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TO: Jackson County Board of Commissioners and Planning Commission
FROM: Bob Parker and Beth Goodman
SUBJECT: POTENTIAL POLICIES TO ADDRESS AFFORDABLE HOUSING PROBLEMS

Jackson County is in the process of updating the housing element of the County Comprehensive Plan. The County contracted with ECONorthwest to provide technical assistance in updating the housing element and conducting a housing needs analysis.

ECONorthwest's scope of work included several research tasks that did not seem to fit into the housing needs analysis. These tasks include: (1) identify resources and programs employed by communities that have comparable housing opportunity issues (as Jackson County) and (2) assess local use and opportunity of employer assisted housing programs.

This memorandum presents the results of this research, rather than attempting to fit the research into the housing needs analysis. The remainder of the memorandum presents policy approaches to affordable housing problems used by other jurisdictions and the use of employer assisted housing programs in Jackson County.

POTENTIAL POLICIES TO ADDRESS AFFORDABLE HOUSING PROBLEMS

The identification of a set of land use policies that will lead to development of more affordable housing while achieving other community goals is difficult at best. Jurisdictions in Jackson County, however, are not the only communities in Oregon, or the United States that are facing housing affordability problems. A considerable body of literature exists on land use policy and affordable housing that summarizes approaches that communities have used to address the housing affordability issue.

This section summarizes some of the policy approaches that communities can consider to address housing affordability.¹

Not all of the approaches are appropriate or applicable to all communities within Jackson County. Some of the approaches in Table 23 may be better implemented by cities in urban areas in Jackson County, rather than in rural areas of the County. Some of the standard approaches

¹ Much of the information in this section is from *Affordable Housing: Proactive and Reactive Planning Strategies*, S. Mark White, American Planning Association Planning Advisory Service Report Number 441, 1992.

such as adequate public facilities requirements are already commonly applied by Oregon communities.

Table 1. Affordable housing approaches

Measure	Description	Potential Issues
Proactive Measures: Land Use Controls		
Inclusionary Zoning	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.	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. Prohibited by statute (ORS 197.309).
Urban Growth Areas	By establishing urban growth areas, the county provides areas where higher density is encouraged and land and development costs per housing unit are minimized.	May increase housing costs in by requiring low-density residential development in rural areas.
Linkages	Linkage ordinances require developers of office buildings or other forms of non-residential uses to build housing, pay a fee in lieu of construction into a housing trust fund, or make equity contributions to a low-income housing project.	Potential constitutional issues of nexus and proportionality as established by <i>Nollan v. California Coastal Commission</i> . May discourage economic development.
Financing Affordable Housing	A housing trust fund is generally defined as a "dedicated source of revenue available to help low- and moderate-income people achieve affordable housing." Sources of funds can include linkage payments, tax increment financing, endowments and grants, surplus funds from refinancing municipal bond issues, and taxes and fees. Some financial institutions have begun to issue lines of credit to some counties to acquire affordable developments. Counties can subsidize housing development through the following programs or methods: <ul style="list-style-type: none"> • Community Development Block Grants (CDBG) • HOME Investment Partnership Program • Urban Development Action Grants (UDAG) • Housing Opportunities for People Everywhere (HOPE) • Rural Development program (USDA) • Supporting nonprofit organizations that build low-income housing 	Developing reasonable revenue streams and coordination between programs.

Promoting Infill Development	Infill development promotes housing affordability by using existing infrastructure and services rather than extensions of services. Regulatory approaches include: <ul style="list-style-type: none"> • Administrative streamlining • Density bonuses • Density shifts within single site plan • Elimination of overzoning for industrial uses • Accessory dwelling units • Rezoning • Placing deed restrictions on infill development to maintain affordability 	Impacts to existing property owners; density
Releasing surplus land	Revising policies requiring maximum cash value for land may allow county to release surplus properties suitable for affordable housing development. Counties may also transfer deeds of vacant, damaged, or demolished homes to housing developers. Some counties may access discounted land from the Bureau of Land Management.	
Preserving Existing Housing Supply	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. Approaches include: <ul style="list-style-type: none"> • Housing preservation ordinances • Housing replacement ordinances • Historic tax credits • Rent control • Single-room-occupancy ordinances • 1:1 replacement of existing units • Closing loopholes in code enforcement • Implementing initiatives to stop blight • Housing rehabilitation programs for low-income, rural, or elderly homeowners, including for owners of mobile homes 	Interference with local market; rent control discourages investment in new housing and maintenance
Transfer of Development Rights	Transfers limited to uses such as: preservation or facilitation of affordable housing, open space, historic preservation, community facilities, and community recreation	
Reactive Measures: Modification of Regulatory Measures		
Zoning and Subdivision Reform	Development ordinances that regulate minimum lot size, setbacks, lot coverage, lot dimensions, street widths and other aspects of residential development contribute to housing costs. Approaches include: <ul style="list-style-type: none"> • Zero lot line zoning • Cluster zoning • Mixed-use zoning • Planned unit development • Accessory dwelling units • Street width or other street design modifications • Lot coverage and dimension requirements 	May lead to inconsistent development patterns; narrow streets may impede emergency vehicles

Adequate Public Facilities Ordinances	Adequate Public Facilities Requirements (APFRs) help local governments avoid the negative impacts of rapid growth, such as insufficient sewer capacity and traffic congestion. The main objective of APFRs is to ensure that new development has adequate urban services. They serve to give local governments more control over the timing and location of new development.	The impacts of a set of requirements can be difficult to predict; requiring high service levels may discourage certain types of development; the development approval process will be more complicated; APFRs will place new demands on capital improvement budgets
Administrative and Procedural Reforms	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.	How to streamline the review process and still achieve the intended objectives of local development policies.
Non-Regulatory Measures		
Direct administration of housing assistance for individuals	Counties can directly assist persons with housing needs by funding the following types of programs: <ul style="list-style-type: none"> • Mortgage buy-down programs • Forgivable mortgages (after period of occupancy) • Partnership with deed covenant or community land trust organizations • Financial literacy programs • Post-purchase counseling • Rental assistance (including Section 8) • Administering HUD programs 202 for the elderly and 811 for the disabled • Transitional housing programs • Helping developers find renters or homebuyers for affordable units • Assistance for essential workers (police, fire, nursing, etc.) • Maintaining databases with affordable units • Administration of Individual Development Accounts • Downpayment assistance programs • Low- or No-interest or forgivable loan programs 	Developing reasonable revenue streams.
Marketing and education	Counties partner with non-profit organizations to educate residents about affordable housing, and address concerns about devaluation of property.	

Source: Matrix developed by ECONorthwest, information from Affordable Housing: Proactive and Reactive Strategies, White, 1992. Additional information from San Mateo, CA, San Juan County, WA, Dane County, WI, Lake County, CA, Hawaii County, HI, Arlington County, VA, Miami-Dade County, FL, Broward County, FL, Durham County, NC, Okaloosa County, FL, Edina, MN, Wichita, KS, Suffolk County, NY, Anne Arundel County, MD, Albemarle County, VA, Clark County, NV and Santa Clara County, CA as well as from Fannie Mae.

EMPLOYER ASSISTED HOUSING

One non-regulatory approach to easing problems with housing affordability is through Employer Assisted Housing (EAH) programs. EAH programs range from providing assistance to make housing costs more affordable through rental assistance or helping employees purchase homes to helping build housing for employees. Employers may be willing to consider EAH programs because of possible difficulties in attracting qualified employees. Anecdotal evidence from

stakeholder interviews indicates that the lack of workforce housing may be discouraging firms from locating in Jackson County or causing them to relocate outside of the County.

EAH programs can provide benefits to the local community, firms participating in the program, and employees benefiting from the program. Housing is a crucial component of an areas economic competitiveness. The economic health of a region is dependent on the presence of a competitive workforce, which in turn is strongly related to the availability of suitable and affordable housing. The lack of housing opportunities near jobs creates higher costs for employers as well as employees, degrading competitiveness. A lack of suitable and affordable housing hurts employers by contracting the labor pool, increasing the costs associated with turnover, training and placement. Likewise, a lack of suitable and affordable housing hurts employees by increasing their commuting and other costs. If these costs become too great employees will seek employment elsewhere. Employers have a stake in increasing housing affordability and creating housing opportunity to increase the competitiveness of their businesses and the areas in which they are located. Employer assisted housing helps the employee avoid the costs associated from unsuitable and unaffordable housing, helping the employer avoid increases in turnover, training and placement costs.²

The motivation of employers to undertake these type of programs an best be encapsulated by the “Four Rs”: employee recruitment; employee retention; neighborhood revitalization; and community relations, with reduced commuting an interwoven objective. Employers may receive incentives to use of EAH mechanisms in tight housing markets to recruit and retain employees.³

Stakeholder interviews with housing professionals in Jackson County reveal that no major EAH initiatives are currently being undertaken. The one program mentioned in interviews was provided by the Oregon Shakespeare Festival, which provides housing for 70 of its employees and has been doing so for a number of years.

Although there is currently little housing assistance provided by employers, there are two working groups focusing on workforce housing issues, which developed as a result of the Workforce Housing Summit held in February 2006. One group is working on educating businesses, municipalities and citizens about workforce housing and EAH. The second working group focuses on regulation; identifying appropriate changes to regulation that would facilitate increased workforce and employer-assisted housing.

Additionally, RVCOG, with help from the Ashland and Grants Pass Chambers of Commerce, is in the process of surveying its employees and the employees of chamber members about what kind of workforce housing needs exists and what kind of solutions (i.e. EAH) would best meet these needs.⁴

Several firms have expressed interest in EAH, including:

² Joint Center for Housings Studies of Harvard University. *Employer-Assisted Housing: Competitiveness Through Partnership*. p. 1-4

³ Joint Center for Housings Studies of Harvard University. *Employer-Assisted Housing: Competitiveness Through Partnership*. p. 1-4

⁴ Personal communication with Brandon Goldman, City of Ashland Community Development Department. 12/20/06.

- The City of Ashland is in the process of assessing its ability to provide EAH to some of its employees
- Southern Oregon University is working with Sky development on a supply side EAH plan. SOU, with assistance from Sky, are working on a plan to develop housing on SOU land for Sky and SOU employees.
- Several other major employers have expressed interest in pursuing EAH programs in the future

According to stakeholder interviews, a major barrier to addressing the lack of workforce housing or developing EAH programs is the lack of regional coordination to confront the problems workforce housing. Suggestions for improving coordination of efforts to address the problem included having the County act as a regional coordinator of governmental response and incentives for EAH programs. Alternatively, a non-governmental third-party, such as Fannie May, might be able to play a similar role in coordinating the programs.