



**HOUSING ADVISORY COMMITTEE AGENDA**  
**Thursday, May 12, 2022 - 6:00 PM**  
**Council Chambers, Newport City Hall, 169 SW Coast Highway**

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This meeting will be held electronically. The public can livestream this meeting at <https://newportoregon.gov>. The meeting will also be broadcast on Charter Channel 190. Public comment may be made, via e-mail, up to four hours before the meeting start time at [publiccomment@newportoregon.gov](mailto:publiccomment@newportoregon.gov). The agenda may be amended during the meeting to add or delete items, change the order of agenda items, or discuss any other business deemed necessary at the time of the meeting.

Anyone wishing to make real time public comment should submit a request to [publiccomment@newportoregon.gov](mailto:publiccomment@newportoregon.gov) at least four hours before the meeting start time, and a Zoom link will be e-mailed.

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**1. WELCOME AND INTRODUCTIONS**

**1.A Meeting Agenda:**

[Agenda Newport HCA HPS PAC Meeting 2 - 2022-05-12](#)

**2. ROLL CALL**

**3. APPROVAL OF MINUTES**

**3.A Approval of the Newport Housing Advisory Committee Meeting Minutes of April 7, 2022.**

[Draft HCA Committee Minutes 04-07-2022](#)

**4. NEWPORT HOUSING CONVERSATION GUIDE DISCUSSION**

5. PRELIMINARY RESULTS OF HOUSING NEEDS AND HOUSING FORECAST

6. IMPLICATIONS FOR UNMET HOUSING NEED

7. PUBLIC COMMENT

8. NEXT STEPS

9. ADJOURNMENT

HANDOUTS

**Files:**

[Newport Community Conversation Guide v5](#)

[Newport Housing Needs Memo v2](#)

[Newport Engagement Plan v3 \*\(For Reference Only\)\*](#)

## AGENDA

### Newport Housing Study

#### Project Advisory Committee Meeting #2

Location: The meeting will be held by videoconference.

Video Conference Link: Provided on request to Sherri Marineau with the Newport Community Development Department: [s.marineau@newportoregon.gov](mailto:s.marineau@newportoregon.gov)

5/12/2022

6 – 8 p.m.

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6:00 p.m.	<b>Welcome</b>	Beth Goodman
6:10 p.m.	<b>Newport Housing Conversation Guide Discussion</b> <ul style="list-style-type: none"><li>• Do you have any concerns with the structure of the guide?</li><li>• Are there any changes to the discussion questions that you recommend?</li></ul>	Nicole Underwood
6:30 p.m.	<b>Preliminary Results of Housing Needs and Housing Forecast</b> <ul style="list-style-type: none"><li>• Do you have comments or concerns about the information presented and discussed?</li><li>• Is there key information that you want to ensure if in the HCA report?</li></ul>	Beth Goodman
7:20 p.m.	<b>Implications for Unmet Housing Need</b> <ul style="list-style-type: none"><li>• Are there key housing needs not discussed in this presentation?</li></ul>	Beth Goodman
7:45 p.m.	<b>Public Comment</b>	Derrick Tokos
7:55 p.m.	<b>Next Steps</b> <ul style="list-style-type: none"><li>• Continue work on the Buildable Lands Inventory</li><li>• Newport Housing Conversations: Discussions to finish by 7/18/2022</li><li>• Next PAC meeting: June 8, 2022</li></ul>	Beth Goodman

**Draft MINUTES**  
**Housing Capacity Analysis and Production Strategy Policy Advisory Committee**  
**Meeting #1**  
**Newport City Hall Council Chambers**  
**April 7, 2022**

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**Committee Members Present** James Bassingthwaite, Todd Woodley, Sheila Stiley, Robert Cowen, Wendy Hernandez, Dr. Lesley Ogden, Bonnie Saxton, Rev. Judith Jones, Braulio Escobar, and Cynthia Jacobi.

**Committee Members Present by Video Conference:** Betty Kamikawa, Dr. Karen Gray, Dennis White, and Lee Hardy.

**Committee Members Absent:** Kathy Kowtow, and Jan Kaplan.

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

**Consultants Present:** Beth Goldman, and Nicole Underwood (*by video*).

1. **Call to Order & Roll Call.** Meeting started at 6:05 p.m.
2. **Welcome and Introductions.** Tokos welcomed the committee members and covered the scope of the work the committee would be doing in the coming year.
3. **Project Overview and Schedule.** Goldman reviewed why the housing capacity analysis and housing production strategy was being done, what questions needed to be answered, and the components of the project. Tokos added that this would be different than what happened in 2011. They were going to be looking at the needs of the unhoused and the strategies they were pursuing to assist those without housing. This was a requirement for all municipalities when they were looking to do updates to their housing plans.

Goldman reviewed the Statewide Planning Goal 10, and the discussion on needed housing types (ORS 197.303). Stiley asked how RV parks were included in housing types. Goldman explained that RV parks were looked at differently and were not classified as needed housing. It didn't mean they couldn't consider them, but it meant that when they did the housing capacity analysis and forecasting growth of new housing, they needed to be careful when forecasting new housing types to make sure they were meeting the letter of the law and to not bind the city in a way that might cause inflexibility later when talking about different housing types in the context of policies. Stiley asked how Accessory Dwelling Units (ADUs) were categorized. Goldman explained ADUs weren't considered a needed housing type but were required to be allowed. Tokos added that needed housing definitions had grown over the last few years. In the early 2000's it took shape in the statutes. The key thing was that the city had to provide a clear and objective path to approval. They couldn't subject needed housing to only being able to get discretionary approval by the Planning Commission, as an example, where someone wouldn't know what they could do until they went through a public hearing process where public testimony was taken and a decision was made.

Karen Gray entered the meeting at 6:34 p.m.

Goldman gave a synopsis on the steps in the housing capacity analysis, and the outcomes of the housing capacity analysis. She then reviewed how the housing production strategy was an eight year

action plan. Jacobi asked why the housing production was an eight year plan. Goldman explained that this was what the administrative rules required cities outside of metro that have 10,000 or more to do. Tokos reminded that it took time to implement the strategies. He noted that the last of the 2011 key recommendations were just now going to be implemented. Saxton asked why ADUs weren't considered affordable housing. Goldman explained that it wasn't that they weren't an affordable housing type, they just weren't a specific housing type in the needed housing statute. Goldman noted that ADUs could be an affordable housing option and something the city could do. Saxton asked if ADUs could be attached to a dwelling or separate. Tokos explained they could be both.

Goldman continued her reviewed on what the city's role in housing development was. Tokos noted that the constructability assessment was something they built into this scope of work that wasn't technically required. What they wanted to do was dig into what the full gamut of costs were for a developer and then corollate that with undeveloped or partially developable properties in Newport to see where we could help influence the construction of additional housing. This would help inform people how limited the city's role was in the overall costs. Tokos noted they would want to capture in the plan what the city's overall role was as it related to the overall cost to make a project work, and how we could most effectively leverage our limited role to help facilitate the construction of housing.

Goldman reviewed the development strategies to meet future housing needs, the strategies in the Housing Production Strategy (HPS), and how they would be evaluating the strategies together. Jacobi asked what protected classes were. Goldman noted it was people of color, children, people with disabilities, gender, victims of domestic violence, sexual orientation and others. Gray read the list of protected classes to the committee.

Goldman reviewed the project schedule noting the list showed approximate dates. They needed to have the housing capacity analysis done by October so it had enough time to go through the hearings process. Cowen asked where the data was being gathered from. Goldman reported that a lot of it was partially from census data and were also working in things like building permit data from the city, sales price data from unit sales, and the buildable lands inventory based on tax lot information. The rents will be done by rent surveys as well. Goldman noted that they would be looking for the committee to tell the consultants when the data didn't look right to them.

- 4. Group Discussion: Desired Outcomes.** Goldman started the discussion on outcomes for the project. and what the risks were. Cowen wanted to see an actionable means of meeting the outcome head on and not just to say there was a problem. Ogden thought these types of projects had a risk that they would get good data but no one would act on it. She liked that the structure of this project had some accountability. Woodley wanted them to identify what the city couldn't control. He wanted to see common sense in the development and the building codes, such as changes to the zoning codes that could be controlled on the City Council level. They needed to know what they could control.

Gray reported the Lincoln County School District had a lot of issues recruiting staff in the district. Housing was critical for the district to maintain and recruit anyone to work in Newport, and finding affordable housing was difficult. The district had some of the highest percentage of homelessness in it. Gray wanted to see a buildable lands inventory be done. She thought they ran the risk of equitable outcomes by doing the lip service and not looking at the outcomes in the community. She wanted to see the committee pay attention to the market of equitable outcomes for Newport. Goldman referenced that Cottage Grove School District had a surplus need school site that they worked with the city to helped bring it into the housing market for affordable housing.

Kamikawa wanted to see a report done that the city could give out to constituents and developers who

were going to do a project to be able to show them what the city needed, what they had, and how they could help the city get to the next step. She felt everyone should be involved.

Hardy thought when they identified the buildable lands, their locations, and what services were required, one of the first data results they should see was the hard numbers of the developability in terms of the city being able to provide infrastructure, where the money would come from, and what kind of timeframe it would take to generate this income. This would impact the ability to take any steps forward. Hardy wanted to see clarification that defined fair housing rules because they didn't want a stigma attached to this. Goldman asked if they would have some indication on what the investments and availability for infrastructure development would be. Tokos reported there were a number of funding sources for infrastructure. He explained there were different types of infrastructure. As part of the process they would be looking to identify those areas where they should be targeting these types of investments and what types of resources were available, such as utilizing urban renewal district funds. Tokos explained they would designate properties as red, green or yellow to put them in levels on what could be developed, what infrastructure would be available in the areas, and what kind of housing type they might be able to realize in those areas. Goldman reminded this wasn't a funding plan for infrastructure. They would be possibly be able to do a strategy to develop a funding plan for whatever deficiencies in infrastructure there were for different lands. Tokos noted there were already a number of capital facility plans that had identified where the city was weak in water, wastewater, and so forth that were fairly current. They didn't have this available the last time they looked at things, and they were more aware of what their capabilities were. Tokos explained they wouldn't have to develop a lot of new capital projects.

Stiley thought they needed to consider that currently took longer to build than it did before, and there were bigger challenges to building as well. She thought they needed some type of extension of conditional uses in order to get projects off the ground that needed a certain amount of development to be done. Stiley also thought they needed to put together a tool box for developers to use. She thought the toolbox was important to give types of funding opportunities that were available. Tokos reported they hadn't applied for new CDBG funds since the senior center was redeveloped. They did have a current pool of these funds that were dedicated to low income housing rehab loans that they had an agreement with the non-profit Debt Northwest on. There was a lot of aging households in Newport. This made funds available for people who couldn't get conventional loans to do work on their homes to keep the housing stock viable. They had had discussions with the County and other partners to do a reciprocal program where each jurisdiction took turns to apply for new CDBG money to get it infused to the pool so they continued to have additional resources.

Garcia thought they needed to be more knowledgeable on why there wasn't affordable housing in Newport. Younger people in the population needed information on resources. The Latino community had language barriers and needed help to know where to go and what resources were available. Jones thought they needed to make sure they attended to the people who were often not heard in the community, such as homeless persons and people who had multiple households in one dwelling.

Saxton didn't think single family dwellings were affordable housing anymore. She asked if Newport required multifamily to have a certain percentage of units be affordable, or if this was feasible in such a small community. Goldman explained that they could talk about inclusionary zoning. She noted that the way the state implemented this concerned her for a small community. Inclusionary zoning required a certain number of units be affordable in a multifamily development of more than 20 units in a structure which lead to developers building 19 or less units to around it. Saxton noticed that over the years it had taken a long time to get a subdivisions for single family dwellings done because of the infrastructure, which it made it difficult to do affordable housing. There was also very fewer builders in the area to do construction.

Bassingthwaite wanted to see opportunities for redevelopment of properties that could be focused on new housing or multifamily. Goldman noted they wouldn't be identifying specific properties that could be redeveloped. Bassingthwaite thought that if someone was looking for a specific amount of acreage for high density residential the city could identify what things they would look for to be able to make comprehensive plan adjustments, and what the criteria was on where it should be located in proximity to infrastructure.

Jacobi was concerned how special Newport was and how this drew people to the area that the city had to accommodate. The city put a cap on the number of short-term rentals in Newport and created zoning for them. This was evolving and they still needed to keep working on it. Jacobi wanted to see a way to work toward equity to allow low income persons to get something for the rent money that they paid. Goldman noted this was something like a community land trust. She referenced a cooperative housing model that was being done in the Springfield region that would be a nice case study for this. Jacobi wanted to see assistance for people to get into their first homes. Tokos reported that Newport had the benefit of having a land trust program that had a footprint in the area. They had three homes with long term land leases in Newport. They had \$85,000 to \$90,000 in cash subsidies to buy down the value of the homes so people could get into homes at that time that were on the market in the low \$300,000 price range that made it affordable for them to buy. This wasn't low income, though. Tokos thought they might have to look at multiple models for income. This was an option that was viable in the area and still available. Stiley noted Northwest Coast Housing was trying to engage with Habitat for Humanity as well.

**5. Public Engagement Plan.** Goldman reviewed the public engagement plan. They had 12 stakeholder interviews that were part of the process. There were also five public events starting on June 1st. Cowen asked how they found people to interview. Goldman noted they would be by service providers. Cowen thought the underserved needed to be engaged and included. Stiley suggested talking to the Latino community in Lincoln City. Tokos said they were open to all strategies that might be successful. They had plans to reach out to the Latino community and wanted input from the group on who to reach out to. Goldman noted there were different needs for housing and they should think about what the city's role was to connect people to resources. This was a project to determine what the city's role in the particular strategies was.

Gray read who the community members and housing consumers were who needed community engagement. She reminded what the community engagement should look like and who they should reach out to. The outreach needed to be different and the committee needed to help with making connections to the list of people. Tokos noted they were looking to expand their outreach to underrepresented groups. The outreach piece was the more important piece than the general public meetings. Tokos questioned if the number of meetings was right. Goldman noted that if there was something they were doing and it wasn't working they could make changes to it. A discussion ensued regarding translating for different languages to help target groups to participate. Kamikawa agreed that targeting groups was more important than events. If they could give information to church leaders where these people congregated, they stood the chance to get information from the groups. They could offer food at the events, and help the homeless give their comments by having someone write down their comments for them. Goldman thought that rather than doing one or two of the events they could develop a community conversation kit with the information someone would need to do an event that included questions they wanted to them have a discussion on. Then someone could host an event and bring back the information. Jones thought they could do this.

**6. Public Comment.** None were heard.

7. **Next Steps.** Goldman reviewed the next steps going forward and encouraged the committee to share their comments with Tokos.
8. **Adjournment.** Having no further business, the meeting adjourned at 7:53 p.m.

Respectfully submitted,

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Sherri Marineau  
Executive Assistant



# Newport Housing Conversation Guide

Summer 2022

City of Newport

Housing Capacity Analysis and Housing Production Strategy

## Before the Meeting

Thank you for your interest in hosting a community conversation to support the development of Newport's Housing Capacity Analysis and Housing Production Strategy. These conversations are part of a broader public engagement process which includes one-on-one interviews, public events, advisory committee meetings, and public meetings. These small group conversations are intended to be informal and held in spaces that are comfortable for the people participating. Given the informal nature, these conversations can be particularly effective at gathering input from groups who are often unheard in the planning process.

The goal of these community conversations is twofold. Participants are 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.

Groups who may particularly benefit from this type of event include but are not limited to:

- Renters
- Low-income households
- Hispanic/Latinx residents and other racial and ethnic minorities
- Immigrant and refugee communities
- Veterans
- People with disabilities
- Seniors
- Agricultural workers
- Formerly and currently homeless people
- People who work at businesses in Newport but live in other communities

## Preparing to Host a Conversation

These discussions may last 60 to 90 minutes. The goal is to create a comfortable environment where all participants feel welcome sharing their opinions and concerns. Key discussion questions are included in later in this document. Below are some simple pre-conversation steps.

### Before the Event

- Invite people to the event. Recruiting people to your event is a key part of having a successful meeting. Some ways to reach targeted groups could include any of the following:
  - Invite people you know to participate in the conversation.
  - Distribute invitations to and through local businesses or religious institutions.
  - Send out email invitations to targeted groups.
  - Partner with local service providers to distribute invitations. These invitations could be flyers or social media posts that direct participants to sign up through the city's website.
  - Advertise in public spaces and on City websites.
- Confirm the meeting location and number of participants
- Print necessary materials, bearing in mind the number of participants
- Consider whether to serve snacks

### During the Event

- Ensure the following materials are available
  - Sign-in sheet
  - Community Conversation Kit including Facilitator's Guide
  - Copies of the survey (enough copies to share with participants)
  - Paper for taking notes
  - Pens
  - Snacks, if serving
- Follow the facilitator's guide and be sure to take notes! Determine who will take notes during the conversation.

### After the Event

Within one week, please email or scan the sign-in sheet, surveys and notes to [d.tokos@newportoregon.gov](mailto:d.tokos@newportoregon.gov) or drop the materials off at the Community Development Department at City Hall.

## During the Meeting - Facilitator's Guide:

Please review this guide before leading the conversation. Total conversation is expected to last about 60 to 90 minutes.

### Agenda

- Welcome and Introductions (10 minutes)
  - Project Purpose (5 minutes)
  - Discussion
    - *Housing needs and barriers to housing (40 minutes)*
    - *Strategies and actions to address housing needs (20 minutes)*
  - Summary of the discussion and next steps (10 minutes)
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### As guests arrive

- Distribute sign-in sheet. Invite participants to sign up for the project email list.
- Distribute copies of the survey and pens

### Welcome and Introductions (10 minutes)

- Thank your participants for joining you in the conversation today. Introduce yourself and your role in the project; discuss the amount of time you expect this conversation to last (60 to 90 minutes).
- Have participants introduce themselves. *“Let’s go around and introduce ourselves. I’ll call on you one at a time. Please give us your first name and briefly tell us why you came to talk with us today.”*

### Project Purpose (10 minutes)

Discuss overall project purpose and purpose of today’s discussion. An example is included below.

Newport has long had housing affordability problems. People who work in Newport, especially in service jobs, often struggle to find affordable housing in Newport. People who lived in Newport have had to move because of increasing housing costs. Affording homeownership in Newport is out of reach of many people. Newport last completed a housing needs analysis in 2011 which concluded that Newport’s housing costs had increased substantially. Since then, housing costs continued to increase in Newport and across the western U.S., making it more difficult for people to live and work in Newport.

As a coastal community with substantial tourism, Newport has a mixture of housing types. This includes high-end oceanfront homes, various types of housing without ocean views, apartments, and manufactured housing.

Over the last decade, Newport has taken action to support development of comparatively affordable housing. Newport adopted policies to support building new housing, including multifamily housing. Those policies have worked, with developments like Windhaven Ridge, Surf View Village, and other developments. In addition, Newport took other actions, like limiting use of housing for vacation rentals.

Now, Newport needs additional actions to help support development of more housing that is affordable to people, such as those who work and want to live in Newport, veterans, seniors, people with disabilities, people of color, and other underserved communities. The first step is better understand the unmet housing needs for community members. Today's discussion will help us gain that understanding.

To better understand data and issues of housing availability and affordability, the City of Newport is working with ECONorthwest to develop a Housing Capacity Analysis (HCA) and a Housing Production Strategy (HPS). The HCA consider issues related to land for development, housing market and affordability trends, and future housing needs. The HPS will propose policies and actions that the City can take to help address the unmet housing needs that the HCA identified.

The discussion today will help provide context to the data being collected for the study. The purpose of today's discussion is (1) to understand your housing needs and hopes for the future (2) identify barriers you face when searching for housing, and (3) identify how the City can support the development of needed housing and support you and your community to better find/stay in housing.

## Discussion and Survey (60 min)

*When facilitating the discussion provide the survey sheets for all participants. Ask participants to respond to the survey questions at the beginning of the discussion. Leave time to discuss the survey questions but spend most of your time on the open-ended discussion questions. Ensure you take notes on the discussion.*

### Housing Needs and Barriers to Housing

The first set of questions is intended to gather insight into the housing needs of different groups as well as the barriers that people face when trying to obtain or stay in their housing.

#### **Discussion Questions:**

*You do not need to discuss all these questions. They provide prompts for the discussion.*

- Why did you choose to live in Newport?
- Does Newport offer housing that meets your needs and the needs of those in your community? Why or why not?
- What barriers have you faced when trying to rent or buy housing in Newport?
- Can you describe your preferred housing type?
- What is most important to you about the location of your housing?
- What do you wish you could change about the location of your current housing?

### Strategies and Actions to Address Housing Need

These questions are intended to generate ideas that the City could act upon to address the housing needs in Newport.

#### **Discussion Questions:**

- What ideas do you have for ways that the City can help preserve existing housing?
- What ideas do you have for ways that the City can promote the development of new housing?
- What ideas do you have for ways that the City can help ensure that housing is affordable to people of different groups?
- Do you know of any individuals, groups, or organizations that could help increase the supply of affordable housing, either on their own or in collaboration with the City?

### Closing and Next steps (10 min)

Host – please email sign-in sheet, surveys, and notes to [d.tokos@newportoregon.gov](mailto:d.tokos@newportoregon.gov) or drop the materials off at the Community Development Department at City Hall.

## Newport Housing Community Conversation Guide Survey

1. How long have you lived in Newport? \_\_\_\_ years
2. How long did it take you to find your current housing (select one)?
  - Less than a month
  - 1 – 3 months
  - 4 – 6 months
  - 6 – 12 months
  - More than 1 year
3. What barriers have you faced when trying to *buy* housing in Newport? (*rank: 1 being not a barrier to 5 being a significant barrier*)
  - a. There are no available houses within my price range

<b>Not a Barrier</b>					<b>Significant Barrier</b>
(1	2	3	4	5)	
  - b. Housing that is available is not the right size for my needs (not enough bedrooms or bathrooms)

<b>Not a Barrier</b>					<b>Significant Barrier</b>
(1	2	3	4	5)	
  - c. Financing requirements are too difficult to qualify (credit, income, down payment, etc.)

<b>Not a Barrier</b>					<b>Significant Barrier</b>
(1	2	3	4	5)	
  - d. Do not understand the homebuying process

<b>Not a Barrier</b>					<b>Significant Barrier</b>
(1	2	3	4	5)	
  - e. Discrimination

<b>Not a Barrier</b>					<b>Significant Barrier</b>
(1	2	3	4	5)	
  - f. Language barriers

<b>Not a Barrier</b>					<b>Significant Barrier</b>
(1	2	3	4	5)	
  - g. Other: \_\_\_\_\_







DATE: April 29, 2022  
TO: Newport Project Advisory Committee  
CC: Derrick Tokos  
FROM: ECONorthwest, Beth Goodman, and Nicole Underwood  
SUBJECT: Newport Housing Needs Projection

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*This memorandum presents information about housing development, demographic, and housing affordability data and trends that are important to understanding the dynamics of the Newport housing market. It includes the preliminary housing needs projections based on Portland State University's population forecasts. These trends and preliminary projections are intended to provide a starting point for discussion about Newport's land and housing needs, as part of the Housing Capacity Analysis. The information presented in this memorandum combined with the Buildable Lands Inventory (to be presented in a future memorandum) form the basis of the Housing Capacity Analysis. The unmet needs identified in this memorandum and in discussion will also inform the development of the Housing Production Strategy.*

*At the May 12, 2022, Project Advisory Committee meeting, we will present key information from this memorandum and discuss the implications of this information for housing needs in Newport, considering the forecast of future housing growth and current (and future) housing needs beyond the forecast.*

## 1. 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. The specific steps are described in Task 2 of the DLCD *Planning for Residential Lands Workbook* as:

1. Determine the time period for which the data will be analyzed.
2. Identify types of housing to address (all needed housing types).
3. Evaluate permit/subdivision data to calculate the actual mix, average actual gross density, and average actual net density of all housing types.

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:<sup>1</sup>

- **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** is all structures with a common wall where each dwelling unit occupies a separate lot, such as row houses or town houses.
- **Multifamily with 2 to 4 units** is attached structures such as duplexes, triplexes, and quadplexes.
- **Multifamily with 5 or more units** is 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.

## Data Used in This Analysis

Throughout this analysis (including the subsequent Chapter 4) we used data from multiple well-recognized and reliable data sources. One of the key sources for housing and household data is the U.S. Census. This report primarily uses data from three Census sources:<sup>2</sup>

- The **Decennial Census**, which is completed every ten years and is a survey of *all* households in the U.S. The Decennial Census does not collect more detailed household information, such as income, housing costs, housing characteristics, and other important household information.
- The **American Community Survey (ACS)**, which is completed every year and is a *sample* of households in the U.S. The ACS collects detailed information about households, including demographics (e.g., number of people, age distribution, ethnic or racial composition, country of origin, language spoken at home, and educational

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<sup>1</sup> 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.”

<sup>2</sup> 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.

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.<sup>3</sup> Where information is available and relevant, we report information from the 2000 and 2010 Decennial Census.<sup>4</sup> Among other data points, this report also includes data from Oregon’s Housing and Community Services Department, the US Department of Housing and Urban Development, and the City of Newport.

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

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<sup>3</sup> Five-year 2020 ACS data was not available when this report was compiled.

<sup>4</sup> The 2020 Census was completed at the end of 2020. However, extenuating circumstances brought on by the COVID-19 pandemic has led to some challenges with the data. The 2020 Decennial Census data is more limited than usual as a result of the COVID-19 pandemic. Where appropriate, this report uses 2015-2019 ACS data, rather than 2020 Decennial Census data, for up-to-date information.

## 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 was predominantly single-family detached housing units.** Sixty-four percent of Newport's housing stock was single-family detached; 16% was multifamily (with five or more units per structure); 13% was duplexes, triplexes, or quadplexes; and 7% was single-family attached (e.g., town houses).
- **Since 2000, Newport's housing mix 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.

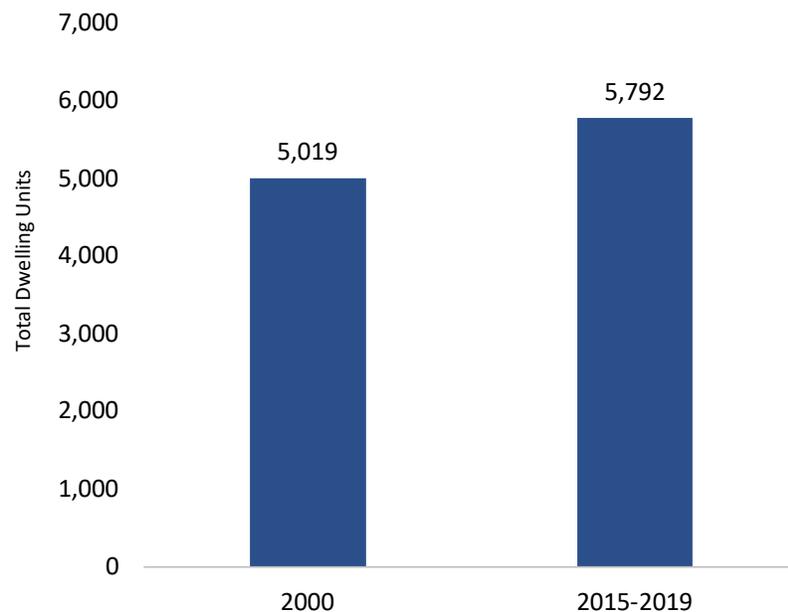
### Housing Mix

**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 1. Total Dwelling Units, Newport, 2000 and 2015-2019**

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

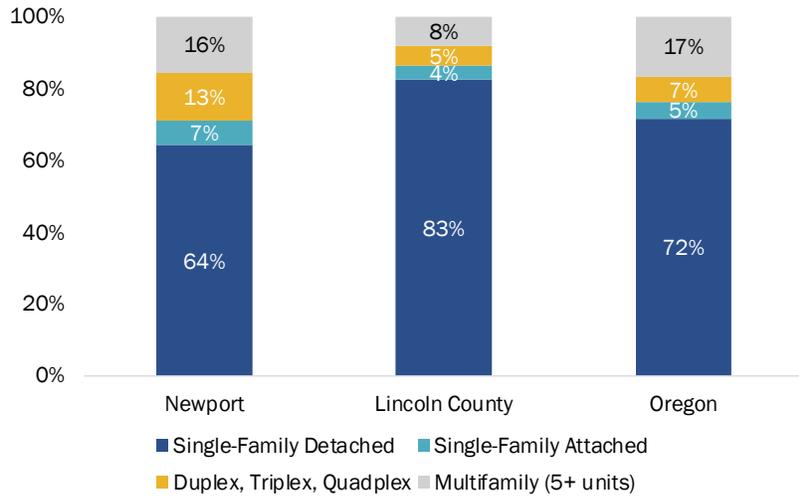


**About 64% of Newport's housing stock was single-family detached housing.**

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

**Exhibit 2. Housing Mix, Newport, Lincoln County, and Oregon, 2015-2019**

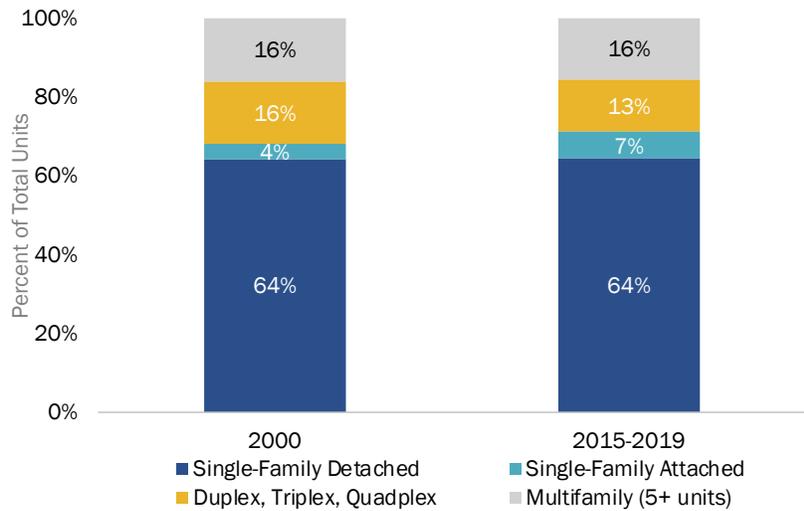
Source: US Census Bureau, 2015-2019 ACS Table B25024.



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

**Exhibit 3. 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.

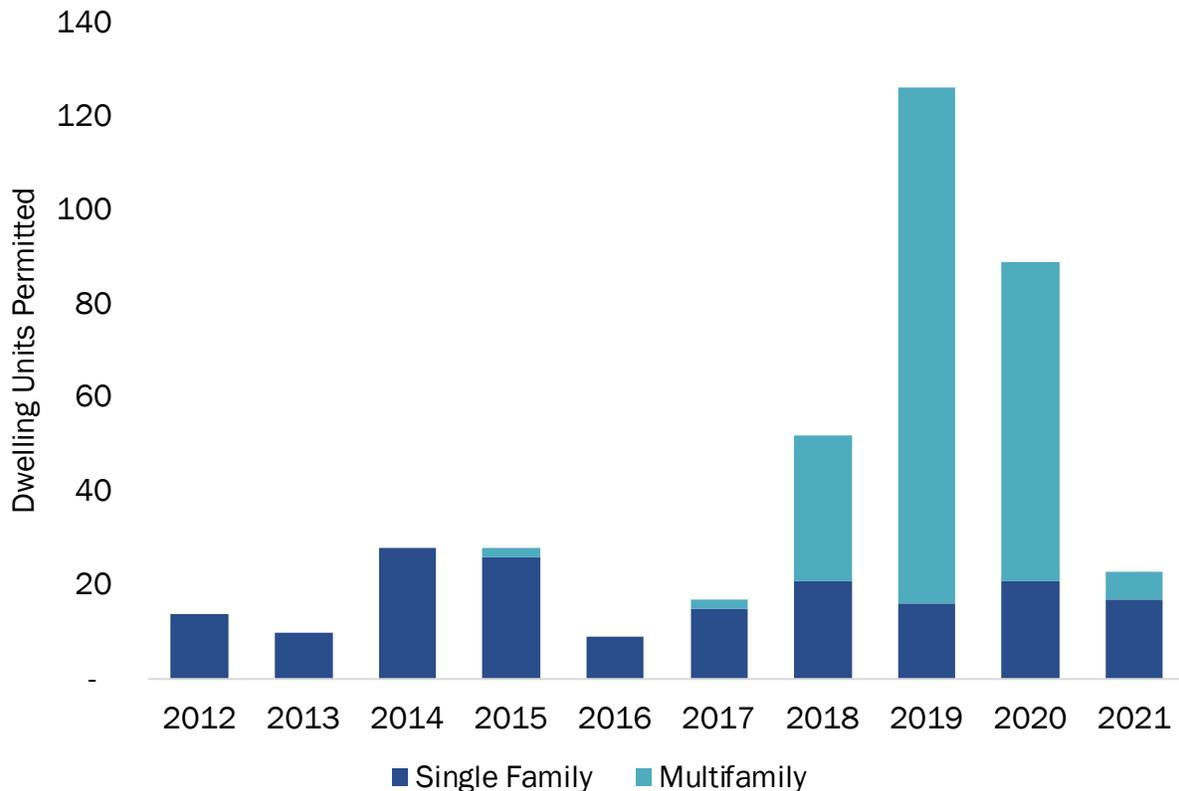


## Building Permits

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.<sup>5</sup> 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.<sup>6</sup>

### Exhibit 4. Building Permits Issued for New Residential Construction by Type of Unit, Newport, 2012 through 2021

Source: City of Newport, Permit Database.



<sup>5</sup> 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.

<sup>6</sup> 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:

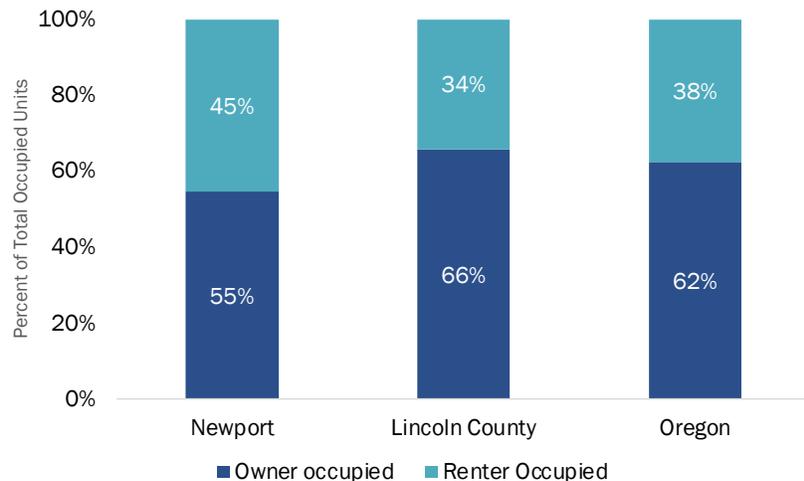
- **Homeownership rates in Newport were lower than Lincoln County's and Oregon's rates.** About 55% of Newport's households owned their home. In comparison, 66% of Lincoln County households and 62% of Oregon households were homeowners.
- **Homeownership rates in Newport increased slightly between 2000 and 2015-2019.** In 2000, 52% of Newport households were homeowners, compared to 55% in 2015-2019.
- **Most of Newport's homeowners (90%) lived 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 5. Tenure, Occupied Units, Newport, Lincoln County, and Oregon, 2015-2019**

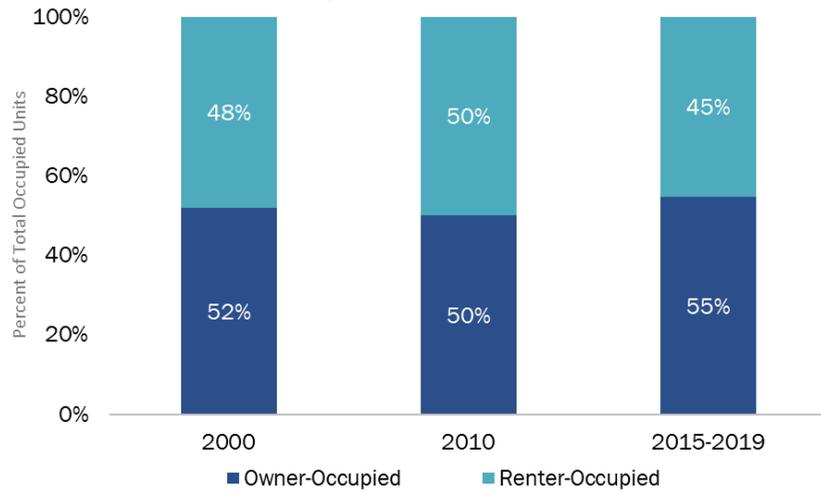
Source: US Census Bureau, 2015-2019 ACS 5-Year Estimates, Table B25003.



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

**Exhibit 6. 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.



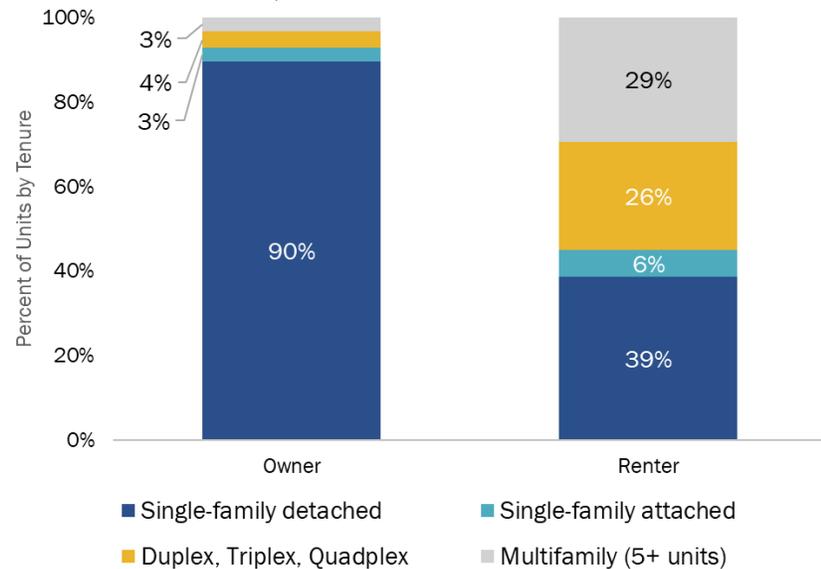
Nearly all of Newport’s homeowners (90%) lived in single-family detached housing.

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

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

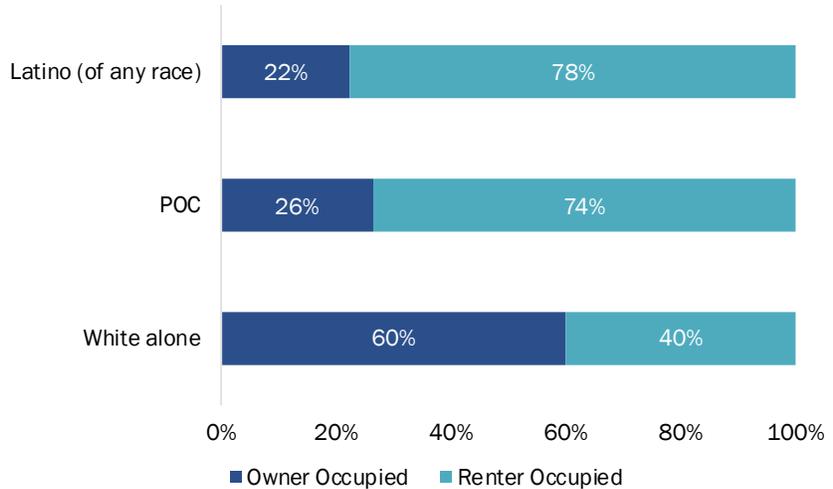


**Latino and POC households were more likely to be renters than White, alone households.**

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

**Exhibit 8. Tenure by Race and by Ethnicity, Newport, 2015-2019**

Source: US Census Bureau, 2015-2019 ACS Table B25003A-I.

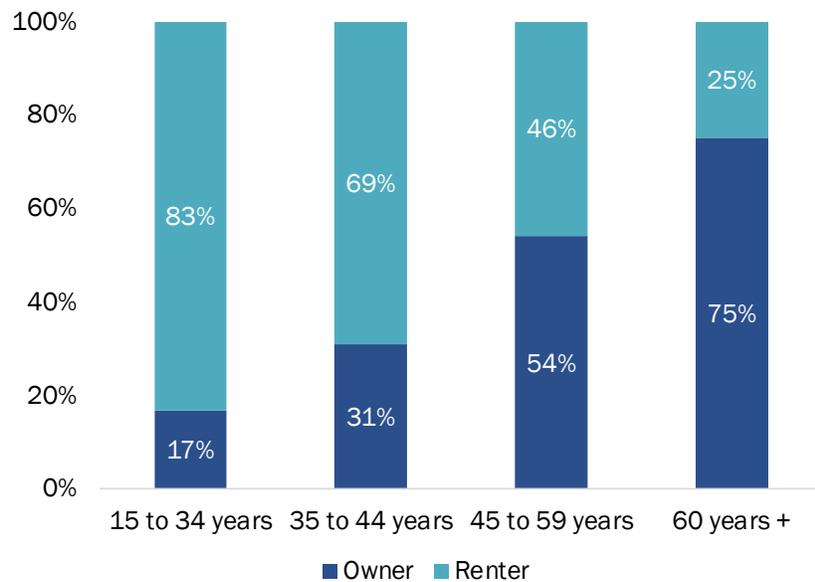


**The homeownership rate in Newport increased with age.**

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 9. 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.

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."

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.

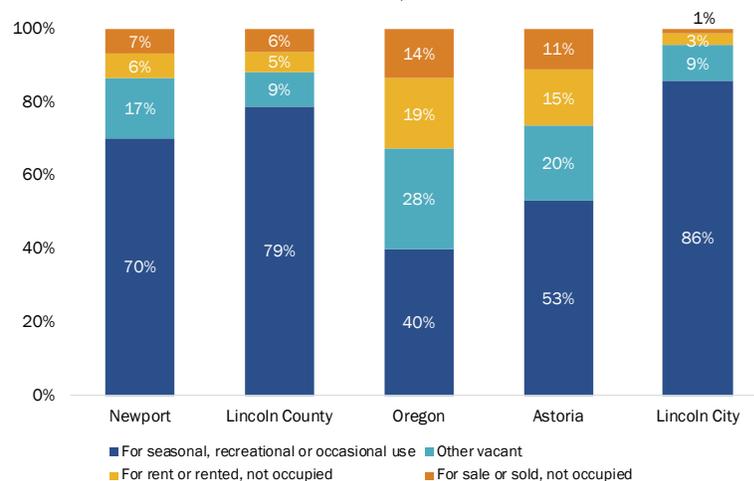
About 2.6% of Newport’s housing was vacant for rent or for sale in 2015-2019.

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

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.”<sup>7</sup>

**Exhibit 10. Vacancy by Reason, Newport 2015-2019**

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



<sup>7</sup> According to the Census, a housing unit is classified as “other vacant” when it does not fit into any other year-round vacant category. Common reasons a housing unit is labeled as “other vacant” includes when a unit is vacant for repairs or renovations, a unit is being held for settlement of an estate, owner does not want to rent or sell, unit is being used for storage, or the owner is elderly and living elsewhere. This category can also include foreclosed properties.

As of 2015-2019, about 70% of Newport's vacant dwelling units were vacant for seasonal, recreational, or occasional use (e.g., short-term rentals or vacation homes) compared to 47% in 2006-2010.

**Exhibit 11. Vacancy for Seasonal, Recreational, or Occasional Use, Newport, 2000 and 2015-2019**

Source: U.S. Census Bureau, 2000 Decennial Census SF1 Table H005<sup>8</sup>, 2015-2019 ACS Table B25004.

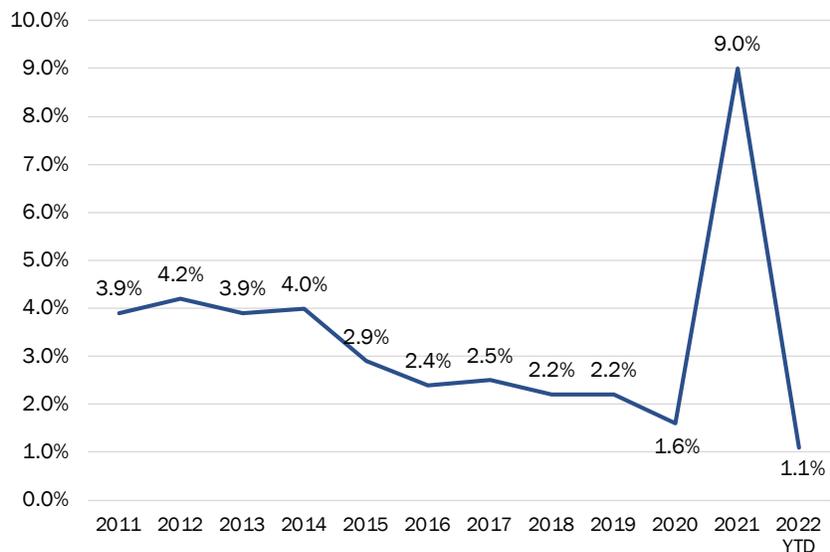
<b>2006-2010</b>	<b>437 Units</b>	<b>47.4%</b>
		Share of Vacant Dwelling Units
<b>2015-2019</b>	<b>811 Units</b>	<b>70.2%</b>
		Share of Vacant Dwelling Units

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. The increased vacancy rate in 2021 was likely the result of absorption of the new units.

**Exhibit 12. Average Multifamily Vacancy Rate, Newport, 2011–2022 YTD**

Source: CoStar. March 2022.



<sup>8</sup> 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 13. 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	-	-	-
<b>Total</b>	<b>359</b>	<b>-</b>	<b>27</b>	<b>126</b>	<b>82</b>	<b>74</b>	<b>6</b>

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 14. 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.

	Unknown	SRO	Unit Size						Total
			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 15 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 15. 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
<b>Total</b>			<b>294</b>	<b>8</b>	

## Student Housing

Note to reviewers: This section will include information about existing students and future housing plans.

## 2. 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<sup>9</sup>

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<sup>10</sup>

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 without financial distress are snapping up the limited supply of homes for sale, pushing up prices and further excluding less affluent buyers from homeownership.

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<sup>9</sup> 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.

<sup>10</sup> 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 2020," (2) Urban Land Institute, "2021 Emerging Trends in Real Estate," and (3) the US Census.

At the same time, millions of households that lost income during the shutdowns are behind on their housing payments and on the brink of eviction or foreclosure. A disproportionately large share of these at-risk households are renters with low incomes and people of color. While policymakers have taken bold steps to prop up consumers and the economy, additional government support will be necessary to ensure that all households benefit from the expanding economy.

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

- **A continued bounce back in residential construction was led by an increase in single-family and multifamily housing starts.** After a sharp comeback in summer 2020 led by single-family construction, single-family housing starts fell below a 700,000-unit annual rate in April 2020 due to the COVID-19 pandemic. Following that dip, housing starts nearly doubled to a high of 1,315,000 new housing units in December 2020—marking it as the strongest month for single-family homebuilding in over 13 years—with a consistent annual rate of production since then ranging from 1,061,000 to 1,255,000 units; most recently hitting 1,215,000 in February 2022. Multifamily unit starts followed similar trends, reaching a 33-year high in January 2020 of more than half a million buildings with 5 units or more, then hitting a 6-year low in April 2020 of a quarter million. Since that low, multifamily starts have increased 47%, reaching 501,000 units in February 2022.
- **Strong construction numbers did not alleviate the shortage of existing homes for sale.** Inventories fell from 3.0 months in December 2019 to just under 2 months in December 2020, well below what is considered balanced (six months), with lower-cost and moderate-cost homes experiencing the tightest inventories. While *The State of the Nation's Housing* report cited the COVID-19 pandemic as sharing some blame for these tight conditions, the larger cause was the result of underproduction of new homes since mid-2000s. Restrictive land use regulations, the cost and availability of labor, and the cost of building materials were also cited as constraints on residential development.
- **Homeownership rates slowly, but consistently, increased.** After years of decline, the national homeownership rate increased slightly from 64.4% in 2018 to 65.5% in late 2021. Trends suggest the recent homeownership increases are among householders of all age groups, with households under age 35 making up the largest proportions of this increase. About 88% of net new growth (2013 to 2019) was among households with incomes of \$150,000 or more. Significant disparities also still exist between households of color and white households, with the Black-white homeownership gap was 28.1

percentage points in early 2021 and the Hispanic-white gap at 23.8 percentage points, though this latter percentage was a 1.8 percentage point decrease from 2019.

- **Housing affordability.** Despite a recent downward trend, 37.1 million American households spent more than 30% of their income on housing in 2019, which is 5.6 million more households than in 2001. Renter households experienced cost burden at more than double the rate of homeowners (46% versus 21%) with the number of cost-burdened renters exceeding cost-burdened homeowners by 3.7 million in 2019. Affordability challenges were mostly likely to affect households with low incomes as three-fifths of renters and nearly half of homeowners earning less than \$25,000 were reported to be severely cost-burdened in 2019, as well as one in sixth renters and one in eight homeowners earning between \$25,000 and \$49,999. Households under the age of 25 and over the age of 85 had the highest rates of housing cost burden, as well as households of color.
- **Long-term growth and housing demand.** The Joint Center for Housing Studies forecasts that, nationally, demand for new homes could total as many as 10 million units between 2018 and 2028 if current low immigration levels continue. Much of the demand will come from baby boomers, millennials, Generation Z,<sup>11</sup> 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.**<sup>12</sup> 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 billion in 2017, topping out at \$433 billion in 2021.

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

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<sup>11</sup> 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/>.

<sup>12</sup> 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](https://www.jchs.harvard.edu/sites/default/files/Harvard_JCHS_Improving_Americas_Housing_2019.pdf)

rehabilitation spending and 2020 saw a record number of billion-dollar climate-related disasters.

- **Declining residential mobility.**<sup>13</sup> 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."<sup>14</sup> 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 decreasing as people in this cohort move from giving care to needing care, making more inclusive, community-based, congregate settings more important. Senior

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<sup>13</sup> 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.

<sup>14</sup> Urban Land Institute. *Emerging Trends in Real Estate, United States and Canada.* 2019.

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.<sup>15</sup> 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.”<sup>16</sup> 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.”<sup>17</sup>

- *Millennials.* Over the last several decades, young adults have increasingly lived in multigenerational housing—more so than older demographics.<sup>18</sup> However, as millennials move into their early to mid-thirties, postponement of family formation is ending, and millennials are more frequently becoming homeowners, frequently of detached, single-family homes.

At the beginning of the 2007–2009 recession, millennials only started forming their own households. The number of millennials homeowners have seen an uptick over the past few years. While the overall U.S. homeownership rate slowly decreased from 2009 to 2019, the millennial homeownership rate increased from 33% in 2009 to 43% in 2019, with 6% of that growth since 2016. The age group of 35 years old and younger accounted for about 15% of the annual household growth in 2019, up from about 10% in 2018. Older millennials (those age 35–44) also accounted for a growing share of growth in homeownership.<sup>19</sup> However, racial disparities also exist in millennial homeownership rates, with Non-Hispanic White homeowners accounting for 53%, Hispanic homeowners for 35%, and Black homeowners for 21%.<sup>20</sup>

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<sup>15</sup> Vanleerberghe, Patricia, et al. (2017). The quality of life of older people aging in place: a literature review.

<sup>16</sup> *Ibid.*

<sup>17</sup> American Planning Association. Making Space for Tiny Houses, Quick Notes.

<sup>18</sup> 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).

<sup>19</sup> The Joint Center for Housing Studies of Harvard University’s publication “The State of the Nation’s Housing 2021”

<sup>20</sup> “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](https://sf.freddiemac.com/content/_assets/resources/pdf/fact-sheet/millennial-playbook_millennials-and-housing.pdf).

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%.<sup>21</sup> "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).<sup>22</sup>

- *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.<sup>23</sup>

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.<sup>24</sup> 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 proximity). However, this cohort is smaller than millennials (67 million vs. 72 million), which may lead to slowing real estate demand in city centers.

- *Immigrants.* Research on foreign-born populations shows that immigrants, more than native-born populations, prefer to live in multigenerational housing. Still, immigration and increased homeownership among minorities could also play a key role in accelerating household growth over the next 10 years. Current Population

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<sup>21</sup> 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>

<sup>22</sup> PNC. (n.d.). Ready or Not, Here Comes the Great Wealth Transfer. Retrieved from: <https://www.pnc.com/en/about-pnc/topics/pnc-pov/economy/wealth-transfer.html>

<sup>23</sup> 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/>

<sup>24</sup> "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>.

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 stanchied by the effects of the Great Recession. After a period of declines, the foreign-born population again began contributing to household growth, despite decline in immigration rates in 2019. The Census Bureau's estimates of net immigration in 2021 indicate that just 247,000 immigrants moved to the United States from abroad, down from a previous high of 1,049,000 between 2015-2016.<sup>25</sup> 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<sup>26</sup>. This 30-percentage point gap is the largest disparity since 1983. Although homeownership rates are increasing for some minorities, Black and Hispanic households are more likely to have suffered disproportionate impacts of the pandemic and forced sales could negatively impact homeownership rates. This, combined with systemic discrimination in the housing and mortgage markets and lower incomes relative to white households, leads to higher rates of cost burden for some groups of people. For example, of renters in arrears, Black renters account for 29% and Hispanic renters for 21%, compared to white renters at 11%. Additionally, for low-income renters earning less than \$25,000, Hispanic and Black renters faced higher cost burden rates (86 and 8 %respectively) than white renters at 80%. For low-income homeowners, 72% of Hispanics, 74% of Blacks and 84% of Asians faced cost burdens, compared to 68% of white households. As noted in *The State of the Nation's Housing (2020)* report, "the impacts of the pandemic have shed light on the growing racial and income disparities in the nation between the nation's haves and have-nots 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

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<sup>25</sup> 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>.

<sup>26</sup> "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/>.

housing for the nation, state, and local areas. Several long-term trends in the characteristics of housing are evident from the New Housing Report:<sup>27</sup>

- *Larger single-family units on smaller lots.* Between 2000 and 2020, the median size of new single-family dwellings increased by nearly 10% nationally, from 2,057 sq. ft. to 2,261 sq. ft., and 14% in the western region from 2,014 sq. ft. in 1999 to 2,242 2,279 sq. ft. in 2020. Moreover, the percentage of new units smaller than 1,400 sq. ft. nationally decreased by a half, from 14% in 2000 to 7% in 2020. The percentage of units greater than 3,000 sq. ft. increased from 18% in 2000 to 23% of new single-family homes completed in 2020. In addition to larger homes, a move toward smaller lot sizes was seen nationally. Between 2010 and 2020, the percentage of lots less than 7,000 sq. ft. increased from 25.5% to 34.8% of lots.

Based on national study about home buying preferences that differ by race/ethnicity, African American home buyers wanted a median unit size of 2,664 sq. ft. compared to 2,347 sq. ft. for Hispanic buyers, 2,280 sq. ft. for Asian buyers, and 2,197 sq. ft. for white buyers.<sup>28</sup> 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 occupancies (SROs),<sup>29</sup> cottage clusters, cohousing developments, and multifamily products are common housing types that take advantage of this trend. Shared

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<sup>27</sup> US Census Bureau, Highlights of Annual 2020 Characteristics of New Housing. Retrieved from: <https://www.census.gov/construction/chars/highlights.html>

<sup>28</sup> Quint, Rose. (April 2014). *What Home Buyers Really Want: Ethnic Preferences*. National Association of Home Builders.

<sup>29</sup> 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>

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.<sup>30</sup>

## State Trends

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

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

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

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

<sup>30</sup> 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](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.

community health care projects and access to telehealth services.” It identified the following top needs in its Needs Assessment:<sup>31</sup>

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

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

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

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<sup>31</sup> 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>.

Oregonians who have ever had mental health challenges total 757,000 with 172,000 having serious mental health challenges.

- Approximately 178,000 residents 18 and older in Oregon have experienced some type of domestic violence, dating violence, sexual assault and/or stalking by an intimate partner in the previous year. In the most severe cases, these victims must leave their homes—an estimated 4,200 residents who are victims of domestic violence in Oregon require housing services each year.
- Nearly 16,000 people were identified as experiencing homelessness in Oregon in 2019, an increase of 13% since 2017. Two in three are unsheltered.
- Nearly 17,000 households live in substandard housing, based on Census surveys of housing units lacking complete plumbing or kitchen facilities. The number of households in substandard housing decreased by 4% compared to the 2021-2025 plan.
- Approximately 29,000 households live in units that are either overcrowded or severely overcrowded. The number of households in overcrowded conditions increased by 19% since the last plan. For housing to be considered affordable, a household should pay up to one-third of their income toward rent, leaving money left over for food, utilities, transportation, medicine, and other necessities.

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

- Housing activities that result in more rental units for households with income below 60% of AMI and households with incomes between 60% and 80% of AMI; emergency shelters for people who are homeless; and transitional housing for people moving out of homelessness;
- Repurposing vacant buildings for affordable housing; and
- Affordable and accessible housing for people with disabilities.
- In 2022, minimum wage in Oregon<sup>32</sup> was \$12.75, compared to \$14.00 in the Portland metro and \$12.00 for nonurban counties.

Oregon developed its *Statewide Housing Plan 2019-2023* in 2019.<sup>33</sup> 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)

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<sup>32</sup> 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>

<sup>33</sup> 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>

released a summary of their progress.<sup>34</sup> 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 it built relationships, tools, and connections to further its equity and racial justice focus. OHCS continued to gather and update Culturally Specific Organization (CSO) list, tracking funding received by CSOs. OHCS developed customized tools for equity and racial analysis and got ready to start equity and inclusion training for OHCS staff and committee chairs

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

The Homeless Services Section (HSS) made progress in demonstrating increased Housing Stability with 26,940 households paid out via the Oregon Emergency Rental Assistance Program. Additional staffing and funding (\$100 million) were secured 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.*

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.

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<sup>34</sup> 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>

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

OHCS assisted 1,187 households in becoming successful homeowners, part of its target to assist a total of 6,500 homes. OHCS made strides in double the number of homeowners of colors in its homeownership programs. OHCS launched new programs to support homeownership, including lending programs. 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.

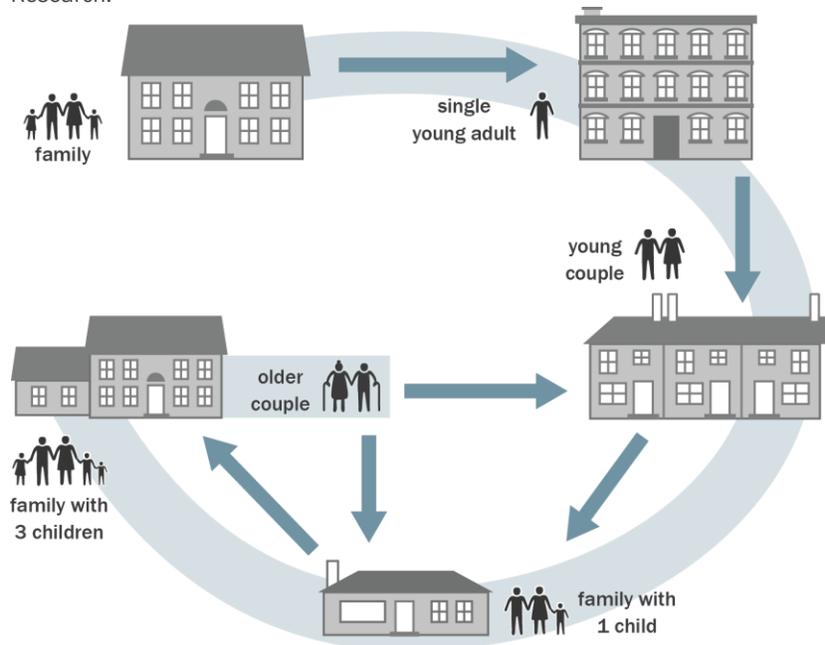
An individual's housing needs change throughout their life, with changes in income, family composition, and age. The types of housing needed by a 20-year-old college student differ from the needs of a 40-year-old parent with children, or an 80-year-old single adult. As Newport's population ages, different 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 16. 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 17 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 17. Population, Newport (city limits), Lincoln County, Oregon, 2000, 2010, 2021

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

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

The population forecast in Exhibit 18 is Newport’s official population forecast, from the Oregon Population Forecast Program. Newport must use this forecast as the basis for forecasting housing growth over the 2022 to 2042 period.

**Newport’s population within its UGB is projected to grow by about 250 people between 2022 and 2042, at an average annual growth rate of 0.1%.<sup>35</sup>**

### Exhibit 18. Forecast of Population Growth, Newport UGB, 2022 to 2042

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

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

Note: This section will include information about expected student growth and potential growth for student housing.

<sup>35</sup> This forecast of population growth is based on Newport UGB’s official population forecast from the Oregon Population Forecast Program. ECONorthwest extrapolated the population forecast for 2020 (to 2022) and 2040 (to 2042) based on the methodology specified by DLCDC.

## 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.<sup>36</sup> 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.<sup>37</sup>

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

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

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

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<sup>36</sup> 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>.

<sup>37</sup> "Aging in Place: A toolkit for Local Governments" by M. Scott Ball.

In the near-term, millennials and Generation Z may increase demand for rental units. Research suggests that millennials' housing preferences may be like 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.<sup>38</sup> Recent growth in homeownership among millennials proves that millennials prefer to become homeowners, with the millennial homeownership rate increased from 33% in 2009 to 43% in 2019.<sup>39</sup> While researchers do not yet know how Generation Z will behave in adulthood, many expect they will follow patterns of previous generations.<sup>40</sup>

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.<sup>41</sup> The survey results suggest millennials are more likely than other groups to prefer housing in an urban neighborhood or town center. While this survey is for the Portland region, it shows similar results to national surveys and studies about housing preference for millennials.

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

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<sup>38</sup> 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

<sup>39</sup> "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](https://sf.freddiemac.com/content/_assets/resources/pdf/fact-sheet/millennial-playbook_millennials-and-housing.pdf).

<sup>40</sup> "2021 Home Buyers and Sellers Generational Trends Report." National Association of Realtors, 2021.

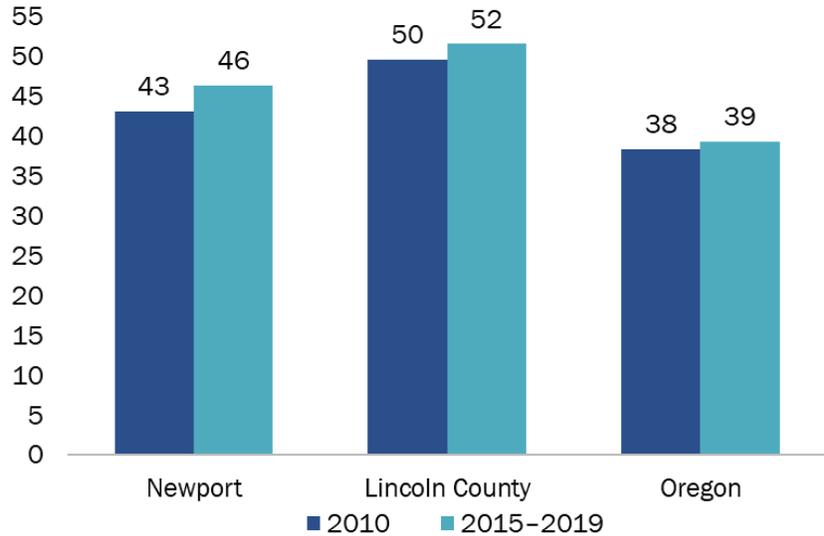
<https://www.nar.realtor/sites/default/files/documents/2021-home-buyers-and-sellers-generational-trends-03-16-2021.pdf>.

<sup>41</sup> 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 19. 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.

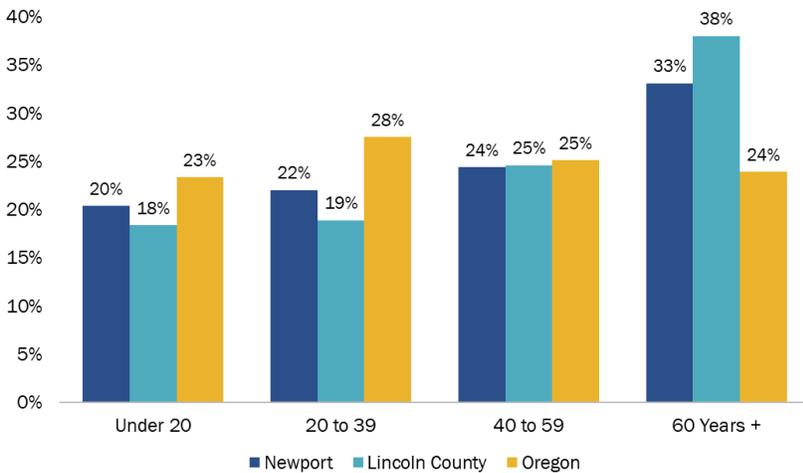


In the 2015-2019 period, about 46% of Newport's residents were between the ages of 20 and 59 years.

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

**Exhibit 20. Population Distribution by Age, Newport, Lincoln County, and Oregon, 2015-2019**

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

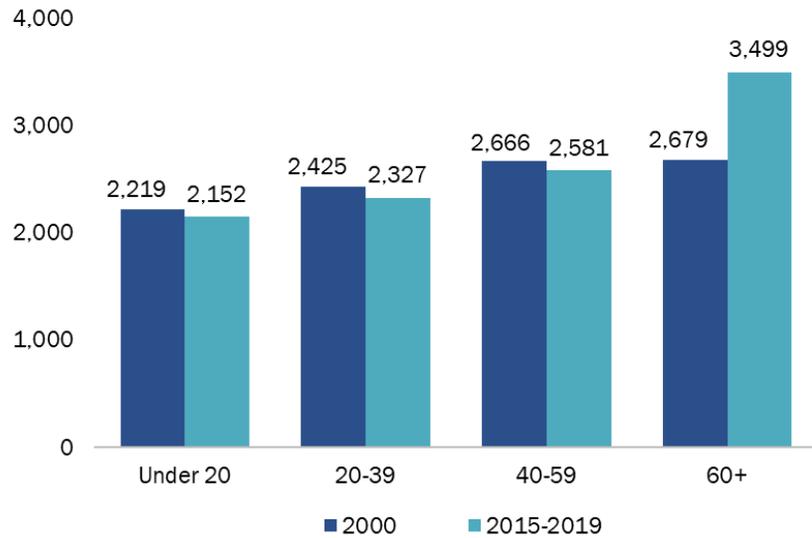


Between 2000 and 2015-2019, all age groups in Newport decreased in size except for those aged 60 and older.

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

**Exhibit 21. 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 22. Forecast for Population Growth by Age Group, Lincoln County, 2020 to 2040**

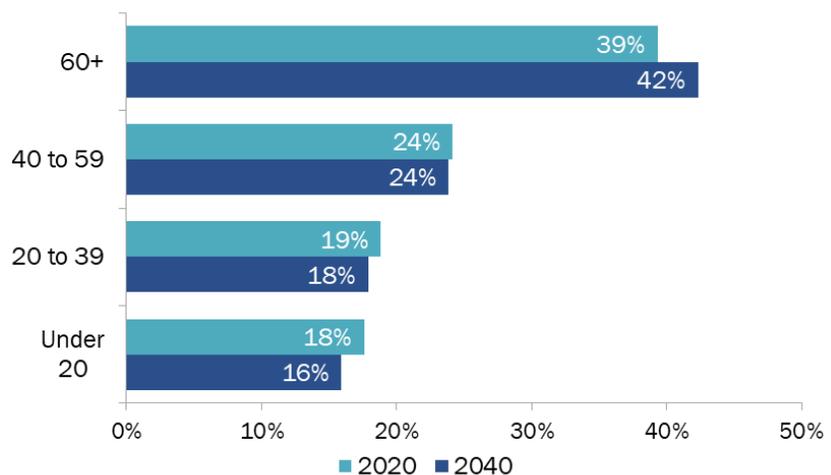
Source: PSU Population Research Center, Lincoln County Forecast, June 2021

Age Group	2020	2030	2040
Under 20	-10 People	5%	9%
20-39 Yrs	466 People	5%	9%
40-59 Yrs	1,075 People	9%	19%
60+ Yrs	3,593 People	19%	19%

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

**Exhibit 23. 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.<sup>42</sup>

Continued growth in the Latino population will affect Newport's housing needs in a variety of ways. Growth in first and, to a lesser extent, second and third-generation Latino immigrants will increase demand for larger dwelling units to accommodate the, on average, larger household sizes for these households. In that, Latino households are twice likely to include multigenerational households than the general populace.<sup>43</sup> As Latino households change over generations, household size typically decreases, and housing needs become like housing needs for all households.

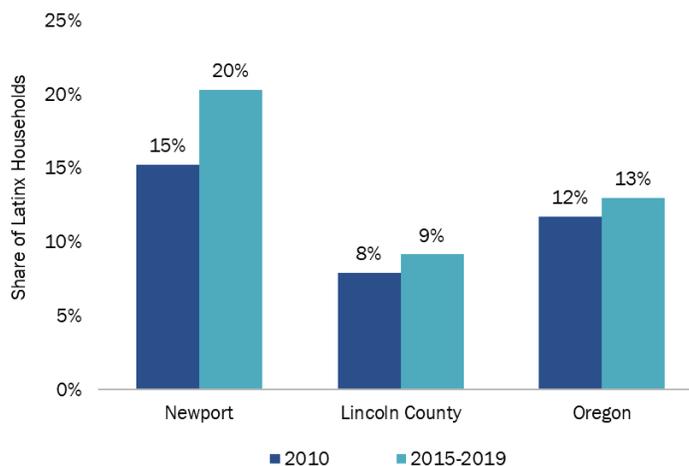
According to the *State of Hispanic Homeownership* report from the National Association of Hispanic Real Estate Professionals, the Latino population accounted for 29.2% of the nation's new household formation between 2017 and 2021.<sup>44</sup> The rate of homeownership for Latino households increased 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 rate since 2009.

**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 24. 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.



<sup>42</sup> US Census Bureau, *Demographic Turning Points for the United States: Population Projections for 2020 to 2060*.

<sup>43</sup> 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*.

<sup>44</sup> National Association of Hispanic Real Estate Professionals (2021). *2021 State of Hispanic Homeownership Report*.

## Race and Ethnicity

Understanding the race and ethnicity characteristics<sup>45</sup> 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 25. 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%

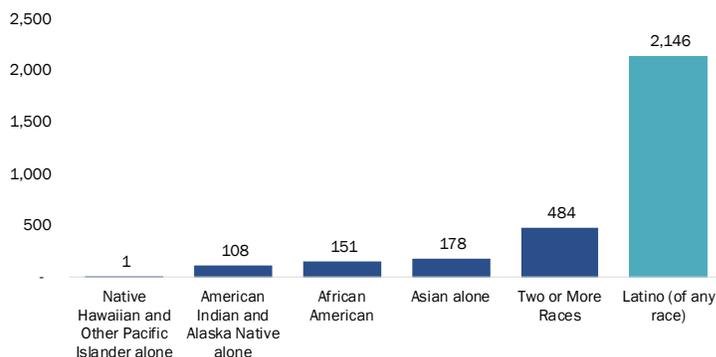
**In Newport, about 992 people identified as a race other than White Alone and over 2,100 people identified as Latino (of any race).**

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

**Exhibit 26. 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.



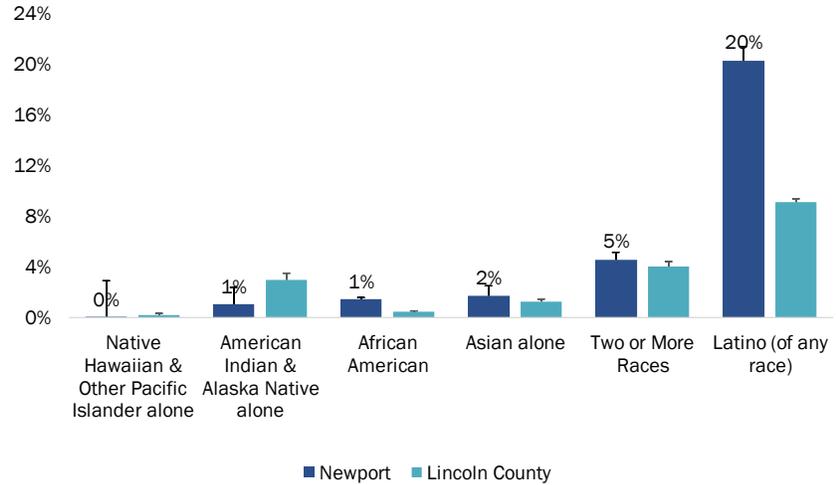
<sup>45</sup> The U.S. Census Bureau considers race and ethnicity as two distinct concepts. Latino is an ethnicity and not a race, meaning individuals who identify as Latino may be of any race.

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

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

**Exhibit 27. Population Distribution by Race and Ethnicity, People of Color, Newport, 2015-2019**

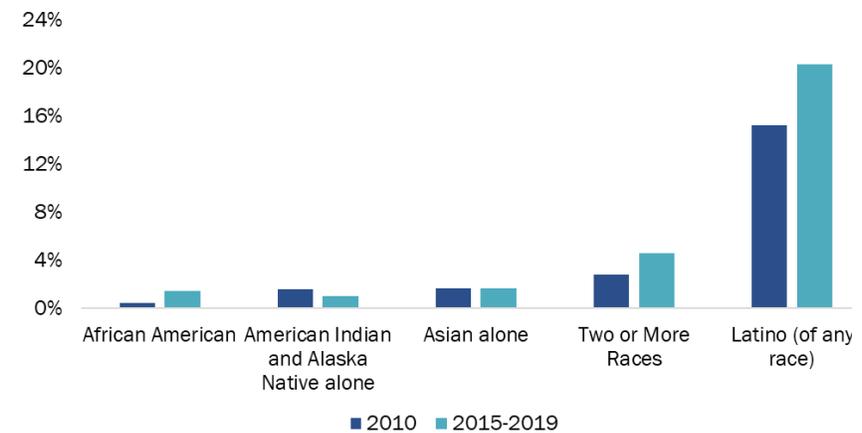
Source: U.S. Census Bureau, 2000 Decennial Census Table B01002, 2015-2019 ACS, Table B01002. Black bars denote the potential upper and lower bound of the estimate using the margin of error reported by the Census.



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 28. 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 because 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 29. Average Household Size, Newport, Lincoln County, Oregon, 2015-2019

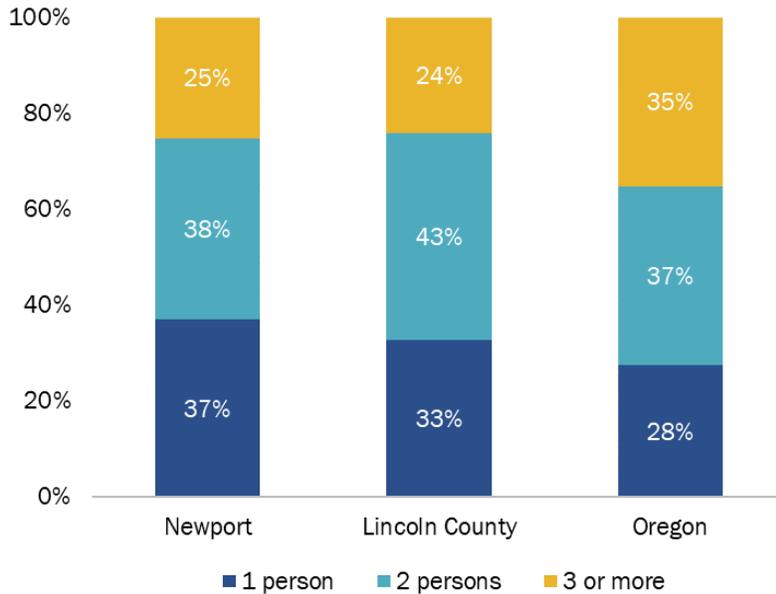
Source: US Census Bureau, 2015-2019 ACS 5-Year Estimate, Table B25010.

**2.21 Persons** Newport      **2.25 Persons** Lincoln County      **2.51 Persons** Oregon

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

### Exhibit 30. Household Size, Newport, Lincoln County, Oregon, 2015-2019

Source: US Census Bureau, 2014-2018 ACS 5-Year Estimate, Table B25010.

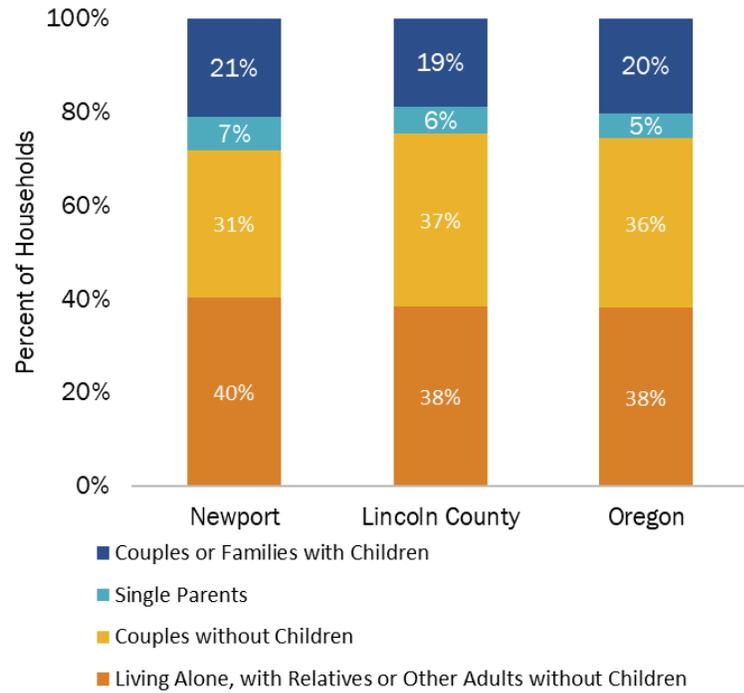


**Newport had a slightly larger share of households with children than Lincoln County and Oregon.**

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

**Exhibit 31. Household Composition, Newport, Lincoln County, Oregon, 2015-2019**

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



## Income of Newport Residents

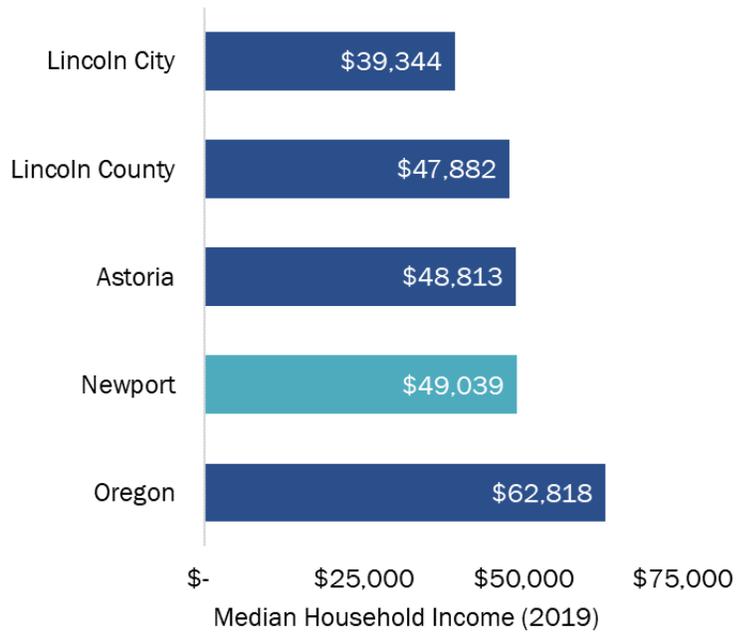
Income is a key determinant in housing choice and households' ability to afford housing. Newport's median household income was about 80% of the State average. Adjusted for inflation, Newport's household income increased by 1% since 2000, like statewide trends. The slight increase in household income (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 32. Median Household Income, Newport, Lincoln County, Oregon, Comparison Cities, 2015-2019

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

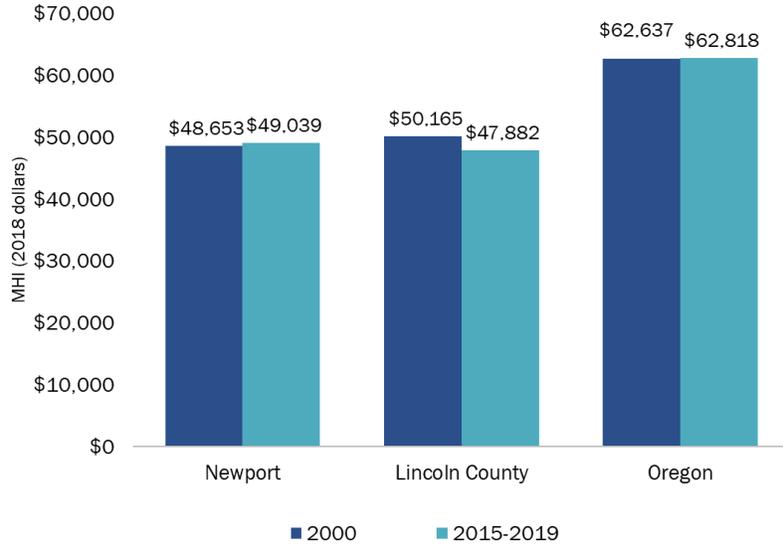


After adjusting for inflation, Newport's median household income increased by 1% from 2000 to 2015-2019.

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

**Exhibit 33. 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.

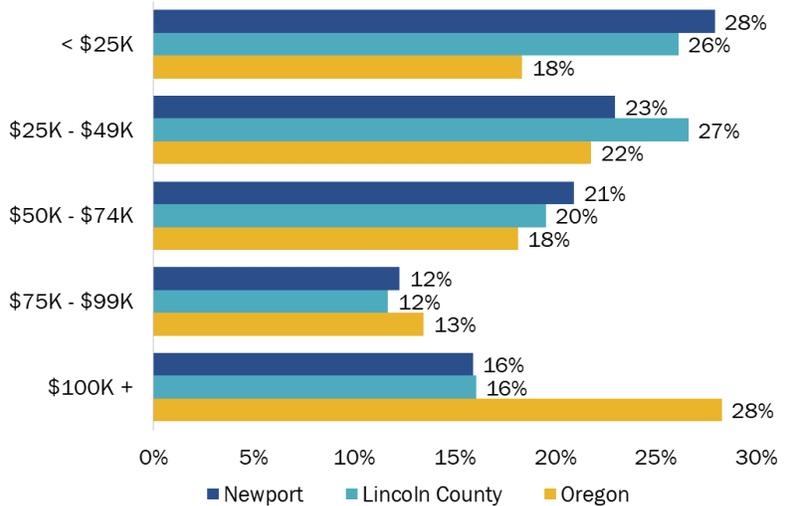


About half of all households in Newport (51%) earned less than \$50,000, compared to 53% of Lincoln County households and 40% of Oregon households.

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

**Exhibit 34. Household Income, Newport, Lincoln County, Oregon, 2015-2019**

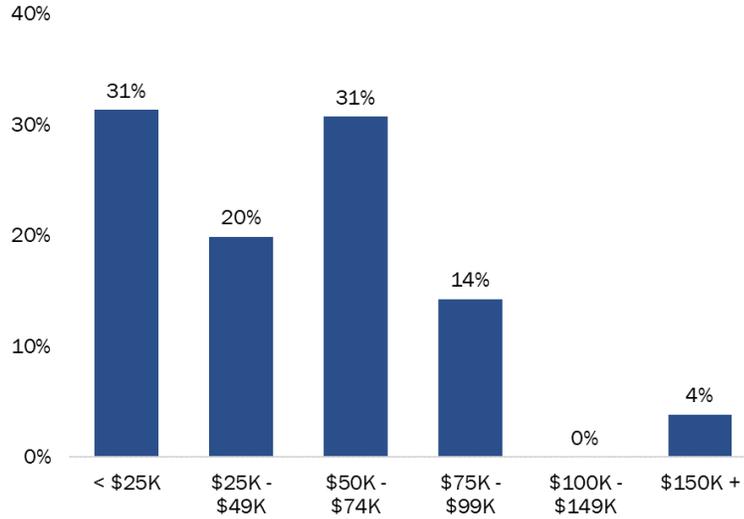
Source: US Census Bureau, 2015-2019 ACS 5-Year Estimate, Table B19001.



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

**Exhibit 35. Household Income by Latino Head of Household, Newport, 2015-2019**

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

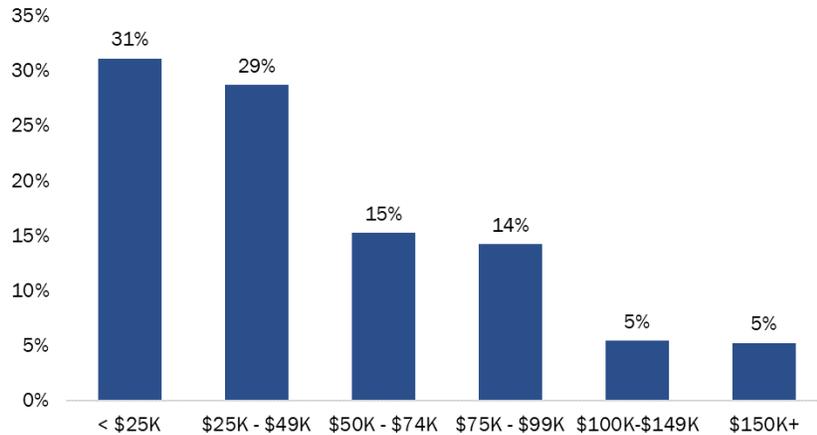


Senior households were more likely to have incomes at or below the city average.

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

Source: US Census Bureau, 2014-2018 ACS 5-Year Estimate, Table B19037. Note: Median Family Income for Lincoln County was \$57,400 (US Department of Housing and Urban Development).

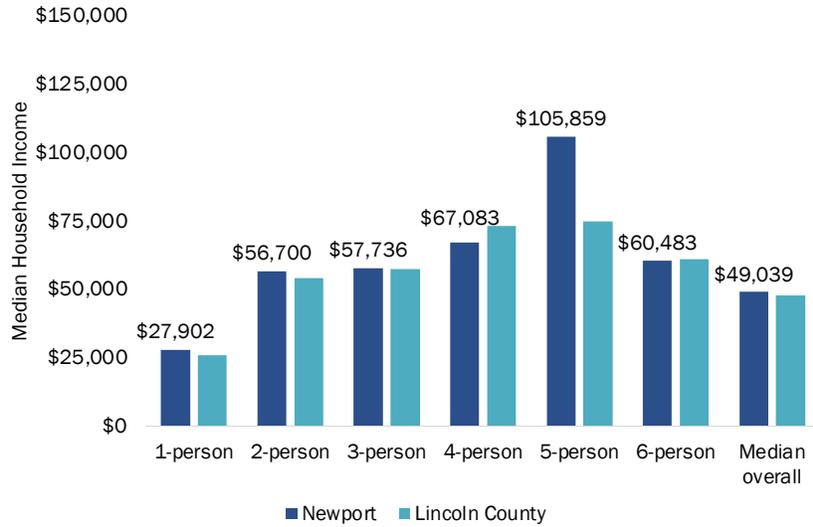


**Median household incomes tend to increase with average household sizes, peaking with households with five people.**

**Exhibit 37. Median Household Income by Household Size, Newport, 2015-2019**

Source: U.S. Census Bureau, 2015-2019 ACS 5-year estimate, Table B19019

Note: Exhibit 37 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 worked in Newport, 70% of workers commuted into Newport from other areas, most notably from Toledo, Lincoln City, Waldport, Corvallis, and Portland. Almost 2,500 residents of Newport commuted out of the city for work, many of them to Portland, Salem, Corvallis, and Toledo.

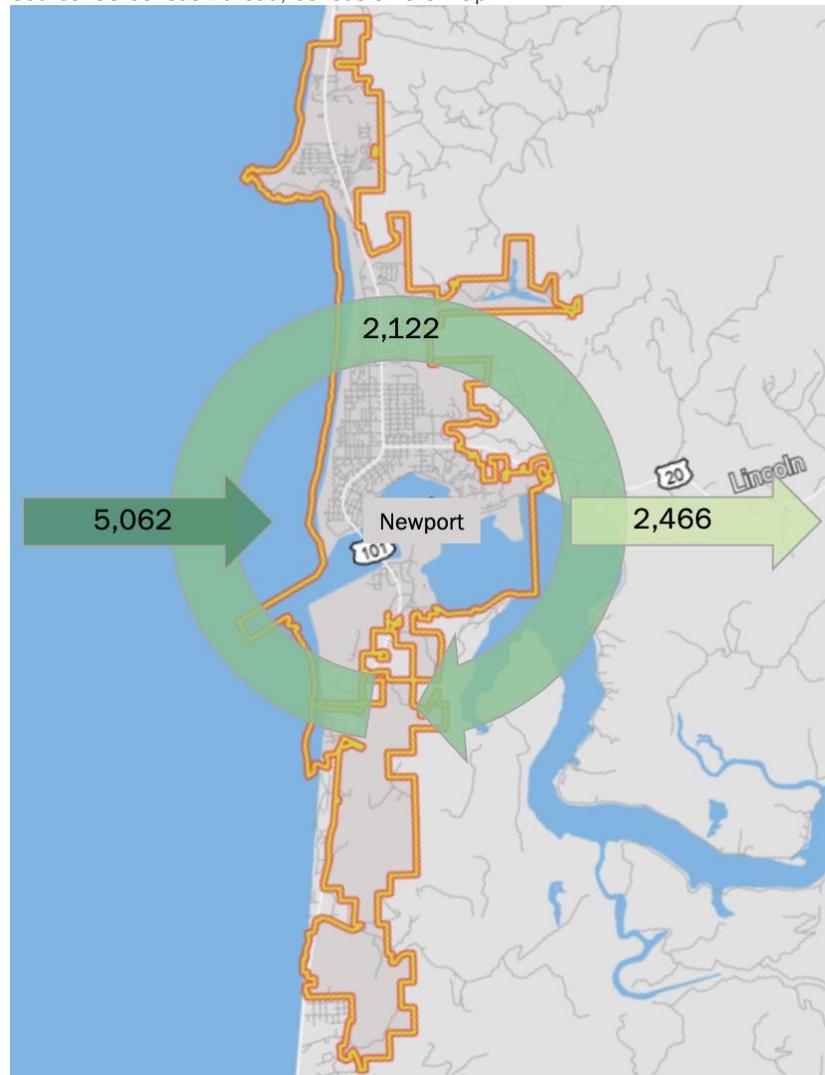
**About 7,184 people worked in Newport. Most of these people commuted into Newport for work.**

About 2,122 people lived and worked in Newport, accounting for 30% of jobs in Newport.

About 2,466 people lived in Newport but commuted outside of the city for work.

### Exhibit 38. Commuting Flows, Newport, 2019

Source: US Census Bureau, Census on the Map.



**About 30% of people who worked at businesses located in Newport also lived in Newport.**

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

**Exhibit 39. Places where Workers at Businesses in Newport Lived, 2019**

Source: US Census Bureau, Census on the Map.



**About 46% of Newport residents worked in Newport.**

**Exhibit 40. Places where Newport Residents Were Employed, 2019**

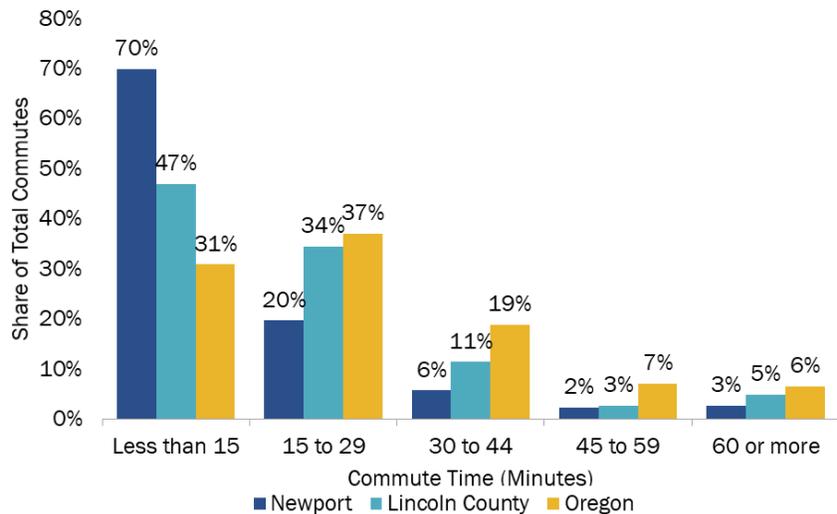
Source: US Census Bureau, Census On the Map.



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

**Exhibit 41. Commute Time by Place of Residence, Newport, Lincoln County, Oregon, 2015-2019**

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



## Populations with Special Needs

### People Experiencing Homelessness

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

According to HUD's 2021 Annual Homeless Assessment Report (AHAR), across the United States, the number of people experiencing *sheltered* homelessness has been decreasing since 2015, but the drop between 2020 and 2021 was steeper than in recent years.<sup>46</sup> 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.

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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.

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<sup>46</sup> 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.<sup>47</sup> This report uses the estimated count.

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

**Exhibit 42. Number of Persons Homeless, Lincoln County, Point-in-Time Count, 2017, 2019, and 2021**

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



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

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

**Exhibit 43. 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.



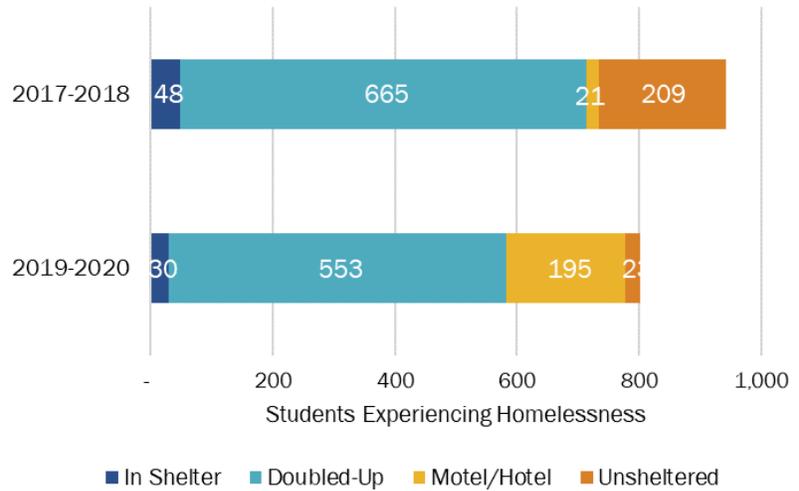
<sup>47</sup> The *reported* count for sheltered homelessness is what was collected/reported while the *estimated* count is the largest sheltered count reported during 2019-2021 in Josephine County. For unsheltered, the 2021 PIT count is not available for all counties, so the report modeled it by adding 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 44. 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 45. 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

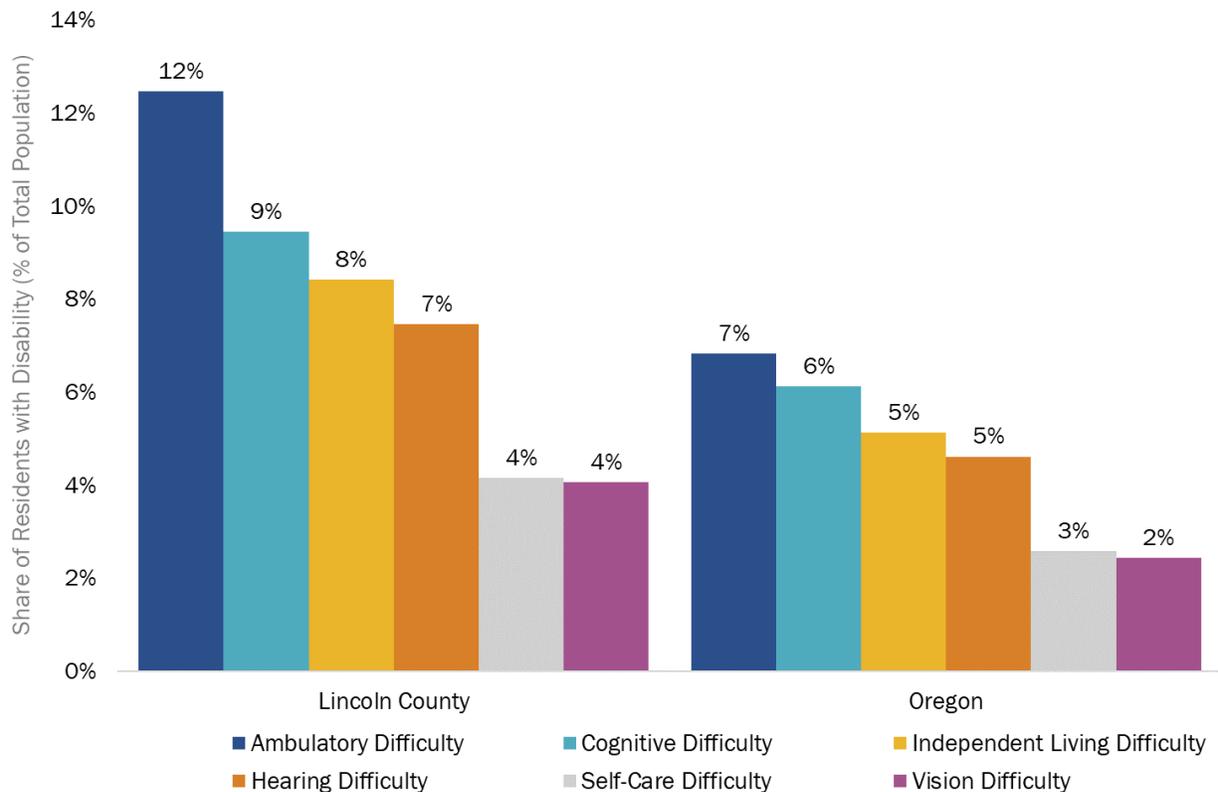
## People with Disabilities

Exhibit 46 presents data on the share of residents living with disabilities in Lincoln County and Oregon.<sup>48</sup> 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 46 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 46. 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.



<sup>48</sup> Data was not available for Newport city.

## Regional and Local Trends Affecting Affordability in Newport

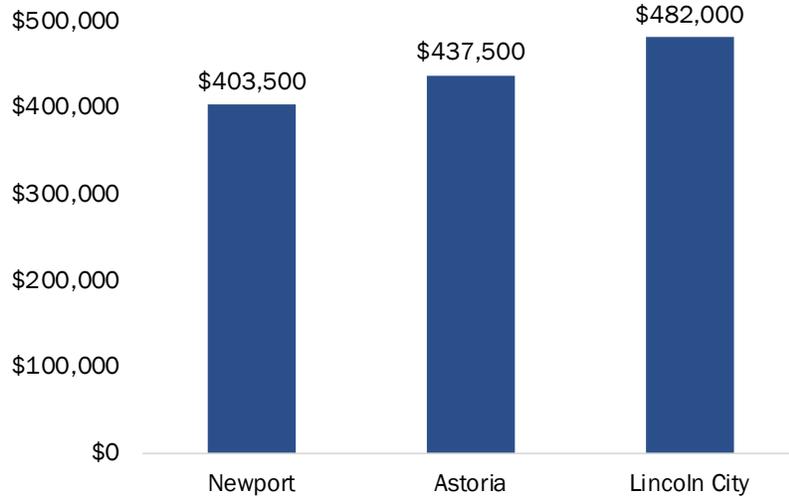
This section describes changes in sales prices, rents, and housing affordability in Newport, compared to other geographies in the region. Newport’s median home sales price was about \$403,500 in December 2021.

### Changes in Housing Costs

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

**Exhibit 47. Median Home Sales Price, Newport and Comparison Cities, December 2021**

Source: Property Radar



**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 48. 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.

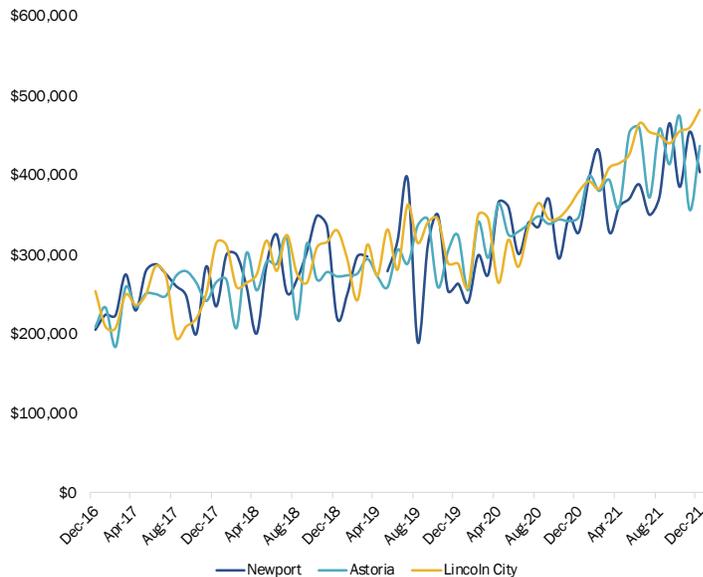
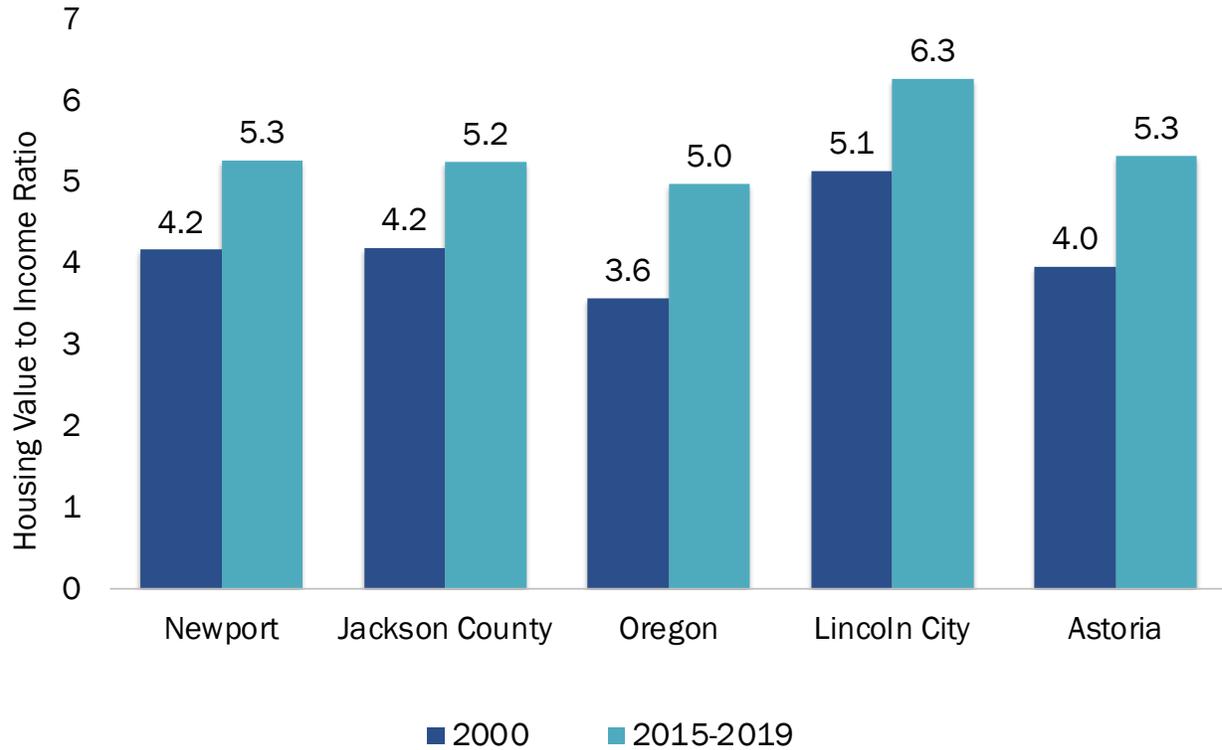


Exhibit 49 shows that, since 2000, housing costs in Newport increased faster than incomes. The household-reported median value of a house in Newport was 4.2 times the median household income in 2000 and 5.3 times the median household income in the 2015-2019 period.

**Exhibit 49. Ratio of Median Housing Value to Median Household Income, Newport, Lincoln County, Oregon, and Comparison Cities, 2000 to 2015-2019<sup>49</sup>**

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



<sup>49</sup> 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.

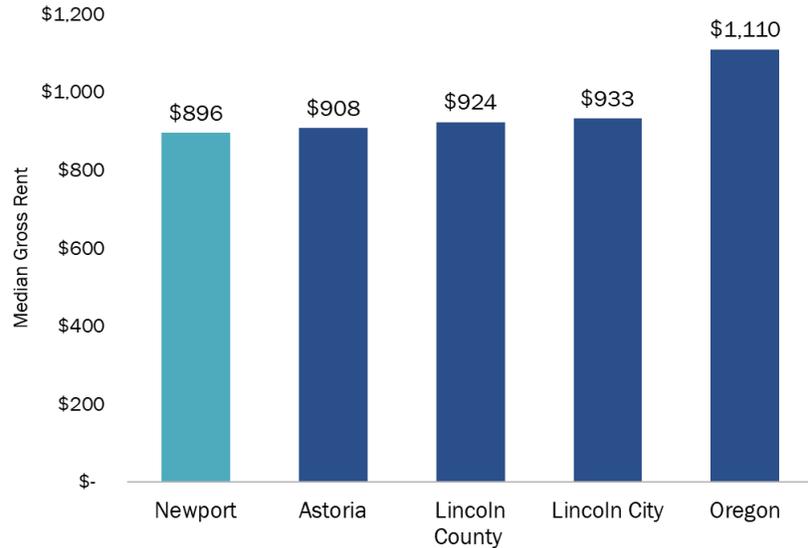
## Rental Costs

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 50. Median Gross Rent, Newport, Lincoln County, Oregon, and Comparison Cities, 2015-2019**

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

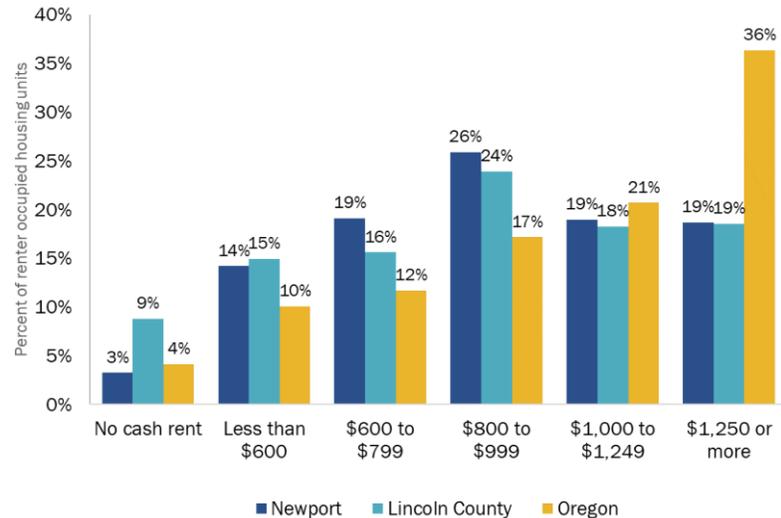


**About 62% of renters in Newport paid less than \$1,000 per month, compared to 63% of renters in Lincoln County and 43% of renters in Oregon.**

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

**Exhibit 51. Gross Rent, Newport, Lincoln County, and Oregon, 2015-2019**

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

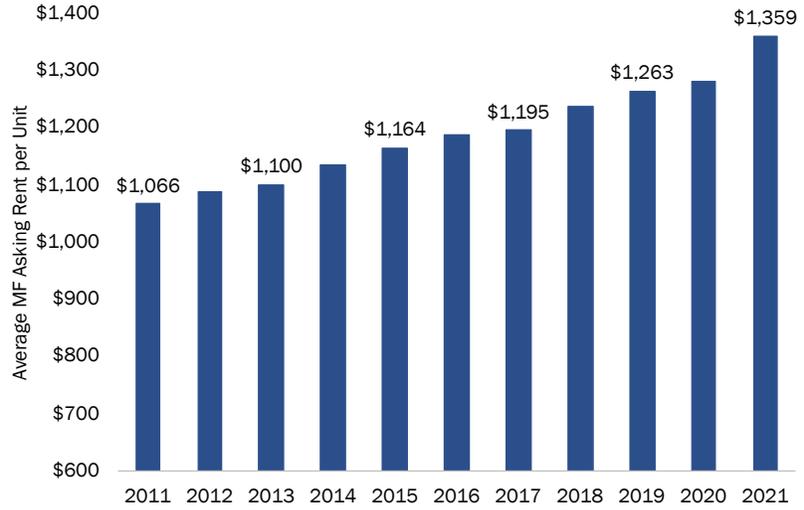


The average asking price per multifamily unit in Newport has increased steadily over the past decade.

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

Source: CoStar.

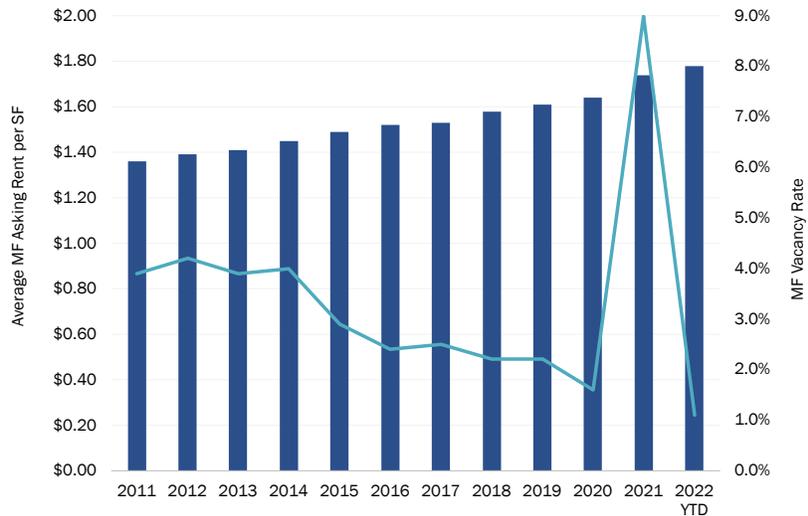


In 2021, Newport's average multifamily asking rent was \$1.78 per square foot at the beginning of 2022, up from \$1.36 per square foot in 2011.

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 53. 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.

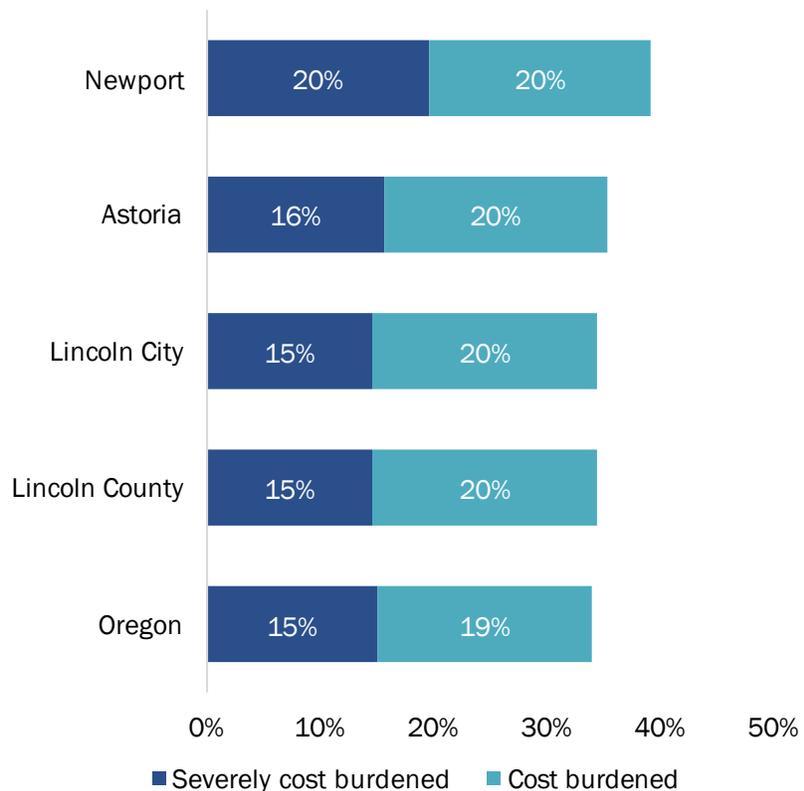
About 40% of Newport's households were cost burdened in the 2016-2020 period and 20% were severely cost burdened. In this period, about 53% of renter households were cost burdened or severely cost burdened, compared with 28% of homeowners. Overall, a larger share of households in Newport experienced 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 54. Housing Cost Burden, Newport, Lincoln County, Oregon, Other Comparison Cities, 2016-2020**

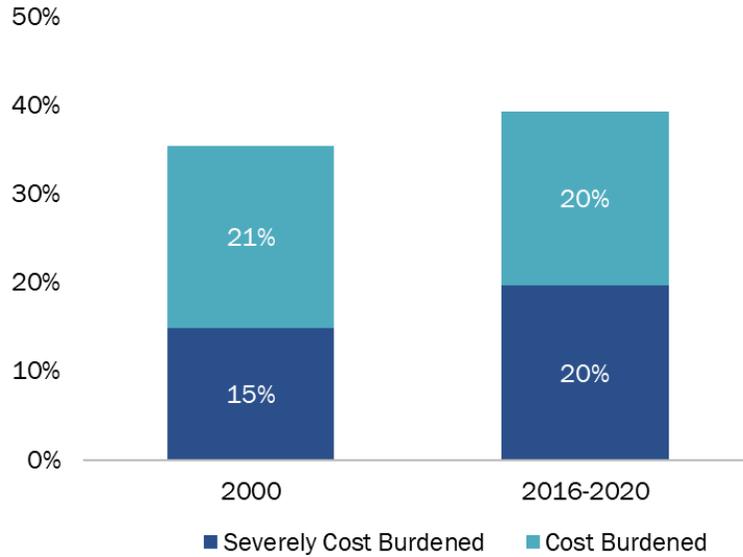
Source: US Census Bureau, 2016-2020 ACS Tables B25091 and B25070.



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

**Exhibit 55. 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.



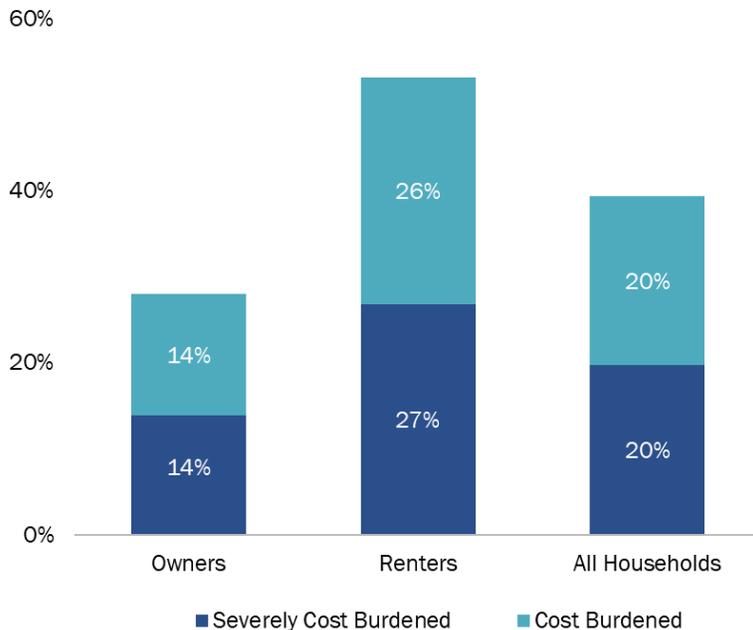
**Renters are much more likely to be cost burdened than homeowners.**

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 56. 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 were cost burdened.

**Exhibit 57. 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 58. 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)

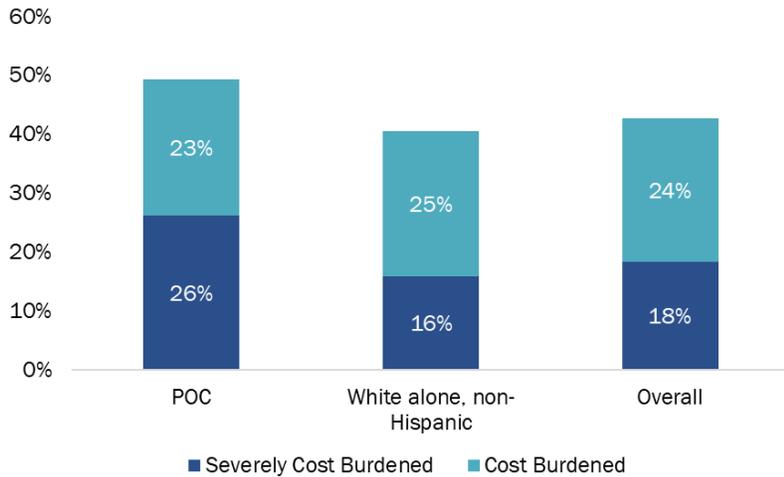


Exhibit 59 through Exhibit 61 show cost burden in Oregon for renter households for seniors, people of color, and people with disabilities.<sup>50</sup> This information is not readily available for a city with a population as small as Newport, which is why we present statewide information. These exhibits 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 59. Cost-Burdened Renter Households, for People 65 Years of Age and Older, Oregon, 2018**

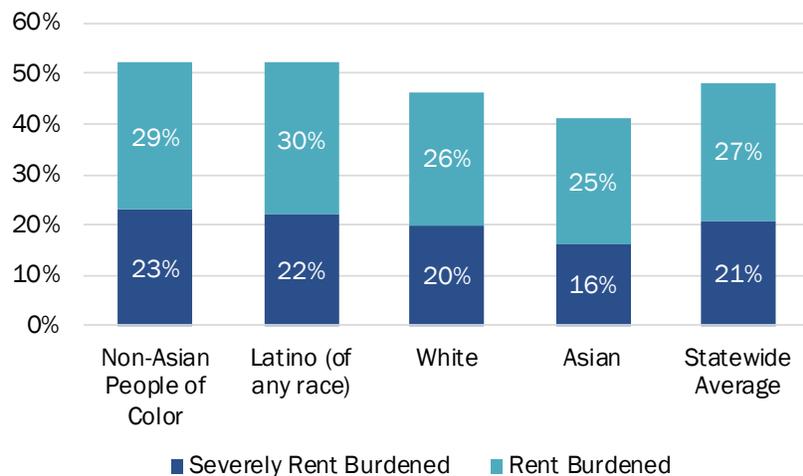
Source: US Census, 2018 ACS 1-Year PUMS Estimates. From the Report *Implementing a Regional Housing Needs Analysis Methodology in Oregon: Approach, Results, and Initial Recommendations* by ECONorthwest, August 2020.



**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 60. 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.

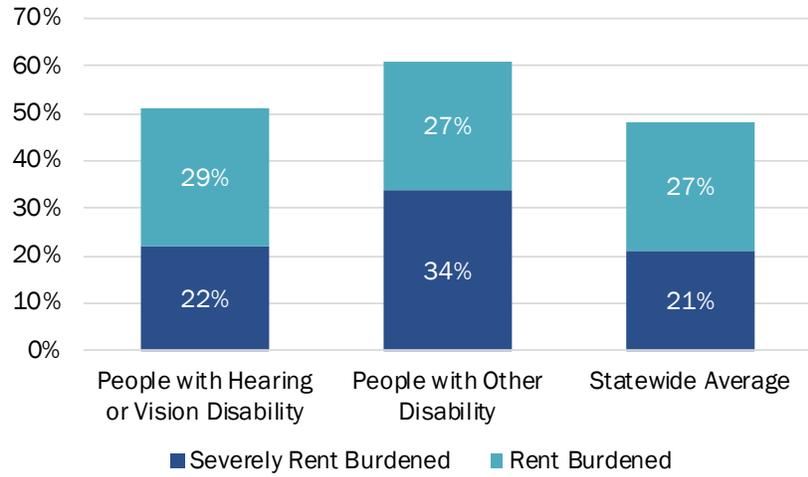


<sup>50</sup> From the report *Implementing a Regional Housing Needs Analysis Methodology in Oregon*, prepared for Oregon Housing and Community Services by ECONorthwest, March 2021.

**Renters with a disability in Oregon were disproportionately cost burdened.**

**Exhibit 61. 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 62. HUD Fair Market Rent (FMR) by Unit Type, Lincoln County, 2021**

Source: US Department of Housing and Urban Development.

<b>\$686</b>	<b>\$835</b>	<b>\$1,040</b>	<b>\$1,488</b>	<b>\$1,801</b>
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 63. 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 65 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 64. 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.

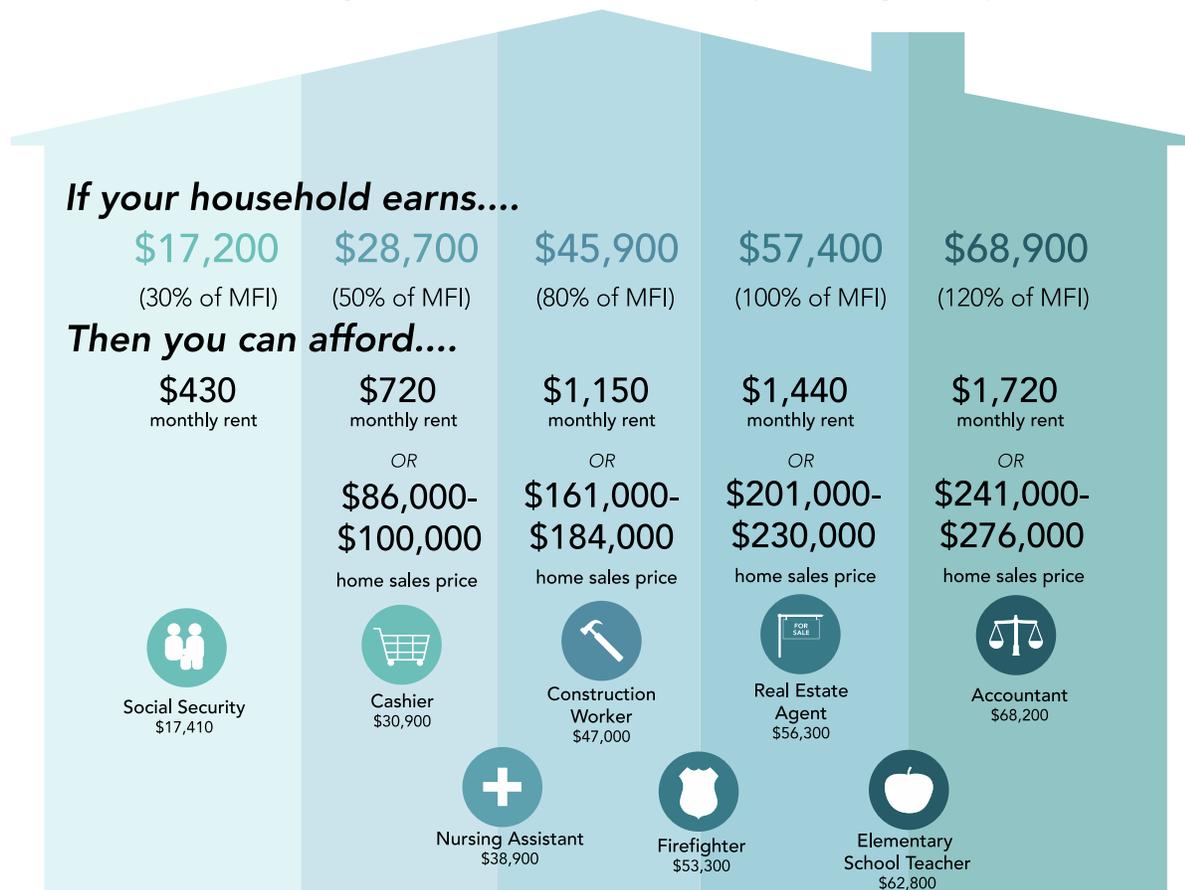


Exhibit 65 shows that 33% of Newport’s households are extremely low or very low income, with incomes below \$28,700 (below 50% of MFI). These households can afford monthly rent of \$720 or less, which is below the HUD Fair Market Rent of \$1,040 and below the average market rent of \$1,360. Private housing developers generally cannot build housing affordable to households in these income groups because the rents are too low to pay for the cost of development. Newly built housing for households with these incomes is generally income-restricted affordable housing, built with government subsidy.

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

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

**Exhibit 65. 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.

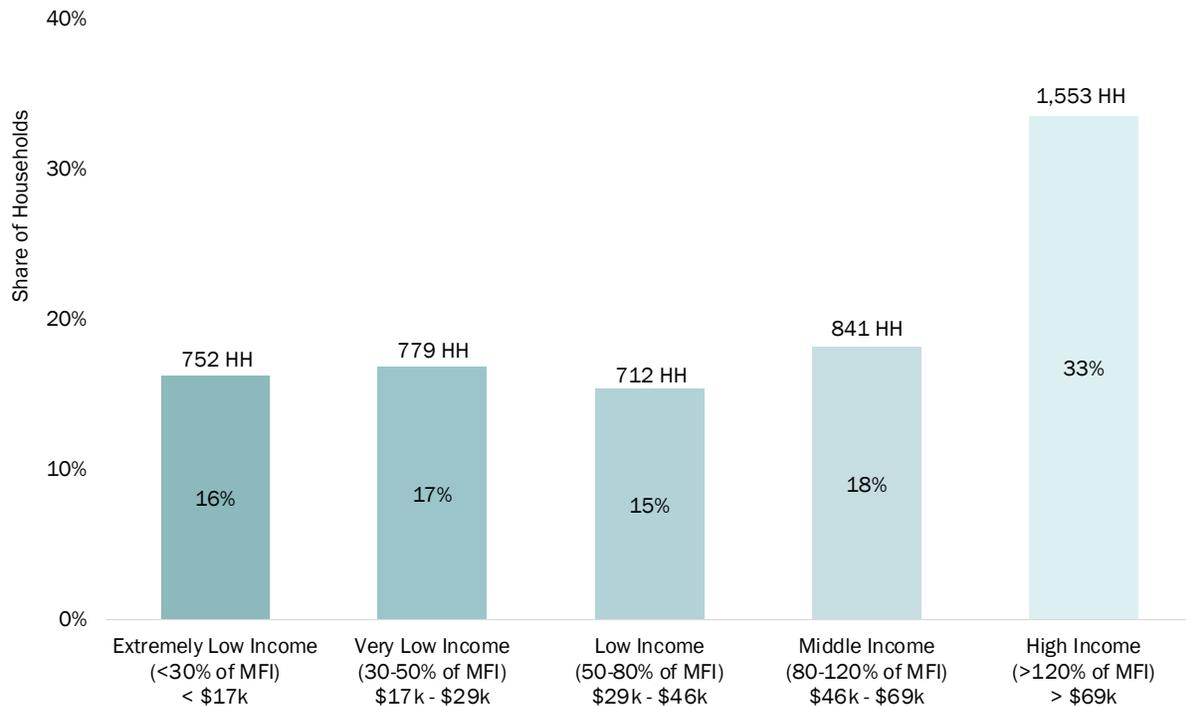


Exhibit 66 compares the number of households by income category with the number of units affordable to those households in Newport. Newport currently has a deficit of 664 housing units for households earning 0-50% of the MFI (less than \$28,700 per year) and of 258 units for households earning 50-80% of the MFI (\$28,700 to \$45,921 per year), resulting in cost burden of these households. This indicates a deficit of more affordable housing types (such as government-subsidized housing, existing lower-cost apartments, and manufactured housing).

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

**Exhibit 66. Unit Affordability by Household Income, Newport, 2014-2018**

Source: CHAS, 2014-2018, Table 18.

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

## Summary of the Factors Affecting Newport’s Housing Needs

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

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

The data illustrates what more detailed research has shown and what most people understand intuitively: life cycle and housing choice interact in ways that are predictable in the aggregate, age of the household head is correlated with household size and income, household size and age of household head affect housing preferences, and income affects the ability of a household to afford a preferred housing type. The connection between socioeconomic and demographic factors and housing choice is often described informally by giving names to households with certain combinations of characteristics: the "traditional family," the "never-marrieds," the "dinks" (dual income, no kids), and the "empty nesters."<sup>51</sup> 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 2021, Newport’s population grew by 1,059 people (11%). The population in Newport’s UGB is forecasted to grow from 12,098 to 12,346, an increase of 248 people (2%) between 2022 and 2042.<sup>52</sup>
- **Housing affordability is a growing challenge in Newport.** Housing affordability is a challenge in most coastal communities in Oregon, and Newport is affected by these regional trends. Housing prices continue to increase faster than incomes in Newport and Lincoln County, which is consistent with state and national challenges. About 29% of Newport’s housing stock is multifamily housing and nearly half of renter households are cost burdened (49%). Newport’s key challenge over the next 20 years is providing opportunities for the development of relatively affordable housing of all types, such as lower-cost single-family housing, town homes, cottage housing, duplexes, triplexes, quadplexes, market-rate multifamily housing, and government-subsidized affordable

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<sup>51</sup> See *Planning for Residential Growth: A Workbook for Oregon’s Urban Areas* (June 1997).

<sup>52</sup> This forecast is based on Lincoln County’s certified population estimate and official forecast from the Oregon Population Forecast Program for the 2022 to 2042 period, shown in Exhibit 18.

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, town homes, duplexes through quad-plexes, and multifamily housing. However, the continued impact of the COVID-19 pandemic may trigger a reversal of these trends, if more working-aged persons transition to permanent work-from-home situations.

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

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

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

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

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

## 3. Housing Need in Newport

### Projected New Housing Units Needed in the Next 20 Years

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

#### Forecast for Housing Growth

This section describes the key assumptions and presents an estimate of new housing units needed in Newport between 2022 and 2042. The key assumptions are based on the best available data and may rely on safe harbor provisions, when available.<sup>53</sup>

- **Population.** A 20-year population forecast (in this instance, 2022 to 2042) is the foundation for estimating needed new dwelling units. Newport’s UGB is projected to grow from 12,098 persons in 2022 to 12,346 persons in 2042, an increase of 248 people.<sup>54</sup>
- **Household Size.** OAR 660-024 established a safe harbor assumption for average household size—which is the figure from the latest Decennial Census at the time of the analysis. According to the 2015-2019 American Community Survey, the average household size in Newport was 2.21 people. **Thus, for the 2022 to 2042 period, we assume an average household size of 2.21 persons.**
- **Vacancy Rate.** The Census defines vacancy as "unoccupied housing units [that] are considered vacant. Vacancy status is determined by the terms under which the unit may be occupied, e.g., for rent, for sale, or for seasonal use only." The 2010 Census identified vacancy through an enumeration, separate from (but related to) the survey of households. The Census determines vacancy status and other characteristics of vacant units by enumerators obtaining information from property owners and managers, neighbors, rental agents, and others.

Vacancy rates are cyclical and represent the lag between demand and the market’s response to demand for additional dwelling units. Vacancy rates for rental and multifamily units are typically higher than those for owner-occupied and single-family dwelling units.

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<sup>53</sup> A safe harbor is an assumption that a city can use in a housing capacity analysis that the State has said will satisfy the requirements of Goal 14. OAR 660-024 defines a safe harbor as “an optional course of action that a local government may use to satisfy a requirement of Goal 14. Use of a safe harbor prescribed in this division will satisfy the requirement for which it is prescribed. A safe harbor is not the only way, or necessarily the preferred way, to comply with a requirement and it is not intended to interpret the requirement for any purpose other than applying a safe harbor within this division.”

<sup>54</sup> This forecast is based on Newport UGB’s official forecast from the Oregon Population Forecast Program for the 2022 to 2042 period.

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

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

**Exhibit 67. Forecast of Demand for New Dwelling Units, Newport UGB, 2022 to 2042**

Source: Calculations by ECONorthwest.

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

Note to reviewers: Later in the report and project, we will discuss how student housing will affect demand for new housing in Newport.

**Housing Units Needed Over the Next 20 Years**

Exhibit 67 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 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), 55% were multifamily of all types.
- Demographic changes across Newport suggest increases in demand for single-family attached housing and multifamily housing. The key demographic and socioeconomic trends that will affect Newport’s future housing needs are an aging population, increasing housing costs, housing affordability concerns for millennials, Generation Z,

and Latino populations. The implications of these trends are increased demand from smaller, older (often single person) households and increased demand for affordable housing for families, both for ownership and rent.

- 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.
- About 40% of Newport's households are cost burdened (paying 30% or more of their household income on housing costs). About 53% of Newport's **renters** are cost burdened (27% severely cost burdened) and about 28% of Newport's **homeowners** are cost burdened (14% severely cost burdened). Cost-burden rates in Newport are slightly higher than those in Lincoln County.
- Newport needs more affordable housing types for renters. To afford the average asking rent of \$1,360, a household would need to earn about \$54,400 or 95% of MFI. About 54% of Newport's households earn less than \$54,000 and cannot afford these rents. In addition, about 16% of Newport's households have incomes of less than \$17,220 (30% of MFI) and are at risk of becoming homeless.
- Newport needs more affordable housing types for homeowners. Housing sales prices increased in Newport over the last five years. Between December 2016 and December 2021, the median sales price in Newport increased by \$198,000 (96%).

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

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

Exhibit 68 shows the forecast of needed housing in the Newport UGB during the 2022 to 2042 period. The projection is based on the following assumptions:

- Newport's official forecast for population growth shows that the city will add 248 people over the 20-year period. Exhibit 67 shows that the new population will result in the need for 115 new dwelling units over the 20-year period.

- The assumptions about the mix of housing (based on the discussion above) in Exhibit 68 are as follows. This represents Newport’s needed housing mix:
  - **About 50% of new housing will be single-family detached**, a category which includes manufactured housing. About 64% of Newport’s housing was single-family detached in the 2015-2019 period.
  - **About 10% of new housing will be single-family attached**. About 7% of Newport’s housing was single-family attached in the 2015-2019 period.
  - **About 15% of new housing will be duplexes, triplexes, and quadplexes**. About 13% of Newport’s housing was duplex, triplex, and quadplex housing in the 2015-2019 period.
  - **About 25% of new housing will be multifamily housing (with five or more units per structure)**. About 16% of Newport’s housing was multifamily housing (with five or more units per structure) in the 2015-2019 period.

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

**Exhibit 68. Forecast of Demand for New Dwelling Units, Newport UGB, 2022 to 2042**

Source: Calculations by ECONorthwest.

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

DATE: April 13, 2022  
TO: Derrick Tokos  
FROM: Beth Goodman and Nicole Underwood  
SUBJECT: Newport Housing Capacity Analysis & Housing Production Strategy –  
**Public Engagement Plan**

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Over the last decade, Newport has taken action to support development of housing. Now, Newport needs information to help the City better plan for and support development of needed housing that is affordable to all households but especially for people who live and work in Newport. As a coastal community with substantial tourism, Newport’s housing stock is a mixture of high-end oceanfront homes, various types of housing without ocean views, apartments, manufactured housing, and other types of housing.

Newport has long had housing affordability problems. Newport last completed a housing needs analysis in 2011 which concluded that Newport’s housing costs had increased substantially. Since then, housing costs continued to increase in Newport and across the western U.S., making it more difficult for people to live and work in Newport. Newport’s last housing needs analysis showed that the City had enough vacant, unconstrained buildable residential land where housing could be developed to accommodate growth but did not consider issues related to constructability of that land. While this is likely still true, the City wants a more nuanced understanding of the constructability of its vacant land, based on financial feasibility of developing needed housing, at costs affordable to people who live and work in Newport, on its inventory of buildable land.

To address issues of housing availability and affordability, the City of Newport is working with ECONorthwest to develop a Housing Capacity Analysis (HCA) and a Housing Production Strategy (HPS). The HCA will identify unmet housing need in Newport, focusing on issues related to land need (and constructability), as well as demographics and housing affordability. The HPS will identify key unmet housing needs in Newport and propose policies and actions that Newport can take to help address the unmet housing needs.

To ensure the HCA and HPS reflects the needs of community members, engagement of stakeholders involved in housing development and the general public is important. **The purpose of this document is to outline strategies that will be employed to reach Newport community members who will provide input on the development of the City’s HCA and HPS.**

Sections in this memorandum include:

- Purpose and Desired Outcomes of the Engagement
- Community Engagement
- Roles and Responsibilities
- Project Timeline

## Purpose and Desired Outcomes of the Engagement

The purpose of our engagement activities will be to develop an understanding of community housing needs and preferences and solicit input on housing strategies to address these needs in a fair and equitable way.

Stakeholders will be involved in defining housing and land needs in Newport and shaping the way the City will go about addressing these needs through strategy development, evaluation, and prioritization. The team will use the information gleaned from the stakeholder engagement, along with technical analysis to:

1. Better understand Newport's housing needs and residential land challenges.
2. Identify barriers to building housing, considering land constraints, regulatory issues, market feasibility, and challenges of development of affordable housing.
3. Identify strategies to help overcome barriers to development of future housing.
4. Evaluate strategies to achieve fair and equitable housing outcomes.

The public involvement process aims to meet the following goals:

- Inform and educate the community about housing issues and options to support development of housing, especially affordable housing.
- Consult and involve the community in the identification of housing needs and development, as well as the identification and refinement of strategies to address housing need.
- Ensure community members understand how decisions are made, their concerns are heard, and they know how their feedback influenced decisions.
- Reach a wide range of community members who reflect Newport's greater community by employing accessible and appropriate tools and technologies.

## Community Engagement

The project team has identified an initial list of organizations and individual stakeholders that will be interested in weighing in on potential housing production strategies in Newport including both housing consumers and housing producers. In developing the list, the team put thought into who has the greatest need for housing in Newport and would benefit most from this project, who would be developing housing, who has knowledge of infrastructure and other land use constraints, and who are the partners in executing on strategies developed in this process.

The groups of people who will be engaged throughout the process include:

- **Community members and housing consumers**, such as people living in Newport with priority for underrepresented communities within the city, including renters, low-income households, Hispanic/Latinx residents, other racial and ethnic minorities and immigrant or refugee communities, veterans, people with disabilities, seniors, agricultural workers, and formerly and currently homeless people.
- **Developers**, focusing on affordable and market-rate housing developers who build housing in Newport.
- **Service providers**, such as providers for housing services, health care services, services for underserved communities, and other service providers.
- **Elected and appointed officials**, in the form of the Newport City Council and Planning Commission.

The following table summarizes key engagement opportunities and tools to inform, consult and involve community members in the planning process.

Engagement Activity	Description
<b>Project Advisory Committee (PAC)</b>	<p>The PAC will be composed of Newport community members, people involved in development, agency partners, service providers, and employers, faith-based organizations, and elected/appointed officials.</p> <p>The PAC will provide feedback, insight, and ideas throughout the project. The PAC is not a decision-making body, but will provide input on development of the analyses and make recommendations to the City Council. Meetings will be a mixture of virtual and in person to be decided between ECONorthwest and the City</p> <p>Meetings 1 through 5 will primarily focus on housing and land needs and barriers to development.</p> <ul style="list-style-type: none"> <li>▪ Meeting 1: Project Kickoff</li> <li>▪ Meeting 2: Housing Need</li> <li>▪ Meeting 3: Buildable Lands Inventory</li> <li>▪ Meeting 4: Constructability Analysis</li> <li>▪ Meeting 5: Residential land needs</li> </ul>

	<p>Meetings 6 through 9 will primarily focus housing measures and potential strategies to address housing need.</p> <ul style="list-style-type: none"> <li>▪ Meeting 6: Housing measures</li> <li>▪ Meeting 7: Identify additional potential strategies</li> <li>▪ Meeting 8: Refine and narrow strategies</li> <li>▪ Meeting 9: finalize strategies</li> </ul>
<b>Interviews</b>	<p>ECONorthwest will conduct 12 interviews with people such as: service providers for people experiencing homelessness, affordable housing developers, market-rate housing developers, realtor, members of the Hispanic/Latinx community, service providers, and policy makers.</p> <p>Interviews will be conducted throughout the course of the project to gain insight on various elements including housing need, barriers to attaining and developing housing including land and infrastructure constraints, and potential strategies to address barriers. ECONorthwest will work with City staff to develop questions for the interviews. Interviews will be held by phone or video conference.</p>
<b>Public Events</b>	<p>The project includes three public events, some of which will be held in-person and some will be on-line. The events will include:</p> <ul style="list-style-type: none"> <li>▪ <b>Draft HCA Results.</b> This will be an on-line event, where we present key findings of the Housing Capacity Analysis and solicit feedback about potential approaches to addressing unmet housing need. (September 2022)</li> <li>▪ <b>Housing Strategies.</b> This will be an in-person event where we will present results of the Housing Capacity Analysis and solicit feedback on the housing strategies. (January 2023)</li> <li>▪ <b>Final results.</b> This will be an on-line event where we will present results of the entire project, focusing on the Housing Production Strategy. (March 2023)</li> </ul> <p>We will work with city staff, the PAC, and organizations like Centro de Ayuda to solicit participation in the public events. Key informational materials will be made available in both English and Spanish to help educate the community about the goals and objectives of the project</p>
<b>Newport Housing Conversation Guide</b>	<p>A key outcome of the project is getting greater engagement and feedback from underrepresented people in Newport, as described previously. Underrepresented people are less likely to participate in public events. PAC members expressed interest and willingness to host conversations with underrepresented people to discuss housing needs and potential actions that the City could take to support housing development or preservation of existing affordable housing.</p> <p>ECONorthwest will develop guidance for PAC members for hosting Housing Conversations. The guidance will background information about the project, instructions on how to host the conversations (including ideas for outreach), key questions for discussion, direction on documenting feedback from the discussions, and details about how to submit the results of the conversations (the key take-aways).</p> <p>We will request the Newport Housing Conversations are concluded and the results of the conversations are submitted by July 18, 2022.</p>

<b>Planning Commission and City Council meetings</b>	ECONorthwest will present the final draft of the HCA and HPS to the Planning Commission and the City Council. The purpose will be to gather feedback that will be incorporated into a final HCA and HPS. Once the final HCA and HPS are complete the HCA will go through a formal legislative process and the HPS may be formally adopted or acknowledged by resolution of the City Council. ECONorthwest will provide presentation materials for this process but will not be otherwise involved in the hearing adoption process.
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## Roles and Responsibilities

The following table summarizes consultant team and City staff responsibilities.

Engagement Activity	Consultant Lead	City Lead
<b>Project Advisory Committee Meetings (PAC)</b>	Meeting materials Facilitation	Recruit and appoint committee members Notices and agenda Logistics Feedback on materials Prepare meeting minutes
<b>Interviews</b>	Interview questions Arrange & conduct interviews Summaries	List of groups and organizations Review and input on questions
<b>Public Events</b>	Activity format Event materials Facilitation Summaries	Secure place for events Advertise event Communications Logistics Staffing
<b>Newport Housing Conversations</b>	Newport Housing Conversation Guide Compiling results of the conversations	Answering PAC member questions Helping receive submissions of discussion results
<b>Planning Commission and City Council meetings</b>	Materials Facilitation	Notices and agenda Logistics Meeting minutes

# Project Schedule

The following presents a project schedule, which may be modified over time.

