

**MINUTES**  
**City of Newport Planning Commission**  
**Work Session**  
**Newport City Hall Conference Room A**  
**December 12, 2016**  
**6:00 p.m.**

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

**PC Citizens Advisory Committee Members Present:** Karmen Vanderbeck and Dustin Capri.

**PC Citizens Advisory Committee Members Absent:** Bob Heida.

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

1. **Call to Order.** Chair Patrick called the Planning Commission work session to order at 6 p.m.
2. **Unfinished Business.** No unfinished business.
3. **New Business.**
  - A. **Vertical Housing Tax Incentive Program.** Tokos introduces the program and turns discussion over to Cotton to present vertical housing tax abatement presentation. The program intent according to ORS 307.600 to 307.637 and 307.841 to 307.867 is reviewed. Cotton notes that she crossed out the eligibility criteria that does not apply to Newport. Branigan asks if this is a state program that can be used. Cotton says yes, but they don't have to use it.

Alternative A (C-1 & C-2 zoning) is presented. It fits well with urban renewal and it does not apply to heavy industrial. People want to live in mixed use areas. Policy considerations are given along with Pros and Cons. A challenge is that residential is conditional use, and isn't a guarantee that developers can include residential in projects. This is transit oriented. The bus route is noted on the presentation graphic by Cotton. Transit stops might need to be considerations in the future.

Vanderbeck asks about the Don Huster development and Tokos points out the 35 acres on the map. Capri talks about the state statute that says it is not a prerequisite for approval to have it be low income housing. He would like to know if there is a way to void the state statute if the City of Newport were to adopt this and require a certain percentage of low income. Cotton says it wouldn't. You can put whatever criteria you want into it. There is a different program that will be discussed later in the meeting that would be a better fit. Capri explains this was done with Oranco and the problem with it is they got a lot of push backs. Schools couldn't opt out and they lost income. It would be nice to put some requirements for low income in this to find solutions for low income housing. Samaritan House is saying that right now, for the \$800 to \$1,200 per month level, they have 8 applicants for every one unit available with 3 of which being qualified. Cotton says there is a shortage of affordable housing and this particular program is about revitalizing commercial districts instead of increasing the supply of residential housing. The multi-unit housing tax abatement program is where you require inclusion of affordable units. This program is a tough one to put that requirement on as it is really about increasing supply and revitalization in commercial districts. Berman talks about requiring a certain percentage of units in commercial buildings.

Hanselman asks if there is a shortage of retail space. No, there is no shortage. Hanselman is concerned about Newport being able to support more retail units. If you develop a property, you are taking space away from housing and replacing it with retail that we may not have a need for. This may make developers nervous due to having empty store fronts and a shortage of low income housing for employees. Berman asks if the program could be limited to redevelopment instead of new development. Tokos says zones C-1 & C-3 with Alternative A are limited to the existing corridors. He points out the areas on the map that would be developed and doesn't think it would increase retail space. It would be more of a catalyst for redevelopment of existing and, in some cases, substandard retail spaces. Hanselman can see this for redevelopment but new development does increase retail space. Patrick says most of the open areas are redevelopment not new development. It probably won't work anywhere except the Downtown area. Hanselman says it is not being sold as just downtown and is concerned it doesn't fit with any areas he is familiar with. Tokos talks about Lincoln County's work to redevelopment the fairgrounds. The Highway 20 corridor is ripe for redevelopment and would attract this type of program. Once the transportation side is solved, it would be more viable. He doesn't know what we would see redeveloped north of Highways 20 & 101 up to Walmart. It is more of a commercial strip. Branigan says not to exclude this. Patrick says in downtown you have two story buildings with nothing in them and can't rent them out because of parking. Tokos says you have residential over retail in the City Center, Downtown and Nye Beach areas.

Cotton presents Alternative B. She feels this is more appealing to developers and tourists. There may be a conflict on what the use consideration should be. Croteau asks if these are all conditional uses for residential. Yes. Croteau suggests what the basis now should be permitting it outright. Tokos explains this is more for redevelopment and Nye Beach and Bayfront don't need this like the City Center does. Patrick says Nye Beach has a set of rules that makes this work already and we may not need it there. Capri says the Bayfront doesn't work because of parking. Berman asks if this is a zoning regulation and if you can limit it. Tokos explains it is not a zoning regulation but a tax abatement program. You can limit it geographically and you have to define the boundaries. Cotton explains these are general concepts and is asking the Commission to consider whether to include C-2, Nye Beach and the Bayfront and what it means. Consideration for adding more year round residential uses might sustain businesses throughout the year. The Bayfront is zoned W-2/Water Related and doesn't fit with the intent of this program. Residences in W-2 zones have restrictions and it could be a challenge to introduce housing in these areas. Vacation rentals could be considered as well. They are conditional use now. Through conditional uses you have the ability to do this. Keep in mind Bornstein is regularly dealing with noise complaints. People don't think about the smell and noise of the waterfront. Capri says there's a cost that goes with this. In vibrant areas we probably don't need development and places we should hang a carrot to development. The hospital development could see the surrounding businesses being improved. Berman is concerned that it doesn't seem like there are any real viable candidates. The road to Nye Beach could also keep growing. Tokos says the Safeway area is an underutilized area. JC Market is a tough area. They are concerned about how transportation has affected their property. Vanderbeck asks about the road behind the fairgrounds. There are three developable lots there and near the old pool, there is a state park with water tanks and a utility easement. Cotton says there is a question on whether we want to incentivize housing development in Nye Beach and Bayfront. If providing incentives, we want to focus them on the areas that need revitalization the most.

Cotton asks whether or not there should be incentives to develop in hazard zones. Alternative A is not affected by these hazards. Capri doesn't think a landslide risk should be a deterrent. Half of their projects deal with geological hazard areas. Tokos points out that the Highway 101 and Highway 20 areas aren't at risk. Capri asks how the Newport code deals with live/work use. Is it residential or commercial? Tokos explains it is different depending on location and what the zones are. Parking requirements are what you need to provide. In the future there will be a change in areas based on the parking study. If they are two levels, they would pay an apartment rate on the top and an office rate on the lower.

Cotton explains that designating the zone will be the simple part and tweaking the ordinance will be harder. Code changes should go hand in hand with implementing this program. Parking could be an issue in these areas. The Parking Study may provide some guidance. Introducing new residences to the Bayfront could create issues. Hanselman asks if the ground floors could be parking rather than retail. Cotton says they wouldn't qualify because it needs to be commercial use. Portions could be parking and commercial. Cotton believes it has to be 50% commercial and it depends on if it is a public facing street. There's some flexibility but they would need to follow ordinances. Vacation rentals could be a covenant, and we could designate that none of these units could be used as vacation rentals.

Tokos notes that parking is a must. There will be good recommendations out of the Parking Study. Permits and meter parking will be a relief. We don't want to let them off the hook for transient. When putting this much density in an area, you need to make sure there is adequate bus service and bike storage. Cotton explains that landscaping, bust stops, and bike shelters require design review. She has floated the idea of form base codes which tell people what they can do. With this you make rules that encourage development that fits in with the concept of the area, and give them design directions rather than restrictions.

Cotton presents the process of establishing vertical housing development zones. With vertical housing development, abatement is limited and you are really only giving incentives on improvements. It is meant to revitalize areas. Schools can opt out. In general, most jurisdictions with this program show very few opting out. Berman says if it is like urban renewal, the state helps make up these difference for schools. Capri doesn't think they do and says Orenco Station couldn't opt out. Tokos explains that the school district will get a per pupil dollar amount from the state and is why it doesn't matter. Cotton says the success of community buy in is messaging. The message is we are revitalizing Newport and providing new housing which will help the community.

Cotton explains what the process will be for the Planning Commission. There would be a resolution adopted for the zone designation. An application would be submitted. The State approves the application. The Oregon Housing Community Services would notify the County Assessor. Once the boundary is set it is a fairly straight forward process. Carpi asks how someone would apply to qualify for the incentive. The developer would fill out an application and it is administered by the state. The City's role is to administer the building permit. Tokos says there will be some coordination with State and Assessor on tax abatement. We need to know how many units are out there and how much tax abatement is approved to know how it is working. Hanselman asks how the abatement is determined. Cotton says it is a state program and they have created the rules and benchmarks. Tokos says the developer will know what the value of land improvements are going to be. Hanselman asks how the rent would be set. This is up to the developer. Vanderbeck asks who maintains it. This would be the developer as well. Hanselman is concerned it will quickly not be low rent. Cotton explains that the program was not designed for low income. It creates more housing in general and mixed use. Berman asks if this is a successful program, will it put a damper on some of the urban renewal funds

collected. Tokos says it will slow the pace. We might think about starting the footprint on a smaller size. This has not been discussed with Wilder but they may be interested in this.

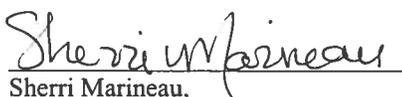
Cotton asks Commissioners what they think about Alternative A. Berman asks if the boundary is modifiable. Tokos says yes. Croteau thinks we need to shrink it and keep it to Highway 101, Downtown and east of Highway 20. Berman thinks we want to signal that these are the areas we want to redevelop. He also feels that in South Beach, development is important rather than redevelopment. Patrick can't see us promoting residential in tsunami zones. Cotton will redo map and get it adjusted.

As far as code changes, the Commissioners agree that parking abatement is needed and vacation rentals should be left out. Berman says to focus on non-auto means of transportation such as bikes, sidewalks and transit. He also likes the form based code. Patrick thinks we need to make it housing outright. Capri likes requiring design review for the City. Tokos says if formed based, there will be codes. Wilder already has this. We could include architectural standards but we don't have to. Capri doesn't like architectural standards. Form based code gives people building blocks and shows the massing of the building. It's essentially what we are doing in Nye Beach. They have a list of what to do and is what Capri doesn't like. Tokos asks if Commissioners want to put the text for the abatement framework in place and let some of the other things fall into other processes. The Parking Study will give a lot of guidance. Urban renewal codes that could go with transportation solutions, and is important to match the two up. Tokos asks if it is important that it is in place before we do this or would it be reasonable to put this in place and have the other stuff catch up in time. Patrick says we could put in placeholders so they know where things will go when we get to it. The Commissioners agree. Capri asks how long until the Parking Study will be done. Tokos says by the end of the fiscal year. Transportation could be 2-3 years. The Commissioners agree to add parking, housing as an outright use, and prohibiting vacation rentals to the code.

Affordable housing exemption is discussed. A for-profit could technically develop for exemption but the property has to be leased and managed by a nonprofit housing developer that specializes in low income services. If you are giving a limited exemption, you're going to see rents go up after the exemption period expires. This assures that nonprofit housing stays affordable. Currently the State rules are set as a 10-year program and they will most likely continue the program. If you give unlimited exemption, it says you want to insure long-term housing affordability. The only other consideration is the income threshold. State rules say 60% of median family income in the first year of tenancy. Income could go up to 80% after. 2/3rds of rental households in Newport fall in the 80% or under. Berman asks if income continues to go up, would they get evicted. Cotton said they would have to transition but will not get evicted. They would reapply every year. It is meant to insure affordability for low income households and offer stability. Hanselman says when you say the word family he is concerned about children as they are the most vulnerable. He asks if they require families to have children. It depends on who the nonprofit is. If we look at the different nonprofit developers in our area such as Samaritan House, they are looking at families. It could vary by project. The more incentives you're offering, the easier you are making it for nonprofit housing developers to be successful. Croteau reminds that median family income has children factored in. Tokos says the Housing Authority is looking at doing a project soon. They would benefit from the incentive and it would give their portfolio sustainability. Cotton explains that another big consideration is the incentive can apply to land. Developers could acquire land. If it takes a few years to figure out all the pieces and they have the abatement, they won't have a carrying cost. The model is that nonprofits have success and is a caveat. The Commissioners agree that it is a good idea. In a future session, the multifamily housing development incentive will be discussed.

4. **Adjournment.** Having no further discussion, the meeting adjourned at 7:07 p.m.

Respectfully submitted,

  
Sherri Marineau,  
Executive Assistant

