



City of Tualatin

CITY OF TUALATIN Staff Report

TO: Honorable Mayor and Members of the City Council

THROUGH: Sherilyn Lombos, City Manager

FROM: Steve Koper, AICP, Assistant Community Development Director
Erin Engman, Senior Planner

DATE: October 24, 2022

SUBJECT:
Introduction to Tualatin’s Strategic Equitable Housing Funding Plan

EXECUTIVE SUMMARY:

Background

In 2021, the City Council adopted a Housing Production Strategy (HPS) which serves as the City’s commitment to develop strategies that encourage the production of needed housing, with an emphasis on improving outcomes for underserved communities, people with lower incomes, and people in state and federal protected classes. The state requires cities to evaluate the effectiveness of their HPS strategies and report on implementation progress over a six-year period, as many strategic actions require further analysis, engagement of consultants, amendments to existing standards or programs, and discussions with decision makers.

What is the Strategic Equitable Housing Funding Plan?

It is a document that studies potential ways to increase affordable housing production through different financial sources. In partnership with EcoNW and a six member advisory committee, the City is studying nine of the strategic actions identified in the Housing Production Strategy for possible implementation, including:

Goal: Increase housing development affordable to households earning 0-60% of Median Family Income (MFI)
<ul style="list-style-type: none"> • Evaluate a Low-Income Housing Property Tax Exemption Program for affordable rental housing
<ul style="list-style-type: none"> • Evaluate changes to Systems Development Charges (SDC)
<ul style="list-style-type: none"> • Evaluate implementation of a Construction Excise Tax (CET)
<ul style="list-style-type: none"> • Evaluate support for affordable and workforce rental housing as part of Urban Renewal
<ul style="list-style-type: none"> • Evaluate financial resources for local contributions to affordable housing development
Goal: Preserve naturally occurring housing that is affordable to households earning 0-80% MFI
<ul style="list-style-type: none"> • Evaluate development of incentives to preserve low-cost rentals (below market-rate) for privately owned rental housing
<ul style="list-style-type: none"> • Evaluate using the Multiple Unit Property Tax Exemption to slow rental cost increases

Goal: Support development of housing affordable to households earning 61-80% of MFI

- Evaluate ways to incentivize the inclusion of workforce housing units within new multifamily rental development

Goal: Support housing rehabilitation programs that are responsive to households earning 0-80% of MFI

- Evaluate establishing local housing rehabilitation program

The desired outcome of this project is to provide guidance to Council on approaches that could:

- Reduce financial and regulatory impediments
- Create financial and regulatory incentives
- Access resources available to increase the availability and affordability of needed housing.

The project consists of the following tasks:

- Project kickoff: The team has verified the major project tasks and actions required for plan completion. An advisory committee has been formed and consists of regional affordable housing professionals; residents; and members of the chamber of commerce, planning commission, and City finance department.
- Advisory Committee Meetings (current project stage): The committee is scheduled to meet four times over the course of the project to discuss the identified HPS strategies. EcoNW will provide estimates of potential revenues needed from funding sources as well as incentives. We have currently met for two of the four meetings. Additionally, the team will host a public workshop to solicit community input later this year.
- Draft Strategic Equitable Funding Plan: EcoNW will develop a plan based on the funding analysis and feedback received from the project advisory committee and public workshop. The draft plan will be presented to the Tualatin Planning Commission and City Council for feedback and comments in preparation for a final plan for adoption.
- Final Strategic Equitable Housing Funding Plan: City Council will be asked to consider a final plan for adoption in Spring of 2023.

ATTACHMENTS:

- Attachment A: Presentation
- Attachment B.1: Advisory Committee Meeting #1 Packet
- Attachment B.2: Advisory Committee Meeting #2 Packet