



NEWBERG HOUSING FOR WORKING FAMILIES

AD HOC COMMITTEE

Tuesday, August 12, 2008

4 p.m. to 6 p.m.

Newberg City Hall

Permit Center Conference Room

414 E. First Street, Newberg, OR

I. OPEN MEETING: Chair Philip Smith opened the meeting at 4:05 p.m.

II. ROLL CALL:

Present:	Bob Larson	Philip Smith	Bob Ficker
	Rick Rogers	Dennis Russell	Mike Gougler

Absent: Joel Perez, Kevin Winbush, Mike Willcuts

Staff Present: David Beam, Economic Development Coordinator/Planner
Barton Brierley, Planning Director
Dawn Karen Bevill, Recording Secretary

Others Present: Chelsea Catto (CASA)

III. MEETING MINUTES:

MOTION #1: Russell/Larson moved to approve the minutes from the July 29, 2008 meeting. Motion passed by unanimous voice vote.

Chair Smith commented on the July 29, 2008 minutes (P4) where Rick Rogers said he would like to see an education program toward ownership being reinstituted as part of the high school finance curriculum. The school board should be contacted and encouraged in this direction. **Bob Larson** suggested attending and presenting this idea at a school board meeting.

IV. BARRIERS TO AFFORDABLE HOUSING:

Chair Smith reviewed items 1 – 4 (P11) Barriers to Affordable Housing submitted by the City of Newberg Planning Staff, dated July 29, 2008.

David Beam reviewed the item 5 (P11) Constructions Costs vs. Operational/Maintenance Costs in relationship to upgrading building materials vs. long term maintenance which usually involves increased initial costs to the tenant. There is a lack of information for a cross comparative analysis.

Rick Rogers explained that for Habitat for Humanity, some materials are used during construction even if it's more expensive, due to more durability and higher energy efficiency.

Chair Smith asked in regards to Access of Mass Transit (P11) Item 6, if the bus service is sufficient enough in Newberg to affect affordable housing and how much priority should be placed on it.

David Beam replied as it stands now, it's not very effective.

Charles Harris commented there's a need for mass transit to other cities from Newberg for those who have no other form of transportation.

Dennis Russell is unsure if mass transit is always the government's responsibility; alternative mass transit options are needed. The question was posed at a discussion between him and other employers as to what role should employers play in helping to meet those needs, such as providing shuttles.

Chair Smith suggested as the Committee develops an action plan, one action may be to have Dennis Russell and other employers partnering to gather information in regards to transit as well as forming smaller groups to research various related topics.

V. RETENTION OF AFFORDABLE HOUSING:

MOBILE HOME PARKS:

Chelsea Catto of CASA of Oregon was introduced by Chair Smith. Ms. Catto explained CASA started its Manufactured Housing Park Program in 2006 with a grant and are looking at options for converting privately owned manufactured home parks into resident owned communities. As a result of rapidly appreciating land values, population growth and aging park infrastructure, many Oregon manufactured housing parks are being closed and redeveloped. The Oregon Legislatures passed several new laws in 2005 & 2007 to assist homeowners threatened by displacement from park closures. If residents are interested in forming a limited equity cooperative to purchase their park, there are organizing and financial stages which lead to the development and purchase phases. This process is predicated on whether or not there is a willing seller of the park, which can be difficult to find. Conversations concerning resident-owned communities provide manufactured home owners with opportunities for asset appreciation and wealth building which are associated with homeownership.

Chair Smith asked when residents in a manufactured home park should organize and what participation amount is needed.

Chelsea Catto replied that 60% participation as a minimum is needed by residents.

Charles Harris added residents should organize now. If they organize, they can send a letter to the owner saying they'd be interested in purchasing the park.

Bob Larson stated there are 9 manufactured home parks in Newberg, 6 family and 3 are for 55+.

Mike Gougler stated organizing for ownership involves a lot of work. The most important issue to deal with is financing. Highly qualified individuals and companies are having difficulty with financing in the current credit climate.

Chelsea Catto agreed financing is the major piece. CASA program is a new in Oregon. A Manufactured Home Loan Program is being developed.

David Beam asked what proactive actions this committee can do.

Chelsea Catto referred to the handout she provided; Information on the Preservation of Manufactured Housing Park, explaining the 2009 legislative priorities in addition to a \$12.3 million budget request by Oregon Housing and Community Services to the Governor for manufactured housing park preservation funds. Unfortunately, manufactured home parks are not a qualifying use for a lot of available resources. Ms. Catto continued to review the advantages and challenges of preserving existing parks and conversion into resident-owned communities.

David Beam inquired about the closing of a manufactured home park in McMinnville.

Chelsea Catto explained the park is in a commercial zone and the owner was interested in selling. This is the first park conversion CASA has worked on.

Bob Ficker asked if Ms. Catto has seen development of new parks.

Chelsea Catto replied preservation makes more sense and she hasn't seen many new parks in development.

Rick Rogers asked if all manufactured home parks in Newberg are located in R-2 and R-3.

David Beam replied he believed that was true.

Barton Brierley added Newberg doesn't use overlay zones for manufactured parks.

Chair Smith asked the current situation of the 9 manufactured home parks located in Newberg, if they are secure and what action should be taken.

David Beam replied that perhaps an inventory and evaluation should be done on the existing parks.

Bob Larson stated the owner of the manufactured home park he resides in isn't interested in selling, but its prime commercial property.

Chelsea Catto stated there is difficulty in talking to residents on private property and laws are being reviewed concerning that. She was going to hold an introductory meeting at a manufactured home park in Beaverton and the owner viewed it as a threat, although in reality, it was likely due to lack of information on his part. A good marketing strategy to approach owners is important.

Mike Gougler stated as soon as there's a deed transfer between family members, tax laws often forces the sale or disposition of part of the asset. The ability of transferring ownership without incurring a disposal tax is difficult. The other problem is most owners are empathetic with their residents and want to keep operating costs down. However, any effort to improve facilities or infrastructures affects the owners' ability to keep the low rates. One solution to create new parks may be as follows. If a property owner has marginally productive land outside the City had the choice of agreeing to annexation, and in exchange, would agree to the development of a manufactured home park on the property. This may be more financially viable if this was an allowed process. The current land use system requires exceptions and variances, making it a difficult process. A comprehensive plan that addresses the needs for affordable housing is needed.

Chair Smith stated the City of Newberg has proposed a new industrial zone classification called M-4, which preserves large lot industrial districts that can't be subdivided down without first being master planned. It sounds to him that Mr. Gougler proposes creating a new residential zone, perhaps called R-4, that would be added to the City of Newberg development code, specifically for manufactured home park use.

Mike Gougler liked the idea of an R-4 zoning, but would really like to see the easy annexation process to add manufactured parks to the City, as described earlier.

Chelsea Catto stated Mr. Gougler is assuming the owners are charitable and are trying to keep rents low, but what is in fact happening is the rents are rising.

Charles Harris agreed annexation is a big issue and making the process easier would solve major problems.

Chair Smith stated some of what's been suggested would depend on changing state law in Salem in dealing with land use planning system in Oregon. It seems to him that this committee could explore the possibility of creating an R-4 zone, with land use restricted to manufacture home parks. The Committee could identify ahead of time areas adjacent to the city that could be annexed in the future as R-4 land and placed in the Comprehensive Plan as such.

Rick Rogers believes there were areas identified by a previous committee where R-2 and R-3 land should be located in the city, but there were obstacles involved in that process.

Mike Gougler makes a living converting land to income and understands the obstacles involved, not the least of which is financing. If value can be shown in transforming the property, then banking attitudes could be changed. He's reluctant in supporting a property must be zoned R-3, etc. Forced zoning has failed throughout the United States.

Dennis Russell feels the committee has come back to the original discussion concerning what incentives should be used to promote affordable housing in terms of building, zoning, fees, etc.

Chair Smith is not clear what specific proposal should be made concerning manufactured home parks. Education is being offered through CASA as Ms. Catto has explained. R-4 zones were suggested, which can be explored at a later date. Ms. Catto may be asked to attend meetings in the future in order to gather additional information.

VI. CITY FEES:

Barton Brierley referred to the handout included in the packet (P29 – P31) concerning the issue of development fees and their relationship with affordable housing. The memorandum includes suggestions that can be explored to encourage more affordable housing. A sample of Multi-Family Development Fees for a recent fourplex project was reviewed including Planning and Development Fees, Building Fees, Public Works Fees, and System Development Charges.

Mike Gougler asked where left over money from building and development fees, if any, goes at the end of the fiscal year.

Barton Brierley explained that planning fees continue over into the next year's budget, either into the General Fund or Planning Fund. However, as required by law, building fees are restricted specifically to the Building Fund.

Dennis Russell inquired as to what happens concerning staff during a year when relatively little income is generated.

Barton Brierley replied staff is adjusted according to the work load. Three and a half positions in the department have been dropped over the last year due to the economy.

Mr. Brierley continued to review (P29) stating one general strategy is to basically restructure how fees are collected, allowing an affordable project to pay less. An option would be to assess the SDCs at the time of occupancy instead of at the time of the building permit. This means the developer won't have to carry costs through the construction phase. The SDCs also could be wrapped in closing costs instead of the construction loan. Another option would allow the City to finance the SDCs, which is already allowed but promoted. This could be tied to some special City loan program for low income housing.

Mike Gougler referred to the recent Friendsview project, which he believes should have been classified as affordable housing. Many of the project fees could have been deferred and paid for through permanent financing.

Dennis Russell commented that Barton's suggestion and a change in policy vs. the current SDCs policy frees up more money for the project, but he still questions the replacement of revenue for the City's planning and building department.

Charles Harris agreed with the suggestion of deferring payment and asked what the fee is for annexation of a property into the City.

Barton Brierley replied it varies by size. He continued on to explain idea of a Storm Water Credit Program and ways in which to limit the amount of storm water drainage into the system.

Chair Smith asked the committee to consider moving from generalities on fees to specifics. One way to make that happen is to appoint a subgroup that can prepare a proposal. The subgroup would draft a proposal for changes to the City fee structure to assist with affordable housing. ***Dennis Russell, Charles Harris, and Mike Gougler volunteered for the subgroup.*** Chair Smith would like to see a proposal from the subcommittee sometime around the end of September.

VII. MEETING SCHEDULE: Next meeting – Staff is surveying available times of committee members. Staff will announce new schedule soon.

VIII. OTHER BUSINESS:

Charles Harris believes there is not enough R-2 and R-3 in the City. A proposal is coming before the Planning Commission on Thursday, August 14, 2008 to rezone to some R-2 land to commercial.

Mike Gougler asked if the land is more suitable for residential or commercial and would be interested in knowing if they have a reasonable argument for the request.

Chair Smith won't speak to this issue until he hears the argument from both sides at the Planning Commission meeting.

Charles Harris explained the location of the property and suggested this Committee oppose the rezoning of the land. He wants the Committee to say that the City cannot afford to lose R-2 land.

Bob Ficker asked if there's enough information to make a statement in opposition.

David Beam stated the Staff Report shows a shortage of both commercial and R-2.

Dennis Russell stated he needs more information before making a decision.

Charles Harris read a portion of the Staff Report. City staff recommends approving the rezone.

Chair Smith will abstain from any vote concerning it at this time and will make no decision until he's heard public testimony at the Planning Commission meeting.

Councilor Larson sits on the City Council and will abstain, as well.

Mike Gougler understands and appreciates the argument but as a land owner and developer, he's had more difficulty with arbitrary zoning regardless of location. Newberg suffers more from not having enough commercial services available; residents having to drive out of Newberg to shop. If the property will offer valuable commercial services currently not available in Newberg, he sees that as more beneficial than residential, but he needs more information.

Rick Rogers believes the committee could philosophically put forth a statement with concern to R-2 being converted to other uses.

MOTION#2: Harris/Rogers moved to communicate to the Planning Commission that there is not enough R-2 land in the City of Newberg and not to disregard the value of R-2 land despite the size of the parcel. Motion Failed (3 No/ 2 Yes/2 Abstained [Chair Smith, Councilor Larson] /3 Absent [Willcuts, Winbush, Perez]).

IX. ADJOURN: The meeting adjourned at 6:05 p.m.

Approved by the Ad Hoc Committee this 4th day of September 2008.

AYES: 9 NO: 2 ABSTAIN: 2 ABSENT: 1
(list names) B. Ficker

Laure Karen Beirle
Ad Hoc Committee Recording Secretary

Philip D Smith 9/4/08
Ad Hoc Committee Chair Date