



HOUSING ADVISORY COMMITTEE AGENDA
Thursday, October 13, 2022 - 6:00 PM
Council Chambers, Newport City Hall, 169 SW Coast Highway

All public meetings of the City of Newport will be held in the City Council Chambers of the Newport City Hall, 169 SW Coast Highway, Newport. The meeting location is accessible to persons with disabilities. A request for an interpreter, or for other accommodations, should be made at least 48 hours in advance of the meeting to Peggy Hawker, City Recorder at 541.574.0613, or p.hawker@newportoregon.gov.

All meetings are live-streamed at <https://newportoregon.gov>, and broadcast on Charter Channel 190. Anyone wishing to provide written public comment should send the comment to publiccomment@newportoregon.gov. Public comment must be received four hours prior to a scheduled meeting. For example, if a meeting is to be held at 3:00 P.M., the deadline to submit written comment is 11:00 A.M. If a meeting is scheduled to occur before noon, the written comment must be submitted by 5:00 P.M. the previous day. To provide virtual public comment during a city meeting, a request must be made to the meeting staff at least 24 hours prior to the start of the meeting. This provision applies only to public comment and presenters outside the area and/or unable to physically attend an in person meeting.

The agenda may be amended during the meeting to add or delete items, change the order of agenda items, or discuss any other business deemed necessary at the time of the meeting.

1. WELCOME AND INTRODUCTIONS

1.A Meeting Agenda:

[Agenda - Newport HCA HPS PAC Meeting 5](#)

2. ROLL CALL

3. APPROVAL OF MINUTES

3.A Approval of the Newport Housing Advisory Committee Meeting Minutes of August 25, 2022.

[Draft HCA Mtg Minutes - 08-25-2022](#)

4. UPDATE ON HOUSING CONVERSATIONS

5. HOUSING PRODUCTION STRATEGY OVERVIEW AND REVIEW OF UNMET HOUSING NEEDS

6. DISCUSSION OF POTENTIAL STRATEGIES TO MEET HOUSING NEED

7. PUBLIC COMMENT

8. NEXT STEPS

9. ADJOURNMENT

HANDOUTS

Materials:

[Newport Housing Capacity Analysis-Full Draft](#)

[Newport Housing Strategy Options](#)

[James Bassingthwaite Email - 10-11-22](#)

AGENDA

Newport Housing Study

Project Advisory Committee Meeting #5

Location: Newport City Hall, City Council Chambers

169 SW Coast Highway, Newport

Video Conference Link: Provided on request to Sherri Marineau with the Newport Community

Development Department: s.marineau@newportoregon.gov

10/13/2022

6 – 8 p.m.

6:00 p.m.	Welcome	Beth Goodman
6:05 p.m.	Update on Housing Conversations <ul style="list-style-type: none">▪ Complete by 11/4/2022	Beth Goodman and Derrick
6:10 p.m.	Overview of an HPS and review of unmet housing needs	Beth Goodman
6:35 p.m.	Discussion of potential strategies to meet housing need <ul style="list-style-type: none">▪ Review Newport’s existing housing measures and gaps. How can the City better use existing programs?▪ Discussion of strategies that could be included in the HPS.▪ Of the strategies in the memo, which do you think are the most important to include?	Beth Goodman
7:50 p.m.	Public Comment	Derrick Tokos
7:55 p.m.	Next Steps <ul style="list-style-type: none">• Summarize findings from the Newport Housing Conversations• Continue work on the Housing Production Strategy• Planning Commission and City Council work session: November 14, 2022 at 6 PM• Next PAC meeting: January 12, 2023	Beth Goodman

Draft MINUTES
Housing Capacity Analysis and Production Strategy Policy Advisory Committee
Meeting #4
Newport City Hall Council Chambers
August 25, 2022

Committee Members Present: Kathy Kowtko, Braulio Escobar, and Cynthia Jacobi.

Committee Members Present by Video Conference: Wendy Hernandez, Dr. Lesley Ogden, Dr. Karen Gray, Bonnie Saxton, and Dennis White.

Committee Members Absent: James Bassingthwaite, Betty Kamikawa, Todd Woodley, Mark Farley, Mike Phillips, Sheila Stiley, Rev. Judith Jones, Robert Cowen, and Jan Kaplan.

City Staff Present by Video Conference: Community Development Director, Derrick Tokos; and Executive Assistant, Sherri Marineau.

Consultants Present by Video Conference: Beth Goodman, Becky Hewitt, and Nicole Underwood.

Public Members Present: Dietmar Goebel, and Ryan Parker.

1. **Call to Order & Roll Call.** Meeting started at 6:07 p.m.
2. **Welcome and Introductions.** Tokos welcomed the committee members and reviewed the agenda.
3. **Approval of Minutes.** Motion was made by Cynthia Jacobi, seconded by Braulio Escobar, to approve the June 8, 2022 Housing Advisory Committee meeting minutes as written. The motion carried unanimously in a voice vote.
4. **Update on Newport Housing Conversations.** Goodman asked for questions on the conversations. Jacobi asked for information on what to ask when doing the community conversations. Tokos suggested the committee members connect with him on a framework for the conversations.

Karen Gray entered the meeting at 6:17 pm. Tokos asked if Gray had done any outreach. Gray reported that she hadn't but she wanted to coordinate this.

5. **Revised Buildable Lands Inventory.** Goodman noted that the committee would have an opportunity to review the housing capacity analysis in October. She reviewed the map of the buildable lands covering the comprehensive plan designations, constrained lands, buildable lands inventory maps, and unconstrained vacant and partially vacant lands. Parker asked if there was a way to figure out single family dwelling lots and multifamily lots, and how many of these could fit in different areas of the city. Goodman explained they would discuss some of this information during this meeting. They would revisit it at the next meeting after the constructability analysis.
6. **Constructability Analysis.** Hewitt covered the purpose of the constructability analysis, and the overview of subareas maps. She noted they didn't constrain their assumptions about what could be built in areas to the current comprehensive plan designation. They were aware of the comprehensive plan designation but they weren't confined to them.

Hewitt covered the approach to the constructability analysis. Tokos noted that Hewitt interviewed a range of individuals in Newport and was able to get a pretty good handle on the cost of what it took to

construct various housing types in Newport. The one piece that was hard to figure out was land value because it was variable in terms of what properties might be available on the market or not, or how they were acquired.

Hewitt continued her review of the approach to the analysis. White asked if the return on investment related to the possible sale of what was developed and built, or was there some considerations for downstream income from rents. Hewitt explained they looked at housing types and made assumptions on whether they would be sold or rented. White asked if the build for rent would take into account the downstream income from rent. Hewitt explained they used a metric called return on class that developers often used to determine whether to proceed with a development or not. With a rental project they would look at a stream of income over time and account for appreciation and other things. Hewitt reported that the version they used compared the net revenues for the property compared to the cost to build it to see if it was worth moving forward with or not.

Hewitt covered the housing types and the estimated pricing information for apartments, quadplexes, and cottage clusters. Escobar asked if these rents for housing were within the range for Newport or were they really high. Hewitt explained that the rents were taken from recent development that was completed in Newport and based on rent escalations that people were seeing and expecting over the next year. These were not restricting today but they were what you would put in your pro forma if you were doing a development today and what you would expect when the building was completed. Tokos noted he could bring in numbers for two projects that were completed.

Ryan thought that new construction rents were different than the older workforce housing. He didn't think the study looked at what was needed as a community as a whole and thought they needed to find out what people were paying for rent on average around town. Tokos noted the purpose of the constructability analysis was to look and see what we need to add for different types of new housing. We have lands within our urban growth boundary that could accommodate that need for new construction. Tokos reported they weren't looking at subsidized housing, it was market rate information. He explained they could look at more general rent information in Newport, but it wouldn't be reflective of new construction. Escobar asked if the new construction rents were designed to provide a return to the developer. Hewitt explained they were reflective of new construction and top market as a best case scenario from the constructability perspective. If they couldn't make the project work, even at top of market rents, they definitely couldn't make it work at workforce rents. Goodman noted this was what they would talk about in the second part of the project to see what the city could do to support development of housing if rents were unaffordable.

Hewitt reviewed the housing types and estimated pricing for townhouses, small single-detached dwellings, and medium and larger single-detached dwellings. She noted that the hillside homes were typically on large lots. They already took out the steep slopes from the buildable area for these homes. What they were saying was that these only needed a smaller area to put the housing and parking on, and the rest of it could sloped.

Hewitt covered the relative ability to pay for land and infrastructure. Goodman pointed out that this explained why there weren't many apartments in Newport because there wasn't much money to be made from them. Hewitt discussed the considerations on how a developer would look at building apartments and how they made money. Jacobi noted that the example photo of the large single detached hillside house was an oceanfront house. She asked if there was a way to put the residual value of the land into oceanfront or ocean view properties. Hewitt noted for this scale of the analysis they weren't able to reflect this. They only had approximations. This was why the hillside was used in these instances. These numbers were optimistic given the sited that they had. The pricing was for the

average of sales transactions of homes in this size range. Goodman pointed out that the photo used was just an illustration of a hillside home.

Parker thought that most people who were coming to Newport were fleeing California and areas that had climate change. He thought they should find a way to incorporate the climate issues people had that was caused people to move to Newport because the climate was better here.

Escobar thought there was a need for middle market and workforce market housing. He noted at the first meeting someone suggested they should be looking for satellite communities such as Toledo or Siletz for housing, but this was ignored because the policy was to try to minimize outside transportation and encourage a bedroom community. Goodman noted the analysis wasn't a description of what would it take to build on land in Newport, excluding what's affordable. This was to look at what was feasible, and gave information to use later on what the city could do to encourage development of more of the types of housing that was needed. Tokos pointed out that this exercise looked at nine different areas within an urban growth boundary that had the capacity to be developed residentially. It was an exercise to see what was reasonable feasible to develop on these properties. It was important to look at high end because that was going to get the most return for developers, and if that didn't work then the property wasn't developable at all and they shouldn't assume they would get housing on the property. Tokos noted that they would be drilling down on what they could do for affordability and getting housing that was more affordable to the workforce. This was about if some of these lands that that were inside the urban growth boundary were available for residential were really viable for residential.

Hewitt pointed out that the rent numbers for small single-detached were high but they were a lot lower than large single family detached on the hillside. This could tell them what areas were viable to develop and suitable for housing types that were new construction, and weren't as expensive as bigger and fancier newer construction. Hewitt reported it cost a lot to build in Newport and made it harder to deliver lower priced housing options. This prompted them to think about if these areas were viable in terms of housing and what they needed to do if the price of the market didn't meet housing needs. Saxton noted that Newport rarely had any spec homes for sale. Lincoln City occasionally has this, but developer would do this only once in a few years. Goebel asked if this was more about developing land than buildings. Tokos explained the constructability assessment was about the viability of residential land in the city for actual residential development. This was a component of the larger study. The study would look at what the city could do, within the scope of its available resources and responsibilities, to help facilitate needed housing and various pricing points. Parker thought they needed to find areas for condos that were out of the tsunami hazards zones.

Hewitt covered the results in Subareas 1, 2 and 3. Tokos clarified that Subarea 1 was Agate Beach, Subarea 2 was the middle school, and Subarea 3 was the area between US 20 and the Bay Blvd. Hewitt reviewed Subarea 4, the area between US 20 and Yaquina View Heights; Subarea 5, the Wilder Planned development; Subarea 6, immediately south of the community college and the city's wastewater treatment plant; Subarea 7, vacant or partially vacant properties between 3rd and Olive Street, Subarea 8, off of SE 35th Street; and Subarea 9, north of Camp Street on Abalone Street.

Hewitt covered the infrastructure costs versus the residual value of development. A discussion ensued regarding how to work out agreements to negotiate price points on units with developers. Parker wanted to see a way to get a developer to do projects to build higher density multifamily units while agreeing to do single family homes. A discussion ensued about how to address assistance with infrastructure costs for development.

Parker asked if the area to be annexed in South Beach would be included in any of these areas. Tokos

explained that almost all of the land to the south where they had wastewater was all industrial and in the tsunami inundation area. They needed to consider the land in this area viable as part of the needs assessment but they didn't want to assume more acreage in the tsunami inundation area for residential. Jacobi didn't feel comfortable to put a lot of development in the tsunami zone. A discussion ensued regarding different areas that should be considered as part of the buildable lands and for needed housing.

Hewitt reviewed the conclusions and limitations next. Tokos noted there was a lot of interested in the city center to see more mixed use with apartments over retail. What they saw was the greenfield areas that were undeveloped weren't viable for apartments because developers couldn't cover the cost of infrastructure to develop. Jacobi asked if they should rezone some of the properties that have infrastructure but are industrially zoned. Tokos explained that he was talking about areas between US 20 and the high school that were zoned heavy commercial being rezoned to high density residential. If they left the city center area along US 101 alone, it allowed residential above the main floor. This was attractive for development because the infrastructure wasn't a barrier. Hewitt cautioned that building mixed use did increase costs of construction and something to keep in mind.

7. **Land Sufficiency.** Goodman reviewed the land sufficiency scenarios; housing forecast for the Newport UGB, 2022 to 2042; housing type for the Newport UGB, 2022 to 2042; and the housing density assumptions; preliminary land sufficiency; and alternative forecast.

Tokos thought it would be nice to record that they tested nine scenarios, because that's what they had the capacity to do for the constructability assessment. It was reasonable to expect that those infrastructure deficiency conditions would carry through the balance of the acreage that they had available as well. While they had ample amount of acreage available for residential development, it didn't necessarily mean that properties were going to be developed because they had infrastructure constraints, for example. Goodman noted that not having the infrastructure was a common problem for many cities. She thought that if the State wanted to see more housing development it needed to support development of infrastructure. Tokos noted the State and Legislature was looking at this at a higher level but hadn't looked at infrastructure. If the city could show this in a logical, tangible way in these studies, then maybe the legislature would come up with additional funding programs to funnel dollars to local governments to deal with major infrastructure issues so we could actually get housing that was affordable. Jacobi thought this was a good illustration of what was needed for Newport.

Jacobi asked why the PSU forecast came out so different for the forecast. Goodman didn't have a good answer. She explained the PSU counts were coming out lower over the last years. Goodman thought the PSU was unreasonably low and not a forecast she could stand behind. White thought this demonstrated how flawed forecasting and modeling could be.

8. **Public Comment.** None were heard.
9. **Next Steps.** Goodman reviewed the next steps. Tokos noted the consultants would be attending in person at the next meeting.
10. **Adjournment.** Having no further business, the meeting adjourned at 7:56 p.m.

Respectfully submitted,

Sherrri Marineau
Executive Assistant

City of Newport

2022–2042 Housing Capacity Analysis

October 2022

Prepared for: City of Newport

DRAFT REPORT



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Acknowledgements

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Project Advisory Committee

- Kathy Kowtko, James Bassingthwaite
- Wendy Hernandez
- Todd Woodley, Mike Phillips
- Dr. Lesley Ogden
- Shelia Stiley
- Bonnie Saxton
- Betty Kamikawa
- Rev. Judith Jones, Dennis White
- Dr. Karen Gray
- Lee Hardy, Braulio Escobar
- Robert Cowen, Mark Farley
- Cynthia Jacobi, Jan Kaplan

City of Newport

- Derrick Tokos, Community Development Director

Consulting Team (ECONorthwest)

- Beth Goodman, Project Director
- Nicole Underwood, Associate
- Barrett Lewis, GIS Analyst
- Becky Hewitt, Project Director (led the Constructability Analysis)
- Scott Goodman, Associate (Constructability Analysis)

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Executive Summary

Note to reviewers: We will include the executive summary in a later draft of the report.

How much population growth is Newport planning for?

How much housing will Newport need?

How much buildable residential land does Newport currently have?

How much land will be required for housing?

What are the key housing needs in Newport?

What are the key findings of the Housing Capacity Analysis?

1. Introduction

Newport has long had a housing affordability problem. Newport is home to many industries, from fisheries to research to services for visitors and residents of Newport. The people working at these businesses need affordable places to live. Newport is also home to retirees, students, and many other long-term residents. In addition, Newport has second homes and housing used for short-term rentals by visitors.

Housing has become increasingly difficult for many residents in Newport to afford. Rental costs increased by 27% between 2011 and 2021, while household income changed little during that 10-year period. Homeownership is also becoming less affordable in Newport. The median sales price of housing in Newport in December 2021 was \$482,000. Between December 2016 to December 2021, the median sales price in Newport increased by \$198,000 (96%).

Increases in housing costs along with limited income growth is driving decreasing housing affordability. In 2000, 36% of households in Newport were cost burdened¹ and by 2016-2020, 40% of households were cost burdened. Cost burden was most common among renters, 53% of whom were cost burdened in 2016-2020 and 27% of whom were severely cost burdened. Some groups of people have higher rates of cost burden than the average, such as seniors or People of Color.

The City of Newport last updated the Housing Element of its Comprehensive Plan in 2011. Since then, Newport has had several policy changes that affect residential development, including:

- Regulatory changes to allow and encourage development of a wider range of housing types, such as accessory dwelling units, cottage housing, duplexes, and other potentially more affordable housing types.
- Regulated the number of short-term rental units allowed in Newport.
- Updated policies that guide systems development charges (SDCs) to encourage development of smaller, more affordable housing.
- Adopted property tax abatements to support development of affordable housing.
- Provided support to partners to create affordable home ownership opportunities and help keep low-income owners in their homes
- Implemented a construction excise tax (CET) to pay for policies that support development of affordable housing.

¹ The Department of Housing and Urban Development's guidelines indicate that households paying more than 30% of their income on housing experience "cost burden" and households paying more than 50% of their income on housing experience "severe cost burden."

- Used Urban Renewal financing to catalyze redevelopment in key areas, including supporting new housing development.

These and other policy changes will be discussed in depth in the *Newport Housing Production Strategy* report, which builds on the information in this report.

These changes make this a good time to update Newport's Housing Capacity Analysis (HCA), allowing the City to plan to meet the housing needs of its residents over the next 20 years. This report provides Newport with a factual basis to update the Housing Element of the City's Comprehensive Plan and zoning code, as well as support future planning efforts related to housing and options for addressing unmet housing needs in Newport. It provides the city with newer information about the housing market in Newport and describes the factors that will affect future housing demand in the city, such as changing demographics.

This report presents Newport's Housing Capacity Analysis (HCA) for the 2022 to 2042 period. It is intended to comply with statewide planning policies that govern planning for housing and residential development, including Goal 10 (Housing) and OAR 660 Division 8.

This analysis will help decision makers understand whether Newport has enough land to accommodate growth over the next 20 years. The HCA includes analysis about need for infrastructure to support housing in selected areas of Newport, which has implications for future development in these areas. In addition, it provides information used in developing the *City of Newport Housing Production Strategy*, which is an action plan intended to support the development of needed housing in Newport over the next eight years.

Framework for a Housing Capacity Analysis

Housing is a bundle of services for which people are willing to pay, shelter certainly, but also proximity to other attractions (employment, shopping, recreation), amenities (type and quality of fixtures and appliances, landscaping, views), prestige, and access to public services (quality of schools). Because it is impossible to maximize all these services and simultaneously minimize costs, households must, and do, make trade-offs. What they can get for their money is influenced both by economic forces and government policy. Moreover, different households will value what they can get differently. They will have different preferences, which in turn are a function of many factors like income, age of household head, number of people and children in the household, number of workers and job locations, number of automobiles, and so on.

Most of the housing in the United States is built by the private market and, therefore, responds to economic and market factors. These economic and market forces have resulted in the production of units that have housed most of our nation's households. But they have consistently left lower-income communities and communities of color with fewer housing options, competing for a limited supply of affordable housing units. The last two decades have seen significant increases in housing costs, with much slower growth in household income, resulting in increasing unmet need for affordable housing.

This report provides information about how the choices of individual households and the housing market in Lincoln County and Newport have interacted, focusing on implications for future housing need in Newport over the 2022 to 2042 period. The *Newport Housing Production Strategy* provides policy options that can influence future housing development, considering opportunities to increase access to affordable housing for lower-income communities and communities of color, as well as housing needs for all residents of Newport.

Statewide Planning Goal 10

Oregon has long been a national leader in planning to accommodate growth. The state mandates local government compliance with 19 statewide planning goals, which include public engagement, planning for natural areas, planning for housing, and planning for adequate land to support economic development and industry growth, among others. Oregon’s Goal 10 requires each city to develop a housing capacity analysis, which must tie twenty years of projected household growth to units of varying densities and then determine whether there is adequate land inside the city’s urban growth boundary to accommodate those units. Goal 10 directs cities to plan for “housing that meets the housing needs of households of all income levels.” Oregon’s statewide land use planning system requires one of the most comprehensive approaches to planning for housing in the country.

Goal 10 provides guidelines for local governments to follow in developing their local comprehensive land use plans and implementing policies. At a minimum, local housing policies must meet the requirements of Goal 10 and the statutes and administrative rules that implement it (ORS 197.295 to 197.314, ORS 197.475 to 197.490, and OAR 600-008). Goal 10 requires incorporated cities to complete an inventory of buildable residential lands. Goal 10 also requires cities to encourage the numbers of housing units in price and rent ranges commensurate with the financial capabilities of its households.

Goal 10 defines needed housing types as “all housing on land zoned for residential use or mixed residential and commercial use that is determined to meet the need shown for housing within an urban growth boundary at price ranges and rent levels that are affordable to households within the county with a variety of incomes, including but not limited to households with low-incomes, very low-incomes and extremely low-incomes.” ORS 197.303 defines needed housing types:

- (a) Housing that includes, but is not limited to, attached and detached single-family housing and multifamily housing for both owner and renter occupancy.
- (b) Government-assisted housing.²
- (c) Mobile home or manufactured dwelling parks as provided in ORS 197.475 to 197.490.
- (d) Manufactured homes on individual lots planned and zoned for single-family residential use that are in addition to lots within designated manufactured dwelling subdivisions.

² Government-assisted housing can be any housing type listed in ORS 197.303 (a), (c), or (d).

(e) Housing for farmworkers.

Newport must identify needs for all the housing types listed above as well as adopt policies that increase the likelihood that needed housing types will be developed. This Housing Capacity Analysis was developed to meet the requirements of Goal 10 and its implementing administrative rules and statutes.

Public Process

At the broadest level, the purpose of the project was to understand how much Newport will grow over the next 20 years. This project focused on the technical analysis to understand Newport's housing needs over the next 20 years. The *Newport Housing Production Strategy* proposes policies and actions to meet those housing needs. The technical analysis, which is the focus of this report, required a broad range of assumptions that influenced the outcomes; the housing strategy is a series of high-level policy choices that will affect Newport residents.

The intent of the public process was to establish broad public engagement throughout the project as work occurs, to get input from stakeholders and decision makers in Newport. Public engagement was accomplished through various avenues, discussed below.

Project Advisory Committee Engagement

The City of Newport and ECONorthwest solicited public input from the Project Advisory Committee (PAC) to develop both the Housing Capacity Analysis and Housing Production Strategy. The PAC was composed of Newport community members, people involved in development, agency partners, service providers and employees, faith-based organizations, and elected/appointed officials. During the development of the Housing Capacity Analysis the PAC met four times³ to discuss project assumptions, results, and implications. Future PAC meetings will focus on the Housing Production Strategy.

The project relied on the Project Advisory Committee to review draft products and provide input at key points (e.g., before recommendations and decisions were made and before draft work products were finalized).

Broader Public Engagement

Note to reviewers: We will include more details on the Community Conversations in the next draft

During the development of the Housing Capacity Analysis, members of the PAC hosted # Community Conversations with community members from (list groups). Participants were encouraged to (1) share their perspectives on housing needs and preferences in Newport as well

³ Project Advisory Committee meeting dates: April 7, 2022; May 12, 2022; June 8, 2022; and August 25, 2022.

as (2) provide input on potential actions that the City could take to promote the development of needed housing in a fair and equitable way.

These conversations are part of a broader public engagement process which includes one-on-one interviews, public events, advisory committee meetings, and public meetings. Many of these engagement processes span the entire Housing Capacity Analysis and Housing Production Strategy project. However, since engagement is primarily focused on understanding housing needs and the actions the City can take to address these housing needs, engagement findings have stronger implications for the development of the Housing Production Strategy.

Planning Commission and City Council Engagement

ECONorthwest will present results of this analysis, in combination with information from the *Newport Housing Production Strategy*, at meetings with the Planning Commission and City Council in 2023.

Organization of This Report

The rest of this document is organized as follows:

- **Chapter 2. Residential Buildable Lands Inventory** presents the methodology and results of Newport's inventory of residential land.
- **Chapter 3. Historical and Recent Development Trends** summarizes the state, regional, and local housing market trends affecting Newport's housing market.
- **Chapter 4. Demographic and Other Factors Affecting Residential Development in Newport** presents factors that affect housing need in Newport, focusing on the key determinants of housing need: age, income, and household composition. This chapter also describes housing affordability in Newport relative to the larger region.
- **Chapter 5. Housing Need in Newport** presents the forecast for housing growth in Newport, describing housing need by density ranges and income levels.
- **Chapter 6. Residential Land Sufficiency in Newport** estimates Newport's residential land sufficiency needed to accommodate expected growth over the planning period.

2. Residential Buildable Lands Inventory

This chapter presents the Buildable Lands Inventory for the City of Newport. The methods used for this study are consistent with many others completed by ECONorthwest that have been acknowledged by DLCDC and LCDC. A detailed discussion of the methodology used in this study is provided in Appendix A.

The BLI for Newport includes all residential land designated in the comprehensive plan within the Newport UGB. From a practical perspective, this means that all lands within tax lots identified by the Lincoln County Assessor’s Office that fall within the UGB were inventoried. ECONorthwest used the most recent tax lot shapefile from Lincoln County for the analysis. The inventory then builds from the tax lot-level database to estimate buildable land by plan designation.

Residential Buildable Lands Inventory Results

Land Base

The land base for the Newport residential BLI includes all tax lots in the urban growth boundary (UGB) in residential plan designations or plan designations where housing development is allowed with clear and objective standards. Exhibit 1 shows the land base by plan designation in the UGB.

Exhibit 1. Land Base by Plan Designation, Newport UGB, 2022

Source: Lincoln County, ECONorthwest analysis.

Note: The number of tax lots represented is greater than the actual total number of tax lots in the analysis due to split plan designations.

Plan Designation	Number of taxlots	Percent	Total taxlot acreage	Percent
Low Density Residential	2905	46%	1,657	48%
High Density Residential	2379	37%	711	21%
Planned Destination Resort Overlay	67	1%	743	22%
Commercial	997	16%	319	9%
Total	6,348	100%	3,430	100%

Development Status

Exhibit 2 shows the total acres of residential tax lots classified by development status. We used a rule-based classification (described in Appendix A) to define an initial development status. We confirmed development status through a series of reviews by ECONorthwest and City staff, based on local knowledge and review of aerial maps.

Exhibit 2. Development Status, Constraints Not Applied by Plan Designation, Newport UGB, 2022

Source: Lincoln County, ECONorthwest analysis.

Plan Designation	Total acres	Committed acres	Constrained acres	Buildable unconstrained acres
Low Density Residential	1,657	465	501	691
High Density Residential	711	358	198	155
Planned Destination Resort Overlay	743	25	179	539
Commercial	319	228	32	59
Total	3,430	1,076	911	1,444

Development Constraints

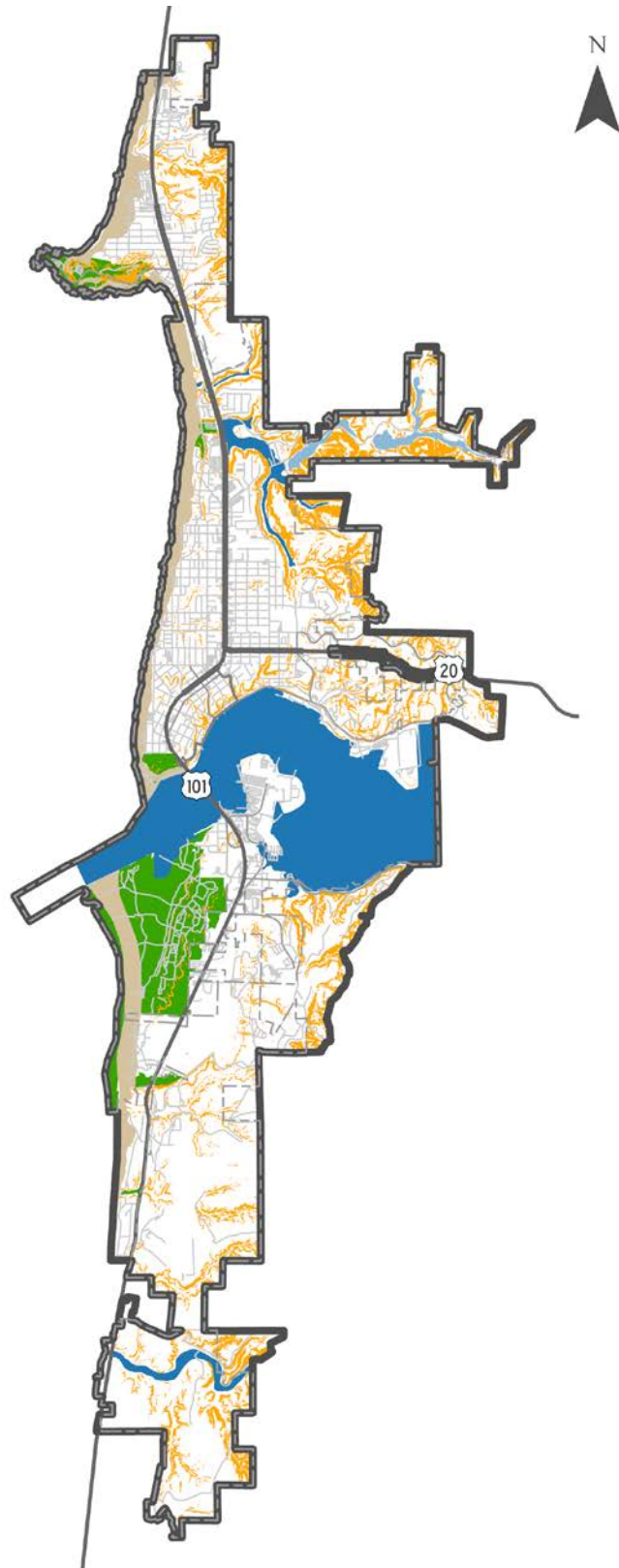
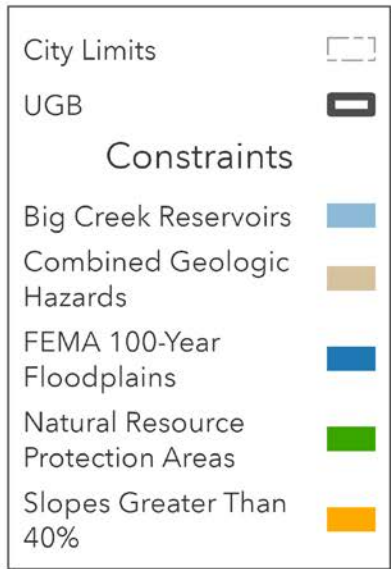
The buildable lands inventory identifies the following conditions as constraints that prohibit development: FEMA 100-Year Floodplains and Regulatory Floodway, slopes greater than 40%, dune and bluff erosion zones identified as Active or High Hazard Zones (Combined Geologic Hazards), parks and natural areas, and significant habitats (Natural Resource Protection Areas). Exhibit 3 shows these constraints for the entire city, with detail shown in areas of the city in Exhibit 4 to Exhibit 6.

Next, we apply the constraints to the development status shown in Exhibit 2, to show areas that are vacant or partially vacant with constraints shown. Exhibit 7 shows development status with constraints applied, with details shown in Exhibit 8 to Exhibit 10. Vacant or partially vacant land with these constraints is considered unavailable for development and removed from the inventory of buildable land.

Exhibit 3. Development Constraints, Newport UGB, 2022
 Source: Lincoln County, ECONorthwest analysis.

Newport Buildable Lands Inventory

Constraints



Date: August 22, 2022
 Source: ECONorthwest
 City of Newport
 Lincoln County

Exhibit 4. Development Constraints, Northern Newport, Newport UGB, 2022
 Source: Lincoln County, ECONorthwest analysis.

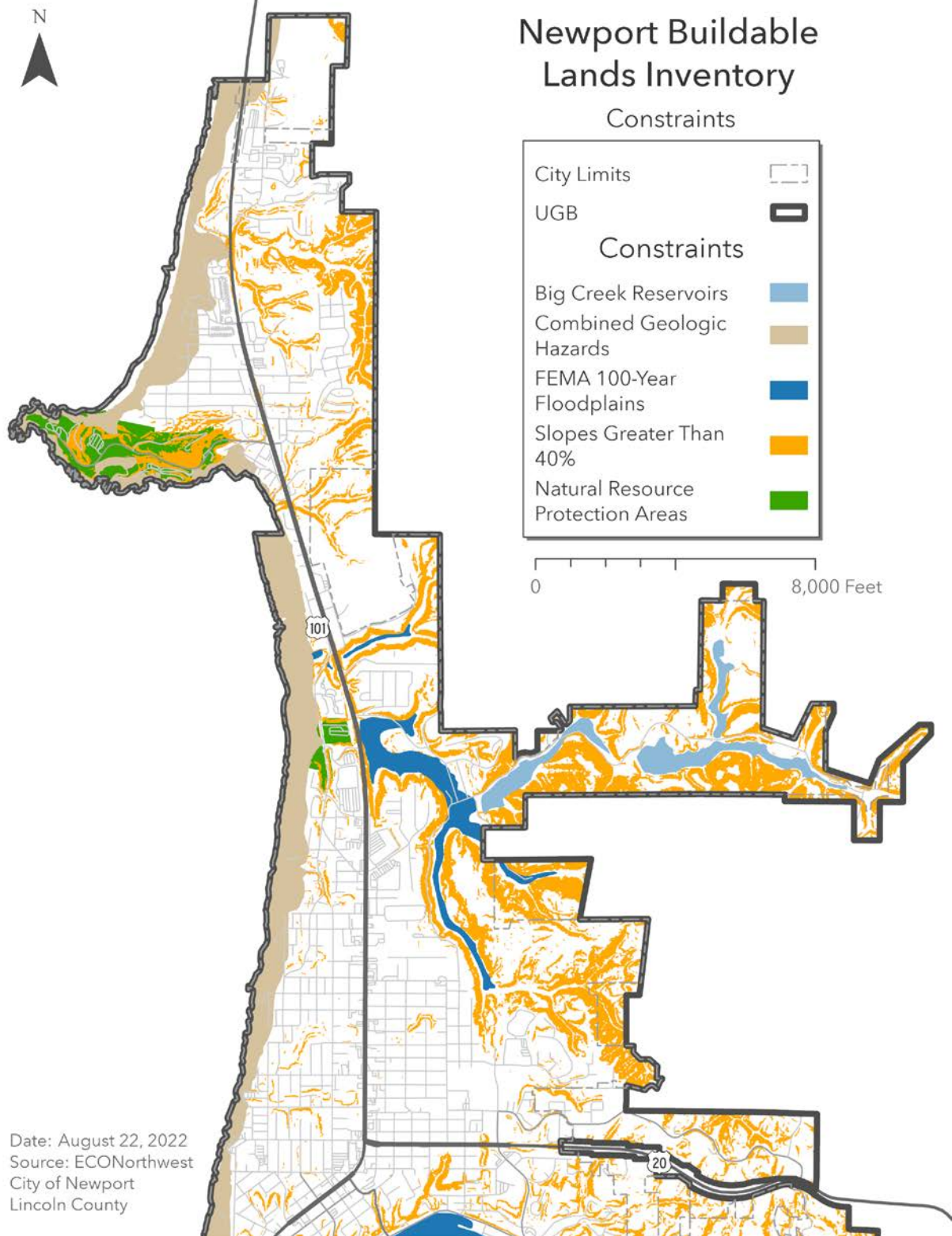
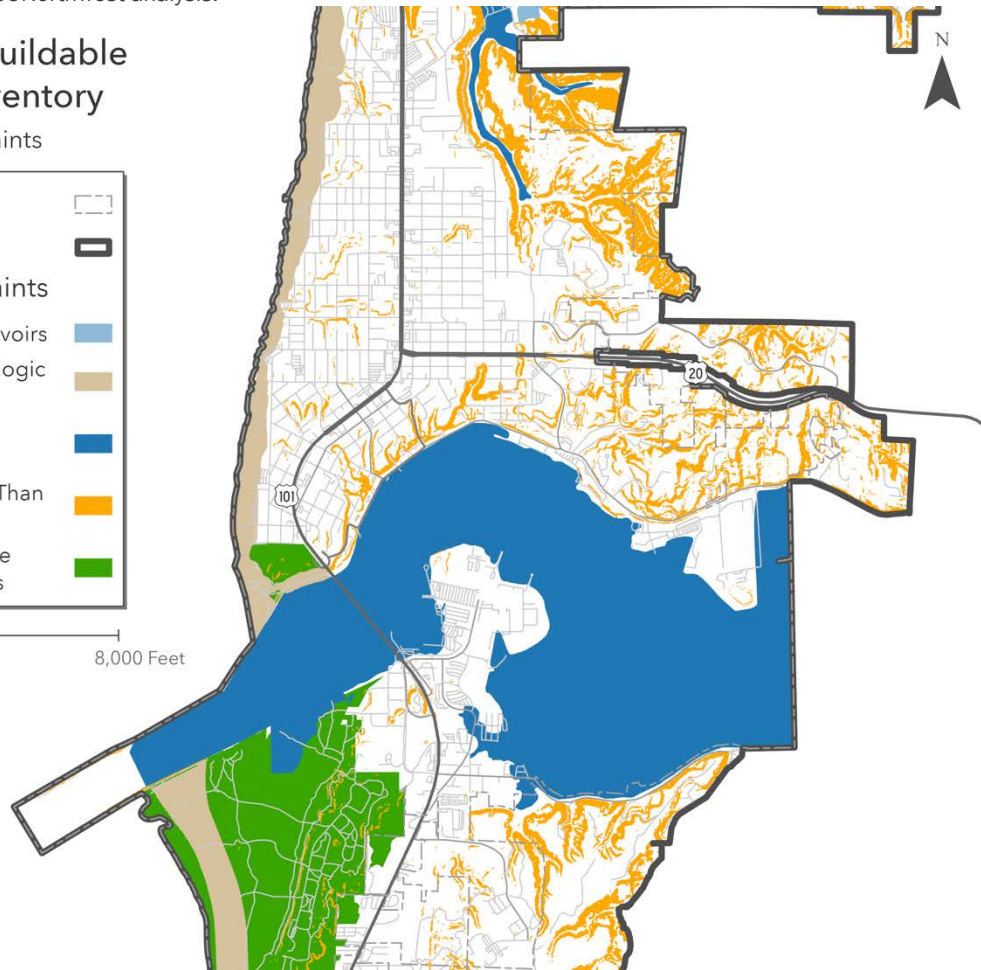
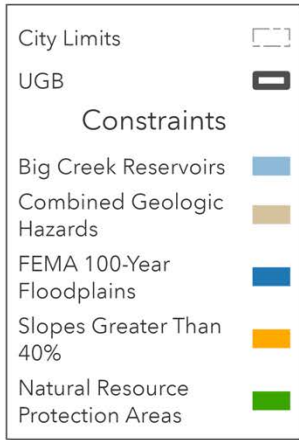


Exhibit 5. Development Constraints, Central Newport, Newport UGB, 2022
 Source: Lincoln County, ECONorthwest analysis.

Newport Buildable Lands Inventory

Constraints



Date: August 22, 2022
 Source: ECONorthwest
 City of Newport
 Lincoln County

Exhibit 6. Development Constraints, Southern Newport, Newport UGB, 2022
 Source: Lincoln County, ECONorthwest analysis.

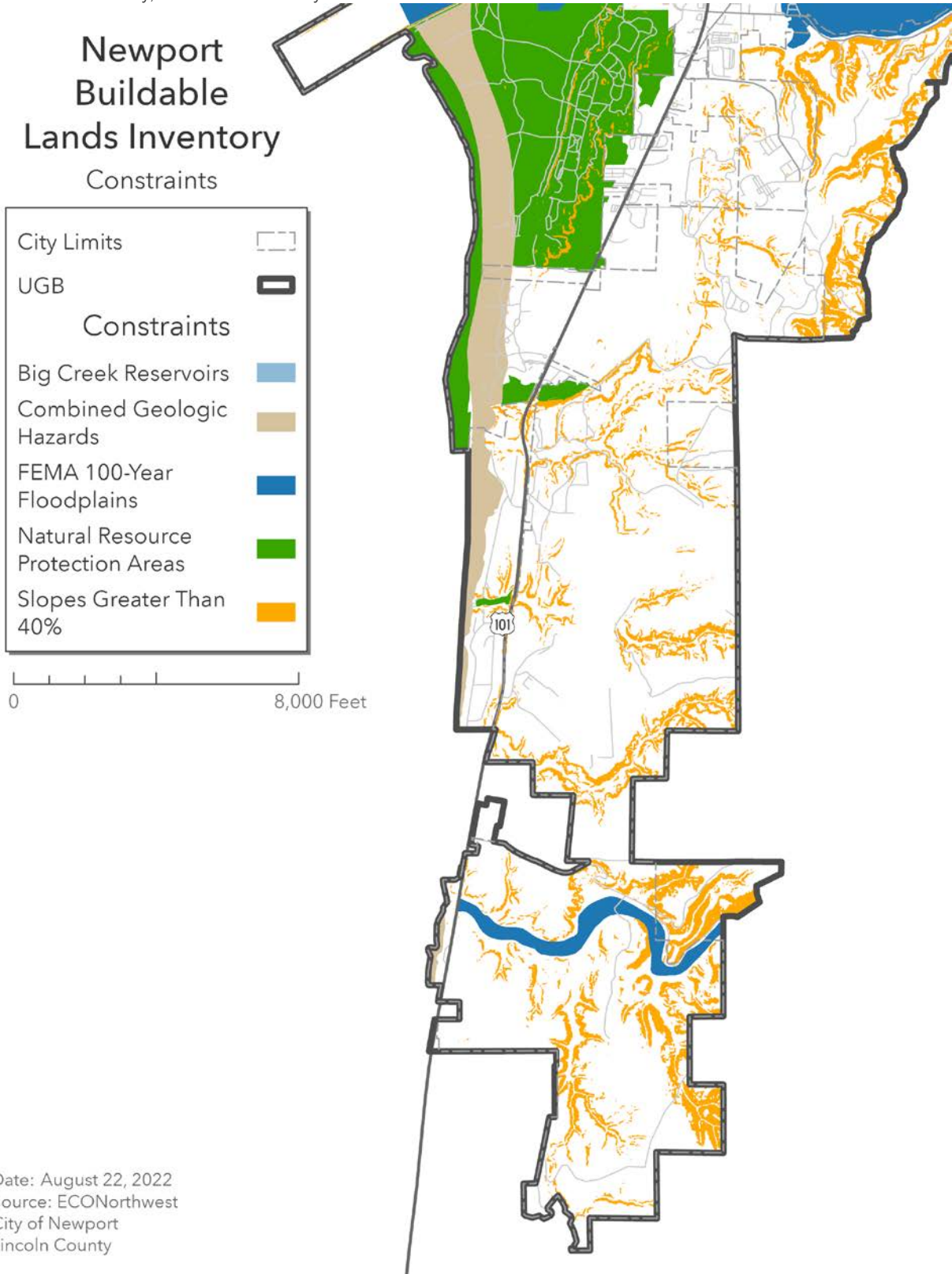
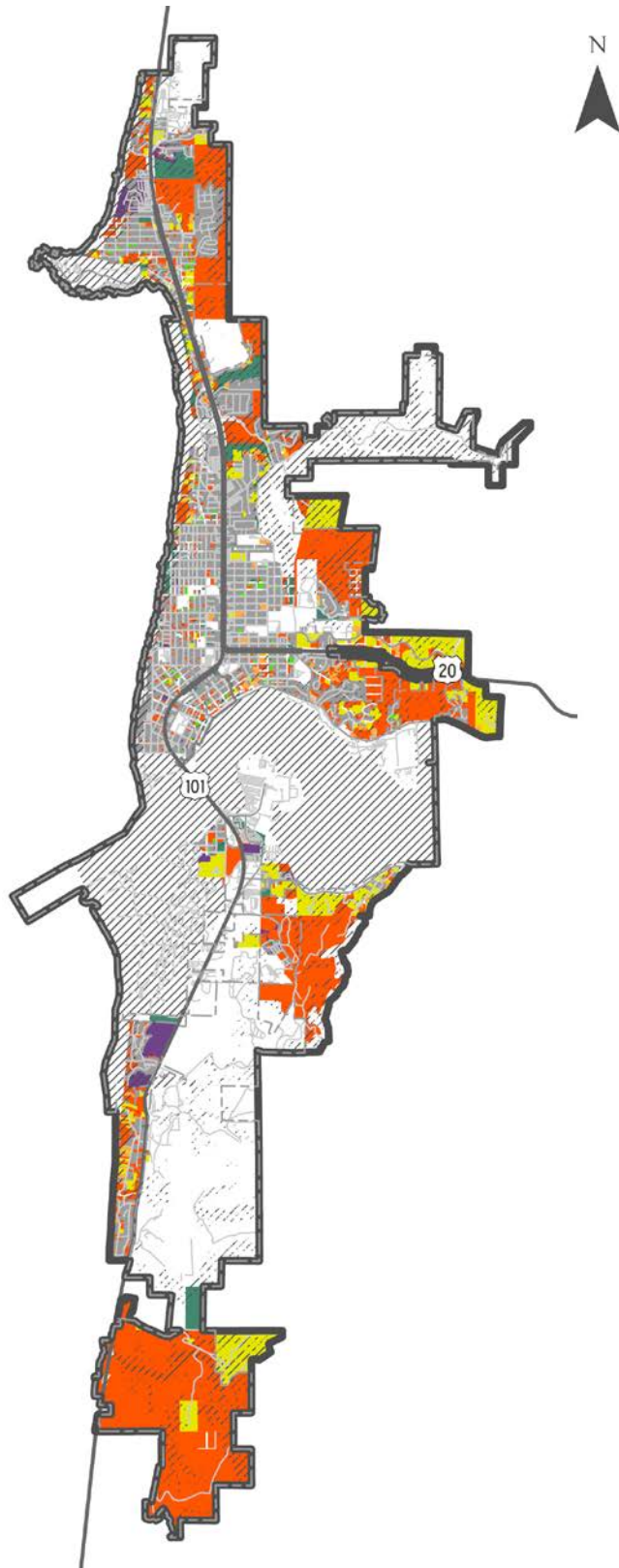
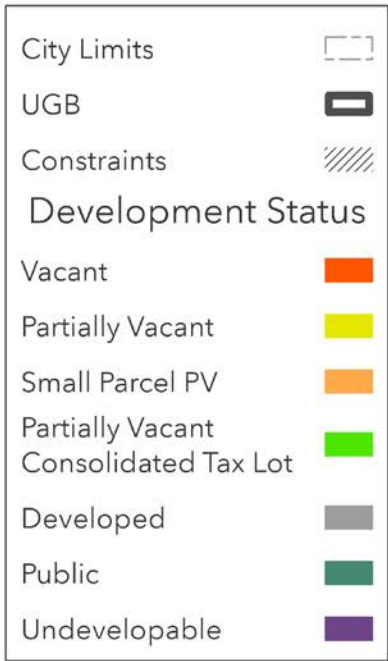


Exhibit 7. Development Status with Constraints, Newport UGB, 2022
 Source: Lincoln County, ECONorthwest analysis.

Newport Buildable Lands Inventory

Development Status



Date: August 17, 2022
 Source: ECONorthwest
 City of Newport
 Lincoln County

Exhibit 8. Development Status with Constraints, Northern Newport, Newport UGB, 2022
 Source: Lincoln County, ECONorthwest analysis.

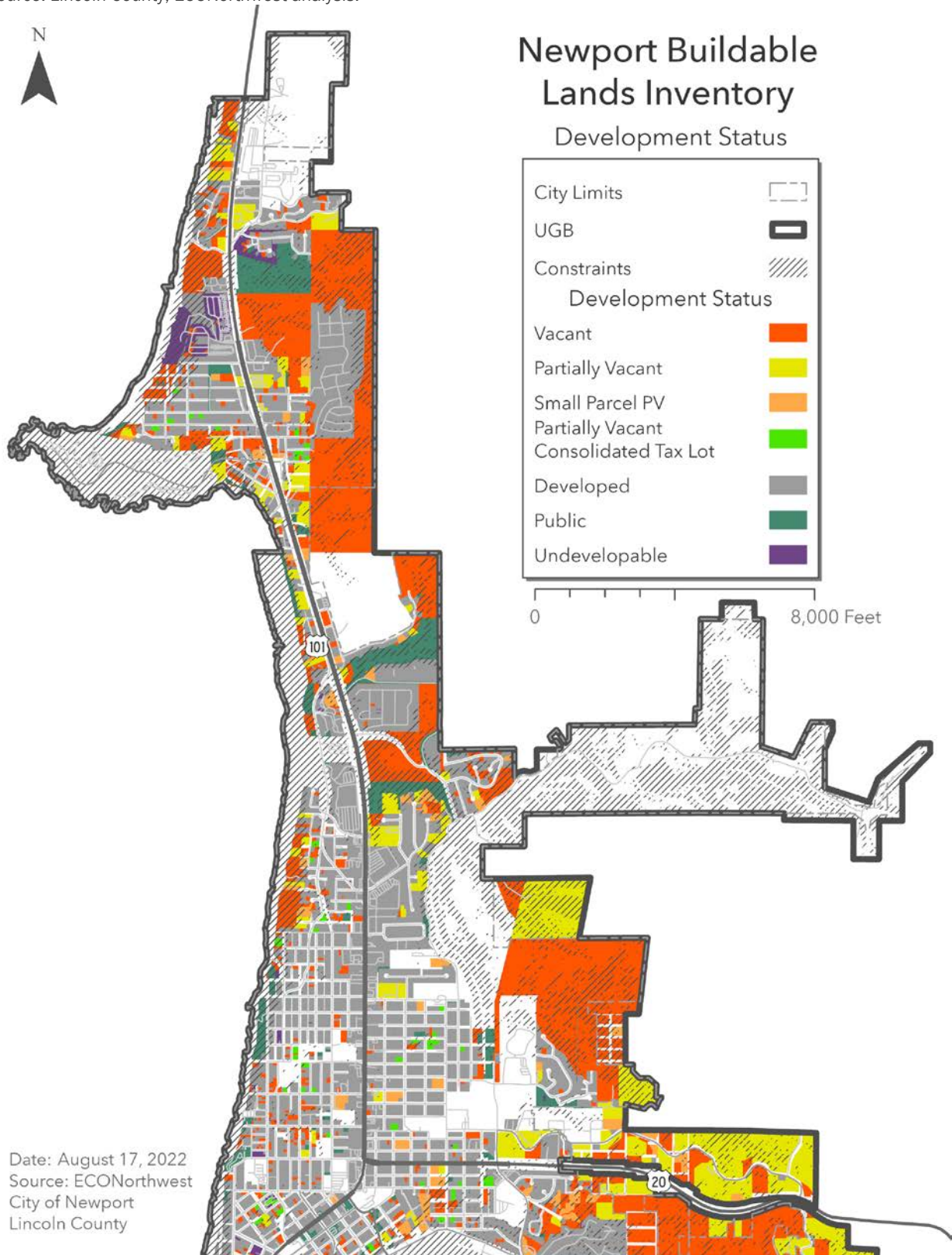


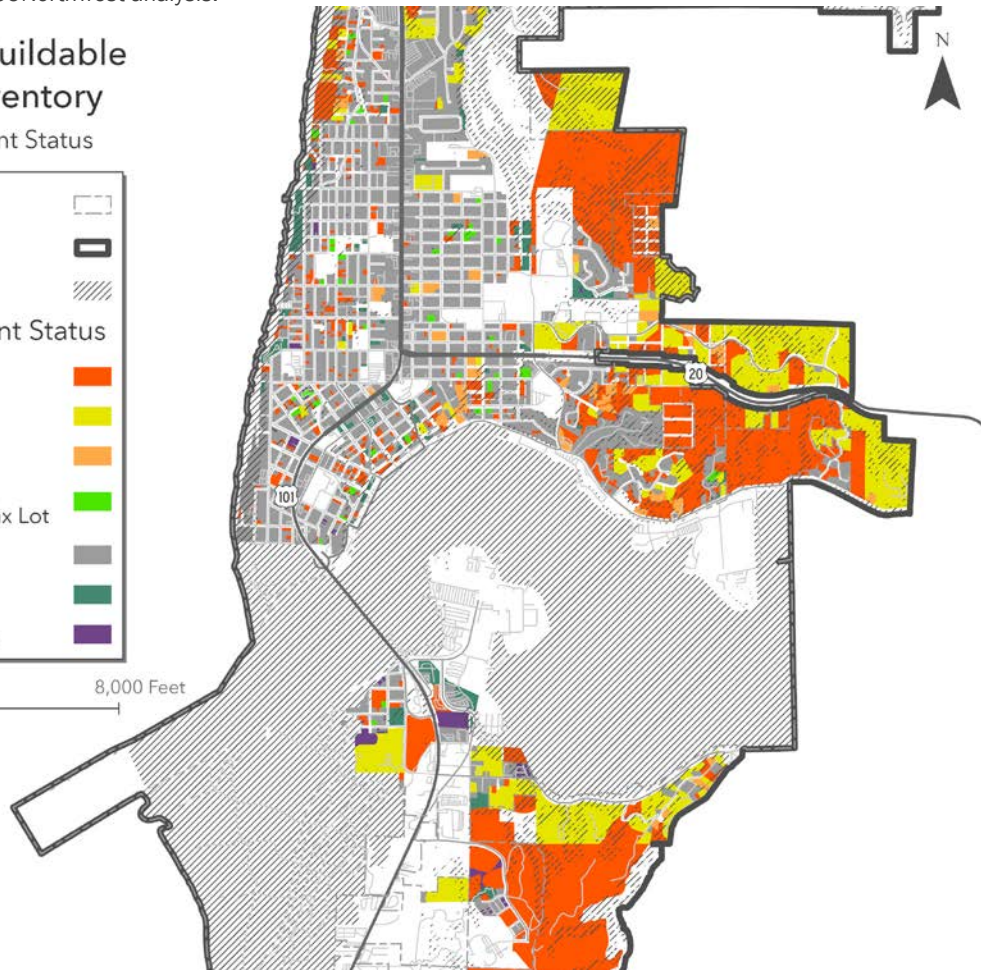
Exhibit 9. Development Status with Constraints, Central Newport, Newport UGB, 2022
 Source: Lincoln County, ECONorthwest analysis.

Newport Buildable Lands Inventory

Development Status

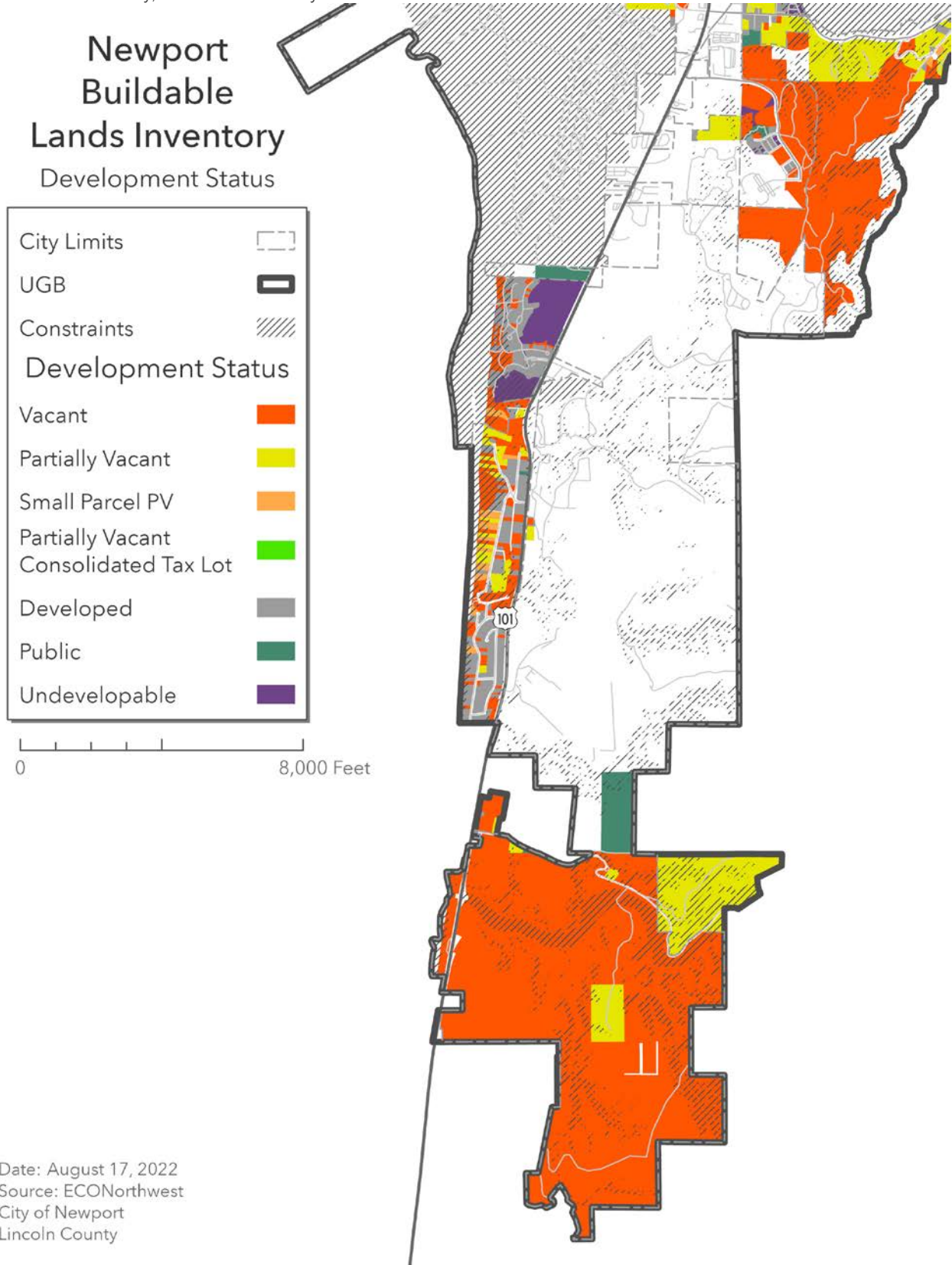
City Limits	
UGB	
Constraints	
Development Status	
Vacant	
Partially Vacant	
Small Parcel PV	
Partially Vacant Consolidated Tax Lot	
Developed	
Public	
Undevelopable	

0 8,000 Feet



Date: August 17, 2022
 Source: ECONorthwest
 City of Newport
 Lincoln County

Exhibit 10. Development Status with Constraints, Southern Newport, Newport UGB, 2022
 Source: Lincoln County, ECONorthwest analysis.



Vacant Buildable Land

Exhibit 11 shows buildable acres (i.e., acres in tax lots after constraints are deducted) for vacant and partially vacant land by plan designation.

Note that partially vacant land in the map in Exhibit 7 shows the entire tax lot as being partially vacant, without distinguishing the part of the tax lot that is not available for development. The buildable lands inventory database accounts for the portion of the tax lot that is developed (and considered unavailable for future development) and the portion of the tax lot that is vacant is shown in Exhibit 11.

Exhibit 11. Buildable Acres in Vacant/Partially Vacant Tax Lots by Plan Designation, Newport UGB, 2022

Source: Lincoln County, ECONorthwest analysis.

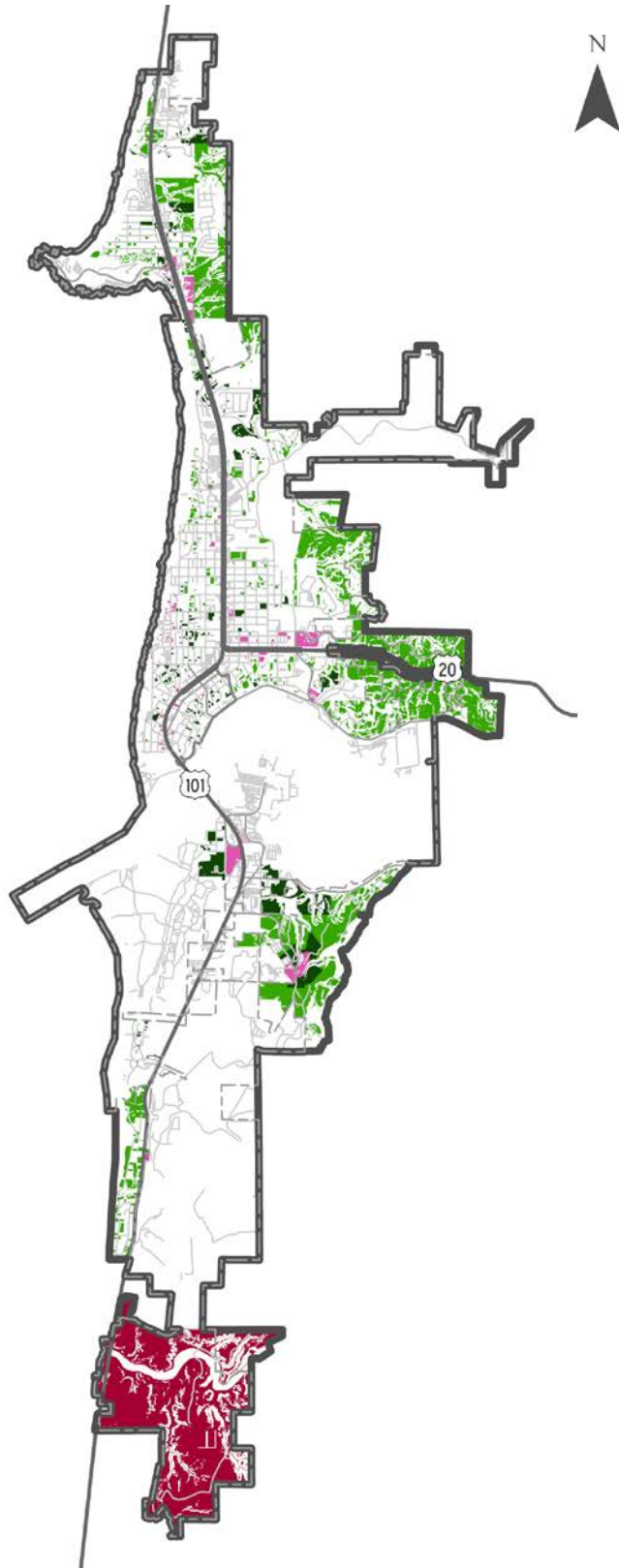
Plan Designation	Total acres	Committed acres	Constrained acres	Buildable unconstrained acres
Low Density Residential	1,657	465	501	691
High Density Residential	711	358	198	155
Planned Destination Resort Overlay	743	25	179	539
Commercial	319	228	32	59
Total	3,430	1,076	911	1,444

Exhibit 12 shows Newport’s buildable vacant and partially vacant residential land, with details shown in Exhibit 13 to Exhibit 15.

Exhibit 12. Unconstrained Vacant and Partially Vacant Residential Land, Newport UGB, 2022
 Source: Lincoln County, ECONorthwest analysis.

Newport Buildable Lands Inventory

Unconstrained Vacant and Partially Vacant by Comprehensive Plan Designation



Date: August 17, 2022
 Source: ECONorthwest
 City of Newport
 Lincoln County

Exhibit 13. Unconstrained Vacant and Partially Vacant Residential Land, Northern Newport, Newport UGB, 2022

Source: Lincoln County, ECONorthwest analysis.

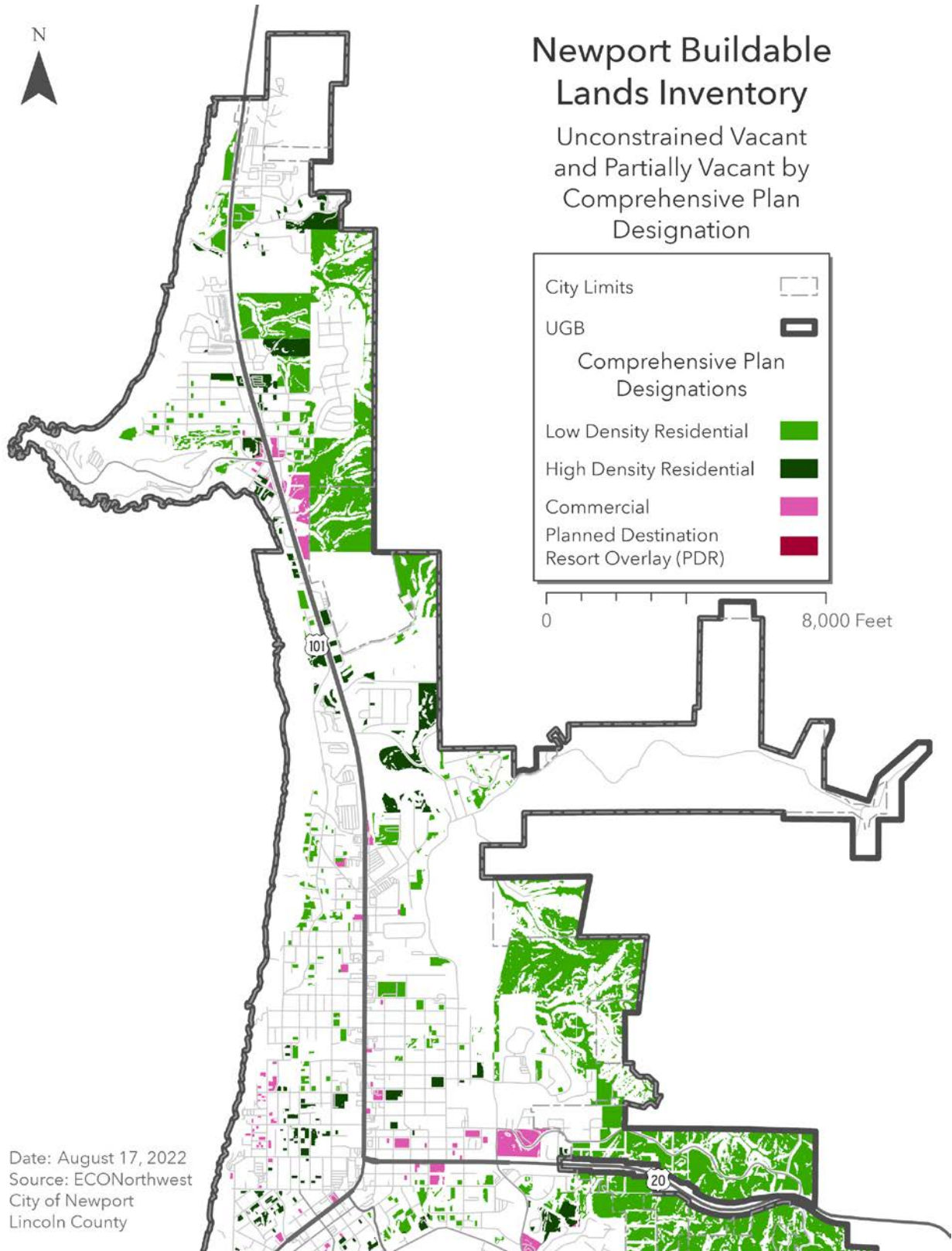
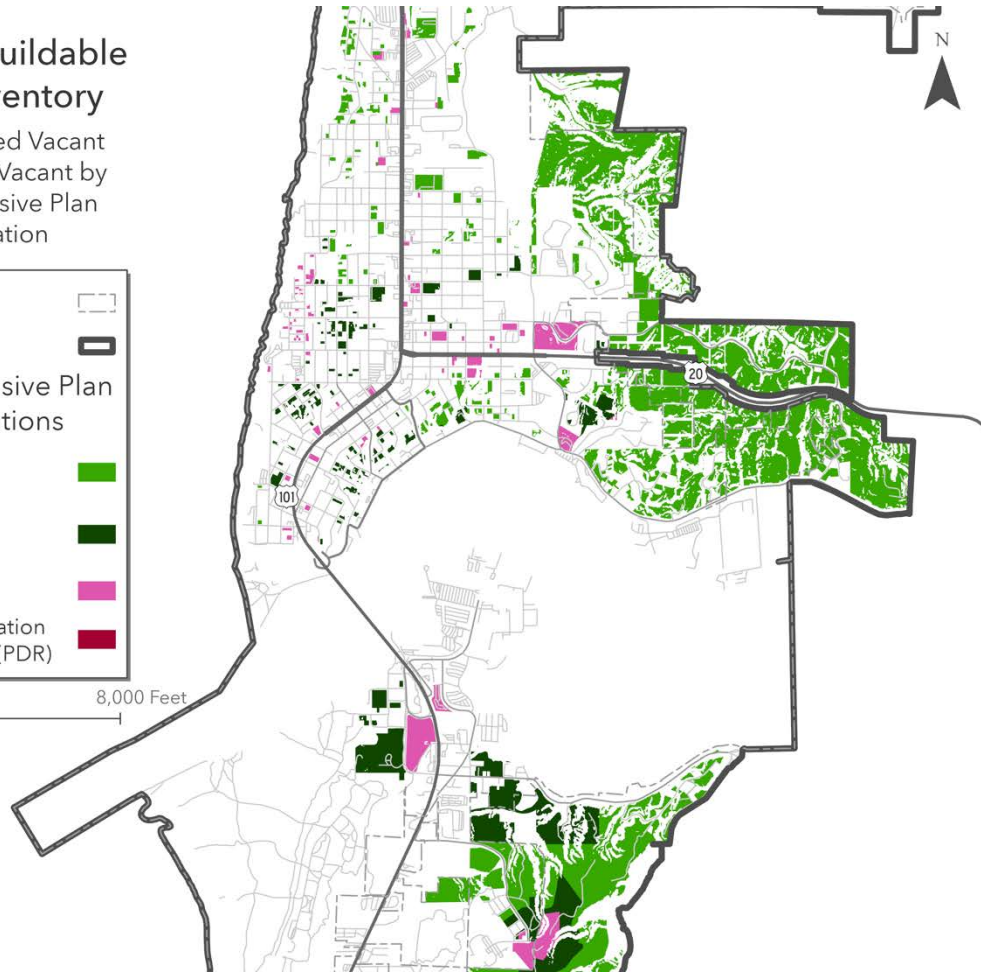


Exhibit 14. Unconstrained Vacant and Partially Vacant Residential Land, Central Newport, Newport UGB, 2022

Source: Lincoln County, ECONorthwest analysis.

Newport Buildable Lands Inventory

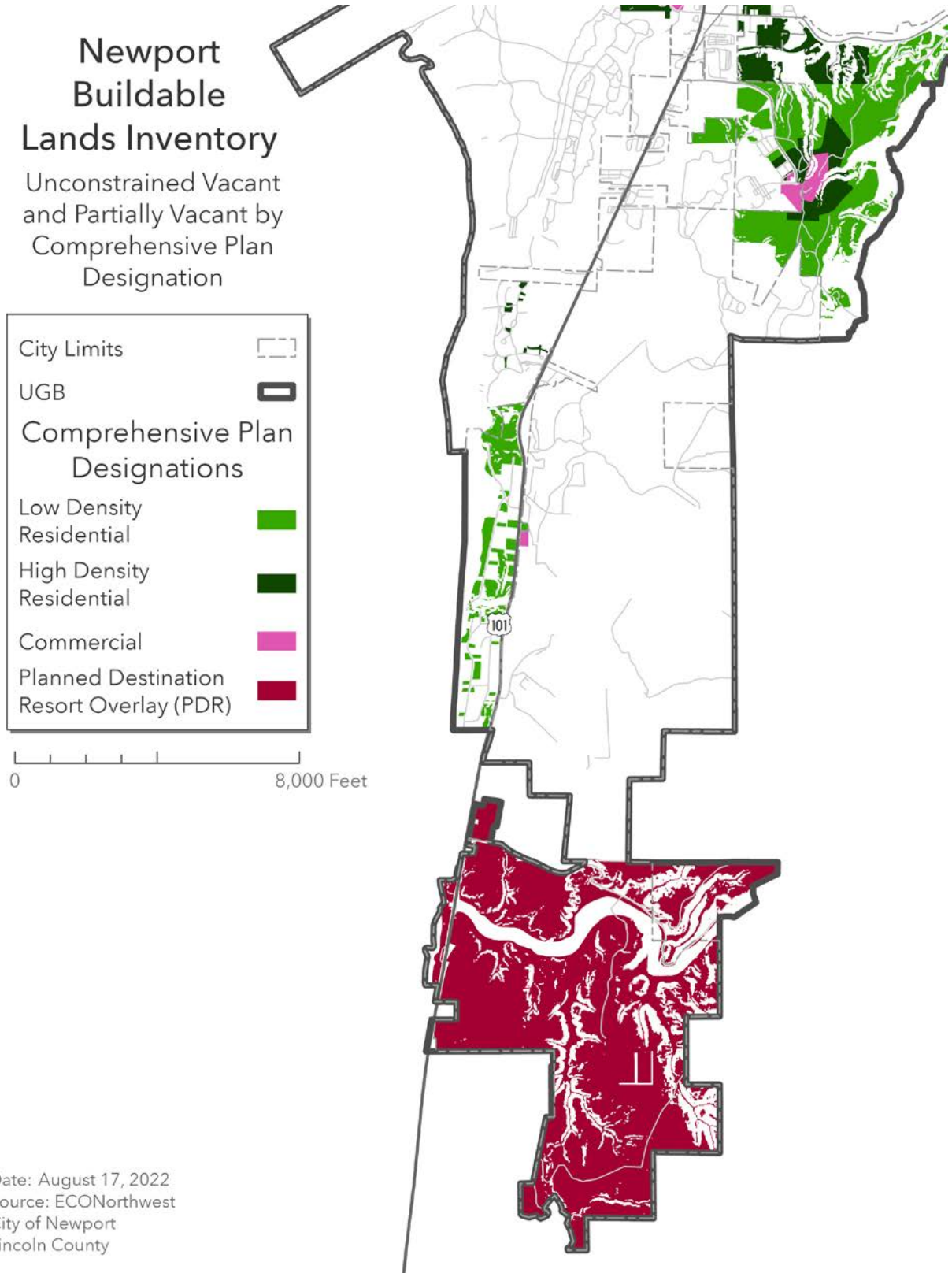
Unconstrained Vacant and Partially Vacant by Comprehensive Plan Designation



Date: August 17, 2022
 Source: ECONorthwest
 City of Newport
 Lincoln County

Exhibit 15. Unconstrained Vacant and Partially Vacant Residential Land, Southern Newport, Newport UGB, 2022

Source: Lincoln County, ECONorthwest analysis.



Date: August 17, 2022
 Source: ECONorthwest
 City of Newport
 Lincoln County

Developed Land with Existing Undeveloped Plats

Newport has some lots that have existing development but were platted to allow more housing. City staff identified 56 residential tax lots with a total acreage of 17 acres as consolidated tax lots—lots under the same ownership that have been consolidated for assessment purposes into a single tax lot. These lots all exist and can be sold individually without affecting the other existing development on the lots. ECONorthwest worked with City staff comments to determine how many vacant units were contained within each consolidated tax lot. These units and their total acreage have been pulled out of the buildable lands inventory. Exhibit 16 shows the acreage and potential unit capacity by plan designation.

Exhibit 16. Potential on Developed Land with Existing Undeveloped Plats

Source: Lincoln County, ECONorthwest analysis.

Plan Designation	Total Acres	Percent	Potential Capacity, Number of Units	Percent
High Density Residential	4	27%	23	31%
Low Density Residential	12	72%	51	68%
Commercial	0	1%	1	1%
Total	17	100%	75	100%

Constructability Analysis

Purpose

There are many large vacant sites included in the BLI that the City has identified anecdotally as potentially being difficult to serve with infrastructure. The City asked ECONorthwest to assist with an evaluation of whether key vacant and partially vacant land is feasible to develop with needed housing, given the anticipated infrastructure needs and costs—an analysis of the “constructability” of these areas. The analysis provides a rough indication of the likelihood that residential development on key vacant and partially vacant land may be financially feasible based on estimated infrastructure costs provided by City staff and estimated development potential and financial assessments by ECONorthwest.

Approach

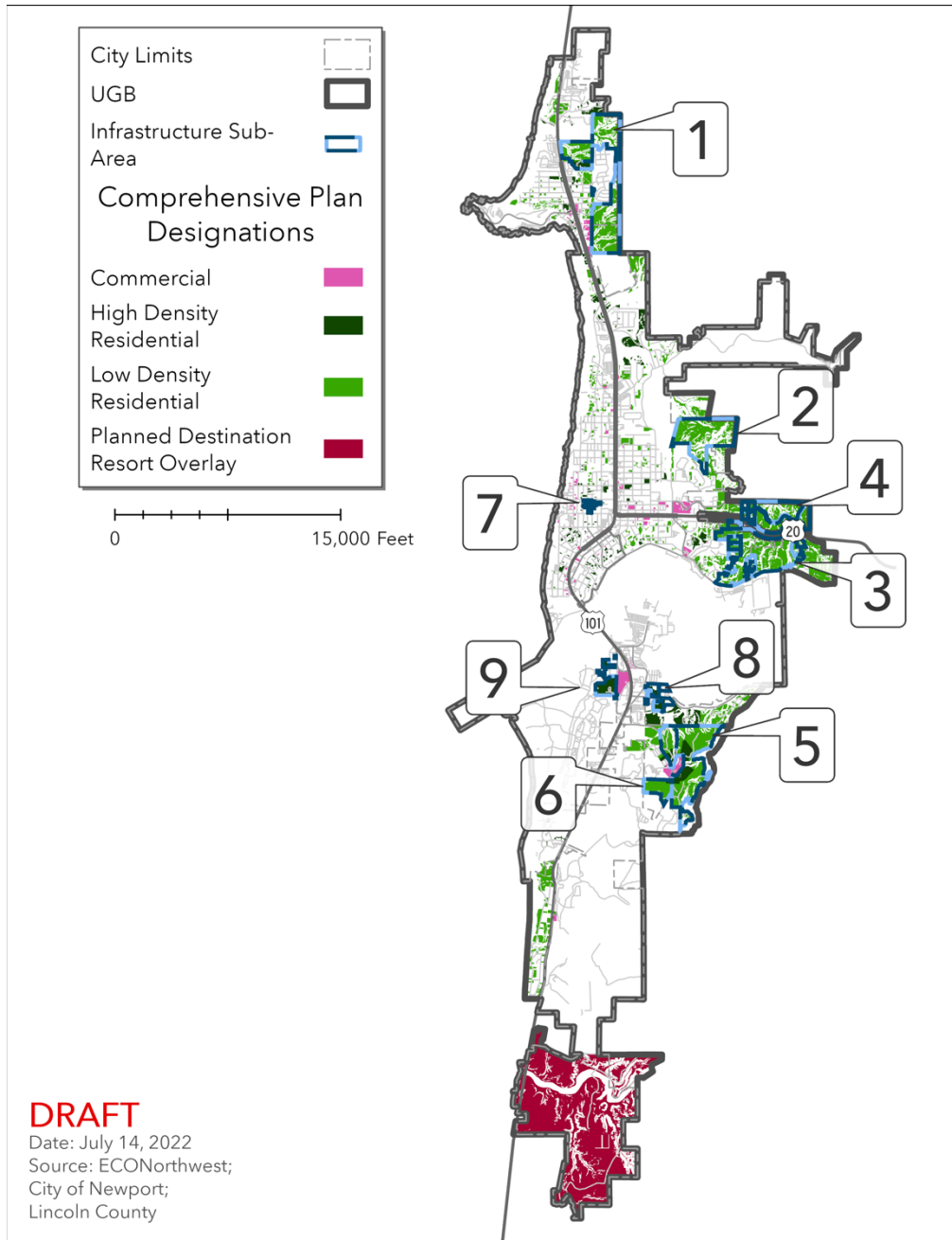
The City identified nine subareas within the Newport urban growth boundary for analysis. These subareas are identified on Exhibit 17 on the following page. Most of the largest blocks of vacant and partially vacant residential land within the UGB were included, along with several clusters of smaller infill parcels.

The analysis brings together three types of information to assess whether development is likely to be financially feasible:

1. **Infrastructure:** What is the anticipated infrastructure needs for each area, and what are the approximate costs to provide that infrastructure? This was based on assessments of infrastructure needs by City staff and planning level unit cost estimates.
2. **Development Potential:** What mix(es) of housing is/are most likely for this area? Given the net buildable areas from the Buildable Lands Inventory (BLI), the likely housing mix(es) for each area, and typical densities for each housing type, how many units could be built? In some subareas, the analysis considers multiple possible housing mix options to see whether different housing mixes could improve financial feasibility.
3. **Residual Value:** Given the estimated costs of building each type of housing on a development-ready site (construction cost to build the structure, fees, design costs, etc.) and the estimated value of the future development, how much is left over to pay for land and infrastructure while allowing a reasonable financial return for the developer?

Exhibit 17. Areas considered in the constructability analysis

Source: ECONorthwest



ECONorthwest tested a range of housing mix scenarios, with the specific mix(es) selected based on the subarea context:

- **Multifamily:** all apartments
- **High Density Residential blend (HDR blend):** a mix of apartments, townhouses, quadplexes, small single-detached houses, and some medium single-detached houses

- **Infill:** a mix of townhouses, quadplexes, small single-detached houses, and medium single-detached houses
- **Low Density Residential blend (LDR blend):** mostly small single-detached houses and medium single-detached houses with small amounts of townhouse, cottage cluster, and quadplex
- **Hillside Low Density Residential (Hillside LDR):** mostly large single-detached houses and medium single-detached houses with small amounts of small single-detached houses, townhouse, and cottage cluster

Results

The analysis showed some subareas where the estimated “residual value” of the development exceeds the estimated cost of building infrastructure, meaning that there is potential for a developer to pay for both infrastructure and land, and other areas where the infrastructure costs are higher than the development is likely to be able to afford, as shown in Exhibit 18.

- **Subarea 1**, in the Agate Beach area on the north end of the city, and **Subarea 2**, east of Newport Middle School, both have large sections that will be very costly to serve where the topography limits development potential. These areas (identified as 1B, 1C, 1D, and 2A in Exhibit 18) likely are not financially feasible to develop at the infrastructure costs estimated by the City. There are smaller sections of each area (identified as 1A and 2B in Exhibit 18) with lower infrastructure costs where development may potentially be feasible. However, 1A (located close to Highway 101), may or may not be feasible depending on the housing mix and yield on the site. While the area can support multifamily development based on its topography and location, multifamily development has relatively little ability to absorb infrastructure costs. A more balanced housing mix would increase the need for local streets within the development, increasing the infrastructure costs, but would come closer to making development feasible.
- **Subareas 3 and 4**, located on either side of Highway 20 north of Yaquina Bay, are both highly parcelized. In aggregate, the value of future development could potentially support building the needed infrastructure, though Subarea 4 faces higher costs and may not be feasible even considered as a block. Parcelization in these areas will likely reduce development potential and make development less feasible than the overall numbers suggest. In addition, the parcelization could make it more difficult for any single landowner to move forward with development if they would have to front the cost of much of the needed infrastructure without knowing if and when future development would contribute to the costs. Subarea 4 is also mostly made up of partially vacant land where property owners may have less motivation to sell undeveloped portions of the lot for development.
- **Subarea 5** (future phases of the Wilder development) and **Subarea 6** (adjacent to Subarea 5, and just south of Oregon Coast Community College) show the strongest potential to cover infrastructure costs. For Subarea 6, the fact that the property owner /

developer has owned the land for many years can provide an additional cushion because they will not have to pay current market prices for land. These areas appear to be among the most cost-effective to serve with infrastructure out of the subareas included in this analysis and are relatively large sites under common ownership.

- **Subarea 7** (located in Nye Beach), **Subarea 8** (in South Beach east of Highway 101), and **Subarea 9** (in South Beach west of Highway 101) are smaller infill areas with less infrastructure needs. However, all require some street extensions and/or frontage improvements, and Subarea 9 requires water pump upgrades. Subarea 9 costs are relatively high given its small size and may be more than development can afford. Subareas 7 and 8 appear more promising, but the fragmented ownership and potentially higher land value expectations from property owners in more central locations could still make development challenging in these areas.

Exhibit 18. Constructability Analysis Results: Housing Unit Yields and Residual Value (RV) vs. Costs per Buildable Acre by Subarea and Housing Mix Scenario

Source: ECONorthwest

Subarea	Section / Housing Mix Scenario	Buildable Acres	Total Units	RV per Buildable Acre	Infrastructure Costs per Buildable Acre	RV compared to costs
Area 1	1A: HDR blend	24.92	324	\$373,331	\$370,238	101%
	1A: Multifamily	24.92	560	\$210,545	\$326,145	65%
	1B: Hillside LDR	7.51	48	\$433,602	\$956,312	45%
	1C: Hillside LDR	8.57	55	\$439,089	\$789,424	56%
	1D: Hillside LDR	30.60	203	\$444,498	\$700,100	63%
Area 2	2A: LDR blend	65.55	491	\$434,616	\$779,756	56%
	2B: LDR blend	10.35	76	\$429,790	\$377,074	114%
Area 3	Hillside LDR*	103.98	696	\$448,721	\$375,135	120%
Area 4	Hillside LDR*	55.05	367	\$446,765	\$445,277	100%
Area 5	LDR blend	120.15	902	\$435,210	\$242,983	179%
	HDR blend	120.15	1575	\$376,005	\$185,219	203%
Area 6	LDR blend	22.38	167	\$434,330	\$281,436	154%
	HDR blend	22.38	290	\$370,225	\$223,894	165%
Area 7	Infill	1.90	23	\$492,507	\$410,981	120%
Area 8	HDR blend	9.61	124	\$369,847	\$276,140	134%
	Infill	9.61	103	\$426,302	\$229,083	186%
Area 9	HDR blend	3.86	48	\$360,044	\$491,098	73%
	Infill	3.86	41	\$419,119	\$424,343	99%

* Parcelization in these areas would likely reduce development potential and make development less likely to be feasible than the overall numbers suggest.

Orange highlighting indicates numbers that are less favorable to financial feasibility compared to the average, while teal highlighting indicates numbers that are more favorable to financial feasibility compared to the average.

3. Historical and Recent Development Trends

Analysis of historical development trends in Newport provides insight into the functioning of the local housing market. The mix of housing types and densities, in particular, are key variables in forecasting the capacity of residential land to accommodate new housing and to forecast future land need.

This Housing Capacity Analysis examines changes in Newport’s housing market from 2000 to 2019, as well as residential development from 2012 to 2021. We selected this period because (1) Newport last adopted its Housing Element in 2011; (2) the period provides information about Newport’s housing market before and after the national housing market bubble’s growth, deflation, and the more recent increase in housing costs; and (3) data about Newport’s housing market during this period is readily available from sources such as the Census and the City building permit database.

For the purposes of this study, we grouped housing types based on (1) whether the structure is stand-alone or attached to another structure and (2) the number of dwelling units in each structure. The housing types used in this analysis are consistent with needed housing types as defined in ORS 197.303:⁴

- **Single-family detached** includes single-family detached units, manufactured homes on lots and in mobile home parks, and accessory dwelling units. Single-family detached also includes cottage cluster housing.
- **Single-family attached** are all structures with a common wall where each dwelling unit occupies a separate lot, such as row houses or town houses.
- **Multifamily with 2 to 4 units** are attached structures such as duplexes, triplexes, and quadplexes.
- **Multifamily with 5 or more units** are attached structures with five or more units per structure.

In Newport, government-assisted housing (ORS 197.303[b]) and housing for farmworkers (ORS 197.303[e]) can be any of the housing types listed above. Analysis within this report discusses housing affordability at a variety of incomes, as required in ORS 197.303.

⁴ ORS 197.303 defines needed housing as “all housing on land zoned for residential use or mixed residential and commercial use that is determined to meet the need shown for housing within an urban growth boundary at price ranges and rent levels that are affordable to households within the county with a variety of incomes.”

Data Used in This Analysis

Throughout this analysis (including the subsequent Chapter 4) we used data from multiple well-recognized and reliable data sources. One of the key sources for housing and household data is the U.S. Census. This report primarily uses data from three Census sources:⁵

- The **Decennial Census**, which is completed every ten years and is a survey of *all* households in the U.S. The Decennial Census does not collect more detailed household information, such as income, housing costs, housing characteristics, and other important household information.
- The **American Community Survey (ACS)**, which is completed every year and is a *sample* of households in the U.S. The ACS collects detailed information about households, including demographics (e.g., number of people, age distribution, ethnic or racial composition, country of origin, language spoken at home, and educational attainment), household characteristics (e.g., household size and composition), housing characteristics (e.g., type of housing unit, year unit built, or number of bedrooms), housing costs (e.g., rent, mortgage, utility, and insurance), housing value, income, and other characteristics. The most up-to-date ACS data available for this report was for the 2015-2019 period.
- **Comprehensive Housing Affordability Strategy (CHAS)**, which is custom tabulations of American Community Survey (ACS) data from the US Census Bureau for the US Department of Housing and Urban Development (HUD). CHAS data show the extent of housing problems and housing needs, particularly for low-income households. CHAS data are typically used by local governments as part of their consolidated planning work to plan how to spend HUD funds and for HUD to distribute grant funds. The most up-to-date CHAS data covers the 2014-2018 period, which is a year older than the most recent ACS data for the 2015-2019 period.
- **Property Radar**, which provides real estate sales data.

This report primarily uses data from the 2015-2019 ACS for Newport and comparison areas.⁶ Where information is available and relevant, we report information from the 2000 and 2010

⁵ It is worth commenting on the methods used for the American Community Survey. The American Community Survey (ACS) is a national survey that uses continuous measurement methods. It uses a sample of about 3.54 million households to produce annually updated estimates for the same small areas (census tracts and block groups) formerly surveyed via the decennial census long-form sample. It is also important to keep in mind that all ACS data are estimates that are subject to sample variability. This variability is referred to as “sampling error” and is expressed as a band or “margin of error” (MOE) around the estimate.

This report uses Census and ACS data because, despite the inherent methodological limits, they represent the most thorough and accurate data available to assess housing needs. We consider these limitations in making interpretations of the data and have strived not to draw conclusions beyond the quality of the data.

⁶ Five-year 2020 ACS data was not available when this report was compiled.

Decennial Census.⁷ Among other data points, this report also includes data from Oregon’s Housing and Community Services Department, the US Department of Housing and Urban Development, and the City of Newport.

The foundation of the Housing Capacity Analysis is the population forecast for Newport from the Oregon Population Forecast Program. The forecast is prepared by the Portland State University Population Research Center.

Trends in Housing Mix

This section provides an overview of changes in the mix of housing types in Newport and compares Newport to Lincoln County and to Oregon. These trends demonstrate the types of housing developed in Newport historically. Unless otherwise noted, this chapter uses data from the 2000 and 2010 Decennial Census and the 2015-2019 American Community Survey 5-Year Estimates.

This section shows the following trends in housing mix in Newport:

- **Newport’s housing stock is predominantly single-family detached housing units.** Sixty-four percent of Newport’s housing stock is single-family detached; 16% is multifamily (with five or more units per structure); 13% is duplexes, triplexes, or quadplexes; and 7% is single-family attached (e.g., town houses).
- **Since 2000, Newport’s housing mix has remained relatively static.** Newport’s housing stock grew by about 15% (about 773 new units) between 2000 and the 2015-2019 period.
- **Single-family detached housing accounted for most of the new housing permitted in Newport between 2012 and 2021.** About 87% of new units permitted were for single-family units and 13% were for multifamily units.

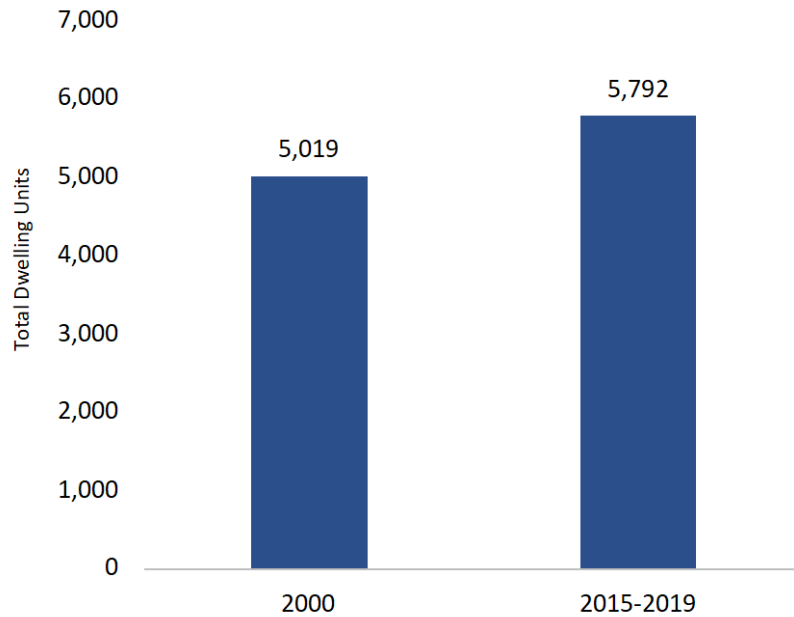
⁷ The 2020 Census was completed at the end of 2020. However, extenuating circumstances brought on by the COVID-19 pandemic has led to some challenges with the data. The 2020 Decennial Census data is more limited than usual as a result of the COVID-19 pandemic. Where appropriate, this report uses 2015-2019 ACS data, rather than 2020 Decennial Census data, for up-to-date information.

Housing Mix

The total number of dwelling units in Newport increased by 15% from 2000 to 2015-2019.

Newport added 773 new dwelling units during this time period.

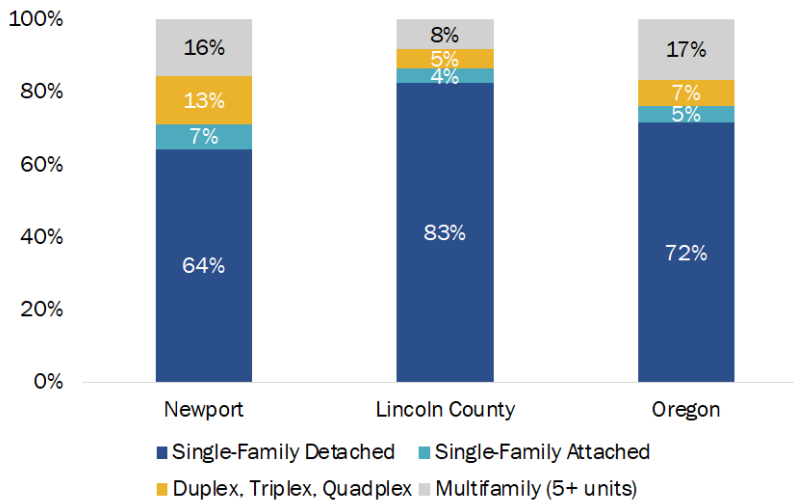
Exhibit 19. Total Dwelling Units, Newport, 2000 and 2015-2019
Source: US Census Bureau, 2000 Decennial Census, SF3 Table H030, and 2015-2019 ACS Table B25024.



About 64% of Newport's housing stock was single-family detached housing.

Newport had a larger share of multifamily housing types than Lincoln County.

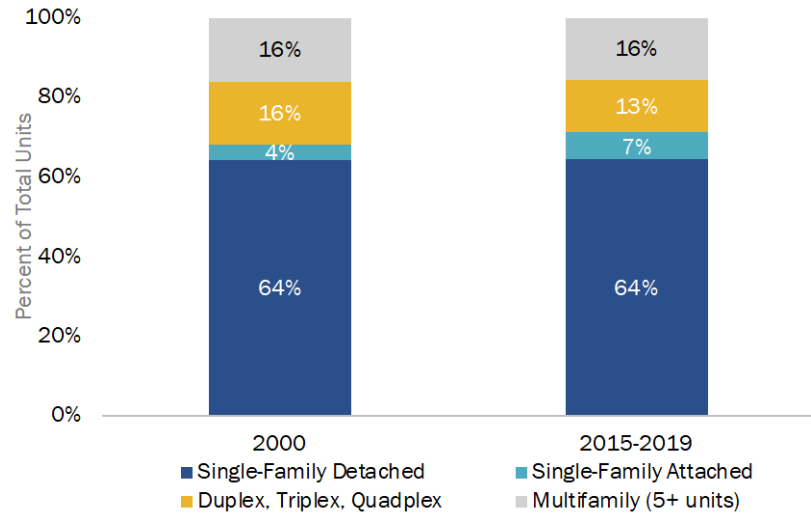
Exhibit 20. Housing Mix, Newport, Lincoln County, and Oregon, 2015-2019
Source: US Census Bureau, 2015-2019 ACS Table B25024.



The mix of housing in Newport stayed relatively stable between 2000 and 2015-2019.

Exhibit 21. Change in Housing Mix, Newport, 2000 and 2015-2019

Source: US Census Bureau, 2000 Decennial Census, SF3 Table H030, and 2015-2019 ACS Table B25024.

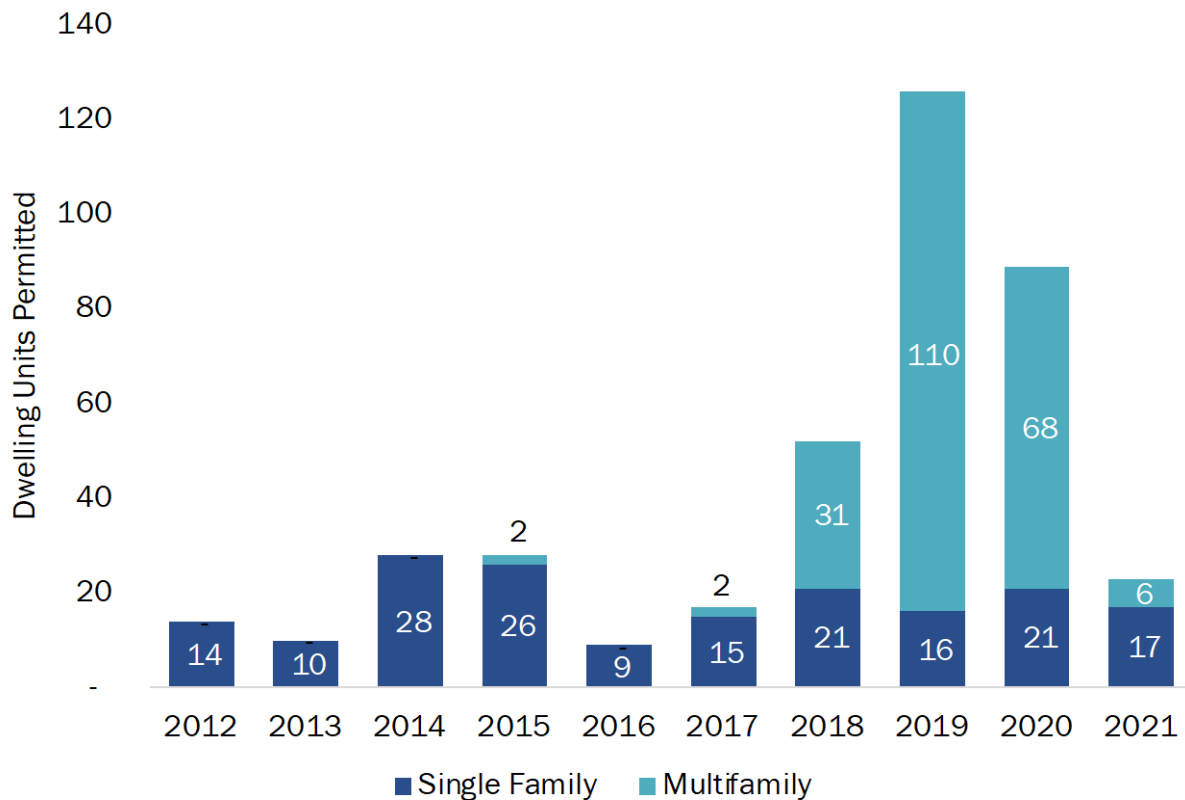


Building Permits

Over the 2012 to 2021 period, Newport issued permits for 396 dwelling units, with an annual average of 40 permits issued. Of the 396 permits, about 45% were for single-family units, 55% were for multifamily units.⁸ Twenty-three of these permits or 6% were to replace an existing dwelling unit. The development of new multifamily housing since 2018 is a considerable departure from development trends between 2008 and 2017, a nearly 20-year period when nearly no multifamily housing was developed.⁹

Exhibit 22. Building Permits Issued for New Residential Construction by Type of Unit, Newport, 2012 through 2021

Source: City of Newport, Permit Database.



⁸ This analysis does not differentiate between single-family detached and single-family attached units because Newport's building permit database combines them into one category: single family. Accessory dwelling units (ADUs) are also included in single family.

⁹ The *Newport Housing Needs Analysis* (2011) documents building permit information for 2008 to 2010.

Trends in Tenure

Housing tenure describes whether a dwelling is owner or renter occupied. This section shows:

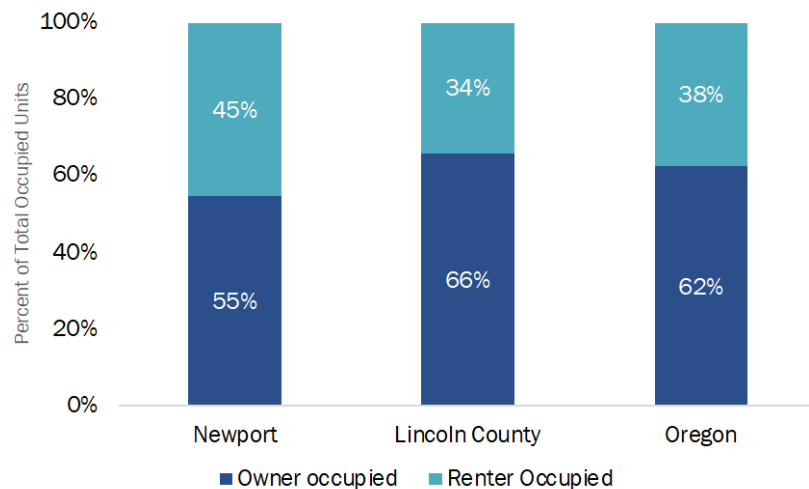
- **Homeownership rates in Newport were lower than Lincoln County’s and Oregon’s rates.** About 55% of Newport’s households own their home. In comparison, 66% of Lincoln County households and 62% of Oregon households are homeowners.
- **Homeownership rates in Newport increased slightly between 2000 and 2015-2019.** In 2000, 52% of Newport households were homeowners, compared to 55% in 2015-2019.
- **Most of Newport’s homeowners (90%) live in single-family detached housing, while more than half of renters (55%) lived in multifamily housing** (including units in duplexes, triplexes, quadplexes, and housing with five or more units per structure).
- **Whites were more frequently homeowners than Latino or POC households.**

The implications for the forecast of new housing are that Newport has a balance of opportunities for homeownership and for renting. Relatively few multifamily housing types (including duplexes) were owner occupied, which combined with information about housing affordability in Chapter 4 may suggest a need for homeownership opportunities for a wider range of housing types, such as townhouses, cottage housing, and duplexes, triplexes, and quadplexes.

Newport had a lower homeownership rate than Lincoln County and Oregon.

Exhibit 23. Tenure, Occupied Units, Newport, Lincoln County, and Oregon, 2015-2019

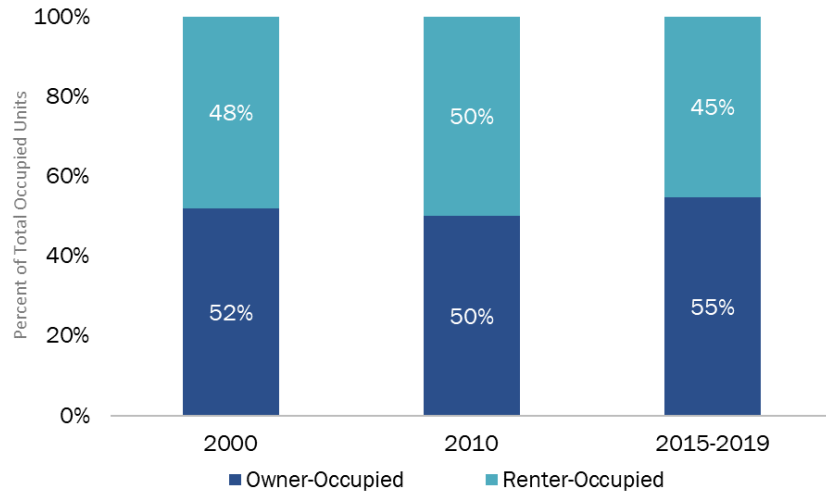
Source: US Census Bureau, 2015-2019 ACS 5-Year Estimates, Table B25003.



The homeownership rate in Newport increased by 3% from 2000 to 2015-2019.

Exhibit 24. Tenure, Occupied Units, Newport, 2000, 2010, 2015-2019

Source: US Census Bureau, 2000 Decennial Census SF1 Table H004, 2010 Decennial Census SF1 Table H4, 2015-2019 ACS Table B25003.



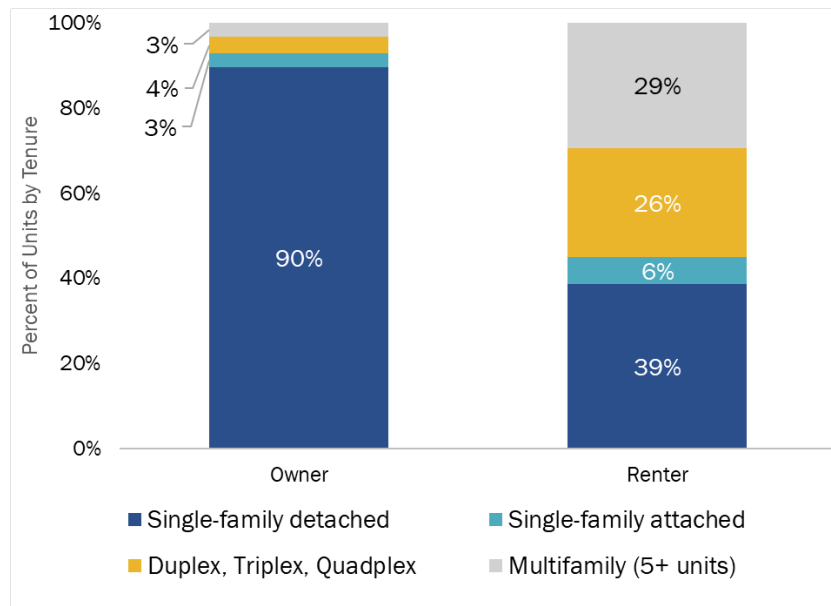
Nearly all of Newport’s homeowners (90%) lived in single-family detached housing.

In comparison, only 39% of Newport households that rent lived in single-family detached housing.

A quarter of renters lived in duplex, triplex, or quadplex housing, and nearly a third of renters lived in multifamily (5+ units) housing.

Exhibit 25. Housing Units by Type and Tenure, Newport, 2015-2019

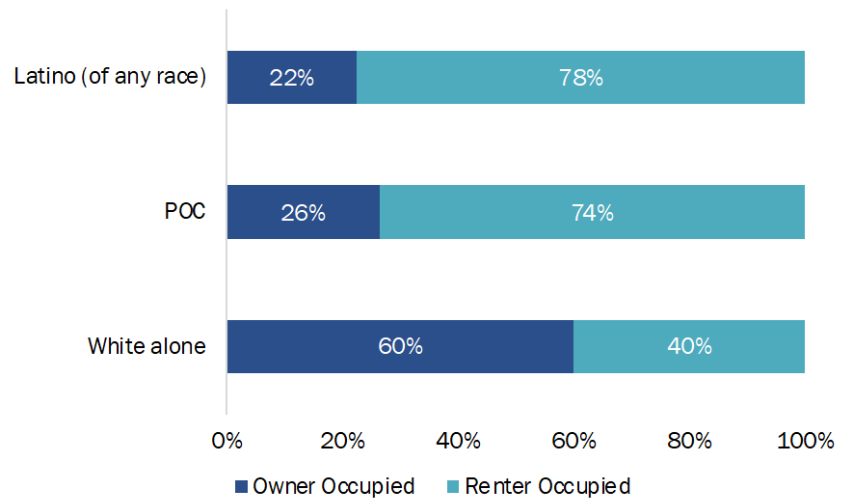
Source: US Census Bureau, 2015-2019 ACS Table B25032.



Latino and POC households were more likely to be renters than White, alone households.

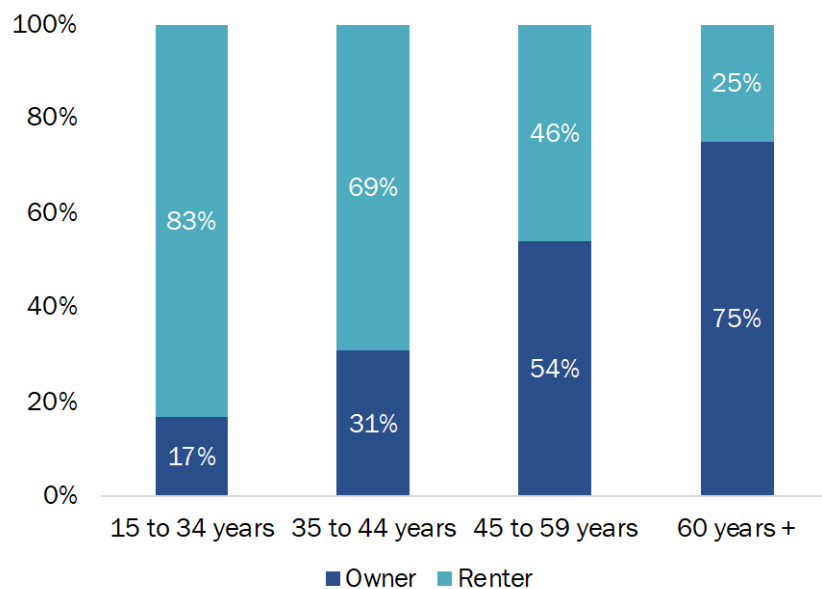
While 60% of White alone households owned their homes. In comparison fewer than a quarter of POC and about one-fifth of Latinos were homeowners.

Exhibit 26. Tenure by Race and by Ethnicity, Newport, 2015-2019
Source: US Census Bureau, 2015-2019 ACS Table B25003A-I.



The homeownership rate in Newport increased with age. In Newport, about 68% of householders 45 years or older owned their homes (2,255 homeowners vs 1,085 renters). This pattern is consistent with statewide trends in homeownership.

Exhibit 27. Tenure by Age of the Head of Household, Newport, 2015-2019
Source: US Census Bureau, 2015-2019 ACS Table B25007.



Vacancy Rates

Housing vacancy is a measure of housing that is available to prospective renters and buyers. It is also a measure of unutilized housing stock. The Census defines vacancy as "unoccupied housing units . . . determined by the terms under which the unit may be occupied, e.g., for rent, for sale, or for seasonal use only." The Census identified vacancy through an enumeration, separate from (but related to) the survey of households. Enumerators are obtained using information from property owners and managers, neighbors, rental agents, and others.

According to the 2015-2019 American Community Survey, the vacancy rate in Newport was 19.9%, compared to 32.4% for Lincoln County and 8.9% for Oregon. The majority of vacant housing in Newport was vacant for seasonal, recreational, or occasional use, which is consistent with vacancies in coastal communities, which have a larger share of second homes and short-term rentals.

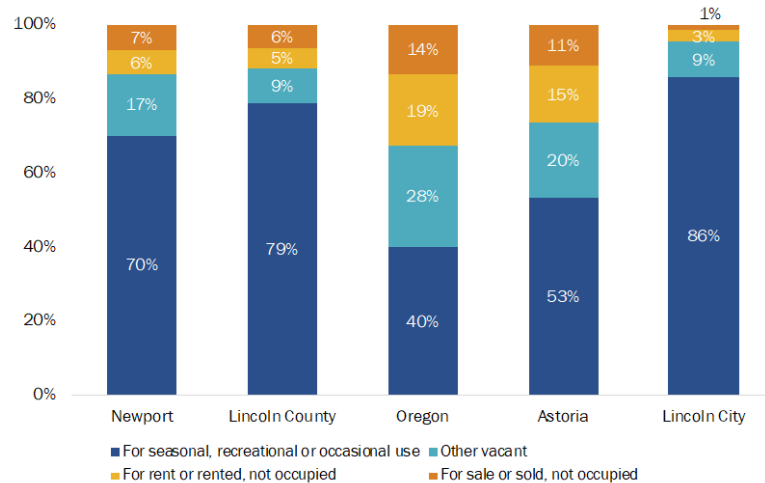
About 2.6% of Newport’s existing units (153 units) were vacant for rent or for sale in 2015-2019. About 14% of Newport’s existing units (811 units) were vacant for seasonal, recreational, or occasional use.

Newport had 1,155 vacant units in the 2015-2019 period or a nearly 20% vacancy rate for all dwellings in Newport.

Of the 1,155 vacant units 70% were for seasonal, recreational, or occasional use (e.g., short-term rentals or vacation homes). About 17% were classified as “other.”¹⁰

Exhibit 28. Vacancy by Reason, as a percent of total vacant units, Newport 2015-2019

Source: ACS 2015-2019 5 Year Estimates, Table B25004



¹⁰ According to the Census, a housing unit is classified as “other vacant” when it does not fit into any other year-round vacant category. Common reasons a housing unit is labeled as “other vacant” includes when a unit is vacant for repairs or renovations, a unit is being held for settlement of an estate, owner does not want to rent or sell, unit is being used for storage, or the owner is elderly and living elsewhere. This category can also include foreclosed properties.

As of 2015-2019, about 14% of Newport's vacant dwelling units were vacant for seasonal, recreational, or occasional use (e.g., short-term rentals or vacation homes) compared to 8.7% in 2000.

Exhibit 29. Vacancy for Seasonal, Recreational, or Occasional Use, Newport, 2000 and 2015-2019

Source: U.S. Census Bureau, 2000 Decennial Census SF1 Table H005¹¹, 2015-2019 ACS Table B25004.

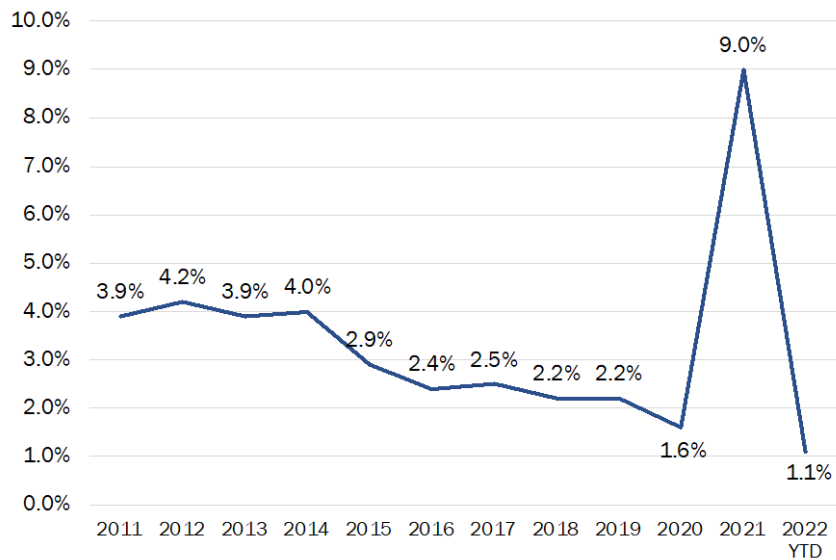
2000	437 Units	8.7% Share of Total Dwelling Units
2015-2019	811 Units	14.0% Share of Total Dwelling Units

Newport's multifamily vacancy rate was 1.6% in 2020, down from 3.8% in 2010. In 2021 it spiked to 9.0% before coming back down to 1.1% at the beginning of 2022.

In 2020 and 2021, 176 multifamily units were completed and newly available for occupancy. The increased vacancy rate in 2021 was likely the result of absorption of the new units. This is the typical pattern for absorption of a relatively large number of new multifamily units.

Exhibit 30. Average Multifamily Vacancy Rate, Newport, 2011–2022 YTD

Source: CoStar. March 2022.



¹¹ Census Table SF1 H005 is reported in the 2000 Decennial Census, but not in the 2010 Decennial Census.

Government-Assisted Housing

Governmental agencies and nonprofit organizations offer a range of housing assistance to low and moderate-income households in renting or purchasing a home. There are 9 government-assisted housing developments in Newport with a total of 359 dwelling units.

Exhibit 31. Government-Assisted Housing, Newport, 2020

Source: Oregon Department of Health and Human Services, Affordable Housing Inventory in Oregon, July 2019

Note: City of Newport provided information on Surfview Village which was completed in 2020

Note: bedroom size data not available for Agate Heights Apts.

Development Name	Total Units	Unit Size					
		SRO	Studio	1-bd	2-bd	3-bd	4-bd
Agate Heights Apts	44	-	-	-	-	-	-
Big Creek Point Apts	47	-	-	41	6	-	-
Mariner Heights Apts	16	-	-	16	-	-	-
Newport North & South Apts	20	-	-	-	4	10	6
Ocean Spray Homes	28	-	8	16	2	2	-
Pinewood Manor	45	-	19	20	6	-	-
Surfview Village	110	-	-	24	42	44	-
Salmon Run	40	-	-	-	22	18	-
Yaquina Breeze	9	-	-	9	-	-	-
Total	359	-	27	126	82	74	6

Just over a third (35%) of the 359 dwelling units are units with one-bedroom. About 162 of Newport's rent-restricted dwelling units (46%) were larger units with two-, three-, or four-bedrooms Newport had approximately 5,792 dwelling units in the 2015-2019 period. Rent-restricted units accounted for about 6% of Newport's total housing stock.

Exhibit 32. Government-Assisted Housing, Newport, 2020

Source: Oregon Department of Health and Human Services, Affordable Housing Inventory in Oregon, July 2019. City of Newport

Note: SRO means single-room occupancy.

	Unit Size							Total
	Unknown	SRO	Studio	1-bd	2-bd	3-bd	4-bd	
Rent-Restricted Units	44	-	27	126	82	74	6	359
Share of Total Units	12%	0%	8%	35%	23%	21%	2%	100%

Manufactured Homes

Manufactured homes provide a source of affordable housing in Newport. They provide a form of homeownership that can be made available to low and moderate-income households. Cities are required to plan for manufactured homes—both on lots and in parks (ORS 197.475-492).

Generally, manufactured homes in parks are owned by the occupants who pay rent for the space. Monthly housing costs are typically lower for a homeowner in a manufactured home park for several reasons, including the fact that property taxes levied on the value of the land are paid by the property owner, rather than the manufactured homeowner. The value of the manufactured home generally does not appreciate in the way a conventional home would, however. Manufactured homeowners in parks are also subject to the mercy of the property owner in terms of rent rates and increases. It is generally not within the means of a manufactured homeowner to relocate to another manufactured home to escape rent increases. Homeowners living in a park is desirable to some because it can provide a more secure community with on-site managers and amenities, such as laundry and recreation facilities.

OAR 197.480(4) requires cities to inventory the mobile home or manufactured dwelling parks sited in areas planned and zoned or generally used for commercial, industrial, or high-density residential development.

Exhibit 33 presents the inventory of mobile and manufactured home parks within Newport as of 2021. Newport has 5 manufactured home parks within its UGB. Within these parks, there are a total of 294 spaces.

Exhibit 33. Inventory of Mobile/Manufactured Home Parks, Newport UGB, 2021

Source: Oregon Manufactured Dwelling Park Directory.

Name	Location	Type	Total Spaces	Vacant Spaces	Comprehensive Plan Designation
Longview Hills Manufactured Housing Community - LNC0011	450 NE 58th St	55+	176	2	Low Density Residential
Mulkey's Trailer Park - LNC0012	145 NW 6th St	55+	16	2	Commercial
Surfside Community - LNC0023	392 NW 3rd St	55+	33	4	High Density Residential
Harbor Village RV and Mobile Home Park	923 SE Bay Blvd.	55+	53	Unknown	Commercial/High Density Residential
Surf Sounds Court Mobile Home Park	4263 S Coast Hwy	55+	16	0	Industrial
Total			294	8	

Student Housing

The Hatfield Marine Science Center (HMSC) provides housing for both researchers and professionals as well as enrolled students. The number of students that require housing varies by season. About 15 students reside in Newport in the winter. In the summer the number of students increases to about 100. Most students stay in Newport for one quarter (about three months), but some students and professionals stay up to a year.¹²

Over the next 5 to 10 years, HMSC forecasts that they could have between 200 and 250 students in the summer who require housing. Many of HMSC's housing occupants will be non-students. These housing needs are discussed further in Chapter 5.

¹² Email communications with Oregon State University staff, June 2022.

4. Demographic and Other Factors Affecting Residential Development in Newport

Demographic trends are important for a thorough understanding of the dynamics of the Newport housing market. Newport exists in a regional economy; trends in the region impact the local housing market. This chapter documents demographic, socioeconomic, and other trends relevant to Newport at the national, state, and regional levels.

Demographic trends provide a context for growth in a region; factors such as age, income, migration, and other trends show how communities have grown and how they will shape future growth. To provide context, we compare Newport to Lincoln County and Oregon. We also compare Newport to nearby cities where appropriate. Characteristics such as age and ethnicity are indicators of how the population has grown in the past and provide insight into factors that may affect future growth.

A recommended approach to conducting a housing capacity analysis is described in *Planning for Residential Growth: A Workbook for Oregon's Urban Areas*, the Department of Land Conservation and Development's guidebook on local housing needs studies. As described in the Workbook, the specific steps in the Housing Capacity Analysis are:

1. Project the number of new housing units needed in the next 20 years.
2. Identify relevant national, state, and local demographic and economic trends and factors that may affect the 20-year projection of structure type mix.
3. Describe the demographic characteristics of the population and, if possible, the housing trends that relate to demand for different types of housing.
4. Determine the types of housing that are likely to be affordable to the projected households based on household income.
5. Determine the needed housing mix and density ranges for each plan designation and the average needed net density for all structure types.
6. Estimate the number of additional needed units by structure type.

This chapter presents data to address steps 2, 3, and 4 in this list. Chapter 5 presents data to address steps 1, 5, and 6 in this list.

Demographic and Socioeconomic Factors Affecting Housing Choice¹³

Analysts typically describe housing demand as the preferences for different types of housing (e.g., single-family detached or apartment) and the ability to pay for that housing (the ability to exercise those preferences in a housing market by purchasing or renting housing; in other words, income or wealth).

Many demographic and socioeconomic variables affect housing choice. However, the literature about housing markets finds that age of the householder, size of the household, and income are most strongly correlated with housing choice.

- **Age of householder** is the age of the person identified (in the Census) as the head of household. Households make different housing choices at different stages of life. This chapter discusses generational trends, such as housing preferences of baby boomers (people born from about 1946 to 1964), millennials (people born from about 1980 to 2000), and Generation Z (people born after 1997).
- **Size of household** is the number of people living in the household. Younger and older people are more likely to live in single-person households. People in their middle years are more likely to live in multi-person households (often with children).
- **Household income** is probably the most important determinant of housing choice. Income is strongly related to the type of housing a household chooses (e.g., single-family detached housing, duplexes, or buildings with more than five units) and to household tenure (e.g., rent or own).

This chapter focuses on these factors, presenting data that suggests how changes to these factors may affect housing need in Newport over the next 20 years.

National Trends¹⁴

This brief summary on national housing trends builds on previous work by ECONorthwest as well as Urban Land Institute (ULI) reports, conclusions from *The State of the Nation's Housing* report from the Joint Center for Housing Studies of Harvard University, and other research cited in this section. *The State of the Nation's Housing* report (2021) summarizes the national housing outlook as follows:

Even as the US economy continues to recover, the inequalities amplified by the COVID-19 pandemic remain front and center. Households that weathered the crisis

¹³ The research in this chapter is based on numerous articles and sources of information about housing and adapted to Newport's unique circumstances from prior housing capacity analysis conducted by ECONorthwest.

¹⁴ These trends are based on information from (1) the Joint Center for Housing Studies of Harvard University's publication "The State of the Nation's Housing 2021," (2) Urban Land Institute, "2021 Emerging Trends in Real Estate," and (3) the US Census.

without financial distress are snapping up the limited supply of homes for sale, pushing up prices and further excluding less affluent buyers from homeownership. At the same time, millions of households that lost income during the shutdowns are behind on their housing payments and on the brink of eviction or foreclosure. A disproportionately large share of these at-risk households are renters with low incomes and people of color. While policymakers have taken bold steps to prop up consumers and the economy, additional government support will be necessary to ensure that all households benefit from the expanding economy.

The domestic housing market sees many, interlocking challenges remaining as the world transitions from the COVID-19 pandemic. An extremely limited inventory of entry-level homes make housing unaffordable for many Americans, especially younger Americans. However, the conditions for homebuying are ripe for many Americans, resulting in strong demand in the market and increasing home sales prices to record levels. Furthermore, the costs of labor and materials to build new homes increased steeply. While current amount of new housing starts is robust, newly built homes will not make up the shortfall in residential housing in the near-term, especially for single-family homes. The challenges and trends shaping the housing market are summarized below.

- **A continued bounce back in residential construction was led by an increase in single-family and multifamily housing starts.** After a sharp comeback in summer 2020 led by single-family construction, single-family housing starts fell below a 700,000-unit annual rate in April 2020 due to the COVID-19 pandemic. Following that dip, housing starts nearly doubled to a high of 1,315,000 new housing units in December 2020—marking it as the strongest month for single-family homebuilding in over 13 years—with a consistent annual rate of production since then ranging from 1,061,000 to 1,255,000 units: most recently hitting 1,215,000 in February 2022. Multifamily unit starts followed similar trends, reaching a 33-year high in January 2020 of more than half a million buildings with 5 units or more, then hitting a 6-year low in April 2020 of a quarter million. Since that low, multifamily starts have increased 47%, reaching 501,000 units in February 2022.
- **Strong construction numbers did not alleviate the shortage of existing homes for sale.** Inventories fell from 3.0 months in December 2019 to just under 2 months in December 2020, well below what is considered balanced (six months), with lower-cost and moderate-cost homes experiencing the tightest inventories. While *The State of the Nation's Housing* report cited the COVID-19 pandemic as sharing some blame for these tight conditions, the larger cause was the result of underproduction of new homes since mid-2000s. Restrictive land use regulations, the cost and availability of labor, and the cost of building materials were also cited as constraints on residential development.
- **Homeownership rates slowly, but consistently, increased.** After years of decline, the national homeownership rate increased slightly from 64.4% in 2018 to 65.5% in late 2021. Trends suggest the recent homeownership increases are among householders of all age groups, with households under age 35 making up the largest proportions of this increase. About 88% of net new growth (2013 to 2019) was among households with

incomes of \$150,000 or more. Significant disparities also still exist between households of color and white households, with the Black-white homeownership gap was 28.1 percentage points in early 2021 and the Hispanic-white gap at 23.8 percentage points, though this latter percentage was a 1.8 percentage point decrease from 2019.

- **Housing affordability.** Despite a recent downward trend, 37.1 million American households spent more than 30% of their income on housing in 2019, which is 5.6 million more households than in 2001. Renter households experienced cost burden at more than double the rate of homeowners (46% versus 21%) with the number of cost-burdened renters exceeding cost-burdened homeowners by 3.7 million in 2019. Affordability challenges were mostly likely to affect households with low incomes as three-fifths of renters and nearly half of homeowners earning less than \$25,000 were reported to be severely cost-burdened in 2019, as well as one in sixth renters and one in eight homeowners earning between \$25,000 and \$49,999. Households under the age of 25 and over the age of 85 had the highest rates of housing cost burden, as well as households of color.
- **Long-term growth and housing demand.** The Joint Center for Housing Studies forecasts that, nationally, demand for new homes could total as many as 10 million units between 2018 and 2028 if current low immigration levels continue. Much of the demand will come from baby boomers, millennials, Generation Z,¹⁵ and immigrants. The Urban Land Institute cites an increased acceptance of working from home as increasing demand in more suburban or rural environments over closer-in markets.
- **Growth in rehabilitation market.**¹⁶ Aging housing stock and poor housing conditions are growing concerns for jurisdictions across the United States. With the median age of the US housing stock rising to 41 years in 2019 from 34 years in 2009, Americans are spending in excess of \$400 billion per year on residential renovations and repairs. As housing rehabilitation becomes the go-to solution to address housing conditions, the home remodeling market has grown nearly \$20 billion in 2017, topping out at \$433 billion in 2021.

Despite trends showing growth in the rehabilitation market, rising construction costs and complex regulatory requirements pose barriers to rehabilitation. Lower-income households (who are more likely to live in older housing than higher-income households) or households on fixed incomes may defer maintenance for years due to limited financial means, escalating rehabilitation costs. At a certain point, the cost of improvements may outweigh the value of the structure, which may necessitate new responses such as demolition or redevelopment. Regardless, there is a rising urgency

¹⁵ According to the Pew Research Center, millennials were born between the years of 1981 to 1996 and Generation Z were born between 1997 and 2012 (inclusive). Read more about generations and their definitions here: <http://www.pewresearch.org/fact-tank/2018/03/01/defining-generations-where-millennials-end-and-post-millennials-begin/>.

¹⁶ These findings are copied from the Joint Center for Housing Studies. (2021). Improving America's Housing, Harvard University. Retrieved from: https://www.jchs.harvard.edu/sites/default/files/Harvard_JCHS_Improving_Americas_Housing_2019.pdf

with the aging housing stock particularly in regard to increased disaster events caused by climate change. In 2019 spending on disaster repairs hit a record high of 10% of total rehabilitation spending and 2020 saw a record number of billion-dollar climate-related disasters.

- **Declining residential mobility.**¹⁷ Residential mobility rates have declined steadily since 1980. Nearly one in five Americans moved every year in the 1980s, compared to one in ten Americans between 2018 and 2019. While residential mobility took a further dip in the initial stages of the COVID-19 pandemic, soon conditions emerged that encouraged homebuying, such as historically low mortgage rates, moves toward and the ensuing normalization of working from home, and a growing number of first-time Millennial buyers. Due to such conditions, existing home sales rose by more than 20% year over year from September 2020 through January 2021. These optimal buying conditions have created competition that puts an additional squeeze on the nationwide housing shortage, likely further dampening residential mobility.

Other reasons for decline in residential mobility include factors such as demographic, housing affordability, and labor-related changes. For instance, as baby boomers and millennials age, mobility rates are expected to fall, as people typically move less as they age. Harvard University's Research Brief (2020) also suggests that increasing housing costs could be preventing people from moving if they are priced out of desired neighborhoods or if they prefer to stay in current housing as prices rise around them. Other factors that may impact mobility include the rise in dual-income households (which complicates job-related moves), the rise in work-from-home options, and the decline in company-funded relocations. While decline in mobility rates span all generations, they are greatest among young adults and renters, two of the more traditionally mobile groups.

- **Changes in housing preference.** Housing preference will be affected by changes in demographics, most notably the aging of baby boomers, housing demand from millennials and Generation Z, and growth of immigrants.
 - *Baby boomers.* In 2020, the oldest members of this generation were in their seventies and the youngest were in their fifties. The continued aging of the baby boomer generation will affect the housing market. In particular, baby boomers will influence housing preference and homeownership trends. Preferences (and needs) will vary for boomers moving through their sixties, seventies, and eighties (and beyond). They will require a range of housing opportunities. For example, "aging baby boomers are increasingly renters-by-choice, [preferring] walkable, high-energy, culturally evolved communities."¹⁸ Many seniors are also moving to planned retirement destinations earlier than expected, as they experience the benefits of work-from-home trends (accelerated by COVID-19). Additionally, the supply of caregivers is

¹⁷ Frost, R. (2020). "Are Americans stuck in place? Declining residential mobility in the US." Joint Center for Housing Studies of Harvard University's Research Brief.

¹⁸ Urban Land Institute. Emerging Trends in Real Estate, United States and Canada. 2019.

decreasing as people in this cohort move from giving care to needing care, making more inclusive, community-based, congregate settings more important. Senior households earning different incomes may make distinctive housing choices. For instance, low-income seniors may not have the financial resources to live out their years in a nursing home and may instead choose to downsize to smaller, more affordable units. Seniors living in proximity to relatives may also choose to live in multigenerational households.

Research shows that “older people in western countries prefer to live in their own familiar environment as long as possible,” but aging in place does not only mean growing old in their own homes.¹⁹ A broader definition exists, which explains that aging in place means “remaining in the current community and living in the residence of one’s choice.”²⁰ Some boomers are likely to stay in their home as long as they are able, and some will prefer to move into other housing products, such as multifamily housing or age-restricted housing developments, before they move into to a dependent-living facility or into a familial home. Moreover, “the aging of the US population, [including] the continued growth in the percentage of single-person households, and the demand for a wider range of housing choices in communities across the country is fueling interest in new forms of residential development, including tiny houses.”²¹

- *Millennials.* Over the last several decades, young adults have increasingly lived in multigenerational housing—more so than older demographics.²² However, as millennials move into their early to mid-thirties, postponement of family formation is ending, and millennials are more frequently becoming homeowners, frequently of detached, single-family homes.

At the beginning of the 2007–2009 recession, millennials only started forming their own households. The number of millennials homeowners have seen an uptick over the past few years. While the overall U.S. homeownership rate slowly decreased from 2009 to 2019, the millennial homeownership rate increased from 33% in 2009 to 43% in 2019, with 6% of that growth since 2016. The age group of 35 years old and younger accounted for about 15% of the annual household growth in 2019, up from about 10% in 2018. Older millennials (those age 35-44) also accounted for a growing share of growth in homeownership.²³ However, racial disparities also exist in

¹⁹ Vanleerberghe, Patricia, et al. (2017). The quality of life of older people aging in place: a literature review.

²⁰ *Ibid.*

²¹ American Planning Association. Making Space for Tiny Houses, Quick Notes.

²² According to the Pew Research Center, in 1980, just 11% of adults aged 25 to 34 lived in a multigenerational family household, and by 2008, 20% did (82% change). Comparatively, 17% of adults aged 65 and older lived in a multigenerational family household, and by 2008, 20% did (18% change).

²³ The Joint Center for Housing Studies of Harvard University’s publication “The State of the Nation’s Housing 2021”

millennial homeownership rates, with Non-Hispanic White homeowners accounting for 53%, Hispanic homeowners for 35%, and Black homeowners for 21%.²⁴

As this generation continues to progress into their homebuying years, they will seek out affordable, modest-sized homes. This will prove challenging as the market for entry-level single-family homes has remained stagnant. Although construction of smaller homes (< 1,800 sq. ft.) increased in 2019, it only represented 24% of single-family units.

Millennials' average wealth may remain far below boomers and Gen Xers, and student loan debt will continue to hinder consumer behavior and affect retirement savings. As of 2022, millennials comprised 43% of home buyers, while Gen Xers comprised 22% and boomers 29%.²⁵ "By the year 2061, it is estimated that \$59 trillion will be passed down from boomers to their beneficiaries," presenting new opportunities for millennials (as well as Gen Xers).²⁶

- *Generation Z.* In 2020, the oldest members of Generation Z were in their early twenties and the youngest in their early childhood years. By 2040, Generation Z will be between 20 and 40 years old. While they are more racially and ethnically diverse than previous generations, when it comes to key social and policy issues, they look very much like millennials. Generation Z enters into adulthood with a strong economy and record-low unemployment, despite the uncertainties of the long-term impacts of COVID-19 Pandemic.²⁷

Gen Z individuals have only just started entering the housing market in the past few years, and with a maximum age range of 23 as of 2022, this age cohort is the smallest so far in terms of home buyers and sellers, accounting for 2% of each type. While researchers do not yet know how Generation Z will behave in adulthood, many expect they will follow patterns of previous generations.²⁸ A segment is expected to move to urban areas for reasons similar to previous cohorts (namely, the benefits that employment, housing, and entertainment options bring when they are in close

²⁴ "Millennials and Housing: Homeownership Demographic Research." Freddie Mac Single-Family, 2021. https://sf.freddiemac.com/content/_assets/resources/pdf/fact-sheet/millennial-playbook_millennials-and-housing.pdf.

²⁵ National Association of Realtors. (2020). 2020 Home Buyers and Sellers Generational Trends Report, March 2020. Retrieved from: <https://www.nar.realtor/research-and-statistics/research-reports/home-buyer-and-seller-generational-trends>

²⁶ PNC. (n.d.). Ready or Not, Here Comes the Great Wealth Transfer. Retrieved from: <https://www.pnc.com/en/about-pnc/topics/pnc-pov/economy/wealth-transfer.html>

²⁷ Parker, K. & Igielnik, R. (2020). On the cusp of adulthood and facing an uncertain future: what we know about gen Z so far. Pew Research Center. Retrieved from: <https://www.pewsocialtrends.org/essay/on-the-cusp-of-adulthood-and-facing-an-uncertain-future-what-we-know-about-gen-z-so-far/>

²⁸ "2021 Home Buyers and Sellers Generational Trends Report." National Association of Realtors, 2021. <https://www.nar.realtor/sites/default/files/documents/2021-home-buyers-and-sellers-generational-trends-03-16-2021.pdf>.

- proximity). However, this cohort is smaller than millennials (67 million vs. 72 million), which may lead to slowing real estate demand in city centers.
- *Immigrants.* Research on foreign-born populations shows that immigrants, more than native-born populations, prefer to live in multigenerational housing. Still, immigration and increased homeownership among minorities could also play a key role in accelerating household growth over the next 10 years. Current Population Survey estimates indicate that the number of foreign-born households rose by nearly 400,000 annually between 2001 and 2007, and they accounted for nearly 30% of overall household growth. Beginning in 2008, the influx of immigrants was stanching by the effects of the Great Recession. After a period of declines, the foreign-born population again began contributing to household growth, despite decline in immigration rates in 2019. The Census Bureau’s estimates of net immigration in 2021 indicate that just 247,000 immigrants moved to the United States from abroad, down from a previous high of 1,049,000 between 2015-2016.²⁹ As noted in *The State of the Nation’s Housing 2020* report, “because the majority of immigrants do not immediately form their own households upon arrival in the country, the drag on household growth from lower immigration only becomes apparent over time.”
 - *Diversity.* The growing diversity of American households will have a large impact on the domestic housing markets. Over the coming decade, minorities will make up a larger share of young households and constitute an important source of demand for both rental housing and small homes. The growing gap in homeownership rates between whites and Blacks, as well as the larger share of minority households that are cost burdened, warrants consideration. White households had a 74.4% homeownership rate in 2021 compared to a 43.1% rate for Black households³⁰. This 30-percentage point gap is the largest disparity since 1983. Although homeownership rates are increasing for some minorities, Black and Hispanic households are more likely to have suffered disproportionate impacts of the pandemic and forced sales could negatively impact homeownership rates. This, combined with systemic discrimination in the housing and mortgage markets and lower incomes relative to white households, leads to higher rates of cost burden for some groups of people. For example, of renters in arrears, Black renters account for 29% and Hispanic renters for 21%, compared to white renters at 11%. Additionally, for low-income renters earning less than \$25,000, Hispanic and Black renters faced higher cost burden rates (86 and 8 %respectively) than white renters at 80%. For low-income homeowners, 72% of Hispanics, 74% of Blacks and 84% of Asians faced cost burdens, compared to 68% of white households. As noted in *The State of the Nation’s Housing (2020)* report, “the impacts of the pandemic have shed light on the growing racial and income disparities in the nation between the nation’s haves and have-nots

²⁹ Jason Schachter, Pete Borsella, and Anthony Knapp (US Census, December 21, 2021), <https://www.census.gov/library/stories/2021/12/net-international-migration-at-lowest-levels-in-decades.html>.

³⁰ “Federal Reserve Economic Data: Fred: St. Louis Fed,” Federal Reserve Economic Data (Federal Reserve Bank of St. Louis), accessed April 18, 2022, <https://fred.stlouisfed.org/>.

are the legacy of decades of discriminatory practices in the housing market and in the broader economy.”

- **Changes in housing characteristics.** The US Census Bureau’s Characteristics of New Housing Report (2020) presents data that show trends in the characteristics of new housing for the nation, state, and local areas. Several long-term trends in the characteristics of housing are evident from the New Housing Report:³¹
 - *Larger single-family units on smaller lots.* Between 2000 and 2020, the median size of new single-family dwellings increased by nearly 10% nationally, from 2,057 sq. ft. to 2,261 sq. ft., and 14% in the western region from 2,014 sq. ft. in 1999 to 2,242 2,279 sq. ft. in 2020. Moreover, the percentage of new units smaller than 1,400 sq. ft. nationally decreased by a half, from 14% in 2000 to 7% in 2020. The percentage of units greater than 3,000 sq. ft. increased from 18% in 2000 to 23% of new single-family homes completed in 2020. In addition to larger homes, a move toward smaller lot sizes was seen nationally. Between 2010 and 2020, the percentage of lots less than 7,000 sq. ft. increased from 25.5% to 34.8% of lots.

Based on national study about home buying preferences that differ by race/ethnicity, African American home buyers wanted a median unit size of 2,664 sq. ft. compared to 2,347 sq. ft. for Hispanic buyers, 2,280 sq. ft. for Asian buyers, and 2,197 sq. ft. for white buyers.³² This same study found that minorities were less likely to want large lots.

- *Larger multifamily units.* Between 2000 and 2020, the median size of new multifamily dwelling units increased by 4.6% nationally. In the western region, the median size increased by 3.6%. Nationally, the percentage of new multifamily units with more than 1,200 sq. ft. increased from 29.5% in 2000 to 32.8% in 2020 and increased from 23.3% to 25.2% in the western region.
- *Household amenities.* Across the United States since 2013, an increasing number of new units had air-conditioning (fluctuating year by year at over 90% for both new single-family and multifamily units). In 2000, 93% of new single-family houses had two or more bathrooms, compared to 96.8% in 2020. The share of new multifamily units with two or more bathrooms decreased from 55% of new multifamily units to 42.6%. As of 2020, 92% of new single-family houses in the United States had garages for one or more vehicles (from 88% in 2000). Additionally, if work-from-home dynamics remain a more permanent option, then there may be rising demand for different housing amenities such as more space for home offices or larger yards for recreation.
- *Shared amenities.* Housing with shared amenities grew in popularity, as it may improve space efficiencies and reduce per-unit costs/maintenance costs. Single-room

³¹ US Census Bureau, Highlights of Annual 2020 Characteristics of New Housing. Retrieved from: <https://www.census.gov/construction/chars/highlights.html>

³² Quint, Rose. (April 2014). *What Home Buyers Really Want: Ethnic Preferences*. National Association of Home Builders.

occupancies (SROs),³³ cottage clusters, cohousing developments, and multifamily products are common housing types that take advantage of this trend. Shared amenities may take many forms and include shared bathrooms, kitchens, other home appliances (e.g., laundry facilities, outdoor grills), security systems, outdoor areas (e.g., green spaces, pathways, gardens, rooftop lounges), fitness rooms, swimming pools, tennis courts, and free parking.³⁴

State Trends

In August 2019, the State of Oregon passed statewide legislation—Oregon House Bill 2001 and 2003. **House Bill 2001 (HB2001)** required many Oregon communities to accommodate middle housing within single-family neighborhoods. “Medium cities”—those with 10,000 to 25,000 residents outside the Portland metro area—are required to allow duplexes on each lot or parcel where a single-family home is allowed. “Large cities”—those with over 25,000 residents and nearly all jurisdictions in the Portland metro urban growth boundary (UGB)—must meet the same duplex requirement, in addition to allowing single-family homes and triplexes, fourplexes, town homes, and cottage clusters in all areas that are zoned for residential use. Note that the middle housing types (other than duplexes) do not have to be allowed on *every* lot or parcel that allows single-family homes, which means that larger cities maintain some discretion.

Middle housing is generally built at a similar scale as single-family homes but at higher residential densities. It provides a range of housing choices at different price points within a community.

House Bill 2003 (HB2003) envisions reforming Oregon’s housing planning system from a singular focus (on ensuring adequate available land) to a more comprehensive approach that also achieves these critical goals: (1) support and enable the construction of sufficient units to accommodate current populations and projected household growth and (2) reduce geographic disparities in access to housing (especially affordable and publicly supported housing). In that, HB 2003 required the development of a methodology for projecting *regional* housing need and required allocating that need to local jurisdictions. It also expanded local government responsibilities for planning to meet housing need by requiring cities to develop and adopt housing production strategies.

Oregon developed its *2021-2025 Consolidated Plan*, which includes a detailed housing needs analysis as well as strategies for addressing housing needs statewide. The plan concluded that the “state’s performance in accomplishing past goals has been very strong, and project areas of

³³ Single-room occupancies are residential properties with multiple single-room dwelling units occupied by a single individual. From: US Department of Housing and Urban Development. (2001). *Understanding SRO*. Retrieved from: <https://www.hudexchange.info/resources/documents/Understanding-SRO.pdf>

³⁴ Urbsworks. (n.d.). *Housing Choices Guidebook: A Visual Guide to Compact Housing Types in Northwest Oregon*. Retrieved from: https://www.oregon.gov/lcd/Publications/Housing-Choices-Booklet_DIGITAL.pdf

Saiz, Albert and Salazar, Arianna. (n.d.). *Real Trends: The Future of Real Estate in the United States*. Center for Real Estate, Urban Economics Lab.

focus remain consistent with the current needs identified in this new five-year plan. Tenant based rental assistance, in particular, has demonstrated strong demand, as has the ongoing need for rental units (including those newly developed) which meet fair market rent standards, and community facilities. The unusual events during 2020—the COVID-19 pandemic and historical wildfire activity—tilt current needs and priorities toward housing stability efforts, as well as community health care projects and access to telehealth services.” It identified the following top needs in its Needs Assessment:³⁵

- The most common housing problem in Oregon is cost burden. Nearly 390,000 households pay more than 30% of their incomes in housing costs, up by 7% since the last five-year Consolidated Plan. Renters are more likely to be cost burdened. About 27% of Oregon renters households were found to be severely cost burdened. This proportion increased significantly from 2000 (19%) and disproportionate falls on persons of color in the state: more than 50% of households with persons of color are cost burdened compared to 34% of white households.
- Cost burden largely affects those with lower incomes—especially extremely low and very low-income renters, who have cost burden rates of 70 and 76%, respectively.
- According to Oregon’s Statewide Housing Plan for 2019-2023, more than 85,000 units affordable to extremely low-income households (making less than 30% AMI) are needed to meet demand and more than 26,000 units affordable to moderate income households, making 50% to 80% AMI are needed to meet demand. This is down from the previous gap of 102,500 units in the 2016-2021 Plan.

By income range and special need, the estimated needs of Oregon households include the following:

- Extremely low-income families—those earning incomes below the poverty level—total nearly 182,000 households in Oregon. Those with unmet housing needs will grow by 10,000 over the next five years.
- Low-income families—those earning incomes between the poverty level and the median income—total 261,000 in Oregon. Their needs will grow by much less (8,300 additional households) over the next five years.
- Elderly households (62+) total nearly 905,381 and live in 526,675 households. Of these households, 23% have unmet housing needs. Those with unmet housing needs are expected to grow by 7,000 households by 2025. Many of these needs will take the form of home accessibility modifications, home repairs, and home health care, as seniors make up a large share of residents who live alone and who have disabilities. Frail elderly (defined as an elderly person who requires assistance with three or more activities of daily living) total 61,518 residents.

³⁵ These conclusions are copied directly from the report, Oregon’s 2021–2025 Consolidated Plan. Retrieved from: <https://www.oregon.gov/ohcs/development/Documents/conplan/2021-2025%20Action%20Plan/State-of-Oregon-2021-2025-Consolidated-Plan-Final-with-appendices.pdf>.

- Oregon residents with disabilities total 581,000 and occupy 428,000 households. By 2025, these households with needs will grow by nearly 12,000.
- More than 300,000 persons in Oregon struggled with substance abuse challenges before the COVID-19 pandemic occurred, and these needs have grown during the pandemic. Oregonians who have ever had mental health challenges total 757,000 with 172,000 having serious mental health challenges.
- Approximately 178,000 residents 18 and older in Oregon have experienced some type of domestic violence, dating violence, sexual assault and/or stalking by an intimate partner in the previous year. In the most severe cases, these victims must leave their homes—an estimated 4,200 residents who are victims of domestic violence in Oregon require housing services each year.
- Nearly 16,000 people were identified as experiencing homelessness in Oregon in 2019, an increase of 13% since 2017. Two in three are unsheltered.
- Nearly 17,000 households live in substandard housing, based on Census surveys of housing units lacking complete plumbing or kitchen facilities. The number of households in substandard housing decreased by 4% compared to the 2021-2025 plan.
- Approximately 29,000 households live in units that are either overcrowded or severely overcrowded. The number of households in overcrowded conditions increased by 19% since the last plan. For housing to be considered affordable, a household should pay up to one-third of their income toward rent, leaving money left over for food, utilities, transportation, medicine, and other basic necessities.

As part of the Consolidated Plan’s Stakeholder perspective, activities to address urgent housing needs selected by the greatest number of respondents were:

- Housing activities that result in more rental units for households with income below 60% of AMI and households with incomes between 60% and 80% of AMI; emergency shelters for people who are homeless; and transitional housing for people moving out of homelessness.
- Repurposing vacant buildings for affordable housing; and
- Affordable and accessible housing for people with disabilities.
- In 2022, minimum wage in Oregon³⁶ was \$12.75, compared to \$14.00 in the Portland metro and \$12.00 for nonurban counties.

Oregon, like many other states, has systematically underproduced housing over the last decades. Underproduction is units that have not been built but are needed to accommodate the current population without overcrowding. Based on a statewide analysis, a region that includes Lincoln County (including also Yamhill, Polk, Marion, Benton, Linn, and Lane counties) is

³⁶ The 2016 Oregon Legislature, Senate Bill 1532, established a series of annual minimum wage rate increases beginning July 1, 2016, through July 1, 2022. Retrieved from: <https://www.oregon.gov/boli/whd/omw/pages/minimum-wage-rate-summary.aspx>

estimated to have underproduction of about 21,854 units.³⁷ The reasons for underproduction are complex and may vary from place to place. Key factors in underproduction include lack of easily developable land with services, high costs of extending infrastructure to developable land, land use policies that artificially restrict housing production, and economic and social inequalities that make it difficult for many households to afford housing.

Oregon developed its *Statewide Housing Plan 2019-2023* in 2019.³⁸ The Plan identified six housing priorities to address in communities across the state over the 2019 to 2023 period (summarized below). In January 2022, Oregon Housing and Community Services (OHCS) released a summary of their progress.³⁹ The following section includes summaries and excerpts from their status report:

- **Equity and Racial Justice.** *Advance equity and racial justice by identifying and addressing institutional and systemic barriers that have created and perpetuated patterns of disparity in housing and economic prosperity.*

OHCS continued to build relationships, tools, and connections to further its equity and racial justice focus. OHCS continued to gather and update Culturally Specific Organization (CSO) list, tracking funding received by CSOs. OHCS developed customized tools for equity and racial analysis and got ready to start equity and inclusion training for OHCS staff and committee chairs

- **Homelessness.** *Build a coordinated and concerted statewide effort to prevent and end homelessness, with a focus on ending unsheltered homelessness of Oregon's children and veterans.*

The Homeless Services Section (HSS) made progress in demonstrating increased Housing Stability with 26,940 households paid out via the Oregon Emergency Rental Assistance Program. Additional staffing and funding (\$100 million) were secured in order to build a program of eviction prevention. OHCS developed a dashboard to provide transparency into processing, equity, and capacity issues related to homelessness. OHCS executed grant agreements with HSS providers to deliver strategic housing stability services for those that have not been able to access supports. Work is ongoing to enter more partnerships with new investments in eviction prevention.

- **Permanent Supportive Housing.** *Invest in permanent supportive housing (PSH), a proven strategy to reduce chronic homelessness and reduce barriers to housing stability.*

³⁷ ECONorthwest Presentation to Oregon Housing Needs Analysis Work Group on September 29, 2022 as a part of House Bill 2003 Regional Housing Needs Analysis Implementation Work.

³⁸ This section uses many direct excerpts from the OHCS Statewide Housing Plan 2019-2023. Oregon Statewide Housing Plan. <https://www.oregon.gov/ohcs/Documents/swhp/SWHP-Report-Y1-Summary.pdf>

³⁹ This section uses many direct excerpts from the OHCS Statewide Housing Plan, Year 3 Quarter 1 Update September 2021 Report to HSC. Oregon Statewide Housing Plan, Status Reports. <https://www.oregon.gov/ohcs/Documents/swhp/01-07-2022-JAN-SWHP-Quarterly-Summary.pdf>

OHCS funded and/or created 915 of their 1,000 PSH-unit targets. In addition, 416 of the 916 supportive home units were funded with PSH resource. Other accomplishments were developing a compliance and monitoring plan for PSH, distribution of service funds, outreach to partners to ensure PSH resource information is reaching tribal and rural partners, and a hiring staff to support the PSH program.

- **Affordable Rental Housing.** *Work to close the affordable rental housing gap and reduce housing cost burden for low-income Oregonians.*

OHCS funded and/or created 18,329 affordable rental homes of their 25,000-home target. OHCS developed internal tools such as a reporting matrix for analysis of sub-contracts and an incorporated Compliance Policy and conducted community outreach with a tribal housing workgroup rules committee. OHCS also conducted a survey to get initial feedback on key program topics and projected changes, along with additional outreach on related issues.

- **Homeownership.** *Provide more low and moderate-income Oregonians with the tools to successfully achieve and maintain homeownership, particularly in communities of color.*

OHCS assisted 1,187 households in becoming successful homeowners, part of its target to assist a total of 6,500 homes. OHCS made strides in double the number of homeowners of colors in its homeownership programs. OHCS launched new programs to support homeownership, including lending programs. In order to align programs with the needs of communities of color, OHCS developed relationships with underrepresented organizations, maintained addressing the needs of Communities of Color as a focus in its programmatic frameworks, and regularly shared and encouraged training opportunities with its team.

- **Rural Communities.** *Change the way OHCS does business in small towns and rural communities to be responsive to the unique housing and service needs and unlock the opportunities for housing development.*

OHCS focused on developing a better understanding of rural community needs and increasing rural capacity to build more affordable housing. OHCS hired a program manager for rural communities and delivered funding for multiple direct awards, increased funding for CSOs, and updated its Land Acquisition Program to include new funding amounts and set asides. OHCS funded and/or created 2,158 units in rural communities out of a total of 2,543 units in the 5-year goal, or 85% of its target.

Regional and Local Demographic Trends May Affect Housing Need in Newport

Demographic trends that might affect the key assumptions used in the baseline analysis of housing need are (1) the aging population, (2) changes in household size and composition, and (3) increases in diversity.

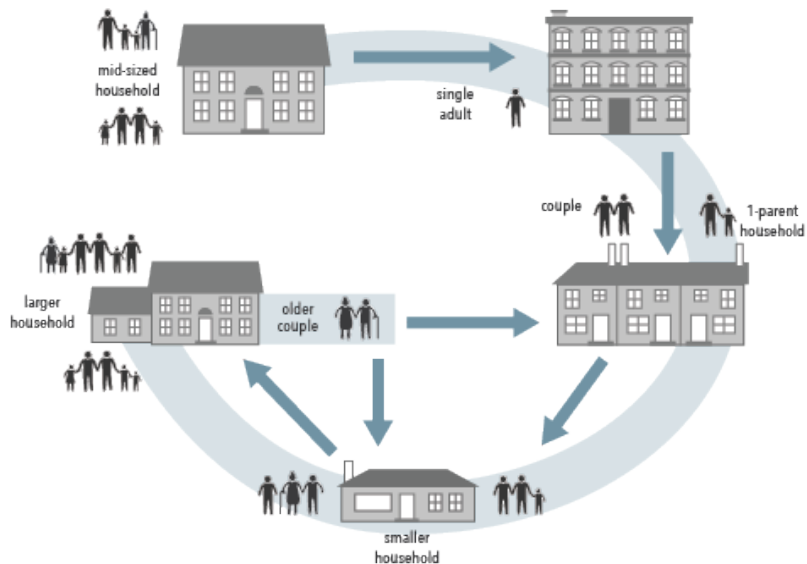
An individual's housing needs change throughout their life, with changes in income, family composition, and age. The types of housing needed by a 20-year-old college student differ from the needs of a 40-year-old parent with children, or an 80-year-old single adult. As Newport's population ages, different types of housing will be needed to accommodate older residents. The housing characteristics by age data below reveal this cycle in action in Newport.

Housing needs and preferences change in predictable ways over time, such as with changes in marital status and size of family.

Families of different sizes need different types of housing.

Exhibit 34. Effect of Demographic Changes on Housing Need

Source: ECONorthwest, adapted from Clark, William A.V. and Frans M. Dieleman. 1996. *Households and Housing*. New Brunswick, NJ: Center for Urban Policy Research.



Growing Population

Newport’s population growth will drive future demand for housing in the city over the planning period. Exhibit 35 shows that Newport’s population grew by 11% between 2000 and 2021. Newport added 1,059 new residents, at an average annual growth rate of 0.5%. Between 2000 and 2021, Newport grew at a similar rate to Lincoln County, and at a slower rate than Oregon.

Exhibit 35. Population, Newport (city limits), Lincoln County, Oregon, 2000, 2010, 2021

Source: US Decennial Census 2000 and 2010, and Portland State University, Population Research Center.

	2000	2010	2021	Change 2000 to 2021		
				Number	Percent	AAGR
Newport	9,532	9,989	10,591	1,059	11%	0.5%
Lincoln County	44,479	46,034	50,903	6,424	14%	0.6%
Oregon	3,421,399	3,831,074	4,266,560	845,161	25%	1.1%

The population forecast in Exhibit 36 is Newport’s official population forecast, from the Oregon Population Forecast Program. Newport must use this forecast as the basis for forecasting housing growth over the 2022 to 2042 period.

Newport’s population within its UGB is projected to grow by about 250 people between 2022 and 2042, at an average annual growth rate of 0.1%.⁴⁰

Exhibit 36. Forecast of Population Growth, Newport UGB, 2022 to 2042

Source: Oregon Population Forecast Program, Portland State University, Population Research Center, June 2021.

12,098	12,346	248	2% increase
Residents in 2022	Residents in 2042	New Residents 2022 to 2042	0.1% AAGR

Aging Population

This section shows two key characteristics of Newport’s population, with implications for future housing demand in Newport:

- Newport’s senior population grew between 2000 and 2019 and is expected to continue to increase.** By 2040, people 60 years and older are expected to account for 42% of the population in Lincoln County. As Newport’s senior population grows, it will have increasing demand for housing that is suitable for elderly residents.

The impact of growth in seniors in Newport will depend, in part, on whether older people already living in Newport continue to reside there as they retire. National surveys show that, in general, most retirees prefer to age in place by continuing to live in

⁴⁰ This forecast of population growth is based on Newport UGB’s official population forecast from the Oregon Population Forecast Program. ECONorthwest extrapolated the population forecast for 2020 (to 2022) and 2040 (to 2042) based on the methodology specified by DLCDC.

their current home and community as long as possible.⁴¹ In addition, Newport is attractive to retirees who want to live in a coastal community with amenities such as restaurants.

Growth in the number of seniors will result in demand for housing types specific to seniors, such as small and easy-to-maintain dwellings, assisted-living facilities, or age-restricted developments. Senior households will make a variety of housing choices, including remaining in their homes as long as they are able, downsizing to smaller single-family homes (detached and attached) or multifamily units, or moving into group housing (such as assisted-living facilities or nursing homes) as their health declines. The challenges aging seniors face in continuing to live in their community include changes in health-care needs, loss of mobility, the difficulty of home maintenance, financial concerns, and increases in property taxes.⁴²

- **Newport has a slightly larger proportion of younger people than Lincoln County but less than Oregon.** About 20% of Newport’s population is under 20 years old, compared to 18% of Lincoln County and 23% of Oregon. The forecast for population growth in Lincoln County shows the share of people under 20 years old decreasing from 18% of the population in the 2015-2019 period to 16% of the population by 2040.

People roughly aged 20 to 40 are referred to as the millennial generation and account for the largest share of population in Oregon. By 2040, they will be about 40 to 60 years of age and Generation Z will be between 25 and 40 years old. The forecast for Lincoln County shows that the Lincoln County’s population between the ages of 20 to 60 is forecast to grow by 14% while maintaining a similar share of the total population as in 2015-2019.

Newport’s ability to retain and attract people in this age group will depend, in large part, on whether the city has opportunities for housing that both appeals to and is affordable to millennials and Generation Z, as well as jobs that allow younger people to live and work in Newport.

In the near-term, millennials and Generation Z may increase demand for rental units. Research suggests that millennials’ housing preferences may be similar to baby boomers, with a preference for smaller, less-costly units. Surveys about housing preference suggest that millennials want affordable single-family homes in areas that offer transportation alternatives to cars, such as suburbs or small cities with walkable neighborhoods.⁴³ Recent growth in homeownership among millennials proves that

⁴¹ A survey conducted by the AARP indicates that 90% of people 50 years and older want to stay in their current home and community as they age. See <http://www.aarp.org/research>.

⁴² “Aging in Place: A toolkit for Local Governments” by M. Scott Ball.

⁴³ The American Planning Association, “Investing in Place; Two generations’ view on the future of communities.” 2014.

“Access to Public Transportation a Top Criterion for Millennials When Deciding Where to Live, New Survey Shows,” Transportation for America.

“Survey Says: Home Trends and Buyer Preferences,” National Association of Home Builders International Builders

millennials prefer to become homeowners, with the millennial homeownership rate increased from 33% in 2009 to 43% in 2019.⁴⁴ While researchers do not yet know how Generation Z will behave in adulthood, many expect they will follow patterns of previous generations.⁴⁵

A survey of people living in the Portland region shows that millennials prefer single-family detached housing. The survey finds that housing price is the most important factor in choosing housing for younger residents.⁴⁶ The survey results suggest millennials are more likely than other groups to prefer housing in an urban neighborhood or town center. While this survey is for the Portland region, it shows similar results to national surveys and studies about housing preference for millennials.

If the number of millennials and Generation Z grow in Newport, it will result in increased demand for both affordable single-family detached housing (such as small single-family detached units like cottages), as well as increased demand for affordable town houses and multifamily housing. Growth in this population will result in increased demand for both ownership and rental opportunities, with an emphasis on housing that is comparatively affordable. There is potential for attracting new residents to housing in Newport's commercial areas, especially if the housing is relatively affordable and located in proximity to services.

⁴⁴ "Millennials and Housing: Homeownership Demographic Research." Freddie Mac Single-Family, 2021. https://sf.freddiemac.com/content/_assets/resources/pdf/fact-sheet/millennial-playbook_millennials-and-housing.pdf.

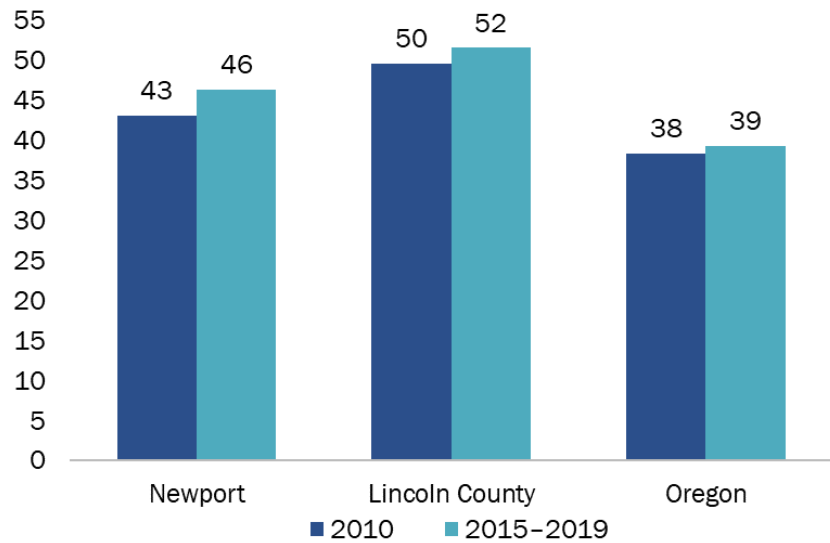
⁴⁵ "2021 Home Buyers and Sellers Generational Trends Report." National Association of Realtors, 2021. <https://www.nar.realtor/sites/default/files/documents/2021-home-buyers-and-sellers-generational-trends-03-16-2021.pdf>.

⁴⁶ Davis, Hibbits, & Midghal Research, "Metro Residential Preference Survey," May 2014.

From 2000 to 2015-2019, Newport's median age increased at a faster rate than both Lincoln County and Oregon.

Exhibit 37. Median Age, Newport, Lincoln County, and Oregon, 2000 to 2015-2019

Source: US Census Bureau, 2000 Decennial Census Table B01002, 2015-2019 ACS, Table B01002.

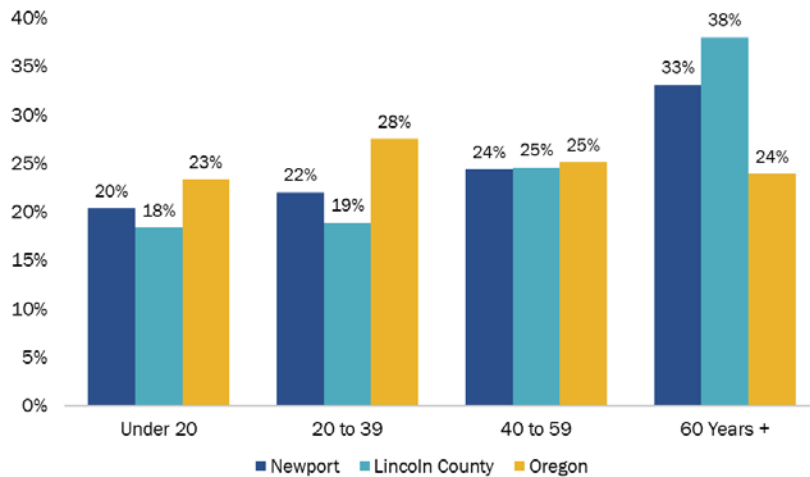


In the 2015-2019 period, about 46% of Newport's residents were between the ages of 20 and 59 years.

Newport had a smaller share of people over the age of 60 than Lincoln County but a greater share than Oregon.

Exhibit 38. Population Distribution by Age, Newport, Lincoln County, and Oregon, 2015-2019

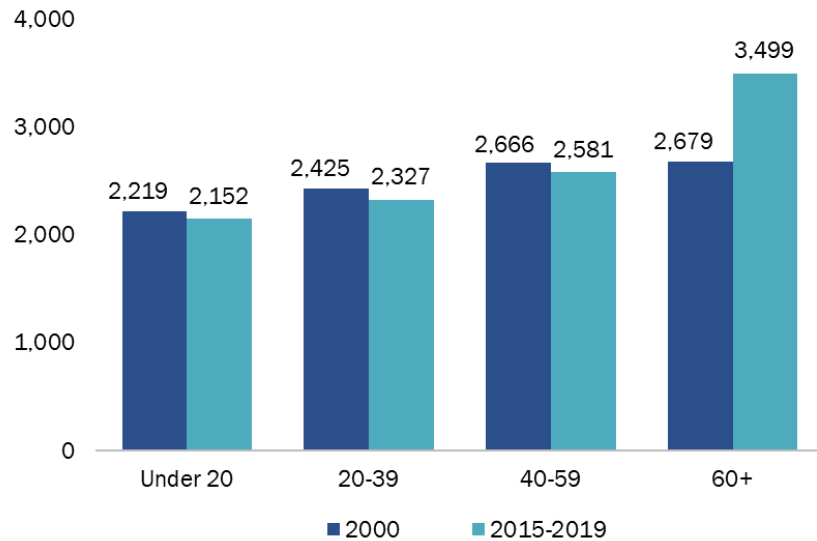
Source: US Census Bureau, 2015-2019 ACS, Table B01001.



Between 2000 and 2015-2019, all age groups in Newport decreased in size except for those aged 60 and older.

The largest increase in residents were those aged 60 and older, with growth of 820 people.

Exhibit 39. Population Growth by Age, Newport, 2000, 2015-2019
Source: US Census Bureau, 2000 Decennial Census Table P012 and 2015-2019 ACS, Table B01001.



By 2040, Lincoln County's population over the age of 60 is forecast to grow 19%.

This is consistent with historical change in population by age group since 2000.

Exhibit 40. Forecast for Population Growth by Age Group, Lincoln County, 2020 to 2040

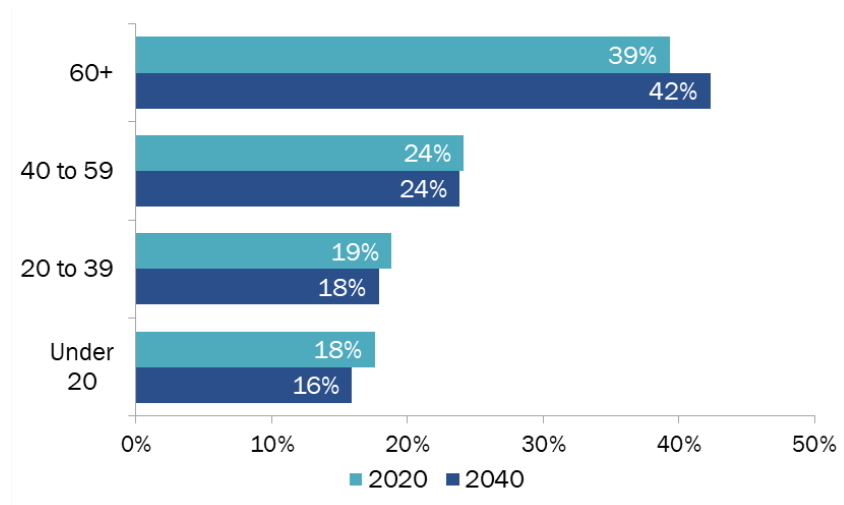
Source: PSU Population Research Center, Lincoln County Forecast, June 2021

Age Group	2020	2040
Under 20	-10 People	0%
20-39 Yrs	466 People	5%
40-59 Yrs	1,075 People	9%
60+ Yrs	3,593 People	19%

By 2040, it is forecasted that Lincoln County residents aged 60 and older will make up 42% of the county's total population, a 3% increase in the size of this age group.

Exhibit 41. Population Growth by Age Group, Lincoln County, 2020 and 2040

Source: PSU Population Research Center, Lincoln County Forecast, June 2021.



Increased Ethnic Diversity

The number of residents that identified as Latino increased in Newport by 621 people, from 1,525 people in 2010 to 2,146 people in the 2015-2019 period. The US Census Bureau forecasts that at the national level, the Latino population will continue growing faster than most other non-Latino populations between 2020 and 2040. The Census forecasts that the Latino population will increase 93%, from 2016 to 2060, and foreign-born Latino populations will increase by about 40% in that same time.⁴⁷

Continued growth in the Latino population will affect Newport's housing needs in a variety of ways. Growth in first and, to a lesser extent, second and third-generation Latino immigrants will increase demand for larger dwelling units to accommodate the, on average, larger household sizes for these households. In that, Latino households are twice likely to include multigenerational households than the general populace.⁴⁸ As Latino households change over generations, household size typically decreases, and housing needs become similar to housing needs for all households.

According to the *State of Hispanic Homeownership* report from the National Association of Hispanic Real Estate Professionals, the Latino population accounted for 29.2% of the nation's new household formation between 2017 and 2021.⁴⁹ The rate of homeownership for Latino households increased from 45.6% in 2015 to 48.4% in 2021. Latino homeownership growth has remained steady over the last decade and is at its highest rates since 2009.

⁴⁷ US Census Bureau, *Demographic Turning Points for the United States: Population Projections for 2020 to 2060*.

⁴⁸ Pew Research Center. (2013). *Second-Generation Americans: A Portrait of the Adult Children of Immigrants*.

National Association of Hispanic Real Estate Professionals (2021). *2021 State of Hispanic Homeownership Report*.

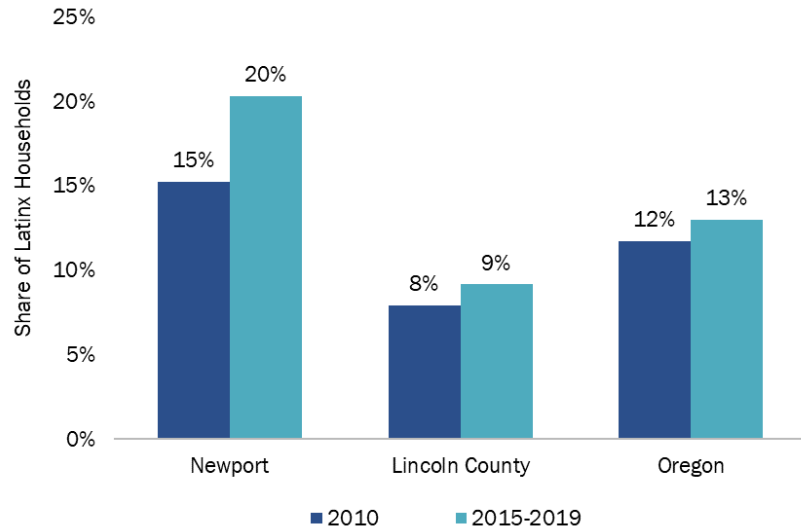
⁴⁹ National Association of Hispanic Real Estate Professionals (2021). *2021 State of Hispanic Homeownership Report*.

The share of Newport's households that identified as Latino increased between 2000 and 2015-2019 at a faster rate than both the county and the state.

Newport was more ethnically diverse than both Lincoln County and Oregon in the 2015-2019 period.

Exhibit 42. Latino Population as a Percent of the Total Population, Newport, Lincoln County, Oregon, 2000 and 2015-2019

Source: US Census Bureau, 2000 Decennial Census Table P008, 2015-2019 ACS Table B03002.



Race and Ethnicity

Understanding the race and ethnicity characteristics⁵⁰ in Newport is important for understanding housing needs because people of color often face discrimination when looking for housing.

In the 2015–2019 period, Newport was more racially diverse than Lincoln County and Oregon.

Exhibit 43. Population by Race as a Percent of Total Population, Newport, Lincoln County, Oregon, 2015–2019
Source: US Census Bureau, 2015–2019 ACS Table B02001.

	Newport	Lincoln Co.	Oregon
White Alone	71%	82%	76%
Two or More Races	5%	4%	5%
Some Other Race Alone	0%	0%	0%
Asian Alone	2%	1%	4%
American Indian and Alaska Native Alone	1%	2%	1%
Black or African American Alone	1%	0%	2%
Native Hawaiian and Other Pacific Islander Alone	0%	0%	0%

⁵⁰ The U.S. Census Bureau considers race and ethnicity as two distinct concepts. Latino is an ethnicity and not a race, meaning individuals who identify as Latino may be of any race.

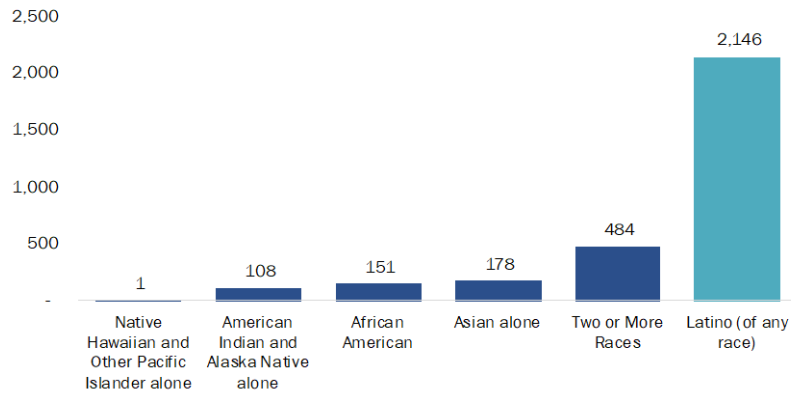
In Newport, about 992 people identified as a race other than White Alone and over 2,100 people identified as Latino (of any race).

Not shown in the exhibit are the 7,491 people identifying as White in Newport.

Exhibit 44. Number of People by Race and Ethnicity, People of Color, Newport, 2015-2019

Source: US Census Bureau, 2015-2019 ACS, Table B03002.

Note: Some Other Race Alone removed as there were 0 people who identified as such in Newport.

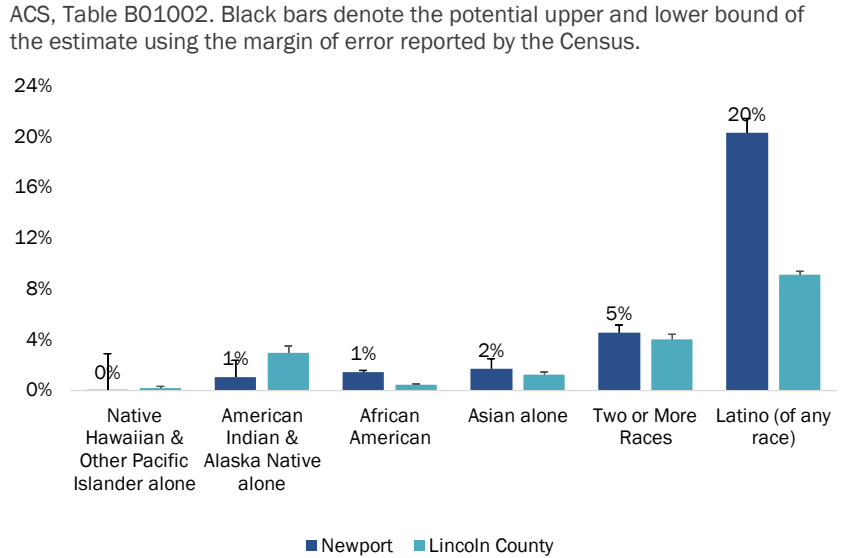


Residents who identified as Latino (of any race) account for 20% of Newport’s population. The largest racial group in Newport were Two or More Races, who account for 5% of Newport’s population.

Not shown in the exhibit, is about 71% of Newport’s population and 82% of the Lincoln County’s population identifying as White.

Exhibit 45. Population Distribution by Race and Ethnicity, People of Color, Newport, 2015-2019

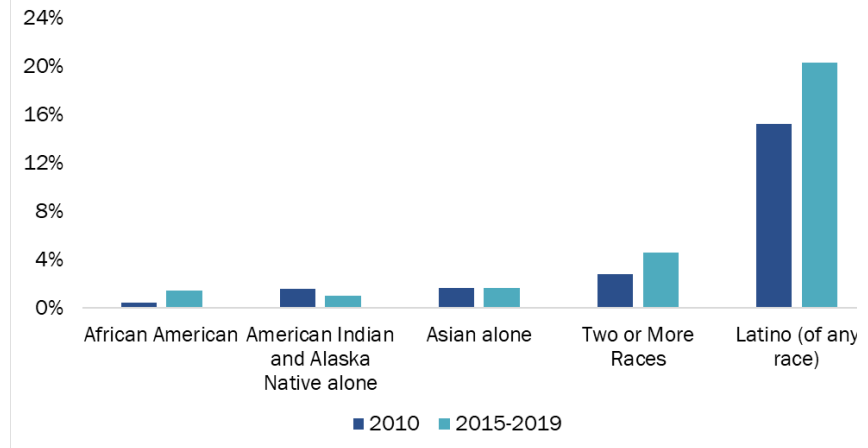
Source: U.S. Census Bureau, 2000 Decennial Census Table B01002, 2015-2019 ACS, Table B01002. Black bars denote the potential upper and lower bound of the estimate using the margin of error reported by the Census.



The share of Newport's households that identified as Latino (of any race) increased by 5% between 2010 and 2019 from 1,525 people to 2,146 people, consistent with regional trends.

Exhibit 46. Change in Population by Race and Ethnicity (People of Color) as a Percent of the Total Population, Newport, 2000 and 2015–2019

Source: U.S. Census Bureau, 2000 Decennial Census Table P008, 2015–2019 ACS Table B03002.



Household Size and Composition

Newport has a larger share of one-person households than Lincoln County or Oregon. On average, Newport's households are smaller than Oregon's households, possibly as a result of the larger share of population aged 60 years and older (who are more likely to live in 1- or 2-person households).

Newport's average household size was smaller than Lincoln County's and Oregon's.

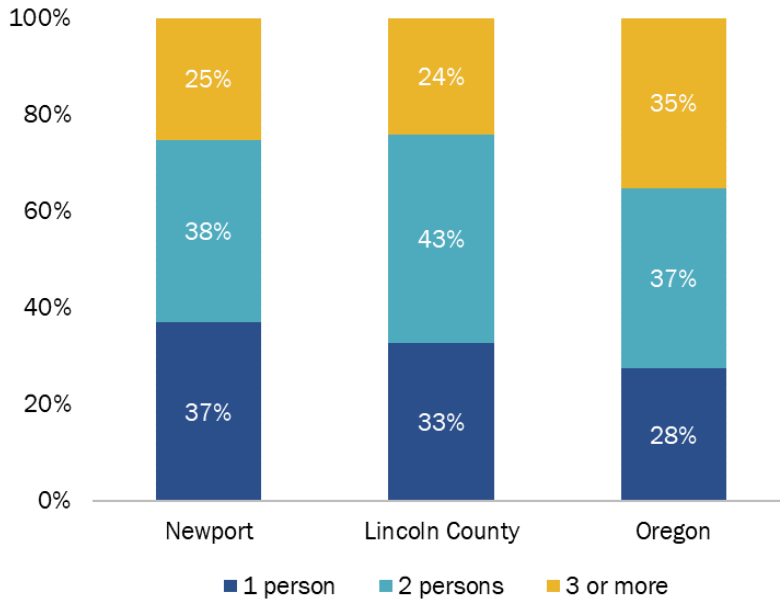
Exhibit 47. Average Household Size, Newport, Lincoln County, Oregon, 2015-2019

Source: US Census Bureau, 2015-2019 ACS 5-Year Estimate, Table B25010.



About 75% of Newport's households were one and two-person households.

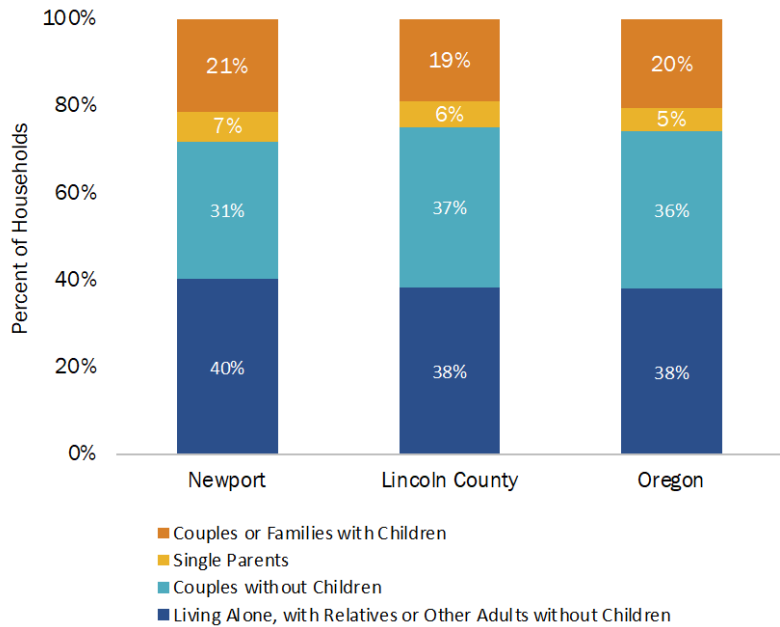
Exhibit 48. Household Size, Newport, Lincoln County, Oregon, 2015-2019
 Source: US Census Bureau, 2015-2019 ACS 5-Year Estimate, Table B25010.



Newport had a slightly larger share of households with children than Lincoln County and Oregon.

About 28% of Newport households have children, compared with 25% of Lincoln County households and 25% of Oregon households.

Exhibit 49. Household Composition, Newport, Lincoln County, Oregon, 2015-2019
 Source: US Census Bureau, 2015-2019 ACS 5-Year Estimate, Table DP02.



Income of Newport Residents

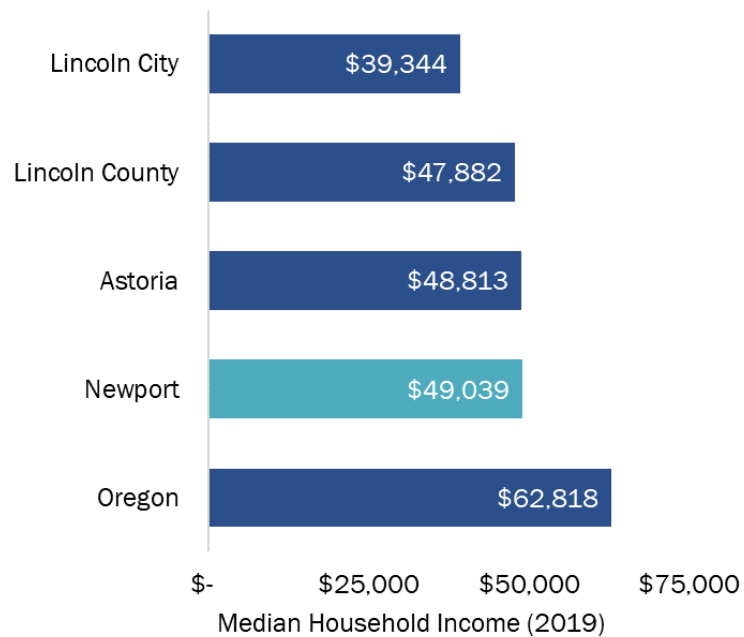
Income is a key determinant in housing choice and households' ability to afford housing. Newport's median household income was about 80% of the State median. Adjusted for inflation, Newport's household income increased by 1% since 2000, similar to statewide trends. The slight increase in household income (adjusted for inflation) occurred at a time when housing prices in Newport (and the whole region) increased substantially.

Newport's median household income was 80% of the state average.

Newport's income was about \$13,780 below the statewide median household income.

Exhibit 50. Median Household Income, Newport, Lincoln County, Oregon, Comparison Cities, 2015-2019

Source: US Census Bureau, 2015-2019 ACS 5-Year Estimate, Table B25119.

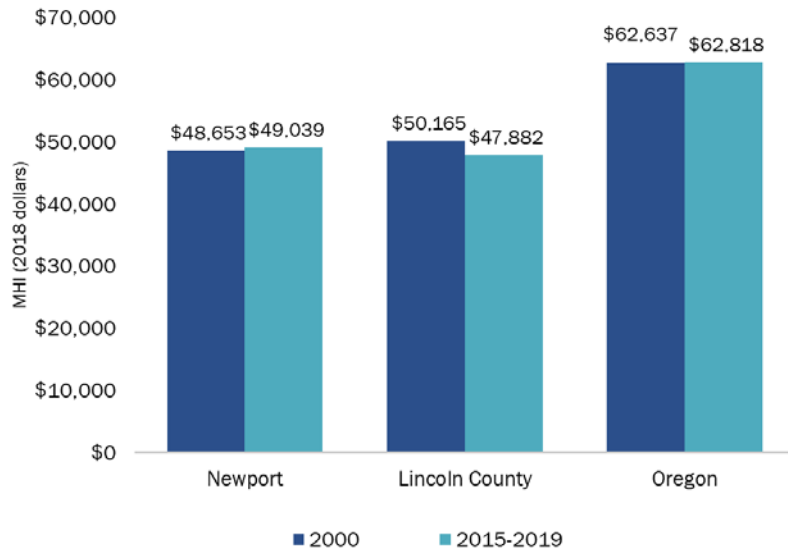


After adjusting for inflation, Newport's median household income increased by 1% from 2000 to 2015-2019.

In contrast, Lincoln County's household income decreased by 5%, while Oregon's median household income remained static.

Exhibit 51. Change in Median Household Income, Newport, Lincoln County, Oregon, 2000 to 2015-2019, Inflation-Adjusted

Source: US Census Bureau, 2000 Decennial Census, Table HCT012; 2015-2019 ACS 5-Year Estimate, Table B25119.

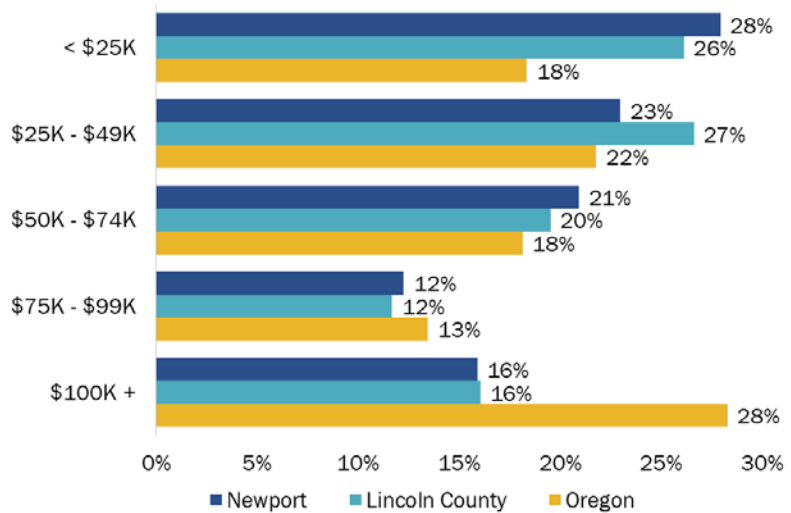


About half of all households in Newport (51%) earned less than \$50,000, compared to 53% of Lincoln County households and 40% of Oregon households.

Newport has a similar share of households earning more than \$75,000 as Lincoln County, but less than Oregon.

Exhibit 52. Household Income, Newport, Lincoln County, Oregon, 2015-2019

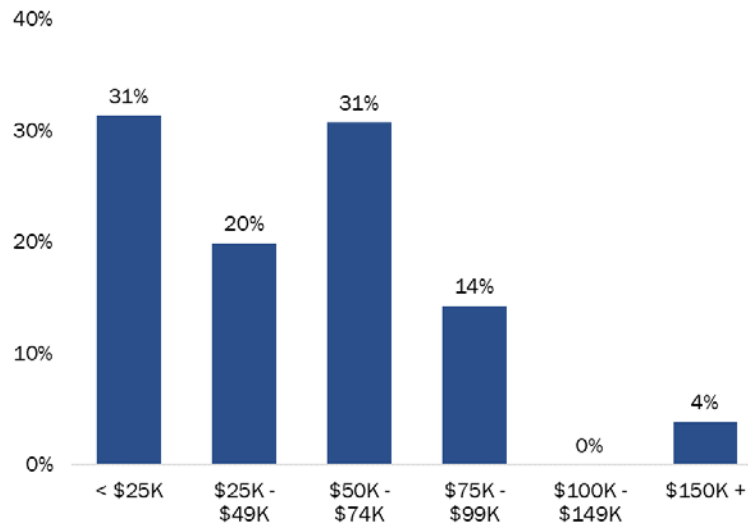
Source: US Census Bureau, 2015-2019 ACS 5-Year Estimate, Table B19001.



Just over half of Latino households earned less than \$50,000 per year similar to the city wide average.

Exhibit 53. Household Income by Latino Head of Household, Newport, 2015-2019

Source: US Census Bureau, 2015-2019 ACS 5-Year Estimate, Table B19001I.

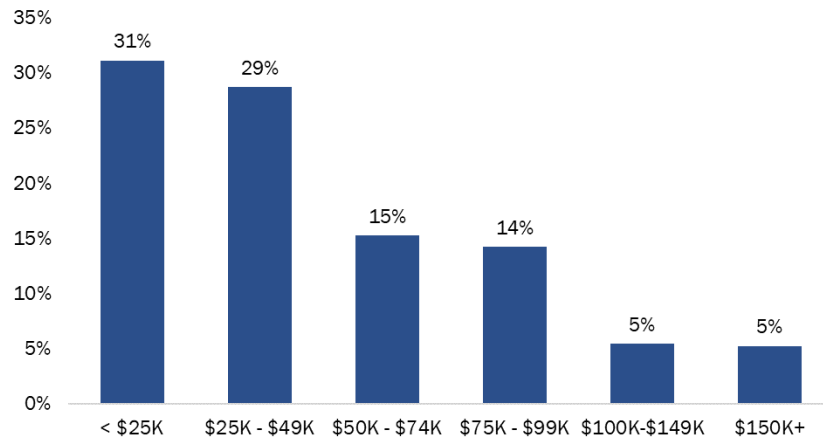


Senior households were more likely to have incomes at or below the city average.

Sixty percent of households with a head of household aged 65 or older earned less than \$50,000 per year, compared to the citywide average of 51% of households.

Exhibit 54. Household Income by Age of Householder (Aged 65 Years and Older), Newport, 2015-2019

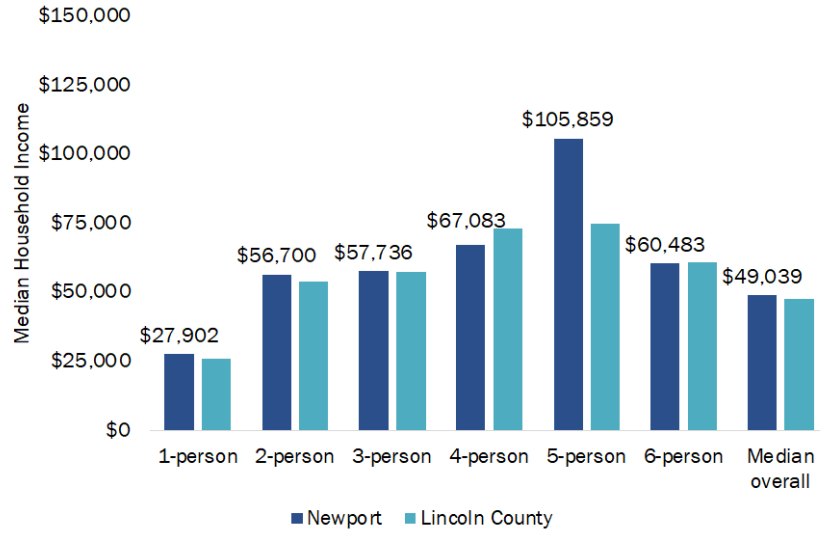
Source: US Census Bureau, 2015-2019 ACS 5-Year Estimate, Table B19037. Note: Median Family Income for Lincoln County was \$57,400 (US Department of Housing and Urban Development).



Median household incomes tend to increase with average household sizes, peaking with households with five people.

Exhibit 55. Median Household Income by Household Size, Newport, 2015-2019

Source: U.S. Census Bureau, 2015-2019 ACS 5-year estimate, Table B19019
 Note: Exhibit 55 displays median household income for households in Newport, with Lincoln County information providing additional context.



Commuting Trends

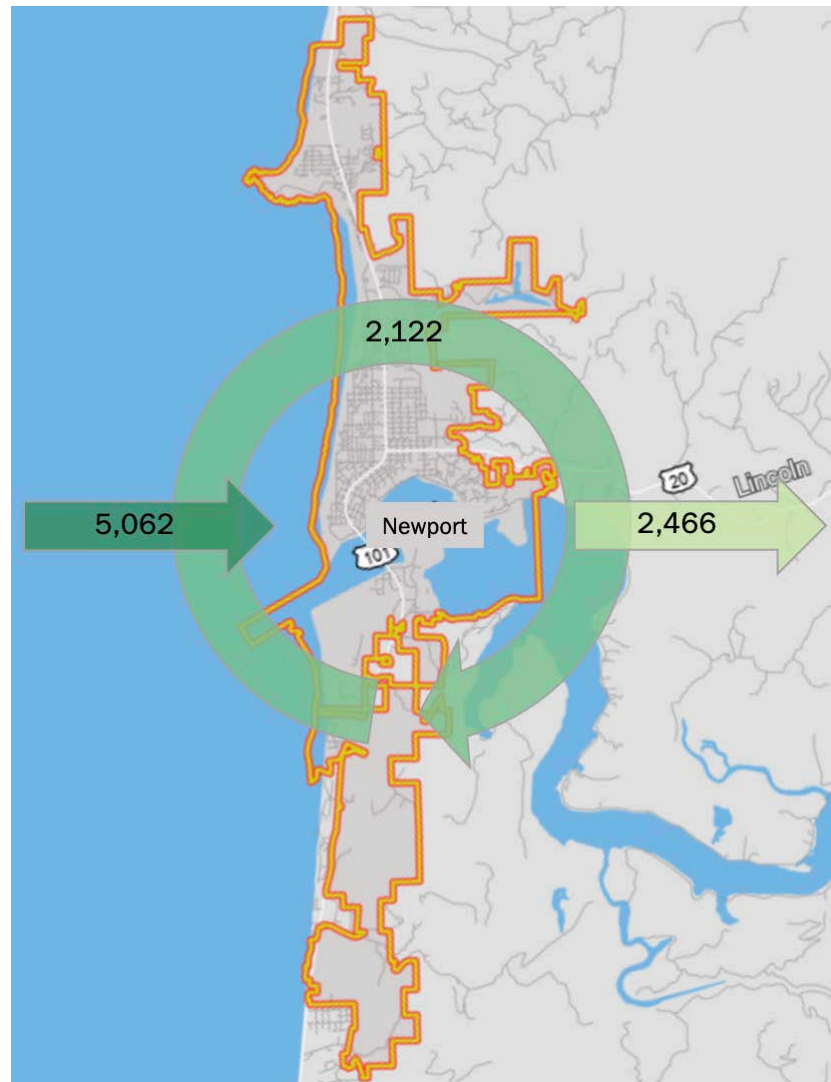
Newport is part of the interconnected economy of the mid-coastal area in Oregon. Of the more than 7,184 people who work in Newport, 70% of workers commute into Newport from other areas, most notably from Toledo, Lincoln City, Waldport, Corvallis and Portland. Almost 2,500 residents of Newport commute out of the city for work, many of them to Portland, Salem, Corvallis, and Toledo.

About 7,184 people work in Newport. Most of these people commute into Newport for work.

About 2,122 people live and work in Newport, accounting for 30% of jobs in Newport.

About 2,466 people live in Newport but commute outside of the city for work.

Exhibit 56. Commuting Flows, Newport, 2019
Source: US Census Bureau, Census on the Map.



About 30% of people who work at businesses located in Newport also live in Newport.

The remainder commute from Toledo and other parts of the Coast and Western Oregon.

Exhibit 57. Places where Workers at Businesses in Newport Lived, 2019

Source: US Census Bureau, Census on the Map.



About 46% of Newport residents worked in Newport.

Exhibit 58. Places where Newport Residents Were Employed, 2019

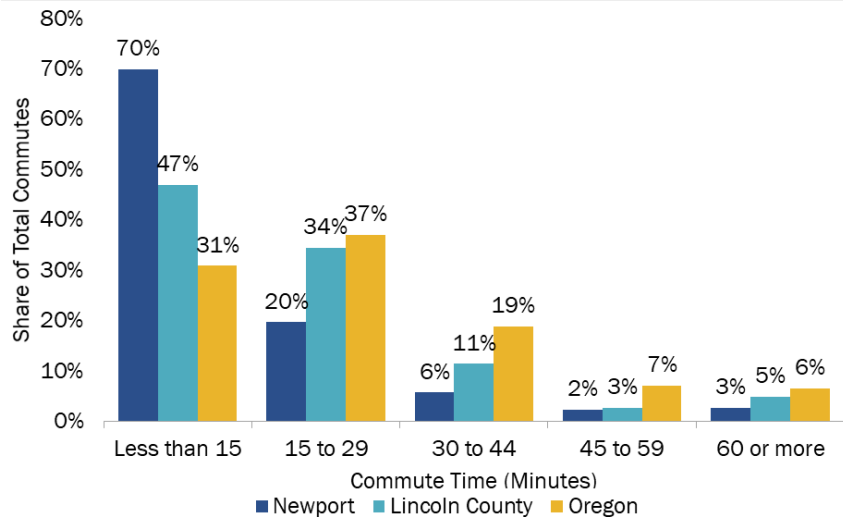
Source: US Census Bureau, Census On the Map.



Almost three-quarters of Newport residents (70%) had a commute time that took less than 15 minutes.

Exhibit 59. Commute Time by Place of Residence, Newport, Lincoln County, Oregon, 2015-2019

Source: US Census Bureau, 2015-2019 ACS 5-Year Estimate, Table B08303.



Populations with Special Needs

People Experiencing Homelessness

Gathering reliable data from individuals experiencing homelessness is difficult precisely because they are unstably housed. People can cycle in and out of homelessness and move around communities and shelters. Moreover, the definition of homelessness can vary between communities. Individuals and families temporarily living with relatives or friends are insecurely housed, but they are often neglected from homelessness data. Even if an individual is identified as lacking sufficient housing, they may be reluctant to share information. The COVID-19 pandemic further exacerbated these challenges. As a result, information about people experiencing homelessness in Newport is not readily available and this section presents information about people experiencing homelessness in Lincoln County.

According to HUD’s 2021 Annual Homeless Assessment Report (AHAR), across the United States, the number of people experiencing *sheltered* homelessness has been decreasing since 2015, but the drop between 2020 and 2021 was steeper than in recent years.⁵¹ It is likely that some of this decline is due to COVID-related precautions that resulted in fewer beds available (due to the need to have more space between beds). Other factors include people being unwilling to use shelter beds due to health risks as well as eviction moratoria and stimulus payments which may have prevented people from needing emergency shelter.

Pandemic-related disruptions to *unsheltered* homelessness counts made it difficult to determine if this population is increasing or decreasing in communities. Many communities chose not to conduct unsheltered PIT counts due to the risk of increasing COVID-19 transmission. While the communities that conducted unsheltered counts seem to indicate that this population did not increase, trends on unsheltered homelessness are known for only half of communities.

This section uses the following sources of information:

Point-in-Time (PIT) Count: The PIT count is a snapshot of individuals experiencing homelessness on a single night in a community. It records the number and characteristics (e.g., race, age, veteran status) of people who live in emergency shelters, transitional housing, rapid rehousing, Safe Havens, or PSH—as well as recording those who are unsheltered. HUD requires that communities and Continuums of Care (CoC) perform the PIT count during the last ten days of January on an annual basis for sheltered people and on a biennial basis for unsheltered people. Though the PIT count is not a comprehensive survey, it serves as a measure of homelessness at a given point of time and is used for policy and funding decisions.

McKinney Vento Data: The McKinney Vento Homeless Assistance Act authorized, among other programs, the Education for Homeless Children and Youth (EHCY) Program to support the academic progress of children and youths experiencing homelessness. The US Department of Education works with state coordinators and local liaisons to collect performance data on students experiencing homelessness. The data records the number of school-aged children who live in shelters or hotels/motels and those who are doubled up, unsheltered, or unaccompanied. This is a broader definition of homelessness than that used in the PIT.

Although these sources of information are known to undercount people experiencing homelessness, they are consistently available for counties in Oregon.

⁵¹ The U.S. Department of Housing and Urban Development (2021). The 2021 Annual Homeless Assessment Report (AHAR) to Congress. Office of Community Planning and Development.

The Oregon Statewide Homelessness Estimates 2021 report from the Oregon Housing and Community Services presented two counts in their report – estimated and reported counts. The estimated counts were developed to address concerns that data limitations imposed by the COVID-19 pandemic resulted in an undercount.⁵² This report uses the estimated count.

Lincoln County’s Point-in-Time Homeless count increased between 2017 and 2021.

Exhibit 60. Number of Persons Homeless, Lincoln County, Point-in-Time Count, 2017, 2019, and 2021

Source: Oregon Housing and Community Services and Annual Homeless Assessment Report (AHAR) data.
 Note: OHCS reported two counts in 2021 – estimated and reported counts. This report uses the estimated counts.

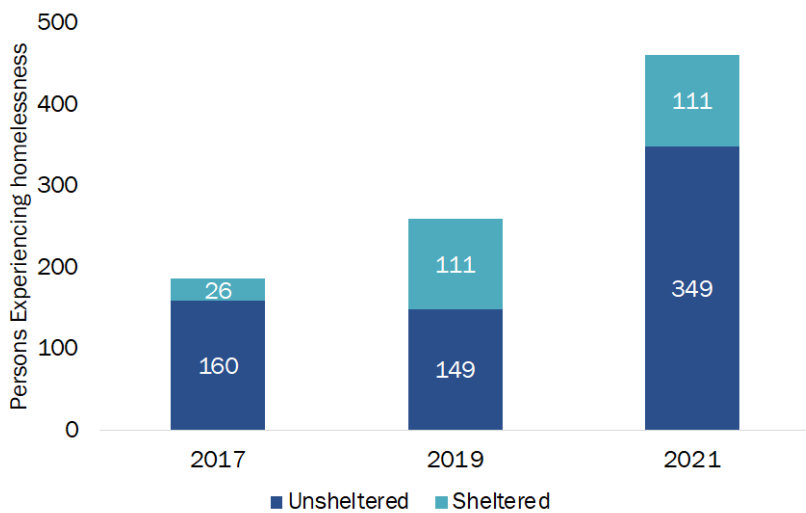


In 2021, an estimated 460 people experienced homelessness in Lincoln County, the majority of which were unsheltered.

Oregon Housing and Community Services presented two counts in 2021 – estimated and reported counts. The estimated counts were developed to address concerns that data limitations imposed by the COVID-19 pandemic resulted in an undercount. This report uses the estimated count.

Exhibit 61. Number of Persons Homeless by Living Situation, Lincoln County, Point-in-Time Count, 2017, 2019, and 2021

Source: Oregon Housing and Community Services and Annual Homeless Assessment Report (AHAR) data.
 Note: OHCS reported two counts in 2021 – estimated and reported counts. This report uses the estimated counts.



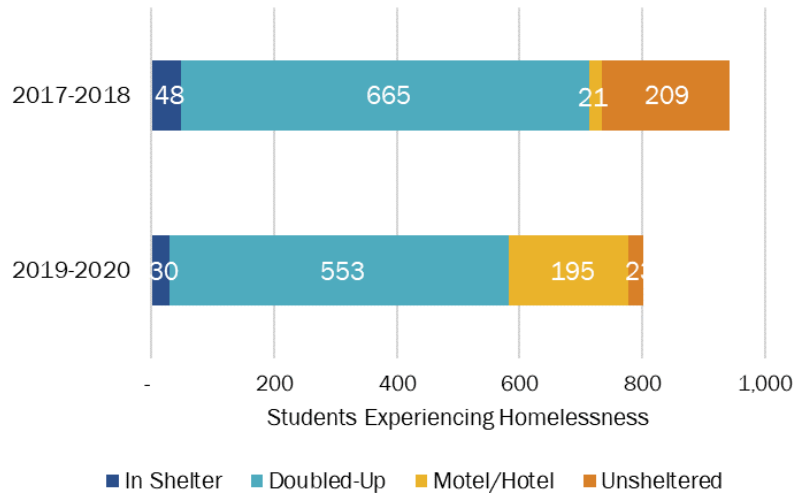
⁵² The *reported* count for sheltered homelessness is what was collected/reported while the *estimated* count is the largest sheltered count reported during 2019-2021 in Josephine County. For unsheltered, the 2021 PIT count is not available for all counties, so the report modeled it by adding the predicted 2019-2021 change, determined through analysis of past trends and other homelessness data, to the 2019 PIT count.

From the 2018-19 school year to the 2019-20 school year, student homelessness decreased by 15% (142 students), from 943 students to 801 students.

Of the 801 students in 2019-20 experiencing homelessness, 112 were unaccompanied.

Exhibit 62. Students Homeless by Living Situation, Lincoln County School District, 2018-2019 and 2019-2020

Source: McKinney Vento, Homeless Student Data.



Based on the Oregon’s Regional Housing Capacity Analysis, Newport will need about 314 housing units to accommodate people experiencing homelessness in the 2020-2040 period.

Exhibit 63. Estimate of Future Housing Need for People Experiencing Homelessness, Newport, 2020 to 2040

Source: From the Report *Implementing a Regional Housing Capacity Analysis Methodology in Oregon: Approach, Results, and Initial Recommendations* by ECONorthwest, August 2020.

314 Dwelling Units

New Units Needed for People Experiencing Homelessness (2020-2040)

16 Dwelling Units

Annual Average

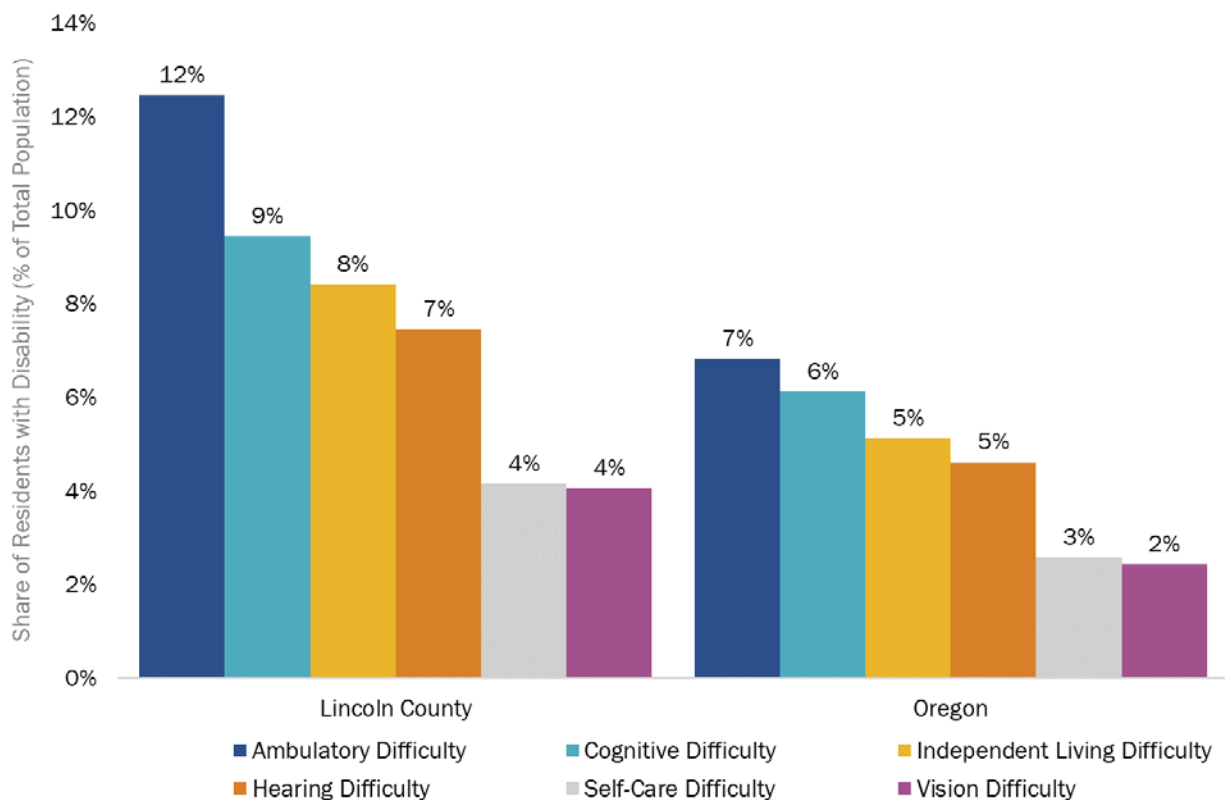
People with Disabilities

Exhibit 64 presents data on the share of residents living with disabilities in Lincoln County and Oregon.⁵³ Persons with disabilities often require housing accommodations such as single-story homes or ground floor dwelling units, unit entrances with no steps, wheel-in showers, widened doorways, and other accessibility features. Limited supply of these housing options poses additional barriers to housing access for these groups.

Unfortunately, the sample size for Newport is too small to have accurate disabilities data, so instead Exhibit 64 shows Lincoln County and Oregon disability data. Nearly a quarter of Lincoln County's population has one or more disabilities (about 11,298 people). It is reasonable to assume that Newport's share of population with disabilities is more similar to Lincoln County than Oregon's. That suggests that Newport has a larger share of households with all types of disabilities than the state average.

Exhibit 64. Persons Living with a Disability by Type and as a Percent of Total Population Lincoln County, Oregon, 2019

Source: US Census Bureau 2019 ACS, Table K201803.



⁵³ Data was not available for Newport city.

Seasonal workers and students

Newport has a seasonal economy, with more tourism in the summer. During the summer, businesses that cater to tourists need to add employees, in businesses like hotels, restaurants, and stores. Newport is also home to a fishing and seafood processing industry which has two primary seasons. The summer season runs from May to October and requires a greater number of seasonal employees. The winter season (crab season) takes place between January and February and requires fewer seasonal employees than in the summer. In addition, the student population studying at OSU's HMSC increases substantially in the summer.

Seasonal employees and students compete with year-round residents and visitors for available, inexpensive housing. The wages of people employed in retail and accommodations and food services are about \$37,000 and \$29,000 respectively, below the Lincoln County average (\$46,000 in 2021).⁵⁴ Students also have low to no income but have access to loans and other funds to support them. However, they are typically seeking lower cost housing. Most seasonal workers in the seafood processing industry rely on company-supplied, lower-cost, workforce housing.

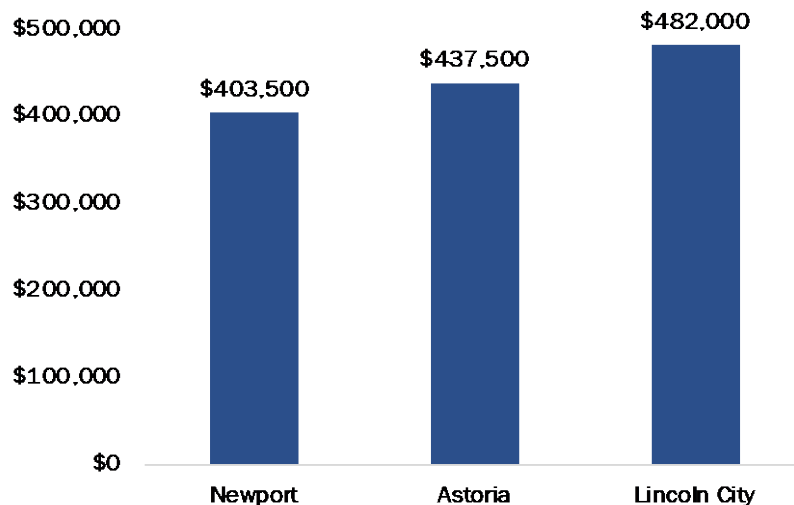
Regional and Local Trends Affecting Affordability in Newport

This section describes changes in sales prices, rents, and housing affordability in Newport, compared to other geographies in the region. Newport's median home sales price was about \$403,500 (Exhibit 65) in December 2021.

Changes in Housing Costs

Newport's median home sales price was less than both Astoria's and Lincoln City's in December 2021.

Exhibit 65. Median Home Sales Price, Newport and Comparison Cities, December 2021
Source: Property Radar



⁵⁴ Oregon Employment Department, Quarterly Census of Employment and Wages, 2021.

Newport's median home sales price was generally in line with other comparison coastal cities.

Between December of 2016 to December of 2021, the median sales price in Newport increased by \$198,000 (96%) from \$205,500 to \$403,500

Exhibit 66. Median Sales Price, Newport and Comparison Cities, Dec 2016 through Dec 2021

Source: Property Radar

Note: We omitted the median sales in Newport for April 2019, which was an outlier of \$895,000.

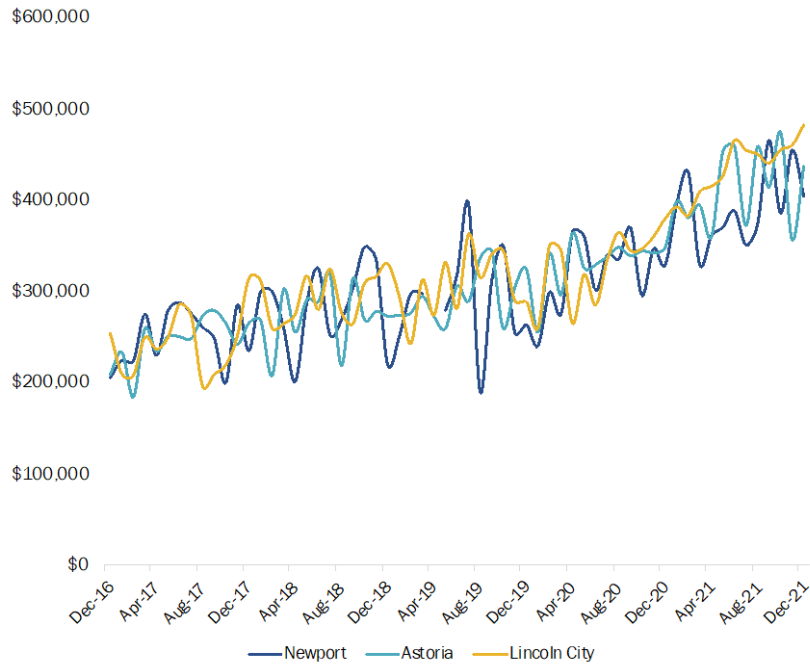
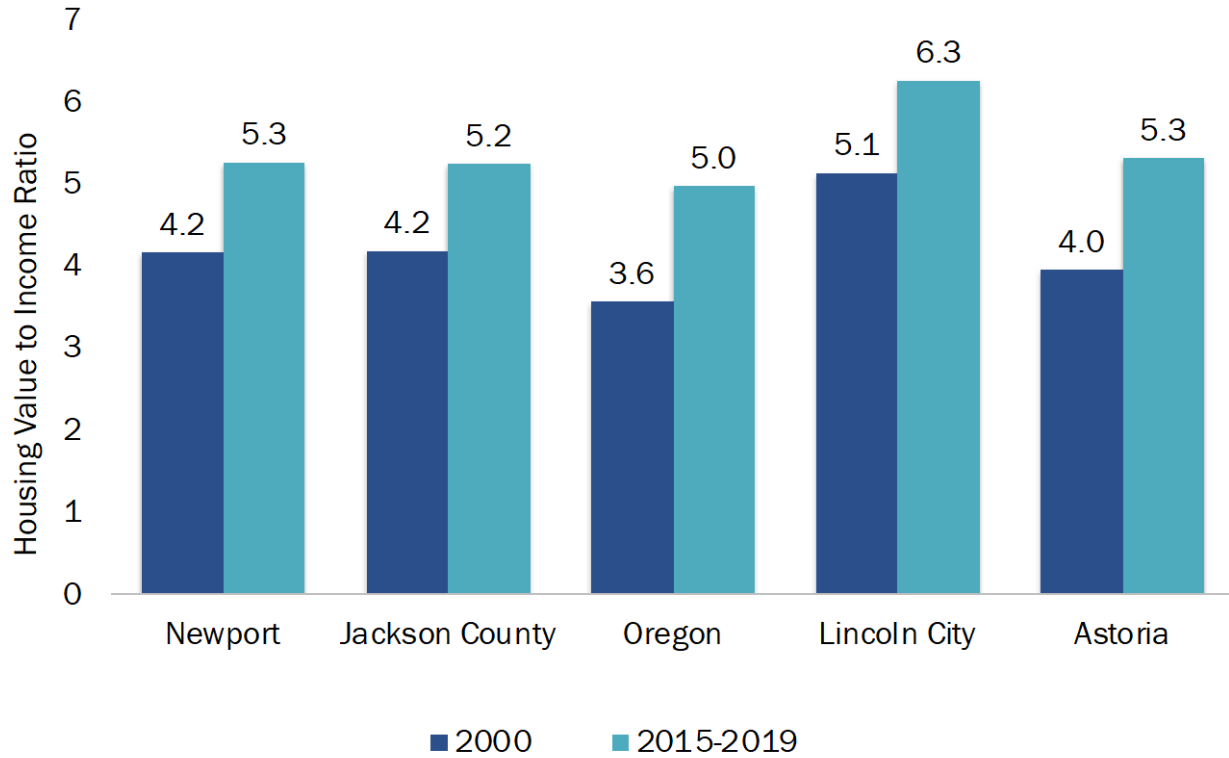


Exhibit 67 shows that, since 2000, housing costs in Newport increased faster than incomes. The household-reported median value of a house in Newport was 4.2 times the median household income in 2000 and 5.3 times the median household income in the 2015-2019 period.

Exhibit 67. Ratio of Median Housing Value to Median Household Income, Newport, Lincoln County, Oregon, and Comparison Cities, 2000 to 2015-2019⁵⁵

Source: US Census Bureau, 2000 Decennial Census (Table HCT012, H085); 2015-2019 ACS (Table B19013, B25077).



⁵⁵ This ratio compares the median value of housing in Newport (and other places) to the median household income. Inflation-adjusted median owner values in Newport increased from \$202,715 in 2000 to \$258,000 in 2015-2019. Over the same period, inflation-adjusted median income increased from \$48,653 to \$49,039.

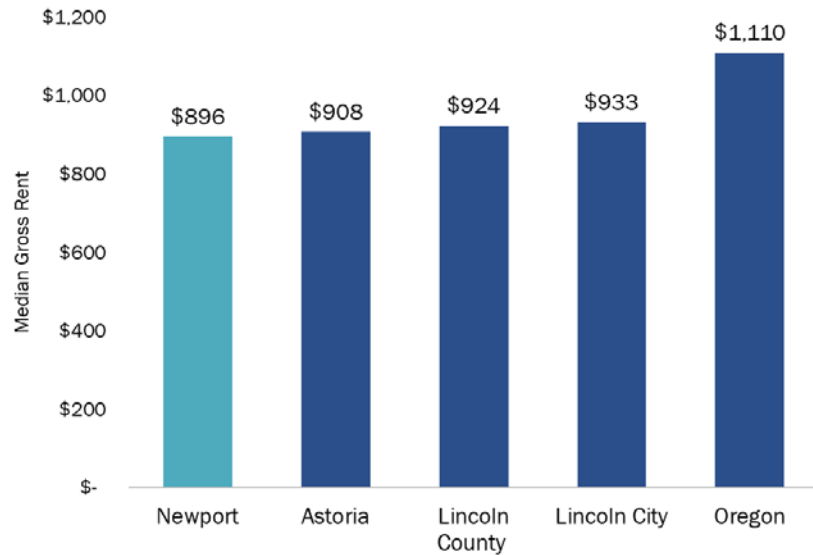
Rental Costs

Median rental costs in Newport were lower than Lincoln County and the state. The charts below show gross rent (which includes the cost of rent plus utilities) based on Census data.

The median gross rent in Newport was \$896 in the 2015-2019 period.

Exhibit 68. Median Gross Rent, Newport, Lincoln County, Oregon, and Comparison Cities, 2015-2019

Source: US Census Bureau, 2015-2019 ACS 5-Year Estimate, Table B25064.

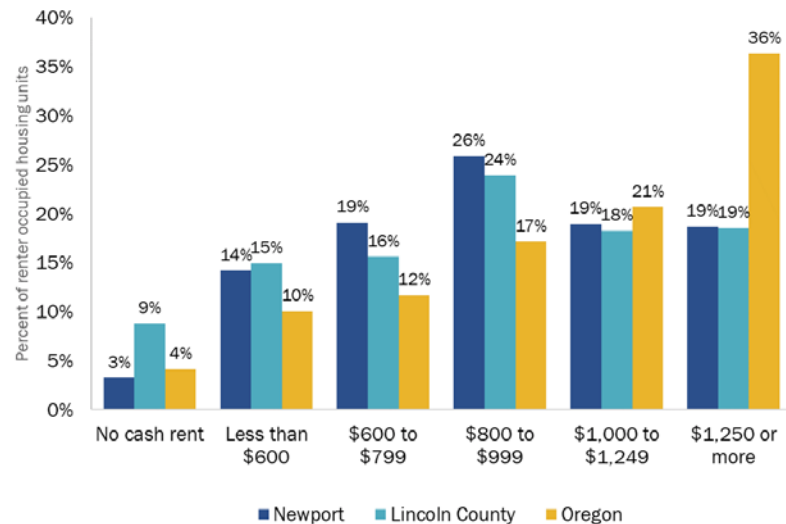


About 62% of renters in Newport pay less than \$1,000 per month, compared to 63% of renters in Lincoln County and 43% of renters in Oregon.

About 19% of Newport's renters pay \$1,250 or more in gross rent per month, a similar share to Lincoln County but far lower than that of the state.

Exhibit 69. Gross Rent, Newport, Lincoln County, and Oregon, 2015-2019

Source: US Census Bureau, 2015-2019 ACS Table B25063.

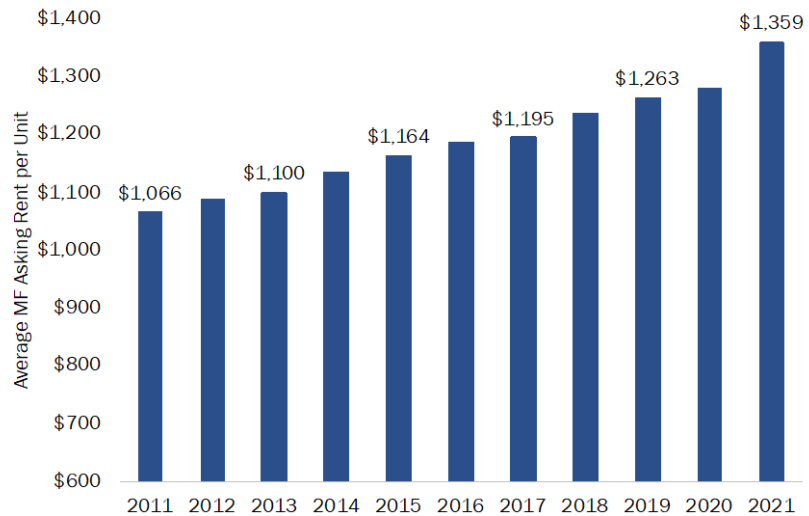


The average asking price per multifamily unit in Newport has increased steadily over the past decade.

Between 2011 and 2021, Newport's average multifamily asking rent increased by about \$293, from \$1,066 per month to \$1,359 per month.

Exhibit 70. Average Multifamily Asking Rent per Unit, Newport, 2011 through 2021

Source: CoStar.

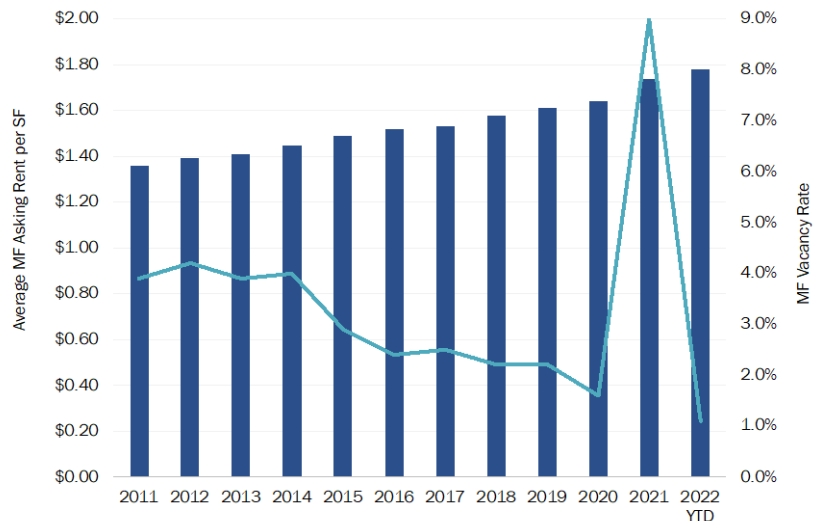


In 2021, Newport's average multifamily asking rent was \$1.78 per square foot at the beginning of 2022, up from \$1.36 per square foot in 2011.

In 2020 and 2021, 176 multifamily units were completed. The increased vacancy rate in 2021 was likely the result of absorption of the new units.

Exhibit 71. Average Multifamily Asking Rent per Square Foot and Average Multifamily Vacancy Rate, Newport, 2011 through 2022 YTD

Source: CoStar. March 2022



Housing Affordability

A typical standard used to determine housing affordability is that a household should pay no more than a certain percentage of household income for housing, including payments and interest or rent, utilities, and insurance. The Department of Housing and Urban Development’s guidelines indicate that households paying more than 30% of their income on housing experience “cost burden” and households paying more than 50% of their income on housing experience “severe cost burden.” Using cost burden as an indicator is one method of determining how well a city is meeting the Goal 10 requirement to provide housing that is affordable to all households in a community.

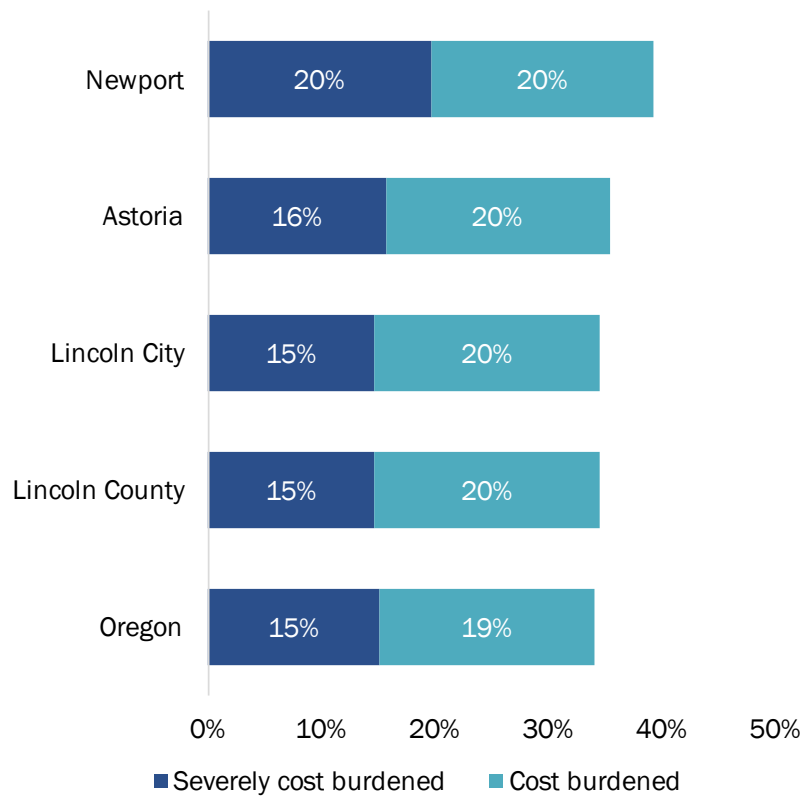
About 40% of Newport’s households were cost burdened in the 2016-2020 period and 20% were severely cost burdened. In this period, about 53% of renter households were cost burdened or severely cost burdened, compared with 28% of homeowners. Overall, a larger share of households in Newport experienced cost burden, compared to households in Lincoln County and Oregon.

Overall, about 40% of all households in Newport were cost burdened.

Newport had a higher share of cost-burdened households than Lincoln County and the state.

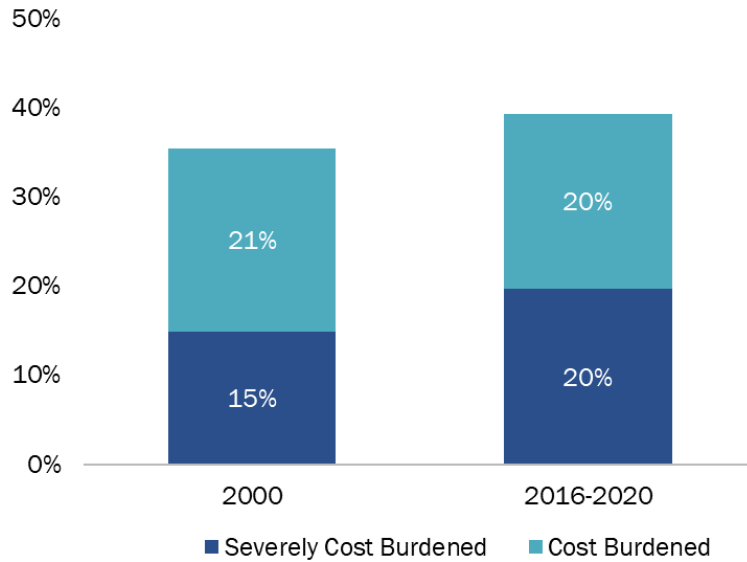
Exhibit 72. Housing Cost Burden, Newport, Lincoln County, Oregon, Other Comparison Cities, 2016-2020

Source: US Census Bureau, 2016-2020 ACS Tables B25091 and B25070.



From 2000 to the 2016-2020 period, the share of cost-burdened households grew by 4% in Newport.

Exhibit 73. Change in Housing Cost Burden, Newport, 2000 to 2016-2020
 Source: US Census Bureau, 2000 Decennial Census, Tables H069 and H094 and 2016-2020 ACS Tables B25091 and B25070.

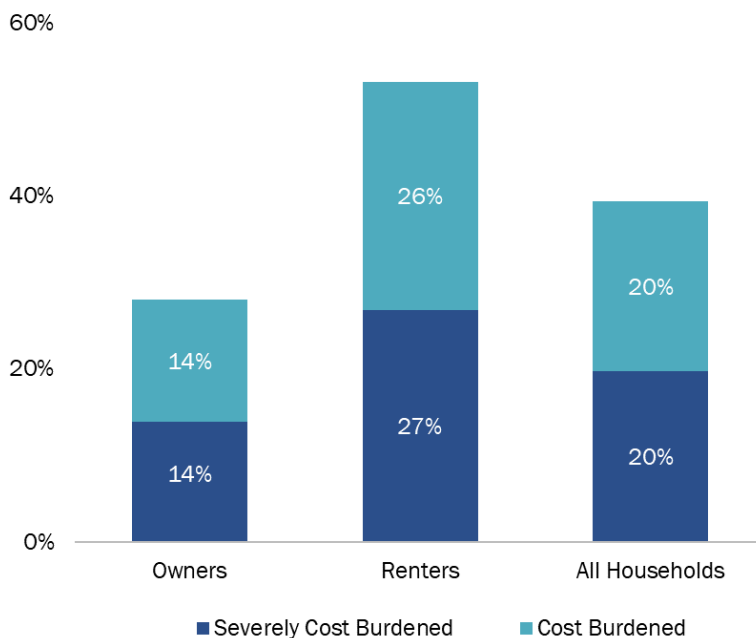


Renters are much more likely to be cost burdened than homeowners.

In the 2016-2020 period, about 53% of Newport’s renters were cost burdened or severely cost burdened, compared to 28% of homeowners.

About 27% of Newport’s renters were severely cost burdened (meaning they paid more than 50% of their income on housing costs).

Exhibit 74. Housing Cost Burden by Tenure, Newport, 2016-2020
 Source: US Census Bureau, 2016-2020 ACS Tables B25091 and B25070.

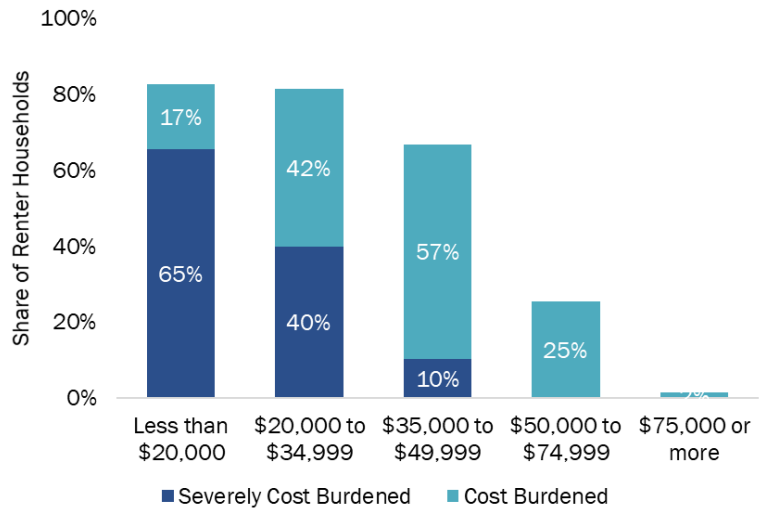


Cost burden is highest for the households with the lowest incomes.

Most households earning less than \$35k are cost burdened.

Exhibit 75. Cost-Burdened Renter Households, by Household Income, Newport, 2016-2020

Source: US Census Bureau, 2016-2020 ACS Table B25074.



About 49% of POC households were cost burdened or severely cost burdened compared to 41% of White households.

About 26% of POC households were severely cost burdened, spending 50% or more of their gross income on housing.

Exhibit 76. Cost Burdened Households by Race and Ethnicity, Newport, 2014-2018

Source: CHAS Table 9. 2014-2018.

Note: POC category includes Hispanic or Latino (all races)

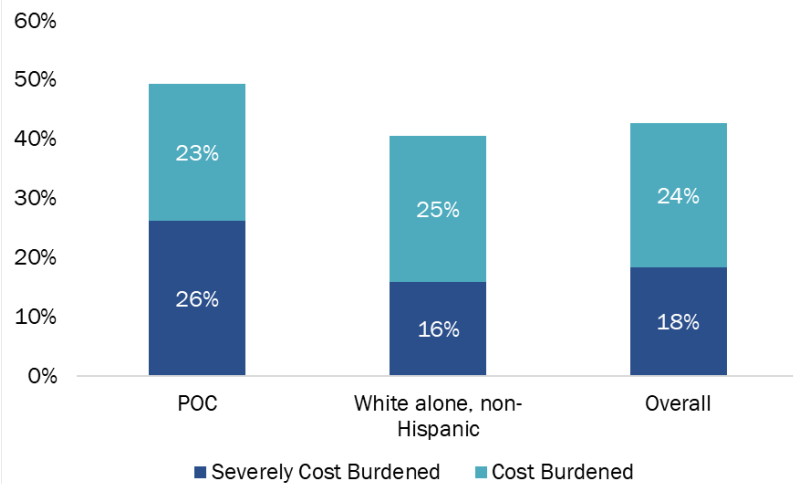


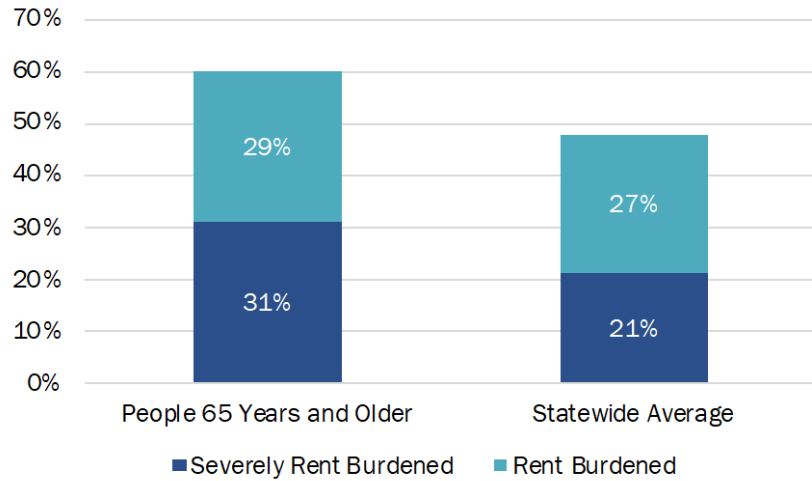
Exhibit 77 through Exhibit 79 show cost burden in Oregon for renter households for seniors, people of color, and people with disabilities.⁵⁶ This information is not readily available for a city with a population as small as Newport, which is why we present statewide information. These exhibits show that these groups experience cost burden at higher rates than the overall statewide average.

Renters 65 years of age and older were disproportionately rent burdened compared to the state average.

About 60% of renters aged 65 years and older were rent burdened, compared with the statewide average of 48% of renters.

Exhibit 77. Cost-Burdened Renter Households, for People 65 Years of Age and Older, Oregon, 2018

Source: US Census, 2018 ACS 1-Year PUMS Estimates. From the Report *Implementing a Regional Housing Needs Analysis Methodology in Oregon: Approach, Results, and Initial Recommendations* by ECONorthwest, August 2020.

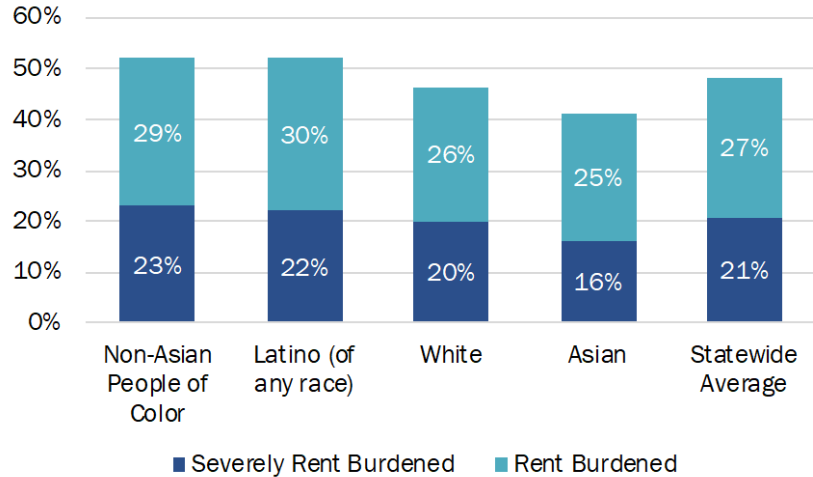


⁵⁶ From the report *Implementing a Regional Housing Needs Analysis Methodology in Oregon*, prepared for Oregon Housing and Community Services by ECONorthwest, March 2021.

Compared to the average renter household in Oregon, those that identified as a non-Asian person of color or as Latino were disproportionately rent burdened.

Exhibit 78. Cost-Burdened Renter Households, by Race and Ethnicity, Oregon, 2018

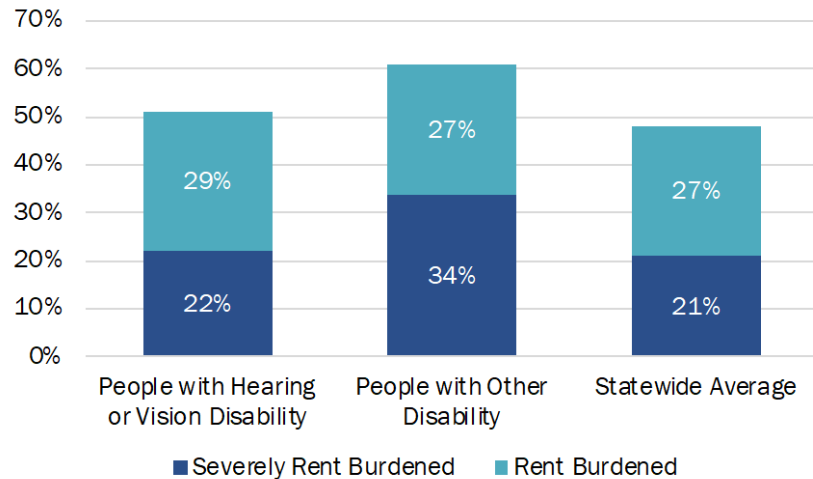
Source: US Census, 2018 ACS 1-Year PUMS Estimates. From the Report *Implementing a Regional Housing Needs Analysis Methodology in Oregon: Approach, Results, and Initial Recommendations* by ECONorthwest, August 2020.



Renters with a disability in Oregon were disproportionately cost burdened.

Exhibit 79. Cost-Burdened Renter Households, for People with Disabilities, Oregon, 2018

Source: US Census, 2018 ACS 1-Year PUMS Estimates. From the Report *Implementing a Regional Housing Needs Analysis Methodology in Oregon: Approach, Results, and Initial Recommendations* by ECONorthwest, August 2020.



While cost burden is a common measure of housing affordability, it does have some limitations. Two important limitations are:

- A household is defined as cost burdened if the housing costs exceed 30% of their income, regardless of actual income. The remaining 70% of income is expected to be spent on nondiscretionary expenses, such as food or medical care, and on discretionary expenses. Households with higher incomes may be able to pay more than 30% of their income on housing without impacting the household’s ability to pay for necessary nondiscretionary expenses.
- Cost burden compares income to housing costs and does not account for accumulated wealth. As a result, the estimate of how much a household can afford to pay for housing does not include the impact of a household’s accumulated wealth. For example, a household of retired people may have relatively low income but may have accumulated assets (such as profits from selling another house) that allow them to purchase a house that would be considered unaffordable to them based on the cost-burden indicator.
- Cost burden does not account for debts, such as college loans, credit card debt, or other debts. As a result, households with high levels of debt may be less able to pay up to 30% of their income for housing costs.

Another way of exploring the issue of financial need is to review housing affordability at varying levels of household income.

Fair Market Rent for a 2-bedroom apartment in Lincoln County is \$1,040.

Exhibit 80. HUD Fair Market Rent (FMR) by Unit Type, Lincoln County, 2021

Source: US Department of Housing and Urban Development.

\$686	\$835	\$1,040	\$1,488	\$1,801
Studio	1-Bedroom	2-Bedroom	3-Bedroom	4-Bedroom

A household must earn at least \$20.00 per hour to afford a two-bedroom unit at Fair Market Rent (\$1,040) in Lincoln County.

Exhibit 81. Affordable Housing Wage, Lincoln County, 2021

Source: US Department of Housing and Urban Development; Oregon Bureau of Labor and Industries.

\$20.00 per hour

Affordable housing wage for two-bedroom unit in Lincoln County

The Median Family Income (MFI) in Lincoln County in 2021 was \$57,400 for a household of four people. MFI is a standard used (and defined) by US Department of Housing and Urban Development on a county-by-county basis. It is used to estimate affordable rental costs for income-restricted housing based on household size. A household earning Lincoln County's MFI (\$57,400) can afford a monthly rent of about \$1,440 or a home roughly valued between \$201,000 and \$230,000. As Exhibit 83 shows, about 33% of Newport's households have an income less than \$28,700 (50% or less of MFI) and cannot afford a two-bedroom apartment at Lincoln County's Fair Market Rent (FMR) of \$1,040.

To afford the average asking rent of \$1,360 (which does not include basic utility costs), a household would need to earn about \$54,400 or 95% of MFI. About 54% of Newport's households earn less than \$54,000 and cannot afford these rents. In addition, about 16% of Newport's households have incomes of less than \$17,220 (30% of MFI) and are at risk of becoming homeless.

To afford the median home sales price of \$403,500, a household would need to earn about \$107,000 or 186% of MFI. About 12% of Newport's households have income sufficient to afford this median home sales price.

Exhibit 82. Financially Attainable Housing, by Median Family Income (MFI) for Lincoln County (\$57,400) 2021

Source: US Department of Housing and Urban Development, Lincoln County, 2021. Oregon Employment Department.

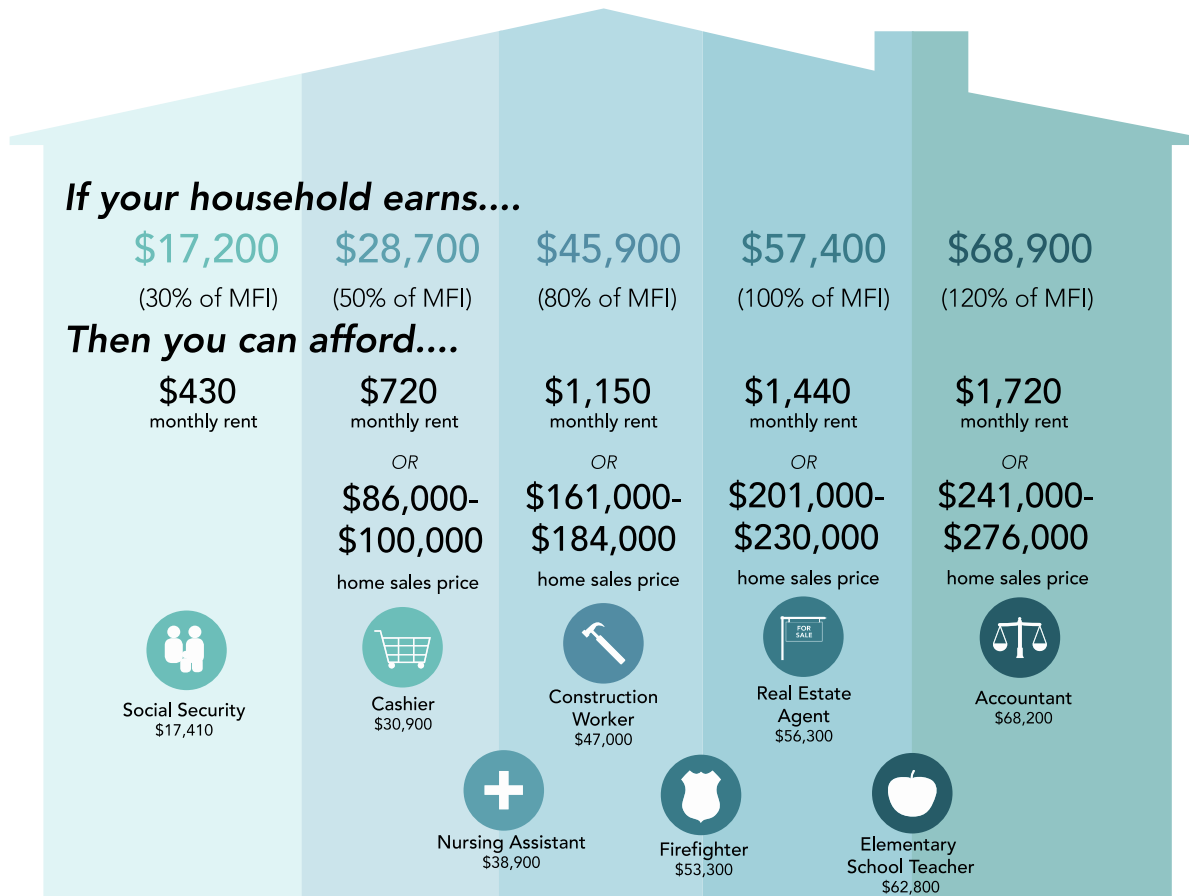


Exhibit 83 shows that 33% of Newport’s households are extremely low or very low income, with incomes below \$28,700 (below 50% of MFI). These households can afford monthly rent of \$720 or less, which is below the HUD Fair Market Rent of \$1,040 and below the average market rent of \$1,360. Private housing developers generally cannot build housing affordable to households in these income groups because the rents are too low to pay for the cost of development. Newly built housing for households with these incomes is generally income-restricted affordable housing, built with government subsidy.

About 15% of households in Newport are low income, with incomes between \$29,000 and \$46,000 (50%-80% of MFI). These households can afford rents of \$720 to \$1,150. The lowest-income households in this group cannot afford the HUD Fair Market Rent of \$1,040 for a two-bedroom apartment. None in this income group can afford the average market rent of \$1,360. Private housing developers generally cannot build housing affordable to households in this income group because the rents are too low to pay for the cost of development. Newly built

housing for households in this income group is less commonly built and generally has some form of government subsidy to make the development financially feasible.

About 18% of Newport’s households are middle income (with incomes between \$46,000 and \$69,000) and 33% are high income (with incomes above \$69,000). Most of these households can afford rental housing in Newport, and some can afford the cost of homeownership (generally households with incomes above \$69,000). Private housing developers can build most types of housing affordable to these income groups without government subsidy.

Exhibit 83. Share of Households by Median Family Income (MFI) for Lincoln County, Newport, 2019
 Source: US Department of HUD, Lincoln County, 2021. US Census Bureau, 2015-2019 ACS Table B19001.

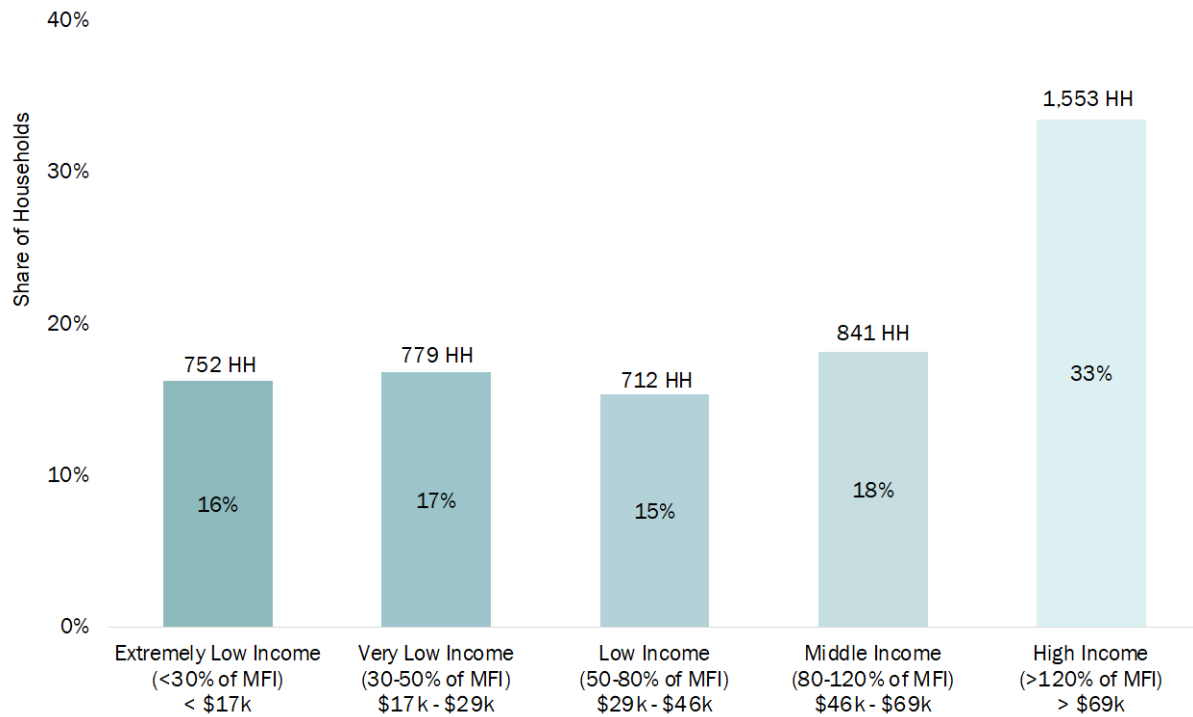


Exhibit 84 compares the number of households by income category with the number of units affordable to those households in Newport. Newport currently has a deficit of 664 housing units for households earning 0-50% of the MFI (less than \$28,700 per year) and of 258 units for households earning 50-80% of the MFI (\$28,700 to \$45,921 per year), resulting in cost burden of these households. This indicates a deficit of more affordable housing types (such as government-subsidized housing, existing lower-cost apartments, and manufactured housing).

In contrast, some households in Newport are renting or buying down, which means that they are occupying units affordable to lower-income households. About 116 households earning 50-80% of the MFI (\$28,700 to \$45,920 per year) and 753 earning more than 80% of the MFI (more than \$45,921 per year) are renting or buying down. These households could afford more costly housing but either choose to live in less costly housing or cannot find higher-cost housing that meets their needs.

Exhibit 84. Unit Affordability by Household Income, Newport, 2014-2018

Source: CHAS, 2014-2018, Table 18.

Unit Affordability	Household Income			Total
	0-50% MFI \$0 to \$28,700	50-80% MFI \$28,701 to \$45,920	80% MFI \$45,921 +	
0-50% (Monthly housing costs of \$29,000 or less)	378	116	193	687 *Renting/
50-80% (Monthly housing costs of \$29,000-\$46,000)	384	340	560	1,284 Buying Down*
+80% (Monthly housing costs of \$46,000 or more)	280	258	2,047	2,585

Summary of the Factors Affecting Newport's Housing Needs

The purpose of the analysis thus far has been to provide background on the kinds of factors that influence housing choice. While the number and interrelationships among these factors ensure that generalizations about housing choice are difficult to make and prone to inaccuracies, it is a crucial step to informing the types of housing that will be needed in the future.

There is no question that age affects housing type and tenure. Mobility is substantially higher for people aged 20 to 34. People in that age group will also have, on average, less income than people who are older, and they are less likely to have children. These factors mean that younger households are much more likely to be renters, and renters are more likely to be in multifamily housing.

The data illustrates what more detailed research has shown and what most people understand intuitively: life cycle and housing choice interact in ways that are predictable in the aggregate, age of the household head is correlated with household size and income, household size and age of household head affect housing preferences, and income affects the ability of a household to afford a preferred housing type. The connection between socioeconomic and demographic factors and housing choice is often described informally by giving names to households with certain combinations of characteristics: the "traditional family," the "never-marrieds," the "dinks" (dual income, no kids), and the "empty nesters." Thus, simply looking at the long wave of demographic trends can provide good information for estimating future housing demand.

Still, one is ultimately left with the need to make a qualitative assessment of the future housing market. The following is a discussion of how demographic and housing trends are likely to affect housing in Newport over the next 20 years:

- **Growth in housing will be driven by growth in population.** Between 2000 and 2019, Newport's population grew by 1,027 people (11%). The population in Newport's UGB is forecasted to grow from 12,098 to 12,346, an increase of 248 people (2%) between 2022 and 2042.⁵⁷
- **Housing affordability is a growing challenge in Newport.** Housing affordability is a challenge in most coastal communities in Oregon, and Newport is affected by these regional trends. Housing prices continue to increase faster than incomes in Newport and Lincoln County, which is consistent with state and national challenges. About 29% of Newport's housing stock is multifamily housing (about 29% of the city's housing stock) and over half of renter households are cost burdened (53%). Newport's key challenge over the next 20 years is providing opportunities for the development of relatively affordable housing of all types, such as lower-cost single-family housing, town homes, cottage housing, duplexes, triplexes, quadplexes, market-rate multifamily housing, and government-subsidized affordable housing. Recent development trends show that

⁵⁷ This forecast is based on Lincoln County's certified population estimate and official forecast from the Oregon Population Forecast Program for the 2022 to 2042 period, shown in Exhibit 36.

substantially more multifamily housing has been built in Newport between 2018 and 2021 than in the preceding decade.

- **Without continued changes in housing policy, on average, future housing will look a lot like past housing.** That is the assumption that underlies any trend forecast, and one that is important when trying to address demand for new housing.

The City's residential policies can impact the amount of change in Newport's housing market, to some degree. Newport adopted policies that support development of more multifamily housing, including income-restricted affordable housing in recent years. These changes begin to address the city's unmet housing needs. Newport will consider opportunities for additional policy changes in development of the *Housing Production Strategy* report.

- **If the future differs from the past, it is likely to move in the direction, on average, of smaller units and more diverse housing types.** Most of the evidence suggests that the bulk of the change will be in the direction of smaller average house and lot sizes for single-family housing. This includes providing opportunities for the development of smaller single-family detached homes, accessory dwelling units, cottage housing, town homes, duplexes through quad-plexes, and multifamily housing. However, the continued impact of the COVID-19 pandemic may trigger a reversal of these trends, if more working-aged persons transition to permanent work-from-home situations.

Key demographic and economic trends that will affect Newport's future housing needs are (1) the aging of baby boomers, (2) the aging of millennials and Generation Z, and (3) the continued growth in the Hispanic and Latino population.

- *The baby boomer's population is continuing to age.* Household sizes decrease as this population ages. Most baby boomers are expected to remain in their homes as long as possible, downsizing or moving when illness or other issues cause them to move. Demand for specialized senior housing, such as age-restricted housing or housing in a continuum of care from independent living to nursing home care, may grow in Newport.
- *Millennials and Generation Z will continue to form households and make a variety of housing choices.* As millennials and Generation Z age, generally speaking, their household sizes will increase, and their homeownership rates will peak by about age 55. Between 2022 and 2042, millennials and Generation Z will be a key driver in demand for housing for families with children. The ability to attract millennials and Generation Z will depend on the City's availability of renter and ownership housing that is large enough to accommodate families while still being relatively affordable. Homeownership is becoming increasingly common among millennials but financial barriers to homeownership remain for some millennials and Generation Z, resulting in need to rent housing, even if they prefer to become homeowners. Housing preferences for Generation Z are not yet known, but are expected to be similar to millennials, with the result that they will also need affordable housing, both for rental and later in life for ownership. Some millennials and Generation Z households

will occupy housing that is currently occupied but becomes available over the planning period, such as housing that is currently owned or occupied by baby boomers. The need for housing large enough for families may be partially accommodated by these existing units.

- *Hispanic and Latino population will continue to grow.* Hispanic and Latino population growth will be an important driver in growth of housing demand, both for owner and renter-occupied housing. Growth in the Hispanic and Latino population will drive demand for housing for families with children. Given the lower income for Hispanic and Latino households, especially first-generation immigrants, growth in this group will also drive demand for affordable housing, both for ownership and renting.

Newport's housing market is impacted by the seasonality of its economy. Newport's economy is highly seasonal, with more tourism and student activity and therefore housing demand during the summer months. The housing needs for these groups increase the demand for affordable housing, which is in short supply as it is. The fishing and seafood processing industry creates demand for short-term workforce housing twice a year in line with the fishing seasons. The housing needs of these workers also increase the demand for affordable housing options that employers can maintain and manage cost-effectively. Limited availability of housing limits employers' ability to attract seasonal (and permanent) employees to the area.

People who live part-year in Newport could also benefit from the types of housing described above, especially smaller units. Solutions for temporary housing will come from different sources but could include development of smaller, shared units, such as dormitory housing, studio apartments, accessory dwelling units, student housing, and other small, less costly housing.

In summary, an aging population; increasing housing costs; housing affordability concerns for millennials, Generation Z, and Latino populations; need for seasonal housing; and other variables are factors that support the need for smaller and less expensive units and a broader array of housing choices.

5. Housing Need in Newport

Projected New Housing Units Needed in the Next 20 Years

The results of the Housing Capacity Analysis are based on (1) the official population forecast for growth in Newport over the 20-year planning period, (2) information about Newport’s housing market relative to Lincoln County, Oregon, and nearby cities, and (3) the demographic composition of Newport’s existing population and expected long-term changes in the demographics of Lincoln County.

Forecast for Housing Growth

This section describes the key assumptions and presents an estimate of new housing units needed in Newport between 2022 and 2042. The key assumptions are based on the best available data and may rely on safe harbor provisions, when available.⁵⁸

- **Population.** A 20-year population forecast (in this instance, 2022 to 2042) is the foundation for estimating needed new dwelling units. Newport’s UGB is projected to grow from 12,098 persons in 2022 to 12,346 persons in 2042, an increase of 248 people.⁵⁹
- **Household Size.** OAR 660-024 established a safe harbor assumption for average household size—which is the figure from the latest Decennial Census at the time of the analysis. According to the 2015-2019 American Community Survey, the average household size in Newport was 2.21 people. **Thus, for the 2022 to 2042 period, we assume an average household size of 2.21 persons.**
- **Vacancy Rate.** The Census defines vacancy as "unoccupied housing units [that] are considered vacant. Vacancy status is determined by the terms under which the unit may be occupied, e.g., for rent, for sale, or for seasonal use only." The 2010 Census identified vacancy through an enumeration, separate from (but related to) the survey of households. The Census determines vacancy status and other characteristics of vacant units by enumerators obtaining information from property owners and managers, neighbors, rental agents, and others.

Vacancy rates are cyclical and represent the lag between demand and the market’s response to demand for additional dwelling units. Vacancy rates for rental and

⁵⁸ A safe harbor is an assumption that a city can use in a housing capacity analysis that the State has said will satisfy the requirements of Goal 14. OAR 660-024 defines a safe harbor as “an optional course of action that a local government may use to satisfy a requirement of Goal 14. Use of a safe harbor prescribed in this division will satisfy the requirement for which it is prescribed. A safe harbor is not the only way, or necessarily the preferred way, to comply with a requirement and it is not intended to interpret the requirement for any purpose other than applying a safe harbor within this division.”

⁵⁹ This forecast is based on Newport UGB’s official forecast from the Oregon Population Forecast Program for the 2022 to 2042 period.

multifamily units are typically higher than those for owner-occupied and single-family dwelling units.

According to the 2015-2019 American Community Survey, Newport’s vacancy rate was 19.9%. To establish a more accurate housing need forecast that does not include second homes and units used for vacation rentals or infrequently, we removed seasonal, recreational, and occasional use category from the calculation of vacancy rate. **For the 2022 to 2042 period, we assume a vacancy rate of 2.6%.**

Newport will have demand for 115 new dwelling units over the 20-year period, with an annual average of 6 dwelling units.

Exhibit 85. Forecast of Demand for New Dwelling Units, Newport UGB, 2022 to 2042

Source: Calculations by ECONorthwest.

Variable	New Dwelling Units (2022-2042)
Change in persons	248
Average household size	2.21
New occupied DU	112
<i>times</i> Vacancy rate	2.6%
<i>equals</i> Vacant dwelling units	3
Total new dwelling units (2022-2042)	115
Annual average of new dwelling units	6

It is possible and probable that Newport will have more growth than the forecast of population suggests. We address this issue in Chapter 6, in the section Alternative Forecast for Growth.

Housing Units Needed Over the Next 20 Years

Exhibit 85 presents a forecast of new housing in Newport’s UGB for the 2022 to 2042 period. This section determines the needed mix and density for the development of new housing developed over this 20-year period in Newport.

Over the next 20 years, the need for new housing developed in Newport will generally include a wider range of housing types and housing that is more affordable. This conclusion is based on the following information, found in Chapter 3 and 4:

- Newport’s existing housing mix is predominately single-family detached but more multifamily has been permitted (and developed) in recent years. In the 2015-2019 period, 64% of Newport’s housing was single-family detached, 7% was single-family attached, 13% was duplex through quad-plex, and 16% was multifamily housing (with five or more units per structure). Between 2009 and 2020, Newport issued building permits for 396 units, of which 45% were single-family units (both single-family detached and attached), 55% were multifamily of all types.

- Demographic changes across Newport suggest increases in demand for single-family attached housing and multifamily housing. The key demographic and socioeconomic trends that will affect Newport’s future housing needs are an aging population, increasing housing costs, housing affordability concerns for millennials, Generation Z, and Latino populations. The implications of these trends are increased demand from smaller, older (often single person) households and increased demand for affordable housing for families, both for ownership and rent. In addition, demand for housing among seasonal workers increases demand for affordable housing.
- Newport’s median household income was \$49,039, nearly \$14,000 less than the state’s median income. Since 2000, housing costs in Newport increased faster than incomes, with inflation-adjusted incomes growing by 1% since 2000. In comparison, housing sales prices increased by 96% since December 2016 and average asking rents for multifamily housing increasing by 27% since 2011. The median value of a house in Newport was 4.2 times the median household income in 2000 and 5.3 times the median household income in the 2015-2019 period, illustrating the fact that housing costs grew faster than incomes.
- About 40% of Newport’s households are cost burdened (paying 30% or more of their household income on housing costs). About 53% of Newport’s **renters** are cost burdened (27% severely cost burdened) and about 28% of Newport’s **homeowners** are cost burdened (14% severely cost burdened). Cost-burden rates in Newport are slightly higher than those in Lincoln County.
- Newport needs more affordable housing types for renters. To afford the average asking rent of \$1,360, a household would need to earn about \$54,400 or 95% of MFI. About 54% of Newport’s households earn less than \$54,000 and cannot afford these rents. In addition, about 16% of Newport’s households have incomes of less than \$17,220 (30% of MFI) and are at risk of becoming homeless.
- Newport needs more affordable housing types for homeowners. Housing sales prices increased in Newport over the last five years. Between December 2016 and December 2021, the median sales price in Newport increased by \$198,000 (96%).

A household earning 100% of Newport’s median family income (\$57,400) could afford a home valued between about \$201,000 and \$230,000, which is less than Newport’s median home sales price of \$403,500. A household can start to afford median home sales prices in Newport at about 186% of Newport’s median family income. About 12% of Newport’s households have income sufficient to afford this median home sales price.

These factors suggest that Newport needs a broader range of housing types with a wider range of price points than are currently available in Newport’s housing stock. This includes providing opportunity for the development of housing types across the affordability spectrum, such as single-family detached housing (e.g., small-lot single-family detached units, cottages, accessory dwelling units, and “traditional” single-family homes), town houses, duplexes, triplexes, quadplexes, and multifamily buildings with five or more units.

Exhibit 86 shows the forecast of needed housing in the Newport UGB during the 2022 to 2042 period. The projection is based on the following assumptions:

- Newport’s official forecast for population growth shows that the city will add 248 people over the 20-year period. Exhibit 85 shows that the new population will result in the need for 115 new dwelling units over the 20-year period.
- The assumptions about the mix of housing (based on the discussion above) in Exhibit 86 are as follows. This represents Newport’s needed housing mix:
 - **About 50% of new housing will be single-family detached**, a category which includes manufactured housing. About 64% of Newport’s housing was single-family detached in the 2015-2019 period.
 - **About 10% of new housing will be single-family attached**. About 7% of Newport’s housing was single-family attached in the 2015-2019 period.
 - **About 15% of new housing will be duplexes, triplexes, and quadplexes**. About 13% of Newport’s housing was duplex, triplex, and quadplex housing in the 2015-2019 period.
 - **About 25% of new housing will be multifamily housing (with five or more units per structure)**. About 16% of Newport’s housing was multifamily housing (with five or more units per structure) in the 2015-2019 period.

Newport will have demand for **115 new dwelling units over the 20-year period, 50% of which will be single-family detached housing.**

Exhibit 86. Forecast of Demand for New Dwelling Units, Newport UGB, 2022 to 2042

Source: Calculations by ECONorthwest.

Variable	Preliminary Housing Mix
Needed new dwelling units (2022-2042)	115
Dwelling units by structure type	
Single-family detached	
Percent single-family detached DU	50%
Total new single-family detached DU	58
Single-family attached	
Percent single-family attached DU	10%
Total new single-family attached DU	12
Duplex, Triplex, Quadplex	
Percent duplex, triplex, quadplex	15%
Total new duplex, triplex, quadplex	17
Multifamily (5+ units)	
Percent multifamily (5+ units)	25%
Total new multifamily (5+ units)	29
Total new dwelling units (2022-2042)	115

Chapter 6 includes discussion of potential for faster housing growth, in the section Alternative Forecast for Growth.

Exhibit 87 allocates needed housing to plan designations in Newport. The allocation is based, in part, on the types of housing allowed in the zoning districts of each plan designation. Exhibit 87 shows:

- **Low Density Residential (R-1 and R-2)** land will accommodate single-family detached housing (including manufactured homes on lots and in manufactured home parks), duplexes, townhomes, and accessory dwelling units.
- **High Density Residential (R-3 and R-4)** land will accommodate single-family detached housing (including manufactured homes on lots and in manufactured home parks), single-family attached housing, accessory dwelling units, cottage cluster housing, duplexes, triplexes, quadplexes, and multifamily housing.
- **Commercial** land will develop with housing on floors other than street grade.

Exhibit 87. Allocation of Needed Housing by Housing Type and Plan Designation, Newport UGB, 2022 to 2042

Source: ECONorthwest.

Housing Type	Plan Designations			TOTAL
	Low Density Residential	High Density Residential	Commercial	
Dwelling Units				
Single-family detached	46	11	-	57
Single-family attached	6	6	-	12
Duplex, triplex, quadplex	3	14	-	17
Multifamily (5+ units)	-	20	9	29
Total	55	51	9	115
Percent of Units				
Single-family detached	40%	10%	0%	50%
Single-family attached	5%	5%	0%	10%
Duplex, triplex, quadplex	3%	12%	0%	15%
Multifamily (5+ units)	0%	17%	8%	25%
Total	48%	44%	8%	100%

Exhibit 88 shows the development densities in net and gross acres for Newport’s residential and commercial plan designations.⁶⁰ It converts between net acres and gross acres to account for land needed for rights-of-way based on empirical analysis of existing rights-of-way by plan designation in Newport.

- **Low Density Residential:** The densities in the R-1 and R-2 zones, which are in the Low-Density Plan Designation, allow for maximum density of 5.8 dwelling units per net acre (a lot as small as 7,500 square feet) to 8.7 dwelling units per net acre (a lot as small as 5,000 square feet) respectively. Much of Newport’s recent development has been at densities consistent with the R-2 allowed density. This analysis assumes that future development in Low Density Residential will occur at about 80% of the maximum density allowed in R-2, about 7.0 dwelling units per net acre. In developed areas in the Low-Density Residential designation, an average of 20% of land is in rights-of-way. Converted to gross densities, Exhibit 88 shows an average density of 5.6 dwelling units per gross acre.
- **High Density Residential:** The R-3 and R-4 zone allow densities up to nearly 35 dwelling unit per net acre. Recent development in High Density Residential areas has averaged around 20 dwelling units per acre. In developed areas in the High-Density Residential designation, an average of 21% of land is in rights-of-way. Converted to gross densities, Exhibit 88 shows an average density of 15.8 dwelling units per gross acre.
- **Commercial: Commercial areas do not have a maximum density and have been developing with densities of about 30 dwelling units per net acre.** In developed areas in the Commercial designation, an average of 15% of land is in rights-of-way. Converted to gross densities, Exhibit 88 shows an average density of 25.6 dwelling units per gross acre.

⁶⁰ OAR 660-024-0010(6) uses the following definition of net buildable acre. Net buildable acre “consists of 43,560 square feet of residentially designated buildable land after excluding future rights-of-way for streets and roads.” While the administrative rule does not include a definition of a gross buildable acre, using the definition above, a gross buildable acre will include areas used for rights-of-way for streets and roads. Areas used for rights-of-way are considered unbuildable.

Future planned residential densities vary by plan designation. For example, Newport will plan for an average of 5.6 dwelling units per gross acre in Low Density Residential and 15.8 dwelling units per gross acre in High Density Residential

Exhibit 88. Future Density for Housing Built in the Newport UGB, 2022 to 2042

Source: ECONorthwest. Note: DU is dwelling unit.

Plan Designation	Avg. Net Density (DU/net acre)	% for Rights-of-Way	Avg. Gross Density (DU/gross)
Low Density Residential	7.0	20%	5.6
High Density Residential	20.0	21%	15.8
Commercial	30.0	15%	25.6

Needed Housing by Income Level

The next step in the Housing Capacity Analysis is to develop an estimate of need for housing by income and housing type. This analysis requires an estimate of the income distribution of current and future households in the community. Estimates presented in this section are based on secondary data from the Census and analysis by ECONorthwest.

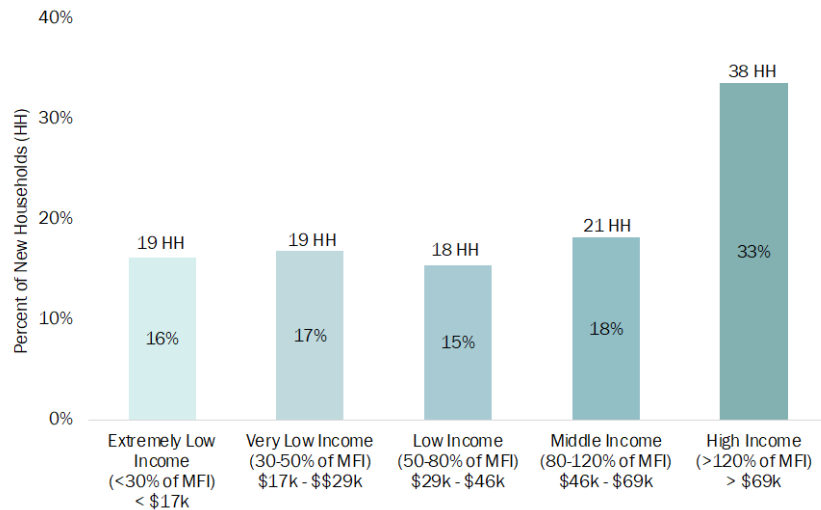
The analysis in Exhibit 89 is based on Census data about household income levels for existing households in Newport (see Exhibit 83 for current households). Income is distributed into market segments consistent with HUD income level categories, using Lincoln County’s 2021 median family income (MFI) of \$57,400. The exhibit assumes that approximately the same percentage of households will be in each market segment in the future.

About 33% of Newport’s future households will have income below 50% of Lincoln County’s median family income (less than \$28,700 in 2019 dollars).

About 33% will have incomes between 50% and 120% of the county’s MFI (between \$28,700 and \$68,880).

This graph shows that, as Newport’s population grows, Newport will continue to have demand for housing across the affordability spectrum.

Exhibit 89. Future (New) Households, by Median Family Income (MFI) for Lincoln County (\$57,400), Newport, 2022 to 2042
Source: US Department of HUD, Lincoln County, 2021. US Census Bureau, 2015-2019 ACS Table 19001.



Other Housing Needs

ORS 197.303, 197.307, 197.312, and 197.314 require cities to plan for government-assisted housing, farmworker housing, manufactured housing on lots and in parks, and housing for people with disabilities and people experiencing homelessness.

- **Income-restricted and government-subsidized housing.** Government subsidies can apply to all housing types (e.g., single-family detached, apartments, etc.). Newport allows development of government-assisted housing in all residential plan designations, with the same development standards for market-rate housing. This analysis assumes that Newport will continue to allow government housing in all of its residential plan designations. Because government-assisted housing is similar in character to other housing (with the exception being the subsidies), it is not necessary to develop separate forecasts for government-subsidized housing.
- **Farmworker housing.** Farmworker housing can also apply to all housing types, and the City allows development of farmworker housing in all residential zones, with the same development standards as market-rate housing. This analysis assumes that Newport will continue to allow farmworker housing in all of its residential zones. Because it is similar in character to other housing (with the possible exception of government subsidies, if population restricted), it is not necessary to develop separate forecasts for farmworker housing.
- **Manufactured housing on lots.** Newport allows manufactured homes in all of its residential plan designations and zoning districts.
- **Manufactured housing in parks.** Newport allows manufactured homes in parks in the R-2, R-3, and R-4 zones. OAR 197.480(4) requires cities to inventory the mobile home or manufactured dwelling parks sited in areas planned and zoned or generally used for commercial, industrial, or high-density residential development. According to the Oregon Housing and Community Services' Manufactured Dwelling Park Directory,⁶¹ Newport has 5 manufactured home parks within the city, with 294 spaces.
 - ORS 197.480(2) requires Newport to project need for mobile home or manufactured dwelling parks based on (1) population projections, (2) household income levels, (3) housing market trends, and (4) an inventory of manufactured dwelling parks sited in areas planned and zoned or generally used for commercial, industrial, or high-density residential development.
 - Exhibit 85 shows that Newport will grow by 115 dwelling units over the 2022 to 2042 period.
 - Analysis of housing affordability shows that about 33% of Newport's new households will be considered very low or extremely low income, earning 50% or

⁶¹ Oregon Housing and Community Services, Oregon Manufactured Dwelling Park Directory, <http://o.hcs.state.or.us/MDPCRParcs/ParkDirQuery.jsp>

less of the region's median family income. One type of housing affordable to these households is manufactured housing.

- Manufactured housing accounts for about 8% (about 463 dwelling units) of Newport's current housing stock.
- National, state, and regional trends since 2000 showed that manufactured housing parks are closing, rather than being created. For example, between 2000 and 2015, Oregon had 68 manufactured parks close, with more than 2,700 spaces. Discussions with several stakeholders familiar with manufactured home park trends suggest that over the same period, few to no new manufactured home parks have opened in Oregon.
- The households most likely to live in manufactured homes in parks are those with incomes between \$17,200 and \$28,700 (30% to 50% of MFI), which includes 17% of Newport's households. However, households in other income categories may live in manufactured homes in parks.
- National and state trends for manufactured home park closures, and the fact that no new manufactured home parks have opened in Oregon in the last 15 years, demonstrate that the development of new manufactured home parks in Newport is unlikely. However, manufactured home parks provide an important opportunity for affordable housing for homeownership. Preserving existing manufactured home parks and allowing smaller manufactured units in manufactured home parks are important ways to provide opportunities for affordable, lower-cost homeownership opportunities.
- If the City had the need for a new manufactured home park over the 2022-2042 period, it would be for 9 new units (8% of new units) on about an acre of land, with 8 dwelling units per acre. If a new manufactured home park were developed in Newport, the City would have sufficient capacity to accommodate it in zones where manufactured housing is allowed. The housing forecast includes new manufactured homes on lots and in parks in the category of single-family detached housing.
- Over the next 20 years (or longer), one or more manufactured home parks may close in Newport. This may be a result of manufactured home park landowners selling or redeveloping their land for uses with higher rates of return, rather than lack of demand for spaces in manufactured home parks. Manufactured home parks contribute to the supply of low-cost affordable housing options, especially for affordable homeownership.
- Four of Newport's five manufactured home parks are located in High Density Residential, Commercial, or Industrial Plan Designations, accounting for 118 dwelling units (40% of Newport's manufactured homes in manufactured home parks). If one or more of these manufactured home parks closed, Newport has sufficient capacity to accommodate a new manufactured home park in either the Low Density or the High-Density Plan Designations.

- While there is statewide regulation of manufactured home parks closures designed to lessen the financial difficulties of closures for park residents,⁶² the City has a role to play in ensuring that there are opportunities for housing for the displaced residents. The City's primary roles are to ensure that there is sufficient land zoned for new multifamily housing and to reduce barriers to residential development to allow for the development of new, relatively affordable housing.

In addition to these required housing types, this section also addresses housing for people with disabilities and housing for people experiencing homelessness.

- **Student Housing.** The Hatfield Marine Science Center (HMSC) hosts students and researchers/professionals year-round with seasonal variability. Current student housing is in the Wilder neighborhood. Oregon State University (OSU) plans to build additional apartments (mostly studios with some 1-bedrooms) in this area to meet future student demand which is expected to increase from 100 students in the summer to between 200 and 250 students in the summer. OSU anticipates needing some larger units (1 and 2 bedrooms) as well to accommodate non-students, including visiting scientists, agency professionals and graduate students, some of which will have families. OSU owns land in the Wilder area and plans to build 50 to 80 dwelling apartment units, with a mix of studios to four-bedroom units. OSU expects to have two students per dwelling unit and that development of this housing will be completed in 2023.
- **Seasonal employees.** Meeting the housing needs of seasonal employees in the tourism and fishing/seafood processing industries as well as the housing needs of seasonal students means increasing the supply of affordable housing. Temporary housing could include development of smaller, shared units, such as dormitory housing, studio apartments, accessory dwelling units, student housing, and other small, less costly housing. Some of these types of development could be employer-supplied workforce housing. Limited availability of housing is limiting employers' ability to attract seasonal (and permanent) employees to the area.
- **Housing for People with Disabilities.** Housing for people with disabilities can apply to all housing types, with the same development standards as market-rate housing. It can also apply to other residential/group living uses (such as nursing homes, residential care homes or facilities, or room and boarding facilities) as well as government-subsidized housing (including units that are population restricted). Broadly, housing options for people with disabilities include (1) living in housing independently (alone or with roommates/family), (2) living in housing with supportive services (e.g., with help from a live-in or visiting caregiver), or (3) living in housing in a supervised residential setting. Meeting the housing needs for people with disabilities will require addressing affordability issues, as well as ensuring that people with disabilities have access to

⁶² ORS 90.645 regulates rules about the closure of manufactured dwelling parks. It requires that the landlord must give at least one year's notice of park closure and pay tenants between \$5,000 and \$9,000 for each manufactured dwelling park space, in addition to not charging tenants for demolition costs of abandoned manufactured homes.

housing that addresses their disability and that they have access to housing without discrimination.

- **Housing for People Experiencing Homelessness.** Meeting the housing needs of people experiencing homelessness ranges from emergency shelter, transitional housing, and permanent supportive housing (including supportive housing with services) and improved access to an affordable unit (including rent and utility assistance). Persons experiencing homelessness or those at risk of becoming homeless will require assistance with addressing individual, complex barriers to improve long-term housing stability.

6. Residential Land Sufficiency in Newport

This chapter evaluates the sufficiency of vacant residential land in Newport to accommodate expected residential growth over the 2022 to 2042 period. It ends with conclusions of the Housing Capacity Analysis.

Capacity Analysis

The buildable lands inventory summarized in Chapter 2 provides a *supply* analysis (buildable land by type), and Chapter 5 provided a *demand* analysis (population and growth leading to demand for more residential development). The comparison of supply and demand allows the determination of land sufficiency.

There are two ways to calculate estimates of supply and demand into common units of measurement for comparison: (1) housing demand can be converted into acres, or (2) residential land supply can be converted into dwelling units. A complication of either approach is that not all land has the same characteristics. Factors such as zone, slope, parcel size, and shape can affect the ability of land to accommodate housing. Methods that recognize this fact are more robust and produce more realistic results. This analysis uses the second approach: it estimates the ability of vacant residential lands within the UGB to accommodate new housing. This analysis, sometimes called a “capacity analysis,”⁶³ can be used to evaluate different ways that vacant residential land may build out by applying different assumptions.

Newport’s UGB contains more residential land than is likely to develop over the next 20-years. Most notably, the Plan Destination Resort Overlay area is unlikely to develop over the next 20-years, given the requirement that it develop as a Destination Resort and given the lack of urban infrastructure (especially water and sanitary sewer services) to the area. We exclude the Plan Destination Resort Overlay area from the estimate of capacity for residential land in Newport.

In addition, Newport has a substantial amount of land that may be more difficult to develop because of infrastructure deficiencies, as discussed in the Constructability analysis in Chapter 2 (and Appendix B). The analysis in this chapter considers capacity in two ways:

- **Capacity for all land where residential development is allowed as permitted use with clear and objective standards.** That includes Low Density Residential, High Density

⁶³ There is ambiguity in the term *capacity analysis*. It would not be unreasonable for one to say that the “capacity” of vacant land is the maximum number of dwellings that could be built based on density limits defined legally by plan designation or zoning and that development usually occurs—for physical and market reasons—at something less than full capacity. For that reason, we have used the longer phrase to describe our analysis: “estimating how many new dwelling units the vacant residential land in the UGB is likely to accommodate.” That phrase is, however, cumbersome, and it is common in Oregon and elsewhere to refer to that type of analysis as “capacity analysis,” so we use that shorthand occasionally in this memorandum.

Residential, and Commercial Plan Designations but excludes the Plan Destination Resort Overlay area.

- **Capacity for where residential development is allowed as permitted use with clear and objective standards excluding the areas in the Constructability analysis.** This excludes the areas included in the Constructability analysis, assuming that some or all of these areas may not develop over the planning period.

Capacity Analysis Results for All Residential Land in Newport

The capacity analysis estimates the development potential of vacant residential land to accommodate new housing, based on the needed densities by the housing type categories shown in Exhibit 88.

Exhibit 90 shows that **Newport has 863 acres of vacant or partially vacant land to accommodate dwelling units**, based on the following assumptions:

- **Buildable residential land.** The capacity estimates start with the number of buildable acres in plan designations that allow residential uses outright, as shown in Exhibit 11.
 - Exhibit 90 assumes that the commercial plan designations will be able to accommodate nearly 460 dwelling units on about 30% of buildable commercial land.
 - The 539 buildable acres in the Planned Destination Resort Overlay were not included in the capacity analysis. Land in this designation cannot accommodate housing development due to lack of infrastructure and the high costs of servicing this land.
- **Needed densities.** The capacity analysis assumes development will occur at needed densities. Those densities were derived from the needed densities shown in Exhibit 88.
 - The estimate of capacity on buildable land in Exhibit 90 uses the same average densities by plan designation in Exhibit 88. Based on these assumptions, Newport's development capacity is at 7.8 dwelling units per gross acre.
- **Capacity on Land on Land with Existing Plats.** Newport has 56 tax lots that have existing plats that are not currently built but could be built. This capacity is not represented elsewhere in the buildable lands inventory. Exhibit 16 shows that these parcels have capacity for about 75 dwelling units, based on estimates by City staff on a parcel-by-parcel basis.

Exhibit 90 shows that Newport has capacity for about 6,840 new dwelling units on unconstrained buildable land and on land with existing plats.

Exhibit 90. Estimate of Capacity on Buildable Land, Newport UGB, 2022 to 2042

Source: Buildable Lands Inventory; Calculations by ECONorthwest.

Note: Does not include the 539 acres of vacant land in the Plan Destination Resort Overlay

Plan Designation	Total Unconstrained Buildable Acres	Density Assumption (DU/Gross Acre)	Capacity (Dwelling Units)	Capacity on Land with Existing Plats	Total Capacity (Dwelling Units)
Low Density Residential	690	5.6	3,864	51	3,915
High Density Residential	155	15.8	2,445	23	2,468
Commercial	18	25.6	456	1	457
Total	863	7.8	6,765	75	6,840

Capacity Analysis Results for Residential Land Excluding that in the Constructability Analysis

The constructability analysis identified nine subareas where development may be more challenging because of infrastructure deficits. These nine subareas include 400 acres of Low-Density Residential land and 48 acres of High-Density Residential land, shown in Exhibit 17. Using the same assumptions as in Exhibit 90, these results exclude land included in the constructability analysis to focus on potential capacity of land that is already serviced or can be serviced relatively easily.

Exhibit 91 shows that Newport has over 413 acres of vacant or partially vacant unconstrained land to accommodate dwelling units **excluding land that was included in the constructability analysis**, based on the following assumptions:

- **Buildable residential land.** The capacity estimates start with the number of buildable acres in plan designations in Exhibit 90 and subtract out land in the constructability analysis, shown in Exhibit 17. The reason this land was excluded is that it is land that has been identified as having infrastructure deficiencies.
- **Needed densities.** The capacity analysis assumes development will occur at needed densities, consistent with those in Exhibit 90.
- **Capacity on Land on Land with Existing Plats.** This assumption is consistent with Exhibit 90.

Exhibit 91. Estimate of Capacity on Buildable Land Excluding Land in the Constructability Analysis, Newport UGB, 2022 to 2042

Source: Buildable Lands Inventory; Calculations by ECONorthwest.

Note: Does not include the 539 acres of vacant land in the Plan Destination Resort Overlay

Plan Designation	Total Unconstrained Buildable Acres	Density Assumption (DU/Gross Acre)	Capacity (Dwelling Units)	Capacity on Land with Existing Plats	Total Capacity (Dwelling Units)
Low Density Residential	290	5.6	1,625	51	1,676
High Density Residential	107	15.8	1,691	23	1,714
Commercial	16	25.6	407	1	408
Total	413	9.0	3,723	75	3,798

Residential Land Sufficiency

The next step in the analysis of the sufficiency of residential land within Newport is to compare the demand for housing by plan designation (Exhibit 87) with the capacity of land by plan designation (Exhibit 90).

Land Sufficiency for All Residential Land in Newport

Exhibit 92 shows that Newport **has** sufficient land to accommodate housing development in each of its residential plan designations. Newport has capacity for over 6,800 dwelling units (Exhibit 90) and demand for 115 dwelling units. The result is that Newport has a surplus capacity of about 6,700 dwelling units beyond the forecast of housing growth over the next 20 years.

Exhibit 92. Comparison of Capacity of Existing Unconstrained Vacant and Partially Vacant Residential Land with Demand for New Dwelling Units, Newport UGB, 2022 to 2042

Source: Buildable Lands Inventory; Calculations by ECONorthwest.
 Note: Does not include the 539 acres of vacant land in the Plan Destination Resort Overlay

Plan Designation	Total Capacity (Dwelling Units)	Demand (Dwelling Units)	Capacity less Demand (Dwelling Units)
Low Density Residential	3,915	55	3,860
High Density Residential	2,468	51	2,417
Commercial	457	9	448
Total	6,840	115	6,725

Newport will also have demand for additional land for second homes. According to the American Community Survey, about 14% of Newport’s existing units were vacant for seasonal, recreational, or occasional use. If 14% of future dwelling units (based on a forecast for 115 new dwelling units) in Exhibit 92 were vacant for these uses, Newport would need about 19 additional units.

Land Sufficiency for Residential Land Excluding that in the Constructability Analysis

Exhibit 93 shows that after excluding land in the constructability analysis, Newport **has** sufficient land to accommodate housing development in each of its residential plan designations. Newport has capacity for nearly 3,800 dwelling units on land not included in the constructability analysis and demand for 115 dwelling units. The result is that Newport has a surplus capacity of just under 3,700 dwelling units beyond the forecast of housing growth over the next 20 years.

Exhibit 93. Comparison of Capacity of Existing Residential Land (Excluding Land in the Constructability Analysis) with Demand for New Dwelling Units, Newport UGB, 2022 to 2042

Source: Buildable Lands Inventory; Calculations by ECONorthwest.

Note: Does not include the 539 acres of vacant land in the Plan Destination Resort Overlay

Plan Designation	Total Capacity (Dwelling Units)	Demand (Dwelling Units)	Capacity less Demand (Dwelling Units)
Low Density Residential	1,676	55	1,621
High Density Residential	1,714	51	1,663
Commercial	408	9	399
Total	3,798	115	3,683

Alternative Forecast for Growth

An important question in this project has been “what is Newport grows faster than the official forecast for population and household growth?” This section examines the sufficiency of residential land within Newport based on an alternative forecast for population growth.

The alternative forecast makes the following assumptions:

- **Population growth.** Newport’s population grew by 11% between 2000 and 2021 at an annual average growth rate (AAGR) of about 0.5% (Exhibit 35). If Newport’s population were to increase at the same rate it did over the 2000 to 2021 period, then Newport could expect to add about 1,348 people to its population by 2042.⁶⁴ This is greater than the PSU forecasted growth of 0.1% AAGR or 248 people (Exhibit 36).
- **Forecast of Demand for New Dwelling Units.** Using the same household size and vacancy assumptions as in Exhibit 85 and housing mix assumptions in Exhibit 86, Newport would need 625 new dwelling units over the 20-year period to accommodate growth of 1,348 people.

Using the same capacity assumptions included throughout this section, Exhibit 94 and Exhibit 95 show that even if Newport’s population grows faster than PSU’s projection, Newport **has** sufficient land to accommodate housing development in each of its residential plan designations, whether including or excluding land in the constructability analysis.

Exhibit 94. Alternative Forecast and Comparison of Capacity of Existing Unconstrained Vacant and Partially Vacant Residential Land with Demand for New Dwelling Units, Newport UGB, 2022 to 2042

Source: Buildable Lands Inventory; Calculations by ECONorthwest.

Note: Does not include the 539 acres of vacant land in the Plan Destination Resort Overlay

Plan Designation	Total Capacity (Dwelling Units)	Demand (Dwelling Units)	Capacity less Demand (Dwelling Units)
Low Density Residential	3,915	300	3,615
High Density Residential	2,468	275	2,193
Commercial	457	50	407
Total	6,840	625	6,215

Newport will also have demand for additional land for second homes. According to the American Community Survey, about 14% of Newport’s existing units were vacant for seasonal, recreational, or occasional use. If 14% of new units were vacant for these uses, Newport would need about another 100 units in addition to the 625 housing units forecast above.

⁶⁴ This is based on the PSU estimate of Newport’s UGB population in 2020 of 11,882 people. It assumes that Newport will grow to 12,010 people by 2022 and 13,358 people by 2042, growth of 1,348 people between 2022 and 2042.

Exhibit 95. Alternative Forecast and Comparison of Capacity of Existing Residential Land (Excluding Land in the Constructability Analysis) with Demand for New Dwelling Units, Newport UGB, 2022 to 2042

Source: Buildable Lands Inventory; Calculations by ECONorthwest.

Note: Does not include the 539 acres of vacant land in the Plan Destination Resort Overlay

Plan Designation	Total Capacity (Dwelling Units)	Demand (Dwelling Units)	Capacity less Demand (Dwelling Units)
Low Density Residential	1,676	300	1,376
High Density Residential	1,714	275	1,439
Commercial	408	50	358
Total	3,798	625	3,173

Conclusions

The key findings and conclusions of the Newport's Housing Capacity Analysis are that:

- **Newport's population is forecast to grow slower than in the past.** Newport's UGB is forecast to grow from 12,098 people in 2022 to 12,346 people in 2042, an increase of 248 people. This population growth will occur at an average annual growth rate of 0.1%.
- **Newport is planning for 115 new dwelling units based on the PSU forecast.** The growth of 248 people will result in the demand for 115 new dwelling units over the 20-year planning period, averaging 6 new dwelling units annually. Based on the alternative forecast which assumes an historic growth rate, Newport will grow by 1,348 people resulting in demand for 625 new dwelling units over the 20-year planning period.
- **Newport may grow faster than the official forecast.** If Newport grew at the same pace, it did between 2010 and 2021, it would add 1,348 new people and 626 new dwelling units. Even growing at this rate, Newport has sufficient land to accommodate more than twice this amount of growth. The barriers to growth in Newport are more about infrastructure deficiencies, ability to build housing that is affordable, and other issues discussed below.
- **Newport's needed housing mix is for an increase in housing affordable to renters and homeowners, with more attached and multifamily housing types.** Historically, about 64% of Newport's housing was single-family detached. While 50% of new housing in Newport is forecast to be single-family detached, the City will need to provide opportunities for the development of new single-family attached housing (10% of new housing), duplexes, triplexes, quadplexes (15% of new housing), and multifamily structures with 5 or more units (25% of new housing).
 - The factors driving the shift in types of housing needed in Newport include changes in demographics and decreases in housing affordability. The aging of baby boomers and the household formation of millennials and Generation Z will drive demand for renter and owner-occupied housing, such as single-family detached housing, accessory dwelling units, town houses, cottage housing, duplexes, triplexes, quadplexes, and multifamily structures. These groups may prefer housing in walkable neighborhoods, with access to services.
 - Newport is complying with the requirements of House Bill 2001 to allow cottage housing, town houses, duplexes, triplexes, and quadplexes in zones where single-family housing is allowed. Allowing this wider range of housing in more areas will likely result in a change in mix of housing developed over the next 20 years, especially in areas with large areas of vacant buildable land.
 - Without diversification of housing types and the development of housing affordable to households with incomes below 80% of MFI (\$57,400), lack of affordability will continue to be a problem, possibly growing in the future if incomes continue to grow at a slower rate than housing costs. About 40% of Newport's households are cost

burdened (paying more than 30% of their income on housing), including a cost burden rate of 53% for renter households.

- **Newport has a need for additional housing affordable to lower and middle-income households.** Newport has a need for additional housing affordable to households with extremely low incomes and very low incomes, people experiencing homelessness, and households with low and middle incomes. These needs include existing unmet housing needs and likely housing needs for new households over the 20-year planning period.
 - About 33% of Newport’s households have extremely low incomes or very low incomes, with household incomes below \$28,700. At most, these households can afford \$720 in monthly housing costs. Median gross rent in Newport was \$896 in the 2015-2019 period and has increased since, but rents were generally closer to \$1,360 (or more) for currently available rental properties. Development of housing affordable to these households (either rentals or homes for sale) rarely occurs without government subsidy or other assistance. Meeting the housing needs of extremely low-income and very low-income households will be a significant challenge to Newport.
 - About 33% of Newport’s households have low or middle incomes, with household incomes between \$28,700 and \$68,900. These households can afford between \$720 to \$1,720 in monthly housing costs. Households at the lower end of this income category may struggle to find affordable rental housing, especially with growing costs of rental housing across Oregon. Some of the households in this group are likely part of the 40% of all households that are cost burdened. Development of rental housing affordable to households in this income category (especially those with middle incomes) can occur without government subsidy.
 - The need for these types of affordable housing have impacts on Newport’s economy if people who live in Newport cannot find housing, much less affordable housing, to locate in Newport. People working in Newport frequently commute from places like Toledo, Lincoln City, Waldport, Corvallis, and unincorporated areas of Lincoln County.
- **Housing for people experiencing homelessness is an increasingly pressing problem.** The Point in Time County for Lincoln County in 2021 estimated 460 people experiencing homelessness, from 260 people in 2019. The Point-in-Time count is acknowledged to be an under count of homelessness, suggesting that the number of people in Lincoln County is higher, not lower, than the 2021 estimate.
- **Newport’s housing market is affected by groups of people who live part of the year in Newport.** These include:
 - **Second homeowners.** Second homes are likely to continue to grow in Newport. It is reasonable to expect that Newport may add about 100 new second homes over the 20-year period. Possibly more if Newport attracts more second homeowners. In addition, some existing housing may convert to second homes over time. Second

homes are most likely to locate in areas with views of the ocean, especially in areas with lower development densities.

- **Vacation rentals.** Newport regulates vacation rentals, requiring conditional use permits to authorize vacation rentals and regulating where they are allowed to locate. Newport caps the number of vacation rentals to 176 throughout the city. As a result, there should not be growth in the number of new, legal, vacation rentals in Newport.
- **Student housing.** OSU expects the number of students present in Newport to grow from 100 students in summer (when most students are present) to between 200 and 250 students. OSU owns land in the Wilder area and plans to build 50 to 80 dwelling apartment units, with a mix of studios to four-bedroom units. OSU expects to have two students per dwelling unit and that development of this housing will be completed in 2023.
- **Seasonal employees.** The number of seasonal employees who need housing increases substantially in the summer with increased tourism and the summer fishing season. Seasonal employees in tourism related industries typically need to seek out their own lower-cost housing during their time in Newport. Seasonal employees in the fishing/seafood processing industries often rely on employer-provided workforce housing. However, employers have struggled to acquire property in Newport that is affordable and meets their workforce housing needs, instead renting rooms for their seasonal workforce in local hotels.

Temporary housing that could meet the needs of seasonal workers include smaller, shared units, such as dormitory housing, studio apartments, accessory dwelling units, student housing, and other small, less costly housing. Some of these types of development could be employer-supplied workforce housing.

- **Newport has sufficient land to accommodate growth but there are key barriers to growth in Newport.** The constructability analysis examined the financial feasibility of different development types given costs of development and the estimated costs of building infrastructure necessary for housing. This analysis found:
 - **Infrastructure deficiencies.** Many areas within Newport have significant infrastructure deficiencies, such as need for: collector and local roads, bridges, culverts, water pipes and pump stations, water storage tanks, wastewater pipes and lift stations, and other types of infrastructure. The areas with the highest costs and largest infrastructure deficiencies were in northern Newport to the east of Highway 101 and areas around Highway 20 above the Bay Front. Infrastructure cost limitations could impact close to 300 acres of buildable land, which has capacity for more than 2,000 dwelling units.
 - **Development costs.** Development costs are higher in Newport. Local developers report that lack of local contractors for certain types of work, limited suppliers for building materials, requirements for deep foundations and special materials and

design to meet building code, the need for geotechnical reports, and the need for more extensive grading and retaining walls in hilly areas all contribute to higher development costs. Builders and developers estimated roughly 10-20% higher construction costs than in the mid-Willamette Valley.

- **Areas of greater development feasibility.** Areas in South Beach, such as the Wilder area or the adjacent land south of the Oregon Coast Community College, appear to have greater financial feasibility for development. In these areas, a mix of housing types appears financially feasible. These areas may provide better opportunities for development over the next 5 to 10 years, including for development of housing affordable to people who live and work in Newport.
- **There is potential for infill, but costs can still be problematic.** The smaller infill areas studied in the constructability analysis did not have major infrastructure needs, but with small sites, even the need for extending local streets, making frontage improvements, or upgrading existing pump capacity could make development challenging.
- **Challenges in other areas.** The constructability analysis did not include all land in Newport. It is probable that lands not included in the constructability analysis also have a range of developability status and similar issues with infrastructure deficiencies in some places.
- **Addressing the infrastructure gap.** Given the estimated cost of infrastructure development from the constructability analysis (over \$100 million, excluding the cost of local roads, across the nine areas examined), Newport is not going to be able to address the infrastructure gap without outside assistance.

The *Newport Housing Production Strategy* will include recommendations for a wide range of policies to support the development of housing for people experiencing homelessness and housing for extremely low to middle-income households. The *Housing Production Strategy* will also include recommendations that are intended to improve equitable outcomes for housing development, as well as strategies to support the development of all types of housing.

Appendix A: Residential Buildable Lands Inventory

The buildable lands inventory uses methods and definitions that are consistent with Goal 10/OAR 660-008. This appendix describes the methodology that ECONorthwest used for this report, based on 2020 data. The results of the BLI are discussed in Chapter 2.

Overview of the Methodology

Following are the statutes and administrative rules that provide guidance on residential BLIs:

OAR 660-008-0005(2):

“Buildable Land” means residentially designated land within the urban growth boundary, including both vacant and developed land likely to be redeveloped, that is suitable, available and necessary for residential uses. Publicly owned land is generally not considered available for residential uses. Land is generally considered “suitable and available” unless it:

- (a) Is severely constrained by natural hazards as determined under Statewide Planning Goal 7;*
- (b) Is subject to natural resource protection measures determined under Statewide Planning Goals 5, 6, 15, 16, 17 or 18;*
- (c) Has slopes of 25 percent or greater;*
- (d) Is within the 100-year flood plain; or*
- (e) Cannot be provided with public facilities.*

Inventory Steps

The BLI consists of several steps:

1. Generating UGB “land base”
2. Classifying land by development status
3. Identify constraints
4. Verify inventory results
5. Tabulate and map results

Step 1: Generate “land base”

Per Goal 10 this involves selecting all of the tax lots in the Newport UGB with residential and other nonemployment plan designations. Plan designations included in the residential inventory include:

- Low Density Residential
- High Density Residential
 - Planned Destination Resort (PDR) Overlay
- Commercial

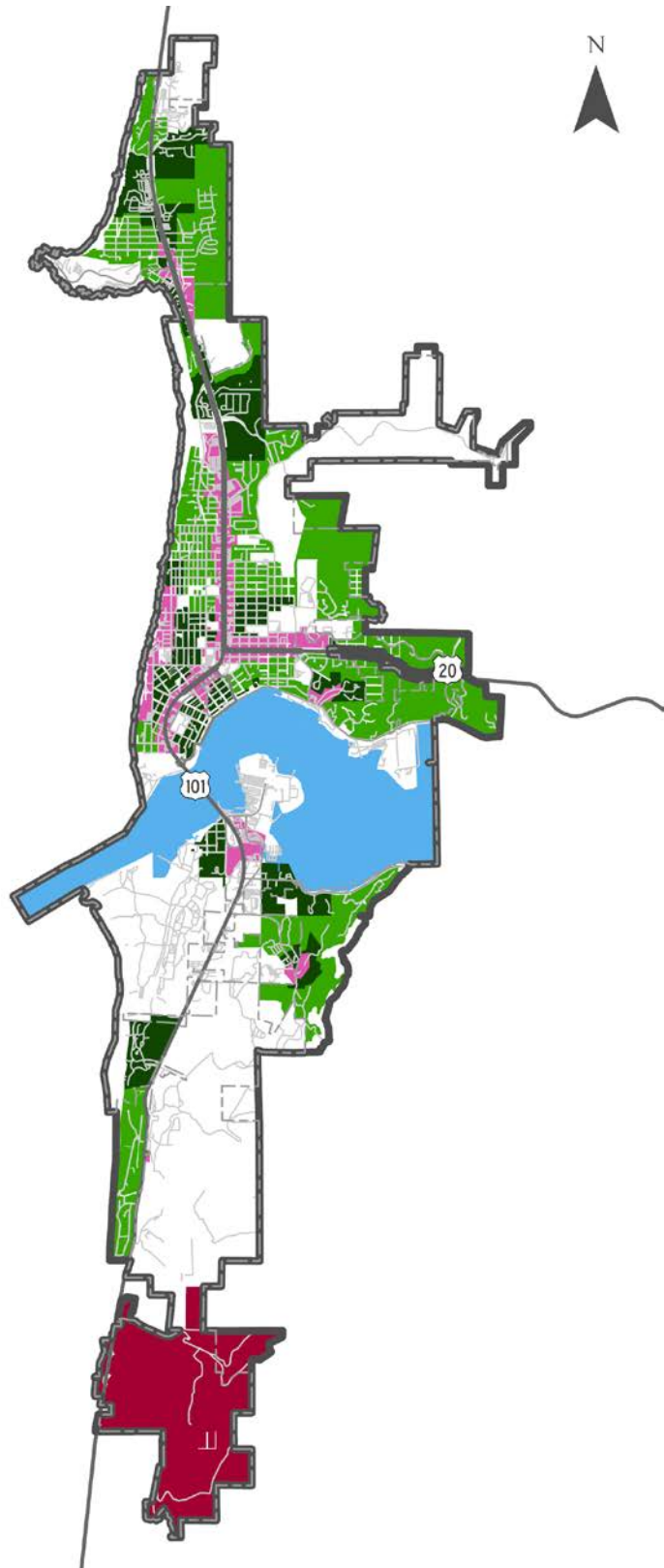
It should be noted that the PDR Overlay is not an official comprehensive plan designation for the City of Newport; instead, this area is identified in the Newport Municipal Code and has been separated from the other comprehensive plan designations as it can only be a full package resort that included a waste treatment plant or nothing at all. Thus, housing in this area relies on special considerations.

Exhibit 96 shows the residential plan designations included in the BLI, with details in Exhibit 97 to Exhibit 99.

Exhibit 96. Residential Land Base by Plan Designation, Newport UGB, 2022
 Source: Lincoln County, ECONorthwest analysis.

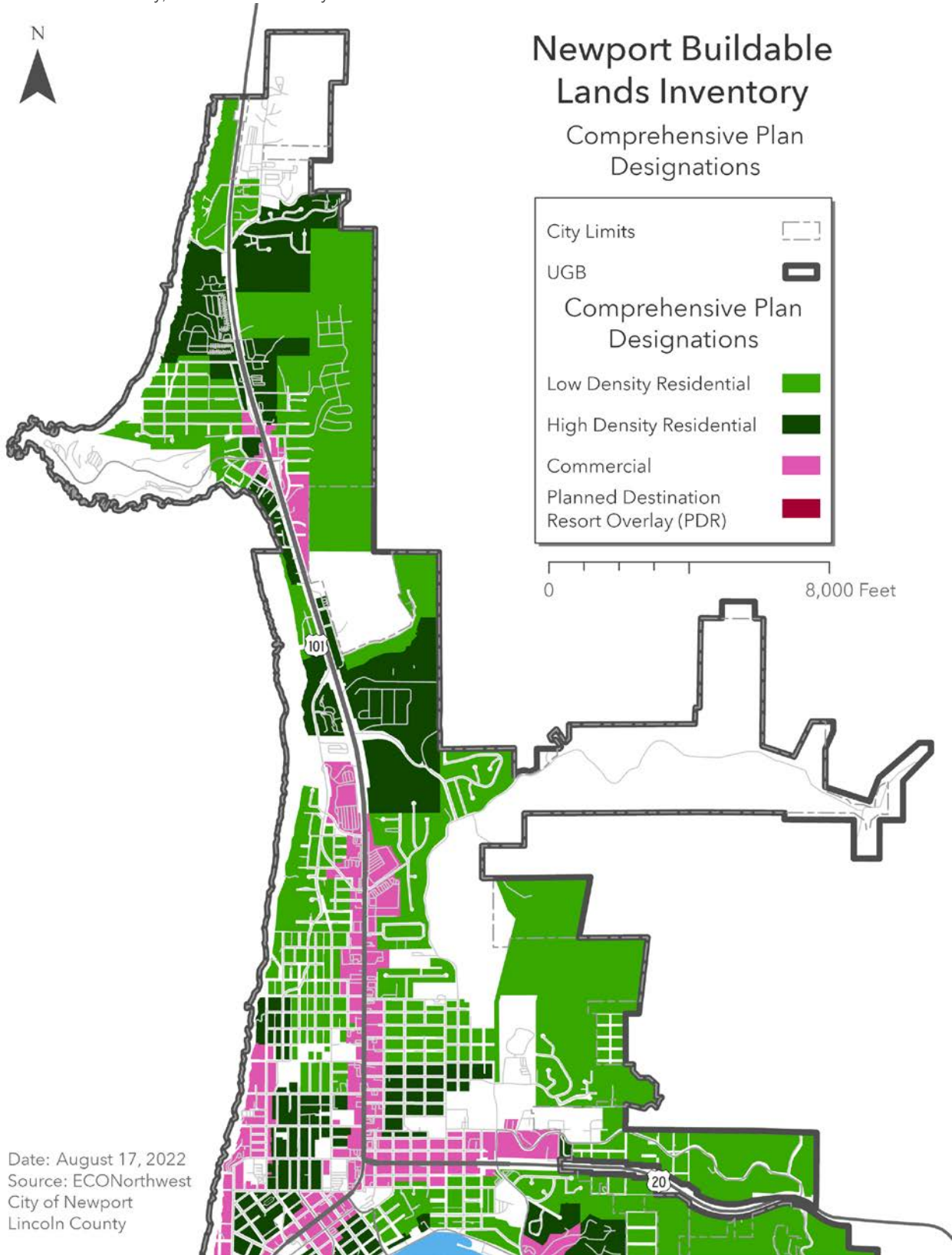
Newport Buildable Lands Inventory

Comprehensive Plan
Designation



Date: August 17, 2022
 Source: ECONorthwest
 City of Newport
 Lincoln County

Exhibit 97. Residential Land Base by Plan Designation, Northern Newport, Newport UGB, 2022
 Source: Lincoln County, ECONorthwest analysis.



Date: August 17, 2022
 Source: ECONorthwest
 City of Newport
 Lincoln County

Exhibit 98. Residential Land Base by Plan Designation, Central Newport, Newport UGB, 2022
 Source: Lincoln County, ECONorthwest analysis.

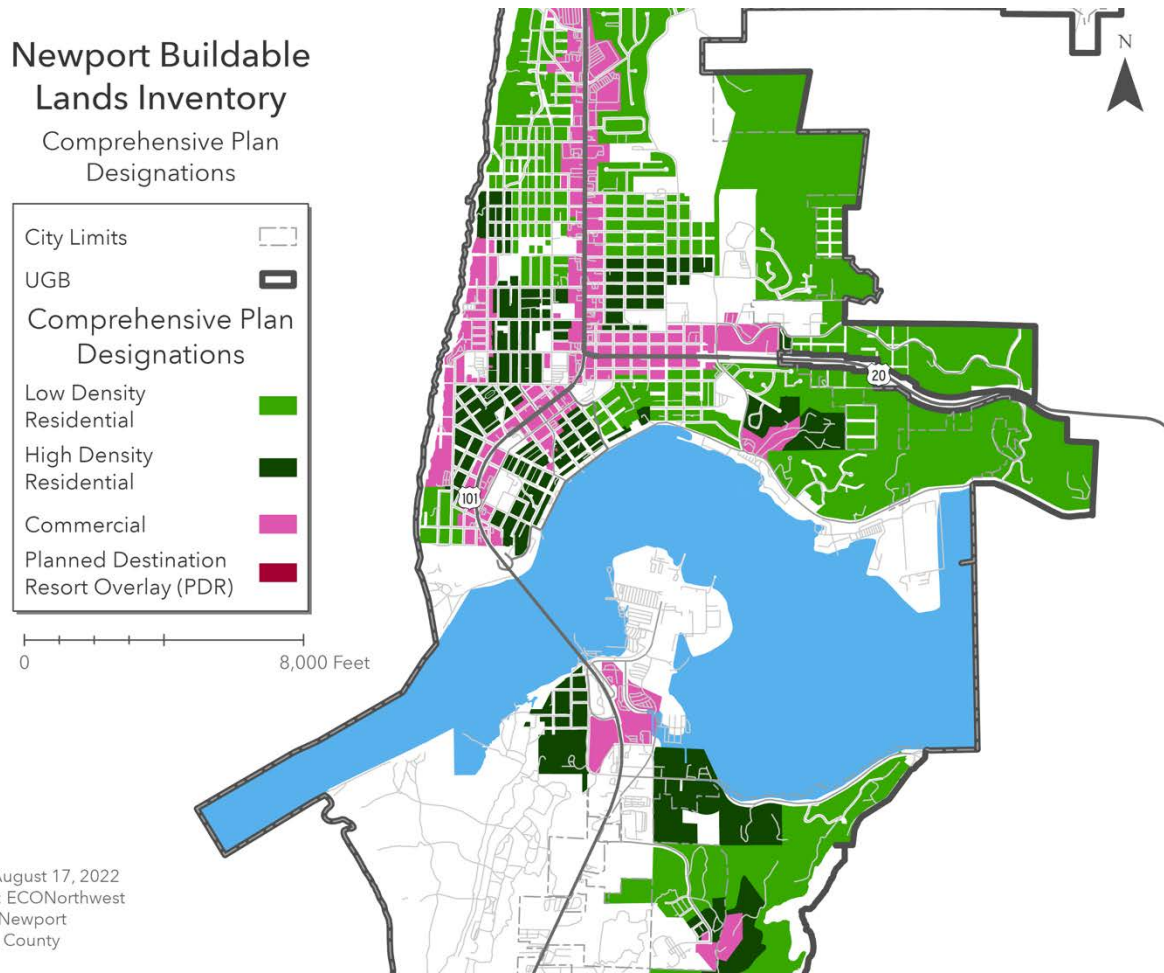
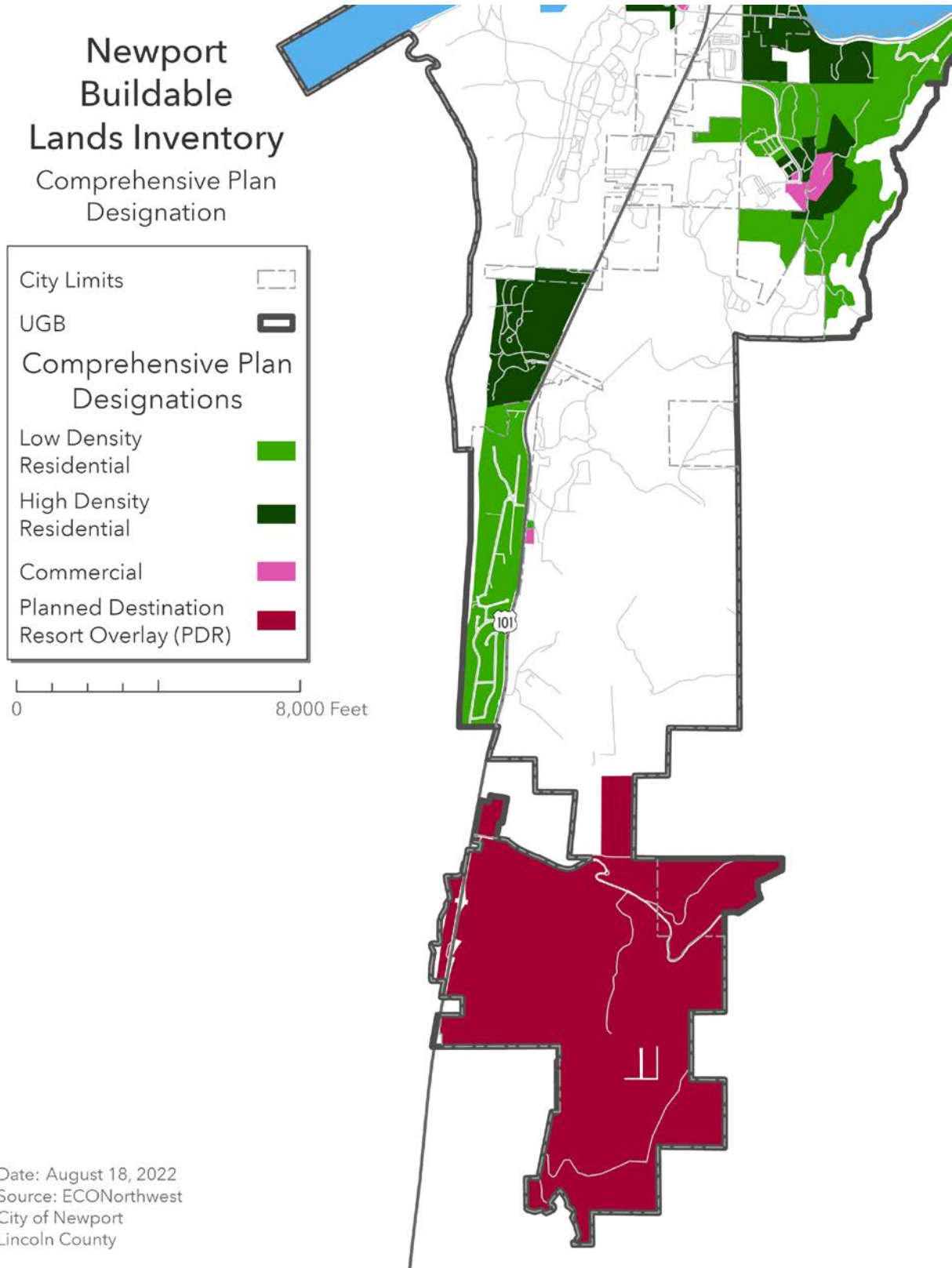


Exhibit 99. Residential Land Base by Plan Designation, Southern Newport, Newport UGB, 2022
 Source: Lincoln County, ECONorthwest analysis.



Step 2: Classify lands

In this step, ECONorthwest classified each tax lot with a plan designation that allows residential uses into one of five mutually exclusive categories based on development status:

- Vacant land
- Partially vacant land
- Undevelopable land
- Public land
- Developed land

ECONorthwest initially identified buildable land and classified development status using a rule-based methodology, as described below in Exhibit 100.

Exhibit 100. Rules for Development Status Classification

Development Status	Definition	Statutory Authority
Vacant Land	Tax lots that have no structures or have buildings with very little improvement value. For the purpose of this inventory, lands with improvement values of less \$10,000 will be considered vacant (not including lands that are identified as having mobile homes).	OAR 660-008-0006(2) (2) "Buildable Land" means residentially designated land within the urban growth boundary, including both vacant and developed land likely to be redeveloped, that is suitable, available and necessary for residential uses. Publicly owned land is generally not considered available for residential uses.
Partially Vacant Land	Partially vacant tax lots can use safe harbor established in State statute: <i>The infill potential of developed residential lots or parcels of one-half acre or more may be determined by subtracting one-quarter acre (10,890 square feet) for the existing dwelling and assuming that the remainder is buildable land;</i>	OAR 660-024-0050 (2)(a)
Undevelopable Land	Vacant tax lots less than 3,000 square feet in size are considered undevelopable.	No statutory definition
Public Land	Lands in public is considered unavailable for residential development. This includes lands in Federal, State, County, or City ownership. In addition, we recommend including land for cemeteries in this category.	OAR 660-008-0005(2) - Publicly owned land is generally not considered available for residential uses.

Development Status	Definition	Statutory Authority
Developed Land	Land that is developed at densities consistent with zoning and improvements that make it unlikely to redevelop during the analysis period. Lands not classified as vacant, partially vacant, undevelopable or public or exempt are considered developed.	No statutory definition

Step 3: Identify constraints

Consistent with OAR 660-008-0005(2) guidance on residential buildable lands inventories, ECONorthwest deducted certain lands with development constraints from the BLI. We used the following constraints, as listed in Exhibit 101.

Exhibit 101. Constraints to be included in BLI

Constraint	Statutory Authority	Threshold	Source
Goal 5 Natural Resource Constraints			
Natural Resource Protection Areas	OAR 660-015-0000(2)	Areas within Newport’s Parks and Natural Areas, and Significant Habitats overlays	City of Newport
Natural Hazard Constraints			
Regulatory Floodway	OAR 660-008-0005(2a)	Lands within FEMA FIRM identified floodway	FEMA via National Map
100-Year Floodplain	OAR 660-008-0005(2d)	Lands within FEMA FIRM 100-year floodplain	FEMA via National Map
Steep Slopes	OAR 660-008-0005(2c)	Slopes greater than 40%	Oregon Department of Geology and Mining Industries
Combined Geologic Hazards	OAR 660-008-0005(2)	Bluff and Dune Erosion areas identified as “Active” or “High” Hazard Zones	City of Newport
Big Creek Reservoirs	OAR 660-008-0005(2)	Lands within reservoir body of waters	City of Newport

We treated these areas as prohibitive constraints (unbuildable) as shown in All constraints were merged into a single constraint file, which was then used to identify the area of each tax lot that is constrained. These areas were deducted from lands that are identified as vacant or partially vacant.

It should be noted that tax lots adjacent to the ocean were clipped at the vegetation line (data provided by the City of Newport) due to land existing under public ownership below that line. This clipping occurred early on in the BLI process, so while the vegetation line is not being displayed or utilized as the other constraints are above, it is a de facto constraint.

Lack of access to water, sewer, power, road or other key infrastructure cannot be considered a prohibitive constraint unless it is an extreme condition. This is because tax lots that are currently unserved could potentially become serviced over the 20-year planning period.

Exhibit 102. All constraints were merged into a single constraint file, which was then used to identify the area of each tax lot that is constrained. These areas were deducted from lands that are identified as vacant or partially vacant.

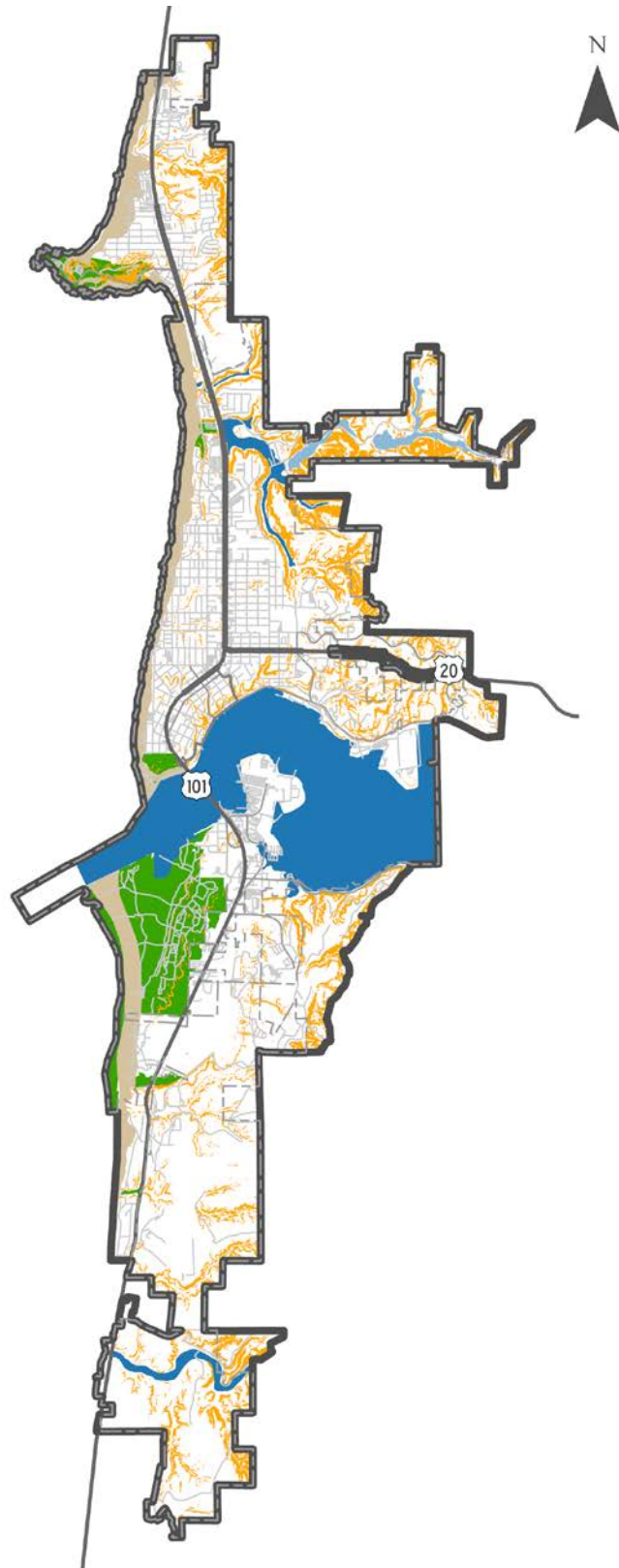
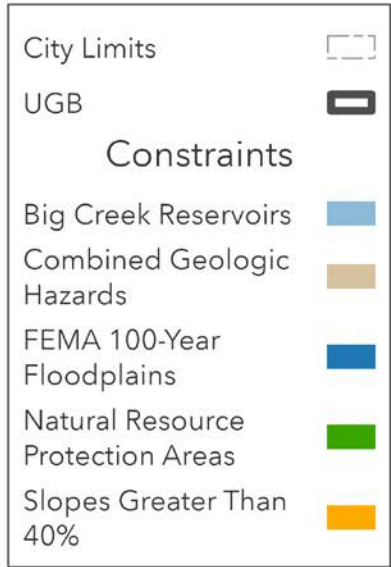
It should be noted that tax lots adjacent to the ocean were clipped at the vegetation line (data provided by the City of Newport) due to land existing under public ownership below that line. This clipping occurred early on in the BLI process, so while the vegetation line is not being displayed or utilized as the other constraints are above, it is a de facto constraint.

Lack of access to water, sewer, power, road or other key infrastructure cannot be considered a prohibitive constraint unless it is an extreme condition. This is because tax lots that are currently unserved could potentially become serviced over the 20-year planning period.

Exhibit 102. Residential Development Constraints, Newport UGB, 2022
 Source: Lincoln County, ECONorthwest analysis.

Newport Buildable Lands Inventory

Constraints



Date: August 22, 2022
 Source: ECONorthwest
 City of Newport
 Lincoln County

Exhibit 103. Residential Development Constraints, Northern Newport, Newport UGB, 2022
 Source: Lincoln County, ECONorthwest analysis.

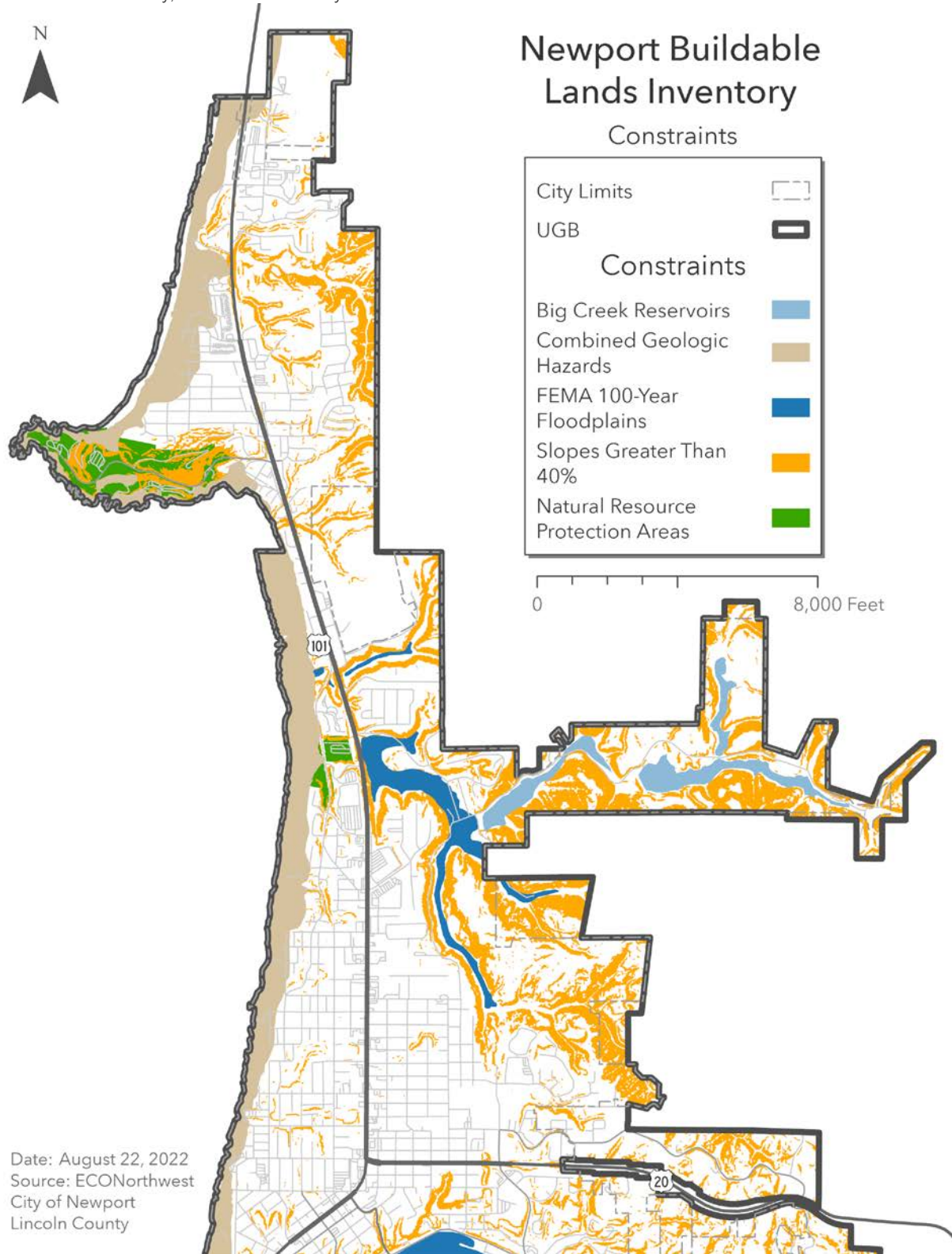









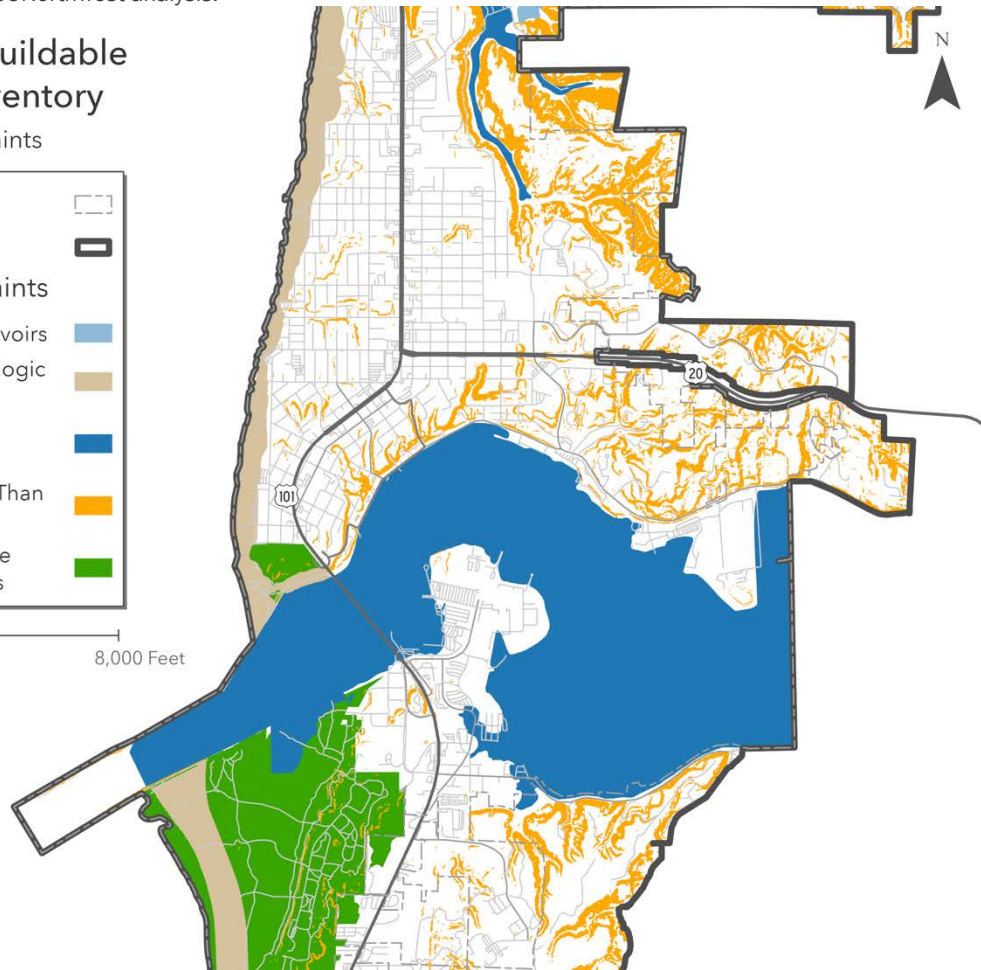
Exhibit 104. Residential Development Constraints, Central Newport, Newport UGB, 2022
 Source: Lincoln County, ECONorthwest analysis.

Newport Buildable Lands Inventory

Constraints

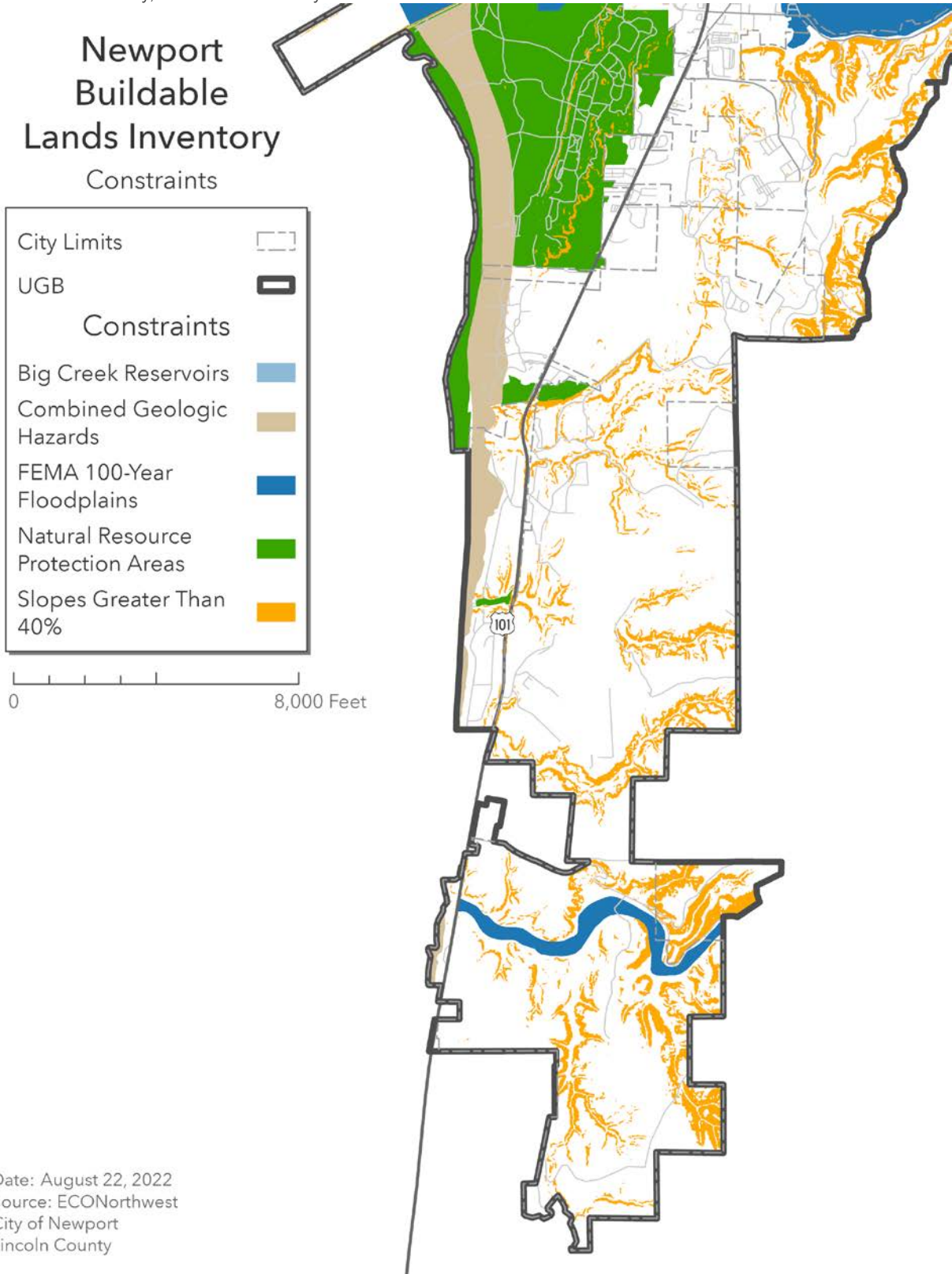
City Limits	
UGB	
Constraints	
Big Creek Reservoirs	
Combined Geologic Hazards	
FEMA 100-Year Floodplains	
Slopes Greater Than 40%	
Natural Resource Protection Areas	

0 8,000 Feet



Date: August 22, 2022
 Source: ECONorthwest
 City of Newport
 Lincoln County

Exhibit 105. Residential Development Constraints, Southern Newport, Newport UGB, 2022
 Source: Lincoln County, ECONorthwest analysis.



Step 4: Verification

ECONorthwest used a multistep verification process. The first verification step involved a “rapid visual assessment” of land classifications using GIS and recent aerial photos. The rapid visual assessment involves reviewing classifications overlaid on recent aerial photographs to verify uses on the ground. ECONorthwest reviewed all tax lots included in the inventory using the rapid visual assessment methodology.

City staff and ECONorthwest performed multiple additional rounds of verification, such as the verification about partially vacant land described in Exhibit 100, which involved verifying the development status determination and the results of the rapid visual assessment.

ECONorthwest amended the BLI based on City staff review and a discussion of the City’s comments.

Step 5: Tabulation and mapping

The results are presented in tabular and map format. We included a comprehensive plan map, the land base by classification, vacant and partially vacant lands by plan designation, and vacant and partially vacant lands by plan designation with constraints showing.

Appendix B: Constructability Analysis

Purpose

The City of Newport has many vacant properties, including several large vacant sites that the City has identified anecdotally as potentially being difficult to serve with infrastructure. The City asked ECONorthwest to assist with an evaluation of whether key vacant and partially vacant land is feasible to develop with needed housing, given the anticipated infrastructure needs and costs—an analysis of the “constructability” of these areas. The analysis provides a rough indication of the likelihood that residential development on key vacant and partially vacant land may be financially feasible based on estimated infrastructure costs provided by City staff and estimated development potential and financial assessments by ECONorthwest.

Overview of Subareas

The City identified nine subareas within the Newport urban growth boundary for analysis. These subareas are identified on Exhibit 106 (by development status) and Exhibit 107 (by Comprehensive Plan designation). Most of the largest blocks of vacant and partially vacant land within the UGB were included, along with several clusters of smaller infill parcels. A large vacant area at the southern end of Newport’s UGB was excluded from this analysis because it is designated for (and may only be developed with) a destination resort, which does not provide needed housing per state rules.

Overview of Approach

The analysis brings together three types of information to assess whether development is likely to be financially feasible:

4. **Infrastructure:** What is the anticipated infrastructure needs for each area, and what are the approximate costs to provide that infrastructure? This was based on assessments of infrastructure needs by City staff and planning level unit cost estimates.
- **Development Potential:** What mix(es) of housing is/are most likely for this area? Given the net buildable areas from the Buildable Lands Inventory (BLI), the likely housing mix, and typical densities for each housing type, how many units could be built?
5. **Residual Value:** Given the estimated costs of building each type of housing on a development-ready site (construction cost to build the structure, fees, design costs, etc.) and the estimated value of the future development, how much is left over to pay for land and infrastructure while allowing a reasonable financial return for the developer?

The assumptions for each component of the analysis are discussed in greater detail in the following sections.

Exhibit 106. Development Status

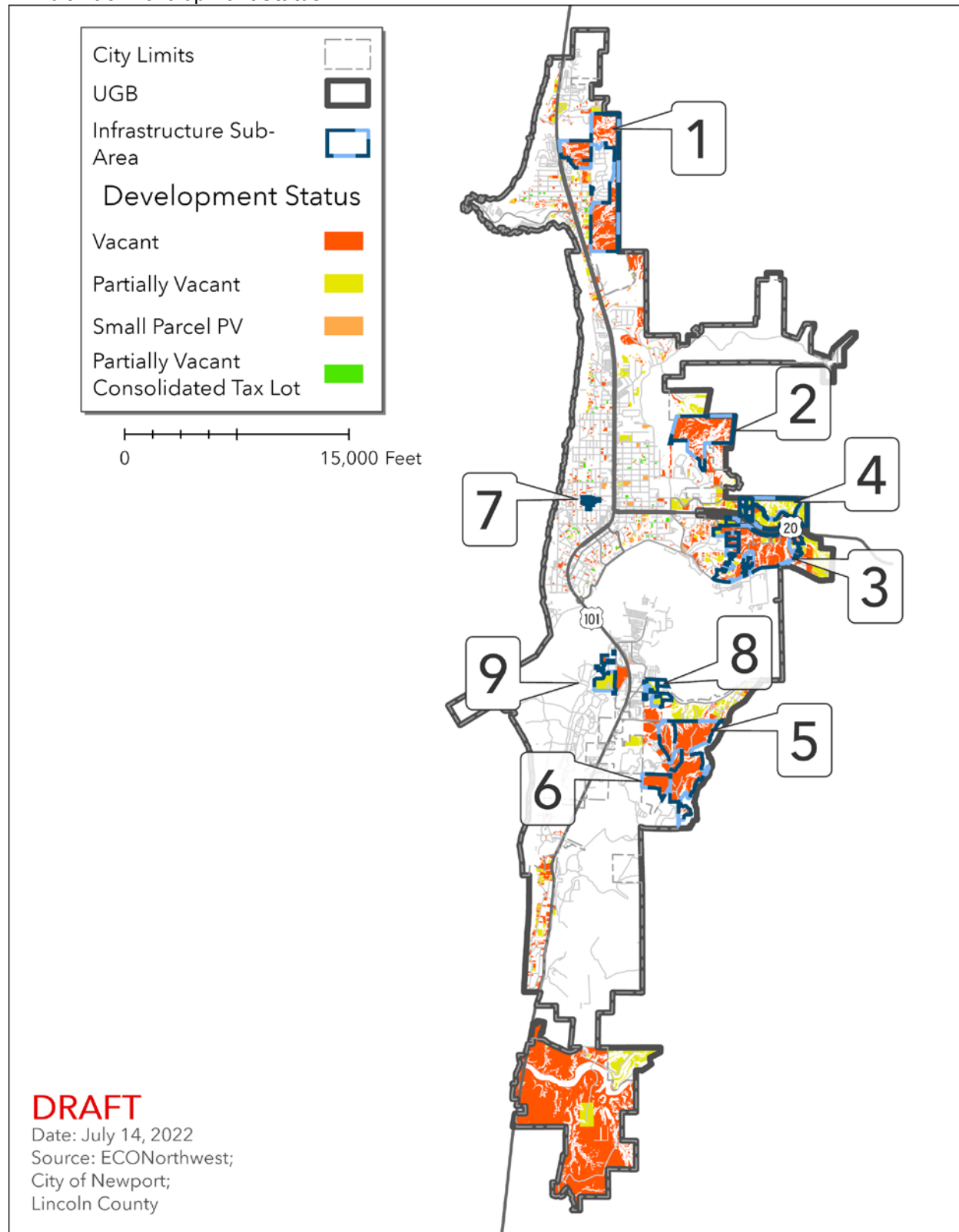
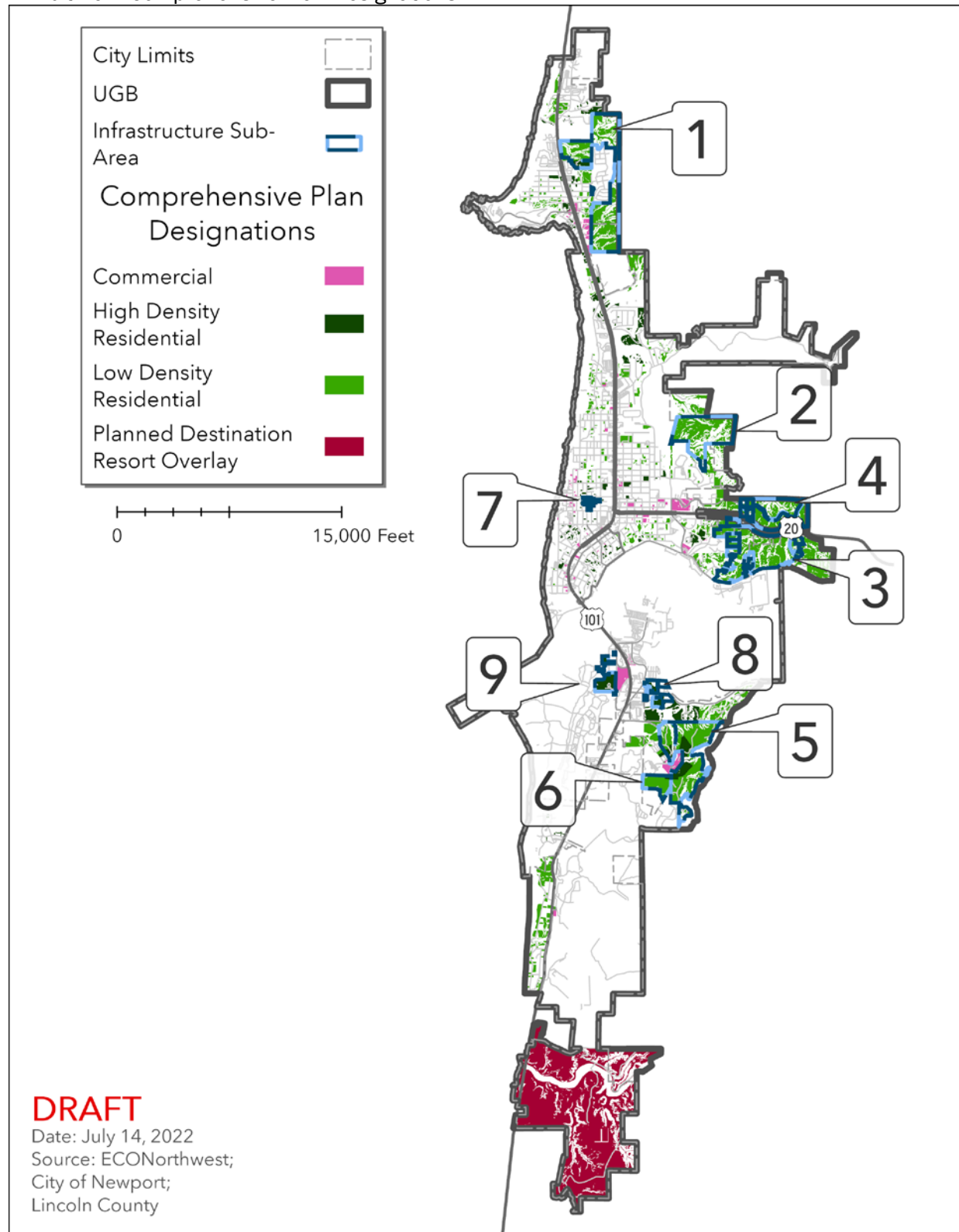


Exhibit 107. Comprehensive Plan Designations



Housing Assumptions

Housing Types

The analysis included seven types of housing (listed below), using prototypical development examples calibrated to align with recent development in and around Newport.

- Multifamily: Apartments
- Middle Housing:
 - Quadplex
 - Cottage Cluster
 - Townhouse
- Single-Detached Housing:
 - Small Single-Detached House
 - Medium Single-Detached House
 - Large Single-Detached House (hillside only)

Details about the assumed unit size, density/lot size, parking, and rents/sales prices for each housing type are included in Appendix A.

Housing Mix

ECONorthwest established a range of housing mix scenarios for use in different types of contexts:

- **Multifamily** (all apartments)
- **High Density Residential blend** (a mix of apartments, townhouses, quadplexes, small single-detached houses, and some medium single-detached houses)
- **Infill** (a mix of townhouses, quadplexes, small single-detached houses, and medium single-detached houses)
- **Low Density Residential blend** (mostly small single-detached houses and medium single-detached houses with small amounts of townhouse, cottage cluster, and quadplex)
- **Hillside Low Density Residential** (mostly large single-detached houses and medium single-detached houses with small amounts of small single-detached houses, townhouse, and cottage cluster)

Details about the specific housing mix in each scenario are included in Appendix B.

Relative Ability to Pay for Land and Infrastructure

ECONorthwest's analysis showed that single-detached houses are able to afford higher land/infrastructure costs on a per unit basis than middle housing or apartments (see Exhibit 108). Even after accounting for differences in density, single-detached housing can likely afford greater land/infrastructure costs per square foot of buildable land (see Exhibit 109).

Exhibit 108. Residual Value Per Unit

Source: ECONorthwest

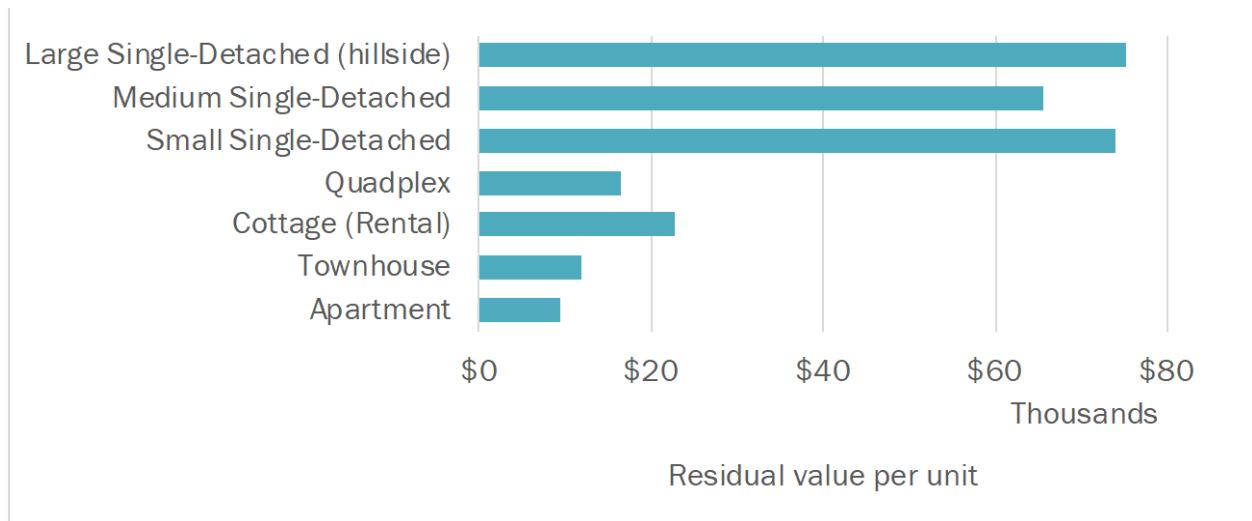
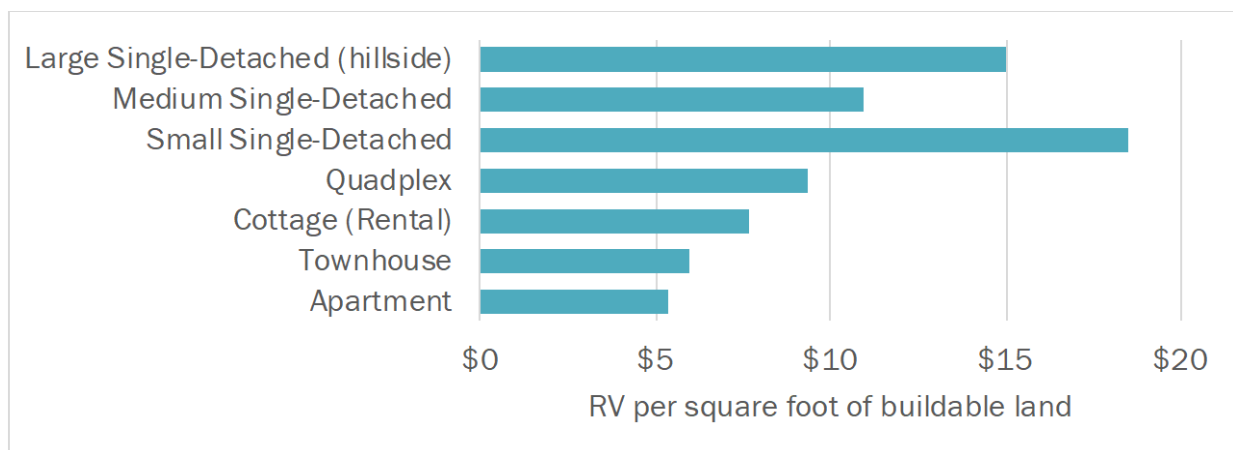


Exhibit 109. Residual Value Per Square Foot of Buildable Land

Source: ECONorthwest



Infrastructure Costs

City of Newport staff reviewed each subarea to identify likely road improvement needs, including access roads to connect to nearby properties, where collector roads are likely to be needed to meet City standards, and where creek crossings will likely require bridges or culverts. Staff also provided unit cost estimates for streets based on typical design requirements per block, with adjustments for hilly areas; typical costs for water and wastewater facilities; estimated costs for site clearing (within future right-of-way); and estimated costs for environmental assessments and design costs. ECONorthwest used the information provided by staff to calculate total infrastructure costs for each subarea.

ECONorthwest also used current System Development Charge (SDC) schedules for Newport to estimate the amount that future development would owe in SDCs and estimate the share of the infrastructure costs that might be eligible for SDC credits based on constructing “qualified public improvements”.⁶⁵ The estimated SDC credit-eligible amount was deducted from the infrastructure costs by system (i.e., water SDCs could be applied to SDC credit-eligible water costs and transportation SDCs could be applied to SDC credit-eligible transportation costs).

Results by Subarea

This section summarizes the analysis for each subarea, including the buildable area and estimated development capacity under specific housing mix scenarios, key infrastructure needs and estimated costs, and a comparison of estimated costs to estimated total residual value for residential development.

A summary of all subarea results is included in Exhibit 155.

⁶⁵ Generally, only the share of costs that accounts for “oversizing” facilities to accommodate demand from other properties is eligible for SDC credits.

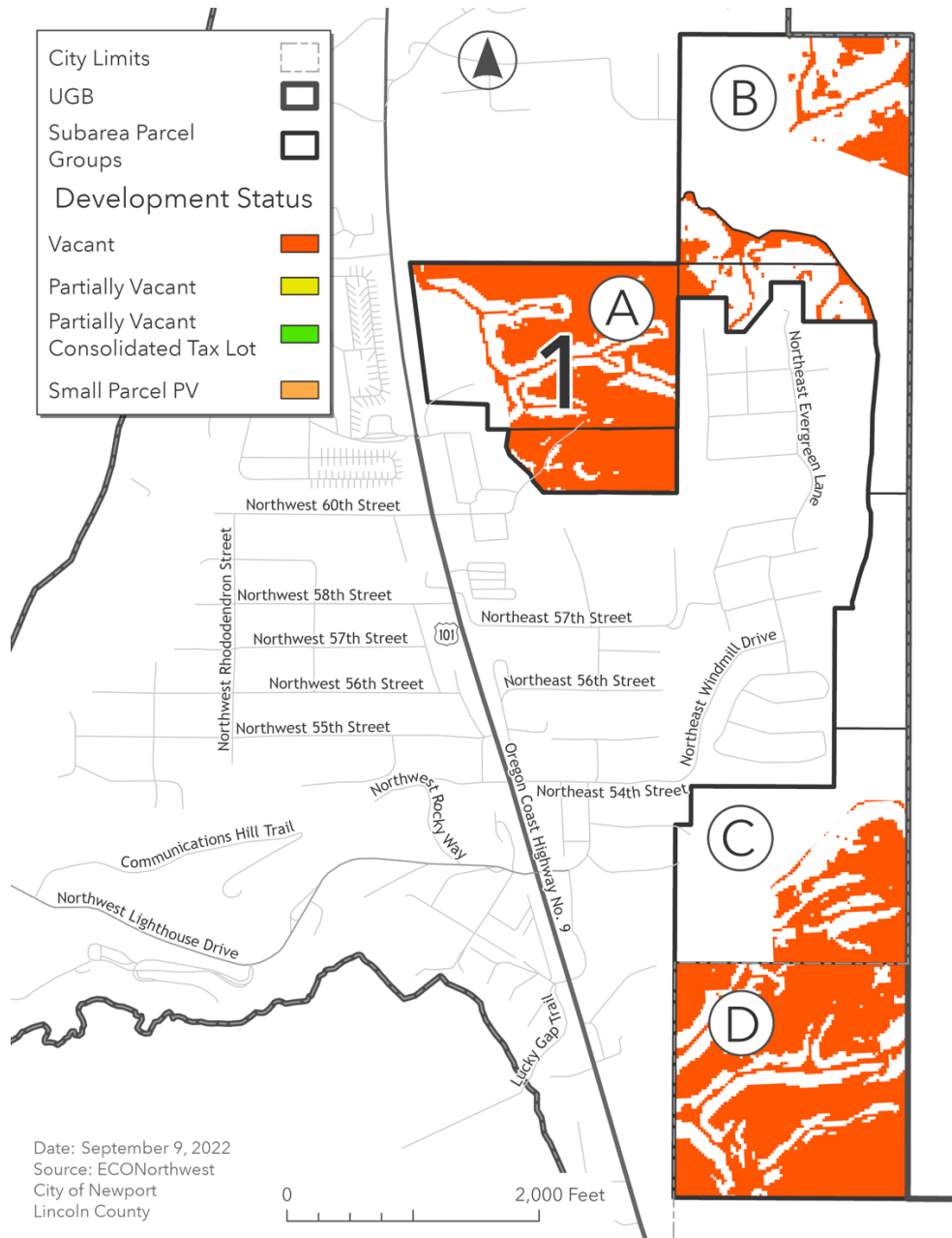
Subarea 1

Overview and Buildable Area

Subarea 1, in the Agate Beach area on the north end of the city, has a total of 71.6 acres of net buildable area and is divided into 4 sections: A, B, C, and D, as shown on Exhibit 110. The buildable land in this area is all vacant and largely under common ownership. Preliminary plans have been developed for the area, which informed the assumptions for road connections and housing mix.

Exhibit 110. Subarea 1 Map and Buildable Land by Development Status

Source: ECONorthwest



Housing Capacity

We tested both a “Multifamily” unit scenario and a “High-Density Residential blend” unit mix scenario for Section 1A based on its proximity to Highway 101, relatively flat topography, and staff’s knowledge of property owner intent for the site. Sections 1B, 1C, and 1D were tested with the “Hillside Low Density Residential” unit mix due to their topography.

Exhibit 111. Subarea 1 Housing Mixes and Estimated Capacity by Section and Housing Mix Scenario
Source: ECONorthwest calculations

Section / Housing Mix Scenario	Buildable Acres	Apartment Units	Townhouse Units	Cottage Units	Quadplex Units	Small Single-Family Units	Medium Single-Family Units	Large Single-Family (hillside)	Total Units
1A: HDR blend	24.92	74	65	57	49	65	14	0	324
1A: Multifamily	24.92	560	0	0	0	0	0	0	560
1B: Hillside LDR	7.51	0	2	2	0	3	12	29	48
1C: Hillside LDR	8.57	0	2	2	0	3	14	34	55
1D: Hillside LDR	30.60	0	10	10	0	12	50	121	203

Residual Value

Based on the pro forma analysis for each housing type and the housing capacity by housing type summarized in Exhibit 111, ECONorthwest estimated the residual value by housing type and total for each section, as shown in Exhibit 112.

Exhibit 112: Subarea 1 Residual Value by Housing Type, Section, and Housing Mix Scenario
Source: ECONorthwest

Section / Housing Mix Scenario	Total RV (Rounded)	RV Per Buildable Acre
1A: HDR blend	\$9,303,000	\$373,331
1A: Multifamily	\$5,247,000	\$210,545
1B: Hillside LDR	\$3,256,000	\$433,602
1C: Hillside LDR	\$3,763,000	\$439,089
1D: Hillside LDR	\$13,602,000	\$444,498

Infrastructure Needs and Costs

Key infrastructure needs identified by staff for this subarea include:

- Section 1A:
 - Looped collector road from Highway 101 to NE 60th Street, with additional cost due to sloped terrain in some areas
 - Internal local road network, with additional cost due to sloped terrain in some areas

- Three bridges
- Section 1B:
 - Collector road from NE 71st Street to water tank
 - Local access road extensions to connect to existing streets, with additional cost due to sloped terrain in some areas
 - Internal local roads, with additional cost due to sloped terrain in some areas
 - One bridge
- Section 1C:
 - Collector road from Lighthouse Dr. to NE 52nd, with additional cost due to sloped terrain in some areas
 - Local access road extensions to connect to existing streets
 - Internal local roads
 - Water pump station
 - Small wastewater lift station
- Section 1D:
 - Collector road loop from 47th to 52nd, with additional cost due to sloped terrain and right-of-way acquisition
 - Internal local roads, with additional cost due to sloped terrain
 - Two bridges
 - Water pump station

The estimated infrastructure costs for this area are summarized in Exhibit 113.

Exhibit 113: Subarea 1 Infrastructure Cost Summary

Source: ECONorthwest summary and calculations based on information provided by City of Newport

Section / Housing Mix Scenario	Subtotal for New Roads (rounded)	Subtotal for Water & Wastewater (rounded)	Total (rounded)	Total After SDC Credits (rounded)
1A: HDR blend	\$9,763,000	\$0	\$9,763,000	\$9,226,000
1A: Multifamily	\$8,992,000	\$0	\$8,992,000	\$8,128,000
1B: Hillside LDR	\$7,326,000	\$0	\$7,326,000	\$7,182,000
1C: Hillside LDR	\$6,279,000	\$850,000	\$7,129,000	\$6,765,000
1D: Hillside LDR	\$21,601,000	\$663,000	\$22,264,000	\$21,423,000

Development Feasibility

Comparing the residual value per buildable acre to the infrastructure costs per buildable acre gives a sense of whether there is value remaining to pay for land. This is shown in Exhibit 114.

Exhibit 114: Residual Value per Buildable Acre Compared to Infrastructure Costs per Buildable Acre by Section and Housing Mix Scenario

Source: ECONorthwest

Section / Housing Mix Scenario	RV per Buildable Acre	Infrastructure Costs per Buildable Acre	RV compared to costs
1A: HDR blend	\$ 373,331	\$ 370,238	101%
1A: Multifamily	\$ 210,545	\$ 326,145	65%
1B: Hillside LDR	\$ 433,602	\$ 956,312	45%
1C: Hillside LDR	\$ 439,089	\$ 789,424	56%
1D: Hillside LDR	\$ 444,498	\$ 700,100	63%

Based on this analysis, most of subarea 1 will be difficult to develop due to the high infrastructure costs per buildable acre. Section 1A, closest to Highway 101, may be financially feasible to develop if costs are slightly lower than estimated or if value is slightly higher than estimated, or if the property is already owned by a developer.

Subarea 2

Overview and Buildable Area

Subarea 2, east of Newport Middle School, has 65.55 acres of net buildable area and is divided into two sections: A and B. Both sections A and B are assumed to develop as “Low Density Residential”. The buildable land in this subarea is vacant. Sections A and B are owned by two different property owners.

Exhibit 115. Subarea 2 Map and Buildable Land by Development Status

Source: ECONorthwest

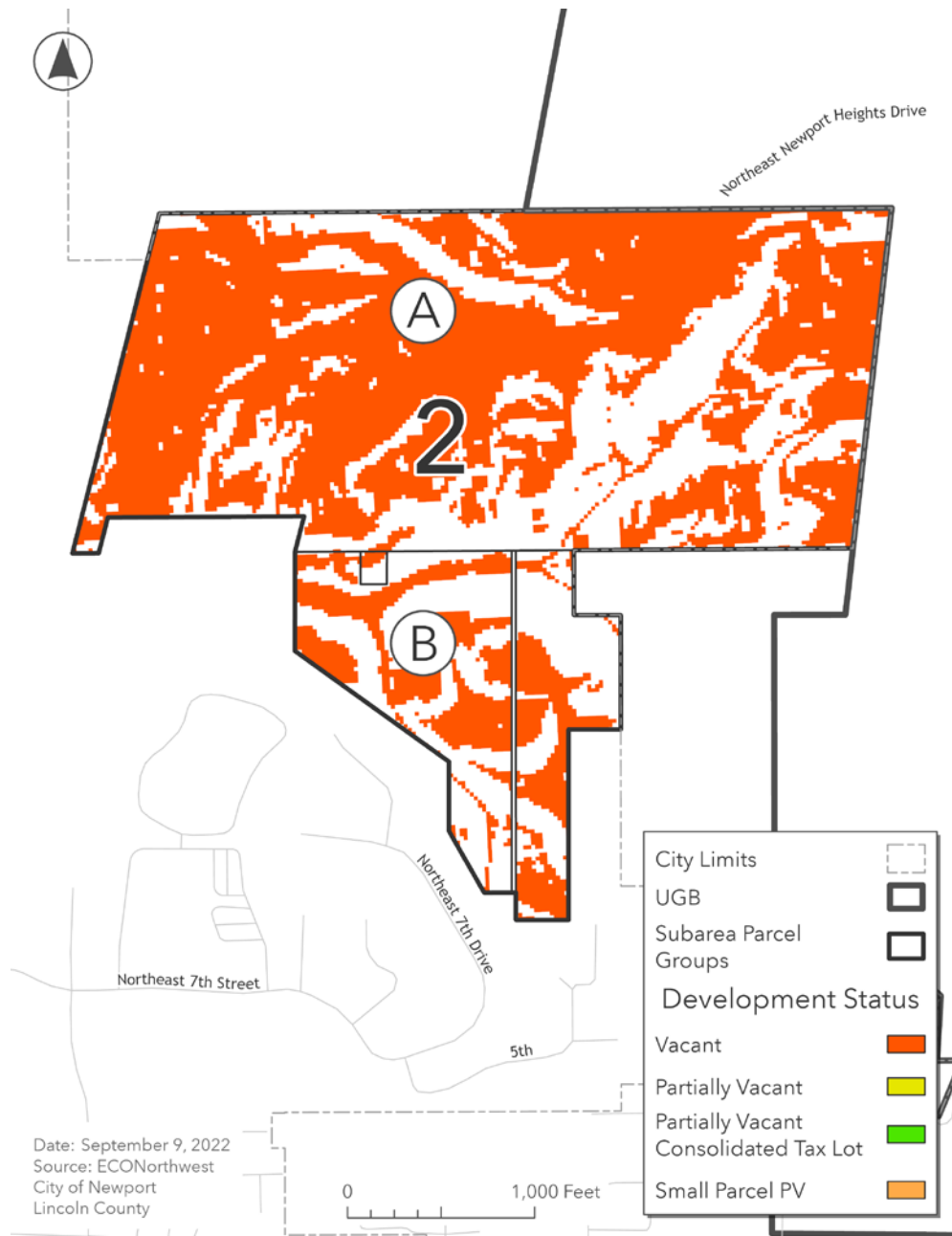


Exhibit 116. Subarea 2 Housing Mixes and Estimated Capacity by Section and Housing Mix Scenario
Source: ECONorthwest calculations

Section / Housing Mix Scenario	Buildable Acres	Apartment Units	Townhouse Units	Cottage Units	Quadplex Units	Small Single-Family Units	Medium Single-Family Units	Large Single-Family (hillside)	Total Units
2A: LDR	65.55	0	55	22	25	167	222	0	491
2B: LDR	10.35	0	8	3	4	26	35	0	76

Residual Value

Based on the pro forma analysis for each housing type and the housing capacity by housing type summarized in Exhibit 116, ECONorthwest estimated the residual value by housing type and total for each section, as shown in Exhibit 117.

Exhibit 117. Subarea 2 Residual Value by Housing Type, Section, and Housing Mix Scenario
Source: ECONorthwest

Section / Housing Mix Scenario	Total RV (Rounded)	RV Per Buildable Acre
2A: LDR	\$28,488,000	\$434,616
2B: LDR	\$4,449,000	\$429,790

Infrastructure Needs and Costs

Key infrastructure needs identified by staff for this subarea include:

- Section 2A
 - Access road with additional cost due to difficult terrain from NE 7th to the site and to the Northwest of the site
 - Water and wastewater lines from NE 7th to the Northwest corner of the site
 - Internal streets, with additional cost due to sloped terrain in some areas
 - Water pump station
 - Wastewater lift stations
- Section 2B
 - Internal looped local roads served from NE Laurel Street, with additional cost due to sloped terrain in some areas

Exhibit 118. Subarea 2 Infrastructure Cost Summary

Source: ECONorthwest summary and calculations based on information provided by City of Newport

Section / Housing Mix Scenario	Subtotal for New Roads (rounded)	Subtotal for Water & Wastewater (rounded)	Total (rounded)	Total After SDC Credits (rounded)
2A: LDR	\$38,683,000	\$11,145,000	\$49,828,000	\$47,627,000
2B: LDR	\$3,904,000	\$0	\$3,904,000	\$3,904,000

Development Feasibility

Comparing the residual value per buildable acre to the infrastructure costs per buildable acre gives a sense of whether there is value remaining to pay for land. This is shown in Exhibit 119.

Exhibit 119: Residual Value per Buildable Acre Compared to Infrastructure Costs per Buildable Acre by Section and Housing Mix Scenario

Source: ECONorthwest

Section / Housing Mix Scenario	RV per Buildable Acre	Infrastructure Costs per Buildable Acre	RV compared to costs
2A: LDR	\$434,616	\$779,756	56%
2B: LDR	\$429,790	\$377,074	114%

Based on this analysis, Section 2A, which accounts for most of subarea 2, will be difficult to develop due to the high infrastructure costs per buildable acre. Section 2B may be financially feasible to develop depending on land value expectations.

Subarea 3

Overview and Buildable Area

Subarea 3, located south of Highway 20 north of Yaquina Bay, has 103.98 acres of net buildable area and is assumed to develop as “Hillside Low Density Residential” given the topography in the area. Much of the area is vacant, though there are several smaller properties included in this subarea, some of which have existing homes on them but are partially vacant.

Exhibit 120. Subarea 3 Map and Buildable Land by Development Status

Source: ECONorthwest

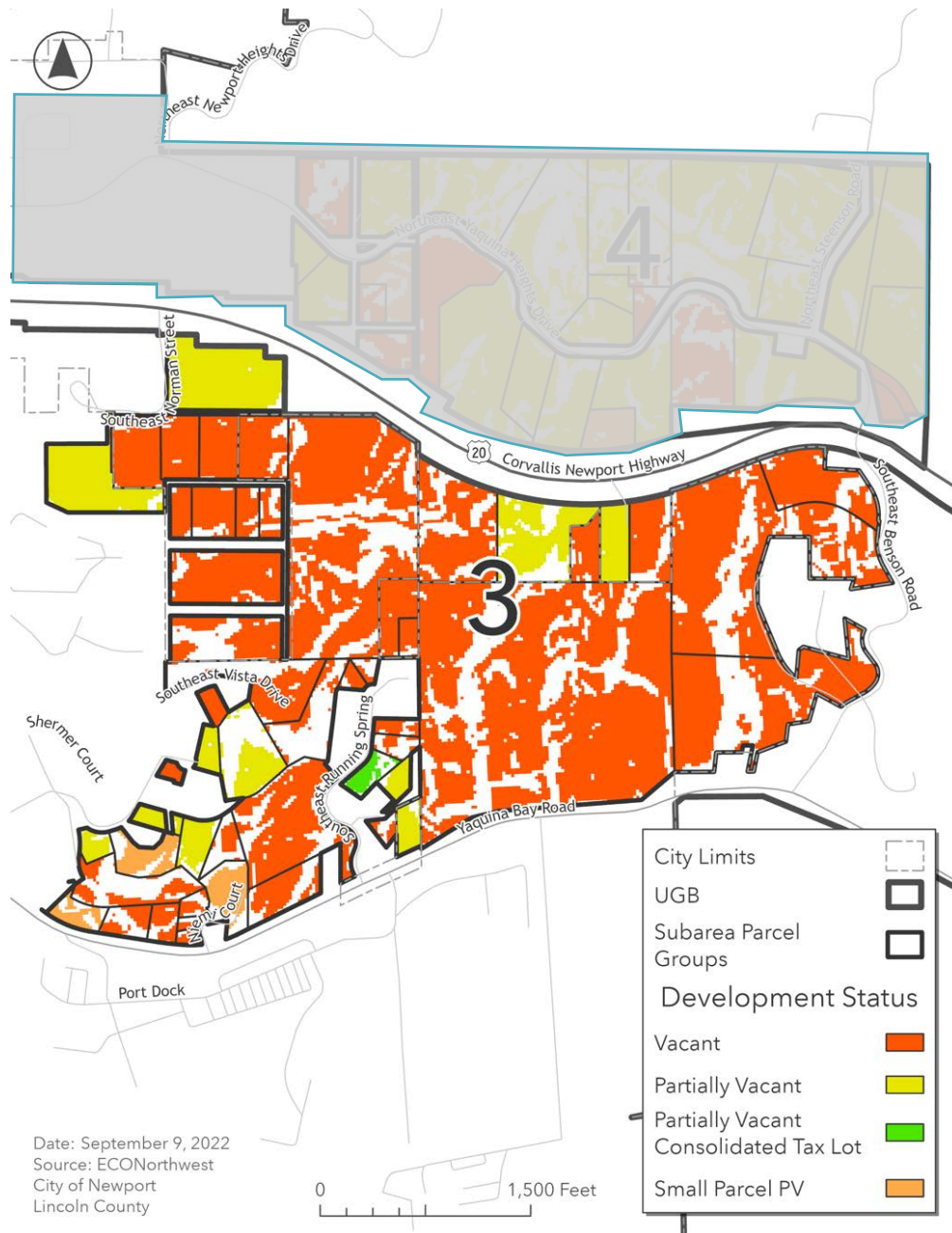


Exhibit 121. Subarea 3 Housing Mixes and Estimated Capacity

Source: ECONorthwest calculations

Section / Housing Mix Scenario	Buildable Acres	Apartment Units	Townhouse Units	Cottage Units	Quadplex Units	Small Single-Family Units	Medium Single-Family Units	Large Single-Family (hillside)	Total Units
Hillside LDR	103.98	0	34	34	0	43	172	413	696

Residual Value

Based on the pro forma analysis for each housing type and the housing capacity by housing type summarized in Exhibit 121, ECONorthwest estimated the residual value by housing type and total for each section, as shown in Exhibit 122.

Exhibit 122. Subarea 3 Residual Value by Housing Type and Housing Mix Scenario

Source: ECONorthwest

Section / Housing Mix Scenario	Total RV (Rounded)	RV Per Buildable Acre
Hillside LDR	\$46,660,000	\$448,721

Infrastructure Needs and Costs

Key infrastructure needs identified by staff for this subarea include:

- Internal streets, with additional cost due to sloped terrain in some areas
- Water tank and pump system
- Wastewater lift station with force main

Exhibit 123. Subarea 3 Infrastructure Cost Summary

Source: ECONorthwest summary and calculations based on information provided by City of Newport

Section / Housing Mix Scenario	Subtotal for New Roads (rounded)	Subtotal for Water & Wastewater (rounded)	Total (rounded)	Total After SDC Credits (rounded)
Hillside LDR	\$35,725,000	\$6,250,000	\$41,975,000	\$37,443,000

Development Feasibility

Comparing the residual value per buildable acre to the infrastructure costs per buildable acre gives a sense of whether there is value remaining to pay for land. This is shown in Exhibit 124.

Exhibit 124: Residual Value per Buildable Acre Compared to Infrastructure Costs per Buildable Acre

Source: ECONorthwest

Section / Housing Mix Scenario	RV per Buildable Acre	Infrastructure Costs per Buildable Acre	RV compared to costs
Hillside LDR*	\$448,721	\$360,087	125%

* Parcelization in these areas would likely reduce development potential and make development less likely to be feasible than the overall numbers suggest.

Based on this analysis, subarea 3 may be financially feasible to develop, but the key challenge will be the parcelization and whether any individual property owner can take on the cost of the larger infrastructure projects needed to enable growth in this area.

Subarea 4

Overview and Buildable Area

Subarea 4, north of Highway 20 and Yaquina Bay, has 55.05 acres of net buildable area and is assumed to develop as “Hillside Low Density Residential” given the topography in the area. The land in this area has fragmented ownership and is mostly partially vacant with existing homes on many of the lots. (The buildable acreage excludes ¼ acre for the existing home on each partially vacant property.)

Exhibit 125. Subarea 4 Map and Buildable Land by Development Status

Source: ECONorthwest

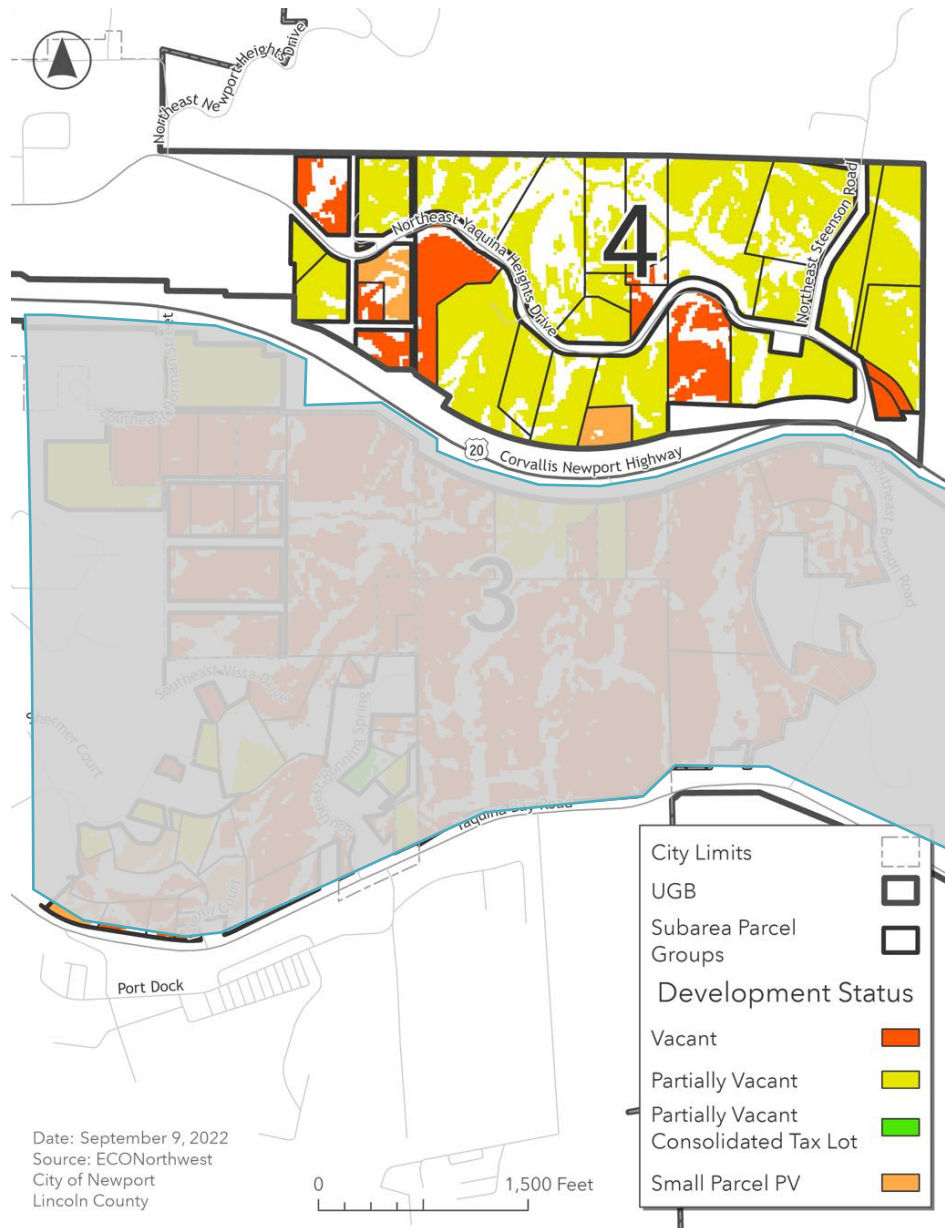


Exhibit 126. Subarea 4 Housing Mixes and Estimated Capacity

Source: ECONorthwest calculations

Section / Housing Mix Scenario	Buildable Acres	Apartment Units	Townhouse Units	Cottage Units	Quadplex Units	Small Single-Family Units	Medium Single-Family Units	Large Single-Family (hillside)	Total Units
Hillside LDR	55.05	0	18	18	0	22	91	218	367

Note: because this area is parcelized, the yield would likely be lower.

Residual Value

Based on the pro forma analysis for each housing type and the housing capacity by housing type summarized in Exhibit 126, ECONorthwest estimated the residual value by housing type and total for each section, as shown in Exhibit 127.

Exhibit 127. Subarea 4 Residual Value by Housing Type and Housing Mix Scenario

Source: ECONorthwest

Section / Housing Mix Scenario	Total RV (Rounded)	RV Per Buildable Acre
Hillside LDR	\$24,593,000	\$446,765

Infrastructure Needs and Costs

Key infrastructure needs identified by staff for this subarea include:

- Internal local roads, with additional cost due to sloped terrain
- Water tank and pump station
- Wastewater lift station with force main

Exhibit 128. Subarea 4 Infrastructure Cost Summary

Source: ECONorthwest summary and calculations based on information provided by City of Newport

Section / Housing Mix Scenario	Subtotal for New Roads (rounded)	Subtotal for Water & Wastewater (rounded)	Total (rounded)	Total After SDC Credits (rounded)
Hillside LDR	\$18,733,000	\$6,250,000	\$24,983,000	\$23,686,000

Development Feasibility

Comparing the residual value per buildable acre to the infrastructure costs per buildable acre gives a sense of whether there is value remaining to pay for land. This is shown in Exhibit 129.

Exhibit 129: Residual Value per Buildable Acre Compared to Infrastructure Costs per Buildable Acre

Source: ECONorthwest

Section / Housing Mix Scenario	RV per Buildable Acre	Infrastructure Costs per Buildable Acre	RV compared to costs
Hillside LDR*	\$446,765	\$430,285	104%

* Parcelization in these areas would likely reduce development potential and make development less likely to be feasible than the overall numbers suggest.

Based on this analysis, subarea 4 is unlikely to be financially feasible to develop unless costs are lower than estimated or value is higher than estimated. However, because the area is already parcelized and many properties have existing homes on them, this area will be less likely to develop, and more challenging for any individual property owner to take on the costs of building the needed infrastructure.

Subarea 5

Overview and Buildable Area

Subarea 5 has 120.15 acres of net buildable area. ECONorthwest tested both a “Low Density Residential” unit mix scenario and a “High Density Residential blend” unit mix scenario. The land is vacant and under common ownership. Preliminary master plans have been developed for the area as future phases of the Wilder development.

Exhibit 130. Subarea 5 Map and Buildable Land by Development Status

Source: ECONorthwest

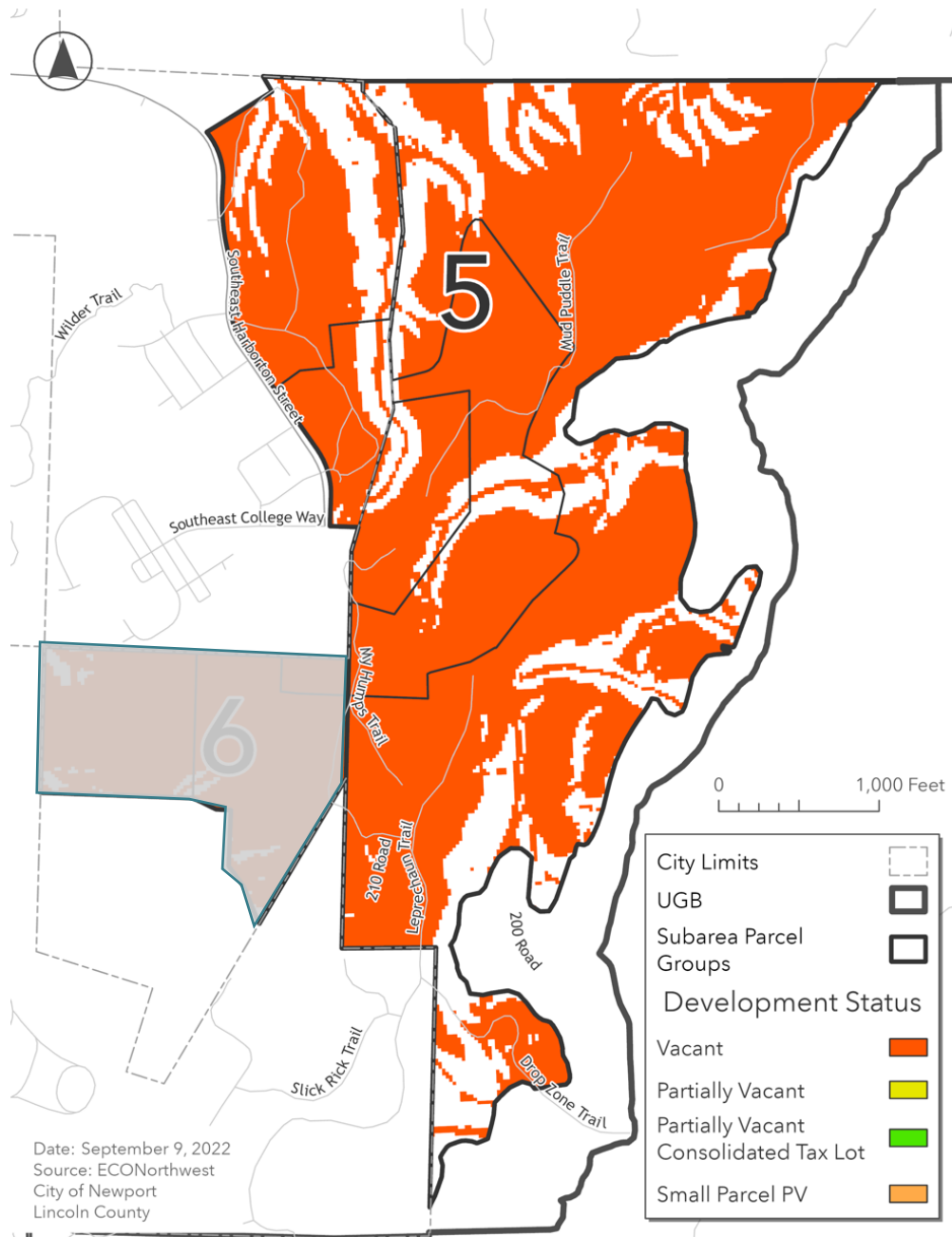


Exhibit 131. Subarea 5 Housing Mixes and Estimated Capacity by Housing Mix Scenario

Source: ECONorthwest calculations

Section / Housing Mix Scenario	Buildable Acres	Apartment Units	Townhouse Units	Cottage Units	Quadplex Units	Small Single-Family Units	Medium Single-Family Units	Large Single-Family (hillside)	Total Units
LDR	120.15	0	102	40	46	306	408	0	902
HDR blend	120.15	360	314	279	239	314	69	0	1575

Residual Value

Based on the pro forma analysis for each housing type and the housing capacity by housing type summarized in Exhibit 131, ECONorthwest estimated the residual value by housing type and total for each section, as shown in Exhibit 132.

Exhibit 132. Subarea 5 Residual Value by Housing Type and Housing Mix Scenario

Source: ECONorthwest

Section / Housing Mix Scenario	Total RV (Rounded)	RV Per Buildable Acre
LDR	\$52,290,000	\$435,210
HDR blend	\$45,177,000	\$376,005

Infrastructure Needs and Costs

Key infrastructure needs identified by staff for this subarea include:

- Collector road looped from Highway 101
- Internal local roads

Exhibit 133. Subarea 5 Infrastructure Cost Summary

Source: ECONorthwest summary and calculations based on information provided by City of Newport

Section / Housing Mix Scenario	Subtotal for New Roads (rounded)	Subtotal for Water & Wastewater (rounded)	Total (rounded)	Total After SDC Credits (rounded)
LDR	\$31,337,000	\$0	\$31,337,000	\$29,194,000
HDR blend	\$24,863,000	\$0	\$24,863,000	\$22,254,000

Development Feasibility

Comparing the residual value per buildable acre to the infrastructure costs per buildable acre gives a sense of whether there is value remaining to pay for land. This is shown in Exhibit 134.

Exhibit 134: Residual Value per Buildable Acre Compared to Infrastructure Costs per Buildable Acre by Housing Mix Scenario

Source: ECONorthwest

Section / Housing Mix Scenario	RV per Buildable Acre	Infrastructure Costs per Buildable Acre	RV compared to costs
LDR	\$435,210	\$242,983	179%
HDR blend	\$376,005	\$185,219	203%

Based on this analysis, subarea 5 appears to be financially feasible to develop with a range of housing mix options.

Subarea 6

Overview and Buildable Area

Subarea 6, which is adjacent to Subarea 5 and just south of Oregon Coast Community College, has 22.38 acres of net buildable area. ECONorthwest tested this area with both a “Low Density Residential” unit mix scenario and a “High Density Residential blend” unit mix scenario. The area is vacant and under common ownership.

Exhibit 135. Subarea 6 Map and Buildable Land by Development Status

Source: ECONorthwest

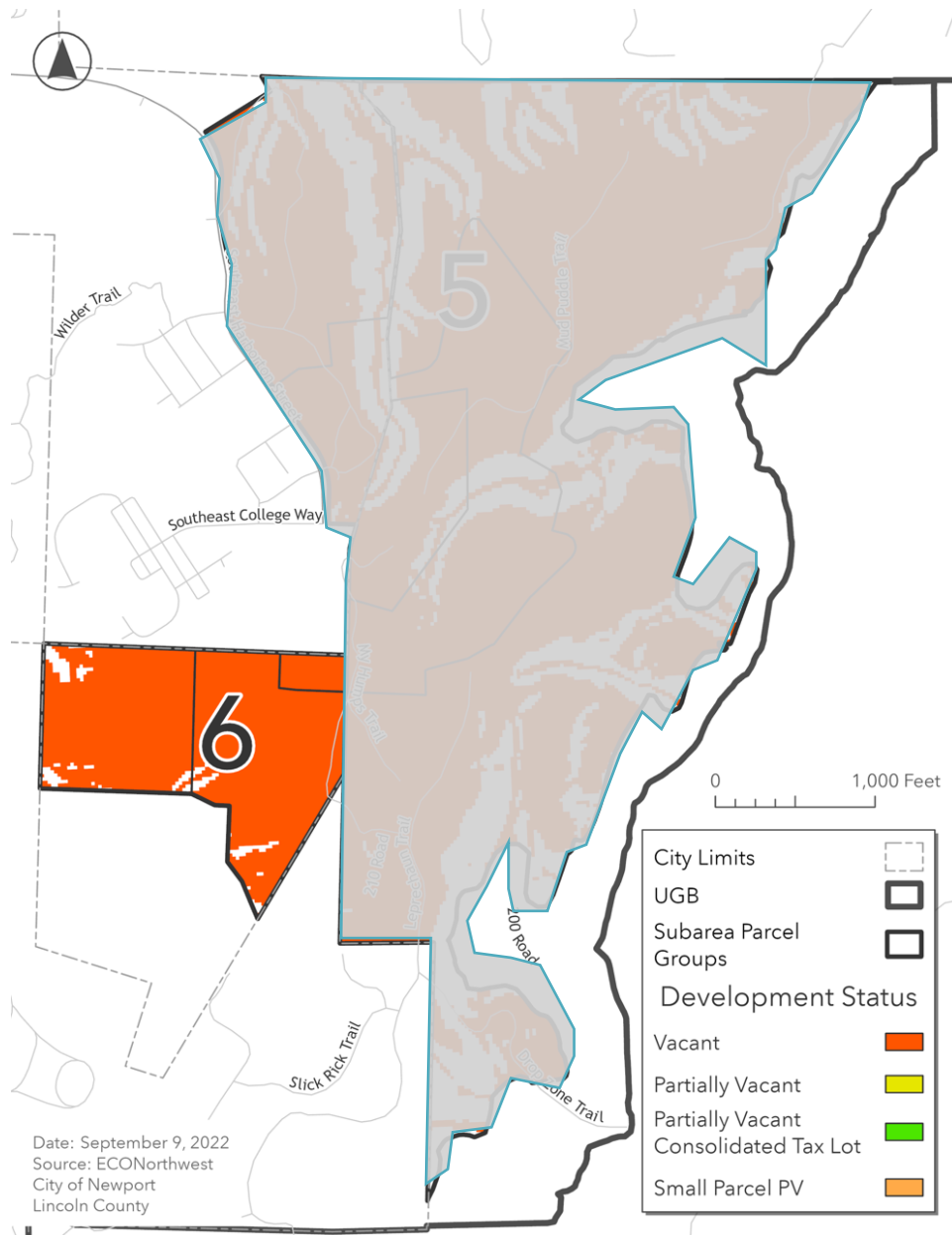


Exhibit 136. Subarea 6 Housing Mixes and Estimated Capacity by Housing Mix Scenario

Source: ECONorthwest calculations

Section / Housing Mix Scenario	Buildable Acres	Apartment Units	Townhouse Units	Cottage Units	Quadplex Units	Small Single-Family Units	Medium Single-Family Units	Large Single-Family (hillside)	Total Units
LDR	22.38	0	19	7	8	57	76	0	167
HDR blend	22.38	67	58	51	44	58	12	0	290

Residual Value

Based on the pro forma analysis for each housing type and the housing capacity by housing type summarized in Exhibit 136, ECONorthwest estimated the residual value by housing type and total for each section, as shown in Exhibit 137.

Exhibit 137. Subarea 6 Residual Value by Housing Type and Housing Mix Scenario

Source: ECONorthwest

Section / Housing Mix Scenario	Total RV (Rounded)	RV Per Buildable Acre
LDR	\$9,721,000	\$434,330
HDR blend	\$8,286,000	\$370,225

Infrastructure Needs and Costs

Key infrastructure needs identified by staff for this subarea include:

- Collector road
- Local access extensions to connect to existing streets

Exhibit 138. Subarea 6 Infrastructure Cost Summary

Source: ECONorthwest summary and calculations based on information provided by City of Newport

Section / Housing Mix Scenario	Subtotal for New Roads (rounded)	Subtotal for Water & Wastewater (rounded)	Total (rounded)	Total After SDC Credits (rounded)
LDR	\$6,697,000	\$0	\$6,697,000	\$6,299,000
HDR blend	\$5,491,000	\$0	\$5,491,000	\$5,011,000

Development Feasibility

Comparing the residual value per buildable acre to the infrastructure costs per buildable acre gives a sense of whether there is value remaining to pay for land. This is shown in Exhibit 139.

Exhibit 139: Residual Value per Buildable Acre Compared to Infrastructure Costs per Buildable Acre by Section and Housing Mix Scenario

Source: ECONorthwest

Section / Housing Mix Scenario	RV per Buildable Acre	Infrastructure Costs per Buildable Acre	RV compared to costs
LDR	\$434,330	\$281,436	154%
HDR blend	\$370,225	\$223,894	165%

Based on this analysis, subarea 6 appears financially feasible to develop with a range of housing mix options.

Subarea 7

Overview and Buildable Area

Subarea 7, located in Nye Beach, has 1.9 acres of net buildable area and was tested with an “Infill” unit mix given the close-in location and small parcels. The area has fragmented ownership.

Exhibit 140. Subarea 7 Map and Buildable Land by Development Status



Exhibit 141. Subarea 7 Housing Mix and Estimated Capacity

Source: ECONorthwest calculations

Section / Housing Mix Scenario	Buildable Acres	Apartment Units	Townhouse Units	Cottage Units	Quadplex Units	Small Single-Family Units	Medium Single-Family Units	Large Single-Family (hillside)	Total Units
Infill	1.90	0	4	5	4	6	4	0	23

Residual Value

Based on the pro forma analysis for each housing type and the housing capacity by housing type summarized in Exhibit 141, ECONorthwest estimated the residual value by housing type and total for each section, as shown in Exhibit 142.

Exhibit 142. Subarea 7 Residual Value by Housing Type and Housing Mix Scenario

Source: ECONorthwest

Section / Housing Mix Scenario	Total RV (Rounded)	RV Per Buildable Acre
Infill	\$934,000	\$492,507

Infrastructure Needs and Costs

Key infrastructure needs identified by staff for this subarea include:

- Local access road extensions to connect to NW Hurbert St and NW Cottage St, with additional cost due to intersecting creek east of NW Hurbert St
- Sewer extension along NW Hurbert St
- Water main extension along NW Cottage St

Exhibit 143. Subarea 7 Infrastructure Cost Summary

Source: ECONorthwest summary and calculations based on information provided by City of Newport

Section / Housing Mix Scenario	Subtotal for New Roads (rounded)	Subtotal for Water & Wastewater (rounded)	Total (rounded)	Total After SDC Credits (rounded)
Infill	\$603,000	\$166,000	\$769,000	\$779,000

Development Feasibility

Comparing the residual value per buildable acre to the infrastructure costs per buildable acre gives a sense of whether there is value remaining to pay for land. This is shown in Exhibit 144.

Exhibit 144: Residual Value per Buildable Acre Compared to Infrastructure Costs per Buildable Acre by Housing Mix Scenario

Source: ECONorthwest

Section / Housing Mix Scenario	RV per Buildable Acre	Infrastructure Costs per Buildable Acre	RV compared to costs
Infill	\$492,507	\$410,981	120%

Based on this analysis, subarea 7 appears financially feasible to develop, though the small parcel sizes and fragmented ownership could make development more difficult depending on site-specific infrastructure needs and development potential.

Subarea 8

Overview and Buildable Area

Subarea 8, in South Beach east of Highway 101, has 9.61 acres of net buildable area. ECONorthwest tested both a “High Density Residential blend” unit mix scenario and a “Infill” unit mix scenario for this area. The land is mostly partially vacant, with somewhat fragmented ownership.

Exhibit 145. Subarea 8 Map and Buildable Land by Development Status

Source: ECONorthwest



Exhibit 146. Subarea 8 Housing Mixes and Estimated Capacity by Housing Mix Scenario
Source: ECONorthwest calculations

Section / Housing Mix Scenario	Buildable Acres	Apartment Units	Townhouse Units	Cottage Units	Quadplex Units	Small Single-Family Units	Medium Single-Family Units	Large Single-Family (hillside)	Total Units
HDR blend	9.61	28	25	22	19	25	5	0	124
Infill	9.61	0	17	23	20	26	17	0	103

Residual Value

Based on the pro forma analysis for each housing type and the housing capacity by housing type summarized in Exhibit 146, ECONorthwest estimated the residual value by housing type and total for each section, as shown in Exhibit 147.

Exhibit 147. Subarea 8 Residual Value by Housing Type and Housing Mix Scenario
Source: ECONorthwest

Section / Housing Mix Scenario	Total RV (Rounded)	RV Per Buildable Acre
HDR blend	\$3,553,000	\$369,847
Infill	\$4,095,000	\$426,302

Infrastructure Needs and Costs

Key infrastructure needs identified by staff for this subarea include:

- Local access road extension south of SE 35th using SE Elm St ROW and SE Chestnut St and north of SE 35th using SE Ferry Slip Rd or SE 35th St
- Internal local roads

Exhibit 148. Subarea 8 Infrastructure Cost Summary

Source: ECONorthwest summary and calculations based on information provided by City of Newport

Section / Housing Mix Scenario	Subtotal for New Roads (rounded)	Subtotal for Water & Wastewater (rounded)	Total (rounded)	Total After SDC Credits (rounded)
HDR blend	\$2,653,000	\$0	\$2,653,000	\$2,653,000
Infill	\$2,201,000	\$0	\$2,201,000	\$2,201,000

Development Feasibility

Comparing the residual value per buildable acre to the infrastructure costs per buildable acre gives a sense of whether there is value remaining to pay for land. This is shown in Exhibit 149.

Exhibit 149: Residual Value per Buildable Acre Compared to Infrastructure Costs per Buildable Acre by Section and Housing Mix Scenario

Source: ECONorthwest

Section / Housing Mix Scenario	RV per Buildable Acre	Infrastructure Costs per Buildable Acre	RV compared to costs
HDR blend	\$369,847	\$276,140	134%
Infill	\$426,302	\$229,083	186%

Based on this analysis, subarea 4 is most financially feasible to develop with an “Infill” housing mix scenario and may be financially feasible to develop with an “HDR blend” housing mix scenario depending on land value expectations and site-specific factors.

Subarea 9

Overview and Buildable Area

Subarea 9, in South Beach west of Highway 101, has 3.86 acres of net buildable area. ECONorthwest tested both a “High Density Residential blend” unit mix scenario and a “Infill” unit mix scenario. The buildable land in this area is generally vacant, with one larger block of land and several smaller sites with fragmented ownership.

Exhibit 150. Subarea 9 Map and Buildable Land by Development Status

Source: ECONorthwest

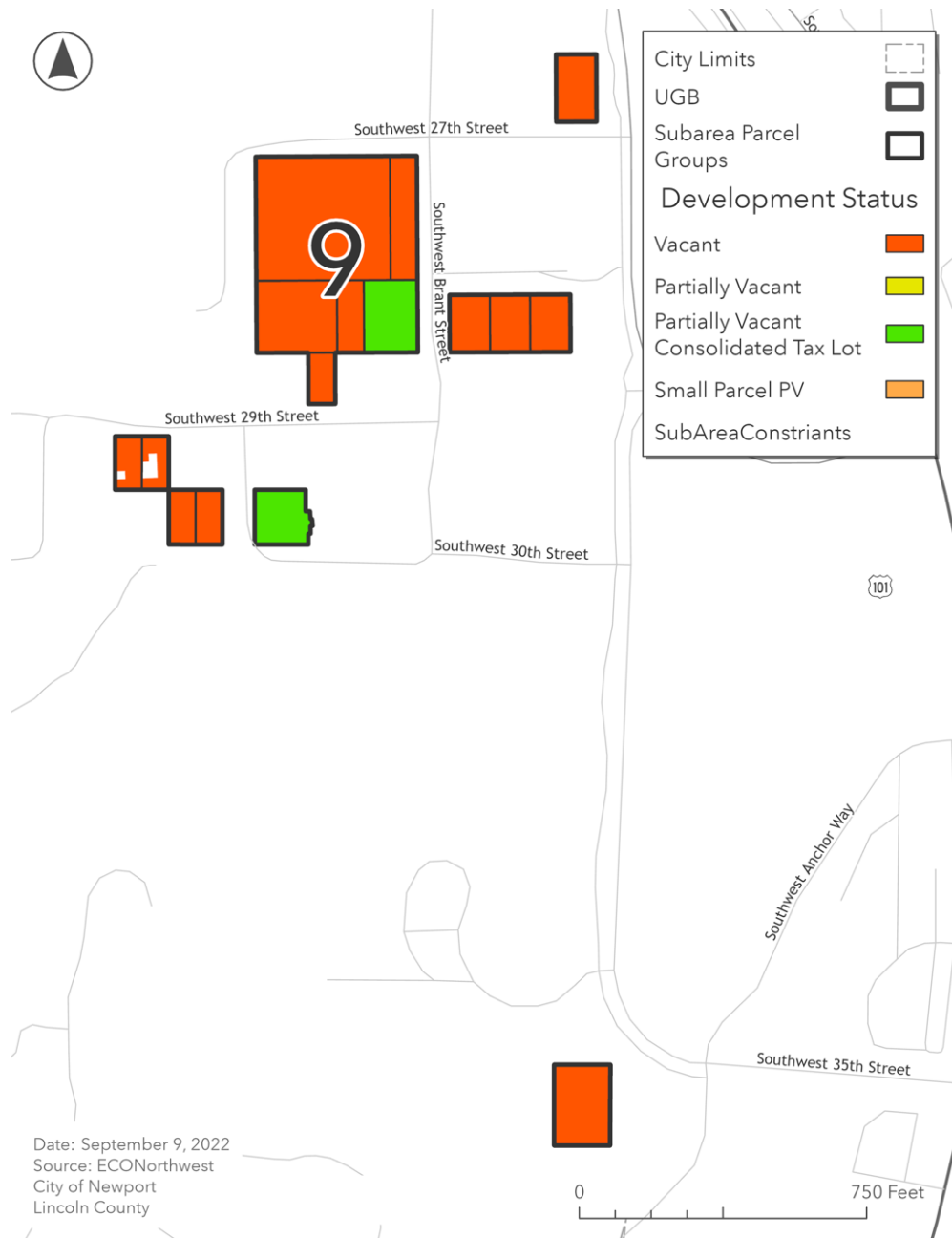


Exhibit 151. Subarea 9 Housing Mixes and Estimated Capacity by Housing Mix Scenario

Source: ECONorthwest calculations

Section / Housing Mix Scenario	Buildable Acres	Apartment Units	Townhouse Units	Cottage Units	Quadplex Units	Small Single-Family Units	Medium Single-Family Units	Large Single-Family (hillside)	Total Units
HDR blend	3.86	11	10	8	7	10	2	0	48
Infill	3.86	0	7	9	8	10	7	0	41

Residual Value

Based on the pro forma analysis for each housing type and the housing capacity by housing type summarized in Exhibit 151, ECONorthwest estimated the residual value by housing type and total for each section, as shown in Exhibit 152.

Exhibit 152. Subarea 9 Residual Value by Housing Type and Housing Mix Scenario

Source: ECONorthwest

Section / Housing Mix Scenario	Total RV (Rounded)	RV Per Buildable Acre
HDR blend	\$1,391,000	\$360,044
Infill	\$1,619,000	\$419,119

Infrastructure Needs and Costs

Key infrastructure needs identified by staff for this subarea include:

- Internal local roads, with additional cost due to sloped terrain
- Upgrade of pumps at 26th Street lift station

Exhibit 153. Subarea 9 Infrastructure Cost Summary

Source: ECONorthwest summary and calculations based on information provided by City of Newport

Section / Housing Mix Scenario	Subtotal for New Roads (rounded)	Subtotal for Water & Wastewater (rounded)	Total (rounded)	Total After SDC Credits (rounded)
HDR blend	\$1,742,000	\$200,000	\$1,942,000	\$1,898,000
Infill	\$1,475,000	\$200,000	\$1,675,000	\$1,640,000

Development Feasibility

Comparing the residual value per buildable acre to the infrastructure costs per buildable acre gives a sense of whether there is value remaining to pay for land. This is shown in Exhibit 154.

Exhibit 154: Residual Value per Buildable Acre Compared to Infrastructure Costs per Buildable Acre by Housing Mix Scenario

Source: ECONorthwest

Section / Housing Mix Scenario	RV per Buildable Acre	Infrastructure Costs per Buildable Acre	RV compared to costs
HDR blend	\$360,044	\$491,098	73%
Infill	\$419,119	\$424,343	99%

Based on this analysis, subarea 9 may be financially feasible to develop with the “Infill” housing mix if costs are lower than estimated or if value is higher than estimated, or if the property is already owned by a developer. However, with some of the area in fragmented ownership and small parcels, the area is less likely to be able to pay for larger infrastructure costs such as a pump station upgrade or new roads.

Summary of Results and Conclusions

The analysis showed some subareas where the estimated “residual value” of the development exceeds the estimated cost of building infrastructure, meaning that there is potential for a developer to pay for both infrastructure and land, and other areas where the infrastructure costs are higher than the development is likely to be able to afford, as shown in Exhibit 18.

Exhibit 155. Constructability Analysis Results: Housing Unit Yields and Residual Value (RV) vs. Costs per Buildable Acre by Subarea and Housing Mix Scenario

Source: ECONorthwest

Subarea	Section / Housing Mix Scenario	Buildable Acres	Total Units	RV per Buildable Acre	Infrastructure Costs per Buildable Acre	RV compared to costs
Area 1	1A: HDR blend	24.92	324	\$373,331	\$370,238	101%
	1A: Multifamily	24.92	560	\$210,545	\$326,145	65%
	1B: Hillside LDR	7.51	48	\$433,602	\$956,312	45%
	1C: Hillside LDR	8.57	55	\$439,089	\$789,424	56%
	1D: Hillside LDR	30.60	203	\$444,498	\$700,100	63%
Area 2	2A: LDR blend	65.55	491	\$434,616	\$779,756	56%
	2B: LDR blend	10.35	76	\$429,790	\$377,074	114%
Area 3	Hillside LDR*	103.98	696	\$448,721	\$375,135	120%
Area 4	Hillside LDR*	55.05	367	\$446,765	\$445,277	100%
Area 5	LDR blend	120.15	902	\$435,210	\$242,983	179%
	HDR blend	120.15	1575	\$376,005	\$185,219	203%
Area 6	LDR blend	22.38	167	\$434,330	\$281,436	154%
	HDR blend	22.38	290	\$370,225	\$223,894	165%
Area 7	Infill*	1.90	23	\$492,507	\$410,981	120%
Area 8	HDR blend*	9.61	124	\$369,847	\$276,140	134%
	Infill*	9.61	103	\$426,302	\$229,083	186%
Area 9	HDR blend*	3.86	48	\$360,044	\$491,098	73%
	Infill*	3.86	41	\$419,119	\$424,343	99%

* Parcelization in these areas would likely reduce development potential and make development less likely to be feasible than the overall numbers suggest.

Orange highlighting indicates numbers that are less favorable to financial feasibility compared to the average, while teal highlighting indicates numbers that are more favorable to financial feasibility compared to the average.

Subarea 1, in the Agate Beach area on the north end of the city, and **Subarea 2**, east of Newport Middle School, both have large sections that will be very costly to serve where the topography limits development potential. These areas (identified as 1B, 1C, 1D, and 2A in Exhibit 18) likely are not financially feasible to develop at the infrastructure costs estimated by the City. There are smaller sections of each area (identified as 1A and 2B in Exhibit 18) with lower infrastructure costs where development may potentially be feasible. However, 1A (located close to Highway 101), may or may not be feasible depending on the housing mix and yield on the site. While the

area can support multifamily development based on its topography and location, multifamily development has relatively little ability to absorb infrastructure costs. A more balanced housing mix would increase the need for local streets within the development, increasing the infrastructure costs, but would come closer to making development feasible.

Subareas 3 and 4, located on either side of Highway 20 north of Yaquina Bay, are both highly parcelized. In aggregate, the value of future development could potentially support building the needed infrastructure, though Subarea 4 faces higher costs and may not be feasible even considered as a block. Parcelization in these areas will likely reduce development potential and make development less feasible than the overall numbers suggest. In addition, the parcelization could make it more difficult for any single landowner to move forward with development if they would have to front the cost of much of the needed infrastructure without knowing if and when future development would contribute to the costs. Subarea 4 is also mostly made up of partially vacant land where property owners may have less motivation to sell undeveloped portions of the lot for development.

Subarea 5 (future phases of the Wilder development) and **Subarea 6** (adjacent to Subarea 5, and just south of Oregon Coast Community College) show the strongest potential to cover infrastructure costs. For Subarea 6, the fact that the property owner / developer has owned the land for many years can provide an additional cushion because they will not have to pay current market prices for land. These areas appear to be among the most cost-effective to serve with infrastructure out of the subareas included in this analysis and are relatively large sites under common ownership.

Subarea 7 (located in Nye Beach), **Subarea 8** (in South Beach east of Highway 101), and **Subarea 9** (in South Beach west of Highway 101) are smaller infill areas with less infrastructure needs. However, all require some street extensions and/or frontage improvements, and Subarea 9 requires water pump upgrades. Subarea 9 costs are relatively high given its small size and may be more than development can afford. Subareas 7 and 8 appear more promising, but the fragmented ownership and potentially higher land value expectations from property owners in more central locations could still make development challenging in these areas.

Overall, infrastructure cost challenges could impact close to 300 buildable acres of residential units, representing over 2,000 potential units of housing capacity. However, this analysis provides only a rough indication of development potential and infrastructure costs, with a high margin of error due to the number of unknowns. Individual properties within these subareas may have higher or lower development potential and infrastructure costs than estimated for this analysis.

Appendix C: Housing Prototype Details

Apartments

The rental apartment prototype contains 50 units, stands three stories tall, and has 75 surface parking stalls (1.5/unit). It requires a minimum of 72,600 square feet of buildable area per 50 units of housing (25 units per net acre). One-bedroom units are assumed to be 728 square feet and rent for \$1,445/month, two-bedroom units are assumed to be 1,005 square feet and rent for \$1,660/month, and three-bedroom units are assumed to be 1,204 square feet and rent for \$2,030/month. These rents are based on recent comparable developments and include roughly 6% rent escalation to account for the time it takes from construction to lease-up.

Exhibit 156. Example of Newport Apartments

Source: ECONorthwest



Quadplex

The quadplex rental prototype (4 units) is assumed to be two stories tall with 4 surface parking stalls (1/unit). It requires a minimum of 7,000 square feet of buildable area (close to 25 units per net acre). One-bedroom units are assumed to be 728 square feet and rent for \$1,445/month, and two-bedroom units are assumed to be 1,005 square feet and rent for \$1,660/month. These rents are based on recent comparable developments and include roughly 6% rent escalation to account for the time it takes from construction to lease-up.

Exhibit 157. Example Development Similar to Quadplex
Source: ECONorthwest



Cottage Cluster

The cottage cluster prototype is assumed to be a rental housing development with a minimum of four units on 12,000 square feet of buildable area (roughly 14.5 units per net acre). Units are assumed to be one story tall with one surface parking stall per unit. Units are assumed to be a mix of one-bedroom units that measure 600 square feet and rent for \$1,290/month, and two-bedroom units that measure 1,000 square feet and rent for \$1,730/month. These rents are based on recent comparable developments and include roughly 6% rent escalation to account for the time it takes from construction to lease-up.

Exhibit 158. Example of Cottage Cluster
Source: <https://www.wildernewport.com/homes/types-of-homes/>



Townhouse

The townhouse prototype is assumed to be built for ownership, with three-bedroom units that measure 1,800 square feet and sell for \$420,000 each based on recent comparable sales. Units are assumed to be three stories tall with 1 garage parking stall and 1 surface parking stall (2/unit) on 2,000 square feet of buildable area per unit (roughly 22 units per net acre).

Exhibit 159. Example of Newport Townhouse
Source: ECONorthwest



Small Single-Detached House

The small single-detached house prototype is assumed to be built for ownership with three-bedroom units that measure 1,782 square feet and sell for \$574,000 based on recent comparable sales. Units are assumed to be two stories tall and have 1 garage parking stall and 1 surface parking stall (2/unit) on 4,000 square feet of buildable area per unit (roughly 11 units per net acre).

Exhibit 160. Example of Newport Small Single-Detached Unit
Source: ECONorthwest



Medium Single-Detached House

The medium single-detached house prototype is assumed to be built for ownership with four-bedroom units that measure 2,173 square feet and sell for \$705,000 based on recent comparable sales. Units are assumed to be two stories tall and have 2 garage parking stalls and 2 surface parking stalls (4/unit) on 6,000 square feet of buildable area per unit (roughly 7 units per net acre).

Exhibit 161. Example of Newport Medium Single-Detached House

Source: ECONorthwest



Large Single-Detached House (Hillside)

The large single-detached hillside house prototype is assumed to be built for ownership with four-bedroom units that measure 2,544 square feet and sell for \$782,000 based on recent comparable sales. Units are assumed to be two stories tall and have 2 garage parking stalls and 2 surface parking stalls (4/unit) on roughly 5,000 square feet of buildable area (roughly 9 units per net acre). While large hillside homes are often on larger lots than this, the balance of the lot is often unbuildable and steeply sloped. Because the steep slopes have already been removed from the buildable area calculations, this prototype uses a smaller buildable area per unit in order to avoid double counting these constrained areas.

Exhibit 162. Example of Newport Large Single-Detached Hillside Unit

Source: ECONorthwest



DATE: October 13, 2022
TO: Newport Project Advisory Committee
CC: Derrick Tokos
FROM: ECONorthwest, Beth Goodman, and Nicole Underwood
SUBJECT: Newport Housing Production Strategy: Housing Need and Potential Strategies

This memorandum presents information to further contextualize the housing need described in the Housing Capacity Analysis, presents information about strategies that Newport has already adopted to address unmet need, and presents a wide range of potential strategies for consideration.

As the City weighs potential strategies to encourage affordable housing, the City must understand the needs that are specific to residents in the City of Newport. The HPS will connect unmet housing needs with strategies to address those needs. The City already has an understanding of the housing needs of current and future residents of Newport based on demographic and socioeconomic characteristics, such as age and income, from the Newport Housing Capacity Analysis (HCA). The purpose of this memorandum is to summarize key information from the HCA. The data discussed in this memorandum is in the HCA report, which is available in the memorandum *Newport Housing Needs Projection* (April 29, 2022).¹

At the October 13, 2022, Project Advisory Committee meeting, we will present key information from this memorandum and begin discussion about policy approaches to better address Newport's unmet housing needs. At subsequent Committee meetings we will discuss actions for inclusion in the HPS in more detail. The October meeting is intended to start these conversations about the HPS.

¹ This memorandum is part of the packet for the May Project Advisory Committee meeting, downloadable from here: https://newportoregon.gov/citygov/comm/policyac/agendas/05-12-2022_HAC_PAC_Meeting_Packet..pdf

Contextualized Housing Need

Housing Needs Addressed by the Housing Production Strategy

This section describes Newport housing needs based on data gathered in the Newport Housing Capacity Analysis report and household income shown in Exhibit 4.

Across Oregon, developers have been able to build some types of housing without need for public intervention, such as single-family detached housing that is affordable to people with higher incomes. However, many low- and middle-income households have unmet housing needs because the market has been unable to keep up with their needs.

The HPS focuses on strategies that ensure that developers can produce housing for low- and middle-income households. Housing at this part of the income spectrum, and housing that meets the special needs of specific groups, usually requires public intervention.

Defining Median Family Income

Throughout this report, we discuss housing affordability based on 2021 Median Family Income (MFI) that is defined by the U.S. Department of Housing and Urban Services (HUD) for Lincoln County for a family of four people. The terms used to describe housing affordability by income group are:

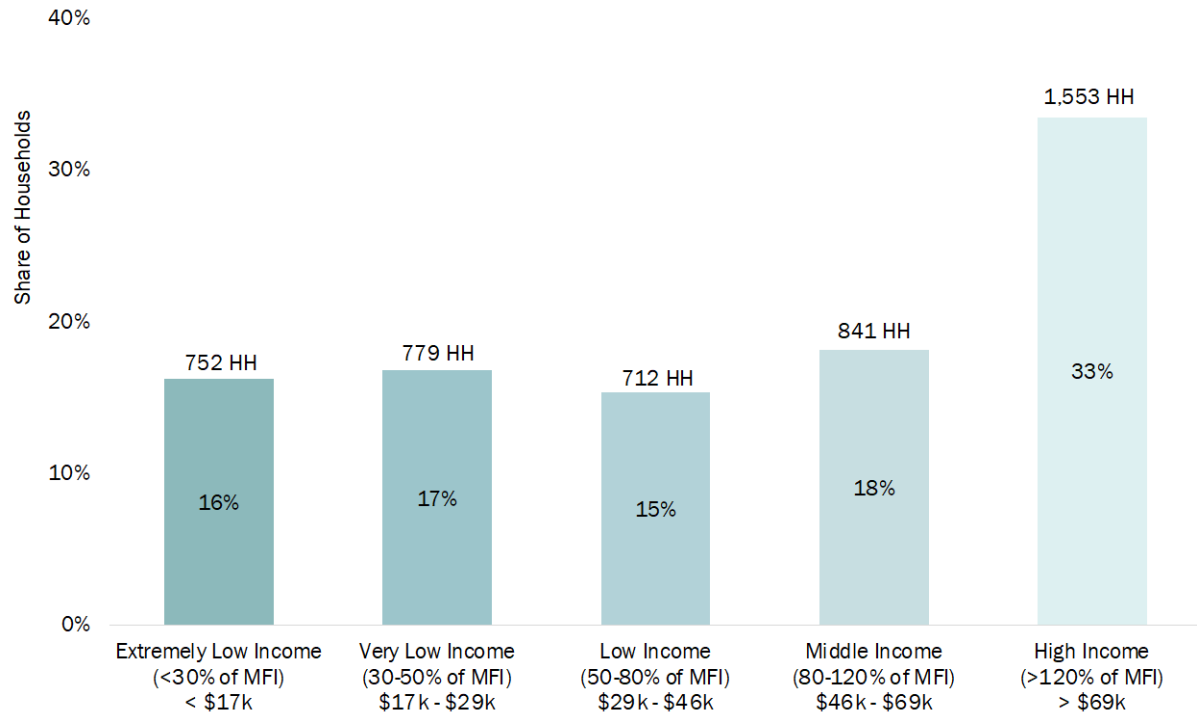
- Extremely Low Income: Less than 30% MFI or \$17,200 or less for a family of four
- Very-Low Income: 30% to 50% of MFI or \$17,200 to \$28,700 for a family of four
- Low Income: 50% to 80% of MFI or \$28,700 to \$45,900 for a family of four
- Middle Income: 80% to 120% of MFI or \$45,900 to \$68,900 for a family of four
- High Income: 120% of MFI or more \$68,900 or more for a family of four

About one-third of Newport households earn less than 50% MFI.

Exhibit 1 shows that 33% of Newport’s households had incomes less than 50% of Median Family Income (MFI) (\$28,700) and cannot afford a two-bedroom apartment at Lincoln County’s Fair Market Rent (FMR) of \$1,040 in 2021.

Exhibit 1. Share of Households by Median Family Income (MFI) for Lincoln County, Newport, 2021

Source: US Department of HUD, Lincoln County, 2021. US Census Bureau, 2015-2019 ACS Table B19001.



Median Family Income varies by household size.

The actual income thresholds vary in MFI based on household size. For example, a household of one person with an income of 80% of MFI has an income of \$32,147 compared to the income for a household of four (\$45,920) or a household of six people (\$53,281). The housing needs for a single person are also different than those of a household of four people or six people.

Throughout this document, we use the income for a household of four to illustrate housing needs.²

Exhibit 2 Median Family Income and Housing Affordability by Household Size, Lincoln County, 2021

Source: Analysis by ECONorthwest; U.S. Department of HUD, Lincoln County, 2021.

	30% MFI	60% MFI	80% MFI	100% MFI	120% MFI
1-person					
Annual Income	\$ 12,054	\$ 24,112	\$ 32,147	\$ 40,180	\$ 48,216
Affordable Monthly Housing Cost	\$ 301	\$ 603	\$ 804	\$ 1,005	\$ 1,205
2-people					
Annual Income	\$ 13,776	\$ 27,566	\$ 36,748	\$ 45,920	\$ 55,104
Affordable Monthly Housing Cost	\$ 344	\$ 689	\$ 919	\$ 1,148	\$ 1,378
4-people					
Annual Income	\$ 17,220	\$ 34,440	\$ 45,920	\$ 57,400	\$ 68,880
Affordable Monthly Housing Cost	\$ 431	\$ 861	\$ 1,148	\$ 1,435	\$ 1,722
6-people					
Annual Income	\$ 21,127	\$ 39,960	\$ 53,281	\$ 66,584	\$ 79,901
Affordable Monthly Housing Cost	\$ 528	\$ 999	\$ 1,332	\$ 1,665	\$ 1,998

Many households in Newport pay more than 30% of their income for housing.

Because the local housing market cannot produce income-restricted, subsidized affordable housing at sufficient levels – and because it cannot often produce middle income/workforce housing without subsidy, over a third (40%) of households in Newport are cost burdened.³

A household is defined as cost burdened if their housing costs exceed 30% of their gross income. A household that spends 50% or more of their gross income on housing costs is said to be severely cost burdened.

Low-income households have few options for either homeownership or rental units.

Housing costs for both rental and ownership units are much higher than many residents can afford. Exhibit 4 shows financially attainable housing costs for households across the income spectrum in Lincoln County. For example, a household earning median family income in Lincoln County (about \$57,400 per year)⁴ can afford a monthly rent of about \$1,440 or a home roughly valued between \$201,000 and \$230,000 without cost burdening

² HUD uses a standard household size of four people for median family income.

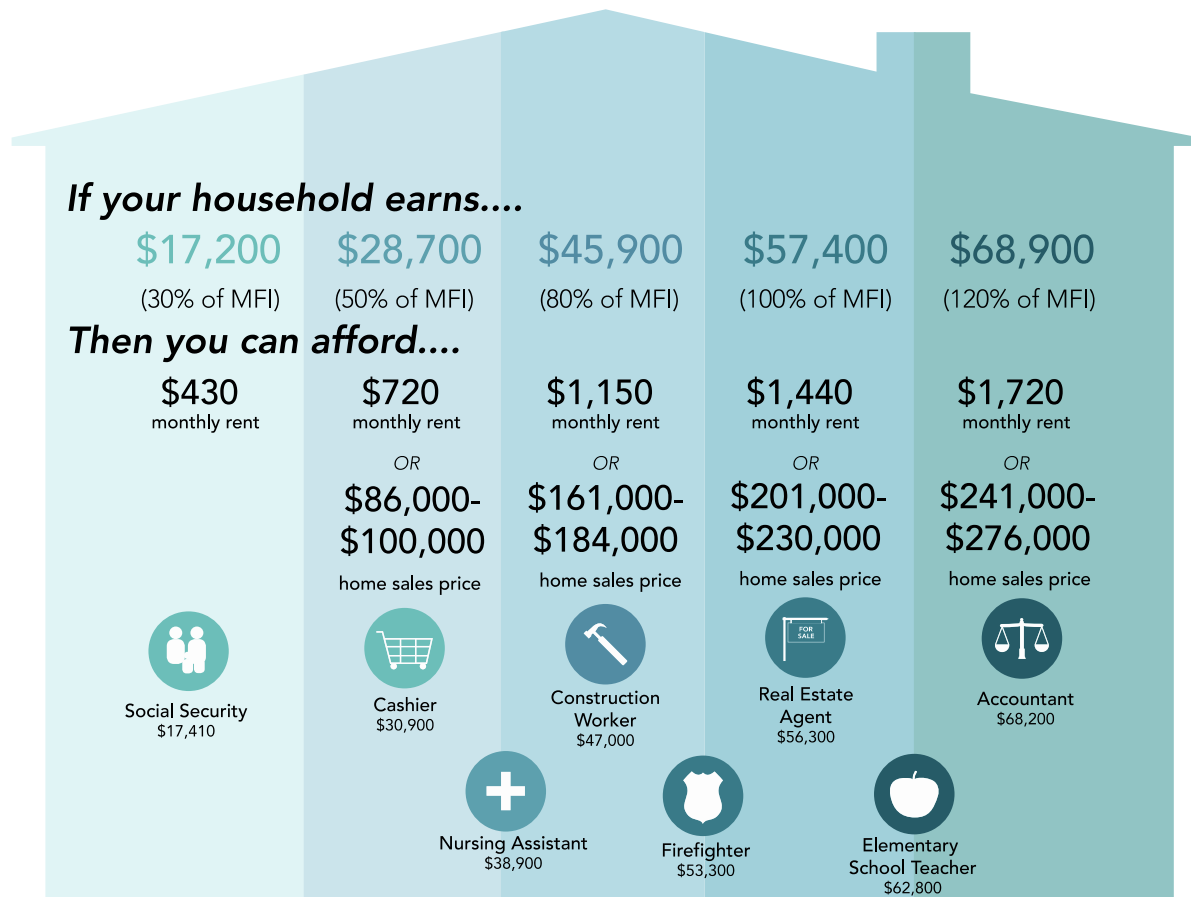
³ US Census Bureau, 2016-2020 ACS Tables B25091 and B25070.

⁴ Note that Median Family Income for the region is different than Median Household Income (MHI) for Newport. MFI is determined by HUD for each metropolitan area and non-metropolitan county. It is adjusted by family size – in that, 100% MFI is adjusted for a family of four. MHI is a more general term. MHI includes the income of the

In Newport, a household would need to earn between \$100,000 to \$115,000 (174% to 200% of MFI for a family of four) to afford the median sales price of a home in Newport (\$403,000).⁵ A household would need to earn about \$54,400 (95% of MFI for a family of four) to afford the rent of a market-rate, apartment in Newport (\$1,360 per month, not accounting for basic utilities).

Exhibit 3. Financially Attainable Housing, by Median Family Income (MFI) for Lincoln County (\$57,400) 2021

Source: US Department of Housing and Urban Development, Lincoln County, 2021. Oregon Employment Department.



householder and all other individuals 15 years old and over in the household, whether they are related to the householder or not.

⁵ Property Radar, December 2021.

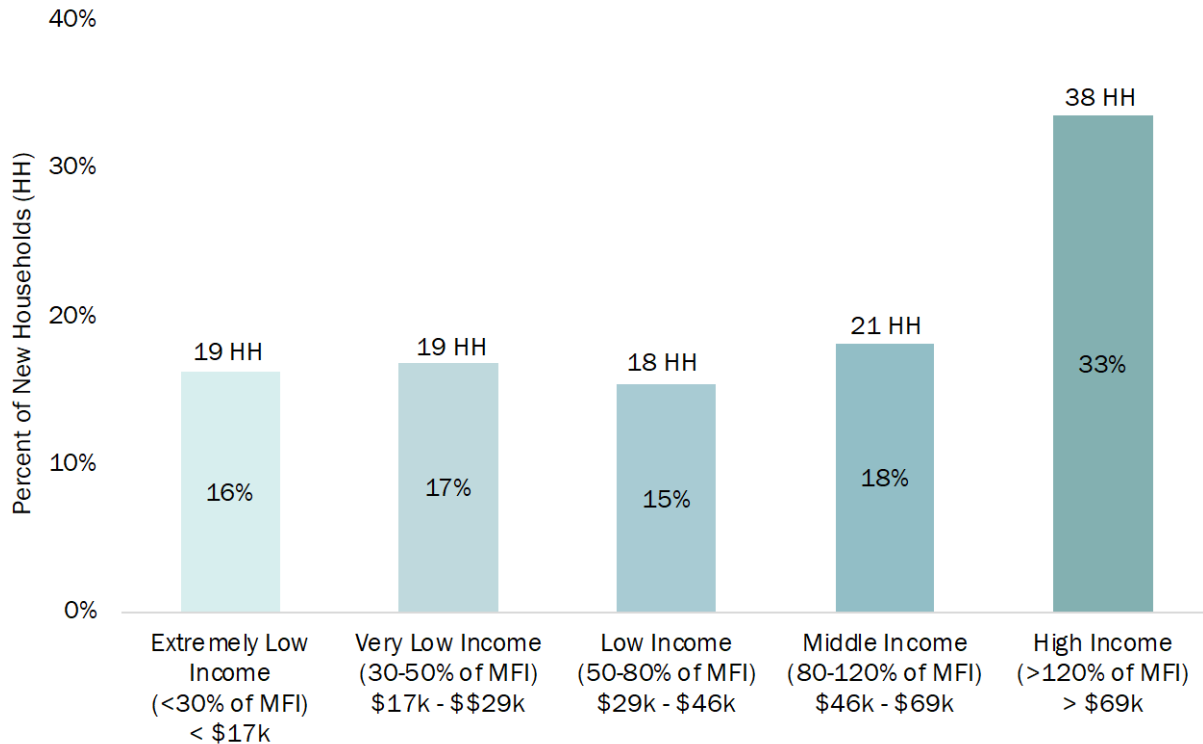
Newport is forecast to grow by 115 new dwelling units between 2022 and 2042.

Newport’s Housing Capacity Analysis projects that the City will grow by 115 new dwelling units in Newport between 2022 and 2042 to accommodate new population growth. These dwelling units will need to be available at a variety of income levels. Assuming future residents of Newport have an income distribution that is the same as existing residents, about a third of new housing will need to be for those with very-low or extremely low incomes (below 50% MFI).⁶⁷

Exhibit 4. Newport’s Future Households by Income, 2022 to 2042

Source: U.S. Census Bureau, 2015-2019 ACS 5-year estimate, Table B19001, U.S. Department of HUD 2021 MFI, and PSU’s Population Forecast, 2022 to 2042 as found in Newport’s Housing Capacity Analysis.

Note: Median Family Income (MFI) is estimated for a family of 4.



⁶ Given the fact that incomes have grown at a relatively slow pace over the last two decades in comparison to housing costs (especially home sales prices) this may be a conservative assumption about the future affordability of housing.

⁷ The HPS does not anticipate building new units for all existing households in Newport that have problems affording housing costs. But the HPS does propose actions to stabilize the housing costs of existing lower income households and may result in development of housing that is more affordable to these households, enabling them to stay in Newport. Information about lower income households and cost burden for existing households illustrates the existing housing need in Newport.

Housing Needs for Extremely Low and Very Low Income (Less than 50% MFI) Households

What we know about the need: Within this income range, Newport has housing need of:

- New households: **38** (from 2022-2042)
- Existing households: **1,531**

What can they afford? Rents (including basic utility costs) of not more than \$720 per month.

- Households in this income category earn about \$28,700 and can afford \$720 per month in housing costs. These household cannot afford the average multifamily rent of \$1,360.

What will it take to meet their needs? Meeting the housing needs of these households will require a combination of preserving existing income-restricted affordable housing and development of new income-restricted affordable housing. Development of income-restricted affordable housing typically requires extensive subsidy, with funding from state and federal sources, in addition to any support from the city and other partners.

Housing Needs for Low Income (50-80% MFI) Households

What we know about the need: Within this income range, Newport has housing need of:

- New households: **18** (from 2022-2042)
- Existing households: **712**

What can they afford? Rents (including basic utility costs) of between \$720 to \$1,150 per month.

- Households in this income category earn between \$28,700 and \$45,900 and can afford between \$720 and \$1,150 per month in housing costs. These household cannot afford the average multifamily rent of \$1,360.
- Households with this income range are likely to live in rental housing predominantly.

What will it take to meet their needs? Meeting the housing needs of these households will require a combination of preserving existing “naturally occurring affordable housing,” development of new income-restricted affordable housing in this price range (for households with income of 50% to 60% of MFI) and developing new market-rate housing. Some households in this income range may need rent assistance, such as a Housing Choice Voucher. Homeownership opportunities for this income range will likely be related to housing developed by nonprofit organizations, possibly with some subsidy, such as through a community land trust.

Housing Needs for Middle Income (80-120% MFI) Households

What we know about the need: Within this income range, Newport has housing need of:

- New households: **21** (from 2022-2042)
- Existing households: **841**

What can they afford? Rents (including basic utility costs) of between \$1,150 to \$1,720 per month.

- Households in this income category earn between \$45,900 to \$68,900 and can afford between \$1,150 and \$1,720 per month in housing costs. Most (but not all) of these household cannot afford the average multifamily rent of \$1,360. These households cannot afford the median sales price of a home in Newport (\$403,000).

- Households with this income range are likely to live in rental housing predominantly. Some can afford the average multifamily rent, but many cannot.

What will it take to meet their needs? A combination of the development of rental housing and lower-cost housing for homeownership. Some homeownership opportunities for this income range will likely be related to housing developed by nonprofit organizations, possibly with some subsidy, such as land banking or a community land trust.

Housing Needs of People of Color

What we know about the need: About 20% of Newport’s population identify as Latino (any race). Another 9% of the population identifies as two or more races, Asian, African American, American Indian or Alaska Natives, and Native Hawaiian or Pacific Islanders. People of Color⁸ are cost burdened more frequently than the average household in Newport.⁹

What will it take to meet their needs? Addressing the affordability issues, discussed above, as well as ensuring that people of color have access to housing without discrimination. This will require increasing awareness of Fair Housing rules for property owners and managers, and tenants. While City decision makers and City staff should have some knowledge of Fair Housing rules to inform how the City engages with housing providers. It will also require careful decision making to change policies that have created barriers to accessing housing by people of color.

Housing Need of People with Disabilities

What we know about the need: The Census reports that nearly a quarter Lincoln County’s population have one or more disability, such as ambulatory, vision, hearing, cognitive, self-care, or independent living disabilities.¹⁰ It is reasonable to assume that Newport’s share of population with disabilities is similar to Lincoln County.

Disabilities include those that are visible, such as ambulatory or vision disabilities, and those that are not readily apparent, such as self-care, independent living, or cognitive disabilities. Other conditions may require special accommodations, such as disabling diseases or mental health conditions.

What will it take to meet their needs? Addressing the affordability issues, discussed above, as well as ensuring that people with disabilities have access to housing that addresses their disability and that they have access to housing without discrimination. This will require increasing awareness of Fair Housing rules for property owners and managers, tenants, City decision makers, and City staff. It will also require approaches that encourage development of housing with specialized design standards to accommodate special needs.

⁸ People of Color includes Black, Latino, American Indian or Alaska Native, Asian, Native Hawaiian and Pacific Islanders, and people of another or multiple races. These categories were combined due to limited data availability.

⁹ CHAS Table 9. 2014-2018.

¹⁰ US Census Bureau 2019 ACS, Table K201803.

Housing Need of People Experiencing Homelessness

What we know about the need: There were approximately **460 people** experiencing homelessness in Lincoln County in 2021. In addition, **801 students** in the Lincoln County School District experienced homelessness. The number of people experiencing homelessness in Newport is not clearly known. In part, this is because people experiencing homelessness may move between neighboring cities.

What will it take to meet their needs? Strategies will range from emergency assistance (including access to emergency shelter, rent, and utility assistance), permanent supportive housing (including supportive housing with services), and improved access to an affordable unit (as discussed above).

Existing Policies to Address Newport's Housing Needs

Since Newport last completed its Housing Needs Analysis in 2011, the City has implemented many programs and policies to support housing development detailed below

- **Tax Incentives for Affordable Housing:** In the fall of 2017, the Newport City Council established two tax incentive programs and Lincoln County adopted a resolution committing it to participate in the programs, which expanded the potential tax benefits.
 - **Non-Profit Corporation Low-Income Housing Tax Exemption:** The first is targeted to non-profit corporations that operate income-limited rental housing, specifically at 60 percent MFI in the first year of operation and up to 80 percent MFI in subsequent years. The exemption also applies to property held for development by such entities, for up to three years.
 - **Multiple Unit Property Tax Exemption:** The second program provides a 10-year property tax exemption on structural improvements on multi-family rental projects with an affordable component. Developers are required to reserve at least 20 percent of the units at 80 percent MFI (at least 3 units if new construction, 2 units in a remodel) and are subject to other standards. The developer of a 110-unit, state-subsidized private affordable housing project submitted the first application under the multiple unit program. All the units will be affordable at 60 percent MFI, and the developer will realize more than \$1.6 million in tax savings on structural improvements over the 10-year period. Newport's portion is roughly 40 percent of the total, meaning it will forgo a little more than \$665,000.
- **System Development Charges Policies:** Newport collects System Development Charges (SDCs) for all five eligible categories: water, wastewater, storm drainage, transportation, and parks. Recent changes in SDC policies benefit residential development and incentivize modestly sized homes.
 - **Updated System Development Charges Methodology:** Newport adopted a new SDC methodology in 2017, replacing the "one size fits all" formula, by establishing tiered price per square foot charges which reduce costs for smaller units. For example, the fee for a new home with 1,250 square feet of living space dropped from

\$10,994 to \$5,189. The new methodology also reduced the list of SDC eligible capital projects leading to, on balance, lower per project assessments (creating room for an Affordable Housing CET). This change has led to a modest increase in the number of small homes and ADUs built in the City.

- **Transferability of System Development Charge Credits:** In 2018 the City amended its SDC ordinance for credits granted for qualified public improvements. By statute, developers must use these credits within 10 years, which can be a challenge in small communities where the pace of development is modest. The new rules allow credits to be sold or donated so long as the receiving property includes a residential use, and the credit is not more than 50 percent of the SDC assessment. This provision has been used twice, for the 110-unit subsidized housing project referenced above, and for a 66-unit market-rate multifamily project completed in 2021.
- **Revenue Sources to Support Housing Investments:** With the new SDC policy adopted in 2017, policymakers had room to consider an excise tax without significantly impacting up-front development costs. Newport has also used tax increment financing to support housing development.
- **Construction Excise Tax for Affordable Housing:** Adopted in the fall of 2017, the tax imposed is 1 percent of the permit value for construction that results in new or additional square footage for commercial and residential structures, with state-mandated exemptions for specific private and non-profit uses. The tax has created a dedicated source of funding for affordable housing, which collected a little more than \$540,000 since its inception. State law requires at least 50 percent of taxes collected from residential development must be used as developer incentives, such as reducing impact fees. Of the remaining amount, 35 percent can be used for “other affordable housing programs” and 15 percent is remitted to Oregon Housing and Community Services (OHCS) for its down payment assistance program. OHCS has committed to awarding those funds in Newport. Half of the tax collected from commercial projects must also be used to fund housing related programs.
- **Urban Renewal (Tax Increment Financing):** Newport has three urban renewal areas expected to generate \$30 million in infrastructure improvements over the next 20 years to catalyze new development. This tool requires thoughtful engagement with all affected taxing entities to dedicate future tax revenues toward these investments. Newport often uses urban renewal funds as a match for state and federal grants, or in conjunction with funds from private partners. The City recently invested about \$120,000—with additional contributions from a developer—to improve a regional storm water detention facility so that a 26-unit, market-rate subdivision can be built. The improvements will accommodate run-off from other upstream residential properties.
- **Grants and Land Donations for Affordable Home Ownership:** The City has entered into partnerships with other jurisdictions and nonprofit partners to create affordable home ownership opportunities and help keep low-income owners in their homes.

- **Home Ownership Down Payment Assistance:** Newport, Lincoln City, and Lincoln County executed an agreement with Proud Ground, a community land trust from the Portland metro area, to provide eight down payment assistance grants for households making 80 to 120 percent of MFI. Proud Ground was able to leverage \$160,000 in local matching funds to create over \$770,000 in subsidy (including \$515,000 from the Governor’s Workforce Housing Initiative). Proud Ground, with support from the partners, held numerous homebuyer education meetings to help get qualified buyers into the pipeline. Three of these grants went to home purchases in Newport. The average subsidy per home required to fill the gap between the mortgage the homeowners could afford and the price of the home on the market was \$87,228.
- **Habitat for Humanity Land Donation:** The City of Newport entered into a land donation agreement with Habitat for Humanity of Lincoln County for the construction of up to five owner-occupied units targeted to qualifying households earning between 40 and 80 percent of MFI. The first duplex project was completed in the spring of 2021, on a property valued at a little over \$100,000. Deed restrictions require that the properties will remain affordable for up to 20 years from the original sale.
- **Partnership with Lincoln Community Land Trust:** Beginning in 2015, the City partnered with the Lincoln Community Land Trust (LCLT) to provide operational support and gap financing for LCLT to create permanently affordable housing in Newport. LCLT merged with Proud Ground in 2018 and the City continues to support affordable homeownership on land trust properties through down payment assistance (see above).
- **Rehabilitation and Weatherization Programs:** Lincoln County and several of the incorporated cities, including Newport, obtained Community Development Block Grant (CDBG) funds to finance a housing rehabilitation loan program for low-income households. Participants were eligible for zero-interest, deferred payment loans that are typically repaid when the house is next sold. Changes to loan processing regulations since the Great Recession mean that the original loan servicer can no longer administer the program cost effectively. The partners have about \$2.75 million in the loan portfolio—including almost \$700,000 available to loan—and are considering options to continue the program, including working with a nonprofit on a new CDBG application to bring in additional resources. Newport executed an agreement with DevNW to continue this program in 2021.
- **Reduced Residential Street Widths.** The City of Newport updated its Transportation System Plan in 2022 to allow narrower streets in residential neighborhoods, reducing infrastructure costs for new subdivisions and infill projects. Streets in new subdivisions that will handle less than 500 vehicle trips per day can be designed as yield streets, which are 28-foot curb to curb, as compared to the 36-foot previously required. For infill projects fronting low-volume underdeveloped streets, developers may utilize a 16-foot, two-way through lane with 20-foot cleared area, or even a 12-foot wide road, with 30-foot long pullouts every 300-feet, in areas where there are fewer than 150 vehicle trips

per day. The City's previous minimum roadway width for infill projects on substandard streets was 24-feet of paved width.

Housing Actions

This section describes a range of potential actions that the City of Newport could take to address the City’s housing needs which were identified in the previous Contextualized Housing Needs section. The project team developed this list based on conversations with City staff and the experience of other cities in Oregon and other states.

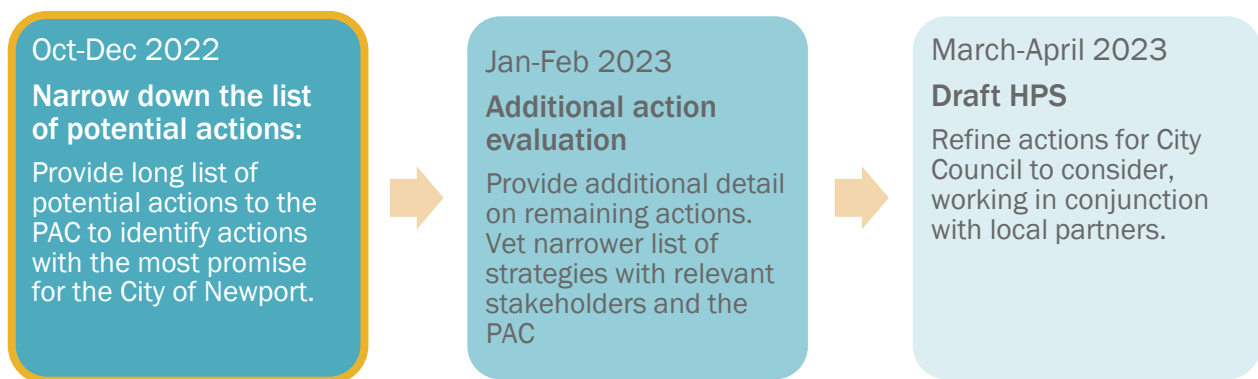
The PAC can use this memorandum as a basis for discussion and initial evaluation at the PAC meeting on October 13, 2022. It is not intended as a final deliverable but rather as an interim document that will undergo additional review and refinement as part of a process to narrow down the list of potential strategies the City could explore. The strategies developed as a part of this process will ultimately be included in Newport’s *Housing Production Strategy (HPS)*.

For the HPS, the City is looking for strategies that:

- Help to encourage the **production of housing units**
- Are controlled and implemented by the City of Newport
- Can be administered by existing City staff provided budgetary resources are available

Process

This memorandum supports the beginning of the overall action identification process (circled in orange below). This memorandum is intended to inform PAC discussion and City decisions about which strategies to include in an overall program to produce housing citywide.



Once a suite of actions has been selected, the consultant team will work with the City to determine next steps for each of the strategies that the City can implement over the course of eight years.

Potential Actions and Funding Tools

The project team generated a list of actions and funding tools that can be used to address Newport’s housing needs, based on discussions with City staff and actions that other cities have taken to encourage new housing development. Exhibit 1 includes potential actions while Exhibit 2 outlines a set of locally-controlled funding tools that the City could use to advance the actions.

The discussion with the PAC will focus on the following questions:

- Are the actions included in this memorandum the appropriate actions to address unmet housing needs in Newport? Consider how these strategies address Newport’s specific needs.
- Are we missing any actions that should be included in the HPS?
- Should we remove any of the actions from the list?
- What actions need additional research or refinement to better determine if they can address Newport’s unmet housing needs?
- What potential funding sources do you have experience with? What are your thoughts on the various funding sources?

The next step is to further refine this list with the Advisory Group. ECONorthwest will provide additional information and qualitative and/or quantitative evaluation of up to seven strategies. Beyond the October 2022 PAC meeting, the project team will meet with the PAC three more times: twice to review a draft of the selected strategies (which will include a more detailed evaluation of the strategies, making connections between each potential action and Newport’s specific needs) and identify high priority strategies, and review the full draft HPS.

Exhibit 5. Potential Housing Production Strategy Actions

Potential Actions for PAC Discussion
Develop New Affordable Housing , working with regional partners
Construction Excise Tax Use and Distribution
Targeted Infrastructure Investments to catalyze housing development, likely in Urban Renewal Areas with development agreement to set affordability price points. This may include lobbying the Legislature for additional funding to support infrastructure investments, especially water and sanitary sewer infrastructure.
Land Banking , as part of developing new affordable housing and potentially in Urban Renewal Areas
Continued work with Land Trusts , such as Proud Ground and DevNW
Use Homebuyer Opportunity Limited Tax Exemption (HOLTE) to support access to homeownership for low-income households
Identify opportunities for changes to Newport’s development code to allow more multifamily development, such as increasing the 35 foot building heights, reducing development setbacks, reducing off-street parking requirements, or removing requirements for variance process for development on hillsides.
Lobby the Legislature to better support regional development of housing (affordable up to 120% of MFI) in rural areas through development of a regional housing authority to support housing development in rural areas. This could include enacting fees such as a real estate transfer fee in rural areas or a second home/vacancy tax.
Lobby the Legislature to allow restricted transient lodging tax funds to support development of housing (or infrastructure) for people working service and other lower paying jobs in Newport.

Exhibit 6. Locally Controlled Funding Sources for PAC Discussion

Funding Tool	Revenue Source	What can it fund?	Rationale for Inclusion
<p>Urban Renewal Funding</p>	<p>Tax increment finance revenues are generated by the increase in total assessed value in an urban renewal district from the time the district is first established. As property values increase in the district, the increase in total property taxes is used to pay off bonds.</p>	<p>Infrastructure, direct project subsidies, predevelopment costs, economic development, streetscape improvements, land assembly for public as well as private re-use, transportation enhancements, historic preservation projects, and parks and open spaces. Many cities use this tool to support housing development.</p>	<p>Could provide a stable, dedicated revenue source in an area with limited existing infrastructure. Urban Renewal funding is a flexible tool that allows cities to develop essential infrastructure or provides funding for programs that lower the costs of housing development, such as covering selected costs (like SDCs) for affordable housing development that are not covered by funding from the Affordable Housing CET. The Urban Renewal funds are limited and can only provide a limited amount of assistance. If Newport wants to add new housing projects to existing urban renewal plans, that will require a substantial amendment to the urban renewal plans.</p>
<p>Construction Excise Tax Use and Distribution</p>	<p>Tax on construction permits The CET generated about \$140,000 in fiscal year 2020-2021 and \$220,000 in fiscal year 2021-2022.</p>	<p>Developer incentives, supporting affordable housing programs, and homeownership programs.</p>	<p>Provides a somewhat flexible funding tool to support affordable housing programs, with requirements that some funds must be used to fund developer incentives for construction of multifamily housing. In addition, some funds are given to Oregon Housing and Community Services to support down payment assistance programs.</p>
<p>System Development Charge funds</p>	<p>System Development Charges (SDCs) are charged on new development of all types, including housing</p>	<p>Development of infrastructure (such as water, sanitary sewer, and roads) necessary to support needed housing development.</p>	<p>Newport has areas with significant infrastructure deficiencies. The City could develop infrastructure in selected areas, funded in part by SDCs, to support housing development.</p>

Lower Development or Operational Costs

The following policies focus on ways in which the City and other entities involved in development can provide financial assistance to lower development or operational costs in a city in order to increase housing affordability and available housing stock.

Strategy Name	Description	Scale of Impact
Programs or policies to lower the cost of development		
<p>Expand Land Banking, Parcel assembly, and Public Land Disposition Efforts</p>	<p>Land banks support housing development by reducing or eliminating land cost from development, with the goal of increasing the affordability of housing. They can take several forms. Many are administered by a non-profit or non-governmental entity with a mission of managing a portfolio of properties to support affordable housing development over many years or decades. Ideally, a land bank is set up to manage financial and administrative resources, including strategic property disposal, for the explicit purpose of supporting affordable housing development. Cities can partner with non-profits or sometimes manage their own land banks. Cities may also donate, sell, or lease publicly-owned land for the development of affordable housing even without a formal 'land bank' organization.</p> <p>Parcel assembly involves the city's ability to purchase lands for the purpose of land aggregation or site assembly. It can directly address the issues related to limited multifamily lands being available in appropriate locations. Typical goals of parcel assembly programs are: (1) to provide sites for rental apartments in appropriate locations close to services and (2) to reduce the cost of developing multifamily rental units</p> <p>Parcel assembly can lower the cost of multifamily development because the City is able to purchase land in strategic locations over time. Parcel assembly is often associated with development of affordable housing (affordable to households with income below 60% of MFI), where the City partners with nonprofit affordable housing developers.</p> <p>The public sector sometimes controls land that has been acquired with resources that enable it to dispose of that land for private and/or nonprofit redevelopment. Land acquired with funding sources such as tax increment, EB-5, or through federal resources such as CDBG or HUD Section 108 can be sold or leased at below market rates for various projects to help achieve redevelopment objectives. This increases development feasibility by reducing development costs and gives the public sector leverage to achieve its goals via a development agreement process with the developer. Funding can come from Tax Increment, CDBG/HUD 108, or EB-5. There may be limitations on resale value of land sold by cities.</p> <p><i>Cities across Oregon use publicly land to support affordable and market-rate of housing development. In some cases, municipalities put surplus public land into land banks or land trusts.</i></p> <p><i>Tri-Met is evaluating re-use of construction staging sites for future affordable housing and/or transit-orient development sites.</i></p>	<p>Small to large.</p> <p>A land bank will have the biggest impact on production of low- and moderate-income affordable housing. Considering how difficult it is to build this type of affordable housing and the level of need for affordable housing, a land bank could increase nonprofits' capacity to build affordable housing.</p> <p>Parcel assembly is most likely to have an effect on a localized area, providing a few opportunities for new multifamily housing development over time.</p>

	<p><i>Cottage Grove worked with the school district to discuss and plan for use of surplus school district land for future housing development.</i></p> <p><i>The City of Hood River purchased a property at 780 Rand Road and is currently working on parcel assembly with Hood River County & the adjacent landowner.</i></p>	
<p>Land Trusts</p>	<p>A land trust is typically a nonprofit organization that owns land and sells or leases the housing on the land to income-qualified buyers. Because the land is not included in the housing price for tenants / buyers, land trusts can achieve below-market pricing. Land trusts are most commonly used as a method for supporting affordable home ownership goals.</p> <p>Land trusts are purposed for long-term stewardship of lands and buildings. Lands / buildings acquired may have need for remediation or redevelopment. Lands / buildings may have also been acquired to preserve affordability, prevent deferred maintenance, or protect against foreclosure.</p> <p>A City could support a land trust in several ways, including land write-downs (in parallel with a city land disposition strategy), permit fee or SDC waivers, and outright subsidies.</p> <p><i>Proud Ground (Portland Metro Area) was founded in 1999 and has grown into one of the largest community land trusts in the country. The organization focuses on affordable homeownership and controls ground leases associated with 270 homes in Multnomah, Washington, Clackamas, and Clark County.</i></p> <p><i>Big River Community Land Trust (BLCLT) was formed in 2020 to develop a supply of permanently affordable housing in the central Gorge area. Columbia-Cascade Housing Corporation also recently formed a Community Land Trust. BRCLT serves households earning 80 to 120 % MF while CCHC land trust serves households earning up to 100 % AMII. The City of Hood River is exploring partnership opportunities with local land trusts.</i></p> <p><i>There are three CLT properties in Newport, owned by Proud Ground. The subsidy per unit was about \$85,000 to \$90,000 per property, done in 2019-2020.</i></p> <p><i>In addition, 15% of funds from Newport's Construction Excise Tax (CET) are required to be sent to Oregon Housing and Community Services (OHCS) for down payment assistance in Newport. Between fiscal years 2017 and 2021, the City has sent OHCS about \$102,263 for down payment assistance.</i></p>	<p>Scale of Impact - Small to large. A land trust will have the biggest impact on production of low- and moderate-income affordable housing. Considering how difficult it is to build this type of affordable housing and the level of need for affordable housing, a land trust could increase nonprofits' capacity to build affordable housing.</p>
<p>Backfill Building Permit fee, Planning fees, or SDCs</p>	<p>Programs that reduce various development fees as an incentive to induce qualifying types of development or building features. There are a number of avenues to seek reduced or waived fees, such as backfilling the costs of fees by paying for them in some other way, such as using CET funds. There are commonly used tools, often implemented in conjunction with development agreements or other development negotiation processes.</p> <p>The way that the city administers SDCs is subject to regulations (ORS 223.297 to 223.314), which is incorporated into the city's SDC methodology. The methodology is intended to result in an equitable administration of SDCs. Exempting or backfilling SDCs are subject to legal challenge. Some cities "backfill"</p>	<p>Scale of Impact – Small. Can improve development feasibility.</p>

	<p>the lost revenue by paying the lost amount from other specific funding sources allocated to fill the gap. Cities should have the city attorney give an opinion about whether proposed exemption of backfilling of SDCs is acceptable.</p> <p><i>City of Portland offers SDC exemptions for affordable housing. Portland’s SDC Exemption Program exempts developers of qualifying affordable housing projects from paying SDCs levied by the City of Portland for transportation, water, parks and environmental services. Eligible rental projects must serve households earning at or below 60% of the AMI for a 60-year period. Portland also offers SDC waivers for development of ADUs.</i></p> <p><i>City of McMinnville offers SDC exemptions and reduced permit fees for affordable housing. Building and planning permit fees for new or remodel housing construction projects are reduced by 50% for eligible projects and SDCs for transportation, wastewater and parks are exempted at 100%. Reductions/exemptions are prorated for mixed use or mixed-income developments. The property must be utilized for housing for low-income persons for at least 10 years or the SDCs must be paid to the city.</i></p>	
Scaling SDCs to Unit Size	<p>Cities often charge a set SDC per dwelling unit, charging the same SDCs for large single-family detached units as for small single-family detached units or accessory dwelling units. Some cities have started scaling SDC based on the size of the unit in square feet. Offering lower SDC for smaller units can encourage development of smaller units, such as small single-family detached units or cottage cluster units.</p> <p><i>Newport adopted a new SDC methodology in 2017, replacing the “one size fits all” formula, by establishing tiered price per square foot charges which reduce costs for smaller units. For example, the fee for a new home with 1,250 square feet of living space dropped from \$10,994 to \$5,189. Scaling SDCs based on unit size substantially reduced the SDC for Accessory Dwelling Units (ADUs).</i></p>	Scale of Impact – Small to Moderate. Can improve development feasibility for smaller units.
SDC Financing Credits	<p>May help to offset the SDC charge, which is a one-time fee that is issued when there is new development or a change in use.</p> <p>SDC financing enables developers to stretch their SDC payment over time, thereby reducing upfront costs. Alternately, credits allow developers to make necessary improvements to the site in lieu of paying SDCs. Note that the City can control its own SDCs, but often small cities manage them on behalf of other jurisdictions including the County and special districts. SDCs are granted when the project makes lasting improvements, such as improving roads, reducing number of trips, create or improve parks or recreational centers, and permanently removing water services. SDC credits associated with construction of a “qualified public improvement” must be used in 10 years per ORS 223.304.</p> <p><i>Newport offers SDC financing over a 10 year period and gives SDC credits for existing built space in redevelopment or substantial renovations.</i></p> <p><i>Newport also offers SDC credits when a developer builds a qualified public improvement for housing. SDC credits must be used within 10 years, according to statute. Newport allows a developer to transfer the SDC credits for another residential project within the City.</i></p>	Scale of Impact – Small to Moderate. The City may consider changes in SDCs to allow financing, but the City would want to ensure that the impact does not negatively impact the City’s near-term finances or ability to fund needed capital projects.

Fees or Other Dedicated Revenue	<p>Directs user fees into an enterprise fund that provides dedicated revenue to fund specific projects. Examples of those types of funds can include parking revenue funds, stormwater/sewer funds, street funds, etc. The City could also use this program to raise private sector funds for a district parking garage wherein the City could facilitate a program allowing developers to pay fees-in-lieu or “parking credits” that developers would purchase from the City for access “entitlement” into the shared supply. The shared supply could meet initial parking need when the development comes online while also maintaining the flexibility to adjust to parking need over time as elasticity in the demand patterns develop in the district and influences like alternative modes are accounted for. Funding can come from residents, businesses, and developers. Also, these fees or revenues allow for new revenue streams into the City.</p>	<p>Scale of Impact – Small. Depends on amount of revenue dedicated.</p>
Reimbursement District	<p>A Reimbursement District is a cost sharing mechanism, typically Initiated by a developer. The purpose is to provide a reimbursement method to the developer of an infrastructure improvement, through fees paid by property owners at the time the property benefits from the improvement. A developer applies to create a Reimbursement District by demonstrating benefit to properties beyond their own. In addition, the size of the improvement must be measurably greater than would otherwise be ordinarily required for the improvement</p> <p>Eligible Reimbursement District projects typically include (but are not limited to) construction or connections of a sewer, water, storm water or street improvements. Applications typically include: a fee sufficient to cover the cost of administrative review, a description of the project, properties that would be impacted, and a detailed methodology and calculation of how the estimated costs would be reimbursed by payments from benefitted properties over a specified timeframe. A report from the City Engineer is generated in review of the submitted application. After a public hearing process, the council will approve, reject or modify the proposal. The approval of a Reimbursement District results in a resolution and distribution of notice among benefitted properties before construction can begin.</p> <p>Benefitted properties must pay the Reimbursement Fee when they make a physical connection to the improvement (or in the case of a sewer project, when the benefitted property creates an impervious surface that drains into the public sewer) within the Reimbursement District Area. Reimbursement fees are collected by the City and are distributed to the developer for the duration of the Reimbursement District, which are typically 10-15 years.</p> <p>Paid by benefitted properties at the time the property benefits from the improvement, typically at connection to the sewer, water or storm drain system.</p>	<p>Scale of Impact – Small. Depends on interest and the extent that properties benefit from improvements.</p>
Linkage Fees	<p>Linkage fees are charges on new development, usually commercial and / or industrial development only, that can be used to fund affordable housing. To implement them, a city must undertake a nexus study that identifies a legal connection between new jobs housed in the developments, the wages those jobs will pay, and the availability of housing affordable to those employees.</p> <ul style="list-style-type: none"> • Can be used for acquisition and rehabilitation of existing affordable units. • Can be used for new construction. 	<p>Scale of Impact – Small. Depends on funding capacity.</p>

Tax abatement programs that decrease operational costs by decreasing property taxes		
Multiple-Unit Limited Tax Exemption Program (Locally Enabled and Managed)	<p>Through the multifamily tax exemption, a jurisdiction can incent diverse housing options in urban centers lacking in housing choices or workforce housing units. Through a competitive process, multi-unit projects can receive a property tax exemption for up to ten-years on structural improvements to the property. Though the state enables the program, each City has an opportunity to shape the program to achieve its goals by controlling the geography of where the exemption is available, application process and fees, program requirements, criteria (return on investment, sustainability, inclusion of community space, percentage affordable or workforce housing, etc.), and program cap. The City can select projects on a case-by-case basis through a competitive process.</p> <p><i>Newport adopted a Multiple Unit Property Tax Exemption, in which developers are required to reserve at least 20 percent of the units at 80 percent MFI (at least 3 units if new construction, 2 units in a remodel) and are subject to other standards.</i></p>	Scale of Impact – Small to moderate. The design of the tax abatement program will impact whether and how many developers use the tax abatement, which will affect the scale of the impact.
Nonprofit Corporation Low Income Housing Tax Exemption	<p>Land and improvement tax exemption used to reduce operating costs for regulated affordable housing affordable at 60% AMI or below. Requires the City to adopt standards and guidelines for applications and enforcement mechanisms.</p> <p>The nonprofit corporation low-income housing program must be applied for every year but can continue as long as the property meets the criteria. Rents must reflect the full value of the property tax abatement and City can add additional criteria.</p> <p><i>Newport adopted this tax exemption, which is targeted to non-profit corporations that operate income-limited rental housing, specifically at 60 percent MFI in the first year of operation and up to 80 percent MFI in subsequent years.</i></p>	Scale of Impact – Small to moderate. The exemption reduces operating costs, meaning it is a tool more useful to property owners of affordable housing projects. Developers, who do not own and operate their own projects, may be less inclined to use the program.
Homebuyer Opportunity Limited Tax Exemption (HOLTE)	<p>This program allows property tax exemptions for some new residential construction. This program can serve as an incentive to stimulate the construction of new single-unit housing and encourage homeownership among low and moderate-income families. Ongoing administrative requirements include annual application process and ongoing monitoring to ensure owner-occupancy. If t</p> <p>A challenge with HOLTE is ensuring that the new housing remains relatively affordable for the duration of the tax exemption, if it is sold by the first owners. Ensuring ongoing affordability can be very time-intensive for city staff.</p> <p><i>In Portland, properties participating in the HOLTE Program receive a ten-year property tax exemption on the structural improvements of the single-unit housing as long as the single-unit housing and owner remain eligible per program requirements. The sale price cannot exceed 120% of the annual median sale price for single-unit housing the City of Portland.</i></p>	Moderate to large. An abatement can be an important incentive to enable new development.
Vertical Housing Tax Abatement (Locally Enabled and Managed)	<p>The 2017 Legislature passed legislation moving the administration of Vertical Housing Program from Oregon Housing and Community Services (OHCS) to the local City and County beginning Oct 6th, 2017. OHCS no longer administers this program.</p>	Scale of Impact – Small to moderate. The design of the tax abatement program will impact whether and how many developers use

	The legislation subsidizes "mixed-use" projects to encourage dense development or redevelopment by providing a partial property tax exemption on increased property value for qualified developments. The exemption varies in accordance with the number of residential floors on a mixed-use project with a maximum property tax exemption of 80 percent over 10 years. An additional property tax exemption on the land may be given if some or all of the residential housing is for low-income persons (80 percent of area is median income or below).	the tax abatement, which will affect the scale of the impact.
Endorse Cooperative Housing Models	A housing cooperative, along with a condominium, is one of two legal structures available to allow resident-ownership of multifamily property. Cooperatives provide a flexible and accessible homeownership model. Instead of an individual family owning a single-family home or a condominium, a cooperative corporation, or co-op, formed by the residents, owns housing, most often in the form of a multifamily building. Each resident household buys a share in the co-op building at a price that can be far below the cost of a down payment for a market rate single family home; this is called a "share price." Purchasing this share makes the household a member of the co-op and entitles the household to live in a unit with a proprietary lease.	Small to Moderate.

Funding Sources to Support Residential Development

The following policies focus on ways to pay for the costs of implementing the affordable housing programs and infrastructure development.

Strategy Name	Description	Scale of Impact
Urban Renewal / Tax Increment Finance (TIF)	<p>Tax increment finance revenues are generated by the increase in total assessed value in an urban renewal district from the time the district is first established. As property values increase in the district, the increase in total property taxes (i.e., City, County, school portions) is used to pay off the bonds. When the bonds are paid off, the entire valuation is returned to the general property tax rolls. TIFs defer property tax accumulation by the City and County until the urban renewal district expires or pays off bonds. Over the long term (most districts are established for a period of 20 or more years), the district could produce significant revenues for capital projects.</p> <p>An urban renewal agency can exercise the same powers as a housing authority (per ORS 457.170(1)).</p> <p><i>Newport has three urban renewal areas expected to generate \$30 million in infrastructure improvements over the next 20 years to catalyze new development.</i></p>	Scale of Impact – Moderate to Large. Urban Renewal funding is a flexible tool that allows cities to develop essential infrastructure or provides funding for programs that lower the costs of housing development (such as SDC reductions or low interest loan programs). Portland used Urban Renewal to catalyze redevelopment across the City, including the Pearl District and South Waterfront.
Construction Excise Tax (CET)	<p>Funds land use planning throughout the region by taxing construction permits.</p> <p>CET is a tax assessed on construction permits issued by local cities and counties.</p> <p><i>Newport adopted a CET in 2017.</i></p>	Scale of Impact – Depends on the amount of funding available.

Strategy Name	Description	Scale of Impact
General Fund and General Obligation (GO) Bonds	<p>Allows funding for a project that is not dependent on revenue from the project to back the bond.</p> <p>City can use general fund monies on hand or can issue bonds backed by the full faith and credit of the city to pay for desired public improvements.</p> <p>Property taxes are increased to pay back the GO bonds.</p> <p>General Obligation (GO) bonds provide a stable, dedicated revenue source through increased property tax rates. Cities or other jurisdictions can issue bonds backed by the full faith and credit of the jurisdiction to pay for capital construction and improvements. GO bonds are issued for a specific dollar amount and paid for over the period of the bond through increased property taxes. They can be structured to provide revenue in increments, over time, rather than in one large up-front amount. Because they are legally limited to use for capital investments and require a public vote to enact, these bonds are typically used for major infrastructure investments (such as roadway improvements that benefit all or nearly all of a city's residents). However, GO bonds can be used for land acquisition or development if the city's residents agree to fund them and at least one jurisdiction in Oregon – the City of Portland – is using this tool to construct affordable housing. Bonds cannot be used for supportive services or for operations.</p>	<p>Scale of Impact – Moderate to large. GO Bonds can be used to develop essential infrastructure or provides funding for programs that lower the costs of housing development (such as SDC reductions or low interest loan programs).</p>
Local Improvement District (LID)	<p>Enables a group of property owners to share the cost of a project or infrastructural improvement.</p> <p>A special assessment district where property owners are assessed a fee to pay for capital improvements, such as streetscape enhancements, underground utilities, or shared open space. For residential property, the estimated assessment cannot exceed the pre-improvement value of the property based on assessor records.</p> <p>An ordinance must be passed through a public hearing process which must be supported by a majority of affected property owners. Part of this process includes an estimation of the improvement costs and the portion of those costs in which property owners will be responsible to pay for. The public hearing process allows for LIDs to be challenged by property owners.</p> <p>The City collects the funds and regardless if the actual cost is greater than the estimated cost (on which the assessment was based), the City may make a deficit assessment for the additional cost, which would be prorated among all benefitted properties. Another public hearing would be held, in the event that an additional assessment were placed property owners (due to underestimation).</p>	<p>Scale of Impact – Depends on the amount of funding available and Bonding capacity.</p>
CDBG	<p>The Community Development Block Grants program is a flexible program that provides annual grants on a formula basis to both local governments and States. Grants are awarded on a 1, 2, or 3-year period. It is required that at least 70% of the CDGB funds are used for activities that benefit low- and moderate-income. Additionally, each activity must address any threats to health or welfare in the community (for which other funding is unavailable). These funds can be used for acquisition and rehabilitation of existing affordable units, as well as new construction that prioritizes community development efforts.</p>	<p>Scale of Impact – Depends on the amount of funding available.</p>

Strategy Name	Description	Scale of Impact
	<i>Newport does not currently receive CDBG funds but is likely to receive some in the future. Newport uses CDBG funds that are outstanding for a housing rehabilitation loan program with DevNW.</i>	
General Fund Grants or Loans	A city can use general fund or tax increment dollars to directly invest in a specific affordable housing projects. These grants or loans can serve as gap funding to improve development feasibility. There are several options for using general fund grants or loans, including the potential for bonds to generate upfront revenue that is repaid over time, as recently approved in the City of Portland. Another option is to use general fund dollars to contribute to other programs that are successfully operating, such as non-profit land trusts or even other government agencies that have the administrative capacity to maintain compliance requirements over time, using intergovernmental agreements.	Scale of Impact – Depends on the amount of funding available.
Transient Lodging Tax (TLT)	<p>Generates revenue by primarily taxing tourists and guests using temporary lodging services. Taxes for temporary lodging at hotels, motels, campgrounds, and other temporary lodgings. Oregon has a statewide TLT and cities and counties can also charge a local TLT subject to certain limitations. For newly adopted TLTs, the statutes specify that 70% must be used for tourism promotion or tourism related facilities and 30% is unrestricted in use, and there cannot be a reduction of the total percent of room tax. The state tax is specified at 1.8%; local government tax rates vary as local governments set the rate for their jurisdiction by ordinance. Cities and counties may impose taxes on transient lodging. Alternatively, some cities have an agreement for the county to impose the tax and cities share in a percent of the revenue.</p> <p><i>Newport's TLT revenue is split between 50% restricted to tourism uses and 50% unrestricted. Some of Newport's TLT revenues is based on a tax rate that predate the statutes restricting TLT uses and some revenue is based on changes in the TLT rate after the state required use of 70% of TLT revenues for tourism use.</i></p>	Scale of Impact – Small. The amount of funding from TLT is likely to be relatively small, given that only 30% of TLT funds have unrestricted use for newly adopted room tax. In Newport, TLT was adopted over many years and about 50% of the City's TLT is unrestricted.
Foundation Awards	<p>Local, regional, and national foundations provide both capital funding and program funding for a wide variety of innovative housing models and programs.</p> <p>In Oregon, the Meyer Memorial Trust and Oregon Community Foundation (OCF) may fund innovative housing models and programs.</p>	Scale of Impact – Small to Moderate. Depends on award amounts.

Land Use Regulations

The following policies focus on ways in which the City can modify its current land use regulations in order to increase housing affordability and available housing stock. Policies are broken into two categories: those that affect regulatory changes, and those which increase the land available for housing.

Strategy Name	Description	Scale of Impact
Regulatory Changes		
Administrative and Procedural Reforms	Regulatory delay can be a major cost-inducing factor in development. Oregon has specific requirements for review of development applications. However, complicated projects frequently require additional analysis such as traffic impact studies, etc. A key consideration in these types of reforms is how to streamline the review process and still achieve the intended objectives of local development policies.	Scale of Impact - Small. The level of impact on production of housing and housing affordability will be small and will depend on the changes made to the city's procedures. Streamlining procedures may be necessary but not sufficient to increase housing production on its own.
Expedited / Fast-tracked Building Permit	Expedite building permits for pre-approved development types or building characteristics (e.g. green buildings). <i>City of Bend offers expedited review and permitting for affordable housing. Any residential or mixed-use development that receives local, state or federal affordable housing funding is eligible to receive a written decision by the Planning Department within two weeks of the date of submittal. For projects that require more complex planning review, a decision will be written or the first public hearing will be held within six weeks of the date of submittal.</i>	Scale of Impact - Small. Expedited permit processing will benefit a limited number of projects. It may be necessary but not sufficient to increase housing production on its own.
Streamline Zoning Code and other Ordinances	Complexity of zoning, subdivision, and other ordinances can make development more difficult, time consuming, and costly. Streamlining development regulations can result in increased development. As part of the streamlining process, cities may evaluate potential barriers to affordable workforce housing and multifamily housing. Potential barriers may include: height limitations, complexity of planned unit development regulations, parking requirements, and other zoning standards. Many of the remaining tools in this section focus on changes to the zoning code.	Scale of Impact - Small to moderate. The level of impact on production of housing and housing affordability will depend on the changes made to the zoning code and other ordinances.
Allow Small Residential Lots	Small residential lots are generally less than 5,000 sq. ft and sometimes closer to 2,000 sq ft. . This policy allows individual small lots within a subdivision. Small lots can be allowed outright in the minimum lot size and dimensions of a zone, or they could be implemented through the subdivision or planned unit development ordinances. This policy is intended to increase density and lower housing costs. Small-lots limit sprawl, contribute to a more efficient use of land, and promote densities that can support transit. Small lots also provide expanded housing ownership opportunities to broader income ranges and provide additional variety to available housing types.	Scale of Impact – Small to moderate. Cities have adopted minimum lot sizes as small as 2,000 sq. ft. However, it is uncommon to see entire subdivisions of lots this small. Small lots typically get mixed in with other lot sizes. This tool generally increases density and amount of single-family detached and townhouse housing

Strategy Name	Description	Scale of Impact
	<i>Newport recently approved a 26-lot subdivision with lots of between 2,000 and 3,000 square feet in the Wilder area.</i>	in a given area, decreasing housing costs as a result of decreasing amount of land on the lot.
Mandate Maximum Lot Sizes	<p>This policy places an upper bound on lot size and a lower bound on density in single-family zones. For example, a residential zone with a 6,000 sq. ft. minimum lot size might have an 8,000 sq. ft. maximum lot size yielding an effective net density range between 5.4 and 7.3 dwelling units per net acre.</p> <p>This approach ensures minimum densities in residential zones by limiting lot size. It places bounds on building at less than maximum allowable density. Maximum lot sizes can promote appropriate urban densities, efficiently use limited land resources, and reduce sprawl development.</p> <p>This tool is used by some cities but is used less frequently than mandating minimum lot sizes.</p>	<p>Scale of Impact—Small to moderate. Mandating maximum lot size may be most appropriate in areas where the market is building at substantially lower densities than are allowed or in cities that do not have minimum densities.</p> <p>This tool generally increases density and amount of single-family detached and townhouse housing in a given area, decreasing housing costs as a result of decreasing amount of land on the lot.</p>
Mandate Minimum Residential Densities	<p>This policy is typically applied in single-family residential zones and places a lower bound on density. Minimum residential densities in single-family zones are typically implemented through maximum lot sizes. In multifamily zones, they are usually expressed as a minimum number of dwelling units per net acre. Such standards are typically implemented through zoning code provisions in applicable residential zones.</p> <p>This policy increases land-holding capacity. Minimum densities promote developments consistent with local comprehensive plans and growth assumptions. They reduce sprawl development, eliminate underbuilding in residential areas, and make provision of services more cost effective.</p> <p>Mandating minimum density is generally most effective in medium and high density zones where single-family detached housing is allowed. The minimum density ensures that low-density single-family housing is not built where higher-density multifamily housing could be built.</p>	<p>Scale of Impact—Small to moderate. Increasing minimum densities and ensuring clear urban conversion plans may have a small to moderate impact depending on the observed amount of underbuild and the minimum density standard.</p> <p>For cities that allow single-family detached housing in high density zones, this policy can result in a moderate or larger impact.</p>
Increase Allowable Residential Densities	<p>This approach seeks to increase holding capacity by increasing allowable density in residential zones. It gives developers the option of building to higher densities. This approach would be implemented through the local zoning or development code. This strategy is most commonly applied to multifamily residential zones.</p> <p>For cities with maximum densities, consider removing maximum allowable densities. This change may be most relevant.</p> <p>Higher densities increase residential landholding capacity. Higher densities, where appropriate, provide more housing, a greater variety of housing options, and a more efficient use of scarce land resources. Higher densities also reduce sprawl development and make the provision of services more cost effective.</p> <p><i>One factor that is limiting development density in Newport is building height limits of 35-feet. The City received feedback from developers that this height limitation does not work well for developing three-story multifamily buildings. In recent projects, the City approved peak heights of about 37 to 39 feet. This limitation</i></p>	<p>Scale of Impact—Small to moderate. This tool can be most effective in increasing densities where very low density is currently allowed or in areas where a city wants to encourage higher density development.</p> <p>This tool generally increases density and amount of single-family detached and townhouse housing in a given area, decreasing housing costs as a result of decreasing amount of land on the lot.</p>

Strategy Name	Description	Scale of Impact
	<i>may prevent some development from occurring and adds to development costs in cases where the development does occur.</i>	
Reduced Parking Requirements	<p>Jurisdictions can reduce or eliminate minimum off-street parking requirements, as well as provide flexibility in meeting parking requirements. Reducing parking requirements positively impact development of any type of housing, from single-family detached to multifamily housing.</p> <p>Reduced parking requirements are most frequently used in conjunction of development of subsidized affordable housing, but cities like Portland have reduced or eliminated parking requirements for market-based multifamily housing in specific circumstances.</p> <p><i>City of Bend offers parking reductions for affordable housing and transit proximity. Parking for affordable housing units is 1 space per unit regardless of size, compared to 1 space per studio or 1 bedroom unit, 1.5 spaces per 2-bedroom unit, and 2 spaces per 3- or more bedroom unit for market-rate multifamily development or 2 spaces per market rate detached dwelling unit. Affordable housing units must meet the same eligibility criteria as for other City of Bend affordable housing incentives</i></p> <p><i>City of Portland offers parking exceptions for affordable housing and sites adjacent to transit. The City of Portland allows housing developments that meet the inclusionary zoning requirements to reduce parking requirements to zero if located near frequent transit service, and to exclude the affordable housing units from parking requirements for developments located further from frequent transit service. The City also allows market rate housing developments located near frequent transit service to provide little or no parking, depending on the number of units in the development.</i></p> <p><i>In Nye Beach, Newport allows developers to use adjacent on-street parking to satisfy off-street requirements on a one-to-one basis. The City has also halved off-street parking standards in some areas.</i></p>	<p>Scale of Impact—Small to moderate.</p> <p>The City could require the developer to prove the need and public benefit or reducing parking requirements to increase housing affordability.</p> <p>Reducing parking requirements can have a moderate to large impact on housing affordability if little or no parking is required.</p>
Reduce Street Width Standards	<p>This policy is intended to reduce land used for streets and slow down traffic. Street standards are typically described in development and/or subdivision ordinances. Reduced street width standards are most commonly applied on local streets in residential zones. This strategy could be applied to alleys, when required, to ensure that alleys are relatively narrow to reduce development and maintenance costs.</p> <p>Narrower streets make more land available to housing and economic-based development. Narrower streets can also reduce long-term street maintenance costs.</p> <p><i>Newport allows reduced street widths in selected instances where they are appropriate.</i></p>	<p>Scale of Impact—Small. This policy is most effective in cities that require relatively wide streets.</p>
Preserving Existing Housing Supply	<p>Housing preservation ordinances typically condition the demolition or replacement of certain housing types on the replacement of such housing elsewhere, fees in lieu of replacement, or payment for relocation expenses of existing tenants. Preservation of existing housing may focus on preservation of smaller, more affordable housing. Approaches include:</p> <ul style="list-style-type: none"> • Housing preservation ordinances • Housing replacement ordinances 	<p>Scale of Impact—Small to moderate.</p> <p>Preserving small existing housing can make a difference in the availability of affordable housing in a city but it is limited by the existing stock housing, especially smaller, more</p>

Strategy Name	Description	Scale of Impact
	<ul style="list-style-type: none"> • Manufactured home preservation • Single-room-occupancy ordinances • Regulating demolitions 	affordable housing. Cities with older housing stock are more likely to benefit from this policy.
Inclusionary Zoning	<p>Inclusionary zoning policies tie development approval to, or provide regulatory incentives for, the provision of low- and moderate-income housing as part of a proposed development. Mandatory inclusionary zoning requires developers to provide a certain percentage of low-income housing. Incentive-based inclusionary zoning provides density or other types of incentives.</p> <p>The price of low-income housing passed on to purchasers of market-rate housing. Inclusionary zoning impedes the "filtering" process where residents purchase new housing, freeing existing housing for lower-income residents.</p> <p>Oregon's inclusionary zoning laws apply to structures with 20 or more multifamily units, with inclusion of units that are affordable at 80% of the median family income of the city.</p> <p><i>The City of Portland has implemented an inclusionary zoning program. While Portland's inclusionary zoning program is resulting in production of affordable multifamily units, there is considerable discussion and disagreement about the impact of number of multifamily units being built and potential changes in the location of units.</i></p>	<p>Scale of Impact—Small to moderate. Inclusionary zoning has recently been made legal in Oregon. The scale of impact would depend on the inclusionary zoning policies adopted by the city.</p>
Re-designate or rezone land for housing	<p>The types of land rezoned for housing are vacant or partially vacant low-density residential and employment land rezoned to multifamily or mixed use. In rezoning land, it is important to choose land in a compatible location, such as land that can be a buffer between an established neighborhood and other denser uses or land adjacent to existing commercial uses. When rezoning employment land, it is best to select land with limited employment capacity (i.e., smaller parcels) in areas where multifamily housing would be compatible (i.e., along transit corridors or in employment centers that would benefit from new housing).</p> <p>This policy change increases opportunity for comparatively affordable multifamily housing and provides opportunities for mixing residential and other compatible uses.</p> <p>Cities across Oregon frequently re-zone and re-designate land to address deficits of land for new housing.</p>	<p>Scale of Impact – Small to Large. Depends on the amount of land that is re-designated or rezoned.</p>
Encourage multifamily residential development in commercial zones	<p>This tool seeks to encourage denser multifamily housing as part of mixed-use projects in commercial zones. Such policies lower or eliminate barriers to residential development in commercial or mixed-use zones. They include: eliminating requirements for non-residential uses in commercial zones (e.g., requirements for ground floor retail) or requiring minimum residential densities.</p> <p>This policy can increase opportunities for multifamily development on commercial or mixed-use zones or increase the density of that development.</p> <p>Cities across Oregon frequently encourage multifamily housing development in commercial zones, either as stand-alone residential buildings or as mixed-use buildings.</p>	<p>Scale of Impact – Small to Moderate. Depends on the actions taken.</p>

Strategy Name	Description	Scale of Impact
Provide Density Bonuses to Developers	<p>The local government allows developers to build housing at densities higher than are usually allowed by the underlying zoning. Density bonuses are commonly used as a tool to encourage greater housing density in desired areas, provided certain requirements are met. This strategy is generally implemented through provisions of the local zoning code and is allowed in appropriate residential zones. Density bonuses typically come in the form of height or floor area ratio (FAR) bonuses.</p> <p>Bonus densities can also be used to encourage development of low-income or workforce affordable housing. An affordable housing bonus would allow for more housing units to be built than allowed by zoning if the proposed project provides a certain number of affordable units.</p> <p><i>City of Bend offers affordable housing density and height bonuses. The density increase is based on the percentage of affordable housing units within the proposed development: if 10% of the units are affordable, the maximum density is 110% of the standard maximum density. The maximum density bonus is 50% above the base density. Qualifying projects must be affordable to households at or below 60% of the AMI for rental housing and at or below 80% of the AMI for ownership housing and require development agreements and restrictions to ensure continued affordability.</i></p> <p><i>Ashland has four different density bonuses, one of which is for development of affordable housing at higher densities. Affordable housing projects meeting eligibility requirements (including rental housing affordable to households at or below 60% of AMI or ownership housing affordable to households at or below 80% of AMI for a minimum of 30 years) receive a density bonus of two units for each affordable housing unit provided, up to a maximum of a 35% increase in density.</i></p>	<p>Scale of Impact – Small to Moderate. Depends on the bonus provided and developer interest in the bonus.</p>

Increase Housing Types

The following policies focus on ways in which the City can increase the types of housing available in order to increase housing affordability. Policies focus on increasing housing density or the number of residents within existing City lots.

Strategy Name	Description	Scale of Impact
<p>Allow Duplexes, Cottage housing, Townhomes, Row Houses, and Tri- and Quad-Plexes</p>	<p>Allowing these housing types can increase overall density of residential development and may encourage a higher percentage of multifamily housing types. This approach would be implemented through the local zoning or development code and would list these housing types as outright allowable uses in appropriate residential zones. These housing types provide additional affordable housing options and allow more residential units than would be achieved by detached homes alone.</p> <p>House Bill 2001 requires cities with more than 25,000 people to allow these housing types in single-family zones.</p> <p><i>Newport allows duplexes as required by HB 2001 in all residential zones. Townhouses and cottage dwellings are allowed in three (of four) residential zones. However, many low-density areas have steep slopes and often have a single point of access. Fire codes will likely preclude development of townhouses and cottage dwellings (or other middle housing types) in many of these areas.</i></p>	<p>Scale of Impact – Small to moderate. Allowing these types of housing in more zoning districts may provide relatively few number of new, relatively affordable, housing opportunities.</p>
<p>Allow Stacked Townhouses, Cottage Courts, Duplex/Townhouse Courts, & Garden Apartments</p>	<p>Allowing these housing types can increase overall density of residential development and may encourage a higher percentage of multifamily housing types. This approach would be implemented through the local zoning or development code and would list these housing types as outright allowable uses in appropriate residential zones. These housing types provide additional affordable housing options and allow more residential units than would be achieved by detached homes alone.</p> <p>These housing types may be best allowed in medium density zones or (in smaller cities) in high density zones</p>	<p>Scale of Impact – Small to Large. Allowing these types of housing in more zoning districts may provide up to a large number of new, relatively affordable, housing opportunities. The scale of impact will depend, in part, on the amount of vacant or redevelopable land in medium density zones, as well as the types of housing newly allowed in the medium density zone.</p>
<p>Develop Pre-Approved Plan Sets for ADUs and Middle Housing Typologies</p>	<p>Provide a pre-approved set of plans for Accessory Dwelling Units (ADU) and middle housing typology (i.e., cottage clusters, townhomes, and other middle-income housing types) designs that, if used by a developer or homeowner, would lead to automatic approvals and reduced permitting schedule. Pre-approved plans would reduce the need for architectural costs and reduce barriers to development of these housing types.</p> <p>The plans should be highly efficient, designed for constrained lots and low-cost solutions, and would allow for streamlined permitting. Consider adapting pre-approved plans developed by other cities or working with other cities to develop pre-approved plans.</p>	<p>Scale of Impact – Small to Moderate. Depends on interest from property owners and developers and use of the plans.</p>

Strategy Name	Description	Scale of Impact
Allow Live-Work housing or Mixed-use housing in commercial zones	<p>Allowing these housing types can increase overall density of residential development and may encourage a higher percentage of multifamily housing types. This approach would be implemented through the local zoning or development code and would list these housing types as outright allowable uses in appropriate residential zones. These housing types provide additional affordable housing options and allow more residential units than would be achieved by detached homes alone.</p> <p><i>Newport allows housing in commercial zones in second floors. Barriers to residential development in Newport's commercial areas are typically lack of off-street parking and highway noise.</i></p>	<p>Scale of Impact – Small to Large. Allowing these types of housing in more zoning districts may provide up to a large number of new, relatively affordable, housing opportunities.</p>
Allow multifamily buildings in commercial zones without commercial uses	<p>Allowing for multifamily buildings in commercial areas without commercial uses on ground floors can result in lower rents, which still contributing to development of a mixed-use environment. Developing the first floor to commercial building standards is more expensive than building for residential uses on the first floor. In some cities, there may not be sufficient commercial demand to fill first floor commercial spaces, making development of a vertical mixed-use building less financially feasible.</p>	<p>Scale of Impact – Small to Moderate: Depends on developer interest.</p>
Allow for Single Room Occupancy and Co-Housing in Residential Zones	<p>Allow for single room occupancy (SRO), which may include “adult dorms,” in all residential zones. Cities often have barriers to these types of housing in their zoning codes. These housing types have private living space with shared bathroom, kitchen, and other facilities.</p> <p>Co-housing is multiple people, often unrelated adults, living in a single-family house together. Some cities have regulations limiting the number of unrelated adults who can live in a dwelling unit.</p> <p><i>Newport's development code regulating these types of housing, as well as hostels, boarding houses, and extended stay hotels has not been updated recently.</i></p>	<p>Scale of Impact – Small. Allows but does not directly encourage development of these housing types.</p>
Allow small or “tiny” homes	<p>“Tiny” homes are typically dwellings that are 500 square feet or smaller. Some tiny houses are as small as 100 to 150 square feet. They include stand-alone units or very small multifamily units.</p> <p>Tiny homes can be sited in a variety of ways: locating them in RV parks (they are similar in many respects to Park Model RVs), tiny home subdivisions, or allowing them as accessory dwelling units.</p> <p>Smaller homes allow for smaller lots, increasing land use efficiency. They provide opportunities for affordable housing, especially for homeowners.</p> <p>Portland and Eugene allow tiny homes as temporary shelter for people experiencing homelessness.</p> <p><i>Newport has not adopted a transitional housing code, which could address this type of housing.</i></p>	<p>Scale of Impact – Small: Scale of impact depends on regulation of tiny homes, where they are allowed, and market demand for tiny homes.</p>

Strategies to Address Homelessness

The following strategies focus on ways that the City can address homelessness. Many of the strategies throughout this memorandum support development of affordable housing, which can help minimize homelessness, such as supporting regulated affordable housing. The strategies listed below are a few examples of additional strategies to address homelessness.

Strategy Name	Description	Scale of Impact
Support access to emergency shelter	<p>A City can work with partners to support access to emergency shelter, such as:</p> <ul style="list-style-type: none"> • Low barrier shelters are emergency shelters where identification is not required, pets may be allowed, and sobriety is not a requirement. • Safe sleep options, such as religious organizations and nonprofits that host vehicles on their properties, identifying public areas where overnight parking is allowed, creating a city-sponsored RV park with low or no nightly fees, or allowing homeowners to host a tent or vehicle on their properties. • Alternative shelter options, such as groupings of micro-homes, nonprofit sponsored mobile home park, or nonprofit-owned motel <p>A city can support these types of housing by ensuring that they are allowed in the City's zoning code and through facilitating the planning process. The City may also contribute funds, land, or other resources to support development of these housing types.</p>	<p>Scale of Impact – Emergency shelter does not result in development of new housing. But it can have an impact on providing opportunities to transition from homelessness to long-term housing.</p>
Develop a Navigation Center	<p>A navigation center provides emergency shelter beds for single adults, families, and couples. The navigation center should include support services such as coordinated entry assessment, housing placement, counseling, case management, medical services and referrals, and other services.</p>	<p>Scale of Impact – A navigation does not result in development of new housing. But it can have an impact on providing opportunities to transition from homelessness to long-term housing.</p>
Support Targeted Housing Services	<p>The City can work with partners, such as the housing authority or nonprofit developers, to support development of housing for households with very low incomes (or no incomes) that includes services necessary to help a person transition from homelessness into housing. These types of housing include:</p>	<p>Scale of Impact – Small. While this type of housing may result in a small number of units, it can have a big impact on providing opportunities to transition from homelessness to long-term housing.</p>

Strategy Name	Description	Scale of Impact
	<ul style="list-style-type: none"> • Rapid re-housing is an approach to working with service providers to assist qualified households to quickly exit homelessness and regain stability. This may be best for people who need initial support transitioning back into housing but do not need long-term ongoing services. • Permanent Supportive Housing works with nonprofit housing developers and service providers to provide housing and supportive services for people who need ongoing services over the long term. • Transitional housing provides support for people who need intensive services on a shorter-term basis, such as people existing corrections facilities or unaccompanied youth. <p><i>Newport can support these types of housing by ensuring that they are allowed in the City's zoning code and through facilitating the planning process. The City may also contribute funds, land, or other resources to support development of these housing types.</i></p> <p><i>Newport is participating the Advisory Board to develop a 5-year strategic plan to reduce homelessness in partnership with Lincoln County and other cities in the county.</i></p>	

Approaches to Maintain Long-term Affordability

The strategies in this section are mostly important to cities is considering investing in development of market-rate affordable housing or affordable homeownership programs. In both cases, a city would want to make sure that the housing remains affordable over the long-term. If a city uses public funds for income-restricted housing (where there is state or federal funding), the requirements from the state and federal governments already ensure long-term affordability.

Strategy	Description	Scale of Impact
Support Preservation of Regulated Affordable Rental Housing	<p>Encourage and support preservation of affordable rental housing for households earning 0-60% Median Family Income, working with the State and affordable housing partners to ensure no net loss of regulated affordable housing units.</p> <p>The City could conduct outreach to LIHTC property owners to establish relationships with them and better understand their intentions when the tax credits are near to expiration.</p> <p>The City could work to identify organizations (e.g., nonprofit affordable housing providers) that might be willing and able to acquire the properties where the owners seek to sell or convert them to market rate. The City could also reach out to the property owner before the end of the affordability period to offer technical assistance with preservation options and make them aware of any City programs or incentives available at that time to support maintaining affordability (e.g., tax exemptions).</p>	Scale of Impact – Small to Moderate.

<p>Develop New Affordable Housing</p>	<p>A city can lead development of new affordable housing from land-acquisition through development and renting or selling the housing. This housing could be income-restricted housing (affordable to households earning 60% or less of MFI), affordable to households earning up to 120% of MFI, or a mixture of the two. <i>The City of Hood River used CET funds to purchase seven acres of land adjacent to Rand Road for the development of affordable housing. The City selected a developer to build affordable housing on this site, is applying for state/federal grants, and anticipates the development will produce 129 units of affordable housing. The development will include 90 units affordable to households at 60% of Median Family Income (MFI) and 39 units affordable to households earning 30% of MFI. At 2021 Income Limits, a one-bedroom unit will rent at \$846 per month at 60% of MFI and \$423 per month at 30% of MFI. The City intends for this housing to remain affordable over the long-term (for more than 60 years).</i></p> <p><i>In 1982, the City of Aspen Colorado and the Pitkin County created an intergovernmental agreement to form the Aspen Pitkin County Housing Authority (APCHA) in response to redevelopment that was threatening local workforce housing. The APCHA is an independent multi-jurisdictional housing authority charged with overseeing affordable workforce housing to resident employees. APCHA’s powers are multi-jurisdictional and allow the program to “acquire and dispose of property; plan, construct, and manage affordable workforce housing; make contracts; hire employees; and raise revenues to fund the program.”¹¹ APCHA oversees approximately 3,045 deed-restricted rental and ownership units where the primary eligibility requirement is that residents work 1500 hours each calendar year within the county, occupy the unit for a minimum of 9 months, and fall within the income qualifications.¹²</i></p> <p><i>A 1 percent transfer fee is collected on all real estate purchases, with the first \$100,000 exempt, partially funding the preservation and development of new affordable workforce housing. Under City and County land use regulations and codes, private sector developers are also required to include an approved affordable housing component in all development projects or satisfy requirements through mitigation.¹³ A real estate transfer fee is not currently legal in Oregon.</i></p>	<p>Scale of Impact – Small to Moderate.</p>
<p>Deed Restrictions to Preserve Employee Housing</p>	<p>The City could incentivize deed restrictions that preserve housing for employees in Hood River by paying a portion of a home’s value in exchange for restricting future use of the unit: a home must be owned or occupied by people who are qualified households or residents. A deed restriction is an agreement that restricts the use of a property in some way and is recorded on the property in exchange for some amount of funding from the program, the restrictions remain with the property in future sales.</p>	<p>Scale of Impact – Small to Moderate.</p>

¹¹ Brian Dowd, “Is Aspen a model for M.V.?” MV Times (November 9, 2021), retrieved from <https://www.mvtimes.com/2021/11/09/aspen-model-m-v/>

¹² Jenny Stuber, “Learning from Aspen,” Utah State University, (July 14, 2021), https://www.usu.edu/gnar/gnarly_blog/learning_from_aspen

¹³ APCHA Affordable Housing Development Policy, accessed on 9/18 from <https://www.apcha.org/DocumentCenter/View/93/APCHA-Affordable-Housing-Development-Policies-and-Procedures-PDF?bidId=>

Ordinances to Preserving Existing Affordable Housing Supply	Housing preservation ordinances typically condition the demolition or replacement of certain housing types on the replacement of such housing elsewhere, fees in lieu of replacement, or payment for relocation expenses of existing tenants. Preservation of existing housing may focus on preservation of smaller, more affordable housing. Approaches include: <ul style="list-style-type: none"> • Housing preservation ordinances • Housing replacement ordinances • Single-room-occupancy ordinances • Regulating demolitions 	Scale of Impact – Small to moderate. Preserving small existing housing can make a difference in the availability of affordable housing in a city but it is limited by the existing stock housing, especially smaller, more affordable housing. Cities with older housing stock are more likely to benefit from this policy.
Add Restrictive Covenants to Ensure Affordability	Adding restrictive covenants to ensure affordability over time at a certain income level for affordable housing developments. Restrictive covenants are usually placed on a property in exchange for a local or state government providing financial contribution to the project. These covenants work best over the short-term (up to 30 years); after that they become unable to accommodate changed circumstances.	Scale of Impact – Small to Moderate. Preserves affordable housing over covenant term.
Support Preservation of Manufactured Home and Mobile Home Parks	Preservation of manufactured home parks can be accomplished through a range of approaches, such as resident owned cooperatives or non-profit ownership. Oregon Housing and Community Services (OHCS) has regularly received lottery bonds or general funds from the Oregon Legislature to preserve manufactured home parks through these approaches. Hood River could work with owners of manufactured home parks, especially those where redevelopment is being considered, to identify opportunities to preserve manufactured home parks through these approaches.	Scale of Impact – Small to moderate.

Policies to Support Housing Equity

The following policies focus on ways to increase equity in decision making about housing and further fair housing within the city.

Strategy Name	Description	Scale of Impact
Implement all Housing Policies through a Lens of Social and Racial Equity	Develop a social and racial equity and inclusion lens to evaluate all housing policies.	Scale of Impact – Small to Large. Depends on the changes in policy making processes.

<p>Adopt Affirmatively Furthering Fair Housing as a Housing Policy in Comprehensive Plan</p> <p>and</p> <p>Provide Fair Housing Education, Referral, and Other Services</p>	<p>Amend the comprehensive plan to explicitly make Affirmatively Furthering Fair Housing a Housing Policy. The city may consider whether the Comprehensive Plan is the appropriate location for this policy. A part of this policy is ensuring there are opportunities for education about fair housing to residents, property owners, property managers, realtors, lenders and others involved with real estate transactions with access to Fair Housing information and referrals. Educate city staff on how to identify potential Fair Housing violations and make referrals to the Fair Housing Council of Oregon and state and local enforcement agencies. The city could partner with and fund Fair Housing Council of Oregon to provide periodic Fair Housing Audit Testing, customized outreach and education and other specialized services.</p> <p>Provide residents, property owners, property managers, realtors, lenders and others involved with real estate transactions with access to Fair Housing information and referrals. Educate city staff on how to identify potential Fair Housing violations and make referrals to the Fair Housing Council of Oregon and state and local enforcement agencies. Partner with and fund Fair Housing Council of Oregon to provide periodic Fair Housing Audit Testing, customized outreach and education and other specialized services.</p>	<p>Scale of Impact – Small to Moderate. Depends on the actions and existing and on-going discrimination.</p>
<p>Encourage Diverse Housing Types in High Opportunity Neighborhoods</p>	<p>Enable developments that support multiple unit sizes, types, and tenure options to promote diverse housing options in high-opportunity neighborhoods, with a goal of reversing historical patterns of racial, ethnic, cultural and socio-economic exclusion. Use an analysis of “Access to Opportunity” to decide which zones or locations (via zoning overlay) to determine where this is appropriate. The purpose of this strategy is to promote access to opportunity (e.g., high performing schools, multiple transportation options, services, etc.) to households with a range of backgrounds and incomes. This strategy may work well with the incentives for development of affordable and workforce housing described in this strategy.</p>	<p>Scale of Impact – Small to Large. Improve access to opportunity for residents.</p>
<p>Accessible Design</p>	<p>Provide incentives in the development code to increase the number of units designed to meet Universal Design, Lifelong Housing Certification, and other similar standards. This strategy could include pre-approved plan sets (e.g. single-family detached and townhomes with barrier-free / universal design), within the context of ADA and FHA rules.</p>	<p>Scale of Impact – Small to Moderate. Improve housing accessibility for populations that need special accommodations.</p>

Programs that provide financial assistance

The following policies focus on ways in which the City and other community stakeholders can provide financial assistance to potential residents in order to increase housing affordability and accessibility for multiple income groups.

Strategy Name	Description	Scale of Impact
<p>Develop Housing Options and</p>	<p>The city can partner with agencies and nonprofit organizations that provide housing and services to people experiencing houselessness. This could include: (1) working with partners to support development of an emergency shelter for people experiencing houselessness, (2) working with service providers who provide</p>	<p>Scale of Impact – Low to Moderate. Depends on the actions of each partner taken.</p>

Strategy Name	Description	Scale of Impact
Services to Address and Prevent Houselessness	rapid re-housing services to exit houselessness, (3) work with nonprofit housing developers and service providers to develop an application to the State for funding for permanent supportive housing, and (4) work with partners to support transitional housing development. This strategy ties to the strategies to expand affordable rental housing and preserve affordable housing.	
Home ownership programs	<p>Cities use a variety of programs to assist with homeownership</p> <ul style="list-style-type: none"> • Homebuyer Assistance Programs. These Down Payment Assistance loans help low- or moderate-income households cover down payment and closing costs to purchase homes on the open market. These programs either give loans or grants, most frequently to first time homebuyers. • Partnerships. Cities often work with partnerships with nonprofit agencies that provide homeownership assistance. <p><i>Newport has existing partnerships with Proud Ground and Dev NW for homeownership programs.</i></p>	Scale of Impact - Small. While homeownership programs are important, limited funds mean that the number of households that benefit from homeownership programs is relatively small.
Housing Rehabilitation Programs	<p>Cities often offer home rehabilitation programs, which provide loans to low- and moderate-income households for rehabilitation projects such as making energy efficiency, code, and safety repairs. Some programs provide funding to demolish and completely reconstruct substandard housing.</p> <p><i>Newport currently offers loans to low-income households for rehabilitation, using CDBG funds, through DevNW.</i></p>	Scale of Impact - Small. Limited fund availability means that relatively few households will be able to access housing rehabilitation funds.
Weatherization Funds through Community Action Agencies	Use weatherization funds administered by statewide network of Community Action Agencies to preserve aging housing stock occupied by income-qualified residents. The City could play an active role in supporting this program by providing informational/promotional assistance to residents.	Scale of Impact – Low to Moderate. Depends on availability of funding.
Rental assistance programs	<p>A variety of programs to provide rental assistances, many of which are not under direct city control</p> <ul style="list-style-type: none"> • Section 8 Voucher: This assistance subsidizes the difference between 30 to 40 percent of a household’s income and the area’s Fair Market Rent (FMR). • Rental assistance programs. These programs offer a range of services, such as assistance with security deposits. • Rent Control. Rent control regulations control the level and increases in rent, over time resulting in rents that are at or below market rates. • Partnerships. Cities often work with partnerships with nonprofit agencies that provide rental assistance. 	Scale of Impact - Small. Renter assistance programs are important. However, limited city funds mean that the number of households that benefit from rental assistance resulting from city funding is relatively small.
Employer-Assisted Housing	Employer-assisted housing (EAH) can be provided directly to the individual employee in the form of mortgage subsidies, down-payment assistance, relocation payments and the like or the city can help to increase the supply of housing by requiring or encouraging employers to participate in the development of	Scale of Impact – Small to Moderate. The scale of the impact of EAH programs will depend on the size of the employer, eligibility

Strategy Name	Description	Scale of Impact
	additional housing units through such actions as the provision of land, construction financing or purchase/lease guarantees, and down-payment assistance.	criteria, and the type of assistance offered. If one or more large employers offers an EAH program with substantial assistance that provides enough assistance to make housing in the city affordable for low- and moderate-income households, then an EAH program can have a sizeable impact.
Green and Location Efficient Mortgages	Green mortgages, also called Energy Efficient Mortgages, allow the homebuyer to roll the costs of making specific energy-saving improvements into the purchase price of a home. Location Efficient Mortgages® increase the borrowing ability of homebuyers in areas that are more walkable and provide good multimodal access on the assumption that households in these areas will have more income available that can be directed toward housing.	Scale of Impact - Small. Unless a new funding source is identified, the number of households able to access these types of loans would be small.
Changing State laws to provide additional funding	Oregon’s existing laws do not allow a real estate transfer tax or a tax on vacant units (or second homes). In addition, Oregon limits use of transient lodging tax revenues to support development of housing for people with jobs in the tourism industry. The city could lobby for changes to these laws.	Scale of Impact – Moderate to Large. The impact will depend on the amount of funding available from changes to State laws.

Sherry Marineau

From: JBassingthwaite@halc.info
Sent: Tuesday, October 11, 2022 10:29 AM
To: Derrick Tokos; Betty Kamikawa; Bonnie Saxton; Braulio Escobar; Cynthia Jacobi; Dennis White; Jan Kaplan; Judith Jones; Karen Gray; Kathy Kowtko; Lee Hardy; Lesley Ogden; Margaret Raimann; Mark Farley; Mike Phillips; Robert Cowan; Sheila Stiley; Todd Woodley; Wendy Hernandez
Cc: Sherry Marineau; Nicole Underwood; Beth Goodman; 'Becky Hewitt'
Subject: Re: Agenda for October 13th HCA/HPS Advisory Committee Meeting

[WARNING] This message comes from an external organization. Be careful of embedded links.

In the minutes for the last meeting, I noticed the question regarding the low 2021 PSU population forecast for Newport. To answer the question asked about the 2021 PSU population forecast, part of the issue with the forecast for Newport is based on a change made by the Population Research Center for PSU in the methodology for how population growth was allocated in the jurisdictions in Lincoln County for the 2021 forecast from what they used previously in the 2017 PSU forecast. Issues related to the forecast methodology change, as well as other issues with the forecast, resulted in Depoe Bay becoming the center of housing unit building and population growth for Lincoln County for the 2021 PSU forecast. The 2021 PSU forecast for 2020-2070 had Lincoln County growing overall in population by 5,554 people by 2070, with almost all of that overall growth being in Depoe Bay as Depoe Bay is forecasted to grow in population by 5,152 people by 2070 (up from 1,450 in 2020). Newport is projected to actually decrease from a 2020 population of 11,882 in the forecast to 11,082 in 2070.

To put it into the context of housing units, Depoe Bay would need to add something like 51 housing units each year to 2070 based on the 2021 PSU forecast. Between 2010 and 2020, Depoe Bay averaged around 10 housing units per year. Depending on factors used by PSU in the methodology, the 51 unit per year average may be higher or a bit lower. While Newport is projected to build 115 units over the next 20 years based on the 2021 PSU forecast, Depoe Bay would need to be building about 1,000 or so units under the 2021 PSU forecast.

Because of the obvious flaws in the 2021 PSU population forecast for the allocation of County population growth to the individual jurisdictions, I don't think the 2021 PSU forecast numbers for Newport can be considered accurate for use in the housing analysis.

Sincerely,
James Bassingthwaite
HALC Board Chair
