



# NeahCasa

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3 March 2008

LCDC  
635 Capitol St. NE, Suite 150  
Salem OR 97301

Re: Affordable Housing and UGB Expansions

Dear Commissioners,

In regards to your affordable housing study as part of Item 4 of your 2007-2009 Policy Agenda, I would like to request:

- o Development of rules requiring consideration of *COST* of land in determining available land to meet residential housing needs in a jurisdiction.
- o Development of rules allowing carefully regulated UGB expansion for affordable housing.
- o Consideration of NeahCasa's program in north Tillamook County as a pilot project.

I was on the Advisory Committee for the recently completed Buildable Lands Inventory in the Nehalem Bay area that comprises the cities of Manzanita, Nehalem, and Wheeler. I am also President of NeahCasa – a non-profit citizen group involved with housing affordability issues in our community. I am a coastal architect, a former member of Gov. Tom McCall's Office of Energy Research and Planning, former Building Official of Cannon Beach, and recipient of state, national, and international affordable housing sustainable design and sustainable communities awards.

The following are observations from those experiences:

## 1. LAND COST NEEDS TO BE TAKEN INTO ACCOUNT IN EVALUATING AVAILABILITY OF LAND TO MEET COMMUNITY HOUSING NEEDS.

Our Buildable Lands Study was initiated because of land and housing prices in the area escalating dramatically, and a concern that the cause was a lack of buildable land.

While the study showed that the communities had seven times the required inventory of land, it also brought up the fact that the present state land use laws do not address the issue of affordable land. It showed that:

- o **Over 70% of families in our communities could not afford to purchase a home here today.** Affordable homes and lots are virtually unavailable for a family income of less than \$75,000, which represents 85% of our community. A bare lot

now costs more than most people can afford for an entire house. In part, by locking up property taxes, Measure 5 removed any market incentives for a property owner to sell property for less than top-end prices.

Actual sales data for the last twelve months in the UGBs shows average lot price of \$258,000 for 18 lots sold, with a corresponding "home value" of \$860,000.

Only two lots sold for prices affordable for incomes of \$50,000 or less. These prices are higher than home prices affordable for incomes of \$75,000 or less.

Average home sale prices for 74 homes was \$474,000. Only 12 homes sold for prices affordable for incomes of \$75,000.

On the May 3, 2007 MLS listings, the lowest listing was \$399,000. Average was \$652,000. It listed one home in the Wheeler UGB, 3 in Nehalem UGB, and 14 in Manzanita/Neahkahnie. For 590 households, this confirms a drastic shortage of affordable housing.

- **Additionally global warming threatens housing of our three coastal communities, with potential inundation of more than 50% of all land in the three cities and their UGBs.** This potential loss of housing and land is also not reflected in Buildable Land Inventory requirements. This is occurring far more rapidly than predicted. Thirty-five percent of arctic sea ice has been lost in the last seven years. Land use impacts include potential need for development moratoria in threatened areas and directing of development to higher elevations.

## 2. CONTROLLED ENTRY OF LAND INTO A UGB APPEARS TO BE ONE OF THE SOLE RESOURCES AVAILABLE TO ACHIEVE AFFORDABLE HOUSING.

- **Tourism and retirement - the coast's primary industries and economic base - compete for the same land and houses needed for residents.** With far greater resources, they drive up land and housing costs. Market mechanisms don't generate affordable land for residents in these situations. Because of this gap, land for affordable community housing must be subsidized or obtained below market prices.
- **Federal funding rules discriminate against rural and low-income areas,** basing low-income housing support on Average Mean Income (AMI) rather than the gap between AMI and housing costs. Their assumption that living costs are less in rural and low-income areas is not supported in our coastal experience.
- **Federal support for affordable housing is inadequate and decreasing, while need escalates.** The HUD budget represented just 2 percent of the 2004 federal budget, down from 7 percent of the 1976 federal budget. Government subsidies of high-income and financing elements of the housing market far exceeds its support for affordable housing.
- **Oregonians are preempted from using local funding sources common in other states. This prevents our communities from subsidizing market acquisition of land for affordable housing.**
  - Inclusionary zoning is now the leading vehicle nationwide for affordable housing, but currently prohibited in Oregon.
  - Significant state housing funds are available in other states, but not here.

- Real-estate transfer taxes or filing fees are not permitted here.
- Construction taxes are now prohibited except those benefiting school districts.
- **Upzoning, or denser development of land within a UGB does not work in tourism-impacted areas.** Almost 100% of R-2 and R-3 construction in our area is vacation condominiums. A residential lot in Manzanita now sells for \$300,000 – just for land. There is no control within UGBs to prevent price increases in upzoning. Residents in our small communities also rightly ask why they should be asked to live 3 or 4 families jammed into apartments on a 50'x100' lot when there is vacant rural residential zoned land within two blocks of the center of town.

**With this land shortage within the UGBs for *affordable community housing*, property should be permitted to be brought into the UGBs when and *where it can be demonstrated* that it will be used for unmet needs for permanently affordable housing for community residents, that it can be serviced in a timely and cost-efficient fashion, and that it is available *at a cost* that permits it to support housing for low-income residents.**

### 3. UGB LAND ENTRY FOR AFFORDABLE HOUSING CAN ALSO LEVERAGE ADDITIONAL FUNDING SUPPORT FOR SUCH PROJECTS.

- **Upzoning occurring with UGB entry is a value increase in property from public action, and the value added should go to public purpose, such as affordable housing,** rather than windfall to property owners or developers. Hong Kong paid for the most expensive subway system in the world through taxing value increase in property adjacent to subway stations. Control of bringing land into a UGB can be a vehicle for ensuring this benefit.
- **Such land can be paid for by passing the land transfer and upzoning through individuals or entities that can take advantage of tax credits,** and make it available for affordable housing *free*. It can even provide *additional funding* for the housing organization.
- **Such “free land”, coupled with efficient construction processes, can allow accelerated payoff of construction mortgages,** resulting in the whole housing stock of an organization being paid-off and “free” within 25 years.
- **This mechanism can free a community’s housing stock from the “perpetual financing” cycles employed in this country since the 1950s.**
- **An 80% reduction in total housing costs for residents of a community is possible within 20 years** by integrating “net-zero-energy” construction, “finance-free” accelerated payoff, “free land” from upzoning, and efficient design and construction. Integration of “Car-Share” systems into a community’s housing can further reduce housing as well as transportation costs.

### 4. CONTROLS ON SUCH LAND ENTRY INTO A UGB CAN ASSURE PERMANENCY OF AFFORDABLE HOUSING.

- **Current expiration of existing subsidized housing shows the inadequacy of past approaches.** Beginning in 1975, HUD signed 20-year contracts with private owners of multifamily housing to subsidize rents. At the end of the contract

period, owners have the option of opting out of the program. Approximately 4,000 households now face the potential loss of their housing in the OHCS portfolio alone. This represents approximately 2,480 people over age 68, 1,135 people with disabilities, and 2,657 families with children.

- **In contrast, public investment in *permanently affordable housing increases over time.*** Inflation alone doubles the value of such investment in 20 years.
- **CLTs, or *Community Land Trusts*, holding the land in perpetuity and with shared equity resale restrictions *seem the most successful vehicle for providing residents a full bundle of ownership rights, while ensuring permanent affordability.*** Because of their success, the state of Vermont now only provides public housing funds to CLTs.
- **Entry can be restricted to *non-profits mandated to ensure permanent affordability of the housing*, such as CLTs.**
- **It can also be restricted to *non-profits having support from the involved jurisdictions* through "lessening the burdens of government" agreements to ensure oversight and monitoring.**

**Inclusion of the *cost of land in land use requirements for jurisdictions to ensure availability to meet the housing needs of all sectors of the population, and management of the process of land entering UGBs to enable affordable housing can be pivotal in achieving perpetually affordable housing in our Oregon communities.***

NeahCasa's programs in North Tillamook County, one illustrated by the attached detail, could be a valuable pilot project for testing the workability of such regulatory improvements.

\* \* \*

I hope this brief overview can assist your discussions of how to assist affordable housing through land use regulations. I would be happy to attend your March 19 meeting in Ashland, or other meetings where you will be discussing these issues, and make a presentation, discuss these issues in more detail, or assist in any way you might wish. More detail is available in the "New on Website" and "Global Warming" sections of my website, [www.tombender.org](http://www.tombender.org).

Warm regards,



Tom Bender



# TOM BENDER

SUSTAINABLE ARCHITECTURE AND ECONOMICS \* ENERGETICS OF PLACE

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29 October 2008

DLCD Affordable Housing Work Group  
c/o <bob.rindy@state.or.us>

Dear Friends,

From the meeting minutes, your group seems to be working hard and doing well. I look forward to your conclusions. I'd like to request two additions to the package you are assembling:

**1. Inclusion of counties as well as cities as jurisdictions to which bringing land into UGBs for affordable housing applies.** Tillamook County, for example, has 12 unincorporated rural communities, for which the county is the governing body, and whose population exceeds that of all the incorporated cities. These "communities" are coastal, with high land and housing prices, and severe affordable housing issues. It feels that the ability to bring land into their growth boundaries should be possible on the same ground as cities.

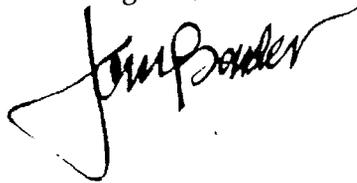
**2. Development of a statewide affordable housing accessory dwelling unit framework.** Info that has been accumulation lately indicates several things:

- Our homes are oversized - double in size since the 1960s. The simplest way to provide affordable housing is to divide existing single-family residences into duplexes/ADUs. This can also help with the present mortgage crunch.
- The simplest way of dealing with housing energy use is major increase in the envelope insulation of existing residences. Dividing oversized homes into two cuts the per-family energy use in half. Good data is now available from studies of "Near-Zero-Energy" retrofits in Alaska, the SW, New England, and across the country. Energy hogs are turned into twice as many homes - that require ~~no~~ energy for heating and cooling.
- Nationally, and probably more in Oregon, 80% of existing housing stock was built in the '60s-80s; 33% in the 70s; and probably around 50% consists of 3-bedroom ranch-houses. I've demonstrated ("Two for One") the ease of doing energy upgrades on such homes and by removal of one set of non-bearing-wall partitions, of turning them into duplexes or ADUs.

- ADU ordinances have been developed to avoid the cost of application of marginal value building code requirements that may be of value in new construction, but are unjustifiably inhibiting in working with existing structures (separate electric meters, 1/8" more sheetrock separating units, separate water and sewer, etc.)
- Appropriate restrictions on affordable housing ADUs can secure achievement of the above goals, without opening Pandora's Box:
  - Apply to *existing* structures.
  - Require energy/water efficiency upgrades on unit during conversion.
  - Register the unit, maximum rental rate affordable by 80%AMI residents.
  - Short-term rentals not permitted.
  - Define as "not a separate dwelling unit" to avoid hookup charges, SDCs; additional water and sewer connections. The efficiency upgrades above should result in the ADU (which is adding no additional housing space) not putting additional load on utility infrastructure.
- These ADUs increase efficiency of use of existing structures rather than increase density of structures. They can make housing available at a fraction of the cost of new construction, and avoid some need for bringing new land into UGBs.

I'd be happy to make a presentation or answer questions on what has been shown possible, if it would help your discussions. Thanks so much for your good work.

Warm regards,



Tom Bender

\* There are several articles on my website <[www.tombender.org](http://www.tombender.org)>, that may be of interest. Under "new on website"/global warming actions, "Quick and Simple Answers" shows how to achieve 90% reduction in energy use in housing, food, and transportation. Further down on that index page is "Two-for-One" documenting redo and conversion of a 3-bedroom ranch. Two other articles in the section explain flex-plexes. Lower down is link to "Zero-Energy-Homes". It's fairly dated already, things are moving so fast in this area, but a good intro. Our <[www.neahcasa.org/accessory\\_units.htm](http://www.neahcasa.org/accessory_units.htm)> gives an intro to, and links to good ordinances for affordable housing accessory dwelling units.