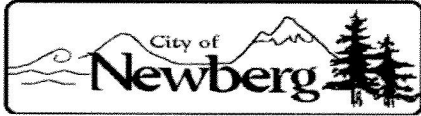


**NEWBERG AFFORDABLE HOUSING
AD HOC COMMITTEE**



Thursday, October 2, 2008

7 p.m. to 9 p.m.

Newberg City Hall

Permit Center Conference Room

414 E. First Street, Newberg, OR

I. OPEN MEETING: Philip Smith, chair, opened the meeting at 7:10 p.m.

II. ROLL CALL:

Present:	Bob Larson Mike Gougler	Philip Smith Dennis Russell	Joel Perez
Absent:	Kevin Winbush Rick Rogers	Bob Ficker Mike Willcuts	Charles Harris
Staff Present:	David Beam, Economic Development Coordinator/Planner Barton Brierley, Planning and Building Director Tami Bergeron, Recording Secretary		

III. MEETING MINUTES:

The meeting minutes from September 4 and 18, 2008 were not reviewed for approval and are pending a quorum vote.

IV. POTENTIAL CITY POLICY CHANGES TO COMPREHENSIVE PLAN AND DEVELOPMENT CODE

David Beam referred to the pages from last meeting packet dated September 18, 2008 (pages 10-11), *Affordable Housing Ad Hoc Committee City Policies – Potential Recommended Changes*. In reviewing that information, he also referred to the page 15 of this meeting's packet that is a memo from Barton Brierley and David Beam which depicted concerns that were discussed and raised at the last meeting regarding the proposed changes.

Chair Smith noted that Mike Gougler suggested a change to item number 6 at the last meeting about the City "mandating" affordable housing. Mike had suggested the creation of affordable housing should be incentivized, not mandated.

Dennis Russell stated he wants to be sensitive to incentivizing affordable housing rather than mandating the private sector to adhere to those standards. He feels the non-profit sector has an

obligation to meet the affordable housing standards (and financial advantages to do so), but there must be incentives for the private, for-profit sector.

Barton Brierley and **Chair Smith** explained to the committee that there is not currently a requirement for affordable housing to be built in Newberg by the private sector.

Dennis Russell says that non-profit organizations are currently providing affordable housing in Newberg without the involvement of the City.

Chair Smith felt that there was agreement by the group that there is still a greater need for additional affordable housing. Therefore, this committee should continue to work to encourage the additional development of affordable housing. He challenged the group to consider some alternate incentives.

Mike Gougler suggested that allowing the developer to average the lot sizes in a development could be a way that the City could encourage affordable housing. However, he is opposed to requiring, in exchange, some provision of affordable housing. The problem is that if he builds a percentage of a subdivision at one cost and then build a percentage of affordable housing units in the same subdivision, it will lower the value of the market rate units.

Chair Smith then clarified Mike's explanation stating that it would be financially disadvantageous for a builder to make affordable housing within a subdivision or neighborhood of more expensive housing.

Dennis Russell argued that his home in a street of dreams neighborhood was of lesser value but did not devalue those other homes in his neighborhood.

David Beam stated that if the affordable housing units are not deed restricted and managed by some housing agency, then someone with investment money will buy those affordable homes and sell them for profit at market value. We would then never build up an inventory of affordable homes over time. He discussed the fact that Yamhill County housing authority holds current HUD and subsidized housing and appears to be maintained well. Most citizens in Newberg would not be able to tell which homes are subsidized based on exterior conditions.

Mike Gougler argued that proposed policies 5, 6 and 7 do not offer any viable incentives for the developer to build affordable housing in Newberg.

Chair Smith explained that the wording should probably be to encourage the developers, not mandating them to build affordable housing.

Dennis Russell said that the wording should be to incentivize rather than encourage builders and certainly not mandate affordable housing. He asked Barton Brierley to delineate between what would be an incentive versus a request or special permit that would need to be approved.

Barton Brierley agreed that there could be criteria established that stipulates what requests made by a developer that could include an incentive for him to build affordable housing.

Mike Gougler agreed with David Beam, that unless that affordable housing is turned over to the housing authority, the second generation of homeowners would sell that home at current market rate. Again, without an entity monitoring affordable housing market, the affordable housing inventory would be depleted by second generation sales.

Chair Smith suggested that the city give a builder the opportunity to build some required affordable housing in another development or to put that money into an affordable housing trust fund.

Mike Gougler agreed that mechanism would work better, not risking the value of market rate housing. This would work well if the finances of a development provided enough of a profit margin to allow a contribution of affordable housing. Mike added that it is the market that drives what the builder is building and in what price range.

Dennis Russell talked about HUD grants and monies that are available to build affordable housing. He confirmed that HUD wouldn't revoke or lessen your grant monies if, in fact, the City was also providing to the project affordable housing monies through a program such a housing trust fund.

Mike Gougler said the City needs to be empowered to recognize those organizations developing affordable or charitable housing and offer some assistance. He cited an example of current assisted living development (Friendsview) that is subsidizing housing for lower income citizens.

Chair Smith said this meeting's discussions were limited by the absence of the other committee members, but were still informational and much appreciated.

Chair Smith stated that by increasing the diversity of housing sizes (e.g. more, smaller homes), the price of some housing prices might be more affordable.

Mike Gougler said that he agrees with this being an incentive to build a "starter home". Mike wants the incentive to be that the more houses being built, then a percentage of those should be built smaller and more affordable.

Chair Smith state that the Committee's discussion will more likely provide affordable housing options for middle income household, not low income ones. Also, the committee should look at the possibilities of bringing in additional land quickly into the City. Finally, he wanted to be sure that the committee has more discussions about rentals.

Mike Gougler asked that the HUD project and other such builders get incentives provided by the City.

Dennis Russell agreed and would like to encourage that opportunity.

Mike Gougler and **Chair Smith** agreed that one priority should be ensure that existing affordable rental opportunities remain intact.

Chair Smith would like to investigate setting up a fund for affordable housing and better define how that will work.

V. OTHER BUSINESS:

Chair Smith read a letter from Paula Radich regarding the Newberg School District and economic education being offered. Philip also reported that he went to the Housing Fair in McMinnville on September 27. He handed out fliers and business cards from the fair mentioning that he had done some networking with the fair vendors while attending. Philip believes that we will need an affordable housing education fair subcommittee to help organize a similar fair in Newberg that will include some local businesses.

David Beam provided a flier regarding an upcoming grand opening of the Village Quarter in McMinnville. He also referred to a newspaper article regarding Oregon homeowner income and home values statistics. David asked the committee if they wanted to continue with the intended subject of the next meeting (private and public programs), as guests have already been invited. Committee members agreed the guests should come and review the planned subject.

Mike Gougler asked that when we the committee's proposal is presented to the City Council, it should be started in a workshop format.

Chair Smith also agreed that it would be beneficial to have a couple of workshops where the Committee can present and explain the proposal to the City Council. Mike and Philip agreed that this committee should carefully consider how the proposal will be presented to City Council and the public. Also, the Committee needs to be unified in their support of the proposals.

Chair Smith asked staff to develop language for an expedited land annexation into the City for manufactured home development.

Mike Gougler suggested that we also need to be able to have an expedited process to bring in industrial lands.

Dennis Russell cautioned that if we add the additional request for industrial lands to the proposal, we may bring in more opposition to the proposal. The group agreed that the wording would need to have a reasonable chance for success.

Chair Smith also asked that staff push to ensure more attendance by the committee members for next and future meetings.

V. MEETING SCHEDULE:

The next scheduled meeting will be on October 16, 2008 at 7:00 p.m..

VI. ADJOURN:

The meeting adjourned at 8:45 p.m.

Approved by the Ad Hoc Committee this 16 day of October 2008.

AYES:

7

NO:

0

ABSTAIN:
(list names)

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ABSENT:

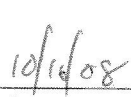
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Ad Hoc Committee Recording Secretary



Ad Hoc Committee Chair

 10/16/08

Date