



**Department of Land
Conservation and Development
Affordable Housing Work Group**

MINUTES

Meeting 7

January 12, 2009

9:00 AM – 11:30 PM

Agriculture Building (DLCD)

635 Capitol St NE, Salem

Basement Hearing Room

Work Group Members Present

John VanLandingham, LCDC (Work Group Chair)
Janet Byrd, Neighborhood Partnership Fund
Bob Gillespie, Oregon Housing and Community Services
Jana Jarvis, Oregon Association of Realtors
Allen Johnson, Johnson & Sherton PC
Mary Kyle McCurdy, 1000 Friends of Oregon
Martha McLennan, Northwest Housing Alternatives
Larry Medinger, Oregon Housing Council
Don Miner, Oregon Manufactured Housing Association
Greg Mott, City of Springfield
Gregory Winterowd, Winterbrook Planning (by telephone)
Ken Yates, Oregon Bankers Association
Pat Zimmerman, Citizen Involvement Advisory Committee

DLCD Staff Present

John Fletcher, Oregon Housing and Community Services
Gloria Gardiner, Urban Planning Specialist
Angela Lazarean, Urban Planner
Bob Rindy, Senior Policy Analyst/Legislative Coordinator

Interested Persons Present

Debbie Aiona, League of Women Voters of Oregon
Mike Foote, Foote Development Company
Ed McNamara, Turtle Island Development
Doug Parker, Department of State Lands

Meeting Materials

[Agenda](#)

[Pilot Project Options](#)

[Why Can't We Build an Affordable House](#)

[Public Comment – Bender](#)

[Public Comment – Stein](#)

Agenda Item 1 – Opening Remarks from the Chair and Information Sharing

Chair VanLandingham convened the meeting at 9:30 a.m. and welcomed the work group. Introduced were Ed McNamara, a Portland developer of affordable housing and Mike Foote, a developer of market-driven homes in San Diego and Eugene.

Agenda Item 2 – Review Minutes from Previous Meeting

No minutes to review from October 27 meeting.

Agenda Item 3 – Views of Private Sector Developers

Ed McNamara covered 8 points: 1) Thinks it's a great idea to use land use rules as they are and pair Goal 10 with the items under 1d. 2) Housing varies tremendously across the state. 3) Cost of land is a big issue – can't be counted in basis for tax credits. Land cost should reflect the amount of units you can build on it. The federal program to finance affordable housing is limited to the amount qualified under certain income levels. Developers get 10 year credits and equity up front. 4) 60% and under median income subsidies are restricted only to this group and leaves out a large financial gap for the 61-120% bracket. Different qualifiers from HUD are based on formulas for tax credits that are not tied to real economies. 5) Infrastructure – who will bear the cost? It has to be added to the real cost of the product. 6) Definitions – precision; what does affordable housing mean? Define it by some income levels or owner versus renter. If owner, subsidize equity/sharing equity. If renter, period of affordability – 6, 10 years, infinite, always affordable. 7) Process for monitoring and enforcing? Who will pay? Penalties for non-compliance? 8) Time frame: when would you see results? With infrastructure it will take 5-6 years before you see anything. When in time line would you ask them to bring in affordable housing? There should be strong institutional memory so all processes are followed.

Comments by Mike Foote: He developed mostly market-driven homes. Timing is the most important factor. There are direct and indirect home costs including financing and merchandising. Infrastructure and marketing are all big costs. There are different entities to deal with. Some solutions to lower costs for single family housing could be 1) city bonds for infrastructure and 2) modify SDCs or

collect at a later date. The price of the home is not just related to income in the “bubble” we’re in. He would look for sites outside the UGB to handle fundamentals (utilities, schools, roads), but now you can’t produce a market driven home. Timing is the biggest issue.

VanLandingham: Would there be interest from developers to do this project?

McNamara: If infill is selective or constrained, the workforce needs homes on the edge, have clear definitions of affordable and compliance, enforcement and penalties. Also, pick the markets right so in a couple of years you see results. It’s worth pursuing. Mike: Time frame is key.

VanLandingham: How easy is it to find a site?

McNamara: Cities could go out and assemble sites and get creative because there is a land supply inside the UGB.

Mott: Springfield’s market is dependent on Eugene’s. It needs incentives now to stimulate the market. Vacant land in the UGB lacks infrastructure or is on steep slopes. They need to work harder on their codes to allow developers to get more units. Land value expectations – rent won’t support values of land to clear existing homes.

Rindy: There are location disadvantages for those commuting, for example, from Veneta.

Johnson: Oregon market as a whole is not typical. Priorities are non-tradable. Will it make a difference if there is a carrot for this? Design the rule to meet 298, expedite the process and make it clear on appeals for UGB amendments. Open it to anyone and allow developers to meet the objectives of the rule within a certain period. If you zero in on specific site the price of land will go up.

Rindy: This process will have definitive parameters so the values could not go up.

McNamara: Solicit RFPs and pick the best ones.

McCurdy: We shouldn’t just be looking at the raw cost of land, but rather at the long term life cycle of land – the affordability lens we’re looking through is too narrow. Local governments should be assembling parcels that sit on bus lines and are close to the work force and services. She thinks needs would still have to be met with both 1a and 1b. She also thinks the department should focus their efforts on improving Goal 10 with 1d requirements. One issue: How do we get affordable housing in areas already decided to bring in to the UGB?

McNamara: Thinks 1a and 1b will work best in central cities. We should find ways to do this and bring families back creatively using land use rules.

Jarvis: It's more expensive to build affordable houses inside the UGB.

McCurdy: Recent trends show sales prices are too high, we need to determine what will bring down the cost of affordable housing.

Foote: Employer program to help employees buy homes. How large is the need now?

Gillespie: 50% income paying more than 30% for housing costs, per HUD it equals 130,000 households in Oregon. 60% of the market is underserved.

Parker: State owned land had a conceptual master plan created with 40% affordable housing as a serviceable site abutting Bend UGB zoned EFU. No one advocates for affordable housing and the city doesn't care.

Gardiner: Updated the group on the department process in this UGB amendment. It will come to DLCD/LCDC in the manner of periodic review. The department does not agree with the city's process.

Johnson: This piece of property would be a great example of what a rule could do.

Medinger: Make Goal 10 work via a success oriented action, not just rules. What's the alternative? We're really talking about workforce housing; 4,700 people drive out of Ashland to work.

McCurdy: The devil's in the details on 1a or 1b, the life cycle cost of providing affordable housing.

Rindy: Likes Ed's idea of a "contest" to select cities. He also suggested an expedited process in the UGB process for sites that include affordable housing.

Medinger: Part of the site could be market rate to help pay for the affordable housing portion.

VanLandingham: Eugene makes it difficult to build anything over 80 units.

McCurdy: A code audit would reveal this.

Parker: Does enforcement exist for Goal 10?

Yes, but varies across the state with limited funds for appeals.

Rindy: Goal 10 could use better enforcement, but we also need to provide incentives.

Parker: Tie ability to new jobs with housing affordability in demonstrating land need.

Miner: Need more incentives for private developers to build affordable housing, subsidies are not enough.

Agenda Item 4 – Review Revised List of Ideas

Chair VanLandingham opened the discussion with a general statement of the legislative concept: Is there a way to get free/reduced land through voluntary inclusion by bringing sites into a UGB dedicated to building affordable housing without a needs analysis. This would be tested in a few cities (5) as pilot projects and is a shared concept with the Housing and Community Services Division. Bob Rindy will have copies of the legislative draft at the next meeting.

Question was asked, “What about the highest priority provisions? Would this be notwithstanding 298?” Mary Kyle McCurdy suggested that if DLCD and LCDC don’t enforce 1d, then 1a can’t go forward. The department should be more aggressive in enforcing Goal 10. Other workgroup members suggested the program will work better in less constrained cities and that enforcing Goal 10 is key to the concept’s accomplishment. Larry Medinger stated that OHCS has been very successful in subsidizing housing through grants for land, field people to preserve existing projects; they’re very entrepreneurial in getting things done.

Agenda Item 5 – Discuss Possible Trial Cities

The work group did not discuss this item.

Agenda Item 6 – Future Meeting Dates, Wrap up and Adjourn

Chair VanLandingham adjourned the meeting at 11:30 a.m. The work group’s next meeting is scheduled for Monday, January 26, 2009, 9:00 to 11:30 a.m., at the department.

Public Comment

None

Next Meeting

- Al Johnson to write concept he described
- Jon Chandler to respond to Mary Kyle McCurdy’s Goal 10 ideas
- Review House Bill 2225