

The Influence of VRD Expansion on Available Housing

There is a housing shortage in Newport that applies across the affordability spectrum. This shortage is aggravated by the conversion of single family homes into vacation rental dwellings (VRDs) and it negatively impacts housing for Newport's workforce. We continue to hear reports from educators, physicians, engineers, scientists, and other professionals that they cannot find housing in Newport. If we want to grow our economy and attract working professionals to Newport, then we must stop converting single family homes into vacation rentals.

Some people erroneously argue that the conversion of homes to VRDs has little influence on workforce housing. They feel that the workforce could not afford the homes that are converted to VRDs. This position appears to be based on intuition alone because it is not supported with evidence. There is ample evidence, however, that VRDs do negatively influence the total housing supply and limit availability for Newport's professional workforce. In this white paper, we document this evidence and call on the City of Newport to set appropriate limits on VRDs so that we can preserve, and ultimately enhance, workforce housing.

While some VRDs are certainly high-end and outside of the reach of many workers, what is less commonly discussed is the influence of VRD proliferation at the middle range of the home affordability spectrum. Does the competition for homes at this level (many VRDs are currently listed at less than \$350,000 market value) impact the Community's ability to hire and retain medical, legal, educational, human services and scientific professionals, as well as support staff? To address this question, we asked administrators, human resource directors, and staff members at all levels of the Samaritan Pacific Communities Hospital, Lincoln County School District, Department of Human Services, District Attorney's Office, Hatfield Marine Science Center, NOAA, and Oregon Coast Community College. The answer across the board was a resounding "Yes!"; the lack of housing, both permanent and long-term rental, has major negative impact on the ability of this Community to recruit and retain a wide range of professionals and their support staff.

The impact is difficult to precisely quantify, but several examples are illustrative; the Department of Human Services has offered six positions to people still looking for housing; the Lincoln County School District had 15 position offers (of 60) turned down for lack of housing; NOAA has 17 vacant positions (at the \$86,000 to \$100,000 pay scale) on hold due to the lack of permanent housing or long term rentals. Both the Hospital and the Marine Science Center have lost top candidates in large part because of the housing issue. This is a serious problem that we need to face if we want a functional, viable community. We can easily have more tourists if we want, or we can focus more attention on recruiting and keeping physicians, teachers, case workers, scientists and many others, at all professional and support staff levels, who are the essential, foundational contributors to our Community.

The immediate losers in this competition for housing are generally younger professionals and staff, at the higher end of the income scale, many of whom are looking for a residential neighborhood to raise a family. The greater loser in this competition is the Newport Community that suffers from the

inability to recruit and retain an essential segment of our small permanent residential population. This is a local problem, unlikely to garner much sympathy from absentee landlords living outside of Lincoln County, and it needs to be dealt with locally and broadly by restricting further growth of VRDs and by stimulating an increase in purchasable housing and long-term rental opportunities.

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