

DATE: September 14, 2015
TO: Hood River City Council
CC: Cindy Walbridge
FROM: Beth Goodman
SUBJECT: FINAL: HOOD RIVER HOUSING STRATEGY

The City of Hood River is developing a housing needs analysis (HNA), which requires conducting an assessment that is consistent with Goal 10. The results of the HNA show that Hood River has enough land to accommodate expected growth within the urban growth boundary (UGB). However, the HNA shows that Hood River has very little land more than the city needs to accommodate growth over the next 20 years. If the City grows faster than expected or if development of secondary housing or short-term rentals grows substantially, the City will exhaust its supply of buildable residential land. In addition, the City's supply of Urban High Density Residential land (R-3 land) is extremely limited. The HNA assumes that some multifamily housing will develop, as part of mixed-use buildings, in the General Commercial (C-2) zone.

For a variety of reasons, expanding Hood River's UGB will be very difficult. In short, Hood River is surrounded by the Columbia River Gorge National Scenic Area and by farmland. Expanding the City's UGB in these areas will be extremely difficult. As a result, the City should manage the land within the UGB to increase housing development capacity as much as possible, while maintaining the character and quality of life in Hood River.

This memorandum presents a Housing Strategy for Hood River, based on the results of the HNA, discussions with the Technical Advisory Committee (TAC), input from the Hood River Planning Commission, and direction from the Hood River City Council. The housing strategy presents comprehensive package of interrelated policy changes that the TAC and Planning Commission recommend the City address over the next one to three years.

Beginning in Fall 2015, City staff expects to begin working with the Planning Commission to implement changes to the land use code based on the final Housing Strategy, which will incorporate changes from the Planning Commission and City Council. Staff will also work with the City Council to make legislative policy changes described in this Strategy, starting on high-priority changes in Fall 2015.

The Housing Strategy also includes information about other potential policy changes that the TAC did not identify as being the highest priority changes for the next few years. Appendix B provides information about additional types of policy changes that may be appropriate for Hood River, including additional opportunities to streamline or revise Hood River's zoning code. The City may want to revisit the recommendations for policy changes in three to five years, to identify whether additional policy changes are needed.

Hood River Housing Strategy

The Hood River Housing Strategy is organized into three broad strategic areas: increasing residential land use efficiency, regulation of secondary housing and short-term rental housing, and development of affordable housing. The broad goal of the Hood River Housing Strategy is to help the City manage the land within the UGB to meet current and future housing development capacity while maintaining the character and quality of life in Hood River and protecting public interests such as housing affordability, health, safety and municipal revenues.

The recommendations from the TAC in this strategy take into account the unique characteristics of Hood River’s housing market, such as residential land held in farm deferral or the prevalence of short-term rentals and second homes. This document presents a comprehensive strategy that provides a variety of opportunities to meet the housing needs of Hood River’s residents at all income levels.

Strategy 1: Increase the efficiency of use of land within the Hood River UGB

The following recommended policy changes are intended to increase the capacity of Hood River’s existing residential land base by increasing the efficient use of land. Using Hood River’s residential land well is key to ensuring that Hood River has opportunities to grow from 2015 to 2035, and beyond.

Issue Statement

Hood River has a limited supply of residential land within its urban growth boundary (UGB). The results of the HNA show that beyond needed land to accommodate expected growth over the 2015 to 2035 period, the City has a small surplus (about 25 acres) of land for lower- and moderate-density housing (in the R-1, R-2, U-R-1, and U-R-2 zones). In addition, Hood River does not have enough land for multifamily development in the R-3 zone to accommodate expected multifamily growth. However, the City allows multifamily development as a permitted use in the C-2 zone. As a result, the HNA concludes that Hood River can accommodate expected multifamily development within the UGB.

Oregon’s Statewide Planning System requires cities that do not have enough land within their UGB to evaluate and implement policies to increase land use efficiency, expand the UGB, or both. While Hood River currently has enough land within the UGB to accommodate expected growth, the City is evaluating and expects to implement policies to increase land use efficiency in the City’s UGB for a number of reasons.

Hood River’s residential land base is just barely adequate to accommodate growth. There are several reasons that the City may not have enough land to accommodate expected growth during the planning period: (1) the City may grow faster than expected; (2) more secondary housing or short-term rental housing may be built, or existing housing may be converted to these uses, decreasing the housing supply for full-time Hood River residents; or (3) some vacant

land, such as land in farm deferrals, may not be available for development for several years or longer.

In addition, Hood River will have a very difficult time expanding its UGB in the future when the City has a deficit of residential land. While this project did not include consideration of a UGB expansion, the City has considered UGB expansion in the past for other land uses. The city is surrounded by the Columbia River Gorge National Scenic Area and by farmland. Expansion in either of these areas will be extremely complicated and difficult.

Expanding into the National Scenic Area will require coordination with the Columbia River Gorge Commission, an agency with representatives from Oregon, Washington, each of the six counties within the National Scenic Area, and the U.S. Forest Service. Expansion into the National Scenic Area may require federal legislation to authorize an expansion of urban uses into the Area.

State law discourages expansion onto farmlands and requires that all other alternatives, such as increasing development capacity within the existing UGB or expansion onto non-farmlands, be exhausted or found infeasible before expansion onto farmlands is permitted.

Goal

The goal of Strategy 1 is to manage Hood River's residential lands efficiently to meet current and future housing development within the UGB and to meet the requirements of Statewide Planning Goal 10, while maintaining the character and quality of life in Hood River.

Recommended actions

Implementation of the policy changes below will occur through an evaluation process (which will include technical analysis and a public process), which will be conducted after the completion of the HNA, in partnership with the Hood River Planning Commission. This evaluation process should consider other changes to Hood River's policies necessary to avoid negative unintended consequences. For example, decreasing the minimum lot size may require changes to lot coverage standards. The TAC recommends that the Hood River Planning Commission and City Council proceed with analysis of the following policy changes, with the intention of adopting the new policies or policy revisions that result from the evaluation process.

Action 1.1: Identify land to rezone to allow additional moderate- and high-density single-family detached and multifamily development

This action will require that the City identify residential land to rezone for higher development densities, with the intention of providing more opportunities for development of moderate- and high-density single-family detached and multifamily housing. When selecting land to rezone, the City should focus on land that is vacant, along transportation corridors, in areas with current or planned water and wastewater service, in areas with current or planned access to retail and other services, and in a location that will not disrupt existing neighborhoods. The areas selected for rezoning should be areas where multifamily development is reasonably likely.

There are several regulatory approaches that the City could use to implement this action. The City could upzone existing land, such as upzoning R-1 land to R-2 or R-3, as well as upzoning R-2 land to R-3. These types of rezones would increase the overall capacity of Hood River's residential land base, while allowing the market to decide how to best develop this land. In addition, the City should consider setting a minimum density in R-3, to ensure that housing developed in R-3 (especially land newly zoned R-3) is developed with multifamily housing. For example, the C-2 zone has a minimum density of 11 dwelling units per acre.

Alternatively, the City could develop an R-2 overlay that provides a density bonus for development of a specific type of housing. For instance, the overlay zone could provide a density bonus for development of housing affordable to specific income ranges, such as 80% to 120% of the Median Family Income.¹ Housing developed using this density bonus could be deed restricted to remain affordable for this income range. It could also be deed restricted to disallow short-term rental housing.

The City should select the approach for rezoning land, either upzoning land or creating an overlay zone, based on the outcomes that decision makers want. If decision makers simply want to increase residential land capacity, then upzoning land may be the best approach. If decision makers want to allow for additional dense development to occur for specific populations (such as year-round residents in a specific income range), then developing an overlay using a density bonus may be the best approach. The rezoning process should result in city-initiated plan amendment(s) and zone change(s).

The potential impact of this policy change on Hood River's residential land capacity will depend on the amount of land rezoned to R-3. The more land that is rezoned, the larger the potential impact is of the policy change.

Timing for implementing the action: Fall 2015 through Spring 2016.

Action 1.2: Allow townhouses as a permitted use in R-2 and R-3

Townhouses² are currently a conditional use in R-2 and R-3. To be in compliance with Goal 10, the City must adopt standards for townhomes in the R-2 and R-3 zoning districts that are clear and objective, and that do not restrict the development of townhomes through unreasonable cost or delay. The City can craft clear and objective standards that address community concerns about townhome development, such as their use for short-term rental housing. As part of this change, the City may want to adopt design standards to ensure that townhouse development fits with Hood River's community character.

¹ HUD's Median Family Income for Hood River County in 2014 was \$64,000 for a family of four. Eighty-percent of Median Family Income was \$51,200 and 120% was \$76,800.

² A townhouse is a single-family dwelling unit constructed as one of a row of attached units separated by property lines with open space on at least two sides.

The potential impact of this policy change will depend on the market demand for townhouses, especially as a primary residence. Between 2000 and 2007, an average of 17 townhouses were permitted per year in Hood River. However, the majority (or perhaps all) of these townhouses were built as secondary or vacation housing. If there is market demand for townhouses by year-round, full-time residences, it seems reasonable to expect development of about 200 new townhouses over the 20-year period, consistent with the HNA. Given that townhouses develop at more than twice the density than single-family detached housing, these new dwellings would use half (or less) the land of a single-family detached dwelling.

Timing for implementing the action: Fall 2015 through Spring 2016. The Hood River Planning Commission identified this as an action that the City should implement as soon as possible.

Action 1.3: Reduce lot size in the R-1 Zone to 5,000 square feet

This action would result in a change to Hood River's zoning code to allow 5,000 square foot lots, smaller than the existing minimum lot size of 7,000 square feet.

The potential impact of this policy change on Hood River's residential land capacity would be moderate because it is limited to development in the R-1 and U-R-1 zones and would affect lots of at least 10,000 square feet. Reducing the lot size to 5,000 square feet might result in up to 200 to 250 additional dwelling units on vacant R-1 land and up to 400 to 450 additional dwelling units in U-R-1. The actual increase in dwelling unit capacity would likely be lower than these estimates, as there may be barriers (e.g., lot configuration or topography) to creating lots as small as 5,000 square feet.

Timing for implementing the action: Fall 2015 through Spring 2016.

Action 1.4: Reduce lot size in the R-2 Zone

This action would result in a change to Hood River's zoning code to allow lots smaller than 5,000 square foot lots, the existing minimum lot size. The City should consider allowing a minimum lot size of between 4,000 and 2,500 square feet, with the new minimum lot size decided on through the Planning Commission's evaluation of changes to Hood River's zoning ordinance.

The potential impact of this policy change on Hood River's residential land capacity would be moderate to large. Reducing the lot size to 4,000 square feet might result in up to 60 to 75 additional dwelling units on vacant R-2 land and up to 150 to 195 additional dwelling units in U-R-2. Reducing the lot size to 2,500 square feet might result in up to 250 to 300 additional dwelling units on vacant R-2 land and up to 700 to 775 additional dwelling units in U-R-2. The actual increase in dwelling unit capacity would likely be lower (and perhaps substantially lower) than these estimates, as there may be barriers (e.g., lot configuration or topography) to creating smaller lots.

Timing for implementing the action: Fall 2015 through Spring 2016.

Action 1.5: Revise Planned Unit Development (PUD) ordinance

The purpose of changing the PUD ordinance is to make it easier to use and to encourage use of the ordinance by the development community in Hood River. Some issues identified as a problem in the existing PUD ordinance include: the lack of flexibility in the frontage requirements, need to update the density calculations to focus on the number of units in the PUD rather than the number of lots, and requirement of open spaces that end up being undeveloped and unused. Implementation of this action will require a review of the existing PUD ordinance, an evaluation of the issues with the PUD ordinance, and ways to simplify, streamline, and clarify the ordinance. The Planning Commission's evaluation of policy changes should include this evaluation.

The potential impact of this policy change on Hood River's residential land capacity depends on whether the development community becomes more likely to develop a PUD based on changes to the ordinance. Even if the development community develops PUDs more frequently, the increase in available residential land is likely to be small to moderate at best. However, revising the PUD ordinance may make the development of hard-to-develop properties more probable.

The TAC recommends that PUD ordinance not allow short-term rental housing in housing developed under the revised PUD ordinance.

Timing for implementing the action: Fall 2015 through Spring 2016.

Action 1.6: Develop a Cottage Code to allow development of denser single-family detached housing

A cottage housing development is generally composed of one or one-and-a-half story single-family detached housing units, with second stories often built into the pitch of the roof. A cottage housing development often has 800 to 1,300 square feet of built space, but cottages could be smaller or larger, depending on market demand and community design standards. Cottage housing is generally developed in clusters with very small lots, around common open space. Parking requirements for cottage housing are generally lower than for conventional housing, especially for smaller cottages, which are more likely to have a single-occupant with one car.

Developing a cottage housing ordinance for Hood River will require addressing issues such as requirements for lot size or dimension, open space requirements, design standards, parking standards, and other development standards. The City may choose to limit development of cottage housing for short-term rentals to increase the likelihood that cottage housing residents will live in Hood River year-round.

The potential impact of this policy change on Hood River's residential land capacity depends on the market demand for this type of housing. Overall, the impact is likely to be small to moderate for land use efficiency and will depend on the development densities allowed in the ordinance. Allowing higher densities and smaller units will increase the impact on land use efficiency in Hood River. In addition, allowing cottage housing will provide a new form of comparatively affordable housing, both for ownership and rental in Hood River.

The TAC recommends that the cottage housing ordinance not allow short-term rental housing in housing developed under the cottage housing ordinance.

Timing for implementing the action: Fall 2015 through Spring 2016.

Action 1.7: Revise Accessory Dwelling Units (ADUs) ordinance

Hood River allows ADUs as a permitted use in residential zones. However, the City's development standards for ADUs are complex, including requiring owner-occupancy of the primary dwelling (or the ADU) at least six months out of the year and that at least one occupant is locally employed, a relative of the owner, or uses a local assistance program for the rent. An ADU is required to have one off-street parking space, in addition to parking for the primary dwelling. The City requires that ADUs be registered and an authorization fee paid.

The City is in the process of revising the standards for allowing an ADU. The TAC recommends that the City complete these revisions as part of other revisions to Hood River's development code described in this Strategy. In addition, the TAC recommends that ADU ordinance not allow short-term rental housing in ADUs.

The potential impact of this policy change on Hood River's residential land capacity would be small because it is limited to single-family dwellings where the owner both wants an ADU and has the financial capacity to develop one.

Timing for implementing the action: Fall 2015 through Spring 2016.

Action 1.8: Revise manufactured park standards

Oregon law requires cities to allow manufactured home parks in all residential zoning districts that allow 6 to 12 units per acre, and all standards must be clear and objective (i.e., not as a conditional use).³ While cities can have special standards for manufactured home parks, the standards must be clear and objective.

Hood River allows manufactured homes on lots and in manufactured home parks in the R-1, R-2, and R-3 Zones. Hood River does not have special standards for development of manufactured housing.

The purpose of this action is to review to Hood River development code to determine if the City unintentionally prohibits or has barriers to development of manufactured housing or other modular housing development in the zoning code. If there are such barriers, the City will consider revisions to remove the barriers to manufactured and other modular housing development.

³ Oregon Revised Statutes 197.480.

The potential impact of this policy change on Hood River's residential land capacity would be small because it is limited to identifying barriers to development of manufactured and other modular housing.

Timing for implementing the action: Fall 2015 through Spring 2016.

Action 1.9: Revise the methodology for measuring building height on slopes and grades

This action would result in an evaluation of the methodology used to determine building heights on slopes and grades. The key issue is where to begin measuring from, such as the footings of the dwelling unit or the lowest part of the lot.

The potential impact of this policy change on Hood River's residential land capacity would be small because it is limited to measurement of building height.

Timing for implementing the action: Fall 2015 through Spring 2016.

Action 1.10: Evaluate increasing building height for multifamily development in C-2

The City limits building height to 35-feet for multifamily development in the C-2 zone and 45-feet for mixed-use commercial/residential buildings in the C-2 zone. The purpose of this action is to evaluate increasing height limits of multifamily development in the C-2 zone.

The potential impact of this policy change on Hood River's residential land capacity would be small to moderate because it is limited to allowing denser multifamily development in selected areas (C-2).

Timing for implementing the action: Fall 2015 through Spring 2016.

Strategy 2: Regulate and manage secondary and short-term rental housing

The following recommended policy changes are intended to regulate and manage secondary and short-term rental housing in Hood River. Housing used for these purposes reduces the amount of housing available for year-round Hood River residents.

Issue Statement

Between 8% and 12% of Hood River's existing housing stock is used for secondary housing or short-term rental housing. A little more than half of this housing is secondary housing and the rest of short-term rental housing.⁴ Anecdotal evidence from knowledgeable stakeholders suggests that the number of dwellings used for secondary housing or as a short-term rental has increased over the last few years. Continued growth of these housing types, especially faster growth, is a concern for the City and other stakeholders, given the constrained supply of vacant residential land (especially serviced land available for development) and the high costs of housing.

Growth of these types of housing will depend on numerous factors ranging from the health of the national economy, growth in tourism in Hood River and the mid-Columbia Gorge, development of other overnight accommodations (bed and breakfasts, hotels, and motels), and trends in the short-term rental market. It is difficult to predict exactly how many secondary housing and short-term rentals will be built or how much existing housing will be converted to these uses over the 20-year period. However, **the addition of more than about 220 to 250 additional short-term rentals and secondary housing units would consume Hood River's surplus residential land.**

The actions described below are intended to be a starting point for developing a regulatory structure to manage secondary housing and short-term rentals in Hood River.

Goal

The goal of regulating short-term vacation rentals is to protect public interests such as housing availability, health, safety, quality of life and municipal revenues while giving homeowners a reasonable amount of latitude to earn money from short-term guests.

Recommended actions

Implementation of the policy changes below will occur through an evaluation process with the Hood River Planning Commission. The TAC recommends that the Hood River Planning Commission and City Council proceed with analysis of the following policy changes, with the intention of adopting the new policies or policy revisions that result from the evaluation process.

⁴ Short-term rental housing is housing that is rented for 30 or fewer days by a tenant. Short-term rental housing is often occupied by a tenant for a weekend to a few weeks.

Action 2.1: Enhance the existing system for licensing and permitting short-term rental housing

The City already requires that short-term rental housing is licensed and permitted by the City. The purpose of this action is to enhance the City's existing licensing and permitting system, tailored to Hood River's needs and preferences.

This action has the potential for a large impact on the City's ability to regulate and monitor short-term rental housing.

Timing for implementing the action: January 1, 2016.

Action 2.1A. Establish a fee for short-term rental permitting

This action would set a reasonable annual fee for permitting short-term rentals, comparable to the fees of other cities. The fee could be a flat fee or a fee structure, regardless of the type or size of the short-term rental housing. Alternatively, it could be a fee scaled to the size (or number of bedrooms) in the short-term rental.

The fee should be large enough to support staff and other costs necessary to implement the licensing and permitting process for short-term rentals, including inspections and enforcement for short-term rental regulations.

Action 2.1B. Develop a system for inspections of short-term rental housing

This action will result in an inspection process for short-term rental housing, as part of the short-term rental permitting process. The inspection should be based on health and safety criteria, as well as the guidelines for short-term rental housing management (see Action 2.1C). This action would include developing criteria for the inspection and setting the frequency and timing of inspections.

Action 2.1C: Develop City guidelines for short-term rental housing management about occupancy, garbage collection, parking limitations, and other relevant issues.

This action would require the City to develop guidelines to address quality of life issues. The guidelines could set limitations on occupancy, based on the number of bedrooms or size of the short-term rental. They could also include regulations about when garbage can be put out for collection, to ensure that garbage is not out on the street for days before or after collection. In addition, the guidelines could set limitations on the number of vehicles parked on-street outside a short-term rental, possibly scaled to the size of the rental, the location of the short-term rental, or uniformly for all short-term rentals.

Action 2.1D: Require a local contact for short-term rentals

The purpose of this action is to ensure that there is a responsible contact person in Hood River for each short-term rental, which is most important for short-term rentals owned by people who live out of the Hood River area. This action could be implemented as part of the licensing process or as a separate policy. The City will need to define the meaning of "local" contact and set requirements for the contact's level of availability.

Action 2.2: Monitor changes in the number and character of short-term rentals and revisit options for regulation or other limitations on short-term rentals in one year

The City will monitor the number of short-term rental units and secondary houses in the City and report the findings of this monitoring periodically to the City Council. In one year (Fiscal Year 2016 to 2017), at the direction of the Council, the City may consider additional options for the regulation or limitation of short-term rentals. Common regulatory options are described in Appendix B of this document.

This action assumes that the City takes action on implementing a licensing and permitting process for short-term rental housing, and enables the City to monitor changes in the number of short-term rentals in Hood River. City staff can identify secondary housing units using the methods described in the HNA, including by identifying units where the owner is not registered to vote in Hood River County and where water usage is significantly different than the norm.

Timing for implementing the action: Annual reporting; Review of policies in Fiscal Year 2016-2017.

Action 2.3: Evaluate options to limit the short-term rental units

The City Council will evaluate limiting the number of short-term rentals for the entire city. Several cities in Oregon have limited the number of short-term rentals within their community, as described in Appendix B.

Timing for implementing the action: Fall 2015 through 2016.

Other potential policy changes

The TAC considered the following policy changes, but recommendations about proceeding with these policy changes were not made. This is primarily because the TAC members did not perceive a pressing need to place limitations on short-term rentals at this time and would like the City to revisit the issue when additional information about their impact in Hood River is available. They also wanted to limit unintended consequences.

- Increase Hood River's lodging tax rate, as allowed by State law
- Limit the type of unit (e.g., single-family detached, townhouse, condominium) that can be a short-term rental.

Strategy 3: Develop affordable housing

The following recommended policy changes are intended to encourage development of market-rate and government-subsidized affordable housing in Hood River.

Issue Statement

Availability of housing that is affordable to households at all income levels is a key issue in Hood River. For the purposes of this Strategy, affordable housing is defined as: (1) housing for low-income households within income of less than 60% of Median Family Income⁵ (\$38,400 in 2015) and (2) housing for moderate-income households⁶ with income between 60% to 120% of Median Family Income (\$38,400 to \$76,800).

Hood River's housing prices, especially ownership prices, have increased substantially since 2000. For example, the median home value was 6.4 times the median income in 2013, up from 4.5 in 2000. More than a third of Hood River households are unable to afford the fair market rent as defined by HUD (\$845) on a two-bedroom rental in Hood River. In addition, half of the workers at businesses in Hood River live outside of the city or in nearby communities.

The City's policy options for providing opportunities to build housing, especially affordable housing (both market-rate and government-subsidized affordable housing) are limited. The most substantial ways the City can encourage development of housing is through ensuring that enough land is zoned for residential development, eliminating barriers to residential development where possible, and providing infrastructure in a cost-effective way. In addition, the City can regulate short-term rentals so that the city continues to grow housing affordable to people who want to both live and work in Hood River.

Goal

The City will encourage development of housing affordable for low-income and moderate-income households to provide housing options to all residents of Hood River, including providing opportunities for workers at businesses in Hood River to live in the city.

Recommended actions

Implementation of the policy changes below will occur through an evaluation process with the Hood River Planning Commission. The TAC recommends that the Hood River Planning Commission and City Council proceed with analysis of the following policy changes, with the intention of adopting the new policies or policy revisions that result from the evaluation process.

⁵ The U.S. Department of Housing and Urban Services (HUD) determines Median Family Income for counties. In 2015, the Median Family Income in Hood River County was \$64,000.

⁶ Housing for moderate-income households is often called "workforce housing."

Action 3.1: Identify publicly-owned properties that could be used for affordable housing and partner with the Mid-Columbia Housing Authority to develop affordable housing

The City of Hood River and Hood River County have properties that they have identified as surplus that may be suitable for affordable housing development. These surplus properties could serve as the basis for a land bank for future affordable housing development.

The City and County should work with the Mid-Columbia Housing Authority to evaluate whether these properties are suitable for affordable housing development and determine the best way to proceed forward with developing affordable housing on these properties. In addition, the City and County should help ensure that the land is zoned to allow the planned-for type of affordable housing.

The potential impact of this policy on housing affordability in Hood River depends on the size and number of the parcels and their potential housing capacity. At a minimum, this action will add some number of new affordable rental housing units to Hood River's rental housing stock. It could result in development of a substantial number of new dwelling units for local residents in Hood River.

Timing for implementing the action: Fall 2015 through Spring 2016.

Action 3.2: Establish a policy that notifies and allows local governments or qualified nonprofits the right of first refusal on surplus or tax delinquent private properties

This action would ensure that local governments or nonprofits involved with affordable housing development would have an opportunity to purchase publicly owned surplus or tax delinquent properties for affordable housing uses or affordable housing development. In developing this policy, the City would need to identify local governments or nonprofit organizations that would be notified when a property becomes available. They would also need to develop use limitations for these properties.

For example, the Oregon Legislature is currently considering HB 3524, which says that the State of Oregon will give the first opportunity to purchase surplus property to "Nonprofit organizations that will develop housing on the real property that will be occupied by families and individuals with an income no greater than 80 percent of the median family income for the county in which the real property is located; and Political subdivisions..."

The potential impact of this policy on housing affordability in Hood River depends on the size and number of surplus parcels purchased by a housing nonprofit and their housing capacity. This action may result in the addition of some new affordable rental housing to Hood River's stock of rental housing.

Timing for implementing the action: Fall 2015 through Spring 2016.

Action 3.3: Explore or encourage flexibility and variances to parking standards in the review of local residence housing, under limited circumstances where providing less parking makes sense for the prospective residents, such as in development of some times of affordable or multifamily housing

Cities generally reduce parking requirements in conjunction with development of multifamily housing to decrease development costs. The cost of parking typically varies from \$5,000 to \$50,000 per stall, depending on the type of construction (e.g., surface parking, tuck-under parking, above-ground structured parking, below-ground structured parking). Minimum parking requirements for residential development typically vary from one to two spaces per unit. As a result, parking costs can add up to be a sizable portion of project costs, particularly on projects where surface parking is undesirable or impossible.

Allowing flexibility or opportunities for variance in parking requirements can help a developer build a building for a lower cost, potentially making it financially feasible to develop a building with affordable housing. Reduced parking requirements are generally used when developing subsidized affordable housing.

The purpose of this action is to reduce development costs in instances where that reduction in costs will directly result in the development of housing with lower than average rents, such as government-subsidized housing. **This policy may be one that the City chooses to implement selectively, using it for projects where reduced parking will result in affordable housing, especially in areas within Hood River where residents would be less likely to need one or more cars.** This policy may be most effective for development of senior housing, where each household may be more likely to have fewer cars than other households.

The potential impact of this policy will likely be small, assuming that it is applied in only a few unique circumstances.

Timing for implementing the action: Fall 2015 through Spring 2016.

Action 3.4: Consider and encourage use of Tax Increment Financing in the Urban Renewal Areas to support government-subsidized and market-rate multifamily housing development

As the City develops new or amends existing Urban Renewal plans, the City should consider including urban renewal projects that support development of government-subsidized and market-rate multifamily housing. Other cities primarily use urban renewal funds to support the development of affordable housing by purchasing land and accepting development proposals on that land. Cities typically require some percentage of housing to be affordable or make the inclusion of affordable housing a criteria for evaluation of development proposals.

In addition, cities use urban renewal funds to directly invest in infrastructure projects that benefit housing development. In Hood River, urban renewal agencies could offer grants to help pay for affordable housing development or to finance systems development costs.

The potential impact of this policy on housing affordability in Hood River will depend on the plans for affordable housing included in Urban Renewal plans.

Timing for implementing the action: Starting in Fiscal Year 2015-2016.

Action 3.5: Work with a nonprofit in development of a community land trust to support development primarily of owner-occupied housing

A community land trust is a nonprofit organization that develops affordable housing, ensuring that the housing remains affordable over time. Hood River community members have attempted to form a community land trust in the past to develop new owner-occupied housing (primarily single-family attached or detached housing). Stakeholders interested in forming a community land trust may consider working with Columbia Cascade Housing Corporation to develop the community land trust. The community land trust might focus on providing housing to households earning between 80% and 120% of Hood River's Median Family Income.

The City's role in a community land trust would be to work as a partner with a nonprofit, who would lead the development and management of housing to ensure that housing remains affordable over a long period of time. This action could tie to Action 3.1, with disposition of surplus publicly owned land. Other City roles would be negotiated with formation of the community land trust.

Timing for implementing the action: Depends on nonprofit's time frame.

Action 3.6: Identify sources of funding to support government-subsidized affordable housing development

Hood River, like most cities in Oregon and across the nation, does not currently have funding to support affordable housing development. Being able to support development of government-subsidized affordable housing can make an important difference in the financial feasibility the housing development, increasing the opportunities for affordable housing development.

One potential source of funding is from the transient room tax (TRT). The City could devote a portion of existing TRT revenues to support affordable housing. Alternatively, the City could raise the TRT rate and devote a portion of the increased rate to support affordable housing.⁷ The City may identify other potential sources of funding to support affordable housing.

The potential impact of this policy on housing affordability in Hood River will depend on the funding available to support affordable housing development.

Timing for implementing the action: Starting Fiscal Year 2016-2017.

⁷ As of 2015, Hood River's TRT rate was 8%. ORS 320.320 requires that 70% of increases in TRT rates be spent on tourism-related activities. As a result, only 30% of the increases in revenues resulting from increasing the TRT rate would be available to support affordable housing.

Action 3.7: Develop a tax abatement program, such as the multiple-unit limited tax exemption program, to promote development of affordable and market-rate multifamily housing

The Multiple-Unit Limited Tax Exemption Program is a program that is enabled by the state and managed by the local jurisdiction. Through the multifamily tax exemption, a jurisdiction can incent diverse housing options in urban centers that lack housing choices or workforce housing units. Through a competitive process, multi-unit projects can receive a property tax exemption for up to ten years on structural improvements to the property.

Though the state enables the program, each City has an opportunity to shape the program to achieve its goals by controlling the geography of where the exemption is available, application process and fees, program requirements, criteria (return on investment, sustainability, inclusion of community space, percentage affordable or workforce housing, etc.), and program cap. The City can select projects on a case-by-case basis through a competitive process.

The purpose of this action is to provide an incentive for development of government-subsidized and/or market-rate multifamily housing. In implementing the program, the City would need to develop the criteria for offering the exemption as well as its logistical details (as described above). Portland and Eugene currently use this program but Eugene is in the process of evaluating continued use of the exemption and the conditions under which it may be used in the future. Newport is considering implementing the program.

The potential impact of this policy on housing affordability in Hood River will likely be small to moderate, assuming that it is applied only in a few selected circumstances.

Timing for implementing the action: Starting Fiscal Year 2016-2017.

Action 3.8: Develop a program to defer systems development charges and other fees for affordable housing development

The purpose of the policy is to defer payment of systems development charges (SDC) through financing SDC payments over time, making it easier for the development community to pay for projects by reducing upfront costs. Cities may finance SDCs for up to five to ten years. While SDC financing is most frequently used for multifamily housing, some cities use it for development of single-family housing.

The TAC recommends that the City evaluate the potential to develop a program for deferral of SDCs to encourage development of affordable housing. Ensuring that the housing remains affordable in the long-term is important, so the program should include measures like deed restrictions or partnering with a government-subsidized affordable housing provider.

The potential impact of this policy on housing affordability in Hood River will likely be small to moderate, assuming that it is applied only in a few selected circumstances.

Timing for implementing the action: Starting Fiscal Year 2016-2017.

Action 3.9: Evaluate the need for and benefit of an affordable housing ordinance

The purpose of the ordinance is to provide clear direction about Hood River's policies that support development of affordable housing and the implementation of those policies. This ordinance would document the City's policies that support affordable housing development and may provide additional guidance on the use or application of those policies. In developing this ordinance, the City may evaluate implementation of additional policies to support development of affordable housing, beyond those policies documented within this the Hood River Housing Strategy.

Timing for implementing the action: Spring to Summer 2016.

Action 3.10: Develop policies to encourage the use of durable, long-lasting building materials and energy efficient designs for development of affordable housing

The purpose action is to develop policies, such as design standards, to encourage use of durable, long-lasting building materials and energy efficient designs for development of affordable housing, especially if the City is contributing public resources in support of the housing.

The intended result of the action is that affordable housing will provide opportunities for affordable housing over the long-term and that energy costs will be comparatively low, decreasing housing costs for residents. The primary challenge to implementing this action is to ensure that the resulting policies do not increase the cost of developing affordable housing, resulting in less affordable housing development.

Timing for implementing the action: Spring to Summer 2016.

Appendix A: Housing Policy Surveys

This appendix presents the results of two surveys that ECONorthwest conducted of the TAC: (1) a survey conducted for the June TAC meeting about priorities for implementing specific housing policies and (2) a survey for the April TAC meeting identifying key housing policy issues.

Housing Policy Priority Survey

In preparation for the June TAC meeting, ECONorthwest asked the TAC to reply to a survey about housing policy issues. The survey asked respondents to identify the highest priority strategies for Hood River to implement in three subject areas: Efficient use of land, regulating and management of secondary housing and short-term rentals, and developing affordable housing.

Six of seven TAC members responded to the survey. The following tables presents the results of the survey, showing the policies identified as highest priority at the top of each table. While some policies were identified as a high priority by fewer than three TAC members, several TAC members identified the policies as a high priority in their comments on the survey, noting that their survey responses were limited to their top five highest priority policies.

Table A-1. Policies about efficient use of land that TAC members identified most frequently as their top five priority policies

Efficient Use of Land	Responses
Allow and encourage (through the redevelopment process) residential development on the second and third floor in the Heights on lands zoned C-2	5
Identify land to rezone land from R1 or R-2 to R3	3
Allow two dwelling units per 5,000 square foot lot regardless of the type of dwelling in R-2	3
Allow Townhouses as a permitted use in R-2 and R-3, possibly with design standards	3
Revise PUD ordinance by providing more flexibility in open space requirements	3
Identify city-owned land to use for affordable housing	2
Reduce lot size in R-1 Zone to 5000 square feet	2
Develop a Cottage Code to allow development of denser single-family detached housing	2
Increase building height for multifamily development in R-3 and C-2	2
Remove limitations on Accessory Dwellings (ADUs), such as requirements for owner-occupied units, but continue to require that they are not short term rentals	2
Reduce parking requirements for mixed use housing in specific circumstances, based on factors such as the size of the unit and likelihood that the occupants will not have a car	2
Set a minimum density in R-3	1
Use density bonuses to encourage higher density development in selected areas	1
Reduce street width standards and/or consider using alleys for access	0
Increase allowable or set minimum multifamily densities (R-3, C-2)	0
Increase building height limits (R-3, C-2)	0
Disallow single-family detached in R-3, making "grandfathering" exceptions where necessary	0

Table A-2. Policies about regulating and management of secondary housing and short-term rentals that TAC members identified most frequently as their top five priority policies

Regulating and managing secondary housing and short-term rentals	Responses
License and permit short-term rental housing	6
Develop City guidelines for short-term rental housing management about occupancy, garbage collection, parking limitations, and other relevant issues.	6
Require a local contact for short-term rentals	5
As part of licensing short-term rental housing, charge a fee for licensing and require an inspection (possibly annual) of short-term rental housing	4
Monitor changes in the number and character of short-term rentals and reconsider limitations on short-term rentals at that time	3
Monitor changes in the number and character of secondary housing and reconsider options for regulations at that time	2
Increase Hood River's lodging tax rate, as allowed by State law	1
Limit type of unit that can be a short-term rental	0
Limit number or amount of short-term rentals, for the entire city, by neighborhood, by street, or through some other limitation	0

Table A-3. Policies about development of affordable housing that TAC members identified most frequently as their top three priority policies

Developing Affordable Housing	Responses
Identify publicly-owned properties that could be used for affordable housing and partner with Mid-Columbia Housing Authority to develop affordable housing (primarily government-subsidized affordable housing) on those properties	5
Use Tax Increment Financing in the Heights Urban Renewal area to support government-subsidized and market-rate multifamily housing development	4
Develop a Community Land Trust to support development primarily of single-family attached or detached housing for owner-occupied housing.	4
Establish a policy that notifies and allows local governments or qualified non-profits (as defined by the City) the right of first refusal on surplus or tax delinquent private properties	3
Reduced parking requirements for affordable or multifamily housing	3
Develop a tax abatement program, such as the multiple-unit limited tax exemption program, to promote development of market-rate multifamily housing	2

Housing Issue Survey

In preparation for the April TAC meeting, ECONorthwest asked the TAC to reply to a survey about housing policy issues. The survey asked respondents to identify, describe, and propose solutions to the top issues where Hood River could make changes in its housing policy. Twelve people responded to the survey.

This survey provides a starting point for discussions about Hood River's housing policy issues and potential responses to the issues. The discussion of housing policy is not limited to the issues identified in the survey, nor possibly those issues identified in later sections of this document.

The following section provides a summary of the most common issues identified in the survey. The full text of survey responses is presented in Appendix A of the April 22, 2015 memorandum to the TAC: "Residential Land Management Policies for TAC Discussion."

- **Efficient use of land.** Respondents identified fourteen responses about the need for efficient use of land, given that Hood River's supply of residential land is limited and Hood River's areas for expansion are limited by topography and other policy limitations. Suggestions for policy actions to address these issues include:
 - Encouraging infill and denser development by allowing more density, reducing height restrictions, reducing regulation of townhouse development, encouraging redevelopment of underutilized commercial or industrial building for housing, density bonuses, or through use of financial tools like fee reductions for denser housing (or increases for larger-sized houses) or property tax reductions.
 - Change building fee structure so that larger dwellings have higher building permit fees and smaller dwellings have lower building permit fees.
 - Reducing land needed for rights-of-way by changing street standards or reducing parking requirements.
 - Encourage higher-density residential development in commercial areas, including downtown, but ensure that there is enough land in the long-term for commercial uses. Allow residential development on the second and third stories of commercial buildings.
 - Expand the UGB by a small amount, ensuring that land in the newly expanded UGB is not parcelized, making denser urban development difficult.
- **Increase the types of and supply of housing.** Respondents identified thirteen issues about the need to increase the types of and overall amount of housing in Hood River. Suggestions for policy actions to address this issue include:
 - Increase the quantity and types of housing allowed in Hood River, such as: providing opportunities for development of small single-family detached housing (like "starter"

homes); lowering barriers to townhouse development; or allowing duplexes, triplexes, and four-plexes in single family neighborhoods.

- Allow for development of accessory dwelling units (ADUs) for owner-occupied units.
 - Allow or encouraging more multifamily development in commercial areas, such as conversion of underutilized commercial buildings to apartments or increasing minimum multifamily density requirement in the C-2.
 - Do an audit of the existing code to identify policies that are barriers to the type of residential development that meets the city's objectives.
- **Affordable housing.** Respondents identified nine issues regarding the need for additional affordable housing, given its shortage in Hood River. Suggestions of affordable housing policies included policies to support development of market-rate affordable housing and development of government-subsidized housing. Suggestions for policy actions to address this issue include:
 - Many of the policy actions to increase land use efficiency or increase the range of housing allowed in Hood River would provide opportunities for development of affordable market-rate housing and possibly lower barriers to development of government-subsidized housing.
 - Develop a land bank through use of vacant (or underutilized) public lands or a real estate transfer tax. There would need to be restrictions on the future use of the housing to ensure that it continues to provide long-term rental opportunities or affordable homeownership opportunities for many years.
 - Develop a fund to support development of housing affordable for households with incomes at or below 80% of area median income (AMI).⁸ Sources of funding could include an allocation from the Transient Room Tax, considering increasing the room tax rate, or identify other funding sources.
 - Increase development of affordable multifamily and higher density housing through the use of incentives and by lowering development barriers, such as expedited land use review for affordable housing projects, fee deferrals or waivers, or modification of site-specific requirements.
 - Develop a system to ensure that properties built as market-rate affordable housing receive public funding, incentives, or other benefits intended to encourage affordable housing development rents to remain low over the long-term.
 - Commit to monitoring affordable housing policies, working with local organizations, and establishing policy that notifies and allows local governments or qualified

⁸ AMI in Hood River County in 2015 was \$67,300 per year. A household earning 80% of AMI would earn nearly \$4,500 per month and be able to afford rent or mortgage of about \$1,345 or less.

nonprofits, as defined by the locality, the right of first refusal on surplus/foreclosure properties.

- **Regulation of short-term rental housing.** Respondents identified nine issues about the need to regulate short-term rental housing. Respondents expressed concerns that short-term rentals are reducing the supply of housing for people who live in Hood River year-round and changing the character of Hood River’s neighborhoods. Suggestions for policy actions to address this issue includes:
 - Regulation of short-term rentals, including requiring a yearly permit, fire and safety inspections, and proof of insurance. It may be appropriate to regulate owner-occupied short-term rentals (where a room is rented) differently than full-house short-term rentals. The city could increase the transient lodging tax.
 - Restrictions on short-term rentals, such as requiring trash collection at the residence (instead of curbside), requiring local management, or restricting the allowable occupancy in the short-term rentals.
 - Limitations on the number of short-term rentals by neighborhood, zone, or citywide. These limitations might consider the size or type of units or the availability of parking. Other ideas include limitations on the number of days that a dwelling could be rented per year.
 - Enforcement of these regulations is important and may require additional city staff.
- **Develop a vision for residential development.** Four responses raised issues related to the need to develop a vision for residential development in Hood River. Development of this vision could be related to the update of the City’s Housing Comprehensive Plan Policies. According to respondents, this vision should focus on preserving and enhancing the quality of life in Hood River, while planning for future residential growth.
- **Other issues.** Six responses raised other issues, such as the desire for more creativity in the design of new housing; emphasis placed on car-centric design; infrastructure availability in areas zoned R3; and the relationships between relatively low wages and housing affordability.

Appendix B: Strategies to Manage Hood River's Residential Land

This appendix presents a menu of housing strategies (policies) commonly, and some less commonly, used to manage a City's supply of residential land. These strategies were presented to the TAC and many were discussed at the April TAC meeting.

The discussion of each strategy in the tables below include a description of the strategy, what its intended effects are, and a discussion of how to evaluate, or if possible, estimate, each strategy's impact on land holding capacity (e.g., how many residential units the land can accommodate). This memorandum is not intended to provide an in-depth discussion of policy language or how to implement and administer specific policies; rather, it discusses strategies in broad terms. It does not provide a comprehensive list of all possible housing strategies but focuses on strategies commonly used in cities in Oregon and across the western US to manage residential land.

It is common for jurisdictions to adopt combinations of strategies to manage growth and improve the efficiency and holding capacity of land uses. Such strategy groupings, however, are not necessarily cumulative in their intent or impact. Strategies that address similar issues may not be mutually reinforcing. For example, having strategies in residential zones for maximum lot size and minimum density essentially address the same issue—underbuild in residential zones. Thus, Hood River should carefully consider their existing strategies and policies and evaluate each strategy individually and in consideration of other strategies. It is also important to consider market dynamics when evaluating land use efficiency strategies. Strategies such as density bonuses or the transfer or development rights (TDRs) may be of limited effectiveness if they encourage building types or densities that have little demand or are economically unviable.

A substantial portion of Hood River's vacant land is within the UGB but outside of the city limits, where Hood River County regulates land use and zoning. The City may need to examine opportunities to work with Hood River County for changes to the zoning on these areas with the City's UGB.

Land Use Regulations

The following policies focus on ways in which the City can modify its current land use regulations in order to increase housing affordability and available housing stock. Policies are broken into two categories: those that affect regulatory changes and those, which increase the land available for housing.

Strategy Name	Description	Scale of Impact in Hood River
Regulatory Changes		
Streamline Zoning Code and other Ordinances	<p>Complexity of zoning, subdivision, and other ordinances can make development more difficult, time consuming, and costly. Streamlining development regulations can result in increased development.</p> <p>As part of the streamlining process, cities may evaluate potential barriers to affordable workforce housing and multifamily housing. Potential barriers may include: height limitations, complexity of planned unit development regulations,</p>	<p>Scale of Impact - Small to moderate. The level of impact on production of housing and housing affordability will depend on the changes made to Hood River's zoning and other ordinances.</p> <p>Hood River codes will benefit from updates to make processes easier to understand and implement.</p>
Administrative and Procedural Reforms	<p>Regulatory delay can be a major cost-inducing factor in development. Oregon has specific requirements for review of development applications; however, complicated projects frequently require additional analysis such as traffic impact studies, etc.</p> <p>A key consideration in these types of reforms is how to streamline the review process and still achieve the intended objectives of local development policies.</p>	<p>Scale of Impact - Small. The level of impact on production of housing and housing affordability will be small and will depend on the changes made to Hood River's procedures</p>
Allow Small Residential Lots	<p>Small residential lots are generally less than 5,000 sq. ft. This policy allows individual small lots within a subdivision or short plat. Small lots can be allowed outright in the minimum lot size and dimensions of a zone, or they could be implemented through the subdivision or planned unit development ordinances.</p> <p>This policy is intended to increase density and lower housing costs. Small lots limit sprawl, contribute to the more efficient use of land, and promote densities that can support transit. Small lots also provide expanded housing ownership opportunities to broader income ranges and provide additional variety to available housing types.</p>	<p>Scale of Impact – Small to moderate. Cities have adopted minimum lot sizes as small as 3,000 sq. ft. However, it is uncommon to see entire subdivisions of lots this small. Small lots typically get mixed in with other lot sizes.</p> <p>Hood River allows for smaller lots in the PUD process, but a cottage housing code would address those projects that are not PUD's but need flexibility.</p>

Strategy Name	Description	Scale of Impact in Hood River
Mandate Maximum Lot Sizes	<p>This policy places an upper bound on lot size and a lower bound on density in single-family zones. For example, a residential zone with a 6,000 sq. ft. minimum lot size might have an 8,000 sq. ft. maximum lot size yielding an effective net density range between 5.4 and 7.3 dwelling units per net acre.</p> <p>This approach ensures minimum densities in residential zones by limiting lot size. It places bounds on building at less than maximum allowable density. Maximum lot sizes can promote appropriate urban densities, efficiently use limited land resources, and reduce sprawl development.</p>	<p>Scale of Impact – Small to moderate. Mandating maximum lot size may be most appropriate in areas where the market is building at substantially lower densities than are allowed or in cities that do not have minimum densities.</p> <p>Hood River does not mandate maximum lot sizes. This strategy would be most effective at increasing density in lower density areas.</p>
Mandate Minimum Residential Densities	<p>This policy is typically applied in single-family residential zones and places a lower bound on density. Minimum residential densities in single-family zones are typically implemented through maximum lot sizes. In multiple-family zones they are usually expressed as a minimum number of dwelling units per net acre. Such standards are typically implemented through zoning code provisions in applicable residential zones.</p> <p>This policy increases land-holding capacity. Minimum densities promote developments consistent with local comprehensive plans and growth assumptions. They reduce sprawl development, eliminate underbuilding in residential areas, and make provision of services more cost effective.</p>	<p>Scale of Impact - Small to moderate. Increasing minimum densities and ensuring clear urban conversion plans may have a small to moderate impact depending on the observed amount of underbuild and the minimum density standard.</p> <p>Hood River does not mandate maximum lot sizes. This strategy would be most effective at increasing density in lower density areas.</p>
Increase Allowable Residential Densities	<p>This approach seeks to increase holding capacity by increasing allowable density in residential zones. It gives developers the option of building to higher densities. This approach would be implemented through the local zoning or development code. This strategy is most commonly applied to multifamily residential zones.</p> <p>Higher densities increase residential landholding capacity. Higher densities, where appropriate, provide more housing, a greater variety of housing options, and a more efficient use of scarce land resources. Higher densities also reduce sprawl development and make the provision of services more cost effective.</p>	<p>Scale of Impact – Small to moderate. This tool can be most effective in increasing densities where very low density is currently allowed or in areas where a city wants to encourage higher density development.</p>

Strategy Name	Description	Scale of Impact in Hood River
Allow Clustered Residential Development	Clustering allows developers to increase density on portions of a site, while preserving other areas of the site. Clustering is a tool most commonly used to preserve natural areas or avoid natural hazards during development. It uses characteristics of the site as a primary consideration in determining building footprints, access, etc. Clustering is typically processed during the site review phase of development review.	Moderate. Clustering can increase density, however, if other areas of the site that could otherwise be developed are not developed, the scale of impact can be reduced. Hood River has PUD code but changes to the code, such as allowing cottage housing, may be appropriate in Hood River.
Reduce Street Width Standards	This policy is intended to reduce land used for streets and slow down traffic. Street standards are typically described in development and/or subdivision ordinances. Reduced street width standards are most commonly applied on local streets in residential zones. Narrower streets make more land available to housing and economic-based development. Narrower streets can also reduce long-term street maintenance costs.	Scale of Impact - Small. This policy is most effective in cities that require relatively wide streets. Hood River's transportation System Plan was developed relatively recently and has newer standards for narrower streets. PUD's allow for 20' streets.
Preserving Existing Housing Supply	Housing preservation ordinances typically condition the demolition or replacement of certain housing types on the replacement of such housing elsewhere, fees in lieu of replacement, or payment for relocation expenses of existing tenants. Preservation of existing housing may focus on preservation of smaller, more affordable housing. Approaches include: <ul style="list-style-type: none"> • Housing preservation ordinances • Housing replacement ordinances • Single-room-occupancy ordinances • Regulating demolitions 	Scale of Impact - Small. Preserving small existing housing can make a difference in the availability of affordable housing in Hood River but it is limited by the existing stock housing, especially smaller, more affordable housing. Hood River does not have this type of policy codified. The Landmarks Board wrote preliminary housing guidelines in established neighborhoods.
Inclusionary Zoning	Inclusionary zoning policies tie development approval to, or provide regulatory incentives for, the provision of low- and moderate-income housing as part of a proposed development. Mandatory inclusionary zoning-requires developers to provide a certain percentage of low-income housing. Incentive-based inclusionary zoning-provides density or other types of incentives. Price of low-income housing passed on to purchasers of market-rate housing; inclusionary zoning impedes the "filtering" process where residents purchase new housing, freeing existing housing for lower-income residents.	Inclusionary zoning is not legal in Oregon under ORS 197.309 and is not a tool available to Hood River. Hood River sent a resolution in support of passage of a bill to allow inclusionary zoning to the Legislature.

Increasing Land Available for Housing		
<p>Redesignate or rezone land for housing</p>	<p>The types of land rezoned for housing are vacant or partially vacant low-density residential and employment land rezoned to multifamily or mixed use. In rezoning land, it is important to choose land in a compatible location, such as land that can be a buffer between an established neighborhood and other denser uses or land adjacent to existing commercial uses. When rezoning employment land, it is best to select land with limited employment capacity (e.g., smaller parcels) in areas where multifamily housing would be compatible (e.g., along transit corridors or in employment centers that would benefit from new housing).</p> <p>This policy change increases opportunity for comparatively affordable multifamily housing and provides opportunities for mixing residential and other compatible uses.</p>	<p>Scale of Impact - Small to large: Scale of impact depends on the amount and location of land rezoned and the densities allowed on the rezoned land.</p>
<p>Encourage multifamily residential development in commercial zones</p>	<p>This tool seeks to encourage denser multifamily as part of mixed-use projects in commercial zones. Such policies lower or eliminate barriers to residential development in commercial or mixed-use zones. They include: eliminating requirements for non-residential uses in commercial zones (e.g., requirements for ground floor retail) or requiring minimum residential densities.</p> <p>This policy can increase opportunities for multifamily development on commercial or mixed-use zones or increase the density of that development.</p>	<p>Scale of Impact - Small: Hood River already encourages multifamily housing in commercial zones. Further encouraging multifamily housing in commercial zones would likely have a small impact, as multifamily housing is allowed many of the commercial areas where it would be desirable.</p> <p>Hood River allows residential development in commercial zones. The current City policy is that the minimum density in commercial zones will be 11 dwelling units per acre. The City may revisit this policy in future discussions.</p>
<p>Promoting Infill Development</p>	<p>This policy seeks to maximize the use of lands that are fully developed or underdeveloped. Make use of existing infrastructure by identifying and implementing policies that (1) improve market opportunities, and (2) reduce impediments to development in areas suitable for infill or redevelopment.</p> <p>Regulatory approaches to promote infill development include:</p> <ul style="list-style-type: none"> • Administrative streamlining • Allowing accessory dwelling units (ADUs) • Allowing small lots • Density bonuses 	<p>Scale of Impact – Small. In general, infill development, especially small-scale infill, is more expensive than other types of residential development. Some types of infill development, such as ADUs, may provide opportunities for relatively affordable housing.</p> <p>Hood River’s ADU code is in the process of being updated to become more flexible for property owners.</p>

Transfer or Purchase of Development Rights	This policy is intended to move development from sensitive areas to more appropriate areas. Development rights are transferred to “receiving zones” and can be traded. This policy can increase overall densities. This policy is usually implemented through a subsection of the zoning code and identifies both sending zones (zones where decreased densities are desirable) and receiving zones (zones where increased densities are allowed).	Small to moderate. Actual impact will depend on the extent to which the policy is used. TDRs may have little impact on overall densities since overall density is not changed; rather it is moved around. TDRs can be used to encourage higher densities in selected areas.
Provide Density Bonuses to Developers	<p>The local government allows developers to build housing at densities higher than are usually allowed by the underlying zoning. Density bonuses are commonly used as a tool to encourage greater housing density in desired areas, provided certain requirements are met. This strategy is generally implemented through provisions of the local zoning code and is allowed in appropriate residential zones.</p> <p>Bonus densities can also be used to encourage development of low-income or workforce affordable housing. An affordable housing bonus would allow for more housing units to be built than allowed by zoning if the proposed project provides a certain amount affordable units.</p>	Scale of Impact - Small.
Parcel assembly	<p>Parcel assembly involves the city’s ability to purchase lands for the purpose of land aggregation or site assembly. It can directly address the issues related to limited multifamily lands being available in appropriate locations (e.g., near arterials and commercial services). Typical goals of parcel assembly programs are: (1) to provide sites for rental apartments in appropriate locations close to services and (2) to reduce the cost of developing multifamily rental units</p> <p>Parcel assembly can lower the cost of multifamily development because the City is able to purchase land in strategic locations over time. Parcel assembly is more often associated with development of government-subsidized affordable housing, where the City partners with nonprofit affordable housing developers.</p>	Scale of Impact - Small to moderate: Parcel assembly is most likely to have an effect on a localized area, providing a few opportunities for new multifamily housing development over time.
Community Land Trust (CLT)	<p>A Community Land Trust (CLT) creates permanent affordability by severing the value of the land and the improvements (i.e., the house). The land is held in trust by a nonprofit or other entity then leased to the homeowner. The homeowner enjoys most of the rights of homeownership, but restrictions are placed on use (e.g., owner occupancy requirement) and price restrictions on resale ensure that the home remains affordable.</p> <p>CLTs may be used in conjunction with land banking programs, where the city or a nonprofit housing corporation purchases a future site for affordable housing or other housing that meets community goals.</p> <p>A variation to the community land trust is to have the City own the property rather than the land trust, and lease property to income-qualifying households (such as low-income or moderate-income households) to build housing. The City would continue to own the land over the long-term but the homeowner would be able to sell the house. Restrictions on resale ensure that the home remains affordable.</p>	Scale of Impact - Small to moderate: A land trust will have the biggest impact on production of low- and moderate-income affordable housing. Considering how difficult it is to build this type of affordable housing and the level of need for affordable housing, a land trust could increase nonprofits’ capacity to build affordable housing.

Increase the types of housing

The following policies focus on ways in which the City can increase the types of housing available in order to increase housing affordability. Policies focus on increasing housing density or the number of residents within existing City lots.

Strategy Name	Description	Scale of Impact in Hood River
Allow Duplexes, Townhomes, Row Houses, and Tri- and Quad-Plexes in single-family zones	Allowing these housing types can increase overall density of residential development and may encourage a higher percentage of multifamily housing types. This approach would be implemented through the local zoning or development code and would list these housing types as outright allowable uses in appropriate residential zones. These housing types provide additional affordable housing options and allow more residential units than would be achieved by detached homes alone.	<p>Scale of Impact - Small. Allowing these types of housing in more zoning districts may provide a relatively small number of new, relatively affordable, housing opportunities.</p> <p>Hood River does not allow these types of housing as an outright permitted use in some zones or, in the case of townhouses, in any zone.</p>
Permit Accessory Dwelling Units (ADUs) in single-family zones	Communities use a variety of terms to refer to the concept of accessory dwellings: secondary residences; “granny” flats; and single-family conversions, among others. Regardless of the title, all of these terms refer to an independent dwelling unit that share, at least, a tax lot in a single-family zone. Some accessory dwelling units share parking and entrances. Some may be incorporated into the primary structure; others may be in accessory structures. Accessory dwellings can be distinguished from “shared” housing in that the unit has separate kitchen and bathroom facilities. ADUs are typically regulated as a conditional uses. Some ordinances only allow ADUs where the primary dwelling is owner-occupied.	<p>Scale of Impact - Small. Allowing ADUs can provide opportunity for development of a small number of new, more affordable housing.</p> <p>Hood River allows ADUs in all residential zones but the zoning code needs to be amended to allow more flexibility. An important part of the discussion about allowing ADUs is regulating (perhaps prohibiting) the usage of ADUs for short-term rentals.</p>
Allow small or “tiny” homes	<p>“Tiny” homes are typically dwellings that are 500 square feet or smaller. Some tiny houses are as small as 100 to 150 square feet. They include stand-alone units or very small multifamily units.</p> <p>Tiny homes can be sited in a variety of ways: locating them in RV parks (they are similar in many respects to Park Model RVs), tiny home subdivisions, or allowing them as accessory dwelling units.</p> <p>Smaller homes allow for smaller lots, increasing land use efficiency. They provide opportunities for affordable housing, especially for homeowners.</p>	<p>Scale of Impact - Small: Scale of impact depends on regulation of tiny homes, where they are allowed, and market demand for tiny homes.</p>

Strategy Name	Description	Scale of Impact in Hood River
Allow Co-housing	<p>Co-housing is a type of intentional community that provides individual dwelling units, both attached and detached, along with shared community facilities. Members of a co-housing community agree to participate in group activities and members are typically involved in the planning and design of the co-housing project. Private homes contain all the features of conventional homes, but residents also have access to extensive common facilities, such as open space, courtyards, a playground, and a common house.</p> <p>This approach would be implemented through the local zoning or development code and would list these housing types as outright allowable uses in appropriate residential zones.</p>	<p>Scale of Impact - Small. While co-housing may be able to achieve multi-family housing densities, it is unlikely that this housing type would make up a large portion of new housing stock, thereby diminishing its impact.</p>

Strategies to manage short-term rental housing

The following strategies focus on ways that the City can regulate short-term rentals (STRs).

Strategy Name	Description	Potential Impact in Hood River
Create Regulatory Structure		
Clear municipal definitions for short-term rentals (STR)	<p>Clear definitions of short-term rentals are central to creating a regulatory structure and closing existing loopholes. The City should define STRs, as well as any other classifications that might have exemptions. Definitions of STRs commonly include the following characteristics:</p> <ul style="list-style-type: none"> • Rental of a dwelling unit for less than 30 days • Rental of 1 or more bedrooms or ADU in owner occupied property for less than 30 days • Exemptions often include long-term rentals, Bed and Breakfast facilities, boarding houses, or units that are rented for fewer than a minimum days per year (such as fewer than 14 days per year). <p>Nashville, TN: Provides clear definitions in Ordinance BL2014-951 of short-term rental property as “a residential dwelling unit containing not more than four sleeping rooms that is used and/or advertised for rent for transient occupancy by guests as those terms are defined in Section 5.12.010 of the metropolitan code. Residential dwelling units rented to the same occupant for more than 30 continuous days, Bed and Breakfast establishments, boarding houses, hotels, and motels shall not be considered Short Term Rental Property.”</p>	<p>The effective implementation of vacation housing policies depends upon clearly articulated definitions of property rental types.</p>

Strategy Name	Description	Potential Impact in Hood River
Create a new land use permit requirement for STRs	<p>Requiring a land use permit ensures that the City is aware that the dwelling is being used as an STR. It allows the City to tailor permitting to address the specific needs and concerns associated with short-term rental properties. The permitting process may include:</p> <ul style="list-style-type: none"> • Proof of neighbor notification • Providing relevant information about the potential rental unit, such as number of bedrooms and parking availability • Commitment to paying applicable fees and taxes (TRTs) • Acknowledgement of all applicable regulations <p>Lincoln City: Requires a Special Use Permit, including required public hearing Ashland, Bandon, Cannon Beach, Gold Beach, Seaside, Yachats, and other cities: STRs are a conditional use in some or all zones.</p>	The scale of impact depends on funding and the City's ability to implement a new permitting process.
Annual Licensing/ Permitting	<p>Annual renewals of permits will provide an opportunity for the City to show proof of property insurance, inspect the property, and obtain proof that the STR is in compliance with all applicable laws. In addition, a yearly STR licensing fee can be used to fund additional enforcement and oversight.</p> <p>Seaside, Lincoln City: Requires business license with annual renewal</p>	Annual licensing and permitting may improve the City's ability to regulate and enforce policies related to short-term housing. It allows the city to inventory the number, type, and location of STRs.
Inspections of STRs	<p>To ensure safety and code compliance, the City can inspect facilities for fire safety and compliance with applicable regulations. These inspections could be part of a one-time permitting process, the annual permit renewal, or may be required at an interval such as every two to five years.</p> <p>Austin, TX: STR applicants must submit a certificate of occupancy or certify inspection to obtain an operating license.</p>	Scale of Impact – Moderate. Many other policies would be improved and supported by regular inspections.
License Fee	<p>License fees are fees charged to the owners of an STR. A license fee can be part of an annual licensing or permitting process. The annual licensing fee can be assessed in several ways, including: a fixed fee, a percentage of property taxes, or based on the square footage of a rental property.</p> <p>Austin, TX: \$285 license fee. (Source: Bend City Attorney Memo, August 2014) Palm Springs, CA: \$200 per year (Source: City of Palm Springs)</p>	The license fee can be used to support enforcement efforts and support other housing programs.
License number listed	Requiring every STR license number to be listed in all advertising helps ensure all properties are in compliance with the codes and regulations for STRs set forth by the City.	The strategy ensures that STRs are licensed and permitted.
One STR per owner	Each owner may only hold one STR permit, promoting small-scale STR ownership.	This policy would prevent several or many STRs from being in a single ownership.

Strategy Name	Description	Potential Impact in Hood River
"Grandfathering" provisions	Cities often include "grandfathering" provisions in their regulatory structure for STRs, to accommodate existing STRs and create a smooth transition to the new regulatory context. The City could require current STR owners to apply for a non-conforming use permit, wherein owners must successfully prove their historic use. Such permits could have a set expiration date.	The potential impact in Hood River would depend on how many owners are granted "grandfather" status and whether non-conforming use permits expire.
Restrictions on Short-term Rentals		
City guidelines for management	Create and require STRs to post "Good Neighbor Policy", develop fact sheet for neighbors and owners, and require the posting of standardized information inside the unit containing information on the noise ordinance, parking, garbage storage, etc.	Implementation of this strategy depends on cooperation of STR owners and managers. If STR renters obey the rules, the impact would be positive on nearby neighbors.
Develop an Enforcement Process	Develop standardized enforcement process that describes local laws that regulate STRs, including laws that renters need to abide by. The enforcement process would create a way to track violations, as well as identifying the process for warnings, fines, appeals, and permit revocation.	This strategy would provide clear steps for moving through process with reoccurring violations. It would provide a process for addressing repeated violations by renters, providing incentive to STR owners and managers to rent their properties to responsible parties.
Local Contact	Require local contact or local property management be available at all times. Gold Beach, Lincoln City: Local Representative is available 24/7	Improves accountability and provides point of contact for the City and for neighbors.
Limit number of occupants or bedrooms	The City can impose a limit on the number of occupants or bedrooms available for rent. This policy helps address concerns about noise and large groups at vacation rental properties. STRs may be limited to the number of bedrooms or occupants per unit or per tax lot. Separate limitations can be created for large events (e.g. no more than 15 people).	Implementation of this strategy depends on enforcement of the policy. The policy would limit the impact of STRs on immediate neighbors.
Parking	Limit the number and location of parking spaces associated with each STR. The City can require street-parking permits associated with property. Palm Desert, CA, Encinitas, CA: On-site parking must be available for all overnight guests. Manzanita: Rental properties must provide 2 off street parking spaces.	This strategy would decrease on-street parking associated with STRs, which may be most important in areas with limited parking, many STRs, or large STRs with many visitors.

Strategy Name	Description	Potential Impact in Hood River
Garbage storage	<p>The garbage cans at STRs may be taken to the curb one or several days before garbage collection. Neighbors often have concerns about trash and recycling bins stored within public view or directly on the street. This policy would require all recycling and trash bins be stored away from public view and the time when they are curbside for pickup limited, based on the pickup schedule.</p> <p>Encinitas, CA: Trash and refuse shall not be left in public view except for on the evening before and day of trash pick-up.</p> <p>Manzanita: Owner shall provide covered and secured containers and provide for side yard garbage removal.</p>	This strategy would affect the quality of life on neighbors nearby STRs, reducing the nuisance of garbage cans at the curb for several days.
Limitation and Prohibition of STRs		
Prohibition of STR	<p>If the community is strongly against vacation rentals, the City can prohibit STRs or allow STRs only in some zones. STR prohibition can differ by unit type (e.g. not allowed in multi-family units or not allowing STRs in ADUs) or by land-use (e.g., not allowing STRs in specific zones).</p> <p>Bandon: No STRs in Single-Family Zones. STRs are allowed in Controlled Development Zones (ocean front/jetty and bluff areas); Old Town Commercial (C-1) and Light Industrial Zone.</p> <p>Ashland: No STRs in Single-Family Zones. STRs are allowed in commercial (C-1), employment (E-1) and owner-occupied in multi-family zones (R-2 & R-3).</p> <p>Cannon Beach: No STRs in Single-Family Zones. Owner-occupied B&B allowed in R-2 & R-3 zones. (Source: Ashland Summary of Oregon VR Zoning, 2012)</p>	The impact of total prohibition of STRs could be significant for Hood River, affecting the tourism industry in Hood River. The impact of prohibition of STRs by area or by type of unit would depend on the scope of the prohibitions.

Strategy Name	Description	Potential Impact in Hood River
Limitations on the number or percentage of STRs	<p>The City can limit the number or concentration of STRs in specific neighborhoods or areas of the city. The City can limit concentration of STRs through one, or a combination, of the following:</p> <ul style="list-style-type: none"> • Set a maximum percent of units or tax lots citywide that can be STRs • Limit number citywide or per neighborhood • Set a maximum percent of units or tax lots in specific neighborhoods or zones that can be STRs • Set a minimum distance between STRs • Limit number per street segment • Set limits on STRs by census tract <p>Cannon Beach, OR: Total vacation rental permits are cap at 92 citywide.</p> <p>Nashville, TN: Cap on number of non-owner occupied STRs in each Census Tract (</p> <p>Mendocino County, CA: County must maintain a ratio of "thirteen (13) long term residential dwelling units to one (1) single unit rental or vacation home."</p> <p>Austin, TX: Limits the percent of STRs by census tract</p> <p>Durango, CO: Limit of one STR per street segment.</p>	Number or concentration limits can provide compromise for STR advocates, neighbors, and concerned citizens. The scale of impact depends on the current concentration of STRs and the imposed concentration limit.
Limits on Rental Periods	<p>The City can place a limit on the number of days per year that a property can be rented. This can be done by prohibiting STRs from being rented more than a certain number of nights per year or set minimum night requirements (e.g., require a minimum of three nights stay).</p> <p>Telluride, CO: Short term rentals in the residential zone may be rented no more than a cumulative 29 days and no more than three times per calendar year. "For example, you may rent your property once for 15 days, once for 10 days and once for 4 days total in a calendar year."</p>	The impact of this strategy would depend on whether current issues are associated with length or frequency of stays.
Owner-occupied / owner-onsite exemptions	<p>If STRs are prohibited or strongly limited, an exception that would allow STRs would be allowing them in dwellings where the unit owner lives most or all of the year. For example, STR could be allowed in a unit that the owner lives in for a minimum number of months of the year (e.g., a owner who lives in the unit nine months of the year and rents it out three months of the year). STRs could also be limited to properties where the owner lives "onsite," such as rental of one or two rooms in a house that the owner lives in.</p> <p>Portland, OR: Allows short-term rental of housing provided owner lives there more than 9 months per year.</p>	This strategy would primarily affect rentals where the owner lives in Hood River part of the year or units where individual rooms are rented in an owner-occupied unit.

Programs that provide financial assistance to homeowners and renters

The following policies focus on ways in which the City and other community stakeholders can provide financial assistance to potential residents in order to increase housing affordability and accessibility for multiple income groups.

Strategy Name	Description	Scale of Impact in Hood River
Home ownership programs	<p>Cities use a variety of programs to assist with homeownership</p> <ul style="list-style-type: none"> • Homebuyer Assistance Programs. These Down Payment Assistance loans help low- or moderate-income households cover down payment and closing costs to purchase homes on the open market. These programs either give loans or grants, most frequently to first time homebuyers. • Inclusionary Housing Program. Some cities have an Inclusionary Housing Ordinance (IH) requires that new residential development contribute at least 20% of the total units as permanently affordable housing. Options for meeting this requirement can be allow the affordable units to be located on or off site. Cities that use inclusionary housing generally have programs to ensure that housing continues to be affordable over the long-term. • Partnerships. Cities often work with partnerships with nonprofit agencies that provide homeownership assistance. 	<p>Scale of Impact - Small. While homeownership programs are important, limited funds mean that the number of households that benefit from homeownership programs is relatively small.</p>
Rental assistance programs	<p>Cities use a variety of programs to provide rental assistances</p> <ul style="list-style-type: none"> • Section 8 Voucher: This assistance subsidizes the difference between 30 to 40 percent of a household's income and the area's Fair Market Rent (FMR). • Rental assistance programs. These programs offer a range of services, such as assistance with security deposits. • Rent Control. Rent control regulations control the level and increases in rent, over time resulting in rents that are at or below market rates. • Partnerships. Cities often work with partnerships with nonprofit agencies that provide rental assistance. 	<p>Scale of Impact - Small. Renter assistance programs are important. However, limited city funds mean that the number of households that benefit from rental assistance resulting from city funding is relatively small.</p>
Housing Rehabilitation Programs	<p>Cities often offer home rehabilitation programs, which provide loans to low- and moderate-income households for rehabilitation projects such as making energy efficiency, code, and safety repairs. Some programs provide funding to demolish and completely reconstruct substandard housing.</p>	<p>Scale of Impact - Small. Limited fund availability means that relatively few households will be able to access housing rehabilitation funds.</p>

Strategy Name	Description	Scale of Impact in Hood River
Employer-Assisted Housing	Employer-assisted housing (EAH) can be provided directly to the individual employee in the form of mortgage subsidies, down-payment assistance, relocation payments and the like or the city can help to increase the supply of housing by requiring or encouraging employers to participate in the development of additional housing units through such actions as the provision of land, construction financing or purchase/lease guarantees, and down-payment assistance.	Scale of Impact – Small to Moderate. The scale of the impact of EAH programs will depend on the size of the employer, eligibility criteria, and the type of assistance offered. If one or more large employers offers an EAH program with substantial assistance that provides enough assistance to make housing in Hood River affordable for low- and moderate-income households, then an EAH program can have a sizeable impact.
Green and Location Efficient Mortgages	Green mortgages, also called Energy Efficient Mortgages, allow the homebuyer to roll the costs of making specific energy-saving improvements into the purchase price of a home. Location Efficient Mortgages® increase the borrowing ability of homebuyers in areas that are more walkable and provide good multimodal access on the assumption that households in these areas will have more income available that can be directed toward housing.	Scale of Impact - Small. Unless a new funding source is identified, the number of households able to access these types of loans would be small.

Programs that provide financial assistance to lower development or operational costs

The following policies focus on ways in which the City and other entities involved in development can provide financial assistance to lower development or operational costs in Hood River in order to increase housing affordability and available housing stock. Recommendations are broken into the following categories: programs to lower the cost of development, sources of funding to pay for infrastructure to support development, and tax abatement programs that decrease operational costs by decreasing property taxes.

Strategy Name	Description	Scale of Impact in Hood River
Programs to lower the cost of development		
SDC Financing Credits	Enables developers to stretch their SDC payment over time, thereby reducing upfront costs. Alternately, credits allow developers to make necessary improvements to the site in lieu of paying SDCs. Note that the City can control its own SDCS, but often small cities manage them on behalf of other jurisdictions including the County and special districts. Funding can come from an SDC fund or general fund. In some cases there may be no financial impact. Can come in the form of student, low-income, or workforce housing.	Hood River controls SDC's, with exception of SDC's for parks and schools. The City may consider changes in SDCs to allow financing but the City would want to ensure that the impact should be spread-out and non negatively impact one entity. The City could consider deferral of SDCs to assist with development of workforce housing.
Sole Source SDCs	Retains SDCs paid by developers within a limited geographic area that directly benefits from new development, rather than being available for use city-wide. This enables SDC-eligible improvements within the area that generates those funds to keep them for these improvements. Improvements within smaller areas can enhance the catalytic and redevelopment value of the area. This tool can also be blended with other resources such as LIDs and TIF. Funding can come from an SDC fund or general fund. In some cases there may be no financial impact. The housing can come in the form of student, low-income, or workforce housing.	

Strategy Name	Description	Scale of Impact in Hood River
Fees or Other Dedicated Revenue	Directs user fees into an enterprise fund that provides dedicated revenue to fund specific projects. Examples of those types of funds can include parking revenue funds, stormwater/sewer funds, street funds, etc. The City could also use this program to raise private sector funds for a district parking garage wherein the City could facilitate a program allowing developers to pay fees-in-lieu or “parking credits” that developers would purchase from the City for access “entitlement” into the shared supply. The shared supply could meet initial parking need when the development comes online while also maintaining the flexibility to adjust to parking need over time as elasticity in the demand patterns develop in the district and influences like alternative modes are accounted for. Funding can come from residents, businesses, and developers. Also these fees or revenues allow for new revenue streams into the City.	
Public Land Disposition	The public sector sometimes controls land that has been acquired with resources that enable it to dispose of that land for private and/or nonprofit redevelopment. Land acquired with funding sources such as tax increment, EB5, or through federal resources such as CDBG or HUD Section 108 can be sold or leased at below market rates for various projects to help achieve redevelopment objectives. This increases development feasibility by reducing development costs and gives the public sector leverage to achieve its goals via a development agreement process with the developer. Funding can come from Tax Increment, CDBG/HUD 108, EB-5.	Hood River has some parcels has a few pieces of surplus land that may be appropriate for a public housing project.
Reduced Parking Requirements	Allows development of housing units to with discretionary reduction of parking requirements if an applicant can demonstrate that no more parking is needed. Reduced parking requirements are generally used in conjunction of development of subsidized affordable housing but cities like Portland have reduced or eliminated parking requirements for market-based multifamily housing in specific circumstances.	Scale of Impact - Small. The City could require the developer to prove the need and public benefit or reducing parking requirements to increase housing affordability.
Sources of funding to pay for infrastructure to support development		

Strategy Name	Description	Scale of Impact in Hood River
Urban Renewal / Tax Increment Finance (TIF)	<p>Tax increment finance revenues are generated by the increase in total assessed value in an urban renewal district from the time the district is first established. As property values increase in the district, the increase in total property taxes (i.e., City, County, school portions) is used to pay off the bonds. When the bonds are paid off, the entire valuation is returned to the general property tax rolls. TIFs defer property tax accumulation by the City and County until the urban renewal district expires or pays off bonds. Over the long term (most districts are established for a period of 20 or more years), the district could produce significant revenues for capital projects. Urban renewal funds can be invested in the form of low-interest loans and/or grants for a variety of capital investments:</p> <ul style="list-style-type: none"> • Redevelopment projects, such as mixed-use or infill housing developments • Economic development strategies, such as capital improvement loans for small or start up businesses which can be linked to family-wage jobs • Streetscape improvements, including new lighting, trees, and sidewalks • Land assembly for public as well as private re-use • Transportation enhancements, including intersection improvements • Historic preservation projects • Parks and open spaces 	<p>Scale of Impact – Moderate. Urban Renewal funding is a flexible tool that allows cities to develop essential infrastructure or provides funding for programs that lower the costs of housing development (such as SDC reductions or low interest loan programs). Portland used Urban Renewal to catalyze redevelopment across the City, including the Pearl District and South Waterfront. City is just beginning the Heights Urban Renewal project, which could include opportunities for development of affordable housing using tax increment financing.</p>
General Fund and General Obligation (GO) Bonds	<p>The city can use general fund monies on hand or can issue bonds backed by the full faith and credit of the city to pay for desired public improvements. GO Bonds require a public vote which can be time-consuming and costly. GO Bonds also raise property owner taxes.</p>	<p>Scale of Impact – Moderate to Large. GO Bonds can be used to develop essential infrastructure or provides funding for programs that lower the costs of housing development (such as SDC reductions or low interest loan programs).</p>
Linkage Fees for Non-Residential Development	<p>Linkage fees are a type of impact fee based on the source of the impact. In this case, the fee is based on the impact of commercial and industrial development creating additional housing demand. New nonresidential development generates jobs, which triggers housing needs for their workers. Commercial and/or industrial developers are charged fees, usually assessed per square foot, which then are used to build new housing units. A community-wide analysis is usually performed to estimate the type and amount of jobs and wages that are expected to be generated by new development.</p>	

Strategy Name	Description	Scale of Impact in Hood River
Local Improvement District (LID)	<p>This tool is a special assessment district where property owners are assessed a fee to pay for capital improvements, such as streetscape enhancements, underground utilities, or shared open space. LIDs must be supported by a majority of affected property owners and setting up fair LID payments for various property owners, who are located different distances from the improvement can be challenging. However, if successful it succeeds in organizing property owners around a common goal. It also allows property owners to make payments over time to bring about improvements quickly that benefit them individually. LIDs can also be bundled with other resources, such as TIFs.</p>	<p>While Hood River does not have funding to develop an LID, Reimbursement Districts could be formed.</p>
Community Development Block Grants (Federal Program, Locally Administered)	<p>Community Development Block Grants (CDBG) provide communities with resources to address a range of community development needs, including infrastructure improvements, housing and commercial rehab loans and grants, as well as other benefits targeted to low- and moderate-income persons. Funds can be applied relatively flexibly. This program has been run since 1974, and is seen as being fairly reliable, but securing loans/grants for individual projects can be competitive.</p> <p>Some drawbacks to CDBG funds include:</p> <ul style="list-style-type: none"> • Administration and projects must meet federal guidelines such as Davis Bacon construction requirements. • Amount of federal funding for CDBG has been diminishing over the past few years. • CDBG program is not in the control of the City. 	<p>Some parts of Hood River may be eligible for CDBG funding. The City would coordinate with Mid-Columbia Housing Authority on any future CDBG funded project.</p>
Section 108 (Federal Program, Locally Administered)	<p>HUD Section 108 increases the capacity of block grants to assist with economic development projects by enabling a community to borrow up to five times its annual CDBG allocation. These funds can be fairly flexible in their application. The program has been in operation since 1974 and has gained reliability. It enables a larger amount of very low interest-rate-subordinate funding for eligible projects. As with CDBGs, the process of securing the loan can be competitive.</p>	<p>Scale of Impact - Small. Section 108 funds could be used to help finance development of some affordable housing but would only cover a portion of the affordable housing development.</p>
Housing Trust Funds	<p>Housing trust funds are designed locally so they take advantage of unique opportunities and address specific needs that exist within a community. Housing trust funds support virtually any housing activity that serves the targeted beneficiaries and would typically fund new construction and rehabilitation, as well as community land trusts and first time homeowners.</p> <p>This tool is often used in cities with inclusionary zoning ordinances, which generates fees to fund development of the housing trust fund. Successfully implementing this tool requires a dedicated funding source.</p>	
Tax abatement programs that decrease operational costs by decreasing property taxes		

Strategy Name	Description	Scale of Impact in Hood River
Vertical Housing Tax Abatement (State of Oregon enabled, locally adopted)	<p>Subsidizes "mixed-use" projects to encourage dense development or redevelopment by providing a partial property tax exemption on increased property value for qualified developments. The exemption varies in accordance with the number of residential floors on a mixed-use project with a maximum property tax exemption of 80% over 10 years. An additional property tax exemption on the land may be given if some or all of the residential housing is for low-income persons (80% of area is median income or below). The proposed zone must meet at least one of the following criteria:</p> <ul style="list-style-type: none"> • Completely within the core area of an urban center. • Entirely within half-mile radius of existing/planned light rail station. • Entirely within one-quarter mile of fixed-route transit service (including a bus line). • Contains property for which land-use comprehensive plan and implementing ordinances effectively allow "mixed-use" with residential. <p>State program webpage.</p>	<p>Scale of Impact – Small to moderate. The design of the tax abatement program will impact whether and how many developers use the tax abatement, which will affect the scale of the impact.</p>
Multiple-Unit Limited Tax Exemption Program (Locally Enabled and Managed)	<p>Multi-unit projects receive a ten-year property tax exemption on structural improvements to the property as long as program requirements are met. There is no ground floor active use requirement for this tool. The City of Portland's program, for example, limits the number of exemptions approved annually, requires developers to apply through a competitive process, and encourages projects to provide greater public benefits to the community. This program is enabled by the state, but managed by the local jurisdiction.</p>	<p>Scale of Impact – Small to moderate. The design of the tax abatement program will impact whether and how many developers use the tax abatement, which will affect the scale of the impact.</p>