

MINUTES
City of Newport Planning Commission
Work Session
Newport City Hall Council Chambers
September 12, 2022
6:00 p.m.

Planning Commissioners Present: Jim Patrick, Bob Berman, Braulio Escobar, Jim Hanselman, Bill Branigan (*by phone*), Gary East, and John Updike.

PC Citizens Advisory Committee Members Present: Dustin Capri, and Annie McGreenery.

PC Citizens Advisory Committee Members Absent: Greg Sutton.

City Staff Present: Community Development Director (CDD), Derrick Tokos; and Executive Assistant, Sherri Marineau.

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

2. **New Business.**

A. **Welcome Citizen Advisory Member Annie McGreenery.** The Commission welcomed Annie McGreenery as a new Planning Commission Citizen Advisory Member.

3. **Unfinished Business.**

A. **Newport Housing Study - Overview of the Constructability Assessment.** Tokos reviewed the ECONorthwest slide show starting with the purpose of the constructability analysis for the Newport Housing Study. Berman asked who the user of the report would be. Tokos explained the report was for everyone and would inform users of some of the recommendations the city made in investments on their resources to get infrastructure in place where they didn't presently have it. The constructability assessment would be used to support recommendations for getting more mixed use housing into the core center areas in the city.

Escobar reported that at the last Housing Committee meeting it seemed like a lot of the information was coming from the city instead of the consultants. He thought it would have been good to have someone in construction industry involved because it felt like there wasn't a lot of input locally. Escobar thought there didn't seem to be much new information given they didn't already have. Tokos reminded that this was a first impression for the committee and the consultants would have an opportunity to dig into the write up that they would do as well. ECONorthwest did a fair amount of the data and they interviewed a lot of developers to come up with construction cost side of things to know what it would actually take to construct the product. There would be more details on this in the writeup.

Tokos reviewed the constructability analysis overview of subareas, the approach to the constructability analysis, and the housing types and estimated pricing for apartments, quadplexes, cottage clusters, townhouses, and small single-detached dwellings. Berman asked how many total units there were in the Wyndhaven apartment developments. Tokos reported the first phase was 66 units, and the second had 78. He didn't know how many would be in the third phase. Berman asked if

this number meet the 20 year requirements for housing. Tokos explained if they went with the historic trend line they would need about 650 to 700 units. He noted that their experience had been that if they got the units on the market for rentals or owner occupation, people would be snapped up. This was due to with the high number of people who commuted to Newport for work who couldn't find places to live in Newport. Patrick questioned if the numbers that were required made up for the deficit for the last 15 to 20 years. Tokos explained the vacancy rate was around two percent and was tight for Newport. Patrick thought this would go a long way for the previous numbers but didn't do anything for the future.

Hanselman asked if the pricing was in 2022 dollars or a projection for when the houses might be build. Tokos thought this was projected out at least a couple of years. Branigan asked if the cost of around \$340 per square foot for a small single-detached was high. Tokos explained this was where they were trending for the price per square foot. Patrick didn't think the cost was too high and thought it might not be high enough. Hanselman questioned what type of jobs could support homes at this cost. He thought that short-term rentals and second homes were affecting housing. Updike asked if there was a study on full time residency versus part time in Newport. Tokos reported they would be extrapolating what portion was seasonal. He pointed out that if these numbers were lower it would make it more challenging in respect to what developers would be able to do given the infrastructure costs.

Tokos reviewed the relative ability to pay for land and infrastructure information. Hanselman thought the consultants missed the target audience and didn't think it was very clear on where they were pulling the residuals. He couldn't tell the difference on the report between land costs and infrastructure costs. Tokos thought there would be more detail in the full write up. This showed there was a reason why we didn't see rapid development along the periphery on lands that were inside the urban growth boundary. The cost of getting the infrastructure to a property, on top of the cost of constructing the infrastructure internal to the site to support what they wanted to develop, was beyond what a developer could bear and still come out with a product that they could eventually get a return on. A discussion ensued regarding the high costs of the construction to build, how the terrain affected the cost to build, and the State's rule that said the cost for rents could only be raised once a year.

Tokos covered the buildable acres and infrastructure needs for Subareas 1, 2, and 3. Updike asked if the lift station was a financing mechanism for covering some of the costs. Tokos explained there were three urban renewal districts that had tax increment financing. The South Beach District was getting close to the end of its life in 2027, and the Agate Beach District was the newest one created in 2015. McLean Point was a small district that picked up properties off the tax rolls after they formed this district. They wanted to see a wastewater station there to do more robust development. 100 percent of the value flowed into the district but it was a small district that was only going to generate around 2 million. Updike asked if they should assume that the benefit was backed out of the cost analysis. Tokos explained they didn't factor in how it would be paid for. When they saw areas where there was a big gap they could bring in urban renewal funds to bear close to that gap. Tokos noted that the slides showed what a developer could bear to make this happen. Tokos continued his review of the buildable acres and infrastructure needs for Subareas 4, 5, 6, 7, 8 and 9 next.

Tokos covered the infrastructure costs versus residual value of development. Escobar didn't see there being a lot of potential for private developer subsidies. Tokos agreed that in these cases infrastructure costs were quite a bit higher than the residual value of what they had per buildable acre. There wouldn't be any money left over to buy the land. Hanselman asked if there were any monies from the last two big infrastructure bills on the Federal level for these types of projects. Tokos thought some of this might get part of the funding, but a lot would be through grants or low interest loans. The city had to

be cognizant on how much debt load it could take on. Part of this depended on where it was targeted, such as for bridges along the highways.

Tokos went over the conclusions and limitations next. Berman asked if Public Works would look at this to decide when they should be looking at projects in different areas to try to make properties more desirable for developers, or if developers would be coming in to do this. Tokos thought they would need to do strategic partnerships with developers and leverage the urban renewal resources to close the gap on some of the properties. He explained Public Works was directly involved in working on these numbers. The decision on how we invest our limited infrastructure dollars was ultimately a policy call.

Tokos showed an example of the extraordinary assumptions for the Agate Beach area to provide insight on what they should be thinking about and how they prioritized for infrastructure investment. He reviewed a map of a conservation easement property, and the concepts from the developer on what they might do. Tokos also covered the estimates provided, street sections, alignments, the Wilder layout, and an analysis done for the property owned by BGB LLC.

Patrick thought they were already doing most of these things on the Oregon Housing Needs analysis. He didn't like that the City would have to justify what they were already doing. Tokos noted that the mayor thought they needed to think about the litigation between cities and the State on equitable communities climate rulemaking. He noted these applied to communities in metropolitan areas only. These new statewide rules threw out all the planning work these larger jurisdictions did. Tokos anticipated a big fight over Home Rule because these cities were saying the State went too far on the rulemaking and didn't have the authority to dictate some of the changes to the Home Rule. There was frustration from a number of the cities saying the State hadn't really tried to partner with them to come up with solutions on the recent work for rulemaking.

Hanselman voiced concerns on the housing study. He didn't like that they didn't know how many homes or people they were talking about. Hanselman explained that two summers before residents were placed on level 2 water restrictions. Newport already had water issues and he questioned if there would be enough water supply to accommodate the people in the city. Hanselman gave an example of how resorts had been asked to restrict water usage during the COVID pandemic when there was less usage, and questioned where they would have been if this happened outside of COVID with greater usage on the system. He wanted to see the city do a parallel study on our water and water availability. They needed to be thinking about how much water was needed to accommodate the increase of housing when there was already limited resources.

B. Yaquina Bay Estuary Management Plan Update- Needs and Gaps Assessment. Tokos provided background information on the process the State had previously started. They formed a technical advisory committee and struggled with figuring out how they wanted to approach updating the estuary management plan. Tokos reminded that this wasn't a city specific planning process because the bulk of it was outside of the city limits. The city's participation was for specific areas in the city.

Tokos reviewed the needs and gaps assessment. He explained they were looking at three tiers. Tier 1 looked at what needed to be done currently. Tier 2 looked at what things they needed to do, but were deferred because they didn't have the resources they needed to them. Tier 3 looked at the things that even if they were deferred would need outside support to get done. Tokos explained the estuary management plan was supposed to accommodate economic development, in addition to achieving conservation efforts. His thoughts were that the assessment had to do a lot about conservation, and all of the economic development would be deferred to Tier 2. If they were going to defer it to Tier 2,

Tokos advised that they needed to explain how or what they were doing in Tier 1, otherwise it would come across as too conservation heavy. Tokos noted they were deferring the new estuary standards and tackling the implementation process. He felt that if they didn't tackle standards at the same time, they would have a hard time reworking the process because they both went hand in hand.

Patrick thought they needed to do the standards first. This would be the hardest part and helped determine what needed to be done. Tokos reminded that taking the opportunity to work through the standards to better define the roll of local governments versus resource agencies was good. Without it, it would put the city in an awkward position because they weren't biologists. They needed to get the roles defined to determine what the city needed to look at, relative to the resource agencies, so they weren't overlapping each other. Hanselman thought there wasn't a lot of monitoring in the plan. He questioned how they expected to manage a water resource as important as this without constant monitoring.

- C. **Work Program Update.** Tokos pointed out that there had been a change in the work program to remove the October 10th public hearing for the Starfish Cove subdivision application. The developers withdrew the application because they couldn't pencil this out with current market conditions.

Tokos reported the annexation proposal would be coming in soon and would land on the October 24th meeting. The Boston Timber land swap would be coming to the Commission in a few months. This was stuck with the County and they weren't mandated to be taken care of it in a certain amount of time.

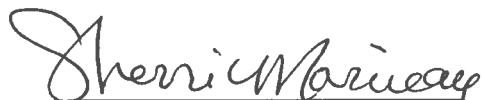
Escobar asked why the Commission was looking at the camping ordinance after the City Council had heard it. Tokos explained that what the Council looked at was non land use related. This was a chance to look at the private side regulations, and what the rules were on how many people could camp in tents on people's properties. The Council only looked at resting in public rights-of-ways.

Patrick asked if the Gino's Restaurant complaint from the last meeting had been turned in. Tokos reported the Police Department and enforcement were looking into it. Escobar noted the 9th and Hurbert Street parking lot didn't currently have vehicles camping in it as much. Tokos reported the lot was going to be changed to a monitored lot.

Hanselman asked if the work session to identify candidates for the city center revitalization project stakeholder advisory was the TGM funding. Tokos confirmed it was. They needed to start to work through who the stakeholder groups should be. Hanselman asked if there would be local people on the stakeholder list. Tokos explained it would be a mix of local and other entities in the county and school district.

4. **Adjourn.** The meeting adjourned at 7:14 p.m.

Respectfully submitted,



Sherri Marineau,
Executive Assistant