

DATE: August 27, 2021  
TO: Keizer Housing Needs Analysis Project Advisory Committee  
CC: Shane Witham, City of Keizer  
FROM: Bob Parker and Beth Goodman, ECONorthwest  
SUBJECT: KEIZER HOUSING STRATEGY

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## Introduction

The Department of Land Conservation and Development contracted ECONorthwest to develop to develop a buildable land inventory (BLI), housing needs analysis (HNA), and housing strategy for the City of Keizer.<sup>1</sup> The BLI and HNA determine whether the City has enough land to accommodate 20-years of population and housing growth. The BLI and HNA 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 Strategy. This memorandum is an update to the 2019 Keizer Housing Strategy, reflecting the changes made to the 2021 Keizer HNA report.

The HNA uses a planning period of 2021-2041. Keizer's 2019 population was 38,580.<sup>2</sup> Cities with populations over 25,000 are subject to the provisions of ORS 197.296. The results of the HNA show that Keizer has a deficit of land designated for all needed housing types. If cities that are subject to the ORS 197.296 provisions have a deficit of residential land, they must either (1) expand the UGB; (2) adopt measures that increase housing densities; or (3) a combination of the two.

A key objective of the HNA and accompanying 2021 housing strategy is to identify options for changes to the City's comprehensive plan and land use regulations needed to address housing and residential land needs. This memorandum presents a Housing Strategy for Keizer, based on the results of the HNA, and discussions with the Project Advisory Committee (PAC). The housing strategy presents comprehensive package of interrelated policy changes that the PAC recommends the City address over the next one to three years.

This housing strategy recognizes that the City does not build housing. The strategy focuses on land use tools to ensure there is adequate land planned and zoned to meet the variety of housing needs and opportunities for a variety of housing types, whether market rate or subsidized. This strategy strives to provide opportunities for lower-cost market rate housing, to the extent possible, to achieve more housing affordability without complete reliance on subsidies if and when possible.

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<sup>1</sup> This project is funded by Oregon general fund dollars through the Department of Land Conservation and Development. The contents of this document do not necessarily reflect the views or policies of the State of Oregon.

<sup>2</sup> Population Research Center, Portland State University. <https://www.pdx.edu/prc/population-reports-estimates>

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The housing strategy addresses the needs of households with middle, low, very low, or extremely low income. 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)<sup>3</sup> which is an annual household income of \$35,300. About 24% of Keizer’s households fit into this category. They can afford a monthly housing cost of \$880 or less.<sup>4</sup> 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 \$35,300 to \$84,700. About 40% of Keizer’s households fit into this category. They can afford a monthly housing cost of \$880 to \$2,120. The private housing market may develop housing affordable to households in this group, especially for the higher income households in the group.

Through the technical analysis of the HNA and input from the Project Advisory Committee (in 2019), the City identified four strategic priorities to meet housing needs identified in the HNA. Strategic priorities are described in greater detail in the section below.

This memorandum also presents Keizer’s existing housing policies (Appendix A) and a summary of housing strategies that the City of Keizer and the Project Advisory Committee considered (Appendix B).

## Strategic Priorities

The HNA provides a thorough analysis of the existing supply and affordability of housing in Keizer. It concludes that Keizer will need 2,061 new housing units between 2021 and 2041. Of these units, Keizer will need to accommodate 1,851 new housing units on vacant and partially vacant lands. Keizer will need to accommodate the balance (210 dwellings units) through redevelopment and accessory dwelling units.

In reviewing the data and planning for needed housing for the 2021 through 2041 period, the Project Advisory Committee (PAC) endorsed four strategic priorities as part of the 2019 Keizer HNA project:

### Strategic Priority 1: Land Supply and Availability

Statewide planning Goal 10 (Housing) requires cities to inventory residential lands and provide a 20-year supply of land for residential uses. Moreover, land in the UGB is not

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<sup>3</sup> Median Family Income is determined by the U.S. Department of Housing and Urban Development. In 2020, Marion County’s MFI was \$70,600.

<sup>4</sup> 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.

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necessarily development ready. Land requires the full suite of backbone services (water, wastewater, transportation) before it is development ready. The experience throughout Oregon in recent years is that the cost of services is increasing, and cities are turning to creative ways to finance infrastructure. This priority addresses both long- and short-term supply and availability of land.

- a) Provide a 20-year supply of land for residential use. The HNA concluded that Keizer has a deficit of residential land in their portion of the shared Salem-Keizer Urban Growth Boundary. Not only is providing sufficient residential land a strategic priority, it is also a state requirement.
- b) Ensure short-term supply to support development. Land in the UGB is not necessarily development ready. Land requires the full suite of backbone services (water, wastewater, transportation) before it is development ready. The experience throughout Oregon in recent years is that the cost of services is increasing, and cities are turning to creative ways to finance infrastructure.

### **Strategic Priority 2: Encourage a Broader Mix of Housing Types**

This strategic priority is about encouraging opportunities for housing development – particularly “missing middle” types – to meet housing needs at all income levels. Goal 10 is about more than land supply and affordability. Goal 10 states “plans shall encourage the availability of adequate numbers of needed housing units...and allow for flexibility of housing location, type and density.” Moreover, ORS 197.303 requires the city to plan for needed housing types, including single-family detached, single-family attached, multifamily, government assisted housing, manufactured dwellings on lots or in parks, and farmworker housing.

Keizer’s development code allows all these housing types. However, the market has focused primarily on single-family detached housing (69% of Keizer’s housing stock is single-family detached). Meanwhile, 4% of Keizer’s housing stock is single-family attached and 27% is multifamily. Given the affordability issues identified in the HNA, a broader range of housing types can potentially provide housing that will address some of the community’s affordability issues.

Recently, planners have identified certain types of housing as the “missing middle.” This concept, coined by Daniel Parolek of Opticos Design in Berkeley, CA, is conceived as a strategy to address the changing demographics of U.S. cities. These “middle” housing types can provide appropriate housing choice and can be effective in filling the gap between supply and demand. Parolek defines these “middle” units as “a range of multi-unit or clustered housing types compatible in scale with single-family homes that help meet the growing demand for walkable urban living. Specific topologies include: live/work units, cottage cluster development, duplexes, triplexes, quadplexes, townhomes, and other smaller-scale multifamily products (generally with fewer than 10

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units).

Design and innovation are central to the “middle” housing concept. The idea is to fit higher density housing types into the footprint of a typical detached single-family home. The intent is residential development that is higher density than traditional single-family detached housing, while maintaining the look and feel of a typical home in the neighborhood. The compatibility of these units with its surrounding uses makes the idea of higher density approachable to people who would otherwise raise issue.

The passage of House Bill 2001 requires cities over 25,000 people (which includes Keizer) to allow cottage clusters, townhouses, duplexes, triplexes, and quadplexes in zones that allow single-family detached housing. Keizer will be complying with House Bill 2001.

### **Strategic Priority 3: Identify Strategies to Support Affordable Housing**

The HNA clearly identifies a lack of housing that is affordable to households with annual incomes less than \$25,000. It is clear that the private sector cannot feasibly develop lower cost housing without government intervention. The amount of government support that is available for lower cost housing is insufficient to meet identified needs.

In Keizer, 53% of renter households and 25% of homeowner households are considered cost burdened (paying more than 30% of their income on housing). These are households struggling to find affordable housing, at all points along the income spectrum. This strategic priority is to evaluate mechanisms (mandates and/or incentives) that will support development of affordable housing in Keizer.

In addition to supporting development, an important angle of this strategic priority is to identify strategies that *preserve* naturally occurring affordable housing that already exists in Keizer. Naturally occurring affordable housing are dwelling units that are unsubsidized, yet affordable to households earning incomes below the area’s median household or family income.

### **Strategic Priority 4: Evaluate Funding Tools to Support Residential Development**

A primary barrier to residential development, particularly for housing for very low-income and low-income households, is costs and financing. This strategic priority intends to evaluate opportunities for the City of Keizer to support needed, residential development by evaluating creative funding and financing mechanisms that reduce development costs. Funding opportunities may include options to reduce the cost of land, reduce hard costs (e.g. infrastructure development), and reduce soft costs (e.g. system development charges or permit costs).

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## Keizer's Comprehensive Plan Housing Policies

Keizer's comprehensive plan includes a set of policies that address housing. The City of Keizer last updated these policies in 2013 and are included in Appendix A. The Keizer Comprehensive Plan includes four housing goals:

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

The goals provide the organizational structure for the objectives and policies, which are intended to comply with Goal 10 and guide housing development in Keizer.

A review of the policies by ECONorthwest concludes that the policies are compliant with statewide planning requirements. After review of the policies, no modifications are recommended.

## Keizer Housing Strategy

Keizer's housing strategy is organized around four broad strategic priorities: (1) land supply and availability; (2) encourage a broader range of housing with a focus on "missing middle" types (as required by House Bill 2001); (3) identify strategies to support affordable housing; and (4) evaluate funding tools to support residential development. The broad goal of the Keizer housing strategy is to help the City manage the land within the Keizer portion of the Salem-Keizer UGB to meet current and future housing development capacity while maintaining the character and quality of life in Keizer and protecting public interests such as housing affordability, health, safety, and municipal revenues.

The Keizer HNA Project Advisory Committee (PAC) convened four times between January 2019 and June 2019. Two of the meetings focused on the technical elements of the study (the buildable lands inventory and the housing needs analysis), with the other two meetings focused on the strategy. Additionally, the PAC provided feedback on specific strategies through an online questionnaire. The results of the questionnaire provided the foundation for the strategies in this section, which are described in detail in this document. The PAC was provided a draft of this strategy endorsed the contents at the May 22, 2019 PAC meeting.

The recommendations from the PAC in this strategy consider key findings from the HNA: the city has a long-term deficit of residential land, the market is not building enough housing that is affordable to households with annual incomes less than \$25,000 and more than \$100,000, the

composition of Keizer’s population is becoming older and more diverse, and many others. This document presents a comprehensive strategy that provides a variety of opportunities to meet the housing needs of Keizer’s residents at all income levels.

Many of the actions described in the Keizer Housing Strategy will require legislative amendments to the city comprehensive plan and/or development code. These actions will be subject to standard notification and hearing procedures. Keizer Planning staff will develop analysis and public input steps that are appropriate for each legislative action to ensure compliance with Goal 1 and the procedural elements of the Keizer Comprehensive Plan and Development Code.

The strategies and associated actions provide an implementation roadmap for the next one to five years.

### Summary and Schedule of Actions

The matrix below provides a summary of the strategic priorities and associated implementation actions. The matrix includes a proposed schedule for the actions. The timing of implementation has been updated to start in 2021-2022, rather than 2019-2020

Actions by Strategic Priority	Implementation Schedule				
	2021-22	2022-23	2023-24	2024-25	2025-26
<b>Strategy 1: Provide an adequate and available supply of land for residential use.</b>					
Action 1.1. Evaluate need for and risks of an Urban Growth Boundary amendment.	✓				
Action 1.2. Evaluate opportunities to increase allowable residential densities.	Completed				
<b>Strategy 2: Encourage a broader mix of housing types.</b>					
Action 2.1. Encourage duplexes, Cottage housing, Townhomes, Row Houses, and Tri- and Quad-Plexes in lower density residential zones. (Implementation of HB 2001)		✓			
Action 2.2. Develop tiny home standards.					✓ (+)
<b>Strategy 3: Identify strategies to support affordable housing.</b>					
Action 3.1. Evaluate reduced parking requirements.		✓			

Actions by Strategic Priority	Implementation Schedule				
	2021-22	2022-23	2023-24	2024-25	2025-26
Action 3.2. Preserve existing supply of manufactured housing parks.	<i>Commence implementation after the Keizer Revitalization Plan is Implemented.</i>				
Action 3.3. Partner with the Marion County in the Administration of HOME and Community Development Block Grant funds and other local, non-profits to develop and preserve affordable housing in Keizer.	✓	✓	✓	✓	✓
<b>Strategy 4: Evaluate funding tools to support residential development.</b>					
Action 4.1. Evaluate creative system development charge financing opportunities.			✓ (+)		
Action 4.2. Evaluate creation of an Urban Renewal District.		✓ (+)			
Action 4.3. Evaluate imposing a Construction Excise Tax				✓	
Action 4.4. Evaluate implementation of a Local Improvement District program.	<i>Contingent on UGB amendment.</i>				
Action 4.5. Consider partnerships to pursue grants or loans.	✓	✓	✓	✓	✓

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## **Strategy 1: Provide an adequate and available supply of land for residential use.**

The following recommended strategy and actions are intended to ensure an adequate supply of residential land through a combination of land use efficiency measures and UGB review. Efficient use of Keizer's residential land is key to ensuring Keizer has opportunities to grow from 2021 to 2041, and beyond.

### **Issue Statement**

Keizer has a limited supply of residential land within the shared Salem-Keizer UGB. The results of the HNA show that Keizer does not have enough land in the Low Density and Medium Density residential plan designations to accommodate expected growth over the 2021 to 2041 period. Keizer has a deficit of 177 dwelling units in low density plan designation and 219 dwelling units in medium density plan designation.

Oregon's Statewide Planning System requires cities that do not have enough land within their UGB to evaluate and implement policies to increase land use efficiently, expand the UGB, or both. The City of Keizer is in a unique position, as it shares its UGB with the City of Salem. This position provides the City with an option to accommodate much of Keizer's 20-year housing needs across the Salem-Keizer UGB, rather than just Keizer's portion of the shared UGB.

The fact that Keizer is part of the Salem-Keizer Urban Growth Boundary creates a unique situation with respect to land sufficiency and boundary review. The process for amending the growth boundary is somewhat unclear and would require coordinated action on the part of Salem, Keizer, and Marion County. Moreover, the results of Salem's 2015 HNA (and recent work on the Salem Comprehensive Plan) suggest that the Salem-Keizer UGB may have sufficient land to accommodate 20 years of population and housing growth.

### **Goal**

Provide residential land to meet needed housing types identified in the 2021 Keizer Housing Needs Analysis.

### **Recommended Actions**

#### **Action 1.1. Evaluate need for and risks of an Urban Growth Boundary amendment.**

The HNA concludes Keizer does not have enough land to accommodate the forecast of population for Keizer in the official population forecasts. A UGB amendment is a complex process that is governed by a complex set of statutes and administrative rules. This creates a very complex situation in terms of meeting the requirements of Goal 10.

Salem and Keizer currently maintain a joint urban growth boundary (UGB). From a practical legal perspective, this means the two cities share land supply and housing need. Previous studies suggest that the Salem-Keizer UGB has enough land to accommodate housing demand for the next 20-years. This creates three possible courses of action for Keizer:



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- Option 1: Expand Keizer's portion of the UGB to meet Keizer's 20-year needs. This option is complicated and would require multiple steps. The first step would be for each city to establish its own UGB.

Eugene-Springfield provide the only relevant example; their process required action by the Oregon legislature. Once Keizer has its own UGB, it would need to proceed with a complicated and expensive process of documenting land need, conducting an analysis of the suitability of lands adjacent to its UGB (not the portions adjacent to Salem).

Note that the state has a priority scheme for UGB expansions that places agricultural lands as the last priority. Keizer is surrounded by prime agricultural lands. This option would take at least 2 years (after Salem-Keizer split the UGB) and would have a high likelihood of protracted and expensive legal challenges.

- Option 2: Use established Salem-Keizer UGB to meet Keizer's 20-year needs. This option is not a "do nothing" or "no change" option. It would require coordination at the staff and elected official level between Salem and Keizer. This option would effectively meet much of the housing need presented in the draft Housing Needs Assessment within the Salem portion of the Salem-Keizer UGB.
- Option 3: Pursue a combination of option 1 and 2. This option would likely, depending on the specifics of how it is structured, involve some or all of the complexities listed in option 1.

This action should be thoroughly discussed by the Keizer Planning Commission and City Council. How to manage growth—both in Keizer and in the shared Salem-Keizer UGB is one of the biggest decisions facing Keizer. The choices will affect the trajectory of Keizer's growth for decades. **Note: The Project Advisory Committee recommends Option 2: Use established Salem-Keizer UGB to meet Keizer's 20-year needs.**

If the City chooses to pursue a boundary amendment, it should be prepared for a long, contentious, and uncertain process. A cursory review of county zoning suggests that the city will have to evaluate priority 1 lands (highly productive agricultural lands). Our assessment is that the city should plan for a boundary review and amendment process to take two to five years (after a separate UGB is established). It is extremely difficult to make reliable budget estimates for UGB processes. In this instance it would likely be in the hundreds of thousands of dollars and could easily exceed a million dollars if appeals occur (a likely outcome).

The UGB amendment is only the first step in making land available. Once the boundary is expanded, the City would need to update relevant functional plans (water, wastewater, transportation, stormwater) to include the expansion areas. Updating these plans will be lengthy and expensive. That process will also need to identify strategies to pay for

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infrastructure to newly added lands in the UGB. The experience of other cities is that existing funding mechanisms are insufficient and that tools such as supplemental SDCs are required to fund needed backbone infrastructure.

The City should approach a boundary amendment as a long-term strategy. Recent analyses by Metro and the City of Hillsboro suggest that lands in UGB expansion areas typically take seven or more years to become development ready. Thus, it is reasonable for the city to expect that it would take 10 or more years before new lands could be annexed and served. In short, this is not a short-term land supply solution.

Finally, the city should not look at a boundary expansion as a strategy that will provide lower cost housing. The costs of bringing the land into the UGB and city limits and servicing the land will largely preclude the ability to provide lower cost housing without subsidy.

Timeline: 1-5 years; Council should provide direction to staff about how to proceed in the 2021-2022 time period. This action may be revisited over time as the housing needs of residents and the priorities of City Council change.

### Action 1.2. Evaluate opportunities to increase allowable residential densities.

Keizer completed this action through creation of the River Cherry Overlay District (RCOD). The revised HNA shows the results of the higher densities in the RCOD, which increased capacity within Keizer.

This approach seeks to increase housing capacity by increasing allowable density in residential zones. In short, it gives developers the option of building to higher densities. This approach would be implemented through both the comprehensive plan policies and the local zoning or development code. This strategy is most commonly applied to multifamily residential zones but can also apply to single-family zones.

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.

This action will look at increasing allowed densities in the comprehensive plan and decreasing minimum lot size standards and/or allowable densities in all residential zones.

Keizer could modify the density ranges outlined in the Comprehensive Plan Policies. These are currently:

- LDR: up to 8 du/gross ac
- MDR: 8 to 16 du/gross ac
- MDHR: >16 du/gross ac

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Note that these are relatively high densities because they are in gross acres. With respect to zoning, Keizer presently has the following minimum lot size standards:

<b>Zone</b>	<b>Single-family</b>	<b>Duplex</b>	<b>Multifamily</b>
Residential Standard (RS)	4,000 (attached)	-	-
Residential Limited (RL)	4,000 (attached)	7,000	10,000
Medium Density Residential (RM)	4,000 (attached)	6,000	9,000
High Density Residential (RH)	6,000	6,000	6,000
Mixed-Use (MU)	4,000	6,000	6,000

Changes to lot size standards are legislative changes to the comprehensive plan and/or zoning code. As such, this process should initiate with the Planning Commission and include opportunities for public input.

Timeline: Completed

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## Strategy 2: Encourage a broader mix of housing types.

This strategy focuses on actions that are intended to ensure new residential structures developed in Keizer are diverse and emphasize “missing middle” housing products, as needed to meet Keizer’s 20-year housing needs.

### Issue Statement

Continued increases in housing costs may increase demand for denser housing (e.g., multifamily housing, single-family attached housing, and compact single-family detached housing). To the extent that denser housing types are more affordable than larger housing types, continued increases in housing costs will increase demand for denser housing.

Keizer’s housing mix in the 2013-2017 period<sup>5</sup> was 69% single-family detached, 4% single-family attached, and 27% multifamily. The HNA assumes that the housing mix of *new* dwelling units in Keizer will be about 63% single-family detached, 10% single-family attached, and 27% multifamily. To achieve this mix, Keizer will need to implement policies that allow a wider variety of housing types in low density residential plan designations (e.g. tiny homes and cottage cluster). In addition, Keizer will need to implement policies to encourage a wider variety of housing types in all residential plan designations (and to the extent possible, in commercial and mixed-use plan designations).

The passage of House Bill 2001 requires cities over 25,000 people (which includes Keizer) to allow cottage clusters, townhouses, duplexes, triplexes, and quadplexes in zones that allow single-family detached housing. Keizer will be complying with House Bill 2001.

### Goal

Allow and encourage a broader diversity of housing types, with a focus on middle density housing types. The HNA does not recommend setting development targets for housing types beyond the needed housing types identified in ORS 197.303. The city, however, acknowledges that each of the statutorily defined needed housing types can include a range of subtypes.

### Recommended Actions

#### Action 2.1. Encourage duplexes, Cottage housing, Townhomes, Row Houses, and Tri- and Quad-Plexes in lower density residential zones.

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.

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<sup>5</sup> Based on 2013-2017 ACS 5-year estimates for Keizer.

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The city has already partially implemented this strategy. Keizer has a cottage housing ordinance. Keizer allows duplexes in the RL, RM and RH zones and tri- and quad-plexes in the RM and RH zone.

This strategy will move Keizer towards compliance with the requirements of House Bill 2001, which requires cities over 25,000 to allow “middle” housing types in low-density residential zones. The bill defines middle housing types as:

- (A) Duplexes;
- (B) Triplexes;
- (C) Quadplexes;
- (D) Cottage clusters; and
- (E) Townhouses.

Timeline: By June 2022

### Action 2.2. Develop tiny home standards

“Tiny” homes are typically dwellings that are 500 square feet or smaller. They include stand-alone units or very small multifamily units. Tiny houses, sometimes referred to as micro-homes, are small stand-alone dwellings that typically 80 to 200 square feet.<sup>6</sup> They often have a kitchen and a bathroom; they can be on wheels (temporary or transitional) or foundation (permanent). They are typically between 80 to 200 square feet. While there is no standardized definition for how small or large a tiny home can be, this memorandum makes the distinction that tiny homes are less than 500 square feet. The following further characterizes the distinction between tiny homes and other similar, compact (or smaller) housing types.

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<sup>6</sup> Brown, Emily (2016). Overcoming the Barriers to Micro-Housing: Tiny Houses, Big Potential. University of Oregon Department of Planning, Public Policy, and Management.

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## Exhibit 1. Overview of Compact (Smaller) Housing Types

Source: Note: Image sources are located in the end notes.

Tiny House on Wheels<sup>7</sup>



Tiny houses on wheels are non-permeant, single-family dwelling units. They are typically less than 500 sq. ft. and no more than 500 sq. ft.

Tiny House<sup>8</sup>



Tiny houses are permanent, single-family dwelling units. They are typically less than 500 sq. ft.

Accessory Dwelling Unit (ADU)<sup>9</sup>



ADUs are secondary to a primary unit on a single lot. Zoning codes typically require that ADUs be smaller than the primary unit.

Cottage Development<sup>10</sup>



Cottage developments are groupings of single-family dwelling units clustered around a common area. They are typically under 1,000 to 1,200 sq. ft.<sup>12</sup>

Small Single-Family Dwelling<sup>11</sup>



A single-family dwelling is a stand-alone, residential building. They are typically more than 500 sq. ft. The U.S. average for a single-family dwelling is 2,677 sq. ft.<sup>13</sup>

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. Smaller homes allow for smaller lots, increasing land use efficiency. They provide opportunities for affordable housing, especially for homeowners.

This discussion focuses on permanent tiny houses and, while tiny homes do not have a single, standard definition, we define them here as: permanent, stand-alone, single-family residential dwellings of less than 600 sq. ft.<sup>14</sup> Tiny homes may be sited on a lot or in a planned unit development (PUD). As a rule of thumb, tiny houses should not be used synonymously for other housing types such as accessory dwelling units and communities should also make the distinction between tiny homes on foundations (permanent) versus tiny homes on wheels

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<sup>7</sup> Place and Native Voice. (2017). Small Homes on Wheels. Image. <http://www.placeandnativevoice.org/small-homes-on-wheels/small-homes-on-wheels-small-homes-on-wheels-for-sale-small-wheels-home-depot/>

<sup>8</sup> K Reimer. My Favorite Small House Ideas. Image, Pinterest. <https://www.pinterest.com/klreimer0064/my-favorite-small-house-ideas/>

<sup>9</sup> Slate Ltd. (2017). New Law Nets Homeowners Enormous Benefits. Image. <http://www.slateltd.com/remodeling-tips/new-law-nets-homeowners-enormous-benefits>

<sup>10</sup> Bertolet, Dan. (2008). Scary Scary Cottages. Image. <http://hugeasscity.com/2008/11/29/scary-scary-cottages/>

<sup>11</sup> All Star Steamer. Image. <http://www.allstarsteamer.com/small-house/>

<sup>12</sup> State of Oregon, Department of Environmental Quality. (2016). Character-Compatible, Space-Efficient Housing Options for Single-Dwelling Neighborhoods. Report developed in partnership with Oregon Department of Transportation and Oregon Department of Land Conservation and Development.

<sup>13</sup> Statista. The Statistical Portal: Average size of floor area in new single-family houses built for sale in the United States from 1975 to 2016 (in square feet). <https://www.statista.com/statistics/529371/floor-area-size-new-single-family-homes-usa/>

<sup>14</sup> In Oregon, House Bill 2737 defines “small home” as no more than 600 sq. ft. in size. This has been made a part of ORS chapter 455.

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(transitional or temporary).<sup>15</sup> That said, identifying tiny homes as small single-family dwellings is likely acceptable, although it is an evolving topic. State Statute refers to tiny homes as “small homes.”

Keizer has not adopted tiny home standards. The experience of other cities suggests that developing appropriate tiny home regulations is complex. We suggest that Keizer start by engaging in a community dialog about tiny homes. The dialog should be inclusive of residents, stakeholders, local elected officials, and the development community. We also recommend that the city evaluate what locations are appropriate for tiny home since tiny house developments will not be suitable for every neighborhood or every area within a community

We also suggest that Keizer work with the League of Oregon Cities or other organizations to create a repository of tiny home codes from jurisdictions in Oregon. In five years, inquire with these jurisdictions to determine what about their code worked and how successful the codes were in encouraging tiny home development.

Timeline: 5+ years; Keizer will wait to review lessons learned from other jurisdictions in Oregon, who have recently developed tiny home standards. This will provide Keizer the opportunity to vet and evaluate a variety of tiny home codes.

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<sup>15</sup> Buhl, Laura. (August 2018). Tiny homes in Oregon. Department of Land Conservation and Development. Interview, conducted by Sadie DiNatale, ECONorthwest.

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## Strategy 3: Identify strategies to support affordable housing

The following recommended strategy and actions are intended to use a deliberate set of mandates and incentives to support the development of new affordable housing and preserve existing affordable housing.

### Issue Statement

Availability of housing that is affordable to households at all income levels is a key issue in Keizer. For the purposes of this Strategy, affordable housing is defined as: (1) housing for very low-income and extremely low-income households within income of less than 50% of Median Family Income<sup>16</sup> (\$35,300 in 2020), (2) housing for low-income households with income between 50% and 80% of MFI (\$35,300 to \$56,500 in 2020), and (3) housing for middle-income households with income between 80% and 120% MFI (\$56,500 to \$84,700 in 2020).

The City's policy options for providing opportunities to build housing, especially affordable housing (both market-rate and government subsidized affordable housing) are limited. The most substantial ways the City can encourage development of housing is through ensuring that enough land is zoned for residential development, eliminating barriers to residential development where possible, and providing infrastructure in a cost-effective way.

### Goal

The goal of this strategy is to promote more lower-cost housing, with a focus on low- and middle-income housing. This focus is to ensure housing that is affordable to service sector workers in Keizer.

### Recommended Actions

#### Action 3.1. Evaluate reduced parking requirements

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 proformas of any type of housing, from single-family detached to multifamily housing. 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.

Parking is a contentious issue in most cities. As such, the city should carefully analyze in what instances parking will make a difference in encouraging lower cost housing. This will primarily be parking for multifamily housing, although it could also address parking standards for ADUs. The impact of parking on development costs is something that real estate economists can

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<sup>16</sup> Based on U.S. Department of Housing and Urban Development Median Family Income of \$81,700 for Yamhill County in 2018.



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model. Keizer should start by modeling these effects to determine if the impacts are sufficient to incentivize developers.

Timeline: 2022-2023

### Action 3.2. Preserve existing supply of manufactured housing parks

The preservation of manufactured home parks, a form of naturally occurring affordable housing, may provide value to existing residents of manufactured homes in parks. Preservation approaches may include: housing preservation, housing replacement, or anti-displacement ordinances; the regulation of redevelopment; or zoning changes.

This strategy will look at potential restrictions to zone changes for manufactured home parks or other land use actions that may encourage redevelopment of manufactured home parks.

Timeline: Implementation of this strategy should not commence until the Keizer Revitalization Plan is finished and implemented. That plan may result in policies that influence how this action is implemented.

### Action 3.3. Partner on the Administration of HOME and Community Development Block Grant funds and other local, non-profits to develop and preserve affordable housing in Keizer

The City of Keizer does not build housing. It can, however, be a partner with local affordable housing organizations. That partnership can explore actions the city can take to support development of affordable housing.

To implement this action, Keizer Community Development Department staff will explore ways to structure regular interactions with Marion County and other housing advocacy groups. Keizer is now partnering with Marion County on development of the Consolidated Plan

Timeline: 2021 and ongoing.

## Strategy 4: Evaluate funding tools to support residential development

The following recommended strategy and actions are intended to consider a range of funding tools that Keizer may implement and use to support residential development.

### Issue Statement

Funding for affordable housing and the infrastructure that serves residential land is becoming increasingly difficult. Cities have adopted a broad range of tools to support affordable housing. The nature of those tools is dependent on local factors: tax base, council support, competing priorities, etc.

Keizer has limited resources to support residential development. With a tax base of \$2.08 per \$1,000 in assessed value, the city struggles to fund core services such as police and

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administrative functions. Thus, supplemental tools will be necessary if the city wants to support residential development.

## **Goal**

Explore creative ways to support affordable housing and infrastructure development.

## **Recommended Actions**

### **Action 4.1. Evaluate creative system development charge financing opportunities**

System development charge (SDC) opportunities include: (1) reduce or waive system development charges for residential development that meet Keizer's housing needs or goals; (2) implement an SDC financing credit program to incentive needed housing types; or (3) implement sole source system development charge program.

The review of the city's SDCs should be at the direction of City Council. We recommend that the city establish an ad hoc committee for the project if it pursues this action. That committee can work with staff to weigh different options and balance them with the need for SDC revenues to support capital costs of infrastructure.

Timeline: 3+ years. This action is not a high priority at this time.

### **Action 4.2. Evaluate creation of an Urban Renewal District**

Urban renewal districts rely on tax increment finance revenues, 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 are used to pay for projects identified in the Urban Renewal Plan. Urban renewal districts are geographically constrained and generally established for a period of 20 or more years. The district could produce substantial 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.

If the City develops new Urban Renewal plans, it should consider including urban renewal projects that support development of government-subsidized and market-rate multifamily housing. Other cities primarily use urban renewal funds to support the development of affordable housing by purchasing land and accepting development proposals on that land. Cities typically require some percentage of housing to be affordable or make the inclusion of affordable housing a criterion for evaluation of development proposals.

In addition, cities use urban renewal funds to directly invest in infrastructure projects that benefit housing development. The city could offer grants or other incentives to help pay for affordable housing development or to finance systems development costs.

Timeline: 2022-2023.

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### Action 4.3. Evaluate imposing a Construction Excise Tax

Construction excise taxes (CET) are a local tax assessed on new construction. The tax is assessed as a percent of the value of the improvements for which a building 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 on the value of new construction projects to raise funds for affordable housing projects. CETs may be assessed on residential development, commercial/industrial development, or both. The tax is limited to 1% of the permit value on residential construction but uncapped 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 remaining funds from a CET on *residential uses* must be allocated as follows: 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; and 15% flows to Oregon Housing and Community Services for homeowner programs. For a CET on *commercial or industrial uses*, 50% of the funds must be used for allowed developer incentives and the remaining 50% are unrestricted.

This action should start with analysis of the financial capacity of a CET based on historical construction rates and the amount of the CET. The fiscal potential will provide a foundation that helps (1) determine whether a CET would generate enough revenue to make an impact, and (2) focus a discussion about how the city could generate the best return on investment of CET funds.

Timeline: 3+ years. This action is not a high priority at this time.

### Action 4.4. Evaluate implementation of a Local Improvement District program.

A local improvement district (LID) is 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.

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. To educate the property owners about this tool, and encourage this tools use, the City of Keizer will need to conduct public outreach.

This action only makes sense if the city pursues a UGB amendment.

Timeline: Contingent on UGB amendment.

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#### Action 4.5. Consider partnerships to pursue grants or loans

This action is based on the premise that funding priority projects with external money or leveraging city funds through grants is preferable to spending local money.

A city can use general fund or tax increment dollars to directly invest in a specific affordable housing project. 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.

Pursuing external grant funds for priority projects should be an ongoing process for the city.

Given the limited general fund revenues, general fund is not a viable long-term option for funding housing projects.

Timeline: Ongoing.

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## 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

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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)

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- (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:

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- (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



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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

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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 B. 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
<b>Regulatory Changes</b>			
1. 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><b>Scale of Impact—Small to moderate.</b> 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><b>Keizer does not currently mandate maximum lot sizes.</b></p>

Strategy Name	Description	Scale of Impact	Comments
2. 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><b>Scale of Impact—Small to moderate.</b> Increasing minimum densities and ensuring clear urban conversion plans may have a small to moderate impact depending on the observed amount of underbuilds and the minimum density standard.</p>	<p><b>Keizer requires a minimum density of 4 units/acre with subdivision approval. (RS zone)</b></p>

Strategy Name	Description	Scale of Impact	Comments
3. Increase Allowable Residential Densities	<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><b>Scale of Impact—Small to moderate.</b> 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><b>Keizer could modify the density ranges outlined in the Comprehensive Plan Policies</b></p> <p>LDR: up to 8 du/gross ac MDR: 8 to16 du/gross ac MDHR: &gt;16 du/gross ac</p> <p><b>Note that these are relatively high densities because they are in gross acres</b></p>
4. 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><b>Scale of Impact—Small to Moderate.</b></p> <p>The City could require the developer to prove the need and public benefit or reducing parking requirements to increase housing affordability.</p>	

Strategy Name	Description	Scale of Impact	Comments
5. 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"> <li>• Housing preservation ordinances</li> <li>• Housing replacement ordinances</li> <li>• Single-room-occupancy ordinances</li> <li>• Regulating demolitions</li> </ul>	<p><b>Scale of Impact—Small.</b> 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><b>Keizer has no financial resources for such a program; any preservation strategy would need to be coordinated with Salem and local nonprofit partners.</b></p> <p><b>The preservation of manufactured home parks, a form of naturally occurring affordable housing may be a valuable addition for Keizer’s housing strategy.</b></p>

## 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
6. Allow Duplexes, Cottage housing, Townhomes, Row Houses, and Tri- and Quad-Plexes in single-family zones	<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><b>Scale of Impact - Small.</b> Allowing these types of housing in more zoning districts may provide a relatively small number of new, relatively affordable, housing opportunities.</p>	<p><b>Keizer allows duplexes in the RL zone; buildings with two or more dwelling units in the RS zone. May consider revising Cottage Cluster Ordinance to allow smaller structures.</b></p>

Strategy Name	Description	Scale of Impact	Comments
7. 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><b>Scale of Impact - Small:</b> Scale of impact depends on regulation of tiny homes, where they are allowed, and market demand for tiny homes.</p>	<p><b>Keizer does not currently have policies related to tiny homes.</b></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
<b>Programs or policies to lower the cost of development</b>			
8. SDC Financing Credits	<p>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.</p> <p>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.</p>	<p><b>Scale of Impact – Small.</b> 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 not negatively impact one entity.</p>	<p><b>Creative SDC tools may be appropriate if Keizer expands the UGB, at which time the SDC process would have to be restructured.</b></p>

Strategy Name	Description	Scale of Impact	Comment
9. 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.	<b>Scale of Impact – Small.</b> Depends on how the tool is implemented and whether it is used with other tools, such as LIDs or Urban Renewal.	<b>Creative SDC tools may be appropriate if Keizer expands the UGB</b>



## 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
10. 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"> <li>• Redevelopment projects, such as mixed-use or infill housing developments</li> <li>• Economic development strategies, such as capital improvement loans for small or startup businesses which can be linked to family-wage jobs</li> <li>• Streetscape improvements, including new lighting, trees, and sidewalks</li> <li>• Land assembly for public as well as private re-use</li> <li>• Transportation enhancements, including intersection improvements</li> <li>• Historic preservation projects</li> <li>• Parks and open spaces</li> </ul>	<p><b>Scale of Impact – Moderate.</b> 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><b>Keizer does not currently have any urban renewal districts</b></p>

<p>11. 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"> <li>• 50% must be used for developer incentives (e.g. fee and SDC waivers, tax abatements, etc.)</li> <li>• 35% may be used flexibly for affordable housing programs, as defined by the jurisdiction.</li> <li>• 15% flows to Oregon Housing and Community Services for homeowner programs.</li> </ul> <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><b>Scale of Impact – Depends on the amount of funding available.</b></p>	<p><b>A CET could generate dedicated funds for affordable housing.</b></p>
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<p>12. 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><b>Scale of Impact – Depends on the amount of funding available.</b></p>	<p><b>Creative financing tools may be appropriate if Keizer expands the UGB</b></p>
<p>13. 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><b>Scale of Impact – Depends on the amount of funding available.</b></p>	<p><b>Keizer could apply for grants/loans, or could partner with a local nonprofit to apply for grants or loans.</b></p>