

MINUTES
City of Newport Planning Commission
Regular Session
Newport City Hall Council Chambers
Monday, March 9, 2015

Commissioners Present: Jim Patrick, Rod Croteau, Bob Berman, Lee Hardy, Bill Branigan, and Gary East.

Commissioners Absent: Mike Franklin (*excused*).

City Staff Present: Community Development Director (CDD) Derrick Tokos and Executive Assistant Wanda Haney.

A. Roll Call: Patrick called the meeting to order in the City Hall Council Chambers at 7:04 p.m. On roll call, Hardy, Berman, Croteau, Patrick, East, and Branigan were present. Franklin was absent, but excused.

B. Approval of Minutes.

1. Approval of the Planning Commission regular session meeting minutes of February 23, 2015.

MOTION was made by Commissioner Croteau, seconded by Commissioner Hardy, to approve the Planning Commission meeting minutes of February 23, 2015, as presented. The motion carried unanimously in a voice vote.

C. Citizen/Public Comment. No public comment.

D. Consent Calendar. Nothing on the Consent Calendar.

E. Action Items. No items requiring action.

F. Public Hearings.

1. **Continued deliberation and decision on File No. 1-NB-15/1-CUP-15.** A request submitted by John Lee (Nye Hotel, LLC, property owner) for design review and a Conditional Use Permit for an addition to the Inn at Nye Beach located at 729 NW Coast Street. The Planning Commission held a public hearing on this matter on February 23, 2015, closed the hearing, and began deliberation. The Commission directed Staff to provide findings and final order for approval for their review along with additional information they requested from the applicant.

Opening the public hearing portion of the meeting at 7:05 p.m. to continue Commission deliberation on File No. 1-NB-15/1-CUP-15, Patrick read the summary of the file from the agenda. He called for the staff report. Tokos noted that before the Commissioners was a set of findings and final order for approval. He noted that the applicant provided a solar analysis the Commission requested and also talked to landscaping companies in our area and made changes to landscaping as discussed in the material he prepared for the Commission.

Patrick wondered if there were any comments on the solar shade study. Croteau noted that at equinox it only increases the shading less than 20 feet. It's really less than he thought it would do. So it's less of a big deal than he thinks the residents were thinking. In the winter months, shading's not really a big deal because we're shaded many days a month. He thought the impact was minor. Patrick assumed that their lighting plan complies. He said it looks like they changed a set of fixtures. Croteau said that he looked at the lighting plan in some detail, and he doesn't see a problem with it at all. He said that they're being careful with what they do. He said it's the same with the landscaping. They did make some adjustments. It's going to be a work in progress. What works and what's easy to maintain, he thinks they'll gain by experience growing on that bluff. Croteau said he was good with it. Hardy said it looked good to her as well.

MOTION was made by Commissioner Berman, seconded by Commissioner Croteau, to approve the requests in File 1-NB-15/1-CUP-15. The motion carried unanimously in a voice vote.

MOTION was made by Commissioner Hardy, seconded by Commissioner Croteau, to approve the Final Order for File No. 1-NB-15/1-CUP-15 as presented. The motion carried unanimously in a voice vote.

G. New Business.

1. Tokos noted that at the work session, the Commissioners had an opportunity to talk a little bit about the Habitat for Humanity proposal. He noted that Sally Bovett was now present. He said that we will be passing along comments provided at work session so she can look at those and revise the proposal accordingly, and we can bring it back at work session at a future date.

Sally Bovett, Executive Director for Habitat for Humanity Lincoln County, came forward saying she would be happy to answer any questions the Commissioners had. She apologized for not attending the 6:00 p.m. work session, but she had shown up and the Council Chambers were empty. She didn't know the Commission was meeting for work session in the conference room. So, she had left and returned for the 7:00 p.m. meeting.

Branigan asked how Habitat goes about qualifying an individual. Bovett said they have an entire family selection committee group that does the qualifying. There are qualifications a family has to meet. The first one is family income; and for Habitat that's between 30% and 60% of Average Median Family income, which is about \$24-\$36 thousand for Lincoln County. Because they have to pay the loan back, that's one criterion. The second is that they have to have a need for affordable housing. They can't be living in a great place. They have to either be paying too much for rent or living in an unsafe place. So, justifiable need for housing is one of their criteria. The third one is that they have to have been a Lincoln County resident for a minimum of one year. They also have to be willing and able to put in their required 500 hours of sweat equity in their home. There's lots of different ways they can do that. If they're handicapped or disabled, they can work in Habitat's office or for other nonprofits to get their hours in if they can't actually do the construction piece. But Habitat always requires families to put in 500 hours. The reasoning for that is probably because they are dealing with a lot of volunteers on the jobs, and it's hard to ask volunteers to give up their time to come and work on a home when you're not asking the family to do the same. Habitat also does a credit history check and a criminal history check.

Branigan asked if the source of income is everything; or is that source a job. Do you count Social Security and disability payments? Bovett said they do count Social Security and disability as a final determination. They don't count certain things such as child support depending on the age of the child because if the child is 16 years old, in two years child support will no longer be income. So they don't count child support, but do count Social Security, disability, and any kind of working income; and it's the family income to qualify. It could be two different people working at two different jobs that add up to that amount. Branigan asked if length of employment is something they require; do they have to be on the job a minimum of twelve months or something like that? Bovett said that's not a requirement that they have. What Habitat does more is look at their credit history and check to see how they're doing. She said it used to be that they took nobody that had bad credit. Now what they look for are people that either are doing better with their credit or have good credit. They don't want to put somebody in a home that literally won't be able to pay them back. Habitat homes on a national scale have less than 2% default rate; and they don't want to mess with that because that's way better than any conventional finance loan record. Branigan asked what the debt to income ratio is. Bovett said 30% or less. They can adjust that by finding out the cost of the build and then either make the loan longer or shorter depending on their income. But on average it's 30%; and it's a 30-year 0% loan.

Berman asked how Habitat values the land when they're coming up with a sales price. Bovett said they value the land on an average basis because sometimes they get a piece of land donated and other times they won't; so to keep it fair for all homeowners, they usually give land a \$25 thousand value. That's about what Habitat is able to pay if they were to purchase land. For every home that they build, regardless of whether it was donated or not, they still include that in the amount that they charge the family. The reason they do that is it wouldn't be fair to have one homeowner not pay for the land just because it was donated and the next does because it was purchased. Berman asked, that's always just a straight \$25 thousand. Bovett said that's all Habitat is willing to pay for land; if they pay any more than that, it's not affordable. Berman said if the City were to donate a lot that's worth \$40 thousand, how would Habitat value that? Bovett said they would value it at \$25 thousand for purposes of the homeowner's loan. Branigan said should Habitat build a duplex on that property, would you divide everything in half? Bovett said it would be \$25 thousand per person. Berman said so the land is worth twice as much if Habitat builds a duplex. Bovett confirmed that. Patrick asked if Habitat does duplexes. Bovett said they did one in South Beach; which is their only build in Newport. They

did build two homes side by side in Waldport that are considered townhomes because they're not connected. She noted that a lot of Habitat for Humanity affiliates build duplexes all over the nation. When they find land, they try to build as many units as they can.

Croteau asked how Habitat handles joint tenancy agreements in that case. Bovett said that Habitat's been around for about 35-40 years, so if they haven't done something before, she can get information from all of the other affiliates and see how they've done it and then she can apply it to our area. She's also a Habitat for Oregon board member so she can get information from them as well. It's really nice, because if you come up with something you haven't done before, probably 400 other affiliates across the country are doing it, and you don't have to recreate the wheel. You get information and look at what's been working well and what hasn't. Then you just adopt that.

Branigan said since Habitat has the loan, is the lienholder, you manage the property for the life of the loan. So if we have a duplex, and somebody wants to paint their duplex purple, and somebody else wants to leave it painted beige; Habitat oversees that? Bovett said generally they don't. Through the process of building the home, it's Habitat's home. Once they go through closing, they're like a regular bank. Habitat is the lienholder; the one the payment is paid to. But technically the homeowner can do what they want with paint on their home. They do put something in their contract that the homeowner is required to keep their yard and house up. The one thing Habitat doesn't want is a trashy-looking house because nobody's going to want that in their neighborhood. That's one of the reasons Habitat can actually take the home back; if they don't keep their house up and keep it nice. Hardy asked if foreclosure is how Habitat would enforce that. Bovett said it's actually listed in the homeowner's closing papers. It's a required thing. If they don't keep those requirements, and that could be paying on time, keeping their taxes up, paying their homeowners insurance, there are certain things they have to do to be in compliance with the agreement; and that would be one of them. So, yes, they would end up telling them that they've not held up their end of the agreement, and they would start foreclosure procedure and evict them. Hardy said if Habitat has a duplex situation and has a problem with joint maintenance cooperation, does Habitat act as mediator or just leave it up to the two owners to fight it out. Bovett said they give them the opportunity to work it out; but if that doesn't work, Habitat would go in as mediator. She said they haven't had that as an issue here. Other affiliates have in the past; so it can be an issue. Since Habitat is the bank and have their closing papers, they can put things in there. They're a homeownership program, so there are certain things homeowners have to do to be part of the program. Habitat has the ability to have a little bit more meat in their contract than others do.

Berman said there's sort of the consensus that if the City participates in a program like this, we would like to get the most "bang for our buck" in terms of the number of units; that's why all the questions about duplexes. That certainly seems a logical way to approach this; to get two for one. Bovett said one of the reasons she's so thrilled about these parcels is that they are zoned for that. Habitat would like to build as many units as they can. So, if there's the ability to put six units on those three parcels because each could have a duplex, that's certainly what they would do. Habitat is the funder for these as well, and right now they're in a position where they would be able to build the first set of duplexes this next fiscal year; and the other two sets of duplexes would be contingent on them getting additional funding. So it's a process; it would take several years to build all of the houses.

Berman asked how critical the \$100 thousand loan is for signing an agreement with the City. Bovett said it's fairly critical. She said that Habitat has the money in place to build one duplex (two units) right now. Each one of their homes is funded independent of each other. She has to go out and write grants for every one of the homes they fund. They don't start building until they have over 50% of the money needed to build. For Habitat to be able to access a fund through the City like other cities have had where they have the revolving loan fund would be wonderful. It would give them the capital up front that they can use to build the next set of duplexes and would keep them that much further ahead than having to wait and write grants. They would still do that for the next year. Having that opportunity to borrow that \$100 thousand at 0% interest would be amazing for them. She said she knows other cities do that. The City of Lincoln City has a revolving low-income housing fund; and other Habitat affiliates across the country do this with their cities also. For the cities, she thinks it's an investment in affordable housing with Habitat being the builder; and for Habitat it's an investment of capital that allows them to build quicker.

Croteau said that he understood that the Habitat homeowners achieve 100% equity in sixteen years. He asked if that's a flexible timeframe. The City may want to do something different than that. Bovett said that she realizes that. She said they're an affiliate of Habitat for Humanity International; but all of the affiliates are independent. They do have the ability to change some of the things. They can change the length of their loans. There are a lot of things they have

control over. If that was something the City was interested in, that's something they could talk about and see what they could do. Berman said this provision of 100% equity and the ability to market that on the open market was in contrast to the Land Trust that Bovett's familiar with. He asked if she has seen in the Habitat world any mechanism to ensure that it remains affordable. Bovett said that part of the Habitat program is to provide a vehicle for people who otherwise would not be able to attain homeownership. Part of that is to acquire personal wealth through their becoming a homeowner. So, they want them to do well. They want them to move forward economically. She said the sixteen years were put in there so that there's no house that can be flipped. They don't want to spend all the time and money building low-income housing and have all the volunteers come out and then have somebody turn around and flip the house. Regularly their homes are built for around \$50 thousand including the land and most generally will appraise for \$50 thousand more depending on the area. The market value would be \$150 thousand. So there's a big difference there. Habitat wants them to eventually get that difference. Homeownership is the best way to improve families economically. They want the family to have enough time in the home where they're not able to flip the house; it takes them a while to gain that much of an increase. Berman said so there really is no mechanism to say once they decide to sell it that it's going to remain affordable. Bovett said that Habitat has the right of first refusal on all of their homes. They can ask them to sell it back to Habitat. Berman said he assumed at market value at that point; and Bovett confirmed it was. She said that the Habitat program has been around for a long time. Whoever set up the model did a good job thinking things through as to how it works. They put some good guidelines in there. This is Habitat's 20th anniversary this year. They've never had any of their houses being sold yet. People are still in them. She thinks people selling and moving on is probably the minority because the reason is they have a 0% loan and a very reasonable payment. Unless something really great happens to them, it wouldn't be smart for them to move out of the home. That's part of the reason they stay there. They pay their mortgages on time, and they gain a little wealth along the way.

Hardy asked if there is any restriction on future income potential; if you sell them a home, and their situation changes dramatically in a year or two. Bovett said no, there is not. They take a snapshot at the time the person applies and then check their credit again right before the house closes. So if they lose their job, they can't get into the house. They have to have income at the time of closing. If they win the lottery the day after they close; they're just very lucky. Bovett said they have had some homeowners who have been blessed financially after buying the home and have actually donated their homes back to Habitat; which she thinks is amazing. Habitat is kind of a pay-it-forward plan. She said it's nice to see that some people think they need to continue to do that.

Bovett said that Habitat wants so badly to build in Newport. There's such a huge need for affordable housing. Habitat does a great job building on time and on budget. Habitat would love to partner with Newport.

Tokos said he will get the minutes put together and back to Bovett to give her a chance to make amendments to the proposal. Then they'll talk about getting it back to the Planning Commission at a future work session.

H. Unfinished Business.

1. Tokos noted that on the LIDs, the scope of work is wrapped up. He presented it to the City Council at their last meeting. The IGA with the State will be presented at the first meeting in April. It will be a pretty robust process. Most of the cost, which is now just under \$100 thousand, is coming from the State. The match is less than \$15 thousand. It will be a fairly in-depth look to give us good clear policies upon which to make decisions on when LIDs are appropriate. A good cookbook-type analysis of the different financing strategies and how those work for a smaller jurisdiction so that we can right-size it for Newport and make sure that we don't overextend ourselves or put us in a position where the City is holding the bag on a bunch of projects because people don't pay us back; and that it doesn't get so complex that our finance staff is overwhelmed. It will include some case studies of a couple of different areas that are priorities in our community and some informational materials we can use as part of outreach anytime we have an LID project. That is in addition to some model code changes we would adopt into our ordinances to make it all happen. Tokos can share the scope of work with the Planning Commission maybe at the next meeting. But that project is moving along.

2. Tokos said the other thing he wanted to share with the Commission had to do with the Seal Rock withdrawal stuff. The Department of Revenue has advised the City that they want to see some changes that will require the ordinance to be readopted. Tokos will be taking it to City Council on March 16th so that they can do that. It will be an emergency adoption. It didn't change any of the properties or anything; it just has to do with how the legal

description was prepared. It's a technical change, but one that requires the ordinance to be revised. There will be an amendment to the IGA with Seal Rock as well as part of that technical fix. But that's moving forward. The County Assessor's office has been working on what they need to do to address that double taxation issue.

I. Director Comments.

1. Tokos noted that on Wednesday at 6:00 p.m. we have the final open house on the Agate Beach Wayside project. We'll have more or less final design drawings for people to take a look at. We'll have how their comments were addressed as well. That project is on target for being bid in July; and the work could potentially happen in the fall.

J. Additional Comments.

1. Croteau noted that at the work session one of Tokos' bullet points had been how to actively engage citizenry; the stakeholders. He said that he had the opportunity last week to drive with some Newport citizens to Waldport and back. On the way back, they raised the issue of what's happening in South Beach, and who is paying for it. He explained about ODOT and grants and matching. By the time they got to the bridge, they began complaining about the bridge, and what's the City doing about the bridge. Croteau explained that it's the State, and it's going to take federal money. By the time they got over the bridge, the conversation became why are they doing the pedestrian crosswalks, and who's paying for it. In the distance of a couple of miles, he didn't have enough time to do all of the explaining.

Croteau said that he knows we do outreach, and we do hearings. Occasionally there are articles in the newspaper, which are mostly accurate. He asked if there's a mechanism, or if it would be of any value, to creating press releases or bullet points dealing with these projects either on the website or occasionally a reminder to the newspaper to inform the citizenry what's going on. He thinks there are lots of citizens out there who are uninformed. Even if it's because they're just not paying attention, that's still not an excuse for us not to put something in their face at least to make things more appealing. Tokos said we try to be strategic with our public outreach and get it to those people who will be the most interested in the topic at that point in time. Our Public Works Department is trying an application called Mind Mixer, and there's a link through the City's main website. It's an attempt to do what Croteau is talking about; put projects that are at least actively being worked on up there for the public to take a look at. Tokos said he runs into people too that don't even think to look at the City's website for that information. We do press releases, and people don't look at that stuff. The most effective outreach is to actually pull people in through direct mailings or phone or door-to-door. That's extremely labor-intensive, and we don't have the staff for it generally. He told Croteau that it's a fair point. He thinks we're always open to ideas for how to do public outreach in a cost-effective manner and that gets to people in a meaningful way. We'll probably have to put some more thought to it. He said that technology is the way to go. If it's not through the City's website, maybe it's through partnership with the Chamber. Getting it in more places where people can see it. He thinks we have a learning curve there that we need to do a little more work on.

Croteau said that he doesn't have a good idea for how to do it. But, certainly for projects that affect people directly, he thinks there's participation; people will know. But those that don't know take the general attitude that whatever the City's doing there's no reason for and it's costly. When they don't know, it casts a negative across all of the useful things that the City is trying to do. They have no clue about funding mechanisms. Hardy said except that they're concerned about escalating utility bills, and why they're being picked on, and then want to play ostrich. Croteau said if we had some effective mechanism for letting them know there's a safety issue here, or that the bridge actually belongs to ODOT, or that 101 is a State highway; it's that level of things. These are the same people who vote and can create negative concerns on very worthwhile projects for lack of information.

Berman said the City Council on a fairly regular basis has town hall meetings. He asked if the Planning Commission has ever done that specifically oriented toward projects that the Planning Commission has a significant role in. Tokos said not to his knowledge. He said that on stuff that we are doing we almost invariably have outreach meetings of some sort. Berman said he didn't mean go around town like the Council does. He meant just a notice like residents received for the Agate Beach stuff saying that the Planning Commission is available to give an overview of what's going on this year and answer questions. He said that seems that's another mechanism for people who might be interested. Tokos said that any meeting we do needs to be structured so people have a clear understanding of what's

going to be presented, what they're opportunity for input is going to be, how that information's going to be used, and whether they'll get feedback. One of the biggest issues he's ran into sometimes with meetings is not getting them framed appropriately, and people get disappointed they didn't get the information they thought they would.

Croteau said he was thinking more in terms of a fact sheet with bullet points explaining the project; the whys and wherefores. Tokos said we've looked at utility billing and trying to get flyers out in that. But on the flip side, how many people look at flyers in their utility bills.

Tokos said he knows that the City Council has identified as one of their goals to see if they can't get a visioning process going with the community. He doesn't know where that's going to go or how it's going to be resourced at this point; but it was put on the table as part of their goal setting. That might get at some of the general education stuff you're talking about.

K. Adjournment. Having no further business to discuss, the meeting adjourned at 7:36 p.m.

Respectfully submitted,



Wanda Haney
Executive Assistant