

DATE: March 15, 2019
TO: Keizer Housing Needs Analysis Project Advisory Committee
CC: Nate Brown, City of Keizer
FROM: Bob Parker and Sadie DiNatale, ECONorthwest
SUBJECT: DRAFT KEIZER HOUSING STRATEGY

The Department of Land Conservation and Development contracted ECONorthwest to develop a Housing Needs Analysis for the City of Keizer. The Housing Needs Analysis will determine whether the City of Keizer has enough land to accommodate 20-years of population and housing growth. The Housing Needs Analysis will provide the basis for an update to the City's Comprehensive Plan Housing Element, as well as development of an action plan to implement the Housing policies.

This memorandum presents Keizer's existing housing policies for discussion with the Project Advisory Committee (PAC) at the February and March meetings. Our expectation is that these policies may be revised or substituted based on comments from the PAC, comments from the public at the May Open House, and comments from the City of Keizer's Planning Commission or City Council.

This memorandum discusses housing affordability. It distinguishes between two types of affordable housing: (1) housing affordable to very low-income and extremely low-income households and (2) housing affordable to low-income and middle-income households. The following describes these households, based on information from the Keizer Housing Needs Analysis.

- **Very low-income and extremely low-income households** are those who have an income of 50% or less of Marion County Median Family Income (MFI)¹ which is an annual household income of \$33,650. About 28% of Keizer's households fit into this category. They can afford a monthly housing cost of \$840 or less.² Development of housing affordable to households at this income level is generally accomplished through development of government-subsidized income-restricted housing.
- **Low-income and middle-income households** are those who have income of 50% to 120% of Marion County's MFI or income between \$33,650 to \$80,5800. About 41% of Keizer's households fit into this category. They can afford a monthly housing cost of \$840 to \$2,000. The private housing market may develop housing affordable to households in this group, especially for the higher income households in the group.

¹ Median Family Income is determined by the U.S. Department of Housing and Urban Development. In 2018, Marion County's MFI was \$67,300.

² This assumes that households pay less than 30% of their gross income on housing costs, including rent or mortgage, utilities, home insurance, and property taxes.

Strategic Priorities

Following are a set of possible strategic priorities for the housing strategy. The priorities were identified through the housing needs analysis and discussions between staff and the consulting team.

Note: These are draft and subject to change based on PAC input.

Preliminary Strategic Priorities, Keizer

Possible strategic priority:	What strategic issues does this address?
Land Availability: Plan for a 20-year supply of suitable land to meet housing needs.	<ul style="list-style-type: none"> ▪ Addresses insufficient residential land supply within Keizer’s portion of the UGB. ▪ Balancing housing density and housing type with land supply. ▪ Achieve a suitable density and mix to meet population needs.
Wider Variety of Housing Types: Provide opportunities for housing development – particularly “missing middle” types – to meet housing needs at all income levels.	<ul style="list-style-type: none"> ▪ Improve housing supply, affordability, and quality ▪ Address what market is not achieving (Are developers encouraged to be innovative?) ▪ Need for more missing middle housing types (e.g., duplexes, tri-plexes, quads townhomes, small apartment complexes (<10 units)) ▪ Need for housing across the affordability spectrum ▪ Need to preserve Keizer character
Housing Affordability: Identify strategies to support affordable housing.	<ul style="list-style-type: none"> ▪ Populations experiencing housing cost burden is high – particularly for renters ▪ Cost of homeownership housing products are increasingly unaffordable ▪ Increasing cost of land, materials, and labor ▪ Housing underproduction – available housing leading to inflated market ▪ Underproduction of housing affordable to workforce is impacting economy
Funding Sources: Evaluate funding tools to support residential development.	<ul style="list-style-type: none"> ▪ Insufficient funds to implement a housing strategy.

Summary and Schedule of Actions

Note to reviewers: This section will present a summary of the implementation actions and the proposed schedule for the actions. It will be in the form of a matrix, with actions.

Revised Housing Policies

Note to reviewers: This section will present the revised housing goal(s), strategies, objectives, and actions. Actions will include implementation steps and priority.

Strategies, Objectives, and Actions

Strategy 1:

Objective 1.1:

Action 1.1a:

Implementation Steps:

Priority:

Appendix A: Keizer's Existing Comprehensive Plan Policies

Keizer's Comprehensive Plan Housing Element begins with findings of the housing needs analysis conducted in 2013. These findings will be replaced with findings from the current housing needs analysis.

Housing Goal

Keizer's existing comprehensive plan identifies four housing goals, which are:

- Provide residential land to meet a range of needed housing types.
- Encourage the location of residential development where full urban services, public facilities, and routes of public transportation are available.
- Stabilize and protect the essential characteristics of residential environments, including natural features.
- Provide and allow for appropriate levels of residential development consistent with comprehensive plan designations.

Residential Development Goals, objectives and Policies

The following goals, objectives, and policies are copied from Keizer's comprehensive plan:

A. Goal 1: Provide residential land to meet a range of needed housing types. (2013)

1) Objective 1.1: Provide housing opportunities for a full range of housing needs as identified by the City's Housing Needs Analysis. (2013)

a) Policies 1.1:

- (1) Encourage housing opportunities for the elderly, people with disabilities, minority, single parent, and single-person households. (2013)
- (2) Account for shifts in age, ethnicity and other demographic factors, which may influence housing needs. (2013)
- (3) Plan for low, medium and high density residential uses consistent with 20-year housing needs analysis projections of demand. Periodically monitor and analyze the population and dwelling unit projections to assure sufficient residential land to maintain a balance between supply and demand. (2013)
- (4) Ensure that residential land use designations provide opportunities for non-traditional or emerging housing types such as accessory dwelling units, cottage clusters, live-work units, other mixed residential/commercial development types, multi-generational housing and other housing options. (2013)

- (5) Encourage higher density residential development near areas of employment or shopping. (2013)
- (6) Encourage in-fill of existing lots that is sensitive to the existing neighborhood patterns. (2013)
- (7) Provide for the retention of large parcels of residentially zoned land to facilitate their use, or reuse, of projects requiring such parcels. (2013)
- (8) Periodically review development densities and consider methods for increasing residential density where density targets established in the Comprehensive Plan are not being met. (2013)
- (9) Encourage infill projects on single parcels or parcels assembled for the purposes of infill and redevelopment. (2013)
- (10) Provide for and permit outright in at least one residential zone alternative housing types such as mobile home parks, zero side yards, clustering of dwelling units, and planned unit developments. (2013)
- (11) Permit rezoning to higher intensity residential uses to meet the identified housing needs provided such proposals are consistent with the policies of this plan and its implementing ordinances. (2013)

2) Objective 1.2: Encourage and support development of housing units for low and moderate income households. (2013)

a) Policies 1.2:

- (1) Encourage and support development of housing units for low and moderate-income households. (2013)
- (2) Support public, private, nonprofit, and joint public-private partnerships which develop and/or manage low and moderate income housing units. In particular, coordinate and collaborate with local housing providers and advocacy groups in order to leverage funding for development of such housing. (2013)
- (3) Continue to support the use of housing assistance programs to help fund housing projects for low and moderate-income households. (2013)
- (4) Investigate the desirability and fiscal feasibility of starting a housing authority to provide emergency housing assistance, housing assistance programs, etc. (2013)

- (5) Consider providing financial incentives such as waiving or deferring permitting or other fees for affordable housing developments. (2013)

B. Goal 2: Encourage the location of residential development where full urban services, public facilities, and routes of public transportation are available. (2013)

1) Objective 2.1 Coordinate new residential development with the provision of an adequate level of services and facilities, such as sewers, water, transportation facilities, schools and parks. (2013)

a) Policies 2.1:

- (1) Develop and periodically revise a capital improvement program to ensure that public facilities are provided for residential development in a timely and efficient manner. (2013)
- (2) Consider rezoning parcels to higher residential density to meet identified multi-family housing needs provided such proposals are consistent with the policies of this Plan and implementing ordinances. Parcels to be considered for rezoning should have access to major transportation corridors that are served by transit; are served, or can be served, by all urban services, including parks and recreational facilities; and are in close proximity to opportunities for shopping, employment and/or schools. (2013)
- (3) Consider establishing a study that would inventory and prioritize sites that may satisfy future multi-family needs in an effort to allow more certainty in the land use process. (2013)

C. Goal 3: Stabilize and protect the essential characteristics of residential environments, including natural features. (2013)

1) Objective 3.1 Ensure compatibility among all types of new and existing residential uses, and between residential and non-residential uses. (2013)

a) Policies 3.1:

- (1) Protect existing and proposed residential areas from conflicting non-residential land uses while providing for compatible mixed-use development (residential and non-residential). (2013)
- (2) Conserve the existing supply of housing in stable neighborhoods through code enforcement, appropriate zoning, rehabilitation programs, and by discouraging conversions to non-residential use. (2013)
- (3) Use development and subdivision code provisions and other regulations to protect residential uses from other land use

activities that generate an excessive level of noise, pollution, traffic volume, nuisances, and hazards to residents. (2013)

- (4) Discourage through traffic in residential neighborhoods. (2013)
- (5) Investigate and, when advisable, implement mixed use zoning, particularly in established neighborhoods where compatible and functional mixes of land uses are desirable. (2013)
- (6) If the City voluntarily undertakes a street improvement project, which will increase traffic noise levels, it is the policy of the City of Keizer to protect existing residential uses from traffic noise levels that exceed those noise levels, which are typical of residential areas. Traffic noise levels below Leq67dBA are considered typical in an urban area and no mitigation of them shall be required. (2013)

D. Goal 4: Provide and allow for appropriate levels of residential development consistent with comprehensive plan designations. (2013)

1) Objective 4.1 Provide for three general levels of residential density (2013)

a) Policies 4.1:

(1) Low-Density Residential (2013)

A. Allow single-family residential uses as the predominant land use type in low-density residential areas. (2013)

B. Ensure that: (2013)

- i. Land use is predominately single-family residential, with up to 8 units per gross acre. (2013)
- ii. A variety of housing types are allowed in this category such as detached, attached duplex and manufactured housing. The zoning and subdivision ordinance will more specifically describe structural types. In this district, each residential unit will be on a single lot. (2013)
- iii. Schools, neighborhood shopping facilities, parks and churches are allowed in this category subject to conditional use criteria to be defined in the zoning ordinance. (2013)

(2) Medium Density Residential

- A. Allow a mix of housing types in this category at a density averaging from 6 to 10 dwelling units per acre. Identify criteria and location for this category in the zoning ordinance. (2013)
 - B. Allow detached, attached, duplex, and multiple family housing in this category. (2013)
 - C. Schools, neighborhood shopping facilities, parks and churches are allowed in this category subject to conditional use criteria in the zoning ordinance. (2013)
- (3) Medium and High Density Residential (2013)
- A. Allow a mix of housing types in this category in two general levels of residential density: (2013)
 - i. Medium density-over 8 and up to 16 units per gross acre. (2013)
 - ii. High density-over 16 units per gross acre. Identify criteria and location for these two sub-categories in the zoning ordinance. (2013)
 - B. Allow attached, duplex and multiple housing in this category. (2013)
 - C. Allow a ten-year surplus of vacant buildable land in this category. (2013)
 - D. Schools, neighborhood shopping facilities, parks and churches are allowed in this category subject to conditional use criteria to be defined in the zoning ordinance. (2013)
- (4) Mixed Use (2013)
- A. Provide areas intended for development that combines commercial and residential uses in a single building or complex. These areas will allow increased development on busier streets without fostering a strip commercial appearance. The designation encourages the formation of neighborhood “nodes” of activity where residential and commercial uses mix in a harmonious manner. This development type will support transit use, provide a buffer between busy streets and residential neighborhoods, and provide new housing opportunities in the City. The emphasis of the nonresidential uses is primarily on locally oriented retail, service, and office uses. Commercial development may occur within the same building or complex as residential development. Clusters

of residential and commercial uses around landscaping features or parking areas will also occur. Development is intended to be pedestrian-oriented with buildings close to and oriented to the sidewalk. Parking may be shared between residential and commercial uses. (2013)

- B. Allow detached, duplex and multiple family housing. (2013)

Appendix A. Example Housing Strategies

This appendix provides the City with information about potential strategies that could be implemented in Keizer to address the City's housing needs. Implementing some of the strategies in this appendix may be beyond Keizer's current staff or financial resources.

Land Use Regulations

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

Strategy Name	Description	Scale of Impact	Comments
Regulatory Changes			

Strategy Name	Description	Scale of Impact	Comments
Allow Small Residential Lots	<p>Small residential lots are generally less than 5,000 sq. ft. This policy allows individual small lots within a subdivision or short plat. Small lots can be allowed outright in the minimum lot size and dimensions of a zone, or they could be implemented through the subdivision or planned unit development ordinances.</p> <p>This policy is intended to increase density and lower housing costs. Small-lots limit sprawl, contribute to a more efficient use of land, and promote densities that can support transit. Small lots also provide expanded housing ownership opportunities to broader income ranges and provide additional variety to available housing types.</p>	<p>Scale of Impact – Small to moderate. Cities have adopted minimum lot sizes as small as 3,000 sq. ft. However, it is uncommon to see entire subdivisions of lots this small. Small lots typically get mixed in with other lot sizes.</p>	<p>Keizer currently allows 4,000 sf lots in the RS, RL, and RM zones. Newly created lots or parcels less than 5000 square feet in area shall be limited to zero lot line dwellings (2.404).</p>

Strategy Name	Description	Scale of Impact	Comments
Mandate Maximum Lot Sizes	<p>This policy places an upper bound on lot size and a lower bound on density in single-family zones. For example, a residential zone with a 6,000 sq. ft. minimum lot size might have an 8,000 sq. ft. maximum lot size yielding an effective net density range between 5.4 and 7.3 dwelling units per net acre.</p> <p>This approach ensures minimum densities in residential zones by limiting lot size. It places bounds on building at less than maximum allowable density. Maximum lot sizes can promote appropriate urban densities, efficiently use limited land resources, and reduce sprawl development.</p>	<p>Scale of Impact—Small to moderate. Mandating maximum lot size may be most appropriate in areas where the market is building at substantially lower densities than are allowed or in cities that do not have minimum densities.</p>	<p>Keizer does not currently mandate maximum lot sizes.</p>
Mandate Minimum Residential Densities	<p>This policy is typically applied in single-family residential zones and places a lower bound on density. Minimum residential densities in single-family zones are typically implemented through maximum lot sizes. In multifamily zones, they are usually expressed as a minimum number of dwelling units per net acre. Such standards are typically implemented through zoning code provisions in applicable residential zones.</p> <p>This policy increases land-holding capacity. Minimum densities promote developments consistent with local comprehensive plans and growth assumptions. They reduce sprawl development, eliminate underbuilding in residential areas, and make provision of services more cost effective.</p>	<p>Scale of Impact—Small to moderate. Increasing minimum densities and ensuring clear urban conversion plans may have a small to moderate impact depending on the observed amount of underbuild and the minimum density standard.</p>	<p>Keizer requires a minimum density of 4 units/acre with subdivision approval. (RS zone)</p>

Strategy Name	Description	Scale of Impact	Comments
<p>Increase Allowable Residential Densities</p>	<p>This approach seeks to increase holding capacity by increasing allowable density in residential zones. It gives developers the option of building to higher densities. This approach would be implemented through the local zoning or development code. This strategy is most commonly applied to multifamily residential zones.</p> <p>For cities with maximum densities, consider removing maximum allowable densities. This change may be most relevant.</p> <p>Higher densities increase residential landholding capacity. Higher densities, where appropriate, provide more housing, a greater variety of housing options, and a more efficient use of scarce land resources. Higher densities also reduce sprawl development and make the provision of services more cost effective.</p>	<p>Scale of Impact—Small to moderate. This tool can be most effective in increasing densities where very low density is currently allowed or in areas where a city wants to encourage higher density development.</p>	<p>Keizer could modify the density ranges outlined in the Comprehensive Plan Policies</p> <p>LDR: up to 8 du/gross ac MDR: 8 to16 du/gross ac MDHR: >16 du/gross ac</p> <p>Note that these are relatively high densities because they are in gross acres</p>
<p>Allow Clustered Residential Development</p>	<p>Clustering allows developers to increase density on portions of a site, while preserving other areas of the site. Clustering is a tool most commonly used to preserve natural areas or avoid natural hazards during development. It uses characteristics of the site as a primary consideration in determining building footprints, access, etc. Clustering is typically processed during the site review phase of development review.</p>	<p>Scale of Impact—Moderate. Clustering can increase density, however, if other areas of the site that could otherwise be developed are not developed, the scale of impact can be reduced.</p>	<p>Keizer adopted a cottage cluster ordinance in 2014 (Section 2.432). The City received zero applications as a result.</p>

Strategy Name	Description	Scale of Impact	Comments
Reduced Parking Requirements	<p>Jurisdictions can reduce or eliminate minimum off-street parking requirements, as well as provide flexibility in meeting parking requirements. Reducing parking requirements positively impact development of any type of housing, from single-family detached to multifamily housing.</p> <p>Reduced parking requirements are most frequently used in conjunction of development of subsidized affordable housing, but cities like Portland have reduced or eliminated parking requirements for market-based multifamily housing in specific circumstances.</p>	<p>Scale of Impact—Small to Moderate.</p> <p>The City could require the developer to prove the need and public benefit or reducing parking requirements to increase housing affordability.</p>	
Reduce Street Width Standards	<p>This policy is intended to reduce land used for streets and slow down traffic. Street standards are typically described in development and/or subdivision ordinances. Reduced street width standards are most commonly applied on local streets in residential zones. This strategy could be applied to alleys, when required, to ensure that alleys are relatively narrow to reduce development and maintenance costs.</p> <p>Narrower streets make more land available to housing and economic-based development. Narrower streets can also reduce long-term street maintenance costs.</p>	<p>Scale of Impact—Small.</p> <p>This policy is most effective in cities that require relatively wide streets.</p>	<p>Note: Keizer has already taken steps to reduce street standards.</p>

Strategy Name	Description	Scale of Impact	Comments
Preserving Existing Housing Supply	<p>Housing preservation ordinances typically condition the demolition or replacement of certain housing types on the replacement of such housing elsewhere, fees in lieu of replacement, or payment for relocation expenses of existing tenants. Preservation of existing housing may focus on preservation of smaller, more affordable housing. Approaches include:</p> <ul style="list-style-type: none"> • Housing preservation ordinances • Housing replacement ordinances • Single-room-occupancy ordinances • Regulating demolitions 	<p>Scale of Impact—Small. Preserving small existing housing can make a difference in the availability of affordable housing in a city but it is limited by the existing stock housing, especially smaller, more affordable housing.</p>	<p>Keizer has no financial resources for such a program; any preservation strategy would need to be coordinated with Salem and local nonprofit partners.</p> <p>The preservation of manufactured home parks, a form of naturally occurring affordable housing may be a valuable addition for Keizer’s housing strategy.</p>

Increasing Land Available for Housing			
Redesignate or rezone land for housing	<p>The types of land rezoned for housing are vacant or partially vacant low-density residential and employment land rezoned to multifamily or mixed use. In rezoning land, it is important to choose land in a compatible location, such as land that can be a buffer between an established neighborhood and other denser uses or land adjacent to existing commercial uses. When rezoning employment land, it is best to select land with limited employment capacity (i.e., smaller parcels) in areas where multifamily housing would be compatible (i.e., along transit corridors or in employment centers that would benefit from new housing).</p> <p>This policy change increases opportunity for comparatively affordable multifamily housing and provides opportunities for mixing residential and other compatible uses.</p>	<p>Scale of Impact - Small to large: Scale of impact depends on the amount and location of land rezoned and the densities allowed on the rezoned land.</p>	<p>This strategy would have limited impact due to few appropriate parcels available for rezoning.</p>
Encourage multifamily residential development in commercial zones	<p>This tool seeks to encourage denser multifamily housing as part of mixed-use projects in commercial zones. Such policies lower or eliminate barriers to residential development in commercial or mixed-use zones. They include: eliminating requirements for non-residential uses in commercial zones (e.g., requirements for ground floor retail) or requiring minimum residential densities.</p> <p>This policy can increase opportunities for multifamily development on commercial or mixed-use zones or increase the density of that development.</p>	<p>Scale of Impact – Small to moderate: Many cities already encourage multifamily housing in commercial zones. Further encouraging multifamily housing in commercial zones would likely have a small impact, as multifamily housing is allowed in many of the commercial areas where it would be desirable.</p>	<p>Keizer already allows multifamily development in commercial zones. Keizer is looking to rezone the commercial corridor along River Rd/Cherry to Mixed Use as a part of the Revitalization Plan.</p>

<p>Promoting Infill Development</p>	<p>This policy seeks to maximize the use of lands that are fully developed or underdeveloped. Make use of existing infrastructure by identifying and implementing policies that (1) improve market opportunities, and (2) reduce impediments to development in areas suitable for infill or redevelopment.</p> <p>Regulatory approaches to promote infill development include:</p> <ul style="list-style-type: none"> • Administrative streamlining • Allowing accessory dwelling units (ADUs) • Allowing small lots • Density bonuses 	<p>Scale of Impact – Small. In general, infill development, especially small-scale infill, is more expensive than other types of residential development. Some types of infill development, such as ADUs, may provide opportunities for relatively affordable housing.</p>	<p>Keizer already allows ADUs. The other strategies will likely have minimal impact.</p>
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Increase the types of housing

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

Strategy Name	Description	Scale of Impact	Comments
<p>Allow Duplexes, Cottage housing, Townhomes, Row Houses, and Tri- and Quad-Plexes in single-family zones</p>	<p>Allowing these housing types can increase overall density of residential development and may encourage a higher percentage of multifamily housing types. This approach would be implemented through the local zoning or development code and would list these housing types as outright allowable uses in appropriate residential zones. These housing types provide additional affordable housing options and allow more residential units than would be achieved by detached homes alone.</p>	<p>Scale of Impact - Small. Allowing these types of housing in more zoning districts may provide a relatively small number of new, relatively affordable, housing opportunities.</p>	<p>Keizer allows duplexes in the RL zone; buildings with two or more dwelling units in the RS zone</p>

Strategy Name	Description	Scale of Impact	Comments
Permit Accessory Dwelling Units (ADUs) in single-family zones	<p>Communities use a variety of terms to refer to the concept of accessory dwellings: secondary residences, “granny” flats, and single-family conversions, among others. Regardless of the title, all of these terms refer to an independent dwelling unit that share, at least, a tax lot in a single-family zone. Some accessory dwelling units share parking and entrances. Some may be incorporated into the primary structure; others may be in accessory structures. Accessory dwellings can be distinguished from “shared” housing in that the unit has separate kitchen and bathroom facilities.</p> <p>As of July 1, 2018, ORS 197.312 requires cities to allow at least one ADU for each detached single-family dwelling in areas zoned for detached single-family dwellings.</p> <p>Jurisdictions can make development of ADUs more likely by limiting restrictive standards and procedures, such as reducing systems development charges for ADUs or allowing ADUs regardless of where the primary dwelling is owner-occupied.</p>	<p>Scale of Impact - Small. Oregon law recently changed to require cities to allow ADUs.</p>	<p>Keizer allows ADUs. Keizer could relax some of the ADU standards (Parking, ownership, etc.).</p> <p>Senate Bill 2001 recently changed the ADU standards.</p>
Allow small or “tiny” homes	<p>“Tiny” homes are typically dwellings that are 500 square feet or smaller. Some tiny houses are as small as 100 to 150 square feet. They include stand-alone units or very small multifamily units.</p> <p>Tiny homes can be sited in a variety of ways: locating them in RV parks (they are similar in many respects to Park Model RVs), tiny home subdivisions, or allowing them as accessory dwelling units.</p> <p>Smaller homes allow for smaller lots, increasing land use efficiency. They provide opportunities for affordable housing, especially for homeowners.</p>	<p>Scale of Impact - Small: Scale of impact depends on regulation of tiny homes, where they are allowed, and market demand for tiny homes.</p>	<p>Keizer does not currently have policies related to tiny homes.</p>

Lowering development or operational costs

The following policies focus on ways in which the City and other entities involved in development can provide financial assistance to lower development or operational costs in a city in order to increase housing affordability and available housing stock.

Strategy Name	Description	Scale of Impact	Comment
	Programs or policies to lower the cost of development		

Strategy Name	Description	Scale of Impact	Comment
Public Land Disposition	The public sector sometimes controls land that has been acquired with resources that enable it to dispose of that land for private and/or nonprofit redevelopment. Land acquired with funding sources such as tax increment, EB-5, or through federal resources such as CDBG or HUD Section 108 can be sold or leased at below market rates for various projects to help achieve redevelopment objectives. This increases development feasibility by reducing development costs and gives the public sector leverage to achieve its goals via a development agreement process with the developer. Funding can come from Tax Increment, CDBG/HUD 108, or EB-5.	Scale of Impact – Small. Depends on whether the City has surplus land that would be appropriate for future housing development.	Keizer has few public parcels that could be considered.

Strategy Name	Description	Scale of Impact	Comment
Reduced / Waived Building Permit fee, Planning fees, or SDCs	Programs that reduce various development fees as an incentive to induce qualifying types of development or building features. There are a number of avenues to seek reduced or waived fees. For example, stormwater improvements can be made through the Commercial Stormwater Fee Reduction. There are commonly used tools, often implemented in conjunction with development agreements or other development negotiation processes.	Scale of Impact - Small.	Note that money for infrastructure has to come from somewhere. Keizer has limited general funds to commit.
SDC Financing Credits	May help to offset an SDC charge, which is a one-time fee that is issued when there is new development or a change in use. SDC financing enables developers to stretch their SDC payment over time, thereby reducing upfront costs. Alternately, credits allow developers to make necessary improvements to the site in lieu of paying SDCs. Note that the City can control its own SDCs, but often small cities manage them on behalf of other jurisdictions including the County and special districts. SDCs are granted when the project makes lasting improvements, such as improving roads, reducing number of trips, create or improve parks or recreational centers, and permanently removing water services.	Scale of Impact – Small. The City may consider changes in SDCs to allow financing but the City would want to ensure that the impact should be spread-out and non-negatively impact one entity.	Creative SDC tools may be appropriate if Keizer expands the UGB

Strategy Name	Description	Scale of Impact	Comment
Sole Source SDCs	Retains SDCs paid by developers within a limited geographic area that directly benefits from new development, rather than being available for use city-wide. This enables SDC-eligible improvements within the area that generates those funds to keep them for these improvements. Improvements within smaller areas can enhance the catalytic and redevelopment value of the area. This tool can also be blended with other resources such as LIDs and Urban Renewal (Tax Increment Financing). Funding can come from an SDC fund or general fund. In some cases, there may be no financial impact. The housing can come in the form of student, low-income, or workforce housing.	Scale of Impact – Small. Depends on how the tool is implemented and whether it is used with other tools, such as LIDs or Urban Renewal.	Creative SDC tools may be appropriate if Keizer expands the UGB
Fees or Other Dedicated Revenue	Directs user fees into an enterprise fund that provides dedicated revenue to fund specific projects. Examples of those types of funds can include parking revenue funds, stormwater/sewer funds, street funds, etc. The City could also use this program to raise private sector funds for a district parking garage wherein the City could facilitate a program allowing developers to pay fees-in-lieu or “parking credits” that developers would purchase from the City for access “entitlement” into the shared supply. The shared supply could meet initial parking need when the development comes online while also maintaining the flexibility to adjust to parking need over time as elasticity in the demand patterns develop in the district and influences like alternative modes are accounted for. Funding can come from residents, businesses, and developers. Also, these fees or revenues allow for new revenue streams into the City.		Creative financing tools may be appropriate if Keizer expands the UGB

Strategy Name	Description	Scale of Impact	Comment
Reimbursement District	<p>A Reimbursement District is a cost sharing mechanism, typically Initiated by a developer. The purpose is to provide a reimbursement method to the developer of an infrastructure improvement, through fees paid by property owners at the time the property benefits from the improvement. A developer applies to create a Reimbursement District by demonstrating benefit to properties beyond their own. In addition, the size of the improvement must be measurably greater than would otherwise be ordinarily required for the improvement</p> <p>Eligible Reimbursement District projects typically include (but are not limited to) construction or connections of a sewer, water, storm water or street improvements. Applications typically include: a fee sufficient to cover the cost of administrative review, a description of the project, properties that would be impacted, and a detailed methodology and calculation of how the estimated costs would be reimbursed by payments from benefitted properties over a specified timeframe. A report from the City Engineer is generated in review of the submitted application. After a public hearing process, the council will approve, reject or modify the proposal. The approval of a Reimbursement District results in a resolution and distribution of notice among benefitted properties before construction can begin.</p> <p>Benefitted properties must pay the Reimbursement Fee when they make a physical connection to the improvement (or in the case of a sewer project, when the benefitted property creates an impervious surface that drains into the public sewer) within the Reimbursement District Area. Reimbursement fees are collected by the City and are distributed to the developer for the duration of the Reimbursement District, which are typically 10-15 years.</p> <p>Paid by benefitted properties at the time the property benefits from the improvement, typically at connection to the sewer, water or storm drain system.</p>	Scale of Impact – Small to moderate.	Creative financing tools may be appropriate if Keizer expands the UGB

Funding sources to support residential development

The following policies focus on ways to pay for the costs of implementing the affordable housing programs and infrastructure development.

Strategy Name	Description	Scale of Impact	Comments
Urban Renewal / Tax Increment Finance (TIF)	<p>Tax increment finance revenues are generated by the increase in total assessed value in an urban renewal district from the time the district is first established. As property values increase in the district, the increase in total property taxes (i.e., City, County, school portions) is used to pay off the bonds. When the bonds are paid off, the entire valuation is returned to the general property tax rolls. TIFs defer property tax accumulation by the City and County until the urban renewal district expires or pays off bonds. Over the long term (most districts are established for a period of 20 or more years), the district could produce significant revenues for capital projects. Urban renewal funds can be invested in the form of low-interest loans and/or grants for a variety of capital investments:</p> <ul style="list-style-type: none"> • Redevelopment projects, such as mixed-use or infill housing developments • Economic development strategies, such as capital improvement loans for small or startup businesses which can be linked to family-wage jobs • Streetscape improvements, including new lighting, trees, and sidewalks • Land assembly for public as well as private re-use • Transportation enhancements, including intersection improvements • Historic preservation projects • Parks and open spaces 	<p>Scale of Impact – Moderate. Urban Renewal funding is a flexible tool that allows cities to develop essential infrastructure or provides funding for programs that lower the costs of housing development (such as SDC reductions or low interest loan programs). Portland used Urban Renewal to catalyze redevelopment across the City, including the Pearl District and South Waterfront.</p>	<p>Keizer does not currently have any urban renewal districts</p>

<p>Construction Excise Tax (CET)</p>	<p>Funds land use planning throughout the region by taxing construction permits.</p> <p>CET is a tax assessed on construction permits issued by local cities and counties. The tax is assessed as a percent of the value of the improvements for which a permit is sought, unless the project is exempted from the tax. In 2016, the Oregon Legislature passed Senate Bill 1533 which permits cities to adopt a construction excise tax (CET) on the value of new construction projects to raise funds for affordable housing projects. CETs may be residential only, commercial only, or residential and commercial. If the City were to adopt a CET, the tax would be up to 1% of the permit value on residential construction and an uncapped rate on commercial and industrial construction. The allowed uses for CET funding are defined by the state statute. The City may retain 4% of funds to cover administrative costs. The funds remaining must be allocated as follows, if the City uses a residential CET:</p> <ul style="list-style-type: none"> • 50% must be used for developer incentives (e.g. fee and SDC waivers, tax abatements, etc.) • 35% may be used flexibly for affordable housing programs, as defined by the jurisdiction. • 15% flows to Oregon Housing and Community Services for homeowner programs. <p>If the City implements a CET on commercial or industrial uses, 50% of the funds must be used for allowed developer incentives and the remaining 50% are unrestricted. The rate may exceed 1% if levied on commercial or industrial uses.</p>	<p>Scale of Impact – Depends on the amount of funding available.</p>	<p>A CET could generate dedicated funds for affordable housing.</p>
<p>General Fund and General Obligation (GO) Bonds</p>	<p>Allows funding for a project that is not dependent on revenue from the project to back the bond.</p> <p>City can use general fund monies on hand or can issue bonds backed by the full faith and credit of the city to pay for desired public improvements.</p> <p>Property taxes are increased to pay back the GO bonds.</p>	<p>Scale of Impact – Moderate to Large. GO Bonds can be used to develop essential infrastructure or provides funding for programs that lower the costs of housing development (such as SDC reductions or low interest loan programs).</p>	<p>Given Keizer’s tax base (\$2.08/1,000) this is not a viable funding option.</p>

<p>Local Improvement District (LID)</p>	<p>Enables a group of property owners to share the cost of a project or infrastructural improvement.</p> <p>A special assessment district where property owners are assessed a fee to pay for capital improvements, such as streetscape enhancements, underground utilities, or shared open space. For residential property, the estimated assessment cannot exceed the pre-improvement value of the property based on assessor records.</p> <p>An ordinance must be passed through a public hearing process which must be supported by a majority of affected property owners. Part of this process includes an estimation of the improvement costs and the portion of those costs in which property owners will be responsible to pay for. The public hearing process allows for LIDs to be challenged by property owners.</p> <p>The City collects the funds and regardless if the actual cost is greater than the estimated cost (on which the assessment was based), the City may make a deficit assessment for the additional cost, which would be prorated among all benefitted properties. Another public hearing would be held, in the event that an additional assessment were placed property owners (due to underestimation).</p>	<p>Scale of Impact – Depends on the amount of funding available.</p>	<p>Creative financing tools may be appropriate if Keizer expands the UGB</p>
<p>General Fund Grants or Loans</p>	<p>A city can use general fund or tax increment dollars to directly invest in a specific affordable housing projects. These grants or loans can serve as gap funding to improve development feasibility. There are several options for using general fund grants or loans, including the potential for bonds to generate upfront revenue that is repaid over time, as recently approved in the City of Portland. Another option is to use general fund dollars to contribute to other programs that are successfully operating, such as non-profit land trusts or even other government agencies that have the administrative capacity to maintain compliance requirements over time, using intergovernmental agreements.</p>	<p>Scale of Impact – Depends on the amount of funding available.</p>	<p>Keizer could apply for grants/loans, or could partner with a local nonprofit to apply for grants or loans.</p>

<p>Transient Lodging Tax (TLT)</p>	<p>Generates revenue by primarily taxing tourists and guests using temporary lodging services. Taxes for temporary lodging at hotels, motels, campgrounds, and other temporary lodgings. Oregon has a statewide TLT and cities and counties can also charge a local TLT subject to certain limitations. The statutes specify that 70% must be used for tourism promotion or tourism related facilities and 30% is unrestricted in use, and there cannot be a reduction of the total percent of room tax. The state tax is specified at 1.8%; local government tax rates vary as local governments set the rate for their jurisdiction by ordinance. Cities and counties may impose taxes on transient lodging. Alternatively, some cities have an agreement for the county to impose the tax and cities share in a percent of the revenue.</p>	<p>Scale of Impact – Small. The amount of funding from TLT is likely to be relatively small, given that only 30% of TLT funds have unrestricted use.</p>	<p>TLT would provide a very small amount of funding</p>
<p>CDBG</p>	<p>The Community Development Block Grants program is a flexible program that provides annual grants on a formula basis to both local governments and States. Grants are awarded on a 1, 2, or 3-year period. It is required that at least 70% of the CDGB funds are used for activities that benefit low- and moderate- income. Additionally, each activity must address any threats to health or welfare in the community (for which other funding is unavailable). These funds can be used for acquisition and rehabilitation of existing affordable units, as well as new construction that prioritizes community development efforts.</p>	<p>Scale of Impact – Depends on the amount of funding available.</p>	<p>Neighborhoods must be determined to be low-income to be eligible for CDBG funds.</p>