# Final Report

# Newport Housing Needs Analysis, 2011 to 2031

**Prepared for:**
**The City of Newport**

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## Disclaimer

ECONorthwest completed this report on behalf of the City of Newport. This report is a housing needs analysis (HNA), which the City will use as a factual basis as part of the City's Comprehensive Plan update.

Throughout the report we identify the sources of information and assumptions used in the analysis. Within the limitations imposed by uncertainty and the project budget, ECONorthwest has made every effort to check the reasonableness of the data and assumptions, and to test the sensitivity of the results of our analysis to changes in key assumptions. ECO acknowledges that any forecast of the future is uncertain. The fact that we evaluate assumptions as reasonable does not guarantee that those assumptions will prevail.

# Acknowledgements

Numerous people contributed to the completion of this project. We would like to acknowledge the hard work of the project Technical Advisory Committee, State of Oregon Staff, and consultants.

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## Technical Advisory Committee (TAC)

The Technical Advisory Committee (TAC) provided guidance on numerous topics, including the assumptions about the supply of buildable employment land, demand for residential land, and guidance on issues of importance to the community. TAC members included:

**Lorna Davis,** Greater Newport Chamber of Commerce
**Barbara Dougherty,** Lincoln Commission on Children and Families
**Gary East,** Newport Homebuilders Association
**Lee Hardy,** Yaquina Bay Property Management
**Larry Henson,** Longview Hills Manufactured Housing Community
**Jim Patrick,** Newport Planning Commission chair
**Bonnie Serkin,** Landwaves, Inc.
**Valerie Soilhi,** Lincoln County Planning Director
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# Executive Summary

This report presents a housing needs analysis consistent with requirements of Statewide Planning Goal 10 and OAR 660-008. The methods used for this study generally follow the *Planning for Residential Growth* guidebook, published by the Oregon Transportation and Growth Management Program (1996).

The primary goals of the housing needs analysis were to (1) project the amount of land needed to accommodate the future housing needs of all types within the Newport Urban Growth Boundary (UGB), (2) evaluate the existing residential land supply within the Newport UGB to determine if it is adequate to meet that need, (3) to fulfill state planning requirements for a twenty-year supply of residential land, and (4) identify policy and programmatic options for the City to meet identified housing needs.

## WHAT ARE THE KEY HOUSING NEEDS IN NEWPORT?

Following are several key issues identified in the housing needs analysis:

- **Newport has experienced limited multifamily apartment development.** While 32% of the new dwellings permitted in Newport during the 2000-2010 period were multifamily, the vast majority of multifamily housing was intended as vacation rentals. In short, the market is producing virtually no multifamily dwellings for local residents and workers.
- **Land designated for higher-density housing is located in areas that are less desirable for high density housing types**. Desirable locations for multifamily housing are places with services and retail close by and with easy transportation linkages. While Newport has a large inventory of land designated for higher density housing, very little is in locations that are ideal for workers. This issue is not new—it was identified in the 1989 Housing element of the Comprehensive Plan.
- **Aging housing stock**. Nearly 20% of the city's housing stock was built before 1950. Data collected as part of the housing needs analysis suggests that the condition of rental housing in Newport is poor. The condition of rental housing combined with the higher rental costs (relative to nearby communities) negatively affects potential renters' willingness to rent in Newport.

- **Lack of affordable workforce housing in Newport.** Housing in Newport became much less affordable between 2000 and 2010—particularly to working households:

  - In 2010, a household needed to earn $14.60 an hour to afford a two-bedroom rental unit in Newport, an increase of $5 or nearly 50% from 2000.
  - More than one-third of Newport households could not afford a two-bedroom apartment at HUD's fair market rent level of $759 in the 2005-2009 period.
  - Newport had a deficit of nearly 500 affordable housing units for households that earned less than $25,000.
  - About 39% of Newport's households were cost-burdened, with 51% of renters and 30% of owners cost-burdened.
  - The average sale price for single-family dwellings increased by 47% between 2000 and 2010, from about $159,000 in 2000 to $233,000 in 2010. Single-family sales prices peaked in 2007 at an average of nearly $350,000.
  - Condominium sale prices increased 71% between 2000 and 2010.
  - Newport had a smaller share of housing valued under $200,000 than the State, and a larger share of housing valued more than $400,000 for the 2005-2009 period.
  - Rents increased at a slower pace than housing prices, increasing by 14% ($74) between 2000 and the 2005-2009 period.

- **Substantial in-commuting by workers at Newport businesses who live in outlying areas.** Evidence suggests that housing costs are forcing some households to live in nearby communities. In 2008, 68% of residents of Newport worked in Lincoln County, with 50% working in Newport. Data from the American Community Survey show that gross rent in Newport was $651 compared to $669 in Toledo, $592 in Waldport, $372 in Siletz, and $493 in Eddyville.

## HOW MUCH GROWTH IS NEWPORT PLANNING FOR?[1]

A 20-year population forecast (in this instance, 2011 to 2031) is the foundation for estimating needed new dwelling units. Table S-1 shows a population forecast for Newport for the 2011 to 2031 period based on the assumption that Newport continues to account for 23.8% of Lincoln County's population over the 20-year period. Table S-1 shows that Newport's population would grow by about 1,600 people over the 20-year period.

**Table S-1. Population forecast, Newport, 2011 to 2031**

| Year | Lincoln County (OEA) | Newport |
|---|---|---|
| 2011 | 47,306 | 11,243 |
| 2031 | 54,051 | 12,846 |
| **Change 2011 to 2031** | | |
| Number | 6,745 | 1,603 |
| Percent | 14% | 14% |
| AAGR | 0.7% | 0.7% |

Source: ECONorthwest, based on the Office of Economic Analysis forecast for Lincoln County
Note: Population for 2011 and 2031 was extrapolated based on the growth rates used between 2010-2015 (for 2011) and 2030-2035 (for 2031).
Note: AAGR is average annual growth rate

**The housing needs analysis assumes population will grow by 1.603 people over the 2011 to 2031 period.**

## HOW MUCH BUILDABLE RESIDENTIAL LAND DOES NEWPORT CURRENTLY HAVE?

Table S-2 shows land with development capacity by constraint status. The data show that about 935 acres within tax lots with development capacity are developed. An additional 541 acres have development constraints that are unbuildable, leaving about 1,764 vacant buildable residential acres within the UGB.

[1] The U.S. Census population counts were released as this project was in the final stages. That data showed that Newport had a 2010 population of 9,989 persons. The City revised the population forecast downward to reflect the Census data. The new forecast results in about 130 fewer persons over the 20-year period than the figures shown in Table S-1.

**Table S-2. Residential land with development capacity by constraint status, Newport UGB, 2011**

| Plan Designation | Tax Lots | Total Acres in Tax Lots | Developed Acres | Constrained Acres | Buildable Acres |
|---|---|---|---|---|---|
| Low Density Residential | | | | | |
| Partially Vacant | 129 | 222 | 30 | 20 | 172 |
| Vacant | 544 | 878 | 0 | 52 | 826 |
| **Subtotal** | **673** | **1,100** | **30** | **72** | **998** |
| High Density Residential | | | | | |
| Destination Resort | 31 | 668 | 0 | 93 | 575 |
| Partially Vacant | 24 | 43 | 6 | 8 | 29 |
| Vacant | 339 | 225 | 0 | 64 | 162 |
| **Subtotal** | **394** | **936** | **6** | **165** | **765** |
| **Total** | **1,067** | **2,036** | **36** | **237** | **1,764** |

Source: City of Newport GIS data; analysis by ECONorthwest
Note: Constraints do not make any deductions for slope

## HOW MUCH HOUSING WILL NEWPORT NEED?

Newport will need to provide about 846 new dwelling units to accommodate forecast population growth between 2011 and 2031. About 508 dwelling units (60%) will be single-family types, which includes single-family detached, manufactured dwellings. About 33 (4%) will be single-family attached and 305 (36%) will be multifamily, which includes duplexes, structures with three to four dwellings, and structures with five or more dwellings.

## HOW MUCH LAND WILL BE REQUIRED FOR HOUSING?

Table S-3 allocates needed housing units by Newport's residential plan designations and commercial plan designations. Dwelling units were allocated to plan designations based, in part, on recent development trends within each plan designation and on the type of development allowed in each plan destination. Table S-3 also provides an estimate of the gross acres required in each designation to accommodate needed housing units for the 2011-2031 period.

Based on the housing needs analysis, dwellings have been allocated by plan designation and type:

- The overall needed housing mix is 60% single-family detached housing types and 40% multifamily attached housing types (including single-family attached).
- Forty-two percent of needed dwelling units will locate in the Low Density Residential designation.

- Forty-seven percent of needed dwellings will locate in the High Density Residential designation.
- Eleven percent of needed dwelling units will locate in commercial plan designations.

**Table S-3. Allocation of new housing units by plan designation, Newport, 2011-2031**

| | Plan Designation | | | | | | Total | |
|---|---|---|---|---|---|---|---|---|
| | Low Density Residential | | High Density Residential | | Commercial Designations | | | |
| Housing Type | DU | Gross Ac | DU | Gross Ac | DU | Gross Ac | DU | Gross Ac |
| Single-family detached | 339 | 69 | 169 | 21 | 0 | 0 | 508 | 91 |
| Multifamily | 17 | 2 | 229 | 14 | 93 | 6 | 339 | 21 |
| **Total** | **356** | **71** | **398** | **35** | **93** | **6** | **847** | **112** |
| **Percent of Acres and Units** | | | | | | | | |
| Single-family detached | 40% | 62% | 20% | 19% | 0% | 0% | 60% | 81% |
| Multifamily | 2% | 2% | 27% | 12% | 11% | 5% | 40% | 19% |
| **Total** | **42%** | **64%** | **47%** | **31%** | **11%** | **5%** | **100%** | **100%** |

Source: ECONorthwest
Note: Multifamily includes single-family attached.

Table S-4 shows a comparison of buildable residential land with demand for residential land to determine the sufficiency of residential land in the Newport UGB to accommodate growth over the 2011 to 2031 period. Table 5-1 shows:

- **Land Supply.** Newport has more than 1,700 acres of vacant and partially vacant buildable land (based on Table 2-5).
- **Land Demand.** Newport will have demand for about 106 gross acres of residential land (based on Table 4-7).
- **Land Sufficiency.** Newport has enough land to accommodate residential growth over the 20-year period, with a surplus of about 1,650 gross acres of residential land.

**Table S-4. Comparison of buildable residential and with demand for residential land, gross acres, Newport, 2011-2031**

| | Vacant and Partially Vacant Land (buildable acres) | Demand for Residential land (gross acres) | Residential Land Surplus or (Deficit) (gross acres) |
|---|---|---|---|
| Low Density Residential | 998 | 71 | 927 |
| High Density Residential | 765 | 35 | 730 |
| **Total** | **1,763** | **106** | **1,657** |

Source: ECONorthwest
Note: Buildable acres minus demand for residential equals residential land surplus or deficit.

# Chapter 1 Introduction

This report presents a housing needs analysis for the City of Newport. Consistent with statewide planning Goal 10 and OAR 660-008, the primary goals of the housing needs analysis are to (1) project the amount of land needed to accommodate the future housing needs of all types within the Newport Urban Growth Boundary (UGB), (2) evaluate the existing residential land supply within the Newport UGB to determine if it is adequate to meet that need, (3) to fulfill state planning requirements for a twenty-year supply of residential land, and (4) identify policy and programmatic options for the City to meet identified housing needs.

## 1.1 METHODS FOR THE HOUSING NEEDS ANALYSIS

Oregon cities are required to comply with Statewide Planning Goal 10, which addresses housing in Oregon and provides guidelines for local governments to follow in developing their local comprehensive land use plans and implementing policies. At a minimum, local housing policies must meet the requirements of Goal 10 (ORS 197.295 to 197.314, ORS 197.475 to 197.490, and OAR 600-008).[2] Goal 10 requires incorporated cities to complete an inventory of buildable residential lands and to encourage the availability of adequate numbers of housing units in price and rent ranges commensurate with the financial capabilities of its households.

Goal 10 defines needed housing types as "housing types determined to meet the need shown for housing within an urban growth boundary at particular price ranges and rent levels." ORS 197.303, which applies to Newport, defines needed housing types:

(a) Housing that includes, but is not limited to, attached and detached single-family housing and multiple family housing for both owner and renter occupancy;

(b) Government assisted housing;[3]

(c) Mobile home or manufactured dwelling parks as provided in ORS 197.475 to 197.490; and

[2] Newport is not required to comply with all of the implementing policies for Goal 10 (e.g., ORS 197.296) because the City's population is less than 25,000.

[3] Government assisted housing can be any housing type listed in ORS 197.303 (a), (c), or (d).

(d) Manufactured homes on individual lots planned and zoned for single-family residential use that are in addition to lots within designated manufactured dwelling subdivisions.

The scope of this project is to complete the technical work for a housing needs analysis for the Newport UGB, in advance of the City entering periodic review

1. **Population forecast.** Lincoln County does not have a coordinated, adopted population forecast. The housing needs analysis used a safe harbor methodology to forecasting population growth in which a city may adopt a 20-year population forecast based on the Oregon Office of Economic Analysis's (OEA) population forecast for the County, assuming that the urban area's share of the forecast population will remain constant over the planning period (OAR 660-024-0030(4)(b)). The method for developing this forecast is described in Appendix E.
2. **Housing Needs Analysis.** ECONorthwest conducted a housing needs analysis based on the requirements of Goal 10 and OAR 660-008. The housing types used in the housing needs analysis included those defined in ORS 197.303: single-family detached, single-family attached, multifamily, mobile or manufactured housing in parks and on lots, and government assisted housing. The HNA uses the following aggregations of housing types: single-family detached (including manufactured home), single-family attached dwellings, and multifamily housing (including duplexes, tri- and quad-plexes, and structures with more than five units. Additionally, the HNA evaluates secondary dwellings (e.g., vacation units) and government assisted housing. The housing needs analysis includes:
    A) **Project new housing units needed.** We projected needed housing units based on forecast population growth for the Newport UGB between 2011 and 2031. We considered other factors, such as number of people expected to live in group quarters, household size, housing mix, and vacancy rates.
    B) **Identify trends that may affect housing mix and density.** We reviewed national, state, and local demographic and economic trends that may affect housing mix and density. These trends include: changes in housing tenure, changes in housing mix, changes in the region's age structure, changes in ethnicity, changes in housing prices and recent increases in mortgage foreclosures, and other trends.

C) **Determine types of housing that are likely to be affordable.** We reviewed trends in housing affordability, such as changes in income, changes in housing price, changes in rental costs, rate of cost-burden, and housing affordability by type of housing for households of different incomes.

D) **Estimate the number of units needed by housing type.** The estimate of the number of units needed by housing type will be based on the information described in 3 A through C.

3. **Determine actual mix and density of existing housing.** The analysis of housing mix and density of existing housing is based on analysis of building permits and land that was developed since 2000.
4. **Determine average density and mix of needed housing.** ECO developed a housing needs projection that documents "needed" density and mix for future housing needs based on the conclusions about housing need from the housing needs analysis.
5. **Determine residential land sufficiency.** We compared the needed acres of residential land with the inventory of residential land in each Plan Designation to determine whether there is enough land within the UGB to accommodate 20-years worth of growth.
6. **Policies and programs to facilitate development of needed housing.** The types of policy measures considered as part of this project relate to affordable housing and ways to use the city's residential land to meet housing needs of Newport residents. The analysis included a review of policies in the Newport Comprehensive Plan and Zoning Ordinance, as well as programs and partnerships.

## 1.2 ORGANIZATION OF THE REPORT

The rest of this document is organized as follows:

- **Chapter 2. Residential Buildable Lands Inventory** summarizes the inventory of vacant, suitable residential land.
- **Chapter 3. Historical and Recent Development Trends** summarizes building permit and subdivision data to evaluate residential development by density and mix for the period 2000 to 2010.
- **Chapter 4. Housing Demand and Need** presents the housing needs analysis for Newport.

- **Chapter 5 Residential Land Sufficiency** estimates the Newport UGB's residential land sufficiency needed to accommodate expected growth over the planning period.
- **Appendix A. Framework for a Housing Needs Analysis**
- **Appendix B. Regional and Local Trends Affecting Newport's Housing Need**
- **Appendix C: National Housing Trends**
- **Appendix D: Interview Summary**
- **Appendix E: Additional Technical Information**
- **Appendix F: Buildable Lands Maps**

# Chapter 2 Residential Buildable Lands Inventory

The residential lands inventory is intended to identify lands that are available for development within the UGB. The inventory is sometimes characterized as *supply* of land to accommodate growth. Population and employment growth drive *demand* for land. The amount of land needed depends on the density of development.

This chapter presents the *residential* buildable lands inventory for the City of Newport. The results are based on analysis of Geographic Information System data provided by City of Newport staff and Lincoln County Tax Assessment data. The analysis also used aerial orthophotographs for verification.

**Maps from the residential buildable lands inventory are presented in Appendix F of this report.**

## 2.1 OVERVIEW OF LAND INVENTORY METHODOLOGY

A key component of the Newport Housing Needs Analysis is the buildable lands inventory (BLI). The BLI consists of several steps:

1. Classifying land into mutually exclusive categories
2. Netting out development constraints
3. Developing tabular summaries of lands by classification and plan designation
4. Estimating land capacity in terms of dwelling units

This section describes the methods and definitions ECONorthwest used to complete the Newport residential buildable lands inventory.

### 2.1.1 BLI METHODS

The general structure of the buildable land (supply) analysis is based on the DLCD workbook "*Planning for Residential Growth – A Workbook for Oregon's*

*Urban Areas*," which specifically addresses residential lands. The buildable lands inventory uses methods and definitions that are consistent with OAR 660-008 and OAR 660-024. The steps in the supply inventory were:

- Generate residential "land base." This involved "clipping" all of the tax lots in the Newport UGB with the comprehensive plan layer. The GIS function was followed by a quality assurance step to review the output and validate that the resulting dataset accurately represents all lands designated for residential use in the Newport UGB.
- Classify lands. Each tax lot was classified into one of the following categories:
    - Vacant land
    - Partially vacant land
    - Undevelopable land
    - Developed land
    - Public land
    - Right-of-way
    - Destination resort
    - Privately dedicated open space or common areas
- Identify constraints. The City identifies areas in floodways, wetlands identified in the Local Wetlands Inventory (LWI), landslide and shoreline erosion hazards, and land identified for future public facilities as constrained or committed lands. These areas were deducted from lands that were identified as vacant or partially vacant. To estimate the constrained area within each tax lot, all constraints listed above were merged into a single constraint file which was overlaid on tax lots.
- Tabulation and mapping. The results are presented in tabular and map format with accompanying narrative. The maps include lands by classification, and maps of vacant and partially vacant lands with constraints.

### 2.1.2 DEFINITIONS

The first step in the buildable inventory was to develop working definitions and assumptions. ECO began the buildable lands analysis with a tax lot database provided by the City's Community Development Department. The tax lot database was current as of December 2010. The supply analysis

builds from the tax lot-level database to estimates of buildable land by plan designation.

A key step in the buildable lands analysis was to classify each tax lot into a set of mutually exclusive categories. Consistent with the DLCD *Residential Lands Workbook,* as well as applicable administrative rules, all tax lots in the UGB are classified into one of the following categories:

- *Vacant land.* Tax lots that have no structures or have buildings with very little value. For the purpose of this inventory, residential lands with improvement values under $10,000 are considered vacant (not including lands that are identified as having mobile homes which were considered developed).

- *Partially vacant land.* Partially vacant tax lots are those occupied by a use but which contain enough land to be further subdivided without need of rezoning. We use the safe harbor described in OAR 660-024-0050(2):

  (a) The infill potential of developed residential lots or parcels of one-half acre or more may be determined by subtracting one-quarter acre (10,890 square feet) for the existing dwelling and assuming that the remainder is buildable land;

  (b) Existing lots of less than one-half acre that are currently occupied by a residence may be assumed to be fully developed.

- *Undevelopable land.* Land that has no access or potential access, land that is already committed to other uses by policy, or tax lots that are more than 90% constrained. The majority of undevelopable land identified in the inventory is located in the active beach zone within the UGB.

- *Developed land.* Land that is developed at densities consistent with zoning with improvements that make it unlikely to redevelop during the analysis period. Lands not classified as vacant, partially-vacant, or undevelopable are considered developed.

- *Public land.* Lands in public ownership are considered unavailable for residential development. This includes lands in Federal, State, County, or City ownership. Public lands were identified using the Lincoln County Assessment property tax exemption codes. This category only includes public lands that are located in residential plan designations.

- *Private open space.* Review of assessment data shows that Newport has many developments with private open space. This includes common areas around condominiums and dedicated open space owned by subdivisions. ECO identified these areas by reviewing maps and aerial photos. Classification was then determined by ownership.

- *Destination resort.* Lands identified in the Newport Comprehensive Plan as designated for the proposed Wolf Tree destination resort.

- *Right of way.* Some tax lots in the database are dedicated to private right of way. These tax lots are fairly obvious upon reviewing maps; most of them are paved streets.

ECO initially classified land using a rule-based methodology. ECO then generated maps that show the results of the application of those rules, with some adjustments made through a validation step based on review of aerial photos and building permit data. The classification maps were provided to City staff for review and comment.

### 2.1.3 DEVELOPMENT CONSTRAINTS

Consistent with state guidance on buildable lands inventories, ECO deducted certain constraints from the buildable lands inventory including wetlands and steep slopes. We use categories that are consistent with OAR 660-008-0005(2):

> (2) "Buildable Land" means residentially designated land within the urban growth boundary, including both vacant and developed land likely to be redeveloped, that is suitable, available and necessary for residential uses. Publicly owned land is generally not considered available for residential uses. Land is generally considered "suitable and available" unless it:
>
> > (a) Is severely constrained by natural hazards as determined under Statewide Planning Goal 7;
> >
> > (b) Is subject to natural resource protection measures determined under statewide Planning Goals 5, 15, 16, 17, or 18;
> >
> > (c) Has slopes of 25 percent or greater;
> >
> > (d) Is within the 100-year flood plain; or
> >
> > (e) Cannot be provided with public facilities.

Based on the Division 8 rule and data provided by the City of Newport and discussions with City staff, ECO deducted the following constraints from the residential lands inventory.

- *Land constrained by natural hazards*. The City provided three GIS datasets that map the extent of Goal 7 hazards:

    - Active hazard zone region
    - Active landslide hazards
    - Bluff erosion hazard zones
    - Dune hazard zones

    We classified portions of residential taxlots considered that fall within areas considered "high risk" as constrained (unbuildable).

- *Land within natural resource protection areas*. We will use the Newport Local Wetlands Inventory to identify areas within wetlands. The City also adopted an Ocean Shorelands Overlay that prohibits development within Parks, Outstanding Natural Areas, and Significant Habitat which was deducted from the buildable lands inventory.

- Land with slopes over 25%. We created a digital elevation model using the following classes: 0%-5%, 5%-15%, 15%-25%, 25%-35%, 35%-45%, and 45%+. We did not deduct any land due to slope constraints because the Newport development code does not specify and upper boundary. We mapped slope constraints on vacant and partially vacant lands.

- *Lands within100-year floodplains*. We did not deduct these lands from the buildable lands inventory. Most jurisdictions, including Newport, allow development in floodplains contingent upon meeting specific conditions.

We did not deduct any lands due to service constraints.

## 2.2 SUMMARY OF RESIDENTIAL LAND SUPPLY

The remainder of this chapter summarizes key findings of the draft buildable lands inventory.

### 2.2.1 LAND BASE

Table 2-1 shows acres within the Newport UGB and city limits in 2011. According to the City GIS data, Newport has about 8,179 acres in 7,668 tax lots within its UGB. The UGB includes areas within Yaquina Bay that are not developable. Newport has about 7,151 acres within its City Limits. Additionally, the City has about 1,028 acres between the City Limits and Urban Growth Boundary (the UGA).

**Table 2-1. Acres in Newport UGB and City Limit, 2011**

| Area | Tax Lots | Total Acres |
|---|---|---|
| City Limits | 7,066 | 7,151 |
| Urban Growth Area | 602 | 1,028 |
| **Total** | **7,668** | **8,179** |

Source: City of Newport GIS data; analysis by ECONorthwest
Note: Table includes all areas within the UGB, including non-residential areas
Urban Growth Area is the unincorporated area between the City Limits
and Urban Growth Boundary

Table 2-1 summarizes all land in the Newport UGB. The next step was to identify the residential land base (e.g., lands with plan designations that allow housing or "residential lands"). The land base includes traditional residential designations—Low-Density Residential and High-Density Residential.

Table 2-2 shows that about 3,241 acres within the Newport UGB is included in the residential land base. Thus, about 39% of land within the Newport UGB is included in the residential land base. The land base includes all land in tax lots that have any portion that is in a residential plan designation.

**Table 2-2. Lands designated for residential uses, Newport UGB, 2011**

| Area | Value |
|---|---|
| Newport UGB | |
| Number of Tax Lots | 7,668 |
| Acres in UGB | 8,179 |
| Newport Residential Land | |
| Tax Lots in Residential Designations | 5,114 |
| Acres in Land Base in Residential Designations | 3,241 |

Source: City of Newport GIS data; analysis by ECONorthwest

The third step in the inventory was to classify lands into mutually-exclusive categories that relate to their development status. The categories include:

- Vacant land
- Partially vacant land
- Undevelopable land
- Developed land
- Public land
- Right-of-way
- Destination resort
- Privately dedicated open space or common areas

ECO used the rules described in the methods section to perform the land classifications. We then reviewed the results in map form overlaid on a 2009 aerial photo to validate the classifications. After making adjustments, we provided the draft classification maps to City staff for review and comment.

Of special note is the area south of the Newport Airport designated as the Wolf Tree destination resort. The Newport Comprehensive Plan limits use of this site to a destination resort as defined in statewide planning Goal 8. While the land is designated high-density residential, it is not clear how much of it will be available to provide housing for future Newport residents. Because of the special circumstances related to the Wolf Tree area, we included this as a separate Destination Resort category.

Table 2-3 shows all residential land in the Newport UGB by classification and plan designation. The results show that of the 3,241 acres in the UGB, about 1,204 are in classifications with no development capacity, and the remaining 2,035 have development capacity.

Further analysis by plan designation shows that about 55% (1,772 acres) of the residential land in the Newport UGB is designated low-density residential, and the remaining 45% (1,469 acres) high-density residential. About 38% of lands in low-density designations are classified as committed or unbuildable, while about 36% in high-density designations are in similar classifications. Note that this does not include deductions for physical constraints to development (e.g., areas of geologic hazard, wetlands, etc.)

**Table 2-3. Residential acres by classification and plan designation, Newport UGB, 2011**

| | Plan Designation | | | | | |
|---|---|---|---|---|---|---|
| | Low Density Res | | High Density Res | | Total | |
| Classification | Tax Lots | Total Ac | Tax Lots | Total Ac | Tax Lots | Total Ac |
| **Land with no development capacity** | | | | | | |
| Developed | 2,011 | 545 | 1,759 | 333 | 3,770 | 878 |
| Public | 59 | 36 | 68 | 97 | 127 | 133 |
| Unbuildable | 79 | 87 | 31 | 74 | 110 | 161 |
| Right of Way | 6 | 4 | 14 | 9 | 20 | 13 |
| Private Open Space | 0 | 0 | 20 | 19 | 20 | 19 |
| **Subtotal** | **2,155** | **672** | **1,892** | **532** | **4,047** | **1,204** |
| **Land with development capacity** | | | | | | |
| Vacant | 544 | 878 | 339 | 225 | 883 | 1,103 |
| Partially Vacant | 129 | 222 | 24 | 43 | 153 | 265 |
| Destination Resort | 0 | 0 | 31 | 668 | 31 | 668 |
| **Subtotal** | **673** | **1,100** | **394** | **936** | **1,067** | **2,036** |
| **Total** | **2,828** | **1,772** | **2,286** | **1,469** | **5,114** | **3,241** |

Source: City of Newport data; analysis by ECONorthwest

Table 2-4 shows residential acres by classification and constraint status for the Newport UGB in 2011. Analysis by constraint status (the table columns) shows that about 935 acres are classified as built or committed (e.g., unavailable for development), 541 acres were classified as constrained, and 1,764 were classified as vacant buildable. Of the 1,764 acres, 575 are within the Wolf Tree Destination Resort area, 202 are partially vacant, and 988 are vacant. Note that Table 2-4 does not make any adjustments for slope constraints.

**Table 2-4. Residential acres by classification, Newport UGB, 2011**

| Classification | Tax Lots | Total Ac | Land not avialable for housing | | Land available for housing |
|---|---|---|---|---|---|
| | | | Developed Ac | Constrained Ac | Buildable Ac |
| **Land with no development capacity** | | | | | |
| Developed | 3,770 | 878 | 780 | 97 | 0 |
| Public | 127 | 133 | 78 | 54 | 0 |
| Unbuildable | 110 | 161 | 13 | 148 | 0 |
| Right of Way | 20 | 13 | 12 | 2 | 0 |
| Private Open Space | 20 | 19 | 16 | 3 | 0 |
| **Subtotal** | **4,027** | **1,185** | **899** | **305** | **0** |
| **Land with development capacity** | | | | | |
| Vacant | 883 | 1,103 | 0 | 116 | 988 |
| Partially Vacant | 153 | 265 | 36 | 28 | 202 |
| Destination Resort | 31 | 668 | 0 | 93 | 575 |
| **Subtotal** | **1,067** | **2,036** | **36** | **237** | **1,764** |
| **Total** | **5,094** | **3,222** | **935** | **541** | **1,764** |

Source: City of Newport data; analysis by ECONorthwest
Note: Constraints do not include any deductions related to slope.

## 2.2.2 VACANT BUILDABLE LAND

The next step in the buildable land inventory was to net out portions of vacant tax lots that are unavailable for development. Areas unavailable for development fall into three categories: (1) developed areas of partially vacant tax lots, (2) areas with physical constraints (in this instance areas with shoreline buffers, wetlands, geologic buffers, or floodways), or (3) lands that are already committed to a use (public/quasi-public or private open space).

Table 2-5 shows land with development capacity by constraint status. The data show that about 36 acres within tax lots with development capacity are developed. An additional 237 acres have development constraints that are unbuildable, leaving about 1,764 buildable residential acres within the UGB.

**Table 2-5. Residential land with development capacity by constraint status, Newport UGB, 2011**

| Plan Designation | Tax Lots | Total Acres in Tax Lots | Developed Acres | Constrained Acres | Buildable Acres |
|---|---|---|---|---|---|
| Low Density Residential | | | | | |
| Partially Vacant | 129 | 222 | 30 | 20 | 172 |
| Vacant | 544 | 878 | 0 | 52 | 826 |
| **Subtotal** | **673** | **1,100** | **30** | **72** | **998** |
| High Density Residential | | | | | |
| Destination Resort | 31 | 668 | 0 | 93 | 575 |
| Partially Vacant | 24 | 43 | 6 | 8 | 29 |
| Vacant | 339 | 225 | 0 | 64 | 162 |
| **Subtotal** | **394** | **936** | **6** | **165** | **765** |
| **Total** | **1,067** | **2,036** | **36** | **237** | **1,764** |

Source: City of Newport GIS data; analysis by ECONorthwest
Note: Constraints do not make any deductions for slope

The final step in our analysis was to develop a slope model and calculate the amount of vacant, partially vacant, and destination resort land by slope class. Table 2-6 shows that about 45% of the residential land with development potential in the Newport UGB have slopes over 25%.

**Table 2-6. Residential land by plan designation, classification and slope class for lands with development capacity, Newport UGB, 2011**

| | | Slope Class | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Plan Designation | Tax Lots | 0-5% | 5-15% | 15-25% | 25-35% | 35-45% | 45%+ | Total | <25% | >25% |
| High Density Residential | | | | | | | | | | |
| Destination Resort | 31 | 82 | 195 | 124 | 86 | 66 | 114 | 668 | 401 | 266 |
| Partially Vacant | 24 | 12 | 10 | 5 | 4 | 3 | 10 | 43 | 27 | 17 |
| Vacant | 339 | 49 | 71 | 32 | 22 | 18 | 33 | 225 | 152 | 73 |
| **Subtotal** | **394** | **142** | **277** | **160** | **112** | **87** | **158** | **936** | 580 | 356 |
| Low Density Residential | | | | | | | | | | |
| Partially Vacant | 129 | 22 | 49 | 41 | 33 | 24 | 52 | 222 | 113 | 109 |
| Vacant | 544 | 63 | 188 | 147 | 127 | 106 | 247 | 878 | 398 | 480 |
| **Subtotal** | **673** | **85** | **237** | **188** | **160** | **130** | **300** | **1100** | 511 | 589 |
| **Total** | **1,067** | **228** | **515** | **348** | **272** | **216** | **457** | **2,036** | **1,091** | **945** |

Source: City of Newport GIS data; analysis by ECONorthwest
Note: the total area in the slope analysis (2,270 acres) is the same figure as total acres in tax lots from Table 2-5. Some slope areas identified in Table 2-6 are also in areas with other constraints.

# Chapter 3 Historical and Recent Development Trends

Analysis of historical development trends in Newport provides insights into how the local housing market functions. The intent of the analysis is to understand how local market dynamics may affect future housing—particularly the mix and density of housing by type. The housing mix and density by type are also key variables in forecasting future land need. The specific steps are described below:

1. Determine the time period for which the data must be gathered
2. Identify types of housing to address (at a minimum, all needed housing types identified in ORS 197.303)
3. Evaluate permit/subdivision data to calculate the actual mix, average actual gross density, and average actual net density of all housing types

The analysis of housing mix and density in Newport is based on building permits issued between 2000 and 2010. Analysis of building permit activity over the prior decade provides sufficient information to describe recent residential development trends and includes both times of high housing production and times of low housing production.

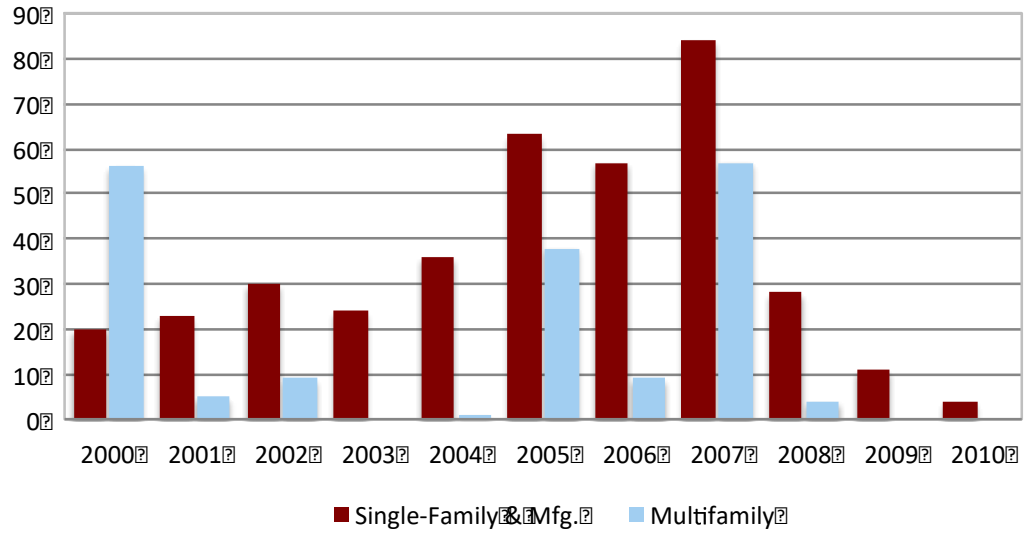
The housing needs analysis presents information about residential development by housing types. For the purposes of this study, we grouped housing types based on: (1) whether the structure is stand-alone or attached to another structure and (2) the number of dwelling units in each structure. The housing types used in this analysis are:

- **Single-family detached** includes single-family detached units, single-family attached units, and manufactured homes on lots and in mobile home parks.
- **Multifamily** is all attached structures, ranging from duplexes to structures with more than five units.

## 3.1 RESIDENTIAL DEVELOPMENT TRENDS

Figure 3-1 shows residential building permits issued in Newport between January 1, 2000 and December 31, 2010. During this period, a total of 412 building permits were issued for new residential construction that allowed 572 dwelling units. Figure 3-1 shows that the number of dwelling units approved varies from year to year and peaked at about 150 units in 2007 and decreased to four units in 2010.

**Figure 3-1. Dwelling units approved through building permits issued for new residential construction, Newport UGB, January 1, 2000 and December 31, 2010**




Source: City of Newport Building Permit Database and Lincoln County Assessor's Database, 2010
Analysis by ECONorthwest
Note: Figure 3-1 does not include 13 permits issued for single-family dwellings in Newport in 2007 that were never acted on as a result in changes to the City's system development charges in 2007.

## 3.2 TRENDS IN HOUSING MIX

Housing mix is the share or distribution of housing (structure) by type (e.g., single-family detached or apartments) within a city. The housing mix by type (i.e., percentage of single family or multi-family units) is an important variable in any housing needs assessment. Distribution of housing types is influenced by a variety of factors, including the cost of new home construction, area economic and employment trends, demographic characteristics, and amount of land zoned to allow different housing types and densities.

Several ways exist to look at change in housing mix over time, each of which shows a slightly different mix of housing.

- **Building permit data.** Table 3-1 shows the mix of building permits issued in the Newport UGB between 2000 and 2010.
- **Census data.** Table 3-2 shows changes in the mix of housing stock in the Newport city limits over the 1990 to 2009 period, based on Census data.

The information about housing mix for building permits issued and for dwelling units built over the last few years (Tables 3-1) provides useful information about recent trends in housing mix, which may be useful in forecasting changes in housing mix. Longer term information about the mix of the entire housing stock in Newport (Table 3-2) also provides useful information for forecasting changes in housing mix over the 20-year planning period.

Table 3-1 shows permits issued for new residential construction between January 2000 and December 2010 in Newport. Table 3-1 shows that 559 dwelling units were permitted, at an average of 51 dwellings permitted annually. [4] Sixty-eight percent of permitted units were single-family housing types (including single-family detached, single-family attached, and manufactured) and 32% were multifamily.

[4] This number is slightly lower than the 572 permits reported in the previous section. The analysis eliminated 13 permits that were issued in 2007 that did not result in new dwellings.

**Table 3-1. Dwelling units approved through building permits issued for new residential construction, Newport UGB, January 1, 2000 and December 31, 2010**

| Year | Single-Family & Mfg. | Multifamily | Total |
|---|---|---|---|
| 2000 | 20 | 56 | 76 |
| 2001 | 23 | 5 | 28 |
| 2002 | 30 | 9 | 39 |
| 2003 | 24 | 0 | 24 |
| 2004 | 36 | 1 | 37 |
| 2005 | 63 | 38 | 101 |
| 2006 | 57 | 9 | 66 |
| 2007 | 84 | 57 | 141 |
| 2008 | 28 | 4 | 32 |
| 2009 | 11 | 0 | 11 |
| 2010 | 4 | 0 | 4 |
| **Total** | **380** | **179** | **559** |
| **Percent of total** | **68%** | **32%** | |
| **Annual average** | **35** | **16** | **51** |

Source: City of Newport Building Permit Database and Lincoln County Assessor's Database, 2010
Analysis by ECONorthwest
Note: Table 3-1 does not include 13 permits issued for single-family dwellings in Newport in 2007 that were never acted on as a result in changes to the City's system development charges in 2007.

Table 3-2 shows changes in Newport's housing mix from 1990 to 2009, based on U.S. Census data. Between 1990 and 2009[5], Newport increased its housing stock by 35%, adding 1,423 dwelling units. The mix of housing did not change substantially between 1990 and the 2005-2009 period. The share of single-family detached units (e.g., single-family houses and manufactured homes) remained nearly 70% over the 17-year period, with more than 800 single-family units built.

About 30% of new dwellings built in Newport over the 1990 to 2005-2009 period were multi-family housing types (e.g., structures with two or more units), accounting for 419 new units built. The share of attached structures did not change substantially, accounting for 5% of new dwellings built in Newport over the 1990 to 2005-2009 period.

[5] Census Data used for this analysis include 1990 and 2000 decennial census results and the 5-year American Community Survey (ACS) estimates for 2005-2009. The 2005-2009 ACS employs a continuous measurement methodology that uses a monthly sample of the U.S. population. By pooling several years of survey responses, the ACS can generate detailed statistical portraits of small geographies, such as Newport. The 2005-2009 ACS provides estimates of information, based on responses to the ACS from households in Newport over the 2005 to 2009 period. The results of the 2005-2009 ACS are not results for one year but an estimate for the five year period.

**Table 3-2. Dwelling units by type, Newport city limits, 1990, 2000, and 2005-2009**

| | 1990 | | 2000 | | 2005-2009 | | Change 1990 to 2005-2009 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Units | Percent | Units | Percent | Units | Percent | Units | % of total | % increase |
| Single-family detached | 2,864 | 70% | 3,226 | 64% | 3,803 | 69% | 939 | 66% | 53% |
| Single-family attached | 149 | 4% | 188 | 4% | 214 | 4% | 65 | 5% | 44% |
| Two to four units | 589 | 14% | 795 | 16% | 612 | 11% | 23 | 2% | 4% |
| Five or more units | 503 | 12% | 810 | 16% | 899 | 16% | 396 | 28% | 79% |
| **Total** | **4,105** | **100%** | **5,019** | **100%** | **5,528** | **100%** | **1,423** | **100%** | **35%** |

Source: U.S. Census 1990 SF3 H020, U.S. Census 2000, SF3 H30, American Community Survey 2005-2009 B25024
Note: Single-family detached housing includes manufactures homes. The Census does not distinguish between manufactured homes in parks or on single lots.
Note: The number of dwelling units in Newport shown in Tables 3-2, 3-3 and 3-4 differ because the tables show different information and are based on different data sources. Table 3-2 shows all units, Table 3-3 shows occupied units, and Table 3-4 shows occupied units where housing type is known.

This analysis shows that the mix of housing types over the 1990 to 2009 period was similar to the mix of housing permitted over the 2000 to 2010 period. Seventy-three percent of Newport's housing stock was single-family housing types (single-family detached, single-family attached, and manufactured homes) during the 2005 to 2009 period. During the 2000 to 2010 period, a smaller share of permits issued by Newport (68%) were single-family housing types.

## 3.3 TRENDS IN TENURE

Table 3-3 shows changes in Newport's tenure for occupied units from for 1990 and the 2005-2009 period. Newport's tenure shifted over the period, with a 9% increase in homeownership. About 58% of occupied housing in Newport was owner-occupied in 2005-2009, up from 54% in 1990. In comparison, Lincoln County's homeownership rate was 67% and the State average of 64% in the 2005-2009 period.

**Table 3-3. Change in tenure, occupied units, Newport, 1990 and 2005-2009**

| | 1990 | | 2005-2009 | | Change 1990 to 2005-2009 | |
|---|---|---|---|---|---|---|
| | Number | Percent | Number | Percent | Number | Percent |
| Owner Occupied | 1,905 | 54% | 2,579 | 58% | 674 | 35% |
| Renter Occupied | 1,640 | 46% | 1,874 | 42% | 234 | 14% |
| **Total** | **3,545** | **100%** | **4,453** | **100%** | **908** | **26%** |

Source: U.S. Census 1990 SF3 H008, American Community Survey 2005-2009 B25003
Note: The number of dwelling units in Newport shown in Tables B-2, 3-3 and 3-4 differ because the tables show different information. Table B-2 shows all units, Table 3-3 shows occupied units, and Table 3-4 shows occupied units where housing type is known.

Table 3-3 does not include the more than 1,000 dwelling units that were vacant, the majority of which were vacant for recreational or seasonal use. Vacancy is discussed in more detail in Chapter 4.

Table 3-4 shows type of dwelling by tenure (owner or renter-occupied) in Newport over the 2005-2009 period. The results show that single-family detached housing types have a higher ownership rate than other housing types—about 92% of owner-occupied units were single-family detached. By contrast, 17% of renter-occupied housing was single-family detached units. Renter-occupied units were generally two to four unit structured (31%) or structures with five or more units (47%).

**Table 3-4. Housing units by type and tenure, occupied dwelling units, Newport, 2005-2009**

| | Owner Occupied | | Renter Occupied | |
|---|---|---|---|---|
| Housing type | Number | Percent | Number | Percent |
| Single-family detached | 2,295 | 92% | 208 | 17% |
| Single-family attached | 83 | 3% | 72 | 6% |
| Two to four units | 36 | 1% | 380 | 31% |
| Five or more units | 82 | 3% | 576 | 47% |
| **Total** | **2,496** | **100%** | **1,236** | **100%** |

Source: American Community Survey 2005-2009 B25032
Note: Single-family detached includes manufactured homes.
Note: The number of dwelling units in Newport shown in Tables B-2, 3-3 and 3-4 differ because the tables show different information. Table B-2 shows all units, Table 3-3 shows occupied units, and Table 3-4 shows occupied units where housing type is known.

Table 3-5 shows that vacancy rates in Newport and reasons for vacancy for 1990, 2000, and the 2005-2009 period. Vacancy rates ranged from about 14% in 1990 to 18% in 2000, and 19% in the 2005-2009 period. Table 3-5 shows that the main reason for vacancy was seasonal (or recreational) use. Houses vacant for seasonal uses increased from 260 units in 1990 to 885 units in the 2005-2009 period. The increase in vacancy rates in Newport is the result, in large part, of increases in the number of seasonal units. .

**Table 3-5. Vacancy Status for Newport, 1990, 2000, 2005-2009**

| | 1990 | | 2000 | | 2005-2009 | |
|---|---|---|---|---|---|---|
| | Units | Percent | Units | Percent | Units | Percent |
| Occupied | 3,545 | 86% | 4,112 | 82% | 4,453 | 81% |
| Vacant | 560 | 14% | 922 | 18% | 1,075 | 19% |
| For Sale | 31 | 1% | 108 | 2% | 28 | 1% |
| For Rent | 96 | 2% | 277 | 6% | 71 | 1% |
| Rented or Sold | 35 | 1% | 30 | 1% | 50 | 1% |
| Seasonal | 260 | 6% | 437 | 9% | 885 | 16% |
| Other | 138 | 3% | 70 | 1% | 41 | 1% |

Source: U.S. Census 1990 SF3 H003 and H005, 2000 SF 3 H3 and H5, and American Community Survey 2005-2009 B25002 and B25004

Preliminary results of the 2010 Census estimated overall vacancy rates in Newport at 21%. This equates to 1,186 of the 5,540 dwelling units the Census reported existed within the Newport city limits. This figure is slightly higher than the figure presented in Table 10.

The long-term market outlook shows that homeownership is still the preferred tenure. While further homeownership gains are likely during the next decade, they are not assured. Additional increases depend, in part, on the effect of foreclosures on potential owner's ability to purchase homes in the future, as well as whether the conditions that have led to homeownership growth can be sustained. The Urban Land Institute forecasts that homeownership will decline to the low 60 percent range by 2015.[6]

The Joint Center for Housing Studies indicates that demand for new homes could total as many as 17 million units nationally between 2010 and 2020. The location of these homes may be different than recent trends, which favored lower-density development on the urban fringe and suburban areas. The Urban Land Institute identifies the markets that have the most growth potential are "global gateway, 24-hour markets," which are primary costal cities with international airport hubs (e.g., Washington D.C., New York City, or San Francisco). Development in these areas may be nearer city centers, with denser infill types of development.[7]

## 3.4 RESIDENTIAL DEVELOPMENT DENSITY

Table 3-6 shows residential density achieved in Newport over the 2000 to 2010 period. Some of the dwellings permitted during the 10-year period were located on lots with existing dwelling units. This is most frequently the case for manufactured dwellings (often in manufactured home parks) or apartments. Accounting for the newly permitted and existing dwellings on the lots is important for accurately calculating the density of development on the lots.

Table 3-6 shows that Newport's average residential density achieved over the 10-year period was 8.8 dwelling units (DU) per net acre. Single-family housing types averaged 7.0 du per net acre and multifamily housing types averaged 18.7 du per net acre.

[6]John McIlwain, "Housing in America: The Next Decade," Urban Land Institute

[7] Urban Land Institute, "2011 Emerging Trends in Real Estate"

**Table 3-6. Density of dwelling units approved through building permits issued for new residential construction, dwelling units per net acre, Newport UGB, January 1, 2000 and December 31, 2010**

| | DU Permitted 2000 to 2010 | Total DU, Lots with a Permit Issued 2000 to 2010 | Acres of Land | Density (DU/Acre) |
|---|---|---|---|---|
| **Single-family types** | | | | |
| Single-Family | 343 | 344 | 52 | 6.6 |
| Manufactured | 50 | 121 | 14 | 8.7 |
| **Single-family subtotal** | **393** | **465** | **66** | **7.0** |
| **Multifamily** | | | | |
| Duplex, Triplex, and Quad | 9 | 10 | 0 | 21.7 |
| Condo | 157 | 157 | 8 | 19.3 |
| Apartment | 13 | 59 | 3 | 17.0 |
| **Multifamily subtotal** | **179** | **226** | **12** | **18.7** |
| **Total** | **572** | **691** | **78** | **8.8** |

Source: City of Newport Building Permit Database and Lincoln County Assessor's Database, 2010
Analysis by ECONorthwest
Note: DU is dwelling units
Note: "Total DU, Lots with a Permit Issued 2000 to 2010" shows the number of dwelling units on lots where a permit was issued during the 10-year period. Accounting for the newly permitted and existing dwellings on the lots is important for accurately calculating the density of development on the lots.
Note: Density was calculated based on Total DU divided by acres of land. Although some of the total dwellings were not developed over the 10-year period, accurately calculating residential density requires accounting for existing dwelling units.

Table 3-7 shows residential density achieved in Newport over the 2000 to 2010 period by housing type and plan designation. Table 3-7 shows:

- The average density of residential permits in Low Density Residential (LDR) was 5.3 du per net acre.
- The average density of residential permits in High Density Residential (HDR) was 9.9 du per net acre.
- Nearly half of development was single-family (detached and attached), with the majority in HDR (210 du) at an average of 8.2 du per net acre and most of the remaining single-family development in LDR (128 du) at 4.8 du per net acre.
- Most high density multifamily development was in HDR or Commercial Plan Designations
  - In HDR condos and apartments averaged 14.2 and 16.4 du per net acre respectively
  - In Commercial Plan Designations condos average 32.6 du per net acre

**Table 3-7. Density of dwelling units approved through building permits issued for new residential construction, dwelling units per net acre by**

**Comprehensive Plan Designation, Newport UGB, January 1, 2000 and December 31, 2010**

| | Total DU, Lots with a Permit Issued 2000 to 2010 | Percent of DU | Acres of Land | Density (DU/Acre) |
|---|---|---|---|---|
| **Low Density Residential** | | | | |
| Single-Family | 128 | 19% | 26.5 | 4.8 |
| Manufactured | 34 | 5% | 4.2 | 8.2 |
| Dup/TrSF/Quad | 2 | 0% | 0.2 | 12.5 |
| Condo | 2 | 0% | 0.2 | 8.7 |
| **LDR Subtotal** | **166** | **24%** | **31** | **5.3** |
| **High Density Residential** | | 0% | | |
| Single-Family | 210 | 30% | 25.5 | 8.2 |
| Manufactured | 86 | 12% | 9.6 | 9.0 |
| Dup/TrSF/Quad | 4 | 1% | 0.2 | 25.0 |
| Condo | 81 | 12% | 5.6 | 14.4 |
| Apartment | 56 | 8% | 3.4 | 16.4 |
| **HDR Subtotal** | **437** | **63%** | **44** | **9.9** |
| **Commercial Plan Designation** | | 0% | | |
| Single-Family | 6 | 1% | 0.4 | 14.0 |
| Manufactured | 1 | 0% | 0.1 | 9.1 |
| Dup/TrSF/Quad | 4 | 1% | 0.1 | 28.6 |
| Condo | 74 | 11% | 2.3 | 32.6 |
| Apartment | 3 | 0% | 0.1 | 42.9 |
| **Commercial Subtotal** | **88** | **13%** | **3** | **29.1** |

Source: City of Newport Building Permit Database and Lincoln County Assessor's Database, 2010
Analysis by ECONorthwest
Note: DU is dwelling units
Note: "Total DU, Lots with a Permit Issued 2000 to 2010" shows the number of dwelling units on lots where a permit was issued during the 10-year period. Accounting for the newly permitted and existing dwellings on the lots is important for accurately calculating the density of development on the lots
Note: Density was calculated based on Total DU divided by acres of land. Although some of the total dwellings were not developed over the 10-year period, accurately calculating residential density requires accounting for existing dwelling units.

The Joint Center for Housing Studies indicates that demand for higher density housing types exists among certain demographics. They conclude that because of persistent income disparities, as well as the movement of the echo boomers into young adulthood, housing demand may shift away from single-family detached homes toward more affordable multifamily apartments, town homes, and manufactured homes.

# Chapter 4 Housing Demand and Need

Chapter 2 described the framework for conducting a housing "needs" analysis. A recommended approach 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 needs analysis are:

1. Project 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, 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. Estimate the number of additional needed units by structure type.
6. Determine the needed density ranges for each plan designation and the average needed net density for all structure types.

This chapter is structured based on these steps.

## 4.1 STEP 1: PROJECT NUMBER OF NEW HOUSING UNITS NEEDED IN THE NEXT 20 YEARS

Step 1 in the housing needs analysis is to project the number of *new* housing units needed during the planning period. This section describes the key assumptions and presents an estimate of new housing units needed in the Newport UGB between 2011 and 2031. The key assumptions are based on the best available data and may rely on safe harbor provisions, when available.[8] Trends that may affect these assumptions and the Newport UGB housing need are described in Step 2 of the housing needs analysis.

[8] A safe harbor is an assumption that a city can use in a housing needs analysis that the State has said will satisfy the requirements of Goal 14. OAR 660-024 defined 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

### 4.1.1 POPULATION

A 20-year population forecast (in this instance, 2011 to 2031) is the foundation for estimating needed new dwelling units. Lincoln County does not have a coordinated, adopted population forecast for the cities within the County. Newport does not have an adopted population forecast. As a result, Newport will need to develop and adopt a population forecast for the urban growth boundary (UGB).

OAR 660-024 provides "safe harbor" approaches for forecasting population in cities that do not have a coordinated, adopted population forecast. A city may adopt a 20-year population forecast based on the Oregon Office of Economic Analysis's (OEA) population forecast for the County, assuming that the urban area's share of the forecast population will remain constant over the planning period (OAR 660-024-0030(4)(b)). The complete methodology used to estimate population growth in Newport based on this methodology is described in Appendix E.

Newport's 2010 population accounted for 23.8% of Lincoln County's population, based on the Portland State University Population Research Center's estimate of population in 2010. Table 4-1 shows a population forecast for Newport for the 2011 to 2031 period based on the assumption that Newport continues to account for 23.8% of Lincoln County's population over the 20-year period. Table 4-1 shows that Newport's population would grow by about 1,600 people over the 20-year period.

**Table 4-1. Population forecast, Newport, 2011 to 2031**

| Year | Lincoln County (OEA) | Newport |
|---|---|---|
| 2011 | 47,306 | 11,243 |
| 2031 | 54,051 | 12,846 |
| **Change 2011 to 2031** | | |
| Number | 6,745 | 1,603 |
| Percent | 14% | 14% |
| AAGR | 0.7% | 0.7% |

Source: ECONorthwest, based on the Office of Economic Analysis forecast for Lincoln County
Note: Population for 2011 and 2031 was extrapolated based on the growth rates used between 2010-2015 (for 2011) and 2030-2035 (for 2031).
Note: AAGR is average annual growth rate

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."

**The housing needs analysis assumes population will grow by 1,603 people over the 2011 to 2031 period.** [9] The population forecasts for Newport will need to be adopted by the City and Lincoln County before it can be used in the final housing needs analysis.

### 4.1.2 PERSONS IN GROUP QUARTERS

Persons in group quarters do not consume standard housing units: thus, any forecast of new people in group quarters is typically backed out of the population forecast for the purpose of estimating housing demand. Group quarters can have a big influence on housing in cities with colleges (dorms), prisons, or a large elderly population (nursing homes). In general, any new requirements for these housing types will be met by institutions (colleges, government agencies, health-care corporations) operating outside what is typically defined as the housing market. Group quarters, however, require land and are typically built at densities that are comparable to multiple-family dwellings.

Table 4-2 shows persons in group quarters in Newport based on Census data. In 2000, about 2.9% of Newport's population lived in group quarters.[10]

**Table 4-2. Persons in group quarters, Newport, 1990 and 2000, and 2008**

| | 1990 | 2000 |
|---|---|---|
| Total Population | 8,437 | 9,532 |
| Persons in Group Quarters | 195 | 281 |
| Percent in Group Quarters | 2.3% | 2.9% |

Source: U.S. Census 1990 SF1 P028, U.S. Census 2000 SF1 P37, American Community Survey 2005-2009 B26001

**The housing needs analysis assumes that 2.9% of new population in the Newport UGB (47 persons) between 2011 and 2031 will live in group quarters.**

[9] Note that this figure is slightly higher than the increase of 1,466 persons reported in the Population section. The difference exists because the housing analysis was done before the 2010 Census count for Newport was issued. The Population section uses the new Census data. The difference of 137 persons over the 2011-2031 period does not affect any of the major conclusions of the housing needs analysis.

[10] The data for group quarters from the 2005 to 2009 American Community Survey that 127 people (1.3% of population) lived in group quarters. This estimate had a high margin of error, which was larger than the number of people reported as living in group quarters. As a result, ECONorthwest judged that it was not reliable enough for use in the housing needs analysis.

### 4.1.3 HOUSEHOLD SIZE

OAR 660-024 established a safe harbor assumption for average household size—which is the figure from the most recent Census. According to the U.S. Census' American Community Survey, the average household size during the 2005 to 2009 period was 2.19 persons per household in Newport. Table 4-3 shows average household size in Oregon, Lincoln County, and Newport in 2000 and 2005-2009.

**Table 4-4. Average household size, Oregon, Lincoln County, Newport, 2000 and 2005-2009**

| | Oregon | Lincoln County | Newport |
|---|---|---|---|
| **2000** | | | |
| Average household size | 2.51 | 2.27 | 2.25 |
| Owner-occupied units | 2.59 | 2.24 | 2.17 |
| Renter-occupied units | 2.36 | 2.34 | 2.34 |
| **2005-2009** | | | |
| Average household size | 2.49 | 2.27 | 2.19 |
| Owner-occupied units | 2.58 | 2.27 | 2.28 |
| Renter-occupied units | 2.32 | 2.28 | 2.05 |

Source: U.S. Census 2000 SF1 H12, American Community Survey 2005-2009 B25010

**The housing needs analysis assumes that Newport will have an average household size of 2.19 persons per household for the 2011 to 2031 period.**

### 4.1.4 VACANCY RATE

Vacant units are the final variable in the basic housing need model. Vacancy rates are cyclical and represent the lag between demand and the market's response to demand in additional dwelling units. Vacancy rates for rental and multiple family units are typically higher than those for owner-occupied and single-family dwelling units.

Table 4-5 shows that vacancy rates in Newport and reasons for vacancy for 1990, 2000, and the 2005-2009 period. Vacancy rates ranged from about 14% in 1990 to 18% in 2000, and 19% in the 2005-2009 period. Table 4-5 shows that the main reason for vacancy was seasonal (or recreational) use. Houses vacant for seasonal uses increased from 260 units in 1990 to 885 units in the 2005-2009 period. The increase in vacancy rates in Newport is the result, in large part, of increases in the number of seasonal units.

**Table 4-5. Vacancy Status for Newport, 1990, 2000, 2005-2009**

| | 1990 | | 2000 | | 2005-2009 | |
|---|---|---|---|---|---|---|
| | Units | Percent | Units | Percent | Units | Percent |
| Occupied | 3,545 | 86% | 4,112 | 82% | 4,453 | 81% |
| Vacant | 560 | 14% | 922 | 18% | 1,075 | 19% |
| For Sale | 31 | 1% | 108 | 2% | 28 | 1% |
| For Rent | 96 | 2% | 277 | 6% | 71 | 1% |
| Rented or Sold | 35 | 1% | 30 | 1% | 50 | 1% |
| Seasonal | 260 | 6% | 437 | 9% | 885 | 16% |
| Other | 138 | 3% | 70 | 1% | 41 | 1% |

Source: U.S. Census 1990 SF3 H003 and H005, 2000 SF 3 H3 and H5, and American Community Survey 2005-2009 B25002 and B25004

**The housing needs analysis assumes a 19% average vacancy rate in Newport for the 2011 to 2031 period.[11]**

### 4.1.5 FORECAST OF NEW HOUSING UNITS, 2011-2031

The preceding analysis leads to a forecast of new housing units likely to be built in the Newport UGB during the 2011 to 2031 period. Table 4-5 shows an estimate of needed housing in the Newport UGB during the 2011 to 2031 period, based on recent data. The projection is based on the following assumptions about the Newport UGB:

- Population will increase by 1,603 people from 2011 to 2031 in the Newport UGB.
- About 2.9% percent of the new population in the Newport UGB, or 47 people, will locate in group quarters. This assumption is based on the share of population in group quarters from the 2000 Census.
- The average household size within the UGB will be 2.19 people per household, based on information from the 2005-2009 Census, a "safe harbor" assumption established in OAR 660-024-0040(7)(a).
- Vacancy rates for all housing types within the UGB will be 19% based on recent vacancy rates in Newport.
- The assumed mix of housing for the UGB is 60% single-family detached housing (including manufactured housing) and 40% multi-family housing types (including single-family attached). This mix is roughly equivalent to the mix of housing stock in Newport in 2000 and assumes that a smaller share of new housing will be single-family detached housing.

[11] Note that this assumption is slightly lower than the 21% Census figure that was released in May 2011.

Based on the assumptions shown in Table 4-5, the Newport UGB will need 846 new dwelling units to accommodate population growth between 2011 and 2031, not including new group quarters. The results indicate that Newport will need to issue permits for an average annual total of 42 new dwelling units during the planning period. This figure represents a decrease over the average of 51 permits issued annually over the 2000 to 2010 period.

**Table 4-5. Forecast of demand for new housing units, Newport, 2011-2031**

| Variable | Estimate of Housing Units (2011-2031) |
|---|---|
| Change in persons | 1,603 |
| *minus* Change in persons in group quarters | 47 |
| *equals* Persons in households | 1,556 |
| Average household size | 2.19 |
| New occupied DU | 711 |
| *times* Aggregate vacancy rate | 19.0% |
| *equals* Vacant dwelling units | 135 |
| **Total new dwelling units (2011-2031)** | **846** |
| Dwelling units by structure type | |
| Single-family detached | |
| Percent single-family detached DU | 60% |
| ***equals* Total new single-family detached DU** | **508** |
| Single-family attached | |
| Percent single-family attached DU | 4% |
| ***equals* Total new single-family attached DU** | **33** |
| Multifamily | |
| Percent multifamily detached DU | 36% |
| **Total new multifamily DU** | **305** |
| *equals Total new dwelling units (2011-2031)* | **846** |
| Dwelling units needed annually | 42 |

Source: Calculations by ECONorthwest

The forecast of new units does not include dwellings that will be demolished and replaced. This analysis does not factor those units in; it assumes they will be replaced at the same site and will not create additional demand for residential land.

## 4.2 IDENTIFY RELEVANT NATIONAL, STATE, AND LOCAL DEMOGRAPHIC AND ECONOMIC TRENDS AND FACTORS

## THAT MAY AFFECT THE 20-YEAR PROJECTION OF STRUCTURE TYPE MIX

Demographic and housing trends are important to 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 section documents national, state, and regional demographic and housing trends relevant to Newport and the mid-Oregon Coast region.

Demographic trends provide a broader context for growth in a region; factors such as age, income, migration and other trends show how communities have grown and shape future growth. To provide context, we compare Newport to Lincoln County and Oregon where appropriate. Characteristics such as age and ethnicity are indicators of how population has grown in the past and provide insight into factors that may affect future growth.

### 4.2.1 NATIONAL HOUSING TRENDS SUMMARY

The overview of national, state, and local housing trends builds from previous work by ECO and conclusions from The *State of the Nation's Housing, 2010* report from the Joint Center for Housing Studies of Harvard University. The Harvard report summarizes the national housing outlook for the next decade as follows:

> "Even as the worst housing market correction in more than 60 years appeared to turn a corner in 2009, the fallout from sharply lower home prices and high unemployment continued. By year's end, about one in seven homeowners owed more on their mortgages than their homes were worth, seriously delinquent loans were at record highs, and foreclosures exceeded two million. Meanwhile, the share of households spending more than half their incomes on housing was poised to reach new heights as incomes slid. The strength of job growth is now key to how quickly loan distress subsides and how fully housing markets recover."

The national housing market continues to suffer from high loan delinquencies and high foreclosure rates. The eventual recovery of the national housing market is dependent on near-term resolution of outstanding foreclosures and long-term job growth and expansion of the economy. Some national housing experts expect recovery of the housing market to take three to five years (from 2010). During that period, experts

are projecting little growth in single-family housing types and slow growth in multifamily housing types.[12]

National housing market trends include:[13]

- **Continuation of housing market depression.** The last three years saw a continuation of the significant departure from the recent housing boom that had lasted for 13 consecutive years (1992-2005). By 2007 and early 2008, housing market problems had reached the rest of the economy, resulting in a nationwide economic slowdown and recession. Since 2008, the housing market has declined, with an over-supply of housing stock, decreases in housing prices, and increases in foreclosures.
- **Oversupply of housing.** From 2000 to 2005 housing starts and manufactured home placements appeared to have been roughly in line with household demand. In 2005, with demand for homes falling but construction coming off record levels, the surplus of both new and existing homes was much higher than in recent years. Between July 2006 and January 2009, the number of new homes for sale fell by 41% and demand dropped even faster and the supply of new homes for sale reached 12.4 months, the highest in U.S. history. This resulted in a strong buyer's market, leaving many homes lingering on the market and forcing many sellers to accept prices lower than what they were expecting. The Joint Center for Housing Studies predicts the oversupply will eventually balance as housing starts continue to fall, lower prices motivate unforeseen buyers, and the rest of the economy begins to recover.
- **Declines in homeownership.** After 13 successive years of increases, the national homeownership rate slipped in each year from 2005 to 2009 and is currently 67.4%, although the number of homeowners grew from in 2009 for the first time since 2006. The Urban Land Institute projects that homeownership will decline to around the low sixty percent range.
- **Increases in foreclosures.** The number of delinquent loans or home foreclosures continues to increase. The share of severely

[12] Urban Land Institute, "2011 Emerging Trends in Real Estate"

[13] 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 2010," (2) Urban Land Institute, "2011 Emerging Trends in Real Estate," and (3) the U.S. Census.

delinquent loans ranged from 5.1% of prime fixed-rate mortgages to 42.5% of subprime adjustable rate mortgages in the first quarter of 2010. Between early 2007 and the first quarter of 2010, 6.1 million foreclosure notices were issued on first-lien loans. In early 2010, the number of loans in the foreclosure process was 2.1 million, which was nearly four times the number of foreclosures in process three years earlier.

- **Decreases in housing prices.** Since 2008, foreclosures have contributed to a sharp decrease in housing prices, leaving nearly 5 million homeowners "under water" on their mortgages (where the value of the house is less than the owner's mortgage). Home prices will have to increase by about 25% before these homes are worth as much as the amount owed on the mortgage.
- **Growth in rentals.** The supply of rental units continues to grow, with an addition of 3 million rental households from 2005 to 2009. The rental vacancy rate increased from 9.6% in 2007 to 10.5% in 2009, in part because some homeowners choose to rent a house they are unable to sell, rather than leaving it vacant or lowering the sales price.
- **Housing affordability.** In 2009, more than one-third of American households spent more than 30% of income on housing, and 16% spent upwards of 50%. The number of severely cost-burdened households (spending more than 50% of income on housing) increased by 7.4 million households from 2000 to 2008, to a total of nearly 18 million households in 2008. Nearly 40% of low-income households with one or more full-time workers are severely cost burdened, and nearly 60% of low-income households with one part-time worker are severely cost burdened.

  According to the Joint Center for Housing Studies, these statistics understate the true magnitude of the affordability problem because they do not capture the tradeoffs people make to hold down their housing costs. For example, these figures exclude the 2.5 million households that live in crowded or structurally inadequate housing units. They also exclude the growing number of households that move to locations distant from work where they can afford to pay for housing, but must spend more for transportation to work.
- **Changes in housing characteristics.** National trends show that the size of single-family and multi-family units and the number of household amenities (e.g., fireplace or two or more bathrooms)

increased since the early 1990s. Between 2007 and 2009 the trend towards larger units with more amenities declined, with a decrease in unit size and a decline in the share of units with additional amenities. It is unclear whether this short-term trend represents a fundamental change in the housing market or a reaction to the current housing market.

- **Long-term growth and housing demand.** The Joint Center for Housing Studies indicates that demand for new homes could total as many as 17 million units nationally between 2010 and 2020. Much of the demand will come from baby boomers, echo boomers, and immigrants.
- **Changes in housing preference.** Housing preference will be affected by changes in demographics, most notably the aging of the baby boomers, housing demand from the echo-boomers, and growth foreign-born immigrants. Baby boomers housing choices will affect housing preference and homeownership, with some boomers likely to stay in their home as long as they are able and some preferring other housing products, such as multifamily housing or age-restricted housing developments.

  In the near-term, echo-boomers and new immigrants may increase demand for rental units. The long-term housing preference of echo-boomers and new immigrants is uncertain. They may have different housing preferences as a result of the current housing market turmoil and may prefer smaller owner-occupied units or rental units. On the other hand, their housing preferences may be similar the baby-boomers, with a preference for larger units with more amenities.

### 4.2.2 STATE DEMOGRAPHIC TRENDS

Oregon's Draft *2011-2015 Consolidated Plan* includes a detailed housing needs analysis as well as strategies for addressing housing needs statewide.[14] The plan concludes that "Oregon's changing population demographics are having a significant impact on its housing market." It identified the following population and demographic trends that influence housing need statewide. Oregon is:

- Growing more slowly than the national average since 2007

[14] http://www.ohcs.oregon.gov/OHCS/HRS_Consolidated_Plan_5yearplan.shtml

- Facing housing cost increases but higher unemployment and lower wages, when compared to the nation
- Having higher foreclosure rates since 2005, compared with the previous two decades
- Losing federal subsidies on about 8% of federally subsidized Section 8 housing units
- Losing housing value in some markets within Oregon
- Losing manufactured housing parks, with a 25% decrease in the number of manufactured home parks between 2003 and 2010
- Increasingly older, more diverse, and, less affluent households[15]

### 4.2.3 Local and Regional Trends in Demographics and Housing Affordability

Appendix B describes local and regional demographic trends in detail. This section summarizes key findings about demographic and housing trends described in Appendix B.

**Homeownership rates increased in Newport**

- Owner-occupied units in Newport increased from 54% of the housing stock in 1990 to over 63% in the 2005-2009 average. This increase was consistent with State and National trends in ownership.
- Single-family housing types had a higher ownership rate (92%) than multi-family (11%).

**The average vacancy rate for Newport was higher than the State average**

- Newport's vacancy rate in 2005-2009 (19%) was higher than the State average (9%). The 2010 Census reported a 21% vacancy rate in Newport.
- The most common cause for vacancy in Newport was seasonal or recreational use at 16% in 2005-2009, compared to the State average of 3%.

**Commuting is common for workers in Newport**

- Commuting is typical throughout the region: Newport's workforce lives in Lincoln County, but two-thirds do not reside in the City of Newport.

[15] State of Oregon *Draft Consolidated Plan 2011 to 2015*

**The population in Newport and Lincoln County was older than the State average.**

- Forty-five percent of Newport's households were 50 years or older during the 2005-2009 period, compared with 33% of the State's population.
- Households residing in Newport were less likely to have children (19%) than the average State household (28%).
- The OEA forecasts that 37% of Lincoln County's population will be 60 years or older by 2030, compared with the State average of 25%.

**Newport's households were generally smaller than the State average.**

- Newport had fewer people per household in the 2005-2009 period, with an average household size of 2.19 people, compared to the County average of 2.27 and State average of 2.49 people per household.

**Newport had a larger share of non-family households and smaller share of households with children than Lincoln County or the State.**

- Newport had a larger share of non-family households (44%) than the Lincoln County average (29%) or State average (36%).
- Newport had a smaller share of households with married couples (43%) than the State (50%) or County (47%).
- Newport had a slightly larger share of households with children (19%) compared to Lincoln County (18%), but a smaller share than the State as a whole (28%).

**Homeownership and household size are related with age in Newport, which is consistent with State and national trends.**

- More than half of householders aged 35 and older were homeowners (61%). Homeownership increases with age until it starts to decrease at age 75.
- Householders younger than 44 years were more likely to be renters in households with two or more persons.

**Newport became more ethnically diverse.**

- Hispanic and Latino population accounted for 8% of Newport's population during the 2005-2009 period, up from 2% of the population in 1990. In comparison, Hispanic and Latino population accounted for 7% of Lincoln County's population and 11% of Oregon's population during the 2005-2009 period.

- Newport's Hispanic/Latino population grew by 385% (650 people) between 1990 and the 2005-2009 period.

**Newport's housing affordability decreased**

- In 2010, a household must earn $14.60 an hour to afford a two-bedroom rental unit in Newport, an increase of $5 or nearly 50% from 2000.
- More than one-third of Newport households could not afford a two-bedroom apartment at HUD's fair market rent level of $759 in the 2005-2009 period.
- Newport had a deficit of nearly 500 affordable housing units for households that earned less than $25,000.
- About 39% of Newport's households were cost-burdened, with 51% of renters and 30% of owners cost-burdened.
- Average annual household expenditures for necessities (e.g., food, transportation, clothing, utilities, health care, other necessities) in Newport are similar to larger cities in the Willamette Valley (e.g., Eugene or Salem) and are higher than smaller cities in the Willamette Valley (e.g., Cottage Grove or Lebanon). The types of expenses that are most frequently higher in Newport than in the smaller cities in the Willamette Valley are transportation (including gasoline), food, utilities, and health care. The higher cost of living in Newport (relative to small Willamette Valley cities) magnifies the problem of decreased housing affordability.

**Newport's housing costs increased substantially**

- Newport's median housing value doubled between 2000 and the 2005-2009 period. Lincoln County's housing prices increased by 71% over the same period.
- The average sale price for single-family dwellings increased by 47% between 2000 and 2010, from about $159,000 in 2000 to $233,000 in 2010. Single-family sales prices peaked in 2007 at an average of nearly $350,000.
- Condominium sale prices increased 71% between 2000 and 2010.
- Newport had a smaller share of housing valued under $200,000 than the State, and a larger share of housing valued more than $400,000 for the 2005-2009 period.
- Rents increased at a slower pace than housing prices, increasing by 14% ($74) between 2000 and the 2005-2009 period.

**Housing costs are increasing much faster than rents and incomes.**

- Since 2000, median owner value increased 77%, compared to a 31% increase in median household income, and a 14% increase in median rents.
- The ratio of housing value to household income increased from 2.8 in 1989 to 6.3 during the 2005-2009 period. Across the state, the ratio increased from 2.5 to 5.0.

## 4.3 DESCRIBE THE DEMOGRAPHIC CHARACTERISTICS OF THE POPULATION AND, IF POSSIBLE, HOUSING TRENDS THAT RELATE TO DEMAND FOR DIFFERENT TYPES OF HOUSING

The purpose of the analysis thus far has been to give some background on the kinds of factors that influence housing choice, and in doing, to convey why the number and interrelationships among those factors ensure that generalizations about housing choice are difficult and prone to inaccuracies.

In the context of housing markets, what one observes when looking at past and current housing conditions is *the intersection of the forces of housing supply and demand at a price of housing*. Analysts typically focus a description of housing demand on the characteristics of households that create or are correlated with *preferences* for different types of housing, and *the ability to pay* (the ability to exercise those preferences in a housing market by purchasing or renting housing; in other words, income or wealth).

One way to forecast housing demand is with detailed analysis of demographic and socioeconomic variables. If one could do the measurement fine enough, one might find that every household has a unique set of preferences for housing. But no city-wide housing analysis can expect to build from the preferences of individual households.[16] Most housing market analyses that get to this level of detail try to describe *categories* of households on the assumption that households in each category will share characteristics that will make their preferences similar.

The main demographic and socioeconomic variables that may affect housing choice include: age of householder, household composition (e.g.,

[16] Not only could one not measure the preferences of all existing households (now and in the future); one could not know what specific households would be migrating to the region.

married couple with children or single-person household), size of household, ethnicity, race, household income, or accumulated wealth (e.g., real estate or stocks). The literature about housing markets identify the following household characteristics so those most strongly correlated with housing choice are: age of the householder, size of the household, and income. [17]

- **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. For example, a person may choose to live in an apartment when they are just out of high school

[17] The research in this section is based on numerous articles and sources of information about housing, including:

M. Dieleman. *Households and Housing*. New Brunswick, NJ: Center for Urban Policy Research. 1996.

*The State of the Nation's Housing 2010.* The Joint Center for Housing Studies of Harvard University. 2010.

*The Case for Multifamily Housing*. Urban Land Institute. 2003

E. Zietz. *Multifamily Housing: A Review of Theory and Evidence.* Journal of Real Estate Research, Volume 25, Number 2. 2003.

E. Birch. *Who Lives Downtown.* Brookings Institution. 2005.

C. Rombouts. *Changing Demographics of Homebuyers and Renters.* Multifamily Trends. Winter 2004.

J. McIlwain. *Housing in America: The New Decade.* Urban Land Institute. 2010.

M. Lerner. *The New American Renters.* Multifamily Trends. May/June 2006.

W. Hudnut III. *Impact of Boomer Retirement on Sprawl.* Urban Land, February 2005.

D. Myers and S. Ryu. *Aging Baby Boomers and the Generational Housing Bubble*. Journal of the American Planning Association. Winter 2008.

M. Riche. *The Implications of Changing U.S. Demographics for Housing Choice and Location in Cities.* The Brookings Institution Center on Urban and Metropolitan Policy. March 2001.

L. Lachman and D. Brett. *Generation Y: America's New Housing Wave.* Urban Land Institute. 2010.

AARP. *Home and Community Preferences of the 45+ Population*. 2010.

AARP. *Approaching 65: A Survey of Baby Boomers Turning 65 Years Old*. 2010.

*U.S. Interim Projections by Age, Sex, Race, and Hispanic Origin: 2000 to 2050.* Bureau of the Census.

ECONorthwest's analysis of 2000 Census Public Use Microdata Sample (PUMS) data for Oregon and counties within Oregon.

U.S. Census data for 1990, 2000, and American Community Survey data.

or college but if they have children, they may choose to live in a single-family detached house.

- **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 and people in their middle years are more likely to live in multiple person households (often with children).
- **Income** is the household income. 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, duplex, or a building with more than five units) and to household tenure (e.g., rent or own). A review of census data that analyzes housing types by income in most cities will show that as income increases, households are more likely to choose single-family detached housing types. Consistent with the relationship between income and housing type, higher income households are also more likely to own than rent.

### 4.3.1 TRENDS AFFECTING HOUSING MIX

The previous section described the three household characteristics that are most closely correlated with household choice. This section describes the demographic and socioeconomic trends in Newport and Lincoln County related to these characteristics by describing the characteristics of households currently in Newport. The majority of Newport's population growth, however, is expected to be the result of in-migration.[18] It is difficult (if not impossible) to accurately project the characteristics of households that may move to Newport over the next 20 years, beyond the projections for changes in population by age group. To some degree, projecting future housing preference relies on estimating the ways that the characteristics of new households in Newport will be different and make different housing choices than existing households.

The national demographic trends that will affect housing demand across the U.S., as well as Oregon and Newport are:

- **Aging of the baby boomers.** By 2029, the youngest baby boomers will be 65 years old. By 2030, people 65 years and older are projected to account for about 20% of the U.S. population, up from about 12%

[18] The Portland State University Population Research Center's annual estimate of population shows that all of Lincoln County's population growth between 1990 and 2009 is the result of in-migration. We assume that in-migration will continue to account for the majority of growth in Lincoln County over the planning period.

of the population in 2000. The State forecast that people over 60 years will grow from 25% of Lincoln County's population in 2000 to 37% in 2030, an addition of 8,500 people over age 60.

- **Growth in echo boomers.** Echo boomers are a large group of people born from the late-1970's to early 2000's, with the largest concentration born between 1982 and 1995. By 2030, echo boomers will all be older than 25 years old, with the majority between the ages of 35 to 48 years old. The echo boomers will form households and enter their prime earnings years during the 20 year planning period.
- **Growth of immigrants.** One of the fastest growing groups in the U.S. will be immigrants, with Hispanics the fastest growing groups. By 2030, Hispanics are projected account for about 20% of the U.S. population, an increase from about 13% of the U.S. population in 2000.
- **Increase in diversity.** One of the fastest growing ethnic groups in the U.S. are Hispanics and Latinos. By 2030, Hispanics and Latinos are projected account for about 20% of the U.S. population, an increase from about 13% of the U.S. population in 2000. Growth in Hispanics and Latinos will be the result of natural increase (more births than deaths) and immigration from other countries.
- **Change in household composition.** The composition of households is changing, in part as a result of the aging of the population, growth of immigrants, and increase in diversity. Traditional household composition (e.g., households with children and married couples) are becoming less common and non-traditional household composition (e.g., single-family households an non-family households) are becoming more common.

Table 4-6 summarizes the affect of demographic and socioeconomic trends on Newport's housing need.

**Table 4-6. Demographic trends and their affect on housing demand in Newport and Lincoln County**

| | | Affect of trends on household choice | | | |
|---|---|---|---|---|---|
| | **Demographic trends** | **Age of household head** | **Household size and composition** | **Household income** | **Potential Affect on Housing Demand** |
| **Baby boomers**<br>**Age in 2010**<br>**46 to 65 years old**<br>**Age in 2030**<br>**66 to 85 years old** | Baby boomers are the fastest growing segment of Lincoln County's population.<br>• People over 60 years are forecasted to grow from 25% of Lincoln County's population in 2000 to 37% in 2030.<br>• Growth in people over 65 years old in Lincoln County will result in growth of over additional 8,500 people in this age group, or 94% of population growth over the 2000 to 2030 period. | Newport's older householders are more likely to be homeowners.<br>• Homeownership peaks for householders age 65 to 74 (at 77%). More than half of householders 45 and older in Newport are homeowners.<br>• Homeownership begins to decrease for households over 75 years old. About 75% of householders over 75 in Newport are homeowners.<br>• About 78% of people over 65 years own a single-family house (either detached or attached), with 75% of people over 75 years living in a single-family house.<br>• About 22% of people over 65 live in a multifamily unit.<br>• A majority of people over 45 years old express an interest in remaining in their home or in their community as long as possible.[19] | Household size decreases after age 45 in Newport.<br>• About 56% of households 65 to 74 have two or more persons.<br>• About 52% of households 75 years and older have two or more persons.<br>• More than 40% of households 45 years and older are single-person households.<br>• Growth in households 45 years and older will result in growth in single-person households. | Newport's household income peaks around age 45 to 54.<br>• Household income decreases after age 65. About 47% of Newport's households over 65 had income of less than $25,000, compared with 30% of households 45 to 64.<br>• Households with householders over 65 years have a lower than average household income, at about 84% of Newport's median household income.<br>• Lower income does not necessarily result in greater problems with housing affordability or lower homeownership rates for people over 65 year. In general in Oregon:<br>  • Nearly most of the lowest income householders (making less than $20,000 in the year 2000) over 65 were homeowners.<br>  • Some householders over 65 have paid off their mortgage. For households who have paid off their mortgage, lower income does not necessarily result in lower disposable income or affect their ability to continue to own their home.<br>  • Older households may have more accumulated wealth, such as the value of their house or investments. | The major impact of the aging of the baby boomers on demand for new housing will be through demand for housing types specific to seniors, such as assisted living facilities. Baby boomers will make a range of housing choices in Newport:<br>• Many will choose to remain in their houses as long as they are able.<br>• As their health fails, some will choose to move to group housing, such as assisted living facilities or nursing homes. If these facilities are not available in Newport, they will move to a community where they are available.<br>• Some may downsize to smaller single-family homes (detached and attached) or multifamily units. These will be a mixture of owner and renter units.[20]<br>• Some may choose to move to retirement or age-restricted communities, if they are available in Newport. |

[19] Multiple studies show that people over age 45 prefer to stay in their home or community as long as possible, including multiple surveys by AARP (see http://www.aarp.org/research/surveys). The AARP survey *Home and Community Preferences of the 45+ Population* shows that 85% of respondees want to stay in their current residence and community as long as possible.

[20] The AARP survey *Approaching 65: A Survey of Baby Boomers Turning 65 Years Old* of people 65 years old shows that about 15% of responding households are planning to downsize to smaller homes over the next few years.

| | | Affect of trends on household choice | | | |
|---|---|---|---|---|---|
| | **Demographic trends** | **Age of household head** | **Household size and composition** | **Household income** | **Potential Affect on Housing Demand** |
| **Echo boomers**<br>**Age in 2010**<br>**15 to 28 years old**<br>**Age in 2030**<br>**35 to 48 years old** | Echo boomers are one of the slowest growing segments of Lincoln County's population<br>• By 2030, the State projects that there will be nearly 9,400 people age 20 to 39 years in Lincoln County, a 6% increase from the 8,900 echo boomers in 2000.<br>• Growth in people 20 to 39 years year old will result in growth of about 500 people in this age group or 1% of total population growth over the 2000 to 2030 period. | Younger households are more likely to rent and live in multi-family homes.<br>• About 97% of people under 25 years old and 88% of people 25 to 34 years old were renters in Newport.<br>• Homeownership rates increase for householders 35 to 44 years old; 39% of these Newport households are owners.<br>• Over three-quarters of people 15 to 24 years live in a multifamily unit, compared with 34% of people 25 to 34 years or 29% of people 35 to 44 years in Newport. | Household size increases slightly until age 34.<br>• More than 80% of households between age 15 and 34 years have two or more persons.<br>• About 19% of households between 15 to 24 years are single-person households, compared with 30% of households 45 to 54 years.<br>• Ninety percent of households with two or more persons younger than age 34 are renters. | Younger households have lower income on average.<br>• Almost half of households under 25 years (which includes college students) had income less than $25,000. About 77% of households between 25 and 44 had an income of less than $50,000 in Newport.<br>• About 58% of householders under 25 years have an income of $30,000 or lower. In comparison, 46% of all of Lincoln County's households have income of $30,000 or less.<br>• Households between 25 and 44 years have lower than average income, at about 97% of Newport's median household income.<br>• Younger households generally have less accumulated wealth, such as housing equity.<br>• In general in Oregon, younger households with income more than $45,000 (in 2000) were likely to be homeowners in 2000, with the large majority owning single-family detached dwellings. | The share of young population attracted to Newport will be relatively small, consistent with recent trends in Newport's age structure. As Echo Boomers age, some of those wanting to live at the Oregon Coast may choose to move to Newport.<br>Some recent research hypothesizes that echo boomers may make different housing choices than their parents as a result of the on-going recession and housing crisis. They suggest that echo boomers will prefer to rent and will prefer to live in multifamily housing, especially in large cities.[21]<br>Other studies suggest that the majority of echo boomers' housing preference is to own a single-family home.[22] Our conclusion based on review of recent research is that it seems unlikely that the majority of echo boomers will make fundamentally different housing choices than previous generations as they age and have families.<br>• It seems likely that echo boomers are likely to choose to rent when they are under 30 years, most frequently a multifamily unit. This choice may be made from preference but is likely to be necessitated by lower income.<br>• As they establish their careers, their income increase, and they form families, it seems likely that a large share of echo boomers in Newport will choose to live in an owner-occupied single family house.<br>• Recent articles suggest that echo boomers who prefer single-family units may prefer (or only be able to afford) smaller single-family units.<br>• Newport is a Oregon Coastal market, with amenities that may appeal to echo boomers who prefer to live at the Oregon Coast. Newport itself does not have suburbs but nearby smaller cities (e.g., Toledo) fill he role of suburbs for Newport by providing housing that is more affordable than Newport's. Echo boomers may choose to live in Newport's nearby smaller cities, if housing in Newport is not affordable. |

| | | Affect of trends on household choice | | | |
|---|---|---|---|---|---|
| | **Demographic trends** | **Age of household head** | **Household size and composition** | **Household income** | **Potential Affect on Housing Demand** |
| **Growth of immigrants and change in ethnic composition** | Immigrants are a growing segment of Newport's population. Newport is becoming more ethnically diverse, with growth in the Hispanic and Latino population (both from immigration and from current residents in Newport).<br>• Lincoln County's population growth between 1990 and 2009 was the result of in-migration to the County, from other areas in Oregon or from outside the State.<br>• Lincoln County became more ethnically diverse, with Hispanic and Latino population growing by more than 450% between 1990 and 2009, an addition of 2,700 Hispanic or Latino residents.<br>• Lincoln County became more racially diverse between 1990 and 2009, with the near doubling of the population of Asian and Pacific Islanders, from nearly 350 people in 1990 to more than 650 people in 2008. | Hispanic and Asian populations in Newport have a different age structure than Newport's overall population:<br>• About 61% of Newport's population is between age 18 to 64 years, with 22% younger than 18 years and 17% older than 65 years.<br>• Asian residents of Newport are less likely to be over 65 years. About 60% of Asians are 18 to 64 years, 32% younger than 18 years and 7% older than 65 years.<br>• Hispanic residents of Newport are more likely to be younger. About 63% of Hispanics are 18 to 64 years, 35% younger than 18 years and 2% older than 65 years.<br>The following national housing trends are likely to apply to immigrant households in Newport:<br>• Immigrant households are generally younger than the household average in the U.S.<br>• About 55% of immigrant households own their homes, compared with 76% of native-born households. Reasons for this include: (1) immigrants are younger than the average of the population, (2) some immigrants may expect their stay in the U.S. will be temporary, and (3) immigrant households are more likely to have a lower income and have no established credit record in the U.S. | Hispanic households in Newport are more likely to have children and live in crowded households and less likely to be homeowners.<br>• Three-quarters of Hispanic households in Newport have children under 18 years, compared with about 44% of white non-Hispanic households<br>• About 56% of Hispanic households had more than one occupant per room, compared with 4% of all households in Lincoln County.<br>• Hispanic households in Newport are less likely to live in single-family houses (detached and attached) with about the same frequency as non-Hispanic households, with about one-third of Hispanic households living in single-family dwellings.<br>• About 13% of Hispanic households are owners, compared with an ownership rate of a little more than 50% for all households in Newport. | Hispanic families in Newport have lower than average income.<br>• Immigrant households generally have lower family income, in part as a result of their relatively young age and as result of generally lower educational achievement.<br>• Hispanic households in Newport have higher than average income, with household income at 104% of Newport's median ($31,996) .<br>• Hispanic family income in Newport is 86% of Newport's median ($36,682). | Growth in immigrants may result in increased demand for multifamily housing in Newport.<br>• Housing affordability is a problem for many households in Newport. Affordability is likely to be a more common problem for immigrants, especially recent immigrants, because immigrants have lower income on average.<br>• Recent immigrants are likely to choose multifamily housing, in part because that is what they can afford.<br>• Homeownership increases the longer immigrants stay in the U.S. Longer-term immigrants may become home owners, depending on their ability to afford homeownership.<br>• Homeownerships increase for second-generation immigrant households. |

[21] Examples of such research include *Housing in America: The New Decade* from the Urban Land Institute or *The Rise of the Non-Traditional Household* from Multifamily Trends.

[22] A national survey of Echo Boomers in 2010 shows that: two-thirds of Echo Boomers expect to own their home by 2015, that nearly two-thirds expect to live in a single-family home, one-quarter expects to live in an apartment or condominium. These results are from the Urban Land Institute study *Generation Y: America's New Housing Wave.*

## 4.4 DETERMINE THE NEEDED DENSITY RANGES FOR EACH PLAN DESIGNATION AND THE AVERAGE NEEDED NET DENSITY FOR ALL STRUCTURE TYPES.

This section summarizes the forecast of new housing units in Newport for the period 2011 to 2031. The forecast of needed housing units (Table 4-5) uses the following assumptions, based on recent data:

- **Housing mix** will be 60% single-family detached units and 40% multifamily units (including single-family attached).
- **Residential density** will be the same as achieved densities over the 2000 to 2010 period: 7.0 dwelling per net acre for single-family detached and 18.7 dwelling units per net acre for multifamily.[23] The average density is 9.3 dwelling units per net acre, which is consistent with the OAR 660-024 housing density safe harbor.[24]
- **The net to gross factor,** which converts from net acres to gross acres, will be 20% for single-family housing types and 15% for multifamily types. These net-to-gross assumptions are consistent with previous empirical analysis of net-to-gross conversions in other cities.

Table 4-7 shows the results. The forecast assumes an average density of 9.3 dwelling units per net acre (about 7.6 dwelling units per gross acre). Based on the mix and density assumptions, Newport will need about 112 gross residential acres to accommodate new housing between 2011 and 2031.

[23] OAR 660-024-0010(6) uses the following definition of net buildable acre. "Net Buildable Acre" consists of 43,560 square feet of residentially designated buildable land after excluding future rights-of-way for streets and roads. While the administrative rule does not include a definition of a gross buildable acre, using the definition above, a gross buildable acre will include areas used for rights-of-way for streets and roads. Areas used for rights-of-way are considered unbuildable.

[24] OAR 660-024, Table 1, establishes housing density safe harbors for cities forecast to be between 10,001 and 25,000 during the planning period. The density safe harbors are: required overall minimum of 5 dwelling units per net buildable acre, assume for UGB analysis 7 dwelling units per net buildable acre, and zone to allow 9 dwelling units per net buildable acre. Newport's housing needs analysis meets these standards.

**Table 4-7. Forecast of new housing by type and density, Newport, 2011-2031**

| Housing Type | New Dwelling Units (DU) | Percent | Net Acres | | Net to Gross Factor | Gross Acres | |
|---|---|---|---|---|---|---|---|
| | | | Density (DU/net ac) | Net Res. Acres | | Gross Res. Acres | Density (DU/gross res ac) |
| Single-Family | 508 | 60% | 7.0 | 73 | 20% | 91 | 5.6 |
| Multi-family | 338 | 40% | 18.7 | 18 | 15% | 21 | 16.1 |
| **Total** | **846** | **100%** | **9.3** | **91** | | **112** | **7.6** |

Source: ECONorthwest
Note: Multifamily includes single-family attached.

Table 4-7 provides an allocation of housing units by Newport's residential plan designations and commercial plan designations. Dwelling units were allocated to plan designations based, in part, on recent development trends within each plan designation and on the type of development allowed in each plan destination. Table 4-7 also provides an estimate of the gross acres required in each designation to accommodate needed housing units for the 2011-2031 period. The acreages are based on the gross density assumptions shown in Table 4-6. The residential land needs presented in Table 4-7 may change based on adjustments to the assumptions or based on policy decisions

Based on the housing needs analysis, dwellings have been allocated by plan designation and type:

- The overall needed housing mix is 60% single-family detached housing types and 40% multifamily attached housing types (including single-family attached).
- Forty-two percent of needed dwelling units will locate in the Low Density Residential designation.
- Forty-seven percent of needed dwellings will locate in the High Density Residential designation.
- Eleven percent of needed dwelling units will locate in commercial plan designations.

## Table 4-7. Allocation of new housing units by plan designation, Newport, 2011-2031

| | Plan Designation | | | | | | Total | |
|---|---|---|---|---|---|---|---|---|
| | Low Density Residential | | High Density Residential | | Commercial Designations | | | |
| Housing Type | DU | Gross Ac | DU | Gross Ac | DU | Gross Ac | DU | Gross Ac |
| Single-family detached | 339 | 69 | 169 | 21 | 0 | 0 | 508 | 91 |
| Multifamily | 17 | 2 | 229 | 14 | 93 | 6 | 339 | 21 |
| **Total** | **356** | **71** | **398** | **35** | **93** | **6** | **847** | **112** |
| **Percent of Acres and Units** | | | | | | | | |
| Single-family detached | 40% | 62% | 20% | 19% | 0% | 0% | 60% | 81% |
| Multifamily | 2% | 2% | 27% | 12% | 11% | 5% | 40% | 19% |
| **Total** | **42%** | **64%** | **47%** | **31%** | **11%** | **5%** | **100%** | **100%** |

Source: ECONorthwest
Note: Multifamily includes single-family attached.

# Chapter 5 Residential Land Sufficiency within the Newport UGB

This chapter presents an evaluation of the sufficiency of vacant residential land with the Newport UGB to accommodate expected residential growth over the 2011 to 2031 period. This section includes an estimate of Newport's residential land sufficiency, based on the analysis in the housing needs analysis.

Table 5-1 shows a comparison of buildable residential land with demand for residential land to determine the sufficiency of residential land in the Newport UGB to accommodate growth over the 2011 to 2031 period. Table 5-1 shows:

- **Land Supply.** Newport has more than 1,700 acres of vacant and partially vacant buildable land (based on Table 2-5).
- **Land Demand.** Newport will have demand for about 106 gross acres of residential land (based on Table 4-7).
- **Land Sufficiency.** Newport has enough land to accommodate residential growth over the 20-year period, with a surplus of about 1,650 gross acres of residential land.

**Table 5-1. Comparison of buildable residential and with demand for residential land, gross acres, Newport, 2011-2031**

| | Vacant and Partially Vacant Land (buildable acres) | Demand for Residential land (gross acres) | Residential Land Surplus or (Deficit) (gross acres) |
|---|---|---|---|
| Low Density Residential | 998 | 71 | 927 |
| High Density Residential | 765 | 35 | 730 |
| **Total** | **1,763** | **106** | **1,657** |

Source: ECONorthwest

# Appendix A Framework for a Housing Needs Analysis

Economists view housing as a bundle of services for which people are willing to pay. Those services include shelter certainly, but also proximity to other attractions (jobs, shopping, recreation), amenity (type and quality of fixtures and appliances, landscaping, views), prestige, and access to public services (quality of schools). Because it is impossible to maximize all these services and simultaneously minimize costs, households must, and do, make tradeoffs. What they can get for their money is influenced by both economic forces and government policy. Moreover, different households will value what they can get differently. They will have different preferences, which in turn are a function of many factors like income, age of household head, number of people and children in the household, number of workers and job locations, number of automobiles, and so on.

Thus, housing choices of individual households are influenced in complex ways by dozens of factors; and the housing market in Newport is the result of the individual decisions of thousands of households. These points suggest the difficulties of projecting what types of housing will be built between 2011 and 2031.

The complexity of a housing market is a reality, but it does not obviate the need for some type of forecast of future housing demand and need, and for an assessment of the implications of that forecast for land demand and consumption. Such forecasts are inherently uncertain. Their usefulness for public policy often derives more from the explanation of their underlying assumptions about the dynamics of markets and policies than from the specific estimates of future demand and need. Thus, we start our housing analysis with a framework for thinking about housing and residential markets, and how public policy affects those markets.

## A.1 HOUSING DEMAND VERSUS NEED

The language of Goal 10 and ORS 197.296 refers to housing *need*: it requires communities to provide needed housing types for households at all income levels. Goal 10's broad definition of need covers all households—from those with no home to those with second homes.

State policy does not make a clear distinction between need and demand. Following is our definition, which we believe to be consistent with definitions in state policy:

- *Housing need* can be defined broadly or narrowly. The broad definition is based on the mandate of Goal 10 that requires communities to plan for housing that meets the needs of households at all income levels. Goal 10, though it addresses housing, emphasizes the impacts on the households that need that housing. Since everyone needs shelter, Goal 10 requires that a jurisdiction address, at some level, how every household will be affected by the housing market over a 20-year period. Public agencies that provide housing assistance (primarily the Department of Housing and Urban Development – HUD, and the Oregon Housing and Community Services Department - HCS) define housing need more narrowly. For them, households in need do not include most of the households that can purchase or rent housing at an "affordable" price, consistent with the requirements of their household characteristics. Households that cannot find and afford such housing have need: they are either unhoused, in housing of substandard condition, overcrowded, or paying more than their income and federal standards say they can afford.
- *Housing market demand* is what households demonstrate they are willing to purchase in the market place. Growth in population means growth in the number of households and implies an increase in demand for housing units. That demand is met, to the extent it is, primarily by the construction of new housing units by the private sector based on its judgments about the types of housing that will be absorbed by the market. ORS 197.296 includes a market demand component: buildable land needs analyses must consider the density and mix of housing developed over the previous five years or since their most recent periodic review, whichever is greater. In concept, what got built in that five-year period was the *effective demand for new housing*: it is the local equilibrium of demand factors, supply factors, and price.

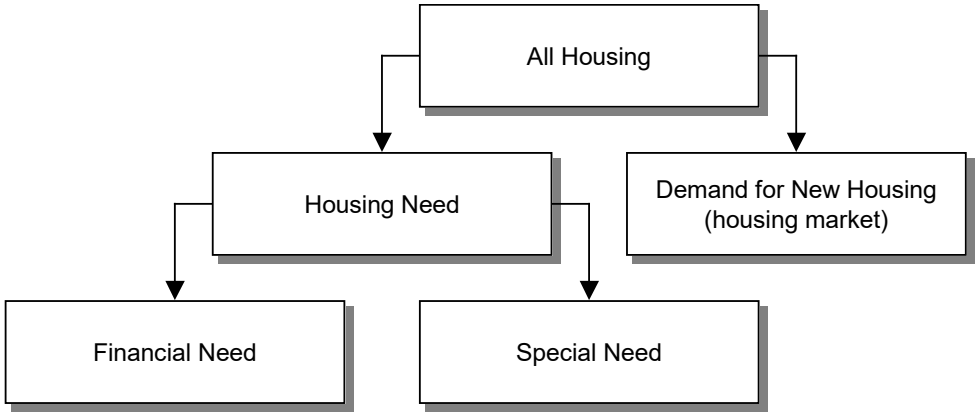
In short, a housing needs analysis should make a distinction between housing that people might need (a normative, social judgment) and what the market will produce (an observable outcome).

Goal 10 does not make a clear distinction between the existing stock of housing and new housing. Because a lot of Goal 10 (and Goal 9, the Economy) is aimed at Goal 14 (Urbanization) and a determination of whether more land should be added to urban growth boundaries, there is

usually more emphasis on *new* housing, which will require buildable land. In essence, a Goal-10 evaluation looks at (1) new households that the population forecasts presume will be living in a jurisdiction 20 years in the future, (2) estimates a number of new ("needed") housing units, by type, and (3) estimates the amount of land they will consume when they are constructed.

Figure A-1 distinguishes between housing needs that are unmet and those that are met via market transactions. Housing need is the total number of housing units required to shelter the population. In that sense, housing need is approximately the number of households: every household needs a dwelling place. Some housing need is met through market transactions without much government intervention because households have the income to *demand* (purchase) housing services (as owners or renters). That demand is shown in the box on the right. Other households, however, have needs unmet, usually because they lack the resources to purchase housing services (financial need), but because of special needs as well (though, even here, the issue is still one of financial resources).

**Figure A-1. Relationship between housing need and housing demand**




Most housing market analyses and housing elements of comprehensive plans in Oregon make forecasts of new demand (what housing units will get built in response to market forces). Work by housing authorities is more likely to address housing need for special classes, especially low-income. It is the role of cities under Goal 10 to adopt and implement land use policies that will encourage provision of housing units that meet the needs of all residents.

It is unlikely that housing markets in any metropolitan area in the U.S. provide housing to meet the needs of every household. Even many upper-income households probably believe they "need" (want) more housing than

their wealth and income allows them to afford. A typical standard, used by housing agencies around the country, is *excess cost burden*: does a household spend more than 30% of its income on housing? But even that standard may not comport with a common-sense notion of housing need: if upper income households are spending 40% of their income on housing because they are highly leveraged, betting on increases in property value, and have substantial wealth that they can invest in mortgage payments, do they have a housing need?

Independent of a strict legal interpretation, it is clear that any housing agency is focused on more basic housing needs. At the extreme there is homelessness: some people do not have any shelter at all. Close behind is substandard housing (with health and safety problems), space problems (the structure is adequate but overcrowded), and economic and social problems (the structure is adequate in quality and size, but a household has to devote so much of its income to housing payments that other aspects of its quality of life suffer). Location can also be a burden—households that live farther from work and shopping opportunities will have to spend more money on transportation. Moreover, while some new housing is government-assisted housing, public agencies do not have the financial resources to meet but a small fraction of that need. New housing does not, and is not likely to, fully address all these needs because housing developers, like any other business, strive for profits.

In fact, many of those needs are much more likely to be satisfied by existing housing: the older, used stock of structures that is usually less expensive per square foot than new housing. Thus, forecasting the type of new units that might be built in a region (by type, size, and price) is unlikely to bear any relationship to the type of housing to which most people with acute housing needs will turn to solve their housing problems. One key reason for this is that the cost of building new housing (land, services, materials, labor) is such that it is not "affordable" to low-income households at a price that recovers cost, much less one that generates normal profit. This "trickle-down" effect is well known among housing specialists. In most communities a quick comparison of new home prices with income distributions will underscore the fact that developers tend to focus on the move-up market and not on entry-level housing.

Viewed in the light of those definitions (e.g., housing demand and housing need), the requirements of Goal 10 need clarification. Goal 10 mandates that communities plan for housing that meets the needs of households at all income levels. Thus, Goal 10 implies that everyone has a housing need. As we have noted, however, it is hard to justify spending public resources on the needs of high-income households: they have the income to purchase

(demand) adequate housing services in the housing market. The housing they can afford may not be everything they want, but most policymakers would agree that the difference does not classify as the same kind of need that burdens very-low-income households.

In the context of the statewide land use program, planning for housing is addressed through local comprehensive plans and development codes. Moreover, state policy places some restrictions on what local governments can do. For example, ORS 197.309 prohibits local governments from requiring housing meet certain price points (often called inclusionary zoning).[1] In other words, cities are limited to regulating housing types and densities that correspond roughly to housing costs. It is important to note that increased density can decrease housing costs, but high density housing is not always low cost housing.

This study is not the place to resolve debates about definitions of housing need and the purposes of Goal 10. Our analysis of need addresses the Goal 10 requirements regarding financial need (ability to obtain housing) for future households as well as those households whose circumstances suggest that they will have special problems in finding adequate and affordable housing services. That analysis occurs after, and largely independent of, the forecast of new housing that is likely to be built to supply effective demand.

In summary, Goal 10 intends that cities and counties identify housing need and develop a land use policy framework that meets identified needs. One of the key issues that is addressed in a housing needs analysis is how much land is needed for different housing types, and therefore must be designated for different housing types. Providing sufficient land in the proper designations is one of the most fundamental land use tools local governments have to meet housing need.

[1] ORS 197.309 states: "…a city, county or metropolitan service district may not adopt a land use regulation or functional plan provision, or impose as a condition for approving a permit under ORS 215.427 or 227.178, a requirement that has the effect of establishing the sales price for a housing unit or residential building lot or parcel, or that requires a housing unit or residential building lot or parcel to be designated for sale to any particular class or group of purchasers."

## A.2 WHAT IS AFFORDABLE HOUSING?

The terms "affordable" and "low-income" housing are often used interchangeably. These terms, however, have different meanings:

- *Affordable housing* refers to a household's ability to find housing within its financial means. A number of indicators exist that can be used to determine whether housing is affordable. One indicator is cost burden: households that spend more than 30% of their income on housing and certain utilities are considered to experience *cost burden*.[2] Any household that pays more than 30% experiences cost burden and does not have *affordable* housing. Thus, affordable housing applies to all households in the community.
- *Low-income housing* refers to housing for "low-income" households. HUD considers a household low-income if it earns 80% or less of median family income. In short, low-income housing is targeted at households that earn 80% or less of median family income.

These definitions mean that any household can experience cost burden and that affordable housing applies to all households in an area. Low-income housing targets low-income households. In other words, a community can have a housing affordability problem that does not include only low-income households.

Many (maybe most) households that experience cost burden are composed of people who have jobs and are otherwise productive members of society. A household earning 80% of median family income in Newport earns about $40,000 annually—or about $19.00 per hour for a full-time employee. Based on HUD affordability standards, the maximum affordable purchase price for a household earning $40,000 annually is about $120,000. Depending on household size, many of these households are eligible for government housing assistance programs.

In summary, any household can face housing affordability problems. Because they have more limited financial means, the incidence of cost burden is higher among low-income households. Statewide planning Goal

[2] Cost burden is a concept used by HUD. Utilities included with housing cost include electricity, gas, and water, but do not include telephone expenses. All of the indicators ECO has reviewed, including cost burden, have limitations that can distort results. Cost burden does not consider the impact of household size or accumulated assets. As a result a single-person household with an annual income of $20,000 and accumulated assets of $500,000 would be in the same category as a family of seven with an annual income of $20,000 and no accumulated assets.

10 requires cities to adopt policies that encourage housing at price ranges commensurate with incomes. State land use policy does not distinguish between households of different income levels and requires cities to adopt policies that encourage housing for all households.

## A.3 WHAT OBJECTIVES DO HOUSING POLICIES TYPICALLY TRY TO ACHIEVE?

The *Practice of State and Local Planning*[3] classifies goals that most government housing programs address into four categories:

- *Community life.* From a community perspective, housing policy is intended to provide and maintain safe, sanitary, and satisfactory housing with efficiently and economically organized community facilities to service it. In other words, housing should be coordinated with other community and public services. Although local policies do not always articulate this, they are implicit in most local government operations. Comprehensive plans, zoning, subdivision ordinances, building codes, and capital improvement programs are techniques most cities use to manage housing and its development. Local public facilities such as schools, fire and police stations, parks, and roads are usually designed and coordinated to meet demands created by housing development.
- *Social and equity concerns.* The key objective of social goals is to reduce or eliminate housing inadequacies affecting the poor, those unable to find suitable housing, and those discriminated against. In other words, communities have an obligation to provide safe, satisfactory housing opportunities to all households, at costs they can afford, without regard to income, race, religion, national origin, family structure, or disability.
- *Design and environmental quality.* The location and design of housing affect the natural environment, residents' quality of life, and the nature of community life. The objectives of policies that address design and environmental quality include neighborhood and housing designs that meet: household needs, maintain quality of life, provide efficient use of land and resources, reduce environmental impacts, and allow for the establishment of social and civic life and institutions. Most communities address these issues through local

[3] *The Practice of Local Government Planning, 2nd Edition,* International City Managers Association, 1988.

building codes, comprehensive land use plans, and development codes.

- *Stability of production.* Housing is a factor in every community's economy. The cyclical nature of housing markets, however, creates uncertainties for investment, labor, and builders. The International City Manager's Association suggests that local government policies should address this issue—most do not. Moreover, external factors (e.g. interest rates, cost of building materials, etc.) that bear upon local housing markets tend to undermine the effectiveness of such policies.

Despite the various federal and state policies regulating housing, most housing in the U.S. is produced by private industry and is privately owned. While the land use powers of local government have been an important factor in the production of housing, the role of local government has largely focused on regulation for public health and safety and provision of infrastructure. More recently, awareness has grown regarding the impact policies and regulations have had on the other aspects of community life such as costs of transportation and other infrastructure, access of residents to services and employment, and social interactions.

## A.4 FRAMEWORK FOR DETERMINING WHETHER RESIDENTIAL LAND IS SUFFICIENT (STATE REQUIREMENTS)

The passage of the Oregon Land Use Planning Act of 1974 (ORS Chapter 197), established the Land Conservation and Development Commission (LCDC), and the Department of Land Conservation and Development (DLCD). The Act required the Commission to develop and adopt a set of statewide planning goals. Goal 10 addresses housing in Oregon and provides guidelines for local governments to follow in developing their local comprehensive land use plans and implementing policies.

At a minimum, local housing policies must meet the requirements of Goal 10 (ORS 197.295 to 197.314, ORS 197.475 to 197.490, and OAR 600-008).[4] Goal 10 requires incorporated cities to complete an inventory of buildable residential lands[5] and to encourage the availability of adequate numbers of

[4] Newport is not required to comply with all of the implementing policies for Goal 10 (e.g., ORS 197.296) because the City's population is less than 25,000.

[5] The definition of buildable residential land from OAR 660-008 is presented in the glossary in Appendix A.

housing units in price and rent ranges commensurate with the financial capabilities of its households.

Goal 10 defines needed housing types as "housing types determined to meet the need shown for housing within an urban growth boundary at particular price ranges and rent levels." ORS 197.303, which applies to Newport, defines needed housing types:

(a) Housing that includes, but is not limited to, attached and detached single-family housing and multiple family housing for both owner and renter occupancy;

(b) Government assisted housing;[6]

(c) Mobile home or manufactured dwelling parks as provided in ORS 197.475 to 197.490; and

(d) Manufactured homes on individual lots planned and zoned for single-family residential use that are in addition to lots within designated manufactured dwelling subdivisions.

The scope of this project is to complete the technical work for a housing needs analysis for the Newport UGB, in advance of the City entering periodic review

1. **Population forecast.** Lincoln County does not have a coordinated, adopted population forecast. The housing needs analysis used a safe harbor methodology to forecasting population growth in which a city may adopt a 20-year population forecast based on the Oregon Office of Economic Analysis's (OEA) population forecast for the County, assuming that the urban area's share of the forecast population will remain constant over the planning period (OAR 660-024-0030(4)(b)). The method for developing this forecast is described in Appendix E.
2. **Housing Needs Analysis.** ECONorthwest conducted a housing needs analysis based on the requirements of Goal 10 and OAR 660-008. The housing types that used in the housing needs analysis included those defined in ORS 197.303: single-family detached, single-family attached, multifamily, mobile or manufactured housing in parks and on lots, and government assisted housing. The HNA uses the following aggregations housing types: single-family detached (including manufactured home), single-family attached

[6] Government assisted housing can be any housing type listed in ORS 197.303 (a), (c), or (d).

dwellings, and multifamily housing (including duplexes, tri- and quad-plexes, and structures with more than five units. Additionally, the HNA evaluates secondary dwellings (e.g., vacation units) and government assisted housing. The housing needs analysis includes:

A) **Project new housing units needed.** We projected needed housing units based on forecast population growth for the Newport UGB between 2011 and 2031. We considered other factors, such as number of people expected to live in group quarters, household size, housing mix, and vacancy rates.

B) **Identify trends that may affect housing mix and density.** We reviewed national, state, and local demographic and economic trends that may affect housing mix and density. These trends include: changes in housing tenure, changes in housing mix, changes in the region's age structure, changes in ethnicity, changes in housing prices and recent increases in mortgage foreclosures, and other trends.

C) **Determine types of housing that are likely to be affordable.** We reviewed trends in housing affordability, such as changes in income, changes in housing price, changes in rental costs, rate of cost-burden, and housing affordability by type of housing for households of different incomes.

D) **Estimate the number of units needed by housing type.** The estimate of the number of units needed by housing type will be based on the information described in 3 A through C.

3. **Determine actual mix and density of existing housing.** The analysis of housing mix and density of existing housing is based on analysis of building permits and land that was developed since 2000.

4. **Determine average density and mix of needed housing.** ECO developed a preliminary housing needs projection that documents "needed" density and mix for future housing needs based on the conclusions about housing need from the housing needs analysis.

5. **Determine residential land sufficiency.** We compared the needed acres of residential land with the inventory of residential land in each Plan Designation to determine whether there is enough land within the UGB to accommodate 20-years' worth of growth.

# Appendix B Regional and Local Trends Affecting Newport's Housing Need

This appendix contains background information and analysis necessary for a housing needs analysis. The appendix is organized into the following sections:

- Demographics
- Housing Affordability

## DEMOGRAPHIC TRENDS

### POPULATION GROWTH

Newport's population has grown over the last two decades. Table B-1 shows population change in selected areas in Newport, Lincoln County, and Oregon between 1990 and 2010. Over the 20-year Newport added over 2,000 people, a 26% increase in population, at an average annual rate of 1.4%. Newport grew at a slower rate (1.8% per year) than Oregon (1.9% per year), but faster than Lincoln County (0.8% per year).

**Table B-1. Population change, Oregon, Lincoln County, and Newport, 1990 to 2010**

| | Population | | | Change 1990 to 2010 | | |
|---|---|---|---|---|---|---|
| Area | 1990 | 2000 | 2010 | Number | Percent | AAGR |
| U.S. | 248,709,873 | 281,421,906 | 301,461,533 | 52,751,660 | 21% | 1.1% |
| Oregon | 2,842,321 | 3,421,399 | 3,844,195 | 1,001,874 | 35% | 1.9% |
| Lincoln County | 38,889 | 44,479 | 44,620 | 5,731 | 15% | 0.8% |
| Newport | 8,437 | 9,532 | 10,605 | 2,168 | 26% | 1.4% |

Source: U.S. Census 1990 SF1 P001, U.S. Census 2000 SF1 P1, Portland State University Population Research Center 2010 Certified Oregon Population Estimates.
Note: AAGR is average annual growth rate.

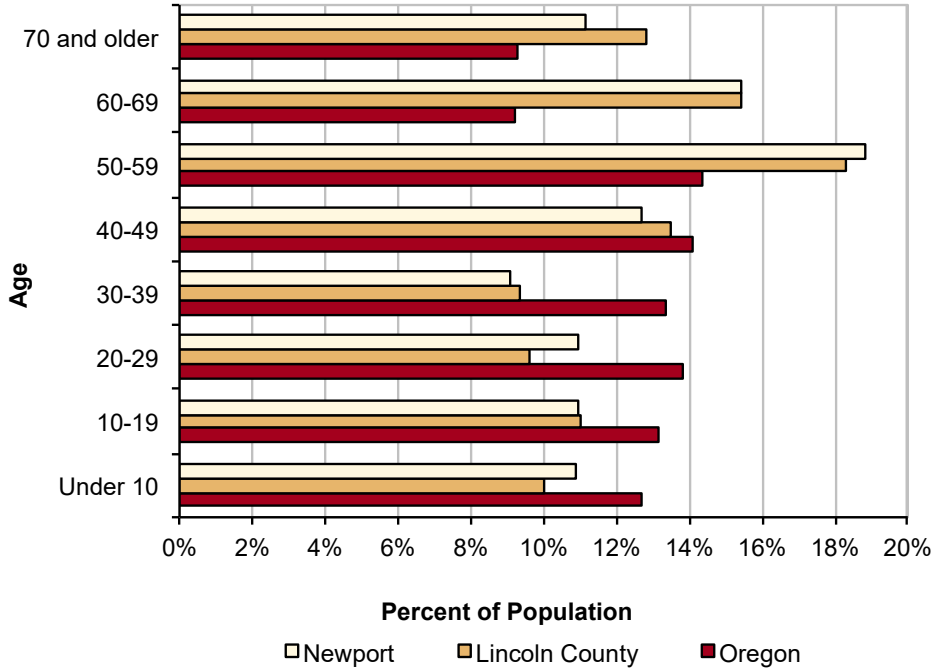
Data from the 2010 Census of Population and Housing was just becoming available at the time the population element was being updated. It is notable that the 2010 Census count for the City of Newport was 9,989 – or 616 persons less than the 2010 population estimate developed by Portland State University. If one assumes the Census count is correct, then the PSU estimates have overestimated population in Newport since 2005 (or earlier).

### AGE

Figure B-1 shows the age distribution in Newport, compared to Lincoln County and Oregon, for the 2005-2009 period. Newport has a higher

proportion of its population aged 50 or older (45%) than State (33%) averages. Newport has comparatively fewer residents below age 39 (42%) than the State (53%), but more than the County (40%). The affect of Newport's age distribution for housing need is described later in this section.

**Figure B-1. Population distribution by age, Oregon, Lincoln County, and Newport, 2005-2009**




Source: American Community Survey 2005-2005 5-year estimates B01001

In comparison to nearby communities, Newport has a smaller share of children and people over 65 years but a larger share of working-aged persons:

- Nineteen percent of Newport households have one or more people under the age of 18. Nearby cities generally have a larger percentage of households with one or more people under the age of 18, including Siletz (25%) and Toledo (35%).

- Nineteen of the city's residents were over the age of 65. Outlying communities with the largest percent of persons 65 and over were Yachats (42%), Waldport (29%) and Depoe Bay (21%).

- Just over fifty percent of the city's residents are of working age (20-60 years old)[7]

Table B-2 shows population by age for Newport for 2000 and the 2005-2009 period. The data show that Newport grew by 329 people between 2000 and 2005-2009, a 3% increase. The age breakdown shows that the fastest growing age groups in Newport were aged 45 to 64 years and 65 and over, consistent with County and State trends. The number of people under 44 years old decreased in Newport.

**Table B-2. Population by age, Newport, 2000 and 2005-2009**

| | 2000 | | 2005-2009 | | Change 2000 to 2005-2009 | | |
|---|---|---|---|---|---|---|---|
| Age Group | Number | Percent | Number | Percent | Number | Percent | Share |
| Under 5 | 533 | 6% | 476 | 5% | -57 | -11% | -1% |
| 5-17 | 1,590 | 17% | 1,497 | 15% | -93 | -6% | -1% |
| 18-24 | 770 | 8% | 656 | 7% | -114 | -15% | -1% |
| 25-44 | 2,452 | 26% | 2,087 | 21% | -365 | -15% | -5% |
| 45-64 | 2,548 | 27% | 3,245 | 33% | 697 | 27% | 6% |
| 65 and over | 1,639 | 17% | 1,900 | 19% | 261 | 16% | 2% |
| **Total** | **9,532** | **100%** | **9,861** | **100%** | **329** | **3%** | **0%** |

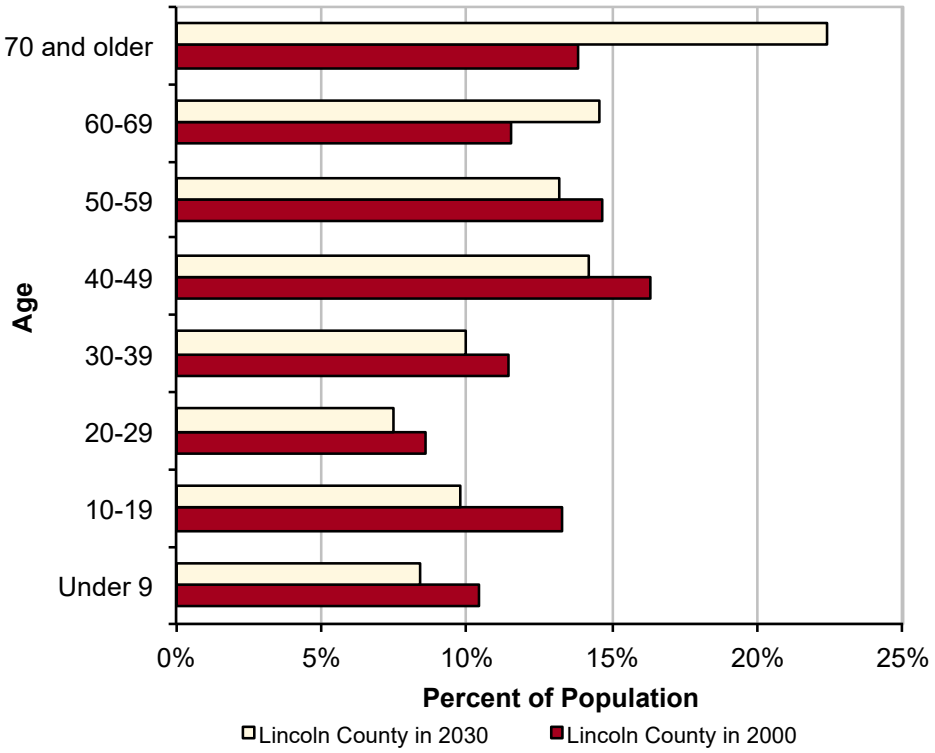
Source: U.S. Census 2000 P12, American Community Survey 2005-2009 B01001

The data in Table B-2 suggests that Newport's population is aging and that the City is attracting older people and with growth concentrated in people 45 years and older. This trend is consistent with State and national trends.

Figure B-2 shows the Office of Economic Analysis's (OEA) forecast of population by age group for 2000 to 2030 for Lincoln County. The OEA forecasts that Lincoln County will experience growth in younger age groups. The share of population in people 60 years and older is forecast to increased from 25% of the population in 2000 to 37% of the population in 2030. The share of population 29 years and younger is forecast to decrease from 32% in 2000 to 26% in 2030.

[7] Based on information from the U.S. Census 2005-2009 American Community Survey.

**Figure B-2. Change in population distribution by age, Lincoln County, 2000-2030**




Source: Oregon Office of Economic Analysis.
http://www.oregon.gov/DAS/OEA/docs/demographic/pop_by_ageandsex.xls

# HOUSEHOLD COMPOSITION

## HOUSEHOLD SIZE

The average household size decreased statewide over the past five decades. The average household size in Oregon was 2.60 in 1980, 2.52 in 1990, 2.51 in 2000 and 2.49 in 2005-2009. One and two person households accounted for the majority of Oregon households in 1990. The direct impact of decreasing household size on housing demand is that smaller households results in more households, which means a need for more housing units even if population were not growing.

Table B-3 shows average household size in Oregon, Lincoln County, and Newport for 2000 and 2005-2009. Table B-3 shows that the 2000 Census estimated that Newport had 2.25 persons per household. The 2005-2009 American Community Survey estimated that household size decreased to 2.19 persons per household. This decrease in household size is consistent with County and State trends.

**Table B-3. Average household size, Oregon, Lincoln County, and Newport, 2000 and 2005-2009**

| | Oregon | Lincoln County | Newport |
|---|---|---|---|
| **2000** | | | |
| Average household size | 2.51 | 2.27 | 2.25 |
| Owner-occupied units | 2.59 | 2.24 | 2.17 |
| Renter-occupied units | 2.36 | 2.34 | 2.34 |
| **2005-2009** | | | |
| Average household size | 2.49 | 2.27 | 2.19 |
| Owner-occupied units | 2.58 | 2.27 | 2.28 |
| Renter-occupied units | 2.32 | 2.28 | 2.05 |

Source: U.S. Census 2000 H12, American Community Survey 2005-2009 B25010

### HOUSEHOLD COMPOSITION

Table B-4 shows household composition in Oregon, Lincoln County, and Newport. In the 2005-2009 period, 19% of Newport's households had children, compared with 18% of Lincoln County's households and 28% of Oregon's households. Newport had a smaller share of households with married couples (43%), with and without children, than the State (50%) or County (48%). Newport had a larger share of non-family households (44%) than the County average (41%) or State average (36%).

**Table B-4. Household composition, Oregon, Lincoln County, and Newport, 2005-2009**

| | Oregon | | Lincoln County | | Newport | |
|---|---|---|---|---|---|---|
| **Household Type** | **Number** | **Percent** | **Number** | **Percent** | **Number** | **Percent** |
| **Households with children** | **413,712** | **28%** | **3,483** | **18%** | **826** | **19%** |
| Married-couple family | 290,855 | 20% | 2,298 | 12% | 415 | 9% |
| Female householder, no husband present | 90,071 | 6% | 930 | 5% | 338 | 8% |
| Other families | 32,786 | 2% | 255 | 1% | 73 | 2% |
| **Households without children** | **1,050,484** | **72%** | **16,405** | **82%** | **3,627** | **81%** |
| Married-couple family | 440,699 | 30% | 7,112 | 36% | 1,501 | 34% |
| Other families | 81,533 | 6% | 1,053 | 5% | 180 | 4% |
| Nonfamilies | 528,252 | 36% | 8,240 | 41% | 1,946 | 44% |
| **Total Households** | **1,464,196** | **100%** | **19,888** | **100%** | **4,453** | **100%** |
| **Average Household Size** | **2.70** | | **2.53** | | **2.64** | |

Source: American Community Survey 2005-2009 B25115

## ETHNICITY

Newport has grown more ethnically diverse since 1990. Table B-5 shows the number of persons of Hispanic or Latino origin for Oregon, Lincoln County, and Newport for 1990, 2000, and the 2005-2009 period. In the 2005-2009 period, Newport's population was 8% Hispanic/Latino, compared with 7% of residents of Lincoln County and 11% of residents of Oregon.

The Hispanic/Latino population in Lincoln County grew faster than the State as a whole from 1990 to 2005-2009. Newport's Hispanic/Latino population grew by 385% between 1990 and 2005-2009, adding 650 new

Hispanic/Latino residents. During the same period, Lincoln County's Hispanic/Latino population grew by 455% and Oregon' Hispanic/Latino population grew by 249%.

**Table B-5. Persons of Hispanic or Latino origin, Oregon, Lincoln County, and Newport, 1990, 2000, and 2005-2009**

| | Oregon | Lincoln County | Newport |
|---|---|---|---|
| **1990** | | | |
| Total Population | 2,842,321 | 38,889 | 8,437 |
| Hispanic or Latino | 112,707 | 598 | 169 |
| Percent Hispanic or Latino | 4% | 2% | 2% |
| **2000** | | | |
| Total Population | 3,421,399 | 44,479 | 9,532 |
| Hispanic or Latino | 275,314 | 2,119 | 854 |
| Percent Hispanic or Latino | 8% | 5% | 9% |
| **2008** | | | |
| Total Population | 3,727,407 | 45,892 | 9,861 |
| Hispanic or Latino | 393,466 | 3,316 | 819 |
| Percent Hispanic or Latino | 11% | 7% | 8% |
| **Change 1990 to 2008** | | | |
| Hispanic or Latino | 280,759 | 2,718 | 650 |
| Percent Hispanic or Latino | 249% | 455% | 385% |

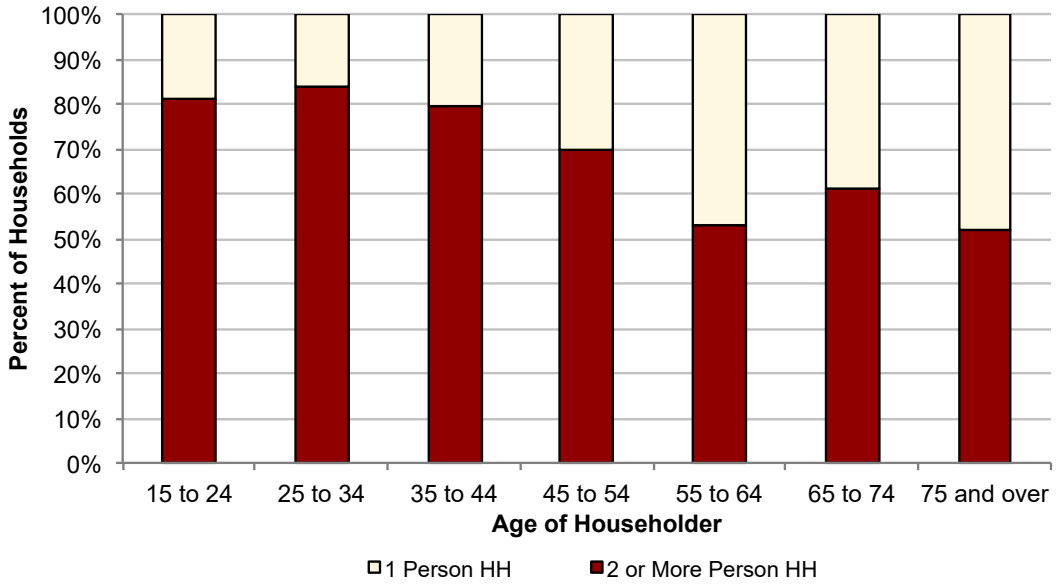
Source: U.S. Census 1990 STF1 P009, U.S. Census 2000 P4, American Community Survey 2005-2009 B03002

## RELATIONSHIP BETWEEN DEMOGRAPHICS AND HOUSING CHOICE

Housing needs change throughout a person's life, with changes in income, family composition, and age. The types of housing needed by a 20-year-old college student are different than the needs of a 40 year old parent with children or an 80 year old single-person. Figures B-3 through 5 show characteristics of households by household size and by age of householder for Newport. These figures show the relationship between age, household size and tenure. While these figures show information about Newport's households in 2000 (the most recent data available for this analysis), the information about housing choice shown in these figures is unlikely to have changed substantially since 2000 because these relationships change very slowly over decades.

Figure B-3 shows households by household size and age of householder in Newport in 2000. Householders age 54 and younger are most likely to live in households with two or more people. Householders 55 years and older are more likely to live in single-person households. Almost half of householders age 75 years and older live in single-person households.

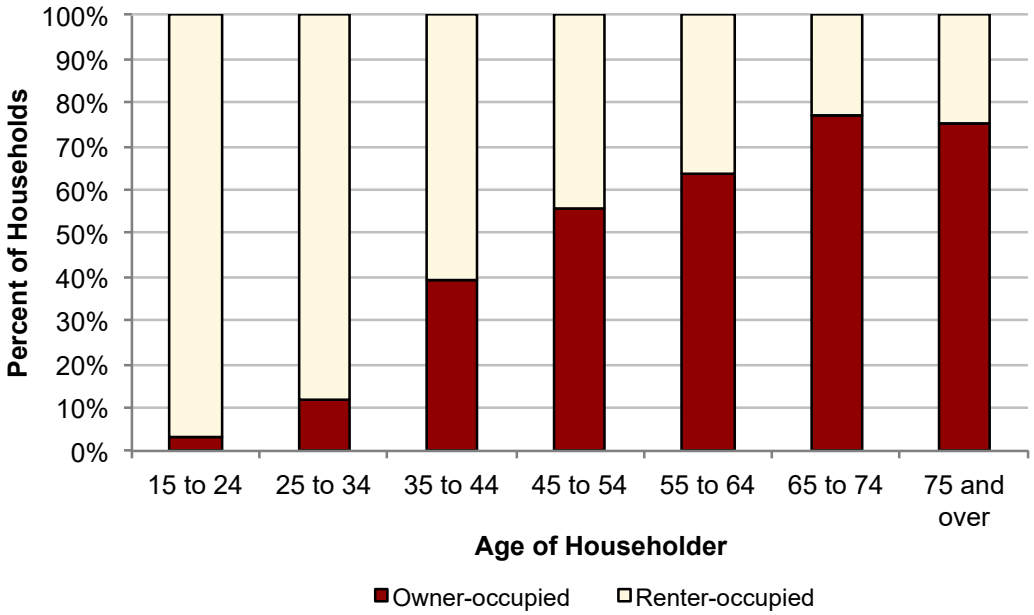
**Figure B-3. Households by household size and age of householder, Newport, 2000**




Source: U.S. Census 2000 SF3 HCT2

Figure B-4 shows households by tenure and age of householder in Newport in 2000. Newport was split between owner-occupied units (51% of total) and renter-occupied households (49%). More than half of householders aged 45 and older were homeowners. Homeownership peaked between age 65 and 74 (at 77%), leveling off at 75% at age 75 and over. The information in Figure B-4 suggests that people over 65 prefer to continue being homeowners past traditional retirement ages.

**Figure B-4. Households by tenure and age of householder, Newport, 2000**

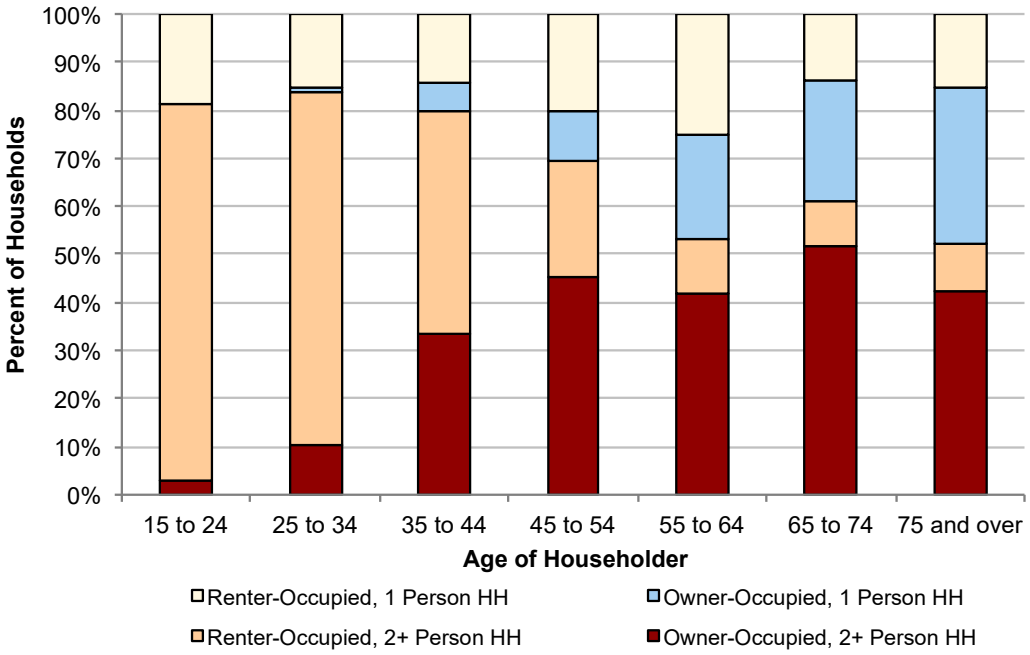



Source: U.S. Census 2000 SF3 HCT2

Figure B-5 shows households by tenure, size, and age of householder in Newport in 2000. Figure 5 shows that:

- Householders 45 years and younger were more likely to live in households with 2 or more persons.
- Householders age 45 and older were more likely to be homeowners.
- Householders 65 years and older were more likely to be homeowners with two or more persons than other age groups.
- Householders younger than 44 years were more likely than other age groups to be renters with two or more persons in their household.

**Figure B-5. Households by household size, tenure, and age of householder, Newport, 2000**




Source: U.S. Census 2000 SF3 HCT2

# OTHER TRENDS AFFECTING HOUSING DEMAND

## COMMUTING PATTERNS

Table B-6 and Figure B-6 show where residents of Newport worked in 2008. Table B-6 shows that 68% of residents of Newport worked in Lincoln County, with 50% working in Newport.

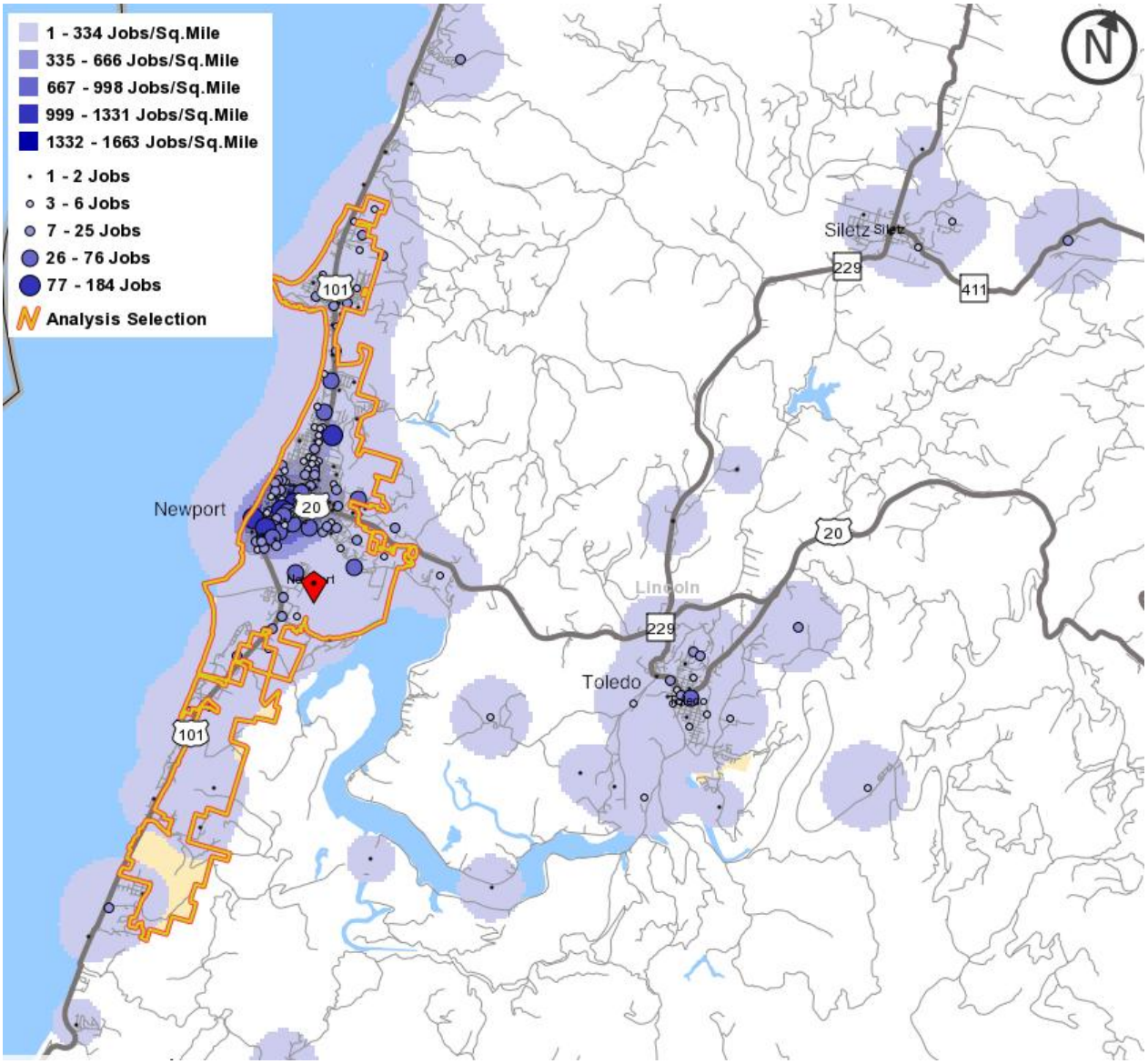
**Table B-6. Places where residents of Newport were employed, 2008**

| Location | Number | Percent |
|---|---|---|
| Lincoln County | 2,672 | 68% |
| Newport | 1,968 | 50% |
| Toledo | 163 | 4% |
| Lincoln City | 128 | 3% |
| Multnomah County | 223 | 6% |
| Marion County | 190 | 5% |
| Washington County | 152 | 4% |
| Benton County | 117 | 3% |
| Clackamas County | 100 | 3% |
| All other counties | 463 | 12% |
| **Total** | **3,917** | **100%** |

US Census Bureau, LED Origin-Destination Data Base (2008)

Note: "All other counties" include, but are not limited to, the counties of Clatsop, Linn, Lane, and Jackson. There are less fewer than 100 residents commuting from each of these counties.

**Figure B-6. Places where residents of Newport were employed, 2008**




US Census Bureau, LED Origin-Destination Data Base (2008)

Table B-7 and Figure B-7 show that most workers in Newport live in Lincoln County, with about 30% living in Newport, 10% in Toledo, 3% in Lincoln City, and the remainder in other parts of Lincoln County. Table B-7 shows that majority of Newport's workforce lives in Lincoln County, with more than two-thirds of Newport's workforce commuting from outside of Newport.

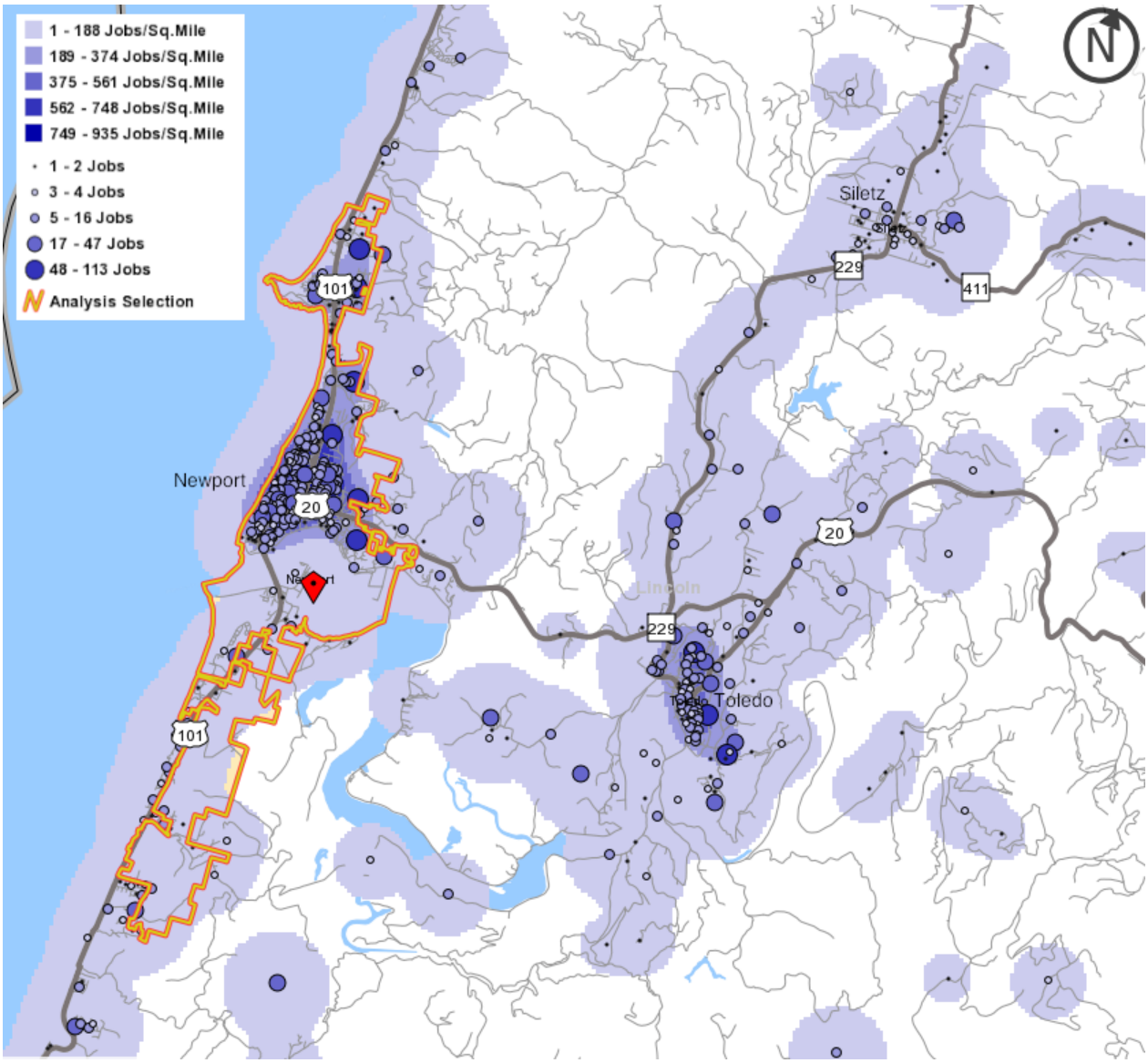
## Table B-7. Places where workers in Newport lived, 2008

| Location | Number | Percent |
|---|---|---|
| Lincoln County | 4,501 | 70% |
| Newport | 1,968 | 31% |
| Toledo | 654 | 10% |
| Lincoln City | 181 | 3% |
| Lane County | 335 | 5% |
| Benton County | 219 | 3% |
| Linn County | 218 | 3% |
| All other counties | 1,136 | 18% |
| **Total** | **6,409** | **100%** |

US Census Bureau, LED Origin-Destination Data Base (2008)

Note: "All other counties" include, but are not limited to Marion, Washington, Multnomah, Clackamas, Jackson, and Deschutes County. There are 100 or fewer residents commuting from each of these counties.

## Figure B-7. Places where workers in Newport lived, 2008



The information in the preceding tables show that Newport is a regional economic center, with about 6,400 people who work in the City. About half of working residents of Newport work in Newport but only 30% of Newport's workers also live in Newport. This shows Newport is a net-importer of workers, with 70% of the City's workforce commuting from outside the City and about 30% of workers commuting from outside Lincoln County.

## VACANCY AND SECOND HOMES

The Joint Center for Housing Studies suggests that an aging population, baby boomers in particular, will drive changes in the age distribution of households in all age groups over 55 years. A recent survey of baby boomers showed that more than a quarter plan to relocate into larger homes and 5% plan to move to smaller homes.

The younger baby boomers face challenges resulting from the decrease in housing values, which has left many households with mortgages that are higher than the worth of the house. It may take years for the value of these houses to equal or exceed the value of the mortgage. Second home demand among upper-income homebuyers of all ages also continues to grow, many of whom may be younger baby boomers. The ability to purchase second homes may be negatively affected by diminished earnings and lack of equity in primary homes.

It is unclear what housing choices the echo boomers will make. Some studies suggest that their parents' negative experience in the housing market, with housing values dropping so precipitously and so many foreclosures, will make echo boomers less likely to become homeowners. In addition, high unemployment and underemployment may decrease echo boomers' earning power and ability to save for a down payment. It is not clear, however, that echo boomers' housing preferences will be significantly different from their parents over the long run.

Table B-8 shows that vacancy rates in Newport ranged from about 13.6% in 1990 to 18.3% in 2000, and 19.4% in the 2005-2009 period. The apparent increase in vacancy rates in Newport suggests that vacancies for seasonal or recreational use have become more common over time.

**Table B-8. Vacancy Status for Newport 1990, 2000, 2005-2009**

| | 1990 | 2000 | 2005-2009 |
|---|---|---|---|
| Occupied | 86% | 82% | 81% |
| Vacant | 14% | 18% | 19% |
| For Sale | 1% | 2% | 1% |
| For Rent | 2% | 6% | 2% |
| Seasonal | 6% | 9% | 16% |
| Other | 4% | 2% | 1% |

Source: U.S. Census 1990 SF3 H005, 2000 SF 3 H5, and American Community Survey 2005-2009 B25004

Newport's vacancy rate is higher than the State average. In 2000, the Oregon average vacancy rate was 8% and during the 2005-2009 period it was 9%. About 3% of Oregon's dwellings were vacant for seasonal uses in 2000 and the 2005-2009 period.

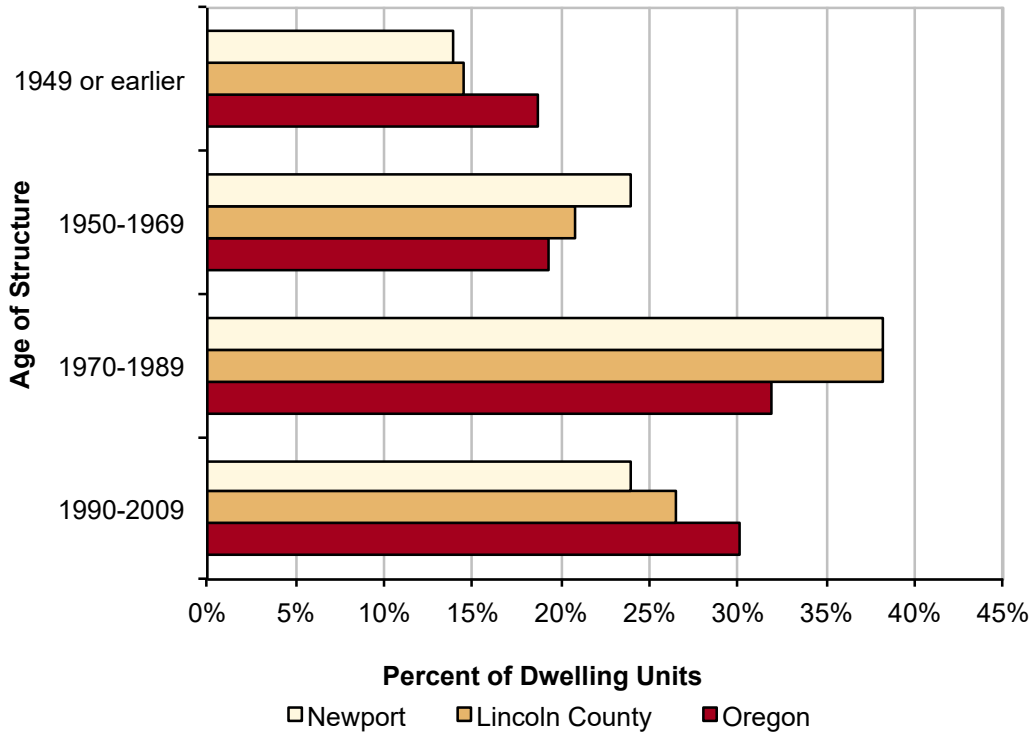
## AGE OF HOUSING STOCK

Anecdotal information from City staff and housing stakeholders suggests that the condition of rental housing in Newport is poor. The condition of rental housing combined with the higher rental costs (relative to nearby communities) negatively affects potential renters' willingness to rent in Newport.

Information about the condition of rental housing in Newport is not generally available. The age of housing stock is one indication of housing condition. Figure B-8 shows the age of the housing stock in Oregon, Lincoln City, and Newport. Figure B-8 shows that a larger share of Newport's housing stock was built between 1950 and 1969 (38%) compared to the State average (32%). A smaller share of Newport's housing stock was built between 1990 to 2009 (24%) compared to the State average (30%).

According to Census data, the median year built for Newport's housing stock was 1976, with the median year built for owner-occupied housing of 1978 and the median year built for renter-occupied housing of 1974. On average, renter-occupied housing is about four years younger than owner-occupied housing. For comparison, the median year built for housing in Oregon is 1976 for both owner-occupied housing and renter-occupied housing.

**Figure B-8. Age of Housing Stock, Oregon, Lincoln City, and Newport, 2005-2009**




Source: U.S. Census American Community Survey 2005-2009 B25034
Note: The information above includes age of all housing, including vacant housing.

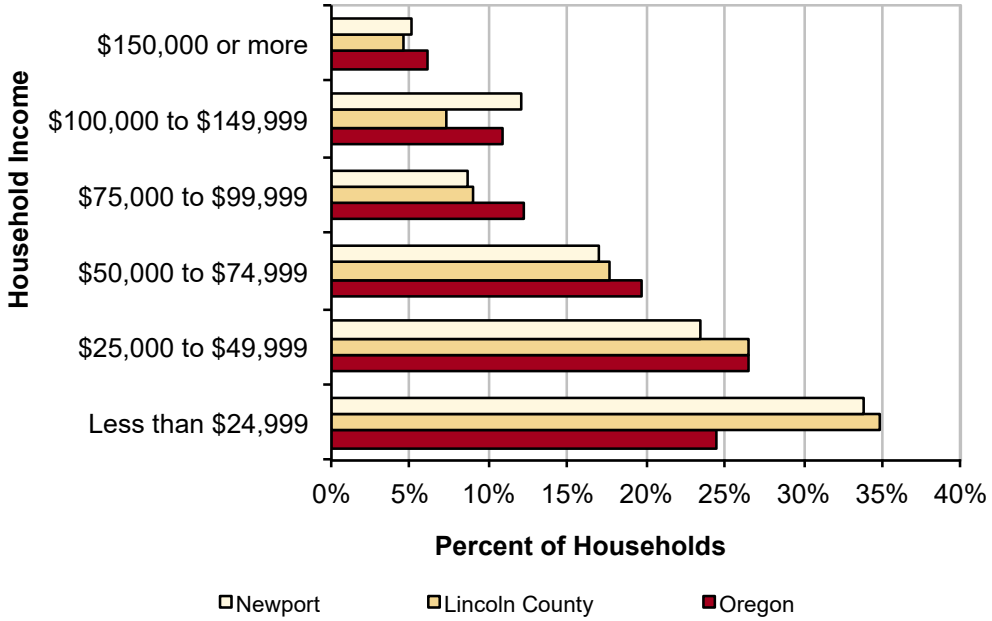
# HOUSING AFFORDABILITY

## INCOME

This section summarizes regional and local income and housing cost trends. Income is one of the key determinants in housing choice and households' ability to afford housing. A review of historical income and housing price trends provides insights into the local and regional housing markets.

Figure B-9 shows the distribution of household income in Oregon, Lincoln County, and Newport for the 2005-2009 period. Newport and Lincoln County generally had a larger share of households with income of $50,000 or less (57% and 61% respectively) compared with the State average (51%). Newport had a similar share of households with income over $100,000 as the State (17%)

**Figure B-9. Household Income, Oregon, Lincoln County, and Newport, 2005-2009**




Source: American Community Survey, 2005-2009; Table B19001

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. HUD 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 consistent with the Goal 10 requirement of providing housing that is affordable to all households in a community.

According to the U.S. Census, about 7,700 households in Lincoln County—over 40%—paid more than 30% of their income for housing expenses in the 2005-2009 period. Table B-9 shows housing costs as a percent of income by tenure for Newport households during the 2005-2009 period. The data show that about 39% of Newport households experienced cost burden during the 2005-2009 period. The rate was much higher for renters (51%) than for homeowners (30%).

**Table B-9. Housing cost as a percentage of household income, Newport, 2005-2009**

| | Owners | | Renters | | Total | |
|---|---|---|---|---|---|---|
| Percent of Income | Number | Percent | Number | Percent | Number | Percent |
| Less than 20% | 1,183 | 46% | 472 | 28% | 1,655 | 39% |
| 20% - 24% | 320 | 12% | 125 | 7% | 445 | 10% |
| 25% - 29% | 284 | 11% | 239 | 14% | 523 | 12% |
| 30% - 34% | 130 | 5% | 179 | 10% | 309 | 7% |
| 35% or more | 644 | 25% | 698 | 41% | 1,342 | 31% |
| Total | 2,561 | 100% | 1,713 | 100% | 4,274 | 100% |
| **Cost Burden** | **774** | **30%** | **877** | **51%** | **1,651** | **39%** |

Source: American Community Survey 2005-2009 B25070 B25091

In comparison, 40% of Lincoln County's households were cost burdened during the 2005-2009 period, with 55% of renter households cost burdened and 33% of owner households cost burdened. The State average of cost burden was 39%, with 50% of renter households cost burdened and 33% of owner households cost burdened.

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 non-discretionary expenses, such as food or medical care, and on discretionary expenses. Households with higher income may be able to pay more than 30% of their income on housing without impacting the household's ability to pay for necessary non-discretionary 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 accumulated wealth a household's ability to pay for housing. For example, a household with 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 describes the amount that a household pays for shelter. Households have other necessary expenses, such as food, transportation, clothing, utilities, health care, other necessities, as well as optional expenses, such as recreation. Cost burden decreases the amount of income available to pay for necessary expenses. The cost of necessities varies throughout Oregon and affects a household's ability to live in a given City.

- Annual average household expenditures in Newport is about $38,100, not including housing.
- Newport's expenditures is about the same or higher than small cities in the Willamette Valley. For example, average household expenditures in Lebanon is about $33,400 ($4,700 less than Newport), $32,900 in Cottage Grove ($5,200 less than Newport), or $39,300 in Silverton ($1,200 more than Newport).
- Expenditures in Newport are comparable to expenses in larger cities in the Willamette Valley. Average household expenditures in Eugene and Salem are $39,300 ($1,200 more than Newport) and $38,000 in Corvallis ($200 less than Newport).
- The types of expenses that are most frequently higher in Newport than in the smaller cities in the Willamette Valley are transportation (including gasoline), food, utilities, and health care.[8]

Cost burden is only one indicator of housing affordability. Another way of exploring the issue of financial need is to review wage rates and housing affordability. Table B-10 shows an illustration of affordable housing wage and rent gap for households in Lincoln County at different percentages of median family income (MFI). The data are for a typical family of four. The results indicate that a household must earn $14.60 an hour to afford a two-bedroom unit according to HUD's market rate rent estimate.

**Table B-10. Illustration of affordable housing wage and rent gap by HUD income categories for a two-bedroom rental unit, Lincoln County, 2010**

| Value | Minimum Wage | 30% MFI | 50% MFI | 80% MFI | 100% MFI | 120% MFI |
|---|---|---|---|---|---|---|
| Annual Hours | 2080 | 2080 | 2080 | 2080 | 2080 | 2080 |
| Derived Hourly Wage | $8.40 | $7.21 | $12.02 | $19.23 | $24.04 | $28.85 |
| Annual Wage At Minimum Wage | $17,472 | $15,000 | $25,000 | $40,000 | $50,000 | $60,000 |
| Annual Affordable Rent | $5,242 | $4,500 | $7,500 | $12,000 | $15,000 | $18,000 |
| Monthly Affordable Rent | $437 | $375 | $625 | $1,000 | $1,250 | $1,500 |
| HUD Fair Market Rent (2 Bedroom) | $759 | $759 | $759 | $759 | $759 | $759 |
| Is HUD Fair Market Rent Higher Than The Monthly Affordable Rent? | Yes | Yes | No | No | No | No |
| Rent Paid Monthly OVER 30% of Income | $322 | $384 | na | na | na | na |
| Rent Paid Annually OVER 30% of Income | $3,866.40 | $4,608 | na | na | na | na |
| Percentage of Income Paid OVER 30% of Income for Rent | 22% | 31% | na | na | na | na |
| Total Spent on Housing | 52% | 61% | 36% | 23% | 18% | 15% |
| For this area what would the "Affordable Housing Wage" be? | $14.60 | $14.60 | $14.60 | $14.60 | $14.60 | $14.60 |
| **The Affordable Housing Wage Gap IS:** | **$6.20** | **$7.38** | **$2.58** | **na** | **na** | **na** |

Source: U.S. Department of Housing and Urban Development, http://www.huduser.org/DATASETS/il/il09/index.html, http://www.huduser.org/datasets/fmr.html
MFI: Median family income, FMR: Fair market rent

[8] The information about expenses is from the Oregon Prospector web site, the State of Oregon's economic development web site. For more information, see: http://oregonprospector.com/

Table B-11 shows this same analysis for the year 2000 in Lincoln County. The affordable housing wage gap during the 2005-2009 period was larger than it was in 2000 for those earning minimum wage or 30% MFI. The affordable housing hourly wage increased from $9.88 to $14.60 over the 10-year period, an increase of nearly $5 or nearly 50%.

**Table B-11. Illustration of affordable housing wage and rent gap by HUD income categories for a two-bedroom rental unit, Lincoln County, 2000**

| Value | Minimum Wage | 30% MFI | 50% MFI | 80% MFI | 100% MFI | 120% MFI |
|---|---|---|---|---|---|---|
| Annual Hours | 2080 | 2080 | 2080 | 2080 | 2080 | 2080 |
| Derived Hourly Wage | $6.50 | $5.22 | $8.70 | $13.92 | $17.40 | $20.88 |
| Annual Wage At Minimum Wage | $13,520 | $10,860 | $18,100 | $28,960 | $36,200 | $43,440 |
| Annual Affordable Rent | $4,056 | $3,258 | $5,430 | $8,688 | $10,860 | $13,032 |
| Monthly Affordable Rent | $338 | $272 | $453 | $724 | $905 | $1,086 |
| HUD Fair Market Rent (2 Bedroom) | $514 | $514 | $514 | $514 | $514 | $514 |
| Is HUD Fair Market Rent Higher Than The Monthly Affordable Rent? | Yes | Yes | No | No | No | No |
| Rent Paid Monthly OVER 30% of Income | $176 | $243 | na | na | na | na |
| Rent Paid Annually OVER 30% of Income | $2,112.00 | $2,910 | na | na | na | na |
| Percentage of Income Paid OVER 30% of Income for Rent | 16% | 27% | na | na | na | na |
| Total Spent on Housing | 46% | 57% | 34% | 21% | 17% | 14% |
| For this area what would the "Affordable Housing Wage" be? | $9.88 | $9.88 | $9.88 | $9.88 | $9.88 | $9.88 |
| **The Affordable Housing Wage Gap IS:** | **$3.38** | **$4.66** | **$1.18** | **na** | **na** | **na** |

Source: U.S. Department of Housing and Urban Development, http://www.huduser.org/DATASETS/il/il09/index.html, http://www.huduser.org/datasets/fmr.html
MFI: Median family income, FMR: Fair market rent

Table B-12 shows a rough estimate of affordable housing cost and units by income levels for Newport during the 2005-2009 period based on Census data about household income, the value of owner occupied housing in Newport, and rental costs in Newport. Several points should be kept in mind when interpreting this data:

- Affordable monthly housing costs and estimate of affordable purchase prices are based on HUD income standards and assume that a household will not spend more than 30% of household income on housing costs. Some households pay more than 30% of household income on housing costs, generally because they are unable to find more affordable housing or because wealthier households are able to pay a larger share of income for housing costs.
- HUD's affordability guidelines for Fair Market Rent are based on median family income and provide a rough estimate of financial need These guidelines may mask other barriers to affordable housing such as move-in costs, competition for housing from higher income households, and availability of suitable units. They also ignore other important factors such as accumulated assets, purchasing housing as an investment, and the effect of down payments and interest rates on housing affordability.
- Households compete for housing in the marketplace. In other words, affordable housing units are not necessarily *available* to low income

households. For example, if an area has a total of 50 dwelling units that are affordable to households earning 30% of median family income, 50% of those units may already be occupied by households that earn more than 30% of median family income.

The data in Table B-13 indicate that in the 2005-2009 period:

- About 19% of Newport households could not afford a studio apartment according to HUD's estimate of $521 as fair market rent;
- More than one-third of Newport households could not afford a two-bedroom apartment at HUD's fair market rent level of $759;
- A household earning median family income ($50,000) could afford a home valued up to about $125,000.

**Table B-12. Rough estimate of housing affordability, Newport, 2005-2009**

| Income Level | Number of HH | Percent | Affordable Monthly Housing Cost | Crude Estimate of Affordable Purchase Owner-Occupied Unit | Est. Number of Owner Units | Est. Number of Renter Units | Surplus (Deficit) | HUD Fair Market Rent (FMR) in 2008 |
|---|---|---|---|---|---|---|---|---|
| Less than $10,000 | 528 | 12% | $0 to $250 | $0 to $25,000 | 210 | 65 | (253) | |
| $10,000 to $14,999 | 317 | 7% | $250 to $375 | $25,000 to $37,000 | 33 | 140 | (145) | |
| | | | | | | | | Studio: $521 |
| $15,000 to $24,999 | 659 | 15% | $375 to $625 | $37,500 to $62,500 | 27 | 531 | (101) | 1 bdrm: $595 |
| $25,000 to $34,999 | 416 | 9% | $625 to $875 | $62,500 to $87,500 | 47 | 615 | 246 | 2 bdrm: $759 |
| | | | | | | | | 3 bdrm: $1,052 |
| $35,000 to $49,999 | 628 | 14% | $875 to $1,250 | $87,500 to $125,000 | 135 | 309 | (184) | 4 bdrm: $1,188 |
| $50,000 to $74,999 | 759 | 17% | $1,250 to $1,875 | $125,000 to $187,500 | 366 | 60 | (334) | |
| Lincoln Count 2010 MFI: $50,000 | | | $1,250 | $150,000 | | | | |
| $75,000 to $99,999 | 384 | 9% | $1,875 to $2,450 | $187,500 to $245,000 | 426 | 35 | 77 | |
| $100,000 to $149,999 | 536 | 12% | $2,450 to $3,750 | $245,000 to $375,000 | 579 | 11 | 54 | |
| $150,000 or more | 226 | 5% | More than $3,750 | More than $375,000 | 854 | 11 | 639 | |
| Total | 4,453 | 100% | | | 2,676 | 1,777 | 0 | |

Sources: American Community Survey 2005-2009, HUD Section 8 Income Limits, HUD Fair Market Rent.
Based on Oregon Housing & Community Services. Housing Strategies Workbook*: Your Guide to Local Affordable Housing Initiatives*, 1993.
Notes: FMR-Fair market rent; bdrm - bedrooms

The conclusion based on the data presented in Table B-13 is that in the 2005-2009 period, Newport had a deficit of nearly 500 affordable housing units for households that earn less than $5,000 annually. The next section examines changes in housing cost between 2000 and 2009.

# CHANGES IN HOUSING COSTS

## HOUSING VALUES

Table B-14 shows change in median housing value in Lincoln County and Newport for the 1990 to 2000 period and 2000 to 2005-2009 period. Housing prices nearly doubled between 1990 and 2000 in Newport from $68,400 in 1990 to $132,100 in 2000, increasing by more than $63,000 or 93%. Lincoln

County's housing prices increased by almost $68,000 or 98% over the same period.

Between 2000 and the 2005-2009 period, Newport's housing prices doubled again from $132,100 in 2000 to nearly $264,000 during the 2005-2009 period, increasing by just under $132,000 or 100%. Lincoln County's housing prices increased by $96,600 or 71% over the same period.

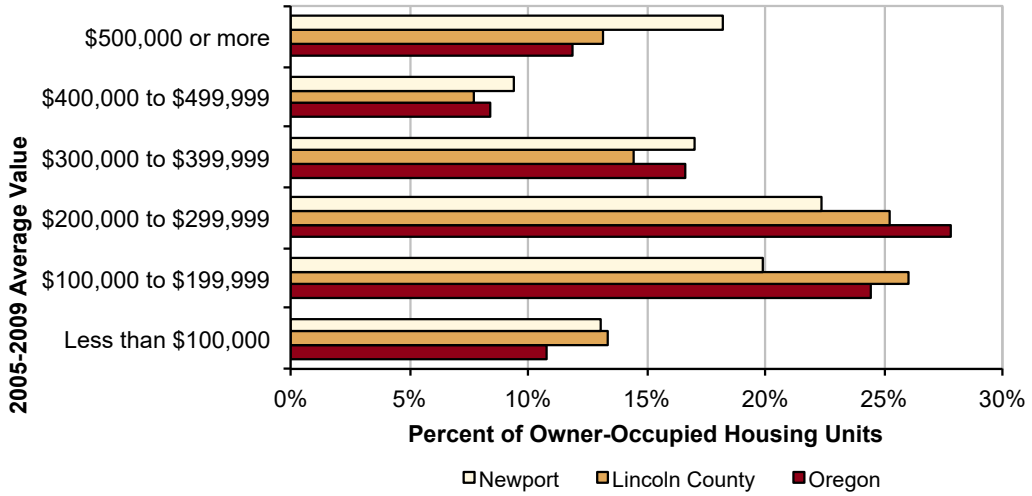
**Table B-13. Median housing value, owner-occupied housing units, Lincoln County and Newport, 1990 to 2005-2009**

| Year | Lincoln County | Newport |
|---|---|---|
| 1990 | $69,100 | $68,400 |
| 2000 | $136,900 | $132,100 |
| 2005-2009 | $233,500 | $263,900 |
| **Change 1990 to 2000** | | |
| Amount | $67,800 | $63,700 |
| Percent | 98% | 93% |
| **Change 2000 to 2005-2009** | | |
| Amount | $96,600 | $131,800 |
| Percent | 71% | 100% |

Source: U.S. Census 1990 H061A, U.S. Census 2000 SF3 H85, U.S. Census American Community Survey 2005-2009 B25077

Figure B-10 shows a comparison of housing value for owner-occupied housing units in Oregon, Lincoln County, and Newport for the 2005-2009 period. Newport had a smaller share of housing valued between $200,000 to $400,000 (39%), compared to the State (45%). Newport had a smaller share of housing valued less than $200,000 (13%) than the State (35%). Newport had a larger share of housing valued more than $400,000 (28%) than the State (20%) or County (21%).

**Figure B-10. Housing value, owner-occupied housing units, Oregon, Lincoln County, and Newport, 2005-2009**




Source: American Community Survey, 2005-2009; Table B25075

Table B-14 shows change in the average sales price by housing type for Newport, based on sales recorded in the Multiple Listing Service (MLS), a tool used by real estate agents for selling residential properties. Table B-14 shows:

- **Single-family dwellings** accounted for 64% of dwellings sold over the 10-year period. Average single-family prices increased from about $158,700 in 2000 to $233,200 in 2010, an increase of $74,500 or 47%. Single family sales prices peaked in 2007 (at $348,800) and decreased by 33% between 2007 and 2010.

- **Manufactured dwellings** accounted for 13% of dwellings sold over the 10-year period. Average single-family prices increased from about $80,900 in 2000 to $125,300 in 2010, an increase of $44,400 or 55%. Manufactured dwelling sales prices peaked in 2007 (at $174,200) and decreased by 28% between 2007 and 2010.

- **Condominium or Town Homes** accounted for 23% of dwellings sold over the 10-year period. Average single-family prices increased from about $99,700 in 2000 to $170,000 in 2010, an increase of $70,300 or 71%. Condominium and town home sales prices peaked in 2008 (at $366,200) and decreased by 54% between 2008 and 2010.

**Table B-14. Average sales price by housing type, Newport, 2000 to 2010**

| Year | Single-family dwellings | | Manufactured | | Condominium or Town Home | |
|---|---|---|---|---|---|---|
| | Number Sold | Average Sales Price | Number Sold | Average Sales Price | Number Sold | Average Sales Price |
| 2000 | 87 | $158,697 | 28 | $80,909 | 39 | $99,692 |
| 2001 | 94 | $164,561 | 15 | $83,533 | 25 | $148,864 |
| 2002 | 125 | $171,762 | 18 | $83,475 | 35 | $166,521 |
| 2003 | 122 | $193,193 | 30 | $97,747 | 27 | $207,030 |
| 2004 | 181 | $222,348 | 26 | $116,948 | 33 | $233,048 |
| 2005 | 152 | $270,998 | 36 | $124,810 | 49 | $233,310 |
| 2006 | 123 | $330,555 | 22 | $154,350 | 54 | $257,899 |
| 2007 | 88 | $348,803 | 14 | $174,171 | 66 | $320,619 |
| 2008 | 62 | $282,404 | 11 | $146,455 | 21 | $366,186 |
| 2009 | 60 | $279,381 | 7 | $150,200 | 38 | $253,824 |
| 2010 | 62 | $233,218 | 20 | $125,300 | 22 | $170,018 |
| **Total Units Sold 2000 to 2010** | | | | | | |
| Number of Units | 1,156 | | 227 | | 409 | |
| % of All Units Sold | 64% | | 13% | | 23% | |
| Average Annual Sold | 105 | | 21 | | 37 | |
| **Change in Average Sales Price 2000 to 2010** | | | | | | |
| Amount | | $74,521 | | $44,391 | | $70,326 |
| Percent Change | | 47% | | 55% | | 71% |

Source: Multiple Listing Service (MLS), 2011

The housing prices shown in Table B-14 are average sales prices, which can be affected by unusually high or low sales price. For example, the sale of one or two relatively expensive dwellings (e.g., dwellings worth more than $500,000) can increase the overall average sales price for the year. In addition, the average sales prices over the 2007 to 2010 period may be especially low if homeowners of high priced homes have chosen to wait to sell their home until the housing market recovers.

## HOUSING RENTAL COSTS

Table B-15 shows the median contract rent for Lincoln County cities. Median contract rent in Newport was $586 during the 2005-2009 period. The highest median contract rents from the 2005-2009 Community Survey were in Yachats and Depoe Bay. The lowest median contract rents were in Siletz and Waldport.

**Table B-15. Median contract rent, Lincoln County cities, 2005-2009**

| Location | Rent |
|---|---|
| Siletz | $317 |
| Waldport | $539 |
| Lincoln City | $556 |
| Toledo | $562 |
| Lincoln County | $572 |
| **Newport** | **$586** |
| Depoe Bay | $608 |
| Yachats | $700 |

Source: U.S. American Community Survey 2005-2009 B25058

Table B-16 shows median contract rent for Lincoln County and Newport in 1990, 2000 and the 2005-2009 period. Rent increased from 2000 to 2005-2009 by $74 (14%) in Newport, and $62 (12%) in Lincoln County.

**Table B-16. Median contract rent, Lincoln County and Newport, 1990 to 2005-2009**

| | Lincoln County | Newport |
|---|---|---|
| 1990* | $376 | $380 |
| 2000 | $510 | $512 |
| 2005-2009 | $572 | $586 |
| **Change 2000 to 2005-2009** | | |
| Amount | $62 | $74 |
| Percent | 12% | 14% |

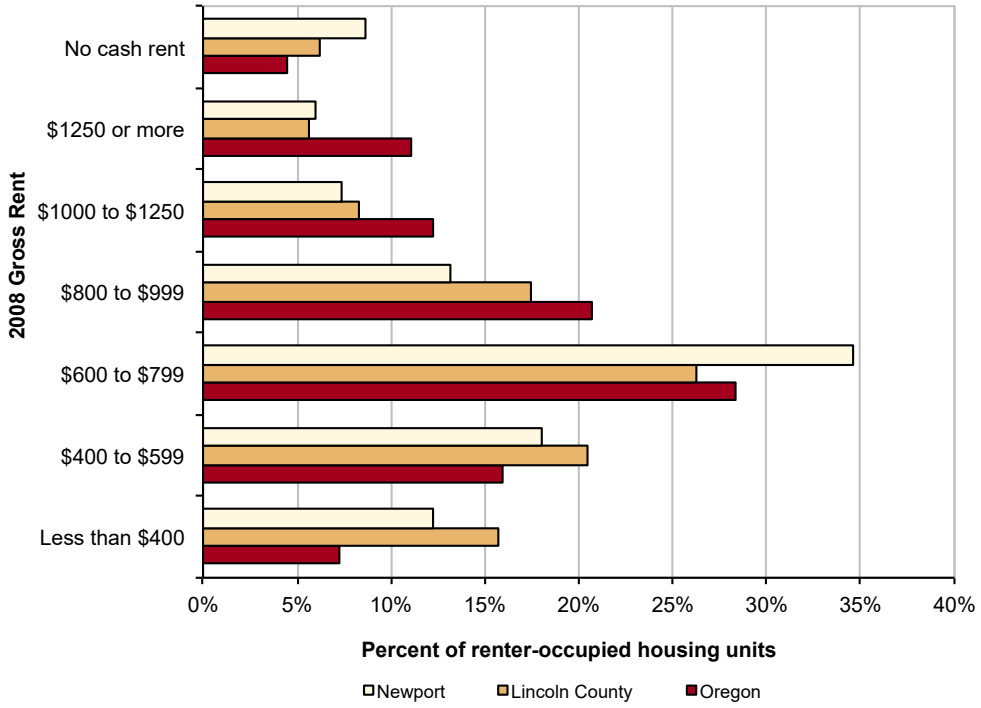
Source: U.S. Census 2000 SF3 H56, U.S. Census 1990 H032B
American Community Survey 2005-2009 B25058

* Note, 1990 is median GROSS rent, not contract rent.

Figure B-11 shows a comparison of gross rent[9] for renter-occupied housing units in Oregon, Lincoln County, and Newport in the 2005-2009 period. Newport had a larger share of rental units costing less than $800 per month (65%) than the State average (51%) and the County average (62%). Newport had a smaller share of rental units costing between $800 to $1,250 per month (21%) than the County average (26%) or the State average (33%).

[9] The U.S. Census defines gross rent as "The amount of the contract rent plus the estimated average monthly cost of utilities (electricity, gas, and water and sewer) and fuels (oil, coal, kerosene, wood, etc.) if these are paid for by the renter (or paid for the renter by someone else)."

**Figure B-11. Gross rent, renter-occupied housing units, Oregon, Lincoln County, and Newport, 2005-2009**




Source: American Community Survey, 2005-2009; Table B25063

The implications of the data shown above are that ownership costs are increasing much faster than rents and incomes. Table B-17 underscores this trend for Newport. Between 1990 and 2000, incomes increased about 33% while median owner value increased 117%. Rents increased 51%. Since 2000, the data show housing costs have increased faster than incomes, with a 31% increase in median household income, compared to a 14% increase in median rents and 77% increase in median owner value. Finally, the results show that the median owner value was 2.8 times median household income in 1989—a figure that increased to 6.3 during the 2005-2009 period.

**Table B-17. Comparison of income, housing value, and gross rent, Newport, 1990, 2000, and 2005-2009**

| | | | | Change | |
|---|---|---|---|---|---|
| **Indicator** | **1989** | **1999** | **2005-2009** | **1989 to 1999** | **1999 to 2005-2009** |
| Median HH Income | $ 24,137 | $ 31,996 | $ 41,896 | 33% | 31% |
| Median Family Income | $ 30,510 | $ 36,682 | $ 57,004 | 20% | 55% |
| Median Owner Value | $ 68,400 | $ 148,700 | $ 263,900 | 117% | 77% |
| Median Gross Rent | $ 380 | $ 572 | $ 651 | 51% | 14% |
| Percent of Units Owned | 54% | 51% | 58% | | |
| **Ratio of Housing Value to Income** | | | | | |
| Median HH Income | 2.8 | 4.6 | 6.3 | | |
| Median Family Income | 2.2 | 4.1 | 4.6 | | |

Source: U.S. Census 1990 SF1 P080A P107A P114A P117, SF3 H008 H043A H061A, U.S. Census 2000 SF1 P53 P77 P82 P87, SF3 H7 H63 H76, American Community Survey 2005-2009 B19013 B19113 B19301 B17001 B25003 B25064 B25077

Table B-18 compares income, housing value, and gross rent for Oregon in 1990, 2000, and the 2005-2009 period. Between 1990 and 2005-2009, the ratio of housing value/household income doubled from 2.5 to 5.0.

**Table B-18. Comparison of income, housing value, and gross rent, Oregon, 1990, 2000, and 2005-2009**

| | | | | Change | |
|---|---|---|---|---|---|
| Indicator | 1989 | 1999 | 2005-2009 | 1989 to 1999 | 1999 to 2005/09 |
| Median HH Income | $ 27,250 | $ 40,916 | $ 49,033 | 50% | 20% |
| Median Family Income | $ 32,336 | $ 48,680 | $ 60,025 | 51% | 23% |
| Median Owner Value | $ 66,800 | $ 152,100 | $ 244,200 | 128% | 61% |
| Median Gross Rent | $ 408 | $ 620 | 775 | 52% | 25% |
| Percent of Units Owned | 63% | 64% | 64% | | |
| **Ratio of Housing Value to Income** | | | | | |
| Median HH Income | 2.5 | 3.7 | 5.0 | | |
| Median Family Income | 2.1 | 3.1 | 4.1 | | |

Source: U.S. Census 1990 SF1 P080A P107A P114A P117, SF3 H008 H043A H061A, U.S. Census 2000 SF1 P53 P77 P82 P87, SF3 H7 H63 H76, American Community Survey 2005-2009 B19013 B19113 B19301 B17001 B25003 B25064 B25077

## SUMMARY OF KEY HOUSING AFFORDABILITY TRENDS

**Newport's housing affordability decreased**

- In 2010, a household must earn $14.60 an hour to afford a two-bedroom rental unit in Newport, an increase of $5 or nearly 50% from 2000.
- More than one-third of Newport households could not afford a two-bedroom apartment at HUD's fair market rent level of $759 in the 2005-2009 period.
- Newport had a deficit of nearly 500 affordable housing units for households that earned less than $25,000.
- About 39% of Newport's households were cost-burdened, with 51% of renters and 30% of owners cost-burdened.

**Newport's housing costs increased substantially**

- Newport's median housing value doubled between 2000 and the 2005-2009 period. Lincoln County's housing prices increased by 71% over the same period.
- The average sale price for single-family dwellings increased by 47% between 2000 and 2010, from about $159,000 in 2000 to $233,000 in 2010. Single-family sales prices peaked in 2007 at an average of nearly $350,000.
- Condominium sale prices increased 71% between 2000 and 2010.

- Newport had a smaller share of housing valued under $200,000 than the State, and a larger share of housing valued more than $400,00 for the 2005-2009 period.
- Rents increased at a slower pace than housing prices, increasing by 14% ($74) between 2000 and the 2005-2009 period

**Housing costs are increasing much faster than rents and incomes.**

- Since 2000, median owner value increased 77%, compared to a 31% increase in median household income, and a 14% increase in median rents.
- The ratio of housing value to household income increased from 2.8 in 1989 to 6.3 during the 2005-2009 period. Across the state, the ratio increased from 2.5 to 5.0.

## SUMMARY OF GOVERNMENT SUBSIDIZED HOUSING IN NEWPORT

Governmental agencies and nonprofit organizations offer a range of housing assistance to low- and moderate-income households in renting or purchasing a home include:

- **Section 8 voucher system** allows very low-income families (including elderly and disabled) to choose where they want to live by providing rental certificates that limit tenants' rent to 30% of their monthly income. The program is administered by local housing authorities; HUD pays participating landlords the difference between market rent, as determined by HUD, and what the family is able to pay. Qualified Section 8 participants may use their vouchers to pay rent or participate in lease-to-own or homeownership programs.
- **Public housing** is government-provided low cost housing in multi-unit complexes that are available to low-income, mostly elderly or disabled, residents. Managed by local housing authorities, typically require tenants to pay no more than 30% of their monthly income for rent.
- **HUD landlord subsidies** give funds directly to apartment owners, who lower the rents they charge low-income tenants. Some units are designed for senior citizens or people with disabilities, others for families and individuals.
- **Section 202** provides housing for low-income senior citizens and often includes services such as meals, transportation, and accommodations for the disabled. Programs are sponsored on a

complex-by-complex basis by non-profit organizations or consumer cooperatives.

- **Subsidized mortgages programs** are state-sponsored programs that reduce the interest rate for homes purchased within the state to qualified low-income first-time homebuyers. Other programs that offer low interest rate loans include:
    - **Veteran's Affairs loans** are home loans offered to eligible veterans, some military personnel, and certain surviving spouses. The VA can guarantee part of a loan from a private lender, and can issue loans for building, repairing, and improving homes, loans for refinancing existing loans, and special grants for retrofitting a home to accommodate a disability.
    - **Other homeownership assistance** include a variety of down payment assistance programs run by states, counties, cities, business organizations, and non-profit organizations for low-income families. To be eligible the buyer must qualify for a mortgage with a lender, complete a certified home ownership education program and, in most cases, have some money from their own resources as the match for the down payment assistance.

Nonprofit organizations provide a wide variety of housing assistance to low-income households and individuals. Nonprofits provide assistance with renting or purchasing housing, as well as services (such as emergency food, low-cost medical services, or transportation assistance). The types of housing assistance that nonprofits provide vary by community and may include:

- **Homeless shelters/ temporary housing programs** that serve the temporarily or long-term homeless population and may be run by non-profit organizations, churches, or cities.
- **Rentals with services** may serve special low-income populations, such as the disabled, elderly, chronically homeless, or ex-offender populations, with housing and associated services, such as meals, assistance finding employment, and alcohol or drug treatment programs.
- **Below market rent rentals units** may be developed as part of a city or county's requirement for developers to rent a certain percentage of units in new development at below market rate prices affordable to lower income renters, and are also developed by non-profit organizations. To be eligible to rent these types of units, a household

must meet specific income requirements and units rented through these programs may be subject to resale restrictions. It is important to note that by Oregon law this currently is not possible.

- **Lease-to-own programs** allow qualified buyers to select a home and lease it, usually from a non-profit organization, then purchase the home and assume the mortgage at the end of the lease term. These programs often lock in the purchase price when the participant begins the lease, and most only allow the participant to lease the home for a limited time.
- **Sweat equity programs** require the homebuyer's participation in the construction of the housing. The sweat equity and labor contributions by the homebuyers and volunteers significantly reduce the cost of the housing. Sweat equity programs may be run by non-profit organizations such as Habitat for Humanity International, and may be the recipient of HUD SHOP grants, which are provided to national and regional nonprofit organizations that have experience in providing self-help housing to purchase land and make improvements on infrastructure.

The City of Newport has a variety of publicly and privately assisted housing options. As of 2010, the Lincoln County Housing Authority (LCHA) provided 497 vouchers to households throughout the County. The waiting period between application and acceptance into the Section 8 program ranges from one to two years.

Table B-19 lists the assisted housing options currently available in Newport. In 2010, the Lincoln County Housing Authority managed 76 public housing units for families, seniors and persons with disabilities. In addition to its Public Housing facilities, the LCHA owns or operates 100 senior and family housing units through public-private partnerships.

Private and nonprofit housing agencies in the Newport area include: the Community Services Consortium, the Community Development Corporation of Lincoln County, and the Legacy Management Group, LLC. These agencies provide subsidized rental services to low- and moderate-income households in the Newport area. The Community Services Consortium manages the Tern House – a six-unit transition-housing program for single homeless adults.

**Table B-19. Number of Affordable Housing Units, Newport, 2010**

| Name of Development | Number of affordable units | Population segment served |
|---|---|---|
| Yaquina Breeze | 9 | Low-income families and individuals |
| Salmon Run | 40 | Low-income families and individuals |
| Agate Heights | 44 | Low-income families and individuals |
| Newport Apts | 52 | Low-income families and individuals |
| Public Housing | 76 | Low-income families and individuals |
| Mariner Heights | 16 | Seniors (62+) and people with disabilities |
| Big Creek Point Apts | 47 | Seniors (62+) and people with disabilities |
| Tern House | 6 | Single homeless adults |

County-wide efforts to address housing affordability issues include:

- **At Home in Lincoln County** is a 10-year housing plan that focuses on chronic homelessness. The plan describes Lincoln County's housing affordability problems and proposes action steps to end homelessness in Lincoln County. These action steps go beyond issues that can be addressed through land use planning, including outreach to homeless persons and preventing homelessness before it starts.

  The actions steps that are directly related to residential land use policies include: (1) preserving and increasing the supply of affordable housing and (2) ensure that housing policies encourage development of affordable housing through.

- Lincoln Community Land Trust is a nonprofit, community-based corporation committed to the stewardship and affordability of land housing and other buildings used for community benefit in perpetuity. The Land Trust does the following: (1) acquires and retails land, (2) offers long-term lease of land for housing users, (3) and other services. The Land Trust is initiating a study of workforce housing needs in the County during 2011, which the City of Newport is participating in.

## MANUFACTURED HOME PARK INVENTORY

Manufactured homes are and will be an important source of affordable housing within Newport in the future. They provide a form of homeownership that can be made available to low and moderate income households.

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 home owner. The value of the manufactured home generally does not appreciate in the way a conventional home would, however. Manufactured home owners 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 home owner to relocate a manufactured home to escape rent increases. 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.

Cities are required to plan for manufactured homes—both on lots and in parks (ORS 197.475-492). According to the Census, the City had 680 manufactured homes in 1990 and 783 manufactured homes by the 2005-2009 period. According to Census data, 75% of the manufactured homes in the City were owner-occupied in the 2005-2009 period.

Table B-20 shows manufactured home parks in Newport. The City has six manufacture home parks, with 288 spaces. The majority of the parks are for seniors (aged 55 and older).

**Table B-20. Manufactured home parks in Newport, 2011**

| | Park Type | Total Spaces | Vacant Spaces |
|---|---|---|---|
| Eastside Trailer Court | Family | 32 | 0 |
| Harbor Village Mobile Home Park & RV | Age 55+ | 53 | 0 |
| Longview Hills MHC | Age 55+ | 169 | 2 |
| Mulkey Trailer Park | Age 55+ | 14 | 0 |
| Surfside Mobile Village | Age 55+ | 20 | 1 |
| Total | | 288 | 3 |

Source: Oregon Manufactured Dwelling Park Directory, Oregon Housing and Community Services

# Appendix C National Housing Trends

The overview of national, state, and local housing trends builds from previous work by ECO, Urban Land Institute (ULI) reports, and conclusions from The *State of the Nation's Housing, 2010* report from the Joint Center for Housing Studies of Harvard University. The Harvard report summarizes the national housing outlook for the next decade as follows:

> "Even as the worst housing market correction in more than 60 years appeared to turn a corner in 2009, the fallout from sharply lower home prices and high unemployment continued. By year's end, about one in seven homeowners owed more on their mortgages than their homes were worth, seriously delinquent loans were at record highs, and foreclosures exceeded two million. Meanwhile, the share of households spending more than half their incomes on housing was poised to reach new heights as incomes slid. The strength of job growth is now key to how quickly loan distress subsides and how fully housing markets recover."

The national housing market continues to suffer from high loan delinquencies and high foreclosure rates. The eventual recovery of the national housing market is dependent on near-term resolution of outstanding foreclosures and long-term job growth and expansion of the economy.

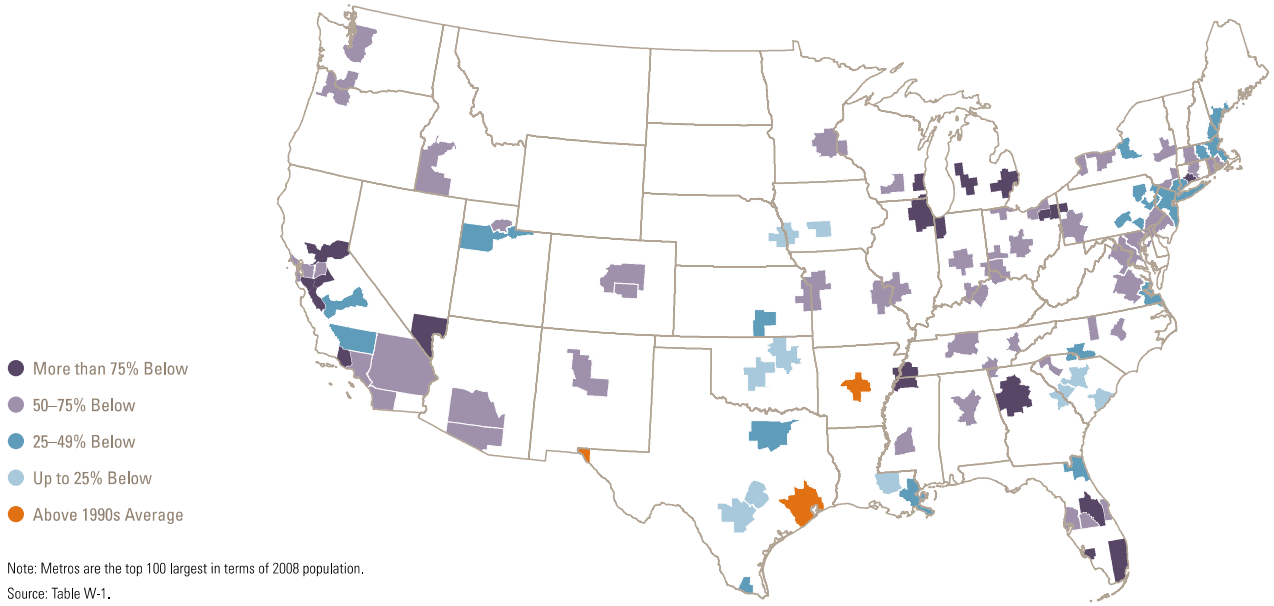
## C.1 RECENT TRENDS IN HOME OWNERSHIP AND DEMAND

The last three years saw a continuation of the significant departure from the recent housing boom that had lasted for 13 consecutive years (1992-2005). While strength in early 2005 pushed most national housing indicators into record territory, the market began to soften and sales slowed in many areas in the latter half of 2005. By 2006, higher prices and rising interest rates had a negative impact on market demand. Investor demand, home sales and single-family starts dropped sharply. Growth in national sales prices also slowed. By 2007 and early 2008, housing market problems had reached the rest of the economy, resulting in a nationwide economic slowdown and recession.

Conditions that had previously bolstered the housing market and promoted homeownership weakened in 2005 and eroded further in 2006 and 2007. Increasing interest rates and weakening housing prices combined

to slow the housing market. Figure C-5 shows that, using housing permits issued as a proxy for new home ownership, most major metropolitan areas had lower housing permit activity in 2009 than their average throughout the 1990s.

**Figure C-1. Housing permits in 2009 relative to 1990s annual average**




Source: The State of The Nation's Housing, 2010, The Joint Center for Housing Studies of Harvard University, p. 7.
http://www.jchs.harvard.edu/son/index.htm

From 2000 to 2005 housing starts and manufactured home placements appeared to have been roughly in line with household demand. In 2005, with demand for homes falling but construction coming off record levels, the surplus of both new and existing homes was much higher than in recent years. Between July 2006 and January 2009, the number of new homes for sale fell by 41% and demand dropped even faster and the supply of new homes for sale reached 12.4 months, the highest in U.S. history. This resulted in a strong buyer's market, leaving many homes lingering on the market and forcing many sellers to accept prices lower than what they were expecting. Home sales showed strong growth in 2009 due to falling prices, the federal tax credit, and Federal Reserve activity. This increase was temporary, however, as sales slowed towards the end of 2009 and into 2010. Home sales fluctuated wildly throughout the first eight months of 2010, and the market is currently uncertain.

The Joint Center for Housing Studies predicts the oversupply will eventually balance as housing starts continue to fall, lower prices motivate unforeseen buyers, and the rest of the economy begins to recover. Housing

starts are down 28% since 2008 and fell below 500,000 in 2009, compared to just under 1 million in 2008, 1.5 million in 2007, 1.9 million in 2006, and 2.2 million in 2005.

The Joint Center for Housing Studies concludes that the cooling housing market in 2006 and the foreclosure crisis have had an immediate impact on homeownership. Homeownership peaked at 69.9% in 2005. After 13 successive years of increases, the national homeownership rate slipped in each year from 2005 to 2009 and is currently 67.4%, although the number of homeowners grew from in 2009 for the first time since 2006.

The number of delinquent loans or home foreclosures continues to increase. The share of severely delinquent loans ranged from 5.1% of prime fixed-rate mortgages to 42.5% of subprime adjustable rate mortgages in the first quarter of 2010. Delinquencies and foreclosures are concentrated by state, with more than one-quarter of delinquent loans and more than one-third of loans in foreclosure in California and Florida. Between early 2007 and the first quarter of 2010, 6.1 million foreclosure notices were issued on first-lien loans. In early 2010, the number of loans in the foreclosure process was 2.1 million, which was nearly four times the number of foreclosures in process three years earlier.

Since 2008, foreclosures have contributed to sharp decrease in housing prices, leaving nearly 5 million homeowners underwater on their mortgages (where the value of the house is less than the owner's mortgage). Home prices will have to increase by about 25% before these homes are worth as much as the amount owed on the mortgage.

## C.2 LONG RUN TRENDS IN HOME OWNERSHIP AND DEMAND

The long-term market outlook shows that homeownership is still the preferred tenure. While further homeownership gains are likely during the next decade, they are not assured. Additional increases depend, in part, on the effect of foreclosures on potential owner's ability to purchase homes in the future, as well as whether the conditions that have led to homeownership growth can be sustained. The Urban Land Institute forecasts that homeownership will decline to the low 60 percent range by 2015.[10]

[10]John McIlwain, "Housing in America: The Next Decade," Urban Land Institute

The Joint Center for Housing Studies indicates that demand for new homes could total as many as 17 million units nationally between 2010 and 2020. The location of these homes may be different than recent trends, which favored lower-density development on the urban fringe and suburban areas. The Urban Land Institute identifies the markets that have the most growth potential are "global gateway, 24-hour markets," which are primary costal cities with international airport hubs (e.g., Washington D.C., New York City, or San Francisco). Development in these areas may be nearer city centers, with denser infill types of development.[11]

The Joint Center for Housing Studies also indicates that demand for higher density housing types exists among certain demographics. They conclude that because of persistent income disparities, as well as the movement of the echo boomers into young adulthood, housing demand may shift away from single-family detached homes toward more affordable multifamily apartments, town homes, and manufactured homes.

## C.3 DEMOGRAPHIC TRENDS IN HOME OWNERSHIP

The demographic changes likely to affect the housing market and homeownership are:

- Immigrants and their descendants, who are a faster growing group than other households in the U.S.
- The aging of the baby boomers, the oldest of whom are in their mid-60's in 2010.
- Housing choices of younger baby boomers, who are in their late 40's and early 50's in 2010
- The children of baby boomers, called the echo boomers, who range from their late teens to early 30's in 2010[12]

According to the Joint Center for Housing Studies, immigration will play a key role in accelerating household growth over the next 10 years. Household growth between 2005 and 2009 fell below what would be expected mainly due to a drop in immigration. Immigrants have traditionally comprised a growing share of young adults and children in the United States, but the number of foreign-born households under the age of 35 decreased by 338,400 between March 2007 and March 2009, compared

[11] Urban Land Institute, "2011 Emerging Trends in Real Estate"

[12] Urban Land Institute, "2011 Emerging Trends in Real Estate"

to just 2,100 native-born households. The difficulty in assessing immigration during a recession results in an unclear picture of future housing demand.

The Joint Center for Housing Studies suggests that an aging population, and of baby boomers in particular, will drive changes in the age distribution of households in all age groups over 55 years. A recent survey of baby boomers showed that more than a quarter plan to relocate into larger homes and 5% plan to move to smaller homes.

The younger baby boomers face challenges resulting from the decrease in housing values, which has left many households with mortgages that are higher than the worth of the house. It may take years for the value of these houses to equal or exceed the value of the mortgage. Second home demand among upper-income homebuyers of all ages also continues to grow, many of whom may be younger baby boomers. The ability to purchase second homes may be negatively affected by diminished earnings and lack of equity in primary homes.

People prefer to remain in their community as they age.[13] The challenges that seniors face as they age in continuing to live in their community include: changes in healthcare needs, loss of mobility, the difficulty of home maintenance, financial concerns, and increases in property taxes.[14] Not all of these issues can be addressed through housing or land-use policies. Communities can address some of these issues through adopting policies that:

- Diversify housing stock to allow development of smaller, comparatively easily maintained houses in single-family zones, such as single story townhouses, condominiums, and apartments.
- Allow commercial uses in residential zones, such as neighborhood markets.
- Allow a mixture of housing densities and structure types in single-family zones, such as single-family detached, single-family attached, condominiums, and apartments.
- Promote the development of group housing for seniors that are unable or choose not to continue living in a private house. These

[13] 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.

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

facilities could include retirement communities for active seniors, assisted living facilities, or nursing homes.

- Design public facilities so that they can be used by seniors with limited mobility. For example, design and maintain sidewalks so that they can be used by people in wheel chairs or using walkers.

It is unclear what housing choices the echo boomers will make. Some studies suggest that their parents' negative experience in the housing market, with housing values dropping so precipitously and so many foreclosures, will make echo boomers less likely to become homeowners. In addition, high unemployment and underemployment may decrease echo boomers' earning power and ability to save for a down payment. It is not clear, however, that echo boomers' housing preferences will be significantly different from their parents over the long run.

## C.4 HOME RENTAL TRENDS

Nationally, the rental market continues to experience growth, adding 3 million rental households from 2005 to 2009. Despite rapid growth in rental households, the rental vacancy rate increased from 9.6% in 2007 to 10% in 2008 and 10.5% in 2009. Rents fell the furthest in the West, particularly San Jose, Seattle, Salt Lake City, Oakland, and Las Vegas.

Over the longer term, the Joint Center for Housing studies expects rental housing demand to grow by 1.8 million households over the next decade. Minorities will be responsible for nearly all of this increased demand. The foreign-born share of renter-occupied households increased from 17.4% in 2000 to 19.6% in 2009 and the number of Hispanic renters has increased from 1.9 million in 1980 to 7.0 million in 2009. Demographics will also play a role. Growth in young adult households will increase demand for moderately priced rentals, in part because echo boomers will reach their mid-20s after 2010. Meanwhile growth among those between the ages of 45 and 64 will lift demand for higher-end rentals. Given current trends in home prices and interest rates, conditions will become increasingly favorable for rental markets in the coming years.

Despite decades of growth, nominal rents have flattened, resulting in the decline of inflation-adjusted rent. Between the peak in late 2008 and April 2010, inflation-adjusted rents fell by 2.9%. Although falling rents show signs of a weak rental housing market, they do help to alleviate pressure on low-income households struggling to pay their rent.

## C.5 TRENDS IN HOUSING AFFORDABILITY

House prices have declined since the height of the housing bubble. Between October 2005 and March 2010, the median house price decreased by 26 percent. The price declines were about 50% greater than price declines at the high end of the housing market. The median home sales price dropped from 4.7 times the median household income in 2005 to 3.4 times median household income in 2009.

Despite widespread falling house prices, affordability problems have not improved significantly. A median-priced single-family home under conventional terms in 2007 (10% down payment and 30-year fixed rate loan) only costs $76 per month and $1,000 down payment less than a house bought in 2006, the year in which the sales prices of single-family homes were at their highest real price in history. Only 17 of the 138 National Association of Realtors-covered metropolitan areas have lower costs in 2007 than they did in 2003 when interest rates were bottomed out.

With low-wage jobs increasing and wages for those jobs stagnating, affordability problems will persist even as strong fundamentals lift the trajectory of residential investment. In 2009, more than one-third of American households spent more than 30% of income on housing, and 16% spent upwards of 50%.[15] The number of severely cost-burdened households (spending more than 50% of income on housing) increased by 7.4 million households from 2000 to 2008, to a total of nearly 18 million households in 2008. Nearly 40% of low-income households with one or more full-time workers are severely cost burdened, and nearly 60% of low-income households with one part-time worker are severely cost burdened.

The Joint Center for Housing Studies points to widening income disparities and decreasing federal assistance as two factors exacerbating the lack of affordable housing. While the Harvard report presents a relatively optimistic long-run outlook for housing markets and for homeownership, it points to the significant difficulties low- and moderate-income households face in finding affordable housing, and preserving the affordable units that do exist.

According to the Joint Center for Housing Studies, these statistics understate the true magnitude of the affordability problem because they do not capture the tradeoffs people make to hold down their housing costs. For example, these figures exclude the 2.5 million households that live in

[15] 2009 American Community Survey, Table B25091 and Table B25070.

crowded or structurally inadequate housing units. They also exclude the growing number of households that move to locations distant from work where they can afford to pay for housing, but must spend more for transportation to work. Among households in the lowest expenditure quartile, those living in affordable housing spend an average of $100 more on transportation per month than those who are severely housing cost-burdened. With total average monthly outlays of only $1,000, these extra travel costs amount to 10 percent of the entire household budget.

## C.6 TRENDS IN HOUSING CHARACTERISTICS

The U.S Bureau of Census Characteristics of New Housing Report presents data that show trends in the characteristics of new housing for the nation, state, and local areas. Several long-term trends in the characteristics of housing are evident from the New Housing Report:

- Larger single-family units on smaller lots. Between 1990 and 2009 the median size of new single-family dwellings increased 12%, from 1,905 sq. ft. to 2,135 sq. ft. nationally and 8% in the western region from 1,985 sq. ft. to 2,140 sq. ft. Moreover, the percentage of units under 1,400 sq. ft. nationally decreased from 16% in 1999 to 13% in 2009. The percentage of units greater than 3,000 sq. ft. increased from 17% in 1999 to 23% of new one-family homes completed in 2009. In addition to larger homes, a move towards smaller lot sizes is seen nationally. Between 1990 and 2009 the percentage of lots under 7,000 sq. ft. increased from 27% of lots to 32% of lots.
- Larger multifamily units. Between 1999 and 2008, the median size of new multiple family dwelling units increased by 10% nationally and 13% in the western region. The percentage of multifamily units with more than 1,200 sq. ft. increased from 28% in 1999 to 41% in 2009 nationally and from 26% to 45% in the western region.
- More household amenities. Between 1990 and 2009 the percentage of single-family units built with amenities such as central air conditioning, fireplaces, 2 or more car garages, or 2 or more baths all increased. The same trend in increased amenities is seen in multiple family units.

Over the last two years, the trend towards larger units with more amenities declined. Between 2007 and 2009, the median size of new single-family units has decreased by 6% nationally to 2,227 square feet. The western

region has also seen a 6% decrease in median size of new single-family units, to a median of 2,286 square feet. In addition, the share of new units with amenities (e.g., central air conditioning, fireplaces, 2 or more car garages, or 2 or more bath) all decreased by a percentage or two.

It is unclear if these changes in unit size and amenities signal a long-term change in demand for housing or if these changes are the a response to the current housing market turmoil. Numerous articles and national studies suggest that these changes may indicate a long-term change in the housing market, resulting from a combination of increased demand for rental units because of demographic changes (e.g., the aging of the baby boomers, new immigrants, and the echo-boomers), as well as changes in personal finance and availability of mortgages.[16]

These studies may be correct and the housing market may be in the process of a long-term change. On the other hand, long-term demand for housing may not be substantially affected by the current housing market. The echo-boomers and new immigrants may choose single-family detached housing and mortgages may become easier to obtain.

Studies and data analysis have shown a clear linkage between demographic characteristics and housing choice. This is more typically referred to as the linkage between life-cycle and housing choice and is documented in detail in several publications. Analysis of data from the Public Use Microsample (PUMS) in the 2000 Census helps to describe the relationship between selected demographic characteristics and housing choice. Key relationships identified through this data include:

- Homeownership rates increase as income increases;
- Homeownership rates increase as age increases;
- Choice of single-family detached housing types increases as income increases;
- Renters are much more likely to choose multiple family housing types than single-family; and
- Income is a stronger determinate of tenure and housing type choice for all age categories.

[16] These studies include "Hope for Housing?" by Greg Filsram in the October 2010 issue of Planning and "The Elusive Small-House Utobia" by Andrew Rice in the New York Times on October 15, 2010.

# Appendix D Interview Summary

At direction of City staff, ECONorthwest conducted interviews with nine local stakeholders who are knowledgeable about housing and related issues in Newport. The interviews focused on questions about unmet housing needs, opportunities and barriers to building workforce housing, and potential policies or actions that the City could take to better provide opportunities for and promote the development of affordable housing. The people interviewed were:

- Benjamin Baggett, Lincoln Community Land Trust
- Bonnie Saxton, Advantage Real Estate
- Bonnie Serkin, Landwaves, Inc.
- Don Huster, The Woodside Group
- Joanne Troy, Housing Authority of Lincoln County
- Larry Henson, Longview Hills Manufactured Housing Community
- Lee Hardy, Yaquina Bay Property Management
- Lorna Davis, Greater Newport Chamber of Commerce
- Rick Wright, S&W Real Estate

This appendix presents a summary of the themes from the interviews, based on the opinions and ideas of the people interviewed.

## NEWPORT HAS SUBSTANTIAL NEED FOR MODERATELY-PRICED WORKFORCE HOUSING

The largest unmet need in Newport is housing under $250,000. Many homes in Newport are 2nd or 3rd homes of households within a high-income bracket. The people that live year-round in Newport primarily work in service-related jobs, with lower pay rates. One person articulated the problem as "the second home buyers priced out the locals."

Local households looking for affordable housing are primarily younger people trying to find a smaller, moderately priced home with a full size garage. Several respondents mentioned three teachers the Newport hired in the past. After a summer of looking for housing, the teachers quit before even starting the school year because they could not find housing they could afford. Other respondents mentioned that children and grandchildren of long-time residents are now on the market for housing. Many of these younger generations have to expand their search to

surrounding communities because Newport does not have housing they can afford. One interviewee noted that the community college campus in Newport has no affordable housing for students attending the college.

## NEWPORT'S AFFORDABLE HOUSING STOCK DOES NOT MEET THE PREFERENCES OF RESIDENTS OR POTENTIAL RESIDENTS

The current housing stock does not match the preferences of the consumer. Newport's housing stock is old and over-priced, with high maintenance costs. According to one interviewee, there is a disconnect between the current cost of housing and the actual rent you can get from it. There are plenty of apartments on the market, but families do not want to live in them. There are no new subdivisions or multi-dwelling in the moderate price range, and a large majority of new construction is for the second and third vacation home market. There are bedroom communities around the county, but gas prices make it difficult to commute in to Newport.

For affordable housing, the Lincoln County Housing Authority has not increased payment limits for the voucher program, meaning there is no pressure on lack of physical structures. It is the preferences of the families, and the pressure on their ability to pay, that has created a waiting list of 1.5 to 2 years for small units.

What people want is a smaller, moderately priced home with a full size garage. People want a freestanding house that does not require extensive renovation. One interviewee noted that "most people still dream of a quarter acre lot and a full-size garage."

The poor economy has created a noticeable decrease in the size of housing people are seeking, but a full-sized garage remains a priority for homebuyers. The family of one interviewee looked for housing in Newport for six months and found a 45-50 year, 1,200 square foot home for $350,000. The size was not the issue for them, but the price per square foot was out of their range. They moved to a town outside of Newport. Retiring residents, and residents moving in from the Willamette Valley are still demanding three-bedroom, two-bath homes.

There is a healthy demand for multi-family housing, but only for units that are well managed, and well constructed. This is not necessarily the status of Newport's current multi-family supply.

## AFFORDABLE AND WORKFORCE HOUSING IS DIFFICULT TO PRODUCE IN NEWPORT

Most respondents do not think the current market is conducive to workforce housing. Two years ago, the city needed more development. Now it's the opposite – the city needs to create more jobs to fill the housing. One interviewee has not seen a developer build affordable housing in the 25 years she has lived there. She observed that developers start out saying the units will be affordable, but by lease-up time, they no longer are. Another interviewee suggested that what the city needs more than subsidized housing is a local livable purchase price and a livable wage to pay for it.

The "mindset" of Newport residents - and rural communities in general - reduces the desire to live in multi-family or workforce housing. The urban models of what affordable housing looks like is not what Newport residents want. Residents assume that apartments do not provide a play environment for children, that walls are thin and poorly insulated, and that construction is sub-standard "projects" quality. According to one interviewee, the key is to make it not look like apartments. There is a mindset change that needs to happen, but until then, the city and developers must accommodate for the single-family preference of buyers.

When the Housing Authority of Lincoln County built the low income Stair Garden community in Yachats, the market study showed demand for forty units. The Housing Authority only built 25 units because there were no high density multi-family structures in the city. It was a housing type the population wasn't used to. The city still had difficulty filling the reduced number of units. They ended up importing retirees from the Willamette Valley that wanted to live on the beach.

The main barrier to building affordable housing is land cost. Unstable geology drives up land prices. Newport's buildable land is not flat, and the infrastructure costs to these sites are going up. If the site has a view of the ocean, the land cost increases even more. Other barriers include poor lending opportunities. Lending institutions are not in the market to finance housing construction when nobody is in the market to buy. According to Joanne Troy, the only mechanism that exists for new construction right now is the tax credit program. This program is in the water since the lending opportunities have dried up.

Zoning is not seen as a barrier to housing development. Many respondents praised the City of Newport for its flexibility to accommodate zoning. The

more pressing obstacle is people who do not want the development in their back yard.

## The City Can Make Policy Changes that May Provide Better Opportunities for Development of Affordable Housing

The general consensus is that the City of Newport is already extremely accommodating and helpful towards development. They go out of their way to work with zoning, and the permit process is quick. Suggestions for what the city could do to promote housing and bring development include:

- A land assessment of what is actually available
- Offer property tax breaks for ten years in exchange for a formula to lower rents.
- Provide 99-year leases for a dollar for city- and county-owned land. When you take the land price out of the equation, workforce housing becomes more feasible.
- Permit fee waivers to houses that are a smaller size.
- Provide (or help secure) financing for first time home buyers.
- Use the toolbox created by the End Homelessness committee for Bill Hall's office. This toolbox laid out a menu of options that exist for affordable housing – density incentives, zone relaxation, etc.
- Education outreach to the community about the many options of affordable housing, and the pros of having it in the community.
- Stricter code enforcement. This would help combat the classic complaints of substandard market housing. Private landlords elect to stop maintaining their properties, lower their screening process and rents, and then consider themselves affordable housing.
- Stop giving tax breaks to developers – they should be self-sufficient from the outset. Immediate market response is more appropriate. The developer should have to pay for water and sewer lines.
- Don't provide subsidized housing. Instead attract a population that will pay property taxes and can support the cost of the structure.
- Keep public transportation in mind.
- Look at the zoning code again. There are a number of subdivisions that are in multi-family zoning. The city doesn't enforce it, but the homeowners association restricts building to single-family.

- Take single wide manufactured homes into consideration again. Most cities are doing their best to remove these homes.
- Work with the Land Trust to help reduce land costs.

# Appendix E Additional Technical Information

This appendix presents additional technical information necessary to document the housing needs analysis. It includes the following information:

- Memorandum describing the population forecast for Newport

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**January 24, 2011**

**TO: Derrick Tokos**
**FROM: Bob Parker and Beth Goodman**
**SUBJECT: NEWPORT POPULATION FORECAST: 2011 TO 2031**

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The City of Newport contracted with ECONorthwest (ECO) to conduct a housing needs analysis and buildable land study. Oregon's planning system requires cities to plan for needed housing to accommodate population growth in urban growth boundaries (ORS 197.295 – 197.296). A foundational part of a housing needs analysis is a forecast of population growth over the 20-year planning period.

Counties are required to coordinate population forecasts among the cities and unincorporated areas within the County (ORS 195.036). Lincoln County does not have a coordinated, adopted population forecast for the cities within the County. Newport does not have an adopted population forecast. As a result, Newport will need to develop and adopt a population forecast for the urban growth boundary (UGB).

OAR 660-024 provides "safe harbor" approaches for forecasting population in cities that do not have a coordinated, adopted population forecast. A city may adopt a 20-year population forecast based on the Oregon Office of Economic Analysis's (OEA) population forecast for the County, assuming that the urban area's share of the forecast population will remain constant over the planning period (OAR 660-024-0030(4)(b)).

Table 1 shows the OEA's forecast for population between 2000 and 2030 in Lincoln County. The forecast projects that Lincoln County's population will grow from nearly 47,000 people in 2010 to about 53,700 people in 2030, an increase of 6,765 people or 14% over the 20-year period.

**Table 1. Population forecast, Lincoln County, 2000 to 2030**

| Year | Lincoln County |
|---|---|
| 2000 | 44,600 |
| 2010 | 46,945 |
| **2011** | **47,306** |
| 2030 | 53,710 |
| **2031** | **54,051** |
| Change 2010 to 2030 | |
| Number | 6,765 |
| Percent | 14% |
| AAGR | 0.68% |
| Change 2020 to 2030 | |
| Number | 3,331 |
| Percent | 7% |
| AAGR | 0.64% |

Source: Oregon Office of Economic Analysis; Calculations by ECONorthwest
Note: Population for 2011 and 2031 was extrapolated based on the growth rates used between 2010-2015 (for 2011) and 2030-2035 (for 2031).
Note: AAGR is average annual growth rate

Newport's 2010 population accounted for 23.8% of Lincoln County's population, based on the Portland State University Population Research Center's estimate of population in 2010 (Supplemental Data, Table 4). Table 2 shows a population forecast for Newport for the 2011 to 2031 period based on the assumption that Newport continues to account for 23.8% of Lincoln County's population over the 20-year period. Table 2 shows that Newport's population would grow by about 1,600 people over the 20-year period.

**Table 2. Population forecast, Newport, 2011 to 2031**

| Year | Lincoln County (OEA) | Newport |
|---|---|---|
| 2011 | 47,306 | 11,243 |
| 2031 | 54,051 | 12,846 |
| Change 2011 to 2031 | | |
| Number | 6,745 | 1,603 |
| Percent | 14% | 14% |
| AAGR | 0.7% | 0.7% |

Source: ECONorthwest, based on the Office of Economic Analysis forecast for Lincoln County
Note: Population for 2011 and 2031 was extrapolated based on the growth rates used between 2010-2015 (for 2011) and 2030-2035 (for 2031).
Note: AAGR is average annual growth rate

Other forecasts of growth for Newport are possible, based on different assumptions about population growth in Newport. Table 3 shows two alternative population forecasts for Newport for the 2011 to 2031 period.

- **Water Facilities Forecast.** Newport's Comprehensive Plan includes the Water Supply Facilities forecast for population growth (see Supplemental Data Table 5), which projects that population in the UGB will grow by more than 3,000 people over the 20-year period, at an average annual growth rate of 1.3%. The Water Facilities forecast shows about 1,422 more people in Newport by 2031 than the safe harbor forecast.
- **Transportation System Plan.** Newport's Transportation System Plan Update (July 2009), shows population growing at 0.9% average annual growth rate, adding nearly 2,000 people over the 2006 to 2026 period. If the forecast was extrapolated 2031 (at the same growth rate), population in Newport would be 12,777 people. The Transportation System Plan forecast shows about 69 fewer people in Newport by 2031 than the safe harbor forecast.
- **Historical Growth Rate.** Newport grew from about 8,400 people in 1990 to 10,600 people in 2010, an increase of nearly 2,200 people (26%) at an average annual growth rate of 1.2%. Assuming that Newport grew at the same rate over the next 20-years, Newport would add more than 2,700 new people by 2031. The historical growth rate forecast shows about 637 more people in Newport by 2031 than the safe harbor forecast.

**Table 3. Alternative population forecasts, Newport, 2011 to 2031**

| Year | Water Facilities Forecast | Transportation System Plan | Historical Growth Rate (1.2%) |
|---|---|---|---|
| 2006 | NA | 10,240 | NA |
| 2011 | 11,129 | NA | 10,727 |
| 2026 | NA | 12,224 | NA |
| 2031 | 14,268 | *12,777* | 13,483 |
| Change over 20 year period | | | |
| Number | 3,139 | 1,984 | 2,756 |
| Percent | 28% | 19% | 26% |
| AAGR | 1.3% | 0.9% | 1.2% |

Source: ECONorthwest, based on Newport Comprehensive Plan: Water Supply Facilities, Newport TSP Update (July 10, 2009), and historical growth in Newport
Note: The Transportation System Plan forecast for 2031 was extrapolated from the 2006-2026 forecast, assuming 0.9% growth over the five year period.
Note: AAGR is average annual growth rate

The forecasts in Tables 2 and 3 show a range of potential growth in Newport, from 1,600 new people to about 3,000 new people over the 20-year period. ECONorthwest recommends using the safe harbor approach for forecasting population growth, which is the least risky alternative for developing a population forecast for the City. The population forecast will need to be adopted by both the City and Lincoln County for use in the housing needs analysis.

## SUPPLEMENTAL DATA

This section presents supplemental data about population growth in Lincoln County and Newport, as well as the population forecast from Newport's Water Supply Facility plan.

## Table 4. Annual Population Growth, Lincoln County and Newport, 1990 to 2010

| Year | Lincoln County | Newport | Newport's Share of County Pop. |
|---|---|---|---|
| 1990 | 38,889 | 8,437 | 21.7% |
| 1991 | 39,880 | 8,540 | 21.4% |
| 1992 | 40,730 | 8,675 | 21.3% |
| 1993 | 41,900 | 8,885 | 21.2% |
| 1994 | 42,940 | 9,075 | 21.1% |
| 1995 | 43,940 | 9,495 | 21.6% |
| 1996 | 44,500 | 9,785 | 22.0% |
| 1997 | 45,050 | 9,960 | 22.1% |
| 1998 | 44,840 | 10,240 | 22.8% |
| 1999 | 44,500 | 10,290 | 23.1% |
| 2000 | 44,479 | 9,532 | 21.4% |
| 2001 | 44,650 | 9,660 | 21.6% |
| 2002 | 44,700 | 9,650 | 21.6% |
| 2003 | 45,000 | 9,740 | 21.6% |
| 2004 | 44,400 | 9,760 | 22.0% |
| 2005 | 44,405 | 9,925 | 22.4% |
| 2006 | 44,520 | 10,240 | 23.0% |
| 2007 | 44,630 | 10,455 | 23.4% |
| 2008 | 44,713 | 10,580 | 23.7% |
| 2009 | 44,700 | 10,600 | 23.7% |
| 2010 | 44,620 | 10,605 | 23.8% |
| Change 1990 to 2010 | | | |
| Number | 5,731 | 2,168 | |
| Percent | 15% | 26% | |
| AAGR | 0.7% | 1.2% | |
| Change 1990 to 2010 | | | |
| Number | 5,731 | 2,168 | |
| Percent | 15% | 26% | |
| AAGR | 0.7% | 1.2% | |
| Change 2000 to 2010 | | | |
| Number | 141 | 1,073 | |
| Percent | 0% | 11% | |
| AAGR | 0.0% | 1.1% | |

Source: Portland State University Population Research Center;
Calculations by ECONorthwest

## Table 5. Water Supply Facilities Forecast of Population Growth, Newport, 2007 to 2030

| Year | Inside City Limits | Outside City Limits, Inside UGB | Total |
|---|---|---|---|
| 2007 | 10,455 | | 10,455 |
| 2010 | 10,852 | 140 | 10,992 |
| **2011** | | | **11,129** |
| 2015 | 11,547 | 149 | 11,696 |
| 2020 | 12,287 | 159 | 12,446 |
| 2025 | 13,075 | 169 | 13,243 |
| 2030 | 13,913 | 179 | 14,092 |
| **2031** | | | **14,268** |
| Change 2007 to 2030 | | | |
| Number | 3,458 | | 3,637 |
| Percent | 33% | | 35% |
| AAGR | 1.25% | | 1.31% |
| Change 2010 to 2030 | | | |
| Number | 3,061 | 39 | 3,100 |
| Percent | 28% | 28% | 28% |
| AAGR | 1.25% | 1.24% | 1.25% |

Source: Newport Comprehensive Plan: Water Supply Facilities, Page 142, Table 1; Calculations by ECONorthwest
Note: Population for 2011 and 2031 was extrapolated based on the growth rates used between 2010-2015 (for 2011) and 2025-2030 (for 2031).

# Appendix F Buildable Land Inventory Maps

This appendix presents buildable land maps that complement Chapter 2. This appendix includes the following maps that were developed as part of the residential buildable lands inventory:

- Series 1: LandClassificationTileX shows land classifications to complement Table 2-3.
- Series 2: VacPtVacPlanDesTileX shows land that is classified as vacant or partially vacant (land with development capacity)
- Series 3: VacPtVacPlanDesConstTileX shows land that is classified as vacant or partially vacant (land with development capacity) with development constraints
- Series 4: VacPtVacPlanDesSlopeTileX shows land that is classified as vacant or partially vacant with slope overlays