



CITY OF REDMOND

Community Development Department

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REDMOND URBAN AREA PLANNING COMMISSION
411 SW 9th Street–Council Chambers
Redmond, OR 97756
Monday, April 8, 2019
6:30 PM

UAPC Members

Teri
Jansen,
Chair

Cat
Zwicker,
Vice-Chair

David
Allen

Ross
Centers

Heather
DeWolf

Michael
Kusinska

Nelson
Rivers

Brandon
Roberts
Youth Ex
Officio

- I. CALL TO ORDER / INTRODUCTIONS
- II. CITIZENS COMMENTS
- III. REDMOND HOUSING NEEDS ANALYSIS
PROJECT ADVISORY COMMITTEE MEETING #4
- IV. STAFF COMMENTS
- V. COMMISSIONER COMMENTS
- VI. ADJOURN

Next Planning Commission meeting April 15, 2019

*Please note that these documents are also available on the City's website www.ci.redmond.or.us; click on City Government, hover on Commissions and Committees, click on Urban Area Planning Commission. You may also request a copy from City Records Office 923-7751 or email Kelly.Morse@ci.redmond.or.us

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AGENDA

Redmond Housing Needs Analysis Project Advisory Committee Meeting #4

4/8/2019

6:30 PM – 8:30 PM

Location: City Hall, 411 SW 9th Street (Civic Room Second Floor Room 208), Redmond, Oregon

6:30 – 6:40 p.m.	Introductions and Project Update	Beth Goodman
6:40 – 8:05 p.m.	Review and refine housing policies and actions	Beth Goodman
8:05 – 8:25 p.m.	Discuss 2 nd public meeting (May 13)	Beth Goodman
8:25 – 8:30 p.m.	Next Steps	Beth Goodman

Potential questions to ask the public as part of the presentation for the May 13 Public meeting:

- Warm up questions:
 - What kind of housing do you live in?
 - In 5 years, what kind of housing do you think you will want to live in?
 - What do you like best about living in Redmond? *We would list some characteristics, based on your suggestions*
- Should Redmond allow for development of clustered cottage housing with open space or other shared amenities?
- Should Redmond allow for development of clustered tiny housing with open space or other shared amenities?
- Should Redmond allow townhouses, tri-plexes, and quad-plexes to be developed in R-3 (*where we name and area or two zoned R-3, rather than say R-3*) in selected areas such as corner lots or areas not located on canyon rims?
- Where do you think Redmond should have more land for multifamily housing development? *We would list some areas, based on your suggestions.*
- Do you think Redmond should increase the height of multifamily buildings from 3 stories to 5 stories? *We will want to describe some areas where this will be, so that it is clear that it is not everywhere.*
- Should Redmond encourage development of mixed-use buildings (commercial uses on the ground floor and housing above) in commercial areas, such as downtown?
- Should the City work with nonprofit affordable housing developers to build low-income affordable housing? *We could list tools that the City is considering or keep it simpler?*

DATE: March 29, 2019
TO: Redmond Housing Needs Analysis Project Advisory Committee
CC: Deborah McMahon
FROM: Beth Goodman and Sadie DiNatale, ECONorthwest
SUBJECT: DRAFT: REDMOND HOUSING POLICIES AND ACTIONS

The Department of Land Conservation and Development contracted ECONorthwest to develop a Housing Needs Analysis for the City of Redmond. The Housing Needs Analysis will determine whether the City of Redmond has enough land to accommodate 20-years of population and housing growth. The Housing Needs Analysis will provide the basis for an update to the City's Comprehensive Plan Housing Element, as well as development of an action plan to implement the Housing policies.

The City of Redmond's existing Comprehensive Plan Housing policies have not been updated since Redmond last completed periodic review in 2001. This memorandum presents Redmond's existing housing policies for discussion with the Project Advisory Committee (PAC) at the February, March, and June meetings. Our expectation is that these policies may be revised or substituted based on comments from the PAC, comments from the public at the May Open House, and comments from the City of Redmond's Planning Commission or City Council.

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

- **Very low-income and extremely low-income households** are those who have an income of 50% or less of Deschutes County Median Family Income (MFI)¹ which is an annual household income of \$34,800. About 38% of Redmond's households fit into this category. They can afford a monthly housing cost of \$870 or less.² Development of housing affordable to households at this income level is generally accomplished through development of government-subsidized income-restricted housing.
- **Low-income and middle-income households** are those who have income of 50% to 120% of Deschutes County's MFI or income between \$34,800 to \$83,500. About 42% of Redmond's households fit into this category. They can afford a monthly housing cost of

¹ Median Family Income is determined by the U.S. Department of Housing and Urban Development. In 2018, Deschutes County's MFI was \$69,600.

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

\$870 to \$2,100. The private housing market may develop housing affordable to households in this group, especially for the higher income households in the group.

Summary and Schedule of Actions

Note to reviewers: This section will present a summary of the implementation actions and the proposed schedule for the actions. It will be in the form of a matrix, with actions.

Revised Housing Policies

Policies, Objectives, and Actions

POLICY 1: Land Availability: Plan for a 20-year supply of suitable land for Redmond to meet housing needs within the existing urban growth boundary.

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

Action 1.1.a: Re-zone land to address the deficits of land identified in the Housing Needs Analysis in Limited Residential, General Residential, and High Density Residential zones, as well as the Mixed Use Live/Work zone.

Objective 1.2: Meet the housing needs of Redmond’s current and future residents by planning for opportunity for development of the needed housing mix of 60% single-family housing types and 40% multiple family and single-family attached housing types as a long-range target, and an average residential density of 8.0 dwelling units per net acre, or about 6.2 dwelling units per gross acre over the 20-year planning period between 2019 and 2039.

Objective 1.3: The following density target ranges for housing will be required for each Plan Designation:

Designation	Zone	Required Density
Limited Residential	Single-Family Residential – R-1, R-2	Between 2.0 and 5.0 dwelling units per net acre
General Residential	Residential Medium – R-3, R-4	Minimum of 4.0 dwelling units per net acre
High Density Residential	High Density Residential R-5	Minimum 8.0 dwelling units per net acre

Objective 1.4: Identify opportunities to increase allowable densities in Redmond’s residential zones.

Action 1.4.a: In the Limited Residential Designation (R-1 and R-2 zones), increase the minimum density from 2.0 to 4.0 dwelling units per net acre. Allow development of between 4.0 and 6.0 dwelling units per net acre in the R-1 and R-2 zones. Decrease the minimum lot size from 9,000 square feet to 7,300 square feet in the R-1 and R-2 zones.

Action 1.4b: In General Residential Designation (R-3 and R-4 zones), increase the minimum density for both zones from 4.0 to 5.0 dwelling units per net acre.

Action 1.4c: In the R-3 zone allow development of between 5.0 to 7.25 dwelling units per net acre, with a minimum lot size of 6,000 square feet (down from the current 7,500 square feet).

Action 1.4d: In the R-4 zone allow development of between 5.0 to 8.7 dwelling units per net acre, with a minimum lot size of 5,000 square feet (down from the current 6,000 square feet).

Action 1.4e: In the High Density Designation (R-5 zone) allow development of between 8.7 to ## dwelling units per net acre, with a minimum lot size of 5,000 square feet (down from the current 6,000 square feet) for single-family detached housing.

Action 1.4f: In High Density overlay zone, increase the minimum density to 12 dwelling units per net acre. Remove the minimum lot size for single-family detached and duplex housing and allow the minimum density to set minimum lot sizes.

Action 1.4g: In the R-5 zone and the Higher Density overlay, remove the maximum density standard and allow the building height limitation, lot coverage standard, and parking requirement to limit density.

Objective 1.5: Encourage development of small vacant and partially vacant parcels, with policies that support development of infill housing types, especially in areas with existing urban services.

Action 1.5a: Identify barriers to infill development, such as parking, setbacks, design review, and to the extent possible, lower or eliminate these barriers, as part of the code audit in Action 2.1a.

Objective 1.6: Monitor residential land development to ensure that there is enough residential land to accommodate the long-term forecast for population growth.

Action 1.6.a: Develop and implement a system to monitor the supply of residential land every two years. This includes monitoring residential development (through permits) as well as land consumption (e.g. development on vacant, or redevelopable lands).

Action 1.6b: Evaluate residential development to determine whether development has occurred at densities consistent with the City's planned density standards.

Action 1.6c: If development has not occurred at densities consistent with the City's standards (Action Objective 1.3), revise standards or regulations that allow densities that are lower than the City's planned densities.

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

Objective 2.1: Develop clear and objective standards for development of all types of needed housing and identify opportunities to increase residential development in Redmond through removing or lowering barriers to residential development.

Action 2.1a: Conduct an audit of the City’s zoning code to identify barriers to residential development and identify alternatives for lowering or eliminating the barriers.

Action 2.1b: Modify the zoning code to develop clear and objective standards for all type of needed housing and address the issues identified in the code audit (Action 2.1a).

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

Action 2.2a: Evaluate allowing townhouses, tri-plexes, and quad-plexes in the R-3 zone as a permitted use in selected areas, such as on corner lots or on lots that are not located on canyon rims.

Action 2.2b: Evaluate allowing cottage housing in clusters with shared central amenities (such as open space) to allow for development of small single-family detached housing clustered on a lot, possibly with flexible parking requirements.

Action 2.2c: Evaluate allowing of a tiny house in clusters with shared central amenities (such as open space) to allow for development of small single-family detached housing clustered on a lot.

Action 2.2d: Evaluate requirement of parking garages for tri-plex and quad-plex units. Consider requiring off-street parking but not parking garages.

Objective 2.3: Allow and encourage development of higher density multifamily housing in High Density overlay zone.

Action 2.3a: Evaluate increasing the maximum building height in the overlay zone from 40 feet (3 stories tall) to 60 feet (5 stories tall).

Objective 2.4: Design neighborhoods with features that promote development of a full range of housing types and neighborhoods that incorporate the following:

- Implement Redmond’s Great Neighborhood Principles
- Include connections within and between neighborhoods and with open space and other amenities via sidewalks, trails and roads.
- Incorporate alley access when lots are smaller than 6,000 square feet and have a lot frontage of 60 feet or less, with garages accessed from alleyways.
- Protect, to the greatest extent possible, the physical characteristics of the site relating to soils, slope, erosion, drainage, natural features and vegetation.
- Provide multi-modal (multiple transportation options) access for residential developments internally and to adjacent development.
- Allow transit stops within neighborhoods as required by an adopted Transportation System Plan (TSP).
- Require Master Development Plans that incorporate these characteristics for new development in the Urban Holding-10 zone.

Objective 2.5: Require new developments include alley access, especially in areas with denser development, such as the R-3, R-4, and R-5 areas.

Action 2.5a: Add alley standards master planning requirements for areas newly zoned R-3, R-4, and R-5.

Objective 2.6: Improve the design review process to ensure development of housing is of enduring value and improves Redmond’s character as a place to raise families.

Action 2.6a: Improve the design review process for the master planning process.
PAC – Do you have suggestions for specific improvements?

Objective 2.7: Require that redevelopment of parcels larger than one acre have a redevelopment plan that shows how the property will be redeveloped consistent with planned residential densities once primary urban services are available.

Action 2.7a: Develop criteria for what is included in a redevelopment plan.

Objective 2.8: Encourage development of mixed-use multifamily housing in commercial zones.

Action 2.8a: Identify and lower barriers to mixed-use development that includes residential development in commercial zones (as part of Action 2.1a).

Objective 2.9: Resolve the issue of tax lots that have split Plan Designations and zones.

Action 2.9a: Develop and implement a process to resolve the split zone issue.

Policy 3. Affordable Housing: Provide the opportunity to develop broad range of accessible and affordable housing (affordable housing is defined as housing for which persons or families pay 30 percent or less of their gross income for housing, including necessary and essential utilities), focusing on housing development for low-income affordable housing and/or middle-income affordable housing. Development of affordable housing should be encouraged in a variety of locations across the city.

Objective 3.1: Support development of government-subsidized low-income housing through partnering with non-profit, for-profit, and governmental developers of low-income affordable housing.

Action 3.1a: Work with developers of government-subsidized low-income housing to identify barriers to development of this type of housing and identify opportunities to lower or remove these barriers (as part of Action 2.1a).

Action 3.1b: Identify publicly-owned properties that could be used for affordable housing and partner with the developers of low-income government-subsidized housing to develop affordable housing.

Action 3.1c: Develop a program to pay the SDCs for low-income affordable housing when developed with federal and state subsidies that have income restrictions limiting tenants to those with income below 60% of Deschutes County’s Median Family Income.

Objective 3.2: Support development of government-subsidized low-income housing and affordable market-rate housing by providing density bonuses with development of affordable housing.

Action 3.2a: Develop policy guidance for the criteria for granting density bonuses, such as: the level of affordability required for the bonus, the number of units (or percentage of the development) required to be affordable for the bonus, and other criteria.

Objective 3.3: Support development of all types of multifamily affordable housing, market rate or government-subsidized affordable housing, through use of tools to lower development or operational costs or make the development process simpler or faster.

Action 3.3a: Partner with organizations to support programs that preserve market-rate housing, such as provision of grants or low-interest loans to support rehabilitation of existing, older single-family detached homes in poor condition.

Action 3.3b: Partner with organizations to establish a land bank or a land trust, to support affordable housing by reducing or eliminating land cost from the development process.

Action 3.3c: Evaluate opportunities for a tax abatement program, such as the multiple-unit limited tax exemption program or the vertical housing tax credit, to promote development of affordable multifamily housing.

Action 3.3d: Develop an expedited review process for development of affordable housing projects that target housing affordability at 120% of Median Family Income or less.

Objective 3.4: Develop the “Redmond Housing Program in coordination with existing CDBG Consolidated Plan efforts,” which would be a comprehensive housing strategy that supports development of both government-subsidized affordable housing and naturally occurring affordable housing. The Redmond Housing Program will be a program that uses a variety of tools, such as those described in this memorandum, to lower barriers to and encourage affordable housing development.

Action 3.4a: Apply for a state grant to develop a comprehensive housing strategy to support development of affordable housing.

Action 3.4b: Work with willing land-owners to use the tools in support of new affordable multifamily (or other higher density affordable housing). For example, the city might work with a land owner that wants to develop market-rate affordable housing (i.e., housing affordable at below 80% of the Median Family Income) on a high priority site (Action 4.1a), providing assistance with rezoning land (such as unzoning from low- to high-density), using tools like a multiple unit tax exemption (Action 3.3e) and financing SDCs (Action 3.3b), building key off-site infrastructure necessary for the development, and paying for the costs of these actions through CET funding (Action 5.1b).

Policy 4. Infrastructure Planning: Plan for infrastructure development to support residential development.

Objective 4.1: Coordinate land use planning with the Capital Improvement Plan to ensure that infrastructure is available to support residential development, especially in newly urbanizing areas and areas identified as high priority for development.

Action 4.1a: Identify areas of high priority for improving infrastructure to support new residential development, such as master planned areas.

Action 4.1b: Identify opportunities to improve infrastructure in older neighborhoods, especially when infrastructure improvements will support infill development or housing rehabilitation and improvements.

Action 4.1c: Ensure that the City’s Capital Improvements Plan (CIP) includes funding for improvements and maintenance necessary to support Action 4.1a and Action 4.1b.

Action 4.1d: Identify opportunities to reduce development costs through changes to infrastructure development standards, when appropriate. For example, development of a cottage housing cluster would require multiple water meters under existing standards but there may be an opportunity to change the standard to allow one water meter for multiple cottage units. Another example is setting SDCs based on size of dwelling unit, with smaller dwellings paying lower SDCs than larger dwellings.

Policy 5. Funding: Develop funding sources to pay for the costs of implementing the affordable housing programs described in Policy 3 and infrastructure improvements in Policy 4.

Objective 5.1: Identify funding sources to pay for the affordable housing programs and infrastructure development actions in this strategy.

Action 5.1a: Use Urban Renewal funding to support development of infrastructure necessary to support housing development and housing the housing programs in Policy 3 and infrastructure improvements in Policy 4. Using Urban Renewal will require establishing an urban renewal district and identifying projects to support with urban renewal.

Action 5.1b: Evaluate a Construction Excise Tax (CET) on new development to pay for developer incentives, such as fee and SDC waivers, tax abatements, or finance-based incentives.

Action 5.1c: Evaluate other sources of revenues for funding, such as Transient Lodging Taxes, General Obligation Bonds, Bancroft Bonds (for infrastructure projects), or marijuana taxes (if Federal laws change and the City allows sale of marijuana).

Existing Comprehensive Plan Policies

Redmond's Comprehensive Plan Housing Element begins with findings of the housing needs analysis conducted in about 2000. These findings will be replaced with findings from the current housing needs analysis.

Housing Goal

Redmond's existing comprehensive plan identified seven goals, which are:

1. Provide adequate buildable residential land to meet the projected 20-year housing need.
2. Allow for a variety of housing options for all income levels in both existing neighborhoods and new residential areas that match the changing demographics and lifestyles of Redmond residents.
3. Establish residential neighborhoods that are safe, convenient, and attractive places to live, which are located close to schools, services, parks, shopping and employment centers.
4. Disperse housing for the elderly, disabled, developmentally challenged and low income citizens of the community throughout Redmond's residential neighborhoods which are close to schools, services, parks, shopping and employment centers rather than concentrating these dwellings in areas.
5. Provide a broad range of accessible and affordable housing (affordable housing is defined as housing for which persons or families pay 30 percent or less of their gross income for housing, including necessary and essential utilities). Oregon Revised Statute 456.055)
6. Provide for higher densities in proximity to schools, services, parks, shopping, employment centers, and public transit.
7. Strive to meet the needed housing mix of 60% single-family housing types and 40% multiple family housing types as a long-range target, and an average residential density of 7.5 dwelling units per net acre, or 5.9 dwelling units per gross acre over the 20-year planning period between 2005 and 2025.

Housing Policies

Redmond's 36 existing comprehensive plan housing policies are broken up into nine subsections, as follows.

Existing Housing

1. The City shall investigate the status of existing manufactured home parks and determine if additional incentives are needed to ensure that the existing parks can provide opportunities for owners of the manufactured homes or mobile homes located in the Park.

2. The City shall encourage rehabilitation and maintenance of housing in existing neighborhoods to preserve the housing stock and increase the availability of safe and sanitary living units.
3. The City shall take steps to assist lower income home owners with housing maintenance and preservation in order to maintain the viability and affordability of existing housing inventory.

Residential Compatibility

4. New developments in existing residential areas shall be compatible with surrounding developments, including landscaping, visual impact, architectural styles and lighting, and their appearance should enhance the area.
5. Private and public nonresidential uses for the convenience or safety of neighborhood residents should be permitted within residential areas. Such facilities shall be compatible with surrounding developments, and their appearance should enhance the area.

Accessory Dwellings

6. Accessory dwellings to homes, i.e. granny flats, shall be allowed in new subdivisions and existing neighborhoods.
7. Temporary improvements for medical hardships shall be permitted in residential areas.

Manufactured & Mobile Homes

8. Manufactured homes may be located in mobile home parks, manufactured home subdivisions, or on individual housing lots in subdivisions consistent with state law to allow persons and families a choice of residential products.
9. The City shall establish clear and objective criteria and standards for the placement of a manufactured home on individual lots and for the design of manufactured dwelling parks in areas designated for residential use.
10. The City shall impose reasonable safety and inspection requirements for homes which were not constructed in conformance with the National Manufactured Home Construction and Safety Standards Act of 1974 (as amended).

New Residential Development

11. All residential development should protect, to the greatest extent possible, the physical characteristics of the site relating to soils, slope, erosion, drainage, natural features and vegetation.
12. Multi-modal (multiple transportation options) access for residential developments should be provided internally and to adjacent development.
13. Garages should be accessed from alleys where alleys are provided.

14. Residential units should be permitted above or as an incidental use in conjunction with commercial and industrial uses.
15. New residential developments in areas without an established character or quality should be permitted maximum flexibility in design and housing type consistent with densities and goals and objectives of this Plan, and any approved Master Plans

Uses Permitted in Residential Areas/Zones

16. Public and semi-public uses and services, parks and schools, should be permitted within residential areas and shall have development standards which recognize the residential character of the neighborhood. Development standards shall be established for such uses that should provide off-street parking and maneuvering, landscaping, access control, sign regulations, design review, and limitations relative to scale and services provided.
17. Golf courses should be permitted in residential areas provided the location, design and operation are compatible with surrounding residential developments and infrastructure impacts are compatible with the Public Facilities Plan.
18. A home occupation shall be permitted within residential areas as an outright use if there is no outward manifestation of the business other than signage permitted by ordinance.
19. A home occupation that displays any outward manifestations of the business shall be subject to conditional use approval.
20. Transit stops shall be permitted within neighborhoods as required by an adopted Transportation System Plan (TSP).
21. Public and semi-public buildings may be located in residential areas where those services are necessary or desirable. Such facilities should be compatible with their surroundings and set a high standard for quality and design.
22. New fire stations and police substations may be located in close proximity to residential areas.
23. Schools and parks should be allowed as a conditional use in residential areas of the community to ensure there is adequate buffering between school and park activity areas and nearby dwelling units.
24. "Pocket Parks" or "tot lots" shall be incorporated into medium and high density residential subdivisions of twenty-five lots or greater and shall be sized consistent with City guidelines.

Multi - Family Housing Development

25. Designating areas to accommodate multi-family development should be based on compatibility with adjoining land uses.

26. Criteria for the location of multi-family housing shall include proximity to the City core, neighborhood commercial centers, major transportation corridors, schools, services, parks, shopping, employment centers, and transit corridors.
27. Higher density neighborhoods should complement the areas in which they are located. Development criteria should include:
 - a) Buffering by means of landscaping, fencing or distance from conflicting uses.
 - b) Compatibility of design, recognizing the conflicts of mass and height between larger multi-family and mixed use buildings smaller single family houses.
 - c) On-site recreation space, such as adequate yard space for residents and play space for children in a distinct area shall be required for all new neighborhoods.
 - d) Open space must be used for amenity or recreational purposes. The uses authorized or required for the common open space must be appropriate to the scale and character of the development, considering the size, density, expected population, topography, and the number and type of dwellings to be provided.
 - e) Open space must be suitably improved for its intended use, but common open space containing natural features found worthy of preservation may be left undeveloped. The buildings, structures and improvements which are permitted in the common open space must be appropriate to the uses which are authorized.
 - f) Multi-modal transportation facilities that provide pedestrian and bicycle users access to parks, schools, mass transit stops and convenience shopping.
 - g) The siting of buildings to minimize the visual impact of parking areas from public streets.
 - h) Access points for automotive, pedestrian, and bike traffic.
 - i) Signage.
 - j) Street connectivity.
 - k) Traffic impacts.

Affordable Housing

28. The City should encourage subsidized housing to be located at a variety of locations within city limits.
29. The City and the County should participate with Housing Works, NeighborImpact and/or other public, private, or non-profit organizations in the development of a regional housing plan to address issues and to establish programs which address housing affordability, density, home ownership, neighborhoods and location.
30. Affordable housing should be permitted closer to schools, services, parks, shopping, employment centers or transit facilities.

31. Density bonuses should be considered in new developments if affordable housing is provided.

Density

32. Residential zones should allow for a wide variety of compatible housing types and densities.

33. The City and County shall consider providing incentives to develop higher densities of housing.

34. Interim development that occurs in advance of the availability of municipal water and sewer service shall not inhibit the future development of the land at planned densities. A redevelopment plan shall be required for all residential development on parcels greater than one-acre showing how the property will be redeveloped consistent with planned residential densities once primary urban services are available.

35. The City shall designate an appropriate amount of land in the residential plan designations to meet the housing mix and density identified in the housing needs assessment.

36. The City shall establish the following target density ranges for housing.

Appendix A. Housing Policy Alternatives

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

Land Use Regulations

The following policies focus on ways in which the City can modify its current land use regulations in order to increase housing affordability and available housing stock. Policies are broken into two categories: those that affect regulatory changes, and those which increase the land available for housing.

Strategy Name	Description	Scale of Impact
Regulatory Changes		
Streamline Zoning Code and other Ordinances	<p>Complexity of zoning, subdivision, and other ordinances can make development more difficult, time consuming, and costly. Streamlining development regulations can result in increased development.</p> <p>As part of the streamlining process, cities may evaluate potential barriers to affordable workforce housing and multifamily housing. Potential barriers may include: height limitations, complexity of planned unit development regulations,</p>	<p>Scale of Impact - Small to moderate. The level of impact on production of housing and housing affordability will depend on the changes made to the zoning code and other ordinances.</p>
Administrative and Procedural Reforms	<p>Regulatory delay can be a major cost-inducing factor in development. Oregon has specific requirements for review of development applications. However, complicated projects frequently require additional analysis such as traffic impact studies, etc.</p> <p>A key consideration in these types of reforms is how to streamline the review process and still achieve the intended objectives of local development policies.</p>	<p>Scale of Impact - Small. The level of impact on production of housing and housing affordability will be small and will depend on the changes made to the city’s procedures.</p>
Expedited / Fast-tracked Building Permit	<p>Expedite building permits for pre-approved development types or building characteristics (e.g. green buildings).</p>	<p>Scale of Impact - Small.</p>

Strategy Name	Description	Scale of Impact
Allow Small Residential Lots	<p>Small residential lots are generally less than 5,000 sq. ft. This policy allows individual small lots within a subdivision. Small lots can be allowed outright in the minimum lot size and dimensions of a zone, or they could be implemented through the subdivision or planned unit development ordinances.</p> <p>This policy is intended to increase density and lower housing costs. Small lots limit sprawl, encourage starter homes that are smaller, contribute to a more efficient use of land, and promote densities that can support transit. Small lots also provide expanded housing ownership opportunities to broader income ranges and provide additional variety to available housing types.</p>	<p>Scale of Impact – Small to moderate. Cities have adopted minimum lot sizes as small as 3,000 sq. ft. However, it is uncommon to see entire subdivisions of lots this small. Small lots typically get mixed in with other lot sizes.</p>
Mandate Maximum Lot Sizes	<p>This policy places an upper bound on lot size and a lower bound on density in single-family zones. For example, a residential zone with a 6,000 sq. ft. minimum lot size might have an 8,000 sq. ft. maximum lot size yielding an effective net density range between 5.4 and 7.3 dwelling units per net acre.</p> <p>This approach ensures minimum densities in residential zones by limiting lot size. It places bounds on building at less than maximum allowable density. Maximum lot sizes can promote appropriate urban densities, efficiently use limited land resources, and reduce sprawl development.</p>	<p>Scale of Impact—Small to moderate. Mandating maximum lot size may be most appropriate in areas where the market is building at substantially lower densities than are allowed or in cities that do not have minimum densities.</p>
Mandate Minimum Residential Densities	<p>This policy is typically applied in single-family residential zones and places a lower bound on density. Minimum residential densities in single-family zones are typically implemented through maximum lot sizes. In multifamily zones, they are usually expressed as a minimum number of dwelling units per net acre. Such standards are typically implemented through zoning code provisions in applicable residential zones.</p> <p>This policy increases land-holding capacity. Minimum densities promote developments consistent with local comprehensive plans and growth assumptions. They reduce sprawl development, eliminate underbuilding in residential areas, and make provision of services more cost effective.</p>	<p>Scale of Impact—Small to moderate. Increasing minimum densities and ensuring clear urban conversion plans may have a small to moderate impact depending on the observed amount of underbuild and the minimum density standard.</p>

Strategy Name	Description	Scale of Impact
<p>Increase Allowable Residential Densities</p>	<p>This approach seeks to increase holding capacity by increasing allowable density in residential zones. It gives developers the option of building to higher densities. This approach would be implemented through the local zoning or development code. This strategy is most commonly applied to multifamily residential zones.</p> <p>For cities with maximum densities, consider removing maximum allowable densities. This change may be most relevant.</p> <p>Higher densities increase residential landholding capacity. Higher densities, where appropriate, provide more housing, a greater variety of housing options, and a more efficient use of scarce land resources. Higher densities also reduce sprawl development and make the provision of services more cost effective.</p>	<p>Scale of Impact—Small to moderate. This tool can be most effective in increasing densities where very low density is currently allowed or in areas where a city wants to encourage higher density development.</p>
<p>Allow Clustered Residential Development</p>	<p>Clustering allows developers to increase density on portions of a site, while preserving other areas of the site. Clustering is a tool most commonly used to preserve natural areas or avoid natural hazards during development. It uses characteristics of the site as a primary consideration in determining building footprints, access, etc. Clustering is typically processed during the site review phase of development review.</p>	<p>Scale of Impact—Moderate. Clustering can increase density, however, if other areas of the site that could otherwise be developed are not developed, the scale of impact can be reduced.</p>
<p>Reduced Parking Requirements</p>	<p>Jurisdictions can reduce or eliminate minimum off-street parking requirements, as well as provide flexibility in meeting parking requirements. Reducing parking requirements positively impact development of any type of housing, from single-family detached to multifamily housing.</p> <p>Reduced parking requirements are most frequently used in conjunction of development of subsidized affordable housing, but cities like Portland have reduced or eliminated parking requirements for market-based multifamily housing in specific circumstances.</p> <p>Note: Redmond has previously implemented reduced parking standards. City has preference to not reduce standards below 1.5 parking spaces per unit until FR transit is in place.</p>	<p>Scale of Impact—Small to Moderate.</p> <p>The City could require the developer to prove the need and public benefit or reducing parking requirements to increase housing affordability.</p>

Strategy Name	Description	Scale of Impact
Preserving Existing Housing Supply	<p>Housing preservation ordinances typically condition the demolition or replacement of certain housing types on the replacement of such housing elsewhere, fees in lieu of replacement, or payment for relocation expenses of existing tenants. Preservation of existing housing may focus on preservation of smaller, more affordable housing. Approaches include:</p> <ul style="list-style-type: none"> • Housing preservation ordinances • Housing replacement ordinances • Single-room-occupancy ordinances • Regulating demolitions 	<p>Scale of Impact—Small. Preserving small existing housing can make a difference in the availability of affordable housing in a city but it is limited by the existing stock housing, especially smaller, more affordable housing.</p>
Inclusionary Zoning	<p>Inclusionary zoning policies tie development approval to, or provide regulatory incentives for, the provision of low- and moderate-income housing as part of a proposed development. Mandatory inclusionary zoning requires developers to provide a certain percentage of low-income housing. Incentive-based inclusionary zoning provides density or other types of incentives.</p> <p>The price of low-income housing passed on to purchasers of market-rate housing. Inclusionary zoning impedes the "filtering" process where residents purchase new housing, freeing existing housing for lower-income residents.</p>	<p>Scale of Impact—Small to moderate. Inclusionary zoning has recently been made legal in Oregon. The scale of impact would depend on the inclusionary zoning policies adopted by the city.</p>

Increasing Land Available for Housing		
Redesignate or rezone land for housing	<p>The types of land rezoned for housing are vacant or partially vacant low-density residential and employment land rezoned to multifamily or mixed use. In rezoning land, it is important to choose land in a compatible location, such as land that can be a buffer between an established neighborhood and other denser uses or land adjacent to existing commercial uses. When rezoning employment land, it is best to select land with limited employment capacity (i.e., smaller parcels) in areas where multifamily housing would be compatible (i.e., along transit corridors or in employment centers that would benefit from new housing). This policy change increases opportunity for comparatively affordable multifamily housing and provides opportunities for mixing residential and other compatible uses.</p>	<p>Scale of Impact - Small to large: Scale of impact depends on the amount and location of land rezoned and the densities allowed on the rezoned land.</p>
Encourage multifamily residential development in commercial zones	<p>This tool seeks to encourage denser multifamily housing as part of mixed-use projects in commercial zones. Such policies lower or eliminate barriers to residential development in commercial or mixed-use zones. They include: eliminating requirements for non-residential uses in commercial zones (e.g., requirements for ground floor retail) or requiring minimum residential densities. This policy can increase opportunities for multifamily development on commercial or mixed-use zones or increase the density of that development.</p>	<p>Scale of Impact – Small to moderate: Many cities already encourage multifamily housing in commercial zones. Further encouraging multifamily housing in commercial zones would likely have a small impact, as multifamily housing is allowed in many of the commercial areas where it would be desirable.</p>
Promoting Infill Development	<p>This policy seeks to maximize the use of lands that are fully developed or underdeveloped. Make use of existing infrastructure by identifying and implementing policies that (1) improve market opportunities, and (2) reduce impediments to development in areas suitable for infill or redevelopment.</p> <p>Regulatory approaches to promote infill development include:</p> <ul style="list-style-type: none"> • Administrative streamlining • Allowing accessory dwelling units (ADUs) • Allowing small lots • Density bonuses 	<p>Scale of Impact – Small. In general, infill development, especially small-scale infill, is more expensive than other types of residential development. Some types of infill development, such as ADUs, may provide opportunities for relatively affordable housing.</p>

<p>Transfer or Purchase of Development Rights</p>	<p>This policy is intended to move development from sensitive areas to more appropriate areas. Development rights are transferred to “receiving zones” and can be traded and can increase overall densities. This policy is usually implemented through a subsection of the zoning code and identifies both sending zones (zones where decreased densities are desirable) and receiving zones (zones where increased densities are allowed).</p>	<p>Scale of Impact - Small to moderate. Actual impact will depend on the extent to which the policy is used. TDRs may have little impact on overall densities since overall density is not changed; rather it is moved around. TDRs can be used to encourage higher densities in selected areas.</p>
<p>Provide Density Bonuses to Developers</p>	<p>The local government allows developers to build housing at densities higher than are usually allowed by the underlying zoning. Density bonuses are commonly used as a tool to encourage greater housing density in desired areas, provided certain requirements are met. This strategy is generally implemented through provisions of the local zoning code and is allowed in appropriate residential zones.</p> <p>Bonus densities can also be used to encourage development of low-income or workforce affordable housing. An affordable housing bonus would allow for more housing units to be built than allowed by zoning if the proposed project provides a certain number of affordable units.</p>	<p>Scale of Impact - Small.</p>

Increase the types of housing

The following policies focus on ways in which the City can increase the types of housing available in order to increase housing affordability. Policies focus on increasing housing density or the number of residents within existing City lots.

Strategy Name	Description	Scale of Impact
Allow Duplexes, Cottage housing, Townhomes, Row Houses, and Tri- and Quad-Plexes in single-family zones	Allowing these housing types can increase overall density of residential development and may encourage a higher percentage of multifamily housing types. This approach would be implemented through the local zoning or development code and would list these housing types as outright allowable uses in appropriate residential zones. These housing types provide additional affordable housing options and allow more residential units than would be achieved by detached homes alone.	Scale of Impact - Small. Allowing these types of housing in more zoning districts may provide a relatively small number of new, relatively affordable, housing opportunities.
Permit Accessory Dwelling Units (ADUs) in single-family zones	<p>Communities use a variety of terms to refer to the concept of accessory dwellings: secondary residences, “granny” flats, and single-family conversions, among others. Regardless of the title, all of these terms refer to an independent dwelling unit that share, at least, a tax lot in a single-family zone. Some accessory dwelling units share parking and entrances. Some may be incorporated into the primary structure; others may be in accessory structures. Accessory dwellings can be distinguished from “shared” housing in that the unit has separate kitchen and bathroom facilities.</p> <p>As of July 1, 2018, ORS 197.312 requires cities to allow at least one ADU for each detached single-family dwelling in areas zoned for detached single-family dwellings.</p> <p>Jurisdictions can make development of ADUs more likely by limiting restrictive standards and procedures, such as reducing systems development charges for ADUs or allowing ADUs regardless of where the primary dwelling is owner-occupied.</p>	Scale of Impact - Small. Oregon law recently changed to require cities to allow ADUs.

Strategy Name	Description	Scale of Impact
Allow small or “tiny” homes	<p>“Tiny” homes are typically dwellings that are 500 square feet or smaller. Some tiny houses are as small as 100 to 150 square feet. They include stand-alone units or very small multifamily units.</p> <p>Tiny homes can be sited in a variety of ways: locating them in RV parks (they are similar in many respects to Park Model RVs), tiny home subdivisions, or allowing them as accessory dwelling units.</p> <p>Smaller homes allow for smaller lots, increasing land use efficiency. They provide opportunities for affordable housing, especially for homeowners.</p>	<p>Scale of Impact - Small: Scale of impact depends on regulation of tiny homes, where they are allowed, and market demand for tiny homes.</p>
Allow Co-housing	<p>Co-housing is a type of intentional community that provides individual dwelling units, both attached and detached, along with shared community facilities. Members of a co-housing community agree to participate in group activities and members are typically involved in the planning and design of the co-housing project. Private homes contain all the features of conventional homes, but residents also have access to extensive common facilities, such as open space, courtyards, a playground, and a common house.</p> <p>This approach would be implemented through the local zoning or development code and would list these housing types as outright allowable uses in appropriate residential zones.</p>	<p>Scale of Impact - Small. While co-housing may be able to achieve multi-family housing densities, it is unlikely that this housing type would make up a large portion of new housing stock, thereby diminishing its impact.</p>

Financial assistance to homeowners and renters

The following policies focus on ways in which the City and other community stakeholders can provide financial assistance to potential residents in order to increase housing affordability and accessibility for multiple income groups.

Strategy Name	Description	Scale of Impact
Home ownership programs	<p>Cities use a variety of programs to assist with homeownership</p> <ul style="list-style-type: none"> • Homebuyer Assistance Programs. These Down Payment Assistance loans help low- or moderate-income households cover down payment and closing costs to purchase homes on the open market. These programs either give loans or grants, most frequently to first time homebuyers. • Inclusionary Housing Program. Some cities have an Inclusionary Housing Ordinance (IH) requiring that new residential development contribute at least 20% of the total units as permanently affordable housing. Options for meeting this requirement can allow the affordable units to be located on or off site. Cities that use inclusionary housing generally have programs to ensure that housing continues to be affordable over the long-term. • Partnerships. Cities often work with partnerships with nonprofit agencies that provide homeownership assistance. 	<p>Scale of Impact - Small. While homeownership programs are important, limited funds mean that the number of households that benefit from homeownership programs is relatively small.</p>
Rental assistance programs	<p>Cities use a variety of programs to provide rental assistances</p> <ul style="list-style-type: none"> • Section 8 Voucher: This assistance subsidizes the difference between 30 to 40 percent of a household’s income and the area’s Fair Market Rent (FMR). • Rental assistance programs. These programs offer a range of services, such as assistance with security deposits. • Rent Control. Rent control regulations control the level and increases in rent, over time resulting in rents that are at or below market rates. • Partnerships. Cities often work with partnerships with nonprofit agencies that provide rental assistance. 	<p>Scale of Impact - Small. Renter assistance programs are important. However, limited city funds mean that the number of households that benefit from rental assistance from city funding is relatively small.</p>

Strategy Name	Description	Scale of Impact
Housing Rehabilitation Programs	Cities often offer home rehabilitation programs, which provide loans to low- and moderate-income households for rehabilitation projects such as making energy efficiency, code, and safety repairs. Some programs provide funding to demolish and completely reconstruct substandard housing.	Scale of Impact - Small. Limited fund availability means that relatively few households will be able to access housing rehabilitation funds.

Lowering development or operational costs

The following policies focus on ways in which the City and other entities involved in development can provide financial assistance to lower development or operational costs in a city in order to increase housing affordability and available housing stock.

Strategy Name	Description	Scale of Impact
Programs or policies to lower the cost of development		
Parcel assembly	Parcel assembly involves the city’s ability to purchase lands for the purpose of land aggregation or site assembly. It can directly address the issues related to limited multifamily lands being available in appropriate locations (e.g., near arterials and commercial services). Typical goals of parcel assembly programs are: (1) to provide sites for rental apartments in appropriate locations close to services and (2) to reduce the cost of developing multifamily rental units Parcel assembly can lower the cost of multifamily development because the City is able to purchase land in strategic locations over time. Parcel assembly is often associated with development of government-subsidized affordable housing, where the City partners with nonprofit affordable housing developers.	Scale of Impact - Small to moderate: Parcel assembly is most likely to have an effect on a localized area, providing a few opportunities for new multifamily housing development over time.

Strategy Name	Description	Scale of Impact
Land Banking	<p>Land banks support housing development by reducing or eliminating land cost from development, with the goal of increasing the affordability of housing. They can take several forms. Many are administered by a non-profit or non-governmental entity with a mission of managing a portfolio of properties to support affordable housing development over many years or decades. Ideally, a land bank is set up to manage financial and administrative resources, including strategic property disposal, for the explicit purpose of supporting affordable housing development. Cities can partner with non-profits or sometimes manage their own land banks. Cities may also donate, sell, or lease publicly-owned land for the development of affordable housing even without a formal 'land bank' organization.</p> <p>Land banks are purposed for short-term ownership of lands. Lands acquired are often vacant, blighted, or environmentally-contaminated. Land banks may also acquire lands with title defects or of which derelict structures sit. Lands are eventually transferred to a new owner for reuse and redevelopment.</p>	<p>Scale of Impact - Small to moderate: A land bank will have the biggest impact on production of low- and moderate-income affordable housing. Considering how difficult it is to build this type of affordable housing and the level of need for affordable housing, a land trust could increase nonprofits' capacity to build affordable housing.</p>
Land Trusts	<p>A land trust is typically a nonprofit organization that owns land and sells or leases the housing on the land to income-qualified buyers. Because the land is not included in the housing price for tenants / buyers, land trusts can achieve below-market pricing. Land trusts are most commonly used as a method for supporting affordable home ownership goals.</p> <p>Land trusts are purposed for long-term stewardship of lands and buildings. Lands / buildings acquired may have need for remediation or redevelopment. Lands / buildings may have also been acquired to preserve affordability, prevent deferred maintenance, or protect against foreclosure</p>	<p>Scale of Impact - Small to moderate: A land trust will have the biggest impact on production of low- and moderate-income affordable housing. Considering how difficult it is to build this type of affordable housing and the level of need for affordable housing, a land trust could increase nonprofits' capacity to build affordable housing.</p>

Strategy Name	Description	Scale of Impact
Public Land Disposition	The public sector sometimes controls land that has been acquired with resources that enable it to dispose of that land for private and/or nonprofit redevelopment. Land acquired with funding sources such as tax increment, EB-5, or through federal resources such as CDBG or HUD Section 108 can be sold or leased at below market rates for various projects to help achieve redevelopment objectives. This increases development feasibility by reducing development costs and gives the public sector leverage to achieve its goals via a development agreement process with the developer. Funding can come from Tax Increment, CDBG/HUD 108, or EB-5.	Scale of Impact – Small. Depends on whether the City has surplus land that would be appropriate for future housing development.
Reduced / Waived Building Permit fee, Planning fees, or SDCs	Programs that reduce various development fees as an incentive to induce qualifying types of development or building features. There are a number of avenues to seek reduced or waived fees. For example, stormwater improvements can be made through the Commercial Stormwater Fee Reduction. There are commonly used tools, often implemented in conjunction with development agreements or other development negotiation processes.	Scale of Impact - Small.
SDC Financing Credits	May help to offset the an SDC charge, which is a one-time fee that is issued when there is new development or a change in use. SDC financing enables developers to stretch their SDC payment over time, thereby reducing upfront costs. Alternately, credits allow developers to make necessary improvements to the site in lieu of paying SDCs. Note that the City can control its own SDCs, but often small cities manage them on behalf of other jurisdictions including the County and special districts. SDCs are granted when the project makes lasting improvements, such as improving roads, reducing number of trips, create or improve parks or recreational centers, and permanently removing water services.	Scale of Impact – Small. The City may consider changes in SDCs to allow financing, but the City would want to ensure that the impact should be spread-out and non-negatively impact one entity.

Strategy Name	Description	Scale of Impact
Sole Source SDCs	Retains SDCs paid by developers within a limited geographic area that directly benefits from new development, rather than being available for use city-wide. This enables SDC-eligible improvements within the area that generates those funds to keep them for these improvements. Improvements within smaller areas can enhance the catalytic and redevelopment value of the area. This tool can also be blended with other resources such as LIDs and Urban Renewal (Tax Increment Financing). Funding can come from an SDC fund or general fund. In some cases, there may be no financial impact. The housing can come in the form of student, low-income, or workforce housing.	Scale of Impact – Small. Depends on how the tool is implemented and whether it is used with other tools, such as LIDs or Urban Renewal.
Fees or Other Dedicated Revenue	Directs user fees into an enterprise fund that provides dedicated revenue to fund specific projects. Examples of those types of funds can include parking revenue funds, stormwater/sewer funds, street funds, etc. The City could also use this program to raise private sector funds for a district parking garage wherein the City could facilitate a program allowing developers to pay fees-in-lieu or “parking credits” that developers would purchase from the City for access “entitlement” into the shared supply. The shared supply could meet initial parking need when the development comes online while also maintaining the flexibility to adjust to parking need over time as elasticity in the demand patterns develop in the district and influences like alternative modes are accounted for. Funding can come from residents, businesses, and developers. Also, these fees or revenues allow for new revenue streams into the City.	

Strategy Name	Description	Scale of Impact
Reimbursement District	<p>A Reimbursement District is a cost sharing mechanism, typically Initiated by a developer. The purpose is to provide a reimbursement method to the developer of an infrastructure improvement, through fees paid by property owners at the time the property benefits from the improvement. A developer applies to create a Reimbursement District by demonstrating benefit to properties beyond their own. In addition, the size of the improvement must be measurably greater than would otherwise be ordinarily required for the improvement</p> <p>Eligible Reimbursement District projects typically include (but are not limited to) construction or connections of a sewer, water, storm water or street improvements. Applications typically include: a fee sufficient to cover the cost of administrative review, a description of the project, properties that would be impacted, and a detailed methodology and calculation of how the estimated costs would be reimbursed by payments from benefitted properties over a specified timeframe. A report from the City Engineer is generated in review of the submitted application. After a public hearing process, the council will approve, reject or modify the proposal. The approval of a Reimbursement District results in a resolution and distribution of notice among benefitted properties before construction can begin.</p> <p>Benefitted properties must pay the Reimbursement Fee when they make a physical connection to the improvement (or in the case of a sewer project, when the benefitted property creates an impervious surface that drains into the public sewer) within the Reimbursement District Area. Reimbursement fees are collected by the City and are distributed to the developer for the duration of the Reimbursement District, which are typically 10-15 years.</p> <p>Paid by benefitted properties at the time the property benefits from the improvement, typically at connection to the sewer, water or storm drain system.</p>	Scale of Impact – Small to moderate.
Linkage Fees	<p>Linkage fees are charges on new development, usually commercial and / or industrial development only, that can be used to fund affordable housing. To implement them, a city must undertake a nexus study that identifies a legal connection between new jobs housed in the developments, the wages those jobs will pay, and the availability of housing affordable to those employees.</p> <ul style="list-style-type: none"> • Can be used for acquisition and rehabilitation of existing affordable units. • Can be used for new construction. 	

Strategy Name	Description	Scale of Impact
Tax abatement programs that decrease operational costs by decreasing property taxes		
Vertical Housing Tax Abatement (Locally Enabled and Managed)	<p>The 2017 Legislature passed legislation moving the administration of Vertical Housing Program from Oregon Housing and Community Services (OHCS) to the local City and County beginning Oct 6th, 2017. OHCS no longer administers this program.</p> <p>The legislation subsidizes "mixed-use" projects to encourage dense development or redevelopment by providing a partial property tax exemption on increased property value for qualified developments. The exemption varies in accordance with the number of residential floors on a mixed-use project with a maximum property tax exemption of 80 percent over 10 years. An additional property tax exemption on the land may be given if some or all of the residential housing is for low-income persons (80 percent of area is median income or below).</p>	<p>Scale of Impact – Small to moderate. The design of the tax abatement program will impact whether and how many developers use the tax abatement, which will affect the scale of the impact.</p>

Strategy Name	Description	Scale of Impact
<p>Multiple-Unit Limited Tax Exemption Program (Locally Enabled and Managed)</p>	<p>Through the multifamily tax exemption, a jurisdiction can incent diverse housing options in urban centers lacking in housing choices or workforce housing units. Through a competitive process, multi-unit projects can receive a property tax exemption for up to ten-years on structural improvements to the property. Though the state enables the program, each City has an opportunity to shape the program to achieve its goals by controlling the geography of where the exemption is available, application process and fees, program requirements, criteria (return on investment, sustainability, inclusion of community space, percentage affordable or workforce housing, etc.), and program cap. The City can select projects on a case-by-case basis through a competitive process.</p> <p>The passing of HB 2377 - Multiunit Rental Housing Tax Exemption allows cities and counties to create a property tax exemption for newly rehabilitated or newly constructed multi-unit rental housing within their boundaries depending on the number of units made available to low-income households, for up to 10 consecutive years. The bill was crafted to strengthen the connection to affordability by requiring cities and counties to establish a schedule in which the number of years an exemption is provided increases directly with the percentage of units rented to households with an annual income at or below 120 percent of MFI, and at monthly rates that are affordable to such households. While not specifically referenced in the measure, ORS 308.701 defines “Multi-unit rental housing” as: “(a) residential property consisting of four or more dwelling units” and; “does not include assisted living facilities.”</p> <p>All new multifamily units that are built or renovated that offer rent below 120% of AMI are potentially eligible for this tax exemption. In a city with an AMI of \$55,000 (common outside of Portland), that's rent of \$1,650 per month or less. The tax exemption is for all taxing districts which is administered by the City. Due to this, smaller jurisdictions may have more trouble managing this program. Local taxing jurisdictions that agree to participate—cities, school districts, counties, etc.</p>	<p>Scale of Impact – Small to moderate. The design of the tax abatement program will impact whether and how many developers use the tax abatement, which will affect the scale of the impact.</p>

Strategy Name	Description	Scale of Impact
Affordable Housing Property Tax Abatement	<p>Incentivizes construction of affordable housing by offering property tax abatements.</p> <p>Since 1985, the State of Oregon has allowed for affordable housing property tax abatements when they are sought separately by non-profits that develop and operate affordable rental housing. Only the residential portion of a property located within a City that is used to house very low-income people, or space that is used directly in providing housing for its low-income residents is eligible for a property tax exemption.</p>	<p>Scale of Impact – Small to moderate. The design of the tax abatement program will impact whether and how many developers use the tax abatement, which will affect the scale of the impact.</p>
Oregon Affordable Housing Tax Credit	<p>Reduces cost of living in affordable, multi-family rental units by awarding a state income tax credit to the owner, who is required to pass the entire amount of the credit along to the residents through a reduction in rent.</p> <p>Provides a state income tax credit for affordable housing equity investments that help reduce the financing costs for multi-family rental units. Applications must demonstrate a 20-year term that the benefit of the tax credit will be entirely passed on to reduce rents for the tenants. The tax credits are provided for affordable housing loans where a lender has reduced the interest rate by up to 4%. The program contains a stipulation that the credit be used solely to reduce rents for tenants for a twenty-year term</p>	<p>Scale of Impact – Small. The design of the tax abatement program will impact whether and how many developers use the tax abatement, which will affect the scale of the impact.</p>

Funding sources to support residential development

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

Strategy Name	Description	Scale of Impact
Urban Renewal / Tax Increment Finance (TIF)	<p>Tax increment finance revenues are generated by the increase in total assessed value in an urban renewal district from the time the district is first established. As property values increase in the district, the increase in total property taxes (i.e., City, County, school portions) is used to pay off the bonds. When the bonds are paid off, the entire valuation is returned to the general property tax rolls. TIFs defer property tax accumulation by the City and County until the urban renewal district expires or pays off bonds. Over the long term (most districts are established for a period of 20 or more years), the district could produce significant revenues for capital projects. Urban renewal funds can be invested in the form of low-interest loans and/or grants for a variety of capital investments:</p> <ul style="list-style-type: none"> • Redevelopment projects, such as mixed-use or infill housing developments • Economic development strategies, such as capital improvement loans for small or startup businesses which can be linked to family-wage jobs • Streetscape improvements, including new lighting, trees, and sidewalks • Land assembly for public as well as private re-use • Transportation enhancements, including intersection improvements • Historic preservation projects • Parks and open spaces 	<p>Scale of Impact – Moderate. Urban Renewal funding is a flexible tool that allows cities to develop essential infrastructure or provides funding for programs that lower the costs of housing development (such as SDC reductions or low interest loan programs). Portland used Urban Renewal to catalyze redevelopment across the City, including the Pearl District and South Waterfront.</p>

<p>Construction Excise Tax (CET)</p>	<p>Funds land use planning throughout the region by taxing construction permits. CET is a tax assessed on construction permits issued by local cities and counties. The tax is assessed as a percent of the value of the improvements for which a permit is sought, unless the project is exempted from the tax. In 2016, the Oregon Legislature passed Senate Bill 1533 which permits cities to adopt a construction excise tax (CET) on the value of new construction projects to raise funds for affordable housing projects. CETs may be residential only, commercial only, or residential and commercial. If the City were to adopt a CET, the tax would be up to 1% of the permit value on residential construction and an uncapped rate on commercial and industrial construction. The allowed uses for CET funding are defined by the state statute. The City may retain 4% of funds to cover administrative costs. The funds remaining must be allocated as follows, if the City uses a residential CET:</p> <ul style="list-style-type: none"> • 50% must be used for developer incentives (e.g. fee and SDC waivers, tax abatements, etc.) • 35% may be used flexibly for affordable housing programs, as defined by the jurisdiction. • 15% flows to Oregon Housing and Community Services for homeowner programs. <p>If the City implements a CET on commercial or industrial uses, 50% of the funds must be used for allowed developer incentives and the remaining 50% are unrestricted. The rate may exceed 1% if levied on commercial or industrial uses.</p>	<p>Scale of Impact – Depends on the amount of funding available.</p>
<p>General Fund and General Obligation (GO) Bonds</p>	<p>Allows funding for a project that is not dependent on revenue from the project to back the bond.</p> <p>City can use general fund monies on hand or can issue bonds backed by the full faith and credit of the city to pay for desired public improvements.</p> <p>Property taxes are increased to pay back the GO bonds.</p>	<p>Scale of Impact – Moderate to Large. GO Bonds can be used to develop essential infrastructure or provides funding for programs that lower the costs of housing development (such as SDC reductions or low interest loan programs).</p>

<p>Local Improvement District (LID)</p>	<p>Enables a group of property owners to share the cost of a project or infrastructural improvement.</p> <p>A special assessment district where property owners are assessed a fee to pay for capital improvements, such as streetscape enhancements, underground utilities, or shared open space. For residential property, the estimated assessment cannot exceed the pre-improvement value of the property based on assessor records.</p> <p>An ordinance must be passed through a public hearing process which must be supported by a majority of affected property owners. Part of this process includes an estimation of the improvement costs and the portion of those costs in which property owners will be responsible to pay for. The public hearing process allows for LIDs to be challenged by property owners.</p> <p>The City collects the funds and regardless if the actual cost is greater than the estimated cost (on which the assessment was based), the City may make a deficit assessment for the additional cost, which would be prorated among all benefitted properties. Another public hearing would be held, in the event that an additional assessment was placed property owners (due to underestimation).</p>	<p>Scale of Impact – Depends on the amount of funding available and Bonding capacity.</p>
<p>General Fund Grants or Loans</p>	<p>A city can use general fund or tax increment dollars to directly invest in a specific affordable housing project. These grants or loans can serve as gap funding to improve development feasibility. There are several options for using general fund grants or loans, including the potential for bonds to generate upfront revenue that is repaid over time, as recently approved in the City of Portland. Another option is to use general fund dollars to contribute to other programs that are successfully operating, such as non-profit land trusts or even other government agencies that have the administrative capacity to maintain compliance requirements over time, using intergovernmental agreements.</p>	<p>Scale of Impact – Depends on the amount of funding available.</p>

<p>Transient Lodging Tax (TLT)</p>	<p>Generates revenue by primarily taxing tourists and guests using temporary lodging services. Taxes for temporary lodging at hotels, motels, campgrounds, and other temporary lodgings. Oregon has a statewide TLT and cities and counties can also charge a local TLT subject to certain limitations. The statutes specify that 70% must be used for tourism promotion or tourism related facilities and 30% is unrestricted in use, and there cannot be a reduction of the total percent of room tax. The state tax is specified at 1.8%; local government tax rates vary as local governments set the rate for their jurisdiction by ordinance. Cities and counties may impose taxes on transient lodging. Alternatively, some cities have an agreement for the county to impose the tax and cities share in a percent of the revenue.</p>	<p>Scale of Impact – Small. The amount of funding from TLT is likely to be relatively small, given that only 30% of TLT funds have unrestricted use.</p>
<p>CDBG</p>	<p>The Community Development Block Grants program is a flexible program that provides annual grants on a formula basis to both local governments and States. Grants are awarded on a 1, 2, or 3-year period. It is required that at least 70% of the CDGB funds are used for activities that benefit low- and moderate- income. Additionally, each activity must address any threats to health or welfare in the community (for which other funding is unavailable). These funds can be used for acquisition and rehabilitation of existing affordable units, as well as new construction that prioritizes community development efforts.</p>	<p>Scale of Impact – Depends on the amount of funding available.</p>