

# Tualatin's Strategic Equitable Housing Funding Plan

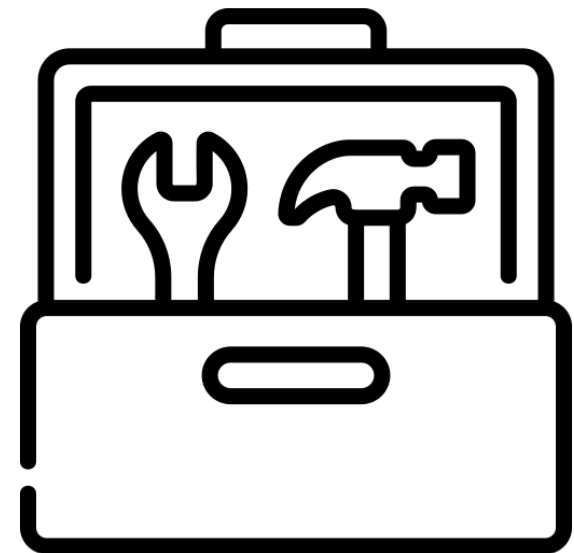
City Council Session  
October 24, 2022

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- City Council adopted the Housing Production Strategy (HPS) in 2021
  - Included commitment to study specific needs in the context of equity
- The Housing Implementation Plan provides next steps towards affordable, fair and equitable housing outcomes
  - Will specifically give guidance for financial and regulatory actions

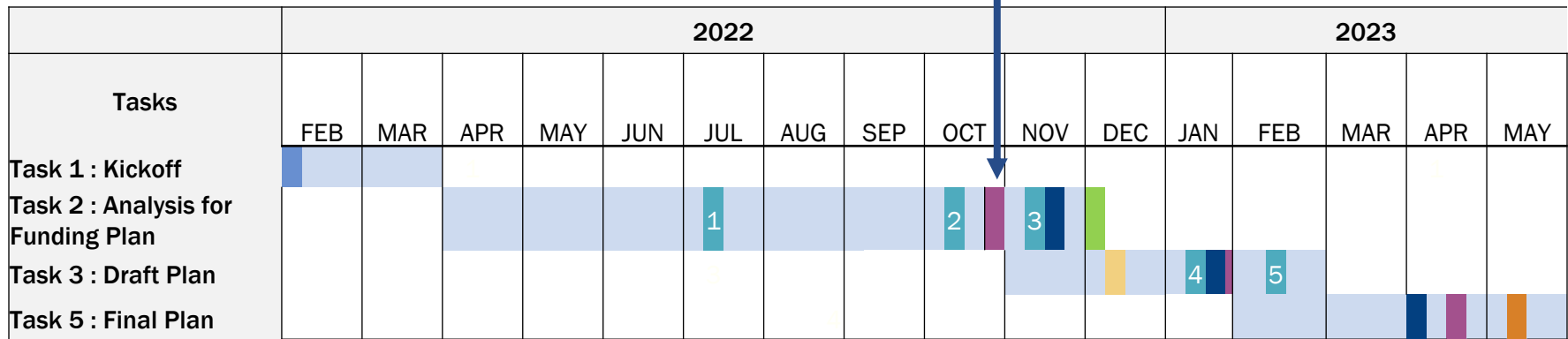
# Outcomes of Tonight's Discussion

- Review analysis to date and past efforts
- Update and discuss the options in the “toolbox” that can be used to support development of housing affordable to moderate income household



# Project Schedule and Outreach

We are here



- █ Kickoff Meeting with City Staff
- █ Ongoing Task
- █ Planning Commission meeting
- █ Advisory Committee Meeting
- █ Draft Product
- █ Public Workshop
- █ City Council Meeting
- █ Final Product

# Recap: What Housing Planning has Tualatin Done

## Housing Needs Analysis

- Buildable lands inventory
- Housing market
- Demographics & socioeconomic characteristics
- Housing affordability
- Forecast of new housing
- Assessment of land sufficiency



## Housing Production Strategy

- Refined understanding of housing need
- Evaluation of gaps in existing policies
- Identification of potential strategies
- Evaluation of new strategies
- Assessment of whether the strategies help achieve fair and equitable outcomes

# Strategic Equitable Housing Funding Plan

- This project is part of implementing the HPS
  - Action in the HPS
  - Examine and plan for implementation of selected strategic actions from the HPS
- Goals of this project
  - Reduce financial and regulatory impediments
  - Create financial and regulatory incentives
  - Identify and access resources available to increase availability and affordability of needed housing



# Tualatin's Key Housing Needs

# Tualatin's Cost Burdened Households

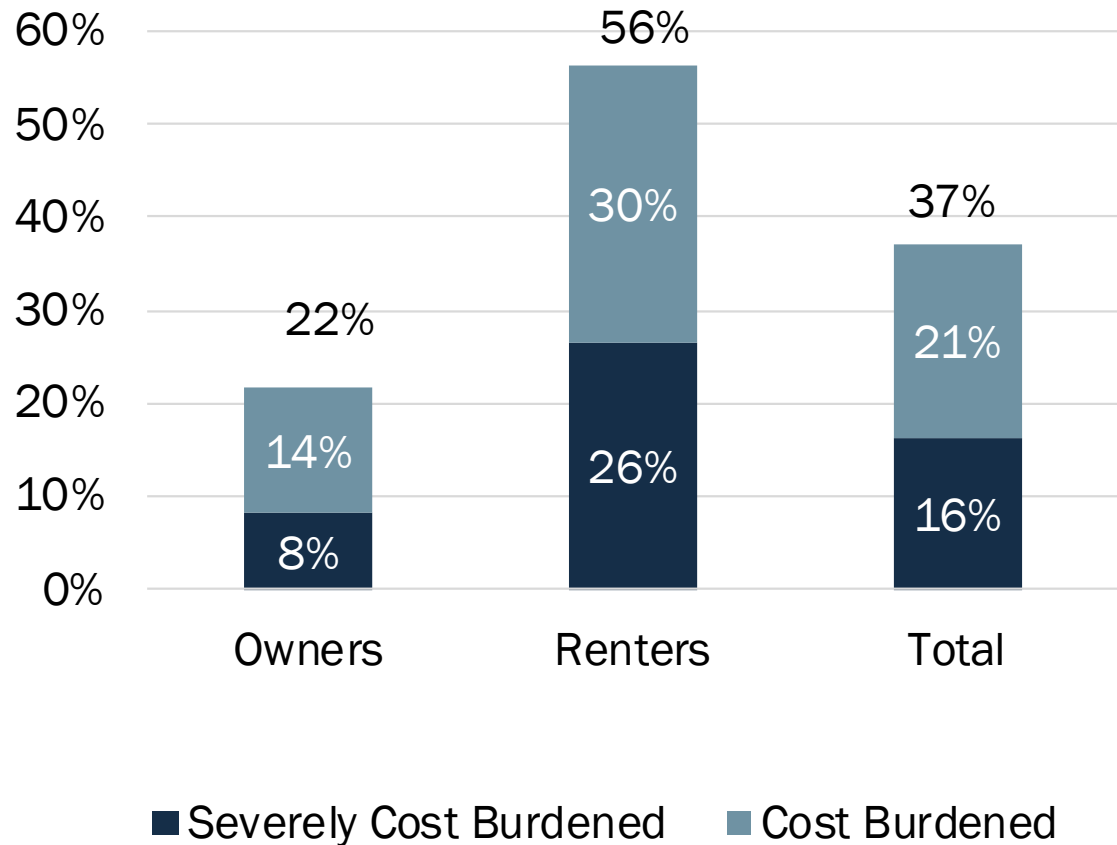
## Cost Burden by Tenure, Tualatin, 2013-2017

**Cost burdened:**

spending more than 30% of income on housing costs

**Severely cost burdened:**

spending more than 50% of income on housing costs





# Disproportionate Levels of Cost Burden

Groups with higher-than average levels of cost burden

- People of Color

- 25% of Tualatin's population
- Need for housing that is affordable, assistance to avoid displacement, access to housing in high opportunity areas, access to housing without discrimination

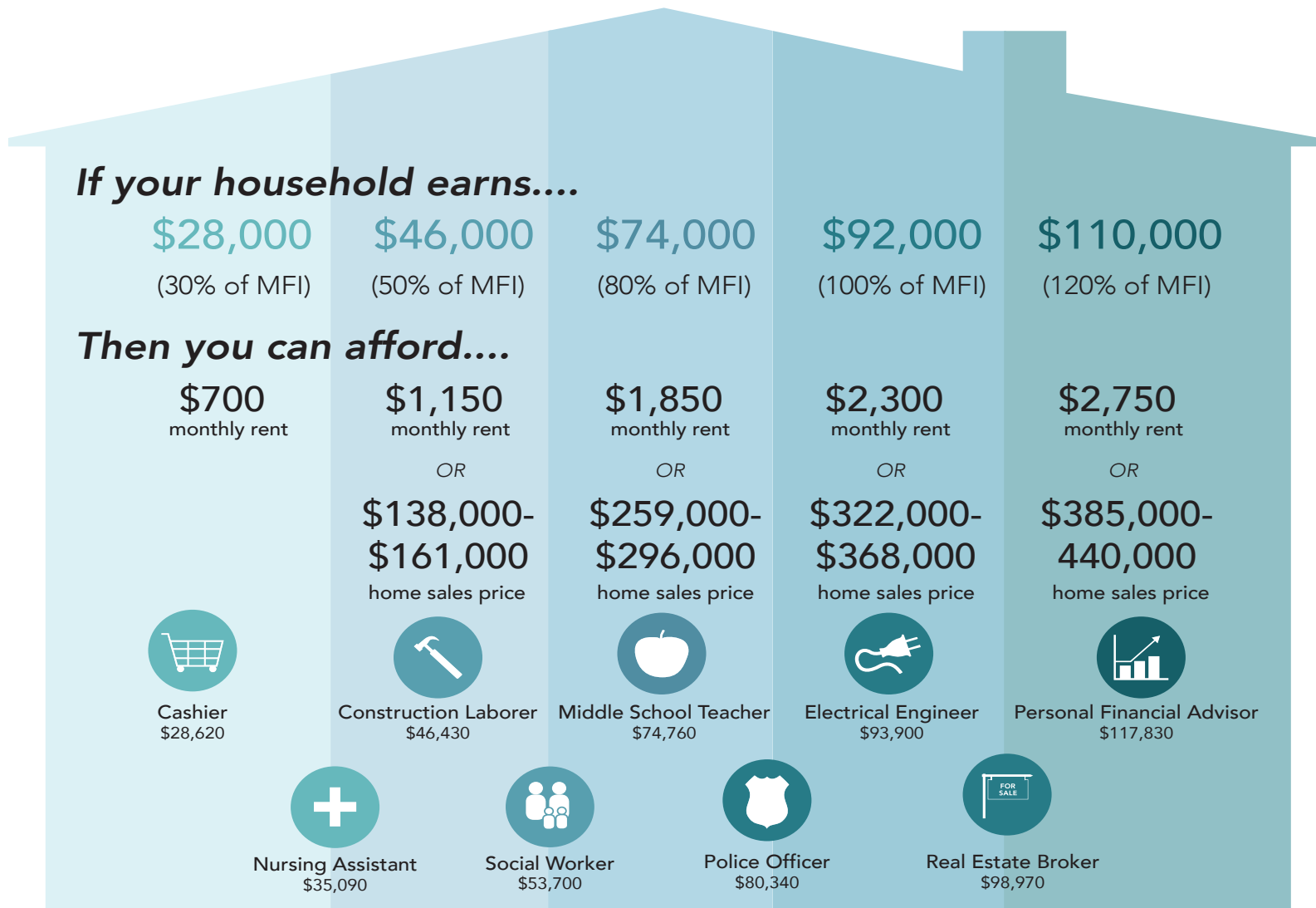
- Seniors and People with Disabilities

- Need for housing that is affordable, physically accessible, and with access to needed services

- People experiencing homelessness

- Need for housing that is affordable
- Need for immediate assistance, housing with services, and improved access to an affordable unit

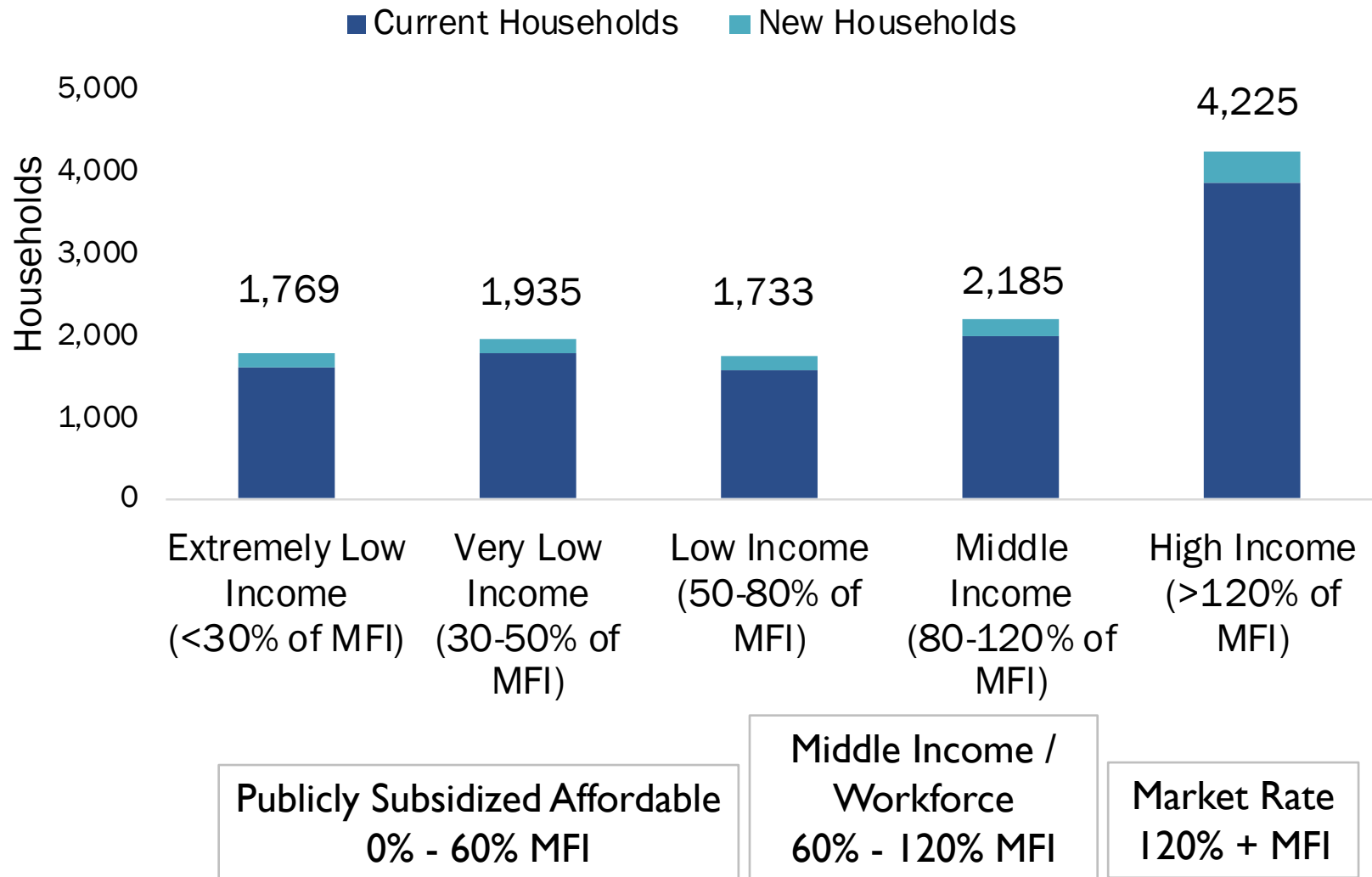
# What's considered affordable?



Source: U.S. Department of HUD 2020. U.S. Census Bureau, 2014-2018 ACS Table I9001.

Note: MFI is Median Family Income for a Family of 4.

# Tualatin's Current & Future Households by Income



Source: 2014-2018 ACS, U.S. Census; PRC at PSU (2020-2040); and U.S. Department of HUD 2020 MFI.

Note: Median Family Income is estimated for a family of 4.



# Strategic Actions Under Consideration from the HPS

# Factors that Influence Housing Development

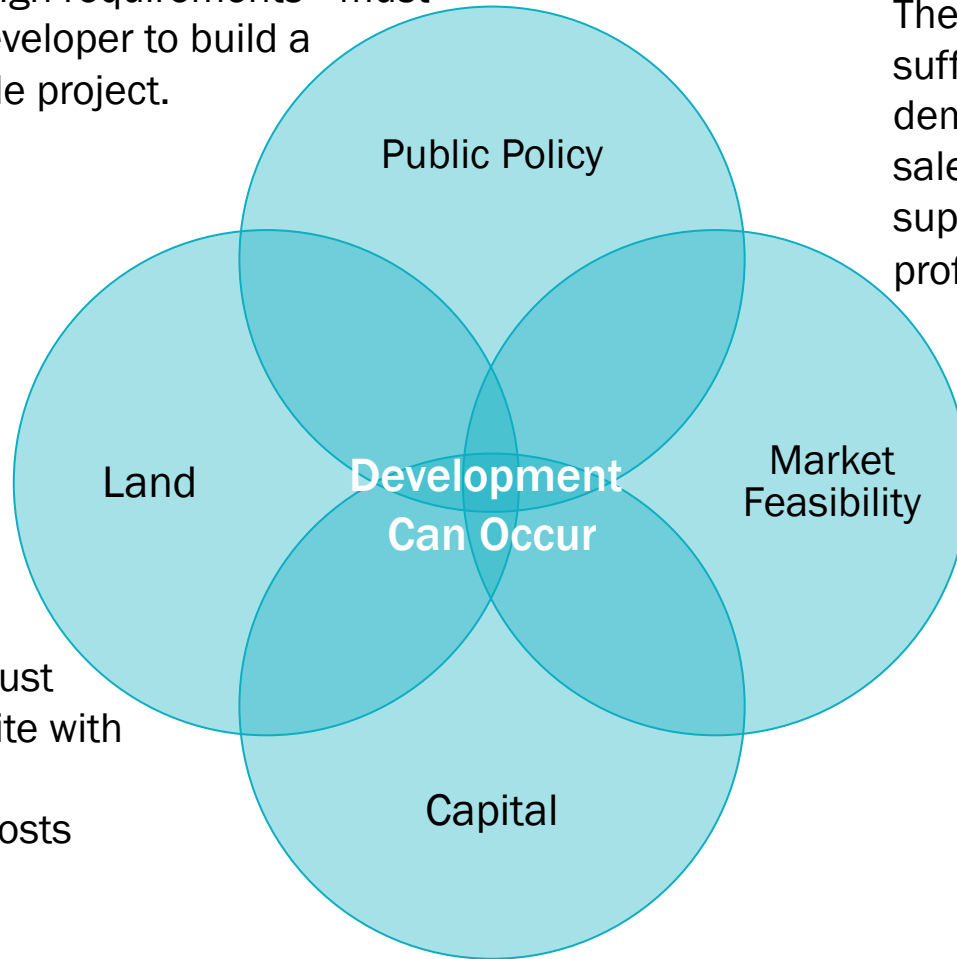
Policy—including zoning, density, and design requirements— must allow developer to build a profitable project.

There must be sufficient demand (rents, sales prices) to support a profitable project

Tualatin can directly influence public policy, land, and infrastructure.

Tualatin may have limited influence on market feasibility

Developer must control the site with reasonable acquisition costs



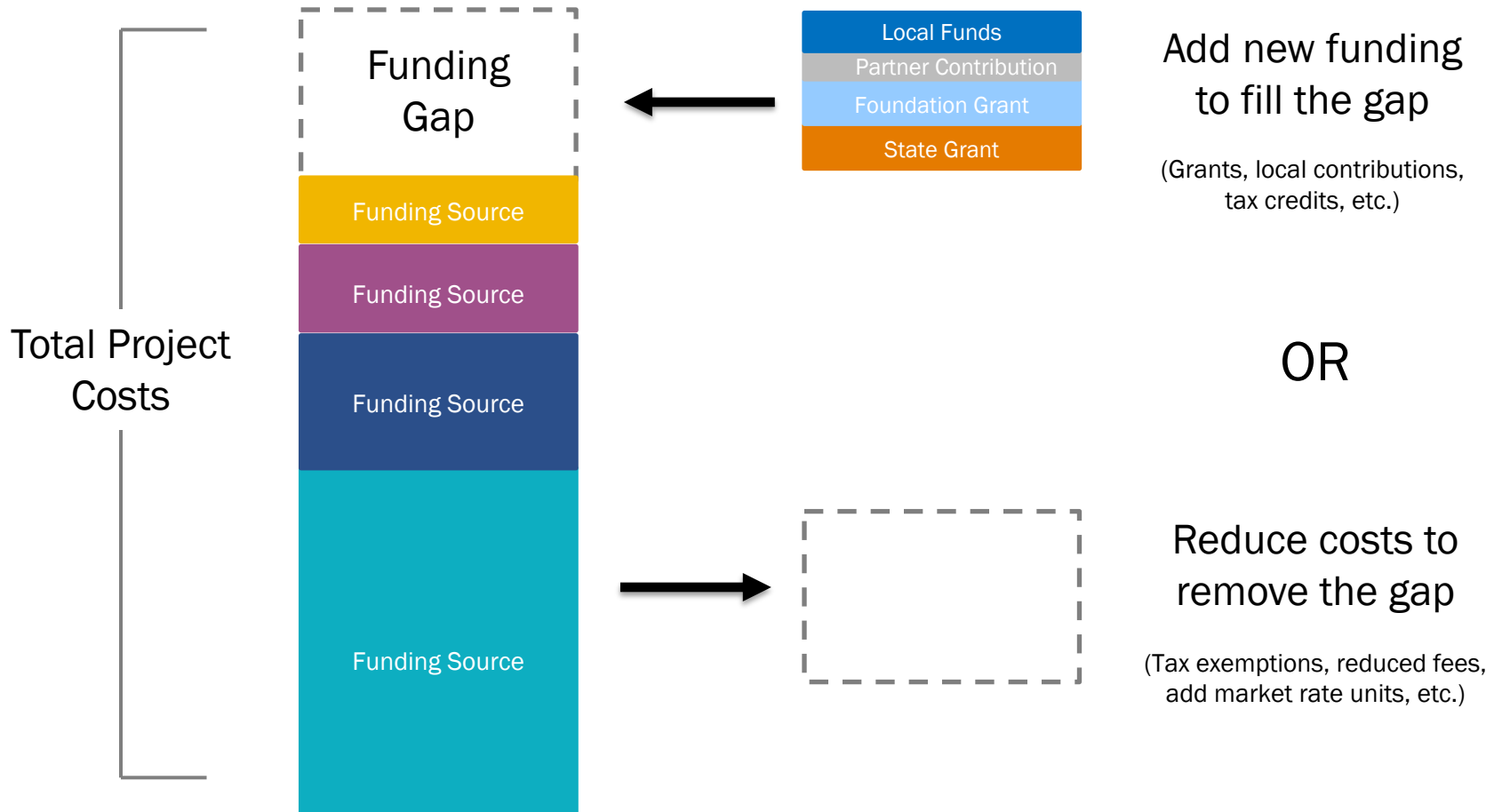
Developer must be able to access resources for investment (e.g., equity investment, bank loans)

# Strategic Actions Considered in this Project

Tool	Adds, Forgoes, or Uses City Revenue?	Income Level Served
Local Construction Excise Tax (CET)	Adds	Mostly 0-60% AMI Possibly 61-80% AMI
Nonprofit Low Income Tax Exemption	Forgoes	<60% AMI
Multiple Unit Property Tax Exemption	Forgoes	80% AMI
System Development Charge Exemption	Forgoes	0-80% AMI
Urban Renewal Area Revenue	Adds	0-80% AMI
Homeownership Assistance	Uses	80% AMI
Other Tools / Affordable Housing Trust Fund	Uses	0-80% AMI

# Funding Affordable Housing

Affordable housing often falls short of the funding necessary for new construction. In order to make projects feasible, developers can...





# Analysis Progress



# Overview of Housing Tools Analyzed

## Construction Excise Tax (CET)

Adds revenue to the City through new local regulation

- **What does it do:** Levies a tax on new construction to fund housing programs and investments
- **How does it work:** Allows cities to collect a 1% tax on permit value of new residential development or higher for commercial/industrial.
- **Our findings:** 0.5% to 1% CET on commercial and industrial development may be worthwhile in Tualatin.

## Nonprofit Low Income Tax Exemption

Forgoes revenue to the City for targeted housing type

- **What does it do:** Provides a full property tax exemption for nonprofit owned affordable housing
- **How does it work:** Can exempt only city taxes or all taxing districts if at least 51% of the total tax roll agrees to participate.
- **Our findings:** Tualatin could exempt its own taxes to incentivize housing affordable to residents at or below 60 percent of area median income

# Overview of Housing Tools Analysis

## Multiple Unit Property Tax Exemption

**Forgoes revenue to the City for targeted housing type**

- **What does it do:** Provides a partial property tax exemption for private developers of mixed-income housing
- **How does it work:** Can exempt only city taxes or all taxing districts if at least 51% of the total tax roll agrees to participate.
- **Our findings:** If providing an exemption from all districts, MUPTE could create an incentive for private developers to offer units at or below 80 percent of area median income

## System Development Charge Exemption

**Forgoes revenue to the City for targeted housing type**

- **What does it do:** Reduces upfront development fees for developers who provide new affordable units
- **How does it work:** Can exempt City-controlled system development fees for Parks and Water, but not those collected by other service providers
- **Our findings:** Tualatin could provide an exemption for its two SDCs but would likely have to backfill the forgone revenue

# Overview of Housing Tools Analysis

## Urban Renewal Area Revenue

### Adds revenue to the City through new local regulation

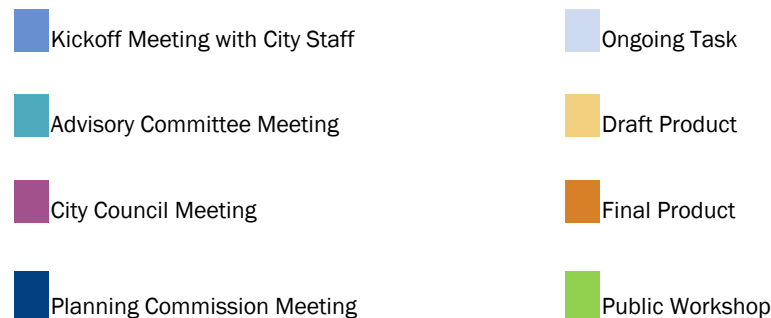
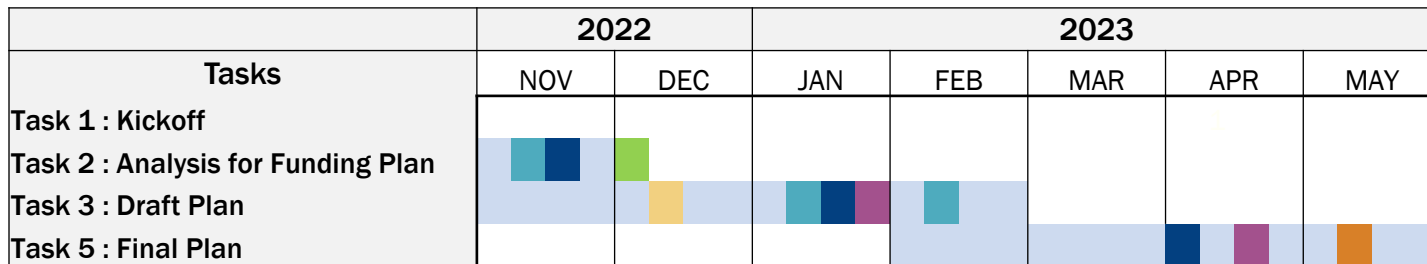
- **What does it do:** Provides local funding for capital projects to support URA plan goals (including housing)
- **How does it work:** Uses revenue from tax increment financing (TIF) to make public investments
- **Our findings:** Tualatin's proposed urban renewal area could integrate goals for housing and access TIF dollars.

## What's Next?

- **Homeownership Assistance:**
  - Down payment
  - Home repair programs
- **Other Funding Tools:**
  - New taxes
  - Targeted fee increases
  - Affordable Housing Trust Funds

- **Reduction of financial and regulatory impediments**
  - Identify the funding amounts needed in a 5- year Equitable Housing Funding Plan
- **Creation of financial and regulatory incentives**
  - Increase decisionmaker understanding toward equitable housing funding
- **Access resources available to increase the availability and affordability of needed housing**
  - Focus on understanding, evaluating, targeting and accessing housing funding resources

- Public Workshop
- Planning Commission Meetings (3)
- Ongoing Advisory Committee Meetings (2-3)
- Second City Council Meeting



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