

**City of Newberg
City Council
November 2, 2020**

Meeting held electronically due to COVID-19 pandemic

WORK SESSION

Meeting called to order at 6:00 p.m.

Councilors Present: Mayor Rick Rogers, Councilors: Denise Bacon, Elise Yarnell Hollamon, Stephanie Findley, and Bryce Coefield.

Councilors Absent: Julia Martinez Plancarte, District 5 seat vacant

Staff Present: City Manager Dan Weinheimer, City Recorder Sue Ryan, Community Development Director Doug Rux, Affordable Housing Committee Chairman E.C. Bell.

WORK SESSION:

CDD Rux presented on the Council Goal of housing affordability. He said 28.6% of Newberg residents were rent burdened and it was increasing. A 2019 Housing Needs Analysis showed the majority of the City's housing was detached single family. There was a low vacancy rate in the City as compared with other communities. They were also becoming more ethnically diverse. The median household income was lower than Yamhill County and the state. A little less than 50% of the City's population made less than \$50,000 per year. The median home price was \$340,000 and median rent rates were \$1,159 per month. The target was no more than 30% of income went to housing and above that was cost burdened. There was an income issue and housing cost issue in the City at the same time. He discussed what had been done to address affordability including creation of an Affordable Housing Task Force and implementation of their directives, Housing Newberg and their proposals, and work on R-3 annexations with UGB expansions, Accessory Dwelling Units, Construction Excise Tax, and missing middle housing. There was a housing position in the budget that had been put on hold due to Covid. He explained the Housing Work Program Table that the Affordable Housing Commission had recommended. He discussed the items that had been completed and items still to be done with a timeline for those items.

E.C. Bell, Affordable Housing Committee Chair, explained the Commission prioritized generating funds to encourage affordable housing and they wanted to move forward with the Construction Excise Tax.

CDD Rux asked for feedback about the timelines and priorities.

Discussion: There was discussion regarding coordination of the new stormwater committee on some of these items, flexibility of the work plan, if the code changes could be done sooner and balancing staff time, population numbers going down and the effects on vacancy rates, how the median household income had decreased since the early 2000s, rent control in the City separate from the state restrictions, need for a combination of things to solve the affordable housing issue, if the Construction Excise Tax would increase the cost of housing overall and developer incentives, preserving a portion of rentals for low income, and moving up the items that addressed houselessness in the timeline.

CITY MANAGER'S REPORT:

City Manager Weinheimer welcomed new Assistant City Manager Kezia Wanner, gave a reminder of the election, and explained how he was working under four priorities which were: communication and feedback, transparency and change to budget process, long range planning, and consistent process.

BUSINESS SESSION:

Councilors Present: Mayor Rick Rogers, Councilors: Denise Bacon, Bryce Coefield, Stephanie Findley, and Elise Yarnell Hollamon.

Councilors Absent: Julia Martinez Plancarte, District 5 seat vacant

Staff Present: City Manager Dan Weinheimer, City Recorder Sue Ryan, Community Development Director Doug Rux, City Engineer Kaaren Hofmann,

Meeting called to order at 7:10 p.m.

PUBLIC COMMENTS: None

PUBLIC HEARINGS:

1. Ordinance 2020-2868, Riverfront Master Plan Comp Plan changes

Mayor Rogers opened the public hearing. He asked if there were any conflicts of interest or abstentions. Councilor Bacon said she might have a potential conflict as she lived in that zone.

CDD Rux said this hearing was related to the implementation of the Riverfront Master Plan. He introduced the consultants who would be giving the presentation.

Consultant Frank Angelo said the Council adopted the Riverfront Master Plan in 2019. He explained community input, and the Action Plan in the Master Plan. Consultant Kyra Haggart discussed the amendments to the Comprehensive Plan, its map, the Development Code, and Zoning Map to reflect the intent of the Riverfront Master Plan.

CDD Rux reviewed the findings and how the amendments complied with the Fair Housing Council, Statewide Planning Goals, Newberg Comprehensive Plan, and Newberg Municipal Code. The Planning Commission unanimously recommended adoption of the amendments. Next steps would be to annex the riverfront area properties into the City limits.

There was no public testimony. Mayor Rogers closed the public hearing.

Action: Approve the first reading of Ordinance 2020-2868 and continue the second reading to November 16, 2020.

Motion: Councilor Findley

Second: Councilor Coefield

Vote: 5 Yes 0 No [District 5 seat vacant] 1 Absent [Martinez Plancarte].

2. Ordinance 2020-2860, Construction Excise Tax

Mayor Rogers opened the public hearing. He asked if there were any conflicts of interest or abstentions. Mayor Rogers had a potential conflict of interest as he works on affordable housing development through Habitat for Humanity. Councilor Coefield had a potential conflict of interest as he worked for George Fox University.

CDD Rux said one of the Housing Newberg proposals was a Construction Excise Tax. The Affordable Housing Commission evaluated the tax compared to other jurisdictions. The tax applies a 1% cap to new residential construction and no cap to commercial, industrial, and mixed use construction. There were exemptions included in the ordinance. He discussed outreach to the development community, possible revenue generated by the tax, locking in the SDC rate at the time of land use submittal which was not recommended, adjusting the timing of SDCs payments, timing when the tax was paid which still needed to be researched.

Opponents: Ezra Hammer, representing the Homebuilders Association, opposed the tax. He asked for SDCs to be paid later on in the construction process, to delay the implementation of the tax until after the state of emergency due to COVID, and to put in place a sunset clause to allow the Council to reconsider the ordinance in four to five years. City Recorder Ryan read the letter from Patrick Higgins, local realtor, who opposed the tax.

Proponent: Lisa Rogers, CASA affordable housing developer, supported the tax. Newberg was a severely rent burdened community. This tax was a 1% fee on the permanent valuation of the proposed development, to be used for administrative services, developer incentives, Oregon Housing and Community Services for down payment assistance, and affordable housing projects. She thought the incentives and SDC waivers mitigated any impacts of the fee. Housing costs were greater than many residents could afford, and this tax would help close the gap. She recommended approving the tax on all new development immediately, and not charging the tax on affordable units.

Mayor Rogers closed the public hearing.

Discussion:

Councilor Findley favored adding a sunset clause in 5 years. She wanted to make sure funds would be used to reduce SDCs and other fees, and to assist with other improvements. She asked if there was staff to monitor this program. CDD Rux said they budgeted for a position this year. He had also approached the Housing Authority to help with administration.

Councilor Findley asked if there could be more than one SDC rate, such as a lower infill rate, and a higher SDC for development on the outskirts. City Engineer Hofmann said that was a possibility. They would need to look at a new SDC methodology, and bring it back to a public hearing for Council to decide.

Councilor Bacon suggested adding a policy that once projects were built to have a review by developers of the process and what could be improved and ways money could be saved. Councilor Coefield supported a sunset clause. He asked what the amount of time the clause should be. CDD Rux recommended 5-7 years.

Councilor Coefield asked what the options were to address Crestview Crossing's statement about not providing affordable housing units. CDD Rux said staff would need to have additional discussions with Crestview Crossing.

Mayor Rogers said Newberg was severely rent-burdened. To afford a \$450,000 house you should make more than \$100,000 to make it affordable. Delaying the SDC payment time would decrease the carrying cost for developers. The Senate Bill allowing this tax did not require a certain size or footprint for affordable units. Studios and one bedroom apartments could be built for less. This affected businesses as they could not retain qualified workers due to their commute times. He proposed a review period at 5-6 years, and the tax should not be charged to housing deemed as affordable.

Action: Approve the first reading of Ordinance 2020-2860 and continue the second reading to November 16, 2020 and to direct staff to bring back modifications to the Ordinance to include a review period and to exempt affordable housing projects.

Motion: Councilor Coefield
Second: Councilor Bacon

Deliberation:

Councilor Yarnell Hollamon supported a review period, and tracking outcomes to monitor quality. Councilor Bacon wanted to make sure they defined affordable housing. CDD Rux said the City would use the HUD definition of 80% or less of median family income. Mayor Rogers said our actual family income was 20% below Portland's median income. It might not be as daunting for builders as they thought when they looked at the numbers and incomes.

Councilor Bacon proposed that if the 5-7 year review showed it was not working, that there be a sunset option. CM Weinheimer suggested creating measures of success to use for the evaluation.

Vote: 5 Yes 0 No [District 5 seat vacant] 1 Absent [Martinez Plancarte].

NEW BUSINESS:

1. Population Projections

CDD Rux gave the staff report. He said PSU did the population projections per state legislation. New numbers from June 2020 needed to be put into the City's Comprehensive Plan. This resolution would initiate that process.

Action: Resolution 2020-3701, A Resolution initiating an amendment to the Newberg Comprehensive, IV Population Growth, B. Population Projections.

Motion: Councilor Findley

Second: Councilor Bacon

Vote: 5 Yes 0 No [District 5 seat vacant] 1 Absent [Martinez Plancarte].

COUNCIL BUSINESS: None

EXECUTIVE SESSION ORS 192.660 (2) (i) Performance Evaluations of Public Officers and Employees

Start: 8:35 p.m.

Stop: 8:52 p.m.

Staff: City Manager Dan Weinheimer, Assistant City Manager/Human Resources Director Kezia Wanner, City Recorder Sue Ryan

Topic: Legal Services/City Attorney

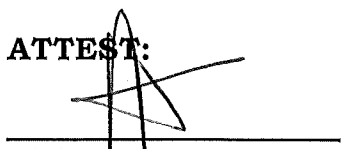
Consensus:

To have Councilor Findley and Mayor Rogers negotiate a separation agreement with City Attorney Stone. To have CM Weinheimer issue an RFP for Legal Services.

Meeting adjourned at 9:05 p.m.


Sue Ryan, City Recorder

ATTEST:


Rick Rogers, Mayor

