



**MINUTES
ECONOMIC DEVELOPMENT ADVISORY
COMMITTEE (EDAC) MEETING**

**January 10, 2019
5:30 – 7:00 pm**

1300 NE Village Street
Fairview, OR 97024

PRESENT:

Balwant Bhullar, Council Liaison
Dean Hurford, Chair
Nick Button
Renaye Delano
Henry Pelfrey
Brenda Ziegler

ABSENT:

Marcus Fullard-Leo
Michelle Ellis

1. CALL TO ORDER:

Chair Hurford called the meeting to order at 5:30 p.m.

2. ROLL CALL

Chair Hurford identified who was present by roll call.

3. PUBLIC WISHING TO SPEAK ON NON-AGENDA ITEMS

None.

4. COMMITTEE INTRODUCTIONS

Urban Renewal items and non-agenda items were discussed. Committee Introductions began first. Nick Button is newest member. Dean Hurford was nominated and approved to be the Chairman, and Renaye Delano was nominated and approved to be the Vice Chair.

**5. URBAN RENEWAL AGENCY SYSTEM DEVELOPMENT CHARGES (SDC)
ASSISTANCE PROGRAM**

City Administrator Young explained that the goal of this meeting is for EDAC to review the proposed SDC Assistance Program and provide staff with feedback to share with the Urban Renewal Agency in February. The Private Development Grant Program will be discussed in the next meeting. We wanted to separate the two to help us focus on one at a time.

The Fairview Urban Renewal Plan has three project categories:

- 1) Incentives and Assistance to Small Developers
- 2) Public Infrastructure
- 3) Economic Development Projects

Proposals with your comments will be taken to the City Council on February 6th. It is important to note that the City Council is also the Urban Renewal Agency.

The essence of the program is that it does not provide a waiver like the development incentive program. With this program, the SDCs are still paid to the utilities. However, the utilities are paid by the URA.

Administrator Young outlined how this works: An applicant applies to the program. The Agency reviews the application and measures the proposed use against the criteria for the program. The agency then awards SDC assistance to qualifying applicants. The program is limited to utilities and does not include Park SDCs. This program functions much like the current Development Incentive Program we have now. For example, if you take advantage of the Enterprise Zone, which means you don't pay any property taxes for 3 – 5 years, or the Vertical Housing Zone, which means a tax exemption for 10 years, you could not take advantage of the SDC assistance program.

Urban renewal works by providing incentives to create property tax value. The property tax value is then captured by the agency to then pay for the debt that the agency incurs to pay for the assistance.

In the first year of the URA, the agency will take out a \$3.4 million loan. A portion of that loan will be put towards the SDC Assistance Program. As development occurs, the increased development creates property tax value, which the Agency then uses to pay off the debt.

The development is built, the property taxes are assessed, and then \$14.69 per \$1,000 of assessed value goes to the urban renewal agency.

EDAC Proposed Changes to SDC Assistance Program

The following are comments for Section 1.3 of the Program. Proposed changes are shown in **RED**, with deletions shown in ~~strikethrough~~ and additions underlined.

1.3: Amount of Assistance by Development Type

The following development types receive a percentage of SDC assistance based on compliance with Program criteria identified by the Agency:

- Commercial and Industrial Developments: 100% assistance
- Mixed-Use and Live/Work Development: 100% assistance ~~for commercial/work component of development~~ (Committee Recommendation to change)
- Single-Family Residential and Duplexes: (100%) assistance (EDAC recommendation to add)
- Multi-family Residential Development: 100% assistance (Administrator Young Young recommendation to add)

The Committee discussed awarding more SDC assistance to mixed-use developments. Committee members shared differing opinions on providing assistance to multi-family residential development, including that bankers will not finance these developments if they are only commercial; that Fairview needs fewer apartments; that the City Council wants fewer apartments and more single family housing in Fairview; that Fairview should also award some SDCs to potential single family builders; that Fairview doesn't have enough real estate space to build single family developments; and that more people will result in more business opportunities for service firms like restaurants and stores.

EDAC motion for Section 1.3 to the City Council: Member Delano motioned to extend the SDC assistance stated in Section 1.3 to single-family residential housing. Chair Hurford suggested retaining the same SDC incentives as the current Development Incentive Program, minus the Parks SDCs. Member Delano made a new motion, recommending retaining the previous Development Incentive Program but removing Parks SDC reimbursements. Member Pelfry seconded and the motion passed unanimously.

Administrator Young will not support this motion to the City Council. However, he states that he will objectively present the motion and explain EDAC's concerns.

Administrator Young stated that he's willing to recommend including mixed-use development in the SDC Assistance program. If a building has a certain level of commercial development, they will receive the SDC Assistance incentive. He believes that Fairview stands a better chance of getting commercial if Fairview also incentivizes the residential portion of mixed-use development.

Fairview's current Development Incentive program incentivizes mostly residential development. Fairview has about 6,000 feet of commercial area currently approved with building permits through the current SDC incentive program. Fairview has another seven mixed-use apartment complexes that are being considered. The current program has mostly brought in residential. The City Council does not want more apartments even though most of Fairview's land is zoned to allow apartments. Administrator Young believes that apartments are currently more in demand than single family; therefore Fairview should use this market driver to attract commercial components inside the city.

Administrator Young wants residential mixed use developments to attract eating and drinking establishments, as identified in the Vision Action Plan. EDAC wants to know if the bottom floor of an apartment building is used as a manager's office counts as the commercial component of a residential mixed use development. Administrator Young is not sure.

The Committee proposed to remove "Single family homes and duplexes" from the list of Ineligible Projects, and to add "Increases the number of residential units in Fairview" to the list of criteria.

The following are proposed changes to Table A and Table C per Committee feedback:

Table A Ineligible Projects

- | |
|--|
| <ul style="list-style-type: none"><input type="checkbox"/> Developments exempt from property taxes<input checked="" type="checkbox"/> Single family homes and duplexes<input type="checkbox"/> Developments that use Enterprise Zone or Vertical Housing tax incentives |
|--|

Table C Program Criteria

- Development is located in the Village Mixed Use Zone, Village Office Zone or Town Center Commercial Zone along Halsey Street
- Development creates jobs or provides potential for future job growth
- Development increases the number of Live/Work buildings in Fairview
- Development increases the number of mixed use apartment complexes in Fairview
- Increases the number of residential units in Fairview

Section 2.1: Time Frame Feedback

Administrator Young requested specific feedback for the Time Frame section of the Program.

The SDC Assistance Program currently requires applicants to have received land use approval prior to applying for the SDC Assistance program. After applicants receive land use approval, applicants must either submit their application for the Program prior to applying for the building permit or at the same time.

Currently applicants know if they are eligible for the Development Incentive Program before they apply for the land use application.

Committee Question:

Why not tell applicants they have received their approval upfront before the land application process?

The committee wants applicants to know upfront if they receive approval for eligibility. Allan thinks it should be after the Pre-App. If applicants receive tentative approval at the pre-app, they should get approval for the program. Currently they have to wait.

Administrator Young explained that the urban renewal agency is trying to manage its budget and only has so much money to distribute to applicants. So if it commits funding awards to applicants prior to land use approval and they decide to change their mind, then the City has held back funds it could have given to someone else. If they wait until land use approval occurs, then the development is likely to happen because the applicant is now committed.

Director Berry recommended that applications for the Program should be submitted and reviewed post pre-app. The City should provide confirmation of eligibility upon completion of planning approval. Eligibility to receive funding should occur upon submittal of building permit.

EDAC's Proposal for Section 2.1: Time Frame: Applicant must complete pre-application meeting with staff. Upon completion of the pre-application, the applicant may apply to the Utility SDC Assistance Program. The City will then inform the applicant of eligibility for the Program prior to approval of the land use application. The applicant is then placed in a queue to receive SDC assistance. The applicant will receive SDC Assistance upon application of the building permit.

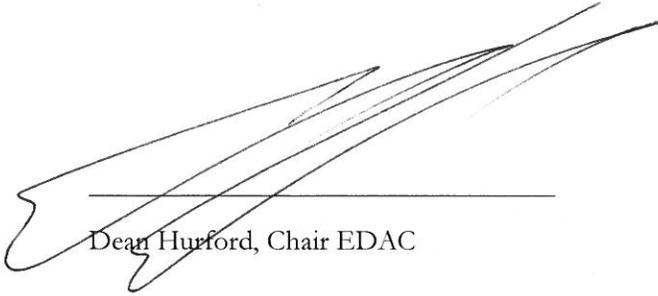
No further changes to the Program were proposed by EDAC.

6. EDAC Work Plan and Agenda Items for February –July 2019

This item was deferred to February.

7. ADJOURNMENT

Meeting adjourned at 7:00pm.



Dean Hurford, Chair EDAC

3/14/19
Date



Sarah Selden, Senior Planner

3-14-19
Date