

The City of Newport added four new tools to tackle housing development needs at the Council meeting August 7.

The first policy lowered System Development Charges (SDCs) for smaller and mid-sized homes.

SDCs are city fees on new development or significant redevelopment used for future water, sewer, stormwater, transportation and park infrastructure.

Previously, SDCs on residences treated all dwellings the same, charging nearly \$11,000 regardless of size.

“The new methodology distills the fee to a charge per square foot for single family homes,” Community Development Director Derrick Tokos said. “Apartments are still assessed on equivalent dwelling units, but water and sewer are assessed on meter size. With the new methodology you have lesser charges for smaller homes and larger charges for larger homes. By and large, the SDCs are going down, most are going down significantly.”

City Manager Spencer Nebel pointed out this will help incentivize the development of workforce housing in Newport.

In addition to residential properties, Tokos said the formulas have been adjusted to better match the construction cost of restaurants, schools and a few other non-residential uses.

The second policy the Council approved was a Construction Excise Tax (CET) for affordable housing.

The tax, one percent of estimated construction value (permit value), will be applied to new construction and remodeling that results in additional square footage.

Types of construction that are exempted from the CET are developments of guaranteed affordable housing, private school improvements, public improvements including public schools, government buildings and facilities, public and private hospital construction, religious facilities, agriculture buildings, nonprofit facilities like long-term care facilities and retirement communities and mass shelters for the homeless.

The new revenue, estimated to be \$100,000 - \$150,000 a year, must be used for affordable housing as defined by Oregon law.

Example SDC Calculations Using New Methodology		
<i>(Assumes development is not eligible for credits)</i>		
Single Family Dwelling		
Size	1,800 SF	
Construction Cost	\$205,000	
Current SDC	\$10,994	
Admin (4.18%)	\$460	
School Excise Tax (\$1.07)	\$1,926	
Status Quo Total	\$13,380	
New SDC*	\$7,400	
School Excise Tax (\$1.07)	\$1,926	
Total w/o CET	\$9,326	-30%
CET @ 1.0%	\$2,050	
Total w/ CET	\$11,376	-15%

The state receives 15 percent of the tax for down payment assistance, and the rest is available for local affordable housing.

The City Council plans to form a work group to determine how the money is spent and review the CET program within 10 years.

Lastly, the Council approved two tax exemption programs at the meeting.

The Non-Profit Corporation Low-Income Housing Tax Exemption program tries to incentivize development of low-income housing anywhere in Newport.

The program allows nonprofit developers that provide rental housing to low-income households to receive an exemption of up to 100 percent of the property tax for an unlimited time.

Low-income households are defined as those at or below 60 percent area median income for the first year of tenancy and up to 80 percent for subsequent years.

The Multiple Unit Property Tax Exemption program (MUPT) grants developers a property tax exemption on structural improvements on a property for up to 10 years following construction.

The MUPT program is applied to projects where three or more new rental units of housing or two or more rehabilitated rental units are created.

“Overall, I believe these new programs will benefit Newport and are a great step in addressing the housing shortage our community faces,” Mayor Sandra Roumagoux said.

All the polices go into effect September 6, 2017.

18 Unit Assisted Living		
Size	15,004 SF	
Impervious Surface Area	21,780 SF	
Construction Cost	\$2,047,000	
Current SDC	\$74,109	
Admin (4.18%)	\$3,098	
School Excise Tax (\$1.07)	\$16,054	
Status Quo Total	\$93,261	
New SDC*	\$39,721	
School Excise Tax (\$1.07)	\$16,054	
Total w/o CET	\$55,775	-40%
CET @ 1.0%	\$20,470	
Total w/ CET	\$76,245	-18%

Office		
Size	10,000 SF	
Impervious Surface Area	15,950 SF	
Construction Cost	\$1,195,000	
Current SDC	\$43,666	
Admin (4.18%)	\$1,825	
School Excise Tax (\$0.53)	\$5,300	
Status Quo Total	\$50,792	
New SDC*	\$24,039	
School Excise Tax (\$0.53)	\$5,300	
Total w/o CET	\$29,339	-42%
CET @ 1.0%	\$11,950	
Total w/ CET	\$41,289	-19%

Restaurant		
Size	2,500 SF	
Impervious Surface Area	3,000 SF	
Construction Cost	\$340,000	
Current SDC	\$94,665	
Admin (4.18%)	\$3,957	
School Excise Tax (\$0.53)	\$1,325	
Status Quo Total	\$99,947	
New SDC*	\$41,924	
School Excise Tax (\$0.53)	\$1,325	
Total w/o CET	\$43,249	-57%
CET @ 1.0%	\$3,400	
Total w/ CET	\$46,649	-53%