

RESOLUTION NO. 1160

A RESOLUTION OF THE WILSONVILLE CITY COUNCIL WHICH ESTABLISHES STANDARDS FOR "AFFORDABLE HOUSING" AS REQUIRED BY SECTION I (C) (8) (b) (1) OF ORDINANCE NO. 431 - (AKA THE TRAFFIC MANAGEMENT ORDINANCE).

WHEREAS, the City Council of the City of Wilsonville desires to provide affordable housing for its citizens; and

WHEREAS, on August 15, 1994, the City Council voted unanimously to adopt Ordinance No. 431 - the Traffic Management Ordinance - wherein Section I (C) (8) (b) (1) states that the Council will establish standards by which residential units are considered "affordable" for low or moderate income persons; and

WHEREAS, Oregon Revised Statutes 456.305 through 456.325 authorize governing bodies to "...do any and all things necessary and convenient to aid and cooperate in the planning, undertaking construction or operation of decent, safe and sanitary housing for families and individuals who cannot obtain such shelter in the open market."; and

WHEREAS, the United States Department of Housing and Urban Development (HUD), the State of Oregon and the Clackamas County Housing Authority annually establish income levels which determine which persons and families will qualify for the Section 8 Housing Assistance program and, further, this is widely accepted and readily available information, and

WHEREAS, the Board of County Commissioners of Clackamas County adopted a five-year Comprehensive Housing Assistance Strategy (CHAS) in October of 1993 which is intended to address County-wide housing affordability issues through 1998 and that document includes a definition of affordable housing, and

WHEREAS, the definition of affordable housing contained in the CHAS was taken from the definition specified in the Cranston-Gonzalez National Affordable Housing Act of 1990.

NOW, THEREFORE, THE CITY OF WILSONVILLE RESOLVES AS FOLLOWS:

Section 1: Definitions:

"Housing for low income persons" is defined as housing which is affordable by people whose income does not exceed 80% of the median income for the Portland Metropolitan Statistical Area, as determined by HUD. In order to be affordable, the cost of such housing cannot exceed 30% of the gross household income.

"Housing for moderate income persons" is defined as housing which is affordable by people whose income is between 80% and 95% of the median income for the Portland Metropolitan Statistical Area, as determined by HUD. In order to be affordable, the cost of such housing cannot exceed 30% of the gross household income.

Section 2: Standards:

In order to receive the bonus specified in Section I (C) (8) (b) (1) of Ordinance No. 431, the subject development must have at least 20% of the total residential units available for low or moderate income persons. At least 50% of the total required affordable units shall be available for low income persons, as defined above. The developer shall have the option of specifying that the remaining affordable units are for moderate income persons.

ADOPTED by the City Council of the City of Wilsonville at a regular meeting thereof this 6th day of February, 1995, and filed with the Wilsonville City Recorder this date.


GERALD A. KRUMMEL, Mayor

ATTEST:


VERA A. ROJAS, CMC/AEE, City Recorder

SUMMARY of Votes:

Mayor Krummel	<u>AYE</u>
Councilor Lehan	<u>AYE</u>
Councilor Hawkins	<u>ABSENT</u>
Councilor Leo	<u>AYE</u>
Councilor Leahy	<u>AYE</u>



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PLANNING DEPARTMENT
STAFF REPORT & RECOMMENDATION

DATE: JANUARY 30, 1995
TO: HONORABLE MAYOR and CITY COUNCILORS
FROM: STEPHAN LASHBROOK, COMPREHENSIVE PLANNER
SUBJECT: AFFORDABLE HOUSING STANDARDS

RECOMMENDATION:

Staff recommends that the City Council adopt the attached Resolution, setting standards and definitions for housing to be occupied by low and moderate income persons.

SUMMARY:

This Resolution is proposed to define the terms "low and moderate income persons" as used in the City's Traffic Management Ordinance (Ordinance 431). Ordinance 431 provides a "peak trip allocation bonus" for developments where at least 20% of the total housing units are available for low or moderate income persons (and other criteria are met). The proposed Resolution clarifies that the bonus criteria will require that at least 10% of the total housing units in the development be available for low income households.

The definitions for "low and moderate income persons" recommended by the staff are those which are in common usage by developers of affordable housing.

BACKGROUND:

Section I (C) (8) (b) of Ordinance 431 (the Traffic Management Ordinance or TMO) provides for a "peak trip allocation bonus" when developers meet certain criteria through the provision of affordable housing. The Ordinance requires that two of the four following criteria be met for the bonus to be earned:

1. *20% or more of all residential units are affordable for low or moderate income persons in accordance with standards established by resolution of the City Council.*
2. *In mixed use developments, second story residential units above street/and retail shops or offices shall be included in the project design.*

3. *A variety of housing choices for people of varying incomes and lifestyles are provided including single family and/or duplex homes interspersed with apartments, condominiums, and townhomes.*
4. *Day care facilities are incorporated into the project design..*

The City Council is now considering the Resolution that will establish the standards listed under number 1, above.

Common standards used by housing planners place *low income* at or below 80% of the local median income, while *moderate income* households include those between 80% and 95% of median. These definitions have been accepted by Clackamas County and used in the County's Comprehensive Housing Affordability Strategy -- a document which is required for all state and local governments that use federal funds for housing.

Some places choose to define *moderate* as between 80% and 120% of median, but such an interpretation provides very little help in the development of housing which is truly affordable.

The City Council could choose to create some more creative local definitions of these terms, but confusion would probably result as the City deals with other agencies and organizations in the future. For instance, it could be confusing for housing developers who seek financial assistance for their affordable housing units if the funding sources are relying on conventional definitions and the City is using different standards.

It is typical of the agencies involved with the development of affordable housing to set rent levels and prices at not more than 30% of the gross household income of the subject families. Essential utilities are generally included for rental units and the costs of principal, interest, taxes and insurance are typically included for affordable units which are offered for sale. Using this standard for a **low** income family of four in the Portland metropolitan area (where the 1994 median income was determined to be \$42,300) a unit would meet the affordability test if its monthly rent plus utilities did not exceed \$846/month. For a **moderate** income family of four the figure could go as high as \$1,005/month. (Please see the calculations at the end of this memo.)

What this means is that it is relatively easy for developers of rental housing to qualify for the bonus. In fact, it is probable that the City Council's objective of encouraging the development of housing for lower income persons will not be achieved through this bonus mechanism.

The staff anticipates the preparation of an affordable housing plan as part of the update of the Comprehensive Plan to be undertaken immediately after the current West Side planning effort. It is hoped that such a housing plan will include a focus on housing for those with *very low incomes*, (typically defined as not exceeding 50% of median). At that point City ordinances can be amended to provide incentives for the development of housing that is affordable for the segment of the population with the greatest housing needs: those at the bottom of the income scale.

It should also be noted that Wilsonville already has a history of approving a relatively high percentage of multiple family housing which is affordable for low and moderate income persons. A review of the calculations shown below will demonstrate this history for most rental developments in the City.

CALCULATIONS:

Median income - family of four (May, 1994):	\$42,300/year -- \$3,525/mo.
Moderate income - up to 95% of median:	\$40,185/year -- \$3,349/mo.
Low income - up to 80% of median:	\$33,840/year -- \$2,820/mo.

\$3,349
x 30%
\$1,005/month, affordable for **moderate** income household.

\$2,820
x 30%
\$864/month, affordable for **low** income household.