

## HOUSING: Tight market has city council's attention

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costs. Extreme rent burden means more than 50 percent of income goes to housing costs. For a resident of Sisters who has a full-time (40 hours a week) job that pays \$10 an hour (\$1,600 a month gross) and has to pay \$700 a month in total housing costs, they would be considered to have rent burden.

Statistics show that 30 percent of Sisters residents are rent-burdened, 20 percent have extreme rent burden, and the other 50 percent are without rent burden.

The affordable housing and family-wage job merry-go-round in Sisters has been spinning for some time. It takes more family-wage jobs in town so residents can afford to live here, but without adequate affordable housing, new businesses may be hesitant to locate here, and local employees are forced to live elsewhere like Madras and Prineville.

Kemper and the Council discussed a number of options for things the City/County could do to help increase the supply of affordable housing.

By waiving or reducing system development charge (SDC) fees (for sewer, water,

parks, etc.) or other City fees such as costs of permits, builders would be able to pass those savings onto the buyer, offering homes at a lower purchase price.

City Manager Andrew Gorayeb reminded the Council, "To offer waivers, the City would have to get the County on board because they (the County) provide building services to the City (for inspections, etc.). The County would have to agree to the waivers."

Homes built utilizing the fee waiver approach look exactly like other houses in the development, just with a lower purchase price. An example of the difference fee waivers would make is obvious when you consider that the average Habitat for Humanity house incurs \$10,000 in fees in order to be built.

Before approaching the County to get their buy-in on waiving SDC fees, the waiver requires a change to the City charter, which must be voted on by the residents of Sisters. Some of the urgency around the affordable housing issue is being driven by getting the wording for the ballot measure worked out and turned in by August for inclusion on the November ballot.

"The inventory of affordable housing in Sisters is on the short side," Gorayeb said.

Currently in the works is a residential development in Sun Ranch, across from the

airport, which will consist of seven single-family affordable-housing units. Housing Works will purchase and hold the land and the homeowners will pay a nominal ground lease amount each year. That way, the land cost is backed out of the home purchase price, allowing the buyer to pay \$180,000 to \$190,000 for their home, and they will be eligible for an 80 percent home loan. Not all lenders will handle these kinds of purchases but locally, Umpqua Bank does. With Housing Works retaining ownership of the land, there is no property tax on the land because of Housing Works' nonprofit status.

Housing Works hopes to break ground in the next four months, with houses ready in early 2016. Peter Hall's development north of downtown will provide eight affordable homes over the next 48 months. Habitat for Humanity, which builds about four houses a year, will provide 17 affordable homes over the next four to five years. The proposed McKenzie Meadows project next to the high school will be providing one affordable house for every 10 built as well as affordable senior apartments.

Kemper also proposed that the City could consider seeding housing development by providing land at no or lower cost as well as acquiring land

and putting out a request for proposal to developers.

The City can implement zoning measures to encourage affordable housing. There can be inclusionary zoning in which developers are required to have an affordable-housing element as part of the larger development, such as the one in McKenzie Meadows.

Builders can be granted a density bonus for building affordable housing. They may be able to build taller structures than regularly allowed (Tamarack Village), or more units per acre, or utilize reduced lot sizes, thus recouping money lost by charging lower purchase prices. By lowering other code restrictions, production costs could

also be reduced.

Temporary property tax reductions for a period of time would reduce the homeowner expenses for the buyer, therefore possibly increasing their ability to qualify for a mortgage.

To address the obvious shortage of affordable housing in Sisters, Council is going to establish an Affordable Housing Task Force to research the problem and make suggestions for remediation to the Council. The task force will consist of people knowledgeable about the issue including representatives from Housing Works, NeighborImpact, Habitat for Humanity, Economic Development of Central Oregon and the development community.



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