



Hood River Affordable Housing Strategy

May 2022



Acknowledgements

ECONorthwest prepared this report for the City of Hood River. ECONorthwest and the City of Hood River thank those who helped develop the Hood River Affordable Housing Strategy.

Advisory Community Task Force

- Paula Chakowski
- Nate DeVol
- Ubaldo Hernandez
- Kate Hoffman
- Rudy Kellner
- Kenny LaPoint
- Audra Moffett
- Jennifer Pauletto
- Karen Porter
- Megan Saunders (Council Liaison)
- Sarah Sherrell
- Stuart Watson
- Tiffany Woodside

City of Hood River

- Jennifer Kaden, Senior Planner
- Dustin Nilsen, Planning Director
- Will Norris, Finance Director

ECONorthwest, Consulting Team

- Beth Goodman, Project Director
- Kaitlin La Bonte, Project Manager
- Emily Picha, Project Manager
- Ariel Kane, Associate

For more information about this report, contact:

City of Hood River Contact:

Jennifer Kaden, Senior Planner
City of Hood River
211 2nd Street
Hood River, OR 97031
541-387-5215
j.kaden@cityofhoodriver.gov

ECONorthwest Contact:

Beth Goodman, Project Director
ECONorthwest
222 SW Columbia, Suite 1600
Portland, OR 97201
503-222-6060
goodman@econw.com

Table of Contents

EXECUTIVE SUMMARY	i
1. PURPOSE AND CONTEXT	1
2. UNMET HOUSING NEED IN HOOD RIVER.....	9
3. IMPLEMENTATION FRAMEWORK AND HOUSING STRATEGIES	23
APPENDIX A: HOOD RIVER'S UNMET HOUSING NEEDS	56
APPENDIX B: EQUITY FRAMEWORK.....	64
APPENDIX C: ADVISORY COMMUNITY TASK FORCE SUMMARY.....	70

This page intentionally left blank.

Executive Summary

Hood River is not meeting its affordable housing needs. Renters, many who have lived in the community for years, have increasingly limited housing options as the area's quality of life continues to attract more residents. Many essential workers live paycheck to paycheck with household budgets that are increasingly burdened by the cost of housing. About 43% of renters in Hood River are cost burdened (i.e., paying 30% or more of their income in rent), with cost burden highest among households with lower incomes. Homeownership is not an option for most people living and working in Hood River, and employers struggle to attract and retain workers because of housing costs and the general scarcity of rental and ownership housing.

Renewed Focus on Affordability

The City of Hood River has an important role in ensuring housing is available for those who live here, at a price point they can afford. The City continues to identify and implement actions to support housing development and increase affordability. In 2021, the City made an ambitious investment by purchasing seven acres of land at 780 Rand Road for the development of affordable housing. The City contracted with a development consultant to identify feasible development scenarios and then solicited an affordable housing developer to finance, design and build affordable housing on the site.

But the City can make only so many direct investments on its own, and Hood River's unique challenges require targeted solutions. The limited land that is available for new development is concentrated on the west side, is not well-organized, is priced at a premium, and often lacks the infrastructure necessary for it to be development ready. In addition, the City controls little land and has no dedicated funding source to acquire more land to make available for development. And, given its size, the City has no dedicated staff working exclusively (or even primarily) on housing issues. This Strategy will help Hood River take the next steps to support affordable housing development.

How can the Strategy increase affordable housing development?

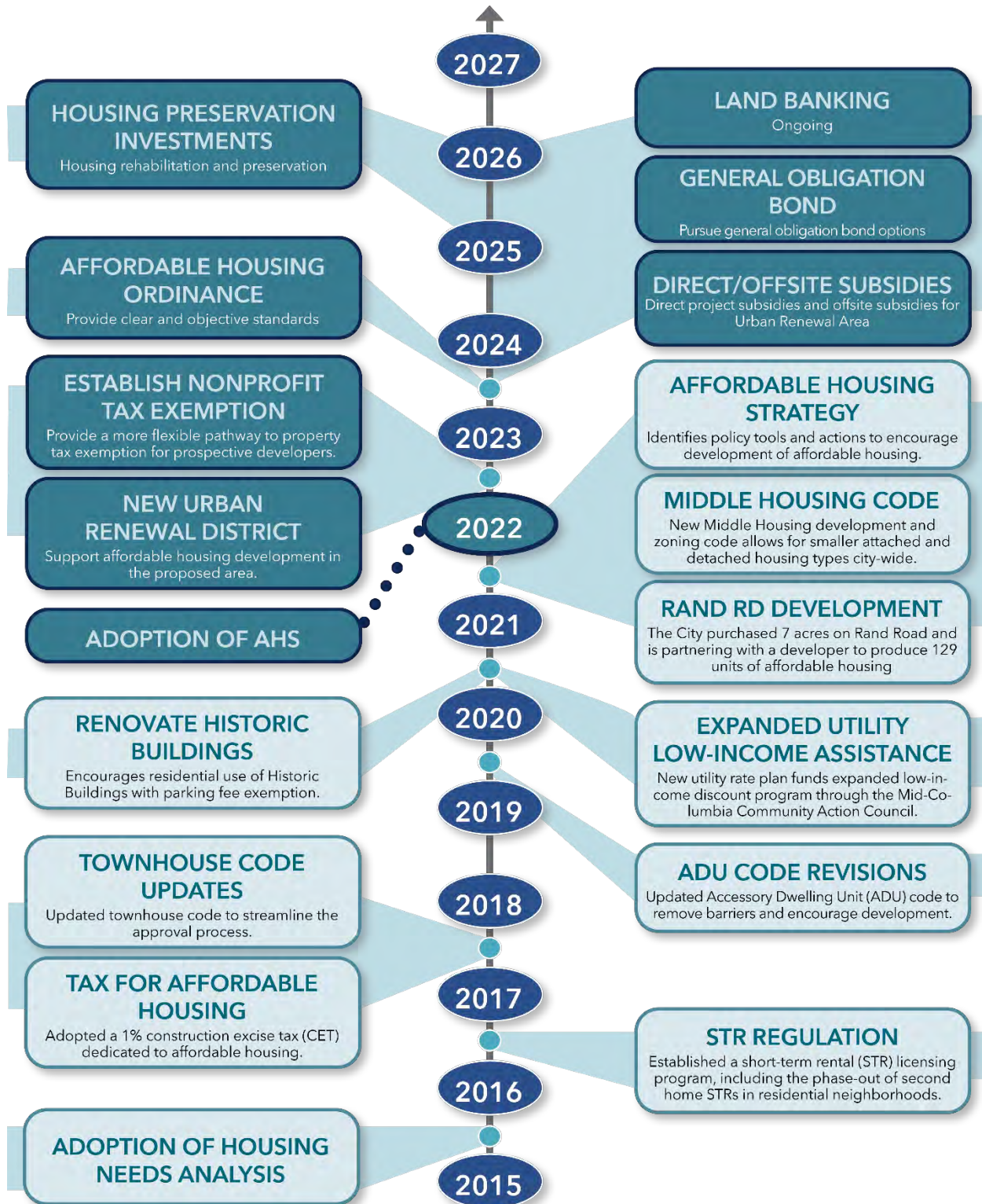
This Strategy identifies and describes actions and implementation steps to address housing affordability and encourages the development and preservation of housing units to better meet residents' affordability needs. With this Strategy, the City has identified a set of actions to support new and existing affordable development. The actions will encourage the development of more diverse housing types, grow partnerships with housing providers and agencies involved in housing issues, and reduce displacement risk for Hood River residents.

Hood River Affordable Housing Strategy, 2022-2027

Strategies	What is it?	How does the strategy help?
A. Provide Offsite Infrastructure Subsidies 2023-2026: first investments made	New road connections, water or sewer pipes, sidewalks, or other infrastructure that make development possible.	Reduces the time, cost and uncertainty of building off-site infrastructure, which can delay housing development and drive up costs.
B. Continue City-led Land Banking 2023-2026: additional investments	The City will purchase land and when ready, sell or give that land to affordable housing developers to build new units.	Provides a source of publicly controlled land for future development. Site control directs the type of development that may occur.
C. Establish Nonprofit Low-Income Rental Housing Tax Exemption 2022: establish program	Offers nonprofit affordable housing developers the ability to receive a property tax exemption without partnering with the housing authority.	Provides an alternative pathway to gain a property tax exemption, which lowers ongoing operating costs for publicly subsidized affordable housing.
D. Provide Direct Project Subsidies for New Construction 2023-2026: first investments made	Subsidies to support new construction, such as for onsite infrastructure (such as internal roads or utility connections), predevelopment costs (e.g., due diligence), serve as lower-cost capital for construction financing (with lower interest rates), or provide direct upfront grants during the development phase in exchange for deeper levels of affordability.	Building affordable housing often costs more than the available funding for the development, leaving a funding gap. Affordable housing developers may need flexible subsidies to fill funding gaps.
E. Continue Housing Rehabilitation / Preservation 2022: STR change 2025+: Potential partnerships	<p>The City's existing Short-term Rental (STR) policy could be changed to limit the number of STR licenses to one per person.</p> <p>The City could fund the rehabilitation of existing low-cost market rate units, in exchange for agreement to ensure housing remains affordable.</p>	<p>Adjustments to the City's STR policy will ensure that multifamily buildings owned by a single entity do not convert to STRs and remain long-term rentals.</p> <p>Making investments in existing buildings provides a lower cost way to ensure preservation of affordability over time.</p>
F. Develop an Affordable Housing Ordinance 2023-2024: expected adoption	Adoption of changes to Hood River's development code that expedite the review and approval of affordable housing development, subject to clear and objective development standards tailored to meet the needs and impacts of affordable housing.	Through the use of clear and objective standards, and process reform the City can reduce risk, uncertainty, and time required for development review.
G. Establish a New Urban Renewal District 2022: expected Westside URD adoption; Heights URD ongoing	The City has prioritized the formation of a new 445-acre Westside Urban Renewal District and implementation of the existing Heights Urban Renewal District. Affordable housing is a key project that could be funded in these areas, alongside transportation connections, new parks, and trails.	Provides a flexible funding tool that can support many of the key strategies identified in the Affordable Housing Strategy.
H. Pursue a General Obligation Bond 2023: planning and stakeholder engagement	Initiate a process to pursue a GO Bond, which is a type of municipal bond that is authorized by voters and repaid through a dedicated property tax levy.	GO Bond revenue would be the primary funding source to directly support the development of affordable housing.

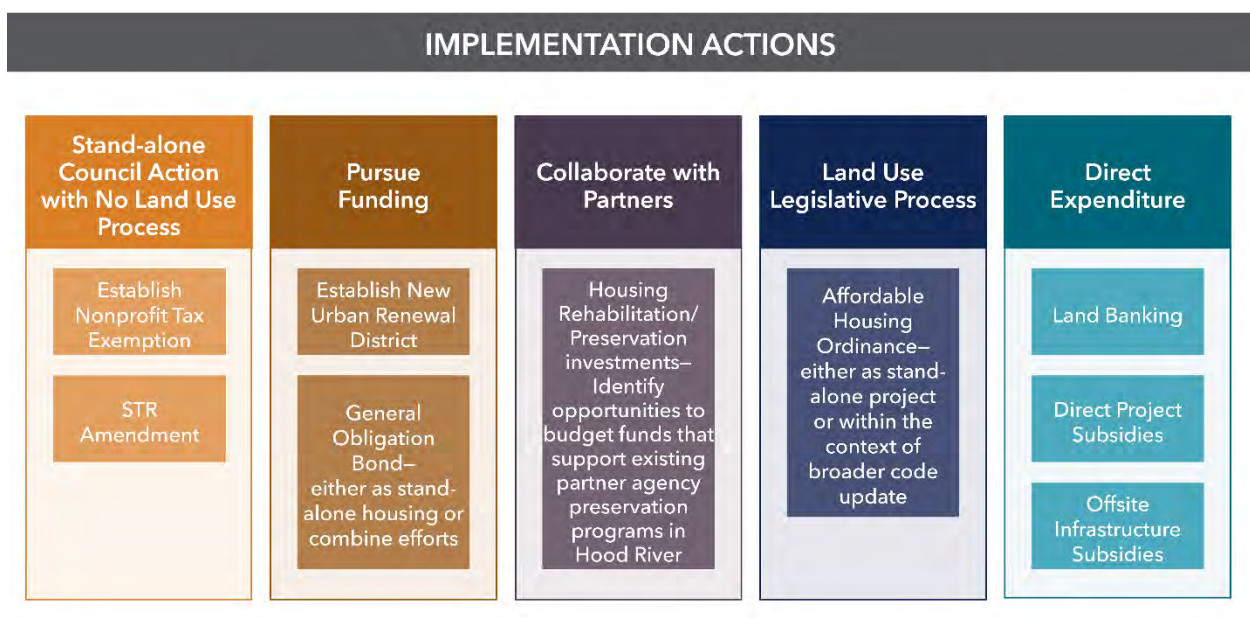
Past, Current, and Future City Efforts to Address Affordable Housing

Since the 2015 adoption of the City's Housing Needs Analysis, the City has worked to recalibrate its housing regulations, aid vulnerable City residents, and make targeted investments in affordable housing.



How will the City implement the Strategy?

Each of the strategies require a different implementation approach, with varying involvement from local partners. Some of the strategies require a stand-alone Council approval process without a land use process (establishing a nonprofit tax exemption or making amendments to the STR regulations) while others will require a land use process that includes mandatory public hearings (affordable housing ordinance). Other strategies will be included as eligible projects under the existing urban renewal planning process that the City has underway. A General Obligation Bond will require time and energy from staff, stakeholders, and Council to develop an investment package that meets community needs. The City will need deeper understanding of potential community support and voter acceptance for a successful General Obligation Bond.

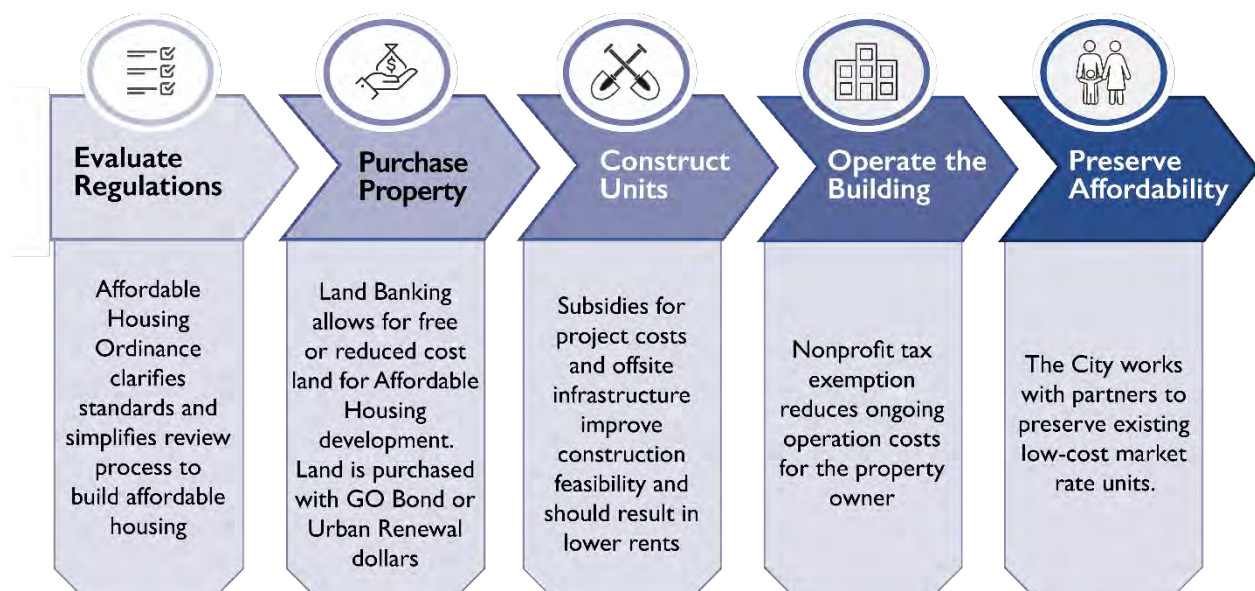


How do these actions help at each stage of the development process?

Delivering housing that is affordable to low-income households requires attention at each step of the development process, from concept to construction and operation. The City's strategies are intended to provide incentives and support at various phases of a development project. The toolkit can help developers at different points in the process overcome obstacles and challenges, making development more financially feasible. The strategies are intended to reduce housing costs and ensure that rents or sales prices are more affordable by making it more financially feasible to build affordable housing.

When these strategies are used by developers of publicly-subsidized affordable housing (housing affordable at 60% or less of MFI), the housing generally includes federal or state funding that require housing to be affordable at income levels of 60% of MFI or less over 30 years or longer. With the long-term affordability ensured, the City should not need to take further steps to ensure that use of these strategies results in long-term affordable housing.

When these strategies are used for development of housing that does not include federal or state funding (i.e., for housing that is affordable above 60% of MFI) the City will need to take additional steps to ensure that the resulting housing is affordable. These steps will likely include agreements between the City and owners of the newly built housing to set an agreed on level of affordability and the length of time that the housing will remain affordable.



How can community partners help?

Realizing this strategy will require additional dedicated resources and funding (beyond the existing Construction Excise Tax) in the form of urban renewal dollars and a general obligation bond. The city has identified strategies that it can use to best support the development of affordable housing, but the delivery requires the participation of key partners who have roles essential to the construction, delivery, and preservation of housing units.

The graphic below shows how each of the partners would play a role in different strategies.

CITY AND PARTNER ROLES						
	City	Urban Renewal Agency	Affordable and Market Developers	Taxing Districts	Local Nonprofit Partners	Employers
Establish New Urban Renewal District	Approve Urban Renewal District Boundaries and Plan	Administer Urban Renewal Plan	Provide input	Consult and confer		
Land Banking	Find and acquire land as funds available (CET, UR, GO Bond)	Implement if included in Urban Renewal Plan	Partner with City to develop with eligible housing			Look for partnership opportunities
Direct Project Subsidies	Implement with Urban Renewal and GO Bond funds	Implement if included in Urban Renewal Plan	Receive for eligible housing developments			
Offsite Infrastructure Subsidies	Implement with Urban Renewal and GO Bond funds	Implement if included in Urban Renewal Plan	Receive for affected housing developments			
Affordable Housing Ordinance	Develop, adopt, and implement		Provide input			
Establish Nonprofit Tax Exemption	Develop, adopt, and implement		Partner with nonprofit to receive exemption	Consider exemption approval	Receive exemption	
Housing Rehab/ Preservation	Provide funds as available				Develop partnership, implement	Look for partnership opportunities
General Obligation Bond	Investigate options, develop concept, vet with stakeholders, send to voters		Build support	Support	Build support	Build support

1. Purpose and Context

Rising housing prices are affecting most communities in Oregon and on the West Coast. Increasing housing prices affect communities in different ways and each community has unique challenges in supporting affordable housing development.

Hood River is no different. Lack of affordable housing has been a problem in Hood River for decades. The 2015 *Hood River Housing Needs Analysis (HNA)* report documented decreasing affordability since at least 2000. Hood River's housing prices increased steadily in the 2000s, dipping with the Great Recession, but continued increasing in the 2010s. By 2021, median home sales prices in Hood River were above \$600,000. Rents also increased over the last couple years with few vacant units on the market, with two-bedroom rental units costing upward of \$1,800 in 2021.

The *Hood River Affordable Housing Strategy (AHS)* builds on the HNA report and the recommendations in the *Hood River Housing Strategy* (2015). Since completion of the HNA, the City addressed each of the recommendations in the *Housing Strategy*, including:

- **Increasing efficiency of land use within the Hood River UGB** through actions such as updating the town house code, removing barriers for accessory dwelling units, allowing multifamily housing in commercial zones, and adopting a middle housing code.
- **Regulate and manage secondary and short-term rental housing** through developing and implementing comprehensive short-term rental regulations.
- **Developing affordable housing** through identifying publicly owned properties for affordable housing development, establishing a construction excise tax (CET), and partnering with affordable housing organizations to support affordable housing development, in addition to the current City-led effort to develop affordable housing on the Rand Road property.

Many of these actions were envisioned in the 2015 Housing Strategy and some have grown out of the City's ongoing support for development of affordable housing. The AHS picks up on some recommendations from the 2015 Housing Strategy, such as evaluating the use of Urban Renewal to support affordable housing development or land banking, and it recommends new strategies discussed later in the document. Implementation of the recommendations in this AHS report will take several years. When the City revisits affordable housing policy in several years, it is likely that some of the recommendations in the AHS will be implemented and other affordable housing policies not discussed in the AHS may also have been adopted as well. Supporting affordable housing development is an iterative process, given changes to the housing market, Hood River's population, and state and federal laws and resources.

Who needs affordable housing?

For most residents of Hood River, affordable homeownership is out of reach. Rental housing costs are increasingly growing out of reach of many residents in Hood River. Most homeownership units are unaffordable to people who work in Hood River. Workers at Hood River businesses have difficulty finding rental housing that is affordable, from service workers to farmworkers to white-collar workers.

One-third of Hood River's households are paying more than they can afford for housing. This is causing long-term residents to move out of Hood River and is a barrier to businesses trying to hire people in Hood River. Hood River has insufficient housing affordable at all income levels, including income-restricted multifamily rental housing, market-rate single-family or multifamily rental housing, entry-level homes for homeownership (like town houses, cottage housing, or small single-family detached housing), and other opportunities for affordable moderate-sized single-family units for homeownership.

Discussions with stakeholders suggest that the difficulty in finding and retaining affordable housing is affecting people across the income spectrum in Hood River. Some examples of the impact of insufficient affordable housing in Hood River (based on discussions with stakeholders) include:

- Employers report that difficulty in finding any housing, much less affordable housing, affects their ability to hire and retain workers, both at lower-wage jobs but also for middle-wage jobs like nurses or managers and sometimes for higher-wage jobs like surgeons.
- Service providers report that there are urgent, unmet needs for affordable housing for people of color, seniors, people with disabilities, and farmworkers, as well as for low-income households. Like other employers, they find it increasingly difficult to attract workers, such as caregivers, which negatively impacts the people they serve who depend on these workers.
- Community members not only report that they have difficulty finding affordable housing but also that the housing inventory in Hood River does not meet their needs, with units that are in poor condition or too small to meet the needs of their households.

What makes developing affordable housing so difficult?

Hood River also has limited vacant residential land for new development. Most vacant land is located on the west side of Hood River and lacks urban infrastructure like water, sanitary sewer, and roads. Very little of Hood River's vacant residential land allows multifamily development.¹ Some prior attempts to build affordable housing have been met with community opposition, resulting in lengthy delays and appeals of development proposals. The limited

¹ *Hood River Housing Needs Analysis*, 2015, ECONorthwest.

amount of vacant land, cost of servicing vacant land, and delays in the development process all make building housing, especially multifamily rental housing, so expensive that the development is not financially feasible.

What has the City done to address affordable housing to date?

City actions to address housing affordability stretch back into the 1990s. City actions to support affordable housing development in the last five years include the following: In 2017, the City adopted a Construction Excise Tax (CET), which provides dedicated funding to support the development of affordable housing. With these funds, the City purchased seven acres of land adjacent to Rand Road for the development of affordable housing. The City has selected a developer to build affordable housing on this site, is applying for state/federal grants, and anticipates the development will produce 129 units of affordable housing. The development will include 90 units affordable to households at 60% of Median Family Income (MFI) and 39 units affordable to households earning 30% of MFI. At 2021 Income Limits,² a one-bedroom unit will rent at \$846 per month at 60% of MFI and \$423 per month at 30% of MFI. These rent figures include basic utilities.

Additional City actions to support the development of housing, especially affordable housing, include regulating the use of housing for short-term rentals, adopting a middle housing code to support the development of more diverse housing types, making it easier to build accessory dwelling units, and providing low-income utility assistance. Regional partners also have programs that support housing affordability. The Mid-Columbia Housing Authority has a housing voucher program that provides direct financial assistance to renter households. The Columbia Cascade Housing Corporation provides down payment assistance to first-time homebuyers. The Mid-Columbia Community Action Council provides housing assistance to prevent and address homelessness. The Mid-Columbia Center for Living provides housing assistance for people with serious and persistent mental illness. These and other programs are described in this report.

Purpose of the Housing Strategy

The Hood River Affordable Housing Strategy identifies strategies (actions) that the City of Hood River can take to further support development of housing affordable to low- and middle-income households, specifically households with income below 120% of Hood River County's Median Family Income (MFI), as discussed in Chapter 2. Nearly two-thirds of Hood River's households have income below 120% of MFI.

This Affordable Housing Strategy (AHS) proposes strategic actions for the City and its partners to work together to achieve equitable outcomes for all residents of Hood River, with an emphasis on improving outcomes for underserved communities and lower-income households.

² <https://www.oregon.gov/ohcs/compliance-monitoring/Documents/rents-incomes/2021/LIHTC/Hood-River-County-2021-Rent-Income-Limits.pdf>

The strategies included in this report are ones that the City will take a leading role in implementing. The number of actions is limited to those actions that may provide the greatest support for development of affordable housing.

The Hood River City Council adopted the following AHS Goals on August 9, 2021:

- Increase and retain housing opportunities for households with incomes up to 120% of Hood River's Median Family Income (MFI).
- Engage residents, employers, housing advocates, service providers, and others affected by housing costs to ensure underrepresented voices are included in project outcomes.
- Adopt limited and actionable number of strategies with strong likelihood to result in affordable housing development.
- Ensure strategies address equity.
- Provide clear guidance about the specific policies, tools, and actions the City will use to encourage the development of affordable housing.

Framework for Incorporating Equity into the AHS

Equitable housing goes beyond affordability. It aims to ensure all people have housing choices that are diverse, high quality, physically accessible, and reasonably priced, with access to employment opportunities, services, and amenities. In Hood River, this includes reducing rates of cost burden and increasing access to homeownership, especially for low-income households and vulnerable groups. Hood River intends to support and increase equitable housing outcomes by developing an AHS that accounts for the needs of underrepresented households, including Latinos and other communities of color, farmworkers, seniors, and workers with low pay such as caregivers, hospitality staff, and retail staff. This broad definition of equitable housing includes choices for homes to buy or rent that are reasonably priced (relative to income) and accessible across all ages, household sizes, abilities, and incomes and are convenient to everyday needs such as transit, schools, childcare, food, and parks.

Equity Framework

Exhibit 1 provides an equity framework to increase the consideration of equity in the project process and implementation (including measuring impact).³ Creating equitable processes will help ensure that diverse and underrepresented communities (including vulnerable and low-income communities) are able to influence and inform policy and program development.

Exhibit 1. Affordable Housing Strategy Equity Framework

AHS Process		AHS Plan and Adoption	
Identify Unmet Housing Needs	Engagement Process	AHS Plan Development	Measurement and Analysis
Identify unmet housing needs, such as lower-income cost-burdened households Identify vulnerable people within Hood River at risk or who could benefit (about 65% of Hood River's population)	Engage community members to learn about their priorities, needs, and challenges to affordable housing Use engagement findings to inform the development and implementation of the project Build community awareness and support through the engagement process	Identify outcomes within the AHS that respond to community needs and promote housing stability and choice, particularly for those households with the unmet housing need.	Develop measurements to understand the impact and progress toward increasing equity of the strategies

The AHS was developed using this equity framework. The strategies in the AHS are intended to increase equitable housing outcomes as the City implements the recommendations of the AHS. Appendix B describes the process that City staff and ECONorthwest used to employ the equity framework throughout the development of the AHS.

Task Force and Stakeholder Involvement

A key part of the equity framework was consulting community members to learn about their priorities, needs, and challenges related to affordable housing. The community outreach process for developing the AHS was collaborative and included input from the following groups:

- **Project Task Force** – The City of Hood River recruited members to a community advisory Task Force that included renters, housing advocates, service providers, employers, people with lived experience in publicly subsidized affordable rental housing, housing developers (both of affordable housing and market-rate housing), and other community members to ensure diverse perspectives are included in project outcomes. The Task Force met five times over seven months to provide multiple rounds of feedback, advice, and input throughout the development of the AHS, providing greater understanding of unmet housing needs in Hood River, considerations about the

³ Adapted by ECONorthwest for the Hood River AHS from “*Making Equity Real in Climate Adaptation and Community Resilience Policies and Programs: A Guidebook*,” The Greenlining Institute, August 2019.

development of housing in Hood River, and priorities for strategies. Some of the feedback provided from Task Force members included:

- Address the need for both rental and ownership units and a variety of unit types to accommodate different household sizes and stages of life
- Identify who is impacted and why it matters to Hood River; connect the data to people in Hood River
- Focus on realistic strategies with most impact and quick implementation
- Consider reducing/removing regulatory barriers – e.g., parking requirements, streamlining permit review
- Help people retain and improve existing housing that is generally more affordable than new market-rate housing, including manufactured homes
- Correlate subsidies to affordability, with priority for the most affordable units
- Ensure existing multifamily rental housing is not converted to short-term rentals
- **Discussions with stakeholders** – The project included seven listening sessions with stakeholder groups to solicit feedback, including two sessions conducted in Spanish. The discussion groups included:
 - **Service providers** for vulnerable populations, to better understand the range of unmet housing needs for seniors, Native peoples, farmworkers, people with disabilities, families with young children, and others. The feedback from this discussion was about the urgent need for affordable housing, especially for low-income people, communities of color, seniors, people with disabilities, and farmworkers. The advice from this discussion for the development of affordable housing was to focus on the development of a variety of types and sizes of affordable housing, create incentives and work with partners, and look for resources from individuals and businesses in the community.
 - **The Latino community** at Spanish language discussion groups, to better understand the unmet housing needs of Hood River’s Latino community. The feedback from these discussion groups was about the fact that the current inventory of housing in Hood River does not meet the needs of this community, both in terms of unit sizes (being too small) and unit condition (being in poor condition and lacking weatherization). Obstacles to obtaining housing are affordability, language barriers, documentation status, and disabilities. The advice from these discussions was to ensure there are opportunities for and access to financial education, down payment assistance, and more outreach.
 - **Employers** in the Hood River area, with the purpose of better understanding their challenges hiring and retaining employees and potential partnership opportunities. Employers report that employees at all wage levels struggle to find affordable housing in Hood River, including restaurant or hospitality workers and middle-wage to high-wage employees like health-care workers or manufacturing. The

feedback from this discussion was about the difficulties posed by insufficient housing and lack of affordable housing for employers in attracting and retaining staff, including middle- and high-wage staff. Employers expressed interest in working with the City and nonprofit organizations to support development of affordable housing for employees of businesses in Hood River County.

- **Affordable housing developers** to understand the specific challenges to developing affordable housing, including recommendations about policies to support income-restricted housing development affordable to low-income households. This group discussed the need for focus on equity to amend past harms. The advice from this discussion for development of affordable housing was to focus on the most powerful tools for developing affordable housing, including site control, nonprofit tax exemption, flexible off-site infrastructure requirements, and urban renewal.
- **Local housing developers and builders** to understand the unique challenges in developing market-rate housing in Hood River and recommendations about policies to support market-rate housing development affordable to middle-income households. The advice from this group focused on the need for a faster, more certain City review process to lower development costs.
- **Local governmental agencies** to discuss opportunities for partnering and support for incentives to develop affordable housing, including policies that would have property tax revenue implications. Through this discussion, the local government partners acknowledged a great need to address affordable housing. Some local government agencies had concerns about potential revenue decreases from reduced property taxes with some strategies. They acknowledged the need for additional dedicated revenue source(s) to support development of affordable housing.

In addition to the engagement above, the City Council met with staff (and sometimes consultants) four times to provide guidance and feedback on development of the AHPS. The City Council met on April 26 and August 9 of 2021 and January 24, 2022, to discuss the AHPS. The City Council will meet on April 25, 2022, to discuss the draft AHPS.

Structure of the Report

The structure of this report is organized as follows:

- **Chapter 2. Unmet Housing Need in Hood River** summarizes the findings about housing affordability in Hood River, with a focus on housing need at varying income levels and housing needs of specific groups of people. It includes a discussion of approaches to support affordable housing implemented in Hood River by the City and regional partners.
- **Chapter 3. Implementation Framework and Housing Strategies** presents the proposed implementation framework for the AHS and information about each of the proposed housing strategies.

- **Appendix A. Hood River’s Unmet Housing Needs** presents the data and analysis necessary to understand Hood River’s unmet housing needs in more detail.
- **Appendix B. Equity Framework** presents the details of the approach to equity used in developing this report.
- **Appendix C. Advisory Community Task Force Summary** presents details of the of Task Force meeting agendas and key take aways.

2. Unmet Housing Need in Hood River

The Affordable Housing Strategy draws from prior studies to describe unmet housing needs in Hood River.⁴ This project does not present substantial new information, except to update key data that changes quickly (such as housing costs) and to provide new information about housing needs not presented in prior studies.

This chapter presents a summary of unmet housing need in Hood River. Appendix A presents this information in more detail.

Housing Affordability in Hood River

The Affordable Housing Strategy is intended to develop policies and actions that address need for affordable housing in Hood River. The first task in the Affordable Housing Strategy is defining what “affordable housing” means.

Throughout this report, we discuss housing affordability based on Median Family Income (MFI) that are defined by the US Department of Housing and Urban Services (HUD) for Hood River County for a family of four people. The terms used to describe housing affordability by income group are:

- **Extremely Low Income:** Less than 30% of MFI or \$23,040 or less for a family of four
- **Very-Low Income:** 30% to 50% of MFI or \$23,040 to \$38,400 for a family of four
- **Low Income:** 50% to 80% of MFI or \$38,400 to \$61,440 for a family of four
- **Middle Income:** 80% to 120% of MFI or \$61,440 to \$92,160 for a family of four
- **High Income:** 120% of MFI or \$92,160+ for a family of four

This project focuses on housing affordable for households with incomes of less than \$92,160 for a family of four or 120% of MFI. Exhibit 2 shows these incomes and affordable monthly rent and home sales price for these income levels. Exhibit 2 also shows professions and average income levels in Hood River County to help illustrate income levels as they relate to profession.

⁴ The *Hood River Housing Needs Analysis* can be accessed from:

https://cityofhoodriver.gov/wp-content/uploads/bsk-pdf-manager/2019/03/19119_HoodRiverHNA2015Final.pdf

The *Update on Housing Market and Demographic Changes in Hood River: 2015 to 2019* can be accessed from:

https://cityofhoodriver.gov/wp-content/uploads/bsk-pdf-manager/2020/02/ECONW_HoodRiver_Dec2019_Final.pdf

The estimates of affordable monthly rent and affordable home sales price in Exhibit 2 (and throughout this report) assume that a household can afford to pay no more than 30% of their gross income on monthly housing costs.⁵ This is a widely accepted standard set by HUD.

Exhibit 2. Household Income and Affordable Housing by Hood River County's Median Family Income (MFI) of \$76,800 for a Family of Four, 2021

Source: US Department of Housing and Urban Development, Hood River, 2021. Oregon Employment Department

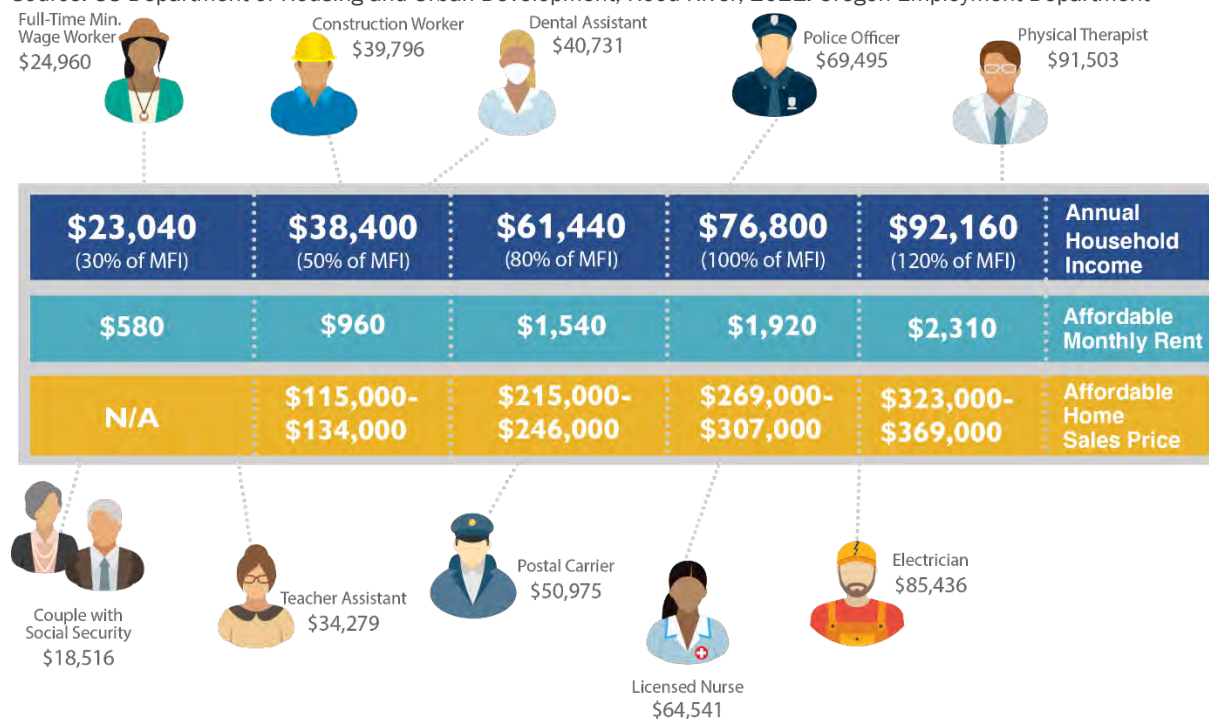


Exhibit 2 illustrates housing affordability for a family of four and shows a few types of jobs and their wages in Hood River. Many households have more than one wage earner. For example, a household with two people working full time at minimum wage would earn about \$50,000, which is about 65% of MFI.

Members of the Task Force who manage businesses or are employers provided additional examples of the income of people working in Hood River, including:

- A barista typically earns about \$45,000 (including tips), which is 59% of MFI.
- A brewery worker typically earns about \$44,000, which is 57% of MFI.
- Pear sorters typically earn about \$30,000, which is 39% of MFI.
- Pear packers typically earn between \$35,000 and \$40,000, which is between 46% and 52% of MFI.






⁵ Monthly rental costs include the cost of rent and selected utilities (such as heat and electricity). Monthly ownership costs include the mortgage payment, property insurance, and selected utilities (such as heat and electricity).

- Forklift drivers for fruit processing typically earn between \$38,000 and \$45,000, which is between 49% and 59% of MFI.
- A person working in the back of house at a restaurant typically earns about \$46,000 (including tips), which is 60% of MFI.
- A waiter at a restaurant earns between \$55,000 and \$75,000 (including tips), which is 72% to 98% of MFI.

Many households are smaller or larger than four people. Exhibit 3 shows how household income and housing affordability vary based on household size. For example, while a household of four with an income of \$23,040 is at 30% of MFI and can afford monthly housing costs of up to \$580, a single-person household with income of \$16,125 is also at 30% of MFI and can afford monthly housing costs of up to \$400. An example household at the upper end of the income limits targeted by this project is a dual-income home with a postal carrier (\$50,975) and dental assistant (\$40,731) with two children.

Exhibit 3. Household Income and Affordable Housing by Hood River County's Median Family Income (MFI) of \$76,800 with Different Household Sizes, 2021

Source: US Department of Housing and Urban Development, Hood River, 2021. Oregon Employment Department

 % of Median Family Income (MFI)	 1-person household		 2-person household		 4-person household		 6-person household		KEY
	Income*	Housing Cost**	Income*	Housing Cost**	Income*	Housing Cost**	Income*	Housing Cost**	
30% MFI	\$16,130	\$400	\$18,430	\$460	\$23,040	\$575	\$28,270	\$710	* Annual Income ** Affordable Monthly Housing Cost
60% MFI	\$32,260	\$810	\$36,880	\$920	\$46,080	\$1,150	\$53,465	\$1,340	
80% MFI	\$43,010	\$1,075	\$49,170	\$1,230	\$61,440	\$1,535	\$71,290	\$1,780	
100% MFI	\$53,760	\$1,345	\$61,440	\$1,535	\$76,800	\$1,920	\$89,090	\$2,230	
120% MFI	\$64,510	\$1,610	\$73,730	\$1,840	\$92,160	\$2,300	\$106,910	\$2,670	

Throughout this document, we distinguish between two levels of affordable housing:

- **Publicly subsidized affordable housing** is housing that is affordable for households with incomes below 60% of MFI. This housing is most commonly multifamily rental housing, but it can be other types of housing. It is typically housing built by groups like a housing authority or nonprofit affordable housing developers. Funding sources for publicly subsidized affordable housing include state and federal programs, such as the Low-Income Housing Tax Credit (LIHTC). The image to the right is of Mid-Columbia Housing Authority's Rio Bella Heights development. It is an example of publicly subsidized affordable housing.



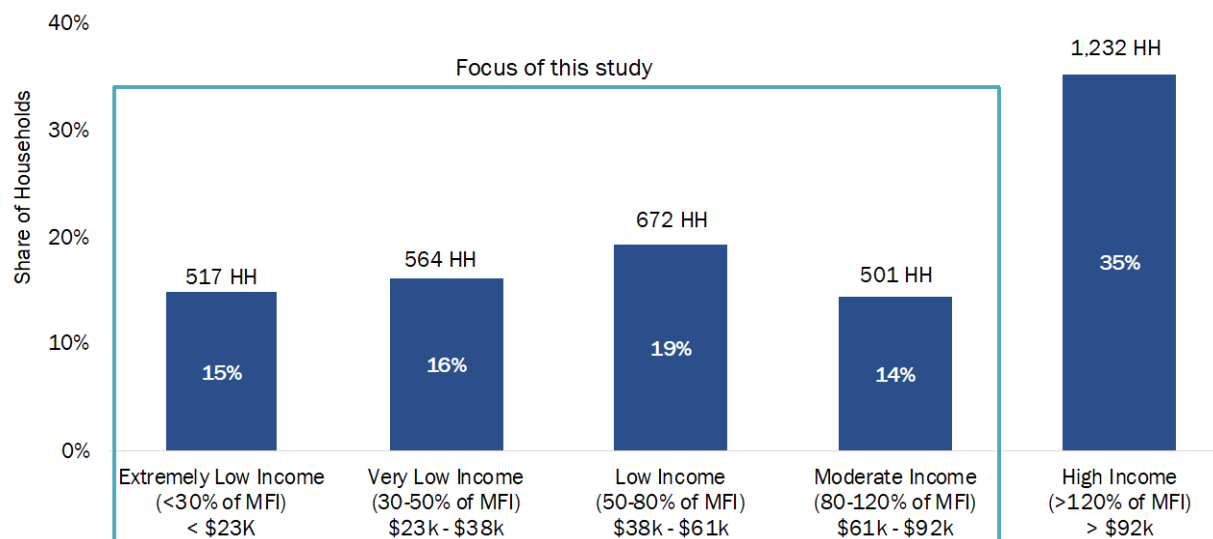
- **Low- and moderate-income affordable housing** is housing that is affordable for households with incomes between 60% and 120% of MFI. This housing is typically built by nonprofit and for-profit housing developers. State and federal funding for this type of housing is less common and subsidies typically come from cities or other affordable housing-oriented nonprofits or organizations.

Exhibit 2 and Exhibit 3 are intended to provide examples of households at a range of incomes and household sizes and the resulting housing costs affordable to these households. Exhibit 4 shows the number of households in each of the groupings of MFI within the City of Hood River. Hood River currently has 2,254 households with incomes below \$92,160. These households are the focus of this study. Most (and perhaps all) of these households have existing housing. But their housing is unaffordable (as discussed below) for many households, especially lower-income households. Some households have already left Hood River because housing was unaffordable for them.

This project focuses on housing affordable for households with incomes of less than \$92,160 for a family of four or 120% of MFI. This includes two-thirds of Hood River's households.

Exhibit 4. Share of Households by Median Family Income (MFI) for Hood River County (\$76,800), City of Hood River, 2019

Source: US Department of HUD, Hood River County, 2021. US Census Bureau, 2015-2019 ACS Table 19001.



One measure of housing affordability is cost burden. A household is defined as cost burdened if their housing costs exceed 30% of their gross income. A household that spends 50% or more of their gross income on housing costs is said to be severely cost burdened. Exhibit 5 shows that 33% of Hood River's households are cost burdened. Renters are cost burdened most frequently, with 43% of Hood River's renter households cost burdened and 22% severely cost burdened. Exhibit 17 (in Appendix A) shows that cost burden is most common for renter households with incomes below \$50,000, more than two-thirds of whom are cost burdened.

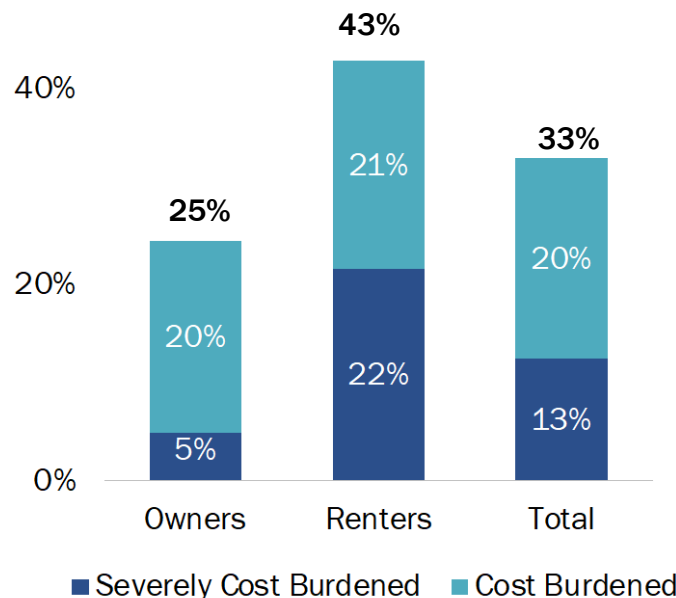
Renters are much more likely to be cost burdened than homeowners.

In the 2015-2019 period, about 43% of Hood River's renters were cost burdened or severely cost burdened, compared to 25% of homeowners.

About 22% of Hood River's renters were severely cost burdened (meaning they paid more than 50% of their income on housing costs alone).

Exhibit 5. Housing Cost Burden by Tenure, Hood River, 2015-2019

Source: US Census Bureau, 2015-2019 ACS Tables B25091 and B25070.



Current rental costs and housing sales prices are out of reach for many households in Hood River. For example:

- **Rental costs are relatively high and vacancies are low.** Exhibit 13 in Appendix A shows that rental costs range from \$1,200 to \$1,800 for a two-bedroom unit. A household would need to have an income between \$48,000 and \$72,000 to afford this rent (63% to 94% of MFI). **More than 40% of existing households in Hood River are unable to afford rent of \$1,200 per month and nearly 60% of existing households are unable to afford \$1,800 in rent.**
- **Housing sales prices in Hood River have increased substantially since 2016,** from about \$450,000 in August 2016 to \$626,500 in August 2021 (Exhibit 12 in Appendix A). This is an increase of \$174,000 or 72%. A household would need to have an income of approximately \$155,000 (202% of MFI) to afford the median sales price in Hood River. **Fewer than 15% of Hood River's households can afford this sales price, putting homeownership out of reach for most households in Hood River, especially sales of newly built housing.**

What was the feedback from stakeholders?

Discussions with stakeholders throughout the project provide anecdotal information about unmet housing needs in Hood River and suggest that the data may understate the urgency of housing affordability problems in Hood River.

Housing for low-income households

Low-income households have incomes below 80% of MFI or \$61,440 for a family of four.

- **Stakeholders report difficulty finding affordable housing for themselves, friends and family, employees, or others.** The problem is especially desperate for renters with lower incomes, who are often unable to find affordable rental housing in Hood River. Some renters report that they have been forced to move multiple times within a year, as their rental units are sold. Stakeholders recommended that the AHS should address need for both affordable rental and homeownership opportunities.
- **Employers report that their employees frequently have difficulty finding affordable housing, either for rental or for ownership.** This is the case for service employees, such as hospitality workers, home health-care givers, or retail workers. Employers report that their middle- and high-wage staff have difficulty finding affordable housing, either for rental or ownership. The lack of affordable housing makes attracting and retaining staff difficult for employees at all levels of wages. Some employees at Hood River businesses live in other cities or areas with lower-cost housing, resulting in higher transportation costs for these households. The high cost of homeownership makes retaining employees who want to own homes difficult because housing is more expensive in Hood River than in most other communities in Oregon.
- **Insufficient amount of rental housing affordable at 80% of MFI and below. This is privately owned rental housing, without income qualification requirements.** The issue is that Hood River does not have enough rental housing to meet demand in Hood River. Households with income between 80% and 120% of MFI may struggle to find rental housing. Stakeholders recommended removing (or reducing) regulatory barriers that make developing housing (at any level of affordability) more difficult.
- **Lack of enough publicly subsidized affordable rental housing that is affordable to households with incomes below 60% of MFI.** These units are owned by nonprofits and other agencies and tenants must be income qualified to rent, having an income of 60% or less of MFI. Hood River does not have enough publicly subsidized affordable housing units to meet need.
- **Need to focus on equity and addressing past harms.** The City should prioritize efforts and resources that support development of the most affordable housing, both greater numbers of affordable units and units that are affordable to households with the greatest challenges.

- **Some people living in publicly subsidized affordable housing may have housing instability if their incomes increase just above income qualifications.** This may result in people having to move out of Hood River because there is not enough lower-cost nonsubsidized rental housing. In addition, there are not enough rentals that accept housing vouchers in Hood River.
- **There are few options for affordable homeownership for households with incomes below 80% of MFI.** The existing homeownership opportunities are generally manufactured housing and units in very poor condition.

Housing for middle-income households

Middle-income households have incomes between 80% and 120% of MFI or \$61,440 to \$92,160 for a family of four.

- **Middle-income renters struggle to find rental housing that meets their needs.** Hood River has a limited supply of rental housing and even middle-income renters struggle to find rental housing that meets their needs.
- **Middle-income households have trouble finding affordable housing.** A household needs to have an income of \$155,000 (or 202% of MFI) to afford the average sales prices of \$625,000 for housing in Hood River. The middle-income households with the highest income may be able to afford a house costing up to \$370,000, which is considerably below the average sales price of housing in Hood River.
- **Retaining workers with middle income is challenging, given the housing constraints.** Middle-income workers include professions such as teachers, nurses, managers, electricians, or police officers. Employers report that they struggle to attract and retain middle-income workers because of the limited housing options in Hood River.

People of color and farmworkers.

Information about the incomes for people of color and farmworkers is scarce. The largest community of color in Hood River is Latino (of any race), which accounts for about 21% of Hood River's population. Other communities of color are represented in Hood River, including people of two or more races, Black, Asian, and other races.⁶ In addition, Indigenous people live in Hood River County and lived in the area before white settlement. In addition, Hood River County is home to approximately 7,500 farmworkers.⁷

Median household income for Latinos (the largest community of color in Hood River) is nearly \$49,000 or 81% of the citywide average. A household with that income can afford about \$1,200 in rent, which is the lower end of rental costs for a two-bedroom unit.

⁶ Source: US Census American Community Survey.

⁷ The estimate of farmworkers is for 2017, summarized in the draft report for Oregon Housing and Community Services: *Cultivating Home: A Study of Farmworker Housing In Hood River, Marion, Morrow, and Yamhill Counties in Oregon*. The original data source is the National Center for Farmworker Health 2012 and 2017 farmworker population

Incomes are generally lower than average for many communities of color. Exhibit 21 (in Appendix A) shows that median household income is about \$60,500 for all households in Hood River. In comparison, income for Latino households was about \$48,900 (81% of the median household income) and \$34,790 for households with a household head identifying as Two or More Races (57% of the median household income). Farmworker households have lower incomes, often between \$20,000 and \$25,000 per household.⁸

These lower-than-average incomes make finding housing harder. A household with an income of \$48,000 can afford about \$1,200 per month in rent and a household with an income of \$25,000 can afford \$625 per month in rent. Rent for a two-bedroom unit varies from \$1,200 to \$1,800 (Exhibit 13 in Appendix A). Larger units with more bedrooms have higher rents. The rental market in Hood River is tight enough that finding a rental at the lower range of costs is very difficult and often impossible. Given the lower incomes for people of color and the significantly lower-than-average incomes for farmworkers, these groups of people are often priced out of renting in Hood River. Given the average home sales prices, people with these incomes are unable to find affordable homes for ownership in Hood River.

Discussions with service providers confirm what the data above tells us: there is urgent need for affordable housing for communities of color and farmworkers. Discussions with the Latino community suggest that the current housing stock in Hood River is not only unaffordable but often does not meet their needs because unit sizes are too small (especially for multigenerational households) and more affordable units are often in poor condition and energy inefficient.

Obstacles for the Latino community in obtaining housing include language barriers, documentation status, disabilities, and affordability. In addition, the characteristics of existing housing stock in Hood River, such as unit size, do not meet the needs for some Latino households. The discussions with the Latino community indicate that more assistance is needed on the following topics: financial education, better outreach to the Latino community, and down payment assistance. Many of these needs are met by existing programs (shown in Exhibit 7).

Seniors

People over 65 years old have an average income of about \$39,600 (Exhibit 20 in Appendix A) and can afford about \$990 in rent. That is below the average rental costs for all rental units except studio apartments. Discussions with service providers suggest that many seniors want to stay in Hood River but are having difficulty affording

People over 65 years old have an average income of about \$39,600 and can afford about \$990 in rent.

estimates. Some of these farmworkers may be accounted for in the Census' estimate of Latino population in Hood River and Hood River County, but some of these farmworkers may not be accounted for by the Census.

⁸ Draft report for Oregon Housing and Community Services: *Cultivating Home: A Study of Farmworker Housing In Hood River, Marion, Morrow, and Yamhill Counties in Oregon*.

and finding rental housing and many cannot afford senior living centers. In addition, many seniors depend on their home health-care workers to continue living independently.

Caregivers generally have difficulty finding affordable housing in Hood River and commuting costs can easily exceed pay for caregivers. If caregivers are unable to continue working in Hood River, some seniors may be forced to leave Hood River or may be forced into nursing homes (oftentimes located outside of Hood River).

Summary of Hood River's Unmet Housing Needs

Hood River's unmet housing needs include the housing needs of people who are currently living in Hood River and are cost burdened with incomes below 120% of MFI (\$92,160 for a family of four), plus many of the new households with incomes below 120% of MFI who are forecast to move into Hood River by 2035.⁹ Exhibit 6 shows:

- Most households with unmet housing needs have incomes below 50% of MFI, accounting for about 970 households or 60% of existing and new households with unmet housing needs.
- Fewer households have unmet housing needs with higher incomes.
 - About 480 households have (or will have) incomes between 50% and 80% of MFI and are cost burdened, accounting for about one-third of households with unmet housing needs.
 - About 152 households have (or will have) incomes between 80% and 120% of MFI and are cost burdened, accounting for about 9% of households with unmet housing needs.

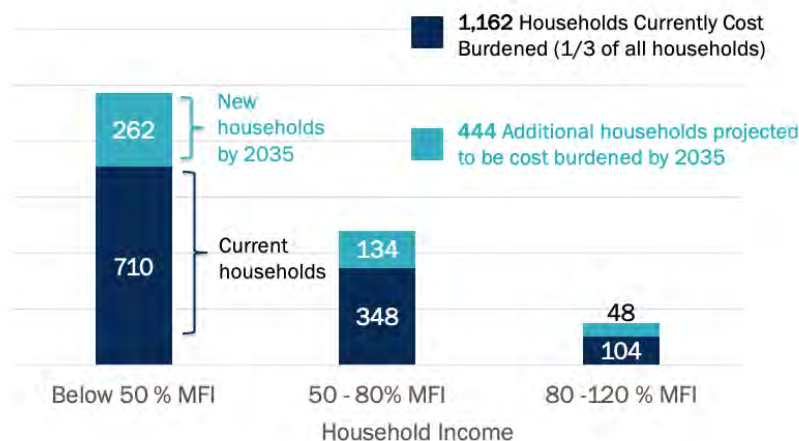
⁹ We estimated the amount of unmet housing need based on existing households and new households who are cost burdened with incomes below 120% of MFI (forecast to grow in the city between 2022 and 2035) based on data from the US Census American Community Survey. Hood River currently has about 3,486 households, 66% of whom have incomes 120% or less of MFI. The *Hood River Housing Needs Analysis* forecasts growth of 1,985 new households between 2015 and 2035. We prorated the forecast for the 13 years between 2022 and 2035, which is 1,290 new households.

The households who will have the greatest unmet housing needs are those with the lowest incomes.

These households include a larger share of people of color, people working in the service industry (such as hospitality workers, home health-care givers, or retail workers), farmworkers, seniors, and other low-income households.

Exhibit 6. Estimate of Households with Unmet Housing Needs, Households with Income Below 120% of MFI, Hood River, 2021

Source: Analysis by ECONorthwest based on information from: US Department of HUD, Hood River County, 2021; US Census Bureau, 2015-2019 ACS; and the Hood River Housing Needs Analysis, 2015.



What housing strategies are already implemented in Hood River?

Since 2008, the City of Hood River has completed and implemented a variety of strategies to support development of affordable housing and all types of housing. Many of these strategies were recommendations from the *Hood River Housing Needs Analysis* report. This section provides a summary of strategies that have been completed or are under implementation by the City of Hood River to support development of affordable housing and all types of housing.

Existing City of Hood River Affordable Housing Strategies

- Construction Excise Tax (CET)** – The City adopted a 1% Construction Excise Tax (CET) dedicated to affordable housing in 2017. A CET is a fee on construction value of developments. The City dedicates its share of CET to affordable housing investments. The City has raised a total of \$638,561 as of FY 2020-21 and is using the CET local program funds to pay back the loan for the purchase of 780 Rand Road (\$326,424 to date). As of late 2021, \$205,292 is available in developer incentives, which likely will be used as development incentives for redevelopment of the Rand Road property. By law, 15% of the funds (\$106,844 to date) is passed through to the State (OHCS). The pass-through funds come back to the city/region through a down payment assistance program administered by Columbia-Cascade Housing Corporation.
- Low-income Utility Assistance** – The City first offered a low-income utility rate discount in 2008. In 2021, the program was expanded to serve renters. Income-eligible renting households can have the value of the City water/sewer discount applied toward their Pacific Power bill. This reaches eligible households on shared meters, such as in an apartment complex or mobile home park. The City provides operational support for

Mid-Columbia Community Action Council (MCCAC) (\$35,000 annually) to provide income verifications and promote low-income assistance program availability, generally.

- **Public Land Disposition** – The City inventoried its publicly owned property with the assistance of a real estate agent and, as of 2021, is positioning properties for sale. The City is working to dispose of some properties and dedicate the funds to development of 780 Rand Road. The City’s real estate agent estimates a sale value of \$400,000.
- **Parcel Assembly/Land banking/Purchase Land** – The City purchased seven acres of land adjacent to Rand Road for the development of affordable housing at a price of \$1.2 million. Leland Consulting Group prepared a development strategy for the land in 2020 and assisted the City with developer selections. The City selected Community Development Partners (CDP) as its preferred developer in 2022. CDP is currently applying for state and federal housing grants. If successfully funded, the City anticipates the development will produce 129 units of affordable housing completed as early as 2025.

Additional efforts to assemble land for affordable housing developments that have not moved forward include:

- The proposed relocation of ODOT maintenance yard, currently located on 2.8 acres on Cascade Avenue, to a site adjacent to Interstate 84. ODOT estimated the cost to the City to move the yard at \$6.5 million. The City determined funds could be used more efficiently elsewhere.
- The City pursued a zone change on a portion of city-owned land currently used as a passive park and disc golf course to facilitate development of affordable housing in partnership with the local housing authority. The change of use for the park was opposed by local residents, and voters passed a charter amendment barring sale or transfer of property rights of any park without a public vote.
- **SDC Deferment** – The municipal code authorizes the City manager to allow deferment of actual payment of an SDC until an agreed later time subject to financial guarantee, interest, and administrative expenses. A deferment allows developers to pay SDCs later in the construction process or after construction is complete, decreasing upfront development costs.
- **SDC Exemption** – The City exempts, either in part or in full, housing that receives federal funding, such as Low-Income Housing Tax Credits, and is deed restricted as income-restricted affordable housing for at least 40 years. This exemption is an effective subsidy because the cost of the system capacity upgrades associated with the eligible housing must be offset with other funds.

Other Housing Policies that Affect All Types of Housing

In addition to the affordable housing strategies listed above, the City has implemented strategies to increase development of all types of housing in the city, some of which may support development of affordable housing. The following is a non-exhaustive list of housing strategies the City has implemented in recent years:

- **Short-Term Rental Regulation** – The City established a licensing program for Short-term Rentals (STRs) which also phased out second home STRs in residential neighborhoods in 2016. After experiencing rapid growth in the number of STRs in the early 2010s, the number of STRs has plateaued between 185 and 205 for the last five years. By 2023, approximately 85 “grandfathered” STRs will be required to come into full compliance with STR regulations, which means either becoming the primary residence of the owner or ceasing short-term rental activities in residentially zoned areas.
- **Middle Housing Code** – In 2021, the City adopted a “Middle Housing Code” to support development of diverse housing types, increase the variety of housing types available for households, provide opportunities for small dwelling units within existing neighborhoods, increase opportunities for homeownership, and provide opportunities for infill development that are compatible with existing neighborhoods ([HRMC 17.25](#)).
- **Encourage residential use in historic buildings** – Provides in-lieu parking fee exemption for reuse of Historic Buildings for residential use. (2020)
- **ADU code update** – Updated standards for Accessory Dwelling Units (ADU) to eliminate primary residency and parking requirements. (2019)
- **Townhouse code update** – Streamlined approval process for town homes. (2017)
- **Reimbursement District** – The City created the option for developers to create reimbursement districts in 2003 via Ordinance 1849 ([HRMC 13.17](#)). Several developers have used this code to help pay for shared public infrastructure.
- **Local Improvement District (LID)** – A Local Improvement District enables a group of property owners to share the cost of a project or infrastructural improvement. The Hood River Municipal Code currently allows Local Improvement Districts to be either initiated by property owners or the City Council ([HRMC 13.16](#)). Local Improvement Districts charge properties within the boundary for their proportional share of public infrastructure.
- **Multifamily housing in C-2 zone** – Multifamily residential development is a permitted use in the City’s General Commercial (C-2) zone (added minimum density standard in 2011).

Affordable Housing Programs in Hood River Implemented by Partners

Community partners already lead affordable housing programs and strategies in Hood River. The strategies in Exhibit 7 have not been included in the list for consideration as part of the AHS project. However, the City is exploring opportunities to support the programs in Exhibit 7.

Exhibit 7. Affordable Housing Programs in Hood River Implemented by Partners

Mid-Columbia Housing Authority (MCHA)	Mid-Columbia Community Action Council (MCCAC)
<ul style="list-style-type: none"> ▪ Housing Choice and Mainstream Voucher (HCV) program: housing subsidy provided to landlords for very low-income, elderly, or disabled individuals and families renting in the private market. ▪ Mainstream Voucher (MSV) Program: housing subsidy provided to landlords for nonelderly persons with disabilities who are homeless, at risk, and exiting institutional settings to rent in the private market. ▪ Housing Access and Supports (HAS): tenant-based rental assistance for low-income individuals with serious and persistent mental illness. ▪ Valley Individual Development Account (VIDA) Program: a matched savings program that matches participant savings with \$3 for every \$1 saved and provides free financial education and support to meeting an asset goal of homeownership, small business start-up or expansion, or postsecondary education or job training. ▪ Family Self-Sufficiency Program: an employment and savings incentive program for low-income families that have housing vouchers or live in publicly subsidized housing. 	<ul style="list-style-type: none"> ▪ Houseless Assistance: shelter and rehousing assistance for individuals facing or experiencing houselessness. ▪ Rent Assistance: tenant-based rental assistance for low-income households. ▪ Supportive Services for Veteran Families (SSVF) Program: support services for low- or no-income veterans and their households to prevent houselessness or acquire permanent housing. ▪ Energy and Utility Assistance: benefits provided toward heating, natural gas, electricity, wood, propane, and oil based on income, household size, and energy usage. ▪ Home Weatherization Assistance: in-home energy efficiency improvement assistance for households with low incomes. Includes insulation, testing, space and water heater repair and replacements.
Columbia Cascade Housing Corporation (CCHC)	Mid-Columbia Center for Living
<ul style="list-style-type: none"> ▪ Down Payment Assistance: offers up to \$15,000 for first-time homebuyers that meet income limits (\$76,800 in Hood River) ▪ Home Repair Program: offers grants of \$20,000 to low- and moderate-income homeowners to be used for health and safety improvements. ▪ Foreclosure Avoidance and Counseling: free counseling for homeowners in foreclosure or pre-foreclosure. ▪ Affordable Housing Development: includes affordable rental and for-sale housing ▪ Financial Literacy and Homebuyer Education programs. 	<ul style="list-style-type: none"> ▪ Housing Access and Supports (HAS): tenant-based rental assistance for low-income individuals with serious & persistent mental illness

3. Implementation Framework and Housing Strategies

Community stakeholders and market research provided insights to the greatest needs and opportunities for affordable housing in Hood River. Throughout the process, the City asked its leaders and partners, **What are the actions we can take in the next five years (2022 through 2026) to address Hood River’s affordable housing needs?**

This section establishes an implementation framework for the Affordable Housing Strategy. It begins with an outline of the City’s housing initiatives, which shows how the strategies fit together to support housing development at different income levels. It also includes a discussion of partners and funding options. It includes the details of the strategies recommended through this project. The section concludes with a discussion of additional issues and recommendations that are not included in the strategies.

Who will the AHS serve?

Most of the strategies and funding tools discussed in this section can be used to meet housing needs at different income levels. This section describes how groupings of strategies, into initiatives, are necessary to work together to meet Hood River’s housing needs.

The City has developed a set of four initiatives that address key housing needs in the city. The initiatives comprise a set of potential city-led strategies, funding sources, and potential partnerships with other entities that help to achieve an overarching goal. By bundling strategies and funding sources, the City acknowledges that several strategies and partnerships are necessary to achieve the City’s housing goals.

Exhibit 8. Hood River Affordable Housing Initiatives

<p>Encourage Production of Publicly Subsidized Affordable Housing Units <i>(affordable to households with incomes less than 60% of MFI)</i></p>	<p>There are few housing options available in Hood River that are affordable to families making less than 60% of area median income (\$46,080 for a family of four). To advance this initiative, the City will offer direct subsidies for off-site infrastructure projects, support projects directly through project-level grants, seek out opportunities for land banking, and implement a new property tax exemption for publicly subsidized units. <i>Key funding sources are Urban Renewal and Voter Approved General Obligation Bond.</i></p>
<p>Remove Barriers to Producing Low- and Moderate-Income Affordable Rental Housing <i>(affordable to households with incomes between 60 and 120% of MFI)</i></p>	<p>To encourage moderate-income rental housing, the City will offer subsidies for off-site infrastructure projects (especially in the proposed Westside Urban Renewal District) and support projects directly through limited project-level grants. The City will create clear and objective standards for housing development and provide more flexibility for the creation of these housing types. <i>Key funding sources are the Urban Renewal District and (to a lesser extent) a General Obligation Bond.</i></p>
<p>Opportunities for Affordable Homeownership <i>(affordable to households with incomes less than 120% of MFI)</i></p>	<p>Homeownership has been out of reach for Hood River’s moderate-income families. This initiative is aimed at households with incomes of less than 120% of MFI. In addition to the strategies outlined for the moderate-income rental housing above, the City will seek to lower the barriers to entry for prospective homeowners through partnerships with Community Land Trusts and affordable housing cooperatives. <i>Key funding sources are the proposed Urban Renewal District and (to a lesser extent) a General Obligation Bond.</i></p>
<p>Preserve Existing Low- and Moderate-Income Affordable Housing <i>(affordable to households with incomes between 60 and 80% of MFI)</i></p>	<p>The City and nonprofit partners will work with the owners of the City’s existing stock of older, market-rate units to rehabilitate units while ensuring permanent affordability in existing low- and moderate-income rental and ownership housing units. <i>Key funding source is the General Obligation Bond.</i></p>

Exhibit 9 matches the proposed strategies with the initiatives.

Exhibit 9. Housing Initiatives and the AHS Strategies

■ Larger investment □ Smaller investment

	Encourage Production of New Publicly Subsidized Affordable Housing Units	Remove Barriers to Producing Low- and Moderate-Income Affordable Rental Housing	Opportunities for Affordable Homeownership	Preserve Existing Low- and Moderate-Income Affordable Housing
Affordable to households making...	Less than 60% MFI (Less than \$46,080/year)	60-120% MFI (\$46,080 - \$92,160/ year)	60-120% MFI (\$46,080 - \$92,160/year) ¹⁰	60-80% MFI (\$46,080 - \$61,440/ year)
Strategies				
A. Provide Off-Site Infrastructure Subsidies	■	■	■	
B. Continue City-Led Land Banking	■	□	□	□
C. Establish the Nonprofit Low-Income Rental Housing Tax Exemption	■			■
D. Provide Direct Project Subsidies for New Construction	■	□	□	
E. Support Housing Rehabilitation / Preservation				■
F. Develop an Affordable Housing Ordinance	■	■	■	□
Funding Sources				
G. Establish a New Urban Renewal District	■	■	■	□
H. Pursue a General Obligation Bond	■	□	□	■

¹⁰ These estimates of income are for a family of four. Median income varies by household size. For example, 120% of MFI for a single-person household is \$64,510 and 120% of MFI for a family of six people is \$106,900.

Who will implement the strategies?

Actions identified in this plan are those that the City can lead and implement with the support of its partners. The descriptions of the strategies in this chapter call out the partners for each strategy.

When will the City make investments?

This AHS is a 5-year strategy running through 2027. The strategies arose as the best opportunities for responding to immediate needs while also establishing a system for the City to continue its work for the long term. Some of the strategies, like advancing the General Obligation Bond, will take longer to implement.

An important factor for understanding when the City will take action on the items in this plan is the capacity of City staff to work on and implement the strategies. There are currently no staff dedicated to addressing housing issues. If the City hires staff to focus on housing issues, then the strategies in this plan could be implemented faster.

How long will housing be affordable?

There are several mechanisms that can ensure affordability of new publicly subsidized affordable rental housing units. Housing developed by the Mid-Columbia Housing Authority remains affordable as long as it is owned by the Housing Authority. Projects developed with LIHTC credits have built-in guaranteed affordability because LIHTC credits require affordability for 30 years. Community Land Trusts usually have long-term affordability requirements.

Outside of those housing types, the City will need to decide if it will require long-term affordability when investing public funds to support development or preservation of housing. If so, the City could implement a deed restriction (which would require ongoing administration) or a development agreement between the City and property owner. Alternatively, the City could partner with a nonprofit who could use their own enforcement mechanisms to ensure affordability.

The level of affordability restriction should generally increase with the level of public dollars invested in a project. This will likely occur on a case-by-case basis (through development agreements or deed restrictions), but generally the project should have a stronger affordability requirement if the City provides large subsidies or free land.

How will the City monitor progress?

The City will review its progress toward the plan on an annual basis, coinciding with Council work planning. During the review, the City will document the implementation actions taken over the previous year, along with the housing development activity that has occurred. Key questions that Council can consider in its assessment include:

- Are additional actions needed to address new or changing conditions?
- Is staff capacity sufficient to meaningfully advance the strategies?
- What benefits has the City seen from its efforts to date? Are the City's residents, and especially its lower-income residents and communities of color, seeing a return on the investments that the City has made?

In addition, the City can track indicators of plan progress (see Exhibit 10).

Exhibit 10. Monitoring by Strategy

Strategies	Annual monitoring
Overall Monitoring	<ul style="list-style-type: none"> ▪ Number of affordable units developed by income range ▪ Number of affordable projects developed
A. Provide Off-Site Infrastructure Subsidies	<ul style="list-style-type: none"> ▪ Amount of funding dispersed for off-site infrastructure ▪ Projects & units the off-site infrastructure subsidies support
B. Continue City-Led Land Banking	<ul style="list-style-type: none"> ▪ Number of acres acquired for land banking
C. Establish the Nonprofit Low-Income Rental Housing Tax Exemption	<ul style="list-style-type: none"> ▪ Number of inquiries about tax exemption ▪ Number of projects (and units) granted tax exemption
D. Provide Direct Project Subsidies for New Construction	<ul style="list-style-type: none"> ▪ Amount of funding dispersed for direct project subsidies ▪ Number of projects (and units) receiving direct project subsidies
E. Support Housing Rehabilitation/Preservation Part 1: STR License Update Part 2: Support Existing Efforts	<ul style="list-style-type: none"> ▪ Number of STR licenses for multi-family units in C-1 & C-2 ▪ Amount of funding used for rehabilitation or preservation ▪ Number of units where funding was given for rehabilitation or preservation ▪ New partnerships established or expanded for preservation
F. Develop an Affordable Housing Ordinance	<ul style="list-style-type: none"> ▪ Adopt clear & objective standards for affordable housing development ▪ Number of affordable units built using the new regulations
G. Establish a New Urban Renewal District	<ul style="list-style-type: none"> ▪ Urban Renewal Plan adoption ▪ Amount of funding investments made with urban renewal dollars to support affordable housing ▪ Number of affordable units built using urban renewal dollars
H. Pursue a General Obligation Bond	<ul style="list-style-type: none"> ▪ Pre-vote: Polling results, proposed projects ▪ Post-vote: Investments completed

In addition, the City could monitor current market conditions to help the Council understand the context in which the overall Affordable Housing Strategy is operating:

- Number and type of new homes produced and total within the city over time - tenure, size, sales price/asking rent, and unit type
- Share of rent-burdened residents
- Sales prices and rents for existing homes
- Number, location, and expiration date of regulated affordable units with change in units provided over time

How will the City fund the strategies?

One of the key limitations to implementing the actions in AHS is the availability of funding. Funding is needed not only to build units, preserve affordable housing, and provide access to equitable housing, but also for staff time to implement the Plan. Identifying a set of realistic funding sources is necessary for achieving the vision of affordable housing in Hood River.

A robust set of housing preservation and development programs requires funding sources that are dedicated toward these activities and that are stable and flexible. In addition to existing available funding options, the City will need to pursue new funding sources that can help fund its programs.

- **New Urban Renewal District.** Freezes property tax accumulation in a designated Urban Renewal District until the Urban Renewal District expires or pays off bonds. The Urban Renewal District can include a specific, increased set-aside target and more fully fleshed out set of guidelines for investments in (1) acquisition and rehabilitation of existing affordable units or (2) new construction.
- **New General Obligation Bond.** A stable, dedicated revenue source through increased property tax rates (approved by voters). Cities or other jurisdictions can issue bonds backed by the taxing authority of the jurisdiction to pay for capital construction and improvements. Voters in the Portland Metropolitan area approved a \$652.8 million general obligation bond in 2018. A proportionately sized bond in Hood River would be between 10 and \$20 Million. GO bonds are issued for a specific dollar amount and are paid for over the period of the bond through increased property taxes.
- **Construction Excise Tax (CET) Revenues.** Effective 2017, this tax levies 1% of the permit value to go toward developer incentives (e.g., fee and SDC subsidies, tax abatements, etc.), land acquisition for affordable housing, affordable housing programs (for HHs up to 80% of MFI), and statewide homeowner programs. Revenue from the CET fluctuates with construction activity.¹¹ The City's existing CET is dedicated to debt service incurred to acquire the land for affordable housing at 780 Rand Road. This debt will be repaid in FY2029-30.

¹¹ Hood River's CET is 1% for housing development, which is the maximum amount allowed for residential development. Hood River has a 1% CET for commercial and industrial development, which can be increased under State law.

Other Funding Sources Considered

The City has a variety of other options for locally controlled funding sources that could support affordable housing. While this project did not include a robust funding analysis component, the project team discussed these funding sources with the Task Force.

Exhibit 11 provides an overview of which funding sources advanced to the AHS.

Exhibit 11. Funding Sources Evaluated

Recommendation for Inclusion in the AHS?	Revenue Source	Rationale for Inclusion/Exclusion?
Yes	New General Obligation Bond	Could provide a stable, dedicated revenue source
Yes	New Urban Renewal Area	Could provide a stable, dedicated revenue source in an area with limited existing infrastructure.
Yes	Increase existing Construction Excise Tax (CET) on commercial and industrial development	This is included as a recommendation (rather than a strategy) because the City already has CET.
No	Increase Systems Development Charges	Would place burden on market-rate development
No	Increased lodging tax	Only 25% increased revenue could go to housing; 75% dedicated to tourism promotion
No	Increased marijuana tax	Currently at maximum, pending State changes
No	Increased utility fee	Difficult to target charges, not a large nexus between source and use of funds
No	Increased building and planning permit fees	Sized to project valuation and staffing operational costs and capacity
No	New local option levy	GO Bond is a better option for a locally enabled method to capture property taxes for construction
No	New business license fee	Will hinder local business development
No	New food and beverage tax	Require voter approval, unlikely to pass
No	New sales tax	Not politically feasible
No	New payroll/business income tax	May not be politically feasible
No	New real estate transfer tax	Not legal in Oregon
No	New vacant/second home tax	Untested and possibly not legal in Oregon

Partner Funding Sources

Funding sources available at the local, regional, and state levels can be used to fund several projects and programs, such as new construction of subsidized units, renter supports, weatherization programs, and homeownership support programs. These partner funds will be an important part of how the City will advance its housing priorities. As such, the City should seek to develop closer ties with its regional and state partners, track funding cycles, and understand gaps in funding availability.

- **Employers** indicated that they may be willing to donate to a fund that provides housing for their employees
- **Local donors** (such as wealthy individuals or foundations) might be interested in pooling money in a housing fund, but each donor may have specific requirements for their donations
- **Hood River County** administers its own Construction Excise Tax for Affordable Housing
- **Overlapping Taxing Jurisdictions** may support SDC or property tax exemption waivers. Overlapping taxing jurisdictions include Hood River County, Hood River County School District, Port of Hood River, Columbia Gorge Community College, Columbia Area Transit, and Hood River Valley Parks and Recreation District.
- **Partner Organizations** include a range of organizations and agencies. Key partners include Mid-Columbia Housing Authority (MCHA), Columbia Cascade Housing Corporation (CCHC), Mid-Columbia Community Action Council, and Mid-Columbia Center for Living. Their programs are described in Exhibit 7. Service provider partnerships include (but are not limited to) Mid-Columbia's Children's Council, Aging in the Gorge Alliance, Adults and People with Disabilities (part of the Oregon Department of Human Services), Native community organizations such as Nch' Wana, Next Door, health-care organizations such as Bridges to Health or Mid-Columbia Medical Center, and farmworker advocates such as the Oregon Human Development Corporation.
- **State of Oregon**
 - **Oregon Housing and Community Services (OHCS)** funds low-interest loan programs, grants, and tax credits for affordable multifamily rental housing developments through its Multifamily Housing Finance Section ("Section"). The Section works with local jurisdictions and affordable housing developers to provide financing packages to carry out the department's mission to develop and preserve affordable housing, linked with appropriate services, throughout Oregon. In addition, OHCS has a variety of programs that support tenants, including home weatherization and emergency rent supports.

Strategies

The remainder of this chapter provides a detailed outline of the proposed strategies.

A Provide Off-Site Infrastructure Subsidies

Rationale	Lack of off-site infrastructure is a barrier to all types of housing development because it adds uncertainty, time, and cost to development. In particular, review time for off-site infrastructure engineering plans can result in delays, which increase development costs and reduce affordability. Developers typically pay for the costs of building off-site infrastructure, which routinely exceed the cost of SDCs. This results in increased housing development costs and reduction in supply. Having the City rather than developers address infrastructure deficiencies could have the effect of lowering housing costs, if implemented with other strategies that ensure housing will be affordable.
Description	<p>Off-site infrastructure includes new road connections, water or sewer pipes, sidewalks, or other infrastructure. It connects a development site to the city's larger infrastructure systems, such as the road network or sanitary sewer system. Lack of off-site infrastructure may be a barrier to affordable housing development because development cannot occur until the off-site infrastructure deficiencies are addressed.</p> <p>The City can help to reduce the time and cost of building off-site infrastructure where affordable or moderately priced housing will be developed. The result would be a reduction in the cost of building affordable housing. The City's options include providing funding to construct the improvement or shifting infrastructure cost burden to rate payers (e.g., by increasing utility fees) and increasing engineering staff capacity to speed up the review process.</p>
City Role	Fund and build the off-site infrastructure and increase engineering staff capacity to speed up the review process.
Partners	Hood River Urban Renewal Agency, Oregon Department of Transportation, developers, property owners, utilities
Anticipated Impact	
Advancing the Initiatives	<p>Income: Emphasis on subsidies for projects below 60% of MFI, with smaller subsidies up to 80% of MFI, with exception of projects in the URA (maybe up to 100% of MFI), which would help to generate tax increment for the TIF District</p> <p>Housing tenure: Rental and Owner</p>
Housing Production Impact	Medium to High , depending on funds available for developing infrastructure.

Implementation	
Implementation Steps	<ul style="list-style-type: none"> ▪ Identify funding levels available in the Westside Urban Renewal District and other funding opportunities, such as a General Obligation Bond. The City could also evaluate opportunities for supporting affordable projects in the Heights Urban Renewal District. ▪ Develop criteria for granting the subsidy and level of subsidy to support development of affordable housing by answering the questions below. ▪ Identify specific off-site infrastructure improvements (as part of planning for use of Urban Renewal or General Obligation Bond planning). Through these processes, the City will need to develop a list of potential improvements where development could occur if off-site infrastructure problems are addressed. Developing a list of improvements will involve working with property owners to assess their interest in developing affordable housing. ▪ Evaluate staffing needs. The City will likely need a housing manager or planning analyst with at least some of their time dedicated to implementing the Affordable Housing Strategy and building relationships in the community. This role could be partially funded through urban renewal funds for the work that the staff person would be doing on the Westside. ▪ Develop process for evaluation and approval of requests.
Implementation Questions	<p>The City will need to clarify its investment criteria and level of subsidy by answering the following questions:</p> <ul style="list-style-type: none"> ▪ What level of affordability will the City prioritize for funding? The options are (1) publicly subsidized housing affordable to households earning less than 60% of MFI, (2) low- and moderate-income affordable housing affordable to households earning between 60% and 120% of MFI, or (3) both. ▪ What equity considerations should the City use to evaluate potential off-site subsidies? Example considerations include how the City can work with stakeholders to understand how to best center community needs, align projects with other needs besides housing, identify and minimize unintended consequences, or prioritize projects with multiple benefits. ▪ What requirements should the City have for long-term affordability? If the City is only paying for off-site infrastructure for publicly subsidized housing, then the housing will remain affordable at 60% or less of MFI for 30 years because of requirements for state and federal funding. However, if the off-site infrastructure serves multiple developments with different affordability levels, then the affordability requirements could be more flexible. ▪ What level of subsidy is the City willing to commit to a given project? Should there be a cap on off-site infrastructure investments for any one site or a cap based on funding per new dwelling unit? ▪ What process will the City use to evaluate requests? The City will need to determine the process for approving requests and who will make these decisions.

	<ul style="list-style-type: none"> ▪ How will the City or URA make the funds available? The City will need to decide if it has a prioritized list of improvements or if the funds will be available on a first-come, first served basis.
Implementation Timeline	The timeline should align with Urban Renewal plans and issuing a General Obligation Bond. In the near term, the City should set up the program by answering the questions above. The City can execute the program when funding is available.
Funding or Revenue Implications	<ul style="list-style-type: none"> ▪ General Obligation Bond ▪ Urban Renewal (limited to offsite improvements within the Urban Renewal District boundaries) ▪ CET, if the City increases the CET rate for commercial and industrial development

B Continue City-Led Land Banking

Rationale	<p>Hood River has a limited land base for housing development, with little opportunity for urban growth boundary expansion. Land control is critical because costs make affordable housing development difficult or financially infeasible. Control of land also allows the owner to determine how land is developed. Land costs account for a substantial portion of the costs of developing housing. Thus, removing or reducing land costs can dramatically lower the costs of developing affordable housing.</p>
Description	<p>Through land banking, the City can provide a pipeline of land for future development and control the type of development that may occur on that land. The City could pursue land banking in two ways:</p> <ul style="list-style-type: none"> ▪ Purchase properties for the purpose of building affordable housing and convey that land to affordable housing developers. ▪ Provide funds to support land banking done by another organization, with the purpose of building affordable housing in the future. <p>Hood River has used land acquisition to support redevelopment by reducing or eliminating the land cost for private developers. The most recent example that the City has undertaken is stewarding the development of 780 Rand Road. The City purchased the property, issued a request for proposals (RFP) for development of affordable housing on the property, and selected a developer to develop housing. The City is currently working with the developer to prepare the property for development and applying for state and federal grants.</p>
City Role	<p>The City could have multiple roles for land banking, including:</p> <ul style="list-style-type: none"> ▪ City-led project with city-owned land banking (like Rand Road property). City can provide funds or land and help with parcel assembly. ▪ Partner-led project with a nonprofit developer or land trust in which City contributes funds or land to the project. City can contribute land to support the affordable housing development. <p>The City may participate in multiple projects over time that involve different types of land banking strategy. The City's role may vary on different projects, such as assisting with land purchase and assembly, providing funding to support land purchase, or leading another development like 780 Rand Road that includes land banking as well as other strategies.</p>
Partners	<p>Religious institutions, employers, and other public agencies who may have surplus land from time to time. The City might enter a partnership with the Mid-Columbia Housing Authority, a nonprofit housing developer (such as the Columbia Cascade Housing Corporation [CCHC]), or a community land trust to develop housing that will remain affordable over a long period.</p>

Anticipated Impact	
Advancing the Initiatives	<p>Income: Emphasis on subsidies for projects below 60% of MFI, with potential for units up to 120% of MFI to be included (with smaller land write-downs). This may include development of permanent supportive housing, which provides housing and supportive services to residents.</p> <p>Housing tenure: Rental and Owner</p>
Housing Production Impact	<p>High. Relative to other tools, control of land allows for potentially big impact. Land can be acquired cost-effectively if purchased in economic down cycles when land is less expensive, and it can be used to leverage developer investment.</p>
Implementation	
Implementation Steps	<p>Immediate:</p> <ul style="list-style-type: none"> ▪ Identify the City's land banking investment goals. The City's broad goal is to efficiently use public resources to support affordable housing development, building on opportunities for affordable housing as they arise. More nuanced questions may arise, which may require a more nuanced understanding of City goals. For instance, is the City willing to donate land to a developer who is building a project that meets the City's investment criteria or would the City need to sell it? ▪ Consider internal staffing capacity and roles to support land banking, with a focus on the ability to act quickly and flexibly when opportunities arise and seeking opportunities with partners. ▪ Determine potential funding sources. The most likely sources may be a combination of urban renewal, CET (likely a few years down the road when additional CET funding is available), and a GO Bond (if approved). ▪ Identify criteria for purchasing land for land banking and identify potential land that meets that criteria. The criteria could include lot size and ability to assemble adjacent properties, willingness of the owner to sell the property at appraised value, zoning, distance to key amenities, access to transit, or other criteria. ▪ Reach out to other public sector or private sector partners to identify whether they have surplus property that could be used for affordable housing development, identify financial resources the partner organizations could contribute, strategize on how to leverage funding, and consider opportunities for land purchase. ▪ Determine the City's requirements for long-term affordability and how those requirements should be enforced (e.g., deed restriction) <p>Medium term:</p> <ul style="list-style-type: none"> ▪ Continue scanning the market for potential sites, once funding levels and sources have been determined and criteria have been considered. Partners in the private real estate market will be essential to help track and watch the market. ▪ Investigate off-market properties that could be acquired when funding is available. The City could work with a realtor to support this investigation.

	<p>Sites may include vacant land, properties that are correctly zoned but underutilized, or properties that could be redeveloped.</p> <ul style="list-style-type: none"> ▪ Assemble staff and funding so it can be proactive and deploy quickly when opportunities arise.
Implementation Questions	<ul style="list-style-type: none"> ▪ What City funding is available to support land banking? ▪ What partnerships or partnership opportunities can the City leverage to identify land that can be used for affordable housing development? For example, are there religious institutions or employers with land they are willing to contribute for affordable housing development?
Implementation Timeline	Currently ongoing and for foreseeable future
Funding or Revenue Implications	<ul style="list-style-type: none"> ▪ General Obligation Bond. Land acquisition can be some portion of the overall allocation. This source may come with its own locational or other criteria that the City will need to take into consideration. ▪ Construction Excise Tax. The City can use this source, but the statutory requirements for how funding must be allocated (if the CET is imposed on residential development) limit the amount of CET that can be used for land acquisition. In addition, there is limited capacity for CET given the City's recent purchase of 780 Rand Road. ▪ Urban Renewal. TIF can only be used for property acquisition projects inside the URA boundary.

C

Establish the Nonprofit Low-Income Rental Housing Tax Exemption

Rationale	One way to make affordable housing projects more feasible for nonprofit affordable housing developers is to lower operational costs, such as property tax costs. Affordable housing owned by a public agency is already exempt from all property taxes, and nonprofits can partner with public agencies to get a tax exemption in some cases. However, this adds complexity to the development. This program would reduce development barriers and lower operating costs for publicly subsidized affordable housing (affordable at 60% of MFI or below).
Description	<p>This program offers one of few options for nonprofit affordable housing development to receive a property tax exemption without partnering with the housing authority. It is best for reducing operating costs for publicly subsidized affordable rental housing developed by nonprofits.</p> <p>What does the exemption apply to? It applies to rental housing for low-income persons that is owned, being purchased by, or operated by a nonprofit.¹² It can apply to land held for affordable housing development, existing affordable housing, or new construction. Both land and improvement value (if any) are exempt.</p> <p>How long does it apply? The property tax exemption can be granted for as long as the property meets eligibility criteria, but the property owner must reapply on an annual basis to demonstrate ongoing eligibility. For land held for future affordable housing development, the City sets a limit on how long the exemption can apply, with the option for property owners to apply for an extension after that time.</p> <p>What taxing districts would participate? The property tax exemption only applies to City property taxes (which account for about 25% of property taxes in Hood River) unless the City gets affirmative support from at least 51% of overlapping taxing districts for the exemption to apply to their tax collections.</p> <p>What are the administrative requirements? This program requires little or no additional monitoring or enforcement of housing affordability because eligibility is limited to nonprofit affordable housing providers and the annual application process (which can be done with a relatively simple form, filled out and notarized by the applicant) provides evidence of eligibility.¹³</p>

¹² Incomes must be at or below 60% of MFI to start and up to 80% of MFI in subsequent years. Recent state legislation allows these properties to use income averaging, as allowed by the US Department of Housing and Urban Development, so that the average income for the property is at or below 60% of MFI.

¹³ The application must describe: the property for which the exemption is requested; the charitable purpose of the project; whether all or a portion of the property is being used for that purpose; how the tax exemption will benefit residents; and how the corporation and the property meet any additional local criteria. It must include a certification of income levels of low income occupants and a declaration that the corporation has been granted exemption from income taxation under section 501(a) of the Internal Revenue Code as an organization described in section 501(c)(3) or 501(c)(4) of the Internal Revenue Code.

City Role	Develop ordinance, ongoing implementation through annual application process
Anticipated Impact	
Advancing the Initiatives	Income: 60% of MFI and below ¹⁴ Housing tenure: Rental
Housing Production Impact	Low. The exemption will provide more flexibility for developers of subsidized housing in Hood River to obtain a tax exemption but will not induce housing production on its own.
Implementation	
Next Steps	<ul style="list-style-type: none"> ▪ Conduct Council work session. ▪ Prepare ordinance for Council consideration. ▪ Adopt ordinance or resolution that addresses the provisions of ORS 307.540 to 307.548 to establish the program locally. The statute contains definitions, eligibility criteria, application procedures, and requirements for how the City must review applications and provide notice to the assessor. The City must choose between two available definitions of “low income” provided in statute and set a time limit on the duration of the exemption for land held for future affordable housing (if desired), but the statute provides little else about the program that the City must design. ▪ Conduct outreach with overlapping taxing districts to build support for extending the tax abatement to their tax rolls. This outreach should begin prior to City adoption, but the City may adopt the program for its own taxes with or without support from other taxing districts. The taxing districts that grant exemption (in addition to the City) will be limited to those districts who agree to the exemption, unless the boards of districts representing at least 51% of combined levy agree to the exemption, in which case all districts are included. This 51% could be met by the City in combination with the School District. ▪ Develop application form.
Implementation Timeline	The strategy upon initiation could be completed within six months (or less) as a stand-alone effort.
Funding or Revenue Implications	Nonprofit developers can obtain an exemption through other means (thus reducing revenues to overlapping taxing district), but this could streamline the process because developers would not need to work with the housing authority.

¹⁴ Incomes must be at or below 60% of MFI to start and up to 80% of MFI in subsequent years. Recent state legislation allows these properties to use income averaging, as allowed by the US Department of Housing and Urban Development, so that the average income for the property is at or below 60% of MFI.

D Provide Direct Project Subsidies for New Construction

Rationale	Building affordable housing often costs more than the available funding for the development, leaving a funding gap. Affordable housing developers may need flexible subsidies to fill funding gaps.
Description	<p>The City can help reduce the funding gap by providing direct subsidies to support development of multifamily rental, middle housing, and affordable ownership projects that are affordable to families making up to 120% of MFI in the long term. These subsidies could fund on-site infrastructure (such as internal roads or utility connections), predevelopment costs (e.g., due diligence), serve as lower-cost capital for construction financing (with lower interest rates), or provide direct up-front grants during the development phase in exchange for deeper levels of affordability. The City could fund these using tax increment financing in the proposed Westside Urban Renewal District or an existing urban renewal district, or through a General Obligation Bond.</p> <p>The City already supports long-term publicly subsidized affordable housing by exempting Systems Development Charges for low-income housing that receives federal funding and has at least a 40-year affordability period, per HRMC 12.07.090. The City is directly subsidizing the in-process development of 129 affordable units at 780 Rand Road.</p>
City Role	The City would provide direct funding to support affordable housing development.
Partners	Housing developers, Housing Authority; Urban Renewal Agency
Anticipated Impact	
Advancing the Initiatives	<p>Income: Majority of the subsidies should support units serving 60% of MFI, with support for mixed-income projects serving up to 120% of MFI.</p> <p>Housing tenure: Both rental and ownership</p>
Housing Production Impact	Medium. Depending on the level of funding, the City's ability to provide locally generated gap funding could help to attract more affordable housing producers to the area.
Implementation	
Implementation Steps	<ul style="list-style-type: none"> ▪ Determine type(s) of new construction subsidy the City will offer: (1) new multifamily rental housing, (2) new affordable missing middle and manufactured, or (3) on-site infrastructure development. ▪ Determine level of affordability the City will prioritize for funding. The options are (1) publicly subsidized housing affordable to households earning less than 60% of MFI, (2) low- and moderate-income affordable housing affordable to households earning between 60% and 120% of MFI, or (3) both.

	<ul style="list-style-type: none"> ▪ Identify requirements the City should have for long-term affordability. ▪ Quantify the level of subsidy the City is willing to commit to on any given project. Should there be a cap on direct project subsidy investments for any one site or a cap based on funding per new dwelling unit? ▪ Identify funding levels available in the proposed Westside Urban Renewal District and other funding opportunities, such as a General Obligation Bond. ▪ Identify specific types of projects to grant direct project subsidies through urban renewal or GO Bond. This process may involve developing criteria to guide project subsidy investments (other than those mentioned above), such as locations for project subsidy, size of development, distance to key amenities, access to transit, and other criteria. The City will need to discuss how equity is addressed in these criteria. ▪ Identify any requirements for development sustainability requirements, such as environmental sustainability or energy efficiency. ▪ Decide whether the City should offer system development charge (SDC) subsidies for development of housing affordable to households earning 60% to 120% of MFI. The City already exempts payment of SDCs for publicly subsidized affordable housing that receives federal funding where housing will remain affordable for at least 40 years (HRMC 12.07). The City Manager may defer payments of SDCs for housing, which could be granted for development of housing affordable to households earning 60% to 120% of MFI (HRMC 12.07).
Implementation Questions	<p>The City will need to clarify its investment criteria and level of subsidy by answering the following questions:</p> <ul style="list-style-type: none"> ▪ What level of affordability will the City prioritize for funding? The options are: (1) publicly subsidized housing affordable to households earning less than 60% of MFI, (2) low- and moderate-income affordable housing affordable to households earning between 60% and 120% of MFI, or (3) both. ▪ What equity considerations should the City use to evaluate eligible projects? Example considerations include how the City can work with stakeholders to understand how to best center community needs, align projects with other needs besides housing, identify and minimize unintended consequences, or attract/prioritize projects with multiple benefits. ▪ What requirements should the City have for long-term affordability? If the City is only subsidizing publicly subsidized housing, then the housing will remain affordable at 60% or less of MFI for 30 years because of requirements for state and federal funding. However, if the project includes a mix of incomes, then the affordability requirements could be more flexible. ▪ What level of subsidy is the City willing to commit to a given project? Should there be a cap on subsidies for any one site or a cap based on funding per new dwelling unit? ▪ What process will the City use to evaluate requests? The City will need to determine the process for approving requests and who will make these decisions. ▪ How will the City or URA make the funds available? The City will need to decide if the funds will be available on a first-come-first-serve basis.

Implementation Timeline	Heights Urban Renewal District – current & ongoing Westside Urban Renewal District – form district & plan before 12/31/2023 GO Bond - TBD
Funding or Revenue Implications	General Obligation Bond Urban Renewal (Urban Renewal funds could be used to contribute to projects that meet Urban Renewal goals)

E Support Housing Rehabilitation/Preservation

Rationale	<p>Residents in low-cost market-rate housing may face rising prices or condition problems that make it unaffordable or uninhabitable. Making investments in existing buildings could provide a lower cost way to ensure preservation of affordability over time. The City should work with partners to preserve as many of these units as possible, as it is one of the most cost-effective ways to ensure affordability.</p>
Description	<p>Part 1: STR License Update: “One Person, One License”</p> <p>The City of Hood River adopted Short-Term Rental (STR) regulations in 2016. These regulations require STRs to be the primary residence of the property owner in residential areas but allow second homes in commercial areas to be used as STRs with fewer limitations.</p> <p>These regulations have effectively halted the growth of STRs in Hood River and reduced neighborhood conflict. However, a concern raised at one of the stakeholder listening sessions is the conversion of existing multifamily long-term rental units into STRs in commercial zones. This trend represents a “backdoor” for multifamily complex owners to convert to de facto hotels without going through a land use process or meeting state standards, such as ADA access.</p> <p>A new policy or rule to limit the number of STR licenses to one per person would address this problem. This “one person, one license” policy will bar entire complexes owned by a single entity from STR conversion while enabling single-unit homeowners to continue to operate without change in commercial zones.</p> <p>Part 2: Support Existing Housing Preservation Efforts</p> <p>The most efficient way for the City to support the rehabilitation of existing housing may be to work with existing programs led by partner organizations. The City could fund the rehabilitation of existing low-cost market-rate units in exchange for an agreement to ensure housing remains affordable. Alternatively, the City could provide funding for its partners to purchase small multifamily structures for preservation. Eligible projects could include multifamily rentals, middle housing, manufactured homes, or single-family units for low-income owners or smaller multifamily buildings with relatively low rents.</p> <p>The City could consider directing funding toward:</p> <ul style="list-style-type: none"> ▪ MCCAC’s weatherization program, specifically (1) funding items that prevent an owner from using the weatherization program (e.g., pay for a cleaning crew, health-related improvements such as air quality) or (2) enhance MCCAC’s ability to hire contractors to do the weatherization work (training, gap funding to be competitive with private projects, etc.) or support hiring an in-house contractor ▪ CCHC’s CDBG Regional Minor Home Repair application – the City could sponsor (as the local government grantee) and commit local resources as leverage to increase competitiveness of application. This can be in the form of rebates or any other funding assistance. The City can target resources to specific housing types (e.g., mobile homes); however, targets or local

	preferences need to be reviewed for compliance and administrative complexity.
City Role	<p>Part 1: STR License Update - Lead the legislative process to revise the Hood River Municipal Code Chapter 5.10 to limit short-term rentals in multifamily residential buildings in commercial zones.</p> <p>Part 2: Support Existing Efforts – Provide funding to support existing programs for major renovations to maintain affordability in City of Hood River.</p>
Partners	Mid-Columbia Housing Authority, Columbia Cascade Housing Corporation, Mid-Columbia Community Action Council, CLTs, other nonprofits, employers
Anticipated Impact	
Advancing the Initiatives	<p>Income: Primarily households with income from 60% to 80% of MFI</p> <p>Housing tenure: Likely mostly rental housing but may also be owner-occupied housing</p>
Housing Production Impact	Medium. Depending on the level of funding, the City’s ability to provide locally generated gap funding could help to spur housing preservation when it might not otherwise have occurred.
Implementation	
Implementation Steps	<p>Part 1: STR License Update</p> <ul style="list-style-type: none"> ▪ Initiate an update to the City’s existing Short-term Rental (STR) regulations to limit the number of STR licenses to one per person in commercial zones. <ul style="list-style-type: none"> ▪ Hold Council work session for scoping ▪ Draft Ordinance for Council consideration ▪ Adopt ordinance to implement the rule change <p>Part 2: Support Existing Efforts</p> <ul style="list-style-type: none"> ▪ Initiate additional conversations with potential partners: <ul style="list-style-type: none"> ▪ MCHA, CCHC, MCCAC ▪ Employers ▪ Nonprofits ▪ Community Land Trusts ▪ Determine potential City role in supporting existing efforts. ▪ If the City moves forward with supporting existing efforts, determine the long-term affordability expectation and depth of affordability required.
Implementation Questions	<p>The City would need to answer the following questions, which may have different answers for each preservation project:</p> <ul style="list-style-type: none"> ▪ What are the opportunities for working with partners who may lead preservation efforts?

	<ul style="list-style-type: none"> ▪ What are the first steps for contributing to preservation efforts? ▪ Are there specific opportunities that the City could explore? ▪ Does the City want to contribute money to fund preservation in collaboration with existing building rehabilitation programs?
Implementation Timeline	<p>Part 1: STR License Update – “One Person, One License” – 2022</p> <p>Part 2: Support Existing Efforts – Once funding source(s) are known</p>
Funding or Revenue Implications	<ul style="list-style-type: none"> ▪ A General Obligation Bond could include preservation projects as eligible investments, which would cost less than new housing to preserve as affordable housing. ▪ Urban Renewal could help to fund preservation projects within the urban renewal boundary

F**Develop an Affordable Housing Ordinance**

Rationale	Feedback from the Task Force, developers (of both affordable and market rate housing), and City staff experience with housing development suggests that there are regulatory barriers to developing housing that should be addressed. Regulatory barriers can slow or prevent development of housing, including affordable housing, that is often associated with competitive and fixed funding cycles. Through the use of clear and objective standards and process reform the City can reduce risk, uncertainty, and time required for development review.
Description	<p>Regulatory barriers to affordable housing are a key concern in Hood River and across the State. In 2017, Oregon passed Senate Bill 1051, which prevents cities from denying housing developments that comply with clear and objective standards. Then the Oregon Legislature adopted Senate Bill 8 to require Oregon cities to not only approve certain affordable housing developments but ensure they are allowed density and height bonuses. Some of the allowable densities under Senate Bill 8 would be a significant departure from Hood River's current land use code.^{15,16} For example, Senate Bill 8 could result in allowing residential buildings in the C-2 zone as tall as 71 feet (more than twice the height currently allowed for residential development).</p> <p>In response to input about reducing regulatory barriers and uncertainties surrounding the impact of state-level initiated reforms, the City can develop its own local Affordable Housing Ordinance to expedite the review and approval of affordable housing development in Hood River, subject to clear and objective development standards tailored to meet the needs and impacts of affordable housing and be shaped to reflect Hood River's own circumstances, policies, and values. An Affordable Housing Ordinance may incent developers to propose projects that better fit development patterns in Hood River, increase a project's</p>

¹⁵ The following is the League of Oregon Cities summary of Senate Bill 8:

SB 8 requires local governments to approve the development of certain affordable housing, and not require a zone change or conditional use permit, on land zoned to allow commercial uses, to allow religious assembly, or as public lands. Qualifying land may be owned by a public body or a religious nonprofit. The bill applies to property zoned to allow for industrial uses only if the property is publicly owned, adjacent to lands zoned for residential uses or schools, and not specifically designated for heavy industrial uses. These requirements do not apply to land that a local government determines lacks adequate infrastructure, or on property that: contains a slope of 25% or greater; is within a 100-year floodplain; or is constrained by state land use regulations based on natural disasters and hazards or natural resources. Local governments may still impose development requirements based on siting and design standards and building permits.

SB 8 also includes a statewide density bonus for affordable housing in areas zoned for residential use. A local government may reduce the density or height of a development as necessary to address a health, safety or habitability issue, including fire safety, or to comply with a protective measure adopted pursuant to a statewide land use planning goal. Finally, the bill broadens the ability of applicants developing affordable housing to obtain attorney fees in prevailing appeals before LUBA. SB 8 was signed into law on June 23, 2021, and the bill goes into effect on January 1, 2022.

¹⁶ To read the full text of Senate Bill 8, use the link below.

<https://olis.oregonlegislature.gov/liz/2021R1/Downloads/MeasureDocument/SB8>

	<p>competitive advantage for funding, and deemphasize the need for using Senate Bill 8. An Affordable Housing Ordinance can permit affordable housing as a use by right, similar to the process used to review housing developed using the Middle Housing Code, single family dwellings, or duplexes.</p> <p>Given the complexity of developing a local affordable housing ordinance and limited staff capacity for legislative efforts, this concept may be considered as a stand-alone effort or be included as part of the City's plan to update Hood River's development code to include clear and objective standards for all housing, a project already on the Council's work plan.</p>
City Role	Lead the legislative process to revise the Hood River Municipal Code where it relates to the development of housing.
Partners	N/A
Anticipated Impact	
Advancing the Initiatives	<p>Income: All income levels, with a focus on affordable housing development for households with income below 120% of MFI</p> <p>Housing tenure: Owners and Renters</p>
Housing Production Impact	High. Revision of the zoning code to include clear and objective standards will make it easier to build all housing in Hood River.
Implementation	
Next Steps	<ul style="list-style-type: none"> ▪ Immediate actions: Scope the project with Council to determine whether to pursue an affordable housing ordinance as a stand-alone effort or to evaluate for inclusion in a development code update. ▪ Medium-term actions: Depending on project scope, take steps to hire a consultant to audit the development code to determine scope of code updates, or take steps to draft stand-alone affordable housing ordinance. Discuss potential amendments through Council workshop process and provide opportunities for public input. ▪ Long-term actions: Implement the amended development code through development review. Monitor utilization of the incentives and ask for feedback from developers who may have considered the incentives. Test example developments for what other code amendments may be needed to make the density bonuses and parking reductions more effective.
Implementation Questions	<ul style="list-style-type: none"> ▪ What regulatory changes should be part of the affordable housing ordinance? ▪ What level of affordability will this ordinance apply to? ▪ What requirements, if any, should the City make for long-term affordability and how should those requirements be enforced (e.g., deed restriction)?

	<p>Should the ordinance include a commitment to faster review by the City? If so, the City will need to answer the following questions:</p> <ul style="list-style-type: none"> ▪ Project qualifications: affordability level, duration of affordability, mechanism for enforcement, property ownership, location or zoning ▪ Development standards: parking, density, height, site design requirements, building design review and requirements, sustainability or environmental.
Implementation Timeline	<p>The project, upon initiation could be completed within a calendar year as a stand-alone effort, or if incorporated into a larger code update, would be evaluated as part of a greater project that will span at least two years.</p>
Funding or Revenue Implications	<p>Approximately \$50,000 for consultant services in addition to staff time for audit of more comprehensive development code update.</p> <p>For stand-alone affordable housing ordinance, project could be led by City staff as time allows.</p>

G**Establish a New Urban Renewal District**

Rationale	Urban renewal provides a flexible funding tool that can support many of the key strategies identified in the Housing Production Strategy. Since political and geographical barriers direct Hood River's growth to the west, a new Westside Urban Renewal District could provide a place for much of the city's household growth over the next few decades. If the City prioritizes affordable housing in a new urban renewal plan, focusing investments on this area could help to reap a substantial amount of new affordable units.
Description	<p>The City of Hood River is exploring the implementation of a new 445-acre Westside Urban Renewal District. Affordable housing is a key project that could be funded in this area, alongside transportation connections, new parks, and trails. In exploring this new Urban Renewal District, the City is implementing several key plans, including the Westside Area Concept Plan, Multi-jurisdictional Parks Master Plan, 2015 Housing Needs Analysis, and 2020 Transportation System Plan Amendment. Each of these plans identified tens of millions of dollars in "off the shelf" capital investments that could help spur new development in the Westside.</p> <p>The existing Heights Urban Renewal District can provide opportunity to support affordable housing development as well.</p>
Funding Objectives	A. Off-Site Subsidies, B. City-Led Land Banking, D. Direct Project Subsidies, E. Housing Rehab/Preservation
City Role	The City Council would adopt and the Urban Renewal Agency Board would implement the plan.
Partners	Overlapping taxing districts, property owners, developers
Implementation	
Next Steps	<ul style="list-style-type: none">▪ 2022: Create and adopt Urban Renewal Plan; consult with partner taxing districts; form urban renewal district; include direct project subsidies and off-site infrastructure investments as eligible project categories▪ 2023: The City could begin borrowing immediately upon district formation if loans are secured by the City's full faith and credit. If the Plan is in effect by December 31, 2023, first year of increment will be FY2024-25.
Implementation Timeline	If adopted in 2022, the Urban Renewal Agency could bond immediately if the City pledged its full faith and credit.
Considerations and Potential Risks	<ul style="list-style-type: none">▪ By including affordable housing in the urban renewal plan, the City should identify whether it wants to set unit production and affordability targets over time or simply include affordable housing as an eligible project category.

	<ul style="list-style-type: none"> ▪ If growth slows down or the market turns, property owners may not want to develop on the same time frame as identified in the urban renewal plan timeline. ▪ The Westside Urban Renewal District currently includes yet-to-be-annexed portions of unincorporated Hood River County. Including these areas will require formal approval by the Hood River County Board of Commissioners. ▪ Investment can only occur within the Urban Renewal District. ▪ In many cases, affordable housing projects are tax exempt, and therefore do not contribute to the growth of tax increment revenues. Investments should be made with this trade-off in mind.
Funding or Revenue Implications	<p>For planning purposes, the City estimates that the Urban Renewal District will generate \$88 million in money for projects over its life span (in 2022 dollars). The share available to support housing could be approximately \$20 to 25 million (28% of total), as well as about \$48 million to support off-site infrastructure investments (55% of total).¹⁷ The potential maximum indebtedness for the URA could be from \$40 million to \$101 million in today's dollars, depending on growth assumptions, boundaries, and the acceptable life span of the district.</p> <p>The funds generated in the URA could be used to support staffing for implementing the Urban Renewal Plan.</p>

¹⁷ Based on March 14, 2022, memo "Concept Westside District Project Strategies – Discussion" by Elaine Howard Consulting, presented to Hood River City Council

H Pursue a General Obligation Bond

Rationale	A General Obligation (GO) Bond could provide a stable, dedicated revenue source to fund infrastructure to support affordable housing, land acquisition, property acquisition, and direct project subsidies through increased property tax rates. It is the primary funding source that could directly support housing below 60% of MFI.
Description	GO bonds are issued for a specific dollar amount and paid for over the period of the bond through increased property taxes. Because they are legally limited to use for capital investments and require a public vote to enact, these bonds are typically used for major infrastructure investments (such as roadway improvements that benefit all, or nearly all, of a city's residents). However, GO bonds can be used for land acquisition or affordable housing development if the city's residents agree to fund them. Bonds cannot be used for supportive services or for operations. GO bonds are not subject to Measure 5 and 50 rate limits. They can be structured to provide revenue in increments over time, rather than in one large up-front amount.
Funding Objectives	A. Off-Site Subsidies, B. City-Led Land Banking, D. Direct Project Subsidies, E. Housing Rehab/Preservation
City Role	Develop funding plan, conduct polling/engagement, develop ballot initiative, implement projects (if successful)
Partners	Hood River voters, Mid-Columbia Housing Authority, Community Land Trusts
Implementation	
Next Steps	<ul style="list-style-type: none"> ▪ Determine who would lead the bond effort: The City of Hood River could issue a GO Bond, subject to voter approval, or participate in a countywide general obligation bond. There are benefits to Hood River to participating in a countywide bond. In particular, the City's cost of pursuing the bond (which requires a public vote) and administering a program would be lower. ▪ Poll potential voters on project interests. What are the implications of a new GO bond for Hood River's property taxpayers? ▪ Determine desired projects to fund, based on polling results. Should the bond be focused on (1) funding affordable housing projects only (and how much) or (2) affordable housing subsidies and off-site infrastructure investments to support development (and how much)? ▪ Determine reasonable dollar amount for the bond, given the public priorities and funding appetite. ▪ Determine potential City contribution for direct project subsidies. How many units might be acquired or built at various funding levels?

	<ul style="list-style-type: none"> ▪ Consider an equitable distribution of funding. While urban renewal focuses on specific geographic areas, GO Bond funds could be used citywide, which requires the City to think about equitable distribution of the funding. ▪ Timing – Identify appropriate election date to place a bond on the ballot.
Implementation Timeline	Timeline to be determined through additional discussions and Council work plan priorities. At a minimum, the City would start polling and planning for the bond in 2023.
Considerations and Potential Risks	<ul style="list-style-type: none"> ▪ A GO Bond requires a citywide vote. Voters could reject this approach, especially if they view that the projects would not benefit them. ▪ City has more work to do to understand voter opinions, equity considerations, and targeted projects to fund ▪ What are the implications of a new GO bond for Hood River’s property taxpayers? ▪ Identify competing funding measures to assess voter fatigue
Funding or Revenue Implications	<p>Metro Portland passed Measure 102, authorizing a \$653 million GO Bond to build affordable housing, expected to raise Metro area taxes by \$0.24 per \$1,000.¹⁸</p> <p>If the City voters approved similar levy rate to the Metro Bond, the City could generate \$4.1 million (for 20-year bonds) or \$9.0 million (for 30-year bonds), assuming a 3.5% interest rate and 4% annual growth in assessed value.</p> <p>If the rate was increased to match the City’s expiring Fire Station GO Bond, \$0.62 in FY2021-22, the bond size would be \$10.7 million over 20 years or \$23.4 million over 30 years</p>

¹⁸ Source: https://www.oregonlive.com/politics/2018/11/2018_metro_affordable_housing_bond.html

Other Issues and Recommendations

The strategies and funding sources discussed above constitute the major recommendations for strategies to support affordable housing development. Discussions with the Task Force and stakeholders resulted in identification of additional issues or tools that are not accounted for in those strategies. The City can pursue these additional recommendations, outlined below, depending on Council interest and as resources allow.

- **Staff capacity.** An important barrier to implementing the strategies and recommendations in this section is insufficient staff capacity. Hood River's existing staff lack the capacity to take on all the activities outlined in this document.
Recommendation: Evaluate adding a housing program manager or housing analyst and increasing engineering staff capacity.
- **Improve Communications and Outreach.** A challenge to supporting affordable housing development is making sure that decision makers, stakeholders, and the community have a common understanding of the problem. The City could undertake efforts to increase community outreach, especially with groups who are underrepresented in community conversations and are hard to reach, such as the Latino community. Through this effort the City could provide opportunities for community members to share their stories of housing problems, documenting them in a way to tell the story of unmet housing needs by people who live in Hood River. The City could also provide information to community members about existing programs and actions the City has taken to address affordable housing.
Recommendation: Establish regular outreach efforts to underrepresented communities to provide opportunities for feedback about unmet housing needs and provision of information about housing programs. Staff could tell the stories of underrepresented communities in a report (or an ongoing report) to City Council about unmet housing needs.
- **Funding Opportunities.** Discussions with stakeholders indicated that some employers and perhaps other organizations would be interested in contributing funds for development of affordable housing. While there may be willingness to contribute funds or land to support affordable housing, it may take significant work to make these opportunities reality. The City might need to work with multiple employers to generate significant funding and each employer may have their own requirements for contributing funding. If there are other individuals or organizations in Hood River that want to contribute funds or land, the City would also need to seek them out and negotiate for those donations. The largest barrier to this type of fund and resource raising is lack of staff capacity.
Recommendation: Evaluate whether the City wants to dedicate staff time to seeking affordable housing funding and land donations.
- **Construction Excise Tax.** The City has an existing Construction Excise Tax (CET), which is levied on new residential, commercial, and industrial development. The City is using

CET to fund development of 780 Rand Road. The City already charges the maximum allowed by State law for new residential development (1% of the permit valuation). The City currently charges a CET of 1% of commercial and industrial permit values. The City could increase the CET it charges for commercial and industrial development, as there is no restriction in State law for CET on these uses. An additional 1% charge on commercial and industrial development would average approximately \$45,000 per year in additional CET revenue.

Recommendation: Evaluate increasing the CET for commercial and industrial development.

- **Search for Other Sources of Dedicated Revenue for Affordable Housing.** The report includes several strategies intended to support affordable housing. Exhibit 11 presents additional funding sources that could be used to fund affordable housing development. While some of these sources are not currently viable sources of new funding for affordable housing, some of them could be feasible in the future. For example, if the State changes marijuana tax rates that cities can charge, Hood River could increase its marijuana tax rate and use the additional revenue to support affordable housing development. The City may want to work with other cities and the League of Oregon Cities for changes to Oregon laws to allow for vacant (or second home) tax or a real estate transfer tax.

Recommendation: Continue to identify additional dedicated revenue to support affordable housing development.

- **Support for Existing Programs for Housing Preservation.** The strategies do not include recommendations for programs that duplicate existing programs in Hood River. For example, Mid-Columbia Community Action Council has a weatherization assistance programs and Columbia Cascade Housing Corporation has a home repair program and a down payment assistance program. These programs aid lower-income households to preserve existing housing and help with homeownership. Rather than develop its own programs, the City could devote funding and staff capacity to supporting and growing these local programs. The City will need to be in a position to provide this support through identifying funding, such as an increased CET or GO Bond. For example, the City could support CCHC's down payment assistance programs with the goal of advancing shared equity homeownership opportunities (e.g., community land trust) in the City of Hood River.

Recommendation: Evaluate opportunities to support existing programs that support the City's goal of preserving existing affordable housing and possibly developing new affordable housing.

- **Preservation of Manufactured Home Parks.** The City has explored a role in preserving existing manufactured home parks that may be for sale. The City could help residents form a resident-owned cooperative to purchase the manufactured home park by contributing resources (such as funding and staff assistance) to convene.

Recommendation: Continue to explore opportunities to support preservation of existing manufactured home parks.

- **Long-Term Affordability Requirements.** As discussed in the strategies, new publicly subsidized affordable rental units are typically required to remain affordable for 30 years (because of requirements of the Low-Income Housing Tax Credit program). Community Land Trusts (who could be key partners in affordable homeownership housing) usually have long-term affordability requirements past first sale. Beyond developments that include one of those options, the City will need to decide if it will require long-term affordability. If so, the City could implement a deed restriction, which would require ongoing administration and could take substantial amounts of staff time. Alternatively, the City could partner with a nonprofit who could use their own enforcement mechanisms to ensure affordability.

Recommendation: Evaluate whether the City wants to require long-term affordability for projects that do not have an existing mechanism to ensure long-term affordability. If the City does want to make this requirement, the City should either ensure there is sufficient staff time or partner with a nonprofit to monitor and ensure long-term affordability requirements are met.

- **Systems Development Charges (SDC).** As discussed in prior sections, the City already exempts publicly subsidized housing from paying SDCs and policies to allow for deferment of SDC payments. The City should consider whether it wants to subsidize SDCs for development of other types of affordable housing, such as housing that is affordable to households earning 60% to 120% of MFI. The trade-off in “exempting” some development from paying SDCs is that the SDCs need to be paid for some way, either by the City paying the SDCs using a funding source such as CET or Urban Renewal or by increasing SDCs for all other new housing development. In addition, the City will need to decide whether to require long-term affordability for housing when SDCs are exempted. As discussed above, the long-term affordability of publicly subsidized housing is generally guaranteed for 30 years and CLTs usually ensure housing remains affordable past the first sale (and generally longer). In short, requiring long-term affordability beyond those two types of affordable housing will require either staff time or partnering with a nonprofit to ensure long-term affordability.

Recommendation: Evaluate whether to subsidize SDCs for housing affordable to households with incomes 60% to 120% of MFI.

- **Short-Term Rentals (STRs) in Commercial Areas.** While the City has implemented regulations to limit STRs in residentially zoned areas, it allows unlimited STR licenses for housing units located in commercial areas (the C-1 and C-2 zones). The 2015 Housing Needs Analysis projects that a large amount of Hood River’s new multifamily units will be developed in commercial zones. The existing policy allows existing and newly developed multifamily housing in these areas to be used for STRs, rather than year-round residences. As more multifamily housing is built in commercial areas and if there continues to be high demand for STRs in Hood River, more of these units may be used for STRs. This would exacerbate Hood River’s deficit of rental housing.

Recommendation: Consider policies that limit or otherwise regulate the amount of STRs in commercial areas.

- **Explore the Creation of a Preference Policy for Building Occupancy.** A preference policy could give priority placement to certain housing applicants, which would be administered through referrals from local providers through a formalized relationship. Depending on the City's equity objectives, those could be people who were displaced/at risk of displacement or local employees. An example of a preference policy in Oregon is at Festers Gardens in Yachats, Oregon, which had a workforce preference and zip code preference. If considering a preference policy, the City must carefully craft it to avoid violating the Fair Housing Act. The policy must not perpetuate segregation or have a disparate impact on people of color or other protected classes like families with children or persons with disabilities.

Recommendation: Discuss possible preference policy with organizations who have implemented such programs, such as CASA of Oregon or Farmworker Housing Development Corporation.

Appendix A: Hood River's Unmet Housing Needs

This chapter provides information to contextualize Hood River's housing needs. It provides an understanding of the issues, before solutions are proposed. This appendix draws its information and findings from other planning efforts, described in the main report. Where appropriate, this appendix also draws on information gathered through the City of Hood River's past engagement efforts with housing producers and consumers, including underrepresented communities.

As a part of providing context to better understand Hood River's housing needs, this appendix presents information about housing in Hood River for race, ethnicity, age, disability status, and other characteristics of the community to understand disproportionate housing impacts on different groups.

Demographic and Socio-Economic Characteristics Affecting Hood River's Housing Needs

This section describes unmet housing needs for people in Hood River by age, race and ethnicity, disability, household size and composition, and household income.

Data Used in This Analysis

Throughout this analysis data is used from multiple well-recognized and reliable data sources. One of the key sources for housing and household data is the US Census. This report primarily uses data from two Census sources:¹⁹

- The **Decennial Census**, which is completed every ten years and is a survey of *all* households in the United States. The Decennial Census is considered the best available data for information such as demographics (e.g., number of people, age distribution, or ethnic or racial composition), household characteristics (e.g., household size and composition), and housing occupancy characteristics. As of 2010, the Decennial Census

¹⁹ It is worth commenting on the methods used for the American Community Survey. The American Community Survey (ACS) is a national survey that uses continuous measurement methods. It uses a sample of about 3.54 million households to produce annually updated estimates for the same small areas (census tracts and block groups) formerly surveyed via the Decennial Census long-form sample. It is also important to keep in mind that all ACS data are estimates that are subject to sample variability. This variability is referred to as "sampling error" and is expressed as a band or "margin of error" (MOE) around the estimate.

This report uses Census and ACS data because, despite the inherent methodological limits, they represent the most thorough and accurate data available to assess housing needs. We consider these limitations in making interpretations of the data and have strived not to draw conclusions beyond the quality of the data.

does not collect more detailed household information, such as income, housing costs, housing characteristics, and other important household information. Decennial Census data is available for 2000 and 2010.²⁰

- The **American Community Survey (ACS)**, which is completed every year and is a *sample* of households in the United States. The ACS collects detailed information about households, including demographics (e.g., number of people, age distribution, ethnic or racial composition, country of origin, language spoken at home, and educational attainment), household characteristics (e.g., household size and composition), housing characteristics (e.g., type of housing unit, year unit built, or number of bedrooms), housing costs (e.g., rent, mortgage, utility, and insurance), housing value, income, and other characteristics.

This report uses data from the 2015-2019 ACS for Hood River and comparison areas primarily.²¹ Where information is available and relevant, we report information from the 2000 and 2010 Decennial Census. Among other data points noted throughout this analysis, this report also includes data from Oregon's Housing and Community Services Department, the US Department of Housing and Urban Development, Redfin, Property Radar, Costar, and the City of Hood River.

This appendix presents a limited amount of data about Hood River's demographics and housing need, focusing on housing affordability and a limited selection of demographic data not presented in prior reports. The Hood River Housing Needs Analysis (2015) and the Update on Housing Market and Demographic Changes in Hood River (2019) provide much more information about Hood River.²²

²⁰ The 2020 Census was completed at the end of 2020. However, extenuating circumstances delayed the release of the data and all data is not expected to be available until the summer of 2021 at the earliest, which does not align with the completion time frame of this report.

²¹ The 2015-2019 American Community Estimates were released in mid-December of 2020, after the close of the data gathering window of this report.

²² The Hood River HNA is available from:

https://cityofhoodriver.gov/wp-content/uploads/bsk-pdf-manager/2019/03/19119_HoodRiverHNA2015Final.pdf

The Update on Housing Market and Demographic Changes in Hood River is available at:

https://cityofhoodriver.gov/wp-content/uploads/bsk-pdf-manager/2020/02/ECONW_HoodRiver_Dec2019_Final.pdf

Housing Affordability Considerations

This section describes changes in sales prices, rents, and housing affordability in Hood River and a comparison of geographies.

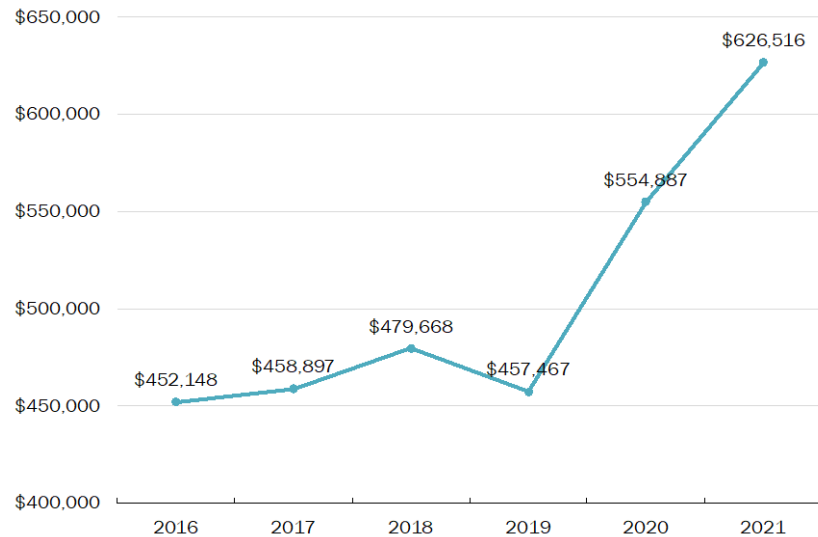
Housing Sales Prices

Sales prices have increased 72% between 2016 and 2021.

Between 2019 and 2021, sales prices increased by over \$174,000.

Exhibit 12. Average Home Sales Price, Hood River, 2016 to August 2021

Source: Redfin



Rental Costs

Rental data is limited for the City of Hood River, and through a series of interviews with local property management companies, ECONorthwest determined a range of likely rents for units by number of bedrooms across the city (Exhibit 13).

Rent prices for units ranged from \$750 to \$2,750.

Exhibit 13. Estimated Rental Costs by Size of Unit, Hood River, 2021

Source: Information from Hood River rental agencies: Nunamaker Property Management, John L. Scott and Gorge Rentals Property Management

# of Bedrooms	Price Range
Studio	\$750 – \$1,300
1-bedroom	\$900 – \$2,000
2-bedrooms	\$1,200 – \$1,800
3-bedrooms	\$1,200 – \$3,000
4+ bedrooms	\$1,600 – \$2,750

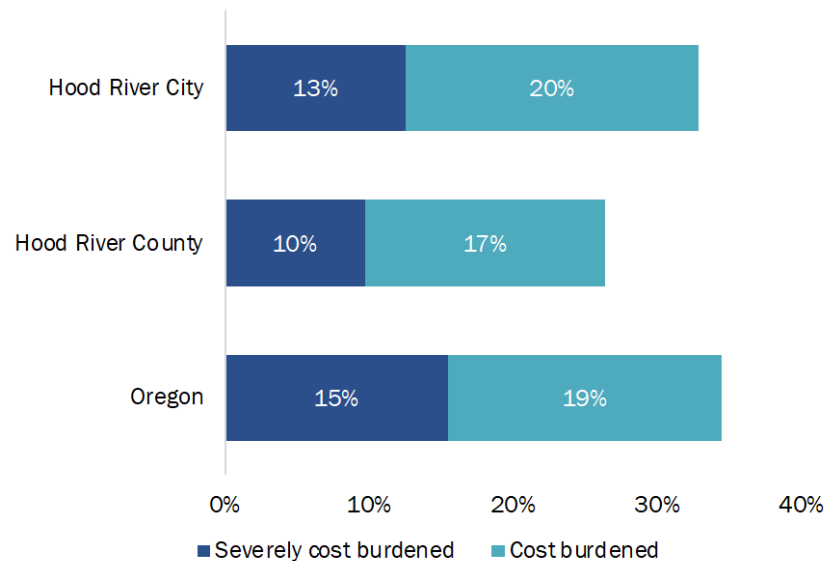
Housing Cost Burden

Overall, about 33% of all households in Hood River were cost burdened.

Hood River had a higher share of cost-burdened households compared to the County.

Exhibit 14. Housing Cost Burden, Hood River, Hood River County, Oregon and Other Comparison Cities, 2015-2019

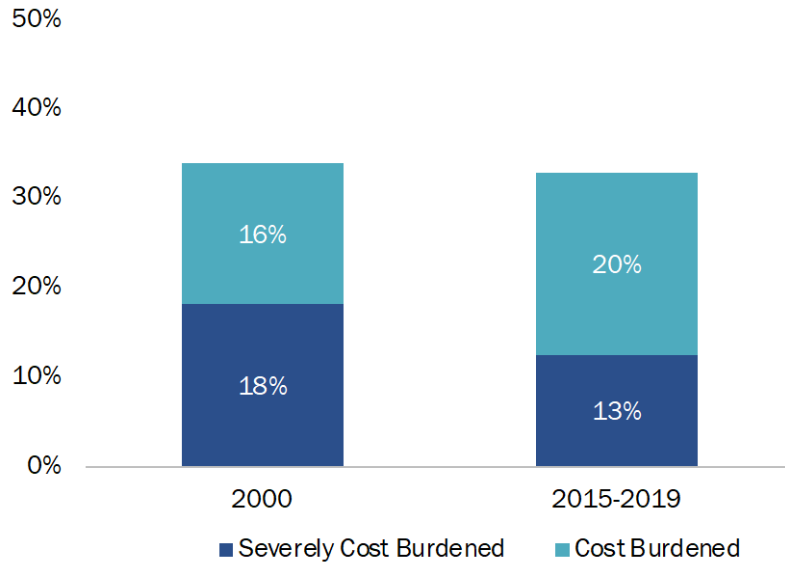
Source: US Census Bureau, 2015-2019 ACS Tables B25091 and B25070.



From 2000 to the 2015-2019 period, the number of cost-burdened and severely cost-burdened households decreased by 1% in Hood River.

Exhibit 15. Change in Housing Cost Burden, Hood River, 2000 to 2015-2019

Source: US Census Bureau, 2000 Decennial Census, Tables H069 and H094 and 2015-2019 ACS Tables B25091 and B25070.



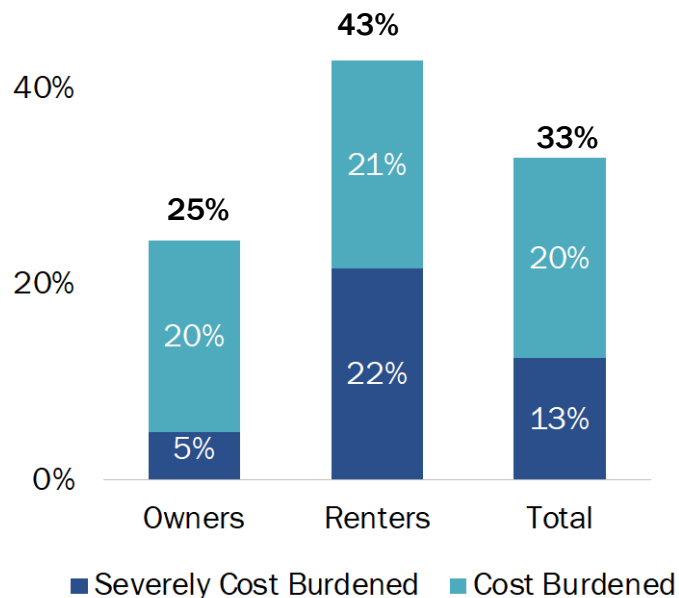
Renters are much more likely to be cost burdened than homeowners.

In the 2015-2019 period, about 43% of Hood River's renters were cost burdened or severely cost burdened, compared to 25% of homeowners.

About 22% of Hood River's renters were severely cost burdened (meaning they paid more than 50% of their income on housing costs alone).

Exhibit 16. Housing Cost Burden by Tenure, Hood River, 2015-2019

Source: US Census Bureau, 2015-2019 ACS Tables B25091 and B25070.



Most households earning less than \$35k are cost burdened.

Exhibit 17. Cost-Burdened Renter Households, by Household Income, Hood River, 2015-2019

Source: US Census Bureau, 2015-2019 ACS Table B25074.

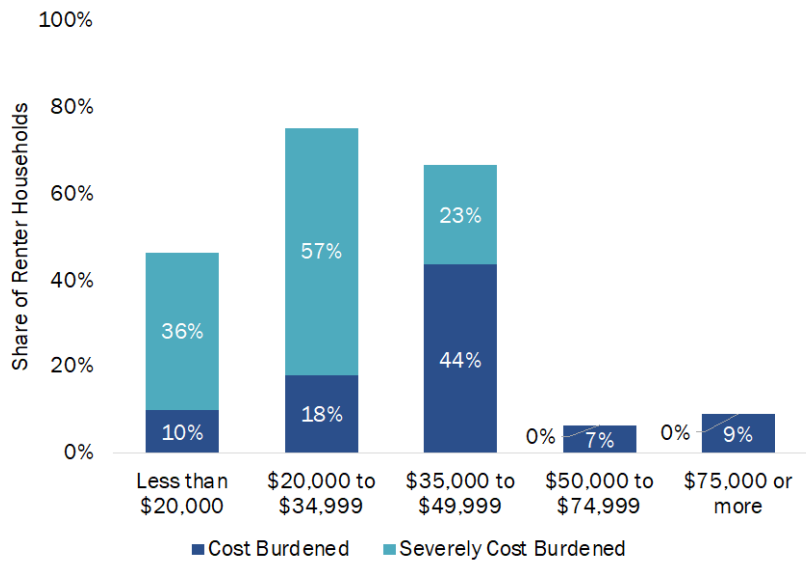
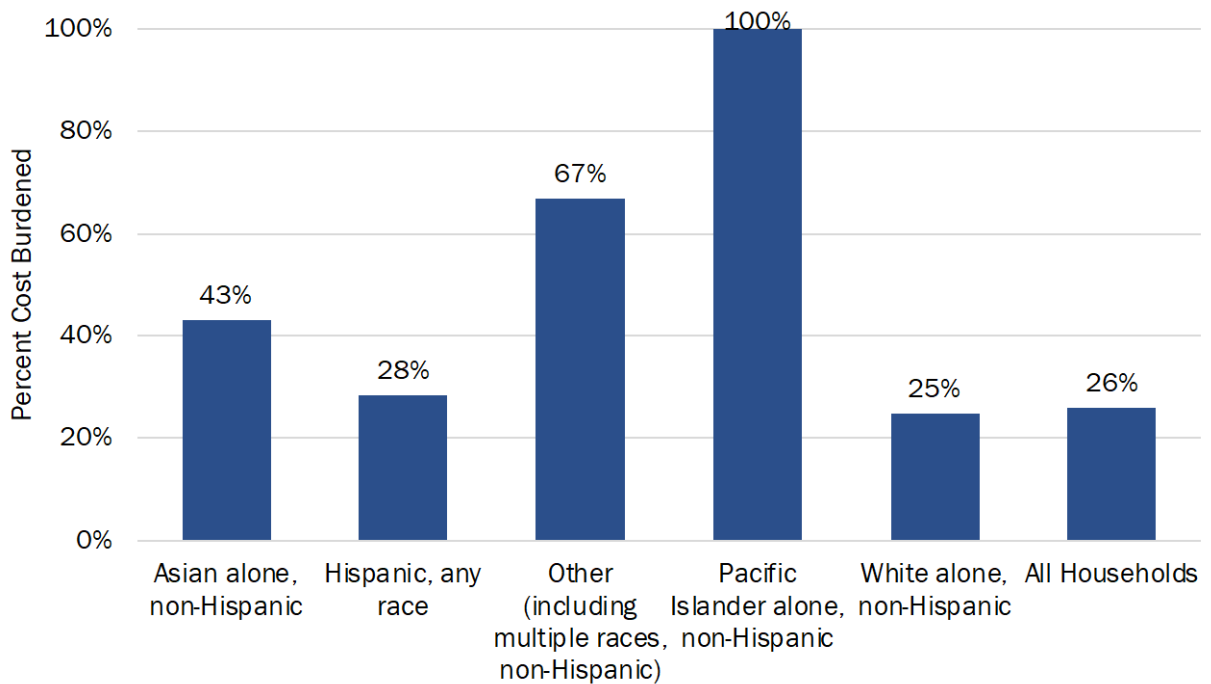


Exhibit 18. Cost-Burdened Households by Race and Ethnicity, Hood River County, 2013-2017

Source: CHAS 2013-2017



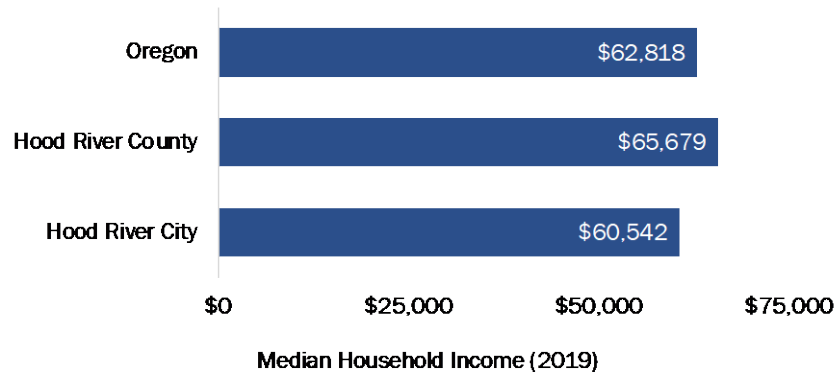
Household Income

Income is one of the key determinants in housing choice and households' ability to afford housing. Income for residents living in Hood River was lower than the County median income and the State median income.

Over the 2015-2019 period, Hood River's median household income (MHI) was \$5,137 less than the County's MHI.

Exhibit 19. Median Household Income, Oregon, Hood River City, Hood River County, 2015-2019

Source: US Census Bureau, 2015-2019 ACS 5-year estimate, Table B25119.

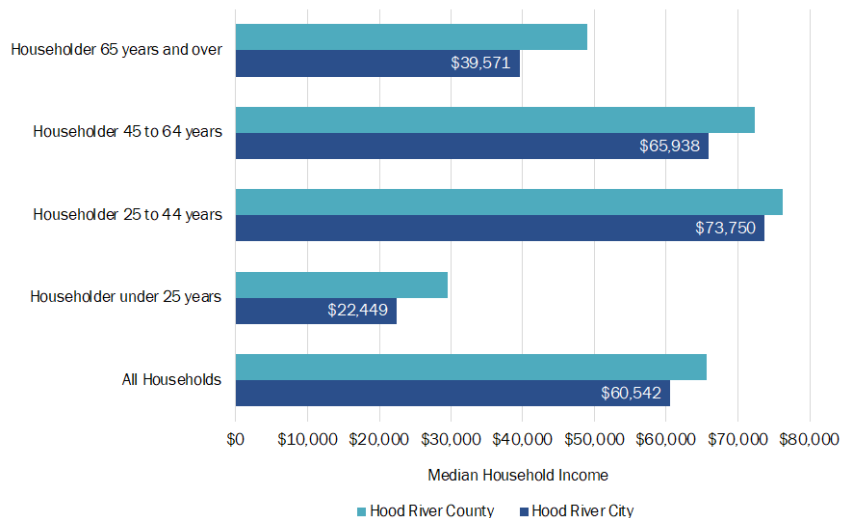


All age groups had median household incomes lower than the County.

Median household income was higher for householders who were 25 to 44 years old.

Exhibit 20. Median Household Income by Age for the Head of Household, Hood River, 2015-2019

Source: US Census Bureau, 2015-2019 ACS 5-year estimate, Table B19049



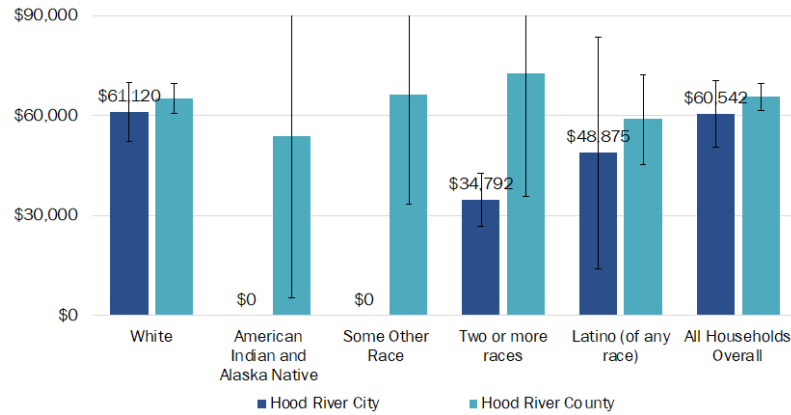
Household income varies among households with different races and ethnicities.

The largest community of color in Hood River is Latinos, who accounted for a bit more than 20% of Hood River’s population in 2019 and a bit more than 30% of Hood River County’s population in 2019.

In Hood River, median household income was proportionately higher for heads of households that identified as White and Some Other Race.

Exhibit 21. Median Household Income by Race and Ethnicity for the Head of Household, Hood River, 2015-2019

Source: US Census Bureau, 2015-2019 ACS 5-year estimate, Table S1901. Note: data was not available for heads of households identifying as a Native Hawaiian or Pacific Islander. Black bars denote the potential upper and lower bound of the estimate using the margin of error reported by the Census.



Appendix B: Equity Framework

The Hood River Affordable Housing Production Strategy has been developed using an equity framework to help the project team understand, analyze, and minimize inequities, barriers to opportunity, and disparities among different populations. The project team employed this framework throughout the project to ensure that incorporate equity considerations in the decision-making processes, including data analyses, findings, and recommendations. The equity framework is intended to improve equity outcomes as the Affordable Housing Production Strategy is implemented.

What do we mean by equity and equitable housing?

Equity

Equity is both an outcome and a process. As an “outcome,” equity means that race or other markers of social identity would no longer predict one’s life outcomes (for instance in health, socioeconomic advantages, educational access, life expectancy, etc.). Achieving that outcome remains a challenge because our economic systems were, often unintentionally, designed and built to maintain inequality—and they continue to do so.

To achieve equitable outcomes, equity is also a process that people undertake to better understand, question, and disrupt historical and contemporary oppressive systems and structures. We can use this process to create policies that are based in equal opportunity and resources, and we can ensure that those most impacted by policies and practices are meaningfully involved in their creation and implementation.

Equitable Housing

Equitable housing goes beyond affordability. It aims to ensure all people have housing choices that are diverse, high quality, energy efficient, physically accessible, and reasonably priced, with access to employment opportunities, services, and amenities. In Hood River, this includes reducing rates of cost burden and increasing access to homeownership, especially for low-income households and vulnerable groups such as Latinos and other communities of color, farmworkers, seniors, and workers with low pay such as caregivers, hospitality staff, and retail staff. This broad definition of equitable housing includes choices for homes to buy or rent that are reasonably priced (relative to income) and accessible across all ages, household sizes, abilities, and incomes and are convenient to everyday needs such as transit, schools, childcare, food, and parks.

Hood River’s goal is to support and increase equitable housing outcomes by developing an AHS that accounts for the needs of households with low income—such as communities of color,

farmworkers, and workers with low wages—recognizes and seeks to mitigate a history of housing discrimination and complies with current state and federal fair housing policy.²³

Equity Framework

The following exhibit provides an equity framework to increase the consideration of equity in both the project process and outcomes.²⁴ Creating equitable processes will help ensure that diverse and underrepresented communities (including vulnerable and low-income communities) are able to influence and inform policy and program development.

AHS Process		AHS Plan and Adoption	
Identify Unmet Housing Needs	Engagement Process	AHS Plan Development	Measurement and Analysis
Identify unmet housing needs, such as lower-income cost-burdened households Identify vulnerable people within Hood River who could benefit (about 65% of Hood River's population)	Engage community members to learn about their priorities, needs, and challenges to affordable housing Use engagement findings to inform the development and implementation of the project Build community awareness and support through the engagement process	Identify outcomes within the AHS that respond to community needs and promote housing stability and choice, particularly for those households with the unmet housing need.	Develop measurements to understand the impact and progress toward increasing equity of the strategies

²³ Adapted from the Wilsonville Equitable Housing Strategy

²⁴ Adapted by ECONorthwest for the Hood River AHPs from *"Making Equity Real in Climate Adaptation and Community Resilience Policies and Programs: A Guidebook,"* The Greenlining Institute, August 2019.

Who is the focus of equity considerations for this project and why?

The strategies developed through this AHS are aimed at serving low- and moderate-income households and those earning less than 120% Median Family Income (MFI) because the Hood River housing data show a disproportionately large need for housing affordable at these income levels and a high share of cost-burdened households. The private housing market is not producing housing affordable to households with income of less than 120% of MFI. Households with the highest rates of cost burden are households with the lowest incomes, those with incomes below 50% of MFI (or \$38,400 for a family of four). The groups that fall into this category include Latinos and other communities of color, farmworkers, seniors, people with disabilities, families with children, and workers with low pay (such as caregivers, hospitality staff, retail staff, others).

How did we apply the framework to the Hood River AHS?

Given the demonstrated need for housing affordable for households below 120% of MFI (especially for households with income below 50% of MFI), the City Council directed the project management team that housing and income equity should be a central element of this project. This section describes how the Project Management Team (PMT), comprised of City of Hood River staff and the ECONorthwest consulting team, employed the equity framework throughout the AHS project development process and how equity can continue to be a central component through the course of project implementation.

Developing Equitable Goals, Vision, and Values

Identify where there are existing inequities and disparities

- **Define equity lens** – The PMT applied an equity framework during scoping to consider ways to incorporate and promote equity throughout every stage of the project, including structuring the Task Force, gathering and analyzing data, evaluating strategies, and producing the final deliverable.
- **Define target populations and associated housing needs** – After a review of current housing data, the PMT worked with City Council to identify housing needs in Hood River and the associated households, based on income levels, that should be the focus of the project. Given Hood River's relatively small size, there is limited information available about communities of color, aside from the Latino population. The limited information shows that Latino households have lower than average incomes, at about 80% of the citywide average income. This project focuses on low- and middle-income households but also considers the housing needs of farmworkers and other groups, where information is available.

Identify vulnerable populations that the project seeks to benefit

- **Scope the project** – The scope of the project was limited to focus on producing housing affordable below 120% of MFI, where there is the greatest need and the most residents experiencing cost burden. The private housing market is not producing housing that is affordable (and remains affordable over the long term) for households with income below 120% of MFI.
- **Include approaches to mitigating displacement** – In addition to focusing on production of new housing, the PMT included a focus on affordable housing preservation strategies to avoid further displacement of residents.

Engagement Process

Engage community members to learn about their priorities, needs, and challenges to affordable housing

- **Recruit Task Force**– The Hood River City Council appointed interested community members, representing a wide range of perspectives, to the community advisory Task Force. Members of the Task Force include renters, housing advocates, service providers, employers, people with lived experience in publicly subsidized affordable housing, and other community members to ensure underrepresented voices are included in project outcomes. The Task Force included representatives from the Mid-Columbia Housing Authority, Columbia Cascade Housing Corporation, and Mid-Columbia Community Action Council.
- **Engage with service providers and public partners** – Through the course of the project, the City engaged agencies and organizations with experience working with vulnerable communities in discussions about opportunities to support development of affordable housing. These organizations include service providers (for seniors, health care, families with young children, native communities, farmworkers, and others) and partner public agencies (such as Hood River County, the Hood River School District, the Hood River Parks and Recreation District, the Port of Hood River, the CAT Transit District, and the Columbia Gorge Community College).
- **Discussions with stakeholders** – The PMT arranged discussion and listening sessions with stakeholder to solicit feedback from underrepresented communities in culturally appropriate settings. For example, the City engaged the Latino community in a Spanish language community workshop. In addition, the PMT engaged employers, affordable housing providers, and local housing developers in discussions about unmet housing needs.
- **Create a collaborative process** – The PMT developed and refined the list of strategies through a collaborative process with the Task Force, soliciting multiple rounds of feedback and providing additional information on strategies to Task Force members when requested.

Use engagement findings to inform the development and implementation of the project

- **Build community capacity** – The PMT aimed to build community capacity by educating Task Force members on housing programs by city and community organizations and encouraging members to share and discuss with fellow community members. In addition to encouraging informed discussions with community members, providing education can aid community members in influencing housing policy as the project and other housing efforts develop in Hood River.
- **Seek suggestions** – The PMT sought suggestions and ideas about potential strategies and implementation plans from the Task Force and the groups in the listening sessions, which informed the final AHS product.

Implementation

Identify outcomes that respond to community needs and promote housing stability and choice, particularly for those households with the greatest demonstrated housing need.

As the City moves toward implementation of the AHS, the project can continue to advance equitable outcomes that derive from inclusive processes. Some recommendations for equitable implementation include:

- **Identify funding and implementing projects that center community needs** – The AHS should prioritize funding and implementing projects that focus on community needs, especially for low-income households, including those identified through feedback from community engagement.
- **Identify and minimize unintended consequences** – For instance, further displacement of households with low- and middle-income could be a potential consequence of investment in particular areas. Implementation of the AHS should include a focus on preserving naturally occurring and publicly subsidized affordable housing.
- **Choose projects that involve multiple benefits** – The City could encourage location of affordable housing projects near active transportation routes and parks to promote public health and could promote engagement and contracting with women and minority-owned businesses during project implementation.
- **Continue education and communication** – As the City implements the AHS, they can provide continued opportunities to communicate and engage community members in the AHS implementation.

Measurement and Analysis

Create evaluation guidelines to measure impact and ensure equitable outcomes are achieved

The City should continue to track progress on equity goals as the AHS project is implemented. Some recommendations for measuring and analyzing progress include:

- **Develop and track metrics that reflect vision and goals** – The City should track metrics related to project goals to assess progress. This could include:
 - Number of new housing units produced that are affordable at each income level (below 50%, between 50 and 80 %, and between 80 and 120% of MFI)
- **Communicate progress** – The City should develop a plan to clearly communicate project process to stakeholders and community groups.
- **Promote transparency and accountability** – The City should be transparent in implementing AHS projects to allow stakeholders to understand how programs are being implemented and funds are being used, and it should promote opportunities for feedback on progress.
- **Provide annual written reports** – The City could publish annual (or biennial) written reports that summarize information about the location and footprint of projects funded by the City through CET or the other funding strategies included in the AHS, its objectives, status, and outcomes.
- **Implement the project in a flexible manner** – Whenever possible, the City should be flexible in project implementation to change course when not on track to meet equity outcomes.

Appendix C: Advisory Community Task Force Summary

At the outset of the project, the City Council formed an advisory community task force to provide important community feedback on strategies for this report. The City advertised the opportunity to serve on the task force in both English and Spanish via the City's website, social media, and direct outreach. The City received applications or interest from 34 people with myriad backgrounds and perspectives. The Council appointed 12 people from the pool of applicants who are representative of the community and with an interest in supported affordable housing including:

- Residents of workforce or income-restricted housing,
- Employers with workforces that are impacted by lack of local housing opportunities,
- Service providers that serve residents of affordable and area housing,
- Housing industry providers or producers, and
- Interest groups or informed housing advocates.

This Affordable Housing Production Strategy Advisory Community Task Force met via Zoom five times between September 2021 and March 2022 to discuss potential strategies and provide input on priorities. ECONorthwest staff led presentations and discussions at each of the meetings with City staff participating to answer questions. Meeting agendas and presentations are provided on the City's website.

Overall, the feedback from task force members included:

- The strategies should address the need for both rental and ownership units and a variety of unit types to accommodate different household sizes and stages of life.
- Identify who is impacted and why it matters to Hood River; connect the data to people in Hood River.
- Focus on realistic strategies with most impact and quick implementation
- Consider reducing/removing regulatory barriers – e.g., parking requirements, streamlining permit review.
- Help people retain and improve existing housing that is generally more affordable than new market-rate housing, including manufactured homes.
- Subsidies should correlate to affordability, with priority for the most affordable units.
- Mixed thoughts about whether to package a bond for affordable housing with other city needs.

- Consensus support for taking quick action to ensure long-term rentals in commercial zones are not converted to short-term rentals.
- Highest priority strategies: land banking, affordable housing ordinance, nonprofit tax exemption, and project subsidies for new construction.

In summary, the five Task Force meetings included:

Task Force Meeting #1 – September 15, 2021

Agenda

- Project overview – Project purpose, goals
- Task Force & Project Charter
- Discussion: Hopes for the Project; Concerns about the Project

Discussion Takeaways: Task Force members suggested the report connect the data to people and jobs in Hood River and to varying household sizes. Taskforce members expressed a desire that the project include: worker retention, actionable solutions for increasing density for market-rate and rental housing, more housing that is affordable and sustainable, accounts or stories of people in the community, clarity about how to explain the strategies, an increased focus on rental housing, improved assistance for people to get out of poverty, improved community attitudes and understanding about affordable housing, achievable incentives for affordable housing development, a broader outlook of what of home ownership can look like, and a focus on legally defensible strategies.

Task Force Meeting #2 – October 13, 2021

Agenda

- Overview of Existing Affordable Housing Programs – City & Partner Agencies
- Discussion: Potential Strategies

Discussion Takeaways: The Task Force members' initial preferences for strategies included: tax exemptions and reduced parking requirements, land banking, Homebuyer Opportunity Limited Tax Exemption (HOLTE), Urban Renewal tax increment financing, land trusts, appropriate zoning (for increased density and multi-family residential), reductions in System Development Charges (SDCs) and permit fees, scaling SDCs to size of unit, increased Construction Excise Tax (CET), General Obligation bonds, density bonuses, expedited permitting, preservation and improvement of existing housing including manufactured homes, grants and loans for affordable housing, leveraging partnerships, and education about housing resources. Several members also asked questions about tiny homes and the City's Rand Road development.

Task Force Meeting #3 – December 8, 2021

Agenda

- Introduction to Four Housing Initiatives and Strategies for each Initiative
 - Explore Opportunities for Affordable Homeownership
 - Remove Barriers to Producing Moderate-Income Rental Housing
 - Encourage New Regulated Housing Production
 - Preserve Existing Low-Cost Market Rate Housing
- Miro whiteboard tool for discussion
- Affordable Housing Ordinance concept

Discussion Takeaways: Task Force members wanted clarification about whether the initiatives are prioritized. Members expressed general support for the housing ordinance concept, recommended weighing subsidies more heavily toward more affordable (prioritize subsidies for lower-income levels), stated a need for some focus on housing just above 60% AMI, wanted to explore opportunities for loans to low-income people/access to capital, and voiced concern for the condition of existing mobile homes.

Moderate-Income Affordable Rental Housing (60-120%)

	Multiple Unit Property Tax Exemption	Land Banking	Infrastructure and Project Subsidies
How does it work?	Used to incent multifamily housing with particular features or at particular price points by offering qualifying developments a partial property tax exemption for 10 years (or longer, for housing subject to affordability agreements).	Expand the City's current efforts (e.g., Rand Road) to support housing development by reducing or eliminating land cost from development	Provides direct project subsidies to support infrastructure and project developments that meet affordable housing objectives.
Funding strategies	The City is not required to "backfill" funds foregone by MUPT. The City can select the number of projects to approve per year.	Urban Renewal GO Bond	Urban Renewal GO Bond CET
Affordability term	10+ years	Deed restriction or similar approach	Up to 50 years
Key questions remaining	Which taxing jurisdictions would be willing to participate? Would the City want to monitor compliance or offer MUPT in coordination with a nonprofit partner that would take on compliance role?	Where would the City seek out land? Would the City want to set up right of first refusal regulations?	What would be the eligibility thresholds? How would Urban Renewal and GO Bond projects interact? Under what conditions would the City grant SDC subsidies for this type of development?

Parking lot

NATE: different property tax assessment for MF developers

Potential Partnerships

- **Nonprofit developers.** Land write-downs (in parallel with a city land disposition strategy), permit fee or SDC subsidies, and outright subsidies.
- **Other partnerships?**

Nate: market rate apt dev't, hard to find comps for lenders, but now 40-50 being constructed

Nate: providing incentives to overcome small feasibility gaps can help the City overall with its housing supply

• If any, nothing in the model for single parents, single adult men with kids, folks like there are not a lot of choices for moderate income except in apartment style projects.
Dispensing smaller units throughout the City (mobile housing)

Comments

Ubaldo - if you give \$ to developers you have to make sure that they are held accountable

Ubaldo: Less emphasis on subsidizing developers vs. subsidizing members of the community. Living wages don't reflect income of the community. want to see initiatives that focus on people, want to see adjustment of the incomes reviewed.

SDC subsidies

Absolutely necessary for the City to clarify when/where they can reduce development costs - either SDC's or Proportional share subsidies - Certainly these can be weighted to the outcome.

Megan: SDC subsidies could be included as part of infra and project subsidies

Will there are tradeoffs when deferring/waiving SDCs

KENNY: amount of subsidies should be weighted, higher subsidies for more deeply affordable developments.

need a different forum for low income communities,

Paula: use all the options that we can to get going, but be promoting subsidies for lower end of development and backfill the loss by taxing the high users (breweries, etc.)

Audra: don't want to see much subsidy for middle income projects

JENNIFER: should be prioritizing subsidies for lowest income households

Regulated Affordable Rental Housing (Less than 60% AMI / less than \$46k)

	Nonprofit Low Income Housing Limited Tax Exemption	Infrastructure and Project Subsidies	SDC Deferrals / Subsidy	Landbanking
How does it work?	Provides full property tax exemption for new/existing affordable housing owned and operated by a nonprofit organization.	Provides direct project subsidies to support infrastructure and regulated affordable projects.	Subsidizes SDC costs for eligible projects.	Expand the City's current efforts (e.g., Rand Road) to support housing development by reducing or eliminating land cost from development.
Funding strategies	The City is not required to "backfill" funds foregone by these tax exemptions.	GO Bond Urban Renewal (in limited cases)	CET? GO Bond	CET GO Bond
Affordability term	As long as property meets eligibility criteria	50 years, coupled with land banking	TBD	50 years, Deed restriction
Key questions remaining	Which other taxing jurisdictions would be willing to participate?	What criteria must a project meet to receive funding?	Besides affordability level, what other requirements must be met? What else does the City need to do to make this a policy?	N/A

Of the initiatives proposed in the Memo, I am interested in Initiatives #2 and #3 most.

Limitations on GO Bond for ownership?

In future slides, # of people in HH and income

From the beginning of my involvement of the task force, I've strongly believed that rental availability should be our primary focus, and this is a reason that I am not interested in Initiative #1. I've also strongly believed that acquiring new properly zoned land for high density housing, and finding clever ways to quickly develop it into high density, and affordable rental housing should be a priority, so this is why I am very interested in initiatives 2 & 3. Initiative #4 seems like it may be a lot of investment for little "new" housing inventory, so I'm lukewarm about it.

more emphasis on this initiative

Potential Partnerships

- Mid-Columbia Housing Authority
- Columbia Cascade Housing Corporation
- Nonprofit affordable housing developers
- Local banks?
- Individual development accounts
- Other developers of housing affordable to households with income of less than 60% of MFI
- Mid-Columbia Community Action Council
- Others?

Comments

sometimes people are making significantly less than \$46k

Tiffany - there's not a lot out there, even can be flexible with unit size

Ubaldo: Loan opportunities for low income people, esp for owner occupied

Paula - Providence Hospital

Ubaldo - low income doesn't mean people can't pay. Could we provide loan opportunities for extremely low income?

CRS 30B.701-015 30B.701 Multi-Unit Rental Housing Subject to Government Restrictions on Use

While I suspect developers who work in OR know about this - it might be worth making sure it is top of mind when we are working on things like Rand Rd. - it may offer some runway for a developer that can help.

Looking at areas where City and County can coordinate. County also has CTR dollars available to spend. The County as the selling body - also has the ability to work within the framework of the City 30B.701 to change the assessment criteria where the housing is government mandated in some way...it's clarity in another role -

With Rand Road - 100 units are regulated affordable, 120 units, 30% and 60% AMI

Will - City trying to build housing on Morrison Park

Paula - land trust like process to gather land

Support access to capital for low income residents

GO Bonds as funding opportunities

Ubaldo: "crowd funding" and loan funds to build projects

Task Force Meeting #4 – February 9, 2022

Agenda

- Recap of Stakeholder Outreach
- Discuss Draft Strategies
- Discuss Funding Tools

Discussion Takeaways: There was general support for land banking and an affordable housing ordinance. For off-site Infrastructure Subsidies, the task force requested the city prioritize subsidies for low-income housing. For direct project subsidies, the task force suggested the subsidies align with the City's top needs and include equity standards with some consideration for workers in priority sectors such as health care. With respect to preservation, there were questions about ability to preserve the mobile home park use on some lands and concerns about how to ensure housing for residents of mobile home parks. A post-meeting survey indicated the highest priorities for Task Force members are: land banking, affordable housing ordinance, nonprofit tax exemption, and project subsidies for new construction.

Task Force Meeting #5 – March 30, 2022

Agenda

- Draft Affordable Housing Strategy Report

Discussion Takeaways: The Task Force offered consensus support for the draft report and the recommended strategies as those with potential for biggest impact. One member suggested referencing community housing or worker housing instead of affordable housing. A couple members expressed concern about feasibility of implementing all the strategies given staff bandwidth and recommended Council prioritize the strategies and take action. There was a suggestion to add more detail about how to operationalize the strategies. Members agreed with prioritizing support for housing for those whose income is less than 60% AMI. A couple members noted agreement that communication with community and community partners is very important. Several members suggested additional graphics in the final report and suggested naming the final report: Affordable Housing Strategy (or Plan) and dropping the word “Production.” There was general consensus support for the concept that government has an obligation to ensure affordability when public funds are invested into the housing and clear consensus support for quick action on “one person, one license” for short-term rentals in multi-family development in commercial zones. Members expressed a mix of thoughts about whether to package a General Obligation bond for affordable housing with other city needs but all agreed that specificity and clarity about how the funds will be used is vital.