

DATE: August 31, 2016
TO: Talent HNA: Citizen Advisory Committee
CC: Zac Moody
FROM: Beth Goodman
SUBJECT: DRAFT: TALENT HOUSING POLICIES AND STRATEGIES

The City of Talent contracted ECONorthwest to develop a housing needs analysis (HNA). The HNA will determine whether the City has enough land to accommodate 20-years of population and housing growth. The HNA will provide the basis for an update to the City's Comprehensive Plan Housing Element, as well as development of an action plan to implement the Housing policies.

This memorandum presents a draft of revised Housing policies for Talent based on the City's existing Comprehensive Plan Housing policies and discussions with the CAC at the meeting on August 10, 2016.

Appendix A provides a list of strategies for managing residential land. Many of these policies are commonly used by cities and Talent already uses many of these policies. The purpose of this appendix is to provide the CAC with information about potential policies that could be implemented in Talent to address the City's deficit of residential land and to address housing affordability problems.

At the CAC meeting on August 31, 2016, we will discuss these revised policies and objectives and begin to develop implementation strategies for each policy.

Revised Housing Policies

Note to reviewers: I've shown the space for the implementation strategy and implementation steps for objective 1.1 below but I have not included all of that information on each of the subsequent objectives. This is a placeholder and reminder that we will eventually include all of that information in the final document, for each objective.

In a few cases, I've included an implementation strategy that is still applicable from the existing Comp Plan policies. In other cases, I included implementation strategies based on the conversation at the last CAC meeting.

POLICY 1: Land Availability: Plan to for a 20-year supply of suitable land for Talent's housing needs within the existing urban growth boundary to the extent possible.

Objective 1.1: Provide for increased residential use within the CBD zoning district in a way that also promotes business, as described in Policy 3.

Implementation Strategy 1.1a:

Implementation Steps:

When:

Partners:

Objective 1.2: Implement the Talent Railroad District Master Plan, which envisions development of housing, mixed-use residential, and public facilities such as streets necessary to service development of the District.

Objective 1.3: Consider the findings and recommendations of the Regional Problem Solving (RPS) when making decisions about changes to the Comprehensive Plan map and Zoning map.

Objective 1.4: Work with the Regional Problem Solving Policy Committee to revise plans for Talent’s urban reserve areas to fit with the residential needs identified in the Talent Housing Needs Analysis.

POLICY 2: Opportunity for Development of a Range of Housing: Provide opportunities for development of a range of housing types that are affordable to households at all income levels as described in the Talent Housing Needs Analysis. These housing types include (but are not limited to): single-family detached housing, accessory dwellings, cottage housing, manufactured housing, townhouses, duplexes, and apartments.

HUD sets a Median Family Income (MFI) for each county in the nation based on information from the U.S. Census’ American Community Survey. The MFI is meant to provide information about the income of an average family. In 2016, Jackson County’s MFI was \$53,000.

Objective 2.1: Provide safe and livable housing for working families, single-earner households, retired people, and students while improving the quality and value of local housing stock.

Implementation Strategy 2.1a: Develop an expedited land use application process for substantial redevelopment and renovation of existing housing.

Objective 2.2: Provide opportunity for development of housing affordable to low-income households, including government-assisted housing. HUD defines low-income households as households with less than 60% of MFI (about \$32,000 in 2016).

Implementation Strategy 2.2a: Partner with the Jackson County Housing Authority and other social service organizations to expedite new housing projects when their programs have funds committed to such projects, or when the City’s support in principle can help them to acquire such funds.

Implementation Strategy 2.2b: Encourage the development of accessory dwelling units (“granny flats”) on existing and proposed lots to provide a source of affordable housing.

Objective 2.3: Provide opportunity for development of housing affordable to moderate and higher-income households. HUD moderate and higher-income as households with incomes between 60% and 120% of MFI (about \$32,000 to \$64,000 in 2016).

Objective 2.4: Provide opportunity for development of single-family detached housing

on larger lots, with a minimum of 8,000 square feet.

POLICY 3: Efficient Development Patterns: The City will support and encourage residential development, infill, and redevelopment, especially in downtown, as a way to use land and existing infrastructure more efficiently and promote pedestrian-oriented commercial development in downtown.

“Infill” is additional development on the vacant portion of a tax lot with existing development (i.e., putting a new residence on a 2-acre tax lot where the existing residence occupies one-half of an acre). “Redevelopment” is when an existing building is demolished and a new building is built, adding additional capacity for more housing. Redevelopment could also include substantial renovations of an existing building that increases the residential capacity of the building.

Objective 3.1: Provide a variety of housing types in Talent at densities that support maintaining urban-level densities.

Implementation Strategy 3.1a: Develop a true Medium Density Plan Designation and Zone that allows 6 to 12 dwelling units per acre and single-family detached and townhouses.

Implementation Strategy 3.1b: Identify low-density residential land that should be redesignated for medium-density residential uses.

Implementation Strategy 3.1c: Identify commercial and industrial land that should be redesignated for low-, medium-, or high-density residential uses.

Implementation Strategy 3.1d: Evaluate development of a cottage housing ordinance to allow for development of small single-family detached housing clustered on a lot, possibly with the inclusion of park or open space.

Objective 3.2: The City will develop policies and programs to encourage residential and mixed-use development in downtown. (Consistent with Economic Objective 2.1.)

Implementation Strategy 3.2a: Develop a Downtown Overlay that supports development of three-story buildings (with a maximum of ## feet).

Implementation Strategy 3.2b: Identify and plan for investments and infrastructure necessary to support redevelopment of key sites in downtown. Consistent with Economic Strategy 2.1f.)

Implementation Strategy 3.2c: Refine design standards for a new Downtown Business District (when it is established) based on the Old Town District Overlay, to encourage mixed use development.

Objective 3.3: The City will develop policies and programs to encourage residential and mixed-use development in other areas of the city.

Implementation Strategy 3.3a: Support and encourage implementation or amendment

of the West Valley View Master Plan to develop or redevelop properties within the Master Plan area. (Consistent with Economic Strategy 2.1d.)

Implementation Strategy 3.3b: Evaluate opportunities to rezone undeveloped commercial land on streets that are not adjacent to Talent Avenue to meet identified residential land needs. (Consistent with Economic Strategy 2.2a.)

Implementation Strategy 3.3c: Develop policies to allow ground floor residential use as a temporary use in commercial mixed-use buildings. These policies should include provisions such as: design standards to ensure that the ground floor in new commercial buildings is designed for commercial use and zoning districts or overlay areas these uses are allowed. (Consistent with Economic Strategy 2.2b.)

POLICY 4: Zoning Flexibility: The City will support residential development through adopting a flexible zoning code that provides developers with flexibility, especially in infill development, balancing the need for housing to develop at urban densities while protecting scenic and natural resources.

“Infill” is additional development on the vacant portion of a tax lot with existing development (i.e., putting a new residence on a 2-acre tax lot where the existing residence occupies one-half of an acre).

Objective 4.1: Develop standards for residential development that allow for flexibility in lot size standards for infill development.

Implementation Strategy 4.1a: Evaluate the City’s development standards about infill development to identify opportunities for revisions that provide more flexibility for infill development.

Implementation Strategy 4.1b: Revise the City’s flag lot ordinance to provide consistency with other residential zones for lot setback requirements and to provide clearer standards for driveway access.

Implementation Strategy 4.1c: Revise the City’s development code to require shadow platting for lots that are twice or more the minimum size of the zone to ensure maximum development efficiency.

Implementation Strategy 4.1d: Develop zoning standards in the High Density Residential (R-2), Central Business District (C-2), and Neighborhood Commercial (C-1) zoning districts to allow developers to determine densities based upon the number of bedrooms rather than the number of units to encourage inclusion of studios and one- and two-bedroom units in new residential developments.

Appendix A: Strategies to Manage Talents Residential Land

This appendix presents a menu of housing strategies (policies) commonly, and some less commonly, used to manage a City's supply of residential land. These strategies may provide ideas potential changes to housing policy in Talent. The purpose of this appendix is to provide the CAC with information about potential policies that could be implemented in Talent to address the City's deficit of residential land and to address housing affordability problems.

It is common for jurisdictions to adopt combinations of strategies to manage growth and improve the efficiency and holding capacity of land uses. Such strategy groupings, however, are not necessarily cumulative in their intent or impact. Strategies that address similar issues may not be mutually reinforcing. For example, having strategies in residential zones for maximum lot size and minimum density essentially address the same issue—underbuild in residential zones. Thus, Talent should carefully consider their existing strategies and policies and evaluate each strategy individually and in consideration of other strategies. It is also important to consider market dynamics when evaluating land use efficiency strategies. Strategies such as density bonuses or the transfer or development rights (TDRs) may be of limited effectiveness if they encourage building types or densities that have little demand or are economically unviable.

Land Use Regulations

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

Strategy Name	Description	Scale of Impact in Talent
Regulatory Changes		
Streamline Zoning Code and other Ordinances	<p>Complexity of zoning, subdivision, and other ordinances can make development more difficult, time consuming, and costly. Streamlining development regulations can result in increased development.</p> <p>As part of the streamlining process, cities may evaluate potential barriers to affordable workforce housing and multifamily housing. Potential barriers may include: height limitations, complexity of planned unit development regulations,</p>	<p>Scale of Impact - Small to moderate. The level of impact on production of housing and housing affordability will depend on the changes made to Talent's zoning and other ordinances.</p>
Administrative and Procedural Reforms	<p>Regulatory delay can be a major cost-inducing factor in development. Oregon has specific requirements for review of development applications; however, complicated projects frequently require additional analysis such as traffic impact studies, etc.</p> <p>A key consideration in these types of reforms is how to streamline the review process and still achieve the intended objectives of local development policies.</p>	<p>Scale of Impact - Small. The level of impact on production of housing and housing affordability will be small and will depend on the changes made to Talent's procedures.</p>
Allow Small Residential Lots	<p>Small residential lots are generally less than 5,000 sq. ft. This policy allows individual small lots within a subdivision or short plat. Small lots can be allowed outright in the minimum lot size and dimensions of a zone, or they could be implemented through the subdivision or planned unit development ordinances.</p> <p>This policy is intended to increase density and lower housing costs. Small lots limit sprawl, contribute to the more efficient use of land, and promote densities that can support transit. Small lots also provide expanded housing ownership opportunities to broader income ranges and provide additional variety to available housing types.</p>	<p>Scale of Impact – Small to moderate. Cities have adopted minimum lot sizes as small as 3,000 sq. ft. However, it is uncommon to see entire subdivisions of lots this small. Small lots typically get mixed in with other lot sizes.</p>

Strategy Name	Description	Scale of Impact in Talent
Mandate Maximum Lot Sizes	<p>This policy places an upper bound on lot size and a lower bound on density in single-family zones. For example, a residential zone with a 6,000 sq. ft. minimum lot size might have an 8,000 sq. ft. maximum lot size yielding an effective net density range between 5.4 and 7.3 dwelling units per net acre.</p> <p>This approach ensures minimum densities in residential zones by limiting lot size. It places bounds on building at less than maximum allowable density. Maximum lot sizes can promote appropriate urban densities, efficiently use limited land resources, and reduce sprawl development.</p>	<p>Scale of Impact – Small to moderate. Mandating maximum lot size may be most appropriate in areas where the market is building at substantially lower densities than are allowed or in cities that do not have minimum densities.</p>
Mandate Minimum Residential Densities	<p>This policy is typically applied in single-family residential zones and places a lower bound on density. Minimum residential densities in single-family zones are typically implemented through maximum lot sizes. In multiple-family zones they are usually expressed as a minimum number of dwelling units per net acre. Such standards are typically implemented through zoning code provisions in applicable residential zones.</p> <p>This policy increases land-holding capacity. Minimum densities promote developments consistent with local comprehensive plans and growth assumptions. They reduce sprawl development, eliminate underbuilding in residential areas, and make provision of services more cost effective.</p>	<p>Scale of Impact - Small to moderate. Increasing minimum densities and ensuring clear urban conversion plans may have a small to moderate impact depending on the observed amount of underbuild and the minimum density standard.</p>
Increase Allowable Residential Densities	<p>This approach seeks to increase holding capacity by increasing allowable density in residential zones. It gives developers the option of building to higher densities. This approach would be implemented through the local zoning or development code. This strategy is most commonly applied to multifamily residential zones.</p> <p>Higher densities increase residential landholding capacity. Higher densities, where appropriate, provide more housing, a greater variety of housing options, and a more efficient use of scarce land resources. Higher densities also reduce sprawl development and make the provision of services more cost effective.</p>	<p>Scale of Impact – Small to moderate. This tool can be most effective in increasing densities where very low density is currently allowed or in areas where a city wants to encourage higher density development.</p>
Allow Clustered Residential Development	<p>Clustering allows developers to increase density on portions of a site, while preserving other areas of the site. Clustering is a tool most commonly used to preserve natural areas or avoid natural hazards during development. It uses characteristics of the site as a primary consideration in determining building footprints, access, etc. Clustering is typically processed during the site review phase of development review.</p>	<p>Moderate. Clustering can increase density, however, if other areas of the site that could otherwise be developed are not developed, the scale of impact can be reduced.</p>

Strategy Name	Description	Scale of Impact in Talent
Reduce Street Width Standards	<p>This policy is intended to reduce land used for streets and slow down traffic. Street standards are typically described in development and/or subdivision ordinances. Reduced street width standards are most commonly applied on local streets in residential zones.</p> <p>Narrower streets make more land available to housing and economic-based development. Narrower streets can also reduce long-term street maintenance costs.</p>	Scale of Impact - Small. This policy is most effective in cities that require relatively wide streets.
Preserving Existing Housing Supply	<p>Housing preservation ordinances typically condition the demolition or replacement of certain housing types on the replacement of such housing elsewhere, fees in lieu of replacement, or payment for relocation expenses of existing tenants. Preservation of existing housing may focus on preservation of smaller, more affordable housing. Approaches include:</p> <ul style="list-style-type: none"> • Housing preservation ordinances • Housing replacement ordinances • Single-room-occupancy ordinances • Regulating demolitions 	Scale of Impact - Small. Preserving small existing housing can make a difference in the availability of affordable housing in Talent but it is limited by the existing stock housing, especially smaller, more affordable housing.
Inclusionary Zoning	<p>Inclusionary zoning policies tie development approval to, or provide regulatory incentives for, the provision of low- and moderate-income housing as part of a proposed development. Mandatory inclusionary zoning-requires developers to provide a certain percentage of low-income housing. Incentive-based inclusionary zoning-provides density or other types of incentives.</p> <p>Price of low-income housing passed on to purchasers of market-rate housing; inclusionary zoning impedes the "filtering" process where residents purchase new housing, freeing existing housing for lower-income residents.</p>	Scale of Impact – Small to moderate. Inclusionary zoning has recently been made legal in Oregon. The scale of impact would depend on the inclusionary zoning policies adopted by the city.

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

Transfer or Purchase of Development Rights	This policy is intended to move development from sensitive areas to more appropriate areas. Development rights are transferred to “receiving zones” and can be traded. This policy can increase overall densities. This policy is usually implemented through a subsection of the zoning code and identifies both sending zones (zones where decreased densities are desirable) and receiving zones (zones where increased densities are allowed).	Small to moderate. Actual impact will depend on the extent to which the policy is used. TDRs may have little impact on overall densities since overall density is not changed; rather it is moved around. TDRs can be used to encourage higher densities in selected areas.
Provide Density Bonuses to Developers	<p>The local government allows developers to build housing at densities higher than are usually allowed by the underlying zoning. Density bonuses are commonly used as a tool to encourage greater housing density in desired areas, provided certain requirements are met. This strategy is generally implemented through provisions of the local zoning code and is allowed in appropriate residential zones.</p> <p>Bonus densities can also be used to encourage development of low-income or workforce affordable housing. An affordable housing bonus would allow for more housing units to be built than allowed by zoning if the proposed project provides a certain amount affordable units.</p>	Scale of Impact - Small.
Parcel assembly	<p>Parcel assembly involves the city’s ability to purchase lands for the purpose of land aggregation or site assembly. It can directly address the issues related to limited multifamily lands being available in appropriate locations (e.g., near arterials and commercial services). Typical goals of parcel assembly programs are: (1) to provide sites for rental apartments in appropriate locations close to services and (2) to reduce the cost of developing multifamily rental units</p> <p>Parcel assembly can lower the cost of multifamily development because the City is able to purchase land in strategic locations over time. Parcel assembly is more often associated with development of government-subsidized affordable housing, where the City partners with nonprofit affordable housing developers.</p>	Scale of Impact - Small to moderate: Parcel assembly is most likely to have an effect on a localized area, providing a few opportunities for new multifamily housing development over time.

<p>Community Land Trust (CLT)</p>	<p>A Community Land Trust (CLT) creates permanent affordability by severing the value of the land and the improvements (i.e., the house). The land is held in trust by a nonprofit or other entity then leased to the homeowner. The homeowner enjoys most of the rights of homeownership, but restrictions are placed on use (e.g., owner occupancy requirement) and price restrictions on resale ensure that the home remains affordable.</p> <p>CLTs may be used in conjunction with land banking programs, where the city or a nonprofit housing corporation purchases a future site for affordable housing or other housing that meets community goals.</p> <p>A variation to the community land trust is to have the City own the property rather than the land trust, and lease property to income-qualifying households (such as low-income or moderate-income households) to build housing. The City would continue to own the land over the long-term but the homeowner would be able to sell the house. Restrictions on resale ensure that the home remains affordable.</p>	<p>Scale of Impact - Small to moderate: A land trust will have the biggest impact on production of low- and moderate-income affordable housing. Considering how difficult it is to build this type of affordable housing and the level of need for affordable housing, a land trust could increase nonprofits' capacity to build affordable housing.</p>
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Increase the types of housing

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

Strategy Name	Description	Scale of Impact in Talent
<p>Allow Duplexes, Townhomes, Row Houses, and Tri- and Quad-Plexes in single-family zones</p>	<p>Allowing these housing types can increase overall density of residential development and may encourage a higher percentage of multifamily housing types. This approach would be implemented through the local zoning or development code and would list these housing types as outright allowable uses in appropriate residential zones. These housing types provide additional affordable housing options and allow more residential units than would be achieved by detached homes alone.</p>	<p>Scale of Impact - Small. Allowing these types of housing in more zoning districts may provide a relatively small number of new, relatively affordable, housing opportunities.</p> <p>Talent does not allow these types of housing as an outright permitted use in some zones.</p>

Strategy Name	Description	Scale of Impact in Talent
Permit Accessory Dwelling Units (ADUs) in single-family zones	<p>Communities use a variety of terms to refer to the concept of accessory dwellings: secondary residences; “granny” flats; and single-family conversions, among others. Regardless of the title, all of these terms refer to an independent dwelling unit that share, at least, a tax lot in a single-family zone. Some accessory dwelling units share parking and entrances. Some may be incorporated into the primary structure; others may be in accessory structures. Accessory dwellings can be distinguished from “shared” housing in that the unit has separate kitchen and bathroom facilities. ADUs are typically regulated as a conditional uses. Some ordinances only allow ADUs where the primary dwelling is owner-occupied.</p>	<p>Scale of Impact - Small. Allowing ADUs can provide opportunity for development of a small number of new, more affordable housing. Talent allows ADUs.</p>
Allow small or “tiny” homes	<p>“Tiny” homes are typically dwellings that are 500 square feet or smaller. Some tiny houses are as small as 100 to 150 square feet. They include stand-alone units or very small multifamily units.</p> <p>Tiny homes can be sited in a variety of ways: locating them in RV parks (they are similar in many respects to Park Model RVs), tiny home subdivisions, or allowing them as accessory dwelling units.</p> <p>Smaller homes allow for smaller lots, increasing land use efficiency. They provide opportunities for affordable housing, especially for homeowners.</p>	<p>Scale of Impact - Small: Scale of impact depends on regulation of tiny homes, where they are allowed, and market demand for tiny homes.</p>
Allow Co-housing	<p>Co-housing is a type of intentional community that provides individual dwelling units, both attached and detached, along with shared community facilities. Members of a co-housing community agree to participate in group activities and members are typically involved in the planning and design of the co-housing project. Private homes contain all the features of conventional homes, but residents also have access to extensive common facilities, such as open space, courtyards, a playground, and a common house.</p> <p>This approach would be implemented through the local zoning or development code and would list these housing types as outright allowable uses in appropriate residential zones.</p>	<p>Scale of Impact - Small. While co-housing may be able to achieve multi-family housing densities, it is unlikely that this housing type would make up a large portion of new housing stock, thereby diminishing its impact.</p>

Programs that provide financial assistance to homeowners and renters

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

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

Programs that provide financial assistance to lower development or operational costs

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

Recommendations are broken into the following categories: programs to lower the cost of development, sources of funding to pay for infrastructure to support development, and tax abatement programs that decrease operational costs by decreasing property taxes.

Strategy Name	Description	Scale of Impact in Talent
Programs to lower the cost of development		
SDC Financing Credits	Enables developers to stretch their SDC payment over time, thereby reducing upfront costs. Alternately, credits allow developers to make necessary improvements to the site in lieu of paying SDCs. Note that the City can control its own SDCs, but often small cities manage them on behalf of other jurisdictions including the County and special districts. Funding can come from an SDC fund or general fund. In some cases there may be no financial impact. Can come in the form of student, low-income, or workforce housing.	The City may consider changes in SDCs to allow financing but the City would want to ensure that the impact should be spread-out and non negatively impact one entity.
Sole Source SDCs	Retains SDCs paid by developers within a limited geographic area that directly benefits from new development, rather than being available for use city-wide. This enables SDC-eligible improvements within the area that generates those funds to keep them for these improvements. Improvements within smaller areas can enhance the catalytic and redevelopment value of the area. This tool can also be blended with other resources such as LIDs and TIF. Funding can come from an SDC fund or general fund. In some cases there may be no financial impact. The housing can come in the form of student, low-income, or workforce housing.	
Fees or Other Dedicated Revenue	Directs user fees into an enterprise fund that provides dedicated revenue to fund specific projects. Examples of those types of funds can include parking revenue funds, stormwater/sewer funds, street funds, etc. The City could also use this program to raise private sector funds for a district parking garage wherein the City could facilitate a program allowing developers to pay fees-in-lieu or “parking credits” that developers would purchase from the City for access “entitlement” into the shared supply. The shared supply could meet initial parking need when the development comes online while also maintaining the flexibility to adjust to parking need over time as elasticity in the demand patterns develop in the district and influences like alternative modes are accounted for. Funding can come from residents, businesses, and developers. Also these fees or revenues allow for new revenue streams into the City.	

Strategy Name	Description	Scale of Impact in Talent
Public Land Disposition	The public sector sometimes controls land that has been acquired with resources that enable it to dispose of that land for private and/or nonprofit redevelopment. Land acquired with funding sources such as tax increment, EB5, or through federal resources such as CDBG or HUD Section 108 can be sold or leased at below market rates for various projects to help achieve redevelopment objectives. This increases development feasibility by reducing development costs and gives the public sector leverage to achieve its goals via a development agreement process with the developer. Funding can come from Tax Increment, CDBG/HUD 108, EB-5.	
Reduced Parking Requirements	Allows development of housing units to with discretionary reduction of parking requirements if an applicant can demonstrate that no more parking is needed. Reduced parking requirements are generally used in conjunction of development of subsidized affordable housing but cities like Portland have reduced or eliminated parking requirements for market-based multifamily housing in specific circumstances.	Scale of Impact - Small. The City could require the developer to prove the need and public benefit or reducing parking requirements to increase housing affordability.
Sources of funding to pay for infrastructure to support development		
Urban Renewal / Tax Increment Finance (TIF)	Tax increment finance revenues are generated by the increase in total assessed value in an urban renewal district from the time the district is first established. As property values increase in the district, the increase in total property taxes (i.e., City, County, school portions) is used to pay off the bonds. When the bonds are paid off, the entire valuation is returned to the general property tax rolls. TIFs defer property tax accumulation by the City and County until the urban renewal district expires or pays off bonds. Over the long term (most districts are established for a period of 20 or more years), the district could produce significant revenues for capital projects. Urban renewal funds can be invested in the form of low-interest loans and/or grants for a variety of capital investments: <ul style="list-style-type: none"> • Redevelopment projects, such as mixed-use or infill housing developments • Economic development strategies, such as capital improvement loans for small or start up businesses which can be linked to family-wage jobs • Streetscape improvements, including new lighting, trees, and sidewalks • Land assembly for public as well as private re-use • Transportation enhancements, including intersection improvements • Historic preservation projects • Parks and open spaces 	Scale of Impact – Moderate. Urban Renewal funding is a flexible tool that allows cities to develop essential infrastructure or provides funding for programs that lower the costs of housing development (such as SDC reductions or low interest loan programs). Portland used Urban Renewal to catalyze redevelopment across the City, including the Pearl District and South Waterfront.

Strategy Name	Description	Scale of Impact in Talent
General Fund and General Obligation (GO) Bonds	The city can use general fund monies on hand or can issue bonds backed by the full faith and credit of the city to pay for desired public improvements. GO Bonds require a public vote which can be time-consuming and costly. GO Bonds also raise property owner taxes.	Scale of Impact – Moderate to Large. GO Bonds can be used to develop essential infrastructure or provides funding for programs that lower the costs of housing development (such as SDC reductions or low interest loan programs).
Linkage Fees for Non-Residential Development	Linkage fees are a type of impact fee based on the source of the impact. In this case, the fee is based on the impact of commercial and industrial development creating additional housing demand. New nonresidential development generates jobs, which triggers housing needs for their workers. Commercial and/or industrial developers are charged fees, usually assessed per square foot, which then are used to build new housing units. A community-wide analysis is usually performed to estimate the type and amount of jobs and wages that are expected to be generated by new development.	
Local Improvement District (LID)	This tool is a special assessment district where property owners are assessed a fee to pay for capital improvements, such as streetscape enhancements, underground utilities, or shared open space. LIDs must be supported by a majority of affected property owners and setting up fair LID payments for various property owners, who are located different distances from the improvement can be challenging. However, if successful it succeeds in organizing property owners around a common goal. It also allows property owners to make payments over time to bring about improvements quickly that benefit them individually. LIDs can also be bundled with other resources, such as TIFs.	
Community Development Block Grants (Federal Program, Locally Administered)	<p>Community Development Block Grants (CDBG) provide communities with resources to address a range of community development needs, including infrastructure improvements, housing and commercial rehab loans and grants, as well as other benefits targeted to low- and moderate-income persons. Funds can be applied relatively flexibly. This program has been run since 1974, and is seen as being fairly reliable, but securing loans/grants for individual projects can be competitive.</p> <p>Some drawbacks to CDBG funds include:</p> <ul style="list-style-type: none"> • Administration and projects must meet federal guidelines such as Davis Bacon construction requirements. • Amount of federal funding for CDBG has been diminishing over the past few years. • CDBG program is not in the control of the City. 	

Strategy Name	Description	Scale of Impact in Talent
Section 108 (Federal Program, Locally Administered)	HUD Section 108 increases the capacity of block grants to assist with economic development projects by enabling a community to borrow up to five times its annual CDBG allocation. These funds can be fairly flexible in their application. The program has been in operation since 1974 and has gained reliability. It enables a larger amount of very low interest-rate-subordinate funding for eligible projects. As with CDBGs, the process of securing the loan can be competitive.	Scale of Impact - Small. Section 108 funds could be used to help finance development of some affordable housing but would only cover a portion of the affordable housing development.
Housing Trust Funds	<p>Housing trust funds are designed locally so they take advantage of unique opportunities and address specific needs that exist within a community. Housing trust funds support virtually any housing activity that serves the targeted beneficiaries and would typically fund new construction and rehabilitation, as well as community land trusts and first time homeowners.</p> <p>This tool is often used in cities with inclusionary zoning ordinances, which generates fees to fund development of the housing trust fund. Successfully implementing this tool requires a dedicated funding source.</p>	
Tax abatement programs that decrease operational costs by decreasing property taxes		
Vertical Housing Tax Abatement (State of Oregon enabled, locally adopted)	<p>Subsidizes "mixed-use" projects to encourage dense development or redevelopment by providing a partial property tax exemption on increased property value for qualified developments. The exemption varies in accordance with the number of residential floors on a mixed-use project with a maximum property tax exemption of 80% over 10 years. An additional property tax exemption on the land may be given if some or all of the residential housing is for low-income persons (80% of area is median income or below). The proposed zone must meet at least one of the following criteria:</p> <ul style="list-style-type: none"> • Completely within the core area of an urban center. • Entirely within half-mile radius of existing/planned light rail station. • Entirely within one-quarter mile of fixed-route transit service (including a bus line). • Contains property for which land-use comprehensive plan and implementing ordinances effectively allow "mixed-use" with residential. <p>State program webpage.</p>	Scale of Impact – Small to moderate. The design of the tax abatement program will impact whether and how many developers use the tax abatement, which will affect the scale of the impact.

Strategy Name	Description	Scale of Impact in Talent
Multiple-Unit Limited Tax Exemption Program (Locally Enabled and Managed)	Multi-unit projects receive a ten-year property tax exemption on structural improvements to the property as long as program requirements are met. There is no ground floor active use requirement for this tool. The City of Portland's program, for example, limits the number of exemptions approved annually, requires developers to apply through a competitive process, and encourages projects to provide greater public benefits to the community. This program is enabled by the state, but managed by the local jurisdiction.	Scale of Impact – Small to moderate. The design of the tax abatement program will impact whether and how many developers use the tax abatement, which will affect the scale of the impact.