

MINUTES
Housing Capacity Analysis and Production Strategy Policy Advisory Committee
Meeting #8
Newport City Hall Council Chambers
February 16, 2023

Committee Members Present: James Bassingthwaite, Cynthia Jacobi, Braulio Escobar, and Rev. Judith Jones.

Committee Members Present by Video Conference: Dennis White, Mark Farley, Todd Woodley, Wendy Hernandez, Dr. Karen Gray, Dr. Leslie Ogden, and Betty Kamikawa.

Committee Members Absent: Sheila Stiley, Bonnie Saxton, Mike Phillips, Robert Cowen, and Jan Kaplan.

City Staff Present: Community Development Director, Derrick Tokos; and Executive Assistant, Sherri Marineau.

Consultants Present by Video Conference: Beth Goodman, and Nicole Underwood.

1. **Call to Order & Roll Call.** Meeting started at 6:05 p.m.
2. **Welcome and Introductions.** Tokos welcomed the committee members and reviewed the agenda.
3. **Approval of Minutes.** Motion was made by Cynthia Jacobi, seconded by James Bassingthwaite, to approve the January 12, 2023 Housing Advisory Committee meeting minutes as written. The motion carried unanimously in a voice vote.
4. **Discuss the Virtual Open House.** Underwood started the review of the virtual open house. She asked for input on what was missing from the survey questions, and any concerns they had. Kamikawa thought they should add affordability. White asked what the difference was between single family detached and cottage housing. Goodman explained that cottage housing was typically small units on very small lots that were often clustered. Bassingthwaite thought they should ask if they are building the right type of housing that people are looking for.

Underwood reviewed the online Newport Housing Capacity survey. White asked who the attendees would be and how they would be recruiting people to participate. Tokos explained the city would send notices through the newspaper, press, and eblasts. They would also send post cards out to everybody in the area around Newport.

Goodman reviewed the survey questions. She noted that based on feedback they would rephrase the question “what concerns you most” to say “do you have concerns”. Underwood covered the questions concerning types of housing, and the understanding of housing types. Underwood thought they should include this in the open house. A discussion ensued regarding the types of housing. Bassingthwaite thought they should include explanations of the types of housing on the survey. Jacobi thought they should add yurts under the innovative category. Escobar questioned if yurts would be considered long term housing. Jacobi explained they could be. White questioned if they should make a distinction between transitional versus longer term housing.

Underwood covered the question about which housing issues people were the most concern with. Goodman suggested adding a choice to choose from on the list that said they are “somewhat”

concerned. White questioned if property taxes should be included for decisions. Goodman noted the cost of property taxes went along with homeownership. Bassingthwaite thought they needed to talk about fees and the cost of maintaining housing, such as utilities, because these would be more of a concern for renters. Goodman noted they added earlier in the survey whether someone was a renter or an owner. Tokos asked if it would be worth raising a question on the quality and condition of housing in Newport, and if the quality met the person's needs.

Underwood covered the describing actions in the Community open house. Jacobi questioned if regular people would understand what "development code barriers" meant. Bassingthwaite suggested saying "government regulatory barriers." A discussion ensued regarding the best way to explain the types of barriers. The general agreement was to say "zoning barriers." Bassingthwaite suggested that Letter "A" say to use "special city" funds instead of "city" funds. Tokos thought they should say "public" funds.

Gray entered the meeting at 6:35 p.m. She asked if the survey be translated to Spanish and who would check that the language was appropriately translated. Goodman didn't know if they were going to be translating it to Spanish. Gray reminded the city had an equity lens and policy, and felt this would be unacceptable. If they were working with the community for input, they should not forget to include this part of the Newport community. Bassingthwaite asked if the School District used Google translate. Gray reported they didn't and there were other places to go to get a better translation. She said they could help the city find these places. Escobar asked what percentage of Newport was Spanish speaking. Underwood reported the HCA report listed 20 percent of the population in Newport was Hispanic. Gray thought it was something they needed to talk about. Tokos thought that was fair. The last time they had an open house for the Transportation System Plan, they did surveys that weren't done in the interactive way they were being done here. These surveys weren't very successful. What they found was that it was more successful to work with Centro de Ayuda and bring in focus groups where they could translate and fill out surveys. The city was able to get 40 surveys for the TSP through them. Tokos thought they needed to make sure to address the needs of people who were Spanish language as part of the outreach.

Goodman continued the review of the actions for the community open house. Escobar questioned why Action M, concerning rental housing maintenance codes, was included when there was already a requirement that rental units be habitable. He asked why they needed a local ordinance. Goodman would address that question at the end of this discussion. Bassingthwaite asked if Action I should be changed to say the city covered development charges for building workforce housing projects. Goodman thought they should say the city paid development charges. Escobar thought they should have a payment over time instead of waiving the charges. This could be done over a 5 or 10 year repayment timeframe, instead of wiping out the charges completely. Tokos thought they needed to weave in the concept that the city would be diverting funds from other sources to pay development charges. The city wouldn't just simply pay development charges. Bassingthwaite suggested they say that the city would help pay for development charges. Tokos thought they should add the city would use other funding charges. Bassingthwaite suggested it say "the city pays for development charges to support building workforce housing from other city funds."

Goodman reviewed the questions used for discussions, and the existing strategies for grants and incentives in Newport. She pointed out there was a question on if the Multiple Unit Housing Property Tax Exemption (MUPTE) should be revisited. Tokos reported that since the MUPTE was implemented in 2017 they had had numerous discussions with small developers that were looking to do a handful of rentals units. As structured, the MUPTE was too complex for smaller operators. They would have to prove that they actually needed the funds, and do a financial performance for the exemption. This was easier for larger developers to do, but not so much for smaller ones. Tokos

thought they might want to look at how well these funds were being utilized. Escobar asked if the MUPTE funds were different from the Energy Trust of Oregon funds. Tokos explained they were different. The Energy Trust funds were made available for individuals who owned homes who had significant deterioration issues and didn't qualify for a conventional loan. Goodman pointed out that there would be new state funding through Healthy Homes, and some federal funding for weatherization programs that the city could access for its own rehabilitation projects. Jacobi questioned if these funds could be used for rental housing that needed improvements. Escobar thought that someone with multiple rentals could afford to do renovations. Tokos expected that a few of these were single homes that were rented and the owner was in a position where they didn't have the funds to renovate them. Goodman stated that what she was hearing was there was interest in adding this as a recommendation. Tokos wanted to make sure the Committee had a discussion on this and that it was captured.

Goodman reviewed the potential funding sources and how things were paid. She then covered the actions that were recommended, that might be, or weren't recommended. Goodman thought there would be more funds for housing coming out in July from the current legislature which might be different than what they already had. Escobar thought that when they were talking about adding more rental or utility fees, it would counter the goals of having more housing because it added to the costs, and created a barrier. Goodman agreed that it created a barrier to affordable housing. They needed to ask if it was a large enough barrier to justify doing it. This was something she couldn't answer. Goodman thought maybe this was something the City Council could take up in the future. Tokos thought it was important to include as many potential revenue sources as possible as a point of reference, because it was helpful to have the information.

Goodman continued the review of the potential funding sources. Bassingthwaite asked how much would be if a one percent increase in transient lodging tax, with three percent of that going to housing. Goodman reported they would have to look at the lodging revenues to know what it would be and something that Tokos could do at. Bassingthwaite thought they should put the lodging tax into the "maybe" section to explore it, instead of a definite no. A discussion ensued regarding what the increase of the room tax revenues would be. Tokos suggested they move donations and gifts in the "maybe" section because people had been donating land. Goodman thought it should say "when available."

Goodman reviewed the rental housing maintenance code. Tokos explained the reason to do the code was for oversight. There were a number of model codes that municipalities used. This required staffing up and a funding mechanism. Escobar asked it what they were saying was that if the existing state statute was not working, then there be remedies for the tenant. Tokos explained that they didn't have a handle on what the condition issues were, and he wasn't aware of an entity that pursued that type of enforcement. The maintenance codes save a little bit more livability instead of the basics of the sanitation conditions requirements. These programs were often funded by the entities that were being overseen, and they were where rental property owners would be assessed. Escobar asked if there were costs involved, would the costs be diverted from actually providing housing or would they going to generate an increase in rents. Goodman reported that Eugene had a \$20 annual fee per unit. Tokos noted that Eugene had quite a few rentals that generated quite a bit of money. Newport had less units and they would have to weigh this when considering it. Jacobi thought they should look at this initiative as a way of preserving housing that they had, and keeping what we had in a presentable way. Jones pointed out that she received reports of unlivable apartments that had black mold, which was a health issue. Tokos noted this was research feasibility, not an action to do something about it. They needed to decide if the feasibility was something they wanted to pursue.

Goodman reviewed the implementation for the maintenance code program. Escobar asked what the Council interest in this would be for this. Jacobi thought they would be interested in looking at the

feasibility of this to see if they wanted to look closer at rental properties. Jones thought that if they developed a program like this, it would be important to have a reporting piece to it. Goodman thought they could add an implementation step about developing reporting for this. Jones pointed out that it seemed like a lot of renters needed protection for when they reported things about the condition of where they were living.

Goodman reviewed the action item for paying System Development Charges (SDCs). If they wanted to do deferred payments of SDCs they should do that as a recommendation. Goodman asked if the city had ever considered this before. Tokos reported this wasn't something the city had pursued. Goodman noted that most cities didn't do this because they would have to wait on payments and there were concerns on the mechanism to collect the fees. The city would become a lender at that point and it didn't seem to be an advantageous place for the city to be. Another way to think about this was to defer the payment until a certificate of occupancy was issued, instead at the time of building permit issuance. Woodley didn't think that would be as leveraging as they might think it would be. He reported that the city of Salem had a mechanism where the banked the SDCs and the developer paid interest on the. This meant the city had the benefit of a return on deferrals, and the developer would have cash flow because their payments would be deferred. Goodman asked if this was something that made a project more feasible. Woodley thought the only way it helped was if the fees were deferred for 12 months because they would save on interest costs. He noted that it didn't change feasibility in its entirety, it just helped. Tokos reported that what he had heard from the affordable housing people was that this would position them better in respect to the outside funding sources that they were leveraging projects with. Woodley agreed it would have a bigger effect on that sector. Tokos pointed out that doing this would make it an administrative challenge for the municipalities, and Newport didn't have the resources on that front. Escobar asked if the SDCs weren't paid up front, were the deferred SDCs recorded as a lien against the project. Woodley noted this varied by lender. He didn't think it was as big of a problem for lenders because they understood what it was for and held the funds for it. Tokos thought the risk would be lower for the affordable housing developers because they were making commitments with outside funders and it had the government oversight as well. Kamikawa asked if they could do this for just one sector and not the other. Tokos reported they could tailor it for affordable housing. Escobar asked if affordable housing was the same as workforce housing. Tokos explained that workforce housing was a broader term, whereas affordable housing had a very specific context and referred to the 60 percent median area income, and subsidized housing.

Goodman thought they should look at a recommendation around a deferment on paying SDCs over time for affordable housing projects. The Committee was in general agreement with this.

5. **Detailed review of the draft HPS actions.** Goodman asked the Committee which actions they would like to discuss. Bassingthwaite asked if Action Item F, to establish a low barrier emergency shelter, was supported by potential funding sources. He asked if the gifts and donations should be moved to a "yes" category if the funding sources were intended to be limited for housing development. Goodman clarified that funding sources weren't necessarily intended just for housing development. One of the implementation steps of Item F was about developing a finance and funding plan. She didn't think the city would be the only contributor to pay for the shelter. Bassingthwaite thought they should move private donations and gifts up to "yes" for that action item. Goodman thought they were moving it up to the section for "when offered or available." Bassingthwaite noted they talked about this in conjunction with things like land banking. If the city was operating an emergency shelter, gifts and donations would be a part of the revenue stream. Goodman thought this was more about if the city would be doing fundraising. The question was if the city would pursue gifts and funding instead of just waiting for it to be offered. This would be two levels of staff effort. Tokos noted that doing a low barrier shelter was not about the city operating it, it was about the construction of it. Bassingthwaite

thought they needed to pursue grants and donations to fund it. Tokos suggested they add in a couple of the funding sources the city was already utilizing in the general fund as a maybe.

Goodman asked if the Committee wanted to talk about other actions. Escobar noted that under the low barrier shelter definition it said that shelters wouldn't turn anyone away or make access contingent on sobriety. He thought someone who entered the shelter and was impaired could be a recipe for disaster. Goodman explained that whomever was managing the shelter would be monitoring this. Kamikawa noted that average shelter wouldn't allow people to come in if they were drunk or disorderly. A discussion ensued regarding how low barrier shelters operated.

Jacobi asked if Action C for development code barriers had to do with building heights. Goodman confirmed it did and was also for other code barriers. Jacobi thought this should be a priority. Tokos noted this was tailored to multifamily areas, and areas with ample on street parking. Traditional housing developments would take time but this was doable. He wasn't sure how far they could go with the RV requirements because they had a certain basic level service that they were trying to establish for an RV environment.

Jones asked if tiny homes fell under transitional housing developments. Tokos explained they did and if the homes fell outside of the tiny home designation and were deemed permanent housing, there would be different rules for them. A discussion ensued regarding how tiny homes and RV lots accommodated housing. Jacobi asked if there was anything the city could do to help with financing or construction excise taxes (CETs) for these. Tokos explained CETs weren't impact related and the statutes for these would fall under the SDCs. He reminded that the city needed to be consistent with their methodologies. Tokos thought that where possible, if they were going to pay down something, they should pay from some other funding sources to achieve the policy objective.

Goodman noted at the next meeting they would look for recommendations from the Committee on the Housing Production Strategy. Escobar asked when the virtual open house would be. Underwood confirmed it was be from February 27th through March 17th.

Goodman reviewed the next steps with the Committee. Tokos noted that at the last meeting they would have the benefit of the survey responses to help the Committee make a recommendation. They would also provide recommendations on the timing of certain pieces. Tokos mentioned that once they had the survey links they would send them to the Committee so they could share them with people who might be interested in taking them.

6. **Public Comment.** None were heard.
7. **Next Steps.** None were heard.
8. **Adjournment.** Having no further business, the meeting adjourned at 7:52 p.m.

Respectfully submitted,



Sherri Marineau
Executive Assistant