



# AFFORDABLE HOUSING MEETING

## AFFORDABLE HOUSING COMMISSION MINUTES

April 25, 2023 4:00pm

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)*

### I. CALL MEETING TO ORDER

Chair Larry Hampton called the meeting to order at 4:00 p.m.

### II. ROLL CALL

Members Present: Megan Norton  
Larry Hampton (Chair)  
Casey Banks  
Leslie Murray  
Melisa Dailey  
Randy Rickert

Members Absent:

Staff Present: Doug Rux, Community Development Director

### III. APPROVAL OF MINUTES:

Randy Rickert Abstained from voting due to not being present at the last meeting.

**MOTION:** Member Casey Banks Motioned to approve the minutes with changes / Member Megan Norton Seconded to approve the meeting minutes with changes for the meeting of January 24, 2023.

**Motion carried:** 5 Yes    No    Absent   1 Abstain

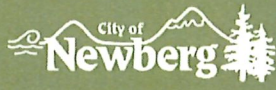
### IV. PUBLIC COMMENT: None

### V. 2021-2022 NOTICE OF FUNDING AVAILABILITY SUBMITTED APPLICATIONS REVIEW – AFFORDABLE HOUSING TRUST FUND

Commissioner Murray and Commissioner Hampton recused themselves due to submitting applications for funding that is being reviewed.

Commissioner Banks informed the commission that Mary had gone through and did a preliminary review of the applications submitted and had concluded that the minimum thresholds had been met or that some of them did not apply to the two applications that we received. One point of clarification is that there is \$16,755 available.

Of the two proposals that were submitted one is dealing with Peace Trail Village. Their requested funding amount is from \$10,000 to \$50,000. We know that the upper end exceeds the budget capacity available. From our last Affordable Housing Commission meeting, there were some additional questions that came up. CDD Rux pushed those out to North Valley Friends Church. The responses to those questions are included in your packet of material along with the written narrative and drawings they provided with the application.



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The second application we have is from Scott and Melissa Bontrager, and their request is for \$10,000, the written narrative and other material that they had submitted for their application is in the packet.

Commissioner Banks asked if the Commission would like a presentation by the applicants on their applications, with the opportunity to ask questions and then do the scoring for each one after the presentation and discussion. The Commissioners agreed that would be good. She reminded the Commissioners that the decisions that are made during this meeting is only a recommendation that goes on to the City Council, the City Council will make the final decision on in these funding awards.

Leslie Murray shared with the Commission the updates made to the application with new information that was received since the last meeting to the Commissioners.

Commissioner Dailey asked if they received any additional funding other than what was provided with the application. Leslie said that they had not. Commissioner Dailey went on to ask if there was a process to check incomes of people staying there or is it the assumption that somebody who's homeless generally does not have income? How is that going to work? Leslie responded that because it's a transitional housing program, there will be a caseworker that will work alongside each guest. The theory is that the guests are coming from no work, and part of the program is to walk alongside them as they get stable work and then increase rent in conjunction with their new income and get them ready to go into permanent housing

Commissioner Banks asked if this project was dependent on the creation of that water pump station that was proposed but is no longer going in. Leslie confirmed that it was and that now it's on North Valley Friends Church to upgrade the existing pump station and provide for a backup generator. They are currently doing an engineering study to see how much water output the current pump system has, if it's not enough to accommodate the church and the cottage clutch cluster, then we need to upgrade that pump and have a backup generator. Veritas and Bill Rourke already bought new pumps to replace that pump station that have been sitting unused for a few years, because of that we are hoping that all we will need to purchase is the backup generator.

Commissioner Banks asked CDD Rux how long do they have to use it for the intended purpose for this particular grant. CDD Rux informed her that could be established by the Commission. There's nothing in our principles and procedures document about a timeline. When we've done grants before, they've been established in a timeline in the grant agreement that would have to be entered into which can be dictated by direction of the Commission.

Commissioner Rickert asked if they are still feeling confident with the completion date on the application of December 2024. Leslie informed the Commission that the process has taken longer than they ever thought it would and they do not have a confident completion date. Larry Hampton added that his assumption is that they can do one or two houses at a time as funding is available once the infrastructure is in. They do not have to do all buildings at once. Leslie also mentioned that they reached out to the Home Builders Association, and they have agreed to partner with them and has approached Lenar Homes with their project. If Lenar agrees to partner with them, then they would come in and assist with staff to that could help build the houses, gifts in kind and even possibly funds along with them.

Commissioner Banks asked CDD Rux if a grant recipient expends the amount of funds awarded to them as expected, if they would be eligible to come back in a future year for the same grant? CDD Rux confirmed that they could.

CDD Rux reminded the Commission that there is a limited amount of funds available. We have an adopted budget number of \$63,630, 15% of that has to be held in contingency. The balance of the funds gets addressed

and allocated to loans and grants. The grant amount is usually right now, around \$16,000 a year, but as funds get expended, that dollar amount goes down over time because we have not been able to find funds to replenish and enhance this particular program. Commissioner Banks asked if the fact that we didn't have any applicants for the loans if it has an impact on the money that is available for the grants? CDD Rux confirmed that is correct because it's in the Procedures and so there's a percentage distribution that we have to follow and that's what I put in the budget every year based upon what our estimated beginning fund balance is going to be.

Commissioner Daily asked how long they intend to have this project remain transitional housing/affordable housing? Leslie answered that the intention is that it will always be affordable housing. Commissioner Daily asked if they you have any funding sources that are requesting for any kind of commitment for the housing to be affordable for a certain amount of time? Leslie answered that one of the things that we're working on potentially with the City trading our ARPA funds for some CET funds to free up our funds for the water treatment plant, and in that agreement is a 60 year commitment towards keeping it affordable housing. Commissioner Daily asked if they are opposed to the time commitment. Larry informed the Commission that as long as North Valley is in existence, our intention is to have this cottage cluster be low-income and or transitional housing.

CDD Rux asked for the scores from each voting Commissioner for their scores on each criteria question. There was an aggregate total of 220 for the Peace Trail Village application.

Commissioner Banks went on to the next application and asked the applicants to share information about their application. When they purchased the property there were already tenants in the duplex paying rent that were at the affordable housing rate. They are trying to keep the rent at that rate but when they had the home inspection done when the duplex was purchased, they were informed that the condition of the driveway was so bad that it could be considered a hazard and needed to be replaced. They received two different quotes from contractors and were quoted \$10,000 for the replacement. They saw the grant opportunity and thought that it could be something that would give us the opportunity to keep the rents low. If they had to pay the \$10,000 up front, the only way to get the cost back is to raise rent. They want to do the best they can for the tenants they have and make sure that they pursue every potential avenue for subsidizing to keep rents low.

Commissioner Rickert asked if the two quotes or proposals that were received are from a local company in Newberg. Scott replied that one was a local Newberg company, the other was a referral for somebody that was out of Portland. Commissioner Banks confirmed with the applicant that the quotes were last fall and if so would they still be good now. Scott was not sure of that answer.

Commissioner Dailey asked what guarantee they have we have that you will keep this affordable to the tentants, I think it's called the low, the moderate low and very low income residents? Scott informed the Commission that he has nothing but his word, but if the Commission would like to put something in place such as a contract he would be willing to do that.

Commissioner Banks asked if there was anything in between the two scenarios he presented that would work for them. One scenario was that if the applicant weren't awarded the grant money they would be looking to raising rent to cover the cost. The other scenario was if they did receive \$10,000 they would be willing to engage in some kind of rental restriction agreement with the City. Is there a dollar point in between zero and \$10,000 that would make sense for their investment without raising the rent? Scott commented that it is not an all or nothing situation. They are more than willing to get updated quotes in case they went down.

Commissioner Banks asked CDD Rux if there is any way that the Commission can recommend an award up to a specific dollar amount, and then the actual amount disbursed is based on an updated quote? CDD Rux confirmed that they could do that.

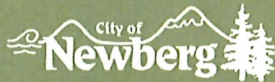
Commissioner Daily brought up a concern that the application might not meet the minimum threshold criteria because it is not an affordable housing partner, it is owned as a for-profit housing. Even though they are renting to people who are said to be lower income, there is a lot of questions about this that make me hesitant because it could open up a can of worms for the entire community to try to get a grant to replace a driveway? I think the loan program might be a better fit for this application. Commissioner Norton agreed with Commissioner Daily and asked CDD Rux if they did the loan program if they would have to reapply, or could the Commission change their application to the loan? CDD Rux informed the Commission that the applicants would have to reapply for the next round of a Notice of Funding Availability, which would be out in September.

Scott commented that the way he understood the application documentation is that it was not necessary for the applicant to be a non-profit organization or a have a partnership with one but that a landlord who has a property or properties that provides affordable housing. Commissioner Daily asked CDD Rux if there is any information he could provide. CDD Rux informed the Commission that in section 3 in the Commissions Policies and Procedures, which refers to eligible uses and activities, it is written that, 1. the funds have to go to households with 80 percent or less of the area median income. 2. Trust funds will be limited to those activities that create, preserve, or acquire housing within Newberg city limits. 3. Is housing developments financed by the fund which receives subsidy financing, tax credits or other assistance under state or federal programs may contain market rate units. 4. Affordable housing and awards shall comply with the income and housing costs limits established by the Newberg Municipal Code in 15-242-030, which is again 80 percent or less of the area median income. 5. Affordable housing trust fund can be provided as either a grant or a loan depending on the project or program receiving funding. The Commission augmented those base criteria with what was in the Notice of Funding Availability section, which is numbers one through six, which are broad criteria. Commissioner Banks also pointed out that the application has a checkbox for both nonprofit and for profit, which made her think that it was there as an informational question, not that one was acceptable, and one wasn't. Commissioner Dailey commented that she does not know if the applicant is going to be able to make sure they meet the 80% or less AMI income. They would have to check people's income, which is a whole job within itself, how is a private homeowner going to be able to manage that. She believes that it is the Commission's responsibility to make sure that the funds distributed are going to go towards people who are less than 80% of AMI. What kind of assurances do we have that a private landowner with a rental property has the capability to do that.

Commissioner Banks commented that she has the same concern, but with the way that it is written, for-profit is within the use. The question is how we enable for-profits to access funds, keep them accountable, while remaining reasonable with documentation requirements. How can we make it feasible? Commissioner Banks asked CDD Rux if there is a way for our award recipients to prove to the city in a reasonable way that's not an undue burden on city staff that the tenants really are at 80% or less on an annual basis for X number of years? CDD Rux responded that the most logical way would have the Grant awardee provide a copy of tax returns to see what their income level is based upon the number of individuals living in each unit. That raises the question, would the tenants be willing to provide that information or not? Commissioner Banks asked if it would be acceptable for this committee to ask the landlord to show a single month's pay stub like they would use to authorize tenant for a lease rather than like an entire year's income return? CDD Rux said that could be acceptable but there could be a gap in case someone gets a better paying job or raise.

Scott asked if there was potentially a different opportunity that would better fit his property and situation? It seems there is a lot of hesitation from people in regard to the application and that it would most likely not be approved due to the discussed reservations from the commission.

Commissioner Banks commented that there does not seem to be a clear way to make it happen in a way that is accountable for those concerns that commissioner Daily raised without creating an undue burden on the tenants themselves. CDD Rux commented that the fund was established in 2012, no one has applied for a loan in that time period and this is the first time there has been a for-profit applicant.



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Commissioner Daily asked if they could recommend to the Council that after reviewing this application they recommend this to be considered for a loan, if the applicant would want that. CDD Rux said if that is the wish of the Commission, the recommendation to the City Council would be a rehabilitation loan instead of a grant. Commissioner Daily asked if the checklist was the same for the rehabilitation loan as it is that we've been using for this grant program? CDD Rux confirmed that it was. Commissioner Banks if they would still be required to be 80% or less of area median income? CDD Rux said that all grants and loans require they meet that requirement and that there would also be reporting requirements to ensure that if it was a rental property in compliance, this brings us back to the conversation on how do you document that the tenants are in compliance with the 80% or less. Commissioner Banks asked what happens if they do not meet that requirement. CDD Rux replied that it could be that a loan document is structured that there would be a clawback or a balloon payment if the tenants did not comply with the 80% or less. That's something that the Commission would want to take into consideration in any kind of recommendation. Of course, then legal counsel who would be drawing up any loan would also have to weigh in.

Commissioner Banks asked for scores from the Commission in regard to the application approval. CDD Rux asked for the scores from each voting Commissioner for their scores on each criteria question. There was an aggregate total of 126.

CDD Rix asked for recommendations from the Commissioners.

**MOTION:** Member Megan Norton Motioned / Member Melisa Dailey Seconded a recommend to the City Council to award Peace Trail Village \$16,755.75 which is not to be dispersed until 75% of the needed funding or in-kind has been provided.

For the Duplex on Meridian, a recommendation to the City Council to award a rehabilitation loan up to \$10,000 without having to reapply through an application process requiring that the applicant must report on the affordability of the project for 3 years.

**Motion carried:** 4 Yes    No    Absent   2 Abstain

Scott pointed out that there were some gray areas on application and web pages that they may want to review for future applications.

Commissioner Hampton asked if the City Council does not approve these applications if the money will roll back into the program. CDD Rux commented that is correct. It is budgeted for next year assuming that funds would be expended this year. Any unspent funds go into contingency, and they will be available in the future.

## VI. HABITAT CLOSEOUT REPORT

CDD Rux went over the Habitat closeout report.

## VII. UPDATE ON THE CONTRUCTION EXCISE TAX (CET) FUND

CDD Rux updated the Commission as to the status of the CET Funds.

## VIII. UPDATE COMMUNITY DEVELOPMENT BLOCK GRANT

CDD Rux informed the Commission of the status of the Block Grant.

## IX. UPDATE HOUSING PRODUCTION STRATEGY

CDD Rux reviewed the Housing Production Strategy.



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**X. UPDATE ON MUTLI-FAMILY CODE AUDIT**

CDD Rux reviewed the Multi-Family Code Audit.

**XI. CITY COUNCIL GOALS**

CDD Rux reviewed the City Council Goals

Commissioner Daily asked what the changes were the City Council was recommending for the Housing Production Strategy. CDD Rux replied that under reducing the system development charges, that was one where the Council asked, what is it, and looking at households of income below 60%, and they added some language that supports partnerships to develop housing by potentially using surplus city land. They removed the multi-unit tax program. They added middle housing land divisions as an action and they added rezoning land for housing and expanding the urban growth boundary. They modified the time horizon on the density bonus and they recommended moving that to an outward year in the eight year horizon. And then they removed the reduced permit fees for affordable housing as an action.

Commissioner Banks asked about the second line in Goal 2, of the Council Goals about zoning light manufacturing, and then down in Goal 7, it mentions light industrial, and I'm just curious, are those two different things? CDD Rux replied that they are the same.

Commissioner Banks then asked if the fact that affordable housing is no longer a stated goal, if that would in any way stop the work that the Commission is doing, would the Commission continue to exist even if it's not a stated goal? CDD Rux commented that the Commission has been constituted. To not have an affordable housing Commission, the Council would have to remove that direct staff and or the legal department to modify the rtesolution establishing the Commisison.

**XI. NEXT MEETING:** July 25, 2023.

CDD Rux informed the Commission that the last meeting that he will be attending is October.

New Commission member Randy Rickert was introduced to the Commissioners.

**XII. ADJOURNMENT:** 5:36 p.m.

Approved by the Newberg Affordable Housing Commission this 24<sup>th</sup> day of Oct, 2023.

  
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Affordable Housing Commission Chair

  
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Fe Bates, Recording Secretary