

MINUTES
City of Newport Planning Commission
Work Session
Newport City Hall Conference Room A
March 27, 2017
6:00 p.m.

Planning Commissioners Present: Jim Patrick, Bob Berman, Lee Hardy, Bill Branigan, Mike Franklin, and Rod Croteau.

Planning Commissioners Absent Jim Hanselman.

PC Citizens Advisory Committee Members Present: Karmen Vanderbeck.

PC Citizens Advisory Committee Members Absent: Dustin Capri (*excused*)

Community Members Present: Janet Webster

City Staff Present: Community Development Director (CDD) Derrick Tokos, Associate Planner Rachel Cotton, and Executive Assistant Sherri Marineau.

1. **Call to Order.** Chair Patrick called the Planning Commission work session to order at 6:05 p.m.

2. **Unfinished Business.**

A. **Draft MUPTE Code and Proposed Public Benefits.** Cotton reviewed the policy considerations for the multiple unit tax exemption program. She talked to Eugene about how they got the 10% tax exemption figure. Eugene held a focus group with developers who thought the 10% was an even tradeoff. Berman asked if there was a way to project this out. Cotton explained yes, they estimate the total tax exemption over the ten years. In Eugene they allow developers to either pay upfront with a slight discount or start a pay out in years 3-10 for the program. In Portland, they require a minimum of 20% units be affordable at 80% of the median family income; or 10% of units are at 60% of the medium family income; or an in lieu fee of 10% with transient accommodations that are specified in the code and include vacation rentals.

Hardy asked why fulltime use needs to be ensured. Cotton said it is based on urban areas. Hardy requested the vague full time use language be taken out. Berman asked what the difference is between transit oriented and transit supportive. Cotton said it is the same thing. Berman doesn't like that H says "without parking". Cotton explained the text comes from the State statute. Hardy asked why multifamily parking would be restricted. Tokos noted the Bayfront as an example of where parking requirements would be limited. Berman asked if it is appropriate to stimulate housing of this sort without requiring parking as it seems contrary to what the City should develop. Cotton explained that F, G & H have this language and is straight out of the State statutes. Vanderbeck asked what "Citizens of Newport" means by definition. Tokos said it is a person who lives or wishes to live in the City of Newport, and is language in the Comprehensive Plan.

A discussion ensued regarding the "with or without parking" text. Examples of sites with parking lots to build on are covered. These are written on a more urban standpoint and can be taken out. Berman asked if it can be a single statement saying "stimulate the development of multiple unit housing". Patrick thinks it should be designed for residential over commercial. The PC agrees to eliminate F, G & H and leave in C. Patrick asked how to determine the percentage of three units. Cotton said it will be a minimum and she will clarify this.

Berman said number 4 is hard to read as percentages. Cotton explained it kicks in once the project is complete. You can't determine the exemption until the application is approved. Cotton was instructed to simplify the wording on this. There is an option to allow the City Council to abate a maximum of "x" amount over a program's lifetime. Berman thinks it should be as general as possible to give the CC options. Tokos would like "at the request of the County" added to the language. The PC agreed to add the text. Berman noted the size of a bedroom should be replaced with bedroom count, under "definitions."

Berman asked for clarification on what the maximum price is. Cotton explained is it for the sale of a unit. Cotton said there are very few projects that are for sale. Berman said if a vast majority of Cities don't include for sale, the City could simplify things and not include it. Tokos said it may be best to carve it out and add it in the future if needed. A discussion ensued regarding how units can be sold. The PC is in agreement to remove it. Branigan asked if a unit that is changed to condos for sale, loses their tax abatement. Yes. Patrick asked if an owner pulled out in 3 years, do they lose abatement.

Yes. There needs to be language on how a developer terminates. A discussion ensued regarding protections from developers withdrawing from the program. Franklin questioned if the date should be 2028 or 2022 on 2B. Cotton explained the State program expires in 2022 and it could be extended. We could conform and assume it will be extended as a 10-year program, or it could be indefinite until there is a decision to end it. Branigan would like to go to the expiration date. Tokos suggested language that says, "until which time it is modified by the City Council or State law." Berman asked how projects can be in Lincoln County and not be in Newport. He suggested there not be any reference to Lincoln County at all. Franklin asked if the "quarter mile from transit" text will exclude the City from getting potential properties that could be developed. Patrick noted that if multiple units are going to be built, they would have to provide transit. Hardy asked about cash on cash rate of return. It isn't clear if it is "of" investment or "on" investment for the financial need for exemption. Cotton to clarify this. The PC agreed that if there is a tax exemption, the developer needs to provide what their assumptions are.

Tokos asked if the Portland and Eugene affordable housing programs are seeing projects coming in with proposals on the 10% with 60% or less, or are they nonprofits exclusively. Cotton to determine. Tokos said if other jurisdictions are saying it has been exclusively nonprofit, it may be a way to simplify. Hardy suggested following the same ratios, otherwise it would be discriminating. Berman said to add the word "generally" before "matched."

Application procedures are covered. A discussion ensued regarding when the tax abatement will start for approved projects. Cotton explained this is building a timeline for developers so they know if they want a project in the current year, they have to complete it by a certain date.

There is a question if the letter from Public Works that outlines the service requirements for the project should be kept in the text. Tokos said it would be good to keep it in the documents to show they have talked to Public Works and there are no big obstacles. The language needs to be massaged and shouldn't be limited to sewer and water. Berman didn't think it should matter where the funding comes. Hardy thought it was useful to know. Tokos suggested putting it in the proforma.

Berman asked if six months is reasonable for the application approval process. Cotton explained it is from the State statute. It has to be decided within 6 months or it is automatically approved. Tokos reminded the PC that there will be a consulting firm on retainer and we never know how backed up they may be. Branigan asked if the 180 days can be extended. Cotton assumes the developer can optionally extend. Patrick said to look at what rules they are using and what the standards are. Cotton to look into it. Tokos said to take out "County" in the final action on F2. Franklin noted that the application denial should be moved to its own area, not under the application approval heading. Tokos said the City will be engaging the County unilaterally so they don't have to be an approving body. Berman asked if they are interested in this. Yes, and they are aware. Franklin suggested that "Denial" be after "Application Procedures" instead of after "Application Approval."

Hardy explained that the rental compliance needs to have short term rentals more defined. Hardy noted that you can't legally enforce a fixed term lease in the State. It should be changed to "not less than 30 days." The regulatory agreement is where you want the language that says if the owner violates, it will be in violation of the regularity agreement if they do rentals less than 30 days.

Berman asked about deed restrictions and geologic hazards. It says once there is something associated with a deed, it cannot be removed. This section is going to be removed and should be disregarded. Tokos said deed restrictions are lifted all the time but stays in the chain of title.

Berman asked if the program will be a big burden on the Community Development Department. Tokos doesn't think it should be. The CDD will work through the City Attorney's office to enforce. Hardy suggested the applicants be required to supply annual submissions or submission on requests. Tokos stated the CDD would have to do some annual reporting as well. Cotton explained how the recommendation and application approvals work. She asked the PC if assumptions can be challenged and what the process should be. Berman said this is the point of the public hearing. Cotton explained it is a question if language should be written into the code that says the CC could challenge the findings, or ask for more documentation or evidence about assumptions. Vanderbeck asked if both the PC and CC need to approve it. Tokos said the PC and CC have the capacity to accept what the third party reviewer says. Berman asked if the developer would have to go through the process again if it wasn't approved. Tokos said the developer would be given the option to make modifications to the project to address the issue instead of starting the process over again. Franklin asked if the issues would be addressed at the Director's desk first. Tokos thinks it would.

Cotton reviewed ADA requirements. The PC agreed they don't want to require developers to do this. Cotton said the code will cover most of the requirements.

Cotton asked for clarification on the annual reporting mechanism for the CDD. Tokos would like it noted that "if" applications are received; an annual report will be provided. Berman asked for clarification if the PC had decided if owners have to provide an annual report. No, they do not but on request they have to respond. He would like to see an annual report be required. Cotton said the rental compliance section requires applicants to submit annual documentation that their 1080 form is meeting what they agreed to. The PC agrees that will suffice. There is a suggestion to add if applicants don't submit the report, they lose the abatement.

3. **New Business.**

- A. **SDC and CET Study Update.** Tokos presented an update on the SDC and CET Study and capital improvement projects. There reimbursement fees aren't a part of the methodology update. Berman asked what "per unit" means. It means the equivalent dwelling unit (EDU). Tokos explained that SDC rates can be discounted or normalized if it is done across the board.

Tokos covered the proposals for the new SDCs. Berman asked if the goal is to collect the same amount of money as current SDCs. Tokos explained SDCs would decrease but it creates a consideration for a construction excise tax. Patrick reviewed an example of the difference in SDCs for a 1,500 and 1,950 square foot home. There is a \$2,000 difference of costs. Tokos to review this.

Restaurant SDCs are reviewed. Franklin asked why there are discounts on water and sewer when funds are needed for repairs. Tokos explained repairs should be taken out of utility rates not SDCs. There are limited transportation funding sources. The thought is to beef up SDCs for transportation. EDU equivalency for schools has been changed to match what other jurisdictions are doing.

CETs are covered. State law caps residential at 1% and there is no cap on commercial. Tokos explained the State requirements on how CETs are used. Tokos noted that Jim Long from the City of Bend will be in Newport on April 17th to present to the City Council at noon. The PC is invited to attend. He will do a presentation on their program's structure. Berman asked for clarification on the nature of development incentives for developers. It could be a number of things such as paying down SDCs, and loans at favorable rates. Patrick asked if it could be used to install the services. Yes.

Examples of SDC and CET costs are presented. Warehouse CET costs would be higher because they don't pay as much for SDCs. Tokos reminded the PC that the examples do not factor in credits.

Additional factors are presented to the Commission. Berman asked if waivers apply to CETs. No, the PC is just considering them for SDCs. Tokos explained new per square footage for SDCs on homes will mean SDCs would have to be charged for additions when adding habitable space.

Tokos presented the SDC project schedule to the PC. Berman asked to see the bottom line numbers for the current and new systems. Tokos explained SDCs can't be easily projected because it is hard to know what projects will be coming each year. There hasn't been time to look at past projects to see what would have been charged based off of the new methodology.

4. **Adjournment.** Having no further discussion, the meeting adjourned at 7:51 p.m.

Respectfully submitted,


Sherri Marineau,
Executive Assistant