

**MINUTES**  
**Housing Capacity Analysis and Production Strategy Policy Advisory Committee**  
**Meeting #6**  
**Newport City Hall Council Chambers**  
**December 15, 2022**

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**Committee Members Present:** Jan Kaplan, James Bassingthwaite, Cynthia Jacobi, Rev. Judith Jones, and Bonnie Saxton.

**Committee Members Present by Video Conference:** Wendy Hernandez, Dr. Leslie Ogden, and Dr. Karen Gray.

**Committee Members Absent:** Betty Kamikawa (*excused*), Mark Farley, Dennis White, Mike Phillips, Braulio Escobar, Sheila Stiley, and Todd Woodley.

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

**Consultants Present:** Beth Goodman.

**Consultants Present by Video Conference:** Nicole Underwood.

1. **Call to Order & Roll Call.** Meeting started at 6:03 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 Bonnie Saxton, to approve the October 13, 2022 Housing Advisory Committee meeting minutes as written. The motion carried unanimously in a voice vote.
4. **Discussion of Potential Strategies to Meet Housing Need.** Goodman started her review of the housing strategies memorandum. She noted the Committee would be asked to start making decisions at their next meeting in January. Goodman reviewed the project schedule starting with the process for developing the Housing Production Strategy (HPS).

Goodman went over the potential actions for inclusion in the HPS and questions for the discussion. Kaplan asked if they considered other real infrastructure resource issues that would be potentially limiting, and what the city's water system couldn't sustain. He noted there was a serious lack of parking in the city and thought this needed to be considered as well. Goodman explained that they were thinking less about the number of new units, and more about how many units there would be that the city could support for housing development, as well as preservation. Jacobi reported that there was a group of citizens in Newport that were quite vocal about having adequate roads to travel on in case of emergencies. Goodman explained this was outside of what the Committee was talking about. Tokos explained when it came to the adequacy of infrastructure, they were in a position with the Committee work to know what needed to be done to enhance the infrastructure the city had in order to support additional housing. The city had an obligation to provide services to new units. If they couldn't, they could do a moratorium on services under the current statutes. The city would then be obligated to solve the problem within a very finite period of time. As part of the water master planning process they would look at the growth assumptions, where they expected to see housing and other types of uses, and how this played with the city's ability to provide the service. Goodman reminded that a number

of these actions were ones the City Council would still require more discussion on, and perhaps more of a public process.

Goodman reviewed the existing strategies for housing in Newport, and the evaluation criteria of income levels. She then reviewed Action K, adjusting the allocation of the Construction Excise Tax (CET) to support affordable housing. Jacobi asked if the \$540,000 collected for CET funds were used for the Surf View Apartment project. Tokos reported they wouldn't. Those funds were used for the City's contribution towards the down payment assistance program, in partnership with the County, Lincoln City, and Proud Ground. This had been the only action the city took to utilize those funds.

Goodman covered the CET allocation requirements. She reported the city collected CETs for residential and commercial, and tracked the funds separately. Tokos explained that for account purposes they kept it simple and put the residential and commercial collections in the same pot. Instead of splitting the Commercial funds into the 15%/35%/50% pots, they could put the bulk into the flexible 35% to increase what the city had on a flexible basis. Kaplan asked if things changed, could they move the funds within the formulas. Tokos explained the commercial/industrial had a lot of flexibility. If they kept the commercial funds in the flexible pool, they could do this. The residential funds had to be split into the 15%/35%/50% pots. Goodman noted the two questions they had to consider was how to group the funds, and how the city should spend the existing funds for unrestrictive dollars and developer incentives. Bassingthwaite asked if the term unrestrictive meant unrestricted housing or anything else unrestricted. Tokos suggested they bring a spreadsheet showing the breakouts for the next meeting to show this. He thought if they had a fully unrestricted category the funds would be relatively small. Goodman noted about 20% of the city's collections had been commercial/industrial and 80% were residential.

Jacobi didn't feel like industrial and commercial development needed funds to continue developing. She thought Newport needed affordable housing more. Goodman reminded that employers needed housing for people who worked for their businesses. There would be about \$100,000 collected for commercial/industrial. \$50,000 had to go to housing related programs and \$50,000 would be unrestricted. The question was how to spend the unrestricted dollars. Should they spend it directly related to housing or spend it supporting development of commercial and industrial. Goodman thought this should be a policy choice. Tokos thought it would be wise to take the commercial/industrial and put them in a flexible fund to increase the funds available to policymakers for utilization. It might take some time to build up sufficient collections though. Tokos reminded that there still wouldn't be a meaningful amount of money for development in this pot. The bulk of the CETs they collected were for residential. Multifamily would have a reasonable pool of funds to buy down SDCs or pay for permit costs. Goodman gave an example of how a developer used these funds to require land to build an affordable housing development of around 200 housing units.

Kaplan asked if the CET funds could be used for operating costs once something was built. Goodman explained they should be thoughtful with this because this would be an ongoing need from the CET. She questioned what they would do if the CET underperformed. Tokos reminded it was difficult to say that someone would get a certain amount every year because the CET amounts would vary each year. Ogden reported the School District received CET funds. Goodman noted that these CET were separate from the city's CET funds. Gray hoped that at the end of this the city would focus on affordable housing when they looked at spending the funds. Tokos asked if the School District's CET collections were something they could leverage to fund something full out with CETs, and also use to fill in the gaps. Gray confirmed they could. She gave an example of how CET dollars were added to other funds to help buy boilers for the schools. This was their gap funding.

Goodman reviewed Action L, using Urban Renewal (UR) funds to support housing and infrastructure

development. Tokos noted that there were only three urban renewal districts currently viable. The one in South Beach was locked in at that point. The McLean Point district was small and was for the industrial area for the wastewater lift station. The Northside district would be the biggest one for funding. They currently had a fair amount of funds for infrastructure to get properties ready for development. This was in the plan already. Tokos explained they also had strategic site grant acquisition which were another way the agency could help cobble together property that ultimately could become a mixed use project with residential over first floor commercial. This wasn't currently in the UR plan but it could legally be put in under the same authority as the Housing Authority. Tokos noted if they wanted to do this they needed to talk to the taxing agencies who were contributing funds to the original district to make sure they were comfortable doing this. This was something they could pursue to free up more flexible funds to address housing issues, or they could use the strategic site acquisition to get there. These were both effective tools to use. Jacobi asked what the administrative staff time to change this would be. Tokos explained this would fall on the city. A major amendment would take a bit of time and they would want to talk to the taxing entities to get an idea of what the new category would be and what the sidebars would be. Bassingthwaite asked if that would come out of the existing funding stream or a separate one. Tokos confirmed it would come out of the existing. Goodman thought the major question to talk about at the next meeting was should they be directing the city to make this major amendment or use UR funds as they were currently expected to be used. Bassingthwaite asked if the city would be looking at developing housing, or if they would be looking at just acquiring land for housing development. Tokos explained the plan was set up to do land acquisition currently. What they were talking about was if the city wanted to set aside some governmental funds for more flexible housing related uses, because currently it was either to buy land, or provide infrastructure in exchange for something from the developer.

Goodman reviewed Action A, supporting a regional housing entity focused on low- and middle-income housing development. Tokos noted it made sense to pool resources if they wanted to tackle things in this way. He gave an example of a partnership in Colorado where they recognized they would lose their community because prices were escalating due to the popularity of the area. They decided to pool resources to create a regional authority that wasn't just affordable housing, but was full on workforce, 120% median family. Tokos explained that Newport could possibly create a regional authority with Lincoln County to pull resources to buy land and do land banking. Then they would actually dedicate staff to do housing work instead of pulling a little bit of someone's time from Newport and the County. Tokos explained that they weren't talking about creating a new entity to do this. The existing Housing Authority might be able to step into the role. Goodman didn't think the regional housing entity would be in place enough to say what Newport would do, and this would happen after the Housing Production Strategy. Tokos explained this particular action item would be the City Council saying they thought it was a valuable thing to pursue. Kaplan suggested the title be "support the creation of a regional housing entity."

Goodman reviewed Action B, growing partnerships with Community Land Trusts. Jacobi liked the idea of low income families being able to build generational wealth, but saw how difficult it would be to do. Tokos reported they went down this path with Proud Ground where they were able to secure the bulk of the down payment assistance funds from the State. The State was comfortable doing this because Newport had partnered with the County and Lincoln City. Tokos explained the impact was limited and they only added three units in Newport through the program. Tokos explained that Proud Ground would own the land, and the household would own the unit. There was also a restriction on the resale to keep it affordable. Jacobi didn't think this was very practical.

Goodman reviewed Action C, implementing the Homebuyer Opportunity Limited Tax Exemption. Tokos thought when talking about saving on property tax payments, it reduced monthly payments and was worth pursuing. Gray thought this was something they should look at. She saw this working for

school districts. Gray liked how they would be able to use it in conjunction with other incentives and couple with land trusts. It could help someone in the low to mid income range get a house. Kaplan suggested they do an analysis of each of these actions so they could be aware of where the taxes needed to be made up because of the exemption. Goodman thought this might be beyond the scope of what the consultants could do, but they could look at doing some estimates. Tokos suggested using stats from other programs so they didn't have to start from scratch. Bassingthwaite asked if there was a cap on an annual basis. Goodman thought there might be a cap. Kaplan wanted to see if there was a way to look at the cost impacts of these so the Committee could approach it with their eyes open.

Goodman reviewed Action E, reducing development code barriers for multifamily development. Tokos gave an overview of what Newport was dealing with on restrictions for multifamily development building heights. Bassingthwaite asked if they would be looking at citywide change. Tokos reported this would be targeted to the multifamily zones. Bassingthwaite noted they wouldn't be able to generate a lot of affordable housing in areas with geographic limitations or on the beachfront. Tokos thought they might want to look at geographic locations. Jones suggested they target areas in the city where they wouldn't have views impacted by multi-story buildings so they could be build higher. Tokos noted if they went over 50 feet it affected fire response services because they weren't staffed to be able to deal with tall buildings. Kaplan reminded there were parking issues as well, but thought the scale of neighborhoods and views were important to consider. Tokos explained how parking would be a consideration in different areas depending on the on-street parking availability. He spoke about the variance process for development on hillsides and gave an example of eliminating the discretionary process for developing on hillsides over a certain grade so the developer would be able to automatically get a smaller setback. Bassingthwaite asked about mixed use, and how easy it was to do a second floor based on the code. He thought this might be a way to make things easier. Tokos noted they didn't currently allow residential on the first floor in commercial zones. It might be something to look at if the residential wasn't facing the street.

Goodman reviewed Action F, paying System Development Charges (SDC) for workforce housing. She then covered Action I, participating in the regional homelessness action plan.

Goodman reviewed Action J, establishing a low barrier emergency shelter in Newport. Tokos noted the city would be looking to provide the resources to make the shelter happen, but not to operate it. Bassingthwaite asked if they knew the number of people the shelter could serve. Jacobi thought the last warming shelter had around 50 to 60 people in it. Jones reminded that the number of people who needed a shelter had grown significantly in the last couple of years. The Point in Time Count was going to be done in January and she hoped this would give them a better assessment of how many people they had for sheltering. Jacobi asked where the funds for the shelter would come from. Tokos reported the city had funds from a urban renewal district if the property was located in one. There was also a modest amount of general funds that could be utilized, along with funds reserved for property acquisitions, CET flexible funds, and ARPA funds. They could also reach out and try to align with state resources, and county resources to make it happen. Gray thought that they needed to consider what the supervision would be for the homeless shelters. Her experience with shelters was that they had been problematic. Tokos noted they should also partnership with mental health services.

Goodman reviewed Action H, lobbying the Legislature for more resources to support housing development and remove regulatory barriers to housing development. Jacobi asked if the Legislature could address this. Tokos explained they would. There were a lot of stakeholders interested in this. Jacobi asked for clarification on Local Improvement Districts (LIDs). Tokos explained they were a tool for people who couldn't afford to do the improvements. They were set up so that when things such as street improvements were needed, a cost estimate figure would be done and allocated proportionally to be paid by each of the property owners. Owners would pay outright at the assessment

or the city could carry a 10 year financing. Bassingthwaite thought LIDs made more sense for sewer or water extensions for affordable housing. Goodman thought it fell less on developing new housing, and more on maintaining what they already had and making improvements. She asked if the Committee had any concerns to lobbying the Legislature for these kinds of things. No concerns were raised.

Goodman reviewed Action D, supporting outreach and education to promote equitable housing access. Tokos thought it was important to make sure they were doing this in the most efficient and appropriate way they could. Kaplan thought the programs weren't easy for people to find and they needed someone to talk to people to help explain them. Goodman thought this could be done through the low barrier shelter. Tokos suggested nonprofits do this as well.

Goodman reviewed Action G, pursuing a growth management agreement with the County. She noted the city didn't currently have an agreement set up.

Goodman reported she would bring back new information at next meeting and talk about any missing priorities. Kaplan asked to get the materials as early as possible to review. Good reported the Committee had been shown 90% of the materials already. Kaplan suggested getting the minutes out as quickly as possible. Tokos thought they could try to get an advanced set of them. Gray asked if between now and January they could send out a Google doc so the Committee could prioritize them. Goodman thought they could do a survey monkey for this.

5. **Public Comment**. None were heard.
6. **Next Steps**. None were heard.
7. **Adjournment**. Having no further business, the meeting adjourned at 8:06 p.m.

Respectfully submitted,



Sherri Marineau  
Sherri Marineau  
Executive Assistant