable). These funds can be used for acquisition and rehabilitation of existing affordable units, as well as new construction that prioritizes community development efforts.</p>	<p>Scale of Impact – Depends on the amount of funding available.</p>
HOME Investment Partnerships Program	<p>The HOME Investment Partnerships Program supports the development of low and very-low income affordable housing. It distributes federal funds, but each administering agency has unique structures and requirements.</p> <p>HOME funds:</p> <ul style="list-style-type: none"> • Can be used for acquisition and rehabilitation of existing affordable units. • Can be used for new construction, depending on housing types, how the program is set up, and what community development efforts are prioritized. • Minimum of 90% of HOME funds used for rental housing must assist persons with household incomes below 60% of the median income. 20% must assist persons with household incomes below 50% of the median income. • Rents cannot exceed published low and high HOME rents for period of affordability. (Term of affordability is 5 to 20 years depending on type of activity). 	<p>Scale of Impact – Depends on the amount of funding available</p>

<p>Low Income Housing Tax Credit Program</p>	<p>The Low-Income Housing Tax Credit (LIHTC) program is a federally established program that encourages investment in affordable housing through tax incentives; both for-profits and nonprofits are eligible, as well as private investors. Tax credits are sold with federal and state oversight.</p> <p>LIHTC funds:</p> <ul style="list-style-type: none"> • May be used for acquiring and/or rehabilitating existing units whether or not they have been built with federal subsidies. • Requires that either 40% of a project's units be set aside for renters earning less than 60% of the area's MFI, or that 20% be dedicated to those earning less than 50%. In addition, the gross rent can be no higher than 30% of imputed income from the MFI. • Maximum tax credit eligibility determined by multiplying the applicable annual percentage rate (4% to 9%) by the eligible cost of construction or rehab attributable to designated low-income units in the development. <p>A key benefit of LIHTC is that it provides a mechanism for a private-public partnership, making private capital available to support the development of public housing.</p> <p>Drawbacks of LIHTC include:</p> <ul style="list-style-type: none"> • Obtaining the tax credits is a very competitive process, especially for the 9% tax credits. Demand for the tax credits generally outstrips funding from the tax credits. • Oregon has a relatively small allocation of tax credits from the Federal government because our population is relatively small. • The application process is complex and takes several months. The reporting requirements are also complex. • The market for the price of tax credits is subject to drastic changes based on national policy changes. • The type of housing built with the tax credits does not meet the needs of the lowest income households (those with income below 30% of median family income) because the rents of affordable housing built with the tax credits targets households earning 50% to 80% of median family incomes. 	<p>Scale of Impact – Supports development of many income-restricted developments.</p>
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Local Income Weatherization Program (LIWP)	The Low-Income Weatherization Program (LIWP) provides funds for improving energy and heating efficiency in multifamily housing through various installations and housing improvements. A project must demonstrate “measurable cost-effective energy conservation” to be considered eligible for funding. At least one-half of the units in the project must be rented to households whose income is at or below 60 percent of the HUD-defined area median income.	Scale of Impact – Depends on the amount of funding available
Oregon Affordable Housing Tax Credits (OAHTC)	Oregon Affordable Housing Tax Credits (OAHTC) are provided for affordable housing loans where a lender has reduced the interest rate by up to 4%. The program contains a stipulation that the credit be used solely to reduce rents for tenants for a 20-year term. OAHTC reduces loans and must be passed on to reduce rents for low-income tenants. Low-income tenants are defined as those with household incomes less than 80% of the area median income.	Scale of Impact – Depends on the amount of funding available
Local Innovations and Fast Track (LIFT) Housing Program	Competitive grants awarded for the provision of affordable housing. Priority given to projects that request a maximum of \$38,000 per unit and provide 100% of units (financed with LIFT funds) to persons with household incomes at or below 60% area median income. LIFT prioritizes projects in rural areas and communities of color, projects with short development periods (units ready for initial lease-up) within the minimum threshold of 30 months, projects that provide strong social service partnerships, can effectively serve DHS recipients earning 60% of area median income or below, and demonstrate innovative design, efficiency, or address equity and diversity issues through the use of Minority, Women, and Emerging Small Businesses (MWESB) services.	Scale of Impact – Depends on the amount of funding available