



Madras Housing Action Plan

November 2018

Prepared for:

City of Madras

DRAFT PLAN

ECONNorthwest
ECONOMICS • FINANCE • PLANNING

KOIN Center
222 SW Columbia Street
Suite 1600
Portland, OR 97201
503-222-6060

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Acknowledgments

ECONorthwest prepared this report for the City of Madras. ECONorthwest and the City of Madras thank the many people who helped to develop the Madras Housing Action Plan.

This project is partially funded through a technical assistance grant from the Department of Land Conservation and Development.

City Council

Royce Embanks, Mayor
Bartt Brick
Denise Piza
Gary Walker
Jennifer Holcomb
Richard Ladeby
Rose Canga

Planning Commission

Joel Hessel, Chair
Ali Alire
Joe Krenowicz
Tom Brown
Marco Urieta-Leon

City Staff

Gus Burrell, City Administrator
Jeff Hurd, Public Works Director
Nicholas Snead, Community Development Director
Morgan Greenwood, Assistant Planner

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Nicholas Snead,
Community Development Director
125 SW E Street
Madras, OR, 97741
541-475-2344
nsnead@ci.madras.or.us

Beth Goodman
ECONorthwest
222 SW Columbia, Suite 1600
Portland, OR 97201
503-222-6060
goodman@econw.com

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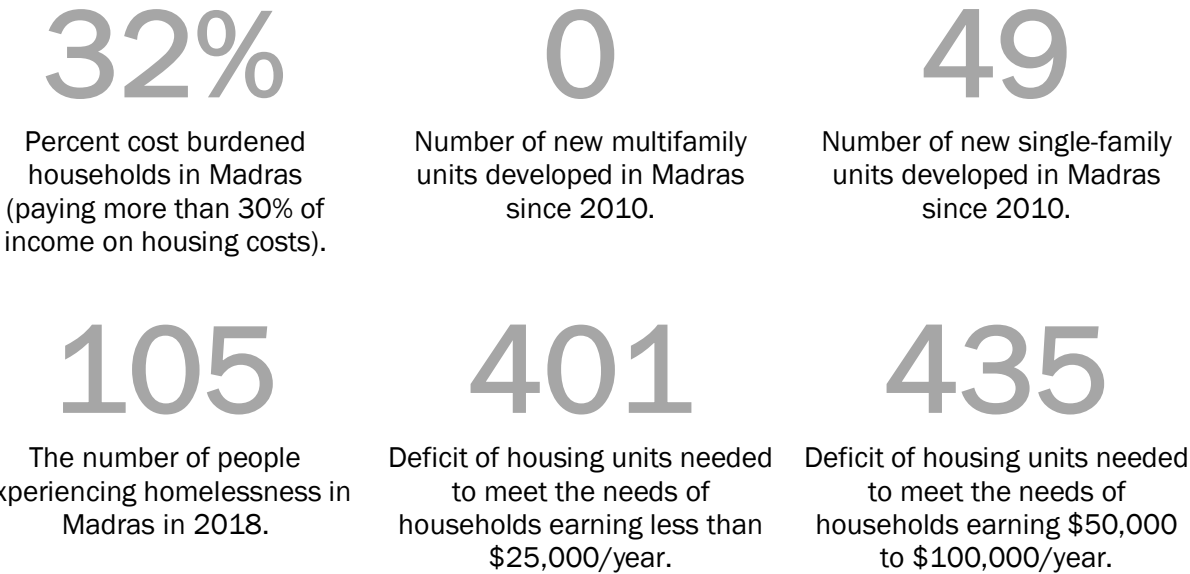
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Executive Summary

The City of Madras last completed a housing needs analysis in 2007 as part of a larger effort to establish Urban Reserves (50-year growth area) and a new Urban Growth Boundary to respond to private sector residential development. The analysis concluded that the City had need for all types of housing, including single-family detached housing, single-family attached, and multifamily housing. It also concluded that Madras had need for housing for households with very-low income and for households with middle- and higher-incomes.

Since 2007, both Madras and the State have gone through a significant economic recession that caused housing prices to follow cyclic increase and decrease changes. Madras, like the State, has increasing housing prices. The City regularly hears feedback about the challenges with finding middle-income housing (often referred to as workforce housing). Such as, comments from one of Central Oregon’s largest manufacturing employers approximated that half of their staff lives in Redmond and commutes to Madras daily. One cause the employer attributes this to is availability of housing that employees (earning less than earn \$40,000 or less annually) can afford.

The following information illustrate the need for low- and middle-income affordable housing in Madras:



Madras’ Housing Action Plan strategically addresses regulatory; partnership; and investment, funding, and financing barriers to housing development across the city. The plan identifies actionable items to meet Madras’ housing needs while balancing the City’s influence on housing development.

Vision of Madras' Housing Action Plan

The City of Madras' City Council recognizes the importance of encouraging new housing development in Madras, as soon as possible. While private sector developers and nonprofit affordable housing developers are mostly likely to develop the majority of new housing, the City of Madras' policies can affect the housing market. The Housing Action Plan describes the market intervention that the City proposes to make to support and encourage new housing development.

Over the next 20 years, the City of **Madras' goal for overall housing production is an average of 30 new dwelling units per year.**¹ Given the variations in the economy (and thus the housing market) on a year-by-year basis, some years the City may have more than 30 new units produced and other years fewer new units may be produced.

The City Council's goal for new housing development over the next 5 years is:

- 40 units of housing affordable to low-income households, who have annual earning of less than \$30,360 in 2017 dollars. These units will be government-subsidized housing, most likely townhouses or apartments.
- 75 units of housing affordable to moderate- and middle-income household, who have annual earnings of between \$30,360 and \$60,720 in 2017 dollars. These units may include lower-cost single-family detached housing, townhouses, cottage housing, duplexes, tri- and quad-plexes, and apartments.
- 50 units of housing affordable to higher-income households, who have annual earnings of more than \$60,720 in 2017 dollars. These units may include any type of housing.

¹ This goal starts from Portland State University's forecast of population growth in the Madras UGB (dated June 20, 2018). The forecast shows that Madras will grow by 1,872 people between 2018 and 2040. Using the average household size from the 2012-2016 American Community Survey of 2.81 persons per household, Madras would have 666 new dwellings between 2018 and 2040, with an average of 30 new dwellings per year.

Madras' Housing Action Plan

This section summarizes the Madras Housing Action Plan, which is intended to achieve Madras' goals for housing production. The housing action plan was developed through discussions with staff, as well as through analysis of the housing market and housing need in Madras. This section presents the name of each action in the action plan. If you want more detail about a particular action, Appendix A presents the full details of the actions and Appendix A for a schedule of the actions.

Broadly speaking, the issues addressed in the action plan are:

- **Identifying and alleviating regulatory barriers** to allow and encourage development of new housing. All of the actions under Goal 1 in the action plan are related to regulation.
- **Growing and maintaining partnerships** to encourage development of housing in Madras. These actions, in Goal 2 of the Action Plan, provide direction on partnering with area employers, nonprofit housing developers and service providers, private developers, faith-based organizations, and other partners.
- **Supporting production** of new housing and preservation existing housing. These actions, in Goal 3 of the Action Plan, support infrastructure development to support housing development, actions to support development of housing affordable to low- and middle-income households, and preserving existing housing stock.
- **Identifying funding sources** to support housing development. Goal 4 of the Action Plan focuses on actions to fund infrastructure and programs to support housing development.

Actions Initiated and Completed in 2019	
1.1c Evaluate Development of Cottage Housing Development Standards	3.1f Temporarily Reduce System Development Charges and Evaluate Impact of Changed Methodology
1.2c Create Summaries and Guidance on the Development Process	3.1g Evaluate Opportunities for a System Development Charge Waiver Program to Lower Development Costs for Affordable Housing Non-Profits (e.g. Housing Works)
2.1b Develop and Implement Workforce Housing Marketing Plan	3.1h Update SDC Ordinance to Provide Credit for Adjacent Street Improvements
2.1c Evaluate Opportunities to Encourage Development of Previously Permitted Subdivisions	4.1a Evaluate Opportunities for New or Expanded Urban Renewal Area to Support Development of Housing
3.1a Review Street Standards to Lower Development Costs	
3.1e Identify Investment Areas for Infrastructure Funding Options to Increase Opportunities for Housing Development	

Actions Initiated in 2019 and Completed 2020+	
<p>1.1a Audit and Amend Development Codes</p> <p>1.1b Clarify Standards for “Missing Middle” Housing Types</p> <p>1.1d Evaluate Permitting Multifamily Housing in C-2 and C-3 Districts</p> <p>3.1b Review Stormwater Management Standards to Lower Development Costs</p>	<p>3.1c Apply for Sewer Infrastructure Grant/Loan Funds to Encourage Housing Development</p> <p>4.1b Expand or Create New Urban Renewal Area to Support Development of Housing</p>

Actions Initiated in 2020+	
<p>1.1e Evaluate Development of an Exclusive Multifamily Zone</p> <p>2.1d Develop Utility Assistance Program to Supplement Neighborhood Impact Energy Assistance Program</p> <p>3.3a Evaluate Development of a Rental Housing Maintenance Code</p>	<p>4.1c Evaluate Opportunities for a Construction Excise Tax to Support Development of Housing Affordable to Moderate- and Low-Income Households</p>

Actions Implemented on an Ongoing Basis	
<p>1.2a Streamline Building Permit Review Process</p> <p>1.2b Create Development Application Quick Response Team</p> <p>2.1a Identify Partnerships with Area Employers to Increase Development of Housing Affordable to Workers at Madras Businesses</p> <p>2.2a Evaluate Opportunities to Support Transitional & Supported Housing for Veterans</p> <p>2.2b Identify Opportunities to Partner with Faith-Based Organizations</p> <p>2.2c Evaluate Opportunities to Support Transitional Housing for Vulnerable Populations</p> <p>2.2d Evaluate Opportunities to Support Development of Permanent Housing for Seniors and Persons with Disabilities</p> <p>2.2e Identify Barriers to Alleviate in Madras’ Development Code to be Responsive to Homeless Housing and Service Providers</p>	<p>3.1d Upon Receipt of Funds (see action 3.2d), Design and Construct Sewer Infrastructure to Assist Housing Projects</p> <p>3.2a Evaluate Opportunities for Land Assembly to Support Development of Housing Affordable to Moderate- and Low-Income Households</p> <p>3.2b Evaluate Opportunities for Land Banking to Support Development of Housing Affordable to Moderate- and Low-Income Households</p> <p>3.2c Evaluate Opportunities for Multiple Unit Tax Exemption Program to Support Development of Multifamily Housing Affordable to Moderate- and Low-Income Households</p> <p>3.2d Contract with Developer to Build New Housing</p> <p>3.3b Evaluate Development of a Homeownership Improvement Fund to Support Maintenance of Existing Owner-Occupied Housing</p>

Chapter 1. Introduction

The City of Madras last completed a housing needs analysis in 2007 as part of a larger effort to establish Urban Reserves (50-year growth area) and a new Urban Growth Boundary to respond to private sector residential development. The analysis concluded that the City had need for all types of housing, including single-family detached housing, single-family attached, and multifamily housing. It also concluded that Madras had need for housing for households with very-low income and for households with middle- and higher-incomes.

Since 2007, both Madras and the State have gone through a significant economic recession that caused housing prices to follow cyclic increase and decrease changes. Madras, like the State, has increasing housing prices. The City regularly hears feedback about the challenges with finding middle-income housing (often referred to as workforce housing). Such as, comments from one of Central Oregon's largest manufacturing employers approximated that half of their staff lives in Redmond and commutes to Madras daily. One cause the employer attributes this to is availability of housing that employees (earning less than earn \$40,000 or less annually) can afford.

The following information illustrate the need for low- and middle-income affordable housing in Madras:

- Thirty-two percent of Madras households pay more than they can afford for housing, with 43% of renters and 19% of homeowners paying more than they can afford for housing and are cost burdened.²
- According to the two property management firms in Madras, most two- and three-bedroom apartments rent for over \$800 per month and most single-family detached dwellings rent for over \$1,000 per month.
- The U.S. Census Bureau indicates that in Madras, 51% of units cost more than \$800 per month to rent and 32% of units cost more than \$1,000 per month to rent.
- Two and three-bedroom apartments and single-family detached dwellings, *available for rent*, are listed for less than one month before rented again. This suggests very low vacancy rates and limited availability.
- Single-family detached dwellings that are listed with the MLS for under \$200,000 are *sold* in 45 days or less.

The City of Madras with its partners in housing development, real estate community, and housing non-profits recognized they need to act on alleviating the impact of these conditions. In February of 2017, Madras City Council identified a goal to create and implement a housing strategy. Thus, the City is developing this housing strategy and action plan to provide

² The HUD standard for determining if housing is affordable is that a household paying more than 30% of their gross income for housing costs is considered cost burdened and is paying more than they can afford for housing.

opportunities for development of more housing and especially more housing for low- and middle-income households, as described in the following section. This housing action plan is intended to address community concerns for housing affordability and availability.

Housing strategies in Oregon generally focus on two broad issues: (1) increasing efficiency of land use in residential development; and (2) strategies that encourage development of affordable housing of low-income housing (i.e., housing for households earning less than 60% of median family income) and affordable middle-income (also called workforce) housing (i.e., housing for households earning 60% to 120% of median family income). These issues may be related, as housing developed more densely or on smaller lots (i.e., more efficient use of residential land) may result in development of lower-cost housing. However, encouraging development of affordable requires a broader focus than issues related to land use efficiency.

Definitions

To provide context for this action plan, we define housing types and housing types by price point. Appendix D also provides a glossary of terms used throughout the report.

Definitions of Housing Affordability

According to HUD, the Median Family Income in Jefferson County in 2017 is \$50,600, which is an average income of \$4,217 per month. HUD guidelines specify the affordable monthly housing costs should not exceed 30% of gross household income.

Within this report, housing is divided into the four-categories based on income: (1) housing for **low-income households** (e.g. households earning less than 60% of Median Family Income); (2) housing for **moderate-income households** (e.g. households earning between 60% and 80% of Median Family Income); (3) housing for **middle-income households** (e.g. households earning between 80% and 120% of Median Family Income), and (4) housing for **higher-income households** (e.g. households earning over 120% of Median Family Income). Workforce housing is typically considered housing affordable to households earning between 60% and 120% of Median Family Income, shown in Exhibit 1.

This report presents information relevant to housing affordable to all levels of income but focuses on housing affordable to low-income households and housing affordable to moderate- and middle-income households.

Exhibit 1. City of Madras' Definitions of Affordable Housing - Based on 2017 Median Family Income for Jefferson County

Source: U.S. Department of Housing and Urban Development. Note: Median Family income for Jefferson County is \$50,600 as of 2017.

	Percent of Median Family Income	Annual Income in 2017	Monthly Income in 2017	Percent of Madras Households with this Income	Affordable Monthly Housing Costs in 2017	Percent of Housing in Madras in this Cost Range
Low-Income Affordable Housing	< 60%	Up to \$30,360	Up to \$2,530	43%	Up to \$759	27%
Moderate-Income Affordable Housing	60% to 80%	\$30,360 to \$40,480	\$2,530 to \$3,373	12%	\$759 to \$1,012	17%
Middle-Income Affordable Housing	80% to 120%	\$40,480 to \$60,720	\$3,373 to \$5,060	16%	\$1,012 to \$1,518	18%
Higher-Income Housing	> 120%	> \$60,720	> \$5,060	29%	> \$1,518	38%

Housing Types

Throughout this report, we refer to a variety of housing types. For the most part, these housing types are part of the “missing middle housing,” which is a term used to describe the multifamily housing types with comparatively fewer units. The next Exhibit illustrates typologies of missing middle housing developments, ranging from duplexes to low-rise multifamily housing. Missing Middle housing is distinct from mid-rise and high-rise multifamily housing complexes. Missing middle can be further distinguished from high-rise housing complexes (complexes greater than 75 feet or seven stories).³ Missing middle housing helps increase housing densities but at scales compatible with single-family homes and suburban communities like Madras.

Exhibit 2. Missing Middle Housing

Source: Opticos. <http://missingmiddlehousing.com/> Note: cottage developments and single-family attached housing types (e.g. townhouses), are also considered missing middle housing types.



³ National Fire Protection Association. (2016). High Rise Building Fires, NFPA Research. <https://www.nfpa.org/-/media/Files/News-and-Research/Fire-statistics/Occupancies/oshighrise.ashx>

Some single-family housing is missing middle housing. For instance, single-family detached housing can take multiple forms as illustrated here:

Exhibit 3. Variations in Detached Single-Family Housing

Source: Image sources are located in the foot notes.



Permanent Tiny House⁴

Permanent tiny houses, sometimes referred to as micro-homes, are small stand-alone, single-family dwellings, typically between 80 to 200 sq. ft.⁵ or less than 600 sq. ft.⁶ Tiny homes may be sited on a lot or in a planned unit development (PUD). As a rule of thumb, tiny houses are not synonymous for other housing types like accessory dwelling units. Communities should also make the distinction between tiny homes on foundations (permanent) versus tiny homes on wheels (transitional or temporary).



Cottage Development⁷

Cottage developments are groupings of single-family dwelling units, typically less than 1,200 sq. ft., clustered around a common area.⁸ Cottage housing is a low impact development type that groups units closer together to preserve land for open-space, recreation, or agriculture. They often occur as an infill development, but some cottage housing is developed as part of a PUD. Densities are often higher than conventional single-family neighborhoods, however, the arrangement of the developments are often designed to minimize negative impacts on adjacent residential areas.



Conventional Single-Family Detached Dwelling⁹

A conventional single-family detached dwelling is a stand-alone, residential building. They are typically more than 600 sq. ft. and the U.S. average are 2,677 sq. ft.¹⁰ These conventional dwellings often come in at densities less than eight units per acre, are typically up to 35 ft. in height, and tend to be oriented facing out on a public access street or cul-de-sac.



Small-Lot Single-Family Detached Dwelling¹¹

A small-lot single-family detached dwelling is a stand-alone, residential building. They are characteristically different than conventional single-family dwellings because they are located on smaller lots that generally range from 1,500 to 5,000 sq. ft.¹² Zoning standards for these units reduce minimum lot sizes, setbacks, or lot coverage regulations to allow developers to build more units per acre.

⁴ K Reimer. <https://www.pinterest.com/klreimer0064/my-favorite-small-house-ideas/>

⁵ Brown, Emily (2016). *Overcoming the Barriers to Micro-Housing: Tiny Houses, Big Potential*. University of Oregon Department of Planning, Public Policy, and Management.

⁶ 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.

⁷ Bertolet, Dan. (2008). <http://hugeasscity.com/2008/11/29/scary-scary-cottages/>

⁸ State of Oregon, DEQ. (2016). *Character-Compatible, Space-Efficient Housing Options for Single-Dwelling Neighborhoods*. Report developed in partnership with ODOT and DLCD.

⁹ Farmington Reserve. <http://www.farmingtonreserve.com/>

¹⁰ 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/>

¹¹ Tennessean. <https://www.tennessean.com/story/money/homes/2018/10/10/real-estate-neighborhood-amenities-make-life-more-convenient-fun/1564413002/>

¹² Puget Sound Regional Council. https://www.psrc.org/sites/default/files/hip_small_lots.pdf

Single-family attached housing means one or more dwelling unit shares a common wall with another dwelling unit (see next Exhibit for visual). The lots of single-family attached units are owned by individual property owners which distinguishes these housing types from duplexes (where both units in a duplex are owned by a single property owner).

Exhibit 4. Single-Family Attached Housing

Source: Photo taken by the City of Madras. Townhomes in Prineville, Oregon.



Finally, multifamily housing is another housing type that can be further classified as missing middle housing. Multifamily housing types are duplexes, tri- and quad-plexes, and housing complexes of five or more units. They are either renter occupied (i.e. apartments) or owner occupied (i.e. condominiums).

Exhibit 5. Variations in Multifamily Housing

Source: Image sources are located in the footnote.



Duplex¹³

Duplexes are homes with two units. Units can be stacked (one on top of the other) or side by side.



Triplex¹⁴

A multifamily housing type with three units.

¹³ Urban Nest Realty. <https://www.urbannestpdx.com/listings/2014/10/6/darling-new-duplex-near-williams-corridor-3918-nearfield-ave>

¹⁴ Remax. <https://www.remax-quebec.com/en/triplex-for-sale-laval-rive-nord/1019a-1019c-av-desnoyers-st-vincent-de-paul-27576111.rmx>



Quadplex¹⁵

A multifamily housing type with four units.



Courtyard Apartments¹⁶

Multiple side-by-side and/or stacked units accessed from a courtyard or series of courtyards. Units may share or have their own entry.



Garden Apartments¹⁷

Low-rise multifamily housing characterized by having landscaped gardens and lawns. They are typically two or three stories in height and the complex may have more than one building.



Mixed-Use Residential¹⁸

A type of urban development that blends residential and commercial uses. These dwelling types typically provide pedestrian connections.

¹⁵ MyRealPage. <http://idx.myrealpage.com/wps/mylistings/16686/listing.333403-768-8th-street-courtenay-v9n-1n7.24923098>

¹⁶ Missing Middle. <http://missingmiddlehousing.com/building-types/courtyard-apartments/>

¹⁷ MultifamilyBiz. https://www.multifamilybiz.com/News/5757/Lowe_Enterprises_Investors_Acquires_161Unit_Garden...

¹⁸ City of Bend. Envision Tomorrow, Residential Buildings.

Organization of this Plan

The rest of this document is organized as follows:

- **Chapter 2. Need for a Housing Action Plan** presents housing development trends and change in housing costs in Madras. The chapter outlines housing needs by income which informs the chapters housing action plan.
- **Chapter 3. Housing Strategy and Action Plan** summarizes regulatory strategies, housing production, and infrastructure support alternatives.
- **Chapter 4. Conclusions and Recommendations** presents key findings and implications to those findings. In this chapter ECONorthwest presents recommendations to the City of Madras.
- **Appendix A** provides a longer description and more details for each of the actions in the action plan.
- **Appendix B** is a Gantt Chart that illustrates the timeline of proposed actions listed in Chapter 3 and Appendix A.
- **Appendix C** is a memorandum of Madras' land availability analysis.
- **Appendix D** is a memorandum of Madras' residual land value analysis.
- **Appendix E** provides an evaluation of construction excise tax (CET) revenue, if CET were imposed on multifamily construction in Madras.
- **Appendix F** presents a glossary of terms used throughout the housing action plan.

Chapter 2. Need for a Housing Action Plan

A Housing Action Plan addresses community concerns around housing affordability and availability. Across the state, housing costs have increased, which places disproportionate pressure on lower-income residents. Like Oregon, Madras also realizes the need to support its residents who are cost burdened, housing insecure, at risk of displacement, or on the cusp of homelessness. Moreover, addressing these needs improves livability and quality-of-life for the community at large— alleviating stressors on middle- and higher-income households too.

This chapter presents information about housing need, which informs the actions in the housing plan.

Housing Development in Madras

The stock of housing in Madras grew by about 640 new units from 2000 to 2016. Most of these units were single family detached. In 2016, only 18% of dwelling units in Madras were multifamily, down from 31% in 2000.

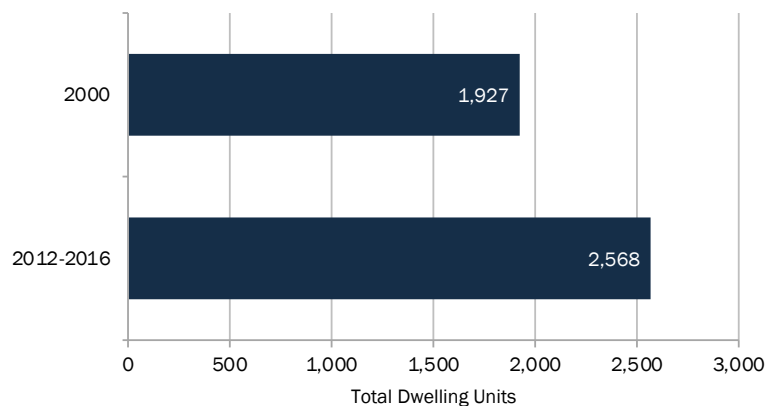
Trends in Housing Mix

Madras added 641 units to its housing stock since 2000.

The total number of dwelling units in Madras increased by 33% from 2000 to 2016.

Exhibit 6. Total Dwelling Units, Madras, 2000 and 2012-2016

Source: U.S. Census Bureau, 2000 Decennial Census, SF3 Table H030, and 2012-2016 ACS Table B25024.

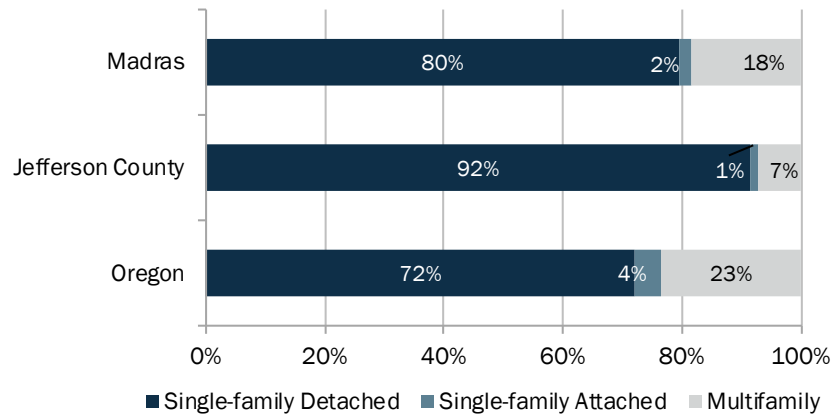


About 80% of Madras' housing stock is single-family detached.

Madras has a larger share of multifamily housing than Jefferson County but a smaller share than the state.

Exhibit 7. Housing Mix, Madras, Jefferson County, and Oregon, 2012-2016

Source: U.S. Census Bureau, 2012-2016 ACS Table B25024.

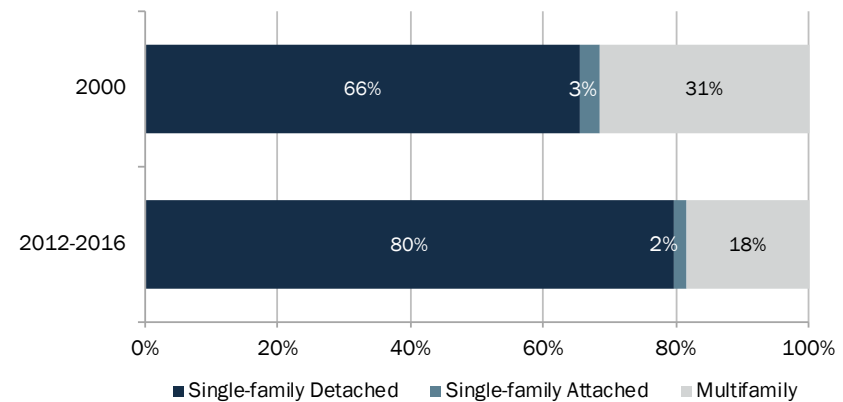


In Madras from 2000 to 2016, the share of multifamily housing decreased by 22% or 133 units.

During this period, the share of single-family detached housing increased by 62% or 781 units.

Exhibit 8. Change in Housing Mix, Madras, 2000 and 2012-2016

Source: U.S. Census Bureau, 2000 Decennial Census, SF3 Table H030, and 2012-2016 ACS Table B25024.



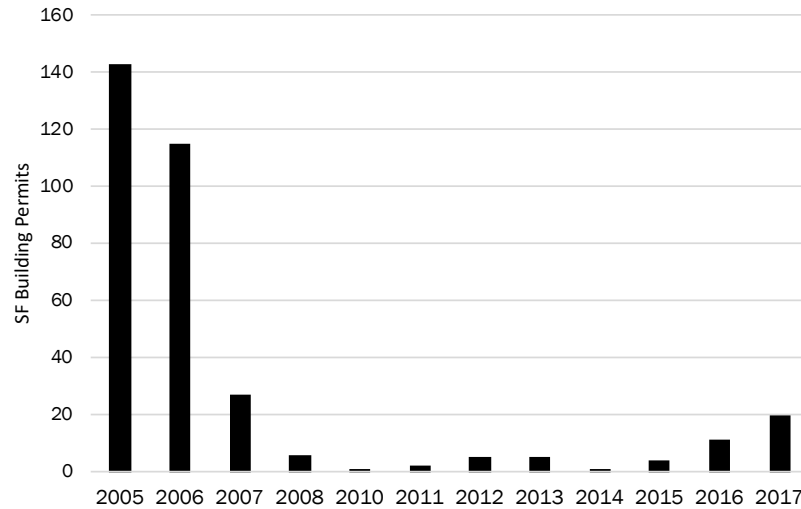
Building Permits

Building permits issued for single-family dwellings in Madras slowed after the recession.

Between 2005 and 2017, the City issued 340 single-family permits. Since 2015, Madras issued 35 permits – about 10% of all single-family permits issued since 2005.

Exhibit 9. Single-Family Building Permits, Madras, 2005 through 2017

Source: City of Madras.

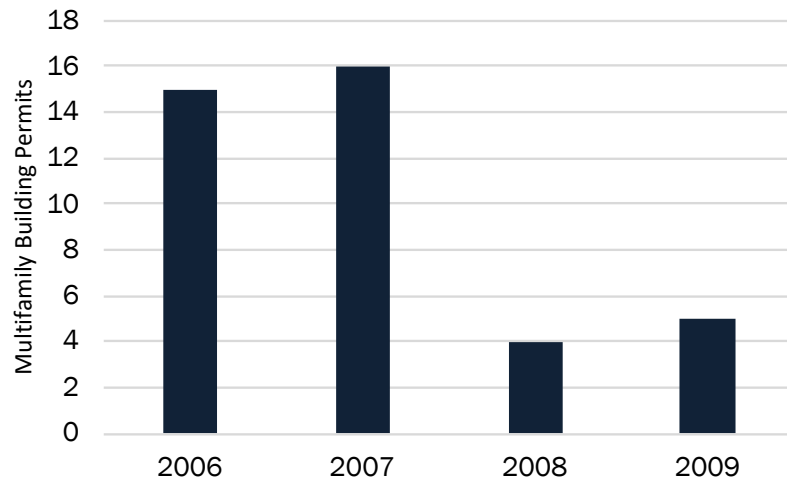


Madras did not issue any multifamily permits since 2009.

From 2006 to 2009, Madras issued 40 multifamily permits. Of these 40 permits, Madras issued 78% before the 2008 recession.

Exhibit 10. Multifamily Building Permits, Madras, 2006, 2007, 2008, and 2009

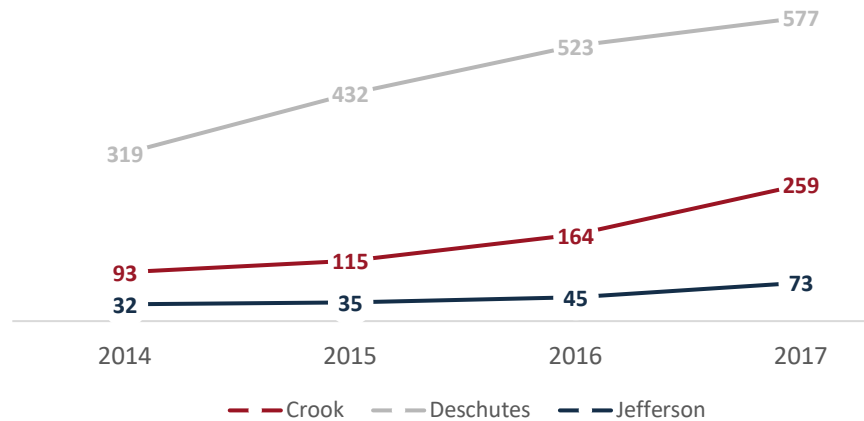
Source: City of Madras.



Compared to Crook County and Deschutes County, Jefferson County issued fewer single-family permits.

Exhibit 11. Regional Single-Family Building Permits by County, 2014 to 2017

Source: Mosaic Community Planning. (2018). Central Oregon Regional Housing Needs Assessment, Chapter 6: Housing Market Analysis, Prepared for Central Oregon Intergovernmental Council, Figure 20. Data Sources: Crook and Jefferson County was self-reported by staff; Deschutes data from Deschutes County CDD Monthly Issued Building Permits report, Dec. 2017

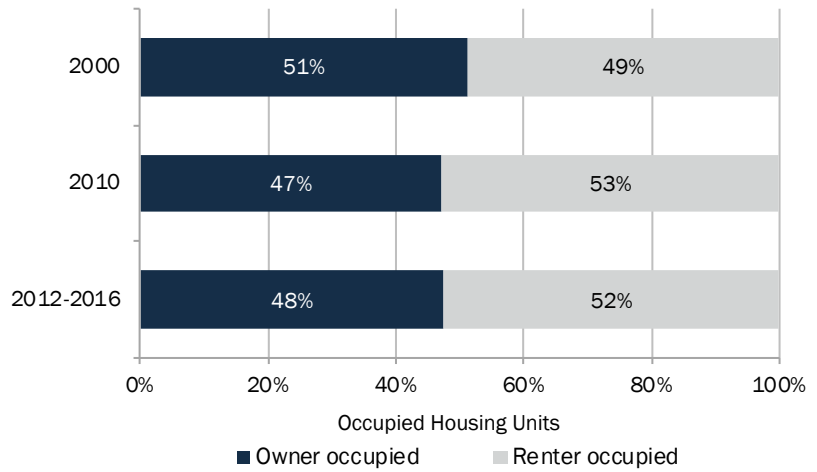


Trends in Tenure

The homeownership rate in Madras has remained relatively stable since 2010. It has decreased by about 150 households since 2000.

Exhibit 12. Tenure, Occupied Units, Madras, 2012-2016

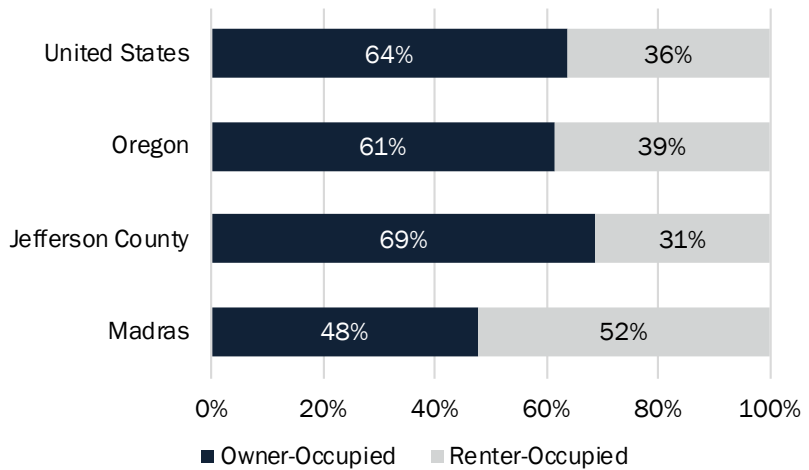
Source: U.S. Census Bureau, 2000 Decennial Census SF1 Table H004, 2010 Decennial Census SF1 Table H4, 2012-16 ACS Table B24003.



Compared to larger regions, Madras has a lower homeownership rate.

Exhibit 13. Tenure, Occupied Units, Madras, Jefferson County, Oregon, and United States, 2012-2016

Source: U.S. Census Bureau, 2012-16 ACS Table B24003.



Change in Housing Costs in Madras

Home Values and Sales

With a median sales price of about \$168,000 in 2017, Madras' housing sales were generally lower than other cities in Central Oregon. From 2012 to Q1 of 2018, Madras' housing prices increased with other Central Oregon cities.

Madras' median home sales price for homes constructed in 2017 is lower than other cities within Central Oregon.

Exhibit 14. Median Home Sale Price, New Construction, Madras and Comparison Cities, 2017

Source: Redfin and Central Oregon Association of Realtors 2017 Report.

\$208K	\$275K	\$340K
Madras	Prineville	Redmond
\$378K	\$468K	
Sisters	Bend	

Existing homes sold in 2017 in Madras are also lower than other cities within Central Oregon.

Exhibit 15. Median Home Sale Price, Existing Homes, Madras and Comparison Cities, 2017

Source: Redfin and Central Oregon Association of Realtors 2017 Report.

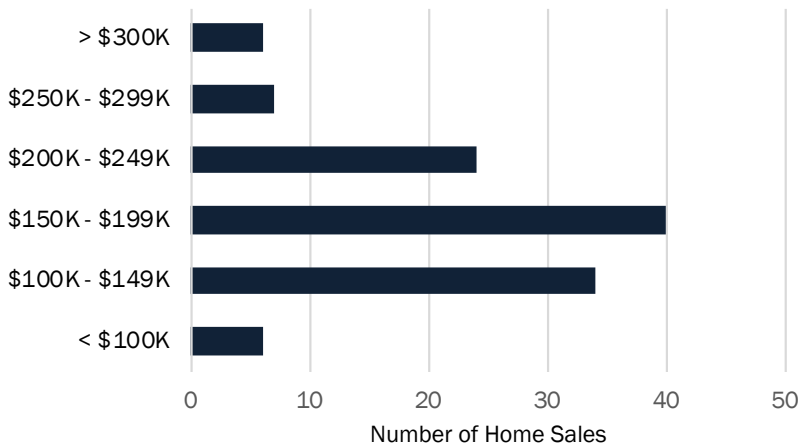
\$166K	\$207K	\$310K
Madras	Prineville	Redmond
\$460K	\$466K	
Sisters	Bend	

In 2017, more than half of homes (55%) sold in Madras cost between \$150,000-\$249,999.

About 5% of homes sold for less than \$100,000. Eleven percent of homes sold for more than \$250,000.

Exhibit 16. Distribution of Home Sale Prices, All Home Sales, Madras, 2017

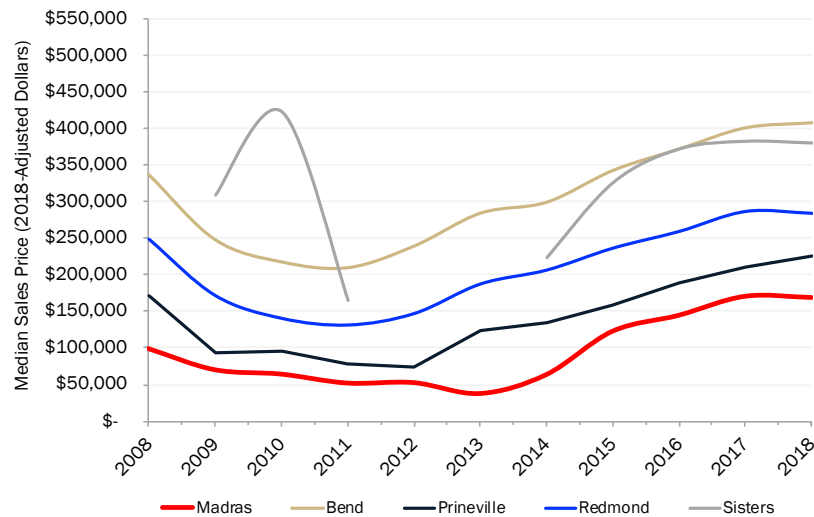
Source: Redfin.



Madras homes consistently sell below other comparative cities in Central Oregon (e.g., Bend, Prineville, and Redmond).

Exhibit 17. Median Sales Price, 2018 Inflation-Adjusted Dollars, Madras and Comparison Cities, 2008 - April 2018

Source: Redfin, Zillow.

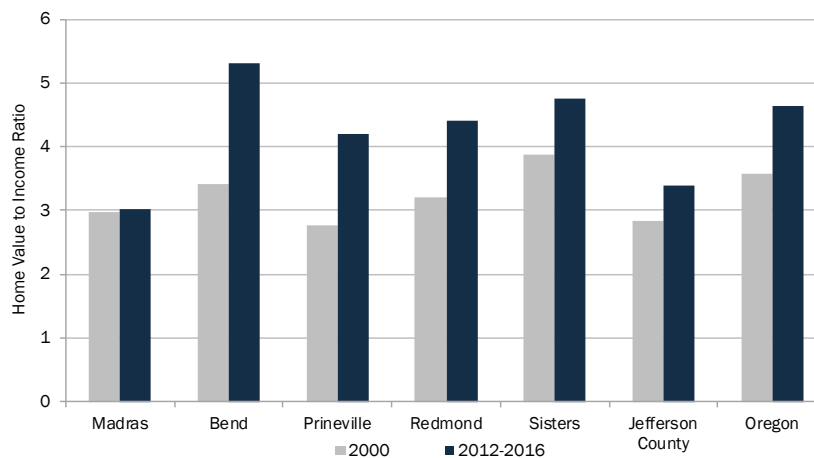


Since 2000, housing costs in Madras have changed less than housing costs in the county, state, and other cities within the county.

The household reported median value of a house in Madras was 2.97 times the median household income (MHI) in 2000, and 3.03 times MHI in the 2012-2016 period.

Exhibit 18. Ratio of Median Housing Value to Median Household Income, Madras, Jefferson County, Oregon, Comparison Cities, 2000 to 2012-2016¹⁹

Source: U.S. Census Bureau, 2000 Decennial Census, Tables HCT012 and H085, and 2012-2016 ACS, Tables B19013 and B25077.



¹⁹ This ratio compares the median value of housing in Madras (and other places) to the median household income. Inflation-adjusted median owner values in Madras decreased slightly from \$120,043 in 2000 to \$105,400 in 2012-2016. Over the same period, median income decreased from \$40,434 to \$34,811.

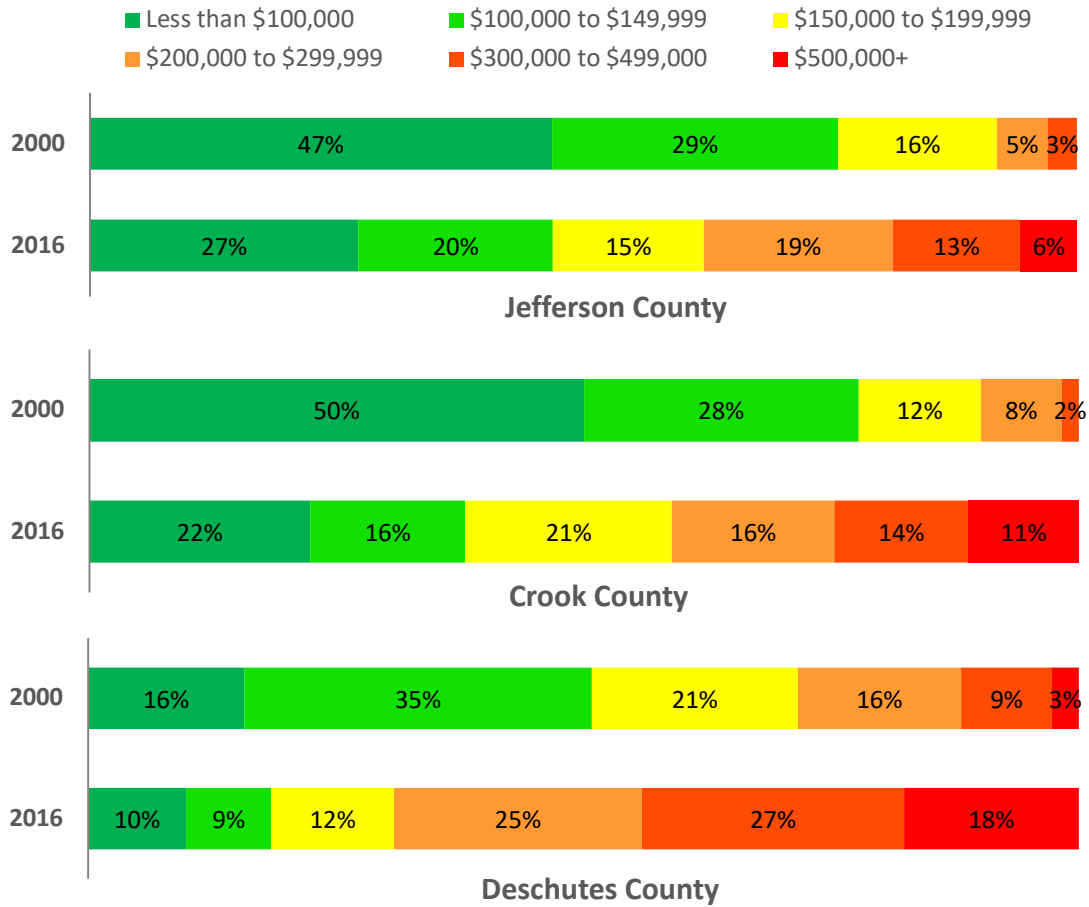
Exhibit 19. Regional Median Home Value and Monthly Owner Costs in Central Oregon, 2012-2016

Source: Source: Mosaic Community Planning. (2018). Central Oregon Regional Housing Needs Assessment, Chapter 6: Housing Market Analysis, Prepared for Central Oregon Intergovernmental Council, Table 8. Data Sources: 2012-2016 5-Year American Community Survey Tables B25077, B25087, and B25088

	Total Owner-Occupied Units	With a Mortgage		Without a Mortgage		Median Home Value
		Share of Total	Median Monthly Owner Costs	Share of Total	Median Monthly Owner Costs	
Central Oregon Region	55,842	66%	---	34%	---	---
By County						
Crook County	6,316	59%	\$1,234	41%	\$370	\$172,600
Deschutes County	44,313	68%	\$1,498	32%	\$479	\$275,300
Jefferson County	5,213	62%	\$1,110	38%	\$369	\$159,400
By Place						
Bend	20,075	69%	\$1,587	31%	\$504	\$295,300
La Pine	372	75%	\$1,050	25%	\$300	\$133,800
Madras	1,075	69%	\$961	31%	\$328	\$105,400
Prineville	2,274	62%	\$1,134	38%	\$388	\$133,000
Redmond	5,679	66%	\$1,244	34%	\$451	\$194,600
Sisters	464	68%	\$1,621	32%	\$472	\$259,500
Warm Springs	530	52%	\$648	48%	\$243	\$109,600

Exhibit 20. Regional Home Values by County, 2000 and 2016

Source: Source: Mosaic Community Planning. (2018). Central Oregon Regional Housing Needs Assessment, Chapter 6: Housing Market Analysis, Prepared for Central Oregon Intergovernmental Council, Figure 12.



Rental Costs

Median gross rent costs in Madras are slightly higher than the county but lower than statewide averages. Almost 60% of renters pay less than \$1,000/month and just under 25% pay more than \$1,250/month.

The median gross rent in Madras is \$808.

Median gross rent in Madras is slightly higher than Jefferson County's median rent but lower than Oregon.

Exhibit 21. Median Gross Rent, Madras, Jefferson County, Oregon, Other Comparison Cities, 2012-2016

Source: U.S. Census Bureau, 2012-2016 ACS 5-year estimate, Table B25064.

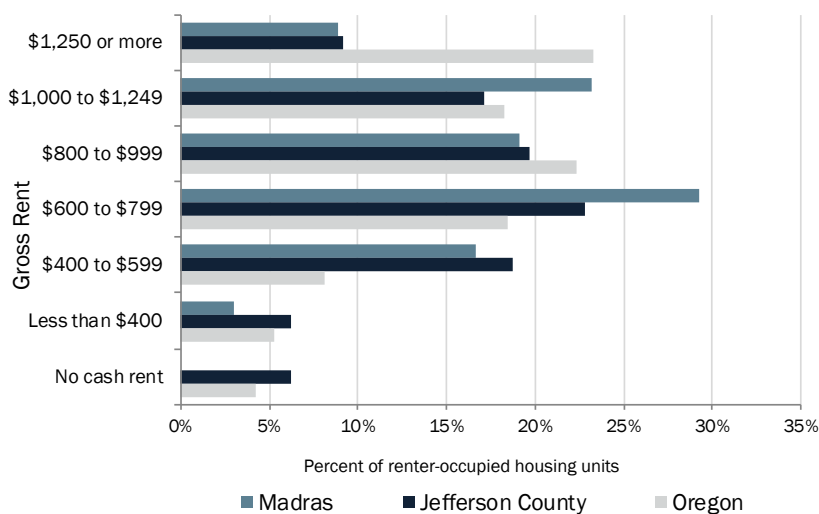


About 58% of renters in Madras pay less than \$1,000 per month.

About 23% of Madras' renters pay \$1,250 or more in gross rent per month, a larger share than Jefferson County (9%) and the state (9%).

Exhibit 22. Gross Rent, Madras, Jefferson County, Oregon, 2012-2016

Source: U.S. Census Bureau, 2012-2016 ACS Table B25063.



Housing Affordability

A typical standard used to determine housing affordability is that a household should pay no more than a certain percentage of household income for housing, including payments and interest or rent, utilities, and insurance. HUD guidelines indicate that households paying more than 30% of their income on housing experience “cost burden,” and households paying more than 50% of their income on housing experience “severe cost burden.” Using cost burden as an indicator for housing affordability is consistent with the Goal 10 requirement to provide housing that is affordable to all households in a community.

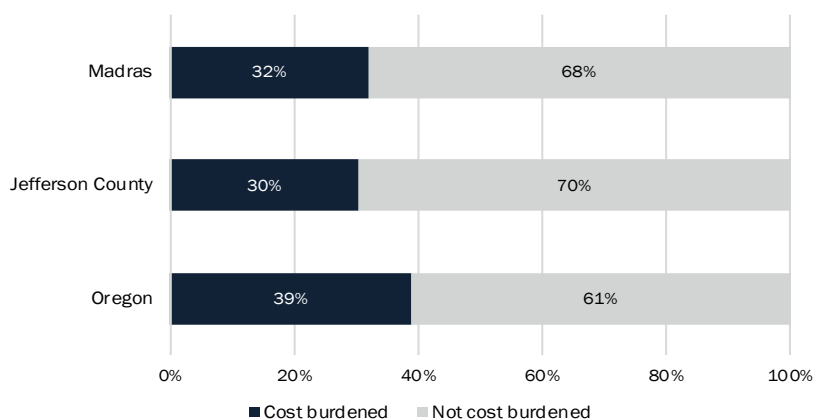
About 45% of Madras’ households are cost burdened. About 65% of renter households are cost burdened, compared with 19% of homeowners. Overall, Madras has a larger share of cost-burdened households than Jefferson County and Oregon.

Overall, about 32% of all households in Madras are cost burdened.

Madras and Jefferson County have a similar share of cost burdened households as of 2016.

Exhibit 23. Housing Cost Burden, Madras, Jefferson County, Oregon, Other Comparison Cities, 2012-2016

Source: U.S. Census Bureau, 2012-2016 ACS Tables B25091 and B25070.

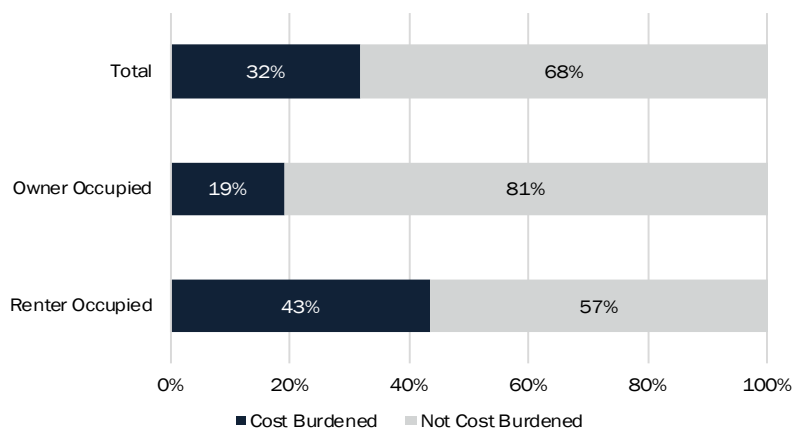


Renters are much more likely to be cost burdened than homeowners.

In the 2012-2016 period, about 43% of renters were cost burdened, compared to 19% of homeowners.

Exhibit 24. Housing Cost Burden by Tenure, Madras, 2012-2016

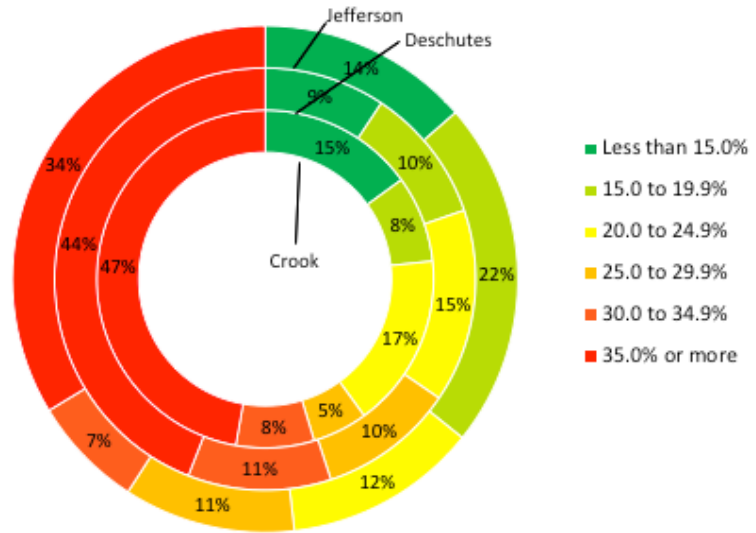
Source: U.S. Census Bureau, 2012-2016 ACS Tables B25091 and B25070.



Findings from Central Oregon Regional Housing Needs Assessment shows that “in Crook and Deschutes counties, more than half of all renter households spend more than 30% of their income on their rent payments” while 41% of renter households pay more than 31% of their income on rent payments.

Exhibit 25. Regional Gross Rent as a Percentage of Household Income, 2012-2016

Source: Source: Mosaic Community Planning. (2018). Central Oregon Regional Housing Needs Assessment, Chapter 6: Housing Market Analysis, Prepared for Central Oregon Intergovernmental Council, Figure 16. Data source: 2012-2016 5-year American Community Survey, Table DP04.



Housing Need in Madras

One way to explore the issue of financial need is to review housing affordability at varying levels of household income. For instance, about 42% of Madras households have incomes less than \$28,000 and cannot afford a two-bedroom apartment at Jefferson County’s Fair Market Rent (FMR) of \$681.

Exhibit 26. Annual Household Income and Estimated Affordable Housing Costs, 2016

Source: U.S. Department of Housing and Urban Development 2016. U.S. Census Bureau, 2012-2016 ACS Table 19001.

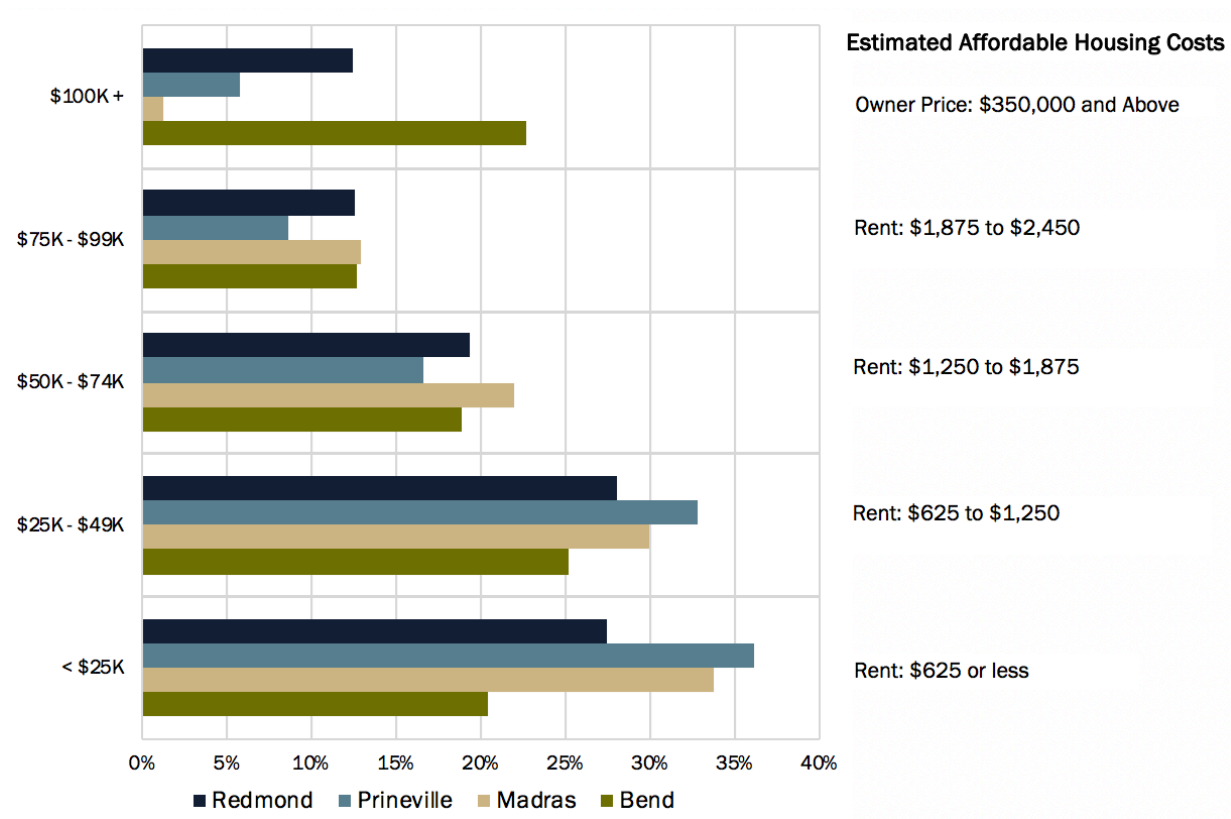


Exhibit 27. Estimate of Financially Attainable Housing, by Median Family Income (MFI) for Jefferson County (\$50,600), Madras, 2016

Source: U.S. Department of Housing and Urban Development 2016. U.S. Census Bureau, 2012-2016 ACS Table 19001.

City of Madras Definitions of Affordable Housing	Low Income		Moderate Income	Middle Income	High Income
% of Jefferson. Co. Median Family Income	< 30%	30% to 60%	60% to 80%	80% to 120%	> 120%
Annual Income	< \$15,180	\$15,180 to \$30,360	\$30,360 to \$40,480	\$40,480 to \$60,720	> \$60,720
Percent of Households	14%	29%	12%	16%	29%
Number of Households	311	656	277	356	659
Monthly Affordable. Housing Cost	< \$380	\$380 to \$759	\$759 to \$1,021	\$1,021 to \$1,265	> 1,518
Number of Dwelling Units with this Housing Costs	144	469	389	405	851
Does Madras Have Enough Units to Meet Current Needs?	No	No	Yes	Yes	Yes
Surplus or Deficit of Units	-167	-187	112	49	192
Questions for Discussion	How to support development of more subsidized and other very low cost housing?		How to support and encourage development of middle-income housing?		What are the barriers to this type of housing?

Exhibit 28. Regional Required Income, Wages, and Hours to Afford Fair Market Rents by County, 2018

Source: Source: Mosaic Community Planning. (2018). Central Oregon Regional Housing Needs Assessment, Chapter 6: Housing Market Analysis, Prepared for Central Oregon Intergovernmental Council, Figure 17. Data Source: National Low Income Housing Coalition Out of Reach 2018, Accessed from <http://nlihc.org/oor/oregon>

Note: Required income is the annual income needed to afford Fair Market Rents without spending more than 30% of household income on rent. Minimum wage in Crook and Jefferson Counties is \$10.50; it is \$10.75 in Deschutes County. Average renter wages are \$16.04 in Crook Co \$13.89 in Deschutes County, and \$11.96 in Jefferson County.

Crook County



Deschutes County



Jefferson County

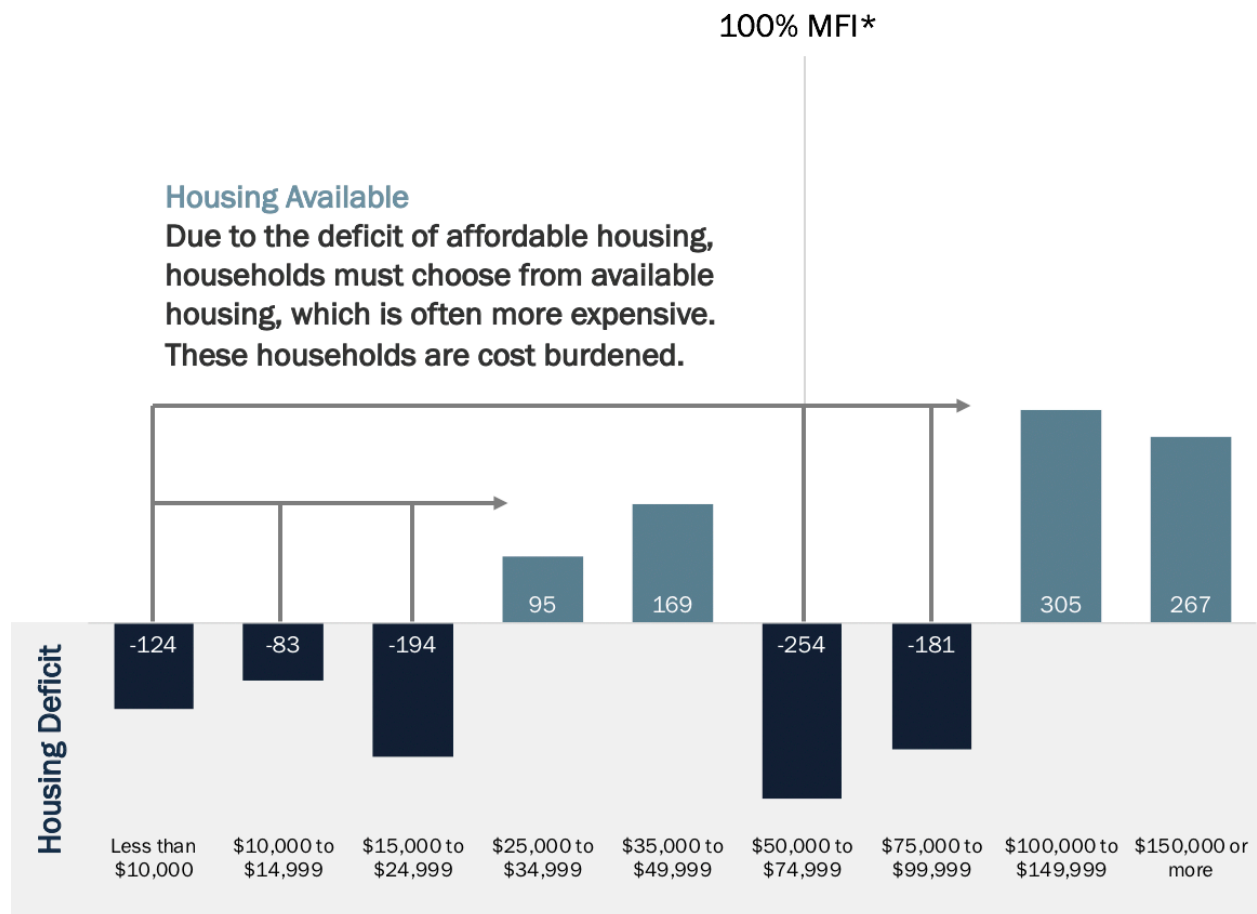


The following exhibit compares the number of households by income with the number of units affordable to those households in Madras. Madras currently has a deficit of housing affordable to a mix of incomes. The exhibit shows a deficit of housing for households earning less than \$35,000 (about 70% of Median Family Income) and earning between \$50,000 to \$100,000 (about 100% to 200% MFI). This results in these households potentially living in housing that is more expensive than they can afford. Households, particularly earning less than 60% of MFI are generally unable to afford market rate rents. When lower cost housing (such as government subsidized housing) is not available, these households pay more than they can afford in rent. This is consistent with the data about renter cost burden in Madras.

The housing types that Madras has a deficit of are more affordable housing types such as apartments, duplexes, tri- and quad-plexes, manufactured housing, townhomes, and smaller single-family housing.

Exhibit 29. Affordable Housing Costs and Units by Income Level, Madras, 2016

Source: U.S. Census Bureau, 2012-16 ACS. Note: MFI is Median Family Income, determined by HUD. *MFI for a family of four in Jefferson County is \$50,600 (2017).



Housing Needs for the Homeless

As required by U.S. Department of Housing and Urban Development (HUD), the tri-county (Jefferson, Deschutes, and Crook County) Homeless Leadership Coalition conducts Point-in-Time (PIT) homeless counts at the end of each January. This is part of a nationwide effort where data is collected on homeless populations living on the street, in emergency shelters, and in transitional housing. The annual PIT count, while not perfect, serves as the most comprehensive indicator of the need for housing for the homeless.²⁰

According to responses from the 2018 PIT Count, 105 individuals in Madras reported being homeless, up from 58 individuals last year. Of the 105 individuals, 48% reported being precariously housed; 45% reported being unsheltered; and 8% reported being sheltered.

In Madras since last year, homeless increased (by 81%).

Exhibit 30. Homeless Population Change, Madras 2017 to 2018

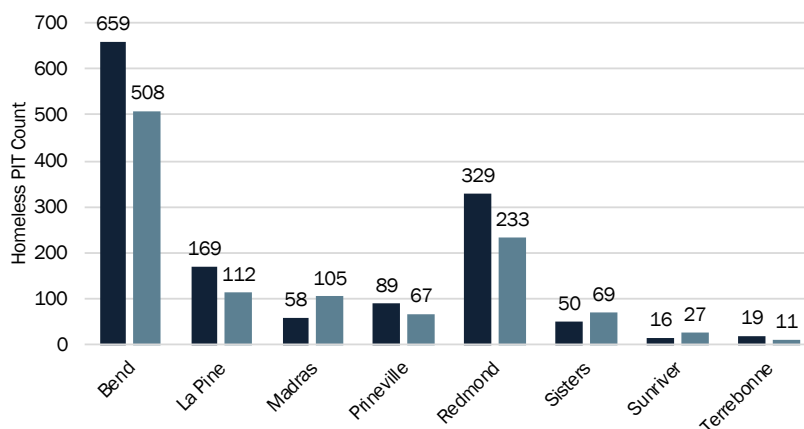
Source: Homeless Leadership Coalition. (2018). Point in Time 2018 Tri-County Results.



Madras' PIT count increased from 2017 to 2018 while many other tri-county cities' PIT count decreased.

Exhibit 31. Homeless Percent Change, Cities in Tri-County Region, 2017 to 2018

Source: Homeless Leadership Coalition. (2018). Point in Time 2018 Tri-County Results.

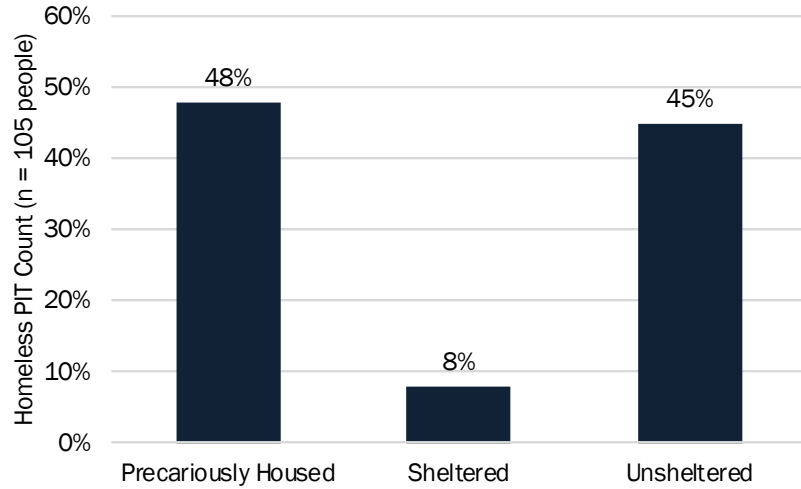


²⁰ PIT counts are the most comprehensive attempts at collecting homelessness data in the United States. PIT counts provide a valuable snapshot of need but still, they have some limitations. In that, individuals and families who are temporarily or conditionally housed or who are not connected to homeless-services are less likely to be counted.

Fewer individuals experiencing homelessness are housed in shelters (about eight of 105 people).

Exhibit 32. Homeless Living Situations, Madras, 2018

Source: Homeless Leadership Coalition. (2018). Point in Time 2018 Tri-County Results. Note: Data is illustrated as presented (does not equal 100% due to rounding).

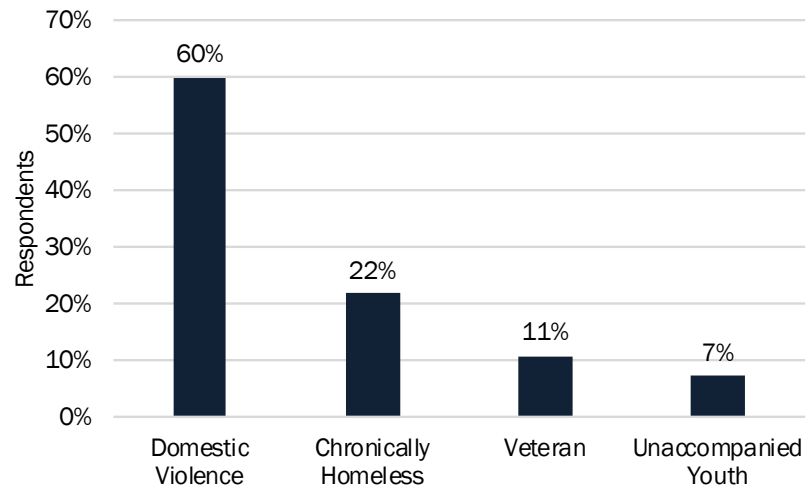


A component of the PIT Count is a questionnaire. Not all identified individuals who are experiencing homelessness participated in this questionnaire. Approximately 55 individuals did participate (respondents). The following two exhibits illustrate respondents' responses.

Thirty-three respondents (60% of all 55 respondents) identified themselves as victims of domestic violence.

Exhibit 33. Characteristics of Homeless Individuals, Madras, 2018

Source: Homeless Leadership Coalition. (2018). Point in Time 2018 Tri-County Results.

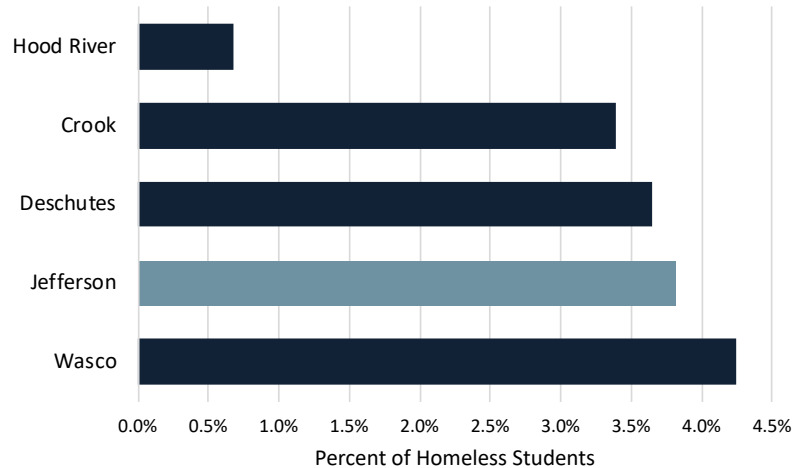


The Oregon Department of Education also conducts a count of homeless or conditionally homeless students in Oregon School Districts. This count (see next two exhibits) adds to the story of homelessness in Jefferson County.

In the 2016-2017 school year, 3.8% of Jefferson County students experienced homelessness.

Exhibit 34. Percent of Homeless Students by Central Oregon County, 2016-2017 School Year

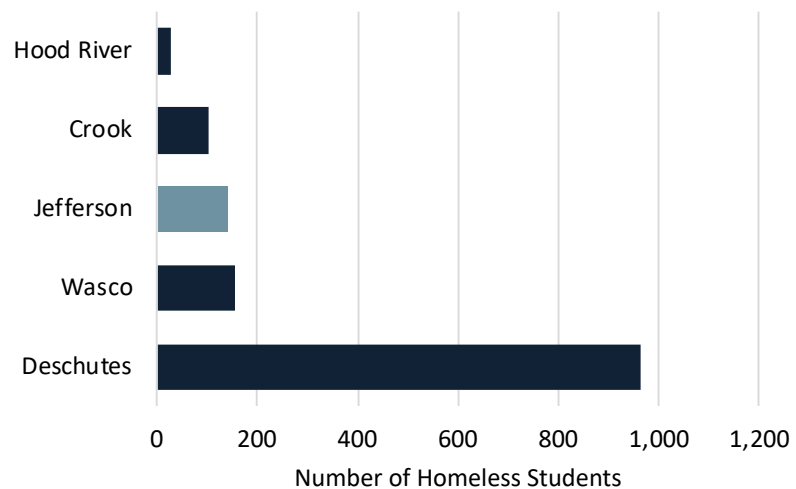
Source: Oregon Department of Housing and Community Services.



In the 2016-2017 school year, 140 Jefferson County students experienced homelessness, of approximately 25,000 students across the state.

Exhibit 35. Number of Homeless Students by Central Oregon County, 2016-2017 School Year

Source: Oregon Department of Housing and Community Services.



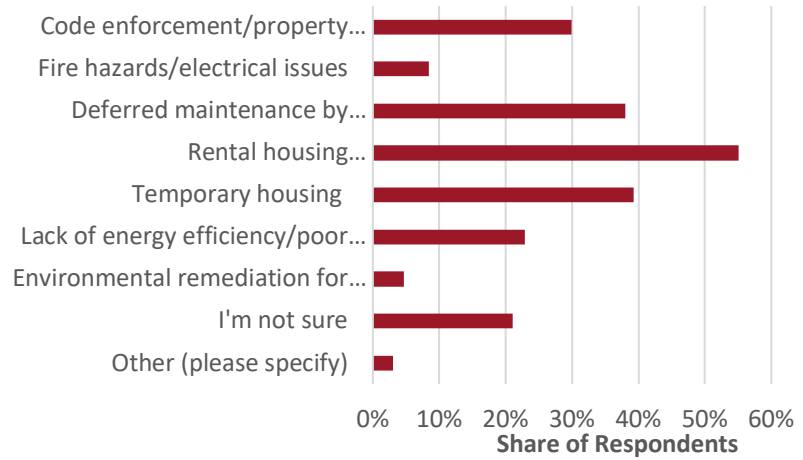
Another indicator of the need for housing for the homeless is the number of people incarcerated at the Jefferson County Jail. Many are homeless when incarcerated and are homeless upon release. According to County records as reported by the Local Public Safety Coordination Council staff, in January of 2018, about five inmates experienced homelessness when incarcerated and upon release, did not have housing. Jefferson County is currently supervising 285 released inmates and approximately 20 of those individuals identify as homeless.

Housing Maintenance Needs

In the 2016-2017 school year, 3.8% of Jefferson County students experienced homelessness.

Exhibit 36. Regional Top Maintenance Issues for Housing in Central Oregon, 2018

Source: Mosaic Community Planning. (2018). Central Oregon Regional Housing Needs Assessment, Chapter 6: Housing Market Analysis, Prepared for Central Oregon Intergovernmental Council, Figure 8. Data Source: Central Oregon Regional Housing Survey, 2018.



Stakeholder Outreach

Outreach to stakeholders in Madras confirm the issues identified in the section above. A housing survey conducted by the Central Oregon Intergovernmental Council included the following key findings about Madras' housing market based on responses to the survey:²¹

- The most important considerations in selecting housing were: housing value, housing cost, access to work and school, and the size of the housing unit.
- Housing affordability is a concern in Central Oregon. A third of respondents indicated housing affordability was an acute issue in Madras. Respondents identified lack of affordable rental properties as an important unmet need, especially for households earning between \$25,000 and \$45,000 per year and households making under \$25,000 per year.
- Respondents indicated that the most needed housing types are: small single-family housing; affordable workforce housing; and duplexes, tri-plexes, and four-plexes.
- Other issues cited by respondents were: (1) rental housing maintenance issues stemming from absentee landlords (59%), and (2) deferred maintenance by homeowners (46%). Respondents identified Madras as the community with issued related to poor housing conditions, second to Warm Springs.
- Respondents identified the following as challenges to people experiencing homelessness: a lack of shelters, transitional housing, and permanent supportive housing. Respondents indicated that the most effective strategy to prevent homelessness is by providing affordable rental housing.

The City of Madras Community Development Department conducted a survey of the nine largest and/or most prominent employers in the City to gauge their perspectives of Madras' current housing conditions. All respondents stated that the housing shortage is a concern to their employees. Two organizations indicated that the housing shortage is "debilitating" and one stated that they had lost potential employees due to the low quality of Madras' existing housing stock. Employer's impression of the quality of Madras' existing housing stock was skewed negative and described as dirty and dilapidated. Two respondents indicated a willingness to work with the City as a partner on housing-related issues going forward.

²¹ The survey, "Central Oregon Regional Housing Survey", included 17 questions that relate to housing needs, values, costs and affordability, and other housing-related concerns. Of the respondents that completed this survey across the Central Oregon Region, 136 individuals indicated familiarity with the Madras housing market. This section presents a summary of the results of this survey.

City Investment to Support Housing

The City of Madras has historically invested in infrastructure improvements to assist housing developments. Highlighted below are some of the City’s past efforts. The City is still paying for many of these improvements as debt service. The investments assist with housing developments of all types and income levels.

Exhibit 37. City Investments in Housing

Source: City of Madras

Year	Description of Infrastructure Investment	Investment
1990 to present day	Wastewater System Expansion - 8 capital projects expanding service to existing and vacant properties for new development	\$14.1 million
2006	Sewer Main Extension from Cedar to Jefferson Street neighborhood to support Farmworkers Housing development & adjacent neighborhood sewer needs	\$127,000
2006	Sewer Main oversizing as part of ODOC Deer Ridge Project to provide capacity for future housing along Ashwood Road (east of City View) including capacity for the COCC Madras campus	\$11,300
2005-2006	Major Access improvements - J Street & City View Project for market & workforce housing opportunities - 1.1 miles of new collector road construction	\$3.2 million
2008	US 97 & J Street Intersection Improvement –Preliminary Engineering Costs to allow further subdividing and development east of J Street	\$150,000
2015	Design of sewer lift station improvements (2015) near the golf course to serve a proposed 153 lot residential subdivision	\$26,628
Estimated Total Investment (note: Not inclusive of all City investments)		\$17.6 million

Need for the Housing Action Plan

A housing action plan determines the course of action to create an equitable housing system for a community. It has the potential to address Madras' housing needs, as well regional housing needs in Jefferson County. Some of these needs include:

- **No new multifamily units developed in the last decade.** A majority of new units developed in Madras since 2000 were single-family detached housing, often at prices that were not affordable to the majority of Madras' households. Development of both single-family and multifamily housing has slowed since the 2008 recession, as demonstrated by building permits issued.
- **Madras' homeownership rate is 48% as of 2016.** This is low compared to national, state, and county averages (64%, 61%, and 69%). Madras' homeownership rate decreased slightly too, from 51% in 2000.
- **Madras has a deficit of housing across a wide income range.** This is despite Madras having a lower median home sale price, ratio of median housing value to household income, and gross rents as compared to other communities within Central Oregon.

These findings coincide with findings that 45% of Madras' households are cost burdened. Renters, who are particularly cost burdened (65%), have limited options for housing, with little multifamily housing in Madras and no development of multifamily housing for years.

- **Housing insecurity negatively impacts children.** About 4% of students in Jefferson County are experiencing homelessness or conditional homelessness. Madras lacks sufficient subsidized housing which can often serve as a safety net for lower-income households and households without any income at all.

Barriers to Housing Development

The City of Madras identified the following barriers to housing development in their community.

- **Regulatory.** The City of Madras' zoning ordinance (land use policies) is a barrier to the development of many housing types. For example, in Madras, accessory dwelling units are not an allowed use in any residential zoning district, development of many "missing middle" housing types are limited in residential zones, and conventional multifamily housing²² is not an allowed use in commercial zones.

Moreover, cumbersome permitting procedures in the City of Madras is a real and perceived barrier to housing development. The time it takes to approve development permits in Madras is lengthy. Developers see this as risk because time is money; any unforeseen delays can affect a developer's bottom line. With housing sale prices lower in

²² Dwellings existing as of July 25, 2006 are permitted and mixed-use residential housing subject to certain standards are conditionally permitted.

Madras than in other cities in the Central Oregon region, developers may forego this risk in favor of developing in another community. Further, the City of Madras previously approved several residential subdivisions whose approvals have now expired. Without changing existing procedures, the same residential subdivisions, re-filed for approval, would need to meet many of the same conditions of approval.

- **Partnerships.** The absence of public-private partnerships and informal collaborations with external organizations is another barrier to housing development. A network of organizations working toward the same goals is more effective and efficient at creating change.
- **Investment, Funding, and Financing.** The production of housing is expensive and getting costlier. Infrastructure costs, borne by developers, are increasing as well. While the City of Madras cannot affect all cost drivers, they can implement specific tools to directly and/or indirectly lower costs for development types deemed necessary by the City.

Exhibit 38. Multifamily Housing Types in Central Oregon

Source: Photos taken by the City of Madras. Top Image: Garden apartments in Bend, Oregon. Bottom Image: Apartments in Prineville, Oregon.



Chapter 3. Housing Goals and Action Plan

The housing action plan was developed through discussions with staff, as well as through analysis of the information presented in Chapter 2. In addition, ECONorthwest developed a residual land value analysis to identify financially feasible development types, presented in Appendix C. The analysis found that development of multifamily housing is generally not financially feasible in Madras, given current rents and construction costs. Single-family detached housing is on the edge of financial feasibility but in some cases cannot be feasibly developed.

In addition, Appendix B presents an analysis of the supply of vacant land in Madras, to identify whether the City has sufficient vacant land within its urban growth boundary. The analysis identified a lack of development-ready vacant land, especially for multifamily housing, in Madras. The key barrier to making land development ready was a lack of one or more types of urban infrastructure (i.e., roads, sanitary sewer, water, and stormwater facilities).

Vision for Housing Development in Madras

The City of Madras' City Council recognizes the importance of encouraging new housing development in Madras, as soon as possible. While private sector developers and nonprofit affordable housing developers are mostly likely to develop the majority of new housing, the City of Madras' policies can affect the housing market. The Housing Action Plan describes the market intervention that the City proposes to make to encourage new housing development.

Over the next 20 years, the City of Madras' **goal for overall housing production is an average of 30 new dwelling units per year.**²³ Given the variations in the economy (and thus the housing market) on a year-by-year basis, some years the City may have more than 30 new units produced and other years fewer new units may be produced.

The City Council's goal for new housing development over the next 5 years is:

- 40 units of housing affordable to low-income households, who have annual earning of less than \$30,360 in 2017 dollars. These units will be government-subsidized housing, most likely townhouses or apartments.
- 75 units of housing affordable to moderate- and middle-income household, who have annual earnings of between \$30,360 and \$60,720 in 2017 dollars. These units may include lower-cost single-family detached housing, townhouses, cottage housing, duplexes, tri- and quad-plexes, and apartments.

²³ This goal starts from Portland State University's forecast of population growth in the Madras UGB (dated June 20, 2018). The forecast shows that Madras will grow by 1,872 people between 2018 and 2040. Using the average household size from the 2012-2016 American Community Survey of 2.81 persons per household, Madras would have 666 new dwellings between 2018 and 2040, with an average of 30 new dwellings per year.

- 50 units of housing affordable to higher-income households, who have annual earnings of more than \$60,720 in 2017 dollars. These units may include any type of housing.

The action plan in the following section and the detailed description of each action in Appendix A is the implementation plan for the City to achieve the vision of developing these new dwelling units. The City is likely to put forth more effort and resources to implement actions related to development of moderate- and middle-income housing than encouraging development of housing affordable to higher-income households because the market is more likely to develop the more affordable housing types without public assistance.

The City (staff, Planning Commission, and City Council) **may** choose to implement these actions. A key part of that choice is evaluating each action and developing the policies and programs to implement the actions. ECONorthwest recommends that the City use the following criteria to evaluate the actions presented in this action plan. To the extent possible, these criteria were used in development of the action plan.

1. **Economic feasibility.** This category covers everything related to whether an action item is cost-prohibitive or the extent to which it generates revenue. We break this criterion into four subcategories: (1) revenue-generating capacity, (2) administrative costs, (3) revenue stability, and (4) revenue flexibility:
 - a. **Revenue-generating capacity** considers whether an action item generates revenue.
 - b. **Administrative cost** considers the portion of gross revenues that will be used on administering or implementing the action item.
 - c. **Revenue stability and predictability** considers whether an action item, if revenue producing, is likely to avoid large fluctuations in revenue. It also considers whether the action item is likely to be close to the estimates and forecasts analysts might make.
 - d. **Revenue flexibility** considers whether revenue producing action items are limited on the types of projects that can be funded.
2. **Political acceptability.** Will stakeholders accept or support the strategy or specific action item? Political acceptability considers whether elected officials and the public at large are likely to support any given action item. This depends to a large extent on the efficiency components described above: if an action is legal, efficient, and fair, then it should get political support from the public, advisory groups, and decision makers. For this analysis, we evaluate whether an action is politically acceptable by cross-referencing whether the action is used elsewhere in Oregon.
3. **Fairness.** A key question related to fairness is “who pays?” or “who benefits?” Fairness may also be referred to as equity.
4. **Legality.** All the benefits of a housing action item are moot if it is not legal or cannot become legal within the desired timeframe. If the action is currently prohibited by State statute, then there is a very big administrative hurdle to be surmounted up front.

Madras Housing Action Plan

This section showcases Madras’ Housing Action Plan. Actionable items are organized categorically by strategy, goal, and then objective. While actions are not duplicated, we note that some actions will intersect multiple goals. Appendix A presents longer descriptions of each action. Appendix B presents a more a detailed timeline for each action.

Goal 1: Ensure that Madras’ housing policies and ordinances allow for development of a range of housing types that meet the City’s housing needs

Goal 1 intends to alleviate regulatory barriers to support and encourage new development, infill development, and flexible building opportunities for existing properties.

Exhibit 39. Goal 1, Objectives and Actions

Response / Action	Type of Action	Target Income	Area of Applicability	Responsible Party	Scale of Intended Impact	Timeline
Objective 1.1. Identify barriers and remove barriers to housing development in Madras’ zoning code						
1.1a Audit and Amend Development Codes	Regulatory	All Income Levels	Residential Zones	Community Dev. Dept.	Varied	2019 through 2023
1.1b Clarify Standards for “Missing Middle” Housing Types	Regulatory	All Income Levels	Residential Zones	Community Dev. Dept.	Low (initially)	2019 Q2 through 2020 Q4
1.1c Evaluate Development of Cottage Housing Development Standards	Regulatory	All Income Levels	Residential Zones	Community Dev. Dept.	Low to Moderate	2019
1.1d Evaluate Permitting Multifamily Housing in C-2 and C-3 Districts	Regulatory	All Income Levels	C-2, C-3	Community Dev. Dept.	Low to Moderate	2019 Q2 through 2020 Q2
1.1e Evaluate Development of an Exclusive Multifamily Zone	Regulatory	All Income Levels	A New Multifamily Zone	Community Dev. Dept.	Moderate	2020

Response / Action	Type of Action	Target Income	Area of Applicability	Responsible Party	Scale of Intended Impact	Timeline
Objective 1.2. Improve permitting and processing procedures						
1.2a Streamline Building Permit Review Process	Customer Service	All Income Levels	Residential Zones	Community Dev. Dept.	Moderate	On-Going
1.2b Create Development Application Quick Response Team	Customer Service	All Income Levels	Residential Zones	Community Dev. Dept.	Low	On-Going
1.2c Create Summaries and Guidance on the Development Process	Customer Service	All Income Levels	Residential Development	Community Dev. Dept.	Low	2019 Q1 through Q2

Goal 2: Develop, maintain, and grow partnerships

Goal 2 intends to help address Madras' housing needs by combining resources and working collaboratively to solve problems more efficiently.

Exhibit 40. Goal 2, Objectives and Actions

Response / Action	Type of Action	Target Income	Area of Applicability	Responsible Party	Scale of Intended Impact	Timeline
Objective 2.1. Collaborate with external organizations to meet Madras' housing needs						
2.1a Identify Partnerships with Area Employers to Increase Development of Housing Affordable to Workers at Madras Businesses	Partnership	All Income Levels	Residential Zones	Community Dev. Dept.	Low to Moderate	On-Going
2.1b Develop and Implement Workforce Housing Marketing Plan	Partnership and Customer Service	60 to 120% of MFI	Workforce Housing	Community Dev. Dept.	Low	2019

Response / Action	Type of Action	Target Income	Area of Applicability	Responsible Party	Scale of Intended Impact	Timeline
2.1c Evaluate Opportunities to Encourage Development of Previously Permitted Subdivisions	Partnership	All Income Levels	Multifamily Residential Zones	Community Dev. Dept. /Public Works Dept.	Low to Moderate	2019 Q1 through Q2
2.1d Develop Utility Assistance Program to Supplement Neighborhood Impact Energy Assistance Program	Partnership	< 60% of MFI	Eligible Households	Community Dev. Dept.	Low to Moderate	2022 through 2023
Objective 2.2. Collaborate with external organizations to reduce homelessness in Madras						
2.2a Evaluate Opportunities to Support Transitional & Supported Housing for Veterans	Partnership	< 60% of MFI	Veteran Populations	City of Madras	Low to Moderate	On-Going
2.2b Identify Opportunities to Partner with Faith-Based Organizations	Partnership	< 30% of MFI	Homeless Populations	City of Madras	Moderate to High	On-Going
2.2c Evaluate Opportunities to Support Transitional Housing for Vulnerable Populations	Partnership	< 60% of MFI	Vulnerable Populations	City of Madras	Moderate to High	On-Going
2.2d Evaluate Opportunities to Support Development of Permanent Housing for Seniors and Persons with Disabilities	Partnership	< 60% of MFI	Seniors and Persons with Disabilities	City of Madras	Moderate	On-Going
2.2e Identify Barriers to Alleviate in Madras' Development Code to be Responsive to Homeless Housing and Service Providers	Partnership and Regulatory	< 30% of MFI	Residential and Commercial Zones	City of Madras and Jefferson County	Moderate	Ongoing

Goal 3. Support production of new housing and preservation of existing housing

Goal 3 presents strategies to support production of new housing in Madras, especially of attached housing types, and preserve existing naturally occurring affordable housing.

Exhibit 41. Goal 3, Objectives and Actions

Response / Action	Type of Action	Target Income	Area of Applicability	Responsible Party	Scale of Intended Impact	Timeline
Objective 3.1. Coordinate infrastructure development with opportunities for housing development						
3.1a Review Street Standards to Lower Development Costs	Regulatory	All Income Levels	Infrastructure	Community Dev. / Public Works Dept.	Moderate	2019
3.1b Review Stormwater Management Standards to Lower Development Costs	Regulatory	All Income Levels	Infrastructure	Public Works Dept.	Moderate	2019 through 2021
3.1c Apply for Sewer Infrastructure Grant/Loan Funds to Encourage Housing Development	Financing	All Income Levels	Infrastructure	Public Works	Low	2019 Q2 through 2023 and onwards
3.1d Upon Execution of Developer Agreement + Funding Awarded from State (see action 3.2d), Design and Construct Sewer Infrastructure to Assist Housing Projects	Financing	All Income Levels	Infrastructure	Public Works	Moderate	On-Going
3.1e Identify Investment Areas for Infrastructure Funding Options to Increase Opportunities for Housing Development	Investment	All Income Levels	Residential Zones	Community Dev. / Public Works Dept.	Moderate to High	2019

Response / Action	Type of Action	Target Income	Area of Applicability	Responsible Party	Scale of Intended Impact	Timeline
3.1f Temporarily Reduce System Development Charges and Evaluate Impact of Changed Methodology	Financing	< 80% of MFI	All Residential Housing Products	Community Dev. Dept./Public Works Dept.	High	2019
3.1g Evaluate Opportunities for a System Development Charge Reduction Program to Lower Development Costs for Affordable Housing Non-Profits (e.g. Housing Works)	Financing	< 60% of MFI	Government Subsidized Housing	Community Dev. Dept. /Public Works Dept.	Moderate	2019
3.1h Update SDC Ordinance to Provide Credit for Adjacent Street Improvements	Taxation	All Income Levels	Residential Zones; Infrastructure	Public Works Dept.	Moderate	2019
Objective 3.2. Encourage development of new, relatively affordable housing						
3.2a Evaluate Opportunities for Land Assembly to Support Development of Housing Affordable to Moderate- and Low-Income Households	Investment and Partnership	< 80% of MFI	Medium / High Residential Zones; Commercial Zones	Community Dev. Dept.	Low to Moderate	On-Going
3.2b Evaluate Opportunities for Land Banking to Support Development of Housing Affordable to Moderate- and Low-Income Households	Investment and Partnership	< 120% of MFI or < 80% of MFI	UGB	Community Dev. Dept.	Varies	On-Going
3.2c Evaluate Opportunities for Multiple Unit Tax Exemption Program to Support Development of Multifamily Housing Affordable to Moderate- and Low-Income Households	Financing	< 120% of MFI	Residential / Commercial	Community Dev. Dept.	Low to Moderate	On-Going

Response / Action	Type of Action	Target Income	Area of Applicability	Responsible Party	Scale of Intended Impact	Timeline
3.2d Contract with Developer to Build New Housing	Investment and Partnership	All Income Levels	Residential Housing Products	Community Dev. Dept. / Public Works Dept.	High	On-Going
Objective 3.3. Preserve existing housing						
3.3a Evaluate Development of a Rental Housing Maintenance Code	Regulatory	All Income Levels	Renter-Occupied Units	Community Dev. Dept.	Moderate	2022 through 2023
3.3b Evaluate Development of a Homeownership Improvement Fund to Support Maintenance of Existing Owner-Occupied Housing	Financing	All Income Levels	Qualifying Low-Income Owner-Occupied Units	Community Dev. Dept.	Moderate	On-Going

Goal 4. Providing funding to support the development of housing at all income levels

The purpose of Goal 4 is to provide options to support development of housing affordable to moderate- and middle-income households (with income between \$30,000 and \$50,000) and lower-income households (with income below \$30,000).

Exhibit 42. Goal 4, Objectives and Actions

Response / Action	Type of Action	Target Income	Area of Applicability	Responsible Party	Scale of Intended Impact	Timeline
Objective 4.1. Identify funding sources to support development of market-rate affordable housing and government-subsidized affordable housing						
4.1a Evaluate Opportunities for New or Expanded Urban Renewal Area to Support Development of Housing	Taxation and Financing	All Income Levels	Residential Zones; Infrastructure	Community Dev. / Finance Dept.	Moderate	2019 Q1 through Q2
4.1b Expand or Create New Urban Renewal Area to Support Development of Housing	Taxation and Financing	All Income Levels	Residential Zones; Infrastructure	Community Dev. / Finance Dept.	Moderate	2019 Q2 through 2021 Q2
4.1c Evaluate Opportunities for a Construction Excise Tax to Support Development of Housing Affordable to Moderate- and Low-Income Households	Taxation	< 80% of MFI	Residential, Commercial, and/or Industrial Zones	Community Dev. / Finance Dept.	Low	2022 through 2023

Chapter 4. Conclusion

The City of Madras had very little housing development since the recession, with only 50 building permits issued for single-family housing since 2009 and no permits issued for multifamily housing. The lack of housing development, coupled with increases in housing prices in Madras and across Central Oregon, is making it more difficult for people who want to live in Madras to find housing there. This problem is especially acute for people who want to live and work in Madras.

Action is needed to spur more development of housing affordable to all households but especially to low-income households and moderate- and middle-income households. The housing is needed for homebuyers and renters alike and may include all types of housing, from single-family detached housing to apartments. Needed actions include subsidies and incentives for developers, development readiness supports, and recognition of the need for more housing types and greater density to meet housing needs in Madras. Many of these actions are on-going and the City should continue doing them. Other actions are ones that need to be taken in the next few months through next two years to spur development. A few actions are longer-term, to address important but less pressing issues.

The Action Plan includes 34 actions. Implementing many of these actions will require public discussion and evaluation of the actions. We recommend that staff work with the Planning Commission and City Council to begin these discussions as soon as possible.

Appendix A. Detailed Actions

Appendix A serves as Madras' Detailed Housing Action Plan and includes actions to increase the number of new housing units in Madras. City of Madras staff will use this Housing Action Plan as a resource to guide their actions to housing barriers. The feasibility has been researched at a reconnaissance level to generally determine what will be required to complete each action. The Plan is organized by goal and objective. We developed goals with input from City Staff and objectives correspond the report's recommendations based on findings of historical and current housing conditions, demographic and market trends, and community and stakeholder perceptions of housing need.

- Goal 1:** Ensure that Madras' housing policies and regulations allow for development of a range of housing types that meet the City's housing needs.
- Goal 2:** Develop, maintain, and grow partnerships.
- Goal 3:** Support production of new housing and preservation of existing housing.
- Goal 4:** Providing funding to support development of housing affordable to low-, moderate-, and middle-income households.

Appendix B builds off Appendix A by providing estimated timing for each action to start, to finish, or to continue as an on-going item. Appendix B also provides the phasing of certain tasks (Action 1.1a, 2.1c, 3.1c, 3.1d, 3.1e, 3.1f, 3.1g, 3.1h, 3.2d, 4.1a, 4.1b, and 4.1b). This context is important because the City of Madras may not need to implement every action to meet the plan's goals. For example, the City of Madras will initiate actions 3.1f and 3.1g first (in Phase I). If those and other Phase 1 actions do not cause the intended effect, the City may start Phase II tasks. The basis for the City's phasing is to build in stops when the City of Madras meets the plan's goals. For instance, if economic conditions improve, (e.g. rent costs decline, vacancy rates increase, or the number of new units meets/exceeds the City's population growth rate), then the City has accomplished what it set out to do.

Goal 1. Ensure that Madras’ housing policies and regulations allow for development of a range of housing types that meet the City’s housing needs

Regulatory barriers can have a negative impact on development of housing, especially for missing middle and affordable housing products. The first goal intends to lower or remove regulatory barriers to support and encourage new development, infill development, and flexible building opportunities for existing properties.

Objective 1.1. Identify barriers and remove barriers to housing development in Madras’ development code

1.1a Audit and Amend Development Codes

Rationale	Lead
To identify development barriers within the development code and address these barriers by considering alternative development standards which may lower or eliminate some of the issues to development of new housing.	City of Madras Community Dev. Dept.

Description of action

A code audit is a comprehensive evaluation and assessment of the City of Madras’ development code requirements and the regulations within the Public Works Public Improvement Design and Construction Standards.

Implementation Steps	<ul style="list-style-type: none"> ▪ Obtain an objective, external consultant, with experience in code audits and developing development friendly regulations, to conduct code and to audit the City’s Development Code (i.e. Zoning, Subdivision, and Public Improvement Design & Construction Standards). ▪ Develop a process to audit the Development Code, such as using existing toolkits developed by industry experts such as Smart Growth America. ▪ Audit the City’s Development Ordinance to identify barriers to missing middle housing and development of housing affordable to low-income households and moderate- and middle-income households. ▪ Prepare concepts drawings of various types of Missing Middle housing developments to assist policy makers is implementing
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	<p>the needed regulations. These same drawings are to be incorporated into the City’s Development Code to visually communicate the form of development.</p> <ul style="list-style-type: none"> ▪ Work with Planning Commissioners and City Council to identify and implement changes to lower and eliminate barriers identified through the audit.
Additional Considerations	<p>Benefits</p> <ul style="list-style-type: none"> ▪ Simplifies Development Code to make housing development easier, making new housing development more likely. ▪ Provides the City with an opportunity to simplify the organization of their code and clarify procedures or practices. ▪ Allows the City to modify standards to implement best practices and allow innovative housing types in Madras. ▪ Provides the City with an opportunity to realign the code to meet Madras’ need for housing affordable to low- and moderate- and middle-income households. <p>Drawbacks</p> <ul style="list-style-type: none"> ▪ Outside consultant expertise needed which will require additional City funding. ▪ The code audit may take 3-12 months to complete and implement (passage of adopting ordinance that includes needed changes).
Target Income	All Income Levels
Timeline	2019 through 2023
Area of Applicability	All Residential Zones
Scale of Intended Impact	Impact will vary based on the changes made to the Development Code.
Performance Measure	Completion of the code audit and adoption of changes to the Development Code and other policy changes to lower barriers to development of housing.

1.1b Clarify Standards for “Missing Middle” Housing Types

Rationale	Lead
Diversifying Madras’ housing stock gives residents and prospective residents a wider range of housing options to meet their financial needs and housing preferences.	City of Madras Community Dev. Dept.

Description of action

Clarifying standards for missing middle housing types will result in development of clear and objective standards for these housing types. This action will require the development or refinement of standards for: townhouses, cottage cluster developments, tiny houses, duplexes, tri- and quad-plexes, apartments, and other “missing middle” housing types.

Implementation Steps	<ul style="list-style-type: none"> ▪ Obtain an objective outside consultant that has experience in missing middle housing development regulations to identify and clarify needed development standards for missing middle housing types in the Development Code, such as housing definitions, types of units permitted, lot dimensions, height standards, and other related standards. ▪ Revise Development Code to clarify development standards.
Target Income	All Income Levels
Timeline	2019 Q2 through 2020 Q4
Area of Applicability	All Residential Zones
Scale of Intended Impact	Impact is initially moderate. Impact may be greater if changing the Development Code will allow market-rate and regional affordable housing providers to utilize the new wider range of housing types in Madras.
Performance Measure	Adoption of Development Code and other policy changes to clarify standards and allow a wider range of housing types in Madras.

1.1c Evaluate Development of Cottage Housing Development Standards

Rationale	Lead
<p>While cottage housing is a Missing Middle Housing type, it may warrant its own action because it is a new housing type to Madras and may require broader public discussion to determine if and under what circumstances cottage housing should be allowed. Cottage housing provides the opportunity for development of small, single-family detached units at relatively affordable price points.</p>	<p>City of Madras Community Dev. Dept.</p>

Description of action

Cottage cluster developments are groupings of small, single-family dwelling units clustered around a common area. Permitting cottage cluster developments in residential zones would allow new forms of compact housing types in the community.

Cottage housing development density standards may take several forms. Density standards for cottage development could include unique standards for zones ranging from low-density to high-density. Density standards could be 1.5 (or another factor) times the underlying zone density, possibly with a maximum density in specific zones.

Implementation Steps

- Develop an ordinance which outlines the requirements and development standards for cottage cluster housing.
- Consider using the City of Bend's²⁴ or City of Ashland's²⁵ Cottage Development ordinance as a model.
- Amend zoning code to include standards for cottage housing development.
- Consider permit cottage housing in all zones.

²⁴ City of Bend. 4.5.500 Cottage Housing Development, Chapter 4.5 MASTER PLANNING AND DEVELOPMENT ALTERNATIVES, <https://www.codepublishing.com/OR/Bend/html/BendDC04/BendDC0405.html#4.5.500>.

²⁵ City of Ashland. 18.2.3.090 Cottage Housing, Ordinance No. 3147, http://www.ashland.or.us/SIB/files/Cottage_Housing_Ordinance_3147_signed.pdf.

Additional Considerations	<p>Benefits</p> <ul style="list-style-type: none"> ▪ Offers clear and objective standards for new housing type. ▪ Cottage housing provides opportunity for smaller households and lower-income households to live in single-family detached housing. ▪ Cottage housing provides opportunity to achieve density but at a more human scale.
Target Income	All Income Levels
Timeline	2019
Area of Applicability	All Residential Zones
Scale of Intended Impact	Low to moderate, depending on how many cottage units are built.
Performance Measure	Adoption of Development Code and other policy changes to allow cottage housing development.

1.1d Evaluate Permitting Multifamily Housing in C-2 and C-3 Districts

Rationale	Lead
To allow for development of multifamily housing (with four or more units) near support services, retail, restaurants, and other businesses and attractions.	City of Madras Community Dev. Dept.
Description of action	
Allow the development of multifamily housing in downtown commercial and community commercial areas.	
Implementation Steps	<ul style="list-style-type: none"> ▪ Revise permitted uses in the C-2 and C-3 in the City’s Development Code.
Additional Considerations	<p>Benefits</p> <ul style="list-style-type: none"> ▪ Provides additional opportunities for multifamily housing to be developed. ▪ Housing near commercial services provides opportunities for multifamily housing development near services. ▪ Increases activity in downtown by increasing demand for dining and retail in downtown areas.
Target Income	All Income Levels
Timeline	2019 Q2 through 2020 Q2
Area of Applicability	C-2 and C-3 Zone districts
Scale of Intended Impact	Low to Moderate. Development Code changes to allow multifamily in these zoning districts will also support the City’s desire to revitalize the downtown core area by locating housing close to commercial uses and businesses in the downtown area.
Performance Measure	Adoption of Development Code and other policy changes to allow multifamily housing development in the C-2 and C-3 zones.

1.1e Evaluate Development of an Exclusive Multifamily Zone

Rationale	Lead
To support multifamily development, such as apartments or condominiums, to encourage an economical use of land in Madras, and to create attractive and functional residential multifamily areas compatible with the adjacent development.	City of Madras Community Dev. Dept.

Description of action

Multifamily housing is a needed housing type in Madras, both to increase the supply of housing affordable to low-income households but also for moderate- and middle-income households. One barrier to development of multifamily housing in Madras is lack of land designated specifically for multifamily development. Developing a new land use zone that exclusively allows multifamily housing (of three or more units) would lower this barrier. The City should consider redesignation of land for a multifamily development in areas with good transportation access, access to other infrastructure, and in an area where surrounding uses are compatible with multifamily housing development. Such locations may be in or adjacent to downtown or commercial corridors.

Implementation Steps	<ul style="list-style-type: none"> Work property owners, housing developers, affordable housing providers and to with Planning Commissioners and City Council to develop standards for the new zone and to identify areas that could be redesignated (zone change) as an exclusive multifamily zone.
Additional Considerations	<p>Benefits</p> <ul style="list-style-type: none"> Clearly provides opportunity for development of apartments and condominiums. May reduce infrastructure costs per person. Ensures a more productive use of land which, when paired with other community and economic development strategies, could result in an area with more pedestrian and other activity. <p>Drawbacks</p> <ul style="list-style-type: none"> Some property owners may not want their property redesignated for multifamily development.
Target Income	All Income Levels
Timeline	2020

Area of Applicability	Multifamily Residential Zone (New)
Scale of Intended Impact	Moderate, depending on success of other policy efforts to encourage development of multifamily housing in Madras.
Performance Measure	Adoption of Development Code and other policy changes to create a new multifamily zone.

Objective 1.2. Improve permitting and processing procedures

1.2a Streamline Building Permit Review Process

Rationale	Lead
The City has varying administrative roles in the Land Use and Building Permit permitting processes. Developers provided feedback to the City that the City of Madras is responsive and readily finds solutions to obstacles in the Land Use permitting process. However, developers expressed concern for difficulty in coordinating the Building Permit review process between the City of Madras and Jefferson County Community Development. The City will reduce Building Permit permitting time and increase customer service needs of developers to demonstrate that the City of Madras is committed to meeting developer timelines.	City of Madras Community Dev. Dept.

Description of action

The City and the County Community Development Departments coordinate the submittal, review, and issuance of building permits in Madras. Feedback suggests the current process causes unnecessary and undesired delay to developers and others, the City's customers and tax payers. The City seeks to avoid customer experience that is confusing and time-consuming for developers, residents, and property owners.

City staff will work with City Council to simplify and better coordinate the building permit review process between the City of Madras and Jefferson County. The intent is to hold staff and participating agencies accountable for permitting timeline goals. The City wishes to refer people to the Madras Community Development Department for informal coordination before building permit issuance.

This City may consider requesting Building Code jurisdiction from the Oregon Department of Consumer and Business Services, Building Codes Division. Building Code jurisdiction

would give the City control over permit reviews, inspection, and enforcement within the City’s jurisdiction.

Implementation Steps	<ul style="list-style-type: none"> ▪ Work with City Council to develop goals for the length of time the permitting process may take. ▪ Identify inefficiencies in the permitting process and make the necessary changes to streamline procedures. Examples include: simplifying administrative approvals; expediting development reviews; offering online application submissions and permit tracking; or making administrative changes to ensure the City controls the entire development process. ▪ Work with Jefferson County to revise and coordinate procedures. ▪ Develop a system to measure and report Community Development Department activity and progress. ▪ Survey applicants annually to assess the Departments service and areas for improvement.
Additional Considerations	Benefits <ul style="list-style-type: none"> ▪ Improves ease for which development can occur in the City. ▪ Can enable quicker development timeframe and increase the availability of property to be taxed. ▪ Demonstrative responsiveness to developer needs and improves the City’s image as one that is easy to do business.
Target Income	All Income Levels
Timeline	On-Going
Area of Applicability	All Residential, Commercial, and Industrial Zones
Scale of Intended Impact	Moderate
Performance Measures	<ul style="list-style-type: none"> ▪ Make changes to permitting process. ▪ A maximum number of days that a permit will be at the City prior to the date that the applicant is called to pay for the permit. ▪ Changing the Building Code jurisdiction from Jefferson County to the City of Madras.

1.2b Create Development Application Quick Response Team

Rationale	Lead
<p>Developers often need key, technical information in a timely manner to find creative and workable solutions to their development challenges.</p> <p>To be responsive to these needs, the City could create a multi-disciplinary team to work with developers on an as-needed basis, and in some instances on short notice.</p>	<p>City of Madras Community Dev. Dept.</p>

Description of action

The City of Madras will request staff participation from Jefferson County Community Development Department, Jefferson County Fire District, and Deschutes Valley Water to form a quick response team. The quick response team will address developer needs.

The City will identify a mission and purpose, methods of engagement, and working parameters for the quick response team. The City will use this team in its Marketing Strategy identified in the Housing Action Plan, to communicate their ability to quickly respond to and assist developers.

<p>Implementation Steps</p>	<ul style="list-style-type: none"> ▪ City of Madras identifies the mission and purpose, methods of engagement, and working parameters for the quick response team. ▪ City of Madras engages partnering agencies and requests staff commitment to participate on a quick response team. ▪ City of Madras updates City web pages, print materials, and electronic displays to reflect formation of the team and how the team can be used by interested stakeholders. ▪ City of Madras markets this team to the public through media outlets, stakeholder outreach, and housing- and development-related organizations.
<p>Additional Considerations</p>	<p>Benefits</p> <ul style="list-style-type: none"> ▪ Improves communication and optics between the City and stakeholders. <p>Drawbacks</p> <ul style="list-style-type: none"> ▪ Staff from partnering organizations may perceive the Quick Response Team as duplicative effort and may not genuinely see the value of the team.

Target Income	All Income Levels
Timeline	On-Going
Area of Applicability	Residential Zones
Scale of Intended Impact	Low
Performance Measure	Quick Response Team is formed and used by developers.

1.2c Create Summaries and Guidance on the Development Process

Rationale	Lead
To make information about fees, building permit requirements, and the building permit review process more accessible to developers, land-owners, and the public.	City of Madras Community Dev. Dept.

Description of action

Potential developers, especially developers who work infrequently in Madras or land owners who are developing their land, may have difficulty understanding the development process, fees, and requirements of Madras’ development processes. This action would result in development of informational summaries to guide developers through Madras’ development process.

The action should result in summary documents that both provide complete information and are easy to understand, preferably in one- or two-page documents. The documents should be available at the City’s offices and on the City’s website.

Implementation Steps	<ul style="list-style-type: none"> ▪ Engage the Central Oregon Builders Association on their members’ informational needs and how the City can develop materials and disseminate them to developers. ▪ Develop summary documents based on frequently asked questions from developers, landowners, and the public. ▪ Work with developers and other stakeholders to “test” the documents, to ensure that they answer all the pertinent questions and are easily accessible.
Additional Considerations	<p>Benefits</p> <ul style="list-style-type: none"> ▪ Developing these summaries as a prelude to or at the same time as the City is completing Action 1.2a provides an opportunity for the City to evaluate inconsistencies in fees, building permit requirements, and building permit review process. It also presents an opportunity to streamline information and document the City’s procedures and practices. <p>Drawbacks</p> <ul style="list-style-type: none"> ▪ Staff does not have graphic design and document design expertise and may need to utilize consultant services to expedite the completion of this task.

Target Income	All Income Levels
Timeline	2019 Q1 through Q2
Area of Applicability	Residential, Commercial, and Industrial development. Madras' development process.
Scale of Intended Impact	Low, however the completion of this task allows the City to more effectively communicate to the development community it is committed to meeting developer timelines.
Performance Measure	Engage stakeholders to development of the summary documents to be used by developers.

Goal 2. Develop, maintain, and grow partnerships

Intergovernmental partnerships and public-private partnerships are cooperative arrangements intended to accomplish actions that are mutually beneficial to both parties. Goal 2 intends to help address Madras’ housing needs by combining resources and working collaboratively to solve problems more efficiently.

Objective 2.1. Collaborate with external organizations to meet Madras’ housing needs

Identify Partnerships with Area Employers to Increase 2.1a Development of Housing Affordable to Workers at Madras Businesses	
Rationale	Lead
Create development conditions that provide additional opportunities for people who work at businesses in Madras to live in Madras.	City of Madras Community Dev. Dept.
Description of action	
Continue conversations with Madras’ business community about need for housing for people who work at businesses in Madras to identify barriers or challenges to building and maintaining a supply of housing affordable moderate- and middle-income households.	
Implementation Steps	<ul style="list-style-type: none"> ▪ Host an employer round table or focus group to educate, discuss, and work through Madras’ housing conditions issues. ▪ Inquire why employer-supported housing program are currently of no interest to the larger employers in Madras. ▪ Identify the ways in which employers are interested in working with the City to encourage the development of more and higher quality housing.
Additional Considerations	<p>Benefits</p> <ul style="list-style-type: none"> ▪ Supports development of housing affordable to moderate- and middle-income households, such as the missing middle housing types. ▪ Brings local businesses into the discussion of housing needs and efforts to encourage housing development. ▪ Continues to build relationships between the City and its housing partners.

	<p>Drawbacks</p> <ul style="list-style-type: none"> ▪ City may not see the results from efforts related to this task for several years.
Target Income	All Income Levels
Timeline	On-Going
Area of Applicability	Residential Zones
Scale of Intended Impact	Low to Moderate
Performance Measure	Employer perceptions of housing conditions in Madras improves

2.1b Develop and Implement Workforce Housing Marketing Plan

Rationale	Lead
To clearly communicate the City’s policies and programs to support and encourage development of workforce housing (housing affordable to moderate- and middle-income households) through development of a marketing plan.	City of Madras Community Dev. Dept.

Description of action

The City of Madras will develop a marketing plan to communicate to developers and others the services and opportunities for development of workforce housing in Madras. The marketing plan will:

- Describe the target audience
- Identify marketing goals, communication strategies and tactics
- Include a “Unique Selling Proposition” statement that describes why developers should choose to develop in Madras
- Establish a marketing budget

The City of Madras may work with Jefferson County, Central Oregon Builders Association, and Central Oregon Realtors Association to develop the action plan.

Implementation Steps	<ul style="list-style-type: none"> ▪ Evaluate developing a Marketing Plan. Establish a preliminary scope and estimated budget for a Marketing Plan. ▪ Determine if Marketing Plan can be completed by City staff or if consultant services are needed. ▪ Refine the Marketing Plan budget. ▪ Develop the Marketing Plan. Implement the Marketing Plan.
Additional Considerations	<ul style="list-style-type: none"> ▪ What are the financial and staff resources required to develop the Marketing Plan? ▪ Will City staff have the capacity and ability to develop the Marketing Plan? ▪ To what extent will a Marketing Plan change market conditions?
Target Income	60 to 120% of MFI
Timeline	2019

Area of Applicability	Workforce Housing
Scale of Intended Impact	Low
Performance Measure	Marketing Plan is developed and implemented.

2.1c

Evaluate Opportunities to Encourage Development of Previously Permitted Subdivisions

Rationale	Lead
<p>Several developers obtained land use approval for subdivisions that were issued before 2010 that have since expired. Some developers have not proceeded with development of these subdivisions during the housing market recovery because of the infrastructure development requirements in their prior subdivision approvals. The types and amounts of infrastructure required in prior approvals is perceived as (and may be) excessive or too costly to justify the development.</p>	<p>City of Madras Community Dev. Dept. and Public Works Dept.</p>

Description of action

Work with developers who are interested in completing development previously planned in Madras. The City should consider starting with projects where the land use approval has expired and the previous barrier to development was (potentially excessive) requirements for infrastructure development. The City should adjust the Development Code to allow re-platting of prior approved, tentative plats.

<p>Implementation Steps</p>	<ul style="list-style-type: none"> ▪ Work with developers who had previously received land use approval for a residential subdivision and identify specific barriers to development and how the City can help overcome those barriers. ▪ Develop a Development Action Plan (DAP) for each development (subdivision) that identifies the barriers keeping development from occurring, actions the developer and the City will pursue, and the timeline for each action. ▪ If necessary, seek grants or other funding mechanisms to reduce infrastructure costs to alleviate barriers.
<p>Target Income</p>	<p>All Income Levels</p>
<p>Timeline</p>	<p>2019 Q1 through Q2</p>
<p>Area of Applicability</p>	<p>Multifamily Residential Land Use Zones; Infrastructure</p>

Scale of Intended Impact	Low to Moderate
Performance Measure	Identify willing developers that want to work collaboratively with the City to identify and reduce infrastructure or otherwise address development barriers, resulting in new housing development.

2.1d Develop Utility Assistance Program to Supplement Neighborhood Impact Energy Assistance Program

Rationale	Lead
To support and supplement existing and additional utility assistance programs that reduce utility cost burden for low-income and senior homeowners will assist in stabilizing residents in their housing.	City of Madras Community Dev. Dept.

Description of action

The City would support and supplement programs, such as Neighborhood Impact’s Home Energy Assistance program, that help eligible households pay a portion of their home energy costs. The City may also consider creating their own program(s) modeled after the City of Ashland’s existing utility assistance programs overviewed below.

Ashland Low Income Energy Assistance Program (ALIEAP)

Ashland utility customers, with incomes at or below 65% of Oregon's median income can receive a maximum credit of \$300 on their electric utility bill. Credits of 50% for senior and disabled persons may be given for up to six months and credits of 50% for others may be given for up to three months. Applications are accepted beginning in October for assistance in the winter months and are not accepted after the first business day in February. Priority for the available funds from the program will be given first to seniors, then to disabled persons and then to others.

Senior Utility Discount

The City of Ashland offers a year-round discount on Ashland utility bills for income-qualified persons age 65 or older, or qualified disabled persons age 60 or older.

Emergency HEAT Assistance

This program serves residents of any age, once a year, who have received a disconnect notice on their utility bill. Assistance may be offered depending on available funding. Individuals and organizations regularly contribute funds to this program.

Round-up

Many of Ashland's low-income residents have difficulty paying their basic monthly utility services. The City of Ashland's Round Up program allows Ashland utility customers to voluntarily round up their utility bills to the nearest dollar. The additional funds accumulated are devoted to assisting low-income Ashland residents with their monthly utility bills. Customers who qualify for low-income assistance are screened to determine eligibility. Sometimes funds are used to assist customers in emergency situations on a one time per year only basis.

Implementation Steps	<ul style="list-style-type: none">▪ Work with City Council to determine if additional assistance to rate payers would be beneficial, using examples from Ashland's programs as a starting point in the discussion.▪ Work with Neighborhood Impact to identify ways for the City to support existing programs.
Additional Considerations	<p>Benefits</p> <ul style="list-style-type: none">▪ Reduces some of the financial pressures of cost burdened households. <p>Drawbacks</p> <ul style="list-style-type: none">▪ In the absence of outside funding, water and sewer rates would need increase for other rate payers to offset the cost for the utility subsidies.▪ Perception that provided utility assistance vulnerable segments of the community will not address local housing challenges.
Target Income	< 60% of MFI
Timeline	2022 through 2023
Area of Applicability	Household identified as eligible for the program, such as low-income households (with income below 60% of MFI) and senior residents (65+ years old).
Scale of Intended Impact	Low to moderate, depending on funding level
Performance Measure	A reduction of utility costs for cost burdened households.

Objective 2.2. Collaborate with external organizations to reduce homelessness in Madras

2.2a Evaluate Opportunities to Support Transitional & Supported Housing for Veterans

Rationale	Lead
<p>Homeless housing and service providers reported insufficient housing for Veterans. In response, the City will partner with local, regional, and state housing and service providers to increase the number of transitional and supportive housing units for veterans.</p>	<p>City of Madras</p>

Description of Action

The Jefferson County Veterans Services, Central Oregon Veterans Outreach, the local Veterans of Foreign Wars and the American Legion, and the Central Oregon Regional Housing Authority (dba Housing Works) are local and regional housing and service providers that help meet veteran needs. The City will partner with these organizations and collaborate to finance, construct, and operate housing for Veterans, ideally within proximity to related supportive services.

The City will partner with organizations to quantify needed Veterans housing and support services, work cooperatively to finance the development of housing and fund support services for homeless Veterans. The City will collaborate with local and regional Veterans service providers to develop the necessary financing for any needed Veterans housing. Organizations may include Jefferson County (Veterans Services Coordinator), Veterans of Foreign Wars, American Legion, Central Oregon Veterans Outreach, and Housing Works.

The City will also determine how the City may support Veterans support services with its capacity (e.g. public engagement/outreach ability, staff knowledge and experience, regulatory authority, and financial resources).

Implementation Steps

- Routinely meet with local and regional Veterans service providers to confirm the need for Veteran housing and support services.
- Obtain the necessary consent from the City Council to utilize financial, staff, and other City resources for Veteran housing and support services.
- Identify resources to support development of Veteran housing and support services.

Target Income	< 60% of MFI
Timeline	On-Going
Area of Applicability	Veteran Populations
Scale of Intended Impact	Low to Moderate
Performance Measures	Reduction in the number of veterans without housing

2.2b Identify Opportunities to Partner with Faith-Based Organizations

Rationale	Lead
Collaborate with faith-based organizations to support their efforts to provide shelter for people experiencing homelessness.	City of Madras

Description of Action

The City will collaborate with faith-based organizations to identify barriers to their efforts to assist people experiencing homelessness and assist in lowering or removing these barriers as possible.

Implementation Steps	<ul style="list-style-type: none"> ▪ Inform the faith-based community of their ability to use their existing properties for needed housing. ▪ Assess interest and impediments to related housing development. ▪ The City will serve as a liaison between property owners and service providers to assist the faith-based community provide such housing and meet regulatory requirements.
Target Income	< 30% of MFI
Timeline	On-Going
Area of Applicability	Homeless Populations
Scale of Intended Impact	Moderate
Performance Measures	Increasing shelter space and temporary camping areas for people experiencing homelessness.

2.2c

Evaluate Opportunities to Support Transitional Housing for Vulnerable Populations

Rationale	Lead
Collaborate with community partners to work towards providing housing and support services to alleviate homelessness for vulnerable populations, such as families with children, domestic violence victims, and released inmates from Jefferson County and State Correctional Institutions	City of Madras

Description of Action

The City is to collaborate with community partners to acquire, finance construction, obtain necessary permits, provide support services to provide transitional housing and related support services for families with children, domestic violence victims, and released inmates who are homeless. The City of Madras may consider connecting with Jefferson County, Local Public Safety Coordinating Council, Best Care, Housing Works, and Madras Gospel Mission.

Implementation Steps	<ul style="list-style-type: none"> ▪ Routinely meet with community partners to determine confirm the need for housing and support services for vulnerable populations. ▪ Collaborate with community partners to: <ul style="list-style-type: none"> ▪ Acquire and assemble needed land, develop the necessary capital/financing for construction, obtain the necessary development permits. ▪ Determine how the City may support Homeless support services with its capacity (e.g. public engagement/outreach ability, staff knowledge and experience, regulatory authority, and financial resources). ▪ Obtain the necessary consent from the City Council to utilize financial, staff, and other City resources for Homeless housing and support services.
Target Income	< 60% of MFI
Timeline	On-Going
Area of Applicability	Vulnerable Populations

Scale of Intended Impact	Moderate to High
Performance Measures	Reduction in the number of vulnerable persons without housing

2.2d Evaluate Opportunities to Support Development of Permanent Housing for Seniors and Persons with Disabilities

Rationale	Lead
Collaborate with partners to support development of housing for seniors and people with disabilities.	City of Madras

Description of Action

The 2018 annual Point in Time count identified a significant number of people experiencing homelessness who reported that their only source of income is from State assistance for senior and disabled residents. Finding affordable housing that is accessible for their disabilities is difficult, if not impossible, in the current housing market. The City of Madras can help alleviate some of the burden of finding suitable housing for these populations to ultimately reduce homelessness and other associated health concerns.

The City of Madras will collaborate with local and regional non-profits and State agencies to support housing for seniors or people with disabilities. City staff will coordinate with local, regional, and state partners to determine feasible options for short-and long-term housing for the senior and disabled.

Implementation Steps	
	<ul style="list-style-type: none"> ▪ Routinely meet with community partners to understand the need for housing and support services for seniors and people with disabilities. ▪ Collaborate with community partners to: <ul style="list-style-type: none"> ▪ Acquire and assemble needed land, develop the necessary capital/financing for construction, obtain the necessary development permits. ▪ Determine how the City may support homeless support services with its capacity (e.g. public engagement/outreach ability, staff knowledge and experience, regulatory authority, and financial resources). ▪ Obtain the necessary consent from the City Council to utilize financial, staff, and other City resources for senior and disabled

	housing and support services.
Target Income	< 60% of MFI
Timeline	On-Going
Area of Applicability	Seniors and Persons with Disabilities
Scale of Intended Impact	Moderate
Performance Measures	Reduction in the number of seniors and persons with disabilities without permanent housing

2.2e

Identify Barriers to Alleviate in Madras’ Development Code to be Responsive to Homeless Housing and Service Providers

Rationale	Lead
Identify and lower or remove barriers to providing housing for people experiencing homelessness.	City of Madras and Jefferson County

Description of Action

The City has limited resources and cannot directly fund the cost for homeless housing and related support services. However, the City does have staff and control over the regulations related to homeless housing and services. Therefore, the City can offer staff knowledge and its ability to determine the nature and extent that its regulations are a barrier to homeless housing, provide such report to the City Council, and request policy direction from the Council for which staff would pursue to overcome the barriers.

City staff will work with Jefferson County to set up a regularly scheduled meeting with local and regional partners who own, operate, and provide housing and support services for the homeless. Housing and service providers may include: Local Public Safety Coordinating Council, Best Care, Housing Works, Madras Gospel Mission, Jefferson County Veterans Services Coordinator, Veterans of Foreign Wars, American Legion, and Central Oregon Veterans Outreach. Discussions may center around topics to aid in the City of Madras’ and Jefferson County’s understanding of barriers their development code creates. Discussions will help to determine how the City and County may assist in removing those barriers.

Implementation Steps	<ul style="list-style-type: none"> ▪ Establish a regular meeting with local and regional homeless housing and service providers who are interested in discussing development and service barriers. ▪ Identify barriers and opportunities to alleviate them. ▪ City staff will assess the identified barriers, determine how the City can assist with resolving those barriers, and report proposed solutions to City Council. The City will then request direction from Council.
Additional Considerations	<ul style="list-style-type: none"> ▪ Regulatory changes will need to consider and balance the needs of homeless housing and service providers, residents, and businesses.
Target Income	< 30% of MFI

Timeline	On-Going
Area of Applicability	Residential and Commercial Zones
Scale of Intended Impact	Moderate
Performance Measures	Regularly meet with partners and identify and resolve barriers to development of housing for people experiencing homelessness.

Goal 3. Support production of new housing and preservation of existing housing

Communities across Oregon are looking at ways to support the production of new housing and preserve existing housing stock – particularly housing affordable to low-, moderate-, and middle-income households. In many parts of the U.S. and in Oregon, housing production has not kept pace household growth—as a result, prices have risen more quickly than incomes and have made housing broadly unattainable for households earning near the median income.

Goal 3 presents strategies to support production of new housing in Madras, especially of attached housing types, and preserve existing naturally occurring affordable housing.

Objective 3.1. Coordinate infrastructure development with opportunities for housing development

3.1a Review Street Standards to Lower Development Costs

Rationale	Lead
To reduce costs for developers, thereby making their projects more financially feasible.	City of Madras Community Dev. and Public Works Dept.

Description of action

Discussions with developers indicated that the City’s street standards increase development costs, relative to other cities in Central Oregon. The City of Madras will review and evaluate existing street standards and identify opportunities to reduce the costs of complying with the City’s street standards, while maintaining livable neighborhoods. Changes to street standards that the City may consider include:

- Moving from a curb and gutter development pattern toward a simple, gutter to straight curb development pattern.
- Reducing the height requirement of curbs on local streets from seven inches to six inches.
- Changing sidewalk requirements to allow developers to forgo the development of sidewalks in pre-identified neighborhoods of the city.
- Changing public storm water requirements by allowing public drywells in new subdivisions for street storm water. This would reduce the extent that retention ponds are needed, reducing developing costs.
- Clarifying the standards for landscaping in the medians between curbs, walkways, and property lines to allow alternative features such as xeriscaping.

Implementation Steps	<ul style="list-style-type: none"> ▪ Continue to evaluate street standards to decide how to modify the City’s standards, including discussing potential changes in standards with residential developers.
Additional Considerations	<p>Benefits</p> <ul style="list-style-type: none"> ▪ Changing the City’s street standards will be responsive to feedback provided by housing developers. ▪ Reduced street standards lower the cost that developers pay for construction, potentially making some projects more financially feasible. ▪ Unpaved roads reduce infill and new development opportunity. <p>Drawbacks</p> <ul style="list-style-type: none"> ▪ Reducing street standards may reduce amenities in newly developed subdivisions. ▪ Swinging from one extreme to another (high standards to low) may create disparities across neighborhoods.
Target Income	All Income Levels
Timeline	2019
Area of Applicability	Infrastructure
Scale of Intended Impact	Moderate
Performance Measure	Adopt revised street standards.

3.1b Review Stormwater Management Standards to Lower Development Costs

Rationale	Lead
To reduce stormwater costs for developers, thereby making their projects more financially feasible.	City of Madras Community Dev. and Public Works Dept.
Description of action	
<p>Provide more clarity to the stormwater review process and modify standards so they are less stringent.</p> <p>The City should evaluate the feasibility of reducing stormwater standards. If determined feasible after testing and research, the City should switch to authorizing public drywells for stormwater management to help lower new housing development costs. The City will need to work with DEQ to obtain a WPCF permit to allow public drywells, which will require the City to inventory currently owned drywells.</p>	
Implementation Steps	<ul style="list-style-type: none"> ▪ Continue to evaluate stormwater standards to decide how to modify the City’s standards. Determine potential impacts to ground water sources. ▪ Discuss potential changes to standards with residential developers. ▪ Prepare a fee structure for permitting and maintenance costs. This action will likely require the collection of a stormwater fee from citizens to keep this opportunity viable. Therefore, this action may warrant additional policy evaluation and public outreach.
Additional Considerations	<p>Benefits</p> <ul style="list-style-type: none"> ▪ Reduced stormwater standards lower the cost that developers pay for construction, potentially making some projects more financially feasible. <p>Drawbacks</p> <ul style="list-style-type: none"> ▪ This action will result in reduced stormwater costs to developers but would increase costs for the City to keep the infrastructure in proper condition.
Target Income	All Income Levels
Timeline	2019 through 2021

Area of Applicability	Infrastructure
Scale of Intended Impact	Moderate
Performance Measure	Adopt revised stormwater management standards.

3.1c Apply for Sewer Infrastructure Grant/Loan Funds to Encourage Housing Development

Rationale	Lead
To encourage housing development by seeking monies to support infrastructure investments.	City of Madras Public Works Department

Description of action

Identify grant or loan programs, such as those through the Department of Environmental Quality and or Business Oregon, that fund or finance new housing and existing neighborhood septic/sewer conversion. Apply for grant/loan funding. Any awarded or received funds would benefit the North Unit/Mountain View Estates septic/sewer conversion.

Implementation Steps	<ul style="list-style-type: none"> ▪ Identify grant or loan programs that fund or finance new housing and existing neighborhood septic/sewer conversion. ▪ Apply for grant/loan funding. ▪ When funding is received, target developers to present opportunity for funds.
Additional Considerations	<p>Benefits</p> <ul style="list-style-type: none"> ▪ Reduces developer costs and improves serviceability of land. <p>Drawbacks</p> <ul style="list-style-type: none"> ▪ A significant amount of time is required for the Public Works Dept. to conduct the necessary tests and obtain the necessary permits from the State to accommodate this alternative stormwater management practice.
Target Income	All Income Levels

Timeline	2019 Q2 through 2023 and onwards
Area of Applicability	Infrastructure
Scale of Intended Impact	Low
Performance Measure	Grant/loan is received or awarded.

Upon Execution of Developer Agreement + Funding Awarded 3.1d from State (see action 3.2d), Design and Construct Sewer Infrastructure to Assist Housing Projects

Rationale	Lead
To encourage development of new housing by designing and developing sewer infrastructure of direct benefit to the housing project.	City of Madras Public Works Department

Description of action

Enter into developer agreement(s) with interested housing developer who is ready to move forward with a housing project. Commence design and construction upon funding award (see Action 3.2d) for new housing assistance and existing neighborhood septic/public sewer conversion areas including vacant lot housing infill.

Implementation Steps	<ul style="list-style-type: none"> ▪ Solicit developer interest ▪ Enter into Developer Agreement, while concurrently apply for infrastructure funding that meets identified developer needs ▪ Design needed infrastructure ▪ Commence infrastructure construction upon receipt of funding award
Additional Considerations	<p>Benefits</p> <ul style="list-style-type: none"> ▪ Reduces developer costs and improves serviceability of land.
Target Income	All Income Levels
Timeline	On-Going
Area of Applicability	Infrastructure
Scale of Intended Impact	Moderate
Performance Measure	Sewer Infrastructure is developed.

3.1e Identify Investment Areas for Infrastructure Funding Options to Increase Opportunities for Housing Development

Rationale	Lead
To encourage new development and infill through infrastructural investments in locations that provide opportunities for development of two or more subdivisions.	City of Madras Community Dev. and Public Works Dept.

Description of action

Investment areas are areas with vacant land that can be made development-ready with through investments in infrastructure, such as roads, sanitary sewer, water, or stormwater facilities. The ideal investment area is one with high potential for development of a substantial amount of new housing where the investment is relatively lower cost or where an investment will allow more than one subdivision of housing to develop. The intention of an investment area is that the investment would fund all of the required infrastructure for the primary development and some of the required infrastructure for adjacent or nearby developments.

Part of the process of identifying investment areas is identifying landowners who are willing and able to develop their land, especially in areas with two or more subdivisions to maximize the benefit of the public infrastructure investment. The City should consider negotiating development agreements with landowners about the timing and type of developments planned in the investment areas.

Implementation Steps	<ul style="list-style-type: none"> ▪ Identify investment areas with vacant residential land and a need for infrastructure, based on the analysis of vacant land and infrastructure services in Appendix B. Possible areas include lands that the City had previously issued subdivision approval. ▪ Identify infrastructure necessary to support development in each investment area and prioritize funding for this infrastructure.
Target Income	All Income Levels
Timeline	2019
Area of Applicability	Residential Zones
Scale of Intended Impact	Moderate to High, depending on how many investment areas are identified and how much housing is developed in the investment areas.

Performance Measures

Identify and implement one or more investment areas and make the necessary infrastructure investments.

3.1f Temporarily Reduce System Development Charges and Evaluate Impact of Changed Methodology

Rationale

The City is interested in reducing SDCs gradually to affect the amount of housing constructed. The City will reduce SDCs or offer financing for SDCs to reduce development costs and to incentive new development.

Lead

City of Madras
Community Dev. Dept.
and Public Works
Department

Description of action

The City of Madras will implement a System Development Charge (SDC) fee reduction for three years. After year three, SDC fees will begin to return to their original fee rates in phases (phased over three years). The ultimate sunset clause is six years. The following housing types will receive this incentive:

- Market rate housing (single-family, duplex, and townhome) will receive a 25% reduction in SDCs for dwellings sold at prices in excess of \$240,000.
- Workforce Housing (single-family, duplex, and tri-plexes) will receive a 50% reduction for dwellings when sold at \$240,000 or less.
- Multifamily housing with four or more units will receive a 75% minimum fee reduction.

In addition, the City of Madras will change wastewater SDCs to a meter-based methodology instead of a unit-based methodology on apartments.

Implementation Steps

- Engage with stakeholders to gauge interest in opportunities for SDC financing and credits.
- If interest exists, evaluate opportunities for SDC financing programs.
- Implement such a program, if it is deemed desirable by the City and by developers. Work with stakeholders and City Council to determine program parameters, such as the type(s) of residential products eligible for incentive.

Additional Considerations	<p>Benefits</p> <ul style="list-style-type: none"> ▪ Reduced up-front costs for developers can enable quicker development timeframe and increase the availability of property to be taxed. <p>Drawbacks</p> <ul style="list-style-type: none"> ▪ Need to identify funding source for financing; City does not have vast resources available to finance SDCs and has annual debt service obligations. ▪ Reduces the availability of SDC funds over the short term.
Target Income	< 80% of MFI
Timeline	2019
Area of Applicability	All Residential Housing Products
Scale of Intended Impact	High
Performance Measure	Evaluate these types of changes to SDC policy and decide whether to permanently adopt changes to the City’s SDC policies.

3.1g Evaluate Opportunities for a System Development Charge Reduction Program to Lower Development Costs for Affordable Housing Non-Profits (e.g. Housing Works)

Rationale	Lead
<p>To stimulate and incentivize development of waiving SDCs should be carefully considered for housing whose financial feasibility is marginal at best. Based on the Residual Land Value Analysis that was completed for the Housing Action Plan, the City should consider waiving SDCs for small lot single-family dwellings, for apartments (garden apartments and compact garden apartments), and for government subsidized housing.</p>	<p>City of Madras Community Dev. & Public Works Depts.</p>
Description of action	
<p>Based on the guidance from the Residual Land Value Analysis and the known continued difficulties in financing government subsidized housing, the City is to determine what types of housing products are eligible for SDC waivers, determine how many waivers will be given annually, and how the waivers will be granted.</p>	
Implementation Steps	<ul style="list-style-type: none"> ▪ Determine which housing products need SDC waivers the most to allow them to move forward with development. ▪ Decide the process for which the SDC waivers will be granted. ▪ Evaluate and establish the criteria and conditions for offering SDC waivers, such as for development of particular housing types or in areas where the City wants to encourage development or redevelopment. ▪ Modify the City’s SDC policies to reflect the desired changes to the policies.
Additional Considerations	<p>Benefits</p> <ul style="list-style-type: none"> ▪ Reduces significant costs for most financially challenging forms of housing development. ▪ Reduces up-front costs for developers. Enables quicker development timeframes and increases the availability of property to be taxed. <p>Drawbacks</p>

	<ul style="list-style-type: none"> ▪ City will need to forgo SDC revenue while maintaining its debt service obligations for past infrastructure investments for which SDC revenues are used pay annual debt payments.
Target Income	< 60% of MFI
Timeline	2019
Area of Applicability	Government subsidized housing
Scale of Intended Impact	Moderate
Performance Measure	Evaluate and decide whether to offer SDC waivers and, if so, under what conditions to offer the waivers.

3.1h Update SDC Ordinance to Provide Credit for Adjacent Street Improvements

Rationale	Lead
The City wishes to revise the SDC ordinance to provide credits to developers for adjacent street improvements, based on the width of improved right-of-way (i.e. 50% or 75%).	City of Madras Public Works Dept.

Description of action

Public Works will revise the SDC ordinance to clarify what credit the City can give a developer for adjacent street improvements. Public Works will present City Council with a draft ordinance for Council’s consideration.

Implementation Steps	<ul style="list-style-type: none"> ▪ Identify current challenges within the existing ordinance. ▪ Identify needed changes to the SDC ordinance. The City will justify changes with appropriate rationale or case studies. ▪ Engage developers, homebuilders, and other stakeholders to review and provide feedback on the identified challenges and the proposed SDC ordinance changes. ▪ Prepare a draft ordinance for Council consideration.
Additional Considerations	<p>Benefits</p> <ul style="list-style-type: none"> ▪ Allows the City to credit developers for adjacent street improvements. ▪ Incentivizes development of complete street improvements. <p>Drawbacks</p> <ul style="list-style-type: none"> ▪ May reduce SDC revenues that the City collects. This may affect the City’s ability to meet annual debt service obligations.
Target Income	All Income Levels
Timeline	2019
Area of Applicability	Residential Zones; Infrastructure
Scale of Intended Impact	Moderate
Performance Measure	The City provides SDC credits to developers for adjacent street improvements.

Objective 3.2. Encourage development of new, relatively affordable housing

Evaluate Opportunities for Land Assembly to Support 3.2a Development of Housing Affordable to Moderate- and Low- Income Households

Rationale	Lead
<p>The cost of land can be a large contributor to the cost of development. Using public resources to assemble land can increase the financial feasibility of developing affordable housing for low- and moderate-income households.</p>	<p>City of Madras Community Dev. Dept.</p>

Description of action

The City can assist in development of affordable housing for low- and moderate-income households through land assembly. This may include disposition of publicly-owned surplus land and land in private ownership. The City should identify opportunities for land assembly, especially in areas where the city wants to see development or redevelopment, such as in or near downtown.

The City can provide technical assistance with the process of acquiring a private parcel for redevelopment or combining parcels together into one developable site. Other times, the public sector acquires the parcel(s), combines them, and sells to a private party. Land assembly also enables the disposal of publicly owned land that is no longer needed for its intended purpose, so that it can be better used for residential development.

Implementation Steps

- Inventory publicly and privately-owned properties in areas ripe for land assembly and development of housing affordable to low- and moderate-income households.
- Identify adjacent parcels of land that could feasibly be developed or redeveloped, working with property owners of these properties.
- Identify funding sources to support purchasing privately owned land, such as tax increment financing.
- As opportunities allow, acquire the land (that is not publicly-owned) to assemble the properties. This could involve forming a land bank.
- Market the newly assembled property(s) to developers. Consider an RFP to solicit redevelopment proposals.

Additional Considerations	<p>Benefits</p> <ul style="list-style-type: none"> ▪ Can help overcome development feasibility challenges by lowering land costs through land write-downs or ground leases. ▪ Reduces development costs. ▪ Gives the public-sector leverage to achieve its goals for the development via development agreement process with developer. <p>Drawbacks</p> <ul style="list-style-type: none"> ▪ Public agencies sometimes buy land at the appraised value because they want to achieve multiple goals - which can impact costs of future public and private acquisitions. ▪ Requires careful underwriting and program administration to reduce public sector risk and ensure program compliance.
Target Income	< 80% of MFI
Timeline	On-Going
Area of Applicability	Medium and High-Density Residential Zones, Commercial Zones
Scale of Intended Impact	Low to Moderate
Performance Measure	Land is assembled, and development of that land occurs.

Evaluate Opportunities for Land Banking to Support 3.2b Development of Housing Affordable to Moderate- and Low- Income Households

Rationale	Lead
Land banks support affordable housing development by reducing or eliminating land cost from development.	City of Madras Community Dev. Dept.

Description of action

The City of Madras will consider land bank models to support affordable housing developments. While land banks can take many forms, many are administered by a non-profit or non-governmental entity with a mission of managing a portfolio of properties to support affordable housing development over many years or decades. The City may consider partnering with a formal land bank, or similar regional non-profits with similar strategic purpose, to help manage resources, including strategic property disposal, for the explicit purpose of supporting affordable housing development.

The City can also consider a less formal approach. The City could partner with a land banking entity but in a more supportive capacity. For instance, the City could donate or sell underutilized land as they have done in the past with Central Oregon Regional Housing Authority (Housing Works). The City may also consider increasing the amount of land acquired and donated to the land bank through use of community development funds.

Implementation Steps	<p>A city may consider three general options for implementing land bank practices:</p> <ul style="list-style-type: none"> ▪ Partner with / contribute funds to an existing non-profit land banking entity or participate in the formation of a new non-profit land bank if one does not exist with sufficient capacity to serve Madras. Partnering is the most administratively efficient of the potential approaches to land banking. ▪ Land bank informally using land that is already publicly-owned, or by acquiring new land. This approach could work well for individual developments. However, without a separate governance structure, it may be difficult to maintain focus on using publicly-owned land consistently for affordable housing across changes in elected leadership and as market cycles progress through peaks and troughs. ▪ Create a city-run affordable housing land bank. The City of Eugene provides one local example. Another pathway is to form a Land Bank Authority (LBA), using statutory authority recently
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	<p>provided by the Oregon Land Bank Authorities Bill. LBAs are boards that purchase and acquire environmentally contaminated properties (“brownfields”) and promote their rehabilitation and development. LBAs could focus on leveraging federal clean-up dollars for affordable housing projects, creating a governance structure that can focus explicitly on land banking over time.</p>
Additional Considerations	<p>Benefits</p> <ul style="list-style-type: none"> ▪ Can greatly lower costs for the owner of the planned development. ▪ In interviews, developers listed land donation or write down as among the most critical tools for supporting affordable housing production. ▪ Can manage land as a portfolio of properties, employing a strategy of buying when land prices are low and holding for desired market conditions in the future. ▪ If donating surplus land, the donation/disposition can relieve the upkeep costs for the city. ▪ Can control the location of the development within the city. ▪ Can leverage federal, philanthropic or private (if a non-governmental organization), or other sources of funding for land acquisition. <p>Drawbacks</p> <ul style="list-style-type: none"> ▪ Requires political commitment over time and across market cycles. ▪ Donating surplus land might require the coordination between multiple departments. ▪ Purchasing new land requires the additional step of finding and securing the property and funding land acquisition and due diligence. ▪ Administering a land-bank can be costly.
Target Income	< 120% of MFI or < 80% of MFI
Timeline	On-Going
Area of Applicability	Madras UGB-wide Initiative
Scale of Intended Impact	Depends on the size and success of the land bank
Performance Measure	Decision to form or support a land bank initiative

Evaluate Opportunities for Multiple Unit Tax Exemption

3.2c Program to Support Development of Multifamily Housing Affordable to Moderate- and Low-Income Households

Rationale	Lead
Supports development multifamily housing developments in select areas of the community by offering a multiyear tax exemption.	City of Madras Community Dev. Dept.

Description of action

The Multiple Unit Tax Exemption (MUPTE) can incentivize diverse housing options in areas lacking in housing choices or with little housing affordable to moderate- and middle-income households. Through a competitive process, multifamily projects can receive a property tax exemption for up to ten-years on structural improvements to the property. The City would to shape the tax exemption program to achieve its goals by controlling the geography of where the exemption is available, application process and fees, program requirements, criteria (return on investment, sustainability, inclusion of community space, percentage affordable or workforce housing, etc.), and program cap. The City can select projects on a case-by-case basis through a competitive process. All new multifamily units that are built or renovated that offer rent below 120% of AMI are potentially eligible for this tax exemption.

Implementation Steps	<ul style="list-style-type: none"> ▪ Select the tax abatement program the city prefers to implement. ▪ Identify the area of the city within which it proposes to allow exemptions. Madras may designate the entire city or a predetermined area. ▪ Set the program criteria, such as: density parameters, affordability requirements, design standards, and rental rates/sale prices, etc. ▪ Pursue program adoption by resolution or ordinance.
Additional Considerations	<p>Benefits</p> <ul style="list-style-type: none"> ▪ Tax abatements positively impact the feasibility of projects where market-rate projects are feasible and can help cross-subsidize the affordable units. ▪ City-controlled on project-by-project basis. ▪ Does not require active ground floor use. ▪ Possible flexibility to tailor length of exemptions on a case-by-case basis, depending on the project benefits to the public. ▪ The city can set an annual cap on the total amount of tax exemptions in any given year for all projects.

	<p>Drawbacks</p> <ul style="list-style-type: none"> ▪ Requires regular reporting. Property owners must submit to city annual audited financial statements, tax returns and ten-year operating cash flow with current rate of return. ▪ Depending on the project criteria, can be a highly competitive process among development projects. ▪ City must weigh the temporary (up to 10 years) loss of tax revenue against the potential attraction of new investment in targeted areas. ▪ Reduces general fund revenues for all overlapping taxing districts, which could make it harder to promote the tool to partner jurisdictions that do not perceive the same project benefits. ▪ Can be competitive, depending on the criteria that an outline. ▪ If a city also seeks abatement from overlapping taxing districts, requires a lengthy approval process. ▪ Some programs have requirements for local and minority businesses to complete a portion of project construction, which can extend development timelines and costs.
Target Income	< 120% of MFI
Timeline	On-Going Completed after the City’s Development Code is updated to improve multi-family (4+ units) development standards.
Area of Applicability	Multifamily development in Residential or Commercial zones
Scale of Intended Impact	Low to Moderate
Performance Measure	Council approval of MUTEF program and City award of tax abatement for a multi-family residential development.

3.2d Contract with Developer to Build New Housing

Rationale	Lead
To take more aggressive action if previous efforts to encourage and incentive sufficient levels of new housing is unsuccessful.	City of Madras Community Dev. & Public Works Depts.

Description of action

If other efforts outlined in this action plan fail to provide sufficient levels of new housing, the City should contract with developers to build new housing. The City's intent should be to sell the housing units, rather than manage or maintain the units into the future.

Implementation Steps	<ul style="list-style-type: none"> ▪ Evaluate an area to acquire property, provide infrastructure, and plat a subdivision(s). ▪ Determine and develop clear requirements or standards for developers to follow as they build the housing units. ▪ Sell lots to developers so they may build housing units.
Additional Considerations	<p>Benefits</p> <ul style="list-style-type: none"> ▪ Reduces developer costs and improves serviceability of land. ▪ City will have the ability to ensure new housing units are constructed to meet workforce housing needs. <p>Drawback</p> <ul style="list-style-type: none"> ▪ The City's strength is not housing development. Taking a more active role in housing development will present greater financial risk to the City.
Target Income	All Income Levels
Timeline	On-Going
Area of Applicability	Residential Housing Products
Scale of Intended Impact	High
Performance Measure	The City develops housing units.

Objective 3.3. Preserve existing housing

3.3a Evaluate Development of a Rental Housing Maintenance Code	
Rationale	Lead
Adoption of a Rental Housing Maintenance Code is needed to improve Madras’ rental housing stock and the health, safety, and wellbeing of residents that rent in Madras. Area employers cited the condition of Madras’ housing stock as a concern.	City of Madras Community Dev. Dept.
Description of action	
<p>A Rental Housing Maintenance Code is an adopted ordinance which requires landlords to maintain their rental properties to particular habitability standards. A maintenance code will help renters and property owners communicate and resolve issues without city involvement / legal action. It will allow the City to more effectively resolve landlord-tenant disputes regarding the conditions of a dwelling rather than solely relying upon the Nuisance abatement process.</p> <p>For example, the City of Eugene implemented a similar program in 2005 (Eugene Code 8.400 – 8.440). Eugene’s program covers 10 areas: heating, plumbing, security, electrical, appliances, smoke detection, structural integrity, weatherproofing, carbon monoxide alarms, and rats. Complaints to the City of one or more violations can only be made by a party listed on the current rental agreement. Any complaints are processed by the city manager who will investigate the complaint and initiate an inspection to confirm the validity of the complaint. If the complaint is valid, the City will notice the property owner or owner’s agent of the violation. The notice will include direction to complete required repairs by a certain date. A property owner or owner’s agent does have the right to appeal. Program funds derive from annual fees paid by the property owner, with a \$10 fee per year per property to fund the administration of the program.</p>	
Implementation Steps	<ul style="list-style-type: none"> ▪ Develop program standards for the City of Madras, possibly using the City of Eugene’s program as a model. ▪ Determine administrative details of the code, such as the fee rate for landlords, how funds will be collected, how program funds will be spent. ▪ Develop a rental maintenance code ordinance and pursue adoption. This ordinance will trigger inspections. ▪ Educate landlords and the public about the new program and how it will be enforced.

Additional Considerations	<p>Benefits</p> <ul style="list-style-type: none"> ▪ Alleviate tensions between renters and property owners with clear and objective standards for maintenance of rental housing. ▪ More effectively resolve landlord-tenant disputes regarding housing conditions.
Target Income	All Income Levels
Timeline	2022 through 2023
Area of Applicability	Renter-Occupied Housing
Scale of Intended Impact	Moderate
Performance Measure	Adoption of a Rental Housing Maintenance Ordinance. Improved housing conditions and more effective dispute resolution.

3.3b Evaluate Development of a Homeownership Improvement Fund to Support Maintenance of Existing Owner-Occupied Housing

Rationale	Lead
To support low-income homeowners by providing grants or loans that help households make necessary improvements to their home (e.g. weatherization) to help maintain the housing stock.	City of Madras Community Dev. Dept.

Description of action

Neighborhood Impact’s weatherization program and energy conservation class provides education to homeowners on home energy conservation and grants and loans for home energy improvements. This program helps income-eligible households make key improvements that keep homes warmer while lowering energy bills. The City of Madras will partner with Neighborhood Impact to support existing and new programs that offer funding assistance.

Implementation Steps	<ul style="list-style-type: none"> ▪ Identity existing programs and populations served. ▪ Work with Neighborhood Impact to develop an outreach strategy that allows the City to assist in educating residents about existing programs. ▪ Continued City support of Neighborhood Impact to acquire funding to fund local home improvements.
Target Income	All Income Levels
Timeline	On-Going
Area of Applicability	Qualifying Low-Income Owner-Occupied Units
Scale of Intended Impact	Moderate
Performance Measure	City of Madras utilization rates of Neighborhood Impact funding for these purposes. Improve housing conditions for low-income home owners.

Goal 4. Providing funding to support the development of housing at all income levels

Developers are increasingly unable to access the capital financing sources needed to develop housing affordable to moderate- and middle-income households (with income between \$30,000 and \$50,000) and lower-income households (with income below \$30,000). As federal affordable housing funds decrease, local governments increasingly find themselves in the position to financially support the development of these units. Local financing resources can complement state and federal funds (gap funds or leverage) or offset development costs making projects more financially feasible.

The purpose of Goal 4 is to provide options to support development of housing affordable to moderate- and middle-income households (with income between \$30,000 and \$50,000) and lower-income households (with income below \$30,000).

Objective 4.1. Identify funding sources to support development of market-rate affordable housing and government-subsidized affordable housing

4.1a Evaluate Opportunities for New or Expanded Urban Renewal Area to Support Development of Housing	
Rationale	Lead
Evaluate the creation of a new Urban Renewal Area or expansion of the existing Urban Renewal Area (URA) to build needed infrastructure to support the development of multifamily housing.	City of Madras Community Dev. and Finance Dept.
Description of action	
<p>Evaluate whether a new or expanded Urban Renewal Area would produce sufficient revenue to fund the public sewer, water, and roads needed to support housing development in Madras. Assess support from other taxing districts for a potential new URA.</p> <p>The existing Madras Urban Renewal Area (URA) is 269 acres, with the northern boundary at NW Lee Street and the southern boundary at SW Merritt Lane. State law limits URAs to 25% of a city’s acreage and / or assessed value. As the City’s current URA is 9% of the City’s acreage, and 11% of the City’s assessed value, Madras’ URA can be further expanded.</p> <p>If the City expands the URA by 1% or more (in Madras’ case, an expansion of about 3 acres), the City must complete a “substantial amendment” to the City’s existing Urban</p>	

Renewal Plan. Such an amendment will require public meetings, recommendations by the Planning Commission, financial and other analysis, and consultation with overlapping taxing jurisdictions.

City staff have identified a potential area for expansion of the URA in the northern part of Madras. The area is a mixture of existing housing and undeveloped (or underdeveloped) lots. This area could provide opportunity for development of new multifamily housing, in an area relatively close to Madras’ downtown.

<p>Implementation Steps</p>	<ul style="list-style-type: none"> ▪ Identify areas that need infrastructure to support additional residential development. ▪ Determine if the existing Urban Renewal Area can be expanded to include the residential areas that need significant improvement or if a new Urban Renewal Area (URA) needs to be created. ▪ Coordinate closely with overlapping taxing districts to ensure their support for an expansion of the URA. ▪ Project tax increment finance revenues and estimate infrastructure project costs to determine feasibility.
<p>Additional Considerations</p>	<p>Benefits</p> <ul style="list-style-type: none"> ▪ Over the long term (most districts are established for a period of 20 or more years), the district could produce revenues for capital projects. ▪ TIF can be used to help pay for infrastructure improvements and provide loans/grants for new development. ▪ Among the most flexible capital funding sources. <p>Drawbacks</p> <ul style="list-style-type: none"> ▪ Complex process requires extensive public involvement and community support, especially from other taxing jurisdictions. The City would need to explore options with county officials and elected leadership and meet with overlapping taxing entities. ▪ Use of urban renewal can be politically contentious because of its impact on funds available to overlapping taxing districts, and because of historical use of urban renewal to transition property from private to public ownership.
<p>Target Income</p>	<p>All Income Levels</p>
<p>Timeline</p>	<p>2019 Q1 through Q2</p>
<p>Area of Applicability</p>	<p>Residential Zones; Infrastructure</p>

Scale of Intended Impact	Moderate
Performance Measure	Decision to begin the process to expand the City's urban renewal area or not, or whether to form a new urban renewal area (or not). If the City chooses to expand it, complete the substantial revision to the Urban Renewal Plan.

4.1b Expand or Create New Urban Renewal Area to Support Development of Housing

Rationale	Lead
If deemed reasonable and feasible by Action 4.1a, expand existing or create new urban renewal area (URA) to build the needed infrastructure that does not currently exist but that would support the development of multifamily housing.	City of Madras Community Dev. and Finance Dept.

Description of action

If a new or expanded URA is needed (as determined by Action 4.1a), the City should carefully consider the impacts to the overlapping taxing districts and to the Urban Renewal Authority's maximum indebtedness.

In compliance with state statutes (see ORS 457.085), the City will need to develop an urban renewal plan and report that describes and defines projects and finances. In addition to other requirements, development of a plan must provide public involvement at all stages. As such, the process of development and adoption of the plan can take nine months to one year to complete. The process is slightly different for expanding an existing URA, rather than create a new URA, but still requires a substantial amount of work and public involvement.

The new URA needs to focus on new residential development that is owned by businesses or organizations that pay property taxes. Providing infrastructure to tax-exempt organizations will not lead to additional tax increment for the new URA and will hinder its ability to retire debt by solely relying upon tax increment revenues.

Implementation Steps	<ul style="list-style-type: none"> ▪ Develop Plan for a new URA, or to amend existing URA plan. ▪ Allow legal counsel to review the Plan. Allow sufficient opportunity for public input and feedback. ▪ Propose expanding the existing URA or creating a new URA to the Urban Renewal Agency and City Council.
Additional Considerations	<p>Benefits</p> <ul style="list-style-type: none"> ▪ Direct investment through urban renewal can help improve a blighted or underused area of a City. This has the added benefit of incentivizing new growth and development and attracting new residents and businesses. ▪ Urban renewal investment helps to increase property values which improves the City's property tax rolls (once the urban renewal area expires).

	<p>Drawbacks</p> <ul style="list-style-type: none"> ▪ Defers property tax accumulation by the local taxing districts until the urban renewal district expires or pays off bonds. ▪ Due to the sometimes slow or indirect nature of property tax growth in relation to targeted projects, urban renewal can often take five or more years to produce meaningful levels of revenue resulting in loss of project alignment.
Target Income	All Income Levels
Timeline	2019 Q2 through 2021 Q2
Area of Applicability	Residential Zones; Infrastructure
Scale of Intended Impact	Moderate
Performance Measure	New urban renewal area is formed. Projects defined in the plan include infrastructure needed to support housing development.

4.1c Evaluate Opportunities for a Construction Excise Tax to Support Development of Housing Affordable to Moderate- and Low-Income Households

Rationale	Lead
To support affordable housing development and other initiatives by pooling funds aimed at serving low-income households.	City of Madras Community Dev. and Finance Dept.

Description of action

CET is a development-driven funding tool. It 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.

State statute defines the allowed uses of CET funds. The City may retain 4% of funds generated to cover administrative costs. The funds remaining must be allocated as follows, if the City uses a residential CET:

- 50% must be used for developer incentives (e.g. fee and SDC waivers, tax abatements, etc.)
- 35% may be used flexibly for affordable housing programs, as defined by the jurisdiction.
- 15% flows to Oregon Housing and Community Services for homeowner programs.

If the City implements a CET on commercial or industrial uses, 50% of the funds must fund programs of the city or county related to housing and the remaining funds are unrestricted (i.e. not restricted to housing).

If CET is desired by the City, it should engage the Central Oregon Builders Association (COBA). Prior guidance from COBA to the City included COBA's desire to see a plan that articulates the need for CET revenue, the intended uses of CET revenues, and the allocation

method of CET revenue. If the City develops a CET plan with strong justifications that CET responds to local needs, stakeholders are more likely to support the creation of a CET.

Implementation Steps	<ul style="list-style-type: none"> ▪ City Council will determine whether to evaluate implementation of a CET. If CET will be researched and implemented. ▪ If City Council chooses to pursue adoption of a CET, work with stakeholders to develop the rules and program to implement CET. Determine what use (zone) CET will be tied to. Justify the rationale for the tax amount, for example 1% vs 0.5%. Estimate the revenue resulting from the CET. ▪ Create a plan for the CET in collaboration with stakeholders and determine how to use CET funds. ▪ Work with stakeholders to develop buy-in from community prior to CET adoption through proactive outreach to stakeholders.
Additional Considerations	<p>Benefits</p> <ul style="list-style-type: none"> ▪ Community can implement public projects that can in turn catalyze other development (e.g. affordable housing) <p>Drawbacks</p> <ul style="list-style-type: none"> ▪ In tight markets, will be passed on in the form of higher housing costs.
Target Income	< 80% of MFI
Timeline	2022 through 2023
Area of Applicability	Residential, Commercial, and/or Industrial Zones
Scale of Intended Impact	Low
Performance Measure	Decision to implement a construction excise tax or not.

Appendix B. Action Item Timeline

Appendix B outlines a timeline for each action item. The timeline is color coded to communicate (1) phasing of certain actions to directly increase housing affordable to households earning between 80% - 120% of Median Family Income and (2) City of Madras department responsible for initiating actions.

Phasing of Actions to directly Increase Workforce Housing

- Phase I Action items
- Phase II Action items—To be initiated if Phase I actions are not effective
- Phase III Action items—To be initiated if Phase III actions are not effective

Responsible Department for Action

- Community Development
- Public Works
- Community Development & Public Works

Actions by Objective	On-Going	2019				2020				2021				2022				2023				5+ Years
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Objective 1.1. Identify barriers and remove barriers to housing development in Madras' zoning code																						
1.1a Audit and Amend Development Codes																						
1.1b Clarify Standards for "Missing Middle" Housing Types																						
1.1c Evaluate Development of Cottage Housing Development Standards																						
1.1d Evaluate Permitting Multifamily Housing in C-2 and C-3 Districts																						
1.1e Evaluate Development of an Exclusive Multifamily Zone																						
Objective 1.2. Improve permitting and processing procedures																						
1.2a Streamline Building Permit Review Process																						
1.2b Create Development Application Quick Response Team																						
1.2c Create Summaries and Guidance on the Development Process																						
Objective 2.1. Collaborate with external organizations to meet Madras' housing needs																						
2.1a Identify Partnerships with Area Employers to Increase Development of Housing Affordable to Workers at Madras Businesses																						
2.1b Develop and Implement Workforce Housing Marketing Plan																						
2.1c Evaluate Opportunities to Encourage Development of Previously Permitted Subdivisions																						
2.1d Develop Utility Assistance Program to Supplement Neighborhood Impact Energy Assistance Program																						
Objective 2.2. Collaborate with external organizations to reduce homelessness in Madras																						
2.2a Evaluate Opportunities to Support Transitional & Supported Housing for Veterans																						
2.2b Identify Opportunities to Partner with Faith-Based Organizations																						
2.2c Evaluate Opportunities to Support Transitional Housing for Vulnerable Populations																						
2.2d Evaluate Opportunities to Support Development of Permanent Housing for Seniors and Persons with Disabilities																						
2.2e Identify Barriers to Alleviate in Madras' Development Code to be Responsive to Homeless Housing and Service Providers																						
Objective 3.1. Coordinate infrastructure development with opportunities for housing development																						
3.1a Review Street Standards to Lower Development Costs																						
3.1b Review Stormwater Management Standards to Lower Development Costs																						
3.1c Apply for Sewer Infrastructure Grant/Loan Funds to Encourage Housing Development																						
3.1d Upon Execution of Developer Agreement + Funding Awarded from State (see action 3.2d), Design and Construct Sewer Infrastructure to Assist Housing Projects																						

Actions by Objective	On-Going	2019				2020				2021				2022				2023				5+ Years
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
3.1e Identify Investment Areas for Infrastructure Funding Options to Increase Opportunities for Housing Development		■	■	■	■																	
3.1f Temporarily Reduce System Development Charges and Evaluate Impact of Changed Methodology		■																				
3.1g Evaluate Opportunities for a System Development Charge Waiver Program to Lower Development Costs for Affordable Housing Non-Profits (e.g. Housing Works)		■	■	■	■																	
3.1h SDC Ordinance Update to provide Credit for Adjacent Street Improvements		■	■																			
Objective 3.2. Encourage development of new, relatively affordable housing																						
3.2a Evaluate Opportunities for Land Assembly to Support Development of Housing Affordable to Moderate- and Low-Income Households	■																					
3.2b Evaluate Opportunities for Land Banking to Support Development of Housing Affordable to Moderate- and Low-Income Households	■																					
3.2c Evaluate Opportunities for Multiple Unit Tax Exemption Program to Support Development of Multifamily Housing Affordable to Moderate- and Low-Income Households	■		■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
3.2d Contract with Developer to Build New Housing	■																					
Objective 3.3. Preserve existing housing																						
3.3a Evaluate Development of a Rental Housing Maintenance Code														■	■	■	■	■	■	■	■	■
3.3b Evaluate Development of a Homeownership Improvement Fund to Support Maintenance of Existing Owner-Occupied Housing	■																					
Objective 4.1. Identify funding sources to support development of market-rate affordable housing and government-subsidized affordable housing																						
4.1a Evaluate Opportunities for New Urban Renewal Area to Support Development of Housing Affordable to Moderate- and Low-Income Households		■	■																			
4.1b Create New Urban Renewal District to Support Development of Housing Affordable to Moderate- and Low-Income Households				■	■	■	■	■	■	■	■	■										
4.1b Evaluate Opportunities for a Construction Excise Tax to Support Development of Housing Affordable to Moderate- and Low-Income Households													■	■	■	■	■	■	■	■	■	■

Appendix C. Land Availability

DATE: August 22, 2018
TO: Nick Snead, City of Madras
FROM: Bob Parker and Beth Goodman, ECONorthwest
SUBJECT: MADRAS HOUSING STRATEGY: LAND INVENTORY AND DEVELOPMENT
READINESS ASSESSMENT

The City of Madras last completed a housing needs analysis in 2007. The analysis concluded that the City had need for all types of housing, including single-family detached housing, single-family attached, and multifamily housing. It also concluded that Madras had need for housing for households with very-low income and for households with middle- and higher-incomes. Through a number of means, the City has identified a need for workforce housing, in addition to need for housing affordable to low-income households.

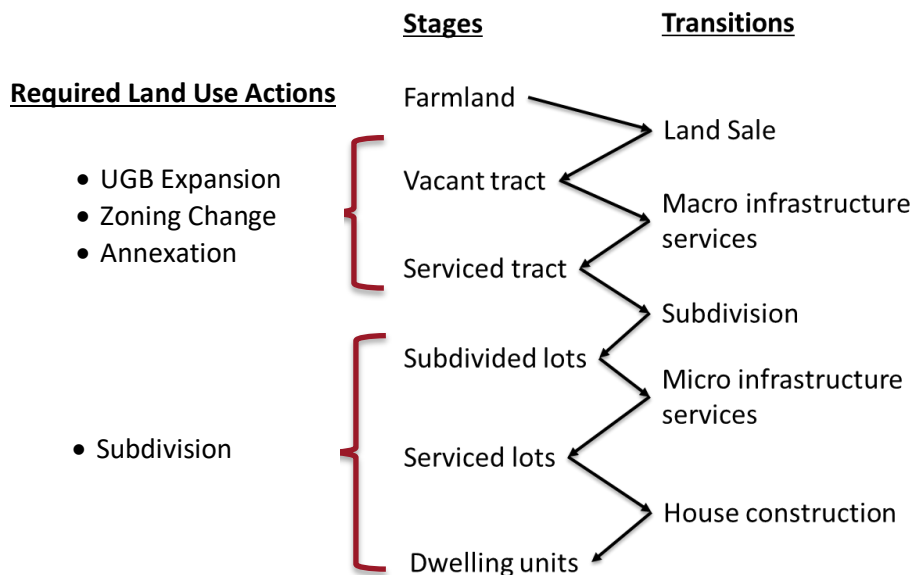
ECONorthwest is helping Madras to develop a housing strategy, with the intention of developing policies and an action plan to provide opportunities for development of more housing and especially more housing for low- and middle-income households. Housing strategies in Oregon generally focus on two broad issues: (1) increasing efficiency of land use in residential development; and (2) strategies that encourage development of affordable housing of low-income housing.

Task 2 of our work program requires us to (1) develop an updated residential buildable land inventory for Madras, and (2) conduct a high-level assessment of serviceability of buildable land. This memorandum summarizes the results of our Task 2 research.

Land Development Process

Before presenting the buildable land inventory results, it is useful to consider the land development process. What happens after land is added to the UGB? Figure 1 shows stages of land and hurdles that must be surmounted to move from one stage to another. The exhibit shows that land moves from farmland (the original state of the subject property) to dwelling units. Land starts as farmland is sold to development interests and becomes a vacant tract. Thus, the first transition is the sale of land from the farmer to another party. The land can now be considered a vacant tract, but it is not developable until services (arterial roads, sewer and water mains, etc.) are brought adjacent to the site. This transitions the land to a serviced site. The site is still not development ready—it must be subdivided into lots. At that point, more on site services must be developed to create serviced lots. These lots are then typically sold to homebuilders to construct dwellings. The key point is that land must be annexed and serviced before it can be made available to the private sector for development.

Figure 1. Stages and Transitions in the Land Development Process



Source: Knapp, 2001, Land Market Monitoring for Smart Urban Growth, page 245.

Land Available for Residential Development

The Oregon land use program requires cities to inventory vacant or partially vacant parcels regardless of their availability for development. Previous studies conducted by ECONorthwest for the City present buildable lands inventories that comply with statewide planning goals. That is not the intent with this analysis. This analysis us a more detailed assessment of land that is not only vacant and suitable for residential development, but also assesses the likelihood of the land being available for residential development in the short term (<5 years). The assessment uses ability to service the land and market availability as additional criteria.

As part of the 2007 Urbanization report, ECONorthwest developed a residential buildable lands inventory. We started with that inventory and updated it using 2018 data. The inventory focuses on parcels that are: (1) vacant or partially vacant, and (2) larger (using a minimum threshold of somewhere between two and five acres), largely unconstrained. The summary tables organize output by lot size to provide a sense of the distribution of vacant and partially vacant parcel sizes. We used constraint data from the previous buildable land inventories and conducted verification through inspection of aerial photos.

Figure 2 shows all residential land in the Madras UGB by development status. The inventory shows a total of 875 buildable acres in 729 tax lots. The inventory includes 658 acres in fully vacant lots.

Figure 2. Residential Land by Development Status, Madras UGB, 2018

Development Status	Tax Lots	Acres			
		Total	Developed	Constrained	Buildable
Developed	2,140	464	426	38	0
Full Constraint	4	4	0	4	0
Partially Vacant	114	258	29	13	216
Vacant	615	711	0	52	658
Total	2,873	1,437	454	107	875

Source: Analysis of Jefferson County Assessment Data by ECONorthwest.

Figure 3 shows all vacant and partially vacant tax lots by development status and size. The results show distributions of vacant and partially vacant land that are typical for Oregon cities. The majority of buildable land is in large lots (66% is in lots greater than 5 acres), while the majority of lots are small (84% of lots are smaller than one acre and 90% are smaller than two acres). This validates focusing further analysis and policy on larger lots.

Figure 3. Vacant and Partially Vacant Tax Lots by Development Status and Size, Madras UGB, 2018

Dev Status/Zoning	Size of Lot (Buildable Acres)					Total
	<2.0	>=2.0 And <5.0	>=5.0 And <10.0	>=10.0 And <20.0	>=20.0	
BUILDABLE ACRES						
Partially Vacant						
R1	50	38	15	24	66	193
R2	6	2		7		15
R3	5	3				8
Partially Vacant Total	60	43	15	31	66	216
Vacant						
R1	68	39	32	74	117	331
R2	27		18	4		49
R3	37	20	16	28	175	276
Vacant Total	133	59	67	107	291	657
Total	193	102	82	138	357	873
Percent of Total	22%	12%	9%	16%	41%	100%
NUMBER OF TAX LOTS						
Partially Vacant						
R1	73	14	2	2	2	93
R2	11	1		1		13
R3	6	1				7
Partially Vacant Total	90	16	2	3	2	113
Vacant						
R1	254	13	6	6	3	282
R2	119		4	1		124
R3	186	6	2	2	5	201
Vacant Total	559	19	12	9	8	607
Total	649	35	14	12	10	720
Percent of Total	90%	5%	2%	2%	1%	100%

Source: Analysis of Jefferson County Assessment Data by ECONorthwest.

Figure 4 through 6 are maps of the 2018 residential buildable land inventory. Figure 4 shows all residential land by development status. The map clearly shows areas of the community that are developed and areas that are vacant. Madras has a relatively compact urban form with most of the developed lots adjacent to one another and vacant lots on the fringe of the city limits and UGB.

Figure 5 shows vacant and partially vacant land by parcel size. Many of the larger parcels are on the fringe of the urban area.

Figure 6 shows only vacant residential tax lots over 2 acres by zone.

Figure 4. Map of Residential Land by Development Status, Madras UGB, 2018

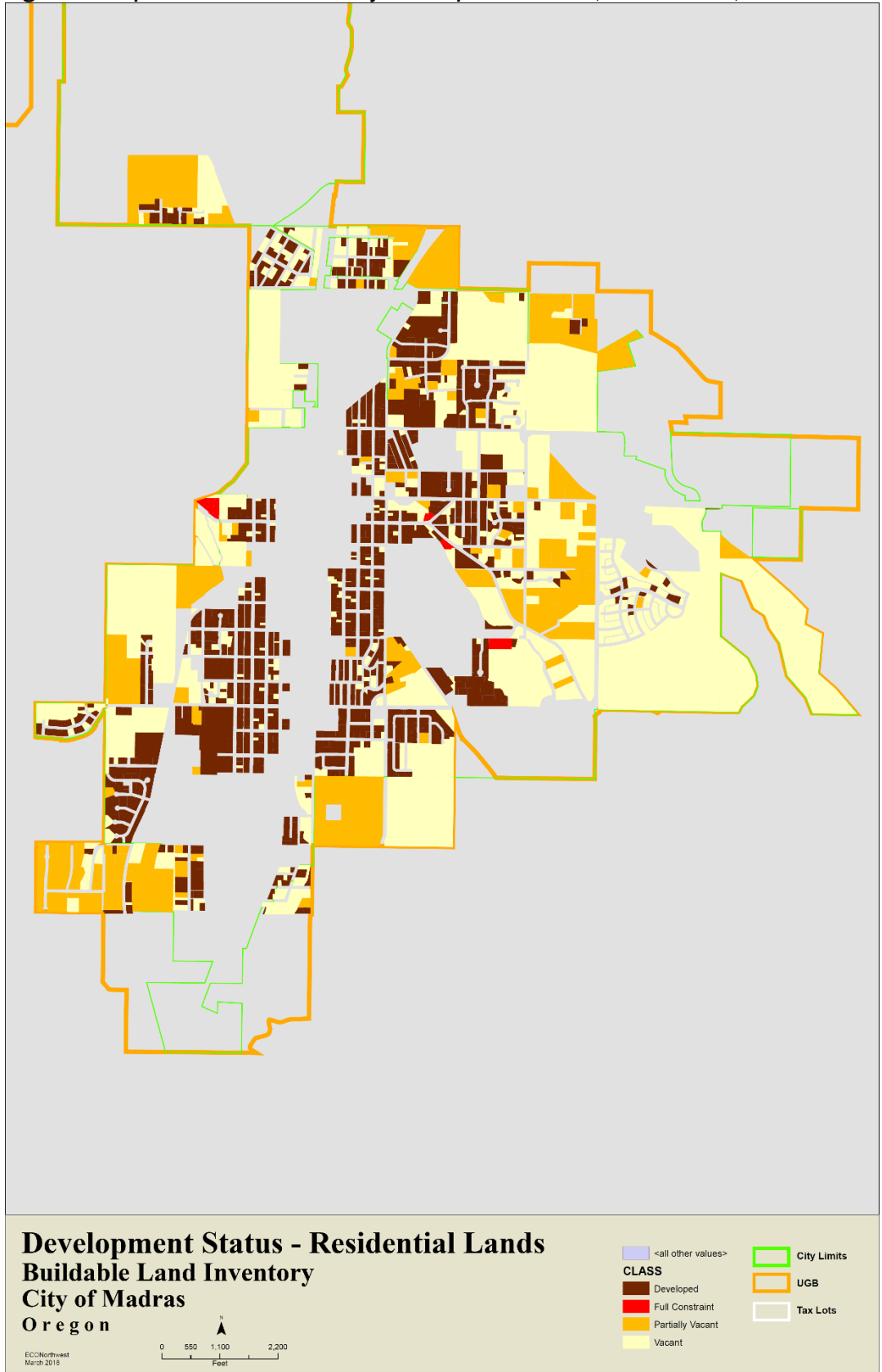


Figure 5. Map of Vacant and Partially Vacant Residential Land by Lot Size, Madras UGB, 2018

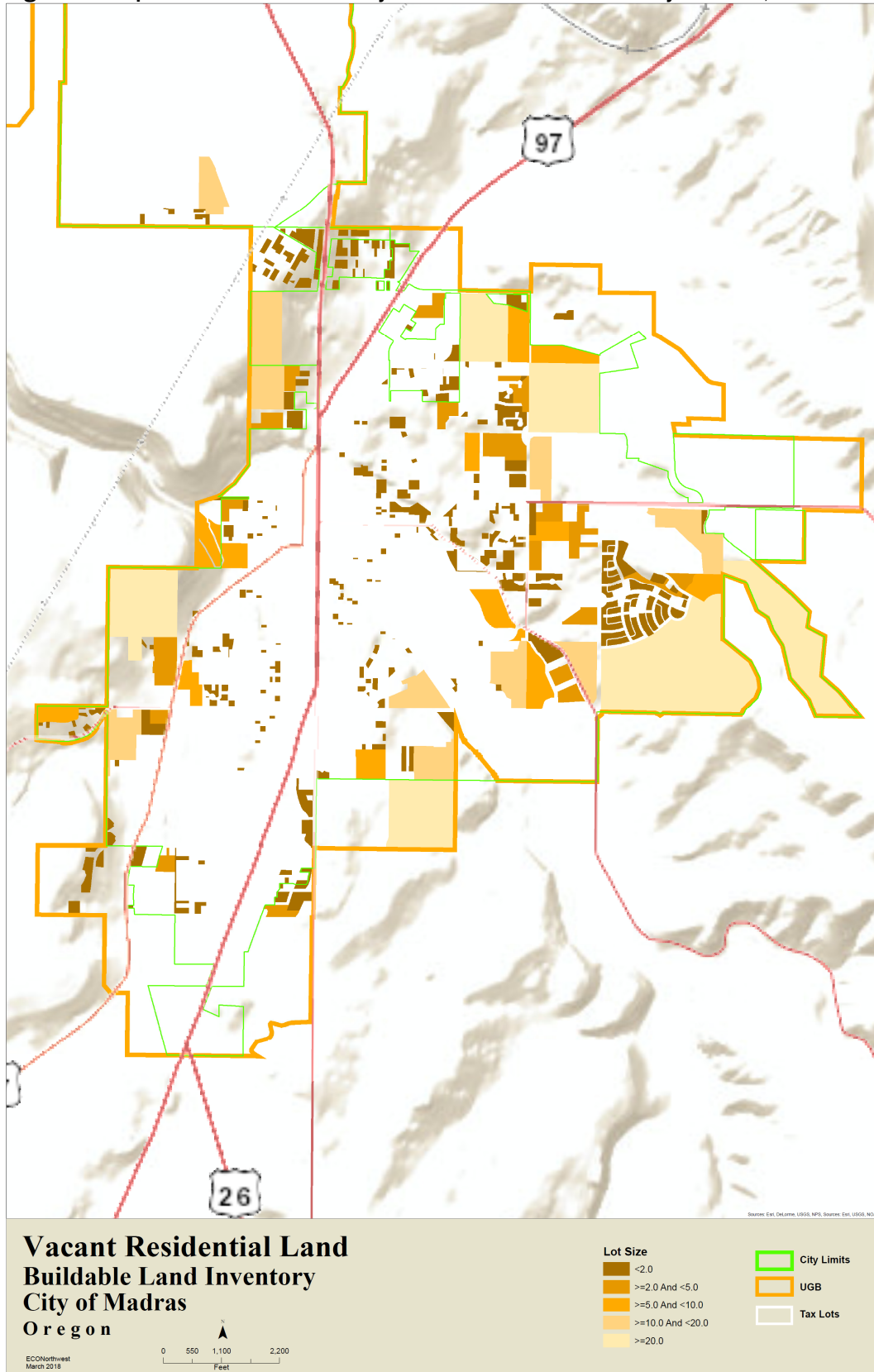
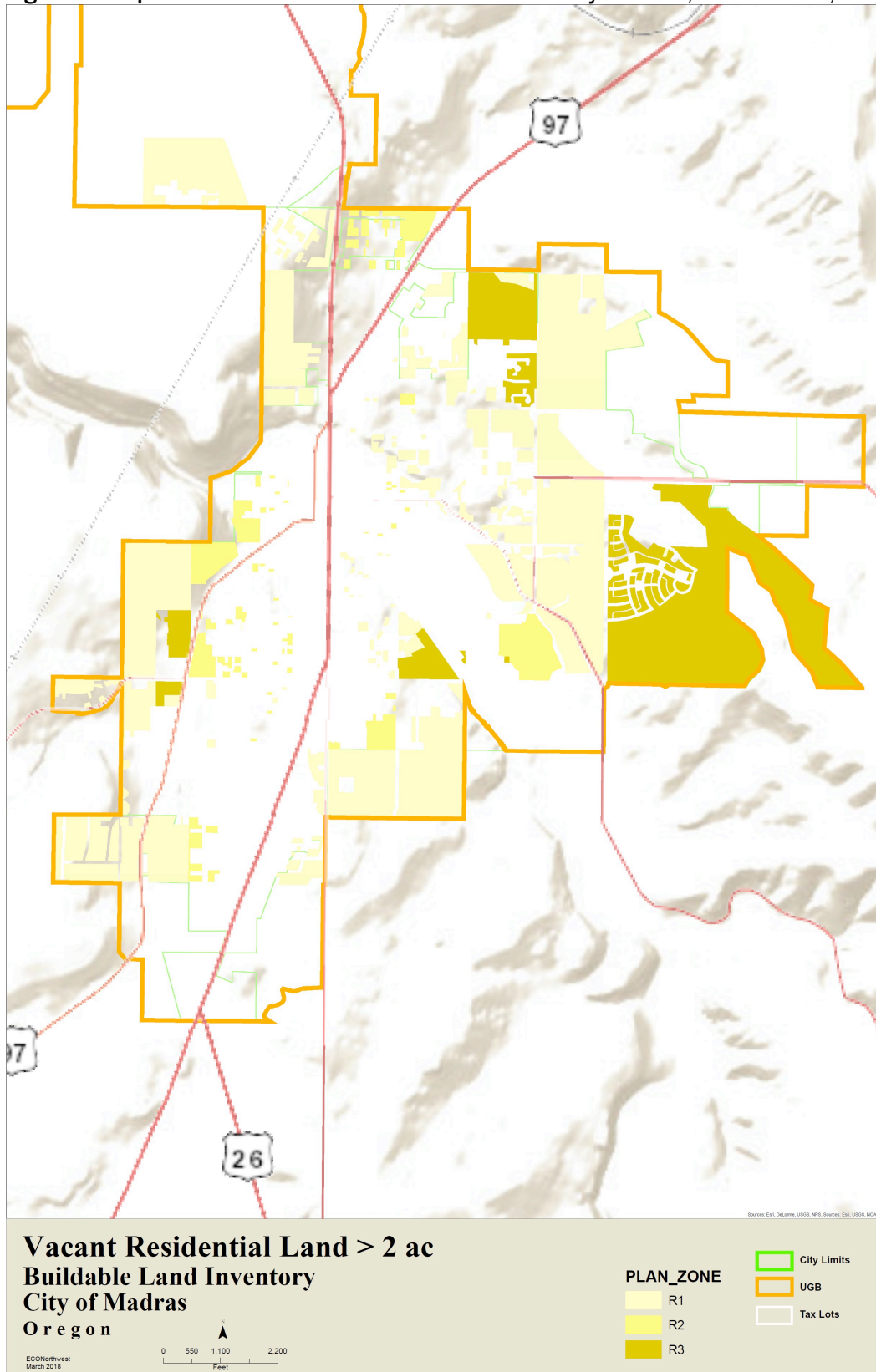


Figure 6. Map of Vacant Residential Lots Over 2 Acres by Lot Size, Madras UGB, 2018



Serviceability Analysis

In 2016, Madras City staff did an analysis of residential subdivision development timing for the City of Madras Waste Water Master Plan. The purpose was to estimate the timing of residential development and thereby estimate when wastewater improvements may be needed to serve new residential development. The analysis that follows largely builds off that work. The analysis specifically looked at wastewater and transportation service as it pertains to subdivision development. The city characterized the analysis as follows:

“The time period by which each subdivision will developed has been estimated (Figure 1 below) based on the required wastewater and transportation improvements associated with each subdivision. These costs are some of the most significant costs for residential development, whereby the lower the cost the easier and more likely a property is to be developed sooner than later.”

Figure 7 summarizes the key conclusion of the analysis. The results show potential capacity for 2,198 residential dwellings on vacant residentially zone properties in the Madras Urban Growth Boundary. Based on the classification of wastewater and transportation costs, there are 321 residential lots (92 acres) available in the short-term. Most of these lots are already platted and average about 0.2 acre. The data show two larger lots of about 20 acres each.

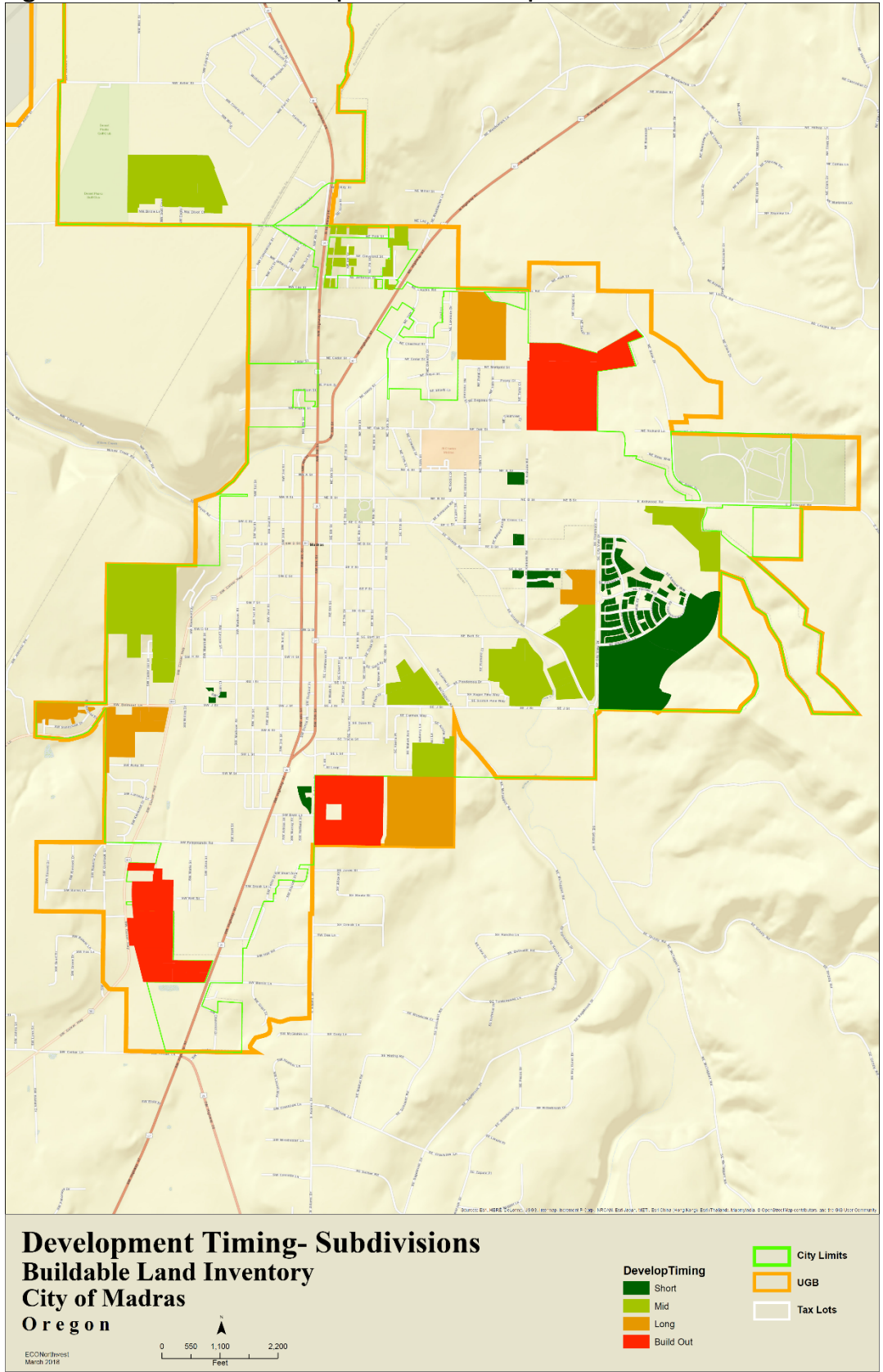
Figure 7. Number of Subdivision Lots by Development Timing, 2016

Development Timing	Total Lots	Total Acres
Short (0-5 yrs)	321	92
Mid (5-10 yrs)	930	199
Long (10-20 yrs)	446	96
Build Out (20+ yrs)	501	135
Total	2,198	522

Source: City of Madras Community Development Department, 2016.

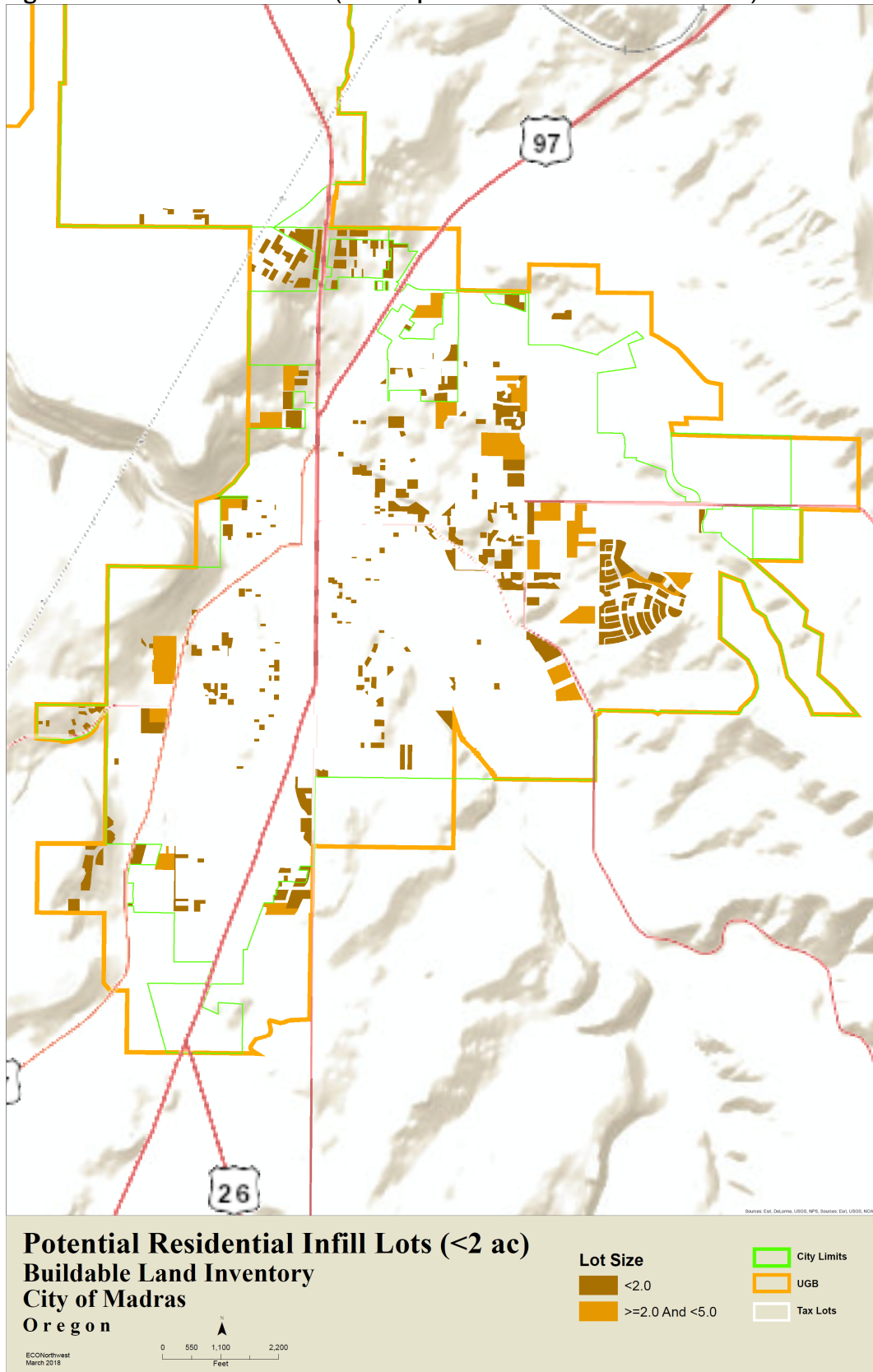
Figure 8 shows the location of lots shown in Figure 7 by development timing. Note that this analysis only includes larger lots identified by city staff in a 2016 analysis prepared for an update of the City’s Waste Water Master Plan. The results show that land in and adjacent to the Yarrow subdivision are most development ready. Lands ready for development in the mid-term are located in various areas near the fringe of the community.

Figure 8. Vacant Subdivision Properties and Development Readiness



While the city should develop strategies to service larger vacant properties for development readiness, the City should also focus efforts on infill residential development. Infill occurs on small lots that are already served with sewer, water, and streets—albeit gravel roads in some cases. Exhibit 9 shows vacant lots smaller than two acres in the Madras UGB. Madras has 559 vacant residential lots that encompass 133 acres. Many of these lots are fully serviced and development ready.

Figure 9. Potential Infill Parcels (vacant parcels less than 2 acres in area)



Madras also has many unimproved streets within the City limit. The City assesses Street Improvement fees of \$311 per lineal foot of frontage upon development, when lots are adjacent to an unimproved street. This can amount to \$20,000 or more for lots with a 70' frontage. Figure 10 shows a summary of residential lots on unimproved streets by zone. The results show 182 lots, with 145 of them being fully vacant. While some of these lots are likely serviceable in the next five years, the assessments create additional financial obligations that may hinder development. Therefore, there are 145 vacant lots that pay an additional \$15,000.00 to \$21,770.00 on top of the standard System Development Charges (SDCs) and permit fees for the construction of a new single-family dwelling, duplex, triplex, or otherwise.

Figure 10. Vacant lots on unimproved streets

Plan Zone	Vacant	Partially Vacant	Total
Residential			
R1	95	32	127
R2	47	4	51
R3	3	1	4
Total	145	37	182

Conclusions

The intent of this analysis was to provide the city with a clear picture of the status of its residential land inventory related to the timing of key infrastructure. The results will inform discussions about strategies to service land and encourage development of desired housing types.

The inventory shows that Madras has sufficient land in the UGB to accommodate development in the short to mid-term. Following are key findings from the inventory and serviceability analysis.

- **The City has a substantial inventory of vacant and partially vacant residential land.** The inventory shows a total of 875 buildable acres in 729 tax lots. The inventory includes 658 acres in fully vacant lots.
- **The residential land inventory includes parcels of various sizes.** The majority of buildable land (577 acres) is in large lots (66% of the vacant land area is in parcels greater than 5 acres), while the majority of parcels are small (84% of parcels are smaller than one acre). Moreover, Madras has 559 vacant residential lots that encompass 133 acres. Many of these lots are fully serviced and development ready. These lots represent land inventory that has immediate development potential that does not require significant infrastructure investment. We recommend development of an infill strategy that explores approaches to encourage or incentivize property owners to develop infill lots.

- **The City has land in all residential zones.** However, only 64 of the 873 vacant acres are in the R-2 zone (multifamily residential). Moreover, the majority of the R-2 parcels are smaller parcels, suggesting that the City may have a limited inventory of land for multifamily housing. We recommend more detailed analysis of R-2 lands including the amount of land zoned R-2, development readiness (e.g., serviceability), permitted uses and development standards.
- **The City has a limited supply of land that is development ready.** This is the most substantive finding of this analysis. The 2016 analysis found that about 320 lots could be serviced within five years. Providing a pipeline of development ready lands for the housing industry is essential for the city to maintain appropriate levels of housing production that keep up with population growth. Moreover, most of the identified land is in the Yarrow development. Required infrastructure improvements will likely be a barrier for new development of dwelling units, particularly workforce housing and affordable housing. In that, one subdivision may need to build a ¼ mile road, plus install sewer and water. These added site development costs often make a development unable to pencil. For a development to pencil, it often requires that the cost to purchase the land is less than the ultimate value of the completed development minus the costs of development and profits (land purchase price = value of finished product – development cost – profit).
-
- We recommend planning level analysis to determine which areas of the city make the most sense to bring to development ready status. Once the city determines these areas, we recommend the city consider bonding to pay for infrastructure improvements. Partnering with developers may reduce the risk of bonding by establishing agreements that explains how housing will be developed in the areas which the city funds the infrastructure.

These results have several implications:

- **Land supply is probably affecting the rate of housing development.** Given the amount of land identified that is development ready, it is likely that builders are having difficulty finding development ready lots. This is problematic from multiple perspectives. First, housing production may not be keeping up with population growth. Second, the limited amount of land may drive up land value and, as a result, housing costs. We use the term “may” intentionally—it is beyond the scope of this project to analyze the causal factors that affect land value. Finally, much of the single-family land is in the Yarrow development and a diversity in location and housing types are needed to meet the current and future housing needs of the community.
- **Madras has a limited number of development ready tracts available for subdivision.** This, by definition, limits supply as they represent a very small number of property owners. The needed infrastructure to serve new subdivisions represents a significant development cost and thereby limits the number of tracts ready for development which also limits new residential development from occurring.

- **Policy should focus on bringing more land to a development ready state and keeping the pipeline full.** From a land supply perspective, the city should focus on policies and strategies that bring land to more development ready status. These include:
 - Identify infrastructure strategies, including finance strategies in tandem with developer partnerships, to develop new housing. The city can provide infrastructure improvements and upgrades in choice areas of the community in exchange for the development of predetermined housing types (as defined by Madras' housing needs analysis).
 - Reduce barriers to development through (1) infrastructure financing strategies, (2) plan and policy changes; and (3) changes to development standards—including infrastructure standards.
 - Work with property owners to expedite permit reviews or provide other development incentives. One step could be to survey owners of potential infill lots about their willingness or desire to develop. Another strategy could be to facilitate relationships between housing developers and owners of infill lots.

Appendix D. Residual Land Value

DATE: June 28, 2018
TO: Nick Snead, City of Madras
FROM: Bob Parker and Erik Rundell
SUBJECT: MADRAS RESIDUAL LAND VALUE ANALYSIS SUMMARY

Overview

The City of Madras desires an evaluation of the financial feasibility of various forms of residential development to identify the regulatory barrier to new housing construction and to inform possible changes to City policies to support the construction of more housing. This memorandum summarizes ECONorthwest's financial feasibility analysis. The intent of the analysis was to consider the effects of specific factors on financial feasibility, including:

- The effect of development fees and system development charges,
- The effect of lot size, and
- The effect of site development costs.

The remainder of the memorandum is organized into three sections:

- **Methods and Assumptions** summarize ECONorthwest's approach to assessing the financial feasibility of residential development.
- **Building Prototypes** provides an overview of the different forms of residential development analyzed.
- **Feasibility Assessment** summarizes the results of the financial feasibility analysis.

Methods and Assumptions

This section provides an overview of the method and assumptions used for the financial feasibility analysis. To assess financial feasibility, ECONorthwest conducted a financial analysis for each building prototype and compared the results of each analysis based on how much a developer would be willing to pay for a property (the residual land value).

Approach

Development feasibility is evaluated based on the difference of the value of a development project (based on either its sales price or rent), less the costs (including purchasing property) to build that unit. A residual land value approach to feasibility determines how much a developer would be willing to pay for a property after all other costs to construct the project, including the developer's profit, are accounted for in the feasibility calculation. This cost less the land is then compared to the assumed total value of the development when complete. The value of a project is based on how much income (either the assumed sales price for a house or rental revenue for

apartments) the project would realize and accounts for the assumed rate of return for the developer when the project is sold.

The difference between the project costs (excluding the property) and the property sale value indicates how much a developer would be willing to pay for the property (or residual land value). If the willingness to pay for the property is less than current market prices, the project is likely not financially feasibility.

To determine the residual land value, ECONorthwest conducted a pro forma analysis. The pro forma analysis models all the costs of constructing a new building, including design, permit fees, site improvements, any developer fee, and contingencies to arrive at a total cost for each prototype. The pro forma analysis then models potential revenues the new building would generate based on an assumed sales price or how much rent a building would generate in a year. Lastly, the analysis then applies an assumed rate of return to account for the profit a developer would require.

Key Financial Assumptions

The analysis used several key assumptions²⁶ to calculate financial feasibility:

- Apartment rent: \$1.05 per square foot per month (or \$1,050 a month for a 1,000-square foot apartment)
- For-sale single-family home price: \$145.00 per square foot (or \$217,500 for a 1,500-square foot home)
- For-sale townhome or duplex price: \$145.00 per square foot (or \$174,000 for a 1,200-square foot unit)
- Single-family home costs: \$86.25 per square foot (hard and soft costs)
- Townhome and duplex costs: \$88.50 per square foot (hard and soft costs)
- Apartment construction costs: \$93.50 per square foot (hard and soft costs)
- Fees and SDC costs per unit: \$13,500
- Site development costs excluding infrastructure²⁷: \$4.00 per square foot
- Rental Units Return on Cost: 6.5%
- For-sale Units Return on Equity: 20%

²⁶ Sources: Rent based on CoStar.com and assumptions by ECONorthwest, Sales prices based on discussion with local brokers, development costs based on discussions with Arbor Builders, Fee totals are based on the City of Madras, returns assumption are from ECONorthwest

²⁷ includes clearing, grading and work for utility connections. The cost does not include infrastructure improvements, such as roads or sewer or water main extensions.

Building Prototypes

The feasibility analysis compared six different residential development types. These prototypes included for-sale and rental housing. Some of the prototype (single-family, duplex, and garden apartments) are based on the City’s minimum lot size requirements, and some of the prototypes (small-lot single-family home, townhomes, and compact garden apartments) would not be allowed under current minimum lot size requirements.

Exhibit 43 compares the assumed development program for each prototype, such as unit size, lot size, and parking. For-sale housing prototypes include single-family homes, townhouses, and a duplex. The small-lot single-family home assumes a smaller house on a smaller lot. Townhomes assume three units would be built on a site, which would be later divided and sold separately (fee simple lots).

Rental housing included two 20-unit garden apartment buildings. Garden apartment buildings are one- or two-story buildings with a sizable amount of open space and surface parking, which is typical of the existing apartment buildings in Madras. The only difference between the two apartment prototypes is the size of the lot. The compact garden apartment prototype has a lot less than half the size of what is currently required under current development standards.

Exhibit 43. Development Prototypes Analyzed

Assumptions	Single-family	Small-lot SF	Townhouse	Duplex	Garden Apartments	Compact Garden Apartments
Lot size (SF)	7,500	5,000	6,000	7,500	46,000	22,000
Avg. unit size (SF)	2,000	1,200	1,200	1,200	850	850
Total units	1	1	3	2	20	20
Floors	1	1	2	1	2	2
Parking per unit	2	2	2	2	1	1
Units per Acre	5.8	8.7	21.8	11.6	18.9	39.6

Feasibility Assessment

This section evaluates the financial performance of the development prototypes. It is important to keep in mind that development feasibility depends on several factors in addition to the assumed revenues, costs, and returns. The feasibility of any site can also be dependent on the individual developer and other idiosyncratic factors, such as when a developer bought the property, their ability to finance a project, and their tolerance for risk. For example, if a developer has owned a property for a while and bought it below current land prices, the development feasibility equation will be different for that developer than a developer that would need to purchase a site in the current market.

For this analysis, a project is considered likely to be feasible if the residual land value (how much a developer would be willing to pay for a site) is at or above current land prices. All residual land values were calculated on a per square foot basis to normalize for the different size of lots.

Exhibit 44 shows the residual land value for each building prototype and the current average sales price of vacant land in Madras. Based on ECONorthwest’s analysis of property sales from the Jefferson County Assessor, the average sales price for land in Madras is around \$3.25 per square foot for vacant land and \$3.80 per square foot for partially vacant land.

Overall, almost all of the development prototypes are not likely to be feasible under the current development assumptions. Townhomes are the only prototype with a residual land value at or above current land prices, which indicate they would be financially feasible. Single-family and duplexes are close to being viable and small change in the assumptions could result in the building type being more or less feasible.

Exhibit 44. Willingness to Pay for Land by Development Prototype

	Single-family	Small-lot SF	Townhouses	Duplex	Garden Apartments	Compact Garden Apartments
WTP for Lot	\$10,142	(\$2,000)	\$57,126	\$23,069	(\$137,171)	(\$137,171)
Lot Size (SF)	7,500	5,000	6,000	7,500	46,000	22,000
WTP per SF	\$1.35	(\$0.40)	\$9.52	\$3.08	Negative	Negative

Source: ECONorthwest

For-sale homes (single-family, townhomes, and duplexes) perform better financially than multifamily apartment buildings. Small-lot single-family homes have a lower residual land value because the permit and SDC fees are the same as a larger single-family home, but the assumed sales price is lower. Both apartment prototypes have residual land values that are negative, indicating that even if a developer got the site for free, the prototypes would still not be feasible. However, the Compact Garden Apartments are likely closer to being feasible because smaller lots typically cost less than larger lots.

In order for small-lot single-family homes and apartments to be feasible 1) home sales prices and rents would need to increase relative to costs, or 2) land and/or construction costs need to decrease relative to price and rent. Exhibit 45 below shows how much sales prices and rents would need to increase for each development prototype to have a residual land value between \$3.25 and \$3.80. For example, apartment rent would need to be \$0.11 to \$0.16 higher per square foot per month for that development to be feasible. This is the equivalent of \$110-\$116 more per month for a 1,000 square foot, two-bedroom apartment than the current market can support.

Exhibit 45. Increase in price or rent needed to be feasible under current construction costs assumptions

	Single-family	Small-lot SF	Townhouses	Duplex	Garden	Compact
Rent or Sales Price	Sales Price per Unit	Sales Price per Unit	Sales Price per Unit	Sales Price per Unit	Apartment Rent/SF/Mont h	Garden Apartment Rent/SF/Year
Assumed Rate	\$290,000	\$174,000	\$174,000	\$174,000	\$1.05	\$1.05
Market Feasible Rate	\$308,000	\$196,800	\$174,000	\$175,200	\$1.21	\$1.16
Gap/Surplus	(\$18,000)	(\$22,800)	\$0	(\$1,200)	(\$0.16)	(\$0.11)
Increase in Rate Needed	106%	113%	0%	101%	115%	110%

Error! Not a valid bookmark self-reference. shows the percent decrease in land and/or construction costs needed for development to be feasible. Construction costs can decrease during economic down-cycles when there are fewer projects being constructed (i.e. lower demand). Construction costs primarily include labor and materials. The demand for construction increases costs increase as contractors can bid up prices during periods of growth. During down-cycles, the opposite occurs as contractors compete for bids and will lower prices to secure those contracts.

Land costs (or a project’s residual land value) are related to a buyer’s willingness to pay for a property. A buyer’s willingness to pay for property would decrease if other costs, such as construction costs or SDC fees, increased or if achievable rent or sales price for a project decreased. Either of these situations would reduce the buyer’s budget for purchasing the property, thus reducing its residual land value for that individual buyer. However, property values also depend on the current uses of the property and its value to the current owner. As a result, even if a buyer’s willingness to pay decreases, land values may not decline if the value of the current use is higher than a buyer’s willingness to pay for that property.

Exhibit 46. Decrease in costs (land or construction) to be feasible under current sales prices or rent

	Single-family	Small-lot SF	Townhouses	Duplex	Garden	Compact
Cost Reduction Needed					Apartment	Garden Apartment
Cost Reduction Needed	-7%	-13%	0%	-1%	-14%	-10%

Conclusions

Based on the feasibility assessment, Madras will likely see additional new single-family homes and smaller residential products, such as duplexes, get built in the near-future as home prices continue to increase. It will likely take longer for rents to increase to a level where apartments are financial feasibly, though. Changes to current development requirements, such as minimum area requirements or parking standards may help make apartments financially feasible sooner than under current conditions.

As noted above, development feasibility is evaluated based on the difference of the value of a development project (based on either its sales price or rent), less the costs to build that unit. In

this development equation, SDCs and other fees are treated as an additional cost by developers. The City could decrease SDC fees to incentivize development and make it occur sooner than it may otherwise get developed. Reducing SDC fees also has the trade-off of potentially reducing the ability of the city of fund infrastructure improvements.

The effect of SDCs on feasibility is complex, with near-term and long-run impacts. In the near-term, an impact fee increases the upfront costs of a particular development without increasing its value. More important is the *magnitude* of the change, which could be small. This is the *short-run view* of the impact on development. In the *long-run view*, SDCs do affect the value side of the equation by paying for infrastructure and amenities home-buyers value.

The key aspect of the *short-run view* is to understand who pays for the fee—the landowner, the developer, or the buyer? This is referred to as the incidence and is the key determinant of any impact on financial feasibility. The fee is rarely absorbed entirely by one party, but shared depending on local market conditions and the type of development. One key distinction in the incidence of a SDC is the difference of the effect on single-family homes compared to apartments.

As an example, for a single-family home, a developer has the option of building a larger house—when not constrained by density limits—to spread the impact of a fixed fee over more square footage, thereby reducing the impact and increasing the ability to pass on the fee to the buyer. However, the implication of increasing the size of a home is that the price also goes up. The effects of this include three potential scenarios:

1. There is market demand for higher priced homes. Developers will build and sell the homes at the higher price and buyers bear more of the burden.
2. Buyers are not willing to pay for the higher priced homes and fewer homes are built, which decreases the supply of housing and revenues from SDCs.
3. The landowner decreases the price of the land and incurs more of the incidence from an impact fee. For this to happen, property owners must believe that the lower land price still delivers a rate of return higher than other uses, albeit a lower return than prior to the fee. Unrealistic or speculative expectations could keep the property owner from offering the land at a lower price.

Overall, this is a complicated interaction, and without more specifics around potential changes in SDC rates or further study it is hard to say exactly the effect of reducing SDCs on new housing development. However, in the *short-run*, the effect may marginally make for-sale housing, and particularly smaller homes, more feasible.

Appendix E. Construction Excise Tax Evaluation

The City of Madras contracted with ECONorthwest to analyze the impacts of a proposed Construction Excise Tax (CET). The City provided data from multifamily permits from the years 2006 through 2009. We applied a 1% CET, the maximum allowed by state statute (ORS 320.192), to quickly assess the benefits of revenue generation as compared to the impact on resulting development feasibility. This is a preliminary analysis as we do not yet have commercial or other residential data. This analysis also assumes the improvement projects could have continued even with the additional cost of the CET, should the tax have been in place at the time of the permit.

The statute (ORS 320.195) allows the city to retain a maximum of four percent of the CET funds to cover administrative costs and requires that, for the revenue generated from a residential CET, the remaining funds after administrative costs be allocated between: statutorily authorized developer incentives; affordable housing programs; and to Oregon Housing and Community Services (fifty percent, thirty-five percent and fifteen percent of the remaining funds respectively).

The total amount of multifamily permit values from the period of 2006 to 2009 equaled \$4,201,241 million in 2018 dollars, which resulted in approximately \$42,000 of total tax revenue when applying a one-percent CET. We further analyzed the revenue allocated to each bucket: administrative costs, developer incentives, affordable housing programs, and Oregon Housing and Community Services. The resulting revenue breakdown is shown in **Error! Reference source not found.**

Exhibit 47. Revenue from a one-percent residential CET on multifamily permits from 2006 to 2009

CET Revenue Breakdown (in 2018 dollars)	
Admin costs	\$1,680
Developer incentives	\$20,166
Affordable housing programs	\$14,116
Oregon Housing and Community Services	\$6,050
Total	\$42,012

Source: ECONorthwest

In addition to the total permit value, the multifamily permit data also included the number of units to which that value applied. We analyzed the effective CET revenue, on a per unit basis, for the same period of 2006 to 2009. This analysis resulted in a range of approximately \$1,000 to \$1,600 of total tax revenue per unit (in 2018 dollars). This range can be interpreted as both the average CET revenue generated per unit as well as an additional development cost per unit.

Depending on the policy goals of the City, it is important to understand how CET will add additional costs per unit and may result in financial feasibility challenges for some projects. Although the true cost of the CET per unit ranges from \$1,000 to \$1,600, the timing of applying the CET assessment can compound that value due to additional budget items (e.g. loan interest, contingencies) and increase the per unit fee up to as much as \$2,000 in this example. For construction typologies that are already financially challenging to implement, the addition of a CET will increase the funding gap (by \$200,000 for a 100-unit project based on the previous example) and the need for public incentives or subsidies. For markets where housing demand is sufficiently high relative to supply, these additional development costs may be passed on in the form of higher housing costs.

Appendix F. Glossary

Action Plan: a proposed strategy or course of action to increase efficiency and accountability within an organization

Affordable Housing: Defined by the City of Madras, housing that is affordable to households making less than 100% of Median Family Income (MFI)

Affordable Housing – Low Income: Defined by the City of Madras, housing that is affordable to households making less than 60% of Median Family Income (MFI)

Affordable Housing – Moderate Income: Defined by the City of Madras, housing that is affordable to households making between 60% and 80% of Median Family Income (MFI)

Affordable Housing – Middle Income: Defined by the City of Madras, housing that is affordable to households making between 80% and 100% of Median Family Income (MFI)

Attached single-family housing: all structures with a common wall where each dwelling unit occupies a separate lot, such as row houses or townhouses.

Cost Burden: The HUD standard for determining if housing is affordable is that a household paying more than 30% of their gross income for housing costs is considered cost burdened and is paying more than they can afford for housing.

Cottage Development: groupings of single-family dwelling units, clustered around a common area, typically less than 1,200 sq. ft.

Density: the number of dwelling units or persons per acre of land, usually expressed and dwelling units per acre, excluding rights-of-way

Detached single-family housing: includes single-family detached units, manufactured homes on lots and in mobile home parks, and accessory dwelling units.

Dwelling Unit: A residential building or structure, occupied or designed to be occupied by one or more families / households

Government-Assisted Housing: Defined by Statewide Planning Goal 10, to mean housing that is financed in whole or part by either a federal or state housing agency or a local housing authority as defined in ORS 456.005 to 456.720, or housing that is occupied by a tenant or tenants who benefit from rent supplements or housing vouchers provided by either a federal or state housing agency or a local housing authority.

Homeless: As defined by HUD, An individual who lacks a fixed, regular, and adequate nighttime residence; as well an individual who has a primary nighttime residence that is a supervised publicly or privately operated shelter designed to provide temporary living

accommodations, an institution that provides a temporary residence for individuals intended to be institutionalized; or a public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for human beings.

Homeless – Sheltered: As defined by HUD, “sheltered” means that an individual is living in emergency shelter, short-term transitional housing, or a hotel/motel paid with a voucher. As defined by HUD, “sheltered” means that an individual is living in emergency shelter, short-term transitional housing, or a hotel/motel paid with a voucher.

Homeless – Unsheltered: As defined by HUD, “unsheltered” individuals are staying in a place not meant for human habitation: for example, in a car, outside, an abandoned building, etc.

Homeless - Precariously Housed: As defined by HUD, “precariously housed” individuals are staying in unstable housing situations, such as “doubled-up” and/or not on the lease.

Household: refers to one or more persons occupying a single housing unit.

Housing Insecurity: felt by households encompassing challenges such as difficulty paying rent/mortgage (being cost burdened), living in overcrowded housing or housing in poor conditions, moving frequently, staying within relatives

Median Family Income (MFI): As defined by HUD, median family income is the amount that divides the income distribution of families into two equal groups, half having income above that amount, and half having income below that amount.

Missing Middle Housing: Coined by Daniel Parolek of Opticos Design, Inc. in 2010, to define 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.

Multi-family housing: all attached structures (e.g., duplexes, tri-plexes, quad-plexes, and structures with five or more units) other than single-family detached units, manufactured units, or single-family attached units.

Needed Housing Units: Defined by Statewide Planning Goal 10, to mean housing types determined to meet the need shown for housing within an urban growth boundary at particular price ranges and rent levels. On and after the beginning of the first periodic review of a local government's acknowledged comprehensive plan, "needed housing units" also includes government-assisted housing. For cities having populations larger than 2,500 people and counties having populations larger than 15,000 people, "needed housing units" also includes (but is not limited to) attached and detached single-family housing, multifamily housing, and manufactured homes, whether occupied by owners or renters.

Tenure (Owner-Occupied and Renter-Occupied): As defined by HUD, a housing unit is owner occupied if someone whose name is on the deed, mortgage, or contract to purchase lives in the

unit. All other occupied housing units are classified as renter occupied units, including units rented for cash, if occupants or others pay all or some rent.

Tiny House sometimes referred to as micro-homes, are small stand-alone, single-family detached dwellings that are typically between 80 to 200 sq. ft.

Transitional Housing: As defined by HUD, a housing project with a purpose of facilitating the movement of homeless individuals and families to permanent housing within a reasonable amount of time (usually 24 months). Transitional housing includes housing primarily designed to serve deinstitutionalized homeless individuals and other homeless individuals with mental or physical disabilities and homeless families with children.

Workforce Housing: Defined by the National Realtor Association, housing that is affordable and in proximity to individuals who are employed. Recognizing the limitations to this definition, workforce housing is broadly characterized as housing affordable to households earning between 80% and 120% of Median Family Income.