

ORDINANCE NO. 628

AN ORDINANCE ESTABLISHING AN AFFORDABLE HOUSING FUND AND A FEE TO PROVIDE A FUNDING SOURCE FOR AFFORDABLE HOUSING WITHIN THE CITY OF WILSONVILLE AND DECLARING AN EMERGENCY

WHEREAS, the Wilsonville City Council finds that affordable housing for its citizens is in increasingly short supply; and

WHEREAS, the City of Wilsonville recognizes that Goal 10 of Oregon's Statewide Planning Goals & Guidelines (OAR 660-015-0000(10)) provides: Buildable lands for residential use shall be inventoried and plans shall encourage the availability of adequate numbers of needed housing units at price ranges and rent levels which are commensurate with the financial capabilities of Oregon households and allow for flexibility of housing location, type and density; and

WHEREAS, in 2005, the State's Housing/Land Need Model calculated that the City had a deficiency of 424 rental units for households earning less than 30% MFI, and a deficit of 845 ownership opportunities for households earning less than 73% MFI, and further recommended that measures be taken to preserve the existing 144 units of rental housing affordable to households earning less than 30% MFI, and

WHEREAS, the lack of workforce housing has negatively affected local businesses' ability to recruit and retain employees; and

WHEREAS, the future viability of the Region's and of Wilsonville's transportation network is directly linked to the availability of workforce housing within Wilsonville; and

WHEREAS, the median house price in the Wilsonville/Sherwood/Tualatin/Tigard area increased by 6.8% in 2003, 7.8% in 2004, 24.8% in 2005 and 8.6% in 2006; and

WHEREAS, according to the State of Oregon Report on Poverty, 2006, growth in median family income has not kept pace with the increase in housing prices, and

WHEREAS, the City of Wilsonville understands that the provision of a range of affordable housing opportunities is a priority for a balanced and healthy community; and

WHEREAS, efforts by the City and others to meet affordable housing needs in Wilsonville continue to result in a deficiency of affordable units for both resident households and households of employees commuting into Wilsonville, and

WHEREAS, the City Council finds that the promotion of affordable housing is a legitimate governmental function and/or purpose, that the Affordable Housing Fund furthers this legitimate governmental purpose by providing a reliable funding source, and that the fee on building permit valuation is a reasonable and rational source of revenue for the Fund;

NOW THEREFORE, THE CITY OF WILSONVILLE ORDAINS AS FOLLOWS;

SECTION 1. The above recitals are incorporated herein as findings of the City Council.

SECTION 2. Wilsonville Affordable Housing Fund.

- A. There shall be created a special revenue fund within the Wilsonville City accounts to be titled the Wilsonville Affordable Housing Fund (the Fund).

- B. The purpose of the Fund is to provide for the establishment and/or continuation of affordable housing opportunities within Wilsonville. Funds may be spent only for affordable housing programs and projects evaluated pursuant to the priorities established by the Wilsonville City Council and for administration of the affordable housing programs and projects. Administration of the Fund shall not exceed 10% of total annual fund proceeds.

- C. Distributions from the Fund shall be made by the City Manager or designee upon recommendation by staff in keeping with the Fund's purposes for eligible programs and projects.

- D. The Fund may accept revenues from fees, grants, donations, taxes, payments, and any other legitimate revenue source. Any loan proceeds from the Fund shall be returned to the Fund on such terms and conditions as the City Manager or designee deems reasonable and prudent in keeping with the purposes of the Fund and maintaining a prudent Fund balance.

- E. All funding from this source shall be expended for housing opportunities for households at or below 100 % of the most current Portland-Vancouver MSA median family income as determined annually by HUD.

SECTION 3: Fee For The Purpose Of Provision Of Affordable Housing.

- A. A fee of 1/3 of 1% (.0033) of permit valuation, for all building permits, shall be assessed at time of Building Permit Application. **Building permit valuation is the determination of value as defined by the Adopted Structural Specialty Code.**
- B. The following building permits shall be exempt from assessment of this fee:
- a. Emergency repairs or reconstruction permits originating from fire or disaster.
 - b. Permits for affordable housing projects that are owned and/or operated by a housing non-profit, land trust or other similar agency.
 - ~~c. The affordable housing fee is assessed only on new construction and on renovations with a valuation in excess of \$75,000.~~
 - c. Renovations with a valuation of \$75,000 or less are exempt from the affordable housing fee.**
 - ~~e.d. Building permit valuation is the determination of value as defined by the Adopted Structural Specialty Code.~~

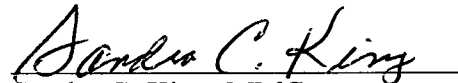
- B. The fee revenues designated in Section 3A above and such other revenue as accepted pursuant to Section 2D above shall be credited to the Wilsonville Affordable Housing Fund.

SECTION 4. Declaration of Emergency

A. The Thunderbird Mobile Home Club with 280 units of senior affordable housing has given its closure notice severely depleting the City's supply of affordable housing. The City needs to begin collections of the affordable housing fund fee immediately to begin to mitigate this loss. Additionally, the State Legislature is considering SB-1036 to provide for an excise tax on construction for schools, but would preempt local government from collecting other excise

taxes on construction, including those for affordable housing, based on a cut off date for adoption of such other excise taxes by local governments. Currently, there is a debate as to whether the date should be May 1, 2007 or June 1, 2007. Therefore, time is clearly of the essence for hearing and enactment to occur prior to June 1, 2007 in order to avoid preemption and to be able to assist in mitigation of a very real affordable housing shortage. An emergency is hereby declared in the interest of the public's health, safety and welfare.

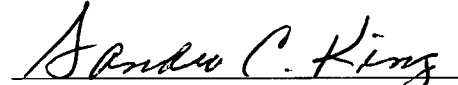
SUBMITTED to the Wilsonville City Council and read the first and second time at a regular meeting thereof on the 7th day of May 2007, commencing at the hour of 7 p.m. at the Wilsonville City Hall. There not being a full Council present for the May 7, 2007 second reading, a second reading was duly scheduled for and occurred on May 21, 2007.


Sandra C. King, MMC

ENACTED by the City Council on the 21st of May, 2007 by the following votes:

Yes: -5-

No: -0-


Sandra C. King, MMC

DATED and signed by the Mayor this 6th day of June, 2007.


CHARLOTTE LEHAN, Mayor

Summary of Votes:

Mayor Lehan	Yes
Councilor Kirk	Yes
Councilor Knapp	Yes
Councilor Ripple	Yes
Councilor Núñez	Yes

PLANNING DIVISION MEMORANDUM

Date: May 2, 2007

To: Mayor Lehan, Councilors Kirk, Knapp, Ripple, Núñez

From: Sandi Young, Planning Director

Re: Affordable/Workforce Housing Program Implementation

Summary

Over the last several months, the City Council has been considering a variety of options for implementation of an affordable/workforce housing program for the City of Wilsonville. One of those identified was creation of an Affordable Housing Fund, together with some options for revenue for that fund. The attached ordinance includes:

- Establishment of a dedicated City fund, the Affordable Housing Fund (the Fund)
- Authorization of a fee of 1/3 of 1% on building permit valuation as a revenue source for the Fund.

Recommendation: Approval of the ordinance as drafted.

Discussion:

1. Creation of a dedicated Affordable Housing Fund.

The proposed ordinance authorizes the creation of a dedicated fund within City accounts to be titled the Affordable Housing Fund. Revenue can be obtained from a variety of sources, such as the affordable housing fee, transfers from other city funds, grants, donations and any other legal sources. Expenditure of funds would be by authorization of the City Manager or other authorized city staff. Programs/projects would be restricted to households earning 100% of MFI or less. The Council may choose to reduce the limit to 80% of MFI. The current Portland metro area MFI as determined by HUD is \$63,800.

2. Affordable housing fee dedicated to a Housing Fund.

The Council packet for October 30 included a copy of a Bend, Oregon ordinance establishing a fee to provide funding for affordable housing and workforce housing at or below <80% Median Family Income ("MFI"). The ordinance established a fee of 1/3 of 1% of permit valuation for all building permits to be assessed at the time of building permit application. Proceeds are deposited in a special revenue fund with funds allocated annually through the budget process.

After discussion, the City Council requested an analysis of a housing fee of 1/2 of 1%. Staff has included two other options, ¼ of 1% and 1/10 of 1% for comparison value. A comparison of the last ten years of building permit valuations at the various values is shown below.

Year	Valuation	Housing Fee Revenue (1/10 of 1%)	Housing Fee Revenue (1/4 of 1%)	Housing Fee Revenue (1/3 of 1%)	Housing Fee Revenue (1/2 of 1%)
2005	\$82,648,476	\$82,648	\$206,621	\$272,740	\$413,242
2004	87,026,537	87,027	217,567	287,188	435,133
2003	50,509,371	50,509	126,274	166,681	252,547
2002	39,403,802	39,404	98,510	130,033	197,019
2001	126,823,716	126,824	317,060	418,518	634,119
2000	76,980,624	76,981	192,452	254,036	384,903
1999	42,761,621	42,762	106,904	141,113	213,808
1998	49,034,853	49,035	122,587	161,815	245,174
1997	80,759,395	80,759	201,899	266,506	403,797
1996	46,329,464	46,329	115,824	152,887	231,647
1995	25,744,307	25,744	64,361	84,956	128,722
Total		\$702,022	\$1,755,056	\$2,336,473	\$3,510,111

Estimated Revenue for 2007/2008

Affordable housing fee	1/10 of 1%	¼ of 1%	1/3 of 1%	1/2 of 1%
	\$80,000	4200,000	\$275,000	\$400,000

The impact of the various fee levels on two representative building permits is shown in the table below.

Bldg permit valuation		1/10 of 1%	¼ of 1%	1/3 of 1%	½ of 1%
residential	commercial	Permit fee increase			
\$390,397.		\$390 \$15,394 to \$15,784	\$976 \$15,394 to 16,370	\$1,170 \$15,394 to 16,564	\$1,952 \$15,394 to \$17,346
	\$632,310	632 \$21,481 to \$22,113	1581 \$21,481 to 23,062	1896 \$21,481 to 23,377	\$3,161 \$21,481 to \$24,642

Note: The nexus for charging an affordable housing fee on commercial and industrial permits is the creation of jobs, and associated need for workforce housing.

After discussion, the staff was advised to draft an ordinance with a fee of 1/3 of 1%.

Staff recommends the following exemptions from the affordable housing fee assessment:

- a. Emergency repairs or reconstruction permits originating from fire or disaster.

b. Permits for affordable housing projects that are owned and/or operated by a housing non-profit, land trust or other similar agency.

~~e. The affordable housing fee is assessed only on new construction and on renovations with a valuation in excess of \$75,000.~~

c. Renovations with a valuation of \$75,000 or less are exempt from the affordable housing fee.

~~e.d. Building permit valuation is the determination of value as defined by the Adopted Structural Specialty Code.~~

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Council is aware of SB 1036 which may restrict local government power to enact excise taxes. The latest proposed amendments (attached) would allow limited local excise taxes for affordable housing, infrastructure and planning and permitting services.

Potential uses of unrestricted Housing Fund Revenue:

Payment of SDCs. The Housing Fund could pay SDCs at the time of issuance of the building permit for affordable housing projects. This tool provides upfront relief in terms of project start-up costs. Repayment of these SDC costs would be required with interest only if, in the future, the project no longer meets City-defined affordable housing criteria.

Contribution to non-profit agency predevelopment costs for specific projects. Once a specific project is funded, administrative costs are covered. However, the administrative work on a project prior to funding award(s) is not covered, and often causes a cash flow problem in an agency.

Optioning property. While the City may not, at a given time, be in a position to purchase an affordable housing site, the Housing Fund may have adequate resources to option a site until a developing agency can secure the funds for purchase.

Contributions to the loan pool for first time homebuyers. In Clackamas County, the County's Homebuyer Assistance Program holds the funding for first-time homebuyer loans. The loans are designed to cover some or all of down payment and closing costs, when the buyer has qualified for a primary mortgage. The City could supplement the county's funds as necessary to provide greater opportunity for first time homebuyers in Wilsonville.

CCLT. Make an annual contribution to the Clackamas Community Land Trust in support of the First Time Homebuyer classes they will offer in Wilsonville.

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WHEREAS, the Wilsonville City Council finds that affordable housing for its citizens is in increasingly short supply; and

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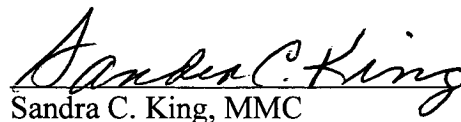
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essence for hearing and enactment to occur prior to June 1, 2007 in order to avoid preemption and to be able to assist in mitigation of a very real affordable housing shortage. An emergency is hereby declared in the interest of the public's health, safety and welfare.

SUBMITTED to the Wilsonville City Council and read the first and second time at a regular meeting thereof on the 7th day of May 2007, commencing at the hour of 7 p.m. at the Wilsonville City Hall.


Sandra C. King, MMC

ENACTED by the City Council on the 7th day of May, 2007 by the following votes:

Yes: -4-

No: -0-


Sandra C. King, MMC

DATED and signed by the Mayor this 10th day of May, 2007.


CHARLOTTE LEHAN, Mayor

Summary of Votes:

Mayor Lehan	Yes
Councilor Kirk	Yes
Councilor Knapp	Yes
Councilor Ripple	Yes
Councilor Núñez	Excused

PLANNING DIVISION MEMORANDUM

Date: May 2, 2007
To: Mayor Lehan, Councilors Kirk, Knapp, Ripple, Núñez
From: Sandi Young, Planning Director
Re: Affordable/Workforce Housing Program Implementation

Summary

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