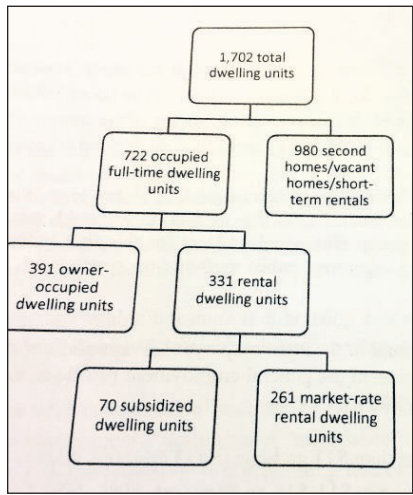


Planning Commission says no to industry suggestions



Housing stock in Cannon Beach as presented by the Cannon Beach Affordable Housing Task Force.

Commissioners question efficacy of proposed changes

By R.J. Marx
Cannon Beach Gazette

Members of the Cannon Beach Planning Commission recognize the city needs workforce housing. But zoning amendments brought before them Feb. 27 are not the way to do it, they decided.

The commission recommended the City Council reject the changes intended to reduce barriers for private developers seeking to build affordable housing.

The amendments were intended

to meet housing needs by reducing construction costs and subsequently reducing rental costs to tenants, wrote Martin North Vice President of Operations Dave Norstedt in January.

Mike Clark, owner of Coaster Properties, with former city planner Rainmar Bartl, proposed to amend parts of the code.

Amendments focused on reducing parking requirements to maximize the number of units on a property and increasing height restrictions in the R3 zone, which is designated for multifamily housing.

By raising the roof-line limit from 28 feet to 32 feet, developers could build three stories to include more units, intended to drive down rents for tenants.

Reduced landscaping area re-

quirements and changes to condominium conversion rules for multifamily dwellings were also among proposals.

"To me there's nothing in this that would assure this would be affordable housing," Commissioner Lisa Kerr said. "The proponents are all people involved in development and commercial endeavors. That's fine — but the way it's written here is a disaster waiting to happen. I don't think how any of this could lead to affordable housing."

Commissioner Darryl Johnson objected to proposed roof-height changes. "Moving the height to 32 feet reminds me of going to Seaside," he said. "We have a different feel in the city."

Parking changes could make

spaces harder to find, he added. "Lowering the parking in the units downtown where there's already a premium for parking, lowering those standards doesn't make any sense."

Commission Chairman Bob Lundy said statutes should stand as written, with variances to create workforce housing considered on a case-by-case basis.

The commissioners recommended rejection of all amendments by a 7-0 vote.

"We're looking for another alternative to this," Kerr said after the meeting. "It's not just a blanket 'no way.' I just don't see any outside controls on this. Outside developers coming in and charging \$1,600 for an apartment — that's not affordable housing anymore."

Cannon Beach explores ways to redirect tourism money

Tax from Page 1A

The Astoria City Council voted last year to increase the lodging tax from 9 percent to 11 percent, with the intent to use some of the money for maintenance at city parks known to have heavy tourist traffic. Bend voted to reduce the percentage of lodging tax designated for tourism promotion in order to pay for road repairs, a move that is being legally challenged by the Oregon Restaurant & Lodging Association as a violation of state law.

Opponents say lifting restrictions on the tax money ultimately defeats the purpose, which is to promote tourism that generates revenue for cities in the long term.

In Cannon Beach, Greg Swedenborg, the president of the chamber's board, said the chamber is open to the idea but needs more specifics.

"I think it addresses an area that Cannon Beach has a need for. But it's not just buying the school. You have to consider operating costs before you can make a decision," Swedenborg said. "Whether it's used for the arts or as a conference center, sure, we could use that. But will it benefit year-round business? Is it doing what the intent of the law is, which is making it a place that regenerates that transient lodging tax?"

'Loved to death'

A state law passed in 2003 imposed a 1 percent lodging tax increase, with 70 percent of the revenue collected restricted to tourism promotion and tourism-related facilities.

As a fundraising mechanism, the law has done its job. The Oregon Department of Revenue collected more than



COLIN MURPHEY/EO MEDIA GROUP

Cannon Beach city councilors might turn the former elementary school into an event center.

\$145 million in revenue as of 2015. Cannon Beach in 2016 alone received \$3.8 million in lodging tax revenue.

But Wendy Johnson, an intergovernmental relations associate with the League of Oregon Cities, said some cities are having a hard time keeping up with the demand that tourism promotion creates.

"A lot of communities are spending a lot on marketing and are getting loved to death," Johnson said. "Cities rely on tourism for their economy and they want to be a welcoming place. But they also have a strapped budget, and they want more flexibility to use those revenues. This law is one size fits all, and every city has different expenditures and needs."

A survey done by the league asked 46 cities how each would prefer to spend lodging tax revenue. Johnson said the top responses were city beautification, public safety and transportation improvements — all issues related to a booming tourism industry.

"We just disagree with what tourism-related means,"

Johnson said. "You don't have a good event if you have a traffic jam or not enough cops to keep it safe. They won't come back."

In the last legislative session, Johnson said she pushed to broaden what can be considered a tourism facility, which is defined as a conference center, convention center, visitor information center or other property with the substantial purpose of supporting tourism.

"Right now the law says it has to be real property, and has to have a use of 10 years. So maybe you can't cover flowers, but maybe you could fix a light post," she said. "We think it should help with beautification issues, but the definition is too narrow. We think it should include anything that makes the experience better for the tourist."

The proposal didn't make it out of committee in Salem. Johnson said she hopes to continue working with the lodging industry to find a solution.

"The growth in Oregon has been great," she said. "But at what point do you have a

destination that's no longer a destination because it's been loved to death?"

Return on investment

Jason Brandt, CEO of the Oregon Restaurant & Lodging Association, argues a city already can use 30 percent of the lodging tax on general city needs, and that public infrastructure isn't a reliable metric to help define tourism-related facilities.

Redirecting the tax money to capital projects or maintenance takes away from the "big picture" of what it takes to support Oregon's second-largest industry, Brandt said.

"The reality is, whenever we don't put that dollar out for promotion, and instead for a local investment for a capital improvement, in a way we are shooting ourselves in a foot," Brandt said. "We are using a long-term investment strategy for a short-term challenge a community may be facing."

That investment, Brandt said, is supported by a report from Longwoods International, which shows for every \$1 invested in tourism promotion, \$237 is generated in economic impact and \$11 in tax revenue to the benefit of Oregon residents.

The concept of "how much tourism is too much tourism" looks different for each community and should be solved on a local level, Brandt said.

But investing in tourism over time is a greater benefit to city's general fund, he said.

"I can't emphasize how strong the tourism economy can be if we focus on tourism promotion and less on maintenance backlogs," he said.

In Cannon Beach, since the Chamber of Commerce has been the recipient of 70 per-

cent of the lodging tax dollars, the amount of taxes paid to the city has increased by double digits almost every quarter.

"We can't claim it all," Swedenborg said. "Good weather, good economy goes into growth, as well. But be-

fore the contract the city would see maybe 4 percent or 6 percent growth. When we started you are seeing around 16 percent or 10 percent increases (in the lodging tax revenue). We think we have something to do with that."

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Council revisits marijuana zoning ordinance

Pot from Page 1A

they are technically in a commercial zone," McCarthy said.

Councilor George Vetter took issue with isolating a particular industry. He also was concerned that keeping this section of the ordinance could lead to a similar unintended

consequence as the mixed-use building question, where property owners would opt to convert what otherwise would be some form of housing into a solely commercial enterprise.

"If someone paid commercial value for this property, are taking away that value?" Vetter

asked. "This could end up backfiring like the original problem we were trying to solve."

Before revisiting the issue in April, City Planner Mark Barnes and City Attorney Tammy Herdener plan to evaluate the questions raised by councilors, like a clearer

definition of what constitutes a mixed-use building.

"You raised good questions. When can a building turn into a mixed-use building? We want to look at this more closely," Herdener said. "I don't want to go down another slippery slope."

Glut in Oregon marijuana supply, prices 'plummeting'

Clatsop County sold \$8 million in pot products last year

By Edward Stratton
The Daily Astorian

With their lower populations and higher rates of tourism, North Coast counties sold some of the most marijuana per capita in Oregon last year.

The 14 licensed marijuana retailers in Clatsop County sold more than \$8 million in products last year, part of the nearly \$520 million sold statewide. The industry has grown to employ more than 12,000 people, while the state has taxed in more than \$100 million in revenue.

There were six marijuana retailers in Astoria, four in Seaside, one in Cannon Beach, two along U.S. Highway 26 and one in Westport — more than 1 for every 2,800 people. Combined sales equaled \$208 per person,

the sixth-highest rate in the state during the first full year of recreational sales regulated by the Oregon Liquor Control Commission.

Tillamook County ranked fifth, selling \$5.6 million in marijuana products, equal to \$214 per person. Lincoln County came in third, at \$13.6 million, \$284 per person.

Stephanie Schlip, who manages Oasis Cannabis locations in Newberg, Monmouth and Seaside, said her sales on the Oregon Coast will often outstrip those in the Willamette Valley by 25 percent in the summer and lag behind in winter.

"I would say about 1 out of every 20 customers say they're from another state, and they've never been in a dispensary," she said.

Many were Californians before that state recently legalized recreational sales, she said. Many were from Idaho, the only state bordering Oregon where recreational marijuana is illegal.

Curry County, on the border with California, ranked second in sales per capita, selling \$310 worth of marijuana per person. Rural Baker County, with 16,750 residents and across the border from more than 600,000 people in Idaho's Treasure Valley, sold \$16 million worth of marijuana last year, or \$960 per person. Multnomah County sold \$176 million in marijuana products last year, or \$220 per person, the fourth-highest rate statewide.

"I think it's just the beginning," said Don Morse, director of the Oregon Cannabis Business Council, a trade association. "I think sales are going to increase, and they'll certainly get a lot higher as we take away from the black market."

But Morse and others see consolidation coming among the more than 500 retailers and 900 growers statewide.

A presentation by New Frontier Data economist Beau Whitney noted the industry was reaching saturation. Retailers

need about \$125,000 in monthly sales to be viable, but are averaging \$92,000 a month in Oregon, leaving them in distress.

Part of the issue is too much marijuana being produced. The estimated maximum canopy being used by growers has gone from less than 10 million square feet in 2015 to more than 20 million square feet, Whitney said. Between October 2016, when recreational sales started, and November, the retail price of a pound of marijuana dropped from \$4,440 to less than \$3,000.

"It's no surprise to me that there's excess supply, or that prices are plummeting," Whitney said, adding many growers are trying to get bought out.

Whitney has suggested retailers lower their prices to take price-conscious consumers away from the black market.

"In general, for every 1 percent or so reduction in price ... you'll increase your demand by 2 to 3 percent," he said. "That's conversion over from the illicit market."