



HOUSING ADVISORY COMMITTEE AGENDA
Thursday, December 15, 2022 - 6:00 PM
Council Chambers, Newport City Hall, 169 SW Coast Highway

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

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

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

1. WELCOME AND INTRODUCTIONS

1.A Meeting Agenda:

[Agenda - Newport HCA HPS PAC Meeting 6](#)

2. ROLL CALL

3. APPROVAL OF MINUTES

3.A Approval of the Newport Housing Advisory Committee Meeting Minutes of October 13, 2022.

[Draft HCA Mtg Minutes 10-13-2022](#)

4. DISCUSSION OF POTENTIAL STRATEGIES TO MEET HOUSING NEED.

5. PUBLIC COMMENT

6. ADJOURNMENT

HANDOUTS

Materials:

[Newport Housing Strategies for Further Discussion](#)

[PowerPoint Presentation - Newport HCA HPS Pac Meeting 6](#)

AGENDA

Newport Housing Study

Project Advisory Committee Meeting #6

Location: Newport City Hall, City Council Chambers

169 SW Coast Highway, Newport

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

Development Department: s.marineau@newportoregon.gov

12/15/2022

6 – 8 p.m.

6:00 p.m.	Welcome	Beth Goodman
6:10 p.m.	Discussion of potential strategies to meet housing need <ul style="list-style-type: none">▪ Do you have questions about any of the actions in the memorandum? Where do you need more information to understand the action?▪ Which actions do you think are the most important to include in the HPS?▪ Are there actions that could be left out of the HPS?	Beth Goodman
7:50 p.m.	Public Comment	Derrick Tokos
7:55 p.m.	Next Steps <ul style="list-style-type: none">• ECONorthwest will continue to refine the list of strategies to include and continue evaluating housing strategies for the HPS with City staff.• Next PAC meeting: January 12, 2023	Beth Goodman

Draft MINUTES
Housing Capacity Analysis and Production Strategy Policy Advisory Committee
Meeting #5
Newport City Hall Council Chambers
October 13, 2022

Committee Members Present: Braulio Escobar, James Bassingthwaite, Sheila Stiley, and Todd Woodley.

Committee Members Present by Video Conference: Wendy Hernandez, Cynthia Jacobi, Karen Rockwell, Dr. Karen Gray, Rev. Judith Jones, Robert Cowen, and Bonnie Saxton.

Committee Members Absent: Betty Kamikawa (*excused*), Dr. Lesley Ogden, Mark Farley, Dennis White, Mike Phillips, and Jan Kaplan.

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

Consultants Present: Beth Goodman.

Consultants Present by Video Conference: Nicole Underwood.

1. **Call to Order & Roll Call.** Meeting started at 6:05 p.m.
2. **Welcome and Introductions.** Tokos welcomed the committee members and reviewed the agenda.
3. **Approval of Minutes.** Motion was made by Sheila Stiley, seconded by Bonnie Saxton, to approve the August 25, 2022 Housing Advisory Committee meeting minutes as written. The motion carried unanimously in a voice vote.
4. **Update on Newport Housing Conversations.** Goodman reviewed the updates on the housing conversations. Tokos asked Gray if the community conversations amongst the school district, students and parents had happened. Gray reported they reached out to the city in July for help to do them. They didn't hear back so they weren't able to do any community events. Tokos asked if this could happen in the next few weeks. Gray wasn't available until October 24th and would try to do one community evening between October 24th and November 7th. Goodman confirmed this would meet the deadline. Gray asked for confirmation of a commitment from someone in the city to run the event with her. Tokos would reach out to Gray on this. Gray requested the date be sooner rather than later.
5. **Housing Production Strategy Overview and Review of Unmet Housing Needs.** Goodman reviewed the PowerPoint presentation starting with the Committee's meeting dates and topics. She then reviewed the project schedule and primary tasks, and noted the January meeting might be moved to December. Bassingthwaite asked when the adoption would happen. Tokos reported the housing capacity analysis piece would go to the Planning Commission and then to the City Council for adoption sometime in the next year.

Goodman reviewed the overview of housing production strategy pointing out it was an eight year action plan. Bassingthwaite asked if this was a land use process. Goodman confirmed it didn't fall under the land use category. Bassingthwaite asked if it would go through the Planning Commission and then the City Council. Goodman noted a lot of cities took them to the Planning Commission. Bassingthwaite asked if the zoning ordinance would be done at a later time and in conjunction with

the housing production strategy. Tokos confirmed this was correct. They would present it to policymaking bodies and have a public hearing for the public to provide testimony. They would then likely adopt a resolution to acknowledge that it was officially vetted properly.

Goodman reviewed information on the financially attainable housing in Newport, and the household earnings and income groupings. She noted the forecast for new housing in the analysis was unreasonably low at around 200 units. As they wrote up the parts of the housing production strategy, they could give the Committee the forecast and an alternative forecast. Bassingthwaite asked if they had to reference the Portland State University (PSU) report as the numbers, or if they have to put the PSU report in and say there were problems with it. Tokos suggested they deemphasize the PSU forecast as much as legally possible. Goodman thought they should footnote it. Escobar thought exhibit 3 showing what the affordable home prices were wasn't accurate. He didn't think there were homes in Newport for sale that were in the \$240,000 range. Saxton reported she knew of one home on the market that was in this price range that needed a lot of repairs. Goodman reminded that this showed what someone who earned \$68,900 could afford. The median home sales price was about 160 to 186 percent in Newport. The median sales price for affordable housing was well above 120 percent of median household income. Escobar asked if their strategy then was to subsidize. Goodman thought if they were looking at the city subsidizing this, the cost of each unit for subsidizing home ownership would be a lot to make it affordable. She noted there were a lot of city funds out there. They could choose to do partnerships so the city wouldn't necessarily try to do it themselves. This will be part of the policies they could choose from. Tokos thought the particular draft did a good job of showing how the gap was getting bigger between what was available on the market and what was affordable.

Goodman reviewed the existing households in Newport by income level. Cowen asked what the deficit of households was. Goodman explained they could make some estimates of existing households that were cost burdened. If they figured that it was somewhere around 80 percent, and they were trying to get dwelling units built for all of the cost burdened households below 50 percent of median family income (MFI), then that was the number they would be looking at. Tokos wondered if it would be a value to break this up into two pieces. One being the gap that needed to be bridged to get folks to a point where they can get into what was available on the market without being cost burdened, versus full on subsidized housing. Goodman didn't think they had enough good data for rents in Newport. What it was going to show was a pretty big deficit for households at 50 percent or less of MFI. Tokos thought there was a lot they did that correlated to the market rate product when looking at the housing production strategy policies and objectives, in respect to the construction of housing. It would be helpful to get a sense of the gap to see how they could help people who are below the point where they could afford what was on the market versus different set of strategies that were without heavy subsidy. Goodman wasn't willing to assert that it wasn't households below 50 percent MFI that couldn't afford newly built rental costs. It was somewhere upwards of 100 percent of MFI and maybe a little more. Most households couldn't afford newly built, market rate housing without being cost burdened. Tokos reminded this was the market rate housing available, not just new housing. Saxton asked what year the median rent was based on. Underwood confirmed it was 2021 data.

Gray asked for clarity on discrepancies between page 6 of the materials compared what was being presented at the meeting. The materials had 752 new households but the presentation said 19. Goodman noted the materials being shown to the Committee was the existing households and the one on exhibit 4 was households based on the PSU forecast. The percentages would stay the same and they would add together the new households based on the alternative forecast, plus the existing households. Gray thought this was confusing and asked if the number was 200 or 115. Goodman explained the PSU forecast was 115 and the alternative forecast was just over 600 households. Gray asked when the decision to bypass this was made. Goodman noted this was discussed earlier and in the previous meetings. She pointed out that on page 74, on exhibit 94 in the analysis, it had the alternative included.

Jones asked if the 752 households that were extremely low income were in housing at that point. Goodman reported about 95 percent of them were. Jones asked if the unhoused were represented in these numbers. Goodman reported they were not included because the census didn't do a good job of reporting on the unhoused because the public needed a mailing address to participate. Jones noted there was a need to include unhoused people on this chart for existing households. Goodman noted the students without housing may or not be represented in the chart because they may have been counted on the census. She noted they could assume they were undercounted.

Cowen noted they had calculations for housing expectations, but they needed to understand the number of the households they weren't counting. The question was how much housing was really needed. Goodman noted OSU students and faculty who lived in Newport full time, for instance, were probably counted here. When looking at the point in time estimate for 2021, there were 460 people who were not represented in Lincoln County, and they knew that it was underestimated. Tokos noted that one piece that would be helpful was to acknowledge they weren't starting at a good place, they already had a deficiency in the housing needed in the community, and look at if there was some way to frame what that looked like. They would likely need to get to a better place and address some of the existing deficit. Tokos thought they should point out what some of the conditions were that led to the deficit, and look at the community piece that relied on other communities to meet our housing needs. Cowen noted that OSU couldn't hire custodians currently because they couldn't make enough money and didn't have places to live. Bassingthwaite asked if the counts would include seasonal workers. Goodman thought they could add what was not included.

Goodman reviewed the housing needs that often differed by group, and pointed out the homelessness estimate in Lincoln County. She then discussed the typical roles in affordable housing development, the different agencies involved, and what they did. Goodman then reviewed what the city's role was for housing development; the developing strategies to meet future housing needs; and the requirements of strategies in the housing production strategy.

Goodman covered the evaluation strategies for Newport. Tokos reviewed the existing strategies Newport had and showed what had been implemented in Newport. He discussed the MUPTE tax exemption program; the non-profit corporation low-income housing tax exemption; system development charges; and the revenue sources to support housing investments through the construction excise tax. A discussion ensued regarding how the City had been using the construction excise tax collections.

Tokos reviewed the strategies for the urban renewal funds, grants, and land donations for affordable home ownership. Stiley asked if they could do a UGB land swap for housing. Tokos reported they were working through one of these currently. The challenge was that Newport couldn't serve a lot of property outside of urban growth boundary (UGB). Cost wise it was hard to find property outside the UGB that was attractive. Escobar asked if the buildable lands would be included. Goodman thought they needed to finalize the buildable lands inventory that would be annotated by the constructability analysis. They had this information but even without the land counted at capacity, Newport had three to four times the capacity to meet the alternative forecast. Tokos noted this showed there was enough land for housing. The question was if it was available for construction. Goodman noted this brought up the policy point to ask what help the city could get from the state to provide infrastructure to some of the areas where it was harder to support the cost of infrastructure development.

Tokos covered the land donation history the city participated in, and the reduction to residential street widths strategy. Stiley asked if they included the turn radius for emergency services and if they considered hammerheads. Tokos confirmed they had.

6. Discussion of Potential Strategies to Meet Housing Need. Goodman reviewed the process for developing the housing production strategies and the timeline of the progress. She then reviewed the questions for discussions and potential actions for the Committee. Goodman asked when they were talking about “affordable housing” were they thinking about a bigger role in either income subsidized housing, market rate affordable housing, or homeownership, or were they looking at everything more broadly. Tokos thought the city should be pursuing every avenue it could. They should engage with partners in the county and look beyond what their capacities were for affordable housing for the workforce to see how they should strategize there. Escobar asked if the final document needed to be approved by the City Council. Tokos reported the housing capacity analysis had to be approved by the Council. Goodman thought the Council needed to buy into what was in the housing production strategy as well, but they wouldn't do the formal adoption. Tokos confirmed the Council would do a resolution.

Goodman continued the review of the potential actions for the Committee discussion, covering an example of construction excise tax distribution in Hood River. She then discussed targeting investments. Stiley reported that the Polk County CDC used CDBG funds for some street improvements and she would be talking to them about it to get more details to share. Goodman reviewed land banking for development. Tokos noted UGB funds weren't a sole funding mechanism, but could be used to leverage other dollars to find additional funds.

Goodman discussed continuing to work with land trusts and the two land trusts that Newport currently worked with. She then discussed the homebuyer opportunity limited tax exemption to support access to homeownership. Stiley asked if there was a requirement to do a set aside annually based on the particular program the expectation of when it would occur, and the amount of taxes that they were going to start picking up. Goodman would find out about this. Saxton asked if this was just for new construction. Goodman would find out on this as well.

Goodman covered identifying opportunities for changes to the Newport development code to allow more multifamily development. A discussion ensued regarding what it would take to change the code to allow for taller heights for multifamily units through changes to the building codes. Cowen suggested they include how hard these were to implement. Goodman reported this would be something they would discuss at the next meeting. Cowen wanted to see the level of impacts included.

Gray noted there were members of the Committee who could participate in intellectual ways when it came to housing issues and land use codes. Her area was in education and she was interested in having workforce housing because teachers and the homeless youth at the school district didn't have anywhere to live. Gray reported that when she was on the Homelessness Committee for the City of Portland, they worked with a group project named Built for Zero, which included over 100 communities in the United States that were working to limit homelessness. She requested that between the November 14th City Council work session and the January 12th meeting of the group, a meeting could be set up for people to meet with others who were doing the work in an event that was different from these meetings. Gray thought this would help her know more about what she was advising on. Goodman noted a lot of these committee discussions would be about this. She asked the Committee to let her know what they thought should be added that wasn't on the list, and what was on the list that was a bad idea. Tokos noted he would follow up with Gray to set up the meeting and talk about other people who might want to participate as well. Gray thought there were others Committee members that could use a different kind of conversation, get a change to ask more questions, and be mindful of what these things really meant. She didn't want to slow down the process but she wanted to understand this better.

Goodman asked the Committee to send their notes to Tokos on any suggestions they had for actions that weren't on the list. She noted that she had suggested the Committee meeting in December, but thought they may need to wait to allow people to have the conversations with different people to bring

back to the January meeting. Cowen thought they needed to have tractability added to this to make sure it was worth bothering with. Goodman would shares the evaluations metrics with the Committee, and their discussions would play a role in helping to understand if it was worthwhile. Escobar noted that December had a lot of holidays and hard to scheduled meetings.

Bassingthwaite asked if everyone was comfortable using the alternative numbers rather than the PSU numbers. The Committee was in general agreement to do so.

8. Public Comment. None were heard.

9. Next Steps. None were heard.

10. Adjournment. Having no further business, the meeting adjourned at 7:56 p.m.

Respectfully submitted,

Sherrri Marineau
Executive Assistant

DATE: December 9, 2022
TO: Newport Housing Advisory Committee
CC: Derrick Tokos
FROM: Beth Goodman and Nicole Underwood, ECONorthwest
SUBJECT: Housing Strategies (Actions) for Further Discussion

Newport is in the process of developing a *Housing Capacity Analysis* and *Housing Production Strategy* (HPS) to address the City's unmet housing needs. This memorandum describes actions that the City of Newport could take to address the City's housing needs which were identified in the *Newport Housing Needs and Potential Strategies* memorandum. The project team developed this list based on conversations with City staff, the Project Advisory Committee, and the experiences of other cities in Oregon and other states.

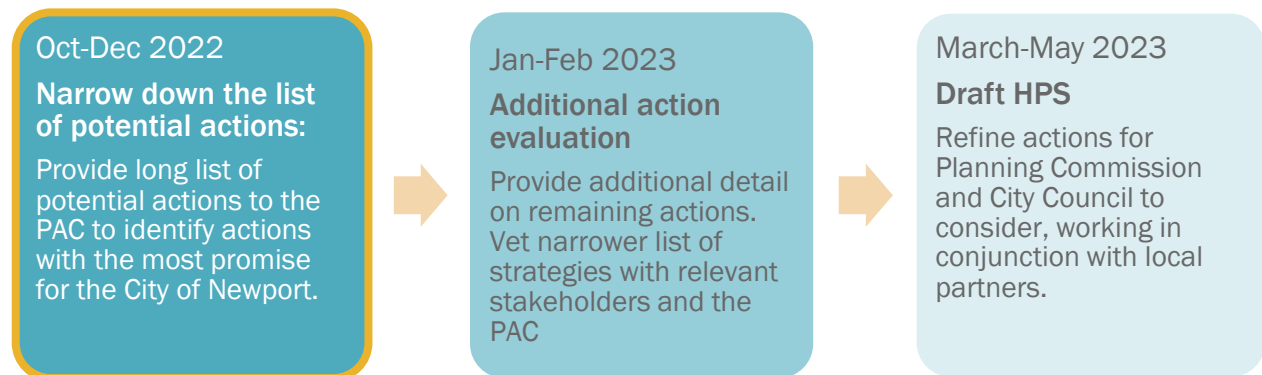
The Project Advisory Committee (PAC) will use this memorandum as a basis for discussion at the December 15, 2022, meeting. It is not intended as a final deliverable but rather as an interim document that provides additional details on the selected actions. These actions will undergo additional refinement before being included in Newport's *Housing Production Strategy* (HPS).

For the HPS, the City is looking for strategies that:

- Help to encourage the production of housing units
- Are controlled and implemented by the City of Newport
- Can be administered by existing City staff, provided budgetary resources are available

Process

This memorandum begins to narrow down the list of potential actions (circled in orange below) and is intended to inform PAC discussion and City decisions about which actions to include in an overall program to produce housing citywide. This memorandum presents additional information about the actions discussed at the October 13th meeting and begins to evaluate them for inclusion in the HPS. Once a suite of actions has been selected, the consultant team will work with the City to determine next steps for each of the strategies that the City can implement over the course of eight years.



The next step in this process is to further narrow this list of actions with the PAC. The discussion with the PAC on December 15, 2022, will focus on the following questions:

- Are the actions included in this memorandum the appropriate actions to address unmet housing needs in Newport?
- Are we missing any actions that should be included in the HPS?
- Should we remove any of the actions from the list?
- What actions need additional research or refinement to better determine if they can address Newport's unmet housing needs?

Beyond the December meeting, we will meet with the PAC three more times to: (1) refine the strategies, (2) review a draft of the selected strategies, and (3) review the full draft HPS.

This memorandum includes the following parts:

- Actions Under Consideration for Inclusion in the HPS
- Use of Actions to Support Different Housing Outcomes
- Appendix A: Evaluation Criteria for Actions
- Appendix B: Existing Policies to Address Newport's Housing Needs

Actions Under Consideration for Inclusion in the HPS

The following actions are under consideration for inclusion in the HPS. This section presents some information about each action. If selected for inclusion in the HPS additional information will be included for each action. In Action A, we show all the information that will be included in the HPS, with placeholders for information we will fill in later.

Summary of Actions

In developing the HPS, we evaluated each of the actions considered for inclusion in the HPS based on the following. **Appendix A provides more details** about these evaluation criteria, beyond the summary below.

- **MFI targeted** focuses on incomes below 120% of MFI as these households are most likely to have difficulty affording housing.
- **Housing types targeted** considers what type of housing the action can support.
- **Impact** considers the potential scale of impact on housing development that the action could have. This provides context for whether the policy tool generally results in a little or a lot of change in the housing market.
- **Administrative burden** considers how much staff time is required to implement and administer action.
- **Funding required** considers how much funding is required to implement and administer the action.
- **Ease of implementation** assesses the political and community acceptability of the action, as well as potential need to coordinate with other organizations.
- **Flexibility** describes whether the action can be flexibly used to achieve multiple outcomes.

Exhibit 1. Summary of Actions

Potential Action	MFI Targeted / Housing Type	Impact	Administrative Burden	Funding Required	Ease of Implementation	Flexibility
A. Support a regional housing entity focused on low- and moderate-income housing development	60% to 120% MFI / middle, multifamily	Moderate	Medium	Medium	Medium	High
B. Grow partnerships with Community Land Trusts	Up to 120% MFI / single family, middle	Small	Low	Medium	High	Low
C. Implement the Homebuyer Opportunity Limited Tax Exemption	Up to 120% MFI / single family	Small	Medium	Low	Medium	Medium
D. Support outreach and education to promote equitable housing access	All incomes / all housing types	Small	Medium	Low	Low to High	High
E. Reduce development code barriers to multifamily development	All incomes / multi-family	Moderate	Low	Low	Medium	Medium
F. Pay System Development Charges (SDC) for workforce housing	Up to 120% MFI / multifamily	Small	Medium	Medium	Medium	High
G. Pursue a Growth Management Agreement with the County	All incomes / all housing types	Small	Low	Low	Medium	Low
H. Lobby the Legislature for more resources to support housing development and remove regulatory barriers to housing development	All incomes / all housing types	Moderate to Large	Medium	Low	Low to High	High
I. Participate in the regional homelessness action plan	Up to 30% MFI / temporary housing	Moderate	Medium	Medium to High	Medium	Medium
J. Establish a low barrier emergency shelter in Newport	Up to 30% MFI / emergency shelter	Moderate to Large	Medium	Medium to High	Medium	Low
Funding Sources						
K. Adjust the allocation of the Construction Excise Tax (CET) to support affordable housing development	Up to 120% MFI / all housing types	Moderate	Low	NA	Medium	High
L. Use Urban Renewal to support housing and infrastructure development	All incomes / all housing types	Large	Medium	NA	Medium	High

A. Support a regional housing entity focused on low- and middle-income housing development

Rationale

Households with low and moderate incomes (between 60% and 120% of MFI) across Lincoln County are experiencing affordability barriers to accessing housing. Meanwhile cities across the region have limited resources (financial and otherwise) to support housing development. By supporting development of a regional housing entity, cities and the county can pool resources to support housing development and better address housing needs at the regional level.

Description

Much of the resources available to support development of affordable housing are targeted at building income-restricted affordable housing, affordable to households earning 60% or less of MFI. There are fewer programs and resources available to support development of housing affordable to households with low and moderate incomes (incomes between 60% and 120% of MFI). While more resources are needed to support development of all types of affordable housing, this action focuses on a regional effort to support development of housing affordable to low and middle income households. In Newport, people with these income levels struggle to find housing, resulting in higher rates of cost burden (especially for renters), commuting from outlying areas, or overcrowding.

Newport wants an active role in supporting low- and moderate-income housing development, but limited resources make it challenging for the city to remove barriers to development of affordable housing on its own. Newport, along with other cities in Lincoln County, could work together to build the capacity of existing partners such as the Housing Authority of Lincoln County to expand housing support to households making between 60% and 120% MFI. Regional partners would bring their own funding sources to the table and would pay to resource the regional housing entity.

The regional housing entity could support a regional land banking strategy, retaining staff who can oversee and manage a portfolio of banked land and help facilitate the development of land. Through land banking, the region can provide a pipeline of land for future development and control the type of development that may occur on that land.

Newport could support the regional housing entity in the following ways:

- Engage other cities to build momentum for a regional housing approach
- Dedicate land to a land bank managed by the regional housing entity
- Provide funds such as from Urban Renewal or CET to support land banking and other regional housing services.
- Provide limited staff support

City Role

Partnership and funding for a regional housing entity

Partners and their Role

Partner 1. To be filled in later

Partner 2. To be filled in later

Anticipated Impacts

To be filled in later

Populations Served	Income	Housing Tenure	Magnitude of New Units Produced
Low and middle income	60%-120% MFI	Renter and Owner	TBD

Potential Risks

To be filled in later

Implementation Steps

To be filled in later

Implementation Timeline

To be filled in later

Timeline for Adoption	Implementation to Commence	Timeframe of Impact

Funding or Revenue Implications

To be filled in later

B. Grow partnerships with Community Land Trusts

Rationale

Land trusts support affordable housing development by holding land in perpetuity and selling or leasing the housing on the land at below-market rate prices. Land trusts most frequently provide opportunities for homeownership that remain affordable over the long-term.

Description

A land trust is typically managed by a nonprofit organization that owns land and sells/leases the housing on the land to income-qualified buyers. Because the land is not included in the housing price for tenants/buyers, land trusts can achieve below-market pricing. Land trusts are commonly used as a method for supporting affordable home ownership goals.

The City may participate in a community land trust that is operated by an existing entity, often a nonprofit organization. The City's role in a community land trust could be as a partner, possibly assisting the trust with land acquisition through land banking or through providing funding to support housing development.

The City already has relationships with two land trusts - Proud Ground and DevNW that operate in the region. The City could dedicate additional resources to support these land trusts in Newport or develop relationships with other land trusts in the region.

City Role

Continue to partner with, and provide resources to, local land trusts

C. Implement the Homebuyer Opportunity Limited Tax Exemption

Rationale

The Homebuyer Opportunity Limited Tax Exemption (HOLTE) can serve as an incentive to stimulate the construction of new single-unit housing and encourage homeownership among low and moderate-income families.

Description

The state-authorized, locally implemented Homebuyer Opportunity Limited Tax Exemption (HOLTE) provides a 10-year property tax exemption on the improvement value of new or rehabilitated for-sale housing valued at no more than 120% of the median sales price for the City (or a lower percentage of median sales price if desired by the City). The City can set additional eligibility criteria and can cap the number or value of units in the program. This program could support expanded home ownership opportunities for low- and moderate-income households and/or production of lower-cost, new, single-family housing.

This exemption can be used in conjunction with other incentives (e.g., SDC deferrals), homeownership programs (e.g., down payment assistance programs and mortgage credit certificate programs), and land trust. It can be used to accomplish other development goals, such as green buildings and transit-oriented development.

What does the exemption apply to? The tax abatement can apply to any ownership housing valued at less than 120% of the City's median sales price, with or without a lasting affordability restriction. This could include housing provided by a community land trust or an affordable housing provider. The City could also consider including housing with a deed restriction keeping it affordable over at least the 10-year abatement period. The program can apply to any housing type as long as the units are sold individually, including single-family homes, townhouses, other for-sale middle housing, or condominiums.

How long does it apply? The property tax exemption can be granted for up to 10 years. State statute does not allow for the abatement to be extended.

What taxing districts would participate? The property tax exemption only applies to city property taxes (which account for about 36% of property taxes in Newport) unless the City gets affirmative support from at least 51% of overlapping taxing districts for the exemption to apply to their tax collections.

What impact might HOLTE have? In an analysis for the City of Hillsboro, ECONorthwest estimated the monthly property tax savings for a homeowner with the 10-year single-unit tax exemption as well as the foregone revenue for the City. Based on an example property with an improvement value of \$238,000 and an assessed value of \$164,000 (excluding land value¹), the analysis found that the homeowner would save roughly \$240 per month or about \$28,800 over the 10-year period if all districts participate in the exemption. The City would forego roughly \$9,000 (in today's dollars) of tax revenues over 10 years for the unit, with other taxing districts forgoing approximately \$19,800.

While Newport's tax rates would differ from this example in Washington County, this example shows that the impact to city tax revenues would be minimal while providing much needed support for low- and middle-income homeowners.

City Role

Implement the exemption and execute on reporting and administration procedures

¹ Based on the exemption of land value from property taxes allowed in ORS 307,162.

D. Support outreach and education to promote equitable housing access

Rationale

Proactively reaching out to the community, particularly underserved populations, can help the City better understand the housing needs of its residents and provides an opportunity for community members to learn about existing housing resources that can support housing access and stability. Communicating effectively with landlords and residents about fair housing laws and available resources can also help ensure equitable access to housing, preventing, and addressing housing discrimination.

Description

A challenge to supporting affordable housing development is making sure that decision makers, stakeholders, and the community have a common understanding of the problem. The City could undertake efforts to increase community outreach, especially with groups who are underrepresented in community conversations and are hard to reach, such as non-English speaking community members. Through this effort the City could provide opportunities for community members to share their stories of housing problems, documenting them in a way to tell the story of unmet housing needs by people who live in Newport. The City could also provide information to community members about existing programs and actions the City has taken to address affordable housing.

The City should ensure that there are opportunities for education about Fair Housing to residents, property owners, property managers, realtors, lenders, and others involved with real estate transactions with access to Fair Housing information and referrals.

City Role

Partner with organizations that provide Fair Housing education; conduct community outreach

E. Reduce development code barriers for multifamily development

Rationale

Removing barriers such as complex or restrictive building codes can make multifamily housing development less difficult, time consuming, and costly. Increasing development densities can also increase financial feasibility of building new multifamily housing. This could attract more developers to the area or encourage developers already working in Newport to look for other properties to develop.

Description

Newport has multiple barriers in its Development Code that are limiting or preventing multifamily development. As identified by the PAC and city staff, barriers in Newport's development code that makes multifamily development more challenging includes:

- **Building height limit.** The current building height limit is 35 feet. In most cases, this limits development to 2- to 2.5-stories, especially for buildings with a peaked roof. Increasing the height limit to allow 3 full stories (which could be a height limit of about 40 feet) can help make multifamily development more financially feasible.
- **Parking requirements.** Off-street parking requirements increase the cost of developing housing. In Nye Beach, on-street parking credits reduce the required number of off-street parking spaces by one off-street parking space for every one on-street parking space abutting the property. Expanding on-street parking credits to areas beyond Nye Beach that have fully developed street sections would reduce off-street parking requirements and help lower the cost of development.
- **Variance process for development on hillsides.** The City could remove the requirement for a setback variance process for development on hillsides.

The City should consider if/how they can update Newport's Development Code to alleviate these barriers while still achieving other city goals (scenic views, solar impacts).

City Role

Amend the Development Code to reduce barriers to allow greater densities.

F. Pay System Development Charges (SDC) for workforce housing

Rationale

The City of Newport collects System Development Charges (SDCs) for wastewater, water, stormwater, transportation and parks. These fees add to the barriers of producing workforce housing in Newport. Programs that backfill (i.e., city pays for) Systems Development Charge fees directly reduce development costs and can incentivize development of qualifying housing types or building features.

Description

The City could pay the cost of SDCs for workforce housing but would need to use non-SDC City funds to backfill the costs of SDC. To do this, the City would require a funding source such as Urban Renewal (in urban renewal areas) or CET revenue. SDC subsidies should be scaled to the percent of units in the project that are affordable.

City Role

The City would create a program with specific eligibility criteria

G. Pursue a Growth Management Agreement with the County

Rationale

Most cities have an agreement with the county about how land within the urban growth boundary (UGB) but outside of city limits will be managed. Development of land in this area is generally subject to county development code and regulation. A growth management agreement spells out the roles and responsibilities of managing this land and expansion of or change to a UGB between the city and county.

Description

Newport does not have a growth management agreement that lays out the roles, responsibilities, and agreements for managing the UGB and land between the city limits and Newport UGB (called the “urbanizing area”). The lack of such an agreement can cause confusion and delay in actions related to changing Newport’s UGB, such as “swapping” undevelopable land from within the UGB to outside of the UGB and bringing in land better suited for development into the UGB.

This action would result in development of an intergovernmental agreement (IGA) between Lincoln County and Newport about how land within Newport’s urbanizing area and changes to the UGB will be administered by each part.

City Role

Initiate development of an IGA with Lincoln County for a growth management agreement.

H. Lobby the Legislature for more resources to support housing development and to remove regulatory barriers to housing development

Rationale

Cities have limited resources available to support housing development, particularly funding for the large-scale infrastructure needed to expand into undeveloped areas. By expanding the tools cities can access raise local funds, providing greater direct financial support for infrastructure, and reducing regulatory barriers to development, the state can equip Newport and other cities with the resources they need to support housing development.

Description

Newport could lobby the Oregon Legislature to increase funding for infrastructure and housing development as well as lobby for changes to regulations that would make development easier.

Examples include:

- Lobby to allow cities to establish a **real estate transfer tax** to fund land banking and other types of housing support, specifically in cities where the median housing cost is significantly higher than what the local workforce can afford.
- Lobby to **allow cities to use restricted transient lodging tax** funds to support development of housing (or infrastructure to support housing) for people working in service industries and other lower wage jobs in the city.
- Advocate for **streamlining state building codes to allow a greater variety of prefabricated structures** (modular housing), including prefabricated housing produced in different states.
- Lobby to change the Local Improvement District statutes to allow participants to pay off assessments through property taxes.
- Lobby to **simplify the UGB amendment process**; make it easier for cities to swap land that cannot be cost effectively served or expand the UGB when necessary to accommodate growth.

I. Participate in the regional homelessness action plan

Rationale

Newport is not alone in its challenges around housing affordability and homelessness. Homelessness has been on the rise in Lincoln County and many other regions across the state. By developing a regional approach to addressing homelessness, cities and the county can align efforts and pool resources to address the systemic challenges that are driving the homelessness crisis.

Description

Homelessness in Lincoln County has been on the rise. The primary causes of homelessness include job loss, mental health issues, substance abuse, evictions, foreclosures and possibly transition from incarceration, as well as structural issues such as increasing rents and lack of affordable housing. Lincoln County was selected to participate in a homelessness response coordination pilot program and was awarded one of eight grants in the state. The grant requires participating entities to formulate, organize and manage an Advisory Board, stand up a coordinated homeless response office and prepare a 5-Year Strategy to Reduce Homelessness.

Newport should actively engage and assist the county and other partners in the development and implementation of the 5-year strategic plan to reduce homelessness. Newport could dedicate resources to addressing homelessness in alignment with the regional plan.

City Role

Participate in the regional action planning process

J. Establish a low barrier emergency shelter in Newport

Rationale

People experiencing homelessness need access to long-term housing. The first step towards accessing long-term housing is often through low barrier emergency shelters, which is intended to meet the needs of people experiencing homelessness with more barriers to shelter such as people with behavioral health issues or a criminal background.

Description

A low barrier emergency shelter should meet the needs of all members of a household, including infants and children and should avoid splitting up family members to access shelter. The shelter should not turn people away or make access contingent on sobriety, minimum income requirements, or lack of a criminal history. The shelter should provide a safe, decent, welcoming, and appropriate temporary living environment, where daily needs can be met while pathways back to safe living arrangements or directly into housing programs are being pursued.

The City could seek a partner to work with on development and operations of an emergency shelter, such as a qualified nonprofit operating in Lincoln County and partnering with Lincoln County for critical services.

The City could support development of an emergency shelter by providing a site for the shelter (such as surplus city-owned land or designating an area for the emergency shelter), facilitating the permitting and review process for the shelter, and/or providing financial or other assistance to support development of the shelter. The City could initiate the process for developing a shelter by issuing a request for proposals for a shelter provider.

City Role

Bring funding to bear to support the rehabilitation of an existing building for use as a shelter, or the construction of a new shelter, and partner with existing government, social service, or nonprofit organization(s) to operate the facility.

Funding Sources

The City has existing sources of funding to support development of housing, such as a Construction Excise Tax and Urban Renewal. These actions are about potential changes to these funding sources or direction on use of these funding sources to implement the affordable housing actions in the HPS.

K. Adjust the Allocation of the Construction Excise Tax (CET) to support affordable housing development

Rationale

CET is one of few options to generate additional, locally-controlled funding for affordable housing. It is a flexible funding source, especially for funds derived from commercial/industrial development and offers the ability to link industrial or other employment investments, which generate new jobs and demand for new housing, with funding for housing development.

Description

The City adopted a Construction Excise Tax (CET) in 2017, which is levied on new residential, commercial, and industrial development. The City charges the maximum allowed by State law for new residential development (1% of the permit valuation) as well as 1% of commercial and industrial permit values.² The CET has created a dedicated source of funding for affordable housing in Newport, which collected a little more than \$540,000 since its inception.

The allowed uses for CET funding are defined by state statute:

- The City may retain up to 4% of funds to cover administrative costs. The funds remaining must be allocated as follows, depending on whether the CET is on residential or commercial and industrial development.
- For a residential CET:
 - 50% must be used for developer incentives for multifamily housing. These incentives could include City payment of permit fees and SDCs for development, tax abatements, or finance-based incentives. The City may use the CET to fund voluntary developer incentives that:
 - Increase the number of affordable housing units in a development
 - Decrease the sale or rental price of affordable housing units in a development
 - Build affordable housing units that are affordable to households with incomes equal to or lower than 80% of MFI.³
 - 35% may be used flexibly for affordable housing programs, as defined by the jurisdiction.
 - 15% flows to Oregon Housing and Community Services for homeownership programs that provide down payment assistance in Newport
- The State allows for more flexible use of commercial/industrial CET:
 - 50% of the funds must be used for housing-related programs, as defined by the jurisdiction (note that these funds are not necessarily limited to affordable housing).

² There is no cap on the rate applied to commercial and industrial construction.

³ Based on information in ORS 197.309(7).

- The remaining 50% is unrestricted.

The City currently allocates all CET funds toward affordable housing according to the percentages required for the residential CET. However, the City has not fully determined how to spend its CET funds, only spending: (1) the 15% of funds that flows to Oregon Housing and Community Services for homeownership programs and (2) matching state funding to Proud Ground for down-payment assistance grants. The City had balance of about \$540,000 beginning Fiscal Year 2022.

The City needs to decide:

- **How to spend the existing funds.** These funds could be used to backfill SDC costs or development fees for housing affordable to households with incomes of 80% to 120% of MFI. Some of these funds could be spent on programs to address homelessness, like establishing a low-barrier emergency shelter. There are many other ways that these funds could be spent for affordable housing.
- **Should the City spend commercial/industrial CET differently than residential CET.** The City **could** consider changing how the funds from the commercial/industrial CET, which constituted about 20% of collections between 2017 and 2021, to dedicate more funds for flexible use. This would allow the City to spend on specific housing priorities, like establishing a low-barrier emergency shelter, supporting affordable homeownership as part a community land trust, or other priorities. Based on collections between 2017 and 2021, this would have generated about \$55,000 for flexible use.

CET Collections Scenario (using CET collections between 2017 and 2021)

	Current CET Allocations (residential and commercial/ industrial)	Potential Allocation (with all commercial/ industrial CET to flexible use fund)	Change
Affordable Housing – Flexible Use (35%)	\$96,978	\$152,385	\$55,407
OHCS Down Payment Assistance (15%)	\$38,965	\$30,654	(\$8,311)
Affordable Housing – Restricted to developer incentives (50%)	\$138,372	\$91,276	(\$47,096)

City Role

Identify how the CET funds should be allocated. Given the pace of collections, it may be advisable to allow them to accrue for a few years between periods when they are used.

L. Use Urban Renewal to support housing and infrastructure development

Rationale

Urban renewal provides a flexible funding tool that can support many of the key strategies identified in the Housing Production Strategy. It allows cities to develop essential infrastructure or provides funding for programs that lower the costs of housing development (such as SDC reductions or low interest loan programs).

Description

Tax increment finance revenues are generated by the increase in total assessed value in an urban renewal district from the time the district is first established. As property values increase in the district, the increase in total property taxes is used to pay off bonds. Newport's existing Northside Urban Renewal District was established in 2015 for the purpose of revitalizing the City's commercial core areas; upgrading street and utilities in Agate Beach to enhance existing neighborhoods and facilitate residential development; and to partner in redevelopment of the county commons and hospital campus.

Urban renewal can be used to support development of off-site infrastructure necessary to support new housing development. It can also be used to support development of affordable housing or to support rehabilitation of existing housing in poor condition, possibly with future requirements that it remain affordable at an income level like 80% or less of MFI.

The City will need to decide how to use the funding. The best use of funding may be in coordination with other actions in the HPS, such as with land banking and support of development of income-restricted housing.

City Role

The City would continue to implement the Urban Renewal Plans and select projects to fund through Urban Renewal.

How are other cities using Urban Renewal to support housing?

The cities of John Day and Madras both established Urban Renewal Districts in their respective rural communities to help with compounding shortfalls of housing production. These Urban Renewal Districts use Tax Increment Financing (TIF) to provide incentives for building within designated city areas that have "deteriorated structures, underdevelopment or lack of development."

The City of John Day established their Urban Renewal District in 2018 covering about 130 acres of land, and the City of Madras established their Madras Housing Urban Renewal District (HURD) Plan in 2019 covering about 700 acres of land. Both cities offer incentives within their Urban Renewal Districts, including:

- Cash rebates on a portion of property taxes paid
- Direct contribution of funds
- Contributions to the developer for infrastructure development
- An agreement for the Urban Renewal Agency to complete infrastructure improvements that are required as a condition of development approval

Use of the Actions to Support Different Housing Outcomes

Many of the actions and funding tools discussed in this memorandum can be used to meet housing needs at different income levels and support different housing outcomes. This section describes how groupings of actions, are necessary to work together to meet Newport's housing needs.

These groupings will be refined based on discussion at the December 15, 2022, PAC meeting. The draft groupings are:

- **Encourage development of income-restricted affordable housing units.** There are limited options available in Newport that are affordable to households with income of less than 60% of MFI (income of \$34,400 for a family of four people). This initiative supports development of housing affordable in this income group.
- **Remove barriers to development of low- and moderate-income affordable rental housing.** This initiative seeks to increase the housing options for unregulated rental households earning between 60% and 120% of MFI (\$34,400 to \$68,900).
- **Increase opportunities for affordable homeownership.** This initiative seeks to increase the housing options for homeownership for households earning less 120% of MFI (less than \$68,900).
- **Preserve existing of low- and moderate-income affordable housing.** This initiative seeks to increase the housing options for rental households earning less than 120% of MFI (less than \$68,900).
- **Address homelessness.** This initiative seeks to remove barriers and support access to temporary and longer-term housing solutions for those experiencing homelessness and housing insecurity.

Exhibit 2. Housing Initiatives and the Potential Actions

■ Primary Focus of the initiative □ Secondary Focus of the initiative

Potential Action	Development of Income-Restricted Affordable Housing	Development of Low/Moderate Income Rental Housing	Increase Affordable Homeownership	Preserve Existing Low- to Moderate-Income Affordable Housing	Address Homelessness
MFI	Up to 60% MFI	60% – 120% MFI	Up to 120% MFI	Up to 120% MFI	
A. Support a regional housing entity focused on low- and middle-income housing development		■	■		
B. Grow partnerships with Community Land Trusts			■	□	
C. Implement the Homebuyer Opportunity Limited Tax Exemption			■	□	
D. Support outreach and education to promote equitable housing access	■	■	■	■	■
E. Reduce development code barriers to multifamily development	■	■		□	
F. Pay System Development Charges (SDC) for workforce housing	■	■	■		
G. Pursue a Growth Management Agreement with the County	□	□	□		
H. Lobby the Legislature for more resources to support housing development and remove regulatory barriers to housing development	■	■	■	■	■
I. Participate in the regional homelessness action plan	□				■
J. Establish a low barrier emergency shelter in Newport					■
Funding Sources					
K. Adjust the allocation of the Construction Excise Tax (CET) to support affordable housing development	■	■	■	□	□
L. Use Urban Renewal to support housing and infrastructure development	■	■	■	□	□

Appendix A: Evaluation Criteria for Actions

This appendix summarizes the evaluation criteria used to evaluate actions for inclusion in the HPS. The evaluation criteria (summarized below) fall into seven categories: MFI targeted, housing type targeted, impact, administrative burden, funding required, ease of implementation, and flexibility.

Evaluation Criteria

The proposed evaluation criteria (summarized below) fall into seven categories: MFI targeted, housing type targeted, development impact, administrative burden, funding required, political acceptability, and flexibility.

MFI Targeted

Newport would like to see development and preservation of housing affordable at all income levels. We define income levels based on 2022 Median Family Income for Lincoln County (as defined by the U.S. Department of Housing and Urban Development) for a household of four people, as follows:

Extremely Low and Low Income	Low Income	Middle Income	High Income
Extremely Low Income: Less than 30% MFI Less than \$17,200	50% to 80% of MFI \$28,700 to \$45,900	80% to 120% of MFI \$45,900 to \$68,900	120% of MFI+ \$68,900+
Very-Low Income: 30% to 50% of MFI \$17,200 to \$28,700			
<i>33% of households</i>	<i>15% of households</i>	<i>18% of households</i>	<i>33% of households</i>
<i>Can afford \$720 or less in monthly housing costs.</i>	<i>Can afford \$720 to \$1,150 in monthly housing costs.</i>	<i>Can afford \$1,150 to \$1,720 in monthly housing costs.</i>	<i>Can afford \$1,720 or more in monthly housing costs.</i>

Housing Types Targeted

What types of housing does this action support? Newport would like to see development and preservation of different types of housing. We examine how the action will support the development and/or preservation of different housing according to the following types:

Single Family, Detached	Middle Housing	Multifamily	Temporary Housing
Single family, detached Small lot Cottage housing Manufactured housing	Townhouses Duplexes Triplexes Quadplexes	Housing with 5 or more units/structure	Emergency shelter Temporary housing

Impact

Does the action result in a little or a lot of change in the housing market? How many units might be produced? Can the tool leverage investments from other partners? How long will the impact last? The scale of impact depends on conditions in the city, such as the City of Newport’s other existing or newly implemented housing policies, land supply, and housing market conditions. We define the scale of impact as follows:

Small	Moderate	Large
Will not directly result in development of new housing or it may result in development of a small amount of new housing. May not improve housing affordability in and of itself.	Could directly result in development of new housing. May not improve housing affordability in and of itself.	Could directly result in development of new housing. May improve housing affordability in and of itself but may still need to work with other policies to increase housing development feasibility.
<i>~1-3% of needed housing 7 to 19 new dwelling units⁴</i>	<i>~3% to 5% of needed housing 19 to 32 new dwelling units</i>	<i>~5% to 10% (or more) of needed housing 32 to 63 new dwelling units</i>

Administrative Burden

How much staff time is required to implement the action? Is it difficult to administer once it is in place? We define administrative complexity, as follows:

Low	Medium	High
Requires some staff time to develop the action and requires some on-going staff time to implement the action.	Requires more staff time to develop the action and requires more on-going staff time to implement the action.	Requires significant staff time to develop the action and/or significant on-going staff time to implement the action.

Funding Required

What financial resources are required to implement the action? This includes the cost to establish and maintain a program. For funding sources, the easier it is to administer the tax or fee, the more net revenue will be available to offset costs for housing production or preservation. We define funding required, as follows:

Low	Medium	High
Has relatively small funding impacts.	Has relatively moderate funding impacts.	Has relatively larger funding impacts.

⁴ Newport’s Capacity Needs Analysis projects that the City will grow by 626 new dwelling units between 2022 and 2042.

Ease of Implementation

Ease of Implementation assesses the difficulty of implementing the action in terms of coordination with elected officials and stakeholders. It considers expected political acceptability for elected officials and the public at large. If the action is dependent on the action of another organizational entity, the action is less likely than if the City controlled all aspects of tool implementation. We define ease of implementation, as follows:

	Low	Medium	High
Potential resistance from stakeholder groups, the public at large, and/or elected officials	Likely significant resistance	Moderate resistance	Little resistance
Coordination with another entity required	Significant	One-time or ongoing coordination	Little or none
Planning Commission review and/or City Council acceptance/adoption required	Review and adoption required	Review and/or adoption required	Review required

Flexibility

Flexibility assesses whether the action can be flexibly used to achieve multiple outcomes? Does it have legal limitations or other barriers that limit its utility for achieving goals of supporting housing development, increasing housing stability or other HPS goals? This category considers limitations on the types of projects that can be implemented with a given action. Given development market cycles, a funding source especially may be less useful to the City if its use is limited to certain types of projects.

We define feasibility, as follows:

Low	Medium	High
The action can be used in specific situations, to achieve specific outcomes with little flexibility in its use.	The action can be used flexibly for multiple outcomes but there may be some barriers on its use. It can be used in somewhat specific situations.	The action can be used to achieve multiple outcomes, has few barriers on its use, or supports multiple goals in the HPS. It can be used in many situations.

Appendix B: Existing Policies to Address Newport's Housing Needs

Since Newport last completed its Housing Needs Analysis in 2011, the City has implemented many programs and policies to support housing development detailed below

- **Tax Incentives for Affordable Housing:** In the fall of 2017, the Newport City Council established two tax incentive programs and Lincoln County adopted a resolution committing it to participate in the programs, which expanded the potential tax benefits.
 - **Non-Profit Corporation Low-Income Housing Tax Exemption:** The first is targeted to non-profit corporations that operate income-limited rental housing, specifically at 60 percent MFI in the first year of operation and up to 80 percent MFI in subsequent years. The exemption also applies to property held for development by such entities, for up to three years.
 - **Multiple Unit Property Tax Exemption:** The second program provides a 10-year property tax exemption on structural improvements on multi-family rental projects with an affordable component. Developers are required to reserve at least 20 percent of the units at 80 percent MFI (at least 3 units if new construction, 2 units in a remodel) and are subject to other standards. The developer of a 110-unit, state-subsidized private affordable housing project submitted the first application under the multiple unit program. All the units will be affordable at 60 percent MFI, and the developer will realize more than \$1.6 million in tax savings on structural improvements over the 10-year period. Newport's portion is roughly 40 percent of the total, meaning it will forgo a little more than \$665,000.
- **System Development Charges Policies:** Newport collects System Development Charges (SDCs) for all five eligible categories: water, wastewater, storm drainage, transportation, and parks. Recent changes in SDC policies benefit residential development and incentivize modestly sized homes.
 - **Updated System Development Charges Methodology:** Newport adopted a new SDC methodology in 2017, replacing the "one size fits all" formula, by establishing tiered price per square foot charges which reduce costs for smaller units. For example, the fee for a new home with 1,250 square feet of living space dropped from \$10,994 to \$5,189. The new methodology also reduced the list of SDC eligible capital projects leading to, on balance, lower per project assessments (creating room for an Affordable Housing CET). This change has led to a modest increase in the number of small homes and ADUs built in the City.
 - **Transferability of System Development Charge Credits:** In 2018 the City amended its SDC ordinance for credits granted for qualified public improvements. By statute, developers must use these credits within 10 years, which can be a challenge in small communities where the pace of development is modest. The new rules allow credits to be sold or donated so long as the receiving property includes a residential use,

and the credit is not more than 50 percent of the SDC assessment. This provision has been used twice, for the 110-unit subsidized housing project referenced above, and for a 66-unit market-rate multifamily project completed in 2021.

- **Revenue Sources to Support Housing Investments:** With the new SDC policy adopted in 2017, policymakers had room to consider an excise tax without significantly impacting up-front development costs. Newport has also used tax increment financing to support housing development.
 - **Construction Excise Tax for Affordable Housing:** Adopted in the fall of 2017, the tax imposed is 1 percent of the permit value for construction that results in new or additional square footage for commercial and residential structures, with state-mandated exemptions for specific private and non-profit uses. The tax has created a dedicated source of funding for affordable housing, which collected a little more than \$540,000 since its inception. State law requires at least 50 percent of taxes collected from residential development must be used as developer incentives, such as reducing impact fees. Of the remaining amount, 35 percent can be used for “other affordable housing programs” and 15 percent is remitted to Oregon Housing and Community Services (OHCS) for its down payment assistance program. OHCS has committed to awarding those funds in Newport. Half of the tax collected from commercial projects must also be used to fund housing related programs.
 - **Urban Renewal (Tax Increment Financing):** Newport has three urban renewal areas expected to generate \$30 million in infrastructure improvements over the next 20 years to catalyze new development. This tool requires thoughtful engagement with all affected taxing entities to dedicate future tax revenues toward these investments. Newport often uses urban renewal funds as a match for state and federal grants, or in conjunction with funds from private partners. The City recently invested about \$120,000—with additional contributions from a developer—to improve a regional storm water detention facility so that a 26-unit, market-rate subdivision can be built. The improvements will accommodate run-off from other upstream residential properties.
- **Grants and Land Donations for Affordable Home Ownership:** The City has entered into partnerships with other jurisdictions and nonprofit partners to create affordable home ownership opportunities and help keep low-income owners in their homes.
 - **Home Ownership Down Payment Assistance:** Newport, Lincoln City, and Lincoln County executed an agreement with Proud Ground, a community land trust from the Portland metro area, to provide eight down payment assistance grants for households making 80 to 120 percent of MFI. Proud Ground was able to leverage \$160,000 in local matching funds to create over \$770,000 in subsidy (including \$515,000 from the Governor’s Workforce Housing Initiative). Proud Ground, with support from the partners, held numerous homebuyer education meetings to help get qualified buyers into the pipeline. Three of these grants went to home purchases in Newport. The average subsidy per home required to fill the gap between the

mortgage the homeowners could afford and the price of the home on the market was \$87,228.

- **Habitat for Humanity Land Donation:** The City of Newport entered into a land donation agreement with Habitat for Humanity of Lincoln County for the construction of up to five owner-occupied units targeted to qualifying households earning between 40 and 80 percent of MFI. The first duplex project was completed in the spring of 2021, on a property valued at a little over \$100,000. Deed restrictions require that the properties will remain affordable for up to 20 years from the original sale.
- **Partnership with Lincoln Community Land Trust:** Beginning in 2015, the City partnered with the Lincoln Community Land Trust (LCLT) to provide operational support and gap financing for LCLT to create permanently affordable housing in Newport. LCLT merged with Proud Ground in 2018 and the City continues to support affordable homeownership on land trust properties through down payment assistance (see above).
- **Rehabilitation and Weatherization Programs:** Lincoln County and several of the incorporated cities, including Newport, obtained Community Development Block Grant (CDBG) funds to finance a housing rehabilitation loan program for low-income households. Participants were eligible for zero-interest, deferred payment loans that are typically repaid when the house is next sold. Changes to loan processing regulations since the Great Recession mean that the original loan servicer can no longer administer the program cost effectively. The partners have about \$2.75 million in the loan portfolio—including almost \$700,000 available to loan—and are considering options to continue the program, including working with a nonprofit on a new CDBG application to bring in additional resources. Newport executed an agreement with DevNW to continue this program in 2021.
- **Reduced Residential Street Widths.** The City of Newport updated its Transportation System Plan in 2022 to allow narrower streets in residential neighborhoods, reducing infrastructure costs for new subdivisions and infill projects. Streets in new subdivisions that will handle less than 500 vehicle trips per day can be designed as yield streets, which are 28-foot curb to curb, as compared to the 36-foot previously required. For infill projects fronting low-volume underdeveloped streets, developers may utilize a 16-foot, two-way through lane with 20-foot cleared area, or even a 12-foot wide road, with 30-foot long pullouts every 300-feet, in areas where there are fewer than 150 vehicle trips per day. The City’s previous minimum roadway width for infill projects on substandard streets was 24-feet of paved width.

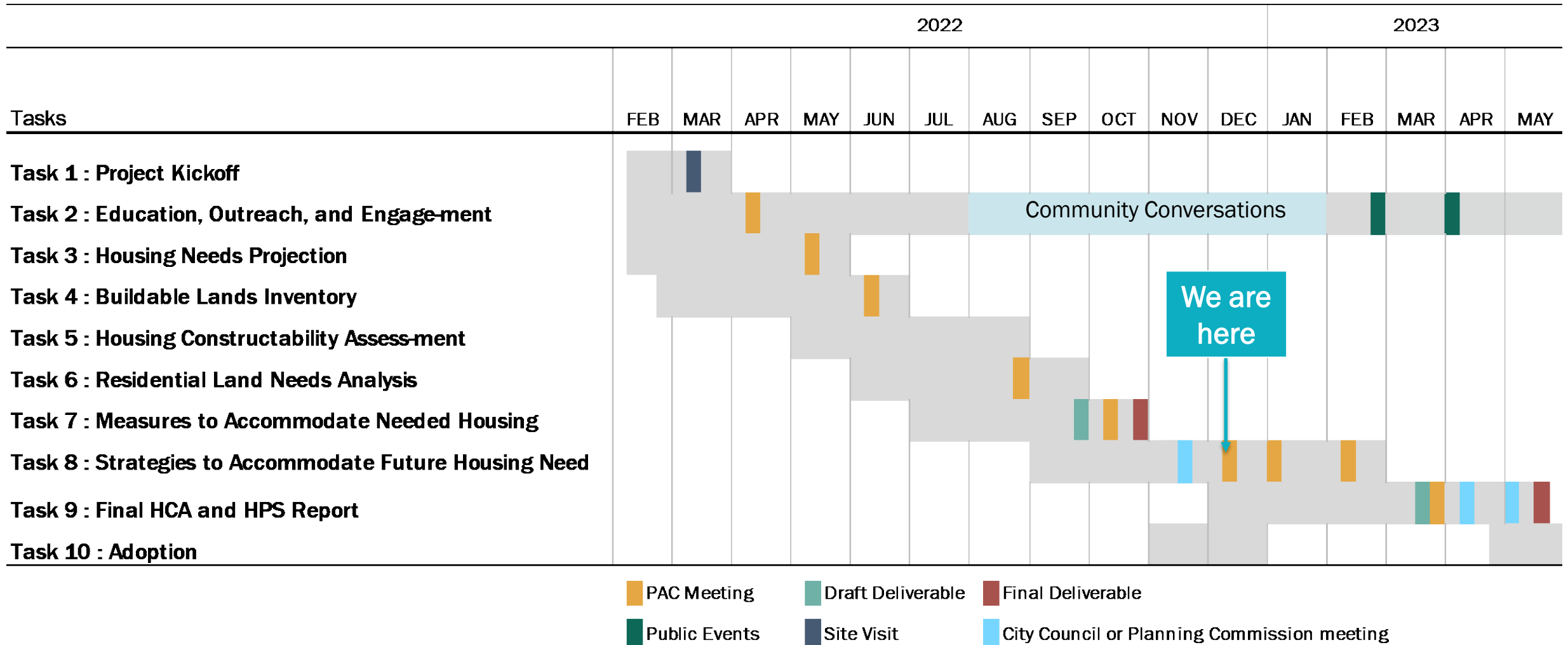


Newport Housing Capacity Analysis

Project Advisory Committee Meeting #6

December 15, 2022

Project Schedule



Process for Developing the HPS

Oct-Dec 2022

Narrow down the list of potential actions:

Provide long list of potential actions to the PAC to identify actions with the most promise for the City of Newport.



Jan-Feb 2023

Additional action evaluation

Provide additional detail on remaining actions. Vet narrower list of strategies with relevant stakeholders and the PAC



Mar-May 2023

Draft HPS

Refine actions for City Council to consider, working in conjunction with local partners.

PAC Meeting Dates and Topics

Goal for PAC 6 meeting:

- Discuss the potential actions
- Get questions answered and make sure you understand the basics of the actions
- Make sure we are not missing important actions

HAC	Date	Topic(s)
PAC 5	Oct 13	Introduce the Housing Production Strategy
PAC 6	Dec 15	Identify potential housing actions
PAC 7	Jan 12	Refine and narrow housing actions
PAC 8	Feb 16	Refine and narrow housing actions
PAC 9	Mar 30	Review and comment on the draft HPS report



Potential Actions for Inclusion in the HPS

ECONNorthwest

ECONOMICS • FINANCE • PLANNING

Questions for Discussion

- Where do you need more information to understand the action?
- Are these the right actions to address unmet housing needs in Newport?
 - Are we missing any actions that should be included in the HPS?
- Should we remove any of the actions from the list?

Existing Strategies in Newport

- Reduced Residential Street Widths, Missing Middle Housing allowed, other zoning changes to support housing development
- Revenue Sources to support housing investments
 - Construction Excise Tax and Urban Renewal
- Tax Incentives for Affordable Housing
 - MUPTE, Non-Profit Corporation Low-Income Housing Tax Exemption
- System Development Charges policies
 - Updated methodology, transferability of credits
- Grants and Land Donations for Affordable Home ownership
 - Home Ownership Down Payment Assistance, Rehabilitation and Weatherization programs
 - Partnership with Lincoln Community Land Trust
 - Habitat for Humanity Land Donation

- **MFI targeted** – focuses on incomes below 120% of MFI
- **Housing type** – single family detached, middle, multifamily, temporary
- **Impact** – scale of impact on housing development
- **Administrative burden** – staff time required to implement and administer action
- **Funding required** – funding needed to implement and administer the action
- **Ease of implementation** – political and community acceptability; potential need to coordinate with other organizations
- **Flexibility** – used to achieve multiple outcomes

Summary of Potential Actions

	Potential Action	Purpose	MFI Targeted / Housing Type	Impact	Administrative Burden	Funding Required	Ease of Implementation	Flexibility
A	Support a regional housing entity focused on low- and middle-income housing development	Cities and the county can pool resources to support housing development and better address regional housing needs	60% to 120% MFI / middle, multifamily	Moderate	Medium	Medium	Medium	High
B	Grow partnerships with Community Land Trusts	Supports affordable housing development by holding land in perpetuity and selling or leasing the housing on the land at below market rate prices	Up to 120% MFI / single family, middle	Small	Low	Medium	High	Low
C	Implement the Homebuyer Opportunity Limited Tax Exemption	Serves as an incentive to stimulate the construction of new single-unit housing and encourages homeownership among low and moderate-income households	Up to 120% MFI / single family	Small	Medium	Low	Medium	Medium
D	Support outreach and education to promote equitable housing access	Effective communication can help ensure equitable access to housing and housing services	All incomes / all housing types	Small	Medium	Low	Low to High	High
E	Reduce development code barriers for multifamily development	Removing barriers such as complex or restrictive building codes can increase the financial feasibility of multifamily housing development	All incomes / multi-family	Moderate	Low	Low	Medium	Medium
F	Pay System Development Charges (SDC) for workforce housing	Reduces development costs and can incentivize qualifying housing types or building features	Up to 120% MFI / multifamily	Small	Medium	Medium	Medium	High
G	Pursue a Growth Management Agreement with the County	Spells out the roles and responsibilities for managing land inside of the UGB but outside the city limits as well as changes to the UGB between the city and county	All incomes / all housing types	Small	Low	Low	Medium	Low

Summary of Potential Actions

	Potential Action	Purpose	MFI Targeted / Housing Type	Impact	Administrative Burden	Funding Required	Ease of Implementation	Flexibility
H	Lobby the Legislature for more resources to support housing development and remove regulatory barriers to housing development	Better equips cities with the resources they need to support housing development	All incomes / all housing types	Moderate to Large	Medium	Low	Low to High	High
I	Participate in the regional homelessness action plan	Cities and the county can align efforts and pool resources to address the systemic challenges that are driving the homelessness crisis	Up to 30% MFI / temporary housing	Moderate	Medium	Medium to High	Medium	Medium
J	Establish a low barrier emergency shelter in Newport	Meets the needs of people experiencing homelessness with more barriers to shelter	Up to 30% MFI / emergency shelter	Moderate to Large	Medium	Medium to High	Medium	Low
Funding Sources								
K	Adjust the allocation of the Construction Excise Tax (CET) to support affordable housing development	Provides a locally controlled funding source to support many of the actions in the HPS	Up to 120% MFI / middle, multifamily	Moderate	Low	NA	Medium	High
L	Use Urban Renewal to support housing and infrastructure development	Provide a flexible funding tool that can support many of the actions in the HPS	All incomes / all housing types	Large	Medium	NA	Medium	High

Action K: Adjust the allocation of the Construction Excise Tax (CET) to support affordable housing development

Purpose: Provides a locally controlled funding source to support many of the actions in the HPS

Fund Balance: Current balance of \$540,000; the City has received an average of \$109,000 per year since 2017.

Action Evaluation

MFI Targeted / Housing Type	Impact	Administrative Burden	Funding Required	Ease of Implementation	Flexibility
Up to 120% MFI / all housing types	Moderate	Low	NA	Medium	High

Action K: Adjust the allocation of the Construction Excise Tax (CET) to support affordable housing development

CET allocation requirements

For Residential CET		For Commercial/Industrial CET	
50%	developer incentives (multifamily, market rate or affordable)	50%	Housing-related programs, as defined by the City (not limited to affordable housing)
35%	affordable housing programs, as defined by the City	50%	unrestricted
15%	to OHCS for homeownership programs that provide down payment assistance in Newport		

*Note: Up to 4% of CET is available for administrative costs

Action L: Use Urban Renewal to support housing and infrastructure development

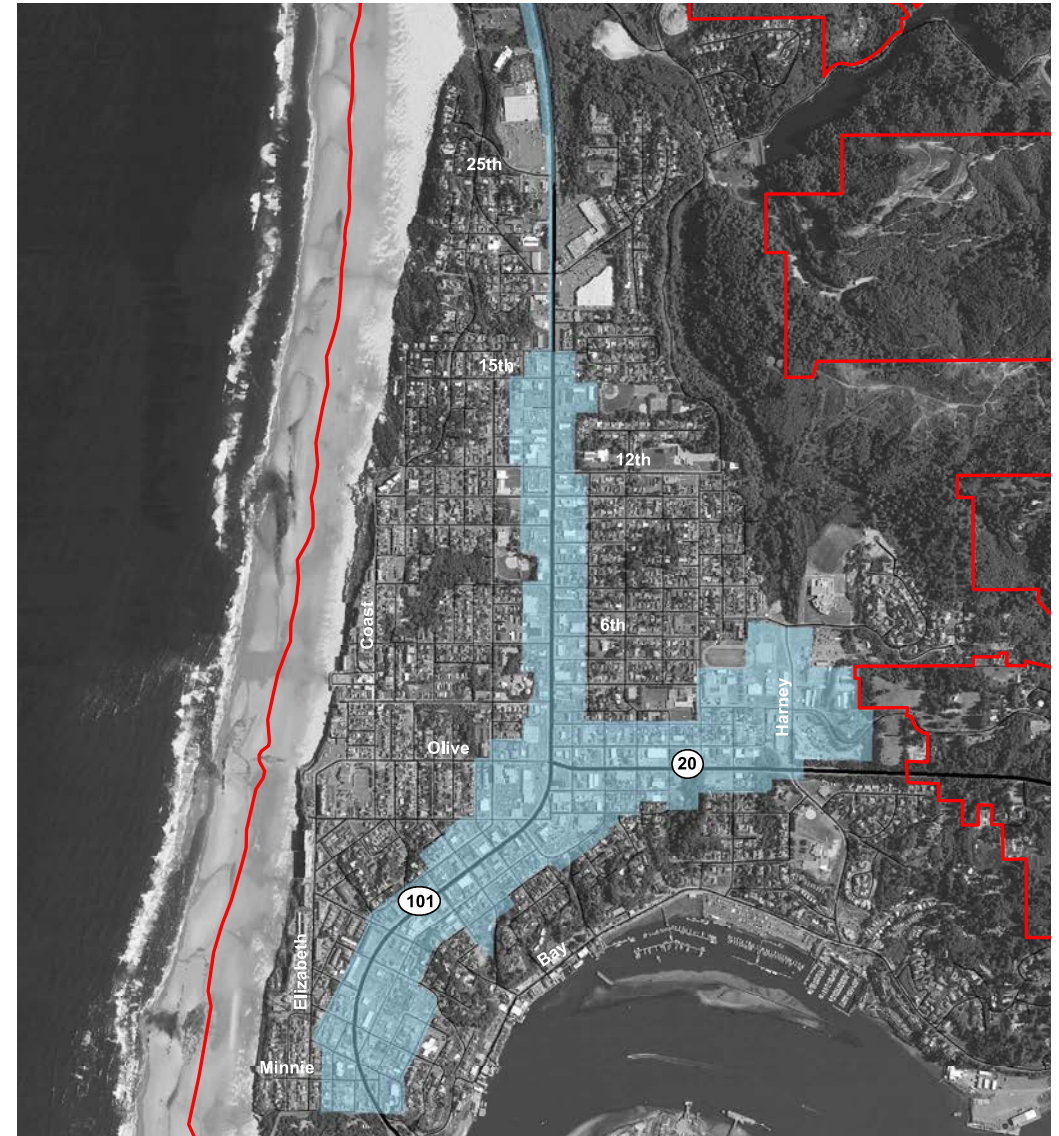
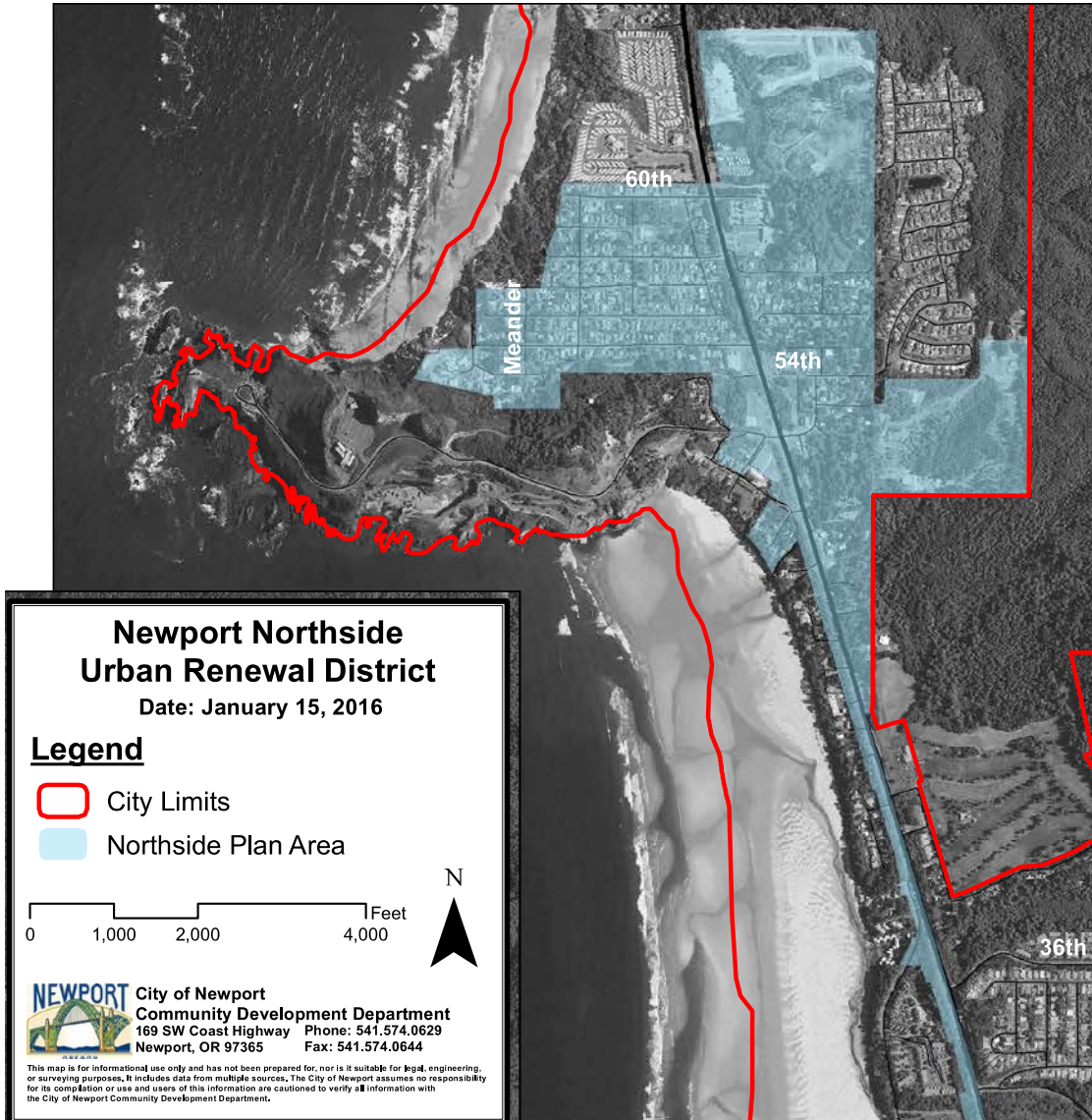
Purpose: Provide a flexible funding tool that can support many of the actions in the HPS

Examples: Madras and John Day established Urban Renewal Districts specifically to help with the shortfalls of housing production.

Action Evaluation

MFI Targeted / Housing Type	Impact	Administrative Burden	Funding Required	Ease of Implementation	Flexibility
All incomes / all housing types	Large	Medium	NA	Medium	High

Action L: Use Urban Renewal to support housing and infrastructure development



Action A: Support a regional housing entity focused on low- and middle-income housing development

Purpose: Cities and the county can pool resources to support housing development and better address regional housing needs

Examples: Engage cities to build momentum for regional housing approach
Dedicate land to a land bank managed by regional housing entity
Provide funding such as from Urban Renewal or CET

Action Evaluation

MFI Targeted / Housing Type	Impact	Administrative Burden	Funding Required	Ease of Implementation	Flexibility
60 to 120% MFI / Middle, multifamily	Moderate	Medium	Medium	Medium	High

Action B: Grow partnerships with Community Land Trusts

Purpose: Supports affordable housing development by holding land in perpetuity and selling or leasing the housing on the land at below market rate prices

Action Evaluation

MFI Targeted / Housing Type	Impact	Administrative Burden	Funding Required	Ease of Implementation	Flexibility
Up to 120% MFI / single family, middle	Small	Low	Medium	High	Low

Action C: Implement the Homebuyer Opportunity Limited Tax Exemption

Purpose: Serves as an incentive to stimulate the construction of new single-unit housing and encourages homeownership among low and moderate-income households

Example: Home with an improvement value of \$238,000 and an assessed value of \$164,000 (excluding land value):

- Homeowner savings: \$240/month or \$28,800/10 years
- Foregone taxes: City - \$9,000/10 years; Other - \$19,800/10 years

Action Evaluation

MFI Targeted / Housing Type	Impact	Administrative Burden	Funding Required	Ease of Implementation	Flexibility
Up to 120% MFI / single family	Small	Medium	Low	Medium	Medium

Action E: Reduce development code barriers for multifamily development

Purpose: Removing barriers such as complex or restrictive building codes can increase the financial feasibility of multifamily housing development

Examples: Increase building height limits to allow 3 full stories
Extend parking credits
Remove variance process for development on hillsides

Action Evaluation

MFI Targeted / Housing Type	Impact	Administrative Burden	Funding Required	Ease of Implementation	Flexibility
All incomes / multi-family	Moderate	Low	Low	Medium	Medium

Action F: Pay System Development Charges (SDC) for workforce housing

Purpose: Reduces development costs and can incentivize qualifying housing types or building features

Action Evaluation

MFI Targeted / Housing Type	Impact	Administrative Burden	Funding Required	Ease of Implementation	Flexibility
Up to 120% MFI / multifamily	Small	Medium	Medium	Medium	High

Action I: Participate in the regional homelessness action plan

Purpose: Cities and the county can align efforts and pool resources to address the systemic challenges that are driving the homelessness crisis

Action Evaluation

MFI Targeted / Housing Type	Impact	Administrative Burden	Funding Required	Ease of Implementation	Flexibility
Up to 30% MFI / temporary housing	Moderate	Medium	Medium to High	Medium	Medium

Action J: Establish a low barrier emergency shelter in Newport

Purpose: Meets the needs of people experiencing homelessness with more barriers to shelter. Low barrier emergency shelters do not require criminal background checks, credit checks or income verification, program participation, sobriety, or identification.

Action Evaluation

MFI Targeted / Housing Type	Impact	Administrative Burden	Funding Required	Ease of Implementation	Flexibility
Up to 30% MFI / emergency shelter	Moderate to Large	Medium	Medium to High	Medium	Low

Action H: Lobby the Legislature for more resources to support housing development and remove regulatory barriers to housing development

Purpose: Better equips cities with the resources they need to support housing development

Examples: Allow cities to establish a real estate transfer tax
Allow cities to use restricted transient lodging tax funds to support housing
Streamline state building codes to allow a greater variety of prefab structures
Simplify the UGB amendment process

Action Evaluation

MFI Targeted / Housing Type	Impact	Administrative Burden	Funding Required	Ease of Implementation	Flexibility
All incomes / all housing types	Moderate to Large	Medium	Low	Low to High	High

Action D: Support outreach and education to promote equitable housing access

Purpose: Proactively reaching out to the community, particularly underserved populations, can help the City better understand the housing needs of its residents and provides an opportunity for community members to learn about existing housing resources that can support housing access and stability.

Action Evaluation

MFI Targeted / Housing Type	Impact	Administrative Burden	Funding Required	Ease of Implementation	Flexibility
All incomes / all housing types	Small	Medium	Low	Low to High	High

Action G: Pursue a Growth management Agreement with the County

Purpose: Spells out the roles and responsibilities for managing land inside of the UGB but outside the city limits as well as changes to the UGB between the city and county

Action Evaluation

MFI Targeted / Housing Type	Impact	Administrative Burden	Funding Required	Ease of Implementation	Flexibility
All incomes / all housing types	Small	Low	Low	Medium	Low

- Refine list of actions for inclusion in the HPS
- PAC Meeting #6: **January 12 @ 6 PM**



ECONNorthwest

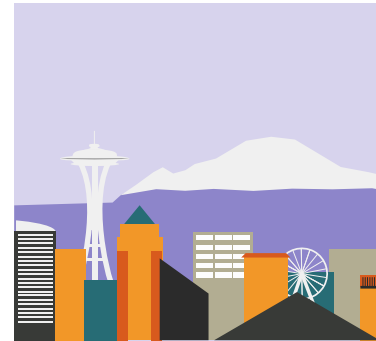
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