



Present: Mayor Frank Bubenik; Councilor Nancy Grimes; Councilor Paul Morrison; Councilor Robert Kellogg; Councilor Maria Reyes; Councilor Bridget Brooks

Absent: Council President Joelle Davis

Staff Present: City Manager Sherilyn Lombos; City Attorney Sean Brady; Police Chief Bill Steele; Finance Director Don Hudson; Planning Manager Aquilla Hurd-Ravich; Deputy City Recorder Nicole Morris; Maintenance Services Division Manager Clayton Reynolds; Economic Development Manager Jonathan Taylor; Parks and Recreation Manager Rich Mueller; City Engineer Jeff Fuchs; IS Director Bates Russell; Parks and Recreation Director Ross Hoover; Planning Manager Steve Koper

## CALL TO ORDER

Mayor Bubenik called the meeting to order at 5:05 p.m.

### 1. ***Metro Affordable Housing Bond | Local Implementation Strategy in Washington County.***

Washington County Housing Authority Executive Director Komi Kalevor and Housing Program Coordinator Melisa Dailey presented on Washington County's Affordable Housing Bond Local Implementation Strategy. Director Kalevor stated Metro's Regional Housing Bond was passed and \$188 million in bond proceeds will be used for housing projects in Washington County. The goal is to use the funding to build or acquire 1,316 units of regulated affordable housing by 2026. The bond framework for Washington County is to lead with racial equity and community engagement and provide 334 units serving households at or below the 30% median family income, 407 units for families, and 81 units to serve workforce households earning 61-80% the median family income. Key features of the Local Implementation Strategy (LIS) include each jurisdiction developing their own strategy and outlining how the jurisdictions envision achieving its unit production target. The four guiding principles include a housing development plan, strategy for advancing racial equity, engagement report, and plan for ongoing engagement. Each implementing jurisdiction has a unique strategy based off of land availability, local development partners, major transportation and economic corridors, high opportunity areas, and HUD. Director Kalevor stated they will be leveraging resources by maximizing the use of non-competitive, private, and local resources. LIS development next steps include the Washington County Board of Commissioners reviewing the draft LIS and forwarding it to Metro for approval.

Councilor Grimes asked how local developers can get assistance from this program. Director Kalevor stated when they are ready they can submit an application to the housing authority and they will work with them to identify potential projects.

Councilor Reyes asked how the program works with existing properties. Director Kalevor stated rehabilitation of properties is very difficult as you have to work to relocate people as that process happens.

Councilor Kellogg asked who will be approving applications for the program. Director Kalevor stated applications are prescreened by the Metro Community Oversight Committee then forwarded to Washington County. The Washington County Board of Commissioners would review and approve the financing and final considerations would be made by Metro.

Councilor Kellogg asked if Washington County would be purchasing buildings and operating them. Director Kalevor stated it is an option.

Councilor Kellogg asked what would happen if the project is not completed in the seven year time frame. Director Kalevor stated he is confident they will get all the money deployed in the community.

Councilor Morrison asked how the waiting list for renters is generated. Coordinator Dailey stated it is based off the fair housing laws and who is qualified based off of income.

Councilor Brooks asked if any units are specifically designated for those on disability. Director Kalevor stated 5% of the units must be made accessible.

Councilor Brooks asked how the program will encourage partnerships with local building organizations. Director Kalevor stated they work with Work Systems to provide local contractors and tradesman with opportunities.

Mayor Bubenik asked if they will be able to stick to the proposed LIS adoption schedule. Director Kalevor stated they are on schedule and it should be approved by September.

## **2. *Oregon Opportunity Zones.***

Economic Development Manager Jonathan Taylor introduced Pilot Management Resources Principal Stephen Brooks to present background, processes, and value information on the Oregon Opportunities Initiative. Mr. Brooks stated he is working on a plan to redirect funds to communities through the Opportunity Zone (OZ) initiative. He provided terminology and structure information on OZ. Mr. Brooks stated there are two tax incentives available. The first if an investor sells a capital gain asset and the second option invests the resulting gain in a qualified Opportunity Fund within 180 days. Incentives defer federal capital gain tax on the sale until 2026, the tax due in 2026 can be reduced by up to 15%, and future capital gain on the investment is exempt from tax if the investor holds its Opportunity Fund investment for 10 years. He shared fund investment examples for businesses, real estate, public-private partnerships, innovation centers, and stacking programs with Opportunity Fund.

Mr. Brooks presented on the Oregon Opportunity Zone Initiative. He stated the objective is to provide development agencies, local businesses, project sponsors, and other community stakeholders with a simple tool to link local investment proposals to Opportunity Funds. The OZ creates a platform that allows communities

to build and fund portfolios of projects, both locally and across jurisdictions. He stated the State of Oregon is distributed into 11 economic districts. Mr. Brooks explained the process flow stating Greater Portland Inc. is the Facilitator for our local area and they distribute information about OZs as widely as possible and direct Sponsors to the online platform. He explained Project Sponsors submit investment proposal information to the online platform and interface with the Initiative Manger. The Initiative Manager then reviews the proposals, identifies investment ready proposals, links investable projects with OZ funders, and manages the online platform and process. Mr. Brooks stated the ultimate objective is to establish a human network of Facilitators and the online platform and build and fund community-driven portfolios of projects, both locally and across jurisdictions. He noted portfolios are not limited to OZs.

Councilor Kellogg asked about workforce housing and how it can be an investable project. Mr. Brooks stated an investable project is anything that would break ground in three months to a year. Councilor Kellogg asked if acquiring an already built building is more attractive to investors. Mr. Brooks stated they are as they are not starting from scratch.

Councilor Morrison asked what kind of specialty funds outside of workforce housing and hospitality are there. Mr. Brooks stated they are looking at residential housing with a commercial component.

Mayor Bubenik stated municipalities have to come up with a project plan, get a developer on board, and then approach the OZ program.

### **3. *Parks System Development Charges.***

Parks and Recreation Director Ross Hoover and Parks Development Manager Rich Mueller presented a rate discussion on Parks System Development Charges (SDC). Director Hoover stated at the last Council meeting Council asked staff to come back with rates for review at two levels: 50% and 43% of the maximum allowable rate. He shared rate comparisons for 2018 and 2019 for residential and nonresidential at both requested levels. Director Hoover stated projected revenue at the 50% maximum allowable rate would be \$11,959,499. A list of eligible parks projects for SDC funding was shared. He noted there are a total of 55 eligible projects in the master plan for SDC funding. Director Hoover stated next steps would be for staff to prepare a resolution for adoption of the rates. City Manager Lombos noted the revenue from SDC would not build everything on the list but instead allow the City to leverage funding from other sources.

Councilor Morrison asked which portion of projects are located in the industrial area. Director Hoovers stated projects have not been sited so it can't be identified at this time.

Councilor Morrison stated he is amenable to the 43% rate for residential. He would like to not set a nonresidential rate until there is a plan in place for that area as he does not want to raise money without a purpose. Councilor Morrison suggested the Council consider forming a Parks and Recreation District to fully fund all the projects on the list.

Councilor Reyes asked if this is a onetime fee or an ongoing tax. Director Hoover

stated the SDC is a onetime fee that is paid at the time of development. He state the fee can only be used to add new capacity to the system.

Councilor Brooks stated the city has the lowest development rates in the surrounding area. She stated even with the addition of the SDC rate at 50% the maximum allowable the city is still the lowest.

Councilor Kellogg asked if developers get credit for existing use or changes to use. City Attorney Brady stated you get credit for existing uses or changes. He noted if there is an increase in use they would be charged the difference.

Councilor Kellogg asked if the maximum allowable rate was charged if it would pay for the completion of the project list. Director Hoover stated the methodology at its maximum would in essence cover all of the costs for expansion of the system and have room for additional projects as they became eligible.

Councilor Kellogg stated he initially proposed the rate be set at 43% of the maximum allowable as that would be a 20% increase to the residential rate. He stated after the 2019 rates were calculated it would actually be a 30% increase and proposed the rate be set at 50% of the maximum allowable rate. Councilor Kellogg stated he attended the Chamber of Commerce Business Advocacy Committee meeting where he received resistance on rate. He recommended the Council set the nonresidential rate at 30% and phase in increases.

Mayor Bubenik agreed with the 50% rate for residential. He stated he wants manufacturing/industrial developments to continue to come to town but does not want to undervalue the SDC fee.

Councilor Grimes stated the feedback she has received from the business community is in regards to the uncertainty this is causing in fees.

Councilor Brooks would like to see the maximum allowable rate for nonresidential set at 50%. She wants to the city to remain competitive for overall fees in the area

Councilor Grimes wants to be as competitive as possible for new businesses and set the rate at 25-30% of the maximum. She stated this would allow the city to continue to meet its goals and still be competitive.

Councilor Reyes stated she believes 50% of the maximum allowable rate for nonresidential is competitive and fair.

Councilor Kellogg would like to see the nonresidential rate start at 30% as a new fee and increase it overtime.

Council consensus was reached to bring back a resolution with a residential SDC rate of 50% of the maximum allowable and a nonresidential rate of 30% of the maximum allowable.

#### **4. Council Committee Assignments.**

Item carried forward to regular meeting.

**5. Council Meeting Agenda Review, Communications & Roundtable.**

None.

**ADJOURNMENT**

The work session adjourned at 7:10 p.m.

Sherilyn Lombos, City Manager

\_\_\_\_\_ / Nicole Morris, Recording Secretary

\_\_\_\_\_ / Frank Bubenik, Mayor