

WORKSHOP MEETING MINUTES
SISTERS CITY COUNCIL
520 E. CASCADE AVENUE
NOVEMBER 05, 2009

MEMBERS PRESENT:

Lon Kellstrom Mayor
Bill Merrill Council President
Jerry Bogart Councilor
Pat Thompson Councilor
Sharlene Weed Councilor

STAFF PRESENT:

Eileen Stein City Manager
Eric Porter Comm. Dev. Director
Lisa Young Finance Director
Brad Grimm PW Director
Kathy Nelson City Recorder

PLANNING COMMISSION:

David Gentry Chair
Chuck Humphreys Commissioner

GUESTS:

Ed Onimus Redmond City Council
Rob Roy Pacific Crest Homes
John Gilbert Pacific Crest Homes
Rima Wilson Pacific Crest Homes
Julie Cavanaugh Pacific Crest Homes
Dave Bachman Cascade Mgmt. Corp.
Mark Adolf Pinnacle Alliance Group

The meeting was called to order by Mayor Kellstrom at 8:08 a.m. Introductions were made.

Redmond City Councilor Ed Onimus thanked the Council for allowing him to address the Council outside of the normal Visitor Communication at the Council's regular meeting. He stated the three sentiments people crave most are happiness, freedom and peace of mind which can best be obtained by giving to someone else. He stated the Redmond City Council has designated 2010, the *Year of the Volunteer* and he encouraged reaching out to those who do not volunteer their time and encouraged everyone to find a passion to give their time to. He invited the City of Sisters and its citizens to join the City of Redmond in declaring 2010 the *Year of the Volunteer*.

Councilor Weed asked if there would be activities to recruit volunteers. **Councilor Onimus** stated that Volunteer Connect is working on events to recruit volunteers with the kick-off planned for Martin Luther King Day in January to recognize volunteers and to identify the volunteer needs of the community. **Councilor Weed** informed everyone that the Sisters Area Chamber of Commerce is developing a clearinghouse for volunteers.

1. Presentation on Senior Affordable Housing Projects

Rob Roy of Pacific Crest Homes distributed packets providing information on Discovery Park Lodge, Mountain Laurel Lodge, and soon to open Little Deschutes Lodge, all affordable senior independent living projects his company has developed. He introduced his team of John Gilbert, Rima Wilson, and Julie Cavanaugh. He also introduced Dave Bachman from Cascade Management Corporation, a company that manages 6,000 to 7,000 affordable housing projects statewide, including Pacific Crest's projects.

WORKSHOP MEETING MINUTES
SISTERS CITY COUNCIL
520 E. CASCADE AVENUE
NOVEMBER 05, 2009

Councilor Thompson arrived at 8:18 a.m.

Mr. Gilbert provided an overview of what is available at the Mountain Laurel Lodge. He stated there are 54 units built on 1.2 acres with a density of 43 units per acre with rents starting at \$394 per month. He explained that residents much earn less than 60% of area median income (AMI) and there is an affordability period of 60 years. He stated the project budget was \$8.5 million. He discussed how the project was structured from a public and private point of view. He stated funding sources included *Low Income housing Tax Credits, Housing Trust Funds, HOME funds, Low Income Weatherization Funds and Oregon Affordable Housing Tax Credits*. He stated the City of Bend waived \$10,000 in planning fees as well as deferring system development charges (SDC's) for a year. He stated the City of Bend also abated property tax for 20 years as did the Bend-La Pine School District. He stated since there is an Oregon state statute that allows 100% of property tax to be abated for a period of 20 years if more than 50% of the taxing districts comply, the action of the city and school district qualified Mountain Laurel Lodge to abate all its property tax and thus allow for more permanent debt.

Manager Stein asked if the City of Bend had provided the property tax abatements on its own or whether there was a state statute that allowed this. **Ms. Wilson** replied there is a state statute allowing the abatement that in turn cities can adopt.

Mr. Gilbert stated the design of the complex includes interior hallways to encourage interaction and protect residents from the elements. **Councilor Merrill** asked how the age limit of 55 was decided upon. **Mr. Roy** explained that federal law only allows discrimination in two ways; age and income and the designated age restriction is 55 years old.

Mayor Kellstrom asked whether the \$8.5 million budget included land costs and **Mr. Gilbert** stated it did.

Mr. Roy provided an overview of Little Deschutes Lodge located in LaPine. He stated it is a 26 unit complex built on 2.25 acres; the highest density allowed in that region. He explained the complex is being built in two phases due to the way the funding package was developed. **Mr. Roy** stated the collaborative public/private process is necessary in order to have any of these projects work and provided an overview of how 12 funding sources worked together to make the Little Deschutes Lodge viable. In addition, he stated, there were over 500 volunteer hours provided from the LaPine Citizen Action Group.

Mr. Gilbert provided an overview of Discovery Park Lodge stating there are 43 units spread over 1.23 acres at a cost of \$10.5 million. He explained that the developer of Northwest Crossing approached Pacific Crest Homes about the possibility of providing low-income housing. He stated the land was purchased at 40% of market value. He discussed the partners involved in funding the project.

WORKSHOP MEETING MINUTES
SISTERS CITY COUNCIL
520 E. CASCADE AVENUE
NOVEMBER 05, 2009

David Bachman of Cascade Management Corporation, stated the company manages 7,000 affordable housing units across Oregon. He spoke on compliance issues and how his company lends its expertise to the project. He stated a partnership exists with the developer and Cascade Management Corporation even before a project begins where discussions center on demand, expenses and how the facilities will be run. He stated units must be affordable for a period of 60 years and market rent is typically 30% to 50% AMI. He stated Mountain Laurel Lodge has the highest demand of all the units Cascade Management Corporation manages and has always had a waiting list. He stated the design and amenities are superior and the units provide more than the residents expect. He stated there is a community space at Mountain Laurel Lodge with an active senior calendar that includes health consultations, exercise classes and educational opportunities. **Mr. Gilbert** explained that Pacific Crest Homes strives to make its community spaces available to everyone, not just its residents. **Manager Stein** asked if centralized meals are provided and **Mr. Gilbert** explained there are no meals provided but the kitchen attached to the community space is used for potlucks, parties and other events. He discussed the sustainable approach that is taken with each Pacific Crest Homes project.

Bill Willitts of McKenzie Meadow Village, LLC, asked how feasible a project of this nature is for Sisters considering the cost of land and taxes. He also asked whether a project could be designated for Sisters residents only. **Mr. Roy** stated that although it is illegal to discriminate based on where someone resides, target marketing can be used effectively to reach a specific market. **Mr. Bachman** added that universally 50% of residents living in affordable units have come from a location in close proximity.

Councilor Merrill asked why assisted living is not included in Pacific Crest Homes projects. **Mr. Gilbert** stated Pacific Crest Homes does not have experience with assisted living services and that those services bring in another layer of regulations from the State. He stated he is unaware of any funding sources specific to those types of projects. **Councilor Merrill** stated a project of that nature would have great value in Sisters and he knows many families that could benefit from an assisted living facility. **Mr. Roy** stated he feels the market in Sisters is quite different than LaPine and he is uncertain if there is a market in Sisters for a senior project, noted it would need to be 26 units at a minimum.

Councilor Merrill left the workshop at 9:25 a.m.

Councilor Weed asked about the possibility of a mixed income project for Sisters. **Mr. Bachman** stated that a project with 50% to 80% of AMI would work and there is typically a range for most projects. **Mr. Roy** stated it's difficult to get the funding to support a project that is both private and subsidy funded project and a different model would need to be identified.

Mark Adolf of Pinnacle Alliance Group stated he has found that private pay seniors do not want to be housed in the same building as subsidized seniors and he has built two separate building to accommodate that attitude in other states. He stated that although he has received an exception to

WORKSHOP MEETING MINUTES
SISTERS CITY COUNCIL
520 E. CASCADE AVENUE
NOVEMBER 05, 2009

rent to someone as young as 45, the average age of a resident at his facilities is 83 years old. He added that he feels there is a strong interest in Sisters for a senior affordable housing project.

Commissioner Humphreys asked if the focus on providing affordable housing to ages 55 and above is based on the incentives available from state and federal sources or just a commitment from Pacific Crest Homes. **Mr. Roy** stated his company does look at demographics but it is more of a commitment from Pacific Crest to provide this service.

Committee for Citizen Involvement (CCI) Chair Wendy Holzman asked what criteria Pacific Crest Homes considers when looking for a location to build. **Mr. Roy** explained there are certain criteria they look for such as close proximity to medical services and shopping that allows residents to walk to those services if they choose. **Mr. Gilbert** stated the Oregon also has many criteria of where a project can't be located such as too close to a highway or railroad tracks. He stated a great location is key to the success of a project.

Mayor Kellstrom thanked Mr. Roy and his team for attending the meeting.

Councilor Merrill returned to the meeting at 9:38 a.m.

2. Preview 11/12/09 Workshop and Regular Agenda and URA Agenda

Manager Stein previewed the agendas for the upcoming meetings. She stated she was uncertain if the annexation agreement for McKenzie Meadow Village (MMV) would be ready given the proposed language changes received from MMV development engineer Jeff England and additional work that needs to be completed related to the water mitigation fee methodology. She added that staff will try and get the details worked out so the agreement can be voted upon by the Council.

Councilor Merrill stated that given what was heard today during the presentation from Rob Roy he felt there should be no rush to approve the annexation agreement. He stated nothing will happen with development on the property very soon and the Council needs to consider alternatives and give more thought to the agreement.

Mayor Kellstrom stated he didn't agree and that the developer is ready to start as soon as possible. He agreed that the ideas introduced by Mr. Roy are a great concept but not appropriate for MMV. **Councilor Thompson** agreed stating the City has already addressed what the City needs from the property (a park) and the City is just holding up the developer. He stated the other details will be addressed during with zone change and master plan.

Councilor Merrill stated he did not agree and the decision the Council makes should be based on what is best for the community. He stated there hasn't even been one public meeting and if approved the City would be bringing in 30 acres that was originally brought in on the pretense of

WORKSHOP MEETING MINUTES
SISTERS CITY COUNCIL
520 E. CASCADE AVENUE
NOVEMBER 05, 2009

being developed one way and then annexed for a totally different purpose. He stated there has been no process for the people. **Manager Stein** explained the agreement will not complete the annexation process and that the Council will still need to approve an annexation ordinance in order to complete the annexation process, and that will include public input.

Councilor Thompson stated he has seen nothing that says the City should roadblock the project and **Councilor Merrill** countered that he hasn't seen anything that shows the City should approve the project as the developer does not have any funding secured. **Councilor Thompson** stated that is not the City's concern.

Manager Stein stated that given the current discussion she was concerned the Council would be able to confine its discussion to just a half hour before the regular meeting. **Mayor Kellstrom** directed Manager Stein to keep the MMV annexation agreement on the agenda and move the solid waste collection surcharge and low income assistance utility rate discussion to another workshop time. **Councilor Weed** stated she felt it should be just the opposite and the solid waste collection surcharge and low income assistance program are more critical. **Manager Stein** stated the Council could leave both items on the workshop and have an extended discussion on either the solid waste issue or MMV at the regular meeting as needed if time runs out during the workshop. The **Council** agreed.

Councilor Merrill noted the Housing Plan will be a business item before the Council at the November 12th regular meeting and stated the presentation given by Rob Roy should also be taken into consideration. **Manager Stein** agreed but noted the Housing Plan could be adopted in concept only.

3. City Manager Update

Manager Stein reported the City is moving ahead with the Larch Street project that includes back-in diagonal parking, a component of the proposed update of Transportation System Plan (TSP). She stated she wanted to make certain the Council was aware of this parking change.

Mayor Kellstrom stated he was uncomfortable with the City being a guinea pig for this parking option in Central Oregon. The **Council** brought up their concerns back-in diagonal parking with staff and **Director Grimm** educated the Council on the safety benefits to bike riders, pedestrians, drivers and their passengers with back-in diagonal parking. The **Council** requested waiting until they could further discuss the option. **Manager Stein** stated that given the Council's concern the item the bid award for the project would be pulled from the agenda to provide the workshop time for the Council.

Manager Stein reminded Council members about the Central Oregon Intergovernmental Council's (COIC) dinner occurring that evening.

WORKSHOP MEETING MINUTES
SISTERS CITY COUNCIL
520 E. CASCADE AVENUE
NOVEMBER 05, 2009

Director Grimm commented on the concerns raised by the Council at a previous workshop on the configuration of the Elm Street parking between Hood Avenue and Washington Street. He stated neither the City Attorney nor City Country Insurance Services (CCIS) was concerned with the design.

Mayor Kellstrom informed the Council that the City, in partnership with the City of Redmond, received the 2009 award for Economic Development from Economic Development for Central Oregon (EDCO). He expressed his pleasure for the honor shown given to the City.

Director Porter informed the Council that the annexation of land designated for a fire training facility was approved and the annexation will move forward to be adopted by the Council.

Councilor Thompson stated he felt the annexation procedure needs clarification on what the City is trying to do with the annexation agreement. **Director Porter** stated the agreement will be allow to City to ask for conditions it would not normally be able to during the land use process, such as creating a park. **Manager Stein** discussed the issue over the water mitigation fee and stated it will need to be addressed by Jeff England, City Engineer Dick Nored and Adam Sussman, the City's water specialist.

Councilor Weed distributed an article from the Oregonian that discusses how taxes do not pay for growth. She also distributed an article from the Seattle Times on how the city adopted an affordable housing levy.

The meeting was adjourned at 10:40 a.m.

Respectfully submitted,

Kathy Nelson, City Recorder

Lon Kellstrom, Mayor