

McMinnville Affordable Housing Task Force

AGENDA

September 14, 2016

10:00 am

McMinnville
Community
Development Center
Conference Room

- **Call to Order**
- **Action Items**
 - Approval of Minutes
 - August 10, 2016 (*Exhibit 1*)
 - Development Fee Incentive Package (*Exhibit 2*)
- **Discussion Items**
 - Next Steps – Near Term Projects (*Exhibit 3*)
- **Task Force Member Comments**
- **Staff Comments**
 - MAHTF Membership
- **Next meeting**
 - October 12, 2016
- **Adjourn**



EXHIBIT 1 – MINUTES, AUGUST 10, 2016

McMinnville Affordable Housing Task Force

Minutes from the Aug 10th meeting, Community Development Center

Attendees:

Sherl Hill (Business Representative)

Elise Hui (Executive Director, Housing Authority of Yamhill County),

Jon Johnson (VP, Commercial Loans)

Martha Meeker (City Manager)

Kellie Menke (City Councilor)

Heather Richards (City Planning Director)

Jeff Sargent (Executive Director Yamhill County Action Partnership – YCAP)

Absent due to scheduling conflicts: Remy Drabkin (City Councilor), Darrick Price (Executive Director, Community Home Builders) and Alan Ruden (Councilor)

Presentations: Chris Jones, Catholic Community Services Foundation

Guests: Mary Stern, Executive Director, Habit for Humanity as well as Steve Rupp and Jerod Miller (interested citizens)

The meeting started with a review of the sub-committee's work on the draft ordinance language on SDC / Permit Fee exemptions with discussion focusing on the level of exemption to recommend to the Council. Initially the sub-committee recommended to leave the level of exemption up to the Council but City Manager Meeker requested the group make a recommendation to fill its role as an advisory group to the Council. The group discussed their initial assignment was to memorialize the existing practice of 60% exemption and then reviewed options to allow full exemption up to a certain dollar cap or set a point where funds from other parts of the City's budget would have to backfill SDC / Permit dollars. On the cap, there was concern expressed that this would allow one large project to potentially use the City's entire exemption for a year.

The group then discussed fundamentally what the exemption was set to do and agreed it was to maximize the number of units constructed. Towards this end, the group wanted an approach that would appeal to a number of builders and wanted to discourage the potential for all SDC / Permit exemptions going to one builder. The group also discussed the thought that SDC funding was money the City hadn't realized yet so it wouldn't necessarily be missed; however it was brought up that existing master plans for adding infrastructure to service a growing population were built on the concept of future revenue and the idea that the City wouldn't necessarily miss those dollars was not correct.

The group looked at 60% exemption and discussed per unit it would mean roughly \$7,200 in development fees with \$12,000 representing full exemption. As such, if the group established a cap (20 units was the largest affordable housing project in recent

memory), then going with a smaller exempted percentage would allow the dollars to be spread to more developments. Also, if an unusual circumstance arose with a swell in affordable housing builders, the group recommended a “review point” trigger on when a raise in the cap would be considered. Ultimately the group decided to fund at 60% exemption with a \$150,000 dollar cap and the staff would bring back amended language to add a review point as well as define affordable housing itself and add in provisions for reclaiming SDC and fees should a project end up not fulfilling its affordable housing responsibilities.

As for the types of builders the group wanted to target, it was discussed a list of the usual affordable housing builders could be developed or it could be left open to a simple 501C3 designation. From the staff’s perspective, the major concern expressed was ensuring any group considered would already be operating with some kind of grant oversight as the City does not have the staff to track grant dollars on its own. In the end, the group decided to let the subcommittee outline some options for the Task Force to look at during the next meeting.

It was acknowledged that Mary Stern was a member of the subcommittee but not an actual member of the Task Force. Also, it was mentioned that the subcommittee was heavily weighted with non-profits but the group was comfortable the subcommittee members would be able to arrive at language fairly representing the desires of the committee as a whole. Finally, the staff will bring a look at SDCs and permit fees the City has collected per year since 2000.

Next, Chris Jones from the Catholic Community Services Foundation in Salem gave a presentation on what the group has been doing on the affordable housing front as seven years ago they were given the opportunity to take over roughly 100 units scattered across Salem after another housing agency went under. They have since picked up additional units and work with the City of Salem (who represents HUD in the area) to maintain and operate them. It was asked if the Foundation had been involved with any other churches or agencies in its mission and Chris mentioned they had one small project where they built housing on land owned by another church but they didn’t have extensive experience in this. Chris mentioned Mountain West Investment in Salem may be interested in doing something in a partnership of land owners and builders but it was in the very early stages of discussion.

Looking forward, the group is looking at bringing in local churches in the area to see what they are interested in doing and someone to come in and provide a look at what the State is doing for affordable housing promotion.



CITY OF MCMINNVILLE
PLANNING DEPARTMENT
231 NE FIFTH STREET
MCMINNVILLE, OR 97128

503-434-7311
www.mcminnvilleoregon.gov

EXHIBIT 2 - STAFF REPORT

DATE: September 14, 2016
TO: Affordable Housing Task Force Members
FROM: Heather Richards, Planning Director
SUBJECT: SDC / Development Fee Incentives for Affordable Housing

Report in Brief:

Consideration of a system development charge and development fee incentive package for affordable housing projects.

Background:

Resolution No. 2016, Exhibit A identified the memorialization of system development charge (SDC) discounts for affordable housing projects as one of the first near-term projects for the McMinnville Affordable Housing Task Force (MAHTF) to consider.

The MAHTF has focused primarily on the 60% SDC exemption and development fee reduction that previous City Manager Kent Taylor directed staff to provide to Habitat for Humanity in a memo dated June 14, 1991. (Attachment A).

However, in addition to this memo there are two other programs that impact SDC exemptions and development fees for affordable housing projects – McMinnville City Code, Section 3.10.060 that exempts housing for low-income or elderly person which is exempt from real property taxes under state law from paying SDCs, and Resolution No. 2003-35 which reduces planning fees for low-income housing by 50%. (Attachment B and C).

The MAHTF reviewed these three different directions and crafted a recommendation for the MAHTF to consider for recommendation to the McMinnville City Council which incorporates the intent of the three existing directions but allows for ease of administration and budget management.

Discussion:

Below is a summary of existing conditions relative to city practices and programs regarding exempting or waiving development fees for affordable housing projects, a financial summary of impact, what has been discussed thus far and a recommendation.

Attachments:

Attachment A: Memo from Kent Taylor

Attachment B: McMinnville City Code, Chapter 3.10, Systems Development

Attachment C: Resolution No. 2003-35

Attachment D: Proposed Action Items

EXISTING CONDITIONS – MEMORIALIZED BY ACTION OF CITY COUNCIL

SDC Exemptions: SDCs can be exempted for a type of building product but they cannot be waived. SDC exemptions need to be authorized by local code and included in the SDC methodology. SDC exemptions are authorized in the McMinnville Municipal Code, Section 3.10.060. Currently the following exemptions exist in the code:

3.10.060 Exemptions. The following are exempt from the systems development charge imposed in Section 3.10.020.

- A. An alteration, addition, remodel, replacement or change in use that does not increase the use of capital improvements.
- B. Housing for low-income or elderly persons which is exempt from real property taxes under state law.

Note: 100% exemption currently exists for low income and senior housing projects that are exempt from real property taxes under state law.

Development Fee Reductions: Resolution No. 2003-35 adopted a 50% reduction in Planning Department processing fees for low-income housing.

EXISTING CONDITIONS – DIRECTION OF THE CITY MANAGER

On June 14, 1991, City Manager Kent Taylor directed city staff via memo to provide a 60% reduction in the following fees: building permits, plan review, plumbing, mechanical, sewer connection, and sewer and park SDCs for Habitat for Humanity projects.

Summary: Currently low income and senior housing projects that are exempt from real property taxes under state law are 100% exempted from SDC fees, and low income housing projects are authorized to receive a 50% reduction in planning fees per action of the City Council. Habitat for Humanity projects receive a 60% reduction in building fees and sewer and park SDCs per the internal direction of a City Manager.

EXISTING CONDITIONS - ADMINISTRATIVE IMPACT: There has not been consistent application of the City Council authorized incentives and the City Manager internal direction leading to confusion.

EXISTING CONDITIONS - FINANCIAL IMPACT: The City's collection of SDCs pay for future capital improvement projects that have been identified as needed to support growth – transportation, sewer and parks. These collections are all underfunded relative to the identified capital improvement program.

The City's Building Fund operates as an Enterprise Fund meaning that the fees have been established to fully support the costs of administering the building program.

The City's Planning Fund also collects fees but is currently subsidized by the General Fund at a level of approximately 85%.

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Development fee exemptions and reductions simply mean that the growth is still occurring and the programs are still being administered, the fees are not being collected.

With that said, thus far the impact to SDCs, the Building Fund and the Planning Fund for the existing affordable housing incentives have not been tremendous due to activity levels. There have been 36 permits issued since 1996 that have qualified for the incentives, with the highest one-year total of six occurring in both 2007 and 2008, equating to \$27,421.56 and \$27,323.10 in foregone revenue for those two years respectively. These calculations do not include building permit fees and planning fees.

ISSUE SUMMARY:

How does the City of McMinnville craft a development fee incentive program for affordable housing that is meaningful and easy to administer but does not unduly impact program delivery and delay future capital improvement projects?

SOLUTION DISCUSSIONS:

Discussion #1: Memorialize the current practice of a 60% development fee reduction for non-profit affordable housing developers that do not currently qualify for the 100% exemption.

Pros: Memorializes current practices.

Cons: Current practices have not yielded significant product to respond to need.

Discussion #2: Raise the current practice of a 60% development fee reduction for non-profit affordable housing developers that do not currently qualify for the 100% exemption to 100% so that it is equitable for all affordable housing projects.

Pros: Aligns need (more affordable housing) with incentive program, regardless if it is rental multi-family or single family owner-occupied.

Cons: Impact to city funds and programs is greater.

Discussion #3: To ensure that the City can afford the incentive program provide an annual cap of funds to the program. Discussion at most recent task force meeting was \$150,000.

Pros: Allows for city budget management.

Cons: Impact to existing programs and funds is considerable.

Total Foregone Revenue	Transportation SDCs	Sewer SDCs	Parks SDCs	Building Program	Planning Program
\$150,000	(\$36,608)	(\$45,920)	(\$33,888)	(\$28,000)	(\$5,584)

To put it into perspective, the Parks Development Fund anticipates \$275,340 in SDC collections in FY 2016/17. This program would reduce that collection by 12%.

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Discussion #4: For those projects which are not deed restricted by another program, provide an administrative “clawback” provision so that public funds are not used as future equity in a near-term resale.

Pros: Protects the public investment.

Cons: Administration is more difficult.

RECOMMENDATION: (Attachment D)

- *Provide a 100% SDC exemption and a 50% permit fee (building and planning) reduction to affordable housing projects (definition).*

This increases the current practice of 60% and makes it equitable with what is currently in the code, but also makes it easier to administer.

- *Provide an annual cap of \$75,000 for the program with the opportunity for City Council to override the cap.*

This cap provides the opportunity for the program to grow by 125% from its largest year and yet still protects the city funds from any budgetary impact greater than 10%.

- *Provide a three-year evaluation clause.*

Allows for a pilot program and evaluation period to test the program.

- *Provide a five year “clawback” provision that is recorded on the deed.*

Protects the public investment.

FINANCIAL IMPACT OF RECOMMENDATION:

Total Foregone Revenue	Transportation SDCs	Sewer SDCs	Parks SDCs	Building Program	Planning Program
\$75,000	(\$18,304)	(\$22,960)	(\$16,944)	(\$14,000)*	(\$2,792)*

*Estimate

Recommended Action/Motion:

“I move to recommend the proposal as presented (or amended – state amendments) by the MAHTF subcommittee to the McMinnville City Council for consideration.”

Attachments:

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EXHIBIT 2 - ATTACHMENT A

CITY OF McMinnville
230 East Second Street
McMinnville, Oregon 97128

June 14, 1991

MEMORANDUM

TO: Bruce Caldwell

FROM: Kent L. Taylor *Kent*

SUBJECT: Habitat for Humanity International -- McMinnville Affiliate Home Building Project

You may have seen news coverage on TV about former President Jimmy Carter's participation with Habitat for Humanity. It's a nonprofit ecumenical organization which builds or renovates housing using primarily donated labor and materials. The houses are sold to needy families at no profit and financing is without interest. I have attached some background information.

A local chapter is planning its first home. They acquired a lot from Ray Kauer in Westvale. The first family who will own the first home now lives in the old green apartments on Three Mile Lane. The organization envisions doing one project per year in this area.

They will be submitting their plans shortly. I would like you to contact Mr. Roy Butchart (472-9693) to introduce yourself and schedule a meeting with Steve to review the permit process, expectations, etc.

For projects by Habitat for Humanity we will charge for the following at 40 percent of the applicable fee: building permit, plan review, plumbing, mechanical, sewer connection, and sewer and park SDCs.

KLT:JNF

Enclosure 3

c: Mayor Edward Gormley
Don Schut

05 B0364

EXHIBIT 2 – Attachment B

Chapter 3.10

SYSTEMS DEVELOPMENT

Sections:

3.10.010	Definitions.
3.10.015	Purpose.
3.10.017	Scope.
3.10.020	Systems development charge established.
3.10.030	Methodology.
3.10.040	Compliance with state law.
3.10.050	Collection of charge.
3.10.060	Exemptions.
3.10.070	Credits.
3.10.080	Appeal procedures.
3.10.090	Prohibited connection.

3.10.010 Definitions. The following words and phrases, as used in Chapter 3.10 of this code, have the following definitions and meanings:

A. "Capital improvement(s)" means public facilities or assets used for any of the following:

1. Sanitary sewers, including collection, transmission, treatment and disposal;
2. Storm sewers, including drainage and flood control;
3. Parks and recreation, including but not limited to mini-neighborhood parks, neighborhood parks, community parks, public open space and trail systems, buildings, courts, fields and other like facilities.
4. Street and transit improvements, including but not limited to signalization, channelization, widening, drainage work, sidewalks and pedestrian facilities, bicycle facilities, lighting, right-of-way acquisition, street extensions, railroad crossing protective devices, and other like facilities.

B. "Development", as used in Sections 3.10.020 through 3.10.090, means conducting a building or mining operation, or making a physical change in the use or appearance of a structure or land, which increases the usage of any capital improvements or which will contribute to the need for additional or enlarged improvements.

C. "Public improvement charge" means a fee for costs associated with capital improvements to be constructed after the effective date of the ordinance codified in this chapter. This term shall have the same meaning as the term "improvement fee" as used in ORS 223.297 through 223.314.

D. "Qualified public improvement" means a capital improvement that is required as a condition of development approval, identified in the plan and list adopted pursuant to ORS 223.309 and either:

1. Not located on or contiguous to property that is the subject of development approval; or
2. Located in whole or in part on or contiguous to property that is the subject of development approval and required to be built larger or with greater capacity than is necessary for the particular development project to which the systems development charge is related.

E. "Reimbursement fee" means a fee for costs associated with capital improvements constructed or under construction on the date the fee is adopted pursuant to Section 3.10.020.

F. "Systems development charge" means a reimbursement fee, a public improvement charge or a combination thereof assessed or collected at any of the times specified in Section 3.10.050. It shall not include connection or hookup fees for sanitary sewers or storm drains. Such fees are designed by the City only to reimburse the City for actual or average costs for such connections. Nor shall the SDC include costs for capital improvements which by City policy and state statute are paid for by assessments (or fees in lieu of assessments) for projects of special benefit to a property.

3.10.015 Purpose. The purpose of the systems development charge (SDC) is to impose an equitable share of the public costs of capital improvements that increase system capacity upon those developments that create the need for or increase the demands on capital improvements.

3.10.017 Scope. The systems development charge imposed by Chapter 3.10 is separate from and in addition to any applicable tax, assessment, charge, fee in lieu of assessment, or fee otherwise provided by law or imposed as a condition of development. A systems development charge is to be considered in the nature of a charge for service rendered or facilities made available, or a charge for future services to be rendered on facilities to be made available in the future.

3.10.020 Systems development charge established. A. Unless otherwise exempted by the provisions of this chapter or other local or state law, a systems development charge is imposed upon all new development within the City for transportation, parks and all new development inside and outside the boundary of the City that connects to or otherwise uses the sanitary sewer system or storm drainage system of the City. The City Manager is authorized to make interpretations of this section, subject to appeal to the City Council.

B. Systems development charges for each type of capital improvement may be created through application of the methodologies described in Section 3.10.030 of this code. The amounts of each systems development charge shall be adopted initially by Council resolution. Changes in the amounts shall also be adopted by resolution, except changes resulting solely from inflationary cost impacts. Inflationary cost impacts shall be measured and calculated each January by the City Engineer and charged accordingly. Such calculations will be based upon changes in the Engineering News Record Construction Index (ENR Index) for Seattle, Washington.

3.10.030 Methodology. A. The methodology used to establish a reimbursement fee shall consider the cost of then-existing facilities, prior contributions by then-existing users, the value of unused capacity, rate-making principles employed to finance publicly owned capital improvements, and other relevant factors. The methodology shall promote the objective that future systems' users shall contribute an equitable share of the cost of then existing facilities.

B. The methodology used to establish the public improvement charge shall consider the cost of projected capital improvements needed to increase the capacity of the systems to which the fee is related and shall provide for credit against the public improvement charge for the construction of any qualified public improvement.

C. The methodology may also provide for a credit as authorized in Section 3.10.070.

D. Except when authorized in the methodology adopted under Section 3.10.030(A), the fees which are assessed or collected as part of a local improvement district or a charge in lieu of a local improvement district assessment, or the cost of complying with requirements or conditions imposed by a land use decision are separate from and in addition to the systems development charge and shall not be used as a credit against such charge.

E. The methodologies used to establish the systems development charge shall be adopted by resolution of Council. The specific systems development charge may be adopted and amended concurrent with the establishment or revision of the systems development charge methodology. The City Manager shall review the methodologies established under this section periodically and shall recommend amendments, if and as needed, to the Council for its action.

F. The formulas and calculations used to compute specific SDCs are based upon averages and typical conditions. Whenever the impact of the individual developments present special or unique situations such that the calculated fee is substantially disproportionate to the actual impact of the development, alternative fee calculations may be approved or required by the City Manager under prescribed administrative procedures. All data submitted to support alternate calculations under this provision shall be specific to the site and development under consideration. Major or unique developments may require special analyses to determine alternatives to the standard methodology.

3.10.040 Compliance with state law. A. The revenue received from the systems development charges shall be budgeted and expended as provided by state law. Such revenue and expenditures shall be accounted for as required by state law. Their reporting shall be included in the City's Comprehensive Annual Financial Report required by ORS Chapter 294.

B. The capital plan for capital improvements require by state law as the basis for expending the public improvement charge component of systems development charge revenues shall be the McMinnville Transportation System Plan; McMinnville Wastewater and Stormwater Master Plans and Capital Improvements Plan (CIP); adopted facilities

plans; park master plans; the capital improvement plan of any other governmental entity with which the City has a cooperative agreement for the financing of commonly-used public improvements by the collection of system charges; provided such plans conform with state law and are consistent with the City's CIP and the City's comprehensive plan.

3.10.050 Collection of charge. A. The systems development charge is payable upon, and as a condition of, issuance of:

1. A building permit;
2. A development permit for development not requiring the issuance of a building permit;
3. A permit to connect to the water, sanitary sewer or storm drainage systems; or
4. A permit to construct a driveway or private street connection to a public street.

For those uses for which no permit is provided, including a change in occupancy that results in an increased system usage level, the final approval granted by the City approving the use or occupancy shall be deemed a building permit for the purpose of this chapter.

B. If development is commenced or connection is made to the street system, water system, sanitary sewer system or storm sewer system without an appropriate permit, the systems development charge is immediately payable upon the earliest date that a permit was required, and it will be unlawful for anyone to continue with the construction or use constituting a development until the charge has been paid or payment secured to the satisfaction of the City Manager.

C. Any and all persons causing, constructing, conducting, occupying or using the development or making application for the needed permit, or otherwise responsible for the development, are jointly and severally obligated to pay the charge, and the City Manager may collect the charge from any of them. The City Manager or his/her designee shall not issue any permit or allow connections described in subsection 3.10.050A until the charge has been paid in full or until an adequate secured arrangement for its payment has been made.

D. A systems development charge shall be paid in cash when due, or in lieu thereof, the City Manager may accept the delivery of a written agreement to pay if the written agreement is secured by collateral satisfactory to the City Manager or his/her designee. The collateral may consist of mortgage or trust deeds of real property, or an agreement secured by surety bond issued by a corporation licensed by state law to grant such undertakings, or by cash deposit, letter of credit, or other like security acceptable to the City Manager.

E. The person paying the systems development charge in installments may apply for deferral of the payments.

F. Industrial and commercial shell buildings which are erected for future tenants whose identities and use are not known at the time of construction are not required to pay the transportation systems development charge at the time a building permit is issued. In lieu of this payment, an industrial property owner or owners shall execute a

note to the City in the amount of the systems development charge for general light industrial use. A commercial property owner or owners shall execute a note based upon the anticipated use as approved by the City Manager, or designee. Any such note shall become due and payable in one year, bear no interest and be recorded on the docket of City liens.

During the one year period, if the occupant of the structure is identified, the transportation systems development charge shall be calculated in accordance with the adopted methodology, and the then in effect rates, and shall immediately become due and payable. Upon payment in full, the interim note, as referenced above, shall be cancelled and returned to the property owner.

In the event that no occupant is identified during this one-year interim period and the structure continues vacant:

- 1) The note shall become due and payable in full; or
- 2) The property owner may request the City to accept a new note in the same amount for an additional one-year period subject to the same conditions set forth above. Only one extension will be granted.

3.10.060 Exemptions. The following are exempt from the systems development charge imposed in Section 3.10.020.

A. An alteration, addition, remodel, replacement or change in use that does not increase the use of capital improvements.

B. Housing for low-income or elderly persons which is exempt from real property taxes under state law.

3.10.070 Credits. A. As used in this section and in the definition of "qualified public improvements" in Section 3.10.010 the word "contiguous" means that part of a public improvement which abuts the development parcel.

B. When development occurs that must pay a systems development charge under Section 3.10.020 of this chapter, the systems development charge for the existing use shall be calculated and if it is less than the systems development charge for the proposed use, the difference between the systems development charge for the existing use and the systems development charge for the proposed use shall be the systems development charge required under Section 3.10.020. If the change in use results in the systems development charge for the proposed use being less than the systems development charge for the existing use, no systems development charge shall be required; however, no refund or credit shall be given.

C. The limitations on the use of credits contained in this subsection shall not apply when credits are otherwise given under Section 3.10.070. A credit shall be given for the cost of a qualified public improvement associated with a development. The credit provided for by this subsection shall be only for the public improvement charge charged for the type of improvement being constructed and shall not exceed the public improvement charge even if the cost of the capital improvement exceeds the applicable public improvement charge.

D. Applying the methodology adopted by resolution, the City Manager may grant a credit against the public improvement charge, the reimbursement fee, or both, for a capital improvement constructed as part of the development that reduces the development's demand upon existing capital improvements or the need for future capital improvements or that would otherwise have to be constructed at City expense under then-existing Council policies.

E. In situations where the amount of credit exceeds the amount of the systems development charge, the excess credit is not transferable to another development. It may be transferred to another phase of the original development.

F. Credit shall not be transferable from one type of capital improvements to another.

3.10.080 Appeal procedure. A. As used in this section, "working day" means a day when the general offices of the City are open to transact business with the public.

B. A person aggrieved by a decision required or permitted to be made by the City Manager or his/her designee under Sections 3.10.010 through 3.10.070 or a person challenging the propriety of an expenditure of systems development charge revenues may appeal the decision or the expenditure by filing a written request with the City Recorder for consideration by the City Council. Such appeal shall describe with particularity the decision or the expenditure from which the person appeals and shall comply with subsection D of this section.

C. An appeal of an expenditure must be filed within two years of the date of the alleged improper expenditure. Appeals of any other decision must be filed within ten working days of the date of the decision.

D. The appeal shall state:

1. The name and address of the appellant;
2. The nature of the determination or expenditure being appealed;
3. The reason the determination or expenditure is incorrect; and
4. What the correct determination or expenditure should be.

An appellant who fails to file such a statement within the time permitted waives his/her objections, and his/her appeal shall be dismissed.

E. Unless the appellant and the City agree to a longer period, an appeal shall be heard within thirty days of the receipt of the written appeal. At least ten working days prior to the hearing, the City shall mail notice of the time and location thereof to the appellant.

F. The City Council shall hear and determine the appeal on the basis of the appellant's written statement and any additional evidence he/she deems appropriate. At the hearing the appellant may present written or oral testimony and arguments personally, by counsel, or by other representative. The City may present written or oral testimony and arguments at this same hearing. The rules of evidence as used by courts of law do not apply.

G. The appellant shall carry the burden of proving that the determination or expenditure being appealed is incorrect and what the correct determination or expenditure should be.

H. The City Council shall render its decision within fifteen days after the hearing date and the decision of the Council shall be final. The decision shall be in writing but written findings shall not be made or required unless the Council in its discretion, elects to make findings for precedential purposes. Any legal action contesting the Council's decision on the appeal shall be filed within sixty days of the Council's decision.

I. An appeal of the methodology used for calculating an SDC must be filed within sixty days following the adoption or modification of the resolution referred to in Section 3.10.030(E).

3.10.090 Prohibited connection. After the effective date of this chapter, no person may connect any premises for service, or cause the premises to be connected, to any sanitary sewer or storm sewer system of the city unless the appropriate systems development charge has been paid or payment has been secured as provided in this chapter.

EXHIBIT 2 - ATTACHMENT C

RESOLUTION NO. 2003- 35

A Resolution establishing and adopting new planning and development fees.

RECITALS:

The current fee schedule for land use applications processed through the Planning Department was adopted in March of 1995. The fees now charged are outdated and cover only a fraction of the costs associated with the processing of such applications. When compared to the fees charged by other communities in Oregon for like applications, McMinnville's are found to be low.

It is the belief of the City Council that developers and others using the services of the Planning Department should pay a proportionate share of the costs associated with their projects.

At meetings conducted on July 8, 2003, August 26, and October 14, 2003, the City Council reviewed the fees charged for zoning and other land use matters and decided said fees should be updated;

NOW, THEREFORE, BE IT RESOLVED BY THE COMMON COUNCIL OF THE CITY OF McMINNVILLE, OREGON, AS FOLLOWS:

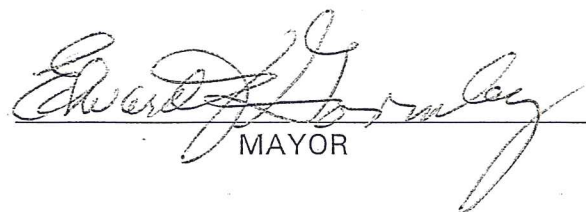
The City Council adopts the attached Exhibit A as the new Planning Department fee schedule to become effective November 25, 2003; building permit review fees shall become effective January 1, 2004. All previous resolutions adopting rates and fee schedules for Planning Department matters are repealed.

Adopted by the Common Council of the City of McMinnville at a regular meeting held the 25th day of November 2003 by the following votes:

Ayes: Aleman, Hansen, Olson, Springer, Windle

Nays: _____

Approved this 25th day of November 2003.


MAYOR

Approved as to form:



CITY ATTORNEY

EXHIBIT "A"

PLANNING DEPARTMENT PROCESSING FEES

City of McMinnville

Effective November 25, 2003

	<u>Fee</u>
Administrative Variance	\$ 100.00
Annexation	
Segment 1 – Initial application fee	600.00
Segment 2 – For annexations upon approval by City Council	625.00
Segment 3 – For annexations set for non-primary or non-general Election ballots (No segment 3 costs associated with general or primary elections)	10,000.00
Appeal from Planning Commission Decision	440.00
Appeal from Planning Director Decision	150.00
Common Boundary Line Adjustment	125.00
Comprehensive Plan Map Amendment	1,065.00
Comprehensive Plan or Zoning Ordinance Text Amendment	1,500.00 + 50% of costs incurred in excess of base fee
Conditional Use Permit	800.00
Home Occupation Permit	100.00
Annual Renewal Fee	25.00
Landscape Plan Review	85.00
Manufactured Home Park	1,220.00 + 15.00/lot
Model Home Permit	75.00
Partition of Land	280.00
Recreational Vehicle Permit	550.00
Similar Use Permit	305.00
Street Vacation	500.00
Subdivision	1,220.00 + 15.00/lot
Temporary Living Unit Permit	300.00
Semi-Annual Renewal Fee	50.00
Transitional Parking Permit	425.00
Urban Growth Boundary Amendment	1,500.00 + 50% of costs incurred in excess of base fee
Variance	750.00
Zone Change	1,220.00

Planned Development

In addition to any applicable zone change fee:

Residential Rate	**15.00
Commercial Rate	25.00/1,000 sq ft of bldg
Industrial Rate	10.00/1,000 sq ft of bldg

**If accompanied by a subdivision or mobile home park application, \$5.00 per dwelling unit, plus the subdivision or mobile home park fee.

Notes:

1. Joint applications will be charged 100 percent of the highest planning fee plus one-half of all additional fees related to the proposal.
2. Fees shall be adjusted on January 1 of each year to reflect increases (or decreases) in the prior year's Portland CPE-W index.
3. Planning Department processing fees, as noted in this schedule, related to the development of low-income housing shall be reduced by 50 percent.

PLANNING DEPARTMENT PROCESSING FEES

City of McMinnville

Effective January 1, 2004

Building Permit Review:

Residential -

Value less than \$100,000	No charge
Value \$100,000 +	20.00
Multi-family residential (per project)	75.00

Commercial / Industrial -

Value less than \$100,000	No charge
Value \$100,000 - \$500,000	45.00
Value greater than \$500,000	110.00

EXHIBIT 2 – Attachment D

(Please note this is draft language and will still need legal review)

Proposed SDC Exemptions (McMinnville City Code text amendment adopted by ordinance)

New proposed language is represented by **red bold font**, deleted language is represented by ~~strikethrough font~~.

3.10.060 Exemptions. The following are exempt from the systems development charge imposed in Section 3.10.020.

A. An alteration, addition, remodel, replacement or change in use that does not increase the use of capital improvements.

~~B. Housing for low-income or elderly persons which is exempt from real property taxes under state law.~~

B. Affordable Housing.

1. **The following affordable housing projects are exempt:**
 - a. **Housing for low-income or elderly persons which is exempt from real property taxes under state law. Applicants will need to provide proof of exemption at the time of application.**
 - b. **Owner-occupied or lease-to-purchase housing for households with an income at or below 80% of the Area Median Income as determined by the State Housing Council based on information from the United States Department of Housing and Urban Development. Income levels will need to be certified and provided by the applicant at the time of application.**
 - c. **Homeless Shelter Developments**
 - d. **If the project has units that do not qualify for the exemption or a commercial component, the exemption will be based on a percentage of the total SDC fee.**
2. **The annual allocation to affordable housing exemptions will not exceed \$75,000 unless it is approved by action of the McMinnville City Council.**
3. **Upon issuance of the certificate of occupancy, the city shall record the certificate of exemption documenting the date and amount of the exemption with the Yamhill County Recorder's office**
4. **In the event the property for which an exemption is granted ceases to be utilized for housing for low-income persons within five years from the date the certificate of exemption is recorded, the person to whom the exemption was granted shall be required to pay to the city the amount of the exempted systems development charges.**

Proposed Development Fee Reductions (Adopted by Resolution)

RESOLUTION NO. 2016 - _____

A Resolution establishing reduced permit fees (building and planning) fees for affordable housing projects.

RECITALS:

WHEREAS, the City of McMinnville understands the value and need for affordable housing in the City of McMinnville; and

WHEREAS, the McMinnville City Council would like to increase the availability of affordable housing for low and no-income residents of the City of McMinnville; and

WHEREAS, the City of McMinnville created a McMinnville Affordable Housing Task Force on April 26, 2016 with Resolution No. 2016-20; and

WHEREAS, the City of McMinnville is able to reduce the costs of building affordable housing by reducing the amount of permit fees required; and

WHEREAS, the McMinnville Affordable Housing Task Force after careful recommends the reduction of permit fees by 50% to help enable the development of affordable housing in the City of McMinnville.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF McMINNVILLE, as follows:

Section 1. That permit fees (building and planning) for new or remodel housing construction projects be reduced by 50% that meet the following criterion be reduced by 50%:

- a. Housing for low-income or elderly persons which is exempt from real property taxes under state law. Applicants will need to provide proof of qualification at the time of application.
- b. Owner-occupied or lease-to-purchase housing for households with an income at or below 80% of the Area Median Income as determined by the State Housing Council based on information from the United States Department of Housing and Urban Development. Income levels will need to be certified and provided by the applicant at the time of application.
- c. Homeless Shelter Developments
- d. If the project has units that do not qualify for the reduction or a commercial component, the reduction will be based on a percentage of the total permit fee.

Section 2. The annual allocation to affordable housing reductions will not exceed \$75,000 (including SDC exemptions) unless it is approved by action of the McMinnville City Council.

Section 3. Upon issuance of the certificate of occupancy, the city shall record the certificate of exemption documenting the date and amount of the reduction with the Yamhill County Recorder's office

Section 4. In the event the property for which a reduction is granted ceases to be utilized for housing for low-income persons within five years from the date the certificate of exemption is recorded, the person to whom the reduction was granted shall be required to pay to the city the amount of the reduced permit fees.

Section 5. That this policy shall be reviewed by the City Council no later than three years from its adoption to ensure it remains an effective tool for encouraging affordable housing in McMinnville while also balancing the needs of McMinnville's development programs.

Section 6. This Resolution shall take effect immediately upon passage and shall continue in full force and effect until revoked or replaced.

Passed by the Council this ___ day of August 2016 by the following votes:

Ayes: _____

Nays: _____

Approved this ___ day of August 2016.

MAYOR

Approved as to form:

CITY ATTORNEY



CITY OF MCMINNVILLE
PLANNING DEPARTMENT
231 NE FIFTH STREET
MCMINNVILLE, OR 97128

503-434-7311
www.mcminnvilleoregon.gov

EXHIBIT 3 - STAFF REPORT

DATE: September 14, 2016
TO: Affordable Housing Task Force Members
FROM: Heather Richards, Planning Director
SUBJECT: Next Steps Discussion – Affordable Housing Task Force Action Plan

Report in Brief:

This action facilitates a discussion on the next steps for the McMinnville Affordable Housing Task Force (MAHTF) per the Action Plan adopted in Resolution 2016-20 (attached).

Discussion:

Resolution No. 2016-20, Exhibit A identified a MAHTF Action Plan with four immediate/short term actions to be accomplished by May 1, 2017. Those are outlined below. Of those, the first task should be accomplished shortly. The remaining three items are intended to be completed by May 1, 2017. Below is an outline of how that can occur and what staff can do to support your evaluations.

Memorialize System Development Charge discounts for affordable housing projects.

- After discussion and review, a proposal to consider 100% SDC exemptions for affordable housing projects and a 50% reduction on permit fees is being considered at the September MAHTF meeting.
- Based upon the outcome of the September meeting, an Ordinance amending the City Code Section 3.10.020, SDC Exemptions, and a Resolution authorizing the permit fees reduction is scheduled for consideration by the McMinnville City Council at their October 11 City Council meeting.

Review recently adopted inclusionary zoning law and, if warranted, draft an inclusionary zoning ordinance and present to the Council for consideration.

- Inclusionary zoning is employed successfully in many other states as a tool to increase affordable housing supply in a community and to ensure that the affordable housing products are integrated into neighborhoods and not segregated from favored residential areas.
- Staff can research best practices and present them at the October MAHTF meeting for discussion.

☐ **Offer an expedited permit process to builders including affordable housing.**

- Currently, building permits for single-family homes are processed in approximately two weeks. Permits for multi-family projects are typically completed within three to four weeks. Given these current permit review time frames, it is staff's opinion that further reductions in time would not result in appreciable (or measurable) impacts on affordable housing in McMinnville.
- Regardless, the City may wish to consider adopting administrative policies that would move affordable housing projects to the front of the line during times of more robust development and permitting activity, and/or when the average review time exceeds a certain standard.
- Staff could bring recommended language to the October MAHTF meeting.

☐ **Research "Cottage Codes" from other jurisdictions and, if warranted, prepare ordinance language for adoption by the Council and for inclusion in McMinnville's zoning ordinance.**

- Cottage Cluster Developments are a common tool utilized by communities to help offset the costs of housing and provide for the opportunity to provide smaller single family dwelling units in an affordable way that also incorporates planning principles for great neighborhoods.
- Staff can research best practices and present them at the January MAHTF meeting for discussion.

RESOLUTION NO. 2016 - 20

A Resolution creating an Affordable Housing Task Force and approving an Action Plan to serve the housing needs of low and no-income families.

RECITALS:

After extensive research, the City Council determined in September 2016, the best way to assist Citizens who are experiencing homelessness or who are on the verge of losing their current home was to increase housing availability for low and no-income families. To support this policy, the Council directed the formation of an Affordable Housing Task Force with the task of developing an action plan to meet this focus.

Since that time, the Task Force has completed an initial action plan and proposes formal adoption of the Affordable Housing Task Force charter language and the action plan itself.

NOW, THEREFORE, BE IT RESOLVED BY THE COMMON COUNCIL OF THE CITY OF McMinnville, OREGON, as follows:

1. The McMinnville Affordable Housing Task Force shall review and recommend to the Council, policies and or amendments to current zoning ordinances, Building Division review processes, System Development Charge fees, street standards and other governmental policies that encourage increased access to and construction of housing for citizens earning 80% or less of McMinnville's median income as defined by the U.S. Department of Housing and Urban Development. In coordination with the City Council, the Affordable Housing Task Force shall review its action plan annually and amend as warranted.
2. The McMinnville Affordable Housing Task Force shall consist of nine members including two Council members, one member of the planning department (non-voting), two representatives from the building community, one representative from the bank or finance community, one representative from the business community, and two representatives from the nonprofit or housing sector. Initially members will be appointed by the Council in the following manner:
 - a. Of the initial members of the Task Force who are not Councilors or City Staff, approximately one third will serve three year terms (a full term), one third will serve two year terms and one third will serve one year terms. These initial members will be appointed by majority vote of the Council in the month following adoption of the Establishing Resolution.
 - b. Subsequent members who are not Councilors or City Staff will be appointed by the Council with advice from the Task Force to serve three year terms.
 - c. City Councilor positions will be filled by appointment by the Mayor upon approval of a majority of the City Council. The planning department member will be assigned by the City Manager.

- d. Initial members will be credited a full year of participation during the year of establishment. Subsequent years of service will be from Jan 1 through December 31.
3. The McMinnville Affordable Housing Task Force may establish sub-committees to address certain goals, maximizing the expertise of the greater McMinnville community.
4. The McMinnville Affordable Housing Task Force will present an action plan progress report to the Council for their approval by no later than May of each year starting in 2017. Based upon this report, amendments to the adopted action plan (see Exhibit A) may be considered by the City Council.

Adopted by the Common Council of the City of McMinnville at a meeting held the 26th day of April 2016 by the following votes:

Ayes: Drabkin, Hill, Jeffries, Ruden, Yoder

Nays: _____

Approved this 26th day of April 2016.


MAYOR

Approved as to form:


CITY ATTORNEY

Exhibit A

McMinnville Affordable Housing Task Force Action Plan

Immediate / Short Term Actions (Due date: May 1, 2017)

1. Memorialize System Development Charge discounts for affordable housing projects.
2. Review recently adopted inclusionary zoning law and, if warranted, draft an inclusionary zoning ordinance and present to the Council for consideration.
3. Offer an expedited permit process to builders including affordable housing.
4. Research "Cottage Codes" from other jurisdictions and, if warranted, prepare ordinance language for adoption by the Council and for inclusion in McMinnville's zoning ordinance.

Mid-Term (Due date: May 1, 2018)

1. Evaluate the impact of a density bonus for developers including affordable housing units.
2. Survey the city for vacant city-owned lots. Review an affordable housing exchange to local builders for use of said land.
3. Review emergency shelter zoning ordinance provisions and revise as necessary to provide allowance for tiny homes or temporary shelter to residents suffering from homelessness.

Long Term (Due date: May 1, 2019)

1. Review the City's inventory of surplus lands to assess for possible rezoning to multi-family housing.
2. Reach out to local service groups to involve them in neighborhood stabilization programs.
3. Conduct or partner with an outside organization to complete a needs assessment in regards to housing for the city of McMinnville.
4. Evaluate the possibility and sources for a local match fund for nonprofit builders.