

**JOINT COTTAGE GROVE CITY COUNCIL  
AND PLANNING COMMISSION MEETING MINUTES  
SEPTEMBER 26, 2022**

**CALL TO ORDER**

Mayor Gowing called the meeting to order at 6:00 pm in the Council Chambers at City Hall.

**ROLL CALL**

City Recorder Mindy Roberts called the roll. The following were

PRESENT IN THE COUNCIL CHAMBERS: Mayor Gowing, Councilors Candace Solesbee, Chalice Savage, Jon Stinnett, Greg Ervin and Kenneth Michael Roberts.

PRESENT VIA GOTO MEETING: Councilor Mike Fleck

COUNCIL ABSENT: None.

YOUTH REPRESENTATIVE: None.

COMMISSIONERS PRESENT: Commissioners Burback, Solesbee, Rigel, Hoskin, and Christopher.

STAFF PRESENT IN THE COUNCIL CHAMBERS: Assistant to the City Manager Jake Boone, City Recorder Mindy Roberts, Public Works & Development Director Faye Stewart, Finance Director Roberta Likens, Interim Police Chief Jeff Groth and City Planner Eric Mongan.

STAFF PRESENT VIA GOTOMEETING: City Manager Richard Meyers.

CITY ATTORNEY: None.

MEDIA PRESENT: None.

Mayor Gowing turned the meeting over to City Planner Eric Mongan.

City Planner Eric Mongan announced that the joint worksession is to discuss the Draft Affordable Housing Implementation Plan report with the support of consultants from ECONorthwest. He presented background information regarding processes and strategies that have taken place so far and gave statistics as a result of the changes.

City Planner introduced Becky Hewitt and Lee Ann Ryan, consultants with ECONorthwest.

Project Director Becky Hewitt briefly outlined what will be covered in the presentation including draft recommendations. She indicated that the presentation will be followed by an opportunity for feedback on the recommendations and a discussion of Council and Planning Commission priorities.

Lee Ann Ryan presented the key findings of the background report that were explored in the Draft Implementation Plan. She said the primary topics for input and discussion will be; multifamily in commercial zones, open space requirements, tax abatements for affordable housing, preservation strategies for older apartments and construction excise tax. She presented additional information regarding the primary topics using a slide presentation and gave draft recommendations. Copies of the presentation are included with the September 26, 2022 Worksession Minutes.

City Councilors and Commissioners expressed their opinions and concerns around a variety of topics including;

- Growth being too rapid.
- Fire truck access to tall buildings.
- Construction excise tax.
- Affordable housing versus low income housing.
- Quality of life.
- The need for ongoing evaluation.

City Planner Eric Mongan answered questions that were presented, explained areas of past successes, future opportunities and next steps in the process.

#### ADJOURNMENT

There being no further business, Mayor Gowing adjourned the Joint City Council and Planning Commission meeting at 6:57 pm.

  
Mindy Roberts, City Recorder

  
Jeffrey D. Gowing, Mayor

# Affordable Housing Implementation Plan

City of Cottage Grove

September 26, 2022

**ECONorthwest**

ECONOMICS • FINANCE • PLANNING

# Housing Strategy Work to Date

2019  
HNA and  
HSIP

March 2022  
Affordable  
HIP Kick-off

June 2022  
Background  
Report  
Completed

September  
2022  
Draft  
Affordable  
HIP

# Background Report Key Findings

## Regulatory Barriers

- Height limits
- Infill compatibility standards
- Open space requirements
- Limitations on Multifamily in Commercial Zones

## Infrastructure

- Some sites with infrastructure limitations
- City partnering with developers on key sites

## Market and Financials

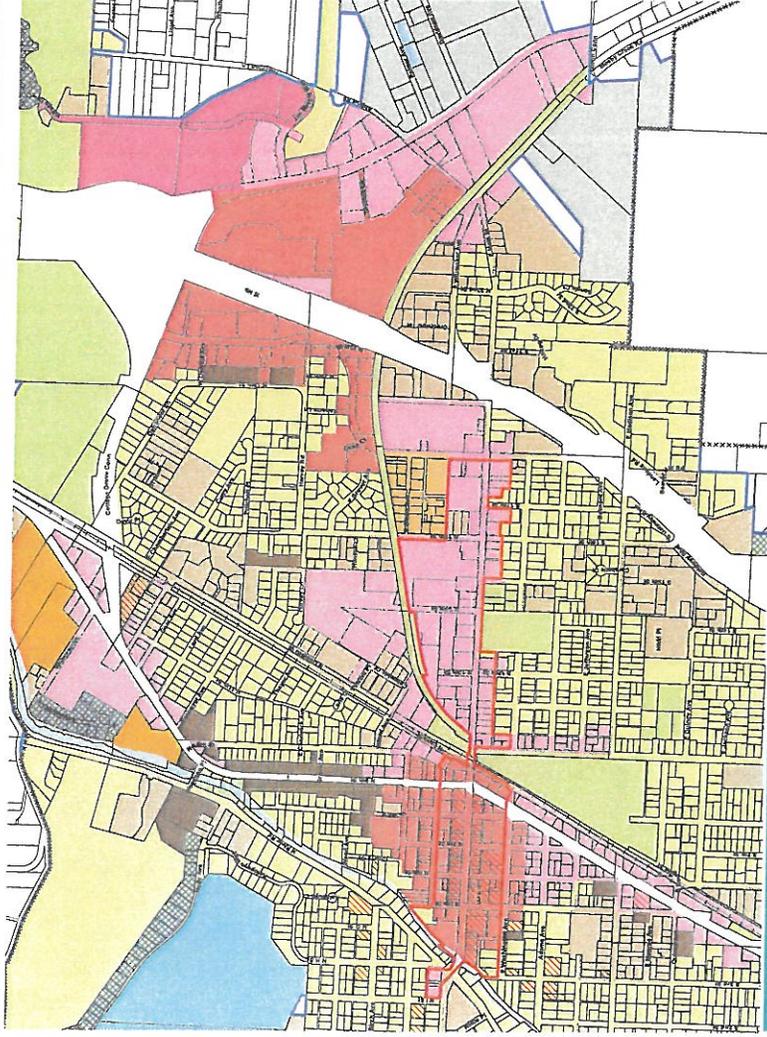
- Limited “comps” to establish market pricing for new construction, lower market pricing
  - MUPTe helpful market-rate apartments
- Older apartment stock – potential for displacement with rising rents
- Some City funds to support regulated affordable housing, but there are more tools available

# Draft Recommended Strategies

# Topics for Discussion

- Key topics for input:
  - Multifamily in commercial zones
  - Open space requirements
  - Tax abatements for affordable housing
  - Preservation strategies for older apartments
  - Construction Excise Tax
- Summary of other recommendations at end

# Multifamily in Commercial Zones: Context



- C2 - Central Business
- C2P - Community Commercial
- CT - Commercial Tourist
- CT/L - Commercial Tourist Limited
- Historic

**Goal:** expand opportunities for residential development in commercial zones to increase residential capacity and housing production

Existing Regulations by Zone		C-2 (Central Business)	C-2P (Community Commercial)	C-T (Commercial Tourist)
Stand-alone Multifamily		Outside historic overlay only	With Master Plan approval only	With Master Plan approval only
Multifamily above or behind ground floor commercial		In historic overlay only*	In historic overlay only*	In historic overlay only*

\* Staff has not been applying the limitation to the historic overlay, which only exists within the C-2 zone

# Multifamily in Commercial Zones: Options

Existing Regulations by Zone	C-2 (Central Business)	C-2P (Community Commercial)	C-T (Commercial Tourist)
Stand-alone Multifamily	Outside historic overlay only <i>No changes proposed</i>	With Master Plan approval only <i>Option 1: allow throughout the zone</i> <i>Option 2: allow for parcels without frontage on major streets</i>	With Master Plan approval only <i>Option 1: allow throughout the zone</i> <i>Option 2: allow for parcels without frontage on major streets</i>
Multifamily above or behind ground floor commercial	In historic overlay only* <i>Allow throughout the zone</i>	In historic overlay only* <i>Allow throughout the zone</i>	In historic overlay only* <i>Allow throughout the zone</i>

\* Staff has not been applying the limitation to the historic overlay, which only exists within the C-2 zone

# Multifamily in Commercial Zones: Draft Recommendation

Existing Regulations by Zone	C-2 (Central Business)	C-2P (Community Commercial)	C-T (Commercial Tourist)
Stand-alone Multifamily	Outside historic overlay only <b>No changes proposed</b>	With Master Plan approval only <b>Option 1: allow throughout the zone</b> <b>Option 2: allow for parcels without frontage on major streets</b>	With Master Plan approval only <b>Option 1: allow throughout the zone</b> <b>Option 2: allow for parcels without frontage on major streets</b>
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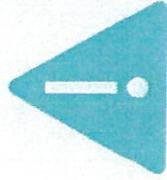
# Open Space Requirements: Context



## Existing Regulations

On-site open space required for multifamily

- 10% R-2, R-3
- 5% C2, RC
- 20'x20' min dimensions



## Issues

Could be a barrier to infill on smaller sites

May not always result in useful space

## Open Space Requirements: Initial Options

1. Exempt all residential projects located near existing parks
2. Exempt residential projects located near existing parks that make SDC credit eligible park improvements
3. Exempt small projects and those in the C2 zone (more urban development pattern)
4. Modify on-site open space requirements to add infill-friendly options

## Open Space Requirements: Draft Recommendation

1. Exempt all residential projects located near existing parks
2. ~~Exempt residential projects located near existing parks that make SDC credit eligible park improvements~~ **Explore fee-in-lieu option**
3. Exempt small projects and those in the C2 zone (more urban development pattern)
4. **Modify on-site open space requirements to add infill-friendly options**

## Tax Abatements: Context

- City has existing tax abatement for apartments (MUPTe)
  - Does not require specific affordability levels
  - Intended to help increase supply of apartments
  - Expires after 10 years
  - Applies to building value, not land
- State authorizes several additional programs specific to regulated affordable housing

# Tax Abatements: Options

- Affordable rentals (3 options):
  - Low-income rental housing property tax exemption (LIRHPTE)
    - Nonprofit or for-profit affordable housing providers
    - Full exemption, 20-year (renewable)
  - Nonprofit low-income rental housing property exemption
    - Nonprofit affordable housing providers only
    - Full exemption (no expiration)
  - MUPTe for affordable housing
    - Nonprofit or for-profit; City sets affordability levels & other criteria
    - Only applies to building value; lasts as long as affordability restrictions are in place
- Affordable homeownership (1 option)
  - Homebuyer Opportunity Limited Tax Exemption (HOLTE)
    - Based on sales price; City can set other criteria (e.g., new construction only, lasting affordability requirements, etc.)
    - 10-year (non-renewable)

## Tax Abatements: Draft Recommendations

- General support from AC across options
- Further discussion with overlapping taxing districts needed

# Construction Excise Tax: Context

## What is it?

- Tax imposed on new development and expansions as a % of permit value

## Used to

- Generate funding for affordable housing

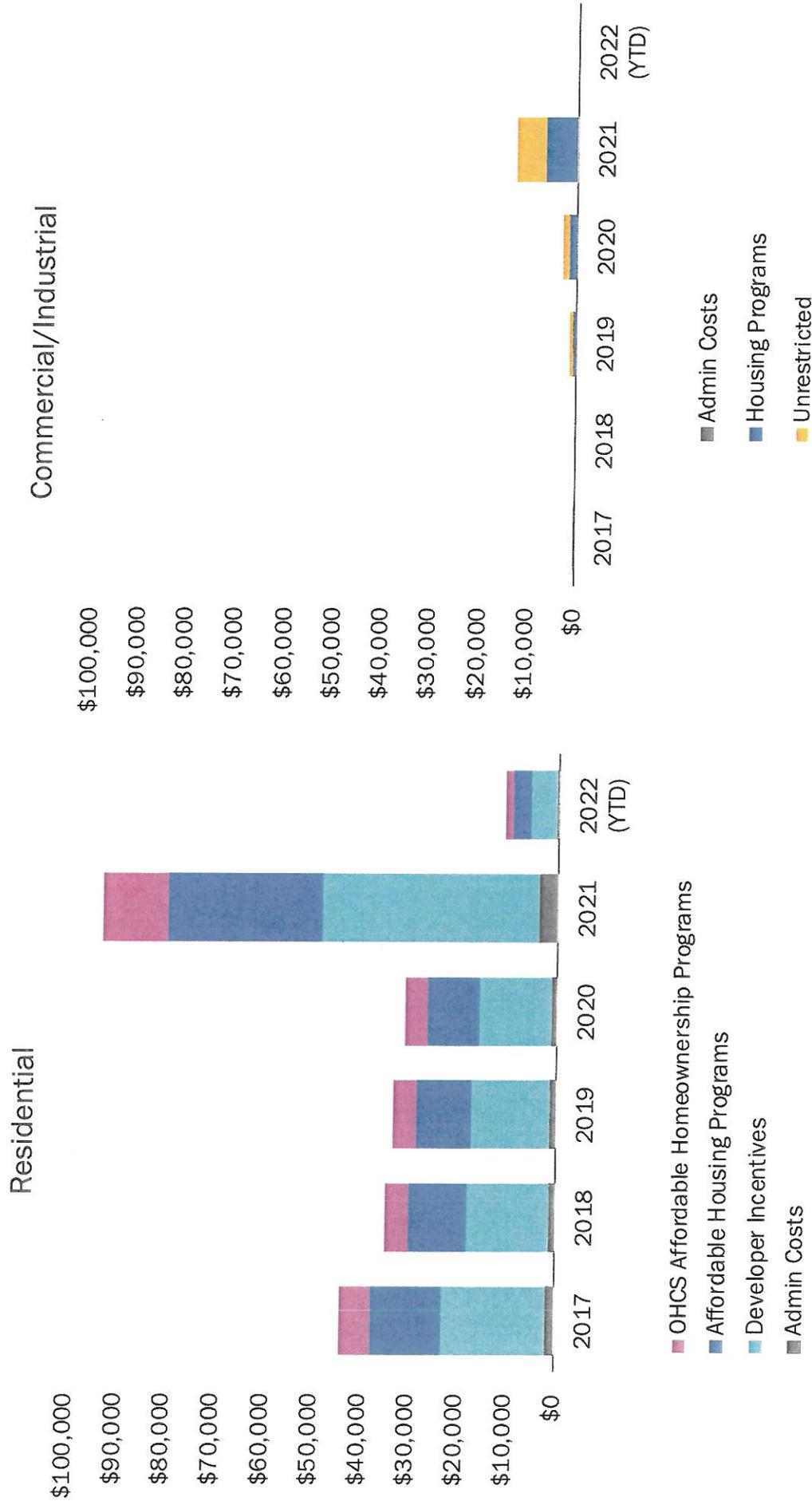
## Applied to

- Commercial, Industrial and/or Residential
- Rates on residential development are capped at 1% of permit value; no limit for nonresidential development

# Construction Excise Tax: Analysis

## Revenue Potential Estimates:

Estimated Potential CET Revenue from Development Based on Historical Permit Activity, 2017-2022, 0.5% CET Rate



## Construction Excise Tax: Draft Recommendation

- Do not advance CET
  - AC committee does not support
  - Commercial/industrial revenue potential low
  - City trying to encourage residential development already
  - School District has their own CET – multiple layers of costs

# Preservation of Low-Cost Market Rate

## Goal

- Improve conditions and mitigate impacts to those at greater risk of displacement

## Options

- Support acquisition and rehabilitation by nonprofits or others who would keep rents affordable or convert to regulated affordable housing
- Provide incentives for property owners (e.g., tax abatement, grants/loans) to make needed health and safety improvements while stabilizing rents

# Recommendation Summary

## Code Changes

- Expand options for multifamily in commercial zones by allowing mixed use in all three zones and allowing stand alone multifamily outside the historic overlay without frontage on major streets
- Create flexibility to meet open space requirements for infill projects through infill-friendly options and/or fee in lieu
- 10-foot height bonus for affordable housing projects
- Exempt most multifamily from infill compatibility standards

## Infrastructure Planning

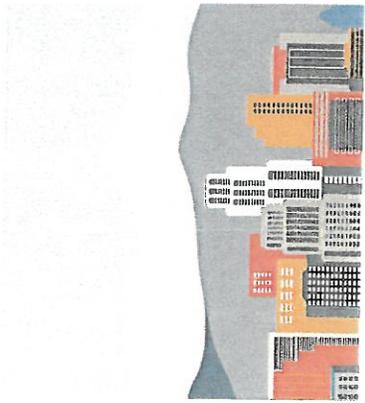
- Adopt policy requiring master plans to prioritize housing when identifying and prioritizing future projects

## Market & Financial Strategies

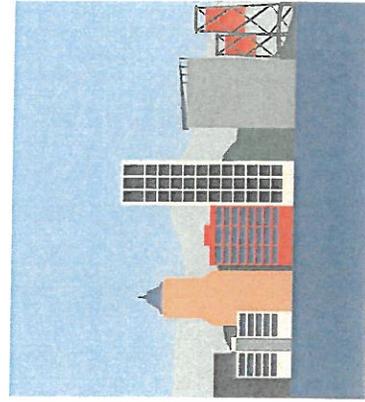
- Continue opportunistic land acquisition for affordable housing
- Provide market-oriented, near- to medium-term housing demand assessment
- Advancing tax abatements for rental and home ownership regulated affordable housing in partnership with overlapping tax districts
- Work with property ownerships, affordable housing providers, and Lane County to develop a program to support housing preservation

# ECONorthwest

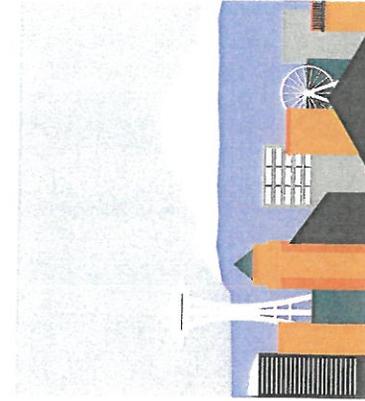
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