

**HOUSING ADVISORY COMMITTEE**  
**Meeting Minutes – June 15, 2018 at 9:00 AM**  
**Courtyard Conference Room**

**Committee Members**

Loree Arthur  
Duward Brown - Absent  
David Corsi - Late  
Jason Elzy  
Sam Engel  
Pamela Hurlburt  
Andrew Luther  
Teresa Santucci  
Mary Tillery - Late  
Doug Walker (Chair)  
Kelly Wessels (Vice Chair)

**Staff/Council Liaisons:**

Tom Schauer – Senior Planner (Staff Liaison)  
Roy Lindsay – City Councilor (Council Liaison)  
Lora Glover – PCD Director

**Guests:**

Gail Atkins

**AGENDA:**

1. **Roll Call:**
  - a. Chair Walker opened the meeting and took roll.
2. **Items from Public:** (opportunity for citizens to share information with the committee regarding items that are not on the agenda) –
3. **Consent Agenda:**
  - a. Minutes: May 18, 2018 Regular Meeting

**MOTION/VOTE**

**Member Elzy moved and Chair Walker seconded the motion to approve the minutes from May 18, 2018 as amended. The vote resulted as follows: “AYES”: Chair Walker, Members Arthur, Elzy and Hurlburt. “NAYS”: None. Abstain: Vice Chair Wessels, Member Engel, Luther, and Santucci. Absent: Members Brown, Corsi and Tillery. The motion passed.**

4. **Work Session Items:**
  - a. Meeting Overview Memo
    - Tom said this meeting deals with the continuation of the discussion on the SDC and CET taxes bundle from last meeting. For the rest of the meeting agenda, he provided information on the DLCD Technical Assistance Grants for Housing.
    - Tom said the information sharing can go on to the next meeting depending on how far we get on the SDCs and CET discussion today.
    - The last item Tom suggested is on the individual initiatives. Before this committee was established, there was a group of folks that started getting together informally to talk about different kinds of initiatives that weren't necessarily formal City actions that were being taken but what people in the community were working on and what some of those folks were trying to do and looking for solutions and the ability to sit around a table and have a discussion. Tom felt this had a lot of value. He is suggesting that we block out some time at the end of the meetings to talk about some of

those things. The other purpose of this committee is to do some education outreach and provide that forum for discussion.

- Vice Chair Wessels is wondering if we can build that into the beginning of the meeting since some people have other commitment after this meeting. She also suggested putting times after each item on the agenda rather than leaving it loose.
  - Tom said he thinks that is a good suggestion, unless those items need a motion.
- b. SDC and CET bundled proposal (discussion and recommendations)
- Tom said he emailed a memo on May 22. After the last meeting he looked at some numbers and the tiered rate and what that would do in terms of revenue generation. He also sent everyone the meeting overview memo. It recaptures and summarizes some of that. One of the issues when you exempt the first \$250,000.00 of permit valuation is it exempted 94% of all permit valuation from the CET. That means that you only have 6% at permit valuation of a subject to at very most a 1% CET. When he ran those numbers against those two years of permit numbers the most you would generate is \$16,000.00 for those two years of permit.
  - Tom felt the tiered approach was a valuable way to look at it. But if this is all that gets generated he would say don't create a program that generates that level of revenue because you are going to have more administrative overhead into it than you will have return.
  - Tom looked at some other ways to try to approximate that that would do something in the way of revenue. He talked about the spreadsheets in the packets.
  - Chair Walker stated that at the last meeting they came close to moving forward with the idea of the CET and the SDC bundle packages. We got held up on some clarification of dialogue that Member Corsi wanted to put forth. He asked Member Corsi if he sent that.
  - Member Corsi said he did not. He asked if there was any information about the accuracy from the value on the Residential House to the actual sell price.
  - Tom said no, this is based on permit valuation which is what State law says the CET has to be based on.
  - Member Corsi said the point he was trying to get at was for truly affordable housing, he is more in favor of either a substantial reduction in SDCs or elimination. You could tier that so if it's kept affordable in accordance with whatever standards we want to talk about, for ten years you could say maybe 50% of the SDC will be waived. If it stays for 15 years, 75% and for 20 years 100% SDC could be waived so there is an incentive to keep it in the market. He said you could have that not simply be funded by the CET, but be a policy of the City government. The big issue from his point of view is that the current procedures don't work. We need to do something more radical to get affordable housing on the ground. He said that his biggest fees are building fees and SDCs.
  - Tom noted that part of the discussion is historically the way the City has approached that issue. Instead of exempting things from SDCs, they have typically had grant programs that then need to have funds budgeted so that means the infrastructure is still funded. Rather than not paying the infrastructure funds, the proposal was that there would be SDC grants

for affordable housing and that the CET would provide a revenue source to fund that.

- Tom said originally the bundle did not propose this item but it came up in other conversations that there were certain public entities that are exempt from the SDCs. We said whether it is the City or County people that are using those facilities, we should take the same approach. We should have disciplined it and we need to plan for that in a budget just like any other development would and pay into those.
- Member Engel said it sounds like this would address some of the concerns that some of the developers had, that there are incentives there that are available for nonprofit and for-profit. This would be across the board for folks. So are the tax credits and a lot of other things that it sounds like folks don't know that they can access.
- Member Engel said some of this ties in with some of the stuff they heard last July at the Builder Forum and that was that people don't know how to make it pencil. One of the things one of the developers was talking about was high SDC costs. If you are looking at ways to pave the way for affordable housing this could be it. One of the things we keep hearing from folks is that they need to be able to house employees.
- Member Corsi said the problem with it is that if you don't budget enough in a given year, you are going to have one or more projects that don't get any relief because the budget is spent. The other approach that he suggested is that it doesn't matter what you budgeted, you get it if you have affordable housing and you commit to affordable housing for a period of time.
- Chair Walker said the question is do we recommend to City Council an elimination or a tiered approach SDC for affordable housing or do we keep with the notion of budgeted grant funds if the CETs move forward.
- Member Santucci said somebody has to pay for the hook up of the water and sewer, for the parks, etc. We either all pay it when we develop property or we pay it in some other form.
- Tom said that the Council is in the process of doing SDC and utility rate review right now so those could change.
- Member Hurlburt said there are exemptions where certain entities don't have to pay that so everybody isn't paying.
- Discussion followed.
- Member Elzy asked Member Corsi what he envisioned as far as the control mechanism to ensure that period of affordability when talking about an exclusion, and how the City ensures that.
- Member Corsi said the City would have to monitor that. It isn't all that different than monitoring a tax credit deal. It would have to be documented in the deed. If it is a federally subsidized Affordable Housing Project or a 202 Elderly Project that has built in standards. The City wouldn't have to monitor a tax credit. If it is a private sector Affordable Housing deal it would have to be in the documentation and the City would have to monitor it. He said sooner or later, if we implement enough Affordable Housing and Workforce Housing, the crisis may go away and then the committee can reconsider whether or not we want this kind of funding of SDCs and building permits.

- Member Santucci clarified that this committee makes recommendations to City Council, but it is their choice to make.
- Tom said that is correct. He explained the process.
- Member Corsi asked if the implication from the City is the SDCs will go up.
- Tom said he isn't sure. If they don't pay through SDCs then you are asking people to pay through higher utility rates or some other unknown fund.
- More discussion followed.
- Member Elzy talked about SDC fees in Jackson County. He asked if we really want to drive up the cost of housing especially first time home buying housing with the CET even though it is a small amount. On the same token you are wanting to incentivize the development of affordable / multi-family and things like Habitat for Humanity. If you really want to take a chunk out of this, then you have got to have those incentives in place. What he is looking at is with the SDC exemption that is the same as cash in his mind as a developer because he can take that exemption and show Salem this is a direct leveraging from a local municipality to pull those State and Federal dollars. He likes Member Corsi's thinking that if you really want to take a big step to incentivize this type of development and build 2,000 housing units, which is a challenge within itself, that is an investment that he thinks may be worth looking at. If you want to make a sizeable investment in this community in housing, he thinks this is it.
- Councilor Lindsay asked where the money was going to come from for the 'grant program'.
- Member Elzy said he thinks that as a citizen of this community, he would want to know what financial impact this would have on Public Works, Parks and everything else. Maybe this committee can recommend to City Council to authorize that study by staff. He doesn't think we should just do it without weighing what it will cost.
- Councilor Lindsay said in the Bay area, they have what they call stack and pack approach. Land is limited so they pack them in and stack them up. This has created some rather interesting communities in the process. Land is at a premium in Grants Pass and the County. We are looking at potentially 2,000 units over the next 10 to 15 years. He asked where it will go. He said we don't have much of a choice to expand the available land or to do a multi-unit approach.
- Tom talked about rezoning, Urban Growth and Urban Reserves and that the infrastructure plans are designed around that growth.
- Councilor Lindsay said that may be in the plan, but how is it going to be pay for.
- Member Corsi said we focus on housing issues, but ultimately this is critically involved in Economic Development. If we can get Economic Development off the ground in this community in living wage jobs, that will help solve some of the problems about where the money is going to come from. If we have viable businesses who are paying viable wages to members of the community and viable taxes to the City and County, that is the ultimate solution.

- Councilor Lindsay said if we are forced to expand due to population growth, we have to make some adjustments. Let's think ahead and plan on how to address this kind of growth over the next 30 or 40 years.
- Tom said the tiers would still apply to any market rate housing.
- Chair Walker said we are short on all housing, but we need to work harder on work force housing.
- Tom recapped saying that we would still look at deferral payment on SDC's, for those that pay there would still be a tiered rate, there would still be an exemption for upper story residential that is part of the mixed use in the Central Business District from Transportation SDC's only, low or no interest financing on SDC's for affordable housing. If there is a tiered exemption that could still apply to those portions that aren't fully exempt. SDC grants for affordable housing, this might be tiered if you are not fully exempt, eliminate current exemptions for government agencies, and create an SDC grant program for affordable housing that includes other funding sources in the CET and exemption from SDC for affordable housing with some level of tiered rate based on the level of affordability.

#### **MOTION/VOTE**

**Chair Walker moved and Member Santucci seconded the motion to accept exhibit A as described with the details of the tiered exemptions for SDC's to be worked out.**

**The vote resulted as follows: "AYES": Chair Walker, Vice Chair Wessels, Members Arthur, Corsi, Elzy, Engel, Hurlburt, Luther, Santucci and Tillery. "NAYS": None.**

**Abstain: None. Absent: Member Brown.**

#### **The motion passed.**

- Tom said the first question on the CETs is does the change on the exemptions have any bearing on this.
- Member Corsi said he thinks it does. We just discussed the fact that this is a disincentive for the production of housing. If we can deal with the SDCs and get those lowered and it becomes reality, then he thinks this CET becomes less necessary.
- Member Elzy is wondering if there was a look at the 1% strictly on commercial and what that generates.
- Tom gave some examples on the spreadsheet in the packets.
- Discussion followed.
- Chair Walker stated that at the rate we would generate, approximately \$8,000.00 per year minus 15% that would go back to the State, he would say we shouldn't bother. He feels we need to generate enough money to make this worthwhile.
- Member Hurlburt said this doesn't incentivize builders to build houses.
- Chair Walker said the three builders who attended the last meeting seemed to be in agreement to combining the two.
- Member Hurlburt said the reason that the builders didn't have too much heartburn about it was that first \$250,000.00 exemption.
- Chair Walker said that doesn't bring any value to the City.
- Member Hurlburt said the object is to get more building. There has to be some incentive on that.
- Member Elzy stated that although Medford chose to apply a CET, they also did not want to look at an SDC exemption. This City is willing to look at that SDC exemption, to him that is a very big contribution towards the right steps.

- Member Corsi said the builders they had last time were single family builders.
- Chair Walker recommend moving forward to the City Council the CET and they can recommend the rate.
- Councilor Lindsay said at least give them some numbers.
- Member Corsi said the problem he sees in moving forward with the recommendation of the CETs is that is the easy out. They don't deal with SDCs they don't give any exemptions or reductions because the CET is going to take care of it. His inclination is the City Council will go with the CET recommendation and ignore the SDC recommendation. He suggests to make the recommendation on the SDC and not make the CET recommendation at this time.
- Member Santucci stated that this committee's job is to recommend what we believe is best for this community, rather than what is palatable. She feels that we are trying hard to figure out a way to get it done and in that we are losing the opportunity to educate on why it may not be as comfortable to do this, but it is in the community's best interest to. Maybe they need to be told what the truth is vs what they agree with.
- Member Tillery said you still have to have someone willing to build.
- Member Santucci said she is talking about Council. She said this committee's job is partially to make recommendations and bring expertise to the table with research and data that will support those recommendations, but it is also to educate on why those recommendations are the best interest of this community.
- Tom said he wanted to note that the one item City Council has charged this committee with is to make a recommendation on the CET and we held off for several months until we could look at that together with SDC reform. He feels this committee needs to forward a recommendation to them, whatever that recommendation is. The idea was to bundle this so if the committee feels that a CET should be recommended, that it should be accompanied by SDC reform that result is some reductions.
- Discussion followed.
- Member Elzy stated that he is hesitant to vote in support of a CET that doesn't have firm buy in from the builders. He doesn't see that at the moment. Maybe coming up with an outline or recommendation of what the CET would look like and inviting builders to workshops would work. One of the criticisms that came for this group from the Collaborative Economic Development Committee was that they see a lot of Social Service people. The intent behind that comment is they don't see builders or developers in the room.
- Gail Atkins said that single family homes often have lots of people in them. She stated that the single family home builders that she knows are going to organize and show up at the City Council and they are going to be very upset if the CET passes and raises the cost of the single family home. We are trying to solve the crisis now. It takes a lot of money and guts and quite a bit of risk and they are afraid. And now you are talking about raising the cost even more, who is going to pay for that? Interest rates are going up, the water costs and sewer costs are going up, and now there is a little bit more tax on it. The way she looks at it is we are giving people jobs and creating money that they can spend in the

community. That is a huge benefit. Personally she thinks we need to think about housing differently. We need to have \$500.00 a month rentals. Nobody is talking about that.

- Chair Walker said he agrees. Single family housing developments and subdivisions are not cutting it and this is a way of moving the community in another direction.
- Gail said we need clean, safe shelter downtown for people don't have to drive to work.
- Member Elzy asked her as a private developer, what would incentivize her to go build that.
- Gail said she is looking for funding. She needs help in where to put this.
- Tom asked if the committee has something that they want to put out there as a proposal to share with those builders if they do a forum to say here is the work we have done, here is the recommendation we are looking at and why, or do you want to go out and have an open forum and say what do you think about a CET and how should we put that together.
- Member Elzy asked Gail about her comment that if the CET goes through she would get builders to go to the Council meeting to oppose it. He asked how she could get that same energy into finding what it looks like and would you recommend that we start with the recommendation to the builders or do we ask them for their recommendation.
- Chair Walker said we went through this last month. We just keep circling.
- Discussion followed.
- Chair Walker made a recommendation that the City Council adopt a CET for both commercial and residential to pay for the changes in SDCs and other changes we recommended in the previous package and the detail of the rate either to be determined when we can see a good spreadsheet that covers different costs or a general notion of raising roughly \$300,000.00 through the CET to pay for these things and anything above and beyond the package. He also suggested a motion that says 1% on Commercial and ½% on Residential above \$30,000.00. He also recommended that for purposes of CET's any building people live in is considered residential. He stated that he also suggests there be a 10 year sunset and that there be a cap of \$50,000.00 on CETs.
- Discussion followed.

#### **MOTION/VOTE**

**Member Arthur moved and Member Luther seconded the motion to recommend that the City Council adopt a CET for both commercial and residential to pay for the changes in SDCs and other changes we recommended in the previous package and the detail of the rate either to be determined when we can see a good spreadsheet that covers different costs or a general notion of raising roughly \$300,000.00 through the CET to pay for these things and anything above and beyond the package. He also suggested a motion that says 1% on Commercial and ½% on Residential above \$30,000.00. He also recommended that for purposes of CET's any building people live in is considered residential. He stated that he also suggests there be a 10 year sunset and that there be a cap of \$50,000.00 on CETs. The vote resulted as follows: "AYES": Chair Walker, Vice Chair Wessels, Members Arthur, Engel, Luther, Santucci and Tillery. "NAYS": Members Corsi and Hurlburt. Abstain: Members Elzy and Engel.**

**Absent: Member Brown.**

**The motion passed.**

- Tom stated that the other two pieces of the recommendation were should there be other affordable housing grants other than those funded through CET.
- Member Corsi said that is a separate discussion. There are all kinds of layered grants you can look for. He isn't aware of any sources in the City. He said his point was the SDC reductions as an incentive.
- Tom said that would not be part of the bundle then. The last part is continue the phase II work.

**MOTION/VOTE**

**Vice Chair Wessels moved and Member Engel seconded the motion to continue the phase II work. The vote resulted as follows: "AYES": Chair Walker, Vice Chair Wessels, Members Arthur, Corsi, Elzy, Engel, Hurlburt, Luther, Santucci and Tillery. "NAYS": None. Abstain: None. Absent: Member Brown.**

**The motion passed.**

c. Next Priorities – barriers and tools

**5. Information Sharing:**

a. Items from staff – HB 4006 grant, etc.

- Tom stated that today is the deadline to submit this grant. We are probably unlikely to get funding for Housing Needs Analysis through that. They said to request the things you want and prioritize them. The biggest thing the committee needs to do is look at updating some of our standards as they relate to State Law Requirements for having criteria for housing that meet clear and objective standards. Awards are supposed to be announced at the end of the month.
- Tom stated that today is the first day of our Public Comment period on the Community Development Block Grant. It is open for 30 days and then there will be a public hearing for final adoption. He said it looks like we are going to be able to get the Women's Crisis Support Team Shelter enough funding to get their building painted and rehabbed. There is also potentially enough money to help with sites for the next Habitat homes. They are looking at replacement of sewer laterals for some affordable housing multi-family apartments. He stated that they got a little higher allocation than they expected this year so they are able to put in a little bit more money into the work that Maslow Project does with the homeless youth in the schools and what Hearts with a Mission does with a shelter. Our amendment this year also increased their allocation to be able to finish up their work on replacement HVAC equipment and roofing repairs. They also have funding for general housing rehab, putting as much of the share of our funds that we can into closing the remaining funding gap for RVCOG Student / Friends program, the Senior Meals Facility. He said they fund emergency housing assistance through UCAN and we do some non-housing related Community Development Activities through tuition assistance through the Small Business Development Center. That document is already posted on the website.
- Lora stated that next week is Tom's last week. He has accepted a position in McMinnville. She said she hates to lose him.
- Tom said he has really enjoyed working with the committee.

- b. Items from committee members –
    - Member Santucci stated that she has some information on a proposal that is going to be on the November General Election that is a proposed amendment that would ease the restriction in the Oregon Constitution that says local governments may not “raise money for or loan its credit to a native private company”. So basically if it passes the City will be able to issue bonds and partner with a private company to build affordable housing.
  - c. Items from Council liaison –
    - Councilor Lindsay thanked the Committee for its work on this package.
- 6. Future Agenda Building for Next Meeting:**
- a. Review and recommendation of additional barriers and tools / top priorities.
- 7. Adjournment**
- Chair Walker adjourned the meeting at 11:03 am.

**Next scheduled meeting: Friday, July 20, 2018 @ 9:00 am in the CYCR**

Minutes prepared by Dianne Phelan, City of Grants Pass Administration.