

# City of Redmond Affordable Housing Plan

Adopted November 27, 2007



## **ACKNOWLEDGEMENTS**

### **Redmond City Council**

Mayor Alan Unger  
Councilor Joe Centanni  
Councilor George Endicott  
Councilor Joe Mansfield  
Council Jack Nelson  
Councilor Irv Nygren  
Councilor Jay Patrick

### **Affordable Housing Task Force Members**

Chairman Bud Prince, Redmond Economic Development  
Vice Chairman Chris Severin, Columbia River Bank  
Jerry Andres, Eagle Crest  
Osmar Blanco/Angela Wren, T-Mobile  
Cyndy Cook/Christine Lewis, Housing Works  
Andy High, Central Oregon Builders Association  
Ed Kimball, Remington Homes Manufactured Home Park Resident  
Bea Leach, Windermere/Central Oregon Realtors Association  
Jim Maynard, Wal-Mart  
Sharon Miller, NeighborImpact  
Dennis Murphy, Hayden Homes  
Steve Schlam, Diamond Built Homes

### **Other Participants**

Mark Radabaugh, Oregon Department of Land Conservation & Development; Steve Miller, Pahlisch Homes; Diana Barker, Redmond Chamber of Commerce; Jeff Wellman, Steele & Associates; Rich Gilbert, Fuqua Homes; Tim Vezie, VZ Properties; Carrie Novic, Redmond Airport; Richard Bilyeu; Chris Acarregui; Andrea Baxter; Holly Howell; Robert Childers

### **Redmond Community Development Department**

Jim Hendryx, Community Development Director  
Nick Lelack, Planning Manager  
Katie McDonald, Assistant Planner

### **Affordable Housing Consultant**

Laura Fritz, Laura Fritz & Associates

## **TABLE OF CONTENTS**

Introduction .....	1
Background.....	3
Goals, Objectives, Policies .....	6
Affordable Housing Work Plan Summary .....	14
Work Plan Spreadsheets .....	17
Work Plan Strategies .....	24
Appendices	
Existing Conditions Report .....	ii
Affordable Housing Options Report .....	xxiv
Redmond Affordable Housing Inventory .....	xxxviii
Manufactured Home Park Inventory .....	xxxix
Definitions for Goals, Objectives & Policies.....	xl
Existing Housing Resources for Central Oregon.....	xlii
Income Level Definitions/Terms for Affordable Housing.....	xliii
2006 Average Wages for Key Occupations.....	xliv
Workforce Housing Demand .....	xlvi
2003 Redmond Housing Burden Estimates.....	xlvii
Affordable Housing Task Force Members.....	xlviii
City of Redmond Resolution No. 2007-36.....	xlix

## **INTRODUCTION**

Over the past several years Redmond and Central Oregon have seen dramatic changes in the housing market, due in large part to the influx of new households to the area. The region has been touted in numerous publications such as Outside Magazine and Money Magazine as one of the greatest places to live and play. This desirability, among other factors, has contributed to the skyrocketing rise in housing prices that occurred from 2003 -2006. From 2003 through the middle of 2007, housing prices in Redmond grew approximately 72% while incomes increased by about 8.5%. Although housing prices have plateaued and even dipped in recent months, purchasing a home is still out of reach for most households that earn the median wage in the region.

The Redmond City Council recognized that changes in the housing market presented real challenges for the community. In response, in 2006 it declared affordable housing as one of its top priorities and directed city staff to undertake efforts to create an Affordable Housing Plan (AHP) to help the city tackle its affordable housing challenges.

### **The Affordable Housing Plan**

The purpose of the Affordable Housing Plan is to articulate clearly how the City will encourage the preservation and creation of affordable housing. The plan is intended to serve as a road map for the city, guiding its decisions and actions both through its goal, objective and policy statements as well as its strategic work plan. The plan is designed to keep the City focused on realistic, attainable activities over the next five years while also ensuring the City and its partners stay on-task and remain accountable. It is expected that the Affordable Housing Plan will need to be reviewed on a regular basis to measure progress, and to be revised and expanded to adapt to feedback and changing conditions.

### **The Process**

The process of creating the Affordable Housing Plan encompassed two distinct phases – a research and education phase, and an exploration and analysis phase driven by a community task force. The entire project involved extensive research, education and outreach efforts. Redmond stakeholders were invited to participate and attend meetings throughout the process, and the Redmond City Council was updated on a regular basis to keep the city's leaders informed about how the project was moving forward.

The first phase of the project focused on gathering data and providing background on affordable housing issues. An initial report provided background on affordable housing concepts and issues. This report was followed by a report entitled, "Existing Conditions Report." The Existing Conditions Report addressed why the Redmond housing market had experienced such significant changes in recent years. It also contained an inventory and summary of Redmond's existing affordable housing stock; a summary of key points learned

from 10 interviews with Redmond stakeholders; and a general analysis of how Redmond's planning and regulatory documents interact and impact housing affordability.

The third report, the "Affordable Housing Options Report," provided general information about the most widely utilized affordable housing tools, strategies and programs employed by other cities across the country. This report was intended to inform the City and community about potential options and approaches for encouraging and supporting affordable housing. (See appendix for full Existing Conditions and Affordable Housing Options reports.)

Following publication of the Options Report, the City Council determined it would create an independent, ad hoc affordable housing task force to review policies, tools, strategies and programs and make recommendations to the City Council on what it considered the best approaches to apply in the City of Redmond.

### **The Affordable Housing Task Force**

The City Council appointed 12 citizens who represented a broad cross-section of the community to serve on its Affordable Housing Task Force. The task force was charged with overseeing outreach to the community; analyzing and recommending appropriate affordable housing goals, objectives and policies; examining and recommending potential affordable housing strategies for Redmond; and suggesting how those strategies could be implemented and funded.

The task force met seven times over a 9-month period and crafted a set of recommended affordable housing goals, objectives and policies. The committee also sorted through a wide array of affordable housing strategies, tools and programs to come up with key approaches that would best serve the community's needs and values while also recognizing constraints on funding and other resources. In light of existing housing needs and gaps in current services, the committee also recommended that the city's affordable housing programs encourage creation of homeownership opportunities that are affordable to households earning 120% or less of area median income (AMI), and that rental programs target households earning 60% or less of area median income (AMI).

Finally, in addition to pursuing the projects that are delineated in the Work Plan, the task force recommended that the City advocate strenuously at the state level for more tools and resources to help address local affordable housing issues. The task force suggested that city leaders press the state to create more funding mechanisms for affordable housing such as the real estate transfer tax and/or recording fees for affordable housing, as well as authorize tools such as inclusionary housing to allow cities to adopt such strategies if they wish to do so.

The task force prioritized the strategies and forwarded its work to the City Council in November, 2007. The Redmond City Council approved the plan on November 27, 2007 following a thorough review of the task force's recommendations.

## **BACKGROUND**

Access to decent, accessible and affordable housing matters greatly to a community – it is critical to the stability and self-sufficiency of individual households and to the well-being of the community as a whole. Despite the importance of this issue, many communities across the country, including Redmond, face an affordable housing crisis. Far too many residents are spending a disproportionate amount of their income on housing, often at the expense of other basic necessities.

According to a Housing Needs Assessment report conducted in 2003,<sup>1</sup> 32.6% of all households in Redmond lived in housing that was not affordable to them. Affordability is defined as spending no more than 30% of total household income on housing expenses. A household that spends more than 30% of its income on housing is considered “cost burdened.”

**Housing Cost Burden: Redmond, 2000**

	<u>Households</u>	<u>Cost Burdened</u>	<u>Percent Burdened</u>
<b>Owners</b>	3,185	787	24.71%
<b>Renters</b>	2,075	928	44.72%
<b>Total</b>	5,260	1,715	32.60%

*Source: Central Oregon Housing Needs Update, Mar. 2003*

By 2008, the report projected that 2,810 families in Redmond will be cost burdened, an increase of almost 1,100 households.

Numerous factors converged in Central Oregon to cause a significant increase in housing prices between 2003-2006. In addition to the large increase in demand caused by rapid population growth, costs for land, material and labor rose substantially. Meanwhile, incomes have increased only slightly over the past several years and job creation in the region has tended toward lower-paying service and retail sector jobs.

The following table illustrates how the median price of homes in Redmond and Bend has changed over the past four years. From 2003-2006 housing prices in Redmond rose almost 77%. For the single year 2005-2006 housing prices increased more than 32%.

---

<sup>1</sup> *Central Oregon Housing Needs Update*, Mar. 2003. Prepared by Rees Consulting, Inc. for Central Oregon Regional Housing Authority (CORHA) and The Central Oregon Partnership

**Median Sales Price, Bend & Redmond - 2003-2006**

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>% change 2003-2006</u>	<u>% change 2005-2006</u>
<b>Bend</b>	\$195,000	\$227,500	\$279,900	\$351,978	80.50%	25.75%
<b>Redmond</b>	\$148,567	\$158,500	\$198,818	\$262,749	76.86%	32.16%

Source: Central Oregon Association of Realtors - [www.centraloregonrealtors.com](http://www.centraloregonrealtors.com)

Statistics for the third quarter of 2007 reveal that the median price of a home in Redmond has dropped a little less than 4% to \$253,000. However, even with the slowdown in the market over the past several months, housing prices remain beyond the reach of the average worker in the city who earns 120% or less of Area Median Income (AMI) as well as first-time homebuyers.

On the other hand, rents in Redmond and the region have remained fairly flat over the past several years and have provided affordable housing options for a large segment of the population, with the exception of very low income and extremely low income populations. According to the 2006 Workforce Housing Needs Assessment, average apartment rentals were affordable to households earning 50% or more of AMI and average home rentals were affordable to households earning close to 80% AMI.

However, the report also notes that in the past year the supply of rental units in the region has increased minimally while the demand has shot up for those units. This can be explained by several factors, according to the report:

- Prices for land zoned for multi-family residential have increased so much that building apartments no longer makes financial sense;
- Many landlords are selling their properties to cash out on the high-priced market;
- Destination resort development and single family home development monopolizes builders as they prefer these more lucrative projects;
- Rising mortgage rates will reduce rental construction but will not affect high-end development as much.

While rent has been fairly affordable for households earning more than 50% AMI, a different story unfolds for the 32% of the Redmond population that falls into the category of very low and extremely low income. According to the City of Redmond Urbanization Study published in 2005, affordable housing is difficult for this category of renter to find. The report noted that the number of rental units affordable to households that earn 50% or less of area median income is diminishing while the number of households earning wages in that category is increasing. (See “Existing Conditions Report: Affordable Housing Inventory.”)

Over the past few years Redmond has responded strategically to these market and housing conditions in the following ways:

- Redmond successfully expanded the urban growth boundary by 2,300 acres in less than one year, greatly increasing available developable land;
- The City modified the development code to allow cottage developments and accessory dwelling units;
- The City requires area planning before land can be annexed into the city limits which ensures implementation of Great Neighborhood principles, including requiring a diversity of housing types within developments.

In addition to these responses, the City of Redmond commissioned the development of a comprehensive, aggressive Affordable Housing Plan. The task force that was formed to make recommendations to the City Council for the plan was instructed to come up with a package of tools to address the city's housing challenges – one that would attack the problem from different angles using a variety of tools including policies, programs, regulations, and incentives to spur affordable housing preservation and development.

The Affordable Housing Plan attempts to take advantage of the opportunities that exist within the community and help existing affordable housing resources do their work. At the same time, the plan is intended to be realistic about what can be accomplished during its five year timeframe given limited funding and staff resources. Consequently, the plan has been limited to a few larger-scale projects, a wide array of zoning and incentive actions, and steps to help existing housing-related organizations do their jobs with more support. In these many ways the City of Redmond will attempt to preserve and create an array of housing choices to meet the broad needs of the community.

## **GOALS, OBJECTIVES & POLICIES**

The goals, objectives and policies contained in this plan serve as the foundation of the Affordable Housing Plan. They describe in clear, concise language how the City will try to achieve its goal of creating and preserving quality housing options for the wide array of Redmond households that need affordable housing.

As the City implements its Affordable Housing Work Plan, the goals, objectives and policies will continually serve as a reference point to help guide planning and regulatory decisions that shape how housing is developed in the community.

One goal and four objectives are outlined in this section, with the objectives followed by a series of policies that describe how the objectives will be implemented. Policies are divided into four sections: Rehabilitation and Neighborhood Preservation; New Housing; Rental/Ownership Assistance; and Government Role. A list of definitions is contained at the end of the section.

**GOAL:**                    **The City of Redmond will facilitate and encourage the development, preservation, and availability of a range of quality housing options for the community’s workforce, low income residents, seniors, and persons with special needs.**

**Objective #1:**            **Create and preserve affordable rental options for the lower wage earners in the workforce.**

### **Policies:**

- *Rehabilitation and Neighborhood Preservation*
  - 1.1      Rental housing should be integrated with single family housing to encourage mixed income neighborhoods and to prevent clustering of low-income housing in concentrated areas.
  - 1.2      Support efforts to preserve existing affordable rental housing units and facilities that are at risk of converting to market rate housing.

- *New Housing*
  - 1.3 Ensure that in appropriate zones new neighborhoods include a wide variety of housing types such as apartment buildings, townhouses, duplexes/triplexes, and smaller single family units such as cottages.
  - 1.4 Facilitate and support affordable housing programs and the development of affordable housing by public and private organizations.
  
- *Rental Assistance*
  - 1.5 Develop and support programs that assist renters who are ready for homeownership to move into the homeownership market.
  - 1.6 Consider and evaluate the viability of providing housing on publicly-owned property that becomes available or is deemed a surplus.
  - 1.7 Explore and evaluate the viability of supporting rental assistance programs for local employees with local employers.
  - 1.8 Develop a local source of funding to support affordable rental housing projects and programs.
  - 1.9 Actively pursue federal and state housing funds to support the development and preservation of affordable housing options for the community's low and moderate income population.
  
- *Government Role*
  - 1.10 Develop and/or revise regulations and create incentives to encourage the development of low income rental housing.
  - 1.11 Develop regulations and incentives that require construction of the appropriate mix of housing demonstrated to be needed during implementation of the city's area plans. Need shall be demonstrated using city-designated monitoring system.
  - 1.12 Maintain an adequate supply of land within the Urban Growth Boundary (UGB) to help keep the price of land stable or down.
  - 1.13 Create minimum density standards for higher density residential zoning districts to ensure that multi-family housing units are developed in the community.
  - 1.14 Collaborate with the private and nonprofit sectors to develop programs and projects that support affordable rental housing.

- 1.15 Expedite the development review and permitting process for projects that include affordable housing.
- 1.16 Lobby for legislative measures that will preserve existing programs and increase local resources to address affordable housing issues.
- 1.17 Promote and encourage the development of accessory dwelling units where appropriate.
- 1.18 Coordinate affordable housing strategies with downtown urban renewal plans and projects.
- 1.19 Encourage and facilitate infill and redevelopment at higher densities, in appropriate zones, that are compatible with existing neighborhoods and near transportation corridors.
- 1.20 Require area plans prior to or concurrent with annexation, with conditions to meet housing goals related to housing type, tenure, size, density and possibly targeted income ranges.
- 1.21 Monitor housing need on an ongoing basis and link workforce housing need to area plan housing requirements.

**Objective #2: Promote affordable homeownership opportunities for Redmond’s workforce.**

**Policies:**

- *Rehabilitation and Neighborhood Preservation*
  - 2.1 Encourage the rehabilitation and maintenance of homeownership housing in existing neighborhoods.
  - 2.2 Provide for manufactured home parks within the UGB to allow a choice of neighborhood types.
- *New Housing*
  - 2.3 Encourage the development of homes for low and moderate income households and first-time homebuyers.

- 2.4 Promote the development of higher density housing options such as townhouses and cottages to facilitate the availability of lower-cost ownership options.
- 2.5 New residential development 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 the Comprehensive Plan, and make a positive contribution to the area in which they are located.
- 2.6 Facilitate and support affordable housing programs and the development of affordable ownership housing by public and private housing organizations.

- *Ownership Assistance*

- 2.7 Support efforts to increase the homeownership rate in Redmond by promoting homeownership opportunities for Redmond residents and employees of low and moderate income groups.
- 2.8 Develop a local source of funding to support affordable ownership housing programs and projects.
- 2.9 Develop and support programs that help renters who are ready for homeownership to move into the homeownership market.
- 2.10 Consider and evaluate the viability of providing housing on publicly-owned property that becomes available or is deemed a surplus.
- 2.11 Actively pursue federal and state housing funds to support the development and preservation of affordable housing options for the community's low and moderate income population.
- 2.12 Support and facilitate efforts such as employer assisted housing programs that provide housing for local employees who have been priced out of the homeownership market.

- *Government Role*

- 2.13 Develop and/or revise regulations and create incentives to encourage development of low and moderate income ownership housing.
- 2.14 Maintain an adequate supply of land within the UGB to help keep the price of land stable or down.
- 2.15 Collaborate with the private and nonprofit sectors to develop programs and projects that support affordable ownership housing.

- 2.16 Expedite the development review and permitting process for projects that include affordable housing.
- 2.17 Lobby for legislative measures that will preserve existing programs and increase local resources to address affordable housing issues.
- 2.18 Coordinate affordable housing strategies with downtown urban renewal plans and projects.
- 2.19 Encourage and facilitate infill and redevelopment at higher densities, in appropriate zones, that are compatible with existing neighborhoods and near transportation corridors.
- 2.20 Require area plans prior to or concurrent with annexation, with conditions to meet housing goals related to housing type, tenure, size, density and possibly targeted income ranges.
- 2.21 Monitor housing need on an ongoing basis and link workforce housing need to area plan housing requirements.

**Objective #3: Promote and support the development and preservation of housing options that meet the needs of Redmond’s senior population and those with special needs.**

**Policies\*:**

- 3.1 Encourage the development of a full range of housing options, which are coupled with services where feasible, to meet the needs of special populations within the community, including seniors, disabled individuals, homeless households and those at risk of becoming homeless.
- 3.2 Ensure that adequate land is zoned to accommodate special needs housing.
- 3.3 Work with area service providers and interested parties to develop strategies to address homelessness.

*Note\*: Supportive housing also subject to rental and/ or ownership policies.*

**Objective #4: Support and promote regional efforts to preserve and produce affordable housing.**

**Policies:**

- 4.1 Collaborate and coordinate with other Central Oregon communities and agencies to develop regional approaches to address affordable housing.
- 4.2 Collectively lobby the state legislature for measures that will preserve existing programs and increase local and regional resources to address affordable housing issues.
- 4.3 Encourage communities in the region to maintain an adequate supply of land within their UGB to help keep the price of land stable or down.
- 4.4 Encourage local jurisdictions to create and implement affordable housing plans.



# **AFFORDABLE HOUSING WORK PLAN SUMMARY**



## **AFFORDABLE HOUSING WORK PLAN SUMMARY**

The AHP Work Plan contains two sections – spreadsheets that summarize what is contained in the Work Plan and individual worksheets that detail the affordable housing strategies and the action steps that will be taken to implement them.

The spreadsheets provide an overall picture of the affordable housing projects without having to view the details for every strategy. The spreadsheets contains the following information:

- Name of the specific affordable housing strategy
- Priority level for the strategy
- List of each action item under the specific strategy
- Timeline
- Partners
- Funding source(s)

The first strategy on the spreadsheets is entitled “Strategy Implementation.” This strategy describes the steps that the City of Redmond needs to take in order to successfully implement the AHP Work Plan. Much of the work for this first strategy involves developing organizational capacity and infrastructure to support execution of the plan.

Following the strategy summary spreadsheets are the individual strategy worksheets which provide a detailed description of how each strategy will be implemented. The worksheets contain information on the following:

- Project description
- Project objectives
- Benchmarks
- Priority level
- Project leader
- Project partners
- Detailed action steps

It should be noted that a few of the action steps contained in the worksheets are large stand-alone projects that will require individual project timelines and plans that go beyond the scope of this document. However, the AHP Work Plan captures the main steps of each project or program and provides a useful overview of all the activities that will be undertaken to address housing affordability over the next five years.

Due to resource constraints, two projects were omitted from the plan during the final drafting of the document. Employer-assisted housing programs and the creation of

consortium to address affordable housing on a regional basis were widely supported by the Affordable Housing Task Force. However, ultimately it was decided that these strategies needed to be culled from the final plan so that limited resources could be spread across other higher priority projects. As the city gains momentum implementing the Affordable Housing Plan and as additional resources become available, the City may want to consider adding these two strategies to the Work Plan.

# REDMOND AFFORDABLE HOUSING

## WORK PLAN SUMMARY

**STRATEGY:** Strategy Implementation  
**PRIORITY:** Top Priority

<b>ACTION ITEMS</b>	<b>TIMELINE</b>	<b>PARTNERS</b>	<b>FUNDING</b>
1. Designate a body or staff to oversee City's implementation of the Affordable Housing Plan (AHP).	Begin immediately	Redmond City Council	Community Development Fees or General Fund
2. Evaluate city staff's ability to manage the Affordable Housing Plan workload. Hire staff if necessary.	Begin immediately	Redmond Community Dev. Department	Community Development Fees or General Fund
3. Provide an annual report to the City Council on the progress made on the Affordable Housing Plan.	Annually; start at end of Year 1	City staff	Community Development Fees or General Fund
4. Update the Affordable Housing Plan as needed.	As needed	City staff	Community Development Fees or General Fund
5. Review Comprehensive Plan language and policies and relevant zoning ordinances to ensure internal consistency.	Year 1	City staff	Community Development Fees or General Fund
6. Monitor housing need within the community and tie results of need to area planning process and outcomes.	Years 1-5; ongoing	City staff or designated AHP committee	Community Development Fees or General Fund
7. Work with local and regional partners to develop a plan to communicate local housing needs to state and federal officials.	Years 1-5; ongoing	City staff or designated AHP committee	Community Development Fees or General Fund
8. Develop a strategy to communicate on an ongoing basis with Redmond stakeholders about affordable housing needs and issues.	Years 1-5; ongoing	City staff or designated AHP committee	Community Development Fees or General Fund

**STRATEGY:  
PRIORITY:**

**Landbanking  
Top Priority**

**ACTION ITEMS**

**TIMELINE**

**PARTNERS**

**FUNDING**

1. Conduct a land inventory.

Year 1; update as needed

City of Redmond;  
Public Agencies;  
Private Property Owners; Affordable Housing Organizations

Community Development Fees or General Fund

2. Work with Deschutes County to acquire low-cost land to address city/county housing needs.

Years 1-5

City Council;  
Community Development Dept.; Housing Works; Deschutes County; Ore. Dept. of Land Conservation & Dev.

Donations; General Fund

3. Using urban renewal funds, purchase land in the downtown redevelopment area for a mixed use project which will include some component of affordable housing.

Years 1-5

Community Dev. Dept.; Redmond Downtown Assn.; Chamber of Commerce; Redmond Economic Dev.

Urban Renewal Funds; Vertical Housing Program (property tax exemption)

**STRATEGY:  
PRIORITY:**

**Incentives for Developers  
Top Priority**

ACTION ITEMS	TIMELINE	PARTNERS	FUNDING
1. Adopt expedited permitting and project review procedures for developments that provide dedicated affordable housing.	Years 1-2	City of Redmond	Existing or new staff time - Com. Dev. Dept. Fees or GF
2. Adopt and revise building codes to facilitate the rehabilitation of existing homes and the development of new affordable homes.	Years 1-2	City of Redmond; Developers	Cost of additional staffing - Com. Dev. Dept. Fees or GF
3. Revise tax/fee policies for projects that create and preserve affordable housing.	Years 1-3	City of Redmond; Developers	Foregone revenue analysis needed; General Fund
4. Create incentives that trade higher density/height in exchange for the development of dedicated affordable housing.	Years 1-2	City of Redmond, Developers; Housing Works	Existing or new staff time - Com. Dev. Dept. Fees or GF
5. Adopt incentives to encourage builders to participate in land banking programs.	Years 1-2	City of Redmond	Existing or new staff time - Com. Dev. Dept. Fees or GF

**STRATEGY:**

**Manufactured Home Park Programs & Policies**

**PRIORITY:**

**Top Priority**

**ACTION ITEMS**

**TIMELINE**

**PARTNERS**

**FUNDING**

1. Work with area housing and service providers to assess, identify and if necessary develop support services for displaced manufactured home park residents.

Years 1-3; as needed

NeighborImpact; Housing Works; City of Redmond; Other Service Providers; Manufactured Park Owners and Residents

Funding source to be identified as needed

2. Work with manufactured park owners to develop incentives to preserve and, if appropriate, expand existing parks.

Years 1-3

Housing Works; City of Redmond; Manufactured Park Owners and Tenants; CASA

Existing or new staff time - Com. Dev. Dept. Fees or GF

3. Create a zoning option for new manufactured home parks.

Years 1-3

City of Redmond

Existing or new staff time - Com. Dev. Dept. Fees or GF

**STRATEGY:  
PRIORITY:**

**First-Time Homebuyer Programs  
Intermediate Priority**

**ACTION ITEMS**

**TIMELINE**

**PARTNERS**

**FUNDING**

1. Support and encourage plans by Housing Works and NeighborImpact to maximize use of Rural Development funds for housing opportunities before eligibility expires.

If feasible opportunities exist, this should be a top priority. Implement Years 1-3.

Housing Works; NeighborImpact; City of Redmond

Rural Development Funds

2. Create incentives, establish regulations, and provide support for programs that encourage developers to build mixed-income communities and communities with a variety of housing products where appropriate.

Years 2-5

NeighborImpact; Housing Works; City of Redmond; Developers

Property Tax Abatement; SDC Deferrals; Reduced Development Fees - Gen. Fund

3. Support housing organizations with their efforts to protect and expand housing opportunities for the Redmond community.

Years 2-5

City of Redmond; NeighborImpact; Housing Works; Other Housing Service Providers

Funding sources to be identified as needed

**STRATEGY:  
PRIORITY:**

**Zoning Initiatives  
Intermediate Priority**

**ACTION ITEMS**

**TIMELINE**

**PARTNERS**

**FUNDING**

1. Create zoning incentives to encourage the development of affordable housing.

Years 2-4

City of Redmond

Existing or new staff time - Com. Dev. Dept. Fees or GF

2. Create a density bonus for dedicated affordable housing development.

Years 2-4

City Council;  
Planning Commission;  
Housing Organizations;  
Developers; Other Community Stakeholders

Existing or new staff time - Com. Dev. Dept. Fees or GF

3. Adopt annexation agreements that encourage a percentage of dedicated affordable units in each new development.

Years 2-5

City Council;  
Planning Commission;  
Housing Organizations;  
Developers; Other Community Stakeholders

Existing or new staff time - Com. Dev. Dept. Fees or GF

# **AFFORDABLE HOUSING WORK PLAN STRATEGIES**



**Project: LANDBANKING**

Develop programs and plans to obtain/acquire land for a land bank that will serve the community's affordable housing needs.

- Objective(s):**
- 1) Create and preserve affordable rental options for the lower wage earners in the workforce.**
  - 2) Promote affordable homeownership opportunities for Redmond's workforce.**
  - 3) Promote and support the development and preservation of housing options that meet the needs of Redmond's senior population and those with special needs.**

**Benchmarks:**

- Inventory of land that is acquired for the land bank
- Measure of the usage of land within the land bank
- Number of affordable units created directly or indirectly by the land bank
- Measure of public and private participation in the land bank
- Land bank leverage resulting in affordable units
- Number of households that obtain affordable housing due to land bank resources

**Priority:** Short, Intermediate and Long Term

**Lead:** City of Redmond

**Partners:** Housing Works; Private Developers; Business Community; Deschutes County; Department of Land Conservation and Development

**Action Steps:**

- 1a.) Inventory existing land supply and identify potential surplus land for affordable housing.
  - i.) Create up-to-date land inventory, with appropriate zoning map.
  - ii.) Map all city-owned property.
  - iii.) Identify vacant and underutilized public and private property.

1b.) Based on land inventory, determine how much land is needed to accomplish city goals. Identify parcels that should be pursued for acquisition.

2.) Negotiate with Deschutes County to donate or sell appropriate land that is outside the city's urban growth boundary.

i.) Work with state Dept. of Land Conservation and Development and partners to develop a plan that will enable the city to annex targeted land into UGB.

ii.) Work with the community to develop a master plan for land to be annexed into the city that implements needed housing that is defined by the city's monitoring program. *(See Strategy Implementation #6 from Redmond Affordable Housing Strategy Plan Summary.)*

iii.) Develop a Request For Proposals process to make city-controlled land available through discounted sales price or donation to affordable housing developers.

3.) Purchase land in urban renewal area for a mixed use project that includes a component of affordable housing.

i.) Create and adopt development codes that encourage the development of mixed use housing in the urban core that have a component of affordable housing.

ii.) Work with Redmond Downtown Association, Redmond Economic Development and Housing Works to identify appropriate site and project.

iii.) Facilitate efforts to assemble partners.

iv.) Facilitate application for state's Vertical Housing property tax abatement program.

**Project: INCENTIVES FOR DEVELOPERS**

Create incentives that encourage developers to produce and preserve affordable housing.

- Objective(s):**
- 1) Create and preserve affordable rental options for the lower wage earners in the workforce.**
  - 2) Promote affordable homeownership opportunities for Redmond’s workforce.**
  - 3) Promote and support the development and preservation of housing options that meet the needs of Redmond’s senior population and those with special needs.**

**Benchmarks:**

- Number of dedicated affordable units attributable to application of incentives
- City funds committed or foregone to encourage/support affordable development
- Number of developments that receive fast-tracked permitting
- Inventory of revisions to building codes that reduced rehabilitation barriers
- Projects built and units created that receive density bonus
- Estimate of annual project cost savings due to reduction of barriers and adoption of measures that encourage affordable housing development

**Priority:** Short and Intermediate Term

**Lead:** City of Redmond

**Partners:** Housing Works; NeighborImpact; Private Developers; Affordable Housing Organizations

**Action Steps:**

- 1.) Define dedicated affordable housing and thresholds that result in a project qualifying as an affordable housing project.
  - i.) Craft an affordability covenant and deed restriction for affordable housing units.

- ii.) Adopt expedited permitting and project review procedures for developments that provide dedicated affordable housing.
- 2.) Adopt and revise building codes to facilitate the rehabilitation of existing homes and the development of new affordable homes.
  - i.) Interview other jurisdictions to determine effective measures that can be taken to encourage affordable rehabilitation and development.
  - ii.) Meet with area developers to assess usefulness of potential code revisions and to solicit recommendations for additional changes.
- 3.) Revise tax/fee policies for projects that create and preserve affordable housing.
  - i.) Analyze changes to System Development Charges (SDC) structure/formula to determine impact of deferral and/or waivers.
  - ii.) Revise SDC structure/formula or earmark specific amount annually from General Fund to cover SDCs for eligible affordable projects on a competitive basis.
  - iii.) Revise building, planning and engineering fees for affordable housing units and earmark specific amount from the General Fund to cover those costs for eligible projects awarded on a competitive basis.
  - iv.) Adopt ordinance allowing city to provide property tax abatement for affordable housing projects on a case-by-case basis.
- 4.) Create incentives that trade higher density and/or height for the development of dedicated affordable housing.
  - i.) Analyze impact of density bonus on existing neighborhoods and define rules of the program.
  - ii.) Change/amend zoning code to provide density bonuses for developments that create affordable housing units.
- 5.) Adopt incentives that encourage developers to participate in affordable housing land banking programs.

**Project: MANUFACTURED HOME PARK PROGRAMS & POLICIES**

Work with interested parties to protect or obtain decent, affordable housing for manufactured home park residents.

- Objective(s):**
- 1) Create and preserve affordable rental options for the lower wage earners in the workforce.**
  - 2) Promote affordable homeownership opportunities for Redmond’s workforce.**
  - 3) Promote and support the development and preservation of housing options that meet the needs of Redmond’s senior population and those with special needs.**

**Benchmarks:**

- Number of manufactured park homes preserved
- Number of individuals/households that obtain support services when a park is closed
- New resources obtained for the community to address manufactured home park tenant needs

**Priority:** Short, Intermediate and Long Term

**Lead:** NeighborImpact; Housing Works

**Partners:** City of Redmond; Oregon Housing and Community Services; Low Income Service Providers; Manufactured Home Park Owners & Residents; Central Oregon Partnership

**Action Steps:**

- 1.) Work with area housing and service organizations to assess, identify, and if necessary develop support services, including housing services, for displaced manufactured home park residents.
  - i.) Collaborate with local housing and service providers to create a first response plan of action when notification is received that a manufactured home park will close.
  - ii.) Facilitate and support efforts to obtain resources and services to respond to needs of displaced manufactured home park residents.

- iii.) Support efforts to assess capacity of tenants to purchase park.
  - iv.) Facilitate outreach efforts to manufactured home park residents.
- 2.) Work with manufactured park owners to develop incentives to preserve and, if appropriate, expand existing parks.
  - 3.) Create a zoning option for new manufactured home parks.

**Project:**     **FIRST-TIME HOMEBUYER PROGRAMS**  
Support efforts and programs to expand and retain homeownership opportunities for Redmond’s residents and workforce.

- Objective(s):**
- 1) Promote affordable homeownership opportunities for Redmond’s workforce.**
  
  - 2) Promote and support the development and preservation of housing options that meet the needs of Redmond’s senior population and those with special needs.**
  
  - 3) Support and promote regional efforts to preserve and produce affordable housing.**

**Benchmarks:**

- Number of first-time homebuyers who utilize programs and/or services to obtain a home
- Inventory of changes to building codes, development requirements
- Diversity of housing products within new developments
- Price-restricted housing construction figures
- Foreclosure prevention statistics
- Funds raised/contributed for homebuyer programs
- Funds leveraged for housing projects

**Priority:**             Short, Intermediate and Long Term

**Lead:**                 NeighborImpact

**Partners:**           City of Redmond; Housing Works; Developers; Central Oregon Building Partners (COBA nonprofit)

**Action Steps:**

- 1.) Support and encourage plans by Housing Works and NeighborImpact to maximize use of Rural Development funds for housing opportunities before eligibility for funding expires. (*Short term priority*)
  - i.) Collaborate with partners to identify immediate housing opportunities that meet criteria for Rural Development funding.

- ii.) Support efforts to obtain funding from USDA Rural Development Department.
- 2.) Create incentives, establish regulations, and provide support for programs that encourage developers to build mixed income communities and communities with a variety of housing products where appropriate. (*See Strategies: Incentives for Developers; Zoning Initiatives*)
- i.) Continue and, if appropriate, expand work of Planning Commission, City Council and other groups to define development incentives and requirements that help the city respond to the community’s growing housing needs.
  - ii.) Adopt and revise building codes to facilitate the rehabilitation of existing homes and the development of new affordable homes.
  - iii.) Establish new development standards and policies that encourage or require higher density in appropriate residential zones and that expedite developments that provide affordable housing.
- 3.) Support housing organizations with their efforts to protect and expand housing opportunities for the Redmond community, including programs such as homebuyer education and foreclosure counseling, referrals of “ready-to-buy” clients to housing developers, and programs that manage and enforce resale agreements for price-restricted housing.

**Project: ZONING INITIATIVES**

Review and, where appropriate, revise or amend zoning and regulatory codes to facilitate and encourage the development of affordable housing.

- Objective(s):**
- 1) Create and preserve affordable rental options for the lower wage earners in the workforce.**
  - 2) Promote affordable homeownership opportunities for Redmond’s workforce.**
  - 3) Promote and support the development and preservation of housing options that meet the needs of Redmond’s senior population and those with special needs.**

**Benchmarks:**

- Inventory of additions and revisions to city code that support/encourage development of affordable housing
- Number of units created and/or preserved as result of regulatory revisions and requirements
- Number of individuals/households that obtain affordable housing due to regulatory requirements
- Measure of density in high density zones
- Number of additional units created due to application of density bonus

**Priority:** Intermediate and Long Term

**Lead:** City of Redmond

**Partners:** Developers; Housing Organizations; Other Community Stakeholders

**Action Steps:**

- 1.) Create zoning incentives to encourage the development of affordable housing, such as minimum density and rezoning requirements, voluntary inclusionary housing, etc.
- 2.) Create a density bonus for dedicated affordable housing development.

- 3.) Adopt annexation agreements that encourage a percentage of dedicated affordable units in each new development.
- 4.) Create a zoning option for new manufactured home parks.

# **APPENDICES**

**TO: REDMOND CITY COUNCIL**

**FROM: COMMUNITY DEVELOPMENT DEPARTMENT**  
**Prepared by Laura Fritz**  
**Laura Fritz & Associates**  
**Planning Consultant – Affordable Housing**

**RE: EXISTING CONDITIONS REPORT**  
**Phase I: Affordable Housing Plan**

**DATE: November 1, 2006**

## **EXECUTIVE SUMMARY**

This report summarizes the findings from the first phase of the city of Redmond's effort to develop an affordable housing plan. The Existing Conditions Report addresses what is happening in the Redmond housing market; what are the characteristics of the city's affordable housing stock; major themes and ideas from key stakeholder interviews; and how Redmond's long-range planning and regulatory plans impact and interact with housing affordability.

### **Existing Market Conditions**

Numerous factors have converged in Central Oregon to cause a significant increase in housing prices. What has contributed to this phenomenon?

- Population Growth Factors and Demand
  - Rapid population growth, "equity migrants" moving to the area, historically low mortgage rates, speculation, supply not keeping up with demand in some areas of the region
- Land, material and labor costs have increased dramatically in the past two plus years
- Household income has risen sluggishly in recent years, and many jobs including professional and managerial positions do not pay high enough wages for employees to afford the median priced home

The median price of a home continues to rise in spite of the recent slow-down in sales activity. At the same time price increases and supply constraints are anticipated in the rental sector. Finding affordable housing, especially for households earning 50% or less of area median income, has become quite a challenge.

## **Affordable Housing Inventory**

There are a total of 12 subsidized multi-family affordable housing facilities in Redmond offering 342 units of low-cost housing to low income households. In addition, there are approximately 307 households that receive Section 8 rent vouchers. Following are a few key highlights about Redmond's affordable housing stock and programs:

- Eighty units of subsidized housing are at risk of converting to market rate housing when their government contracts expire in the near future.
- Redmond no longer qualifies for one of the primary federal sources of funding for affordable housing development and homeownership programs due to its increase in population. This source of funding has been used to help pay for three facilities that have 94 affordable units.
- Of Redmond's 307 voucher recipients, 69 of these families currently utilize their vouchers in one of the subsidized facilities, while the remaining households rent in the private market.
- There are no homeless shelters in Redmond and only one transitional housing facility for women that can serve five families at one time.
- There are nine mobile home parks and/or subdivisions in Redmond that have more than 350 lots.
- Many of the subsidized facilities and a large number of the Section 8 voucher units are concentrated close to the main transit corridors in Redmond.

## **Stakeholder Interviews**

Ten private in-depth interviews with community stakeholders revealed numerous themes regarding conditions in Redmond and affordable housing ideas and opportunities. Some of the major interview themes included:

- The city should develop a local source of funding for affordable housing initiatives because federal and state funds are getting harder to obtain.
- Cities in Central Oregon need to work together to address affordable housing on a regional basis.
- Redmond is in a unique position right now to generate affordable units as it expands its urban growth boundary and sets rules for annexing land into the city limits.
- Developers must be offered real incentives to build affordable housing or else housing strategies will have limited success.

## **Redmond Planning and Regulatory Framework**

A review of Redmond's Comprehensive Plan and Development Code is an important step in the process of developing an affordable housing plan. The review helps identify issues that impact housing affordability.

The Existing Conditions Report analyzes the framework and goals of the Comprehensive Plan Housing chapter, and also addresses how land use and economic policies interact with housing affordability. A review of the Development Code highlights new opportunities and constraints to the development of affordable housing.

## **EXISTING CONDITIONS REPORT**

Access to decent, accessible and affordable housing really matters – it is critical to the stability and self-sufficiency of individual households and to the well-being of the community as a whole. But many communities across the country, including Redmond, Oregon, face an affordable housing crisis. Far too many residents are spending a disproportionate amount of their income on housing, often at the expense of other basic necessities.

Since WWII the federal government has supported many initiatives and efforts to provide affordable housing. However, in recent years the federal government has scaled back funding and programs for affordable housing, leaving more of the responsibility to fall to state and local resources. As a result, many local governments have begun to develop affordable housing strategies and programs to address the specific needs of their residents.

While there are a myriad of affordable housing strategies and programs that can be developed and implemented, ultimately communities that are able to provide an array of housing choices – including different housing products and sizes – are in the best position to meet the broad needs of their communities.

In order to strategically address the affordable housing needs of a community, a work plan must be developed. Part of this process involves researching and analyzing existing conditions within the community to understand how the housing market is affected by factors such as demographics, geography, economics, and community culture.

This report addresses existing conditions in Redmond which were examined as the first step to develop an Affordable Housing Plan for the city. Subsequent phases of this project will include examining affordable housing options such as policies, programs and strategies; conducting community meetings and focus groups; and drafting the final Affordable Housing Plan. At the conclusion of each phase a report of findings will be presented to the Redmond City Council.

## I. DEFINING “AFFORDABLE” HOUSING

The U.S. Department of Housing and Urban Development (HUD) defines affordable housing as housing that costs no more than 30 percent of a household’s annual income. Housing costs include the rent or mortgage, utilities, taxes and insurance. It is believed that if households spend more than 30 percent of their income on housing, insufficient funds will be left over to cover other necessities such as food, clothing, childcare, medical insurance, transportation costs, etc. When a household spends more than 30 percent of their income on housing they are “cost burdened.”

According to a Housing Needs Assessment report conducted in 2003,<sup>2</sup> 32.6% of all households in Redmond lived in housing that was not affordable to them.

**Housing Cost Burden: Redmond, 2000**

	<u>Households</u>	<u>Cost Burdened</u>	<u>Percent Burdened</u>
<b>Owners</b>	3,185	787	24.71%
<b>Renters</b>	2,075	928	44.72%
<b>Total</b>	5,260	1,715	32.60%

*Source: Central Oregon Housing Needs Update, Mar. 2003*

By 2008, the report projects that 2,810 families in Redmond will be cost burdened, an increase of almost 1,100 households.

As the price of land increases and construction costs go up in Central Oregon, so does the price of housing. Fewer local workers are able to afford homes as wages fail to keep pace with home prices and demand increases for limited housing assistance programs. This affordability gap is not a new problem, but it appears to be widening.

## II. EXISTING MARKET CONDITIONS IN REDMOND

The word has gotten out about Central Oregon. It is an extremely desirable place to live, featuring beautiful weather, world-class recreational opportunities, rural and small town appeal. A number of magazines and newspapers have published stories in the past few years citing Central Oregon as one of the most attractive regions to live.

Numerous factors have converged in Central Oregon to cause a significant increase in housing prices. In addition to the large increase in demand caused by rapid population growth, costs for land, material and labor have risen substantially. Meanwhile, incomes have increased only slightly over the past several years and job creation in the region has tended toward lower-paying service and retail sector jobs. Following is a summary of the factors that have contributed to the rise in housing costs in Redmond.

---

<sup>2</sup> *Central Oregon Housing Needs Update*, Mar. 2003. Prepared by Rees Consulting, Inc. for Central Oregon Regional Housing Authority (CORHA) and The Central Oregon Partnership

- *Population Growth Factors and Demand*

Population projections estimate that Redmond will grow more than 4 percent annually between 2000 and 2025. According to these forecasts, approximately 45,716 residents will live in Redmond by 2025, nearly triple the city's 2000 population – an increase of 28,062 residents from 2003.<sup>3</sup> Much of this population growth will be caused by households moving to the area from other regions. Migration to the area has helped fuel significant increases in housing prices simply because an imbalance between supply and demand for homes pushes prices up.

Another way population growth has impacted the price of housing can be understood by looking at who is moving into the region and what kind of housing they want to purchase. Many new residents come from Portland, Seattle and California where real estate is still more expensive than in most, if not all, of Central Oregon. These “equity migrants” cash out their homes in high-priced real estate markets and arrive in this market with strong buying power. The result is more demand for higher-end, luxury homes – which naturally are priced higher.

Demand for homes also has grown because more people have been able to afford to buy homes in the past 5-10 years due to historically low mortgage rates. These favorable borrowing conditions have allowed many households to shift from the rental market to the homeownership market. In addition, real estate investors have contributed to the spike in housing demand. Recognizing a hot real estate market, these speculators have invested heavily in Central Oregon properties in the hopes of turning a comfortable profit when they sell their houses.

All these factors contribute to a rise in demand that has fueled a building frenzy in Central Oregon over the past few years. Despite rapid construction, however, builders have not been able to keep up with the demand for housing and prices have risen. Those who can no longer afford to live in one community are forced to search for housing in neighboring communities. Thus housing affordability becomes a problem for the whole region.

- *Land, Material & Labor Costs*

Developers report that land prices in the region have doubled in the past two years which they attribute to speculation as well as supply and demand economics. Residential land is selling for as much as \$300,000 per acre, or \$100,000 for a finished lot. The lack of buildable land in Bend has put pressure on the Redmond housing market by shifting some buyers who cannot afford Bend real estate into Redmond. However, land supply constraints do not explain the whole price escalation phenomena.

Material costs for building houses also have escalated dramatically in the past two years. It has been reported that development material costs (sewer, water, electrical conduit) have risen 50-100% due to the high cost of fuel, and materials used from the foundation

---

<sup>3</sup> Deschutes County Coordinated Population Forecast, adopted September 8, 2004.

to the roof have increased 12-15%. Labor also has become more costly by approximately 15-20% as builders face a shortage of Central Oregon workers to meet the increasing demand for new homes.

- *Income & Jobs*

An examination of household income changes over the past several years shows that wages in the region are not keeping pace with the rising cost of housing. As the cost of homeownership has shot up, income has moved up sluggishly.

The following income figures are developed by HUD and derived from a number of older and newer sources of data (e.g., Census 2000, county-level Bureau of Labor Statistics earnings), so they reflect estimates of income changes. The chart represents income for a 4-person household in Deschutes County for 2003-2006.

**Median Household Income (MFI), Deschutes County:  
Family of 4 - 2003-2006**

<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>% change 2003-2006</u>
\$54,200	\$57,800	\$57,800	\$58,800	8.49%

*Source: US Dept. of Housing and Urban Development*

Households experienced income growth of approximately 8.5% over the 4 year span. However, this income growth pales in comparison to appreciating home prices which increased 72% between 2003 and the end of the second quarter of 2006.

Redmond also has a substantial low-income population. According to the Central Oregon Workforce Housing Needs Assessment released in June, 2006 by Housing Works, 49% of Redmond residents are considered low-income, earning 80% or less of county median income. Almost 32% of that group earns 60% or less of county median income. (*Figures based on 2000 Census, CHAS tabulations.*)

The Workforce Housing report predicts that Central Oregon will have the fastest job growth in the state between 2004-2014, growing 24.4% over that time frame. However, many of the jobs that are being created in the economy do not pay enough for a household to afford to purchase a home. Notably, the problem of finding affordable housing is not limited to low-wage workers. Employers report that housing affordability is a problem for entry-level professionals, mid-level managers, and even upper management.

The report summarizes housing affordability in the region as follows: “Incomes and home prices in Central Oregon are not aligned – home prices are far higher than what residents making typical income for the region can afford. The mismatch between what residents can afford to pay for housing and what homes cost to buy is pronounced.”

For example, in Deschutes County the average wage for all employees in 2005 was \$15.19 per hour, according to Steve Williams of the Oregon Employment Department. Translating that wage into full-time earnings, that employee makes \$31,492 annually. A household with this income can afford to pay no more than \$787 per month for housing. However, the average monthly rent for a 3-bedroom, 2-bathroom home in that same year was \$846 - \$919,<sup>4</sup> and the monthly payment for the median priced home likely would be well over \$1,400.

- *Homeownership Housing*

The following table illustrates how the median price of homes in Redmond and Bend has changed over the past three years. From 2003-2005 housing prices in Redmond rose almost 34%. For the single year 2004-2005 housing prices increased more than 25%.

**Median Sales Price, Bend & Redmond - 2003-2005**

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>% change 2003-2005</u>	<u>% change 2004-2005</u>
<b>Bend</b>	\$195,000	\$227,500	\$279,900	43.54%	23.03%
<b>Redmond</b>	\$148,567	\$158,500	\$198,818	33.82%	25.44%

Source: Central Oregon Association of Realtors - [www.centraloregonrealtors.com](http://www.centraloregonrealtors.com)

**Statistics for the third quarter of 2006 reveal that the upward price trend is continuing. According to Central Oregon Association of Realtors data, the median price of a home in Redmond in the third quarter of 2006 was \$259,975, almost a 31% increase in price from the median home price in 2005, and almost 75% since 2003.**

Since this summer, interest rates began to rise. If rates continue to go up, borrowing money becomes more expensive and further impacts affordability in this region and nationwide. A 1% increase in the interest rate will cost a homebuyer of Redmond's median priced home approximately \$150 more per month. Although many economists predict that the national housing market is headed toward a crash, local experts predict that the Central Oregon housing market will level off but will not suffer a big downturn.

Another factor that is affecting the price of homes in the region is house size. Permit records for Redmond indicate that developers are building larger and larger homes. The number of modestly sized and priced homes being built is diminishing, thus reducing options for lower and moderate income households and households entering the market for the first time.

---

<sup>4</sup> Two average rents provided: \$846 figure from the 2005 Central Oregon Rental Survey conducted by CORHA, and \$919 figure from the 2006 *Central Oregon Area Profile*, published by Economic Development for Central Oregon

▪ *Rental Housing*

Rents in Redmond and the region have remained fairly flat over the past several years and have provided affordable housing options for a large segment of the population, with the exception of very low income and extremely low income populations. According to the 2006 Workforce Housing Needs Assessment, average apartment rentals were affordable to households earning 50% or more of Area Median Income (AMI) and average home rentals were affordable to households earning close to 80% AMI.

However, the report also notes that in the past year the supply of rental units in the region has increased minimally while the demand has shot up for those units. This can be explained by several factors, according to the report:

- Prices for land zoned for multi-family residential have increased so much that building apartments no longer makes financial sense.
- Many landlords are selling their properties to cash out on the high-priced market.
- Destination resort development and single family home development monopolizes builders as they prefer these more lucrative projects.
- Rising mortgage rates will reduce rental construction but will not affect high-end development as much.

Furthermore, in a recent survey Bend property managers said they anticipate increasing rents as much as 15% over 2005 levels as demand surges. The managers also reported that they no longer need to offer rent concessions to attract renters.<sup>5</sup> The report noted that Redmond rents are almost equal to Bend rents.

While rent has been fairly affordable for households earning more than 50% AMI, a different story unfolds for 32% of the Redmond population that falls into the category of very low and extremely low income. According to the City of Redmond Urbanization Study published in 2005, affordable housing is difficult for this category of renter to find. The report noted that the number of rental units affordable to households that earn 50% or less of area median income is diminishing while the number of households earning wages in that category is increasing. (See Affordable Housing Inventory in next section of this report.)

Potential new homeowners are being forced out of the home purchase market due to escalating prices, landlords are selling off rental properties to homeowners to capitalize on home appreciation, and rental unit construction is slowing down. Increases in rents should be expected as all of these factors converge to push up the demand for rental housing and reduce available supply.

---

<sup>5</sup> *Central Oregon Workforce Housing Needs Assessment*, p. 51. July 2006. Prepared by Rees Consulting Inc. for Housing Works.

### **III. AFFORDABLE HOUSING INVENTORY**

Within the city of Redmond there are a total of 12 subsidized multi-family affordable housing facilities offering 342 units of low-cost housing to low, very low and extremely low income households. The facilities, subsidized by various government programs, loans and grants, rent exclusively to low-income households earning 60% or less of Area Median Income (AMI), and/or accept Section 8 rent vouchers. There also are private property owners who rent to individual households using rental vouchers.

Following are some of the general characteristics of the affordable housing stock and related programs in Redmond:

- There are 12 facilities in Redmond that offer 342 units of subsidized affordable housing.
- Eighty units of subsidized housing are at risk of converting to market rate housing. Contracts for three multi-family facilities (Ridgemoor Apartments, Stafford Square I, and Wintergreen Apartments) have expired or are due to expire in the next few months. Once the affordability clause in their funding contract expires, property owners can sell their building or turn the units into market-rate housing. Housing Works has informed the government entity that provided the subsidy that it is interested in acquiring the facilities in order to maintain their affordability.
- Because of its growth in population, Redmond no longer qualifies for one of the primary federal sources of funding for affordable housing development and homeownership programs. The USDA's Rural Development funds only can be utilized by communities with populations of 20,000 or less. This source of funding has been used to help pay for three facilities in Redmond which include 94 affordable units.
- Two of Redmond's affordable housing facilities, consisting of 74 units, rent exclusively to seniors.
- Three additional facilities with 35 units rent to seniors as well as the disabled and families.
- Five facilities with 54 units rent exclusively to extremely low income households – those earning 30% or less of AMI.
- Market rent for affordable units range from \$385 - \$695 per month.
- There are no facilities that offer 4 bedroom units for large families.
- There is one transitional housing facility for women that can serve 5 families at one time.

- There are no homeless shelters in Redmond.
- There is no subsidized housing for households earning between 61%-100% of AMI. In recent years market rate rents have been low enough to serve this population.
- Housing Works, the Central Oregon housing authority, owns and manages four affordable housing complexes (114 units) in Redmond. Housing Works also administers the Section 8 voucher program which includes the Section 8 Homeownership Program and the Family Self-Sufficiency Program. Both programs refer prospective homebuyers to the NeighborImpact Homeownership Center (formerly known as Central Oregon Community Action Agency Network, or COCAAN) for financial counseling and homeownership education.
- Through its homeownership program, NeighborImpact, in conjunction with Housing Works' Family Self-Sufficiency and Homeownership programs, have facilitated 53 home purchases in Redmond since January 2004. Twenty-four of those homebuyers previously rented in Redmond while the remaining 29 rented in other parts of the region. (Funding came from the USDA's Rural Development program, which Redmond residents no longer qualify for because the city's population now exceeds 20,000.)
- Habitat for Humanity has built 7 affordable homeownership homes in Redmond and plans to build 2-3 units a year over the next 5 years.
- There are 1,003 recipients of Section 8 vouchers in the tri-county region (Deschutes, Crook, and Jefferson counties). The average voucher subsidy per household is \$430 per month. Only households earning 50% or less of AMI can receive a voucher. While the number of households in this category is growing, the amount of federal funding for the program has been decreasing by approximately 5% annually in recent years. Households can move to different communities and retain their voucher.
- As of September 13, 2006, 307 households in Redmond used Section 8 vouchers. Of those households, 155 have children, 132 have a disabled household member, and 256 have a female head of household. (Households may be included in more than one category.)
- Sixty-nine of the voucher holders in Redmond currently reside in one of the subsidized affordable housing facilities; 238 rent affordable privately-owned, market rate units in the community.
- It is not uncommon for the Section 8 voucher program to receive several hundred applications in one day when new vouchers are allocated for the tri-county region. There have been no new allocations for approximately three years.

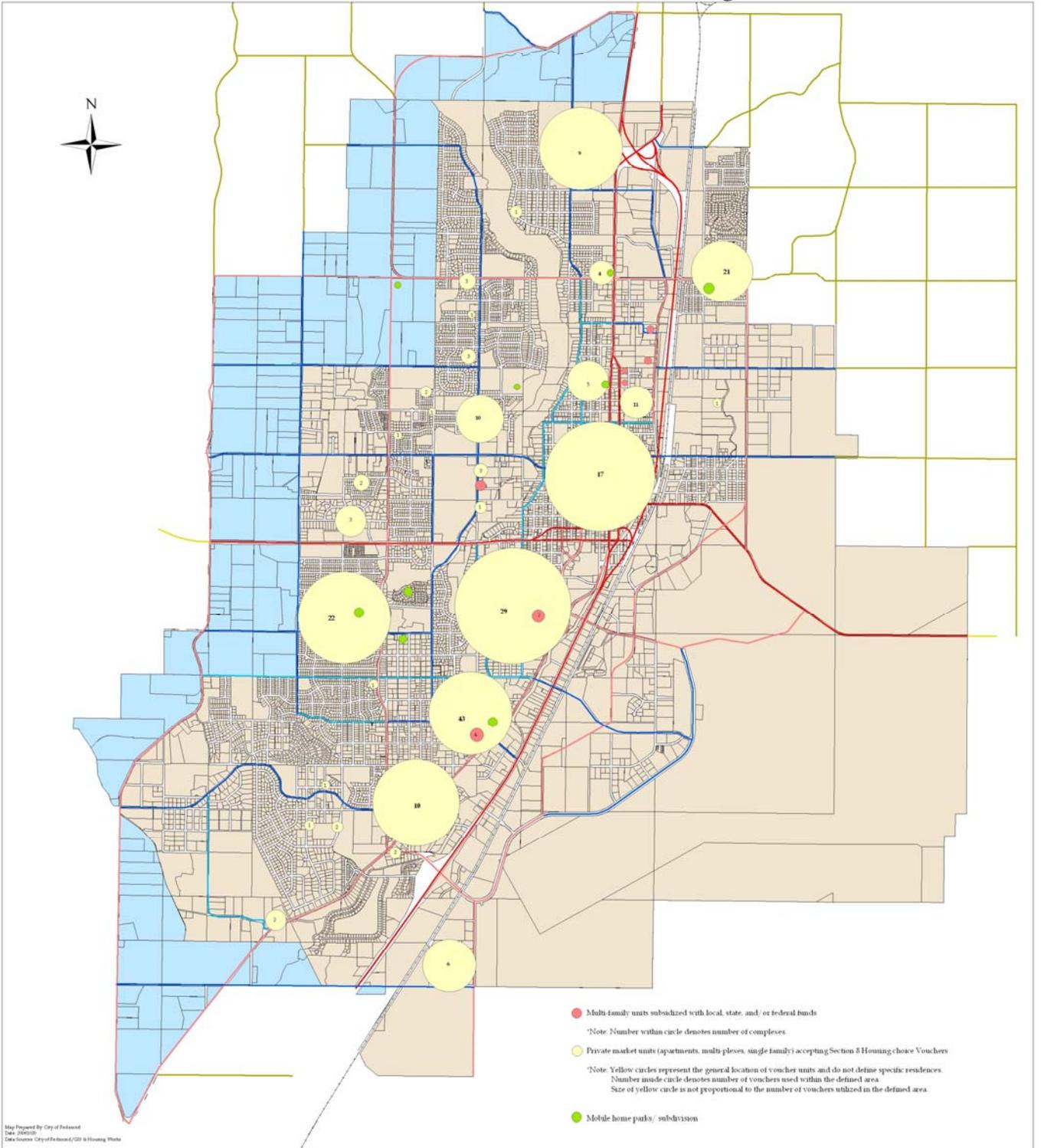
- There are nine mobile home parks and/or subdivisions in Redmond that have more than 409 lots.

The map on the following page represents subsidized affordable housing in Redmond and mobile home parks and subdivisions. Red circles show subsidized facilities, yellow circles represent Section 8 vouchers that are used in the private housing market, and green circles correspond with mobile home parks and subdivisions.

The numbers inside the red circles indicate how many facilities exist in that area, while numbers inside the yellow circles represent how many individual voucher holders rent units in the general vicinity. Voucher holder households are represented in this fashion to protect their privacy. (Please note that the size of the yellow circle does *not* correspond proportionally to the number of voucher holders in the covered area.) It is notable that many of the subsidized facilities and a large concentration of Section 8 voucher units are located close to the main transit corridors in Redmond.

***Note: Special thanks to Housing Works for its support in providing data and information for the Redmond Affordable Housing Inventory.***

# Subsidized Affordable Housing



#### IV. STAKEHOLDER INTERVIEWS

**“Affordable housing is a real issue for us. We used to think that we needed more industrial land to serve the community, and now we do. But now the issue is that we can’t get the workforce to come here to take those industrial jobs because they can’t afford the housing.”**

*Redmond Mayor Alan Unger, 9/6/06*

**“As housing costs rise faster than incomes can keep up, it’s time for a fresh look at what ‘affordable housing’ really means.”**

*Cyndy Cook, Executive Director  
Housing Works, 7/25/06*

**“What’s Redmond going to be like if the majority of the population can’t afford to live here...especially when there’s no public transportation?”**

*Laurie Thom, Community Advocate  
Redmond Area Community Action Team  
5/23/06*

**“The economy in Central Oregon doesn’t support the cost of housing and the retail cost of the land doesn’t allow developers to build anything affordable.”**

*Steve Schlam, Developer  
Diamond Built Homes, 6/8/06*

Quantitative data provides numerical information about a given community that can be analyzed to interpret what is happening in that community. Another important perspective about a community can be provided by qualitative data. As part of the process of developing an Affordable Housing Plan for the city of Redmond, ten private in-depth interviews were conducted to probe the ideas of Redmond stakeholders. The following individuals were interviewed:

- Mayor Alan Unger – City of Redmond
- Cyndy Cook, Executive Director – Housing Works
- Mark Radabaugh, Regional Representative – Dept. of Land Conservation and Development
- Sharon Miller, Executive Director – Central Or. Community Action Agency dba NeighborImpact
- Edward “Bud” Prince, Economic Development Manager – Redmond Economic Development
- Steve Schlam, Developer – Diamond Built Homes
- Tim Vezie, Developer – VZ Properties
- Jim Long, CDBG/Affordable Housing Manager – City of Bend
- Laurie Thom, Community Advocate – Redmond Area Community Action Team
- Jim McCue, President – Redmond Habitat for Humanity

Several major themes surfaced during the interviews which are summarized below. In addition, noteworthy observations, ideas and strategies are highlighted in order to provide a more complete overview of the content of the interviews.

▪ *Major Interview Themes*

- 1) Cost of Land/Housing: Numerous stakeholders expressed shock and concern about the rapidly escalating price of both land and housing. One interviewee stressed that the cost of land does not allow developers to build anything affordable. Others wondered whether the fabric of the community will change if only affluent people can afford to live in Redmond.
- 2) Local Source of Funding: Several interviewees recommended that the city of Redmond develop a local source of funding which can be used to leverage other funds to support affordable housing projects and programs. They noted that federal and state sources of funds are tightening up and are undependable. Often local funds are less restrictive than state and federal sources, allowing more creativity and flexibility in developing housing strategies.
- 3) Regional Approach: The affordable housing problem is primarily due to the rapid population growth in the Central Oregon region. What one city does – or does not do – can impact surrounding communities. Cities need to work together to address the problem on a regional basis. As the regional population grows, cities also can form a consortium to try to access more federal and state dollars.
- 4) Land Banking: Housing and service providers as well as developers and government employees emphasized that the City should immediately begin land banking – purchasing and/or setting aside land it already owns for future affordable housing projects. These lands can be utilized for housing developments or traded to leverage other affordable housing projects.
- 5) Annexation Opportunities: Redmond is in a unique position right now to generate some affordable housing units as it expands its urban growth boundary and sets rules for annexing land into the city limits. Although state regulations prohibit mandatory inclusionary housing, annexation policies can be drafted to ensure that land being voluntarily annexed into the city be developed in a way that meets the broad needs of the community. This could include a component of affordable housing.
- 6) Rental Market Changes: Several stakeholders indicated that they believed rental prices had begun to rise. Others said that investors were beginning to sell off their rental homes which could have a broad impact on the supply of rental units as many households in Redmond prefer to rent private homes.
- 7) Incentives for Developers: Unless very real incentives are offered to developers to build affordable housing – incentives that help them save money – affordable

- housing strategies will have limited success. Examples of incentives included density bonuses, expedited permitting, and deferrals or waivers of System Development Charges.
- 8) Educating the Public: Part of a successful affordable housing plan involves educating the public about the problem and its impacts on the community. But interviewees differed in their opinion about whether Redmond citizens understood and cared about the issue.
  - 9) Impact of Destination Resorts: Destination resorts located on county land have a big impact on the city of Redmond. They draw workers from the community and add traffic to the streets, and yet they provide no housing services for their employees. Interviewees felt that destination resorts should play a role in alleviating the affordable housing problem.
  - 10) Public Transportation: Redmond lacks a public transportation system which is a hardship for many residents. It places limitations on where low-income households can seek housing and employment. Public transportation can be considered an affordable housing issue when looked at from this perspective.
  - 11) Mobile Home Crisis: Communities in Central Oregon are facing a mobile home crisis as landowners sell off their parks for development. This problem must be addressed by each community. The state needs to play a role in helping local governments solve this problem, some of the stakeholders said.
  - 12) Partnerships: Several interviewees emphasized that the affordable housing crisis must be addressed collaboratively and will require partnerships to make a difference. Some said that strong leadership from developers will be imperative, while others stressed that city leadership is crucial.
  - 13) State Role: Some stakeholders said that the state has not provided municipalities with the tools they need to achieve state housing goals. The state should be lobbied to give cities a wider array of options from which cities can choose to address their particular needs. One interviewee also commented that the state needs to increase its funding for bond programs to enable local governments to do more, or else increase straight funding to localities.
  - 14) Job Creation: Job growth in Central Oregon is robust, however many new jobs are in the service sector which generally pays low wages. The employees filling these positions cannot afford to pay much for housing, thus increasing the need for more affordable housing.

- *Specific Observations, Ideas & Strategies*
  - 1) Difficulty Finding Employees: Employees are becoming harder and harder to recruit to the area, particularly because of the cost of housing.
  - 2) Road Map: Cities need to define how they are going to tackle the unmet housing needs in their communities by developing a “road map” which outlines goals, objectives and action steps.
  - 3) Homeownership Programs: Homeownership programs are becoming more difficult to implement as the cost of housing increases. (Funding sources for these programs put caps on how much can be paid for a home.) Every day less and less inventory meets the program requirements.
  - 4) Challenges to Renters: High credit rating requirements, large security deposits, and other work history requirements imposed by landlords can make it very difficult for some households to find affordable housing. As the rental vacancy rate drops, it will become even harder for many households to find affordable rentals.
  - 5) Seasonal Economy: The local economy is being driven to serve seasonal residents and resorts, not the year-around residents. The economy is not meeting the needs of the community, as many of the jobs being created are seasonal and/or low wage.
  - 6) Community Land Trusts: The City should utilize land trusts as an affordable housing strategy. Land trusts allow home buyers to purchase a house and lease the land on which the house sits. The long-term land lease also comes with a resale restriction on the home to ensure that it remains affordable to future homebuyers. By taking the land price out of the sales equation housing prices are kept more affordable.
  - 7) Affordable Housing-Friendly Policies/Programs: Some stakeholders suggested policies and programs to support affordable housing such as: density bonuses; SDC waivers; de-emphasizing lot size in regulations and emphasizing house size; reducing construction costs by allowing design variations such as no garages; encouraging development of expandable houses; implementing a new construction tax; taxing new construction based on the value of a home above a certain threshold; offering long-term financing; partnering with nonprofit organizations.

## V. OVERVIEW OF REDMOND PLANNING AND REGULATORY DOCUMENTS

The city of Redmond’s Comprehensive Plan serves as a guide for future city growth and development. It lays out the city’s vision for its physical development through a framework of goals and policies that reflect the character, ideas and resources of the community. The city of Redmond’s Development Code complements the Comprehensive Plan by defining the rules for development. Essentially the Development Code takes the vision for growth and development and puts it into working form to ensure that land uses and the built environment fit the surrounding landscape and reflect the vision and needs of the community.

In the process of developing an affordable housing plan it is necessary to review the city’s Comprehensive Plan and the Development Code to identify issues that impact housing affordability. While it is important to recognize that regulatory constraints often negatively impact the affordability of development, most communities enforce some measure of regulatory constraints to protect the character of their community. Communities therefore must make difficult decisions about tradeoffs between certain policies and regulations, and encouraging affordable housing.

- *Comprehensive Plan*

This section will address housing affordability issues in the Comprehensive Plan. A more detailed analysis of individual goals and policies will be conducted as the project to draft an Affordable Housing Plan proceeds. Some revisions to the Comprehensive Plan may be proposed in the future to reflect new information and direction that has been obtained from the community and city leaders.

In general, the Housing chapter in Redmond’s Comprehensive Plan addresses many of the major issues that affect housing affordability. The goals contained in the plan cover affordability; accessibility; density; land supply; dispersal of special housing products throughout the community; and diversity of housing products. All these topics play key roles in comprehensive affordable housing strategies.

However, the biggest weakness of this chapter of the Comprehensive Plan is that some of the language is vague or ambiguous, and there isn’t always a clear connection between policies and goals. Moreover, the plan does not offer strategies or action steps to attain goals. Expanding the framework of this chapter to include Goals, Objectives, Policies and Action Steps would help make the plan function more like a “road map” for city action.

For example, Goal #2 in the Housing chapter states: “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.” It is unclear whether the intent of this goal is to *encourage* a variety of housing options for all income levels, or *discourage* the creation of barriers to a variety of housing types, or both. Secondly, the declaration that housing options should match changing demographics and

lifestyles of Redmond residents raises more questions than answers. It is difficult to ascertain from the document what policies were crafted to help achieve this goal, and how changing demographics and lifestyle should shape development. The goal also states that a variety of housing options should be allowed for all income levels in both existing and new neighborhoods. Once again, it is unclear which policies aim to address this goal and how housing for all income levels will be allowed/encouraged/achieved in Redmond neighborhoods.

By following a Goal/Objective/Policy/Action Steps framework, the Housing chapter would provide much clearer direction on how the city envisions attaining its goals. This framework also would enable the city to track whether it is making progress toward its goals.

Goals statements are clear statements that reflect the city's vision for the future. Goals generally are not measurable but rather serve as the foundation from which all other ideas and actions should spring. Objectives are more specific statements reflecting the goal that outline how the goals are to be achieved. Objectives generally are narrow, precise, tangible and measurable. Policies then serve as guiding principles that link the objectives and the action steps. Finally, action steps identify specific programs and activities that will be conducted to achieve the goal. Following is a fictitious example of this planning model.

**Goal:**

Encourage a variety of housing opportunities for the elderly that respond to their changing lifestyles and health care needs in order to enable them to age within their community.

**Objectives:**

- 1) Stem the tide of out-migration of households 55 and older.
- 2) Increase the number of independent living, assisted care and nursing home facilities within the community to match local demand for such facilities.
- 3) Encourage alternative living arrangements that help maintain family cohesion as members of households grow older and their income status changes.

**Policies:**

- 1) Encourage affordable housing developments for elderly residents by providing incentives that make such development more attractive.
- 2) Zoning laws should address the special needs of residents of senior housing facilities, including but not limited to on-site or nearby transit services, health care services, and daily conveniences.
- 3) Allow accessory dwelling units (i.e. granny flats, in-law units) in new developments and existing neighborhoods.

### Action Steps:

- 1) Develop an incentive program to save developers time and/or money to encourage the development of affordable senior living communities/facilities.
- 2) Establish a working group comprised of developers, nonprofit housing organizations, elder health care providers and city staff to identify the housing needs of elderly households, determine where the market is falling short, and to develop a plan to address the gaps in housing services.
- 3) Draft an accessory dwelling unit ordinance.

A strong housing plan will state its goals clearly, outline its objectives in measurable terms, and lay out policies that define guiding principles to shape its implementation steps. If this model is followed, city staff should be able to use the Comprehensive Plan to craft efforts that truly reflect the city's vision for its future.

*Land Use Planning & Economic Development:* Land use planning and economic development activities also can have significant impacts on housing affordability. When developing policies in these arenas it is important to keep in mind how they interplay with housing in order to avoid unintended negative impacts.

There are three critical ways in which Redmond's land use planning and affordable housing interact: 1) land supply; 2) density; and 3) planning for the efficient development of land.

By maintaining an adequate supply of land in the urban growth boundary, land use planning can help prevent unnecessary supply constraints that push land prices up and affect the cost of housing. For example, although land supply constraints in Bend are not the sole reason for the spike in regional housing costs, the restricted supply of buildable land in Bend has contributed to the rising prices of homes in the region and in Redmond.

Strong policies that encourage a wide range of densities can help stimulate development of different housing products such as single family homes, condominiums, townhouses, and multi-family apartment complexes. Communities that can provide a range of housing options, both in terms of products and sizes, are better able to meet the broad housing needs of the community.

Finally, careful planning to ensure the efficient development of land helps keep housing prices down by reducing infrastructure and service costs, reducing transportation costs, promoting stronger, interconnected communities, and encouraging infill development. Redmond's new policy to require master planning for land being annexed into the city limits is a powerful tool to promote efficient use of the land.

Economic development policies also can affect housing affordability. Mixed use development (also a land use policy) can simultaneously stimulate economic revitalization of a depressed commercial area and create new, high density housing opportunities located close to work and/or transportation.

Another crucial arena in which economic policies and housing policies interconnect relates to the jobs/housing balance. It is generally believed that cities are better off when the majority of the people who work in their community also live within the community. When people can both work and live in the same community congestion and pollution are reduced, social and economic diversity are maintained, and individuals become more invested socially within the community. Economic policies that are designed to spur Redmond's economic growth should also be balanced with policies that address the growing need for workforce housing generated by economic development efforts.

▪ *Redmond Development Code*

Some recent changes to Redmond's Development Code will provide new opportunities to create affordable housing. They include:

- Allowing duplex lot partitions which make each half of a duplex purchasable on its own lot.
- Allowing Cottage developments which offer small individually owned homes on small lots.
- Allowing Cluster developments which enable townhouses to be built on small sellable lots.
- Allowing guest houses and accessory dwelling units in higher density zones.

Other aspects of the Code restrict development options for both the city and property owners and could negatively impact the ability to create more affordable housing in the city. Some new restrictions have been placed on the R-2 zone and stringent restrictions have been placed the R-3 zone, essentially ensuring that most future development in these zones will be single-family residential.

Traditionally R-3 zones have served as gradual transition zones from single-family residential development to higher density multi-family development. However, the new Code revisions prohibit duplex development in the R-2 zone (except lots created prior to November 9, 2006) and severely restrict duplex development in the R-3 zone by limiting them to corner lots of 10,000 square feet and requiring a conditional use permit. Furthermore, planned developments are now prohibited in R-2 and R-3 zones with the exception of Cottage developments which are allowed with a conditional use permit. Finally, multi-family developments are now prohibited in R-2 and R-3 zones.

These measures will reduce density in areas that usually serve as transition zones between low and higher density neighborhoods. The conditional use permit requirements for duplexes and planned developments in the R-3 zone also will add expenses to the cost of development which will negatively impact affordability. By reducing development options in some of its zones the city may have difficulty achieving density goals laid out in the Comprehensive Plan, especially in the R-3 zone which calls for a target density of 4-12 dwelling units/acre.

As more land is brought into the urban growth boundary and annexed into the city limits, it will be critical to ensure that much of it is zoned R-4 or R-5. These zones provide for multi-family development offering a range of housing products and sizes to meet broad community needs, including affordable housing options.

**TO: REDMOND CITY COUNCIL**

**FROM: COMMUNITY DEVELOPMENT DEPARTMENT**  
**Prepared by Laura Fritz**  
**Laura Fritz & Associates**  
**Planning Consultant – Affordable Housing**

**RE: AFFORDABLE HOUSING OPTIONS REPORT**  
**Phase II: Affordable Housing Plan**

**DATE: November 8, 2006**

### **EXECUTIVE SUMMARY**

Communities facing an affordable housing crisis have a wide array of strategies they can implement to attack the problem, ranging from policies and programs to regulations and incentives. The following report provides general information about the most widely utilized affordable housing tools, strategies and programs. It is intended to inform the community about potential options and approaches for encouraging and supporting affordable housing, rather than to steer planning efforts toward any particular strategy or initiative. Following is a list of the strategies and techniques contained in this report.

- Land Banking
- Affordable housing trust fund, and associated funding mechanisms
- Incentives for developers
- Zoning initiatives
- Voluntary inclusionary housing/zoning
- Community land trusts
- Preservation programs
- First-time homebuyer programs
- Rental assistance
- Regional consortium
- Partnerships
- State and Federal funding programs
- Tax increment financing
- Bonds and levies
- Tax abatement/relief
- Employer-assisted housing
- Asset-building techniques
- Mobile home policies/ordinance

The final section of the report contains a spreadsheet illustrating affordable housing tools and programs that five other communities utilize to create affordable housing opportunities.

# **AFFORDABLE HOUSING OPTIONS REPORT**

Communities facing an affordable housing crisis have a wide array of strategies they can implement to attack the problem, ranging from policies and programs to regulations and incentives. The following report provides general information about the most widely utilized affordable housing tools, strategies and programs. It is intended to inform the community about potential options and approaches for encouraging and supporting affordable housing, rather than to steer planning efforts toward any particular strategy or initiative.

## **Land Banking**

Land banking involves buying and holding undeveloped land that is situated in the path of future urban growth. The land is then used for affordable housing purposes some time in the future. The theory behind land banking is that buyers can save large sums of money by purchasing land before it is subject to urban growth pressures. Land banking also can involve the acquisition of vacant, foreclosed or underutilized property within developed areas.

As land becomes more expensive in Central Oregon, cities can reduce future costs of affordable projects by purchasing land today. Local governments may be able to acquire land from other public agencies at greatly reduced prices before the land is placed on the open market because state law gives them, and nonprofit organizations, priority in purchasing surplus land.<sup>6</sup> Sites that are land banked can be sold to nonprofit or for-profit developers at discounted prices in return for building affordable units. The land also can be sold for a profit to leverage other affordable projects. While the land is being held, expenses can be offset by leasing it for other uses.

## **Affordable Housing Trust Fund**

There is consensus among housing practitioners that federal and state funding for affordable housing programs has declined in recent years and is unpredictable. As a result, many localities have undertaken efforts to establish a local source of funding to stabilize and support affordable housing initiatives. An affordable housing trust fund is a distinct fund that is set up by cities, counties and/or the states that is dedicated solely to affordable housing efforts. The fund is established through legislation or ordinance and has a consistent source of public revenue (see funding mechanisms below).<sup>7</sup> These funds typically have fewer restrictions than federal and state dollars so they can be used more flexibly. For example, funds can be used to leverage other private, state and federal dollars, or they can be used for services, operations or capital construction.

---

<sup>6</sup> Knowledgeplex, – Land Use & Housing Planning/landbanking. [www.knowledgeplex.org](http://www.knowledgeplex.org). (Accessed 10/24/06.)

<sup>7</sup> PolicyLink, [www.policylink.org/EDTK/HTF](http://www.policylink.org/EDTK/HTF) (Accessed 10/22/06.)

### Funding Mechanisms for Affordable Housing Trust Funds

- **Linkage Fee** – Fee assessed on new commercial, retail, and industrial property to support affordable housing programs. The fee is “linked” to new business development as a way to correct the jobs/housing imbalance that is created by new economic development. The premise of the fee is that lower-wage workers who are needed to fill jobs in the new businesses also need to be able to afford housing in the community.
- **New Construction Fee** – Assessment on all new development that is paid into a dedicated fund for affordable housing projects and programs. The fee can be based on a percentage of building permit valuation or a set fee for different tiers of valuation. The city of Bend recently adopted a new construction fee that assesses .00333% (1/3 of 1%) on all new buildings. Bend expects the fee to raise approximately \$2.5 million annually to support affordable housing initiatives.
- **Tear Down Fee/Tax** – This tax is assessed as part of a demolition permit. It is used to mitigate the effect of demolition of older homes that generally are more affordable and that often are replaced by high-end homes that are not affordable.
- **Proportional Impact Fees** – These charges are assessed on new homes and are proportional to the size of the housing unit. Proportional impact fees are based on the theory that larger homes put a greater strain on public services and infrastructure. Most studies show there is a relationship between the size of a house and the number of occupants, vehicles, and school-age children requiring and using public services. Proportional impact fees also can be higher in areas that cost more to service such as housing on the urban fringe. Programs can be designed to exempt low and moderate income housing.<sup>8</sup>
- **General Fund** – Some jurisdictions dedicate a portion of their General Fund to an affordable housing trust fund.
- **Voluntary Contributions** – By definition affordable housing trust funds are not funded by private, voluntary contributions from developers, foundations, employers and other private sources. This type of funding usually goes into a community trust fund that is run by a private or non-profit organization. However some communities are exploring combining these types of contributions with their existing public trust funds.
- **Recording Fees** – There is a movement afoot in Oregon lead by the Neighborhood Partnership Fund’s Housing Alliance to lobby the state legislature to increase the recording fee for legal documents by \$15 and dedicate that fee to the state’s affordable housing trust fund. This is one way that many states have funded their affordable housing trust funds.

---

<sup>8</sup> Nelson, Arthur C., FAICP, “Top Ten State and Local Strategies to Increase Affordable Housing Supply,” Fannie Mae Foundation, Volume 5 Issue 1, 2006.

- **Real Estate Transfer Tax** – One of the most common sources of funding for an affordable housing trust fund is the Real Estate Transfer Tax (RETT), however state legislation currently blocks local jurisdictions from using this financing mechanism. The RETT is assessed every time a house is sold and is based on the sales price of the home. This funding vehicle is being used with increasing frequency outside Oregon.

## Incentives for Developers

Incentives for developers take numerous forms but they generally fall into two categories – they either save developers time and/or money, or enable the developer to increase the profitability of their project.

- **SDC Waiver/Deferral/Reductions** – Systems Development Charges generally cost developers in the range of \$6,000-\$10,000 per unit, and many cities are increasing these rates. These fees are assessed at the time a permit is issued for a new home, not when it is sold. Some communities waive SDCs for affordable housing units, others defer the fees until some time in the future such as after the sale of the home, and others pay the developer’s fees from their affordable housing trust fund. It also may be possible to reduce SDC charges for affordable housing developments built in neighborhoods that already have infrastructure in place. Any of these programs can be tailored to encourage certain types of development such as smaller homes, or homes that are priced to rent or sell to households in certain income categories.
- **Density Bonus** – The density bonus is one of the most common forms of developer incentive that municipalities employ. This policy encourages developers to build affordable units in return for allowing them to build at a higher density than permitted under current zoning. By increasing the number of units the developer can build on a given piece of land, more affordable units can be worked into the project.
- **Relaxed Design Standards** – Design requirements such as yard setbacks, and height restrictions contribute to the cost of a project. By relaxing some design standards cities can save developers money that then allow them to incorporate affordable housing into their projects.
- **Expedited Permitting** – It is not uncommon to hear developers complain about the slow process of obtaining a city permit. In the construction world, time equals money. Delays in obtaining building permits cost developers money by extending the time developers have to pay predevelopment loans and slowing down construction crews. Many cities have adopted a “fast track” permitting process for affordable housing projects that saves developers both time and money.
- **Relaxed Parking Requirements** – Parking requirements contribute to the cost of housing because developers must allot more land per unit to cover parking needs. Cities can develop guidelines for affordable housing projects that reduce parking requirements to help bring down project land costs.

## **Zoning Initiatives**

Zoning policies can encourage or discourage affordable housing development in a community. Some of the most common zoning tools utilized by jurisdictions to promote affordable housing include:

- Allowing accessory dwelling units
- Creating minimum density zones
- Allowing cottage developments
- Establishing low minimum lot size thresholds
- Encouraging mixed-use development in commercial zones
- Providing for density and height bonuses
- Enforcing inclusionary zoning (see description below)

## **Voluntary Inclusionary Housing/Zoning**

Cities, counties and states increasingly are turning to inclusionary housing policies (also known as inclusionary zoning) to generate affordable housing units. Inclusionary housing policies require or encourage private developers to make a certain percentage of their new units affordable to low and moderate income households. These policies typically apply to new residential developments that exceed a certain size, such as 20 or more housing units. Typically 10-25% of a new development is “set-aside” for affordable housing. Small developments that fall below the threshold for an affordable set-aside sometimes pay an in-lieu fee that goes into an affordable housing trust fund.

Mandatory inclusionary housing policies have proven to be much more successful than voluntary programs, but mandatory inclusionary zoning currently is not allowed under Oregon law. However, some jurisdictions in Oregon have successfully incorporated inclusionary housing requirements into their annexation policies because annexation is a voluntary action. Voluntary inclusionary policies usually offer rewards or compensation to the developer for providing affordable units such as density bonuses, expedited permitting, and zoning variances.

In most cases communities with inclusionary housing policies require developers to build the affordable units within the new development, although some jurisdictions allow construction on a different site. Some inclusionary housing programs also allow large developers to pay an in-lieu fee instead of building affordable units. To ensure that units are priced affordably for future buyers, a covenant that restricts the resale price is recorded with the title of the home. Usually these affordability covenants stay in place for 30 years or more.

Inclusionary housing is a proven method for increasing construction of affordable housing units, creating mixed income communities, and dispersing affordable housing throughout a community.<sup>9</sup> This affordable housing strategy is used most successfully in areas that are experiencing growth, as it relies on market demand to stimulate private sector construction of new housing developments.

---

<sup>9</sup> PolicyLink, [www.policylink.org/EDTK/IZ](http://www.policylink.org/EDTK/IZ). (Accessed 10/23/06)

## Community Land Trusts

Community land trusts (CLT) generally are nonprofit organizations that acquire and hold land to be used for affordable housing. Housing on the land is sold at an affordable price and the homeowner leases the rights to the land on which the house sits. In this way the cost of the land is removed from the purchase price, thereby making the housing more affordable. Long term leases (typically 99 years) are renewable as well as assignable to heirs. Limited equity formulas restrict the resale price of the home to ensure that the housing remains affordable for future buyers.<sup>10</sup> Many cities support the formation of community land trusts as well as provide surplus land for the CLT's use.

## Preservation Programs

One of the most important affordable housing strategies a city can undertake is to ensure the preservation of existing affordable housing within the community. Numerous strategies exist, including rehabilitation grant and loan programs, foreclosure prevention programs, and replacement housing regulations that generally take the form of condominium conversion ordinances.

- **Rehabilitation Grants & Loans** – Cities can provide direct grants or loans to households that fall in targeted income categories to make repairs and upgrades to their homes. Another common approach is for a city to provide a grant to an existing nonprofit organization to administer the grant/loan program. Grants and loans are provided for emergency home improvements such as plumbing, electrical and roof repairs, and for other non-cosmetic upgrades that improve the safety and accessibility of a home. One such example is NeighborImpact which currently administers a deferred payment low-interest loan program in the tri-county area for households at 80% or below median family income. Another type of rehabilitation loan or grant that may be available from the state or federal government helps developers convert and rehabilitate old hotels or buildings into affordable housing.
- **Foreclosure Prevention Programs** – Foreclosure programs can take the form of property tax deferrals, low-interest loans or grants, homebuyer education classes, credit counseling, emergency mortgage payment programs, and mortgage refinancing. Nonprofit housing organizations often provide some of these services to the community.
- **Condominium Conversion Ordinances** – Particularly in gentrifying areas, the conversion of rental units into condominiums can greatly reduce housing options for households that cannot afford to purchase a home. In hot housing markets the conversion of rental units to condos is exacerbated by the fact that few multi-family rental projects get built when developers can build more lucrative single family subdivisions. To combat this problem some jurisdictions have adopted condominium conversion ordinances that try to mitigate the loss of rental units. Ordinances take many forms, including requiring one-for-one replacement of affordable rental units that are converted

---

<sup>10</sup> Institute for Community Economics, [www.iceclt.org/clt](http://www.iceclt.org/clt). (Accessed 10/20/06)

to ownership units, requiring property owners to set aside a certain portion of units to remain affordable to low income households, tenant protection measures, and so on. .

- **Community Organizing** – For some communities federal subsidies were used to build much of their affordable housing stock. Two important federal sources of funding – Section 236 mortgages and project-based Section 8 assistance – allow property owners to prepay their mortgage or “opt out” of the program once their subsidy contracts expire. The owners of these properties are then free to convert their units to market rate. The threat of converting to market rate is greatest in strong housing markets, and this process can decimate the supply of affordable housing in a community. Tenants and concerned organizations strive to be aware of what facilities are at risk of converting to market rate and work with property owners and government agencies to develop strategies to preserve them for affordable housing.<sup>11</sup>

## **First-time Homebuyer Programs**

First-time homebuyer programs are designed to help reduce barriers to homeownership. These programs usually fall into one of three categories: 1) educational services that prepare individuals for homeownership; 2) financing opportunities that assist households in buying a market-rate home; and 3) programs that keep the price of the home below the market rate for the first buyer, and usually for subsequent buyers of the home as well.

Education programs may feature pre-purchase seminars, credit counseling, post-purchase classes, foreclosure prevention and refinancing lessons. The purpose of these educational programs is to make sure individuals are fully prepared for the responsibilities of homeownership. Often potential homebuyers must attend a first-time homebuyer course or seminar in order to qualify for special financing programs. NeighborImpact runs a Homeownership Center in Redmond that provides counseling services to homeowners and potential homeowners.

Financing programs run the gamut from down payment assistance grants, below-market-rate loans and loan guarantees to silent-second mortgages and shared appreciation programs. The state of Oregon offers low interest loans for first-time homebuyers and a special advantage program that helps buyers with closing costs or down payment costs.

Limited equity programs such as those employed by community land trusts, housing cooperatives and inclusionary housing programs restrict how much a house can be sold for to ensure affordability. Sales price restrictions can be as short as five years or as long as in perpetuity. The sweat equity model is yet another technique utilized to help low-income households purchase their first home. Habitat for Humanity is the best-known organization that uses this strategy to help create affordable housing opportunities. Homeowners must volunteer a certain number of hours toward the construction of their

---

<sup>11</sup> Levy, Comey, and Padilla, “Keeping the Neighborhood Affordable: A Handbook of Housing Strategies for Gentrifying Areas,” The Urban Institute Metropolitan Housing and Communities Policy Center, 2006, pp. 18-19.

home in return for a greatly reduced sales price. Sales price restrictions remain in place for Habitat homeowners for a specific period of time.

## **Rental Assistance**

Most rental assistance is provided by the federal and state governments through allocation of funds for rental facilities, the Section 8 housing voucher program, and the Rural Development rental assistance program. However, some organizations also provide emergency rental assistance to households in times of crisis. It also is possible to develop longer-term rental assistance programs, but these tend to require deep subsidies to reach the neediest of families.

## **Regional Consortium**

The fragmentation of regulatory policymaking among cities and counties can exacerbate affordable housing problems.<sup>12</sup> A regional consortium can help alleviate some of the problems that are created when communities work in isolation. There are many ways that a regional group can work together to stimulate affordable housing efforts, including banding together to qualify for governmental and private funding that individual cities would not qualify for; mutually contributing to organizations and projects that serve the region as a whole; and assisting each other in developing regulations and policies to encourage a wider range of housing products at different levels of affordability. Interviews with key individuals which were conducted for this project revealed that many stakeholders believe a regional consortium would be beneficial for Redmond.

## **Partnerships**

Developing a comprehensive affordable housing plan requires partnerships between both the private and public sectors. There are roles to be played by developers, businesses, non-profit organizations and governmental agencies. Some outfits do certain things better than others, and it's important to structure partnerships to capitalize on each player's strengths. A community resource study can help identify both organizations and individuals in the city and region who have the expertise and capacity to contribute to affordable housing initiatives. These groups and individuals are invited to the table to help develop solutions for affordable housing.

## **State & Federal Funding Programs**

In addition to several homeownership and rental assistance programs, the state sponsors and administers a number of funding programs to support affordable housing construction, rehabilitation, and preservation. They include tax incentives, a housing trust fund, grant programs, low interest loans, and bond programs. Some of the funds are awarded through a competitive application process, while others are not competitive but are evaluated in the same way a commercial lender would review a loan request. Funds tend to be steered toward projects that serve households earning 60% or less of area median income, although mixed use projects are acceptable according to Kim Manie-

---

<sup>12</sup> The Center on Urban and Metropolitan Policy, The Brookings Institution and The Urban Institute, "Rethinking Local Affordable Housing Strategies: Lessons from 70 Years of Policy and Practice," Dec. 2003

Oskoi, the Central Oregon regional contact for Oregon Housing and Community Services. (Manie-Oskoi noted that much of Central Oregon’s workforce falls into this income category.)

One of the most successful programs – but also an extremely competitive one – is the federal government’s Low Income Housing Tax Credit (LIHTC) program which is administered by the state. This program is the major federal program designed to produce affordable rental housing, and it is responsible for producing hundreds of thousands of affordable units nationwide. The LIHTC program offers private investors federal tax credits in exchange for the development of rental housing units.<sup>13</sup> Another competitive program run by the state called the Oregon Affordable Housing Tax Credit (OAHTC) helps lower the interest rate on permanent loans by as much as 4%. Projects that are awarded this tax credit must pass the financing savings on to households through reduced rents.

## **Tax Increment Financing**

Tax increment financing has become a common tool used to finance and stimulate economic development in urban renewal districts. Some communities are now utilizing the tool to help create affordable housing within such districts. Tax increment financing enables local municipalities to issue bonds to finance improvements and stimulate investment in blighted areas that are designated as urban renewal districts. Revenues from the bonds are invested in infrastructure improvements or other projects within the area. As property values increase due to reinvestment in the area, the property tax gains – or the tax increment – are used to pay off the bondholders. Affordable housing comes into play when a renewal agency is required to set aside a portion of the TIF revenue for affordable housing projects.<sup>14</sup> In California urban renewal areas have mandatory TIF set-asides for affordable housing, and the city of Portland currently is working on establishing an affordable housing TIF set-aside.

## **Bonds & Levies**

Voter-approved General Obligation Bonds allow jurisdictions to sell bonds to finance a specific project or projects. The bond is then repaid usually over a 20-year period with funds raised from a new property tax levy. Money from this funding source can only be used to pay for construction and other capital expenses for government-owned projects. Local option levies are voter-approved special purpose property taxes that raise a fixed amount of money each year for a specific purpose, such as affordable housing programs. Funds raised through levies can be used for operations costs as well as capital expenses. However, local option levies are limited to five years for operations projects and 10 years for capital constructions projects. Furthermore, these taxes are subject to Oregon Constitutional restrictions imposed by Measures 5 and 50 which limit the amount of property taxes that can be placed on individual property tax accounts.<sup>15</sup>

---

<sup>13</sup> Levy, Comey, and Padilla, p. 7.

<sup>14</sup> Levy, Comey, and Padilla, pp. 10-11.

<sup>15</sup> The Community Development Network, [www.cdnportland.org](http://www.cdnportland.org)

## **Tax Abatement/Relief**

Some jurisdictions grant property tax exemptions for affordable housing developments. This kind of exemption usually is designed to encourage a certain type of development such as multi-family rental housing. These programs also can be structured to encourage development in targeted areas and/or to serve specific income categories. Seattle utilizes this tool to encourage affordable housing projects.

The Vertical Housing Program run by Oregon Housing and Community Services Department encourages mixed-use developments in core urban areas through a partial property tax exemption. According to OHCS program description, the exemption varies in accordance with the number of residential floors in the project with a maximum property tax exemption of 80 percent over 10 years. However additional exemption may be given if some or all of the residential housing is for households earning 80 percent or less of median family income. This program may be a useful tool for stimulating workforce housing in the downtown area.

## **Employer-Assisted Housing**

Some businesses provide housing benefits as a way to recruit and retain employees. Employer-assisted housing programs generally fall into one of two categories: 1) demand programs that enhance the affordability of existing housing; 2) supply programs that stimulate the development of units for its employees. Demand programs include group mortgage plans where a mortgage lender reduces rates or fees for a bulk lending commitment; closing cost assistance; mortgage guarantees where the employer guarantees all or part of the mortgage; group mortgage insurance; down payment assistance loans; mortgage buy-down programs in which the employer buys down the interest rate of the loan; and purchase of mortgage revenue bonds whereby the employer purchases taxable bonds and uses the proceeds to fund employee mortgages or loans. Supply programs include providing land for housing sites, construction financing, cash contributions to projects, and purchase guarantees to developers.<sup>16</sup>

## **Asset-Building**

Asset-building programs are intended to help individuals build savings and develop economic self-sufficiency. This is yet another approach to addressing housing affordability. Usually these programs are run by nonprofit organizations that provide a broad range of services to low income households. Examples of asset-building programs include individual development accounts, limited equity cooperatives, homeownership education and counseling, and other self-sufficiency programs such as Families Forward which is run by Housing Works. This 5-year program helps Section 8 voucher recipients set both financial and personal goals and work to attain those goals. Many participants who enter the program strive to become homeowners and relinquish their public assistance.

---

<sup>16</sup>Hoffman, Daniel N., "A Blueprint for Employer-Assisted Housing"  
[www.eahousing.com/newsandarticles.html](http://www.eahousing.com/newsandarticles.html) (Accessed 10/30/06)

## **Mobile Home Policies/Ordinances**

The city of Bend is working out the details of a new mobile home ordinance that it hopes will protect mobile homeowners from displacement while also respecting the property rights of park owners. After much negotiation it appears that the final version of the ordinance will allow higher housing densities for redeveloped parks if a certain percentage of the new homes are priced affordably. Displaced mobile homeowners would have the first opportunity to purchase the affordably-priced units. As details of a final ordinance are being worked out Bend has extended its temporary mobile home park ordinance until March 2007. (That law requires park owners that want to evict tenants to pay for relocation costs to another park within 100 miles or purchase those homes that cannot be moved.) By increasing the density of redeveloped parks the city of Bend hopes that its new ordinance will not be susceptible to lawsuits based on Measure 37 property rights.

## **Conclusion**

Before a community begins to select affordable housing strategies it must first define who its target service population is, what type of housing it wants to encourage (rental vs. homeownership, or both), and how it will manage the programs it undertakes. Successful implementation of these programs depends heavily on adequate operational capacity and staff expertise.

Local governments need a full set of tools and techniques to provide and stimulate affordable housing development and to preserve the existing affordable housing stock. These strategies must be systematically reviewed and analyzed by the community to determine their usefulness and appropriateness given market conditions and community culture. Regardless of which strategies ultimately are chosen, the three key ingredients to developing a successful affordable housing plan are political leadership, broad community participation and reliable funding.<sup>17</sup>

---

<sup>17</sup> Meck, Retzlaff, & Schwab, "Regional Approaches to Affordable Housing," American Planning Association, Feb. 2003

## AFFORDABLE HOUSING STRATEGIES

*A comparative of the tools and techniques utilized by five communities to encourage affordable housing*

	Sisters, OR	Bend, OR	Ashland, OR	Aspen, CO*	Whistler, Canada*
<b>Affordable Housing Trust Fund</b>		√		√	√
<i>New Construction Fee</i>		√			
<i>Real Estate Transfer Tax</i>				√	
<i>Sales Tax</i>				√	
<i>Commercial Impact Fee</i>					√
<b>Inclusionary Housing</b>	√		√	√	√
<b>Mobile Home Ordinance</b>		√			
<b>Developer Incentives</b>	√	√	√	√	
<i>Fee Waiver/Deferral</i>		√	√		
<i>Density Bonus</i>	√		√	√	
<i>Expedited Permitting</i>				√	
<i>Relaxed Design Standards</i>					
<b>Land Banking</b>			existing surplus land	√	√
<b>Community Land Trust</b>			x		
<b>Employer-Assisted Housing</b>			x	√	√
<b>Rehabilitation Programs</b>	x	x			
<b>Tax Abatement/Relief</b>		√			
<b>Rental Assistance</b>	x	√		◻	◻
<b>First-time Homebuyer Program</b>	x	x		◻	◻
<b>Accessory Dwelling Units</b>	√	√	√	√	
<b>Housing Replacement Law</b>				√	

<b>Key:</b>	√	City-sponsored
	x	Provided by other organization - funded or supported by city
	◻	Effectively accomplished through other strategy

\*Source: Hettinger, William S., *Living and Working in Paradise*, Thames River Publishing, 2005.

**Notes:**

Sisters: Sisters has an active chapter of Habitat for Humanity and additional development support from Housing Works, the regional housing authority, according to the Sisters' planning director. Last year it adopted a land annexation policy that requires developers to show how 1 in 10 housing units in their developments will be affordable to households earning 80% or less of area median income.

Bend: Currently Bend is working on an annexation policy that would require inclusionary housing. It also is trying to develop a policy to waive SDCs for affordable housing projects. Bend is a CDBG entitlement city and receives \$500,000 annually in CDBG funds. The city has a permanent Affordable Housing Advisory Committee. Bend also has sold surplus land for affordable housing projects.

Ashland: In addition to its inclusionary requirement for land voluntarily annexed into the city, Ashland has an inclusionary housing requirement for zone change applications. The city also has a minimum density policy in multi-family zones. Ashland is working on developing an affordable housing trust fund. Because Ashland is located close to Medford it has been designated as a special CDBG entitlement community and receives \$200,000 annually in CDBG funds. Ashland has a permanent Housing Commission and a Living Wage ordinance. The Oregon Shakespeare Festival provides employer-assisted housing and the city is developing an employer-assisted housing program for its employees. Ashland has a very healthy nonprofit community including affordable housing development corporations and land trusts that complement city services and projects.

Aspen\*: In 2000 Aspen had a population of 5,914. Affordable units house approximately 64% of Aspen's permanent population. A 1% real estate transfer tax and a 0.45% sales tax are dedicated to affordable housing. The economy is heavily dependent on tourism, and more than 25% of all housing units are second homes. The maximum income allowed to qualify for affordable housing units is much higher than federal and state guidelines which usually only serve households earning 80% or less of area median income.

Whistler\*: Resident-restricted housing is the centerpiece of this city's affordable housing strategy. Both the public and private sector have developed a large inventory of price-controlled rental and ownership units for resident employees. This city of approximately 9,000 people has an estimated workforce of 13,500 during the winter tourism season. Stringent growth caps severely restrict development. An estimated 53% of the city's housing units are second homes. Whistler's "warm bed" policy limits condominium owner's use of their units located in the village center to a set number of weeks per year and requires those units to be placed in the rental pool for the remaining part of the year, thus providing much-needed housing for employees during the tourist season. Whistler's Housing Authority oversees its affordable housing development and programs.

\*Source: Hettinger, William S., *Living and Working in Paradise*, Thames River Publishing, 2005.



**Redmond Affordable Housing Inventory**

(as of 1-20-07)

Subsidized affordable housing units	342
Redmond Section 8 Vouchers as of Sept. 13, 2006:	307

*MFI = Median Family Income*

Moderate Income = 80% - 120% MFI  
 Low Income = 80% or less MFI  
 Very Low Income = 50% or less MFI  
 Extremely Low Income = 30% or less MFI

Facility Name	Address	# Afford Units	Unit Sizes	Income Level	Year Built	Target Market	Rent Range	Risk of Afford Exp.?
<b>Stepping Stones</b>	Confidential for security purposes	5	1 BR	30% or less MFI	Jan-01	Transit. hsg for women		None
<i>Notes:</i>								
<b>Reindeer Meadows</b>	1601 SW Reindeer	50	1 & 2 BR	60% or less MFI	Jul-95	Senior hsg.	\$ 476- 585	None
<i>Notes:</i>								
<b>Stoneybrook Apts.</b>	933 NW Canal	40	2 & 3 BR	60% or less MFI	Jul-92	Multi-family	\$ 480- 610	None
<i>Notes:</i>	20 2BR's, 20 3BR's							
<b>Bluff's Apts.</b>	340 SW Rimrock Way	96	Studio, 1, 2, & 3 BR	60 % or less MFI	Jan-78	Multi-family	\$450- 635	None
<i>Notes:</i>	18 Studios, 43 1BR's, 27 2BR's, 8 3BR's							
<b>Redmond Triangle Hsg</b>	767 NW Canal Blvd	24	1 & 2 BR	50% or less MFI	Jan-94	Senior hsg.	**	None
<i>Notes:</i>	20 1BR's, 4 2BR's							
<b>Ridgemont Apts.</b>	2210 SW 19th St	46	1 & 2 BR	50% or less MFI	Jan-76	Multi-family	\$ 512-622	Yes - 11/15/2007
<i>Notes:</i>	33 rental assistant recipients; 18 1BR's, 28 2BR's							
<b>Stafford Square I</b>	319-1 W Greenwood St	10	3 BR	30% or less MFI	Jun-76	Multi-family	\$651	Yes - 11/31/2006
<i>Notes:</i>								
<b>Stafford Square II</b>	724-2 NW 4th St	12	2 & 3 BR	30% or less MFI		Multi-family	\$ 631- 695	8/8/2008
<i>Notes:</i>								
<b>Wintergreen Apts.</b>	2050 SW Timber Ave	24	1, 2, & 3 BR	60% or less MFI	Jan-91	Multi-family	\$ 385- 580	Yes - 2006
<i>Notes:</i>	No Disabled; 8 1BR's, 13 2BR's, 3 3BR's							
<b>Mariposa Homes</b>	2445 SW Canal	19	1 & 2 BR	30% or less MFI	Jan-84	Senior/Disabled/Multi-Family	**	None
<i>Notes:</i>	Scattered site apts. & duplexes thruout city							
<b>Housing Opportunities Inc.</b>	1113 SW Veterans Way	8	1 & 2 BR	30% or less MFI	Jan-84	Senior/Developmentally Disabled	\$ 488- 569	3/29/2009
<i>Notes:</i>								
<b>Brentwood Manor</b>	1121 SW Kalama Ave	8	1 BR	50% or less MFI	Jan-78	Senior/Disabled	**	1/16/2008
<i>Notes:</i>	Residents have to be 62 or older or verifiable disability							

**Total Units: 342**

\*\* - Does not have a base rent. Rent is determined by income and expenses.

**Manufactured/ Housing Parks**

(as of 10-3-06)

Facility Name	Address	# of Lots	% of Year-Round Residents	Partition	Year Built	Target Market	Lot Rent	Lot Size	Risk of Afford Exp.?
4-Wheel Mobile Home Court	1241 NW 6th St	26	100	No	early 60's	Senior/ 55yrs+	250	~2025	Yes - within next 2.5 yrs
<i>Notes:</i>		<i>Owned and run by same person for 30 years. Many offers from developers.</i>							
Aspen Court	528 NW 17th	45							
<i>Notes:</i>									
Aspen Creek	1235 SW 23rd	104	100	Yes	about 1996	Multi-Family	385-410	Varied	Currently selling lots
<i>Notes:</i>		<i>Manager says they are in the process of partitioning - 15 lots already sold.</i>							
Remington Arms Mobile Home Park	1515 NW Fir Ave # 55	85	100	No	1981	Multi-Family	\$270	Varied	No
<i>Notes:</i>									
Ni-Lah-Shan Village	1630 NE 6th St								
<i>Notes:</i>		<i>Has been partitioned and is becoming a subdivision</i>							
Green Pastures MH Park	2633 SW Obsidian Ave	~50	100	No	50's	Senior/ 55yrs+	\$ 287-295	~1500	No
<i>Notes:</i>		<i>Owner died 2 years ago, left the trust to Redmond Humane Society. Lawyers in control of it for now.</i>							
Redmond Mobile Park	1833 SW Canal Blvd.	27	100	No	-	Senior/ 55yrs+	305		No
<i>Notes:</i>		<i>One resident has a HUD voucher</i>							
Shady Grove Mobile Park	735 NW Greenwood	24	100	No	late 40's	Senior/ 55yrs+	180	~2500	No
<i>Notes:</i>									
Sunhaven	1201 SW 28th St.	48	100	No	98-99	Multi-Family	290	~ 4100	No
<i>Notes:</i>		<i>Once was Black Hawk MP and sold 3 years ago; 1 HUD voucher</i>							
<b>Total Lots:</b>		<b>409</b>							

## **GOALS, OBJECTIVES & POLICIES DEFINITIONS**

ACCESSORY DWELLING UNIT – A secondary living unit or separate cottage on a single family lot in a residential zone containing cooking facilities, and meets the dimensional and other requirements of the zoning district in which it is located.

ANNEXATION – The legal process by which land is incorporated into the city limits.

DENSITY – A measurement of the number of dwelling units in relationship to a specified amount of land; density does not include land devoted to street right-of-way.

EMPLOYER ASSISTED HOUSING – Housing that is acquired or secured through the support or facilitation of employers, usually through an employer-sponsored program, service, or financial assistance or an employer-supported development project.

INFILL DEVELOPMENT – Development or redevelopment of vacant or underutilized parcels of land in otherwise developed areas.

LOW INCOME – Household that earns 80% or less of area median income.

MANUFACTURED HOME PARK – Any place where two or more manufactured homes are parked within 500 feet of one another on a lot, tract or parcel of land under the same ownership, the primary purpose of which is to rent space or keep space for rent to any person for a charge or fee paid for the rental or use of facilities or to offer space free in connection with securing the trade or patronage of such person.

MINIMUM DENSITY – A measurement of the least number of dwelling units allowed on a given parcel of land.

MIXED INCOME HOUSING – Housing developments that contain dwelling units that are affordable to a variety of income levels.

MODERATE INCOME – Household that earns between 80.1% - 120% of area median income.

MULTI-FAMILY HOUSING – A building on a single lot that contains three or more dwelling units.

SPECIAL NEEDS HOUSING – Refers to supportive housing aimed at meeting the particular need of a specific targeted population that might otherwise experience difficulties in finding housing and/or living independently.

SUPPORTIVE HOUSING – Refers to housing which provides a supportive environment that is coupled with a planned social services component. This type of housing generally targets the most vulnerable populations in the community who are in need of on-going or transitional assistance with housing and basic life skills.

**SURPLUS PROPERTY** – Property owned by a governmental entity that is no longer needed.

**URBAN GROWTH BOUNDARY** – A legal boundary set by a city, county or regional government that directs and/or steers urban growth and development to land within the boundary. The purpose of the urban growth boundary is to provide for the orderly and efficient transition from rural to urban land use, to accommodate urban population and urban employment inside the boundary, to ensure efficient use of land, and to provide for livable communities.

**WORKFORCE** – Individuals who are employed by an organization, agency or business within the city.

## **EXISTING HOUSING RESOURCES FOR CENTRAL OREGON**

### **Central Oregon Partnership**

This partnership includes seven citizen based groups called Community Action Teams (CAT) that individually serve Bend, Redmond, La Pine, Madras, Prineville, Sisters and Warm Springs. The primary focus of the CAT is to work with the community to develop strategies and projects to reduce poverty. Another function is to advocate on behalf of families that face poverty. The Redmond CAT has teamed up with local churches on a program called Jericho Road, in which churches provide emergency shelter, food, and mentoring for families in crisis.

### **Housing Works**

Formerly known as Central Oregon Regional Housing Authority (CORHA), Housing Works is a public corporation organized under the Housing Authority Law of the State of Oregon. Housing Works serves approximately 150,000 people in Crook, Deschutes and Jefferson counties. Housing Works provides affordable housing programs to over 1,500 lower income households in this region. These programs include affordable rental housing, Section 8 voucher administration, public housing (not in Redmond) and family self-sufficiency programs.

### **NeighborImpact**

This private non-profit multi-service organization works to break the cycle of poverty by providing emergency and special services to low income households in Central Oregon. Formerly known as Central Oregon Community Action Agency (COCAAN), NeighborImpact serves the tri-county area of Crook, Deschutes and Jefferson counties. Its programs include Head Start preschool and child care programs, food assistance programs, energy assistance programs and housing programs. Housing programs include emergency assistance for rent, mortgage and/or utility payments; short-term transitional housing in Bend; a homeless shelter in Bend; homeownership counseling; and housing grant and loan programs for housing rehabilitation, weatherization or purchase.

### **Redmond Habitat for Humanity**

Redmond Habitat for Humanity is a locally run affiliate of Habitat for Humanity International, a non-profit, ecumenical Christian housing ministry. Since 1993 Habitat for Humanity has built seven homes in the Redmond area for low income families. This chapter serves the Redmond School District area which encompasses Redmond, Tumalo, Terrebonne, Alfalfa and Crooked River Ranch. Homes are built using mostly volunteer labor to reduce the construction costs. Homes are then sold to low income households at affordable prices with no interest charges. Homes must remain affordable for 20 years.

### **Redmond Ministerial Association**

This program run by area churches provides emergency housing, food and gas services to households in need. The individual/household in need contacts the police department, which screens the applicant for eligibility. Qualifying households may receive a voucher for one night in a local motel, a gas voucher and/or a voucher for a meal at a local restaurant. This service can only be used once every three months.

## INCOME LEVEL DEFINITIONS & TERMS FOR AFFORDABLE HOUSING PROGRAMS

- **2006 Oregon Housing and Community Services Income Limits**
- **Moderate Income Definition**
- **Low Income Definition**
- **Very Low Income Definition**
- **Extremely Low Income Definition**
- **“Workforce” Housing Definition**

### **Oregon Housing and Community Services**

#### **2006 Income Limits**

#### **For HOME and Low Income Housing Tax Credit Programs**

*Based on HUD’s published Section 8 income limits*

*Median incomes by county (as of March 8, 2006)*

*Section 8 income limits by county*

MSA/County	% MFI*	1 Pers	2 Pers	3 Pers	4 Pers	5 Pers	6 Pers	7 Pers	8 Pers
Deschutes	30%	12,350	14,100	15,900	17,650	19,050	20,450	21,900	23,300
	40%	16,480	18,800	21,160	23,520	25,400	27,280	29,160	31,040
	50%	20,600	23,500	26,450	29,400	31,750	34,100	36,450	38,800
	60%	24,720	28,200	31,740	35,280	38,100	40,920	43,740	46,560
	80%	32,950	37,650	42,350	47,050	50,800	54,600	58,350	62,100
	100%	41,190	47,060	52,940	58,800	63,500	68,250	72,940	77,620
	120%	49,430	56,470	63,530	70,560	76,200	81,900	87,530	93,140

\*MFI = median family income

The Oregon Housing and Community Services income limit chart does not provide 100% and 120% income limits. This data has been extrapolated from the existing income data.

*Examples of incomes in the following definitions are based on the income range for a 3-person household. Refer to income chart on previous page for additional income information.*

**Moderate Income: \$42,351 - \$63,530**

Moderate income households are defined as households that earn between 80.1% - 120% median family income. There is very little government funding available for affordable housing projects and programs that cater to this income group. In order to serve this income level it is highly likely that programs/projects would have to be paid for through some local funding mechanism. Current data indicates that this income group can generally afford rent in Redmond but cannot afford to buy the median priced home of \$259,975.

**Low Income: \$26,451 - \$42,350**

Low income households are defined as households that earn between 50.1% - 80% median family income. Approximately 20% of Redmond households fall into this category. It is generally believed that a large number of jobs in Redmond pay in this income range. (Approximately \$9 - \$13 per hour for a two person wage-earning family, or \$16 - \$23 per hour for a single wage-earning family.) Projects may be eligible to compete for government funding but those that cater to lower income categories tend to be more competitive for such funds. All of Redmond's existing subsidized housing caters to households that earn 60% or less of median family income, leaving those who earn 61% to 80% MFI with no subsidized housing support. Data indicates most of this group can afford rent in Redmond, however anecdotal accounts seem to indicate that rents have been rising in the past year and may have affected rental affordability.

**Very Low Income: \$15,901 - \$26,450**

Very low income households are defined as households that earn between 30.1% - 50% median family income. Approximately 10% of Redmond households fall into this group, and 76% of them suffer from cost burden (paying more than 30% of family income on housing expenses). Very low income households qualify for HUD's Section 8 voucher program but demand far outstrips available resources. Several subsidized facilities in Redmond cater to this income range, but need far outruns the supply of available housing units. Data indicates these households cannot afford rent in Redmond.

**Extremely Low Income: \$15,899 or less**

Extremely low income households are defined as households that earn 30% or less of median family income. This income level corresponds very closely with the federal definition of poverty. Approximately 11% of Redmond's households fall in this income range, and 73% of those households suffer from housing burden.

**“Workforce” Housing:**

The definition for “workforce” housing is somewhat of a moving target as housing affordability varies from one community to another. Many people assume workforce housing means housing for moderate income households (those earning slightly more than 80% median family income up to 120% MFI). However, workforce housing is housing that is affordable for the community's critical workforce – often described as workers such as police officers, nurses, teachers, firefighters, and so on. Depending on wage levels and how high housing costs are within a given community, workforce housing may cater to households earning 50% – 60% median family income up to 150% MFI or more.

2006 Average Wages for Key Occupations in Deschutes/Crook/Jefferson Counties, Compared with Housing Costs

Occupation	Average Wage	Average Hourly Wage	Affordable Monthly Housing Payment (30% monthly income)	Estimated Monthly Surplus/(Shortfall) for Median Priced Home (\$1,456/mo.)*	Estimated Monthly Surplus/(Shortfall) for 3 BR Rental Home (\$882/mo)**	Estimated Monthly Surplus/(Shortfall) for 2 BR Apt (\$544/mo)***
Plumber	\$43,753	\$21.04	\$1,094	(\$362)	\$212	\$550
Executive Secretary/Admin. Asst.	\$34,594	\$16.63	\$865	(\$591)	(\$17)	\$321
Hotel/Motel/Lodging Manager	\$51,407	\$24.72	\$1,285	(\$171)	\$403	\$741
Restaurant Cook	\$22,508	\$10.82	\$563	(\$893)	(\$319)	\$19
Food Preparation Worker	\$19,123	\$9.20	\$478	(\$978)	(\$404)	(\$66)
Loan Officer	\$47,995	\$23.08	\$1,200	(\$256)	\$318	\$656
Janitor	\$22,766	\$10.95	\$569	(\$887)	(\$313)	\$25
Bank Teller	\$22,456	\$10.79	\$561	(\$895)	(\$321)	\$17
Preschool Teacher	\$21,137	\$10.16	\$528	(\$928)	(\$354)	(\$16)
Elementary School Teacher	\$59,192	\$28.46	\$1,480	\$24	\$598	\$936
Drywall & Ceiling Tile Installer	\$31,474	\$15.13	\$787	(\$669)	(\$95)	\$243
Police Officer	\$42,168	\$20.27	\$1,054	(\$402)	\$172	\$510
Registered Nurse	\$59,682	\$28.70	\$1,492	\$36	\$610	\$948
Nursing Aide/Orderly/Attendant	\$23,825	\$11.45	\$596	(\$860)	(\$286)	\$52
Carpenter	\$33,846	\$16.28	\$846	(\$610)	(\$36)	\$302
Electrician	\$45,536	\$21.89	\$1,138	(\$318)	\$256	\$594
Clergy	\$57,658	\$27.72	\$1,441	(\$15)	\$559	\$897
Computer & Info Systems Manager	\$88,875	\$42.73	\$2,222	\$766	\$1,340	\$1,678
<b>Full time minimum wage</b>	\$16,224	\$7.80	\$406	(\$1,050)	(\$476)	(\$138)
<b>2006 Deschutes County average wage</b>	\$31,492	\$15.14	\$787	(\$669)	(\$95)	\$243
<b>Full time hourly wage of \$28.50</b>	\$59,280	\$28.50	\$1,482	\$26	\$600	\$938

Source for average wages: Oregon Employment Department

\*Based on 2006 median price of a Redmond home: \$262,749 (Source: Central Oregon Association of Realtors). Assumes 10% down payment, 6.25% interest rate on 30 year fixed mortgage. Monthly mortgage would be approximately \$1,456. Monthly mortgage does not include utilities, property taxes or insurance which also should be used to calculate housing affordability. To be affordable all housing expenses should cost no more than 30% of a household's monthly income. These expenses could be as much as an additional \$300 per month - property taxes 1% of sales price, \$50/month for insurance and \$50/month for utilities.

\*\*Average rent for 3 bedroom 2 bath home compiled from CORHA's 2005 Central Oregon Rental Survey and 2006 Central Oregon Area Profile = \$882/month.

\*\*\*Source: CORHA 2005 Central Oregon Rental Survey = \$544/month.

## Workforce Housing Demand

In July 2006 Housing Works and its partners published the Workforce Housing Needs Assessment study which projected how much housing would be needed in the Central Oregon tri-county area by 2008 to meet demand created by population and employment growth and other factors.

Based on the results of this study, an attempt has been made to estimate how much of the housing need projected from this study is generated by Redmond. Following is an estimate of how much housing, at various affordability levels, will be needed in Redmond by 2008 to keep pace with demand. This estimate is provided to the Affordable Housing Task Force to help inform its recommendations to the city council on affordable housing strategies.

The Workforce Housing Needs Assessment projects that Deschutes County will need 8,571 housing units by 2008 to meet housing demand. Of that figure, 5,005 units will need to be priced to be affordable to households earning 120% or less of area median income (AMI).

It is estimated that Redmond should provide approximately 15-20% of the needed housing for the county. The number of housing units that should be affordable at various incomes levels is projected as follow:

**Housing Unit Demand by Income Level, 2008**

<b>Redmond Housing Units</b>	<b>≤30% AMI</b>	<b>31-50% AMI</b>	<b>51-80% AMI</b>	<b>81-120% AMI</b>
<b>15-20%</b>	108 - 144	125 - 166	238 - 317	280 - 374

*AMI: Area Median Income*

## 2003 Redmond Housing Burden Estimates

(Forecasts predict that 1,100 more households will suffer from cost burden by 2008.)

### BURDEN AS A PERCENTAGE OF ALL HOUSEHOLDS

	Households (HH)	Cost Burdened HH	Redmond Owners	Cost Burdened Owners	Redmond Renters	Cost Burdened Renters	Over-crowded Units
Redmond Households	6,497	2,118	3,934	972	2,563	1,146	275
% of total Redmond households	100%	32.60%	60.55%	14.96%	39.45%	17.64%	4.23%

Source: Central Oregon Housing Needs Update, Mar. 2003

### BURDEN BY TENURE

	Redmond Owners	Redmond Renters
Redmond Households	3,934	2,563
Cost Burdened Households	972	1,146
% of Owner/Renters w/ Cost Burden	24.71%	44.71%

Source: Central Oregon Housing Needs Update, Mar. 2003

### BURDEN BY INCOME LEVEL

	All Low Income Households (80% or less MFI)	HH Earning 51-80% MFI (Low Income)	HH Earning 30-50% MFI (Very Low Income)	HH Earning Less Than 30% MFI (Extremely Low Income)
Redmond Households	2,704	1,342	669	693
% of total Redmond Households	41.62%	20.66%	10.30%	10.67%
Cost burdened	1,558	547	506	505
% of low income HH w/ cost burden	57.62%	40.76%	75.64%	72.87%

Source: Central Oregon Housing Needs Update, Mar. 2003

HH = Households

MFI = Median Family Income

Low Income Household = households that earn 80% or less of MFI

## **Affordable Housing Task Force Members**

Chairman Bud Prince, Redmond Economic Development  
Vice Chairman Chris Severin, Columbia River Bank  
Jerry Andres, Eagle Crest  
Osmar Blanco/Angela Wren, T-Mobile  
Cyndy Cook/Christine Lewis, Housing Works  
Andy High, Central Oregon Builders Association  
Ed Kimball, Remington Homes Manufactured Home Park Resident  
Bea Leach, Windermere/Central Oregon Realtors Association  
Jim Maynard, Wal-Mart  
Sharon Miller, NeighborImpact  
Dennis Murphy, Hayden Homes  
Steve Schlam, Diamond Built Homes