



# NeahCasa

PO Box 766, Manzanita OR 97130 [www.neahcasa.org](http://www.neahcasa.org) <info@neahcasa.org>

3 March 2008

LCDC  
635 Capitol St. NE, Suite 150  
Salem OR 97301

Re: Affordable Housing and UGB Expansions

Dear Commissioners,

In regards to your affordable housing study as part of Item 4 of your 2007-2009 Policy Agenda, I would like to request:

- Development of rules requiring consideration of *COST* of land in determining available land to meet residential housing needs in a jurisdiction.
- Development of rules allowing carefully regulated UGB expansion for affordable housing.
- Consideration of NeahCasa's program in north Tillamook County as a pilot project.

I was on the Advisory Committee for the recently completed Buildable Lands Inventory in the Nehalem Bay area that comprises the cities of Manzanita, Nehalem, and Wheeler. I am also President of NeahCasa – a non-profit citizen group involved with housing affordability issues in our community. I am a coastal architect, a former member of Gov. Tom McCall's Office of Energy Research and Planning, former Building Official of Cannon Beach, and recipient of state, national, and international affordable housing, sustainable design and sustainable communities awards.

The following are observations from those experiences:

1. LAND COST NEEDS TO BE TAKEN INTO ACCOUNT IN EVALUATING AVAILABILITY OF LAND TO MEET COMMUNITY HOUSING NEEDS.

Our Buildable Lands Study was initiated because of land and housing prices in the area escalating dramatically, and a concern that the cause was a lack of buildable land.

**While the study showed that the communities had seven times the required inventory of land, it also brought up the fact that the present state land use laws do not address the issue of affordable land. It showed that:**

- **Over 70% of families in our communities could not afford to purchase a home here today.** Affordable homes and lots are virtually unavailable for a family income of less than \$75,000, which represents 85% of our community. A bare lot

now costs more than most people can afford for an entire house. In part, by locking up property taxes, Measure 5 removed any market incentives for a property owner to sell property for less than top-end prices.

Actual sales data for the last twelve months in the UGBs shows average lot price of \$258,000 for 18 lots sold, with a corresponding "home value" of \$860,000.

Only two lots sold for prices affordable for incomes of \$50,000 or less. These *lot* prices are higher than *home* prices affordable for incomes of \$75,000 or less.

Average home sale prices for 74 homes was \$474,000. Only 12 homes sold for prices affordable for incomes of \$75,000.

On the May 3, 2007 MLS listings, the lowest listing was \$399,000. Average was \$652,000. It listed one home in the Wheeler UGB, 3 in Nehalem UGB, and 14 in Manzanita/Neahkahnie. For 590 households, this confirms a drastic shortage of affordable housing.

- **Additionally global warming threatens housing of our three coastal communities, with potential inundation of more than 50% of all land in the three cities and their UGBs.** This potential loss of housing and land is also not reflected in Buildable Land Inventory requirements. This is occurring far more rapidly than predicted. Thirty-five percent of arctic sea ice has been lost in the last seven years. Land use impacts include potential need for development moratoria in threatened areas and directing of development to higher elevations.

## 2. CONTROLLED ENTRY OF LAND INTO A UGB APPEARS TO BE ONE OF THE SOLE RESOURCES AVAILABLE TO ACHIEVE AFFORDABLE HOUSING.

- **Tourism and retirement - the coast's primary industries and economic base - compete for the same land and houses needed for residents.** With far greater resources, they drive up land and housing costs. Market mechanisms don't generate affordable land for residents in these situations. Because of this gap, land for affordable community housing must be subsidized or obtained below market prices.
- **Federal funding rules discriminate against rural and low-income areas,** basing low-income housing support on Average Mean Income (AMI) rather than **the gap** between AMI and housing costs. Their assumption that living costs are less in rural and low-income areas is not supported in our coastal experience.
- **Federal support for affordable housing is inadequate and decreasing, while need escalates.** The HUD budget represented just 2 percent of the 2004 federal budget, down from 7 percent of the 1976 federal budget. Government subsidies of high-income and financing elements of the housing market far exceeds its support for affordable housing.
- **Oregonians are preempted from using local funding sources common in other states. This prevents our communities from subsidizing market acquisition of land for affordable housing.**
  - Inclusionary zoning is now the leading vehicle nationwide for affordable housing, but currently prohibited in Oregon.
  - Significant state housing funds are available in other states, but not here.

- Real-estate transfer taxes or filing fees are not permitted here.
- Construction taxes are now prohibited except those benefiting school districts.
- **Upzoning, or denser development of land within a UGB does not work in tourism-impacted areas.** Almost 100% of R-2 and R-3 construction in our area is vacation condominiums. A residential lot in Manzanita now sells for \$300,000 – just for land. There is no control within UGBs to prevent price increases in upzoning. Residents in our small communities also rightly ask why they should be asked to live 3 or 4 families jammed into apartments on a 50'x100' lot when there is vacant rural residential zoned land within two blocks of the center of town.

**With this land shortage within the UGBs for *affordable* community housing, property should be permitted to be brought into the UGBs when and *where it can be demonstrated* that it will be used for unmet needs for permanently affordable housing for community residents, that it can be serviced in a timely and cost-efficient fashion, and that it is available *at a cost* that permits it to support housing for low-income residents.**

### 3. UGB LAND ENTRY FOR AFFORDABLE HOUSING CAN ALSO LEVERAGE ADDITIONAL FUNDING SUPPORT FOR SUCH PROJECTS.

- **Upzoning occurring with UGB entry is a value increase in property from public action, and the value added should go to public purpose, such as affordable housing,** rather than windfall to property owners or developers. Hong Kong paid for the most expensive subway system in the world through taxing value increase in property adjacent to subway stations. Control of bringing land into a UGB can be a vehicle for ensuring this benefit.
- **Such land can be paid for by passing the land transfer and upzoning through individuals or entities that can take advantage of tax credits,** and make it available for affordable housing *free*. It can even provide *additional funding* for the housing organization.
- **Such “free land”, coupled with efficient construction processes, can allow accelerated payoff of construction mortgages,** resulting in the whole housing stock of an organization being paid-off and “free” within 25 years.
- **This mechanism can free a community’s housing stock from the “perpetual financing” cycles employed in this country since the 1950s.**
- **An 80% reduction in total housing costs for residents of a community is possible within 20 years** by integrating “net-zero-energy” construction, “finance-free” accelerated payoff, “free land” from upzoning, and efficient design and construction. Integration of “Car-Share” systems into a community’s housing can further reduce housing as well as transportation costs.

### 4. CONTROLS ON SUCH LAND ENTRY INTO A UGB CAN ASSURE PERMANENCY OF AFFORDABLE HOUSING.

- **Current expiration of existing subsidized housing shows the inadequacy of past approaches.** Beginning in 1975, HUD signed 20-year contracts with private owners of multifamily housing to subsidize rents. At the end of the contract

period, owners have the option of opting out of the program. Approximately 4,000 households now face the potential loss of their housing in the OHCS portfolio alone. This represents approximately 2,480 people over age 68, 1,135 people with disabilities, and 2,657 families with children.

- **In contrast, public investment in *permanently affordable housing increases over time.*** Inflation alone doubles the value of such investment in 20 years.
- CLTs, or **Community Land Trusts**, holding the land in perpetuity and with shared equity resale restrictions **seem the most successful vehicle for providing residents a full bundle of ownership rights, while ensuring permanent affordability.** Because of their success, the state of Vermont now only provides public housing funds to CLTs.
- **Entry can be restricted to non-profits mandated to ensure permanent affordability of the housing,** such as CLTs.
- **It can also be restricted to non-profits having support from the involved jurisdictions** through “lessening the burdens of government” agreements to ensure oversight and monitoring.

**Inclusion of the *cost* of land in land use requirements for jurisdictions to ensure availability to meet the housing needs of all sectors of the population, and management of the process of land entering UGBs to enable affordable housing can be pivotal in achieving perpetually affordable housing in our Oregon communities.**

NeahCasa’s programs in North Tillamook County, one illustrated by the attached detail, could be a valuable pilot project for testing the workability of such regulatory improvements.

\* \* \*

I hope this brief overview can assist your discussions of how to assist affordable housing through land use regulations. I would be happy to attend your March 19 meeting in Ashland, or other meetings where you will be discussing these issues, and make a presentation, discuss these issues in more detail, or assist in any way you might wish. More detail is available in the “New on Website” and “Global Warming” sections of my website, [www.tombender.org](http://www.tombender.org).

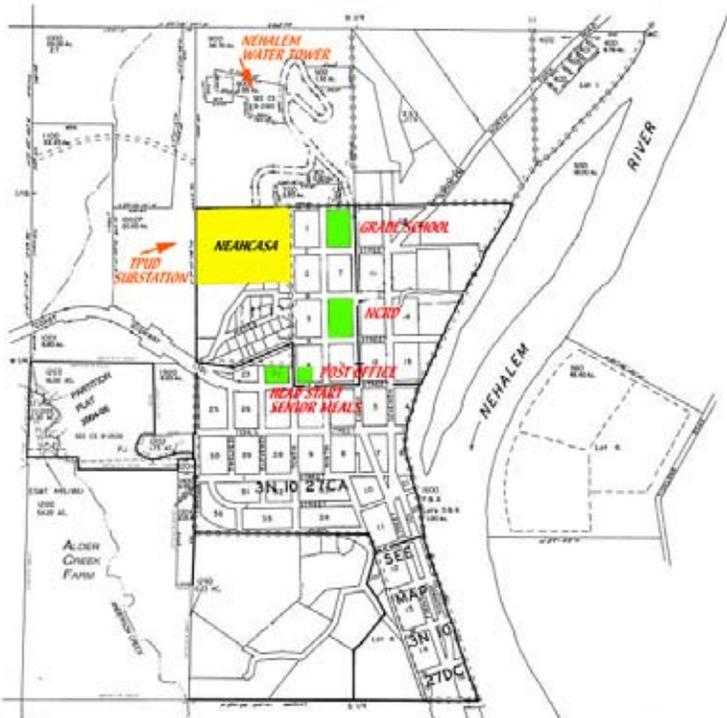
Warm regards,

A handwritten signature in black ink that reads "Tom Bender". The signature is written in a cursive, flowing style with a large, sweeping initial "T".

Tom Bender

# NEHCASA NEHALEM PROJECT

*An example of needed regulatory changes*

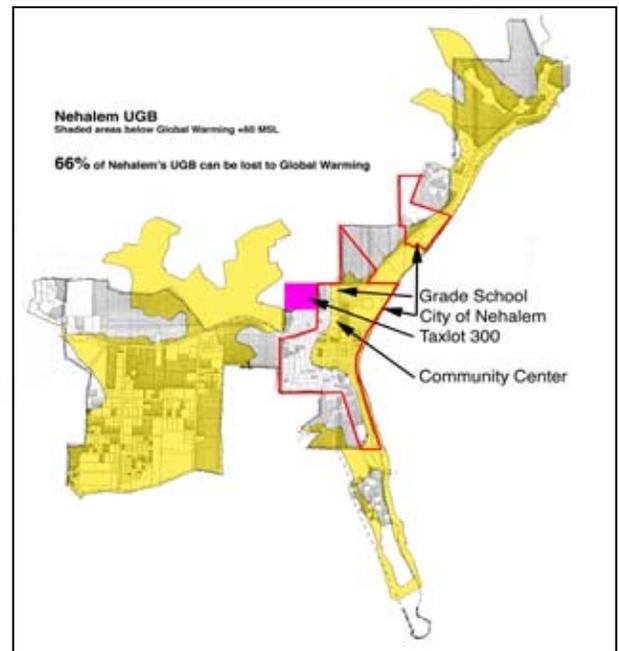


View to community center

View east across Nehalem Valley, below.



Location of site relative to Nehalem UGB.



In May, 2007, my wife and I purchased a 10 acre parcel of land abutting the city limits of Nehalem for \$208,000, which was \$50,000 less than the average cost of a *single lot* in the area. Our intention is to pass the property through at no profit to NeahCasa for affordable housing.

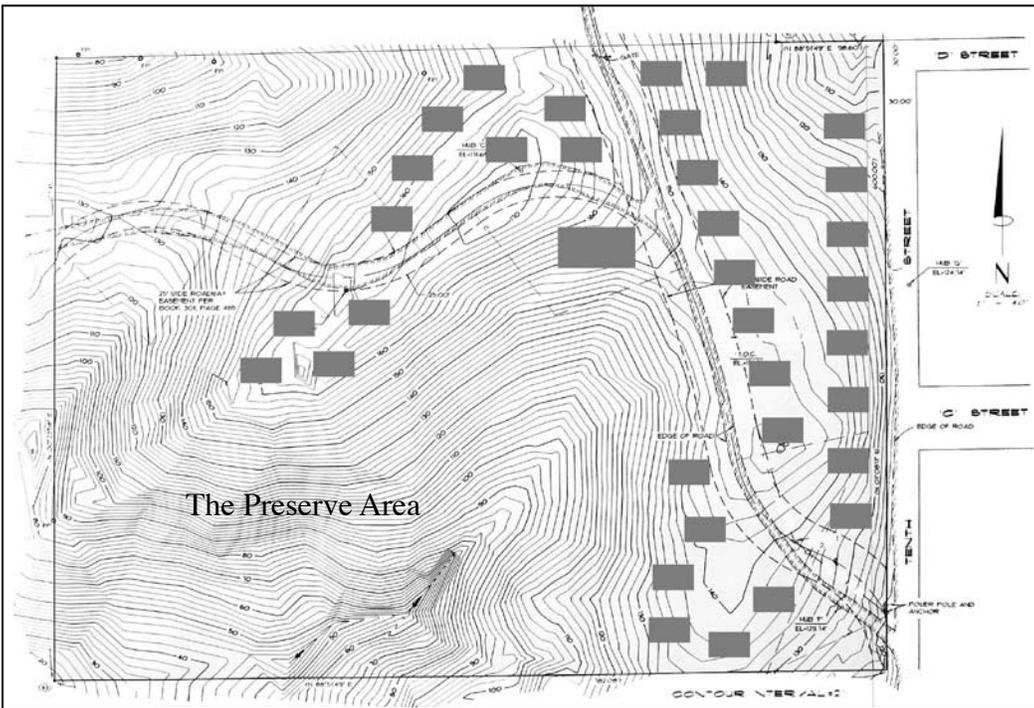
The property is outside the UGB, although abutting a city street for 600' - one block from the grade school, two blocks from Head Start, the community center and community college, senior meals and the post office.

The main city water main passes through the property, as well as power from the TPUD substation. 10% of the site is in easements to the City of Nehalem and to the TPUD for access to the water tower and the TPUD substation. There are 5 sewer mains accessible within 450' of the property, and the property is within the sewer authority to which taxes have been paid since the authority was established in the 1970s. Yet regulations (apparently) will not permit sewer hookup even for RR-2 use.

Because of the configuration of the property, it lends itself beautifully to clustered housing where the utilities are available, leaving shared open space on the steeper remainder of the property. At its present zoning, RR-2, it can accommodate 5 homes. At the RM 5000 sq.ft. density of adjacent property within the City, the site would accommodate 75 homes. We wish to cluster about 30 homes.

Because of the failure of state land use regulations to consider cost of land, the Buildable Lands study indicates a surplus of available land, rather than a shortage of affordable land, and it has not been possible to bring the property into the UGB.

# NEAHCASA NEHALEM PROJECT



The Preserve Area

NeahCasa's plan is to build a cluster neighborhood of approximately 30 permanently affordable homes (a mixture of rental and owned), in several phases, on the ridgetop portions of the site, leaving roughly 50% of the site in greenspace, sustainable forestry, permaculture, and community gardens. The property, with good solar exposure and views in two directions, is one of few available areas near the city above global warming levels, which potentially could inundate 66% of Neahalem's UGB.

The homes we plan to build will be as close to Net-Zero-Energy as possible, will utilize efficient construction, passive solar, green design, community gardens, PVs, and rainwater harvesting. Our innovative projected development strategy can potentially reduce housing costs by 80% within 20 years.

– Tom Bender 3 March 08



View west to Neahkahnie Mt.

