



Oregon

Tina Kotek, Governor

Department of Land Conservation and Development

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October 13, 2023

Derrick Tokos, Community Development Director
169 SW Coast Hwy
Newport, OR 97365
Sent via e-mail



RE: Review of City of Newport Housing Production Strategy

Dear Mr. Tokos,

On June 6, 2023, the Department of Land Conservation and Development (DLCD or Department) received a submittal from the City of Newport notifying the department of the adoption of the City's Housing Production Strategy (HPS). Per Oregon Administrative Rules (OAR) 660-008-0055(3), the Department posted the City's HPS for a 45-day public comment period on June 16, 2023. Upon the close of the public comment period on July 31, 2023, the department received no public comments on the City's HPS.

Per OAR 660-008-0055(7), the Department must review the City's submittal to determine whether to:

1. Approve the Housing Production Strategy Report;
2. Approve the Housing Production Strategy, subject to further city review and actions as recommended by the Department; or
3. Remand the Housing Production Strategy for further modification as identified by the Department.

The Department is required to complete this review and issue a decision within 120 days of the city submittal. In the case of the City of Newport's Housing Production Strategy, the department must make a final decision by October 14, 2023. The Department's decision is final and may not be appealed.

*Based on the department's review of the City of Newport's Housing Production Strategy against the applicable review criteria established in OAR 660-008, the department **approves the City's Housing Production Strategy Report with one condition described below**.*

Department Findings based on OAR 660-008-0050

(1) Contextualized Housing Need – A contextualization and incorporation of information from the most recent Housing Capacity Analysis that describes current and future housing needs in the context of population and market trends.

The City of Newport's Housing Production Strategy Report includes a description of the city's unmet housing need in Chapter 2 of the report. Chapter 2 of the report includes all elements necessary to be compliant with OAR 660-008-0050(1) including demographic and

socio-economic characteristics of the city, housing market conditions, affordability metrics, and description of how qualitative data informed the basis of the analysis. In other chapters of the report, the city further grounds the unmet housing needs and existing conditions of the city by describing how the city's community engagement processes influenced the particular housing production strategies the city proposed.

Furthermore, Chapter 3, Exhibit 9, and the *"Existing and Expected Barriers and Opportunities to Development of Needed Housing"* section include summaries of how the adopted actions are intended to address the particular housing needs of the city and how the strategies collectively work together to meet the entirety of the city's identified housing needs. The city does an exceptional job of identifying the needs of the community and describing specific solutions to these existing housing problems.

(2) Engagement – A Housing Production Strategy Report must include a narrative summary of the process by which the city engaged Consumers of Needed Housing and Producers of Needed Housing, especially with regard to state and federal protected classes. A city may conduct engagement for a Housing Production Strategy concurrent with other housing planning efforts within the city including, but not limited to, a Housing Capacity Analysis, Consolidated Plans for Community Development Block Grant Entitlement Communities, and public engagement for Severely Rent Burdened Households as described in OAR 813-112-0010.

The City of Newport's HPS describes equity as both an outcome and a process in Exhibit 4 of the report.

Exhibit 4. Newport Housing Production Strategy Equity Framework

Equity as a process	Equity as an outcome
<ul style="list-style-type: none">The City seeks to understand, question, and disrupt historical and contemporary inequitable systems and structures.From there, the City will create policies that are based in equal opportunity and resources. The City will ensure that those most impacted by policies and practices are meaningfully involved in their creation and implementation.Creating equitable processes will help ensure that diverse and underrepresented communities (including vulnerable and low-income communities) can influence and inform policies and programs.	<ul style="list-style-type: none">Race or other markers of social identity no longer predict one's life outcomes (for instance in health, socioeconomic advantages, educational access, life expectancy, etc.).Achieving equity remains a challenge because our economic systems were, often unintentionally, designed and built to maintain inequality—and they continue to do so.

To put this plan into action the city describes seven different ways in which they engaged the community and key stakeholders in the development of the report. These engagement activities included convening a Project Advisory Committee, community conversations, discussions with service providers for vulnerable populations and local housing developers, open houses, and work sessions with planning commission and city council. The report describes how the conversations either informed, affirmed, or otherwise helped to prioritize the specific housing production strategies the city ultimately approved.

The report's description of how the city will continue to improve upon its engagement processes in the future is sufficient to meet OAR requirements but does not exceed expectations.

(3) Strategies to Meet Future Housing Need – A Housing Production Strategy Report must identify a list of specific actions, measures, and policies needed to address housing needs identified in the most recent Housing Capacity Analysis. The strategies proposed by a city must collectively address the next 20-year housing need identified within the most recent Housing Capacity Analysis and contextualized within the Report as provided in section (1).

In total, the city proposes to implement 13 strategies to meet the city's identified housing needs. The city has identified these strategies based on their alignment with five initiatives:

1. Encourage development of publicly subsidized affordable housing units;
2. Remove barriers to development of low- and moderate-income affordable rental housing;
3. Increase opportunities for affordable homeownership;
4. Preserve existing low- and moderate-income affordable housing; and
5. Address homelessness.

Exhibit 10 describes how the 13 strategies meet or target these specific initiatives.

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Exhibit 10. Housing Initiatives and the Potential Actions

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

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

Importantly, the city also included an analysis of how well these 13 strategies impact or are targeted towards the affordability and housing tenure needs of the community. The strategies are also described in terms of ease and timeline of implementation. This is described in Exhibit 9 below.

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Exhibit 9. Summary of Actions

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

(4) Achieving Fair and Equitable Housing Outcomes – A Housing Production Strategy Report must include a narrative summarizing how the selected Housing Production Strategies, in combination with other city actions, will achieve equitable outcomes with regard to the following factors:

- (a) Location of Housing**
- (b) Fair Housing**
- (c) Housing Choice**
- (d) Housing Options for People Experience Homelessness**
- (e) Affordable Homeownership and Affordable Rental Housing**
- (f) Gentrification, Displacement, and Housing Stability**

Section 4 of the city's HPS Report includes an assessment of all proposed strategies in light of the six identified fair and equitable housing outcomes described in OAR 660-008-0050(4). This section focuses on the proposed strategies as a whole and builds on the previous section of the report that assessed the outcomes of each individual strategy. The city's analysis in Section 4 of the report gives a clear indication of how and why the total proposed package of strategies were chosen to achieve particular fair and equitable housing outcomes. DLCD finds that this section meets the criteria set forth in OAR 660-008-0050(4).

However, given the clear interest in addressing homelessness as an initiative under which the city reviewed potential tools, actions, and policies, the department would have expected more affirmative and specific strategies to house people experiencing homelessness. However, taken collectively, the department feels the city can make adequate

(5) A Housing Production Strategy Report must include the following additional elements:

- (a) A description of any opportunities, constraints, or negative externalities associated with adoption of the elements of proposed Housing Production Strategies;**

Appendix A and Exhibit 14 of the Newport HPS outlines an analysis of the various benefits and burdens that may result from implementation of each proposed strategy. Paired with the *“Existing and Expected Barriers and Opportunities to Development of Needed Housing”* section of the document, DLCD feels this assessment will be informative as the city moves into implementation of the strategies and considers additional public processes.

- (b) A description of actions that the city and other stakeholders must take to implement the proposed Housing Production Strategies;**

Exhibit 12 of the report includes a well-thought-out identification of the varying roles and responsibilities of the implementation partners for each proposed strategy. As the city proceeds into implementation, the city should share this exhibit with each of the identified stakeholders and work to develop a more detailed implementation plan.

(c) If the Housing Production Strategy Report is the first produced under this division, a description of how the city will measure strategy implementation and progress;

The subject HPS is the first produced under this division. While the City Council commits to tracking and monitoring the implementation of actions in the HPS, it does not specify the manner in which the Council will do so. The report describes potential considerations in the assessment of implementation including the following questions:

- Are additional actions needed to address new or changing conditions?
- Is staff capacity sufficient to meaningfully advance the strategies?
- What benefits has the City seen from its efforts to date? Are the city's residents, and especially its lower-income residents and communities of color, seeing a return on the investments that the City has made?

Exhibit 15 also goes into more detail on the metrics that City Council could use to make this assessment but are described as suggestions.

Condition of Approval #1: DLCD is particularly interested in how the city will monitor the implementation of the proposed strategies on an annual basis, particularly if the city chooses to measure implementation in a manner than is somewhat different from the suggested approach outlined in Exhibit 15. DLCD requests that, at the time the city submits its four-year, mid-cycle Housing Production Strategy report to the department under OAR 660-008-0060, the city also provide all annual monitoring summaries to the department. These annual summaries are not required as part of the submittal under OAR 660-008-0060 and therefore will not be used to make any final approval decisions. Rather, DLCD is interested in these summaries for informational and educational purposes.

(d) If the Housing Production Strategy Report is not the first produced under this section, a summary of strategies that the city has previously adopted and implemented, and a reflection on the efficacy of each implemented strategy; and

Not applicable.

(e) A copy of the city's most recently completed survey to meet the requirements of ORS 456.586.

The City of Newport submitted a survey to meet the requirements of ORS 456.586 to DLCD on 1/03/2022.

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Please feel free to contact me at 503-302-0937, or at ethan.stuckmayer@dlcd.oregon.gov, if you have any questions or need further assistance.

Sincerely,



Ethan Stuckmayer

Housing Services Division Manager, Department of Land Conservation and Development

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