

**MINUTES**  
**City of Newport Planning Commission**  
**Work Session**  
**Newport City Hall Conference Room A**  
**November 24, 2014**

**Planning Commissioners Present:** Rod Croteau, Lee Hardy, Bob Berman, Mike Franklin, Gary East, and Jim Patrick.

**Planning Commissioners Absent:** Bill Branigan (*excused*).

**Citizens Advisory Committee Members Present:** Dustin Capri.

**Citizens Advisory Committee Members Absent:** Suzanne Dalton (*excused*).

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

Chair Patrick called the Planning Commission work session to order at 6:00 p.m. and turned the meeting over to CDD Tokos.

**A. Unfinished Business.**

1. Summary of the discussion with the taxing entities and the next steps in forming a new north side Urban Renewal District. Tokos noted that the Commission had asked him to bring this back to get a sense of where we are. In the packet, there is a summary of that essentially after the Feasibility Study was prepared and vetted through the Planning Commission and the City Council. He said this kind of went on hold through the summer, and then started again in earnest in August. Tokos and City Manager Nebel have met individually with each of the County Commissioners, the Chamber of Commerce, OCCC, LCSD, Samaritan Pacific Systems and the hospital board, and the Port of Newport. They also shared this with Linn-Benton-Lincoln ESD; who is held harmless because their funding is based on enrollment like LCSD and their tax is pretty small, so they didn't feel it was necessary to come over to get a presentation.

The Port didn't have a whole lot to offer; they have a very small tax so their impact wouldn't be that bad. The Port was pretty supportive because they have benefitted significantly in the past from URDs. They recognize they are part of the scheme and are okay. The County is generally supportive; but they need to work the numbers. They have to figure out how much pain they can comfortably absorb and convey that to the City Council. They haven't done that yet. Having a joint Planning Commission and City Council work session scheduled in January will be a catalyst for them doing it. The Community College is sensitive, too. Unlike the School District, the College is not held harmless because their funding is not enrollment-based; so this will impact them. Tokos and Nebel will meet with their full board at their next meeting; probably in January. The only feedback from the School District was that they would like the boundary expanded to pick up the high school and the prep academy; largely so there's at least an opportunity to address Eads Street, which is a problematic situation for them now. Potentially, depending on what happens with the fairgrounds, this could put some additional properties in play. Berman asked what LCSD is thinking of fixing. Tokos said they don't have a clear idea; they just didn't want the option to be precluded. They are going through facility challenges now with enrollment going up. They will have to open Yaquina View again, which they closed down. They are looking at converting the intermediate school into a full middle school. They would move the prep academy over to the intermediate school to have additional space at the high school. They are juggling facilities around. They have largely expended the bond measure with all of the improvements they made district-wide. They just wanted to put that out there. Tokos said it might be useful to include that in the boundary. It's nontaxable; it hits us on the acreage side. It doesn't really impact anything on the collection of increments since its public. The hospital also is generally supportive. They are cautious about a couplet on 9<sup>th</sup> Street because they don't know how that will impact their overall plans for redevelopment at the hospital. They are looking to expand pretty soon. They had a desire to do substantial expansion of the hospital, which would require voter approval of a bond. They have held off putting a bond out for a number of years. They are trying to get a handle on how this might impact their expansion plans. They recognize that forming a district can be a significant benefit to them with improvements to such things as the water distribution system. That could be made a project so we have a more robust system to serve an expanded hospital. Berman asked what the extension and transportation items on the taxing districts referred to. Tokos said that would be like the OSU Extension Service, the Animal Services, and the Solid Waste; and those are all County agencies with no separate Boards. Tokos and Nebel met individually with the Board of Commissioners. Those additional ones automatically go if the County signs off on it. Tokos said we have pretty much covered all of our bases at this point.

Tokos said we are looking at setting up a joint work session between the City Council and the Planning Commission. He asked everyone what they thought about January 12<sup>th</sup> meeting, which is a regularly-scheduled Monday meeting. Everyone felt that was fine. Patrick said that his concern is would we do it during work session or bleed over. Tokos said he planned to hold it during work session at 6:00 p.m. as that work session. Patrick asked if we would get through it in an hour. Tokos said we would assume

yes; but if not, we will adjust the schedule. We could always start the regular session at 7:30 p.m. as we get closer and find that we need additional time. Tokos said the Finance Department is working on numbers for how these three options would impact the City's tax revenue on a near-term basis. Hopefully we will have that for that meeting. It would be nice if the County and the others could get us that, too. He can advise them once we set a date. Patrick asked if we push our acreage number if we add in the high school. Tokos said we were not at the cap. He thinks we're still okay; but he will double check that. The reservoirs are in, so that gives us more of a cushion. Those properties aren't that big. We can do that.

Tokos said this is good timing to get going on this. The tax rolls were just updated at the end of October. If we're forming a district, we want to do it using that set of data; so it would be timely. Berman asked, to establish the frozen base before the next time. Tokos said yes, otherwise we have to update all financial information. Patrick said as long as we get it done by next October. Tokos said also by the time we hit April and May, we want to be well along because that is when budget starts to eat up City staff time.

Tokos said that the City did a town hall meeting up in Agate Beach recently; and he talked about it to the Chamber of Commerce. Those went over pretty well. Patrick said that at the Agate Beach meeting, they looked mostly favorable. Tokos said they would love to see something up there. Policymakers have to weigh out how beneficial that is. There are challenges in Agate Beach given some of the instability issues. Paving streets may not last very long up there. Solutions up there have to get fairly creative. Croteau said without doing something about storm water drainage, it wouldn't be worth paving. Patrick said they talked about that. He said we should have a geologist come to talk about water loading system. Hardy thought we could look around for a better qualified person to do that. Tokos said he would have City Engineer Gross talk about that. Hardy said that the geologist oversimplified the problem. Gross pointed out that there are storm drains up there already. Whether they're all the places they should be is the question. She lives up there and knows what the ground water situation is like. Tokos said that storm drainage only goes so far. We have the underlying geologic issues up there. When you concentrate water in an area, you have to be careful how you do it. You can exacerbate things if you don't do it right. Patrick said there also was talk about giving credits to someone taking care of storm water on site. He said that if you got the wrong part, you could create your own "slip-n-slide".

Berman asked if it's at all possible to coordinate Urban Renewal with LIDs. Tokos said that is what we are doing in South Beach for Phase III in 2017-2020. We have funds reserved for lower priority streets, smaller local streets, where Urban Renewal can buy down the cost of an LID by about half. If they want to have the street paved, it costs about half. That can certainly be done.

Berman said that he has to say that the PowerPoint was absolutely excellent. It was right to the point, very clear, and very understandable. It's very well done.

2. Discussion of scope of work for City of Newport/ODOT TGM project that will leverage LIDs as a transportation-funding tool. Tokos said basically on this item, we submitted a grant application to Transportation Growth Management (TGM), which is a program formed from two State agencies, DLCD and ODOT. In the past they recognized that land use planning and transportation were inherently connected and have relationships with each other. They pooled some funds for grants to address issues related to land use coordination and transportation planning. A lot of funds come out of this pool to update Transportation System Plans (TSPs). Newport did a big update of our TSP in 2012; and funding came in part from TGM. Every time we do an update to our TSP, they always have financing tools for how to pay for these improvements we need to make to the system over time. The City has been fairly creative. Urban Renewal leveraging is a way to help pay for transportation improvements. With local gas tax for example, we can surface more streets. We have been surfacing many of the gravel streets in the City where we didn't have funds to do that previously. The room tax has been used before. Our LID (Local Improvement Districts) program has fallen on the wayside. In the past the City used to create these districts, but stopped doing it. It's mainly just the general perspective that it's too complicated for smaller jurisdictions to do it. There's the tracking, the financial side of it, and how it's paid for. Do we collect all of the funds up front? Do we have to put together our own reserve to pay for it and then assess the people to get paid back over a period of time? That whole mechanism of what projects are priorities; why some are priorities relative to others. And, there's the whole public engagement. Over the years the City has collected remonstrance agreements. When people have done simple partitions, we haven't hit them for full street improvements. It would kill the project plus in many cases you're talking about a small segment of street when you actually need the full segment constructed. Instead, we have these agreements; which says that they are committed to participate in an LID at such time that it actually makes sense to do these improvements. We haven't acted upon those, however. So we said to TGM that we're not all that different than other small jurisdictions. This was strategic on our part because TGM likes to fund projects that are not only applicable to Newport but can be applicable to any other small jurisdiction. They recognized that they can't just be funding these TSP updates where jurisdictions accrue all these great projects and then not provide meaningful assistance with some of these different funding mechanisms; and they agreed to fund it. We are in the process of working on the scope of work. The packet included the draft Scope of Work document that David Helton of TGM put together based on information Tokos provided in the grant application and some other background documents. The Scope of Work goes through what we are trying to accomplish.

Tokos went to the "Project Study Area" of the document where it has the "Plan Components," which are elements for an LID Implementation Plan to include. The first of these is guidance on how to establish LIDs and administer them given the modest

staff. We don't want a Portland model; just a smaller jurisdiction model. We can't allocate two people from our Finance Department to be dealing with this on an on-going basis. Another element to include is identification of factors that will increase the likelihood of a successful outcome. LIDs take a lot of work; and they can involve a lot of political capital at time that can be invested in an LID project. Better guidance that policymakers can have on when they should proceed with it or not would be helpful because if enough people remonstrate against a district, it doesn't happen. We don't want to be regularly trying to form LIDs and keep failing. The third bullet is criteria for selection and prioritization of projects to fund using LIDs based on assessment of legality under Oregon law, the City's overall need and funding from existing and potential sources, public acceptance, and other considerations that arise during development of the Plan. How should the City go about prioritizing projects as being really good candidates for LIDs? The next point is identification of LID financing tools and strategies; use of them as a financing tool for subdivisions, existing and new developments. How are other jurisdictions using it? What are some other strategies given the statutory framework we have to work under? Guidance on future use of remonstrance agreements and strategies for leveraging them. Evaluation of our template; is it adequate, or should we be modifying it.

Berman asked if these agreements have fixed dollar amounts. Tokos said, typically no; they are improvement-related. They are basically agreeing to participate in an LID should one be formed to do say sidewalk improvements or sidewalk and street improvements, or a traffic signal improvement. Berman asked, it's only if an LID is set up, I'll participate; otherwise it's "don't come after me to pave 20 feet of street." Tokos said that's correct. If we create an LID for that type of improvement that you're committed to, you're stuck; they can't vote against it. Patrick said a lot of time you have to get everybody to agree or a certain percentage to agree to do a project. But, if you signed the remonstrance agreement, it's an automatic yes vote. Croteau asked the breadth of infrastructure project that can be carried in an LID. Tokos said every type the City maintains; street, sidewalk, water, and sewer. Patrick said probably even undergrounding of electrical. Tokos said, lighting, probably yes.

Tokos said there will be some amendments to the Municipal Code and some to the Comprehensive Plan. He noted that he already has some notes of reshuffling the priorities because Helton put them in the wrong order. Tokos said that amendments to our Comprehensive Plan would be polices for the types of transportation system improvements that should be targeted for LID funding and how they should be prioritized. This gives the Planning Commission and City Council some policy guidance for having to deal with these. A key element would be some informational materials for outreach that can be reused. Then, to break down a couple of case studies with specific areas in the City that are well-positioned to have LIDs fund transportation improvements. So they go ahead and walk it through and say with this case scenario, this is how it would play out. Tokos said there is one area in South Beach; the Coho/Brant 2017-2020 final phase where we have matched funds from Urban Renewal to pave streets like Coho, 29<sup>th</sup>, and 28<sup>th</sup>. Another area would be the signalization of 73<sup>rd</sup> as that's getting closer. We have a whole bunch of remonstrance agreements up there in that area. He said there might be some others as we go back through remonstrance agreements. Tokos said just because we have somebody on the hook, doesn't mean they are going to be happy about it. Even though they know they are committed to participate, they could show up and say don't do it; this is too financially painful for me.

Patrick asked how we plan on financing. Tokos said that is part of this. Do we just straight up do an assessment? That is pretty tough. If we say, "We're going to pave this segment of street, and that's going to cost \$100 thousand; and we're going to assess it at \$10 thousand a pop to the properties that abut, and you have to pay it in 60 days." That's not very nice. On the flip side, we don't have funds set aside where we can say we'll just pull \$100 thousand from somewhere and do it, and then do some sort of graduated assessment against the properties over a period of time or more collected upon sale of property that could take 30 years. Berman asked if we could bond. Tokos said we have to pay bonds off. That gets at assessments. We could potentially bond it and then turn around and assess against each property. Patrick said we use to have Bancroft bonds. That's how the City ended up with Candle Tree and then sold lots off. Also, Lakewood Hills twice he thinks. Tokos said we picked up Shore Pine Hills as well.

Berman said, going back to the remonstrance agreements, what if he does a subdivision with 30 lots in it and signs an agreement and leaves the streets unpaved, sells the lots, and then he's gone. Tokos said he would use Berman's example just for example purposes only because our code wouldn't allow that; a subdivision would actually have to pave. Using that example, say they were gravel streets and there were remonstrance agreements; that does transfer to successors and assigns. It pulls up in the title report when you buy it. Rod asked if these are typically multi-year projects. Tokos said it depends. The last of the LIDs we did were very modest little sewer connections; and those weren't multi-year. You had four or five property owners. He thought one was on Vista. That was very minor cost, pretty focused, and done relatively quickly. If you do a larger street project and you're getting into storm water work, you're doing that for a couple of years easily.

Moving on to the Project Approach section, Tokos explained that this talks a little about how we would anticipate that they would go about it. He sees that Helton didn't quite get the language right for what Tokos wants to have in here for project approaches. These are steps that they can take to get to the desired outcomes. But, we're open to alternative ways of dealing with this. There aren't a whole lot of consultants out there. The two types of consultants that might want to work on this type of project would be firms that deal with SDC charges and those methodologies, or firms like ECONorthwest who are on the general financial planning side would also fit in this. The State will put this out for RFP. They have a list of firms they will accept RFPs from.

Then we'll be involved in the selection process. Berman asked who actually manages the project; the City? Tokos said on this one we will; and it says that towards the back of the document. Berman asked if Tokos' time becomes part of the match. Tokos said it can be; but it's not likely in this case because we did budget about \$15 thousand cash as a cash match. We do that in part because the accounting gets to be very burdensome when we have to document every 15-minute increment that we're involved in a project; that eats up a lot of time.

Capri said that the scope is a little vague on what the deliverables are going to do. Tokos said it's such a unique one. He said Helton tried to be very specific, and it ended up being almost ten pages and got cumbersome. Because of the unique nature of this project, this one fits their alternative RFP approach, which is to be a little bit vague and let proposers define it a bit and come up with the details to get us to where we want to go. Capri said just from reading this it seemed that it could go a thousand different directions and still meet those; and that's probably the goal, to get different ideas. Tokos said, right, to get different ideas and see which way makes the most sense. Capri said there wasn't a timeframe either. Tokos said that was in the earlier document; it's not in the scope. He said there will be. This gets plugged into another document. TGM is behind the eight ball on this. They have some flexibility on when this fires up. Tokos said we have not lost the grant. They were the ones that were supposed to put the original scope together and they were way behind.

Tokos asked if there were any other comments on this. Croteau said it seems really good. Patrick said he would like to see this if we can actually get something that is usable. Capri really likes the case studies and thought that's a really important part. Tokos said he thought he is going to like the information material because this is a hard subject to convey to the public. Also, if we can get some good policy guidance to help elected officials because the first few are going to be bumpy. This hasn't been dealt with in a while. After that, we'll probably get there. We'll be able to deal with it if one person gets up and says they don't like this because we're not dealing with one property owner kind of thing. Plus if they have some policies to relate to so they know and feel comfortable with "yes, we want to have this conversation for these reasons." Berman said of course the first question anyone is going to ask is "what's this going to cost me?" He said that's going to be very complex to figure out in advance, especially if you're working in conjunction with Urban Renewal or any of the other mechanisms; when you figure out how much is left over that people are going to have to pay for. Capri said, and what do they get, too. He said that's probably going to be in the informational materials; and Tokos agreed. Capri said he's okay spending for something if he knows he's getting something back. Tokos said, right, especially too if you can work the assessment in a way that's more transparent to the property owners. Work it in as an assessment over time as opposed to up front because the up front is tough. Patrick agreed it almost has to be spread out over time. Tokos said but if we do it over time, how can we do that without compromising the City financially. How can we structure it in a manner so our Finance Department doesn't get overwhelmed? We have other bonds we deal with on a regular basis, too; water, sewer, Urban Renewal. You can only have so much of that out there and account for it. Patrick said it would be nice if we could tie it to tax assessments. Tokos said that would be nice to feed it into there, and it just becomes a supplemental property tax assessment.

Croteau thought that this has great potential. Although it's going to cost people money, it's an opportunity for the City to partner with other sources of funding, too. Berman said there's a lot of people who complain about the streets not getting fixed or ask how come storm water's not there. Here we're saying, "Okay, here are the mechanics." We're going to do it; and here's what it's going to take. All of a sudden people shut up and say yes or no instead of just complaining all the time. Hardy said that the people on her street got together and paid to have the street paved. The City did "X" and the neighborhood did "Y" and got a paved street. She said it wasn't a LID; it was all voluntary. It was a short two-block section, but they split it amongst as many as could participate. The tradeoff was decreased dust and improved property values.

Tokos asked if this looked generally okay; and the answer was yes. Capri asked if Tokos would review the RFPs when they come in; and Tokos confirmed that. Capri asked Tokos if he would update the Commission on this.

3. Discussion of the summary of the Student Housing Study. Tokos said the Planning Commission proper had an opportunity to see this coming out of the last work group meeting. This is now moving to the City Council on December 1<sup>st</sup>. Now that there's a recommendation section, he thought it would be worthwhile for the Commission to take a look at it. He had handed out the latest version of the Next Steps. He said that if the Commission is so inclined, you can provide a recommendation to the City Council on your thoughts on these next step items. On December 1<sup>st</sup>, the Council will likely accept the report and then also direct the Planning Commission to start working on some of these recommendations that involve changes to the Comprehensive Plan. Just as a refresher, Tokos noted that there has been an ad hoc work group that has been assisting and met three times. The catalyst for this is the OSU expansion. Right now they are in the process of trying to get the balance of their funding for that 100,000 square foot expansion at HMSC. They largely have the private side of it covered, and the other half has to come from the State. They will be lobbying the Legislature to try to get that; and they want to make sure they have all of their bases covered. They are likely to get questioned a lot about the impact of dumping that large number of students on Newport. That is what this has really been targeted to address. Tokos went over the list of the members of the ad hoc group.

Tokos went over the key points in here. He said on the next steps the emphasis is on OSU being proactive in its involvement in getting student housing established in Newport. That's the key recommendation. The analysis in the study shows that we don't

have the capacity to just absorb 450 additional students without displacing most of our workforce that need that housing. Otherwise they get pushed further out, and our businesses have difficulty in being able to hire employees at the wages they can afford to pay. It has that kind of domino effect. The number of available sites in close proximity (and most, if not all, of those are in the Wilder area) are limited. OSU needs to be proactive in actually securing the site. They need to prioritize that. That's another key recommendation. They may not be in a position to actually construct anything for a few years; but they should secure the site. Otherwise they may be in a position that the only suitable sites they can utilize have a greater number of constraints; maybe they have to extend a collector roadway a certain distance or something whereas right now there's a site that has full services. They may need to have a phasing strategy; they're not in terms of their course offerings in a position to say they are going to have all of the students here. They need to think through that. Croteau asked if that isn't bullet 3, which he believed should read "OSU may need..." He thought that we need to just substitute "should." He said all of the rest of the bullets are more forceful and more direct. Berman said "OSU needs to develop." Croteau said needs to or should; it needs the force of the rest of the bullets.

Tokos said that the next bullet is that we need to coordinate with each other in getting this to happen. He said OSU, OCCC, the County, and the City are all partners. Croteau said that the last paragraph there could be more forceful as well. He thinks they're really going to need a steering committee to see this thing through to the end; just to be comprehensive and keep people on task, and keep it integrated. He said that "one way to ensure" is kind of wimpy. He would say that we "recommend continued collaboration..." Hardy said the consultant was too concerned about it being too pushy. Croteau said now is the time to be pushy not wimpy. He thinks this is an important component of the continued working together; an organization that will see it through. Capri said OCCC is involved too, and that's a big part of it. Tokos asked Croteau how he phrased that. Croteau said, "We recommend that continued collaboration by way of a standing active steering committee;" or something of that nature. There are a lot of organizations that have to be integrated to make this thing happen comprehensively and smoothly.

On the next bullet, Berman said that if you start rolling in all of the cities in the county, he thinks that is a little too broad. There are cities that could be impacted or should participate in some way. He asked if we really want to have somebody come from Eddyville to every meeting of the steering committee and will have absolutely nothing to do with this. Tokos said his sense of why this bullet was put in here was because there is recognition that this isn't a Newport only issue. The domino effect there being the less capable our community is to provide workforce housing then pushes that workforce into neighboring communities that they themselves may not even be in a position to have affordable workforce housing. Hardy said she thought that we are making a mistake thinking that workforce is going to be displaced by student housing. Because of the temporary and transient nature of student housing, they won't be able to compete against tenant prospects. Tokos said they would absolutely compete. Capri said they are willing to pay more. Tokos agreed and said that their housing situation is such that they will more likely group together; so you'll have multiple students in a house so they can afford more. Hardy said not in her business they won't; they don't do multiple adult households. Capri said, but on college campuses. Hardy said you could do that in college housing; but you can't force that on the private sector. Croteau said there are sufficient numbers of landlords who would accept this. Tokos said the other piece here is while the genesis of this study is student housing related to the expansion at OSU, the study does try to strategically work in the fact that we already have a well-documented shortage of multifamily units generally. So, the healthier we can make that the better able this community can absorb additional growth. Capri asked if the City of Toledo was involved at all just because in theory they're the ones that would have the biggest impact because of proximity. Tokos said or Waldport he would think; and they were there. The only community that wasn't represented was Toledo; we had Depoe Bay, Yachats, Waldport, and Lincoln City. He doesn't know if Toledo right now has anybody that can be acting in the planning capacity.

Hardy thought one thing you at least want to mention is not to expect Newport to take care of mass transit needs or transportation needs; given the fact that they would like to think that all of their students will hike and bicycle back and forth to class. She said it was interesting that that very tiny demographics analysis they had at the last meeting; the ones that responded all had pets and lived all over the place. In other words if you're asking where you're living and why; that seemed to be the paramount reason why they weren't living close in. So if you have a substantial number of students with pets, multifamily housing might not be appropriate. Capri said with regard to the public transportation, in theory Newport's transportation could benefit from it. In Eugene, the University of Oregon pays some amount of money per student so every student can ride the bus. He said maybe that's something that could be worked out with OSU. Hardy suggested to encourage them to at least think about enhancing their parking down there. She thinks you're going to have a healthy percentage of students who do drive and don't want to live on campus. Tokos said if they develop in Wilder, for example, they actually have a pretty good situation where they have housing within walking and biking distance; and we will have infrastructure in place to allow that to happen without folks having to go out on 101. However, that being said, there are no services in South Beach yet. This doesn't really address that aspect of it. They still need food and shopping; they still want to go to restaurants. Tokos told Berman that bullet was just about the need to coordinate with other jurisdictions.

Tokos said that the next bullet is that the City and the County should work together along with other cities in the County to decide whether to offer a multiple-unit tax exemption, which is one of the potential tools on one of the recommendations. Tokos talked to Don Huster about it a little bit. Tokos said this could be a very viable tool. It's not just a back end of a project type thing.

Depending on how this is structured, when you get financing from a lender to do a project, they are looking at your income stream over a certain period of time; and if you have that type of property tax exemption that is going to help. The other aspect that Tokos likes a lot as opposed to monkeying around with SDCs, which is fine too, is that this spreads the wealth a little bit better. That's not just Newport; that's all of the taxing entities. At the end of the day we all benefit from that development. We haven't tried it. We haven't seen any meaningful multifamily development in a long time. We can't influence property value a whole lot; we don't have any leverage there. There is a finite amount of land available. So where can we influence it? We can influence it with up-front costs like SDCs; that's Newport-centric in our ability to be able to pay for capital improvements to support growth. That has its pros and cons. This one does to, but we haven't really explored it yet. He thinks it's worth a good hard look to see if we can structure it. We have flexibility under the statute; we don't have to structure it one particular way. Berman asked if Newport could decide to offer property tax exemptions, and that would affect all of the taxing authorities; or do we have to get permission from every single one of them just like we were talking with Urban Renewal. Tokos said you can do this with one taxing entity. It could be Newport only. Generally how it's been done, it would be all the jurisdictions. You can look at it as a catalyst for development on undeveloped property where you're not getting a lot of property taxes off that anyway because it's vacant. If this is the driver to get a development happen, and you give up property taxes for ten years, you may not have seen any development on that property in ten years without doing that. He said the flip side gets a little trickier when you start talking about using this as a tool to incentivize redevelopment of some of our older apartment complexes. Capri asked how you determine eligible properties; does it have to be associated with OSU? Tokos said this would be multifamily generally. Plus you can put hooks on it; and they typically do. If you're a developer and you want this property tax exemption, then a certain number of your units have to be offered at 80% MFI during the life of your exemption. So some percent of those units will be at a price point where more folks in our community can afford to rent them.

Tokos said the next couple of points include CDBG (Community Development Block Grant), which is another way with Lincoln County in partnership. Typically these are administered through a county; so we would want to engage the County on that. There is more active involvement in housing there. Taking a look at SDCs. Berman asked what Section 108 funds are. Tokos explained that that is related to CDBG. Basically you can borrow against up to five years' worth of CDBG authorizations to get a larger pool of funds to do a meaningful project up front that you wouldn't be able to given your caps on CDBG.

Tokos said then the next point gets at, if we're looking at Wilder, we need to recognize that a number of these sites that would be suitable there are in lower density R-2, and there would be requirements to amend the planned development. We would be agreeing to help facilitate that.

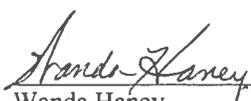
The next bullet is that the City should encourage and facilitate development of retail and service amenities in South Beach. Tokos said this came up regularly. It's kind of an impediment to student housing down there. They can only offer so much in a student housing environment.

Tokos said then at the end you have basically a policy that Newport will encourage development of multifamily including student housing throughout the City in areas that allow multifamily development. Increasing the supply of multifamily housing is crucial to meeting the needs of Newport's work force and low-income households as well as supporting student growth at HMSC. The City will identify and implement appropriate tools to support multifamily and student housing development. Then there are three implementation measures including the two we just talked about; multiple-unit tax exemption and the CDBG funds because we don't do either of those right now, and then that the City will work with Wilder on the changes to the Plan.

Franklin asked if this is going to be a year-round need for student housing. Tokos said it's a mix. Some are here for the full calendar year. A significant number of the students are only going to be here for a quarter and then go back to Corvallis for the balance of the academic year. Hardy said the college could actually facilitate the back and forth. They don't lose their right to housing in Corvallis for being over here. Capri said if they are full-time, they will likely have a twelve-month lease even if they are gone, they are paying for the summer. Berman said that's the whole thing about OSU administering it. Tokos said OSU recognizes that they will have to have an active role.

**B. Adjournment.** Having no further discussion, the work session meeting adjourned at 7:00 p.m.

Respectfully submitted,

  
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Wanda Haney  
Executive Assistant