

**City of Newberg**  
**City Council/Affordable Housing Commission Meeting Minutes**  
**December 15, 2023**  
**Hybrid meeting format**

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**BUSINESS SESSION –**

Meeting called to order at 2:00 pm.

Councilors Present: Mayor Bill Rosacker, Councilors Molly Olson, Mike McBride, Robyn Wheatley, Peggy Kilburg, and Derek Carmon. Councilor Elise Yarnell Hollamon arrived at 2:12pm after roll was taken.

AHC Present: Commissioners Casey Banks, Melisa Dailey, Leslie Murray, Larry Hampton, and Megan Norton (Student Commissioner). Commissioner Randy Rickert joined the meeting at 2:06 pm via Zoom.

Staff Present: Interim Community Development Director Clay Downing, Assistant Planner Leanne Wagener, City Manager Will Worthey, City Recorder Rachel Thomas, Miller-Nash Attorney Christine Taylor, and Records Management Clerical Assistant Melissa Morris.

**PURPOSE OF JOINT MEETING**

Mayor Rosacker stated that requests had been made to use the Construction Excise Tax (CET) funds and the purpose of the meeting was to determine which projects would receive funding.

**DISCUSSION**

Notice of Funding Availability Criteria Discussion  
Memo Combined Council AHC Work Group.pdf  
2023-12-15 Joint Session Presentation.pptx

CM Worthey presented the Staff report and gave a PowerPoint presentation on the CET Fund Strategy for Affordable Housing Incentives. The presentation included information on applicable laws, the City's implementation of CETs, the use of CET revenue, deed restriction requirements, the Notice of Funding Availability (NOFA) process, and project eligibility criteria. During the presentation, he answered clarifying questions from Commissioners and Councilors about the CET Fund balance, deed restrictions, the NOFA process, and the scoring system proposed to determine project eligibility.

CM Worthey explained that he had grouped questions and comments previously received from Councilors and Commissioners into the following themes:

1. Helping the most people
2. Creating a long-lasting effect
3. Helping those with the lowest incomes
4. Funds management
5. Guiding projects to completion
6. Inadequate housing
7. Generational wealth generation

Staff, Councilors, and Commissioners discussed the use of CETs, eligibility criteria, and the NOFA process with the following key comments:

- Ideas were shared about how to improve the criteria, including a hard numbering system and flexible scoring language. It was also suggested to base the criteria on how many people would benefit from the project. However, hard numbers could make scoring difficult because the amount of funding was different each year.
- Mayor Rosacker asked the group to consider the proposal to give CET funding to the Housing Authority of Yamhill County (HAYC) for the continuation of the program to fund rehabilitating mobile homes which had been running successfully but had run out of money.
- The allocation and breakdown of CET funding was discussed. Fifty percent could be allocated to developer incentives, which could be larger projects, and 35 percent could be allocated to affordable housing projects. Funding developer incentives added more housing to Newberg rather than only renovating existing housing.
- To be eligible for affordable housing funding, a project must be able to demonstrate that it met affordable housing standards which would require providing information on income levels. It would be wise to verify that the funds were legally able to be used on projects to improve existing housing.
  - The first step for Staff was to verify that the proposal was legally sufficient and that all regulations and rules would need to be reviewed. Process was in place to challenge the expenditure of CET funds to determine if the use had been appropriate through circuit courts.
- In order to use 35 percent of the CET funds on affordable housing, there may need to be a separate set of criteria for affordable housing and for developer incentives. Fifty percent could be allocated to developer incentives to create affordable housing, and 35 percent could fund rent buy-downs, downpayment assistance, and foreclosure prevention.
- Previously, the lengthy CET funding decision making process had made Applicants become disinterested in continuing the process. Allowing access to all the funding at once may create the situation of smaller projects applying first and being considered before legacy projects which may take a year or more to go through the Application process.
- The City Council had already discontinued the CET program and no more CET funds would be collected. All that was left was to decide how to use the remaining funds to create affordable housing in the near future, which may not require creating a new set of criteria.
- There was discussion on creating criteria based on laws and principles rather than trying to create criteria to fit a known project. The two funding categories may require their own sets of criteria as they address very different kinds of projects and smaller projects to help homeownership would not have a large effect.
  - A member of the public had requested that the Council look into possibly funding the HAYC mobile home renovation project, and some members of the Council seemed to favor giving funding to the project before coming into the conversation on determining a set of criteria, which made some people feel uncomfortable.
  - The HAYC already had their own criteria and contractors lined up for their projects, and if funding was given to that project, the City would not need to create new criteria. The project could be given part of the available funding, but the HAYC would need to be considered on the same basis as other Applicants.
- There was concern about the NOFA structure in which developers tended to score higher on the scoring rubric and had priority access to available funding, which could leave less money for affordable housing programs. Without scoring programs first, there was a risk that there would not be money left for programs, however no restrictions had to be placed. Planning

Staff could be asked to do research on mobile and manufactured homes made before the 1970s. Good examples of affordable housing programs had principles which could be used as a basis for determining new criteria, such as levels of feasibility.

- Councilors and Commissioners considered whether they would like separate criteria for each pot of money, similar criteria for all of the funding, or to use the existing AHC criteria. Copies of the existing AHC criteria were distributed among the group.
  - CM Worthey noted that Staff had not been prepared to go through the AHC criteria items and suggested that the AHC create a new scoring rubric to forward to the City Council for approval. He suggested the addition of a Likert scale to the existing scoring system to make it more statistically relevant and make vague things more quantifiable.
- The AHC criteria were discussed. Point values were flexible within the existing AHC scoring system, which included the possibility of scoring a zero. In the Likert scale, "Very Dissatisfied" also scored a zero. There were scales online that could be copied which measured any human value such as quality, honesty, or satisfaction.
- CM Worthey suggested starting with a City Council Resolution directing Staff to develop a rubric with the AHCs would assistance and possibly adding a Likert scale. The Resolution could be added to the agenda for the January 2, 2024 City Council meeting.
  - The group discussed the upcoming meeting schedule, funding timelines, and funding deadlines. Applying near the beginning of the funding availability window had a higher chance of having funds available.
- The City could either hold up smaller projects to see if a developer with a bigger project applied, or it could define in advance what amounts to dedicate to larger and smaller projects. The group discussed the percentage breakdown of the CET funding. If funding were left over, another NOFA could be announced. However, one large project could potentially use all of the available funding.
  - Alternatively, setting one deadline would allow the Council to review all of the projects that applied at once.
- Criteria could be based on the impact versus dollars spent. The scoring rubric should help determine which projects were worthy of funding.

ICDD Downing confirmed next steps. The City Council would review a Resolution in January directing Staff and the AHC to draft a CET NOFA at a special meeting in February. The City Council would adopt the NOFA in March. He also outlined the City's process for reviewing and approving project proposals.

Councilors and Commissioners discussed the implementation timeline, Staff workload, collaboration between the Council and AHC, and bringing new Councilors and Commissioners up to speed on this project in January.

The Council and Commission also discussed the currently proposed timeline, which could potentially eliminate developers from being able to apply for the funding, as many developers would require six months or more to complete their submissions. Developers were aware of affordable housing funding possibilities, but the current proposed submission window would be a strain for developers already doing legacy projects. A shorter window may work better for developers doing legacy projects. Staff advised against rushing to draft new criteria, citing the notice requirements for public meetings, and suggested using the AHCs existing criteria to speed up the process. If the existing criteria were used, the City Council could approve the NOFA in January.

- Councilors and Commissioners debated about whether to use the existing criteria. Using the existing criteria could expedite the process. However, the criteria could contain incompatible elements and may not facilitate the best use of the money.

The legality of a scoring rubric was discussed. ICDD Downing advised consulting with the City Attorney. The affordable housing program rules may determine whether the scoring rubric was binding or just provided as a guideline with the decision left to committee discretion. If the City made an award that deviated from scoring procedure, it may need to make findings to justify that award decision. The NOFA could include language stating that the City reserved the right to not fund any projects that did not meet the expectations.

## **SUMMARY AND CLOSING COMMENTS**


CM Worthey noted that the general group consensus seemed to be to move forward using the existing AHC criteria.

ICDD Downing discussed the timeline, which would be considerably shorter using the existing AHC criteria as a starting point for revision and approval. A special meeting of the AHC could be scheduled, if necessary.

## **ADJOURNMENT**

Meeting adjourned at 3:52 pm.

## **ATTEST**

  
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Bill Rosacker, Mayor

  
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City Recorder