



**Pendleton Solutions
Declaration of Cooperation
June 21, 2011**

Background

Pendleton is experiencing a shortage of housing. Unlike some other areas of the state and country that have an abundance of properties available, Pendleton has a low residential vacancy rate. Many current employees travel great distances to work in the community. Pendleton businesses have the potential to expand their operations but lack access to an adequate community-based workforce due in part to an inadequate supply of available housing. The commute is a costly burden for employees, decreases their available income, and effects recruitment and retention for local businesses. And rising fuel costs are only adding to the commuter's cost burden. A recent survey of the top employers in Pendleton (representing over 3600 employees) estimates that:

- 30% of the workforce commutes into Pendleton
- 62% of the employers state that lack of housing impedes their ability to grow
- Pendleton employers could produce an additional 495 jobs in the next 3-5 years

The Workforce Housing Problem

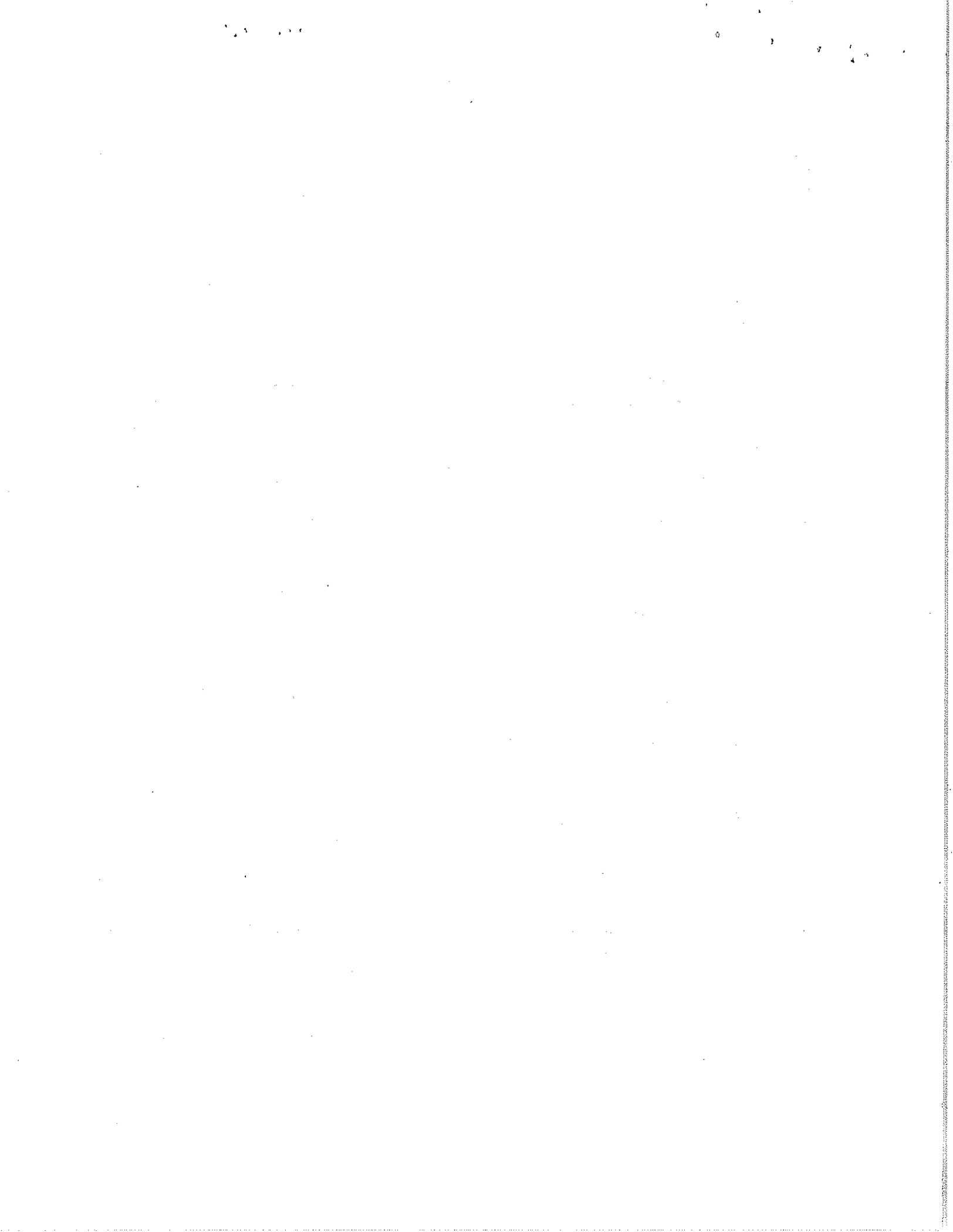
There is consensus that Pendleton has a shortage of single family houses and market-rate multifamily units for home ownership and rental at all income levels. Local businesses have stated that often their employees are earning just a little too much to qualify for government-supported **affordable housing, which serves households earning up to 60% of Area Median Income (AMI)**. According to the data from HUD and Oregon Housing and Community Services (OHCS) about income restrictions for **Affordable Housing Programs**:

Umatilla County AMI is: \$36,900 (for 1 person); \$42,100 (for 2 people)

60% of AMI is: \$22,140 (for 1 person); \$25,260 (for 2 people)

To access government-supported **affordable housing programs**, a single employee must earn below \$11/hour or \$22,000. **Affordable housing** 1 bedroom units are renting for maximum \$497/month and a 2 bedroom unit is \$636/month. (The focus of this effort is not **affordable housing** but this information is used as context.)

Ideally, the market should respond to meet the housing need for working households in Pendleton that are earning above \$11/hour. Using the standard 30% of income for housing costs, a worker earning



\$12/hour or \$24,000 could pay \$600/month for housing costs without being considered *cost-burdened* (defined as spending above 30% of income on housing).

The market hasn't responded to this need in Pendleton because:

1. Lack of local developers with capacity and credit worthiness to take on larger scale projects
2. Limited amount of residentially zoned land within the Urban Growth Boundary available and ready for development:
 - a. Difficulty finding motivated sellers "willing" to sell land for development at a price the market will bear
 - b. Pre-development costs such as infrastructure and utilities are very high due to topography and shallow soils
 - c. Potential issues regarding "buildable" land both within and immediately outside the UGB where future expansions may be considered
3. Market rate multi-unit developments are hard to pencil out
 - a. High cost of construction/materials
 - b. Small scale in rural areas - not enough units to spread out the costs
 - c. Market rents are not high enough in rural areas to cover costs
4. Developers willing to build housing for middle and lower-middle income households are focused on building **affordable housing** for low-income households using government subsidies

Oregon Solutions approached Pendleton leaders about developing a *City Solutions* pilot program to demonstrate how a community might establish a sustainable program to address community problems, issues, or opportunities. The successful outcomes and elements from the pilot program would help institutionalize a "city solutions" model that would be sustained to continue accomplishing local projects over time, and could be offered to other communities. The Progress Board identified housing as a key area of concern for the community and one that Round Up City Development Corporation (RDCDC) has been working on. The inadequate supply of market rate housing for a large segment of the population has been a problem for years in Pendleton.

In November 2010, Mayor Houk and the Pendleton City Council, officially designated this effort as *Pendleton Solutions* and appointed a neutral convener, John Turner, President of Blue Mountain Community College, to bring together various parties to find solutions to the workforce-housing problem.

Goals established for the Pendleton Solutions Team:

- (1) Short term: Multifamily dwellings on Tutuilla Road
- (2) Mid-term: Single-family homes
- (3) Consider the Urban Growth Boundary and if there is a need to expand outward or reallocate lands already inside the UGB

The Solutions Team (see attachment A) began meeting in December 2010 to tackle this problem.

Outcomes to date include:

Short term: Multifamily dwellings on the Tutuilla property

The problem –initially developers did not submit proposals to the City’s RFP to develop the 7 acre parcel for multifamily residential.

Members of the team conducted outreach to several developers for feedback on the RFP. This one-to-one contact proved helpful to raise awareness for Pendleton’s need for more housing. Feedback from developers indicated a market study was needed to provide concrete data and clear evidence of Pendleton’s housing need. City of Pendleton, RCDC, CTUIR, Keystone RV, Barhyte Specialty Foods and the Realtor’s Association contributed funds to hire a consultant for a comprehensive market analysis.

Several developers have since expressed interest in the Tutuilla property. A developer’s proposal was approved by City Council on May 2nd 2011; a preliminary site plan was approved by the Planning Commission on June 2nd 2011.

Midterm: Single Family Housing

The problem was clarified as a lack of developers with capacity to build multiple homes; limited landowners willing to develop; and limited residential land for sale.

A goal was developed and then broadened from high end, executive-level housing to include housing at all income levels. The Solutions Team identified priority opportunities and contacted landowners to determine if they are “willing” sellers. This resulted in discussions with some landowners who are considering selling and developing their property. Key properties include:

- City-owned property by the old gun range
- Galloway subdivision
- Goad, Rees, Whitney properties

The next steps are to continue advertising the need for workforce housing by providing information to developers. The key is to get the right information in front of developers and keep that information up to date.

To continue taking action to meet the workforce housing needs in the community, there are other opportunities such as:

1. Complete Periodic Review of Comprehensive Plan and Zoning Regulations
2. Rezone existing lands within the UGB to encourage development
3. Work with key partners on a Regional Housing Strategy based on the Market Assessment
4. Explore partnerships for creative development and financing, perhaps involving key employers
5. Explore modular homes as an option for affordability

Long term: Consider expanding or amending the UGB

The city is in Periodic Review which requires reviewing and updating the Housing (Goal 10) element of the Comprehensive Plan. Due to issues with available data, the City was unable to create a Buildable Lands Inventory (BLI) in the '09-11 Biennium; therefore the Goal 10 Housing Update has been postponed to the '11-'13 Biennium. The City does have a strategy developed in conjunction with the Oregon Department of Land Conservation and Development, and reflected in the Periodic Review Work Program, to meet Statewide Planning Goal 10 – Housing, which requires in part... *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.* Certain elements of that strategy will be complete in 2011; however, as noted, completion of the Housing work task will occur in the '11-'13 Biennium.

Activities planned to close the gap between housing need and supply include:

- Continue developer recruitment for single family housing
- Modify zoning on land already inside the UGB to encourage development
- Apply for a RARE intern to complete the Buildable Lands Inventory
- Maintain an adequate supply of buildable residential land within the Urban Growth Boundary and update planning and zoning regulations to ensure appropriate development of that land.
- Work with Umatilla County on future housing opportunities when UGB expansions occur
- Consider a small fee per lot or other revenue source for ongoing housing & planning purposes

2011-2012 City of Pendleton Action Steps

1. Identify constraints to residential property development within the UGB:
 - a. Utilities and services
 - b. Unwilling sellers
 - c. High development costs resulting from slope, shallow soils, floodplain, etc
 - d. Zoning
2. Talk to property owners within the UGB about long-term development plans
 - a. Develop an education/outreach strategy to encourage residential development
 - b. Consider a "trade" to remove the land of unwilling property from the UGB and add to the UGB land of willing owners that is suitable for workforce housing
3. Explore incentives for developing workforce housing within the UGB
 - a. Code incentives
 - b. Financing incentives
 - c. Other incentives
4. Utilize a Resource Assistance for Rural Environments (RARE) intern to assist in implementation
 - a. Complete the Buildable Lands Inventory
 - b. Analyze development incentives/options
5. Identify and prioritize buildable lands where site control is not an issue
 - a. Develop City-owned property - the old Gun Range
 - b. Issue a designated number of RFP's
6. Explore opportunities to utilize programs within the Urban Renewal Area and/or establish other Urban Renewal Districts within the community with the primary goal of workforce housing
 - a. Identify "blighted" areas and target a designated number of properties this year
 - b. Work with those property owners for re-development opportunities
 - c. Consider opportunities to expand the Urban Renewal Area
7. Pursue opportunities to collaborate on GIS needs
8. Develop agreements with willing property owners of land within the UGB to annex their land to the City to be used for workforce housing

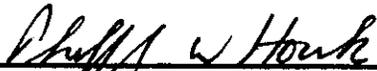
The Solutions Team will support the City as the lead implementing entity by participating as needed.

John Turner will reconvene the Solutions Team, with support from the City of Pendleton and Oregon Solutions, in January 2012 to assess progress on the action items.

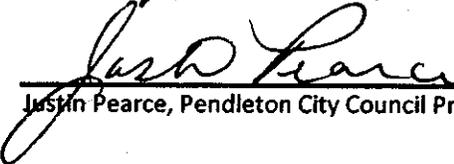
Pendleton Housing Solutions team members recognize that the solutions to this problem require a collaborative approach and an integration of resources to sustain the effort. The Agreements that follow, while not legally binding, represent a public statement to support ongoing efforts and intent to fulfill commitments made as part of the Pendleton Solutions collaborative process.

The City of Pendleton

The City of Pendleton will take the lead on implementing the Action Steps. The City will provide funding and oversight for a RARE intern in 2011-2012 to assist with workforce housing needs. On a regular basis, the City will maintain and update necessary data, including GIS/CAD and the market assessment and will coordinate a public information campaign about Pendleton's housing needs and opportunities.



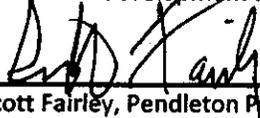
Phil Houk, City of Pendleton Mayor



Justin Pearce, Pendleton City Council President

Pendleton Planning Commission

Pendleton Planning Commission will engage with the community and City staff on planning activities including review of residential zoning codes (as part of Periodic Review) and rezoning of land for residential development as requested.



Scott Fairley, Pendleton Planning Commission Chair

Round Up City Development Corporation (RCDC)

RCDC will contribute \$3,000 to support a RARE intern in 2011-2012 to assist with workforce housing needs in the community and continue to work with the City to support housing opportunities.



Kevin Hale, President

Greater Eastern Oregon Development Corporation (GEODC)

GEODC will assist with grant opportunities to support workforce housing. GEODC will provide expertise in grant administration, data collection and surveying, as needed.



Melisa Jo Drugge, Executive Director

Umatilla County

Umatilla County is supportive of Pendleton's efforts to increase housing inventory, and will participate in a technical advisory capacity as staff time allows.



Larry Stevens, Board of Commissioners

Pendleton Chamber of Commerce

The Chamber of Commerce will partner with The City to assist with a public information campaign about Pendleton's housing needs and opportunities.



Leslie Carnes, Executive Director

Confederated Tribes of the Umatilla Indian Reservation (CTUIR)

CTUIR will seek opportunities to work with the City of Pendleton on workforce housing. Workforce housing will be a topic on our Quarterly Joint Meetings agenda. CTUIR will also explore ways to work collaboratively with the City and other agencies on Geographic Information Systems (GIS).



Dave Tovey, Executive Director

Pacific Power

Pacific Power will contribute funds to support a RARE intern in 2011-2012 to assist with workforce housing needs in the community and consider providing financial support for collaborative GIS.



Bill Clemens, Regional Community Manager

Blue Mountain Community College

BMCC will provide a source of trained GIS staff & reconvene the Solutions Team in January 2012 to review the accomplishments of the Team.



John Turner, President

Energy Trust of Oregon

The Energy Trust of Oregon will address New Home Builders/Buyers desire for quality homes with lower utility costs, including:

- Reduce verification costs for Builders in Energy Performance Score (EPS) Program for New Homes, this program includes energy modeling of plans and completed homes, builder support and cash incentives for efficiency and energy rating for home buyer. Provide No-Cost Early Design Charrettes [Planning Sessions] to EPS builders and their key subs; this will make energy efficient homes as affordable as possible. Provide support/training/coaching for subcontractors working on Energy Performance Score (EPS) homes as consistent with Energy Trust programs
- Offer Small Home Design Workshop in Pendleton, fall 2011, with cost-effective strategies to deliver beauty, quality and energy efficiency for greater comfort and lower operating costs to the workforce housing gap. Provide early design and other cash incentives to design/build energy efficiency multi-family structures as consistent with Energy Trust programs.

Improve quality and lower utility costs of existing Single and Multifamily homes.

- Continued media outreach, events and demonstrations to increase awareness of free home assessment services, weatherization measures, cash incentives and availability of qualified local contractors. Continue recent ramp-up of information and assessment services to multi-family project owners/property managers to improve energy efficiency and lower utility costs to occupants.

Generally Support Pendleton Housing Staff and Housing Initiative

- Provide no /discounted cost training slots in design and energy efficiency workshops for Housing Intern and key City Staff. Provide city website with relevant links to energy efficiency information, case studies, and assessment services and cash incentives.

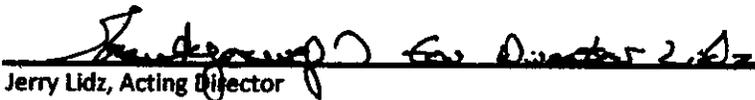
Diane Ferington, Residential Homes Lead



Oregon Department of Land Conservation and Development

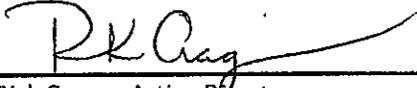
DLCD will continue to support the city with grant funding as those funds are available, consistent with grant allocation criteria; and, continue outreach and technical assistance through the Regional Representative's Office, Regional Solutions Team and coordination with other State Agency Partners.

Jerry Lidz, Acting Director



Oregon Housing and Community Services

OHCS will continue to support affordable housing in Pendleton with grant and loan funding as available via the Consolidated Funding Cycle application process and via such other OHCS programs that may be available; OHCS will continue to provide outreach and technical assistance through the Regional Advisor to the Department, the Regional Solutions Team and ongoing coordination with other state agency partners.



Rick Crager, Acting Director

Attachment A: Pendleton Solutions Team Members and Interested Parties

John	Turner	john.turner@bluecc.edu	Blue Mountain CC
Phillip	Houk	phouk@q.com	Mayor
Larry	Lehman	larry.lehman@ci.pendleton.or.us	City Manager
Larry	Dalrymple	larryd@ci.pendleton.or.us	Airport and Economic Development
Evan	MacKenzie	evan.mackenzie@ci.pendleton.or.us	City Planner
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Susan	Bower	wabower@earthlink.net	Urban Renewal Consultant
Ray	Schoolcraft	schor@keystonerv.com	Keystone RV
Jef	Farley	jef@farleyco.net	Realtor
Jim	Whitney	jim@whitneylandcompany.com	Realtor
Susan	Badger-Jones	sbadgerjones@eoni.com	Energy Trust of Oregon
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Scott	Fairley	scott.g.fairley@state.or.us	State Economic Development Coordinator
Bruce	Buchanan	bruce.buchanan@state.or.us	State Housing Representative
Grant	Young	Grant.S.Young@state.or.us	State Land Use Planning Representative
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Tyson	Furstenberg	tyson@mccormackconstruction.com	Contractor
Bill	Clemens	william.clemens@pacificorp.com	Pacific Power
Stephanie	Seamans	StephanieSeamans@ctuir.org	Confederated Tribes of the Umatilla Indian Reservation
Geri	Sterward	geri.steward@or.usda.gov	USDA Rural Development
Melisa	Drugge	melisa.drugge@geodc.net	Greater Eastern Oregon Development Corporation
Stan	Stradley	ucha@uci.net	Umatilla County Housing Authority
Kevin	Hale	khale@eotnet.net	Round Up City Development Corporation
Randy	Thomas	pendletonrup@gmail.com	Pendleton Roundup and Chamber of Commerce
Kim	Travis	ktravis@pdx.edu	Oregon Solutions Project Manager

