

# Affordable housing on the horizon in Sisters

By Sue Stafford  
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Ask anyone in Sisters what is one of the greatest needs in the city and the answer is likely to be “affordable housing.” Local merchants report difficulty in recruiting and retaining employees because of the lack of housing, especially affordable options. There are individuals and families living the woods or in their cars or couch-surfing due to a lack of affordable housing.

Last week, Sisters City Council listened to a proposal from Tom Kemper, executive director of Redmond-based HousingWorks, to construct 30 townhomes, with a mix of two- and three-bedroom units, for rent by families earning 60 percent or less of the area median income (AMI) at the time of lease. Sixty percent of the AMI for a family of four is currently \$36,000. Once approved, tenants may stay in their units regardless of their income. Mayor Chris Frye pointed out that rental housing for families could provide additional students for the school district, which is another concern of residents.

The 950-square-foot, two-bedroom, one-and-a-half bath units would rent for \$718 a month. The rent for the 1,200 square foot, three-bedroom, one-and-a-half bath units would be \$825 a month. Those prices are below current market rate. Rents would only

go up as the AMI goes up.

The 2.12 acres being considered for the project are located on Brooks Camp Road, behind Ray’s Food Place, vacant land across from and west of The Pines Community Clubhouse. The land is zoned multifamily residential.

To assist in developing the project, Kemper plans to apply for Oregon Local Innovation and Fast Track Housing (LIFT) program funds, which total \$40 million. Those funds are being made available to help provide affordable rental housing, with 50 percent earmarked for communities with fewer than 25,000 residents and 50 percent for communities of color. The goal of the program is to build at least 1,250 affordable rental housing units.

Kemper cited the “insane housing crisis in Central Oregon,” and the “development costs in Central Oregon that are higher than San Diego,” when detailing the need for this type of program. He laid out for Council the projected costs (\$5.8 million) for the completed project, as well as expected funding sources, including tax credits, LIFT funds (\$1.14 million), HousingWorks sponsor loan, and investors loan, totaling \$5.5 million, leaving a funding gap of \$300,000.

Kemper asked the City to consider filling that funding gap through a combination of cash, fee waivers, and

builder’s incentives. Council must have a decision by September, when the application for the LIFT funds will be made. Kemper thinks there is a high probability they will receive the LIFT funds because of less competition than for other types of programs. If all goes as planned, construction would begin in spring 2017.

Currently, HousingWorks is starting construction on a similar 53-unit project in Bend, near St. Charles Medical Center. They are partnering with Portland builder Silco Construction on the Bend project, with Silco agreeing to also build the Sisters project and another in La Pine.

Sharlene Weed, executive director of Habitat for Humanity, who was in attendance at the workshop, stated there is a need for one-bedroom units for single workers and seniors, and urged Kemper to consider including some one-bedroom units. He said it might be possible to consider four one-bedroom units, which would add about \$40,000 to the funding gap.

Because of the shortage of affordable rentals and the large number of residents needing them, tenants would be chosen by a lottery system to give everyone an equal chance. Applications would be taken and interviews conducted for one week. Qualifying applicants would then be entered in the lottery.

In Bend, they received 285 applications for 53 units.

In response to questions from Council about wanting Sisters residents to get the units, if the City commits funds to the project, Kemper said they would market the project in Sisters first with *Nugget* ads, press releases, and informing local employers. Due to fair-housing requirements, applications can’t be limited to only Sisters residents/employees.

Council has directed staff to review the City budget and prepare several possible options for funding the \$340,000 request from Kemper.

Another affordable-housing project by HousingWorks, through its LLC Housing Impact, is currently underway in the Skygate development. Seven single-family homes are being constructed across Camp Polk Road from the

Sisters airport. These homes are for sale and the homebuyers must earn 80 percent or less of the AMI. Three homes are nearly completed, and construction will start on the remaining four as soon as the first three sell.

The homebuyer will purchase the home for \$180,000 and lease the land for \$85 a month. For a single person, 80 percent AMI is \$33,450; for a family of four it is \$47,750.

To help the City fund future affordable-housing incentives, Council is considering imposing a construction excise tax (affordable-housing fee), which has been made possible by the passage of SB 1533 by the legislature. The law allows municipalities to establish inclusionary zoning ordinances and/or a construction excise tax on new construction, to encourage the construction of more affordable housing in the state.

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