



Exhibit "A"



LINCOLN COUNTY HOUSING STRATEGY PLAN

JUNE 21, 2019



ACKNOWLEDGEMENTS:

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- » Craig Martin, City of Toledo
- » Wayne Belmont, Lincoln County
- » Lindsey Sehmel, Lincoln City
- » Derrick Tokos, City of Newport
- » Larry Lewis, City of Waldport and City of Depoe Bay
- » Dave Mattison, City of Yachats
- » Stewart Brannen, Siletz Tribal Business Corporation

POLICY ADVISORY COMMITTEE

The Policy Advisory Committee included members of participating jurisdictions' City Councils, Planning Commissions, and other Boards and Commissions, as well as several City Managers or Administrators.

CONSULTANT TEAM

- » Matt Hastie, AICP, Angelo Planning Group
- » Andrew Parish, AICP, Angelo Planning Group
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EXECUTIVE SUMMARY

This Housing Strategy Plan has been prepared by Angelo Planning Group (APG) and Johnson Economics to assist Lincoln County and its cities in identifying and addressing issues related to housing. It will help the County and its cities move forward on a number of housing policy initiatives to respond to current and future housing needs.

Lincoln County Demographic Information

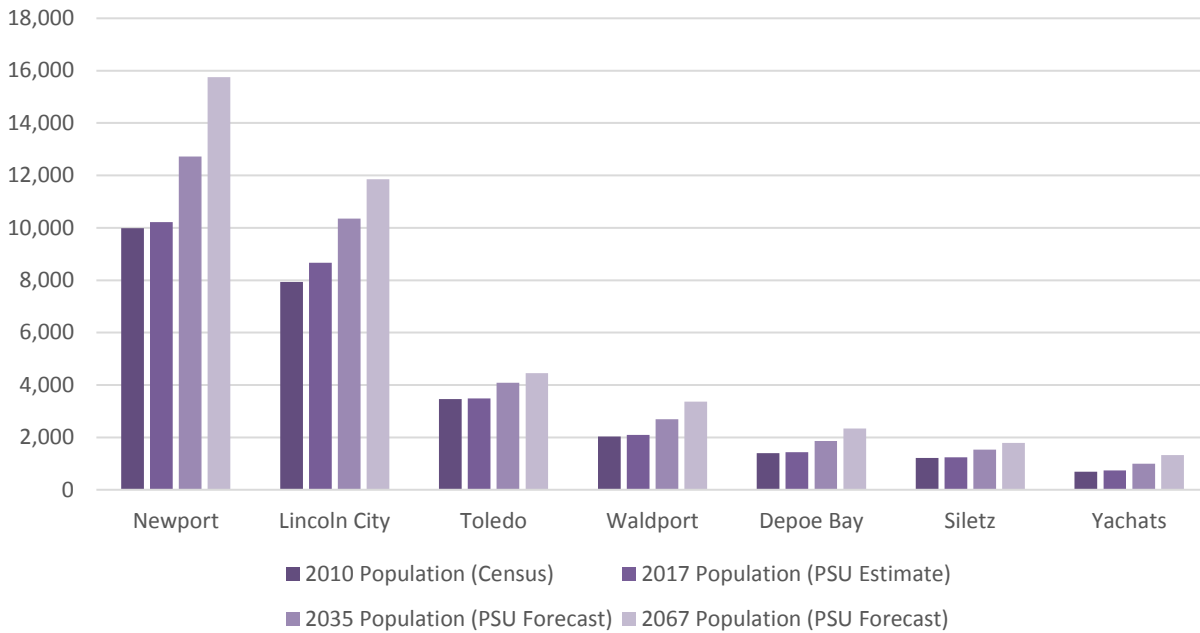
Every city's population in Lincoln County has slightly increased since the most recent Census count (2010), and each jurisdiction is forecasted to continue growing over the next fifty years, with the greatest increases in Newport and Lincoln City. The County as a whole has followed a similar trend, and is projected to grow by almost 15,000 residents in that same time frame. The unincorporated portion of the County's population, however, is expected to remain fairly stable.



Meeting of the Policy Housing Strategy Plan Policy Advisory Committee

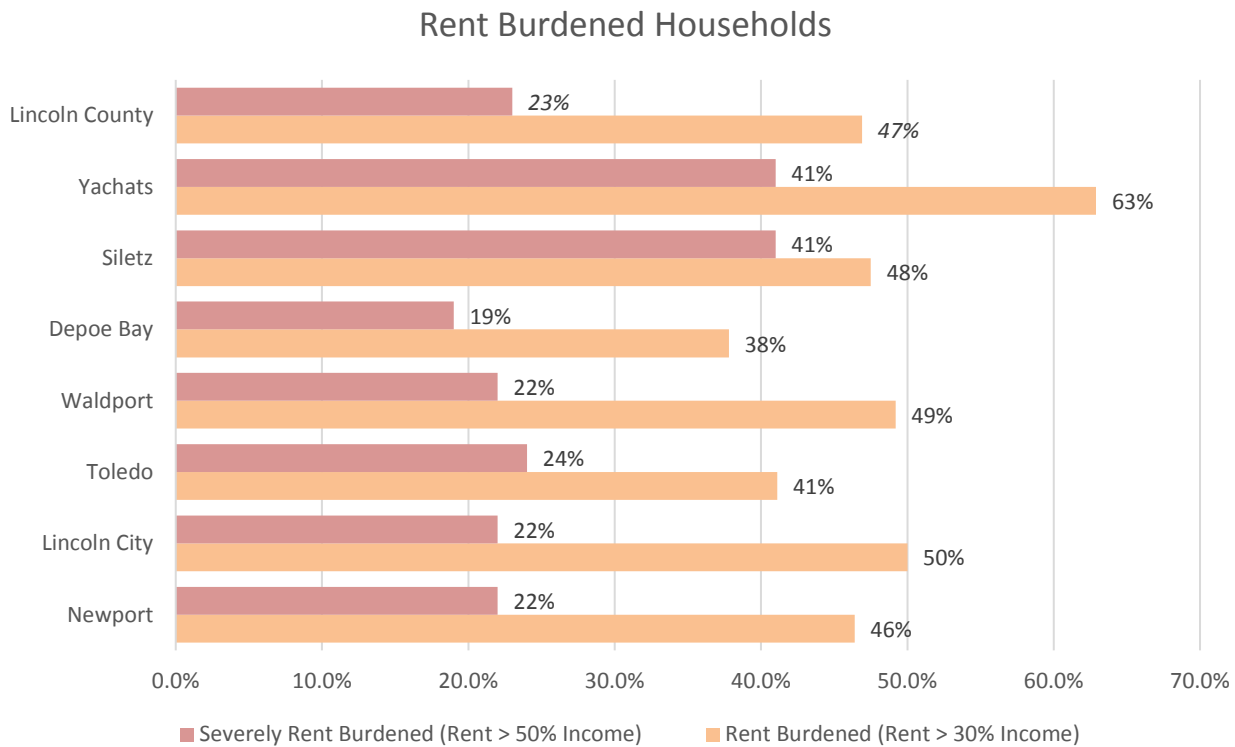
Most the County's total housing units are found in Newport and Lincoln City. Single-family detached units represent over half of each city's housing, with the exception of Siletz, which is composed of 50% manufactured housing. Unsurprisingly, the two largest cities (Newport and Lincoln City) have the largest share of multi-family housing, with both cities having over 15%.

Figure ES-1. Populations of Cities within Lincoln County



Lincoln County and its cities all have a median household income below the statewide median (\$60,212) and the national median (\$60,336). Depoe Bay and Toledo have the highest median household incomes (both close to \$50,000), while Lincoln City and Siletz have the lowest (both below \$40,000). Most other cities and the County have comparable median household incomes (slightly over \$40,000). This level of income, combined with the amenity values of homes on the coast, have led to the level of rent burden shown in Figure ES-2.

Figure ES-2. Rent Burdened (2017 ACS) and Severely Rent Burdened (2018 DLCD) Households



Key Housing Issues

Over 20 stakeholders provided input regarding housing issues in Lincoln County. The following key themes emerged.

- **Overall housing need.** We have heard repeatedly that there is a need across all types and prices of housing in Lincoln County. Low achievable rents mean that multifamily housing is particularly unlikely to be built without subsidy, and there has been very little apartment construction in Lincoln County in recent decades.
- **Land Supply.** Supply of land in the right locations and zoned for the right housing types and densities is an issue in a number of coastal communities. Land supply is naturally constrained by the beach and ocean to the west and the hills to the east in a number of communities.
- **Sources of high costs and challenges to financial viability of coastal development.** The following issues were noted by many stakeholders:
 - High labor costs and low local labor availability.
 - Needed weatherization for the coastal area adds to project costs.
 - Transporting materials from the Willamette Valley or elsewhere adds to project costs.
 - Maintenance of structures on the coast is higher due to weather.
 - A significant amount of developable land in Lincoln County is either difficult/costly to serve with infrastructure, has steep slopes, or has wetland issues.

- Profit margins for work on the coast generally needs to be higher than similar work in the Willamette Valley.
- The smaller typical scale of projects on the coast is less attractive to Willamette Valley developers.
- The cost of land, construction and debt does not always sync up well with the achievable rents available for coastal housing. In other words, it is harder for projects on the coast to “pencil out.”
- Because of these reasons, developers will not be aggressive about outpacing demand on the coast – they will always be trailing the pent-up demand.
- **Development Process and Fees.** Many local developers noted that Systems Development Charges (SDCs) contributed to housing costs for their projects. However, other developers said that the SDCs, and review process in Lincoln County generally, are similar to those of other jurisdictions.
- **Vacation Rentals.** We have heard varying perspectives on whether Vacation Rentals are contributing to the lack of inventory, how much, and what possible remedies may be.

Strategies and Recommendations

This report contains several strategies and recommendations for addressing housing issues in Lincoln County, listed briefly below and described in greater detail in the remainder of this report.

- Comprehensive Plan Policy Updates
- Development Code amendments
- Home Rehabilitation Loan/Grant Program.
- Construction Excise Tax (CET)
- Transient Lodging Tax (TLT) Reallocation
- SDC Methodology Updates and/or Deferrals
- Tax Abatements or Exemptions
- Regional Buildable Lands Inventory (BLI)
- Staff Allocation to Regional Housing

Lastly, additional information is provided on the following topics:

- Tiny Homes, Recreational Vehicles, and Similar Types of Housing
- Accessory Dwelling Units
- Urban Growth Management Agreements (UGMAs)

INTRODUCTION

Angelo Planning Group (APG) and Johnson Economics have been contracted to prepare a Housing Strategy Plan for Lincoln County. The Housing Strategy Plan is intended to assist Lincoln County and its cities in identifying and addressing issues related to housing. It will help the County and its cities move forward on a number of housing policy initiatives to respond to current and future housing needs

As part of this effort, APG and Johnson Economics have consulted with Business Oregon and nonprofit organizations engaged in the provision and maintenance of housing to discuss potential opportunities for collaborations moving forward. In particular, Lincoln County and its cities are interested in leveraging the Community Development Block Grant (CDBG) program administered by Business Oregon to utilize an existing pool of funds and continue to secure additional funds in future years to implement a housing rehabilitation loan available for use throughout the County.

To this end, APG and Johnson Economics have engaged in several meetings and conference calls with members of Business Oregon, the Lincoln County Affordable Housing Partners group, Community Services Consortium, and Willamette Neighborhood Housing Services.

Housing and Population Conditions Summary

The following tables and figures help paint a picture of overall housing and related socioeconomic/demographic conditions within Lincoln County and its cities. This information was primarily derived from US Census/American Community Survey (ACS) counts and estimates, population projections from Portland State University's Population Research Center, and data provided by the Oregon Department of Land Conservation and Development (DLCD).

Population and Housing Units

Every city in Lincoln County has experienced a slight population increase since the most recent Census count (2010), and each jurisdiction is forecasted to continue growing over the next 50 years, with the greatest increases in Newport and Lincoln City (*Figure 1*). The County as a whole is projected to grow by almost 15,000 residents in that same time frame, while the unincorporated portion of the County's population is expected to remain fairly stable (*Figure 2*).

Most of the County's housing is found in Newport and Lincoln City, with each city having over 5,000 units (*Figure 3*). In the cities of Lincoln County, single-family detached units represent over half of the housing, with the exception of Siletz, which is composed of 50% manufactured housing (*Figure 4*). Unsurprisingly, the two largest cities (Newport and Lincoln City) have the largest share of multi-family housing, with both cities having over 15%. Every city has relatively comparable shares of "missing middle" housing types (duplex, triplex, etc.), while apart from Siletz, all the smaller cities are predominantly composed of single-family detached at 70% or higher. Lincoln City is the only city in the County that has a greater share of rental units than owner-occupied units (*Figure 5*).

Figure 1. Populations of Cities Within Lincoln County

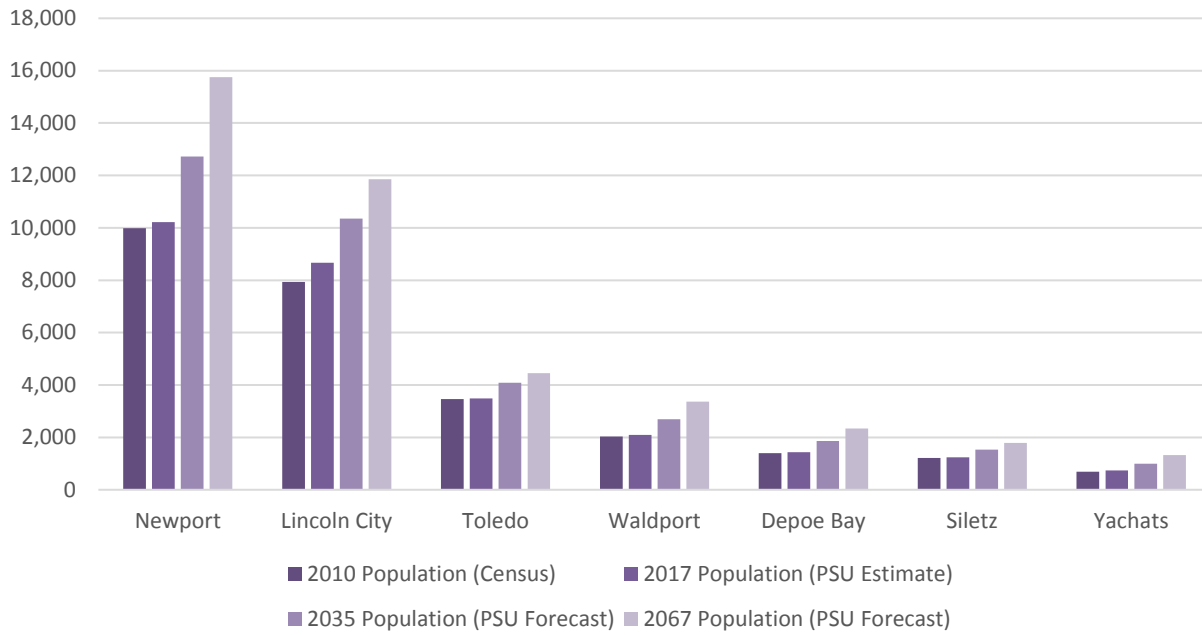


Figure 2. Populations of Lincoln County and its Unincorporated Area

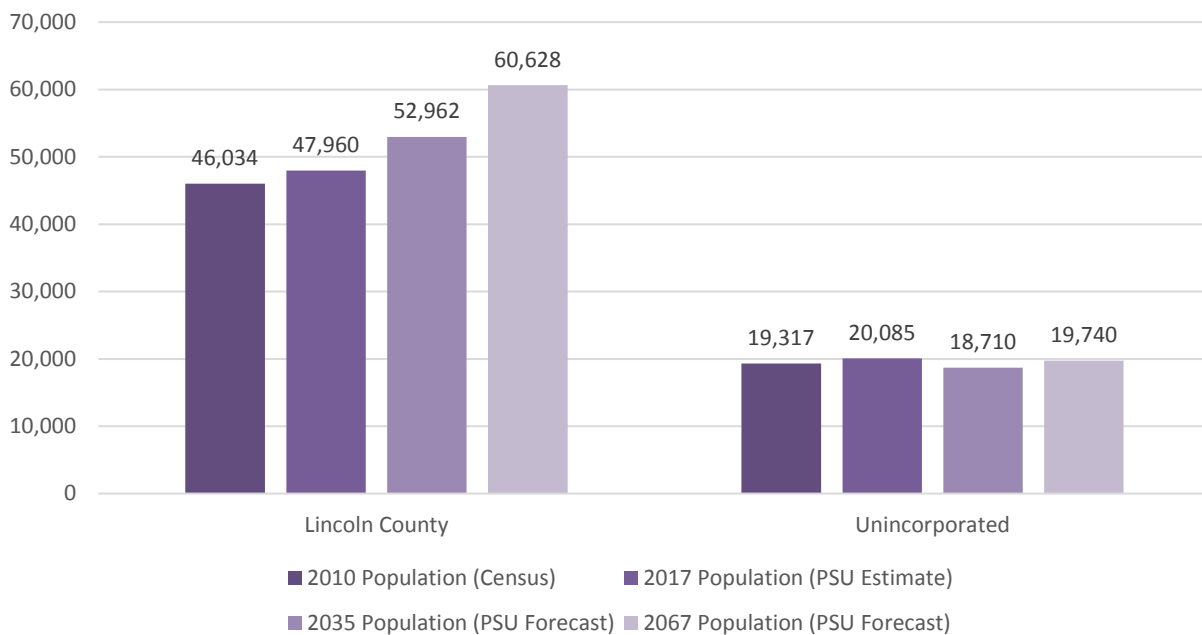


Figure 3. Total Housing Units in Lincoln County Cities (2017 ACS)

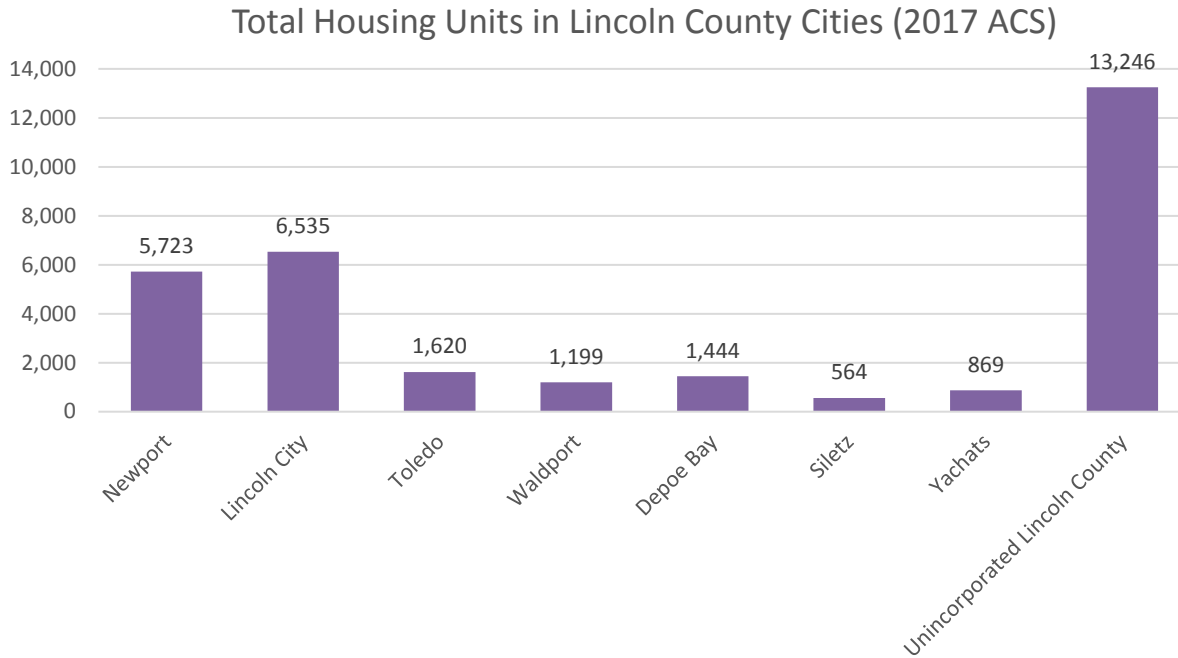


Figure 4. Housing Type Share by Jurisdiction (2017 ACS)

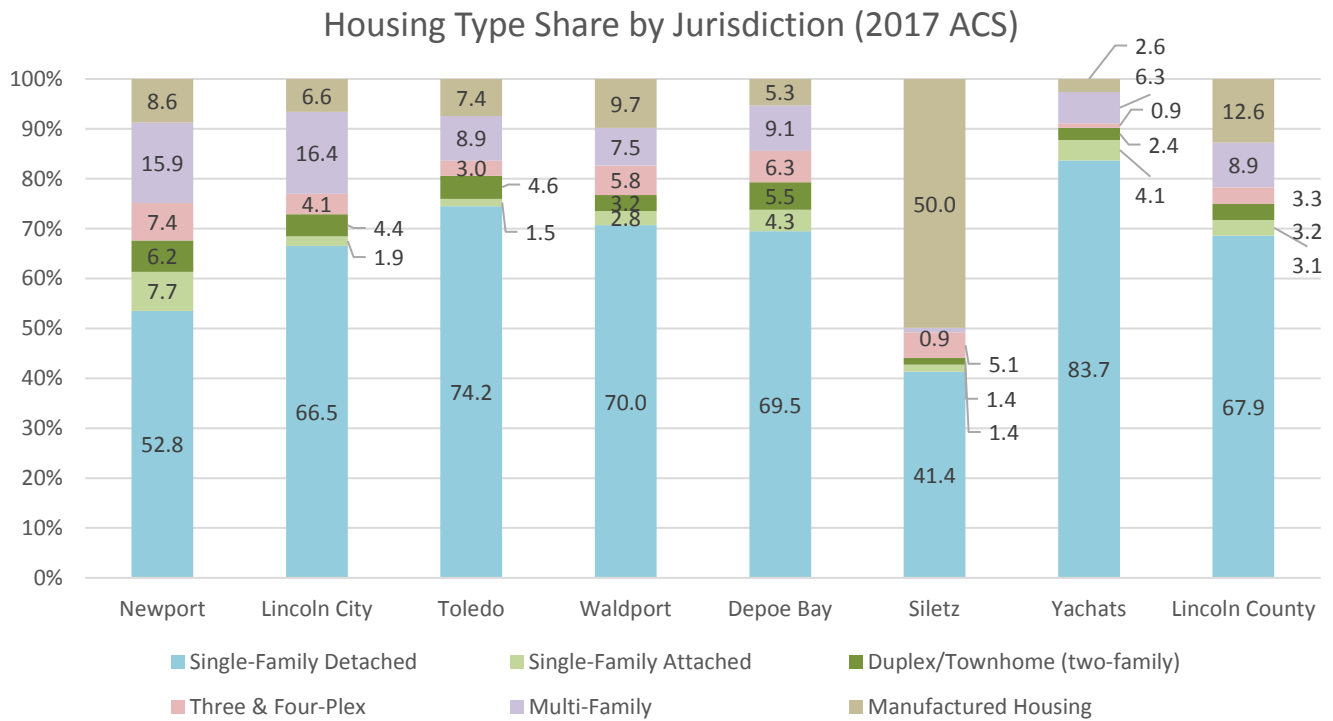
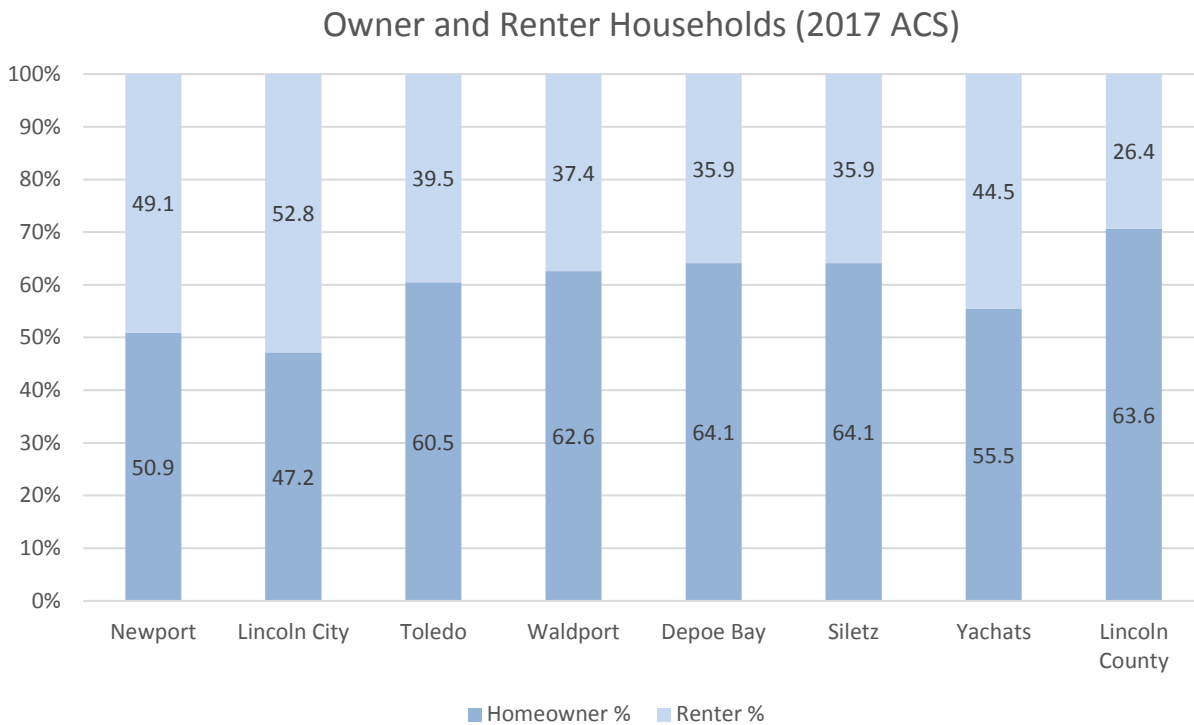


Figure 5. Owner and Renter Households (2017 ACS)



Income and Demographics

Lincoln County and its cities all have a median household income¹ below the statewide median (\$60,212) and the national median (\$60,336) (Figure 6). Depoe Bay and Toledo have the highest median household incomes (both close to \$50,000), while Lincoln City and Siletz have the lowest (both below \$40,000). Most other cities and the County have comparable median household incomes (slightly over \$40,000).

The household characteristics of Lincoln County and its cities are varied. Most cities and the County as a whole have a share of households with members 60 and older in excess of 50%, except for Toledo (44%) (Figure 7). There is greater variation in the proportion of households with children, with nearly one-third of Siletz households having children, while in Depoe Bay and Yachats only 11% of households do.

¹ Household income includes the income of the householder and all other people 15 years and older in the household, whether or not they are related to the householder. Median household income is defined as the point that divides the income distribution into two halves – one half with an income above the median and one half with an income below the median. The median is based on all households – including those with no income.

Figure 6. Median Household Income and Median Individual Income

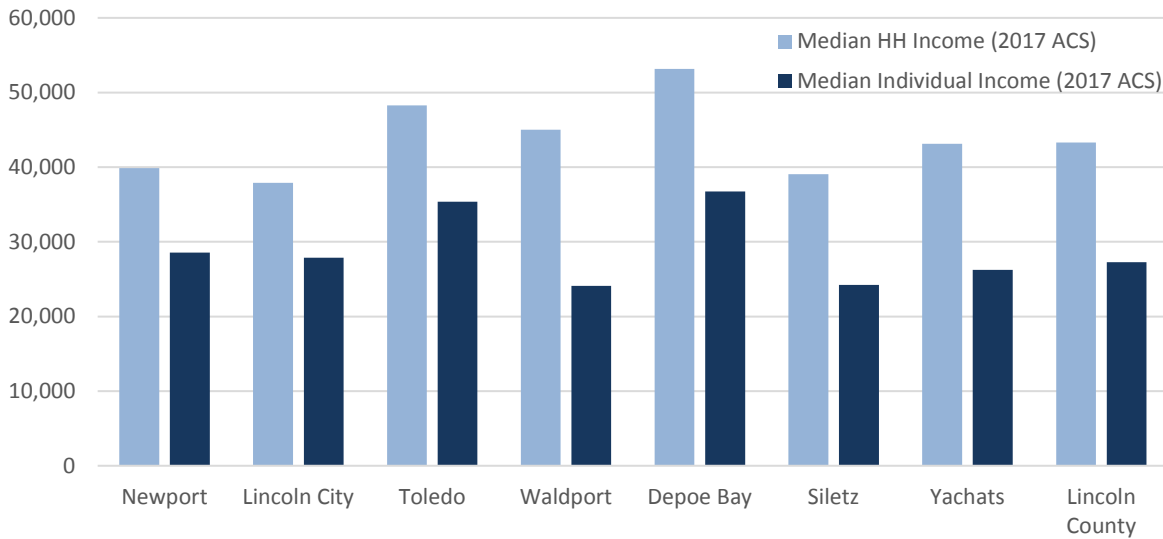
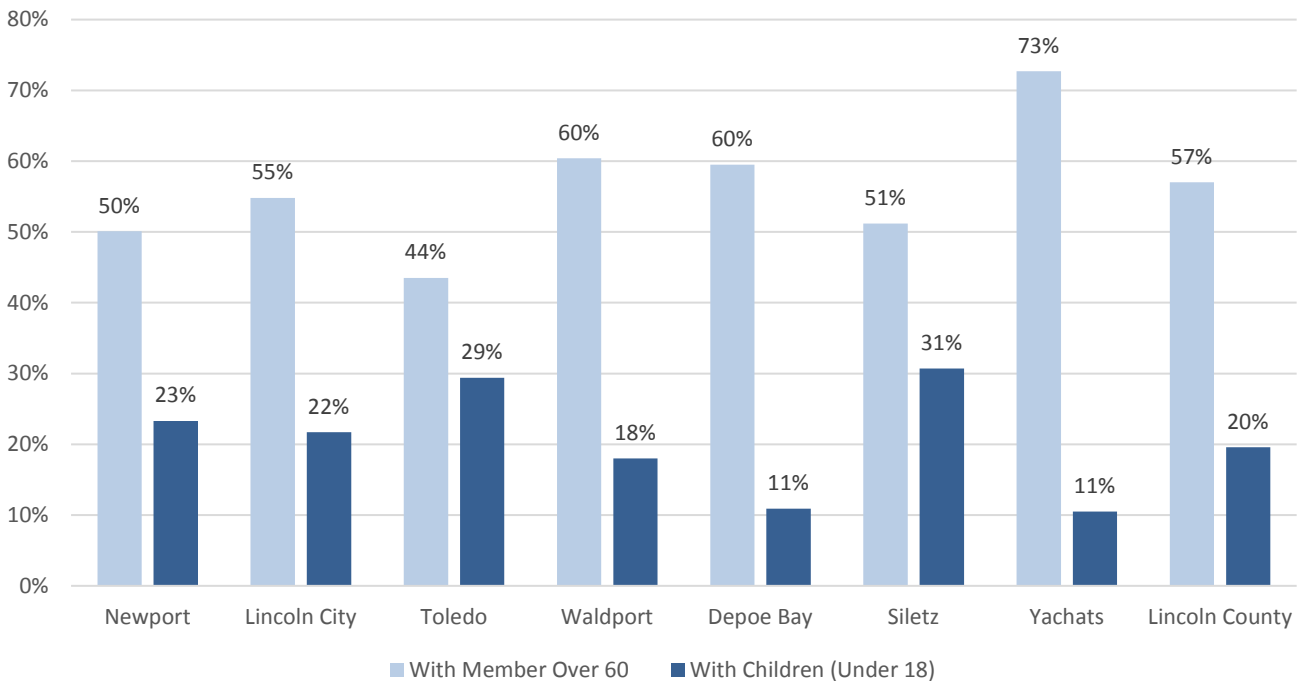


Figure 7. Households with Children or Members Over 60 Years Old (2017 ACS)

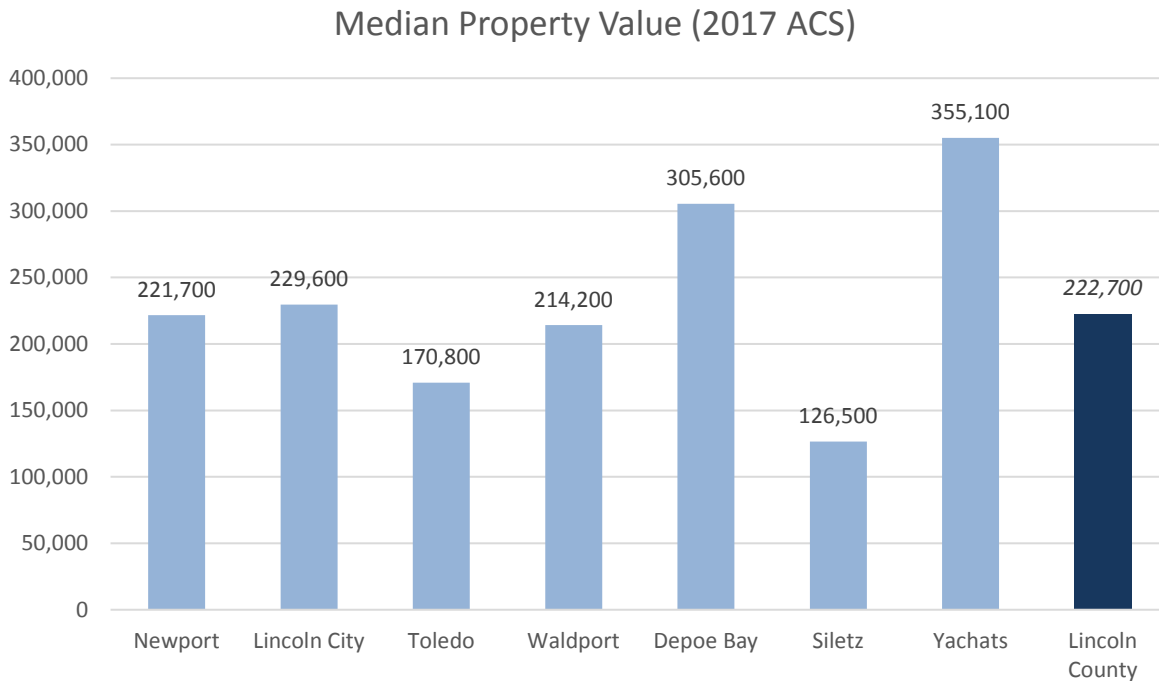
Households with One or More People 60 Years and Over, and Households with One or More People Under 18 (2017 ACS)



Housing Values and Affordability

The median property values of each city vary widely. Most are around \$200k, while Siletz is far below that at about \$125K, and Yachats and Depoe Bay are over 300K (*Figure 8*). This likely reflects the amenity value of the properties near the coast (for the higher value areas), but also the less expensive rural areas (Siletz).

Figure 8. Median Property Value for Lincoln County and its Cities (2017 ACS)



Figures 9, 10, and 11 each illustrate the shortage of available housing among the County’s cities. Nearly all the city rents are 30% or higher than renter household income, with Yachats being the highest at 50% (*Figure 9*). *Figure 10* supports this trend in total dollar amounts (monthly rent vs. monthly income). Similarly, *Figure 11* displays the high degree of rent burdened (rent >30% AMI) and severely rent burdened (rent > 50% AMI) households throughout the county, with severely rent burdened composing roughly 20% of each county’s rental share and rent burdened over one-third for each city. Median monthly homeowner housing costs (mortgage and utilities) range between just over \$1,100 per month in Siletz to almost \$1,700 in Depoe Bay (*Figure 12*).

Figure 9. Median Gross Rent as a Percentage of Median Renter Income (2017 ACS)

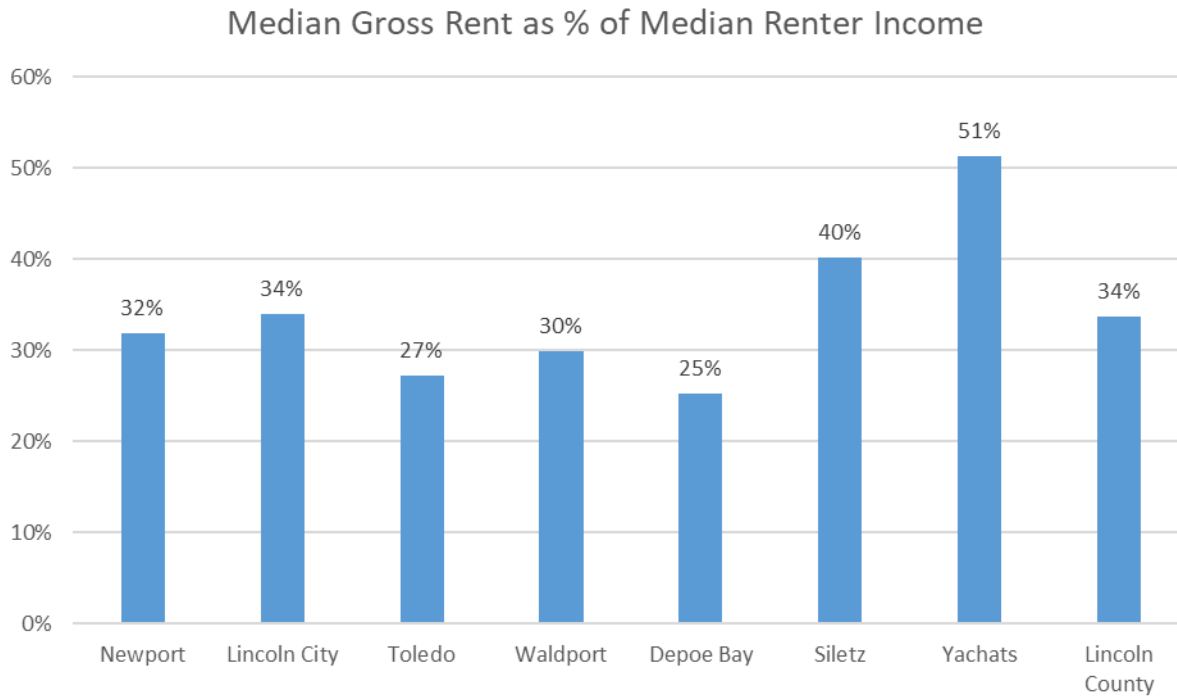


Figure 10. Total Dollar Amount of Median Renter Income vs. Median Rent (2017 ACS)

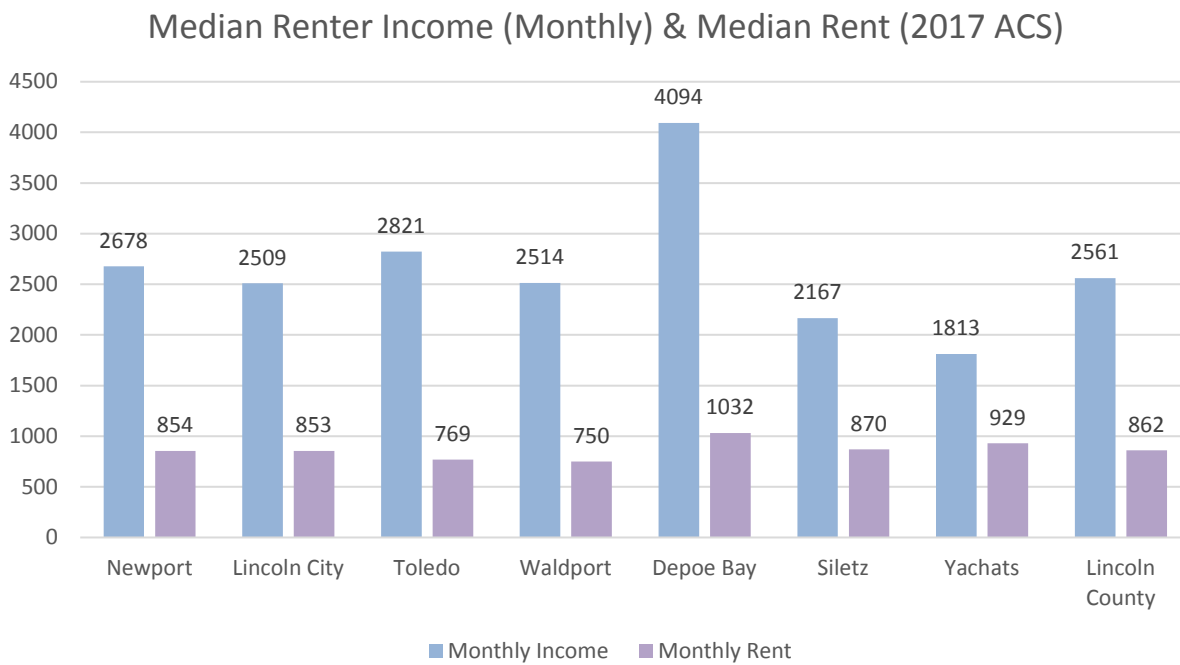


Figure 11. Rent Burdened (2017 ACS) and Severely Rent Burdened (2018 DLCD) Households

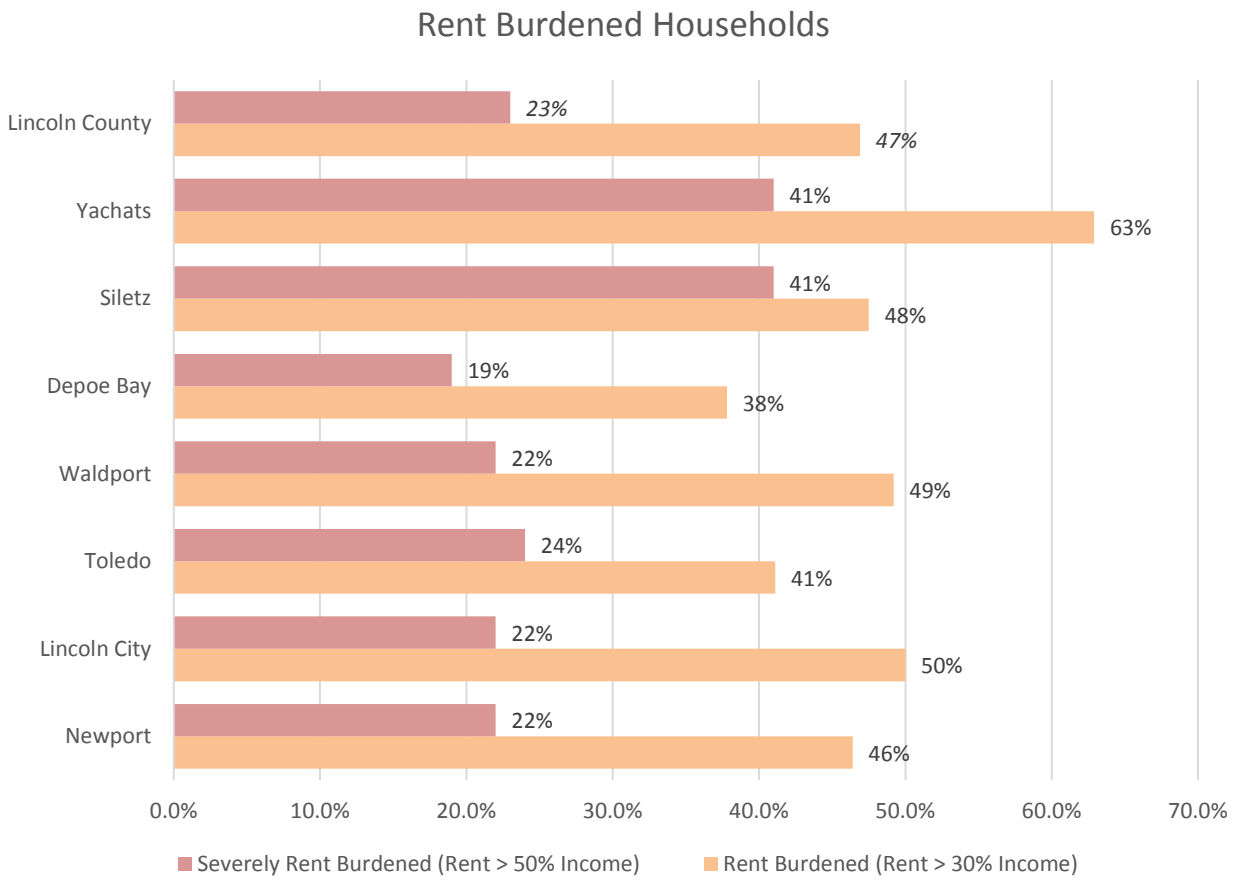
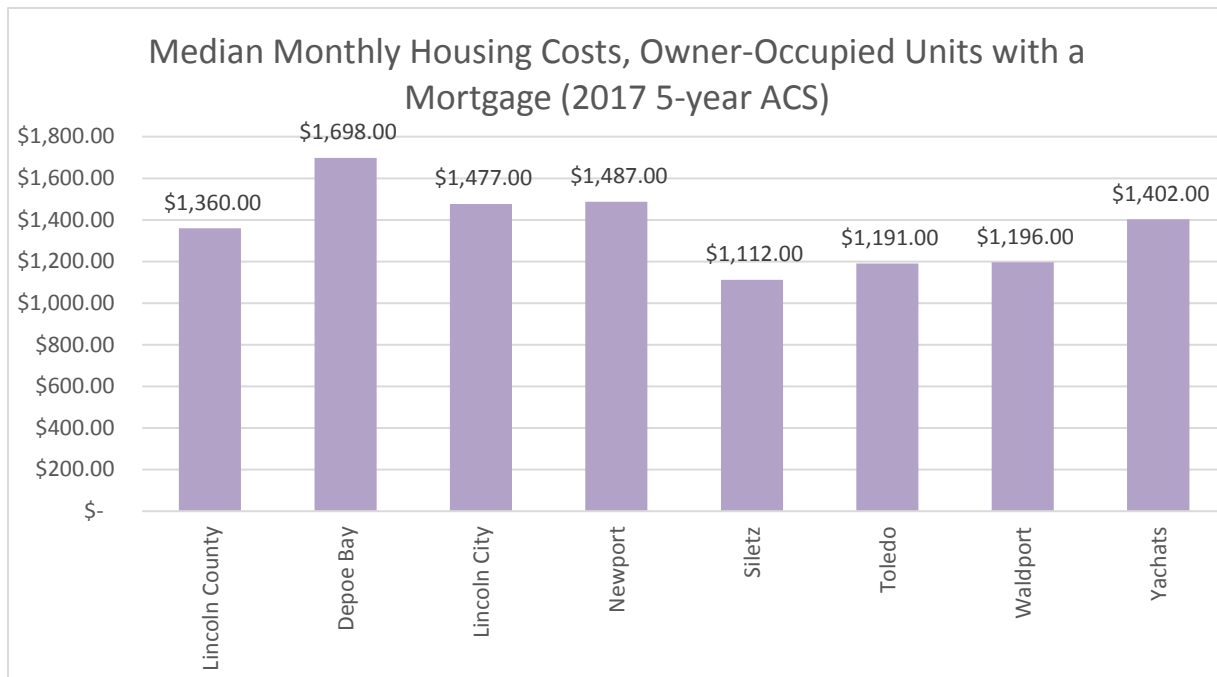


Figure 12. Median Monthly Housing Costs (2017 ACS)



SUMMARY OF KEY HOUSING ISSUES

Over 20 stakeholders provided input regarding housing issues in Lincoln County. The following key themes emerged. Additional detail about these stakeholder interviews is provided in the Stakeholder Interviews Summary.

- **Overall housing need.** We have heard repeatedly that there is a need across all types and prices of housing in Lincoln County. Many interviewees noted that the market tends to take care of housing at the upper end, while workforce housing at or below \$250k for a home is sorely needed. Low achievable rents mean that multifamily housing is particularly unlikely to be built without subsidy, and there has been very little apartment construction in Lincoln County in recent decades.
- **Land Supply.** Supply of land in the right locations and zoned for the right housing types and densities is an issue in a number of coastal communities. There generally is an adequate supply of land overall but not necessarily on sites that will support certain types of development cost-effectively. Land supply is naturally constrained by the beach and ocean to the west and the hills to the east in a number of communities.
- **Sources of high costs and challenges to financial viability of coastal development.** Most of the developers and builders interviewed noted the following issues, which are described in more detail on pages 5-7 of this report:
 - Labor costs are high for coastal construction due to low local availability and resulting commuting time for workers from the Willamette Valley.
 - Needed weatherization for the coastal area adds to project costs.
 - Transporting materials from the Willamette Valley or elsewhere adds to project costs.

- Maintenance of structures on the coast is higher due to weather.
 - A significant amount of developable land in Lincoln County is either difficult/costly to serve with infrastructure, has steep slopes, or has wetland issues.
 - Profit margins for work on the coast generally needs to be higher than similar work in the Willamette valley; in a competitive development cycle, a developer is likely to choose a different project in a location more convenient to them.
 - The smaller typical scale of projects on the coast is less attractive to Willamette Valley developers than projects in the Portland Metro area or other larger urban areas in the valley.
 - The cost of land, construction and debt does not always sync up well with the achievable rents available for coastal housing. In other words, it is harder for projects on the coast to “pencil out.”
 - Because of these reasons, developers will not be aggressive about outpacing demand on the coast – they will always be trailing the pent-up demand.
- **Fees.** Many local developers noted that Systems Development Charges (SDCs) and other fees contributed to housing costs for their projects. In some cases, these fees were seen as disincentivizing attached housing types. However, others stated that fees were reasonable and similar to those of jurisdictions elsewhere.
 - **Development Process.** Some local developers said that the time required to undergo development review added project costs. However, other developers interviewed said that the review process in Lincoln County is similar to other places, and in some ways has been easier and faster than jurisdictions elsewhere.
 - **Vacation Rentals.** We have heard varying perspectives on whether Vacation Rentals are contributing to the lack of inventory, how much, and what possible remedies may be. This is clearly an issue on lots of peoples’ minds. Several interviewees noted that most vacation rentals are high-end homes that do not directly compete with affordable housing, and the tourism revenue generated is important for the community. A estimate of the number of vacation rentals currently operating in Lincoln County is provided in Table 1 below. In addition to short-term vacation rentals, other vacation homes make up a relatively significant share of the overall housing stock in some communities as is reflected in vacancy rates as high as 41% in Lincoln City, 47% in Depoe Bay, as low as 2% in Siletz and approximately 21% and 27% in Newport and Toledo, respectively.

Table 1. Estimate of Vacation Rentals Operating in Lincoln County

Zip	Area	Active Rentals	Whole Home		Rooms	Rentals Listed On:		Within City (estimated)	Remainder of Zipcode
						AirBnb	Home Away		
97367	Lincoln City	955	925	97%	30	24%	26%	593*	362
97341	Depot Bay	247	244	99%	3	26%	27%	154	93
97369	Otter Rock	31	31	100%	0	23%	19%		31
97365	Newport	304	270	89%	34	36%	23%	224*	80
97366	Holiday Beach	48	42	88%	6	30%	35%		48
97376	Seal Rock	45	43	96%	2	31%	22%		45
97394	Waldport	265	252	95%	13	27%	29%	55	210
97498	Yachats	260	242	93%	18	34%	30%	134	126
97380	Siletz	none found							
97391	Toledo	none found							
TOTAL:		2,155	2,049	95%	106	28%	27%	1160	995

Source: AirDNA; Lincoln City; Newport

* Total VRD's in Lincoln City and Newport reported by the cities, others estimated from AirDNA

STRATEGIES AND RECOMMENDATIONS

In assessing housing conditions and issues, and identifying potential strategies to address them, the consultant team considered the following objectives:

- Ensure that current policies and development code requirements are generally consistent with applicable state and local legal requirements.
- Recommend a set of steps to re-establish the County’s housing rehabilitation loan program in a way that is sustainable in the long term.
- Highlight successful strategies currently being undertaken by cities in Lincoln County and the County, and recommend those that may be transferrable to other jurisdictions.
- Identify additional potential strategies that can be undertaken to address housing needs, including the needs of people with low and moderate incomes.
- Identify opportunities for collaboration among the County and cities.

Consistent with these objectives, the remainder of this report summarizes the following types of strategies to address identified housing issues and needs:

- Amendments to local Comprehensive Plan policies and development codes to ensure consistency with legal requirements and further overarching state and local housing goals.
- Potential steps to re-establish and further implement the home rehabilitation loan/grant program.
- Additional strategies that can be implemented individually by one or more cities in the County or the County itself to address housing needs, including:
 - Construction Excise Tax
 - Transient Lodging Tax Reallocation
 - System Development Charge (SDC) Deferrals or Methodology Updates
 - Tax Abatement or Exemption Programs
- Opportunities for regional collaboration among the County and/or multiple cities, including:
 - Regional Buildable Land Inventory
 - Staff Allocation to Regional Housing Programs
- Additional Information provided on a variety of topics:
 - Tiny Homes, Recreational Vehicles, and Similar Housing Types
 - Accessory Dwelling Units
 - Urban Growth Management Agreements

Comprehensive Plan Policy Updates

The Housing Element of local Comprehensive Plans establish the policies that guide residential development in each community. These policies are important because they institute aspirational goals and principles for meeting the housing needs of the community. The policies are also important because they establish formal criteria and guidelines for land use decisions that pertain to housing. In general, the following types of policies are recommended in order to help meet the current and future housing needs of community members:

- **Supports Statewide Planning Goal 10.** Comprehensive Plans typically do and should include a general policy that mirrors Statewide Planning Goal 10 (Housing). “
 - *Example: “The City shall encourage the availability of adequate numbers of needed housing units at price ranges and rent levels which are commensurate with the financial capabilities of Oregon households and allow for flexibility of housing location, type and density.” .”*
- **Emphasizes affordable housing needs.** Given that meeting the needs of low and moderate income households often requires public intervention or subsidy, it is important to include policies emphasizing the needs of these households.
 - *Example: “The City shall support the development of affordable housing to address housing needs that are not met by the market.”*

- **Supports partnerships.** Most Comprehensive Plan housing elements include policies aimed at supporting other public agencies, non-profits and market rate developers who focus on meeting the needs of low and moderate income households and community members with special housing needs.

- *Example: “The City shall partner with the Housing Authority of Lincoln County and other agencies, nonprofits, and other groups to help meet the housing needs of low and moderate income households.”*



Cottage Cluster Development in Newport

- **Encourages a variety of housing types.** In addition to a broad goal or policy about meeting a full range of housing needs, Plans often include policies noting the need for a variety of housing types, including single family attached housing, duplexes, triplexes, multi-family housing and townhomes, as well as less traditional forms of housing such as cottage cluster housing and accessory dwelling units. *Examples:*
 - *“The City shall encourage development of higher density and multifamily housing within areas designated for this use and limit low-density housing in these locations.*
 - *The City shall provide opportunities for the development of a variety of housing choices that meet the needs and preferences of current and future households.”*
- **Affirms Fair Housing goals.** Local governments are required to ensure that their housing policies and standards do not discriminate against or have adverse effects on the ability of “protected classes” to obtain housing, consistent with the federal Fair Housing Act.
 - *Example: “The City shall employ strategies that support the Fair Housing Act and affirmatively further fair housing.”*
- **Supports mixed use development.** Some Plans explicitly support the development of mixed use projects, which typically include upper story housing located above retail or commercial uses.
 - *Example: The City shall allow for a mix of residential uses with other compatible uses in appropriate locations.”*

- **Supports accessory dwelling units.** Comprehensive Plans may include policies specifically referencing support for this form of housing. Recent Oregon legislation requires all cities below a certain size to allow for this form of housing outright in all zones where single-family detached housing is allowed.
 - *Example: “The City shall allow and support the development of Accessory Dwelling Units in all residential zones as required by State law.”*
- **Addresses land supply goals.** Many Comprehensive Plans include policies which reference the need to ensure that adequate land is zoned to meet identified housing needs, and to periodically update the jurisdiction’s inventory of such lands. *Examples:*
 - *“The City shall encourage efficient use of residential land within the Urban Growth Boundary”*
 - *“The City shall provide a sufficient amount of residential land to accommodate residential growth.”*
 - *“The City shall ensure that the City has an adequate housing supply with enough land to support the community’s growth.”*
- **Supports maintenance and rehabilitation of existing housing.** Many comprehensive plans emphasize maintenance of existing housing stock as a method to prevent unsafe conditions and keep affordable housing available within the community.
 - *Example: “The City shall encourage maintenance and rehabilitation of the existing housing stock.”*
- **Supports development of manufactured homes.** Oregon law requires that all zones that allow for “stick built” single family detached homes also allow for manufactured homes on individual lots. Each jurisdiction must also allow for manufactured home parks in at least one residential zone.
 - *Example: “The City shall support the maintenance and development of manufactured homes as an affordable housing choice in appropriate locations.*
- **Regulates short term rentals.** Many communities, particularly those with high levels of tourism, regulate short-term rental housing to reduce its impact on the supply and affordability of long-term rental housing.
 - *Example: “The City shall control the number and location of vacation rentals to preserve adequate housing for residents and protect the quality of life in the City’s residential neighborhoods..”*

The following table includes a summary of potential policy gaps among Lincoln County jurisdictions which may be addressed through future Comprehensive Plan policy updates.

Table 2. Comprehensive Plan Policy Assessment

Policy Objective	Assessment – Additional or Amended Policy Language Needed (x)							
	Depoe Bay	Lincoln City	Newport	Siletz	Toledo	Waldport	Yachats	Lincoln County
1. Support Statewide Planning Goal 10								X
2. Emphasize affordable housing needs					X	X		
3. Support partnerships	X				X	X	X	X
4. Encourage a variety of housing types	X			X		X	X	
5. Affirms Fair Housing goals	X	X	X	X	X	X	X	X
6. Support mixed-use development	X		X	X	X	X	X	X
7. Support accessory dwelling units	X			X		X	X	X
8. Address land supply goals	X				X	X	X	X
9. Support development of manufactured homes		X		X		X	X	X
10. Regulate short term rentals	X		X	X	X	X	X	X

Potential Development Code Amendments

The following table summarizes preliminary potential amendments to each city’s development code provisions. The goal of the amendments would be to increase opportunities and reduce barriers to developing a wider range of housing choices throughout the city. In addition to the general provisions described in the table, the following Lincoln County jurisdictions should consider whether maximum lot sizes/minimum densities are appropriate to ensure that land zoned for medium- to high-density uses are developed as such.

Table 3. Potential Development Code Amendments

Code Provision	Depoe Bay	Lincoln City	Newport	Siletz	Toledo	Waldport	Yachats
Housing Types Allowed	Consider allowing triplexes in R-2 courtyard apts. in R-3	No changes recommended	Consider allowing triplexes in R-2, courtyard apts. in R-3	No changes recommended	Consider allowing duplexes in R-S	Consider allowing duplexes in R-1, triplexes in R-2	Consider allowing duplexes in R-1, triplexes in R-2
Densities/ Minimum Lot Sizes	Reduce lot sizes for duplexes in all zones	Consider reducing lot size for duplexes in all zones, except R-7.5	No changes recommended	Consider reducing lot size for all housing types in G-R	Reduce lot sizes for duplexes if allowed in R-S Consider reducing min lot size for non- single-family dwelling uses in R-G	No changes recommended	Consider reducing min lot size and size for additional units for multifamily in R-3 and R-4
Accessory Dwelling Unit (ADU) Requirements	Allow in all zones where single family dwellings allowed and adopt specific standards	Consider allowing 1 external, 1 internal	Consider eliminating primary resident occupancy requirement, increasing max floor area, and allowing 1 external, 1 internal	Consider eliminating primary resident occupancy requirement and increasing allowed size	Consider eliminating primary resident occupancy requirement and increasing allowed size	Allow in all zones where single family dwellings allowed and adopt specific standards	Allow in all zones where single family dwellings allowed and adopt specific standards
Cottage Cluster Housing	Adopt standards and allow in R-2, R-3, R-4	No changes recommended	Adopt standards and allow in R-2, R-3, R-4	Adopt standards and allow in G-R, maybe R-S	Adopt standards and allow in G-R, maybe R-S	Adopt standards and allow in R-2, R-3, R-4	Adopt standards and allow in R-2, R-3, R-4
Off-street Parking Requirements	Consider reducing requirements for all non- single family dwelling housing types	Consider reducing requirements for multifamily	No changes recommended	Consider reducing requirements for all non- single-family dwelling housing types	No changes recommended	No changes recommended	No changes recommended

Housing Strategy Plan Report

Code Provision	Depoe Bay	Lincoln City	Newport	Siletz	Toledo	Waldport	Yachats
Building Heights	No changes recommended	No changes recommended	Consider height bonus of 10% for projects meeting a minimum density in R-4 zones	Consider increasing to 35'	No changes recommended	No changes recommended	Consider increasing to 35'

Home Rehabilitation Loan/Grant Program

Description of Strategy

The purpose of this program is to provide funds for the repair of owner-occupied housing for those with low to moderate incomes. These funds generally are provided as zero-interest deferred-payment loans, which are tied to the home itself and repaid upon sale of the home. Alternatively, these funds can be simply granted to recipients.

The source of funding is from the Department of Housing and Urban Development (HUD)'s Community Development Block Grant (CDBG) program, which is administered by Business Oregon and provided to applying jurisdictions. About 28% of the program goes into housing repair funds, totaling roughly \$3 million per year available for jurisdictions statewide outside of the Portland Metro region. The loans themselves are administered by partner organizations such as Community Services Consortium or Willamette Neighborhood Housing Services.

Assessment of Cost and Benefit

- **Administrative Investment:** *Moderate. Partnership with the sub-grantee (e.g. organizations similar to Community Services Consortium or Willamette Neighborhood Housing Services) can mitigate administrative costs but there are some responsibilities of the jurisdiction applying for funds.*
- **Feasibility:** *High. Restarting this program is a priority for Lincoln County and steps are currently underway.*
- **Impact:** *Moderate-high. This strategy can be an important piece of maintaining currently existing affordable housing, which might otherwise fall into disrepair.*

Current Use in Lincoln County

The rehabilitation loan program has been essentially on hold and inactive for several years. The organization administering the program (Community Services Consortium) found that it could not cost-effectively administer the program due to the administrative complexity involved, limited ability to use program funds to pay for administration activities, and sufficient economies of scale to concurrently manage multiple or larger related programs. As of this writing, the CSC was in the process of completing and preparing to distribute a request for proposals (RFP) to other non-profit organizations to take over administration of the program. As noted below, the CSC and new partner organization would partner with Lincoln County and interested cities to determine how best to re-establish the program.

Recommendations and Implementation Steps

The following approach for restarting the housing loan rehabilitation program in Lincoln County is recommended.

- *CSC will distribute a Request for Proposal (RFP) to find new non-profit administrator for the current portfolio of loans. The CSC staff and board will review and evaluate resulting proposals and select a new contractor. Lincoln County and its cities will be consulted during this process to ensure that the new program manager can address the needs and priorities of Lincoln County jurisdictions.*
- *After a new administrator is chosen, Lincoln County and its cities will work with the new organization do the following:*
 - **Establish how existing funds will be used** to benefit County and city residents, based in part on any agreements associated with the current program. Discussions with city and county staff undertaken as part of the current housing study have indicated that program funds will be used to provide loans

to anyone in Lincoln County based on whether or not the property owner and home qualify, rather than establishing a geographic formula for distribution of loans. However, it will be important to affirm or refine this approach, as needed.

- **Determine which cities in the County will participate** in a new program moving forward. Historically, some but not all of the cities in Lincoln County have participated in the program. To date, most of the cities in the County have expressed an interest in participating but final agreement on participation will be needed. The initial assumption of this project’s advisory committees is that loans will be provided to residents living in any part of the County, regardless of whether their jurisdiction is participating in applying for grant funds.
- **Determine how “de-federalized” money from repaid loans will be used.** The County and its partners could identify specific purposes or a process for the advisory board to make that determination, as needed when those funds become available. Some of the existing money in the program has previously been earmarked for use by specific jurisdictions although most of the funds have not been programmed for a specific use.

Table 4. Pros (+) and cons (-) of utilizing “de-federalized” funds

Keeping “de-federalized” funds in the revolving home rehabilitation loan pool	Utilizing “de-federalized” funds for other types of programs
+ Eventually grows the size of the pool of home rehabilitation loans	+ Provides an opportunity to use these funds for properties/people who would not qualify for the home rehabilitation loan program, such as mobile homes, renters, those who do not meet the eligibility requirements, etc.
- Limits funding options for other purposes	+ Provides ability to leverage other sources of money for other affordable housing projects or initiatives - These monies are a fairly unpredictable source of funding. They depend on the sale of the home or other triggering event; as a result, available funds will be limited during most years.
+ Likely a more straightforward process	- Likely a less straightforward process

- **Identify a process and provisions for new intergovernmental agreements** between the new organization, the County, and each city with regards to respective responsibilities of each party
- **Formalize/adopt the agreements.** This is not expected to require formal adoption by local city councils although it will be important to review draft agreements with some combination of city managers, counsels, and/or governing bodies to ensure they are comfortable with the agreements.
- Each city will re-appoint members to the local jurisdiction board that will advise the partner organization
- Establish a process, applications templates, and other materials as needed to apply for future funds.

Construction Excise Tax

Description of Strategy:

A construction excise tax (CET) is a tax on construction projects that can be used to fund affordable housing programs and related strategies. According to state statutes, the tax may be imposed on improvements to real property that result in a new structure or additional square footage in an existing structure. Cities and counties may levy a CET on residential construction for up to 1% of the permit value; or on commercial and industrial construction, with no cap on the rate of the CET.

The allowed uses for CET funding are defined by the state statutes. The City may retain 4% of funds to cover administrative costs. The funds remaining must be allocated as follows, if the City uses a residential CET:

- 50% must be used for developer incentives (e.g. fee and SDC waivers, tax abatements, etc.)
- 35% may be used flexibly for affordable housing programs, as defined by the jurisdiction.
- 15% flows to Oregon Housing and Community Services (OHCS) for homeowner programs.

If the City implements a CET on commercial or industrial uses, 50% of the funds must be used for allowed developer incentives and the remaining 50% are unrestricted.

The construction excise tax for affordable housing was enabled by Senate Bill 1533, which the Oregon Legislature passed in 2016. The limitations and requirements (discussed above) are outlined in ORS 320.170-195.

To date, seven jurisdictions (Portland, Corvallis, Tillamook County, Cannon Beach, Hood River County, Hood River City, and Newport) in Oregon have passed local CETs under the new state statutes, and many others are considering adopting the tool. The City of Bend employs a program that was grandfathered in prior to the new statutes, and therefore follows different rules.

Assessment of Cost and Benefit

- **Administrative Investment:** *Moderate-high to establish a CET; low to administer.*
- **Feasibility:** *High. The City of Newport has already created its own CET, providing a local model for how to design and implement the program in other jurisdictions.*
- **Impact:** *High. Directing funds to affordable housing priorities can have a significant impact – many other recommended strategies require funding and this is one avenue to achieve that. Imposing the CET on commercial and industrial development would be a way for employers to participate in addressing housing affordability issues.*

Current Use in Lincoln County

The City of Newport is the only jurisdiction to have adopted a CET to date (in 2017). It levies a 1% CET on residential, commercial, and industrial development. Consistent with state requirements, 50% of the net revenue will be used for development incentives for affordable housing, 35% will be used for other affordable housing programs, and 15% will be distributed to OHCS. No more than 4% of the gross revenue will be reserved for program administration. Beyond identifying these broad allocations, the City is still in the process of determining specific uses of its CET funds. One likely use will be to cover the cost of reductions in SDC fees, reducing upfront costs for new affordable housing projects. Newport's revenues have been below projections but the largest recent development projects there have been exempt from the CET.

Recommendations and Implementation Steps

Establishing a construction excise tax would necessitate that Lincoln County or one or more cities (except Newport) pass a new ordinance to adopt the CET. Jurisdictions wishing to implement a CET program should work closely with the development and housing community in developing the fee structure. Implementing programs would need to be developed, and possibly coordinated with housing partners. Actions needed to successfully adopt a CET include:

- Estimate the potential revenues likely to be generated from a CET and determine whether these benefits appear to be worth the administrative resources and political capital likely needed for adoption. Projected revenues will be a function of the projected annual value of new development, the amount of the tax, and whether it is applied only to residential construction or also to commercial and industrial development.
- Explore program scenarios. To better understand and select among the options available through the statutes, any City considering adoption of a CET should evaluate a number of scenarios that are tailored to the local development market and the specific program design, expanding on the preliminary analysis summarized above. For each scenario, the City should consider legal implications to ensure statutory compliance and engage developers in conversations about the implications of a CET on the feasibility of their development. CET programs in Oregon do not have a long track record and their perceived successes and failures may be strongly tied to other housing market issues.
- Discuss CET with stakeholders. The City should consider holding focus groups or forming an advisory committee to address concerns and discuss potential uses for CET funds. Stakeholder groups could include developers (both for-profit and nonprofit), Homebuilders Association, property owners, property managers, and real estate brokers. Receiving early buy-in from these groups should help facilitate a smooth adoption process for the CET.
- Develop budget projections. Because CET is dependent on new construction, revenue will vary with market cycles. The City should consider reasonable assumptions for budgeting purposes.
- Consider bundling CET with developer incentives. This is a strategy that worked well for the City of Newport, which bundled their CET with a package of SDC reductions and property tax exemptions. This helped assuage their City Council's concerns that a CET might present a development barrier.
- Develop program structure. Some aspects of the CET will need to be determined prior to adoption, including:
 - Whether to apply a CET to commercial/industrial development and what percentage tax to levy.
 - What development is exempt from the CET.
- Develop priorities for funding allocation. Beyond the elements of program structure listed in the previous bullet, the City can decide how fully-developed the CET's other parameters and spending targets should be before it is adopted. See the "Funding Uses" section above for a list of potential funding targets. Some level of flexibility may be beneficial to the CET being passed by City Council, so that the program is not fully baked in when it is adopted. Cities should consider framing the use of funds in a general sense – many variables will influence what the best use of funds are likely to be.

Transient Lodging Tax (TLT) Reallocation

Description of Strategy

As of this writing, Senate Bill 595 of the 2019 Oregon Legislative Session would allow up to 30 percent of revenue generated from local transient lodging taxes (TLT) to be spent on affordable workforce housing for those with incomes at or below 125 percent of AMI. Even if SB595 does not become law in this session, similar legislation may be enacted at some point in the future, requiring communities in Lincoln County to determine the best way to use TLT funds.

The transient lodging tax is a tax imposed on hotels and motels, spaces for recreational vehicles and tents, and other dwelling units that are occupied overnight or on a temporary basis. It is primarily used to promote tourism and may also be used to fund local services. Currently, at least 70 percent of the net revenue from new or increased transient lodging taxes must be used to support tourism and up to 30 percent may be used for local services. Senate Bill 595 shifts the percentage of net revenue from the transient lodging tax that must be used for tourism from at least 70 to at least 40 percent, to allow up to 30 percent to be used for affordable workforce housing.

Jurisdictions would need to set the new rates and decide how any new funds would be spent, based on the specifics in the final legislation.

Specifics of implementation would depend on the details of the final TLT legislation. The decision to raise the TLT in a community and how to spend additional revenue will likely need to be part of a community conversation and hearings process. Some jurisdictions in the County likely would be interested in considering using some of these revenues for affordable housing and this is probably most applicable in Lincoln City, Newport and possibly for the County. However, this is probably less applicable or likely in Depoe Bay, Waldport and Toledo.

Assessment of Cost and Benefit

- **Administrative Investment:** *Moderate*
- **Feasibility:** *Moderate. An increase to the TLT will likely face pushback from those in the lodging industry and may not be politically feasible in some jurisdictions in Lincoln County, depending on community priorities and objectives.*
- **Impact:** *Moderate-High.*

Current Use in Lincoln County

Lincoln County has a transient lodging tax of 10%, the City of Newport has a TLT of 9.5%, and the city of Yachats has a TLT of 9%. Any increases to these rates under the current law would be required to be spent primarily (70%) on tourism-related services. Under the proposed change, that amount could be reduced and a portion of the revenue allocated to affordable housing programs. The County or cities could choose to keep their rates the same but reallocate a portion of existing revenues or could choose to increase the rate to somewhere below the legal maximum rate and allocate some combination of new and/or existing revenues to housing programs. Programs could focus on affordable workforce housing, potentially helping those who work to make the region a tourist destination, creating a strong policy connection between the source and use of that portion of the revenues.

Recommendations and Implementation Steps

- Discuss the strategy generally with local elected officials to gauge relative interest in evaluating or considering it in more detail.

- If there is community interest in pursuing the strategy, identify one or more scenarios for how it could be implemented, including:
 - Possible change in allocations among tourism promotion, parks and recreation, and affordable housing programs.
 - Potential for increasing the TLT rate.
 - Potential revenues available for housing programs based on the allocation and rate scenarios.
 - Potential uses for TLT revenues, particularly those associated with workforce housing.
- Present results of the evaluation to local elected officials for further consideration.
- Pending results of the discussion above, determine whether to move forward with a reallocation.
- If a decision is made to move forward, adopt necessary ordinances and establish or identify housing programs for use of the funds.

SDC Methodology Updates and/or Deferrals

Description of Strategy

System Development Charge (SDC) exemption is a tool used to reduce, waive, defer, finance, or subsidize SDCs for affordable housing developments, with the goal of reducing the cost of development. One relatively popular program in Oregon is SDC reductions, waivers, or deferrals for accessory dwelling units (ADUs). Many SDC methodologies are intended to be commensurable with the cost or impact to the system. Some missing middle housing types do not fit within the levels within SDC methodologies because the impact of these types of housing on the need for water, sewer or transportation facilities is not equivalent to that of other housing units, given the reduced average size and occupancy of smaller units. Therefore, any reduction that can be justified based on reduced demand or impact (e.g. smaller units, multifamily vs. single family, housing types that tend to generate less traffic, etc.) is justifiable for reducing or potentially waiving SDCs for these housing types. This type of reduction is generally identified in the SDC methodology and rate setting.

By statute, credits from qualified public improvements must be used within 10-years. It can be difficult for developers to meet this deadline in small communities, since projects tend to be smaller in scale.

Allowing a developer to transfer credits can off-set this risk, to a point, making it more likely they will build or cost-share in the construction of qualified public improvements. **Assessment of Cost and Benefit**

- **Administrative Investment:** *Low-Moderate. Exempting certain types of housing from SDCs (e.g., qualifying housing projects or accessory dwelling units) is relatively straightforward and can be done through adoption of an implementing ordinance. Updating SDC methodologies to reduce SDCs for smaller housing units typically will require hiring a specialist to assist with the methodology update and requires somewhat extensive analysis and staff time. Tracking SDC deferrals can be difficult over the time*

periods involved – these agreements should be generally be limited to larger projects developed by established organizations with the capacity to track consistency with these requirements.

- **Feasibility:** *Moderate. Foregone tax revenue will affect local jurisdictions. Strong policy support is needed to make changes to revenues.*
- **Impact:** *Moderate. Reductions in SDCs can have a moderate impact on the up-front costs of development and can help certain projects, particularly those for lower income households be financially feasible.*

Current Use in Lincoln County

Lincoln City has adopted a program allowing them to defer of SDC payments for up to 10 years (or renewed for even longer) for non-profit land owners. The City does not charge SDCs for ADUs. The City of Newport charges SDCs based on the size of housing units for selected types of housing, including ADUs, effectively reducing the SDC for ADUs in comparison to other housing types. These programs are described in more detail within the Background Report and Gap analysis.

Newport allows developers with credits from qualified public improvements to transfer them to other properties in the City if the receiving party is constructing a housing project. The credit cannot exceed 50% of the total assessment. This credit transfer option was added to Newport’s SDC code in 2018 and has been used once, for the Surfview Village project.

Recommendations

SDCs assessments must be based upon a rational methodology. Any waiver would have to be justified in the methodology and would potentially be subject to legal challenge. Recent state legislation enabling inclusionary zoning (Senate Bill 1533) identifies SDC and permit fee reductions or waivers as incentives that may be offered to development impacted by an inclusionary zoning requirement. While SB 1533 does not include further discussion on SDC or permit fee waivers or reductions for affordable housing generally, it has been interpreted by some as authorizing SDC reductions or exemptions for affordable multifamily development. As described below, several cities in Oregon choose to exempt certain classes of development (including regulated affordable housing) from SDC requirements.

SDCs provide needed funding for infrastructure to support new housing development. Lack of adequate infrastructure to support housing projects has been identified by stakeholders as a significant barrier to new construction, so any proposed SDC reductions or waivers should be carefully evaluated to ensure that they will not unduly impact this important source of funding. Additionally, there may be legal limitations on the ability to waive or reduce SDCs and there are specific requirements for how to implement an SDC fee reduction. SDC methodology statues are complicated and must be carefully considered with the creation of such program.

A jurisdiction’s SDC fees are only a portion of the total SDC fees development pays. Therefore, there is a limit to how much of an exemption, waiver or reduction can be allowed by the jurisdiction, unless they partner with other organizations.

Jurisdictions can consider applying SDC waivers, exemptions, or reductions to ADUs and other forms of missing middle housing, in order to increase their supply of lower-cost housing. There is typically a limit to reductions, exemptions, or waivers of SDC fees because there are several sources of SDC fees, often including city, county, and special districts. Jurisdictions only have control of a portion of the SDCs, which can limit the efficacy of the incentive. Jurisdictions could also consider partnering with other organizations that charge SDCs, which could make the incentives more effective. However, negotiating an agreement with these partner organizations may

prove challenging. SDC reduction and deferral are broadly used in Oregon and may be more politically acceptable than SDC waivers since the revenue is deferred, not forgone.

As an alternative to a “waiver,” jurisdictions may “buy down” SDCs. The City of Gresham did this in their downtown urban renewal district and used urban renewal funds for that purpose. The framework for the Affordable Housing CET envisions a portion of those funds being used to buy down development fees, such as SDCs.

There are many statutory requirements of SDCs; it is important that any provision of SDC reductions or waivers follow statutory requirements for the process of changing SDC methodology and for the provisions of the reductions or waivers.

Implementation Steps

- Discuss the strategy generally with local elected officials to gauge relative interest in evaluating or considering it in more detail.
- If considering exemptions for specific categories of housing:
 - Identify the types of housing which are most important to encourage and can most benefit from SDC reductions.
 - Identify the potential lost revenue from SDC and ensure that the City can ultimately afford to forego this revenue by making it up from other sources or reducing infrastructure costs.
 - Coordinate with other service providers who charge SDCs and encourage them to provide similar exemptions for the same forms of housing.
 - Prepare, review and adopt an ordinance authorizing SDC exemptions.
- If considering an update of the city’s SDC methodology:
 - At the next opportunity to update the methodology, identify a tiered or graduated SDC approach as an important objective of the update process.
 - Identify this approach in soliciting assistance from consulting firms; ensure that any firm selected has experience in this type of update.
 - Determine the most effective way to address this strategy in the updated methodology (e.g., size of water meter, square footage of residential use, etc.).
 - Update and adopt the amended methodology, preferably for all SDCs charged by the city.

Tax Abatements or Exemptions

Description of Strategy

Tax abatements (exemptions or reductions) alleviate property taxes on certain types of development, often for a set period of time. Abatements can be a very strong tool to incentivize affordable housing and make proposed projects more viable, depending on how the exemptions are structured. A large new apartment complex might have a taxable assessed value (TAV) of many millions of dollars and a significant property tax burden. The annual benefit to the property owner from a city tax exemption can amount to tens of thousands of dollars, making this a strong financial incentive.

The state currently authorizes tax abatements for various types of housing and affordable housing through several programs outlined in the Oregon Revised Statutes (ORS). These include: Nonprofit Low-Income Housing (ORS 307.540 to 307.548), Low-Income Rental Housing (ORS 307.515 – 307.523), Vertical Housing (ORS 307.841 to 307.867), Transit-Oriented Multi-Unit Development (ORS 307.600 – 307.637), Homebuyer Opportunity Limited Tax Exemption (ORS 307.651 to 307.687), and Residential Rehabilitation Tax Freeze (ORS 308.450 to 308.481).

These exemptions/abatements must be approved by the taxing jurisdiction(s) that make up 51 percent of the total combined rate of exaction on the property receiving the exemption.

Assessment of Cost and Benefit

- **Administrative Investment:** *Moderate. New programs require jurisdictions to develop program policies, and to promote and administer the program, and may be an administrative burden for smaller jurisdictions.*
- **Feasibility:** *Moderate. Foregone tax revenue will affect local jurisdictions. Strong policy support is needed to make changes to revenues.*
- **Impact:** *Moderate-High. Tax abatements have been a key part of many successful affordable housing projects throughout Oregon.*

Current Use in Lincoln County

Lincoln County and the City of Newport have adopted Property Tax Exemptions and Abatements for Affordable and Low-Income Housing for the Newport Urban Growth Boundary (including the City proper) as described below. In addition, Lincoln County and the City of Newport have adopted the provisions of ORS 307.540 through 307.548 Nonprofit Low-Income Housing, and the County, with other taxing entities has provided property tax exemptions in the past for several projects in Lincoln County, including:

- *The Ridge Apartments, an 80-unit apartment complex in Lincoln City*
- *Sa Da Munn, 50 units in Waldport*
- *Our Coastal Village, 21 townhomes in Yachats*
- *Fisterra Gardens Apartments, 25 units in Yachats*
- *Mariner Heights Apartments in Newport, 16 units*
- *Salmon Run apartments, 40 units in Newport*
- *Vandehaven-by-the-Bay Apartments, 18 units in Waldport*
- *Agate Heights Apartments, 44 units in Newport*
- *Surfview Village Apartments, 110 units in Newport*



Fisterra Gardens Apartments in Yachats

Recommendations and Implementation Steps

Tax abatement programs do not require new direct investments, as they rely on foregone tax revenue from the general fund, but the implementing jurisdiction could use other funding sources, such as a CET, to replace the lost revenue. The foregone revenue is the inverse of the benefit to the developer. Because of the trade-off in revenue, the City should carefully consider which tax abatement programs to use, and what the desired outcomes are. In general, market-rate developers will use the program that maximizes benefits while requiring the fewest changes to their development plans. For instance, the Multi-Unit Housing exemption can encourage housing closer to market-rate levels (up to 120% of AMI) but this might discourage use of other Low-Income Housing programs unless the benefits are calibrated.

There is a cost to the implementing jurisdiction and other taxing jurisdictions to reduce property tax income. The implementing jurisdiction and partner jurisdictions must be willing to forego those revenues. Jurisdictions should consider the extent to which a new program, or enhancement of an existing program, can be supported based on funding needs. The administrative burden of these programs can be a constraint, particularly for smaller jurisdictions.

It is important to make developers aware of this option in any jurisdiction where it is available – developers may not know to inquire about this program unless prompted.

Regional Buildable Lands Inventory (BLI)

Description of Strategy

Project participants have noted that developers and builders in Lincoln County have a difficult time identifying the location of developable properties in the County and recommend creating a regional inventory that could serve as a clearinghouse for information about the location of properties that present opportunities for future housing development.

Lincoln County already maintains a certain amount of information related to buildable lands through its tax assessor data and through the County's Geographic Information System (GIS) data. Creating a BLI would involve compiling and analyzing this and other information to assess and summarize development capacity, zoning, and physical/environmental constraints on a County-wide basis in partnership with cities in the County.

Assessment of Cost and Benefit

- **Administrative Investment:** *Low-Moderate. The County and partner jurisdictions could pursue grant funding for this work, easing the administrative burden. This project also could be assigned to staff allocated to regional housing issues (see separate strategy).*
- **Feasibility:** *High. Aside from the costs of undergoing the study, there are few barriers to this strategy.*
- **Impact:** *Moderate. A detailed understanding of the amount, locations, and types of buildable lands within Lincoln County may provide guidance to developers, inform policy decisions, and assist the public in understanding regional housing issues.*

Current Use in Lincoln County

The cities of Newport and Lincoln City have relatively recently updated their individual BLIs and could contribute this information to a regional BLI for Lincoln County. Other jurisdictions would need to work with the County to undertake similar actions. Conducting this work in a coordinated manner, with a consistent methodology for all of the remaining jurisdictions would be important to ensure consistency and confidence in the resulting inventory.

Recommendations and Implementation Steps

There are a variety of ways in which a regional BLI could be created, updated and maintained. Potential options include:

- These efforts could be undertaken by County staff, with support and input from the cities.
- Alternatively, a large city in Lincoln County could take the lead with support from the other jurisdictions.
- A third option would be for the County and cities to hire a private contractor or consultant to prepare and periodically update the BLI through some type of shared funding arrangement.
- The Oregon Cascades West Council of Governments (OCWCOG) may be a good partner with access to GIS data and personnel to support a regional BLI effort.

Implementation steps would include:

- Determine which jurisdiction would lead development of the BLI and/or update it on a regular basis.
- Obtain relevant data from all local jurisdictions, as well as other data sources (e.g., state and federal agencies).
- Agree on consistent definitions of buildable and constrained land, including how to define vacant and partially vacant land.

- Compile, analyze, summarize and map BLI data.
- Utilize the results of the BLI to inform updated Housing Needs Analyses for member jurisdictions.
- Establish a system for providing the data to interested parties. Ideally, this would be done via an interactive online mapping application, supplemented by the ability to view or download more detailed information for specific sites.
- Establish and implement a system and timeline for regularly updating the information in the inventory.

Staff Allocation to Regional housing

Description of Strategy

One potential use of funding would be for administration of a more formal central agency or Regional Housing Coordinator position for Lincoln County, to serve as a central point-of-contact for community partners and the public. As the County and its member cities consider a more holistic regional approach to housing challenges, this organizational structure would allow for more strategic planning of where and how to use resources, and direct potential development partners. As a long-term strategy to increase the partner cities' administrative capacity for addressing affordable housing issues and providing more effective and efficient use of resources, the County could consider dedicating one or more full or part-time staff members to these efforts.

The dedicated staff member could oversee affordable housing programs, develop housing policy, and serve as a liaison to the County's member jurisdictions, housing partners including non-profits, other local, regional, and state partners. Having a dedicated staff person to oversee housing programs would provide more resources, a higher degree of continuity, and potentially more technical expertise towards the task of implementing the strategies identified in this report.

Developing and implementing some of the strategies and programs described in this document will take a significant amount of staff time. Ultimately, the County and partner cities will need to decide if the expense of dedicating additional staff resources to these activities is financially feasible and justified based on an assessment of the enhanced ability of a number of these strategies to leverage financial or partnering resources towards achieving affordable housing goals.

Assessment of Cost and Benefit

- **Administrative Investment:** *Moderate. A dedicated staff person would likely be too great an administrative investment for many of Lincoln County's smaller jurisdictions, however pooling resources between jurisdictions would greatly ease that burden.*
- **Feasibility:** *High. This strategy would be relatively straightforward to implement once a staff person were in place. It is important to clearly establish the staff person's role and responsibilities, with regular reporting to funding partners in order to ensure transparency and accountability.*
- **Impact:** *Moderate-High. A centralized Regional Housing Coordinator position could support a variety of projects and increase the visibility of housing issues and programs within Lincoln County.*

Recommendations and Implementation Steps

Jurisdictions would need to determine and account for staffing needs associated with implementing housing strategies in annual budgeting and work planning activities. This would entail regularly estimating the amount of time needed to implement these strategies, prioritizing this work in relation to other duties (if the coordinator

also has other staffing duties), and ensuring that adequate time and resources are available to meet these goals within their overall resource limits.

Programs such as RARE and AmeriCorps may be good avenues to find staffing for a housing coordinator. Grant funding might be available to further support the position.

A resolution of support and an intergovernmental agreement addressing the pooling of resources for this position are recommended initial steps and may aid in obtaining grant funding.

Other Partnering Opportunities

In addition to the CDBG Housing Rehabilitation program, there are a variety of other partnering opportunities for Lincoln County and its member jurisdictions to address housing issues. Partnering opportunities that emerged from a meeting of the Lincoln County Affordable Housing Partners are introduced briefly below

- *Continue to seek opportunities for Public Private Partnerships (PPP) to create new affordable housing.*
- *Provide support for Community Land Trusts (such as Proud Ground) as a program lead or funding partner.*
- *Partner in acquisition and preservation of existing affordable and workforce housing.*
- *Provide technical assistance to non-profit developers*
- *Work to develop a program for Systems Development Charge (SDC) waivers, modified infrastructure requirements, and other incentives for affordable housing development.*
- *Help with messaging and advertising of housing opportunities and other programs from affordable housing partners.*

An inventory of housing related services and providers can be found in the *Task 4 Report* prepared for this project.

Tiny Homes, Recreational Vehicles (RVs), and Similar Types of Housing

Housing such as “Tiny Homes” and RVs may be appropriate for some individuals who do not require much indoor living space and/or seasonal workers or who cannot afford other housing options. An increasing number of tiny home communities are being developed in the US, which often bear resemblance to a cottage cluster development or a high-quality RV park. Tiny homes can also fit into the fabric of an existing neighborhood, similar to an ADU and subject to the same regulations.

Typically the difference between a tiny home and an RV relates to mobility – RVs are designed to be lightweight and very portable, while tiny homes are often constructed from standard durable homebuilding materials. There may also be differences in style and durability, though both tiny homes and RVs come in a wide range of styles and level of quality.

Allowing these types of uses in residential neighborhoods and in new developments will help broaden the range of available housing in Lincoln County. At the same time, such provisions must be balanced with code enforcement to ensure that use of RVs in residential neighborhoods or elsewhere in the County do not adversely impact health and sanitation conditions.



"Tiny Tranquility" Tiny Home and RV Village in Lincoln County

Accessory Dwelling Units

Recommended code updates are described briefly in the Development Code Update section of this report. In general, these recommendations are consistent with guidance on this topic provided by the State of Oregon for implementing the Accessory Dwelling Unit (ADU) requirements under Oregon Senate Bill 1051. More detailed information about that guidance is available online at https://www.oregon.gov/lcd/Publications/ADU_Guidance_SB1051_2018.pdf. Key points of this document are summarized below:

- These provisions apply to cities with a population greater than 2,500 or a county with a population greater than 15,000
- At least one accessory dwelling unit is allowed for each single-family dwelling, and DLCD encourages allowing two units.
- DLCD recommends applying the same or less restrictive development standards to ADUs as those for other accessory buildings.
- Design standards for ADUs must be clear and objective (i.e. standards that do not contain words like "compatible" or "character")
- Owner-occupancy requirements are difficult to enforce and generally not recommended.
- Local governments should consider revising their SDCs to match the true impact of ADUs – ADUs generally house fewer people than an average single-family home.

Urban Growth Management Agreements (UGMAs)

Cities and counties in Oregon are required to enter into urban growth management agreements (UGMAs), also sometimes called joint management agreements, to spell out how they will coordinate with each other on matters that affect both jurisdictions. Topics typically addressed in UGMAs include:

- **Application of planning and zoning standards and procedures within the unincorporated areas of a city's urban growth boundary.** These areas are typically under county jurisdiction but ultimately are expected to be annexed into a city. Because they will eventually become urban areas, it is important to apply urban-level planning and public facility requirements in these areas to ensure a smooth transition to provision of city services and facilities after annexation. In some cases, the City also will assume responsibility for land use planning review within these areas.
- **Public facility planning and provision.** UGMAs typically describe how the city and county will coordinate construction and provision of water, sewer and transportation facilities and services as these areas develop and at the time they are annexed into a city. The UGMA is required to reference adopted Public Facilities Plans to support these efforts. The UGMA also may specify the standards required for transportation facility improvements within these areas and the criteria for transfer of jurisdiction of roads or other facilities from a county to a city. For example, some UGMAs indicate that a city will only accept jurisdiction of a county road if the road has been improved to city standards.
- **Urban growth boundary (UGB) amendments.** The process for initiating, reviewing and approving amendments to a UGB also typically is documented in a UGMA. Generally, amendments must be approved by both jurisdictions through separate or joint hearings and decision processes spelled out in the UGMA.
- **Housing development.** Typically, UGMAs have a relatively peripheral relationship to development of housing. However, they typically address which jurisdiction's development standards apply within the urban growth area and in that sense are important for setting the stage for the character of housing likely to be developed in those areas.
- **Other planning issues of mutual interest.** A UGMA also may identify and address coordinated approaches to other issues that are of mutual interest to the city and county, such as neighborhood planning efforts, improvements to specific transportation facilities, or other situations or conditions within the urban growth area.

Creating and periodically reviewing and updating UGMAs between a county and all of the cities is important for coordinating these efforts as planning and development occurs in urban growth areas. This provides benefits and potential cost savings in the long run to all parties involved, as well as more certainty and clarity for property owners, developers and residents of these areas.

Appendix A

**BACKGROUND REPORT AND
GAP ANALYSIS**



LINCOLN COUNTY
HOUSING STRATEGY PLAN

To: Wayne Belmont, Lincoln County

From: Matt Hastie, Kyra Haggart, Andrew Parish, and Brandon Crawford, Angelo Planning Group (APG)

Date: April 12, 2019

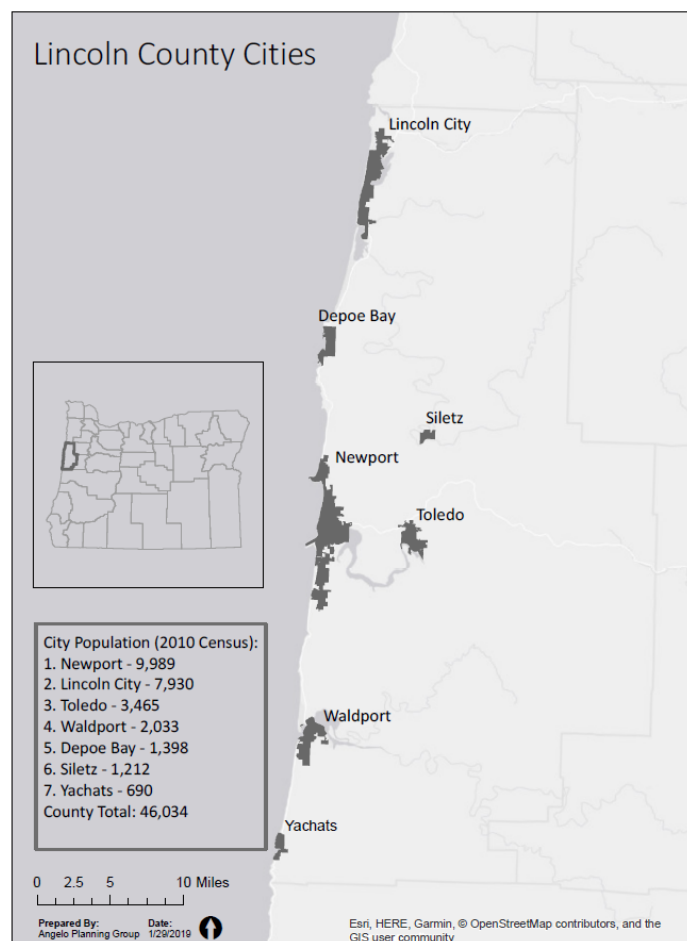
Re: Lincoln County Housing Strategy Plan (HSP) – Background Report & Gap Analysis

INTRODUCTION

Project Overview

Angelo Planning Group (APG) and Johnson Economics have been contracted to create a Housing Strategy Plan (HSP) for Lincoln County. The primary objective of this project is to prepare a regional housing implementation strategy with a package of recommended policy amendments that can be adopted individually or collectively by Lincoln County and its partners. Lincoln County's partners in this effort include:

- Lincoln City
- Depoe Bay
- Yachats
- Toledo
- Newport
- Waldport
- Siletz
- The Confederated Tribes of Siletz Indians



This project is funded by a grant from the Department of Land Conservation and Development (DLCD). In 2018 the Oregon Legislature passed House Bill (HB) 4006 which allocated \$1.73 million to DLCD for planning technical assistance to jurisdictions working to make an impact on housing affordability in their communities.

Purpose of This Report

The purpose of this report is to summarize the following:

- Housing policies, implementation strategies, agreements, and related initiatives currently being implemented by the County and its partners, including an assessment of how well those programs are currently working;
- The legal framework for housing policies within the state; and
- Best practices recommended by state and national planning organizations, DLCD, and others that have proven to be successful in promoting needed housing. The focus will be on those programs that could be effective if adopted locally or county-wide, and that can reduce barriers to promoting needed housing.

SUCCESSFUL OR PROMISING STRATEGIES EMPLOYED BY PARTNERS

This section of the report describes housing policies or strategies that are currently employed by Lincoln County and its partners and assesses which policies have been successful at promoting needed housing. A number of these policies or programs may be appropriate for implementation by other communities in Lincoln County in the future. Recommendations towards that end will be included in a subsequent project report.

Lincoln County

Recent Ordinances

Lincoln County recently adopted provisions into the County Code allowing for accessory dwelling units (ADUs) in residential zones within urban growth boundaries, following the same requirements for ADUs in Lincoln City and Newport, and using model code provisions for other urban growth boundary areas.

Tax Abatement Programs

Lincoln County has adopted Property Tax Exemptions and Abatements for Affordable and Low-Income Housing for the Newport Urban Growth Boundary (including the City proper) as described below. In addition, Lincoln County has adopted the provisions of ORS 307.540 through 307.548 Nonprofit Low-Income Housing, and with other taxing entities has provided property tax exemptions in the past for several projects in Lincoln County, including:

- The Ridge Apartments, an 80-unit apartment complex in Lincoln City
- Sa Da Munn, 50 units in Waldport
- Our Coastal Village, 21 townhomes in Yachats
- Fistera Gardens Apartments, 25 units in Yachats
- Mariner Heights Apartments in Newport, 16 units
- Salmon Run apartments, 40 units in Newport
- Vandehaven-by-the-Bay Apartments, 18 units in Waldport
- Agate Heights Apartments, 44 units in Newport

Regional Loan Program

Lincoln County received Community Development Block Grant funds in 2004 and 2006 (and earlier) to fund housing rehabilitation loans for qualifying low-and moderate-income owner-occupied homeowners to help them remain in place in their homes. The loans are repaid upon sale of the home. The repayments were placed in a regional revolving loan fund, currently managed by the Community Services Consortium, awaiting placement back into the community. The Lincoln County Housing Strategy Plan will provide options in how to manage those funds in the future and how to potentially re-establish an ongoing program for consistent future implementation.

Public Private Partnerships

The Our Coastal Village (Fisterra Gardens) project mentioned earlier also included direct funding from Lincoln County to match other state, federal, and private funding sources bringing this project to fruition. Lincoln County also loaned funds to the nonprofit Northwest Coastal Housing (formerly Community Development Corporation of Lincoln County) to fund development of Yaquina Breeze Apartments, housing for severely mentally ill persons.

Community Land Trusts

Proud Ground operates in Lincoln County and has undertaken activities in Newport, Lincoln City and unincorporated Lincoln County. Between 2015 and 2018, Lincoln County and the cities of Newport and Lincoln City have supported Proud Ground's efforts through funding contributions, coordination and other efforts.

City of Newport

SDC Methodology

The City of Newport collects System Development Charges (SDCs) with new development to help pay for capital improvement to its water, wastewater, transportation, parks and stormwater facilities needed to support growth. In 2017 the City adopted a new methodology to account for current growth forecasts, long-range capital improvements, and calculation procedures, and to scale SDCs to different types and sizes of housing. The new methodology was adopted as part of a larger package of four policies and strategies intended to respond to the increased need for workforce and affordable housing in the community. This City's updated methodology scales the SDC rates based on the size of the unit, as shown in Figure 1. The methodology sets a higher price per square foot for smaller homes; however, when that is calculated against the more modest size of those homes, the result is a lower fee for smaller homes, rather than the one size fits all approach previously used.

FIGURE 1. CITY OF NEWPORT SDC COMPARISON

Current vs. New SDC Comparisons per Single Family Home (with floor area sq.ft. rates)					
Facility Type	Current SDC (after discounts)	Current SDC with NO Discounts	New SDCs After Discounts*		
			SDC: Small Home (less than 1,700 SF)	SDC: Standard Home (1,701 to 2,900 SF)	SDC: Large Home (over 2,900 SF)
Water	\$2,413	\$2,413	\$0.60	\$0.48	\$0.39
Sewer	\$3,969	\$3,969	\$1.06	\$0.85	\$0.69
Transportation	\$1,112	\$11,120	\$1.20	\$1.14	\$1.05
Stormwater*	\$857	\$857	\$0.79	\$0.47	\$0.39
Parks	\$2,643	\$5,286	\$0.50	\$0.50	\$0.50
Total Per SFD		\$23,645	\$4.15	\$3.43	\$3.02
Total Per SFD	\$10,994		\$5,189	\$9,800	\$15,100
Home Size in Example (SF)			1,250	2,500	4,200

Source: Compiled by FCS GROUP based on prior tables. * see discount table assumptions.

Abbreviations: SF = usable floor area (excludes unfinished attics, garages and carports).

Under the City’s SDC program, Accessory Dwelling Units (ADUs) and single family attached structures such as duplexes and row-houses are assessed based on the “small home” SDC rate of \$4.15 per square foot after discounts. Residential additions are charged at the rate that corresponds to the proposed increase in usable floor area. SDCs for new multifamily development such as apartments are assessed based on water meter sizes. Although the current SDC methodology is still relatively new, Newport has already seen success in increasing the number of ADUs in the city, and expects to see more ADU development in the future.

Construction Excise Tax

Following the State of Oregon’s passage of SB 1533 in 2016 authorizing cities and counties to implement Construction Excise Taxes, (CETs) to help pay for affordable housing programs, the City of Newport implemented a CET to provide a dedicated source of revenue to support affordable housing programs. This program was adopted in 2017 as part of the package of four policies and strategies to address affordable housing.

The tax is for 1% of estimated construction value (permit value) for new construction and remodeling that results in additional square footage for residential, commercial, and industrial development. Types of construction that are exempted from the CET per state law include developments with guaranteed affordable housing units; private school improvements; public improvements including public schools, government buildings, and facilities; public and private hospital construction; religious facilities; agriculture buildings; nonprofit facilities such as long-term care facilities and retirement communities; and mass shelters for the homeless. The new revenue must be used for affordable housing as defined by Oregon law, and will be distributed as follows:

- 50% to development incentives for affordable housing that includes (a) whole or partial fee waivers or reductions, (b) whole or partial waivers of system development charges or impact fees; (c) finance-based incentives, or (d) full or partial exemptions from property taxes.
- 35% for other affordable housing programs that may include (a) affordable housing rehabilitation grants, (b) home buyer down payment assistance and buyer education programs, (c) acquisition of land for affordable housing development; or (d) grants to developers for affordable housing

- 15 percent to Oregon Housing and Community Services to fund the department’s down payment assistance program.

The City’s CET collections have been somewhat modest—lower than the predicted \$100,000 per year. The two largest recent developments in the City—the Samaritan Pacific Communities hospital expansion and Oregon State University’s Marine Studies Initiative research/classroom facility—were both exempt from the CET. The City Council plans to form a work group to determine how the money designated for development incentives and affordable housing programs is spent and review the CET program within 10 years. Options for CET fund distribution include making CET funds available to offset development fees for affordable housing projects such as SDCs or building permit fees, and support grants for nonprofit organizations involved in the provision of affordable housing.

The City’s CET program was paired with the reduced SDCs for smaller and mid-sized residential development in order to be sensitive to the upfront costs of development for affordable housing. When taken together, developers, on balance, end up paying less under the new package of policies and strategies than under previous regulations.

Tax Abatements and Exemptions

The City of Newport implemented the following tax exemption programs in 2017 as part of a larger package of policies and strategies addressing the need for more workforce and affordable housing, including a new SDC methodology and CET program.

Property Tax Exemptions for Affordable Housing

Under this program, developers of multi-unit housing in a designated area are granted a tax exemption on structural improvements to a property for up to ten years following construction. This is a state-enabled program enacted by individual jurisdictions where each is able to set eligibility criteria and approve projects through a competitive process.

Newport Municipal Code Chapter 3.25 details the city’s Multiple Unit Housing Property Tax Exemption (MUPTE). The City’s intention for the program is to encourage private development of multi-unit housing in transit-oriented areas. The MUPTE program provides a ten-year property tax exemption on the residential portion of structural improvements and can be extended for projects subject to a low-income housing assistance contract. Although the program is still relatively new, the City recently received an application for a 110-unit affordable multifamily development; eligible residents of the new development must have income levels that are at or below 60% of median family income.

Non-Profit Corporation Low-Income Housing Tax Exemption

In addition to property tax exemptions for affordable housing, the City of Newport adopted a program exempting the taxation of property owned by low-income persons or held for the purposes of developing low-income housing as part of the 2017 package. The City has not received any applicants for this tax exemption to date.

Extended Stay Hotel and Motel Uses

In 2018, the City of Newport amended its development code to include language allowing hotel/motel stays of thirty or more days in certain zoning districts. The amendment was made at the request of Pacific Seafood Group, a large local employer, who wanted to be able to accommodate the housing needs of their seasonal workers. The City’s adjusted definitions allow for extended stay with the requirement that there be cooking

facilities either in each unit or shared between units. The extended stay regulations only apply to specific areas of the city and exclude the higher tourist traffic areas. This change also presents an opportunity to provide transitional housing for those who have graduated or timed out of shelter and recovery programs, and are in the process for searching for housing on the open market.

Pacific Seafood Group has purchased a property in Newport and is currently in the design phase to adapt a previous commercial and office building into a workforce housing complex. This code amendment, which was simply a modification of existing language in the City's code, is an example of how jurisdictions can work creatively with development codes to accommodate major employers looking to invest in providing housing for their workforce.

Public Private Partnerships

The City of Newport regularly partners with private developers or business owners in order to provide cost-sharing for infrastructure improvements. This strategy is particularly effective in urban renewal districts where funding is available for infrastructure work. Examples of cost-sharing partnerships can include securing easement rights and taking over the maintenance of stormwater facilities or extending streets or water and sewer lines. The City successfully applied this approach in an arrangement with the Oregon Museum of Science and Industry where the museum provided a monetary cost towards the necessary street improvements, but the City carried out the improvements. Another successful example is the partnership between the City and Wilder, a in the second phase of development of a 750-acre community that will create housing and jobs for Newport residents and support the Oregon Coast Community College (OCCC) and Hatfield Marine Science Center.

Urban Renewal

The Newport URA is using urban renewal funds to redevelop the County Commons, formerly known as the Lincoln County Fairgrounds. To date, the City has not used urban renewal to directly fund development of housing or infrastructure improvements aimed at reducing housing development costs.

City of Lincoln City

Recent Ordinances

The City adopted several ordinances in January 2019 to address the need for more workforce and affordable housing. The ordinances have not taken effect yet, but are briefly summarized below.

- ***Four-Flat Development***
Four-flat development is defined by the Lincoln County Municipal Code (LCMC) as “a two-story structure, designed to resemble a single-family dwelling, containing four individual dwelling units and appearing to have a single exterior entrance opening onto a common hallway providing access to the four individual units within the structure.” Because four-flat developments are designed to look like one large home, they often fit nicely within existing single-family neighborhoods.
- ***Tiny Homes***
The City adopted provisions for tiny homes, which are defined by the LCMC as “a stand-alone dwelling with a floor area of 400 square feet or less, excluding lofts.” Tiny homes are permitted in the multi-family residential zone, general commercial zone, and recreational commercial zone.

Cottage Clusters

The LCMC includes provisions allowing cottage cluster housing developments. Section 17.80.120 of the LCMC describes cottage cluster homes as “a small cluster of dwelling units appropriately sized for smaller households and available as an alternative to the development of typical detached single-family homes. Cottage cluster housing is intended to address the changing composition of households, and the need for smaller, more diverse, and often, more affordable housing choices. Providing for a variety of housing types also encourages innovation and diversity in housing design and site development, while ensuring compatibility with surrounding single-family residential development.” Per the City’s regulations, cottage clusters are permitted in the R-1, R-R, and R-M zoning districts. Permitting cottage cluster development can be an effective tool for cities to promote varied housing types, and can also be used to protect natural resources or to better utilize areas with steep topographies. The City has not seen any cottage cluster developments since the provisions were adopted in 2014; however, there has been some interest from the developer community.

SDC Deferrals

Section 13.08.095 of the LCMC grants authority to the City Council to approve deferrals of SDC payments for up to 10 years (or renewed for even longer), subject to the following criteria:

- The use proposed by the applicant fits within a type of use identified by the city council by resolution as lacking in the city and urgently needed, such as child care;
- The use serves a widespread community need, as identified by the applicant;
- The deferral applicant is a nonprofit corporation, or any agency or subdivision of the federal, state or local government, or a private entity that has committed to the proposed use in a binding executed agreement with the city (e.g., a 30-year affordability covenant for workforce housing);
- The applicant demonstrates the need for financial support to develop the use;
- The applicant demonstrates local support for the use, such as through fundraising for the use;
- The development will occur on property located within the city limits;
- The applicant agrees to enter into an agreement to pay systems development charges if the city approves the application.

The SDC deferral program is only applicable to non-profit or public landowners; if a property with deferred SDCs were to shift hands to a for-profit owner, then the SDCs would be due. This type of waiver program can be suitable for small communities that are unlikely to see high volumes of development applications. However, the need to have City Council approve each deferral could overwhelm jurisdictions with higher rates of development. The City is currently considering reforming their SDC program to allow SDCs for residential development to be based on dwelling size, similar to the approach recently implemented in Newport. The City currently does not charge any SDCs for ADUs.

Short-Term Rental Cap

In 2017 the City placed a cap on the proportion of vacation rentals permitted in the R-1-5 and R-1-RE (Roads End Neighborhood) zones. The cap restricts the number of vacation rentals in these zones to 10% of the total number of lots within the zone. Once the cap has been met, properties that wish to become vacation rentals are placed on a waiting list and are licensed when a previously-permitted vacation rental expires and fails to renew their license. In the R-1-5 zone the vacation rental cap was reached shortly after adoption of the program. Since that time, a number of properties have been moved through the waiting list as other previously-licensed properties let their licenses expire. The R-1-RE zone had approximately 20% of its properties serving as vacation rentals at the time that the regulations were adopted, and the waiting list continues to grow. There are several

other residential zones in which properties can get land use approval and a license for a short-term rental that is limited to being used as a rental for a maximum of 30 nights per year. The overall community response to the program has been positive, particularly for community members living in the R-1-5 and R-1-RE zones. The short-term rental cap also may make the citywide market more affordable as it has had an unintended stabilizing effect on the City's real estate values.

Public Private Partnerships

The City is currently undergoing negotiations with private developers for three new workforce and affordable housing developments on City-owned properties. The City has policy language to support partnerships with developers and major employers in the area and has adopted a number of incentives to encourage private developers to develop housing types such as cottage clusters, ADUs, and tiny homes.

Urban Renewal

Lincoln City has a URA (established in 1988) to manage its urban renewal district which encompasses a significant portion of the city along Highway 101. The City has not used urban renewal funds to directly support housing development. However, the City is considering re-establishing one or more new districts and could consider establishing a housing set-aside in a new district.

City of Waldport Mixed Use Development

The City has established a Downtown District Zone. The zone is intended to promote mixed use development (upper story residential over ground floor retail or commercial uses). However, the zone currently prohibits residential-only uses and has had limited success in encouraging mixed use development.

Urban Renewal

The City of Waldport's URA was established in 1981 and its first Urban renewal Plan was concluded in 2011. A second Urban Renewal Plan was established in 2005. To date, the City has not used urban renewal funds to directly support housing development or infrastructure improvements aimed at reducing housing development costs.

City of Yachats

Tax Abatement

The Fisterra Gardens affordable housing project in Yachats received tax abatement which resulted in a significant subsidy and helped make the project financially feasible.

SDC Deferrals

The City deferred payment of approximately 50% of SDCs for the Fisterra Gardens affordable housing development. The deferred SDCs will be repaid over a period of 30 years. This reduced the upfront cost of the development and helped make it financially feasible.

CONSISTENCY WITH STATE AND FEDERAL LEGAL REQUIREMENTS AND GOALS

Local Comprehensive Plans and development codes play an important role in helping encourage and reduce barriers to development of a range of housing types that are affordable to people and households at various

income levels. We have reviewed of each jurisdiction's existing comprehensive plan and development code to assess the following:

- Is it consistent with state and federal legal requirements?
- Does it support development of a full range of housing types?
- Does it specifically allow for or encourage housing types that are typically more affordable to people with low or moderate incomes?

The assessment focused on the housing element or chapter of local comprehensive plans and on development code regulations pertaining to the residential zoning districts in each jurisdiction's development code. The strategies identified are conceptual ideas for potential changes that are broadly applicable; however, they should be tailored to address specific needs and concerns within each community.

Comprehensive Plan Policies

The housing element of local comprehensive plans establishes the policies that guide residential development in each community. These policies are important because they institute aspirational goals and principles for meeting the housing needs of the community. The policies are also important because they establish formal criteria and guidelines for land use decisions that pertain to housing. Per state land use law, zoning amendments must all demonstrate consistency with the housing policies of the comprehensive plan.

The policy review evaluated the degree to which each comprehensive plan addressed 11 key policy issues. These policy issues are wide-ranging and inclusive: they may establish support for broad principles, such as Fair Housing or flexible zoning, or identify the need to provide for specific housing types, such as accessory dwelling units or manufactured homes.

Based on this review, Lincoln County jurisdictions generally address the following housing policy issues sufficiently in the comprehensive plan:

1. Supports Statewide Planning Goal 10
2. Emphasizes affordable housing needs
3. Supports partnerships
4. Encourage a variety of housing types

The degree to which each comprehensive plan addressed the remaining seven policy issues varies, indicating an opportunity to amend the policies to better address important housing needs and goals that have been identified through this study.

These policy issues are summarized in Table 1, and an example policy statement is provided to demonstrate one way to articulate the policy idea. Jurisdictions are encouraged to modify and tailor policy language, with input from community members and decision-makers, to best reflect local needs and conditions. Perhaps most importantly, updating the comprehensive plan to address these housing goals presents an opportunity for the community to consider and find how these issues fit within the broader comprehensive plan policy goals, such as transportation, livability, and economic vitality.

TABLE 1. HOUSING POLICIES AND THEIR IMPLEMENTATION IN LINCOLN COUNTY ¹

Policy Issue	Discussion and Example Language
1. Support Statewide Planning Goal 10	The crux of Goal 10 is planning for adequate housing supply to meet the needs of the community. Lincoln County jurisdictions generally address this in comprehensive plan language, but not in a consistent way.
2. Emphasize affordable housing needs	Newport, Yachats, Depoe Bay, Siletz, and Lincoln City address housing affordability specifically. Lincoln City appears to have the most robust language.
3. Support partnerships	Lincoln City calls specifically for partnerships with major employers, public entities, nonprofit organizations, and others. Newport and Siletz also have policies to support partnerships.
4. Encourage a variety of housing types	Lincoln City, Newport, Toledo
5. Affirms Fair Housing goals	<p><i>Foster inclusive communities, overcome disparities in access to community assets, and enhance housing choice for people in protected classes throughout the city by coordinating plans and investments to affirmatively further fair housing (City of Portland).</i></p> <p><i>Continue to work with the Washington County HOME Consortium to identify impediments to fair housing and develop strategies to address them (City of Beaverton).</i></p> <p>Lincoln City has policy language related to fair housing goals, but all jurisdictions could use more robust policy language.</p>
6. Support mixed-use development	<p><i>Increase opportunities for higher density mixed use development in the Downtown Urban Renewal District, Washington Square Regional Center, Tigard Triangle, and designated Corridors to enable residential uses to be located in close proximity to retail, employment, and public facilities, such as transit and parks (City of Tigard)</i></p> <p><i>Lincoln City has policy language supporting certain mixed-use developments; other jurisdictions do not.</i></p>
7. Support accessory dwelling units	<p><i>The City shall allow accessory dwelling units in appropriate residential districts, but shall require that they are compatible and blend into the overall residential environment. (City of Tigard)</i></p> <p>Lincoln City, Toledo, and Newport have policy language that encourages accessory dwelling units.</p>

¹ The Siletz Comprehensive Plan has not been addressed in this summary. It will be included in a subsequent draft of this memo.

Policy Issue	Discussion and Example Language
<p>8. Support for flexible zoning</p>	<p><i>Provide flexible development standards for projects that exceed the minimum requirements for natural resource protection, open space and public gathering places, and energy efficiency (City of Beaverton).</i></p> <p>None of the jurisdictions in Lincoln County appear to include policy language that directly addresses this topic.</p>
<p>9. Address land supply goals</p>	<p><i>Goal 1. Housing Supply and Variety.</i></p> <p><i>Provide a sufficient quantity and variety of housing to meet community needs.</i></p> <p><i>Policy 1. Annex where feasible and zone an adequate supply of residential land outside the tsunami inundation zone to accommodate the city’s housing needs.</i></p> <p><i>Policy 2. Promote a variety of residential densities and housing types in all price ranges to meet a range of housing needs.</i></p> <p><i>Policy 3. Revise plan designations, zoning districts and regulations as needed to implement the mix of housing indicated in the adopted Housing Needs Analysis. (City of Lincoln City)</i></p> <p>Newport has similar language within their housing policies. Siletz also has policy language regarding monitoring and maintaining an adequate supply of land zoned for residential use. Other jurisdictions in the County do not directly address this issue in their policies.</p>
<p>10. Support development of manufactured homes</p>	<p><i>Encourage preservation of mobile home parks as a low/moderate income housing option. Evaluate plans and investments for potential redevelopment pressures on existing mobile home parks and impacts on park residents and protect this low/moderate income housing option. Facilitate replacement and alteration of manufactured homes within an existing mobile home park. (City of Portland)</i></p> <p>Already addressed by Newport, Depoe Bay, Toledo</p> <p>Could improve by adding language encouraging protection/rehabilitation of existing manufactured homes. Could be more consistent in terminology – “Manufactured Homes” vs “Mobile Homes.”</p>
<p>11. Regulate short term rentals</p>	<p><i>Lincoln City has a policy to “control the number and location of vacation rentals” to preserve adequate housing. Depoe Bay suggests “phasing out of the existing short-term rental use of dwelling units”.</i></p> <p>Other jurisdictions in the County do not appear to have policy language addressing this topic.</p>

Development Code Review

We reviewed each city’s development code to assess the following:

- Range of established residential zones
- Types of housing allowed in each zone

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- Density and minimum lot size requirements
- Manufactured home parks (must be allowed in at least one residential zone)
- Accessory dwelling unit requirements
- Cottage cluster housing requirements
- Residential design standards
- Off-street parking requirements
- Maximum building heights

The range of housing types allowed and addressed by Lincoln County cities varies widely. Unsurprisingly, the larger towns (Newport, Lincoln City) generally address and allow for a broader mix of housing types in their development code. They all have comparable residential development standards (i.e. minimum lot sizes, design standards, max. height) across conventional residential zoning types.

Most of the cities allow Accessory Dwelling Units across all zones, generally with the same standards. Manufactured homes on individual lots are generally permitted for all zones for all cities as required by state law. However, manufactured home parks are almost exclusively allowed only as a conditional use in higher density zones. Non-single-family detached housing types, such as two-family dwellings (duplexes), condominiums, and multi-family dwellings (generally referring to any type exceeding two dwellings) are generally permitted outright or conditionally in their general residential to high density residential zones. Lincoln City is the only town to address/allow cottage cluster housing, although other cities offer flexibility in certain overlay zones or districts, potentially permitting more innovative/creative housing types that are not necessarily explicitly defined in the development code. *Table 2* below provides a detailed summary of housing types allowed throughout Lincoln County's cities.



TABLE 2. DEVELOPMENT CODE REVIEW SUMMARY, CITIES

<i>Code Provision</i>	<i>Newport</i>	<i>Depoe Bay</i>	<i>Lincoln City</i>	<i>Yachats</i>	<i>Toledo</i>	<i>Waldport</i>	<i>Siletz</i>
Zones	R-1 (Low Density) R-2 (Medium Density Single-Family) R-3 (Medium Density Multi-Family) R-4 (High Density Multi-Family)	R-1, R-2, R-3, R-4, R-5	R-1 (Single-Family), R-1-RE (Residential, Roads End) R-R (Recreation Residential, aka VR), R-M (Multi-Family)	R-1 (Low Density Single-Family) R-2 (Medium Density Single-Family) R-3 (High Density) R-4 (Multi-Family)	R-S (Single-Family) R-G (General)	R-1, R-2, R-3, R-4	S-R (Single-family) G-R (General)
Housing Types Allowed ¹	R-1: SFD, ADU R-2: SFD, SFA, TFD (Duplex), MH Parks, ADU, Condominium R-3: SFD, SFA, TFD (Duplex), MH Parks, ADU, MF, Condominium R-4: SFD, SFA, TFD (Duplex), MH Parks, ADU	R-1: SFD, MH, modular R-2: SFD, MH, modular, TFD (duplex) R-3: SFD, MH, modular, TFD (duplex), MF, condominium R-4: SFD, MH, modular, TFD (duplex), MF,	R-1: SFD, MH, TFD (Duplex), Cottage Cluster, ADU R-1-RE: SFD, MH, TFD (Duplex), ADU R-R: Same as R-1-RE R-M: SFD, TFD (Duplex), MH, MF, cottage cluster, SF	R-1: SFD, FBD, MH R-2: SFD, FBD, TFD (Duplex), MH R-3: SFD, FBD, TFD (Duplex), MH, MH Park, MF R-4: SFD, FBD, TFD (Duplex), MH, MH Park, MF (includes	R-S: SFD, MH, ADU, MF (Conditional) R-G: SFD, MH, MF, ADU	R-1: SFD, FBD, MH R-2: SFD, FBD, TFD (Duplex), MH, Townhouse R-3: SFD, FBD, TFD (Duplex), MH, MF, Townhouse, MH Park R-4: Same as R-3	S-R: SFD, MH, TFD (Duplex), MH Park, ADU G-R: SFD, MH, TFD (Duplex), MF, MH Park, ADU

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<i>Code Provision</i>	<i>Newport</i>	<i>Depoe Bay</i>	<i>Lincoln City</i>	<i>Yachats</i>	<i>Toledo</i>	<i>Waldport</i>	<i>Siletz</i>
	MF, Condominium	condominium, MH park R-5: SFD, MH, modular, TFD (duplex), MF, condominium, MH park	attached, ADU, MH Park	condominium, townhouse, and apartment complex)		Single-Wide Mobile Homes in S-W Overlay zone	
Densities/ Minimum lot sizes allowed ³	R-1 (all types): 7,500 sf R-2: 7,500 sf (TFD interior lot), 5,000 sf (SFD & TFD corner lot) R-3 (all types): 1250 sf R-4 (all types): 1250 sf	R-1: 5,000 sf (one-family dwelling) R-2: One-family dwelling same as R-1, 10,000 sf (TFD) R-3: One-family dwelling same as R-1, TFD same as R-2, 3,750 sf/DU for MF R-4: One-family dwelling same as R1, TFD same as R-2, 2,500 sf/DU for MF R-5: One-family dwelling same as R-1, TFD same as R-2,	R-1 (5): 5,000 sf (SFD), 8,000 sf (TFD) (7.5): 7,500 sf (SFD), 8,000 sf (TFD) (10): 10,000 sf R-1-RE: 5,000 sf (SFD), 8,000 sf (TFD) R-R: Same as R- 1-RE R-M: 5,000 sf (SFD), 8,000 sf (TFD), 8,000 sf for first two units of MF plus 2,250 sf/unit low-density & 1,200 sf/unit high-density	R-1 (all types): 7,500 sf R-2: 6,000 sf (one-family dwelling), 7,500 sf (TFD) R-3: 6,000 sf (one-family dwelling), 7,500 sf (TFD), 6000 sf for first unit of MF plus 2,500 sf for each additional unit R-4: 6,000 sf (one-family dwelling), 7,500 sf (TFD), 5,000 sf for first unit of MF plus 2,500 sf for each additional	R-S: 7,000 sf (interior lot) and 7,500 sf (corner lot) R-G: 6,000 sf plus 1,800 sf per additional unit. Shall not exceed 21 units/acre	R-1 (all types): 6,000 sf R-2 (all types): 5,000 sf R-3: 5,000 sf, additional 1,250 sf per unit for MF R-4: Same as R- 3	S-R (all types): 7,500 sf G-R: 7,500 sf (SFD, TFD, MH), 10,000 sf or 2,500 sf/unit (MF)

Background Report and Gap Analysis

Code Provision	Newport	Depoe Bay	Lincoln City	Yachats	Toledo	Waldport	Siletz
		1,250 sf/DU for MF		unit (max. density shall not exceed 12 units per acre)			
Manufactured home parks	M-H Mobile Home Overlay: See underlying zone for MH on individual lots, ORS 446.100 & 814-28-060 for MH Parks Permitted in R-2, R-3, and R-4	Conditional for R-3, R-4, R-5	Conditional for R-1, R-R, R-M Must comply with state statutes	Conditional for R-3 & R-4	“Any place where four or more manufactured dwellings are located within 500 feet of one another on a lot, tract, or parcel of land under the same ownership...” ⁴	Conditional for R-3 and R-4	Conditional for S-R and G-R
ADU requirements	Exempt from housing density standards of respective zone. Primary residence or ADU must be owner occupied. <i>Number:</i> 1/lot <i>Max. floor area:</i> 600 sf or 50% of primary dwelling <i>Max height:</i> no higher than primary dwelling	N/A	Exempt from housing density standards of respective zone. <i>Number:</i> 1/lot <i>Max floor area:</i> 750 sf or 50% of primary dwelling <i>Min. lot size:</i> 3,000 sf – attached, 5,000 sf detached	N/A	Primary Residence must be owner occupied. <i>Max floor area:</i> 650 ft or 35% of primary dwelling	N/A	Exempt from housing density standards of respective zone. Primary residence must be owner occupied. <i>Number:</i> 1/lot <i>Max floor area:</i> 650 sf or 40% of primary dwelling. <i>Max height:</i> 30 ft

Background Report and Gap Analysis

Code Provision	Newport	Depoe Bay	Lincoln City	Yachats	Toledo	Waldport	Siletz
	<p><i>Setback:</i> shall not exceed front yard setback of adjacent lot</p> <p><i>Utilities:</i> must share with primary dwelling</p>						
Cottage cluster housing ²	N/A	N/A	4-12 SFD (detached) facing common open space, max. 1,250 sf, max height 25 ft, open porch	N/A	N/A	N/A	N/A
Residential design standards	Only within (6) urban design districts and for Manufactured Homes on lots outside of MH parks.	SFD only	All housing types	MH only	SFD (R-S), MH, ADU	Garages and carports must use like materials as primary dwelling for all zones	TFD, MH, MF
Off-street parking requirements	<p>SFD: 2/unit</p> <p>TFD (duplex): 1/unit</p> <p>Condominium and Townhomes: 1.5/unit</p> <p>MF: 1/unit for first four + 1.5 for each additional unit</p>	All types: 2/unit	<p>SFD, TFD, MH/MH Park & MF: 2/unit</p> <p>Cottage Cluster: 1/unit < 700 sf, 1.5/unit 700 sf – 1000 sf, 2/unit 1000+</p> <p>ADU: 1/unit in addition to primary dwelling</p>	<p>SFD & TFD: 2/unit</p> <p>4 spaces for MF w/ 3 units</p> <p>5 spaces for MF w/ 4 units</p> <p>6 spaces for MF w/ 5+ units plus 1.5 spaces for each additional unit</p>	<p>SFD, MH, and MH Park: 2/unit</p> <p>1.5/unit two- and three-family housing</p> <p>1-2/unit MF & single family-attached</p> <p>ADU: 1/unit</p>	<p>SFD, MH, FBD, TFD: 1/unit</p> <p>MH Park: 2/unit</p> <p>MF: 1.5/unit</p>	All types: 2/unit

Background Report and Gap Analysis

<i>Code Provision</i>	<i>Newport</i>	<i>Depoe Bay</i>	<i>Lincoln City</i>	<i>Yachats</i>	<i>Toledo</i>	<i>Waldport</i>	<i>Siletz</i>
	ADU: 1/unit			MH: 1/unit			
Building Heights	R-1 & R-2: 30' R-3 & R-4: 35'	R-1 – R-3: 30' R-4: 35', R-5: 40'	R-1: 35' R-1-RE: 30' R-R: 35' R-M: 35'	30' all zones	35' all zones, two stories or 22' for ADUs	R-1: 30' R-2 – R-4: 35'	30' all zones

SFD = Single family detached home; SFA = Single Family Attached home; TFD = Two Family Dwelling; MH = manufactured home on individual lot; MH Park = manufactured home park; MF = multi-family housing; FBD = Factory Built Dwelling; ADU = Accessory Dwelling Unit

Notes:

1. In addition to the uses listed here, most residential zones allow residential homes and/or residential group uses; some also allow assisted living facilities and/or congregate care facilities, among several other permitted and conditional uses associated residential uses (e.g. child/day care, parks, schools, etc.).
2. Most jurisdictions allow clustering of housing, including in planned unit development or master planned areas; however, most do not allow for “cottage cluster” developments, with smaller dwelling and higher densities than base standards.
3. Lot sizes in lone must be larger in the absence of a sewer system or water facilities and in the urban growth area or un-platted areas.
4. Manufactured home park definition, pg. 6 of Toledo Development Code

Table 3. Development Code Review Summary, Lincoln County

<i>Policy Issue</i>	<i>Residential R-1</i>	<i>Residential R-1-A</i>	<i>Residential R-2</i>	<i>Residential R-3</i>	<i>Residential R-4</i>	<i>Residential Rural RR-2</i>	<i>Residential Rural RR-5</i>	<i>Residential Rural RR-10</i>
Housing Types Allowed	SFD, TFD (Duplex) on corner lot, MH (single-wide), MH Park	SFD, MH, MH Park	SFD, TFD (Duplex), MH (single-wide), MH Park	SFD, TFD (Duplex), MH (single-wide), MH Park, MF	Same as R-3	SFD, MH (single-wide)	Same as RR-2	Same as RR-2
Densities/ Minimum lot sizes allowed	SFD: 6,000 sf TFD: 10,000 sf	Same as R-1	Same as R-1	SFD, MH: 6,000 sf TFD, MF: 5,000 sf	SFD, MH: 6,000 TFD, MF: 2,500	2 acres	5 acres	10 acres
Manufactured home parks	Conditional Use	Conditional Use	Conditional Use	Conditional Use	Conditional Use	N/A	N/A	N/A
ADU requirements	N/A							
Cottage cluster housing	N/A							
Residential design standards	N/A							
Off-street parking	All Zones – SFD & MH: 1/DU; TFD & MF: 1.5/DU; MH Park: 3/2 DU;							
Building Heights	30'	30'	30'	30'	35'	30'	30'	30'

Table 2 & 3: SFD = Single family detached home; TFD = Two Family Dwelling; MH = manufactured home on individual lot; MH Park = manufactured home park; MF = multi-family housing; FBD = Factory Built Dwelling; ADU = Accessory Dwelling Unit

Notes:

1. In addition to the uses listed here, most residential zones allow residential homes and/or residential group uses; some also allow assisted living facilities and/or congregate care facilities, among several other permitted and conditional uses associated residential uses (e.g. child/day care, parks, schools, etc.).
2. Most jurisdictions allow clustering of housing, including in planned unit development or master planned areas; however, most do not allow for “cottage cluster” developments, with smaller dwelling and higher densities than base standards.
3. Lot sizes in lone must be larger in the absence of a sewer system or water facilities and in the urban growth area or un-platted areas.
4. Manufactured home park definition, pg. 6 of Toledo Development Code

ANALYSIS OF ADDITIONAL STRATEGIES AND BEST PRACTICES

This report summarizes a set of strategies or tools that could help Lincoln County and its partners build and preserve affordable housing. In describing these affordable housing strategies, the consultant team relied on its own research conducted for other jurisdictions in Oregon, on other affordable housing or anti-displacement strategy reports prepared for other communities, and on best practice and case study research for housing policies and programs in Oregon and beyond. The focus of this research—strategies for building and preserving affordable housing—are just some of a range of solutions that can help Lincoln County residents access housing that is affordable. Strategies and best practices were assessed in terms of the following:

- Areas where best practices are and are not currently being employed;
- The extent to which housing availability and affordability could be enhanced through full implementation of successful strategies, best practices, and removal of barriers to needed housing (i.e. collectively the housing implementation strategy);
- Constraints or negatives associated with adoption of the housing implementation strategy;
- Alternatives analysis for components of the housing implementation strategy where there are options related to cost charges, regulatory standards, or other variables;
- Actions partners must take to carry out the housing implementation strategy.

The strategies discussed in this report are organized under the following three categories: (1) Funding Sources, (2) Programs to Develop or Preserve Affordable Housing, and (3) Tools that Remove Development Barriers. The strategies are listed in Table 2, and summarized in more detail in the following sections. Strategies already being implemented in one or more Lincoln County jurisdictions are highlighted with **bold text**. The summary of each housing strategy includes the following:

- Description – What is the strategy? How does it increase availability and affordability of housing?
- Legal Basis – Are there any legal issues/requirements that drive the strategy?
- Usage in Lincoln County or Other Jurisdictions – Existing programs or activities in Lincoln County and examples from other jurisdictions.
- Opportunities and Constraints – Advantages and/or challenges or costs related to the strategy.
- Options and Alternatives – Alternatives analysis where a strategy has multiple potential options for implementation related to cost, regulatory standards, or other variables.
- Implementation Needs – Preliminary list of actions necessary for the local government and other stakeholders to take in order to implement the strategy.

More information about these strategies will be included in a subsequent draft and final *Regional Housing Implementation Strategy Report*. That report will assess the relative feasibility and expected effectiveness and impact of each strategy and include more specific recommendations for how strategies can be implemented by the County and/or partner jurisdictions.

TABLE 3. SUMMARY OF HOUSING STRATEGIES AND BEST PRACTICES

TOOL	PRIMARY GOAL	POTENTIAL CITY/COUNTY ROLE(S)
<i>Funding Sources</i>		
1. Construction Excise Tax (CET)	Establish permanent affordable housing funding source	Individual city-led or county-wide approach
2. General Obligation Bond	Flexible Affordable Housing (AH) Subsidy	Individual city-led or county-wide approach
3. Local Option Levy	Flexible AH Subsidy	Individual city-led or county-wide approach
4. Urban Renewal Financing	Flexible AH Subsidy	Individual city-led
5. Transient Lodging Tax Revenue	Flexible AH Subsidy if current state legislation approved	Individual city-led
<i>Programs to Develop or Preserve Affordable Housing</i>		
6. Inclusionary Zoning (IZ)	Promote construction of new affordable housing units	Individual city-led
7. Incentive Zoning	Increase development flexibility / reduce housing costs	Develop and implement standards
8. Public-Private Partnerships (PPPs)	Promote construction of new affordable housing	Funding partner
9. Community Land Trusts (CLTs)	Reduce land costs / develop long-term affordable housing	Partner with an existing non-profit, recruit new non-profits, and/or provide funding
10. Land Banking & Acquisition	Reduce land costs	Program lead or funding partner
11. Tenant Protections and Rent Stabilization	Protect affordable housing units and reduce displacement	Program lead
12. Staff Allocation to Housing Program	Increase administrative capacity to implement housing strategies	Individual city-led or county-wide approach
13. Preservation of Low-Cost Market Rate (LCMR) Housing	Preserve existing affordable housing	Regional approach
<i>Tools that Remove Development Barriers</i>		
14. Minimum Density Requirements	Help preserve land supply for higher density housing	Program lead
15. Affordable Housing Provision by Places of Worship	Support partnerships with non-profit housing providers	Regulatory support
16. Development Fee Reductions	Reduce development costs	Program lead
17. Tax Abatements	Reduce operating costs	Program lead
18. Reduced or Exempted System Development Charges (SDCs)	Reduce development costs	Develop and implement policy
19. Regional Inventory of Buildable Land	Provide information to builders and developers	Coordinated county-wide database
20. Pre-Approved Development Plans	Provide information; reduce development costs	Program lead

Funding Sources

1. Construction Excise Tax

<p>Description</p>	<p>A construction excise tax (CET) is a tax on construction projects that can be used to fund affordable housing. According to state statutes, the tax may be imposed on improvements to real property that result in a new structure or additional square footage in an existing structure. Cities and counties may levy a CET on residential construction for up to 1% of the permit value; or on commercial and industrial construction, with no cap on the rate of the CET.</p> <p>The allowed uses for CET funding are defined by the state statutes. The City may retain 4% of funds to cover administrative costs. The funds remaining must be allocated as follows, if the City uses a residential CET:</p> <ul style="list-style-type: none"> • 50% must be used for developer incentives (e.g. fee and SDC waivers, tax abatements, etc.) • 35% may be used flexibly for affordable housing programs, as defined by the jurisdiction. • 15% flows to Oregon Housing and Community Services (OHCS) for homeowner programs. <p>If the City implements a CET on commercial or industrial uses, 50% of the funds must be used for allowed developer incentives and the remaining 50% are unrestricted.</p>
<p>Legal Basis</p>	<p>The construction excise tax for affordable housing was enabled by Senate Bill 1533, which the Oregon Legislature passed in 2016. The limitations and requirements (discussed above) are outlined in ORS 320.170-195.</p>
<p>Usage in Lincoln County or Other Jurisdictions</p>	<p>To date, eight jurisdictions (Portland, Corvallis, Cannon Beach, Hood River County, Hood River City, and Newport) in Oregon have passed local CETs under the new state statutes, and many others are considering adopting the tool.ⁱ The City of Bend employs a program that was grandfathered in prior to the new statutes, and therefore follows different rules.</p> <p>The City of Newport’s CET was adopted in 2017. It levies a 1% CET on residential, commercial, and industrial development. 50% of the net revenue is distributed to development incentives for affordable housing, 35% are for other affordable housing programs, and 15% is distributed to OHCS. No more than 4% of the gross revenue is reserved for program administration.</p> <p>The City of Portland’s CET went into effect in 2016. It levies a 1% CET on residential, commercial, and industrial development valued at \$100,000 or more. The revenues pay for production of housing at or below 60% MFI, developer incentives for inclusionary zoning, along with state homeownership programs. Portland chose to dedicate 100% of commercial and industrial revenues, including the 50% that is unrestricted, to supporting the production and preservation of affordable housing.ⁱⁱ Overseen by the Portland Housing Bureau, the CET program is expected to generate \$8.1 million in revenue.ⁱⁱⁱ</p> <p>The City of Milwaukie adopted a CET on commercial, residential, and industrial development in 2017. The City exempted deed-restricted affordable housing, ADUs, and improvements less than \$100,000 from paying the CET. The adopting ordinance allocates funds as required by state statutes, specifying that flexible funds from the commercial improvements will be used 50% toward housing available to those making up to 120% of MFI, and 50% for economic development programs in areas with sub-area plans (such as Downtown and Riverfront, and the City’s urban renewal areas).^{iv}</p>

<p>Opportunities and Constraints</p>	<ul style="list-style-type: none"> • An advantage of a CET is that, once established, it would be straightforward to administer through the development permitting process. • CET increases development costs in an environment where many developers are already seeking relief from systems development charges (SDCs), so it could impact development feasibility and increase the costs of housing more generally. However, by structuring the policy with offsetting incentives or tools to reduce development barriers, the County could potentially limit the impact on feasibility for certain projects. • The additional costs to developers are passed on to tenants in new buildings, thereby increasing housing costs when demand for housing is high. • Because CET revenue is development-derived, it will fluctuate with market cycles.
<p>Options and Alternatives</p>	<p>Alternatives and questions to consider if Lincoln County or its partners were to adopt a CET:</p> <ul style="list-style-type: none"> • Should the CET be applied to both residential and commercial/industrial property types? • What tax percentage should be levied on residential construction (up to 1%) and on commercial and industrial construction (unlimited). Most jurisdictions that have implemented CETs in Oregon levy taxes at a rate of 1% for both development types. • How should the 50% flexible commercial/industrial CET funds be dedicated (e.g., for economic development, affordable housing fund, or developer incentives)? • What income levels should benefit from production of affordable units (e.g., households earning <60% MFI, <120% MFI, etc.)? • Are there any conditions under which a developer would be exempted from paying the CET?
<p>Implementation Needs</p>	<p>Establishing a construction excise tax would necessitate that Lincoln County or its partners (except Newport) pass a new ordinance. Jurisdictions wishing to implement a CET program should work closely with the development and housing community in developing the fee structure. Implementing programs would need to be developed, and possibly coordinated with housing partners.</p>

2. General Obligation Bond

<p>Description</p>	<p>In Oregon, General Obligation (GO) bonds are secured by a taxing jurisdiction’s ability to levy an increased property tax sufficient to pay the bond. The additional property tax is dedicated solely to paying the bonds and cannot be used for other purposes. The amount and rate of the tax are “unlimited” so a jurisdiction may levy whatever amount is necessary to collect enough taxes to pay the bonds. Because the property tax system is reliable, GO bonds provide a stable, dedicated revenue source. They are usually issued as long-term, fixed-rate bonds, but they can be issued as short-term bonds, or variable rate bonds as well.</p>
<p>Legal Basis</p>	<p>The Oregon Constitution authorizes 18 separate general obligation (GO) bond programs. Each program was created through a constitutional amendment passed by the state’s voters. General obligation bonds are secured by the full faith and credit of the State of Oregon, which obligates unrestricted revenues of the state to repay the bonds. Additionally, the state may levy a statewide property tax, if necessary and allowed by law, to meet required debt service payments. Provisions of the constitution that authorize the bonds generally limit the amount of</p>

debt issued to a percentage of the statewide value of taxable property.

The Oregon Constitution requires that GO bonds be approved by a majority of voters and may only be issued to finance capital costs associated with the acquisition, construction, improvement, remodeling, furnishing, equipping, maintenance, or repairing of real or personal property. It also mandates that the weighted average maturity of general obligation bonds does not exceed the weighted average life of the capital costs that are financed with those bonds.

ORS 287A.050 limits the total amount of general obligation bonds that a jurisdiction has outstanding to three percent of the jurisdiction's real market value, with the exception of bonds that finance local improvement district improvements, water supply, treatment or distribution; sanitary or storm sewage collection or treatment; hospitals or infirmaries; gas, power or lighting; or off-street motor vehicle parking facilities.

Usage in Lincoln County or Other Jurisdictions

Relatively few cities in Oregon have passed such bonds and no communities in Lincoln County have done so.

On November 6, 2018, the **Metro Regional Government** approved a \$652.8 million regional general obligation bond, with the goal of creating affordable housing for approximately 12,000 people in the greater Portland region. In 2016, the **City of Portland** also passed its own \$258 million GO bond for affordable housing.

Opportunities and Constraints

- Because the property tax system is reliable, it would provide a stable, dedicated revenue source.
- GO bonds must receive voter approval and may not garner sufficient voter support.
- The taxing jurisdiction would have to commit resources to developing a robust voter education campaign, which may not be desirable given the potential that a ballot measure may not pass.

Options and Alternatives

Questions to consider if Lincoln County or its partners were to consider implementing a GO bond:

- What is the most effective strategy – a County-wide bond or individual local bond measures?
- Are voters likely to support a bond?
- Does the County and/or its partners have the administrative capacity to administer the funds generated by a bond?
- Are there other partnering agencies that could assist in administering a program?
- What types of activities or strategies should be funded by the bond revenues?

Implementation Needs

- Determine the likelihood of voter support for a County-wide bond or one or more local bond measures.
- Identify how the bond revenues would be spent and administered.
- Establish a set of intergovernmental agreements related to bond revenue administration if needed.
- Craft ballot language, determine timing, and initiate and propose the bond measures as part of the election process.

3. Local Option Levy

Description	<p>A local option levy is a commonly-used public funding mechanism, though it is less frequently used for affordable housing. It is a time-limited property tax (five years for operations and 10 years for capital projects), subject to voter approval, that is levied in addition to a taxing jurisdiction’s permanent rate to pay for specified programs or investments. Local option levies are issued as a rate, rather than an amount, meaning that actual revenues may fluctuate from year to year with new development and with market cycles as assessed values change. Levies may be used for programs or operations, in addition to capital projects.</p>
Legal Basis	<p>Levies are subject to the limitations imposed by Measures 5 and 50, meaning new or increased levies can increase the risk of ‘compression’ for other overlapping taxing districts and for the levy itself. Compression is the reduction of tax revenues to taxing districts to accommodate the limitations imposed through state law. Compression occurs when tax revenues exceed limits set in Oregon’s constitution. In most cases, taxes are imposed by applying the tax rate to the assessed value for each individual property in the City. However, constitutional changes in the 1990s imposed a second test: if the revenues imposed through applying the tax rate to the assessed value exceed \$15 per \$1000 of real market value (rather than assessed value), then the tax rates are ‘compressed’, or reduced proportionately, until the revenues are within the constitutional limits.</p> <p>This calculation is completed annually for every property to determine taxes imposed. In general, compression risk is low when market values, which fluctuate with market cycles, are high relative to assessed values. In the Great Recession, when market values fell, many communities across Oregon began to experience revenue losses as a result of compression. If compression occurs, revenues are reduced categorically, starting with levies. A new levy therefore increases the risk of compression for itself and for all other levies by raising the total tax rate closer to a rate that would impose the constitutional limit.</p>
Usage in Lincoln County or Other Jurisdictions	<p>Vancouver, WA: The City of Vancouver passed a housing levy in 2016, which is expected to generate about \$42 million over seven years. The Affordable Housing Fund’s program objectives include creation and preservation of homes affordable for residents at 50% or below of area median income. The City distributes funds through an application process in which public, nonprofit, or private entities apply to the City to receive Affordable Housing funding for their projects. In 2017, the City awarded \$5.61 million for construction, acquisition and rehabilitation of multifamily housing, rental assistance, and services to prevent homelessness. Construction projects supported with 2017 funds will result in an estimated 237 new rental units, and rehabilitation funds will preserve an additional 20 units or homes.^v</p> <p>Other Washington examples include the City of Bellingham, which in 2018 voted to renew a levy that was originally approved in 2012 for an additional 10 years; and Jefferson County, which passed a 7-year levy to create an affordable housing fund.</p>
Opportunities and Constraints	<ul style="list-style-type: none"> • A local option levy must receive voter approval and may not garner sufficient voter support. • The taxing jurisdiction would have to commit resources to developing a robust voter education campaign, which may not be desirable given the potential that a ballot measure may not pass.
Options and Alternatives	<p>Alternatives and questions to consider if Lincoln County or its partners were to implement a local option levy are similar to those for a bond measure and include the following:</p>

<p>Implementation Needs</p>	<ul style="list-style-type: none"> • What is the most effective strategy – a County-wide bond or individual local levy? • Are voters likely to support a levy? • What should be the term and tax rate associated with the levy? • Does the County and/or its partners have the administrative capacity to administer the funds generated by a levy? • Are there other partnering agencies that could assist in administering a program? • What types of activities or strategies should be funded by the levy revenues? <p>Implementation steps are similar to those for a bond measure and include the following:</p> <ul style="list-style-type: none"> • Determine the likelihood of voter support for a County-wide levy or local levies. • Identify how the levy revenues would be spent and administered. • Establish a set of intergovernmental agreements related to levy revenue administration if needed. • Craft ballot language, determine timing, and initiate and propose the levy(s) as part of the election process.
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4. Urban Renewal Financing

<p>Description</p>	<p>Urban renewal is a locally controlled program, authorized under state law, to improve specific areas of a city or county that are not achieving local land use and development objectives. These areas can have old deteriorated buildings, streets and utilities or they can lack buildings, streets, utilities altogether. Public facilities in these areas (e.g. parks, parking facilities) may be inadequate. The statutes refer to these areas as “blighted areas.” Investments in these areas are often achieved through “Tax Increment Financing” (TIF), through which revenue from an increase in assessed value of property in the area due to public investment can be used to make investments or bonded against.</p> <p>Urban Renewal funding can be used for affordable housing in particular – the City of Portland’s Housing Bureau administers a 30% “set-aside” to ensure that a portion of the TIF supports preservation or creation of affordable homes within the urban renewal area.^{vi}</p>
<p>Legal Basis</p>	<p>The Oregon Constitution allows the Legislature to set up a system to finance urban renewal. Oregon Revised Statute Chapter 457 describes how the system works. This law gives each city and county the ability to activate an urban renewal agency with power to propose and act on plans and projects to remove “blight.” Examples of blight include buildings that are unsafe or unfit for occupancy or the existence of inadequate streets.^{vii}</p>
<p>Usage in Lincoln County or Other Jurisdictions</p>	<p>Urban renewal is common in Oregon, and several jurisdictions in Lincoln County use this tool. Examples include:</p> <ul style="list-style-type: none"> • Lincoln City has a URA (established in 1988) to manage its urban renewal district which encompasses a significant portion of the city along Highway 101. • The Newport URA is using urban renewal funds to redevelop the County Commons, formerly known as the Lincoln County Fairgrounds. • The City of Waldport’s URA was established in 1981 and its first Urban renewal Plan was concluded in 2011. A second Urban Renewal Plan was established in 2005.

Opportunities and Constraints	Use of urban renewal is a proven method to create public investment in areas that might not otherwise receive it. It can include high levels of local stakeholder engagement to meet multiple community visions for an area. However, it does compete with other taxing jurisdictions such as school districts and fire districts who would otherwise be recipients of increased property tax revenue. There are also regulations regarding the types of investments that can be made with urban renewal funds.
Options and Alternatives	There are many options for an urban renewal district boundary, the projects that will create investment in that area, and how these projects are phased and financed.
Implementation Needs	Urban renewal requires a “blighted” area, an urban renewal plan, and an urban renewal agency to administer the plan. A new urban renewal area typically begins with an Urban Renewal Feasibility Study in order to determine the value that could be created from such a program.

5. Transient Lodging Tax

Description	As of this writing, Senate Bill 595 of the 2019 Oregon Legislative Session would allow up to 30 percent of revenue generated from local transient lodging taxes (TLT) to be spent on affordable workforce housing for those with incomes at or below 125 percent of AMI. ^{viii}
Legal Basis	The transient lodging tax is a tax imposed on hotels and motels, spaces for recreational vehicles and tents, and other dwelling units that are occupied overnight or on a temporary basis. It is primarily used to promote tourism and may also be used to fund local services. Currently, at least 70 percent of the net revenue from new or increased transient lodging taxes must be used to support tourism and up to 30 percent may be used for local services. Senate Bill 595 shifts the percentage of net revenue from the transient lodging tax that must be used for tourism from at least 70 to at least 40 percent, to allow up to 30 percent to be used for affordable workforce housing.
Usage in Lincoln County or Other Jurisdictions	Lincoln County has a transient lodging tax of 10%, the City of Newport has a TLT of 9.5%, and the city of Yachats has a TLT of 9%. Any increases to these rates under the current law would be required to be spent primarily (70%) on tourism-related services. Under the proposed change, that amount would be reduced and a portion of the revenue could be spent on affordable workforce housing.
Opportunities and Constraints	<ul style="list-style-type: none"> • Additional revenue could be spent to subsidize workforce housing, potentially helping those who work to make the region a tourist destination. • Raising TLT may impact the profitability of lodging businesses.
Options and Alternatives	<ul style="list-style-type: none"> • Jurisdictions would need to set the new rates and decide how any new funds would be spent, based on the specifics in the final legislation.
Implementation Needs	Specifics of implementation will depend on the details of the final legislation. The decision to raise the TLS in a community and how to spend additional revenue will likely need to be part of a community conversation and hearings process.

Programs to Develop or Preserve Affordable Housing

6. Inclusionary Zoning (IZ)

<p>Description</p>	<p>Inclusionary zoning (IZ) (sometimes known as inclusionary housing) is a tool used to produce affordable housing for low- to moderate- income households within new market-rate residential developments. Typically, IZ is implemented through an ordinance with mandatory requirements that a minimum percentage of a new development’s total units be designated as affordable, and that these units remain affordable for a set period of time, usually between 10 and 20 years. Often, this ordinance applies only to developments with a minimum number of units. Another option is to establish a voluntary inclusionary zoning program with density and/or height bonuses, or reduced parking requirements, as an incentive to reduce the land costs associated with providing affordable units. This strategy is often referred to as “incentive zoning.”</p>
<p>Legal Basis</p>	<p>Inclusionary zoning was prohibited in Oregon between 1999 and 2016, until legislation was passed in 2016 by Senate Bill 1533, which allowed jurisdictions to adopt inclusionary zoning. However, this legislation came with a number of limitations that are being regarded by affordable housing providers and advocates as making the strategy challenging to implement in most small- and medium-sized jurisdictions in the state. Per state statute, the requirements may only be applied to multifamily housing developments of 20 units or more.^{ix} In addition, jurisdictions must provide “finance-based incentives” (e.g., property tax exemptions, fee waivers, development bonuses) to offset the cost of providing affordable units, but in an undetermined amount. Jurisdictions must also provide developers with the option to pay a “fee in lieu” instead of providing affordable units. Further, jurisdictions may also establish a local excise tax to help fund the inclusionary zoning program but are not required to do so.</p> <p>These provisions required by the legislature are expected to limit the applicability and extent of the application of inclusionary zoning programs and result in administrative and financial hurdles to implementation, particularly for smaller communities. Relatively few communities are expected to have the financial and administrative resources to establish inclusionary zoning programs.</p>
<p>Usage in Lincoln County or Other Jurisdictions</p>	<p>Neither Lincoln County nor any of its partners have an IZ program. Since Senate Bill 1533 was passed in 2016, Portland is the only city in Oregon to pass inclusionary zoning regulations. Examples can be found in neighboring states: several major cities in California (Los Angeles and San Jose) and Seattle recently passed IZ regulations in 2017.</p> <p>Portland Inclusionary Housing Program. The City of Portland requires new multi-dwelling development with more than 20 dwelling units to be affordable at 80% median family income (MFI), or pay a fee in lieu. Density bonuses (FAR/height bonuses) and alternative fee-in-lieu are the bonus provisions provided to offset the cost of required affordable housing units.^x The policy is expected to produce an average of 382 new affordable units per year over 20 years, assuming the city lives up to the housing forecast outlined in its comprehensive plan. IZ policies took effect in parts of the city in 2017, and the final code amendments were implemented in 2018.^{xi} An early analysis of the program by the Portland Housing Bureau found that as of September 2018, the program has resulted in 291 rent-restricted units (not yet constructed) in 33 private, for-profit developments.^{xii}</p>
<p>Opportunities and Constraints</p>	<ul style="list-style-type: none"> • Mandatory inclusionary zoning can affect development feasibility and land values. Incentives and requirements must be carefully balanced so as not to inhibit housing production. • Inclusionary zoning requires close administrative oversight to ensure the mandatory units are properly built and maintained. Further, administration of fee-in-lieu funds to

Options and Alternatives	<p>additional affordable housing units is required.</p> <ul style="list-style-type: none"> • Inclusionary zoning programs typically create a fraction of the needed affordable housing units and their efficacy at producing affordable housing units fluctuates over extended periods of time. <p>Inclusionary programs can be mandatory or voluntary. Mandatory IZ is expected to produce more units, while the voluntary approach (sometimes known as “incentive zoning,” which is discussed below) may avoid some of the pitfalls of a mandated approach. The requirements of IZ should be balanced with flexibility and responsiveness to local market dynamics.</p>
Implementation Needs	<p>Implementation of IZ requires time to develop the program and policies. Additionally, it is suggested that IZ be implemented (if recommended) through a phased approach to reduce associated impacts on property values.</p> <p>The following actions are recommended to assess the feasibility of an inclusionary zoning program:</p> <ul style="list-style-type: none"> • Identify the approximate benefits of establishing a set of IZ provisions based on the expected number of developments that would be subject to the standards and the approximate number of resulting new units. • Estimate the cost of establishing and administering the non-code based elements of an IZ program, including a fee-in-lieu program and other finance-based incentives. • Determine if the expected benefits outweigh the costs of establishing IZ program. • If the costs outweigh the benefits and the jurisdiction decides to move forward with the program, establish needed code requirements and other administrative and financial procedures and protocols needed for implementation.

7. Incentive Zoning

Description	<p>Incentive zoning is a tool that creates incentives to developers to provide a community benefit (such as affordable housing), in exchange for ability to build a project that would not otherwise be allowed by the development code. The purpose of incentive zoning is to encourage development of affordable housing and to increase its financial feasibility. A few of the most common types of incentive zoning are detailed below.</p> <p><i>Density and/or Height Bonuses</i></p> <p>Density and height bonuses are the most common types of incentive zoning, and allow increased density or height for affordable housing, or for housing types that tend to be lower cost (e.g. cottage homes, duplexes/triplexes, etc.). This is done by increasing the allowable height or floor area of a project above what is otherwise permitted in the zoning district, or by increasing the allowable number of dwelling units in a residential development. Additionally, setback and bulk standards may be allowed to vary to accommodate the added density or to reduce development costs. Encouraging the development of affordable housing by offering density and/or height bonuses can work in areas where demand is constrained by zoning requirements. It can also potentially act as an incentive to build specific types of housing that are needed or desired in specific areas. To ensure rental units remain affordable, private deed restrictions could be used to preserve affordable status of rental units for a set period of time (e.g. 30 years or longer) and require renters to meet income-qualifications.</p> <p><i>Reduction of Parking Requirements</i></p> <p>Parking is often a limiting factor in multifamily development, because it can add to construction costs and limit the amount of housing units that can be constructed on a site. Parking reduction</p>
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incentives can be applied separately or in conjunction with density or height bonuses. Parking reductions targeted at affordable housing projects are typically applied within a certain distance of transit services, so that alternate transportation options are accessible for tenants that do not own vehicles.

Though density and height bonuses and reduced parking requirements are the most common, other regulatory incentives for affordable housing are possible, such as relief from design or development standards or relief from mixed-use requirements. An example of the former is provided below.

Other incentive zoning strategies include expedited permit approval and fee reductions, the latter of which is discussed elsewhere in this report.

Legal Basis

Incentive zoning ordinances for affordable housing have existed in the United States since the 1960s. In Oregon, density bonuses are listed in the Oregon Revised Statutes as one of the actions and measures that could be adopted by local jurisdictions to increase the likelihood of higher density residential development and to provide needed housing, as required by state law. Adoption of an average residential density standard is also included among the suggested actions or measures.^{xiii}

Usage in Lincoln County or Other Jurisdictions

City of Ashland Affordable Housing Density Bonus. Affordable housing projects meeting eligibility requirements (including rental housing affordable to households at or below 60% of AMI or ownership housing affordable to households at or below 80% of AMI for a minimum of 30 years) receive a density bonus of two units for each affordable housing unit provided, up to a maximum of a 35% increase in density.^{xiv}

Kirkland, WA Duplex, Triplex, and Cottage Home Density Bonuses. Cottage homes (limited to 1,500 square feet of floor area) and two- and three-unit homes (up to 1,000 square feet of floor area average per unit) are allowed at double the density of detached dwelling units in the underlying zone.^{xv}

City of Bend Parking Reductions for Affordable Housing and Transit Proximity. Required parking for affordable housing units is 1 space per unit regardless of size. This is compared to 1 space per studio or 1-bedroom unit, 1.5 spaces per 2-bedroom unit, and 2 spaces per 3- or more bedroom unit for market-rate multifamily development; or 2 spaces per market rate detached dwelling unit. Affordable housing units must meet the same eligibility criteria as for other City of Bend affordable housing incentives (rental units affordable to households at or below 60% of AMI, ownership units affordable to households at or below 80% of AMI, etc.). Bend also offers a 10% reduction in required parking for developments (except single family homes) within 660 feet of a transit route, which can be applied in addition to the affordable housing reduction.^{xvi}

Pierce County, WA Alternative Development Standards. Pierce County offers a range of regulatory incentives for affordable housing developments. In addition to increased density and reduced parking, the County also offers relief from several development standards, including reduced active recreation requirements, reduced minimum lot area and width, reduced design requirements for infill construction, and relief from building orientation standards. Most of these alternate development standards require that at least 20% of the units provided are affordable at 80% of AMI.^{xvii}

Opportunities and Constraints

- Incentive zoning ordinances must have strong enough incentives to promote the building of affordable units. To avoid unintended consequences and to ensure utilization, incentive zoning tools should be supported by an analysis of market sensitivity and updated regularly to reflect changing market dynamics; rolling applications can make the program more attractive to private developers.

<p>Options and Alternatives</p>	<ul style="list-style-type: none"> • Allowing a density bonus is likely to be valuable to developers who are seeking to build affordable or mixed-income housing in zones where development at a higher density is feasible given other regulations and cost factors. However, if the density bonus does not allow for development of more market-rate units than would otherwise be possible on the site, it would not provide a true incentive to market-rate housing developers. • To offset the loss of parking through the parking reduction incentives, the incentives are often only offered within an accessible distance from transit services, therefore limiting the applicability of the incentive program. Additionally, some cities allow parking reductions for various types of development in transit accessible areas, not just for affordable housing, which can decrease the effectiveness of incentivizing affordable housing. <p>There are many variations of the provisions and eligibility requirements of parking reductions and density and/or height bonuses in various cities. Options include the amount of additional height, FAR, or residential density available; the amount of parking reduction offered; and the targeted income levels for affordable units.</p>
<p>Implementation Needs</p>	<p>Incentive zoning would require amendments to the jurisdiction’s development code. The jurisdiction would have to draft provisions, eligibility requirements, etc.</p>

8. Public-Private Partnerships (PPPs)

<p>Description</p>	<p>Public-private partnerships (PPPs) are arrangements between public and private entities to create more and/or affordable housing. Public-private partnerships can promote a variety of affordable housing programs or projects and include partnerships from multiple entities (public, private, and non-profit).</p>
<p>Legal Basis</p>	<p>Senate Bill 1582, passed in 2016, created the Local Innovation and Fast Track (LIFT) Housing Program (ORS 458.485), which is discussed below. The bill set the parameters for the LIFT program and provides funds to administer it that will allow the program to begin creating more affordable housing as quickly as possible.</p>
<p>Usage in Lincoln County or Other Jurisdictions</p>	<p>Lincoln County. As noted previously in this report, the cities of Newport and Lincoln City have implemented public private partnerships with non-profit and market rate developers to build housing affordable to low- and moderate-income residents. Those efforts are described in more detail on pages 5-6 of this report and under other strategies in this report (e.g., Community Land Trusts) and include partnerships with Habitat for Humanity and Proud Ground, among others.</p> <p>The Fields Apartments, City of Tigard. A recent example of an innovative PPP in Tigard, Oregon is The Fields mixed-use development, which is planned to include 260 housing units affordable to residents earning 60% AMI or below, including 26 units serving extremely low-income families at or below 30% AMI. The site will also include office development. To help facilitate the project, the City of Tigard worked with the property owner to pursue a grant from the Economic Development Administration that paid for infrastructure improvements to unlock the economic development potential of the site. The City also worked with the property owner to rezone the site, which allowed the apartments to be developed. As mentioned below, the Fields project received a LIFT award to assist with project financing, and the Washington County Housing Authority also contributed financing.^{xviii}</p>

Opportunities and Constraints	<p>Local Innovation and Fast Track Housing Program (LIFT). LIFT is a state-administered program that was approved through legislation in 2016 and provides funding for new affordable housing across the state, including for projects by private developers. The program was developed with the goal of quickly providing affordable housing units to low-income families and has funded numerous projects since its inception, including Surfview Village (110 units, provided \$10.95 million in 2018) currently under development in Newport, the Fields Apartments in Tigard (provided \$9.8 million) and Cornerstone Apartments in Salem (provided \$4.9 million).</p> <p>Public-private partnerships are often not associated with structured programs; rather, they are often individual projects, which has both advantages and disadvantages. Projects are often opportunity-driven and may be spearheaded by the County or by private developers or partner agencies. With this structure, there is less administrative burden to the County, but it is also difficult to prepare for the capacity, typically financial, to participate in a partnership.</p>
Options and Alternatives	<p>Typically, public-private partnerships are implemented on a case-by-case basis and therefore vary significantly in their structure, costs, and resulting number of units. This makes it difficult to evaluate or compare alternative approaches to implementing them. A benefit to this structure is the flexibility to include a variety of partnerships/funding sources.</p>
Implementation Needs	<p>The City or County implementing the program should have the financial and administrative capacity to partner with a private entity on a partnership.</p>

9. Community Land Trusts (CLTs)

Description	<p>Community Land Trusts (CLT) is a model wherein a community organization owns land and provides long-term ground leases to low-income households to purchase the homes on the land, agreeing to purchase prices, resale prices, equity capture, and other terms. This model allows low-income households to become homeowners and capture some equity as the home appreciates but ensures that the home remains affordable for future homebuyers. CLTs may also lease land to affordable housing developers for the development of rental housing or may develop and manage rental housing themselves. Land trusts are typically run as non-profits, with support from the public sector and philanthropy, and could be linked to a land bank. Land trusts can be focused on homeownership or rental units.</p>
Legal Basis	<p>A CLT lease creates a distinctive legal framework within which ownership of the land is separated from ownership of the improvements on land. The structure involves a “fee interest” in the leased land held by the CLT, and a “leasehold interest” held by the homeowner. In most cases the homeowner’s leasehold interest is accompanied by or includes deeded ownership of the house and other improvements on the leased land. As a general rule, there is no legal prohibition against the creation of separate ownership interests in a building and the underlying land.^{xix}</p>
Usage in Lincoln County or Other Jurisdictions	<p>Proud Ground (Portland Metro Area and Lincoln County). Proud Ground was founded in 1999 and has grown into one of the largest community land trusts in the country. The organization focuses on affordable homeownership and controls ground leases associated with 270 homes in Multnomah, Washington, Clackamas, and Clark County. Proud Ground operates in Lincoln County and has undertaken activities in Newport, Lincoln City and unincorporated Lincoln County. Between 2015 and 2018, Lincoln County and the cities of Newport and Lincoln City have supported Proud Ground’s efforts through funding contributions, coordination and other efforts. Proud</p>

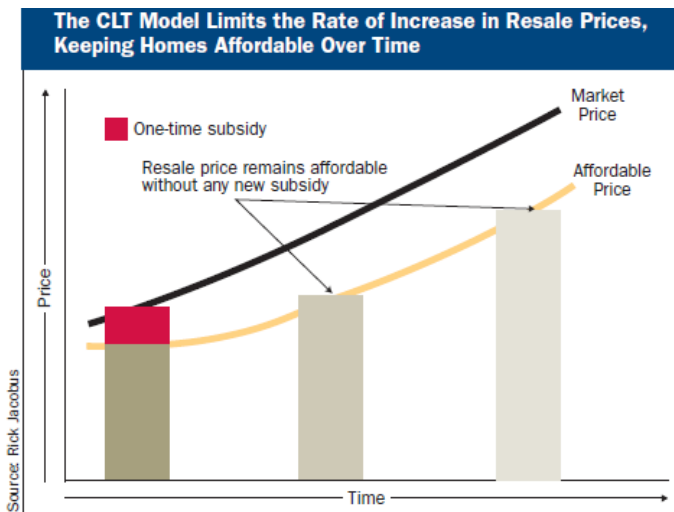
Ground is providing home buyer education and down-payment assistance grants, 8 total, to persons employed in Lincoln County. The grants are funded with a \$515,000 state grant, with additional financial contributions from the partners (Lincoln City, Newport, and Lincoln County).

Proud Ground also offers homebuyer education and consulting services. Approximately 81 percent of the organization’s funding is derived from public subsidy, mostly from the jurisdictions where Proud Ground operates. The remaining funding is generated through private donors.

Sawmill Community Land Trust (Albuquerque). Founded in 1996, the Sawmill Community Land Trust evolved from an existing Community Development Corporation (CDC) to serve the Sawmill neighborhood on the edge of Historic Old Town, Albuquerque. The organization was founded to address concerns about pollution from adjacent industrial areas and anticipated gentrification of the neighborhood. The City of Albuquerque was a critical partner in the growth of the CLT. The City purchased and donated to the CLT a 27-acre parcel using CDBG funding, which the CLT developed into 93 affordable units, a mix of single-family homes, apartments, and townhomes available for purchase (with a CLT ground lease) or rent. Sawmill developed several additional multifamily properties in the surrounding area, including a 46-unit senior housing property and a 60-unit live/work building. The City of Albuquerque continues to provide operational funding to Sawmill.

Opportunities and Constraints

- Financing the initial acquisition of land and securing enough equity to scale the strategy are key challenges for the CLT model. Across the country, land trusts use a variety of land acquisition mechanisms, from private financing and municipal subsidies to relationships with land bank entities.
- In real estate markets where housing prices rise faster than household incomes, CLTs reduce the cost of subsidizing affordable homeownership units over time. As housing prices rise, and incomes do not keep up, the amount of subsidy needed to purchase the same home increases with each new buyer. If the CLT owns the land, however, they can control the rate of price increase, reducing or eliminating the need for a subsidy for subsequent buyers (see figure below).



Source: Beaverton Residential Anti-Displacement Strategy
Tools Assessment Summary

Options and Alternatives

CLTs can take a variety of forms and cities can support the work of CLTs in a variety of ways. The examples below illustrate several potential CLT models to consider.

<p>Implementation Needs</p>	<ul style="list-style-type: none"> • Conventional CLT (Proud Ground). The most common form of CLTs are focused exclusively on providing affordable homeownership of single-family housing. These CLTs may operate at neighborhood, city, or regional scale. The properties owned are typically “scattered site”, though may be concentrated in particular neighborhoods. • Development-oriented CLT (Sawmill Community Land Trust). Some CLTs operate scattered site homeownership programs while also acting as a non-profit affordable housing developer. These CLTs are essentially a hybrid of a CLT and a Community Development Corporation (CDC). This model provides the opportunity to respond to varying housing needs and development opportunities. • CLT network organization (Atlanta Land Trust Collaborative). Some CLTs also function as network organization (or “central servers”) for multiple CLTs in a city or region. This model reduces administrative costs for members of the CLT network and may enhance fundraising opportunities. • Land bank steward (Denver Urban Land Conservancy). At least one CLT studied functions as both a development-oriented CLT and an administrator of a land banking fund. The Denver Urban Land Conservancy is the steward of a land trust fund that targets properties near existing and future transit lines. The properties are preserved for development of affordable rental units. The ULC is well-positioned to act as a steward of the land bank because it has the organizational capacity to administer it and the ability to obtain funding from multiple public and private sources.
	<p>The County or its cities could provide support to CLTs in a variety of ways:</p> <ul style="list-style-type: none"> • Provide administrative or financial support for start-up and capacity-building for new CLTs • Donate City-owned land to be managed by CLTs • Provide grants or low-interest loans for specific development or rehabilitation projects • Provide incentives to private developers (density bonuses, parking reduction, etc.) in exchange for the developer dedicating funds, land, or housing units to a CLT • Partner with Lincoln County to ensure that tax assessment methods are fair and supportive of CLTs <p>The type of support the County or cities would provide depends on the CLT model they would like to employ and the specific needs of the organizational partners. The County and selected cities are already partnering with Proud Ground and understand the steps needed to implement this form of CLT locally. 15% of the funds collected from the affordable housing Construction Excise Tax is dedicated to down-payment assistance programs.</p>

10. Land Banking & Acquisition

<p>Description</p>	<p>Land acquisition is a tool to secure sites for affordable housing. Public agencies can identify locations where prices are going up and acquire land before the market becomes too competitive, with the intention to use the land for affordable housing. The ability to identify promising sites within these locations and act quickly and efficiently in acquiring them can tip the scales to make an affordable housing development financially feasible.</p> <p>Land banking is the acquisition and holding of properties for extended periods without immediate plans for development, but with the intent that properties eventually be developed for affordable housing. Land banks are often are quasi-governmental entities created by municipalities to effectively manage and repurpose an inventory of underused, abandoned, or foreclosed property.</p>
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Legal Basis	<p>Public agencies or larger nonprofits may be better equipped than small community development corporations to do both land acquisition and banking.</p>
Usage in Lincoln County or Other Jurisdictions	<p>House Bill 2734, passed in June 2015, made it possible for local governments to create land banks. The legislation was developed by a coalition led by Metro and including local governments, chambers of commerce and environmental and housing advocacy groups. The Oregon land bank legislation is unique among state land bank laws in that it was crafted with the primary goal of supporting brownfield redevelopment. Protected from environmental liability, land banks would have the legal authority to acquire contaminated properties, clean them up and sell them for redevelopment, thereby accomplishing the goal of getting brownfield properties back in active use. However, land banks are a flexible tool that could be used to meet multiple public policy objectives and could be adapted to support affordable housing goals.</p>
Opportunities and Constraints	<p>Eugene Land Acquisition for Affordable Housing Program. Initiated through a city council resolution in 1968 and reinforced through policy and funding decisions in subsequent decades, the Eugene’s Land Acquisition for Affordable Housing Program is one of the most longstanding land banking for affordable housing programs in the country. Due to its ability to respond to changing market conditions, the program has benefitted from the ability to acquire land during economic downturns that can be held for development when the market picks back up. Since the purchase of the first site in 1979, nearly 90 acres have been acquired for affordable housing using a combination of federal and local funds. Thus far, 881 units of affordable housing units have been developed on program parcels, and 48 units are currently under construction.</p> <p>The Network of Oregon Affordable Housing (NOAH) Land Acquisition Loans. NOAH’s Land Acquisition Loans are for highly accessible land that is transit oriented and located in close proximity to social and/or commercial services. Loans are available to for- and non-profit entities. Loans awarded range from \$25,000 to \$1,000,000.^{xx} The Portland Housing Bureau partnered with NOAH in 2016 to invest \$1 million into the Oregon Housing Acquisition Fund, administered by NOAH^{xxi}.</p> <p>Affordable Housing Land Acquisition Revolving Loan Program (LAP). The new program, which was initiated in November 2018 by Oregon Housing and Community Services to assist eligible organizations in Oregon with purchasing land suited for affordable housing development. Eligible organizations include: local governments, local housing authorities, nonprofit community or neighborhood based organizations, federally recognized Indian tribes in Oregon, and regional or statewide nonprofit housing assistance agencies. Funding targets for the program are 40% funds for homeownership for low income households and 60% for organization operation rental housing for low income residents.</p>
Options and	<p>In addition to land acquisition and banking, another option for providing public land for affordable</p>

Alternatives	housing is to evaluate surplus land and assess its potential for future affordable housing. Funding for land banks range from private financing and municipal subsidies to relationships with land bank entities.
Implementation Needs	Jurisdictions would need to use existing Buildable Land Inventories (BLI) or develop new inventories for cities or areas of the County which currently lack a BLI to determine how much vacant land is available within the jurisdictions’ Urban Growth Boundaries (UGB), some of which may be appropriate for land banking for future affordable housing development. The jurisdictions must then evaluate if the land acquisition and/or banking model is feasible, given the availability, location and characteristics of vacant or underdeveloped land. Further, the jurisdictions must secure funding and/or work with partners to find adequate funding for land banking/or acquisition, then create a plan and partnerships for construction on the site(s).

11. Tenant Protections and Rent Stabilization

Description	<p>Tenant protections include local regulations and enforcement programs that provide protections for tenants of existing affordable housing and low-cost market rate housing against evictions, excessive rent increases, discrimination, and health and safety violations. Tenant protections can also provide various types of assistance to renters. The purpose of these protections is help tenants of affordable units to access and retain their housing, particularly for very low-income and other vulnerable community members.</p> <p>Rent control or stabilization has been prohibited by Oregon state law since the passage of House Bill 2505 in 1985. ORS 91.225 prohibits cities and counties from enacting “any ordinance or resolution which controls the rent that may be charged for the rental of any dwelling unit.” Currently, only four states (California, New York, New Jersey, and Maryland) and the District of Columbia practice rent control. Thirty-seven states either prohibit or preempt rent control, while nine states allow their cities to enact rent control, but have no cities that have implemented it.^{xxii} However, as described below, the Oregon Legislature is currently considering legislation that could allow or require cities to implement rent stabilization regulations.</p>
Legal Basis	<p>There are extensive statewide landlord-tenant laws on the books in Oregon. These include the Oregon State Residential Landlord and Tenant Act (ORS § 90.100-90.875) and Fair Housing Laws including, but not limited to, the Fair Housing Act (42 U.S.C. 3601) and Oregon’s Unlawful Discrimination in Real Property. Rent control is prohibited by Oregon State Law, but cities are permitted to provide provisions that go beyond current state law for policies such as landlord registration, rental inspections, and notice period for no-cause evictions. In addition, cities can also limit the circumstances under which owners are allowed to convert rental units to condominiums, either by requiring that tenants be offered the first right of refusal to purchase their units, by charging the owner a fee for converting the building, or by requiring or incentivizing owners to set aside a certain percentage of units in converted buildings as affordable units. Tenant protection laws are not enforced, with the exception of civil rights violations, unless cities choose to enforce, which requires local regulations to enforce^{xxiii}.</p>
Usage in Lincoln County or Other Jurisdictions	<p>Gresham Rental Housing Inspections. The City of Gresham conducts random, mandatory inspections of residential rental properties throughout the year to ensure properties meet minimum fire, health, and life safety standards. The program also includes inspections based on complaints and provides protection for those reporting violations. In 2010 the program completed</p>

at least 1,800 inspections which resulted in one or more violation.^{xxiv}

Portland Residential No-Cause Eviction Notices. The City of Portland requires 90-day notice of no-cause eviction, which is higher than the typical 30- or 60-day notice.

Portland Mandatory Renter Relocation Assistance. A City of Portland Ordinance passed in 2017 requires landlords to pay relocation assistance when their tenants: are served a no-cause eviction or a rent increase of 10 percent or higher over a 12-month period; receive a substantial change in their lease terms; or do not receive the option to renew their lease. The mandate applies to rental units in the City that are managed by a landlord or property management company, and some exception criteria apply. The relocation assistance amount ranges from \$2,900 for a studio to \$4,500 for 3+ bedrooms.

Salem Multifamily Housing License. All multifamily dwelling units with one or more beds or rooms for rent are required to sign up for an annual license. All licensed multifamily units are required to be inspected at least once every five years to ensure compliance with the Salem Housing Code.

Current State Legislation. In February 2019, the Oregon State Senate began hearing arguments over Senate Bill (SB) 608, which would establish statewide rent stabilization measures. SB 608 would cap rent increases at seven points above the annual increase in the consumer price index, or about 10 percent a year. The bill also includes a range of other tenant protections, including prohibiting no-cause evictions for tenants who have lived in their building for at least a year.^{xxv} SB 608 would not necessarily reverse the current prohibition on local jurisdictions enacting their own rent regulation measures, but there may be future legislation that does this

Opportunities and Constraints

Landlords are typically not in favor of tenant protection policies, and there may be pushback from the property management and development community. Protection programs are likely to be associated with increased administrative needs and costs for program enforcement.

Options and Alternatives

There are various types of tenant protection regulations and programs that cities can regulate. Examples include the following:

- **Reform notice period for no-cause evictions** – Increase no-cause eviction notices to require 90-day notice.
- **Landlord/Rental registration program** – Require landlord registration to help track and coordinate anti-displacement services.
- **Mandatory residential rentals inspection program** – Require residential rental unit inspections to ensure they meet fire, health, and safety standards. Can require more frequent inspections for multifamily or affordable housing units.
- **Application fee protections** - Enforce the requirement that landlords return application fees when applications are not processed.
- **Screening criteria reform** – Eliminate the practice of landlords requiring 3 to 1 income to rent ratios.
- **Security deposit reform** – Cap security deposits and protect them from being taken unfairly.
- **Rent stabilization** – Implement state requirements, pending adoption of current state legislation, as appropriate.

Implementation Needs

Tenant protection policies could necessitate adoption of a new County or City ordinance. The County or one or more cities would lead these programs, which require the resources to create the policies, administer programs, and enforce the policies. Some policies could be implemented as partnerships with housing organizations or regional jurisdictions. Alternatively, the County and

cities could take the lead from the state, assuming pending state legislation is adopted, and apply or administer state required tenant protection programs or activities, as needed.

12. Staff Allocation to Housing Program

Description	This strategy increases a jurisdiction’s administrative capacity to address affordable housing issues and provide more effective and efficient use of resources. The jurisdiction could consider dedicating one or more full or part-time staff members to these efforts. The dedicated staff member could oversee affordable housing programs, develop housing policy, and serve as a liaison to housing partners such as non-profits or other local, regional, or state partners.
Legal Basis	N/A
Usage in Lincoln County or Other Jurisdictions	<p>City of Beaverton. The City has several staff working on housing-related issues, including a full-time Affordable Housing Manager, who was recently hired in fall 2018 and who is drafting a work plan that will address a range of issues associated with affordable housing, including homelessness, tenant advocacy, etc. The City also has two staff dedicated to managing Beaverton’s CDBG program. Many other staff in the City’s Development, Economic Development, and Planning departments also work on housing policy development and related efforts.^{xxvi}</p> <p>City of Bend. The City of Bend has two staff specifically dedicated to managing its Affordable Housing programs.^{xxvii}</p>
Opportunities and Constraints	Having a dedicated staff person to oversee housing programs would provide more resources, a higher degree of continuity, and potentially more technical expertise towards the task of implementing the strategies identified through the HSIP process. Developing and implementing some of the strategies and programs described in this document will take a significant amount of staff time. Ultimately, jurisdictions will need to decide if the expense of dedicating additional staff resources to these activities is financially feasible and justified through the ability of a number of these strategies to leverage financial or partnering resources towards achieving affordable housing goals.
Options and Alternatives	One or more jurisdictions in Lincoln County could hire a full-time staff person or dedicate an existing staff member as the point person for addressing housing issues and programs. Another alternative could be to partner or contract with another organization (non-profit or public entity) to share staffing resources and expertise. Either strategy could be done through a shared funding arrangement and could be an efficient way to meet the capacity needed for housing coordination with a staff member in a partnering organization.
Implementation Needs	Jurisdictions would need to account for staffing needs associated with implementing housing strategies in annual budgeting and work planning activities. This would entail regularly estimating the amount of time needed to implement these strategies, prioritizing this work in relation to other duties, and ensuring that adequate time and resources are available to meet these goals within their overall resource limits.

13. Preservation of Low-Cost Market Rate (LUCRE) Housing

<p>Description</p>	<p>Low cost market rate (LCMR) housing refers to housing with rents that fall below the average rents for an area, but which are not income-restricted or regulated by or through an agreement with a government agency. It can also be referred to as “naturally occurring affordable housing” or “filtered housing.” There are a number of reasons LCMR housing is affordable: properties may be poorly maintained; located in areas with poor economic growth, aging infrastructure, or a lack of investment; or simply located in less affluent neighborhoods.</p> <p>Many LCMR housing units are at risk of losing their affordability as property values increase. There are several tools that are aimed at preserving LCMR housing. These include providing funds or incentives to LCMR owners to make renovations and maintain the units at an affordable price point; providing property tax exemptions in exchange for converting LCMR housing to regulated affordable housing; and acquiring LCMR buildings and converting them to regulated housing. Funding sources for such programs can include subsidy programs, creating community investment corporations (CIC), housing preservation funds, grant programs, or providing tax incentives for preservation.</p> <p>Incentive-based programs can include grants or loans for capital repairs or for recapitalization to avoid LCMR property owners from selling or losing their LCMR status. For unregulated LCMR units, the grants or loans would be made in exchange for agreements to rent below market rate for a specific period of time. Specific mechanisms include low-interest loans, deferred payment or interest only loans, or grants to help bridge funds for rehab projects.</p>
<p>Legal Basis</p>	<p>N/A</p>
<p>Usage in Lincoln County or Other Jurisdictions</p>	<p>Network for Oregon Affordable Housing (NOAH) operates the Oregon Housing Preservation Project (OHPP), which includes the Oregon Housing Acquisition Fund (OHAF) and preservation loans for affordable housing. The OHAF provides short term financing for entities looking to preserve affordable housing by offering acquisition loans with favorable terms to help borrowers acquire unregulated market rate properties and transition them to regulated affordable housing. OHPP’s preservation loans help qualified borrowers purchase and rehabilitate housing, renew subsidy contracts, obtain bridge financing, or otherwise preserve multifamily affordable housing properties. Whether borrowers are for-profit or non-profit, buying unregulated or regulated properties, this funding provides time and resources to align public subsidies and obtain long-term or construction financing, to then operate properties with long term rent restrictions. The OHPP prioritizes preserving properties that are at risk of losing federal subsidies.</p> <p>NOAH’s loan programs are supported by public partners, such as the City of Portland, Oregon Housing and Community Services, Fannie Mae, and CDFI funds, private foundations, and private banks. Its preservation pool totals \$35 million and has been used to support more than 725 units at 22 properties.</p> <p>There are other examples of programs and policies to preserve LCMR housing around the country. One example program being implemented in Minnesota is described below.</p> <p>Greater Minnesota Housing Fund - NOAH Impact Fund is a social impact fund in the Minneapolis-St. Paul region that connects developers and owner-operators with social impact investors to preserve low cost market rate housing. The fund offers a double-bottom line impact to investors in the form of social impact and return on equity, with the goal of investor repayment in ten years. Since the fund’s inception in 2015, it has leveraged \$25 million in capital investments to invest \$100 million in property acquisitions to preserve 1,000 at-risk unregulated affordable housing units in the Twin Cities area. The fund acquires and rehabilitates these unregulated affordable housing properties (Class B and C properties, from 40 to 200 units), and partners with local affordable housing organizations to operate them with 15-year affordability restrictions.^{xxviii} The</p>

<p>Opportunities and Constraints</p>	<p>capital stack includes money from the public sector, institutional funds from banks (with CRA requirements), nonprofit and for-profit investment companies, and mission-based lenders.^{xxix}</p> <ul style="list-style-type: none"> • With established funds such as NOAH’s OHAF, owner-operators and developers can use them to move quickly in the market, with lower risks due to the effect of the more patient capital from social impact investors. • LCMR buildings may need to be brought up to health and safety standards required in the building codes. • NOAH relies on support from philanthropic foundations for its capital stack and is therefore vulnerable when the philanthropic support is removed.^{xxx}
<p>Options and Alternatives</p>	<p>Potential roles for the Lincoln County and its partners include seeding and supporting a fund with a partner organization, acting as a guarantor on loans to reduce borrowing costs, or actively managing and administering a fund.</p>
<p>Implementation Needs</p>	<p>Programmatic strategies to preserve LCMR housing would require jurisdictions to be program-lead or create partnerships with a local organization. Both require funding, development of policies and program structure, and administration of the programs. Future monitoring of compliance is also a consideration for implementation.</p>

14. Minimum Density Requirements

<p>Description</p>	<p>Establishing zones where higher density housing is allowed does not ensure that units will be built at a higher density. Many communities in Oregon have limited amounts of land where multifamily dwellings can be built, and are seeing this land being developed as single-family subdivisions because they do not have a minimum density requirement, or that requirement differs little from their lower density zones.</p>
<p>Legal Basis</p>	<p>Jurisdictions have the same authority to mandate minimum density within their development code as other attributes of development.</p>
<p>Usage in Lincoln County or Other Jurisdictions</p>	<p>It appears that most jurisdictions in Lincoln County do not have minimum density requirements for their higher density zones.</p> <p>The City of Portland lists minimum density requirements for multi-dwelling zones. For example, the minimum density in the R3 zone is 1 unit per 3,750 sq. ft.. (33.120.205, table 120-3).</p>
<p>Opportunities and Constraints</p>	<p>Requiring developments to be at a high density may stifle development if that figure would require housing forms (i.e. very dense multi-story structures) that are unsupported by the market’s achievable rents.</p>
<p>Options and Alternatives</p>	<p>The appropriate minimum density for a given zone will differ based on many attributes. Exemptions to minimum density standards can also be crafted for situations where lots are difficult to develop, too small or difficult to serve with infrastructure to support high-density development, or other situations.</p> <p>The way density is measured can be in terms of units per gross acre, units per net acre, or maximum lot size for single-family developments.</p>

Implementation Needs	A change to the development code can be passed through the jurisdictions’ planning commission and/or City Council.
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15. Production of Housing on Property Containing a Place of Worship

Description	<p>ORS 215.441 allows for the provision of housing in buildings detached from the place of worship provided:</p> <p>(A) At least 50 percent of the residential units provided under this paragraph are affordable to households with incomes equal to or less than 60 percent of the median family income for the county in which the real property is located;</p> <p>(B) The real property is in an area zoned for residential use that is located within the urban growth boundary; and</p> <p>(C) The housing or space for housing complies with applicable land use regulations and meets the standards and criteria for residential development for the underlying zone.</p>
Legal Basis	ORS 215.441
Usage in Lincoln County or Other Jurisdictions	At the time of this writing, there are no known examples of the use of this tool to develop affordable housing. If this tool is identified as a high priority strategy, additional research of examples in Oregon communities can be conducted.
Opportunities and Constraints	If there are houses of worship willing to partner in this endeavor with properties of sufficient size and serviceability, this could provide a good opportunity to develop housing affordable to very low-income households. However, the regulation is relatively new and untested.

Tools that Remove Development Barriers

16. Development Fee Reductions

Description	Development fee reduction is a tool to reduce, waive, or defer development fees, such as permit fees, in order to promote the development of affordable housing. Permit fees add cost to a development, so reducing these costs also reduces development barriers.
Legal Basis	Local development fees are not regulated by state law, with the exception of SDCs.
Usage in Lincoln County or Other Jurisdictions	<p>City of Portland: Portland offers permit fee waivers to non-profits for projects which provide/develop housing for low-income groups (including emergency shelters). The Bureau of Development Services (BDS) waives 100% of bureau permit fees for projects costing up to \$500 and 50% of fees for projects costing over \$500, subject to application approval. There is a maximum amount of \$5,000 waived for each non-profit each fiscal year.^{xxxi}</p> <p>City of Wilsonville: The City allows waivers of building, planning, and engineering permit fees for affordable housing projects. The granting of the waiver and amount is determined by the City Manager or manager’s designee. Some eligibility requirements require the development be a project of a non-profit or government organization, it must serve households at or below 60</p>

Opportunities and Constraints	<p>percent AMI and must maintain that status for a minimum of 40 years.^{xxxii}</p> <p>Once program guidelines are in place, a development fee reduction program would be relatively easy to administer. At the same time, there is a cost to the jurisdiction to reduce or waive development fees, as these fees are intended to recover costs for staff review. However, permit fees add relatively little to development costs on a per-unit basis; therefore, reducing fees may not provide a sufficient incentive to developers.</p>
Options and Alternatives	<p>Development fee reductions can be implemented with varying standards, and jurisdictions could either waive, reduce, or defer development fees. Fees can be reduced from various departments (e.g., building permits and land use permits). The amount of fee reduction would depend on a careful calculation of impact to developers versus impact to the jurisdiction’s revenues. The implementing jurisdiction would need to determine how much revenue from fees it would be willing to forgo.</p>
Implementation Needs	<p>The implementation of a development fee reduction program would require jurisdictions to develop program policies, and to promote and administer the program.</p>

17. Tax Abatements

Description	<p>Tax abatements are reductions in property taxes for affordable housing. Abatements may be provided to non-profit corporations or to private developers in exchange for developing affordable housing. Property tax exemptions/freezes can also be applied to housing in distressed areas, or for rehabilitated housing. Common tax abatement programs include vertical housing programs that provide property tax exemptions for development that reaches a certain height, and multifamily housing tax exemptions.</p>
Legal Basis	<p>The state currently enables tax exemptions through three programs: (1) Vertical Housing (ORS 307.841 to 307.867), (2) Multiple Unit Housing (ORS 307.600 to 307.637), and (3) Nonprofit Low-income Housing (ORS 307.540 to 307.548). In 2017, two bills passed the Oregon legislature that have implications for cities considering new abatements:</p> <p>HB 2377 Property Tax Exemption for Rehabilitated or Constructed Multi-Unit Rental – This bill updates the previous property tax exemption law and allows optional property tax abatement programs for up to 10 years that cities can use to incentivize workforce or low-income units (up to 120% AMI) in multifamily developments and rehabilitation projects.^{xxxiii}</p> <p>SB 310 Vertical Housing Development Zones – With this legislation, the state shifted oversight of the Vertical Housing program from state control to local government. The requirements are now in state statutes and remain a partial property tax exemption for residential floors above the base floor, depending on the number of floors. Through a competitive process, multi-unit projects can receive a property tax exemption for up to ten years on structural improvements to the property in exchange for setting aside a percentage of the units in the project as affordable.</p>
Usage in Lincoln County or Other Jurisdictions	<p>Lincoln County jurisdictions. The City of Newport and Lincoln County current provide tax exemptions or abatements, including Multiple Unit Housing Property Tax Exemption and Non-Profit Corporation Low Income Housnig Tax Exemption programs. More information about these programs is found on pages 2-4 of this report.</p> <p>City of Tigard Nonprofit Corporation Low Income Housing Tax Exemption. This program is a</p>

	<p>partnership with Tigard/Tualatin School District and Tualatin Valley Fire & Rescue to provide tax exemptions for low-income housing owned by non-profit organizations. The Nonprofit Corporation Low Income Housing Tax Exemption program was first adopted in 1996; as of 2017, a total of five projects using the exemption have been completed by Community Partners for Affordable Housing. The 2013 Housing Strategies Report suggested the program could be expanded to offer the program to private sector developers if they meet all the same requirements the non-profits are required to meet.</p> <p>City of Tigard Vertical Housing Development Zone (VHDZ). The City of Tigard’s VHDZ provides partial property tax exemptions of 20 percent per floor in the two eligible areas established by the City that are well positioned for mixed-use multistory development. Since Senate Bill 310 has shifted administration of the program from the state to cities and counties Tigard’s Economic Development Director now administers the program.^{xxxiv}</p> <p>City of Beaverton Affordable Housing Tax Exemption Program. The program promotes the construction of affordable rental housing to low-income households to receive an exemption of up to 100 percent of property taxes for an unlimited timeline. The focus of the program is households that earn less than 60 percent of the area median income.^{xxxv}</p> <p>City of Seattle Multifamily Tax Exemption. The program provides a tax exemption on new multifamily buildings that set aside at least 20 percent of the units as income- and rent-restricted (0 – 80% AMI) in targeted areas. Currently, the program maximum is 12 years. In 2017, 31 projects were approved for the exemption.^{xxxvi} According to Metro, the program, which is simple, predictable, and streamlined, can serve as a model for other jurisdictions.^{xxxvii}</p>
<p>Opportunities and Constraints</p>	<p>There is a cost to the implementing jurisdiction and other taxing jurisdictions to reduce property tax income. The implementing jurisdiction and partner jurisdictions must be willing to forego those revenues. Jurisdictions should consider the extent to which a new program, or enhancement of an existing program, can be supported based on funding needs.</p> <p>The administrative burden of these programs can be a constraint, particularly for smaller jurisdictions.</p>
<p>Options and Alternatives</p>	<p>There are various types of tax abatement programs/policies for affordable housing as discussed above, each of which can have varying provisions, eligibility requirements, and durations. As discussed above, programs can be offered only to nonprofit organizations or also to private developers.</p>
<p>Implementation Needs</p>	<p>Jurisdictions should assess their current programs to see if they can be more effective and/or expanded. New programs require jurisdictions to develop program policies, and to promote and administer the program.</p>

18. Reduced, Exempted, or Deferred SDCs

<p>Description</p>	<p>System Development Charge (SDC) exemption is a tool used to reduce, waive, defer, finance, or subsidize SDCs for affordable housing developments, with the goal of reducing the cost of development.</p> <p>One relatively popular program in Oregon is SDC reductions, waivers, or deferrals for ADU). Many SDC methodologies are intended to be commensurable with the cost or impact to the system. Some missing middle housing types, such as ADUs (often associated with affordable units), do not fit within the levels within SDC methodologies because the impact of these types of housing on the</p>
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need for water, sewer or transportation facilities is not equivalent to that of other housing units, given the reduced average size and occupancy of smaller units. Therefore, any reduction that can be justified based on reduced demand or impact (e.g. smaller units, multifamily vs. single family, housing types that tend to generate less traffic, etc.) is justifiable for reducing or potentially waiving SDCs for these housing types. This type of reduction is generally identified in the SDC methodology and rate setting.

Legal Basis

SDCs assessments must be based upon a rational methodology. Any waiver would have to be justified in the methodology and would potentially be subject to legal challenge. Recent state legislation enabling inclusionary zoning (Senate Bill 1533) identifies SDC and permit fee reductions or waivers as incentives that may be offered to development impacted by an inclusionary zoning requirement. While SB 1533 does not include further discussion on SDC or permit fee waivers or reductions for affordable housing generally, it has been interpreted by some as authorizing SDC reductions or *exemptions* for affordable multifamily development. As described below, several cities in Oregon choose to exempt certain classes of development (including regulated affordable housing) from SDC requirements.

Usage in Lincoln County or Other Jurisdictions

Lincoln City has adopted a program allowing them to defer of SDC payments for up to 10 years (or renewed for even longer) for non-profit land owners. The City does not charge SDCs for ADUs. The **City of Newport** charges SDCs based on the size of housing units for selected types of housing, including ADUs, effectively reducing the SDC for ADUs in comparison to other housing types. These programs are described in more detail on pages 4-6 of this report.

The City of Eugene program provides SDC exemptions for affordable housing. Housing for low-income persons in Eugene is exempt from paying SDCs otherwise required by City code. The exemption is used in combination with other resources for larger multifamily rental developments, but can also be used for small rental developments, and low-income single-family homeownership development. The exemption is available to rental housing developments for households with incomes of 60 percent of AMI, and for homeownership developments for households with incomes of 80 percent of AMI. The affordability requirement must be met for a period of five years. The City manager (or designee) can exempt a base amount of the SDC exemption that is adjusted on an annual basis. Any unallocated amount below that limit can be carried forward to the next fiscal year. Fee waivers are covered by \$150,000 annual transfer from General Fund. The City also notes that the SDC exemption can also be counted toward the required local match for state and federal funds provided to a development. In 2016, the City of Eugene exempted \$1.4 million, which was awarded through an RFP process. The program has primarily been used by large residential developers and Habitat for Humanity. If the property ceases to be used for low-income housing within 5 years of being granted the exemption, the amount of the exemption must be repaid with interest.^{xxxviii}

The City of Portland provides SDC exemptions for affordable housing. Portland's SDC Exemption Program exempts developers of qualifying affordable housing projects from paying SDCs levied by the City of Portland for transportation, water, parks and environmental services. Eligible rental projects must serve households earning at or below 60% of the AMI for a 60-year period. Exemptions can be prorated for mixed use or mixed-income developments. Eligible homeownership projects must serve households at or below 100% of the AMI for a family of four and must sell for less than a price cap provided by City Code (2017 price cap is \$350,000); sales must be "arm's length" transactions; and units must not be rented. Exemptions are awarded on an application basis; applications are submitted with building permits. The Portland Housing Bureau administers and monitors the program, including compliance with regulatory agreements.^{xxxix} The SDC exemptions were first adopted in 1997-1999. Roughly 400-500 units per year were granted Transportation SDC exemptions in the first five years of the program, with an average value of over

	<p>\$290,000 per year. Exemptions for water and parks averaged over \$210,000 and nearly \$280,000, respectively, per fiscal year in the first few years of those programs.^{xl}</p> <p>In June 2018, City of Portland also extended its SDC exemption program for ADUs. In exchange, owners must sign a covenant stating that neither the ADU nor the primary house will be rented as accessory short-term rentals for 10 years.</p>
<p>Opportunities and Constraints</p>	<p>There may be legal limitations on the ability to waive or reduce SDCs and there are specific requirements for how to implement an SDC fee reduction. SDC methodology statutes are complicated and must be carefully considered with the creation of such program.</p> <p>A jurisdiction’s SDC fees are only a portion of the total SDC fees development pays. Therefore, there is a limit to how much of an exemption, waiver or reduction can be allowed by the jurisdiction, unless the partner with other organizations.</p>
<p>Options and Alternatives</p>	<p>Jurisdictions can consider applying SDC waivers, exemptions, or reductions to ADUs and other forms of missing middle housing, in order to increase their supply of lower-cost housing. There is typically a limit to reductions, exemptions, or waivers of SDC fees because there are several sources of SDC fees, including city, county, and special districts. Jurisdictions only have control of a portion of the SDCs, which can limit the efficacy of the incentive. Jurisdictions could also consider partnering with other organizations that charge SDCs, which could make the incentives more effective. However, negotiating an agreement with these partner organizations may prove challenging. SDC reduction and deferral are broadly used in Oregon and may be more politically acceptable than SDC waivers since the revenue is deferred, not forgone.</p> <p>As an alternative to a “waiver,” jurisdictions may “buy down” SDCs. The City of Gresham did this in their downtown urban renewal district and used urban renewal funds for that purpose. The framework for the Affordable Housing CET envisions a portion of those funds being used to buy down development fees, such as SDCs.</p>
<p>Implementation Needs</p>	<p>There are many statutory requirements of SDCs; it is important that any provision of SDC reductions or waivers follow statutory requirements for the process of changing SDC methodology and for the provisions of the reductions or waivers.</p>

19. Regional Inventory of Buildable Lands

<p>Description</p>	<p>Project participants note that developers and builders in Lincoln County have a difficult time identifying the location of developable properties in the County and recommend creating a regional inventory that could serve as a clearinghouse for information about the location of properties that present opportunities for future housing development.</p>
<p>Legal Basis</p>	<p>NA</p>
<p>Usage in Lincoln County or Other Jurisdictions</p>	<p>The Portland Metropolitan region and the Salem Keizer region both evaluate housing and buildable land issues on a regional basis and both have developed regional buildable lands inventories (BLIs). Metro in particular collects, updates and make this type of information readily available through the Regional Land Inventory System (RLIS). Local jurisdictions typically use this information to create and refine local BLIs. Community members can request information from the RLIS system for a fee and Metro staff can provide tailored data sets in response to these requests.</p> <p>Lincoln County. The cities of Newport and Lincoln City have relatively recently updated their</p>

Opportunities and Constraints	<p>individual BLIs and could contribute this information to a regional BLI for Lincoln County. Other jurisdictions would need to work with the County to undertake similar actions.</p> <p>The County already maintains a certain amount of information related to buildable lands through its tax assessor data and through the County’s Geographic Information System (GIS) data. Creating a BLI would involve compiling and analyzing this and other information to assess and summarize information about development capacity, zoning and constraints on a County-wide basis in partnership with cities in the County.</p>
Options and Alternatives	<p>There are likely a variety of ways in which a regional BLI could be created, updated and maintained. Potential options include:</p> <ul style="list-style-type: none"> • These efforts could be undertaken by County staff, with support and input from the cities. • Alternatively, one of the cities could take the lead with support from the other jurisdictions. • A third option would be for the County and cities to hire a private contractor or consultant to prepare and periodically update the BLI through some type of shared funding arrangement.
Implementation Needs	<p>Implementation steps would include:</p> <ul style="list-style-type: none"> • Determine which jurisdiction would lead development of the BLI and/or update it on a regular basis. • Obtain relevant data from all local jurisdictions, as well as other data sources (e.g., state and federal agencies). • Agree on consistent definitions of buildable and constrained land, including how to define vacant and partially vacant land. • Compile, analyze, summarize and map BLI data. • Establish a system for providing the data to interested parties. Ideally, this would be done via an interactive online mapping application, supplemented by the ability to view or download more detailed information for specific sites.

20. Pre-approved Development Plans

Description	<p>Pre-approved plans offer developers the opportunity to purchase and use development plans that have been reviewed for conformance with zoning codes, building codes, and other relevant regulations in advance.</p>
Legal Basis	<p>NA</p>
Usage in Lincoln County or Other Jurisdictions	<p>The City of Portland has developed “Housing Prototypes” that highlight medium-density housing types and configurations suitable for common infill situations, meet City regulations and design objectives and are feasible from a market perspective. Prototypes include cottage clusters, rowhouses, townhouses, and 3-4plexes which are intended to blend into existing single-family neighborhoods.^{xli}</p> <p>The City of Santa Cruz, CA offers plans for accessory dwelling units in a variety of contexts, and Sacramento, CA offers plans for single family infill housing.^{xlii}</p>

Opportunities and Constraints	<p>Under King County’s Residential Basics Program, applicants can re-use a plan on file when they intend to build additional houses using the same plan.</p> <p>Pre-approved plans can reduce the amount of time needed during the permitting process, which may translate into lowered development costs that gets passed on to the homeowner. Pre-approved plans for multifamily units may encourage more of these “missing middle” housing types. However, sites may be subject to topographical constraints, overlays, or other issues that make using a standard pre-approved plan infeasible. These plans must also be vetted to ensure they are a good fit for the community aesthetically and financially.</p>
Options and Alternatives	<p>These programs vary significantly in their scope and details. Options include:</p> <ul style="list-style-type: none">• The types of pre-approved housing plans provided (single family, attached or multifamily, ADUs)• The source of these pre-approved plans – developer driven, contracted by the municipality.• The level of review and fees charged for using a pre-approved plan.
Implementation Needs	<p>Implementation steps would include:</p> <ul style="list-style-type: none">• Solicitation or development of one or more pre-approved plans.• Discussion and feedback from the development community on the utility and applicability of these plans• Determine the appropriate changes to fees, development review timelines, etc. that come with using these plans.• Promotion of the program through flyers, social media, or other means.

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- ⁱⁱ City of Portland. 2016. Affordable Housing Construction Excise Tax, FAQ. Available at: <https://www.portlandoregon.gov/bds/article/584417>
- ⁱⁱⁱ Oregon Housing Alliance.
- ^{iv} City of Milwaukie, Council Ordinance 2154, adopted November 21, 2017. Available at: <https://www.milwaukieoregon.gov/sites/default/files/fileattachments/ordinance/83011/or2154.pdf>
- ^v City of Vancouver, WA. Affordable Housing Fund. Available at: <https://www.cityofvancouver.us/ced/page/affordable-housing-fund>
- ^{vi} <https://www.portlandoregon.gov/phb/article/653607>
- ^{vii} Information from the Oregon Department of Revenue available at https://www.oregon.gov/DOR/forms/FormsPubs/urban-renewal-circular_504-623.pdf
- ^{viii} Information on SB595 can be found at <https://olis.leg.state.or.us/liz/2019R1/Measures/Analysis/SB595>
- ^{ix} Milwaukie Housing Strategies Report. Available at: https://www.milwaukieoregon.gov/sites/default/files/fileattachments/planning/page/75331/milwaukie_housing_strategies_report_december_2016_clean.pdf
- ^x About the Inclusionary Housing Zoning Code Project. <https://www.portlandoregon.gov/bps/article/584329>
- ^{xi} <https://www.portlandoregon.gov/bps/article/584329>
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- ^{xv} City of Kirkland Development Code. Chapter 113 – Cottage, Carriage And Two/Three-Unit Homes. Available at: <http://www.codepublishing.com/WA/Kirkland/?KirklandZ113/KirklandZ113.html>
- ^{xvi} City of Bend Development Code. Chapter 3.3 Vehicle Parking, Loading and And Bicycle Parking. 3.3.300 Vehicle Parking Standards for On-Site Requirements. Available at: <http://www.codepublishing.com/OR/Bend/html/BendDC03/BendDC0303.html#3.3.300>
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- ^{xxii} National Multifamily Housing Council. Rent Control by State Law. Available at: <https://www.nmhc.org/globalassets/advocacy/rent-control/Rent-Control-by-State-Chart.pdf>
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Appendix B

ADVISORY COMMITTEE MEETING SUMMARIES





To: Wayne Belmont, Lincoln County
From: Matt Hastie, Angelo Planning Group (APG)
Date: February 21, 2018
Re: Lincoln County Housing Strategy Implementation Plan (HSIP) - Summary of TAC Meeting #1

This memorandum provides a summary of the Lincoln County HSIP Technical Advisory Committee (TAC) Meeting #1 held on February 7, 2018.

Attendance:

- Wayne Belmont, Lincoln County
- Stewart Brannen, Siletz Tribe
- Derrick Tokos, City of Newport
- Rachel Cotton, City of Newport
- Matt Hastie, APG
- Onno Husing, Lincoln County
- Larry Lewis, Waldport and Depoe Bay
- Craig Martin, Toledo
- Dave Mason, Waldport
- Spencer Nebel, Newport
- Lisa Phipps, DLCD
- Lindsey Sehmel, Lincoln City

Introductions

Matt Hastie and Wayne Belmont led introductions of Committee members.

Project Overview, Timeline and Advisory Committee Process

Matt Hastie provided an overview of the project, including primary tasks, work products and the schedule for completing them. The group discussed the schedule and approach for future meetings of the Policy Advisory Group (PAC) and TAC and agreed on the following:

- The next meeting of the TAC and the first meeting of the PAC will occur on Tuesday, March 5 in the late morning and early to mid-afternoon, respectively.
- In advance of the meetings, the consultant team will prepare and provide the draft Gap Analysis/Background Report and a Project Summary. The Project Summary will describe the objectives and expected outcomes of the project. It also will state what the project will not do (i.e., will not be the silver bullet that solves all housing problems in Lincoln County and will not directly address homeless issues and programs).

TAC Meeting #1 Summary

- Each jurisdiction will allow its policy makers to decide how to participate in the PAC (e.g., a single representative or multiple Council or Planning Commission members). The meeting will be advertised as a public meeting to accommodate multiple decision-makers from a given jurisdiction.
- The first PAC meeting will be held in Newport. Subsequent meetings of the PAC will be held in different locations to spread them around geographically. Meetings will essentially follow a similar format to previous policy roundtable meetings conducted with local policy makers. This group is expected to meet twice during the process, once in March and again in May.
- It will be important for the PAC to see some substantive work prior to their first meeting.
- PAC meetings should incorporate time and opportunities for public comment.

Summary of Work Underway and Remaining Information Needs

Matt noted that the consultant team is working on the *Draft Gap Analysis/Background Report*. This document will describe the following:

- Housing policies, implementation strategies, agreements, and related initiatives currently being implemented by the County and its partners, including an assessment of how well those programs are currently working;
- The legal framework for housing policies within the state; and
- Best practices recommended by state and national planning organizations, DLCDC, and others that have proven to be successful in promoting needed housing. The focus will be on those programs that could be effective if adopted locally or county-wide, and that can reduce barriers to promoting needed housing.

Matt provided a handout, listing strategies that will be evaluated in the report, including those that are currently being implemented by Lincoln County or its cities, and those that are being implemented in other communities in Oregon and elsewhere. TAC members agreed that the list is relatively complete but also suggested adding information about use of urban renewal funding, application of document recording fees, and potential reallocation of funds from the County's transient lodging tax. TAC members also noted the following existing programs which were not reflected in the draft handout:

- Tax abatement programs administered by the County
- System development charge (SDC) exemptions for accessory dwelling units (ADUs) in Lincoln City
- Public private partnerships in Lincoln City and the City of Newport
- Community Land Trust activities and funding in partnership with Proud Ground in Lincoln City, Newport and Lincoln County
- Urban Renewal is being used in Newport
- Transient Lodging Taxes (subject to pending legislation) should be looked at

Matt also noted that the strategies ultimately will be assessed to look at costs to administer, relative impact, flexibility of the strategy and feasibility (is it legally allowed? Politically feasible? Community supported?)

Additional comments included:

- Inclusionary zoning likely won't be implemented here
- We should take the lead from the state regarding tenant protection and rent stabilization programs and not spend much time evaluating those programs separately from what is currently being considered by the Oregon Legislature.
- The Housing Strategy needs to clearly describe our ability to successfully implement specific strategies or best practices.

TAC Meeting #1 Summary

Matt noted the following remaining information needs:

- Comprehensive Plan policies and development code for the City of Siletz
- Comprehensive Plan policies for the City of Toledo
- Additional information about housing programs discussed at the meeting for which information has not already been provided

Stakeholder Interviews and Engagement

One of the early steps in the process will be to conduct an initial set of stakeholder interviews. We will try to conduct as many of these as possible prior to the first PAC meeting, likely on March 4. TAC members recommended talking to the following types of stakeholders and committed to providing names of specific interviewees as a follow-up to the meeting:

- Developers, both smaller and larger entities and including some from the Willamette Valley
- Construction Financing professional(s)
- Board of Realtors
- Large employers (e.g., School District, Pacific Seafood, Oregon State University, or others)
- Smaller local businesses
- Lincoln County Housing Authority
- Non-Profits (via the Northwest Coastal Housing Coalition)
- Siletz Tribe
- Local public works department director(s)
- Property owners who are interested in developing housing but have not been able to move forward with specific projects
- Port of Toledo
- Property managers

Additional Issues and Comments

TAC members noted the following additional comments and issues:

- The housing situation in Lincoln County is out of equilibrium, (demand far exceeds supply) and we need to recalibrate this.
- The housing strategy implementation plan needs two clear statements regarding its outcomes stating; 1) what it will not do, and 2) what it will do.
- This project is an important opportunity for knowledge transfer to local stakeholders, including decision-makers and the development community.
- We want to understand how construction costs affect the ability to build housing affordable to low and moderate income households here.
- There are significant poverty issues in Lincoln County. They manifest themselves in homelessness, drug abuse and crime issues, camping in rural areas, and a strong market for recreational vehicle parks or facilities. Recreational vehicles are a housing choice for many people in the County that lack resources for more permanent housing.
- A recent economic study prepared for the County can provide additional information about the overall economic context underlying local housing needs.
- We've seen a lot of changes in Lincoln County as people have moved here with wealth accumulated from other parts of the state or country.
- We need to have a long-term housing strategy that is capable of weathering cyclical trends in housing need and development.

TAC Meeting #1 Summary

- As jurisdictions update their comprehensive plan policies, we will want to make sure they talk about the importance of an adequate supply of buildable lands and recognize affordable housing needs.
- We will want to make sure that all applicable state requirements are included in everyone's codes and that even if codes don't create housing, they can create opportunities

Next Steps

- Prepare meeting summary (consultant)
- Provide names of potential stakeholder interviewees and begin scheduling interviews (County)
- Provide remaining informational materials (County and City staff)
- Prepare draft Project Summary (consultant)
- Prepare draft Gap Analysis/Background Report (consultant prepare; County staff review)
- Ask directors about what is working and not working
- Make logistical arrangements for next TAC and PAC meetings, including notifying participants (County and City staff) and moving meetings around the county



To: Wayne Belmont, Lincoln County
From: Matt Hastie and Andrew Parish, Angelo Planning Group (APG)
Date: March 7, 2018
Re: Lincoln County Housing Strategy Plan (HSP) – Technical Advisory Committee (TAC) Meeting #2 Summary

INTRODUCTION

Meeting Date: March 5, 2019

Time: 1pm-2:45pm

Location: Newport City Hall Conference Room A

Attendees:

- Wayne Belmont, Lincoln County
- Stewart Brannen, Siletz Tribal Business Corporation
- Rachel Cotton, City of Newport
- Arlene Inukai, City of Toledo
- Larry Lewis, City of Waldport/Depoe Bay
- Dave Madison, City of Yachats
- Craig Martin, City of Toledo
- Dana Nichols, Cascades West Council of Governments (CWCOG)
- John O’Leary, Lincoln County Planning
- Lisa Phipps, Oregon Department of Land Conservation and Development (DLCD)
- Lindsey Sehmel, City of Lincoln City
- Derrick Tokos, City of Newport
- Matt Hastie, Angelo Planning Group
- Andrew Parish, Angelo Planning Group

PROJECT STATUS UPDATE

Matt Hastie provided an update of the status of the project.

- APG has put together the following draft materials
 - Project Summary Sheet
 - Draft Background Report and Gap Analysis
 - Executive Summary to Draft Background Report and Gap Analysis
- APG is conducting stakeholder interviews currently. Several people are being interviewed in person/on the phone this week, with more coming in the next weeks. Discussions with Business Oregon and other nonprofit entities will be scheduled as part of a later task.
- Matt Hastie and Andrew Parish are conducting a quick tour of some cities and housing developments throughout the County. Matt asked for suggestions for additional developments to visit.

INITIAL STAKEHOLDER FEEDBACK

Matt Hastie provided a brief summary of stakeholder feedback heard to date.

- Cities are doing a lot to help with the tools and resources available to them.
- All types of housing are needed.
- Second homes/vacation rentals are frequently brought up, though interviewees have a variety of feelings on the matter.
- In the restaurant industry, employers have had to start becoming housing providers to attract and retain employees. We have heard examples from other industries as well.
- We will have other interviews on the phone and potentially as part of subsequent trips as part of this project

The committee discussed the issue of vacation rentals. If second homes/vacation rentals weren't built, would we be seeing affordable home development? If homeowners couldn't use the property for short term rentals, people would perhaps either sell it (needed the income to make it make sense) or keep it as a second home but not rent it out.

DRAFT GAP ANALYSIS/BACKGROUND REPORT FINDINGS

Matt Hastie described the contents of the draft report, using the executive summary to guide the discussion.

- Overview of project
- Summary of programs that are being undertaken today. What did we miss?
 - Yachats SDC deferral for affordable housing (program or case-by-case basis?)
 - Lincoln city looked at "base plan ordinance" (pre-approval of standard plats that follow a template, maybe for specific types of projects. Building codes aren't static, so would need to be updated regularly.)
 - PSU forecasts for residents/housing, etc would be good to include.
 - Number of units under development currently would be good to have. These were just reported to DLCDC so the information should be available.
 - Can we take a look at assessor data for average prices, etc? (Maybe, not scoped for this project but we can see if it's feasible.)
 - County examining tax-foreclosed properties under Chapter 271 for low-income housing.
 - Toledo looking at residential as part of commercial storefront development, "kicking the tires" of the code.
 - Waldport Downtown District Zone - intended to promote mixed use but it prohibits residential only. And now there are properties that are for sale and people want to develop for residential only but they can't.
 - PUD provisions in Waldport and Yachats.
 - "Crazy idea": Getting a consortium of employers to help create workforce housing. Even temporary housing while people are looking for a permanent home.
- Review of comprehensive plan policies associated with housing
 - Most communities generally affirm housing and affordable housing, partnerships, etc.
- Zoning code
 - Communities in the County include a range of residential zones, allowing for a range of housing types.
 - Clear and objective standards for needed housing are required in Oregon.

- Typo on page 16. (r3 and r4)
- Yachats has height std of 30 feet, but there are a large number of CCRs that limit heights to 25 or 20 feet. Some CCRs are expiring.
 - The City generally reviews CCRs. But some of these CCRs were approved 25 years ago.
 - Yachats probably has more homes under a CCR than not.
- Best Practices/Strategy Information
 - There is interest in a regional BLI from the group.
 - Funding Sources
 - Add urban renewal funding info. Directly dedicating urban renewal funds to housing, would be interested in seeing what other communities are doing.
 - Community development block grants? Business Oregon provides these.
 - State housing has a number of programs...maybe add a line for grants/etc that the city can plug individual projects into.
 - Re-allocation of TLT funds
 - Support for the way the report explains how other jurisdictions have used various strategies.
 - Programs to develop or preserve affordable housing
 - Inclusionary Zoning is likely a nonstarter here.
 - Take the lead of the legislature in terms of what tenant protection items to mention in the report.
 - Add information from the housing authority that was imparted during stakeholder interviews.
 - As an alternative to Inclusionary Zoning - using a development agreement (home-rule variety) in order to commit properties to workforce housing. (Newport and Lincoln City are looking at this for certain properties.)
 - "Places of worship" can develop housing with tax advantages. Maybe add this to discussion of public/private partnerships.
 - Preservation of low cost housing: define acronyms used in the report.
 - Tools to remove barriers
 - Regional BLI - Say "Lincoln County" not regional.
 - Business Oregon does this for industrial lands (shovel-ready industrial properties).
 - Discussion of minimum densities / single family detached in a high density zone.

POLICY ADVISORY COMMITTEE MEETING

Matt Hastie asked for suggestions in presenting/discussing these materials with the Policy Advisory Committee, which consists of many elected officials from throughout the county.

- This is meeting one with the policy group for this project. More introductory information is required.
- Emphasize that there is no magic bullet policy that will fix the problem.
- Emphasize that the project will allow communities to learn from each other.
- Stick with the project summary mostly – no need to go into too much detail.
- Ask for more opportunities/challenges from these folks.
- Spencer will do some introductory comments.

SUMMARY AND NEXT STEPS

- Revisions/updates to the Executive Summary and Background Report within the next two weeks or so.
- APG will keep conducting interviews, phone interviews.

- Discussions with nonprofits (starting March 11) and Business Oregon.
- APG will schedule another TAC meeting in about a month; tentatively scheduled for April 4.
- APG will start task 5 - report of assessment/recommendations.
- Once draft of that is done, another meeting with TAC and PAC.
- Next Meeting Dates:
 - TAC Meeting #3: April 9
 - TAC Meeting #4 and PAC Meeting #2: Mid-May (need to confirm specific date)



To: Wayne Belmont, Lincoln County
From: Matt Hastie and Andrew Parish, Angelo Planning Group (APG)
Date: April 21, 2019
Re: Lincoln County Housing Strategy Plan (HSP) – Technical Advisory Committee (TAC) Meeting #3 Summary (April 9, 2019)

INTRODUCTION

Meeting Date: April 9, 2019

Time: 12:30 -2:45pm

Location: Newport City Hall

Attendees:

- Wayne Belmont, Lincoln County
- Rachel Cotton, City of Newport
- Arlene Inukai, City of Toledo
- Larry Lewis, City of Waldport/Depoe Bay
- Dave Madison, City of Yachats
- Craig Martin, City of Toledo
- Dana Nichols, Cascades West Council of Governments (CWCOG)
- John O’Leary, Lincoln County Planning
- Lisa Phipps, Oregon Department of Land Conservation and Development (DLCD)
- Derrick Tokos, City of Newport
- Phil Warnock, CWCOG
- Matt Hastie, Angelo Planning Group

PROJECT STATUS UPDATE AND PAC MEETING #1 DEBRIEF

Matt Hastie provided an update of the status of the project. APG has conducted the following activities since the last round of committee meetings:

- Summarized the last round of TAC and PAC meetings
- Finished conducting the majority of stakeholder interviews
- Begun conducting meetings or conference calls with Business Oregon representatives and others regarding the County’s housing rehabilitation loan program
- Substantially completed revisions to the Background Report/Gap Analysis document
- Begun working on the draft Affordable Housing Plan

The group briefly discussed the first Policy Advisory Committee (PAC) meeting. They agreed it was a good meeting in terms of hearing from a wide range of community leaders re: key housing issues and needs across Lincoln County. The level of attendance attested to the importance of these issues to communities in Lincoln

County. Wayne noted that the issue of unmet housing needs has come up in every local Planning Commission or City Council meeting he has attended during the last several weeks. Wayne and others also noted the following:

- There is strong support among the cities for re-starting the housing rehabilitation loan program.
- Expectations for this study may still be unrealistically high and setting reasonable expectations will continue to be important.
- Homelessness is a significant issue in the County and is raised at most local meetings.
- There is a lot of alignment towards support for a large, needed housing project in Toledo, with strong support for collective action. It would be great to find ways to accelerate this project which could help meet a variety of needs.
- Connecting assets across the County and fostering regional collaboration should be a key outcome of this project.

STAKEHOLDER FEEDBACK SUMMARY

Matt Hastie noted that his team is almost finished conducting stakeholder interviews with only 2-3 remaining, which should be completed by April 12. He briefly summarized the following recurring themes:

- We have heard repeatedly that there is a need across all types and prices of housing in Lincoln County.
- Supply of land in the right locations and zoned for the right housing types and densities is an issue in a number of coastal communities. There generally is an adequate supply of land overall but not necessarily on sites that will support certain types of development cost-effectively.
- The financial feasibility of coastal development, including in Lincoln County is challenging due to a variety of factors, including low achievable rents, constrained land supplies, high costs of construction related to coastal weather conditions, a shortage of labor on the coast, and a smaller scale of development compared to projects in larger communities in the Willamette Valley. These factors affect the basic economics of development here and make it more challenging and less attractive to larger builders from other parts of the state.
- Many local developers noted that Systems Development Charges (SDCs) contributed to housing costs for their projects. In some cases, these fees were seen as disincentivizing attached housing types. However, other developers interviewed said that the review process in Lincoln County is similar to other places, and in some ways has been easier and faster than jurisdictions elsewhere.
- There are a variety of perspectives on whether Vacation Rentals are contributing to the lack of inventory, how much, and what possible remedies may be.
- Lack of housing has affected the ability of local employers to attract and retain workers. In some cases, they have had to start becoming housing providers to attract and retain employees. We have heard examples from other industries as well.

Committee asked several questions about what specific types of interviewees said on the topic of development costs and recommended that the team describe this issue in more detail in a revised Stakeholder Interviews Summary. They suggested summarizing key points made by different types of interviewees.

REHABILITATION LOAN PROGRAM ASSESSMENT

Matt Hastie noted that his team has conducted phone meetings with representatives of Business Oregon and Willamette Neighborhood Services to better understand the current status of this program and how it could be resumed in the future. The team still needs to talk to Peggy McGuire of Community Services Consortium and

also plans to talk to representatives of two to three county housing authorities who are reportedly implementing this program very successfully. Preliminary observations and comments from committee members included:

- The term “revolving loan fund” is something of a misnomer. Typically loans are not repaid quickly enough for the funds in the program to be used on a consistent sustainable basis based on repayment. The only way to use the program successfully on a year-to-year basis is to apply for new funds from the state (through the Community Development Block Grant) program.
- Community Services Consortium(CSC) has stopped managing the program due to the high costs in relation to money available for administration. They are in the process of preparing a request for proposals to solicit a new organization to manage the program for the county and cities here.
- The Siletz Tribe could be a potential partner in the program along with interested cities and the County.
- It will be important to decide how to use both the remaining money in the program, as well as new monies, assuming the communities continue to apply for new funding on a regular basis. In the past, most of the participants agreed that funds should be pooled collectively and used to fund loans for households throughout the county, without regard to which individual city successfully applies for the funds. TAC meeting participants generally agreed that this is a good model to use going forward.
- TAC members will want to see a breakdown of the status of existing program funds and understand if there are any restrictions on how that money can be used in the future.
- A key step moving forward will be draft new agreements between the participating jurisdictions and the new (non-profit organization) implementation partner. It also will be important to understand the extent of staff or other resources required from participating cities.
- Linn County has managed a rehabilitation loan program successfully in previous years. They used a partnership approach with each city taking turns applying for funding. They had a template for applications that everyone used and the process ran pretty smoothly.

DRAFT AFFORDABLE HOUSING REPORT

Matt Hastie briefly summarized the following likely approach to recommendations associated with each of the strategies identified in the Background Report/Gap Analysis.

- **Construction Excise Tax (CET).** This may be a viable option for Lincoln City in the future but probably not for the cities of Depoe Bay or Waldport. The County is unlikely to adopt a county-wide CET.
- **Affordable Housing Bond Measure.** This likely will be challenging and not particularly palatable, particularly given other bond measures likely to be put on future ballots.
- **Affordable Housing Levy.** This could be more promising than a bond measure. Taking a county-wide approach to this strategy would have a number of benefits.
- **Transient Lodging Tax.** Some jurisdictions in the County likely would be interested in considering using some of these revenues for affordable housing and this is probably most applicable in Lincoln City, Newport and possibly for the County. However, this is probably less applicable or likely in Depoe Bay, Waldport and Toledo.
- **Urban Renewal.** Potential use of affordable housing set-asides or similar use of urban renewal should be explored in Lincoln City and Newport, and possibly in Waldport and Depoe Bay.

- **Development Code Strategies.** Several cities are already using a number of these strategies successfully. APG will review each city’s development code and provide specific recommendations for to code-related strategies to consider.
- **Inclusionary Zoning.** This strategy likely is not beneficial overall, given administrative costs and limitations.
- **Public Private Partnerships, Community Land Trusts, Faith-Based Affordable Housing Projects, and Similar Strategies.** The County and cities should generally continue to support these types of efforts. Newport, Yachats and Lincoln City have good examples of previous, applicable efforts related to some of these strategies
- **Preservation of Low Cost Market Rate Housing.** Most jurisdictions in Lincoln County likely won’t have the administrative or financial resources available to implement this type of program in a comprehensive way. However, there may be limited opportunities to use this type of strategy in some cases (e.g., public acquisition on Housing Authority properties that may be sold in the future).
- **SDC Deferrals or Reductions.** Newport’s model is a good approach for other cities to emulate when they update their SDC methodologies. Exemptions for ADUs and/or deferrals or exemptions for qualifying affordable housing projects also may be transferrable to other communities in the County.
- **Tax Abatements.** This strategy should continue to be used in Lincoln County, Newport and Lincoln City and is potentially transferrable to other jurisdictions.
- **Tenant Protections.** Recent legislative requirements appear to be adequate. Most cities in Lincoln County likely won’t go beyond these requirements.
- **Land Banking and Acquisition.** Targeted opportunities to use county or city-owned land for affordable housing development projects, including foreclosed properties, should continue to be explored. More comprehensive land banking or acquisition programs are likely beyond the resources available to manage them.
- **Staff Allocation to Housing Program (regional approach).** This should be examined further in the report as a potential coordinated, revenue-sharing approach to leveraging other housing funding and opportunities.
- **Regional Buildable Lands Inventory.** There is strong support for this tool and the report should provide guidance on how it could be used collectively by the county and cities.
- Summary of programs that are being undertaken today. What did we miss?

SUMMARY AND NEXT STEPS

- Revisions/updates to the Executive Summary and Background Report within the next two weeks or so.
- Completion and summary of stakeholder interviews within the next one to 1 ½ weeks.
- Completion of Task 4 (Business Oregon/Rehab Loan Program assessment) by the end of April.
- Work on Task 5 - report of assessment/recommendations – within completion in advance of next TAC and PAC meetings.
- Next Meeting Dates: TAC Meeting #4 and PAC Meeting #2: May 16, 1:30-3:30 pm and 4-6 pm, respectively.



To: Wayne Belmont, Lincoln County
From: Matt Hastie and Andrew Parish, Angelo Planning Group (APG)
Date: June 7, 2019
Re: Lincoln County Housing Strategy Plan (HSP) – Technical Advisory Committee (TAC) Meeting #4 Summary (May 16, 2019)

INTRODUCTION

Meeting Date: May 16, 2019
Time: 1:30 -3:30 PM
Location: City Hall, Lincoln City

Attendees:

- Wayne Belmont, Lincoln County
- Rachel Cotton, City of Newport
- Onno Husing, Lincoln County
- Arlene Inukai, City of Toledo
- Dave Madison, City of Yachats
- Dana Nichols, Cascades West Council of Governments (CWCOG)
- Lisa Phipps, Oregon Department of Land Conservation and Development (DLCD)
- Lindsey Sehmel, City of Lincoln City
- Derrick Tokos, City of Newport
- Matt Hastie, Angelo Planning Group

PROJECT STATUS UPDATE AND PAC MEETING #1 DEBRIEF

Matt Hastie provided an update of the status of the project. APG has conducted the following activities since the last round of committee meetings:

- Summarized the last TAC meeting
- Finished conducting meetings or conference calls with Business Oregon representatives and others regarding the County's housing rehabilitation loan program and drafted a summary of findings and recommendations
- Completed revisions to the Background Report/Gap Analysis document
- Completed a first draft of the Affordable Housing Plan

SUMMARY DEMOGRAPHIC AND HOUSING DATA

Matt Hastie noted that his team included basic demographic and housing data in the draft Affordable Housing Plan in response to requests from TAC and PAC members. Committee members suggested the following changes to this part of the document:

- Add data for the unincorporated portion of the County to tables and charts where it is available.
- Define median household income and how it relates to workforce housing.
- Clarify that occupancy percentage includes vacation homes.
- Provide information about the number of short term rental homes in the County, broken out by jurisdiction if possible. Newport and Lincoln City can provide that information for those cities as a follow-up to this meeting.

Committee members also suggested creating an Executive Summary to accompany the report.

COMPREHENSIVE PLAN POLICY AND DEVELOPMENT CODE RECOMMENDATIONS

Committee members suggested the following changes to this part of the document:

- Include an assessment of County Comprehensive Plan policies; it is OK not to include recommendations for changes to County development code provisions although the County plans to address that topic as a follow-up to this project.
- Define all acronyms.
- Provide some discussion of tiny homes on wheels, RVs and similar types of housing.
- In Newport, a 35' height limit can be problematic for a three-story building because of how the City measures height per its code.
- Note best practice code standards for ADUs to the extent we haven't done that already; the County is already implementing the DLCD guidance re: ADU standards.
- Add something about minimum densities.
- Reword the Newport recommendations related to ADUs.

OTHER HOUSING STRATEGIES

Committee members provided the following comments and suggested changes to this part of the document:

- **Urban Growth Management Agreements.** Review and recommend changes to these agreements.
- **Housing Rehabilitation Loan Program.**
 - Describe pros and cons of keeping de-federalized funds in the loan pool vs. using for other types of programs. The County and participating jurisdiction will need to make that decision when re-starting the program.
 - The initial assumption is that loans will be provided to residents living in any part of the County, regardless of whether their jurisdiction is participating in applying for grant funds.
- **Construction Excise Tax (CET).**
 - Provide information about other jurisdictions' experience in adopting a CET.
 - Identify examples of development incentives that the County could provide if they adopted a CET.

- Newport’s revenues have been below projections but the largest recent development projects there have been exempt from the CET.
- Imposing the CET on commercial and industrial development would be a way for employers to participate in addressing housing affordability issues.
- **Transient Lodging Tax.** Some jurisdictions in the County likely would be interested in considering using some of these revenues for affordable housing and this is probably most applicable in Lincoln City, Newport and possibly for the County. However, this is probably less applicable or likely in Depoe Bay, Waldport and Toledo.
 - The County would have to resubmit the TLT ordinance to the voters to allow for reallocation.
 - Newport would likely not support reallocation.
 - Allocations in Lincoln City are specified in the City Charter but there is some flexibility in how the funds are used in the budgeting process.
 - We should identify this as a possible strategy in all of the cities but note some of the challenges.
- **SDC Deferrals or Reductions.**
 - This is an important but relatively modest piece of the puzzle.
 - It might be helpful to review the recent League of Oregon Cities study to compare SDCs in Lincoln County to those elsewhere in the state.
 - Most jurisdictions only actually apply a certain percentage of the allowed fee.
 - Deferral can be hard to track and should only be provided for larger projects that are being implemented by organizations that will enter into agreements with the County that are easier to administer and track.
- **Tax Abatements.**
 - Include the Surfview projects as an example in Lincoln County.
 - Note that it is important to make developers aware of this option in any jurisdiction where it is available.
 - Note the 50% participation threshold if we haven’t already.
 - Tenant Protections. Recent legislative requirements appear to be adequate. Most cities in Lincoln County likely won’t go beyond these requirements.
- **Regional Buildable Lands Inventory.**
 - It makes sense for the County to contribute to coordinating and providing some of the funding for this strategy.
 - The Council of Governments would be another good potential partner, given that they have GIS data and personnel that could contribute.
 - Ultimately, the County will need not only a regional BLI but a set of updated Housing Needs Analyses.

SUMMARY AND NEXT STEPS

- Revisions/updates to the Executive Summary and Background Report within the next two weeks or so.
- Completion and summary of stakeholder interviews within the next one to 1 ½ weeks.
- Completion of Task 4 (Business Oregon/Rehab Loan Program assessment) by the end of April.
- Work on Task 5 - report of assessment/recommendations – within completion in advance of next TAC and PAC meetings.
- Next Meeting Dates: TAC Meeting #4 and PAC Meeting #2: May 16, 1:30-3:30 pm and 4-6 pm, respectively.



To: Wayne Belmont, Lincoln County
From: Matt Hastie and Andrew Parish, Angelo Planning Group (APG)
Date: March 7, 2018
Re: Lincoln County Housing Strategy Plan (HSP) – Policy Advisory Committee (PAC) Meeting #1 Summary

Meeting Date: March 5, 2019
Time: 3pm-5:45pm
Location: Newport City Hall Council Chambers

Attendees:

- Andrew Parish and Matt Hastie, Angelo Planning Group
- Cynthia Jacobi, City of Newport
- Dietmar H Guebel, City of Newport
- Betty Kakiwa, City of Toledo
- Paul Virtue, City of Waldport
- Susan Woodruff
- Kerry Kemp, Waldport City Manager
- Heather Jukich, Toledo City Council
- Dina Eldridge, Community Services Consortium
- Diana Huiton, Lincoln City
- Kathy Kowtko, Housing Authority of Lincoln County
- Larry Henson, Housing Authority of Lincoln County
- Caroline Bauman, Economic Development Alliance of Lincoln County
- Craig Warton, City of Toledo
- Arlene Inakai, City of Toledo
- Rod Cross, City of Toledo
- Stu Strom, City of Toledo
- Kathy Short, City of Depoe Bay
- Anne Eliu, City of Toledo
- Ron Chandler, City of Lincoln City
- Shannon Beaucair City of Yachats
- E. Glen, Yachats City Council
- Spencer Nebel, City of Newport
- Kaety Jacobson, Lincoln County
- Dick Anderson, Lincoln City Mayor
- Onno Husing, Lincoln City Planning
- John O’Leary, Lincoln County Planning
- Lisa Phipps, DLCD
- Derrick Tokos, City of Newport
- Dana Nichols, OCWCOG
- Lindsey Sehmel, Lincoln City DCD
- Wayne Belmont, Lincoln County
- Stewart Brannen, Siletz Tribal Business Corporation
- Rachel Maddock-Hughes OCWCOG
- Ellen Bristow, Newport Resident

INTRODUCTION

Spencer Nebel welcomed the group and introduced Matt Hastie, consultant project manager. Spencer noted that this is the third time the region has come together to discuss housing issues.

PROJECT STATUS UPDATE

Matt Hastie provided an introduction to the project and described the work to date.

- The intent of the project is to provide a reasonable roadmap of strategies that the communities in Lincoln County could follow to address pressing housing needs there.
- The project is funded by a grant from the State of Oregon – the timeline is short because it is tied to state funding for the fiscal year.
- Matt reviewed the project schedule, noting that there will be a meeting with the Technical Advisory Committee (TAC) in April, and a subsequent meeting with this larger Policy Advisory Committee (PAC) sometime in May to review and discuss a preliminary set of project recommendations.

INITIAL STAKEHOLDER FEEDBACK

Matt Hastie provided a brief summary of stakeholder feedback heard to date.

- Description of the types of stakeholders that we've talked to so far, and those that we will talk to.
- (Question: Are you talking to large employers? Response: Yes.)
- Problem for employers in attracting and retaining employees.
- Housing affordable to people with lower incomes takes subsidy from a lot of different sources.
- It would be good to have a snapshot of income, housing statistics throughout the county.
- Communities are doing a lot to try to help, given available resources.

GENERAL DISCUSSION

The committee had a wide-ranging discussion facilitated by Matt Hastie.

- There are a few general types of strategies the report addresses:
 - Funding sources. Money is a big part of building housing, especially affordable housing.
 - Ways to remove barriers.
 - Partnering with others.
 - Preserving affordable housing.
 - Tools to remove development barriers.
 - Providing information to folks about development opportunities.

A summary of comments and questions follows.

Question: What is your definition of affordable housing for this county?

- Affordability is generally discussed in terms of Area Median Income (AMI), and the rents one could pay at about 30% of overall income. The report doesn't currently lay this out for Lincoln County and its communities – future versions should do so.

Comment/Question: Lincoln city has implemented a lot of zoning changes. However, just changing the zoning doesn't guarantee that housing will be built. It also depends on the economics of development, having developers here who can make a project work, and other factors. How do these updates to zoning requirements or other housing strategies work?

- Construction excise tax. How has it affected development, how are you using the funds?
 - a. The City of Newport just recently adopted this tool. They are in the process of determining how the funds will be used. Collections will be about \$75k in the first year but that's a bit low because of some tax exempt projects. Some of the funds will be used to buy down SDCs. It has not been decided yet how the rest of the money will be used.

- b. Doesn't seem like it is affecting the amount of development so far.
- c. The City of Newport recently lowered SDCs so the CET is not expected to increase the costs of development overall.
- d. The CET is a 1% assessment on new commercial and residential development. The state allows between 1 and 3 percent.
- e. APG will provide more information about how this is going to the extent it is available.
- Employer based housing.
 - a. Pacific Seafood is building housing. Had to change zoning provisions to allow for extended stay hotel/motels with some specific provisions.
 - b. Might be applicable to other employers and/or communities.
- How do you preserve low cost market rate housing when development pressure is the opposite?
 - . Loans or grants to owners to allow improvements/repairs. There is typically market pressure to buy lower cost housing or properties and build more expensive houses there or raise the cost of existing housing. We will provide some additional info on this and strategies to address it.

General Question: Are there any cities that actually build housing? We need builders, where are they? Supply of developers is a constraint here.

- Cities don't really do much building - they partner with others with more expertise. They typically partner with nonprofit or market rate developers.
- City of Portland passed bonds to build housing, but they aren't the ones doing the building. They will be partnering with non-profit and market rate developers for that.

Question/Comment: The US Department of agriculture had low income housing loans. Is that program still around? It would be helpful to make an inventory of rural programs that may be available to our communities and property owners or developers here.

Question: What does the final product for this effort look like?

- Policies being used currently in communities in Lincoln County and how they may be transferrable to other communities here.
- An assessment of Comprehensive Plan supporting policies and associated gaps.
- Zoning code barriers and possible solutions.
- Other best practices to address housing needs here.
- Final report that each community can use to go forward and try to implement an appropriate set of strategies and best practices.

Comment: There are advantages of trying to market this area as a county to developers and builders from outside the area, as opposed to separate communities trying to address needs separately. We all have a role to play in addressing housing for the region.

Comment/Question: I think vacation rentals (VRD) will significantly impact the housing supply here. People who might think about renting month to month might decide to do short term rentals, in part because they will be limited by the state's rent control laws.

Comment: Employers draw from a regional employee pool here.

Comment: We are working with developers to get more apartment development into the region. It is not going to be mom and pop contractors. We need to get an RFP together if we want to see a bunch of units developed, as opposed to small infill projects.

Comment: Lincoln city has tried to market property one at a time, with limited success. Just having multiple sites to offer might encourage developers, they can see opportunities for several projects.

Question: Would it make sense to have a shared housing staff person that could help all the cities and the County with information and coordination?

Comment: Perception that is expensive to build on the coast - other people shy away.

Comment: University housing - were going to build 500 units. But it is on the backburner now, didn't factor how much more construction costs here.

Comment: Some of the things we may recommend are likely to result in more nimbyism. Whenever we do a planned development it gets challenged. One of our local projects is undergoing a two-year delay due to appeals.

Comment: Energy efficient houses will mean that into the future they will be cheaper to live in.

Comment: Don't get hung up on income that much. I don't look at income. Ratio of wages to the cost of housing is different. Lots and lots of ocean view in Yachats. Length of person's commute is another good indicator that the housing situation here is out of balance.

Comment: Look at supply of rental housing. The health care industry needs to supply doctor/executive housing and people need rentals to relocate here.

Comment: We have lost capacity because of the VRD issue. There is very little rental inventory for all price points. Rental housing is in very short supply here.

Comment: If we ever want to deal with homelessness, we need more low income units.

Comment: One of our barriers is the real estate industry. We are attractive to out of state investors. Realtors want to protect vacation rentals, and I feel like we are always battling the industry. Things have calmed down since we've provided some clarity for the rules.

Comment: What is affordable housing? It's important that we nail down what we mean by affordable housing. Below 60% there is a lot of federal/state funding, and the market takes care of 100% and above. But missing middle is 60 to 100%.

Comment: A lot of these strategies are pretty standard. Maybe you need combinations of things...

Question: Does government get in the way? Will you be addressing that issue?

- We will look at development codes for each community here. We won't look at the full combination of local and state regulations in detail although we may touch on your point in our report.

Comment: On the other hand: "cut and run" development and geologic hazards have been a concern. Geology and geography are very important here. Need to understand previous fill, etc.

Question: How do you keep employer housing from becoming the company store? Where the employee is now in debt to the employer? There are a lot of ways to get employers to contribute to housing. The City of Lincoln City owns houses that they rent to new employees.

Comment: Transportation/distance is an issue.

Comment: Use the tribe as an example of an employer/government that provides housing and has a specific program to do that. It may provide lessons as a case study.

SUMMARY AND NEXT STEPS

- APG is continuing interviews of stakeholders and will publish a summary when complete.
- Revised documents including some of these comments will be available in March.
- Additional conversations with Business Oregon and others are in the works.
- After that, APG will be producing a draft of this housing plan and meet with the PAC in May.



To: Wayne Belmont, Lincoln County
From: Matt Hastie and Andrew Parish, Angelo Planning Group (APG)
Date: June 10, 2019
Re: Lincoln County Housing Strategy Plan (HSP) – Policy Advisory Committee (PAC) Meeting #2 Summary (May 16, 2019)

INTRODUCTION

Meeting Date: May 16, 2019
Time: 4 -6 PM
Location: City Hall, Lincoln City

Attendees:

- David Allen, Newport City Council
- Dick Anderson, Mayor, Lincoln City
- Caroline Bauman, Economic Development Alliance of Lincoln County
- Wayne Belmont, Lincoln County
- Beatriz Botello, Newport City Council
- Rachel Cotton, City of Newport
- Diana Hinton, Lincoln City Council
- Onno Husing, Lincoln County
- Kaety Jacobson, Lincoln County Commissioner
- Cynthia Jocobi, Newport City Council
- Dave Madison, City of Yachats
- Rick Mark, Lincoln City Council
- Spencer Nebel, City Manager, Newport
- Dana Nichols, Oregon Cascades West Council of Governments (CWCOG)
- Ryan Parker, Newport City Council
- Lisa Phipps, Oregon Department of Land Conservation and Development (DLCD)
- Lindsey Sehmel, City of Lincoln City
- Derrick Tokos, City of Newport
- Geoff Wilkie, Toledo Planning Commission
- Matt Hastie, Angelo Planning Group

PROJECT STATUS UPDATE AND PAC MEETING #1 DEBRIEF

Matt Hastie kicked off the meeting with introductions around the room and an overview of the agenda for the afternoon. He stated that this is really the start of the process for things to explore in the future and thanked DLCD for the funding to pursue this initial phase. He also noted the strict deadline associated with the project of June 30, 2019.

Matt then launched into his PowerPoint presentation, noting that it would address demographics and policy and move into the strategies and implementation.

Matt explained that the project is nearing completion. The 4th TAC and 2nd PAC meeting took place today and the report will be revised to reflect any comments that come out of today's meetings. Matt noted that to date the team has conducted the following activities:

- Reviewed and assessed local codes and comprehensive plans
- Interviewed stakeholders
- prepared a background report and gaps analysis
- assessed the Housing Rehabilitation Loan Program
- held 3 TAC and 1 PAC meetings
- prepared a draft Housing Strategy Plan

SUMMARY DEMOGRAPHIC AND HOUSING DATA

Matt Hastie noted that his team included basic demographic and housing data in the draft Affordable Housing Plan in response to requests from TAC and PAC members. Committee members made the following comments:

- There were questions raised about the graphs. Matt said that he would look at inconsistencies identified between the 2013 and 2017 report (e.g., between decennial Census data and American Community Survey data).
- Regarding households over 65 years old or with children, Matt questioned Lincoln City's numbers and would review the HNA.
- There was a request to include a note on the Rent-burdened slide explaining the percentages in that they aren't additive: of the rent burdened over 30% of income, X% are over 50% (several rent-burdened).
- Someone also asked if mortgage information could be included (in addition to rents).
- There was also a request to add the age of housing – this would be beneficial information for the Housing Rehabilitation Loan program.

KEY HOUSING ISSUES

Matt described key findings from results of stakeholder interviews and meetings. Committee members made the following comments:

- The interviewees also noted that they cities were good to work with. There was a request that this be clearly called out in the report as a positive.
- There was a question about whether the stakeholders had any complaints about fees being higher than anywhere else. Matt said that in some instances, the fees here are lower in Lincoln County jurisdictions, compared to other cities around the state, particularly in the Portland metropolitan area.

COMPREHENSIVE PLAN POLICY AND DEVELOPMENT CODE RECOMMENDATIONS

In reviewing development code updates, Matt said his team looked at the following types of policies and development code issues:

- The potential need to expand the range of housing types allowed in medium density zones
- Current densities and minimum lot sizes
- The question of whether some areas should have higher densities

Committee members made the following comments:

- Newport would like their current parking analysis project acknowledged in the report.
- There was a question from Lincoln City about why we would encourage more rentals in the R-1 zone as opposed to the zones for multi-family dwellings. Matt said that the report is not stating that we need to build more rentals but rather provide more types of housing choices. He noted that if there are a lot of single-family residences built in multi-family zones, these zones are being under-utilized and lower density forms of housing should be restricted in high density zones to ensure an adequate supply of land for higher density housing.
- Newport wondered if there could be a pro/con discussion about when, where, and how to implement minimum densities.
- Reword the Newport recommendations related to ADUs.

OTHER HOUSING STRATEGIES

Committee members provided the following comments and suggested changes to this part of the document:

- There was a discussion on the Housing Rehabilitation Loan program with Matt providing clarity on the program, funding, and processes. There was also discussion on pending legislation around the use of Transient Lodging Tax. It is unclear if that legislation will pass in this session.
- There was a discussion about how to best address system development charge deferrals or exemptions and if updating the methodologies in the jurisdictions would be beneficial. It was also suggested to look at exemptions and abatements and to have policies in place before someone asks. It is better to be proactive than reactive. He said that these are two useful tools in promoting low-income housing.
- The report also looks at other opportunities including county-wide collaborations (a county-wide buildable lands inventory), DLCD grant opportunities, shared GIS and interns, and to look at other counties' examples.
- There was a question about what "buildable lands" means and Matt explained the guidelines for determining buildable lands. It was recommended that this explanation be included in the report.
- There was a comment that there is no middle housing available.
- There was also a comment that while land might be "buildable", the cost of getting infrastructure to the site may be too high. Matt noted that those kind of comments can be included in the inventory. It was noted that a Construction Excise Task (CET) could help pay for infrastructure.
- A comment was made that what continues to be missing are the results of what communities have done with these dollars. For example, what, if any, successes have communities had with use of revenues from a CET? If we lower costs to construct, does it result in lesser costs to the consumer? It was thought that it was too soon to tell in many cases, given how recently these strategies have been adopted.
- There also needs to be mention of communities who have already bought land in the strategy.

- Matt emphasized that many of the strategies included in the plan need to be in combination with one another.
- Comments included adding in public-private partnering for off-site infrastructure and adding in Urban Renewal.
- There was also a request that the jurisdictions consider using other technologies for infrastructure such as sand filters, solar power, etc.
- There was also interest in further discussing a collective housing staff person. Housing person could promote programs.
- There was a question about what the timelines are for the programs included in the report. Matt will give examples of how this has worked in other areas

SUMMARY AND NEXT STEPS

Matt then laid out the final steps:

- Matt will send the PowerPoint to Wayne for distribution to groups
- June 15th soft deadline to have the reports updated, including the following changes:
 - enhance charts
 - summarize current policies and programs
 - provide draft comprehensive plan language
 - update information regarding Housing Rehabilitation Loan program
 - provide list of state housing programs and resources
 - review and comment on the County IGA with the cities
 - additional changes to the reports per the TAC and PAC direction
- Final Housing Strategy Report out by mid-June

Appendix C

STAKEHOLDER INTERVIEWS SUMMARY & SUMMARY OF SITE TOUR





To: Wayne Belmont, Lincoln County
From: Matt Hastie and Andrew Parish, APG
Date: April 15, 2019
Re: Lincoln County Housing Strategy Plan (HSP) – Summary of Task 3 Stakeholder Interviews

INTRODUCTION

Matt Hastie and Andrew Parish of Angelo Planning Group and Brendan Buckley of Johnson Economics have conducted interviews with a variety of key stakeholders involved with the provision of needed housing in Lincoln County. These interviews were conducted in person or by phone. The list of interviewees is below.

- **Laura Anderson**, Local Ocean Seafood
- **Rich Belloni**, Lincoln County School District
- **Steward Brannen**, CEO, Siletz Tribal Business Corporation
- **Bob Cowen**, Director, Hatfield Marine Science Center (OSU)
- **Tom Gerding**, T. Gering Construction
- **Jim Patrick**, Dolphin Construction
- **Kathy Kowtko**, Housing Authority of Lincoln County
- **Diane Linn**, Lincoln Community Land Trust (formerly, now with Proud Ground)
- **Justin Metcalf**, Wish Camper Partners
- **Mike Miliucci**, Pacific Seafoods
- **Layne Morrill**, Our Coastal Village, Inc.
- **Daryn Murphy**, The Commonwealth Companies
- **Brigetta Olson**, Willamette Neighborhood Housing Services
- **Brian Plechaty**, Halvorson-Mason
- **Bonnie Saxton**, Advantage Real Estate
- **Bonnie Serkin**, Landwaves
- **Michael Shilling**, Fowler Homes
- **Paul Williams**, Property Owner
- **Jim Wisler**, Oksenholt Construction

KEY THEMES

- **Overall housing need.** We have heard repeatedly that there is a need across all types and prices of housing in Lincoln County. Many interviewees noted that the market tends to take care of housing at the upper end, while workforce housing at or below \$250k for a home is sorely needed. Low achievable rents mean that multifamily housing is particularly unlikely to be built without subsidy, and there has been little apartment construction in Lincoln County in recent decades.
- **Land Supply.** Supply of land in the right locations and zoned for the right housing types and densities is an issue in a number of coastal communities. There generally is an adequate supply of land overall but not necessarily on sites that will support certain types of development cost-effectively. Land supply is naturally constrained by the beach and ocean to the west and the hills to the east in a number of communities.
- **Sources of high costs and challenges to financial viability of coastal development.** Most of the developers and builders interviewed noted the following issues, which are described in more detail on pages 5-7 of this report:

Stakeholder Interviews Summary

- Labor costs are high for coastal construction due to low local availability and resulting commuting time for workers from the Willamette Valley.
- Needed weatherization for the coastal area adds to project costs.
- Transporting materials from the Willamette Valley or elsewhere adds to project costs.
- Maintenance of structures on the coast is higher due to weather.
- A significant amount of developable land in Lincoln County is either difficult/costly to serve with infrastructure, has steep slopes, or has wetland issues.
- Profit margins for work on the coast generally needs to be higher than similar work in the Willamette valley; in a competitive development cycle, a developer is likely to choose a different project in a location more convenient to them.
- The smaller typical scale of projects on the coast is less attractive to Willamette Valley developers than projects in the Portland Metro area or other larger urban areas in the valley.
- The cost of land, construction and debt does not always sync up well with the achievable rents available for coastal housing. In other words, it is harder for projects on the coast to “pencil out.”
- Because of these reasons, developers will not be aggressive about outpacing demand on the coast – they will always be trailing the pent-up demand.
- **Development Process and Fees.** Many local developers noted that Systems Development Charges (SDCs) contributed to housing costs for their projects. In some cases, these fees were seen as disincentivizing attached housing types. However, other developers interviewed said that the review process in Lincoln County is similar to other places, and in some ways has been easier and faster than jurisdictions elsewhere.
- **Vacation Rentals.** We have heard varying perspectives on whether Vacation Rentals are contributing to the lack of inventory, how much, and what possible remedies may be. This is clearly an issue on lots of peoples’ minds. Several interviewees noted that most vacation rentals are high-end homes that do not directly compete with affordable housing, and the tourism revenue generated is important for the community.
- **Appropriate Strategies.**
 - Removing barriers to development won’t be sufficient because of the underlying economic reality – getting more affordable housing will require public subsidy and investment.
 - Continue to work with partner agencies and focus on subsidized housing – this is the only way to get rents and prices low enough for many current residents.
 - There appears to be some vacant land in commercial designations in places like Newport. Multifamily can be built but ground-floor commercial is required – this can be challenging for developers and a nonstarter for housing agencies/nonprofits. The policy of ground-floor retail requirements is worth discussing.
 - It always helps to streamline the review and permitting process. Evaluate SDC costs and structures, timing/concurrency of reviewing authorities. Consider exemptions or special provisions for housing projects that meet certain affordability requirements.
 - Continue to allow for, encourage and reduce barriers to production of smaller units, including small single-family detached homes, cottage cluster housing , plexes, and other types of homes that can be more affordable to the local workforce.

SUMMARY OF DETAILED COMMENTS

The remainder of this memorandum provides a summary of interview comments, grouped by topic question. These comments represent the individual opinions of those interviewed and do not constitute policy direction

by the consultant team, Lincoln County, or city staff. However, these results will be considered in preparing future policy recommendations as part of this planning effort.

What is your interest in or experience with housing within Lincoln County and its communities?

- Developer and home remodeler, resident since 1978. Work has mostly been in Newport. Some duplexes, haven't built any apartments. Family experience in property management.
- Head of the Housing Authority of Lincoln County (HALC). We provide low income housing and housing choice vouchers. HALC owns 262 units, 197 of them are income-restricted.
- Developer of "Fisterra Gardens," managed by the housing authority. The development contains townhomes at 80% of AMI with permanent deed restriction.
- Employer of a medium-sized business. Recruiting talent is limited by the availability/price of housing. But mostly availability. I had an employee leave because she applied for three different homes and couldn't close on one. This leads to instability in the workforce.
- Real estate broker in the area, covering much of the county. I focus on residential single-family products.
- "Special Projects and Law" for Pacific Seafood. Looking at housing for employees.
- Property owner with short term vacation rentals and long-term rentals. In the process of building more. Concerned about the direction of the vacation rental discussion currently.
- Executive director of Proud Ground, which provides home ownership opportunities for working families. Proud Ground has recently merged with the Lincoln County Community Land Trust. We work in home ownership - but partnering with Habitat we can serve 30-50% AMI population. We usually do 60-80% AMI under a community land trust model to ensure permanent affordability. The nonprofit holds land under houses and sells the homes at an affordable price.
- Owner of a land development company, working mostly in Depoe Bay. Does market-rate single-family development, though has considered attached/multifamily projects in the past.
- Affordable housing developer with a national company. Runs the Portland office working on projects west of the Rocky Mountains.
- Director of Hatfield Marine Science Center, which is owned and operated by Oregon State University. The center has a total of about 300 employees and 100 students whose housing needs range from dormitories to low-cost rentals to higher end homes.
- The Gerding Company are both commercial contractors, undertaking construction for clients, and also occasionally developers of their own properties. As developers they have completed the Shoreline Condominiums in Newport (2006-7), as well as projects in the valley. As contractors, the company has worked on the coast for the school district, hospital system, and other public and commercial clients.
- Developers of the Wilder development in Newport.

What are some recent projects you've seen or been part of? What were their challenges and successes?

- A major challenge for our low-income housing is finding something close to medical and other services.
- Wilder Homes has been able to put a variety of housing together on their site. They have deep pockets and it still took a long time to sell out (because the lots are small). Their buyers have tended to be retirees, but a high percentage of them are permanent residents.
- Developing a dormitory project in Newport with a central kitchen. We changed the zoning code to allow this development to occur and the City has been supportive. Purchased an office building to convert to residences. We could also buy a motel but they are more expensive. There will be 75 to 100 people living

in that building. We used to rent hotels for employees, which was costly, and people want us to assume high levels of liability for employees.

- You see gated communities that have lots and lots of 2nd homes.
- The Wilder cottage cluster is a good model and scalable. However, it is located far away from other attractions and amenities.
- A significant amount of housing is being built in Siletz.
- Constructing a new modest home with the intent to rent it out, in Waldport.
- Working on 110 units in Agate Beach using tax credits, looking to break ground in May. All 60% AMI restricted income housing. We try to serve families usually with 3-bedroom units. What they heard in Newport is there is a need for 1-bedroom units. Easier to make projects work if there are more bedrooms - this project has a mix of 1, 2, 3 bedrooms.
- We tend to work outside of urban areas (there is plenty of development capacity in urban areas). Newport has less capacity.
- We have plans for expansion and are looking to build new dormitories. They may also have some affordable 1-2-bedroom units for graduate students. It is a challenge to find land at the appropriate size (5-7 acres) that is close enough to the Hatfield center, but there are a couple of options we are looking into currently.
- Wilder Development – The original goal of the project was to build attainable, workforce housing for people who live and work in Newport. The builders have done a good job of building at price levels affordable to community members – started at about \$200K; now some are closer to \$300K. Next phase would include about 20 micro-cottages (800-1,000 sf, mostly 2-bedroom). These are expected to be priced at or below original prices of earlier cottages. People very interested in/responsive to concept. Also building six bungalows (about 1,500 sf.) in this phase. Everything built with sustainable materials and with features that promote community. Apartments are under construction and all are rented. Apartments may not be affordable to lower income residents but will increase overall supply of housing and help meet needs of people who can afford them. Recently, stormwater permitting has become a major hurdle in this process.

What is the greatest need in terms of housing in Lincoln County? What types of housing are needed that aren't being developed?

- Need is across the board. Nobody can move up into nicer housing because of lack of inventory, which keeps lower-end housing more expensive.
- The largest need is apartments – few have been built in recent decades, and they seem to need subsidy.
- One-bedroom units, located close to services/medical/transit are needed. There's an excess of 3-bedroom units owned by the housing authority, people don't need that type as much anymore. Limited quantity of small, individual homes (many are vacation rentals or second homes). Low priced homes tend to need a lot of work, housing stock is old and not well maintained.
- Affordable workforce housing, for people who work at the hotels and restaurants in coastal communities. Apartments needed, but for Our Coastal Village developments eventual ownership is the goal.
- There is a need for homes for younger single people, with less restrictive leases.
- Workforce housing is lacking – we had to buy a house to keep an employee.
- Homes under 300k-\$350k. Low interest rates mean cheap houses are getting snapped up. Median price in the mid \$300k's right now
- Rentals are needed. There is a very limited supply of low-end housing (though there is more in Toledo and Waldport).
- Samaritan (hospital) leases homes for employees in Wilder development.

Stakeholder Interviews Summary

- Coastal communities (we have seafood plants in Warrenton, Astoria, Westport too) are struggling due to supply and demand. Workers can't find housing - rent is high and supply is low.
- Low and moderate-income homes are sorely needed for the local workforce. Vacation rentals are competing with workforce housing to some extent.
- Until about 2012 the housing picture was the opposite here - it was hard to rent out places, they'd have to sit vacant a while. Hard to find good renters. Now, if you have a rental you have a line of good applicants. Population has increased, particularly the proportion of the population making around or slightly above minimum wage.
- Subdivisions with houses in the low 200s. The city would need to remove a lot of red tape to make this work.
- There is a great need all across the board. Commonwealth was relocating people in order to develop a site in Newport, but it was very difficult to find a place for them. Rental properties had a huge waiting list (over a year) everywhere.
- Inventory is tight across the board - we worry about availability of housing in hiring and generally advise new hires to expect to rent for a few months while looking for a home.
- There is clearly a need for housing at the lowest income levels as well as midrange workforce housing.
- There is very strong demand for workforce housing. Accessory dwelling units are in demand. Demand for micro-cottages partly due to desire for own space, not sharing walls with neighbors.

What are the major barriers to housing development in Lincoln County?

- Very little development activity happening currently. It's not one thing, it's lots of things. Land cost is high. Building codes are onerous. Achievable rents are low. Not enough contractors - many have moved to the valley or to Bend. Wind blows the rain sideways here, construction practices are different.
- There's a monopoly on some construction materials on the coast (concrete in particular), which drives up costs.
- Costs of construction, insurance, and paperwork for voucher applicants. Competition for homes. Not many contractors. Some zones require ground-floor commercial which would be difficult for the housing authority to manage, so we don't look into projects in that area.
- Smaller communities have a city government run by volunteers - not much capacity to do deal-making.
- Subdivisions take a long time to sell here, it's just a slow pace of growth.
- It's cheaper to build in the county than within city limits - fewer SDCs and other costs.
- Costs of development is high due to infrastructure.
- Vacation homes are a problem, they take homes out of circulation for use as second homes. Upwards of 30-40% of housing stock is tied up in vacation rentals/second homes.
- Most vacation rental houses are large, expensive, with a view, etc. These will never be affordable rental homes - they do not compete with low-income renters.
- Vacation home rentals impact availability but there are pros and cons. If managed right they bring income to the community. Though I think a lot aren't registered.
- The government often gets in the way. SDCs are a disincentive to developing affordable housing or multi-family housing. I wanted to build a four-plex but the SDCs would be \$65k (as opposed to the \$15 for a single-family dwelling). Required studies and application requirements drive costs of housing up.
- Required affordable housing creates a problem of "comps" affecting all property owners.
- We faced a classic NIMBY situation trying to create an affordable product near Nye Beach.
- There is a lack of local developers with interest in developing property - this inhibits housing production.
- We look for multifamily land: there isn't a lot to be found. We don't like to rezone land, neighbors often are opposed. We got one of the last good multifamily parcels in Newport. The ones that are left are steep, don't have utilities, etc.

Stakeholder Interviews Summary

- Newport has empty commercial lots, but they don't permit multifamily construction. Some places let you do residential over commercial, but we don't build commercial. This is a barrier to some developers, and particularly nonprofit developers that aren't experienced financing mixed-use projects. "Community room" doesn't count as commercial space typically.
- There is a premium on construction right now - it is adding 20-25% to our previous cost estimates. We are recruiting people from all over the state and even from California in order to do big projects.
- Utility fees, SDCs, sidewalks, and other upgrades add to the cost of development.
- Availability of suitable property is limited, especially outside of tsunami areas.
- The market doesn't support the rents needed to build a lot of housing types.
- One of the main challenges of building on the coast is getting enough skilled labor in a timely way for large projects. When the company is self-performing the construction with their own labor, they tend to commute out of the Willamette Valley. There is some labor on the coast, but it is limited and often tied up with local companies, and working on smaller projects such as custom-built homes.
- A big barrier to new housing construction on the coast is that the income levels are lower on average, and therefore achievable rents and home prices for permanent residents are lower. But at the same time, the cost of construction on the coast is higher for labor, and because buildings must be built more robustly due to the elements (rain and winds).
- Labor is more expensive because it is more scarce and therefore skilled workers can demand higher wages while low availability can increase the development period. Alternatively, if employees commute from the valley they must be compensated for time and travel expenses. Commuting labor is likely to stay in a hotel depending on the duration of their work on a project. If it is a longer project, they are more likely to commute more regularly, rather than due an extended hotel or rental stay.
- Material costs are not more expensive when directly compared (i.e. a 2x4 on the coast costs the same as 2x4 in the valley.) However, because structures must be built more robustly for the weather, there are additional costs such as rain screen, upgraded windows and flashing, roofing, etc. In addition, once a project is built on the coast, the cost of maintenance over time will be much higher due to the weather.
- Coastal development sites may add some additional costs/process because of complicated soils, slide hazards and wetland issues. The risk of having to mitigate can add significant time and costs to prep the site. Some building sites that seem "available" may actually be constrained by these issues.
- Due to these factors, no developer will be aggressive about outpacing demand on the coast. They will always be trailing the pent-up demand.
- Developers are not simply looking to see if a project will "pencil out", but how it compares to the potential returns of competitive projects they may do elsewhere. With limited time and resources, they will pursue the projects that provide not just "a return", but the highest return. This makes coastal projects difficult to compete with other areas.
- Lack of local experience in apartment development. Hard to do it at all, and doubly hard to make it affordable. Apartment projects on the coast are too small for a Portland developer to want to bother with. Challenging to get contractors to do the work.
- There is a lack of multi-family-zoned land in Yachats - it has mostly been developed as single family.
- Lots of little small barriers lead to an overall lack of housing. Land use planning + predevelopment requirements, lack of funding, lack of local commitment to affordable housing.
- Land prices are a barrier. Achievable rents aren't high enough for missing middle market-rate housing to get built oftentimes.
- It is hard to find entitled buildable land in many coastal communities. Many are getting land locked, as there is a low amount of remaining land, or it is already under contract. Expansion on the coast is naturally limited between the beach and the hills.
- The cost of weatherize a coastal home adds significant costs over a home in the valley. The higher price point slows absorption of a new subdivision and many working class residents are priced out of new

housing. The high price point is also self-reinforcing as the buyers of such homes will also expect better finishes and features that also add cost.

Additional Housing Development and Cost Issues/Comments

- Lincoln City has lots and lots of 2nd homes. Eventually their owners hope to retire into them.
- We still have foreclosures on the appraisal list, which lowers property values overall.
- No developers are lining up for land inside the Newport UGB. It's hard to serve, or steep, or needs bridges to access.
- Not many buildable lots.
- Funding/financing takes time for the housing authority.
- Location and transportation cost - you may have an apartment unit in Toledo but need to work in Newport. Transit is poor in this area.
- Lack of housing limits the stability of our workforce.
- Low incomes, high costs of producing housing.
- Development fees are about \$10k to the City of Waldport, about \$5k to the County. Done as cheaply as possible, I can't make a house that I could rent for less than about \$1k a month.
- We're building an affordable condo in Portland and testing the model of multi-family ownership for Proud Ground - beach condos don't have to be on a view property and can be integrated into the community easily. 2-3 bedroom would be ideal but even 1 bedroom would be good. Must be built with an eye toward affordability.
- Lack of building over the last 10-20 years has caused the current situation. Especially little multifamily has been built. At this point, we are playing catch-up. There is a similar situation all along the coast.
- There are not that many local buyers for newly built homes because they need to be sold at fairly expensive levels to compensate the developer for land, labor, and weatherization costs
- The older/retiree demographic often want single-story homes. This means that denser forms that encourage going to two or three stories to save land area have a somewhat lower demand pool.
- A major problem for new home building is slow absorption. New homes tend to be at a higher price point that is not affordable to many current residents, so can take a long time to absorb. Estimated costs have risen roughly 25% over the last few years as competition for labor, and cost of materials has risen across the west. At the same time, profit margins generally need to be higher for coastal projects to justify traveling from the valley to undertake the work. If margins are similar to the valley, then the developers will select projects closer to home.

Does the development review process lead to good outcomes in your experience?

- Yachats code is very flexible for the PUD provisions. Planning commission offered further flexibility. The Comprehensive Plan includes a policy for affordable housing. 1.5 cars per unit and smaller parking spaces were allowed.
- The water district in the county allows for cheap development outside city limits.
- City has been supportive of changes needed to get large dormitory project going.
- Staff has been helpful and flexible for our projects.
- I believe there is sufficient residential land available so that's not the core issue.
- Lincoln City has been difficult to work with at times.
- Proud Ground has been working in the Wilder development to get some units to be permanently affordable. Permitting process has been somewhat difficult. Recognizes that it is important work but it does complicate things, slow the process down, and cost money.

Stakeholder Interviews Summary

- The development review process in Newport was good overall. We're having to provide infrastructure which makes sense for the community, but it adds costs.
- The review process in Lincoln County has no more issues than in other places, and in some ways may be easier/faster than in some other places.
- Project entitlement may add a year to a project for difficult or constrained sites. Environmental review can be difficult as rules that apply elsewhere do not fit so easily on the coast.
- In our experience there is a tendency for some departments in the city to say "no" and not be flexible to new ideas or approaches.
- Opposition to narrower streets was an issue for our development. For first phase city allowed 20-foot streets but not for second phase. Cost of wider streets adds up.
- Newport Community Development department is good; not oppositional and interested in working through issues. Open to listening to proposals and solutions. Planned development allows for more flexibility which is good. We have had only a few issues with concerns about setting precedent.
- Planners have been willing to consider other community codes and practices as alternatives in Newport.
- Issues currently with stormwater/infrastructure permitting in Newport have slowed the next phase of the Wilder development.

What kinds of housing would you like to see more of in Lincoln County?

- Anything.
- One-two bedroom units, units without stairs.
- We are always a couple of years behind the rest of the state in terms of real estate trends.
- I would beat the competition for great employees if I could offer housing.
- Student housing and seasonal housing (potentially dorm-style housing) would be appropriate.
- "Quads" - structures with a shared kitchen space between four units.
- Need a mix of housing.
- We are open to sharing the space, or management of the space in the dormitory project with local housing authority or other nonprofit.
- Multifamily units are more affordable per unit.
- Four plexes, or groups of four plexes together, would provide multifamily units with a form that is closer to single family homes.
- Single family homes on small lots with small yards.

What tools or strategies do you think would be effective in creating more desired housing in Lincoln County?

- It's just the basic economics - it doesn't pencil out to build apartment buildings here.
- Accessory Dwelling Units are a good idea.
- The City of Newport isn't putting any roadblocks in the way of development today. So the answer will need to be more than just removing barriers.
- Mixed income projects are worth looking into.
- Financing affordable developments is challenging – Shelly Pac at Washington Federal's Bend Office has been really good to work with in financing affordable developments.
- Developing Fisterra Gardens required a wide variety of different subsidies. SDC Deferment from the City was useful. County grant of \$10k. Other grants and private foundation money also used. "Preference" for families with employees in this zip code, families with children is allowed per fair housing rules.
- We need to create incentives for apartment housing for low-income households.

Stakeholder Interviews Summary

- Older people are moving here and they like the status quo. There needs to be a balance with newcomers in order to build a community.
- Not sure what the city/county can do. Lowering SDC costs and permitting costs perhaps - they are limitations to business generally. Parking requirements are high, not many developments could have accommodated that requirement as we did.
- Need a region-wide picture of housing need/supply in order to have a cohesive dialogue.
- Address commuting as an issue for employees here.
- More cottage cluster developments.
- If the City is doing its job, private developers will build housing if the demand is there.
- Educate citizenry in zoning and other issues, publicize incentives to develop or move there.
- Low interest loans would help local developers (and me personally) build affordable housing in order to help the local tourism industry survive.
- Zoning flexibility to open up some space/lots to residential development would be helpful.
- As much as I hate to admit it, I think a bond for affordable housing might be a good idea.
- Smaller lot sizes – 5,000 sf is too big and 3,000 sf might make more sense in a lot of areas.
- More flexibility on the part of the Cities - waived fees and requirements.
- Restricting the price that a home can be turned-around and sold for may limit “flipping” and encourage owner-occupied housing.
- Lincoln City owns some land - if they are interested in affordable housing buying the land would be beneficial.
- We are looking into modular homes as part of the answer - pre-fabricated homes could bring costs down significantly.
- SDCs are needed for the community, but there are times that they need to be waived if a project meets other community goals. Waivers should be considered on guaranteed-affordable projects.
- Jurisdictions could help with identifying inventory on the market that would be suitable for a Community Land Trust or other program.
- Jurisdictions could help with attracting resources from Salem, grant funding, etc.
- It's not enough to remove barriers, making a dent in this issue will need actual resources and funding.
- Establishing more Construction Excise Taxes in Lincoln County and perhaps utilizing Inclusionary Zoning.
- Eventually the State of Oregon will have to look into the mortgage interest deduction. We are spending a billion dollars every year subsidizing homeownership for those who don't need the help.
- Low-return equity fund would be helpful for funding affordable housing projects.
- SDC waivers are beneficial for affordable housing projects, but in our case that just meant needing to ask the State of Oregon for less money - the public pays either way.
- Newport's tax exemptions have been helpful for us as nonprofit developers.
- Public-private partnerships to help ameliorate some of the high costs, to incentivize builders to participate in low-cost housing. Financing to allow things to be paid over longer periods time. This amounts to spreading wealth a little bit - taxing more expensive homes to pay for less expensive ones, and is an overall benefit to this community.
- The recommended approach for the County and cities to encourage more housing development on the coast is to continue to partner with affordable housing agencies to build needed housing types of permanent residents. These projects can use programs to help offset costs, while the ultimate achievable rents/pricing are less of an issue. The project does not need to pencil out in the same way a market project does. Also, these projects tend to be focused on the long-term and place value on the long-term durability of the structures required, rather than seeing this as a hindrance.
- To encourage housing development, the public sector should continue to work with partner agencies and focus on subsidized housing. This is the only way to get rents and prices low enough for many current residents

Stakeholder Interviews Summary

- Community Land Trusts – Proud Ground efforts using LIFT financing; interested in using for units within Wilder. Could potentially hit that price point (about \$200K) with fewer amenities.
- Education for buyers re: how to buy a house, deal with a mortgage, get low down payments, etc. Tough to find mortgage brokers at coast who are familiar with financing opportunities (e.g., farm loans). Education for consumers and housing professionals. Should be easy to reach out and educate people, given small town nature of Newport; everyone is connected to lots of things. This is a big resource not being effectively used.
- Builders not building to coastal standards – end up with housing with significant issues (mold, water damage, etc.). Some education, information needed by builders and consumers re: those issues. Important to spend a little more upfront to address those issues and reduce long-term maintenance or rehab costs. Cities should be attuned to and focused on sustainability goals and practices.
- City should be doing more to harness Wilder’s desire to say yes to things; consider discussion about how city and Wilder (or others) can work together to figure out how to say yes to things that will benefit both the city and Wilder.
- Pre-fabricated housing could be a solution to cost issues if those businesses could be located on the coast – pre-fab for house components for assembly on site.
- Look at alternative/innovative ways to address wastewater management (e.g., packaged/on-site systems).
- Fast-tracking of affordable housing projects.
- It always helps to streamline the review and permitting process. Lincoln County compares well to some others in this regard. The County’s process is efficient and might serve as a guide to the local cities as well. It helps when county/city departments review applications at the same time to the extent possible, rather than consecutively. Time is money for developers, and long pre-development periods really can discourage new development activity.

Which tools or strategies are a poor fit for this community?

- Construction Excise Taxes can be too complicated for smaller communities to administer.
- CCRs prohibit ADUs in parts of Lincoln County, so they cannot be part of the solution.
- High fees will just keep people from building anything at all.
- Overregulating vacation rentals will harm tourism in our community. Vacation rentals open up areas south of Lincoln City to overnight visitors, people visiting in groups, etc. That brings lots of money into the community and allows us to hire tourism workers, who we also need to house.
- Regulating vacation rentals is misguided - this is income for this resort area. Most of these houses are so large that they will never be affordable to most people. Vacation rentals create tourism jobs (cleaning, maintenance, etc.).
- Even affordable homes need to be high quality - the impact of the weather can't be overstated. Don't sacrifice quality in the pursuit of affordability.
- Need to be careful not to build tenements - maintenance is very important for community buy-in and for the personal pride of people living in low-income developments.

Appendix D

HOME REHABILITATION LOAN/
GRANT PROGRAM
MEMORANDUM



LINCOLN COUNTY
HOUSING STRATEGY PLAN



To: Wayne Belmont, Lincoln County

From: Matt Hastie, Brandon Crawford, and Andrew Parish, APG
Brendan Buckley, Johnson Economics

Date: April 24, 2019

Re: Lincoln County Housing Strategy Plan (HSP) – Task 4 Cover Memorandum

INTRODUCTION

Angelo Planning Group (APG) and Johnson Economics have been contracted to prepare a Housing Strategy Plan for Lincoln County. The Housing Strategy Plan is intended to assist Lincoln County and its cities in identifying and addressing issues related to housing. It will help the County and its cities move forward on a number of housing policy initiatives to respond to current and future housing needs.

As part of this effort, APG and Johnson Economics have consulted with Business Oregon and nonprofit organizations engaged in the provision and maintenance of housing to discuss collaborations and opportunities going forward. In particular, Lincoln County and its cities are interested in leveraging the Community Development Block Grant (CDBG) program administered by Business Oregon and making an existing pool of CDBG housing rehabilitation loan funds available for use throughout the County.

To this end, APG and Johnson Economics have engaged in several meetings and conference calls with members of Business Oregon, the Lincoln County Affordable Housing Partners group, Community Services Consortium, and Willamette Neighborhood Housing Services.

HOME REHABILITATION LOAN/GRANT PROGRAM

Program Information

The purpose of this program is to provide funds for the repair of owner-occupied housing for those with low to moderate incomes. These funds generally are provided as zero-interest deferred-payment loans, which are tied to the home itself and repaid upon sale of the home. Alternatively, these funds can be simply granted to recipients.

The source of funding is from the Department of Housing and Urban Development (HUD)'s Community Development Block Grant (CDBG) program, which is administered by Business Oregon and provided to applying jurisdictions. About 28% of the program goes into housing repair funds, totaling roughly \$3 million per year available for jurisdictions outside of the Portland Metro region. The loans themselves are administered by partner organizations such as Community Services Consortium or Willamette Neighborhood Housing Services.

Current Status in Lincoln County

The rehabilitation loan program has been essentially on hold and inactive for several years. The organization administering the program (Community Services Consortium) found that it could not cost-effectively administer the program due to the administrative complexity involved, limited ability to use program funds to pay for administration activities and sufficient economies of scale to concurrently manage multiple or larger related programs. Several of these issues are described in more detail in the following section. A summary of the current status of the loan portfolio and other fund associated with the program follows.

A fund balance statement as of mid-2018 showed that the CSC administered housing rehabilitation funds for a collection of counties and cities in the Linn, Benton and Lincoln Counties. The program has a positive fund balance across the three counties of \$5.05 million. The 14 CDBG grants listed date from the early 1990’s through 2010.

A majority of the funds’ assets are loan receivables, or the money owed to the program from homeowner borrowers. Given the indefinite terms and irregular payment of much of this loan portfolio, these loan receivable do not provide a consistent revenue stream. The three-county funds do hold some cash assets that were estimated to be roughly 17.5% of total assets as of 2018.

The Lincoln County portfolio is divided between CDBG grants awarded to the County, Lincoln City, Newport, Toledo, and Waldport. As repayments are made to each fund, that money is transferred to a Lincoln Regional Loan Fund where it gains more flexibility in how it can be used.

The following table presents the estimated assets of the Lincoln County (only) funds as of 6/18. Activity in this fiscal year are not yet noted, but this provides a snapshot of fund balances and the relative scale of recent repayments to the funds.

Figure 1: CSC-Administered Rehab Grants Fund Balances, Lincoln County (6/2018)

Grant Number	Title	Fund Balance	Cash Assets (Estimated)	Loan Asset (Estimated)	Repayment 17/18 FY *
4120	CDBG - Lincoln City 1999 & 2009	\$369,467		\$369,467	-\$27,783
4140	CDBG - Toledo 1993	\$206,847	\$129,813	\$77,034	
4150	CDBG -Waldport 1996	\$140,434		\$140,434	
4175	CDBG - Lincoln County 2004	\$266,736		\$266,736	
4176	CDBG - Lincoln County 2006	\$184,764	-\$58	\$184,822	
4185	CDBG - Newport 2002	\$542,266	\$140,796	\$401,470	-\$56,992
4041	Lincoln Regional Loan Fund	\$1,051,746	\$350,947	\$700,799	\$84,775
TOTAL:		\$2,762,260	\$621,498	\$2,140,762	\$0

* Repayments are counted as a negative asset for the individual funds and positive for the Regional Loan Fund.

A reactivated program can utilize these funds to continue making rehabilitation loans, while seeking new CDBG funds to grow the program’s impact.

Challenges and Opportunities

In discussions with organizations that have implemented this program in the past, the following opportunities and challenges were mentioned.

- These funds can be very beneficial homeowners by allowing them to maintain or repair their homes and continue living in them. The no-interest deferred-payment terms are very favorable to low income individuals.
- Maintaining existing affordable housing stock is a key strategy in the overall housing picture for Lincoln County.
- Applying for CDBG funds can be handled by the sub-grantee without much effort needed on the part of the sponsoring jurisdiction.
- The jurisdiction sponsoring CDBG funding has certain obligations, including two public hearings related to the program and some ongoing fiscal and staff responsibilities. There are also requirements not strictly related to this program – these include “Section 504” checklists requiring compliance with accessibility requirements for persons with disabilities, a requirement of a Fair Housing resolution and related brochures, and other requirements detailed in the CDBG Grant Management Handbook¹
- The CDBG funds are a reimbursement – cash on hand is required to complete the repairs.
- Other communities have successfully shared the administrative responsibility of sponsoring and applying for CDBG funding between several jurisdictions. For example, the Linn County Housing Rehabilitation Partners is an association of ten municipalities who have signed an intergovernmental agreement to distribute the programs’ burdens and benefits among them.
- Once the initial loan is paid back, the funds are “de-federalized” and available for other uses, providing a more flexible source of funding for other affordable housing programs and initiatives.
- There are very specific qualification requirements for the recipients of these funds and the home being repaired. The home must have a specific amount of equity, and the applicants must meet income requirements.
- There are also very specific qualification requirements for the nonprofit partner that administers these loans. The program requires staff that is certified to do loan origination and inspections, and requires marketing to attract potential fund recipients.
- The process of completing a loan can be time consuming. The organization works with the applicant to develop the scope of work, find and hire a contractor, inspect the work, etc. Often, the organization puts a significant amount of time and resources into an individual loan application but cannot successfully help the applicant receive or use the loan for some of the reasons described here.
- Because loans are paid back in a sporadic and unpredictable way, it does not generate a revenue stream that can be relied upon to create new loans and the program must be supplemented with new funds to be viable.

Path Forward

Based on these conversations, the approach for restarting the housing loan rehabilitation program in Lincoln County is as follows:

¹ Available at <https://www.orinfrastructure.org/Infrastructure-Programs/CDBG/Handbooks/#>

- CSC will distribute a Request for Proposal (RFP) to find new non-profit administrator for the current portfolio of loans. The CSC staff and board will review and evaluate resulting proposals and select a new contractor. Lincoln County and its cities will be consulted during this process to ensure that the new program manager can address the needs and priorities of Lincoln County jurisdictions.
- After a new administrator is chosen, Lincoln County and its cities will work with the new organization do the following:
 - **Establish how existing funds will be used** to benefit County and city residents, based in part on any agreements associated with the current program. Discussions with city and county staff undertaken as part of the current housing study have indicated that program funds will be used to provide loans to anyone in Lincoln County based on whether or not the property owner and home apply, rather than establishing a geographic formula for distribution of loans. However, it will be important to affirm or refine this approach, as needed.
 - **Determine which cities in the County will participate** in a new program moving forward. Historically, some but not all of the cities in Lincoln County have participated in the program. To date, most of the cities in the County have expressed an interest in participating but final agreement on participation will be needed.
 - **Determine how “de-federalized” money from repaid loans will be used.** The County and its partners could identify specific purposes or a process for the advisory board to make that determination, as needed when those funds become available. Some of the existing money in the program has previously been earmarked for use by specific jurisdictions although most of the funds have not been programmed for a specific use.
 - **Identify a process and provisions for new intergovernmental agreements** between the new organization, the County, and each city with regards to respective responsibilities of each party
 - **Formalize/adopt the agreements.** This is not expected to require formal adoption by local city councils although it will be important to review draft agreements with some combination of city managers, counsels, and/or governing bodies to ensure they are comfortable with the agreements.
- Each city will re-appoint members to the local jurisdiction board that will advise the partner organization
- Establish a process, applications templates, and other materials as needed to apply for future funds.

Tips for Success

Our team interviewed several people to identify best practices for operating a re-established rehabilitation loan program in Lincoln, including representatives of Business Oregon, the Yamhill County Housing Authority, and Willamette Neighborhood Services, which currently administers the same type of program in Linn County. They offered a variety of advice about how to successfully and cost-effectively run this program in the future.

- The program has many detailed requirements; the sub-grantee must be capable and detail-oriented. However, once underway, the process can be run very smoothly and efficiently.
- There are a number of options for designing a program to meet the community’s needs. The County and cities should articulate housing priorities and work with Business Oregon and the partnering non-profit to figure out how to enact these priorities.
- The particulars of CDBG funding are governed by state and federal law – advocating for improvements to the program in Salem may lead to better outcomes down the road.
- It will be important to work with the non-profit partner to be creative about loan products. There may be options to provide different products for homeowners in different situations.
- Seniors tend to make up a large share of the homeowners which this program serves; program materials and outreach efforts need to be designed accordingly.

- This program is affected by the generally tight market for contractors, just as other housing repair/production is.
- The funds can be provided as grants, which makes manufactured homes eligible for repair funding. However, loan funds will become “Defederalized” once repaid and can be utilized in other ways, such as for purchasing foreclosed properties or meet other housing affordability objectives.
- Getting the word out about the program to potential applicants can be difficult in rural areas but is essential to the success of the program in terms of having an adequate pool of loan applicants. Others have had success with radio interviews, flyers, yard signs, and word of mouth. A waiting list of 25 applicants is required to apply for funding, so marketing is key. Direct mailings using County tax assessor data to look at low home improvement values has been successful in some jurisdictions.
- It is beneficial to have both elected leadership and administrative staff on board with the program’s goals and the work required. They can champion the program and generate applicant interest, and they are able to guide the program to best meet the community’s needs.
- Funds can be supplemented with veterans’ services from Oregon Housing and Community Services. Meyer Memorial grants for manufactured homes. Local Community Action Program agency will likely have weatherization programs that can dovetail with CDBG loans.
- The Housing Authority of Yamhill County (HAYC) has had success establishing the loans as a \$25,000 line of credit (as opposed to creating a lien for the specific repair amount). This provides flexibility for changes in repair cost compared to the estimate, and can also allow for a second repair to be funded without a new application process.
- Specific software made for managing CDBG programs may be helpful – the software used by HAYC is called CursorControl and helps them manage CDBG applications and construction timelines together (www.cursorcontrol.com)
- Having the homeowners themselves get bids and hire contractors will ease the program’s administrative burden. A good relationship with a deep bench of local contractors is helpful – swift payment, trainings on new regulations, and being as unbureaucratic as possible were mentioned as ways to improve relationships with contractors.

OTHER PARTNERING OPPORTUNITIES

In addition to the CDBG Housing Rehabilitation program, there are a variety of other partnering opportunities for Lincoln County and its member jurisdictions to address housing issues. Partnering opportunities that emerged from a meeting of the Lincoln County Affordable Housing Partners are introduced briefly below, and will be described in more detail as part of the final Housing Implementation Plan document.

- Continue to seek opportunities for Public Private Partnerships (PPP) to create new affordable housing.
- Provide support for Community Land Trusts (such as Proud Ground) as a program lead or funding partner.
- Partner in acquisition and preservation of existing affordable and workforce housing.
- Provide technical assistance to non-profit developers
- Work to develop a program for Systems Development Charge (SDC) waivers, modified infrastructure requirements, and other incentives for affordable housing development.
- Help with messaging and advertising of housing opportunities and other programs from affordable housing partners.
- Pool resources toward a dedicated staff person to provide technical assistance on housing and development throughout Lincoln County. This position could potentially be filled by an Americorps or RARE participant.

An inventory of housing related services and providers is provided as an attachment to this memorandum.

ADDITIONAL RESOURCES AND CONTACT INFORMATION

<p>Business Oregon 503-986-0123 www.oregon4biz.com</p>	<p>Grants and technical assistance are available to develop livable urban communities for persons of low and moderate incomes by expanding economic opportunities; and providing housing and suitable living environments.</p>
<p>C.H.A.N.C.E. Lincoln County 541-272-3740 137 NE First St. Newport, OR 97365 www.chancerecovery.org</p>	<p>Serves clients with mental health and substance abuse disorders at all levels of their recovery. They assist with matters related to physical, mental and behavioral health, in hopes of increasing success in permanent housing, employment, education, and other necessary support networks.</p>
<p>The Commonwealth Companies 503-241-5921 www.commonwealthco.net</p>	<p>Private developer of affordable housing, with 110 units under development in Newport, serving populations at 60% Median Family Income and below.</p>
<p>Community Services Consortium (CSC) 541-265-8505 120 NE Avery St. Newport, OR 97365 www.communityservices.us</p>	<p>Serves populations throughout Lincoln County, offering energy education, home weatherization, housing education, housing rehabilitation, rental assistance, utility assistance, homelessness and eviction prevention, fair housing assistance and other housing related services.</p>
<p>Oregon Department of Human Services (DHS) 541-265-2248 120 NE Avery St. Newport, OR 97365</p>	<p>Offers self-sufficiency benefits including: Temporary Assistance for Needy Families (TANF); SNAP and associated supportive service requirements; Employment Related Daycare Reimbursement (ERDC); Emergency housing through Domestic Violence (DV) grants; CSC subcontracts with DHS to provide personal development and accountability activities.</p>
<p>Family Promise 541-614-0964 5030 SE Hwy 101 Lincoln City, OR 97367 www.familypromiseoflincolncounty.org</p>	<p>A nonprofit organization with a mission to provide shelter, meals and comprehensive assistance to homeless, low-income families with children in Lincoln County, while they seek to achieve sustainable independent living.</p>
<p>Grace Wins Haven 541-265-1974 437 NE 1st St. Newport, OR 97365</p>	<p>Day shelter open M-Th, 9-4 PM, providing security, resources and a place to learn working and life skills, with a mission to assist unhoused patrons of Lincoln County.</p>
<p>Habitat for Humanity of Lincoln County 541-574-4437 227 NE 12th St. Newport, OR 97365 www.hfhlc.org</p>	<p>Serves low-income home owners through new construction and critical home repair programs. Finances home ownership with 30-year low interest loan (currently 0%). Homeowners must provide sweat equity as well as closing costs and regular mortgage payments. Low income is defined as >80% MFI.</p>
<p>Housing Authority of Lincoln County 541-265-5326 1039 NW Nye St. Newport, OR 97365 www.halc.info</p>	<p>Public rental housing; Section 8 vouchers; Veterans Affairs Supportive Housing (VASH) vouchers; Oceanspray Family Literacy Center (Resident Services); The Housing Authority has 262 units of affordable housing in Lincoln County, including public housing, Low Income Housing Tax Credit properties, Rural Development properties, and a senior property. They service 507 Housing Choice (Section 8) Vouchers that are used to subsidize low-income families looking to obtain rental housing in the private market.</p>
<p>Legal Aide of Lincoln County 541-265-5305 304 SW Coast Hwy. Newport, OR 97365 http://www.lasoregon.org</p>	<p>Advice and legal representation on civil cases for low-income Oregonians and seniors, including evictions, tenants' rights and mobile home park issues.</p>
<p>Lincoln City Resource Center & Emergency Warming Shelter 206-713-8234</p>	<p>Emergency warming shelter open mid November - mid February when temperature is below 40 degrees, with option to extend into March if weather permits; Resource Center open M-F, 10 AM-4 PM.</p>

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www.lincolncitywarmingshelter.com	
Lincoln County Health & Human Services 541-574-5960	Provides counseling, assistance and case management for clients looking to secure housing.
Lincoln County School District HELP Program 541-265-4506	Lincoln County School District program for students and their families experiencing unstable and transitional housing; provide assistance with resources and programs to support students' education and basic needs.
Lincoln County Veterans Affairs (VA) 541-265-4182	Assistance with filing claims for Veterans' Benefits, Survivor's Benefits and other veteran specific programs.
My Sisters Place 541-994-5959 www.mysistersplace.us	Advocacy and shelter services for individuals experiencing domestic violence, intimate partner violence or stalking.
Newport Warming Shelter	Overnight shelter available Sunday-Thursday evenings each week, located at the Lincoln County Fairgrounds. Hot meal served every night and morning.
Northwest Coastal Housing 541-574-0320 www.nwcoastalhousing.org	92 units of low-income rental housing in Lincoln County, serving families or individuals at 50%/60% or less of the area's family adjusted income, including persons with developmental disabilities, mental disabilities, homeless victims of spousal abuse, veterans and others in need.
Oxford House 541.265.2971 www.transitionalhousing.org	Democratically-run, self-supporting, drug-free group home for men.
Proud Ground 503-493-0293 x14 www.proudground.org	County-wide land trust that has built three homes in Lincoln City and is currently partnering with local employers to match income-eligible households with eight down-payment assistance grants available to first time homebuyers in Lincoln County.
Reconnections Counseling 541-994-4198 www.reconnections.com	Provides sober living housing for participants in Reconnections outpatient services.
Samaritan House (541) 574-8898 715 SW Bay St. Newport, OR 97365 www.samfamshelter.org	10 month transitional housing program for families with children.
Safe Families for Children 541-261-7410	Provides much needed support for parents in crisis, giving them time to get back on their feet while their children are cared for in a safe, loving, host home environment.
Second Home of Lincoln County 541-833-0667	A host home program for unaccompanied minors ages 16 and older or 15 if pregnant/parenting.
Shangri-La Housing 541-265-4015 141 NW 11 th St. Newport, OR 97365 www.shangrilaoregon.org	Nonprofit organization that provides homes, jobs and supports to Oregonians with disabilities or economic challenges.
Siletz Tribal Housing Department 541-272-7041	With funds provided by the Native American Housing Assistance and Self-Determination Act and other resources, the Confederated Tribes of Siletz Indians (CTSI) operates a housing program whose overall mission is to ensure that low income Siletz Tribal Members have the opportunity to obtain housing that meets their needs, is affordable, and provides a safe, healthy living environment.
Seashore Family Literacy Center 541-574-7890 www.seashorefamily.org	Serves South County with a wide range of activities and programs focused on meeting basic needs.

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<p>Stepping Up Initiative 509-670-7766</p>	<p>Lincoln County has been awarded a three-year, \$745,871 federal grant through the Bureau of Justice Assistance’s Justice and Mental Health Collaboration program to provide direct assistance to clients, supportive services including housing and treatment, and additional training for law enforcement, targeting individuals with mental health and substance use disorders. Funding is ultimately intended to provide necessary services to keep people with mental health disorders out of jail.</p>
<p>Transition and Programming Services (TAPS) Housing (541) 265 - 8851</p>	<p>Sober housing for individuals on probation offered through Lincoln County Community Corrections</p>
<p>Willamette Neighborhood Housing Services 541-752-7220 www.w-nhs.org</p>	<p>Works with Proud Ground, Neighborworks’ HomeOwnership Center and others to provide a combination of education, counseling and, in some instances, financial assistance to assist income-eligible buyers to purchase their first home.</p>