

AFFORDABLE HOUSING COMMISSION MINUTES

April 27 2021, 1:30pm
414 E First St,
City Hall Permit Center
Newberg Teleconference Meeting

(This is for historical purposes as meetings are permanent retention documents and this will mark this period in our collective history)

CALL MEETING TO ORDER

Chair Larry Hampton called the meeting to order at 1:30pm

II. ROLL CALL

Members Present: EC Bell
Larry Hampton, Chair
Carol Sherwood, Vice Chair
Melisa Dailey
Shannon Eoff

Staff Present: Doug Rux, Community Development Director
Keith Leonard, Associate Planner

III. APPROVAL OF MINUTES – January 26, 2021

MOTION: Member EC Bell and Member Shannon Eoff moved to approve the January 26, 2021, Newberg Affordable Housing Commission Meeting, Motion carried 5/0

IV. PUBLIC COMMENTS

None

V. VERTICAL HOUSING DEVELOPMENT ZONE

AP Keith Leonard gave PowerPoint presentation on the Vertical Housing Development Zone. He noted the Newberg Downtown Improvement Plan (NDIP), is a plan to make Newberg downtown a nice place to live, work and play. On page 54 and 55 of this plan, it talks about a number of Economic Development tools to help this plan. One of those is the Vertical Housing Development Program (VHDZ) which is authorized by State Statute ORS 307.841-307.867. This allows Cities and Counties come to agreements with various taxing jurisdictions to grant 10 year partial property tax exemptions for new mixed use developments. Vertical housing developments can be single or multiple tax lots, in case we're choosing the C-3 and M-2 zones within the Newberg Downtown Improvement Plan.

AP Leonard noted the reasons to support developing a VHDZ program is to have a healthier Central Business District (CBD) by encouraging more investment and new mixed use development with residential and commercial. More commercial growth in the CBD increases surrounding property values and the County's tax base as a whole. We want to have people living and working in the downtown area, which is less fossil fuel in the atmosphere. Creating long-term community wealth through larger, mixed use buildings that will be fully taxed after the partial abatement expires. The need to have walkable neighborhoods by locating goods and services near residents. He noted Newberg needs a vibrant area that every CBD strives to be.

AP Leonard continued with what partial tax abatement is available for market rate housing units. They have to be mixed use buildings with the first floor being commercial use and the second floor and above have to be residential, to gain full benefit of this program. It will be partial tax exemption up to 10 years for residential floors. 20% for one floor, 40% for two floors, 60% for three floors and the maximum is 80% four floors.

AP Leonard noted there is the ability to help Affordable Housing Projects. They have to meet the 80% of area median income or below. These units would be monitored annually to make sure they remain affordable housing without changes. The partial tax abatement would only be for the land. The other one is the market rate through the building, if they provide affordable housing it would be 20% up to 80% off depending on residential floors.

AP Leonard shared the map showing the proposed VHDZ boundary they are looking at. It goes north by the railroad tracks, W Sherman Street down to the frontage along W Second Street, goes between S Edwards Street and S College Street. The eastern boundary is S River Street up to George Fox University and covers the frontage along E Hancock and back to E Sherman. He noted all these properties within this area are either zoned C-3 or M-2.

AP Leonard noted they had Leland Consulting Group look at the parcels within the Downtown Improvement Plan Area. He noted on the map within the development opportunity sites, there's a tiered system, Tier I vacant developable, Tier II mostly vacant and Tier III vacant undersized/under-utilized. In Tier I there's about 8 properties that are most easily to develop. In total there are 13 potential sites, with a total land area 4.71 acres.

AP Leonard noted within the State Statute we are required to do a displacement analysis. Leland Consulting Group determined that there was a very low likelihood that current residents would be displaced as a result of the proposed VHDZ.

AP Leonard noted the model they used was the Union Block which is a mixed use building where the first floor is commercial and the second floor is residential, and is on the corner of E First Street and S College Street. Some of the assumptions that was built into this was for new construction. 2019 real market value of \$1,681,917 for building, \$278,136 for land increases and projecting \$2,000 increase post construction. He noted they are projecting 3% annual increase in assessed value. Yamhill County Tax Assessor does not differentiate tax rate for a mixed use building so we split the real market value 50/50 for the 2-story base model.

AP Leonard shared an example of a two story model. Estimated value of the building after construction is about \$1.6 million dollars. The tax collected with the abatement would be about \$32,994 and the abated amount 1-10 years would be \$6,792, with the estimated tax collected through 11-12 years after abatement is about \$53,469 coming into the City. He shared an example of a three story model with two stories residential. Estimated value of the building after construction is about \$2.5 million, estimated tax collected with abatement for 1-10 years is \$36,390, and the tax abatement for 1-10 years would be \$20,376. For 11-20 years tax coming into the City would be about \$76,289. He went on to show examples of the 4 story with 60% partial temporary tax abatement. Estimated value of building after construction is \$3.3 million, Tax collected with abatement for 1-10 years 32,994, tax abatement for 1-10 years at \$40,752 and the total tax collected would be about \$99,109. He noted examples of the 5 story with 80% partial temporary tax abatement. Estimated value of building after construction is \$4.2 million, tax collected with abatement for 1-10 years 22,806, tax abatement for 1-10 years at \$67,920 and the total tax collected would be about \$121,929. He noted the impact on all the taxing districts abatement for 1-10 years is for 1 floor residential is \$39,702, 2 residential floors is \$119,106, 3 residential floors is \$238,211 and for 4 residential floors at the maximum 80% is about \$397,019.

AP Leonard noted they presented to all the Taxing Districts to either opt-in or opt-out and they all opted in. The Taxing Districts had the option to opt-out but they felt that this was official enough to the overall tax base and wanted to be a part of this.

AP Leonard noted the Planning Commission recommended approval on April 8, 2021 and will go to the City Council for a 1st reading hearing on May 17th and they would like the Affordable Housing recommendation which will be built into the report. If they need a second reading that would be on June 7, 2021.

Member Eoff commented this was a good idea and that this would be an opportunity for developers by encouraging the four and five story buildings. She feels they would be motivated budget wise because of the rent revenue they are going to have compared to the taxes.

Chair Hampton asked if there is a height limit on the buildings in that area.

AP Leonard responded that the height of the buildings in that area is limited by the airport. It is about 150 feet.

CDD Rux noted that when they did the Downtown Improvement Plan, the community feedback was no higher than four or five story buildings.

Member Sherwood asked if the model has been run by any developers and if there was any feedback.

AP Leonard responded they haven't ran the model by any developers, but this program is active in the Portland Metro area and other cities and it has worked. There are developers that have utilized this and the market rate housing also in Tigard and Beaverton. He noted he hasn't heard of any affordable housing being produced by this or hasn't been told.

Member Eoff noted a couple years ago there was a developer family investment group that she was talking with about a project that they were interested in and kept looking for lots downtown and buying a building but it didn't work out. The key was being able to go up in the number of stories to make the project cost effective because with just the two existing stories in the building the rate of SDC's and taxes budget-wise it just wasn't coming together. Seeing the numbers of this model the same group would have jumped all over this.

Chair Hampton asked if you have an existing building by adding floors would this program work.

AP Leonard replied yes, the program does work for rehabilitation of existing buildings. For example if there is a two story building and there isn't residential use on the second floor, it could be redeveloped to have residential up to four units on the second floor.

Member Eoff noted some of the community feedback might be centered on parking, parking is the ever present issue that keeps coming up, but she assumes it would be required in the planning process.

AP Leonard noted for residential unit in the downtown area parking is one space per dwelling unit. Outside the downtown high density residential area they would be looking at the number of bedrooms to calculate parking. Also if there isn't enough parking for downtown residential on the property they can look 400 feet within the area for additional parking.

CDD Rux noted they also count the on-street parking spaces on the frontage of a development as part of the parking. He noted they have added that to their toolbox for parking in the downtown area.

Chair Hampton asked if the abatement tax applies to the first floor for Affordable Housing.

AP Leonard replied no, it would only be for the land and you get the same 20%, 40%, 60% and 80% breaks. He noted that is where the Affordable Housing part comes under and the market rate is on the building.

Member Eoff asked how long the project has to be affordable for this to apply.

AP Leonard replied they would have to be at least 10 years of the residential floors. There is a process to look at them annually to make sure that the first floor is still meeting the requirements for commercial for 10 years. If they do not at that point the abatement can be pulled away.

CDD Rux added if a developer utilizes this program they can also utilize the construction excise tax, which would mean that those units would have to be affordable for 60 years.

CDD Rux responded to Member Sherwood's question about developers. He noted they have been in the development of this for a couple years and have talked to potential developer's downtown about the fact that we were trying to develop this program and to get it in front of the City Council and the responses were positive.

CDD Rux noted staff is looking for a motion to recommend approval of the Vertical Housing Development Zone to the City Council.

MOTION: Member Eoff and Member Sherwood motioned to recommend approval of the Vertical Housing Development Zone to the City Council, Motion carried 5/0

VI. MIDDLE HOUSING – DUPLEXES

CDD Rux presented the staff report on the duplex component of the Middle Housing program. He noted they are now to the point where they have draft code language worked up with their consultants, 3J Consulting and Jet Planning. He noted in the packet is one of the legislature passed bill in 2019 for the Middle Housing, and the administrative rules which finally was together in late 2020. Council convened an Ad Hoc committee and they started meeting in October and concluded their work in March of 2021. There were a variety of outreach efforts done such as a couple community open houses where some members participated, and a couple surveys which are included in the meeting packet. The same material that will go to the Planning Commission and City Council. What occurs with the duplex provision is that everywhere the City allows detached single-family homes, R-1, R-2, R-3, AR and RP districts is that now duplexes are allowed. The lot sizes would be the same in each of those zones for both single-family detached and duplexes. As noted in the packet, there were 52 different sections of the Development Code that they had to go through and amend. He noted they dealt with lot sizes and increasing lot coverage. They can require no more than one off-street parking space per duplex unit, which would be two off-street spaces for the two units. There was a lot of conversation early on with the Ad Hoc Committee about parking and a lot of feedback from the Community about parking. The law encouraged to have none but the Committee recommended to have one per each unit. Setbacks stay the same, and keeping the duplex height in the R-1, but are increasing it in the R-2, R-3. They addressed the Stream Corridor and some small expansions into the Stream Corridor can be done to have an existing house. They had to have language about conversion of a single family home into a duplex added. They looked at driveway spacing, currently there is a 40 foot requirement between driveways, but for duplexes that's going to get closer because it depends on how the duplex might get built. There could be driveways on the outside or in the middle for duplexes, they are proposing some changes to 22 feet between driveways if there is two driveways separated. This was in part to address the issue about the on-street parking and to make sure they had some on-street parking available. He noted they also looked at specific plans, which were the Northwest Newberg Specific Plan, the Springbrook Oaks Plan, the Springbrook Master Plan, and the Airport Master Plan. It was concluded that no changes were made to the Airport Master Plan, but in some of the others changes were needed. He noted in the packet there's an exhibit that has one change to the Comprehensive Plan, then there is 52 section changes to the Development Code, some proposed language changes that will be notes in the Northwest Specific Plan. The same in the Springbrook Oaks Plan, there's a couple sections where notes were added. In the Springbrook Master Plan they had to amend the use table to add in the duplexes. The Riverfront Plan changes were needed just to the Development Code component to meet those requirements. He noted they have gone through all of the findings for the Comprehensive Plan and for the Statewide Planning Goals. They had to address all of the Administrative Rule provisions that relate to duplexes as part of the new Middle Housing Code. This all went out for referral to agencies with comments received back. There are other organizations that are reviewing the material, so they may have additional comments.

CDD Rux noted the City Council wanted to make sure that this goes in front of the Affordable Housing Commission so that they can look at it and provide their feedback. He noted what he would like from the Committee is to make a motion recommending City Council adopt the Comprehensive Plan amendments, the Development Code amendments, the amendments to the Northwest Specific Plan, the Springbrook Oaks Plan and the Springbrook Master Plan.

CDD Rux noted they went through different sections of the code, cleaned it up so everything is consistent. There's new definitions aligned with what's in the Administrative Rule and that set the stage and the rest of the code of where these changes were needed. He noted they could have taken the approach that they did or could have just adopted a Model Code. They talked about that early on and went down this path of specifically looking at the code as the Administrative Rule requires rather than following the Model Code, which is tailored more for Newberg.

MOTION: Member Eoff and Member Dailey motioned to recommend adoption of the Comprehensive Plan amendments, the Development Code amendments, the amendments to the Northwest Specific Plan, the Springbrook Oaks Plan and the Springbrook Master Plan Motion carried 5/0

VII. HOUSING NEEDS ANALYSIS/HOUSING STRATEGY/PUBLIC – SEMI PUBLIC LAND ANALYSIS

CDD Rux noted the City Council has accepted the Housing Needs Analysis, the Public/Semi-public Land Analysis and the Housing Strategy. He noted where there were grant funds, on the HNA and the housing strategy, they've submitted all of the required paperwork to the Department of Land Conservation and Development. The next step in the process is on

May 17th, he will be giving a presentation to City Council about the options and also adding in the Economic Opportunities Analysis to see what City Council would like them to do. They could up zone properties within the city to meet the land efficiency for housing or do a UGB expansion, or in the middle do a combination of activities, both for the housing side and the employment side. He noted this could take several meetings to work through all the various iterations and nuances before they get some direction from the City Council, what they would like staff to do. He noted a lot of work over the course of last year and a half has been completed.

VIII. INFRASTRUCTURE BASED TIME EXTENSION – MIDDLE HOUSING

CDD Rux noted this relates back to the Middle Housing. They received a grant from the DLCD for this and did the analysis work. City Council accepted the memos, they submitted the report into DLCD and they concurred with the analysis. He noted they had one deficiency in infrastructure in areas immediately north and south of downtown and that was water related to fire flow. There is one location north of downtown that needs a water line replacement and area south of downtown had water line replacements. He noted those projects totaled about \$6.5 million dollars and would take about eight years to upgrade all those water lines and DLCD agreed. City Engineers are working this into the Capital Improvement Program for the next five years. The first water line work for the north area should be done in about a year and then they'll start to move into the area south. That does not mean it precludes the ability to do Middle Housing, strategically they are going to have to pay attention about where there's infill lots and adequate water infrastructure. He noted in other locations it may be that they have to wait or pay to do some upsizing of water lines, which can be expensive relatively quickly. This was good news to come back from the State.

IX. RIVERFRONT MASTER PLAN IMPLEMENTATION

CDD Rux noted the City Council has adopted a Comprehensive Plan Amendment to the Transportation System Plan for the Riverfront Area, which is now in effect. On Monday evening, they will be reviewing and having hearings on the water and wastewater infrastructure. If they approve, they will take effect 30 days later, which amends the Comprehensive Plan and the Water and Wastewater Master Plans. The Stormwater Master Plan is in process and there will be a briefing to the City Council on May 3rd and then will go back to City Council with a public hearing on that Comprehensive Plan and Master Plan Amendment on June 21st. He noted they are close to getting the implementation pieces from the functional plans done. There was one additional item found in an annexation section of the code related to the mixed employment on the Mill Site. He noted he is working on that and will get in front of City Council on June 21st. He noted by the end of June they should have all the structural pieces in place for the implementation of the Riverfront Master Plan Area.

X. URBAN RENEWAL PLAN & REPORT

CDD Rux noted City Council accepted the feasibility study back in July and in August they created an Urban Renewal Agency. They have been working with an Ad Hoc Committee through the projects that could be in that Plan, starting with a list of projects that totaled \$117 million dollars and they had to narrow the list down to \$55 million. It took a number of months to go through the process. The priority was the industrial area first, then areas of mixed employment, then areas of vertical mixed use both in the riverfront area and downtown area. Next was high density residential and last were areas for detached single-family development. He noted they put together a project list that in 2020 dollar values needed to be no more than \$61.9 million dollars, which would have equated to \$114 million dollar maximum indebtedness amount with \$9 million of that is for administration costs over a 30 year period.

CDD Rux noted the Mill Site owners appealed their tax bill and the County approved that appeal. This reduced their real market value of the Mill Site from over \$20 million down to \$4.5 million, so when receiving this information from the County Assessor about a week ago, they had to go back and redo the project list and remove \$5.8 million dollars of projects from the list. In working with the Mill Site owners they dropped two north-south industrial roadways. Also reduced the funding for a portion of Blaine Street, which is primarily underground. That's an area where there could be high density residential housing, so they were looking at keeping some of the infrastructure underground but not funding issues on sidewalks and behind the curb line on Blaine Street. The Committee agreed with this approach during the last meeting and the consultants are moving forward with preparing the Plan and Report. There are consultants working on all the financial modeling and making necessary revisions. They will be bringing the Urban Renewal Plan back to the Committee for their final meeting on May 24th to get their recommendation and then it goes to the Urban Renewal Agency for their review and consideration and referral. After that it goes to the Taxing Districts and goes through what's called a Confer Consult Process.

Also with the County they will go through a process for them to approve the Urban Renewal Plan because some of the land areas are outside the City limits but within the UGB. All that information comes back to the City Council on August 2nd for their public hearing on the Plan and the Report. He noted that the Urban Renewal Agency held its first official meeting and they have elected their Chair and Vice Chair and also adopted their initial bylaws. In the bylaws it will be forming an Urban Renewal Advisory Committee that will be advisory to the Agency Board. That would not get constituted until after the Plan is approved and officially adopted. He noted they are also out doing presentations to different groups and organizations virtually around town about Urban Renewal. There are videos and information on the program to review on the city web planning site.

CDD Rux noted how it plays into the Affordable Housing is that there's infrastructures identified, transportation, sewer, water, and storm drainage in the areas identified which can help jump start some multi-family development and housing development. He did note there is a housing shortage in every state.

XI. NOTICE OF FUNDING AVAILABILITY

CDD Rux noted the Notice of Funding Availability (NOFA) on March 1, 2021 went up on the website, but no applications have been received yet. This closes on May 31, 2021 and hopefully will receive applications before then.

XII. COMMUNITY DEVELOPMENT BLOCK GRANT

CDD Rux noted they have been coordinating with the Housing Authority on the Community Development Block Grant. They have submitted the pre-application material to Business Oregon, they reviewed it and gave comments back. Darcy Reynolds is making the changes and he will have to electronically sign the application by the end of day Friday. He noted they are not anticipating hearing if they were successful in their application until the end of July.

HOUSING PLANNER (Added Item)

CDD Rux shared that they have budgeted for a Housing Planner to work on the roughly 50 housing action items that have been identified. He noted with the first recruitment process an interview scheduled and was cancelled by the applicant. He is now starting the recruitment process all over and will be recruiting for 30 days. He is looking for someone with housing and land use experience because there's a lot of work items to get done over the course of the next five years.

STUDENT COMMISSIONERS (Added Item)

Sue Ryan, City Recorder noted it is committee recruitment time and the City Council has changed committee membership, which adds a youth commissioner to eligible committees on resolution 2021-3727 passed in March. The Affordable Housing Commission is one of the eligible committees that can have a youth commissioner. The others are Citizens Rate Committee, Historic Preservation Committee, Library and Planning Commission. She noted in 2017 former Mayer Andrews changed the membership requirement for students to be both high school and college. If they attend college or live in Newberg and commute elsewhere to college they are eligible. She noted they have two departing high school seniors, Colin Bolek, Student Planning Commissioner and Asher Tatsumi, Historic Preservation Student Commissioner and wishes them the best. They will be accepting applications until June 1st. She noted they are changing the selection process and will have a subcommittee making a number of changes to the committee system. One of those is that they will be selected by interview rather than direct appointment by the Mayor.

CONSTRUCTION EXCISE TAX (added item)

CDD Rux noted on the implementation of the Construction Excise Tax, they have started collecting those revenues which were effective January 2nd of 2021. They are not looking at spending any of those funds this fiscal year but potentially in the next fiscal year. That is going to require him to go back and look at how this commission was established because it was done by resolution and the commission has their operating principles and in the past they have talked about restructuring that so it's an official commission that's listed in the Municipal Code, like the Planning Commission, the Traffic Safety Commission etc. He noted they may consider adding a couple more members, they started at three members and increased to five with an ex-officio seat. Do we want to increase to seven or keep it at five? The committee roles and responsibilities will change because you will have new activities to review, such as partnerships and developers for affordable housing outside of the trust fund, which then could potentially mean we need to meet more frequently. He noted he will add a list of items they need to talk about to the agenda in July to start those discussions.

Chair Hampton noted the duplex regulations are moving on and what about the other Middle Housing.

CDD Rux noted the Ad Hoc Committee looked at all of the regulations needed to change for triplexes, quadplexes, cottage clusters and townhomes. The consultants will have that prepared shortly in a format with all the code sections. The Planning Commission and City Council will have a work session on June 7 because he needs to close out the grant by June 15th. Then they will be back in front of the Planning Commission, City Council and Affordable Housing Commission in October through December to get recommendations, with the intent to have a final hearing with the City Council by the end of December.

XIII. NEXT MEETING – JULY 27, 2021

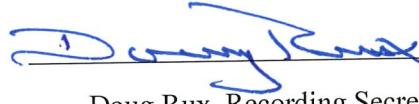
XIV. ADJOURNMENT

Member Bell and Member Eoff motion to adjourn meeting, motion carried 5/0 and Chair Hampton adjourned meeting at 2:22pm

Approved by the Newberg Affordable Housing Commission this July 27, 2021.



Larry Hampton, AFH Commission Chair



Doug Rux, Recording Secretary