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TO: Newport Housing Needs Analysis Technical Advisory Committee
CC: Derrick Tokos, City of Newport; Matt Spangler, DLCD
FROM: Bob Parker and Beth Goodman
SUBJECT: RECOMMENDED POLICIES AND PROGRAMS

SUMMARY

The City of Newport contracted with ECONorthwest (ECO) to conduct a housing needs and buildable land study. A major element of the study is the preparation of a housing needs analysis and draft comprehensive plan policies for consideration by city decisionmakers. ECO worked with staff and the Technical Advisory Committee (TAC) to develop the recommended policies and implementation measures. Following is a summary of the key policies the TAC recommends for consideration by the Newport Planning Commission and City Council.

- **Revise the policy and implementation measures in the Housing Element of the Newport Comprehensive Plan.** Many of the policies are outdated and do not reflect current and anticipated housing needs. Moreover, the current plan provides little guidance on implementation.
- **Add new definitions for certain housing types.** This includes definitions for government-assisted housing, workforce housing, and park model recreational vehicles.
- **Establish a housing land bank program.** The land bank program would reduce housing cost by reducing the cost of land. The program would target government-assisted and workforce housing development.
- **Consider establishing a housing trust fund.** This program could be funded through a variety of sources and would complement the land bank program.
- **Consider targeted revisions to the Newport Zoning Ordinance.** The TAC recommends focusing on four elements: (1) reduce minimum lot size in the R-1 and R-2 zones; (2) allow small homes under certain circumstances; (3) adopt an accessory dwelling unit ordinance; and (4) allow narrow streets.

BACKGROUND

The City of Newport contracted with ECONorthwest (ECO) to conduct a housing needs and buildable land study. A major element of the study is the preparation of a housing needs analysis and draft policies for consideration by city decisionmakers. ECO reviewed potential policies and programs with the Technical Advisory Committee (TAC) at the March 17th, 2011 meeting and again at the April 14th, 2011 meeting. The TAC provided guidance regarding which policies and programs it wanted to move forward for further consideration. This memorandum presents draft housing policies and programs recommended by the TAC.

DRAFT POLICIES FOR THE REVISED HOUSING ELEMENT

One of the outcomes of this project will be a revised set of policies and implementation strategies that will be adopted as part of the revised Housing Element. The current policies and implementation strategies are included in Appendix A of this memorandum. The policies and implementation strategies that follow are presented in a manner that highlights revisions to the existing policies.

Goals:

Existing Goal: To provide for the housing needs of the citizens of Newport in adequate numbers, price ranges, and rent levels which are commensurate with the financial capabilities of Newport households.

TAC Recommendation: Retain existing goal and add new goal to address workforce housing.

New Goal: To provide adequate housing that is affordable to Newport workers at all wage levels.

Policies:

Existing Policy 1: The City of Newport shall periodically assess the housing needs and desires of Newport citizens in order to formulate specific action programs to meet those needs.

TAC Recommendation: Revise Policy 1 as follows with proposed implementation measures.

Revised Policy 1: The City of Newport shall assess the housing needs and desires of Newport residents to formulate or refine specific action programs to meet those needs.

Implementation Measure 1.1: The City of Newport shall establish a set of verifiable and empirically measurable metrics to track trends in housing development and affordability. The metrics should be based on readily available data sets that are available on an annual basis and should include income and housing cost trends, housing sales, building permits by type and value, as well as others.

Implementation Measure 1.2: The Community Development Department shall prepare annual housing activity reports that include data on residential building permits issued, residential land consumption, and other indicators relevant to housing activity.

Implementation Measure 1.3: The Community Development Department shall conduct an assessment of the housing needs of Newport residents and workforce every five years. This assessment shall focus on the implementation measures and related housing programs as described in the Housing section of the Newport Comprehensive Plan.

Implementation Measure 1.4: The City of Newport shall assess the use of creative funding and land use tools to facilitate the development of government-assisted housing and workforce housing. Tools to be evaluated include urban renewal, lodging tax revenues, system development charge structures, in lieu fees, and others.

Existing Policy 2: The city shall cooperate with the Newport Development Commission, the Lincoln County Housing Authority, the State Housing Authority, the U.S. Department of Housing and Urban Development, the Farm Home Administration, private developers, and other public and private agencies in the provision and improvement of housing for low and moderate income households.

TAC Recommendation: Revise Policy 2 as follows with proposed implementation measures.

Revised Policy 2: The city shall cooperate with private developers, nonprofits, and federal, state, and local government agencies in the provision and improvement of government assisted and workforce housing.

Implementation Measure 2.1: The City shall establish a residential land bank program with the intent of facilitating the development of government-assisted and workforce housing.

Existing Policy 3: The city shall encourage diversity and innovation in residential design, development and redevelopment that is consistent with community goals.

TAC Recommendation: Revise Policy 3 implementation measures as follows.

Implementation Measure 3.1: The City shall review the potential for establishing policies and locations for transitional housing in ORS 446.265.

Implementation Measure 3.2: The City shall review options for allowing innovative housing design including pre-approved housing plans. The review shall consider impacts on government assisted or workforce housing on innovative design and should include consideration of innovative options that would result in an increase of workforce or government-assisted housing.

Implementation Measure 3.3: The City shall evaluate how the zoning code can be modified to create more flexibility for innovative housing design, such as form-based code options, or modifications to the conditional use process.

Existing Policy 4: The City of Newport shall encourage single-family development in those areas where higher density would place a burden on the carrying capacity of the land. Areas of critical concern are to the east of Highway 101 and north of Yaquina Bay.

TAC Recommendation: This policy is so vague it could be interpreted as prohibiting multifamily housing east of Highway 101. We recommend deleting this policy and substituting the following language and proposed implementation measures.

Revised Policy 4: The City of Newport shall designate and zone land for different housing types in appropriate locations. Higher density housing types shall be located in areas that are close to major transportation corridors and services.

Implementation Measure 4.1: The City of Newport shall review the comprehensive plan and zoning maps to ensure that low- and high-density residential lands are located in areas that appropriate to associated housing types.

Implementation Measure 4.2: The City of Newport shall review the Newport Zoning Code to identify potential amendments related to facilitating the development of needed housing types. The review shall, at a minimum, include the following elements: (1) reduced minimum lot size in the R-1 and R-2 zones; (2) allowing small homes under certain circumstances; (3) adoption of an accessory dwelling unit ordinance; and (4) street width standards. Any proposals to reduce minimum lot sizes shall consider building mass and the potential need to reduce lot coverage allowances.

Existing Policy 5: The City of Newport shall monitor the consumption of vacant residential land. Through zoning, annexation, and capital expenditures, the City shall ensure a relatively free market place. It is not the intent of the city to artificially limit the amount of vacant residential land so as to adversely affect market value.

TAC Recommendation: Policy 5 seems to primarily get at land supply; which is not an issue based on the findings of the housing needs analysis. The monitoring issue is addressed in the implementation strategies for Policy 1. We suggest combining policies 5 and 6 and have the revised policy focus on infrastructure.

Existing Policy 6: The city's residential expansion shall grow efficiently and capital expenditures shall be spent for the benefit of the community rather than individuals.

TAC Recommendation: Revise Policy 6 as follows with proposed implementation measures.

Policy 6: The City of Newport shall coordinate planning for housing with provision of infrastructure. The Community Development Department shall coordinate with other city departments and state agencies to ensure the provision of adequate and cost-effective infrastructure to support housing development.

Implementation Measure 6.1: The Community Development Department shall review functional plans (e.g., water, wastewater, transportation, etc.) to identify areas that have service constraints or will be more expensive to service. This review shall occur in conjunction with the five-year housing needs evaluation described in Implementation Measure 1.3.

Existing Policy 7: The City of Newport shall discourage, and in some cases, prohibit the development of residences in known environmentally hazardous or sensitive areas where legal and appropriately engineered modifications cannot be successfully made. In support of this policy, the city shall inventory, and to the greatest extent possible, specifically designate areas that are not buildable or required special building techniques.

TAC Recommendation: Our evaluation is that the City has largely accomplished the second part of the policy—the inventory and restrictions on development in hazardous areas. We recommend keeping the policy because it provides support to the restrictions on development in areas that may be a threat to life or property.

Existing Policy 8: As much as possible, the City of Newport shall protect residential development from commercial and industrial uses; however, the city also recognizes that those conflicts are inevitable and cannot be eliminated. Where such conflicts occur, the uses shall be buffered, where possible, to eliminate or reduce adverse affects. Residences that develop next to objectionable uses are assumed to be cognizant of their actions, so no special effort by the adjacent use is required. The residential development will, therefore, be responsible for the amelioration of harmful affects.

Implementation Measure 1: The City of Newport shall investigate and evaluate housing programs that may reduce the costs on renters and home buyers.

Implementation Measure 2: The City of Newport shall eliminate any unnecessary review processes.

TAC Recommendation: We recommend modifying the policy as stated below. We recommend deleting the implementation measures because they do not directly address the policy.

Revised Policy 8: As much as possible, the City of Newport shall protect residential development from impacts that arise from incompatible commercial and industrial uses; however, the city also recognizes that some land use conflicts are inevitable and cannot be eliminated. Where such conflicts occur, the uses shall be buffered, where possible, to eliminate or reduce adverse affects. Residences that develop next to objectionable uses are assumed to be cognizant of their actions, so no special effort by the adjacent use is required. The residential development will, therefore, be responsible for the amelioration of harmful affects.

Existing Policy 9: The City of Newport recognizes that mobile homes and manufactured dwellings provide an affordable alternative to the housing needs of the citizens of Newport. The city shall provide for those types of housing units through appropriate zoning provisions.

TAC Recommendation: Maintain the policy in the current form. Add the implementation measures listed below.

Implementation Measure 9.1: The City of Newport shall review the mobile home park inventory maintained by the Oregon Department of Housing and Community Services to identify parks that may be at risk of transition to commercial uses. Mobile home parks

represent a low-cost housing alternative for lower income households. The City should consider strategies to mitigate the conversion of mobile home parks into other uses including working with park owners or managers.

Implementation Measure 9.2: Review the Newport Zoning code to allow and encourage “park model” RVs as a viable housing type. This review should include establishing appropriate definitions for Park Model RVs, establishing appropriate development standards, reviewing minimum lot sizes, and establishing a set of pre-approved Park Model plans.

DESCRIPTION OF POLICY AND PROGRAMMATIC RECOMMENDATIONS

This section provides additional information regarding the draft policy and programmatic recommendations presented in the last section. It is intended to help guide discussions regarding implementation and program options.

PROCESS STEPS

The implementation strategies proposed for the revised comprehensive plan policies will require additional work that is outside the scope of ECO's effort on the housing needs analysis. The TAC recommends that Planning Commission direct staff to place the following projects in the work program in the order listed and to establish one or more committees to oversee the implementation of these recommendations in the five-year planning period:

1. **Development of the land bank ordinance.** This is the TAC's top priority. The TAC recommends that the City establish a committee to work with Community Development to craft a land bank program and implementing ordinance. Key elements of the program are described in this memorandum, but many decisions about specific elements of the program need refinement. The ordinance may require assistance from the City of Newport's legal counsel.

This committee should also be tasked with evaluating programmatic options for the Housing Trust Fund. That evaluation should include a review of all of the potential funding sources as well as recommendations about which funding sources to further consider, and at what level. Any city funding can, and should, be leveraged with external funding.

2. **Review of the Newport zoning map.** The housing needs analysis concluded that Newport lacks land for multifamily housing in appropriate locations. This issue was also identified in the previous assessment that was conducted 20 years ago. The committee would review zoning designations in Newport and identify potential locations that are suitable for multifamily housing. This process will likely result in a series of amendments to the zoning map.
3. **Review of the Newport Zoning Ordinance.** The TAC recommends focusing on four elements: (1) reduce minimum lot size in the R-1 and R-2 zones; (2) allow small homes under certain circumstances; (3) adopt an accessory dwelling unit ordinance; and (4) allow narrow streets. This evaluation, however, need not be limited to these four issues.

DEFINITIONS

The term “affordable housing” is imprecise at best and has potentially negative connotations. To aid precision, we recommend that the city include definitions either in the comprehensive plan element or the zoning code, or both. Following are some potential definitions.

Government-assisted housing

Government assisted housing is included as one of the “needed” housing types defined in ORS 197.303. The statute does not provide any more detail on what is meant by government assistance. Our research did not identify many plans and zoning codes that include definitions of government assisted housing. Newport could include such a definition as part of the land bank program; it could also use income thresholds to determine eligibility.

Our research suggests that government assistance generally refers to assistance provided through federal programs. Government housing assistance is available to low-income persons through three major programs: public housing, Section 8, and Section 202. Public housing and Section 8 programs are managed by local housing authorities, and Section 202 housing is sponsored on a complex-by-complex basis by non-profit companies. The National Resource Center On Supportive Housing & Home Modification at the University of Southern California describes government assisted housing as follows:¹

- **Public housing** -- low cost housing in multi-unit complexes that are available to low-income families, including the elderly and disabled, typically requiring tenants to pay no more than 30 percent of their monthly income for rent. Eligibility: Public housing authorities that receive funding from the federal government own and operate public housing complexes, available to applicants that do not exceed published income levels (dependent on the size of the household).
- **Section 8 rental certificates** -- allows very low-income families (including the elderly and disabled) to choose where they want to live, subject to HUD standards, by providing rental certificates that limit tenants' rent to 30 percent of their adjusted monthly income. Eligibility: Very low-income families with incomes not exceeding 50 percent of the median income for the area.
- **Section 202 housing** -- senior citizen housing, usually with supportive services such as meals, transportation, and accommodations for the disabled. Eligibility: Private, non-profit organizations and consumer cooperatives. Occupancy is open to very low-income households with at least one person 62 years of age or older, and the disabled.

Additionally, the U.S. Department of Agriculture, Rural Development Division has a number of programs that provide assistance to both households and nonprofit organizations that development housing. These include the following programs:²

¹ <http://www.usc.edu/dept/gero/nrcshhm/library/PDF/gov.pdf>

² <http://www.ruralhome.org/storage/rhs/09yearend/titlecontentssummary.pdf>

- **Programs for single-family housing.** The Section 502 program provides both direct and guaranteed mortgage assistance for low- and moderate-income households. USDA RD also supports a mutual “self-help” housing program in which families perform a substantial amount of construction labor on their own homes to help reduce costs. Home repair and rehabilitation activity is primarily supported through RD’s Section 504 program. Through Section 504, RD makes loans and grants available to very low-income households for repair and rehabilitation of substandard housing conditions.
- **Programs for multifamily housing.** USDA’s Section 515 Rural Rental Housing program is the primary multifamily program. USDA programs such as Section 521 Rental Assistance, Section 514/516 Farm Labor Housing and Section 538 Guaranteed loans are also important components of USDA’s multifamily housing efforts.

Following is the definition used by Fairfax County, Virginia.³ This is the most comprehensive definition we came across.

GOVERNMENT ASSISTED HOUSING: For purposes of the Comprehensive Plan, housing constructed and/or managed under programs which limit the amount of rent charged and the eligibility of occupants based on income. These limits are a condition for the provision of financial assistance from federal, state or local sources. Assisted housing is one means of providing affordable housing; however, not all assisted housing meets the definition of "affordable housing" provided above. The programs listed below are included as "government assisted housing."

- ADUs as described under "Affordable Dwelling Units."
- Housing units owned or managed by the Fairfax County Redevelopment and Housing Authority (FCRHA) and operated by the Department of Housing and Community Development under the Federal Public Housing program or the local Fairfax County Rental Program;
- Housing units owned by the FCRHA and leased for use as group homes or to nonprofit groups for emergency housing;
- Federal Section 8 project based rental subsidy units, which are usually privately owned;
- Units subsidized under Federal mortgage subsidy programs including Section 202 (Elderly), Section 811 (Disabled), Section 221(d)(3), Section 235 or Section 236. These units may be publicly owned but most are owned by private or nonprofit entities;
- Developments which were financed with FCRHA bonds where a portion of the units must have reduced rents for tenants who meet income eligibility requirements;

³ <http://www.fairfaxcounty.gov/dpz/comprehensiveplan/glossary/fg.htm>

- Tax Credit/VHDA financed projects with Low Income Housing Tax Credits and/or Virginia Housing Development Authority (VHDA) financing which establishes income eligibility requirements, many of which are privately owned;
- Nonprofit rental units and group homes serving nine or more individuals and owned by private entities, which were assisted with loans or grants from the Community Development Block Grant (CDBG), Section 108 loans, Home Investment Partnerships Program (HOME), Fairfax County Housing Trust Fund or other Fairfax County funding source; and,
- Moderate Income Direct Sales (MIDS) program units which are for sale to income-eligible, first time home buyers with financial assistance provided in return for control of the re-sale price of the home.
- Single room occupancy housing refers to a residential property that includes multiple single room dwelling units. Each unit is for occupancy by a single eligible individual. The unit need not, but may, contain food preparation or sanitary facilities, or both.

The TAC recommends a simpler version of the definition above 197.295(3):

(3) “Government assisted housing” means housing that is financed in whole or part by either a federal or state housing agency or a housing authority as defined in ORS 456.005, or housing that is occupied by a tenant or tenants who benefit from rent supplements or housing vouchers provided by either a federal or state housing agency or a local housing authority.

Workforce housing

The Urban Land Institute's definition of workforce housing is:

- Affordable to households of low, moderate and above moderate income in a range of 60 - 120% of area median income (AMI)

The Housing Land Trust Fund of San Francisco Bay defines workforce housing as:

- Housing that is affordable to private and public sector workers with incomes at or below that of teachers and public safety workers.

The TAC recommends using a variation the ULI definition of workforce housing.

Following is an example of how the city might calculate eligible project.

Step 1: Determine area median income (MFI). While the ULI definition uses AMI, that data is only available for 1997; HUD updates the MFI data every year for the federal assistance program. The data is from HUD and is presented at the county level. The data set is available on this web page:

<http://www.huduser.org/portal/datasets/il/il10/index.html>

The data used in this analysis was obtained by scrolling to the US map and clicking on Oregon. The eligibility thresholds are presented in Table 1.

Table 1: Estimated eligibility thresholds

% of AMI	Income	Monthly Affordable	
		Housing Cost	Housing Type
30%	\$15,000	\$375	Government Assisted Housing
50%	\$25,000	\$625	Low-Cost Rentals/Gov. Assisted
80%	\$40,000	\$1,000	Workforce Housing
100%	\$50,000	\$1,250	Workforce Housing
120%	\$60,000	\$1,500	Workforce Housing

Notes: Based on HUD MFI for 2010 of \$50,000 for Lincoln County.
Affordable rent is 30% of monthly income (calculated as (income / 12) *30%)
Workforce housing could be ownership or rental

Park Model Recreational Vehicle

The Newport Zoning Code defines Recreational Vehicles as follows:

Recreational Vehicle (RV). A vehicle with or without motive power that is designed for human occupancy and to be used temporarily for recreational, seasonal, or emergency purposes and has a gross floor space of not more than 400 square feet in the setup mode.

The City does not currently have a definition for park model RVs. Clallum County Washington uses a simple, but elegant definition:

Park Model RV. An RV intended for permanent or semi-permanent installation and is used as a primary residence.

This ties nicely to the city's RV definition; the key distinction is that park models are permanent or semi-permanent and are used as a primary residence. **The TAC recommends using the Clallum County definition of a park model RV.**

PROGRAMMATIC RECOMMENDATIONS

This section describes the TAC's programmatic recommendations. The discussion is structured around the recommendations presented in the policy section and only includes those recommendations that are programmatic in nature.

Implementation Measure 1.1: The City of Newport shall establish a set of verifiable and empirically measurable metrics to track trends in housing development and affordability.

Implementation Measure 1.2: The Community Development Department shall prepare annual housing activity reports that include data on residential building permits issued, residential land consumption, and other indicators relevant to housing activity.

We address measures 1.1 and 1.2 together because they are closely related and should be presented in a single report about housing activity in Newport. The intent of this measure is to develop a monitoring tool to track trends and progress. Our assumption is that the results would be presented annually to the Newport Planning Commission and City Council and could potentially be used in the budget process to identify project priorities. The benefit of annual reporting is that it allows the City to establish both a baseline and trends.

Our experience with metrics and benchmarks is that it is easy to identify measures that have high utility but take a lot of time and effort to generate. The recommended metrics that follow build from data that is generated on an annual basis and is easily accessed via websites. As new data sets become available, the City may want to expand the number of metrics.

Proposed metrics:

- Building permits issued by type. Source: City of Newport and Lincoln County building permit data (HNA Table 3-1 and Figure 3-1)
- Total dwelling units by type. Source: U.S. Census 1990 SF3 H020, U.S. Census 2000, SF3 H30, American Community Survey 2005-2009 B25024 (HNA Table 3-2)
- Annual population. Source: Portland State University Center for Population Research and Census (<http://www.pdx.edu/prc/>)
- Annual vacancy rates. Source: U.S. Census 1990 SF3 H005, 2000 SF 3 H5, and American Community Survey 2005-2009 B25004 (HNA Table 4-4).
- Housing cost as a percentage of income—including cost burden (households that pay more than 30% of their income for housing; and extreme cost burden—households that pay more than 50% of their income for housing). Source: American Community Survey 2005-2009 B25070 B25091 (HNA Table B-6).
- Identification of “Fair Market Wage”—a wage that allows households to obtain housing at rates comparable to HUD’s fair market rents. Source: U.S. Department of Housing and Urban Development, <http://www.huduser.org/DATASETS/il/il09/index.html>, <http://www.huduser.org/datasets/fmr.html> (HNA Table B-7)
- Average sales price by housing type. Source: Multiple Listing Service (MLS) (HNA Table B-11)
- Median contract rent. Source: U.S. Census 2000 SF3 H56, U.S. Census 1990 H032B American Community Survey 2005-2009 B25058 (HNA Table B-13)
- Comparison of gross rent average sales price and income. Sources: U.S. Census 1990 SF1 P080A P107A P114A P117, SF3 H008 H043A H061A, U.S. Census 2000 SF1 P53 P77 P82 P87, SF3 H7 H63 H76, American Community Survey 2005-2009 B19013 B19113 B19301 B17001 B25003 B25064 B25077 (HNA Table B-14)

The TAC recommends the Planning Commission include the preparation of annual monitoring reports on the Community Development Department workplan. Community

Development should consider hiring an intern to refine the structure of the monitoring report and prepare a report template that can be used in subsequent years.

Implementation Measure 1.3: The Community Development Department shall conduct an assessment of the housing needs of Newport residents and workforce every five years. This assessment shall focus on the implementation of housing programs as described in the Housing Element of the Newport Comprehensive Plan.

This measure would require CDD to update the housing needs assessment (and potentially comprehensive plan policies, implementation measures, and zoning code) on a five year basis.

Implementation Measure 6.1: The Community Development Department shall review functional plans (e.g., water, wastewater, transportation, etc.) to identify areas that have service constraints or will be more expensive to service. This review shall occur in conjunction with the five-year housing needs evaluation described in Implementation Measure 1.3.

This effort has already begun as a part of this project. Our sense is that this evaluation could largely be accomplished through meetings between CDD and public works. The intent is to get public works to consider housing cost through its public investment strategies.

INCENTIVE APPROACHES

Incentive approaches are targeted primarily at strategies that would reduce the cost of constructing needed housing types—in particular government-assisted and workforce housing.

Implementation Measure 1.4. The City of Newport shall assess the use of creative funding and land use tools to facilitate the development of government-assisted housing and workforce housing. Tools to be evaluated include urban renewal, lodging tax revenues, system development charge structures, in lieu fees, and others.

Implementation Measure 2.1: The City shall establish a residential land bank program with the intent of facilitating the development of government-assisted and workforce housing.

We address Measures 1.4 and 2.1 together because they both relate to the establishment of a land banking program. The following discussion provides some structure to key elements of a land banking program.

Eligibility: We recommend that the city impose restrictions on housing projects that would be eligible to participate in the land bank. The eligibility should directly tie to identified housing needs. We recommend the city prioritize government-assisted and workforce housing for the land bank program. We propose the following eligibility criteria:

- Government-assisted projects must be projects that target households below 80% of AMI for the county as identified by HUD. Eligibility thresholds shall be determined as described in the definitions section.

- Workforce housing projects must be projects that target households between 60% and 120% of AMI for the county as identified by HUD. Eligibility thresholds shall be determined as described in the definitions section.
- The eligibility criteria should be flexible enough that it would not exclude market housing that would use profits from market rate units to support affordable units in mixed income developments.

Funding: Funding is a critical component of the land bank program. We recommend the City of Newport establish a Housing Trust Fund that works in concert with the land bank program, but is not limited in scope to land banking.

According to Land Watch of Monterey County (CA), housing trust funds—distinct funds established by legislation, ordinance or resolution to receive public revenues, which can only be spent on housing—have been successfully used in 280 locations across the U.S. The key characteristic of a housing trust fund is that it receives on-going revenues from dedicated sources of public funding such as taxes, fees or loan repayments. Typically, legislation or an ordinance is passed that increases an existing revenue source, such as a real estate transfer tax, with the increase being committed to the housing trust fund.⁴

Key Components of a Housing Trust Fund⁵

1. **Purpose of the fund.** Housing trust funds are established to provide the financial resources needed to address the housing needs of low and very low income households. For Newport, we recommend that the fund be limited to provision of workforce and government assisted housing.
2. **Administration.** Most housing trust funds are administered by the agency or department that typically handles federal housing programs, such as HOME and CDBG. Staff will be assigned to run day-to-day operations of the housing trust fund. It is common for a Board to be established with oversight responsibilities for the fund. The Board is usually appointed by the participating members and represents nonprofit developers, service providers, private industries, unions, low income citizens, and others. It is not uncommon for the City Council or County Commissioners to have final say over the direction of the fund and the awards made, but the Boards bring representation from the community as well as support from all segments involved in housing issues. Newport does not have a dedicated department for housing; we assume that the Community Development Department would manage the program.
3. **Programs.** 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

⁴ <http://www.landwatch.org/pages/issuesactions/fortord/clarkreport/chapter3.html>

⁵ This section is taken from Land Watch of Monterey County with some modifications.

well as community land trusts and first time homeowners. We recommend the programs initially include the Housing Land Bank. The City should consider including new construction and rehabilitation as well as projects sponsored by nonprofit partners.

The revenues most commonly committed to housing trust funds include: exactions required of developers, real estate transfer taxes, or document recording fees. We recommend the City use the following funding sources (note that not all of the funding sources would be available to acquire land; some are targeted at reducing cost of development):

System Development Fee Structure: This program would seek to provide SDC relief based on the size of dwellings. The concept, as discussed by the TAC, is to structure SDCs based on dwelling size (e.g., equivalent dwelling units).

This program would require changes to the City's SDC ordinances. The SDC relief for qualifying projects would be relatively straightforward: the City would establish a set of criteria within the SDC. Developers would be required to demonstrate how their projects met the criteria to receive relief. The legal authority to do this is described in a May 15, 2009 memorandum from Dana Krawczuk to Bonnie Serkin related to the Wilder development. The memorandum gets into considerable detail about the approaches the City might take. As such, we do not describe them in detail here.

The TAC recommends evaluating an "equivalent dwelling unit" mechanism that would provide credits for smaller, lower cost housing.

- **Urban Renewal Funds.** The City could use urban renewal funds to facilitate the development of desired housing types. While we have not reviewed the City's urban renewal plans, it is likely that the plans would need to be amended to include housing as one of the identified projects. If housing were an identified project within the urban renewal district (URD), the City could then use its bonding authority (as outlined in the district plan) to issue bonds for projects. The bonds would then be paid off with revenues from the tax increment established by the URD.

The TAC recommends the city consider establishing a new urban renewal district North of Yaquina Bay. The URD should address housing cost by addressing infrastructure deficiencies in certain areas as identified by the city. The specific purpose should be developed through a broader set of discussions. The URD would potentially allow the city to use the additional tools offered by the URD including flexibility to resell land, land acquisition, upgrading or razing dilapidated housing stock, facilitating the purchase or sale of land, and other tools.

A URD would provide the city with additional tools for land acquisition and potentially funding for housing-related projects through the bonding authority created by the district.

- **Lodging Tax.** The City of currently assesses a lodging tax of 9.5%. In 2009, the City had \$2.2 million in revenue from the lodging tax, up from \$1.3 million in 2000, an

increase of nearly 70% in revenues.⁶ The city currently allocates 54% of revenues for general fund purposes. Thus, the flexibility exists to use it for other purposes—including the housing fund.

During our meetings, this funding option generated considerable discussion at the TAC level—primarily about the potential benefits of the use of lodging tax revenue for workforce housing. The nexus of the use of lodging tax revenues for housing is that the tourism industry, specifically overnight lodging, generates jobs—many of which are relatively low wage. These workers need housing that is affordable for the wage levels. One of the limitations discussed was that the city cannot require that housing supported by this funding source be limited to workers in the lodging industry.

The TAC recommendation is to further evaluate the potential use of lodging tax revenue to support the housing fund.

- **Grant funds.** A The Oregon Department of Housing and Community Services (OHCS) administers several grant and tax credit programs for the development of affordable rental housing in Oregon. OHCS requires owners receiving these resources are required to limit rental charges so that the housing is affordable to lower-income Oregonians for a specified period of time. The programs are described in detail on the OHCS website (http://www.oregon.gov/OHCS/HRS_Grants_Tax_Credits.shtml). The City should work with the Housing Authority of Lincoln County on these programs since many of them would be most appropriately pursued through an organization that develops housing.

The city can use local dollars to leverage state and federal funds. We do not provide detail on all of the potential programs as there is a possibility that some will be eliminated in the current federal and state budget cycle. The city should work with its nonprofit partners to identify appropriate grant opportunities.

The TAC recommends the city explore obtaining funds through federal and state grant programs. This should include opportunities to partner with nonprofit organizations.

- **In lieu of or impact fees.** In lieu of fees are commonly bundled with inclusionary zoning requirements. Inclusionary zoning is a strategy that requires developers include a certain percentage of dwellings at specific price points.

The fee strategy could be structured several ways. One would be a general assessment on all market rate housing, commercial and industrial development. Another would be to focus on development that creates lower-wage employment such as high end housing or lodging development or other employers that would pay wages at or below workforce housing.

Inclusionary zoning is prohibited in Oregon by ORS 197.309. An alternative strategy

⁶ Based on data from Dean Runyan Associates "Oregon Travel Impacts 1991-2009p" report.

would be to establish a policy that requires developers dedicate land for affordable housing or pay a fee in lieu of dedication. This strategy is commonly used for parks.

In lieu of fees are generally based on the cost of development, and may be determined by a formula or negotiated on a case-by-case basis. The revenue from fee payments is then used to facilitate construction of additional units for low- and moderate-income households or to achieve other affordable housing goals.

The option to pay a fee in-lieu provides greater flexibility, particularly for developers of small projects; however, in areas with high land costs, few buildable lots, or where the fee is set too low to allow new development, the trade-off may be fewer affordable units built. In response to these realities, some communities require proof that development of affordable units will create an insurmountable burden, economic or otherwise, before granting permission to pay a fee in-lieu.⁷

The TAC recommends the city further evaluate the use of in lieu of fees—including any legal issues or restrictions pertaining to their use.

- **Sale or trade of existing city assets.** This approach would basically dedicate proceeds from the sale or trade of selected city assets into the housing fund. **The TAC recommends the city further evaluate the use funds from these sources.**

Acquisition of land: The city has several options for acquisition of land:

- **Existing city-owned parcels.** We recommend that the city conduct an evaluation of all undeveloped city lands for their potential for residential development. Our review of city-owned parcels in residential plan designations identified over 100 parcels with more than 100 acres. Our cursory review suggests that not all of these lands would be appropriate for residential development, but that some clearly would be.
- **Foreclosures.** Some of the existing city sites came through foreclosures. The City should work with Lincoln County to review future foreclosures for their potential for housing development. This should include both developed and vacant properties. Some developed properties could potentially be made available in their current state, or may have potential for additional development (e.g., they would be considered partially vacant under the methods used for the residential buildable land inventory), or could be redeveloped.
- **Dedications.** The city could establish a “fair share” housing policy that would require fees be paid into a housing fund for certain housing, or that the developer dedicate land in lieu of the fee. The legal structure of this needs to be evaluated given the restriction on “inclusionary” zoning in ORS 197.409.⁸

⁷ http://www.housingpolicy.org/toolbox/strategy/policies/inclusionary_zoning.html?tierid=120

⁸ **197.309 Local ordinances or approval conditions may not effectively establish housing sale price or designate class of purchasers; exception.** (1) Except as provided in subsection (2) of this section, a city, county or metropolitan service district may not adopt a land use regulation or functional plan provision, or impose as a condition for approving a permit under ORS 215.427 or 227.178, a requirement that has the effect of establishing the sales price for a housing unit or residential building lot

- **Donations.** The city could accept land through donations.
- **Purchase.** The city could purchase, either at market rate, or through bargain sales, land for the purpose of housing.

Eligibility: One of the key issues with the land banking program will be how the city works with development partners to move projects forward. One of the key decisions the city faces is who can apply. **The TAC recommends the city allow any entity – public or private – to participate in the program as long as projects meet established criteria.**

Siting. Not all lands the city might have in its surplus inventory or that may become available for acquisition is appropriate for the land bank program. **The TAC recommends the city establish a set of flexible siting standards that can help evaluate the suitability of land for the housing land bank.**

Project review. Most land bank programs include a project review process. **The TAC recommends the program include a set of clearly stated criteria for project review and a clear process for applications.**

Program Administration. The land bank program will require administration. **The TAC recommends that the Newport Planning Commission provide policy oversight; Community Development staff administer the program; and City Council authorize agreements.** An additional role for the Planning Commission would be the review of applications and certification that projects recommended for the program meet the eligibility criteria.

Our research on land bank programs suggests that all of them have a formal application process. For example, the City of Charlotte, NC has a very robust housing trust fund program. The issues a grant notice annually and has a set of specific criteria for applications.⁹

REGULATORY APPROACHES

The TAC narrowed the list of priority regulatory strategies to four:

- Reduce minimum lot size
- Allow small homes
- Adopt an accessory dwelling unit ordinance

or parcel, or that requires a housing unit or residential building lot or parcel to be designated for sale to any particular class or group of purchasers.

(2) This section does not limit the authority of a city, county or metropolitan service district to:

(a) Adopt or enforce a land use regulation, functional plan provision or condition of approval creating or implementing an incentive, contract commitment, density bonus or other voluntary regulation, provision or condition designed to increase the supply of moderate or lower cost housing units; or

(b) Enter into an affordable housing covenant as provided in ORS 456.270 to 456.295. [1999 c.848 §2; 2007 c.691 §8]
⁹ <http://www.charlottevt.org/vertical/Sites/%7B5618C1B5-BAB5-4588-B4CF-330F32AA3E59%7D/uploads/%7B339D0755-4A76-4853-A7E8-B5B8F36CDA8D%7D.PDF>

- Allow narrow streets

This section describes options for implementing these strategies.

Reduce minimum lot size

According to data from the National Association of Homebuilders (NAHB), land accounts for more than 20% of the cost of a typical single-family dwelling in the US.¹⁰ Permits, accounted for about 3%-5% of construction costs. While these are averages and may seem small, the various factors add up.

Reducing allowable lot size can substantially reduce land costs. For example, reducing lot size from 7,500 to 5,000 square feet could reduce land costs by 50%. Allowing small lots is an easy way to reduce barriers to more affordable housing types while not requiring developers build at the minimum lot size.

The current minimum lot size is 7,500 square feet. Lot standards are addressed in Sections 2-3-3 (Minimum Lot Size) and 2-3-4 (Density Limitations) of the Newport Zoning Code. We recommend the City consider allowing smaller lot sizes in single-family zones. **The TAC recommends the city reduce the minimum lot size in the R-1 district to 5,000 square feet and in the R-2 district to 4,000 square feet. The TAC also recommends that the minimum lot width be reduced to 50' in the R-1 district. The reduction in minimum lot size should be accompanied by a proportional reduction in lot coverage ratios.**

One concern that is likely to be expressed in the context of smaller allowable lot sizes is “how does that affect areas with constraints?” This is a legitimate concern. While we did not conduct a detailed evaluation of the relationship between lot size and development constraints, our assessment is that developers will not be able to achieve the higher densities allowed by smaller lot sizes in areas with slope and other constraints. This tool is primarily removing a barrier to higher density single-family housing types; it does not *require* developers to build to those densities.

¹⁰ <http://www.nahb.org/generic.aspx?genericContentID=134543&fromGSA=1>

District	Minimum Lot Area (Sq. Ft.)	Minimum Width	2-3-5 TABLE "A"			Lot Coverage In Percent	Maximum Building Height	Density In Sq. Ft. Per Unit
			Setback Requirements: Front/2nd Front ¹	Side	Rear			
R-1/"Low Density Single-Family Residential"	7,500	65'	15' and 15' or 20' and 10'	5' & 8'	15'	54%	30'	7,500
R-2/"Medium Density Single-Family Residential"	7,500	50'	15' and 15' or 20' and 10'	5'	10'	57%	30'	3,750
Duplex on interior lot	5,000	50'	15' and 15' or 20' and 10'	5'	10'	57%	30'	2,500
Duplex on corner lot	5,000	50'	15' and 15' or 20' and 10'	5'	10'	57%	30'	5,000
R-3/"Medium Density Multi-Family Residential"	5,000	50'	15' and 15' or 20' and 10'	5'	10'	60%	35'	1,250 ²
R-4/"High Density Multi-Family Residential" ³	5,000	50'	15' and 15' or 20' and 10'	5'	10'	64%	35'	1,250
C-1/"Retail and Service Commercial"	5,000	0'	0'	0'	0'	85-90%*	50**	n/a
C-2/"Tourist Commercial"	5,000	0'	0'	0'	0'	85-90%*	50**	n/a
C-3/"Heavy Commercial"	5,000	0'	0'	0'	0'	85-90%*	50**	n/a
I-1/"Light Industrial"	5,000	0'	50' from Hwy. 101	0'	0'	85-90%*	50**	n/a
I-2/"Medium Industrial"	20,000	0'	50' from Hwy. 101	0'	0'	85-90%*	50**	n/a
I-3/"Heavy Industrial"	5 acres	0'	50' from Hwy. 101	0'	0'	85-90%*	50**	n/a

* See Section 2-4-4

n/a - not applicable

Allow small (tiny) homes, maybe with pre-approved plans

The TAC endorsed strategies to allow small homes. Our review of the City's code did not identify any minimum size limit to site built homes. The code does limit the minimum lot size allowed, as discussed above. A review of web sites did not yield any accepted definition of a tiny home, but it appears that they typically range from 80 to 400 square feet. Some are on wheels; others are on foundations.

After further review, our assessment is that "tiny homes" will be classified as "park model RV's" because of restrictions in the State Uniform Building Code. Thus, all of the regulatory strategies will be related to how the city regulates RVs. **The TAC recommends the city consider establishing additional zoning regulations to address park model RVs and tiny homes.** If the city pursues this policy option, the review should include the following elements:

- **Definitions:** Include the definition of Park Model RV in section 2-1-1.101 (Definitions) of the zoning ordinance.
- **Minimum Lot Size.** Modify the minimum space size in Section 2-2-6.020 in RV parks based on structure size. One potential approach would be to use a lot coverage standard. For example, if the City set a lot coverage standard of 40%, then a 400 square foot park model RV would have a minimum lot size of 1,000 square feet. We recommend a 1,000 square foot minimum for structures below 400 square feet, and a 40% lot coverage for structures over 400 square feet.
- **Pre-Approved Designs.** The TAC expressed concerns about the design and quality of the structures. We recommend the City maintain the provision in 2-2-6.020(A) that units in mobile/manufactured home parks comply with Oregon Manufactured Dwelling and

Park Specialty Code (2002). We also recommend that the City review and adopt a set of pre-approved designs for Park Model RVs. This will serve to lower development costs, permitting fees and time, and will provide the City with a degree of certainty over the character of Park Model RVs.

Create an Accessory Dwelling Unit Ordinance

An ADU is typically defined as an independent dwelling unit that shares, at least, a tax lot in a single-family zone. Some ADU share parking, entrances, or may be incorporated into the primary structure. ADU are distinguished from “shared” housing in that the ADU has separate kitchen and bathroom facilities. Our review of the City zoning code suggests it is inconsistent on how it handles accessory dwellings. The code does not include a specific definition of an ADU, nor were we able to locate any specific standards applicable to ADUs.

A considerable body of literature exists on ADUs. A thorough treatment of the topic by the Municipal Research and Services Center (MRSC) of Washington (state). The document can be found online at: <http://www.mrsc.org/Publications/textadu.aspx>. This document provides considerable detail about the options related to ADU ordinances and can serve as a decision making guide for the City of Newport.

The TAC recommends the City establish an Advisory Committee to the Planning Commission to review the ordinance options and develop a recommended ordinance that fits Newport’s needs.

Allow narrow streets

Narrow streets is one approach that communities have used to accomplish multiple objectives—reducing land consumption, reducing the cost of building streets, and potentially reducing land costs in the development. The Oregon Transportation and Growth Management (TGM) program has developed a range of documents about narrow streets. These documents can be found at:

<http://www.lcd.state.or.us/LCD/TGM/localstreetplanning.shtml>

The TAC recommends the City establish an Advisory Committee to the Planning Commission to review the ordinance options and develop a recommended ordinance that fits Newport’s needs.

APPENDIX A: REVIEW OF NEWPORT COMPREHENSIVE PLAN AND ZONING CODE

This section identifies areas of the Newport Zoning Code that merit discussion by the TAC. We limit our comments to areas where potential changes might occur.

2-1-1.101. Definitions

Accessory Structure or Use. This definition does not incorporate the concept of an accessory dwelling unit, nor does the code provide a separate definition.

Residential Unit. The TAC suggested consideration of “small” or “tiny” homes. These would technically fit under the definition of a residential unit per the code, **but the City may want to consider adding a specific definition for small dwellings** particularly if they would be bundled with other standards such as small lots or narrow streets. **The City may want to consider definitions for other types of dwellings (e.g., row houses, etc.).**

Recreational Vehicle (RV). This includes all types of RVs with a gross floor area less than 400 square feet. The TAC spent some time discussing so-called “Park Model” RVs. **The City may want to consider adopting a separate definition for these types of dwellings.** Some jurisdictions define Park Model RVs as “an RV intended for permanent or semipermanent installation and is used as a primary residence.”¹¹

2-1-2.010. Establishment of Zones.

The Newport zoning code establishes five zones that are directly related to housing.

Zone	Abbreviation
Low Density Residential	R-1
Low Density Residential	R-2
High Density Residential	R-3
High Density Residential	R-4
Mobile Homes	M-H ¹²

Section 2-2-1. Zoning Districts

The code describes the intent of the zones as follows:

R-1/"Low Density Single-Family Residential." The intent of the R-1 district is to provide for large lot residential development. This district should also be applied where environmental constraints such as topography, soils, geology, or flooding restrict the development potential of the land.

R-2/"Medium Density Single-Family Residential." The intent of this district is to provide for low density, smaller lot size residential development. It is also the ambition of this district to

¹¹ <http://www.clallam.net/realestate/assets/applets/RVsetc.pdf>

¹² Section 2-1-1 does not list the M-H zone, which was likely eliminated in one of the many code amendments.

serve as a transitional area between the low density residential district and higher density residential districts.

R-3/"Medium Density Multi-Family Residential." This district is intended for medium density multi-family residential development. It is planned for areas that are able to accommodate the development of apartments. New R-3 zones should be near major streets, on relatively flat land, and near community or neighborhood activity centers.

R-4/"High Density Multi-Family Residential." This district is intended to provide for high density multi-family residential and some limited commercial development. New R-4 zones should be on major streets, on relatively flat land, and near commercial centers.

The intent of the districts is consistent with many ordinances. **A review of the zoning map in comparison with the intent suggests discrepancies exist and that it would be worthwhile for the City to undergo a more careful review of the zoning map in the context of the stated intent.** This type of review is complicated by pre-existing development and potential legal issues (e.g., Measure 49) and would be most appropriately limited to vacant lands.

2-2-1.025. Residential Uses

This section identifies uses allowed in residential zones. The table on the next page defines what uses are (1) outright allowed, (2) conditionally permitted, and (3) prohibited.

The structure of Newport's residential zones is not unique. It basically relaxes the number and types of uses permitted as the zones go from lower density (R-1) to higher density (R-4). Based on our review of development in Newport, discussions with local experts, and meetings with the TAC, the zoning system creates some problems with the multifamily zones.

The majority of development in the multifamily zones is single-family housing. Because of the city's large inventory of higher-density residential land, this is probably primarily a function of the market, however, there is no question that single-family development is occurring in these zones because it is outright permitted.

We recommend the City consider amending the code to either (1) establish an exclusive multifamily zone (R-5) or prohibit or conditionally permit single-family structures in the R-4 zone.

2-2-25. Manufactured Dwellings and Recreational Vehicles

This section identifies standards related to manufactured dwellings and RVs.

2-2-26.010. Manufactured Dwellings on Individual Lots

The city is in compliance with the Manufactured Housing Rule and has adopted the design guidelines allowed under that rule.

2-2-26.020. Manufactured Dwelling Parks

The City restricts these to the R-2, R-3, and R-4 zones. The standards establish a maximum density of six dwellings per acre and a minimum lot size of 5,000 square feet. **We recommend the City consider relaxing the density and lot size standards to allow up to 10 dwellings per acre and minimum lot sizes of 4,000 square feet.**

Section 2-4-2. Accessory Use and Structures.

Section 2-4-2.025 prohibits accessory buildings for human habitation, but goes on to state “Detached buildings for human habitation shall meet the requirements of Section 2-3-2.020, Yards for Group Buildings.” **The City should consider adopting more specific standards related to accessory dwelling units.**

"P" = Permitted uses.

"C" = Conditional uses; permitted subject to the approval of a conditional u permit.

"X" = Not allowed.

	R-1	R-2	R-3	R-4
A. Residential				
(1) Single-family	P	P	P	P
(2) Two-family	X	P	P	P
(3) Multi-family	X	X	P	P
(4) Manufactured Homes	P	P	P	P
(5) Mobile Home Park	X	P	P	P
B. Accessory Uses	P	P	P	P
C. Home Occupations	P	P	P	P
D. Community Services				
(1) Parks	P	P	P	P
(2) Publicly Owned Recreation Facilities	C	C	C	C
(3) Libraries	C	C	C	C
(4) Utility Substations	C	C	C	C
(5) Public or Private Schools	C	C	C	P
(6) Child Care Facilities	P	P	P	P
(7) Day Care Facilities	C	C	C	C
(8) Churches	C	C	C	C
(9) Residential Care Homes	P	P	P	P
(10) Nursing Homes	X	X	C	P
(11) Bed and Breakfast Inns	X	X	C	C
(12) Motels and Hotels	X	X	X	C
(13) Professional Offices	X	X	X	C
(14) Rooming and Boarding Houses	X	X	C	P
(15) Beauty and Barber Shops	X	X	X	C
(16) Colleges and Universities	C	C	C	C
(17) Hospitals	X	X	X	P
(18) Membership Organizations	X	X	X	P
(19) Museums	X	X	X	P
(20) Condominiums	X	P	P	P
(21) Hostels	X	X	X	C
(22) Golf Courses	C	C	C	X
(23) Recreational Vehicle Parks	X	X	X	C

(24) Necessary Public Utilities and Public Service Uses or Structures	C	C	C	C
(25) Residential Facility*	X	X	P	P
(26) Movie Theaters**	X	X	X	C
(27) Assisted Living Facilities***	X	C	P	P
(28) Bicycle Shop****	X	X	X	C

APPENDIX B: STATE AND LOCAL COOPERATION WITH HOUSING PROJECTS

ORS 456.305 – 370 provide the statutory guidance for how local governments may participate in housing projects. We include the relevant statutory language in this appendix.

456.305 Definitions for ORS 456.305 to 456.325. As used in ORS 456.305 to 456.325, unless the context requires otherwise:

(1) “Governing body” means the common council, county court, board of county commissioners, board or other body having charge of the fiscal affairs of the state public body.

(2) “Housing project” means any work or undertaking of a housing authority pursuant to the Housing Authorities Law or any similar work or undertaking of the federal government.

(3) “State public body” means any city, town, county, municipality, commission, district, authority, other subdivision or public body of the state.

456.310 Purpose; additional powers. (1) It hereby is found and declared:

(a) That the assistance provided in ORS 456.315 and 456.320 for the remedying of the conditions set forth in the Housing Authorities Law is a matter of state concern and constitutes a public use and purpose and an essential governmental function for which public moneys may be spent and other aid given.

(b) That it is a proper public purpose for any state public body to aid any housing authority operating within its boundaries or jurisdiction or any housing project located therein, as the state public body derives immediate benefits and advantages from such an authority or project.

(c) That ORS 456.305 to 456.325 are necessary in the public interest.

(2) The powers conferred by ORS 456.305 to 456.325 are in addition and supplemental to the powers conferred by any other law.

456.315 Powers of state public bodies in aiding or cooperating on housing projects. (1) For the purpose of aiding and cooperating in the planning, undertaking, construction or operation of housing projects located within the area in which it is authorized to act, any state public body may upon such terms, with or without consideration, as it may determine:

(a) Dedicate, sell, convey or lease any of its property to a housing authority or the federal government.

(b) Cause parks, playgrounds, recreational, community, educational, water, sewer or drainage facilities, or any other works which it may otherwise undertake, to be furnished adjacent to or in connection with housing projects.

(c) Furnish, dedicate, close, pave, install, grade, regrade, plan or replan streets, roads, roadways, alleys, sidewalks or other places which it may otherwise undertake.

(d) Plan or replan, zone or rezone any part of such state public body and make exceptions from building regulations and ordinances. Any city or town also may change its map.

(e) Enter into agreements with a housing authority or the federal government respecting action to be taken by such state public body pursuant to any of the powers granted by ORS 456.305 to 456.325.

(f) Do any and all things, necessary or convenient to aid and cooperate in the planning, undertaking, construction or operation of such housing projects.

(g) Purchase or legally invest in any of the bonds of a housing authority and exercise all the rights of any holder of such bonds.

(2) With respect to any housing project which a housing authority has acquired or taken over from the federal government and which the housing authority by resolution has found and declared to have been constructed in a manner that will promote the public interest and afford necessary safety, sanitation and other protection, no state public body shall require any changes to be made in the housing project or the manner of its construction or take any other action relating to such construction.

(3) In connection with any public improvements made by a state public body in exercising the powers granted in this section, a state public body may incur the entire expense thereof. [Amended by 2003 c.14 §288]

456.320 Donations and loans to housing authority. (1) When any housing authority becomes authorized to transact business and exercise its powers, the governing body of the city, town or county, as the case may be, shall immediately make an estimate of the amount of money necessary for the administrative expenses and overhead of the housing authority during the first year thereafter, and shall appropriate such amount to the authority out of any moneys in such city, town or county treasury not appropriated to some other purposes. The moneys so appropriated shall be paid to the authority as a donation.

(2) Any city, town, municipality or county located in whole or in part within the area of operation of a housing authority may lend or donate money to the authority or agree to take such action. The housing authority, when it has money available therefor, shall make reimbursements for all loans made to it. The authority may enter into agreement with the donor setting forth the purposes for which the donation may be used and the conditions under which such donation must be restored to the donor. [Amended by 1977 c.341 §1]

456.325 Resolution to exercise powers. The exercise by a state public body of the powers granted in ORS 456.305 to 456.325 may be authorized by resolution of the governing body of such state public body adopted by a majority of the members of its governing body present at a meeting of the governing body. This resolution may be adopted at the meeting at which it is introduced. Such a resolution shall take effect immediately and need not be laid over or published or posted.

456.355 Definitions for ORS 456.355 to 456.370. As used in ORS 456.355 to 456.370, unless the context requires otherwise:

(1) “Governing body” means the governing body of any city or county.

(2) “Housing project” means any work or undertaking of a nonprofit sponsor, limited-dividend housing corporation or a for-profit developer meeting the requirements of subsection (5) of this section for the purpose of operating, rehabilitating or constructing decent, safe and sanitary housing for families and individuals who cannot obtain such shelter in the open market for 25 percent of the gross family income.

(3) “Nonprofit housing sponsor” means any corporation not for profit organized under the provisions of ORS chapter 65 for the purpose of undertaking, constructing or operating a housing project, or authorized by its charter to undertake, construct or operate a housing project.

(4) “Limited-dividend housing corporation” means any corporation that qualifies as such under the federal Housing and Urban Development Act of 1968.

(5) “For-profit developer” means a developer who agrees to rent housing units at below-market rent over a substantial period of time to households with income limits stipulated by the city or county.

(a) Proposals for such projects shall be solicited by appropriate direct and indirect invitation.

(b) Proposals received shall be measured against stated criteria, and reasons for the choices made shall be recorded.

(c) The financial stability of the developer shall be established to the satisfaction of the city or county.

(d) The Housing and Community Services Department shall review the documentation for paragraphs (a), (b) and (c) of this subsection for procedural compliance. The department may comment on the issue of benefits received against the benefits conferred, but it is not the intent of the legislature that the department shall substitute its judgment for that of the city or county in determining whether these benefits are in balance. [1969 c.185 §2; 1975 c.138 §1]

456.360 Purpose; additional powers. (1) It hereby is found and declared:

(a) That the assistance provided by ORS 456.365 for the remedying of the conditions set forth in the Housing Authorities Law is a matter of state concern and constitutes a public use and purpose and an essential governmental function for which public moneys may be spent and other aid given.

(b) That it is a proper public purpose for any city or county to aid any housing project as defined in ORS 456.355 (2) operating within its boundaries or jurisdiction, as the city or county derives immediate benefits and advantages from such an authority or project.

(c) That ORS 456.355 to 456.370 are necessary in the public interest.

(2) The powers conferred by ORS 456.355 to 456.370 are in addition and supplemental to the powers conferred by any other law. [1969 c.185 §3; 1975 c.138 §2]

456.365 Powers of city or county in aiding or cooperating on housing projects. For the purpose of aiding and cooperating in the planning, undertaking, construction or operation of housing projects as defined in ORS 456.355 and located within the area in which it is authorized to act, any city or county may upon such terms, with or without consideration, as it may determine:

(1) Dedicate, sell, convey or lease any of its property.

(2) Cause park, playground, recreational, community, educational, water, sewer or drainage facilities, or any other works which it may otherwise undertake, to be furnished adjacent to or in connection with housing projects.

(3) Furnish, dedicate, close, pave, install, grade, regrade, plan or replan public streets, roads, roadways, alleys, sidewalks or other places which it may otherwise undertake.

(4) Plan or replan, zone or rezone any part of the area within such city or county and make exceptions from building regulations and ordinances. Any city also may change its map.

(5) Enter into agreements respecting action to be taken by such city or county pursuant to any of the powers granted by ORS 456.355 to 456.370.

(6) Do any and all things necessary or convenient to aid and cooperate in the planning, undertaking, construction or operation of such housing projects.

(7) In connection with any public improvements made by it in exercising the powers granted by this section, incur the entire expense thereof. [1969 c.185 §4; 1975 c.138 §3]

456.370 Exercise of powers; authorization by ordinance. The exercise by a city or county of the powers granted by ORS 456.355 to 456.370 may be authorized by ordinance of the governing body of the city or county adopted by a majority of the members of its governing body present at a meeting of the governing body. Persons particularly interested, and the general public, shall be given an opportunity to be heard at that meeting, and notice to the public of the time and place of said meeting and of the subject of the ordinance proposed for enactment shall be published in the same manner as required prior to final enactment of a zoning ordinance. The ordinance may be adopted or amended and adopted at such meeting, and if adopted shall take effect immediately and need not be laid over or published or posted. [1969 c.185 §5]