South Central Oregon Regional Solutions Advisory Committee  
Representing Klamath and Lake Counties

AGENDA  
Thursday July 18th, 2019  
10:00 am – noon  
Library  
Innovation and Learning Center  
220 H Street (Old Middle School)  
Lakeview, OR

I.  Introductions

II.  Legislative De-Brief – Annette Liebe, Regional Coordinator  
Focus on investments related to South Central Oregon priorities.  
(materials under development)

III.  Overview of Regional Housing Needs Analyses – Scott Edelman, DLCD  
a.  Klamath Falls  
b.  Lakeview  
c.  Paisley

IV.  Klamath Falls housing workgroup – Randy Cox, KCEDA  
Lakeview Housing meeting overview/next steps – Annette Liebe

Next steps, opportunities for partnership to address housing – all

V.  Adjourn

The meeting location is accessible to persons with disabilities. To request an interpreter for the hearing impaired or for other accommodations for persons with disabilities, please make requests at least 48 hours before the meeting to Rebekah Degner at 503-378-6502; at Rebekah.Degner@oregon.gov; or by TTY: Oregon Relay Services at 1-800-735-2900
MEMORANDUM

To: South Central Oregon Regional Solutions Committee

From: Annette Liebe, Regional Coordinator

Date: July 16, 2019

Re: 2019-21 Overview of Regional Solutions Related Budget Items

Please note: this document is still a work in progress and will be updated to include additional information as it is received from state agencies. Specifically, there are grant programs at Oregon Parks and Recreation, Forestry, Arts commission & Cultural Trust that will be included in the future. There may be others as well.

Background

The Governor’s approach to community and economic development recognizes the unique needs of each Oregon region, and the importance of working locally to identify priorities, solve problems, and get projects done. Through Regional Solutions state resources have been aligned to accomplish these goals through Regional Solutions Advisory Committees, Centers, and Teams. This alignment serves and supports the unique economic and community development needs of each region. The regional boundaries have been strategically aligned with the 11 federally designated Economic Development Districts.

Regional Solutions Related Budget Components

A. Regional Infrastructure Fund:

The legislature chose not to provide dedicated funding through the Regional Infrastructure Fund for Regional Solutions projects. The Governor’s Office will continue seeking dedicated funding for the Regional Infrastructure Fund. The committees and teams will seek to align state programs (below) with other funds to complete projects.

Key agency budget components that support Regional Solutions priorities

A. Business Oregon:

- Special Public Works Fund – grants and loans for public infrastructure - $30M
- Brownfields Redevelopment - $5M
• Seismic Rehabilitation - $120M
  o $100M for schools
  o $20M for emergency facilities
• University Innovation Research Fund - $10M
• Rural Opportunity Initiative (ROI) - $750,000
• Oregon Innovation Council - $5M

Additional items:
• Broadband Office - $943,119 (3.25 FTE)

B. Department of Land Conservation and Development
• Grants for local government technical assistance and housing related work- $4.5M

C. Department of Environmental Quality
DEQ’s legislatively adopted budget includes an increase of nearly 11 percent over the last two-year period, with more than 50 new positions for critical work in DEQ regional offices to reduce permit backlogs and implement air, land and water programs.
  • Added 1 FTE to help coordinate water quality issues in the Klamath Basin
  • $500,000 for wood smoke reduction work.

D. Oregon Department of Transportation
• Immediate Opportunity Fund - $7M

E. Water Resources Development
• Grants or loans to evaluate, plan and develop instream and out-of-stream statewide water development projects - $15M
  • Water Supply Development fund - $4M

F. Oregon Parks and Recreation District
• Oregon Main Street Revitalization Grant program - $5M
• Local government grant program (local parks) – $12M

G. Oregon Department of Energy
• Rooftop Solar Incentive Fund - $1.5M

H. Oregon Department of Agriculture
• $100,000 Upper Klamath Lake water quality monitoring

I. Klamath County
• Acquire, install and maintain stream gauges in the Klamath Basin - $30,000

J. **Klamath County Community College**
• Klamath County Apprenticeship and Industrial Trades Center - $3,965,000
Under the leadership of Governor Kate Brown, OHCS entered the 2019 Legislative Session with a bold agenda to advance the Statewide Housing Plan and address needs across the housing spectrum from homelessness to stable rental housing to homeownership. The Legislature answered the call with a historic investment of over $336.5 million that will advance a coordinated response. OHCS will bring together cross-sector partners to build a lasting housing infrastructure that serves all Oregonians in communities large and small.

**Next Steps**

Over the next biennium OHCS will put these resources to good use as we work towards implementing the six priorities outlined in the Statewide Housing Plan. While the investments made by the Legislature are historic, we are also facing an unprecedented housing crisis. No one person, entity, or agency can ensure that each and every Oregonian has a safe and stable home. We are in this together. If you are interested in being a part of the policy development process, please contact hcs_housing@oregon.gov.

“[The housing crisis affecting our friends and neighbors will require robust collaboration, consistent efforts, and resources. These legislative investments are imperative to creating opportunity for Oregonians. OHCS will work with our partners across sectors and throughout Oregon on delivering these resources and advancing the goals of the Statewide Housing Plan.]”

-Director Margaret Salazar

**2019 LEGISLATIVE VICTORIES**

Under the leadership of Governor Kate Brown, OHCS entered the 2019 Legislative Session with a bold agenda to advance the Statewide Housing Plan and address needs across the housing spectrum from homelessness to stable rental housing to homeownership. The Legislature answered the call with a historic investment of over $336.5 million that will advance a coordinated response. OHCS will bring together cross-sector partners to build a lasting housing infrastructure that serves all Oregonians in communities large and small.

**HISTORIC INVESTMENTS: BUILDING SUPPORT FOR HOUSING INFRASTRUCTURE AND SERVICES**

- **ADDRESSING AND PREVENTING HOMELESSNESS:** $70.5M
- **INCREASING THE SUPPLY OF AFFORDABLE HOUSING:** $206.5M
- **ACCELERATING DEVELOPMENT IN GREATER OREGON:** $5M+
- **INVESTING IN PERMANENT SUPPORTIVE HOUSING:** $54.5M

**STATEWIDE HOUSING PLAN:** Carefully crafted after coupling the input and personal experiences from Oregonians throughout the state with extensive analysis of community need data, the Plan is Oregon’s roadmap to addressing the housing and homelessness crisis our state is experiencing. The Plan outlines OHCS priorities and guides the use of programs and resources for the next five years.

FOR MORE INFORMATION CONTACT
Oregon Housing and Community Services
Public Affairs
hcs_housing@oregon.gov
503-986-6796
ADDRESSING AND PREVENTING HOMELESSNESS

$45M Funding the Emergency Housing Account (EHA) and the State Homeless Assistance Program (SHAP) to provide assistance to Oregonians who are homeless or unstably housed and at risk of becoming homeless.

$5M dedicated to strengthening shelter capacity.

$14.5M of federal Temporary Assistance for Needy Families funds to help families avoid or escape homelessness through partnership with the Department of Human Services.

$6M Oregon’s tight, dynamic housing market requires rental market resources so housing insecure families and individuals can access housing.

ACCELERATING DEVELOPMENT IN GREATER OREGON

$5M The Greater Oregon Housing Accelerator will help local governments and employers bring new housing for workers so they can live in the communities where they work.

House Bill 2056 Modifies the Housing Development Guarantee to lessen the risk for housing developers in rural communities. The account has an existing cofffer of $15 million.

House Bill 2003 OHCS will create regional housing needs analyses with the Department of Land Conservation and Development and assist local governments in the development of a housing production strategy.

INCREASING THE SUPPLY OF AFFORDABLE HOUSING

$150M The Local Innovation and Fast Track (LIFT) Housing Program provides housing to underserved populations, namely communities of color and rural communities. Critically, the LIFT program also includes homeownership opportunities that allow families to build intergenerational wealth and stability.

$25M The first step in increasing supply is preserving existing affordable housing. Affordable rental homes are part of our community’s infrastructure and these investments will ensure access for generations to come.

$15M Acquisition of attainable rental market housing will ensure communities are not displaced by speculative market practices and will allow OHCS to quickly increase the supply of affordable housing.

$15M House Bill 2896 and Senate Bill 586 provide additional protections and opportunities for residents of manufactured housing.

$1.5M Funding to support the Oregon Foreclosure Avoidance program and other homeownership counseling.

INVESTING IN PERMANENT SUPPORTIVE HOUSING

Permanent Supportive Housing (PSH) provides housing stability to Oregon’s most vulnerable residents through service-enriched affordable housing. A successful PSH program includes three distinct investments: development funding, rent subsidy, and supportive services.

$50M funding for development.

$4.5M for operations and supportive services in partnership with the Oregon Health Authority.
Meeting Summary
Lakeview Housing Meeting
June 13th

NEEDS
1. There are about 50 new units needed with a mix of single family ownership and rental units being needed.
2. There is a need for nice senior housing that isn’t institutional such as a 55+ community.
3. There is a need for re-habbing of existing housing stock.

Follow up:
1. talk to Pacific Pine, School District, Cornerstone and Collins to understand their needs.
2. Need a study on the condition of existing housing inventory

LAND AVAILABLE to DEVELOP (all in an Opportunity Zone):
1. Creekside – 107 lots total, 20 lots ready for development right now
2. Kelty -4 lots
3. Tall Country 5 lots
4. RV sites at Tall Town RV and Western Villa

SOLUTIONS:
1. Employers make long term commitments to lease a certain number of units (guarantee rents) to help make projects pencil
2. Investment from gov’t to entice private investment
3. How can Opportunity zones help?
4. Multi family, small lot zoning
5. Use county owned land

Follow up:
1. Need median sq ft rent (Warner Property Management) . We heard that a 3 bdrm/2 bath 1500 sq ft rents for about $900 - $1000 per month. How do we get good data here?
2. Share what other cities/counties have done
3. Outreach to local bankers
4. Build 5-6 homes at once to make it worthwhile for subcontractors to come to Lakeview.
5. Create a template letter of intent for employers interested in guaranteeing a certain number of units.
6. Markey analysis (SCOEDD Brownfield grant) Need an example
7. Is employer owned housing an option? E.g. USFS housing in Bly

BARRIERS:
1. Cost of building (codes, fees) relative to market ...need to find someone who can build lower cost
2. No comparables
3. Lack of trades people

Follow up: talk to School District and KCC
Choose Klamath
Housing Solutions Presentation Meeting

July 18, 2019

Choose Klamath Vision: Purposeful, Sustainable & Diverse Economic Growth for Klamath County
The implications for the forecast of new housing are:

1) Availability for rental housing in Klamath Falls is limited. Typically in Oregon, more than half of the renters live in multifamily housing and there has been an inadequate amount of multifamily housing built in Klamath Falls since 2007 (13% of new dwelling units between 2007 and 2018 were in multifamily dwellings).

2) There are opportunities to encourage development of a wider variety of affordable attached housing types for homeownership, such as cottage & townhouses.

Exhibit 1. Forecast of Population Growth, Klamath Falls UGB, 2019–2039

<table>
<thead>
<tr>
<th>Year</th>
<th>Residents in 2019</th>
<th>Residents in 2039</th>
<th>New residents 2019 to 2039</th>
<th>Percentage Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>43,921</td>
<td>45,176</td>
<td>1,255</td>
<td>3%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.14% AAGR</td>
</tr>
</tbody>
</table>
Community Upswing

New Mission Pre-decisional

50 – 60 Residents

193 Medical Personnel

141-356 Construction Workers

450 - 650 Construction Workers

150 jobs

Business Retention & Expansion 150 jobs

Business Recruitment & Attraction 250 jobs

Entrepreneurship & Small Business 50 jobs

50 Construction Workers

Additional Students

50 Construction Workers

50 Construction Workers

50 Construction Workers

50 Construction Workers

250 jobs

193 Medical Personnel

Community Upswing

Rural Health Center, Oregon Tech, Klamath Community College

141 - 356 Construction Workers

50 Construction Workers

150 jobs

50 Construction Workers

50 Construction Workers

50 Construction Workers

250 jobs

193 Medical Personnel

Community Upswing

Rural Health Center, Oregon Tech, Klamath Community College

141 - 356 Construction Workers

50 Construction Workers

150 jobs

50 Construction Workers

50 Construction Workers

50 Construction Workers

250 jobs

193 Medical Personnel

Community Upswing

Rural Health Center, Oregon Tech, Klamath Community College

141 - 356 Construction Workers

50 Construction Workers

150 jobs

50 Construction Workers

50 Construction Workers

50 Construction Workers

250 jobs

193 Medical Personnel
Housing Affordability
Varies by Income in Klamath Falls

If your household earns...

- $16,000 (30% of MFI)
  - Then you can afford $400 monthly rent
  - Home sales price: $78,000-$91,000
  - Occupations: Part-time Cook $16,013

- $26,000 (50% of MFI)
  - Then you can afford $800 monthly rent
  - Home sales price: $147,000-$168,000
  - Occupations: Library Technician $32,620

- $42,000 (80% of MFI)
  - Then you can afford $1,050 monthly rent
  - Home sales price: $186,000-$212,000
  - Occupations: Postal Service Clerk $43,742

- $53,000 (100% of MFI)
  - Then you can afford $1,325 monthly rent
  - Home sales price: $221,000-$252,000
  - Occupations: Plumber $54,149

- $63,000 (120% of MFI)
  - Then you can afford $1,575 monthly rent
  - Home sales price: $269,000-$325,000
  - Occupations: Police Officer $64,443

Number of Households Affordably:

- $16,000: 2,175 HH (16% of HH)
- $26,000: 1,643 HH (12% of HH)
- $42,000: 2,563 HH (19% of HH)
- $53,000: 3,032 HH (22% of HH)
- $63,000: 4,376 HH (32% of HH)
Employer Partnerships
Potential Partners

Targeted Partners

Strategic Steps for Execution: (HB 2055/HB 2056) Greater OR
1) Met with Investors – May 31, 2019 & July 11, 2019
2) Met with Employers ~ Long term leases; land acquisition; LOI
3) Met with Developers
4) Met with Property Owners
STAGE 1 EVERGREEN
The Evergreen method provides capital for the early stage work. It is repaid with a preferred return to the Fund at financial closing of Stage 1. Then these funds are redeployed to cover the next property Stage 1 activities and so on. The intention is to accelerate time-to-market for the buildable lots in Klamath Falls.

STAGE 2 CONSTRUCTION & TAKEOUT
The main capital is deployed for short-term construction finance and purchaser financing on completion of construction. These funds serve to demonstrate the program’s merits and attract additional capital from private, public and philanthropic sources.
## Housing Cost Assumptions

**Proof of Concept on 40 Units**

<table>
<thead>
<tr>
<th>House Type</th>
<th>Studio Apartment</th>
<th>2 Bedroom + 2 Bath</th>
<th>3 Bedroom + 2 Bath</th>
<th>4 Bedroom + 2 Bath</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Units</td>
<td>1</td>
<td>6</td>
<td>23</td>
<td>10</td>
</tr>
<tr>
<td>Square Footage</td>
<td>750</td>
<td>1,250</td>
<td>1,500</td>
<td>1,800</td>
</tr>
<tr>
<td>Price for Land &amp; Construction/sq’</td>
<td>$155</td>
<td>$155</td>
<td>$155</td>
<td>$155</td>
</tr>
<tr>
<td>Rent Based on Housing Allowance</td>
<td>$939</td>
<td>$1,271</td>
<td>$1,485</td>
<td>$1,544</td>
</tr>
<tr>
<td>Rent @ $1.20 per square foot</td>
<td>$900</td>
<td>$1,500</td>
<td>$1,800</td>
<td>$2,160</td>
</tr>
<tr>
<td>Targeted Return</td>
<td>4.00%</td>
<td>4.00%</td>
<td>4.00%</td>
<td>4.00%</td>
</tr>
<tr>
<td>Maintenance Cost</td>
<td>0.50%</td>
<td>0.50%</td>
<td>0.50%</td>
<td>0.50%</td>
</tr>
<tr>
<td>Management Cost</td>
<td>4.50%</td>
<td>4.50%</td>
<td>4.50%</td>
<td>4.50%</td>
</tr>
<tr>
<td>Taxes/Insurance</td>
<td>1.25%</td>
<td>1.25%</td>
<td>1.25%</td>
<td>1.25%</td>
</tr>
<tr>
<td>Contingency</td>
<td>1.00%</td>
<td>1.00%</td>
<td>1.00%</td>
<td>1.00%</td>
</tr>
</tbody>
</table>
Klamath Falls Buildable Lands Inventory
Residential Development Status

- Housing Needs Analysis Results:
  - Acres of land available in Urban Growth Boundary (UGB)

- Our Focus is on “Shovel Ready Lots” to Jump start development:
  - Zoned for Multi Units
  - Platted lots/subdivisions
  - Existing Utilities
  - Existing Paved Streets

- Five Initial Sites Identified in the UGB
  A. Bella Vista Loop
  B. Ridgewater
  C. Harbor View
  D. South View
  E. Link River Estates
HOUSING NEEDS ANALYSES
2019-2039

Lakeview, Paisley & Klamath Falls
House Bill 4006

- $1.73 million to support local government housing planning
- 45 projects statewide
Housing Needs Analysis (HNA)

Four Parts:

1. Residential Buildable Lands Inventory (BLI)
   - Vacant, partially vacant, re-developable, constrained

2. Projected 20-year housing needs (PSU population data)
   - By all income categories
   - Considers needs of expected population (i.e. millennials, families, elderly, etc.)

3. Reconciliation of buildable lands with projected needs
   - Including “efficiency measures”

4. Housing strategies
   - Examples: zone changes, code revisions, incentives, further planning, etc.
## Projected Housing Needs: 2019-2039

<table>
<thead>
<tr>
<th>Location</th>
<th>SF Detached</th>
<th>SF Attached</th>
<th>Multi-Family</th>
<th>ADU</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lakeview</td>
<td>-1</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>-1</td>
</tr>
<tr>
<td>Paisley</td>
<td>4</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>4</td>
</tr>
<tr>
<td>Klamath Falls</td>
<td>325</td>
<td>92</td>
<td>152</td>
<td>40</td>
<td>609</td>
</tr>
</tbody>
</table>
## Affordability Levels for New Needed Housing

<table>
<thead>
<tr>
<th></th>
<th>Extremely Low (30% AMI)</th>
<th>Very Low (50% AMI)</th>
<th>Low (80% AMI)</th>
<th>Total Under 80% AMI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lakeview*</td>
<td>246 (20%)</td>
<td>146 (12%)</td>
<td>188 (16%)</td>
<td>580 (48%)</td>
</tr>
<tr>
<td>Paisley*</td>
<td>20 (12%)</td>
<td>19 (12%)</td>
<td>38 (23%)</td>
<td>77 (47%)</td>
</tr>
<tr>
<td>Klamath Falls</td>
<td>138 (23%)</td>
<td>93 (15%)</td>
<td>104 (17%)</td>
<td>335 (55%)</td>
</tr>
</tbody>
</table>

*Lakeview and Paisley represent existing households in 2016.
Exhibit 58. Characteristics of Financially Attainable Housing by Median Family Income (MFI) for Klamath County ($52,700)

Source: U.S. Department of Housing and Urban Development 2016. Note: MFI is Median Family Income, determined by HUD for Klamath County. MFI for Klamath County was $52,700 in 2018.

If your household earns …

- **$16,000** (30% of MFI)
- **$26,000** (50% of MFI)
- **$42,000** (80% of MFI)
- **$52,000** (100% of MFI)
- **$63,000** (120% of MFI)

Then you can afford …

- **$400** PER MONTH
- **$650** PER MONTH
- **$1,050** PER MONTH
- **$1,300** PER MONTH
- **$1,580** PER MONTH

Housing types generally affordable to these households are …

- Single-Family Detached
  - Manufactured homes in parks/on lots
  - Cottage cluster
  - Small-lot single-family
  - Large-lot single-family

- Townhomes
  - Low-amenity apartments
  - Products (5+ units), quad-plex, tri-plex, duplex
  - Condominium

Common characteristics …

- Less expensive
  - Predominantly renter occupied & existing construction
  - Government subsidized

- More expensive
  - Predominantly owner occupied & new construction
Exhibit 59. Affordable Housing Costs and Units by Income Level, Klamath Falls (City Limits), 2016
Source: U.S. Census Bureau, 2012–2016 ACS. Note: MFI is Median Family Income, determined by HUD for Klamath County. MFI for Klamath County was $52,760 in 2016.

**Implication 1**
Some lower-income households live in housing that is more expensive than they can afford because affordable housing is not available. These households are cost-burdened.

**Implication 2**
Some higher-income households choose housing that costs less than they can afford. This may be the result of the household’s preference or it may be the result of lack of higher-cost and higher-amenity housing that would better suit their preferences.
## Housing Unit & Land Surplus/Deficit: 2019-2039

<table>
<thead>
<tr>
<th></th>
<th>Low-Med Density (units)</th>
<th>High Density (units)</th>
<th>Total Capacity (units)</th>
<th>SF Capacity (acres)</th>
<th>MF Capacity (acres)</th>
<th>Total Capacity (acres)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lakeview</td>
<td>868 - 1,112</td>
<td>130 - 174</td>
<td>998 - 1,286</td>
<td>271</td>
<td>13</td>
<td>284</td>
</tr>
<tr>
<td>Paisley</td>
<td>296 - 374</td>
<td>N/A</td>
<td>296 - 374</td>
<td>86</td>
<td>N/A</td>
<td>85.8-86.0</td>
</tr>
<tr>
<td>Klamath Falls</td>
<td>13,483</td>
<td>893</td>
<td>14,376</td>
<td>5,847</td>
<td>181</td>
<td>6,028</td>
</tr>
</tbody>
</table>
What’s Next?

Technical Assistance Grants & Direct TA
• ~$500,000 for planning grants statewide
• Housing a top priority
  • HNA/BLU (Metolius/Culver?)
  • Implementation (Redmond/Sisters/Prineville?)

House Bill 2003
• Supports development of regional HNAs throughout state
• $1 million to support local government housing production strategies or to develop public land with affordable housing.