

# Tax Increment Financing and Housing Affordability

**Ali Danko**  
**Tiberius Solutions**

OEDA Fall Conference

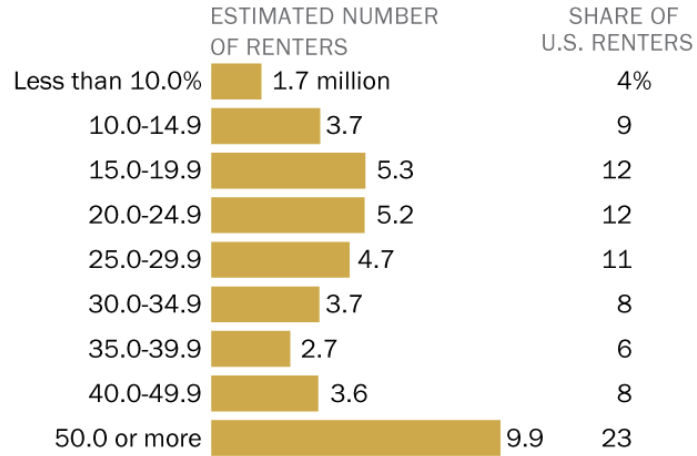
October 10, 2022



**TIBERIUS**  
**SOLUTIONS**

## How much of their incomes American renters spent on housing costs in 2020

Share of renters spending \_\_\_\_ % of their income on housing costs in 2020

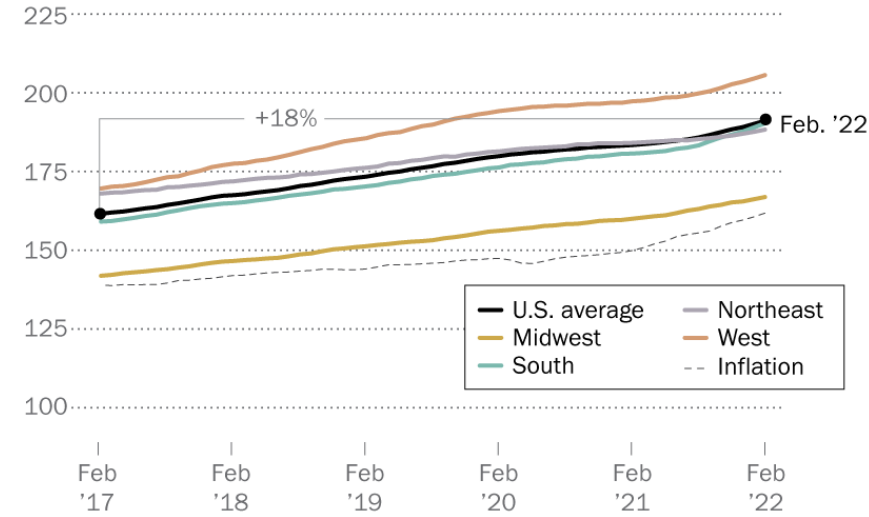


Source: U.S. Census Bureau, American Community Survey.

PEW RESEARCH CENTER

## The average U.S. rent has risen 18% over the last five years

Consumer price index for rent of primary residence in ...

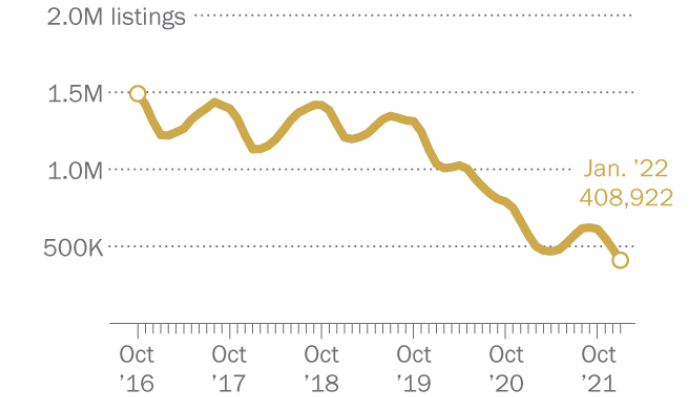


Source: Federal Reserve Bank of St. Louis.

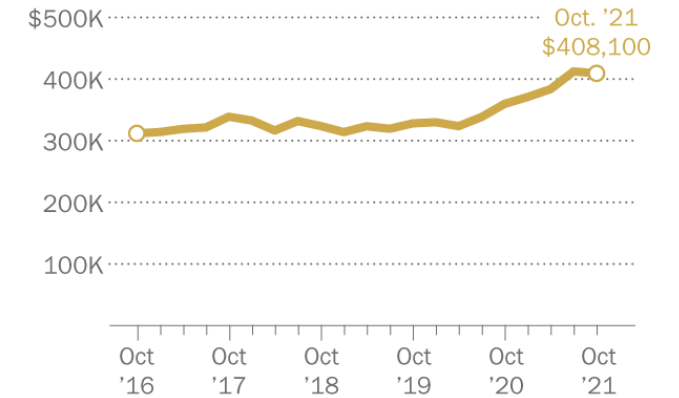
PEW RESEARCH CENTER

## Home inventory is down, home prices are up

Number of U.S. active housing listings, by month



Median U.S. home sale price, by fiscal quarter



Source: Federal Reserve Bank of St. Louis.

PEW RESEARCH CENTER



PEW Research Center, Key facts about housing affordability in the U.S., March 2022

St. Louis Fed, 30-Year Fixed Rate Mortgage Average in the United States, Sep 2022

*“Across the country, historic and ongoing displacement, exclusion, and segregation continue to prevent people of color from obtaining and retaining their own homes and accessing safe, affordable housing...For centuries, structural racism in the U.S. housing system has contributed to stark and persistent racial disparities in wealth and financial well-being.”*

**Center for American Progress**

“Systemic Inequality: Displacement, Exclusion, and Segregation: How America's Housing System Undermines Wealth Building in Communities of Color” 2019

# Existing Tools

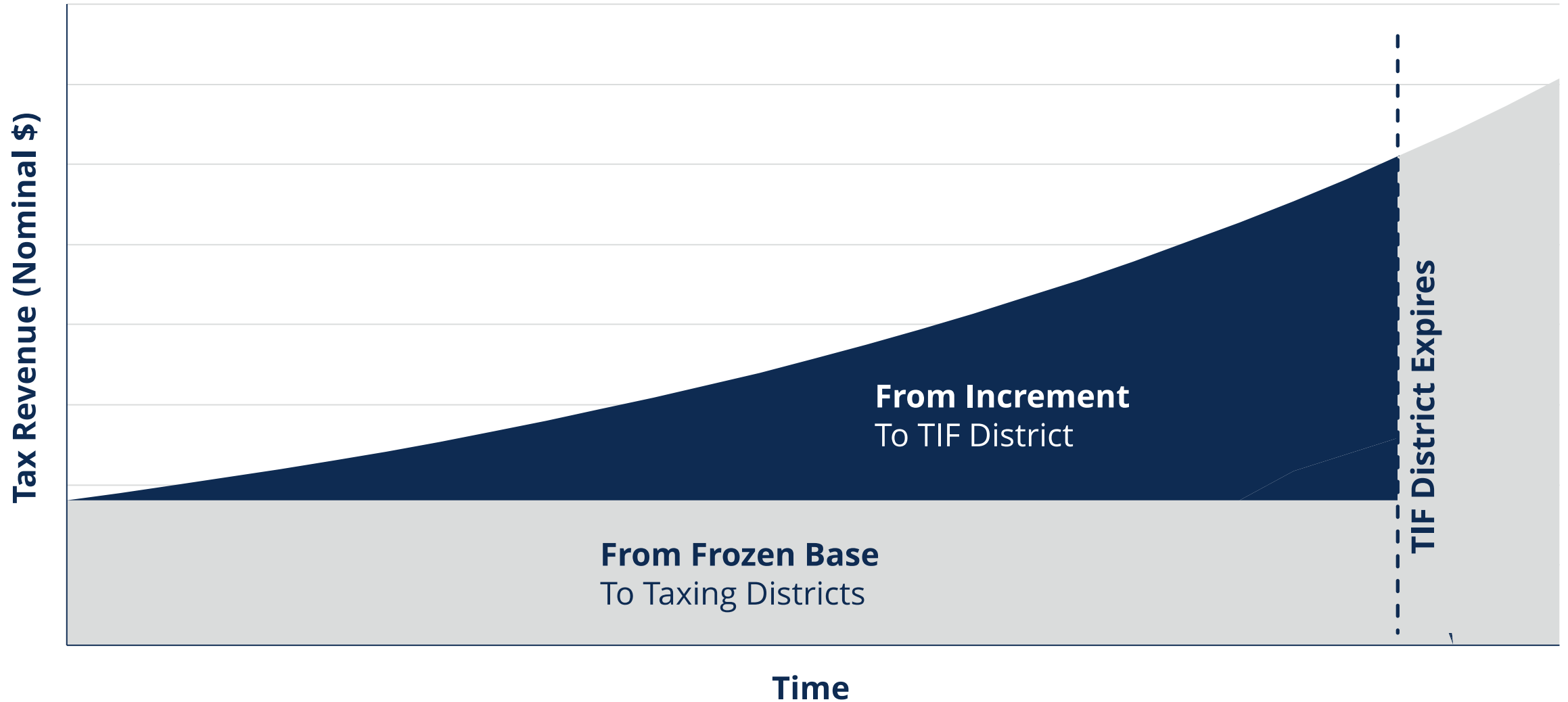
Land Use Tools	Funding Tools
Land Banking	Construction Excise Tax
Land Trusts	Linkage Fees
Reduced Parking Requirements	Community Development Block Grants
Incentives for Space-Efficient Housing	Low Income Housing Tax Credit
Inclusionary Zoning	HOME Investment Partnerships Program
Multiple-Unit Limited Tax Exemption Program	Local Income Weatherization Program
Vertical Housing Tax Credit	Oregon Affordable Housing Tax Credits
General Fund Grants or Loans	Local Innovations and Fast Track (LIFT) Housing Program

*Source: ECONorthwest, Affordable Housing Development Tool Descriptions, 2017*

# How can TIF support housing affordability?



# Tax Increment Financing



# Example: City of Salem

- Single property URAs
- Multifamily developer approaches City with permit
- Rebate of taxes paid to make a portion of units affordable

# Example: City of Hermiston

- Single property URA
- 1,300 proposed housing units (variety of housing types)
- TIF will be used to pay for parks and other infrastructure to incentivize development of housing
- SDC rebates for workforce housing



# Example: City of Madras

- Larger URA boundary
- Incentive for single family and multifamily housing development equal to TIF revenue generated over 7 years, finalized through a development agreement between the developer and City
- Three incentive options: 50% lump sum up-front, 100% rebate paid annually, infrastructure improvements built by City up to 100% of incentive

# Example: City of John Day

- Larger URA boundary
- New home incentive: rebate equal to 7% of the increase in AV and payment of SDCs
- Remodel incentive: Rebate equal to 15% of the increase in AV on substantial improvements
- Only levy revenues to pay for incentives/administration each year

# How can TIF support housing affordability?

TIF offers flexibility to structure a program that aligns with a community's desired outcomes.

**Variety of housing:** multifamily/middle/single family, rent/own, low-income/market-rate

**Variety of programs:**

- Site-specific, single property URAs and larger areas
- Tax rebates to developers long-term
- Upfront incentives for developers
- SDC waivers
- Covering predevelopment or infrastructure costs

# Key Considerations

- Conflict between tax abatements and TIF generation
- Timing of available funding
- Cannot rebate 100% of taxes paid through TIF
- Administrative burden
- Prevailing wage
- Establishing clear parameters

# Thank you!

**Ali Danko**

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**TIBERIUS**  
**SOLUTIONS**



# Affordable Housing @ NE 25<sup>th</sup> Street

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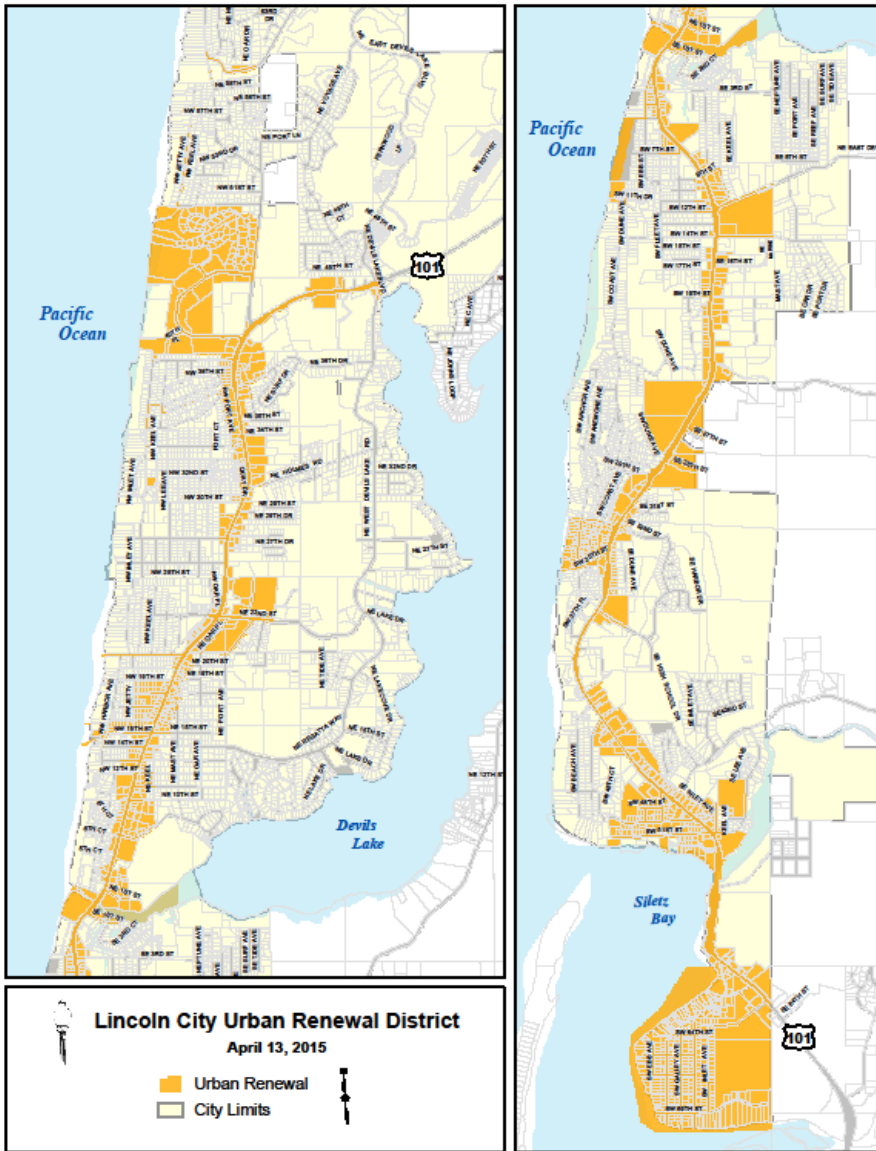


# URA Background

- City decision to adopt an Urban Renewal (TIF) Area in 1988:
  - Maximum Indebtedness \$43M
  - Commercial corridor along Highway 101
  - Community Visioning x 4
  - 2009 Economic Development Assistance added to Plan
  - 2014 Workforce housing development assistance added to Plan
  - 2021 Last of 32 years TIF collection







- 6 original Business Districts:
  - Wecoma Beach
  - OceanLake
  - DeLake
  - Nelscott
  - Taft
  - Cutler City
- 1964 Incorporated as Lincoln City

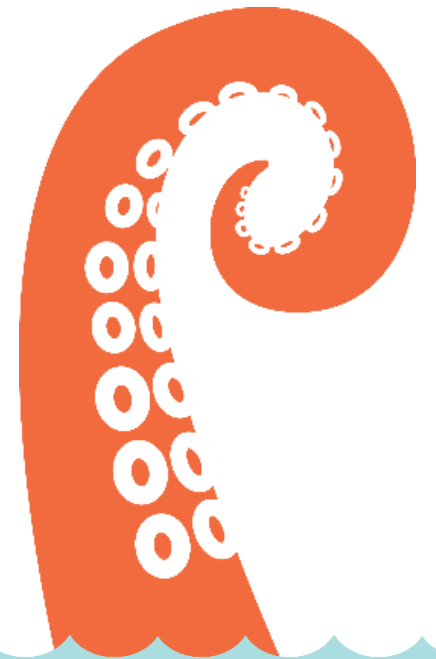


# Housing Background

- 2017 City's Housing Needs Assessment (HNA)
  - City had 5,734 housing units in 2014 (median home value \$212k)
  - 20 years of averaging 91 new housing units per year (1814 total)

Type	2016	2017	2018	2019	2020	2021	6-Year Total (2016-2021)	2035 Forecast
								Scenario B (Needed Units; P.27 HNA)
Single Family Detached	42	49	53	49	43	46	282	940
Townhouse	0	0	0	0	0	2	2	0
ADU	0	3	1	0	1	0	5	0
Manufactured Home	5	6	3	6	7	6	33	185
Duplex	4	8	4	0	1	2	19	205
Multifamily (3+)	29	0	30	0	42	10	111	484
Total	80	66	91	55	94	66	452	1814
Annual Average (20 years)								91
Difference from Avg - Scenario B	-11	-25	0	-36	3	-25	-94	

- 2022 HNA Update (median home value \$440k)

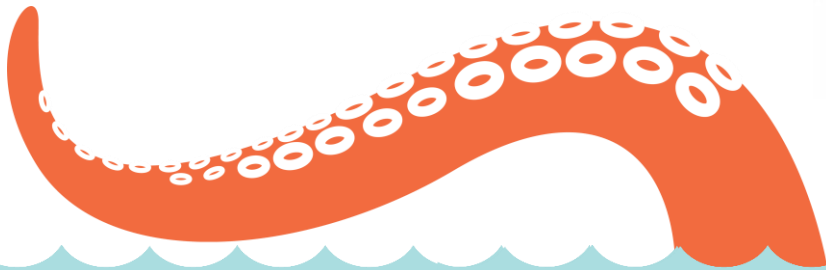


# First Brownfield Project

- 2001 – URA acquired Ballard Motors Building (1936)
- 2003 – No Further Action
  - Soils removal
  - Hydraulic vehicle lifts decommissioned
  - Ground water monitored
- 2005 – Lease to Lincoln City Center



BALLARD MOTORS in Taft---Dodge---Dodge  
Trucks---AA Towing Service.





Glass Art Studio

Glass Art Studio

5104



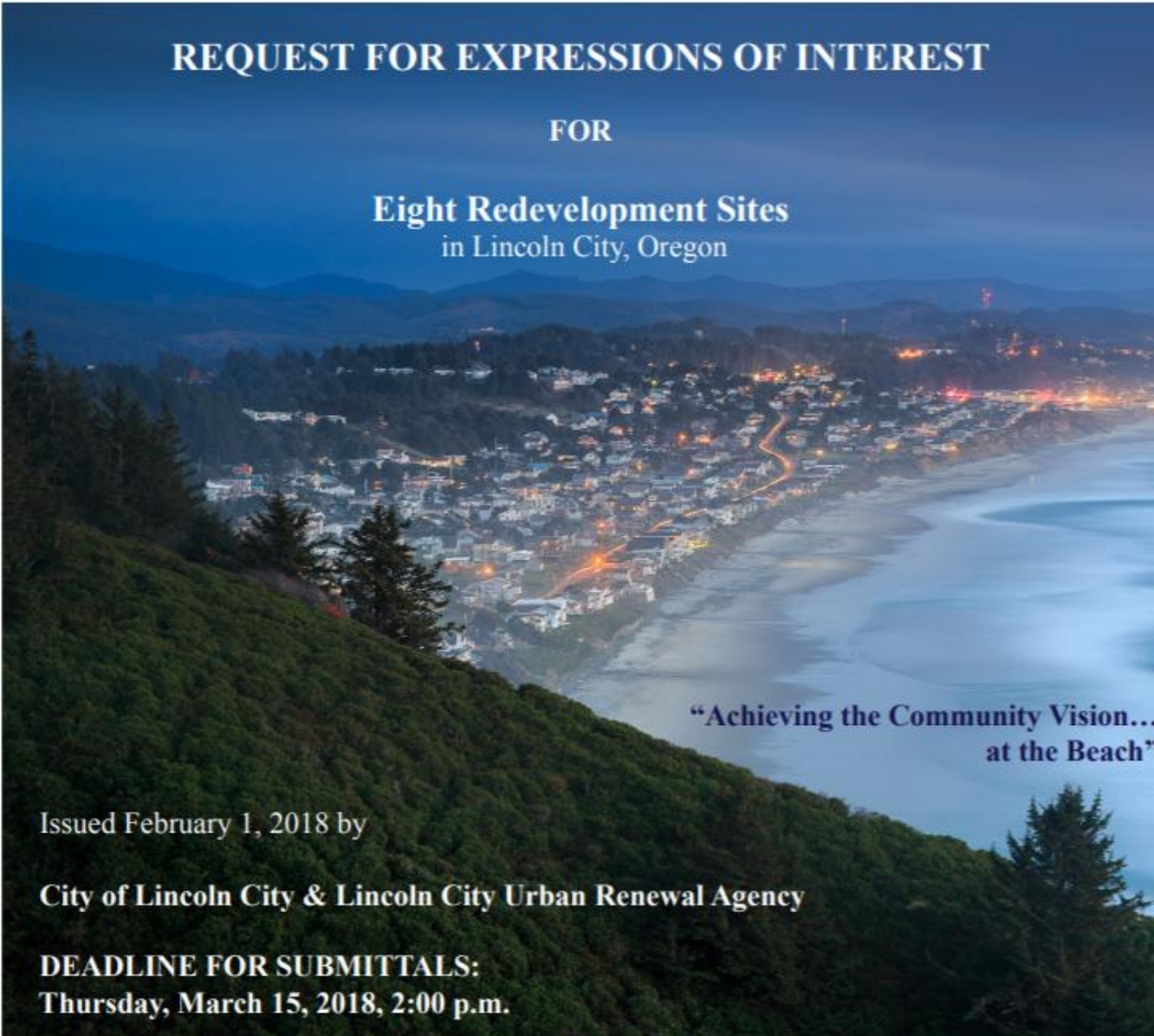
2010 Goodwill Industries



# Brownfield Program

- Environmental Site Assessments (Business Oregon Grant) – Pre-Development for public properties
  - Underutilized Property Survey (Business Oregon Integrated Planning Grant)
  - City Ec Dev Tool for Pre-Development (could include Brownfield work)
  - 2020 EPA Community Wide Assessment (CWA) Grant Attempt #1 (\$300k)
  - 2021 EPA CWA Grant Awarded (\$500k)
  - Future – consider Land Bank Authority (County or City)
- 

- 2018 Development Offering of 8 public properties
  - 3 residential properties (City)
  - 1 commercial existing building (City)
  - 4 commercial/mixed-use properties (URA)
  - Additional commercial property identified
- 23 Responses of Interest
  - 6 properties in negotiations
  - 1 property under construction (NE 25<sup>th</sup> St)



**REQUEST FOR EXPRESSIONS OF INTEREST**

**FOR**

**Eight Redevelopment Sites**  
in Lincoln City, Oregon

*“Achieving the Community Vision...  
at the Beach”*

Issued February 1, 2018 by  
**City of Lincoln City & Lincoln City Urban Renewal Agency**

**DEADLINE FOR SUBMITTALS:**  
Thursday, March 15, 2018, 2:00 p.m.

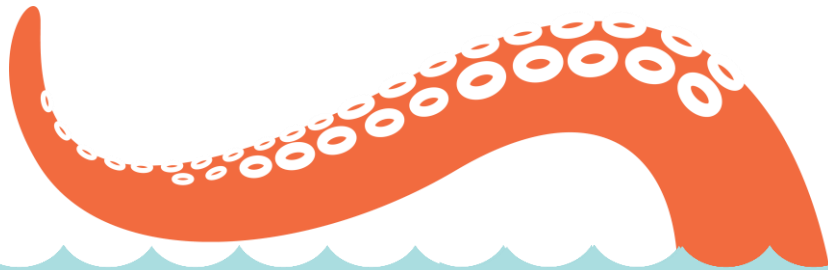


# Affordable Housing @ NE 25<sup>th</sup> St

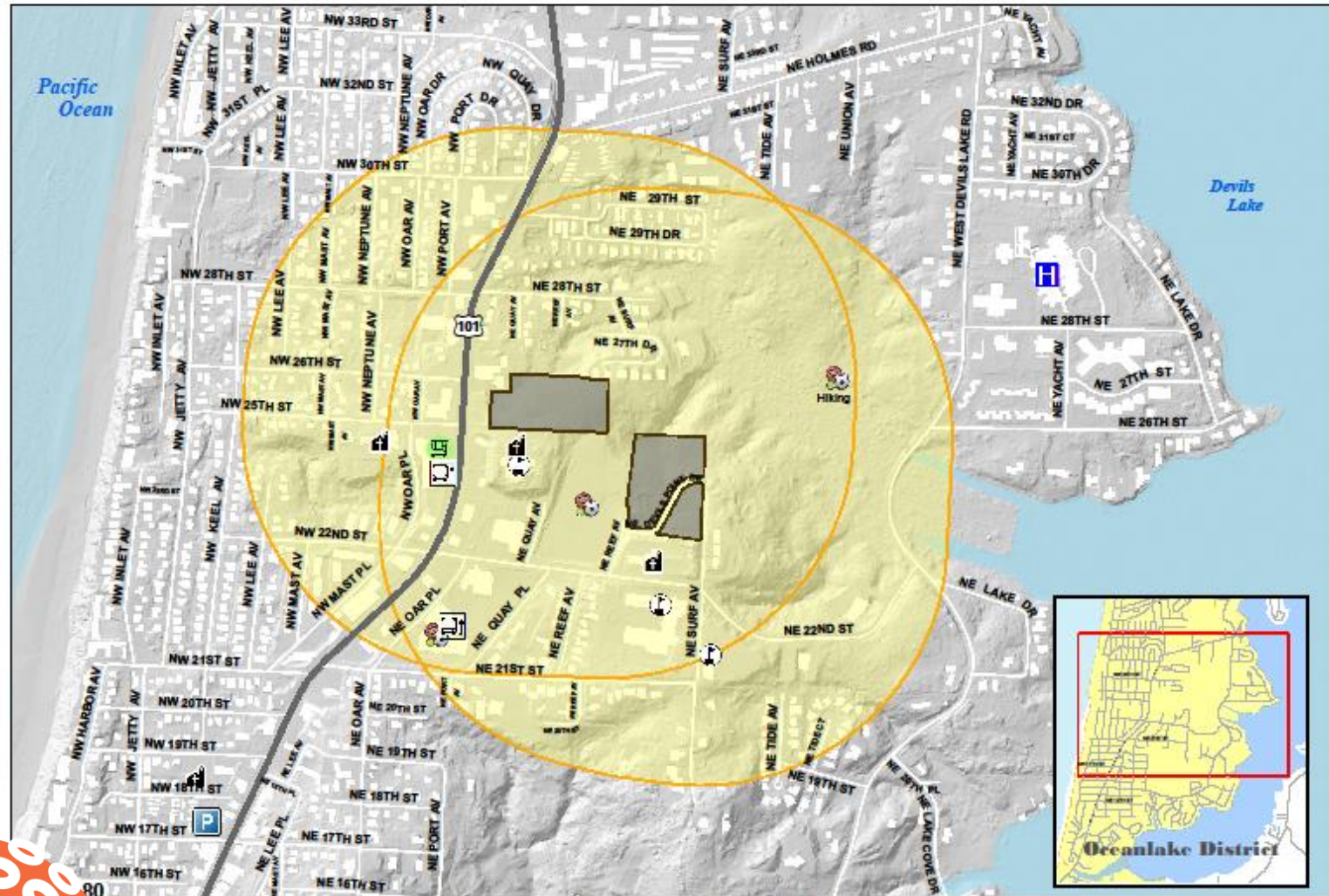


# Site Conditions

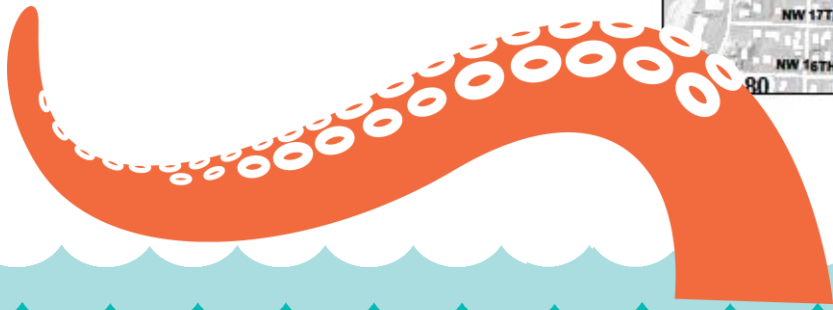
- City-ownership (4 Acres)
- Zoned Multi-Family
- Historic use – residence, convalescence home, hospital
- Archaeological considerations
- Brownfield assessment – Phase 1
- Developer Selection – Innovative Housing Inc. (IHI)
- Road access challenges
- IHI State Funding Attempt #1 – 80 units



- Located on public transit route
- Near
  - grocery,
  - parks,
  - community/rec center,
  - schools,
  - lake,
  - hospital/medical, and
  - Beaches



City Housing Residential Development - Sites & Proximity to Services

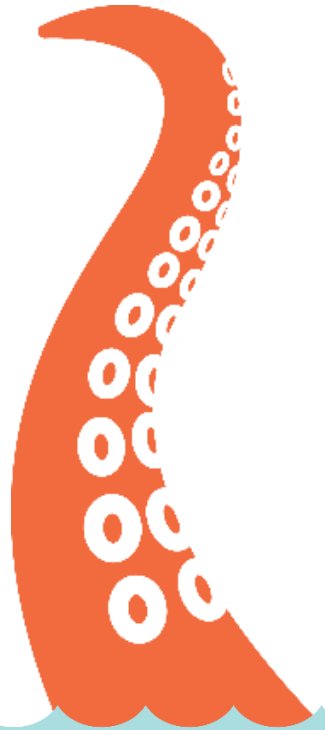
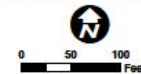


# Challenge – Site Access to Brownfield

- Easement – Road Access with owner dispute for Hwy 101 property (0.43 acres)
- 1<sup>st</sup> note to property owner November 2018
- Brownfield Phase 1, 2, and CMMP for redevelopment
- URA acquisition in March 2020 (double appraised value of \$214k)
- IHI 2<sup>nd</sup> State grant request for 107 affordable apartment homes

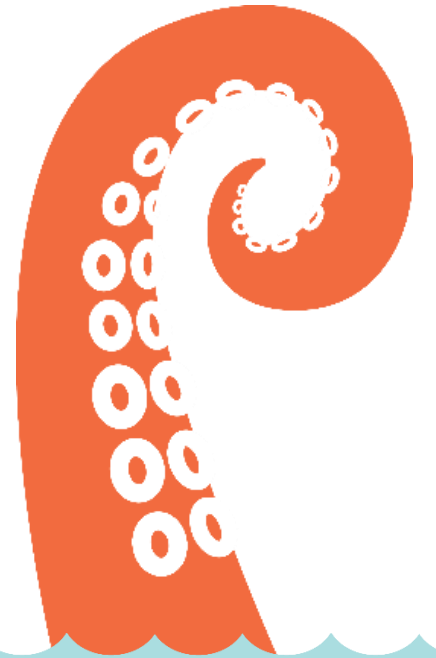


07-11-11-BB-04301 & 07-11-11-BB-04302 & 07-11-11-BB-04300



# Lessons Learned

- Identify Redevelopment Sites, regardless of ownership, as early as possible
- Prioritize infrastructure investments
- Recognize Tax Abatement on TIF



# Questions?



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# TIF AND AFFORDABLE HOUSING IN ALBANY OREGON

Kate Porsche

**BEFORE**





AFTER







A beautiful place to  
live, work and play!

City partnered with the new owner of the old Buggy Bank building by providing short term financing for the construction of 11 new apartments, installation of an elevator and fire sprinkler system

## Upper Floor Redevelopment



# Housing Investment



New 9 Unit  
Apartment  
Complex



**New Multi-Family Housing Complex on Wasson St**



Housing the Unsheltered – Coalbank Village





# Housing Investment



**Tioga Hotel Building Project**