

WORKSHOP MEETING MINUTES
SISTERS CITY COUNCIL
520 E. CASCADE AVE., 8:30 A.M.
JUNE 07, 2007

MEMBERS PRESENT:

Brad Boyd	Mayor
Bill Merrill	Council President
Lon Kellstrom	Councilor
Sharlene Weed	Councilor
Shawna Bell	Councilor

STAFF PRESENT:

Eileen Stein	City Manager
Gary Frazee	Public Works Director
Brian Rankin	Planning Director
Susanna Julber	Contract Planner
Kathy Nelson	City Recorder

The meeting was called to order at 8:00 a.m. by Mayor Boyd.

Manager Stein introduced Brad Grimm; the new Public Works Director who will begin on July 2nd and stated he was attending the workshop in order to begin the process of becoming familiar with projects and issues facing the City.

1. Three Sisters Business Park Phase 1

Planning Director Rankin introduced Susanna Julber, Contract Planner for the City and stated that she would be providing additional information regarding the Three Sisters Business Park. He stated he was hoping that the Council could provide more detailed feedback regarding the Three Sisters Business Park proposal to enable staff to find resolution on any issues.

Susanna Julber stated that six letters had been entered into the written record (copies attached) and one letter, from Dutch Pacific LLC, had come in after the ten day period for comment. She stated she was looking for more direction from the Council in order to guide the applicant.

Councilor Weed asked what documents will be needed to approve the application. **Ms. Julber** stated they include an ordinance to change the Comprehensive Plan, an ordinance to change the Development Code, an ordinance to change the Development Agreement and a Conditions of Approval document. She added that the only proposed change to the development agreement at present is the change from a 20 foot to 25 foot height restriction for buildings setback 50-100 feet from the northerly property boundary. She stated the height issue could also be defined on the final plat as the development agreement will expire soon. **Mayor Boyd** stated the goal is to provide staff with the concerns of the Council so they may address those concerns and prepare the appropriate documents that can then be approved or denied by the Council.

Councilor Bell stated that with respect to the affordable units in the residential area to be rezoned she would like the documents to reflect that two of the units are for ownership and six are rental units. She stated she would also like the ownership units to be 80% or below of area medium income (AMI) and if possible the rental units below the 80 percentage. She stated that she is

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interested in knowing if the park is to be dedicated to the City whether the City has the resources to maintain the park or if the City would be better served if the park is maintained by a homeowners association. She stated that with the deficit of rental units in the City, the lofts above the mini-storage would be of benefit to the City. She added she would like some of the loft units to be affordable. She stated she likes the aesthetics of alleyways.

Mayor Boyd stated the Council would be adopting a zoning change that would deal only with the broad brush of the development. He stated that alleyways, berms and issues of that nature will be decided at a later stage in the master plan. **Councilor Bell** asked if the Council will have the opportunity to comment at that stage. **Director Rankin** stated the master plan will go before the Planning Commission and so if a councilor feels very strongly about an issue it was appropriate to let him know at this stage. **Councilor Bell** stated that the height restriction average of 25 feet for a 50 to 100 foot setback is acceptable.

Councilor Merrill stated he feels the City should eliminate a 50 year affordability period for affordable housing because the City has no time requirement for affordability, but the City Charter does state the affordability period will be 50 years to eliminate the system development charges (SDC). He stated the Development Code states a 20 year period of affordability will provide the developer some density and height bonus. He stated in this instance the City is requiring the 50 years of affordability without any benefit. He stated that agencies such as Habitat for Humanity and Housing Works instead have a first right of refusal for purchase and shared equity and suggested the City adopt that model. He stated he feels the City's current rules governing affordability are unfair to developers. He stated the system will work just fine without a 50 year affordability period.

Councilor Weed stated the 50 year affordable period is a "best practice" in affordable housing. She stated for a community to have a 50 year dedicated pool of affordable housing provides the City the opportunity to have a best practice policy. **Councilor Merrill** stated that shared equity and first right of refusal to purchase provide perpetual housing and **Councilor Weed** stated she did not agree.

Councilor Merrill asked that if someone wants to put in affordable housing what model will the City follow. He stated the existing model works just fine. **Mayor Boyd** noted the Comprehensive Plan states that one in ten homes will be affordable and the Housing Plan, when written, will also provide some guidelines regarding affordable housing. He asked **Councilor Merrill** to clarify which model he was referring to. **Councilor Merrill** stated he was referring to the existing Development Code and City Charter. **Mayor Boyd** stated that the City Charter stated to consider having SDC fees waived the affordability period must be 50 years. **Councilor Merrill** stated the developer hasn't asked for any SDC fees to be waived and it is the developer's decision. He added if the developer decides he wants the SDC fees waived he can come in later with a 50 year affordability plan. **Mayor Boyd** stated he did not agree that the City can go from a term of 50 years affordability to no term requirement. **Councilor Weed** stated that would allow a developer

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to have a unit be affordable for only one year or less and then selling it at market rate. **Councilor Merrill** stated he was fine with that scenario. **Councilor Weed** stated that if Habitat for Humanity sells a home on the open market at least the funds go back into affordable housing but that would not be the case with what Councilor Merrill suggested.

Manager Stein stated that she wanted to clarify that the City Attorney's interpretation of the City Charter is that when SDC funds are waived an equivalent amount must come from another fund.

Mayor Boyd stated that he doesn't disagree with offering a menu of option in terms of affordability but feels there must be some minimum time limit for affordability. He stated without the minimum required time period, units will quickly be sold at market rate and make a mockery of the goal of one in 10 in the Comprehensive Plan.

Councilor Merrill stated the City has rules and if the City wants to change them then the City should change the Development Code and allow citizens to weigh in on the issue. He stated that unless a developer wants some benefit, in which case the City will require some concessions, let the developer be the one that determines the period of affordability. **Ms. Julber** asked if McKenzie Meadows Village will have a 50 year affordability period and **Councilor Weed** stated it will.

Councilor Weed stated she would like the affordable units to be a minimum of 1,000 square feet. She stated she would like to see a portion of the park dedicated to the City. She stated that some of the open space could be undeveloped but a playground for children would be a benefit. She stated she is fine with the setbacks and change in height restrictions, acknowledging that change is difficult. She asked for clarification on the water rights and why Three Sisters Business Park is required to provide so much more acreage than Sun Ranch Mixed Use Community was required to. **Director Rankin** explained that Sun Ranch Mixed Use Community received a credit for dedicating the well site.

Councilor Kellstrom stated that he has no problem with the change in height requirement and is fine with the addition of mini-storage units. He stated he agrees with Councilor Merrill that the City should follow the rules the City has. He asked is the preferred term of affordability for Housing Works is 20 years and **Councilor Merrill** stated it is. **Councilor Bell** stated that she had watched the Bend City Council meeting the previous evening and Housing Works had presented another model in which Housing Works is hoping to own the land and keep it affordable forever. She stated the model presented also had shared equity with the homeowner.

Councilor Merrill stated the City has arbitrarily assigned rules and it is a disincentive to developers. He commented the rule states we have one affordable unit per ten units built and asked why the City is asking for more. He added that if the City wants more, it should change the rules. **Councilor Weed** stated that she sees the one in ten as a community goal and if the City has

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an opportunity to help reach the goal she feels the City should take that opportunity. She stated the lack of affordable housing negatively impacts the City's work force.

Councilor Kellstrom finished his comments by stating the number of affordable units was sufficient.

Mayor Boyd stated he had several concerns. He stated that storage units do not generate jobs which is one of the goals of the North Sisters Business Park but he stated he is not opposed to specific lots 4, 5, 6, and 7 being mini storage and wants the language to reflect that those units are allowable in only those specific lots. He added that the storage units need to be attractive. He stated that the park is something that the Planning Commission will decide and feels it should be developed and maintained by a homeowners association. He stated the Planning Commission can require Three Sisters Business Park to put in the amenities the City wants. He stated he had no problem with the change in the height restrictions. He asked that Mr. Hall takes care of the concerns of neighbors in the Trapper Point neighborhood by means of an overlay early on in the process. He stated that the City currently does not have a Housing Plan and will not prior to approval of the development but he feels there needs to be a minimum time frame for affordability. He stated a 20 year period of affordability on the townhome units is fine and a 50 year period of affordability on the rental units is appropriate.

Councilor Merrill stated that if there is a first right of refusal and shared equity it provides incentive. He stated there must be rational behind the decision. He stated if a developer wants some benefit they must follow the City's rules. **Mayor Boyd** stated he feels we need to have organizations follow the rules that the City requires and that the City must set the bar. He stated the 50 year affordability period in the City Charter was voted upon by the citizens. He stated the City does not yet have a Housing Plan and he feels it is important to get this type of housing. **Councilor Merrill** stated that Mayor Boyd is ignoring the fact that the City is not giving the developer any benefit. **Councilor Weed** stated the developer is receiving the benefit of a zone change. **Director Rankin** stated that developers can apply for the incentives. He stated he is not hearing a majority of councilors wishing to drop the time frame all together but he is hearing 20 years versus 50 years of affordability. He stated that if the City decides to mandate 20 years of affordability then a developer can still provide a 50 year period of affordability and receive the additional incentives.

Peter Hall, applicant for Three Sisters Business Park, stated he does not feel a private party can effectively develop and own affordable housing units and that is why he has partnered with Housing Works. He stated he is neutral on whatever is decided regarding a minimum time frame for affordability but encouraged the Council to come up with a plan that works so the agency that is managing the property can be successful. He stated that if punitive restrictions are imposed, then affordable units will never get built. He asked the Council to come up with some type of compromise that works for all parties. **Councilor Weed** stated that in working with Cyndy Cook, Executive Director of Housing Works, she has indicated that a 50 year period of affordability can

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work for the agency. **Councilor Weed** stated that she feels the Council needs to look at obtaining a long term dedicated pool of affordable housing and that the primary focus should be on the community versus the individual. She added that the individuals in the units will still be able to earn an asset.

Councilor Merrill stated he is finished with the discussion and wanted to reiterate that he feels that in the long term it is a bad policy to set without formally changing the rules.

Myles Conway, representing Three Sisters Business Park, stated that in the Conditions of Approval it states the developer will work with an affordable housing agency. He stated deciding on a big policy issue like affordable housing will take some time for the Council to decide. He suggested setting a minimum 20 year affordability period and have the Council take the time to work out the details at a later time.

Mayor Boyd asked if staff had the direction it needs to move forward. **Director Rankin** stated he did and summarized by stating he would work out the details on the following items; 1) height restriction for a 50 to 100 foot setback can go up to 25 feet, 2) loft apartments above the storage units are acceptable, 3) provide additional design standards regarding the storage units, 4) provide lot restrictions for the storage units, 5) a park shall be dedicated to the City but maintained by the homeowners association, 6) the placement of the park will be determined by the Planning Commission and 7) there will be eight affordable units, two for ownership and six for the rental pool. He added the only additional direction he requires is the issue around the affordability period and he was not hearing a consensus among the Council.

Mayor Boyd stated that a Housing Plan will be worked on in the future but for the time being the two units for ownership provide an asset to the owners and the six affordable units become a part of the long term affordable community pool. He added the City is in need of both models.

Councilor Merrill stated that he will be satisfied if Mr. Hall comes back and provides a housing plan that meets his requirements in the Conditions of Approval. He stated he does not want to stipulate a specific affordability period. **Councilor Weed** stated she would remove the affordability period now if it would be readdressed at a later time.

Director Rankin stated that the purpose of the workshop was to work out details and establish a minimum standard goal. **Councilor Merrill** stated that Mr. Hall could establish the minimum goal. **Mayor Boyd** stated it is not Mr. Hall's place to determine the minimum goal. **Manager Stein** stated she felt there could be some fear on the part of developers that a plan could be brought back to the Council and rejected. **Councilor Merrill** stated that could happen anyway. He stated the City is giving rewards to some developers and not to others. **Mayor Boyd** stated that the City is giving huge rewards to developers by allowing lofts over the storage units, rezoning properties and annexation of property into the City. **Councilor Merrill** stated the benefits are not as it pertains to the laws of the City.

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Director Rankin asked if the Council could agree on the 20 year minimum. **Councilor Kellstrom** stated he was in agreement with Councilor Merrill that the City should live by the rules it has. **Councilor Weed** stated she would like to see the affordability period be perpetual and so a 50 year period represented a compromise for her. **Councilor Bell** stated she would like to see the rental units have a 50 year affordability period but was unsure on the two ownership units. **Mayor Boyd** stated he would agree to a 50 year period on the rental units and that left the two ownership units to be decided. He stated the Council did not have a quorum for a decision on the two units. He asked Mr. Hall what Housing Works was proposing for the affordability period for the ownership units. Mr. Hall stated that it was a 20 years affordability period but Cyndy Cook had indicated that 30 years would also work. **Mayor Boyd** stated that since 20 years works for Housing Works he suggested the Council use that recommendation. **Councilor Merrill** stated that he would agree to the 20 year period of time to settle the issue. He stated he feels that developers are beat up on the affordable housing issues. **Councilor Kellstrom** stated he would agree to the 20 year affordability period for the ownership units.

Ms. Julber asked if the Council would require any of the lofts over the storage units be added to the affordable housing pool. **Mayor Boyd** stated he thought it would be great if the developer built the units to HUD standards but it was not a requirement. **Councilor Bell** stated she thought it was a requirement that the units be built to HUD standards. She stated that way if a family qualified for the voucher program there would be units available, which she stated, the City currently does not. **Mr. Hall** stated he had committed to four units out of 16 to be built for the voucher program. He stated that other housing units throughout the development might also apply but he was unsure what was necessary to qualify. **Councilor Bell** stated it's a very simple process that determines the unit has all the basic necessities and as new units they would easily qualify. She stated that she is only looking for the units to be HUD qualified. She stated that rent would be agreed upon dependent on the number of people that would occupy the unit and rent would be paid directly to Mr. Hall from Housing Works. **Director Rankin** stated he would need to research what is necessary to qualify for HUD standards. **Mr. Hall** stated that all the units might qualify but without additional information he would only commit four of the units, particularly if it meant more restrictions. **Mayor Boyd** stated they would not ask him to meet a standard when the Council does not know what that standard is. **Councilor Bell** stated that all the units at Tamarack Village are HUD qualified but very few of them are occupied as HUD units. She stated that very few vouchers are available for the program.

Manager Stein stated that she was not hearing the need for another workshop for the Council regarding the Three Sisters Business Park but asked what time frame the Planning Department would need to complete its work. **Director Rankin** stated that the application could be scheduled for the June 14th regular meeting.

2. Preview 06/14/07 Regular Meeting Agenda

Manager Stein stated she would like to add a meeting of the Urban Renewal Agency Board to the schedule on June 14 and suggested meeting at 5:30 p.m. with Jeff Tashman, urban renewal consultant for the City, prior to the regular workshop meeting. She stated he would provide an overview of how urban renewal and tax increment financing works. She stated that Mayor Boyd had also asked for a workshop on cell towers at the former City Hall site and the packets of Community Grants requests were ready to be considered. The **Council** discussed the time needed for each subject and whether a discussion was even necessary. It was decided to meet with Jeff Tashman at 5:30 p.m., begin the workshop at 6:00 and carry the discussion of the community grants over into the regular meeting if needed.

Manager Stein stated that McKenzie Meadow Village annexation was listed on the agenda but she was uncertain if it would be ready as the draft agreement had just been received. **Councilor Merrill** asked why the Council was having the discussion on McKenzie Meadow Village as he was uncertain if the City should annex the property. He asked if it will commit the City to the annexation. **Manager Stein** stated it will put into place the terms of the annexation. She stated the agreement needs to be approved before an ordinance is considered. **Councilor Merrill** asked if there would be some discussion whether the City should annex the property. **Mayor Boyd** stated the annexation had already been approved by a public vote. **Councilor Merrill** stated that he had no problem with the annexation but did have a problem with the development of the property. **Mayor Boyd** it would be annexed as Urban Area Reserve and the developer will come back in the future with plans for development. **Councilor Merrill** stated that the City already has excess, residential, commercial and light industrial zones at this time and stated he can see no reason within the next 10 to 15 years.

Manager Stein stated it is important to note that once the land is annexed, the developer can immediately request a zone change. She stated there is no guarantee it will not be developed and it is her understanding from City Attorney Bryant that if the City wants to hold off development of the land, the time to put the developer off is now by not approving the annexation. She stated that she would check with City Attorney Bryant to see if there is a mechanism by which the City can put the developer off if the property is annexed.

Councilor Merrill stated he would prefer the item is removed from the agenda, do the staff work needed and then make a decision.

Manager Stein provided an overview of the other items on the agenda.

3. City Manager Update

Manager Stein informed the Council of the two memorial services for Greg Brownlee. She stated there would be a service on June 10th in Oregon City at the Elks Lodge and a service on

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June 23rd at Coyote Creek Café from 1 to 4 p.m. She stated a bench or tree would be dedicated to Mr. Brownlee at City Hall.

The meeting was adjourned at 10:02 a.m.

Respectfully submitted,

Kathy Nelson, City Recorder

Brad Boyd, Mayor