



CITY COUNCIL WORK SESSION AGENDA
Tuesday, February 16, 2016 - 5:15 PM
Council Chambers - 169 SW Coast Highway, Newport, Oregon 97365

The meeting location is accessible to persons with disabilities. A request for an interpreter for the hearing impaired, or for other accommodations for persons with disabilities, should be made at least 48 hours in advance of the meeting to Peggy Hawker, City Recorder at 541.574.0613.

The agenda may be amended during the meeting to add or delete items, change the order of agenda items, or discuss any other business deemed necessary at the time of the meeting.

1. CALL TO ORDER

2. DISCUSSION / ACTION ITEM

2.A. Presentation on Affordable and Workforce Housing Initiatives

[City Manager's Report and Recommendation -- Work Session - Work Force Housing](#)

[CAI Workforce Housing 2-16-16](#)

[Workforce and Affordable Housing Initiatives 2-16-16](#)

3. ADJOURNMENT

CITY MANAGER'S REPORT AND RECOMMENDATION



Agenda#:2.A.
Meeting Date: 2-16-16

Agenda Item:

Work Session on Affordable Housing Initiatives

Background:

On Tuesday, February 16, 2016, at 5:15 P.M., we have scheduled a work session to discuss work force and other affordable housing initiatives within the City. A number of these initiatives were discussed in a study that was conducted relating to the Marine Studies Initiative, which identified a number of potential strategies to address various affordable housing issues.

State law requires that cities inventory its buildable lands for residential use and encourages these plans to address availability of housing at price points commensurate with the financial capabilities of Newport households. Strategies can then be developed to address areas where the inventory does not correspond to the financial capabilities of residents to afford housing. The strategies can include working with groups such as Habitat for Humanity, the Lincoln County Land Trust, and other similar organizations to promote the development of affordable housing within the City of Newport and surrounding areas, addressing issues such as development fees, zoning for density, street widths, and other similar issues to allow for more condensed housing to reduce the cost of land and typically the house due to smaller footprints for these properties. We need to discuss the potential role that Urban Renewal funding could play in addressing housing issues, and review various strategies to help move any identified initiatives forward.

Included in the packet is a power point presentation that Derrick Tokos, Community Development Director, has prepared for the work session to trigger these conversations. In addition, City Councilor, Wendy Engler, has been participating in a number of forums regarding affordable housing issues. I have asked Councilor Engler to provide a brief report on some of the initiatives that have been discussed on a regional or statewide basis at these sessions that she has attended as well.

At the joint City Council/County Commission meeting that was held on Wednesday, February 10, 2016, there was a suggestion of creating a joint committee among the County Commission and City Council to collectively meet on a number of these types of issues. Please note that in Derrick's power point, there are a number of collaborative issues that would take the cooperation of the City, County and other taxing entities. The creation of this type of body to meet periodically to review these initiatives might play a significant role in trying to move some of these collaborative issues forward.

There is no single way to address the affordable housing issue in Newport or any other community. It really does require a mix of fixes, and it is important that we get some consensus from the City Council as to what tools and priorities are important to the Council in moving forward on these housing issues.

No action will be taken on any items at the work session. However, discussions may lead to a number of potential initiatives that would be discussed as regular agenda items at future City Council meetings.

Respectfully Submitted,

A handwritten signature in blue ink, appearing to read "S. R. Nebel".

Spencer R. Nebel,
City Manager



STAFF REPORT
CITY COUNCIL AGENDA ITEM

Title: Presentation on Workforce and Affordable Housing Initiatives

Prepared by: Derrick I. Tokos, AICP, Community Development Director

Recommended Motion: None. This is a work session. Specific follow-up actions by the Council can be scheduled for consideration at the March 7th regular meeting.

Background Information: Under state law the City of Newport is responsible for inventorying its buildable lands for residential use and for developing plans to encourage the availability of housing at price points commensurate with the financial capabilities of Newport households. To that end, the City engaged its community partners in 2011 and 2014 to update its housing data and develop strategies for improving the inventory of affordable and workforce housing in Newport.

A number of the strategies and recommendations have been implemented including expanded allowances for accessory dwelling units, new regulations to provide flexibility for siting “park model” units in Manufactured Dwelling Parks, and the creation of a revolving loan fund and land bank program. Other implementation strategies are ongoing or have not yet to be implemented.

This presentation focuses on affordable and workforce housing strategies or “initiatives” that are in the process of being implemented or have yet to be initiated. Each topic area includes actions the Council can take to move the issue forward, along with a brief explanation of the benefit, how it relates to adopted City goals and policies, and a general timeframe within which the strategy can be implemented.

Fiscal Notes: None with respect to this agenda item.

Alternatives: The presentation sets out a range of potential alternatives that the City is pursuing or can pursue. Council members or attendees may identify other opportunities during the work session.

Attachments: PowerPoint presentation.

Workforce and Affordable Housing Initiatives

Newport City Council
Work Session
5:15 pm, February 16, 2016

Partnership with Habitat for Humanity

Waldport

- ◆ Action: Assist Habitat in implementing land donation agreement for the construction of affordable housing at SE10th and S Pine Street.
- ◆ Timeframe: 2-4 years.
First units, a duplex targeted for construction in 2016.
- ◆ Benefit: Incrementally increases supply of owner occupied housing affordable to families making 40- 60% of median family income (i.e. not more than \$34,680 a year for a family of four).
- ◆ Implements: Newport Housing Goal 1 and Goal 2, Policy 2, which calls for the City to cooperate with non-profits on the provision of needed housing, including the establishment of a land bank program.



Partnership with Lincoln Community Land Trust (LCLT)

Lincoln City

- ◆ Action: Affirm partnership with LCLT by following through with the sustaining funding MOU with the Trust, Lincoln City, and Lincoln County.

- ◆ Timeframe: 1-3 years.

MOU expires after three year term unless renewed by all parties.

- ◆ Benefit: A multi-jurisdictional partnership with a non-profit that manages a portfolio of owner occupied homes with land leases to guarantee long term affordability. This allows the cities and county to avoid being directly involved in buyer education or managing property portfolios. Targets a wider income range than other housing entities to address workforce needs (up to 120% of MFI or up to \$69,360 a year for a family of four).

- ◆ Implements: Newport Housing Goal 1 and Goal 2, Policy 2, which calls for the City to cooperate with non-profits and other governmental agencies on the provision of needed housing.



Establish Multiple Unit Property Tax Exemption (MULTE) to Support Multi-Family Development

A MULTE Program can provide new multiple-unit projects with a ten-year property tax exemption on structural improvements to the property as long as program requirements are met.

- ◆ Action: Engage the county to develop a tax exemption program for Lincoln County.
- ◆ Timeframe: 1-2 years.
- ◆ Benefit: Creates an incentive for the construction of owner occupied and rental multi-family housing units, a form of residential housing that is in short supply in Newport. Tax exemption is typically offset with a guarantee that a portion of the units be affordable during the term of the exemption (e.g. 20% of units at 60% of MFI or up to \$34,680 a year for a family of four on an owner occupied unit or \$795 month for a 2 bedroom unit).
- ◆ Implements: Newport Housing Goal 1 and Goal 2, Policy 9, which calls for the City to work with the County to evaluate the use of this exemption.



Review City Owned Property to Identify if others are Suitable for Land Banking

◆ Action: Assess city owned properties to identify if any are suitable for land banking (i.e. donation) for affordable housing.

◆ Timeframe: 6 months.

Properties inventories are thorough but would need to be updated.

◆ Benefits: Donation of property drives down the development costs so that residential units can be constructed at price points affordable to families between 60 and 120% of MFI. Suitable properties are those that are readily developable or can be sold with proceeds used as buyer initiated grants.

◆ Implements: Goal 2, Policy 2, which calls for the City to establish a land bank program. Implementation Measure 1.4 which calls for the City to explore creative funding mechanisms to facilitate construction of needed housing.



Tax Foreclosed Properties

◆ Action: Convey to the County that the City is willing to forgo tax revenue from the sale of foreclosed property if they are to be used for affordable or workforce housing purposes. Coordinating a joint letter from all of the cities might be the most effective approach.

◆ Timeframe: 6 months.

◆ Benefits: Residential properties or vacant parcels suitable for residential development are sometimes available as a result of tax foreclosure. Donation of such properties to Habitat, LCLT, or other non-profit partners creates opportunities to expand the community's inventory of affordable and workforce housing.

◆ Implements: Is consistent with Implementation Measure 1.4 which calls for the City to explore creative funding mechanisms to facilitate construction of needed housing.

AVAILABLE PROPERTY LIST										Revised on 10/5/15	
The property listed below is available for private purchase until sold.										Amy Howard, Property Manager	
OFFER PENDING	Parcel #	MAP #	TAX LOT	NEAREST CITY / COMMUNITY	ADDRESS (If Available) / GENERAL DIRECTIONS & PERTINENT INFORMATION	ZONING	APPROX. SIZE	LAST AUCTION DATE OR PRIVATE SALE NOTICE	MINIMUM BID @ LAST AUCTION		
THIS IS NOT NECESSARILY THE CURRENT PURCHASE PRICE - PLEASE READ THE GENERAL INFORMATION PAGE.											
					6538 N Salmon Berry Ln., Otis, OR 97368 - Parcel has been cleared & utilities at site. LC Planning Dept. has record of existing septic system.	R-1, RC	.55 acre	10/3/13	\$ 35,000		
1	06-10-25-CC		400	Otis	6518 N Salmon Berry Ln., Otis, OR 97368 - Parcel has been cleared & utilities at site. LC Planning Dept. has no record of septic system.	R-1, RC	.59 acre	10/3/13	\$ 35,000		
2	06-10-25-CC		800	Otis	418 N Best View Dr. - Located on the corner of N Spring Dr. & N Best View Dr. Tax lots 1900 & 2000 are being sold together.	R-1, RC	.14 acre				
3	06-10-33-AD		2000	Otis	417 N Fawn Dr., Otis, OR 97368 - Has Manufactured Structure Serial #3496 located on it. Clean-up will be a requirement of sale.	R-1, RC	.14 acre	9/17/15	\$ 40,000		
4	06-10-33-AD		6000	Otis	Parcel on the NW corner of NW 22nd St. & NW Mast Ave. (Although NW Mast is platted, it is not physically punched through.)	R-1, RC	.14 acre	10/3/13	\$ 25,000		
5	07-11-10-AD		5500	Lincoln City	2430 NE 14th St., Unit 57 (Lot 57 in gated Indian Shores Subdivision) - Triangle shaped parcel	R-M	.22 acre	9/17/15	\$ 40,000		
6	07-11-11-CC		5800	Lincoln City	Located between SE Quay & SE Reef Pl. Access is from SE Quay - 4 adjoining tax lots being sold together.	R-7.5	.14 acre	9/17/15	\$ 10,000		
7	07-11-23-BB		6400	Lincoln City		R-7.5	.27 acre	9/17/15	\$ 60,000		
	07-11-23-BB		6500	Lincoln City		R-7.5	.27 acre	9/30/10			
	07-11-23-BB		6600	Lincoln City		R-7.5	.18 acre	9/17/15			
	07-11-23-BB		6700	Lincoln City		R-7.5	.23 acre	9/17/15			
8	07-11-27-CD		9700	Lincoln City	4660 SW Coast Ave.	R-5	1.32 acre	9/30/10	\$ 99,000		
9	08-10-18		500	City/Siletz	River-front / Legal access is by river / Has registered boat dock.	T-C	.11 acre	10/23/08	\$ 30,000		
10	09-11-29-CD		4600	Otter Rock	OCEANVIEW LOT1 Located within the gated Sea Crest Subdivision, on Sea Crest Place cul-de-sac. *	R-1, PD	.09 acre	9/17/15	\$ 275,000		
11	09-11-29-CD		4800	Otter Rock	OCEANVIEW LOT1 Located within the gated Sea Crest Subdivision, on Sea Crest Place cul-de-sac. *	R-1, PD	.11 acre	9/17/15	\$ 100,000		
12	10-10-08-DD		2001	Siletz	Between Hwy. 229 & 80 Camp 12 Loop	RR-5, DR	.34 acre	9/29/11	\$ 35,000		
13	10-11-20-CA		2200	Newport	Across the street & to the West of 127 NE Shore Pine Ct., Newport	R-4	.13 acre	9/18/14	\$ 30,020		
14	10-11-20-CA		2300	Newport	Across the street from 127 NE Shore Pine Ct., Newport	R-4	.13 acre	9/18/14	\$ 29,960		
15	11-09-10-BC		700	Eddyville	20900 Hwy. 20	R-1, RC	.15 acre	9/27/12	\$ 25,000		
16	11-10-08-BD		499	Toledo	Directions: NW of 1875 NE Arcadia Dr.	R-5	.44 acre	9/27/12	\$ 9,500		
17	11-10-08-BD		499	Toledo	There are 2 segments within 1 tax lot.	R-5	.05 acre				
18	11-10-08-CC		6000	Toledo	Near 236 NE 9th St./Appears to be land-locked. Directly off of NE Hwy. 20 (Bus 20), & between 459 NE Andie Ln. & 624 NE Beech St.	R-G	.40 acre	9/30/10	\$ 11,000		
19	11-10-08-CD		5501	Toledo	Corner of E Hwy. 20 & NE Alder St.	R-G	.29 acre	10/23/08	\$ 15,000		
20	11-10-17-BB		9100	Toledo	Corner lot - Across the street from 208 SE Fir St.	C	.09 acre	9/30/10	\$ 16,000		
21	11-10-17-BD		200	Toledo	Corner lot - Across the street from 208 SE Fir St.	R-G	.23 acre	10/23/08	\$ 7,500		

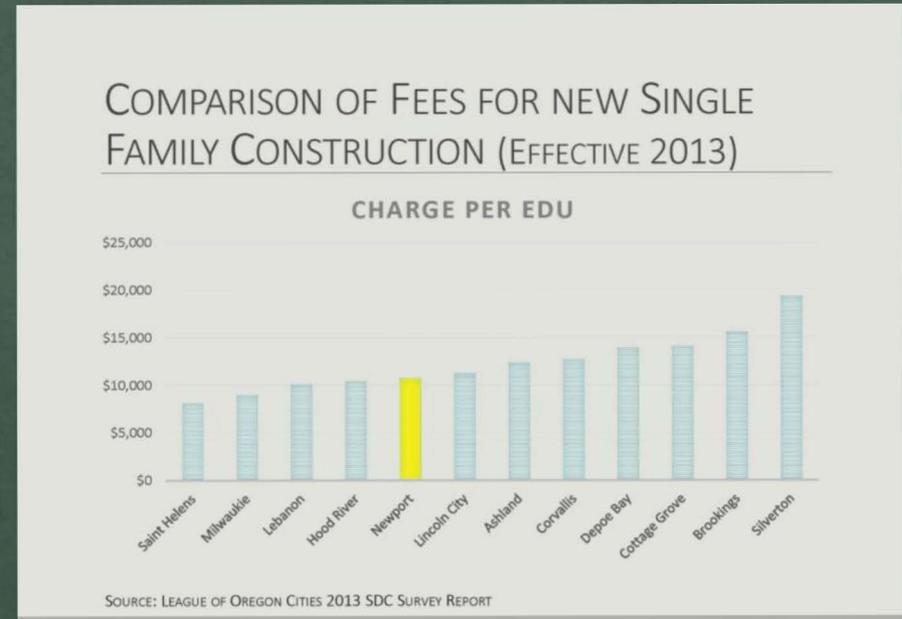
Community Service Consortium (CSC) Housing Rehabilitation Programs

- ◆ Action: Work with CSC to establish a Newport based liaison to assist private parties in need of rehab work on their homes but cannot qualify for conventional loans. Liaison could be a non-profit such as Habitat or LCLT.
- ◆ Timeframe: 2-4 years.
- ◆ Benefit: CDBG Program designed to help low to moderate income home owners alleviate health and safety issues or correct structural deficiencies that they could not otherwise address through conventional financing. Helps preserve affordable housing stock. Over \$170,000 available to Newport residents as of 6/30/14. Loan amount capped at \$30,000. Income level cannot exceed 80% MFI or \$47,040 a year for a family of four.
- ◆ Implements: Housing Policy 9, which calls for the City to evaluate the use of CDBG funds to support low-income housing.



System Development Charges (SDCs)

- ◆ Action: Explore opportunities to incentivize construction of affordable or workforce housing units with reductions in SDCs.
- ◆ Timeframe: 1-2 years.
Funds budgeted for SDC methodology update. Work to commence once sewer master plan capital project list is complete (Feb/Mar 2016).



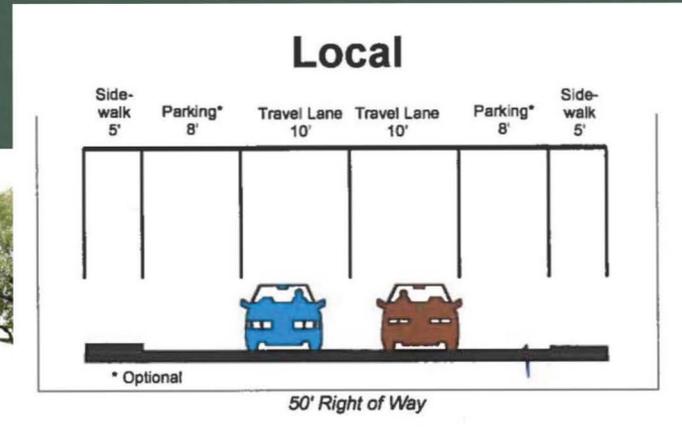
- ◆ Benefit: SDCs are a significant upfront development cost (roughly \$11,000 per unit). Programs often require long term affordability guarantee via recorded agreement (e.g. maintain affordability for 60 years at 60% MFI). Can be capped to limit impacts to SDC revenues.
- ◆ Implements: Policy 1, Implementation Measure 1.4.

Narrow Street Standards

TSP Standard

Coho/Brant Alt.

- ◆ Action: Develop alternative street standards to reduce infrastructure costs for new development.
- ◆ Timeframe: 2-4 years.

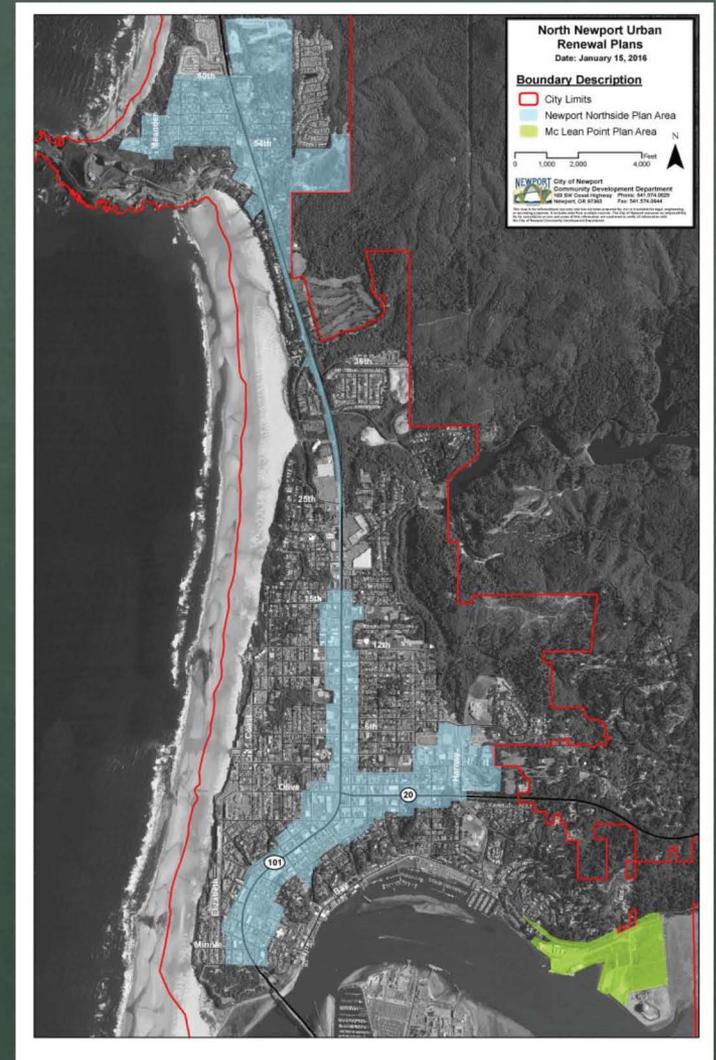


- ◆ Benefit: The cost of installing infrastructure is a substantial portion of a projects development costs. Alternative standards could serve as an incentive to increase the supply of housing generally, or as a means of leveraging a certain number of units at affordable or workforce housing price points. Applicable to owner occupied or rental properties.

- ◆ Implements: Policy 4, Implementation Measure 4.2.

Leverage Urban Renewal Funding

- ◆ Action: Evaluate opportunities to invest Newport Northside Urban Renewal funds in redevelopment projects that will create new affordable and workforce housing units.
- ◆ Timeframe: 5-10 years.
Could be prioritized as part of the Agate Beach and City Center refinement plans.
- ◆ Benefit: Direct investment in project or supporting infrastructure in exchange for a certain percentage of residential units being constructed at price points affordable to Newport workers. Would likely be accomplished with development agreements.
- ◆ Implements: Policy 1, Implementation Measure 1.4.



Affordable/Workforce Housing Policy Considerations

- ◆ Incentive based approaches preferable to regulatory solutions
- ◆ Commission, Council and Staff roles with partner agencies and non-profits should be clarified
- ◆ Long term challenge requiring multiple strategies and effective partnerships
- ◆ Value in regularly assessing progress and extent to which City desires to be actively engaged in the provision of housing
- ◆ Opportunities to support partner agencies (e.g. \$60 million in recently appropriated state housing funding)
- ◆ Others?