MINUTES
City of Newport Planning Commission
Work Session
Newport City Hall Conference Room A
November 14, 2016
6:00 p.m.

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

Planning Commissioners Absent: Jim Hanselman and Bill Branigan *(excused)*.

PC Citizens Advisory Committee Members Present: Karmen Vanderbeck.

PC Citizens Advisory Committee Members Absent: Dustin Capri and Bob Heida.

City Staff Present: Community Development Director (CDD) Derrick Tokos, Associate Planner Rachel Cotton and Executive Assistant Sherri Marineau.

1. **Call to Order.** Tokos called the Planning Commission work session to order at 6:00 p.m.

2. **Unfinished Business.**

A. **Preliminary discussion about the multifamily housing development incentive.** Cotton opens with multifamily housing development incentive report noting over the last 15 years, 674 additional units of housing have been added. The bottom row is vacant seasonal house. 9% of the stock was vacant in 2000 and is 12% now. Berman asks if the increase in housing is 1/3rd vacant seasonal? It is preexisting or conversion from full time to vacancies. Patrick states it is better than having a 1/3rd as seasonal. Hardy points out that the sampling was taken as if unit wasn't using water, it was considered a vacation home. We need to be careful how we sample this. Cotton explains this is just a survey that goes around households and a sampling. Lee suggests looking at the mailing address of the unit.

Cotton references the Occupied Housing Units graph for Newport's housing showing more renters than the county or state and is important to think about for the future of Newport and meeting the demands. Berman asks what mobile homes are categorized as? They are with single family units, not residential RV Parks. Cotton explains the data shows a significant amount of owner occupied housing is mobile homes.

Cotton goes over Comprehensive Plan Details graph. Croteau asks about the OSU Extension and if it is pre-expansion numbers. Yes. Tokos not sure if this information was updated. Patrick asks for clarification if the numbers are 42 permits or 42 units. Cotton clarifies them as permits for new residential units.

Cotton reports on what is being built and states were not hitting the mark currently. Vanderbeck asks for clarification on costs for permits? Tokos states they are based on the value of construction. Tokos suggests that the graph presentation be visualized by stacking in the future. He explains there is a 50/50 chance that if between now and December we get permits for 28 four-plexes, they will be multi-family units and drive the numbers way up for 2016. Franklin asks where all the land to build these units would be. Ideas for this will be discussed later in report.

Cotton reports on how Newport can hit the bar and shows La Grande as an example. For this program, if developers want to apply, they apply to the state agency, not locally. This takes away work from Newport staff and in terms of political buy for this, there is some property tax collection and not a full exemption. In addition, if there is an affordable housing component included in the project, there can be an abatement on the land tax as well. The head planner in La Grande said their program was implemented before he started and their zone is downtown. The building shown in the presentation was a burnt down building with a lot of flyers posted and is a blight. The city bought the property and turned it over to the developer at no cost with interest in seeing it developed. He suggested we look at the larger goal of what we are trying to do and not so much the return on investment. It has been successful for them. They haven't done enough to promote the program. As a rural community there is not an overwhelming demand to do mixed use for them. Croteau asks if the program can be made to be used with an urban renewal. Yes, their urban area overlaps their downtown area. Cotton to look into other examples and where the appropriate placement in Newport would be.

Cotton reports on multiple unit tax exemptions which she explains is a lot more flexible and more locally defined. It works with an area being designated with a property tax exemption for 10 years. There's no mandatory mixed use or complicated calculation, which provides a lot of increased flexibility. Cotton provides examples of program. The strengths of the program are it is flexible, locally defined, has less rigid requirements, and can really be made to fit the needs. This has been done in other places with some successes and adjustments, and can be used to form the structure of the program for Newport. Eugene's program has been there since the late 90's. They revised the eligibility criteria because all they saw for the program was used for student housing. The intent was questioned. Tokos says success is more policy related. They hoped it would be more than student housing. Vanderbeck asks if city can control this. Yes, Eugene went back and said applicants wouldn't be eligible for the program if used for student housing. Hardy asks what the rate of return is? Cotton figures less than 5% return, which is a huge risk. They would show that if you factor in the tax abatement you would get the 5+ percent. Berman asks if it is typically a permanent abatement. No, it is 10 years and used to incentivize a program to get it off the ground as the goal. When you look at the permit data and notice stunted growth happening, this is when you would want to encourage this program.

In Portland they required 20% of the units needing to be set aside as affordable for lower income levels. You can only get a certain amount of return and market rate units are capped. Tokos states they can bring back information on what other jurisdiction thresholds are. Seattle has had a multifamily tax abatement program since 1998. They had 243 projects approved and over 25,000 units of largely rental multifamily housing. 26% of this is income restrictive. They are an example of a loose income criteria. Not only are they seeing more housing development, also they are seeing that 25% maintains affordability. One important thing for Newport is there are lots of criteria to consider but should prohibit vacation rentals. Franklin asks if the affordability housing has the limit of 10 years. Yes.

Cotton explains that affordability housing property tax exemption is defined traditionally as 60% of median income or lower. Lincoln City has this in place. The income restriction piece is confusing to people. More than a 3rd of the households in Newport falls at the 60% or below income level. When we talk about workforce housing that is usually 80-120% of median family income. More than half of households in Newport fall at 80% or below. When looking just at renters, 2/3rds of renter households fall at 80% or below. Important to consider who it is serving and who might it exclude.

Croteau asks about possible Federal programs, loan guarantees, subsides and grants. Cotton didn't look at these for this report. Community Development has block grant funding available. Tokos states City of Newport, Lincoln City and Lincoln County applied for a management community development grant for low income families. It was done on a rotational basis and all three took turns as lead applicants. In 2008 the entities decided they didn't feel they could manage the grant and handed it off to the CSC to manage on behalf of the entities. There is some additional work to do on this. Croteau asks if valuable. Tokos says there are many loans to show this. There's nobody to administer the program right now. We had $170,000 to begin with and now around $140,000 earmarked for Newport. Patrick says he did some loans and at the end he couldn't make things pencil out. They wanted a lot of things and he couldn't make it happen. Tokos said these were a housing rehab program and isn't aware of CBG funds being used for new housing in Newport. Cotton states there is some state income from the Feds for low income housing. The low income tax exemption is an option. Berman asks why limited to non-profit. It is not, this is a typo. Tokos asks for threshold for affordability into that program. It can be 60% sometimes up to 80%. Vanderbeck thinks urban renewal is something we should utilize or find a way to tax those business owners until they make upgrades to run down properties. Hardy says taxing won't help but suggests giving them money to make improvements. Berman states there is urban renewal money that can be granted for refurbishing. Tokos thinks there is a threshold question with the transportation network. Business wants certainty on what it will look like and whether they will make investments. The plan for urban renewal is to do the refinement plan. Knowing where it is going will help promote investment. Vanderbeck says some businesses are thriving and some are looking to move away because of poor shape of others. Croteau thinks this sort of planning should go along with downtown planning. Patrick talks about vertical development. Vanderbeck asks how to measure revenue loss. Tokos says it is tricky. In some cases, you may not see revenue because you don't have it now. They are only giving abatement on improvements instead of what is there. Patrick asks if they tore down a business and rebuilt, would it still have a tax base of where it started? Yes. Berman asks if eats up urban renewal money. Tokos says yes and does slow urban renewal. Berman asks how much do taxing authorities have to buy into the program. Cotton states in the case of vertical development we have to inform all the affected districts and they have 45 days to opt out. Very few have opted out. See Table 3. With multi-family you need 51% buy in which is the standard. You would want to partner with the County and School District to pitch a program like this.

Vanderbeck asks where is the proposed land going to be. Tokos says the question is if the commission is comfortable with us bringing forward all three fronts, or if there is one or more at this point you are saying you are not interested in. Franklin likes 1 & 3. Patrick says if you have a bunch of ways for people to get there you have a better chance of the programs working. Croteau says we need to look more into it. Tokos says a property owner around Agate Beach area has expressed doing multiple unit housing. Vanderbeck asks if the property owner wanted to do senior living at this site. Tokos says the developer thought of doing this previously but has modified his development plans and has a willingness to work numbers to show something we would more like to see. He is pursing the Federal 85 program. Berman asks if it is the buy in of citizenship or resurge program. Tokos talks about property owner's original plan that hasn't happened. Slaton near Little Creek Apartments and South Beach may also be some potential properties. We also have Wilder potentially but is not sure if any of these programs have anything applicable to what OSU is doing now. The airport property is not so much an option as it is a little industrial and not residential. We don't want residential near it. Cotton says this could also be redevelopment opportunities not just new development. Tokos says one of the things not shown was age of housing stock.

Tokos asks how hard should we be targeting low income. Patrick says any kind of housing as long as there are people in it would be good because of the shortage of these. Vanderbeck prefers workforce housing. Croteau talks about both private and public sector looking for housing. Hardy hasn't see a lack of housing and talks about recent rents going up and seeing tenants buy in the last six months. This could change with interest rate changes. Subprime lending is back. Patrick clarifies that housing with people residing in them is needed. Berman talks about more expensive housing and what that does for the community. Patrick talks about the 10-year exemption being good because it takes that long to break even.

Hardy talks about multifamily projects not being geared toward families. They aren't designed with playgrounds and families are the most stressed with lower income. We should push the type oriented for families with children. Proximity of transportation should also be considered. Little Creek was developed originally as low income housing project but 3 bedroom units were more expensive than Hardy's 3 bedroom units. She states that Federal subsidies are increased and artificially support higher rents.

Cotton says a lot of the appeal of a multi-unit project is you can put in whatever you want. The more restrictive you are, the more reluctant a developer would be to jump through your hoops. You can change the program after the fact if it isn't doing what you are wanting. Eugene and Portland have adjusted. Croteau asks if affordability is per household or factored by number of people. HUD develops per county which looks at median income and adjusts on size of household. The average could be less or more. Cotton reports on workforce information. You can restrict it to working families. Franklin doesn't like that it ends in 10 years and should make it permanent. The permanence could be designated to low income housing. There is concern that urban renewal could be crippled if you make it permanent. Patrick says it worked for him because it takes 10 years. Mobile home parks could be redeveloped.

Tokos suggests the discussion be rolled over a number of work sessions. Committee agrees.

3. **New Business.** No new business.

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

Respectfully submitted,

Sherri Marineau

Sherri Marineau,
Executive Assistant