



**Oregon**  
Theodore R. Kulongoski, Governor

**Department of Land Conservation and Development**  
635 Capitol Street, Suite 150  
Salem, OR 97301-2540  
(503) 373-0050  
Fax (503) 378-5518  
www.lcd.state.or.us



**NOTICE OF ADOPTED AMENDMENT**

2/8/2010

**TO:** Subscribers to Notice of Adopted Plan  
or Land Use Regulation Amendments

**FROM:** Plan Amendment Program Specialist

**SUBJECT:** City of Sisters Plan Amendment  
DLCD File Number 003-08

The Department of Land Conservation and Development (DLCD) received the attached notice of adoption. Due to the size of amended material submitted, a complete copy has not been attached. A Copy of the adopted plan amendment is available for review at the DLCD office in Salem and the local government office.

Appeal Procedures\*

**DLCD ACKNOWLEDGMENT or DEADLINE TO APPEAL:** Friday, February 19, 2010

This amendment was submitted to DLCD for review prior to adoption pursuant to ORS 197.830(2)(b) only persons who participated in the local government proceedings leading to adoption of the amendment are eligible to appeal this decision to the Land Use Board of Appeals (LUBA).

If you wish to appeal, you must file a notice of intent to appeal with the Land Use Board of Appeals (LUBA) no later than 21 days from the date the decision was mailed to you by the local government. If you have questions, check with the local government to determine the appeal deadline. Copies of the notice of intent to appeal must be served upon the local government and others who received written notice of the final decision from the local government. The notice of intent to appeal must be served and filed in the form and manner prescribed by LUBA, (OAR Chapter 661, Division 10). Please call LUBA at 503-373-1265, if you have questions about appeal procedures.

**\*NOTE:** THE APPEAL DEADLINE IS BASED UPON THE DATE THE DECISION WAS MAILED BY LOCAL GOVERNMENT. A DECISION MAY HAVE BEEN MAILED TO YOU ON A DIFFERENT DATE THAT IT WAS MAILED TO DLCD. AS A RESULT, YOUR APPEAL DEADLINE MAY BE EARLIER THAN THE ABOVE DATE SPECIFIED.

**Cc:** Susanna Julber, City of Sisters  
Gloria Gardiner, DLCD Urban Planning Specialist

Mark Radabaugh, DLCD Regional Representative

<paa> YA/



FORM 2

DLCD

# Notice of Adoption

This Form 2 must be mailed to DLCD within **5-Working Days after the Final Ordinance is signed** by the public Official Designated by the jurisdiction and all other requirements of ORS 197.615 and OAR 660-018-000

In person  electronic  mailed

DATE STAMP

**DEPT OF**

**FEB 01 2010**

**LAND CONSERVATION AND DEVELOPMENT**

For Office Use Only

Jurisdiction: **City of Sisters**

Local file number: ~~CP-09-01~~ **CP-08-03** *att as per Eric Porter*

Date of Adoption: **1/28/2010**

Date Mailed: **1/29/2010**

Was a Notice of Proposed Amendment (Form 1) mailed to DLCD?  Yes  No Date:

Comprehensive Plan Text Amendment

Comprehensive Plan Map Amendment

Land Use Regulation Amendment

Zoning Map Amendment

New Land Use Regulation

Other:

Summarize the adopted amendment. Do not use technical terms. Do not write "See Attached".

**Adoption of Ordinance No. 393, which adopts an affordable Housign Plan, including amendments to Chapter 10, 'Housing', of the Sisters Comprehensive Plan. Contained within this Plan are Appendix A (Residential Inventory Analysis and Update, April 1, 2008); Appendix B (Housing Strategies, Barriers to Affordable Housing), and Appendix C (Update of Buildable Lands Inventory, December 28, 2008).**

Does the Adoption differ from proposal? Please select one  
No.

Plan Map Changed from: **N/A**

to:

Zone Map Changed from: **N/A**

to:

Location: **Citywide**

Acres Involved:

Specify Density: Previous: **N/A**

New:

Applicable statewide planning goals:

<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>10</b>	<b>11</b>	<b>12</b>	<b>13</b>	<b>14</b>	<b>15</b>	<b>16</b>	<b>17</b>	<b>18</b>	<b>19</b>
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Was an Exception Adopted?  YES  NO

Did DLCD receive a Notice of Proposed Amendment...

45-days prior to first evidentiary hearing?

Yes  No

If no, do the statewide planning goals apply?

Yes  No

If no, did Emergency Circumstances require immediate adoption?

Yes  No

**DLCD file No.** \_\_\_\_\_

Please list all affected State or Federal Agencies, Local Governments or Special Districts:

**Oregon Department of Housing, Department of Land Conservation and Development**

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Local Contact: **Eric J. Porter, CDD Director**

Phone: **(541) 323-5219** Extension:

Address: **PO Box 39 / 520 E. Cascade Avenue**

Fax Number: **(541)-549-0561**

City: **Sisters**

Zip: **97759**

E-mail Address: **eporter@ci.sisters.or.us**

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## **ADOPTION SUBMITTAL REQUIREMENTS**

**This Form 2 must be received by DLCD no later than 5 days after the ordinance has been signed by the public official designated by the jurisdiction to sign the approved ordinance(s)**

**per ORS 197.615 and OAR Chapter 660, Division 18**

1. This Form 2 must be submitted by local jurisdictions only (not by applicant).
2. When submitting, please print this Form 2 on light green paper if available.
3. Send this Form 2 and One (1) Complete Paper Copy and One (1) Electronic Digital CD (documents and maps) of the Adopted Amendment to the address in number 6:
4. **Electronic Submittals: Form 2 – Notice of Adoption will not be accepted via email or any electronic or digital format at this time.**
5. The Adopted Materials must include the final decision signed by the official designated by the jurisdiction. The Final Decision must include approved signed ordinance(s), finding(s), exhibit(s), and any map(s).
6. **DLCD Notice of Adoption must be submitted in One (1) Complete Paper Copy and One (1) Electronic Digital CD via United States Postal Service, Common Carrier or Hand Carried to the DLCD Salem Office and stamped with the incoming date stamp.** (for submittal instructions, also see # 5)] **MAIL the PAPER COPY and CD of the Adopted Amendment to:**

**ATTENTION: PLAN AMENDMENT SPECIALIST  
DEPARTMENT OF LAND CONSERVATION AND DEVELOPMENT  
635 CAPITOL STREET NE, SUITE 150  
SALEM, OREGON 97301-2540**

7. Submittal of this Notice of Adoption must include the signed ordinance(s), finding(s), exhibit(s) and any other supplementary information (see ORS 197.615 ).
8. Deadline to appeals to LUBA is calculated **twenty-one (21) days** from the receipt (postmark date) of adoption (see ORS 197.830 to 197.845 ).
9. In addition to sending the Form 2 - Notice of Adoption to DLCD, please notify persons who participated in the local hearing and requested notice of the final decision at the same time the adoption packet is mailed to DLCD (see ORS 197.615 ).
10. **Need More Copies?** You can now access these forms online at <http://www.lcd.state.or.us/>. You may also call the DLCD Office at (503) 373-0050; or Fax your request to: (503) 378-5518.

Updated December 22, 2009

**ORDINANCE NO. 393**

**AN ORDINANCE OF THE CITY OF SISTERS ADOPTING THE  
SISTERS HOUSING PLAN AND COMPREHENSIVE PLAN  
AMENDMENTS TO GOAL 10.**

**WHEREAS**, the City of Sisters conducted a Post Acknowledgement Plan Amendment to update a specific portion of the adopted and acknowledged Sisters Urban Area Comprehensive Plan under the guidance of the Sisters City Council and Department of Land Conservation and Development; and

**WHEREAS**, the City of Sisters seeks to amend Goal 10, Housing, of the Sisters Comprehensive Plan to reference and adopt the "Sisters Housing Plan" and provide policies and implementation measures for ensuring affordable and workforce housing for the Sisters population; and,

**WHEREAS**, the purpose of the Sisters Housing Plan is to ensure that Sisters' long term housing supply is affordable to a variety of income levels through the planning period of 2025, consistent with existing policy direction from the Sisters Comprehensive Plan; and,

**WHEREAS**, the affected properties are located within the City of Sisters city limits; and,

**WHEREAS**, in accordance to the provisions found in the Sisters Development Code Table 4.1.200 and Section 4.1.160, the proposed Comprehensive Plan amendments are processed as a Type IV application; and,

**WHEREAS**, the Department of Land Conservation and Development (DLCD) received the Notice of Proposed Amendment at least 45-days prior to the first evidentiary hearing; and,

**WHEREAS**, after due notice, a significant number of public workshops, meetings and hearings were held before the Sisters Urban Area Planning Commission and Sisters City Council, and a final public hearing was held before the Sisters City Council on January 28, 2010;

**NOW, THEREFORE**, the City of Sisters does hereby ordain as follows:

**SECTION 1.** Notice has been given in the manner required by state law and city code; and,

**SECTION 2.** The findings of fact on this matter are located in the staff report dated March 19, 2009, herewith attached and by this reference incorporated herein as Exhibit 1

**SECTION 3.** Changes to the existing Sisters Urban Area Comprehensive Plan are herewith attached and incorporated herein as Exhibit 2. The text changes shown in Exhibit 2 replace the current Comprehensive Plan text in the section referenced herein.

**SECTION 4.** The Sisters Housing Plan is herewith attached and incorporated herein as Exhibit 3.

**SECTION 5.** Severability. If any section, subsection, sentence, clause or phrase of this Ordinance is for any reason held to be invalid or unconstitutional by any court of competent jurisdiction, such decisions shall not affect the validity of the remaining portions of this Ordinance.

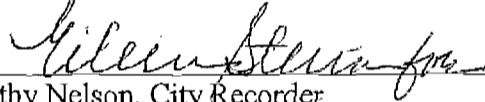
**SECTION 6.** Repealer. All parts, portions of provisions of The Plan inconsistent herewith are repealed.

PASSED by the Common Council of the City of Sisters this 28<sup>th</sup> day of January 2010, and APPROVED by the Mayor of the City of Sisters.



\_\_\_\_\_  
Lon Kellstrom, Mayor

ATTEST:



\_\_\_\_\_  
Kathy Nelson, City Recorder

Attachments: Exhibit 1 – Findings of fact  
Exhibit 2 – Sisters Urban Area Comprehensive Plan, text changes  
Exhibit 3 – Sisters Housing Plan, including Appendices A, B and C  
Exhibit 4 – Planning Commission Resolution PC2009-16



**Sisters  
City Council  
Agenda Item Summary**

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<b>Meeting Date:</b>	January 28, 2010	<b>Staff:</b>	Eric Porter
<b>Type:</b>	Regular Meeting	<b>Dept:</b>	CDD
<b>Subject:</b>	Sisters Housing Plan Adoption		

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**Action Requested:** Continue a public hearing and consider the adoption of Ordinance No. 393: AN ORDINANCE OF THE CITY OF SISTERS ADOPTING THE SISTERS HOUSING PLAN AND COMPREHENSIVE PLAN AMENDMENTS TO GOAL 10.

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**Background:** On December 10, 2009, the Sisters City Council opened a public hearing to consider the adoption of the Housing Plan. The hearing was continued to January 14, 2010 and again until January 28, 2010 in order to give the public an opportunity to provide additional testimony and to conduct a workshop on January 28, 2010 prior to the regular meeting.

The Agenda Item Summary from the December 10, 2009 public hearing contained a number of attachments and exhibits. For brevity, only Ordinance No. 393 is included herein. The attachments and exhibits provided in the December 10, 2009 material included Attachment A (Ordinance No. 393), within which was Exhibit 1 (staff report to the Planning Commission including the required findings), Exhibit 2 (proposed text changes to Comprehensive Plan text), Exhibit 3 (Planning Commission Resolution No. 2009-16), Exhibit 4 (Housing Plan, including appendices A, B and C); Attachment B (data from other jurisdictions); Attachment C (implementation strategies), and Attachment D (sample resolution for the creation of the Housing Advisory Board). These documents are incorporated herein by reference.

**Options:**

**Option 1 – Adopt Ordinance No. 393 as proposed.** This means that the Housing Plan along with its seven strategies are adopted by the City. The City Council would have ultimate say in whether any new fees are to be created in order to implement specific strategies. Choosing Option 1 would direct staff to start the process of advertising for Housing Advisory Board positions, after which staff would make recommendation on Board appointments to the Mayor for Council consideration.

**Option 2 – Adopt Ordinance No. 393 with changes by the Council.** This means that the Council would make changes to the Ordinance, such as not creating a Housing Advisory Board at present. The City Council would have ultimate say in whether any new fees are to be created in order to implement specific strategies.

**Option 3 – Hold a public hearing only.** This means that public testimony would be taken, and that the adoption of the Housing Plan would be continued to a 'date certain' for adoption consideration at a later date.

**Option 4 – Take no action.** This means that the Housing Plan adoption would be deferred pending further City Council discussion or deferred indefinitely.

Staff's Recommendation: **Option 1**

**Financial Impact:** Some of the seven proposed implementation strategies may lead to evaluating the possibility of proposing new fees to help pay for affordable housing or other strategies in the plan. Future Council consideration for potential funding may be brought to City Council for consideration at a later date.

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**Attachment(s):**

A – Ordinance No. 393

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**Concurrence:** CM: al A&F: sy PW: BA CDD: EP

**ORDINANCE NO. 393**

**ORDINANCE NO. 393**

**AN ORDINANCE OF THE CITY OF SISTERS ADOPTING THE  
SISTERS HOUSING PLAN AND COMPREHENSIVE PLAN  
AMENDMENTS TO GOAL 10.**

**WHEREAS**, the City of Sisters conducted a Post Acknowledgement Plan Amendment to update a specific portion of the adopted and acknowledged Sisters Urban Area Comprehensive Plan under the guidance of the Sisters City Council and Department of Land Conservation and Development; and

**WHEREAS**, the City of Sisters seeks to amend Goal 10, Housing, of the Sisters Comprehensive Plan to reference and adopt the "Sisters Housing Plan" and provide policies and implementation measures for ensuring affordable and workforce housing for the Sisters population; and,

**WHEREAS**, the purpose of the Sisters Housing Plan is to ensure that Sisters' long term housing supply is affordable to a variety of income levels through the planning period of 2025, consistent with existing policy direction from the Sisters Comprehensive Plan; and,

**WHEREAS**, the affected properties are located within the City of Sisters city limits; and,

**WHEREAS**, in accordance to the provisions found in the Sisters Development Code Table 4.1.200 and Section 4.1.160, the proposed Comprehensive Plan amendments are processed as a Type IV application; and,

**WHEREAS**, the Department of Land Conservation and Development (DLCD) received the Notice of Proposed Amendment at least 45-days prior to the first evidentiary hearing; and,

**WHEREAS**, after due notice, a significant number of public workshops, meetings and hearings were held before the Sisters Urban Area Planning Commission and Sisters City Council, and a final public hearing was held before the Sisters City Council on January 28, 2010;

**NOW, THEREFORE**, the City of Sisters does hereby ordain as follows:

**SECTION 1.** Notice has been given in the manner required by state law and city code; and,

**SECTION 2.** The findings of fact on this matter are located in the staff report dated March 19, 2009, herewith attached and by this reference incorporated herein as Exhibit 1



**SECTION 3.** Changes to the existing Sisters Urban Area Comprehensive Plan are herewith attached and incorporated herein as Exhibit 2. The text changes shown in Exhibit 2 replace the current Comprehensive Plan text in the section referenced herein.

**SECTION 4.** The Sisters Housing Plan is herewith attached and incorporated herein as Exhibit 3.

**SECTION 5.** Severability. If any section, subsection, sentence, clause or phrase of this Ordinance is for any reason held to be invalid or unconstitutional by any court of competent jurisdiction, such decisions shall not affect the validity of the remaining portions of this Ordinance.

**SECTION 6.** Repealer. All parts, portions of provisions of The Plan inconsistent herewith are repealed.

PASSED by the Common Council of the City of Sisters this 28<sup>th</sup> day of January 2010, and APPROVED by the Mayor of the City of Sisters.

\_\_\_\_\_  
Lon Kellstrom, Mayor

ATTEST:

\_\_\_\_\_  
Kathy Nelson, City Recorder

Attachments: Exhibit 1 – Findings of fact  
Exhibit 2 – Sisters Urban Area Comprehensive Plan, text changes  
Exhibit 3 – Sisters Housing Plan, including Appendices A, B and C  
Exhibit 4 – Planning Commission Resolution PC2009-16



**Sisters  
City Council  
Agenda Item Summary**

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<b>Meeting Date:</b>	December 10, 2009	<b>Staff:</b>	Eric Porter, Laura Lehman
<b>Type:</b>	Regular Meeting	<b>Dept:</b>	CDD
<b>Subject:</b>	Sisters Housing Plan Adoption		

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**Action Requested:** Conduct a public hearing and consider the adoption of Ordinance No. 393: AN ORDINANCE OF THE CITY OF SISTERS ADOPTING THE SISTERS HOUSING PLAN AND COMPREHENSIVE PLAN AMENDMENTS TO GOAL 10.

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**Background:** In 2007, the Sisters City Council established creating a Housing Plan as a high-priority goal. The City hired consultant Susanna Julber to draft the plan. Ms. Julber gave a number of status report presentations on the Plan to the City Council, Planning Commission, and Committee for Citizen Involvement. The Plan went to public hearing before the Planning Commission on March 19, 2009 and May 21, 2009.

The Planning Commission unanimously recommended that the Council adopt the plan and its seven strategies (Exhibit 3; Resolution No. PC 2009-16). The Planning Commission by majority also indicated that they wished to be the Housing Advisory Board.

Staff presented the Housing Plan to the City Council on August 6, 2009. At this workshop, the Council directed staff to undertake several tasks before the Council would consider adopting the Housing Plan. These tasks included:

- Contacting other jurisdictions to find out (1) whether they had a Housing Plan; (2) whether the Plan was administered by staff or outsourced to a specialist; and (3) whether they had a Housing Advisory Board.
- Providing more detail about the implementation strategies.
- Providing more detail about the creation of a Housing Advisory Board and potentially establishing the Board prior to adopting the Housing Plan.

Staff then researched other jurisdictions per Council's recommendation (Attachment B); further researched the seven implementation strategies (Attachment C), and obtained more information about creating a Housing Advisory Board including a sample resolution from the City of Bend (Attachment D).

Staff is now requesting the Council consider the adoption of Ordinance No. 393, which would adopt the Housing Plan including its strategies, along with text changes to the Comprehensive Plan.

**The Seven Strategies – Implementing Some Now and Some Later.** At the August 2009 Council workshop, the Council majority indicated that more refinement was desired on some of the strategies, particularly those that might lead to fees being charged before some specific strategies are implemented. The seven strategies are as follows. A description of each is found in Attachment C at the end of this report.

1. Develop Organizational Capacity to Implement Housing Programs and Strategies, and to Monitor Success in Achieving Housing Goals.
2. Develop a Housing Trust Fund, and use other existing City funding sources on a limited basis.
3. Develop a comprehensive incentive program for developers of affordable housing.
4. Adjust the Comprehensive Plan target of "1-in-10" affordable units based on year 2010 Census data.
5. Examine existing public policies to ensure that regulations do not hinder affordable housing efforts.
6. Preserve existing housing stock by promoting existing housing programs and county-wide resources, which generally target up to 80% AMI.
7. Support and monitor Statewide efforts that encourage affordable housing.

Of these seven strategies, three would not lead to any fee increases (strategies no. 1, 6 and 7).

On December 4, 2009, staff spoke with DLCD representative Mark Radabaugh to find out if it would be possible to implement some strategies now, and others later. Mr. Radabaugh indicated that the plan would be somewhat vulnerable unless text were inserted into the plan that made it policy that specific strategies are implemented now; then a Housing Advisory Board is created to refine the remaining strategies and potentially come up with new strategies, then bring these refined strategies to the City Council through the Planning Commission via formal recommendation.

**Options:**

**Option 1** – *Adopt Ordinance No. 393 as proposed.* This means that the Housing Plan, along with its seven strategies, are adopted by the City. The City Council would have ultimate say in whether any new fees are to be created in order to implement specific strategies. This also means that staff would start the process of advertising for Housing Advisory Board positions, after which staff would make recommendation on Board appointments to the Mayor for Council consideration.

**Option 2** – *Adopt Ordinance No. 393 as amended by the City Council.* This means that the Council would direct staff to prepare policy language for inclusion into the Housing Plan that would specify that certain strategies are implemented now, while other strategies are to be refined following creation of the Housing Advisory Board. This would direct staff to begin advertising for the Housing Advisory Board positions, after which staff would make recommendation on Board appointments to the Mayor for Council consideration.

**Option 3** – *Hold a public hearing only.* This means that public testimony would be taken, and that the adoption of the Housing Plan would be continued to a 'date certain' for adoption consideration at a later date.

**Option 4** – *Take no action.* This means that the Housing Plan adoption would be deferred pending further City Council discussion or deferred indefinitely.

Staff's Recommendation: **Option 2**

**Financial Impact:** Two of the seven proposed implementation strategies may lead to evaluating the possibility of proposing new fees to help pay for affordable housing. Future Council consideration for potential affordable housing funding may be brought to City Council for consideration at a later date following the creation of a Housing Advisory Board and subsequent refinement of strategies.

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**Attachment(s):**

A – Ordinance No. 393, including;

Exhibit 1 – Staff Report to the Planning Commission

Exhibit 2 – Proposed Text Changes to Comprehensive Plan Text

Exhibit 3 – Planning Commission Resolution No. 2009-16

Exhibit 4 – Housing Plan, including Appendices A, B and C

B – Data from Other Jurisdictions

C – Implementation Strategies

D – The Housing Advisory Board

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Concurrence: CM: ail A&F: sy PW: BA CDD: ESP

**ATTACHMENT A**  
**CITY OF SISTERS**  
**ORDINANCE NO. 393**

**AN ORDINANCE OF THE CITY OF SISTERS ADOPTING THE SISTERS HOUSING PLAN AND COMPREHENSIVE PLAN AMENDMENTS TO GOAL 10.**

**WHEREAS**, the City of Sisters conducted a Post Acknowledgement Plan Amendment to update a specific portion of the adopted and acknowledged Sisters Urban Area Comprehensive Plan under the guidance of the Sisters City Council and Department of Land Conservation and Development; and

**WHEREAS**, the City of Sisters seeks to amend Goal 10, Housing, of the Sisters Comprehensive Plan to reference and adopt the "Sisters Housing Plan" and provide policies and implementation measures for ensuring affordable and workforce housing for the Sisters population; and,

**WHEREAS**, the purpose of the Sisters Housing Plan is to ensure that Sisters' long term housing supply is affordable to a variety of income levels through the planning period of 2025, consistent with existing policy direction from the Sisters Comprehensive Plan; and,

**WHEREAS**, the affected properties are located within the City of Sisters city limits; and,

**WHEREAS**, in accordance to the provisions found in the Sisters Development Code Table 4.1.200 and Section 4.1.160, the proposed Comprehensive Plan amendments are processed as a Type IV application; and,

**WHEREAS**, the Department of Land Conservation and Development (DLCD) received the Notice of Proposed Amendment at least 45-days prior to the first evidentiary hearing; and,

**WHEREAS**, after due notice, a significant number of public workshops, meetings and hearings were held before the Sisters Urban Area Planning Commission and Sisters City Council, and a final public hearing was held before the Sisters City Council on January 14<sup>th</sup> 2010;

**NOW, THEREFORE**, the City of Sisters does hereby ordain as follows:

**SECTION 1.** Notice has been given in the manner required by state law and city code; and,

**SECTION 2.** The findings of fact on this matter are located in the staff report dated March 19, 2009, herewith attached and by this reference incorporated herein as Exhibit 1.

**SECTION 3.** Changes to the existing Sisters Urban Area Comprehensive Plan are herewith attached and incorporated herein as Exhibit 2. The text changes shown in Exhibit 2 replace the current Comprehensive Plan text in the section referenced herein.

**SECTION 4.** The Sisters Housing Plan is herewith attached and incorporated herein as Exhibit 3.

**SECTION 5.** Severability. If any section, subsection, sentence, clause or phrase of this Ordinance is for any reason held to be invalid or unconstitutional by any court of competent jurisdiction, such decisions shall not affect the validity of the remaining portions of this Ordinance.

**SECTION 6.** Repealer. All parts, portions of provisions of The Plan inconsistent herewith are repealed.

PASSED by the Common Council of the City of Sisters this \_\_\_\_ day of December 2009, and APPROVED by the Mayor of the City of Sisters.

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Lon Kellstrom, Mayor

ATTEST:

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Kathy Nelson, City Recorder

**Attachments:**

Exhibit 1 – Staff Report to the Planning Commission dated March 19, 2009, including Findings of Fact

Exhibit 2 – Sisters Urban Area Comprehensive Plan text changes

Exhibit 3 – Planning Commission Resolution No. 2009-16

Exhibit 4 – Housing Plan, including Appendices A, B and C



**CITY OF SISTERS  
STAFF REPORT  
EXHIBIT 1**

**File #:** CP-08-03

**Applicant/Owner:** City of Sisters

**Request:** The Applicant is requesting that the Planning Commission conduct a public hearing, and adopt a Resolution recommending approval of Comprehensive Plan Text Amendments in order to adopt and implement the recommendations of the Sisters Housing Plan.

**Planner:** Susanna Julber, Sage Land Use Services, Inc.

**Applicable Criteria:** City of Sisters Development Code: Chapter 4.0 Applications and Review Procedures, Chapter 4.1 Types of Applications and Review, Sisters Comprehensive Plan, and Oregon Statewide Planning Goals.

**Hearing Date:** March 19, 2009, 5:30 p.m.

**Location:** City of Sisters Council Chambers

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**I. Staff Recommendation**

The proposal to amend the Sisters Comprehensive Plan to incorporate the strategies recommended in the Sisters Housing Plan meets all of the applicable standards of the Development Code, Sisters Comprehensive Plan, and Statewide Planning Goals. Staff is recommending that the Planning Commission adopt a Resolution recommending approval of the application to the City Council.

**II. Application/Background**

In December 2007, the Sisters City Council provided direction to begin the development of the Sisters Housing Plan (Plan). The purpose of the Plan is to develop an action plan to ensure that Sisters' long term housing supply is affordable to a variety of income levels through the planning period of 2025, consistent with existing policy direction from the Sisters Comprehensive Plan. The existing housing policy 10.4(2) reads as follows:

"The City shall develop a coordinated and comprehensive Housing Plan that will provide housing choices to all income levels in the City. The following objectives shall be incorporated into the plan:

Tasks-

a. The Housing Plan shall explore and recommend how one in 10 of all new housing units built in the City by 2005 can be made affordable to families with low incomes.

b. The Housing Plan shall explore and recommend the use of appropriate tools including, but not limited to: accessory dwelling units, annexation policies, development incentives, fee waivers for deferrals, down payment assistance programs and gap financing, employer housing assistance (non-residential development), equity pool or shared equity programs, land trusts, land banking, mixed use, mobile home parks, residential density bonuses and increases, flexible zoning, affordable housing trust funds, and UGB expansions.

c. The Housing Plan shall address how affordable housing can be dispersed throughout the City." (page 62, *Sisters Comprehensive Plan*)

Following adoption of the Sisters Comprehensive Plan in 2005, the City proactively implemented policies to help facilitate affordable housing. Primarily, the City relied on regulatory tools in the Sisters Development Code, such as accessory dwelling units and smaller lot sizes to increase densities citywide, in hopes that smaller lots sizes would lead to smaller homes, and lower-priced homes. However, although there has been a significant increase in the density of the single family lots constructed within the City between the years 2003 and 2007, it has not created lower-priced homes. The average density figure for single family homes has steadily increased from 5.3 units per net acre in 2003, to 8.8 units per net acre through July 2007, nearly approaching the lower end of the R-MFSD required density of 9-20 units per acre. The increased density evidenced by analyzing building permit data is consistent with the direction from the 2005 Sisters Comprehensive Plan.

During the same period, home prices outpaced what is considered affordable to a Sisters resident earning Deschutes County Area Median Income (\$58,800 for 2007). According to the Oregon Association of Realtors, the average home price in the Sisters region has steadily risen over the past seven years, consistent with other Central Oregon cities. As noted in **Table 1**, although the "Sisters" designation used by the Central Oregon Realtors Multiple Listing Service generally includes homes in the outlying areas, outside the Sisters City Limits, it is useful to look at the rise in home prices to get a general overview of the housing situation in Sisters. The data shows that in the five-year period between 2001 and 2006, the average home price in the Sisters area nearly doubled, from \$235,000 to \$460,000. The Sisters area exhibits the highest housing prices of any in Deschutes County.

As noted previously in the supporting report completed for the Plan, *Residential Inventory Analysis and Update* (April 2008), average payroll wages increased only 17.9 percent between 2002-2006. While housing sales prices are slightly lower in the Sisters City Limits (a January 2008 analyses found an average of \$361,763), a family earning 100 percent of Deschutes County AMI would be able to afford a home price of \$180,500 without experiencing cost burden, leaving much of the Sisters market unattainable for many households.

**Table 1. Average home prices by year, Sisters (area, not City Limits), Bend, and Redmond**

Area	2001	2002	2003	2004	2005	2006
Sisters	\$235,000	\$247,500	\$270,000	\$308,500	\$394,250	\$460,000
Bend	\$168,950	\$183,500	\$195,000	\$227,500	\$279,900	\$351,978
Redmond	\$125,000	\$135,125	\$148,567	\$158,500	\$198,818	\$262,749



*Source: Central Oregon Realtors Association.*

Given these issues, the City finds it important to develop and adopt additional housing strategies to assist in providing more affordable housing opportunities in the City. The specific housing strategies recommended for adoption in the Plan include:

- Develop Organizational Capacity to Implement Housing Programs and Strategies, and to Monitor Success in Achieving Housing Goals;
- Develop a Housing Trust Fund;
- Provide an Incentive Program for development of affordable housing;
- Examine public policies to remove barriers to affordable housing;
- Support existing programs; and
- Support proposed legislation for affordable housing.

These strategies are generally targeted for both rental and home-ownership housing. Upon adoption of the Plan by the City Council, and subsequent implementation, the strategies will assist in providing more affordable housing choices in the future, and in meeting the objectives of Statewide Planning Goal 10, Housing.

### **III. Conclusionary Findings**

#### **Recommended Findings**

In order to be approved, the application for Comprehensive Plan Amendment must meet chapter 4.1 (Types of Applications and Review Procedures), Section 4.1.6, Type IV Procedure (Legislative), applicable elements of the Comprehensive Plan, and applicable Statewide Planning Goals. The application's compliance is addressed in the following sections of this recommendation.

**A. Section 4.1.2 provides that a Comprehensive Plan amendment is considered a Type IV Procedure.**

**Finding:** The application is being processed in accordance with the procedures in Section 4.1.6, for Type IV Legislative procedures.

**B. Section 4.1.6(A-B), provides the necessary requirements for a Type IV Legislative decision.**

**Finding:** Because the project and Plan Amendments have been initiated by the City and do not apply to a specific property or properties in the City, the requirements of Section 4.1.6(A-B) do not apply to this application.

**C. Section 4.1.6(C), Notice of Hearing, provides that at least 10 days prior to the Planning Commission public hearing date, and 10 days prior to the City Council hearing date, notice shall be published in a newspaper of general circulation in the City. Section 4.1.6(2)(a) is applicable to properties proposed for rezoning.**

**Finding:** The notice for the Planning Commission hearing was published in the Nugget News on March 1, 2009. The proposal has complied with the noticing requirements for Type IV applications, in accordance with Section 4.1.6(C)(b).

**D. Section 4.1.6(C)(2)(d) provides that the Department of Land Conservation and Development (DLCD) be noticed at least 45 days prior to the first evidentiary hearing on the proposal.**

**Finding:** DLCD was provided notice of the application on October 2, 2008, and again on January 5, 2009, with revisions. Therefore, the City has complied with the minimum 45-day notice requirements in compliance with Section 4.1.6(C)(2)(d).

**G. Decision-Making Considerations. The recommendation by the Planning Commission and the decision by the City Council shall be based on consideration of the following factors:**

1. Approval of the request is consistent with the Statewide Planning Goals; and
2. Approval of the request is consistent with the Comprehensive Plan; and
3. The property and affected area is presently provided with adequate public facilities, services and transportation networks to support the use, or such facilities, services and transportation networks are planned to be provided concurrently with the development of the property. The applicant shall update City of Sisters Masters Plans for Water, Sewer, Parks and Transportation Systems subject to City Council approval, to reflect impacts of the rezoning on those facilities and long-range plans. The applicant must demonstrate that the property and affected area shall be served with adequate public facilities, services and transportation networks to support maximum anticipated levels and densities of use allowed by the District without adversely impacting current levels of service provided to existing users; or applicant's proposal to provide concurrently with the development of the property such facilities, services and transportation networks needed to support maximum anticipated level and density of use allowed by the District without adversely impacting current levels of service provided to existing users; and
4. Compliance with 4.7.600, Transportation Planning Rule (TPR) Compliance.

Criteria 3, and 4, above, are not directly applicable to the application, as the Comprehensive Plan amendments necessary to implement the Housing Plan do not apply to a specific property; rather, the amendments involve policy direction for implementation of strategies Citywide. Actual assessment of the adequacy of public facilities would be considered upon an actual development application. Additionally, the Transportation Planning Rule is not directly applicable to the application, but would be evaluated upon consideration of an actual development application.

Because these are considered Type IV applications, the Planning Commission makes a recommendation on the application, which is then heard before the Sisters City Council, who will ultimately decide on the applications.

The proposal's compliance with Statewide Planning Goals and the Sisters Comprehensive Plan is evaluated in the following sections.

The applications compliance with criteria 1-4, above, is addressed in detail in the following findings.

**1. Approval of the request is consistent with the Statewide Planning Goals;**

**Goal 1- Citizen Involvement. To develop a citizen involvement program that ensures the opportunity for citizens to be involved in all phases of the planning process.**

**Finding:** Adoption of the Sisters Housing Plan was completed in accordance with the City's adopted policies for citizen involvement, including proper notice (Section 4.1.6 of the Sisters Development Code), and additionally, multiple opportunities for citizen input on the plan including:

- City Council Workshops: July 24, 2008, August 7, 2008, and February 5, 2009.
- Planning Commission Workshops: May 1, 2008, October 16, 2008, and November 20, 2008.
- Committee for Citizen Involvement Meeting: September 17, 2008.
- Realtors Presentation: October 23, 2008.
- Various individual meetings with concerned citizens, developers, and business owners in Sisters.

The Housing Plan and associated amendments were developed with multiple opportunities for citizen involvement, in compliance with Statewide Planning Goal 1. Additionally, public hearings before the Planning Commission and City Council will offer additional opportunities for public involvement.

**Goal 2- Land Use Planning. To establish a land use planning process and policy framework as a basis for all decision and actions related to use of land and to assure an adequate factual base for such decisions and actions.**

**Finding:** Goal 2 requires that land use actions follow a prescribed process and are based on facts and data supporting the proposed action. The Comprehensive Plan amendments that are necessary to implement the Sisters Housing Plan are consistent with the factual basis in the Comprehensive Plan, as well as the background reports, *Residential Inventory Analysis and Update* (April 1, 2008), and *Strategies Report* (July 21, 2008). These reports were prepared to illustrate the situation with escalating housing prices in the City, as well as a general ability by roughly 50 percent of the City's population to afford housing without experiencing cost burden. The proposed amendments and the Sisters Housing Plan implements existing policy direction from the Sisters Comprehensive Plan that directs the City to develop and adopt a comprehensive Housing Plan, and further, the requirements of Statewide Planning Goal 2.

**Goal 3- Agricultural Lands. To preserve and maintain agricultural lands.**

**Finding:** The proposed plan amendment and zone change does not affect any lands zoned or designated for agriculture. As such, the requirements of Goal 3 are not applicable to the proposal.

**Goal 4- Forest Lands. To conserve forest lands by maintaining the forest land base and to protect the state's forest economy by making possible economically efficient forest practices that assure the continuous growing and harvesting of forest tree species as the leading use on forest land consistent with sound management of soil, air, water, and fish and wildlife resources and to provide for recreational opportunities and agriculture.**

**Finding:** The proposed plan amendment and zone change does not affect any lands zoned or designated for forest uses. As such, the requirements of Goal 4 are not applicable to the application.

**Goal 5- Natural Resources, Scenic and Historic Areas, and Open Spaces. To protect natural resources and conserve scenic and historic areas and open spaces.**

**Finding:** The proposal does not impact any Goal 5 resources.

**Goal 6- Air, Water and Land Resources Quality. To maintain and improve the quality of the air, water, and land resources of the state.**

**Finding:** The Sisters Housing Plan does not directly impact the City's air, land, or water resources quality; however, encouraging additional supplies of affordable housing may reduce impacts to air quality, as providing additional housing within the City limits may reduce commuting for jobs in outlying communities.

**Goal 7- Areas Subject to Natural Hazards. To protect peoples and property from natural hazards.**

**Finding:** The requirements of Goal 7 are not applicable to the Sisters Housing Plan and associated amendments.

**Goal 8- Recreation Needs. To satisfy the recreational needs of the citizens of the state and visitors and, where appropriate, to provide for the siting of necessary recreational facilities including destination resorts.**

**Finding:** The requirements of Goal 8 do not apply to the adoption of the proposed amendments, as no specific properties are proposed for recreational use as part of the proposal, and the amendments do not involve policies regarding recreational lands.

**Goal 9- Economic Development. To provide adequate opportunities throughout the state for a variety of economic activities vital to the health, welfare, and prosperity of Oregon's citizens.**

**Finding:** Goal 9 requires the City to provide adequate opportunities for a variety of economic activities vital to the health and welfare of its citizens. The lack of affordable housing in the City may be hindering economic development efforts, as adequate supplies of workforce and employee housing are not available. The Sisters Housing Plan contains strategies to assist in providing incentives for developers of housing up to 120 percent of Area Median Income (AMI), and are focused on providing housing for not only low-income (80 percent of AMI and below), but also for those earning wages that are considered "workforce". By providing opportunities for a variety of incomes, additional businesses may be attracted to the area, assisting in facilitating greater economic development activities, consistent with Statewide Planning Goal 9.

**Goal 10- Housing. To provide for the housing needs of citizens of the state. Buildable lands for residential use shall be inventoried and plans shall encourage the availability of adequate numbers of needed housing units at price ranges and rent levels which are commensurate with the financial capabilities of Oregon households and allow for flexibility of housing location, type and density.**

**Finding:** Adoption of the Plan complies with the requirements of Goal 10 by providing strategies and implementation measures that will assist in providing housing that is commensurate with the financial capabilities within the City of Sisters. Additionally, with the emphasis of Sisters' local economy on tourism, it is likely that households will continue to need housing that is reasonably priced into the future.

The Plan focuses on the implementation of the following strategies:

- Develop Organizational Capacity to Implement Housing Programs and Strategies, and to Monitor Success in Achieving Housing Goals;
- Develop a Housing Trust Fund;
- Provide an Incentive Program for development of affordable housing;
- Examine public policies to remove barriers to affordable housing;
- Support existing programs; and
- Support proposed legislation for affordable housing.

While these strategies are not as aggressive as some communities', the strategies provide direction to the City to develop levels of staffing to monitor progress towards housing goals, to develop a funding mechanism to assist priority housing projects, provide an incentive program for developers, will work to remove existing barriers to affordable housing development, provide support to existing providers through policies and procedures, and finally, provide direction for the City to become more actively involved in housing related issues at both the State and regional level.

While development of the Plan was not conducted as part of the City's Periodic Review, an analysis of building trends since adoption of the Comprehensive Plan was completed for background. The analysis found that while the City's densities have increased since adoption of the Comprehensive Plan, this has not resulted in provision of more affordable housing. Furthermore, the analysis showed that with the increased densities evidenced, the City currently has an inventory of 1,892 approved and preliminarily approved residential housing units in the City Limits. Based on the Deschutes County Coordinated Population Forecast, 2000-2025, the City of Sisters will require 1,850 residential housing units in the year 2025 to meet the anticipated demand. Therefore, using both approved and preliminarily approved units, the City has a sufficient residential inventory to meet the adopted 2025 demand.

However, because the units are not necessarily intended to be affordable, additional strategies are necessary to ensure that Sisters' long term housing supply is priced commensurate with income levels of its residents. In this respect, adoption of the Plan and accompanying strategies is consistent with the requirements of Goal 10, Housing.

**Goal 11. Public Facilities and Services. To plan and develop a timely, orderly and efficient arrangement of public facilities and services to serve as a framework for urban and rural development.**

**Finding:** Adoption of the Sisters Housing Plan and associated Plan amendments are not directly related to the requirements of Goal 11.

**Goal 12. Transportation. To provide and encourage a safe, convenient and economic transportation system.**

**Finding:** The proposed amendments are not related to the requirements of Goal 12, as they do not affect a transportation facility, or involve adding additional trips to the transportation system.

**Goal 13. Energy Conservation. To conserve energy.**

**Finding:** The proposed amendments are not related to the requirements of Goal 13.

**Goal 14. Urbanization. To provide for an orderly and efficient transition from rural to urban land use, to accommodate urban population and urban employment inside urban growth boundaries, to ensure efficient use of land, and to provide for livable communities.**

**Finding:** Adoption of the Sisters Housing Plan will encourage workforce and additional housing supplies within the existing Urban Growth Boundary (UGB) of Sisters, consistent with the requirements of Goal 14. While the proposed amendments do not propose to increase densities, the strategies do facilitate development of housing commensurate with residents' income levels, reducing the need for development outside the UGB and creating additional housing opportunities within the City's jurisdictional boundary.

One of the strategies recommended for implementation in the Plan is to develop an annexation ordinance, to guide decisions on future annexations to the City. The ordinance, as envisioned currently, would outline requirements for provision of type, price range, and amounts of housing for areas to be annexed, provide guidance on other requirements- such as infrastructure- and additionally, provide a developer to pay an "in lieu of fee" that would be deposited into a Housing Trust Fund, as an alternative to developing the housing themselves. The Plan's direction to develop an annexation ordinance, in this manner, is consistent with Goal 14 as it provides efficient planning and transition for areas proposed for inclusion in the City limits.

**Goal 15, Willamette River Greenway, Goal 16 Estuarine Resources, Goal 17 Coastal Shorelands, Goal 18 Beaches and Dunes, and Goal 19 Ocean Resources**

**Finding:** Goals 15, 16, 17, 18, and 19 are not related to the proposed amendments or the Sisters Housing Plan.

**2. Approval of the request is consistent with the Comprehensive Plan; and**

The following section provides an evaluation of the proposal's compliance with the Sisters Comprehensive Plan policies and relevant sections.

**Part I**  
**Introduction**

The 2005 Sisters Comprehensive Plan is intended to be an adaptable, living document. The following findings demonstrate that the proposed Plan amendments comply with and implement many of the Plan's existing policies. The Housing Plan will assist in implementing practical strategies that respond to changing community conditions that have occurred since adoption of the Comprehensive Plan. In essence, the proposed amendments are practical changes that respond to and compliment issues, data and information contained in the Plan. Additionally, the Plan amendments incorporate data and analysis that has recently been developed. The Sisters Housing Plan addresses the need for a variety of housing types and housing opportunities and the lack of affordable housing and provides strategies to facilitate additional supplies of affordable housing. The Housing Plan will implement existing policy direction provided in the Comprehensive Plan, and further, by implementing strategies to encourage affordable housing, respond to the needs of Sisters' residents.

**Part II**

**Citizen Involvement**

**Finding:** As provided under a previous finding addressing compliance with Statewide Planning Goal 1, the Housing Plan was developed with multiple opportunities for citizen involvement in the Plan.

**Part III**

**General Goals and Objectives**

The following discusses how the proposed amendments address the General Goals and Objectives. More detailed findings addressing specific goals and policies of the Sisters Comprehensive Plan are presented in subsequent areas of this recommendation.

**3. To preserve and maintain agricultural lands outside the City limits by promoting efficient use of urban lands inside the City limits.**

**Finding:** Adopting the Sisters Housing Plan will facilitate efficient use of residential land within the existing UGB, preserving agricultural land from urban development.

**10. To provide adequate opportunities for a variety of economic activities vital to the health, welfare, and prosperity of the City's citizens.**

**Finding:** Supporting documentation, such as the Residential Inventory Analysis and Update (April 1, 2008), and the "Central Oregon Workforce Housing Needs Analysis" (Rees Consulting, July 2006), found a substantial imbalance between the demand and supply of not only housing affordable to those with low incomes (less than 80 percent AMI), but additionally, workforce housing (affordable to those earning 80-120 percent AMI) and a significant mismatch between housing prices and household incomes. Specifically, the Rees Consulting study found that home prices have risen so dramatically, that housing in Sisters is no longer affordable to most members of the workforce. The study continues, stating that growth in demand for workforce housing, and the lack of sufficient affordable housing units has negatively impacted businesses and economic development efforts. Adopting additional strategies to encourage affordable housing is

consistent with improving the economic conditions in Sisters, in compliance with General Goal 10, above.

**11. To provide for the housing needs of citizens of the City and ensure that land development allows for different housing types and densities.**

**Finding:** Compliance with General Goal 11 is provided under compliance with Statewide Planning Goal 10.

## **Part V**

### **Comprehensive Plan Goals, Findings, & Policies**

#### **Goal 9- Economic Development**

**4. The City should support efforts to attract businesses providing family-wage employment opportunities.**

**Finding:** Providing housing that is priced affordably for workers has become a challenge for Sisters. As noted previously, there is a substantial imbalance between the prices in Sisters and household incomes. The lack of available and affordable workforce housing provides a substantial challenge for the types of retail and service sector positions that are essential to the economy of Sisters, employment positions that are likely to be in demand over the next decade, according to the Oregon Employment Department and as documented in the Residential Inventory Analysis and Update (April 1, 2008). Adoption of the Housing Plan and associated Plan amendments supports Economic Development Goal 4, in the City's Comprehensive Plan, by providing strategies that address the lack of workforce housing.

#### **Goal 10- Housing**

**Finding:** As demonstrated under previous findings, adoption of the Housing Plan and associated amendments implements existing policy direction in the Sisters Comprehensive Plan under Goal 10, Housing.

**3. The property and affected area is presently provided with adequate public facilities, services and transportation networks to support the use, or such facilities, services and transportation networks are planned to be provided concurrently with the development of the property. The applicant shall update City of Sisters Masters Plans for Water, Sewer, Parks and Transportation Systems subject to City Council approval, to reflect impacts of the rezoning on those facilities and long-range plans. The applicant must demonstrate that the property and affected area shall be served with adequate public facilities, services and transportation networks to support maximum anticipated levels and densities of use allowed by the District without adversely impacting current levels of service provided to existing users; or applicant's proposal to provide concurrently with the development of the property such facilities, services and transportation networks needed to support maximum anticipated level and density of use allowed by the District without adversely impacting current levels of service provided to existing users.**

**Finding:** Because the proposed amendments and the Housing Plan do not apply to a specific development or location, the assessment of public facilities provided in Criteria 3 does not apply to the proposed amendments.



**4. 4.7.600 Transportation Planning Rule Compliance.**

**Finding:** Because the Housing Plan and amendments do not pertain to a specific development proposal, or affect a specific transportation facility, Criteria 4 does not apply to the application.

**IV. Recommendation**

Based on the forgoing findings, staff recommends the Planning Commission adopt a resolution recommending approval of the application, City file # C08-03.

**V. Public Comments**

The Housing Plan has been revised throughout the process to address public comments. Specific comments are found in the file at City Hall.

**VI. Composition of the Record**

The following exhibits make up the record in this matter (these are contained in file C08-03- and are available for review at the City of Sisters City Hall):

1. All minutes from City Council and Planning Commission meetings;
2. Supporting documents, Residential Inventory Analysis and Update (April 1, 2008), and Strategies Report (July 21, 2008);
3. Public Comments received during the development of the Housing Plan.

**Exhibit 2**  
**Proposed Text Changes to Comprehensive Plan Goal 10, Housing**

(Beginning on page 57 of the Sisters Comprehensive Plan, draft proposed changes to existing text are in ~~strike through~~, proposed additions are in **bold, underline**.)

**Goal 10: Housing**

**10.1 GOAL**

***“To provide for the housing needs of citizens of the City and ensure that land development allows for different housing types and densities.”***

**10.2 BACKGROUND**

This part of the Plan establishes a-housing goals for the City; presents factual information; describes anticipated housing needs, and sets policies to meet the housing goals. The ~~is~~ chapter draws upon different sources of information **necessary** to result ~~in~~ **establish** polices that guide the development of housing in the City. The policies established are then used to develop implementing plans and ordinances. Where the Comprehensive Plan establishes the housing policy direction for the City, the Development Code, Building Code, Transportation Systems Plan, and Water and Sewer Master Plans establish specific standards that affect the size, form, appearance, and function of new housing developments.

~~The City of Sisters’ historic housing stock consists of a majority of single-family dwellings, substantial percentage of mobile and manufactured homes, relatively few multiple-family dwellings, and recently higher-end single family residences.~~

The *Central Oregon Housing Needs Update*, March, 2003 by Rees Consulting, Inc. is referenced in this section to provide a local perspective on housing.

The same study was updated in 2006 “*Central Oregon Workforce Housing Needs Assessment*” (Rees Consulting, July 2006). The ~~Housing Works Study~~ **Workforce Assessment** evaluated housing needs in Central Oregon and found a substantial imbalance between the demand and supply of workforce housing and a significant mismatch between prices and household incomes. Key findings from the ~~Housing Works Study~~ **Workforce Assessment** include the following:

- Home prices have been rising and are no longer affordable to most members of the workforce;
- Growth in demand for workforce housing has been outpacing the production of units;
- Employers are being negatively affected by problems that can be directly attributed to the insufficient availability of affordable workforce housing;
- Growth in demand for workforce housing will continue yet will not be balanced with construction of affordably-priced units given development now underway in the pipeline. See *Workforce Assessment* at page 64.

Specific data from the ~~Housing Works Study~~ **Workforce Assessment** can be found in the actual document. **In 2008, the City developed the Sisters Housing Plan, in order to implement strategies that encourage affordable housing for not only low and very-low income residents, but also to address evident shortages of workforce housing. The findings of the Sisters Housing Plan support the trends seen in the 2006 Workforce Assessment.**

~~“Definitions (from the Central Oregon Housing Needs Update, March 2003):~~

~~Low Income Households~~

City of Sisters Housing Characteristics

Low Income Households

It is estimated that 20,722 households in the three-county region (Deschutes, Crook, and Jefferson) have incomes below 80% of the Area Median Income (AMI). This equates to 31% of the region’s household population. As explained in the Technical Documentation, the 2000 AMI for the three counties as published by the Department of Housing and Urban Development was applied to 2000 Census income data to generate estimates of the number of households in three categories:

- o Equal to or less than 30% AMI
- o 31%-50% AMI
- o 51%-80% AMI

The median incomes for a family of three were used in the calculation since the average size of households in the region tends to be near or slightly higher than 2.5 persons per occupied unit. The estimates in each income category were then adjusted upward from 2000 to 2003 using the projected increase in the overall population.

Cost Burdened Households

**According to the U.S. Department of Housing and Urban Development (HUD), households that spend more than 30% of their gross income on housing are considered to be cost burdened based on standards typically used by Federal and State housing agencies as well as mortgage lenders...There is a strong correlation between income level and affordability...Most of the cost burdened households have incomes at or below 80% of the median. In other words, housing affordability is primarily a problem for low-income households. For homebuyers, housing-related expenses include mortgage principle and interest, taxes, property insurance, mortgage insurance, and essential utilities; For renters, housing-related expenses include rent and essential utilities.**

Overcrowded Units

**Based on 2000 Census data, About 4% of the region’s occupied housing units have more than one person per room residing in the unit and are considered overcrowded.**

The *Central Oregon Housing Needs Update*, March, 2003 included information in the tables below, which illustrate some of the housing characteristics of Sisters.

*Table 10.1: Housing Characteristics*

Variable	2000 Census	2008 Estimated
Total Population	959	1875
Total housing units	482	639
Occupied (82.4%)	397	N.A.
Vacant (17.6%)	85	N.A.
Owner occupied (58.4%)	232	N.A.
Renter occupied (41.6%)	165	N.A.

Source: 2000 U.S. Census, City of Sisters, PSU Center for Population and Research Estimates, *Sisters Buildable Lands Inventory Update*, City of Sisters.

**Historically, the** City of Sisters' historic housing stock **has** consisted of a majority of **primarily single-family detached stick-built** dwellings, a substantial percentage of mobile and manufactured homes, **and** relatively few multiple-family dwellings, and more recently, higher-end single family residences.

*Table 10.2: Type of Structure (2000 U.S. Census)*

Variable	Year 2000 Percentage	Est. Year 2008 Percentage
Single-family	63%	84%
Mobile home	32%	(inc. in single family)
Multi-family	5%	16%

Source: 2000 U.S. Census, City of Sisters

*Table 10.3: City of Sisters Gap Analysis*

Low Income Households in 2003	Less than or equal to 30% AMI	% of Total	31-50% AMI	% of Total	51-80% AMI	% of Total	Total
# Households	56	26.9%	46	22.1%	106	50.9%	208
# Cost Burdened Households	50	89.0%	24	45.6%	40	37.7%	114

Source: Rees Consulting estimate of year 2003 based on 2000 U.S. Census Data for City of Sisters

Of the 397 households living in Sisters in 2000, 24.9% lived in housing that was not affordable given their incomes. Of these households, the vast majority (93%) had annual incomes under \$35,000. The 2003 estimate for cost-burdened households is 139 with the number projected to increase to 198 by 2008. At present, 208 households have incomes at or below 80% AMI. Of these, 111 or 53% live in housing that is not affordable.

The number of overcrowded housing units is projected to grow from 13 units in 2000 to 26 units by 2008. Units without complete plumbing

facilities will grow from 5 to units without complete kitchens will remain at 0.

**Updates from the 2006 Central Oregon Workforce Housing Needs Assessment**

**According to the Workforce Assessment, over 51% of the City of Sisters households earn less than 80% of the Area Median Income (AMI), and are therefore considered low income.**

**Further, the Workforce Assessment provided a comparison by Central Oregon community, illustrating that Sisters has the highest percentage of low-income households. According to the Workforce Assessment “Approximately 37% of the region’s households have incomes equal to or less than 80% of the Area Median Income (AMI), and are therefore considered to be low income. The percentage of households with low incomes (≤80% AMI) is very similar in all three counties. Bend has the lowest percentage of low-income households (38%) and Sisters has the highest (52%) with the other communities falling somewhere in between.”**

**As noted in Table 10.3, the Area Median Income (AMI) in Deschutes County has slowly increased since 2004 to generally mirror that of the state. In 2007, AMI for Deschutes County was \$58,800. AMI is based on a family of four.**

**Table 10.3: Area Median Family Income, Deschutes County and Oregon, 2002-2007**

<b><u>Area</u></b>	<b><u>2002</u></b>	<b><u>2003</u></b>	<b><u>2004</u></b>	<b><u>2005</u></b>	<b><u>2006</u></b>	<b><u>2007</u></b>
<b><u>Deschutes County</u></b>	<b><u>\$45,000</u></b>	<b><u>\$54,200</u></b>	<b><u>\$57,800</u></b>	<b><u>\$57,800</u></b>	<b><u>\$58,800</u></b>	<b><u>\$58,800</u></b>
<b><u>Oregon</u></b>	<b><u>\$48,900</u></b>	<b><u>\$56,300</u></b>	<b><u>\$58,600</u></b>	<b><u>\$58,600</u></b>	<b><u>\$58,900</u></b>	<b><u>\$58,833</u></b>

**Sources: U.S. Department of Housing and Urban Development, U.S. Bureau of Economic Analysis.**

**According to mortgage calculators, which estimate the affordable level of housing for a particular household income, 6.5 percent interest, and \$5,000 downpayment, a household earning the 2007 AMI of \$58,800 could afford a home of no more than \$180,500 without experiencing cost burden.**

**10.3 FINDINGS**

**Anticipated Housing Demand and Inventory of Residential Land**

On behalf of the City, Geo-Spatial Solutions completed the *Technical Overview Report, Sisters Residential Buildable Land Inventory*, dated December 18, 2002, and updated by the City Planning Department May 2003 and 2005 as the “Residential Land Supply and Demand Analysis, 3-17-05 Update” (**RLSDA**). This report is a detailed analysis supporting this Comprehensive Plan, is included as Appendix C, and is adopted with the adoption of this Plan. This study provided the foundation for the projected land needs of the City of Sisters as well as housing trends unique to the Sisters area.

The ~~Residential Land Supply and Demand Analysis~~, **RLSDA** 3-17-05 Update indicates that the City of Sisters is expected to grow from 1,080 people to approximately 3,747 by the year 2025. This forecast was based on year 2000 U.S. Census data, and historic and recent building permit activity. The forecast was coordinated with Deschutes County, and accepted by the Oregon Office of Economic Analysis and the Oregon Department of Land Conservation and Development.

It is important to note that the ~~Residential Land Supply and Demand Analysis (RLSDA)~~ was completed in 2002 and updated in March of 2005. At the time (2002), the best current population forecast was used to determine the need for housing. Since the completion of the RLSDA, the Deschutes County Coordinated Population Forecasts have been updated, challenged, and modified and have been adopted by all cities within and by Deschutes County. The coordinated population forecast is attached as Appendix A.

The ~~Residential Land Supply and Demand Analysis~~ **RLSDA** includes a Housing Needs Analysis **that** ~~estimates~~ that approximately 1,125 housing units will be needed in Sisters between the years 2005 and 2025. This estimate is based on forecast population, the number of anticipated residential building permits, occupancy, and persons per household. Generally, the estimate is based on the City issuing an average of 56 residential building permits per year (from planning staff), an occupancy rate of 81% (source: 2000 U.S. Census), and the assumption that there are two persons per household (source: 2000 U.S. Census and anticipated housing trends). This general information is based on averages of these data sources between the years 2003 and 2025. The detailed population information used by the Residential Lands Supply and Demand Analysis is contained in Appendix A and C.

According to the Coordinated ~~p~~Population ~~f~~Forecast, between 2002 and 2025 the population of Sisters is anticipated to more than double to 3,747. Rapid growth is expected in the short term, with sustained growth expected until the year 2025. The population growth rates per year gradually decrease from 13% per year in 2003 to 2005, to 3.2 to 5.5% between years 2010 and 2025. **Given the current slowdown in the housing market, these trends should be re-assessed after the year 2010 census data is collected and obtained by the City.**

**According to the most current population figures, Sisters population is growing slightly slower than anticipated in the RLSDA, as illustrated in Table 10.4.**

***Table 10.4: July 1, Certified Population Estimates by Year Compared to Adopted Population Estimates, 2005-2007, City of Sisters***

<b>Year</b>	<b>City of Sisters Population (Actual)</b>	<b>Estimated Population</b>
<b>2005</b>	<b>1660</b>	<b>1,768</b>
<b>2006</b>	<b>1745</b>	<b>1,927</b>
<b>2007</b>	<b>1825</b>	<b>2,031</b>
<b>2008</b>	<b>1875</b>	<b>2,119</b>

**Source: Center for Population Research and Census, Population Estimates for City of Sisters, Appendix 1 Sisters Comprehensive Plan, adopted July 2005.**

*Methodology*

The Residential Lands Supply and Demand Analysis (RLSDA) determined the existing supply of residential land; predicted demand for new housing based on population growth and demographics; anticipated the amount of land to be used for new development, and compared the existing supply of land with demand for new residential land.

The RLSDA analyzed the difference between housing types that have been built in the past and what needs to be built in the future to accommodate the housing needs of all of the City's residents. One goal of the analysis was to consider the housing needs of all City residents based on their different income levels, and to provide sufficient land to accommodate the resulting need for housing.

Demand for different housing types was then equated with demand for land with a zoning designation that enables development of the demanded housing types **commensurate with demand**. The Comprehensive Plan Citizens Advisory Committee agreed that the future distribution of income levels of City residents should be like the distribution of income levels of City residents in the year 2000, and that this distribution will result in a healthy and diverse City.

*Conclusion of the 2005 RLSDA*

The RLSDA also determined that 350 undeveloped lots were present in existing and approved developments. As of 2005, there was a supply of 69 gross acres of land zoned Residential Multi-Family Sub-District, and 36 gross acres of land zoned Residential. After subtracting out the supply of platted and planned units in approved subdivisions and existing supply of vacant zoned land, there will be a shortage of residential land in the City of Sisters between the years 2002 and 2025 (refer to table 13 of Appendix C). Based on this shortage of 25 acres of residential land in the Residential District, a need exists for land to be added to the Urban Growth Boundary (refer to Chapter 14 for analysis). The process to convert lands to residential uses is described in detail in the Goal 14, Urbanization section of this Plan.

*Conclusion of the 2008 Sisters Housing Plan*

**In 2008, as part of the research for development of the Sisters Housing Plan, the City compiled a buildable land inventory for residential land using the same methodology as the RLSDA. As a result of Comprehensive Plan policies that permitted and encouraged smaller lots sizes, the City experienced a significant increase in single family residential densities for homes constructed between 2003 and 2007. During this period, the average density figure for single family homes steadily increased from 5.3 units per net acre in 2003, to 8.8 units per net acre through July 2007, nearly approaching the lower end of the R-MFSD required density of 9-20 units per acre.**

**The Comprehensive Plan originally estimated the residential land need for the City on an average density of approximately 5 units per net acre, and as discussed previously, densities have been much higher. The resulting inventory shows that the City has an adequate inventory of residential units to meet the demand to 2025.**

although these units are not necessarily priced in ranges considered attainable for many of the City's residents.

The buildable lands analysis completed for the Sisters Housing Plan shows a current residential inventory of 1367 lots or potential housing units<sup>1</sup> that have been approved through final plats, master plans, or site design review. Of these, 240 are approved for multi-family housing units, and 1127 are approved for single family detached or attached units. Additionally, there is the potential for 525 units that have received preliminary plat, master plan, and/or Site Design Review approval. As illustrated in in Table 10.5 there is a total of 1892 approved, or potentially approved housing units within City. Of these, 1286, or 67.9% are single family, and 606, or 32.1%, are multi-family.

*Table 10.5: Estimated Land Inventory, City of Sisters, December 2008.*

Subdivisions with Final Plat Approval	Single Family Units Approved	Multi Family Units Approved	Building Permits Issued	Remaining Units to be Constructed	Total Lots/ Units by Subdivision
All Approved Subdivisions	1127	240	539	832	1367
<b>Preliminary projects, with Preliminary Plat, Site Design Review, and/ or Master Plan Approval</b>					
North Park Commons	62	63 (1)	-	125	125
Sun Ranch	45	60 (1)	-	105	105
Three Creeks Crossing	28	-	-	28	28
Black Butte Crossing	-	243	-	243	243
Village at Five Pine	24	-	-	24	24
Subtotal	159	366	-	525	525
Totals, including preliminary & approved	1286	606		1357	1892
Percentage of Housing Mix	67.9%	32.1%			

*Source: City of Sisters Planning Department*

*(1) Includes potential for loft units in North Sisters Business Park Subdistrict, a mixed use industrial zone.*

As determined in the Deschutes County Coordinated Population forecast, there is a need for 1850 residential housing units through the planning period of 2025. With 1892 units planned or approved, the City has sufficient units according to the adopted population forecast to meet the need through the planning period.

Average Housing Cost in 2002-2008

Single-family detached housing is the most expensive housing type in Sisters and 70% of the housing built in the City of Sisters between 1994 and 2002 was single-family housing. A City Planning Commissioner conducted an independent analysis of Multiple Listing Service (MLS) home sales data for the City of Sisters. The analysis included property sales (listed through agents) of single-family stick built, mobile, manufactured homes, and condominiums on one acre or less in 2002. A total of 47 units were sold ranging from \$65,000 to \$448,000, with an average sales price of \$189,864 and a median sales price of \$176,440.

<sup>1</sup> This figure consists of vacant lots approved for dwelling units.



In 2008, when the City developed the *Sisters Housing Plan*, average home prices had nearly doubled from those in 2002. As noted in Table 10.6, in the five-year period between 2001 and 2006, the average home price in the Sisters area (including outlying areas, not solely the City Limits) nearly doubled, from \$235,000 to \$460,000. The Sisters area exhibits the highest housing prices of any in Deschutes County. According to the Oregon Employment Department, average payroll wages in Deschutes County increased by only 17.9% between 2002-2006. Housing prices in the Sisters area, however, increased approximately 94% during the same period.

*Table 10.6: Average home prices by year, Sisters (area, not City Limits), Bend, and Redmond*

Area	2001	2002	2003	2004	2005	2006
Sisters	\$235,000	\$247,500	\$270,000	\$308,500	\$394,250	\$460,000
Bend	\$168,950	\$183,500	\$195,000	\$227,500	\$279,900	\$351,978
Redmond	\$125,000	\$135,125	\$148,567	\$158,500	\$198,818	\$262,749

Source: Central Oregon Realtors Association.

As provided in Table 10.7, the average home price of homes listed on the MLS service within the Sisters City Limits, as of January 2008, was \$361,763. The median home price of those listed for the same period was \$314,900. Based on Deschutes County AML, and mortgage calculators estimating the maximum affordable home certain incomes can afford, the maximum affordable purchase price for a low-income household in Deschutes County is \$180,500. Based on the MLS listings, there are no homes that are considered affordable for a household earning less than 80% median income in the Sisters City Limits. The lowest-priced listings in the City included 2 townhomes priced at \$199,990.

*Table 10.7: January and October 2008 Central Oregon Realtors MLS Residential Listings, Sisters City Limits*

Listed Housing Price	January 2008 Number of Units	October 2008 Number of Units
\$148,230-\$199,990	2	16
\$200,000-239,990	8	17
\$240,000-\$269,990	10	11
\$270,000-\$299,990	16	9
\$300,000-\$329,990	14	4
\$330,000-\$374,990	10	5
\$375,000-\$415,990	8	5
\$416,000-\$499,990	6	7
\$500,000-\$599,990	10	8
\$600,000-\$749,000	4	7
\$749,990+	0	1
Total Housing Units	88	90

Source: City of Sisters, Central Oregon Realtors MLS Listings, January and October 2008.

In addition to tracking the listing prices of homes for sale, the Central Oregon

**Realtors Association tracks actual sales prices of homes. A comparison of homes sold in Sisters through the 3<sup>rd</sup> Quarter by year is shown in Table 10.8 below.**

***Table 10.8: Sisters Area Property Statistics,  
Year to Date Sales through 3<sup>rd</sup> Quarter by Year, 2004-2008***

YTD Solds through 3rd Quarter	2004	2005	2006	2007	2008
<b><i>Single Family Detached</i></b>					
Total Sold	102	131	103	78	62
Avg. Sales Amount	353,410	443,544	490,450	520,383	440,706
Median Sales Amount	302,500	386,000	445,900	411,000	374,750
Average DOM*	138	131	140	154	224
<b><i>Townhome/condo</i></b>					
Total Sold	14	32	20	7	13
Avg. Sales Amount	215,841	264,338	252,011	378,286	302,170
Median Sales Amount	157,750	259,250	256,100	389,000	230,000
<b><i>Manufactured Home</i></b>					
Total Sold	8	7	10	10	5
Avg. Sales Amount	165,574	160,843	240,378	244,740	233,800
Median Sales Amount	182,020	165,000	230,000	231,450	225,000
<b><i>Residential Lots</i></b>					
Total Sold	44	57	21	6	6
Avg. Sales Amount	138,332	157,499	290,629	414,117	186,917
Median Sales Amount	127,400	137,500	250,000	249,000	193,750

*\*Days on the Market.*

*Source: Central Oregon Realtors website: [www.centraloregonrealtors.com](http://www.centraloregonrealtors.com)*

#### Affordable Housing

**Economic forecasts are important to consider when estimating the amount and type of housing that will meet future demand for an area. State forecasts indicate that although job growth will continue to grow to 2014 in Central Oregon, it will be at a slower pace than previously experienced, and most job growth is expected in lower-paying service industry sectors such as Leisure and Recreation, and Retail Trade. Additionally, recent trends in the market indicate that a slowdown in economic growth is evident and may continue for some time. Tourism is a primary economic element of the City and is expected to be an important economic sector during the planning period. Job growth in service industry sectors offers relatively lower-paying jobs that are necessary for the Sisters tourist-based economy. However, the tourism industry typically creates service industry jobs that typically pay minimum-wage incomes. This in turn creates demand for low- to moderate-income housing.**

**As provided for in the City's Development Code, While the City has taken a proactive response to create provisions for the development of more affordable housing by providing height and density incentives to "income and rent controlled housing", background research conducted for the Sisters Housing Plan illustrated that these strategies — The density bonus increases the allowed maximum density for affordable development by 25%. These provisions currently exist in the Development Code have not provided more affordable housing choices in the City. In 2008, through the development of the Sisters Housing Plan, the City has committed to exploring and implementing additional strategies to encourage greater supplies of housing that is**

affordable to a variety of income levels. These strategies are discussed in the Policies section of this chapter.

As part of this **Comprehensive Plan**, the City will ~~has~~ **created** new measures to improve access to affordable housing during the planning period. **Further, in adopting the 2005 Comprehensive Plan, the City committed to exploring additional** ~~desires to use tools~~ such as land trusts, shared appreciation mortgages, ~~developing annexation policies, down payment assistance programs and gap financing, and others, are effective ways to create long-term affordable housing for low-income households.~~ The City also desires to create plans and coordinating with affordable housing advocates to provide specific numbers of affordable housing units will help the City meet the need for affordable housing. ~~New Measures recently implemented include the following: are discussed in the Policies section under this goal.~~

1) Development code regulations that allowed and encouraged smaller minimum lot sizes, a density bonus, and a height bonus when residential is incorporated with commercial development. The density bonus incentive was offered exclusively to developers of affordable housing geared towards those earning less than 80% of AMI, while the other strategies were offered to both market rate and affordable housing developers;

2) System Development Charge (SDC) waivers for developers of affordable housing for those earning less than 80% of AMI, with a 50-year affordability period requirement.

Additionally, in order to ensure that new land supplies provide housing that is commensurate with future citizens' income levels, As the City considers lands to be included into the Urban Growth Boundary, it may ~~has been requiring~~ consider conditions of approval that specify measures that will result in affordable housing at a ratio of 1-in-10 affordable units. In the past, applicants for zone changes and/ or plan amendments have provided this ratio of affordable units as well, increasing the supply of affordable units within the City limits.

#### Rental Housing

According to the 2000 Census, out of 397 occupied housing units, 58.4 percent were owners and 41.6 percent were occupied by renters. The percentage of owner-occupied units is lower in Sisters than the state percentage, 63.2 percent in 2003, and than that of the nation, which was 66.8 percent in 2003 (State of Oregon Progress Board 2005 Benchmark Report). Given that Sisters has a relatively large percentage of renters, specific strategies focused on encouraging rental housing should be developed as the Housing Plan strategies are implemented. Following release of the 2010 Census, more timely data concerning the number of renters in the City will be available, and strategies can be implemented at that time.

Housing Works tracks and monitors average rents by community in Central Oregon through an annual rental survey. As of this writing, the 2009 rental survey has not been completed, and the most recent rental data for Sisters is from the first quarter or 2007. Although the rental survey was completed in 2008, the Sisters

sample was relatively small. The findings of the survey indicate that only when a worker is earning close to \$14/hour does the person not experience cost burden, according to the data compiled in the rental survey and by Housing Works.

Consequently, following adoption of the housing plan and formation of a Housing Policy Board to review and make recommendations on implementation of various strategies, a focus on rental-related incentives should be considered. Based on the economic forecasts that indicate the Sisters economy will be based primarily on tourist focused, retail and leisure services, strategies to provide additional supplies of rental housing for low income workers is important for the City's future.

#### Housing in Light Industrial Areas

Two light-industrial subdivisions in the northern portion of the city (Sun Ranch and Three Sisters Business Parks) are unique in that they have separate categories of permitted uses that have less impacts to neighboring land than do typical industrial uses and must be developed sensibly to achieve economic prosperity while respecting their surrounding uses as noted in Chapter 9. Adjacent to the north of both parcels are existing low-density rural residential uses, creating potential conflicts with intensive industrial development. To the south of both parcels lie existing light-industrial subdivisions which are ripe for more intensive development and redevelopment.

The Sun Ranch and Three Sisters industrial parks are **located** in transition areas between typically **historically** conflicting uses (residential and light industrial). ~~The transition is also from increasingly rural areas to the north and more intensive development to the south.~~ The development of these parcels should reflect the unique role these business parks play in adding value to the community while also ~~protecting existing property values in the surrounding areas~~ **providing livable neighborhoods for the City's residents.** ~~The City's development codes should accommodate the unique nature of these areas consistent with the findings, policies, and goals established in Chapter 9.~~

Consistent with this intent, in 2007, the City re-zoned a 12.58 parcel (Tract A- Three Sisters Business Park) from industrial to residential and multi-family residential zoning. ~~The rezoning effort provided the City with additional inventory of residential lands that can be utilized to.~~ This rezoning effort created an additional 12.58 acres of land zoned for single- and multi-family residential development, **consistent with the goal of providing the a variety of housing types needed to provide affordable workforce housing;** consistent with the directives of the *Residential Lands Study* and the *Housing Works Study Workforce Assessment*. **At the time of the rezone, the developer committed to 8 units of dedicated, affordable housing.** ~~The units are centrally located in the core area of the City and will be especially attractive to service workers who currently have acute housing needs.~~

~~In recognition of the need for storage within areas zoned for smaller lots and higher density housing types, mini-storage should be allowed within some areas zoned as North Sisters Business Park Sub-district, specifically lots 4, 5, 6, and 7 of the Three Sisters Business Park. The City should develop design guidelines for mini-storage units, in~~

~~order to ensure compatibility with adjacent residential and other live-work industrial uses, and achieve the City's objectives for a pedestrian-oriented mixed use district.~~

The City has acknowledged the Central Oregon Regional Housing Authority and Sisters Habitat for Humanity as providers of low-income housing assistance. The City and will continue to meet the requirements of the Federal Fair Housing Act.

#### Housing for Moderate- to High-Income Households

~~The City also finds that~~ Providing housing for moderate- to high-income households will benefit the City and the City needs to accommodate these housing needs. The BLI and Comprehensive Plan Advisory Committee ~~find~~**found** that half of all new dwelling units constructed in the planning period should be single-family units in existing or new subdivisions. The range of dwelling units available to these income groups is broad, and includes condominiums, single-family dwellings on a variety of lot sizes, townhomes, **and** duplexes, ~~and others.~~ The Development Code permits creating lots in new subdivisions up to 10,000 sq. ft. to further promote the development of housing that attracts moderate- to high-income households. ~~Recent suggested changes to the Development Code will lift restrictions on maximum lot sizes and will lower the density range for the standard R District from 6 to 7 units per gross acre to 3 to 8 units per gross acre. These changes will~~ , **providing** flexibility for builders to meet the needs of high **and as well as of** low income residents of the City.

The Development Code (**Master Plan section**) requires the development of housing which ~~contains~~ **provides** site amenities and design features ~~which~~ **that** add to the livability of the City of Sisters. The City recognizes that parks and/or open spaces are important for the livability of residential neighborhoods and that appropriate trees and site landscaping enhance the livability of residential areas. The Development Code is dynamic and may be adjusted to improve livability as new issues and challenges arise.

#### **10.4 POLICIES**

1. All residential developments shall retain and respect the physical characteristics of the site pertaining to **existence of endangered species, significant natural features,** soils, slope, geology, erosion, flooding and natural vegetation to the greatest extent possible. These developments shall be designed to be safe and aesthetically pleasing, recognizing and respecting the character of the area in which they are located.
2. The City shall ~~develop a coordinated and comprehensive~~ **implement the housing strategies from the Sisters Housing Plan (2009)** that will ~~to~~ provide housing choices to all income levels in the City. ~~The following objectives shall be incorporated into adoption of the Plan, the City shall:~~

#### **Tasks**

- a. ~~The Housing Plan shall explore and recommend how one in 10 of all new housing units built in the City by 2025 can be made affordable to families with low incomes.~~ **Prepare and adopt a budget for ongoing implementation of the Housing Plan strategies through a Housing Coordinator position or**

**appropriate level of staff support.**

- b. ~~The Housing Plan shall explore and recommend the use of appropriate tools including, but not limited to: accessory dwelling units, annexation policies, development incentives, fee waivers or deferrals, down payment assistance programs and gap financing, employer housing assistance (non-residential development), equity pool or shared equity programs, land trusts, land banking, mixed use, mobile home parks, residential density bonuses and increases, flexible zoning, affordable housing trust funds, and UGB expansions. **Establish a Housing Policy Board to provide ongoing direction to the Housing Coordinator regarding affordable housing strategies, programs, and opportunities, and to assist the Housing Coordinator in developing an Action Plan and implementation strategy for affordable housing.**~~
- c. ~~The Housing Plan shall address how affordable housing can be dispersed throughout the City. **Establish, with the Housing Policy Board, a schedule to implement each of the strategies recommended in the Sisters Housing Plan.**~~
3. Modular and manufactured homes shall be permitted on individual lots, as part of a modular and manufactured home park, or in planned unit developments.
4. All residential development shall be provided with orderly extension of City services including sewer and water.
5. Limited and appropriate non-residential uses such as public and community facilities (utility substations, transformers, sewer pump stations) and small scale commercial uses such as home occupations are necessary and should be permitted within Residential Districts. Their location, size, and design shall be compatible with their surroundings and intended for the convenience and safety of the people.
6. Areas dedicated or provided as public, semi-public, or private open space as part of a residential development, as provided by the Development Code, shall be counted as part of the total area when computing residential densities for any given development. The gross size of the parcel will be used when calculating the minimum and maximum residential density allowed on a lot or parcel. It is the policy of the City to achieve a range of residential densities from 3-8 3-10 units per gross acre for standard residential and from 9-20 units per gross acre for multi-family residential.
- ~~7. Properties proposed for annexation as residential property to the City of Sisters shall demonstrate how one in ten housing units will be made affordable to households with incomes less than 80% of the Area Median Income.~~
87. The Sun Ranch Residential District shall contain flexible site design guidelines to provide an innovative residential layout and needed residential component to the Sun Ranch Mixed Use Community as well as to provide a good transition between the uses north of the community and the urban uses within the City of Sisters. A maximum of 45 units (or about 4.3 units per gross acre) shall be provided within this residential area. Development codes shall protect the economic uses of the land first and foremost, but allow housing as a means of creating more compatibility between adjacent uses and enhancing the economic vitality of the City.

9 8. Mixed use zoning districts that include a residential component shall contain mechanisms to ensure compatibility between residential and underlying commercial or industrial uses.

9. **The City shall strengthen efforts to increase supplies of multi-family housing, in order to meet the demand for additional multifamily units, to provide additional workforce housing, and to increase the supplies of rental units.**

**EXHIBIT 3**  
**PLANNING COMMISSION RESOLUTION NO. PC 2009-16**



**A RESOLUTION OF THE PLANNING COMMISSION  
OF THE CITY OF SISTERS  
STATE OF OREGON  
PLANNING COMMISSION RESOLUTION PC 2009-16**

**THE CITY OF SISTERS PLANNING COMMISSION DOES HEREBY FIND AND RESOLVE THAT:**

**WHEREAS**, the City of Sisters seeks to amend Goal 10, Housing, of the Sisters Comprehensive Plan to reference "Sisters Housing Plan" and provide policies and implementation measures for ensuring affordable and workforce housing for the Sisters population; and,

**WHEREAS**, the purpose of the Sisters Housing Plan is to ensure that Sisters' long term housing supply is affordable to a variety of income levels through the planning period of 2025, consistent with existing policy direction from the Sisters Comprehensive Plan; and,

**WHEREAS**, the affected properties are located within the City of Sisters city limits; and,

**WHEREAS**, in accordance to the provisions found in the Sisters Development Code Table 4.1.200 and Section 4.1.160, the proposed Comprehensive Plan amendments are processed as a Type IV application; and,

**WHEREAS**, the Department of Land Conservation and Development (DLCD) received the Notice of Proposed Amendment at least 45-days prior to the first evidentiary hearing; and,

**WHEREAS**, after due notice, a public hearing on the proposed project was held before the Sisters Planning Commission on March 19<sup>th</sup> 2009 and reconvened on May 21<sup>st</sup> 2009 at which time findings were reviewed, witnesses were heard and evidence was received.

**NOW, THEREFORE, BE IT RESOLVED THAT THE CITY OF SISTERS PLANNING COMMISSION FINDS THAT:**

1. Notice has been given in the time and in the manner required by state law and city code; and,
2. The findings of fact on this matter are located in the staff report dated March 19, 2009, herewith attached and by this reference incorporated herein as Exhibit A.

**NOW THEREFORE, BE IT FURTHER RESOLVED THAT BASED ON THE AFOREMENTIONED FINDINGS, THE PLANNING COMMISSION HEREBY FINDS AND RECOMMENDS THAT THE CITY COUNCIL ADOPT COMPREHENSIVE PLAN AMENDMENT 08-03 SUBJECT TO THE FOLLOWING EXHIBITS:**

**Exhibit A - Staff Report dated March 19<sup>th</sup> 2009**

**Exhibit B - Sisters Housing Plan draft including Appendix A, B and C**

**THE FOREGOING RESOLUTION IS HEREBY ADOPTED THIS 21<sup>st</sup> DAY OF MAY 2009.**

Members of the Commission: Gentry, Holzman, Debari, Goertzen, Humphreys, Protas and Tewart

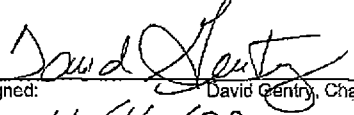
AYES: Gentry, Holzman, Debari, Humphreys, Protas and Tewart

NOES: None

ABSENT: Goertzen

ABSTAIN:

(8)  
(0)  
(1)  
(0)

Signed:  David Gentry, Chairperson

11/16/09



Exhibit 4



Sage Land Use  
Services, Inc.

# Draft Sisters Housing Plan

# Acknowledgements

## **Sisters City Council**

Lon Kellstrom, Mayor

Bill Merrill

Sharlene Weed

Jerry Bogart

Pat Thompson

### **Previous Council members:**

Brad Boyd

Shawna Bell

## **Sisters Planning Commission**

David Gentry, Chair

Alan Holzman

Dominic Dabari

Chuck Humphreys

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Daryl Tewalt

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Eric Porter, Planning & Community Development Director

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Sisters Housing Plan

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# 1. Executive Summary

## Introduction & Purpose of the Sisters Housing Plan

Providing housing for many residents within the City of Sisters has become a challenge, particularly over the past decade as rising land costs, the popularity of Central Oregon as a home and vacation place, and disproportionate increases in income levels in the City and Deschutes County have created a housing market that is not attainable for some families and workers, without experience significant financial burden. In response to the need for more affordable housing in the community, in early 2008, the Sisters City Council provided direction to develop the Sisters Housing Plan. The City's concerns regarding the lack of affordable housing ranged from lack of workforce housing, to a lack of housing for families, and, additionally, the lack of affordable housing was hindering efforts for economic development.

The purpose of the Sisters Housing Plan is to develop an action plan to ensure that Sisters' long term housing supply is affordable to a variety of income levels through the planning period of 2025, consistent with existing policy direction from the Sisters Comprehensive Plan. Comprehensive Plan Policy 10.4(2) provides:

*"The City shall develop a coordinated and comprehensive Housing Plan that will provide housing choices to all income levels in the City. The following objectives shall be incorporated into the plan:*

*Tasks-*

*a. The Housing Plan shall explore and recommend how one in 10 of all new housing units built in the City by 2005 can be made affordable to families with low incomes.*

*b. The Housing Plan shall explore and recommend the use of appropriate tools including, but not limited to: accessory dwelling units, annexation policies, development incentives, fee waivers for deferrals, down payment assistance programs and gap financing, employer housing assistance (non-residential development), equity pool or shared equity programs, land trusts, land banking, mixed use, mobile home parks, residential density bonuses and increases, flexible zoning, affordable housing trust funds, and UGB expansions.*

*c. The Housing Plan shall address how affordable housing can be dispersed throughout the City." (page 62, Sisters Comprehensive Plan)*

Additionally, Statewide Planning Goal 10, Housing (OAR 660-015-0000(10)), provides guidance "to provide for the housing needs of citizens of the state", specifically, "Buildable lands for residential use shall be inventoried and plans shall encourage the availability of adequate numbers of needed housing units at price ranges and rent levels which are commensurate with the financial capabilities of Oregon households and allow for flexibility of housing location, type, and density."

The Sisters Comprehensive Plan complied with Goal 10, by implementing proactive strategies to encourage affordable housing, including the following:

- Allowing accessory dwelling units;
- Allowing smaller lots in Master Planned developments and through lot size averaging;

Sage Land Use Services, Inc.

- Providing a density and height bonus for developers of affordable housing;
- Implementing Sisters Development Code Chapter 2.1.200(L), Income and Rent Controlled Housing; and
- For all newly annexed residential property, developers are required to provide a ratio of 1-in-10 affordable units for new dwelling units proposed.

Of the above measures, the density and height bonuses are offered exclusively to those developing affordable housing. Accessory dwelling units, smaller lot sizes, and lot size averaging are allowable within market-rate housing developments as well. The City Planning Department estimates that approximately 50 accessory dwelling units<sup>1</sup> have been constructed over the past four years, and through the 1-in-10 affordable unit requirement, 15 dedicated affordable units have been planned for master planned communities in Sun Ranch and North Park Commons. The density and height incentives are located in Development Code Section 2.1.200(L), which provides the provisions for "low income and rent controlled housing". Many users and City staff find this Code section difficult to interpret and implement. A recommendation of the Housing Plan is to rewrite this section of the Development Code following adoption of the Housing Plan for greater clarity and ease of use, and to provide an additional menu of incentives for developers of affordable housing.

An additional strategy the City has implemented is in the Sisters City Charter, which provides that Systems Development Charges (SDCs) may be waived for providers of affordable housing. The specific language reads as follows:

*"The City of Sisters may waive system development charges for affordable housing provided by non-profit organizations. In exchange for a waiver, the housing shall be affordable for a period of fifty (50) years. Violation of this agreement shall require full payment of system development charges."*

**While the City has implemented these strategies, they have not been entirely effective in meeting the housing price needs of City some residents.** Median housing prices within the Sisters area (not limited to the City limits, but the Sisters school district) have continued to escalate, increasing by roughly 95 percent between the years 2001 and 2006. During this period, average payroll in Deschutes County increased by only 17.9 percent<sup>2</sup>. More recently, median home prices in Sisters area have declined to \$367,450 in 2008, a reduction of nearly 11.5 percent from 2007. As illustrated in

**Table 1**, median prices have not declined as significantly in Sisters as the declines experienced in Bend or Redmond.

**Table 1. Median Home Prices, Sisters (Area, not City Limits), Bend, Redmond, 2001-2008**

Area	2001	2002	2003	2004	2005	2006	2007	2008	% Change 2007-2008
Sisters	\$235,000	\$247,500	\$270,000	\$308,500	\$394,250	\$460,000	\$415,000	\$367,450	-11.46%
Bend	\$168,950	\$183,500	\$195,000	\$227,500	\$279,900	\$351,978	\$345,000	\$289,450	-16.10%
Redmond	\$125,000	\$135,125	\$148,567	\$158,500	\$198,818	\$262,749	\$250,000	\$216,000	-13.60%

Source: Central Oregon Realtors Association, [www.centraloregonrealtors.com](http://www.centraloregonrealtors.com)

<sup>1</sup> Although accessory units have been constructed, they may be used as home offices, and not necessarily rented by the owners for housing purposes.

<sup>2</sup> Oregon Covered Employment, Oregon Employment Department.

### **Why is Affordable Housing Important to Sisters?**

Throughout the development of the Housing Plan, comments were raised regarding the need to look at Sisters' need for affordable and workforce housing in a larger context and the need for housing efforts to be a coordinated effort with economic development. In general terms, a lack of affordable housing can:

- Cause distress on families who cannot easily find a place to live;
- Reduce supplies of low-cost labor sources;
- Create difficulties for employers recruiting and retaining their workforces (Nurses, City Dept. Heads, Teachers);
- Negatively affect economic development efforts;
- Reduce local school enrollment;
- Increase demands on transportation systems (as workers travel longer distances between jobs and affordable housing); and
- Contribute to an unstable local economy.

In response to the lack of housing to serve not only low income households, but additionally, workforce housing, the City initiated the Sisters Housing Plan in January 2008.

### **Defining "Affordable Housing"**

"Affordable Housing" is defined as housing in which residents spend no more than 30 percent of their gross household incomes on housing-related expenses. Households are considered "cost-burdened" if they pay more than 30 percent of total household income on housing costs. Housing-related expenses are defined by HUD as follows:

- For homebuyers, housing-related expenses include mortgage principle and interest, taxes, property insurance, mortgage insurance, and essential utilities;
- For renters, housing-related expenses include rent and utilities.

Based on these definitions, for a for-sale home to be considered affordable in Deschutes County, based on 2008 AMI (\$58,200), it would need to be less than \$180,500.

### **Findings from Background Reports and Research**

The Sisters Housing Plan and earlier reports provided in the Appendices of the Plan summarize background data, housing related activity in the City report addresses existing population, regional economic, and housing conditions in the City of Sisters, and additionally, provide varying strategies for the City to begin implementing to address the lack of affordable and workforce housing. *Appendix A, Residential Inventory Analysis and Update* (April 1, 2008) provides detailed information on housing density, regional economic trends, and Sisters demographics. *Appendix B, Housing Strategies, Barriers to Affordable Housing* (July 21, 2008), provides analysis of strategies to encourage affordable housing, as well as an audit of the City's existing documents and recommendations for removal of regulations that impede efforts towards affordable housing.

The primary findings of the background reports are as follows:

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- The Comprehensive Plan encouraged provision of affordable housing through development code regulations that encouraged smaller lot sizes, and thus, smaller homes, in hopes that affordable housing opportunities would result. However, while residential densities have increased dramatically since adoption of the Sisters Comprehensive Plan, this has not resulted in more affordable housing choices within the Sisters jurisdictional boundary.
- There has been a significant increase in the density of the single family lots constructed within the City between the years 2003 and 2007. The average density figure for single family homes has steadily increased from 5.3 units per net acre in 2003, to 8.8 units per net acre through July 2007, nearly approaching the lower end of the R-MFSD required density of 9-20 units per acre. The increased density evidenced by analyzing building permit data is consistent with the direction from the Sisters Comprehensive Plan, and furthermore illustrate the trend toward smaller single family detached home lot sizes, townhome lots, and division of older lots for infill development, such as in the Davidson Addition and within the Edge of the Pines subdivisions.
- For estimating future housing demand and needed units through the planning period of 2025, the Comprehensive Plan land needs estimates were based on densities much lower than what has been evidenced since adoption. Compared to the average densities listed in the Residential Land Supply and Demand Analysis (RLA, March 2005, Appendix to the Sisters Comprehensive Plan) estimated densities of approximately 5 units/net acre for Residential land, and more recent densities have averaged between 6.1 and as high as 9.5 for the Residential District. The RLA estimated an average density of 10 units/ net acre for R-MFSD land, while more recent densities developed in this sub-district has ranged from 9.4 to 15.8 units/ net acre.
- Although densities have increased, and the City appears to be meeting its objectives to encourage smaller lots, home prices have still steadily risen to the point where a household would need to be earning \$102,048 to afford a home in Sisters priced at the median home price, \$314,900 (based on January, 2008 MLS listings data). In other words, smaller lot sizes do not necessarily equate to more affordable homes.

Possible reasons include the following:

1. Although lot sizes have gotten smaller, home sizes have not. According to the Deschutes County GIS data-base, average home sizes by year have risen from 1,604 square feet in the year 2000, to 2,106 square feet in 2006; additionally, interior finishes are likely more costly, adding to the cost of a home;
  2. Land prices and construction costs have steadily risen; and,
  3. Central Oregon continues to be a desirable place to live, increasing home prices.
- Economic forecasts indicate that although job growth will continue to grow to the year 2014 in Central Oregon, it will be at a slower pace than previously experienced, and most of the job growth is expected to be in lower-paying service industry sectors such as Leisure and Recreation and Retail Trade. Job growth in service industry sectors offers relatively lower-paying jobs that are necessary for the Sisters tourist-based economy.
  - The larger private employers within the City of Sisters fall in the Leisure and Hospitality employment sectors. In Deschutes County in 2006, this sector reported an average annual pay of \$16,773. Other primary employment sectors in Sisters are in Government, Retail, and in Education and Health Services. The average government sector salary in Deschutes County in 2006 was \$39,520; the average salary in the Retail industries was \$26,120; and in Education

and Health Services the average salary in 2006 was \$40,643. Deschutes County Area Median Income (AMI) in 2008 was \$58,200, for a household size of four. Based on estimates of 6.0 percent interest, and a \$5,000 down payment, a household earning Deschutes County AMI could afford a home of no more than \$180,500. The January 2008 MLS listings for the City of Sisters did not have any homes available at this price level out of 77 listings, and in October 2008, there were six listings priced below \$190,000 out of 90 listings.

- In assessing strategies that would be effective in the City of Sisters, other cities in Oregon and nationwide were consulted. All the strategies, if implemented, come with pros and cons-for this reason, it is likely that implementing a combination of strategies is necessary to adequately serve the projected housing needs by income level within the City. Additionally, each strategy implemented requires some initial administrative start up work. The strategies listed in this Plan were reviewed by the Sisters City Council in August 2008, and were developed from a larger menu of strategies provided in the Appendix B report.

## 2. Needs Analysis and Home Prices

### A. Needs Analysis

In 2006, Housing Works published the "Central Oregon Workforce Housing Needs Assessment" (Rees Consulting, July 2006, "Workforce Assessment"), which provided valuable information by community regarding not only low-income housing needs, but also workforce housing needs. According to the Workforce Assessment, as shown in **Table 2**, 51.8 percent of households in the City of Sisters are considered low income. Further, "Approximately 37% of the region's households have incomes equal to or less than 80% of the Area Median Income (AMI), and are therefore considered to be low income. The percentage of households with low incomes ( $\leq 80\%$  AMI) is very similar in all three counties. Bend has the lowest percentage of low-income households (38%) and Sisters has the highest (52%) with the other communities falling somewhere in between." As noted in **Table 2**, the highest percentage of Sisters households earn greater than 120 percent of AMI, followed by those earning between 61 and 80 percent of AMI.

**Table 2. Incomes by Community by Percent of AMI, Deschutes County, 2006**

Central Oregon Community	< 30%	31-50%	51-60%	61-80%	81-100%	101-120%	120%+
Sisters	11.8%	12.1%	10.3%	17.6%	10.3%	6.8%	31.1%
Bend	9.0%	10.7%	5.4%	13.0%	12.4%	10.1%	39.3%



Central Oregon Community	0-30%	31-50%	51-60%	61-80%	81-100%	101-120%	120%+
Redmond	11.0%	12.1%	8.7%	17.2%	13.3%	9.8%	27.9%
Deschutes County Unincorporated	6.2%	7.1%	4.4%	10.9%	10.1%	10.0%	51.3%
Deschutes County Total	8.4%	9.7%	5.6%	12.9%	11.8%	10.0%	41.7%

Source: 2000 Census, CHAS Tabulations, Workforce Housing Needs Assessment, July 2006

**Number of Units Needed through the Planning Period**

To determine the current inventory of approved, platted lots or multi-family units, and additionally, the inventory of lots or units that have received preliminary approval (through tentative plan, or Site Plan Review) but have not been through the final development approval stage, a buildable lands analysis was conducted in December 2008 (Appendix C, Memorandum of December 28, 2008).

Based on this research, the combined total of units (both constructed lots and vacant lots) approved through subdivisions that have received final plat or other required planning approval is **1367 units**. Of these, 240 are approved as multi-family units, and 1,127 are approved as single family units. Single family units include both single family attached (townhomes) and single family detached Housing. Of the total approved units, 539 building permits have been issued for construction, and 832 remaining lots have yet to file for building permits.

Additionally, a total of **525 units** are potentially approved for the City, with 159 designated as single family, and 366 designated as multi-family. Using both approved and units that have received preliminary approval, there is a potential for **1892 housing units** in the City.

Based on the adopted Deschutes County Coordinated Population Forecast, 2000-2025, the City of Sisters will require **1,850 residential housing units** in the year 2025 to meet the anticipated demand. **Therefore, using both approved and preliminarily approved units, the City has a sufficient residential inventory now to meet the adopted 2025 demand, with 1,892 total housing units.** The estimate of 1,850 units was estimated to serve a population of 3,747, and as evidenced by population estimates, the City has been growing at a slower rate than anticipated in the adopted Coordinated Population Forecast, illustrated in **Table 3**.

**Table 3. City of Sisters Population, actual compared to estimated in 2005.**

Year	City of Sisters Population (Actual)	Estimated Population
2005	1,660	1,768
2006	1,745	1,927
2007	1,825	2,031
2008	1,875	2,119

Source: Center for Population Research and Census, Population Estimates for City of Sisters, Appendix 1 Sisters Comprehensive Plan, adopted July 2005.

Because of the slower population growth, the recent economic downturn, and substantial inventory of units either approved or tentatively approved in the City, meeting state land use requirements for adding new land supplies to the City's existing UGB in the planning period will be challenging. Therefore, strategies to encourage affordable housing should be focused on retention of existing housing stock, providing incentives to construct affordable units on lots that are already platted, and for support of existing programs. Although one of the affordable housing strategies the City desires to implement is an Annexation Ordinance, it would likely not be very effective in terms of providing affordable units, at least within the planning period, as a limited amount of land is likely to be annexed for residential uses in the future.

### **Sisters Existing Inventory of Affordable Housing**

Based on the Comprehensive Plan projections of 1850 total housing units needed to meet the demand by year 2025, using a straight "1-in-10" formula to determine the number of affordable units to strive for through the planning period creates a need for 185 total affordable units. The current inventory of dedicated affordable housing units is as follows:

- In terms of dedicated affordable housing within the City Limits, there are currently 26 homes constructed by Habitat for Humanity for home ownership; 33 rental units constructed by Housing Works, and an additional 15 families/ households using Housing Works Housing Choice Voucher program for rental units; two private homes providing a total of 10 beds for persons with special needs, and 10 additional beds are provided by the Forest Service on a seasonal basis for persons with special needs. Additionally, there are a total of 15 dedicated affordable housing units approved within Master Plan developments that have not yet been constructed.
- In total, there are currently 59 permanent affordable units and 15 that are approved in Master Plans but not constructed yet, for a total of 74. Additionally, there are 20 beds for persons with special needs, and the opportunity for additional rental units through the Housing Choice Voucher Program.
- Using an estimated demand of 1850 total units to the year 2025, and a rough calculation of 1-in-10 as provided by Comprehensive Plan direction, 185 total dedicated affordable units are needed by the year 2025. With 59 units of permanent affordable housing currently planned or existing in the City, 126 additional affordable units are needed.<sup>3</sup>

As the City strives to achieve the 126 additional units, it is important to consider that the Comprehensive Plan estimates are based on dated Census data, from the year 2000 before the City installed a municipal sewer system. If the City does choose to pursue a range of housing at varying income levels (60, 80, 100, 120 percent of AMI, for example) it is important to base the projections for numbers of units needed in each of these income brackets on the new 2010 Census data. Instead of revising the 10 percent figure at this time, a recommendation is to revisit the figure based on the percentage of low-income residents found in the 2010 Census, and target incentives and other strategies based on the evidenced need at that time.

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<sup>3</sup> This number does not include the 15 units that are approved in Master Plans that have not yet been through Final Plat processes yet.

**C. Summary of Housing Conditions/Trends in the Market**

**Home Ownership Housing**

The Central Oregon Realtors Association tracks housing-related activity in Central Oregon, including the Sisters area (not specifically limited to the Sisters City Limits). As illustrated in **Table 4**, sales prices in the Sisters area in 2008 have fallen since 2006 and 2007, depending on the type of residential housing.

The data in Table 5 illustrates that while home prices have fallen in the Sisters Area, owning a home in Sisters without experiencing cost burden is not possible for a family earning AMI, or even 120 to 150 percent of AMI. As noted previously in this Plan, the maximum purchase price for a household earning Deschutes County AMI without experiencing cost burden is \$180,500. Based on Central Oregon Realtors Association statistics, even bare residential lots in the Sisters Area have been unattainable since 2005 for a household earning 100 percent of the 2007 Deschutes County AMI.

Although residential housing prices have fallen, reflective of the nationwide economic downturn, property sales statistics illustrate that prices are still not attainable to some Sisters residents.

**Table 4: Sisters Area Property Statistics, Year to Date Sales through 3rd Quarter by Year, 2004-2008**

YTD Solds through 3rd Qtr.	2004	2005	2006	2007	2008
<i>Single Family Detached</i>					
Total Sold	102	131	103	78	62
Avg. Sales Amount	\$353,410	\$443,544	\$490,450	\$520,383	\$440,706
Median Sales Amount	\$302,500	\$386,000	\$445,900	\$411,000	\$374,750
Average DOM*	138	131	140	154	224
<i>Townhome/Condo</i>					
Total Sold	14	32	20	7	13
Avg. Sales Amount	\$215,841	\$264,338	\$252,011	\$378,286	\$302,170
Median Sales Amount	\$157,750	\$259,250	\$256,100	\$389,000	\$230,000
Average DOM*	187	172	95	153	150
<i>Manufactured Home</i>					
Total Sold	8	7	10	10	5
Avg. Sales Amount	\$165,574	\$160,843	\$240,378	\$244,740	\$233,800
Median Sales Amount	\$182,020	\$165,000	\$230,000	\$231,450	\$225,000
Average DOM*	237	141	78	147	189

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YTD Sales through 3rd Qtr	2004	2005	2006	2007	2008
<i>Residential Lots</i>					
Total Sold	44	57	21	6	6
Avg. Sales Amount	\$138,332	\$157,499	\$290,629	\$414,117	\$186,917
Median Sales Amount	\$127,400	\$137,500	\$250,000	\$249,000	\$193,750
Average DOM*	249	245	121	153	139

\*Days on the Market.

Source: Central Oregon Realtors: [www.centraloregonrealtors.com](http://www.centraloregonrealtors.com)

### Rental Housing

According to the 2000 Census, out of 397 occupied housing units, 58.4 percent were owners and 41.6 percent were occupied by renters. The percentage of owner-occupied units is lower in Sisters than the state percentage, 63.2 percent in 2003, and than that of the nation, which was 66.8 percent in 2003 (State of Oregon Progress Board 2005 Benchmark Report). Given that Sisters has a relatively large percentage of renters, specific strategies focused on encouraging rental housing should be developed as the Housing Plan strategies are implemented. Following release of the 2010 Census, more timely data concerning the number of renters in the City will be available, and strategies can be implemented at that time.

Housing Works tracks and monitors average rents by community in Central Oregon through an annual rental survey. As of this writing, the 2009 rental survey has not been completed, and the most recent rental data for Sisters is from the first quarter of 2007. Although the rental survey was completed in 2008, the Sisters sample was relatively small. As illustrated in **Table 5**, a comparison of 2007 average rents for 2 and 3 bedroom units, compared to average wages for selected high demand occupations, illustrates the gap in rental prices within the City. Only when a worker is earning close to \$14/hour does the person not experience cost burden, according to the data compiled in the rental survey and by Housing Works.

**Table 5: Comparison of Sisters Wages and Average Rents, 1st Quarter of 2007**

	Food/ Bev. Worker	Motel Clerk	School Custodian	City Utility Worker	Construc- tion Worker	Teacher (Av. Wage)	Veteri- narian	Bank Mgmt.
Hourly rate	\$7.80	\$8.67	\$13.61	\$14.00	\$15.36	\$22.01	\$27.05	\$38.46
Median annual income [1]	\$16,224	\$18,034	\$28,309	\$29,120	\$31,949	\$45,782	\$56,264	\$80,000
Gross monthly income (GMI)	\$1,352	\$1,503	\$2,359	\$2,427	\$2,662	\$3,815	\$4,689	\$6,667
Housing ratio (HR) (30%) [2]	\$406	\$451	\$708	\$728	\$799	\$1,145	\$1,407	\$2,000

	Food/ Bey. Worker	Motel Clerk	School Custodian	City Utility Worker	Construc- tion Worker	Teacher (Av. Wage)	Veteri- narian	Bank Mgmt.
Available for housing w/o debt	\$406	\$451	\$708	\$728	\$799	\$1,145	\$1,407	\$2,000
Sisters - 2 bedroom unit [3]								
Average rent	\$721	\$721	\$721	\$721	\$721	\$721	\$721	\$721
Excess/(Shortage) per month	(\$315)	(\$270)	(\$13)	\$7	\$78	\$424	\$686	\$1,279
Sisters - 3 bedroom unit [3]								
Average rent	\$860	\$860	\$860	\$860	\$860	\$860	\$860	\$860
Excess/(Shortage) per month	(\$454)	(\$409)	(\$152)	(\$132)	(\$61)	\$285	\$547	\$1,140

Source: Housing Works, Redmond Oregon, 2007.

(1) Oregon Employment Dept. Region 10 High Demand Jobs & Survey of Sisters employers.

(2) HR is the maximum percentage of a borrower's income that can be used to make the monthly mortgage payment. It is preset depending on loan type, usually 25% and 33%. Affordable Housing is commonly defined as when a household spends no more than 30% of GMI on housing-related costs.

(3) 2007 1Qtr07 Central Oregon Rental Survey for Sisters: includes average of apartments, multiplexes, house or manufactured homes rents.

Although the rental data is approximately two years old, it is generally still accurate, based on a review of available Sisters rentals in local newspapers. Consequently, following adoption of the housing plan and formation of a Housing Policy Board to review and make recommendations on implementation of various strategies, a focus on rental-related incentives should be considered. Based on the economic forecasts that indicate the Sisters economy will be based primarily on tourist focused, retail and leisure services, strategies to provide additional supplies of rental housing for low income workers is important for the City's future.

## 3. Specific Housing Strategies

### Summary and Timing for Implementation

The following section of the *Housing Plan* discusses strategies, recommends timing and followup steps necessary to implement each strategy. In the past, strategies that the City has implemented to encourage affordable housing has focused on low-income (less than 80 percent of AMI) and very-low income (less than 50 percent of AMI). Given that many Sisters households earn between 80 and 120 percent of AMI, the City Council is now focusing strategies on those earning less than 120 percent of AMI, to bridge some of the need for workforce housing.

In general, comments received during the development of the *Housing Plan* have stressed the importance of addressing the housing issue in Sisters as a community issues, rather than placing all the burden for affordable and workforce housing on new development. Strategies have been developed that attempt to provide incentives where feasible, to promote retention of existing housing, and that provide support to existing housing programs. Additionally, the need for ongoing monitoring, representation of the City at regional discussions, and flexibility have been considered in forming the strategies.

In discussions with the Planning Commission, developers, and residents of the City, there is an apparent need to approach the strategies in two categories: one for those earning less than 80 percent AMI, and one for those earning between 80 and 120 percent of AMI.

Recommended timing for the strategies is as follows:

- Immediate- short-term, within next 3-12 months;
- Short-term- within next 1-3 years; and
- Long term- within next 3-6 years.

**Table 6** summarizes the recommended strategies to assist in providing more affordable housing and workforce housing in the Sisters jurisdictional boundary.

**Table 6. Summary of Strategies/Action Items and Timing**

Strategy	Timing	Responsibility/Follow Up
1) Develop organizational capacity to implement housing programs, housing strategies, and to monitor regional and statewide activity concerning housing efforts.	Immediately.	Planning Department; City Council to designate, or provide backing for organizational capacity.
2) Establish a Housing Trust Fund and use other existing sources of City funding on a limited basis.	Short-term.	Examine use of urban renewal; develop ordinance for Housing Trust Fund. Investigate support for assessment in the future. Planning Dept., Urban Renewal Board for follow up.
3) Develop a comprehensive incentive program for developers of affordable housing. Target less than 80% for some; 80-120% AMI for others. (See detailed description)	Immediately, timed with Development Code Update.	Planning Department. Implement with Development Code Update.
4) Upon release of 2010 Census data, revise the Comprehensive Plan target of "1-in-10" affordable units, to develop targets based on real data.	Short to long-term, depending on timing of release of data.	Planning Department.
5) Examine existing public policies, to ensure that regulations do not hinder affordable housing efforts.	Immediately.	Planning Department, implement provisions that are feasible as part of Development Code Update.
6) Preserve Existing Housing Stock by Promoting Existing Housing Programs and Countywide Resources, which generally target up to 80% AMI.	Immediately.	Planning Department, RDI. Inventory Existing Housing stock to identify homes in need of repair; target those homes for program.
7) Support and monitor Statewide efforts that encourage affordable housing	Immediately.	Administration and Planning Depts. Identify appropriate contact to represent City at discussions.

The following section discusses each of the strategies in detail.

**Strategy 1: Develop Organizational Capacity to Implement Housing Programs and Strategies, and to Monitor Success in Achieving Housing Goals.**

**A. Appoint a part-time Housing Coordinator or designate an appropriate staff person to monitor housing related activity and to represent Sisters on a regional level.**

**Approach:** In the past, the City has not had a resource for specifically tracking, monitoring housing inventories, or for representing the City on a regional level. The Housing Coordinator would also be responsible for recruiting and soliciting affordable housing opportunities related to new business development, and generally with public relations for the City's programs.

**Potential Impact:** The impact of having a person designated to track housing related programs, monitor affordable housing units, to apply for and track funding opportunities, and participate in regional discussions is substantial, not necessarily in terms of direct numbers of housing units, but in acquiring funds for future affordable housing opportunities, and serving Sisters' interests throughout Central Oregon.

**Recommendations:** Budget for the position to begin in Fiscal Year 2009/2010. Dependent on existing workload, assign an existing staff person in the immediate and short-term.

**Timing:** Immediately.

**B. Develop a Housing Policy Board to assist the City Housing Coordinator in developing strategies, providing input on housing related policies and regarding housing activity within the City.**

**Approach:** As the City grows, and housing issues become even more important, having a subcommittee to advise the City Housing Coordinator on housing related issues is critical to review strategies, assess the City's progress towards goals, and for forming recommendations on future policy issues for the City Council. The Policy Board would also be responsible for assessing income limits for qualifying for funds or incentives, which would be completed on an annual basis.

**Potential Impact:** No direct impact in terms of units achieved, but a means to ensure public participation, more local awareness of housing-related opportunities, and a system to continually monitor and review strategies with an ad-hoc group. In the future, as strategies are implemented, the Housing Policy Board would be responsible for reviewing and recommending courses of action for requests for funds, developing strategic plans for prioritizing future use of funds, and generally providing responses to the City Housing Coordinator.

**Recommendations:** Following adoption of the Housing Plan, and assignment of a City Housing Coordinator, establish a Housing Policy Board to advise the Housing Coordinator on policy-related issues. Initially, the Planning Commission could serve as the Policy Board. Meet only as needed initially, possibly quarterly.

**Timing:** Immediately.



**C. Monitor housing-related activity**

**Approach:** Provide an annual housing activity report to Planning Commission and City Council to keep them informed on housing trends in the City, not only related to prices, but to housing inventory, vacancy rates, and other relevant information.

**Potential Impact:** Depending on the trends in the City and Central Oregon, the impact of monitoring housing-related activity could be substantial for setting goals for achieving a specific number of units priced in a specific range, etc. Because the City has not been closely following the trends in the market, and reliable demographic data is not readily available, it is difficult to make recommendations on number of units to achieve, or on target prices, and further, recommendations for strategies to achieve housing goals. Additionally, because buildable lands analyses are conducted sporadically, they are time-consuming; developing an annual inventory analysis would make them less time consuming and more consistent. The Housing Coordinator could update and keep current information on a monthly, or as needed basis.

**Recommendations:** A responsibility of the Housing Coordinator position would be to develop and provide an annual report for the Planning Commission and City Council on housing-related activity, regional and local trends, and inventories. Use the findings of the annual report to refine housing strategies, modify, and revise goals as necessary.

**Timing:** Short-term.

**Strategy 2: Develop a Housing Trust Fund, and use other existing City funding sources on a limited basis.**

**A. Develop a Housing Trust Fund through a variety of Funding Mechanisms**

**Approach:** Adopt authorization, through ordinance, for the City to implement a Housing Trust Fund (HTF). The HTF could be funded through a variety of potential sources, including but not limited to: sale of land acquired through liens on property; administrative charge for SDC deferrals; private donations; or a limited use of room taxes. Although offering these deferral programs entails increased administration for the City, it is a proactive means for the City to generate some start-up funds for the HTF, or some supplies of land, and, additionally, may stimulate some additional permits during hard economic times.

**Potential Impact:** The amount of impact of an HTF can be small or large, depending on the amount of funds available. Uses could range from assistance with off-site improvements (sidewalks, parking areas, etc.), to underwriting the cost of land dedicated for affordable housing development. Initially, the HTF assistance would likely not be substantial.

**Recommendations/Steps:** By law, HTFs need to be adopted by ordinance. It is recommended that the City use a model ordinance, and adopt the authority, a general description of the use for the funds, and target income levels in the ordinance. Authorize the Housing Policy Board to evaluate and make recommendations regarding the use of the HTF funds, through the development of a Strategic or Action Plan.

**Timing:** Short term.

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**B. Use a limited amount of Urban Renewal Funds**

**Approach:** Portland, for example, has used a minimum of 30 percent of the City's Urban Renewal funds since 2006 to stimulate development of affordable housing for households earning below 80 percent of AMI. The Sisters City Council, which serves as the Sisters Urban Renewal Board, discussed using a portion of its Urban Renewal Funds for promoting affordable housing, purchasing land for housing, or providing assistance for off-site improvements for affordable housing within the boundaries of the Urban Renewal Plan for a limited time (i.e., 3-5 years).

**Potential Impact:** The impact could generate 18-30 units, conservatively, in the 3-5 year period. The units would likely be apartments or mixed-use commercial/residential, because of the use of the funds only in the Urban Renewal District.

**Recommendations:** Authorize the City's Urban Renewal Board to consider a limited use of Urban Renewal funds to encourage development of housing for low-income (up to 80 percent of AMI) residents. The City's existing Urban Renewal Plan provides the authorization for housing in the downtown commercial districts, so the Plan would not need to be amended.

**Timing:** Short-term.

**C. Develop a 5 to 10-year Strategic Action Plan identifying priorities for the allocation of funds.**

**Approach:** Through the Housing Policy Board, develop a 5-to 10-year Strategic or Action Plan which prioritizes projects and priorities for funding, for example: rental housing or home ownership, new housing or homeowner rehabilitation programs, off-site improvements, underwriting the cost of land, or provision of rental subsidies.<sup>4</sup>

**Potential Impact:** Establishing a Strategic or Action Plan will provide clarity and definition for funding, and enables Fund recipients to know where funding will be targeted in the short and long term.

**Recommendations:** First establish HTF, and follow with the Housing Committee developing the Strategic or Action Plan, with oversight by the City's Housing Coordinator.

**Timing:** Long-term.

**Strategy 3: Develop a comprehensive incentive program for developers of affordable housing.**

**Approach:** Develop and implement an incentive program for developers of affordable housing, in order to offset some of the requirements for market-rate development.

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<sup>4</sup> A rental subsidy is paid to private landlords who accept low-income tenants. The supplements make up the difference between rental market price and the amount of rent paid by tenants, for example 30% of the tenants income.

**A. Following adoption of the Housing Plan, identify which incentives are appropriate for the City of Sisters, and which incentives to provide developers of housing for low-income (less than 80 percent AMI), based on a cost/benefit analysis of each incentive. Provide an additional list of incentives for non-profit housing developers.**

Examples of Incentives Implemented through Development Code provisions, include the following:

- 1) **Planning and Building Fee Exemptions.** All or a portion of Planning Division and Building Division fees could be exempted for qualifying projects, with the exempted fees paid by the City, similar to the City of Bend's existing program. The percentage of fees waived for any project could be proportional to the percentage of units in a development that are affordable.
- 2) **Expedited Review and Permitting Processing.** For any qualifying project, review and permitting processing would be expedited. Although during hard economic times, this would likely not be an effective incentive, the incentive adds to the overall assistance provided by the City to encourage affordable housing and should be adopted to the menu of options for a developer.
- 3) **System Development Charge Deferrals.** For qualifying projects, defer SDCs for up to 1 year. SDCs are due upon transfer of ownership, or at the end of one year from the date the deferral is granted. This strategy varies from the market-rate deferral program (in Strategy 2B, above), in that interest is not charged for the period of deferral for a qualifying project.
- 4) **Off-site Improvement Assistance.** In Bend, developers of qualifying projects are eligible to apply for a grant from the City of Bend to assist with the cost of non-reimbursable off-site improvements. The grants will cover the cost of the off-site improvements required by the City, up to a maximum of \$10,000. This incentive could work with the HTF program, when available.
- 5) **Density and Height Bonuses.** The City does offer a density bonus for providers of "income and rent controlled housing", but the Code language implementing the provision is confusing and leads to disagreements in interpretations, so is not often-used. As part of the City's upcoming Code amendments, Section 2.1.200(L) should be rewritten, with more modern and relevant definitions added, for greater clarity.
- 6) **Minimum Lot Size Exemptions.** Allow qualifying projects an exemption from minimum lot size standards (in Bend, lots are still subject to minimum frontage and other requirements).

**Potential Impact:** As the economy improves and planning and building in Central Oregon recovers, the incentives will have greater potential to create affordable units.

**Recommendations:** Based on the housing priorities established by the City, have the Housing Policy Board develop a sliding scale of incentives based on the ratio of affordable housing units to total units to be built by a developer and on how affordable the units are. (For example, if the City wants to increase housing affordable to low wage service workers, it would offer incentives with greater value to a builder for a larger ratio of housing targeted at households making less than 50% of AMI, and incentives with lower value for a smaller ratio of housing targeted at households making more than that.) Depending on priorities of the City, all incentives might be offered to builders that provided a larger amount of affordable housing, and none offered to builders that provided housing at low market rates. It should be one of the first tasks of the Housing Policy Board to develop a menu of incentives linked to the ratio and affordability of affordable housing, to be provided, drawing on the examples of incentives listed above. The goal should be to offer more incentives to builders providing a larger share of affordable housing and to those providing a larger share affordable housing targeted at the lower income groups.

**Timing:** Immediate.

**B. Develop a comprehensive annexation ordinance based on the needs of City residents, with requirements such as percentage of land for each income bracket; construction timing; construction standards; distribution of affordable units; land dedication; and additionally, other requirements such as roads, water, sewer, and other necessary public facilities. A component of the ordinance would be an "in-lieu-of" fee if a developer does not want to develop the housing themselves- the in-lieu-of fee could be used to fund the HTF fund, and support affordable housing efforts elsewhere in the City, as well as a provision for the developer to work with a non-profit affordable housing provider. An alternative to the strict requirement to provide affordable units would be to use an incentivized approach, so a developer would receive incentives for density bonuses, fee deferrals, or other incentive based on the amount of affordable housing provided.**

**Approach:** City staff develops an Annexation Ordinance for adoption into the Sisters Development Code. The annexation ordinance can either require similar affordable housing units in a "1-in-10" ratio that currently exists, or be drafted as more of an incentivized approach. An incentivized approach would provide incentives (density bonuses, transfers, etc.) to a developer that provided "x" number of units. More incentives would be provided based on the amount of affordable or workforce housing that is provided in a given area.

**Potential Impact:** Because the City's Buildable Lands Inventory indicates that additional supplies of residential land are not necessary for quantity of units, the impact of the Annexation Ordinance is not likely to provide substantial numbers of affordable units within the next decade. However, as the City grows, it is important to have a provision adopted to guide development in future growth areas.

**Recommendations:** Draft the Annexation Ordinance following adoption of the Housing Plan.

**Timing:** Short-term, with revision in Task C, below.

**C. Examine a provision similar to the annexation ordinance for zone changes and/or plan amendments, to provide incentives for property owners who desire to provide affordable housing with market rate when choosing to apply for changes to existing zoning or plan designation.**

**Approach:** Provide incentives for those who apply for zone changes, as opposed to making provision of affordable housing mandatory.

**Potential Impact:** In the past 3 years, 15 units dedicated to affordable housing were provided through zone changes and plan amendments. If an incentive program was provided, additional affordable units could be attained.

**Recommendations:** Draft the provisions for the Development Code following adoption of the Housing Plan.

**Timing:** Short term.

**Strategy 4: Upon release of 2010 Census data, revise the Comprehensive Plan target of “1-in-10” affordable units, to develop targets based on real data.**

**Approach:** Research completed for the Housing Plan indicates that roughly one-half of City residents are considered low-income, earning less than 80 percent of AMI, yet current City policy strives for a “1-in-10” ratio of affordable units to market rate units for areas proposed for annexation. Using data regarding the percentage of low income residents in Sisters, this ratio should be closer to 4-in-10. Without reliable, current data on residents' income levels, it is difficult to address housing needs or create targets for various income levels. Immediately following release of 2010 Census data, the City should revise the affordable housing targeted income ranges, and tailor strategies to address documented needs.

The following table illustrates the number of Sisters residents within each income bracket, based on a population of 1,875 residents.

	<30% AMI	31-50% AMI	51-60% AMI	61-80% AMI	81-100% AMI	101-120% AMI	120% AMI	Totals
Percentage of Residents	11.8%	12.1%	10.3%	17.6%	10.3%	6.8%	31.1%	100.0%
Number of Residents	221	227	193	330	193	128	583	1,875

Using this data, ratios of affordable to market rate housing units could be developed, based on units targeted at specific income ranges (or percentage of AMI). For example, instead of 1-in-10, ranges could be as follows:

Targeted AMI:

- Less than 30%= 1-in-7.
- Less than 50%= 1-in-3.
- Less than 60%= 1-in-2.

**Potential Impact:** Likely not a direct impact, but indirect impact as strategies and policies are better formulated to meet residents' needs.

**Recommendations:** Designated Housing Coordinator compiles Census data upon release, and provides recommendations for strategy or policy revisions to Housing Committee for review.

**Timing:** Short-term.

**Strategy 5: Examine existing public policies to ensure that regulations do not hinder affordable housing efforts.**

**A. Amend Sisters Development Code to remove barriers to development of affordable housing.**

**Approach:** Use inventory of barriers provided in **Appendix B** of this Plan to identify and prioritize barriers.

**Potential Impact:** Removing barriers would have an indirect impact, but would provide clarity where contradictory policies and regulations currently exist.

**Recommendations:** Initiate amendments where necessary to streamline regulations, provide greater clarity, and ensure all City regulations are encouraging affordable housing.

**Timing:** Short-term.

**B. Amend/ revise City Charter to remove reference to 80 percent of AMI, and remove reference to SDC "waivers" for affordable housing developers for projects with a 50-year affordability requirement.**

**Approach:** The City Charter, while well-intentioned, contains a provision for SDC waivers for projects that maintain affordability for 50 years, for low-income residents. The legal opinion on this policy is that waiving SDCs is not legal in the State of Oregon. Further, the affordability period of 50 years is difficult to meet. As a result, the SDC waiver has never been used.

**Potential Impact:** No impact, because the provision has not been used. Revising the provision, following adoption of the Housing Plan and related strategies, would likely provide more effect in the long term.

**Recommendations:** Revise period of affordability; then revise this provision in the City Charter to "except" non profit housing providers from SDCs; following sales of homes after the required period of affordability, if the home is sold for market rate prices, the profits could go into the HTF (Strategy 2).

**Timing:** Short-term.

**Strategy 6: Preserve existing housing stock by promoting existing housing programs and Countywide resources, which generally target up to 80% AMI.**

**A. Streamline Review processes, and examine planning and building fee waivers or deferrals for Housing Works, Habitat for Humanity, and other non-profit housing providers within the community.**

**Approach:** A comment throughout the development of the Housing Plan was to support the existing "experts" in the nonprofit housing development field, such as Housing Works and Habitat for Humanity.

*Sage Land Use Services, Inc.*

**Potential Impact:** The impact of supporting existing nonprofit housing providers is substantial. Not only does it build organizational capacity for local providers, but it also saves the City resources in terms of saving in administration of new programs.

**Recommendations:** Following adoption of the Housing Plan, begin to survey existing nonprofit housing providers to identify the type of incentives that would best suit their objectives, and which needs to prioritize first. Following, the City should initiate necessary code amendments, fee deferral programs, or other incentive-based programs to support the growth and sustainability of existing organizations.

**Timing:** Short-term.

**B. Develop Public Information Program for existing Programs or use existing informational resources.**

**Approach:** Preserving existing housing stock, and promoting existing home rehabilitation programs is a relatively easy strategy to implement. Rural Development Initiatives (RDI) in Redmond provides home improvement grants and/or loans to improve or modernize homes for those who qualify as low and very-low income. The lifetime grant limit is \$7,500, and residents must be within household income limits established by Rural Development. For homeowners 62 and over who cannot repay a loan, grants funds are available to remove health and safety hazards or to remodel dwellings to make them accessible to household members with disabilities. NeighborImpact has additional resources as well. The benefit of the existing programs are that it preserves existing housing stock and keeps residents in their homes, and moreover, funding and administration is available through other agencies, so it does not require substantial City resources.

**Potential Impact:** Likely 5-10 homes annually.

**Recommendations:** The City could support programs such as these by providing information at City Hall and by inventorying existing housing units that may be in need of repair and getting information to the owners. Alternatively, information on the program could go out in monthly utility bills.

**Timing:** Immediate.

## **Strategy 7: Support and monitor Statewide efforts that encourage affordable housing**

**A. Support efforts to establish a Document Recording Fee in Oregon.**

**Approach:** An additional bill to be introduced is to establish a document recording fee, whereby the proceeds would be added to a State fund to support affordable housing throughout the State. The funds would be allocated as part of the Oregon Housing and Community Services competitive funding cycle.

**Potential Impact:** The impact is difficult to determine; because funds will be allocated on a competitive, Statewide basis, it will be critical for the Sisters Housing Coordinator to be involved in any regional discussions of potential projects in Central Oregon.

**Recommendations:** Appoint a Housing Coordinator to represent Sisters, and follow through with other strategies, in order to give Sisters regional representation.

*Sage Land Use Services, Inc.*

**Timing:** Immediate.



*Sage Land Use Services, Inc.*

## 4. Appendices & Supporting Documents

**Appendix A: Residential Inventory Analysis and Update (April 1, 2008)**

**Appendix B: Housing Strategies, Barriers to Affordable Housing (July 21, 2008)**

**Appendix C: Memorandum: Update of Buildable Lands Inventory (December 28, 2008)**

**Residential Inventory Analysis and Update**

**A Component of the Sisters Housing Plan  
April 1, 2008**



**Prepared for:**

**City of Sisters**

**Prepared by:**

**Susanna Julber  
Consulting Planner**

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## **Summary**

### **Purpose**

The purpose of the Sisters Housing Plan is to develop an action plan to ensure that Sisters' long term housing supply is affordable to a variety of income levels through the planning period of 2025, consistent with existing policy direction from the Sisters Comprehensive Plan. This report addresses existing population, regional economic, and housing conditions in the City of Sisters, and provides a basis for developing strategies to ensure that housing is provided within the City for all income levels and for the development of the final Sisters Housing Plan.

The specific Comprehensive Plan Policy that directs the City to develop a Housing Plan reads as follows:

"The City shall develop a coordinated and comprehensive Housing Plan that will provide housing choices to all income levels in the City. The following objectives shall be incorporated into the plan:

### **Tasks-**

- a. The Housing Plan shall explore and recommend how one in 10 of all new housing units built in the City by 2005 can be made affordable to families with low incomes.
- b. The Housing Plan shall explore and recommend the use of appropriate tools including, but not limited to: accessory dwelling units, annexation policies, development incentives, fee waivers for deferrals, down payment assistance programs and gap financing, employer housing assistance (non-residential development), equity pool or shared equity programs, land trusts, land banking, mixed use, mobile home parks, residential density bonuses and increases, flexible zoning, affordable housing trust funds, and UGB expansions.

c. The Housing Plan shall address how affordable housing can be dispersed throughout the City.” (page 62, Sisters Comprehensive Plan)

### **Summary of Findings**

Providing housing for all income levels within the City of Sisters has become a challenge, particularly over the past decade as rising land costs, the popularity of Central Oregon as a residence and vacation place, and disproportionate increases in income levels in the City and Deschutes County in comparison to regional housing prices have combined to create a need for strategies that encourage housing choices for varying income levels. Primary findings of this report include the following:

Although residential densities have increased since adoption of the Sisters Comprehensive Plan, this has not resulted in more affordable housing choices within the Sisters jurisdictional boundary.

- Although densities have increased, and the City appears to be meeting its objectives to encourage smaller lots, home prices have still steadily risen to the point where a household would need to be earning \$102,048 in order to afford a home in Sisters priced at the median home price, \$314,900 (based on January, 2008 data). In other words, smaller lot sizes do not necessarily equate to more affordable homes. Possible reasons include the following:

1. Although lot sizes have gotten smaller, home sizes have not. According to the Deschutes County GIS database, average home sizes by year have risen from 1,604 square feet in the year 2000, to 2,106 square feet in 2006;
2. Land prices and construction costs have steadily risen;
3. Central Oregon continues to be a desirable place to live, increasing home prices.

Although during the 4-year period between 2003 and 2007, the average residential density in the R - Zoning District has increased from 5.3 units per net acre to 8.8 units per net acre, home prices in the City of Sisters have steadily risen. The findings of this report indicate that smaller lot sizes do not necessarily equate with more affordable housing choices.

During the 5-year period between 2001 and 2006, the average home price in the Sisters area (including the City Limits and outlying areas) nearly doubled, from \$235,000 to \$460,000, an increase of 46.2 percent. For the same five-year period, average payroll in Deschutes County increased by only 17.9 percent.

Based on January 2008 MLS listings within the Sisters City Limits, the median home price was \$314,900. To afford a home at this price, a household would need to be earning \$102,048. The Area Median Income in Deschutes County for 2007 was \$58,800 for a family of four.

- The increases in densities in the residential districts illustrate the trend toward smaller single family detached home lot sizes, townhome lots, and division of older lots for infill development, such as in the Davidson Addition and within the Edge O' the Pines subdivisions. There has been a significant increase in the density of the single family lots constructed within the City between the years 2003 and 2007. The average density figure for single family homes has steadily increased from 5.3 units per net acre in 2003, to 8.8 units per net acre through July 2007, nearly approaching the lower end of the R-MFSD required density of 9-20 units per acre. The increased density evidenced by analyzing building permit data is consistent with the direction from the Sisters Comprehensive Plan.
- Compared to the average densities listed in the RLA for the eight-period between 1994 and 2002, average densities for the years 2003 through July 2007 have been much higher than anticipated. The RLA estimated densities of approximately 5 units/net acre for Residential land, and more recent densities have averaged between 6.1 and as high as 9.5 for the Residential District. The RLA estimated an average density of 10 units/ net acre for R-MFSD land, while more recent densities developed in this sub-district has ranged from 9.4 to 15.8 units/ net acre.
- Using the figures adopted in the Comprehensive Plan as a basis for determining acreage needs, there still appears to be a demand for an additional 52.1 acres of Residential zoned land, and 2.9 acres of R-MFSD land to meet the demand for residential acreage through the planning period of 2025. However, the increased density the City has experienced since the adoption of the Comprehensive Plan has resulted in a surplus of 136 units of single family (including townhome lots) lots to meet the estimated number of units to achieve by the year 2025. In terms of multi-family development, using the Comprehensive Plan numbers for a basis, there is a deficit (need) for an additional 131 units of multi-family residential to meet the 2025 demand adopted in the Comprehensive Plan. Notable is that there is a potential for a total of 117 loft units within the Sun Ranch and Three Sisters Business Park subdivisions, under the City's recently-adopted North Sisters Business Park Subdistrict, which will assist in meeting the demand for multi-family housing in the future.

The Comprehensive Plan Residential Lands Analysis (RLA) estimated a need for an additional 61 acres of Residential-zoned land and 59 acres of R-MFSD land through the planning year 2025.

Because of the increased densities realized in the past 4 years within the City Limits, the City has attained the adopted estimate of number of R-zoned lots through the year 2025. However, because the Comprehensive Plan estimated land needs based on 5 units/net acre in the R District, in terms of acreage, it appears that the City still needs 52.1 acres of R-District land, and 2.9 acres of R-MFSD land in order to meet the estimated demand through the planning year 2025.

Because of the increased densities evidenced over the past 4 years, the City may want to revisit the Residential acreage needs adopted in the Comprehensive Plan in the future.

**Residential Buildable Lands Inventory**

Land Use District	Estimated Need through 2003-2025 Planning Period	Supply of Buildable Land (RLA, current as of 2003)	Gross Acreage Developed, 2003-July 2007 (1)	Additions to Inventories from Zone Changes, Plan Amendments	Total Remaining Inventory, as of 1/08	Acreage Needed to meet 2025 Demand, as of 1/08
Residential R-MFSD	61	36	47.7	20.6	8.9	52.1
	59	69	15.3	2.4	56.1	2.9

Source: Sisters Comprehensive Plan, Sisters Planning Department records.<sup>1</sup>

- During the five-year period between 2001 and 2006, the average home price in the Sisters area (including the City Limits and outlying areas) nearly doubled, from \$235,000 to \$460,000, an increase of 46.2 percent. For the same five-year period, average payroll in Deschutes County increased by only 17.9 percent.
- In the City of Sisters it appears that attaining affordable housing is not limited to the low income (earning 80 percent of AMI) or very low-income (earning 50 percent of AMI), but also those earning 100-170 percent of AMI, or between \$58,800 and \$99,999. According to a 2003 report, Central Oregon Housing Needs Update (Rees Consulting, March 2003) over 32 percent of home owner households earning between \$50,000 and \$99,999 (85 percent to 170 percent of AMI) experienced cost burden. The report further states that in 2000, nearly 25 percent of households in Sisters were considered cost burdened (paying more than 30 percent of income for housing), estimated that in 2003, 35 percent would be cost burdened, and in 2008, over 49 percent of the City's population would be cost burdened.

<sup>1</sup> There are a number of reasons why the total R-District acreage developed between 2003 and July 2007 was 47.7, and the total supply in 2003 according to the Comprehensive Plan was only 36 gross acres: The RLA estimated potential redeveloped land by determining the parcel's improvement value as less than 30 percent of the total value (land and improvements), and that the parcel be greater than 4 acres in size. The effect of allowing smaller lots sizes in the Residential district, particularly in areas of the city such as Edge O' the Pines, has increased the developable acreage allowed within the R-District. For example, when the RLA was compiled, a 10,000 square foot lot with a single family home in the R District was likely not considered redevelopable under the City's former zoning ordinance, or factored into the supply of R-District land. Since the adoption of the Development Code in 2005, which allowed smaller lot sizes and lot size averaging in the R District, the same lot could have been partitioned into two. For this reason, it is likely that 47.7 acres of R District land was developed, when the RLA estimated a supply of only 36 acres in 2003.

The Comprehensive Plan recommends the City achieve a balance of 50 percent single family and 50 percent smaller family lots, townhomes, and/or apartments through the planning horizon of 2025. During the 4-year period of 2003-2007, 58 percent of all homes built were single family, and 42 percent were smaller lot townhomes, single family, and apartments. These percentages approach the recommended balance adopted in the Comprehensive Plan.

An inventory of affordable housing units reveals that there are currently 59 permanent dedicated affordable units, and 15 approved and planned, for a total of 74 units within the City Limits. Using the "one-in-ten" formula and a future demand for 1126 housing units through the year 2025, 113 affordable units are needed. Based on the current inventory, an additional 39 dedicated affordable units are necessary to meet the "one-in-ten" estimate through the planning period 2025.

- In terms of dedicated affordable housing within the City Limits, there are 26 homes constructed by Habitat for Humanity for home ownership (as of this writing, 2 are available); 33 rental units constructed by Housing Works, and an additional 15 families/ households using Housing Works Housing Choice Voucher program for rental units; two private homes providing a total of 10 beds for persons with special needs; and, an additional 10 beds provided by the Forest Service on a seasonal basis for persons with special needs. Additionally, there are a total of 15 dedicated affordable housing units approved within Master Plan developments (Sun Ranch and North Park subdivisions) that have not yet been constructed.

In total, there are currently 59 permanent affordable units and 15 that are approved and planned but not constructed yet, for a total of 74 dedicated affordable units within the Sisters City Limits. Additionally, there are 20 beds for persons with special needs, and the opportunity for additional rental units through the Housing Choice Voucher Program (the units available through the Housing Choice Voucher Program are not considered "permanent" units in this analysis).

- Using an estimated demand of 1126 total units to the year 2025, and a rough calculation of one-in-ten as provided by Comprehensive Plan direction, 113 dedicated affordable units are needed by the year 2025. With 74 units of affordable housing currently planned or existing in the City, 39 additional affordable units are needed, using the one-in-ten formula.

- The RLA found that 70 percent of the total housing units constructed during the eight-year period between 1994 and 2002 were single family units (15 out of 165 total units). While single family homes are still the most predominant type of housing unit constructed in the City, they averaged only 58 percent of the total units constructed (250 out of 428 total units) between 2003 and July 2007. Construction of townhomes and duplexes has increased, although with the exception of Tamarrack Village, which added 33 apartments in 2003, apartments comprise a relatively small sector of the Sisters housing market. As such, the City's housing inventory is approaching the 50/50 split of single family and higher density units recommended in the RLA.

According to the report, 2006 Workforce Housing Needs Assessment, "Sisters has the highest percentage of low-income households (52%) of any community in Deschutes County. Low income is defined as earning less than 80% of AMI. AMI for Deschutes County was \$58,800 for a family of four in 2007."



- In contrast to the City's population growth being slightly slower than anticipated in the Coordinated Population Forecast, based on available City data, residential building permit activity is higher than anticipated for the 3-year period between 2004 and July 2007. The actual number of residential permits completed during the four-year period 2004 and 2007 was 332, higher than the adopted forecasted number of permits for the same period, which was estimated at 302 permits for the same period.

- According to a 2006 report, Workforce Housing Needs Assessment, over 51 percent of the City of Sisters households earn less than 80 percent of the Area Median Income (AMI), and are therefore considered low income.

- According to the Workforce Assessment "Approximately 37% of the region's households have incomes equal to or less than 80% of the Area Median Income (AMI), and are therefore considered to be low income. The percentage of households with low incomes (≤80% AMI) is very similar in all three counties. Bend has the lowest percentage of low-income households (38%) and Sisters has the highest (52%) with the other communities falling somewhere in between." This data is illustrated in the following table, with low income ranges in the shaded area.

Incomes by Community by Percent of AMI, Deschutes County, 2006

Area	<30%	31-50%	51-60%	61-80%	81-100%	101-120%	120% +
Sisters	11.8%	12.1%	10.3%	17.6%	10.3%	6.8%	31.1%
Bend	9.0%	10.7%	5.4%	13.0%	12.4%	10.1%	39.3%
Redmond	11.0%	12.1%	8.7%	17.2%	13.3%	9.8%	27.9%
Deschutes County Unincorporated	6.2%	7.1%	4.4%	10.9%	10.1%	10.0%	51.3%
Deschutes County Total	8.4%	9.7%	5.6%	12.9%	11.8%	10.0%	41.7%

Source: 2000 Census, CHAS Tabulations, Workforce Housing Needs Assessment, July 2006.

- Economic forecasts indicate that although job growth will continue to grow to the year 2014 in Central Oregon, it will be at a slower pace than previously experienced,

The larger employers in the City of Sisters generally fall into the Leisure and Hospitality employment sectors, which reported an average annual pay of \$16,773 in Deschutes County in 2006. Other primary employers in Sisters fall into the Government (average pay of \$39,520), Retail industries (average pay of \$26,120), and Education and Health Services (average pay of \$40,643).

In order to afford an average priced house within the City of Sisters, at \$314,900, a household would need an income of \$102,048, illustrating the gap between wages and home prices.

A look at the MLS listings in January 2008 shows that there were no homes within the Sisters City Limits that were affordable to a household earning Deschutes County AMI of \$58,800. In order to afford a home without being "cost burdened", a household could afford to buy a home priced at no more than \$167,400.

and most of the job growth is expected to be in lower-paying service industry sectors such as Leisure and Recreation and Retail Trade.

- Job growth in service industry sectors offers relatively lower-paying jobs that are necessary for the Sisters tourist-based economy.
- The larger private employers within the City of Sisters fall in the Leisure and Hospitality employment sectors. In Deschutes County in 2006, this sector reported an average annual pay of \$16,773. Other primary employment sectors in Sisters are in Government, Retail, and in Education and Health Services. The average government sector salary in Deschutes County in 2006 was \$39,520; the average salary in the Retail industries was \$26,120; and in Education and Health Services the average salary in 2006 was \$40,643.
- While residential real estate prices have fallen slightly, reflective of the national housing crisis, there are not any homes listed on the MLS for the week of January 10, 2008, that were affordable to someone earning 100% of AMI. The Workforce Housing Needs Analysis (executive summary, page 5) provides that the affordable housing price for a person earning AMI (2006 AMI) would be \$167,400. According to mortgage calculators, which estimate the affordable level of housing for a particular household income, a household earning the 2007 AMI of \$58,800 could afford a home of no more than \$180,500.

### **Sources**

This report has been generated using a variety of sources, including the 2000 U.S. Census, the City's adopted Residential Land Supply and Demand Analysis (March 2005 Update), the Central Oregon Realtors publications, data from the FDIC, the December 2007, Bureau of Economic Analysis Oregon Economic Forecast, the 2006 Central Oregon Workforce Housing Needs Assessment, and the 2003 Central Oregon Housing Needs Update. This report is not intended to re-do available data, however, build on existing information to build a picture of the Sisters housing market and future

population needs, in order to formulate and adopt strategies to accommodate Sisters housing needs into the future.

### **Housing-Related Definitions**

The U.S. Department of Housing and Urban Development (HUD) defines "affordable housing" as housing that costs no more than 30 percent of a household's annual income. Housing costs include the rent or mortgage, utilities, taxes and insurance. It is believed that if households spend more than 30 percent of their income on housing, insufficient funds will be left over to cover other necessities such as food, clothing, childcare, medical insurance, transportation costs, etc. When a household spends more than 30 percent of their income on housing, the household is considered "cost burdened".

"Low Income" Households are defined as those that have incomes below 80 percent of Area Median Income (AMI). "Very Low Income" Households are defined as those households that have incomes below 50 percent of AMI.

"Workforce Housing" as used throughout the document, "Central Oregon Workforce Housing Needs Assessment", July 2006, Rees Consulting, Inc./ RRC Associates, Inc., is defined as "residential units that are occupied or likely to be occupied by at least one person who works in the Central Oregon region. It includes both publicly-subsidized and market-rate housing.

Terms such as "cost burdened" and "low income" are referred to throughout this report.

### **Preliminary Recommendations**

- Because the trends in Sisters since 2005 illustrate that smaller lots don't necessarily equate to more affordable housing, the City may need to look at varying policies and some governmental assistance, such as land banking, if providing housing for all income levels continues to be the goal. As the City uses the findings of this report to develop policies to encourage housing for a variety of

incomes, it is also important to note that there are already sufficient single family residential lots to support the anticipated demand for these lots through the planning period of 2025. Data on building permit activity suggests that there is a need for an additional 131 units of multi-family housing to meet the demand to year 2025; combined with the fact that over 41 percent of households are renters in the City Limits, policies to encourage multi-family housing that is at least partially available to renters may be an objective to achieve.

- Examining average home prices, following release of additional figures towards the end of 2008, would be beneficial in order to assess the affects of the housing downturn on average prices in Sisters.
- Assessing population and demographics following the release of the 2010 U.S. Census would be beneficial, given that the most recent Census data is now 8 years old and was compiled prior to development of the City's sewer system which strictly limited new development.
- Assess whether the "one-in-ten" affordable housing goal should be broken into categories (i.e., a certain number to achieve at 51-80 percent of AMI, number of units at 81-100 percent AMI, number of units at 101-120 percent AMI, etc.), to provide varied housing for income levels (teachers or other professionals, for example) that aren't typically considered in need of affordable housing, but are, according to recent data, clearly suffering from cost burden and are in need of housing for their income ranges.

#### **Next Steps in Developing the Sisters Housing Plan**

Immediate next steps in development of the Sisters Housing Plan include the following:

1. Gather input on the findings and content of this report from experts;
2. Interview local experts in the housing field;
3. Present the findings of this report and interviews to the Planning Commission and City Council for input, in order to gather comments from the policy makers.

4. Examine affordable housing options and strategies.
5. Revise this report based on comments and hold a community open house, to gather community input on strategies.

### **National, Regional, and Local Economic Trends**

Trends in the local economic economy and resulting wages are important to consider when developing a picture of future housing needs, as these trends provide a basis for predicting future income levels for an area. Although Central Oregon's economy had been experiencing three years of sustained job growth since 2004, as of this writing, experts are concerned about a possible national recession, due in part by rapid home prices and homeowners entering into mortgages far beyond what they can afford. According to a January 28, 2008 Associated Press story, "New Home Sales Fall by Record Amount", sales of new homes plunged by a record amount in 2007 while prices posted the weakest showing in 16 years, demonstrating the troubles builders are facing with substantial backlogs of unsold homes. The same article states that sales in the western states reported declines of over 32 percent, and analysts predict that prices will likely keep falling in early 2008 as builders continue to struggle to sell the inventory of homes.

Although forecasts are important to use in drawing conclusions about an area's economy, it would be useful to examine economic trends relative to housing as the effects of the national housing downturn on the economy are played out. At this point, data is available through the 4<sup>th</sup> quarter of 2007, when the economy began its downturn. The Oregon Department of Administrative Services Bureau of Economic Analysis (OEA) develops annual economic forecasts for the state. The OEA's December 2007 report, "Regional Trends" provides the following findings regarding the state and regional economy for the year ending 2007, and forecasted economic growth in the future:

#### **Statewide:**

- "Employment growth slowed almost everywhere in Oregon during 2007, but this trend is especially marked in those regions which have generally been the fastest-growing. Central Oregon has had the biggest slowdown in growth: in the third quarter of 2006, employment grew by 4.7 percent, and by the third quarter of 2007, has decreased to 1.9 percent growth. Despite seeing the largest slowdowns,

*According to the Oregon Bureau of Economic Analysis, employment growth slowed throughout Oregon in 2007, but particularly in Central Oregon, which had the largest slowdown in growth statewide. Much slower growth in Central Oregon is forecasted to continue, following 3 years of strong job growth statewide.*

- however, these two regions (Central Oregon and Portland) continue to have the most rapid job growth of all regions."
- The OEA forecasts "much slower growth in 2007, rising only by 1.2 percent, with manufacturing sectors stabilizing, and retail and services continuing to be impacted by slower consumer spending. This slowdown in job creation has been expected after three years of strong job growth in Oregon. The national employment growth rate is also on the way down."
  - "The durable goods manufacturing sector will suffer job losses in 2007, reflecting weak wood product, transportation equipment, and computer and electronics industries. We expect some job gains in 2009 as the economy recovers from the housing slump. In fact, improvement in this industry is expected to start in late 2008."
  - "Construction jobs will stay virtually flat in 2007. The housing sector slowdown has yet to exert its full impact, but for now the nonresidential sector has more than offset the loss in housing construction. We expect some job loss in 2008, followed by flat growth in 2009. If the housing sector deteriorates worse than expected, which is a distinct possibility at this point, 2007 could see a decline in construction jobs."
  - "Retail trade jobs will increase in 2007. Much slower growth will show up in 2008, followed by a good 2.2 percent growth in 2009."
  - "The professional and business services industry grew rapidly with the booming economy during the 2004-2006 period. It will see a substantial slowdown in 2007. This industry will see basically flat growth in 2008."
  - "Health services grew even during the recession. The robust growth continues in 2007, followed by similar increases in both 2008 and 2009."
  - "Government employment is expected to increase by 1.4 percent in 2007, followed by growth of 1.4 percent in 2008 and 0.9 percent in 2009. Local government jobs will

continue to experience mild growth to meet an increasing service demand due to population growth."

- "Despite flat growth in the third quarter, a healthy growth will return in the leisure and hospitality industry in 2008."

**Central Oregon:**

- "Over the past decade, Central Oregon's economy has become less dependent on forest products, agriculture, and tourism, and more diversified with a shift towards manufacturing, high technology, services, and with the rapid population growth in recent years, dependent on construction. The growth in construction-related employment was spurred by a strong real estate market, coupled with gains in financial services, professional/ business services, leisure and hospitality, retail, and health services. In 2005, Deschutes County led the state in terms of job growth."
- "With job growth of 1.9 percent between third quarter 2006 and third quarter 2007... Central Oregon remained the state's fastest-growing region. However, the region's growth rate has dropped from the 4.7 percent year-to-year growth experienced in third quarter 2006."

- "Most industries in Central Oregon continued to add jobs through 2007, but at a slower pace than previously experienced."

- "As noted in the Economic Forecast, lower-paying retail jobs are outpacing the higher paying manufacturing sectors in Central Oregon, and additionally, in the finance, real estate, and banking industries."

- Despite recent declines in the statewide and regional economies, another study, the Central Oregon Workforce Housing Needs Assessment (July, 2006, Rees Consulting, Inc.) (Workforce Assessment), predicts that Central Oregon will have the fastest job growth in the state between 2004-2014, growing 24.4 percent over the ten-year period. However, many of these jobs created in the economy are not predicted to pay enough for a household to afford to purchase a home. Notably,

*The Oregon Bureau of Economic Analysis predicts that lower-paying retail jobs will outpace higher paying manufacturing, finance, real estate, and additionally, banking sectors in Central Oregon in the future. Additionally, finding housing that is affordable in Central Oregon is not limited to low-income residents, but also for entry-level professionals, mid-level managers, and even upper management.*



the problem of finding affordable housing is not limited to low-wage workers. According to the report, employers report that housing affordability is a problem for entry-level professionals, mid-level managers, and even upper management.

- The Workforce Assessment summarizes housing affordability in the region as follows: "Incomes and home prices in Central Oregon are not aligned – home prices are far higher than what residents making typical income for the region can afford. The mismatch between what residents can afford to pay for housing and what homes cost to buy is pronounced."

### Sisters Employment Data and Wages

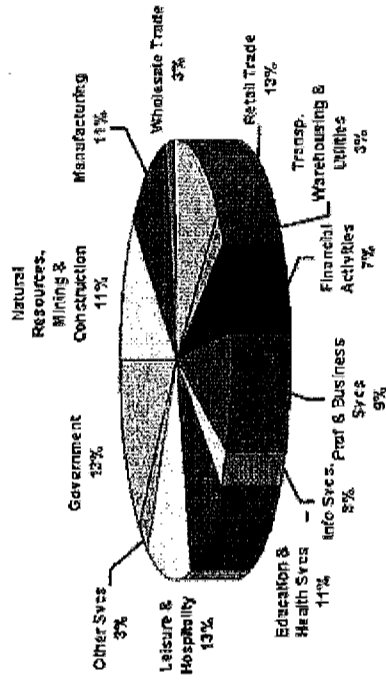
As illustrated in **Table 1**, the largest private employers in the Sisters are generally classified as service industry employers that fall into the Leisure and Hospitality sector.

**Table 1. Largest Employers, Sisters Area, 2006.**

Employer/ Firm	Number of Employees
Black Butte Ranch	350
Sisters School District	175
Forest Service- Sisters District Office	45 permanent, 30 seasonal expected in 2008
Ray's Food Place	80
Coyote Creek Café	45
The Gallery Restaurant	45
Working Hands Crème	40
Metabolic Maintenance Products	35

Source: EDCO website, 2006 figures; Forest Service, Sisters School District.

**Figure 1** provides information on employment in Central Oregon as a whole (the 3-County region of Deschutes, Jefferson, and Crook Counties). Central Oregon exhibits a slightly more-diversified employment base than the City of Sisters, with 13 percent of total employees working in Government, Retail Trade, and Leisure and Hospitality sectors respectively. Eleven percent of employees work in Education and Health Services, Natural Resources, Mining, and Construction, and Manufacturing sectors.



**Figure 1. Central Oregon Employment, by Sector, 2006 (Source: EDCO website)**

Information on average wage by County is available as current as 2006 from the Oregon Employment Department. **Table 2** illustrates average wages for Deschutes County for the years 2002-2006 by employment sector. The data illustrates that average wages for all occupations have increased by 17.9 percent between the years 2002-2006, from \$28,253 to \$33,324, for all of Deschutes County.

The larger employers within the City of Sisters, which generally fall in the Leisure and Hospitality sectors, reported an average annual pay of \$16,773 for 2006. The average government sector salary in Deschutes County in 2006 was \$39,520; the average salary in the Retail industries was \$26,120; and in Education and Health Services the average salary in 2006 was \$40,643.

**Table 2. Average Pay by Year by Industry/ Employment Sector, Deschutes County 2002-2006.**

Industry/ Payroll Employment	Average Pay by Year			
	2002	2003	2004	2005
<b>Total All Ownerships</b>	<b>\$28,253</b>	<b>\$29,124</b>	<b>\$30,091</b>	<b>\$31,491</b>
Natural Resources & Mining	\$31,836	\$32,452	\$27,837	\$29,859
Construction	\$30,891	\$32,723	\$33,761	\$35,522
Manufacturing	\$31,215	\$32,410	\$33,511	\$35,350
Trade, Transportation, & Utilities	\$25,698	\$26,471	\$27,848	\$29,131
Wholesale	\$39,199	\$38,871	\$40,727	\$42,241
Retail	\$22,403	\$22,899	\$24,119	\$24,975
Transportation, Warehousing & Utilities	\$36,560	\$39,546	\$42,212	\$46,582
Information	\$40,558	\$39,905	\$43,237	\$45,720

Industry/ Payroll Employment	Average Pay by Year				
	2006	2005	2004	2003	2002
Financial Activities	\$43,118	\$39,713	\$36,707	\$34,177	\$31,395
Finance & Insurance	\$52,049	\$47,489	\$45,301	\$42,429	\$39,065
Real Estate Rental & Leasing	\$29,671	\$28,631	\$25,229	\$24,749	\$22,913
Professional & Business Services	\$32,242	\$30,561	\$30,489	\$30,303	\$30,408
Professional, Scientific & Technical Svcs	\$44,825	\$42,822	\$42,867	\$42,346	\$41,353
Management of Companies	\$60,305	\$60,557	\$61,502	\$48,377	\$51,502
Admin. & Support, Waste Mgmt & Remediation	\$23,226	\$21,296	\$20,912	\$19,288	\$20,248
Education & Health Services	\$40,643	\$37,628	\$36,230	\$34,944	\$34,123
Education	\$23,270	\$22,064	\$20,900	\$21,355	\$20,831
Health & Social Assistance	\$42,187	\$39,038	\$37,603	\$36,096	\$35,193
Leisure & Hospitality	\$16,773	\$16,097	\$14,700	\$14,241	\$13,714
Arts, Entertainment & Recreation	\$18,277	\$16,298	\$14,703	\$14,733	\$14,683
Accommodations & Food Services	\$16,438	\$16,053	\$14,699	\$14,130	\$13,491
Other Services	\$23,280	\$22,750	\$22,200	\$20,865	\$20,937
Private Non-Classified	\$35,291	\$53,272	\$38,619	\$39,391	\$26,521
Total All Government	\$39,520	\$37,529	\$36,518	\$35,594	\$35,087
Total Federal Government	\$56,344	\$53,774	\$49,496	\$48,773	\$47,847
Total State Government	\$33,807	\$32,506	\$39,802	\$40,869	\$39,701
Total Local Government	\$38,064	\$35,891	\$33,952	\$32,777	\$32,413

Source: Oregon Employment Department, Oregon Covered Employment.

Although Central Oregon is forecasted to see slower job growth in the future, similar to the state and national trends, the Workforce Assessment predicts that job growth and the demand for workforce housing that it generates is expected to continue (although at slower rates than previously experienced) into the foreseeable future. According to the Workforce Assessment:

- "The Worksource Oregon Employment Department forecasts that Central Oregon will have the fastest job growth in the state -- 24.4% between 2004 and 2014. This equates to approximately 17,520 additional jobs or an average of 1,752 jobs per year.
- 94% of employers surveyed as part of this study indicate they plan to have a net increase in jobs in the next three years.

- Economic Development of Central Oregon (EDCO) is working on approximately 50 business expansion and recruitment prospects which combined could generate 1,400 new jobs."

While the Workforce Assessment predicted in 2006 continued job growth, similar to the economic forecast for Central Oregon from the OEA, many of the new jobs are predicted to be in lower-paying services such as retail, hospitality and recreation services, and residential support. Furthermore, the report anticipates that many of the housing units constructed in Central Oregon will be occupied by retirees and other residents who are not members of the workforce or used as vacation properties. These units will generate demand for workforce housing both on site (maintenance, domestic service, etc.) and indirectly through stimulation of retail trade and commercial services. It is therefore important to develop housing policies that encourage housing suited for a workforce that will be earning relatively low wages in comparison to Area Median Income levels.

#### Income Levels

As noted in **Table 3**, the Area Median Income (AMI) in Deschutes County has slowly increased since 2004 to generally mirror that of the state. In 2007, AMI for Deschutes County was \$58,800. AMI is based on a family of four.

**Table 3. Area Median Family Income, Deschutes County and Oregon, 2002-2007**

Area	2002	2003	2004	2005	2006	2007
Deschutes County	\$45,000	\$54,200	\$57,800	\$57,800	\$58,800	\$58,800
Oregon	\$48,900	\$56,300	\$58,600	\$58,600	\$58,900	\$58,833

Sources: U.S. Department of Housing and Urban Development, U.S. Bureau of Economic Analysis.

**Table 4** provides incomes by percent of AMI by community in Deschutes County, as noted in the Workforce Assessment. The shaded area in the table below indicates the percentage considered "low income". According to the report, over one-third of Sisters households earn greater than 120% of the Area Median Income. The next highest

percentage, 17.6 percent of Sisters households, earns between 61 and 80 percent of AMI, followed by 12.1 percent of households earning between 31 and 50 percent of AMI. In 2006, the AMI for Deschutes County was \$58,800, which at 61 to 80 percent of AMI, equates to \$35,280 to \$47,040. One-hundred and twenty percent of AMI for 2006 is \$70,560.

As shown in **Table 4**, 51.8 percent of households in the City of Sisters are considered low income. According to the Workforce Assessment "Approximately 37% of the region's households have incomes equal to or less than 80% of the Area Median Income (AMI), and are therefore considered to be low income. The percentage of households with low incomes (<80% AMI) is very similar in all three counties. Bend has the lowest percentage of low-income households (38%) and Sisters has the highest (52%) with the other communities falling somewhere in between."

According to the report, 2006 Workforce Housing Needs Assessment "Sisters has the highest percentage of low-income households (52%) of any community in Deschutes County. Low income is defined as earning less than 80% of AMI. AMI for Deschutes County was \$58,800 for a family of four in 2007."

**Table 4. Incomes by Community by Percent of AMI, Deschutes County, 2006**

Area	< 30%	31-50%	51-60%	61-80%	81-100%	101-120%	120% +
Sisters	11.8%	12.1%	10.3%	17.6%	10.3%	6.8%	31.1%
Bend	9.0%	10.7%	5.4%	13.0%	12.4%	10.1%	39.3%
Redmond	11.0%	12.1%	8.7%	17.2%	13.3%	9.8%	27.9%
Deschutes County Unincorporated	6.2%	7.1%	4.4%	10.9%	10.1%	10.0%	51.3%
Deschutes County Total	8.4%	9.7%	5.6%	12.9%	11.8%	10.0%	41.7%

Source: 2000 Census, CHAS Tabulations, Workforce Housing Needs Assessment, July 2006

### Commute Patterns

Data regarding commute patterns, or the number of employees that live in a community who commute to another community to work can be indicative of many factors. According to the Workforce Assessment, commute patterns may indicate an unavailability of suitable attainable housing in the community where an employee works. During the development of the Workforce Assessment a commute survey was conducted, to assess the level of commuting occurring between communities in Deschutes County. In Sisters, 192 employees responded to the survey from 8 employers.

Out of the 192 total employees surveyed, 71 persons, or roughly 37 percent, commuted from other communities to their workplace in Sisters. **Table 5** provides the number and percentage of workers who work in Sisters but commute from another community.

**Table 5. Percentage of Workers who work in Sisters but Commute to other Communities**

Sisters as Workplace Percentage	Place of Residence					
	Work in Sisters but Live in Bend	Work and Live in Sisters	Work in Sisters but Live in Redmond	Work in Sisters but Live in Prineville	Work in Sisters but Live in Madras	Work in Sisters but Live in Other Community
19.3%	37	63.0%	15.3%	0.6%	1.3%	0.5%
Number of Employees*	121	29	1	2	1	1

Source: Workforce Housing Needs Assessment, July 2006, employer survey on commute patterns.  
 \*Total may not add to 192 due to rounding.

### Population and Demographic Trends

The City adopted a coordinated population forecast with the adoption of the Sisters Comprehensive Plan, which is provided as Appendix 1 of the Sisters Comprehensive Plan. According to the Center for Population Research and Census, the City has grown at a slower rate than anticipated in the Comprehensive Plan Coordinated Population Forecasts. As shown in **Table 6**, the adopted estimates for 2005 and 2006 are slightly lower than anticipated, and the 2007 forecast is higher than the actual population by 206 persons.

**Table 6. July 1, Certified Population Estimates by Year Compared to Adopted Population Estimates, 2005-2007, City of Sisters**

Year	City of Sisters Population(Actual)	Estimated Population
2005	1660	1,768
2006	1745	1,927
2007	1825	2,031

Source: Center for Population Research and Census, Population Estimates for City of Sisters, Appendix 1 Sisters Comprehensive Plan, adopted July 2005.

The trends in population estimates indicate that the City is growing at a slower rate than originally anticipated, and that the housing needs derived in 2005 may have been slightly higher than actually needed. Although constraining supplies of residential land may lead to higher prices, the recent drops in housing prices may contribute to additional units on the market that are more affordable to residents of Sisters. Conversely, a drop in prices may adversely affect rental costs, as owners of multiple properties raise rents to cover their own investments.

Further demographic data pertaining to Sisters is found in the 2000 U.S. Census. According to the 2000 Census, the average household size in the City of Sisters was 2.41 persons per household. Out of 397 occupied housing units, 58.4 percent were owners and 41.6 percent were occupied by renters. The percentage of owner-occupied units is lower in Sisters than the state percentage, 63.2 percent in 2003, and than that of the nation, which was 66.8 percent in 2003 (State of Oregon Progress Board 2005 Benchmark Report).

Median age in the City of Sisters was 38.8 years, according to the 2000 U.S. Census. The 2010 U.S. Census will be underway in the next year, and following release of that data, it would be useful to look at Sisters population and demographic data related to housing. Because the 2000 Census was compiled before the City sewer was constructed, population, household size, incomes, and other important demographic trends were likely very different.

#### **Conclusions Regarding Economic, Income, and Population Trends**

- Incomes in Deschutes County are comparable to the state average but not increasing at a rapid rate.
- According to a 2006 report, Workforce Housing Needs Assessment, over 51 percent of the City of Sisters households earn less than 80 percent of the AMI, and are therefore considered low income. Based on 2006 AMI, 80 percent of AMI is less than \$47,040.
- Over 31 percent of City of Sisters households earn greater than 80 percent AMI; based on AMI for 2006, this is greater than \$70,560.

- Economic forecasts indicate that although job growth will continue to grow to 2014 in Central Oregon, it will be at a slower pace than previously experienced, and most job growth is expected in lower-paying service industry sectors such as Leisure and Recreation and Retail Trade.
- Job growth in service industry sectors offers relatively lower-paying jobs that are necessary for the Sisters tourist-based economy.
- The larger employers within the City of Sisters, which are Leisure and Hospitality oriented, reported an average annual pay of \$16,773 for 2006. The average government sector salary in Deschutes County in 2006 was \$39,520; the average salary in the Retail industries was \$26,120; and in Education and Health Services the average salary in 2006 was \$40,643.
- Based on the results of a Commute Survey conducted when the 2006 Workforce Housing Needs Assessment was developed, over one-third of employees who responded to the survey commute to Sisters for work from another community. According to the authors of the Workforce Housing Needs Assessment, this commute pattern could imply a lack of affordable housing in Sisters relative to income.
- Although forecasts are important to use in drawing conclusions about an area's economy, it would be useful to examine economic trends relative to housing as the effects of the national housing downturn on the economy are played out.



## Sisters Housing Profile

### Buildable Lands Inventory

In March 2005, the City adopted the Residential Land Supply and Demand Analysis (RLA) as Appendix C to the Sisters Comprehensive Plan. In the following section of this report, trends in the buildable land inventory concerning density, acreage, and housing characteristics are examined, in order to evaluate what has happened in the Sisters housing market since adoption of the RLA. The RLA estimated Sisters residential lands needs in both acreage and in number of housing units, and this analysis provides that as well.

### Residential Acreage Needs

According to Chapter 14 of the Sisters Comprehensive Plan, Urbanization, there are approximately 429 gross acres of Residential-zoned land, and 161 gross acres of R-MFSD land within the Sisters UGB.

The RLA estimated a need for an additional 61 acres of Residential-zoned land and 59 acres of R-MFSD land through the planning year 2025. These estimates were based upon average densities of 5 units per gross acre for the Residential District, and 9 units per gross acre in R-MFSD. According to City Planning Department building permit records, a total of 47.7 acres of Residential-zoned land and 15.3 acres of R-MFSD-zoned land were developed between 2003 (when the inventories were compiled) through July 2007. At the time the RLA inventory was completed, there was a supply of 36 acres of buildable Residential-zoned land, and a supply of 69 acres of buildable R-MFSD zoned land.

As shown in **Table 7**, below, according to City Planning Department building permit records, a total of 47.7 acres of vacant Residential-zoned land and 15.3 acres of R-MFSD-zoned land were developed between 2003 (when the RLA inventories were current) through July 2007. As of July 2007, there was a need for 52 gross acres of Residential-zoned land, and a need for 3 gross acres of R-MFSD-zoned land to meet the estimated demand through 2025. There were two Plan Amendments/ Zone Changes

The Comprehensive Plan Residential Lands Analysis (RLA) estimated a need for an additional 61 acres of Residential-zoned land and 59 acres of R-MFSD land through the planning year 2025.

Because of the increased densities realized in the past 4 years within the City Limits, the City has attained the adopted estimate of number of R-zoned lots through the year 2025. However, because the Comprehensive Plan estimated land needs based on 5 units/net acre in the R District, in terms of acreage, it appears that the City still needs 52.1 acres of R-District land, and 2.9 acres of R-MFSD land in order to meet the estimated demand through the planning year 2025.

Because of the increased densities evidenced over the past 4 years, the City may want to revisit the Residential acreage needs adopted in the Comprehensive Plan in the future.

(Sun Ranch and North Park) that added a total of 20.6 acres of Residential-zoned land, and 2.4 acres of R-MFSD-zoned land to the residential inventories.

**Table 7. RLA Residential Buildable Lands Inventory, Additions to Residential Buildable Lands Inventory since 2005.\***

Land Use District	Estimated Need through 2003-2025 Planning Period	Supply of Buildable Land (RLA, current as of 2003)	Gross Acreage Developed, 2003-July 2007	Additions to Inventories from Zone Changes/ Plan Amendments	Supply of Buildable Land, as of 1/08	Acreage Needed to meet 2025 Demand, as of 1/08
Residential	61	36	47.7	20.6	8.9	52.1
R-MFSD	59	69	15.3	2.4	56.1	2.9

Source: Sisters Comprehensive Plan, City Planning Department Records  
 \* All acreage in Gross Acreage figures.

As illustrated in **Table 7**, above, based on adopted estimates from the Sisters Comprehensive Plan, there is a need for an additional 52.1 gross acres of land designated Residential to meet the forecasted need to the year 2025. Additionally, there is a need for 2.9 gross acres of land designated R-MFSD to meet the forecasted future need for 2025. The RLA inventories were adjusted, as shown in **Table 7**, to consider additions to the residential land inventory since 2005, due to Plan Amendments and Zone Changes. These additions total roughly 21 gross acres of land designated as Residential, and 2.4 gross acres of land designated R-MFSD, and include the following:

- Sun Ranch. Sun Ranch is a Master Planned development that incorporates new zoning districts to create a mixed use commercial/ residential community. A maximum of 45 units at a density of 4.3 units per acre was approved for 10.46 acres of Sun Ranch Residential District. The Sun Ranch community also allows a possible buildout of 60 loft units over commercial/employment development, and provides 7 units of dedicated affordable housing.
- North Park: North Park is a Master Planned development that incorporates 10.16 acres of Residential District, and 2.39 acres of R-MFSD land for a total buildout of 62 residential dwelling units on 57 residential lots. North Park provides a mix of

three types of housing units: Twenty-four of the lots are proposed as single family detached units, 32 lots are proposed as attached townhomes, and a single lot is proposed as a six-unit multi-family structure which will be dedicated affordable housing. Additionally, two of the townhomes are also approved for dedicated affordable housing. Directly south of the development area is the North Sisters Business Park Subdistrict, which provides the ability for a maximum of 57 loft units over commercial/ employment oriented uses.

**Table 8**, below, illustrates the total acres in gross and net (subtracting 20 percent of gross for roads and rights of way) acres developed by year between 2003 and July 2007, by residential zoning district.

**Table 8. Gross and Net Developed Acres by Year, 2003 through July 2007**

Zoning District	2003		2004		2005		2006		Through July 2007	
	Gross Acres	Net Acres	Gross Acres	Net Acres	Gross Acres	Net Acres	Gross Acres	Net Acres	Gross Acres	Net Acres
Residential	7.97	6.38	10.47	8.38	13.27	10.62	10.19	8.15	5.8	4.64
R-MFSD	3.88	3.11	3.72	2.98	3.6	2.88	3.1	2.48	0.96	0.77
<b>Total Acres</b>	<b>11.9</b>	<b>9.5</b>	<b>14.2</b>	<b>11.4</b>	<b>16.9</b>	<b>13.5</b>	<b>13.3</b>	<b>10.6</b>	<b>6.8</b>	<b>5.4</b>

Source: City of Sisters Planning Department Records.

Compared to the average densities listed in the RLA for the eight-period between 1994 and 2002, average densities for the years 2003 through July 2007 are higher, as shown in **Table 9**. The RLA estimated densities of approximately 5 units/net acre for Residential land, and more recent densities have been between 6.1 and as high as 9.5 for the Residential District. The RLA provided an average density of 10 units/ net acre for R-MFSD land, while more recent densities developed in this sub-district has ranged from 9.4 to 15.8 units/ net acre.

The increases in densities in the residential districts illustrate the trends in smaller single family detached home lot sizes, townhome lots, and division of older lots for infill development, such as in the Davidson Addition. The increased density evidenced by analyzing building permit data is consistent with the direction from the RLA.

Table 9. Average Density by Zoning District, 2003 through July 2007

Zoning District	2003		2004		2005		2006		Through July 2007	
	Total Units Permitted	#Units/ Net Acre	Total Units Permitted	#Units/ Net Acre	Total Units Permitted	#Units/ Net Acre	Total Units Permitted	#Units/ Net Acre	Total Units Permitted	#Units/ Net Acre
Residential R-MFSD	47	7.4	52	6.1	65	6.1	69	8.3	44	9.5
	49	15.8	31	9.4	35	10.9	27	10.9	9	11.7
	96		83		100		96		53	

Source: City of Sisters Planning Department Records.

During the years since adoption of the RLA, the City has seen an increase in the number of Master Plan development approvals that incorporate smaller lot sizes than typically allowable within the Residential District (6,000 square feet is the average lot size for single family, and 3750 is the average for townhomes). As mentioned previously, North Park incorporates 57 townhome lots that are slightly less than the required 3,750 square feet minimum lot size, at 3,692. Additionally, two other Master Plan developments provide smaller single family lots:

- Saddlestone, which is approved for 85 lots with an average density of 4.89 units per acre, and an average lot size of 4,828 square feet. The smallest lot is approved for 3,089 square feet.
- Three Creeks Crossing, which is approved for 28 lots (14 single family detached, and 14 townhomes) on 5.14 acres on the current site of the Sisters Mobile Home Park. The single family detached lots range in size from 4,724 square feet to 18,248 square feet, and average 5,500 square feet, and the townhomes average 3,800 square feet. The overall density is 5.5 units per acre.

As illustrated in **Table 10**, there has been a significant increase in the density of the sizes of the single family lots constructed within the City between the years 2003 and 2007. The density figure for single family homes has steadily increased from 5.3 units per net acre in 2003, to 8.8 units per net acre through July 2007.

Table 10. Number of Units by Type, Units per Net Acre, 2003-July 2007

Type of Housing	2003		2004		2005		2006		2007	
	Number of Units	Net density	Number of Units	Net density	Number of Units	Net density	Number of Units	Net density	Number of Units	Net density
Single Family	30	5.3	49	5.4	76	6.5	57	7.4	38	8.8
Manufactured Home	9	12.4	-	-	13	12.7	13	10.1	2	4.2
Townhome	10	14.7	12	18.8	8	9.3	26	15.5	4	9.3
Duplex	12	17.6	6	0.6	2	14.7	-	-	-	-
Apartment	35	19.7	12	30.6	1	3.7	-	-	-	-
Triplex	-	-	-	-	-	-	-	-	9	56.2
<b>Totals</b>	<b>96</b>		<b>83</b>		<b>100</b>		<b>96</b>		<b>53</b>	

Source: City of Sisters Planning Department records, Deschutes County.

As shown in the next section of this report, Residential Housing Units, the increase in densities seen since adoption of the RLA has helped achieve the needed single family detached housing units for the forecasted year 2025 in the Residential District, although in terms of acreage, the City's inventories are less than needed through the planning period.

#### Residential Housing Units

City building permit records were analyzed in order to determine the number of housing unit permits issued between the period of January 2004, and August 31, 2007, since the adoption of the 2005 Sisters Comprehensive Plan. Based on this analysis, in platted subdivisions, there is the potential for approximately 564 units within the Residential District, and the potential for 426 units within the R-MFSD within the Sisters UGB, as noted in **Table 11**, below. This includes units approved through Master Plan developments and other subdivisions but not yet constructed, and potential for infill in the Davidson Addition and Edge O' the Pines subdivisions.

Using an estimated demand of 1126 total units to the year 2025, and a rough calculation of one-in-ten as provided by Comprehensive Plan direction, 113 dedicated affordable units are needed by the year 2025.

Table 11. Summary of Available Lots and Potential Residential Development, City of Sisters, 2004- August 2007.

Type of Residential	2004 Comp Plan Available Lots/ Units <sup>1</sup>	2007 Available Lots/ Units	Estimated Demand, 2004-2025 <sup>1</sup>	2007 Surplus/ (Deficit) to Demand	Additional Lots/ Units from Potential Projects <sup>2</sup>	Surplus/ (Deficit) to Demand w/ Ptnl. Projects <sup>2</sup>
Single Family	319	564	563	1	135	136
Multi Family	31	426	563	(137)	6	(131)
<b>Totals</b>	<b>350</b>	<b>990</b>	<b>1126</b>	<b>-</b>	<b>-</b>	<b>-</b>

<sup>1</sup> Based on data from the 2005 Comprehensive Plan Update, "Residential Land Supply and Demand Analysis", March 2005, adopted as "Appendix C" in the Comprehensive Plan.

<sup>2</sup> This includes potential projects such as North Park, Three Creeks Crossing, and Sun Ranch, which all have received Preliminary Plat approval but not Final Plat approval. Townhomes are included with Single Family counts, not multi-family.

The demand, as noted in the Comprehensive Plan, is for 563 units at the end of the planning period, 2025. As shown in **Table 11**, above, as of August 31, 2007, there are enough single family residential lots to meet the demand to the end of the planning period. In addition, at the time this analysis was completed, in September 2007, there was an additional 135 single family residential lots that were not approved through Final Plats, but had received preliminary plat approvals. As shown in **Table 11**, there is currently a surplus of 136 units to meet the 2025 demand for single family residential lots.

In terms of multi-family development, using the Comprehensive Plan numbers for a basis, there is a deficit (need) for an additional 137 units of multi-family residential to meet the 2025 demand adopted in the Comprehensive Plan.

#### Affordable Housing Inventory

Currently, the inventory of designated affordable housing within the Sisters City Limits is as follows:

- Habitat for Humanity has constructed 26 single family attached and detached housing units in the City of Sisters since 2001. According to a Habitat for Humanity official, the current construction cost is roughly \$150,000, with a land cost of roughly \$102,000. Their houses currently cost \$55 per square foot. As of this writing, Habitat

has two vacant homes, and plans to build 2-4 homes per year over the next 2-5 years.

- Housing Works constructed Tamarack Village, 33 rental units of 3, 5, and 7 bedroom options, in September 2003. According to Housing Works, all are currently rented (as of January 2008). Tamarack Village is located north of downtown Sisters on Larch Street. Housing Works also administers the Housing Choice Voucher program (also known as "Section 8"), under contract with the U.S. Department of Housing and Urban Development (HUD) for Crook, Deschutes, and Jefferson Counties. The Voucher program allows low-income families to choose a rental unit from the open market and pay approximately 30-49 percent of their gross annual income towards the rent, with Housing Works paying for the difference between fair market rent and the amount the person/family is able to pay. Private rental units qualify for participation in the program if they are found to be safe and sanitary after an inspection, and the landlord signs a one-year contract with Housing Works.

According to Housing Works, as of mid-January 2008, there are 15 households receiving Housing Choice Vouchers in the City of Sisters.

- Assisted living or housing opportunities for special needs is limited in the City. The Sisters Planning Department approved one private home for five adults for an adult foster care in summer 2007, east of City Hall. There is an additional assisted living facility in the City that houses five adults with special needs as well, Powell's Care Home. In addition, the U.S. Forest Service provides 10 beds within bunk houses on a seasonal basis on their property.
- In addition to the dedicated units listed above, the City has approved additional Master Plan developments in the past two years that will provide dedicated affordable units in future phases along with market rate housing. The developer of Sun Ranch will provide 7 units of affordable housing in cottages, while the developer of North Park will provide 6 units of affordable housing in an apartment structure, and two townhomes.

*Using Comprehensive Plan estimates, there is a demand for an additional 52.1 acres of R-District land, and 2.9 acres of R-MFSD land to meet the estimated demand for the planning period to 2025. However, the increased densities the City has experienced since the adoption of the Comprehensive Plan has resulted in a surplus of 136 R-District lots to meet the estimated number of units to achieve by the year 2025.*

*In terms of R-MFSD lots, using the Comprehensive Plan estimates as a basis, there is a need for an additional 131 units of multi-family residential to meet the 2025 demand. The City has recently approved two Plan Amendments which will allow a potential buildout of 117 loft units over commercial/industrial, which will assist in meeting the demand for multi-family through the planning period.*

### **Conclusions from the Buildable Lands Inventory**

- According to City Planning Department building permit records, a total of 47.7 acres of vacant Residential-zoned land and 15.3 acres of R-MFSD-zoned land were developed between 2003 (when the RLA inventories were current) through July 2007. After of July 2007, there was a deficit of Residential-zoned land of 11.7 gross acres, and a supply of 53.7 gross acres of R-MFSD-zoned land. There were two Plan Amendments/ Zone Changes that added a total of 23 acres to the residential inventories following adoption of the RLA.
- Based on adopted estimates from the Sisters Comprehensive Plan, as of July 2007, there is a need for an additional 52.1 gross acres of land designated Residential to meet the forecasted need to the year 2025. Additionally, there is a need for 2.9 gross acres of land designated R-MFSD to meet the forecasted future need for 2025.
- Compared to the average densities listed in the RLA for the eight-period between 1994 and 2002, average densities for the years 2003 through July 2007 have been much higher than anticipated. The RLA estimated densities of approximately 5 units/net acre for Residential land, and more recent densities have averaged between 6.1 and as high as 9.5 for the Residential District. The RLA estimated an average density of 10 units/ net acre for R-MFSD land, while more recent densities developed in this sub-district has ranged from 9.4 to 15.8 units/ net acre.
- The increases in densities in the residential districts illustrate the trends in smaller single family detached home lot sizes, townhome lots, and division of older lots for infill development, such as in the Davidson Addition. There has been a significant increase in the density of the sizes of the single family lots constructed within the City between the years 2003 and 2007. The density figure for single family homes has steadily increased from 5.3 units per net acre in 2003, to 8.8 units per net acre through July 2007, nearly approaching the lower end of the R-MFSD required density of 9-20 units/ acre. The increased density evidenced by analyzing building permit data is consistent with the direction from the RLA.



- Using Comprehensive Plan estimates, there is still a demand for an additional 52.1 acres of Residential zoned land, and 2.9 acres of R-MFSD land, to meet the estimated demand for the planning period to 2025. However, the increased density the City has experienced since the adoption of the Comprehensive Plan and RLA has resulted in a surplus of 136 units of single family (including townhomes) lots to meet the estimated number of units to achieve by the year 2025. In terms of multi-family development, using the Comprehensive Plan numbers for a basis, there is a deficit (need) for an additional 131 units of multi-family residential to meet the 2025 demand adopted in the Comprehensive Plan.

- In terms of dedicated affordable housing within the City Limits, there are currently 26 homes constructed by Habitat for Humanity for home ownership; 33 rental units constructed by Housing Works, and an additional 15 families/ households using Housing Works Housing Choice Voucher program for rental units; two private homes providing a total of 10 beds for persons with special needs; and, an additional 10 beds provided by the Forest Service on a seasonal basis for persons with special needs. Additionally, there are a total of 15 dedicated affordable housing units approved within Master Plan developments that have not yet been constructed.

In total, there are currently 59 permanent affordable units and 15 that are approved and planned but not constructed yet, for a total of 74. Additionally, there are 20 beds for persons with special needs, and the opportunity for additional rental units through the Housing Choice Voucher Program.

- Using an estimated demand of 1126 total units to the year 2025, and a rough calculation of one-in-ten as provided by Comprehensive Plan direction, 113 dedicated affordable units are needed by the year 2025. With 74 units of affordable housing currently planned or existing in the City, 39 additional affordable units are needed, using the one-in-ten formula.

#### **City of Sisters Home Ownership Market**

According to the Oregon Association of Realtors, the average home price in the Sisters region has steadily risen over the past seven years, consistent with other Central Oregon

cities. As noted in **Table 12**, although the "Sisters" designation used by the Central Oregon Realtors Multiple Listing Service generally includes homes in the outlying areas, outside the Sisters City Limits, it is useful to look at the rise in home prices to get a general overview of the housing situation in Sisters. The data shows that in the five-year period between 2001 and 2006, the average home price in the Sisters area nearly doubled, from \$235,000 to \$460,000. The Sisters area exhibits the highest housing prices of any in Deschutes County.

As noted previously in this report, average payroll wages increased only 17.9 percent between 2002-2006. Housing prices in the Sisters area, however, increased 46.2 percent during the same period.

**Table 12. Average home prices by year, Sisters (area, not City Limits), Bend, and Redmond**

Area	2001	2002	2003	2004	2005	2006
Sisters	\$235,000	\$247,500	\$270,000	\$308,500	\$394,250	\$460,000
Bend	\$168,950	\$183,500	\$195,000	\$227,500	\$279,900	\$351,978
Redmond	\$125,000	\$135,125	\$148,567	\$158,500	\$198,818	\$262,749

Source: Central Oregon Realtors Association.

In order to ascertain the current for-sale housing inventory within the Sisters City Limits, the Central Oregon Realtors MLS search engine was queried on January 10, 2008. The data compiled for the Sisters region, excluding inventory in subdivisions outside the City Limits, showed a current inventory of 88 single family, townhome, or condominium units for sale as listed on the MLS. Based on the data compiled by the Central Oregon Realtors Association, the following breakdown of the houses for sale is provided, by price range, in **Table 13**.

Table 13. January 2008 Central Oregon Realtors MLS Residential Listings, Sisters City Limits

Listed Housing Price	Number of Units	Type of Units
\$199,990*	2	2 Townhomes
\$200,000-\$239,990	8	6 Single Family; 1 Townhome; 1 Condo
\$240,000-\$269,990	10	6 Single Family; 4 Townhomes
\$270,000-\$299,990	16	11 Single Family; 5 Townhomes
\$300,000-\$329,990	14	12 Single Family; 1 Townhome; 1 Condo
\$330,000-\$374,990	10	9 Single Family; 1 Condo
\$375,000-\$415,990	8	8 Single Family
\$416,000-\$499,990	6	6 Single Family
\$500,000-\$599,990	10	10 Single Family
\$600,000-\$749,000	4	4 Single Family
<b>Total Units</b>	<b>88</b>	

Source: City of Sisters, Central Oregon Realtors MLS Listings, January 2008.

\*There were no homes listed on the MLS that were less than \$199,990.

As provided in **Table 13**, above, the average home price of homes listed on the MLS service within the Sisters City Limits, as of January 2008, was \$361,763. The median home price of those listed for the same period was \$314,900. According to the July 2006, Workforce Assessment, the maximum affordable purchase price for a low-income household in Deschutes County is \$134,000. Based on the MLS listings, there are no homes that are considered affordable for a household earning less than 80 percent median income in the Sisters City Limits. The lowest-priced listings in the City include 2 townhomes priced at \$199,990.

While residential real estate prices have fallen slightly, reflective of the national housing crisis, there are not any homes listed on the MLS for the week of January 10, 2008, that were affordable to someone earning 100% of AMI. The Workforce Housing Needs Analysis (executive summary, page 5) provides that the affordable housing price for a person earning AMI (2006 AMI) would be \$167,400. According to mortgage calculators, which estimate the affordable level of housing for a particular household income, a household earning the 2007 AMI of \$58,800 could afford a home of no more than \$180,500. Further, in order to afford a home priced at \$314,900, the median price for homes within the Sisters City Limits listed on the MLS in January 2008, a household would need to be earning an income of \$102,048.

The data illustrates that attaining affordable housing is not limited to the low income (earning 80 percent of AMI) or very low-income (earning 50 percent of AMI), but also those earning 100-170 percent of AMI, or between \$58,800 and \$99,999, as shown in **Table 14**. According to a 2003 report, *Central Oregon Housing Needs Update* (Rees Consulting, March 2003) over 32 percent of home-owned households earning between \$50,000 and \$99,999 (85 percent to 170 percent of AMI) experienced cost burden. The report further states that in 2000, nearly 25 percent of households in Sisters who responded to the Housing Needs Update data request which was part of the report were considered cost burdened (paying more than 30 percent of income for housing), and estimated that in 2003, 35 percent would be cost burdened, and in 2008, over 49 percent would be cost burdened. These findings are illustrated in **Table 14**.

**Table 14. Affordability- Households Cost Burdened by Housing Payment, City of Sisters**

Tenure	Less than \$10,000	\$10,000- \$19,999	\$20,000- \$34,999	Household Income				\$75,000- \$99,999	\$100,000 or more	Total
				\$35,000- \$49,999	\$50,000- \$74,999	\$75,000- \$99,999	\$100,000 or more			
# Owners	19	19	50	50	31	44	19	232		
# Renters	21	25	56	31	16	9	7	165		
Total	40	44	106	81	47	53	26	397		
	<b>Cost Burdened</b>									
# Owners	16	4	20	6	1	0	0	47		
# Renters	17	16	19	0	0	0	0	52		
Total, year 2000	33	20	39	6	1	0	0	99		
Estimate, 2003	46	28	55	8	1	0	0	139		
Projection, 2008	66	40	78	12	2	0	0	198		

Source: *Central Oregon Housing Needs Update*, Rees Consulting, March, 2003.

### City of Sisters Rental Market

According to the 2000 U.S. Census, 41.6 percent of the City of Sisters population are renters. Rental units are increasingly important to maintain and provide in a community such as Sisters, where the cost of purchasing a new home has become unattainable for much of the workforce. The Workforce Assessment estimates that the maximum

affordable rent for a family earning median family income, was \$1,058.75 in 2006. The data from the Housing Needs Assessment in **Table 14**, above, provides that the highest number of renters in the City who experience cost burden earn between \$20,000 and \$34,000.

At the close of the first quarter of each year, the Central Oregon Rental Owners' Association and Housing Works compiles the "Central Oregon Rental Survey", which compares rental units by type and provides average rents for the cities of Bend, Redmond, Madras, Prineville, LaPine, Sunriver, and Sisters. **Table 15** provides the average rental cost by bedroom, type of unit, and number of units for Sisters. According to the survey, at the close of the first quarter of 2007, there were 24 apartments, 11 duplexes, 23 houses, and 17 manufactured homes in the City of Sisters that were affordable to a person earning median family income. Fifty-four of the units surveyed, roughly 36 percent of the total units, were not affordable to rent for a person earning median family income.

The 2000 U.S. Census estimated vacancy rates for rentals within Sisters at 7.3 percent. As noted in the Central Oregon Workforce Housing Needs Assessment, July 2006, "As a general rule, when vacancy rates are below 7 percent, markets are considered tight and construction of additional units is warranted."

**Table 15. City of Sisters, Average Rent, Number of Vacant Units by Type**

Number of Bedrooms	Apartments (5 or more units)		Duplex		House		Manufactured Home	
	# Units	Average Rent	# Units	Average Rent	# Units	Average Rent	# Units	Average Rent
One Bed	(na)	(na)	(na)	(na)	8	\$775	(na)	(na)
2 Bed	2	\$590	7	\$680	15	\$950	8	\$663
3 Bed	22	\$646	4	\$800	35	\$1,100	7	\$893
4 Bed	(na)	(na)	(na)	(na)	17	\$1,314	2	900
5 Bed	(na)	(na)	(na)	(na)	2	\$2,000	(na)	(na)

Source: Central Oregon Rental Survey, March 2007.

### **Conclusions Regarding the Housing Market in Sisters**

- During the five-year period between 2001 and 2006, the average home price in the Sisters area (including the City Limits and outlying areas) nearly doubled, from \$235,000 to \$460,000, an increase of 46.2 percent. For the same five-year period, average payroll in Deschutes County increased by only 17.9 percent.
- As of January 10, 2008, the average home price of homes listed on the MLS service within the Sisters City Limits was \$361,763. The median home price of those listed for the same period was \$314,900. Based on these MLS listings, there are no homes that are considered affordable for a household earning 100 percent of the Deschutes County AMI of \$58,800, within the Sisters City Limits. The lowest-priced listings in the City include 2 townhomes, priced at \$199,990. According to mortgage calculators, which estimate the affordable level of housing for a particular household income, a household earning the 2007 AMI of \$58,800 could afford a home of no more than \$180,500. Further, in order to afford a home priced at \$314,900, the median price for homes within the Sisters City Limits listed on the MLS in January 10, 2008, a household would need to be earning an income of \$102,048.
- In the City of Sisters it appears that attaining affordable housing is not limited to the low income (earning 80 percent of AMI) or very low-income (earning 50 percent of AMI), but also those earning 100-170 percent of AMI, or between \$58,800 and \$99,999. According to a 2003 report, *Central Oregon Housing Needs Update* (Rees Consulting, March 2003) over 32 percent of home owner households earning between \$50,000 and \$99,999 (85 percent to 170 percent of AMI) experienced cost burden. The report further states that in 2000, nearly 25 percent of households in Sisters were considered cost burdened (paying more than 30 percent of income for housing), estimated that in 2003, 35 percent would be cost burdened, and in 2008, over 49 percent of the City's population would be cost burdened.
- According to the 2000 U.S. Census, 41.6 percent of the City of Sisters population are renters. Rental units are increasingly important to maintain and provide in a community such as Sisters, where the cost of purchasing a new home has become unattainable for much of the workforce. The Workforce Assessment estimates that

the maximum affordable rent for a family earning median family income was \$1,058.75 in 2006. The data from the Housing Needs Assessment provides that the highest number of renters who experience cost burden earn between \$20,000 and \$34,000.

- As shown in the Central Oregon Rental Owners' Association and Housing Works annual "Central Oregon Rental Survey", which compares rental units by type and provides average rents for the cities of Bend, Redmond, Madras, Prineville, LaPine, Sunriver, and Sisters, at the close of the first quarter of 2007, there were 24 apartments, 11 duplexes, 23 houses, and 17 manufactured homes in the City of Sisters that were affordable to a person earning median family income. Fifty-four of the units surveyed, roughly 36 percent of the total units, were not affordable to rent for a person earning median family income.
- The 2000 U.S. Census estimated vacancy rates for rentals within Sisters at 7.3 percent. As noted in the Central Oregon Workforce Housing Needs Assessment, July 2006, "As a general rule, when vacancy rates are below 7 percent, markets are considered tight and construction of additional units is warranted."

#### **Demand Analysis**

The RLA recommended that in order to provide housing for residents of Sisters earning less than the median income, strategies that encourage smaller lot sizes, multi-family apartments, attached single and multifamily, manufactured home parks, and subsidized housing be implemented. "Creative housing solutions conceived by the community to meet these and other community goals should be sought. Comprehensive Plan policies implemented through the development code will likely be required to meet this need." The RLA further recommended that the Housing Needs "mix" to achieve to the year 2025 was 50 percent single family detached, and 50 percent of housing that are typically smaller lots, duplexes, townhomes, and apartments. At the time the RLA was adopted, the City was implementing smaller lot sizes, lot size averaging, and codes that permitted accessory units in order to achieve higher density and in turn, more affordable housing.

The RLA found that 70 percent of the total housing units constructed during the eight-year period between 1994 and 2002 were single family units (115 out of 165 total units). As shown in **Table 16**, while single family homes are still the most predominant type of housing unit constructed in the City, they averaged only 58 percent of the total units constructed (250 out of 428 total units) between 2003 and July 2007. Construction of townhomes and duplexes has increased, although with the exception of Tamarack Village, which added 33 apartments in 2003, apartments comprise a relatively small sector of the Sisters housing market.

Construction of townhomes and duplexes has increased. Although with the exception of Tamarack Village, which added 33 apartments in 2003, apartments comprise a relatively small sector of the Sisters housing market.

**Table 16. Comparison of Housing Density and Needed Mix**

Housing Type	Actual 1994-2002	Actual 2002	Needed Mix*	Actual 2003-2007
Single Family Detached	70 percent	67 percent	50 percent	58 percent
Multi Family (1+ units attached), apartments, condos, duplexes, manufactured/mobile homes	30 percent	33 percent	50 percent	42 percent

\*According to the RLA, needed mix based on the percentage of low and lower-middle income households needing these housing types.

In contrast to the City's population growth being slightly slower than anticipated in the Coordinated Population Forecast, based on available City data, residential building permit activity is higher than anticipated for the 3-year period between 2004 and July 2007. **Table 17** illustrates the actual number of residential building permits by year within the City of Sisters, as compared with the forecasted residential permits in the adopted Comprehensive Plan Coordinated Forecast. The actual number of residential permits completed during the four-year period 2004 and 2007 was 332, higher than the adopted forecasted number of permits for the same period, which is 302. Notable is that the adopted forecast estimated 53 residential permits for all of 2007, and the City actually permitted 53 units during the first six months of 2007. This could be reflective of the City raising Systems Development Charges (SDCs), effective July 1, 2007; during this



time, many builders submitted building plans prior to July 1 to avoid the new higher SDC charges.

**Table 17. Actual Residential Building Permits compared to Adopted Forecast, City of Sisters 2004-2007**

Year	Actual Residential Permits	Forecasted Residential Permits
2004	83	80
2005	100	89
2006	96	80
2007	53*	53
<b>Total Permits</b>	<b>332</b>	<b>-302</b>

*Source: City of Sisters Planning Department records, EDCO, Appendix A, Sisters Residential Supply and Demand Analysis. \*Current through July 2007*

During the development of the Sisters Comprehensive Plan, 2000 U.S. Census data and input from a Community Technical Advisory Committee were used in order to predict the income levels of residents of the City of Sisters between the years 2002 and 2025. **Table 18**, below, illustrates the breakdown from the Comprehensive Plan, which was used in conjunction with density figures and population trends to determine the estimated number and mix of housing types for the City to achieve to the year 2025.

As illustrated in **Table 18**, the RLA found that in the year 2000, roughly 50 percent of Sisters' population fell below the median income level, and 50 percent fell above. The RLA recommended that this distribution be established for the planning period to 2025, and was adopted into the Sisters Comprehensive Plan. As noted on page 9 of this report, according to the 2006 Workforce Housing Needs Assessment, 51.8 percent of households in the City of Sisters are considered low income, which generally mirrors the findings of the RLA and support the recommendations of the Comprehensive Plan that encourage the City to establish policies to encourage housing for a variety of income levels.

**Table 18. Estimated Income Groupings in City of Sisters, 2002-2025**

Income Levels	2000	2002-2025
Low (42.85% Median Household Income)*	17 percent	17 percent
Lower Middle (Median Household Income)	33 percent	33 percent
Upper Middle (2.14 x Median Household Income)	31 percent	31 percent
High (Greater than 2.14 x Median Household Income)	19 percent	19 percent

*Source: Sisters Comprehensive Plan, Residential Supply and Demand Analysis*  
*\*Median household income in the year 2000, which was used as a basis for the estimates in Table 19 was \$35,000 for the City of Sisters, according to the U.S. Census. The 2000 Census provides the most recent Median Household Income; however, Area Median Income (AMI) for Deschutes County for 2007 is \$58,800.*

Although densities have increased, and the City appears to be meeting its objectives to encourage smaller lots, home prices have still steadily risen to the point where a household would need to be earning \$102,048 in order to afford a home in Sisters priced at the median home price, \$314,900 (based on January, 2008 data). In other words, smaller lot sizes do not necessarily equate to more affordable homes. Possible reasons include the following:

- Although lot sizes have gotten smaller, home sizes have not. According to the Deschutes County GIS database, average home sizes by year have risen from 1,604 square feet in the year 2000, to 2,106 square feet in 2006;
- Land prices and construction costs have steadily risen;
- Central Oregon continues to be a desirable place to live, increasing home prices.

**Preliminary Recommendations**

- Because the trends in Sisters since 2005 illustrate that smaller lots don't necessarily equate to more affordable housing, the City may need to look at varying policies and some governmental assistance, such as land banking, if providing housing for all income levels continues to be the goal. As the City uses the findings of this report to develop policies to encourage housing for a variety of

incomes, it is also important to note that there are already sufficient single family residential lots to support the anticipated demand for these lots through the planning period of 2025. Data on building permit activity suggests that there is a need for an additional 131 units of multi-family housing to meet the demand to year 2025; combined with the fact that over 41 percent of households are renters in the City Limits, policies to encourage multi-family housing that is at least partially available to renters may be an objective to implement.

- Examining average home prices, following release of additional figures towards the end of 2008, would be beneficial in order to assess the affects of the housing downturn on average prices in Sisters.
- Assessing population and demographics following the release of the 2010 U.S. Census would be beneficial, given that the most recent Census data is now 8 years old and was compiled prior to development of the City's sewer system which strictly limited new development.
- Assess whether the "one-in-ten" affordable housing goal should be broken into categories (i.e., a certain number to achieve at 51-80 percent of AMI, number of units at 81-100 percent AMI, number of units at 101-120 percent AMI, etc.), to provide varied housing for income levels (teachers or other professionals, for example) that aren't typically considered in need of affordable housing, but are, according to recent data, clearly suffering from cost burden and are in need of housing for their income ranges.

#### **Next Steps in Developing the Sisters Housing Plan**

Immediate next steps in development of the Sisters Housing Plan include the following:

1. Gather input on the findings and content of this report from experts;
2. Interview local experts in the housing field;
3. Present the findings of this report and interviews to the Planning Commission and City Council for input, in order to gather comments from the policy makers.

4. Examine affordable housing options and strategies.
5. Revise this report based on comments and hold a community open house, to gather community input on strategies.

**Housing Strategies, Barriers to Affordable Housing**  
**A Component of the Sisters Housing Plan**  
**July 21, 2008**



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**City of Sisters**

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## Introduction

This report is the second piece towards completion of the Sisters Housing Plan. The previous report, *Residential Inventory Supply and Demand Update*, illustrated that although the City has implemented some policies to encourage increased opportunities for affordable housing, home prices in Sisters have continued to rise

This report is divided into two sections. The first section discusses strategies that will assist in ensuring housing is available within the City to a variety of income levels. The second section discusses the barriers to affordable housing that currently exist within the City's Development Code, policies and procedures.

### **Strategies that the City of Sisters Has Implemented to Encourage Housing Choices**

As noted in the earlier report, *Residential Inventory Analysis and Update*, the City of Sisters has incorporated several strategies to encourage more affordable housing and housing for varied income levels. These strategies include the following:

- Allowing accessory dwelling units;
- Allowing smaller lots in Master Planned developments and through lot size averaging;
- Providing a density bonus for developers of affordable housing;
- For all newly annexed residential property, developers are required to provide a ratio of 1-in-10 affordable units for new dwelling units proposed.

Of the above measures, the density bonus provision is offered exclusively to those developing affordable housing. Accessory dwelling units, smaller lot sizes, and lot size averaging are allowable within market-rate housing developments as well.

Additionally, the Sisters City Charter provides that Systems Development Charges (SDCs) may be waived for providers of affordable housing. The specific language reads as follows:

"The City of Sisters may waive system development charges for affordable housing provided by non-profit organizations. In exchange for a waiver, the housing shall be affordable for a period of fifty (50) years. Violation of this agreement shall require full payment of system development charges."

**Impact of Sisters' Housing Policies on Housing Prices**

Although existing policy direction provides a basis for provision of affordable housing for those with incomes less than 80 percent of Area Median Income (AMI), there is clearly a need for housing in Sisters for those who earn 80-120 percent of AMI and above, as illustrated in the *Residential Inventory Supply and Demand Analysis*. The City's existing policies do not address housing needs for this income range, which is regarded as "gap housing". Based on economic forecasts for Sisters, there will continue to be a large sector of the Sisters population that will work in service sector, education, and retail industries into the future.

**Table 1**, below, illustrates the approximate monthly home and/or rental price that a household could afford to pay without experiencing "cost burden", according to the following definitions from the U.S. Department of Housing and Urban Development (HUD):

"Affordable Housing" is defined as housing that requires the residents to spend no more than 30% of their gross household incomes on housing-related expenses.

Housing-related expenses are further defined by HUD as follows:

- For homebuyers, housing-related expenses include mortgage principle and interest, taxes, property insurance, mortgage insurance, and essential utilities;
- For renters, housing-related expenses include rent and utilities.

**Table 1. Maximum Affordable Monthly Housing Cost, based on Occupation and Wage/ Salary, City of Sisters**

Occupation	Wage/ Salary	Maximum Affordable Monthly Housing Cost
Food/ Bev. Worker	\$7.80/ hr. \$16,224/ ann.	\$406
Sales Associate/ Housekeeper	\$8.50/ hr. \$17,680/ ann.	\$442
Bank Teller (Entry)	\$20,000/ ann. \$12.97/ hr	\$500
School Secretary 3	\$26,978/ ann.	\$674
Teacher, B.A. (1 <sup>st</sup> year)	\$30,861/ ann.	\$579

<b>City Utility Worker</b>	\$14/ hr \$29,120/ ann.	\$728
<b>Construction Trades Supervisor</b>	\$26.43/ hr. \$54,974/ ann.	\$1374
<b>Physical Therapist/ R.N.</b>	\$28/ hour \$58,200/ ann.	\$1456
<b>City Dept. Director</b>	\$29/ hr \$60,320/ ann.	\$1508
<b>Teacher, M.A. (Tenured)</b>	\$60,703/ ann.	\$1518
<b>Bank Manager</b>	\$80,000/ ann.	\$2000

Source: Affordable Housing Task Force, Housing Works, Oregon Employment Dept., 2006 Data.

Based on January 2008 MLS listings within the Sisters City Limits, the median home price was \$314,900. To afford a home at this price without experiencing cost burden, a household would need to be earning \$102,048, roughly 173 percent of AMI for Deschutes County, and a maximum monthly payment of approximately \$1887 (not including taxes or insurance). The Area Median Income in Deschutes County for 2007 was \$58,800 for a family of four. As noted in **Table 1**, even professional occupations in Sisters, such as teachers, nurses and physical therapists, and City workers earning close to Deschutes County AMI would experience cost burden attaining a home in the City of Sisters.

An example of a City which has focused on the housing "gap" earners, which are those earning between 80 and 120 percent of AMI, is Ashland, Oregon, where annexations are required by ordinance to achieve a mix of the following percentages of AMI through a Master Plan, as illustrated below in **Table 2**:

**Table 2. Example of Annexation Requirement, Ashland, Oregon**

<b>Percentage AMI</b>	60% AMI	80% AMI	100% AMI	120% AMI
<b>Percent of Units Dedicated</b>	15%	20%	25%	35%

Source: City of Ashland, Oregon



Ashland's annexation policies are discussed in greater detail beginning on **page 12** of this Report.

In summary, although the City has implemented some measures to address the lack of affordable housing in the Sisters City Limits, the median home price in Sisters has risen to the point where housing is no longer affordable to not only low- and very-low income residents, but also to those earning 80-120 percent of AMI and above. Therefore, if the City does want to implement policies to encourage the development of affordable housing choices, additional measures are necessary.

#### **How Many Affordable Units does the City Need through the Planning Period?**

Using a straight one-in-ten formula to determine the number of affordable units to strive for through the planning period of 2025, based on the Sisters Comprehensive Plan projections of 1126 total housing units needed to meet the demand by year 2025 creates a need for 113 total affordable units. The current inventory of dedicated affordable housing units is as follows:

- In terms of dedicated affordable housing within the City Limits, there are currently 26 homes constructed by Habitat for Humanity for home ownership; 33 rental units constructed by Housing Works, and an additional 15 families/ households using Housing Works Housing Choice Voucher program for rental units; two private homes providing a total of 10 beds for persons with special needs, and 10 additional beds are provided by the Forest Service on a seasonal basis for persons with special needs. Additionally, there are a total of 15 dedicated affordable housing units approved within Master Plan developments that have not yet been constructed.

In total, there are currently 59 permanent affordable units and 15 that are approved in Master Plans but not constructed yet, for a total of 74. Additionally, there are 20 beds for persons with special needs, and the opportunity for additional rental units through the Housing Choice Voucher Program.

- Using an estimated demand of 1126 total units to the year 2025, and a rough calculation of one-in-ten as provided by Comprehensive Plan direction, 113 total dedicated affordable units are needed by the year 2025. **With 59 units of permanent affordable housing currently planned or existing in the City, 54 additional affordable units are needed.\***

\*This number does not include the 15 units that are approved in Master Plans that have not yet been through Final Plat processes yet.

If the City strives to achieve the 54 additional units, it is important to consider that the Comprehensive Plan estimates are based on relatively old Census data. If the City does choose to pursue a range of housing at varying income levels (60, 80, 100, 120 percent of AMI, for example) it is important to base the projections for numbers of units needed in each of these income brackets on the newer 2010 Census data.

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## **Affordable Housing Strategies**

The following section of this Report discusses potential strategies the City could adopt in order to facilitate housing that is attainable to a variety of income levels. The strategies are not listed in any particular order, and several are being used in other Oregon cities and in other states. All of the strategies, if implemented, come with pros and cons- for this reason, it is likely that implementing a combination of strategies is necessary to adequately serve the projected housing needs by income level within the City. Additionally, each strategy implemented requires some initial administrative start up work.

For each strategy discussed, the pros and cons of each are listed. In terms of which strategies to adopt and implement, it is important to weigh the following factors in determining which would be suitable for Sisters:

- What are the resources, both financial and non-financial, that exist in Sisters now and in the future?
- What are the resources outside Sisters that may support the strategies?
- What is the community support for each strategy?
- To what extent does the City want to be involved long-term in administration of housing programs or requests for funding?
- What follow-up and monitoring steps are necessary for each strategy?
- What administrative steps are necessary for implementing each strategy?
- What is the political support for each strategy?

### **Affordable Housing Programs -- the City of Sisters Compared with other Cities.**

Bryan Gonzalez, Rules and Records Coordinator with the Oregon Department of Land Conservation and Development (DLCD), provided the City of Sisters with the following table, which illustrates incentive programs offered in various Cities to promote affordable housing. Of all the potential options available, the City of Sisters and local non-profit organizations that assist in affordable housing offer approximately half of the potential affordable housing strategies.

**AFFORDABLE HOUSING STRATEGIES**  
*A comparative of the tools and techniques utilized by five communities to encourage affordable housing*

	Stiers, OR	Bend, OR	Ashland, OR	Aspen, CO	Whistler, Canada *
<b>Affordable Housing Trust Fund</b>					
<i>New Construction Fee</i>					
<i>Real Estate Transfer Tax</i>					
<i>Sales Tax</i>					
<i>Commercial Impact Fee</i>					
<b>Inclusionary Housing</b>					
<b>Mobile Home Ordinance</b>					
<b>Developer Incentives</b>					
<i>Fee Waiver/Deferral</i>					
<i>Density Bonus</i>					
<i>Expedited Permitting</i>					
<i>Relaxed Design Standards</i>					
<b>Land Banking</b>			existing surplus land		
<b>Community Land Trust</b>					
<b>Employer-Assisted Housing</b>					
<b>Rehabilitation Programs</b>					
<b>Tax Abatement/Relief</b>					
<b>Rental Assistance</b>					
<b>First-time Homebuyer Program</b>					
<b>Accessory Dwelling Units</b>					
<b>Housing Replacement Law</b>					

Key: ✓ City-sponsored  
 x Provided by other organization - funded or supported by city

**(1) Use of Urban Renewal Funds**

The City of Portland uses Urban Renewal Funds for affordable housing that serves households earning below 80 percent of AMI. Approved by ordinance in 2006, a minimum of 30 percent

of all urban renewal funds are set aside for affordable housing. According to the City of Portland, over the next six years alone, the set aside will result in \$168 million for housing for working families, minorities, seniors, people with disabilities, people in recovery, and other Portlanders that cannot afford a market-rate home in the Portland housing market. This is more than a \$13 million annual increase over historic spending for affordable housing in Urban Renewal Areas.

**Pros:** Provides a stable form of support for affordable housing; City already has an urban renewal district established.

**Cons:** City would need to amend urban renewal plan to incorporate housing as a priority, and designate affordable housing areas on urban renewal plan/map; May take funding away from other worthy urban renewal projects.

## **(2) Provide a Package of Developer Incentives**

The City of Bend provides a package of developer incentives for projects that receive federal or state affordable housing funding and/ or those projects that are affordable to those households earning at or below 100% of AMI (Note that Sisters' definition of affordable is earning equal than or less than 80% of AMI).

The City of Bend defines "Affordable Housing" is defined as housing that requires the residents to spend no more than 30% of their gross household incomes on housing-related expenses.

Housing-related expenses are further defined by HUD as follows:

- For homebuyers, housing-related expenses include mortgage principle and interest, taxes, property insurance, mortgage insurance, and essential utilities;
- For renters, housing-related expenses include rent and utilities.

At the direction of the Bend City Council, the following incentives for provision of affordable housing are currently being pursued by the City of Bend:

- a) **Planning and Building Fee Exemptions.** All or a portion of Planning Division and Building Division fees are exempted for qualifying projects, with the exempted fees paid by the City of Bend. The percentage of fees waived for any project is proportional to the percentage of units in a development that are affordable.

**b) Expedited Review and Permitting Processing.** For any qualifying project, review and permitting processing are expedited. Qualifying projects are reviewed and permits issued according to the following timelines:

**Planning Department:** A decision is written or the first public hearing held within 2 weeks for Type I development actions and within 6 weeks for Type II development actions.

**Building Department:** Preliminary review is completed and the applicant is notified of any deficiencies in the application, within 3 working days of the date of submittal. Once any deficiencies have been addressed, review is completed and permits issued within 10 working days of the date the application is deemed complete.

**c) System Development Charge Deferrals.** For qualifying projects, SDCs are deferred for up to 1 year. SDCs are due upon transfer of ownership, or at the end of one year from the date the deferral is granted. Interest is not charged for the period of deferral.

**d) Off-site Improvement Assistance.** Developers of qualifying projects are eligible to apply for a grant from the City of Bend to assist with the cost of non-reimbursable off-site improvements. The grants will cover the cost of the off-site improvements required by the City, up to a maximum of \$10,000.

**e) Density Bonuses.** For each unit in a new development that is affordable, the development is allowed to exceed the density limit for the zone by one additional unit. Density limits may be exceeded by a maximum of 35%.

**f) Minimum Lot Size Exemptions.** Qualifying projects are exempt from minimum lot size standards (lots will continue to be subject to minimum frontage and other requirements).

The City of Bend also employs a surcharge of 1/3 of 1 percent on each building permit, based on valuation in order to assist with affordable housing projects. These funds are placed in a Housing Trust Fund (see Strategy 3, below), and are issued on a competitive basis. Oregon Law no longer permits this type of assessment.

**Pro:** Using an incentive package would possibly entice developers to provide affordable housing: Incentives such as density bonuses, minimum lot size exemptions, and/or lot size

averaging offered exclusively to affordable housing developments would provide more intensive, higher density development restricted to affordable housing only- and may offset some of the density aversions currently experienced in the City (now, all housing is eligible for lot size averaging and smaller lot sizes).

**Con:** Waiving fees would reduce revenues, however SDC loans (as opposed to waivers currently in the City Charter) would provide lost SDC funds; City has already implemented density bonuses and lot size averaging, and still housing prices have steadily escalated; Administration of an incentive program would require additional staff time, and expedited review may take staff resources away from projects that have a state-mandated 120-day review clock; Given that the City currently contracts with the Building Department LLC to review building permits, the 3-day/ 10-day review timelines would be difficult to achieve.

### **(3) Implement a Housing Trust Fund**

The Housing Trust Fund model commits public sources of revenue, and creates dedicated, ongoing funding for the support of affordable housing. Housing Trust Funds provide a stable and steady source of funding for affordable housing, and enable jurisdictions to design housing programs and provide housing developers with a dependable source of funding to support projects. Examples of uses of Housing Trust Funds include the following:

- **Homebuyer assistance:** Including counseling, down payment and mortgage assistance, and interest subsidies.
- **Subsidized rental housing:** Assisting families with rent vouchers or creating below-market rental units.
- **Safety net housing:** Creating and improving homeless shelters.
- **Gap financing:** Providing dollars to complete a financial package, when all other funding sources are secured.
- **Loan source:** Providing start up and dependable cash flow to housing developers (cushioning the less-timely nature of other public funding sources).
- **Support for nonprofit housing developers:** Providing pre-development funds to secure land and assist with financial packaging, housing design, and management.
- **Leverage additional resources:** Providing "matching" funds that other public or private resources may require.

Because Housing Trust Funds are created locally using public revenues, they should be structured to address priority issues in a community. For example, funds initially can be

targeted to fix up vacant homes for homeownership opportunities, and later shifted to address other needs. This flexibility in design is one of the most attractive features of a housing trust fund.

Potential Examples of Start up Funds include:

- Private Donations;
- Sale of City-owned property;
- Local Tax (For example, Burlington, Vermont supports affordable housing through a property tax levy of 1 cent per every \$100 in property value approved by voters in 1989. Since then, approximately \$1.6 million in allocations from Burlington's Housing Trust Fund have been dispersed to qualified projects).
- Property Tax;
- Real Estate Transfer Tax or Document Recording Fee (if passed by the Legislature).

**Pro:** Housing Trust Funds provide an ongoing, stable source of income to leverage and support projects; If State Legislative measures such as Real Estate Transfer Tax or Document Recording Fee are supported, a local HTF would be an appropriate depository for such funds, to be used on a local level.

**Con:** Start up funds are undefined for City of Sisters; Local support may not be evident for a local tax or other fee; Administration of the Housing Trust funds and setting priorities for funding requires additional administration; Start up funds used in other states (for example, the Real Estate Transfer Tax) are not allowable in Oregon at this time; Implementation of a Housing Trust Fund would need to be allowed by adopted ordinance.

#### **(4) Adopt a Comprehensive Annexation Ordinance**

The City of Ashland has adopted a comprehensive Annexation Ordinance that requires a percentage of land to be annexed to be dedicated to affordable housing for those earning between 60-120 percent of AMI. Additionally, the ordinance provides language for other requirements, such as roads, water, sewer, bicycle facilities, and other necessary public facilities in order for the annexation area to be annexed. Since adopting the ordinance, the City of Ashland has reviewed and made changes to the ordinance to better suit the intentions of the community.

Ashland's Annexation Ordinance is similar to Sisters' policy of requiring 1-in-10 affordable



units, but is much more detailed and comprehensive. Additionally, Sisters' existing policy is not implemented by ordinance, and likely should be adopted into the Sisters Development Code.

Sisters' Comprehensive Plan provides an annexation policy as follows:

"Properties proposed for annexation as residential property to the City of Sisters shall demonstrate how one in ten housing units will be made affordable to households with incomes less than 80% of the Area Median Income."

In implementing this policy, City staff has found that it is vague in terms of period of affordability requirements, provisions for clustering of units, for percentage of units constructed with market-rate units, and with other details that require extended negotiation with annexation applicants. Providing a clear and objective annexation ordinance, adopted into the Sisters Development Code, would provide better guidance to both staff and applicants regarding requirements.

The following section discusses specific provisions in the Ashland ordinance, for examples.

#### **Construction Timing**

Ashland is considering adding language to their existing ordinance for construction timing, in order to ensure that affordable units are constructed with the market-rate units.

#### **Construction Standards**

Ashland is considering adding language to their existing ordinance to require specific minimum square footages for studios, one-, two-, three-, and four-bedroom housing units, based on sizes established by the State of Oregon Home Program. **Table 3** provides the square footage standards adopted by the State:

**Table 3. Square Footage Requirements, Affordable Housing**

Unit Size	Studio	One Bedroom	Two Bedroom	Three Bedroom	Four Bedroom
Min. Sq. Ft.	350-375	600	800	1000	1250

Source: Oregon Housing and Community Services, City of Ashland

Additionally, Ashland is considering adding requirements that the affordable units be similar in type and materials (exterior only) to the market rate units.

#### **Distribution of Affordable Housing**

Ashland is considering adding language requiring that no more than four affordable units be located adjacent to each other, in order to encourage dispersal of affordable housing. A provision exempting senior housing, special needs populations, or proposals by a non-profit housing provider that requires all affordable units to be located next to one another in order to secure funding is being considered as well.

#### **Land Dedication**

Ashland's annexation ordinance contains a provision to satisfy the affordability requirements if a developer transfers land to a non-profit housing provider, if the land has infrastructure in place for development. This provision allows for-profit developers with little experience in the affordable housing industry to still meet affordable housing goals.

#### **Cash-in-Lieu fees**

Ashland has considered the establishment of an alternative method for developers to meet affordable housing requirements through in-lieu fees. Such fees are often an option for developers to contribute a set amount into an affordable housing fund, to enable the City to apply those funds to meet its housing goals in another manner or through purchase of another site or support of housing programs.

**Pro:** Provides assurance that newly annexed land will provide a portion of land dedicated to affordable housing.

**Con:** Substantial amount of staff time on the front end of annexation requests, reviewing proposals by developer and ascertaining whether proposal meets affordable housing requirements; Additional staff time for tracking and monitoring, during and following build-out of annexation area; difficulty enforcing annexation agreements over time, with staff turnover and changing market environment.

**(4) Adopt an Affordable Housing, or Cash In-Lieu, Fee Provided Based on Impact of Development**

A strategy implemented in several resort towns such as Mammoth Lakes, California and Aspen, Colorado, is a requirement for affordable housing based on the impacts of development. The rationale behind the In-lieu fee is that all development, whether a commercial business, or even a single family residence, generates a need for employees to service the development, and employees in turn need housing in the community.

Typically, the in-lieu fee is charge based on the estimated amount of housing a proposed use generates. The fee covers the impacts of new development on the supply of affordable housing. In Mammoth Lakes, California, for example, a formula is used to estimate the number of full-time equivalent employees (FTE) for each business type. The result is that new development is required to provide housing for the estimated number of employees that fall below median income levels, or, in the example of Mammoth Lakes, 58.5 percent of its FTEs.

For larger developments, a housing mitigation development plan must be submitted along with the project generating the need for the housing, similar to a parking study, traffic study, or other special study that is typically required of larger development proposals. If a developer cannot provide housing on site, they can mitigate by paying to a fund, such as a HTF. Table 4 provides housing generated by selected uses and appropriate in lieu of fees, should a developer desire not to provide housing for employees on site.

**Table 4. Affordable Housing Mitigation and In-Lieu Fee Schedule of Fees  
Mammoth Lakes, California**

Land Use	Generation Rate	Cost Per FTEE	Fee
Hotel (Operates solely as a commercial establishment, provides high level of service including bell service and valet parking, and is staffed on a 24 hour basis)	.5 FTEE per room (commercial/meeting space within hotel will be calculated separately)	\$30,889	\$15,444 per room
Commercial Lodging (resort club, timeshare)	.5 FTEE per room	\$30,889	\$15,444 per room
Commercial Lodging, limited (e.g., hotels and motels without bell service, food service, or similar amenities)	.2 FTEE per room	\$30,889	\$6,177.80 per room
Condominium – transient rental	.42 FTEE per unit	\$30,889	\$12,973 per unit
Multi-family transient with separate entries, no lobby or check-in facilities or on site management, and			

limited common facilities.	.42 FTEE per unit	\$30,889	\$12,973 per unit
Commercial including retail/office/restaurant, etc	.42 FTEE per 1,000 sq. ft.	\$30,889	\$12.97 per sq. ft.
Single Family Residences	.00001 FTEE per sq. ft.	\$30,889	\$0.31 per sq. ft.

Source: Mammoth Lakes, California

Other resort towns, such as **Basalt, Colorado**, have adopted similar on-site affordable housing requirements and In-Lieu Fees. In Basalt, if providing on-site housing is not practical, developers may purchase existing market-rate housing and convert it to deed-restricted affordable housing, or construct off-site housing elsewhere in the town. Additionally, all new commercial development is required to pay a housing mitigation fee of \$.50 per square foot, and all new commercial development, expansion, or remodels over 1000 square feet is required to provide affordable housing for twenty percent of the full-time employees generated.

In **Placer County, California**, an employee housing ordinance requires new developments to provide housing for 50 percent of the housing demand (employees) generated by each project. The ordinance assumes that the following employment is generated by each 1000 square feet of development: 2 (two) for service, recreational, and retail, 1.66 for industrial, 5 (five) for office, 1 (one) employee is generated for every three units of transient lodging and time share. Additionally, the ordinance requires that households provide employee housing as well, and calculates the number of units required at a rate of 1.45 employees per household, or one per studio apartment, two per one bedroom, three per two bedroom, or based on individual calculations. Small businesses with less than 5 full-time employees are exempt from these requirements. Residential and lodging projects with less than ten units shall pay an in-lieu fee rather than construct housing, while others have the option of building on- or off-site units deed-restricted for thirty years, dedicating land, or paying in-lieu fees. Large projects must submit a Housing Mitigation Plan, bearing a reasonable relationship to the income of the employees generated. In exchange, developers receive incentives such as fee waivers or deferrals, relaxed development standards, reduced deed-restriction time frames, streamlined and expedited permit processing, and density bonuses. Placer County dedicates In-Lieu fees to the construction of affordable housing within five years of their receipt.

**Pro:** All development provides either housing on-site based on the impacts of their proposal, or pays into a fund for affordable housing as an alternative.

**Con:** Determining the Appropriate amount per employee may be difficult; Fee or housing requirement may give perception of being "anti-business", and Sisters has a limited industrial/jobs base already; If implemented, the City would need to determine specific priorities and goals for housing where funds would be allocated- process for applying for funds would likely be RFP process.

**(5) Create a New Medium-Density Land Use District**

The Residential Inventory Supply and Demand Analysis showed that the City's density in the R District (for single-family residential) has increased to the point that the average density for homes constructed between 2003 and 2007 is now 8.8 units per acre, compared to the density for the years 1998 and 2003 of 5.3 units per acre. Residents of Sisters have voiced concerns about increased densities, yet smaller lots and higher density developments create more affordability for housing developers. Discussions with staff and with representatives from DLCD have resulted in a recommendation that the City adopt a new "medium density" land use district, which would work in concert with the existing R and R-MFSD to provide a mix of types and sizes of home to accomplish housing goals.

The effect of a medium density district would be retention of land for some lower density housing, some medium (approximately 8 to 13 units per acre)-density, and some land as higher density for apartments. Given that most of the City's existing R-MFSD land is developed, and to a large part, developed with smaller-lot single family infill development (the Davidson Addition, for example), it may be beneficial to examine other areas of the City that may be appropriate for a mix of R-MFSD and a new medium-density residential district.

**Pro:** Would provide opportunities for a smaller-lot district, in combination with the City's other residential districts; Would provide an opportunity for solely larger lot single family development in the R District, a district with smaller lot single family and townhomes, and the R-MFSD district, where only multi-family could be constructed.

**Con:** Would involve a new code section, code and map amendments.

**(6) Adopt a Condominium Conversion Ordinance**

The City currently does not have an ordinance providing guidance for conversion of rental units to condominiums, however does require a conditional use for vacation rentals. In popular real estate areas, such as Sisters, the conversion of townhome and multi-family units

to condominiums can reduce the numbers of affordable rental units. As a result, many jurisdictions have adopted Condo Conversion Ordinances, which require measures such as:

- Requiring a certain number of units be set aside as affordable;
- Public notice;
- Tenant protection measures; and
- One-for-one replacement of affordable units displaced, or payment of an in-lieu fee.

**Pro:** Implementing an ordinance would establish a process and review for conversions, and allow City staff to monitor number of rental units converting.

**Con:** Administration of a new ordinance, and new application requirements.

#### **(7) Implement a Program for Land Banking**

A Land Bank Program acquires unimproved, underutilized, or foreclosed sites that are appropriate for affordable housing and holds them for a long-term (for example, 5-years minimum) period so they are available in the future. The City of Fort Collins, Colorado, uses the Land Bank Program as a long term solution to address the need for affordable housing beyond the immediate requirement. Ultimately, Land Bank sites are sold at discount to non-profit or for-profit developers to build affordable housing projects, or sold for profit to leverage other affordable housing projects.

Prior to embarking on a land bank system, the City of Fort Collins commissioned a feasibility study to ascertain a plan including appropriate sites, initial investment required of the City, the estimated number of units to achieve through a land bank, and the time frame necessary for the City's investment to provide returns. If Sisters does want to pursue land banking, it may be important to have a similar feasibility study completed prior to purchasing.

**Pro:** Purchase of land for a land bank is completed with a present-day market value. With Central Oregon's escalating real estate prices, a land bank is a means to acquire property and defer costs of affordable housing projects.

**Con:** City or other purchasing entity may hold the land for a long time before a project comes to fruition; Leasing property while holding adds administrative duties.

**(8) Support a Homeowner Rehabilitation Program**

A homeowner rehabilitation program may be a means to assist qualified persons to improve their home and retain affordable housing stock. Financial resources exist in Deschutes County through the Redmond Rural Development office.

Home Improvement Loans and/or Grants are available to homeowners in Deschutes County (Sisters City Limits is included) to improve or modernize their existing home who qualify as low and very-low income. For homeowners 62 and over who cannot repay a loan, grants funds are available to remove health and safety hazards or to remodel dwellings to make them accessible to household members with disabilities. The lifetime grant limit is \$7,500, and recipients must be within household income limits established by Rural Development.

The City could support programs such as these by providing information at City Hall and by inventorying existing housing units that may be in need of repair and getting information to the owners.

**Pro:** Preserves existing housing stock and keeps residents in their homes; Funding and administration available through other agency, so does not require substantial City resources.

**Con:** None.

**(9) Support Statewide Efforts for 2009 Legislative Session**

An additional strategy is to support statewide efforts for the next Legislative Session that provide programs to support affordable housing. Currently, a working group is meeting to discuss and make recommendations regarding affordable housing to the 2009 Oregon Legislature, specifically regarding the following strategies:

- Real Estate Transfer Tax
- Inclusionary zoning through Annexations
- Document Recording Fee

An advantage to supporting statewide strategies is that Sisters would be implementing solutions that are occurring on a statewide level. Conversely, an issue with relying on the recommendations from the working group is that the 2009 Legislative Session may not conclude in a timely manner, strategies that the Legislature adopts may be not suitable for

Sisters, and the City may miss some opportunities for implementing creative strategies while the housing market is still in a downturn and real estate prices are reduced. For example, if the City wanted to pursue Land Banking and purchase some properties or invest in land, opportunities may be missed by waiting for the Legislature.

Another possibly negative outcome to a state measure is how the income generated from, for example, a document recording fee, would be distributed. If the money is distributed by the County, would it be distributed on a County-wide competitive bid process? The administration of the funds may be of issue, and the City may want to adopt their own method for provision of housing on a local level.

**(10) Support Efforts from DLCD Workgroup for a Future UGB Amendment for Affordable Housing.**

Currently there is a DLCD work group that has been formed to address a lack of affordable housing within Oregon cities. As of today, a workgroup has been assigned the task of looking at Statewide Planning Goal 14, and its impacts on provision of affordable housing. There may be an opportunity for the City to be a "pilot small city" for new rulemaking that encourages affordable housing by lessening the requirements for a UGB amendment. At the time of this writing, staff is following up with DLCD representatives to see what criteria will be used for selection of pilot cities.

**(11) Appoint a City Housing Coordinator, or Appropriate Staff Person to Monitor Progress on Housing Benchmarks, Goals, and Policies.**

As the City grows and adopts strategies to ensure that housing choices are provided and incorporated into new developments, additional monitoring, negotiating, and possibly review of proposals for City housing funds (depending on which strategies the City adopts) will be necessary. In addition, discussions on a regional level will become more involved as Central Oregon in general continues to grow and grapple with housing-related issues. For these reasons, it may be valuable to appoint an existing staff person, or, as the City grows, create a half-time position to oversee all housing-related activity. An additional component would be to create a Housing Policy Board, or some other citizen committee, to provide input to the Housing Coordinator on housing-related issues.

**Pro:** One staff person is assigned to monitor and be a community liaison with Council regarding housing-related activity on both a local and regional level.



**Con:** Funding a position: Assigning an existing staff person to be the Housing Coordinator removes them from other planning-related duties and work, and may require a specialist in housing-related coordination rather than solely in land use planning.

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### **Barriers to Affordable Housing**

Providing affordable housing on a local level may be impeded by the City's own regulations, policies, and procedures. Many of Sisters' policies and development regulations may support other worthy community goals, but at the same time conflict with provision of housing that is attainable to a range of income levels.

In the following section, policies and procedures are discussed that may be providing barriers to developing affordable housing. In addition to removing barriers, instituting specific incentives for the development community to provide the needed housing types for the City of Sisters can be another effective means of fulfilling the City's housing needs.

**Barrier:** The Sisters Development Code allows a combination of single-family detached, single-family attached, and accessory dwellings in the R District. Additionally, the Code allows 2 and 3-family housing in newer subdivisions (those platted after 3/31/04).

**Discussion/ Impact:** Lower-density single family zones are being developed at higher densities than anticipated by the Sisters Comprehensive Plan. Although providing higher density within the City's UGB is consistent with state land use policies, infill development, smaller lots, and high lot coverages have created some negative connotations associated with increased densities.

**Remedy:** Providing zoning strictly for larger-lot single family, for medium-density townhomes and smaller lots, and for strictly multi-family development may create a less-dense community character, provided adequate provisions for buffering and other on-site development standards are incorporated into the Development Code.

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**Barrier:** Multi-family housing or 4-plexes are only allowed within the R-MFSD zone. Much of the City's existing R-MFSD zoned land is already developed with smaller-lot, single family development. Examples are Hayden Homes, the large infill areas along Jefferson and Washington Streets, and Tamarack Village.

**Discussion/ Impact:** Because much of the City's existing R-MFSD land is already developed with a combination of multi-family and smaller lot single family, there is a shortage of affordable multi-family units within the City Limits. The *Residential Inventory Analysis and Update* estimated a need for an additional 131 units of multi-family housing to meet the demand to year 2025<sup>1</sup>; combined with the fact that over 41 percent of households are renters in the City Limits, policies to encourage multi-family housing that is at least partially available to renters may be an objective to achieve.

**Remedy:** Examine areas of the City that may be suitable for additional multi-family development and initiate rezones and plan amendments if necessary.

**Barrier:** The Sisters Development Code contains provisions for smaller lots, lot size averaging, and for accessory dwelling units for all housing developments, whether affordable or market-rate. Additionally, open space requirements in Master Plan developments, lot coverage, parking requirements, and other off-site improvements are similar for both market-rate and affordable housing.

**Discussion/ Impact:** Combined with costs of land, materials, and other factors, there is not a strong incentive package for a developer to provide affordable housing.

**Remedy:** Develop an incentive package, incorporating a range of options for developers of affordable housing. The incentives could include a menu of choices including, but not limited to: Reduction in lot sizes, density bonuses, reduction in open space requirements in Master Plan developments, increased allowable lot coverage, and reduced parking and other off-site improvement requirements. Providing an incentive package exclusively for affordable housing and not market-rate may attract new housing choices.

**Barrier:** A number of uses that are not-residential related area allowed in the R District— including Public and Institutional (CU), Churches and places of worship; Clubs and Lodges, Government Offices and Facilities; Libraries, Museums, Community Centers, and similar uses; Public Parks and Recreational Facilities are all allowed within the R District.

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<sup>1</sup> The figure of 131 does not include the potential build-out of Sun Ranch or Three Sisters Business Park developments, which may provide a potential for 117 loft units in the future.

**Discussion/ Impact:** Allowing these non-residential uses within the R District may reduce the amount of land available for purely residential uses, reducing valuable residential land supplies.

**Remedy:** As part of the Non-Emergency Code Update, examine the allowable uses in the R District to ensure that non-residential uses are not absorbing some of the residential land inventories.

**Barrier:** Sisters' existing Maximum Lot Coverage factor is relatively high in comparison to other cities in Oregon.

**Discussion/ Impact:** Maximum Lot Coverage in the R District, according to the Sisters Development Code, is the same for single family detached, duplexes and triplexes, single family attached, and multifamily housing. The maximum lot coverage for all of these types of development is 60 percent. **Table 5** provides a comparison of varying lot coverage standards in the Residential District (typically for a low-density single family district) for a sample of cities in Oregon.

**Table 5. Comparison of Lot Coverage Standards, Various Cities**

City	Maximum Lot Coverage
Sisters	60 percent (includes all areas covered by a structure with surfaces greater than 30 inches above grade).
Springfield	45 percent (includes all impervious surfaces)
Bend	Low Density Residential (RL) 35% Standard Density Residential (RS) 50% for single story homes 35% for all other uses
Junction City	40%, unless an ADU is constructed, and then it is 50%.
Corvallis	No specific maximum lot coverage standard, but requires 50% "green area" instead.
Redmond	None, except setbacks, etc., must be adhered to. When in a cluster development, or PUD, then there are lot coverage standards.
Eugene	50% coverage for all lots excluding rowhouses. Rowhouse lots are 75%.

The impact of allowing higher maximum lot coverage is that density is higher, affecting community character and appearance, and also that larger houses are allowed on small lots, and neighborhoods become more and more densely developed. Larger houses

allowed on smaller lots may negate the impacts of smaller, more affordable lots, as developers are building larger houses.

**Remedy:** Amend the Development Code to provide a lot coverage formula that is lower for the single-family residential (R District) district. Allow higher lot coverage with multi-family or townhomes, but not with strictly single family, or allow a greater maximum lot coverage for single story and a smaller lot coverage factor for multi-story, reducing the impact of multi-story structures. Another remedy would be to reduce the maximum lot coverage for market-rate housing, but allow affordable housing providers to build to a maximum of 60 percent as part of an incentive package.

**Barrier:** The Planning and building permit review processes are sometimes lengthy, and can add to the cost of a housing project. Some communities, such as Bend and Ashland, have implemented a "fast track" approval process for affordable housing projects, or for multi-family rental projects.

**Discussion/ impact:** Oregon State Statutes stipulate that government review and approval/disapproval of development permits be completed within 120 days of the day an application is deemed complete. This is a relatively long amount of time for a housing provider, particularly one receiving federal or state funds for construction of an affordable housing project, to wait for approval of their project. Other cities have an expedited review process for affordable projects as part of an incentive package.

In "fast tracking" affordable projects a jurisdiction would have to ensure other applications did not inadvertently exceed the 120 day period.

**Remedy:** Offer an expedited review incentive for affordable housing projects. Another remedy would be to offer free pre-application meetings, so applicants can receive comments from Planning staff prior to investing too much into engineering and architectural fees early in a project.

**Barrier:** Sisters' does not have an annexation ordinance that requires the "one-in-ten" affordable units, only a Comprehensive Plan policy.

**Discussion/ impact:** Sisters' existing Comprehensive Plan Policy is not explicitly mandated through the Sisters Development Code.

**Remedy:** Amend the Development Code to add a section on Annexation requirements. Add provisions such as Ashland's example, and specify language for construction timing, clustering of units, percentage of AMI for each unit to be targeted towards, construction standards, cash-in-lieu fees, and other necessary infrastructure requirements.

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### **Next Steps in Development of the Sisters Housing Plan**

**Following are the next steps in the development and adoption of the Sisters Housing Plan:**

1. Have City Council discuss and recommend which strategies to adopt;
2. Adopt a targeted number of units to achieve during the planning period. And, if the City wants these units to be broken into income categories or strictly for those whose incomes are less than 80% of AMI;
3. Decide on Housing Goals and Policies (for example, "The City shall support creation and rehabilitation of multi-family rental housing") to be incorporated into an Action Plan for Housing;
4. Once the City decides upon preferred strategies, goals, and policies, develop the Action Plan for Housing, which would provide specific strategies the City will adopt with targeted times frames and action items for implementation of the strategies.

## Memorandum

**To:** Eric Porter, Planning and Community Development Director  
**From:** Susanna Julber, AICP, Sage Land Use Services  
**Date:** December 28, 2008  
**R.E.:** Sisters Housing Plan, Update of Buildable Lands Inventory



This memorandum summarizes residential building activity since adoption of the Sisters Comprehensive Plan in 2005, in order to estimate the number of approved and potentially-approved housing units in the City limits. Additionally, this memo discusses whether there is adequate approved and planned residential units to meet the anticipated demand for housing through the year 2025. This work has been completed as an accompanying document to the Sisters Housing Plan, which focuses on implementing strategies to ensure that the housing in Sisters is priced commensurate with the population's income level.

### Supply of Residential Units

In order to estimate the supply of residential units, platted subdivisions within the City were researched, in order to determine the total number of units approved, the housing mix, the number of building permits issued, and the number of units remaining to be constructed in each subdivision.

Based on this research, the combined total of units approved through subdivisions that have received final plat or other required planning approval is 1367 units. Of these, 240 are approved as multi-family units, and 1,127 are approved as single family units. Single family units include both single family attached (townhomes) and single family detached Housing. Of the total approved units, 539 building permits have been issued for construction, and 832 remaining lots have yet to file for building permits.

**Table 1. Estimate of Supply, based on Building Permits Issued as of November 26, 2008**

Subdivision/ Project	Total Approved Units in Subdivision	Single Family Units Approved	Multi Family Units Approved	Building Permits Issued	Remaining Units to be Constructed
The Pines	79	79	-	76	3
Buck Run	72	72	-	67	5
Coyote Springs	47	47	-	23	24
Village Cold Springs	414	222	192	57	357
Timber Creek	154	154	-	107	47
Creekside	22	22	-	16	6
Southwood	6	6	-	6	0
Aspenwood	26	26	-	12	14
Sisters Park Place	40	40	-	40	0
Pine Meadow Village	60	60	-	48	12
Five Pine Residential	10	10	-	0	10
Infill in Davidson Addition	150	150	-	28	122
Covey Run	7	7	-	5	2
Rolling Horse	3	3	-	3	0
Edge of the Pines	71	71	-	36	35

Subdivision/ Project	Total Approved Units in Subdivision	Single Family Units Approved	Multi Family Units Approved	Building Permits Issued	Remaining Units to be Constructed
Cottage Grove	9	9	-	0	9
Saddlestone	85	85	-	3	82
Village at Five Pine	24	24	-	0	24
Cascade Cottages (Sisters TMK)	8	8	-	8	0
Village Meadows- Aspen Brothers	80	32	48	0	80
Other	-	-	-	4	
<b>Total Lots/ Units</b>	<b>1367</b>	<b>1127</b>	<b>240</b>	<b>539</b>	<b>832</b>

Source: City of Sisters Planning and Building Permit data.

**Table 2** provides a summary of projects that have received preliminary approval, but have not been through a final approval process. A total of 525 units are potentially approved for the City, with 159 designated as single family, and 366 designated as multi-family. Using both approved and units that have received preliminary approval, there is a potential for 1892 housing units in the City.

**Table 2. Potential Projects, which have Preliminary Plat, Master Plan, or Site Design Review Approval, but have not yet been through Final Plat or Final Approval.**

Subdivision/ Project	Total Approved Units in Project	Single Family Units Approved	Multi Family Units Approved	Remaining Units, to be Constructed
North Park Commons	125	62	63 (1)	125
Sun Ranch	105	45	60	105
Three Creeks Crossing	28	28	-	28
Black Butte Crossing	243	-	243	243
Village at Five Pine	24	24	-	24
<b>Total Potential Units</b>	<b>525</b>	<b>159</b>	<b>366</b>	<b>525</b>

Source: City of Sisters.

(1) Total reflects 57 loft units and one 6-plex.

## Demand for Residential Units

Based on the Deschutes County Coordinated Population Forecast, 2000-2025, the City of Sisters will require **1,850** residential housing units in the year 2025 to meet the anticipated demand. **Therefore, using both approved and preliminarily approved units, the City has a sufficient residential inventory to meet the adopted 2025 demand, with 1892 total housing units.**

The existing Comprehensive Plan policies provide that 50 percent of these units will be comprised of moderate- to high-income single family, and 50 percent will be smaller lot, multi-family and infill development, targeted at lower income residents. Using both potentially approved and approved multi-family units, 773 multi family units potentially exist in the City, or 40 percent of the total units are multi-family. In other words, the total mix of units, and price, is not necessarily meeting the anticipated demand in terms of type of residential units needed.

**ATTACHMENT B  
DATA FROM OTHER JURISDICTIONS**

A total of 15 jurisdictions were contacted by staff following the August 6<sup>th</sup> Council workshop. The results of the contacts are as follows;

<u>City:</u>	<u>Population:</u>	<u>Approved Housing Plan?</u>	<u>In-house administration?</u>	<u>Housing Advisory Board?</u>
Bandon	3,300	Within the CP*	Yes	No
Bend	85,000	Yes	Jim Long, Housing Coord.	Yes
Cannon Beach	1,700	Within the CP*	Yes	No
Carmel, CA	4,500	Yes	Yes	No
Coquille	4,200**	Within the CP*	Yes	No
Gold Beach	1,900	Within the CP*	Yes	No
Joseph	1,100**	Within the CP*	Yes	No
Lincoln City	7,600	Within the CP*	Yes	No
Madras	6,300	Within the CP*	Yes	No
Newport	10,000	Within the CP*	Yes	No
Oakdale, CA	19,300	Yes	Yes	No
Port Orford	2,000	Within the CP*	Yes	No
Prineville	10,400	Within the CP*	Yes	No
Redmond	24,000	Yes; 2007	In-house (planning staff)	No
Vail, CO	4,500	Yes; 2007	Staff liaison (in-house)	Yes

\*Comprehensive Plan...

\*\* the population figures were taken from year 2003 census data provided by the Secretary of State's Office and have been rounded to the nearest 100. All other figures were provided by city staff for each jurisdiction except Oakdale, which was taken from the 2008 State of California Department of Finance.



## ATTACHMENT C – IMPLEMENTATION STRATEGIES

1. Develop Organizational Capacity to Implement Housing Programs and Strategies, and to Monitor Success in Achieving Housing Goals. This means that a city staff member would be named as the liaison between the Housing Advisory Board and the City Council, and would monitor the various programs and strategy implementations.
2. Develop a Housing Trust Fund, and use other existing City funding sources on a limited basis. Adopt authorization, through ordinance, for the City to implement a Housing Trust Fund (HTF). The HTF could be funded through a variety of potential sources, including but not limited to: sale of land acquired through liens on property; administrative charge for SDC deferrals; private donations; or a limited use of room taxes. Although offering these deferral programs entails increased administration for the City, it is a proactive means for the City to generate some start-up funds for the HTF, or some supplies of land, and, additionally, may stimulate some additional permits during hard economic times.
3. Develop a comprehensive incentive program for developers of affordable housing. Some incentives are already in place, and include smaller lots, taller structures, deferred SDCs, and so forth for qualified affordable housing providers.
4. Adjust the Comprehensive Plan target of “1-in-10” affordable units based on year 2010 Census data. This will require waiting for the 2010 census data to come out, probably in year 2012.
5. Examine existing public policies to ensure that regulations do not hinder affordable housing efforts. This has already begun with the Development Code update. The Comprehensive Plan should also be evaluated in the near future for consistency with goals and policies that don’t hinder affordable housing efforts, and that provide a broad range of housing choices city-wide.
6. Preserve existing housing stock by promoting existing housing programs and county-wide resources, which generally target up to 80% AMI. This would allow staff to take a more proactive role in assisting qualified residents with various grants and other programs that are available. The ‘weatherization’ program is one example of a program that has available funding.
7. Support and monitor Statewide efforts that encourage affordable housing. Staff member would track State programs and grant opportunities. An example is the ‘affordable housing pilot program’ that was never enacted, but which would have used 5 cities as test cases for expanding UGBs through a fast-track process to facilitate low income housing.

**ATTACHMENT D**  
**THE HOUSING ADVISORY BOARD**

Creating a Housing Advisory Board. The Housing Advisory Board ('Board') would be appointed by the City Council; would probably consist of an odd number of persons who would have staggered terms (positions 1 through 3 would be four year terms; positions 4 and 5 would have three year terms; positions 6 and 7 would have 2 year terms). The composition of the Board Members is at the discretion of the City Council, but may include a mixture of affordable housing advocates, members of COBA, members of the State Housing Board, and employees of other local jurisdiction's housing programs.

Board Responsibilities. The responsibilities of the Housing Advisory Board would likely include the following tasks:

- (a) establish the Board's operating principles and procedures,
- (b) provide input to City Council and staff on the needs of low and moderate income persons,
- (c) provide guidance and assistance with the development of criteria for the prioritization and selection of projects for Urban Renewal District (URD) or other acceptable funding sources,
- (d) annually evaluate applications for URD funding or other funding sources and make recommendations to the City Council regarding the allocation of available funds,
- (e) make recommendations to staff regarding furnishing citizens with information concerning the amount of URD or other funds available; eligible uses of funds, and recommended programs and projects,
- (f) conduct, in conjunction with staff, public meetings and hearings to allow citizens the opportunity to express opinions as to community needs which should be met with URD or other sources of funding,
- (g) review suggestions submitted by staff or the public regarding projects that could benefit low and moderate income persons or which would ameliorate slum and blight conditions,
- (h) provide guidance and assistance to City staff in the development of new strategies as new methods and programs become available, including short-term and mid-term action plans, and
- (i) evaluate the progress of Housing Plan programs and strategies toward meeting the needs of the City's low and moderate income populations.

The Housing Advisory Board would meet at regular intervals (i.e., once monthly). The schedule would be re-assessed in a pre-determined length of time, such as after 6 months. Progress of the Board will be provided by the Board Chair via report briefs to City Council through the Planning Staff.

The following sample resolution was obtained from the City of Bend to use as a template for the possible creation of an Advisory Board in Sisters;

## **SAMPLE RESOLUTION TO CREATE A HOUSING ADVISORY BOARD**

A RESOLUTION OF THE BEND CITY COUNCIL EXPANDING THE AUTHORITY OF THE CURRENTLY ESTABLISHED COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) AND HOUSING ADVISORY COMMITTEE, CHANGING THE REPRESENTED STAKEHOLDERS ON THE COMMITTEE AND RENAMING THE COMMITTEE THE "AFFORDABLE HOUSING ADVISORY COMMITTEE"

WHEREAS, City Council formed the CDBG Advisory Committee on June 4, 2003 by Resolution No. 2408;

WHEREAS, Council desires to add and broaden the scope of that committee to provide advice regarding affordable housing matters in addition to the responsibility delegated by Resolution No. 2409 over the City's Community Development Block Grant program;

WHEREAS, the need to develop effective affordable housing programs is rapidly becoming critical to the welfare of all aspects of the Bend community;

WHEREAS, the Council believes that it is appropriate to modify the make-up of this committee to include a range of stakeholders involved in developing and financing affordable housing;

AND WHEREAS, Council desires the rename this committee to reflect this expanded responsibility;

### **THE COUNCIL DOES RESOLVE AS FOLLOWS:**

1. ESTABLISHMENT AND PURPOSES. The CDBG Advisory Committee is renamed and shall be known as the "Affordable Housing Advisory" Committee and shall continue to be a standing committee of the Bend City Council to advise the City Council and City staff on the allocation of Community Development Block Grant funds and to recommend programs for the promotion of affordable housing, including programs to be funded by the "affordable housing fee" pursuant to Ordinance No. \_\_\_\_\_.

A. Responsibilities in these areas shall consist of the following responsibilities which were delegated pursuant to Resolution No. 2408:

- (a) establishing the Advisory Committee's operating principles and procedures,
- (b) providing input to City Council and staff on the needs of low and moderate income persons in the community,
- (c) providing guidance and assistance with the development of criteria for the prioritization and selection of projects for CDBG funding,
- (d) annually evaluating applications for CDBG funding and making recommendations to the City Council regarding the allocation of available CDBG funds,
- (e) furnishing citizens with information concerning the amount of CDBG funds available, eligible uses of funds, and recommended programs and projects,

(f) conducting, in conjunction with City staff, public meetings and hearings to allow citizens the opportunity to express opinions as to community needs which should be met with CDBG funding,

(g) reviewing suggestions submitted by City departments and staff regarding projects that would benefit low and moderate income persons or which would ameliorate slum and blight conditions,

(h) providing guidance and assistance to City staff in the development of annual Action Plans and five-year Consolidated Plans, and

(i) evaluating the progress of CDBG programs toward meeting the needs of the City's low and moderate income populations.

#### B. Affordable Housing Programs.

1. Affordable Housing Fee. The Committee shall recommend to Council programs it believes are deserving of funding by the City's affordable housing fee. In developing recommendations the Committee shall follow the notice and hearing procedures used by the Committee in reviewing requests for CDBG funding.

##### 2. Other Affordable Housing Matters.

(a) Considering and continuing the work of the City of Bend Affordable Housing Task Force,

(b) Representing the affordable housing interests of very low, low, and moderate income citizens and citizens with special housing needs,

(c) Providing guidance to City staff and the City Council in the establishment of housing goals, objectives, and priorities,

(d) Providing guidance and assistance to City staff in the analysis and revision of existing policies and the development of new policies that pertain to housing,

(e) Providing guidance and assistance to City staff in the development and implementation of housing programs and projects,

(f) Monitoring and evaluating the planning, programming, and implementation of the City's housing activities,

(g) Providing leadership in promoting public education and understanding on matters pertaining to affordable housing, and

(h) Coordinating activities with other City advisory committees, as well as other countywide and regional bodies on matters pertaining to affordable housing.

#### 2. MEMBERSHIP AND TERMS

The Advisory Committee shall be composed of ~~seven (7)~~ nine (9) members and additional ex-officio members as deemed appropriate. Committee members shall be appointed by the Mayor with the advice and consent of City Council and shall serve without compensation. The Advisory Committee, City staff and others may recommend citizens for appointment to the Board. Furthermore, City Council shall publicly announce the process for selection of Committee members, and interview interested persons according to the City's policies. No member of the Advisory Committee shall be employed by the City.

In selecting the members of the Advisory Board, the Council shall consider the following:

- All members shall have an interest in meeting the needs of very low, low, and moderate income populations in Bend
- ~~Two (2) members shall have professional, business, or advocacy expertise in housing (construction, real estate, and/or marketing)~~
- ~~One (1) member shall possess expertise or experience in addressing affordable housing issues~~

- ~~One (1) member shall possess expertise or experience in financial institutions~~
- ~~One (1) member shall possess expertise or experience in economic development~~
- ~~One (1) member shall represent low income, minority, handicapped or elderly interests~~
- One (1) member shall represent philanthropic organizations
- One member from the building and development community to be recommended by COBA (Position #1);
- one member from the Real Estate community to be recommended by COAR (Position #2);
- one member from the local business community to be recommended by the Chamber (Position #3);
- one member from the local affordable housing development community (Position #4);
- one member from the local lending community (Position #5);
- one member from a tenant organization (Position #6);
- one member from the State of Oregon Housing and Community Services (Position #7); and
- two at large members (Position #8 and Position #9).

Advisory Committee members shall serve for a period of three (3) years and shall be selected according to the City's policy for appointment to boards and committees. The ex-officio members shall serve at the pleasure of City Council. ~~To provide for staggered terms, the mayor shall initially assign four (4) members (Positions 1, 2, 3, and 4) to serve three-year terms, and the remaining three (3) members (Positions 5, 6, and 7) to serve two-year terms.~~ **To provide for staggered terms, the mayor shall initially assign three members (Positions 1, 4 and 9) to serve three years, three members (Positions 2, 5 and 7) to serve two years; and three members (Positions 3, 6 and 8) to serve 1 year.** For the purpose of administering the terms of the committee, all terms shall run from ~~January 1~~ June 30 and expire on ~~December 31~~ July 1 of the respective year and each position on the Committee shall be assigned a number. After the initial ~~7~~ 9 appointments, all members shall be appointed for full three-year terms. Vacancies shall be filled by appointment by the Mayor with advice and consent of the City Council for the remainder of the unexpired term. Advisory Committee members may serve for no more than two consecutive terms.

ADOPTED by the City Council this and approved by the Mayor on this \_\_\_\_\_ day of June, 2006.

YES:                      NO:

\_\_\_\_\_  
Bill Friedman, MAYOR

ATTEST:

\_\_\_\_\_  
Patricia Stell, City Recorder

CITY OF SISTERS  
COMMUNITY DEVEL. DEPT.  
PO BOX 39  
SISTERS. OR 97759



ATTEN: PLAN AMEND. SPECIALIST  
DLCD  
635 CAPITAL ST NE, SUITE 19  
SALEM, OR 97301-2540