



## CITY OF ASTORIA

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### MEMORANDUM

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**DATE:** February 17, 2022  
**TO:** Astoria City Council  
**FROM:** Megan Leatherman, Community Development Director  
**SUBJECT:** Heritage Square Clarifications (File# A21-03 & A21-04)

City Staff would like to provide the following clarifications on several topics related to the Heritage Square redevelopment (File# A21-03 & A21-04):

#### Preliminary Concept Plan Proposed by Edlen

The preliminary concept provides 77-108 units (depending on ground floor program and building height) serving individuals and households that earn from 30% of area median income (AMI) to 80% AMI. A small percentage (10-15%) of unrestricted market-rate units could be included if an even broader income mix is desired, subject to negotiation with the developer. The proposal includes two buildings that would be built and financed together as one project.

The larger site on Duane Street could include 44-75 units depending on whether ground floor includes residential units and whether the building is three or four stories. The unit mix is anticipated to include approximately two-thirds studio and one bedroom units, and one-third two-bedroom and three-bedroom units to serve a wide variety of household types.

Including commercial space on the ground floor would increase the cost of the project. This is because the project will not be eligible for the BOLI exemption from commercial prevailing wage requirements if any commercial space is included. The ground floor would include active uses such as a flexible community space that would be designed to open up to and help activate the Garden of Surging Waves. Ground floor uses could also include a community benefitting commercial use such as daycare or office space for CBH.

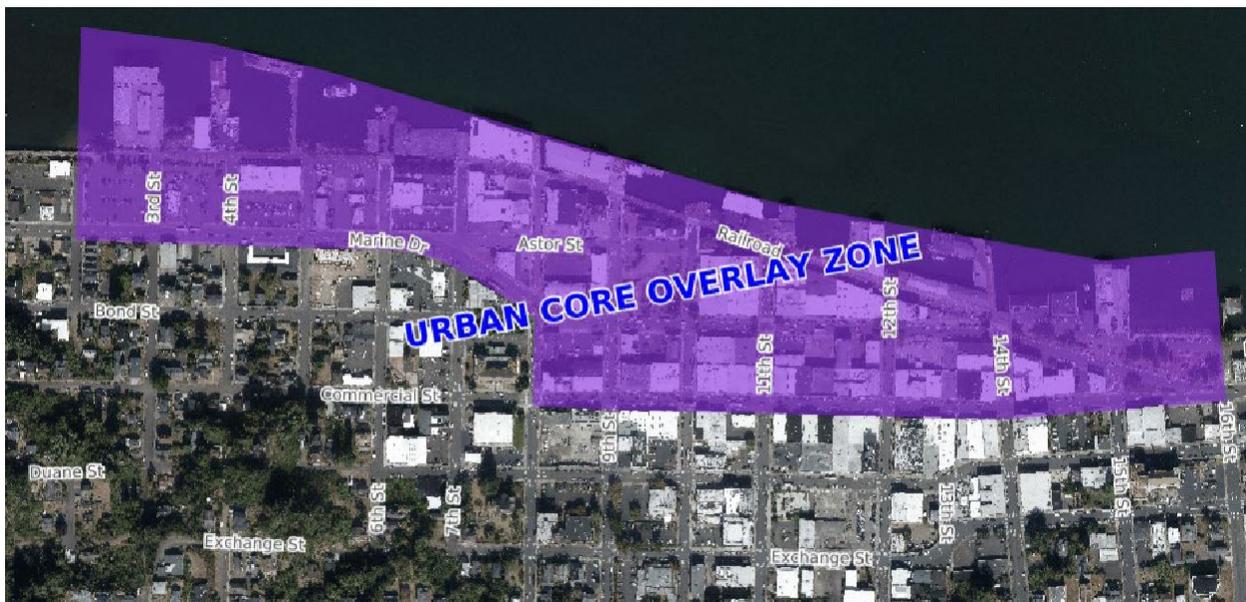
The smaller site on Exchange and 11th Streets would house a four-story building with Clatsop Behavioral Healthcare's (CBH's) Open Door program on the ground floor. Floors two through four would include approximately 33 small studios with shared common areas to serve CBH clients. CBH clients are extremely low-income individuals that face challenges with persistent mental illness and addiction. These individuals will receive all the support services needed to be successful in housing. Once in stable housing, some CBH clients will be able to work in the local community.

The current concept provides forty-nine (49) parking spaces.

Please note that the above described program is, again, preliminary. It is very likely that the program (unit count, parking, ground floor uses, etc.) will evolve in continuing negotiations between the City and the developer. All formal actions regarding the program will be subject to a Disposition & Development Agreement between the City and developer, which will in turn require a public hearing of the City Council.

## Process

If the City Council enters an agreement (ENA) this proposal will need to submit additional applications to the City. While the property is in the “downtown area” as referenced by several city plans, it is not in the Urban Core Overlay zone. A map of this overlay is below.



Since it is not in the Urban Core Overlay, nor any other overlay, it would *not* be required to go in front of the Design Review Commission. However, it is located in the Downtown Historic District, and is adjacent to historic buildings, so it would need to go to the Historic Landmarks Commission (HLC) for consideration. This would be held at a public meeting in which members of the public will be able to provide comment. The criteria for the HLC includes the design of the proposed structure and its compatibility with the design of adjacent historic structures considering scale, style, height, architectural detail and materials. In addition, the location, orientation of the new structures on the site will need to be consistent with the typical location and orientation of adjacent structures.

They will also need to obtain a variety of building permits and engineering approvals.

## Housing & Income

There is no single definition of affordable housing. What is considered “affordable” by a family earning \$100,000 a year will be out of reach for another family that earns only \$25,000 a year. Incomes and housing costs also vary by location. A typical home in one community might cost \$300,000, while that same house would cost half as much in another part of the country.

Rules of thumb are often used to determine affordability. For example, the federal government considers housing to be affordable if a family spends no more than 30% of its income on its housing costs, including utilities. Using this benchmark, a family earning \$30,000 a year could afford to pay up to \$9,000 a year (or \$750 a month) on housing. In the private sector, lenders underwriting home purchases typically require that families spend no more than some set percentage of income (such as 28%) for mortgage payments, taxes, and insurance.

Yet, these “rules” don’t tell the whole story. A family making \$200,000 per year can afford to spend more than 30% of its income on housing and have enough left over to meet other necessities, but a family making \$20,000 might not be able to make ends meet on the income left over after spending 30% for housing. A family’s capacity to meet other expenses depends on other factors such as family size and age of children.

Ultimately, families of all incomes need affordable homes. Homes that are decent and accessible to jobs, shopping and other services, and available at a cost that allows them to provide for life’s other necessities, such as food, clothing, and medical care.

Most housing, affordable or otherwise, is provided by the private market place. That is, developers, homebuilders, or landlords compete to sell or rent units to potential homebuyers or tenants to buy or rent. Some households, particularly lower- income households, are at a great disadvantage when it comes to renting or buying market-rate homes. They may have to pay excessive portions of their income, crowd in with other families to pool resources, or live in substandard conditions. That is why various government programs have been created to help people obtain decent, affordable homes.

Subsidized housing is housing that is made available at below market rates through the use of government subsidies. Unlike other government programs, such as food stamps or Medicaid, housing subsidies are not an entitlement and are generally in short supply. Many communities have long waiting lists for housing assistance.

Many working families must choose between paying exorbitant housing costs to live close to their jobs or enduring lengthy commutes from areas with more affordable

housing. In areas with particularly high housing costs, employers may have difficulty retaining employees because the workers do not make enough to afford nearby homes and tire of long commutes.

There is also an issue of equity. People who provide the bulk of essential services in their communities- teachers, police officers, fire fighters, hospital workers, laundry, and restaurant workers- often cannot afford to live in the communities they serve. Cities become ever more sprawling, leading to increases in traffic congestion, air pollution, and road maintenance costs that negatively affect the quality of life for all residents in the community.

The families in need of housing do not fall neatly into a single narrow income category. Employees in some industries (e.g. retail sales, food service, tourism) are likely to be in the lower income ranges. Seasoned workforce jobs with education or training requirements, such as teachers, police officers, nurses, etc., may fall into the middle income brackets but still find it difficult to afford homes in the community where they work.

The Low-Income Housing Tax Credit (LIHTC) program is administered by the Internal Revenue Service (IRS). Pursuant to an IRS revenue ruling, participating properties base their rents on the income limits that HUD (aka United States Department of Housing and Urban Development) is mandated to publish. Since this project will submit an application for LIHTC, and because it is utilized by the majority of the industry, City staff will use the terms and calculations adopted by HUD.

HUD estimates Median Family Income (MFI) annually for each metropolitan area and non-metropolitan county. The metropolitan area definitions are the same ones HUD uses for Fair Market Rents (except where statute requires a different configuration). HUD calculates Income Limits as a function of the area's Median Family Income (MFI). The basis for HUD's median family income is data from the American Community Survey of the US Census.

The term Area Median Income is the term used more generally in the industry. If the term Area Median Income (AMI) is used in an unqualified manor, this reference is synonymous with HUD's MFI. However, if the term AMI is qualified in some way – generally percentages of AMI, or AMI adjusted for family size, then this is a reference to HUD's income limits, which are calculated as percentages of median incomes and include adjustments for families of different sizes. The tables below display current AMI by household size and hourly wages for our region.

Area Median Income by Household Size

AMI	1 person household	2 person household	3 person household	4 person household
30%	\$15,330	\$17,520	\$19,710	\$21,870
60%	\$30,660	\$35,040	\$39,420	\$43,740
80%	\$40,880	\$46,720	\$52,560	\$58,320
100%	\$51,100	\$58,400	\$65,700	\$72,900

Annual, Hourly Rates,  
for 60%, 80% AMI

60% AMI

Household Size	Annual Gross Income	Hourly Wage
1	\$30,660	\$14.74
2	\$35,040	\$16.85
3	\$39,420	\$18.95
4	\$43,740	\$21.03

80% AMI

Household Size	Annual Gross Income	Hourly Wage
1	\$40,880	\$19.65
2	\$46,720	\$22.46
3	\$52,560	\$25.27
4	\$58,320	\$28.04

For more information about the requirements of the state funding components please see attached overview and Q & A

City Communications

Local housing providers were approached for the project, and included in the review team. The City’s consultant, John Southgate, spoke with about six local developers/providers about the opportunity, none of whom opted to respond to the Request For Expression of Interest (RFEI). In addition, the Mayor appointed one of those developers (Walt Postlewait) to serve on the review team.

The City had conversations with the American Legion, the Liberty Theater, and the Sunday Market (ADHDA). They were conducted as one-on-one interviews with Mr. Southgate and input was incorporated into a brief. He also participated in meetings of the Astoria Downtown Historic District Association (September 2021 and January 2022) again about a month ago) to brief them on the project and the process.

Property Taxes

City staff had multiple conversations with County Tax & Assessment staff to verify the process and impact for a property tax reduction, if one was requested by a developer. The City and the County would have to agree to any request for property tax reduction, and this would occur in an official public process. The Merwyn negotiated property taxes representing about 35-40% of what they would have paid as a regular project. The City anticipates that the City and County would negotiate something similar with Edlen. This is yet to be determined and it would be extremely speculative to state what property taxes would or would not be generated.



2/17/22

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Community Development Director  
City of Astoria

Date