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MEMORANDUM

## Clatsop County Affordable Housing Recommendations

### Clatsop County Housing Facilitation

DATE February 26, 2021  
TO Don Bohn and Monica Steele, Clatsop County  
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This memo summarizes recommendations intended to help Clatsop County move forward in developing one or more affordable housing projects in the near term (e.g., one to three years) and potentially helping create additional projects in the longer term. The initial project(s) are likely to be rental housing intended to meet the needs of households with low or very low incomes. They could be targeted to specific demographic or population groups (e.g., veterans, families, or others), depending on priority needs in the County and availability of funding at the state level.

While Clatsop County has not historically taken a lead role in developing or managing affordable housing projects, it can play an important role in such projects in the future. The County recently facilitated a discussion with a variety of County management and land use planning staff, as well as local housing stakeholders and several non-profit housing developers with experience developing affordable housing in Clatsop County and around the state. County staff also met individually with the housing developers to get more in-depth advice on how the County could partner with other organizations to move forward on one or more projects. Based on the outcome of those meetings, the County likely can be most effective in supporting a project in the following ways.

1. Identify and evaluate potential publicly-owned target development sites.
2. Determine one or more types of projects to pursue in terms of the form of the housing (rental vs. ownership, supportive housing, etc.) and the population(s) to be served.
3. Prepare and distribute a request for proposals (RFP) or request for qualifications (RFQ) to potential housing developers.
4. Partner with the selected developer to undertake additional actions that will improve the feasibility of the project, potentially including:
  - Conduct additional due diligence related to development feasibility of specific sites (e.g., identification of natural resource of hazard constraints and mitigation requirements, description of other site attributes, assessment of potential environmental contamination, zoning opportunities or barriers to development, etc.)

- Work with partner cities to assist in addressing any potential local development code or zoning barriers (e.g., undertake zoning map amendments, and/or code changes related to allowable uses, heights, setbacks, parking, or other requirements that could improve feasibility or eliminate significant obstacles).
  - Contribute to addressing or possibly waiving public facility improvements.
  - Consider providing tax abatements or exemptions to further reduce development and operation costs.
  - Support outreach efforts to emphasize the need for and benefits of the project.
5. Pursue one or more additional longer-term housing development projects, potentially including projects that are targeted to low to moderate-income families and provide opportunities for home ownership.

Following is a more detailed description of these recommendations.

## **1. IDENTIFY AND EVALUATE POTENTIAL TARGET DEVELOPMENT SITES**

County staff already have identified several County-owned sites in the Warrenton and Astoria areas that potentially could be suitable development sites. A key contribution by the County would be to provide one or more suitable County-owned sites at low to no cost for the development project(s). Eliminating or significantly reducing the cost of land for a housing development is one of the most important ways that the County can help reduce the overall cost of development. Reducing those costs can make a development project financially feasible in terms of achievable rental rates or housing costs affordable to people and households with lower incomes.

County staff and APG have assessed these sites in terms of their size, zoning, presence of natural resource resources or hazards, and proximity to adjacent roads that can provide transportation access. All sites can be served by water and wastewater infrastructure and other utilities. An accompanying Site Analysis memo summarizes these attributes of the potential target sites. As described in more detail in that memo, a number of these sites have natural resource constraints (primarily wetlands) that will make all or a portion of the site infeasible or more challenging and/or costly to develop. In addition, in some cases current zoning may not allow the types, density, or scale of housing desired and some type of zoning change or development code amendments may be required to move forward with a feasible development project. These issues are further described in the accompanying Site Analysis memo and under Item #4 below.

## **2. IDENTIFY ONE OR MORE DEVELOPMENT TYPES OR TARGET POPULATIONS**

The County will want to identify one or more types of projects to pursue in terms of the form of the housing (rental vs. ownership, supportive housing, phased approach, etc.) and the population to be served. Assuming that suitable target sites can be found, shorter-term projects are likely to be used for multi-family rental housing. This type of project will support households with some of the greatest relative need (very low or low income residents who cannot afford ownership housing). More state

funding is typically available for these types of projects and they are more straightforward to develop, manage, and maintain as affordable units. In the longer term, the County may be able to pursue one or more projects targeted to homeowners. These could be in the form of smaller single-family detached units, duplexes, “cottage cluster” or other forms of housing.

More discussion and assessment are needed to agree on targeted households or population types for short-term projects. The decision about which types of populations to focus on should be tied to and supported by demographic and economic factors in a given community or area. The recently completed Clatsop County Housing Study provides a good foundation for further assessment of this issue. Development stakeholders also noted the following possible groups that could sync up well with current and potential future funding programs and associated criteria:

- Veterans
- Transitional or permanent supportive housing residents (including people transitioning from homelessness)
- Smaller-scale projects which are still large enough to be financially feasible (e.g., 35 or more units)

### **3. PREPARE AND DISTRIBUTE AN RFP OR RFQ**

Once the County has identified one or more target sites and possible target population groups, the County should prepare and distribute an RFP or RFQ to solicit a development partner. Developers noted that an RFQ can provide more flexibility than an RFP and will be less burdensome for developers to respond to but use of an RFP can provide the County with more information about the details of a proposed project. In preparing and distributing the RFP/RFQ, the County should use a variety of strategies to ensure that the RFP is attractive, flexible, and actionable by prospective developers.

- Preselect a list of recipients and potentially ask one or more of them to review the RFP in advance of distributing it; determine whether the RFP will be limited to non-profit developers or both non-profit and for-profit organizations.
- Assign a point person at the County to respond to any questions about the RFP/RFQ and/or requests for additional information.
- Identify the desired size of the project (approximate number of housing units).
- Review the previous year’s state Oregon LIFT funding application and integrate selected application criteria into the RFP requirements.
- Clearly articulate what types of assistance or contributions the County will provide as part of the process (e.g., dedication or low-cost sale of land, due diligence, assistance with zoning or development code modifications, etc.).
- If possible, identify opportunities for tying Section 8 project-based vouchers administered by the local housing authority to use by residents of the target project.
- Identify more than one target site if possible.

- Consider partnering with the Northwest Oregon Housing Authority in release of RFP and oversight of the project.
- Require the following information from applicants/proposers:
  - Potential funding sources, including state funding programs and other funding partners; identify timing and key requirements of funding programs.
  - Experience in implementing similar, successful projects in other communities in Oregon, particularly those of a similar size, demographics, or other characteristics; and capacity to complete this project in a timely manner.
  - Strategies for promoting racial and income equity, including partnering with BIPOC organizations and minority-owned contractors, lenders, or sponsors.
  - Ideas about how to link the project to providing permanent supportive housing as part of an initial or subsequent phase.
  - Process for prioritizing actions

Other factors which also can increase a project's ability to receive state or other funding for affordable housing projects include:

- Having land “under contract” – i.e., controlled by the County with the ability to convey it to the developer relatively quickly.
- Proximity of target site(s) to community services.
- Ability to use local organizations and contractors for construction and future management of housing (i.e., keep as much money local as possible).
- Link to opportunities to reduce or address homelessness issues and impacts.
- Ability to provide adequate community space within the development.
- Telling the story and making the case for why the project is important, furthers state and local goals, and builds on other local efforts.
- Ideal minimum number of housing units is at least 35.
- Partnering with faith-based organizations can be beneficial, particularly if they have available land and/or experience in developing or managing projects or services.
- Release of an RFP/RFQ this spring would help to align with state funding cycles.

#### **4. PARTNER WITH THE SELECTED DEVELOPER TO SUPPORT THE PROJECT**

The development organization selected through the RFP/RFQ process will take the lead in developing the project and in operating and managing it once it is built, potentially in partnership with other local organizations. The County will provide oversight and also can undertake a number of potential strategies and initiatives to provide technical or financial assistance to make the project more financially feasible to develop for targeted residents. As noted earlier in this memo, these activities could include the following:

- **Conduct additional due diligence related to development feasibility of potential target sites.** This report takes some initial steps in this direction by summarizing information about the size, zoning, and access configuration of the sites, and by noting the location of wetlands and other potential natural resource or hazards on the sites. The County could further assess potential opportunities or barriers on the sites, including any potential environmental contamination, any deed restrictions or covenants that would impact development, and any potential barriers related to zoning and development code standards (more on this topic below). County staff could undertake this assessment and/or the County could consult with other organizations such as the Housing Development Center to assist with the assessment. As an alternative, the County could provide pre-development funding to allow a development partner to use consultants to undertake site studies as part of the development project (e.g., a Phase 1 Environmental Assessment, site survey, or other assessments). The County should retain ownership of the information provided.
- **Work with partner cities to assist in addressing any potential local development code or zoning barriers.** This could include one of the following strategies:
  - Rezoning. The target sites identified by the County to date generally do not permit multi-family residential development as an outright permitted use. For example, the three Warrenton sites are zoned R10 and RGM, neither of which permits multi-family housing outright or as a conditional use. The Astoria sites are zoned R2 which permits multi-family housing as a conditional use. Affordable housing developers typically shy away from any project that requires a conditional use permit, given the uncertainty, risk and cost associated with such a process. As a result, rezoning the targeted site(s) to a designation that allows for multi-family housing outright could be a significant benefit to the project. The County could take the lead on such an effort in coordination with the City of Warrenton or Astoria and potentially with assistance from a consultant.
  - Legislative development code amendments. To the extent that certain development code provisions in the target community are barriers to financially feasible development of a proposed project, the County would coordinate with and support efforts by the target City to update its code provisions to reduce or eliminate the barriers. Such barriers could be related to standards for building heights, setbacks, density or parking. If the City has the ability to vary these standards either in general or for specific types of projects, that could be another path towards reducing such barriers. A number of these types of changes were recommended as part of the Clatsop County Housing Study.
- **Contribute to addressing or possibly waiving public facility improvements.** The cost of public improvements (e.g., new sidewalks, street trees, or other on-site or off-site transportation improvements) can significantly add to the cost of development. The County could work with the local jurisdiction to encourage them to potentially waive, reduce, or help cover the cost of such improvements using public funding. This needs to be balanced with the importance of creating a development that has adequate infrastructure, including pedestrian and other transportation facilities for future occupants and surrounding community members.
- **Consider providing tax abatements or exemptions** to further reduce development and operation costs. The State of Oregon authorizes local governments to provide property tax abatements or exemptions for a number of different types of developments. These abatements can improve the long-term economic performance of a property and improve its

viability and can be a substantial incentive for developers. In applying these exemptions, the City or County agrees to forego taxes on the property, generally for ten years. Other taxing jurisdictions are not included in the exemptions unless they agree to participate. Typically, exemptions must address at least 50% of the overall tax rate. Example programs include the Vertical Housing, Multi-Family, and Low Income Housing exemption programs.

- **Conduct or support outreach efforts** to help information surrounding community members about the benefits of and need for the project. This is an important strategy in helping the project succeed.

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## 5. PURSUE LONGER-TERM PROJECT AIMED AT WORKFORCE HOUSING

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The actions described in the preceding sections can be replicated in the longer term to support additional projects, including potential ownership housing aimed at supporting the needs of moderate-income households, sometimes referred to as “workforce housing.” The recent Clatsop County Housing Study indicated a strong need for housing priced at this level as well and it will be important for the County to support efforts to address it. However, because such projects tend to be more complex and challenging from an implementation and funding perspective, they are identified as a longer-term priority.