

HOUSING: Concerns raised about impact on other programs

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XI-Q bonds to fund the LIFT program. The objective of the program is to build new affordable housing for low-income households, especially families in rural communities with less than 25,000 residents, and communities of color.

The deadline to apply for the LIFT funds is October 31, 2016, thus the need for Council to make a decision now whether or not to make the \$300,000 contribution to the project.

Kemper needs to have concrete funding numbers in order to apply for the LIFT program.

Kemper estimates the entire project will cost \$5.5 million and can be funded with a variety of financing including \$38,000 per unit in LIFT funds, four-percent tax credit equity, and a HousingWorks loan. According to his calculations, there would still be a \$300,000 shortfall, which the City has been asked to fund.

Following a previous request by Council for staff to investigate possible funding sources within the City budget, Rick Allen, interim city manager, presented a chart to Council of suggested maximum and minimum amounts from various budget categories, as well as the staff recommendation for funding the \$300,000.

The funds from which to allocate money for the affordable housing could be impacted, delaying future projects or reducing programs. The staff recommendation is a middle ground that impacts various funds with a shared sacrifice. Staff also recommended that if Council approved the \$300,000, no new projects in the General Fund that require unbudgeted money should be considered

in the 2016-17 budget cycle. Councilors Connolly, Blom, and Burgstahler were in favor of approving the \$300,000 request. Councilor Asson was vehemently opposed as was former mayor Lon Kellstrom, who testified before Council. Chuck Ryan, chair of the budget committee, thought there needed to be more research into the numbers.

Those supporting the allocation pointed to the acute need in Sisters for affordable housing for our service employees and those making \$12 per hour or less. Connolly pointed out that securing affordable housing is the Council’s number-one goal for 2016. The City’s comprehensive plan calls for a goal of 10 percent affordable housing in the community, and currently the percentage is half that.

Connolly went on to remind Council that at the Economic Vitality Summit held in May 2015, the leading concern of attendees was the lack of affordable housing. In last year’s survey of businesses, 63 percent of the respondents indicated a lack of affordable housing made it difficult to attract and retain employees.

Allen replied to a question regarding other cities’ involvement in funding affordable housing. He said that other Central Oregon

cities have made contributions to affordable housing in their communities with monetary contributions, providing land for a project, and services such as the paving of project streets.

Asson questioned whether the City should be involved in subsidizing housing, and whether the Council should make the decision without significant public input. He also believes that investing in new business growth through the forgivable loan fund, which he has unwaveringly supported, would provide a better return on investment for the City.

Kellstrom stated he is “adamantly opposed” to the City spending the \$300,000 because he believes, “Sisters is not a big enough entity to take a \$300,000 hit.” He thinks the forgivable loan program will “be killed.” Kellstrom called the approval of the funding a “financial time bomb for the City.”

Kemper pointed to the desperate need for affordable housing in Sisters with only 33 affordable rental units currently in the city at Tamarack

	Budgeted or Maximum	Budgeted or Minimum	Staff Recommendation	
Affordable Housing (Budgeted)	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00	17%
Transient Room Tax 1% (3-7 Years)	\$ 105,000.00	\$ 45,000.00	\$ 75,000.00	25%
SDC Waivers	\$ 75,000.00	\$ -	\$ 50,000.00	17%
Forgivable Loan Program (Budgeted)	\$ 150,000.00	\$ -	\$ 65,000.00	22%
Public Outreach (Budgeted)	\$ 16,000.00	\$ -	\$ 10,000.00	3%
Cash Reserves / Carry Over	\$ 75,000.00	\$ -	\$ 50,000.00	17%
Other				
	\$ 471,000.00	\$ 95,000.00	\$ 300,000.00	100%

GRAPHIC PROVIDED

Village, which consistently has a year-long waiting list. He said with the incredible need for housing, it would be timely to move forward with this project, especially given the availability of the LIFT funds.

He said all the various funding sources are essential in order to build this project because it costs just as much to build affordable housing as market-rate apartments, and the costs aren’t offset enough when the rents need to be affordable for people who make 60 percent of the adjusted gross income in Deschutes County.

Burgstahler said she thought the funding from the City for the apartment project was the right way to go, but she would like to spend time researching the figures as to where the money will come from. There is time for that, as the funds wouldn’t actually be disbursed until sometime next year, which would possibly be into a new budget cycle.

Blum noted that the current housing mix in Sisters is a real problem.

“There just isn’t affordable housing available,” she said. “If we’re going to make an impact on anything, it should be on affordable housing.”

She said that she would support allocating some money from the forgivable loan program. “I haven’t seen anything done with that money so far.”

Allen told Council that \$300,000 is a lot of money for a city the size of Sisters, but it’s up to them to decide if that’s a contribution they want to make to the city to help people in need. Connolly, Blum, and Burgstahler agreed that they want to make that contribution. Asson was opposed. The three supporters agreed to commit the \$300,000, with the understanding that greater scrutiny will be applied in finding the necessary money in the budget.

In early October, Council will host an open house for the public to see and hear about the proposed townhouse development. Kemper will be notified in January 2017 if HousingWorks receives the LIFT funds.

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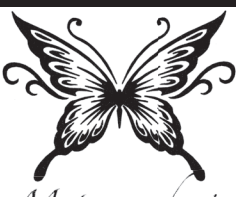
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