



City of Albany

**Housing Implementation Project
Housing Policies Background Report**

**City Council Work Session
August 5, 2024, 4:00 pm**

Housing Implementation Plan (2023)

- HATF/HIP Recommended Priority Strategies
- Further context and data for evaluation
- Affordable and other needed housing types



Market Conditions

- Higher interest rates, material and labor costs = Feasibility gap is larger than in recent history
- Any one program can provide a key layer in a financing plan for a housing project
- Multiple tools, incentives, and funding sources are needed to make an affordable housing project feasible
- Many Oregon cities smaller and larger have multiple incentives = competition to attract developers of needed housing



Recommended Strategies

- 1) Surplus Land for Affordable or other Needed Housing
- 2) Tax Abatement Programs
- 3) Construction Excise Tax



Surplus Land for Affordable/Needed Housing

Obsolete facilities or properties, unused open space or underutilized parking or portion of a site, foreclosures, etc.

Standard/Current Process:

- No predetermined outcomes
- City needs and public benefits not always considered
- Current and future council flexibility

Housing Policy Advantages:

- City controls outcomes, case by case
- Easy implementation, little City investment
- Provides local contribution required to leverage other \$\$



Surplus Land for Affordable/Needed Housing

Process Options:

- Policy to prioritize suitable surplus land for housing
- Screen properties for appropriateness (zoning, restrictions, etc.), assess for development potential and interest
- Determine public needs and housing needs
- Public benefit should be appropriate for the incentive
- Partner with experienced developer, or first right of refusal for housing providers, or RFP
- Sell land at appraised value or discount, or long-term lease for agreed upon use



Surplus Land for Affordable/Needed Housing

Case Studies



The Jesse Quinn – Forest Grove



The Songbird – Portland



The Atwell – Tigard

Tax Abatement Programs



- Temporary tax savings to reduce operating costs in early years in exchange for providing public benefits
- City taxes or all taxing jurisdictions with agreement
- Affordable housing, multi-dwelling unit, or mixed use
- Enhance underlying market feasibility
- Two programs proposed to address different needs and goals

Low Income Rental Housing Abatement

- 20-year abatement
- Non-profit or for-profit developers
- Affordable at 60% median income
- Replaces current program (non-profit only, annual renewal)





Transit-Supportive Multi-Unit Development (MUPTE)

- 10-year abatement maximum
- Multi-dwelling development in town centers and transit corridors. May be mixed use.
- May have affordability requirements.
- Flexible program design, public benefit requirements
- Developers will gravitate to least cost public benefit = prioritize needed public benefit

Construction Excise Tax (CET)

- One time tax on new construction
- Up to 1% on residential construction, unlimited on commercial construction
- Residential CET must be used on affordable housing programs; 50% of Commercial CET is flexible
- Many statewide examples taxes range from 0.33% to 1.5%; 1% most common



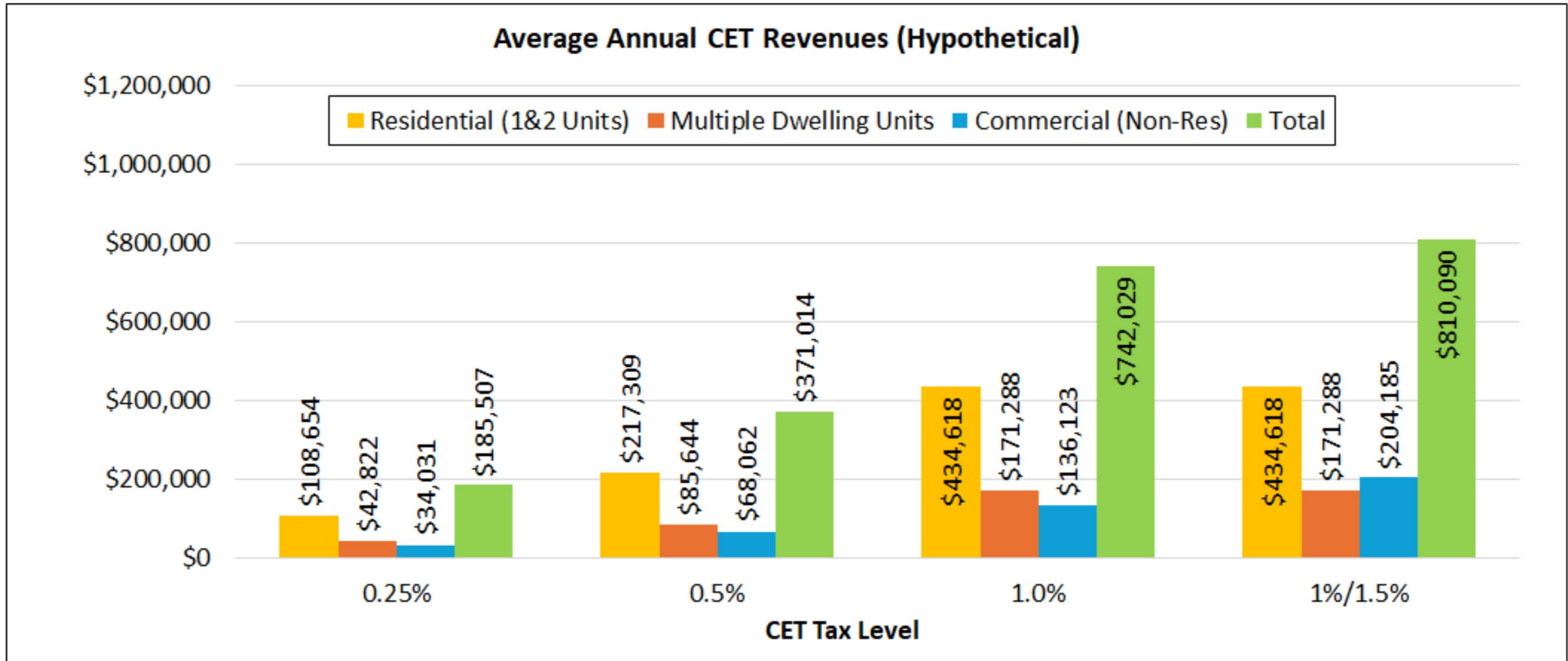
Construction Excise Tax (CET)

- Often used as one part of affordable housing package (city contribution to leverage state, other \$)
- Flexibility to design program, decide eligibility, and use funds
- Fee and SDC waivers, loans, grants, pre-development studies, etc.
- 50% of Commercial CET can be used for non-housing projects



Construction Excise Tax (CET)

- Modeled potential CET revenue based on past five years of permits



Construction Excise Tax (CET)

Council Discussion & Direction

- Residential tax?
- Commercial/Industrial tax?
- Program development timeline, options



Public Engagement (planned to date)

- Development Code (ADC) Revisions – Focus Groups (8/14, 9/9)
- Developer Group Meeting (8/28)
- Housing Policies – Focus Groups (9/11, 9/16)
- Public Survey (mid August-mid September)
- Planning Commission/Council Work Session – ADC Revisions (9/30)



Questions or Comments?

Timeline





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LOC Legislative Agenda Issues - 2024

9	Infrastructure Funding (Co-Sponsored by Water and Wastewater Committee)(duplicate)	Community and Economic Development Committee
9	Shelter and Homeless Response	
1	Employment Lands Readiness And Availability	
11	Full Funding And Alignment For Housing Production	
1	Restoration of Recreational Immunity	General Government Committee
3	Behavioral Health Enhancements	
3	Continued Addiction Policy Reform	
	Building Decarbonization, Efficiency, and Modernization	Energy and Environment Committee
3	Investment in Community Climate Planning Resources	
7.5	Address Energy Affordability Challenges from Rising Utility Costs	
2	Lodging Tax Flexibility	Finance and Taxation Committee
	Marijuana Tax	
	Alcohol Tax	
	Digital Equity and Inclusion	Broadband, Cybersecurity, Artificial Intelligence (AI), and Telecommunications Committee
	Cybersecurity & Privacy	
1	Resilient, Futureproof Broadband Infrastructure and Planning Investment	
	Artificial Intelligence (AI)	
14	2025 Transportation Package	Transportation Committee
5	Funding and Expanding Public and Inter-Community Transit	
6	Shift from a Gas Tax to a Road User Fee	
2	Community Safety and Neighborhood Livability	
12.5	Infrastructure Funding (Co-Sponsored by Community and Economic Development Committee) (duplicate)	Water and Wastewater Committee
	Place-Based Planning	
	Operator-in-Training Apprenticeships	
90	TOTAL	

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	Employment Lands Readiness And Availability
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	Artificial Intelligence (AI)
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	Funding and Expanding Public and Inter-Community Transit
	Shift from a Gas Tax to a Road User Fee
	Community Safety and Neighborhood Livability
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	Place-Based Planning
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1	Infrastructure Funding
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4	Shelter and Homeless Response
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