

MEASURE from page 1A

other private organizations. This delineation draws a clear line around public funds, securing them from private interests and limiting how they can be used.

Measure 102 proposes an affordable housing exception to that rule.

The measure would amend this 1917 provision in the state constitution to allow the use of local bonds to finance affordable housing developments, even when partnered with private entities.

The amendment would still require that these affordable housing bonds be approved by local voters and that the total principal of any such bonds would not exceed 0.5 percent of the real market value of proper-

ty in that jurisdiction. Additionally, it mandates that “affordable housing” be defined for each bond.

If Measure 102 fails, bond revenue for the construction of affordable housing would remain restricted to projects which are fully owned by local government.

“That makes a lot of sense when you’re talking about bridges, roads and court houses,” said Megan Wever, statewide coalition and communications manager of the Yes for Affordable Housing campaign. “But it doesn’t make sense when you’re talking about affordable housing.”

Affordable housing developments often draw funding from multiple sources to make a project viable, but preventing access

to bond funds creates a separation that proponents of the measure say hinders efficient development.

“If a local government passes a bond for affordable housing, they can’t access federal tax credits or state grants alongside that bond money,” Wever said. “A lot of federal tax credits are matching funds. You have to put forward a certain amount of the money to unlock the matching funds, and Oregon leaves funds like that off the table every year because they don’t have the local resources to match it. So it would allow us to open up more federal resources.”

THE PORTLAND STORY

Affordable housing is not a new issue to Oregon and related problems such as homelessness and increasing rent prices have become more salient in larger cities like Portland. As such, Measure 102 was strongly advocated for by Portland City Hall.

In 2015, the Portland City Council declared a state of housing emergency, which encouraged more funding for housing, loosened rules on where shelters could operate and fast-tracked affordable housing projects.

The following year, Portland voters approved their first affordable housing bond, which proposed to raise \$258.4 million over 20 years. While the bond was directed toward preserving or creating 1,300 affordable housing units, critics pointed out that far more units could have been included if private developers had been allowed to participate.

Comparisons were drawn to the city of Denver, which in the same year passed its first affordable housing bond as well. Denver’s bond plotted out a 10-year development plan of 6,000 units at a cost of \$150 million, leading many to question why

Portland’s plan appeared so inefficient by contrast.

Whatever the cause of discrepancy, affordable housing campaigners and politicians soon identified a provision in the Oregon Constitution as

means raising property taxes. For citizens in small cities like Florence, it’s a sacrifice many are hesitant to make.

“It would be a hard battle to get that approved by our voters,” said Florence Mayor Joe Henry.

to private builders remains an obstacle. Such road blocks are not exceptional to Florence and, for smaller cities, the lack of municipal housing infrastructure like Portland’s Housing Bureau adds an additional institutional hurdle.

For proponents of the constitutional amendment, this is a key problem the measure could fix.

“A lot of small cities and rural areas

“A lot of small cities and rural areas do not have the capacity to implement an affordable housing bond without this change. Measure 102 gives more local control back to those communities. It’s just allowing another tool in the toolkit.”

— Megan Wever, Statewide Coalition & Communications Manager of the Yes for Affordable Housing campaign

holding the city back from leveraging additional funds for the project.

A resulting constitutional amendment gathered momentum.

This year, in a Feb. 2 letter to State Rep. Alissa Keny-Guyer, chair of the House Committee on Human Services and Housing, Portland Mayor Ted Wheeler wrote, “Allowing local governments to leverage general obligation bond proceeds, such as the \$258.4 million affordable housing bond approved by Portland voters in 2016, will increase the financing available for affordable housing and maximize overall resources.”

A proposal to amend the state constitution was introduced to the Oregon Legislative Assembly by the House Interim Committee on Human Services and Housing. In just over a month, it had passed both chambers nearly unanimously.

At the same time, Metro, the Portland area’s regional government, has proposed Measure 26-199, a \$652.8 million affordable housing local bond measure to be voted on this year. Passing Measure 102 would allow Metro to utilize federal tax credits and state grants on top of this bond.

To hammer the point home, Metro has created two roadmaps under its local bond plan, promising 3,900 permanent affordable housing units should Measure 102 pass, but only 2,400 if it fails.

In the past, Florence has largely relied on private developers or contractors to initiate affordable housing development such as Park Village. Only in the past few years has the city voiced interest in participating in the process by making land available at affordable costs or even for free.

The Neighborhood Economic Development Corporation (NEDCO), a community development nonprofit serving Lane, Marion and Clackamas counties, is the first to take Florence up on its offer. The city’s land donation at 1424 Airport Road has paved the way for NEDCO to build 12 units of affordable housing.

“So there’s an example of a public/not-quite-private partnership to develop affordable housing,” said Henry.

While Florence’s projects have primarily been privately driven, projects like that with NEDCO represent its first attempt to do any kind of private/public enterprise, though Henry is circumspect about the word “partner.” Oregon law prevents a full financial blend.

“We are participants up to a point where we want to provide incentives for (affordable housing) to happen,” he said. “So far, nobody’s really stepped forward other than NEDCO.”

This is where Henry finds room for improvement.

“It’s been fairly difficult to do any affordable, high-density housing because of our codes and our restrictions — cost of land and so forth,” he said.

Though the city has made attempts to provide incentive, making the landscape attractive

do not have the capacity to implement an affordable housing bond without this change,” said Wever. “Measure 102 gives more local control back to those communities. It’s just allowing another tool in the toolkit.”

Indeed, city councils around the state have voiced their support for the measure, as has the League of Oregon Cities, an intergovernmental entity which frequently advocates for home rule authority and effective municipal governance.

Proximal effects, though, are not expected by Florence’s mayor.

“We have an immediate housing need,” said Henry. “This is a long-term thing and what this requires is that cities actually find somebody with capital to partner with to build affordable housing.”

Florence’s difficulty in finding those partners may forestall any benefits seen by passing the measure.

“This bill could open up additional opportunities for that, but I don’t think they’re very short-term in nature,” said Henry. “I believe that the idea behind this measure is a good one. I think in the longer term, it might allow Florence to help solve some of the housing issues we have.”

ALL GOOD IN THE ‘HOOD’

Portland provides a testing ground for how these benefits might be implemented, but it remains the only city in Oregon to have passed an affordable housing bond. Treading into these uncharted waters with little precedent worries some who question what unforeseen pitfalls lay ahead, reflected in the five “no” votes the measure received in the Senate.

State Sen. Alan Olsen of District 20 was one of those opposed.

“The reason I oppose it is, it’s too nebulous,” he said. “You never give government unfettered access to your funding without some kind of guidelines ... to direct how they spend the money.”

Olsen’s argument finds popularity among those concerned with government waste and inefficiency. Allowing access to public money without clearly outlined oversight or guarantees raises eyebrows for some — “Especially when you make it a constitutional amendment,” he added. “One of the problems I have is that ‘affordable housing’ is not defined in the law. So everybody that can borrow money gets to define what they consider to be ‘affordable.’”

When a bond is voted on, Olsen said, it’s not always clear where that money is going to go.

“We don’t know what ‘affordable’ is. We don’t know the terms,” he said. “When we allow them to borrow the money, we don’t know what the terms of the contract are, so we don’t know what the payback is.”

However, proponents of the bill cite the mandate for each local bond to prepare its own definition of “affordable housing” as among the bill’s strong points. As each community differs in its median income and particular needs, bonds put to the public can reflect these elements.

“You’ll have to convince the voters that there are safeguards in the bond and that the bond is serving the right income levels that that community meets,” said Wever.

See MEASURE page 8A

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