

**NEWBERG AFFORDABLE HOUSING  
FEES/FINANCE SUBCOMMITTEE**

**Thursday, April 15, 2010**

**7 p.m. to 9 p.m.**

**Newberg City Hall**

**Permit Center Conference Room**

**414 E. First Street, Newberg, OR**

**I. Open meeting**

**II. Roll call**

**III. Consent Calendar**

Minutes of March 10, 2010 meeting

**IV. Draft Fee Deferral Program**

**V. Old Business**

1. Building Valuation Table
2. Repeat Plans
3. School District Fees request
4. CPRD Request

**VI. Other business**

**VII. Next meetings:**

Full Committee: April 28, 2010 7 PM in City Hall  
(Permit Center Conference Room)

Subcommittee: Wednesday, May 26, 2010 at 7:00 pm in City Hall  
(Permit Center Conference Room)

**VIII. Adjourn**

**Attachments:**

March 10, 2010 Minutes  
Memo from Barton Brierley  
Draft Fee Deferral Program  
Repeat plan policy  
Draft School District Letter

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**NEWBERG AFFORDABLE HOUSING  
ACTION COMMITTEE – FEES/FINANCE SUBCOMMITTEE  
Wednesday, March 10, 2010  
7 p.m. to 9 p.m.  
Newberg City Hall  
Permit Center Conference Room  
414 E. First Street, Newberg, OR**

**I. OPEN MEETING:** The meeting began at 7:05. A quorum not present, the subcommittee members chose to begin discussions without making any decisions.

**II. ROLL CALL:**

**Present:** Ken Austin, Dennis Russell, Mike Gougler

**Absent:** Charlie Harris, Beth Keyser, David Maben

**Staff Present:** Barton Brierley, Planning & Building Director

**III. SUBCOMMITTEE MANAGEMENT:**

The committee agreed to use the consensus process to reach decisions, and to have the secretary (Barton Brierley) record the consensus in the minutes, rather than electing a subcommittee chair.

**IV. DISCUSSION OF WORK PROGRAM:**

The committee chose to start with looking at fee schedules, then look at property tax abatements. The housing trust fund would be an integral part of the discussion.

**V. DISCUSSION OF FEE SCHEDULES:**

Barton discussed the general fee schedules. Dennis remembered the goal was for fees to be revenue neutral. Mike Gougler suggested deferring fees or “borrowing” fees. The ultimate would be to defer fees to closing. The City would need to lien the property. This would require working with title companies. Mike suggested talking to one of the title companies.

Ken also brought up the cost of the services that the families would be using (parks, schools, etc.).

The committee looked at sources of funding for the trust fund. They were skeptical about the ability to raise funds where the costs would be spread equally.

Mike said deferral would help the loan to value ratio. Deferral of SDCs would help. It makes it worth considering. It would be a small carrot, but would create a favorable climate. The most effective incentives would be to fix up existing properties.

Barton will return next time with a deferred fee proposal.

The School District could waive the excise tax. The committee could ask the school district, but they weren't hopeful. Perhaps it could be a reduction rather than a waiver.

Another concept was to not charge for repeat plans. They also discussed talked about modifying the valuation upon which permits are based. Barton agreed to look at the valuation data table and report at the next meeting.

CPRD might be willing to defer fees. One way to make up the difference would be to charge Parks SDCs for commercial projects. The committee discussed pros and cons of this.

Also, can the City reduce its costs? One idea would be to reduce processing requirements, such as for annexations.

**VI. OTHER BUSINESS:**

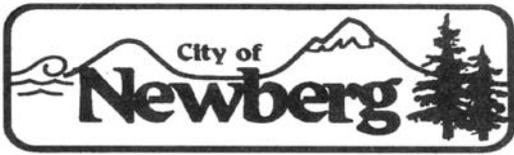
The committee voted to move the meeting the next meeting to Thursday April 15.

**VII. ADJOURN:** The meeting adjourned at 8:55 p.m.

**Approved by the Affordable Housing Action Committee – Fees/Finance Subcommittee this 15<sup>th</sup> day April, 2010.**

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Fees/Finance Subcommittee Secretary



# MEMORANDUM

**Date:** April 5, 2010

**To:** Affordable Housing Action Committee

**From:** Barton Brierley, AICP

Planning and Building Director

**RE:** Fees/Finance Subcommittee Meeting April 15, 2010

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## **Fee Deferral**

Attached is a draft policy on deferral of fees. The main expense to the City would be the loss of revenue in the interim. City staff feels this is minimal and acceptable. After speaking with the City Manager, Finance Director and Jan Winder at First American Title, all recommended that the City file a lien to secure the deferral. Filing a lien would cost \$18 for six months; a cost we felt was minimal.

## **Other Follow up items**

### ***Building Valuation Table***

One question at the last committee meeting was whether the building valuation table had to be used, or whether there was flexibility in how to determine valuation. OAR 918-050-0100 states:

*(c) Effective January 1, 2009, a structural permit fee for new construction and additions shall be calculated using the ICC Building Valuation Data Table current as of April 1 of each year, multiplied by the square footage of the dwelling to determine the valuation. The valuation shall then be applied to the municipality's fee schedule to determine the permit fee. The plan review fee shall be based on a predetermined percentage of the permit fee set by the municipality.*

Therefore, there is no flexibility in determining the valuation.

### ***Repeat Plans***

The City does allow repeat plans to have a reduced plan review cost, according to the policy attached.

### ***School District Fees***

At the last committee meeting, the committee discussed asking the School District to waive fees for affordable housing projects. Attached is a draft letter requesting this for your review.

### ***Chehalem Park and Recreation District Fees***

No follow up was suggested at the last meeting, though this could be a discussion item.

### ***Reduction of expenses***

The committee asked that we look at ways to reduce expenses and be able to pass the cost savings on to the affordable housing developer. The City is constantly evaluating ways to increase efficiency and reduce costs. In these difficult economic times, we are definitely motivated to do so. Here is discussion of a couple of options:

- City initiated larger scale applications. Typically, the City has waited for property owners to initiate zone changes, annexations, and other applications that serve to prepare properties for housing. Sometimes this means that one property owner might request a zone change, then later the neighbor will request a similar zone change. Processing a series of single applications is more costly than bundling applications and processing them together. The City could bundle applications, or initiate larger applications, and potentially reduce some costs. Implementing this obviously would depend largely on individual circumstances. The City might do an annual or bi-annual “group” change where applications could be bundled.
- Charge design review fees for larger affordable housing projects on a base cost OR a per hour basis, whichever is less. The City’s fee structures are intended to cover the *average* cost of processing applications. That means that some applications pay slightly more than actual costs, and some pay slightly less. Fees are assessed according to project value, so larger projects pay more than smaller ones. In reality it is the small, one-time developments that tend to consume far more time proportionally than the larger, more professionally managed projects. This means larger projects tend to subsidize the smaller ones. Perhaps if a larger project provided affordable housing, we could monitor hours spent, and if actual hours spent were less than the base fee, we could issue a refund.

# City of Newberg

## Fee Deferral Policy for Affordable Housing Projects

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Draft April 7, 2010

### **Purpose**

In May, 2009, the City adopted an affordable housing plan. One strategy in the plan is to consider reducing fees for affordable housing projects.

Newberg currently assesses all system development charges at the time of building permit issuance. Deferring payment of these fees until time of occupancy can reduce the upfront costs needed to construct the project, and may help a project to secure financing. This can be done while still securing the same amount necessary for the public improvements funded with the SDCs.

Thus, the purpose of this policy is to encourage the development of housing for low and very low income households by deferring payment of certain fees until time of occupancy.

### **Fee Deferral Policy**

The Planning and Building Director is hereby authorized to defer payment of system development charges until occupancy in accordance with the following provisions.

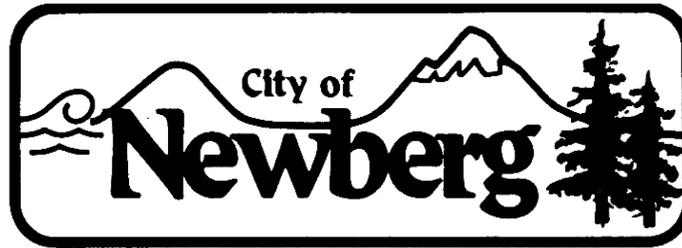
1. Payment of the following fees may be deferred:
  - a. Wastewater development charges
  - b. Water development charges
  - c. Storm drainage development charges
  - d. Transportation development charges
2. The project is construction of a new dwelling, including additions or remodels that create new dwelling units.
3. The applicant shall demonstrate that the dwelling will be for a low income or very low income household, as defined in the Newberg Affordable Housing Action Plan (which adopts HUD guidelines). The Planning and Building Director shall determine whether the project qualifies, and may establish conditions to insure compliance. The applicant may appeal the decision to the City Council.
4. The applicant shall enter into a development agreement with the City that guarantees payment of the deferred fees prior to occupancy. The agreement shall be approved by the City Attorney. The Planning and Building Director shall require a lien on the property to guarantee payment of the fees.
5. All fees deferred shall be paid prior to issuance of a certificate of occupancy for the dwelling. As an exception, the Planning and Building Director may allow payment upon closing of escrow for sale of a property if that is anticipated immediately after issuance of the certificate. In no case shall the fee be deferred more than six months after issuance of the occupancy certificate.

**Master Plan:** City of Newberg has in place a Master Plan program. The Policy & Procedures for Master Plans are:

1. Master plan original is an approved single family residential building plan intended to be used repeatedly without any changes. Single family residential buildings may be detached townhouses, condominiums or row houses.
2. Applicant is responsible for keeping the master plan. Master plan approval cannot be transferred to a different contractor/owner. Absolutely no changes may be made to plans submitted under the master plan concept (i.e., an added area, roof changes, room layout, changes from cut to truss roof, use of wood I systems in place of girder and joists, etc.)
3. Approval of the master plan shall be limited to the code cycle under which the original was reviewed. Each time a code change occurs master plans must be resubmitted for review and approval with full fees charged. Any plan not repeated in a 180 day period will also require review and approval with full fees charged.
4. The original master plans must contain the City of Newberg's stamps, the permit number and be signed and dated by the original plans examiner. Applicant must submit copies of the original approved master plan with each new application. The plans must contain all red line markings made on the original master plan. Applicant may submit plans which have been corrected to match the original master plan. If applicant cannot submit copies of the master plan original, a new plan review with full fees will be required.
5. All standard application materials for a single family home, i.e., plot plans, two sets of plans, etc., must be submitted. Submittals must also include engineer wet stamp and architects approval for reuse of plans.
6. Ground slope shall not exceed 1:10. Foundation/footing plans shall not allow for a slope on the bottom of the footing which exceeds 1:10 in any direction. Lots which exceed this ratio will require complete plan review.
7. The new plans will be compared to the previously approved master plan original. If differences between the master plan and the new plan are found, the applicant will be notified and the new plans will default to the standard plan review procedure.
8. The master plan applications will be taken out of order from the standard plan review procedure for quicker processing, however, all other departments MUST approve prior to permit issuance.
9. A plan check fee for each subsequent use of the master plan shall be 50% of the standard plan review fee.
10. The permit fee is based on current valuation tables.

Planning and Building  
(503) 538-9421

City Attorney  
(503) 537-1206



414 East First St.  
PO Box 970  
Newberg, OR 97132

(date)

Dr. Paula Radich, Superintendent  
Newberg Public Schools  
714 E. Sixth Street  
Newberg, OR 97132

Dear Dr. Radich:

Subject: Affordable Housing and Reduction of School District Construction Excise Tax

As you know, the Newberg community is facing a number of challenges. One challenge is providing safe, decent, affordable housing for our residents. Housing costs have risen significantly in the last decade, which puts great stress on families. Recognizing this challenge, Newberg adopted the Affordable Housing Action Plan, which sets forth a comprehensive strategy for the community to provide housing for its residents. The plan sets forth a number of strategies to achieve these goals, and we are working diligently on a number of fronts to implement the recommended actions.

One of many actions in the plan is to consider reduction of development fees. It is very difficult to keep a new house or apartment affordable when initial fees cost tens of thousands of dollars. We have been appointed by the Newberg Mayor and City Council to consider different ways that we might reduce the burden the fees place on affordable housing projects.

We are looking at the gamut of fees, including those assessed by the City of Newberg, the state, CPRD, and the school district, and considering ways to reduce, defer, or set them aside. The school district construction excise tax can cost a prospective home owner or tenant \$1,000 to \$2000, so it is definitely one fee we need to examine.

We recognize the important role of this fee. Families need a place to live; they also need a place to learn. Therefore, we would like to request your help in finding innovative ways to reduce the burden of this fee on affordable housing projects, while still maintaining our school quality. A few suggestions we had include:

- Authorize a waiver for a set number of affordable housing projects each year.

● Planning and Building Dept. e-mail: [nplan@ci.newberg.or.us](mailto:nplan@ci.newberg.or.us) Fax: 503-537-1272 ●  
Admin: 537-1261 ● Building: 537-1240 ● Public Works: 537-1273 ● Finance: 538-9421 ● Fire: 537-1230  
Library: 538-7323 ● Municipal Court: 537-1203 ● Police: 538-8321 ● Maintenance: 537-1234 ● Utilities: 537-1205  
Municipal Court Fax: 538-5393 ● Public Works Fax: 537-1277 ● Library Fax: 538-9720

“Working Together For A Better Community-Serious About Service”

- The current guidelines exempt:

*Residential housing that is guaranteed to be affordable (under guidelines established by the United States Department of Housing and Urban Development, to households that earn no more than 80% of the median household income for the area in which the construction tax is imposed, for a period of at least 60 years following the date of construction for residential house)*

While this seems generous, in fact few projects, including Habitat for Humanity projects, can guarantee a project to be affordable for 60 years. A suggestion would be to limit this guarantee for a shorter time frame, such as 10 years. This would allow more projects to qualify.

Would you please take a few moments to consider these or other ways we might be able to reduce this burden? We would invite you to attend a committee meeting to discuss this, or if this is not convenient for you, we would be happy to have representatives from our committee to meet with briefly with you. Our meeting times are May 26, 2010, 7 p.m. and June 23, 2010 p.m. at Newberg City Hall.

Please contact Barton Brierley at 503-537-1212, and let us know what would be convenient for you. Thank you for your consideration.

Sincerely,

Newberg Affordable Housing Action Committee

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