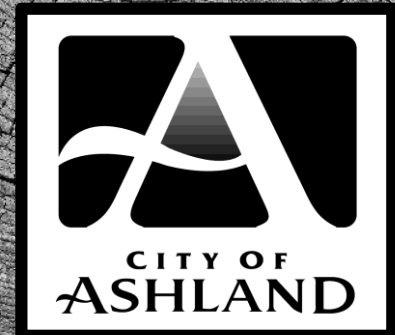


AFFORDABLE HOUSING STANDARDS

Planning Commission – 10/27/2020



Affordable Housing Standards Amendments

General Objectives:

- Provide a clear and predicable methodology for calculating maximum rent and purchase prices for covered affordable housing units.
- Incentivize affordable housing production through removal barriers to non-profit and for-profit housing developers.
- Amend existing code provisions to achieve a mixture of unit types commensurate with community housing needs.
- Improve administrative efficiency and effectiveness of the affordable housing program.



RESALE AND RENTAL RATE FORMULAS

- Maximum Resale Formula
 - Fixed Rate (1.5%) Proposed
 - Household sizes used for calculating initial Purchase Price (18.2.5.050.C)
- Maximum Rental Rates (18.2.5.050.B.1)
 - HOME Program Index
 - Added Low-Income Housing Tax Credit index)
- Qualifying Housing Asset Limitations (18.2.5.050.C.1.c)
 - Increased for inflation



LAND USE ORDINANCE AMENDMENTS

- Base Density Calculation (18.2.5.050.G.1.)
 - Exclude unbuildable environmentally constrained lands.

- Affordable Unit
Equivalency Table

(18.2.5.050.G.1.c&d)

- Includes 80% AMI for rental category
- Eliminates 60%AMI ownership and rental category

Income Target	Equivalency Value
120% AMI Ownership	.75
100% AMI Ownership	1.0
80%AMI Ownership OR RENTAL	1.25
60%AMI Ownership or Rental	1.5



LAND USE ORDINANCE AMENDMENTS

- Affordable Housing Development Timing (18.2.5.050.G.4)
 - Allow transfer of land to an affordable housing provider to satisfy timing requirement
- Affordable Housing Distribution (18.2.5.050.G.5)
 - Remove requirement that affordable units be distributed throughout the project.



LAND USE ORDINANCE AMENDMENTS

- Affordable Housing Comparable Bedroom Number / Materials (18.2.5.050.G.6)
 - Allow variety in unit types and sizes – maintaining comparable bedroom mix.
- Annexation Density bonuses for providing affordable housing (18.2.5.050.G.8)
 - Align with existing standards within City: Increase from 25% to 35% allowable bonus for affordable housing.



LAND USE ORDINANCE AMENDMENTS

- Term of Affordability (18.2.5.050.G.8)
 - 60 Years for Rental Housing
 - 30 Years for Ownership Housing
- SDC Deferral Resolution (amendments forth coming)
 - Payment required in full, with interest at year 30 if the unit is leaving affordability program.
 - Reduced repayment required for each year remaining in program after year 30, until forgiven at fully after 60 years of affordability



LAND USE ORDINANCE AMENDMENTS

- SDC Deferral Resolution (amendments forth coming)
- SDC Affordable Housing Payoff Estimate - Proration for staying in program up to 60 years.

Year	SDC Deferral Amount with interest (1.5% ENR)	Payback amount to leave program
Entering Program	\$14,000.00	Not eligible until completion of 30-year term.
30 Years	\$21,883.12	\$21,883.12
40 Years	\$25,396.26	\$16,931 (1/3 reduction)
50 Years	\$29,473.39	\$9,824 (2/3 reduction)
60 Years	\$34,205.08	\$0

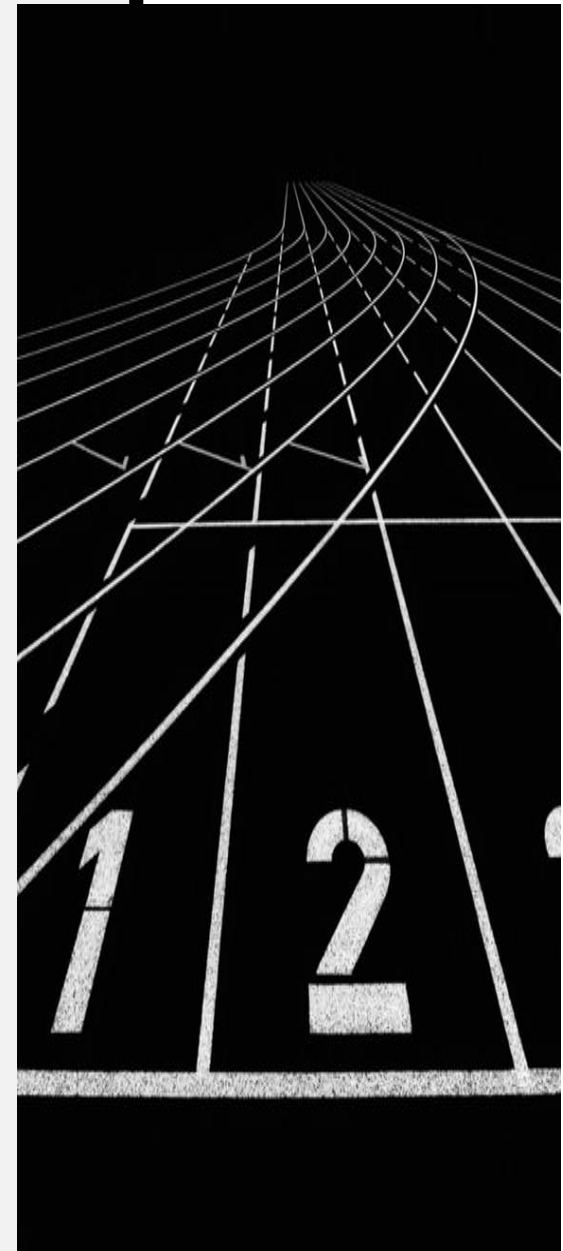
LAND USE ORDINANCE AMENDMENTS

- Annexation 5-year supply of land Criteria (18.2.5.050.H.1)
 - Amend the provisions of the Ashland Land Use Ordinance that relate to residential annexations requiring there be less than a five-year supply of vacant or re-developable land in the current City Limits.



NEXT STEPS

- Public Hearings
 - Planning Commission (10/27/2020)
 - Recommendation to Council to approve, amend, or deny the draft ordinance presented for consideration
 - City Council First Reading (11/17/2020)
 - City Council Second Reading (12/15/2020)
 - Final Adoption
 - Resolution 2006-13 Amendments



LAND USE ORDINANCE AMENDMENTS

Household sizes used for calculating initial Purchase Price (18.2.5.050.C)

Average Household Size is a factor in determining the initial Purchase Price of an affordable housing unit.

HUD Area Median Incomes (AMI) are based on household size.

Household Size	1 person	2 person	3 person	4 person	5 person	6 person	7 person	8 person
Income (80%AMI)	\$36,500	\$41,700	\$46,900	\$52,100	\$56,300	\$60,450	\$64,650	\$68,800

Current Median Incomes May 2020



LAND USE ORDINANCE AMENDMENTS

Household sizes used for calculating initial Purchase Price (18.2.5.050.C)

Current Formula (based on larger household averages 80%AMI)

Studio (1 person)	1 Bdr (2 person)	2 Bdr (4 person)	3 Bdr (6 person)	4 Bdr (7 person)
\$135,000	\$155,900	\$210,400	\$231,300	\$248,000

Proposed Formula (based on smaller household averages – 80%AMI)

Studio (1 person)	1 Bdr (2 person)	2 Bdr (3 person)	3 Bdr or greater (5 person)
\$135,000	\$155,900	\$184,250	\$214,800



LAND USE ORDINANCE AMENDMENTS

Household sizes used for calculating initial Purchase Price (18.2.5.050.C)

Unit Type	Occupancy
Studio	1 person household income for the designated income level
1 Bdr	2 person household income for the designated income level
2 Bdr	4 <u>3</u> person household income for the designated income level
3 Bdr +	6 <u>5</u> person household income for the designated income level
4 Bdr	7 person household income for the designated income level

Households with a greater or lesser number of occupants shall remain eligible for covered units but the purchase price shall not be initially established based on the median incomes of the larger household sizes.



LAND USE ORDINANCE AMENDMENTS

Affordable Housing Unit Equivalence Values (18.2.5.050.G.1.c&d)	Income Target	Equivalency Value
Units created by non-profit housing providers, targeted to households earning 60% AMI or below, would still qualify as affordable housing as they would comply the 80% AMI or below level.	120% AMI Ownership	.75
	100% AMI Ownership	1.0
	80%AMI Ownership OR RENTAL	1.25
	80%AMI Ownership or Rental	1.5



RESALE FORMULA OPTIONS

Resale Restrictions are included in covenants recorded on the deed of affordable housing units. These resale restrictions ensure a covered unit remains affordable at each change in ownership.

Indexed Based Resale Formula

- Variable
 - Factors in Area Median Income
 - Factors in interest rates
 - Factors in Home Owner Dues
 - Can result in little or no appreciation when wages are stagnant, interest rates rise, or HOA dues increase

Fixed Rate Resale Formula

- Predictable
 - 1.5% annual appreciation
 - Less than average market rate increases
 - Can outpace wage increases



RENTAL COST FORMULA CHANGE (18.2.5.050.B.1)

Current Formula

Calculation based on household sizes and 23% of gross income toward rent:

60% AMI		
1 BDR	2 BDR	3BDR
\$576	\$610	\$759

80% AMI		
1 BDR	2 BDR	3BDR
\$884	\$986	\$1112

Proposed Formula

Match the Annual State of Oregon and HUD HOME Program:

HOME - LOW RENT:60% AMI		
1 BDR	2 BDR	3BDR
\$608	\$730	\$842

HOME - HIGH RENT:80% AMI		
1 BDR	2 BDR	3BDR
\$747	\$926	\$1061



HOUSEHOLD ASSET LIMITATIONS

Net Asset Limitations – Ownership affordable Housing (18.2.5.050.C.1.c)

- Amend the provisions of the Ashland Land Use Ordinance relating to the maximum net assets for households in the affordable housing program to adjust the limits for consumer price index changes since 2005:
 - **Current:** \$20,000 asset maximum or \$130,000 for retired households.
 - **Proposed:** \$25,000 asset maximum or \$175,000 for retired households.

