



Housing Strategies

Yachats Housing Needs Analysis

August 18, 2022



Overview

Purpose of this document and how it will inform the Housing Needs Analysis Report

Background and Purpose

- The Housing Needs Analysis (HNA) is **a study of the city's existing and future housing needs.**
- The HNA is used **to determine if the city has enough land zoned for housing to meet projected needs over 20 years.** It also helps a city **determine if more land is needed for specific type(s) of housing,** such as apartments or single-family detached houses.
- The findings of an HNA help the city to **identify actions and solutions to facilitate development of the housing that is needed,** such as zoning changes or incentive programs.
- A preliminary set of actions and solutions to facilitate development of needed housing will be presented on the slides that follow.



Summary of Buildable Land Inventory Results

Plan Designation or Zone District	Gross Acres	Constrained Acres	Vacant Acres	Partially Vacant Acres	Buildable Acres
Commercial	20.7	2.5	2.2	0.2	2.4
R-1 - Single Family Residential	271.1	145.8	41.2	7.2	48.4
R-2 - Single Family & Duplex	33.3	9.1	1.8	1.4	4.8
R-3 - Single, Duplex, Multi-Family	60.8	28.7	9.6	2.9	12.5
R-4 - Single, Duplex, Multi-Family & Motel	55.2	14.6	2.9	7.2	11.5
TOTAL	441.0	200.7	57.7	18.8	79.7

City of Yachats UGB Draft Buildable Land Inventory

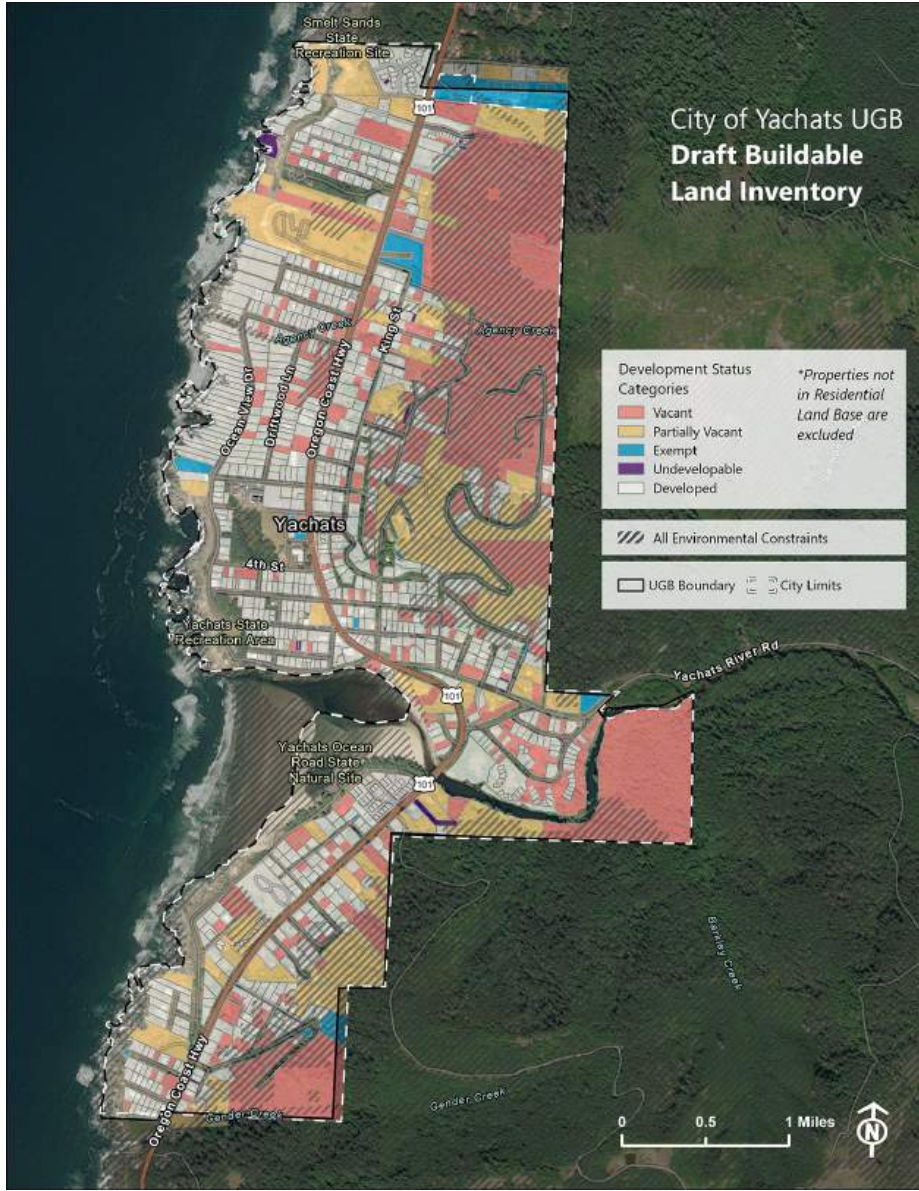
Development Status Categories

- Vacant
- Partially Vacant
- Exempt
- Undevelopable
- Developed

**Properties not in Residential Land Base are excluded*

All Environmental Constraints

UGB Boundary City Limits





	C	R-1	R-2	R-3	R-4
Total Unit Capacity by Type					
Single-Family Detached	2	152	18	41	38
Townhouses/Plex	0	0	2	7	6
Multi-Family (5+ Units)	1	0	0	14	13
Manufactured Homes	0	17	2	7	6
Buildable Acres	2.4	48.4	4.8	12.5	11.5
Total Unit Capacity	3	169	22	69	63

Summary of Projected Housing Needs by Structure Type

- Based on direction received from the Yachats City Council and Planning Commission, the housing needs projection expects increased shares of multiple-unit housing types over the next 20 years.

Housing Type	Share of Existing Housing Stock	Share of New Housing Units	Owner Occupied Dwelling Units	Renter Occupied Dwelling Units	Seasonal & Vacancy Allowance	Total Dwelling Units
Single Family Detached	81%	70%	50	18	122	190
Townhomes/Plexes	7%	14%	9	13	16	38
Multi-Family (5+ units)	8%	12%	–	18	14	32
Manufactured Homes	4%	4%	3	3	5	11
TOTAL	100%	100%	63	52	157	271

20-Year Housing Need vs. Estimated Capacity by Housing Type

Housing Type	20-Year Need	Estimated Capacity	Surplus/(Deficit) (Capacity - Need)
Single Family Detached	190	251	61
Townhomes/Plexes	38	15	(-23)
Multi-Family (5+ units)	32	28	(-4)
Manufactured Homes	11	32	21
TOTAL	271	326	8

Evaluating housing capacity by housing type highlights a potential deficit of land for townhomes/plexes and multi-family housing.

Recommended Zoning Changes

Zoning changes recommended to address lack of supply for multifamily housing and townhouses/plexes.

1. Rezone Land in the R-1 Zone to a Higher Density Zone
2. Establish a Minimum Density in the R-3, R-4, and C Zones
3. Reduce Minimum Lot Size Standards for Multi-Unit Housing

REZONE LAND IN THE R-1 ZONE TO HIGHER DENSITY ZONE

Background

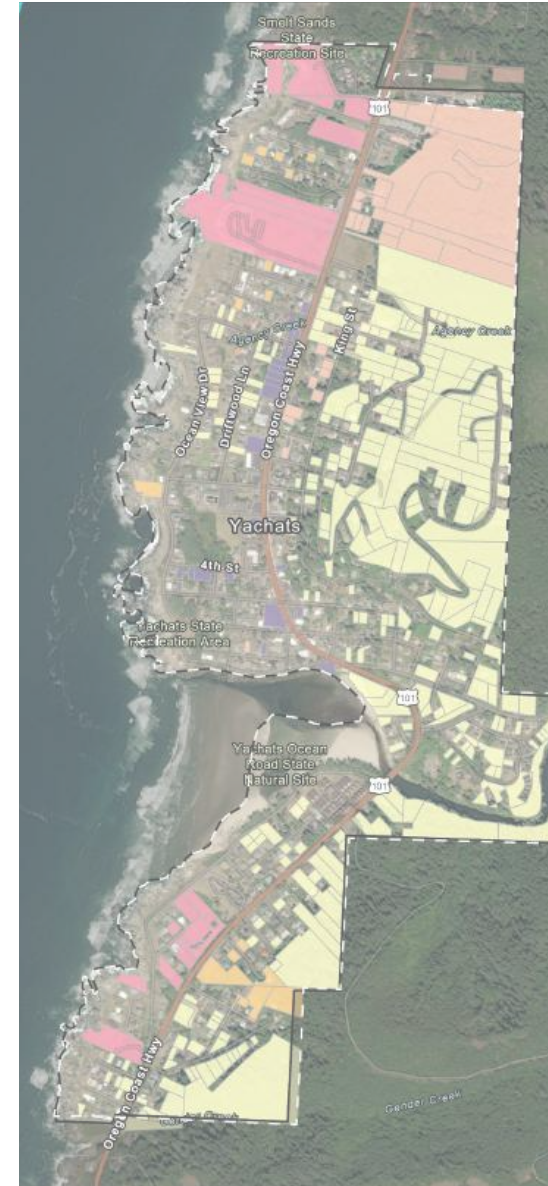
The majority of the city's residential land supply (over 60 percent) is located in the R-1 zone. The Residential Land Needs Analysis (RLNA) indicates an estimated surplus of single family housing capacity and a potential deficit of land for townhomes/plexes and multi-family housing. Strategically rezoning areas of the R-1 zone to one of the city's higher density residential zones is a way to facilitate additional capacity for development of townhomes/plexes and multi-family housing.

Strategy

Rezone an area of the R-1 zone to one of the city's higher density residential zones that allow townhomes/plexes and multi-family housing, such as R-3 or R-4

Benefits and Effectiveness

Increasing the supply of land where higher density housing types are allowed removes a major barrier to developing these types of housing.



ESTABLISH A MINIMUM DENSITY IN R-3, R-4, AND C ZONES

Background

4 out of 5 homes built in Yachats since 2000 have been single family detached, and all of the housing built in the R-4 zone since 2000 has been single family detached housing. Prohibiting construction of single-family detached housing or establishing a minimum density standard in higher density zones would preserve buildable land in these zones for needed townhomes/plexes and multi-family housing.

Strategy

Prohibit single-family detached housing or set a minimum density standard in one or more of the city's higher density residential and commercial zones, such as R-3, R-4, and C.

Benefits and Effectiveness

Prohibiting construction of single family detached housing or setting a minimum density standard in higher density residential and commercial zones would incentivize other needed types of housing to be built in those areas.



REDUCE MINIMUM LOT SIZE STANDARDS FOR MULTI-UNIT HOUSING

Background

Less than 10% of the overall supply of housing built in Yachats since 2000 has been townhouse, plex, or multi-family housing, but one quarter of needed housing over the next 20 years consists of these housing types. Minimum lot sizes currently required to develop multiple-unit housing in Yachats often make these projects infeasible to build on existing lots.

Strategy

Reduce minimum lot size standards in R-2, R-3, R-4 and C zones and set minimum lot size standards in accordance with existing lot sizes. Also consider offering a density bonus to deed-restricted affordable housing.

Benefits and Effectiveness

Reducing minimum lot size standards and setting them in accordance with existing lot sizes would allow land to be used more efficiently and would increase the capacity for townhomes/plexes and multi-family housing in the areas where this strategy is applied. Offering a density bonus to deed-restricted affordable housing is an incentive intended to produce more units at a lower cost. In areas with high construction and land costs the most important factor in the feasibility or profitability of a housing type is allowable density.

Yachats Minimum Lot Size Standards (sq. ft.)

Zone	Single Fam	Duplex	3+ Units
R-1	7,500	X	X
R-2	6,000	7,500	X
R-3	6,000	7,500	6,000+ 2,500/du
R-4	6,000	7,500	6,000+ 2,500/du
C	6,000	2,500/du	2,500/du

Additional Regulatory Strategies

Zoning and regulatory changes that may help to remove barriers to development of a wider variety of housing types and meet key housing needs.

1. Define and Allow a Wider Range of Housing Types
2. Reduce Minimum Parking Requirements
3. Identify and Remove Unnecessary Regulatory Barriers

DEFINE AND ALLOW A WIDER RANGE OF HOUSING TYPES

Nearly every residential zone excludes some housing types which may otherwise be appropriate and compatible in the district. Unnecessary restrictions on housing types can worsen housing shortages and affordability challenges.

Strategy

Allow duplexes in the R-1 zone. Allow up to quadplex in the R-2 zone. Define and allow ADUs and cottage clusters in all zones.

Benefits and Effectiveness

Increasing the supply of land where higher density housing types are allowed removes a major barrier to developing lower cost housing.

Considerations

- Identify housing types that are in high demand yet there are few developable sites where they are permitted under current zoning. Examples may include duplexes, triplexes, quadplexes, townhouses, or cottage cluster housing.
- Ensure the development standards that apply to the housing type are calibrated to allow for market-feasible unit sizes and designs.



REDUCE MINIMUM PARKING REQUIREMENTS

Parking standards commonly require more parking than the market demands, which increases the cost of housing and results in an inefficient use of land.

Strategy

An outright reduction in parking standards is often appropriate, particularly if a city's minimum requirements are more than 1.5 spaces per dwelling unit. Additional reductions for affordable housing can serve as a development incentive.

Benefits and Effectiveness

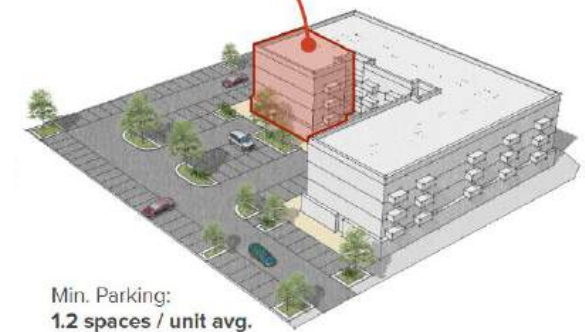
- Space saved by providing fewer parking stalls can be used to build additional housing units.
- Reduced per-unit construction costs can be passed on to consumers in the form of lower prices.

Considerations

- A general best practice guideline is typically 1 space per dwelling unit and 1 space per 500-1,000 square feet of commercial space.
- If a general reduction is not feasible, consider targeting reductions to a certain area where higher density development is desired, such as a downtown, a redeveloping industrial area, or a neighborhood commercial district.
- Reductions can be provided in exchange for desired community benefits, features, or amenities, including affordable housing.



16 additional units
enabled by parking
reduction



IDENTIFY AND REMOVE UNNECESSARY REGULATORY BARRIERS

Many communities set their maximum building height, setback, landscaping and open space regulations more or less arbitrarily and require discretionary review for certain housing types. This can create regulatory barriers.

Strategy

Align code standards such as height, setbacks and open space requirements with existing development patterns. Replace subjective design or conditional use criteria with objective standards.

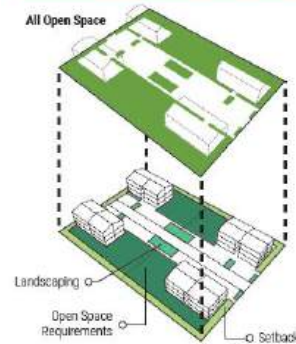
Benefits and Effectiveness

- Removing regulatory barriers creates more opportunities for more modest and affordable projects that remain compatible with existing development patterns.
- These changes can have a minor impact on the character of new development yet have a significant cumulative impact on development feasibility.

Considerations

- Many communities like the idea of using discretionary review to “leave the window open” for future decision making, but this method results in inconsistent outcomes. The hurdle of discretionary review is only worthwhile for larger, more expensive projects and can kill modest or affordable projects before they start.
- Using clear and objective standards, planning staff—whether full time employees or contract planners—can review and determine if a project complies with the code.

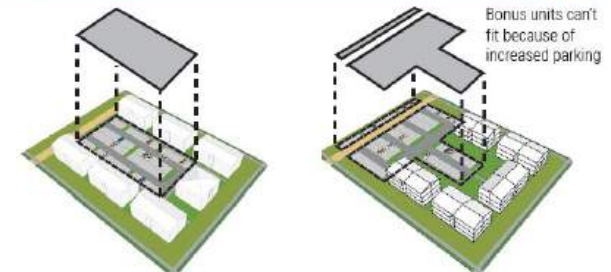
High open space requirements increase housing costs



- > Up to 73% total open space required
- > Over \$5 million just for undevelopable area

Number of Units:	64
Unit Size:	275 sq ft
Price of Land:	\$21.5 million
Single Room Occupancy Market Rent:	\$5,900

Increased parking is hard to accommodate; raises costs



# of Units # of Parking Spots:	78 78	120 110
Unit Size:	650 sq ft	320 sq ft
Rent of Affordable 1-bedroom SRO:	\$990	\$2,160

Additional Strategies and Tools

Non-regulatory strategies and tools the City could implement to address housing needs and facilitate housing production. They fall into three categories:

1. Financial Incentives
2. Land-Based Strategies
3. Investments and Funding

Financial Incentives

1. Calibrate and Reform System Development Charges
2. Offer a Property Tax Exemption for Key Housing Needs

CALIBRATE AND REFORM SYSTEM DEVELOPMENT CHARGES

The impact of system development charges (SDCs) on development costs can be lessened by providing reductions, waivers, and financing options.

Strategy

SDC reductions, waivers and financing can reduce upfront development costs and incentivize development of targeted housing types or building features.

Benefits and Effectiveness

- Can “tip the scales” to make a project economically viable.
- Scaled fees can incentivize development of smaller units, which are usually more affordable than larger units

Considerations

- Fees can be scaled by the square footage of the unit or the number of bedrooms.
- Jurisdiction may define which housing types qualify.
- Reducing fees may result in lower overall fee revenue; however, this can be mitigated by increasing the base fee rate while applying a “Single Family Equivalent” scale to reduce the relative fee cost for smaller units.



OFFER A PROPERTY TAX EXEMPTION FOR KEY HOUSING NEEDS

Offer a property tax exemption for housing projects that provide certain benefits and may otherwise not be economically feasible.

Strategy

Property tax exemptions can be structured to incentivize development of specific needed housing types in specific locations, such as affordable housing, conversions of existing structures, and homes targeting first-time homebuyers.

Benefits and Effectiveness

A 10-year property tax exemption can significantly improve development feasibility for multifamily housing, townhouses, and affordable housing.

Considerations

- Cities can control which projects are eligible and to cap the total amount of tax abatement annually.
- Can be designed to incentivize housing that would not otherwise be built, so it can have a net positive impact on the tax base over time.
- Must be approved by at least some overlapping tax districts.



Examples of cities that offer property tax exemptions for affordable or market rate housing:

- Beaverton
- Bend
- Eugene
- Gresham
- Hillsboro
- Milwaukie
- Newport
- Portland
- Redmond
- Salem

Land-Based Strategies

1. Utilize Excess Public Land for Housing
2. Assist with Land Acquisition and Banking
3. Form Partnerships with Land Trusts
4. Form Partnerships with Institutional Land Owners

UTILIZE EXCESS PUBLIC LAND FOR HOUSING

Prioritize the use of surplus public land for housing needs.

Strategy

Prioritizing use of public land for needed housing can lower the costs of new housing development—or improve housing access in key locations.

Benefits and Effectiveness

By prioritizing the use of surplus land to meet housing needs, public entities can directly support a reduction of development costs in the form of land and/or low cost lease.

Considerations

- Land can be offered as a long-term lease at very minimal cost to developers for land the public owner is not yet ready to surplus.
- This strategy could include adopting a land disposition policy that states the jurisdiction and public partners will prioritize selling or dedicating any surplus publicly-owned land to meet housing needs.
- The policy could be adopted jointly in partnership with the County or other public agencies in order to broaden its impact to include other surplus lands.



ASSIST WITH LAND ACQUISITION AND BANKING

Land banks support development by reducing or eliminating land costs.

Strategy

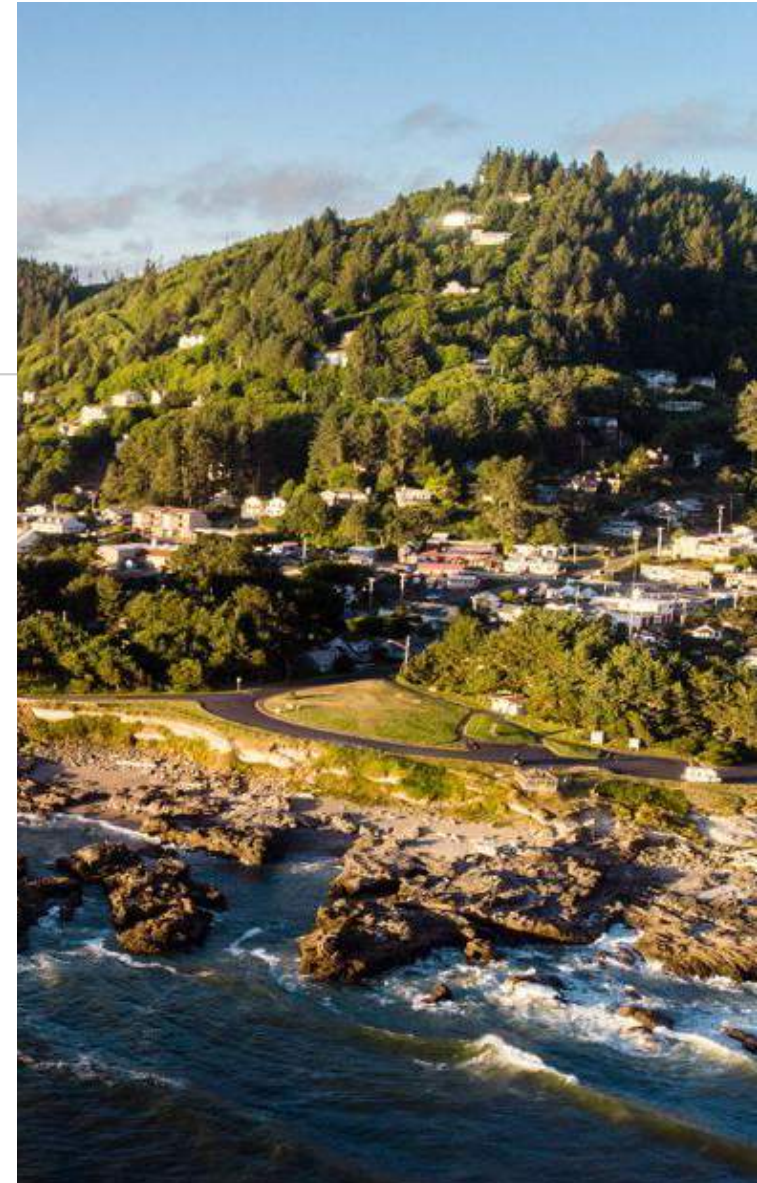
Land banks are public authorities or non-profit organizations created to acquire, hold, manage, and sometimes redevelop property in order to return properties to productive use and/or meet community goals, such as increasing supply of affordable housing or stabilizing property values.

Benefits and Effectiveness

- Land banking can greatly lower project development costs and is a powerful building block that can be paired strategically with other tools to make priority projects pencil.
- Sale, donation or disposition of City-owned land can relieve upkeep costs.

Considerations

- Jurisdictions may manage their own land banks or partner with non-profits to do so. Jurisdictions may also donate, sell, or lease publicly owned land for development even without a formal land bank organization.
- Lands acquired are often vacant, blighted, or environmentally contaminated. Land banks may also acquire lands with title defects or on which dilapidated structures sit. Lands are eventually transferred to a new owner for reuse and redevelopment.



FORM PARTNERSHIPS WITH LAND TRUSTS

Community land trusts are nonprofit, community-based organizations designed to ensure community stewardship of land. They can be used for many types of development (including commercial and retail) but are primarily used to ensure long-term housing affordability.

Strategy

The City can support a land trust by helping to convene local housing organizations, charities, foundations, or other stakeholders that may be interested in founding a local land trust.

Benefits and Effectiveness

By separating the ownership of land from housing, this approach prevents market factors from causing prices to rise significantly, and hence guarantees that housing will remain affordable for future generations.

Considerations

- The City can additionally support a land trust by creating an inventory of suitable sites for housing development. A separate inventory may also be created for older, distressed properties that may be targeted for acquisition by a non-profit affordable housing operator.
- Public partners must typically provide funding to a land trust to sustain it.



FORM PARTNERSHIPS WITH INSTITUTIONAL LAND OWNERS

Non-profits and faith-based organizations (FBO) may have surplus land that could be sold or donated to be developed for high priority housing needs, including affordable housing.

Strategy

Cities could engage with non-profits and FBOs to understand long-term plans for their sites and encourage partnerships to explore housing development opportunities.

Benefits and Effectiveness

- Non-profits/FBOs often perceive affordable housing development and work benefiting homeless and very low-income populations to be consistent with their mission and are interested in partnerships to support housing.
- Property owned by non-profit/FBO may be eligible for property tax exemptions.

Considerations

- Cities could engage with FBO to understand long-term plans for their sites and encourage partnerships to explore housing development opportunities.
- These organizations may also be eligible for specialized funding sources and fundraising mechanisms to build housing that could target homeless and very low-income populations.



Investments and Funding

1. Target Infrastructure Improvements to Support Housing
2. Target Urban Renewal Investments to Support Housing
3. Establish a Construction Excise Tax (CET)

TARGET INFRASTRUCTURE IMPROVEMENTS TO SUPPORT HOUSING

Infrastructure investments can reduce costs of housing development and enable development on sites that would otherwise not be viable.

Strategy

Whenever planning for improvements, jurisdictions should consider how the improvements will affect housing development opportunities in the area and, where feasible, modify project designs or prioritization to better improve conditions for housing development.

Benefits and Effectiveness

Jurisdictions can have a significant influence on whether it is feasible or attractive to build housing in a certain location based on where public infrastructure projects (water or sewer lines, street improvements, parks, etc.) are located, how they are designed, and the timing of their construction.

Considerations

Strategic infrastructure improvements with potential to benefit needed housing development should be incorporated into long-term master planning efforts such as a wastewater master plan or a transportation system plan and Capital Improvement Program (CIP) planning.



TARGET URBAN RENEWAL INVESTMENTS TO SUPPORT HOUSING

Urban renewal funds can be invested in projects and programs that support housing development, including financial incentives, infrastructure improvements, land acquisition.

Strategy

Urban renewal is a method of economically revitalizing targeted areas through public investments that stimulate private development. Urban Renewal funding, known as Tax Increment Financing (TIF), comes from property tax revenue on new value created in an Urban Renewal Area over the course of its lifetime. Urban Renewal can be used to support housing development.

Benefits and Effectiveness

- Can produce significant revenues for projects and programs over a long-term period
- Flexible funding tool that can be used to pay for a wide range of capital investments, including market rate and affordable housing development and property acquisition



Considerations

- Projects must be implemented within the boundaries of the URA district, which may or may not include areas suitable for new housing.
- It can take five or more years for a district to produce enough revenue to be used meaningfully for projects.
- The URA must be approved by other taxing jurisdictions.

ESTABLISH A CONSTRUCTION EXCISE TAX (CET)

Oregon cities have the option to adopt a construction excise tax levied on the value of residential, commercial, and industrial improvements.

Strategy

A local jurisdiction can levy a CET of up to 1 percent of the permit value on residential construction. There is no cap to the tax rate for commercial and industrial construction. Funds from CET are tied to required allocations under state statute, primarily benefiting housing development incentives.

Benefits and Effectiveness

- Somewhat flexible and designed to fund locally defined developer incentives and affordable housing programs
- More construction directly creates more revenues to fund affordable housing programs and developer incentives
- Revenue is tied to construction cycles.

Considerations

- Potential annual revenue can be estimated from building permit data to approximate impacts of the program.
- Developer feedback is needed to gauge the degree to which increases to development costs would disincentivize new development.

Examples of jurisdictions that have adopted CETs to fund affordable housing programs

- Portland (1%)
- Milwaukie (1%)
- Bend (0.3%)
- Eugene (0.33-0.50%)
- Hood River (1%)
- Hood River County (1%)
- Tillamook County (1%)
- Cannon Beach (1%)
- Newport (1%)
- Corvallis (1-1.5%)
- Medford (.033%)

Next Steps

Next Steps

