

Now More Than Ever.
Help Build It!

March 2, 2015

City of Newport

169 SW Coast Hwy

Newport, Oregon 97365

Re: Proposal by Habitat for Humanity of Lincoln County to build low-income, affordable housing on City of Newport owned land parcels.

Lincoln County, and specifically, Newport, Oregon, has a huge shortage of affordable housing. This shortage of affordable housing often forces residents to live outside of the Newport area where land and rent is somewhat cheaper, forcing large amounts of a family's income to be spent on transportation costs getting to and from their job. Habitat for Humanity of Lincoln County would like to partner with the City of Newport to build several units of affordable housing in Newport.

Organizational History

Habitat for Humanity of Lincoln County (an affiliate of Habitat for Humanity International) operates as a private non-profit organization building/rehabbing affordable homes and providing critical home repairs for low-income families, and through our two ReStores offers low-cost building materials, furniture and appliances, while diverting millions of pounds of useable and recyclable materials from our local landfill.

Since 1995, Habitat for Humanity of Lincoln County has built 14 homes: four in Lincoln City, two in Siletz, two in South Beach, four in Toledo and two in Waldport. On average, Habitat for Humanity homes are three bedroom, one and one half bath, single family homes of approximately 1,100 square feet. Four of these homes have been built in the past three years and all of these homes have been built on time and on budget. Habitat for Humanity of Lincoln County is a proven builder of cost efficient, well built homes for low-income families.

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Habitat for Humanity of Lincoln County builds simple, decent and affordable housing through the use of volunteer labor and donated materials/services which help to keep the build costs down. **Habitat for Humanity homes are not free.** Once complete, these homes are sold to qualifying homeowners whose annual income is approximately \$24,000 - \$36,000 (30 – 60% of the Average Median Income) who would otherwise be unable to obtain conventional financing, through a 30 year, zero-percent loan. Mortgage payments are set at no more than 30% of a family's annual income, allowing for affordable monthly payments that free up money for child care, medicine and other necessities. These homes are then put on the County tax rolls generating much needed property tax revenue. Monthly mortgage payments are then paid to Habitat for Humanity of Lincoln County, helping to keep the building program sustainable.

When a Habitat for Humanity home is complete, the home is sold to the homeowner for the cost of the home build. A Habitat for Humanity of Lincoln County home often has a higher market value than the cost to build, due in part to donated materials/services and volunteer labor, which helped to keep the build costs down. An independent Realtor than provides a market analysis of what the home is actually worth. For example, if the average cost of a 1,000 square foot home is \$100,000 to build (including land), and the market analysis shows that the home is actually worth \$150,000, the Habitat for Humanity homeowner is sold the home for \$100,000, and receives no equity of the difference between the sale cost of \$100,000 and the market value of \$150,000, until the beginning of the sixth year of their loan. After the sixth year, the homeowner will receive 10% equity per year, until the sixteenth year where they gain 100% of the equity in their home. In addition, Habitat for Humanity of Lincoln County has the right for first refusal if a Habitat for Humanity home is offered for sale. These safe guards help to make sure that a Habitat for Humanity home is not flipped, and these low-income homes are kept affordable.

Proposal

Due to the shortage of affordable, buildable land in Newport, Habitat for Humanity of Lincoln County has been unable to build any affordable housing units there. Habitat for Humanity of Lincoln County has identified three lots owned by the City of Newport (see attachment) located in Newport, which would be suitable to build low-income, affordable housing. These lots are located within walking distance to many city services, are zoned for multiple housing (duplex) and are currently not on the County tax roll.

Habitat for Humanity of Lincoln County is asking the City of Newport for a donation of these properties for the purpose of building low-income, affordable housing. Once completed, these homes will be sold to a qualifying family and added to Newport's affordable housing stock. In addition to the donation of these parcels, Habitat for Humanity of Lincoln County is applying to the City of Newport for a \$100,000 zero-percent loan from the revolving low-income housing fund. In order to keep the costs down and to help keep these homes affordable, a zero-percent loan, with the City of Newport, with a six month grace period and repayment plan of five years is desired.

If the City of Newport were to donate these parcels to Habitat for Humanity of Lincoln County, and a loan from the City of Newport's affordable housing fund was made available by June 2015, funds would be available to begin construction on at least one lot (zoned for a duplex) in FY 2015 – 2016, with additional construction to follow in FY 2016 – 2017, and again in FY 2017 – 2018 (depending on funding). The goal for Habitat for Humanity of Lincoln County is to build several low-income and affordable housing units on these lots, which have a mixture of single family homes and duplexes in the area, within the next five years.

Conclusion

The City of Newport has a desperate need for more affordable low-income housing. Habitat for Humanity of Lincoln County is the only agency currently building owner occupied, low income housing in Lincoln County, and has a proven record of successfully building these homes on time and on budget.

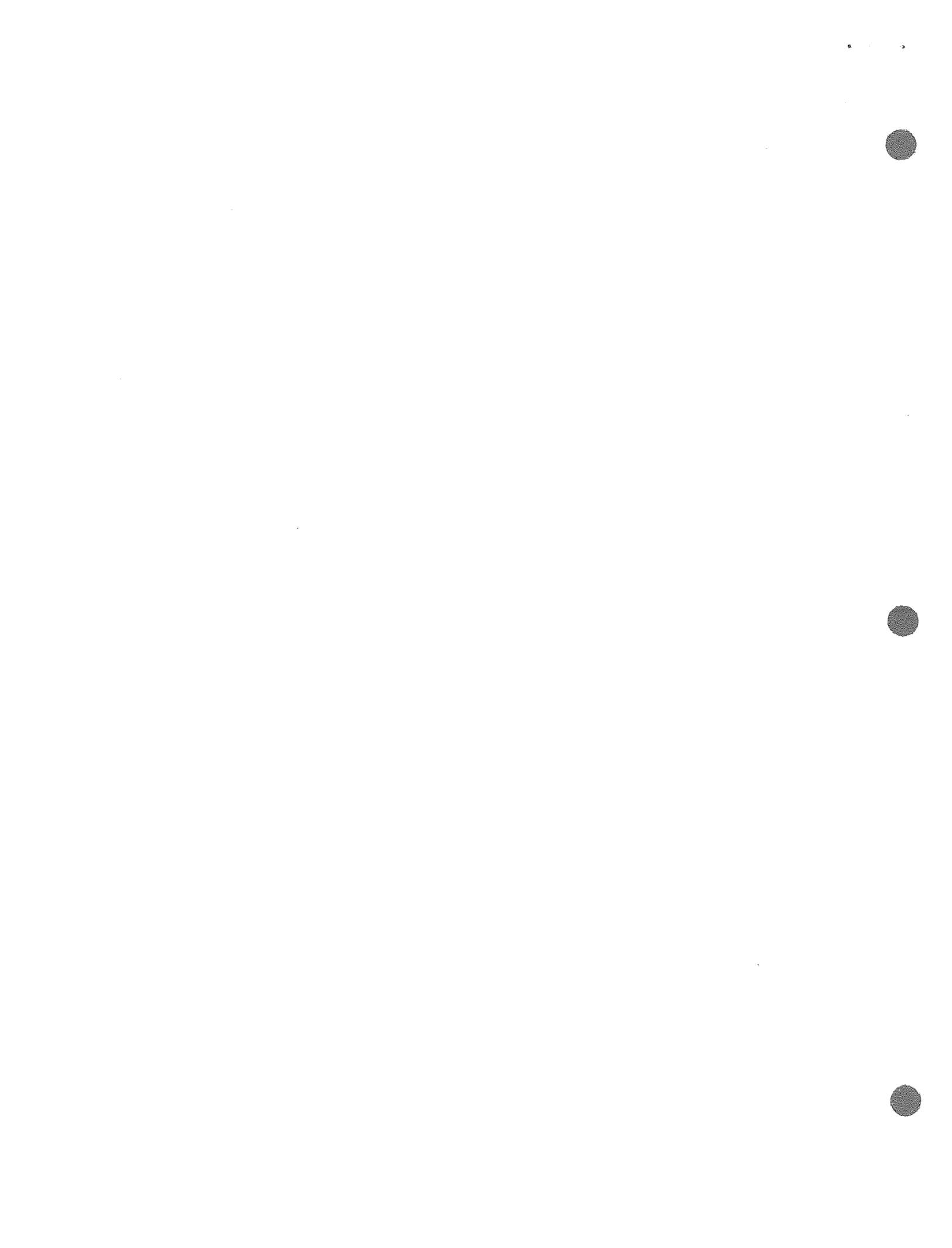
By partnering with Habitat for Humanity of Lincoln County through a donation of these parcels of land (currently not on the County tax rolls) and a \$100,000 loan from the revolving affordable housing fund, the City of Newport is making an investment toward the building of low-income, affordable housing, which will result in several new homes being added to the affordable housing stock and the generation of substantial property tax revenue once these homes are put on the County tax rolls.

If there is any further information that we can provide you, please don't hesitate to let us know. Habitat for Humanity of Lincoln County is looking forward to a fruitful partnership with the City of Newport in the building of low-income, affordable housing.



Sally Bovett

Executive Director



SW 10th Street Properties



- **Description:** Vacant residential properties
- **Zoning:** R-2/ "Medium Density Single Family Residential"
- **Size:** 31,800 sq. ft. (four tax lots)
- **Market value:** \$181,110 (2014)
- **Services:** All available
- **Original Purpose:** City Hall overflow parking and construction of Hatfield Drive. Road is built and overflow parking is not ideal due to location
- **Constraints:** Slope on the parcels adjacent to Hatfield. Terrain is less of an issue along 10th Street and there may be an opportunity to partially vacate Pine Street (80' ROW)

