



REGIONAL SOLUTIONS OFFICE
GOVERNOR KATE BROWN

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



REGIONAL SOLUTIONS OFFICE
GOVERNOR KATE BROWN

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
 - \$100M for schools
 - \$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

MISSION

We provide stable and affordable housing and engage leaders to develop integrated statewide policy that addresses poverty and provides opportunity for Oregonians.

VISION

All Oregonians have the opportunity to pursue prosperity and live free from poverty.

2019 LEGISLATIVE VICTORIES

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 afflicting 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



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+

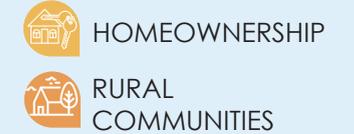
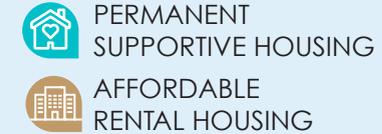
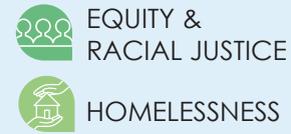
INVESTING IN PERMANENT SUPPORTIVE HOUSING:
\$54.5M

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



STATEWIDE HOUSING PLAN PRIORITIES ADDRESSED THIS SESSION:



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 coffer 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



It's Just Better Here.

Exhibit 15. Tenure, Occupied Units, Klamath Falls (City Limits), 2000, 2010, 2012-2016

Source: U.S. Census Bureau, 2000 Decennial Census SF1 Table H004, 2010 Decennial Census SF1 Table H4, 2012-2016 ACS Table B25003.

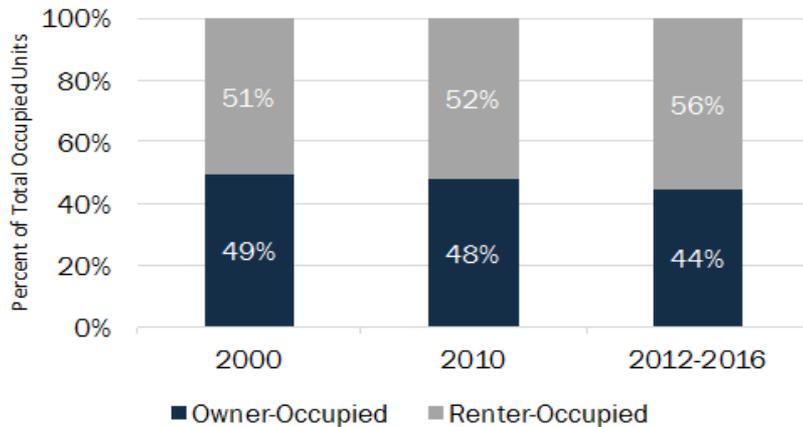
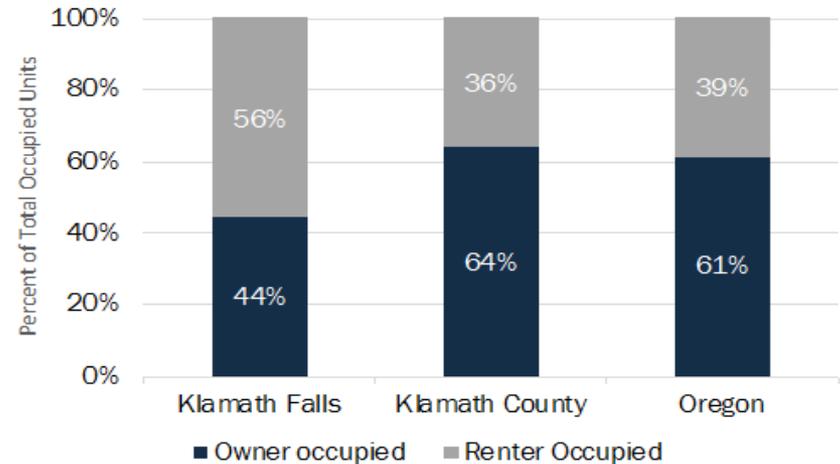


Exhibit 16. Tenure, Occupied Units, Klamath Falls (City Limits), Klamath County, and Oregon, 2012-2016

Source: U.S. Census Bureau, 2012-2016 ACS Table B24003.



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

Source: Oregon Population Forecast Program, Portland State University, Population Research Center, June 2018.

43,921	45,176	1,255	3% increase
Residents in 2019	Residents in 2039	New residents 2019 to 2039	0.14% AAGR

Community Upswing



OHSU

50 – 60 Residents



173D FIGHTER WING

New Mission
Pre-decisional



**SKY LAKES
MEDICAL CENTER**

193 Medical Personnel

Rye Development

450 - 650 Construction Workers



**Jordan
Cove LNGSM**
A Pembina Company

141-356 Construction Workers



**KLAMATH
RIVER RENEWAL
CORPORATION**

50 Construction workers

Oregon TECH

Oregon Institute of Technology

Additional Students

Business Retention & Expansion 150 jobs

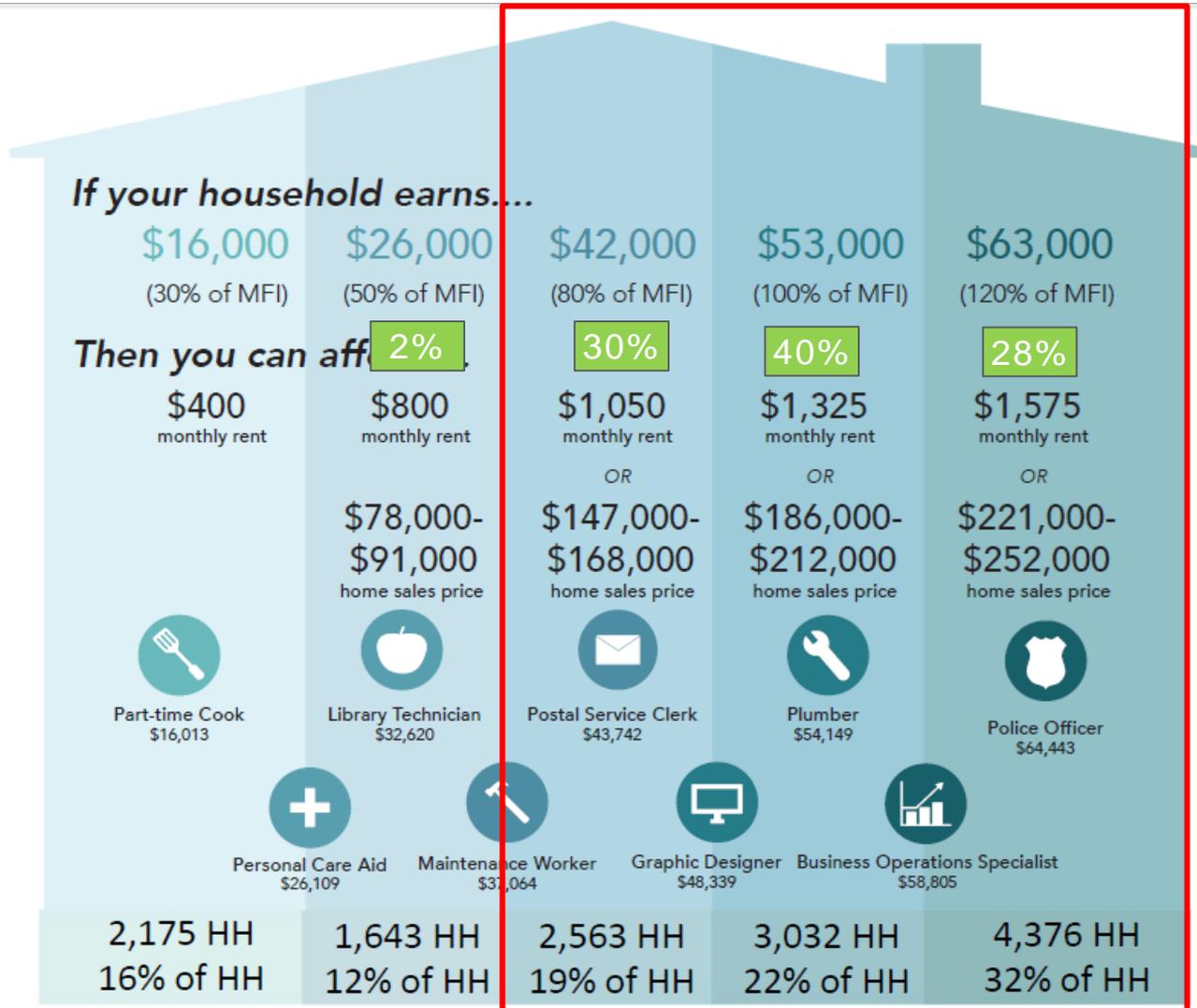
Business Recruitment & Attraction 250 jobs

Entrepreneurship & Small Business 50 jobs

COMMUNITY UPSWING: RURAL HEALTH CENTER, OREGON TECH, KLAMATH COMMUNITY COLLEGE

Housing Affordability

Varies by Income in Klamath Falls



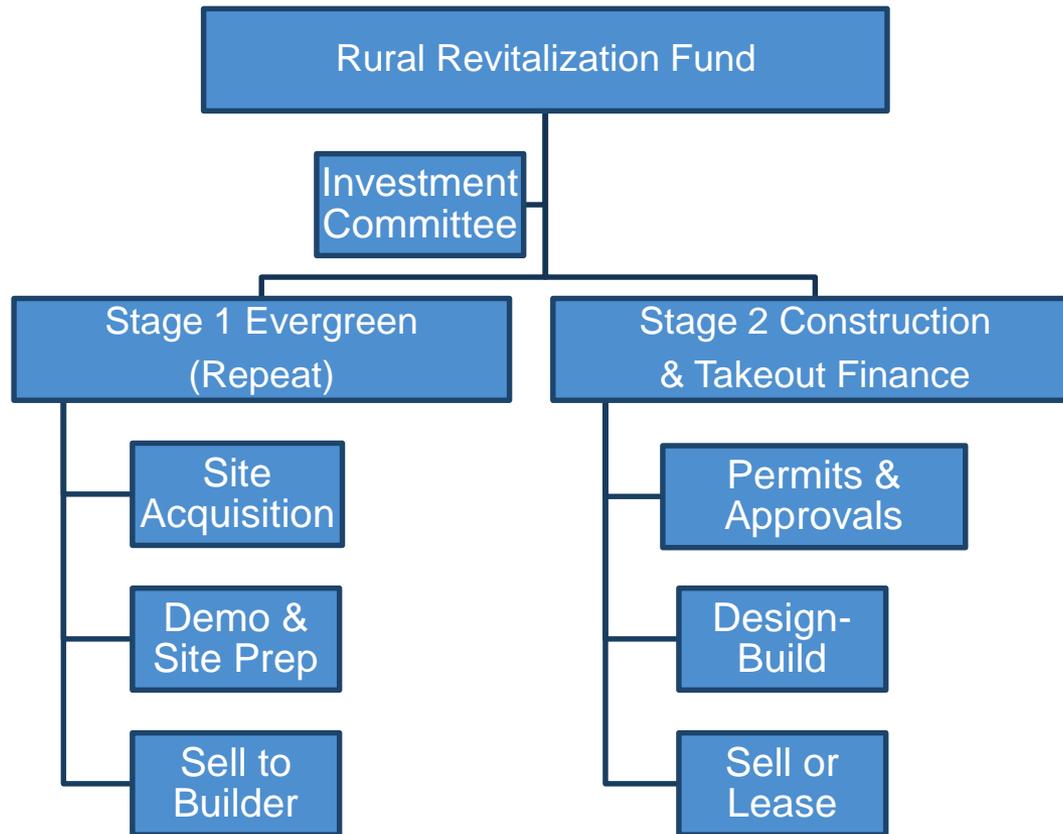


Strategic Steps for Execution: (HB 2055/HB 2056) Greater OR

- 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



TARGETED PARTNERS



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.

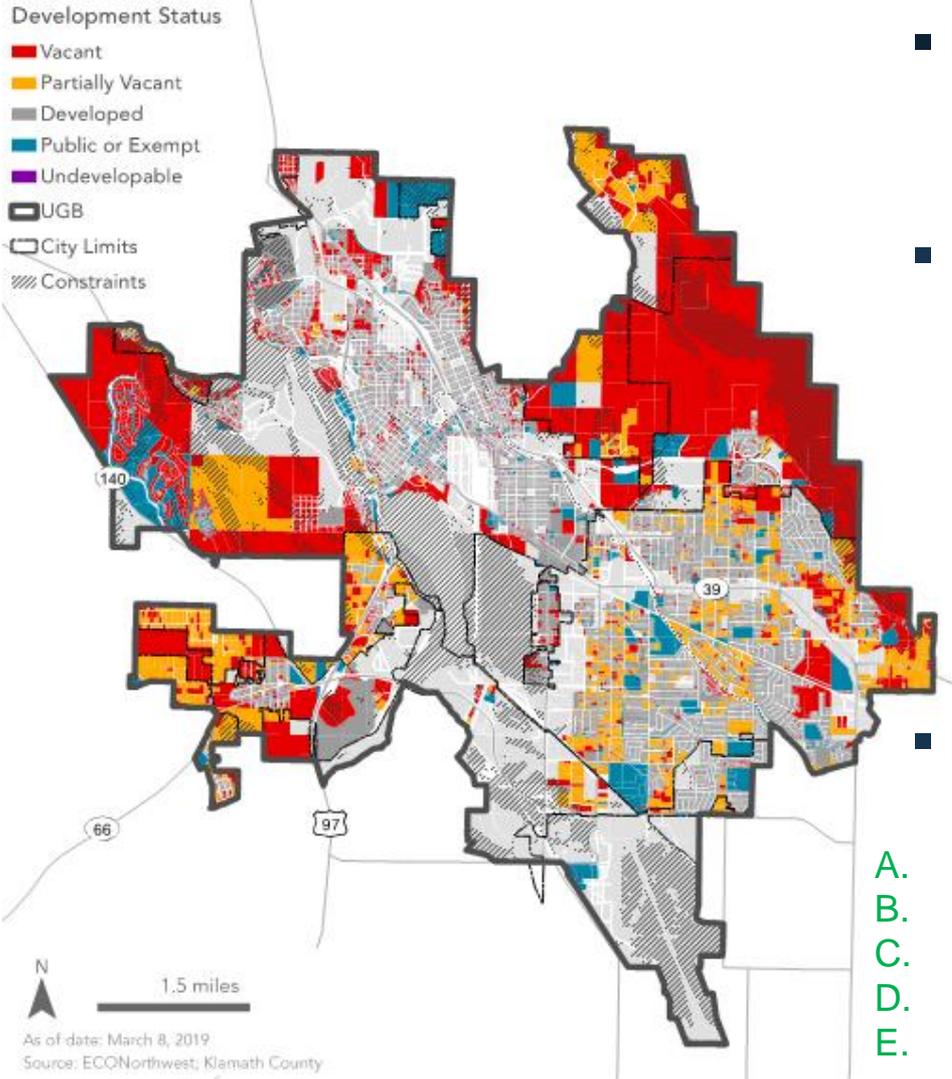
Housing Cost Assumptions

Proof of Concept on 40 Units

House Type	Studio Apartment	2 Bedroom + 2 Bath	3 Bedroom + 2 Bath	4 Bedroom + 2 Bath
Number of Units	1	6	23	10
Square Footage	750	1,250	1,500	1,800
Price for Land & Construction/sq'	\$155	\$155	\$155	\$155
Rent Based on Housing Allowance	\$939	\$1,271	\$1,485	\$1,544
Rent @ \$1.20 per square foot	\$900	\$1,500	\$1,800	\$2,160
Targeted Return	4.00%	4.00%	4.00%	4.00%
Maintenance Cost	0.50%	0.50%	0.50%	0.50%
Management Cost	4.50%	4.50%	4.50%	4.50%
Taxes/Insurance	1.25%	1.25%	1.25%	1.25%
Contingency	1.00%	1.00%	1.00%	1.00%

Klamath Falls Buildable Lands Inventory

Residential Development Status



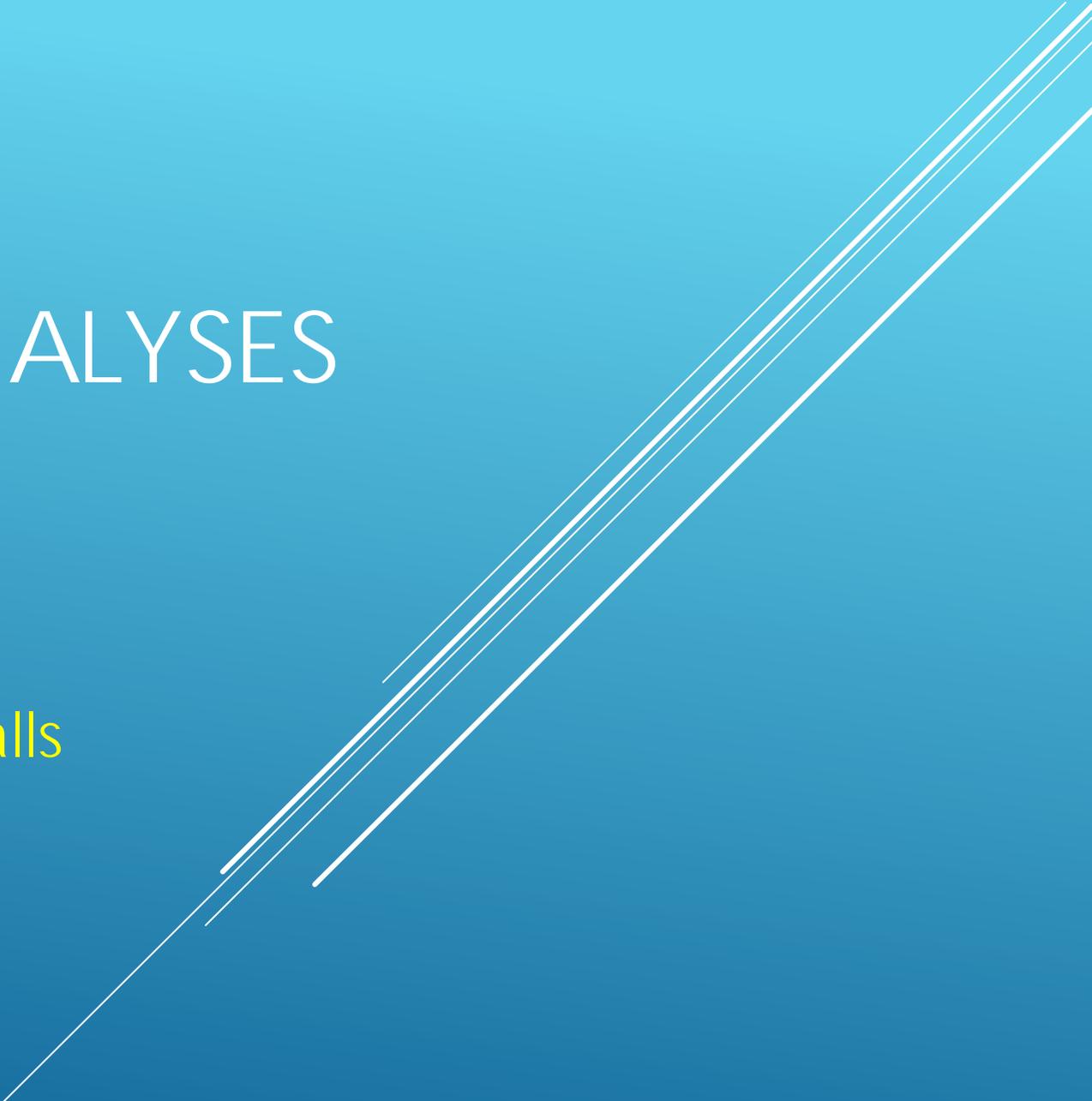
- **Housing Needs Analysis Results:**
 - Acres of land available in Urban Growth Boundary (UGB)
- **Our Focus is on “Shovel Ready Lots” to Jump start development:**
 - Zoned for Multi Units
 - Platted lots/subdivisions
 - Existing Utilities
 - Existing Paved Streets
- **Five Initial Sites Identified in the UGB**

- A. Bella Vista Loop
- B. Ridgewater
- C. Harbor View
- D. South View
- E. Link River Estates



HOUSING NEEDS ANALYSES 2019-2039

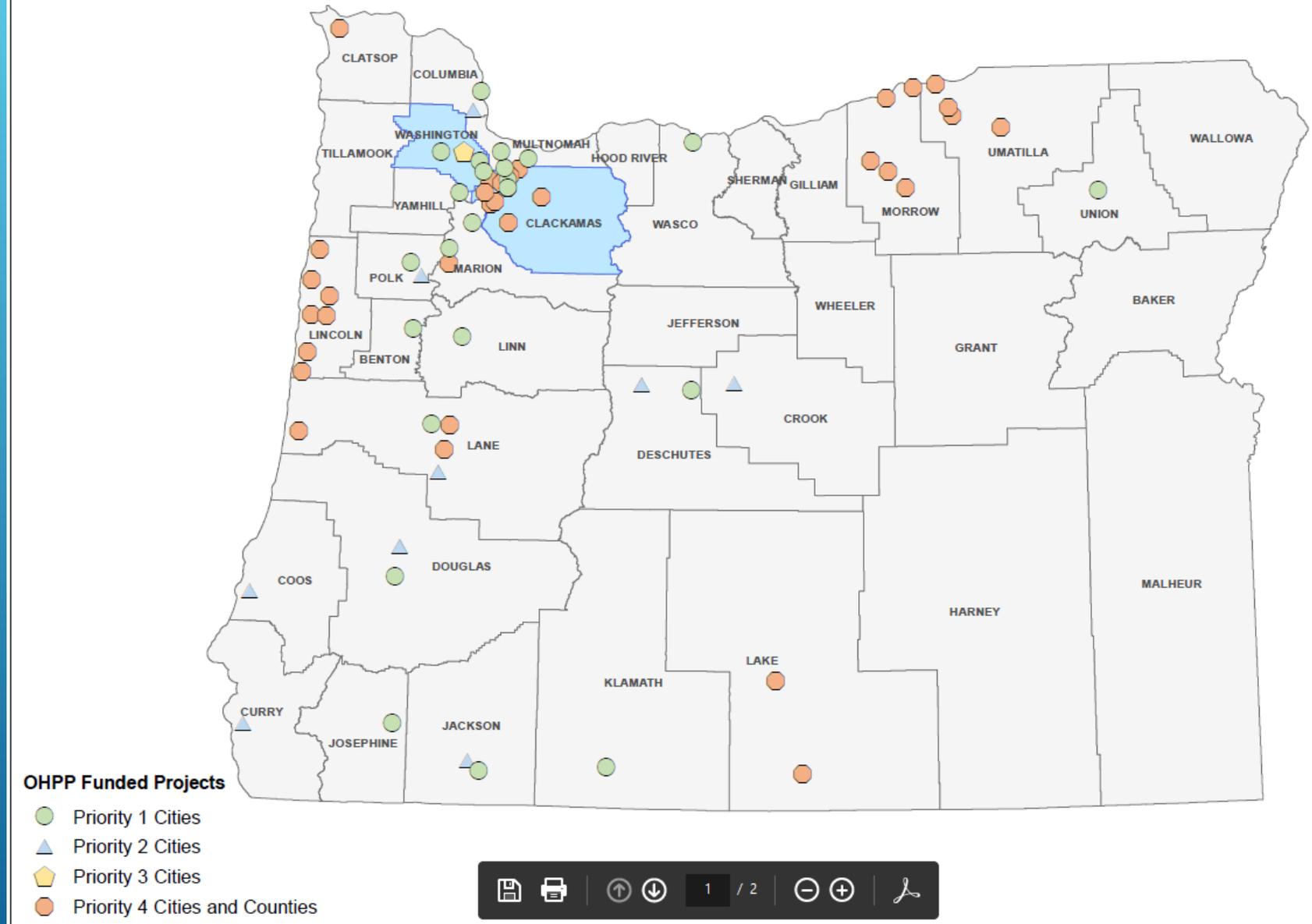
Lakeview, Paisley & Klamath Falls

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Projects Funded by Oregon Housing Planning Program

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. Reconcillation 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

	SF Detached	SF Attached	Multi-Family	ADU	Total
Lakeview	-1	0	0	0	-1
Paisley	4	0	0	0	4
Klamath Falls	325	92	152	40	609

Affordability Levels for New Needed Housing

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

*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.

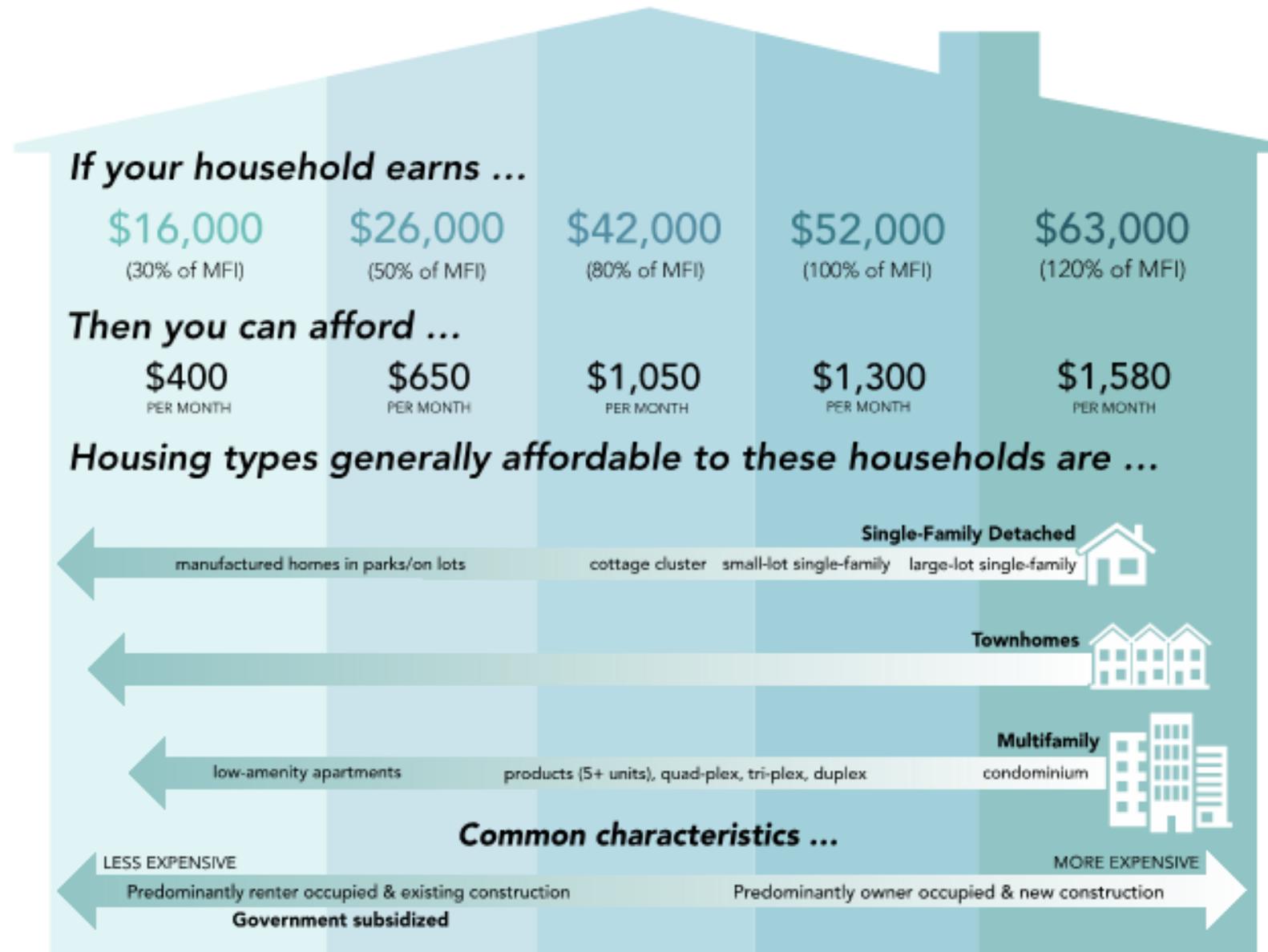
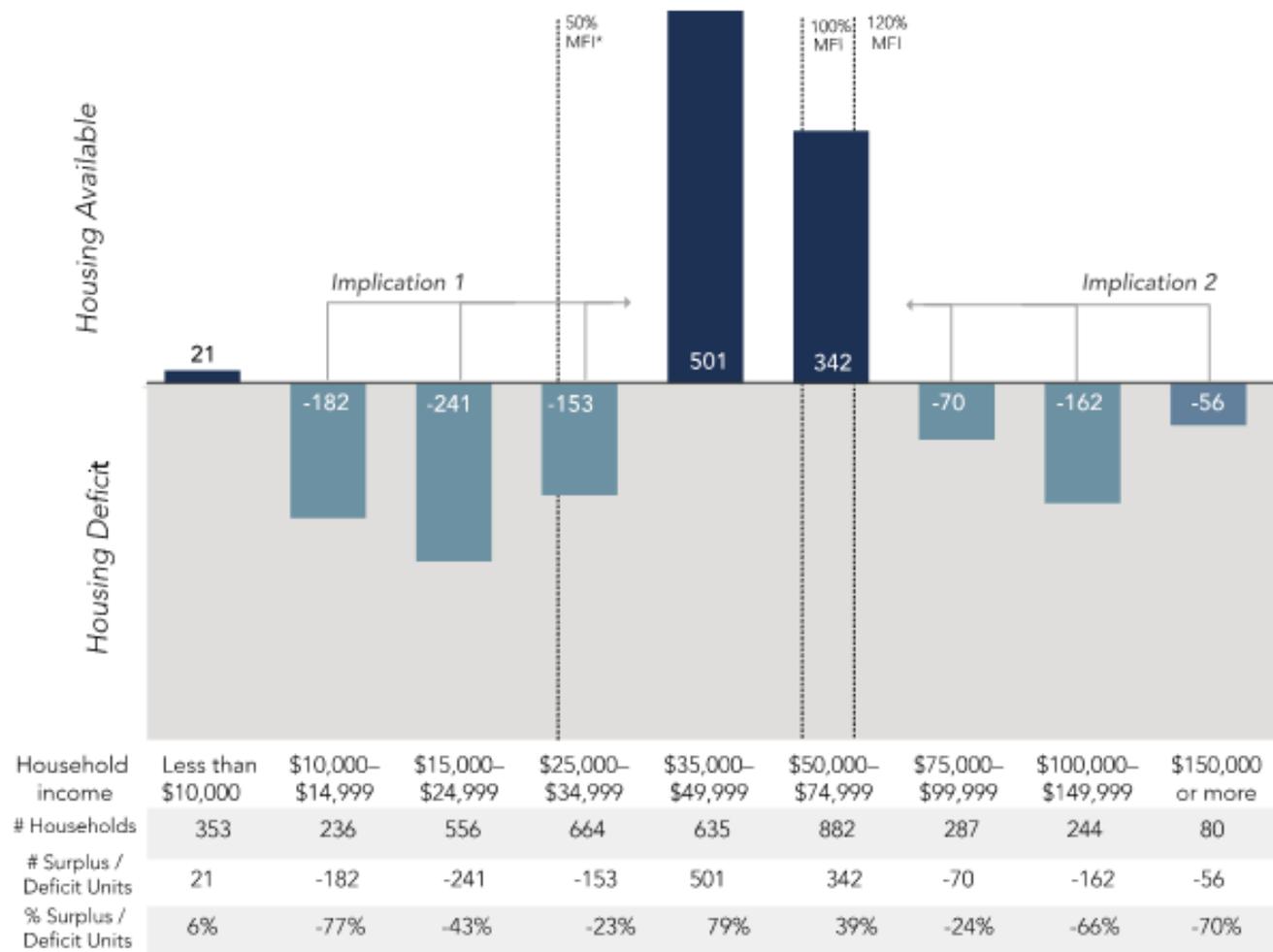


Exhibit 59. Affordable Housing Costs and Units by Income Level, Klamath Falls (City Limits), 2016

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 \$52,700 in 2018.



*Median Family Income for a family of four

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

	Low-Med Density (units)	High Density (units)	Total Capacity (units)	SF Capacity (acres)	MF Capacity (acres)	Total Capacity (acres)
Lakeview	868 – 1,112	130 - 174	998 – 1,286	271	13	284
Paisley	296 - 374	N/A	296 - 374	86	N/A	85.8-86.0
Klamath Falls	13,483	893	14,376	5,847	181	6,028

What's Next?

Technical Assistance Grants & Direct TA

- ~\$500,000 for planning grants statewide
- Housing a top priority
 - HNA/BLI (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.