



**NEWBERG AFFORDABLE HOUSING  
AD HOC COMMITTEE**  
Thursday, January 15, 2009  
7 p.m. to 9 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 7:00 p.m.

**II. ROLL CALL:**

|          |               |              |                |
|----------|---------------|--------------|----------------|
| Present: | Philip Smith  | Joel Perez   | Denise Bacon   |
|          | Mike Willcuts | Mike Gougler | Charlie Harris |
|          | Rick Rogers   | Bob Ficker   | Dennis Russell |
|          | Kevin Winbush |              |                |

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

Others Present Julie Codiga – Real Estate Broker  
Ian McLeod – Real Estate Broker

**III. MEETING MINUTES:**

**MOTION #1: Gougler/Rogers** moved to approve the minutes from the December 18, 2008 meeting. Motion passed by voice vote.

Chair Smith referred to a draft letter written by himself and Ian McLeod, Broker for Willcuts Company Realtors. The letter is intended to be sent on the behalf of the City of Newberg Affordable Housing Ad Hoc Committee whose goal is to increase the amount and accessibility of affordable housing in Newberg. As part of the process, an affordable housing fair is anticipated to be held in May and will introduce people to housing assistance programs and provide valuable information in purchasing a home, as well as helping local employees on the path to homeownership. The letter asks for input and participation from local employers, inquiring whether they currently offer housing assistance programs, and if so, would they be willing to share any details with the Ad Hoc Committee. Chair Smith asked the committee to review the letter and offer any suggestions at the next scheduled meeting.

Chair Smith asked the committee to view pictures/posters that Leonard Rydell, who could not attend this evening. Mr. Rydell had asked staff to display these items, as they illustrate his concerns regarding changes he'd like to see made to the existing City codes in Newberg.

#### IV. PROPOSED DEVELOPMENT CODE CHANGES:

Barton Brierley referred to Exhibit B (P12) of the meeting packet and explained that staff was looking at an alternate path concerning the various development standards. In past discussions, the Committee expressed their preference for a standard based upon some percentage of difference between the number of housing units that normally would be built under the current development code and the number of housing units that could be built using the flexible development standards. City staff would recommend that the required amount of affordable housing be 50% of the extra units above the target density of a development (with a minimum of 10% of the total units). The formula turns out to be:

$$50\% \times [\text{\#dwelling units in development} - (\text{target density in zone} \{du/ac\} \times \text{lot size in acres} \times 80\%)] = \text{required Equivalent Affordable Dwelling Units (EADUs)}.$$

Barton continued to review example scenarios of how this formula could work (pp. 12-13) and compared pencil sketch examples using the current standards and flex standards (pp. 14-21) on R-1, R-2 subdivisions and on R-2, and R-3 multi-dwelling unit developments.

Dennis Russell asked if staff is using the full target density. Barton Brierley replied he is using 80% of the target density in the formula.

Julie Codiga noticed that in some of the subdivisions that were built in the 1980s, near the golf course in McMinnville, there are duplexes on corner lots. Julie called Ida Shank, who's been a realtor for many years, and inquired why these duplexes were placed in a neighborhood of single family dwellings. Ms. Shank explained that this was a requirement at the time as part of the affordable housing plan. Julie then wondered if incorporating that into our R-1 zone in Newberg would help a developer meet affordable housing standards. It would blend in well and wouldn't interfere with the housing market in the neighborhood. Barton Brierley agreed that this may be a good idea to add that as a permitted use under the flexible standards. Ms. Codiga added it's a win/win situation for investors as well as tenants.

Chair Smith asked if the entrances of the duplexes were located on separate streets. Julie Codiga explained that is the way some of them are oriented. Hopefully, a developer would build it in a way that is as appealing as possible to blend in with the neighborhood.

Charlie Harris agreed it was a good idea and stated there are many ways to increase the density of housing in the City. This could also be done outside the flexible design standards with some change in the regular rules. Chair Smith stated that this could be a recommendation.

Mike Gougler asked who qualifies the buyer on the affordable housing units. Barton Brierley replied there would be a contract between the City and some outside organization such as the Housing Authority, who would do the qualification.

Mike Gougler asked how the affordable houses will be marketed. Charlie Harris replied they can be marketed through the Housing Authority and often times, in the rental market, it states whether its income restricted in the advertisement.

Mike Gougler asked those questions because if he chose to build the example shown (P17), chances are those would be priced only as affordable housing. Barton Brierley stated there's an option to do market rate affordable housing units, with no worry about who's income eligible. Credits will be earned if they're small units. Mike Gougler stated that's probably the direction builders will go. Chair Smith asked what the builder will get if all the units in a development are at small market rate; what happens to the extra affordable housing credits? Barton replied that extra credits can go toward other subdivision developments. Mike Gougler asked if he can sell them like SDC credits. Barton replied, yes.

Mike Gougler is concerned that in the case of an affordable built home next to a market rate home, the market rate unit may be affordable may not be appraised to the full amount because of the location. Rick Rogers thought that may be true in some cases. However, if a duplex is built in a McMinnville neighborhood near a golf course, chances are the homes next to the duplex will be fairly priced. Julie Codiga stated the homes in the area of the golf course are very nice, including the duplexes. The thought in the 1980s was to create some rental housing that fit into the mix of the neighborhood. The builders sold them to investors who had a rental property in an upscale neighborhood. Many were rented through the Housing Authority.

Barton asked the Committee if they feel the proposed affordable housing formula is designed in such a way to make it worthwhile for developers to some create affordable housing.

Mike Gougler asked if there would be a low income test on the people buying the market rate affordable houses. Barton Brierley replied, no.

Mike Gougler once again brought up the deed restriction issue. The Yamhill County Development Corp. only uses mortgage encumbered loans and does not use deed restriction at all. He did some research and found that if there's a deed restriction, it remains on the deed even after the restriction time has expired, which makes it difficult to get title insurance. Title companies and land-use attorneys don't recommend deed restrictions unless it's a unique situation. Deed restrictions can be a management headache, long-term.

Chair Smith stressed the importance of making a decision on the affordable housing formula proposal.

Mike Gougler stated he supports this option. It gives builders the option of flexibility in project design and may create some affordable housing.

Chair Smith asked if a Committee member has a motion on the proposed affordable housing formula.

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| <b>MOTION #2: Gougler/Winbush</b> moved to adopt as a recommendation to the City Council |
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the affordable housing formulas as described by staff. (10 Yes/0 No). Passed unanimously by roll call vote.

## **V. DEVELOPMENT FEES SUB-COMMITTEE REPORT:**

Charlie Harris explained the Design Standards Sub-committee consists of himself, Dennis Russell, and Mike Gougler. The Sub-committee met three times with Dan Danicic, the City Manager and Elizabeth Comfort, the Finance Director, for clarification on fee calculations. Charlie referred to page 2 of the draft memo and reviewed the range of fees assessed by the City for a residential development, such as SDCs, Planning and Development Fees, Building Permit Fees, and Water and Sewer Connection Fees. He also reviewed the illustration of fees and an example of how they are charged.. All together, it is estimated that the City fees total about \$20,000 for the average single family dwelling and \$13,500 for a multi-family dwelling.

Page 1 of the memo recommends that two questions first be addressed by the City Council:

1. Does the City want to participate financially in a program that encourages affordable housing?
2. Who should bear the burden of the costs of such a program?

The Sub-Committee would like to see the City financially participate in an affordable housing program and recommends that the entire city share in the burden of costs. This could be accomplished by having new development pay a share of the cost as well as a monthly fee charged to all current residents. The funds raised could be used to offset the balance of the revenue lost for any development fees waived and/or reduced to support affordable housing projects.

Furthermore, the Sub-committee believes that, rather than layout a suggested plan for how to spread the fees, they should first get the City to commit to the above-mentioned recommendations, after which a group of interested individuals can work out the details.

Dennis Russell stated the methodology should be determined at a later date. Much work needs to be done before stating specifics on how to do it.

**MOTION #3: Perez/Winbush** moved to approve the recommendation Sub-committee report as submitted. No vote taken.

**MOTION #4: Gougler/Perez** to amend Motion #3 by adding the Citizen Rate Review Committee should be the first to review, gather information, and hear from the public regarding City rates in determining the best equitable distribution possible. Passed unanimously by voice vote.

David Beam continued the discussion on proposed changes to the Newberg Development Code (pp 22-23) regarding Planned Unit Development standards (PUD). David reviewed the

maximum housing standards for PUDs under the current code. He then discussed the proposed density bonus a developer could get if some/all the units were affordable. Barton Brierley explained that, in general, development under PUD standards does allow a lot of development design flexibility.

Chair Smith referred back to the deed restriction concerns brought forth by Mike Gougler. It was asked if these affordable housing units could also be mortgage encumbered restricted rather than deed restricted. Barton Brierley replied that would probably be fine.

Chair Smith stated PUDs are different than the usual development, due to the fact that a comprehensive plan needs to be put together and then brought to the Newberg Planning Commission for approval. However, this option does provide extra development flexibility. Chair Smith stated the place where this proposal would most likely be beneficial would be in R-1 zone.

Charlie Harris asked when or if the issue regarding minimum densities will be discussed. Barton Brierley replied that this hadn't been discussed.

Charlie Harris stated one way to increase affordable housing in the community is to have minimum densities and making lot sizes smaller. He feels this issue needs to be addressed. He suggested applying the flexible development standards for all residential developments in the City, whether building affordable housing or not. Rick Rogers stated the Committee has discussed in the past about the lack of R-3 land and asked at what point issue would be addressed. This high density type of development needs to be fostered inside the City, not just on the outskirts as part of new annexations.

Chair Smith stated it's been clear to him for a long time the density needs to be increased in Newberg for a number of reasons. Dennis Russell stated this comes back to the fundamental question of making this effort optional to encourage builders to develop affordable housing. Forcing people into minimum levels of development will not work. Benefits need to be offered to ensure the interest of developers.

Chair Smith stated the committee is looking for proposals to increase density and one of the proposals is allow for reduced lot sizes. Julie Codiga added the lot size needs to be addressed as well as lot coverage.

Rick Rogers would like to see higher density in town. He would love to see an overlay in a specific place for this type of development. Chair Smith stated that in order to increase density, more R-3 land is needed and should be planned for. Rick Rogers asked what can be done to solve this issue. Charlie Harris would like to see this issue discussed before terminating this committee. David Beam stated that at a previous meeting, the Committee did go through the City map and identified potential lands that may be suitable for designation of higher density zoning.

Chair Smith asked for a motion regarding the PUD proposal.

**MOTION #5:** Russell/Perez moved to approve the recommendation by staff regarding the PUD proposal. Passed unanimously by voice vote.

#### **VI. DESIGN STANDARDS SUB-COMMITTEE REPORT:**

Barton Brierley referred to Exhibit D (pp 24-35.) With the recommendations made by the Design Sub-committee, City staff has created a proposed set of design standards for the full Committee's review. Rather than go into detail about the proposed language, he went directly to the some examples that would demonstrate how these proposed standards would apply. He took five different existing developments in the community and how they would fare under the proposed design standards. The proposed standards apply largely to single family developments. There are another set of standards for multi-family. The five developments he reviewed on an overhead presentation are located on Creekside, Clifford Court, Mary Lou Lane, Arlington, and Deborah/Douglas. (PP 31-35)

Mike Gougler complimented staff on the great job with preparing this information. Mike stated the financial incentive of the propose approach is not having to take it to the Planning Commission for review. However, once the process becomes complex and the benefits somewhat uncertain, a builder will want to go with what he knows.

Chair Smith stated Barton's presentation has shown that if Mike Gougler and Mike Willcuts continue to build the houses they've been building already, they should be able to pass the design standards easily. Mike Gougler agreed that's what he does already. Chair Smith believes the proposed standards, as illustrated in the pictures, are not very onerous. However they do provide the protection that some members of the Planning Commission may want concerning project design. Mike Gougler's felt that the larger the proposed develop, the bigger the incentive to builder to use the flexible development option. The required design standards shouldn't be problem in these cases. Barton Brierley believes that this argues for Charlie's point in making these standards for all subdivisions.

This discussion will resume at the next scheduled meeting.

**VIII. OTHER BUSINESS:** Chair Smith has been asked to make a preliminary report to the Newberg City Club and the Newberg City Council on Tuesday, January 20<sup>th</sup>.

**IX. NEXT MEETING:** The next meeting is scheduled for January 29, 2009 at 7:00 p.m.

**VIII. ADJOURN:** Chair Smith adjourned the meeting at 9:10 p.m.

Approved by the Ad Hoc Committee this 29th day of January 2009.

**AYES:** 7

**NO:** 2

**ABSTAIN:** 2  
(list names)

**ABSENT:** 3

Dawn Karen Bovee  
Ad Hoc Committee Recording Secretary

Philip W Smith 1/29/09  
Ad Hoc Committee Chair Date