

CITY OF NEWPORT

RESOLUTION NO. 3978

**A RESOLUTION ADOPTING THE
2023 NEWPORT HOUSING PRODUCTION STRATEGY**

WHEREAS, ORS Chapter 197 and OAR Chapter 660, Division 8 require cities update their housing needs and buildable lands inventories, now termed a Housing Capacity Analysis (HCA), every 6 to 8 years to address a series of new benchmarks and to develop a Housing Production Strategy (HPS) that lists specific actions a city will take to promote housing development; and

WHEREAS, The City of Newport obtained a grant from the State of Oregon Department of Land Conservation and Development to hire a consultant to help prepare an HCA and HPS that complies with applicable provisions of state law; and

WHEREAS, preparing the HCA and HPS presented the City with an opportunity to engage the community in an informed and robust discussion of the City's current and future housing needs. A Project Advisory Committee was formed, small group community conversations were held, local housing developers and builders were engaged, and interviews were conducted with service providers for vulnerable and underrepresented populations, and

WHEREAS, members of the Planning Commission and City Council played an active role as the HCA and HPS were developed, with liaisons participating on the Project Advisory Committee and facilitating community conversations, in addition to attending work sessions of the full Commission and Council for formal project updates in the fall and winter of 2022; and

WHEREAS, public hearings on the HCA were held before the Planning Commission and City Council in early 2023, and the City Council adopted the Housing Capacity Analysis on March 6, 2023, with Ordinance No. 2207; and

WHEREAS, the City, its consultants, and the Project Advisory Committee used the information contained in the HCA to develop thirteen (13) strategic actions the City can take to support housing development, promote equitable access to housing, address housing affordability challenges, encourage the preservation of existing housing, and support the development of safety net services for houseless members of the community; and

WHEREAS, key findings from the HCA, and the strategic actions contained in the HPS, were vetted and adjusted based upon feedback received from a virtual open house and survey that garnered 454 responses, and an in-person open house that had 50 participants; and

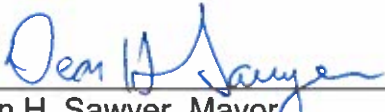
WHEREAS, the Project Advisory Committee and Planning Commission have expressed their support of the HPS being presented to the City Council for its review and adoption; and

WHEREAS, the City Council considered the HPS at a work session on April 17, 2023 and a public meeting on May 15, 2023 and, after due deliberation, determined that it is in the public interest for the City to adopt the Housing Production Strategy and initiate implementation of the recommended housing actions.

THE CITY OF NEWPORT RESOLVES AS FOLLOWS:

1. The document titled "Newport Housing Production Strategy," by ECONorthwest, dated May 2023, and attached as Exhibit A, is hereby adopted as the City of Newport's official Housing Production Strategy.
2. The City Council directs staff to initiate implementation of the action items listed in the Housing Production Strategy in accordance with the schedule outlined in the document.

Adopted by the City Council of the City of Newport this 15th day of May, 2023.



Dean H. Sawyer, Mayor

ATTEST:



Erik Glover, City Recorder



Newport Housing Production Strategy

May 2023

Prepared for: City of Newport

Final Report

ECONorthwest

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KOIN Center
222 SW Columbia Street
Suite 1600
Portland, OR 97201
503-222-6060

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Acknowledgements

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Project Advisory Committee

- Kathy Kowtko, alt. James Bassingthwaite
- Todd Woodley, alt. Mike Phillips
- Sheila Stiley
- Betty Kamikawa
- Dr. Karen Gray
- Robert Cowen, alt. Mark Farley
- Wendy Hernandez
- Dr. Lesley Ogden
- Bonnie Saxton
- Rev. Judith Jones, alt. Dennis White
- Lee Hardy, alt. Braulio Escobar
- Cynthia Jacobi, alt. Jan Kaplan

City of Newport

- Derrick Tokos, Community Development Director

Consulting Team (ECONorthwest)

- Beth Goodman, Project Director
- Nicole Underwood, Project Manager

City of Newport Contact:

Derrick Tokos, Community Development Director
City of Newport
169 SW Coast Highway
Newport, OR 97365
541-574-0626
d.tokos@newportoregon.gov

ECONorthwest Contact:

Beth Goodman, Project Director
ECONorthwest
222 SW Columbia, Suite 1600
Portland, OR 97201
503-222-6060
goodman@econw.com

Executive Summary

Housing affordability has been a growing concern in Newport over the past decade. While the City has implemented policies in recent years to better support housing development, there is still work to be done to ensure Newport's existing and future housing needs are met. To build on their progress, the City applied for a grant with the Department of Land Conservation and Development in 2021 to produce a Housing Capacity Analysis (HCA) and a Housing Production Strategy (HPS). The City completed its HCA in 2022 which was the technical document for helping the City better understand its housing needs over the 2022-2042 timeframe. This document builds off the technical findings from the HCA and suggests actions to address housing needs over the next eight years.

Purpose of the Housing Production Strategy (HPS)

Many households in Newport are struggling to afford housing. Renters, many who have lived in the community for years, have increasingly limited housing options as the area's quality of life continues to attract more residents. Many essential workers live paycheck to paycheck with household budgets that are increasingly burdened by the cost of housing. About 53% of renters in Newport are cost burdened (i.e., paying 30% or more of their income in rent), with cost burden highest among households with lower incomes. Homeownership is not an option for most people living and working in Newport, and employers struggle to attract and retain workers because of housing costs and the general scarcity of rental and ownership housing.

Some groups are particularly vulnerable to increasing housing costs and may have special housing needs. The HPS is intended to include actions to work together to achieve equitable outcomes for all residents of Newport, with an emphasis on improving outcomes for underserved communities, lower-income households, and people in state and federal protected classes. Key groups with unmet housing need in Newport include:

- **Seniors.** Many seniors live on fixed incomes and cannot always afford increases in housing costs. They may also need housing that is physically accessible and close to services (such as nearby health care or in-home assistance).
- **People of color (POC).** In Newport, POC households were more likely to be cost burdened compared to the city's average. These households may need assistance to avoid displacement and to access housing without discrimination in locations with "high opportunity" (such as areas near jobs, transit, or services).
- **People with disabilities.** Across Oregon, people with one or more disabilities experience disproportionate cost burden. Some people with disabilities may need physically accessible housing near services (such as nearby health care or in-home assistance).
- **People experiencing homelessness.** People experiencing homelessness (or at risk of homelessness) may need a range of supports from immediate assistance (including rent

support) to permanent supportive housing (including supportive housing with services) and access to affordable units.

The City of Newport has an important role in ensuring housing is available for those who live here, at a price point they can afford. The City continues to identify and implement actions to support housing development and increase affordability. The City has implemented tax incentives to encourage the development of affordable rental housing and redesigned System Development Charge policies to benefit residential development and incentivize the construction of modestly sized homes. The City uses Construction Excise Tax and Urban Renewal funds to support housing development and recently dedicated \$120,000 from tax increment financing to acquire property for a regional stormwater detention facility so that a 26-unit market-rate subdivision could be built. The City also partners with other jurisdictions and nonprofits to create affordable home ownership opportunities.

However, the City has limited funds for direct investments and the community's unique challenges require targeted solutions. Many areas of Newport with vacant buildable land need costly infrastructure to support housing development. In addition, lack of housing supply and high housing costs have contributed to cost burden and homelessness in the City. While the City has some dedicated funding to support affordable housing development, the need far outweighs the City's limited resources. This Strategy will help Newport take the next steps to support affordable housing development.

How can the HPS support housing development?

This Strategy identifies and describes actions and implementation steps to support development of housing, address housing affordability challenges, and encourage the preservation of existing affordable housing. With this Strategy, the City identified a set of actions to support new and existing affordable development. The actions will encourage the development of more diverse housing types; grow partnerships with housing providers, developers and agencies involved in housing issues; and increase housing stability for Newport residents.

Exhibit 1. Summary of HPS Actions

Actions	What is it?	How does the action help?
A. Use Urban Renewal funding to support housing and infrastructure development	The City would use urban renewal funds for infrastructure development or for programs that lower the costs of housing development.	Provides a flexible funding tool to support many actions in the HPS if used within the urban renewal area.
B. Implement the Homebuyer Opportunity Limited Tax Exemption	The City would provide low- and moderate-income homebuyers a 10-year property tax exemption for homes valued at or below 120% of city's median sales price.	Helps low- and moderate-income households build wealth and achieve homeownership.
C. Reduce development code barriers to housing development	City can revise the development code to make housing development easier, less time consuming, and less costly.	Allows for more development and housing options and can reduce the cost of developing housing.
D. Adjust the allocation of the Construction Excise Tax to support affordable housing development	The City could use CET funds to support a variety of affordable housing programs, such as those actions described in this table.	Provides a flexible funding source for many actions in the HPS that benefit lower- and moderate-income households.
E. Lobby the Legislature for more resources to support housing development and remove regulatory barriers to housing development	The City could advocate for initiatives that would make it easier to raise local funds for affordable housing, access state funding, and reduce regulatory barriers to alternative housing types.	Expands the tools and funds available to support affordable housing development.
F. Establish a low-barrier emergency shelter and warming center in Newport	The City could reduce land use barriers to shelter locations, partner with a service provider to run the shelter, and provide resources to support shelter development.	Provides a first step towards stabilizing people experiencing homelessness and is a step towards accessing long-term housing.
G. Support development of a regional housing entity focused on low- and moderate-income housing	The City could partner with other agencies to help meet regional housing needs by pooling resources and staff for programs such as land banking.	Pools resources from city, county, and local partners to support low- and moderate-income housing needs on a regional level.
H. Participate in the regional homelessness action plan	The City would work with the county and partners to develop and implement the 5-year strategic plan to reduce homelessness.	Develops a regional approach to addressing homelessness.
I. Pay System Development Charges (SDC) for workforce housing	The City can pay SDC fees on behalf of the developer to encourage the development of affordable housing.	Reduces development costs and can incentivize development of qualifying housing types.
J. Grow partnerships with Community Land Trusts	The City could expand partnerships with land trusts and provide resources or land to support affordable homeownership.	Provides opportunities for homeownership that remain affordable over the long term.
K. Support outreach and education to promote equitable housing access	The City could engage in community outreach to better understand housing needs and share existing housing resources, as well as get input on City-lead housing initiatives, such as developing or revising housing policies.	Supports a common understanding of affordable housing, development obstacles, and available resources.
L. Pursue an Urban Growth Management Agreement (UGMA) with the County	The City would create an agreement with Lincoln County that describes the roles, responsibilities, and agreements for managing land between city limits and the UGB.	Provides a common understanding about how land that may eventually be in the city limits will be managed and makes it easier to annex into city.

M. Research rental housing maintenance code feasibility	The City would evaluate implementing a rental housing maintenance code policy, that could help renters and property owners communicate and resolve issues.	Helps ensure Newport's rental housing stock is well maintained and can improve the health, safety, and well-being of residents that rent.
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How do the actions work together to achieve the HPS purpose?

Delivering housing that is affordable to low-income households requires a variety of actions that address key housing needs in the city. The City's actions are intended to provide incentives and support at various phases of a development project and help overcome obstacles and challenges, making development more financially feasible. The actions are intended to reduce housing costs and ensure that rents or sales prices are more affordable by making it more financially feasible to build and preserve affordable housing.

The City developed five initiatives that address key housing needs in the city, focusing on outcomes of implementing the actions. The initiatives comprise a set of potential city-led actions, funding sources, and potential partnerships with other entities that help to achieve an overarching goal of expanding affordable housing. By bundling actions and funding sources, the City acknowledges that several actions and partnerships are necessary to achieve the City's housing goals. These actions will be adopted and implemented over an 8-year timeline recognizing that each of the actions will take different amounts of time to refine, adopt, and implement.

The initiatives are:

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

Exhibit 2. Housing Initiatives, Actions, and Proposed Adoption

■ 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 Housing	Address Homelessness	Adoption Schedule
Income Level (as a percent of Median Family Income (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	■	■	■	□	□	Ongoing
B. Implement the Homebuyer Opportunity Limited Tax Exemption			■	□		2025
C. Reduce development code barriers to housing development	■	■		□		2024
D. Adjust the allocation of the Construction Excise Tax (CET) to support affordable housing development	■	■	■	□	□	2024
E. Lobby the Legislature for more resources to support housing development and remove regulatory barriers to housing development	■	■	■	■	■	Ongoing
F. Establish a low-barrier emergency shelter and warming center in Newport					■	2026
G. Support development of a regional housing entity focused on low- and moderate-income housing		■	■			2028
H. Participate in the regional homelessness action plan	□				■	2024
I. Pay System Development Charges (SDC) for workforce housing	■	■	■			2024
J. Grow partnerships with Community Land Trusts			■	□		Ongoing
K. Support outreach and education to promote equitable housing access	■	■	■	■	■	Ongoing
L. Pursue an Urban Growth Management Agreement (UGMA) with the County	□	□	□			2026
M. Research rental housing maintenance code feasibility				■		2024

How will the City implement the Strategy?

Funding Sources

One of the key limitations to implementing the actions in the HPS is the availability of funding. Funding is needed not only to build units, preserve affordable housing, and provide access to equitable housing but also for staff time to implement the Plan. Identifying a set of realistic funding sources is necessary for achieving the vision of affordable housing in Newport.

Existing City funding sources include:

- **Urban Renewal Districts.** Tax increment financing is a flexible funding tool that can support many of the key actions identified in the Housing Production Strategy if they are used within an urban renewal area in accordance with the urban renewal plans.
- **Construction Excise Tax (CET).** CET is one of few options to generate additional, locally controlled funding for affordable housing. The City adopted a CET in 2017, which is levied on new residential, commercial, and industrial development.

In addition to existing City funds, the City will also pursue grants and state funding sources. However, the City will also need to pursue new funding sources that can help fund its programs. These could include increasing or creating new fees or taxes, reallocating current funds, or pursuing private donations and gifts.

Partners

Each of the strategies require a different implementation approach, with varying involvement from local partners. The city has identified actions that it can use to best support the development of affordable housing, but the delivery requires the participation of key partners who have roles essential to the construction, delivery, and preservation of housing units. Exhibit 3 shows how each of the partners would play a role in different actions.

Exhibit 3. City and Partner Roles

Actions	City role	Partners and roles
A. Use Urban Renewal to support housing and infrastructure development	Partner w/Urban Renewal Agency and potentially adopt new Urban Renewal district once the South Beach Urban Renewal Plan is closed.	Urban Renewal Agency: select projects and implement plans Overlapping Taxing Districts: consider major amendments to existing plans or the creation of a new urban renewal area Property Owners: provide input
B. Implement the Homebuyer Opportunity Limited Tax Exemption	Develop eligibility criteria, seek support from overlapping tax districts, adopt exemption, implement the exemption and execute on reporting	Overlapping Taxing Districts: consider approving exemption
C. Reduce development code barriers to housing development	Engage development community, revise development code	Local Developers: provide input
D. Adjust the allocation of the Construction Excise Tax to support affordable housing development	Adjust allocation and implement plan	Local Developers: provide input Local Nonprofits: provide input
E. Lobby the Legislature for more resources to support housing development and remove regulatory barriers to housing development	Collaborate with the area's legislative delegation and partners to support lobbying efforts	Partners would vary based on the changes being pursued
F. Establish a low-barrier emergency shelter and warming center in Newport	Reduce land use barriers to shelter location, provide funding to support new shelter, partner to operate or maintain the facility	Lincoln County: provide resources Service providers, faith-based organizations.: Operate the shelter
G. Support development of a regional housing entity focused on low- and moderate-income housing development	Partner and could take on other roles such as providing funding or resources	Cities in Lincoln County, Lincoln County, other government partners, service providers: partner and provide funding and resources
H. Participate in the regional homelessness action plan	Participate in planning process and support implementation	Cities in Lincoln County, Lincoln County, other government partners, service providers: participate in planning process and support implementation
I. Pay System Development Charges (SDC) for workforce housing	Engage development community, develop and implement program	Local developers: provide input
J. Grow partnerships with Community Land Trusts	Continue to partner with, and provide resources to, local land trusts	Nonprofits including Proud Ground, Habitat for Humanity, and DevNW: Partner with City and develop housing
K. Support outreach and education to promote equitable housing access	Engage the community to better understand housing needs and share housing resources, as well as get input on City-lead housing initiatives, such as developing or revising housing policies.	Local nonprofits and service providers, Fair Housing Council of Oregon: Partner with City and conduct outreach
L. Pursue an Urban Growth Management Agreement (UGMA) with the County	Initiate development of UGMA with Lincoln county, implement	Lincoln County: develop and implement UGMA with City
M. Research rental housing maintenance code feasibility	Research existing model ordinances and programs and identify implementation alternatives, including options for resourcing the program	Renters: provide input Property Owners: provide input

1. Introduction

The City of Newport has sponsored several housing planning efforts over the last several years to address housing access, quality, and affordability concerns. While the City has accomplished much to date, there is still work to be done to ensure Newport’s existing and future housing needs are met. To build on their progress, the City applied for a grant with the Department of Land Conservation and Development in 2021 to produce a Housing Capacity Analysis and a Housing Production Strategy.

A Housing Production Strategy (HPS) includes goals and strategic actions that combine to achieve equitable outcomes for all residents of Newport, with an emphasis on improving outcomes for underserved communities, lower-income households, and people in state and federal protected classes. An HPS considers issues of Fair Housing, which is intended to provide access to housing choice by everyone, free from discrimination.

Federal protected classes are: race, color, national origin, religion, gender, familial status, and disability. Oregon’s additional protected classes are: marital status, source of income, sexual orientation and gender identity, and status as a domestic violence survivor. Under Fair Housing laws, it is illegal to deny access to housing based on the characteristics of people within these protected classes.

A Housing Capacity Analysis (HCA) is a technical document that will allow the City of Newport to better understand its housing needs over the 2022-2042 timeframe. It answers an important question about whether the city has enough unconstrained, buildable lands to accommodate its housing forecast – which is based on projected population growth – over the planning period. The Housing Production Strategy (HPS) uses the findings of the Housing Capacity Analysis (as well as the findings from other recent planning efforts) and crafts policies and actions to address Newport’s housing needs, meet the city’s housing goals, and affect positive change in the community.

This report provides information about Newport’s housing needs, building from the recently completed Housing Capacity Analysis. It provides an understanding of the issues (in Chapter 2), before solutions are proposed (in Chapter 3).

Requirements of a Housing Production Strategy

OAR 660-008 describes the requirements of a Housing Production Strategy (HPS) in sections 660-008-0050 through 660-008-0070. DLCD requires that the HPS includes the following information.

- **Unmet Housing Need in Newport** (Chapter 2 and Appendix A) covers the socio-economic and demographic trends of households in Newport, the policies the City has adopted to meet housing needs, and a summary of engagement the City has had with stakeholders about housing needs (especially with stakeholders in underrepresented groups).
- **Actions to Meet Future Housing Need** (Chapter 3) identifies specific actions, measures, and policies needed to address housing needs identified in Newport's HCA report.
- **Achieving Fair and Equitable Housing Outcomes** (Chapter 4) evaluates the entire list of strategies to achieve equitable outcomes. The valuation considers factors such as location of housing, Affirmatively Furthering Fair Housing, facilitating housing choice, identifying housing options for residents experiencing homelessness, supporting development of affordable housing, and increasing housing stability.

The City is required to submit the HPS to DLCD after its adoption by the City Council. The City must monitor progress on implementation of the HPS and progress on production of housing related to the policies and actions in this report. Linking housing development directly to implementation of the actions in this report may be challenging and difficult to quantify. But City staff will be able to report changes in building activity that occur before and after implementation of specific actions and will be able to provide qualitative feedback on implementation of actions based on development of partnerships and discussions with stakeholders.

Newport will be required to submit a report to DLCD four years after the City adopts the HPS that includes:

- A **summary** of the actions taken by that time. For actions not adopted on the schedule in the HPS, the city must provide an explanation of the circumstances that posed a barrier to implementation and a plan for addressing the need identified in the strategy.
- An **evaluation** of the efficacy of the actions that the city has implemented for meeting the needs in the HCA and whether the actions are moving the city to achieve more fair and equitable housing outcomes.

If the City is unable to or chooses not to implement an action within 90 days of the timeline proposed in the HPS, the City must notify DLCD about the action(s) that the City is taking to address this issue. The City may propose an alternative schedule for implementing the action or may identify a different action (or actions) to meet the specific housing need addressed by this action.

Building Equity into the HPS

Newport’s goal of producing equitable housing goes beyond affordability. Equitable housing comprises reasonably priced, high-quality homes to buy or rent that are accessible across all ages, household sizes, abilities, and incomes and are convenient to everyday needs such as schools, childcare, grocery stores, and parks. In pursuing equitable housing, the City seeks to reduce cost burden and increase access to homeownership, especially for low-income households and vulnerable groups such as seniors, workers with low pay, people with disabilities, and communities of color.

In developing the HPS, the team considered equity as both an outcome and a process. Exhibit 4 provides an equity framework that embeds equity considerations into the HPS process, implementation, and measurement of impact. The actions in the HPS are intended to increase equitable housing outcomes as the City implements the recommendations of the HPS.

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.

Stakeholder Involvement in Developing the HPS

Consulting with community members was a crucial aspect of developing the HPS, as it helped the project team understand their affordable housing priorities, needs, and challenges. The feedback collected throughout the engagement process played an essential role in shaping the actions outlined in this document. The project team kept stakeholders informed by sharing the proposed actions at different stages of the process to ensure that they were appropriate and to gather suggestions on how to prioritize and execute them. The collaborative stakeholder outreach process for creating the HPS involved input from the following groups.

- **Newport Project Advisory Committee.** The City of Newport and ECONorthwest solicited public input from the Project Advisory Committee (PAC) to develop both the *Housing Capacity Analysis* and *Housing Production Strategy*. The PAC was composed of Newport community members, people involved in development, agency partners, service providers and employees, faith-based organizations, and elected/appointed

officials. The project relied on the PAC to review draft deliverables and provide input at key points. During the development of the HPS, the PAC met five times.

- **Meeting 1:** Summary of housing need (October 13, 2022)
- **Meeting 2:** Gaps in actions and strategies to fill gaps (December 15, 2022)
- **Meeting 3:** Identify additional strategies (January 12, 2023)
- **Meeting 4:** Refine and narrow strategies (February 16, 2023)
- **Meeting 5:** Review the HPS report (March 30, 2023)
- **Community Conversations.** During the development of the HPS the PAC hosted Community Conversations with community members from different backgrounds. Participants were encouraged to (1) share their perspectives on housing needs and preferences in Newport and (2) provide input on potential actions that the City could take to promote the development of needed housing in a fair and equitable way. In total, PAC members and City staff held eight community conversations with over 70 participants.

The Community Conversations highlighted challenges to accessing housing in Newport including lack of housing inventory, housing costs that have outpaced incomes, and housing units that are the wrong size for the needs of the household. Participants also expressed concerns with ongoing maintenance and noise and indicated that walkability, privacy and quiet were important for housing locations.

- **Discussions with Stakeholders.** The project included 10 interviews with stakeholders to solicit feedback. The project team spoke with:
 - **Service providers for vulnerable populations** to better understand the range of unmet housing needs, particularly for people experiencing disabilities, mental illness, and/or discrimination. These discussions identified the insufficient availability of housing options and supportive services for at-risk populations in Newport and other rural areas. This has highlighted the necessity for additional nonprofit and government capacity to support these populations. Additionally, service providers emphasized the importance of working collaboratively with local partners and the City to enhance housing production and help households maintain their housing.
 - **Local housing developers and builders** to understand the unique challenges in developing housing and identify policies and actions that could help support housing development affordable to low and moderate-income households. This group identified the high cost of construction due to building code requirements (to withstand high winds and weather) and lack of local contractors for some trades as contributing to higher housing costs. They also emphasized that infrastructure costs can be a barrier for larger developments, but that greater density can help spread land infrastructure costs across more units.

- **Open House.** In the winter and spring of 2023, the project team held two public open houses. These open houses provided an opportunity to educate participants about the project while also obtaining feedback. The first open house was virtual and included a series of surveys that provided opportunities for community members to share their housing experiences and weigh in on potential solutions. At least 454 people viewed the virtual Open House and responded to the surveys.

The second Open House was in person and had about 50 participants. Like in the first open house participants were able to share their feedback on potential solutions. The feedback from participants at both open houses confirmed that the actions included in this HPS are reasonable and informed the relative priority of actions in terms of implementation.

- **Planning Commission.** ECONorthwest provided an update on the HPS project to the Planning Commission in the winter of 2022, gathering their feedback and thoughts on potential strategies. City staff updated the Planning Commission in spring of 2023 presenting the final HPS and gathering final comments.
- **City Council.** ECONorthwest presented to the City Council in winter 2022, gathering their feedback and thoughts on potential strategies. ECONorthwest delivered the final documents in spring 2023 and City staff presented the final HPS to the City Council in spring 2023.

Prior to developing the Housing Capacity Analysis and Housing Production Strategy reports in 2022 and 2023, the City has done extensive public and stakeholder engagement around housing. Some examples include:

- Through development of the 2011 *Housing Needs Analysis*, the City worked with a technical advisory committee to inform the analysis and recommendations to support development of needed housing.
- The 2014 Newport Student Housing report identified a number of recommendations for the City to implement that would support student housing and/or encourage the production of low-income subsidized or workforce housing. Developing and implementing each of these recommendations involved extensive stakeholder outreach to ensure effectiveness and community support. Recommendations the City has implemented over the past decade include:
 - 2015 - Formed Northside Urban Renewal District to help fund housing infrastructure (multi-year effort).
 - 2017 – Established Affordable Housing Tax Incentives and the Affordable Housing CET; amended SDC Methodology Amendment (multi-year effort).
 - 2018 – Established transferability of SDC Credits for Housing.
 - 2020 – Established Home Ownership Down-Payment Assistance Grants with Proud Ground (multi-year effort).

- 2021 – Donated land to Habitat for Humanity for duplex development (multi-year effort).
- 2021 – Provided CDBG Funds for Rehab and Weatherization Program operated by non-profit DevNW (2021).
- 2022 – Reduced residential street widths for residential development with TSP update (multi-year effort).

As the City implements this HPS, it should explore ways to enhance its engagement with stakeholders. Action K provides a way to improve stakeholder engagement to ensure that everyone has equitable access to housing and to prevent housing discrimination. Engagement strategy moving forward should prioritize establishing long-term relationships with community members, with particular attention given to communities that are typically harder to reach, as well as service providers and developers to ensure that strategies remain attuned to residents’ needs. This outreach should be connected closely with projects the City is leading about housing, such as developing new (or revising existing) housing policies.

Structure of the Report

The structure of this report is organized as follows:

- **Chapter 2. Unmet Housing Need in Newport** summarizes the findings about housing needs in Newport, with a focus on housing needs at varying income levels and specific groups of people.
- **Chapter 3. Actions to Meet Future Housing Need** presents the proposed policies and actions to meet the housing need described in Chapter 2.
- **Chapter 4. Evaluation: Achieving Fair and Equitable Housing Outcomes** presents an evaluation of the HPS through considerations of the location of housing, Fair Housing, housing choice, and other factors.
- **Appendix A. Action Evaluation Criteria** presents the criteria used to determine whether an action would be included in the HPS.
- **Appendix B. Pre-HPS Survey**

2. Unmet Housing Need in Newport

This chapter presents a description of the housing needs that the Housing Production Strategy (HPS) is intended to address, as well as existing policies to address Newport's housing needs. It ends with a summary of the existing and expected barriers to development of needed housing. This chapter meets the HPS requirement to further contextualize housing need, beyond what the HNA provided.

As the City weighs potential strategies to encourage affordable housing, the City must understand the needs that are specific to residents in the City of Newport. The HPS connects unmet housing needs with strategies to address those needs. The City already understands the housing needs of current and future residents of Newport based on demographic and socioeconomic characteristics, such as age and income, from the Newport Housing Capacity Analysis (HCA), produced in October 2022.

The purpose of this chapter is to summarize key information from the HCA and supplement the City's understanding with additional detailed data about housing needs for other demographic characteristics, such as race, ethnicity, people with a disability, or people experiencing homelessness (which were not included in the HCA).

Methods

This chapter uses standard sources of information from the U.S. Census. It adds information from other sources, such as Oregon's Housing and Community Services Department, the United States Department of Housing and Urban Development, Redfin, Costar, and the City of Newport. The detailed data underlying the summary information presented in this chapter is in the *Newport Housing Capacity Analysis* report.

Housing Needs Addressed by the Housing Production Strategy

This section describes Newport housing needs based on data gathered in the Newport Housing Capacity Analysis report (2022) and household income shown below.

Across Oregon, developers have been able to build some types of housing without need for public intervention, such as single-family detached housing that is affordable to people with higher incomes. However, many low- and moderate-income households have unmet housing needs because the market has been unable to keep up with their needs.

The HPS focuses on strategies that ensure that developers can produce housing for low- and moderate-income households. Housing at this part of the income spectrum, and housing that meets the special needs of specific groups, usually requires public intervention.

Defining Median Family Income

Throughout this report, we discuss housing affordability based on 2021 Median Family Income (MFI) that is defined by the U.S. Department of Housing and Urban Services (HUD) for Lincoln County for a family of four people. The terms used to describe housing affordability by income group are:

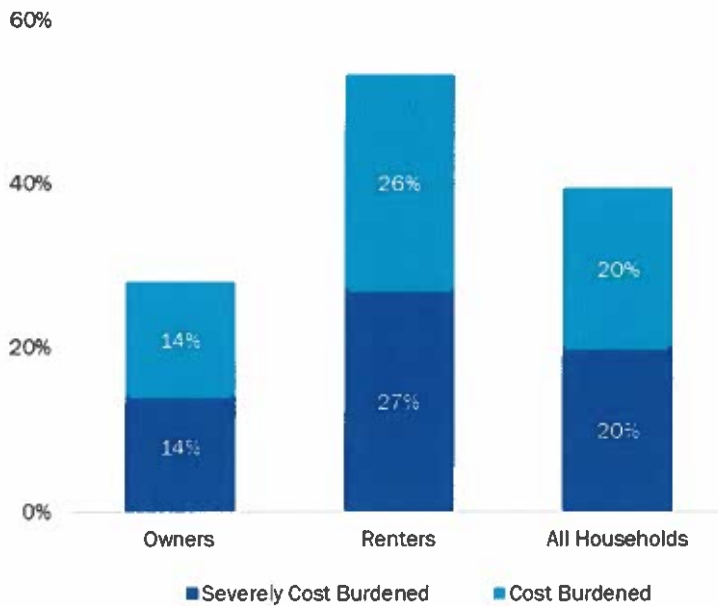
- Extremely Low Income: Less than 30% MFI or \$17,200 or less for a family of four
- Very-Low Income: 30% to 50% of MFI or \$17,200 to \$28,700 for a family of four
- Low Income: 50% to 80% of MFI or \$28,700 to \$45,900 for a family of four
- Middle Income: 80% to 120% of MFI or \$45,900 to \$68,900 for a family of four
- High Income: 120% of MFI or more \$68,900 or more for a family of four

Many households in Newport pay more than 30% of their income for housing.

Because the local housing market cannot produce income-restricted, subsidized affordable housing at sufficient levels – and because it cannot often produce moderate income/workforce housing without subsidy, over a third (40%) of households in Newport are cost burdened. Renters are much more likely to be cost burdened than homeowners.

Exhibit 5. Housing Cost Burden by Tenure, Newport, 2016-2020

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



A household is defined as cost burdened if their housing costs exceed 30% of their gross income. A household that spends 50% or more of their gross income on housing costs is said to be severely cost burdened.

Low-income households have few options for either homeownership or rental units.

Housing costs for both rental and ownership units are much higher than many residents can afford. Exhibit 6 shows financially attainable housing costs for households across the income spectrum in Lincoln County.

In Newport, a family of four must make:

200% of MFI (\$115,000) to afford the median sales price of a home (\$403,000)¹

95% of MFI (\$54,400) to afford Newport's median apartment rents (\$1,360 per month)

Exhibit 6. Financially Attainable Housing, by Median Family Income (MFI) for Lincoln County (\$57,400) 2021

Source: US Department of Housing and Urban Development, Lincoln County, 2021. Oregon Employment Department. Note: The below estimates of affordable home sales prices are rough estimates. The affordable home sales prices will vary for each borrowing household, based on interest rates, loan term, down payment, and similar factors. These sales prices are illustrative estimates and do not make assumptions about interest rates, amount of down payment, whether mortgage insurance will be required, or other factors that are unique to an individual household's mortgage.



Without cost burdening themselves, a household earning median family income in Lincoln County (about \$57,400 per year) can afford:

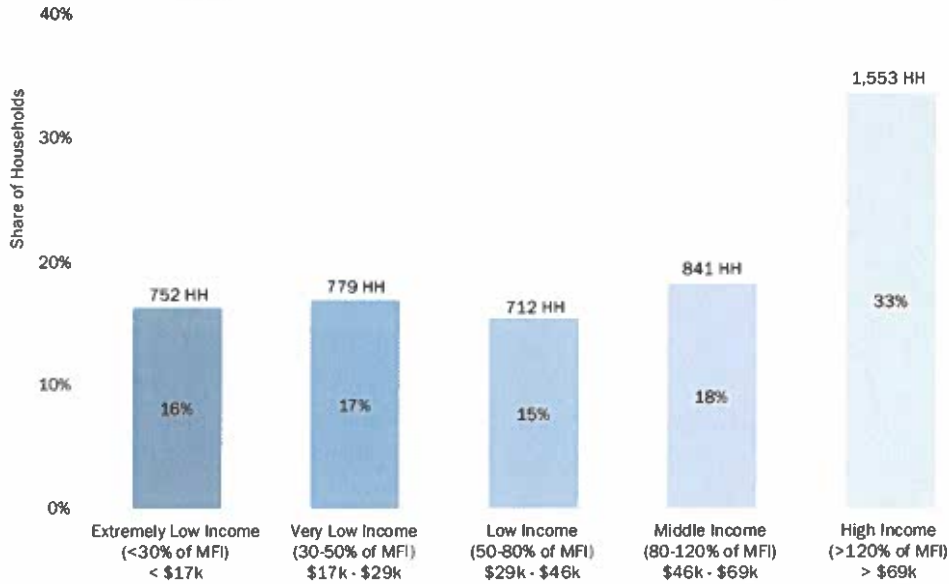
- a monthly rent of about \$1,440
- a home roughly valued between \$201,000 and \$230,000

¹ Property Radar, December 2021.

About one-third of Newport households earn less than 50% MFI.

Exhibit 7 shows that 33% of Newport’s households had incomes less than 50% of Median Family Income (MFI) (\$28,700) and cannot afford a two-bedroom apartment at Lincoln County’s Fair Market Rent (FMR) of \$1,040 in 2021.

Exhibit 7. Share of Households by Median Family Income (MFI) for Lincoln County, Newport, 2021
Source: US Department of HUD, Lincoln County, 2021. US Census Bureau, 2015-2019 ACS Table B19001.



Newport is forecast to grow by 626 new dwelling units between 2022 and 2042.

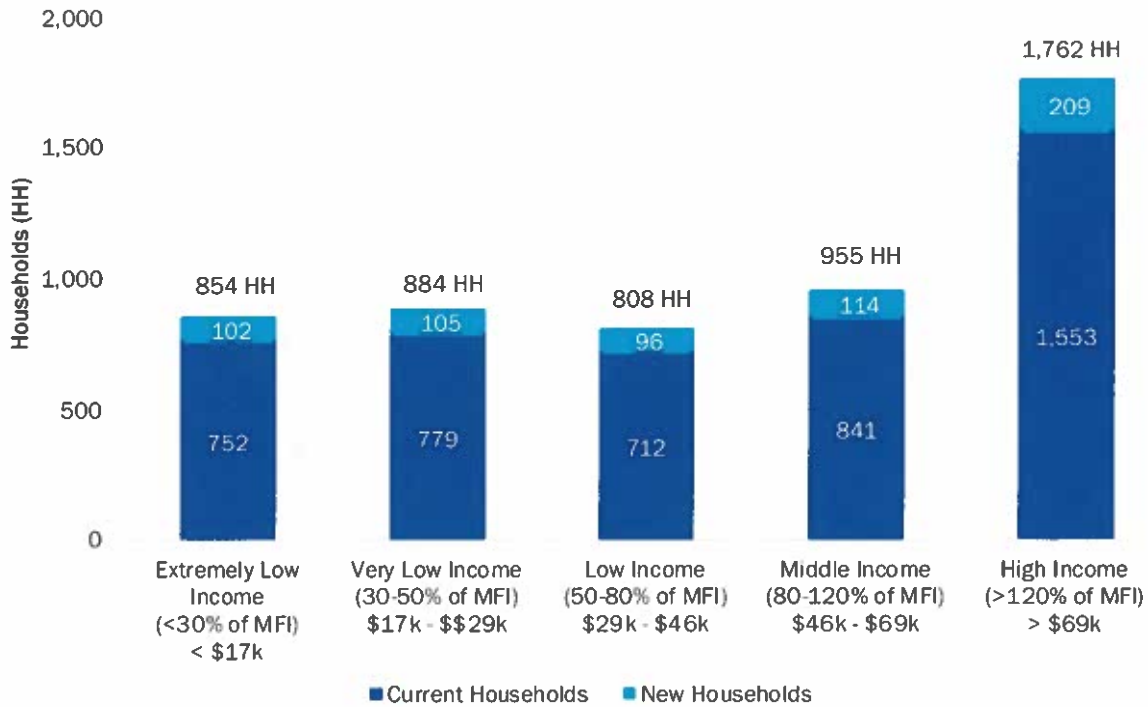
These housing units will need to be available at a variety of income levels. Exhibit 8 shows existing unmet housing need. While the HPS does not anticipate building new units for all existing households with unmet housing need, the new development and other policies that stabilize housing affordability are likely to benefit existing households with unmet need, as well as new households.

About a third of new housing will need to be for those with very low or extremely low incomes (below 50% MFI).^{2 3}

Exhibit 8. Newport’s Current and Future Households by Income, 2022 to 2042

Source: U.S. Census Bureau, 2015-2019 ACS 5-year estimate, Table B19001, U.S. Department of HUD 2021 MFI, and PSU’s Population Forecast, 2022 to 2042 as found in Newport’s Housing Capacity Analysis.

Note: Median Family Income (MFI) is estimated for a family of 4.



² Given the fact that incomes have grown at a relatively slow pace over the last two decades in comparison to housing costs (especially home sales prices) this may be a conservative assumption about the future affordability of housing.

³ Assuming future Newport residents have an income distribution that is the same as existing residents.

Housing Needs for Extremely Low and Very Low-Income (Less than 50% MFI) Households

What we know about the need: Within this income range, Newport has housing need of:

- New households: **207** (from 2022-2042)
- Existing households: **1,531**

What can they afford? Rents (including basic utility costs) of not more than \$720 per month.

- A household would need to earn **\$54,400** to afford average multifamily rent of **\$1,360** (about 95% of MFI for a family of four). Households with incomes of less than 50% of MFI cannot afford this rent.

What will it take to meet their needs? Meeting the housing needs of these households will require a combination of preserving existing income-restricted affordable housing and development of new income-restricted affordable housing. Development of income-restricted affordable housing typically requires extensive subsidy, with funding from state and federal sources, in addition to any support from the city and other partners.

Housing Needs for Low-Income (50-80% MFI) Households

What we know about the need: Within this income range, Newport has housing need of:

- New households: **96** (from 2022-2042)
- Existing households: **712**

What can they afford? Rents (including basic utility costs) of between \$720 and \$1,150 per month.

- A household would need to earn **\$54,400** to afford average multifamily rent of **\$1,360** (about 95% of MFI for a family of four). These households cannot afford this rent.
- Households within this income range are likely to live in rental housing.

What will it take to meet their needs? Meeting the housing needs of these households will require a combination of preserving existing “naturally occurring affordable housing,” developing new income-restricted affordable housing in this price range (for households with income of 50% to 60% of MFI), and developing new market-rate housing. Some households in this income range may need rent assistance, such as a Housing Choice Voucher. Homeownership opportunities for this income range will likely be related to housing developed by nonprofit organizations, possibly with some subsidy, such as through a community land trust.

Housing Needs for Middle-Income (80-120% MFI) Households

What we know about the need: Within this income range, Newport has housing need of:

- New households: **114** (from 2022-2042)
- Existing households: **841**

What can they afford? Rents (including basic utility costs) of between \$1,150 and \$1,720 per month.

- A household would need to earn **\$54,400** to afford average multifamily rent of **\$1,360** (about 95% of MFI for a family of four). Many of these households cannot afford this rent.
- Households within this income range are likely to live in rental housing. Some can afford the average multifamily rent, but many cannot.

What will it take to meet their needs? A combination of the development of rental housing and lower-cost housing for homeownership. Some homeownership opportunities for this income range will likely be related to housing developed by nonprofit organizations, possibly with some subsidy, such as land banking or a community land trust.

Housing Needs of People of Color

What we know about the need: About 20% of Newport’s population identify as Latino (any race). Another 9% of the population identifies as two or more races, Asian, African American, American Indian or Alaska Natives, and Native Hawaiian or Pacific Islanders. People of Color⁴ are cost burdened more frequently than the average household in Newport.⁵

What will it take to meet their needs? Addressing the affordability issues, discussed above, as well as ensuring that people of color have access to housing without discrimination. This will require increasing awareness of Fair Housing rules for property owners and managers, tenants, City decision makers, and City staff. It will also require careful decision making to change policies that have created barriers to accessing housing by people of color.

Housing Need of People with Disabilities

What we know about the need: The Census reports that nearly a quarter of Lincoln County’s population have one or more disability, such as ambulatory, vision, hearing, cognitive, self-care, or independent living disabilities.⁶ It is reasonable to assume that Newport’s share of population with disabilities is similar to Lincoln County.

Disabilities include those that are visible, such as ambulatory or vision disabilities, and those that are not readily apparent, such as self-care, independent living, or cognitive disabilities. Other conditions may require special accommodations, such as disabling diseases or mental health conditions.

What will it take to meet their needs? Addressing the affordability issues, discussed above, as well as ensuring that people with disabilities have access to housing that addresses their disability and that they have access to housing without discrimination. This will require increasing awareness of Fair Housing rules for property owners and managers, tenants, City decision makers, and City staff. It will also require approaches that encourage development of housing with specialized design standards to accommodate special needs.

Housing Need of People Experiencing Homelessness

What we know about the need: There were approximately **460 people** experiencing homelessness in Lincoln County according to the Point-in-Time (PIT) homeless count conducted in January 2021.⁷

⁴ People of Color includes Black, Latino, American Indian or Alaska Native, Asian, Native Hawaiian and Pacific Islanders, and people of another or multiple races. These categories were combined due to limited data availability.

⁵ CHAS Table 9. 2014-2018.

⁶ US Census Bureau 2019 ACS, Table K201803.

⁷ The PIT count is a snapshot of individuals experiencing homelessness on a single night in a community. It records the number and characteristics (e.g., race, age, veteran status) of people who live in emergency shelters, transitional housing, rapid rehousing, Safe Havens, or PSH—as well as recording those who are unsheltered. HUD requires that communities

In addition, **801 students** in the Lincoln County School District experienced homelessness. The number of people experiencing homelessness in Newport is not clearly known. In part, this is because people experiencing homelessness may move between neighboring cities.

What will it take to meet their needs? Strategies will range from emergency assistance (including rent and utility assistance), permanent supportive housing (including supportive housing with services), and improved access to an affordable unit (as discussed above).

Existing Policies to Address Newport’s Housing Needs

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

- **Tax Incentives for Affordable Housing:** In the fall of 2017, the Newport City Council established two tax incentive programs and Lincoln County adopted a resolution committing it to participate in the programs, which expanded the potential tax benefits.
 - **Non-Profit Corporation Low-Income Housing Tax Exemption:** The first is targeted to non-profit corporations that operate income-limited rental housing, specifically at 60 percent MFI in the first year of operation and up to 80 percent MFI in subsequent years. The exemption also applies to property held for development by such entities, for up to three years.
 - **Multiple Unit Property Tax Exemption:** The second program provides a 10-year property tax exemption on structural improvements on multifamily rental projects with an affordable component. Developers are required to reserve at least 20 percent of the units at 80 percent MFI (at least 3 units if new construction, 2 units in a remodel) and are subject to other standards. The developer of a 110-unit, state- subsidized private affordable housing project submitted the first application under the multiple unit program. All the units will be affordable at 60 percent MFI, and the developer will realize more than \$1.6 million in tax savings on structural improvements over the 10-year period. Newport’s portion is roughly 40 percent of the total, meaning it will forgo a little more than \$665,000.
- **System Development Charges Policies:** Newport collects System Development Charges (SDCs) for all five eligible categories: water, wastewater, storm drainage, transportation, and parks. Recent changes in SDC policies benefit residential development and incentivize modestly sized homes.
 - **Updated System Development Charges Methodology:** Newport adopted a new SDC methodology in 2017, replacing the “one size fits all” formula, by establishing tiered

and Continuums of Care (CoC) perform the PIT count during the last ten days of January on an annual basis for sheltered people and on a biennial basis for unsheltered people. Though the PIT count is not a comprehensive survey, it serves as a measure of homelessness at a given point of time and is used for policy and funding decisions. The Point-in-Time count is acknowledged to be an undercount of homelessness, suggesting that the number of people in Lincoln County is higher, not lower, than the 2021 estimate.

price per square foot charges which reduce costs for smaller units. For example, the fee for a new home with 1,250 square feet of living space dropped from \$10,994 to \$5,189. The new methodology also reduced the list of SDC-eligible capital projects leading to, on balance, lower per-project assessments (creating room for an Affordable Housing CET). This change has led to a modest increase in the number of small homes and ADUs built in the City.

- **Transferability of System Development Charge Credits:** In 2018 the City amended its SDC ordinance for credits granted for qualified public improvements. By statute, developers must use these credits within 10 years, which can be a challenge in small communities where the pace of development is modest. The new rules allow credits to be sold or donated so long as the receiving property includes a residential use and the credit is not more than 50 percent of the SDC assessment. This provision has been used twice, for the 110-unit subsidized housing project referenced above, and for the 66-unit market-rate multifamily project completed in 2021.
- **Revenue Sources to Support Housing Investments:** With the new SDC policy adopted in 2017, policymakers had room to consider an excise tax without significantly impacting up-front development costs. Newport has also used tax increment financing to support housing development.
 - **Construction Excise Tax for Affordable Housing:** Adopted in the fall of 2017, the tax imposed is 1 percent of the permit value for construction that results in new or additional square footage for commercial and residential structures, with state-mandated exemptions for specific private and nonprofit uses. The tax has created a dedicated source of funding for affordable housing, which collected a little more than \$520,000 since its inception. State law requires that at least 50 percent of taxes collected from residential development are used on developer incentives, such as reducing impact fees. Of the remaining amount, 35 percent can be used for “other affordable housing programs” and 15 percent is remitted to Oregon Housing and Community Services (OHCS) for its down payment assistance program. OHCS has committed to awarding those funds in Newport. Half of the tax collected from commercial projects must also be used to fund housing-related programs.
 - **Urban Renewal (Tax Increment Financing):** Newport has three urban renewal areas expected to generate \$30 million in infrastructure improvements over the next 20 years to catalyze new development. This tool requires thoughtful engagement with all affected taxing entities to dedicate future tax revenues toward these investments. Newport often uses urban renewal funds as a match for state and federal grants, or in conjunction with funds from private partners. The City recently invested about \$120,000—with additional contributions from a developer—to improve a regional stormwater detention facility so that a 26-unit, market-rate subdivision can be built. The improvements will accommodate runoff from other upstream residential properties.
- **Grants and Land Donations for Affordable Homeownership:** The City has entered partnerships with other jurisdictions and nonprofit partners to create affordable homeownership opportunities and help keep low-income owners in their homes.

- **Homeownership Down Payment Assistance:** Newport, Lincoln City, and Lincoln County executed an agreement with Proud Ground, a community land trust from the Portland metro area, to provide eight down payment assistance grants for households making 80 to 120 percent of MFI. Proud Ground was able to leverage \$160,000 in local matching funds to create over \$770,000 in subsidy (including \$515,000 from the Governor’s Workforce Housing Initiative). Proud Ground, with support from the partners, held numerous homebuyer education meetings to help get qualified buyers into the pipeline. Three of these grants went to home purchases in Newport. The average subsidy per home required to fill the gap between the mortgage the homeowners could afford and the price of the home on the market was \$87,228.
- **Habitat for Humanity Land Donation:** The City of Newport entered into a land donation agreement with Habitat for Humanity of Lincoln County for the construction of up to five owner-occupied units targeted to qualifying households earning between 40 and 80 percent of MFI. The first duplex project was completed in the spring of 2021, on a property valued at a little over \$100,000. Deed restrictions require that the properties will remain affordable for up to 20 years from the original sale.
- **Partnership with Lincoln Community Land Trust:** Beginning in 2015, the City partnered with the Lincoln Community Land Trust (LCLT) to provide operational support and gap financing for LCLT to create permanently affordable housing in Newport. LCLT merged with Proud Ground in 2018 and the City continues to support affordable homeownership on land trust properties through down payment assistance (see above).
- **Rehabilitation and Weatherization Programs:** Lincoln County and several of the incorporated cities, including Newport, obtained Community Development Block Grant (CDBG) funds to finance a housing rehabilitation loan program for low-income households. Participants were eligible for zero-interest, deferred payment loans that are typically repaid when the house is next sold. Changes to loan processing regulations since the Great Recession mean that the original loan servicer can no longer administer the program cost effectively. The partners have about \$2.75 million in the loan portfolio—including almost \$700,000 available to loan—and are considering options to continue the program, including working with a nonprofit on a new CDBG application to bring in additional resources.
- **Reduced Residential Street Widths.** The City of Newport updated its Transportation System Plan in 2022 to allow narrower streets in residential neighborhoods, reducing infrastructure costs for new subdivisions and infill projects. Streets in new subdivisions that will handle less than 500 vehicle trips per day can be designed as yield streets, which are 28 feet curb to curb, as compared to the 36 feet previously required. For infill projects fronting low-volume underdeveloped streets, developers may utilize a 16-foot two-way through lane with a 20-foot cleared area, or even a 12-foot-wide road with 30-foot-long pullouts every 300 feet, in areas where there are fewer than 150 vehicle trips per day. The City’s previous minimum roadway width for infill projects on substandard streets was 24 feet of paved width.

Existing and Expected Barriers and Opportunities to Development of Needed Housing

The barriers to development of needed housing in Newport include:

Need to expand costly infrastructure to support housing development.

Barriers

- As documented in the *Housing Capacity Analysis*, many areas of Newport with vacant buildable land need infrastructure to be extended to them (such as roads, water service, or wastewater service) to support new housing development.

Opportunities

- Use Urban Renewal as a source of funding to build infrastructure needed to support housing development.
- Continue to apply for state and federal funding to support infrastructure development.
- Lobby the Legislature for changes to existing laws to allow the City more approaches to fund infrastructure development.

Existing development standards can limit housing development.

Barriers

- Newport's development code has barriers that limit development of housing.

Opportunities

- Evaluate options for increasing maximum building height to ensure that multi-family construction can achieve three full stories of dwelling units.
- Evaluate reducing off-street parking requirements in areas of the city where on-street parking is available.
- Evaluate removing requirements for front yard setbacks involving housing development on hillsides so that new housing is built closer to the street, reducing site development costs.

Need funding and resources to support development of income-restricted affordable housing (for incomes below 60% of MFI).

Barriers

- Newport has a substantial need for new income-restricted housing, both for existing cost-burdened households with very low-income and for very low-income households that move to Newport over the next 20 years.

Opportunities

- Use City resources such as funds from the Construction Excise Tax and Urban Renewal to acquire land, pay for needed infrastructure, or off-set development fees, to support income-restricted housing development and leverage state and federal funds.
- Continue to partner with agencies and nonprofits that develop income-restricted

housing and support their applications for state and federal funds to support development of income-restricted housing.

- Lobby the Legislature for changes to existing laws to allow the City more approaches to raise funding to support affordable housing development.

Developing new housing affordable to low- and moderate-income households (60% to 120% of MFI) is often not financially feasible without subsidy.

Barriers

- Newport has substantial need for additional housing affordable to low- and moderate-income households. Development of this housing generally is not eligible for state or federal funding. And it is often not financially feasible to develop with rents low enough to be affordable to low- and moderate-income households without public subsidy.

Opportunities

- Support development of a regional housing entity that focuses on development of low- and moderate-income housing.
- Use City resources such as funds from the Construction Excise Tax and Urban Renewal to acquire land, pay for needed infrastructure, or offset development fees to support development of low- and moderate-income affordable housing.
- Lobby the Legislature for changes to existing laws to allow the City more approaches to raise funding to support affordable housing development.
- Implement the Homebuyer Opportunity Limited Tax Exemption (HOLTE) to incentivize the construction of new single-unit housing and encourage homeownership among low and moderate-income families.

Newport has increasingly urgent lack of housing and services for people experiencing homelessness.

Barriers

- Newport does not have sufficient housing or services for people experiencing homelessness.
- Newport will need partners who will lead on development of housing and services for people experiencing homelessness. Newport may be challenged in finding these partners, as some nonprofits may not have capacity to expand their operations into Newport. And some types of service providers may not have a presence in Lincoln County.

Opportunities

- Participate in development of the regional homelessness action plan in Lincoln County.
- Explore opportunities to establish a low-barrier emergency shelter and warming center in Newport.
- Assist local non-profits in building capacity to expand their housing services, and identify new partners to work with on these issues that can expand their operations into Newport.

- Allow, with oversight, transitional housing development, such as temporary housing, to bridge the gap between homelessness and permanent housing.
- Consider code changes to make it easier for RV Parks to be built that cater to long term occupancy.

Opportunities for homeownership for low- and moderate-income households are very limited in Newport.

Barriers

- The median home sales price in Newport is \$403,000. A household of four would need twice the median household income (income of \$115,000) to afford this sales price. This severely limits opportunities for homeownership for low- and moderate-income households.

Opportunities

- Evaluate implementing incentives to increase access to homeownership, such as homebuyer property tax exemptions for qualifying households.
- Grow partnerships with land trusts that develop affordable homeownership housing. The City can use funds from its Construction Excise Tax (or other sources) to provide down payment assistance or otherwise support development of affordable homeownership housing.
- Lobby the Legislature for changes to existing laws to allow for development of more affordable housing for ownership, such as prefabricated housing.
- Use development agreements to make developers commit to offering a portion of their units at prices affordable to low- and moderate-income households, by leveraging urban renewal investments in infrastructure.

Vacation rentals and seasonal housing reduce Newport's already constrained housing supply.

Barriers

- About 14% of Newport's existing housing units (811 units) are vacant for seasonal, recreational, or occasional use. These units are unavailable for full-time residents to own or rent. Growth in seasonal housing reduces the already low inventory and drives up the prices of remaining units.

Opportunities

- Maintain limitations on the number of housing units available for vacation rental use
- Lobby the legislature to adjust the tax structure to disincentivize purchase of second homes for seasonal use.

3. Actions to Meet Future Housing Need

Summary of Actions

Exhibit 9 provides information about each action, based on the criteria below. For more details about the evaluation criteria, see Appendix A.

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

These actions are organized by the level of priority identified by the Project Advisory Committee (PAC), with actions identified as higher priority towards the top of the list. This is not meant to reflect the order in which they will be implemented (because some actions may rely on implementation of other actions), but rather to give an understanding of what actions the PAC thought would be most beneficial to Newport and within the City's control.

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

How the Actions Work Together

Most of the actions and funding tools discussed in this section can be used to meet housing needs at different income levels. This section describes how groupings of actions, into initiatives, are necessary to work together to meet Newport housing needs.

The City of Newport has identified five initiatives to address its housing needs. To meet these initiatives the City developed thirteen actions that work together to achieve the City's housing goals. The initiatives comprise a set of potential city-led actions, funding sources, and potential partnerships with other entities that help to achieve an overarching goal. These initiatives identify who the actions will serve and the types of development they will promote.

The initiatives are:

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

By bundling actions and funding sources, the City acknowledges that several actions and partnerships are necessary to achieve the City's housing initiatives.

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				■	

How will the City fund the actions?

One of the key limitations to implementing the actions in the HPS is the availability of funding. Funding is needed not only to build units, preserve affordable housing, and provide access to equitable housing but also for staff time to implement the Plan. Identifying a set of realistic funding sources is necessary for achieving the vision of affordable housing in Newport.

A robust set of housing preservation and development programs requires stable and flexible funding sources that are dedicated toward these activities. In addition to existing available funding options, the City will need to pursue new funding sources that can help fund its programs, such as those presented in Exhibit 11.

City Sources of Funding

- **Existing and Future Urban Renewal Districts.** Tax increment financing is a flexible funding tool that can support many of the key actions identified in the Housing Production Strategy if they are used within an urban renewal area. The City established the Northside Urban Renewal District in 2015. Over the 24-year life of the District, the Agency can allocate approximately \$37.8 million toward new projects. Some of these projects are likely to include infrastructure investments to support housing, direct project subsidies or low-interest loans for mixed-use or infill housing developments, land acquisition or assembly, and anti-displacement initiatives. The City may also consider creating a new urban renewal area focused on supporting new housing development once the South Beach Urban Renewal District is closed in 2027.
- **Construction Excise Tax (CET).** CET is one of few options to generate additional, locally controlled funding for affordable housing. The City adopted a CET in 2017, which is levied on new residential, commercial, and industrial development. The City charges the maximum allowed by State law for new residential development (1% of the permit valuation) as well as 1% of commercial and industrial permit values.⁸ The CET has created a dedicated source of funding for affordable housing in Newport, which collected a little more than \$540,000 since its inception.

⁸ There is no cap on the rate applied to commercial and industrial construction.

Sources of Funding Considered to Fund the Actions in the HPS

The City has a variety of other options for funding sources that could support affordable housing. While this project did not include a robust funding analysis component, Exhibit 11 provides an overview of which funding sources advanced to the HPS.

Exhibit 11. Funding Sources Evaluated

Recommendation HPS Inclusion?	Revenue Source	Rationale for Inclusion/Exclusion in the HPS?
Yes	Urban Renewal	Could provide a stable, dedicated revenue source in an area with limited existing infrastructure. Could directly support the development of affordable housing.
Yes	Use of CET funding	Provides a flexible funding source to support affordable housing at 100% MFI and below.
Yes	Grants and State Funding	Pursue as the City has staff capacity; may not provide substantial source of funding if the City does not have staff dedicated to monitoring and pursuing funding opportunities.
Maybe	Registration fee for rental units	Would provide a targeted funding source implementing a rental housing maintenance code.
Maybe	Increased or new utility fee	Could provide additional funds to support housing development and may be justified given costs of providing utilities; however, places the burden on existing households
Maybe	Reallocate franchise fees	Could provide additional funds to support housing development but would remove funds from the General Fund; need to consider how this would impact other city priorities and services
Maybe	Reallocate state and federal gas tax funds	Could provide additional funds to support housing development but would remove funds from the General Fund; need to consider how this would impact other city priorities and services
Maybe (when available)	Private donations and gifts	Unlikely to provide a substantial source of funding especially if staff have limited capacity to pursue this revenue source.
Maybe	Increased lodging tax	Only 30% increased revenue could go to housing; 70% dedicated to tourism promotion. Action E proposes lobbying the Legislature to allow use of a larger percentage of lodging tax revenues to support housing development.
Maybe	General fund	Could provide additional funds to support housing priorities; need to consider how this would impact other city priorities and services
No	GO Bond	Requires voter approval.
No	New local option levy	Requires voter approval.
No	Increased marijuana tax	Amount would be very small.
No	Increase Systems Development Charges	Would place burden on market-rate development.
No	New business license fee	May hinder local business development.
No	New food and beverage tax	Requires voter approval, did not pass last time.
No	New sales tax	Not politically feasible
No	New payroll/business income tax	May not be politically feasible
No	New real estate transfer tax	Not legal in Oregon; Action E proposes lobbying the Legislature to allow a real estate transfer tax to support housing development.
No	New vacant/second home tax	Untested and possibly not legal in Oregon; Action E proposes lobbying the Legislature to allow a second home tax to support housing development.

Potential Partners

Implementing the actions in this strategy will require participation of key partners who have roles essential to the construction, delivery, and preservation of housing units. Exhibit 12 shows how each of the partners would play a role in different actions.

Exhibit 12. City and Partner Roles

Actions	City role	Partners and roles
N. Use Urban Renewal to support housing and infrastructure development	Partner w/Urban Renewal Agency and potentially adopt new Urban Renewal district once the South Beach Urban Renewal Plan is closed.	Urban Renewal Agency: select projects and implement plans Overlapping Taxing Districts: consider major amendments to existing plans or the creation of a new urban renewal area Property Owners: provide input
O. Implement the Homebuyer Opportunity Limited Tax Exemption	Develop eligibility criteria, seek support from overlapping tax districts, adopt exemption, implement the exemption and execute on reporting	Overlapping Taxing Districts: consider approving exemption
P. Reduce development code barriers to housing development	Engage development community, revise development code	Local Developers: provide input
Q. Adjust the allocation of the Construction Excise Tax to support affordable housing development	Adjust allocation and implement plan	Local Developers: provide input Local Nonprofits: provide input
R. Lobby the Legislature for more resources to support housing development and remove regulatory barriers to housing	Collaborate with the area's legislative delegation and partners to support lobbying efforts	Partners would vary based on the changes being pursued
S. Establish a low-barrier emergency shelter and warming center in Newport	Reduce land use barriers to shelter location, provide funding to support new shelter, partner to operate or maintain the facility	Lincoln County: provide resources Service providers, faith-based organizations: Operate the shelter
T. Support development of a regional housing entity focused on low- and moderate-income housing development	Partner and could take on other roles such as providing funding or resources	Cities in Lincoln County, Lincoln County, other government partners, service providers: partner and provide funding and resources
U. Participate in the regional homelessness action plan	Participate in planning process and support implementation	Cities in Lincoln County, Lincoln County, other government partners, service providers: participate in planning process and support implementation
V. Pay System Development Charges (SDC) for workforce housing	Engage development community, develop and implement program	Local developers: provide input
W. Grow partnerships with Community Land Trusts	Continue to partner with, and provide resources to, local land trusts	Nonprofits including Proud Ground, Habitat for Humanity, and DevNW: Partner with City and develop housing
X. Support outreach and education to promote equitable housing access	Engage the community to understand housing needs and share existing housing resources, as well as get input on City-lead housing initiatives	Local nonprofits and service providers, Fair Housing Council of Oregon: Partner with City and conduct outreach
Y. Pursue an Urban Growth Management Agreement (UGMA) with the County	Initiate development of UGMA with Lincoln county, implement	Lincoln County: develop and implement UGMA with City
Z. Research rental housing maintenance code feasibility	Research existing model ordinances and programs and identify implementation alternatives, including options for resourcing the program	Renters: provide input Property Owners: provide input

Implementation Schedule for Actions

Exhibit 13 presents the implementation schedule for the HPS which includes a timeline for refinement, adoptions, and implementation for each of the 13 actions. These activities are described below:

- **Further refinement:** The actions will require some level of further refinement prior to adoption, which may range from simple logistics (such as developing materials about an existing program) to complicated coordination between multiple internal and external stakeholders (such as regional approaches to homelessness). The refinement period will occur before adoption.
- **Adoption:** This occurs when the City takes official action to adopt a strategic action (or uses another official acknowledgment that the City is going to execute the strategic action). The table shows the expected time of adoption. The City's deadline for adoption (or other official city action) is the last day of the year as shown in Exhibit 13.
- **Implementation:** This occurs when the City officially allows the strategic action to be used, represented by a tan color in the table.

Exhibit 13. Implementation Schedule

Actions	2023	2024	2025	2026	2027	2028	2029	2030	2031
A. Use Urban Renewal to support housing and infrastructure development	Ongoing implementation of existing URA							Evaluate changes to URA or feasibility study for new district; Potential Official Action by City Council end of 2031	
B. Implement the Homebuyer Opportunity Limited Tax Exemption			Adoption				Implementation		
C. Reduce development code barriers to housing development		Adoption					Implementation		
D. Adjust the allocation of the Construction Excise Tax to support affordable housing development		Official City Council Action					Implementation		
E. Lobby the Legislature for more resources to support housing development and remove regulatory barriers to housing development	Ongoing City Council will discuss and review annually								
F. Establish a low-barrier emergency shelter and warming center in Newport	Development and opening of facility by end of 2026						Implementation		
G. Support development of a regional housing entity focused on low- and moderate-income housing development				Ongoing local and regional discussions		Official City Council Action		Implementation	
H. Participate in the regional homelessness action plan	Plan Development			5-Year Plan Implementation					
I. Pay System Development Charges (SDC) for workforce housing	Develop Distribution Plan						Implementation		
J. Grow partnerships with Community Land Trusts	Ongoing; Will require City Council action for specific projects as needed City Council will discuss and review annually								
K. Support outreach and education to promote equitable housing access	Ongoing, likely to focus on involvement for actions such as B, C, D, F, G, H, I, and M.								
L. Pursue an Urban Growth Management Agreement (UGMA) with the County				Adoption			Implementation		
M. Research rental housing maintenance code feasibility		Adoption							

Details of Each Action

This section provides details about each action in the HPS.

A. Use Urban Renewal to support housing and infrastructure development

Rationale

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

Description

Tax increment finance revenues are generated by the increase in total assessed value in an urban renewal district from the time the district is first established. As property values increase in the district, the increase in total property taxes is used to pay off bonds.

The City has three existing urban renewal districts: (1) the South Beach Urban Renewal District, for which all remaining funds have been allocated, (2) the McLean Point District which is strictly focused on generating funding to support infrastructure for water-related industrial development next to the Port of Newport International Terminal and (3) the Northside Urban Renewal District, which is the focus of this strategy. The Northside Urban Renewal District was established in 2015 for the purpose of revitalizing the City's commercial core areas; upgrading street and utilities in Agate Beach to enhance existing neighborhoods and facilitate residential development; and to partner in redevelopment of the county commons and hospital campus.

Urban renewal can be used to support development of off-site infrastructure necessary to support new housing development. It can also be used to support development of affordable housing or to support rehabilitation of existing housing in poor condition, possibly with future requirements that it remain affordable at an income level like 80% or less of MFI. The City will need to decide how to use the funding to support housing over the life of the district. The best use of funding may be in coordination with other actions in the HPS, such as with land banking and support of development of income-restricted housing.

The Urban Renewal Agency could also act as a Housing Authority to directly support housing development. However, this would require a substantial amendment to the Northside Urban Renewal Plan. **The City may want to consider amending its current Northside Urban Renewal Plan to give the Urban Renewal Agency housing authority. The City may also want to consider extending the**

How are other cities using Urban Renewal to support housing?

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

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

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

Northside Urban Renewal area or creating a new urban renewal area focused on supporting new housing development once the South Beach Urban Renewal District is closed in 2027.

City Role

The City would continue to implement the Northside Urban Renewal Plan and select projects to fund using the Tax Increment Financing tool of the District.

For a new urban renewal area in Newport or an amendment to the Northside Urban Renewal Plan, the City Council would adopt, and the Urban Renewal Agency would implement the plan.

Partners

Lead Partner. Urban Renewal Agency

Partners. Overlapping taxing jurisdictions, local property owners, community-based organizations

Anticipated Impacts

Populations Served	Income	Housing Tenure	Magnitude of New Units Produced
Extremely low-, very low-, low- and moderate-income households	All incomes	Renter and Owner	Large

Potential Risks

An urban renewal district is designed to support development through improvements to infrastructure and supporting catalytic development that makes it more feasible to do other development. A key risk with using urban renewal is potential to displace existing residents through gentrification. Other risks in using urban renewal to support affordable housing development in the urban renewal district are granting too many property tax exemptions for new affordable housing development and reducing growth of the property tax base in the district. In addition, funds spent on affordable housing reduce funds available for other priorities.

Implementation Steps

- In the Northside Urban Renewal District, identify potential partners where the agency can facilitate construction of housing, leveraging infrastructure investments to result in more affordable housing. This may involve the preparation of development agreements between the City and partners.
- Conduct a feasibility study to evaluate options for either expanding the Northside Urban Renewal District or establishing a new urban renewal district after the South Beach Urban Renewal District closes in 2027. When performing this study, target areas that would support additional housing development and ensure that the Urban Renewal Agency has sufficient tools to facilitate that development, including functioning as a Housing Authority.
- Consult with affected taxing entities as the feasibility study is developed to ensure their support for a potential new urban renewal district.

Implementation Timeline

Timeline for Adoption	Implementation to Commence	Timeframe of Impact
Evaluate changes to URA or feasibility study for new district starting in 2029; Potential Official Action by City Council end of 2031	Ongoing implementation of existing URA; If adopted, implementation of new or modified URA	The life of the URA

Funding or Revenue Implications

Funding and revenue implications of urban renewal are well-documented in the Urban Renewal Plan. Investment can only occur within the Urban Renewal District.

B. Implement the Homebuyer Opportunity Limited Tax Exemption

Rationale

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

Description

The state-authorized, locally implemented Homebuyer Opportunity Limited Tax Exemption (HOLTE) provides a 10-year property tax exemption on the improvement value of new or rehabilitated for-sale housing valued at no more than 120% of the median sales price for the City (or a lower percentage of median sales price if desired by the City). The City can set additional eligibility criteria (such as income limits or require owner occupancy) and can cap the number or value of units in the program.⁹ This program could support expanded homeownership opportunities for low- and moderate-income households and/or production of lower-cost, new, single-unit housing. HOLTE can be used to support homeownership for single-unit detached housing, townhouses, cottages, and plex housing types.

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

What does the exemption apply to? The tax abatement can apply to any ownership housing valued at less than 120% of the City's median sales price. This could include housing provided by a community land trust or an affordable housing provider. The program can apply to any housing type as long as the units are sold individually, including single-family homes, townhouses, other for-sale middle housing, or condominiums.

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

What taxing districts would participate? The property tax exemption requires that the City gets affirmative support from at least 51% of overlapping taxing districts for the exemption. Newport's city property taxes account for about 36% of property taxes in Newport.

What impact might HOLTE have? In an analysis for the City of Hillsboro, ECONorthwest estimated the monthly property tax savings for a homeowner with the 10-year single-unit tax exemption as well as the foregone revenue for the City. Based on an example property with an improvement value of \$238,000 and an assessed value of \$164,000 (excluding land value¹⁰), the analysis found that the homeowner would save roughly \$240 per month or about \$28,800 over the 10-year period if all districts participate in the exemption. The City would forego roughly \$9,000 (in today's dollars) of tax revenues over 10 years for the unit, with other taxing districts forgoing approximately \$19,800.

⁹ ORS 307.657. HOLTE allows cities to adopt standards and guidelines to be utilized in considering applications and making the determinations required under ORS 307.651 to 307.687, **including but not limited to:** (a) Design elements for construction of the single-unit housing proposed to be exempt. (b) Extension of public benefits from the construction of the single-unit housing beyond the period of exemption. The City should review desired requirements with the City attorney before enacting.

¹⁰ Based on the exemption of land value from property taxes allowed in ORS 307.162.

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

How much impact could this exemption have on Newport? Before adopting the HOLTE, the City should evaluate the potential impact on property tax revenues resulting from HOLTE. The City may want to consider capping the number of households it grants HOLTE exemptions to on an annual basis. The City may also want to run a pilot project for HOLTE, to evaluate its impact and effectiveness.

City Role

Implement the exemption and execute on reporting and administration procedures

Partners

Overlapping taxing districts

Anticipated Impacts

Populations Served	Income	Housing Tenure	Magnitude of New Units Produced
Low and moderate income	Up to 120% of MFI	Ownership	Small

Potential Risks

The City and participating taxing districts will lose property tax income for the duration of the exemption, reducing revenue for City services and revenue for participating taxing districts. If the City does not put a cap on the number of HOLTE applications it could grant each year, the City may be overwhelmed with applications.

Implementation Steps

- Evaluate the tradeoffs of implementing HOLTE with various program parameters. Consider establishing an income cap (i.e., below 120% MFI) and owner occupancy requirements (i.e., demonstrate that they do not own another home) for eligibility in the HOLTE program. Verify legality of requirements with City attorney.
- Seek support from overlapping taxing districts to offer the exemption for all property taxes (not just the City's portion).
- Discuss topic with City Council at work sessions and in public hearings. City Council may choose to adopt HOLTE by resolution or ordinance following a public hearing.
- Follow up with overlapping taxing districts to request that they pass resolutions to support the exemption.

Implementation Timeline

Timeline for Adoption	Implementation to Commence	Timeframe of Impact
December 2025	2026	Ongoing

Funding or Revenue Implications

Consider setting a limit for foregone revenues on an annual basis, or an annual unit cap.

C. Reduce development code barriers for housing development

Rationale

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

Description

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

- **Building height limit.** The current building height limit is 35 feet. In most cases, this limits development to between 2 and 2.5 stories, especially for buildings with a peaked roof. Increasing the height limit to allow 3 full stories (which could be a height limit of about 40 feet) can help make multifamily development more financially feasible. The City could increase building height limitations in selected areas of the City, in selected zoning districts, or both.
- **Parking requirements.** Off-street parking requirements increase the cost of developing housing. In Nye Beach, on-street parking credits reduce the required number of off-street parking spaces by one off-street parking space for every one on-street parking space abutting the property. Expanding on-street parking credits to areas beyond Nye Beach that have fully developed street sections would reduce off-street parking requirements and help lower the cost of development.
- **Variance process for development on hillsides.** The commonly given variances to the 15-foot setback requirement for front yards requires a hearing with the Planning Commission. The City could remove the requirement for a setback variance process for development on hillsides, possibly by setting specific lot coverage ratios, to ensure that the new house is built closer to the street. Reducing the setback standard for sloped lots is another option.
- **Allow transitional housing development.** Some cities allow for development of temporary housing, a form of transitional housing, meant to bridge the gap between homelessness and permanent housing. Thought should be given to project oversight, and services needed to help tenants progress to more permanent housing.
- **RV requirements.** Consider code changes to make it easier for RV Parks to be built that cater to long term occupancy.

There may be other zoning barriers to producing housing that the City uncovers as it reviews its zoning code. The City should consider if/how they can update Newport's Development Code to alleviate these barriers while still achieving other City objectives.

City Role

The City would amend the Development Code.

Partners

Conversations with developers could help inform new policies

Anticipated Impacts

Populations Served	Income	Housing Tenure	Magnitude of New Units Produced
Extremely low-, very low-, low- and moderate-income households	All incomes	Renter and Owner	Moderate

Potential Risks

Reducing development code barriers to achieve greater development must be balanced with other City objectives such as preserving scenic views and open space (among others).

Implementation Steps

- Further engage the development community to better understand how the development code is impacting development of housing, focusing on the barriers described above.
- Review the barriers in Newport’s Development Code and consider implementing revisions such as those described above.
- If appropriate, revise the Newport Development Code to implement the revisions outlined above and other identified barriers by working with the Planning Commission and City Council through a public process.

Implementation Timeline

Timeline for Adoption	Implementation to Commence	Timeframe of Impact
December 2024	2025	Ongoing

Funding or Revenue Implications

Staff time and available City tools and resources will be relied on to accomplish this strategy.

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

Rationale

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

Description

The City adopted a Construction Excise Tax (CET) in 2017, which is levied on new residential, commercial, and industrial development. The City charges the maximum allowed by State law for new residential development (1% of the permit valuation) as well as 1% of commercial and industrial permit values.¹¹ The CET has created a dedicated source of funding for affordable housing in Newport, which collected a little more than \$540,000 since its inception.

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

- The City may retain up to 4% of funds to cover administrative costs. The funds remaining must be allocated as follows, depending on whether the CET is on residential or commercial and industrial development.
- For a residential CET:
 - 50% must be used for developer incentives for multifamily housing. These incentives could include City payment of permit fees and SDCs for development, tax abatements, or finance-based incentives. The City may use the CET to fund voluntary developer incentives that:
 - Increase the number of affordable housing units in a development
 - Decrease the sale or rental price of affordable housing units in a development
 - Build affordable housing units that are affordable to households with incomes equal to or lower than 80% of MFI.¹²
 - 35% may be used flexibly for affordable housing programs, as defined by the jurisdiction.
 - 15% flows to Oregon Housing and Community Services for homeownership programs that provide down payment assistance in Newport
- The State allows for more flexible use of commercial/industrial CET:
 - 50% of the funds must be used for housing-related programs, as defined by the jurisdiction (note that these funds are not necessarily limited to affordable housing).
 - The remaining 50% is unrestricted.

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

¹¹ There is no cap on the rate applied to commercial and industrial construction.

¹² Based on information in ORS 197.309(7).

Currently CET funds are designated for the following uses:

	Current Allocations of Residential CET funds	Current Allocations for Commercial and Industrial CET funds	Total
Affordable Housing – Flexible Use (35%)	\$159,096	\$23,517	\$182,613
OHCS Down Payment Assistance (15%)	\$68,118	\$10,763	\$78,881
Affordable Housing – Restricted to developer incentives (50%)	\$226,047	\$34,641	\$260,688
Total	\$453,261	\$68,921	\$522,182

The City needs to decide:

- **How to spend the existing funds.** These funds could be used to backfill SDC costs or development fees for housing affordable to households with incomes of 80% to 120% of MFI. Some of these funds could be spent on programs to address homelessness, like establishing a low-barrier emergency shelter. There are many other ways that these funds could be spent for affordable housing.
- **Should the City spend commercial/industrial CET differently than residential CET.** The City should consider changing how to spend the funds from the commercial/industrial CET, which constituted about 13% of collections between 2017 and 2022, to dedicate more funds for flexible use. This would allow the City to spend on specific housing priorities, like establishing a low-barrier emergency shelter, supporting affordable homeownership as part of a community land trust, or other priorities. Based on collections between 2017 and 2022, this would have generated about \$69,000 for flexible use.

In the “Potential Allocation” example below, the change from the City’s current allocation is allocating all the commercial and industrial CET to the Affordable Housing Flexible Use category.

CET Collections Scenario (using CET collections between 2017 and 2022)

	Current CET Allocations (residential and commercial/ industrial)	Potential Allocation (with all commercial/ industrial CET to flexible use fund)	Change
Affordable Housing – Flexible Use (35%)	\$182,613	\$228,017	\$45,404
OHCS Down Payment Assistance (15%)	\$78,881	\$68,118	(\$10,763)
Affordable Housing – Restricted to developer incentives (50%)	\$260,688	\$226,047	(\$34,641)

City Role

The City would implement the plans for using CET funds for affordable housing development. Given the pace of collections, it may be advisable to allow them to accrue for a few years between periods when they are used.

Anticipated Impacts

Populations Served	Income	Housing Tenure	Magnitude of New Units Produced
Extremely low-, very low-, low- and moderate-income households	0-120% MFI	Renter and Owner	Moderate

Potential Risks

Since the revenue is generated from building permits, when new development activity slows, less revenue is collected.

Implementation Steps

- Adjust the allocation of the commercial/industrial CET funds to be used in the affordable housing flexible use fund. This would give the City flexibility to spend the funds on specific housing priorities, like establishing a low-barrier emergency shelter, supporting affordable homeownership as part of a community land trust, or other priorities.
- Use CET flexible funds on an as-needed basis to leverage other opportunities, recognizing the pace of accrual of funds over time.
- Begin to distribute funds for affordable housing incentives in a programmatic manner to support market-rate multifamily development based on policy direction from the City Council.
- Continue to partner with land trusts or organizations that offer similar services for affordable homeownership to fully leverage the CET funds that go to OHCS for down payment assistance.

Implementation Timeline

Timeline for Adoption	Implementation to Commence	Timeframe of Impact
Official City Council Action by December 2024	2025	Ongoing

Funding or Revenue Implications

CET funding relies on an active construction cycle and, as such, fluctuates from year to year. Can only be used for capital projects. Funds can be used for preservation or for new construction.

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

Rationale

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

Description

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

Examples include:

- Lobby to allow cities to establish a **real estate transfer tax** to fund land banking and other types of housing support, specifically in cities where the median housing cost is significantly higher than what the local workforce can afford.
- Lobby to **allow cities to use restricted transient lodging tax** funds to support development of housing (or infrastructure to support housing) for people working in service industries and other lower-wage jobs in the City.
- Lobby to allow cities to implement a **vacancy tax or second home tax** which could help reduce the number of second homes and vacation rentals in a City and increase the housing stock for residents and workers.
- Advocate for **streamlining state building codes to allow a greater variety of prefabricated structures** (modular housing), including prefabricated housing produced in different states.
- Lobby to **change the Local Improvement District statutes** to allow participants to pay off assessments through property taxes, rather than requiring a lump-sum payment, which is difficult for many property owners.
- Lobby to **simplify the UGB amendment process** to make it easier for cities to swap land that cannot be cost-effectively served or expand the UGB when necessary to accommodate growth.
- Lobby to **update required legal publications for land use changes to allow online notification**, recognizing that some cities no longer have local newspapers.

City Role

Collaborate with partners and support lobbying efforts. The City would need to decide what level of involvement it wants to have.

Partners

Partners would vary based on the changes being pursued. Potential partners could include League of Oregon City, nonprofits, developers, local government agencies, other cities, Lincoln County, concerned citizens

Anticipated Impacts

Populations Served	Income	Housing Tenure	Magnitude of New Units Produced
All households	All incomes	Renter and Owner	Moderate to Large

Potential Risks

Efforts may not result in desired changes

Implementation Steps

- Work with partners to refine proposals for the legislative issues identified above, with a focus on achieving desired outcomes while avoiding unintended consequences.
- Discuss items to lobby the Legislature about annually with City Council and get direction and support from the Council.
- Work with local state-elected representatives to champion the proposed changes.

Implementation Timeline

Timeline for Adoption	Implementation to Commence	Timeframe of Impact
N/A	Ongoing ; City Council will discuss and review annually	Ongoing

Funding or Revenue Implications

The City would need to decide what level of resources it would dedicate to the lobbying effort.

F. Establish a low-barrier emergency shelter and warming center in Newport

Rationale

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

Description

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

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

The City could support development of an emergency shelter by revising land use regulations to allow shelters as an outright permitted use in designated zones. The City could also provide a site for the shelter (such as surplus City-owned land or designating an area for the emergency shelter), facilitate the permitting and review process for the shelter, and/or provide financial or other assistance to support development of the shelter. The City could initiate the process for developing a shelter by issuing a request for proposals for a shelter provider.

Building and operating the shelter will require assistance from many different partners. While the City would contribute funds to development of the shelter, other funding will be necessary to build the shelter. In addition, other partners could provide services to people experiencing homelessness who would use the shelter. Lincoln County might provide mental health services to people who stay at the shelter. The Lincoln County Housing Authority might help people at the shelter access long-term affordable housing.

City Role

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

Partners

Lincoln County, service providers, faith-based organizations, other partners

Anticipated Impacts

Populations Served	Income	Housing Tenure	Magnitude of New Units Produced
People experiencing homelessness	Up to 30% MFI	Temporary	Moderate to Large

Potential Risks

The strategy will require explicit consideration of ongoing funding sources to sustain operations and to prevent excessive impact on any one organization. Neighbors may also see a resource center with an emergency shelter as a disruption to the neighborhood.

Implementation Steps

- Explore the City's land use regulations to allow shelters as an outright use in designated zones, potentially excluding heavy industrial and shoreland areas.
- Identify organizations to partner with, such as area nonprofits and Lincoln County to establish a plan to develop a permanent emergency shelter and warming center in Newport.
- Work with partners to identify a location and a lead organization for the resource center and preferred program and service parameters.
- Develop a finance and funding plan to support the resource center development and operations, including grants and other sources of funding.
 - Monitor for grants and leverage local, state, and federal funds and resources. The City should discuss what resources it can bring to the table (donated land, monetary resources, technical support, etc.).
- Conduct community outreach to educate the public about this action and gather support. The City will need to be active in its outreach, looking for opportunities to engage underrepresented and hard to reach community members.

Implementation Timeline

Timeline for Adoption	Implementation to Commence	Timeframe of Impact
Development and opening of facility by end of 2026	2027	Ongoing

Funding or Revenue Implications

The City will need to identify funding sources to support an emergency shelter.

G. Support development of a regional housing entity focused on low- and moderate-income housing development

Rationale

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

Description

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

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

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

The regional housing entity could be scalable based on the needs and wants of participating partners.

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

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

City Role

The City would be a partner in this effort and could take on other roles such as providing funding or resources to support the regional housing entity

Partners

Cities in Lincoln County, Lincoln County, other government partners, service providers

Anticipated Impacts

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

Potential Risks

For this effort to be successful partners across the County would need to commit to supporting this effort.

Implementation Steps

- Engage other cities and local partners to build momentum for a regional housing approach to address workforce housing needs as the gap that the regional housing entity would fill.
- If there is interest in pursuing a regional housing entity, work with partners to determine what this regional housing entity should focus on and who within the county may be best suited to play the regional housing entity role.
- Determine the specifics of Newport's role in supporting the regional housing entity.

Implementation Timeline

Timeline for Adoption	Implementation to Commence	Timeframe of Impact
Official City Council Action by December 2028	2029	Ongoing

Funding or Revenue Implications

The City would need to decide what level of financial support it would dedicate to the regional housing entity and identify a funding source.

H. Participate in the regional homelessness action plan

Rationale

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

Description

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

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

City Role

Participate in the regional action planning process

Partners

Cities in Lincoln County, Lincoln County, other government partners, service providers

Anticipated Impacts

Populations Served	Income	Housing Tenure	Magnitude of New Units Produced
People experiencing homelessness	Up to 30% MFI	Temporary	Moderate

Potential Risks

For this effort to be successful partners across the County would need to commit to supporting this effort.

Implementation Steps

- Participate in the development of the regional homelessness action plan as a part of the Advisory Board.
- Commit to implementing the plan recommendations as they relate to the City's responsibilities.
- Identify funding sources to support plan implementation in consultation with partners.

Implementation Timeline

Timeline for Adoption	Implementation to Commence	Timeframe of Impact
5-Year Plan Development by end of 2024	2025	2025 - 2029

Funding or Revenue Implications

The City would need to decide what level of financial support it would dedicate to implementing the action plan and identify a funding source.

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

Rationale

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

Description

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

City Role

The City would create a program with specific eligibility criteria

Partners

Area developers

Anticipated Impacts

Populations Served	Income	Housing Tenure	Magnitude of New Units Produced
Extremely low-, very low-, low- and moderate-income households	0-120% MFI	Renter and Owner	Small

Potential Risks

Money used to pay for SDCs would be unavailable for other housing programs. Available funding may vary from year to year especially if CET is used to pay for SDCs.

Implementation Steps

- Engage the development community to better understand how the City's backfilling of SDCs could be effective at encouraging workforce housing development.
- Determine which funding sources would be used to backfill SDC revenues.
- Develop eligibility criteria for when the City would pay SDCs for a project (e.g., project size, depth of affordability, and other criteria).
- Establish an application process for developers to apply for the SDC buy-down program.

Implementation Timeline

Timeline for Adoption	Implementation to Commence	Timeframe of Impact
Develop Distribution Plan by December 2024	2025	Ongoing

Funding or Revenue Implications

The City could consider paying for SDCs from CET or Urban Renewal funds.

J. Grow partnerships with Community Land Trusts

Rationale

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

Description

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

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

The City already has relationships with two land trusts - Proud Ground and DevNW - that operate in the region. A portion of the affordable housing construction excise tax that the City collects and remits to Oregon Housing and Community Services (OHCS) is to be made available locally as down payment assistance grants, and land trusts are a key partner in making that happen. The City could dedicate additional resources to support these land trusts in Newport or develop relationships with other land trusts in the region.

City Role

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

Partners

Nonprofits including Proud Ground and DevNW

Anticipated Impacts

Populations Served	Income	Housing Tenure	Magnitude of New Units Produced
Low and moderate income	Up to 120% of MFI	Ownership	Small

Potential Risks

Land trusts keep housing affordable in perpetuity, but the cost of purchasing or constructing housing that is affordable to lower-income households for homeownership is substantial. This means the number of households who would benefit would be small and could generate questions about the equity and fairness of who receives the benefits.

Implementation Steps

- Engage with existing land trusts operating in Newport to understand opportunities for expanding land trust activities, including the funding and other resources necessary to expand their footprint and increase capacity to support Newport households.
- Identify opportunities to acquire land in urban renewal areas that can be developed in partnership with land trusts.
- Explore additional opportunities for partnerships with land trusts not yet operating in Newport.
- Discuss opportunities for partnerships with land trusts with the City Council annually to provide an update and get feedback from the City Council.

Implementation Timeline

Timeline for Adoption	Implementation to Commence	Timeframe of Impact
Will require City Council action for specific projects as needed	Ongoing; City Council will discuss and review annually	Ongoing

Funding or Revenue Implications

Partnering is the most administratively efficient and cost-efficient approach to implementing this strategy. If the City is contributing land to the land trust at low or no cost, then the City is forgoing realizing the value of the land if it were sold on the open market. If the City contributes funds to the land trust, the City will need to identify a source of funding for the contributions.

K. Support outreach and education to promote equitable housing access

Rationale

As the City is conducting development and policy projects, proactively reaching out to the community, particularly underserved populations, can help the City better understand the housing needs of its residents to inform decisions. This outreach can provide an opportunity for community members to learn about existing housing resources that can support housing access and stability. In addition, communicating effectively with landlords and residents about fair housing laws and available resources can also help ensure equitable access to housing, preventing, and addressing housing discrimination.

Description

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

This outreach should be connected closely with projects the City is leading about housing, such as developing new (or revising existing) housing policies. City staff capacity is limited, requiring the City to focus outreach on items of particular importance. The actions from this plan that are likely to require public outreach include Actions: B (homebuyer tax exemption), C (reducing development code barriers), D (allocation of CET), F (establishing a low-barrier shelter), G (regional housing entity), H (regional homelessness action plan), I (paying SDCs for workforce housing), and M (researching a rental housing maintenance code). Effective outreach requires substantial effort from staff and/or funding to pay consultants to do the outreach, so City's efforts in this regard need to be strategic. The City should engage with partner organizations to better understand their outreach efforts and how the City might complement their initiatives and build upon it year over year.

The City could highlight work that existing partners do to educate residents, property owners, realtors, lenders and others involved in real estate transactions about Fair Housing. The City could work with these partners, providing information and referrals. The City may also work with nonprofits to promote or host educational events, such as Fair Housing training to ensure that tenants understand their rights and that landlords understand their responsibilities.

City Role

Partner with organizations that provide Fair Housing education; conduct community outreach for City-lead housing projects, such as developing new (or revising existing) housing policies.

Partners and their Role

Local nonprofits and service providers, Fair Housing Council of Oregon

Anticipated Impacts

Populations Served	Income	Housing Tenure	Magnitude of New Units Produced
Extremely low, very-low, low-, and moderate-income residents and communities of color, and all state and federal protected classes	All income levels	Renter or Owner	No units produced directly

Potential Risks

Effective outreach requires substantial effort from staff and/or funding to pay consultants to do the outreach.

Implementation Steps

- Engage with partner organizations to identify steps they are taking to educate the community about housing opportunities and how the City could complement those efforts.
- Develop materials to raise awareness of the City's role and responsibilities as it relates to the provision of housing within the community, including new printed and online materials, and proactively market City housing programs to those who can benefit from them, particularly underrepresented and difficult-to-reach communities. Ensure materials are available in Spanish and are available in places where community members frequent.
- Ensure that City-sponsored housing initiatives include outreach to underrepresented and difficult-to-reach community members, and that the feedback received is used to inform those efforts.

Implementation Timeline

Timeline for Adoption	Implementation to Commence	Timeframe of Impact
N/A	Ongoing; likely to focus on involvement for actions such as B, C, D, F, G, H, I, and M	Ongoing

Funding or Revenue Implications

Staff time and City tools and resources will be relied on to accomplish this strategy.

L. Pursue an Urban Growth Management Agreement (UGMA) with the County

Rationale

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

Description

Most cities have an agreement with the county about how land within the UGB but outside of city limits will be managed.¹³ Development of land in this area is generally subject to county development code and regulation; however, cities have a strong interest in this land as it will accommodate future population and employment growth. An UGMA spells out the roles and responsibilities of managing this land and the expansion of or change to a UGB between the city and county. UGMAs usually include guidelines around annexation, land divisions, zoning, service districts, infrastructure, land use review procedures, and procedures to amend the UGMA. All UGMAs address planning authority and address boundary amendments.

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

City Role

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

Partners

Lincoln County

Anticipated Impacts

Populations Served	Income	Housing Tenure	Magnitude of New Units Produced
All	All Incomes	Renter and Owner	Small

Potential Risks

Newport will need to be intentional in establishing policies that benefit the City when lands become the jurisdiction of the City.

Implementation Steps

- Working with the County, agree on policies about the land use and other goals to regulate land within Newport’s UGB but outside of the City limits.
- Identify steps that both jurisdictions will follow when considering UGB amendments.
- Negotiate the terms of the UGMA with the County.

¹³ The legal obligation for cities and counties to establish UGMAs is found in sections of Oregon Administrative Rules (OAR) Chapter 660.

- Approve the agreement. The agreement must be approved by both the city and county and be certified by DLCD.
- Implement the agreement.

Implementation Timeline

Timeline for Adoption	Implementation to Commence	Timeframe of Impact
December 2026	2027	Ongoing

Funding or Revenue Implications

Staff time will be relied on to accomplish this strategy.

M. Research rental housing maintenance code feasibility

Rationale

Adoption of a Rental Housing Maintenance Code could help ensure that Newport's rental housing stock is well maintained and could improve the health, safety, and well-being of residents that rent in Newport. Advisory Committee members and other stakeholders cited the condition of Newport's housing stock as a concern.

Description

Oregon landlord-tenant law requires that rental properties are kept in habitable condition, including specific standards for heat, water, plumbing, weather protection, and more. A local Rental Housing Maintenance Code is an adopted ordinance which requires landlords to maintain their rental properties to habitability standards. A maintenance code can help renters and property owners communicate and resolve issues without City involvement / legal action. It may allow the City to resolve landlord-tenant disputes more effectively regarding the conditions of a dwelling rather than solely relying upon the nuisance abatement process.

The City of Newport could consider implementing a similar Rental Housing Maintenance Code as the City of Eugene's which covers 10 subject areas: heating, plumbing, security, electrical, appliances, smoke detection, structural integrity, weatherproofing, carbon monoxide alarms, and pest control for rats. The Eugene Code allows for complaints to be filed and investigated by the City. If the complaint is valid, the City notifies the property owner or the owner's agent of the violation that includes directions about how to resolve the violations (required repairs) and when they are to be completed. A property owner or the owner's agent have due process appeal rights under the program. The Program is funded by property owners registering their property(ies) and paying an annual \$20/unit fee to the City, which offsets the administration costs of the program. The Program also exempts payment of the fee (but not compliance with standards) for deed-restricted affordable units for households at or below 60 percent of AMI, for rentals that have been approved by the City for an exemption from some other property taxes for low-income housing, and for properties of the Housing Authority.

The City could research the feasibility of implementing such a program at the City of Newport by engaging (separately and collectively) local property management companies, property owners, tenant rights organizations, and community organizations. The City could engage with anonymous tenants aware of the relationship between property maintenance, tenant safety, and well-being. After understanding any problems, the City would seek feedback from stakeholders on how to address property maintenance problems, which may include the adoption of a Rental Maintenance Code by the City, and report findings to the City Council.

City Role

Conduct outreach and research; draft ordinance and resource requirements.

Partners and their Role

Engage renters and property to understand challenges and develop solutions.

Anticipated Impacts

Populations Served	Income	Housing Tenure	Magnitude of New Units Produced
Extremely low, very-low, low-, and moderate-income residents	All income levels	Renter	Small

Potential Risks

This could require considerable amount of staff time to monitor and enforce and could raise the cost of rental housing.

Implementation Steps

- Develop an inventory of rental properties with contact information of property managers and owners.
- Conduct outreach with renters, owners, property managers and other affected stakeholders to determine the extent of property maintenance problems, how they affect tenant safety and well-being, and if City rental housing maintenance regulations might be effective in addressing the issues.
- Identify the resources needed to implement a rental housing maintenance code program, including relevant regulations, staff, and equipment requirements.
- Engage policy makers to determine if a rental housing maintenance program should be pursued and how it would be funded.
- Develop and implement the rental housing maintenance code, which may require engagement of a consultant with expertise in this area.

Implementation Timeline

Timeline for Adoption	Implementation to Commence	Timeframe of Impact
Feasibility study complete by December 2024	Depends on the results of the feasibility study	Depends on the results of the feasibility study

Funding or Revenue Implications

The city would need to cover the costs of the program, which could include a fee on rental properties. In addition, enforcing this code could require a substantial amount of staff time.

Recommendations for Future Actions

The following recommendations, while important and useful, are not included as actions in the HPS. They are included as recommendations for the City to act on in the 8-year planning period or to reconsider when next developing an HPS.

- **Consider expansion of the City’s rehabilitation and weatherization programs.** Newport has an existing rehabilitation loan program to assist low-income households which is implemented by DevNW. The City may want to pursue additional funding to support this project from state and federal sources. Such sources could include the Oregon Health Authority’s (OHA) new program (which is still under development in 2023), the U.S. Department of Housing and Urban Development’s (HUD’s) Lead Hazard Control and Healthy Home program, or the federal Weatherization Assistance Program.
- **Continue to identify additional sources of funding.** Supporting development of new affordable housing and preservation of existing affordable housing requires funding. Exhibit 11 presents a lot of funding sources that the City may want to consider pursuing to support this work. For example, the City might consider reallocating how it uses existing franchise fees, increasing or establishing a new utility fee, or reallocating how it uses state and federal gasoline taxes. These, and the other options presented in Exhibit 11 can provide additional funding to support the actions in this plan.
- **Assess new or expanded housing incentive programs or options for funding infrastructure that come out of future state legislative sessions.**

As the City implements the actions in the HPS, it may want to consider these and other actions to support affordable housing development.

4. Evaluation: Achieving Fair and Equitable Housing Outcomes

This chapter presents an evaluation of the goals and strategic actions for achieving fair and equitable housing outcomes. It also includes a discussion of monitoring the outcomes of Newport's HPS.

Evaluation of the Policies and Strategic Actions

The actions included in Newport's Housing Production Strategy work together to achieve equitable outcomes for all residents of Newport. They build from Newport's existing housing policies and programs (described in Chapter 2). Taken together, the existing and proposed actions emphasize improving outcomes for underserved communities, lower-income households, and people in state and federal protected classes. OAR 660-008 requires an evaluation of the HPS for achieving the following types of outcomes:

- **Affordable Homeownership.** This outcome is achieved through actions that support development of housing affordable at less than 120% of MFI.
 - *Existing actions and programs (including but not limited to):*
 - The City implemented a Construction Excise Tax in 2017, a portion of which is used to support affordable homeownership programs.
 - The City updated its Systems Development Charges methodology to reduce costs for smaller homes and ADUs.
 - The City has entered into partnerships with other jurisdictions and nonprofit partners to create affordable homeownership opportunities and help keep low-income owners in their homes. These include down payment assistance, land donations, partnerships with land trusts, and rehabilitation and weatherization programs.
 - The City reduced residential street widths to lower infrastructure costs for new subdivisions and infill projects.
 - *Actions in the HPS*
 - Action A advocates for using Urban Renewal Area funding to support housing and infrastructure development. Some of this investment could support development of affordable housing for homeownership through assistance with land assembly or infrastructure investments.
 - Action B is the Homebuyer Opportunity Limited Tax Exemption, which is to support purchase of ownership housing for low to moderate-income households.

- Action D recommends changing the allocation of CET to be used in the affordable housing flexible use fund. Funds could be used to support affordable homeownership.
 - Action E focuses on lobbying the Legislature for more resources and to reduce regulatory barriers which could lower the costs of all types of housing.
 - Action G advocates for creating a regional housing entity to support development of workforce housing, which could include housing for homeownership.
 - Action I could be used to reduce the cost of developing homes for ownership.
 - Action J would directly support affordable homeownership by partnering with CLTs.
- **Affordable Rental Housing.** Supporting affordable rental housing includes actions that support both income-restricted affordable housing (affordable to households with incomes below 60% of MFI) and privately developed affordable housing (affordable for households with incomes between 60% and 120% of MFI).
 - *Existing actions and programs (including but not limited to)*
 - The City implemented a Construction Excise Tax in 2017, a portion of which is used to support affordable rental housing development.
 - The City's Urban Renewal areas support development of affordable rental housing, as well as infrastructure to support new housing development.
 - In 2017 the City implemented the Non-Profit Corporation Low-Income Housing Tax Exemption which supports development of housing up to 80% MFI.
 - In 2017 the City implemented the Multi Unit Property Tax Exemption which provides a 10-year property tax exemption on projects with an affordable component.
 - The City amended transferability of SDC credits to make it easier for developers to use this program. This provision has been used twice, for the 110-unit subsidized housing project and for the 66-unit market-rate multifamily project completed in 2021.
 - The City reduced residential street widths to reduce infrastructure costs for new subdivisions and infill projects.
 - *Actions in the HPS*
 - Action A advocates for using Urban Renewal Area funding to support housing and infrastructure development. Some of this investment could support development of affordable rental housing through land assembly, backfilling SDCs, or infrastructure investments.

- Action C focuses on reducing zoning barriers to denser housing development. Reducing these barriers can make development less difficult, time consuming, and costly.
 - Action D advocates for changing the allocation of CET to be used in the affordable housing flexible use fund. Funds could be used to support affordable rental housing development.
 - Action E focuses on lobbying the Legislature for more resources and to reduce regulatory barriers which will lower the costs of all types of housing.
 - Action G advocates for creating a regional housing entity to support development of workforce housing, including rental housing.
 - Action H recommends participating in development and implementation of a regional homelessness action plan. Part of that plan may include development of income-restricted housing to provide people experiencing homelessness with long-term access to affordable housing.
 - Action I could be used to reduce the cost of rental housing development.
 - Action K could provide outreach and education that helps build champions in the community to support development of affordable rental housing.
- **Housing Stability.** Increasing housing stability includes actions that increase the stability of existing households and prevent displacement resulting from public and private investments or redevelopment.
 - *Existing actions and programs (including but not limited to)*
 - City programs that support housing stability with CDBG funding include home rehabilitation and weatherization programs.
 - The City implemented the Multiple Unit Property Tax Exemption which could be used to support rehabilitation of multifamily rental housing, with agreements about retaining naturally occurring affordable housing costs.
 - The City amended its land use regulations for short-term rentals in 2019, limiting them to tourist-oriented areas and capping the maximum number of vacation rental licenses available citywide.
 - *Actions in the HPS*
 - Action E focuses on lobbying the Legislature for more resources and to reduce regulatory barriers which could lower the costs for housing development or preservation.
 - Action M encourages the City to research and better understand how it can support access to safe and affordable rental housing.
 - Action K focuses on ensuring that community members know about existing housing resources that can support housing access and stability.

- Action M recommends evaluating the feasibility of implementing a rental housing maintenance code, which can help existing renters stay in their current housing by ensuring that the landlord addresses condition problems.
- **Housing Choice for Protected Classes.** Increasing housing choice involves increasing access to housing for communities of color, low-income communities, people with disabilities, and other state and federal protected classes. It also means increasing access to existing or new housing that is in neighborhoods with healthy and safe environments and high-quality community amenities, schools, and employment and business opportunities.
 - *Existing actions and programs (including but not limited to)*
 - Programs that support housing choice include home rehabilitation and weatherization assistance, homeownership assistance, and project subsidies or incentives for affordable housing development.
 - The updated SDC methodology also makes it easier to develop smaller homes in a variety of neighborhoods.
 - *Actions in the HPS*
 - Action B and I focus on tax exemptions or fee waivers that offer incentives for the development of housing for low to moderate-income households. Depending on the criteria used to identify projects, this could be in locations with access to amenities or other equity considerations.
 - Actions A and D include urban renewal and CET funds. Depending on the criteria used to identify projects, these funds could be targeted in locations with access to amenities or other equity considerations.
- **Location of Housing in Compact, Mixed-Use Neighborhoods.** Diversifying the location of housing requires increasing options for residential development that are compact, in mixed-use neighborhoods, and available to people within state and federal protected classes. This measure is intended, in part, to meet statewide greenhouse gas emission reduction goals.
 - *Existing actions and programs*
 - The City's Northside Urban Renewal District was established in 2015 for the purpose of revitalizing the City's commercial core areas, including supporting mixed-use residential development.
 - The updated SDC methodology makes it easier to develop smaller homes in a variety of neighborhoods.
 - Reduced residential street widths can encourage denser development.
 - *Actions in the HPS*
 - Action B and I focus on tax exemptions or fee waivers that offer incentives for the development of housing for low to moderate-income households. Depending on

the criteria used to identify projects, this could be in locations with access to amenities or other equity considerations.

- Actions A and D include urban renewal and CET funds. Depending on the criteria used to identify projects, these funds could be targeted in locations with access to amenities or other equity considerations.
- **Fair Housing.** Supporting Fair Housing is accomplished by increasing access to housing for people in state and federal protected classes, addressing disparities in access to housing opportunity for underserved communities, and decreasing patterns of segregations or concentrations of poverty.
 - *Existing actions and programs (including but not limited to)*
 - Newport's programs that support affordable homeownership can increase opportunities for people in State and Federal protected classes.
 - Newport's rehabilitation and weatherization program can further make it easier for people to stay in their homes.
 - *Actions in the HPS*
 - Action B and I focus on tax exemptions or fee waivers that offer incentives for the development of housing for low to moderate-income households. Depending on the criteria used to identify projects, this could be in locations with access to amenities or other equity considerations.
 - Actions A and D include urban renewal and CET funds. Depending on the criteria used to identify projects, these funds could be targeted in locations with access to amenities or other equity considerations.
 - Action M recommends evaluating the feasibility of implementing a rental housing maintenance code, which can help existing renters stay in their current housing by ensuring that the landlord address condition problems.
- **Housing Options for People Experiencing Homelessness.** Increasing options for people experiencing homelessness includes working with partners and identifying ways to address homelessness and reduce the risk of households becoming homeless (especially for households with income below 30% of MFI).
 - *Existing actions and programs (including but not limited to)*
 - The city currently dedicates \$30,000 to \$40,000 per year to non-profits that purchase hotel/motel rooms for houseless persons during cold weather events.
 - The City adopted a car camping ordinance in 2020, allowing up to three vehicles or tents in parking lots of commercial/industrial sites or at places of worship.
 - The City put in place a camping ordinance in 2022 clarifying where it is permissible to camp along public rights-of-ways and on publicly owned property.

- The City amended its land use regulations in 2023 to allow RV camping in residential driveways, and tent camping on developed residential properties.
- The City has established a reserve fund, currently at \$400,000, that is to be used to establish a low-barrier shelter and warming center.
- **Actions in the HPS**
 - Action F focuses on developing a low-barrier emergency shelter and warming center in Newport to meet the needs of people experiencing homelessness, especially people with barriers to shelter.
 - Action H focuses on developing a regional approach to addressing homelessness which will allow cities and the County to align efforts and pool resources.

Taken together, the actions included in Newport’s Housing Production Strategy are intended to work together to achieve equitable outcomes for all residents of Newport, with an emphasis on improving outcomes for underserved communities, lower-income households, and people in state and federal protected classes.

Assessment of Benefits and Burdens from the Action

Newport is required to consider the anticipated benefit and burden from each action for the following groups of people who have been historically marginalized: low-income communities, communities of color, people with disabilities, and other state and federal protected classes.¹⁴

Exhibit 14. Assessment of Benefit and Burden for Historically Marginalized Communities as a Result of Each Action

	Actions	Benefits	Burdens
A	Use Urban Renewal funding to support housing and infrastructure development	<ul style="list-style-type: none"> • Could benefit extremely low-income, very low-income, low-income, and moderate-income households. • The City may want to implement policies that increase housing stability for existing households and decrease chance of displacement through redevelopment. 	<ul style="list-style-type: none"> • Potential for displacement of existing residents due to gentrification.
B	Implement the Homebuyer Opportunity Limited Tax Exemption	<ul style="list-style-type: none"> • Will benefit a limited number of low- to moderate-income households. • The groups more likely to have incomes qualifying for this action have a proportionately larger percentage of POC, people with disabilities, and seniors. 	<ul style="list-style-type: none"> • Unlikely to increase burdens for these communities unless lost taxes result in reduction in needed services to these populations.

¹⁴ Federal protected classes include race, color, religion, national origin, age, sexual orientation, gender identify, familiar status, and disability. Oregon’s protected classes include race, color, national origin, religion, disability, sex (including pregnancy), sexual orientation, gender identify, age, and marital status.

		<ul style="list-style-type: none"> • The City should ensure that this program is marketed to organizations that serve historically marginalized populations. 	
C	Reduce development code barriers to housing development	<ul style="list-style-type: none"> • Depending on the changes, could benefit all income levels but many suggested changes would help low- and moderate-income households. 	<ul style="list-style-type: none"> • Unlikely to increase burdens for these communities.
D	Adjust the allocation of the Construction Excise Tax to support affordable housing development	<ul style="list-style-type: none"> • Could benefit extremely low-income, very low-income, low-income, and moderate-income households. • The groups more likely to have incomes qualifying for this action have a proportionately larger percentage of POC, people with disabilities, and seniors. 	<ul style="list-style-type: none"> • Unlikely to increase burdens for these communities.
E	Lobby the Legislature for more resources to support housing development and remove regulatory barriers to housing development	<ul style="list-style-type: none"> • Could benefit households at all income levels. 	<ul style="list-style-type: none"> • Unlikely to increase burdens for these communities.
F	Establish a low-barrier emergency shelter and warming center in Newport	<ul style="list-style-type: none"> • Will benefit extremely low-income households and people experiencing homelessness. 	<ul style="list-style-type: none"> • Unlikely to increase burdens for these communities.
G	Support development of a regional housing entity focused on low- and moderate-income housing	<ul style="list-style-type: none"> • Will benefit low- to moderate-income households. • The groups more likely to have incomes qualifying for this action are disproportionately POC, people with disabilities, and seniors. 	<ul style="list-style-type: none"> • Unlikely to increase burdens for these communities. • Could have less positive impact for very low-income households if funding is diverted from development of income-restricted housing to fund the low- and moderate-income housing.
H	Participate in the regional homelessness action plan	<ul style="list-style-type: none"> • Will benefit extremely low-income households and people experiencing homelessness. 	<ul style="list-style-type: none"> • Unlikely to increase burdens for these communities.
I	Pay System Development Charges (SDC) for workforce housing	<ul style="list-style-type: none"> • Will benefit extremely low-income, very low-income, and low-income households. • The groups more likely to have incomes qualifying for this action are disproportionately POC, people with disabilities, and seniors. 	<ul style="list-style-type: none"> • Unlikely to increase burdens for these communities.
J	Grow partnerships with Community Land Trusts	<ul style="list-style-type: none"> • Depending on the structure, could benefit a limited number of households at low-income and moderate-income households. • The groups more likely to have incomes qualifying for this action are disproportionately marginalized communities, including POC, people with disabilities, and seniors. • Some land trusts specialize in providing services to these communities. To increase benefits to people in state and federal protected 	<ul style="list-style-type: none"> • Unlikely to increase burdens for these communities unless existing funding is diverted from housing services and other programs to support homeownership for higher-income households.

		classes, the City may want to consider focus on working with land trusts that prioritize working with people in protected classes.	
K	Support outreach and education to promote equitable housing access	<ul style="list-style-type: none"> While outreach could benefit households at all income levels, the focus will be on underrepresented and difficult-to-reach community members including residents with extremely low-, very low, low- and moderate-income, communities of color, and other state and federal protected classes. 	<ul style="list-style-type: none"> Unlikely to increase burdens for these communities.
L	Pursue an Urban Growth Management Agreement (UGMA) with the County	<ul style="list-style-type: none"> Could benefit households at all income levels. To increase benefits to people in state and federal protected classes, the City would need to be intentional in establishing policies that benefit these residents when land becomes the jurisdiction of the City 	<ul style="list-style-type: none"> Unlikely to increase burdens for these communities.
M	Research rental housing maintenance code feasibility	<ul style="list-style-type: none"> Could benefit extremely low-income, very low-income, low-income, and moderate-income households. The groups more likely to be renters and benefit from this action have a proportionately larger percentage of POC, people with disabilities, and seniors. To avoid having rental housing decrease as a result of poor conditions, the City may want to connect this program with its existing rehabilitation program to offer grants or loans for addressing condition problems. 	<ul style="list-style-type: none"> May increase burdens on POC, people with disabilities, and seniors if the cost of rental housing increases to pay for this program or the amount of rental housing in the city decreases as a result of poor conditions.

Monitoring Outcomes of the HPS

DLCD requires Newport to report progress on implementation of the HPS to DLCD every four years.¹⁵ This report must include:

- A summary of the actions taken to implement the HPS.** If the City has not implemented the actions on schedule for the first four years of the HPS, the City must explain the barriers to implementation and a plan for addressing the need that the action was intended to address. That plan could include identifying other actions in the HPS that will meet the need, or it could include developing a new action to meet the need.

¹⁵ This report is due to DLCD no later than December 31 four years after Newport adopts its HPS.

- **A reflection of the efficacy of the actions the City has implemented.** This reflection should discuss the outcomes the City is observing from the actions they have implemented to date and could include expectations for future outcomes.
- **A reflection of the efficacy of the actions in the context of the outcomes described above.** The report should describe whether the goals and actions implemented have resulted in the expected outcomes described above: affordable homeownership, affordable rental housing, housing stability, housing options for people experiencing homelessness, housing choice, location of housing, and Fair Housing.

The City must notify DLCD if it cannot implement an action within 90 days of the end of the timeline as presented in Chapter 3. This notice must identify the actions or combinations of actions that the City will take to address the need that the action was intended to address.

The City will review its progress toward the plan annually. During the review, the City will document implementation over the previous year and housing development activity. Key questions that Council can consider in its assessment include:

- 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?

The City can develop its own metrics for tracking progress toward its desired outcomes. Exhibit 15 provides an overview of potential metrics that the City could track as part of its reviews. Tracking and reporting can be time consuming and the level of effort given will be commensurate to available staff resource. When Newport produces its next HPS in eight years, the City will be required to summarize the efficacy of each action included in this HPS. The information resulting from these measures will help Newport to summarize the outcomes and efficacy of the actions in this HPS.

Exhibit 15. Monitoring by Strategy

Actions	Annual monitoring
Overall Monitoring of Market Conditions	<ul style="list-style-type: none"> ▪ Number and type of new homes produced and total within the city over time ▪ Share of rent-burdened residents based on Census data. ▪ Number, location, and expiration date of regulated affordable units with change in units provided over time based on data from the State.
Use Urban Renewal to support housing and infrastructure development	<ul style="list-style-type: none"> ▪ Amount of funding investments made with urban renewal dollars to support affordable housing ▪ Number of affordable units built using urban renewal dollars ▪ Amount of funding dispersed for infrastructure that supports housing development
Implement the Homebuyer Opportunity Limited Tax Exemption	<ul style="list-style-type: none"> ▪ Number of inquiries about tax exemption ▪ Number of units/households granted tax exemption
Reduce development code barriers to housing development	<ul style="list-style-type: none"> ▪ Number of newly developed income-restricted and market-rate housing units ▪ Densities of newly developed housing units
Adjust the allocation of the Construction Excise Tax to support affordable housing development	<ul style="list-style-type: none"> ▪ Amount of funding investments made with CET to support affordable housing ▪ Number of affordable housing projects and units supported
Lobby the Legislature for more resources to support housing development and remove regulatory barriers to housing development	<ul style="list-style-type: none"> ▪ Number of proposals developed to address legislative issues ▪ Collaboration with local state-elected representatives
Establish a low-barrier emergency shelter and warming center in Newport	<ul style="list-style-type: none"> ▪ Location for shelter and warming center identified ▪ Partner to run the shelter and warming center identified ▪ Amount of funding and resources dedicated to the shelter and warming center
Support development of a regional housing entity focused on low- and moderate-income housing development	<ul style="list-style-type: none"> ▪ Convened other government agencies and local partners to discuss approach ▪ Identified role of regional housing entity and who will fulfill that role ▪ Amount of City funding or resources dedicated to the entity
Participate in the regional homelessness action plan	<ul style="list-style-type: none"> ▪ Participation on the Advisory Board ▪ Funding and resources dedicated to implementation
Pay System Development Charges (SDC) for workforce housing	<ul style="list-style-type: none"> ▪ Number of inquiries about the program ▪ Amount of funding used to support workforce housing ▪ Number of workforce housing projects and units supported
Grow partnerships with Community Land Trusts	<ul style="list-style-type: none"> ▪ New partnerships established or expanded with CLTs ▪ Number of lots/acres/units dedicated to affordable housing development by CLTs ▪ Amount of funding used to support CLTs
Support outreach and education to promote equitable housing access	<ul style="list-style-type: none"> ▪ Number of public events and/or targeted discussions held ▪ Number and demographics of attendees ▪ Number of views for online materials ▪ Overall number of residents, landlords, developers participating in city programs
Pursue an Urban Growth Management Agreement (UGMA) with the County	<ul style="list-style-type: none"> ▪ Develop UGMA agreement with Lincoln County ▪ City approval of the UGMA
Research rental housing maintenance code feasibility	<ul style="list-style-type: none"> ▪ Rental Housing Maintenance Code Feasibility Study completed ▪ Findings of the Study are presented to the City Council, and the City Council provide guidance to City staff as to whether a Rental Housing Maintenance Code is to be pursued

Appendix A: Action Evaluation Criteria

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

Evaluation Criteria

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

MFI Targeted

Newport would like to see development and preservation of housing affordable at all income levels. We define income levels based on 2021 Median Family Income for Lincoln County (as defined by the U.S. Department of Housing and Urban Development) for a household of four people, as follows:

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

Housing Types Targeted

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

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

Impact

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

Small	Moderate	Large
Will not directly result in development of new housing or it may result in development of a small amount of new housing. May not improve housing affordability in and of itself.	Could directly result in development of new housing. May not improve housing affordability in and of itself.	Could directly result in development of new housing. May improve housing affordability in and of itself but may still need to work with other policies to increase housing development feasibility.
~1-3% of needed housing 7 to 19 new dwelling units ¹⁶	~3% to 5% of needed housing 19 to 32 new dwelling units	~5% to 10% (or more) of needed housing 32 to 63 new dwelling units

Administrative Burden

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

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

Funding Required

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

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

¹⁶ Newport's Capacity Needs Analysis projects that the City will grow by 626 new dwelling units between 2022 and 2042.

Ease of Implementation

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

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

Flexibility

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

We define feasibility, as follows:

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

Appendix B: Pre-HPS Survey

This appendix presents the results of the survey that Newport filled out prior to developing the HPS.

Housing Portal Pre-HPS Survey Submission Page: 1 of 3
 Year: 2021 City: Newport Submitted Date: 01/03/2022 5/10/2023 10:15:24 am

Category	Strategy	Encourage Needed Housing	Increase Affordability	Reduce Rent Burden
A - Zoning and Code Changes	A05 - Code Provisions for ADUs Comments: City code aligns with statutory requirements.	Yes	No	No
A - Zoning and Code Changes	A07 - Allow for Single Room Occupancy in Residential Zones Comments: Allowed outright as a boarding house in the City's R-4f high density multi-family residential zone district and subject to conditional use approval in the R-3f medium density multi-family residential district. An option in certain C-2f tourist commercial zoned areas in the Nye Beach area	Yes	No	No
A - Zoning and Code Changes	A08 - Promote Cottage Cluster Housing Comments: Allowed in the City's R-3f medium density multi-family residential, R-4f high density multi-family residential zone districts and certain C-2f tourist commercial zoned areas within the City's Nye Beach Historic District.	Yes	No	No
A - Zoning and Code Changes	A09 - Short-Term Rentals Regulations Comments: City adopted a permissible area zoning overlay in 2019. Licenses capped within overlay and new units must be dispersed. City has been at the license cap since the code was adopted. 2-3 year waitlist. VRDs outside the overlay are phasing out as they are sold or converted to other uses.	Yes	Yes	Yes
B - Reduce Regulatory Impediments	B01 - Remove or Reduce Minimum Parking Requirements Comments: Limited to Nye Beach, City Center and Bayfront Districts. In Nye Beach, required off-street parking is reduced on a one-to-one basis for every on-street space adjacent to a lot/parcel. For new development in the Bayfront/City Center districts the first 5 required off-street spaces are exempt from having to be built.	Yes	No	No
B - Reduce Regulatory Impediments	B06 - Streamline Permitting Process Comments: Review for land use compliance completed as part of the building permit review (no separate site review requirement)	Yes	No	No
B - Reduce Regulatory Impediments	B09 - Capital Improvements Programming (CIP) Comments:	No	Yes	No
B - Reduce Regulatory Impediments	B10 - Public Facility Planning Comments:	Yes	Yes	No
B - Reduce Regulatory Impediments	B15 - Reduce the Power of NIMBYism to stop, slow, change, or reduce affordable housing	Yes	No	No

Comments:				
C - Financial Incentives	C01 - Reduce or Exempt SDCs for Needed Housing	Yes	Yes	No
	Comments: City amended SDC methodology in 2017 eliminating capital projects it was collecting for that will not be realistically built within the 20-year planning horizon, and shifted to a price per square foot assessment for single-family detached and attached development (substantially reducing fees for small and average sized dwellings).			
C - Financial Incentives	C02 - Modify SDC fee schedules	Yes	Yes	No
	Comments: Addressed with 2017 SDC methodology update.			
C - Financial Incentives	C06 - Publicly Funded Infrastructure Improvements	Yes	Yes	No
	Comments: Infrastructure is largely paid for with tax increment financing, which is limited to property within or adjacent to one of the City's urban renewal districts.			
D - Financial Resources	D01 - Community Development Block Grant (CDBG)	Yes	No	No
	Comments: City secured CDBG funds for low-income housing rehabilitation loans. DevNW (Corvallis non-profit) implements the program on the City's behalf.			
D - Financial Resources	D09 - Construction Excise Tax (CET)	Yes	No	No
	Comments: Affordable housing construction excise tax established in 2017.			
E - Tax Exemption and Abatement	E01 - Nonprofit Low-Income Rental Housing Exemption	Yes	Yes	No
	Comments: Established in 2017.			
E - Tax Exemption and Abatement	E04 - Multiple Unit Property Tax Exemption (MUPTE)	Yes	Yes	No
	Comments: Established in 2017. Has been utilized once, as part of the package of incentives for a 110 unit affordable housing rental project built in 2020. 10 year exemption valued at over \$1.6 million.			
F - Land, Acquisition, Lease, and Partnerships	F03 - Community Land Trusts	No	Yes	No
	Comments: Provided match funding to Proud Ground (non-profit land trust) for down payment assistance grants for three homebuyers in Newport. Part of a collaboration with Lincoln County and Lincoln City. \$160,000 local match between the three entities, and \$515,000 from the state. Eight (8) down payment assistance grants total.			
F - Land, Acquisition, Lease, and Partnerships	F10 - Prioritize Housing on City/County Owned Land	Yes	Yes	No

Comments: City surplus property consisting of two residential lots provided to Habitat for Humanity for affordable housing. Duplex constructed and lots transferred to Habitat in 2021.

Z - Custom Options

Z01 - Other

Yes

No

No

Comments: Amended SDC Ordinance to allow developers with credits from "qualified public improvements" to donate or sell credits for use on another property so long as the receiving property is developed with a residential use and the amount offset does not exceed 50% of the SDC assessment. Has been used twice (both large multi-family rental projects).



Newport Housing Production Strategy

May 2023

Prepared for: City of Newport

Final Report

ECONorthwest
ECONOMICS • FINANCE • PLANNING

KOIN Center
222 SW Columbia Street
Suite 1600
Portland, OR 97201
503-222-6060

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Project Advisory Committee

- Kathy Kowtko, alt. James Bassingthwaite
- Todd Woodley, alt. Mike Phillips
- Sheila Stiley
- Betty Kamikawa
- Dr. Karen Gray
- Robert Cowen, alt. Mark Farley
- Wendy Hernandez
- Dr. Lesley Ogden
- Bonnie Saxton
- Rev. Judith Jones, alt. Dennis White
- Lee Hardy, alt. Braulio Escobar
- Cynthia Jacobi, alt. Jan Kaplan

City of Newport

- Derrick Tokos, Community Development Director

Consulting Team (ECONorthwest)

- Beth Goodman, Project Director
- Nicole Underwood, Project Manager

City of Newport Contact:

Derrick Tokos, Community Development Director
City of Newport
169 SW Coast Highway
Newport, OR 97365
541-574-0626
d.tokos@newportoregon.gov

ECONorthwest Contact:

Beth Goodman, Project Director
ECONorthwest
222 SW Columbia, Suite 1600
Portland, OR 97201
503-222-6060
goodman@econw.com

Executive Summary

Housing affordability has been a growing concern in Newport over the past decade. While the City has implemented policies in recent years to better support housing development, there is still work to be done to ensure Newport's existing and future housing needs are met. To build on their progress, the City applied for a grant with the Department of Land Conservation and Development in 2021 to produce a Housing Capacity Analysis (HCA) and a Housing Production Strategy (HPS). The City completed its HCA in 2022 which was the technical document for helping the City better understand its housing needs over the 2022-2042 timeframe. This document builds off the technical findings from the HCA and suggests actions to address housing needs over the next eight years.

Purpose of the Housing Production Strategy (HPS)

Many households in Newport are struggling to afford housing. Renters, many who have lived in the community for years, have increasingly limited housing options as the area's quality of life continues to attract more residents. Many essential workers live paycheck to paycheck with household budgets that are increasingly burdened by the cost of housing. About 53% of renters in Newport are cost burdened (i.e., paying 30% or more of their income in rent), with cost burden highest among households with lower incomes. Homeownership is not an option for most people living and working in Newport, and employers struggle to attract and retain workers because of housing costs and the general scarcity of rental and ownership housing.

Some groups are particularly vulnerable to increasing housing costs and may have special housing needs. The HPS is intended to include actions to work together to achieve equitable outcomes for all residents of Newport, with an emphasis on improving outcomes for underserved communities, lower-income households, and people in state and federal protected classes. Key groups with unmet housing need in Newport include:

- **Seniors.** Many seniors live on fixed incomes and cannot always afford increases in housing costs. They may also need housing that is physically accessible and close to services (such as nearby health care or in-home assistance).
- **People of color (POC).** In Newport, POC households were more likely to be cost burdened compared to the city's average. These households may need assistance to avoid displacement and to access housing without discrimination in locations with "high opportunity" (such as areas near jobs, transit, or services).
- **People with disabilities.** Across Oregon, people with one or more disabilities experience disproportionate cost burden. Some people with disabilities may need physically accessible housing near services (such as nearby health care or in-home assistance).
- **People experiencing homelessness.** People experiencing homelessness (or at risk of homelessness) may need a range of supports from immediate assistance (including rent

support) to permanent supportive housing (including supportive housing with services) and access to affordable units.

The City of Newport has an important role in ensuring housing is available for those who live here, at a price point they can afford. The City continues to identify and implement actions to support housing development and increase affordability. The City has implemented tax incentives to encourage the development of affordable rental housing and redesigned System Development Charge policies to benefit residential development and incentivize the construction of modestly sized homes. The City uses Construction Excise Tax and Urban Renewal funds to support housing development and recently dedicated \$120,000 from tax increment financing to acquire property for a regional stormwater detention facility so that a 26-unit market-rate subdivision could be built. The City also partners with other jurisdictions and nonprofits to create affordable home ownership opportunities.

However, the City has limited funds for direct investments and the community's unique challenges require targeted solutions. Many areas of Newport with vacant buildable land need costly infrastructure to support housing development. In addition, lack of housing supply and high housing costs have contributed to cost burden and homelessness in the City. While the City has some dedicated funding to support affordable housing development, the need far outweighs the City's limited resources. This Strategy will help Newport take the next steps to support affordable housing development.

How can the HPS support housing development?

This Strategy identifies and describes actions and implementation steps to support development of housing, address housing affordability challenges, and encourage the preservation of existing affordable housing. With this Strategy, the City identified a set of actions to support new and existing affordable development. The actions will encourage the development of more diverse housing types; grow partnerships with housing providers, developers and agencies involved in housing issues; and increase housing stability for Newport residents.

Exhibit 1. Summary of HPS Actions

Actions	What is it?	How does the action help?
A. Use Urban Renewal funding to support housing and infrastructure development	The City would use urban renewal funds for infrastructure development or for programs that lower the costs of housing development.	Provides a flexible funding tool to support many actions in the HPS if used within the urban renewal area.
B. Implement the Homebuyer Opportunity Limited Tax Exemption	The City would provide low- and moderate-income homebuyers a 10-year property tax exemption for homes valued at or below 120% of city's median sales price.	Helps low- and moderate-income households build wealth and achieve homeownership.
C. Reduce development code barriers to housing development	City can revise the development code to make housing development easier, less time consuming, and less costly.	Allows for more development and housing options and can reduce the cost of developing housing.
D. Adjust the allocation of the Construction Excise Tax to support affordable housing development	The City could use CET funds to support a variety of affordable housing programs, such as those actions described in this table.	Provides a flexible funding source for many actions in the HPS that benefit lower- and moderate-income households.
E. Lobby the Legislature for more resources to support housing development and remove regulatory barriers to housing development	The City could advocate for initiatives that would make it easier to raise local funds for affordable housing, access state funding, and reduce regulatory barriers to alternative housing types.	Expands the tools and funds available to support affordable housing development.
F. Establish a low-barrier emergency shelter and warming center in Newport	The City could reduce land use barriers to shelter locations, partner with a service provider to run the shelter, and provide resources to support shelter development.	Provides a first step towards stabilizing people experiencing homelessness and is a step towards accessing long-term housing.
G. Support development of a regional housing entity focused on low- and moderate-income housing	The City could partner with other agencies to help meet regional housing needs by pooling resources and staff for programs such as land banking.	Pools resources from city, county, and local partners to support low- and moderate-income housing needs on a regional level.
H. Participate in the regional homelessness action plan	The City would work with the county and partners to develop and implement the 5-year strategic plan to reduce homelessness.	Develops a regional approach to addressing homelessness.
I. Pay System Development Charges (SDC) for workforce housing	The City can pay SDC fees on behalf of the developer to encourage the development of affordable housing.	Reduces development costs and can incentivize development of qualifying housing types.
J. Grow partnerships with Community Land Trusts	The City could expand partnerships with land trusts and provide resources or land to support affordable homeownership.	Provides opportunities for homeownership that remain affordable over the long term.
K. Support outreach and education to promote equitable housing access	The City could engage in community outreach to better understand housing needs and share existing housing resources, as well as get input on City-lead housing initiatives, such as developing or revising housing policies.	Supports a common understanding of affordable housing, development obstacles, and available resources.
L. Pursue an Urban Growth Management Agreement (UGMA) with the County	The City would create an agreement with Lincoln County that describes the roles, responsibilities, and agreements for managing land between city limits and the UGB.	Provides a common understanding about how land that may eventually be in the city limits will be managed and makes it easier to annex into city.

M. Research rental housing maintenance code feasibility	The City would evaluate implementing a rental housing maintenance code policy, that could help renters and property owners communicate and resolve issues.	Helps ensure Newport's rental housing stock is well maintained and can improve the health, safety, and well-being of residents that rent.
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How do the actions work together to achieve the HPS purpose?

Delivering housing that is affordable to low-income households requires a variety of actions that address key housing needs in the city. The City's actions are intended to provide incentives and support at various phases of a development project and help overcome obstacles and challenges, making development more financially feasible. The actions are intended to reduce housing costs and ensure that rents or sales prices are more affordable by making it more financially feasible to build and preserve affordable housing.

The City developed five initiatives that address key housing needs in the city, focusing on outcomes of implementing the actions. The initiatives comprise a set of potential city-led actions, funding sources, and potential partnerships with other entities that help to achieve an overarching goal of expanding affordable housing. By bundling actions and funding sources, the City acknowledges that several actions and partnerships are necessary to achieve the City's housing goals. These actions will be adopted and implemented over an 8-year timeline recognizing that each of the actions will take different amounts of time to refine, adopt, and implement.

The initiatives are:

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

Exhibit 2. Housing Initiatives, Actions, and Proposed Adoption

■ 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 Housing	Address Homelessness	Adoption Schedule
Income Level (as a percent of Median Family Income (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	■	■	■	□	□	Ongoing
B. Implement the Homebuyer Opportunity Limited Tax Exemption			■	□		2025
C. Reduce development code barriers to housing development	■	■		□		2024
D. Adjust the allocation of the Construction Excise Tax (CET) to support affordable housing development	■	■	■	□	□	2024
E. Lobby the Legislature for more resources to support housing development and remove regulatory barriers to housing development	■	■	■	■	■	Ongoing
F. Establish a low-barrier emergency shelter and warming center in Newport					■	2026
G. Support development of a regional housing entity focused on low- and moderate-income housing		■	■			2028
H. Participate in the regional homelessness action plan	□				■	2024
I. Pay System Development Charges (SDC) for workforce housing	■	■	■			2024
J. Grow partnerships with Community Land Trusts			■	□		Ongoing
K. Support outreach and education to promote equitable housing access	■	■	■	■	■	Ongoing
L. Pursue an Urban Growth Management Agreement (UGMA) with the County	□	□	□			2026
M. Research rental housing maintenance code feasibility				■		2024

How will the City implement the Strategy?

Funding Sources

One of the key limitations to implementing the actions in the HPS is the availability of funding. Funding is needed not only to build units, preserve affordable housing, and provide access to equitable housing but also for staff time to implement the Plan. Identifying a set of realistic funding sources is necessary for achieving the vision of affordable housing in Newport.

Existing City funding sources include:

- **Urban Renewal Districts.** Tax increment financing is a flexible funding tool that can support many of the key actions identified in the Housing Production Strategy if they are used within an urban renewal area in accordance with the urban renewal plans.
- **Construction Excise Tax (CET).** CET is one of few options to generate additional, locally controlled funding for affordable housing. The City adopted a CET in 2017, which is levied on new residential, commercial, and industrial development.

In addition to existing City funds, the City will also pursue grants and state funding sources. However, the City will also need to pursue new funding sources that can help fund its programs. These could include increasing or creating new fees or taxes, reallocating current funds, or pursuing private donations and gifts.

Partners

Each of the strategies require a different implementation approach, with varying involvement from local partners. The city has identified actions that it can use to best support the development of affordable housing, but the delivery requires the participation of key partners who have roles essential to the construction, delivery, and preservation of housing units. Exhibit 3 shows how each of the partners would play a role in different actions.

Exhibit 3. City and Partner Roles

Actions	City role	Partners and roles
A. Use Urban Renewal to support housing and infrastructure development	Partner w/Urban Renewal Agency and potentially adopt new Urban Renewal district once the South Beach Urban Renewal Plan is closed.	Urban Renewal Agency: select projects and implement plans Overlapping Taxing Districts: consider major amendments to existing plans or the creation of a new urban renewal area Property Owners: provide input
B. Implement the Homebuyer Opportunity Limited Tax Exemption	Develop eligibility criteria, seek support from overlapping tax districts, adopt exemption, implement the exemption and execute on reporting	Overlapping Taxing Districts: consider approving exemption
C. Reduce development code barriers to housing development	Engage development community, revise development code	Local Developers: provide input
D. Adjust the allocation of the Construction Excise Tax to support affordable housing development	Adjust allocation and implement plan	Local Developers: provide input Local Nonprofits: provide input
E. Lobby the Legislature for more resources to support housing development and remove regulatory barriers to housing development	Collaborate with the area’s legislative delegation and partners to support lobbying efforts	Partners would vary based on the changes being pursued
F. Establish a low-barrier emergency shelter and warming center in Newport	Reduce land use barriers to shelter location, provide funding to support new shelter, partner to operate or maintain the facility	Lincoln County: provide resources Service providers, faith-based organizations.: Operate the shelter
G. Support development of a regional housing entity focused on low- and moderate-income housing development	Partner and could take on other roles such as providing funding or resources	Cities in Lincoln County, Lincoln County, other government partners, service providers: partner and provide funding and resources
H. Participate in the regional homelessness action plan	Participate in planning process and support implementation	Cities in Lincoln County, Lincoln County, other government partners, service providers: participate in planning process and support implementation
I. Pay System Development Charges (SDC) for workforce housing	Engage development community, develop and implement program	Local developers: provide input
J. Grow partnerships with Community Land Trusts	Continue to partner with, and provide resources to, local land trusts	Nonprofits including Proud Ground, Habitat for Humanity, and DevNW: Partner with City and develop housing
K. Support outreach and education to promote equitable housing access	Engage the community to better understand housing needs and share housing resources, as well as get input on City-lead housing initiatives, such as developing or revising housing policies.	Local nonprofits and service providers, Fair Housing Council of Oregon: Partner with City and conduct outreach
L. Pursue an Urban Growth Management Agreement (UGMA) with the County	Initiate development of UGMA with Lincoln county, implement	Lincoln County: develop and implement UGMA with City
M. Research rental housing maintenance code feasibility	Research existing model ordinances and programs and identify implementation alternatives, including options for resourcing the program	Renters: provide input Property Owners: provide input

1. Introduction

The City of Newport has sponsored several housing planning efforts over the last several years to address housing access, quality, and affordability concerns. While the City has accomplished much to date, there is still work to be done to ensure Newport’s existing and future housing needs are met. To build on their progress, the City applied for a grant with the Department of Land Conservation and Development in 2021 to produce a Housing Capacity Analysis and a Housing Production Strategy.

A Housing Production Strategy (HPS) includes goals and strategic actions that combine to achieve equitable outcomes for all residents of Newport, with an emphasis on improving outcomes for underserved communities, lower-income households, and people in state and federal protected classes. An HPS considers issues of Fair Housing, which is intended to provide access to housing choice by everyone, free from discrimination.

Federal protected classes are: race, color, national origin, religion, gender, familial status, and disability. Oregon’s additional protected classes are: marital status, source of income, sexual orientation and gender identity, and status as a domestic violence survivor. Under Fair Housing laws, it is illegal to deny access to housing based on the characteristics of people within these protected classes.

A Housing Capacity Analysis (HCA) is a technical document that will allow the City of Newport to better understand its housing needs over the 2022-2042 timeframe. It answers an important question about whether the city has enough unconstrained, buildable lands to accommodate its housing forecast – which is based on projected population growth – over the planning period. The Housing Production Strategy (HPS) uses the findings of the Housing Capacity Analysis (as well as the findings from other recent planning efforts) and crafts policies and actions to address Newport’s housing needs, meet the city’s housing goals, and affect positive change in the community.

This report provides information about Newport’s housing needs, building from the recently completed Housing Capacity Analysis. It provides an understanding of the issues (in Chapter 2), before solutions are proposed (in Chapter 3).

Requirements of a Housing Production Strategy

OAR 660-008 describes the requirements of a Housing Production Strategy (HPS) in sections 660-008-0050 through 660-008-0070. DLCD requires that the HPS includes the following information.

- **Unmet Housing Need in Newport** (Chapter 2 and Appendix A) covers the socio-economic and demographic trends of households in Newport, the policies the City has adopted to meet housing needs, and a summary of engagement the City has had with stakeholders about housing needs (especially with stakeholders in underrepresented groups).
- **Actions to Meet Future Housing Need** (Chapter 3) identifies specific actions, measures, and policies needed to address housing needs identified in Newport's HCA report.
- **Achieving Fair and Equitable Housing Outcomes** (Chapter 4) evaluates the entire list of strategies to achieve equitable outcomes. The valuation considers factors such as location of housing, Affirmatively Furthering Fair Housing, facilitating housing choice, identifying housing options for residents experiencing homelessness, supporting development of affordable housing, and increasing housing stability.

The City is required to submit the HPS to DLCD after its adoption by the City Council. The City must monitor progress on implementation of the HPS and progress on production of housing related to the policies and actions in this report. Linking housing development directly to implementation of the actions in this report may be challenging and difficult to quantify. But City staff will be able to report changes in building activity that occur before and after implementation of specific actions and will be able to provide qualitative feedback on implementation of actions based on development of partnerships and discussions with stakeholders.

Newport will be required to submit a report to DLCD four years after the City adopts the HPS that includes:

- A **summary** of the actions taken by that time. For actions not adopted on the schedule in the HPS, the city must provide an explanation of the circumstances that posed a barrier to implementation and a plan for addressing the need identified in the strategy.
- An **evaluation** of the efficacy of the actions that the city has implemented for meeting the needs in the HCA and whether the actions are moving the city to achieve more fair and equitable housing outcomes.

If the City is unable to or chooses not to implement an action within 90 days of the timeline proposed in the HPS, the City must notify DLCD about the action(s) that the City is taking to address this issue. The City may propose an alternative schedule for implementing the action or may identify a different action (or actions) to meet the specific housing need addressed by this action.

Building Equity into the HPS

Newport’s goal of producing equitable housing goes beyond affordability. Equitable housing comprises reasonably priced, high-quality homes to buy or rent that are accessible across all ages, household sizes, abilities, and incomes and are convenient to everyday needs such as schools, childcare, grocery stores, and parks. In pursuing equitable housing, the City seeks to reduce cost burden and increase access to homeownership, especially for low-income households and vulnerable groups such as seniors, workers with low pay, people with disabilities, and communities of color.

In developing the HPS, the team considered equity as both an outcome and a process. Exhibit 4 provides an equity framework that embeds equity considerations into the HPS process, implementation, and measurement of impact. The actions in the HPS are intended to increase equitable housing outcomes as the City implements the recommendations of the HPS.

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.

Stakeholder Involvement in Developing the HPS

Consulting with community members was a crucial aspect of developing the HPS, as it helped the project team understand their affordable housing priorities, needs, and challenges. The feedback collected throughout the engagement process played an essential role in shaping the actions outlined in this document. The project team kept stakeholders informed by sharing the proposed actions at different stages of the process to ensure that they were appropriate and to gather suggestions on how to prioritize and execute them. The collaborative stakeholder outreach process for creating the HPS involved input from the following groups.

- **Newport Project Advisory Committee.** The City of Newport and ECONorthwest solicited public input from the Project Advisory Committee (PAC) to develop both the *Housing Capacity Analysis* and *Housing Production Strategy*. The PAC was composed of Newport community members, people involved in development, agency partners, service providers and employees, faith-based organizations, and elected/appointed

officials. The project relied on the PAC to review draft deliverables and provide input at key points. During the development of the HPS, the PAC met five times.

- **Meeting 1:** Summary of housing need (October 13, 2022)
- **Meeting 2:** Gaps in actions and strategies to fill gaps (December 15, 2022)
- **Meeting 3:** Identify additional strategies (January 12, 2023)
- **Meeting 4:** Refine and narrow strategies (February 16, 2023)
- **Meeting 5:** Review the HPS report (March 30, 2023)
- **Community Conversations.** During the development of the HPS the PAC hosted Community Conversations with community members from different backgrounds. Participants were encouraged to (1) share their perspectives on housing needs and preferences in Newport and (2) provide input on potential actions that the City could take to promote the development of needed housing in a fair and equitable way. In total, PAC members and City staff held eight community conversations with over 70 participants.

The Community Conversations highlighted challenges to accessing housing in Newport including lack of housing inventory, housing costs that have outpaced incomes, and housing units that are the wrong size for the needs of the household. Participants also expressed concerns with ongoing maintenance and noise and indicated that walkability, privacy and quiet were important for housing locations.

- **Discussions with Stakeholders.** The project included 10 interviews with stakeholders to solicit feedback. The project team spoke with:
 - **Service providers for vulnerable populations** to better understand the range of unmet housing needs, particularly for people experiencing disabilities, mental illness, and/or discrimination. These discussions identified the insufficient availability of housing options and supportive services for at-risk populations in Newport and other rural areas. This has highlighted the necessity for additional nonprofit and government capacity to support these populations. Additionally, service providers emphasized the importance of working collaboratively with local partners and the City to enhance housing production and help households maintain their housing.
 - **Local housing developers and builders** to understand the unique challenges in developing housing and identify policies and actions that could help support housing development affordable to low and moderate-income households. This group identified the high cost of construction due to building code requirements (to withstand high winds and weather) and lack of local contractors for some trades as contributing to higher housing costs. They also emphasized that infrastructure costs can be a barrier for larger developments, but that greater density can help spread land infrastructure costs across more units.

- **Open House.** In the winter and spring of 2023, the project team held two public open houses. These open houses provided an opportunity to educate participants about the project while also obtaining feedback. The first open house was virtual and included a series of surveys that provided opportunities for community members to share their housing experiences and weigh in on potential solutions. At least 454 people viewed the virtual Open House and responded to the surveys.

The second Open House was in person and had about 50 participants. Like in the first open house participants were able to share their feedback on potential solutions. The feedback from participants at both open houses confirmed that the actions included in this HPS are reasonable and informed the relative priority of actions in terms of implementation.

- **Planning Commission.** ECONorthwest provided an update on the HPS project to the Planning Commission in the winter of 2022, gathering their feedback and thoughts on potential strategies. City staff updated the Planning Commission in spring of 2023 presenting the final HPS and gathering final comments.
- **City Council.** ECONorthwest presented to the City Council in winter 2022, gathering their feedback and thoughts on potential strategies. ECONorthwest delivered the final documents in spring 2023 and City staff presented the final HPS to the City Council in spring 2023.

Prior to developing the Housing Capacity Analysis and Housing Production Strategy reports in 2022 and 2023, the City has done extensive public and stakeholder engagement around housing. Some examples include:

- Through development of the 2011 *Housing Needs Analysis*, the City worked with a technical advisory committee to inform the analysis and recommendations to support development of needed housing.
- The 2014 Newport Student Housing report identified a number of recommendations for the City to implement that would support student housing and/or encourage the production of low-income subsidized or workforce housing. Developing and implementing each of these recommendations involved extensive stakeholder outreach to ensure effectiveness and community support. Recommendations the City has implemented over the past decade include:
 - 2015 - Formed Northside Urban Renewal District to help fund housing infrastructure (multi-year effort).
 - 2017 – Established Affordable Housing Tax Incentives and the Affordable Housing CET; amended SDC Methodology Amendment (multi-year effort).
 - 2018 – Established transferability of SDC Credits for Housing.
 - 2020 – Established Home Ownership Down-Payment Assistance Grants with Proud Ground (multi-year effort).

- 2021 – Donated land to Habitat for Humanity for duplex development (multi-year effort).
- 2021 – Provided CDBG Funds for Rehab and Weatherization Program operated by non-profit DevNW (2021).
- 2022 – Reduced residential street widths for residential development with TSP update (multi-year effort).

As the City implements this HPS, it should explore ways to enhance its engagement with stakeholders. Action K provides a way to improve stakeholder engagement to ensure that everyone has equitable access to housing and to prevent housing discrimination. Engagement strategy moving forward should prioritize establishing long-term relationships with community members, with particular attention given to communities that are typically harder to reach, as well as service providers and developers to ensure that strategies remain attuned to residents’ needs. This outreach should be connected closely with projects the City is leading about housing, such as developing new (or revising existing) housing policies.

Structure of the Report

The structure of this report is organized as follows:

- **Chapter 2. Unmet Housing Need in Newport** summarizes the findings about housing needs in Newport, with a focus on housing needs at varying income levels and specific groups of people.
- **Chapter 3. Actions to Meet Future Housing Need** presents the proposed policies and actions to meet the housing need described in Chapter 2.
- **Chapter 4. Evaluation: Achieving Fair and Equitable Housing Outcomes** presents an evaluation of the HPS through considerations of the location of housing, Fair Housing, housing choice, and other factors.
- **Appendix A. Action Evaluation Criteria** presents the criteria used to determine whether an action would be included in the HPS.
- **Appendix B. Pre-HPS Survey**

2. Unmet Housing Need in Newport

This chapter presents a description of the housing needs that the Housing Production Strategy (HPS) is intended to address, as well as existing policies to address Newport’s housing needs. It ends with a summary of the existing and expected barriers to development of needed housing. This chapter meets the HPS requirement to further contextualize housing need, beyond what the HNA provided.

As the City weighs potential strategies to encourage affordable housing, the City must understand the needs that are specific to residents in the City of Newport. The HPS connects unmet housing needs with strategies to address those needs. The City already understands the housing needs of current and future residents of Newport based on demographic and socioeconomic characteristics, such as age and income, from the Newport Housing Capacity Analysis (HCA), produced in October 2022.

The purpose of this chapter is to summarize key information from the HCA and supplement the City’s understanding with additional detailed data about housing needs for other demographic characteristics, such as race, ethnicity, people with a disability, or people experiencing homelessness (which were not included in the HCA).

Methods

This chapter uses standard sources of information from the U.S. Census. It adds information from other sources, such as Oregon’s Housing and Community Services Department, the United States Department of Housing and Urban Development, Redfin, Costar, and the City of Newport. The detailed data underlying the summary information presented in this chapter is in the *Newport Housing Capacity Analysis* report.

Housing Needs Addressed by the Housing Production Strategy

This section describes Newport housing needs based on data gathered in the Newport Housing Capacity Analysis report (2022) and household income shown below.

Across Oregon, developers have been able to build some types of housing without need for public intervention, such as single-family detached housing that is affordable to people with higher incomes. However, many low- and moderate-income households have unmet housing needs because the market has been unable to keep up with their needs.

The HPS focuses on strategies that ensure that developers can produce housing for low- and moderate-income households. Housing at this part of the income spectrum, and housing that meets the special needs of specific groups, usually requires public intervention.

Defining Median Family Income

Throughout this report, we discuss housing affordability based on 2021 Median Family Income (MFI) that is defined by the U.S. Department of Housing and Urban Services (HUD) for Lincoln County for a family of four people. The terms used to describe housing affordability by income group are:

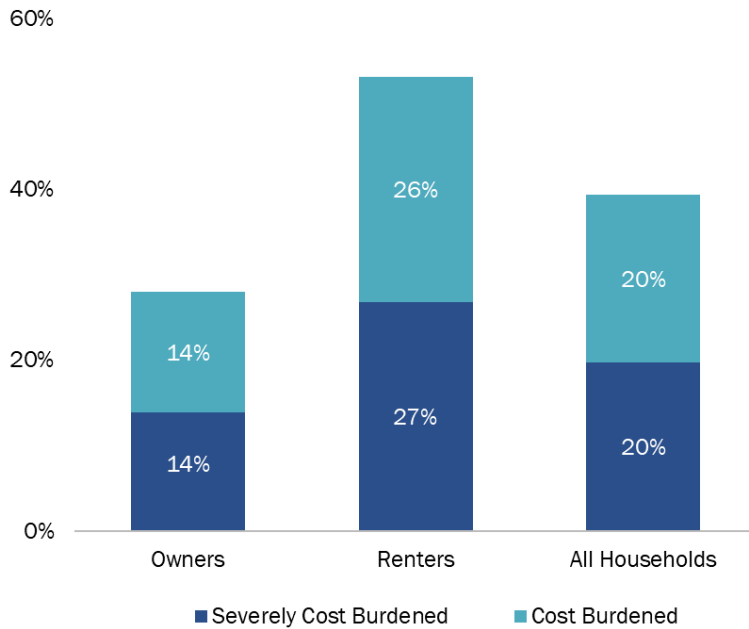
- Extremely Low Income: Less than 30% MFI or \$17,200 or less for a family of four
- Very-Low Income: 30% to 50% of MFI or \$17,200 to \$28,700 for a family of four
- Low Income: 50% to 80% of MFI or \$28,700 to \$45,900 for a family of four
- Middle Income: 80% to 120% of MFI or \$45,900 to \$68,900 for a family of four
- High Income: 120% of MFI or more \$68,900 or more for a family of four

Many households in Newport pay more than 30% of their income for housing.

Because the local housing market cannot produce income-restricted, subsidized affordable housing at sufficient levels – and because it cannot often produce moderate income/workforce housing without subsidy, over a third (40%) of households in Newport are cost burdened. Renters are much more likely to be cost burdened than homeowners.

Exhibit 5. Housing Cost Burden by Tenure, Newport, 2016-2020

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



A household is defined as cost burdened if their housing costs exceed 30% of their gross income. A household that spends 50% or more of their gross income on housing costs is said to be severely cost burdened.

Low-income households have few options for either homeownership or rental units.

Housing costs for both rental and ownership units are much higher than many residents can afford. Exhibit 6 shows financially attainable housing costs for households across the income spectrum in Lincoln County.

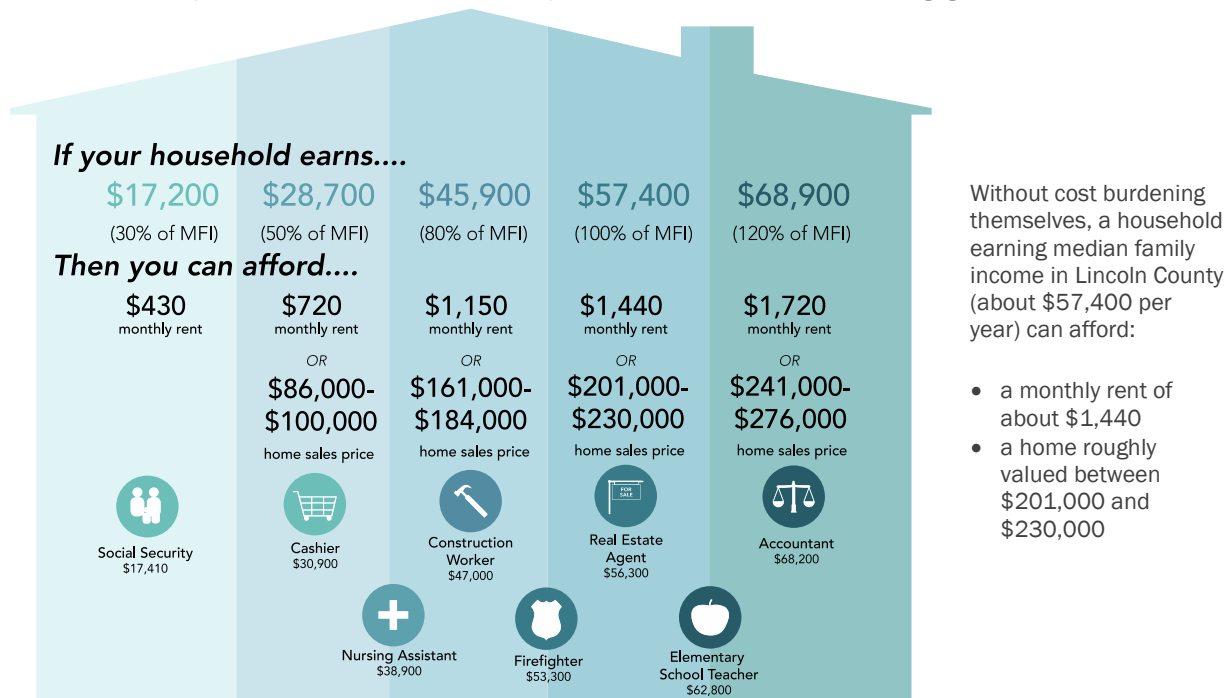
In Newport, a family of four must make:

200% of MFI (\$115,000) to afford the median sales price of a home (\$403,000)¹

95% of MFI (\$54,400) to afford Newport's median apartment rents (\$1,360 per month)

Exhibit 6. Financially Attainable Housing, by Median Family Income (MFI) for Lincoln County (\$57,400) 2021

Source: US Department of Housing and Urban Development, Lincoln County, 2021. Oregon Employment Department.
 Note: The below estimates of affordable home sales prices are rough estimates. The affordable home sales prices will vary for each borrowing household, based on interest rates, loan term, down payment, and similar factors. These sales prices are illustrative estimates and do not make assumptions about interest rates, amount of down payment, whether mortgage insurance will be required, or other factors that are unique to an individual household's mortgage.



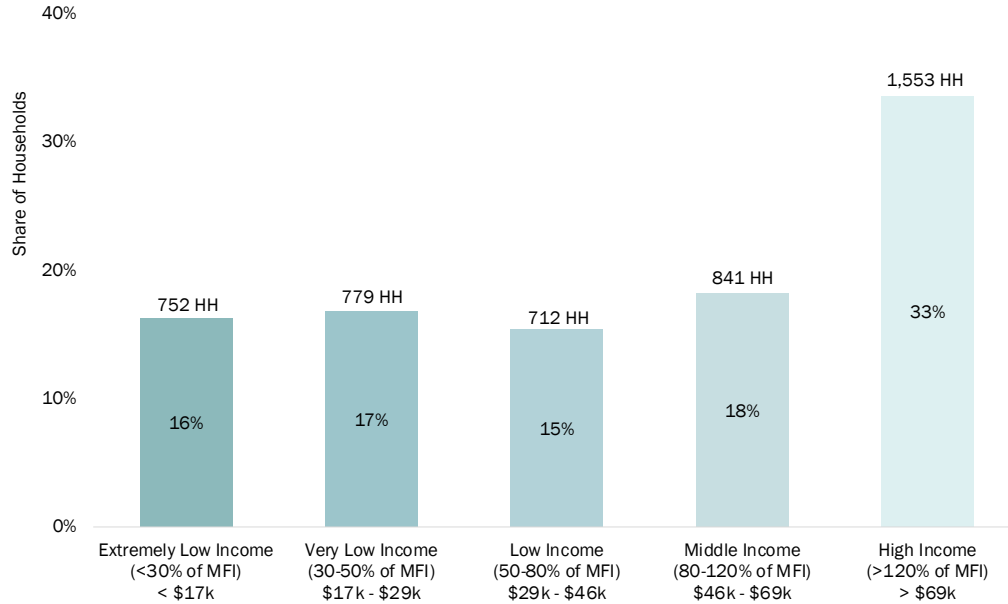
¹ Property Radar, December 2021.

About one-third of Newport households earn less than 50% MFI.

Exhibit 7 shows that 33% of Newport’s households had incomes less than 50% of Median Family Income (MFI) (\$28,700) and cannot afford a two-bedroom apartment at Lincoln County’s Fair Market Rent (FMR) of \$1,040 in 2021.

Exhibit 7. Share of Households by Median Family Income (MFI) for Lincoln County, Newport, 2021

Source: US Department of HUD, Lincoln County, 2021. US Census Bureau, 2015-2019 ACS Table B19001.



Newport is forecast to grow by 626 new dwelling units between 2022 and 2042.

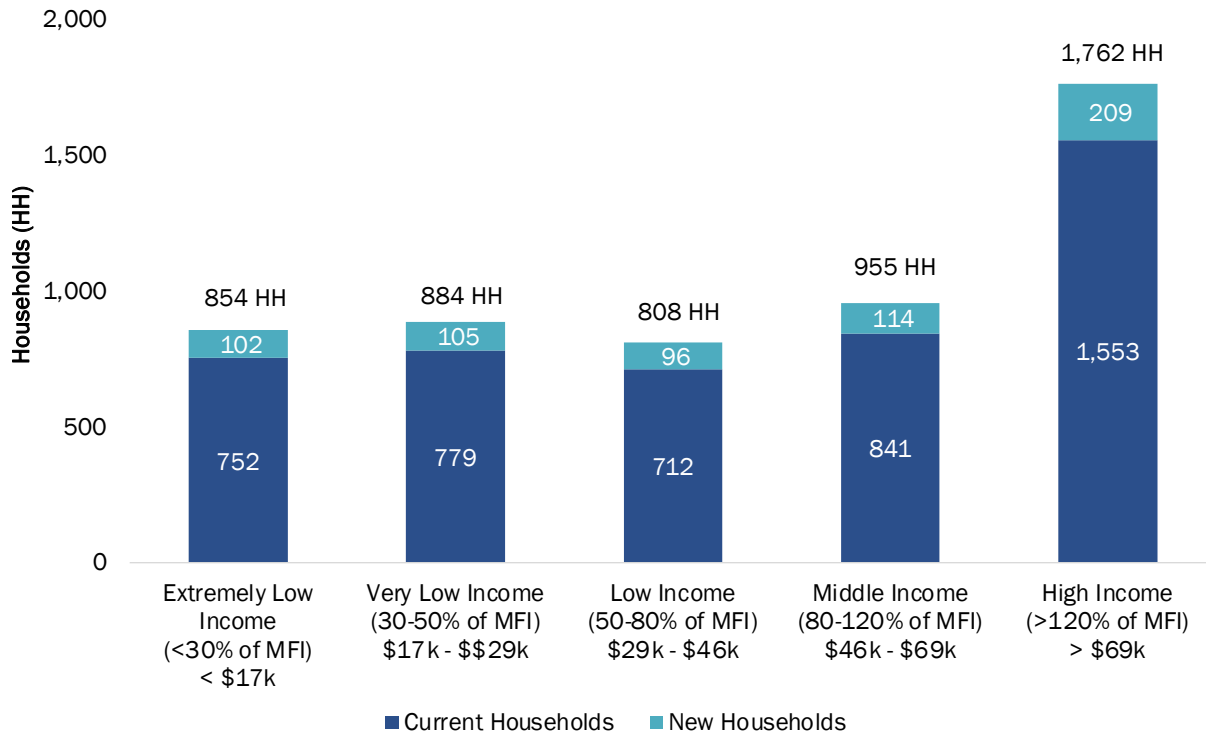
These housing units will need to be available at a variety of income levels. Exhibit 8 shows existing unmet housing need. While the HPS does not anticipate building new units for all existing households with unmet housing need, the new development and other policies that stabilize housing affordability are likely to benefit existing households with unmet need, as well as new households.

About a third of new housing will need to be for those with very low or extremely low incomes (below 50% MFI).^{2 3}

Exhibit 8. Newport’s Current and Future Households by Income, 2022 to 2042

Source: U.S. Census Bureau, 2015-2019 ACS 5-year estimate, Table B19001, U.S. Department of HUD 2021 MFI, and PSU’s Population Forecast, 2022 to 2042 as found in Newport’s Housing Capacity Analysis.

Note: Median Family Income (MFI) is estimated for a family of 4.



² Given the fact that incomes have grown at a relatively slow pace over the last two decades in comparison to housing costs (especially home sales prices) this may be a conservative assumption about the future affordability of housing.

³ Assuming future Newport residents have an income distribution that is the same as existing residents.

Housing Needs for Extremely Low and Very Low-Income (Less than 50% MFI) Households

What we know about the need: Within this income range, Newport has housing need of:

- New households: **207** (from 2022-2042)
- Existing households: **1,531**

What can they afford? Rents (including basic utility costs) of not more than \$720 per month.

- A household would need to earn **\$54,400** to afford average multifamily rent of **\$1,360** (about 95% of MFI for a family of four). Households with incomes of less than 50% of MFI cannot afford this rent.

What will it take to meet their needs? Meeting the housing needs of these households will require a combination of preserving existing income-restricted affordable housing and development of new income-restricted affordable housing. Development of income-restricted affordable housing typically requires extensive subsidy, with funding from state and federal sources, in addition to any support from the city and other partners.

Housing Needs for Low-Income (50-80% MFI) Households

What we know about the need: Within this income range, Newport has housing need of:

- New households: **96** (from 2022-2042)
- Existing households: **712**

What can they afford? Rents (including basic utility costs) of between \$720 and \$1,150 per month.

- A household would need to earn **\$54,400** to afford average multifamily rent of **\$1,360** (about 95% of MFI for a family of four). These households cannot afford this rent.
- Households within this income range are likely to live in rental housing.

What will it take to meet their needs? Meeting the housing needs of these households will require a combination of preserving existing “naturally occurring affordable housing,” developing new income-restricted affordable housing in this price range (for households with income of 50% to 60% of MFI), and developing new market-rate housing. Some households in this income range may need rent assistance, such as a Housing Choice Voucher. Homeownership opportunities for this income range will likely be related to housing developed by nonprofit organizations, possibly with some subsidy, such as through a community land trust.

Housing Needs for Middle-Income (80-120% MFI) Households

What we know about the need: Within this income range, Newport has housing need of:

- New households: **114** (from 2022-2042)
- Existing households: **841**

What can they afford? Rents (including basic utility costs) of between \$1,150 and \$1,720 per month.

- A household would need to earn **\$54,400** to afford average multifamily rent of **\$1,360** (about 95% of MFI for a family of four). Many of these households cannot afford this rent.
- Households within this income range are likely to live in rental housing. Some can afford the average multifamily rent, but many cannot.

What will it take to meet their needs? A combination of the development of rental housing and lower-cost housing for homeownership. Some homeownership opportunities for this income range will likely be related to housing developed by nonprofit organizations, possibly with some subsidy, such as land banking or a community land trust.

Housing Needs of People of Color

What we know about the need: About 20% of Newport’s population identify as Latino (any race). Another 9% of the population identifies as two or more races, Asian, African American, American Indian or Alaska Natives, and Native Hawaiian or Pacific Islanders. People of Color⁴ are cost burdened more frequently than the average household in Newport.⁵

What will it take to meet their needs? Addressing the affordability issues, discussed above, as well as ensuring that people of color have access to housing without discrimination. This will require increasing awareness of Fair Housing rules for property owners and managers, tenants, City decision makers, and City staff. It will also require careful decision making to change policies that have created barriers to accessing housing by people of color.

Housing Need of People with Disabilities

What we know about the need: The Census reports that nearly a quarter of Lincoln County’s population have one or more disability, such as ambulatory, vision, hearing, cognitive, self-care, or independent living disabilities.⁶ It is reasonable to assume that Newport’s share of population with disabilities is similar to Lincoln County.

Disabilities include those that are visible, such as ambulatory or vision disabilities, and those that are not readily apparent, such as self-care, independent living, or cognitive disabilities. Other conditions may require special accommodations, such as disabling diseases or mental health conditions.

What will it take to meet their needs? Addressing the affordability issues, discussed above, as well as ensuring that people with disabilities have access to housing that addresses their disability and that they have access to housing without discrimination. This will require increasing awareness of Fair Housing rules for property owners and managers, tenants, City decision makers, and City staff. It will also require approaches that encourage development of housing with specialized design standards to accommodate special needs.

Housing Need of People Experiencing Homelessness

What we know about the need: There were approximately **460 people** experiencing homelessness in Lincoln County according to the Point-in-Time (PIT) homeless count conducted in January 2021.⁷

⁴ People of Color includes Black, Latino, American Indian or Alaska Native, Asian, Native Hawaiian and Pacific Islanders, and people of another or multiple races. These categories were combined due to limited data availability.

⁵ CHAS Table 9. 2014-2018.

⁶ US Census Bureau 2019 ACS, Table K201803.

⁷ The PIT count is a snapshot of individuals experiencing homelessness on a single night in a community. It records the number and characteristics (e.g., race, age, veteran status) of people who live in emergency shelters, transitional housing, rapid rehousing, Safe Havens, or PSH—as well as recording those who are unsheltered. HUD requires that communities

In addition, **801 students** in the Lincoln County School District experienced homelessness. The number of people experiencing homelessness in Newport is not clearly known. In part, this is because people experiencing homelessness may move between neighboring cities.

What will it take to meet their needs? Strategies will range from emergency assistance (including rent and utility assistance), permanent supportive housing (including supportive housing with services), and improved access to an affordable unit (as discussed above).

Existing Policies to Address Newport’s Housing Needs

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

- **Tax Incentives for Affordable Housing:** In the fall of 2017, the Newport City Council established two tax incentive programs and Lincoln County adopted a resolution committing it to participate in the programs, which expanded the potential tax benefits.
 - **Non-Profit Corporation Low-Income Housing Tax Exemption:** The first is targeted to non-profit corporations that operate income-limited rental housing, specifically at 60 percent MFI in the first year of operation and up to 80 percent MFI in subsequent years. The exemption also applies to property held for development by such entities, for up to three years.
 - **Multiple Unit Property Tax Exemption:** The second program provides a 10-year property tax exemption on structural improvements on multifamily rental projects with an affordable component. Developers are required to reserve at least 20 percent of the units at 80 percent MFI (at least 3 units if new construction, 2 units in a remodel) and are subject to other standards. The developer of a 110-unit, state- subsidized private affordable housing project submitted the first application under the multiple unit program. All the units will be affordable at 60 percent MFI, and the developer will realize more than \$1.6 million in tax savings on structural improvements over the 10-year period. Newport’s portion is roughly 40 percent of the total, meaning it will forgo a little more than \$665,000.
- **System Development Charges Policies:** Newport collects System Development Charges (SDCs) for all five eligible categories: water, wastewater, storm drainage, transportation, and parks. Recent changes in SDC policies benefit residential development and incentivize modestly sized homes.
 - **Updated System Development Charges Methodology:** Newport adopted a new SDC methodology in 2017, replacing the “one size fits all” formula, by establishing tiered

and Continuums of Care (CoC) perform the PIT count during the last ten days of January on an annual basis for sheltered people and on a biennial basis for unsheltered people. Though the PIT count is not a comprehensive survey, it serves as a measure of homelessness at a given point of time and is used for policy and funding decisions. The Point-in-Time count is acknowledged to be an undercount of homelessness, suggesting that the number of people in Lincoln County is higher, not lower, than the 2021 estimate.

price per square foot charges which reduce costs for smaller units. For example, the fee for a new home with 1,250 square feet of living space dropped from \$10,994 to \$5,189. The new methodology also reduced the list of SDC-eligible capital projects leading to, on balance, lower per-project assessments (creating room for an Affordable Housing CET). This change has led to a modest increase in the number of small homes and ADUs built in the City.

- **Transferability of System Development Charge Credits:** In 2018 the City amended its SDC ordinance for credits granted for qualified public improvements. By statute, developers must use these credits within 10 years, which can be a challenge in small communities where the pace of development is modest. The new rules allow credits to be sold or donated so long as the receiving property includes a residential use and the credit is not more than 50 percent of the SDC assessment. This provision has been used twice, for the 110-unit subsidized housing project referenced above, and for the 66-unit market-rate multifamily project completed in 2021.
- **Revenue Sources to Support Housing Investments:** With the new SDC policy adopted in 2017, policymakers had room to consider an excise tax without significantly impacting up-front development costs. Newport has also used tax increment financing to support housing development.
 - **Construction Excise Tax for Affordable Housing:** Adopted in the fall of 2017, the tax imposed is 1 percent of the permit value for construction that results in new or additional square footage for commercial and residential structures, with state-mandated exemptions for specific private and nonprofit uses. The tax has created a dedicated source of funding for affordable housing, which collected a little more than \$520,000 since its inception. State law requires that at least 50 percent of taxes collected from residential development are used on developer incentives, such as reducing impact fees. Of the remaining amount, 35 percent can be used for “other affordable housing programs” and 15 percent is remitted to Oregon Housing and Community Services (OHCS) for its down payment assistance program. OHCS has committed to awarding those funds in Newport. Half of the tax collected from commercial projects must also be used to fund housing-related programs.
 - **Urban Renewal (Tax Increment Financing):** Newport has three urban renewal areas expected to generate \$30 million in infrastructure improvements over the next 20 years to catalyze new development. This tool requires thoughtful engagement with all affected taxing entities to dedicate future tax revenues toward these investments. Newport often uses urban renewal funds as a match for state and federal grants, or in conjunction with funds from private partners. The City recently invested about \$120,000—with additional contributions from a developer—to improve a regional stormwater detention facility so that a 26-unit, market-rate subdivision can be built. The improvements will accommodate runoff from other upstream residential properties.
- **Grants and Land Donations for Affordable Homeownership:** The City has entered partnerships with other jurisdictions and nonprofit partners to create affordable homeownership opportunities and help keep low-income owners in their homes.

- **Homeownership Down Payment Assistance:** Newport, Lincoln City, and Lincoln County executed an agreement with Proud Ground, a community land trust from the Portland metro area, to provide eight down payment assistance grants for households making 80 to 120 percent of MFI. Proud Ground was able to leverage \$160,000 in local matching funds to create over \$770,000 in subsidy (including \$515,000 from the Governor’s Workforce Housing Initiative). Proud Ground, with support from the partners, held numerous homebuyer education meetings to help get qualified buyers into the pipeline. Three of these grants went to home purchases in Newport. The average subsidy per home required to fill the gap between the mortgage the homeowners could afford and the price of the home on the market was \$87,228.
- **Habitat for Humanity Land Donation:** The City of Newport entered into a land donation agreement with Habitat for Humanity of Lincoln County for the construction of up to five owner-occupied units targeted to qualifying households earning between 40 and 80 percent of MFI. The first duplex project was completed in the spring of 2021, on a property valued at a little over \$100,000. Deed restrictions require that the properties will remain affordable for up to 20 years from the original sale.
- **Partnership with Lincoln Community Land Trust:** Beginning in 2015, the City partnered with the Lincoln Community Land Trust (LCLT) to provide operational support and gap financing for LCLT to create permanently affordable housing in Newport. LCLT merged with Proud Ground in 2018 and the City continues to support affordable homeownership on land trust properties through down payment assistance (see above).
- **Rehabilitation and Weatherization Programs:** Lincoln County and several of the incorporated cities, including Newport, obtained Community Development Block Grant (CDBG) funds to finance a housing rehabilitation loan program for low-income households. Participants were eligible for zero-interest, deferred payment loans that are typically repaid when the house is next sold. Changes to loan processing regulations since the Great Recession mean that the original loan servicer can no longer administer the program cost effectively. The partners have about \$2.75 million in the loan portfolio—including almost \$700,000 available to loan—and are considering options to continue the program, including working with a nonprofit on a new CDBG application to bring in additional resources.
- **Reduced Residential Street Widths.** The City of Newport updated its Transportation System Plan in 2022 to allow narrower streets in residential neighborhoods, reducing infrastructure costs for new subdivisions and infill projects. Streets in new subdivisions that will handle less than 500 vehicle trips per day can be designed as yield streets, which are 28 feet curb to curb, as compared to the 36 feet previously required. For infill projects fronting low-volume underdeveloped streets, developers may utilize a 16-foot two-way through lane with a 20-foot cleared area, or even a 12-foot-wide road with 30-foot-long pullouts every 300 feet, in areas where there are fewer than 150 vehicle trips per day. The City’s previous minimum roadway width for infill projects on substandard streets was 24 feet of paved width.

Existing and Expected Barriers and Opportunities to Development of Needed Housing

The barriers to development of needed housing in Newport include:

Need to expand costly infrastructure to support housing development.

Barriers

- As documented in the *Housing Capacity Analysis*, many areas of Newport with vacant buildable land need infrastructure to be extended to them (such as roads, water service, or wastewater service) to support new housing development.

Opportunities

- Use Urban Renewal as a source of funding to build infrastructure needed to support housing development.
- Continue to apply for state and federal funding to support infrastructure development.
- Lobby the Legislature for changes to existing laws to allow the City more approaches to fund infrastructure development.

Existing development standards can limit housing development.

Barriers

- Newport's development code has barriers that limit development of housing.

Opportunities

- Evaluate options for increasing maximum building height to ensure that multi-family construction can achieve three full stories of dwelling units.
- Evaluate reducing off-street parking requirements in areas of the city where on-street parking is available.
- Evaluate removing requirements for front yard setbacks involving housing development on hillsides so that new housing is built closer to the street, reducing site development costs.

Need funding and resources to support development of income-restricted affordable housing (for incomes below 60% of MFI).

Barriers

- Newport has a substantial need for new income-restricted housing, both for existing cost-burdened households with very low-income and for very low-income households that move to Newport over the next 20 years.

Opportunities

- Use City resources such as funds from the Construction Excise Tax and Urban Renewal to acquire land, pay for needed infrastructure, or off-set development fees, to support income-restricted housing development and leverage state and federal funds.
- Continue to partner with agencies and nonprofits that develop income-restricted

housing and support their applications for state and federal funds to support development of income-restricted housing.

- Lobby the Legislature for changes to existing laws to allow the City more approaches to raise funding to support affordable housing development.

Developing new housing affordable to low- and moderate-income households (60% to 120% of MFI) is often not financially feasible without subsidy.

Barriers

- Newport has substantial need for additional housing affordable to low- and moderate-income households. Development of this housing generally is not eligible for state or federal funding. And it is often not financially feasible to develop with rents low enough to be affordable to low- and moderate-income households without public subsidy.

Opportunities

- Support development of a regional housing entity that focuses on development of low- and moderate-income housing.
- Use City resources such as funds from the Construction Excise Tax and Urban Renewal to acquire land, pay for needed infrastructure, or offset development fees to support development of low- and moderate-income affordable housing.
- Lobby the Legislature for changes to existing laws to allow the City more approaches to raise funding to support affordable housing development.
- Implement the Homebuyer Opportunity Limited Tax Exemption (HOLTE) to incentivize the construction of new single-unit housing and encourage homeownership among low and moderate-income families.

Newport has increasingly urgent lack of housing and services for people experiencing homelessness.

Barriers

- Newport does not have sufficient housing or services for people experiencing homelessness.
- Newport will need partners who will lead on development of housing and services for people experiencing homelessness. Newport may be challenged in finding these partners, as some nonprofits may not have capacity to expand their operations into Newport. And some types of service providers may not have a presence in Lincoln County.

Opportunities

- Participate in development of the regional homelessness action plan in Lincoln County.
- Explore opportunities to establish a low-barrier emergency shelter and warming center in Newport.
- Assist local non-profits in building capacity to expand their housing services, and identify new partners to work with on these issues that can expand their operations into Newport.

- Allow, with oversight, transitional housing development, such as temporary housing, to bridge the gap between houselessness and permanent housing.
- Consider code changes to make it easier for RV Parks to be built that cater to long term occupancy.

Opportunities for homeownership for low- and moderate-income households are very limited in Newport.

Barriers

- The median home sales price in Newport is \$403,000. A household of four would need twice the median household income (income of \$115,000) to afford this sales price. This severely limits opportunities for homeownership for low- and moderate-income households.

Opportunities

- Evaluate implementing incentives to increase access to homeownership, such as homebuyer property tax exemptions for qualifying households.
- Grow partnerships with land trusts that develop affordable homeownership housing. The City can use funds from its Construction Excise Tax (or other sources) to provide down payment assistance or otherwise support development of affordable homeownership housing.
- Lobby the Legislature for changes to existing laws to allow for development of more affordable housing for ownership, such as prefabricated housing.
- Use development agreements to make developers commit to offering a portion of their units at prices affordable to low- and moderate-income households, by leveraging urban renewal investments in infrastructure.

Vacation rentals and seasonal housing reduce Newport's already constrained housing supply.

Barriers

- About 14% of Newport's existing housing units (811 units) are vacant for seasonal, recreational, or occasional use. These units are unavailable for full-time residents to own or rent. Growth in seasonal housing reduces the already low inventory and drives up the prices of remaining units.

Opportunities

- Maintain limitations on the number of housing units available for vacation rental use
- Lobby the legislature to adjust the tax structure to disincentivize purchase of second homes for seasonal use.

3. Actions to Meet Future Housing Need

Summary of Actions

Exhibit 9 provides information about each action, based on the criteria below. For more details about the evaluation criteria, see Appendix A.

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

These actions are organized by the level of priority identified by the Project Advisory Committee (PAC), with actions identified as higher priority towards the top of the list. This is not meant to reflect the order in which they will be implemented (because some actions may rely on implementation of other actions), but rather to give an understanding of what actions the PAC thought would be most beneficial to Newport and within the City's control.

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

How the Actions Work Together

Most of the actions and funding tools discussed in this section can be used to meet housing needs at different income levels. This section describes how groupings of actions, into initiatives, are necessary to work together to meet Newport housing needs.

The City of Newport has identified five initiatives to address its housing needs. To meet these initiatives the City developed thirteen actions that work together to achieve the City's housing goals. The initiatives comprise a set of potential city-led actions, funding sources, and potential partnerships with other entities that help to achieve an overarching goal. These initiatives identify who the actions will serve and the types of development they will promote.

The initiatives are:

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

By bundling actions and funding sources, the City acknowledges that several actions and partnerships are necessary to achieve the City's housing initiatives.

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				■	

How will the City fund the actions?

One of the key limitations to implementing the actions in the HPS is the availability of funding. Funding is needed not only to build units, preserve affordable housing, and provide access to equitable housing but also for staff time to implement the Plan. Identifying a set of realistic funding sources is necessary for achieving the vision of affordable housing in Newport.

A robust set of housing preservation and development programs requires stable and flexible funding sources that are dedicated toward these activities. In addition to existing available funding options, the City will need to pursue new funding sources that can help fund its programs, such as those presented in Exhibit 11.

City Sources of Funding

- **Existing and Future Urban Renewal Districts.** Tax increment financing is a flexible funding tool that can support many of the key actions identified in the Housing Production Strategy if they are used within an urban renewal area. The City established the Northside Urban Renewal District in 2015. Over the 24-year life of the District, the Agency can allocate approximately \$37.8 million toward new projects. Some of these projects are likely to include infrastructure investments to support housing, direct project subsidies or low-interest loans for mixed-use or infill housing developments, land acquisition or assembly, and anti-displacement initiatives. The City may also consider creating a new urban renewal area focused on supporting new housing development once the South Beach Urban Renewal District is closed in 2027.
- **Construction Excise Tax (CET).** CET is one of few options to generate additional, locally controlled funding for affordable housing. The City adopted a CET in 2017, which is levied on new residential, commercial, and industrial development. The City charges the maximum allowed by State law for new residential development (1% of the permit valuation) as well as 1% of commercial and industrial permit values.⁸ The CET has created a dedicated source of funding for affordable housing in Newport, which collected a little more than \$540,000 since its inception.

⁸ There is no cap on the rate applied to commercial and industrial construction.

Sources of Funding Considered to Fund the Actions in the HPS

The City has a variety of other options for funding sources that could support affordable housing. While this project did not include a robust funding analysis component, Exhibit 11 provides an overview of which funding sources advanced to the HPS.

Exhibit 11. Funding Sources Evaluated

Recommendation HPS Inclusion?	Revenue Source	Rationale for Inclusion/Exclusion in the HPS?
Yes	Urban Renewal	Could provide a stable, dedicated revenue source in an area with limited existing infrastructure. Could directly support the development of affordable housing.
Yes	Use of CET funding	Provides a flexible funding source to support affordable housing at 100% MFI and below.
Yes	Grants and State Funding	Pursue as the City has staff capacity; may not provide substantial source of funding if the City does not have staff dedicated to monitoring and pursuing funding opportunities.
Maybe	Registration fee for rental units	Would provide a targeted funding source implementing a rental housing maintenance code.
Maybe	Increased or new utility fee	Could provide additional funds to support housing development and may be justified given costs of providing utilities; however, places the burden on existing households
Maybe	Reallocate franchise fees	Could provide additional funds to support housing development but would remove funds from the General Fund; need to consider how this would impact other city priorities and services
Maybe	Reallocate state and federal gas tax funds	Could provide additional funds to support housing development but would remove funds from the General Fund; need to consider how this would impact other city priorities and services
Maybe (when available)	Private donations and gifts	Unlikely to provide a substantial source of funding especially if staff have limited capacity to pursue this revenue source.
Maybe	Increased lodging tax	Only 30% increased revenue could go to housing; 70% dedicated to tourism promotion. Action E proposes lobbying the Legislature to allow use of a larger percentage of lodging tax revenues to support housing development.
Maybe	General fund	Could provide additional funds to support housing priorities; need to consider how this would impact other city priorities and services
No	GO Bond	Requires voter approval.
No	New local option levy	Requires voter approval.
No	Increased marijuana tax	Amount would be very small.
No	Increase Systems Development Charges	Would place burden on market-rate development.
No	New business license fee	May hinder local business development.
No	New food and beverage tax	Requires voter approval, did not pass last time.
No	New sales tax	Not politically feasible
No	New payroll/business income tax	May not be politically feasible
No	New real estate transfer tax	Not legal in Oregon; Action E proposes lobbying the Legislature to allow a real estate transfer tax to support housing development.
No	New vacant/second home tax	Untested and possibly not legal in Oregon; Action E proposes lobbying the Legislature to allow a second home tax to support housing development.

Potential Partners

Implementing the actions in this strategy will require participation of key partners who have roles essential to the construction, delivery, and preservation of housing units. Exhibit 12 shows how each of the partners would play a role in different actions.

Exhibit 12. City and Partner Roles

Actions	City role	Partners and roles
N. Use Urban Renewal to support housing and infrastructure development	Partner w/Urban Renewal Agency and potentially adopt new Urban Renewal district once the South Beach Urban Renewal Plan is closed.	Urban Renewal Agency: select projects and implement plans Overlapping Taxing Districts: consider major amendments to existing plans or the creation of a new urban renewal area Property Owners: provide input
O. Implement the Homebuyer Opportunity Limited Tax Exemption	Develop eligibility criteria, seek support from overlapping tax districts, adopt exemption, implement the exemption and execute on reporting	Overlapping Taxing Districts: consider approving exemption
P. Reduce development code barriers to housing development	Engage development community, revise development code	Local Developers: provide input
Q. Adjust the allocation of the Construction Excise Tax to support affordable housing development	Adjust allocation and implement plan	Local Developers: provide input Local Nonprofits: provide input
R. Lobby the Legislature for more resources to support housing development and remove regulatory barriers to housing	Collaborate with the area's legislative delegation and partners to support lobbying efforts	Partners would vary based on the changes being pursued
S. Establish a low-barrier emergency shelter and warming center in Newport	Reduce land use barriers to shelter location, provide funding to support new shelter, partner to operate or maintain the facility	Lincoln County: provide resources Service providers, faith-based organizations.: Operate the shelter
T. Support development of a regional housing entity focused on low- and moderate-income housing development	Partner and could take on other roles such as providing funding or resources	Cities in Lincoln County, Lincoln County, other government partners, service providers: partner and provide funding and resources
U. Participate in the regional homelessness action plan	Participate in planning process and support implementation	Cities in Lincoln County, Lincoln County, other government partners, service providers: participate in planning process and support implementation
V. Pay System Development Charges (SDC) for workforce housing	Engage development community, develop and implement program	Local developers: provide input
W. Grow partnerships with Community Land Trusts	Continue to partner with, and provide resources to, local land trusts	Nonprofits including Proud Ground, Habitat for Humanity, and DevNW: Partner with City and develop housing
X. Support outreach and education to promote equitable housing access	Engage the community to understand housing needs and share existing housing resources, as well as get input on City-lead housing initiatives	Local nonprofits and service providers, Fair Housing Council of Oregon: Partner with City and conduct outreach
Y. Pursue an Urban Growth Management Agreement (UGMA) with the County	Initiate development of UGMA with Lincoln county, implement	Lincoln County: develop and implement UGMA with City
Z. Research rental housing maintenance code feasibility	Research existing model ordinances and programs and identify implementation alternatives, including options for resourcing the program	Renters: provide input Property Owners: provide input

Implementation Schedule for Actions

Exhibit 13 presents the implementation schedule for the HPS which includes a timeline for refinement, adoptions, and implementation for each of the 13 actions. These activities are described below:

- **Further refinement:** The actions will require some level of further refinement prior to adoption, which may range from simple logistics (such as developing materials about an existing program) to complicated coordination between multiple internal and external stakeholders (such as regional approaches to homelessness). The refinement period will occur before adoption.
- **Adoption:** This occurs when the City takes official action to adopt a strategic action (or uses another official acknowledgment that the City is going to execute the strategic action). The table shows the expected time of adoption. The City's deadline for adoption (or other official city action) is the last day of the year as shown in Exhibit 13.
- **Implementation:** This occurs when the City officially allows the strategic action to be used, represented by a tan color in the table.

Exhibit 13. Implementation Schedule

Actions	2023	2024	2025	2026	2027	2028	2029	2030	2031
A. Use Urban Renewal to support housing and infrastructure development	Ongoing implementation of existing URA						Evaluate changes to URA or feasibility study for new district; Potential Official Action by City Council end of 2031		
B. Implement the Homebuyer Opportunity Limited Tax Exemption			Adoption	Implementation					
C. Reduce development code barriers to housing development		Adoption	Implementation						
D. Adjust the allocation of the Construction Excise Tax to support affordable housing development		Official City Council Action	Implementation						
E. Lobby the Legislature for more resources to support housing development and remove regulatory barriers to housing development	Ongoing City Council will discuss and review annually								
F. Establish a low-barrier emergency shelter and warming center in Newport	Development and opening of facility by end of 2026				Implementation				
G. Support development of a regional housing entity focused on low- and moderate-income housing development				Ongoing local and regional discussions		Official City Council Action	Implementation		
H. Participate in the regional homelessness action plan	Plan Development		5-Year Plan Implementation						
I. Pay System Development Charges (SDC) for workforce housing	Develop Distribution Plan		Implementation						
J. Grow partnerships with Community Land Trusts	Ongoing; Will require City Council action for specific projects as needed City Council will discuss and review annually								
K. Support outreach and education to promote equitable housing access	Ongoing, likely to focus on involvement for actions such as B, C, D, F, G, H, I, and M.								
L. Pursue an Urban Growth Management Agreement (UGMA) with the County				Adoption	Implementation				
M. Research rental housing maintenance code feasibility		Adoption							

Details of Each Action

This section provides details about each action in the HPS.

A. Use Urban Renewal to support housing and infrastructure development

Rationale

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

Description

Tax increment finance revenues are generated by the increase in total assessed value in an urban renewal district from the time the district is first established. As property values increase in the district, the increase in total property taxes is used to pay off bonds.

The City has three existing urban renewal districts: (1) the South Beach Urban Renewal District, for which all remaining funds have been allocated, (2) the McLean Point District which is strictly focused on generating funding to support infrastructure for water-related industrial development next to the Port of Newport International Terminal and (3) the Northside Urban Renewal District, which is the focus of this strategy. The Northside Urban Renewal District was established in 2015 for the purpose of revitalizing the City's commercial core areas; upgrading street and utilities in Agate Beach to enhance existing neighborhoods and facilitate residential development; and to partner in redevelopment of the county commons and hospital campus.

Urban renewal can be used to support development of off-site infrastructure necessary to support new housing development. It can also be used to support development of affordable housing or to support rehabilitation of existing housing in poor condition, possibly with future requirements that it remain affordable at an income level like 80% or less of MFI. The City will need to decide how to use the funding to support housing over the life of the district. The best use of funding may be in coordination with other actions in the HPS, such as with land banking and support of development of income-restricted housing.

The Urban Renewal Agency could also act as a Housing Authority to directly support housing development. However, this would require a substantial amendment to the Northside Urban Renewal Plan. **The City may want to consider amending its current Northside Urban Renewal Plan to give the Urban Renewal Agency housing authority. The City may also want to consider extending the**

How are other cities using Urban Renewal to support housing?

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

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

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

Northside Urban Renewal area or creating a new urban renewal area focused on supporting new housing development once the South Beach Urban Renewal District is closed in 2027.

City Role

The City would continue to implement the Northside Urban Renewal Plan and select projects to fund using the Tax Increment Financing tool of the District.

For a new urban renewal area in Newport or an amendment to the Northside Urban Renewal Plan, the City Council would adopt, and the Urban Renewal Agency would implement the plan.

Partners

Lead Partner. Urban Renewal Agency

Partners. Overlapping taxing jurisdictions, local property owners, community-based organizations

Anticipated Impacts

Populations Served	Income	Housing Tenure	Magnitude of New Units Produced
Extremely low-, very low-, low- and moderate-income households	All incomes	Renter and Owner	Large

Potential Risks

An urban renewal district is designed to support development through improvements to infrastructure and supporting catalytic development that makes it more feasible to do other development. A key risk with using urban renewal is potential to displace existing residents through gentrification. Other risks in using urban renewal to support affordable housing development in the urban renewal district are granting too many property tax exemptions for new affordable housing development and reducing growth of the property tax base in the district. In addition, funds spent on affordable housing reduce funds available for other priorities.

Implementation Steps

- In the Northside Urban Renewal District, identify potential partners where the agency can facilitate construction of housing, leveraging infrastructure investments to result in more affordable housing. This may involve the preparation of development agreements between the City and partners.
- Conduct a feasibility study to evaluate options for either expanding the Northside Urban Renewal District or establishing a new urban renewal district after the South Beach Urban Renewal District closes in 2027. When performing this study, target areas that would support additional housing development and ensure that the Urban Renewal Agency has sufficient tools to facilitate that development, including functioning as a Housing Authority.
- Consult with affected taxing entities as the feasibility study is developed to ensure their support for a potential new urban renewal district.

Implementation Timeline

Timeline for Adoption	Implementation to Commence	Timeframe of Impact
Evaluate changes to URA or feasibility study for new district starting in 2029; Potential Official Action by City Council end of 2031	Ongoing implementation of existing URA; If adopted, implementation of new or modified URA	The life of the URA

Funding or Revenue Implications

Funding and revenue implications of urban renewal are well-documented in the Urban Renewal Plan. Investment can only occur within the Urban Renewal District.

B. Implement the Homebuyer Opportunity Limited Tax Exemption

Rationale

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

Description

The state-authorized, locally implemented Homebuyer Opportunity Limited Tax Exemption (HOLTE) provides a 10-year property tax exemption on the improvement value of new or rehabilitated for-sale housing valued at no more than 120% of the median sales price for the City (or a lower percentage of median sales price if desired by the City). The City can set additional eligibility criteria (such as income limits or require owner occupancy) and can cap the number or value of units in the program.⁹ This program could support expanded homeownership opportunities for low- and moderate-income households and/or production of lower-cost, new, single-unit housing. HOLTE can be used to support homeownership for single-unit detached housing, townhouses, cottages, and plex housing types.

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

What does the exemption apply to? The tax abatement can apply to any ownership housing valued at less than 120% of the City's median sales price. This could include housing provided by a community land trust or an affordable housing provider. The program can apply to any housing type as long as the units are sold individually, including single-family homes, townhouses, other for-sale middle housing, or condominiums.

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

What taxing districts would participate? The property tax exemption requires that the City gets affirmative support from at least 51% of overlapping taxing districts for the exemption. Newport's city property taxes account for about 36% of property taxes in Newport.

What impact might HOLTE have? In an analysis for the City of Hillsboro, ECONorthwest estimated the monthly property tax savings for a homeowner with the 10-year single-unit tax exemption as well as the foregone revenue for the City. Based on an example property with an improvement value of \$238,000 and an assessed value of \$164,000 (excluding land value¹⁰), the analysis found that the homeowner would save roughly \$240 per month or about \$28,800 over the 10-year period if all districts participate in the exemption. The City would forego roughly \$9,000 (in today's dollars) of tax revenues over 10 years for the unit, with other taxing districts forgoing approximately \$19,800.

⁹ ORS 307.657. HOLTE allows cities to adopt standards and guidelines to be utilized in considering applications and making the determinations required under ORS 307.651 to 307.687, **including but not limited** to: (a) Design elements for construction of the single-unit housing proposed to be exempt. (b) Extension of public benefits from the construction of the single-unit housing beyond the period of exemption. The City should review desired requirements with the City attorney before enacting.

¹⁰ Based on the exemption of land value from property taxes allowed in ORS 307,162.

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

How much impact could this exemption have on Newport? Before adopting the HOLTE, the City should evaluate the potential impact on property tax revenues resulting from HOLTE. The City may want to consider capping the number of households it grants HOLTE exemptions to on an annual basis. The City may also want to run a pilot project for HOLTE, to evaluate its impact and effectiveness.

City Role

Implement the exemption and execute on reporting and administration procedures

Partners

Overlapping taxing districts

Anticipated Impacts

Populations Served	Income	Housing Tenure	Magnitude of New Units Produced
Low and moderate income	Up to 120% of MFI	Ownership	Small

Potential Risks

The City and participating taxing districts will lose property tax income for the duration of the exemption, reducing revenue for City services and revenue for participating taxing districts. If the City does not put a cap on the number of HOLTE applications it could grant each year, the City may be overwhelmed with applications.

Implementation Steps

- Evaluate the tradeoffs of implementing HOLTE with various program parameters. Consider establishing an income cap (i.e., below 120% MFI) and owner occupancy requirements (i.e., demonstrate that they do not own another home) for eligibility in the HOLTE program. Verify legality of requirements with City attorney.
- Seek support from overlapping taxing districts to offer the exemption for all property taxes (not just the City's portion).
- Discuss topic with City Council at work sessions and in public hearings. City Council may choose to adopt HOLTE by resolution or ordinance following a public hearing.
- Follow up with overlapping taxing districts to request that they pass resolutions to support the exemption.

Implementation Timeline

Timeline for Adoption	Implementation to Commence	Timeframe of Impact
December 2025	2026	Ongoing

Funding or Revenue Implications

Consider setting a limit for foregone revenues on an annual basis, or an annual unit cap.

C. Reduce development code barriers for housing development

Rationale

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

Description

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

- **Building height limit.** The current building height limit is 35 feet. In most cases, this limits development to between 2 and 2.5 stories, especially for buildings with a peaked roof. Increasing the height limit to allow 3 full stories (which could be a height limit of about 40 feet) can help make multifamily development more financially feasible. The City could increase building height limitations in selected areas of the City, in selected zoning districts, or both.
- **Parking requirements.** Off-street parking requirements increase the cost of developing housing. In Nye Beach, on-street parking credits reduce the required number of off-street parking spaces by one off-street parking space for every one on-street parking space abutting the property. Expanding on-street parking credits to areas beyond Nye Beach that have fully developed street sections would reduce off-street parking requirements and help lower the cost of development.
- **Variance process for development on hillsides.** The commonly given variances to the 15-foot setback requirement for front yards requires a hearing with the Planning Commission. The City could remove the requirement for a setback variance process for development on hillsides, possibly by setting specific lot coverage ratios, to ensure that the new house is built closer to the street. Reducing the setback standard for sloped lots is another option.
- **Allow transitional housing development.** Some cities allow for development of temporary housing, a form of transitional housing, meant to bridge the gap between houselessness and permanent housing. Thought should be given to project oversight, and services needed to help tenants progress to more permanent housing.
- **RV requirements.** Consider code changes to make it easier for RV Parks to be built that cater to long term occupancy.

There may be other zoning barriers to producing housing that the City uncovers as it reviews its zoning code. The City should consider if/how they can update Newport's Development Code to alleviate these barriers while still achieving other City objectives.

City Role

The City would amend the Development Code.

Partners

Conversations with developers could help inform new policies

Anticipated Impacts

Populations Served	Income	Housing Tenure	Magnitude of New Units Produced
Extremely low-, very low-, low- and moderate-income households	All incomes	Renter and Owner	Moderate

Potential Risks

Reducing development code barriers to achieve greater development must be balanced with other City objectives such as preserving scenic views and open space (among others).

Implementation Steps

- Further engage the development community to better understand how the development code is impacting development of housing, focusing on the barriers described above.
- Review the barriers in Newport’s Development Code and consider implementing revisions such as those described above.
- If appropriate, revise the Newport Development Code to implement the revisions outlined above and other identified barriers by working with the Planning Commission and City Council through a public process.

Implementation Timeline

Timeline for Adoption	Implementation to Commence	Timeframe of Impact
December 2024	2025	Ongoing

Funding or Revenue Implications

Staff time and available City tools and resources will be relied on to accomplish this strategy.

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

Rationale

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

Description

The City adopted a Construction Excise Tax (CET) in 2017, which is levied on new residential, commercial, and industrial development. The City charges the maximum allowed by State law for new residential development (1% of the permit valuation) as well as 1% of commercial and industrial permit values.¹¹ The CET has created a dedicated source of funding for affordable housing in Newport, which collected a little more than \$540,000 since its inception.

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

- The City may retain up to 4% of funds to cover administrative costs. The funds remaining must be allocated as follows, depending on whether the CET is on residential or commercial and industrial development.
- For a residential CET:
 - 50% must be used for developer incentives for multifamily housing. These incentives could include City payment of permit fees and SDCs for development, tax abatements, or finance-based incentives. The City may use the CET to fund voluntary developer incentives that:
 - Increase the number of affordable housing units in a development
 - Decrease the sale or rental price of affordable housing units in a development
 - Build affordable housing units that are affordable to households with incomes equal to or lower than 80% of MFI.¹²
 - 35% may be used flexibly for affordable housing programs, as defined by the jurisdiction.
 - 15% flows to Oregon Housing and Community Services for homeownership programs that provide down payment assistance in Newport
- The State allows for more flexible use of commercial/industrial CET:
 - 50% of the funds must be used for housing-related programs, as defined by the jurisdiction (note that these funds are not necessarily limited to affordable housing).
 - The remaining 50% is unrestricted.

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

¹¹ There is no cap on the rate applied to commercial and industrial construction.

¹² Based on information in ORS 197.309(7).

Currently CET funds are designated for the following uses:

	Current Allocations of Residential CET funds	Current Allocations for Commercial and Industrial CET funds	Total
Affordable Housing – Flexible Use (35%)	\$159,096	\$23,517	\$182,613
OHCS Down Payment Assistance (15%)	\$68,118	\$10,763	\$78,881
Affordable Housing – Restricted to developer incentives (50%)	\$226,047	\$34,641	\$260,688
Total	\$453,261	\$68,921	\$522,182

The City needs to decide:

- How to spend the existing funds.** These funds could be used to backfill SDC costs or development fees for housing affordable to households with incomes of 80% to 120% of MFI. Some of these funds could be spent on programs to address homelessness, like establishing a low-barrier emergency shelter. There are many other ways that these funds could be spent for affordable housing.
- Should the City spend commercial/industrial CET differently than residential CET.** The City should consider changing how to spend the funds from the commercial/industrial CET, which constituted about 13% of collections between 2017 and 2022, to dedicate more funds for flexible use. This would allow the City to spend on specific housing priorities, like establishing a low-barrier emergency shelter, supporting affordable homeownership as part of a community land trust, or other priorities. Based on collections between 2017 and 2022, this would have generated about \$69,000 for flexible use.

In the “Potential Allocation” example below, the change from the City’s current allocation is allocating all the commercial and industrial CET to the Affordable Housing Flexible Use category.

CET Collections Scenario (using CET collections between 2017 and 2022)

	Current CET Allocations (residential and commercial/ industrial)	Potential Allocation (with all commercial/ industrial CET to flexible use fund)	Change
Affordable Housing – Flexible Use (35%)	\$182,613	\$228,017	\$45,404
OHCS Down Payment Assistance (15%)	\$78,881	\$68,118	(\$10,763)
Affordable Housing – Restricted to developer incentives (50%)	\$260,688	\$226,047	(\$34,641)

City Role

The City would implement the plans for using CET funds for affordable housing development. Given the pace of collections, it may be advisable to allow them to accrue for a few years between periods when they are used.

Anticipated Impacts

Populations Served	Income	Housing Tenure	Magnitude of New Units Produced
Extremely low-, very low-, low- and moderate-income households	0-120% MFI	Renter and Owner	Moderate

Potential Risks

Since the revenue is generated from building permits, when new development activity slows, less revenue is collected.

Implementation Steps

- Adjust the allocation of the commercial/industrial CET funds to be used in the affordable housing flexible use fund. This would give the City flexibility to spend the funds on specific housing priorities, like establishing a low-barrier emergency shelter, supporting affordable homeownership as part of a community land trust, or other priorities.
- Use CET flexible funds on an as-needed basis to leverage other opportunities, recognizing the pace of accrual of funds over time.
- Begin to distribute funds for affordable housing incentives in a programmatic manner to support market-rate multifamily development based on policy direction from the City Council.
- Continue to partner with land trusts or organizations that offer similar services for affordable homeownership to fully leverage the CET funds that go to OHCS for down payment assistance.

Implementation Timeline

Timeline for Adoption	Implementation to Commence	Timeframe of Impact
Official City Council Action by December 2024	2025	Ongoing

Funding or Revenue Implications

CET funding relies on an active construction cycle and, as such, fluctuates from year to year. Can only be used for capital projects. Funds can be used for preservation or for new construction.

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

Rationale

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

Description

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

Examples include:

- Lobby to allow cities to establish a **real estate transfer tax** to fund land banking and other types of housing support, specifically in cities where the median housing cost is significantly higher than what the local workforce can afford.
- Lobby to **allow cities to use restricted transient lodging tax** funds to support development of housing (or infrastructure to support housing) for people working in service industries and other lower-wage jobs in the City.
- Lobby to allow cities to implement a **vacancy tax or second home tax** which could help reduce the number of second homes and vacation rentals in a City and increase the housing stock for residents and workers.
- Advocate for **streamlining state building codes to allow a greater variety of prefabricated structures** (modular housing), including prefabricated housing produced in different states.
- Lobby to **change the Local Improvement District statutes** to allow participants to pay off assessments through property taxes, rather than requiring a lump-sum payment, which is difficult for many property owners.
- Lobby to **simplify the UGB amendment process** to make it easier for cities to swap land that cannot be cost-effectively served or expand the UGB when necessary to accommodate growth.
- Lobby to **update required legal publications for land use changes to allow online notification**, recognizing that some cities no longer have local newspapers.

City Role

Collaborate with partners and support lobbying efforts. The City would need to decide what level of involvement it wants to have.

Partners

Partners would vary based on the changes being pursued. Potential partners could include League of Oregon City, nonprofits, developers, local government agencies, other cities, Lincoln County, concerned citizens

Anticipated Impacts

Populations Served	Income	Housing Tenure	Magnitude of New Units Produced
All households	All incomes	Renter and Owner	Moderate to Large

Potential Risks

Efforts may not result in desired changes

Implementation Steps

- Work with partners to refine proposals for the legislative issues identified above, with a focus on achieving desired outcomes while avoiding unintended consequences.
- Discuss items to lobby the Legislature about annually with City Council and get direction and support from the Council.
- Work with local state-elected representatives to champion the proposed changes.

Implementation Timeline

Timeline for Adoption	Implementation to Commence	Timeframe of Impact
N/A	Ongoing ; City Council will discuss and review annually	Ongoing

Funding or Revenue Implications

The City would need to decide what level of resources it would dedicate to the lobbying effort.

F. Establish a low-barrier emergency shelter and warming center in Newport

Rationale

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

Description

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

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

The City could support development of an emergency shelter by revising land use regulations to allow shelters as an outright permitted use in designated zones. The City could also provide a site for the shelter (such as surplus City-owned land or designating an area for the emergency shelter), facilitate the permitting and review process for the shelter, and/or provide financial or other assistance to support development of the shelter. The City could initiate the process for developing a shelter by issuing a request for proposals for a shelter provider.

Building and operating the shelter will require assistance from many different partners. While the City would contribute funds to development of the shelter, other funding will be necessary to build the shelter. In addition, other partners could provide services to people experiencing homelessness who would use the shelter. Lincoln County might provide mental health services to people who stay at the shelter. The Lincoln County Housing Authority might help people at the shelter access long-term affordable housing.

City Role

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

Partners

Lincoln County, service providers, faith-based organizations, other partners

Anticipated Impacts

Populations Served	Income	Housing Tenure	Magnitude of New Units Produced
People experiencing homelessness	Up to 30% MFI	Temporary	Moderate to Large

Potential Risks

The strategy will require explicit consideration of ongoing funding sources to sustain operations and to prevent excessive impact on any one organization. Neighbors may also see a resource center with an emergency shelter as a disruption to the neighborhood.

Implementation Steps

- Explore the City’s land use regulations to allow shelters as an outright use in designated zones, potentially excluding heavy industrial and shoreland areas.
- Identify organizations to partner with, such as area nonprofits and Lincoln County to establish a plan to develop a permanent emergency shelter and warming center in Newport.
- Work with partners to identify a location and a lead organization for the resource center and preferred program and service parameters.
- Develop a finance and funding plan to support the resource center development and operations, including grants and other sources of funding.
 - Monitor for grants and leverage local, state, and federal funds and resources. The City should discuss what resources it can bring to the table (donated land, monetary resources, technical support, etc.).
- Conduct community outreach to educate the public about this action and gather support. The City will need to be active in its outreach, looking for opportunities to engage underrepresented and hard to reach community members.

Implementation Timeline

Timeline for Adoption	Implementation to Commence	Timeframe of Impact
Development and opening of facility by end of 2026	2027	Ongoing

Funding or Revenue Implications

The City will need to identify funding sources to support an emergency shelter.

G. Support development of a regional housing entity focused on low- and moderate-income housing development

Rationale

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

Description

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

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

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

The regional housing entity could be scalable based on the needs and wants of participating partners.

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

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

City Role

The City would be a partner in this effort and could take on other roles such as providing funding or resources to support the regional housing entity

Partners

Cities in Lincoln County, Lincoln County, other government partners, service providers

Anticipated Impacts

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

Potential Risks

For this effort to be successful partners across the County would need to commit to supporting this effort.

Implementation Steps

- Engage other cities and local partners to build momentum for a regional housing approach to address workforce housing needs as the gap that the regional housing entity would fill.
- If there is interest in pursuing a regional housing entity, work with partners to determine what this regional housing entity should focus on and who within the county may be best suited to play the regional housing entity role.
- Determine the specifics of Newport’s role in supporting the regional housing entity.

Implementation Timeline

Timeline for Adoption	Implementation to Commence	Timeframe of Impact
Official City Council Action by December 2028	2029	Ongoing

Funding or Revenue Implications

The City would need to decide what level of financial support it would dedicate to the regional housing entity and identify a funding source.

H. Participate in the regional homelessness action plan

Rationale

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

Description

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

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

City Role

Participate in the regional action planning process

Partners

Cities in Lincoln County, Lincoln County, other government partners, service providers

Anticipated Impacts

Populations Served	Income	Housing Tenure	Magnitude of New Units Produced
People experiencing homelessness	Up to 30% MFI	Temporary	Moderate

Potential Risks

For this effort to be successful partners across the County would need to commit to supporting this effort.

Implementation Steps

- Participate in the development of the regional homelessness action plan as a part of the Advisory Board.
- Commit to implementing the plan recommendations as they relate to the City's responsibilities.
- Identify funding sources to support plan implementation in consultation with partners.

Implementation Timeline

Timeline for Adoption	Implementation to Commence	Timeframe of Impact
5-Year Plan Development by end of 2024	2025	2025 - 2029

Funding or Revenue Implications

The City would need to decide what level of financial support it would dedicate to implementing the action plan and identify a funding source.

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

Rationale

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

Description

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

City Role

The City would create a program with specific eligibility criteria

Partners

Area developers

Anticipated Impacts

Populations Served	Income	Housing Tenure	Magnitude of New Units Produced
Extremely low-, very low-, low- and moderate-income households	0-120% MFI	Renter and Owner	Small

Potential Risks

Money used to pay for SDCs would be unavailable for other housing programs. Available funding may vary from year to year especially if CET is used to pay for SDCs.

Implementation Steps

- Engage the development community to better understand how the City’s backfilling of SDCs could be effective at encouraging workforce housing development.
- Determine which funding sources would be used to backfill SDC revenues.
- Develop eligibility criteria for when the City would pay SDCs for a project (e.g., project size, depth of affordability, and other criteria).
- Establish an application process for developers to apply for the SDC buy-down program.

Implementation Timeline

Timeline for Adoption	Implementation to Commence	Timeframe of Impact
Develop Distribution Plan by December 2024	2025	Ongoing

Funding or Revenue Implications

The City could consider paying for SDCs from CET or Urban Renewal funds.

J. Grow partnerships with Community Land Trusts

Rationale

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

Description

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

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

The City already has relationships with two land trusts - Proud Ground and DevNW – that operate in the region. A portion of the affordable housing construction excise tax that the City collects and remits to Oregon Housing and Community Services (OHCS) is to be made available locally as down payment assistance grants, and land trusts are a key partner in making that happen. The City could dedicate additional resources to support these land trusts in Newport or develop relationships with other land trusts in the region.

City Role

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

Partners

Nonprofits including Proud Ground and DevNW

Anticipated Impacts

Populations Served	Income	Housing Tenure	Magnitude of New Units Produced
Low and moderate income	Up to 120% of MFI	Ownership	Small

Potential Risks

Land trusts keep housing affordable in perpetuity, but the cost of purchasing or constructing housing that is affordable to lower-income households for homeownership is substantial. This means the number of households who would benefit would be small and could generate questions about the equity and fairness of who receives the benefits.

Implementation Steps

- Engage with existing land trusts operating in Newport to understand opportunities for expanding land trust activities, including the funding and other resources necessary to expand their footprint and increase capacity to support Newport households.
- Identify opportunities to acquire land in urban renewal areas that can be developed in partnership with land trusts.
- Explore additional opportunities for partnerships with land trusts not yet operating in Newport.
- Discuss opportunities for partnerships with land trusts with the City Council annually to provide an update and get feedback from the City Council.

Implementation Timeline

Timeline for Adoption	Implementation to Commence	Timeframe of Impact
Will require City Council action for specific projects as needed	Ongoing; City Council will discuss and review annually	Ongoing

Funding or Revenue Implications

Partnering is the most administratively efficient and cost-efficient approach to implementing this strategy. If the City is contributing land to the land trust at low or no cost, then the City is forgoing realizing the value of the land if it were sold on the open market. If the City contributes funds to the land trust, the City will need to identify a source of funding for the contributions.

K. Support outreach and education to promote equitable housing access

Rationale

As the City is conducting development and policy projects, proactively reaching out to the community, particularly underserved populations, can help the City better understand the housing needs of its residents to inform decisions. This outreach can provide an opportunity for community members to learn about existing housing resources that can support housing access and stability. In addition, communicating effectively with landlords and residents about fair housing laws and available resources can also help ensure equitable access to housing, preventing, and addressing housing discrimination.

Description

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

This outreach should be connected closely with projects the City is leading about housing, such as developing new (or revising existing) housing policies. City staff capacity is limited, requiring the City to focus outreach on items of particular importance. The actions from this plan that are likely to require public outreach include Actions: B (homebuyer tax exemption), C (reducing development code barriers), D (allocation of CET), F (establishing a low-barrier shelter), G (regional housing entity), H (regional homelessness action plan), I (paying SDCs for workforce housing), and M (researching a rental housing maintenance code). Effective outreach requires substantial effort from staff and/or funding to pay consultants to do the outreach, so City's efforts in this regard need to be strategic. The City should engage with partner organizations to better understand their outreach efforts and how the City might complement their initiatives and build upon it year over year.

The City could highlight work that existing partners do to educate residents, property owners, realtors, lenders and others involved in real estate transactions about Fair Housing. The City could work with these partners, providing information and referrals. The City may also work with nonprofits to promote or host educational events, such as Fair Housing training to ensure that tenants understand their rights and that landlords understand their responsibilities.

City Role

Partner with organizations that provide Fair Housing education; conduct community outreach for City-lead housing projects, such as developing new (or revising existing) housing policies.

Partners and their Role

Local nonprofits and service providers, Fair Housing Council of Oregon

Anticipated Impacts

Populations Served	Income	Housing Tenure	Magnitude of New Units Produced
Extremely low, very-low, low-, and moderate-income residents and communities of color, and all state and federal protected classes	All income levels	Renter or Owner	No units produced directly

Potential Risks

Effective outreach requires substantial effort from staff and/or funding to pay consultants to do the outreach.

Implementation Steps

- Engage with partner organizations to identify steps they are taking to educate the community about housing opportunities and how the City could complement those efforts.
- Develop materials to raise awareness of the City’s role and responsibilities as it relates to the provision of housing within the community, including new printed and online materials, and proactively market City housing programs to those who can benefit from them, particularly underrepresented and difficult-to-reach communities. Ensure materials are available in Spanish and are available in places where community members frequent.
- Ensure that City-sponsored housing initiatives include outreach to underrepresented and difficult-to-reach community members, and that the feedback received is used to inform those efforts.

Implementation Timeline

Timeline for Adoption	Implementation to Commence	Timeframe of Impact
N/A	Ongoing; likely to focus on involvement for actions such as B, C, D, F, G, H, I, and M	Ongoing

Funding or Revenue Implications

Staff time and City tools and resources will be relied on to accomplish this strategy.

L. Pursue an Urban Growth Management Agreement (UGMA) with the County

Rationale

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

Description

Most cities have an agreement with the county about how land within the UGB but outside of city limits will be managed.¹³ Development of land in this area is generally subject to county development code and regulation; however, cities have a strong interest in this land as it will accommodate future population and employment growth. An UGMA spells out the roles and responsibilities of managing this land and the expansion of or change to a UGB between the city and county. UGMAs usually include guidelines around annexation, land divisions, zoning, service districts, infrastructure, land use review procedures, and procedures to amend the UGMA. All UGMAs address planning authority and address boundary amendments.

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

City Role

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

Partners

Lincoln County

Anticipated Impacts

Populations Served	Income	Housing Tenure	Magnitude of New Units Produced
All	All Incomes	Renter and Owner	Small

Potential Risks

Newport will need to be intentional in establishing policies that benefit the City when lands become the jurisdiction of the City.

Implementation Steps

- Working with the County, agree on policies about the land use and other goals to regulate land within Newport’s UGB but outside of the City limits.
- Identify steps that both jurisdictions will follow when considering UGB amendments.
- Negotiate the terms of the UGMA with the County.

¹³ The legal obligation for cities and counties to establish UGMAs is found in sections of Oregon Administrative Rules (OAR) Chapter 660.

- Approve the agreement. The agreement must be approved by both the city and county and be certified by DLCD.
- Implement the agreement.

Implementation Timeline

Timeline for Adoption	Implementation to Commence	Timeframe of Impact
December 2026	2027	Ongoing

Funding or Revenue Implications

Staff time will be relied on to accomplish this strategy.

M. Research rental housing maintenance code feasibility

Rationale

Adoption of a Rental Housing Maintenance Code could help ensure that Newport's rental housing stock is well maintained and could improve the health, safety, and well-being of residents that rent in Newport. Advisory Committee members and other stakeholders cited the condition of Newport's housing stock as a concern.

Description

Oregon landlord-tenant law requires that rental properties are kept in habitable condition, including specific standards for heat, water, plumbing, weather protection, and more. A local Rental Housing Maintenance Code is an adopted ordinance which requires landlords to maintain their rental properties to habitability standards. A maintenance code can help renters and property owners communicate and resolve issues without City involvement / legal action. It may allow the City to resolve landlord-tenant disputes more effectively regarding the conditions of a dwelling rather than solely relying upon the nuisance abatement process.

The City of Newport could consider implementing a similar Rental Housing Maintenance Code as the City of Eugene's which covers 10 subject areas: heating, plumbing, security, electrical, appliances, smoke detection, structural integrity, weatherproofing, carbon monoxide alarms, and pest control for rats. The Eugene Code allows for complaints to be filed and investigated by the City. If the complaint is valid, the City notifies the property owner or the owner's agent of the violation that includes directions about how to resolve the violations (required repairs) and when they are to be completed. A property owner or the owner's agent have due process appeal rights under the program. The Program is funded by property owners registering their property(ies) and paying an annual \$20/unit fee to the City, which offsets the administration costs of the program. The Program also exempts payment of the fee (but not compliance with standards) for deed-restricted affordable units for households at or below 60 percent of AMI, for rentals that have been approved by the City for an exemption from some other property taxes for low-income housing, and for properties of the Housing Authority.

The City could research the feasibility of implementing such a program at the City of Newport by engaging (separately and collectively) local property management companies, property owners, tenant rights organizations, and community organizations. The City could engage with anonymous tenants aware of the relationship between property maintenance, tenant safety, and well-being. After understanding any problems, the City would seek feedback from stakeholders on how to address property maintenance problems, which may include the adoption of a Rental Maintenance Code by the City, and report findings to the City Council.

City Role

Conduct outreach and research; draft ordinance and resource requirements.

Partners and their Role

Engage renters and property to understand challenges and develop solutions.

Anticipated Impacts

Populations Served	Income	Housing Tenure	Magnitude of New Units Produced
Extremely low, very-low, low-, and moderate-income residents	All income levels	Renter	Small

Potential Risks

This could require considerable amount of staff time to monitor and enforce and could raise the cost of rental housing.

Implementation Steps

- Develop an inventory of rental properties with contact information of property managers and owners.
- Conduct outreach with renters, owners, property managers and other affected stakeholders to determine the extent of property maintenance problems, how they affect tenant safety and well-being, and if City rental housing maintenance regulations might be effective in addressing the issues.
- Identify the resources needed to implement a rental housing maintenance code program, including relevant regulations, staff, and equipment requirements.
- Engage policy makers to determine if a rental housing maintenance program should be pursued and how it would be funded.
- Develop and implement the rental housing maintenance code, which may require engagement of a consultant with expertise in this area.

Implementation Timeline

Timeline for Adoption	Implementation to Commence	Timeframe of Impact
Feasibility study complete by December 2024	Depends on the results of the feasibility study	Depends on the results of the feasibility study

Funding or Revenue Implications

The city would need to cover the costs of the program, which could include a fee on rental properties. In addition, enforcing this code could require a substantial amount of staff time.

Recommendations for Future Actions

The following recommendations, while important and useful, are not included as actions in the HPS. They are included as recommendations for the City to act on in the 8-year planning period or to reconsider when next developing an HPS.

- **Consider expansion of the City’s rehabilitation and weatherization programs.**
Newport has an existing rehabilitation loan program to assist low-income households which is implemented by DevNW. The City may want to pursue additional funding to support this project from state and federal sources. Such sources could include the Oregon Health Authority’s (OHA) new program (which is still under development in 2023), the U.S. Department of Housing and Urban Development’s (HUD’s) Lead Hazard Control and Healthy Home program, or the federal Weatherization Assistance Program.
- **Continue to identify additional sources of funding.** Supporting development of new affordable housing and preservation of existing affordable housing requires funding. Exhibit 11 presents a lot of funding sources that the City may want to consider pursuing to support this work. For example, the City might consider reallocating how it uses existing franchise fees, increasing or establishing a new utility fee, or reallocating how it uses state and federal gasoline taxes. These, and the other options presented in Exhibit 11 can provide additional funding to support the actions in this plan.
- **Assess new or expanded housing incentive programs or options for funding infrastructure that come out of future state legislative sessions.**

As the City implements the actions in the HPS, it may want to consider these and other actions to support affordable housing development.

4. Evaluation: Achieving Fair and Equitable Housing Outcomes

This chapter presents an evaluation of the goals and strategic actions for achieving fair and equitable housing outcomes. It also includes a discussion of monitoring the outcomes of Newport's HPS.

Evaluation of the Policies and Strategic Actions

The actions included in Newport's Housing Production Strategy work together to achieve equitable outcomes for all residents of Newport. They build from Newport's existing housing policies and programs (described in Chapter 2). Taken together, the existing and proposed actions emphasize improving outcomes for underserved communities, lower-income households, and people in state and federal protected classes. OAR 660-008 requires an evaluation of the HPS for achieving the following types of outcomes:

- **Affordable Homeownership.** This outcome is achieved through actions that support development of housing affordable at less than 120% of MFI.
 - *Existing actions and programs (including but not limited to):*
 - The City implemented a Construction Excise Tax in 2017, a portion of which is used to support affordable homeownership programs.
 - The City updated its Systems Development Charges methodology to reduce costs for smaller homes and ADUs.
 - The City has entered into partnerships with other jurisdictions and nonprofit partners to create affordable homeownership opportunities and help keep low-income owners in their homes. These include down payment assistance, land donations, partnerships with land trusts, and rehabilitation and weatherization programs.
 - The City reduced residential street widths to lower infrastructure costs for new subdivisions and infill projects.
 - *Actions in the HPS*
 - Action A advocates for using Urban Renewal Area funding to support housing and infrastructure development. Some of this investment could support development of affordable housing for homeownership through assistance with land assembly or infrastructure investments.
 - Action B is the Homebuyer Opportunity Limited Tax Exemption, which is to support purchase of ownership housing for low to moderate-income households.

- Action D recommends changing the allocation of CET to be used in the affordable housing flexible use fund. Funds could be used to support affordable homeownership.
- Action E focuses on lobbying the Legislature for more resources and to reduce regulatory barriers which could lower the costs of all types of housing.
- Action G advocates for creating a regional housing entity to support development of workforce housing, which could include housing for homeownership.
- Action I could be used to reduce the cost of developing homes for ownership.
- Action J would directly support affordable homeownership by partnering with CLTs.
- **Affordable Rental Housing.** Supporting affordable rental housing includes actions that support both income-restricted affordable housing (affordable to households with incomes below 60% of MFI) and privately developed affordable housing (affordable for households with incomes between 60% and 120% of MFI).
 - *Existing actions and programs (including but not limited to)*
 - The City implemented a Construction Excise Tax in 2017, a portion of which is used to support affordable rental housing development.
 - The City's Urban Renewal areas support development of affordable rental housing, as well as infrastructure to support new housing development.
 - In 2017 the City implemented the Non-Profit Corporation Low-Income Housing Tax Exemption which supports development of housing up to 80% MFI.
 - In 2017 the City implemented the Multi Unit Property Tax Exemption which provides a 10-year property tax exemption on projects with an affordable component.
 - The City amended transferability of SDC credits to make it easier for developers to use this program. This provision has been used twice, for the 110-unit subsidized housing project and for the 66-unit market-rate multifamily project completed in 2021.
 - The City reduced residential street widths to reduce infrastructure costs for new subdivisions and infill projects.
 - *Actions in the HPS*
 - Action A advocates for using Urban Renewal Area funding to support housing and infrastructure development. Some of this investment could support development of affordable rental housing through land assembly, backfilling SDCs, or infrastructure investments.

- Action C focuses on reducing zoning barriers to denser housing development. Reducing these barriers can make development less difficult, time consuming, and costly.
 - Action D advocates for changing the allocation of CET to be used in the affordable housing flexible use fund. Funds could be used to support affordable rental housing development.
 - Action E focuses on lobbying the Legislature for more resources and to reduce regulatory barriers which will lower the costs of all types of housing.
 - Action G advocates for creating a regional housing entity to support development of workforce housing, including rental housing.
 - Action H recommends participating in development and implementation of a regional homelessness action plan. Part of that plan may include development of income-restricted housing to provide people experiencing homelessness with long-term access to affordable housing.
 - Action I could be used to reduce the cost of rental housing development.
 - Action K could provide outreach and education that helps build champions in the community to support development of affordable rental housing.
- **Housing Stability.** Increasing housing stability includes actions that increase the stability of existing households and prevent displacement resulting from public and private investments or redevelopment.
 - *Existing actions and programs (including but not limited to)*
 - City programs that support housing stability with CDBG funding include home rehabilitation and weatherization programs.
 - The City implemented the Multiple Unit Property Tax Exemption which could be used to support rehabilitation of multifamily rental housing, with agreements about retaining naturally occurring affordable housing costs.
 - The City amended its land use regulations for short-term rentals in 2019, limiting them to tourist-oriented areas and capping the maximum number of vacation rental licenses available citywide.
 - *Actions in the HPS*
 - Action E focuses on lobbying the Legislature for more resources and to reduce regulatory barriers which could lower the costs for housing development or preservation.
 - Action M encourages the City to research and better understand how it can support access to safe and affordable rental housing.
 - Action K focuses on ensuring that community members know about existing housing resources that can support housing access and stability.

- Action M recommends evaluating the feasibility of implementing a rental housing maintenance code, which can help existing renters stay in their current housing by ensuring that the landlord addresses condition problems.
- **Housing Choice for Protected Classes.** Increasing housing choice involves increasing access to housing for communities of color, low-income communities, people with disabilities, and other state and federal protected classes. It also means increasing access to existing or new housing that is in neighborhoods with healthy and safe environments and high-quality community amenities, schools, and employment and business opportunities.
 - *Existing actions and programs (including but not limited to)*
 - Programs that support housing choice include home rehabilitation and weatherization assistance, homeownership assistance, and project subsidies or incentives for affordable housing development.
 - The updated SDC methodology also makes it easier to develop smaller homes in a variety of neighborhoods.
 - *Actions in the HPS*
 - Action B and I focus on tax exemptions or fee waivers that offer incentives for the development of housing for low to moderate-income households. Depending on the criteria used to identify projects, this could be in locations with access to amenities or other equity considerations.
 - Actions A and D include urban renewal and CET funds. Depending on the criteria used to identify projects, these funds could be targeted in locations with access to amenities or other equity considerations.
- **Location of Housing in Compact, Mixed-Use Neighborhoods.** Diversifying the location of housing requires increasing options for residential development that are compact, in mixed-use neighborhoods, and available to people within state and federal protected classes. This measure is intended, in part, to meet statewide greenhouse gas emission reduction goals.
 - *Existing actions and programs*
 - The City’s Northside Urban Renewal District was established in 2015 for the purpose of revitalizing the City’s commercial core areas, including supporting mixed-use residential development.
 - The updated SDC methodology makes it easier to develop smaller homes in a variety of neighborhoods.
 - Reduced residential street widths can encourages denser development.
 - *Actions in the HPS*
 - Action B and I focus on tax exemptions or fee waivers that offer incentives for the development of housing for low to moderate-income households. Depending on

the criteria used to identify projects, this could be in locations with access to amenities or other equity considerations.

- Actions A and D include urban renewal and CET funds. Depending on the criteria used to identify projects, these funds could be targeted in locations with access to amenities or other equity considerations.
- **Fair Housing.** Supporting Fair Housing is accomplished by increasing access to housing for people in state and federal protected classes, addressing disparities in access to housing opportunity for underserved communities, and decreasing patterns of segregations or concentrations of poverty.
 - *Existing actions and programs (including but not limited to)*
 - Newport’s programs that support affordable homeownership can increase opportunities for people in State and Federal protected classes.
 - Newport’s rehabilitation and weatherization program can further make it easier for people to stay in their homes.
 - *Actions in the HPS*
 - Action B and I focus on tax exemptions or fee waivers that offer incentives for the development of housing for low to moderate-income households. Depending on the criteria used to identify projects, this could be in locations with access to amenities or other equity considerations.
 - Actions A and D include urban renewal and CET funds. Depending on the criteria used to identify projects, these funds could be targeted in locations with access to amenities or other equity considerations.
 - Action M recommends evaluating the feasibility of implementing a rental housing maintenance code, which can help existing renters stay in their current housing by ensuring that the landlord address condition problems.
- **Housing Options for People Experiencing Homelessness.** Increasing options for people experiencing homelessness includes working with partners and identifying ways to address homelessness and reduce the risk of households becoming homeless (especially for households with income below 30% of MFI).
 - *Existing actions and programs (including but not limited to)*
 - The city currently dedicates \$30,000 to \$40,000 per year to non-profits that purchase hotel/motel rooms for houseless persons during cold weather events.
 - The City adopted a car camping ordinance in 2020, allowing up to three vehicles or tents in parking lots of commercial/industrial sites or at places of worship.
 - The City put in place a camping ordinance in 2022 clarifying where it is permissible to camp along public rights-of-ways and on publicly owned property.

- The City amended its land use regulations in 2023 to allow RV camping in residential driveways, and tent camping on developed residential properties.
- The City has established a reserve fund, currently at \$400,000, that is to be used to establish a low-barrier shelter and warming center.
- **Actions in the HPS**
 - Action F focuses on developing a low-barrier emergency shelter and warming center in Newport to meet the needs of people experiencing homelessness, especially people with barriers to shelter.
 - Action H focuses on developing a regional approach to addressing homelessness which will allow cities and the County to align efforts and pool resources.

Taken together, the actions included in Newport’s Housing Production Strategy are intended to work together to achieve equitable outcomes for all residents of Newport, with an emphasis on improving outcomes for underserved communities, lower-income households, and people in state and federal protected classes.

Assessment of Benefits and Burdens from the Action

Newport is required to consider the anticipated benefit and burden from each action for the following groups of people who have been historically marginalized: low-income communities, communities of color, people with disabilities, and other state and federal protected classes.¹⁴

Exhibit 14. Assessment of Benefit and Burden for Historically Marginalized Communities as a Result of Each Action

	Actions	Benefits	Burdens
A	Use Urban Renewal funding to support housing and infrastructure development	<ul style="list-style-type: none"> • Could benefit extremely low-income, very low-income, low-income, and moderate-income households. • The City may want to implement policies that increase housing stability for existing households and decrease chance of displacement through redevelopment. 	<ul style="list-style-type: none"> • Potential for displacement of existing residents due to gentrification.
B	Implement the Homebuyer Opportunity Limited Tax Exemption	<ul style="list-style-type: none"> • Will benefit a limited number of low- to moderate-income households. • The groups more likely to have incomes qualifying for this action have a proportionately larger percentage of POC, people with disabilities, and seniors. 	<ul style="list-style-type: none"> • Unlikely to increase burdens for these communities unless lost taxes result in reduction in needed services to these populations.

¹⁴ Federal protected classes include race, color, religion, national origin, age, sexual orientation, gender identify, familiar status, and disability. Oregon’s protected classes include race, color, national origin, religion, disability, sex (including pregnancy), sexual orientation, gender identify, age, and marital status.

		<ul style="list-style-type: none"> The City should ensure that this program is marketed to organizations that serve historically marginalized populations. 	
C	Reduce development code barriers to housing development	<ul style="list-style-type: none"> Depending on the changes, could benefit all income levels but many suggested changes would help low- and moderate-income households. 	<ul style="list-style-type: none"> Unlikely to increase burdens for these communities.
D	Adjust the allocation of the Construction Excise Tax to support affordable housing development	<ul style="list-style-type: none"> Could benefit extremely low-income, very low-income, low-income, and moderate-income households. The groups more likely to have incomes qualifying for this action have a proportionately larger percentage of POC, people with disabilities, and seniors. 	<ul style="list-style-type: none"> Unlikely to increase burdens for these communities.
E	Lobby the Legislature for more resources to support housing development and remove regulatory barriers to housing development	<ul style="list-style-type: none"> Could benefit households at all income levels. 	<ul style="list-style-type: none"> Unlikely to increase burdens for these communities.
F	Establish a low-barrier emergency shelter and warming center in Newport	<ul style="list-style-type: none"> Will benefit extremely low-income households and people experiencing homelessness. 	<ul style="list-style-type: none"> Unlikely to increase burdens for these communities.
G	Support development of a regional housing entity focused on low- and moderate-income housing	<ul style="list-style-type: none"> Will benefit low- to moderate-income households. The groups more likely to have incomes qualifying for this action are disproportionately POC, people with disabilities, and seniors. 	<ul style="list-style-type: none"> Unlikely to increase burdens for these communities. Could have less positive impact for very low-income households if funding is diverted from development of income-restricted housing to fund the low- and moderate-income housing.
H	Participate in the regional homelessness action plan	<ul style="list-style-type: none"> Will benefit extremely low-income households and people experiencing homelessness. 	<ul style="list-style-type: none"> Unlikely to increase burdens for these communities.
I	Pay System Development Charges (SDC) for workforce housing	<ul style="list-style-type: none"> Will benefit extremely low-income, very low-income, and low-income households. The groups more likely to have incomes qualifying for this action are disproportionately POC, people with disabilities, and seniors. 	<ul style="list-style-type: none"> Unlikely to increase burdens for these communities.
J	Grow partnerships with Community Land Trusts	<ul style="list-style-type: none"> Depending on the structure, could benefit a limited number of households at low-income and moderate-income households. The groups more likely to have incomes qualifying for this action are disproportionately marginalized communities, including POC, people with disabilities, and seniors. <ul style="list-style-type: none"> Some land trusts specialize in providing services to these communities. To increase benefits to people in state and federal protected 	<ul style="list-style-type: none"> Unlikely to increase burdens for these communities unless existing funding is diverted from housing services and other programs to support homeownership for higher-income households.

		classes, the City may want to consider focus on working with land trusts that prioritize working with people in protected classes.	
K	Support outreach and education to promote equitable housing access	<ul style="list-style-type: none"> While outreach could benefit households at all income levels, the focus will be on underrepresented and difficult-to-reach community members including residents with extremely low-, very low, low- and moderate-income, communities of color, and other state and federal protected classes. 	<ul style="list-style-type: none"> Unlikely to increase burdens for these communities.
L	Pursue an Urban Growth Management Agreement (UGMA) with the County	<ul style="list-style-type: none"> Could benefit households at all income levels. To increase benefits to people in state and federal protected classes, the City would need to be intentional in establishing policies that benefit these residents when land becomes the jurisdiction of the City 	<ul style="list-style-type: none"> Unlikely to increase burdens for these communities.
M	Research rental housing maintenance code feasibility	<ul style="list-style-type: none"> Could benefit extremely low-income, very low-income, low-income, and moderate-income households. The groups more likely to be renters and benefit from this action have a proportionately larger percentage of POC, people with disabilities, and seniors. To avoid having rental housing decrease as a result of poor conditions, the City may want to connect this program with its existing rehabilitation program to offer grants or loans for addressing condition problems. 	<ul style="list-style-type: none"> May increase burdens on POC, people with disabilities, and seniors if the cost of rental housing increases to pay for this program or the amount of rental housing in the city decreases as a result of poor conditions.

Monitoring Outcomes of the HPS

DLCD requires Newport to report progress on implementation of the HPS to DLCD every four years.¹⁵ This report must include:

- A summary of the actions taken to implement the HPS.** If the City has not implemented the actions on schedule for the first four years of the HPS, the City must explain the barriers to implementation and a plan for addressing the need that the action was intended to address. That plan could include identifying other actions in the HPS that will meet the need, or it could include developing a new action to meet the need.

¹⁵ This report is due to DLCD no later than December 31 four years after Newport adopts its HPS.

- **A reflection of the efficacy of the actions the City has implemented.** This reflection should discuss the outcomes the City is observing from the actions they have implemented to date and could include expectations for future outcomes.
- **A reflection of the efficacy of the actions in the context of the outcomes described above.** The report should describe whether the goals and actions implemented have resulted in the expected outcomes described above: affordable homeownership, affordable rental housing, housing stability, housing options for people experiencing homelessness, housing choice, location of housing, and Fair Housing.

The City must notify DLCD if it cannot implement an action within 90 days of the end of the timeline as presented in Chapter 3. This notice must identify the actions or combinations of actions that the City will take to address the need that the action was intended to address.

The City will review its progress toward the plan annually. During the review, the City will document implementation over the previous year and housing development activity. Key questions that Council can consider in its assessment include:

- 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?

The City can develop its own metrics for tracking progress toward its desired outcomes. Exhibit 15 provides an overview of potential metrics that the City could track as part of its reviews. Tracking and reporting can be time consuming and the level of effort given will be commensurate to available staff resource. When Newport produces its next HPS in eight years, the City will be required to summarize the efficacy of each action included in this HPS. The information resulting from these measures will help Newport to summarize the outcomes and efficacy of the actions in this HPS.

Exhibit 15. Monitoring by Strategy

Actions	Annual monitoring
Overall Monitoring of Market Conditions	<ul style="list-style-type: none"> ▪ Number and type of new homes produced and total within the city over time ▪ Share of rent-burdened residents based on Census data. ▪ Number, location, and expiration date of regulated affordable units with change in units provided over time based on data from the State.
Use Urban Renewal to support housing and infrastructure development	<ul style="list-style-type: none"> ▪ Amount of funding investments made with urban renewal dollars to support affordable housing ▪ Number of affordable units built using urban renewal dollars ▪ Amount of funding dispersed for infrastructure that supports housing development
Implement the Homebuyer Opportunity Limited Tax Exemption	<ul style="list-style-type: none"> ▪ Number of inquiries about tax exemption ▪ Number of units/households granted tax exemption
Reduce development code barriers to housing development	<ul style="list-style-type: none"> ▪ Number of newly developed income-restricted and market-rate housing units ▪ Densities of newly developed housing units
Adjust the allocation of the Construction Excise Tax to support affordable housing development	<ul style="list-style-type: none"> ▪ Amount of funding investments made with CET to support affordable housing ▪ Number of affordable housing projects and units supported
Lobby the Legislature for more resources to support housing development and remove regulatory barriers to housing development	<ul style="list-style-type: none"> ▪ Number of proposals developed to address legislative issues ▪ Collaboration with local state-elected representatives
Establish a low-barrier emergency shelter and warming center in Newport	<ul style="list-style-type: none"> ▪ Location for shelter and warming center identified ▪ Partner to run the shelter and warming center identified ▪ Amount of funding and resources dedicated to the shelter and warming center
Support development of a regional housing entity focused on low- and moderate-income housing development	<ul style="list-style-type: none"> ▪ Convened other government agencies and local partners to discuss approach ▪ Identified role of regional housing entity and who will fulfill that role ▪ Amount of City funding or resources dedicated to the entity
Participate in the regional homelessness action plan	<ul style="list-style-type: none"> ▪ Participation on the Advisory Board ▪ Funding and resources dedicated to implementation
Pay System Development Charges (SDC) for workforce housing	<ul style="list-style-type: none"> ▪ Number of inquiries about the program ▪ Amount of funding used to support workforce housing ▪ Number of workforce housing projects and units supported
Grow partnerships with Community Land Trusts	<ul style="list-style-type: none"> ▪ New partnerships established or expanded with CLTs ▪ Number of lots/acres/units dedicated to affordable housing development by CLTs ▪ Amount of funding used to support CLTs
Support outreach and education to promote equitable housing access	<ul style="list-style-type: none"> ▪ Number of public events and/or targeted discussions held ▪ Number and demographics of attendees ▪ Number of views for online materials ▪ Overall number of residents, landlords, developers participating in city programs
Pursue an Urban Growth Management Agreement (UGMA) with the County	<ul style="list-style-type: none"> ▪ Develop UGMA agreement with Lincoln County ▪ City approval of the UGMA
Research rental housing maintenance code feasibility	<ul style="list-style-type: none"> ▪ Rental Housing Maintenance Code Feasibility Study completed ▪ Findings of the Study are presented to the City Council, and the City Council provide guidance to City staff as to whether a Rental Housing Maintenance Code is to be pursued

Appendix A: Action Evaluation Criteria

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

Evaluation Criteria

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

MFI Targeted

Newport would like to see development and preservation of housing affordable at all income levels. We define income levels based on 2021 Median Family Income for Lincoln County (as defined by the U.S. Department of Housing and Urban Development) for a household of four people, as follows:

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

Housing Types Targeted

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

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

Impact

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

Small	Moderate	Large
Will not directly result in development of new housing or it may result in development of a small amount of new housing. May not improve housing affordability in and of itself.	Could directly result in development of new housing. May not improve housing affordability in and of itself.	Could directly result in development of new housing. May improve housing affordability in and of itself but may still need to work with other policies to increase housing development feasibility.
<i>~1-3% of needed housing 7 to 19 new dwelling units¹⁶</i>	<i>~3% to 5% of needed housing 19 to 32 new dwelling units</i>	<i>~5% to 10% (or more) of needed housing 32 to 63 new dwelling units</i>

Administrative Burden

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

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

Funding Required

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

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

¹⁶ Newport's Capacity Needs Analysis projects that the City will grow by 626 new dwelling units between 2022 and 2042.

Ease of Implementation

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

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

Flexibility

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

We define feasibility, as follows:

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

Appendix B: Pre-HPS Survey

This appendix presents the results of the survey that Newport filled out prior to developing the HPS.

Housing Portal Pre-HPS Survey Submission Page: 1 of 3
 Year: 2021 City: Newport Submitted Date: 01/03/2022 5/10/2023 10:15:24 am

Category	Strategy	Encourage Needed Housing	Increase Affordability	Reduce Rent Burden
A - Zoning and Code Changes	A05 - Code Provisions for ADUs	Yes	No	No
	Comments: City code aligns with statutory requirements.			
A - Zoning and Code Changes	A07 - Allow for Single Room Occupancy in Residential Zones	Yes	No	No
	Comments: Allowed outright as a boarding house in the City's R-4/"high density multi-family residential" zone district and subject to conditional use approval in the R-3/"medium density multi-family residential" district. An option in certain C-2/"tourist commercial" zoned areas in the Nye Beach area.			
A - Zoning and Code Changes	A08 - Promote Cottage Cluster Housing	Yes	No	No
	Comments: Allowed in the City's R-3/"medium density multi-family residential," R-4/"high density multi-family residential" zone districts and certain C-2/"tourist commercial" zoned areas within the City's Nye Beach Historic District.			
A - Zoning and Code Changes	A09 - Short-Term Rentals Regulations	Yes	Yes	Yes
	Comments: City adopted a permissible area zoning overlay in 2019. Licenses capped within overlay and new units must be dispersed. City has been at the license cap since the code was adopted. 2-3 year waitlist. VRDs outside the overlay are phasing out as they are sold or converted to other uses.			
B - Reduce Regulatory Impediments	B01 - Remove or Reduce Minimum Parking Requirements	Yes	No	No
	Comments: Limited to Nye Beach, City Center and Bayfront Districts. In Nye Beach, required off-street parking is reduced on a one-to-one basis for every on-street space adjacent to a lot/parcel. For new development in the Bayfront/City Center districts the first 5 required off-street spaces are exempt from having to be built.			
B - Reduce Regulatory Impediments	B06 - Streamline Permitting Process	Yes	No	No
	Comments: Review for land use compliance completed as part of the building permit review (no separate site review requirement).			
B - Reduce Regulatory Impediments	B09 - Capital Improvements Programming (CIP)	No	Yes	No
	Comments:			
B - Reduce Regulatory Impediments	B10 - Public Facility Planning	Yes	Yes	No
	Comments:			
B - Reduce Regulatory Impediments	B15 - Reduce the Power of NIMBYism to stop, slow, change, or reduce affordable housing	Yes	No	No

	Comments:			
C - Financial Incentives	C01 - Reduce or Exempt SDCs for Needed Housing	Yes	Yes	No
	Comments:	City amended SDC methodology in 2017 eliminating capital projects it was collecting for that will not be realistically built within the 20-year planning horizon, and shifted to a price per square foot assessment for single-family detached and attached development (substantially reducing fees for small and average sized dwellings).		
C - Financial Incentives	C02 - Modify SDC fee schedules	Yes	Yes	No
	Comments:	Addressed with 2017 SDC methodology update.		
C - Financial Incentives	C06 - Publicly Funded Infrastructure Improvements	Yes	Yes	No
	Comments:	Infrastructure is largely paid for with tax increment financing, which is limited to property within or adjacent to one of the City's urban renewal districts.		
D - Financial Resources	D01 - Community Development Block Grant (CDBG)	Yes	No	No
	Comments:	City secured CDBG funds for low-income housing rehabilitation loans. DevNW (Corvallis non-profit) implements the program on the City's behalf.		
D - Financial Resources	D09 - Construction Excise Tax (CET)	Yes	No	No
	Comments:	Affordable housing construction excise tax established in 2017.		
E - Tax Exemption and Abatement	E01 - Nonprofit Low-Income Rental Housing Exemption	Yes	Yes	No
	Comments:	Established in 2017.		
E - Tax Exemption and Abatement	E04 - Multiple Unit Property Tax Exemption (MUPTE)	Yes	Yes	No
	Comments:	Established in 2017. Has been utilized once, as part of the package of incentives for a 110 unit affordable housing rental project built in 2020. 10 year exemption valued at over \$1.6 million.		
F - Land, Acquisition, Lease, and Partnerships	F03 - Community Land Trusts	No	Yes	No
	Comments:	Provided match funding to Proud Ground (non-profit land trust) for down payment assistance grants for three homebuyers in Newport. Part of a collaboration with Lincoln County and Lincoln City. \$160,000 local match between the three entities, and \$515,000 from the state. Eight (8) down payment assistance grants total.		
F - Land, Acquisition, Lease, and Partnerships	F10 - Prioritize Housing on City/County Owned Land	Yes	Yes	No

Comments:	City surplus property consisting of two residential lots provided to Habitat for Humanity for affordable housing. Duplex constructed and lots transferred to Habitat in 2021.			
Z - Custom Options	Z01 - Other	Yes	No	No
Comments:	Amended SDC Ordinance to allow developers with credits from "qualified public improvements" to donate or sell credits for use on another property so long as the receiving property is developed with a residential use and the amount offset does not exceed 50% of the SDC assessment. Has been used twice (both large multi-family rental projects).			