City of Newport

2022—2042 Housing Capacity Analysis

November 2022

Prepared for: City of Newport




ECONorthwest
ECONOMICS • FINANCE • PLANNING

KOIN Center
222 SW Columbia Street
Suite 1600
Portland, OR 97201
503-222-6060

*Section replaced in its entirety by Ordinance No. 2207 (3/6/2023).

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Project Advisory Committee

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

City of Newport Contact:
Derrick Tokos, Community Development Director
City of Newport
169 SW Coast Highway
Newport, OR 97365
541-574-0626
d.tokos@newportoregon.gov

ECONorthwest Contact:
Beth Goodman, Project Director
ECONorthwest
222 SW Columbia, Suite 1600
Portland, OR 97201
503-222-6060
goodman@econw.com

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Executive Summary

Newport has changed considerably since the City of Newport last adopted its Housing Element of its Comprehensive Plan in 2011. Newport grew from 9,989 people in 2010 to 10,591 people in 2021, an addition of 602 people or 6% growth. Between 2012 and 2021 the City of Newport permitted 396 new units, of which 45% were for single-family units and 55% were for multifamily units.

Housing has long been unaffordable for many in Newport and the surrounding region and has become harder to afford for many people over the last decade. In 2000, 36% of households in Newport were cost burdened 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.

Homeownership is also becoming less affordable in Newport and the surrounding region. The median sales price of housing in Newport in December 2021 was $403,500. Between December 2016 to December 2021, the median sales price in Newport increased by $198,000 (96%).

This report presents Newport's Housing Capacity Analysis for the 2022 to 2042 period. It considers these issues and 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. The methods used for this study generally follow the *Planning for Residential Growth* guidebook, published by the Oregon Transportation and Growth Management Program (1996).

This report focused on the technical analysis to understand Newport's housing needs over the next 20 years. It presents information about buildable land and residential capacity in Newport, as well as expected population and housing growth. It identifies key housing needs and provides information necessary to develop policy responses to Newport's housing needs. 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 City of Newport and ECONorthwest solicited input about these assumptions from the City's Project Advisory Committee, Planning Commission, City Council, and the public. Local review and community input were essential to developing a locally appropriate and politically viable housing capacity analysis that will feed into the *Newport Housing Production Strategy* report.

How much population growth is Newport planning for?

Newport's population within its urban growth boundary (UGB) is expected to grow by around 1,348 people between 2022 and 2042, at an average annual growth rate of 0.5% This is based on Newport's historical growth rate over the 2000 to 2021 period.[1]

Exhibit 1. Forecast of Population Growth, Newport UGB, 2022 to 2042
Source: ECONorthwest based on US Decennial Census 2000, and Portland State University, Population Research Center 2021.

12,010	13,358	1,348	11% increase
Residents in 2022	Residents in 2042	New Residents 2022 to 2042	0.5% AAGR

How much housing will Newport need?

To accommodate the city's forecasted population growth of 1,348 people, Newport needs to plan for 626 new dwelling units or about 31 new dwelling units per year over the 20-year planning period.[2] About 50% of new housing will be single-family detached; 10% will be single-family attached; 15% will be duplexes, triplexes, and quadplexes; and 25% will be multifamily housing (with five or more units per structure).

How much buildable residential land does Newport currently have?

Newport has 863 acres of vacant or partially vacant land which can accommodate over 6,800 dwelling units. When removing land included in the Constructability Analysis (which includes land that the City identified as potentially being difficult to serve with infrastructure), Newport still has 413 acres of vacant or partially vacant unconstrained land which can accommodate nearly 3,800 dwelling units. Newport has sufficient land to accommodate population growth. Chapter 6 estimates Newport's capacity for new housing based on Newport's unconstrained buildable acres.

[1] Newport's official population forecast from the Oregon Population Forecast Program through Portland State University (PSU) projects that Newport will increase by 248 people between 2022 and 2042, at an annual average growth rate of 0.1%. Newport considered this growth for the official analysis of land sufficiency within the Newport UGB, as required by Goal 10, OAR 660-008, and OAR 660-032.
Given that Newport's growth rate over the past 20 years has been much greater than the current official forecast, it is reasonable to assume that the official forecast may be under projecting the future population. For planning purposes, this report relies on the historical growth rate rather than the official population forecast, which will allow the City to better prepare for an uncertain future. Even when using the historical growth rate to project future population growth, Newport has sufficient land capacity to accommodate growth.

[2] Newport's official population forecast from the Oregon Population Forecast Program through Portland State University (PSU) projects that Newport will increase by 248 people between 2022 and 2042. The City would need about 115 new dwelling units to accommodate this growth.

What are the key housing needs in Newport?

- **Newport's existing housing mix is predominately single-family detached**. In the 2015-2019 period, 64% of Newport's housing was single-family detached, 7% was single-family attached, 13% was multifamily housing (with two to four units per structure), and 16% was multifamily housing (with five or more units per structure). Between 2012 and 2021, Newport issued building permits for 396 units, of which 45% were single-family units (both single-family detached and attached) and 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, and 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.
- **Newport needs more affordable housing types for homeowners.** Housing sales prices increased in Newport over the last four years. Between 2016 and 2021, the median sales price in Newport increased by $198,000 (96%).

  A household earning 100% of Newport's median household 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 household income.
- **Newport needs more affordable housing types for renters.** 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.

What are the key findings of the Housing Capacity Analysis?

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

- **Newport may grow faster than the official population forecast from Portland State University.** According to Newport's official population forecast from Portland State University, Newport's UGB is forecast to grow by 248 people between 2022 and 2042, resulting in the demand for 115 new dwelling units over the 20-year planning period. However, if Newport grew at the same pace it did between 2000 and 2021, it would add 1,348 new people and 626 new dwelling units. Given that Newport's growth rate over the past 20 years has been much greater than current projections, it is reasonable to assume that the official forecast may be under projecting the future population. For planning purposes, this report relies on the historical growth rate rather than the official population forecast.
- **Newport has sufficient land to accommodate population growth over the 20-year planning period**. Even using the historical growth rate which is greater than the official population forecast from Portland State University, Newport has sufficient land to accommodate population 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, townhouses, cottage housing, duplexes, triplexes, quadplexes, and multifamily structures. These groups may prefer housing in walkable neighborhoods, with access to services.
    - Newport complied with the requirements of House Bill 2001 to allow duplexes on lots where single-family detached housing is allowed. Newport also allows other missing middle housing types, such as cottage housing, townhouses, duplexes, triplexes, and quadplexes. 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 policies to support 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 count for Lincoln County in 2021 estimated 460 people experiencing homelessness, up from 260 people in 2019. The Point-in-Time count is acknowledged to be an undercount 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 be 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 includes 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 the 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.

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 burdened[3] 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.

[3] 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 supports 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.[4]

(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.

[4] 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 and 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 times[5] 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

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

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

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 DLCD 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 2 shows the land base by plan designation in the UGB.

Exhibit 2. 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 3 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 3. 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 4 shows these constraints for the entire city, with detail shown in areas of the city in Exhibit 5 to Exhibit 7.

Next, we apply the constraints to the development status shown in Exhibit 3, to show areas that are vacant or partially vacant with constraints shown. Exhibit 8 shows development status with constraints applied, with details shown in Exhibit 9 to Exhibit 11. Vacant or partially vacant land with these constraints is considered unavailable for development and removed from the inventory of buildable land.

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

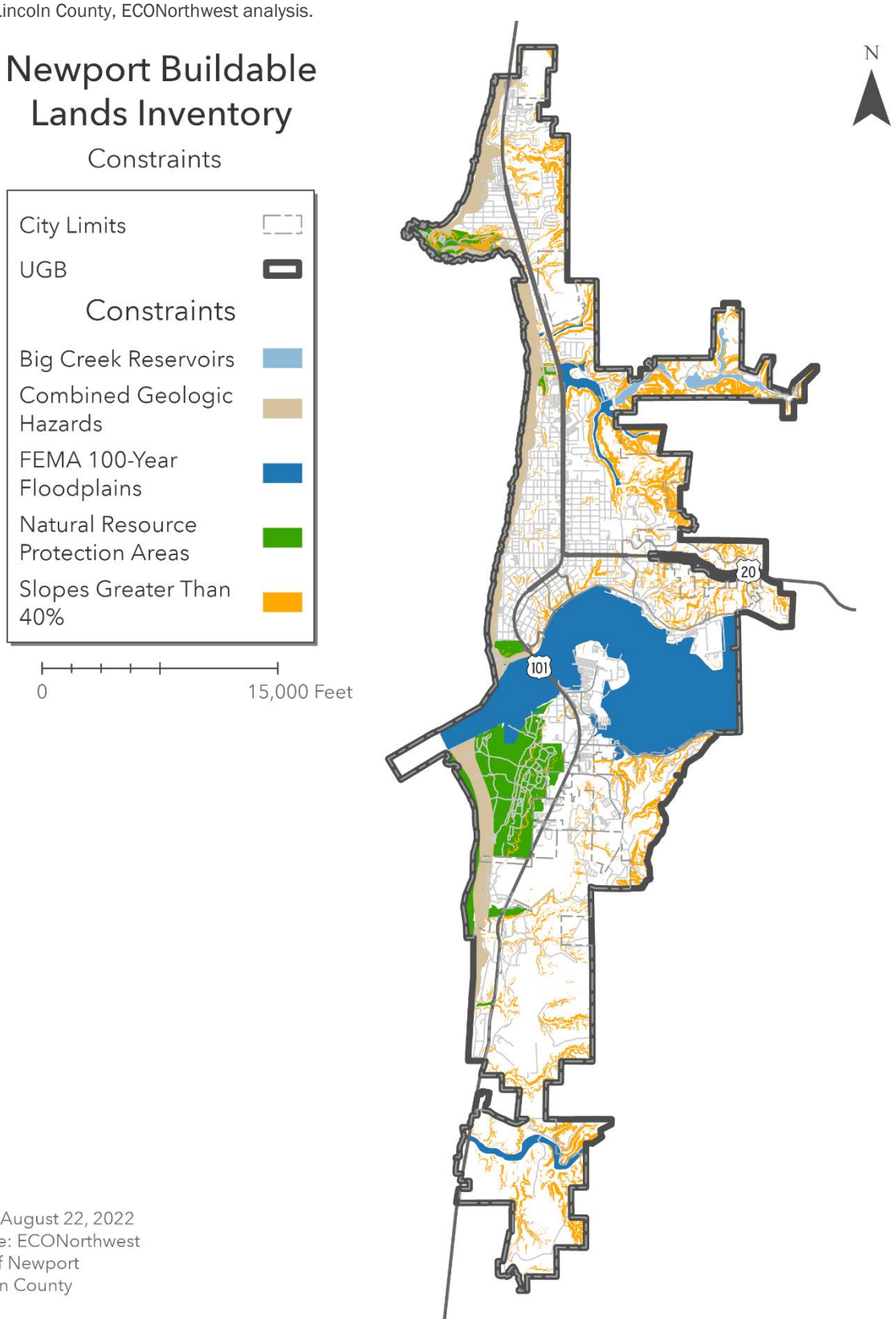


Exhibit 5. Development Constraints, Northern Newport, Newport UGB, 2022
Source: Lincoln County, ECONorthwest analysis.

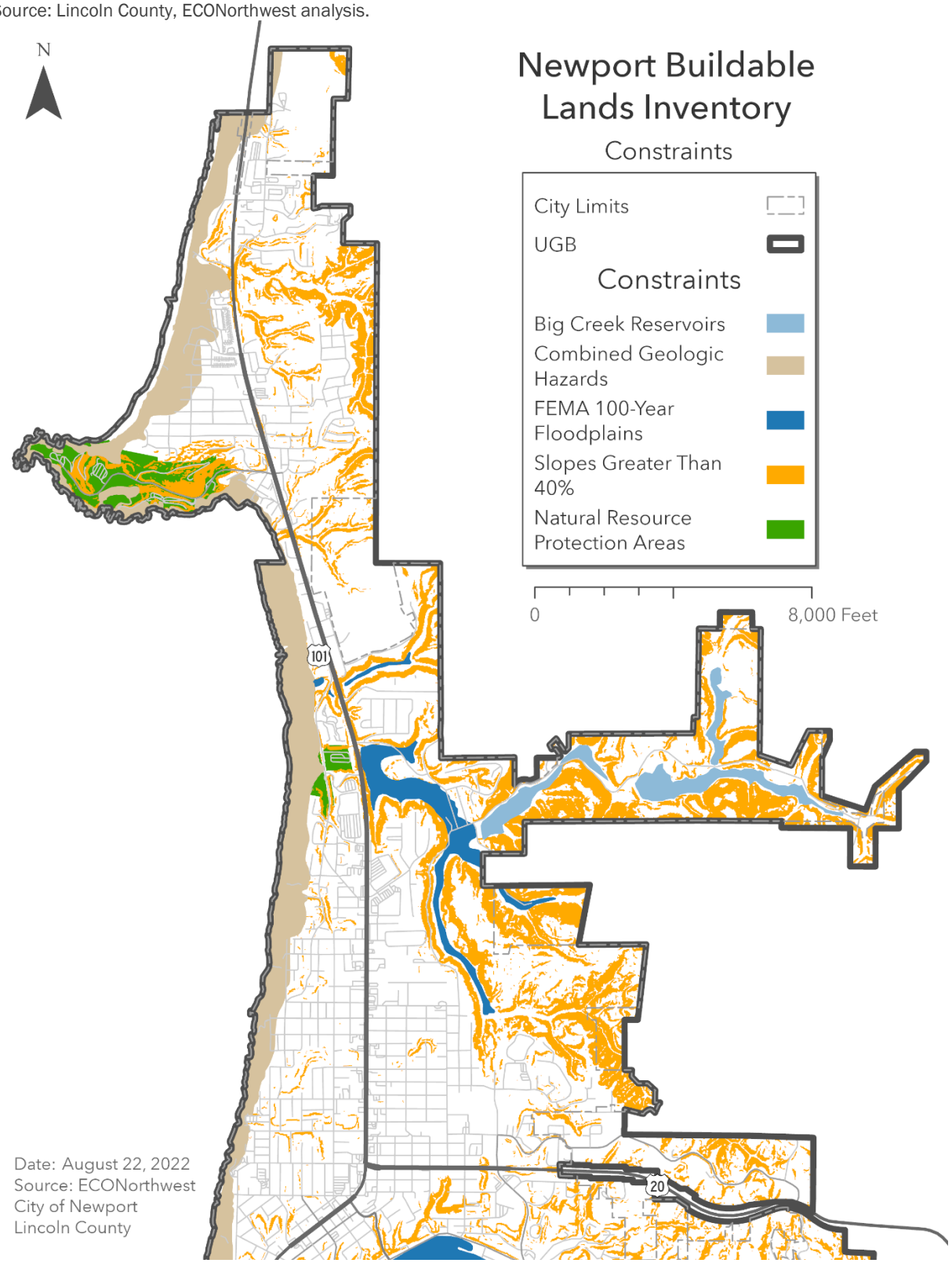


Exhibit 6. Development Constraints, Central Newport, Newport UGB, 2022
Source: Lincoln County, ECONorthwest analysis.

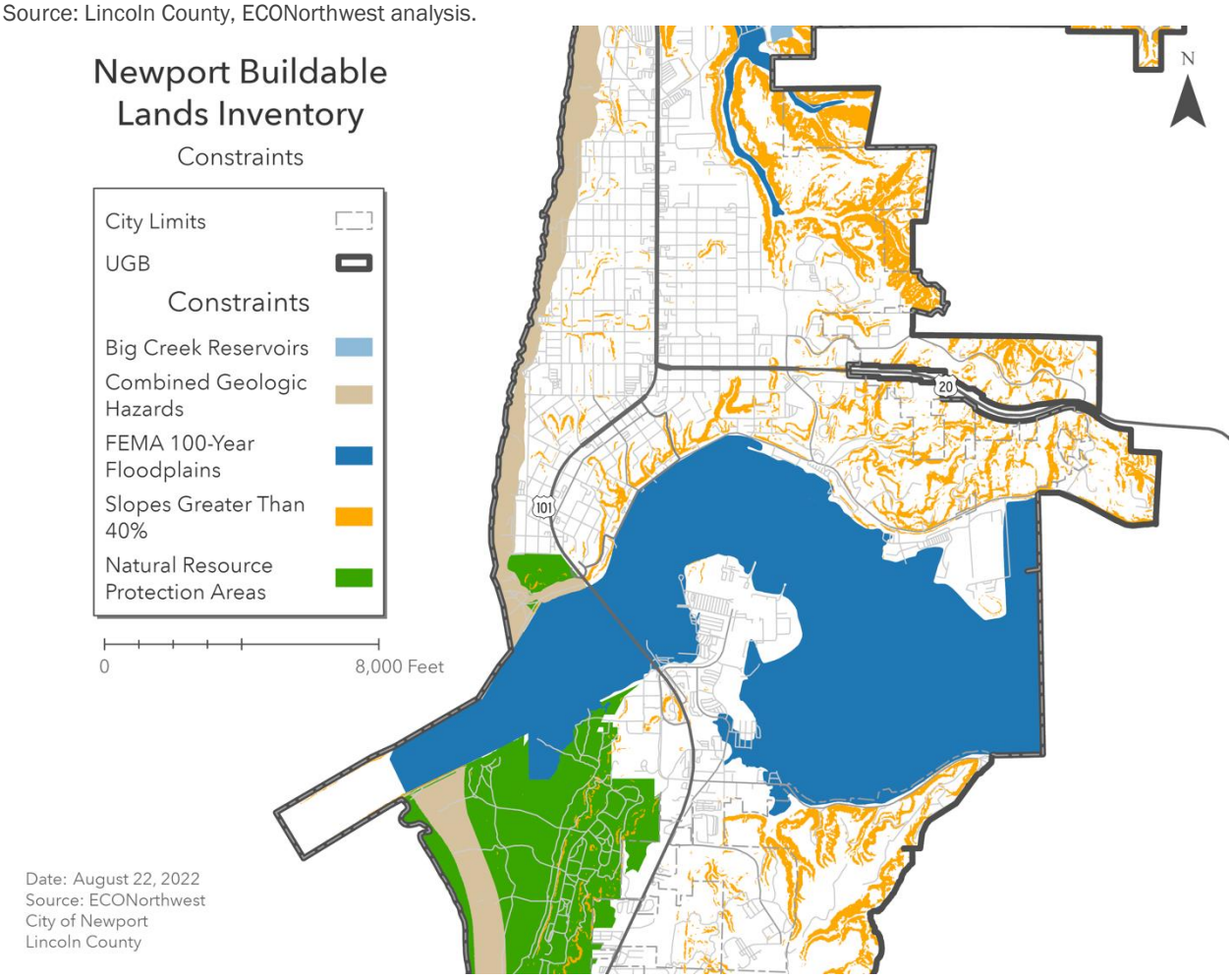


Exhibit 7. Development Constraints, Southern Newport, Newport UGB, 2022
Source: Lincoln County, ECONorthwest analysis.

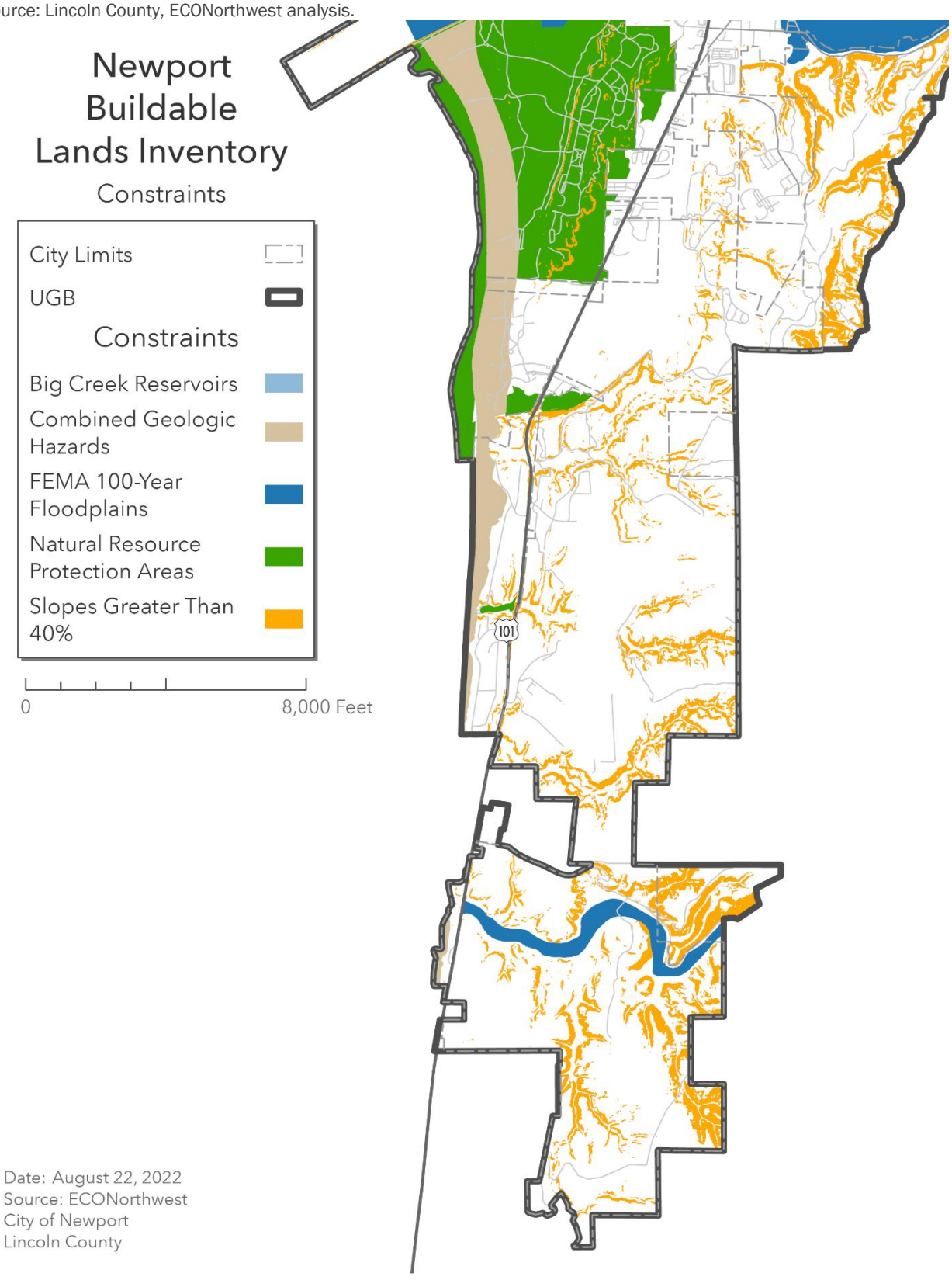


Exhibit 8. Development Status with Constraints, Newport UGB, 2022
Source: Lincoln County, ECONorthwest analysis.

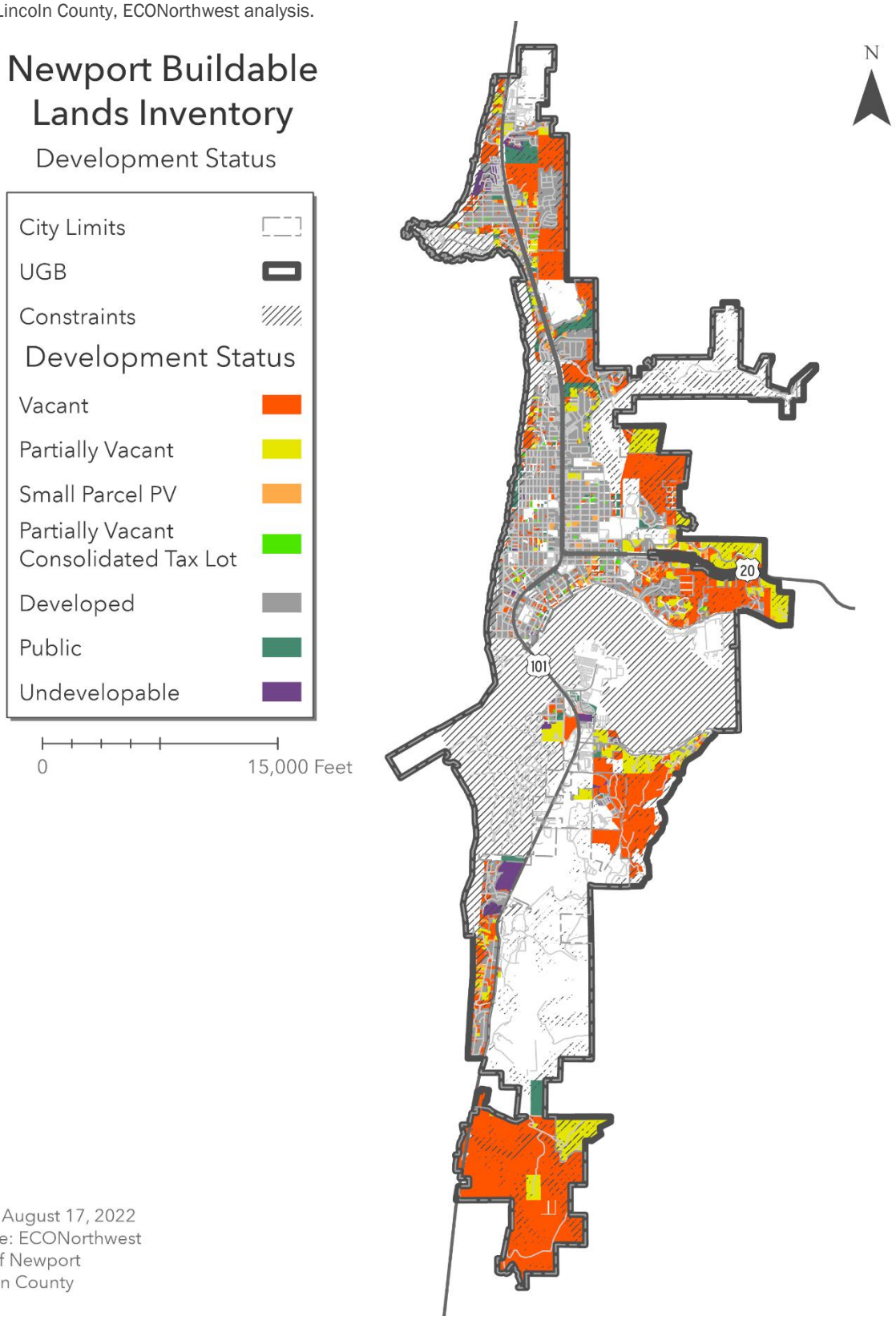


Exhibit 9. Development Status with Constraints, Northern Newport, Newport UGB, 2022
Source: Lincoln County, ECONorthwest analysis.

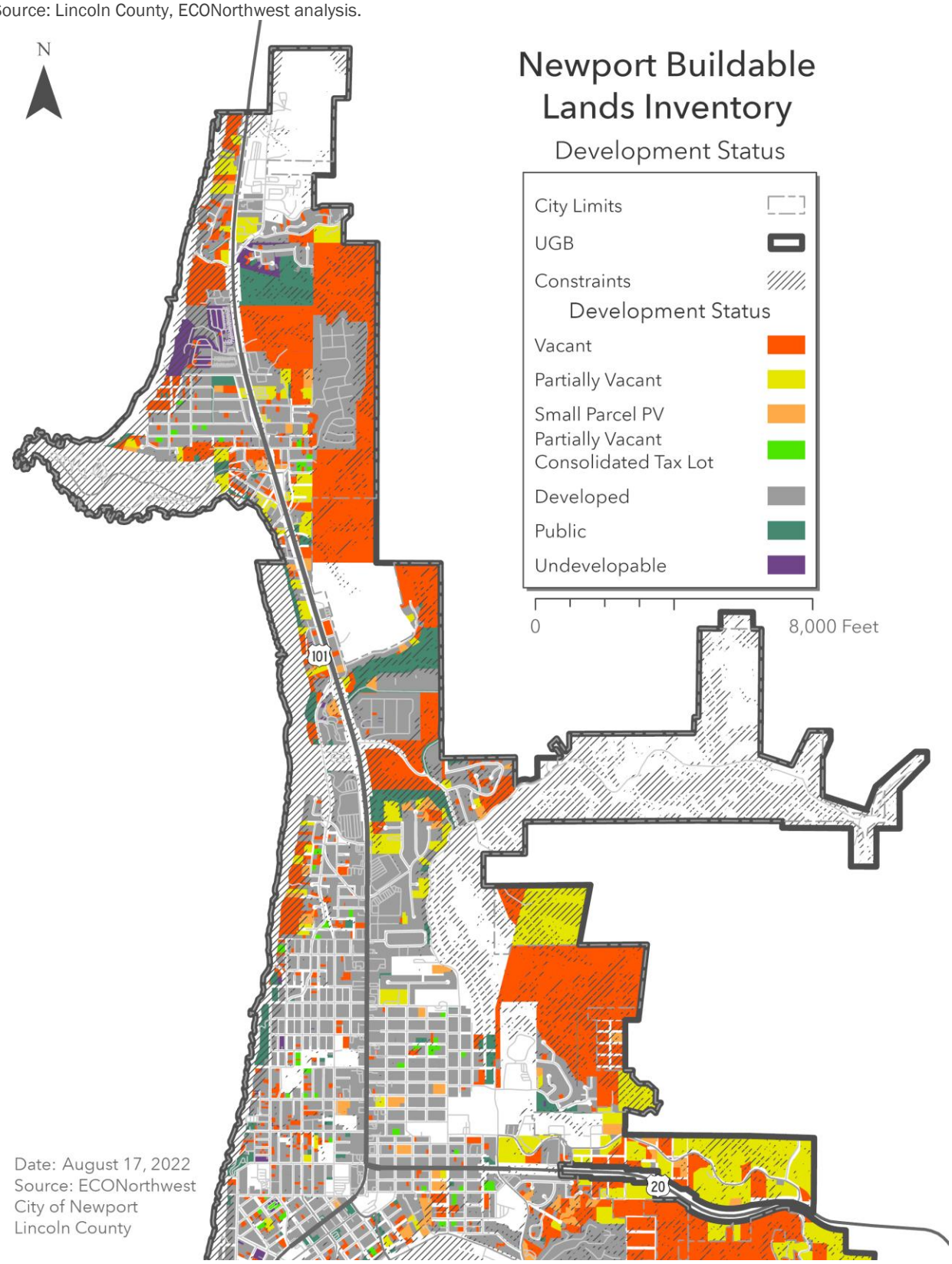


Exhibit 10. Development Status with Constraints, Central Newport, Newport UGB, 2022
Source: Lincoln County, ECONorthwest analysis.

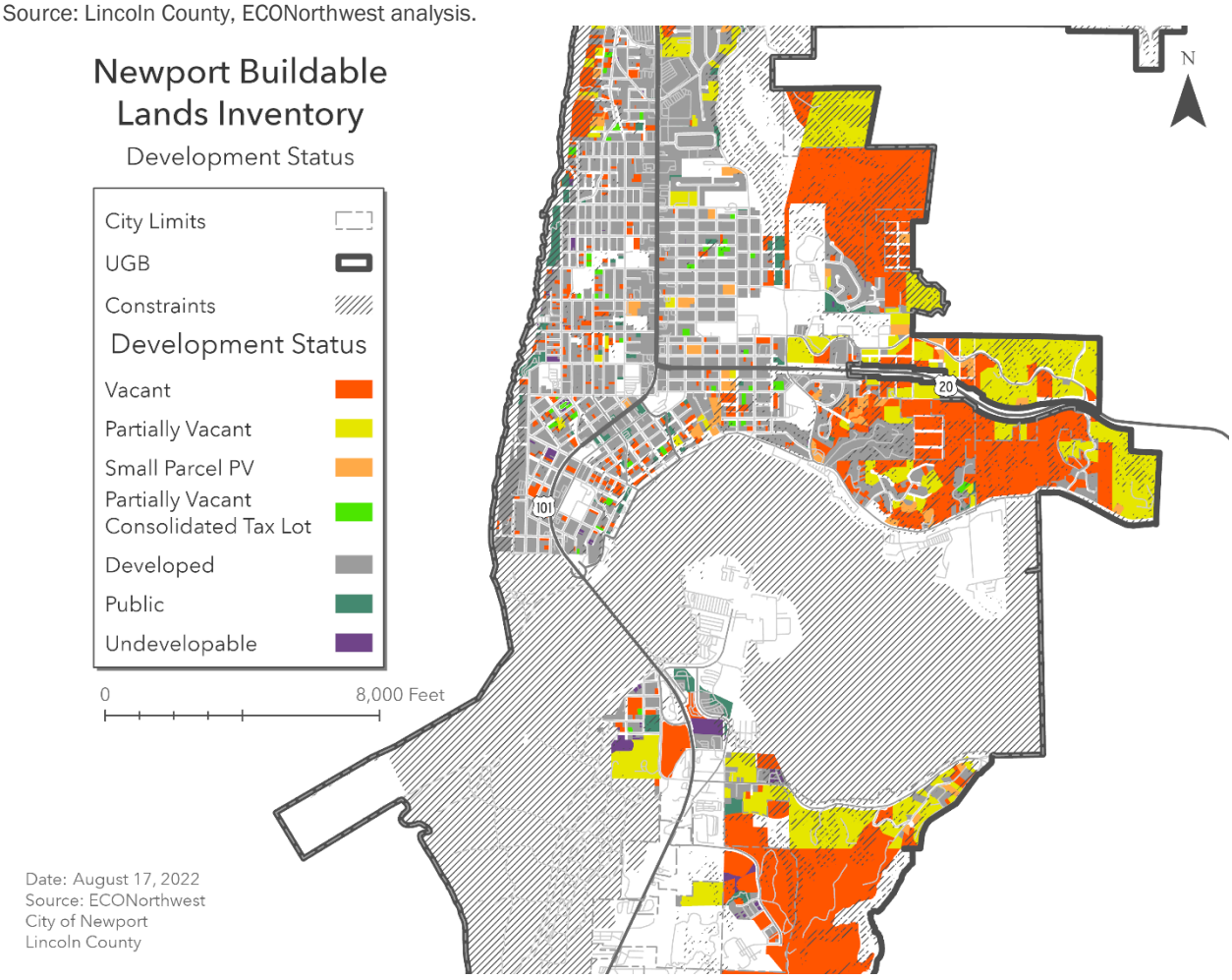
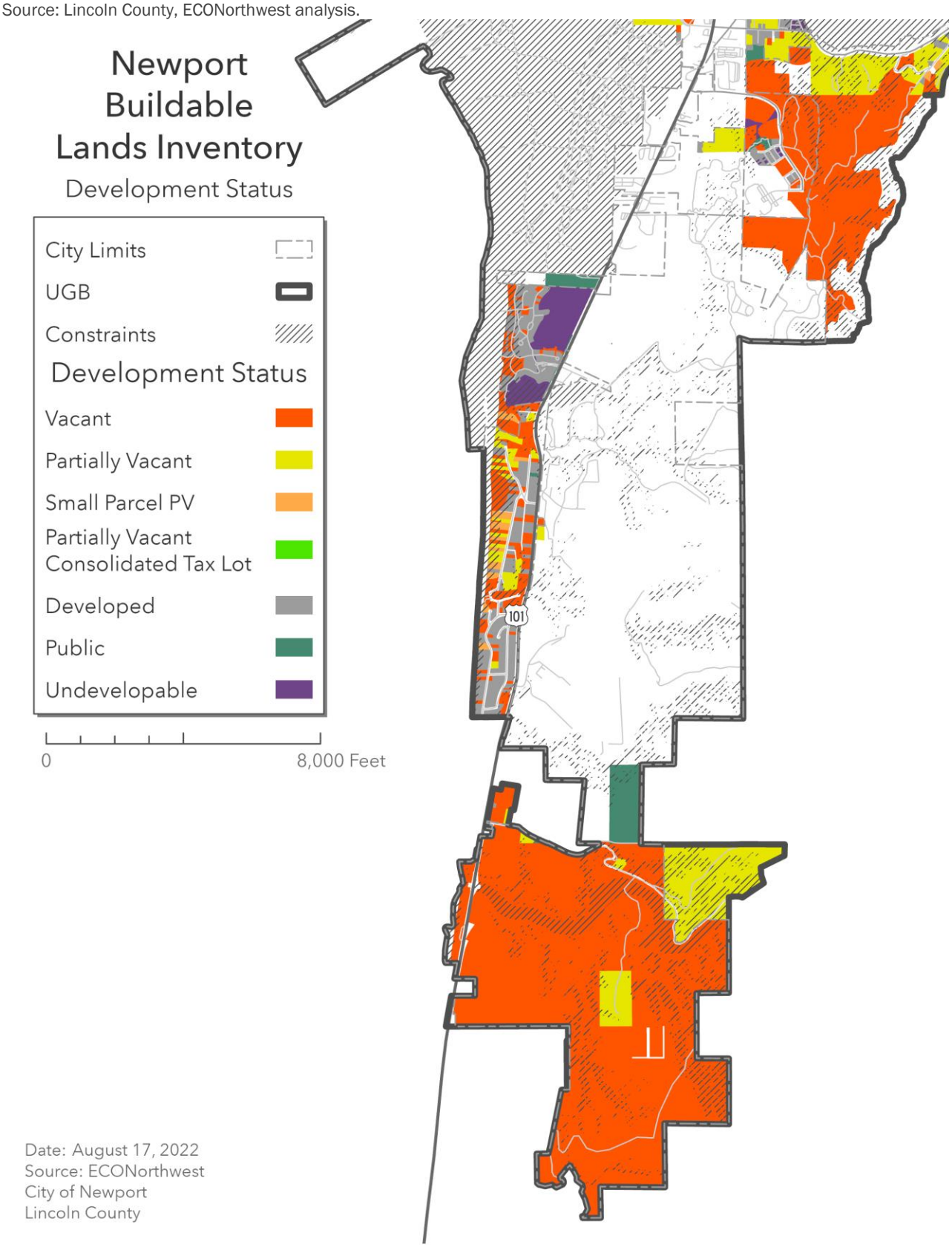


Exhibit 11. Development Status with Constraints, Southern Newport, Newport UGB, 2022
Source: Lincoln County, ECONorthwest analysis.



Vacant Buildable Land

Exhibit 12 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 8 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 12.

Exhibit 12. 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 13 shows Newport's buildable vacant and partially vacant residential land, with details shown in Exhibit 14 to Exhibit 16.

Exhibit 13. Unconstrained Vacant and Partially Vacant Residential Land, Newport UGB, 2022
Source: Lincoln County, ECONorthwest analysis.

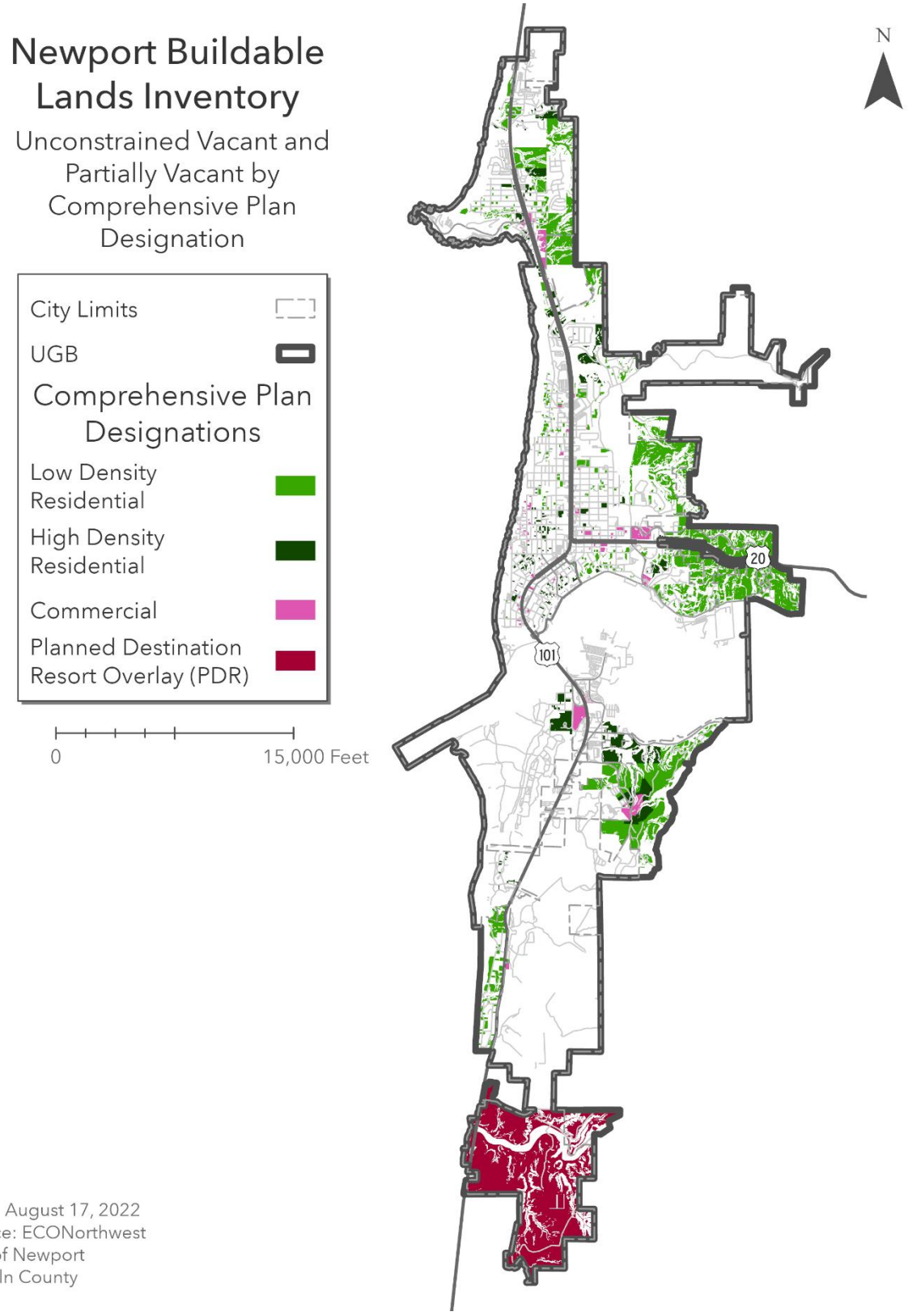


Exhibit 14. Unconstrained Vacant and Partially Vacant Residential Land, Northern Newport, Newport UGB, 2022

Source: Lincoln County, ECONorthwest analysis.

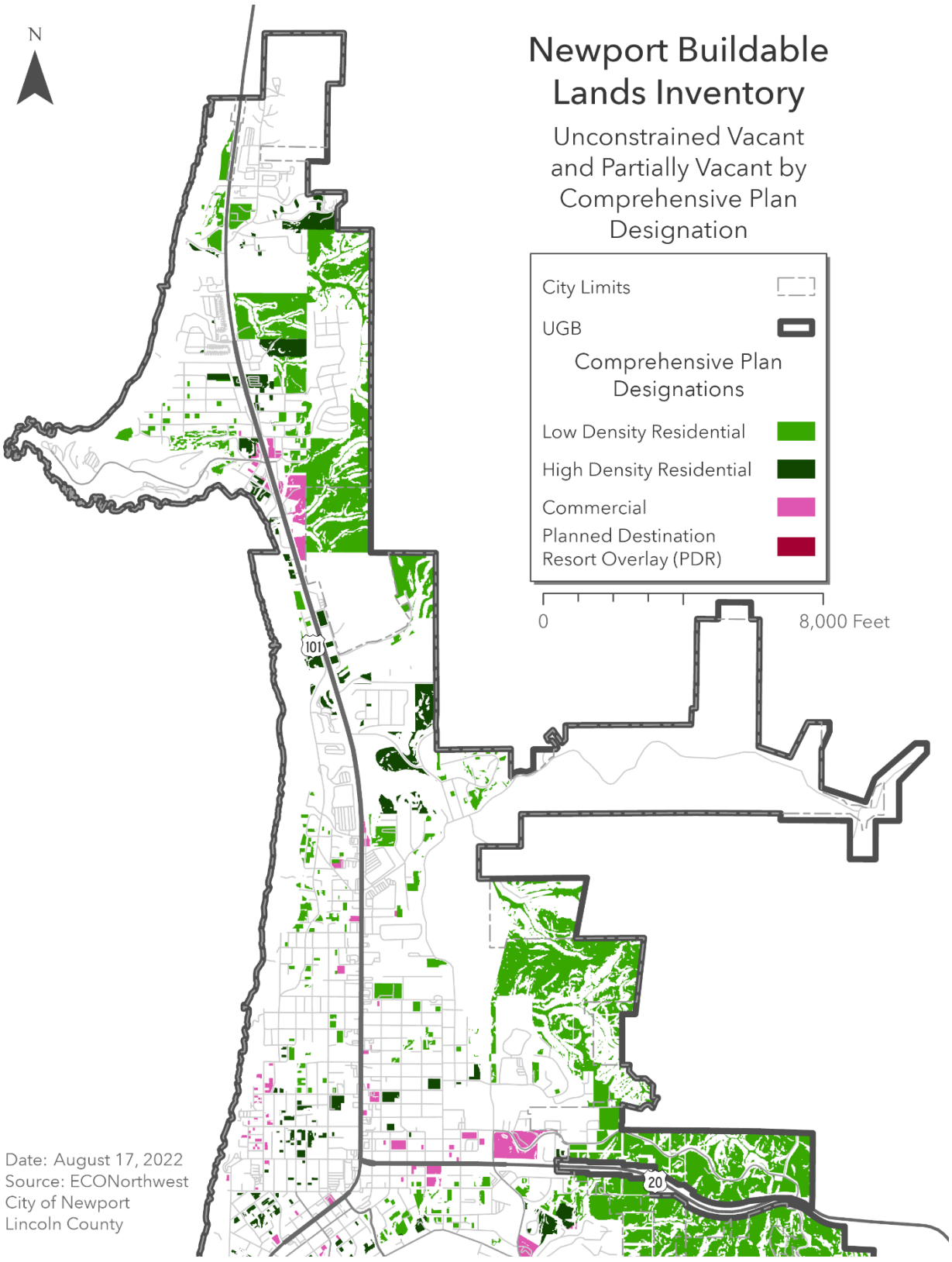


Exhibit 15. Unconstrained Vacant and Partially Vacant Residential Land, Central Newport, Newport UGB, 2022

Source: Lincoln County, ECONorthwest analysis.

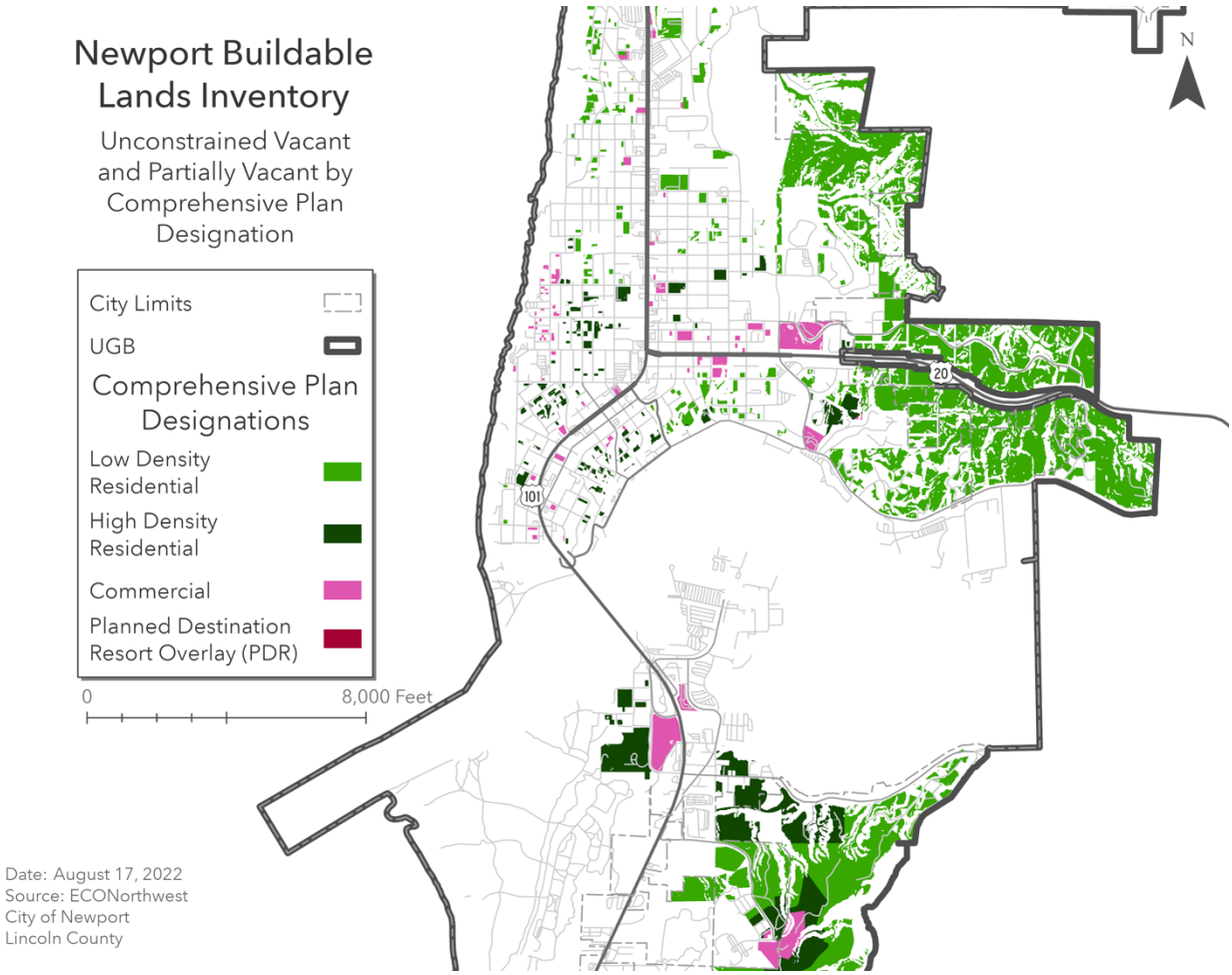
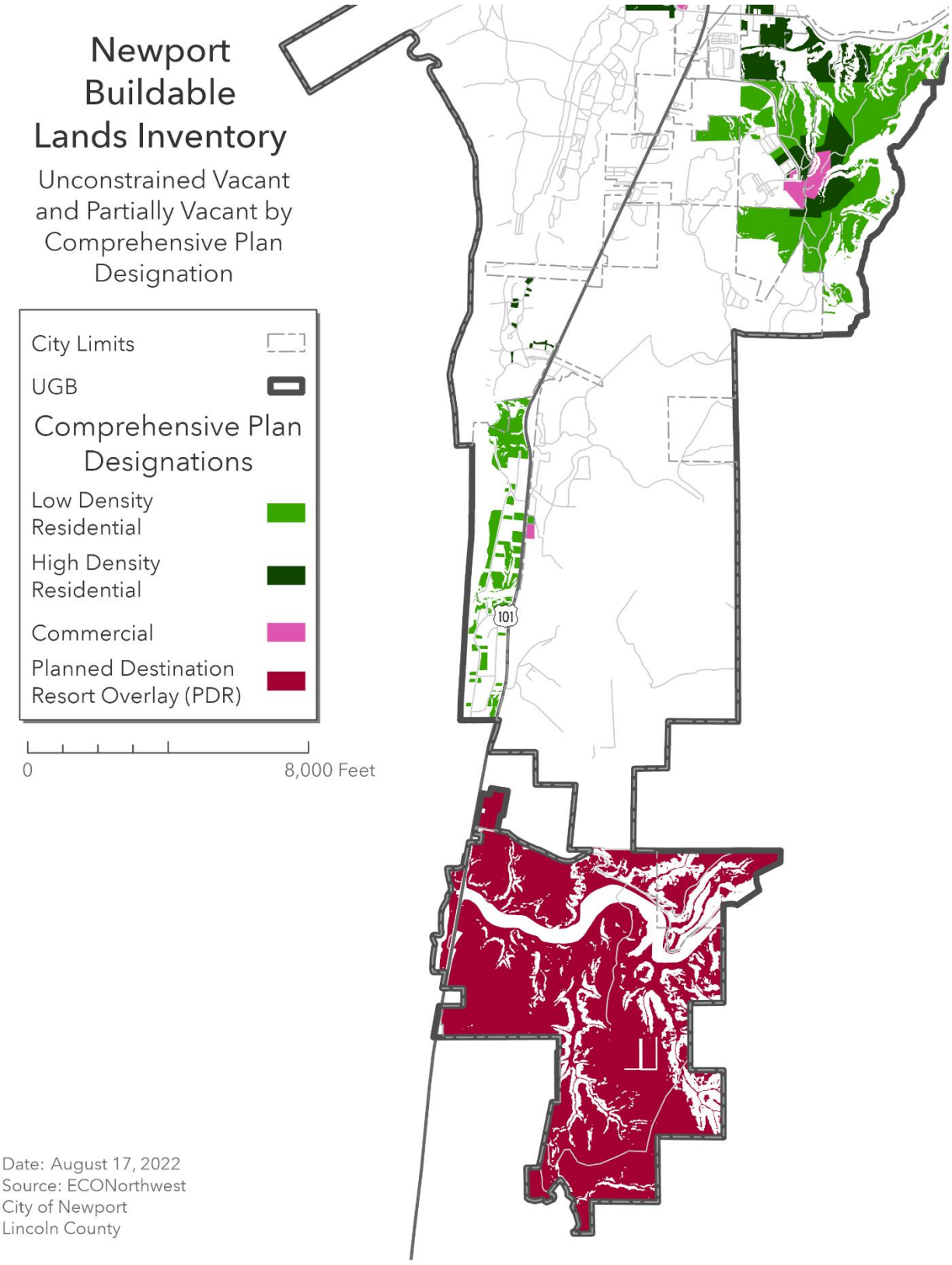


Exhibit 16. Unconstrained Vacant and Partially Vacant Residential Land, Southern Newport, Newport UGB, 2022

Source: Lincoln County, ECONorthwest analysis.



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 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 17 shows the acreage and potential unit capacity by plan designation.

Exhibit 17. 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.

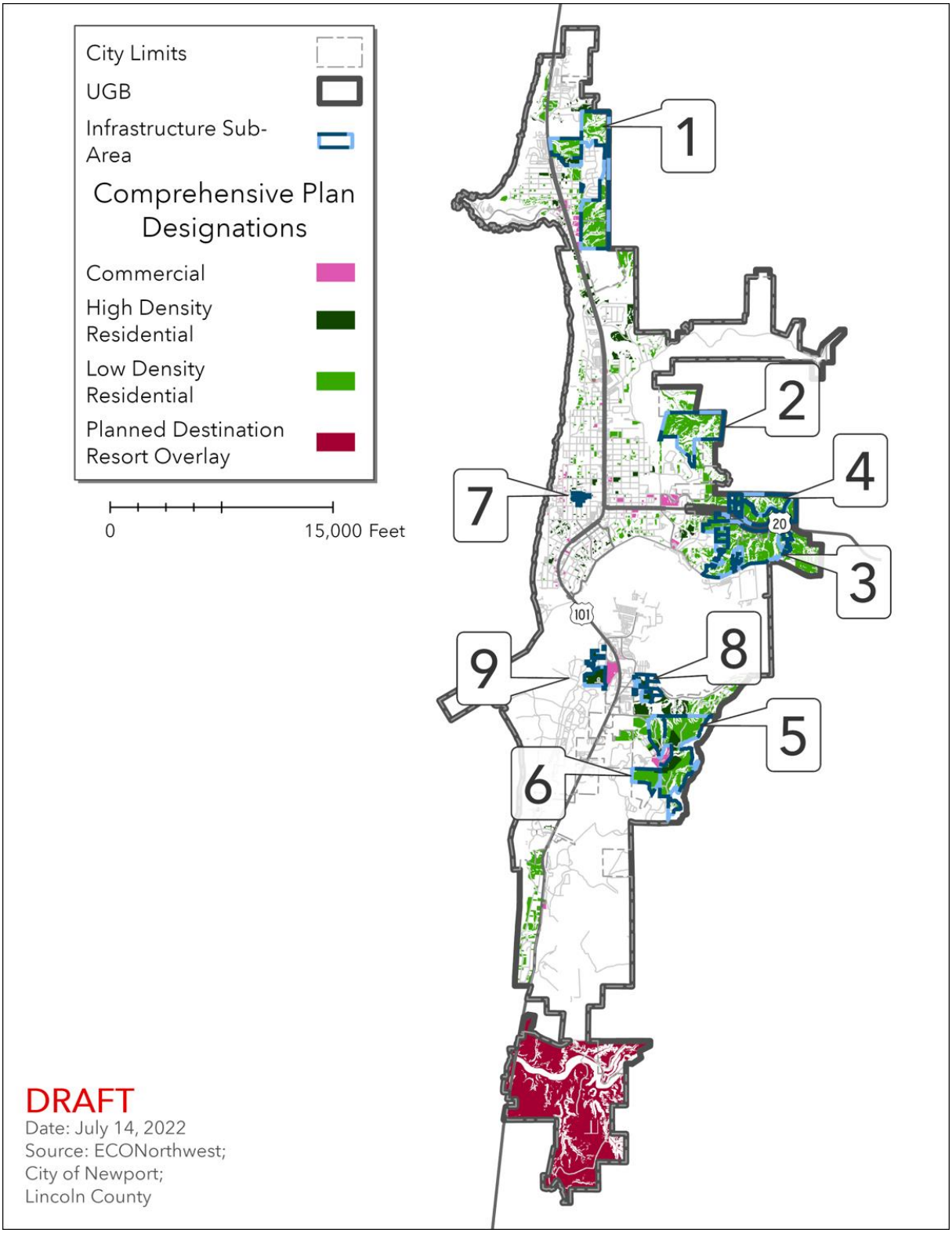
Approach

The City identified nine subareas within the Newport urban growth boundary for analysis. These subareas are identified in Exhibit 18 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 18. 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 townhouses, cottage clusters, and quadplexes
- **Hillside Low Density Residential** (Hillside LDR): mostly large single-detached houses and medium single-detached houses with small amounts of small single-detached houses, townhouses, and cottage clusters

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 19.

- **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 19) 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 19**Error! Reference source not found.**) 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 19. 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:[6]

- **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 townhouses.
- **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.

[6] 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 US Census. This report primarily uses data from three Census sources:[7]

- The **Decennial Census**, which is completed every ten years and is a survey of *all* households in the United States. 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 United States. 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.[8] Where information is available and relevant, we report information from the 2000 and 2010

[7] 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.

[8] Five-year 2020 ACS data was not available when this report was compiled.

Decennial Census.[9] 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.

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., townhouses).
- **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.

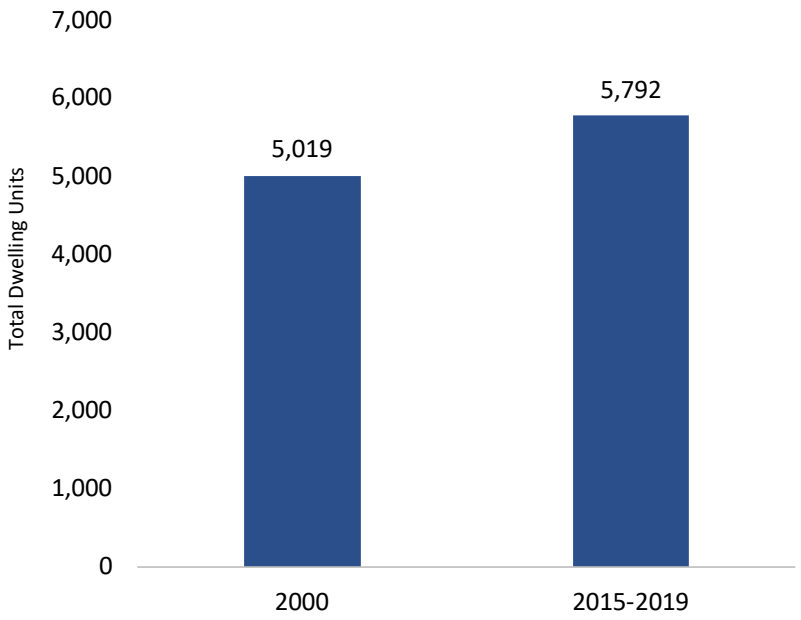
[9] The 2020 Census was completed at the end of 2020. However, extenuating circumstances brought on by the COVID-19 pandemic have led to some challenges with the data. The 2020 Decennial Census data is more limited than usual because of the COVID-19 pandemic. Where appropriate, this report uses 2015-2019 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 period.

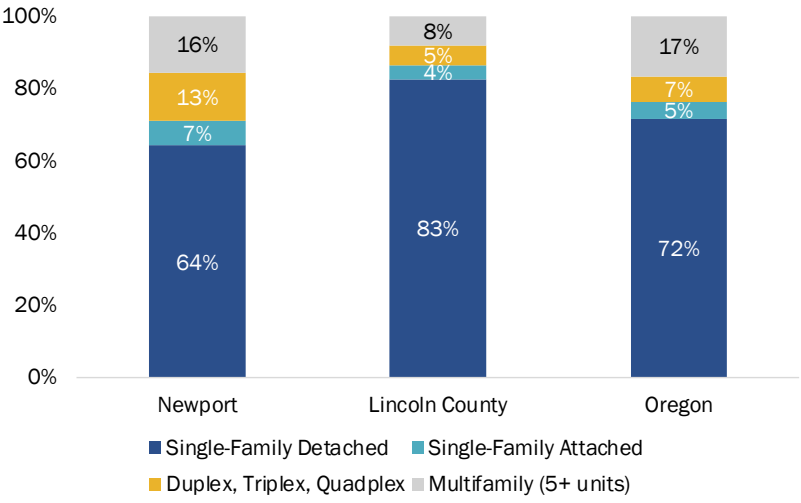
Exhibit 20. Total Dwelling Units, Newport, 2000 and 2015-2019
Source: US Census Bureau, 2000 Decennial Census, SF3 Table H030, and 2015-2019 ACS Table B25024.



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

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

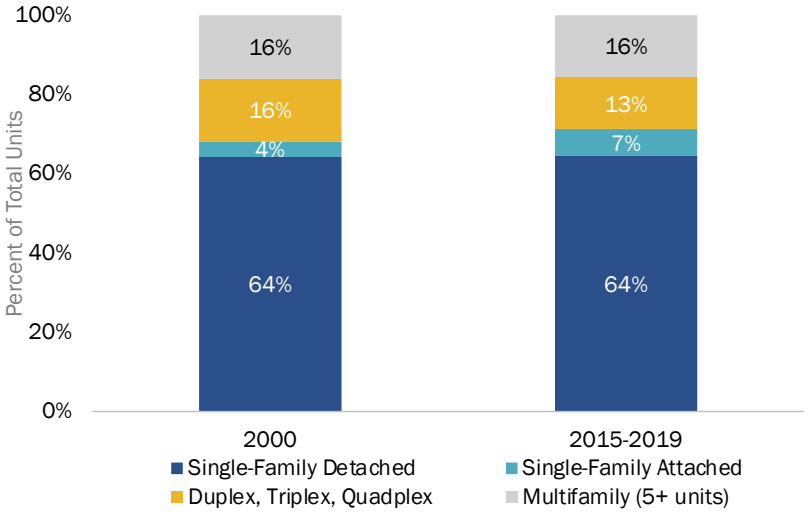
Exhibit 21. Housing Mix, Newport, Lincoln County, and Oregon, 2015-2019
Source: US Census Bureau, 2015-2019 ACS Table B25024.



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

Exhibit 22. Change in Housing Mix, Newport, 2000 and 2015-2019

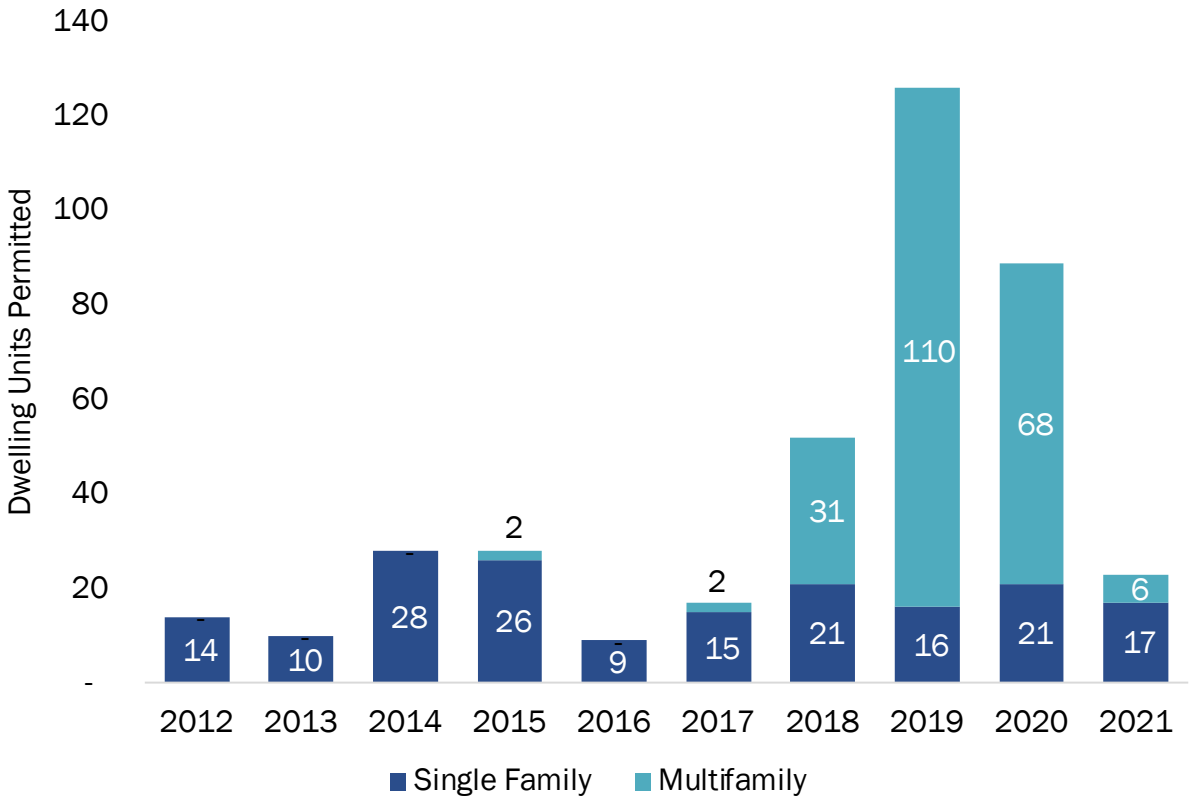
Source: US Census Bureau, 2000 Decennial Census, SF3 Table H030, and 2015-2019 ACS Table B25024.



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 and 55% were for multifamily units.[10] 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.[11]

Exhibit 23. Building Permits Issued for New Residential Construction by Type of Unit, Newport, 2012 through 2021
Source: City of Newport, Permit Database.



[10] 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.

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

Trends in Tenure

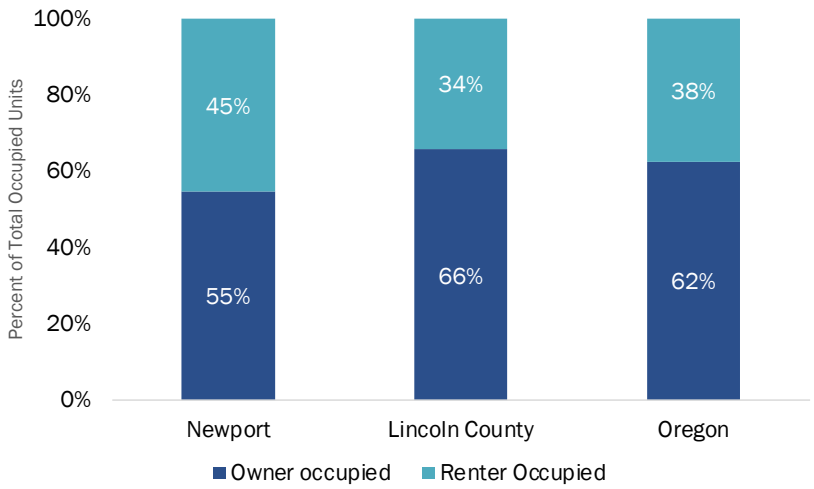
Housing tenure describes whether a dwelling is owner or renter occupied. This section shows:

- **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.

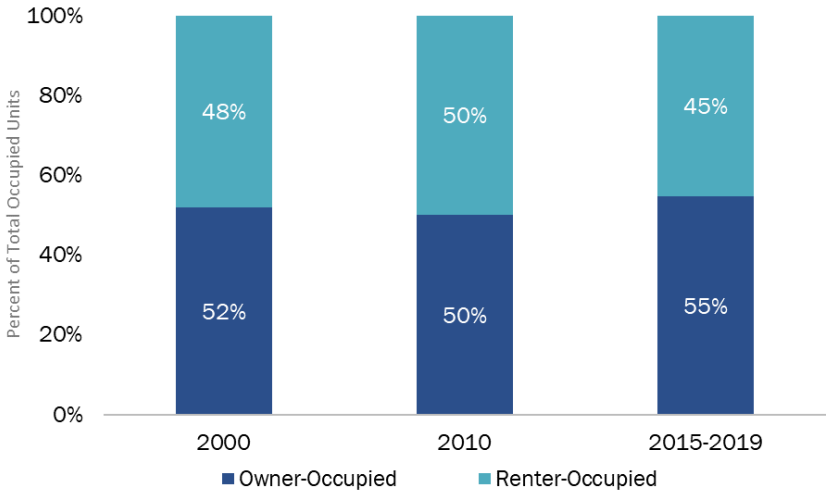
Exhibit 24. Tenure, Occupied Units, Newport, Lincoln County, and Oregon, 2015-2019
Source: US Census Bureau, 2015-2019 ACS 5-Year Estimates, Table B25003.



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

Exhibit 25. 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.



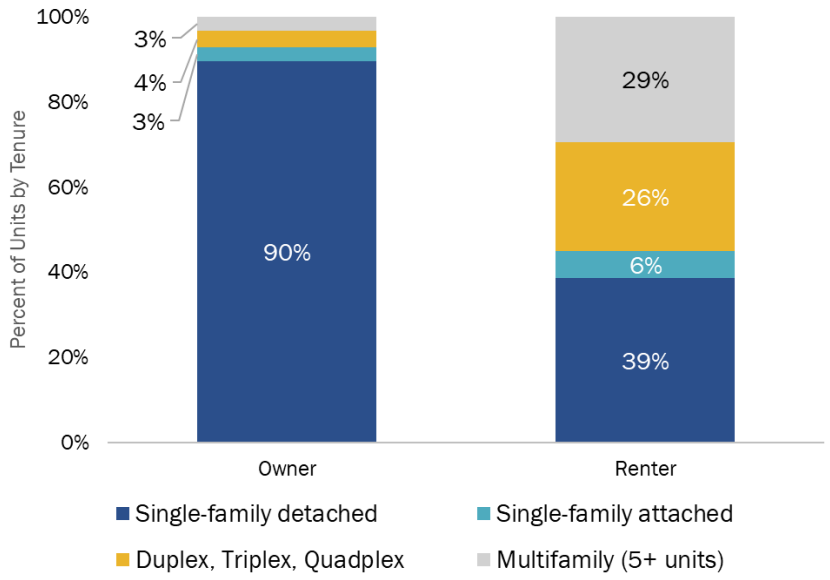
Nearly all of Newport's homeowners (90%) lived in single-family detached housing.

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

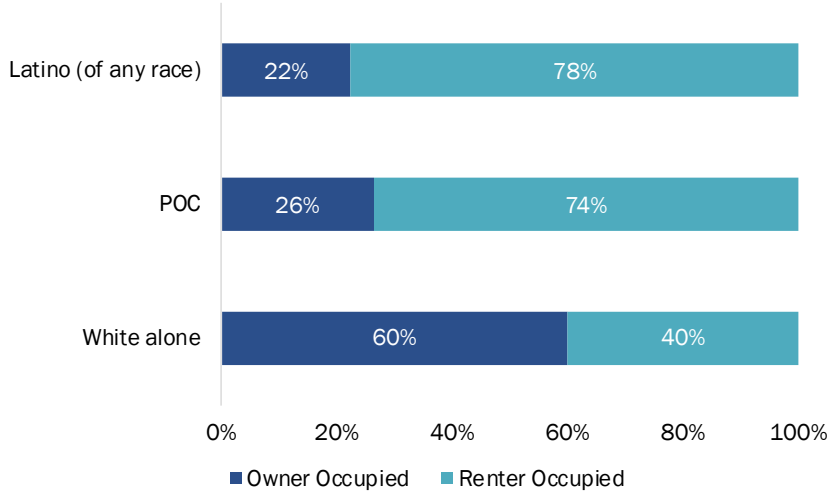
Source: US Census Bureau, 2015-2019 ACS Table B25032.



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

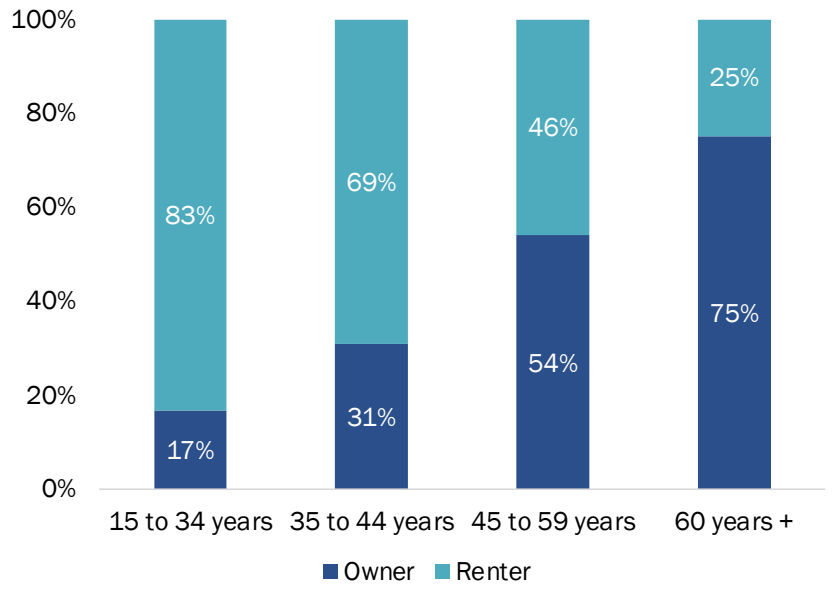
While 60% of white alone households owned their homes, in comparison, fewer than a quarter of POC and about one-fifth of Latinos were homeowners.

Exhibit 27. 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 28. 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. Most 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.

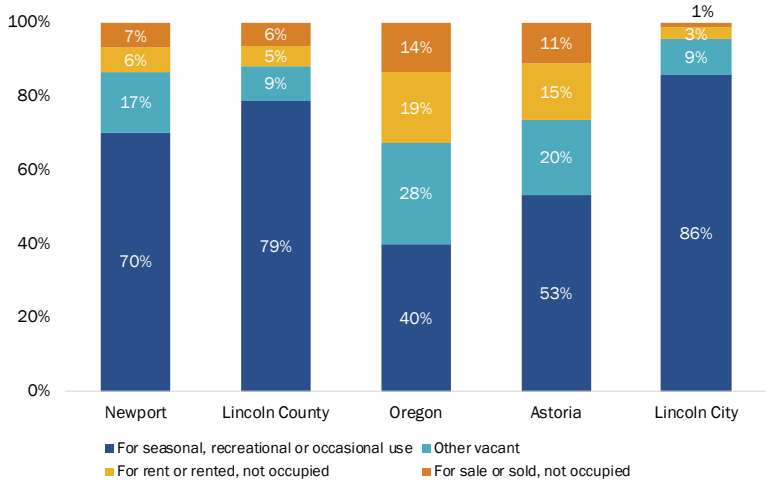
About 2.6% of Newport's existing units (153 units) were vacant for rent or for sale in 2015-2019. About 14% of Newport's existing units (811 units) were vacant for seasonal, recreational, or occasional use.

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."[12]

Exhibit 29. Vacancy by Reason, as a percent of total vacant units, Newport 2015-2019

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



[12] 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, an owner does not want to rent or sell, a 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 30. Vacancy for Seasonal, Recreational, or Occasional Use, Newport, 2000 and 2015-2019

Source: U.S. Census Bureau, 2000 Decennial Census SF1 Table H005[13], 2015-2019 ACS Table B25004.

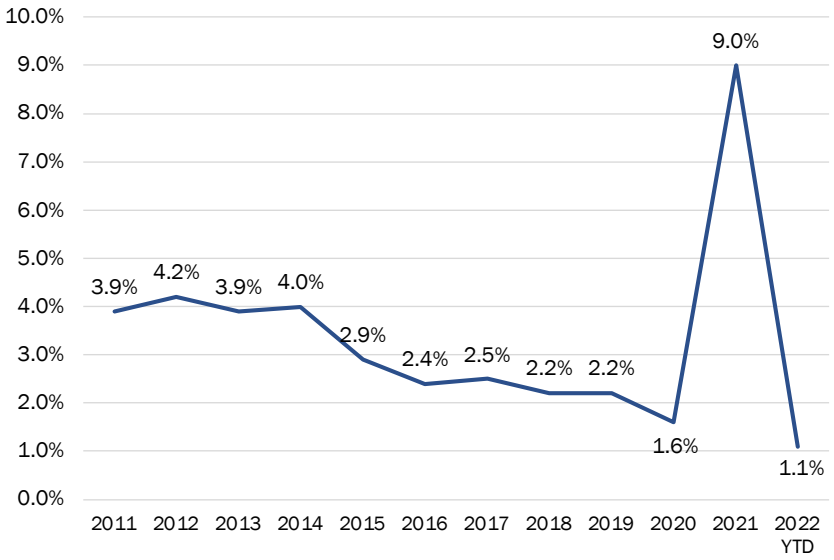
2000	437 Units	8.7% Share of Total Dwelling Units
2015-2019	811 Units	14.0% Share of Total Dwelling Units

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 31. Average Multifamily Vacancy Rate, Newport, 2011–2022 YTD

Source: CoStar. March 2022.



[13] 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 32. 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 33. 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 34 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 34. 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.[14]

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.

[14] 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 Choice[15]

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 Trends[16]

This 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

[15] 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.

[16] 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 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 at 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 six 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,[17] 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.**[18] 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 more than $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 million 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

[17] 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/.

[18] 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 regarding 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.**[19] 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."[20] 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

[19] 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.

[20] 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.[21] 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."[22] 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."[23]

- *Millennials.* Over the last several decades, young adults have increasingly lived in multigenerational housing—more so than older demographics.[24] 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 millennial homeowners has seen an uptick over the past few years. While the overall US 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.[25] However, racial disparities also exist in

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

[22] *Ibid.*

[23] American Planning Association. Making Space for Tiny Houses, Quick Notes.

[24] 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).

[25] 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%.[26]

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%.[27] "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).[28]

- *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 adulthood with a strong economy and record-low unemployment, despite the uncertainties of the long-term impacts of COVID-19 Pandemic.[29]

  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.[30] 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 proximity). However, this cohort is smaller than millennials (67 million vs. 72 million), which may lead to slowing real estate demand in city centers.

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[26] "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.

[27] 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

[28] PNC. (n.d.). Ready or Not, Here Comes the Great Wealth Transfer.

[29] 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/

[30] "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.

- *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 staunched 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 and 2016.[31] 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 households.[32] 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, Black renters account for 29% of cost burdened households 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

[31] 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.

[32] "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/.

haves and have-nots 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:[33]

  - *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 sq. ft. in 2020. Moreover, the percentage of new units smaller than 1,400 sq. ft. nationally decreased by 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 a 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.[34] 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

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

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

occupancies (SROs),[35] 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.[36]

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, townhomes, 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

[35] 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

[36] 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:[37]

- 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 disproportionately 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 residents (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.

[37] 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, and 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 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 incomes 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, the minimum wage in Oregon[38] 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 refers to 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 (also including Yamhill, Polk, Marion, Benton, Linn, and

[38] 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

Lane Counties) is estimated to have underproduction of about 21,854 units.[39] 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.[40] 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.[41] 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 update the 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 straining 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 Orgon Emergency Rental Assistance Program. Additional staffing and funding ($100 million) were secured 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.*

[39] 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.

[40] 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

[41] 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 doubling the number of homeowners of colors in its homeownership programs. OHCS launched new programs to support homeownership, including lending programs. 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

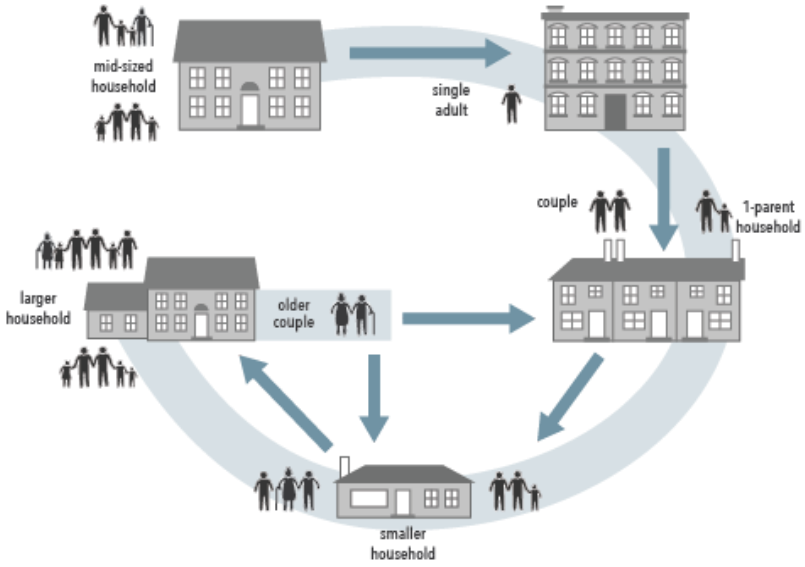
Demographic trends that might affect the key assumptions used in the baseline analysis of housing need are (1) the aging population, (2) changes in household size and composition, and (3) increases in diversity.

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 35. 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 36 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 36. Population, Newport (city limits), Lincoln County, Oregon, 2000, 2010, 2021
Source: US Decennial Census 2000 and 2010, and Portland State University, Population Research Center 2021.

				Change 2000 to 2021		
	2000	2010	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 forecasts in Exhibit 37 are based on Newport's historical growth rate over the 2000 to 2021 period. The forecast projects that Newport will increase at an average annual growth rate of 0.5% between 2022 and 2042. [42]

Newport's population within its UGB is projected to grow by about 1,350 people between 2022 and 2042, at an average annual growth rate of 0.5%.

Exhibit 37. Forecast of Population Growth, Newport UGB, 2022 to 2042
Source: ECONorthwest based on US Decennial Census 2000, and Portland State University, Population Research Center 2021.

12,010 Residents in 2022

13,358 Residents in 2042

1,348 New Residents 2022 to 2042

11% increase
0.5% AAGR

[42] Newport's official population forecast from the Oregon Population Forecast Program through Portland State University (PSU) projects that Newport will increase by 248 people between 2022 and 2042, at an annual average growth rate of 0.1%. Newport considered this growth for the official analysis of land sufficiency within the Newport UGB, as required by Goal 10, OAR 660-008, and OAR 660-032.
Given that Newport's growth rate over the past 20 years has been much greater than current official forecast, it is reasonable to assume that the official forecast may be under projecting the future population. For planning purposes, this report relies on the historical growth rate rather than the official population forecast, which will allow the City to better prepare for an uncertain future. Even when using the historical growth rate to project future population growth, Newport has sufficient land capacity to accommodate growth.

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 their current home and community as long as possible.[43] 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.[44]

- **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.

[43] 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.

[44] "Aging in Place: A toolkit for Local Governments" by M. Scott Ball.

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 appeal to and are 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.[45] Recent growth in homeownership among millennials proves that millennials prefer to become homeowners, with the millennial homeownership rate increasing from 33% in 2009 to 43% in 2019.[46] While researchers do not yet know how Generation Z will behave in adulthood, many expect they will follow patterns of previous generations.[47]

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.[48] 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 grows 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 townhouses 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.

[45] 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

[46] "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.

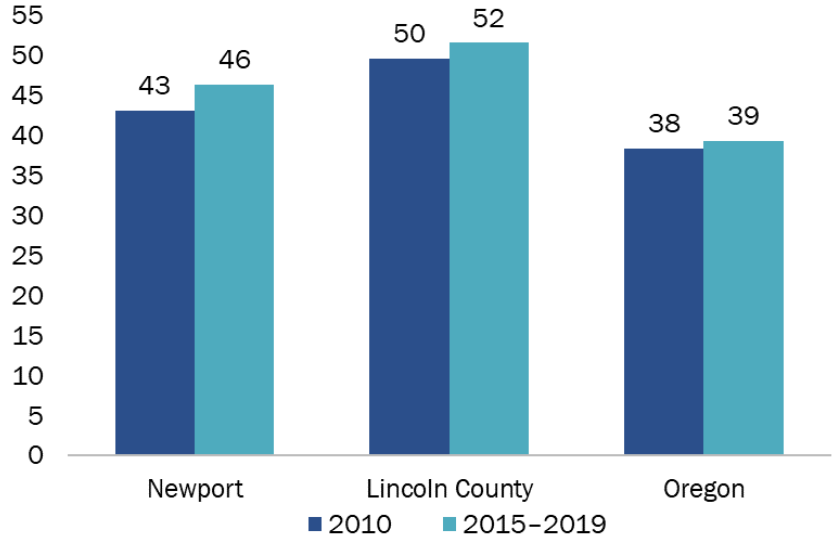
[47] "2021 Home Buyers and Sellers Generational Trends Report." National Association of Realtors, 2021. https://www.nar.realtor/sites/default/files/documents/2021-home-buyers-and-sellers-generational-trends-03-16-2021.pdf.

[48] 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 38. 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.

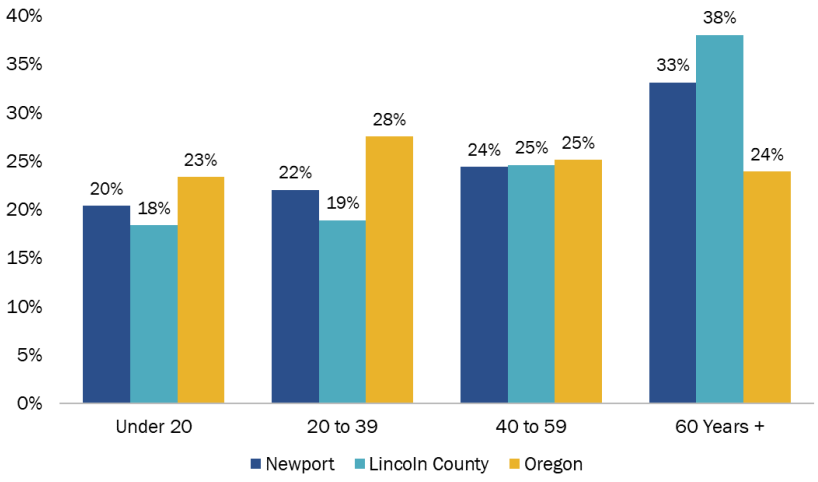


In the 2015-2019 period, about 46% of Newport's residents were between the ages of 20 and 59 years.

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

Exhibit 39. Population Distribution by Age, Newport, Lincoln County, and Oregon, 2015–2019

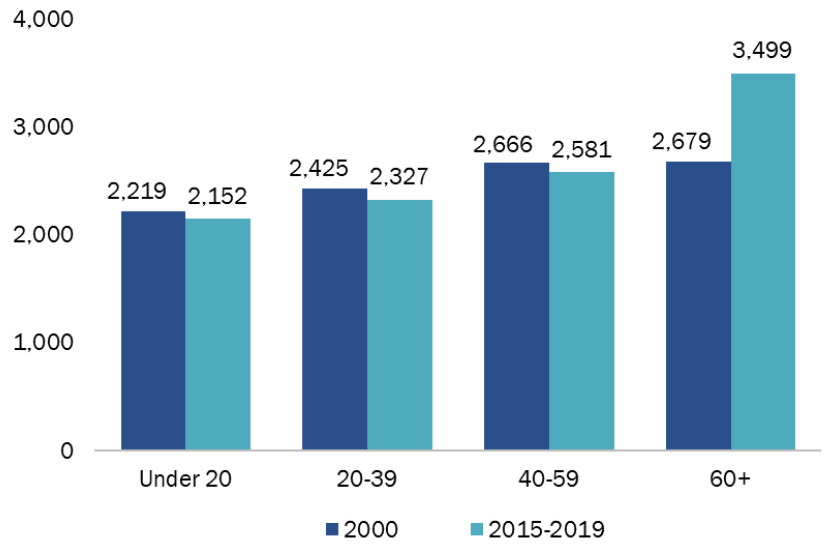
Source: US Census Bureau, 2015–2019 ACS, Table B01001.



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 40. 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%.

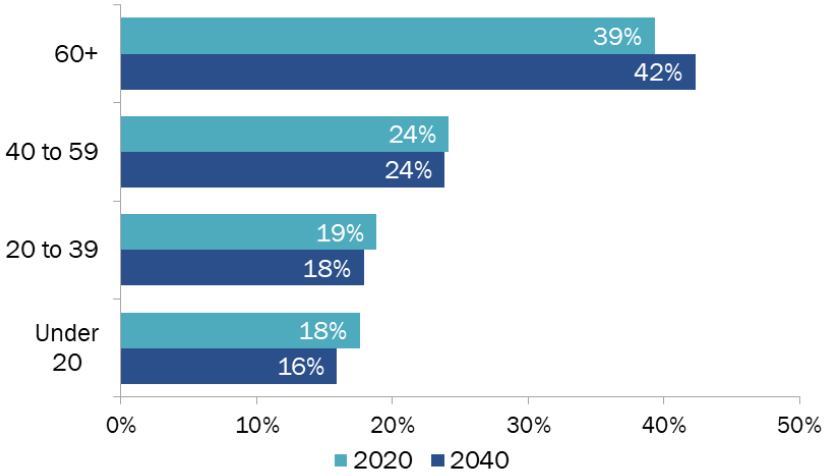
This is consistent with historical change in population by age group since 2000.

Exhibit 41. Forecast for Population Growth by Age Group, Lincoln County, 2020 to 2040
Source: PSU Population Research Center, Lincoln County Forecast, June 2021

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

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 42. 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.[49]

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 as likely to include multigenerational households than the general populace.[50] 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.[51] 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.

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

[50] 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*.

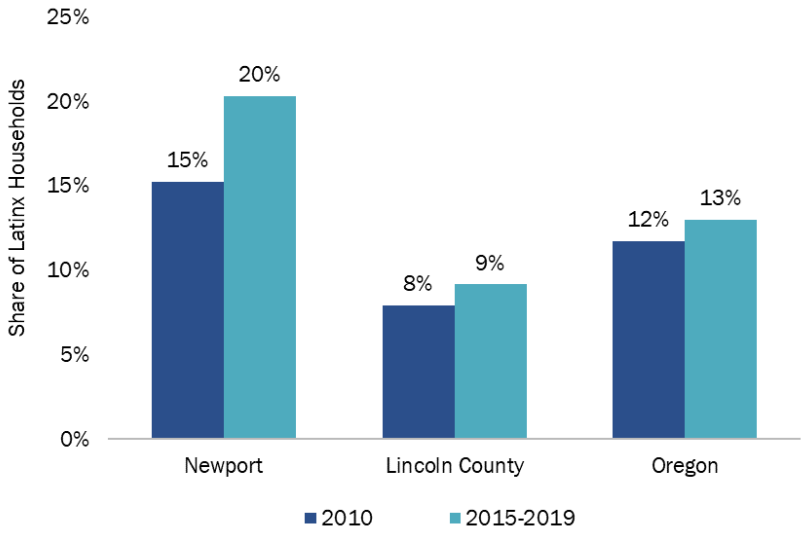
[51] National Association of Hispanic Real Estate Professionals (2021). *2021 State of Hispanic Homeownership Report*.

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 43. 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 characteristics[52] 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 44. 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%

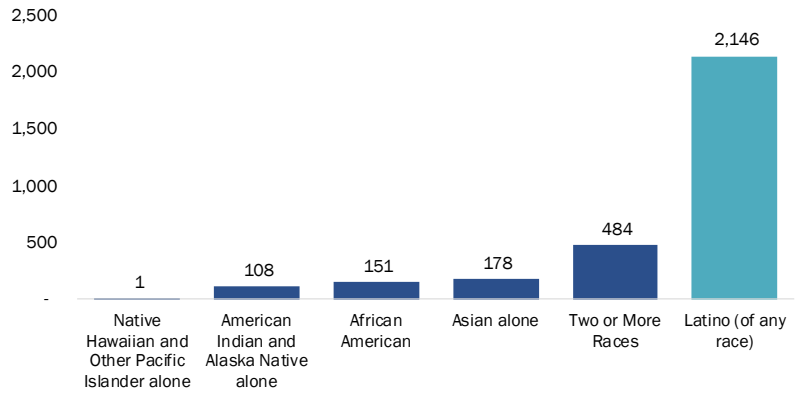
[52] The U.S. Census Bureau considers race and ethnicity as two distinct concepts. Latino is an ethnicity and not a race, meaning individuals who identify as Latino may be of any race.

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 45. 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.

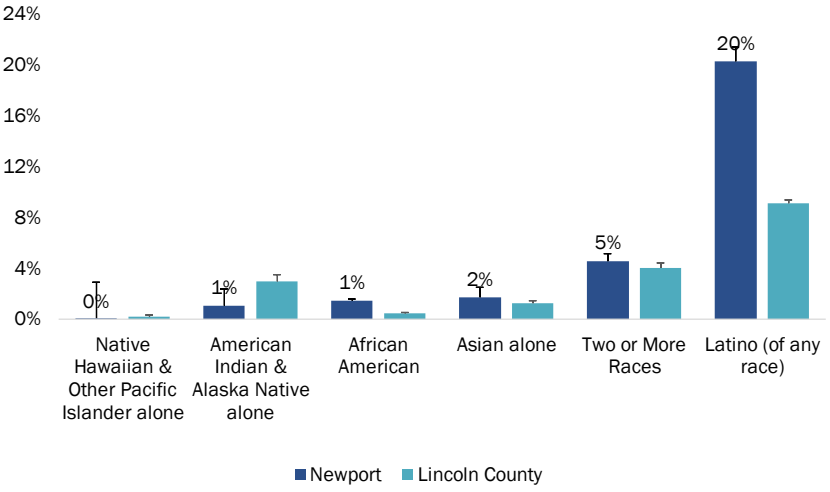


Residents who identified as Latino (of any race) account for 20% of Newport's population. The largest racial group in Newport was Two or More Races, who accounts for 5% of Newport's population.

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

Exhibit 46. Population Distribution by Race and Ethnicity, People of Color, Newport, 2015-2019

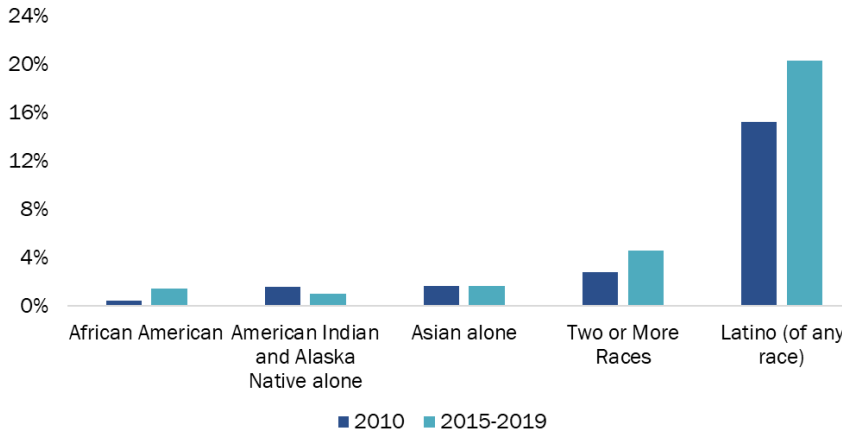
Source: U.S. Census Bureau, 2000 Decennial Census Table B01002, 2015-2019 ACS, Table B01002. Black bars denote the potential upper and lower bound of the estimate using the margin of error reported by the Census.



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

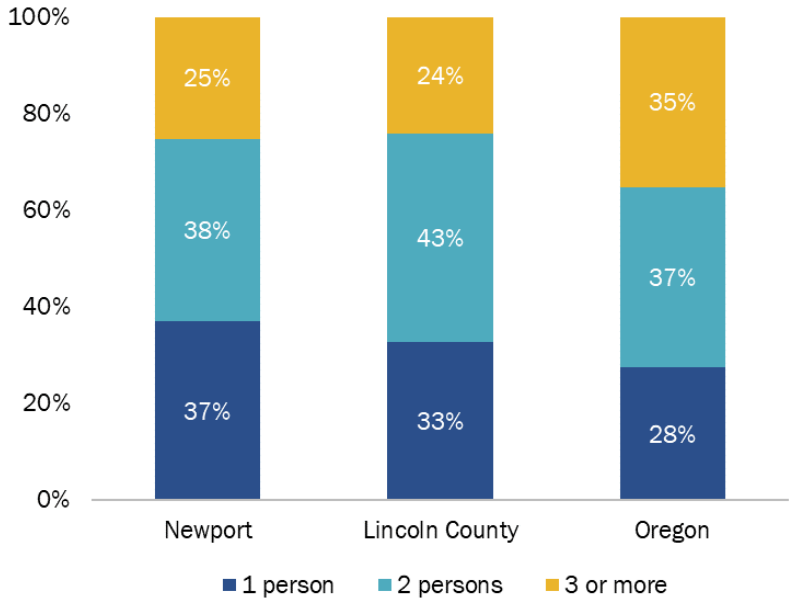
Source: US Census Bureau, 2015-2019 ACS 5-Year Estimate, Table B25010.

2.21 Persons	2.25 Persons	2.51 Persons
Newport	Lincoln County	Oregon

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

Exhibit 49. Household Size, Newport, Lincoln County, Oregon, 2015-2019

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

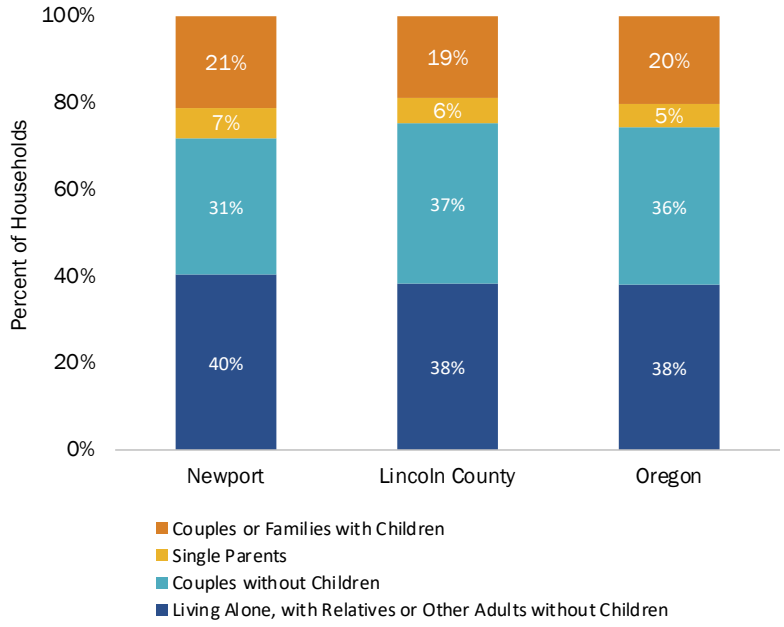


Newport had a slightly larger share of households with children than Lincoln County and Oregon.

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

Exhibit 50. Household Composition, Newport, Lincoln County, Oregon, 2015-2019

Source: US Census Bureau, 2015-2019 ACS 5-Year Estimate, Table DP02.



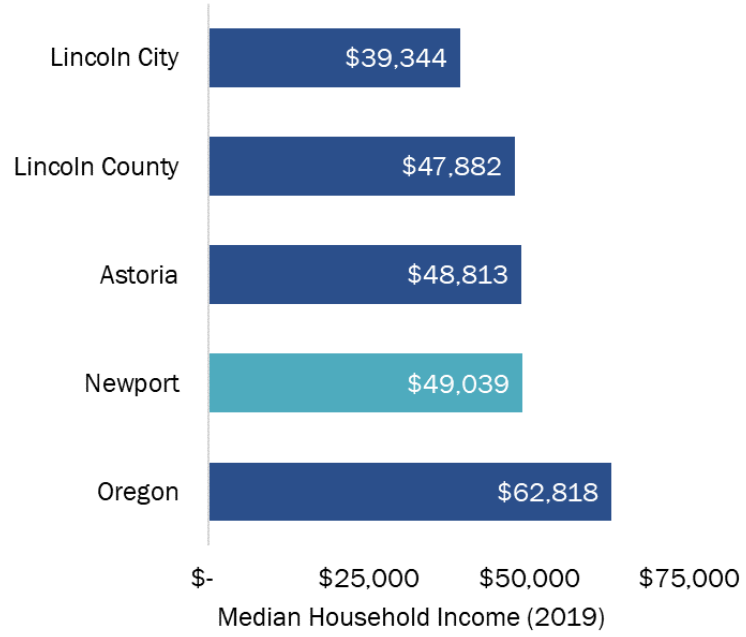
Income of Newport Residents

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 51. Median Household Income, Newport, Lincoln County, Oregon, Comparison Cities, 2015-2019
Source: US Census Bureau, 2015-2019 ACS 5-Year Estimate, Table B25119.

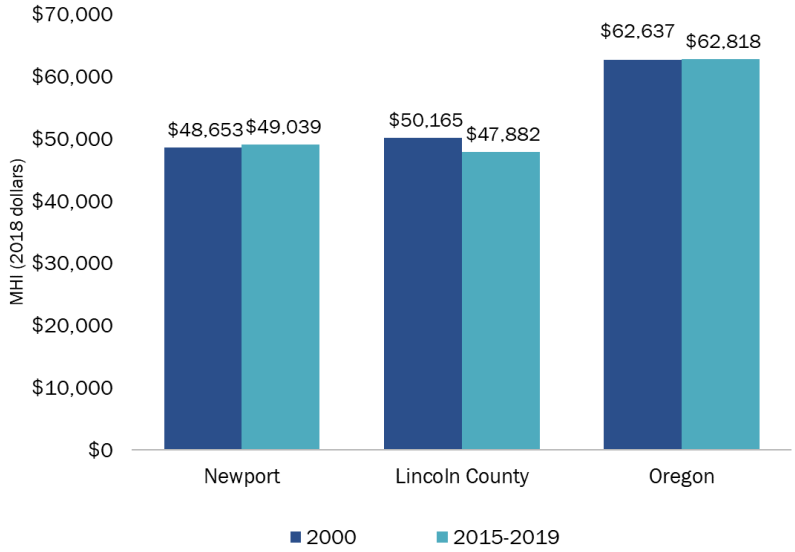


After adjusting for inflation, Newport's median household income increased by 1% from 2000 to 2015-2019.

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

Exhibit 52. 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.

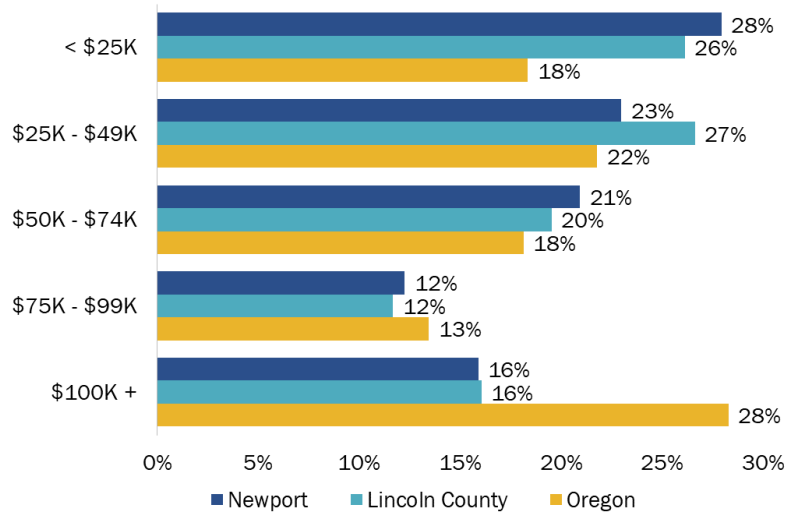


About half of all households in Newport (51%) earned less than $50,000, compared to 53% of Lincoln County households and 40% of Oregon households.

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

Exhibit 53. Household Income, Newport, Lincoln County, Oregon, 2015-2019

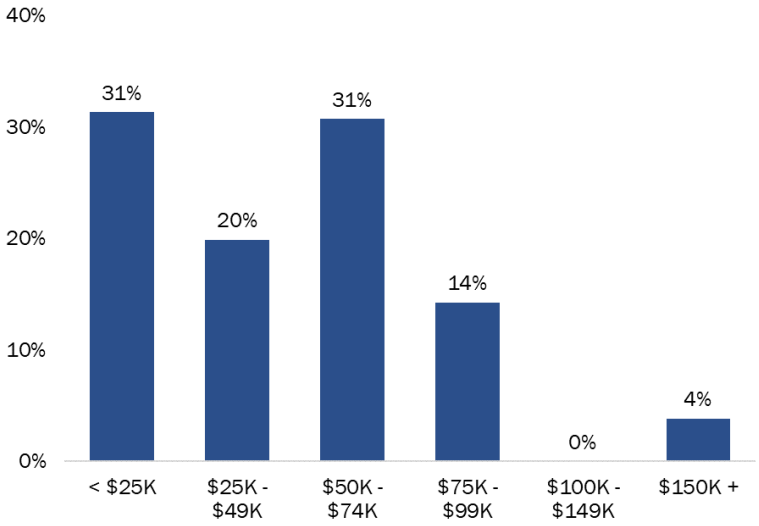
Source: US Census Bureau, 2015-2019 ACS 5-Year Estimate, Table B19001.



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

Exhibit 54. Household Income by Latino Head of Household, Newport, 2015-2019

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

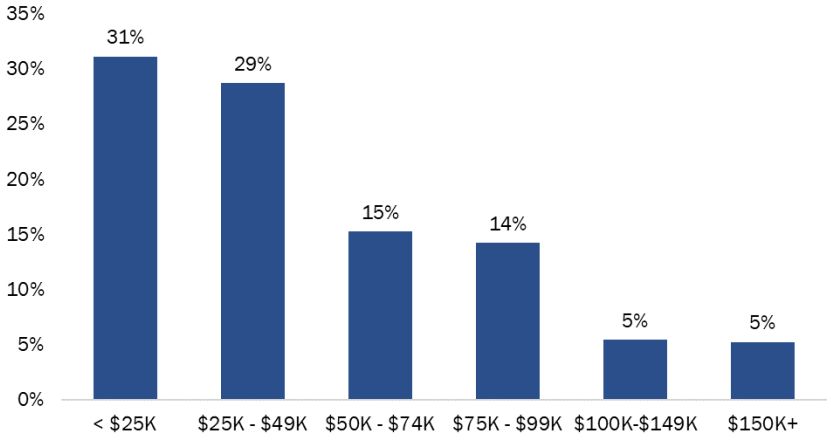


Senior households were more likely to have incomes at or below the city average.

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

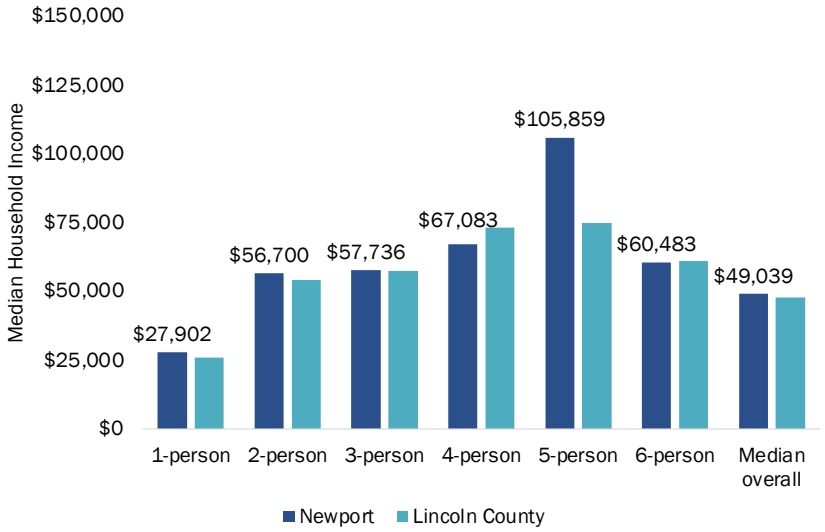
Source: US Census Bureau, 2015-2019 ACS 5-Year Estimate, Table B19037. Note: Median Family Income for Lincoln County was $57,400 (US Department of Housing and Urban Development).



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

Exhibit 56. Median Household Income by Household Size, Newport, 2015-2019

Source: U.S. Census Bureau, 2015-2019 ACS 5-year estimate, Table B19019
Note: Exhibit 56 displays median household income for households in Newport, with Lincoln County information providing additional context.



Commuting Trends

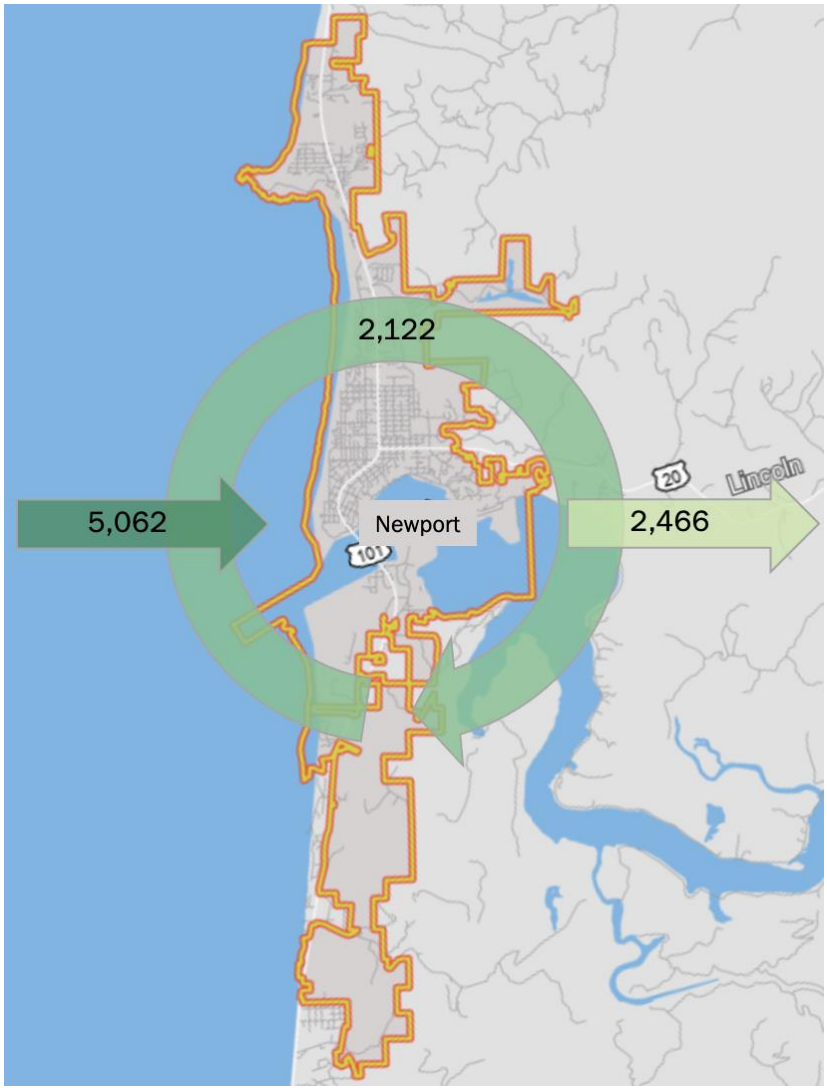
Newport is part of the interconnected economy of the mid-coastal area in Oregon. Of the more than 7,184 people who work in Newport, 70% of workers commute into Newport from other areas, most notably from Toledo, Lincoln City, Waldport, Corvallis, and Portland. Almost 2,500 residents of Newport commute 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 57. 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 58. Places where Workers at Businesses in Newport Lived, 2019

Source: US Census Bureau, Census on the Map.

30%	8%	4%	2%	2%	2%
Newport	Toledo	Lincoln City	Waldport	Corvallis	Portland

About 46% of Newport residents worked in Newport.

Exhibit 59. Places where Newport Residents Were Employed, 2019

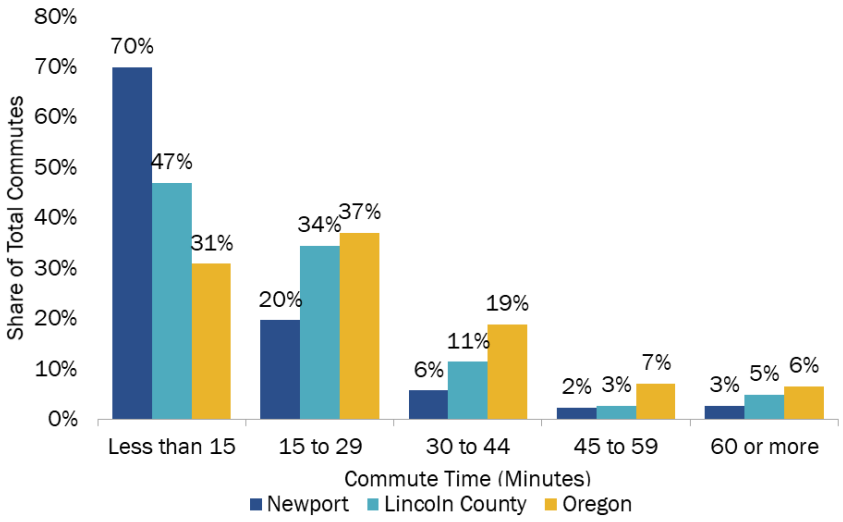
Source: US Census Bureau, Census On the Map.

46%	7%	4%	4%	4%
Newport	Portland	Salem	Corvallis	Toledo

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

Exhibit 60. 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 an 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.[53] 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.

[53] 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.[54] This report uses the estimated count.

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

Exhibit 61. 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.

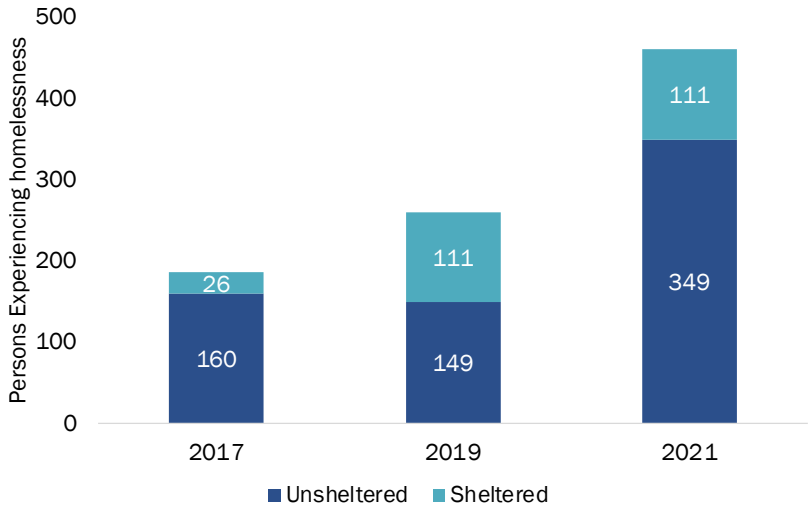
186 Persons	260 Persons	460 Persons
2017	2019	2021

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 62. 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.



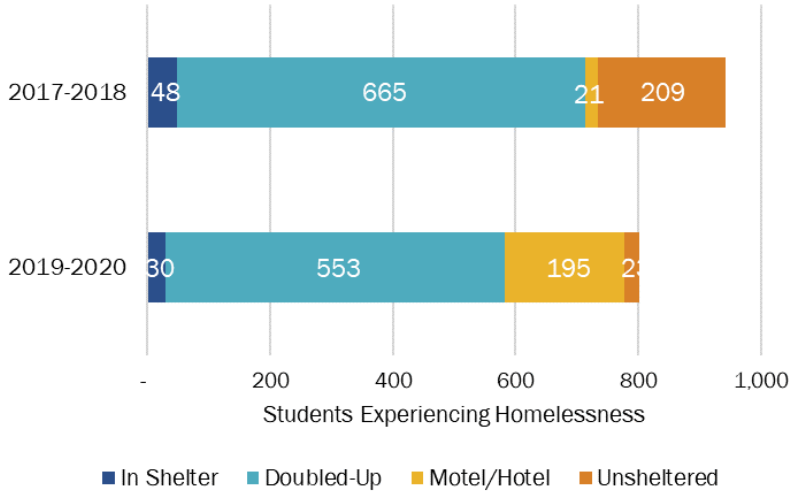
[54] The *reported* count for sheltered homelessness is what was collected/reported while the *estimated* count is the largest sheltered count reported during 2019-2021 in Josephine County. For unsheltered, the 2021 PIT count is not available for all counties, so the report modeled it by adding the predicted 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 63. 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 64. 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

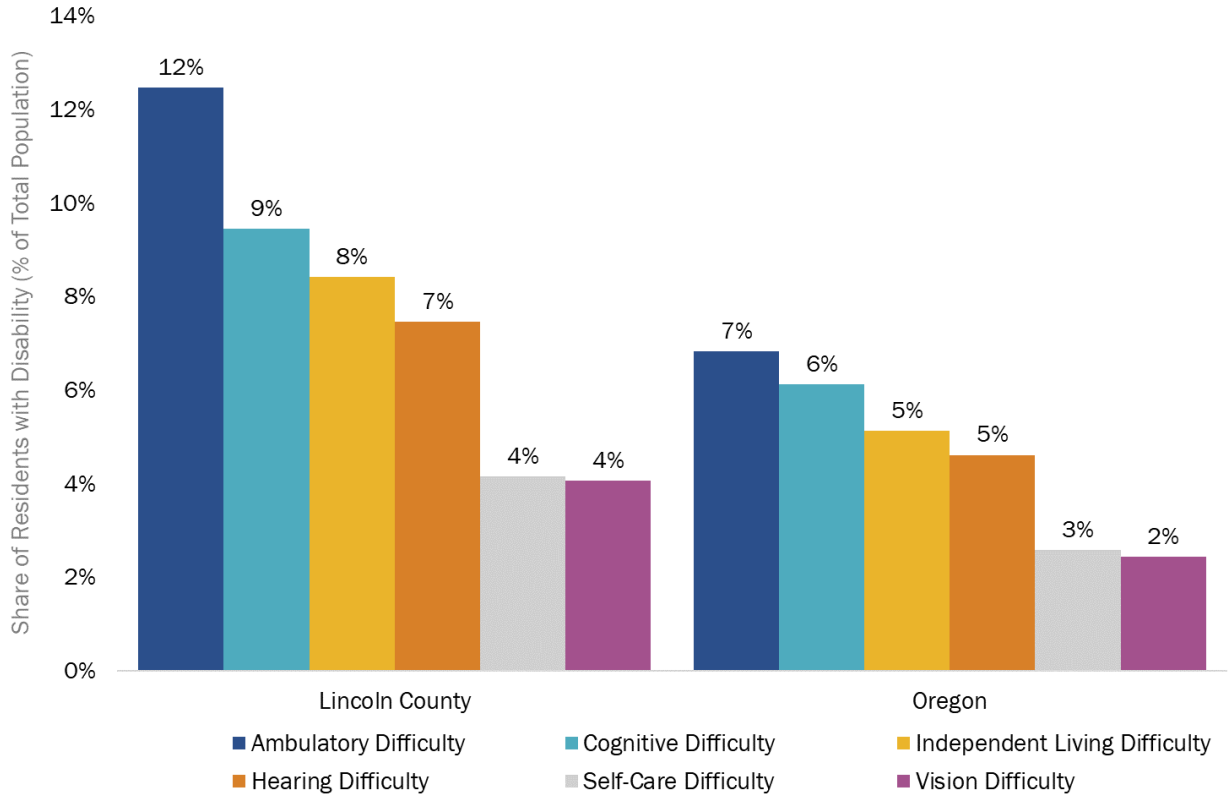
Annual Average

People with Disabilities

Exhibit 65 presents data on the share of residents living with disabilities in Lincoln County and Oregon.[55] 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 65 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 65. 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.



[55] 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).[56] 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.

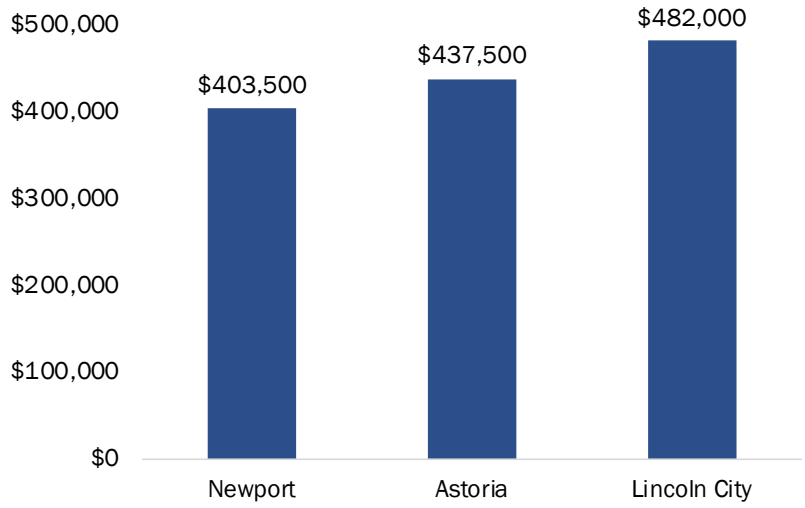
Regional and Local Trends Affecting Affordability in Newport

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



[56] 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 67. 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.

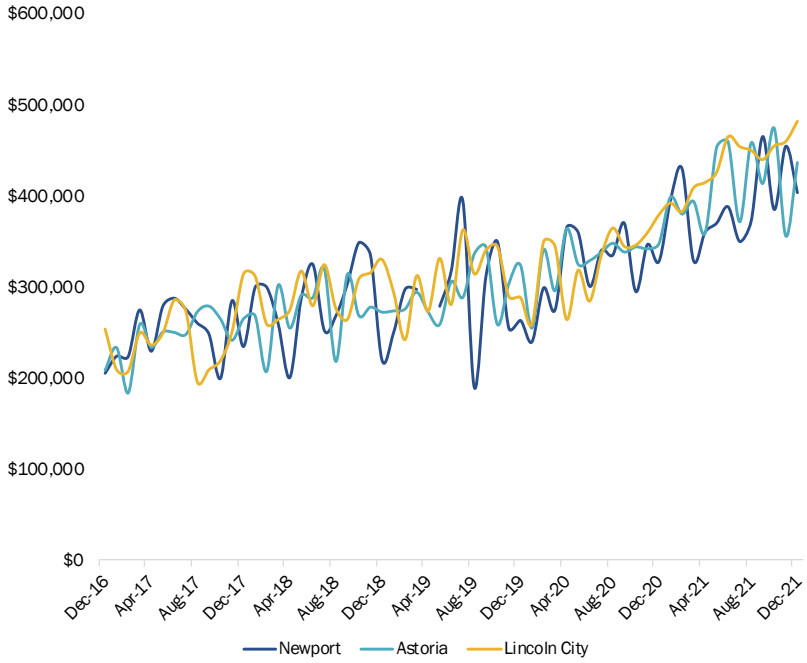
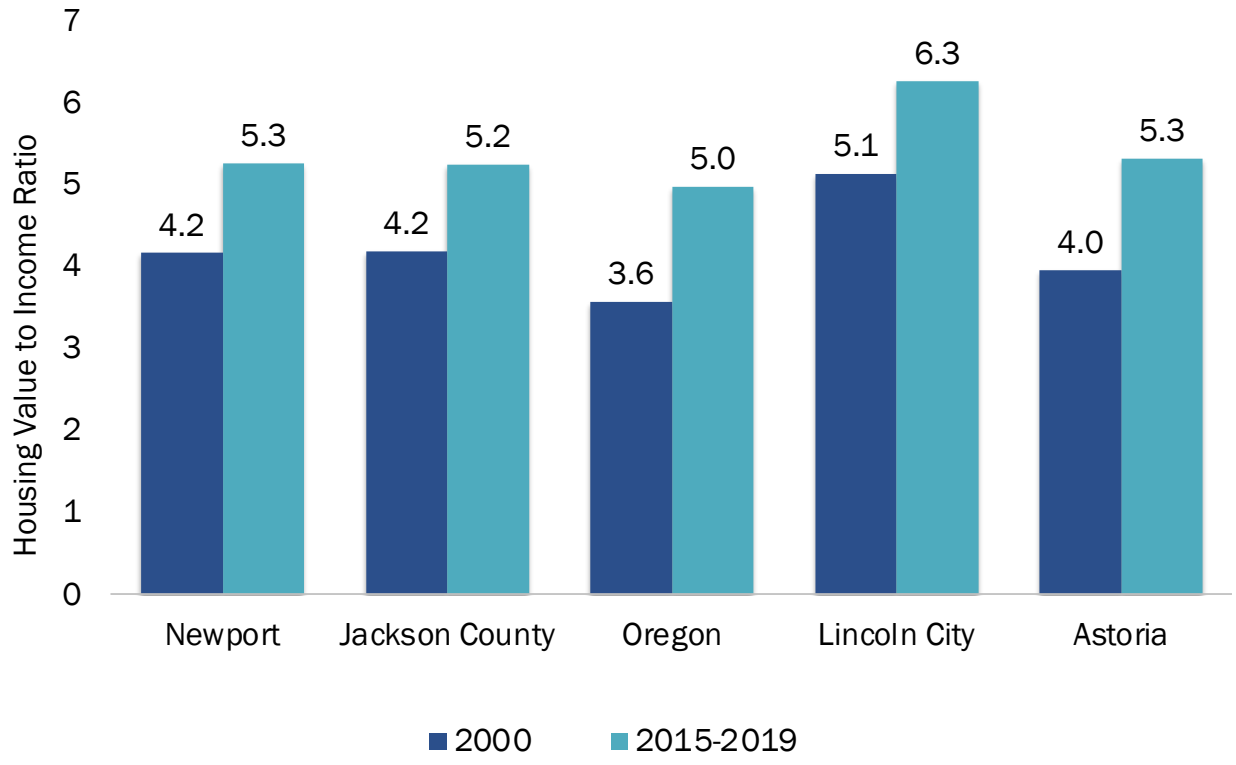


Exhibit 68 shows that, since 2000, housing costs in Newport increased faster than incomes. The household-reported median value of a house in Newport was 4.2 times the median household income in 2000 and 5.3 times the median household income in the 2015-2019 period.

Exhibit 68. Ratio of Median Housing Value to Median Household Income, Newport, Lincoln County, Oregon, and Comparison Cities, 2000 to 2015-2019[57]
Source: US Census Bureau, 2000 Decennial Census (Table HCT012, H085); 2015-2019 ACS (Table B19013, B25077).



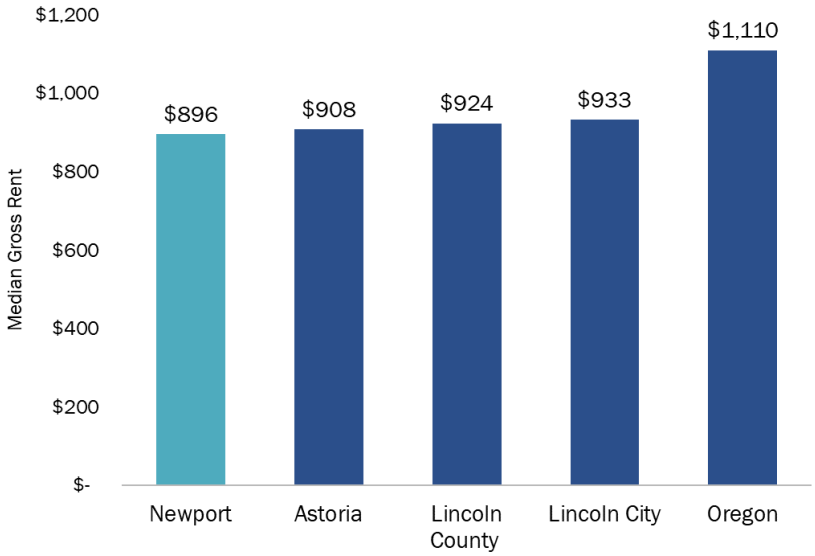
[57] This ratio compares the median value of housing in Newport (and other places) to the median household income. Inflation-adjusted median owner values in Newport increased from $202,715 in 2000 to $258,000 in 2015-2019. Over the same period, inflation-adjusted median income increased from $48,653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

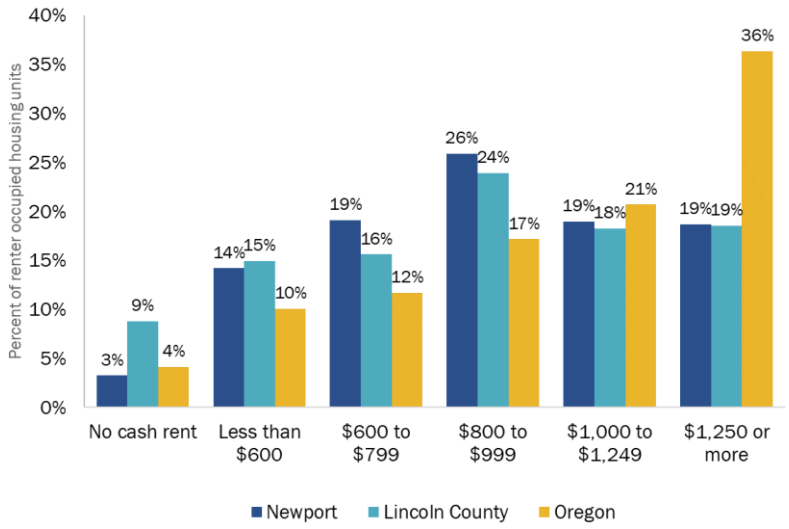
Exhibit 69. Median Gross Rent, Newport, Lincoln County, Oregon, and Comparison Cities, 2015-2019
Source: US Census Bureau, 2015-2019 ACS 5-Year Estimate, Table B25064.



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 70. Gross Rent, Newport, Lincoln County, and Oregon, 2015-2019
Source: US Census Bureau, 2015-2019 ACS Table B25063.

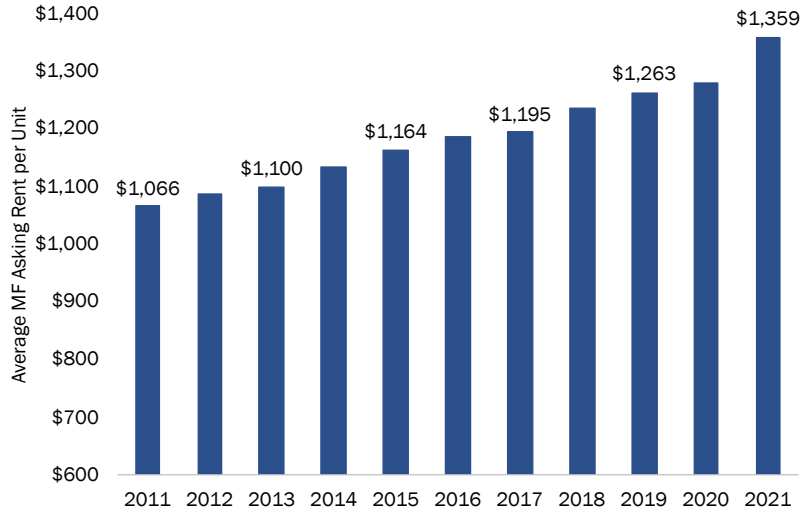


The average asking price per multifamily unit in Newport has increased steadily over the past decade.

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

Source: CoStar.

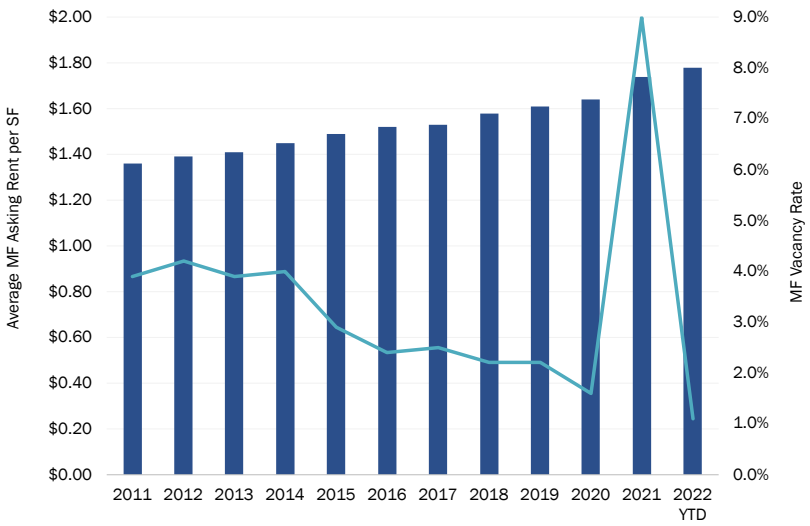


In 2021, Newport's average multifamily asking rent was $1.78 per square foot at the beginning of 2022, up from $1.36 per square foot in 2011.

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

Source: CoStar. March 2022



Housing Affordability

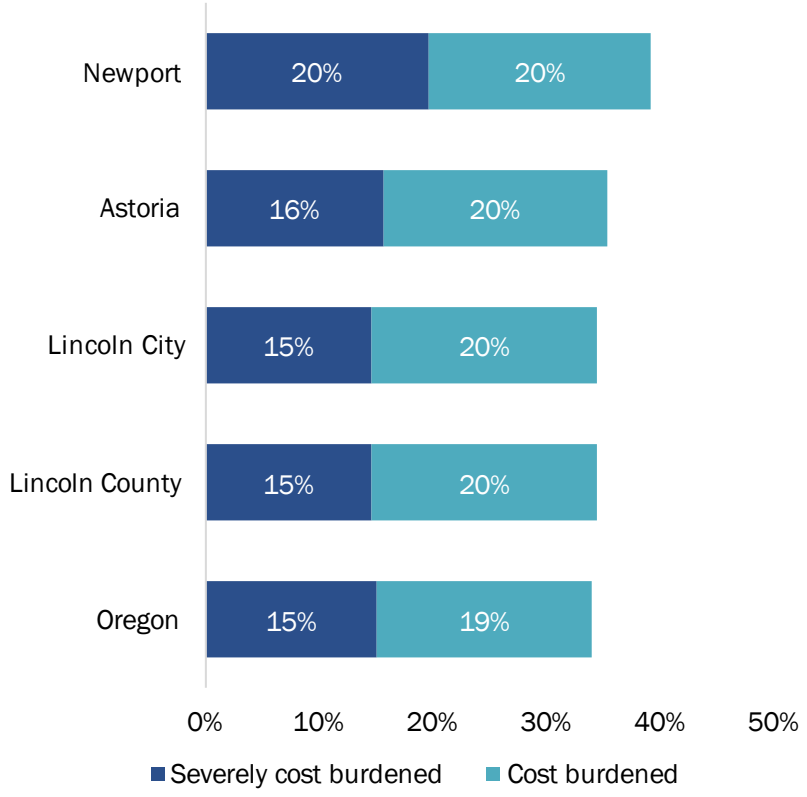
A typical standard used to determine housing affordability is that a household should pay no more than a certain percentage of household income for housing, including payments and interest or rent, utilities, and insurance. The Department of Housing and Urban Development's guidelines indicate that households 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.

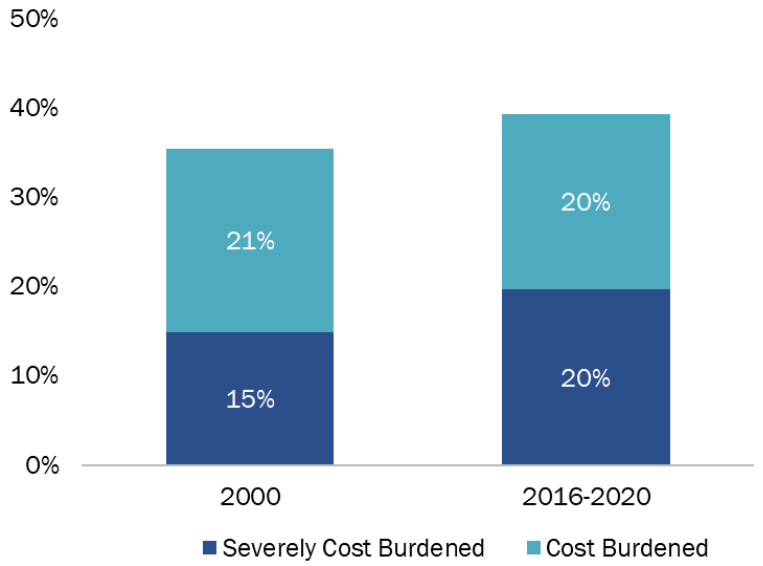
Exhibit 73. Housing Cost Burden, Newport, Lincoln County, Oregon, Other Comparison Cities, 2016-2020
Source: US Census Bureau, 2016-2020 ACS Tables B25091 and B25070.



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

Exhibit 74. 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.



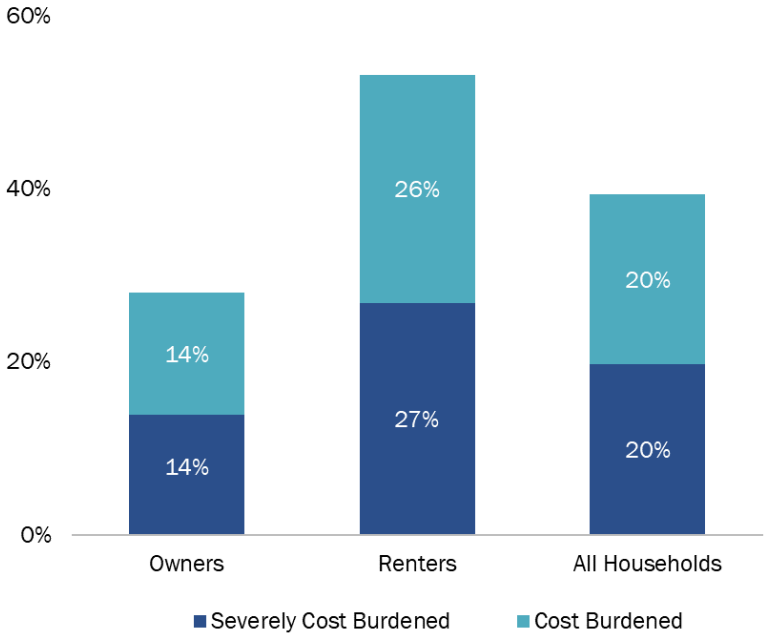
Renters are much more likely to be cost burdened than homeowners.

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 75. Housing Cost Burden by Tenure, Newport, 2016-2020

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

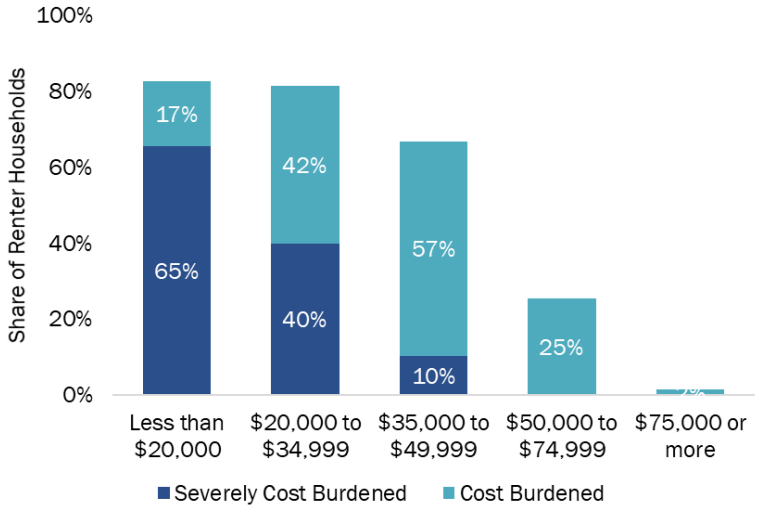


Cost burden is highest for the households with the lowest incomes.

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

Exhibit 76. 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 77. 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)

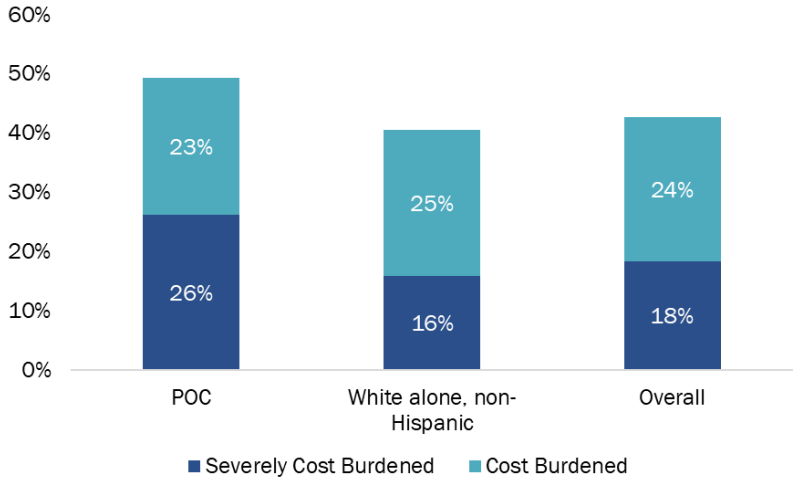


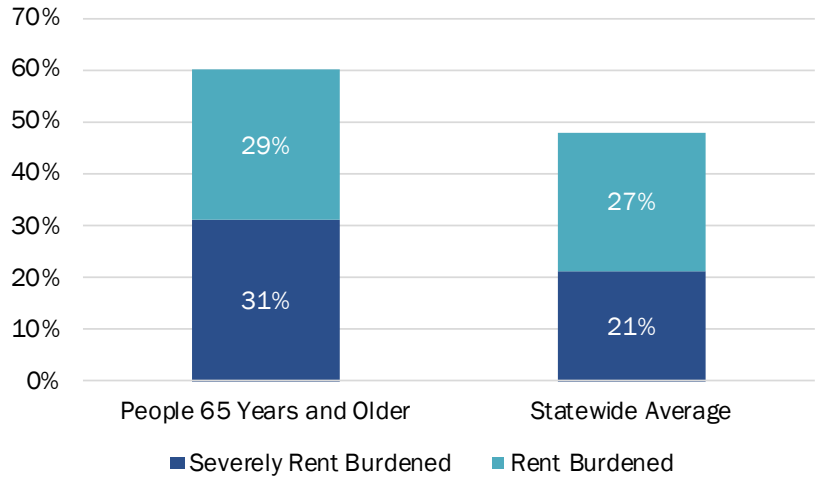
Exhibit 78 through Exhibit 80 show cost burden in Oregon for renter households for seniors, people of color, and people with disabilities.[58] This information is not readily available for a city with a population as small as Newport, which is why we present statewide information. These exhibits show 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 78. 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.

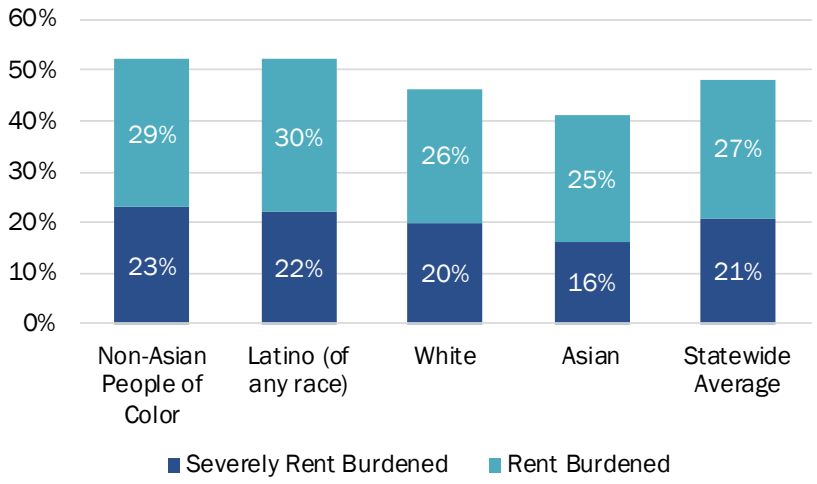


[58] From the report *Implementing a Regional Housing Needs Analysis Methodology in Oregon*, prepared for Oregon Housing and Community Services by ECONorthwest, March 2021.

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

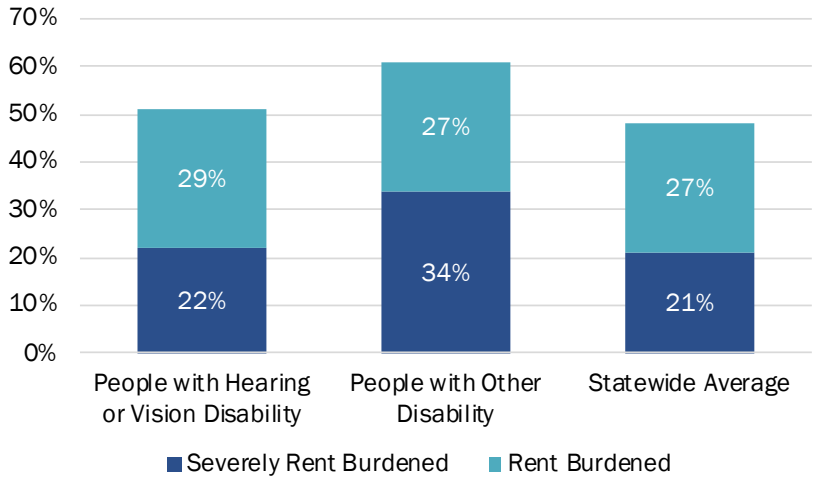
Source: US Census, 2018 ACS 1-Year PUMS Estimates. From the Report *Implementing a Regional Housing Needs Analysis Methodology in Oregon: Approach, Results, and Initial Recommendations* by ECONorthwest, August 2020.



Renters with a disability in Oregon were disproportionately cost burdened.

Exhibit 80. 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 81. 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 82. 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 84 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 83. 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.

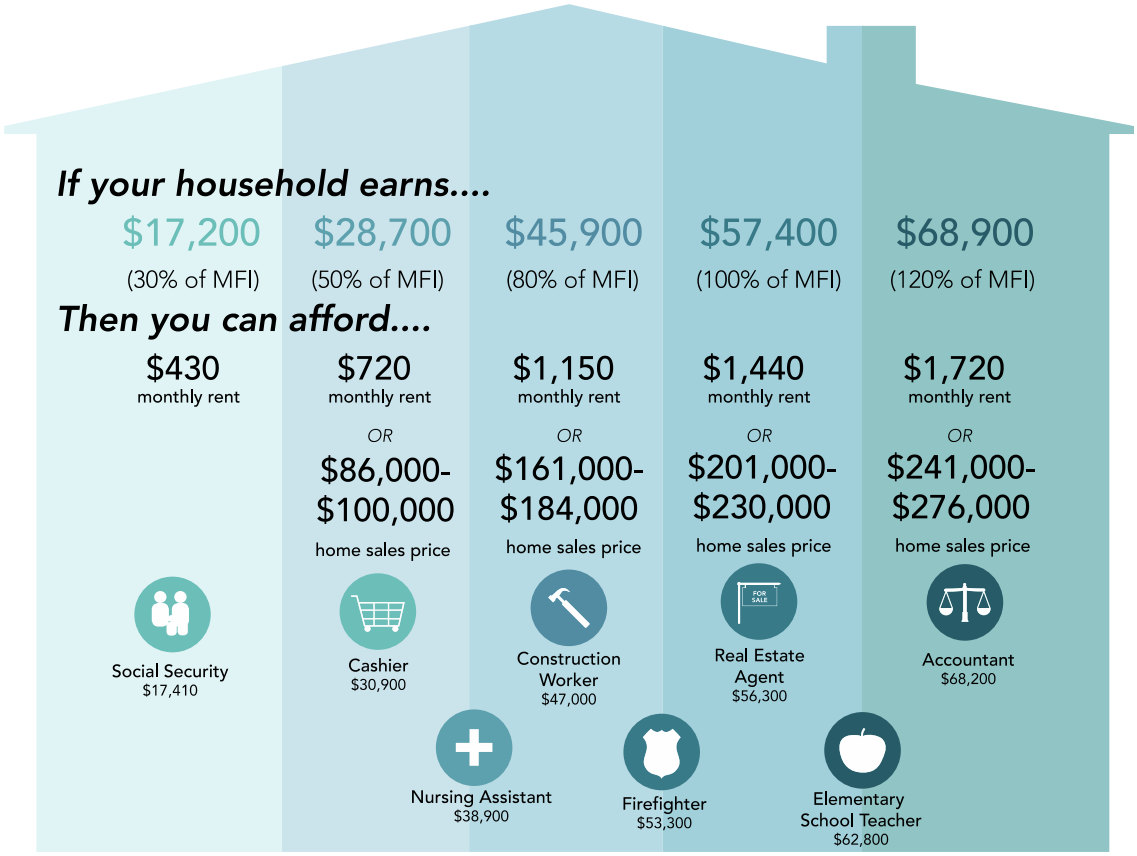


Exhibit 84 shows that 33% of Newport's households are extremely low or very low income, with incomes below $28,700 (below 50% of MFI). These households can afford monthly rents of $720 or less, which is below the HUD Fair Market Rent of $1,040 and below the average market rent of $1,360. Private housing 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 84. 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.

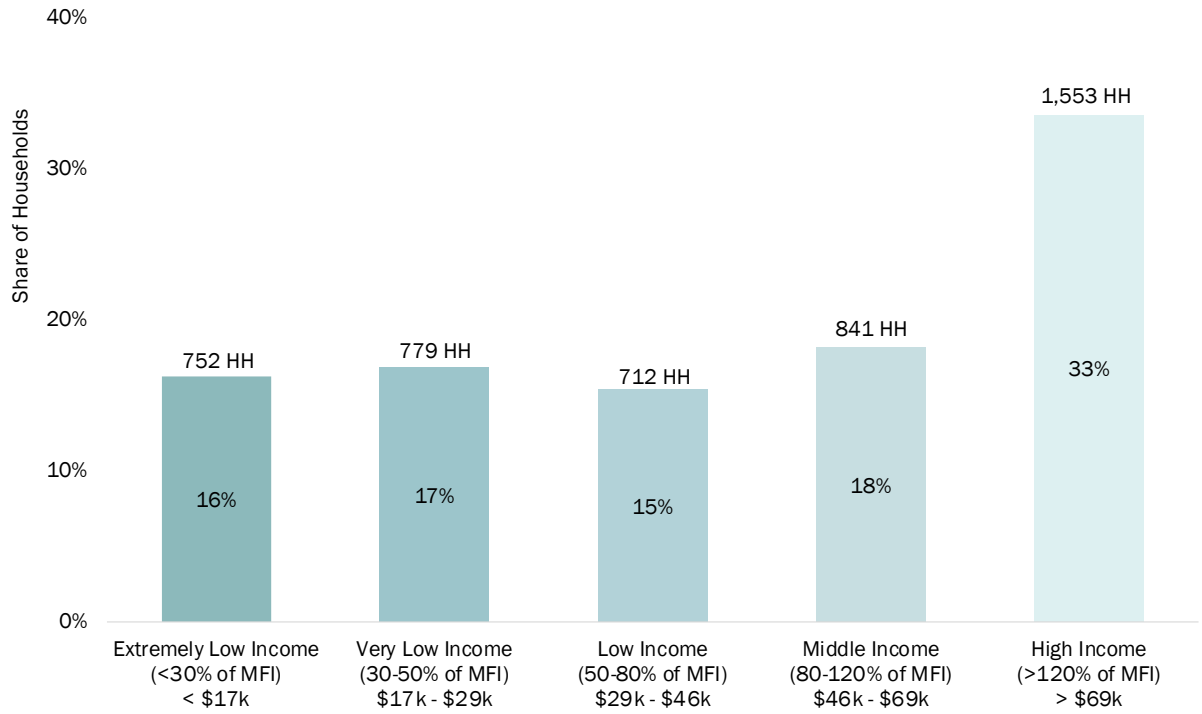


Exhibit 85 compares the number of households by income category with the number of units affordable to those households in Newport. Newport currently has a deficit of 664 housing units for households earning 0-50% of the MFI (less than $28,700 per year) and a deficit of 258 units for households earning 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 85. Unit Affordability by Household Income, Newport, 2014-2018
Source: CHAS, 2014-2018, Table 18.

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

Renting/ Buying Down

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 12,010 to 13,358, an increase of 1,348 people (11%) between 2022 and 2042.[59]
- **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

[59] Newport's official population forecast from the Oregon Population Forecast Program through Portland State University (PSU) projects that Newport will increase by 248 people between 2022 and 2042, at an annual average growth rate of 0.1%. Newport considered this growth for the official analysis of land sufficiency within the Newport UGB, as required by Goal 10, OAR 660-008, and OAR 660-032.
Given that Newport's growth rate over the past 20 years has been much greater than current official forecast, it is reasonable to assume that the official forecast may be under projecting the future population. For planning purposes, this report relies on the historical growth rate rather than the official population forecast, which will allow the City to better prepare for an uncertain future (shown in Exhibit 37). Even when using the historical growth rate to project future population growth, Newport has sufficient land capacity to accommodate growth.

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, townhomes, cottage housing, duplexes, triplexes, quadplexes, market-rate multifamily housing, and government-subsidized affordable housing. Recent development trends show that 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, townhomes, duplexes through quadplexes, 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 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 increases 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) a population forecast for growth in Newport over the 20-year planning period (based on historical growth rate), (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.

- **Population.** A 20-year population forecast (in this instance, 2022 to 2042) is the foundation for estimating needed new dwelling units. Based on the historical growth rate from 2000 to 2021, Newport's UGB is projected to grow from 12,010 persons in 2022 to 13,358 persons in 2042, an increase of 1,348 people.[60]
- **Household Size.** 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.

[60] Newport's official population forecast from the Oregon Population Forecast Program through Portland State University (PSU) projects that Newport will increase by 248 people between 2022 and 2042, at an annual average growth rate of 0.1%. Newport considered this growth for the official analysis of land sufficiency within the Newport UGB, as required by Goal 10, OAR 660-008, and OAR 660-032.
Given that Newport's growth rate over the past 20 years has been much greater than current official forecast, it is reasonable to assume that the official forecast may be under projecting the future population. For planning purposes, this report relies on the historical growth rate rather than the official population forecast, which will allow the City to better prepare for an uncertain future. Even when using the historical growth rate to project future population growth, Newport has sufficient land capacity to accommodate growth.

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 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 the 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 626 new dwelling units over the 20-year period, with an annual average of 31 dwelling units.[61]

Exhibit 86. 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	1,348
Average household size	2.21
New occupied DU	610
times Vacancy rate	2.6%
equals Vacant dwelling units	16
Total new dwelling units	**626**
Annual average of new dwelling units	**31**

[61] Newport's official population forecast from the Oregon Population Forecast Program through Portland State University (PSU) projects that Newport will increase by 248 people between 2022 and 2042. The City would need about 115 new dwelling units to accommodate this growth.

Housing Units Needed Over the Next 20 Years

Exhibit 86 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 quadplex, 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) and 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, and 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 incomes 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), townhouses, duplexes, triplexes, quadplexes, and multifamily buildings with five or more units.

Exhibit 87 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 forecast for population growth shows that the city will add 1,348 people over the 20-year period. Exhibit 86 shows that the new population will result in the need for 626 new dwelling units over the 20-year period.[62]
- The assumptions about the mix of housing (based on the discussion above) in Exhibit 87 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.

[62] Newport's official population forecast from the Oregon Population Forecast Program through Portland State University (PSU) results in a projection of 115 new dwelling units for the 2022 and 2042 period. Newport considered this growth for the official analysis of land sufficiency within the Newport UGB, as required by Goal 10, OAR 660-008, and OAR 660-032.
Given that Newport's growth rate over the past 20 years has been much greater than current official forecast, it is reasonable to assume that the official forecast may be under projecting the future population and housing. For planning purposes, this report relies on the historical growth rate for population as described elsewhere in the report. Even when using the historical growth rate to project future population growth, Newport has sufficient land capacity to accommodate growth.

- **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 626 new dwelling units over the 20-year period, 50% of which is expected to be single-family detached housing.

Exhibit 87. Forecast of Demand for New Dwelling Units, Newport UGB, 2022 to 2042
Source: Calculations by ECONorthwest.

Variable	Preliminary Needed Mix
Needed new dwelling units (2022-2042)	**626**
Dwelling units by structure type	
Single-family detached	
Percent single-family detached DU	50%
Total new single-family detached DU	313
Single-family attached	
Percent single-family attached DU	10%
Total new single-family attached DU	63
Duplex, Triplex, Quadplex	
Percent duplex, triplex, quadplex	15%
Total new duplex, triplex, quadplex	94
Multifamily (5+ units)	
Percent multifamily (5+ units)	25%
Total new multifamily (5+ units)	157
Total new dwelling units (2022-2042)	**626**

Exhibit 88 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.

- **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 88. Allocation of Needed Housing by Housing Type and Plan Designation for Forecast of Growth, Newport UGB, 2022 to 2042
Source: ECONorthwest.

Housing Type	Plan Designations			TOTAL
	Low Density Reidential	High Density Residential	Commercial	
Dwelling Units				
Single-family detached	250	63	-	313
Single-family attached	31	31	-	62
Duplex, triplex, quadplex	19	75	-	94
Multifamily (5+ units)	-	107	50	157
Total	**300**	**276**	**50**	**626**
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 89 shows the development densities in net and gross acres for Newport's residential and commercial plan designations.[63] 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 89 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 units 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 89 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 Commercial areas, an average of 15% of land is in rights-of-way. Converted to gross densities, Exhibit 89 shows an average density of 25.6 dwelling units per gross acre.

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 89. 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

[63] 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.

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 90 is based on Census data about household income levels for existing households in Newport (see Exhibit 84 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.

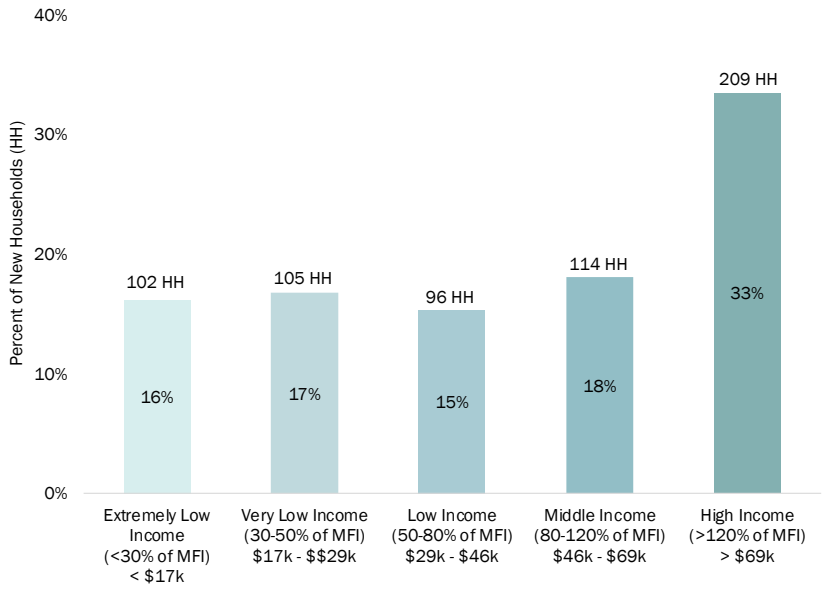
About 33% of Newport's future households will have income below 50% of Lincoln County's median family income (less than $28,700 in 2019 dollars).

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 90. 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 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 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 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,[64] 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 86 shows that Newport will grow by 626 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

[64] Oregon Housing and Community Services, Oregon Manufactured Dwelling Park Directory.

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 50 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 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 park closures designed to lessen the financial difficulties of closures for park residents,[65] 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, the City can support preservation of manufactured home parks in a variety of ways, which is discussed in the *Housing Production Strategy*.

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.

[65] 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.

Meeting the housing needs for people with disabilities will require addressing affordability issues, 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.

- **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,"[66] 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:

[66] 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.

- **Capacity for all land where residential development is allowed as permitted use with clear and objective standards.** That includes Low Density Residential, High Density 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 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 89.

Exhibit 91 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 12.
  - Exhibit 91 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 89.
  - The estimate of capacity on buildable land in Exhibit 91 uses the same average densities by plan designation in Exhibit 89. Based on these assumptions, Newport's development capacity is at 7.8 dwelling units per gross acre.
- **Capacity 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 17 shows that these parcels have capacity for about 75 dwelling units, based on estimates by City staff on a parcel-by-parcel basis.

Exhibit 91 shows that Newport has capacity for about 6,840 new dwelling units on unconstrained buildable land and on land with existing plats.

Exhibit 91. 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 18. Using the same assumptions as in Exhibit 91, 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 92 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 91 and subtract out land in the constructability analysis, shown in Exhibit 18. 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 91.
- **Capacity on Land with Existing Plats.** This assumption is consistent with Exhibit 91.

Exhibit 92. 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 with the capacity of land by plan designation.

Land Sufficiency for All Residential Land in Newport

Exhibit 93 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 and demand for 626 dwelling units. The result is that Newport has a surplus capacity of about 6,200 dwelling units beyond the forecast of housing growth over the next 20 years.

Exhibit 93. 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	276	2,192
Commercial	457	50	407
Total	6,840	626	6,214

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.

Land Sufficiency for Residential Land Excluding that in the Constructability Analysis

Exhibit 94 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 626 dwelling units. The result is that Newport has a surplus capacity of just under 3,200 dwelling units beyond the forecast of housing growth over the next 20 years.

Exhibit 94. 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	276	1,438
Commercial	408	50	358
Total	3,798	626	3,172

Conclusions

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

- **Newport may grow faster than the official population forecast from Portland State University.** According to Newport's official population forecast from Portland State University, Newport's UGB is forecast to grow by 248 people between 2022 and 2042, resulting in the demand for 115 new dwelling units over the 20-year planning period. However, if Newport grew at the same pace it did between 2000 and 2021, it would add 1,348 new people and 626 new dwelling units. Given that Newport's growth rate over the past 20 years has been much greater than current projections, it is reasonable to assume that the official forecast may be under projecting the future population. For planning purposes, this report relies on the historical growth rate rather than the official population forecast.
- **Newport has sufficient land to accommodate population growth over the 20-year planning period**. Even using the historical growth rate, which is greater than the official population forecast from Portland State University, Newport has sufficient land to accommodate population 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, townhouses, cottage housing, duplexes, triplexes, quadplexes, and multifamily structures. These groups may prefer housing in walkable neighborhoods, with access to services.
  - Newport complied with the requirements of House Bill 2001 to allow duplexes on lots where single-family detached housing is allowed. Newport also allows other missing middle housing types, such as cottage housing, townhouses, duplexes, triplexes, and quadplexes. 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 policies to support 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 and $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 has 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 count for Lincoln County in 2021 estimated 460 people experiencing homelessness, up from 260 people in 2019. The Point-in-Time count is acknowledged to be an undercount 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 be 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 includes 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 the 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 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 includes a waste treatment plant or nothing at all. Thus, housing in this area relies on special considerations.

Exhibit 95 shows the residential plan designations included in the BLI, with details in Exhibit 96 to Exhibit 98.

Exhibit 95. Residential Land Base by Plan Designation, Newport UGB, 2022
Source: Lincoln County, ECONorthwest analysis.

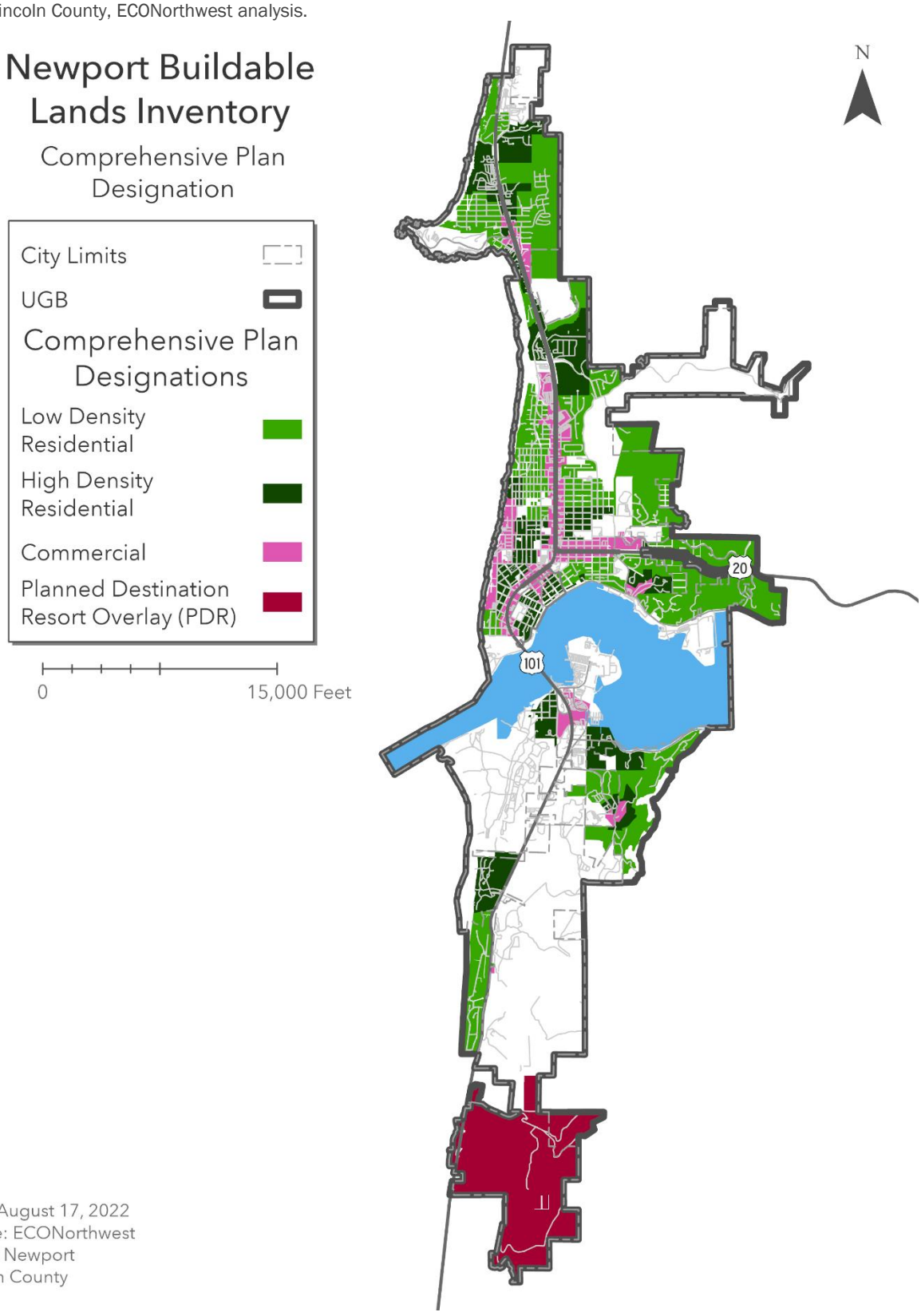


Exhibit 96. Residential Land Base by Plan Designation, Northern Newport, Newport UGB, 2022
Source: Lincoln County, ECONorthwest analysis.

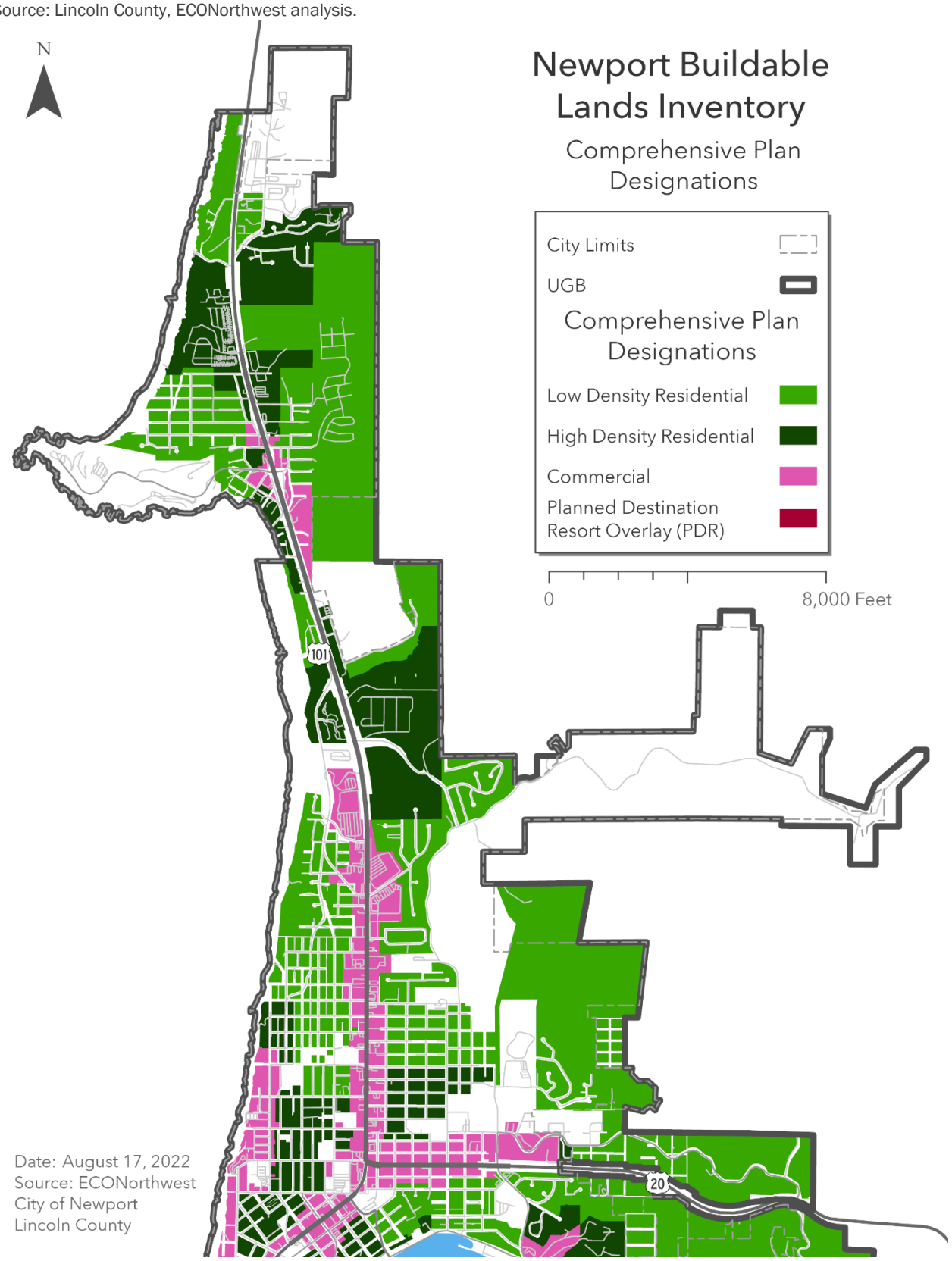


Exhibit 97. Residential Land Base by Plan Designation, Central Newport, Newport UGB, 2022
Source: Lincoln County, ECONorthwest analysis.

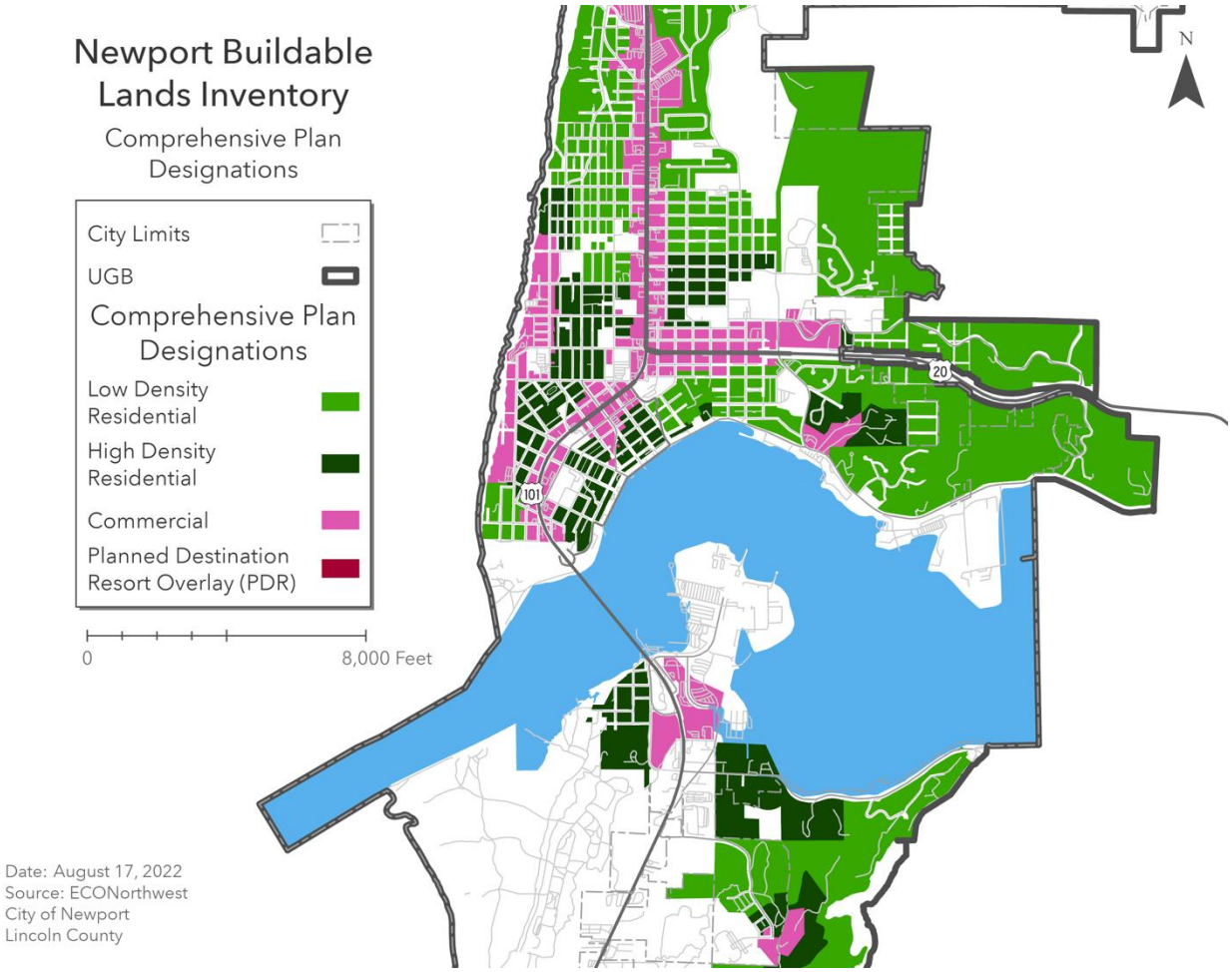
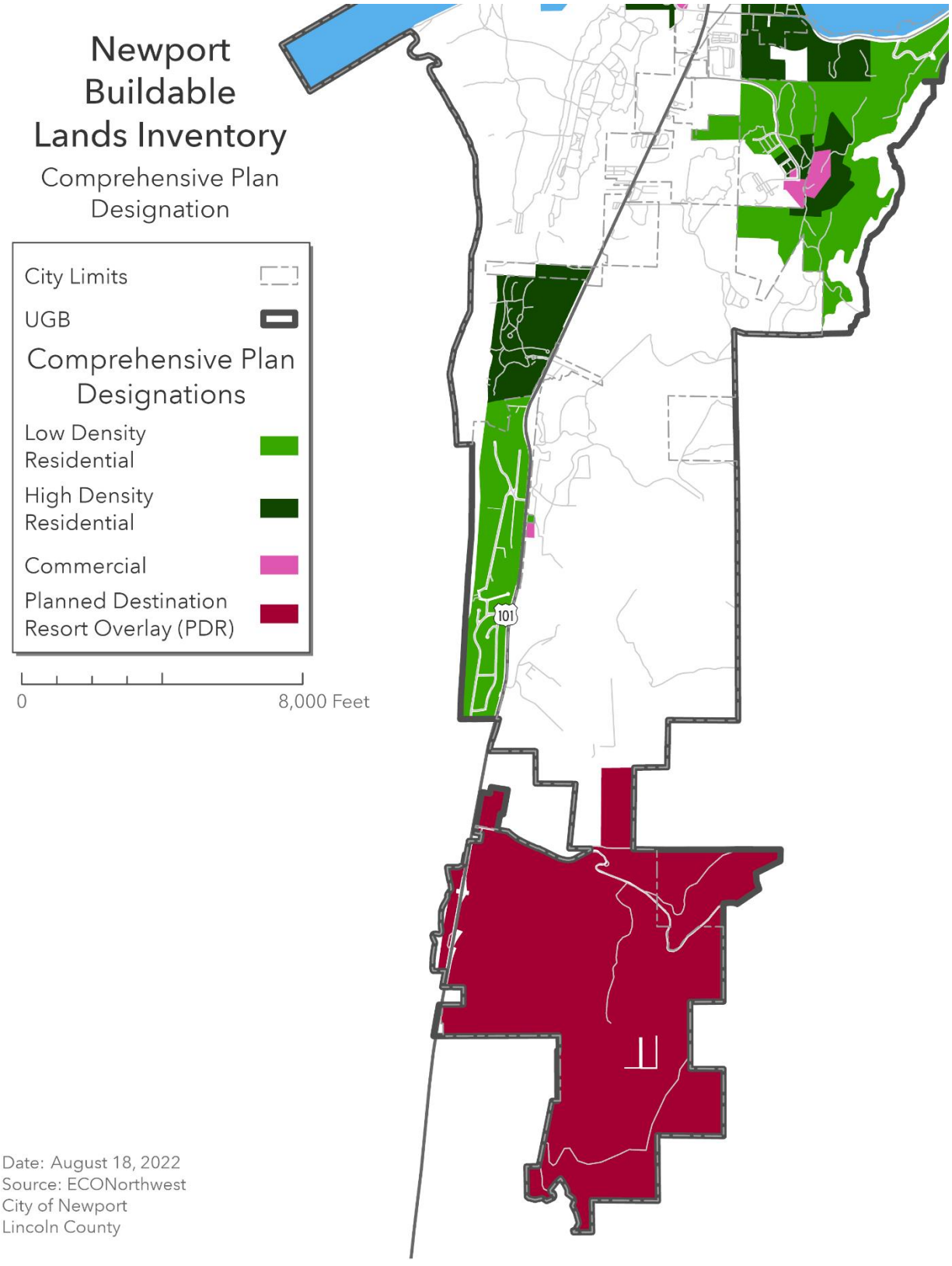


Exhibit 98. Residential Land Base by Plan Designation, Southern Newport, Newport UGB, 2022
Source: Lincoln County, ECONorthwest analysis.



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 99.

Exhibit 99. 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 this inventory, lands with improvement values of less than $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: *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;*	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 are 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 100.

Exhibit 100. 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 Exhibit 101. 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 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 unserviced could potentially become serviced over the 20-year planning period.

Exhibit 101. Residential Development Constraints, Newport UGB, 2022
Source: Lincoln County, ECONorthwest analysis.

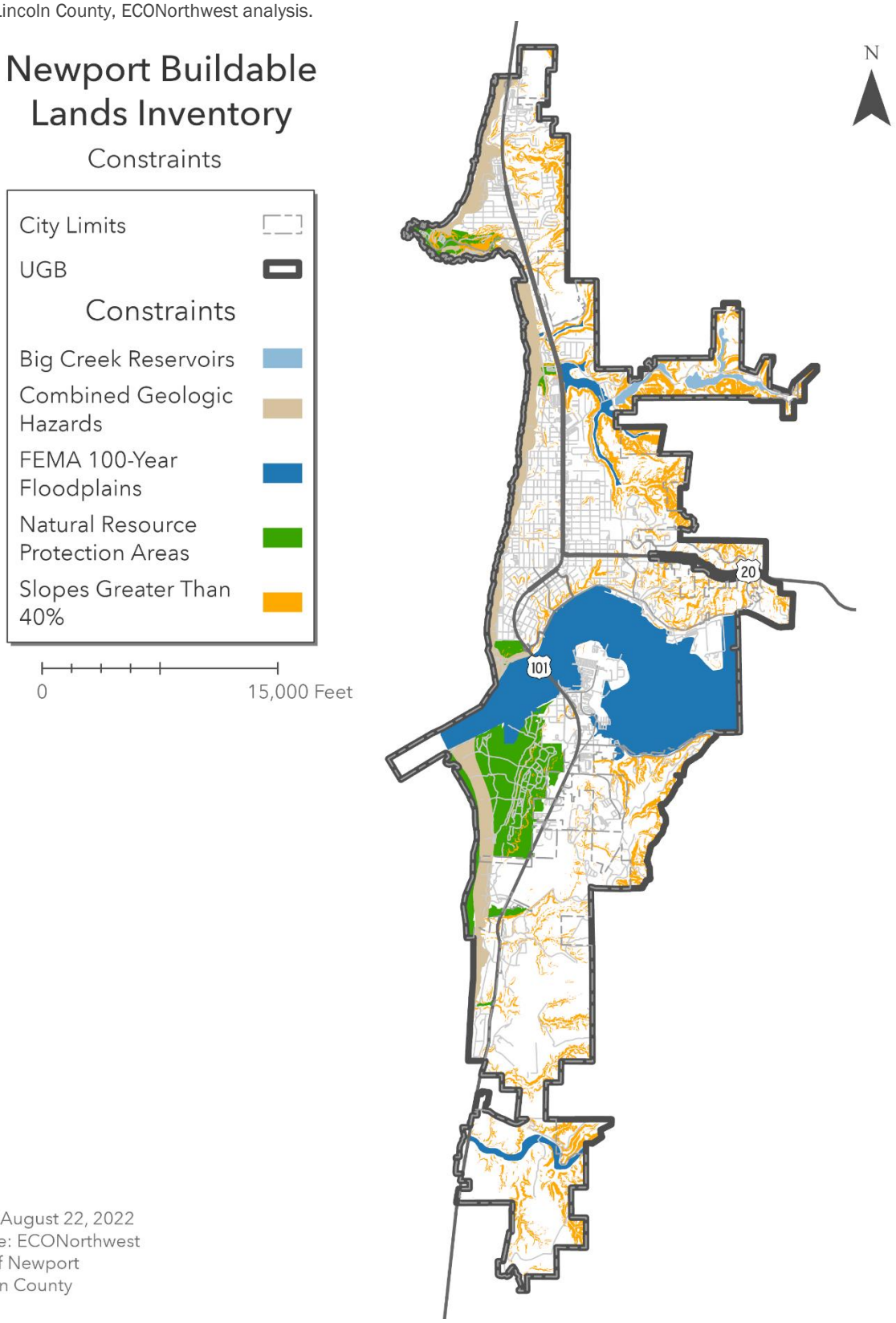


Exhibit 102. Residential Development Constraints, Northern Newport, Newport UGB, 2022
Source: Lincoln County, ECONorthwest analysis.

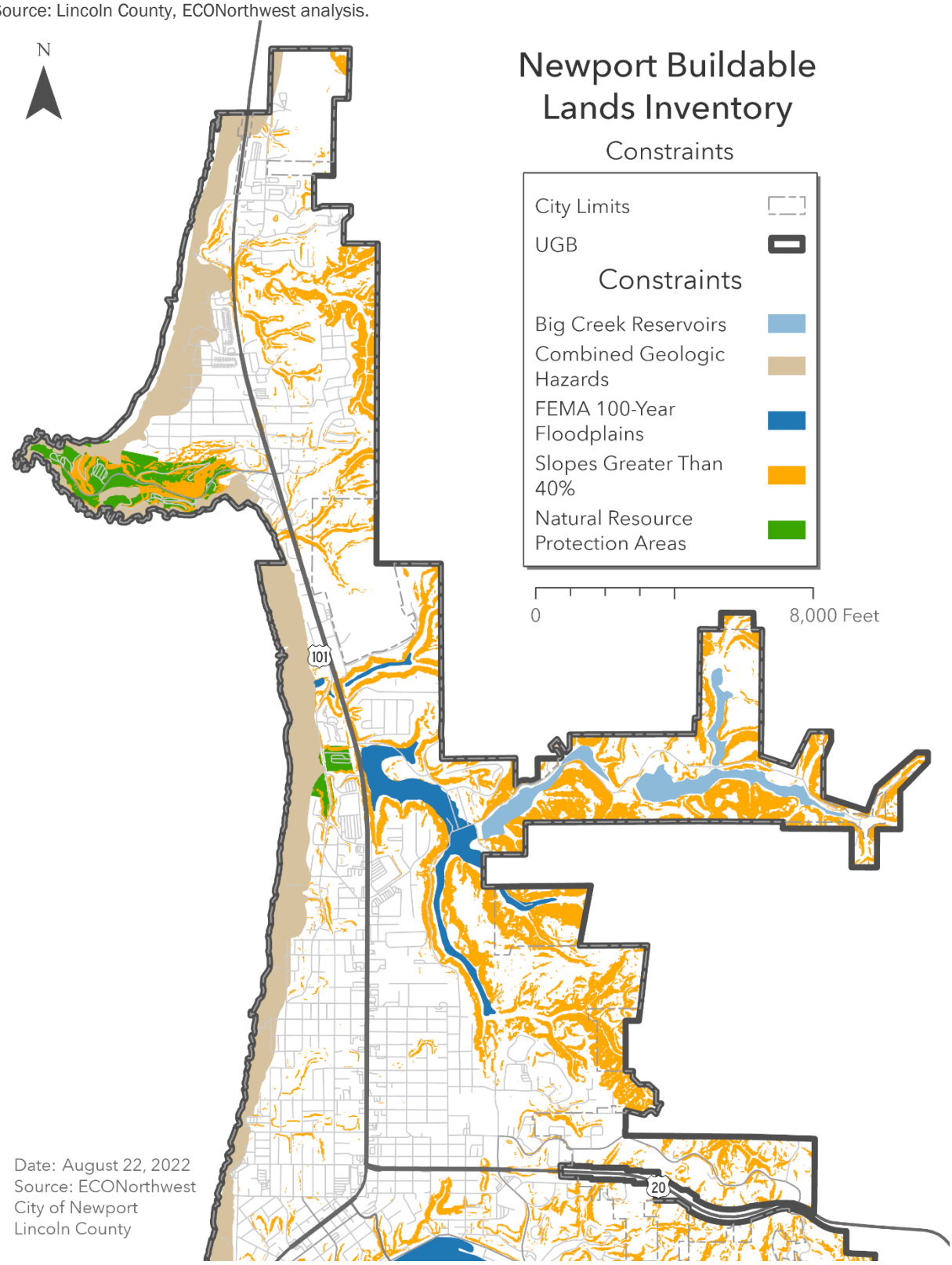


Exhibit 103. Residential Development Constraints, Central Newport, Newport UGB, 2022
Source: Lincoln County, ECONorthwest analysis.

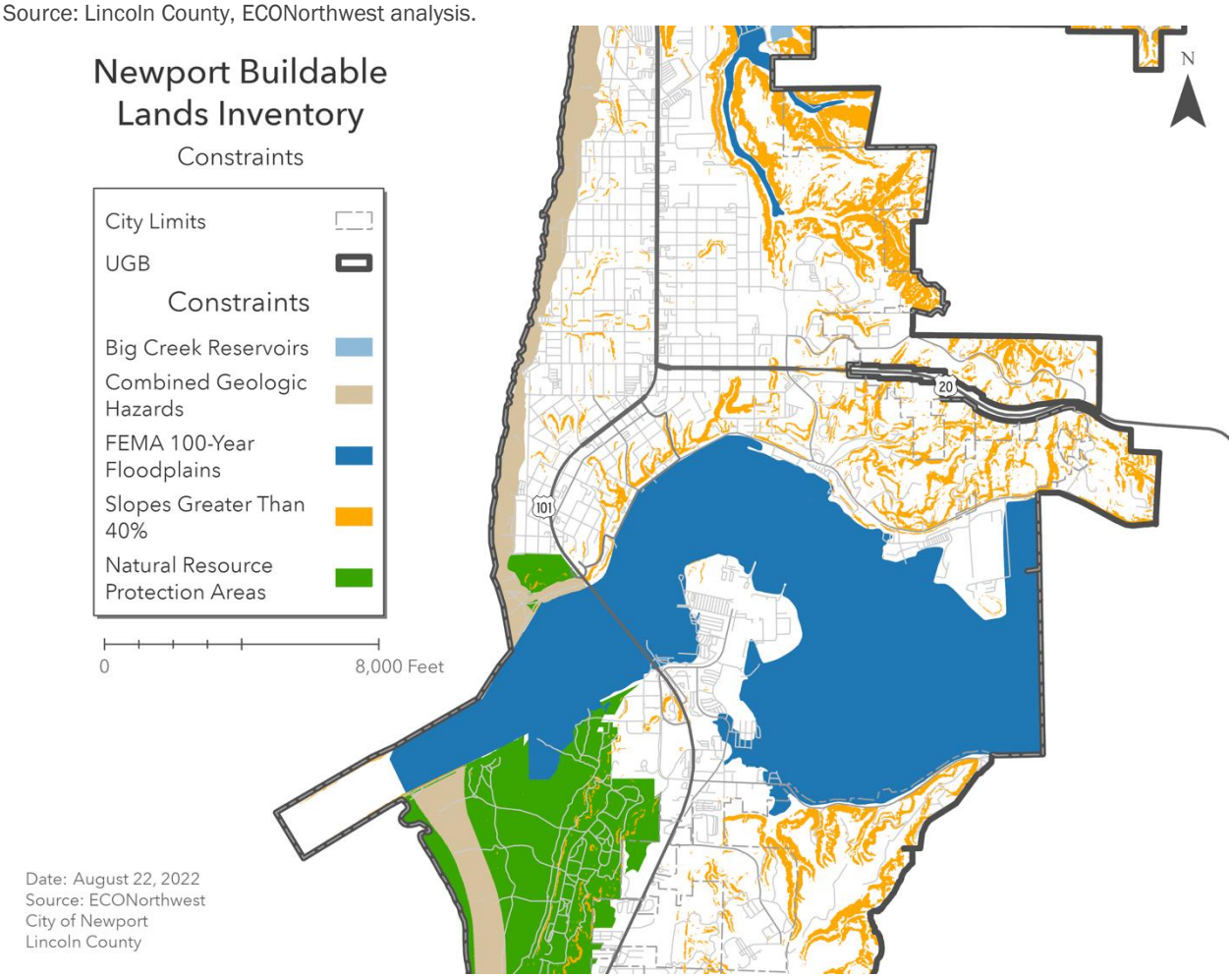
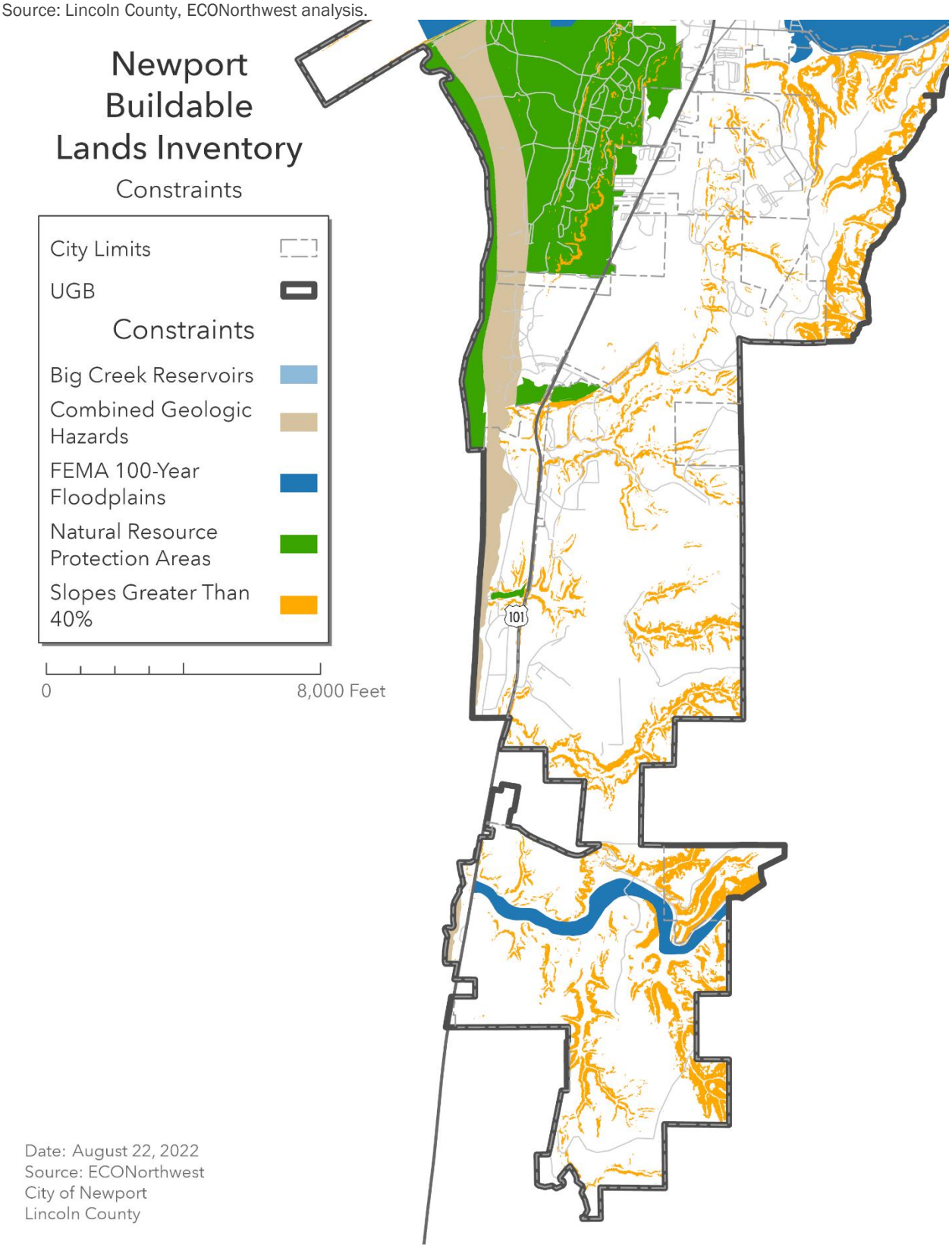


Exhibit 104. Residential Development Constraints, Southern Newport, Newport UGB, 2022
Source: Lincoln County, ECONorthwest analysis.



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 99, 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 105 (by development status) and Exhibit 106 (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:

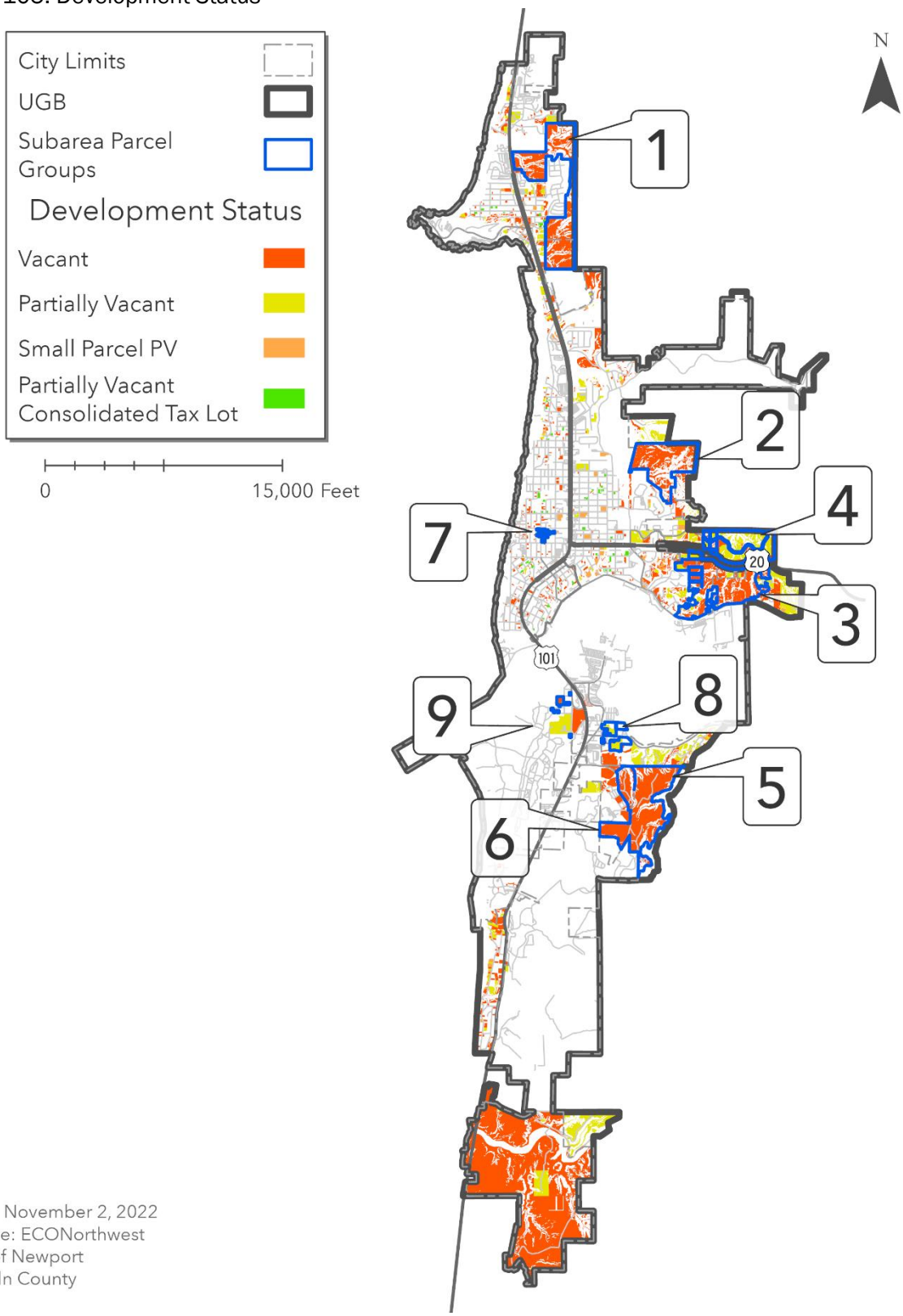
4. **Infrastructure:** What are the anticipated infrastructure needs for each area, and what are the approximate costs to provide that infrastructure? This was based on assessments of infrastructure needs by City staff and planning level unit cost estimates.

- **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?

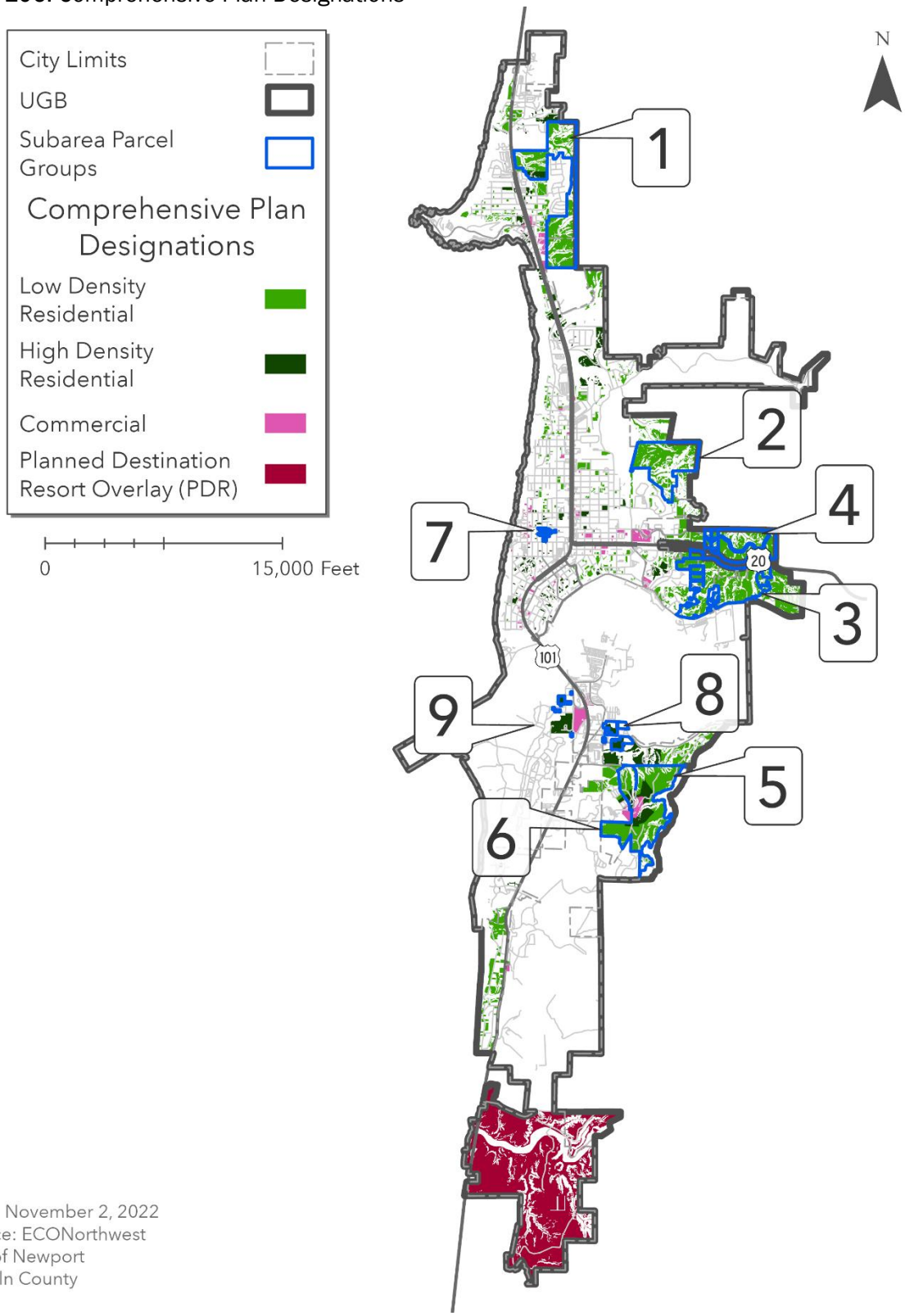
The assumptions for each component of the analysis are discussed in greater detail in the following sections.

Exhibit 105. Development Status



Date: November 2, 2022
Source: ECONorthwest
City of Newport
Lincoln County

Exhibit 106. Comprehensive Plan Designations



Date: November 2, 2022
Source: ECONorthwest
City of Newport
Lincoln County

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 townhouses, cottage clusters, and quadplexes)
- **Hillside Low Density Residential** (mostly large single-detached houses and medium single-detached houses with small amounts of small single-detached houses, townhouses, and cottage clusters)

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 can afford higher land/infrastructure costs on a per unit basis than middle housing or apartments (see Exhibit 107). 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 108).

Exhibit 107. Residual Value Per Unit
Source: ECONorthwest

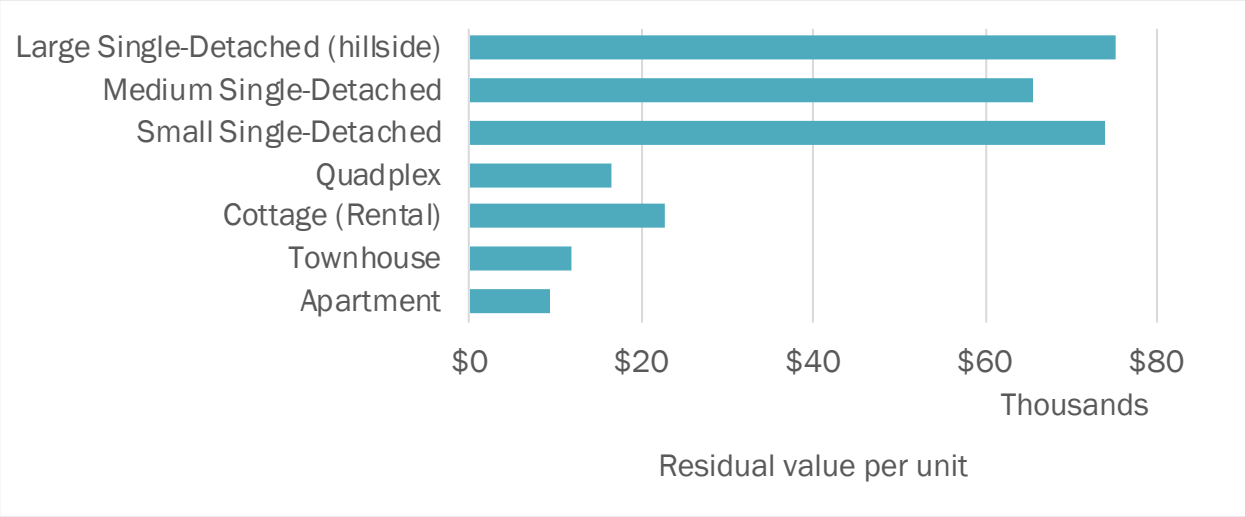
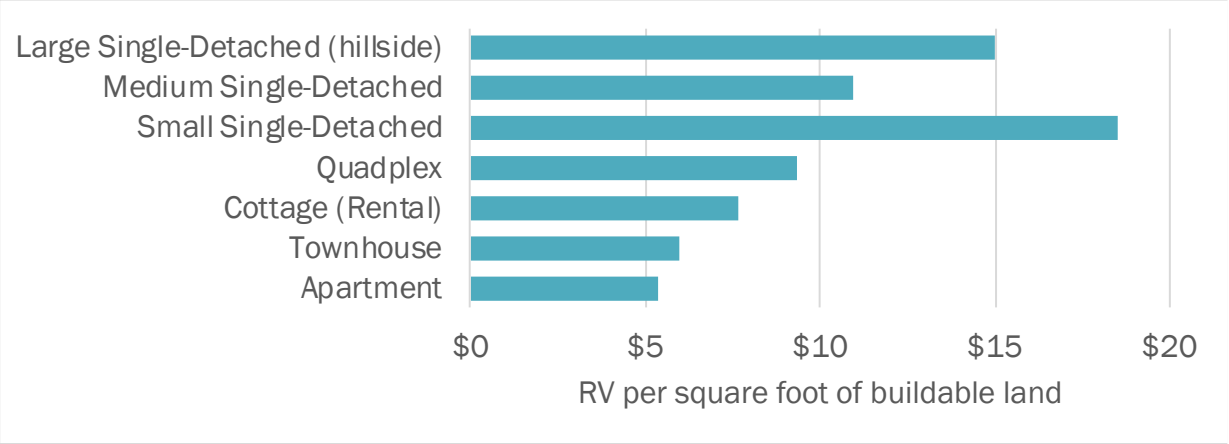


Exhibit 108. Residual Value Per Square Foot of Buildable Land
Source: ECONorthwest



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."[67] 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 154.

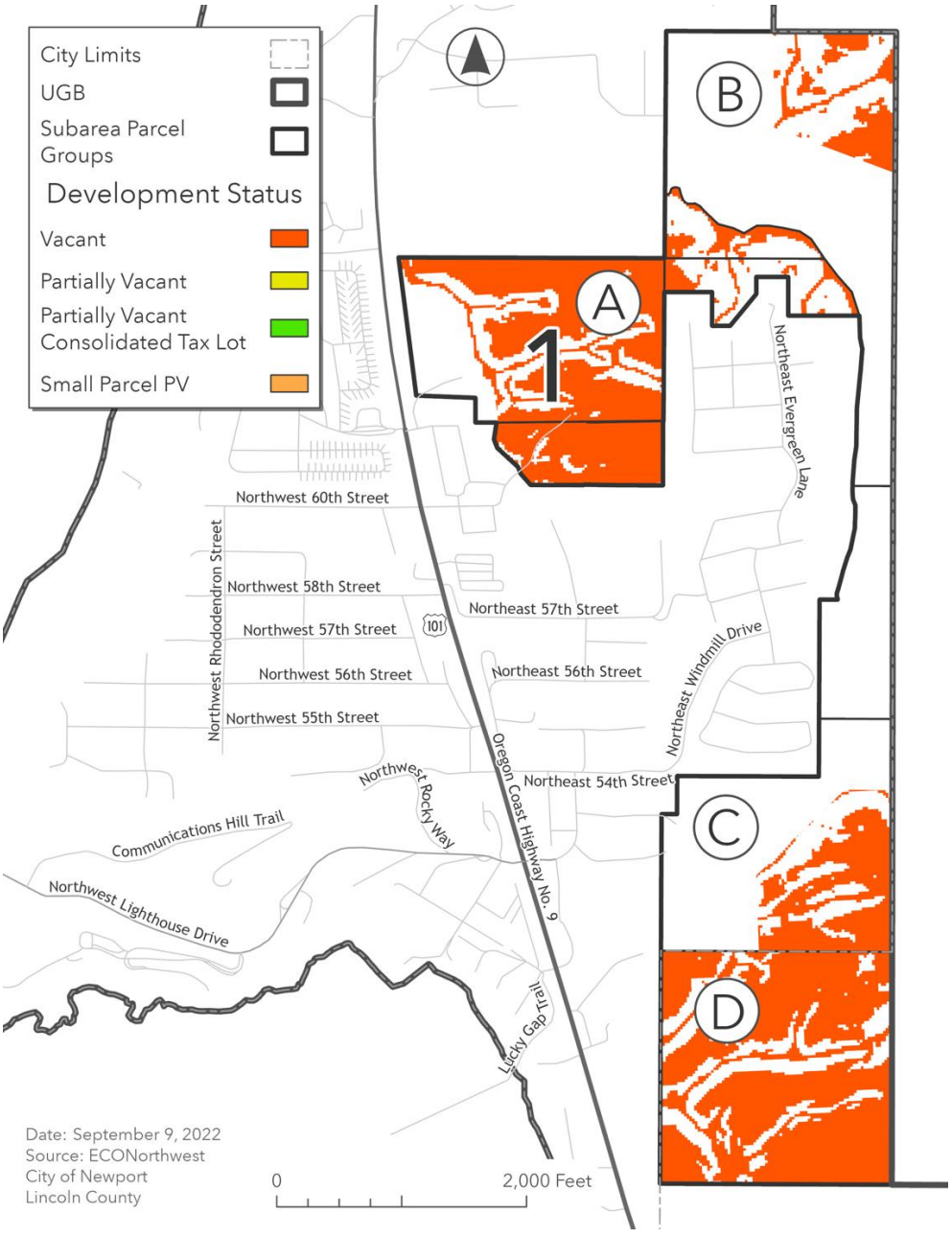
[67] Generally, only the share of costs that accounts for "oversizing" facilities to accommodate demand from other properties is eligible for SDC credits.

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 109. 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 109. 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 110. 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 110, ECONorthwest estimated the residual value by housing type and total for each section, as shown in Exhibit 111.

Exhibit 111: 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 112.

Exhibit 112: 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 113.

Exhibit 113: 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 114. Subarea 2 Map and Buildable Land by Development Status
Source: ECONorthwest

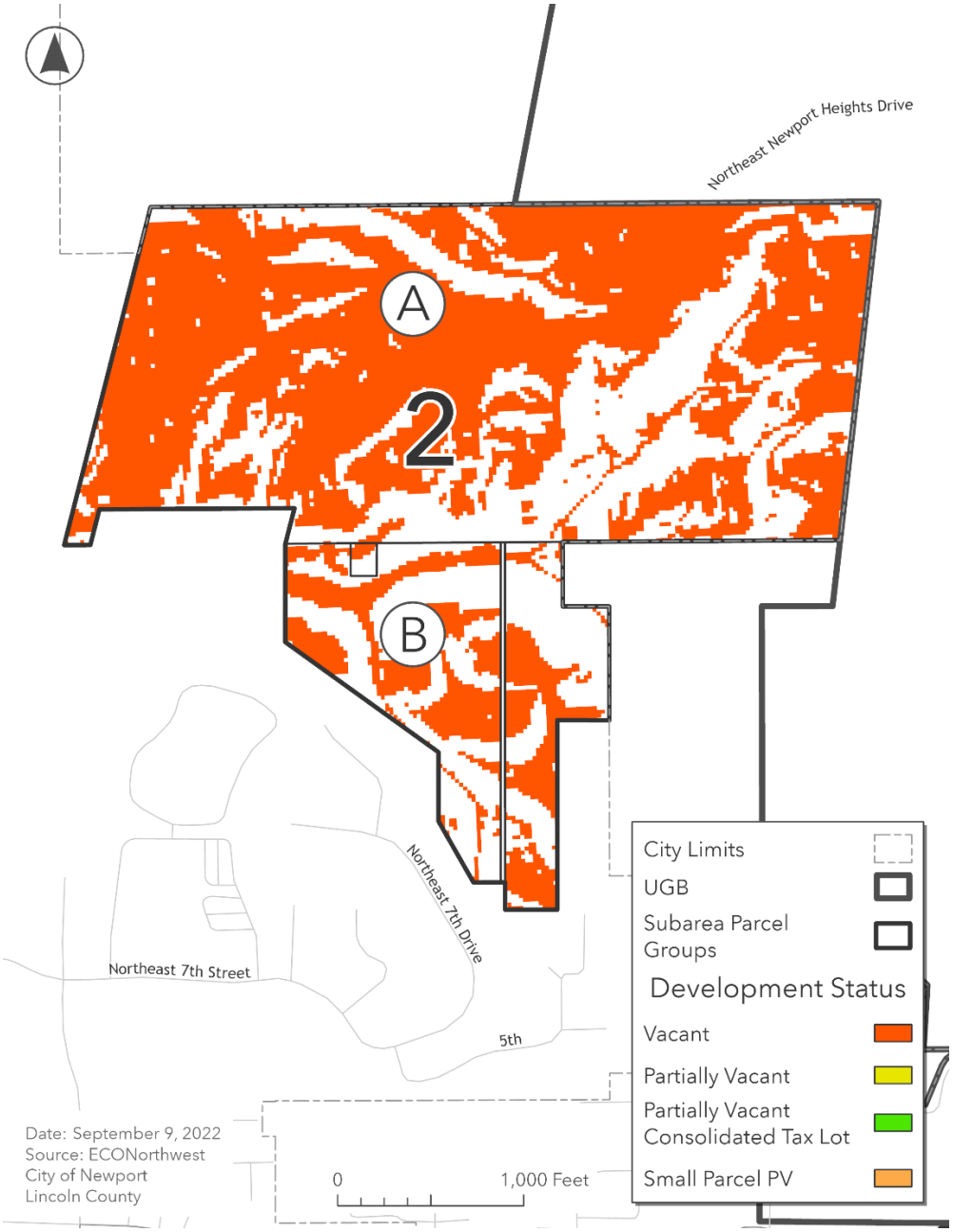


Exhibit 115. Subarea 2 Housing Mixes and Estimated Capacity by Section and Housing Mix Scenario
Source: ECONorthwest calculations

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 115, ECONorthwest estimated the residual value by housing type and total for each section, as shown in Exhibit 116.

Exhibit 116. 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 117. 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 118.

Exhibit 118: 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 119. Subarea 3 Map and Buildable Land by Development Status
Source: ECONorthwest

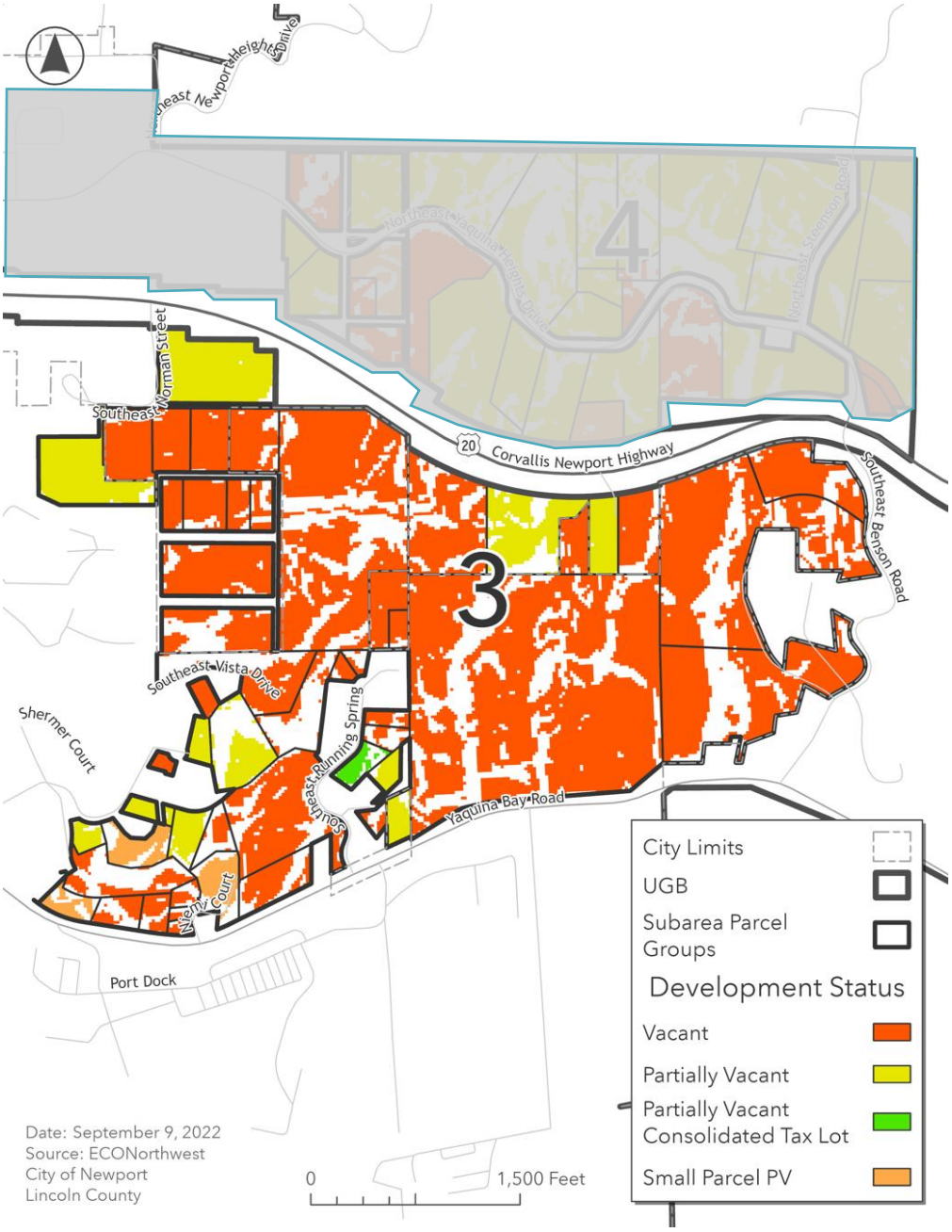


Exhibit 120. Subarea 3 Housing Mixes and Estimated Capacity
Source: ECONorthwest calculations

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 120, ECONorthwest estimated the residual value by housing type and total for each section, as shown in Exhibit 121.

Exhibit 121. 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 122. 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 123.

Exhibit 123: 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 124. Subarea 4 Map and Buildable Land by Development Status
Source: ECONorthwest

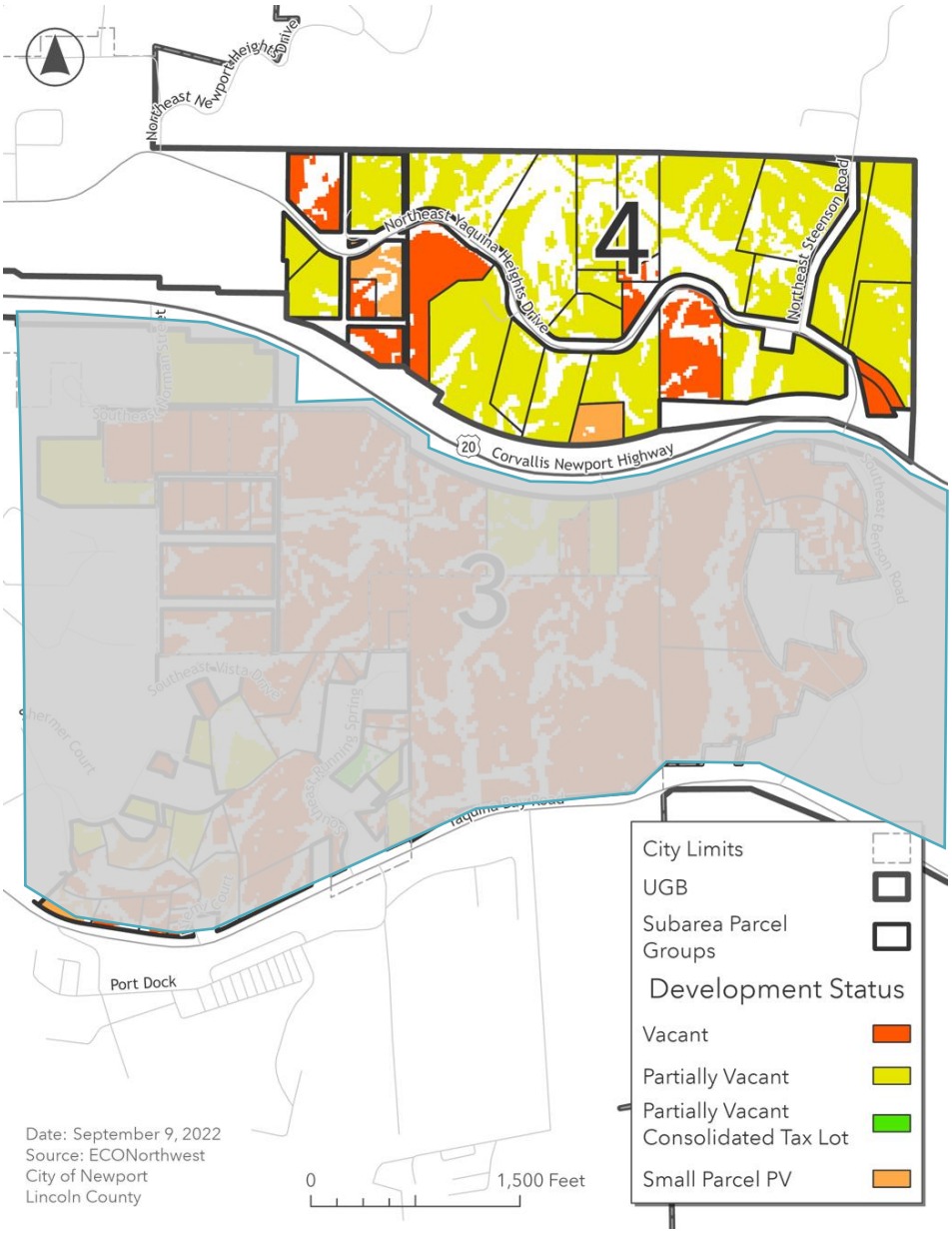


Exhibit 125. Subarea 4 Housing Mixes and Estimated Capacity
Source: ECONorthwest calculations

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 125, ECONorthwest estimated the residual value by housing type and total for each section, as shown in Exhibit 126.

Exhibit 126. 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 127. 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 128.

Exhibit 128: 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 129. Subarea 5 Map and Buildable Land by Development Status
Source: ECONorthwest

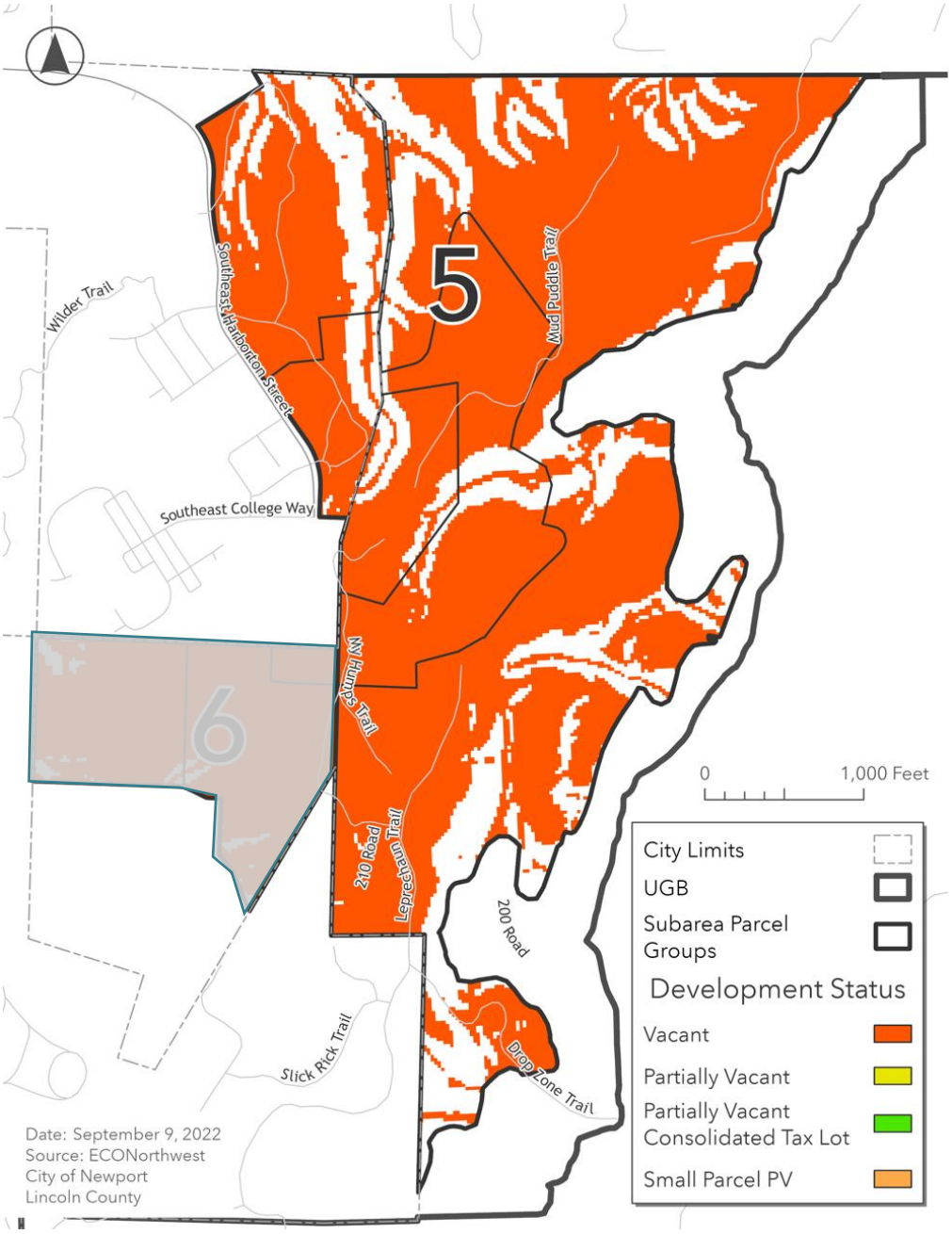


Exhibit 130. Subarea 5 Housing Mixes and Estimated Capacity by Housing Mix Scenario
Source: ECONorthwest calculations

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 130, ECONorthwest estimated the residual value by housing type and total for each section, as shown in Exhibit 131.

Exhibit 131. 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 132. 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 133.

Exhibit 133: 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 134. Subarea 6 Map and Buildable Land by Development Status
Source: ECONorthwest

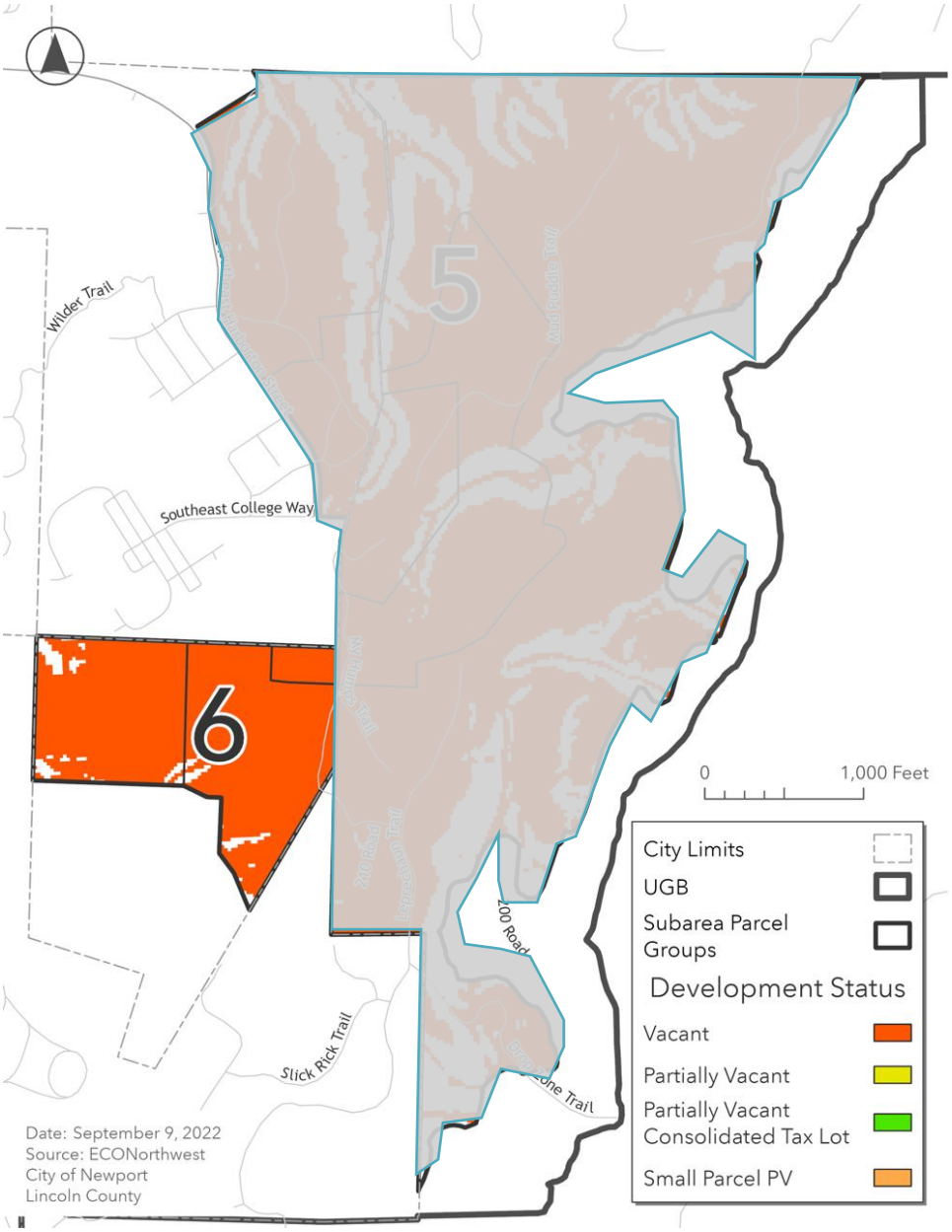


Exhibit 135. Subarea 6 Housing Mixes and Estimated Capacity by Housing Mix Scenario
Source: ECONorthwest calculations

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 135, ECONorthwest estimated the residual value by housing type and total for each section, as shown in Exhibit 136.

Exhibit 136. 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 137. 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 138.

Exhibit 138: 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 139. Subarea 7 Map and Buildable Land by Development Status

Exhibit 140. 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 140, ECONorthwest estimated the residual value by housing type and total for each section, as shown in Exhibit 141.

Exhibit 141. 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 142. 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 143.

Exhibit 143: 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 an "Infill" unit mix scenario for this area. The land is mostly partially vacant, with somewhat fragmented ownership.

Exhibit 144. Subarea 8 Map and Buildable Land by Development Status
Source: ECONorthwest

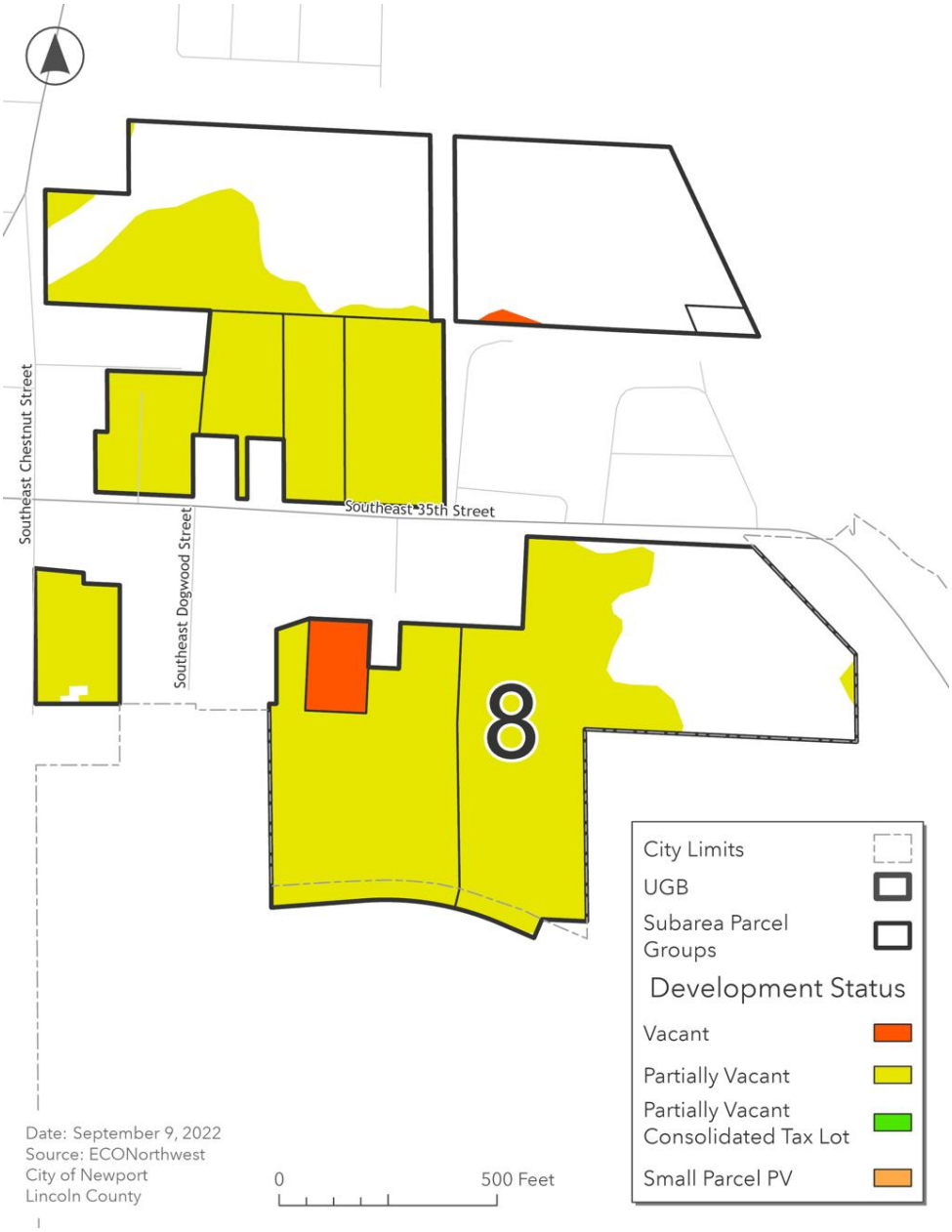


Exhibit 145. Subarea 8 Housing Mixes and Estimated Capacity by Housing Mix Scenario
Source: ECONorthwest calculations

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 145, ECONorthwest estimated the residual value by housing type and total for each section, as shown in Exhibit 146.

Exhibit 146. 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 147. 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 148.

Exhibit 148: 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 an "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 149. Subarea 9 Map and Buildable Land by Development Status
Source: ECONorthwest

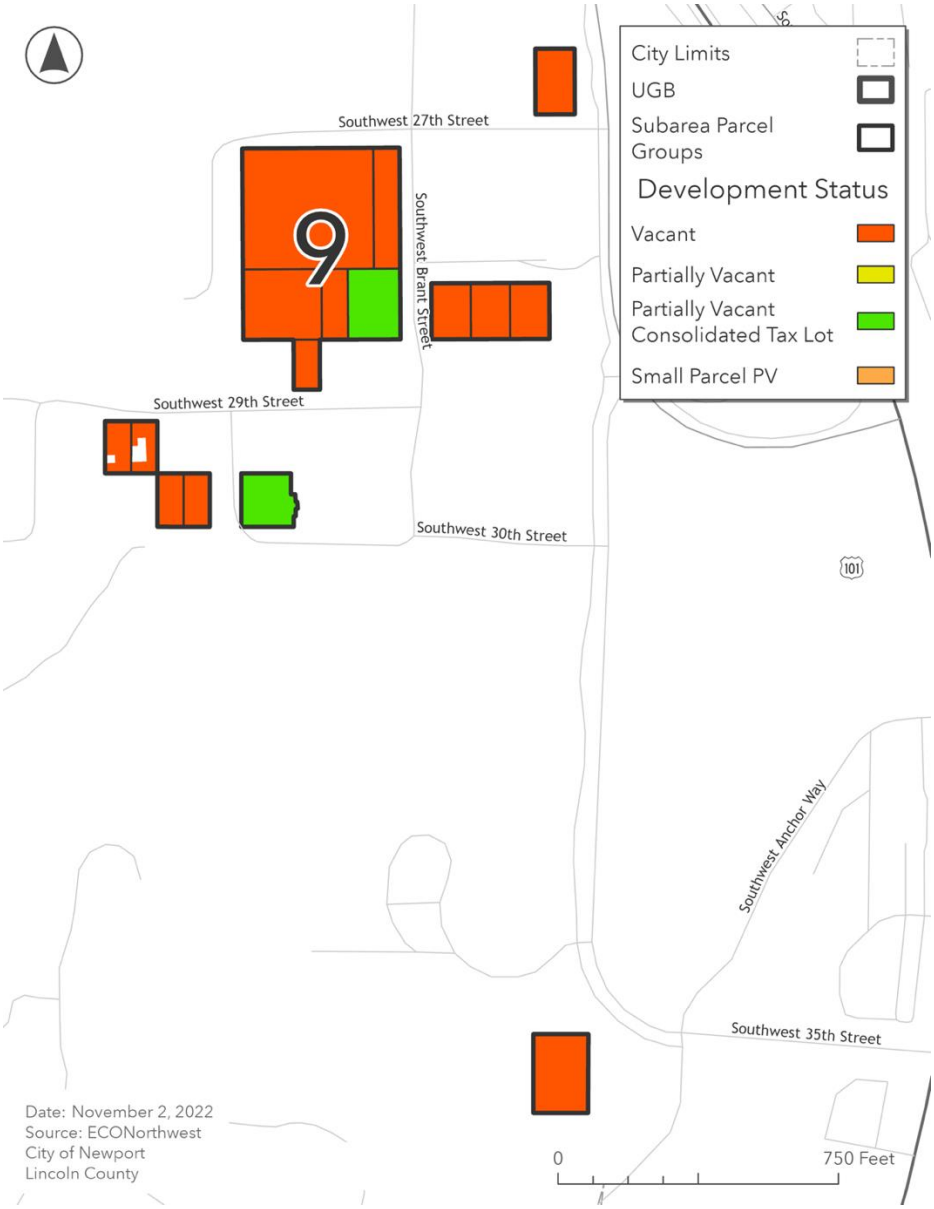


Exhibit 150. Subarea 9 Housing Mixes and Estimated Capacity by Housing Mix Scenario
Source: ECONorthwest calculations

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 150, ECONorthwest estimated the residual value by housing type and total for each section, as shown in Exhibit 151.

Exhibit 151. 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 152. 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 153.

Exhibit 153: 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 154.

Exhibit 154. 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 154) 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 154) 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 155. 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 156. 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 157. 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 158. 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 159. 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 160. 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 to avoid double counting these constrained areas.

Exhibit 161. Example of Newport Large Single-Detached Hillside Unit
Source: ECONorthwest