



City of Redmond Affordable Housing Policy Review

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Executive Summary

Our group spent the last 10 weeks assessing a variety of plans that impact Redmond's ability to provide an adequate supply of affordable housing. Using the city's 2007 Affordable Housing Plan, we initially identified a broad range of tools that are used across the country to increase the supply of affordable housing. Some of these tools were already being implemented in Redmond, and others were not appropriate for the city's size, housing needs or planning context. We were able to narrow down our selection of tools and then conduct case study research in order to better understand how tools like these have been effective in other communities. After presenting our initial suggestions to the City of Redmond, we engaged in a conversation with the city that allowed us to further narrow down the strategies that we recommend in this document. Overall, we suggest several strategies that the city could implement in the next five years, strategies that would be best suited for implementation in 10 or 15 years, as well as a few final considerations.

The strategies recommended to be established in the short term include regulatory and outreach programs aimed to aid in the construction of affordable housing in the City of Redmond. The strategies below remove barriers to affordable housing as well as provide incentives encouraging developers to build units targeted to low to moderate-income households. The recommendations include:

- A program to **waive SDCs** specifically for developments that include affordable residential;

- The development of a self-sustaining **affordable housing trust fund**; This fund could be funded through a potential condominium conversion fee, a linkage fee, construction excise taxes and a few other funding mechanisms.
- **Redefining dwelling unit** in the city's code, both in terms of maximum size requirement and definition;
- Pursuing **Gap Financing** strategies for developers; and
- Participating in significant **outreach to developers** to determine the most effective developer incentives for affordable housing, identify how aware developers are of current incentive programs, and increase overall awareness of how to access developer incentives.

Supplementing our short term strategies to increase the supply of affordable housing, our group identified several longer term strategies for the city. The Oregon State legislature's recent repeal of the statewide ban on inclusionary zoning has opened new doors for cities around the state.

We strongly suggest that the City of Redmond take advantage of this new opportunity to increase the number of affordable units that are built throughout the city. We also encourage the city to update its Consolidated Plan process, potentially pursuing the development of a regional HOME consortium, using federal funding to build shelter space and transitional housing, and supporting a revolving loan program. Other long term strategies include the implementation of a housing dispersal policy, the development of an employer-assisted housing program, and the use of clear and objective standards to approve new residential development.

In addition to identifying several short and long term strategies that the City of Redmond could implement to increase their supply of affordable housing, we conclude our report with a number

of suggestions. Many of these recommendations are suggestions specifically for actions that could be taken by the city. Some, on the other hand, are targeted at other entities who are involved in providing affordable housing. This section includes suggestions such as adopting homeless and emergency shelter ordinances, updating the Redmond Comprehensive Plan to reflect new policy directions, and directing funding towards low-income households.

Every community faces its own unique set of barriers that can only be overcome through long-term commitment. While we hope that Redmond will consider these suggestions, our group acknowledges that there are no simple solutions to solving the affordable housing crisis. We also recognize that our ten-week analysis of Redmond's current and potential affordable housing tools was limited by both time and relatively limited levels of experience. Regardless, we believe that we have identified a package of strategies that is appropriate for the City of Redmond to use as it continues its attempt to be a liveable community that is open to all people.

Introduction

Planning Context

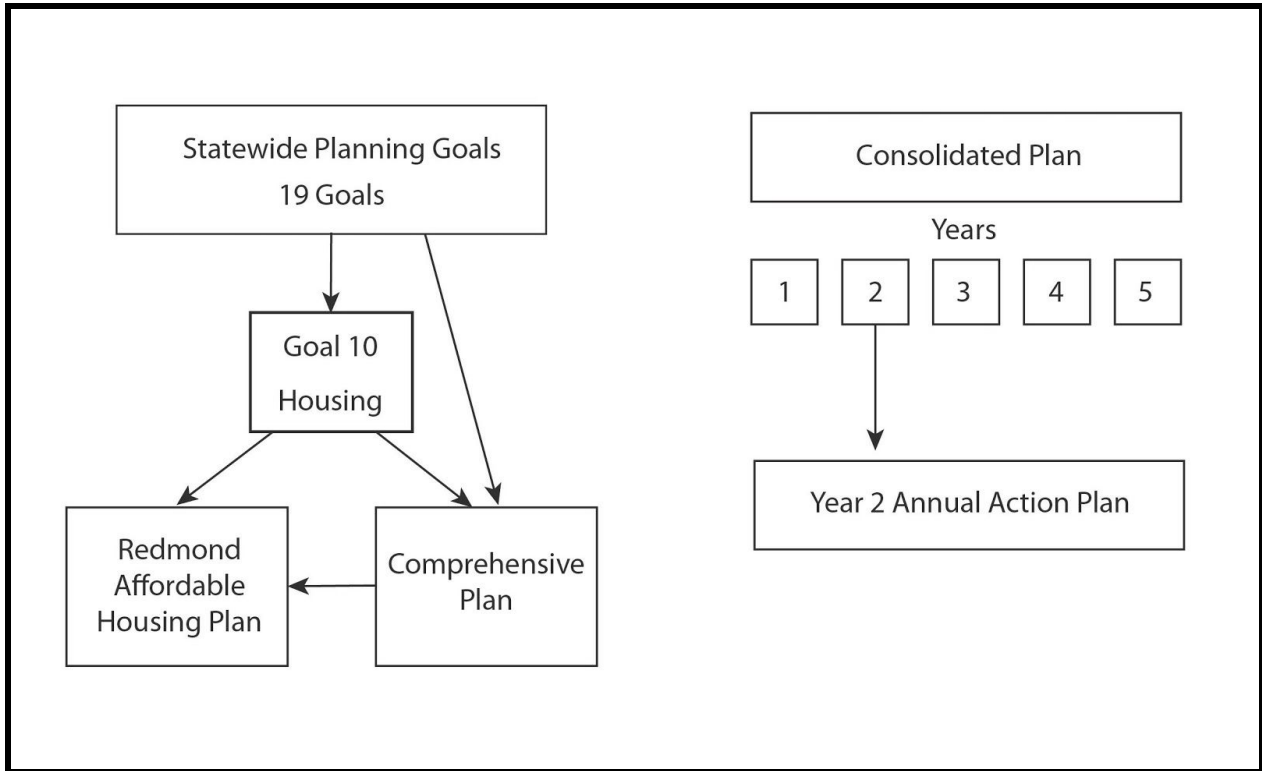
In order to better understand Redmond's current planning context, our team developed a diagram displaying the interconnectedness of Oregon's Statewide Planning Goals, the Redmond Affordable Housing Plan and the city's Comprehensive Plan (Figure 1). Our diagram also illustrates how the Consolidated Plan influences each of the Annual Action Plans.

The 19 Statewide Planning Goals for Oregon apply to different aspects of land use and are established by Oregon's Department of Land Conservation and Development. Because

Redmond is not located within one of the five special districts, only 14 of the goals apply and influence the city's Comprehensive Plan. Redmond's plans for land use are based on the guidelines laid out in the Statewide Planning Goals.

Figure 1 has a specific focus on Statewide Planning Goal 10, which requires all cities in the state to provide for the housing needs of their residents. Goal 10 influenced the development of Redmond's Comprehensive Plan as well as Redmond's Affordable Housing Plan. The city's Comprehensive Plan, which creates the framework for land use and planning across the city, also guided the development of the Redmond Affordable Housing Plan. The City of Redmond creates a Consolidated Plan every five years to be submitted to the Department of Housing and Urban Development (HUD). HUD uses the Consolidated Plan to allocate funding to the jurisdiction for each year of the plan. The city's most recent Consolidated Plan covers the time period 2014-2018. The City then creates an individual Annual Action Plan for each fiscal year. The Annual Action Plan for the FY 2015-16 corresponds to Year 2 of the Consolidated Plan.

Figure 1



Redmond's Need for Affordable Housing

The City of Redmond has experienced rapid population growth over the last decade. In fact, Redmond's population nearly doubled between 2000 and 2013, growing from 13,481 people in the 2000 US Census, to 26,583 in the 2009-2013 American Community Survey (a growth rate of 97%)¹. Because of this massive influx of people to the area, Redmond has seen dramatic shifts in its housing market, mainly soaring home prices. From 2003 to 2007, housing prices in Redmond grew approximately 72% while incomes increased by only 8.5%, putting home purchasing largely out of reach for those making the median income². Redmond's economic conditions were further imperiled during the housing crisis; Redmond had the highest per capita

¹ http://factfinder.census.gov/faces/nav/jsf/pages/community_facts.xhtml

² City of Redmond Affordable Housing Plan, 2007

foreclosure rate in the state, and housing and homelessness became emergency issues³. In response to this, the Redmond City Council declared housing affordability as its top priority in 2006, and began the process of putting together an Affordable Housing Plan. The Plan, finalized in 2007, includes an assessment of the existing housing options in Redmond, as well as goals, objectives, and strategies that can be used to encourage the preservation and creation of affordable housing.

Barriers to Affordable Housing

Providing a sufficient amount of affordable housing challenges cities across the country. Many of these challenges are universal, but each city faces its own unique challenges. As identified by stakeholders during interviews, some of the barriers to affordable housing that Redmond faces include: NIMBYism, stigma, public involvement, “hidden homelessness”, the cost to build, and the cost of living.

NIMBY is a term that means “Not in My Backyard”, and it characterizes the way that neighbors may feel when they oppose new development near them. NIMBYism is difficult to overcome because, while much of the concern surrounding the development of affordable housing is unfounded and simply stems from fear and misunderstanding, some concerns can be legitimate. Residents may be concerned that if affordable housing is built near their homes, it will drive their property values down. Neighbors may also buy into the stigma-ridden dialogue that clouds society’s view of who lives in affordable housing. Stakeholders also identified a stigma behind affordable housing as presenting a barrier to new development. Some residents feel that low-income housing may increase crime rates or negatively impact the existing

³ City of Redmond Affordable Housing Plan, 2007

character or dynamics of the neighborhood. Much of this stigma may, at its root, be the manifestation of the fear of the unknown and a lack of understanding of who lives in affordable housing.

Another challenge that Redmond faces as it works to increase the quality of life for all residents is what stakeholders identified as “hidden homelessness”. The number of people who experience homelessness has been growing in recent years, but it has been difficult for the city to quantify the actual number of people in need of services or shelter. Even though the Central Oregon School District counted more than 500 school children experiencing homelessness in the 2014-2015 school year⁴, the City of Redmond currently does not have any permanent shelter space or transitional housing or services directed towards homeless elders and youth.

The lack of a variety of rental units and affordable housing is driving many couples and families to purchase their first home before they are ready. An increase to the supply of housing units in Redmond would decrease demand for the limited units available currently, therefore providing families with lower cost housing options. This has the benefit of allowing them to purchase their first home without struggling to afford the mortgage.

Purpose of Report

Recognizing the City of Redmond’s need to increase its supply of affordable housing, this report identifies strategies that will help them do so in both the short term and long term. Specifically, these strategies are targeted at increasing the current number of housing options available as well as helping to alleviate the homeless population. This includes regulatory statutes that

⁴ <http://www.bendbulletin.com/localstate/3562076-151/number-of-homeless-students-in-central-oregon-up#>

encourage different types of housing, implementation strategies for new housing programs, and ways to fund these programs. Case studies will provide different cities' experience with these strategies and provide a series of best practices that can be used in Redmond.

Outline of Report

This report is broken into the following sections: explaining the project process and the research methodology; short term affordable housing strategies to implemented in the next five years; long term strategies to be implemented in five to fifteen years; other recommendations the City of Redmond could consider; and finally a brief conclusion discussing next steps. A table describing all affordable housing tools researched for this project and a collection of best practice case studies are included as appendices of this document.

Methodology

Our team began this project by thoroughly reading the Redmond Affordable Housing Plan. This helped us to gain an in-depth understanding of the ways in which Redmond was addressing and hoping to improve affordable housing in the city. We also examined Oregon's Statewide Planning Goals and the city's Comprehensive Plan, Consolidated Plan, and Annual Action Plan to understand how they work with Redmond's Affordable Housing Plan. Our team created a diagram (explained in the Introduction) to explain the interconnectedness of all five of these plans.

We decided to initially focus our research on the tools, programs, and mechanisms featured in the appendix of the Redmond Affordable Housing Plan. We grouped the tools into four categories: funding mechanisms, development incentives, zoning and policy, and programming. Further research into the city's Comprehensive Plan and Development Code helped to determine if the city was already utilizing the tool. If the City of Redmond is not already using a particular affordable housing tool, the project team provided a brief summary of the tool and its implications. If the city was already using the tool, no further research was conducted. We compiled the research into a table (Appendix A) to be used as the basis for further research into innovative tools that the City of Redmond could add to their existing framework.

Each team member championed three to five tools and conducted case study research to find jurisdictions currently implementing the specific tool. We looked at cities in Oregon and across the U.S., looking for cities that were similar to Redmond who had successfully implemented the strategy. This research gave us the context to understand how and why Redmond could implement each tool. Simultaneous to this process, the team researched ways in which the city of Redmond was already addressing the issue of affordable housing to determine their effectiveness. We reached out to Redmond staff for feedback on how well they believed the current strategies were working and ways in which they were hoping to improve them. This gave us insight into which tools we should put heavy focus in order to identify ways to strengthen them.

Once we had identified a clear set of strategies and corresponding case studies, we gave a preliminary findings presentation to Redmond staff. The presentation featured a brief description of the planning context as well as initial suggestions of specific policies and tools that we

believed would benefit Redmond. The goal of this presentation was to receive feedback related to whether or not these suggestions were feasible in Redmond and which tools we should research further. The feedback we received was beneficial and allowed us to better understand how to narrow our research to most benefit the City of Redmond.

Throughout the course of the project, our team worked in collaboration with Group 2, who interviewed Redmond housing stakeholders about local housing needs and what they believe to be barriers to affordable housing. We used this information to help further support the policy recommendations we make to the city.

After receiving feedback, we eliminated those strategies which are available through the conditional use permit process or are politically and financially infeasible in Redmond. The remaining strategies were split into two categories, short term and long term. The short term strategies consist of a change to the definition of a Dwelling Unit, gap financing programs, System Development Charge Waivers, and an Affordable Housing Trust Fund. The long term strategies include changes to the Consolidated Plan, developer education and outreach, a housing dispersal policy, ensuring the use of clear and objective standards for permit approval, developing an Affordable Housing Advisory Committee, implementing inclusionary zoning, and pursuing an employer-assisted housing program. We gave a final presentation to the City of Redmond in early March which helped us further refine our recommendations for increasing the local supply of affordable housing.

Short Term Strategies

System Development Charge Waivers

System Development Charges (SDCs) are assessed on new development, generally to pay for an increased burden on infrastructure and other systems serving the development. SDCs can cost developers anywhere from \$6,000 to \$10,000 per unit and are assessed at the time the city issues a permit. Adding these fees onto the cost of development can decrease profit margins for developers, disincentivizing the development targeted at households with moderate- to low-incomes. To incentivize the development of housing for low- and moderate-income households, communities can waive, defer or decrease these fees, or can pay the fees using funding from an Affordable Housing Trust Fund.⁵

SDC waivers are a common practice for cities who want to encourage the development of affordable housing units. As part of their ongoing Affordable Housing Strategy, the City of Eugene currently waives SDCs on units that are designated for low-income individuals or households. In 1997, the Eugene City Council approved this exemption for System Development Charges (SDC) for non-profit sponsored low-income housing projects. Initially, up to \$115,000 in SDCs could be exempted each year. That annual amount has appreciated over time. If not used, the amount available for exemptions can be carried forward.⁶

⁵ Laura Fritz and Associates. (2007) City of Redmond Affordable Housing Plan.

⁶ <https://www.eugene-or.gov/1042/Housing-Development-Incentives>

The City of Redmond currently assesses System Development Charges based on meter size (for water and sewer) and the number of residential units (for parks and transportation).⁷

Redmond also currently waives SDCs for some types of development but doesn't specifically target residential developments that include affordable housing. Many SDC waivers are subject to planning commission and city council approval, and can be applied to different types of projects at their discretion. However, more transparent language could be included in the city's Development Code that would make it clear that affordable housing developments are eligible for these fee waivers. To encourage the development of units for low-income households this program could apply to developments targeted at households making between 80% of the area median income (AMI). This option could apply specifically to nonprofit developers as well as for-profit developers.

Affordable Housing Trust Fund

An Affordable Housing Trust Fund supports the development and preservation of affordable housing by allocating resources to provide ongoing funding for housing projects or programs. Housing trust funds generally have a dedicated source of funding that can be used to pay part of the cost of building new housing or rehabilitating existing housing. Funds are transferred in the form of grants to housing developers, potentially through an advertised RFP process.

Oregon Housing and Community Services currently facilitates a statewide program that acts as an Affordable Housing Trust Fund. The statewide "Housing Development Grant ("Trust Fund") Program" provides funding to cover the costs of new construction and rehabilitation of existing

⁷ City of Redmond Fee Schedule (2014)
http://www.flyrdm.com/images/uploads/Fee_Schedule%207-1-14.pdf

units. The goal of the Program is to increase the state's supply of affordable housing for low- and very low-income families and individuals by providing funds to construct new housing, or to acquire and/or rehabilitate existing structures.⁸ In addition to a statewide housing trust fund, several Oregon cities also have local affordable housing trust funds. In 2012, the City of Newberg, Oregon, passed an ordinance⁹ establishing a local Affordable Housing Trust Fund which is facilitated by their local Affordable Housing Commission.¹⁰

The City of Redmond could establish a similar fund that could be facilitated by either the local government or a proposed Affordable Housing Advisory Committee (see Page 27). Although this fund would likely need to be city-funded for its initial years, early implementation of funding mechanisms could allow the program to have a strong start and begin accumulating resources. Redmond's Affordable Housing Trust Fund could be supported through a wide variety of mechanisms. Several of these options are outlined below.

Linkage Fee

A funding mechanism that is gaining popularity throughout the country is imposing linkage fees on commercial development. Linkage fees are fees assessed on new commercial developments that might create low paying jobs. The fee is meant to offset the increase of low income earners employed by a commercial development by providing funding to the city to create and manage affordable housing units for these workers.

⁸ <http://www.oregon.gov/ohcs/HD/HRS/pdfs/factsheet-trust-fund-program.pdf>

⁹ <http://www.codepublishing.com/OR/Newberg/html/Newberg03/Newberg0335.html>

¹⁰ https://www.newbergoregon.gov/sites/default/files/fileattachments/affordable_housing_trust_fund_commission/meeting/3021/agenda_packet_2015_0526.pdf

This is typically a fee assessed per square foot of commercial space. During case study research it was found that fees range anywhere from 85¢ per square foot to \$27 per square foot. Setting the correct fee level requires analyzing the types of jobs the development will create and the affordability of housing within a reasonable commuting distance of the development. If, for example, a development will create lower-paying service sector employment, the linkage fee may need to be higher to close the larger gap between income and nearby affordable housing. If the development will create higher paying jobs, in technology or engineering, for example, the linkage fee may be smaller.¹¹

This type of fee could be effective in Redmond due to its rapid growth in population and focus on the recruitment of new business into the city. Implementing a linkage fee strategy now will preempt the expected growth of large employers in the area. The money collected from this fee can be used to support a City of Redmond Affordable Housing Trust Fund.

Condominium Conversion Fee

A condominium conversion transfer fee or tax is usually seen as part of a larger condominium conversion program, which seeks to limit or tax the transfer of rental units to ownership units. Programs like this (1) ensure that affordable or market rate apartments are less likely to be turned into expensive condominium housing, (2) avoid a net loss in affordable housing units, and (3) allow cities to collect funds, if and, when this does happen. Montgomery County, Maryland implemented a condominium conversion program which includes a tax used to fund their local Housing Initiatives Fund (similar to an Affordable Housing Trust Fund).¹²

¹¹ <http://www.psrc.org/growth/housing/hip/alltools/linkage-fee>

¹² Montgomery County Department of Housing and Community Affairs. (2012). *A Housing Policy for Montgomery County, Maryland*. Retrieved from: <http://montgomerycountymd.gov/dhca/director/housingpolicy.html>

The City of Redmond could implement a similar program that would charge a transfer tax to developers seeking to convert affordable or market rate apartments into condominiums. This tax could be used to fund the local Affordable Housing Trust Fund, and would also potentially discourage the transfer of affordable rental units to less affordable ownership units.

Construction Excise Tax

In March of 2016, the Oregon State legislature passed Senate Bill 1533 which ended a statewide ban on Construction Excise Taxes (CETs). Cities can now use CETs to fund the construction of affordable housing. The bill specifies that CETs can target residential, commercial and industrial construction and apply to actions that build new structures and increase the square footage of currently existing structures. The tax cannot exceed one percent of the permit valuation. After allocating four percent of this revenue to administrative costs, cities are allowed to dedicate remaining funds in the following way:

- “Fifty percent to fund developer incentives;
- Fifteen percent to be distributed to the Housing and Community Services Department to fund home ownership programs that provide down payment assistance; and
- Thirty-five percent for programs and incentives of the city or county related to affordable housing as defined by the city or county.”¹³

The City of Redmond could implement a one percent Construction Excise Tax on residential, commercial and/or industrial development. These funds could contribute to the proposed

¹³ <https://olis.leg.state.or.us/liz/2016R1/Downloads/MeasureDocument/SB1533/Enrolled>

Affordable Housing Trust Fund as well as home ownership programs and cover the costs of developer incentives like System Development Charge waivers.

Additional options to fund the Affordable Housing Trust Fund

The strategies outlined above represent the most feasible and easily implemented in order to fund the City of Redmond Affordable Housing Trust Fund. However, there is a multitude of options available to the City that can be used to create a self-sustaining Trust Fund. While, some of these strategies may take initial funding or additional staff time to administer, it is recommended that the City consider using any and all tactics available to them.

1. 1% Insurance Premium Tax - Louisville, Kentucky

Louisville, Kentucky has seen positive impact on the supply of affordable housing after the implementation of its Affordable Housing Trust Fund. However, until recently, the Fund survived at the mercy of unpredictable, one-time funding allocations from the city's General Fund. In an effort to create a more stable Trust, the city passed a 1% tax that is paid by residents and business owners on premiums for auto, homeowners, boat and casualty insurance policies¹⁴. It is estimated that this measure has raised \$10.5 million annually for the city's Affordable Housing Trust Fund, to help individuals and families in need of housing.

2. Revolving Loan Program - Minneapolis, Minnesota

The Beltrami Neighborhood Council in Minneapolis, Minnesota provides funding to residents in the form of small loans. These loans can be used for anything from

¹⁴<https://louisvilleky.gov/government/housing-community-development/louisville-affordable-housing-trust-fund>

down-payment assistance to home repairs. The loans have below-market rate interest rates, are capped at \$50,000, and applicants must have an income below 120% of the area median income¹⁵. This program has been successful in leveraging continual additional investment in the neighborhood due to the revolving nature of the loans. Applicants repay the loan to the neighborhood council and the money received in interest is reinvested into the program to create even more loan opportunities.

3. Nonprofit Endorsements

There is the potential that an Affordable Housing Trust Fund is not viable in the City of Redmond, this may be due to many reasons including limited budget or interest. In this case, a non-profit organization may be the most appropriate manager of the Housing Trust Fund. If the city does decide not to pursue the Fund, it should encourage local nonprofits such as Housing Works to take on the responsibility. This type of management has worked well in places throughout the country. However the issue of sustaining funding remains an issue, and any Affordable Housing Trust Fund operating in Redmond should have financial support from the city.

Redefine Dwelling Unit in Code

The size of housing contributes significantly to its cost. Smaller units and houses are cheaper to build than larger, traditionally-sized houses, and can provide individuals and families with more affordable homeownership and rental opportunities. Cities can encourage the development of more affordable housing opportunities by allowing for smaller units with fewer amenities.¹⁶ The

¹⁵ <http://discoverbeltrami.org/programs/housing-loans/>

¹⁶ Heben, Andrew. (2014). *Tent City Urbanism: From Self-Organized Camps to Tiny House Villages*. The Village Collaborative: Eugene, OR.

way that a city defines a dwelling unit in its local code determines, to some extent, how much that housing will cost. The City of Redmond could alter its requirements for a dwelling unit in two ways that would expand opportunities for housing that is more affordable. These include allowing for smaller dwelling units by decreasing the minimum size requirement, and allowing for units with shared amenities (such as single room occupancy units - SROs).

Decreasing Minimum Dwelling Unit Requirement

Our team was unable to find a local minimum size requirement for residential units in the Redmond City code, but both the 2015 International Residential Code (IRC; Section R304.1) and the Oregon State Residential Specialty code (Chapter 3 page 26) require a minimum square footage of 120 square feet for residential units.^{17 18} Technically the City of Redmond can allow dwelling units to be this small as well:

- City requires a minimum floor space of 1000 square feet for cottage developments (pg 79) and could decrease this requirement to 120 square feet to allow for much smaller, more affordable units.

Redefining Dwelling Unit

Chapter 8 of Redmond's code defines a dwelling unit as "a single unit providing complete independent living facilities for one or more persons, including permanent provisions for living, sleeping, eating, cooking and sanitation".¹⁹ This is the same definition provided by the 2014 Oregon State Residential Specialty code.²⁰ Decreasing these requirements to allow some

¹⁷ <http://sustainablebuildingcodes.blogspot.com/2014/10/tiny-houses-120-square-foot-requirement.html>

¹⁸ http://codes.iccsafe.org/app/book/content/PDF/2014/2014_Oregon/14_Residential/PDFs/Chapter%203%20-%20Building%20Planning.pdf

¹⁹ <http://www.redmond.or.us/home/showdocument?id=3426>

²⁰ http://codes.iccsafe.org/app/book/content/PDF/2014/2014_Oregon/14_Residential/PDFs/Chapter%202%20-%20Definitions.pdf

dwelling units to share communal space, such as kitchens and restrooms, could allow for affordable, communal living situations like SROs. In situations like this, tenants rent their own small private sleeping space but share the cost of other amenities, making the cost of living much more affordable for each resident. The City of Dana Point, CA, has updated its code to allow for SRO living accommodations and Redmond could update its code in a similar fashion.²¹ Additionally, to discourage these units being used as short term rentals, a small transient lodging tax can be imposed for stays shorter than 30 days. This funding would be collected by the city and can be used to fund its Affordable Housing Trust Fund.

Gap-Financing

In the current housing climate, it's nearly impossible for developers to make below-market rate units pencil out financially. Because private developers are driven by their bottomline, they need to be incentivized in order to build such units. It is typically left to the developer to pursue financing for their projects, such as commercial loans, grants, and tax breaks. However, often times there is a significant distance between what an affordable housing development costs and its return on investment. It remains that the probability of affordable housing being built is closely tied to its financial viability for the developer. To ensure that affordable housing is built in their community, cities can offer financing programs to close the cost-benefit gap.

An example of gap-financing that cities can offer developers is dedicated Community Development Block Grant (CDBG) funds. CDBG funding comes from the federal government and is separated into categories and allocated for specific programs to address housing within a community. A common strategy is to offer developers a public operating subsidy through the

²¹ http://qcode.us/codes/danapoint/view.php?topic=9-9_07-9_07_160

CDBG program. This funding can be used by affordable housing developers to cover the costs of operation and maintenance when rent revenue from low-income tenants cannot meet the need alone²².

Additionally, cities can work to reduce the overall cost of developing these units. One of the most expensive aspects of development are permitting and impact fees. Cities can work with developers to reduce, defer, or eliminate these costs for units targeted at low-income households. Partnering with developers is a lower cost option for cities than building and maintaining affordable units themselves. Working in partnership to balance the costs of affordable housing benefits both the community and the developer, and it is encouraged that Redmond keep this tactic in mind for the future.

Outreach and Awareness Building

Based on conversations Group 2 had with stakeholders in Redmond's housing community, the city must work to build more awareness of the types of development incentives that are currently available. This could include a section on their website that explains what incentives are available, how to access them, and how to combine incentives. To ensure that the incentives the city offers to developers effectively incentivize the development of affordable housing, we also suggest that the City engage in substantial outreach to local developers and housing providers. They could ask them which incentives they currently use, how aware they are of currently available incentives, and what other incentives they would take advantage of. There are a wide variety of ways that the city could structure this outreach, discussed more in depth by Group 2.

²² <https://www.gpo.gov/fdsys/pkg/FR-2007-04-17/pdf/E7-7218.pdf>

Long Term Strategies

Changes to Consolidated Plan

Every five years, the City of Redmond engages in the process of creating a consolidated plan, which it submits to HUD in order to receive federal Community Development Block Grant (CDBG) funding. CDBG funds can provide a substantial amount of support for local community development and housing projects. Our group has identified three strategies that Redmond could implement through the Consolidated Plan process that could help them increase their supply of affordable housing.

Form a Regional HOME Consortium

In addition to CDBG funding, many cities also use federal HOME Investment Partnership Program funding to build affordable housing. Currently, the City of Redmond is not able to access federal HOME funding for several reasons: Redmond is not the main city in its metropolitan statistical area, does not have a population of over 200,000, and its housing stock is too new.²³ The U.S. Department of Housing and Urban Development allows cities within a region to group together and form a consortium in order to apply for these funds.²⁴ Forming a regional consortium has allowed Springfield and Eugene to access funding for affordable housing through the Federal HOME Investment Partnerships Program.²⁵

Forming a regional housing consortium also recognizes that housing is a regional issue.

²³ U.S. Department of Housing and Urban Development. (2008). "CHAPTER 1: OVERVIEW OF THE HOME PROGRAM". Retrieved from: http://portal.hud.gov/hudportal/documents/huddoc?id=19787_ch01.pdf

²⁴ Ibid.

²⁵ Eugene-Springfield 2015 Consolidated Plan. (2015). Retrieved from: <https://www.eugene-or.gov/871/HUD-Consolidated-Plan>

Nearby Bend does not receive a Federal HOME allocation either because their housing stock is too new.²⁶ Because neither Bend nor Redmond are eligible to receive HOME funding, they could consider forming a regional consortium to apply together for HOME funding. This configuration might make them more likely to be considered an entitlement jurisdiction and provide them with a valuable source of funding for affordable housing. Because Bend and Redmond both have such a new housing stock (which has left them ineligible for HOME funding in the past), these two cities could potentially partner with other cities in the region including Prineville, Sisters, Tumalo, or Madras. These cities then have to submit a joint Consolidated Plan, which would significantly change the process through which Redmond creates its Consolidated Plan.

Use Federal Funds to Build Shelters

The City of Redmond currently has around 500 people experiencing homelessness²⁷, yet does not have a single homeless shelter within city limits. Our group strongly suggests that the city use future CDBG or HOME funding to build transitional housing and shelter space for people experiencing housing instability. These facilities could be managed by a local or regional service provider or faith-based nonprofit and could range from providing overnight shelter to longer term transitional housing opportunities. The City of Olympia, Washington used federal CDBG funding (as well as project based Section 8 funding) to build and operate a community of tiny homes that provide transitional housing to 30 single adults experiencing homelessness²⁸.

²⁶ City of Bend. (2015). *2015 Annual Action Plan*. Retrieved from: <http://www.ci.bend.or.us/Modules/ShowDocument.aspx?documentID=18996>

²⁷ http://cohomeless.org/pdf/2015_PIT_DataSheet.pdf

²⁸ <http://quixotevillage.com/>

Revolving Loan Program

Finally, we suggest that the City of Redmond use future CDBG funds to support a revolving loan program that would support increased homeownership rates among low-income residents.

While we recognize that homeownership may not be appropriate or even desired for many, this can be an important way to promote stability and self-sufficiency throughout a community. This program, though funded publically, could be facilitated by a local nonprofit organization or HousingWorks.

Housing Dispersal Policy

A housing dispersal policy would allow Redmond to plan for future growth of the city by ensuring that lower-income residents maintained equitable access to goods, jobs, schools and services, regardless of where in town they may live. It is too often the case that affordable housing is developed in geographic locations that are widely considered “undesirable”, but whose very location exacerbates the diminished economic condition in which its residents find themselves by isolating them from the community services on which they depend. While such a policy may not seem immediately necessary in Redmond, its implication would mitigate subsequent community crises that arise from poverty as the population grows.

Inclusionary Zoning

As of March 3, 2016, the Oregon legislature passed bill Senate Bill 1533 that repealed the statewide ban on inclusionary zoning.²⁹ Inclusionary zoning is an important mechanism through

²⁹ <https://olis.leg.state.or.us/liz/2016R1/Measures/Overview/SB1533>

which cities can increase their supply of housing affordable to a variety of households.

Inclusionary housing policies tie the development of market rate housing to the development of below-market rate units, often requiring developers to include affordable housing in new developments. Inclusionary housing policies are widely implemented, with almost 500 jurisdictions throughout the United States having such programming.³⁰

In order to provide housing for the local workforce, Redmond could adopt a program similar to Montgomery County's Moderately Priced Dwelling Unit program (see Appendix B for description). The City of Redmond could also require that a certain percent of units in new developments be affordable to low, or moderate, income households. The number of units that would make a residential development qualify for this requirement could vary; for example because few developments in Redmond are likely to include over 20 units, this could apply to developments of five or more units. The affordability of the units could also be required for a certain period of time and the units could transfer to the housing authority or other nonprofit housing developer upon transition to property ownership.

We recommend that the City of Redmond adopt inclusionary housing policies that would require developers to include a certain percentage of affordable units in residential developments. It is necessary for Redmond to "opt in" and write code that affirms its use. Developers may find the inclusion of income-verified units onerous, so Redmond could also include an option for payment in-lieu to be earmarked for the development of future affordable housing, potentially providing funding for an Affordable Housing Trust Fund.

³⁰ Sturtevant et. al. (2014). "Achieving Lasting Affordability through Inclusionary Housing", published by the Lincoln Institute of Land Policy. <http://www2.nhc.org/publications/Inclusionary-Zoning.html>

Affordable Housing Advisory Committee

Affordable Housing Advisory Committees (AHACs) can operate at a variety of jurisdictional levels, ranging from statewide to local. These groups promote collaboration between representatives of entities whose work impacts policies and programs related to affordable housing. Affordable Housing Advisory Committees work together to identify challenges, develop strategies and best practices, and then recommend policy to local government that will result in more housing that meets the needs of the local community. Many jurisdictions have such organizations, including the Lane County (Oregon) Housing Policy Board and the Affordable Housing Advisory Committee in Fort Myers, Florida (see case study, Appendix B).

Currently, the City of Redmond has a Housing and Community Development Committee which is charged with reviewing and recommending “housing, neighborhood revitalization, and community development programs addressing the continuum of housing and human services needs for the purpose of enhancing community health and well-being”.³¹ Some aspects of this group’s mission overlap with the mission of an AHAC, but because Redmond has so specifically prioritized the provision of affordable housing, we suggest that they establish a similar entity that would only address housing affordability. This group could be made up of local service providers, representatives from Housing Works, nonprofit and for-profit housing developers, city staff, resident and tenant advocates and local elected officials. This group could work to identify the most significant barriers to the development of affordable housing and collaborate to develop strategies that will effectively result in more affordable housing citywide. The City established an affordable housing task force during the development of the affordable housing

³¹ <http://www.redmond.or.us/government/redmond-housing-and-community-development-committee>

plan, and this group could potentially be involved in deciding who will be represented on the Committee.

Employer Assisted-Housing

The housing market in Redmond, across all income levels, is tight. As the city continues to grow and attract new businesses and employees, it will only become tighter. Potentially, pushing the employees in Redmond outside of the city, leaving them to commute into work.

Employer-assisted housing reflects recognition that employers cannot fully externalize the costs of locating or operating in a tight market onto their employees, the public, or nonprofit sectors.

Employers have a stake in housing affordability and creating housing opportunity while furthering their businesses, and have a role to play in easing the jobs-housing mismatch and in revitalizing the areas in which they are located. Employer-Assisted Housing programs can also help regional economies by holding down labor costs, reducing congestion and maintaining area competitiveness.

The affordability of housing is more than the amount of rent and utilities paid by the resident.

The cost of transportation needed to get to services, employment, and amenities should be included in the calculation as well. Transportation is the second largest expense for most households after housing³². Living closer to your workplace allows for greater disposable income, improving the quality of life for households. In response to this, the State of Maryland adopted a program as an initiative to encourage workers to move closer to their workplaces.

They determined that a successful program must offer workers enough of an incentive so that they consider living in a neighborhood in which they ordinarily would not. Under the program,

³² https://www.fhwa.dot.gov/livability/fact_sheets/transandhousing.pdf

residents may receive \$3,000 towards the purchase, down-payment or closing costs on a new home that is located within five miles of the resident's workplace³³.

If a similar program were to be implemented in Redmond, potential employers to participate include the Redmond School District, the Redmond Airport, and St. Charles Medical Center. Since these employers are more likely to have employees that live outside of Redmond, this offers them an incentive to move to and live in Redmond. This would increase home ownership in job center neighborhoods and potentially increase the percentage of employees who bike or walk to work.

Clear and Objective Standards

When reviewing development applications, city leadership must decide if the development meets existing city policies, is compatible with existing and future uses in the area, and is favored by the affected neighborhood. This approval criteria is subjective and is met at the discretion of decision makers. This type of discretionary land use code, which is the most common way to approve housing development, can be used in ways that are discriminatory towards certain housing types, especially affordable housing. Development applications for affordable housing projects are often subject to NIMBYism and neighborhood pushback, and can be denied approval for reasons such as incompatible use or decreased safety.

Oregon Statewide Planning Goal 10 states that "plans shall encourage the availability of adequate numbers of needed housing at price ranges and rent levels which are commensurate with the financial capabilities of Oregon households and allow for the flexibility of housing

³³ <http://www.livable.org/livability-resources/best-practices/108-live-near-your-work-program>

location, type and density." Parameters for crafting needed housing criteria is codified in ORS 197.307(4), where a local government may adopt "only clear and objective standards, conditions, and procedures regulating the development of needed housing on buildable land...the standards, conditions, and procedures may not have the effect, either in themselves or cumulatively, of discouraging needed housing through unreasonable cost or delay."

Clear and objective review standards should be used in reviewing permit applications for potentially controversial land uses such as below-market rate housing and manufactured homes. Under Oregon law, development officials cannot use vague standards such as "compatibility with the neighborhood" to deny an application for a needed housing type in an appropriate zone. Insistence on having clear standards protects developers and permit applicants from arbitrary and inconsistent decisions and thereby enhances predictability. If the City of Redmond adopts the use of clear and objective review standards for specific types of housing development, it will increase the likelihood that affordable housing will be built in the city.

Other Recommendations

In addition to identifying several short and long term strategies that the City of Redmond could implement to increase their supply of affordable housing, we conclude our report with a number of suggestions. Many of these recommendations are suggestions specifically for actions that could be taken by the city. Some, on the other hand, are targeted at other entities who are involved in providing affordable housing. For example, the city could encourage Housing Works to seek HUD's project-based Section 8 rental assistance in addition to tenant-based Section 8

vouchers. This was a local need specifically addressed by city staff during our preliminary presentation. Other strategies were identified by our group (and Group 2) as we conducted research.

Rest Stop Ordinance

Via interviews conducted by our classmates in Group 2, we learned that “hidden homelessness” was mentioned as a concern by many among Redmond’s affordable housing and social service providers. Though not technically a policy under affordable housing auspices, a rest stop ordinance could help to mitigate the stressful effects that highly transitional temporary housing has on Redmond’s homeless population. The rest stop ordinance that is currently in place in Eugene was implemented in October of 2013, and allows up to fifteen individuals to camp overnight on specific lots of city-owned land.³⁴ The site is overseen by Community Supported Shelters, a local nonprofit, who also provide trash and waste services. However, day-to-day management falls to the residents, as outlined in an extensive agreement that each individual signs before taking up residence. Redmond could host a city-owned site wherein a predetermined number of homeless individuals could safely sleep during predetermined hours, the consistency of which would allow individuals an element of security and reliability while they attended to the necessary work of achieving a more stable life.

Comprehensive Plan

Additionally, the City of Redmond could specifically emphasize housing affordability within their next Comprehensive Plan update. Rather than creating a separate citywide plan for affordable

³⁴ <http://www.tentcityurbanism.com/2013/10/local-rest-area-ordinance.html>

housing, we suggest that the City of Redmond include specific strategies for housing affordability within its Comprehensive Plan. This ensures that policies relating to providing affordable housing have more credibility, being that a Comprehensive Plan is a legislative document whereas an Affordable Housing Plan lacks legislative authority. This would also require the city to conduct an updated assessment of existing conditions and local housing.

Low Income Rental Tax Exemption (LIRPTE)/Low Income Housing Tax Credit (LIHTC)

Additional strategies that the City of Redmond could pursue to bolster their affordable housing options include the creation of a Low Income Rental Tax Exemption for developers, the use of Low Income Housing Tax Credits via Oregon Housing and Community Services, and collaboration with nonprofits across the state to increase home foreclosure counseling.

The first of these strategies – a Low Income Rental Tax Exemption – is currently in use in Eugene. Modeled after this tool, it would allow Redmond to provide a twenty-year property tax exemption for rental properties constructed within the last thirty years, or to rental properties owned by 501c(3) nonprofits. However, based on Eugene’s model, an applicant requesting a LIRPTE wouldn’t necessarily have to be a nonprofit. An applicant could be eligible for a property tax exemption if the housing was being developed for a specific vulnerable population, as identified by Eugene Municipal Code.

Secondly, Oregon Housing and Community Services offers Low Income Housing Tax Credits to incentivize construction and rehabilitation of low-income rental units. These are ten year credits on federal tax liabilities. Eligible properties must set aside a minimum of twenty percent of the

units for tenants who make less than fifty percent of the area median income or forty percent of the units for tenants who make less than sixty percent of the area median income. The City of Redmond could support local developers in accessing these subsidies.

Home Foreclosure Counseling

Finally, as of March 3, 2016, Oregon's legislature allocated \$2.5 million for home foreclosure counseling. This money will primarily be administered by agencies in the Willamette Valley and southern Oregon, but it provides HousingWorks the opportunity to partner with other regional nonprofits across the state, such as the Neighborhood Economic Development Corporation in Springfield. Redmond and Springfield have many economic and demographic similarities, and could serve as valuable allies for each other in addressing regional affordable housing concerns.

Conclusion

The City of Redmond has recognized that housing affordability is an issue of major concern. The goal of this report is to supply the City with a set of tools that they can use to ultimately increase the supply of affordable housing in Redmond. We have compiled this list of tools after careful consideration of best practices identified through case study research, collaboration and information sharing with Group 2, and input from the City of Redmond staff. The tools have been separated into short term strategies that the city should implement within five years, and long term strategies to be implemented within five to fifteen years. There are also other additional recommendations that we believe the City should consider when attempting to encourage the development of affordable housing. To actualize any strategies described within

this document, the City of Redmond will first need establish an action plan outlining the exact steps required to implement that tool. For effective implementation and in order to be adopted by local decision-makers, this Action Plan should be specific and include any budgetary requirements .

As a final recommendation, we suggest the City of Redmond take special consideration of the findings supplied by Group 2 in their report. Interviews of those intimately familiar with the housing market in the City are invaluable to determine what stereotypes and stigmas exist related to affordable housing. It is important to note that while the City is currently making a significant effort to address its affordable housing problem, social, economic, and systemic barriers to affordable housing still exist in Redmond. Before determining the solution to this problem, the City must first determine what it really is that people need and want in their community, with regard to housing. In order to better address these real issues, the City must actively engage those citizens that are most significantly impacted and use their input constructively. Only then will any effort to address the core issue of housing affordability in Redmond be successful.

Ultimately, to support Redmond in the process of responding to its affordable housing crisis, the Sustainable Cities Year Program will be compiling a comprehensive document outlining the term's research results and findings from both Group 1 and Group 2. This document will be drafted throughout the University of Oregon's Spring 2016 term and will be available to Redmond in early summer 2016. It is the hope of our group that this document will be informative to city staff, decision makers, stakeholders, and the general public as they tackle the ongoing challenge that housing affordability presents

Appendix A: Innovative Tools

To guide our study of innovative tools that cities across the country use to supplement their supply of affordable housing, our team compiled the following table. Many of these tools were eliminated during the process but we present them here in their entirety.

Tool	Description
Real Estate Transfer Tax	A tax that may be imposed by states, counties, or municipalities on the privilege of transferring real property within the jurisdiction. Usually 2-4 percent.
Voluntary Contributions	Affordable housing trust funds are funded by private, voluntary contributions from developers, foundations, employers and other private sources. This type of funding usually goes into a community trust fund that is run by a private or non-profit organization. However some communities are exploring combining these types of contributions with their existing public trust funds.
Proportional Impact Fees	Proportional impact fees are based on the theory that larger homes put a greater strain on public services and infrastructure.
New Construction Fee	Assessment on all new development that is paid into a dedicated fund for affordable housing projects and programs. The fee can be based on a percentage of building permit valuation or a set fee for different tiers of valuation.
Linkage Fee	Fees are collected on new commercial construction to help increase the supply of homes that are affordable to local workers.
Affordable Housing Trust Fund	A distinct fund that is set up by cities, counties and/or states that is dedicated solely to affordable housing efforts. The fund is established through legislation or ordinances and has a consistent source of revenue.

Density Bonus	A zoning tool that that permits developers to build more housing units, taller buildings, or more floor space than normally allowed in exchange for provision of a defined public benefit, such as a specified number or percentage of affordable units included in the development.
Relaxed Design Standards	Design requirements such as yard setbacks and height restrictions contribute to the cost of a project. By relaxing some design standards cities can save developers money that then allow them to incorporate affordable housing into their projects.
Expedited Permitting	Many cities have adopted a “fast track” permitting process for affordable housing projects that saves developers both time and money.
Relaxed Parking Requirements	Parking requirements contribute to the cost of housing because developers must allot more land per unit to cover parking needs. Cities can develop guidelines for affordable housing projects that reduce parking requirements to help bring down project land costs.
Minimum Density Zones	Zoning policy that forces a specific area to have a specific amount of density.
Establishing Low Minimum Lot Size Thresholds	These ordinances which regulate density indirectly through provisions such as, type of structure, lot dimensions and minimum lot area per household.
Encourage Mixed-Use	Encouraging mixed-use development in commercial zones.
Height Bonuses	A zoning tool that that permits developers to build more higher than normally allowed, in exchange for provision of a defined public benefit, such as a specified number or percentage of affordable units included in the development.
Condominium Conversion Ordinance including	Condominium conversion ordinances often

transfer tax	<p>give tenants the first right to purchasing their unit if the property owner plans to convert their unit to an ownership unit. Ordinances like this can also cap annual rent increases, and require owners to provide displaced tenants with a relocation stipend. Policies like this can also include a condominium conversion tax that helps the city fund the provision of more affordable housing. Additionally, the ordinance can guarantee the first right of refusal (right to purchase) to the local government, housing authority or non-profit housing providers.</p>
Mobile Home Ordinances	<p>Policy that will prevent mobile home park tenants from being being displaced and also increase the amount of affordable mobile home units.</p>
Community Land Trust	<p>Community land trusts (CLT) generally are nonprofit organizations that acquire and hold land to be used for affordable housing. Housing on the land is sold at an affordable price and the homeowner leases the rights to the land on which the house sits. In this way the cost of the land is removed from the purchase price, thereby making the housing more affordable.</p>
Preservation: Rehabilitation Grants and Loans	<p>Cities can provide direct grants or loans to households that fall in targeted income categories to make repairs and upgrades to their homes. Another common approach is for a city to provide a grant to an existing nonprofit organization to administer the grant/loan program.</p>
Foreclosure Prevention Programs	<p>Foreclosure programs can take the form of property tax deferrals, low-interest loans or grants, homebuyer education classes, credit counseling, emergency mortgage payment programs, and mortgage refinancing. Nonprofit housing organizations often provide some of these services to the community.</p>
First-Time Homebuyer Programs	<p>First-time homebuyer programs are designed</p>

	<p>to help reduce barriers to homeownership. These programs usually fall into one of three categories: 1) educational services that prepare individuals for homeownership; 2) financing opportunities that assist households in buying a market-rate home; and 3) programs that keep the price of the home below the market rate for the first buyer, and usually for subsequent buyers of the home as well.</p>
Regional Consortium - HOME	<p>The fragmentation of regulatory policymaking among cities and counties can exacerbate affordable housing problems. A regional consortium can help alleviate some of the problems that are created when communities work in isolation.</p>
Employer-Assisted Housing	<p>Some businesses provide housing benefits as a way to recruit and retain employees. Employer-assisted housing programs generally fall into one of two categories: 1) demand programs that enhance the affordability of existing housing; 2) supply programs that stimulate the development of units for its employees.</p>
Land Banking	<p>Land banking involves buying and holding undeveloped land that is situated in the path of future urban growth. The land is then used for affordable housing purposes some time in the future. The theory behind land banking is that buyers can save large sums of money by purchasing land before it is subject to urban growth pressures. Land banking also can involve the acquisition of vacant, foreclosed or underutilized property within developed areas.</p>

Appendix B: Case Study Research

Tool #1: Affordable Housing Advisory Committee

City: Fort Myers, FL

Community Context

Fort Myers, FL has a population of around 50,000 and is located near the southwestern tip of Florida.

Implementation

The Fort Myers Local Affordable Housing Advisory Committee (LAHAC) is a collaborative group of 11 representatives from a variety of fields related to affordable housing. LAHAC's role is to review local housing policies, procedures, ordinances and the comprehensive plan to identify how the city could better increase its supply of affordable housing. The advisory committee also mentors affordable housing partners, assists with funding request applications, facilitates partnerships, and identifies best practices for affordable housing development. LAHAC provides comments on the city's Consolidated Plan and works with the city to identify incentives to increase the development of affordable housing. Members represent affordable housing developers, the mortgage banking industry, residential construction company, low-income residents, for-profit housing providers, non-profit housing providers, real estate professionals, the local planning agency, service providers, and local employers.³⁵ This collaboration with representatives from other sectors is intended to ensure an integrated approach to the work, allowing the input from various parties to influence policy.

Implications

Currently the City of Redmond has a Housing and Community Development Committee which is charged with reviewing and recommending "housing, neighborhood revitalization, and community development programs addressing the continuum of housing and human services needs for the purpose of enhancing community health and well-being".³⁶ Some aspects of this group's mission overlap with the mission of an AHAC, but because Redmond has so specifically prioritized the provision of affordable housing, we suggest that they establish a similar entity that would only address housing affordability. This group could be made up of local service providers, someone from Housing Works, nonprofit and for-profit housing developers, city staff,



³⁵ <http://www.cityftmyers.com/248/Affordable-Housing-Advisory>

³⁶ <http://www.redmond.or.us/government/redmond-housing-and-community-development-committee>

resident and tenant advocates and local elected officials. This group could work to identify the most significant barriers to the development of affordable housing and collaborate to develop strategies that will effectively result in more affordable housing citywide. The City established an affordable housing task force during the development of the affordable housing plan, and this group could potentially be involved in deciding who will be represented on the organization.

Tool #2: Affordable Housing Trust Fund

City: Newberg, Oregon

Community Context

Newberg, Oregon, is a city of around 25,000 located outside of the Portland metropolitan area in Yamhill County. Newberg has grown rapidly over the last decade - its population has nearly doubled since 1990.³⁷

Implementation

In 2012, the City of Newberg, Oregon, passed an ordinance establishing a local affordable housing trust fund which is facilitated by their local Affordable Housing Commission.³⁸ Newberg's affordable housing trust fund (NAHTF) was established to "support the development, preservation, and rehabilitation of housing that is affordable to the citizens of Newberg with incomes that do not exceed 80 percent of the area median income".³⁹ The fund has a dedicated source of revenue which provides funding for projects and programs that address local housing needs. The overall goal of the trust fund is to provide enough quality housing, affordable to households with a variety of income levels, that low- to moderate income households are not cost-burdened (not paying more than 30% of their income toward monthly housing costs).

Implications

The City of Redmond could establish a similar fund that could be facilitated by either the local government or a proposed Affordable Housing Advisory Committee. Although this fund would likely need to be funded for a few years before it could be self-sustaining, early implementation of funding mechanisms could allow the program to have a strong start and begin accumulating resources. Redmond's Affordable Housing Trust Fund could be supported through a wide variety of mechanisms.



³⁷ <https://www.newbergoregon.gov/economicdevelopment/page/population>

³⁸ https://www.newbergoregon.gov/sites/default/files/fileattachments/affordable_housing_trust_fund_commission/meeting/3021/agenda_packet_2015_0526.pdf

³⁹ <http://www.codepublishing.com/OR/Newberg/html/Newberg03/Newberg0335.html>

Tool #3: Community Land Trust

City: Ashland, Oregon

Community Context

Ashland is located in Southern Oregon, along the I-5 corridor, roughly twelve miles from the California border, and has a population of 20,684.⁴⁰ Though primarily a tourist destination, it is also home to Southern Oregon University⁴¹ and the Oregon Health Sciences University School of Nursing.⁴²



Implementation

Ashland Community Land Trust was incorporated in 1998, and has developed six rental units, and 10 homeownership units. ACLT is currently in the process of developing 60 additional rental units, as well as 12 homeownership units. They work in conjunction with many government, nonprofit and private sector partners, including Oregon Housing and Community Services Department, Oregon Corporation for Affordable Housing, Bank of the Cascades, Habitat for Humanity of Jackson County and the City of Ashland.⁴³

Implications

Though Ashland isn't growing as rapidly as Redmond, they are of similar population size. Redmond, however, has considerably more available land than Ashland, so a community land trust seems feasible. Redmond could potentially partner with many of the same agencies that Ashland has, including Oregon Housing and Community Services Department and Oregon Corporation for Affordable Housing.

⁴⁰ <http://quickfacts.census.gov/qfd/states/41/4103050.html>

⁴¹ <http://www.sou.edu/>

⁴² <http://www.ohsu.edu/xd/education/schools/school-of-nursing/about/campuses/ashland-campus-page.cfm>

⁴³ http://oregonon.org/about_us/voting_members/ashland-community-land-trust/

Tool #4: Condominium Conversion Fee

Jurisdiction: Montgomery County Maryland

Community Context

Montgomery County is a suburb of Washington D.C., and is one of the wealthiest counties in the United States.⁴⁴ As of the 2010 Census, Montgomery County, Maryland had a population of 971,777, and experienced population growth of 11.3% from 2000. The county faces significant income inequality, which to some extent has manifested itself in class and racial segregation throughout the county.⁴⁵ Although it has had an ongoing and entrepreneurial commitment to affordable housing, the county continues to recognize the need ensure enough affordable housing. One way they do this is through a Condominium Conversion program which, in part, funds the local Housing Initiatives Fund (similar to an affordable Housing Trust Fund).



Implementation

The Condominium Conversion program gives the county and their Housing Opportunities Commission the first chance to purchase rental developments of 10 or more units when the owner plans to convert units to condominiums.⁴⁶ This ensures that affordable or market rate apartments are less likely to be turned into more expensive condominium housing. The county also charges a Condominium Conversion Transfer Tax (of 4%) to developers seeking to convert affordable or market rate apartments into condominiums. Both of these aspects of the Condominium Conversion Program seek to avoid a net loss in affordable housing units.⁴⁷

⁴⁴ Lazarick, L. (2014). "Maryland Ranked as 3rd Wealthiest, but Still Tops in Income, Millionaires." In *Maryland Reporter*, Published October 8th, 2014. Retrieved from: <http://marylandreporter.com/2014/10/08/maryland-ranked-as-3rd-wealthiest-but-still-tops-in-income-millionaires/>

⁴⁵ Pagnucco, A. (2008). "Income Inequality in Montgomery County". Published in *Maryland Politics Watch* May 21, 2008. Retrieved from: <http://maryland-politics.blogspot.com/2008/05/income-inequality-in-montgomery-county.html>

⁴⁶ Montgomery County Department of Housing and Community Affairs. (2012). *A Housing Policy for Montgomery County, Maryland*. Retrieved from: <http://montgomerycountymd.gov/dhca/director/housingpolicy.html>

⁴⁷ Montgomery County Affordable Housing Task Force. (2008). *Report and Recommendations*. Retrieved from: <http://montgomerycountymd.gov/DHCA/reports.html>

Proceeds from the Condominium Conversion Tax support the *Housing Initiatives Fund*, which was established in May of 1988, and in 2009 had an annual operating budget of \$53 million.⁴⁸ These resources fund new projects, subsidize loans, preserve existing homes and support special needs housing programs, and can also be used to offset the costs of building affordable units in more expensive areas.

Implications

The City of Redmond could implement a similar program that would decrease the number of affordable units transitioned to non-affordable ownership units and/or assess a fee on the transfer of a rental unit to an ownership unit. This fee could be assessed on the previous owner of the property, and could contribute to a local affordable housing trust fund.

Tool #5 : Employer Assisted Housing

Jurisdiction: State of Maryland

Community Context

The State of Maryland has an estimated population of 5,976,407, just about 2 million more than the State of Oregon.⁴⁹

Implementation

In 1997, lawmakers in Maryland passed a smart growth legislation in cities to combat the problem of sprawling development in Maryland's cities.⁵⁰ In tandem with this legislation, the state also created the Live Near Your Work Program which was targeted at decrease commuting and rush hour congestion. The goals of this program are to get workers to live closer to their workplace, to encourage home ownership, and to revive residential communities. Through the program, residents may receive \$3,000 towards the purchase, down-payment or closing costs on a new home that is located within five miles of the resident's workplace and within one of Maryland's targeted residential development zones. This is an incentive to get homebuyers to consider living in a neighborhood they normally would not. This program is not available to all residents, to qualify the employer of the homebuyer must also participate in the program. Federal employees became eligible for the program in 2001.



Implications

⁴⁸ Fowler, L. (2006). *Policies and Programs to Preserve Affordable Housing: A Review of Incentives and Recommendations for Northern Virginia*. Prepared for the Alliance for Housing Solutions. Link: http://cra.gmu.edu/pdfs/research_reports/other_research_reports/NVBIA_report_2007/Policies_and_Programs_to_Preserve_Affordable_Housing_AHS.pdf

⁴⁹ Maryland QuickFacts from the US Census Bureau. (n.d.). Retrieved February 16, 2016, from <http://quickfacts.census.gov/qfd/states/24000.html>

⁵⁰ Live Near Your Work Program - Partners for Livable Communities. (n.d.). Retrieved February 16, 2016, from <http://www.livable.org/livability-resources/best-practices/108-live-near-your-work-program>

If a similar program were to be implemented in Redmond, the Redmond School District and one of the major hospitals could participate. Since these employers are more likely to have employees that live outside of Redmond, this could encourage employees to live in the city. This would increase homeownership and the use of healthier and more sustainable transportation modes.

Tool #6: Relaxed Parking

City: Portland, Oregon

Community Context

Portland, Oregon has a population of approximately 620,000.⁵¹ There has been a steady increase of the number of people moving Portland: since 2010, the population has increased by 6.1%.⁵² The growing demand for housing has caused housing throughout the region to increase in price, becoming out of reach for many residents.



Implementation

The City of Portland uses relaxed parking incentives to reduce sprawl and encourage developers to include affordable units in their residential developments. Within the city code, most development must be matched by the provision of adequate parking which can increase development costs. Exempting developers from these requirements if they build in certain areas or include affordable units in their development can encourage the provision of affordable housing in high-demand areas like downtown. This incentive also has the benefit of encouraging people to use alternative modes of transportation.⁵³

Implications

The City of Redmond currently requires developers to provide a certain amount of parking spaces with new development. They could exempt developers building affordable housing from this requirement which would decrease cost and incentivize residential development.

⁵¹ <http://quickfacts.census.gov/qfd/states/41/4159000.html>

⁵² <http://quickfacts.census.gov/qfd/states/41/4159000.html>

⁵³

<http://nepis.epa.gov/Exe/ZyNET.exe/20017F01.txt?ZyActionD=ZyDocument&Client=EPA&Index=2006%20Thru%202010&Docs=&Query=&Time=&EndTime=&SearchMethod=1&TocRestrict=n&Toc=&TocEntry=&QField=&QFieldYear=&QFieldMonth=&QFieldDay=&UseQField=&IntQFieldOp=0&ExtQFieldOp=0&XmlQuery=&File=D%3A%5CZYFILES%5CINDEX%20DATA%5C06THRU10%5CTXT%5C00000000%5C20017F01.txt&User=ANONYMOUS&Password=anonymous&SortMethod=h%7C-&MaximumDocuments=1&FuzzyDegree=0&ImageQuality=r75g8/r75g8/x150y150g16/i425&Display=p%7Cf&DefSeekPage=x&SearchBack=ZyActionL&Back=ZyActionS&BackDesc=Results%20page&MaximumPages=5&ZyEntry=38>

Tool #7: Expedited permitting

City: Bend, Oregon

Community Context

Bend, Oregon is the Deschutes County seat, and, as of 2014, has a population of 84,080.⁵⁴ Founded in 1905 as a lumber mill town, it's now one of Central Oregon's fastest growing metropolitan areas, having grown nearly 10% since the 2010 census.⁵⁵ Bend's economy is primarily tourism-based, but recently acquired an expansion campus of Oregon State University, slated to open in the fall of 2016⁵⁶, which will undoubtedly broaden economic opportunities in the community.



Implementation

Within Bend city limits, any residential or mixed use development that is financed at least in part by local, state or federal affordable housing funding is eligible to have its project receive a written decision by the Planning Department within two weeks of the date of submittal. Additionally, building plans and permits will be reviewed - and the applicant will be notified of any deficiencies in the application - within three business days from the date of submittal. Once any deficiencies have been addressed, review will be completed and permits will be issued within ten business days.⁵⁷

Implications

Redmond could easily minimize the currently required bureaucracy for permits that apply to the development of affordable housing. A promise to have plans and permits reviewed and returned within two weeks of submittal saves developers significant time, which translates directly to dollars, an effective incentive.

⁵⁴ <http://quickfacts.census.gov/qfd/states/41/4105800.html>

⁵⁵ <http://bendchamber.org/history/>

⁵⁶ <http://osucascades.edu/>

⁵⁷ <http://bendoregon.gov/index.aspx?page=99>

Tool #8: Foreclosure Prevention Program

City: Seattle, WA

Community Context:

The City of Seattle, WA, had around 650,000 people in 2015 and is projected to grow to nearly 800,000 by 2035.⁵⁸

Implementation

At the same time as it is growing rapidly, the City of Seattle has also faced challenges with foreclosure: in 2013, 2,090 homeowners received notice of a scheduled foreclosure auction on their property.

While resources are available, in the State of Washington, only 10% of distressed or at-risk homeowners seek out foreclosure prevention resources or help that are available to help them.⁵⁹ The Seattle Homeowner Stabilization Program provides free resources to help homeowners at risk of foreclosure by partnering with community organizations for outreach in the areas most impacted by foreclosure. The program aims to bring awareness to foreclosure resources that are available and build off the existing Washington State foreclosure prevention program.⁶⁰

Implications

Redmond could create a program similar to that found in Seattle and the State of Washington. Providing foreclosure prevention resources to Redmond residents will help people keep their homes when they may be at risk of foreclosure.



⁵⁸ <http://www.seattle.gov/dpd/cityplanning/populationdemographics/>

⁵⁹ Council Connection. (September 11, 2014). Seattle Launches Foreclosure Prevention Outreach Campaign.

⁶⁰ <http://council.seattle.gov/2014/09/11/seattle-launches-foreclosure-prevention-outreach-campaign-2/>

Tool #9: Height Bonus

City: Portland, OR

Community Context

Portland, Oregon, has a population of around 620,000⁶¹ and is at the center of a major metropolitan area. The Portland metropolitan area is the 15th fastest growing metro area in the country, and reached a population of around 2.35 million people in 2014.⁶² With a growing population and subsequently growing demand for housing,

Portland has had growing housing affordability issues and has implemented programs to ensure that developers will build housing that is affordable.⁶³



Implementation

The city uses height bonuses to encourage development within the Central City area that will provide amenities and meet community needs. Within the Central City Plan District, a special section of the city code uses height bonuses to promote housing affordability in two ways:

1. **Middle-income housing bonus option:** If 30% of units in a proposed development will be built for households making no more than 150% of area median income (AMI) and will remain affordable for 60 years (even upon sale), developers receive a floor area bonus of three square feet for every square foot of affordable unit.⁶⁴ This bonus can be translated to a building height that is higher than would normally be allowed and, depending on the size of the proposed building's footprint, translates to a bonus of up to 45 feet.

⁶¹ <http://quickfacts.census.gov/qfd/states/41/4159000.html>

⁶² <http://www.oregonmetro.gov/news/portland-region-grows-235-million-residents-census-estimates-newcomer-s-leading-way>

⁶³ Manning, Jeff. (2015). "Working class priced out, kicked out in new Portland housing boom". The Oregonian, posted September 22, 2015. Retrieved from: http://www.oregonlive.com/watchdog/index.ssf/2015/09/post_19.html

⁶⁴ City of Portland. (2015). "Title 33: Portland Zoning Code" Section 33.510.210 *Floor Area and Height Bonus Options*. Page 36. Retrieved from: <http://www.portlandonline.com/shared/cfm/image.cfm?id=53363>

2. **Affordable Housing Replacement Fund Bonus:** When developers contribute funds to the Affordable Housing Replacement Fund (AHRF), the city grants them floor area bonuses. For each \$21.70 that a developer contributes to AHRF, they earn one square foot of bonus floor area, which can be translated into increased height (up to 45 feet). Developers can earn up to a maximum of two square feet per square foot of site area.⁶⁵

Implications

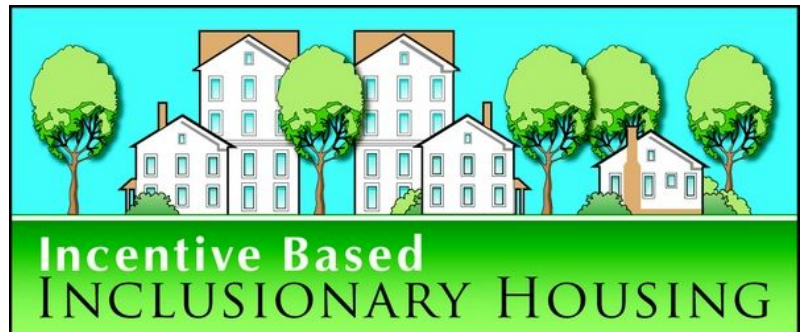
Height bonuses are only effective in cities that limit the height and density of development in certain areas. Density and height bonuses will also be most effective in areas with strong housing markets, high land values, and a scarce of land. While mandatory inclusionary zoning is still prohibited in Oregon, Redmond could still incentivize the inclusion of affordable units by allowing developers to build higher than the local code would normally allow for. Redmond has height limits in all zones and could potentially use this incentive to promote the inclusion of affordable units in areas with limited availability of land and higher land values.⁶⁶ Additionally, Redmond could use the allotment of additional height to earn money for a future affordable housing trust fund. This incentive could be included in Redmond's development code and either stand alone or be included with a program that would allow other exceptions to developers including affordable units within their developments.

Tool #10: Inclusionary Housing Policies: Moderately Priced Dwelling Unit Program

Jurisdiction: Montgomery County, MD

Community Context

Montgomery County is a suburb of Washington D.C., and is one of the wealthiest counties in the United States.⁶⁷ As of the 2010 Census, Montgomery County, Maryland had a population of 971,777, and experienced population growth of 11.3% from 2000. The county faces significant income inequality, which to some extent has manifested itself in class and racial segregation throughout the county.⁶⁸ Although it has had an ongoing and entrepreneurial commitment to affordable housing, the county continues to recognize the need ensure enough affordable housing. Montgomery County was the first in the United State to implement an inclusionary housing policy - their Moderately



⁶⁵ Ibid. Page 37-38

⁶⁶ <http://www.redmond.or.us/home/showdocument?id=3426>

⁶⁷ Lazarick, L. (2014). "Maryland Ranked as 3rd Wealthiest, but Still Tops in Income, Millionaires." In *Maryland Reporter*, Published October 8th, 2014. Retrieved from: <http://marylandreporter.com/2014/10/08/maryland-ranked-as-3rd-wealthiest-but-still-tops-in-income-millionaires/>

⁶⁸ Pagnucco, A. (2008). "Income Inequality in Montgomery County". Published in *Maryland Politics Watch* May 21, 2008. Retrieved from: <http://maryland-politics.blogspot.com/2008/05/income-inequality-in-montgomery-county.html>

Priced Dwelling Unit (MPDU) - which led the way for more than 400 cities and towns to follow suit.⁶⁹

Implementation

Montgomery County's MPDU program requires between 12.5-15% of the units of each new building or subdivision larger than 20 units to be moderately priced. Units have to be sold or rented to households with incomes of 65-70% of the AMI, with priority given to people who already live or work in the county.⁷⁰ Forty percent of the units must be offered to the Housing Opportunities Commission (the county's housing authority) or other non-profit organizations that house low income families. The price of the units is then controlled: owner-occupied units for 30 years and renter-occupied units for 99 years. When the unit is eventually sold for market price, the previous occupant splits the profit with the county. In exchange for compliance, developers gain a density bonus and can build at 22% above the density normally allowed for that zone.⁷¹ Because higher density allows developers to offer more market rate units in a single development, including moderately priced units doesn't substantially decrease their profit margin.

Implications

The City of Redmond could also require that a certain percent of units in new developments be affordable to low- or moderate income households. The number of units that would make a residential development qualify for this requirement could vary; for example because few developments in Redmond are likely to include over 20 units, this could apply to developments of five or more units. The affordability of the units could also be required for a certain period of time and the units could transfer to the housing authority or other nonprofit housing developer upon transition to property ownership.

Tool #11: Land Banking

City: Eugene, Oregon

Community Context

Eugene, Oregon, currently has a population of around 160,000⁷² and grew by about 12.8% between 2000 and 2010⁷³. Eugene and its neighbor Springfield work together as a



⁶⁹ National Low Income Housing Coalition. (2014). "40 Years of Inclusionary Zoning". Retrieved from:

<http://nlihc.org/article/40-years-ago-montgomery-county-maryland-pioneers-inclusionary-zoning>

⁷⁰ Montgomery County Department of Housing and Community Affairs. (2012). *A Housing Policy for Montgomery County, Maryland*. Retrieved from:

<http://montgomerycountymd.gov/dhca/director/housingpolicy.html>

⁷¹ Montgomery County Department of Housing and Community Affairs. (2015b). "Summary of the MPDU Program and Its Requirements". Retrieved from:

http://montgomerycountymd.gov/DHCA/housing/singlefamily/mpdu/program_summary.html#

⁷² <http://quickfacts.census.gov/qfd/states/41/4123850.html>

⁷³ <https://www.eugene-or.gov/768/Eugenes-Population-Growth>

consortium to apply to HUD for CDBG and HOME funding through a joint consolidated plan.

Implementation

Through its ongoing land banking program, the City of Eugene acquires properties for future affordable housing development. The acquisition process involves selection of an appropriate site, neighborhood outreach, environmental review and other due diligence activities, and a review by an Evaluation Committee. The City Council makes final decisions on land acquisition. The development process for sites acquired through the land bank program is separate, and not likely to happen for several years after the acquisition is complete. After the city conducts neighborhood outreach, they then releases a Request for Proposals to solicit development proposals from housing providers. An Evaluation Committee reviews and scores the development proposals, and makes a recommendation to City Council for final decision.⁷⁴

Implications

A land acquisition program would work very well in Redmond. Land is readily available in the Redmond area. A land banking program would ensure that future affordable housing developments would have space to be completed, are sited in appropriate locations (with access to schools, transportation and services) and could also contribute to equitable dispersal of affordable housing throughout the city.

Tool #12: Minimum Density Zones

City: Ashland, Oregon

Community Context:

From 2000 to 2010 Ashland has experienced a 13% increase in population growth, with the population rising from 14,674 (2000) to 16,593 (2010)[1]. The population of young people (age 0-19) is expected to decrease by 2030 while the older

population (65 and older) is projected to increase by a 123%¹. The data that has been collected about Ashland's population indicates that there is significant need for more housing, specifically affordable housing.



Implementation

Before the implementation of a Minimum Density, Ashland's zoning codes followed a Base Density standard. Base Densities ensure that the density of new development does not exceed the density planned for that area. Oregon cities, under ORS 197.296, must provide enough buildable land that satisfies their predicted twenty year plan. This means that a certain amount of land must be allocated for the future housing needs. The Minimum Density tool helps to

⁷⁴ <https://www.eugene-or.gov/1042/Housing-Development-Incentives>

guarantee that the land specified for residential use will have housing development densities above a certain level. In Ashland the minimum density is 80% the allowable maximum density. Implementing a minimum density area limits single-family uses on multi-family zoned property, assuring that there is land available for the development of more affordable housing.

Implication

Minimum densities are good for areas that expected future growth, like Redmond. By establishing minimum density zoning the city of Redmond could increase the number of units built and ensure the development of affordable multi-family housing.

Tool #13 : Mobile Home Ordinance

City: Bend, OR

Community Context:

Bend is a city in Eastern Oregon with a population of 84,080.⁷⁵ This city is the 7th largest city in the state of Oregon.⁷⁶ Bend is a 25 minute drive South from Redmond.



Implementation

Until March of 2007, the City of Bend extended its temporary mobile park ordinance. That law requires park owners that want to evict tenants to pay for relocation costs to another park within 100 miles or purchase those homes that cannot be moved.⁷⁷ This was added to protect mobile homeowners from being displaced and respect the property rights of these mobile home park owners.

Implications

Currently the City of Redmond's Mobile Home Ordinance simply allows for mobile homes to be located in certain areas throughout the city. This can effectively increase the local housing supply and also has the potential to create more affordable housing opportunities. Manufactured homes are generally an affordable type of housing that can benefit many different demographics. Redmond could supplement their Mobile Home Ordinance, by adding more policies to prevent possible displacement and expand the use of mobile homes as an affordable housing option.

⁷⁵ Bend (city) QuickFacts from the US Census Bureau. (n.d.). Retrieved February 29, 2016, from <http://quickfacts.census.gov/qfd/states/41/4105800.html>

⁷⁶ USA: Oregon. (n.d.). Retrieved March 01, 2016, from <http://www.citypopulation.de/USA-Oregon.html>

⁷⁷ AFFORDABLE HOUSING OPTIONS REPORT. (n.d.). Retrieved February 29, 2016, from http://www.oregon.gov/LCD/docs/rulemaking/affordable_housing/ah_options_lelack_110806.pdf

Tool #14: Proportional Impact Fees

City: Santa Fe, New Mexico

Community Context

The City of Santa Fe has a population of 70,000 people and the fourth largest city in the state of New Mexico.⁷⁸



Implementation

Impact fees are one-time charges that are assessed on new developments to help pay for expanded infrastructure to serve them. A common way of assessing impact fees is based on the type of residence, such as single-family or multi-family, often creating a disproportionate fee between homes of the same category that vary in size and cost. For example, a flat impact fee of \$10,000 raises the cost of a \$200,000 single-family home by 5 percent, while the same fee on a \$100,000 single-family home raises the cost of the unit by 10 percent.⁷⁹

A “proportional” impact fee program may be developed in which impact fees are adjusted according to the size of the housing unit or the location of the new housing. Larger homes and those located in outlying areas where infrastructure does not currently exist, usually are assessed a higher fee than smaller, in-town units. Santa Fe offers impact fee waivers to private, for-profit, and nonprofit developers creating developments in which at least 25% of the units are affordable to low-income households. Fees are reimbursed or waived for the affordable units only once the developer certifies the sale price, size of unit, size of household, and the household income meet affordability standards.⁸⁰

Implications

Redmond has options when it comes to implementing an impact fee policy. The City has the option to either waive impact fee for future affordable housing projects or it could overhaul its fee schedule to better reflect the actual impact different sizes of development have on the infrastructure system. The simplest option would be to waive the fees for certain types of developments, however, this may prove to be costly. Without developer support through impact and other fees, the City of Redmond may be forced to build expensive infrastructure themselves. A more sustainable solution would be to assess these impact fees based on the size of each new development, regardless if it would require a complete update to the fee schedule.

⁷⁸ http://www.santafenm.gov/about_santa_fe

⁷⁹ U.S. Department of Housing and Urban Development. (2008). “Impact Fees and Housing Affordability”. Retrieved from: <https://www.huduser.gov/portal/publications/impactfees.pdf>

⁸⁰ The Washington Area Housing Partnership. (n.d.). “Toolkit for Affordable Housing Development”. Retrieved from: <http://www.mwcog.org/uploads/pub-documents/9VpbXg20060217144716.pdf>

Tool #16: Regional Consortium (HOME)

Cities: Eugene and Springfield

Community Context

Eugene and Springfield are neighboring cities who formed a consortium so that their combined populations would make them eligible to receive HOME funds. To be eligible for HOME funding, a city must be either the main city in a metropolitan statistical area or have a population of at least 200,000 people.⁸¹ Springfield is neither of these so Eugene and Springfield formed a regional consortium to allow them to access HOME funding.



Implementation

Forming a regional consortium has allowed Springfield and Eugene to access funding for affordable housing through the Federal HOME Investment Partnerships Program.⁸² According to the U.S. Department of Housing and Urban Development, “a group of local governments may choose to form a consortium, particularly when one or more members are not eligible to receive a formula allocation, or their formula allocation would not meet the minimum threshold for funding”.⁸³ Forming a regional housing consortium also recognizes that housing is a regional issue.

Implications

Redmond is not the main city in its metropolitan statistical area and does not have a population of over 200,000. Nearby Bend does not receive a Federal HOME Investment Partnerships Program allocation either because their housing stock is too new.⁸⁴ Because neither Bend nor Redmond are eligible to receive HOME funding, they could consider forming a regional consortium to apply together for HOME funding. This configuration might make them more likely to be considered an entitlement jurisdiction and provide them with a valuable source of funding for affordable housing. Because Bend and Redmond both have such a new housing stock (which has left them ineligible for HOME funding in the past), these two cities could potentially partner with other cities in the region including Prineville, Sisters, Tumalo, or Madras.

Tool #17: Rehabilitation Grants and Loans:

- Rental Rehabilitation Loan Program
- Emergency Minor Home Repair Program

City: Eugene, OR

⁸¹ <https://www.fas.org/sgp/crs/misc/R40118.pdf>

⁸² Eugene-Springfield 2015 Consolidated Plan. (2015). <https://www.eugene-or.gov/871/HUD-Consolidated-Plan>

⁸³ <http://portal.hud.gov/hudportal/documents/huddoc?id=>

⁸⁴ City of Bend. (2015). *2015 Annual Action Plan*. Retrieved <http://www.ci.bend.or.us/Modules/ShowDocument.aspx?>



Community Context

Eugene, Oregon, has a population of around 160,000⁸⁵ and grew by about 12.8% between 2000 and 2010⁸⁶. Eugene and its neighbor Springfield work together as a consortium to apply to HUD for CDBG and HOME funding through a joint consolidated plan.

Implementation

Funding for the Rental Rehabilitation Loan Program comes from CDBG funding. To be eligible for the low-interest loans, projects must be within the city limits, and the unit rents have to be affordable and likely to remain affordable, 70% of tenants must meet federal low-income guidelines, and the proposed rehabilitation project must be one of seven eligible types of repairs.⁸⁷ In the 2015-2020 Consolidated Plan, the City of Eugene allocated \$2.5 Million to rehabilitate existing affordable housing stock, much of this through the Rental Rehabilitation Loan Program.⁸⁸

The City of Eugene also gives low-interest loans or grants of up to \$5,000 to help low-income homeowners with emergency repairs that include fixing leaking roofs, removing accessibility barriers, and repairing electrical or plumbing failures.⁸⁹ This program is also funded through federal dollars.

Implications

The City of Redmond also receives CDBG funding from HUD and could feasibly use the same funding to help property owners pay the cost of rehabilitating units in a declining stock of affordable housing. According to Redmond's Consolidated Plan, 690 rental units are in a condition where they would be suitable for rehabilitation. However, because 75% of the local housing stock was built after 1980, and the city's CDBG entitlement is relatively low, the city has not prioritized the rehabilitation of affordable housing.⁹⁰ With a recent concern for an adequate supply of affordable units, it is possible that the preservation of existing affordable units will grow closer to the top of priorities in the future. Funding for the preservation of affordable rental and ownership units could be a long-term strategy that the city could implement ten to fifteen years in the future. Increased funding for this cause would likely need to be written into the 2019-2023 Consolidated Plan to ensure an allocation of sufficient funding from the U.S. Department of Housing and Urban Development.

⁸⁵ <http://quickfacts.census.gov/qfd/states/41/4123850.html>

⁸⁶ <https://www.eugene-or.gov/768/Eugenes-Population-Growth>

⁸⁷ <https://www.eugene-or.gov/855/Rental-Rehabilitation-Loan-Program>

⁸⁸ City of Eugene. (2015). "Eugene-Springfield Consolidated Plan - 2015".

⁸⁹ <https://www.eugene-or.gov/852/Emergency-Minor-Home-Repair-Program>

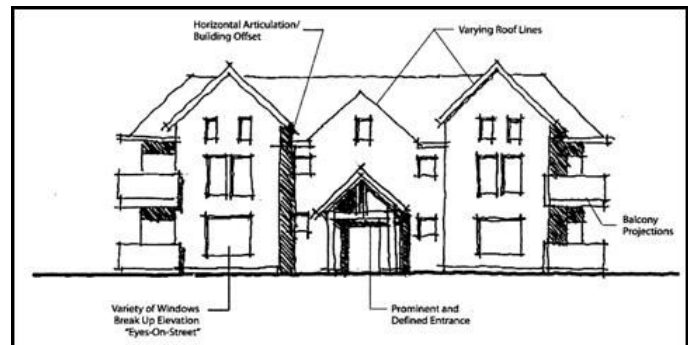
⁹⁰ City of Redmond. (2015). "City of Redmond Consolidated Plan, 2014-2018 And Annual Action Plan For FY 14/15"

Tool #18: Relaxed Design Standards for Affordable Housing

City: Santa Barbara, CA

Community Context

In 2014 Santa Barbara had a population of around 91,196 people, an increase of around 3.2% since 2010. It is the county seat of Santa Barbara County. The city has a 40% homeownership rate and a median household income of \$65,034.⁹¹ The county has the nation's sixth least affordable small metropolitan area housing market. High home prices and low wages have led to a shortage of affordable housing and a massive gap between the cost of housing and what residents can actually afford to pay.⁹²



Implementation

Due to this affordable housing shortage, the city has adopted a number of programs to incentivize the development of housing affordable to people of low- and moderate incomes. One of these incentive programs is the density bonus which was designed to supplement the state density bonus program. The City of Santa Barbara implements the California state density bonus program through their local zoning code. This program allows developers including a certain percentage of units affordable to low-income households in their developments to exceed set density requirements (usually to include several other units) but also to receive up to three exceptions from the normal development standards. These include architectural design requirements, parking requirements, and reduction in setbacks. The city expands upon this program to meet its own unique housing needs, adding exceptions for developers who exceed the maximum percentage of affordable units in the state program and also including incentive for the inclusion of affordable units in smaller developments (as small as four or five units).⁹³

Implications

⁹¹ <http://quickfacts.census.gov/qfd/states/06/0669070.html>

⁹² <http://www.sbhousingtrust.org/abouthtf/community-need>

⁹³ City of Santa Barbara Affordable Housing Policies and Procedures September 2014. Retrieved from: <http://www.santabarbaraca.gov/civicax/filebank/blobdload.aspx?BlobID=17340>

Exceptions to Redmond’s design guidelines could effectively incentivize developers to include affordable units in their developments. The city includes numerous design guidelines in Chapter 8 of its municipal code.⁹⁴ Some of these guidelines are likely necessary to ensure safety and quality of housing, but other design requirements could potentially be waived for developers who include a certain percent of affordable units in their developments to incentivize the inclusion of affordable units.

A program that would allow for relaxed design standards could potentially stand alone within Redmond’s development code or, like that of Santa Barbara, could be included in a larger density bonus program. This would likely need to be put in place through the approval of an implementing ordinance. The California State law allows developers to receive reduced parking requirements as well as the right to request other modifications in local development standards such as zoning, subdivision requirements and design guidelines. A similar arrangement could be implemented locally.

Tool #19: Density Bonus

City: East Greenwich, RI

Community Context

Privately financed development of mixed income level housing. This was built on land that was vacant for several years. 15 Unit “cottage” development. This type of affordable housing was introduced to attract more



infill in the city. The population in East Greenwich Rhode Island is 13,146⁹⁵. The Demographic of East Greenwich is 91.9% white and 1.7% Latino. Greenwich has had a problem with sprawl. There has been a loss of diversity of businesses and property values are not stable.

Implementation

They assigned cottages instead of regular apartments because it would provide a more walkable environment. They had 33 percent of the total units would be for low income housing. These affordable units followed the state and local zoning requirements and helped the city qualify for the project⁹⁶. The affordable units helped make the cottages qualify for a density bonus. The cottages would be of high quality living spaces. The sizes would vary. 15 of the cottages would consist of triplex, three duplexes, and six single detached houses. The square

⁹⁴ <http://www.redmond.or.us/home/showdocument?id=3426>

⁹⁵ City Data. "East Greenwich, Rhode Island." (RI 02818) Profile: Population, Maps, Real Estate, Averages, Homes, Statistics, Relocation, Travel, Jobs, Hospitals, Schools, Crime, Moving, Houses, News, Sex Offenders. Onboard Informatics, 2016. Web. 28 Feb. 2016.

⁹⁶ http://www.growsmartri.com/pdfs/costs_of_sprawl.pdf

footage would range from 851 to 1094 square feet⁹⁷. They wanted a local communal value, so they provided communal vegetable and cutting gardens. The gardens would help the area for its goal towards environmental and sustainability strategy.

Implications

Redmond also has a very high price point for new families to have an apartment or a home. If Redmond is expecting an increase in new families they need to make the housing more affordable for them. If Redmond could implement a density bonus, they could lower the burden on housing for the Redmond community.

Density Bonus could be applied to Redmond by providing enticing incentives to developers. The density bonus would help raise the number of units being built on a single property. This would give developers incentives to build more affordable units, therefore allowing them to make more money. The lack of housing in Redmond is a main concern. The amount of affordable units that is accessible to lots of people are also a concern. If the city implements a density bonus, more contractors and developers would be encouraged to start building here. Density bonuses also allow more diverse set of income levels. Multi and single family members could coincide and have a stable environment. I think that having a mixed set of housing will provide a variety of people to Redmond. This affordable housing option could also attract more people from Bend, who commute to Redmond everyday. Instead of commuting, they could live closer to work, and become part of the community.

The diversity of income levels will be able to balance out the area. It will help improve the level of homeless, and it will help provide housing to those transitioning from an apartment to a house. By helping supply cheaper and diverse housing, families and couples would not have to rush into a purchase of a house if they were not ready. They could have a steady set of income, but if they do not want to have the burden of a mortgage in a recovering economy, they should have the option of a diverse set of affordable housing.

⁹⁷ https://www.huduser.gov/portal/casestudies/study_07022012_1.html