

Two key options for affordable housing need to be considered;

- Preserving Older Housing Stock
- Supporting New Housing Construction (something other than just a whole sale reduction of zoning and open space requirements.

## **INTRODUCTION/BACKGROUND**

Two meaningful ways to provide affordable housing to the end user would be to;

1. Provide a waiver or deferral for systems development charges for accessory dwelling units; and, 2. Provide property tax exemptions for up to ten years for multi-unit projects that meet certain rent targets (HB 2377).

Several other options can also be considered:

I support a more streamlined process for accessory dwelling units and possible systems development charge reductions or deferrals for accessory dwelling units.

I do not support the whole sale reduction of dimensional and open space requirements removal of street tree landscape and tree preservation requirements to achieve this end because I fail to see how this translates to providing affordable housing to the end user.

In considering additional tools, a strategic issue for the Commission to consider is whether to focus on existing (older) homes and apartments as the primary vehicle for meeting workforce housing needs, or to focus on new construction, or a combination of the two. If the focus is on existing housing, disincentives for demolition and vouchers may be appropriate tools. If new housing, there are a variety of tools available to subsidize housing costs or to provide incentives and even requirements for construction of below-market rental units.

In the Oregon City's efforts to create alternative (Affordable?) housing the following types of incentives should be considered:

- Systems Development Charge Waiver/Deferral for new multi-unit housing;
- Charging full SDCs for a new home that replaces a demolished home;
- A full property tax exemption for up to ten years for multi-unit housing that meets rent targets;
- Use of Urban Renewal and other capital project funds (development agreement) to offset the cost of workforce housing; a
- City housing bond measure similar to the one being considered by Metro;
- A special levy or other ongoing revenue sources to provide vouchers for rent;
- Amend code to allow exceptions to some development standards for

- eligible projects; and,
- Requiring that new multi-unit developments include a given percentage of below-market rentals.

## **OPTIONS**

### **Preserving Older Housing Stock**

#### **1. Assess Systems Development Charges on Homes that Replace a Demolished Home.**

##### Arguments in favor:

- Could act as an incentive to preserve existing older homes that are typically more affordable;
- Offsets loss of SDCs when they are waived for new ADUs and multi-unit rental housing;
- When older homes were constructed, they typically did not pay SDCs;
- New homes that replace tear-downs are typically much larger, and could place a larger demand on infrastructure.

##### Arguments against:

- May not be a disincentive to tear-downs if SDCs are too a small percentage of total price of a new house;
- Some structures are in such bad condition that they *should* be replaced;
- Builders could get around the provision through an extensive remodel instead of complete demolition;
- Even if SDCs were never paid on the original house, the property owners did pay for the infrastructure over the years through general taxes and fees.

#### **2. Create a Locally-Funded Rent Voucher System.**

A city voucher system could be funded through a special property tax levy or a local business tax. Eligibility for vouchers would need to comply with the Fair Housing Act.

##### Argument in favor:

- An economically efficient means of making local rental housing more affordable for people who work in Oregon City.

Arguments against:

- a. Would require a an undetermined amount of administrative overhead;
  - b. Vouchers are more effective at a regional level, giving workers more flexibility on where they live;
  - c. City property owners or businesses may not support a new tax.
- Vouchers could be used for both new and older housing, but since the latter tends to be more affordable, this is one tool for supporting the preservation of older rental properties.

**Construction of New Housing**

**3. Systems Development Charge Waiver/Deferral for Affordable Multi-Unit Rental Housing.**

This would provide more incentive to construct affordable housing within the city.

**4. Include Workforce Housing Projects in Urban Renewal Plans.**

Write down the cost of land, as incentives for a developer to provide workforce housing as part of a mixed-use development in future and existing urban renewal districts.

**5. Local Housing Bond.**

Similar to Metro's proposed bond, a local housing bond could pay for land and improvements for workforce housing projects. It could help bridge the gap between market rents and more affordable rents, especially given the high land values in Oregon City.

An alternative could be to work with Clackamas County on possible uses of the Metro housing bond, if it passes.

**6. Use of other Capital Improvement Funds.**

New growth should pay for itself, but the City Commission can approve the use of street, water, and sewer funds to help pay for the infrastructure needed to serve a workforce housing project. This is typically done through a development agreement.

This tool already exists. If, however, it is City policy to subsidize workforce housing developments in this way, the capital improvement program could be amended, shifting some of the funding burden to existing residents and businesses.