

CITY of LA GRANDE

City Council/Planning Commission Joint Work Session

Monday, April 12, 2021

6:00 p.m.

You can view the Work Session on Facebook Live at the following link:
www.facebook.com/CityofLaGrande

AGENDA

*The purpose of a Council Work Session is to provide the Council with an opportunity to informally discuss topics of common concern and interest and to exchange ideas with Staff, not to make decisions or to direct Staff toward a specific action or conclusion beyond identifying additional information the Council would like to have presented at a later date. As no decisions are made, there will be no voting by the Council at the Work Session. The City Manager or members of the Staff may confirm any additional information the Council requires as part of any future discussions regarding the presented topic(s). If a Work Session topic subsequently requires official action, it will become an action (voting) item on a following Regular Session Agenda. Per ORS 192.670(1), Councilors will be participating in this Work Session by electronic communication. **Due to the COVID-19 Pandemic this City Council Work Session is for the sole purpose of conducting business on the agenda. No public comments will be entertained at this Work Session.***

1. **CALL to ORDER**

~ Stephen E. Clements, Mayor

6:00 p.m.

2. **RECOMMENDATIONS – HOUSING PRODUCTION STRATEGY**

~ Michael Boquist, Community Development Director

~ Jamin Kimmell, Cascadia Partners (and others)

- Presentation – Overview of La Grande’s Housing Needs Analysis, Purpose of the Housing Production Strategy (HPS), State Law Requirements, and Recommendations
- Discussions on Each Strategy and Refine as Needed

3. **ADJOURN**

~ Note: *The adjournment time is flexible and may run longer at the discretion of the Council to ensure that all HPS strategies are adequately discussed and considered*

7:30 p.m.

Kayla M. Rock
City Recorder

City of La Grande

Draft Housing Production Strategy

TO: Michael J. Boquist, Community Development Director, City of La Grande

FROM: Jamin Kimmell, Alex Joyce, Lydia Ness, and Rachel Cotton, Cascadia Partners LLC

DATE: April 7, 2021

Background and Purpose

The purpose of this memo is to propose a draft set of strategies and actions to be included in the City of La Grande's Housing Production Strategy. The City of La Grande conducted a Housing Needs Analysis (HNA) in 2019, which was adopted through Ordinance 3250, Series 2020, into the Goal 10 Chapter of the City's Comprehensive Plan. As required by state law, the HNA projects the housing needs of the City over the next 20 years and evaluates the City's supply of residentially zoned land designated to meet that need.

Through the passage of House Bill 2003 in 2019, the state legislature directed the Department of Land Conservation and Development (DLCD) to require that each City with a population of more than 10,000 produce a Housing Production Strategy (HPS) that includes a list of specific actions the City intends to undertake to fulfill the commitment of meeting the housing needs identified in the HNA, as well as an expected timeline for adoption and implementation of each action.

Implementation and Review by DLCD

The strategies and actions included in this memo are in draft form. If they are included in the final HPS report, then the City is committing an intention to implement the actions within a timeline that will be defined in the final HPS report. The City will be required to submit a narrative report on implementation of the HPS to DLCD for review and comment four (4) years after it adopts its HPS. The narrative must include a summary of the work already completed to implement the actions included in the HPS.

If the City has not implemented specific actions, it must provide an explanation of the circumstances or factors that posed a barrier to implementation and an alternative plan for addressing the housing need that the strategy was intended to address. If the City continually fails to implement a strategy or action, then DLCD may request the City to enter an Intergovernmental Agreement between DLCD and the City which outlines specific compliance actions, and DLCD may pursue other enforcement actions.¹

¹ For more information on the requirements for Housing Production Strategies, see Oregon Administrative Rules 660-008-0050 through 660-008-0070.

Organization of this Memo

This document is organized in three sections:

- **Section 1: Strategies and Actions** provides a summary description of each proposed strategy and action. There are four overall strategies identified, each with a set of actions to implement the strategy. For each action, the document summarizes the proposal, provides relevant background information, identifies the benefits and drawbacks of the action, and provides considerations for how the action could be most effectively implemented by the City.
- **Section 2: Analysis of Impacts** presents an evaluation of the potential impacts of each action on the City's housing needs. The analysis considers affordability levels of housing that may be produced, whether the action will produce for-sale or for-rent housing units, and how the action may benefit the housing needs of certain populations.
- **Section 3: Future Potential Strategies** includes a list of strategies and actions that were either discussed or considered by the City, but not included as a part of the near-term implementation plan. The City may revisit these in the future.

Process for Developing Strategies and Actions

The strategies and actions included in this document have were initially identified by the project consulting team based on experience with similar policies in similar jurisdictions, an audit of the City's existing zoning code and housing policies, best practices research, and a list of potential strategies published by DLCD. Working collaboratively with staff, the consulting team refined the strategies and actions to best fit La Grande's housing needs and the City's capacity for implementation over time.

Public Meeting and Virtual Open House

The strategies and actions were then presented to the public at a virtual meeting on February 17, 2021 and made available for review on a Virtual Open House. The Virtual Open House also included an online survey which asked respondents to indicate their level of support for strategies and actions. The feedback from this process is summarized in the "Public and Advisory Committee Comments" section associated with each action. Five (5) community members attended the public meeting and ten (10) people responded to the online survey.

Advisory Committee

The strategies and actions were also presented to the project Technical Advisory Committee. The committee is made up of local home builders, non-profit organizations that work on housing and social services, the Northeast Oregon Housing Authority, and major local employers. The feedback from this committee is summarized in the "Public and Advisory Committee Comments" section associated with each action.

Section 1. Strategies and Actions

This section of the memo provides a summary of the four strategies, followed by detailed descriptions of each implementing action related to the four broad strategies.

Strategy		Summary
1	Reform zoning and land use regulations to respond to housing needs	This strategy presents a set of actions that would remove or lessen regulatory barriers to housing development to help meet the City’s housing needs. The actions are based on an in-depth review of the City’s Land Development Code (LDC).
2	Modify tax and fee policies to reduce the cost to develop and operate housing	This strategy presents a set of potential actions for the City to restructure property taxes or development fees to encourage development of needed housing types.
3	Organize public projects and resources to catalyze housing development	This strategy presents a set of actions the City can take to organize existing planning efforts or implement new partnerships and programs to directly spur housing development.
4	Support local partners in their efforts to acquire land and assets to meet housing needs	This strategy presents a set of actions the City can take, in concert with other local agencies and organizations, to acquire land and properties that can be used to meet housing needs.

Strategy 1 Reform zoning and land use regulations to respond to housing needs

Action 1.1 Allow small lot single-family houses

Proposal Reduce minimum lot size in the R-2, R-3, and R-P zone to 3,000 square feet and reduce minimum lot width to 30 feet, with 40' for corner lots.

Background

- The Housing Needs Analysis (HNA) found that the single-family detached houses will continue to be the most widely needed form of housing, even if it represents a smaller share of new housing units than the existing housing stock.
- The Land Development Code (LDC) currently requires a minimum lot size of 5,000 square feet and minimum lot width of 50 feet for a single-family house in the R-2, R-3, and R-P zone.
- This standard prevents the creation of new lots smaller than 5,000 square feet for housing development. On larger sites, the standard limits the opportunity to add additional units and impairs development feasibility.
- Single-family houses on lots as small as 3,000 square feet have proven to be a viable product type in other markets. It is feasible to build 3-4 bedroom houses with yard area on lots of this size.

Benefits

- Single-family detached houses are simpler to develop and local builders could more easily respond to this code change than efforts to encourage townhomes or multi-family development.
- Reduces land costs per unit, making it more feasible to deliver single-family houses at workforce income levels (80-120% of AMI). Small lot houses can also appeal to more affluent buyers.

Drawbacks Small lot houses may be perceived as incompatible with established patterns of lot size and house scale in some neighborhoods.

Implementation Considerations

- Minimum lot sizes could be scaled by zone to better align with existing lot size and density patterns.
- If there are concerns about the compatibility of small lot houses, consider applying additional standards, such as Floor Area Ratio (FAR) limits or special design standards.
- Under HB 2001, duplexes would also need to be subject to the same minimum lot size requirements.

Public and Advisory Committee Comments 80% of survey respondents were supportive of this action, 10% were neutral and 10% were opposed.

**City Staff
Comments**

Recommendation: Supported by Staff as a potential strategy.

Comments: A minimum lot width of 30' would be consistent with how lots were platted in the early 1900s, and consistent with some existing lots within the City. Because of increased setback requirements for corner lots, a 40' wide minimum would not be unreasonable and may retain sufficient building area to accommodate a small home.

Action 1.2 Allow townhouses in the R-2, R-3, and R-P zone

- Proposal**
- Define “Townhouse” in the Land Development Code and designate as a permitted use in the R-2, R-P, and R-3 zone.²
 - Allow up to a 3-unit townhouse project in the R-2 zone with a minimum lot size of 1,500-2,500 sf per unit. Increase max density in these zones to align with minimum lot size for townhouses.
 - Allow townhouse projects (on individual lots) in the R-3 zone and a lot size of 1,500-2,500 sf per unit.
 - Amend Duplex Division (Article 4.4) provisions to align with proposed minimum lot sizes and lot widths in each zone.

- Background**
- The HNA found that the City will need to produce more townhouses than has been constructed historically in order to meet evolving housing needs. Townhouses and “plexes” (small apartment buildings) should account for 20% of new housing units to meet projected needs, but they only account for 15% of the existing housing stock.
 - The term “townhouse” is currently not defined in the LDC. A townhouse unit could be developed under the Duplex Division provisions (Article 4.4). However, these provisions limit the structure to two units and require a minimum lot size of 3,000 square feet per unit. This lot size may be appropriate for “end units” in a townhouse project, which typically have side yard setbacks, but it is far too large for “interior” units, which are attached on both sides to other townhouse units.
 - Two-unit townhouse projects are less feasible to develop than 3-4 unit townhouse projects due to higher land costs per unit.

- Benefits**
- Improve the feasibility of developing townhouse units by reducing land costs per unit and opening up development on more sites.
 - Townhouses may be more feasible as ownership housing options at workforce income levels (80-120% of AMI), yet they can also appeal to more affluent buyers.

² For reference, this is the definition used in DLCD’s Model Code for Middle Housing: “Townhouse” means a dwelling unit that is part of a row of two or more attached dwelling units, where each unit is located on an individual lot or parcel and shares at least one common wall with an adjacent dwelling unit.

Drawbacks	Townhouses may be perceived as incompatible with established patterns of lot size and house scale in some neighborhoods.
Implementation Considerations	If there are concerns about the compatibility of townhouses, consider applying additional standards, such as Floor Area Ratio (FAR) limits or special design standards.
Public and Advisory Committee Comments	90% of survey respondents were supportive of this action, and 10% were neutral.
City Staff Comments	<u>Recommendation</u> : Supported by Staff as a potential strategy.

Action 1.3 Reduce barriers to triplexes and quadplexes

Proposal	Allow Consider allowing a triplex on a minimum lot size of 4,500 square feet in the R-2, R-3 and R-P zones/quadplex on a minimum lot size of 6,000 square feet in the R-P and and R-3 zones.
Background	<ul style="list-style-type: none"> • The HNA found that the City will need to produce more “plexes” or small apartment buildings than has been constructed historically in order to meet evolving housing needs. Townhouses and “plexes” should account for 20% of new housing units to meet projected needs, but they only account for 15% of the existing housing stock. • Triplexes and quadplexes can be compatible in scale and design with single-family houses. However, the LDC currently requires a minimum lot size of 7,000 square feet for a triplex and 8,000 square feet for a quadplex. • According to the Buildable Land Inventory (BLI), this minimum lot size requirement precludes a triplex or fourplex from being developed on 38% of vacant or partially vacant lots in these zones and 43% of developed lots.
Benefits	<ul style="list-style-type: none"> • Allowing a triplex on a minimum lot size of 4,500 square feet, or quadplex on a minimum lot size of 6,000 square feet would enable these housing types to be developed on an additional 52 vacant lots in the City. It would also enable a triplex or fourplex on 1,007 developed lots, some of which may be suitable for redevelopment or conversion of a single-family house to triplex or quadplex. • Triplexes/fourplexes may be more feasible to develop than single-family houses or duplexes due to lower land costs per unit.
Drawbacks	Triplexes/quadplexes may be perceived as incompatible with established patterns of lot size and house scale in some neighborhoods.

Implementation Considerations	<ul style="list-style-type: none"> If there are concerns about the compatibility of triplexes/quadplexes, consider applying additional standards, such as Floor Area Ratio (FAR) limits or special design standards.
Public and Advisory Committee Comments	90% of survey respondents were supportive of this action, and 10% were neutral.
City Staff Comments	<u>Recommendation</u> : Supported by Staff as a potential strategy.

Action 1.4 Reduce barriers to apartment buildings in the R-3 zone

Proposal	In concert with minimum lot size reductions for triplexes and quadplexes in the R-3 zone (Action 1.3), reduce consider reducing the minimum lot size for larger multi-family developments to 6,000 square feet for the first 4 units and 1,000 square per each additional unit.
Background	<ul style="list-style-type: none"> Currently, an apartment building in the R-3 zone would require a minimum lot size of 5,000 square feet for the first unit, and 1,000 square feet for each additional units. For example, an 8-unit apartment building would require 12,000 square feet. Only 13% of all lots, and 55% of vacant lots, in the R-3 zone are over 12,000 square feet. This limits the locations where a new apartment building can be sited. If the minimum lot size were reduced as proposed, an 8-unit apartment building would require a 10,000 square foot lot. This would allow for this building on 19 additional lots than the current standard and the project would now be allowed on approximately 70% of all vacant lots.
Benefits	<ul style="list-style-type: none"> Enable development of apartment buildings on more sites. Reduce land costs per unit and increase opportunity for lower cost housing options.
Drawbacks	Larger apartment buildings on smaller sites may be perceived as incompatible with established patterns of lot size and house scale in some neighborhoods.
Implementation Considerations	If there are concerns about the compatibility of apartments in the R-3 zone, consider applying additional standards, such as Floor Area Ratio (FAR) limits or special design standards.
Public and Advisory Committee Comments	No comments were received regarding this strategy.

Action 1.5 Reduce the cost of complying with off-street parking standards

- Proposal**
- Reduce minimum off-street parking standards to 1 space per unit for triplexes, quadplexes, townhouses and multi-family dwellings.
 - Do not require covered parking for triplexes, quadplexes, townhouses and multi-family dwellings.

- Background**
- Due to recent changes as a result on HB 2001, the LDC currently requires 1 space per unit for a duplex, 1.5 spaces per unit for multi-family dwellings, and 2 spaces per unit for single-family dwellings.
 - This standard requires more parking per unit for a triplex, quadplex, or other multi-family dwelling than a duplex. However, demand for parking is likely to be similar for these housing types or may even be lower than multi-family dwellings as they are likely to have smaller units than a duplex.
 - Requiring more parking than the market demands can place a significant cost on development. Every parking space consumes approximately 400 square feet of site area that could otherwise be used for housing. Parking spaces cost \$5,000 to \$20,000 per space to construct depending on their design.
 - The LDC also requires one space per unit to be covered (as in a carport or garage). This requirement adds to the cost of providing parking.

- Benefits**
- Enable development of triplexes, quadplexes, townhouses, and other small apartment buildings on smaller sites where development may otherwise not be feasible under existing parking standards.
 - Reduce the cost of housing development.

Drawbacks Reduced off-street parking could result in greater use of on-street parking, which may differ from existing conditions in a neighborhood and in some places could impact the function of the street.

- Implementation Considerations**
- Alternatively, the City could set parking standards based on the size of the unit or number of bedrooms rather than housing type. This can be a more equitable approach as it is more likely to correlate with parking demand.
 - Recommended standards are 1 space per unit for a studio/1 bedroom, 1.25 spaces per unit for a 2 bedroom, and 1.5 spaces per unit for a 3 bedroom. To comply with HB 2001, an exception must be granted for duplexes to require only 1 space per unit.

**Public and
Advisory
Committee
Comments**

Public comments were split in support of this action. Developer feedback provided through the Advisory Committee was generally supportive. Others on the Advisory Committee were less supportive and expressed concern about impacts to on-street parking. 50% of survey respondents were supportive of this action, 10% were neutral and 40% were opposed.

**City Staff
Comments**

Recommendation: Supported by Staff as a potential strategy.

Action 1.6 Reduce barriers to cottage housing developments

Proposal

- Allow cottage housing³ in the R1 and RP zone, in addition to current allowance in the R2 and R3 zone.
- For cottage housing developments outside an existing platted subdivision, remove minimum development area requirement of 15,000 square feet and reduce the minimum number of cottages from 6 to 4.
- For infill cottage housing, only require Conditional Use approval for larger cottage housing developments, such as more than 6-10 units.

Background

- Cottage housing is an important alternative form of housing which can meet the need for affordable ownership housing for smaller households, especially young families and seniors.
- Cottage housing developments can also be attractive to small households with higher incomes.
- The LDC provisions to allow cottage housing developments are generally supportive of this housing type, but there are some barriers which may discourage some developers from using these provisions.

Benefits

- By allowing cottage housing developments in more zones and removing the minimum development area requirement, this housing form would be possible on more sites across the city.
- By increasing the threshold for a Conditional Use permit, this would allow smaller cottage housing developments within existing neighborhoods to avoid the uncertainty and additional time and expense required to receive Conditional Use approval.

Drawbacks

Cottage housing developments would be allowed on more sites and could be perceived as incompatible with established patterns in certain areas.

**Implementation
Considerations**

The City should review all other cottage housing design and development standards to ensure they do not conflict with the proposed changes and to

³ A cottage housing development is an alternative type of detached housing comprised of small residences that are one thousand (1,000) square feet or less and suited to accommodate a typical household of one or two individuals.

identify if there are additional barriers to cottage housing developments which may be lessened.

**Public and
Advisory
Committee
Comments**

Developer feedback provided through the Advisory Committee was supportive.

**City Staff
Comments**

Recommendation: Supported by Staff as a potential strategy.

Action 1.7 Reduce barriers to accessory dwelling units

Proposal

- Replace the requirement that the front setback of the ADU be 10 feet greater than the front setback of the primary dwelling with a requirement that the ADU not be placed in front of primary dwelling.
- Consider replacing discretionary standard that the building is “architecturally compatible with the primary single-family dwelling” with a set of clear and objective design or compatibility standards.

Background

- ADUs are an important way for the City to create additional housing units on existing developed lots in a manner that has little impact on the function of a neighborhood.
- ADUs can provide options for multi-generational living or generate rental income for homeowners to offset their housing costs.
- The City’s existing ADU provisions are largely supportive of this housing types, but there are some barriers which may discourage some homeowners from building an ADU.

Benefits

- The proposed changes to setbacks provide more options for homeowners for where an ADU can be sited on their lot.
- The proposed changes to design standards reduce uncertainty about what it means for an ADU to be “architecturally compatible” with the primary dwelling.

Drawbacks

Changes to setbacks or design standards could permit ADUs that are perceived as incompatible with established neighborhood patterns.

**Implementation
Considerations**

If there are concerns about the compatibility or impacts on adjacent properties, consider strategies to address those concerns without creating unnecessary barriers to ADU development.

**Public and
Advisory**

The Public and Advisory Committee did not provide input on this specific action, but they were generally supportive of other zoning changes intended to remove barriers to development of a wider variety of housing types.

Committee
Comments

City Staff
Comments

Recommendation: Supported by Staff as a potential strategy.

Action 1.8 Reduce barriers to conversions or additions to existing buildings that create new housing

Proposal

- Review the City’s non-conforming uses and other provisions to identify potential barriers to conversions or additions to create new housing. If unnecessary barriers are identified, amend code to remove or lessen barriers.

Background

- Converting an existing building to create new housing units, such as converting a single-family house to a multi-unit building or converting a commercial space into residential units, is a cost-effective way to create new housing.
- Conversions or additions often encounter zoning code challenges because the building or site has unique challenges that would not apply to new development or an existing building or site is not in compliance with the code.

Benefits

- Remove barriers to cost-effective method of creating new housing.
- Encourage the preservation and conversation of existing structures rather than demolition and redevelopment.

Drawbacks The code changes may allow for conversions or additions which are perceived as incompatible with existing neighborhood patterns.

Implementation Considerations Conduct a thorough review of the LDC to ensure to identify all potential barriers to conversions or additions.

Public and Advisory Committee Comments There were no specific comments on this action.

City Staff
Comments

Recommendation: Supported by Staff as a potential strategy.

Strategy 2 Modify tax and fee policies to reduce the cost to develop and operate housing

Action 2.1 Provide a temporary property tax abatement for multifamily housing and townhouses

- Proposal**
- Offer a property tax abatement by adopting a Multiple Unit Property Tax Exemption (MUPTE).
 - Structure the MUPTE program to encourage development of specific needed housing types in specific locations, such as affordable housing and accessible housing.
 - Periodically review the program to evaluate how effectively it is meeting goals to create needed housing.

- Background**
- MUPTE is a state-enabled program that allows cities to incent production of multifamily housing with specific locations and/or specific features.
 - Allows developments with multi-unit structures to receive a property tax exemption for up to ten (10) years on the improvement value of the property. The property owner continues to pay taxes on the land value and any commercial portion of the property.
 - The City can generally shape the program as it sees fit: geography where it applies, application process, program requirements and criteria (such as percentage affordable units). The City must only require that the project provides public benefits.
 - Example from Eugene, OR: The 50-unit Tate Condominium project used the MUPTE 9 years ago. When it comes onto tax rolls in 2016, it will generate approximately \$262,000 in tax revenue. Without the new structure, the property would generate about \$3,300 in tax revenue.
 - Enabling statute: ORS 307.600 to 307.637

- Benefits**
- There are many benefits to this program. It is flexible, it allows cities to control which developments are eligible and to cap the total amount of tax abatement annually.
 - It can significantly improve development feasibility for multifamily housing, townhouses, and affordable housing. It can be designed to incent housing that would not otherwise be built, so it can have a net positive impact on tax base over time.

- Drawbacks**
- The program could result in a short-term loss of property tax revenue over the up to 10-year period. However, the intent of the program is to enable developments that would otherwise not occur.
 - The program must be approved by at least some overlapping tax districts.

- It is a discretionary approval, which can be complex and time-consuming for applicants.

Implementation Considerations Carefully consider program eligibility to target the tax abatement for high priority housing needs.

Public and Advisory Committee Comments 80% of survey respondents were supportive of providing property tax abatements for new multi-family developments that include units affordable to people with lower incomes, and 20% were neutral.

City Staff Comments Recommendation: Supported by Staff as a potential strategy.

Action 2.2 Scale development fees to reflect impact on public services

Proposal Scale Consider scaling development fees so they are proportionate to the impact of a housing unit on public services

Background

- Currently, the City’s water connection and sewer connection fees are based on the lot size and frontage of the lot, not on the size of the home. This formula may undercharge large homes that have a greater impact on public services and overcharge small 1 or 2 bedroom homes that have a lesser impact.
- The City could establish a “Single Family Equivalent” standard that allows for smaller units, such as compact houses, cottage cluster units, and ADUs to pay a lower fee than larger homes. The City could also scale the connection fees by the square footage of the unit or the number of bedrooms.
- For instance, a smaller house may have a Single Family Equivalent of 75 percent while a large home may have a Single Family Equivalent of 125 percent.
- Similarly, the City’s System Development Charge (SDC) for Parks is not scaled by the size of the unit. The City could amend the SDC to be based on the size of the unit, such as number of bedrooms.

Benefits

- More equitable method of charging development fees.
- Reduced fee costs for development smaller units, which are usually more affordable than larger units

Drawbacks May result in lower overall fee revenue; however, this can be mitigated by increasing the base fee rate while applying a “Single Family Equivalent” scale to reduce the relative fee cost for smaller units.

Implementation Considerations Coordinate this action with Action 3.5 to ensure that fee rates and revenue projections account for any additional waivers or reductions for needed housing types.

Public and Advisory Committee Comments There were no specific comments on this action.

City Staff Comments Recommendation: Supported by Staff as a potential strategy.

Action 2.3 Waive or reduce development fees for needed housing types

Proposal Offer a waiver or reduction in SDCs and permitting fees in order to incentivize development of high priority needed housing types.

Background

- In addition to scaling fees to be proportionate to their impact, the City can further incentivize development of needed housing types by offering outright reductions or exemptions from certain fees.
- This strategy may apply to water and sewer connection fees, the Parks SDC, building permit fees, or all development fees.
- The incentive should be targeted to high priority needed housing types. This may include affordable housing units, accessible housing units, market rate rental units, or more affordable forms of market rate ownership units such as small lot single-family houses, townhomes, or cottages.

Benefits

- A fee waiver or reduction can “tip the scales” to make a project economically viable that would otherwise not be developed.
- It may also encourage a developer to shift the type of housing they produce in order to take advantage of the waiver/reductions.

Drawbacks

- The City’s current SDCs and permitting fees are relatively low, so it is unclear if offering a waiver or reduction will effect developer decisions.
- Reduction in fee revenue may need to be offset from other funding sources.

Implementation Considerations Given that the City’s fees are relatively low, consider offering the waiver/reduction to housing types which are more difficult to construct and may have thinner profit margins or financing challenges, such as affordable housing.

Public and Advisory Committee Comments 80% of survey respondents were supportive of this action, and 10% were neutral.

City Staff Comments Recommendation: Supported by Staff as a potential strategy.

Strategy 3 Organize public projects and resources to catalyze housing development

Action 3.1 Coordinate infrastructure planning and construction to support housing development

Proposal • Adopt a Comprehensive Plan or other city policy that states the City will coordinate infrastructure planning and construction to support development of high priority housing needs.

Background • The City can have a significant influence on whether it is feasible or attractive to build housing in a certain location based on where public infrastructure projects (water or sewer lines, street improvements, parks, etc.) are located, how they are designed, and the timing of their construction.

• Whenever planning for improvements, the City should consider how the improvements will affect housing development opportunities in the area and, where feasible, modify project designs to better improve conditions for housing development.

• This step should be incorporated into citywide, long-term master planning efforts (such as a wastewater master plan or a transportation system plan) and Capital Improvement Program (CIP) planning for short-term improvements. Further, the City may incorporate this step into the development review process

Benefits • New funding will likely be required in many cases. The City can consider modifying planned and funded infrastructure investments to catalyze housing projects.

• Infrastructure investments can reduce costs of housing development and enable development on sites that would otherwise not be viable.

Drawbacks Projects needed to support new housing must compete with other needs and priorities given limited funding for public infrastructure projects.

Implementation Considerations If a high priority housing project is proposed, the City may consider either (1) accelerating implementation of previously planned improvements that would benefit the project or (2) funding off-site improvements (such as street intersection improvements) triggered by the development that would otherwise be borne by the private developer. The City may choose to limit this option to new affordable or workforce housing projects.

Public and Advisory Committee Comments The public and Advisory Committee were generally supportive of prioritizing infrastructure investments that would support new housing development.

Action 3.2 Target Urban Renewal District investments to better support renovation and creation of new housing units

- Proposal**
- Amend the existing Call for Projects (CFP) policies for the Revitalization Incentive Program to allow for improvements to upper story housing without improvements to associated commercial spaces.
 - Subsequent to amending the CFP policies, review the list of public infrastructure projects and evaluate if any projects will have a significant impact on the feasibility of housing development in the URA. If so, consider prioritizing those projects for earlier implementation.
 - Subsequent to amending the CFP policies, identify if there are any infrastructure improvements needed to improve feasibility of housing development that are not on the project list and consider adding them to the list.

- Background**
- One of the primary goals of the City’s URA is to “promote the development of a range of housing within the Area, especially rental units and housing units as part of mixed-use development in the Central Business Zone (CBZ)”.
 - The URA plan identifies zoning updates, public facilities and infrastructure investments, and direct assistance to property owners as actions to support housing development.
 - The URA has already made significant investments in housing by supporting projects to renovate upper floor housing, but the program requires improvements to commercial space as well as housing.

Benefits The URA is one of the City’s only funding sources for directly investing in a public-private partnership to renovate or create new housing units. This change could encourage more property owners to submit grant applications for housing-related projects.

Drawbacks Projects must be implemented within the boundaries of the URA district, which may or may not include areas suitable for new housing.

Implementation Considerations Consider whether other City policies related to the URA district would support extending the length of the URA, modifying the boundaries, or other actions that could make it more useful for housing investments.

Public and Advisory Committee Comments Public comments were strongly supportive of prioritizing public infrastructure construction projects (sewer or water lines, street improvements) that may support new needed housing. 90% of survey respondents were supportive of that action, and 10% were opposed.

City Staff
Comments

Recommendation: Supported by Staff as a potential strategy.

Action 3.3 Provide technical assistance to small developers

Proposal Provide technical assistance to small developers to assist with housing development

Background

- Providing information to small, local developers that will help them understand land use permitting processes and give them a sense of clarity and certainty about requirements so they can better provide smaller scale housing at an affordable level.
- The City could produce clear, easy to use information that would be distributed on the City website or at City hall. The City may also offer workshops, webinars, or training sessions to help small builders become familiar with the permitting process and make them aware of City resources.

Benefits

- Build awareness of zoning and financial incentives among local builders.
- Reduce uncertainty about City regulations and permitting processes to remove barriers to development of certain housing types.
- An active pool of local, small developers also supports local economic development and jobs.

Drawbacks Staff capacity and funding may be needed to produce new informational materials and trainings.

Implementation Considerations

- Some of this work may be a good fit for a intern or student project, particularly those interested in communications or marketing.
- Several web-based software tools have been developed in recent years that are intended to simplify zoning and permitting information for the public.

Public and Advisory Committee Comments The public and Advisory Committee were generally supportive of this action.

City Staff
Comments

Recommendation: Supported by Staff as a potential strategy.

Action 3.4 Support opportunities to engage in public-private partnerships

Proposal Adopt a policy that the City will welcome opportunities to engage in public-private partnerships with developers on key sites to support high priority housing needs.

- Background**
- If the City has administrative capacity and resources to offer to a private developer, it may consider taking a more active role in the development of certain sites through a Public-Private Partnership (PPP).
 - A PPP may also be an option if the City has financial resources to offer incentives, such as a “gap financing” loan or grant, and is interested in ensuring the development produces certain outcomes, such as affordable housing units or community amenities.

Benefits The City can exercise some control over a development project to ensure it meets high priority housing needs or achieves other policy goals.

Drawbacks The City must be able to offer significant asset or financial incentive in order for a private developer to engage in a partnership.

Implementation Considerations The other actions underneath this strategy may be more viable in the short-term because they require less funding, but any of those actions could also be part of a larger PPP if the City has additional incentives or assets to offer.

Public and Advisory Committee Comments Members of the Advisory Committee were generally supportive of this action. No specific comments from the public.

City Staff Comments Recommendation: Supported by Staff as a potential strategy.

Strategy 4 Support local partners in their efforts to acquire land and assets to meet housing needs

Action 4.1 Support the establishment of a local non-profit land bank or land trust

Proposal Support the work of local and regional housing organizations by helping to convene or otherwise support organizations, charities, foundations, or other stakeholders that may be interested in founding a local non-profit land bank.

Background

- One of the most common barriers to building more affordable housing is acquiring land. Non-profit developers and housing authorities often struggle to compete with the resources of private developers in an open market bid for land.
- Land banks support affordable housing development by reducing or eliminating land cost from development. They can take several forms. Most are administered by a non-profit or nongovernmental entity with a mission of managing a portfolio of properties to support affordable housing development over many years.
- The City can play a support role by helping to convene local housing organizations, charities, foundations, or other stakeholders that may be interested in founding a local non-profit land bank.
- One way the City could support the land bank/land trust is to assist with creating an inventory of suitable sites for housing development. The City could utilize the data collected for the Buildable Land Inventory (BLI), then conduct additional analysis to identify properties most suitable for development in the short-term, based on infrastructure conditions, location, and other factors. A separate inventory may also be created for older, distressed properties that may be targeted for acquisition by a non-profit affordable housing operator.

Benefits

- Establish a bank of land that is reserved for high priority housing needs.
- Reduce a key barrier to workforce or affordable housing development.
- Once established, the City's role in the land bank would be more limited if they non-profit can develop a stable funding source.

Drawbacks A funding source must be identified and staff time may be needed to convene stakeholders and establish the program.

Implementation Considerations

- [Proud Ground](#), a community land trust that operates in the Portland metro region and on the coast, is looking to expand statewide and could be a partner in this work. Proud Ground's mission is to provide permanently affordable homeownership opportunities.

- Lincoln Community Land Trust (consolidated with Proud Ground) is a successful rural area land trust model currently operating in Lincoln County on the Central Oregon Coast.
- The [Network of Oregon Affordable Housing](#) (NOAH) provides loans to developers to acquire land and existing rental buildings. NOAH could also be a partner in this work.

Public and Advisory Committee Comments Members of the Advisory Committee were supportive of this action and noted that there are likely several organizations in the area that would be interested in working together to establish a land bank/land trust. 70% of survey respondents were supportive of this action, and 30% were opposed.

City Staff Comments Recommendation: Supported by Staff as a potential strategy.

Action 4.2 Prioritize the use of surplus public land for housing needs

Proposal • Adopt a land disposition policy that states the City will prioritize selling or dedicating any surplus publicly-owned land to meet housing needs.

Background • The City may own or may come into ownership of land which it does not need for other public facilities or uses. The land may have been acquired for a facility that is no longer needed. The County may also acquire land that has been foreclosed upon for tax delinquency.

• In these cases, cities usually sell the land to a private party. Alternatively, the City could adopt a policy that specifically prioritizes this surplus land to be used to meet high priority housing needs. The policy may state that the City will offer the right of first refusal to a land bank, land trust, or non-profit affordable housing developer.

• The City of [Port Townsend, WA](#) is an example of a land disposition policy adopted by the City.

Benefits No new funding source needed. This action would be triggered only when the City comes into ownership of surplus land.

Drawbacks A funding source must be identified and staff time will be needed to convene stakeholders and establish the program.

Implementation Considerations • The land could also be offered as a long-term lease at very minimal cost to developers for land the City is not yet ready to surplus.

• The policy could be adopted jointly in partnership with the County, school district, or other public agencies, in order to broaden its impact to include other surplus lands.

Public and Advisory 90% of survey respondents were supportive of this action, and 10% were neutral.

Committee
Comments

City Staff
Comments

Recommendation: Supported by Staff as a potential strategy.

Action 4.3 Engage with faith-based organizations to identify opportunities to use surplus land for housing needs

Proposal Consider engaging with leadership of local faith-based organizations that may have surplus land that could be sold or donated to be developed for high priority housing needs.

Background

- Many faith-based organizations in La Grande own land that may be in excess of their long term needs. At least six faith-based organizations throughout La Grande own over 18 acres of land in medium and high density residential zones.
- The City could engage with faith-based organizations to understand long-term plans for their sites and develop partnerships to explore housing opportunities.

Benefits Faith-based organizations often perceive affordable housing development to be consistent with their mission and are interested in partnerships to support housing.

Drawbacks Staff time and funding may be necessary to engage with these organizations and offer technical assistance.

Implementation Considerations The City could offer support to understand zoning or infrastructure issues and facilitate connections with local developers that may be interested in building on their site.

Public and Advisory Committee Comments There were no specific comments on this action.

City Staff Comments Recommendation: Supported by Staff, but not as a proactive effort.

Section 2: Analysis of Impacts

This section of the Draft Housing Production Strategy provides an analysis of the impacts of each of the actions identified in Section 1. The intent is to evaluate how each action may contribute to meeting the City’s housing needs, and to identify the extent to which the various actions work together as a whole to meet housing needs.

Housing Need Targets

The analysis considers the impact of each action on targeted housing needs in three areas:

- **Affordability Targets:** This section evaluates the degree to which an action will help to produce housing affordable to various income levels. The evaluation is based on the housing types that are most likely to be produced as a result of the action and the extent to which the City can target the action to meet housing for certain income levels.
- **Tenure Targets:** This section evaluates the degree to which an action will help to produce housing that is either for-sale or for-rent.
- **Equity Targets:** This section evaluates the degree to which an action will help to produce housing that can meet the needs of specific populations that may be disproportionately impacted by housing issues. For more information on how these populations were identified, see the “Contextualized Housing Need” memo.

It is important to note that the City can make a decision to implement many of the actions in a manner that achieves a specific affordability, tenure, or equity target. At this draft stage of the strategy, this evaluation is intended to identify which actions are more or less likely to impact certain housing needs and/or which actions are most easily targeted to certain needs.

Impact Levels

The analysis rates the level of impact of each action on a housing need as follows:

- **Low or no impact:** This indicates that the action is very unlikely to help meet the relevant housing need either because the action would not lead to production of a housing type that would benefit that need or population or because there are limitations in how that housing type can be targeted to specifically meet that need.
- **Moderate or potential impact:** This indicates that the action either (1) may have a moderate impact on meeting the relevant housing need or (2) the implementation of the action could potentially be designed to target that need.
- **High impact:** This indicates that the action may directly benefit a certain housing need and is likely to be most effective at meeting that need relative to other needs.

Based on the level of impact of each action compared to the relative complexity of implementing the action, a preliminary prioritization rating is identified on a “High”, “Medium”, and “Low” scale.

STRATEGIES AND ACTIONS		PRIORITY RANKING	AFFORDABILITY TARGET				TENURE TARGETS		EQUITY TARGETS				
			Publicly-Subsidized (< 30% AMI)	Affordable (30-80% AMI)	Workforce (80-120% AMI)	Market Rate (> 120% AMI)	For Rent	For Sale	People of Color	People Experiencing Homelessness	People with Disabilities	Seniors	Students
Strategy 1: Reform zoning and land use regulations to respond to housing needs													
1.1	Allow small lot single-family houses	Medium	○	○	◐	●	◐	●	◐	○	◐	◐	○
1.2	Allow townhouses in the R-2, R-3, and R-P zone	High	○	○	◐	●	◐	●	◐	○	◐	◐	◐
1.3	Reduce barriers to triplexes and quadplexes	High	○	◐	●	●	●	○	◐	○	◐	◐	◐
1.4	Reduce barriers to apartment buildings in the R-3 zone	High	◐	◐	●	●	●	○	◐	◐	◐	●	●
1.5	Reduce the cost of complying with off-street parking standards	Low	◐	◐	◐	◐	◐	◐	◐	◐	◐	◐	◐
1.6	Reduce barriers to cottage housing developments	Medium	○	○	●	●	◐	●	◐	○	◐	●	○
1.7	Reduce barriers to accessory dwelling units	Low	○	○	◐	◐	◐	◐	◐	○	◐	●	○
1.8	Reduce barriers to conversions or additions to existing buildings that create new housing	Low	○	○	◐	◐	◐	◐	◐	◐	◐	◐	◐
Strategy 2: Modify tax and fee policies to reduce the cost to develop and operate housing													
2.1	Provide a temporary property tax abatement for new multi-family housing and townhouses	Medium	◐	◐	◐	◐	●	◐	◐	◐	◐	●	●
2.3	Scale development fees to reflect impact on public services	Medium	○	○	◐	◐	◐	◐	◐	◐	◐	◐	◐
2.4	Waive or reduce development fees for needed housing types	Medium	◐	◐	◐	○	◐	◐	◐	◐	◐	◐	◐
Strategy 4: Organize public projects and resources to catalyze housing development													
3.1	Coordinate infrastructure planning and construction to support housing development	Medium	◐	◐	◐	◐	◐	◐	◐	◐	◐	◐	◐
3.2	Target Urban Renewal District investments to better support renovation and creation of new housing units	Medium	○	○	◐	●	●	○	◐	○	◐	◐	◐

STRATEGIES AND ACTIONS		PRIORITY RANKING	AFFORDABILITY TARGET				TENURE TARGETS		EQUITY TARGETS				
			Publicly-Subsidized (< 30% AMI)	Affordable (30-80% AMI)	Workforce (80-120% AMI)	Market Rate (> 120% AMI)	For Rent	For Sale	People of Color	People Experiencing Homelessness	People with Disabilities	Seniors	Students
3.3	Provide technical assistance to small developers	Medium	○	○	◐	◐	◐	◐	◐	○	◐	◐	◐
3.4	Support opportunities to engage in public-private partnerships	Low	◐	◐	◐	◐	◐	◐	◐	◐	◐	◐	◐
Strategy 4: Support local partners in their efforts to acquire land and assets to meet housing needs													
4.1	Support the establishment of a non-profit land bank or land trust	High	●	●	●	○	●	◐	◐	●	◐	◐	◐
4.2	Prioritize the use of surplus public land for housing needs	Low	◐	◐	◐	◐	◐	◐	◐	◐	◐	◐	◐
4.3	Engage with faith-based organizations to identify opportunities to use surplus land for housing needs	Low	◐	◐	◐	○	◐	◐	◐	◐	◐	◐	◐

Section 3: Future Potential Actions

The actions in Section 3 were considered by the project team and stakeholders but were not selected for inclusion in the HPS report. The actions will be reserved in this memorandum for reference and may be considered for action by the City within the timeframe of the HPS if conditions change or new opportunities arise.

Action A-1 Provide additional pathways for high density housing development in the GC zone

- Proposal**
- Conduct a commercial land needs analysis to determine future needs for commercial lands and to identify commercially zoned areas with barriers to commercial development. If the analysis shows there is a surplus of commercial land, move forward with steps below to provide new pathways for residential development in these zones.
 - Identify areas within the General Commercial (GC) zone where it may be appropriate to allow residential development outright without an associated commercial use, such as those properties lacking frontage along main streets and arterials.
 - Where commercial ground floor spaces are required, consider replacing the existing standard that limits the amount of ground floor residential space with a standard that requires a minimum amount of ground floor commercial space fronting the street. This change would allow for more residential space on the ground floor while preserving space along the street frontage for commercial uses.
 - Consider rezoning some areas of the GC zone to high density residential (R-3) that may not be viable or very difficult to build, lease or redevelop for commercial uses.

- Background**
- The LDC currently requires that any residential use must be part of a development that also includes commercial uses. The residential uses cannot account for more than 25% of the ground floor space, unless otherwise approved by conditional use.
 - The intent of this requirement is to preserve ground floor space for commercial storefronts while allowing residential units above the ground floor space. This form of mixed use development is complex to finance and construct and is unlikely to occur widely in a smaller market such as La Grande.
 - Additionally, in some areas of the GC zone, particularly off main streets, commercial uses may not be viable or very difficult to build and lease.

- Benefits**
- Repurpose vacant or underutilized commercial properties that are unlikely to develop with commercial uses.
 - Locate higher density residential uses in close proximity to existing businesses, which may increase their customer base.

Drawbacks If the City allows residential uses too broadly in the GC zone, then it is possible that residential uses will consume land that is needed to meet the City's long term need for commercial land.

Implementation Considerations Ideally, this change would be completed in concert with a commercial land needs analysis which showed that there is a surplus of commercial land in La Grande. This analysis is typically conducted as part of an Economic Opportunities Analysis (EOA), however, but it can be implemented independently.

Public and Advisory Committee Comments Advisory Committee comments were neutral for this action.

City Staff Comments Recommendation: Not Supported. Move to new Section 3.

Action A-2 Provide code incentives for affordable or accessible housing

Proposal When adopting any code change that increases density, reduces parking requirements, or provides other relief from certain standards, consider providing an additional benefit for projects that include deed-restricted affordable housing units or accessible housing units.

Background

- Many of the regulatory changes noted above can be structured so that all developments may take advantage of the code change, while providing an additional benefit to projects that provided needed housing types.
- The incentives could include a density bonus, height bonus, parking reduction, or a flexible code provision which allows the developer to propose a specific regulatory concession.
- The incentives that are likely to be most effective at reducing costs of development for affordable housing and making it more feasible to build are density bonuses and parking reductions for multi-family development, such as reducing the parking requirement from 1.5 spaces per unit to 1 space per unit.

Benefits Encourage for-profit developers to build needed housing that may otherwise not be feasible to develop.

Drawbacks If the incentive is not set at the right level to be attractive to use, it may not be effective.

Implementation Considerations

- The incentive should be calibrated effectively to be attractive to both a non-profit or for-profit developer. The benefit of using the incentive should outweigh the costs.
- Incentives for affordable housing units should define the level of affordability required as a percentage of Area Median Income (AMI) and how the affordability requirement will be enforced over time.
- Incentives for accessible housing units could require the unit to meet certain standards, such as Universal Design or Lifelong Housing Certification.

Public and Advisory Committee Comments 90% of survey respondents were supportive of providing code incentives to encourage new developments to include affordable housing, and 10% were opposed. 100% of survey respondents were supportive of providing code incentives to encourage new developments to include accessible housing.

City Staff Comments Recommendation: Not supported by Staff for Section 1. But, may support to retain in the new Section 3. This action may require additional staff resources to track deed restrictions and/or enforce this proposed incentive/benefit.

Action A-3 Create additional staff capacity to implement housing-related actions and programs

Proposal Create additional staff capacity to implement housing-related actions and programs

Background

- Implementing many of the policies, programs, and partnerships outlined herein will require administrative resources.
- The City should evaluate the administrative load associated with selected strategies and assess whether existing staff have capacity to manage the work over the targeted timelines for implementation.

Benefits Sufficient staff capacity is critical to unlocking the ability for the City to implement housing strategies effectively and efficiently.

Drawbacks This may require allocating funding from other priorities or creating a new funding source.

Implementation Considerations	The funding sources noted in Strategy 2 could be potentially used to fund additional staff capacity.
Public and Advisory Committee Comments	There were no specific comments on this action.
City Staff Comments	<u>Recommendation</u> : Not supported for inclusion in the HPS because there is not a clear funding source that could be used to support additional staff capacity.

Action A-4 Establish a new urban renewal district

Proposal	Consider establishing a new urban renewal district
Background	<ul style="list-style-type: none"> • The City’s existing urban renewal district focuses on economic development. This district will eventually be closed when it has reached its maximum indebtedness. • The City could establish a second urban renewal district with a central goal of promoting housing development in a targeted area.
Benefits	A new URA could be organized from the outset to focus on promoting housing development.
Drawbacks	<ul style="list-style-type: none"> • The size of the URA may be limited by state law if it is put in place prior to the closure of the existing URA. • The URA must be approved by other taxing jurisdictions.
Implementation Considerations	The district may or may not overlap with the boundaries of the existing urban renewal district. If it is proposed to be established prior to the close of the existing district, then the size of the district will be limited by state laws that require no more than 25% of the area within City limits to be in a urban renewal district. The current district accounts for approximately 19% of the city.
Public and Advisory Committee Comments	There were no specific comments on this action.
City Staff Comments	<u>Recommendation</u> : Not supported for inclusion in the HPS because this action requires a significant effort and partnership with other taxing districts that the City cannot commit to working toward or accomplishing in the planning period.

Action A-5 Establish a Construction Excise Tax (CET)

Proposal	Consider establishing a Construction Excise Tax (CET)
Background	<ul style="list-style-type: none"> • A Construction Excise Tax (CET) is a tax assessed on construction permits issued by a city. The tax is assessed as a percent of the value of the improvements. Some projects may be exempted. • The tax must be limited to 1% of the permit value of residential construction. There is no limit on the rate applied to commercial and industrial construction. • The state has set out rules for how CET funding can be used. The City can reserve 4% for administrative costs. Of the remainder, 50% must be used on developer incentives, 35% on affordable housing programs, and 15% must flow to Oregon Housing and Community Services for homeownership programs.

- Other cities that have adopted a CET include Portland, Milwaukie, Corvallis, Tillamook County, Cannon Beach, Hood River County, Hood River City, and Newport.

Benefits	The primary benefit of a CET is a dedicated source of revenue for housing programs. It also provides the option to create a linkage between new commercial or industrial development and investment in housing.
Drawbacks	The primary drawback of a CET is that it can reduce the financial feasibility of a development project, or it may be passed on to consumers in the form of higher costs (if the market will bear a higher rent/price).
Implementation Considerations	<ul style="list-style-type: none"> • Study the potential revenue that could be generated by the CET. • Consider the costs that a CET would impose on new development and identify ways to offset these costs by taking other actions to improve financial feasibility, such as zoning changes.
Public and Advisory Committee Comments	There were no specific comments on this action.
City Staff Comments	<u>Recommendation</u> : Not supported for inclusion in the HPS. This Action requires more research and a fair amount of discussion about what is involved in establishing a CET and what the resulting consequences may be that affect development projects. The City cannot commit to working toward or accomplishing this in the planning period.

Action A-6 Utilize the City’s existing Transient Lodging Tax (TLT) funds

Proposal	Allocate funding from the City’s existing Transient Lodging Tax (TLT) revenue for housing actions and programs.
Background	<ul style="list-style-type: none"> • The City currently collects a 6% tax on hotels, motels, and other forms of short-term lodging. Revenues from the tax are expected to total approximately \$375,000 in 2021 according to the City’s annual budget report. • The City could designate a portion of TLT revenue to fund specific housing policies and programs.
Benefits	The TLT is an existing revenue source that is relatively stable over time.
Drawbacks	The TLT funds other City expenditures, so housing-related investments must compete with other priorities.
Implementation Considerations	Study the impacts of allocating funding from TLT revenue and consider if current expenditures funded by TLT could be funded in an alternative manner.
Public and Advisory Committee Comments	There were no specific comments on this action.
City Staff Comments	<u>Recommendation</u> : Not supported for inclusion in the HPS as the TLT is currently used for other high priority needs and the City does not anticipate being able to use it for housing programs in the near future.

Action A-7 Reduce operating and land holding costs for non-profit affordable housing providers

Proposal	Adopt Consider adopting a Low-Income Rental Housing Tax Exemption program.
Background	<ul style="list-style-type: none">• This program provides a simplified way for affordable housing owned and operated by a nonprofit to qualify for a property tax exemption.• Affordable housing provided by the Housing Authority is already exempt. Some non-profits obtain tax exemptions through the state, though this can be cumbersome.• Enabling statute: ORS 307.540 to 307.548
Benefits	Unlike MUPTE, this exemption applies to both the improvement value and land value, so it can be reduce land holding costs for non-profit housing provider or land bank.
Drawbacks	A drawback of the program is that it does not apply to mixed-income housing or affordable housing built by for-profit developers. However, MUPTE can be used for this purpose.
Implementation Considerations	Work with local non-profit housing providers to consider the benefits of this program and weigh against the administrative costs for the City.
Public and Advisory Committee Comments	Public comments were supportive of providing a code incentive to encourage new developments to include housing affordable to people with lower or moderate incomes.
City Staff Comments	<p><u>Recommendation</u>: Not Supported for Section 1. Delete or move to new Section 3 for future consideration during next HPS update.</p> <p>Creating and managing this type of program would be difficult for the City. It would require more staffing and financial resources, which the City cannot commit to at this time. Additionally, these types of developments tend to be multi-family and higher density, which rely more heavily on City services (police, library, parks, other) than other types of developments. Providing a property tax exemption would increase the financial responsibilities of the City without an identified revenue source to offset and support the proposed exemption.</p>

Action A-8 Reduce property tax costs for low or moderate income homebuyers

Proposal	Support homeownership for low to moderate income households by offering a limited tax exemption for new homebuyers who meet certain eligibility criteria.
Background	<ul style="list-style-type: none">• Under the Homebuyer Opportunity Limited Tax Exemption (HOLTE) Program, single-unit homes (single-family, townhomes, or condominiums) receive a ten-year property tax exemption on structural improvements.• Property owners are still responsible for payment of the taxes on the assessed value of the land during the exemption period. The property is reassessed expires after the ten years, and owners begin paying full property taxes. The exemption period cannot be extended.• Both the homebuyer and property must meet eligibility criteria. The City can set these requirements to encourage homeownership for certain income levels.• Enabling statute: ORS 307.651
Benefits	Reduce a potential barrier to homeownership for low to moderate income households.

Drawbacks	<ul style="list-style-type: none"> • Short-term reduction in property tax revenue over the period the program. The extent of this loss of revenue depends on how widely the program is used by developers and homeowners. • The most common barrier to homeownership for low/moderate income households is usually the down payment and not the monthly mortgage and property tax costs.
Implementation Considerations	<ul style="list-style-type: none"> • Work with local builders to determine if they would be interested in using the program. • Set eligibility criteria to target high priority housing needs.
Public and Advisory Committee Comments	There were no specific comments on this action.
City Staff Comments	<u>Recommendation</u> : Not Supported for inclusion in the HPS. This action will be considered for a future HPS update. For this Action, the City would have to establish a housing program to implement this Action, which will require additional staffing and General Fund budgeting. The City cannot commit to this Action without additional research and considerations.

Action A-9 Offer pre-development assistance to remove barriers to housing development on key sites

Proposal	Consider offering grants or low-interest loans to property owners or developers to acquire technical assistance to help prepare complex sites for development.
Background	<ul style="list-style-type: none"> • Some sites remain undeveloped because they may be hindered by certain constraints and complexities, such as environmentally sensitive areas, or sites that may be difficult to serve with infrastructure. • Some sites may have development potential but the property owner may not have the skills or capacity to attract a developer. A conceptual development plan and feasibility analysis can help convince developers that a site is worthy of consideration. • To address this issue, the City could offer grants or low interest loans for property owners to acquire technical assistance. The assistance may include engineering, environmental, or architectural analysis. It may also include a market study, feasibility analysis, or site marketing assistance.
Benefits	<ul style="list-style-type: none"> • This assistance has potential to unlock development opportunities by reducing uncertainty about certain issues, signaling the City’s support for development of the site, building awareness of the site, and creating an attractive vision for a feasible development concept. • Financial assistance at the pre-development stage can be most valuable because developers or property owners often cannot obtain bank financing until a specific development plan is prepared. • A relatively small investment at the pre-development stage can catalyze a project that may otherwise not be built or remains “stuck”.
Drawbacks	A funding source must be identified, and staff time will be needed to administer this program.
Implementation Considerations	<ul style="list-style-type: none"> • The City will need to define eligibility criteria in order to select sites that would most benefit from the assistance and are most likely to meet high priority housing needs. • The program could be offered citywide or limited to a targeted area. • Consider allowing for technical assistance to include real estate services such as market analysis, generating alternative development programs, or outreach to developers. These services can help a property owner or developer to recognize new opportunities.

**Public and
Advisory
Committee
Comments**

There were no specific comments on this action.

**City Staff
Comments**

Recommendation: Not Supported for inclusion in the HPS. This action will be considered for a future HPS update. For this Action, the City would have to establish a new funding source and possibly a housing program to implement this Action, which will require additional staffing and General Fund budgeting. The City cannot commit to this Action without additional research and considerations.