



**Plan Advisory Committee Meeting #3**

May 4, 2016 4:00 – 6:00 p.m.

Newberg Public Safety Building, 401 E. Third Street

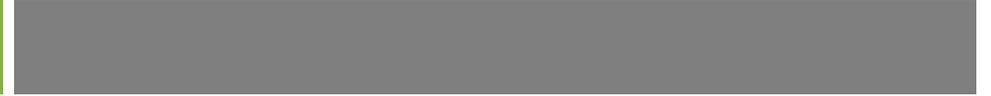
**AGENDA**

- 4:00 p.m. Welcome and Introductions (Chairs Ben Jaquith and Jennifer Sitter)
- Purpose of Meeting (Kristen Kibler)  
***The purpose of this meeting is to provide an overview of several deliverables associated with the project, present their potential implications with regard to the Plan-in-progress, and receive your comments or questions. Four items have been transmitted to you in advance of this meeting:***
- ***Memo #3: Market Study Future Potential Development;***
  - ***Butler Property Pre-Development Feasibility Study;***
  - ***Summary meeting notes from the “Reality Check” Developer Panel meeting held on April 19, 2016; and***
  - ***Summary meeting notes from Public Event #2, held on March 15, 2016.***
- Project team representatives will also seek additional input on next steps for the draft Downtown Improvement Plan in advance of preparing for a briefing of the Planning Commission and City Council in late June.***
- 4:05 p.m. Public Comment Opportunity\*
- 4:10 p.m. Project Update (Dave Siegel)
- Work Complete and in Progress
  - Next Steps
- 4:15 p.m. Presentation & Discussion of Recent Work Products (Matt Craigie, Chris Zahas)
- Memo #3: Market Study Future Potential Development
  - Butler Property Pre-Development Feasibility Study
  - “Reality Check” Developer Panel Meeting Overview
- 5:30 p.m. Summary Input from Workshop #2 (Dave Siegel, Kristen Kibler)
- Workshop Overview & Discussion of Public Comments
- 5:55 p.m. Date and Focus of Next PAC Meeting
- 6:00 p.m. Adjourn

*\*Note: This is a time within the agenda when members of the public may ask questions or provide comments to the Committee.*



# NEWBERG DOWNTOWN IMPROVEMENT PLAN



# FUTURE POTENTIAL DEVELOPMENT REPORT

PREPARED BY



LELAND CONSULTING GROUP

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## Introduction

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Downtown Newberg is poised to grow substantially in the next five to 15 years. With a rapid citywide growth rate, and renewed interest by boomers and millennials to live, work, and play in walkable city centers, downtown Newberg will be transformed in the coming years.

This Downtown Newberg Future Potential Development Report analyzes growth trends that will affect the city's center between the present time and 2020, the short term, and 2030, a long term view. The report dives into population and employment forecasts in order to understand where Newberg stands today demographically and economically, and forecasts future rates of growth and potential population and employment numbers for the downtown area.

The report then examines land values and improvement values in downtown Newberg in order to identify potential redevelopment areas and establish the capacity for the city center to absorb future growth.

Building on the growth forecasts and with an understanding of growth trends of Newberg's population and economy, short-term and long-term downtown growth targets are presented along with expected residential and commercial development types.

## Target Outcomes

Newberg's residential market will drive development in the community generally and the city center specifically for the foreseeable future. With the strong population growth rate, Newberg is forecasted to have a demand for significant numbers of housing units in the short and long range. If the city is able to capture even a small portion of this demand in the downtown area, it will mean substantial new development and opportunities for existing and new businesses.

Commercial development in downtown will continue to build on the momentum of visitor focused retail and restaurants, especially in relation to the wine industry. Community focused businesses will respond proportionally to the expansion of the downtown residential market. Like infill housing, it's crucial for the city and downtown stakeholders to maintain a focus on encouraging business creation in downtown Newberg through supportive policies and proactive engagement with business and property owners. Downtown Newberg already has a community of successful business owners - helping them achieve their business growth goals and providing them room to expand within the downtown community will reinforce the momentum of this project and help achieve the desired outcomes envisioned by the community.

## Overview

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This Future Potential Development Report has been prepared as part of the Newberg Downtown Improvement Plan (NDIP). In early 2015, the City of Newberg, Oregon was awarded a grant by the Oregon Department of Transportation (ODOT), and the Department of Land Conservation and Development (DLCD) to develop a roadmap for improving Newberg's downtown. This project, the NDIP, will focus on land use, transportation, and design solutions to achieve a thriving and livable downtown that meets the community's visions and aspirations. The NDIP is being led by the City of Newberg with support from a project consultant team, a community advisory committee, and general public input. The NDIP is anticipated to be complete in winter 2016/2017.

The purpose of this Future Potential Development Report is to build upon the vision and concepts that are being developed through this project, along with the Newberg Travel Demand Model, and set achievable development targets and densities for the near term (2020) and the long term (2030). These targets, in turn, will serve as guides for plan refinement and eventually the implementation strategy. This report will help the city and community stakeholders better understand the shape of development to come in downtown Newberg.

## Key Questions

- How much growth of both population and employment is downtown Newberg likely to capture in the near future?
- What are some of the factors that are going to influence the density and type of future development in downtown Newberg?
- How is downtown Newberg likely to change in the next five years? What about the next 15 years?
- What types of housing can be expected to develop in the downtown in the short and long range?
- Where in downtown is Newberg likely to see employment growth?
- Given the above, what are realistic development targets that the City could plan towards in order to guide the downtown implementation strategy?

## Where Newberg Stands Today

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Newberg, Oregon is a city of 22,900 people<sup>1</sup> located 26 miles southwest of Portland, Oregon. Newberg was settled in the mid-19th century, and later platted and incorporated as a city in 1889. Today Newberg is known as the gateway to Yamhill County's many wineries and one of the focal points of the Willamette Valley's Wine Country. Newberg is well positioned between the growing Portland metropolitan area to the northeast and the agricultural economy of the surrounding Willamette Valley. Below is a snapshot of Newberg's demographic profile.

- Newberg outpaced the state's growth rate during the decade of 2000 to 2010 and is currently continuing to grow at a faster rate than the rest of Oregon. **Between 2015 and 2020 Newberg is forecasted to grow by an average 1.89 percent per year<sup>2</sup>.**
- The average household size is **2.64 people, compared to Oregon's average of 2.45.**
- Nearly a quarter of households (23 percent) are made up of just one person and 33 percent are made up of two people. **Together, one and two-person households make up 56 percent of the total population.** Seventeen percent of Newberg households are three people and 15 percent are four people.
- **Newberg's household median income is \$58,602**, which is slightly higher than both the Oregon and U.S. household median incomes.
- As of 2010, about **59 percent of Newberg housing units are owner-occupied** and 35 percent are rented.
- Approximately 28 percent of Newberg's population is a high school graduate or has a GED; 25 percent have had some college, but no degree; **over 20 percent have a bachelor's degree; and 9.3 percent have a graduate degree.** These percentages are in-line with the State of Oregon numbers.
- While Newberg's population is fairly homogeneous at 85 percent white, **over 14 percent of the population identifies as Hispanic.**<sup>3</sup>

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<sup>1</sup> City of Newberg, 2015 numbers

<sup>2</sup> City of Newberg, best estimate from recent growth

<sup>3</sup> Demographics Source: ESRI Business Analyst

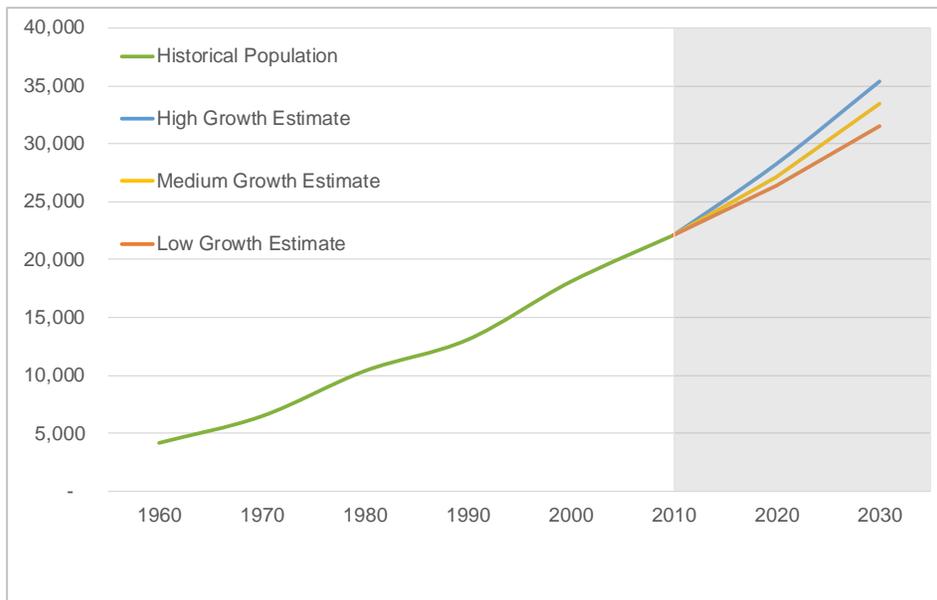
## Newberg Population Growth

A key metric in understanding how a place will change is to understand how the area’s population is expected to grow or contract. Population growth creates a direct need for more housing, more jobs, and more businesses and services. Conversely, a shrinking population reduces demand for housing, jobs, and services.

In the recent past, Newberg has outpaced the rest of the State of Oregon with its population growth rate. Between 2000 and 2010 Newberg grew by over 20 percent, while the State of Oregon grew by 12 percent<sup>4</sup>. Newberg’s growth during this ten-year period is equivalent to an annualized growth rate above two percent. A two percent growth rate may not sound like a much, but continued growth at a two percent rate would be mean that Newberg would double its current population in approximately 35 years. A two percent growth rate applied to its current population equates to approximately 475 new residents every year, although recent population growth has not been as robust as projected. The Portland State University Population Research Center is the applied demography institute in the state that is responsible for official population forecasts to be used for Urban Growth Boundary expansions and other major land use policy decisions. Their forecasts incorporate detailed assumptions on birth and death rates, migration rates, and economic cycles.

Their most recent population forecast for Newberg, published in 2012, projects Newberg continuing to grow rapidly through the year 2030. Recent projections see Newberg’s population growing at an average of 1.89 percent per year to 2020. Previous growth rates have not been as high. For example, from 2006 to 2015 Newberg grew on average at a rate of 1.02 percent<sup>5</sup>. The chart below illustrates a range of possible growth rates through the short and long term. The lowest estimate uses the 2006 to 2015 rate, the medium growth rate assumes that the 1.89 growth rate projection continues in the long run, and the high growth estimate uses the Population Research Center’s highest growth figure, 2.7 percent average annual growth.

**Figure 1 - Historical and Projected Future Population of the City of Newberg**



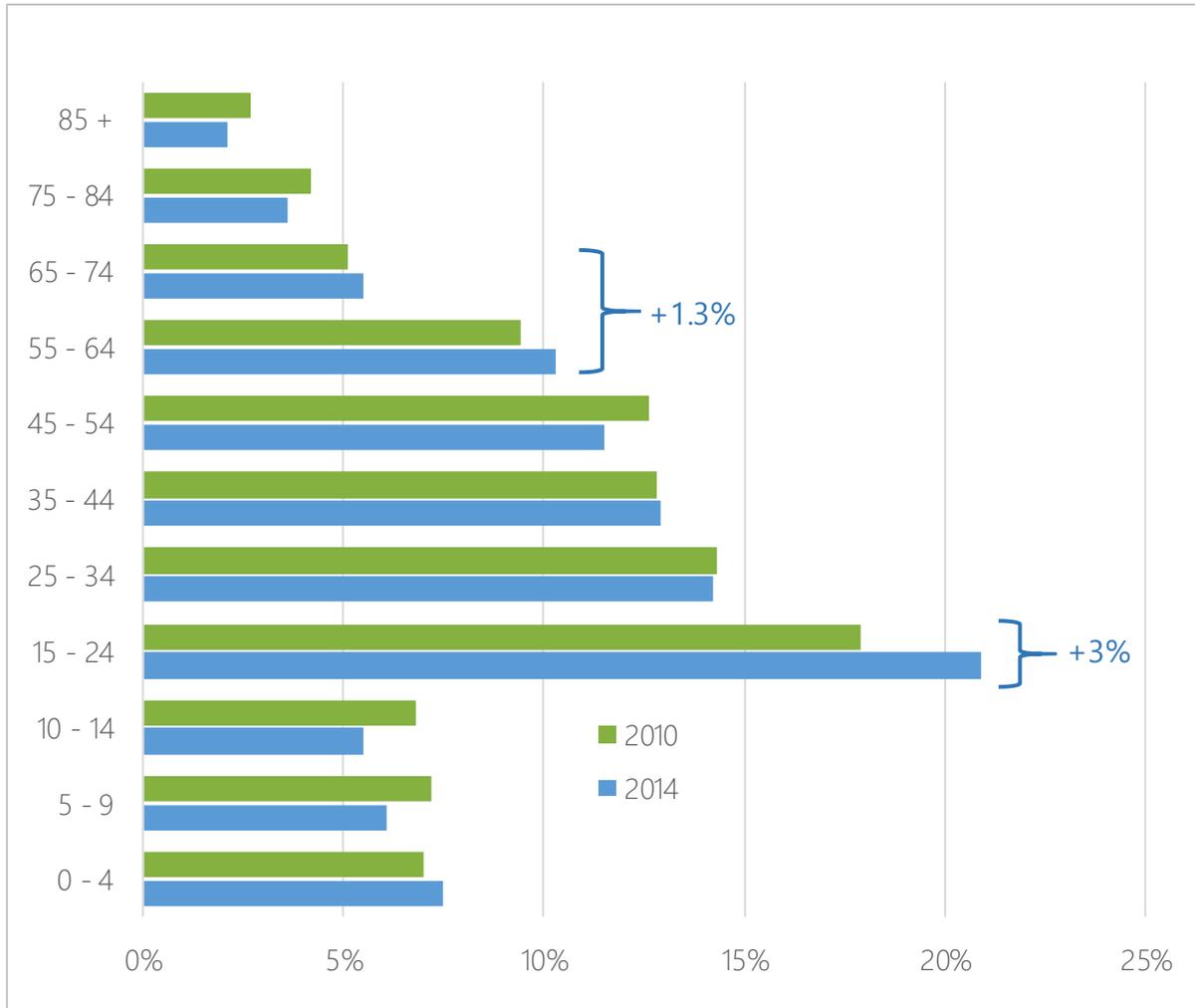
Source: Population Forecast for Yamhill County Oregon, its Cities and Unincorporated Area 2011-2035. Portland State University, Population Research Center. Fall 2012, City of Newberg, Leland Consulting Group

<sup>4</sup> US Census

<sup>5</sup> City of Newberg

The demographic composition of the Newberg population also continues to evolve. Between the 2010 census and more recent population estimates, the Newberg population has expanded in certain age cohorts and shrunk in others. The majority of these changes are credited to net migration (movers-in minus movers-out) as opposed to natural increase from more births than deaths. The chart below illustrates these age group changes.

**Figure 2 - Newberg Population by Age Group (2010-2014)**



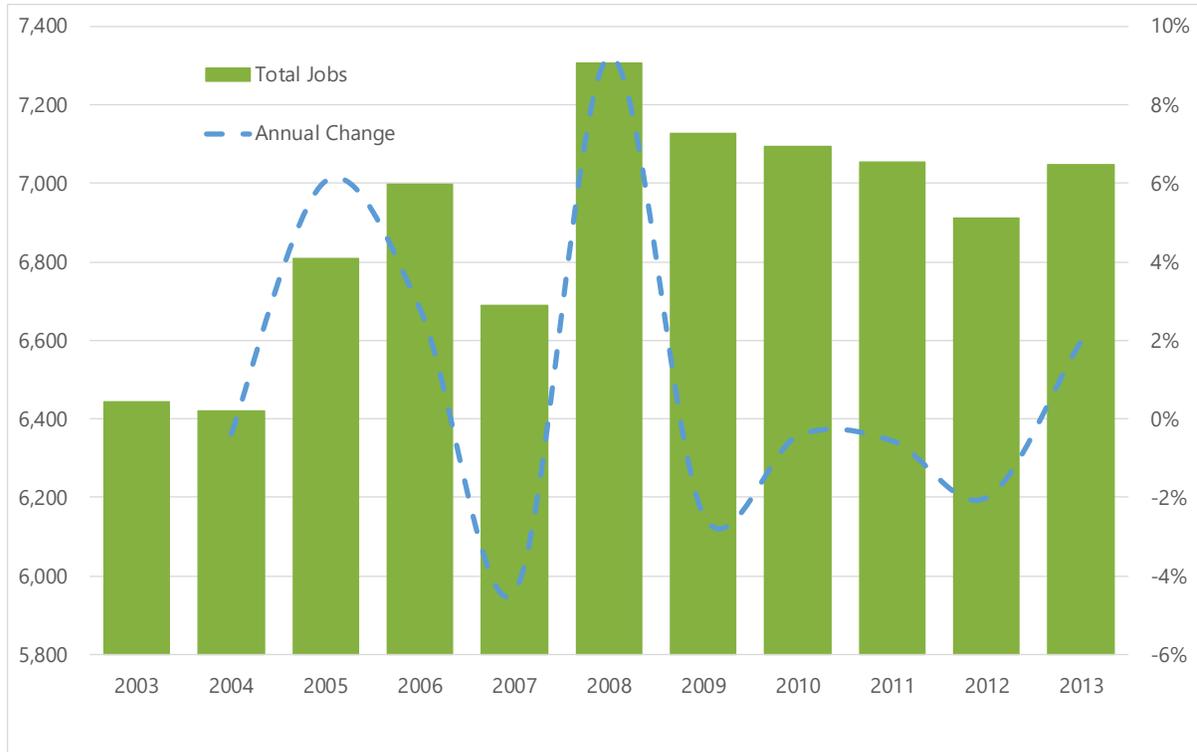
Source: US Census Bureau

In recent years **the population growth appears to take place in the age cohorts of young adults and seniors between the ages of 55 and 74**. This is a common trend among Oregon cities, although the growth of Newberg's young adult population is more robust than most other cities. This growth in the young adult population is likely linked to the expanding enrollment at George Fox University.

## Newberg Employment Growth

Employment in Newberg has also grown dramatically in the past few decades, although this growth has not been as consistent as population growth. This more volatile change in employment is similar to what is seen in most cities, as economies go through cycles, firms hire new workers and expand their businesses or shed workers and close up shop. The recent “great recession” hit Newberg as hard as most communities of similar size. Job growth evaporated in 2009 and Newberg has yet to reach peak employment numbers from 2008. Since 2012, jobs, generally, appear to be returning.

**Figure 3 - Newberg Historical Job Growth**



Source: U.S. Census Bureau

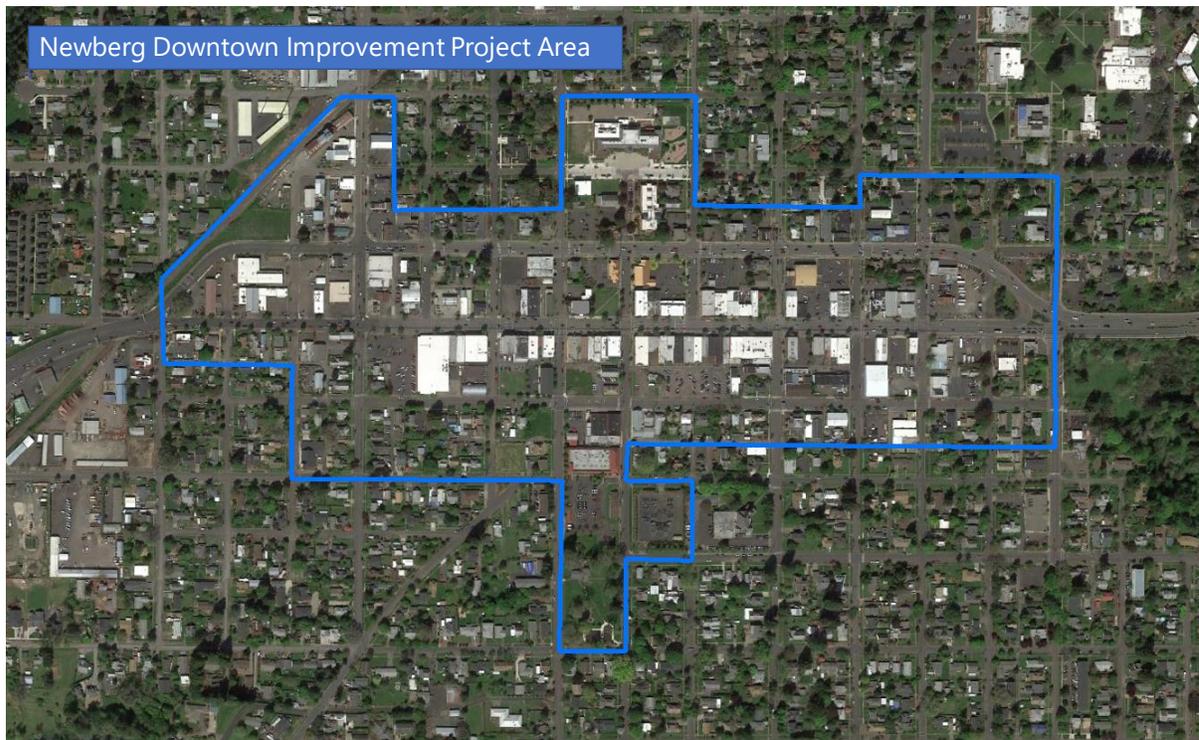
The travel demand model used for the Newberg Transportation Plan projects that Newberg employment will continue to grow at a rate of approximately three percent per year in the long run. **Their estimates put total Newberg employment over 14,000 jobs by 2035.** As the chart above illustrates, annual job change fluctuates dramatically. **The average annual growth rate in jobs between 2003 to 2013 was just one percent<sup>6</sup>.**

<sup>6</sup> US Census

## Downtown Newberg Development Capacity

Now that we've seen the robust growth that the entire city of Newberg is facing, what is the capacity for downtown Newberg to absorb a portion of this growth? The first question is, "how much space is there to develop?" Using strictly the project boundaries of the Newberg Downtown Improvement Project, there are 92 acres of land in downtown Newberg.

**Figure 4 - NDIP Study Area**

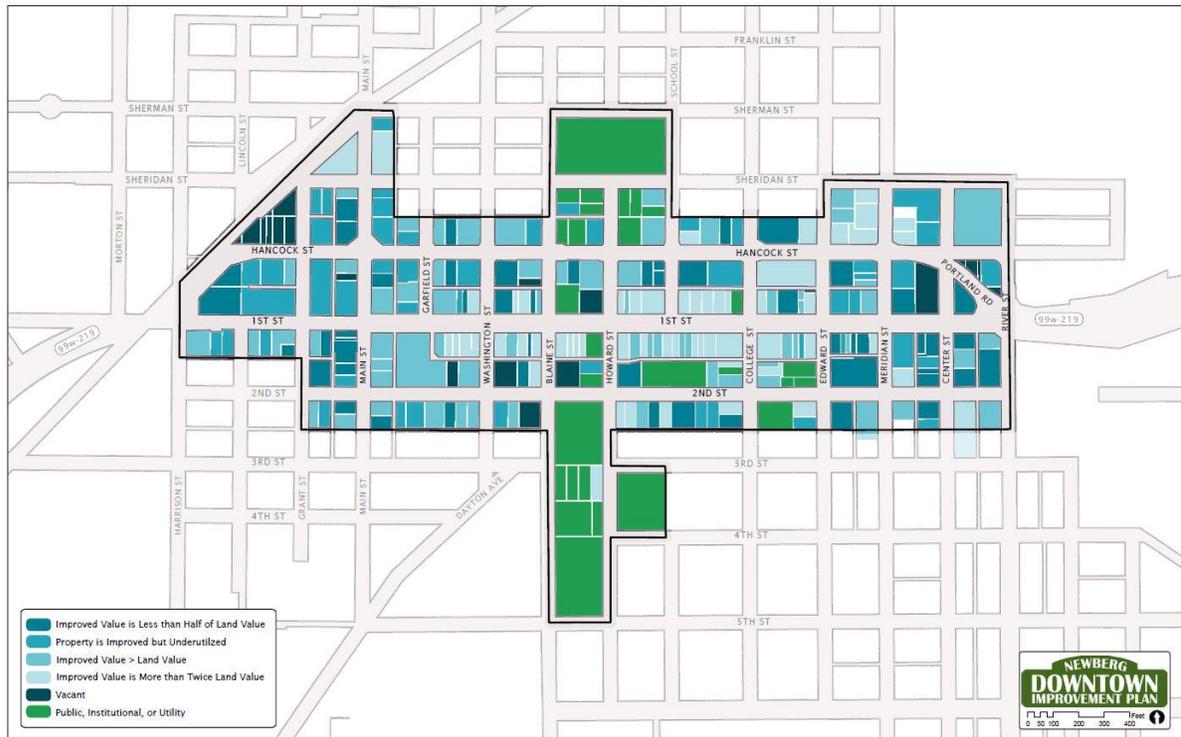


Thirty-eight of these acres are within rights of way (ROW); typically, streets, roads, sidewalks, utility easements, and other infrastructure-related land that is undevelopable. A further 10 acres of land within the NDIP boundary contains public buildings, parks, and institutions such as a Chehalis Cultural Center, and are therefore not developable either. This leaves 44 acres of land in private ownership.

Where are there redevelopment opportunities within these 44 acres of land? The map on the next page illustrates the ratio between improved values (structures) and land values on each property (tax parcels). This ratio is commonly used to understand which properties in a given area likely to have buildings that are dilapidated or underutilized – those properties with land values that are close to or higher than the improved value.

In the map below, the darker blue the tax parcel, the closer the land value is to the improved value. Dark areas of this map therefore are more likely to be opportunity sites for redevelopment. Conversely, the properties on the map that appear light blue are properties with structures that are worth significantly more than their underlying land. These properties are in good economic health and therefore not good candidates for major redevelopment. Furthermore, many of these properties (see the area around the core of First Street) contain well taken care of, historic buildings that define downtown Newberg's charming character and form. In alignment with downtown Newberg vision documents, future development in the area should celebrate and complement the historical qualities and design elements of these properties. Green tax parcels on the map are the public, utility, or institutional properties that are undevelopable.

**Figure 5 - Downtown Newberg, Improved to Land Value Ratio Map (2015)**

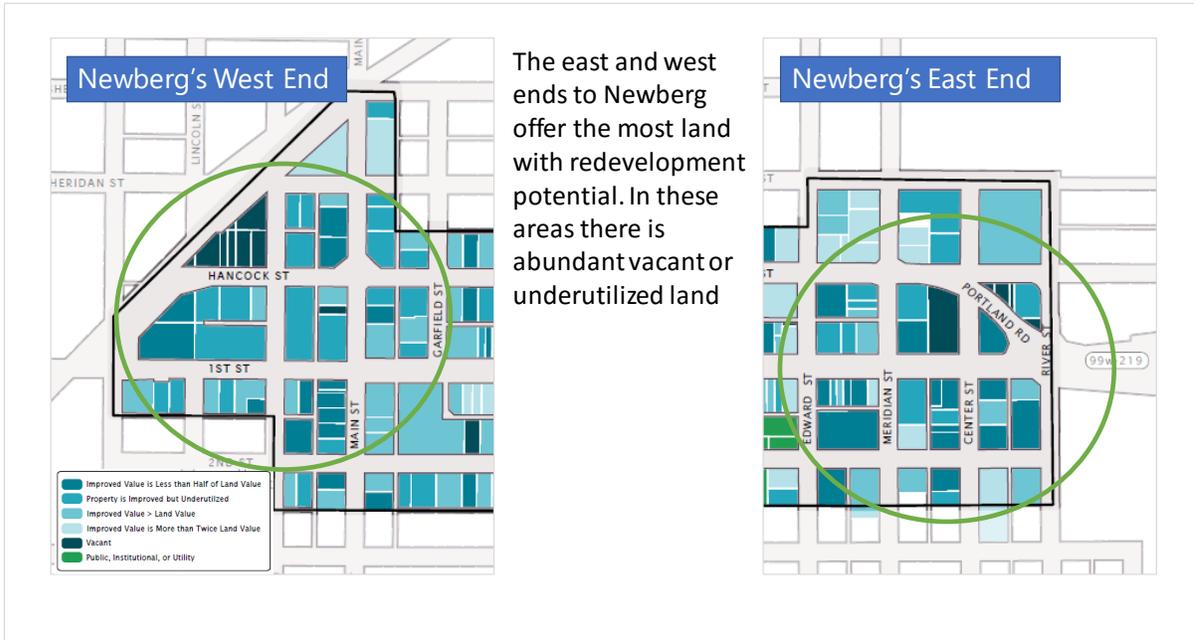


Source: City of Newberg, Parametrix, and Leland Consulting Group

Of the 44 acres of private land in downtown Newberg, 12 acres contain the lightest shade of blue and, as just described, are therefore not redevelopment opportunities. Another 7 acres appear to be properties with structures that are in fair to average condition and therefore not likely to be the first properties to redevelop; **this leaves 26 acres that are either vacant or underutilized**. Concentrations of these properties cluster around the east and west ends of the downtown area, sporadically along 2nd Street, and, to a lesser extent, Hancock Street. Unfortunately, many of these properties are quite small and would need to be assembled together in order to create a size large enough to efficiently program most new development types. Furthermore, many properties may be underutilized, but still contain significant improvements. Redeveloping or razing these structures may prove to be cost prohibitive in the short term. Therefore, while 26 acres is a large amount of land that could be redeveloped, many of these acres, if not most, are not development-ready either physically or financially.

The largest tax parcels on either end of downtown present the most interesting locations for redevelopment. Their locations are natural gateways to the city's core, provide good exposure for signage and access for vehicles, and don't face the challenges that come with the need to assemble multiple small parcels.

Figure 6 - Downtown Newberg Redevelopment Locations



Source: Leland Consulting Group

## Downtown Newberg Future Forecast

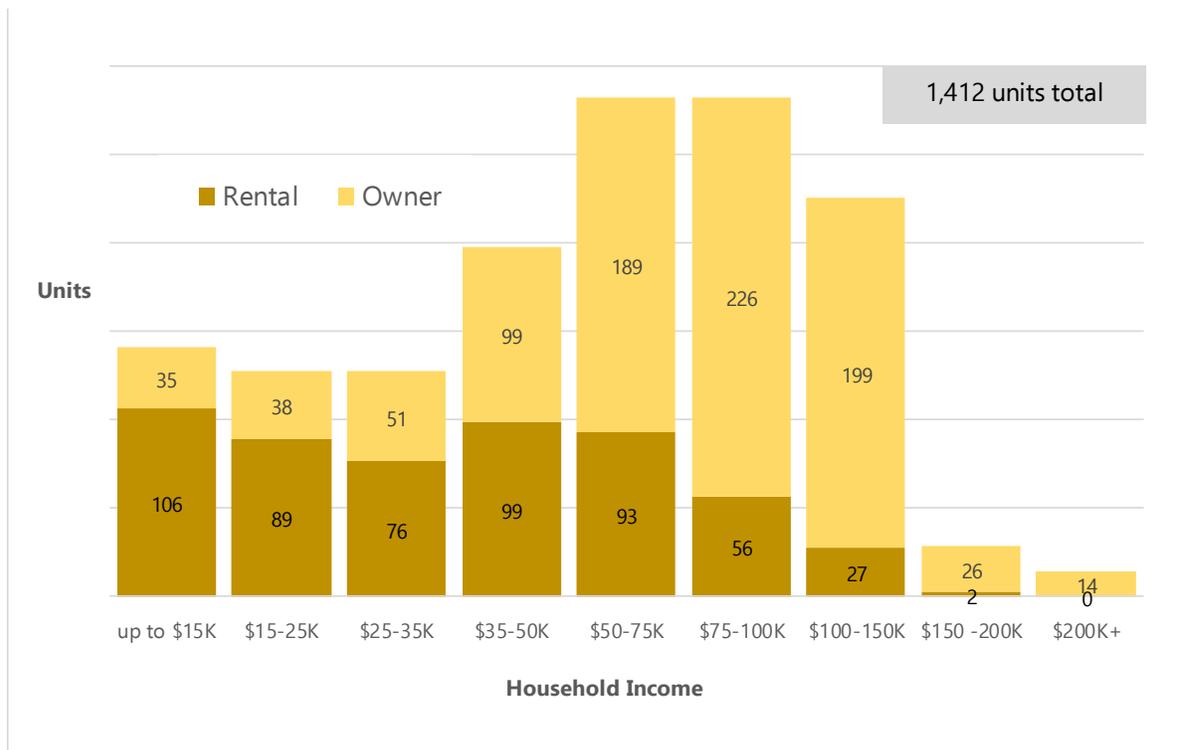
### Downtown Housing Targets

Newberg’s population continues to grow at an accelerating rate. All of these new residents will need housing. A lot of housing.

Housing formation, that is the creation of a new group of people (or a single person) moving into a new housing unit, tracks closely with population growth. However, it typically occurs most often in young adults and in seniors. Young adults and seniors are coincidentally also the two age cohorts where Newberg is seeing the most growth. Housing formation forms the basis for housing unit demand and one can infer from household formation the approximate number of housing units that a city will need in order to house future residents.

Using the current level of households in Newberg and a projected rate of household growth, one can simulate the demand for housing units in the city in the coming years. Here we have used the long-term scenario of 2030, projected forward from 2015 at the lowest annual population growth rate, similar to Newberg’s recent rate of population growth. The graph below illustrates the projected total demand for housing units over this time period broken down by income bracket and household tenure (renter vs. owner).

**Figure 7 - Long Term Growth and Housing Needs by Income, City of Newberg**



Source: Population Forecast for Yamhill County Oregon, its Cities and Unincorporated Area 2011-2035. Portland State University, Population Research Center. Fall 2012, and Leland Consulting Group (based on trending in housing growth, income brackets, and housing tenure)

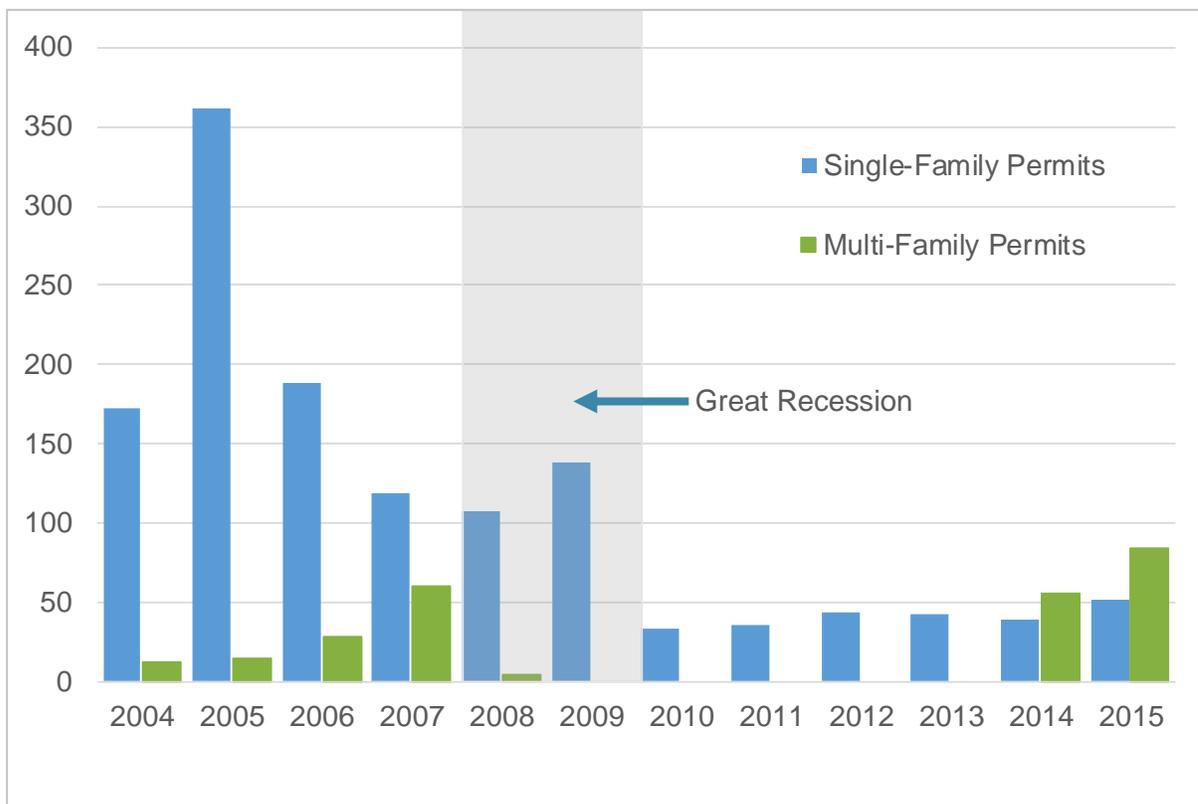
This model shows a projected demand for over 1,400 new housing units in Newberg by the year 2030. This projection is lower than projections made by the PSU Population Research Center and the Newberg

Transportation System Plan (TSP) Travel Demand Model, but in line with recent city population growth rates.

An additional 1,400 new housing units by 2030 equates to a demand over 90 new units per year. We've used income and housing tenure trends to extrapolate demand by income bracket and housing tenure type, respectively. In all, 549 total new rental units will be needed, equaling over 30 new rental units per year. Despite home ownership rates slowly declining, Newberg will still need over 870 new ownership housing units over the time frame, or approximately 58 per year.

This projected housing demand contrasts slightly with recent housing supply additions. Since the recession of 2008-2009, housing starts have slowed to a crawl in Newberg. Annual single family permit counts have, just in the year 2015, exceeded 50 units per year for the first time since 2009. Few multifamily permits have been pulled since before the recession, but starting in 2014 have started to pick back up<sup>7</sup>.

**Figure 8 - Annual Housing Permit Counts in Newberg, 2004 to 2014**



Source: SOCDS Database, US Department of Housing and Urban Development, City of Newberg, Leland Consulting Group

In order to meet future demand, housing supply will have to expand considerably in the coming decades.

## Future Housing Location and Housing Supply Targets

Many factors could influence the actual demand for homes in Newberg over the coming decade and a half. As mentioned previously, the two age cohorts within the community that are growing the fastest are young adults (millennials) and seniors (boomers). This mimics the national trend of boomers and millennials changing the way the cities organize work, play, and housing choices.

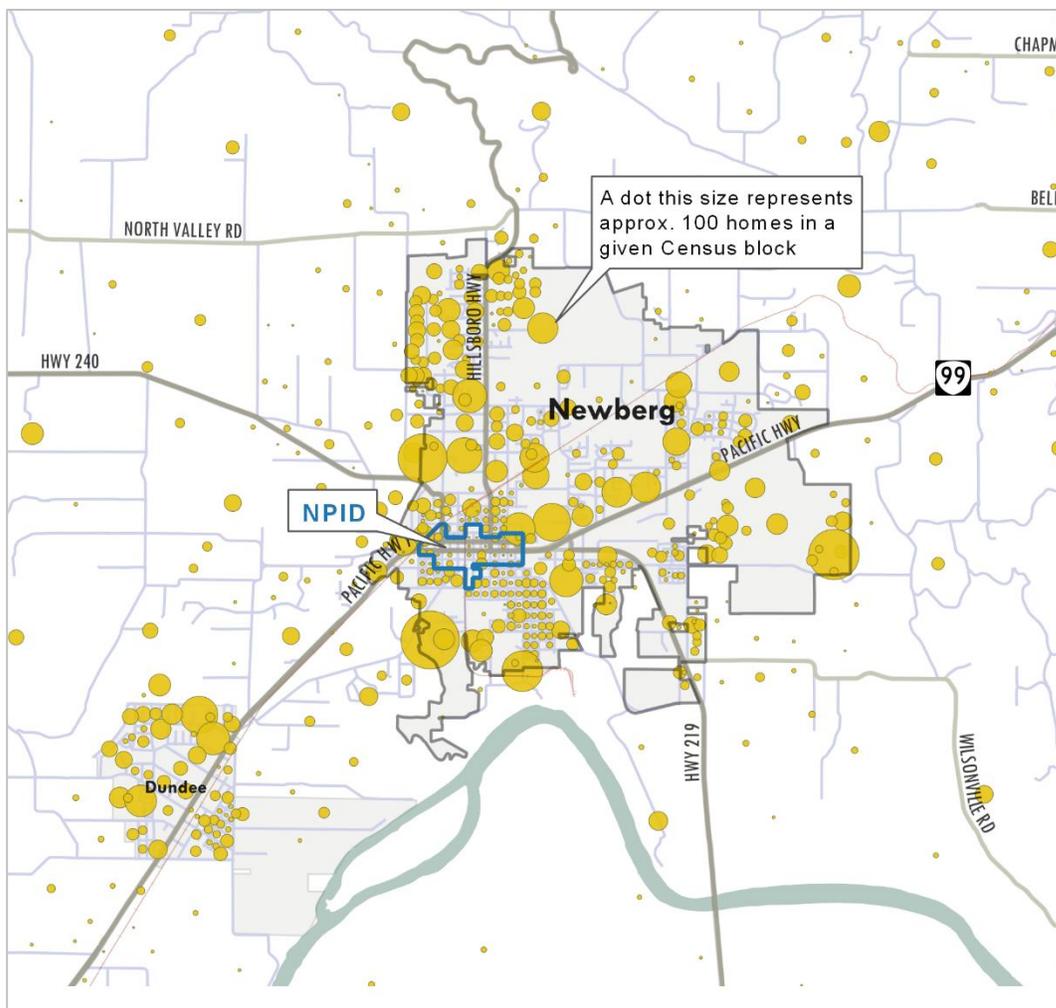
<sup>7</sup> Source: SOCDS Database, US Department of Housing and Urban Development.

Recent studies have suggested that both groups tend to be drawn to walkable, mixed-use neighborhoods that have a variety of basic daily services and housing types within easy walking distance. They value quality over quantity and desire a sense of community and place in their neighborhoods. Research suggests that these two groups will drive demand for infill development in areas such as downtown Newberg that are walkable and proximate to commercial and community amenities, and they will significantly increase demand for multifamily housing (both ownership and rental).

This housing demand analysis shows that Newberg is going to need to provide many new housing units in the coming years in order to support the city's population growth. Where will all of these homes be located?

As the following map shows, Newberg's residential population primarily stretches north and south from the downtown area, as well as to the northeast from downtown, up the spine that is Highway 99W. It appears that there is a significant quantity of land currently within Newberg's Urban Growth Boundary (UGB) that could absorb a sizable portion of the growing housing demand.

**Figure 9 - Newberg Comparative Residential Population by Block Group (2013)**



Source: U.S. Census

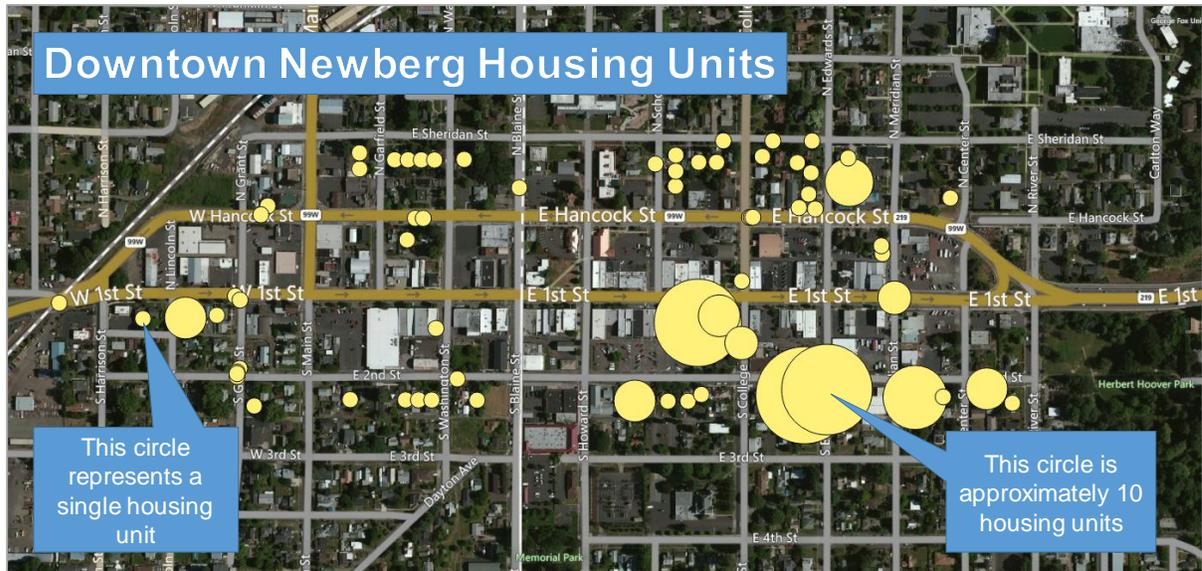
With the desires of millennials and boomers to be in walkable mixed use neighborhoods, downtown Newberg is likely to see a high demand for housing in the near future. Currently there are 140 housing units in downtown Newberg. Of this total there are:

# Downtown Newberg Future Potential Development Report

- 55 detached single family homes;
- 11 duplex or triplex units;
- 21 upstairs units in 10 buildings (located primarily on East First Street), and;
- 53 multifamily units in five apartment complexes.

The map below illustrates the housing unit concentrations. Generally, the area south of East First Street has more multifamily housing units and the area north of Hancock contains more single family homes.

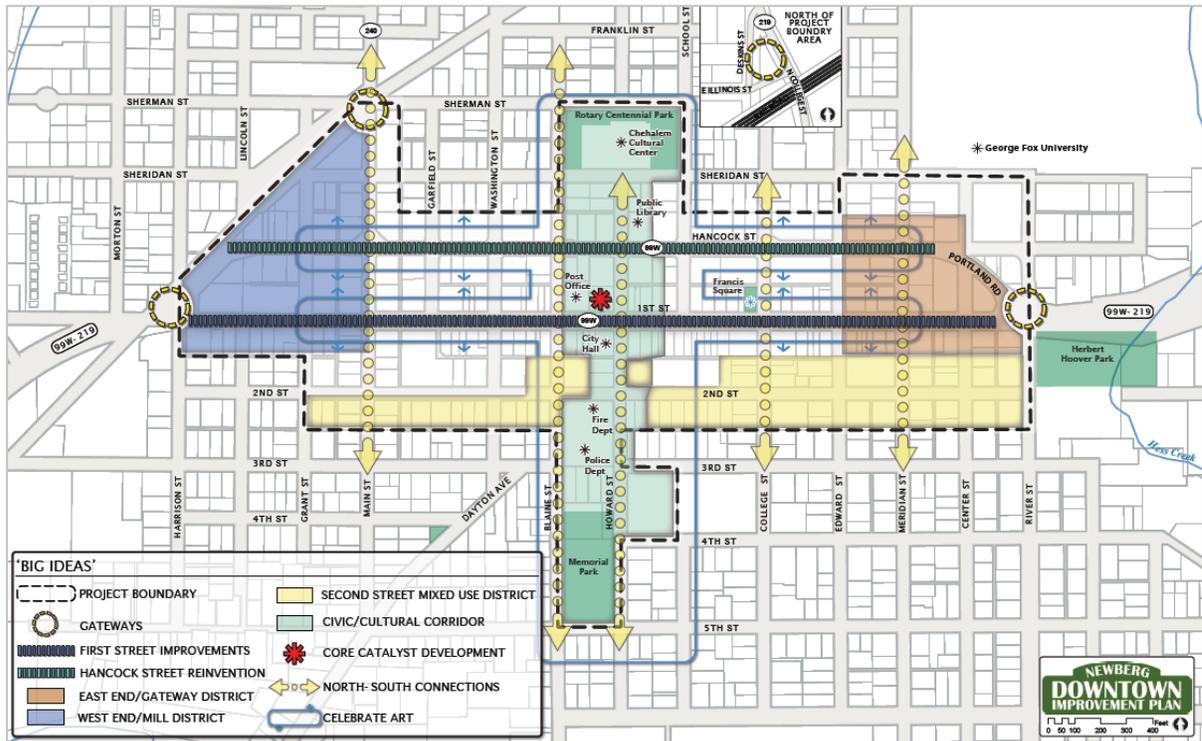
**Figure 10 - Downtown Newberg Existing Housing Units**



Source: Newberg Downtown Coalition and Leland Consulting Group.

This project, the Newberg Downtown Improvement Plan, has presented focused concepts on how and where downtown Newberg could grow, building upon the desired outcomes envisioned by the community. These “Big Ideas,” illustrated in the map below, identify how new districts could shape downtown in the years to come.

Figure 11 - Newberg Downtown Improvement Plan "Big Ideas"



Source: Leland Consulting Group, Greenworks

In order to achieve these project goals, Newberg should aim to respond to the growing citywide housing demand with a special focus on new housing unit creation in the downtown. Targeting a downtown capture rate of the overall growth in housing supply will help the city achieve its vision for a vibrant downtown while also responding to market demand.

If, for example, downtown is targeted to capture five percent of the projected citywide housing demand, using the growth rates from this study, that would mean that by 2020 there would be over 20 new housing units in the area, and by 2030 over 70 new housing units. This target 5 percent capture rate would mean that downtown Newberg should aim to support the construction of 5 new downtown units per year. The table below illustrates a range of downtown housing target capture rates and what these rates would mean for new housing needed per year in downtown Newberg.

Downtown Newberg Target Housing Unit Capture (2020 and 2030)										
Year	Projected Total Citywide New Housing Unit Demand	Downtown Capture Rate								
		5%	10%	15%	20%	25%	30%	35%	40%	
2020	471	24	47	71	94	118	141	165	188	
2030	1,412	71	141	212	282	353	424	494	565	
Downtown Units Needed Per Year to Achieve Target Capture Rate		5	9	14	19	24	28	33	38	

In reality, there are barriers that will prevent the downtown area from achieving the higher capture rates in the short to mid-term. These barriers include a lack of available development-ready sites, zoning regulations (such as a requirement of ground floor commercial space in all new buildings regardless of location in the C-Zone), need for parcel assemblage, and weak market fundamentals, (i.e., sales values or rents do not justify new construction or redevelopment).

To fully achieve the desired outcomes of a vibrant and thriving downtown and fulfill the visions of the “Big Ideas” **Newberg should target to capture as many housing units as possible downtown in the short and long range.**

In the short term, Newberg should aim to support low-cost infill housing projects in downtown. Housing types like townhouses, duplexes, and triplexes are inexpensive to construct and flexible enough to fit on a variety of site sizes and configurations. As envisioned in the “Big Ideas” map above, East 2<sup>nd</sup> street is an ideal location for these development types. Typically, these housing types are built to 15 to 22 units per acre. **With a citywide housing unit capture rate of 5 to 10 percent Newberg should plan for one to two acres of downtown to develop into housing by the year 2020.** Of course, many of these housing types may not conform to current zoning regulation in Newberg’s downtown. For example, ground floor commercial space is currently required for all new development in the downtown area. Making ground floor commercial an option, but not a requirement, would allow for more housing development in the downtown area in the short term. Code changes, incentive programs, and other actions the City can take to achieve the goals of the Newberg Downtown Improvement Plan will be addressed in the forthcoming Implementation Plan.

In the longer term, Newberg can expect a wider variety of infill housing types to be constructed. As rents incrementally climb higher, denser housing types will become feasible. Larger parcels and parcel consolidation at either end of the downtown area and along Hancock Street offer the best opportunities for developments that can meet this housing demand most efficiently. Vertical mixed use developments of three or four stories will be ideal for these sites. These projects typically are built to a density of 40 to 70 units per acre.

With a target of 5 to 10 percent capture rate of citywide housing unit demand, and assuming a mixture of low-cost infill housing and larger multifamily buildings, **downtown Newberg should plan for another one to two acres of development between 2020 to 2030.** This would likely be achieved through a mix of row house developments and apartments or condominiums that are built incrementally over the next 15 years. For example, this target could be achieved through several housing projects built over time, as illustrated below:



**Housing Type: Rowhomes**

**Units Per Acre: 15 to 22**

**Construction Cost**

\$	\$\$	\$\$\$
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**Rent Needed for Feasibility**

\$	\$\$	\$\$\$
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Sample Program for Downtown Development			
Project Type	Site Size (SF)	Number of Units	Units Per Acre
Townhomes	10,000 SF	5	22
Duplex	5,000 SF	2	17
Townhomes	10,000 SF	5	22
FourPlex	7,500 SF	4	23
Duplex	4,000 SF	2	22
Triplex	7,500 SF	3	17
Duplex	5,000 SF	2	17
Townhomes	12,000 SF	6	22
Triplex	6,000 SF	3	22
Apartment Building	30,000 SF	30	44
Apartment Building	40,000 SF	45	49
Total Number of Projects	Total Developed or Redeveloped Land	Total Units Developed	Average Unit Density (Units per Acre)
<b>11</b>	<b>137,000 square feet (3 acres)</b>	<b>107</b>	<b>26</b>

Source: Leland Consulting Group

In total, the target capture rates mean that Newberg should aim to grow downtown housing by 20 to 50 housing units in the short term and 70 to 140 units in the longer term. **This will add hundreds residents to the downtown area and consume two to four acres of downtown land.**

Growth in downtown housing in Newberg will transform the form and activity level of the center of the community. In order to achieve these target numbers, the City and community partners need to continue taking concrete steps towards encouraging development and maintaining focus on place making in the downtown. A to-be-released companion piece to this report will provide an action and implementation strategy to guide policies towards achieving these targets.

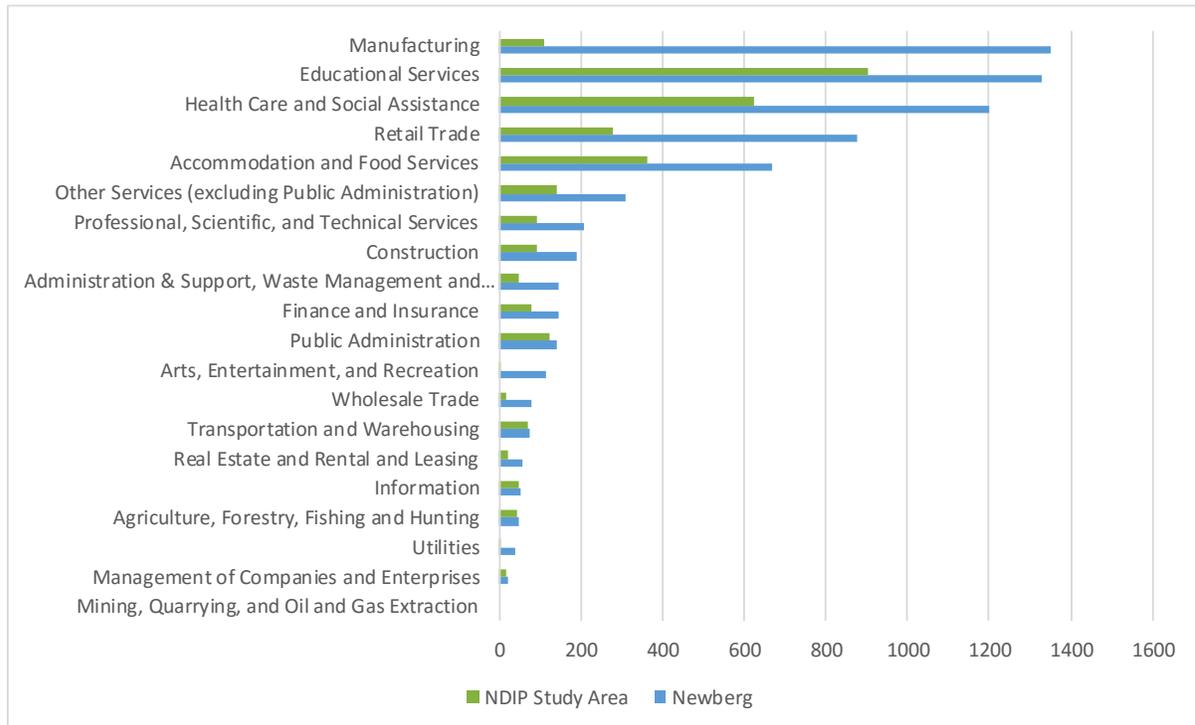
**Figure 12 - Infill Housing and Mixed Use Development Examples**



## Downtown Business and Employment Projections

Newberg has over 7,000 full-time workers, with a few large employers that form the base of its economy. At the top of the list is notable dental equipment firm, A-dec, with over 800 employees. Providence Newberg Medical Center, George Fox University, Portland Community College, and the Allison Inn & Spa resort are other significant employers. With five elementary schools, two middle schools, and a four-year high school, Newberg School District also contributes significantly to employment in the area.

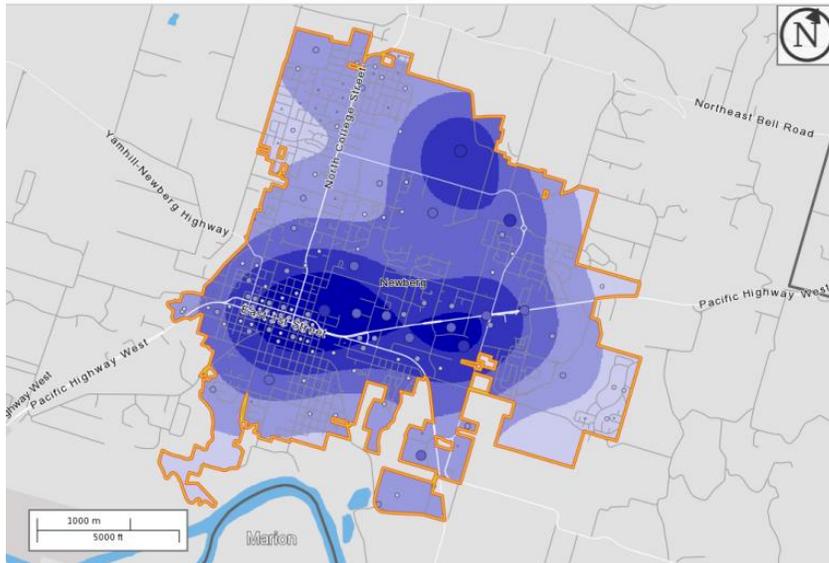
**Figure 13 - Employment by Industry, NDIP (2013)**



Source: U.S. Census Bureau

The following map outlines the major employment areas in Newberg. Downtown and 99W stretching northeast of town form the major concentration of employment locations. The dark concentration in the northern part of the city is A-dec, the dental equipment company.

**Figure 14 - Newberg Employment Concentrations**



Source: U.S. Census Bureau

Census data lists downtown Newberg as having around 3,000 full-time workers, although this number is most likely higher than the day-to-day actual numbers of workers in the downtown area. Census figures consolidate jobs by type and location. School district jobs, for example, sometimes appear all at the central location of the school district's primary offices instead of dispersed around at various schools where the actual jobs are. This is the case with the Newberg data, where over 900 of the 3,000 jobs listed in downtown are educational sector jobs. While many of these jobs are most likely located at George Fox University, they do not take place directly within the NDIP boundary.

With the educational jobs removed from the dataset, Newberg can still expect five to 15 percent more jobs in downtown by 2020 and over 15 to 50 percent more jobs by 2030, depending on whether the actual growth rate is closer to historical trends (one percent) or projected trends (3 percent). **In terms of gross new added jobs, this will mean 100 to 300 new jobs by 2020 and 300 to 1,000 jobs by 2030.** Given the setbacks of the recent economic downturn, job growth in downtown is likely to fall at the lower end of this range in the short term. Longer term growth will depend upon the macroeconomic strength of the region, along with downtown focused development policies, infrastructure development (the Newberg-Dundee Bypass being a huge variable), and continuing demographic trends towards higher demand for walkable, urban areas where people can both live and work.

In the current market cycle, construction of new commercial space in downtown Newberg is on the borderline of feasibility. Recent new construction has featured build-to-suit projects or owner-user development, typically on a limited scale. Speculative commercial development is not feasible. There are, however, one-off renovations of historic buildings across the downtown area taking place. These improvements are being driven primarily by the tourism industry, with a particular focus on wine tasting rooms, restaurants, and boutique shops. Renovations, generally, are cheaper than new construction and it is typical in downtowns to see renovations taking place before new construction.

In the short term, Newberg can expect a modest expansion of commercial space and employment in downtown. The vast majority of this expansion will continue to take place in existing improvements, as the development economics make new construction only marginally feasible. The continuing growth of wine tourism to the area and the emergence of more craft industrial or 'maker' businesses will drive much of this short term growth. These developments will increase employment in downtown five, 10, 15 employees at a time.

In the longer term, in addition to tourism focused businesses in the downtown, the service and retail sectors will respond to the addition of downtown infill housing. Larger multifamily developments will

feature ground floor commercial spaces and small multi-tenant commercial centers will become feasible. Hotel development will become more attractive as the tourist industry continues to grow. It is possible that Newberg will see one or two 65 to 70 room hotels develop in the downtown area in the next 15 years. These larger developments will add significant employment numbers to downtown's employment base.

Like infill housing, it is crucial for the city and downtown stakeholders to maintain a focus on encouraging business creation in downtown Newberg through supportive policies and proactive engagement with business and property owners. Downtown Newberg already has a community of successful business owners; helping them achieve their business growth goals and providing them room to expand within the downtown community will reinforce the momentum of this project and help achieve the desired outcomes envisioned by the community.



### Craft Industrial (Makers)

Craft industrial or makers refers to the emerging industrial and quasi-retail business type where customers can view, experience, and sample products being made in the maker space. Consumer trends towards experiences, authenticity, and buying local have driven demand for these businesses. Examples include; breweries, creameries, woodshops, wineries, distilleries, metalsmithing, and jewelry making





## NEWBERG DOWNTOWN IMPROVEMENT PLAN



# NEWBERG CORE CATALYST SITE FEASIBILITY STUDY

PREPARED BY



LELAND CONSULTING GROUP

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## Overview

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This Downtown Core Catalyst Site Feasibility Study has been prepared as part of the Newberg Downtown Improvement Plan (NDIP). In early 2015, the City of Newberg, Oregon was awarded a grant by the Oregon Department of Transportation (ODOT) and the Department of Land Conservation and Development (DLCD) to develop a roadmap for improving Newberg's downtown. This project, the NDIP, will focus on land use, transportation, and design solutions to achieve a thriving and livable downtown that meets the community's vision and aspirations. The NDIP is being led by the City of Newberg with support from a project consultant team, a community advisory committee, and general public input. The NDIP is anticipated to be complete in early 2017.

The purpose of the Newberg Downtown Core Catalyst Site Feasibility Study is to show stakeholders and the public how incremental downtown revitalization could occur by testing the feasibility of development on a quarter-block vacant site located in the heart of downtown Newberg at the northwest corner of E. First and Howard Street, commonly known as the Butler Property. Testing the feasibility involved developing several alternative development programs (mixes of uses), preparing architectural studies of each, and financially modeling them to test whether potential development revenues exceed project costs, thereby making the project feasible. Where not feasible, the analysis makes recommendations on strategies to enhance feasibility.

## Key Questions

The purpose of this study is to evaluate the feasibility of developing the city owned property known as "the Butler Property" located at the core of downtown Newberg. A few of the key questions that this study addresses are as follows:

- Is it financially feasible to develop the Butler Property in today's market?
- Which of the development programs considered is the most feasible, or the closest to feasibility?
- If the development programs are not feasible what modifications to the building, or changes to the program could make them feasible?
- What other options for development of the site should be considered?

## Summary of Findings

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This study set out to analyze the feasibility of development on the subject site, “the Butler Property.” The site is primarily constrained by its small size, but also suffers from limited exposure and, at the moment, significant traffic volume and noise.

The feasibility analysis considered three different development programs for the subject site. These programs were identified through analysis of the downtown Newberg market and via direction from the NDIP Project Management Team and Project Advisory Committee. The three development programs are:

- A hotel with limited ground floor retail and internal parking
- Mixed-use office, with two floors of office space above a first floor with retail and parking
- Mixed-use residential, with three floors of rental apartments above a first floor of retail and parking

The analysis showed that none of these options are outright feasible in today’s market, but that a mixed-use residential project is the closest of the three options to feasibility. Should the City decide to pursue this development type, gap financing, a relaxation of parking limits, a denser building design, or a combination of these incentives would be necessary for the project to become feasible.

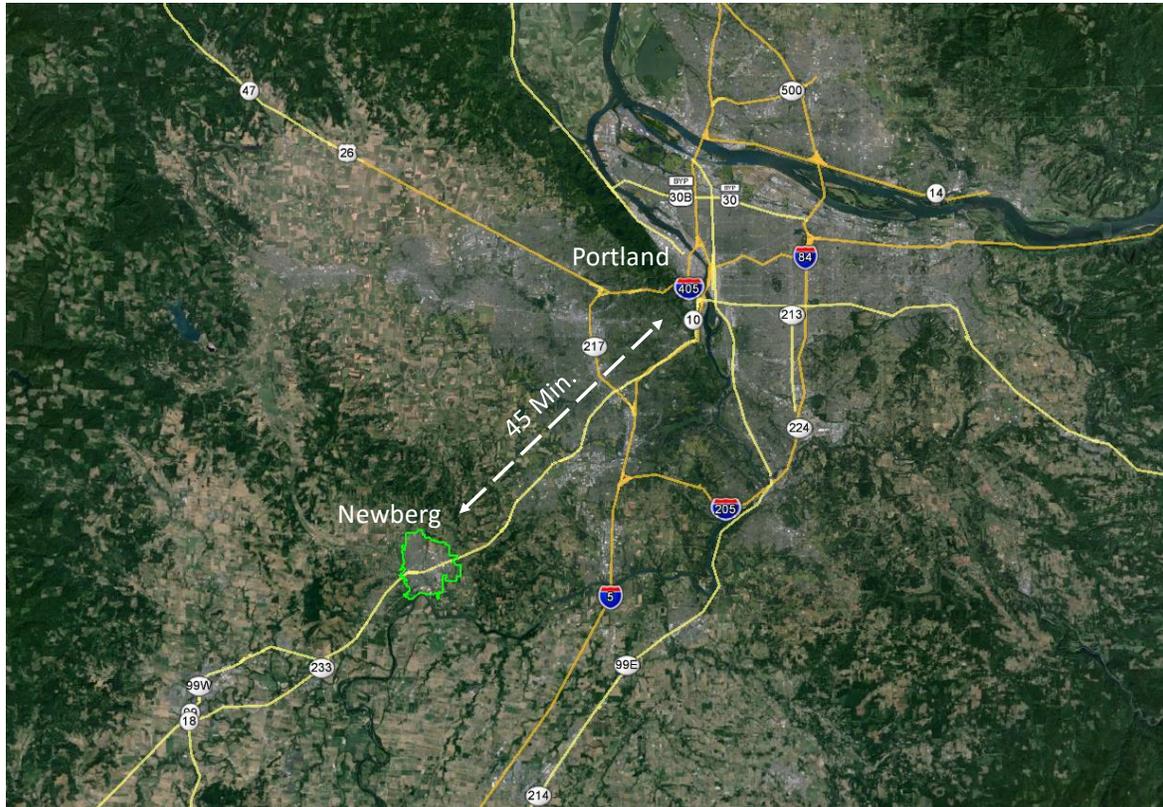
Other options worth considering for the site’s development include a public gathering space with limited retail/restaurant/microbusiness space or a mixed-use student housing development. Each of these options may be more feasible than the three development options analyzed in depth here.

## Geographic Context

### Area Analysis

The city of Newberg is located approximately 45 minutes by car southwest of Portland, Oregon. Newberg is a city of 22,900 people and is experiencing considerable population growth. The map below illustrates Newberg's location relative to the Portland metropolitan region.

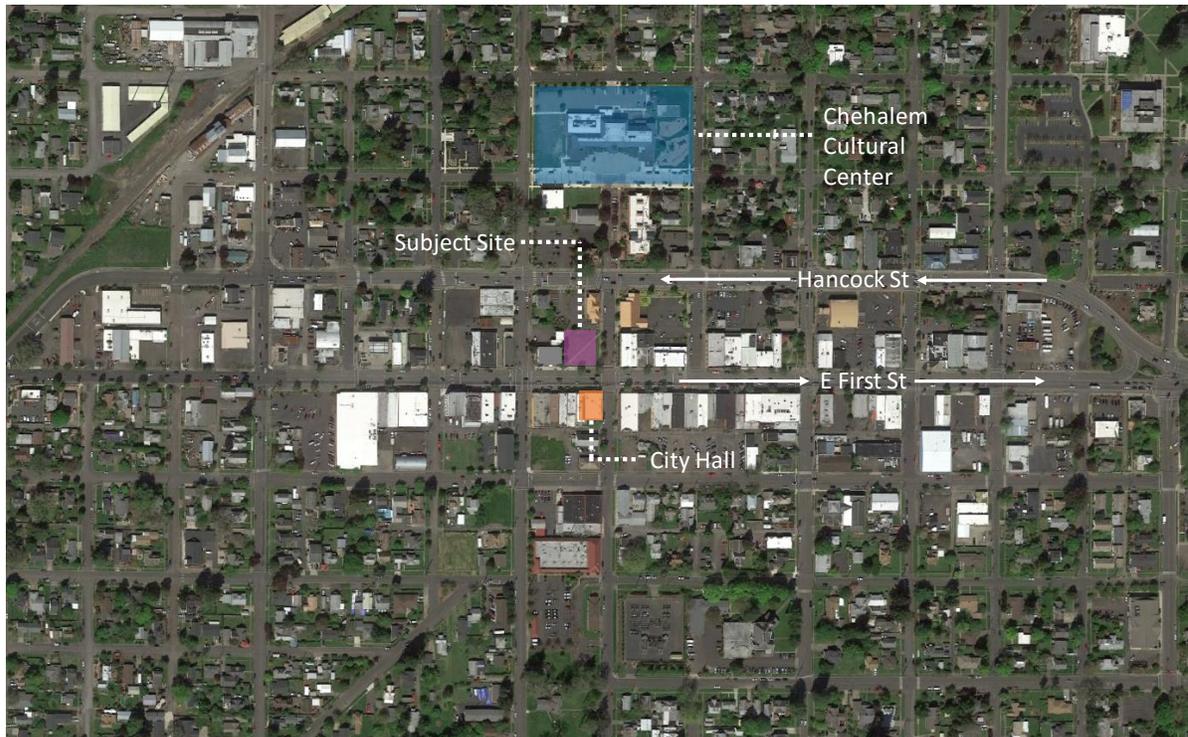
**Figure 1 - Location of Newberg, Oregon**



Source: Google Earth, Leland Consulting Group

Within Newberg, the subject site is located in the geographic center of the historic downtown area. Downtown Newberg is the civic hub and a major commercial district for the city. The downtown area provides a number of opportunities for future development. The area is more walkable than the strip commercial area of Highway 99W to the east and retains a classic grid street layout. In recent decades, traffic volumes, noise, and pollution have taken away from the natural attractiveness of the city center's classic early 20<sup>th</sup> century form. With the opportunity to route more traffic, and specifically truck traffic, on the upcoming Newberg-Dundee Bypass, downtown will become more attractive for investment.

**Figure 2 - Location of the Butler Site in Downtown Newberg**



Source: Google Earth, Leland Consulting Group

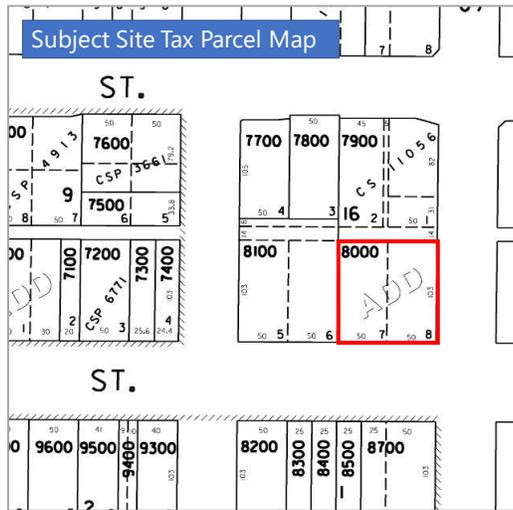
The subject site sits at the pivot point within the downtown area. Directly south, across East First Street, is City Hall, and a couple of blocks north is the Chehalem Cultural Center. The site is located in the one-way street couplet system of Hancock Street (west bound traffic) and East First Street (east bound traffic). These streets are also a major state highway, Oregon Highway 99W, with traffic volumes in excess of 16,000 vehicles per day in either direction and over 35,000 vehicles per day if both directions are counted together<sup>1</sup>.

## Site Analysis

The subject site is a 10,300 square foot vacant lot with no improvements present. The site is level and at street grade and measures 100' by 103.' The City of Newberg is the current owner of the site.

<sup>1</sup> Oregon Department of Transportation 2014 Traffic Volumes Tables, [http://www.oregon.gov/ODOT/TD/TDATA/Pages/tsm/tvt.aspx#Transportation\\_Volumes](http://www.oregon.gov/ODOT/TD/TDATA/Pages/tsm/tvt.aspx#Transportation_Volumes), Page 92.

**Figure 3 - Tax Parcel Map of the Butler Site**



Source: Yamhill County Assessor

There is a vacated public alley located along the northern edge of the site. It appears that the bank property immediately to the north of the subject site occupies this space and uses it for a drive aisle for its parking lot.

### Location, access, and exposure

The subject sits on East First Street at the intersection of Howard Street. As previously mentioned, the daily traffic volumes along East First Street are significant, with over 16,000 vehicle passing the property each day. Howard Street appears to see significantly less daily traffic, and there is no visibility of the site from Hancock Street.

There is on-street parking adjacent to the site along both East First Street and Howard Street. The city block to the southeast has a City owned public parking lot with 88 spaces that can be easily accessed from East Second Street (see Figure 4. below).

Figure 4 - Close Up Aerial View of the Butler Property



Source: Google Earth, Leland Consulting Group

Figure 5 - Aerial View of the Butler Property from City Hall

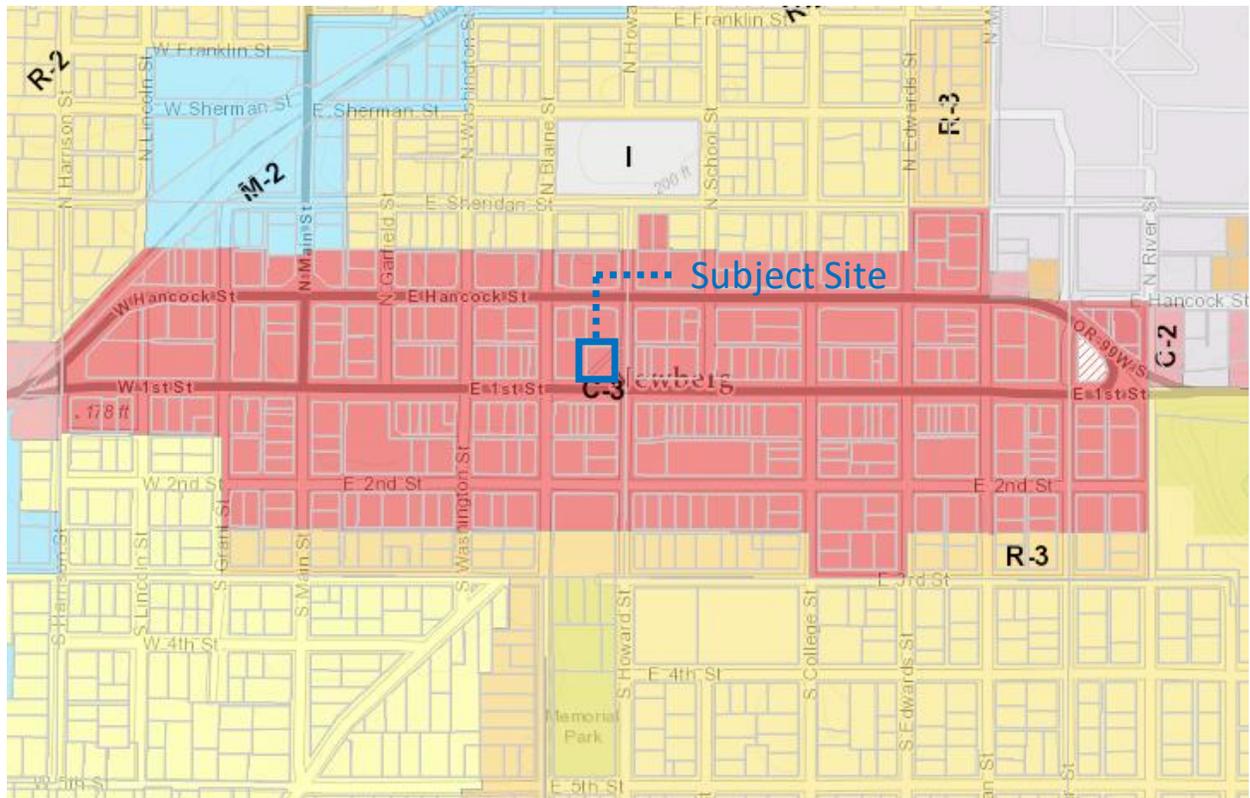


Source: Leland Consulting Group

## Land Use and Zoning

The subject is zoned C-3 – Central Business, a mixed use zone designation that allows for a variety of commercial and residential uses with an emphasis on creating a dense and urban development form. Zoning standards are quite lenient in the C-3 zone, with no setbacks, height limits, floor area ratio (FAR) limits, low parking requirements, and a wide range of allowed uses.

Figure 6 - Downtown Newberg Zoning Map



Source: City of Newberg, Leland Consulting Group

## Area and Site Analysis Summary

The subject site is located in the historic district of downtown Newberg. Generally, development prospects in the immediate area are on the rise, as Newberg's population continues to grow. The site itself is development ready and is located in a pivotal location in the downtown core. Traffic volume is significant, although the property's only visible from traffic traveling east on First Street or North/South on Howard Street. There is no site exposure to Hancock Street. Zoning is flexible with few setbacks or other building envelope restrictions. The site primarily suffers from its small size. At 10,300 square feet most development programs are going to be constrained and inefficient.

## Demographic and Market Analysis Summary

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An earlier report in this project, the Newberg Market Conditions Report, provided a detailed analysis of Newberg demographics, current market conditions, and market trends. Provided here is a summary of those findings.

### Newberg Demographic and Economic Summary

Newberg, Oregon is a city of approximately 23,000 people located 26 miles southwest of Portland, Oregon. Newberg was settled in the mid-19th century and later platted and incorporated as a city in 1889. Today Newberg is known as the gateway to Yamhill County's many wineries and one of the focal points of the Willamette Valley's wine country. Newberg is well positioned between the growing Portland metropolitan area to the northeast and the agricultural economy of the surrounding Willamette Valley. Below is a snapshot of Newberg's demographic profile.

- Newberg outpaced the state's growth rate during the decade of 2000 to 2010 and is currently continuing to grow at a faster rate than the rest of Oregon. **Between 2015 and 2020 Newberg is forecasted to grow by an average 1.89 percent per year<sup>2</sup>.**
- The average household size is **2.64 people, compared to Oregon's average of 2.45.**
- Nearly a quarter of Newberg's households (23 percent) are single-person households and 33 percent are two people. **Together, one and two-person households make up 56 percent of the total population.** Seventeen percent of Newberg households are three people and 15 percent are four people.
- **Newberg's household median income is \$58,602**, which is slightly higher than both the Oregon and U.S. household median incomes.
- As of 2010, about **59 percent of Newberg housing units are owner-occupied** and 35 percent are rented.
- Approximately 28 percent of Newberg's population is a high school graduate or has a GED; 25 percent have had some college, but no degree; **over 20 percent have a bachelor's degree; and 9.3 percent have a graduate degree.** These percentages are in-line with the State of Oregon numbers.
- While Newberg's population is fairly homogeneous at 85 percent white, **over 14 percent of the population identifies as Hispanic.**

Newberg is the second largest city in Yamhill County after McMinnville, and together the two cities comprise over half of Yamhill County's population. Yamhill County has seen a steadily declining unemployment rate since the end of the recent recession. The seasonally adjusted unemployment rate was 6.6 percent in 2014, down from 7.6 percent in 2013. The month by month unemployment rate for 2015 has continued to show promising declines. It's worth noting that 7.6 percent down to 6.6 percent is a considerable drop and reflects the county's steady climb out of the recent recession.

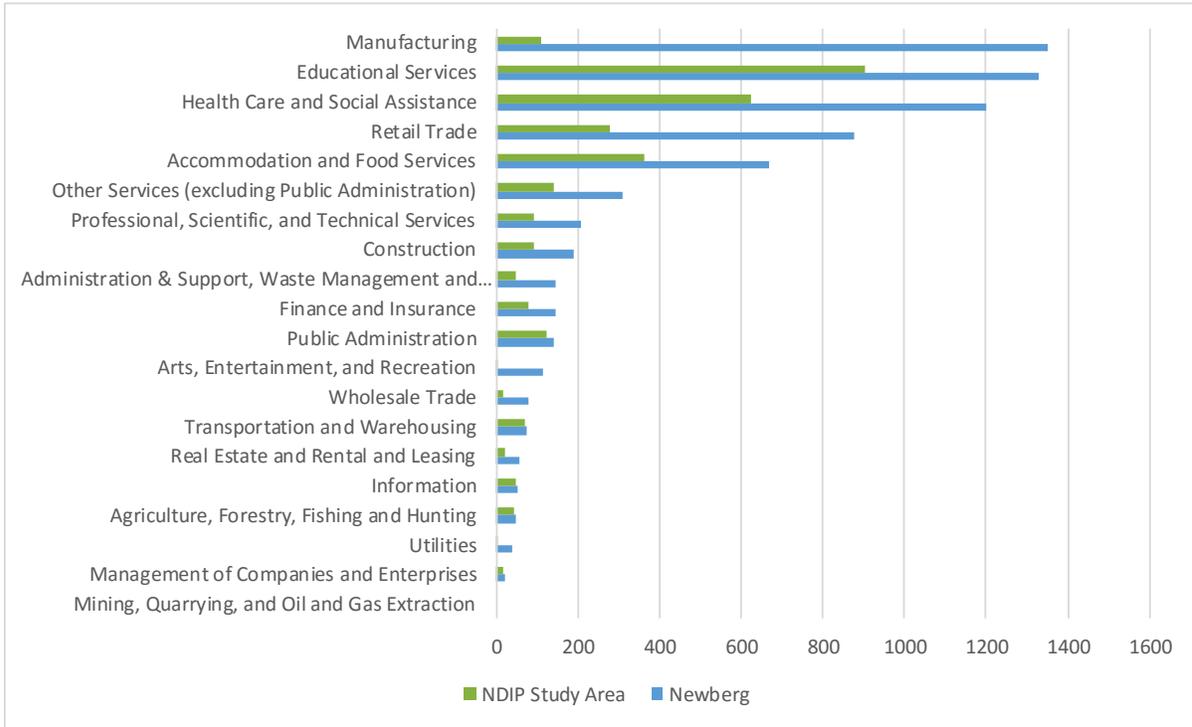
Newberg has over 7,000 full-time workers, with a few large employers that form the base of its economy. At the top of the list is notable dental equipment firm A-dec with over 800 employees. Providence Newberg Medical Center, George Fox University, Portland Community College, and the Allison Inn & Spa resort are other significant employers. With five elementary schools, two middle schools, and a four-year high school, Newberg School District also contributes significantly to employment in the area.

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<sup>2</sup> City of Newberg, best estimate from recent growth

Figure 7 below illustrates the breakout of employment by industry within the entire city of Newberg as compared to the employment within the NDIP study area geography.

**Figure 7 - Employment by Industry, NDIP and Newberg (2013)**



Source: U.S. Census Bureau

## Newberg Real Estate Markets

### Residential

Single-family home prices in Newberg have yet to rebound to pre-recession levels and single-family housing permits in Newberg have declined dramatically since the recent recession. Fewer than 50 permits have been issued annually since 2009. While illustrative of the overall housing economy, single-family housing is not likely to be a significant use in the NDIP study area, and although condominiums are an appropriate use for downtowns, market fundamentals (pricing, lending criteria) are greatly favoring apartments over condominiums in all but the most expensive urban housing markets like downtown Seattle or Portland. Over the long term, however, these conditions might change and the market could favor condominiums over apartments.

Nationally, apartment demand and occupancy remains strong and demographics clearly favor the apartment sector over ownership housing. Declining homeownership is increasing the demand for apartments generally, and financing for home ownership has become much more difficult, which is exacerbating the shift to apartments, particularly among newly formed millennial households. Additionally, weak employment growth has resulted in more part-time jobs and weak income growth, which has created more renters. Apartment growth is most apparent in larger cities, near city centers, neighborhood centers, and along frequent transit lines.

The Newberg rental apartment market is of modest size and, despite relatively low rents, there is exceptionally tight vacancy. According to CoStar Property Analytics, there are 59 multifamily properties in the city of Newberg with an average size of 36 units. Few market-rate units have been added to the

market in the past decade. Multifamily rents are stable but generally lower than necessary to allow new construction to be feasible. Rents range between \$0.96 per square foot per month for average properties to \$1.20 to \$1.28 per square foot per month for newer construction. The newest apartment complex in Newberg, Springbrook Ridge which is completing construction in 2016, has asking rents of \$1.18 to \$1.25 per square foot per month.

Typical to the Newberg multifamily market are two to 10-unit complexes built in the 1970s and 80s. CoStar reports that the multifamily vacancy rate has fluctuated between less than two percent to almost four percent in the past five years. The current multifamily vacancy rate stands at an incredibly low 2.4 percent.

### Retail

CoStar reports that Newberg has 191 retail buildings totaling 1.32 million square feet of retail space. The market has a low vacancy rate of 3.8 percent. Rents vary widely by retail property type, condition, and configuration. New retail pads along 99W east of the downtown area are asking between \$13 per square foot per year on a NNN (triple net) basis<sup>3</sup> to the high \$20s. A few asking rents for new, first generation space are even in the low \$30s NNN.

Downtown Newberg consists of 102 retail buildings that account for 30 percent of the citywide retail stock by square footage. Rents in the downtown area are a magnitude lower than the strip retail on 99W. Average asking rates are between \$9 per square foot per year to \$12 per square foot per year on a triple net equivalent basis.

### Office

Newberg has 87 office buildings with a total of 429,969 square feet of rentable space. Typical to the Newberg office market are wood-framed Class B and C office buildings built between 1960 and 1990. Office vacancy stands at 7.5 percent according to CoStar; this is down from a high of almost 14 percent at the peak of the recession in 2009. Gross office rents<sup>4</sup> currently average around \$16.60 per square foot per year. Examining current listings, there are a number of available spaces in buildings constructed in the past decade along the 99W corridor northeast of downtown. These availabilities have asking gross rents that range from \$14 to \$24 square foot per year.

The office market in downtown differs from the citywide office market in a number of ways. The 27 office properties in downtown Newberg are, on average, smaller and older than offices citywide, with an average size of 3,021 square feet and average year built of 1958. Office vacancy downtown appears to be almost nonexistent, and in a related fashion, rents have been climbing in recent years. Although limited data is available, CoStar reports a current direct gross rent of \$20.52 per square foot per year for the NDIP area. This number has jumped considerably from 2008 to 2012, when office rents were averaging around \$13 per square foot per year.

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<sup>3</sup> Triple net leases or NNN leases are commercial real estate leases where the tenant is responsible for all of the property's expenses, with the exception of structural maintenance and tenant management fees. NNN leases are typical for retail and industrial properties.

<sup>4</sup> Gross rent structures are rents in which the landlord pays for most of the property's expenses. For this reason, gross rents are typically higher than triple net rents. Full service gross rents refer to when a landlord is paying all of a property's expenses, whereas "modified gross" refers to when the tenant and landlord share expenses.

## Feasibility Analysis

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This feasibility analysis considers three different development programs for the subject site. These programs were identified through analysis of the downtown Newberg market and via direction from the NDIP Project Management Team and Project Advisory Committee. The three programs are;

- A hotel with limited ground floor retail and internal parking
- Mixed-use office, with two floors of office space above a first floor with retail and parking
- Mixed-use residential, with three floors of rental apartments above a first floor of retail and parking

Leland Consulting Group created financial models, often times referred to as 'pro formas,' using local market assumptions to explore the financial feasibility of these three programs. The type of pro forma used in this analysis is a residual land value model. These models use costs, rents, and other assumptions from the local market as inputs, and then the model outputs the maximum land value that the developer could afford in order to reach target financial returns. The residual land value output should, at the very least, be a positive number. For complete feasibility, the residual land value output should be at or above the market value for the subject's land.

Key assumptions are critical to the accuracy of a financial model. A few of the general key assumptions are listed below:

- On-site parking is a feature in each of the three development program options. The C-3 Zone in which the subject site sits does not require parking for uses other than residential. For residential uses, a ratio of 1 parking space per unit is the requirement. Each option includes as much on-site parking as believed to be physically possible given site and design constraints. The number of parking spaces in each option does not always meet the zoning code requirement. Furthermore, it is assumed that there would be a monthly charge to residents for use of a parking space. This 'uncoupling' of parking from specific residential units is common in urban areas.
- Construction costs are an important component to any feasibility model. In this case we have used between \$130 to \$160 per square foot for total construction cost (hard and soft costs). This assumes primarily wood construction over a concrete podium. Estimating construction costs is always a moving target, and in the current market cycle costs are rising due to market demand for labor and materials. Should one of these development options be pursued, costs at the time of construction could be significantly different than the numbers modeled here.
- Capitalization rates are the ratio between a development's net income stream and its total market value. These rates indicate a level of risk or stability in the potential future income of the property. Typically, higher capitalization rates indicate higher risk and lower capitalization rates indicate more stability. Capitalization rate selection for these development options was determined through analysis of regional rate trends and a consideration of Newberg's relative position to the Portland market.
- Each development option contains ground floor retail space. This is a requirement of the C-3 zone and would add additional income to the development's cash flow. As discussed in the previous section, retail rents in the downtown area are modest, with the upper end of rents hovering around \$12 per square foot<sup>5</sup> on a triple net basis. The financial models here consider a retail rent of \$18 per square foot on a triple net lease structure. This is a magnitude higher than current retail rents in downtown, however this retail space would arguably be the best new space in downtown Newberg.

The following pages consider, in detail, each of the three development options for the site.

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<sup>5</sup> \$12 per square foot *per year*

## Hotel Analysis

This option considered building a mixed-use building on the subject site. The building would have parking, retail, and a lobby on the first floor. Hotel units would make up the upper floors. The sketch on the right illustrates a potential massing for the hotel building. The financial model considers a building of four stories.

Building a hotel on the subject site would be a great challenge and would likely not be economically feasible. This is primarily due to the following issues:

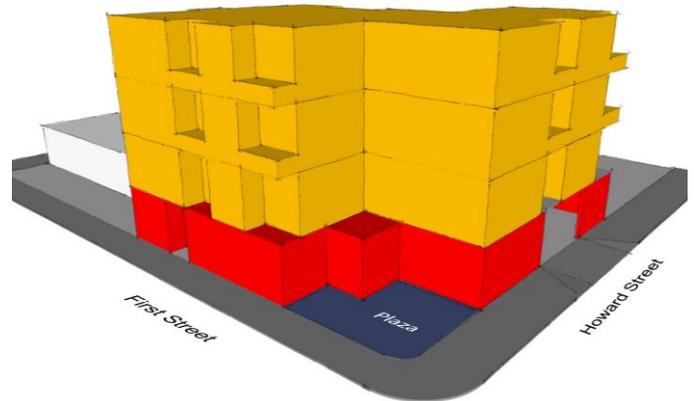
- Average Daily Rate (ADRs – the average daily rate per room per night after factoring in vacancies) that are potentially achievable are too low to warrant construction costs.
- Projected Net Operating Income (NOI) is insufficient to cover operating costs, debt, and return targets.
- Even if the land was contributed to the project at no cost to the developer, this option would require significant subsidy.
- The site size does not enable a sufficient number of parking spaces for a hotel to operate efficiently. With only 20 parking spaces the development would have fewer than 0.50 spaces per hotel room. This low ratio is well outside of current hotel market standards.
- The number of rooms (39) is likely too few to attract a hotel brand and potential local owners would have trouble qualifying for financing without a major brand.

Hotel Model Assumptions	
Building Size	26,420 Gross SF
Rentable Spaces	39 Hotel Rooms 705 Retail Rentable SF
Rents	\$120 Hotel Average Daily Rate (Year 1)
Parking Spaces	19 Ground Floor Internal Parking Spaces

Figure 8 - Urban Hotel Example



Figure 9 - Hotel Massing Model



Source: Greenworks

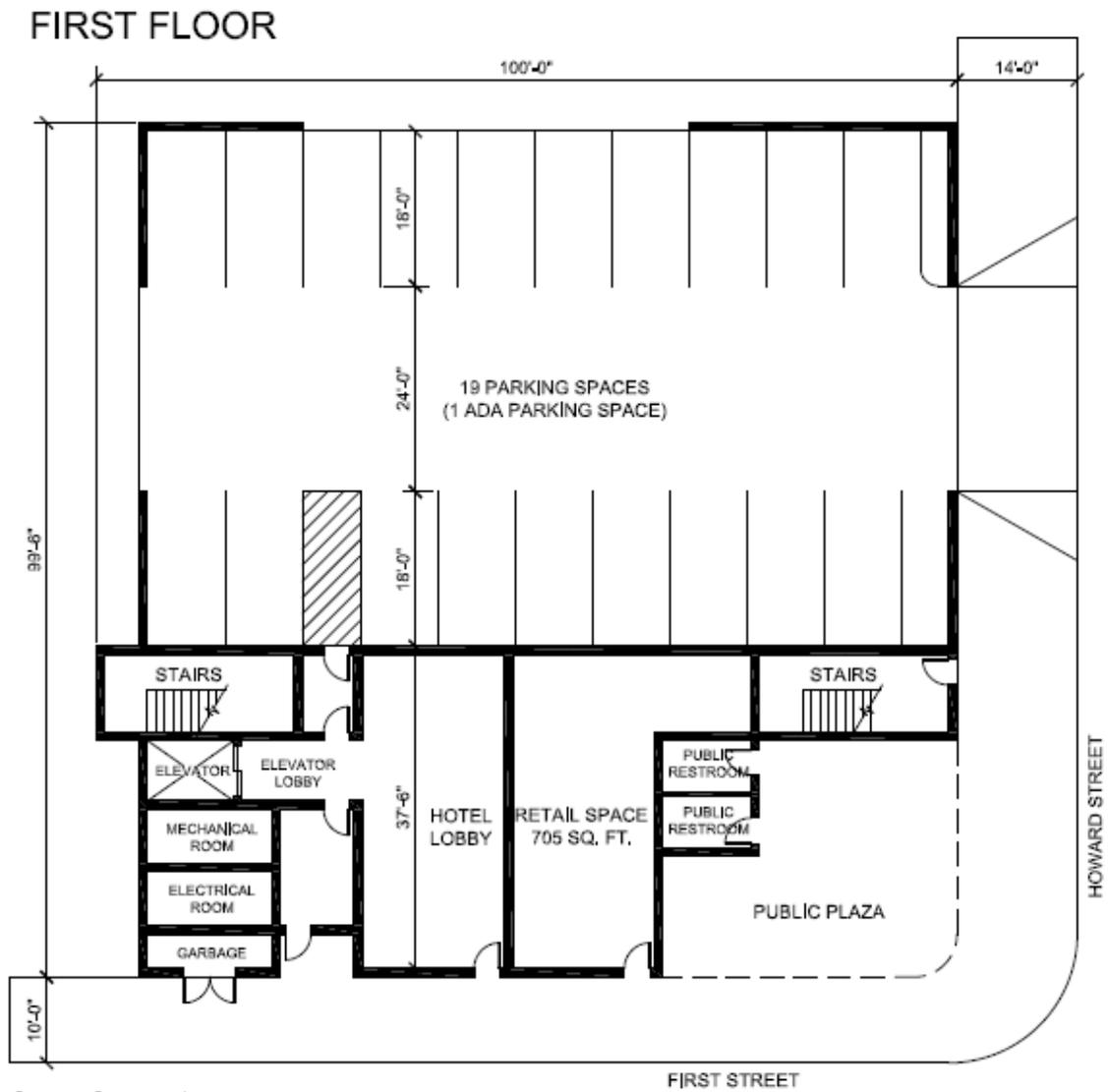


Figure 10 - Hotel Option Residual Land Value Per SF



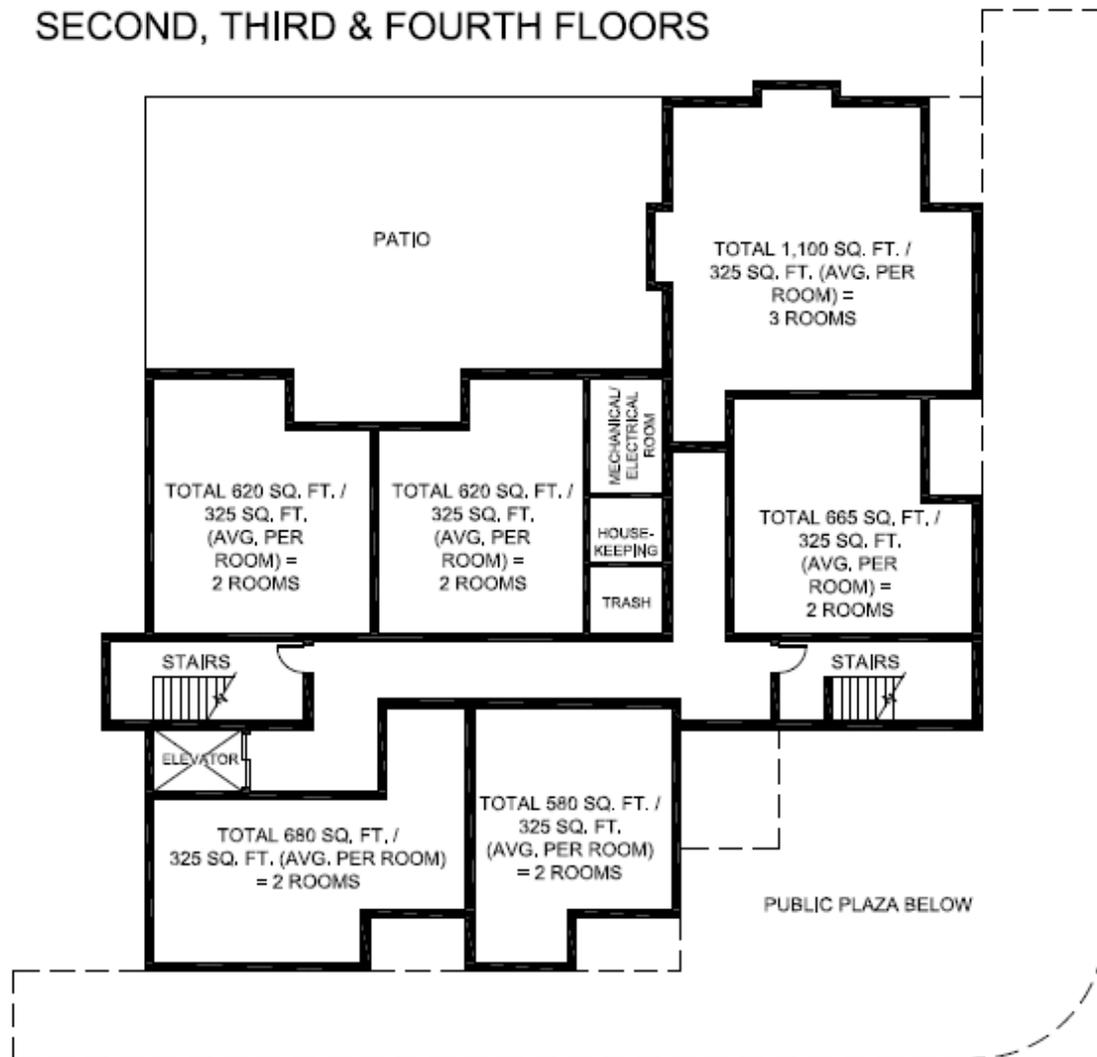
Source: Leland Consulting Group

Figure 11 - Hotel Option, First Floor



Source: Greenworks

Figure 12 - Hotel Option, Second, Third, and Fourth Floors



Source: Greenworks

## Office Mixed Use Analysis

This development option considered the construction of a three-story mixed use building with two floors of office over a first floor of parking and retail space. As described in the market analysis section, the downtown office market in Newberg is locally focused and does not currently have demand for speculative office space. It is for this reason that only two floors, a total of 14,000 rentable square feet, of office space was considered. Furthermore, because of this lack of demand for office space in downtown, it is assumed that an office user (or users) would be secured prior to construction in order for this option to be financed.

That being said, in order for this option to be financially feasible, a prospective office user would have to lease the office space for a rent almost 50% above current market rates<sup>6</sup>. It would be very challenging to find an office user willing to pay such high rates unless it were an owner-user. Therefore, this option is considered not feasible.

Feasibility issues include:

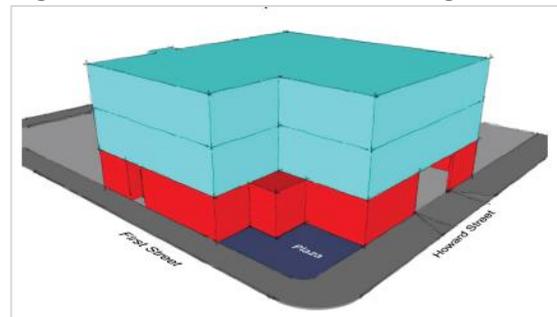
- Weak office market demand
- Low office market rents

Office Model Assumptions	
Building Size	25,373 Gross SF
Rentable Spaces	14,000 SF Office Space 1,350 Retail Rentable SF
Rents	\$23 per SF Modified Gross Office Rent  \$18 per SF NNN Retail Rent
Parking Spaces	19 Ground Floor Internal Parking Spaces

Figure 13 - Downtown Office Example



Figure 14 - Office Mixed Use Massing Model



Source: Greenworks

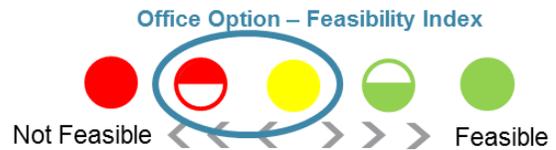


Figure 15 - Office Option Residual Land Value Per SF

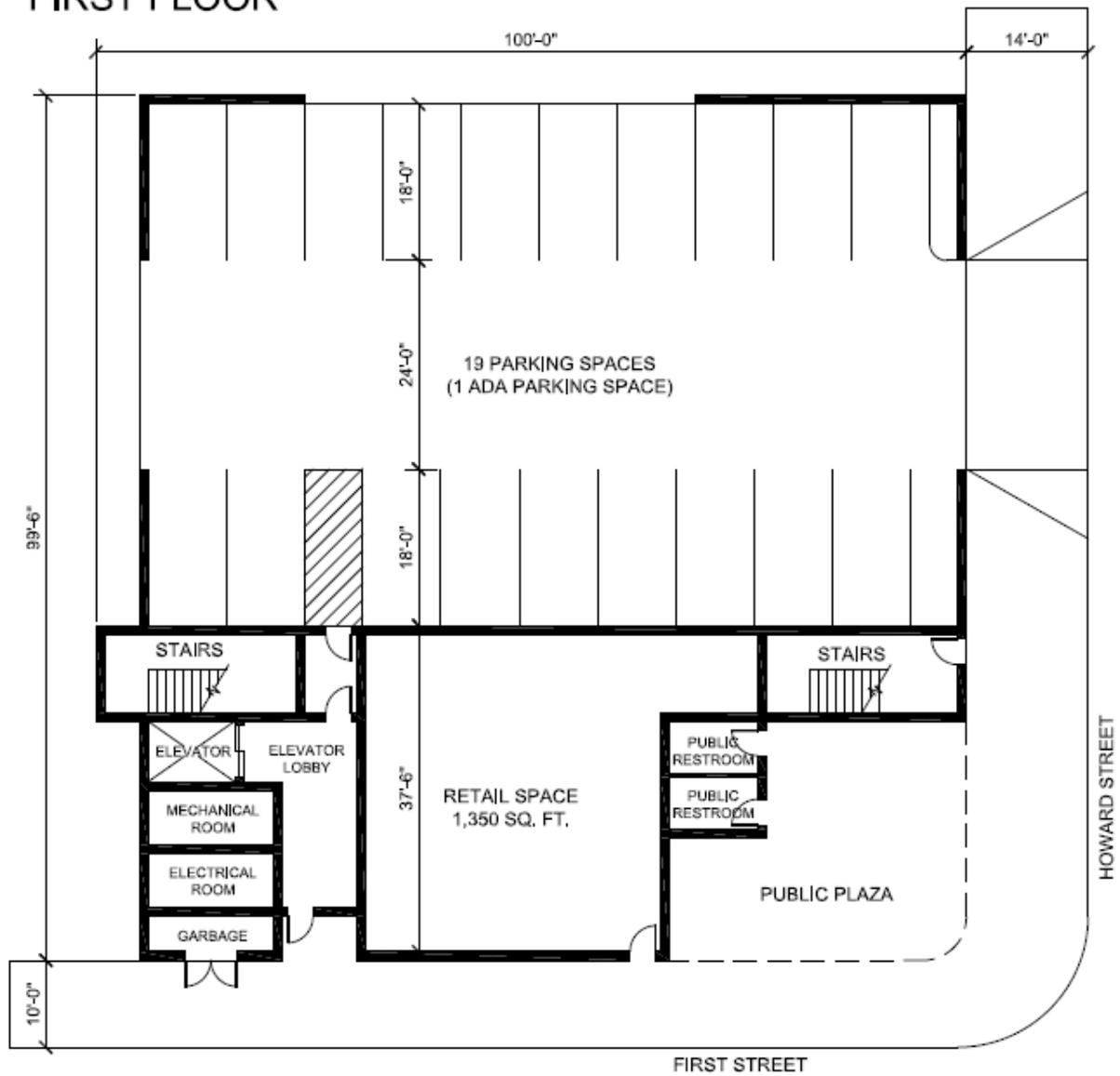


Source: Leland Consulting Group

<sup>6</sup> Assumes a market rate of \$21 per SF, NNN. The pro forma is feasible at a rent of approximately \$30 per SF, NNN.

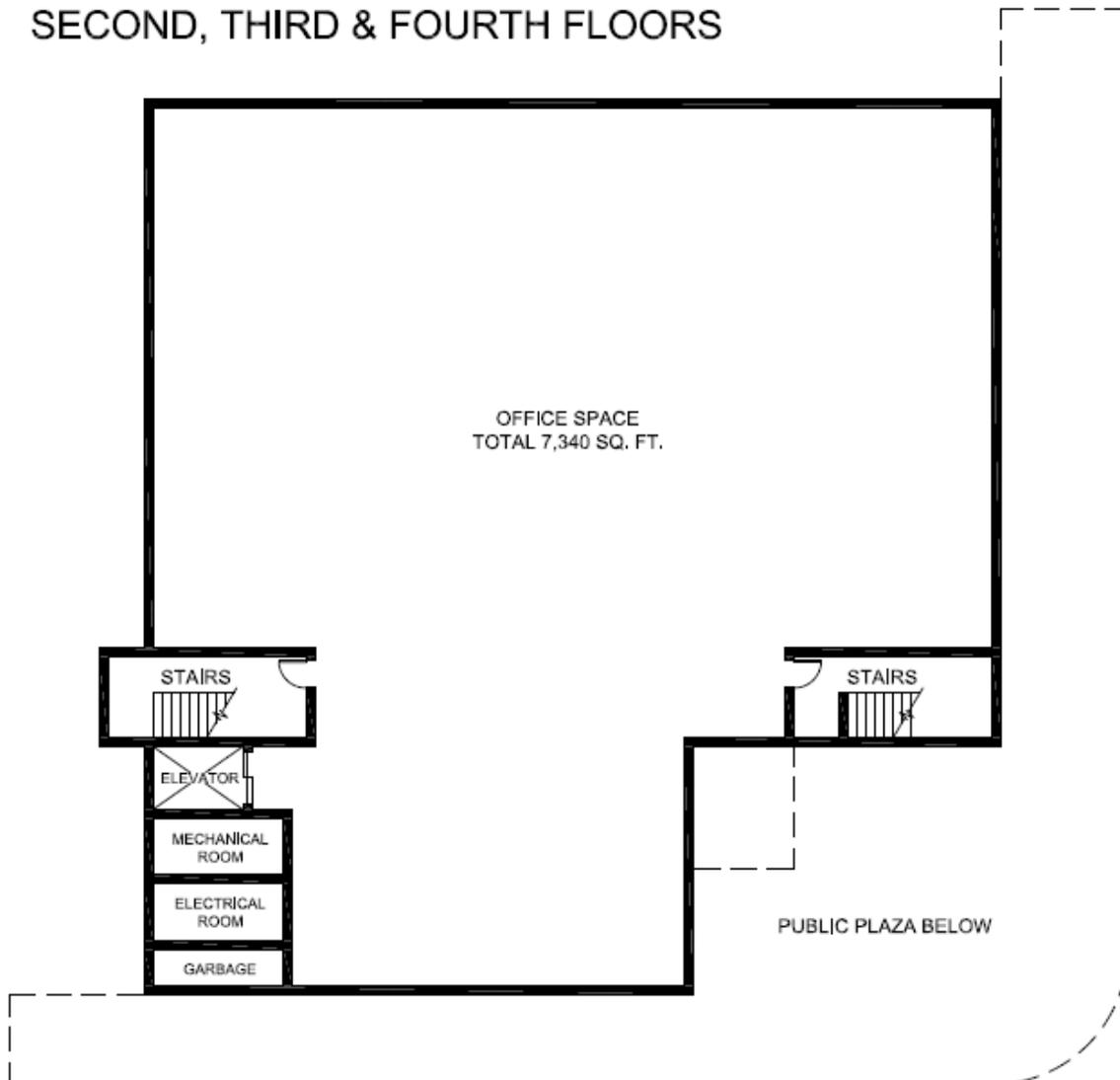
Figure 16 - Office Option, First Floor

### FIRST FLOOR



Source: Greenworks

Figure 17 - Office Option - Second and Third Floors<sup>7</sup>



Source: Greenworks

<sup>7</sup> The floor plate shows more than 7,000 SF rentable office space. Given the depth and width of the space it's assumed that an atrium and skylight would be necessary in the center of this space and would be deducted from the Rentable Building Area (RBA). Without a skylight, the center of the floorplate would be unreasonably dark.

## Residential Mixed Use Option

The residential mixed-use option is the most intriguing of the three options analyzed in this study. Newberg’s housing demand is strong and is expected to remain steady for the foreseeable future. Average residential rents, however, continue to be lower than is typically necessary to warrant new construction.

This option considered a four-story building with three floors of rental apartments over a ground floor of parking and retail space. Two residential mixed-use options were considered. One option features a small corner plaza at the intersection of East First Street and Howard Street. The plaza feature is intended to create a small gathering space for retail patrons to the building. The plaza does, however, eliminate space above for rental units that would otherwise be located in that corner of the building. Removal of these units affects the building’s cash flow noticeably. The second option removes the plaza and replaces both the residential units above and adds retail space on the first floor where the plaza would otherwise be located.

While this option for development is not an immediately obvious profit maker, it appears closer to feasibility than the other two options and is worth deeper consideration.

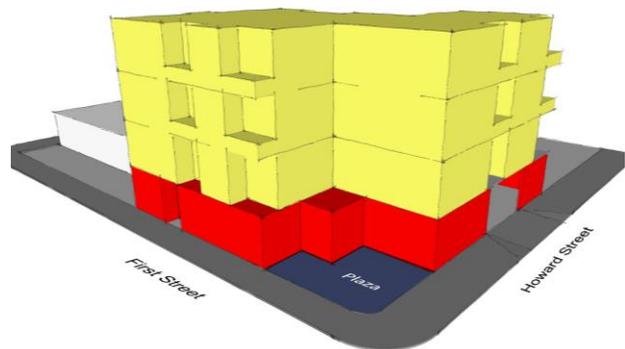
The key to financial feasibility in this scenario is for the apartment rents to be high enough so as to support the building’s construction. As previously discussed, apartment rents in Newberg hover around \$1 per square foot per month<sup>8</sup>, and the top of the market is around \$1.25 per square foot per month. In order for this form of construction to be generally feasible, rents need to be at least \$1.50 per square foot per month. Gross monthly rents, as opposed to rents on a per square foot basis, are also worth considering, because this is how consumers typically think about their housing budget. Gross monthly rents in Newberg are typically between \$800 to \$1,100 a month and top out at \$1,400 for apartments. Due to these market realities, this analysis assumes a rent of \$1.75 per square foot per month (approximately \$1,200 to \$1,300 per unit per month) to be the highest possible rent achievable and is used in the pro forma analysis.

At a first pass, feasibility is not easily achievable. A rent of \$1.75 per square foot per month does not yield enough cash flow to support construction. The first option, with the plaza and fewer apartments, has a negative residual land value similar to the office option. The second residential option, without the plaza and more rental apartments, is, out of all the options, the development program closest to feasibility. This option still yields a negative residual land value, but fine tweaking of the development program and modest gap financing could get this option to be feasible. Furthermore, as Newberg’s population continues to grow and housing demand increases rents will incrementally increase; this development option may not work in today’s market, but could at some point in the near future.

**Figure 18 - Residential Mixed Use Full Buildout Sketch**



**Figure 19 - Residential Option Massing Model**



<sup>8</sup> \$1 per square foot *per month*

Residential Option 1 Assumptions (with Corner Plaza)	
Building Size	24,194 Gross SF
Rentable Spaces	18 Apartment Units 1,350 Retail Rentable SF
Rents	\$1.75 per SF per Month Modified Gross Residential Rent \$18 per SF NNN Retail Rent
Number of Parking Spaces	19 Ground Floor Internal Parking Spaces



Figure 20 - Residential Option 1 - Residual Land Value Per SF



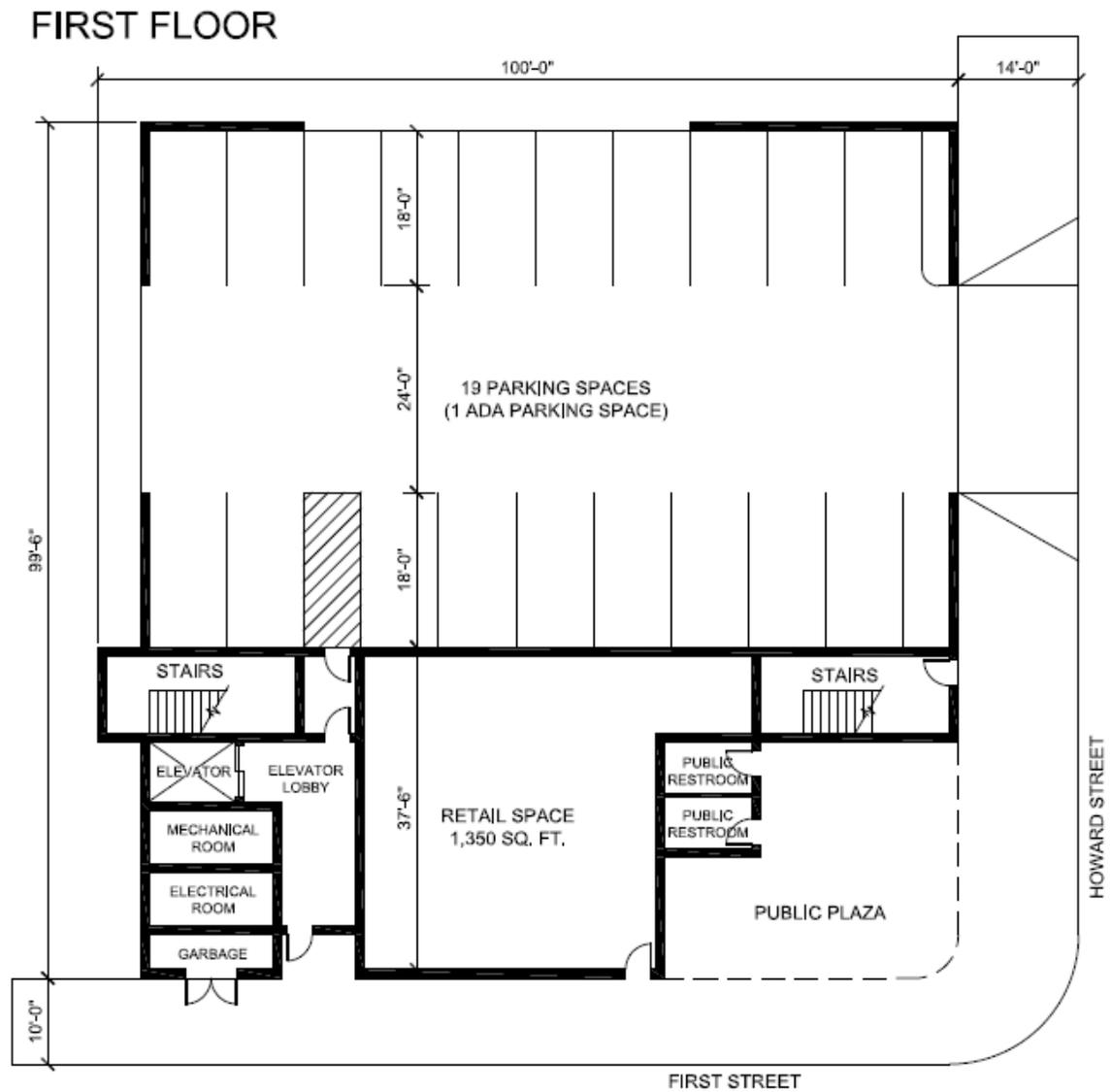
Residential Option 2 Assumptions (without Corner Plaza)	
Building Size	26,420 Gross SF
Rentable Spaces	21 Apartment Units 2,400 Retail Rentable SF
Rents	\$1.75 per SF per Month Modified Gross Residential Rent \$18 per SF NNN Retail Rent
Number of Parking Spaces	19 Ground Floor Internal Parking Spaces



Figure 21 - Residential Option 2 - Residual Land Value Per SF

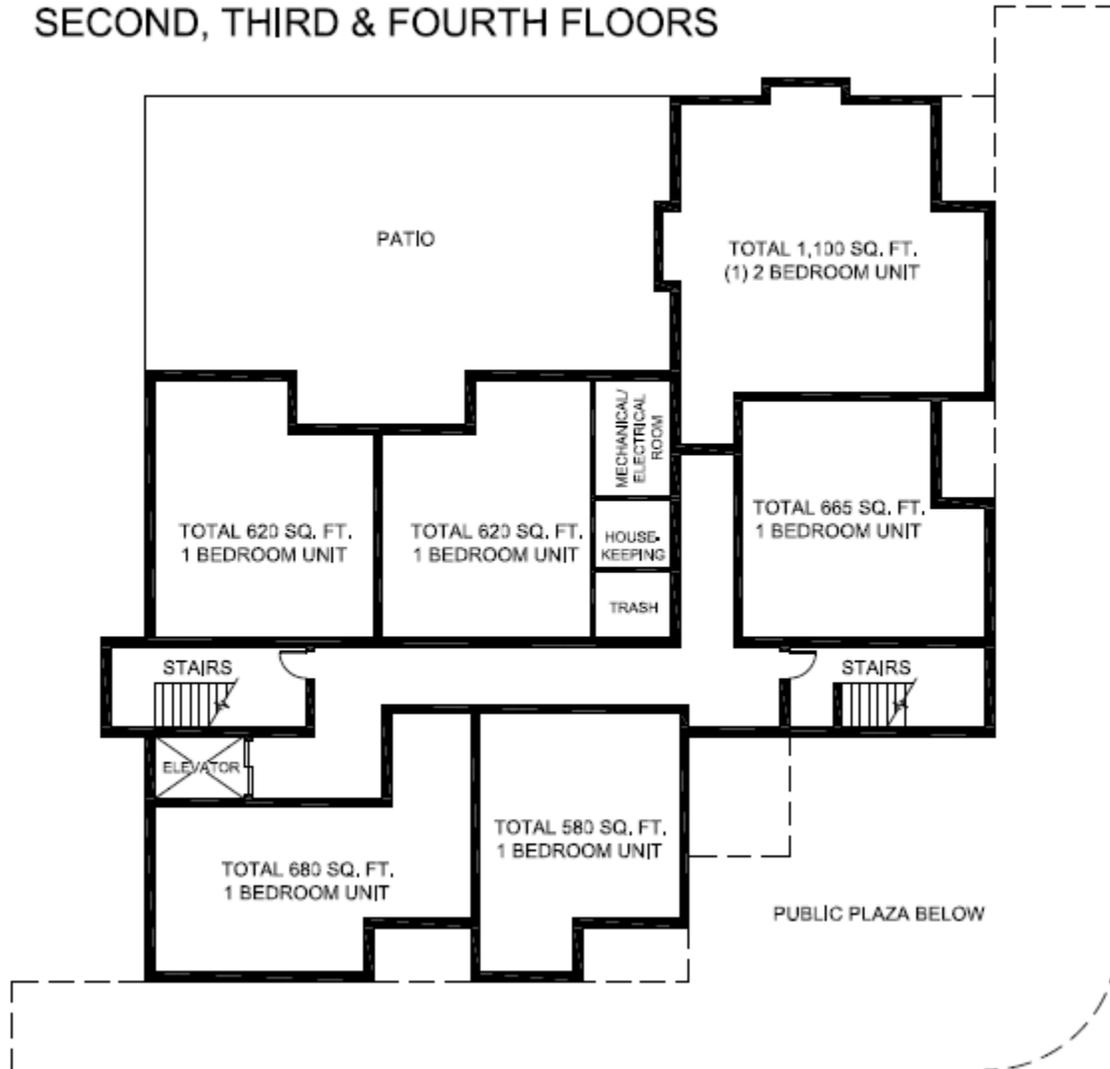


Figure 22 - Residential Option 1, First Floor



Source: Greenworks

Figure 23 - Residential Option 1 - Second, Third, and Fourth Floors<sup>9</sup>



Source: Greenworks

<sup>9</sup> Residential Option 2 has similar floorplates to Option 1, but with retail replacing the plaza and residential units replacing the area above the plaza

### Making a Residential Mixed Use Project Work

In this residential mixed use analysis, the financial models have shown that this building type is not outright feasible, although this development program is the closest to feasibility of the three option types analyzed. If Newberg rents were around \$1.90 to \$2.00 per square foot, the second residential model would be financially feasible. Given how close to feasibility this residential mixed use option is, it's worth considering ways of making this option pencil out. The following ideas could turn this development option from not feasible to feasible:

- Gap financing – While these residential options are not outright feasible they are close to feasibility. A public/private partnership whereby the city invests in the development could enable a private development to be feasible. Gap financing can take many forms, including for example land value reduction, Vertical Housing Tax Credits, tax abatement programs, impact fee deferrals or waivers, grants, loans, or other public financing tools.
- Relaxation of parking standards – Requiring parking on the site comes at a great cost. Reducing or eliminating parking requirements could make the residential development option feasible. In practice, however, this idea may be more of a challenge to marketability than a zoning concern. Downtown Newberg may not be transit rich enough to support apartments without parking.
- Addition of extra units – As was seen in the difference between the two residential options considered, the addition of extra rental units can change a development's cash flow considerably. A reconfiguration of the building to allow for more units could tip the scales towards feasibility. Eliminating onsite parking could also help make a more efficient floorplate and allow for more units.

## Feasibility Summary

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This case study set out to analyze the feasibility of development on the subject site, 'the Butler Site.' The site is primarily constrained by its small size, but also suffers from limited exposure, and, at the current time, significant traffic noise.

The feasibility analysis considered three different development programs for the subject site. These programs were identified through analysis of the downtown Newberg market and via direction from the NDIP Project Management Team and Project Advisory Council. The three development programs are;

- A hotel with limited ground floor retail and internal parking
- Mixed-use office, with two floors of office space above a first floor with retail and parking
- Mixed-use residential, with three floors of rental apartments above a first floor of retail and parking

The analysis showed that none of these options are outright feasible in today's market, but that a mixed-use residential project is the closest of the three options to feasibility. Should the City decide to pursue this development type, gap financing, a relaxation of parking limits, a denser building design, or a combination of these incentives would be necessary for the project to become feasible.

## Recommendations

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### Other Options to Consider

This case study illustrates the difficulty in today's market to develop the Butler Property with an intensive development program. Despite the infeasibility of the development options analyzed here, there are other development options for the City to consider.

The idea of a catalyst site is to initiate the momentum of private investment in an area. If one of the options presented here were to be constructed, the argument goes, then other private investment would follow. It appears, however, that site and market constraints pose major challenges for development on the subject site. There are other options that the City can consider on the site that could lead to increased activity in the downtown core. For consideration:

- Creative Co-Working and Micro-Business Space – The site's location lends itself to a gathering spot in the downtown area. A public square or plaza on the site, supported by limited co-working and micro-business space could activate this important corner in the center of downtown. This option would be focused on creating a 'there there,' that would be an activity generator for downtown. If carefully programmed, marketed, and managed, this public gathering spot could become an elemental place making building block for the area, creating a "wow factor" for downtown and lead to further interest in downtown development.
- Student housing – As seen in the analysis, developing market-rate housing on the site would be a challenge. It should be noted that George Fox University is currently examining its need for student housing, as opportunities on campus are being outstripped by demand. Student housing may be able to circumvent some of the challenges that typical housing would face. Rents for student housing typically are high on a per-square-foot basis, as student housing is typically leased on a per-bed basis. Parking may not be as much of an issue for full-time students that may not have a car or may even prefer to not have a car. And traffic noise may be less of a concern for students than market-rate housing consumers. Furthermore, students living downtown would lead to additional business opportunities and activity in the downtown area.



### Recommendation

The following options appear to be the best paths forward for consideration at this time. We recommend that the city pursue one of the following options for the Butler Site.

- Market Rate Housing – If it's the goal of the City pursue one of the mixed use options analyzed through this study, then a residential mixed-use property is the option most likely to succeed. As the analysis showed however, a mixed use residential project will require significant gap financing in order to pass the feasibility test.
- Activity Generator with a Focus on Place Making – As outlined above, the City could underbuild the site with limited retail/restaurant/micro-business spaces and a plaza or other type of open-air gathering space. By limiting construction to one or two stories, focusing on small, easier leasable spaces, and creating an attractive and central location for gatherings and special events, the City could create an

active node at the heart of the downtown. This attractive urban “living room” could build momentum and interest in downtown Newberg, leading to further private investment and perhaps even incubating future Newberg businesses.

- Student Housing – Student housing at the site would bring more residents to the center of downtown, leading to more foot traffic passing by area businesses and adding to downtown’s activity level. George Fox University is growing its student population and is an engaged partner in the Newberg downtown community. A public/private partnership between the City and the University could be a success for both parties, along with other downtown stakeholders.
- Provide Off-Site Parking – As the analysis showed, providing any amount of on-site parking greatly constrains what can be done on the site, as it shrinks the buildable area of an already-small site. If the City were able to provide all required or needed parking on a nearby site, each development option may be able to be designed more efficiently so that feasibility is improved. Studying this option may be worthwhile. In either case, providing parking can be a valuable way to meet the gap financing needs of any scenario.

It is recommended that the City take an additional step to explore these options in depth. This additional analysis could test feasibility of these options, as this study has done with the previous options, and also seek out community and development partners that could make a project a success on the site.

### Reality Check Meeting Input

In order to “check the reality” of the Butler Property Analysis and also to gain input and advice on the other concepts that are being put forth in the project, the consultant team and the City of Newberg held a “Reality Check Meeting,” with representatives from the development and financing community. A full summary of that discussion can be found in a companion piece to this report. Summarized below is the input regarding the Butler Property Analysis:

- The participants discussed the Butler Property and agreed that it is a suitable location for a development scenario that activates the core of the downtown area. Less focus should be on building-out the site, than using the property as an activity generator for downtown.
- One participant offered that a metric for success of the site should be, “bodies per day,” that is, count the number of people coming to the property each day to gauge success as an activity generator and catalytic development.
- Participants discussed the concept of, “highest and best use,” and opined that fully building out a site, especially in an evolving district like downtown Newberg, is not always the most appropriate development option for achieving community goals. Smaller, less expensive development options many times can achieve property and community goals without overleveraging public resources, one participant said.
- The Butler Property was described as too small of a site to support a new hotel development.
- Less can be more – Participants opined that the Butler Property, especially with its small size, would be better developed with a modest amount of improvements that would be focused on attracting more people to downtown, rather than programming the site with as much commercial and residential space as would possibly fit on the site.

## Appendix

### Residential Pro forma

<b>Project Description</b>			
Building Type			
Description		Residential Mixed Use (with Corner Plaza)	Residential Mixed Use (Without Corner Plaza)
Option #		<b>Option 1</b>	<b>Option 2</b>
<b>Site Attributes</b>			
Gross Site Size (SF)		10,300	10,300
Gross Site Size (acres)		0.24	0.24
Site Coverage		81%	81%
FAR		2.3	2.6
<b>Building Attributes</b>			
Stories		4	4
Level 1		6,920	6,920
Level 2		5,758	6,500
Level 3		5,758	6,500
Level 4		5,758	6,500
<b>Total GBA (Includes Internal Parking Area)</b>		<b>24,194</b>	<b>26,420</b>
<b>Commercial Rentable Space</b>		1,350	2,400
<b>Residential</b>			
Number of Total Units		18	21
Level 1		-	-
Level 2		4,265	4,870
Level 3		4,265	4,870
Level 4		4,265	4,870
<b>Total Residential RBA</b>		<b>12,795</b>	<b>14,610</b>
<b>Total Net Rentable Area</b>		<b>14,145</b>	<b>17,010</b>
Avg unit size (sf)		711	696
Dwelling units per acre		76	89
<b>Parking</b>			
Total Parking Stalls		20	20
Parking Stall Size Allocation		300	300
<b>Total Parking Stall Area</b>		<b>6,000</b>	<b>6,000</b>

## Newberg Core Catalyst Site Feasibility Study

<b>Gross Revenue</b>		Option 1	Option 2
<b>Retail Space</b>			
Retail Lease Rate (per SF per year, NNN)		\$ 18.00	\$ 18.00
Annual Retail Lease Revenue		\$ 24,300	\$ 43,200
<b>Residential</b>			
	<b>Avg Unit Size</b>	711 SF	696 SF
Rent per square foot per month		\$ 1.75	\$ 1.75
Average Gross rent per unit per month		\$ 1,244	\$ 1,218
Residential Annual gross rent		\$ 268,695	\$ 306,810
<b>Parking</b>			
Parking Lease Rate (per space per month)		\$ 50.00	\$ 50.00
Parking Annual Lease Revenue		\$ 12,000	\$ 12,000
<b>Potential Gross Income (PGI)</b>		\$ 304,995	\$ 362,010
Allowance for Vacancy (5%)		\$ 15,250	\$ 18,101
<b>Effective Gross Income</b>		\$ 289,745	\$ 343,910
<b>Operating Expenses as \$/SF Gross (Not Reimbursed)</b>		\$ 3.25	\$ 3.25
Operating Expenses as % of Income		27%	25%
Operating Expenses		\$ 78,607	\$ 85,839
Total Annual Expenses		\$ 78,607	\$ 85,839
<b>Net Operating Income (NOI)</b>		\$ 211,139	\$ 258,071
Capitalization Rate	6.25%	6.25%	6.25%
<b>Project Value</b>		\$ 3,378,218	\$ 4,129,129

<b>Construction Costs</b>		Option 1	Option 2
<b>Hard Costs</b>			
Podium Hard Cost per GBA SF		\$ 130	\$ 130
Upper Floors Hard Cost per GBA SF		\$ 110	\$ 110
GBA Cost Total		\$ 2,799,740	\$ 3,044,600
<b>Total Hard Costs</b>		\$ 2,799,740	\$ 3,044,600
Soft Costs (percent of hard costs)	30%	\$ 839,922	\$ 913,380
<b>Total Building Cost</b>		\$ 3,639,662	\$ 3,957,980
<b>TBC per SF</b>		\$ 150	\$ 150
<b>Gross Margin</b>	<b>10%</b>	10%	10%
<b>Minimum Gross Margin Expectation (10% of Value)</b>		\$ 337,822	\$ 412,913
<b>Residual Land Value</b>		\$ (599,266)	\$ (241,764)
Land Value per sf		\$ (58.18)	\$ (23.47)
<b>Rounded</b>		\$ (60.00)	\$ (20.00)

## Office Pro Forma

<b>Project Description</b>		
Building Type		
Description		Office MU
Revenue Assumption		
Option #		
<b>Site Attributes</b>		
Gross Site Size (sf)		10,300
Gross Site Size (acres)		0.24
Site Coverage		81%
FAR		2.5
<b>Building Attributes</b>		
Stories		3
Level 1		8,591
Level 2		8,391
Level 3		8,391
Level 4		-
<b>Total GBA (Includes Internal Parking)</b>		<b>25,373</b>
<b>Retail Rentable Space</b>		<b>1,350</b>
<b>Office Rentable Space</b>		
Number of Total Units		19
Level 1		-
Level 2		7,000
Level 3		7,000
Level 4		-
<b>Total Residential RBA</b>		<b>14,000</b>
<b>Total Net Rentable Area</b>		<b>15,350</b>
<b>Parking</b>		
Total Parking Stalls		20
Parking Stall Size		300
<b>Total Parking Stall Area</b>		<b>6,000</b>

## Newberg Core Catalyst Site Feasibility Study

<b>Gross Revenue</b>		
<b>Retail Space</b>		
Commercial Lease Rate (per SF per year, NNN)		\$ 18.00
Annual Commercial Lease Revenue		\$ 24,300
<b>Office</b>		
Rent per square foot per year (Modified Gross)		\$ <b>23.00</b> SF
Average Gross rent per unit per year		\$ <b>161,000</b>
Office Annual Gross Rent		\$ 322,000
<b>Parking</b>		
Parking Lease Rate (per space per month)		\$ 50.00
Parking Annual Lease Revenue		\$ 12,000
<b>Potential Gross Income (PGI)</b>		
Allowance for Vacancy (5%)		\$ 17,915
<b>Effective Gross Income</b>		
<b>Operating Expenses as \$/SF Gross (Not Reimbursed)</b>		
Operating Expenses as % of Income		23%
Operating Expenses		\$ <b>78,117</b>
Total Annual Expenses		\$ <b>78,117</b>
<b>Net Operating Income (NOI)</b>		
Capitalization Rate		7.50%
<b>Project Value</b>		\$ <b>3,496,906</b>

<b>Construction Costs</b>		
<b>Hard Costs</b>		
Podium Hard Cost per GBA SF		\$ 130
Upper Floors Hard Cost per GBA SF		\$ 110
GBA Cost Total		\$ 2,962,850
<b>Total Hard Costs</b>		\$ <b>2,962,850</b>
Soft Costs (percent of hard costs)	30%	\$ 888,855
<b>Total Building Cost</b>		\$ <b>3,851,705</b>
<b>TBC per SF</b>		\$ <b>152</b>
<b>Gross Margin</b>	<b>10%</b>	<b>10%</b>
<b>Minimum Gross Margin Expectation (10% of Value)</b>		\$ 349,691
<b>Residual Land Value</b>		\$ <b>(704,490)</b>
Residual Land Value per SF		\$ (68.40)
<b>Rounded</b>		\$ <b>(70.00)</b>

## Hotel Pro Forma Details

<b>Butler Site</b>		
<b>Residual Land Value Model for Hotel</b>		
<b>Assumptions / Inputs</b>		
Limited Service Hotel		
Rooms		39
ADR		\$120
Annual ADR appreciation		3%
Stabilized occupancy		74%
Revpar		\$89
Years to stabilization		2
<b>Construction cost</b>		
Construction cost per room		\$145,000
Total construction cost per room		\$145,000
Construction period (months)		18
Investors Annual Return		9.9%
Investors Return on Equity		20.0%
Capitalization rate for reversion		8.00%
Loan to Value ratio		75%
Interest on Loan		5%
Amotization Period (years)		30
<b>Outputs</b>		
Residual Land Value		-\$422,988
Residual Land Value per SF		-\$41

## Memorandum

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**Date** April 25, 2016  
**To** Doug Rux, Community Development Director, City of Newberg  
Steve Olson, Senior Planner, City of Newberg  
**From** Chris Zahas, Principal, Leland Consulting Group  
David Siegel, Senior Project Manager, Leland Consulting Group  
Matthew Craigie, Associate, Leland Consulting Group  
**Subject** NDIP Reality Check Summary  
**Project** Newberg Downtown Improvement Plan (NDIP)

### People Places Prosperity

Revitalizing Downtowns  
Creating Partnerships  
Targeting Real Estate Success  
Shaping Financial Strategies  
Strengthening Community  
Enabling Sustainability & Livability  
Making Cities Work

## NDIP REALITY CHECK

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Task 4.3 of the Newberg Downtown Improvement Plan calls for a “Reality Check” Meeting with representatives of the development and financing community to give input and advice on the types and amount of development and redevelopment possible in Newberg’s downtown in the near future. This meeting was intended to test the reality of the “Big Ideas,” Desired Outcomes, and the Core Catalyst Analysis.

The following development professionals participated in this discussion:

- Kevin Cavanaugh, Owner of Guerilla Development
- Mark Keller, Hotel Consultant, Partnership Hospitality
- Mary Martin Miller, Commercial Real Estate Broker

## Discussion Notes and Summary

Leland Consultant Group gave a short presentation on the “Big Ideas,” Desired Outcomes for the NDIP, and later, the Core Catalyst Property (the Butler Property). Below are discussion notes from the ensuing conversation:

- Participant question: Is it possible to change the one-way couplet of E. First Street and Hancock Street to two-way traffic? Answer: changing the couplet system is not within the purview of this project. The participant made the point that slower traffic is important for the vitality of commercial properties, and especially for the success of retail properties.
- Participant question: What is the political climate in Newberg? Answer: The City Council and the community are very supportive of downtown and community-wide efforts. The Newberg-Dundee Bypass was enthusiastically supported all around, including a “resounding yes,” from the City Council regarding the local match for the project. The community is active, and has supported recent city bonds, and fundraising efforts for the Chehalem Cultural Center. “There’s momentum building in Newberg.”

610 SW Alder Street  
Suite 1008  
Portland Oregon  
97205-3611  
503.222.1600

- Participants stated that the Big Ideas are sound guides for development for the downtown area and that they did not see any potential pitfalls in the plans.
- One participant stated that, when they consider investing in a community they're most interested in meeting local development partners such as property owners, wealthy individuals (potential capital partners), or other local developers. These relationships, the participant stated, add crucial value to a project by providing local knowledge, and experience.
- Participants discussed the concept of, "highest and best use," and opined that fully building out a site, especially in an evolving district like downtown Newberg, is not always the most appropriate development option for achieving community goals. Smaller, less expensive development options many times can achieve property and community goals without overleveraging public resources, one participant said.
- Participants offered concern for speculators buying and holding properties without improving them in the near future as Newberg becomes a more popular location for investment.
- The feasibility of a hotel in Newberg's downtown was discussed. Although further study is needed, it appears that there is a gap in the Newberg hotel market and downtown, with its many visitors, could be a natural location for a new hotel.
- One participant discussed the practical needs for a hotel to be successful in a city the size of Newberg. A few of these needs include:
  - A large enough site to support a hotel of at least 75 rooms. This would include land for the building or buildings, and sufficient space for surface parking. Typically, this can be achieved on a two-acre site.
  - A name brand hotel "flag" that has the marketing and reservation systems in place to attract enough customers. Many hotels are discovered by customers, and rooms are reserved through existing hotel reservation systems. A new hotel in a major chain network, such as a Starwood or Kimpton hotel, will have a much better chance of success than a local brand or one-off hotel.
  - Hotel location, visibility, and access are crucial components for project viability. Both the East End and the West End of Newberg, as well as the Butler Property, were discussed as potential hotel locations. The West End was concluded to be the generally most attractive location for a new hotel. The availability of land, access to state highways, and proximity to areas of downtown that are gaining interest for development were listed as qualities that would attract a hotel developer to the West End of Downtown Newberg.

The East End was discussed as being a potentially riskier location for the City to encourage as a hotel site, as the building would become the prominent landmark for downtown Newberg. Poor building design at this location could greatly detract from downtown's charm and attractiveness to visitors, so "doing it right," would be of great importance.

The Butler Property was described as too small of a site to support a new hotel development.

- Participants discussed the importance of “telling the story” of the local place. Highlighting uniqueness of place and local quirkiness are ways to attract visitors, participants said. What is downtown Newberg’s story and how can it be highlighted for potential visitors?
- The participants discussed the Butler Property and agreed that it is a suitable location for a development scenario that activates the core of the downtown area. Less focus should be on building-out the site, than using the property as an activity generator for downtown.

One participant offered that a metric for success of the site should be, “bodies per day,” that is, count the number of people coming to the property each day to gauge success as an activity generator and catalytic development.

- When asked about incentives or programs that the city could put in place to encourage development, participants gave a mixed answer. Some offered that incentive programs are keys to success in smaller cities like Newberg. Another participant stated that these programs many times just “nibble around the edges” of project feasibility and that it is more helpful for the city to assist prospective developers with building relationships with potential project partners, property owners, community supporters and city staff.

## Discussion Summary

The Reality Check Meeting was a lively discussion on the future potential for downtown Newberg and a testing of the proposal, vision, and “Big Ideas.” Three main takeaways emerged from this conversation. These were:

1. Active relationship building on the part of the City is crucial for attracting investment and ultimately for project success. It’s not enough for a city to put in place programs or incentives and wait for projects to pop-up. Cities like Newberg, need to proactively build relationships between potential developers, property owners, local banks and other potential capital partners, business owners, and active community members. Once established, these relationships can be leveraged for initiating projects, and overcoming potential project hurdles.
2. A hotel in downtown Newberg makes sense in today’s market. Although further analysis is needed, it appears that downtown Newberg is a prime location for a new hotel in the short to mid-term. The City should work to find a suitable hotel site in downtown and find project partners to help facilitate development.
3. Less can be more – Participants opined that the Butler Property, especially with its small size, would be better developed with a modest amount of improvements that would be focused on attracting more people to downtown, rather than programming the site with as much commercial and residential space as would possibly fit on the site.

# NEWBERG DOWNTOWN IMPROVEMENT PLAN

## Workshop #2 “Big Ideas” Summary

March 15, 2016 4:30 – 6:30 p.m.

Chehalem Cultural Center, 415 E. Sheridan

A public meeting – *the Downtown Big Ideas Workshop* – was held on Tuesday, March 15<sup>th</sup> from 4:30 to 6:30 p.m. at the Chehalem Cultural Center in Newberg. Sixty-six people signed in at the welcome table. Several additional people stopped in for just a few minutes or attended without signing in.

The purpose of the workshop was to share and gather community feedback on the following:

- The Vision for Downtown Newberg and Desired Outcomes (developed using community feedback from the December 2015 visioning workshop.)
- The “Big Ideas” or concepts for improving Downtown (also based on community feedback.)

The ten “Big Ideas” are:

- 1st Street Improvements
- Hancock Street Reinvention
- North/South Connections
- 2nd Street Mixed Use District
- East End/Gateway District
- West End/Mill District
- Civic/Cultural Corridor
- Gateways
- Public Art
- Catalyst Development

The workshop was advertised through the City’s website, posters placed downtown, a utility bill insert, online posts on various social media sites, and emails distributed by some of the Project Advisory Committee members.

### Workshop Format:

The public workshop consisted of project orientation information, a brief presentation on the process and the ten “big ideas” for improvements to Downtown, and stations of displays to share the ideas and solicit feedback. Project team members captured participant comments on flipcharts. Participants also filled out comment forms on the “big ideas.”



## What we heard:

The stated Vision and Desired Outcomes seemed to have broad support. There was little discussion on the language of the Vision statement or the Desired Outcomes.

The majority of participants expressed support for the ten “big ideas” for Downtown or offered additional details on the ten “Big Ideas.” Seventeen separate comment forms were collected at the event and many people added additional notes on the flipcharts located at the stations of displays.

There was some overall interest in timing of possible improvements and how they would be funded.

The following are the written comments and ideas collected at the workshop. Comments from individual forms are indicated in [blue text](#) and the flipcharts are indicated with black text.

### 1<sup>st</sup> Street Improvements

- 1<sup>st</sup> – walkability safety
- Keep it one-way! 2-lanes – bulb outs - bike parking, ped-friendly
- Yes please!
- Incorporate stormwater quality and planters to break up the hardscape (all streets). Need to keep traffic flow, traffic reductions may not be realized.
- Love the idea about wider sidewalks, but don't think 2 lanes is feasible given our growth and low confidence in future bypass work.
- A place to park bikes. A place to kennel the dogs briefly while running in to pick up an item or a book (like Cabela's has). Many of us would love to run errands downtown as part of a dog walk. Wide enough seating (restaurant or benches) so strollers are not in the way of others or being blasted by “streetwash” noise.
- Wider sidewalks – go down to 2 lanes
- Better (safer) crosswalks (maybe) elevated. I would like to see more lighting on buildings at night (such as bulb lights along rooflines. Or flood lights shining up against buildings. More inviting, more visibility.
- Pedestrian warning lights at crossings
- Widen. Trees, well lit.
- Parking. Install flashers at crosswalks
- I love the big green bike lanes. It would be great to have a 2-3 tiered bubble water fountains every 4-6 alternating blocks for people/dogs.
- Bollards, Mid-block bulb outs, marked crosswalks x4
- This is one of the more ongoing and long term goals of the project. In the short term the city has already started by creating the “street seats” program. I hope that they will work to make this a success. The roadway, and sidewalk improvements are likely to be late midterm to long term plans as much as this will need the reduced traffic from the bypass opening. However the city should begin earlier in making adjustments to the developmental codes and incentives to offset building needs of new or redevelopment.

## Hancock Street Reinvention

- Water slides and roller coasters
- Keep it one-way! 2-lanes – bulb outs - bike parking, ped-friendly
- Would like to have more businesses here, too.
- More dedicated bike lanes/bike friendly
- Wider sidewalks – go down to 2 lanes
- Better (safer) crosswalks (maybe) elevated
- I would like to see more lighting on buildings at night (such as bulb lights along rooflines. Or flood lights shining up against buildings. More inviting, more visibility.
- Trees, well lit.
- Parking and enforce 25 mph
- All streets have marked crosswalks
- Similar in scope to the 1<sup>st</sup> Street Improvements this is more a mid to long range plan. More information as to types of land use should be looked at to determine the best fit along this corridor.

## North/South Connections

- Additional signage
- Sidewalks everywhere
- Least important
- Traffic circles?
- Easier wayfinding
- Yes, please!
- I would like to see more lighting on buildings at night (such as bulb lights along rooflines. Or flood lights shining up against buildings. More inviting, more visibility.
- Connect cultural center with downtown, so downtown merchants can leverage cultural center events.
- Trees, well lit.
- Better timing on signals. Speed 25 mph
- In addressing this section it should be kept in mind that not everyone travels in the same way. Have parking for both vehicles, and bicycles. Have bike lanes where possible on at least some of the connections. Have accessible sidewalks and walking paths. It was mentioned to possibly create some type of trolley system, while the creation and operation of such a system on the city level may be out of reasoning there could be consideration for contracting with one of the regional trolley tour services for weekends, and events.

## **2<sup>nd</sup> Street Mixed Use District**

- I agree with Jennifer
- Will it really sell in Newberg
- Yes! need more rentals – don't forget families
- More business, not medium density housing
- Yes!
- Love this idea
- I would like to see more lighting on buildings at night (such as bulb lights along rooflines. Or flood lights shining up against buildings. More inviting, more visibility.
- More professional offices on 2<sup>nd</sup> St. and less on 1<sup>st</sup>.
- Great idea
- I'm excited to hear about mixed use/business hoping to draw to area. I hope we keep historic old feel and charm.
- Mixed use residential and lower level commercial would be an excellent fit here. I think this would be better in the mid to long term planning.

## **West End/Mill District**

- Trolley/train access into downtown
- Love this idea!
- BREW PUB!
- Agree!
- I love this idea. Maybe some residences? I know many people looking for apartments (needs to be affordable by locals)
- Breweries!
- I would like to see more lighting on buildings at night (such as bulb lights along rooflines. Or flood lights shining up against buildings. More inviting, more visibility.
- Hotel. Urban/mixed.
- It would be nice to expand on Mill district
- Normally I would think this should also be in the mid to longer range, however with the upcoming move of the Habitat for Humanity Restore this opens up property in the area in the near term. The buildings and feel in this area are perfect for the "craft industrial" type of area. I think something that is a working, but open type of facility would be idea. Things such as a brewery, wine tasting but also production or similar.

## **East End/Gateway District**

- Additional signage
- Attractive building more important than signage
- Open space – park.
- Encourage even passers-by to stop
- Better gateway – over the highway
- I would like to see more lighting on buildings at night (such as bulb lights along rooflines. Or flood lights shining up against buildings. More inviting, more visibility.
- Shorter – visitor friendly – go north/south.
- Draw more in.
- The most impressive mention on this section was to work to bring in a midsize hotel and conference center. Because this has the potential to bring in more money and show people everything our city as to offer and build to the future I think it should be looked into during the late short term to early/mid-term timeframe.

## **Civic/Cultural Corridor**

- Expanded lighting/décor increased visibility
- Sidewalks going N/S
- Important for downtown revival – sense of pride beautiful excitement – would love link to Memorial Park
- Keep the small town feel.
- Newberg needs this.
- Easier to get to from downtown
- Coordinated.
- Great do not change – value grass at better park.
- Good
- Newberg already has a good head start on this area with the Chehalem Cultural Center. In the near to short term plans for creating a festival space along Howard Street are important. There needs to be facilities for power, water, lighting and other to support more events in the corridor. Having these is vital to driving more interest in the city, growing and gaining investors for the later projects. This area and having festivals and events is the foundation to future growth opportunities.

## Gateways

- More visible awareness (monument/arch signage)
- Low priority
- Unnecessary without retail/restaurant development
- Love this idea. Distinctive, distinguishing – defines a destination.
- Yes! Over the highway – we need a spot to hang banners!
- High 1 steel and across roadways
- In the presentation there was the idea of four main gateways to the downtown area. I believe this is a great concept. In fact while reading “Images of America: Newberg” just inside the cover there is a great image from what appears to be the early 20’s of an entrance to Newberg on the south end of town on 99w. I think recreating that piece of history would be a great way to use some of the gateway entrances. The other item on this would be to include some type of wayfinding at each of these areas. I think these could all be done in the near to medium distant future.

## Public Art

- More is good (rotating leased art)
- Low priority
- Adds to enjoyable walking, browsing, enjoying
- Agree
- Very important. See Newport’s “pushpin gallery” for ideas.
- So needed!
- Yes!
- More more more – leasing art like mac does – rotating spots.
- Mac’s walking self-guided art sculptures is cool. I like visiting towns seeing the art and murals. Please have a piece from the lady on 99 between Dayton and Mac.
- Personally I think this is one of the key, easiest relatively, and cost effective items. I moved here from West Michigan where they have ArtPrize in Grand Rapids. While that event has become a multi-million dollar, international art event there is much that can be learned from it. A similar event on a smaller scale could focus on local or regional artists. These could also be expanded upon to include things like weekly outdoor music or performance showcases. Again this is the type of thing that can bring people into Newberg to showcase what the city has to offer. On a more permanent or semi-permanent would be installations of art such as sculptures or murals. I think an important part to that is to mix these between local, community based, and also commissioning outside artists. These installations should come in varying time frames from short one year or less to permanent and everything in between. It may be a good thought for the City Council to look at creating an Art Advisory Board to start in the process of working on this part of the overall plan.

- Lease art for installation period of 2-3 years; McMinnville has a program like this
- Water feature art!
- Sign and design restrictions to keep things unified.

### **General Discussion with Project Team Members (captured on flipcharts at stations)**

- Like Artprize in Grand Rapids – month long festival
- Add permanent and semi-permanent art installations
- Add more festivals – wine country gateway
- Annual art display like Lake Oswego
- Get control of right-of-way and all of these projects become much easier
- Keep post office downtown
- More events featuring local businesses
- Farmers Market – longer hours, after work, on weekends
- Favorite gateway, across street
- College Gateway: Community garden? CPRD manage?
- Get landscaping company to plant and maintain (sponsor sign – “adopted by \_\_\_\_”)
- Art
- McMinnville 3<sup>rd</sup> Street
- Easy to cross
- Walking access – Meridian entry
- Bus parking/Lift
- Maker spaces
- Incubator spaces/small shared collaborative
- European business sign standards
- Better lighting on First to enhance night life (on bldgs)
- Make Hancock 2-way
- Restrict 1<sup>st</sup> to auto only
- Gateway serves as front door/arrival
- Small music venue/West End Mill District
- Or mobile venue/stage
- Maintain small town feel. Hate to see Newberg turn into Beaverton.
- Happy City, Happy People
- Vision for how Newberg will evolve, not just solutions for today
- Need more young people involved
- Be unique
- Make downtown feel intimate; give travelers and residents a reason to be downtown; keep buildings low-profile, historic architecture
- Leased rotating art installations

- Green space
- Make storefronts “pop”
- River Street should be a north-south connection also
- Close crosswalk on west side of intersections on Hancock – east side on 1<sup>st</sup>?
- Create festival street on Howard between Hancock and 1st

### **Development of Butler Property**

- Sooner is better (no office)
- Keep as green space. Micro-somethings.
- No office buildings! Housing or hotel with retail below.
- Hotel/retail / Residential – retail. Pivotal intersection to continue foot traffic. NO OFFICE.
- Grass – add some benches.
- I think the idea of a grand kickoff project is a great way to spearhead the improvement plan. In choosing the correct path to take with this property it should be taken into consideration to have something that will bring in people from both locally and further areas.
- No office
- Pivotal intersection for foot traffic/retail
- Literally the center of our downtown
- Must have rooftop restaurant/bar
  - Agree, go higher up
  - More retail and food

### **Additional Comments -- Is there anything missing from the ten “big ideas?”**

- Keep Newberg Small. Do not turn Newberg into Beaverton. Maintain single family near downtown.
- Yes – an emphasis on the value of public art in #9. Art can be included in structural street and building changes, but the artist should be included in the engineering and design phase, not art tacked on afterwards. Curb buildouts can be artistic, building design can be artistic, public restrooms can be artistic. After cement hardens and becomes concrete, designs cannot be incorporated. From what I see of building design, imagination, originality and artistic values are the last and least thing engineers or developers care about. The city needs an ART POLICY requiring art be incorporated in design phase, whether it be a city building, street, or a business development or an apartment building.
- Walkability to East Entry Way (from George Fox and Friends view). Good sidewalks, lighting, visibility, traffic crossings. Bus (small with life). Parking. Love culture corridor – food carts? Incubator office spaces (e-startups – 2<sup>nd</sup> St). Low income housing/senior housing. Intergenerational opportunities, kids and retirees.

- I love these ideas. Beautiful work with tremendous thought and foresight. Thank you! Like mixed res/retail concept.
- I like it. Most important to me is:
  - A place to gather, visit, and play
  - Diversity of business
  - Safe

I agree we need to promote tourism, but too much of one type of business will send the locals elsewhere to visit/gather/play. Need safe/quiet areas to visit with children in tow. Need interesting, low-cost entertainment for teens. Need places locals can get business and social needs met that is not costly or pretentious or we leave town for those and our kids leave and don't come back. A place for families of all ages.

- Make a strong connection to River St. and Willamette River
- More young people involved. Need a vision for how Newberg WILL be not what would work for today.
- Enforce 2 hour parking. Remove time zones pm. Make N/B a quiet city – “no jake brakes”. Improve safety on 209 to past Wyooski.
- I'm excited about the plans.
- Creating overall Newberg “brand” some of this is already done by the Newberg Downtown Coalition with the adoption of a color scheme. There should be a way to identify that you area in downtown, and specifically what area. To this end there needs to be wayfinding whether it is signage, color emblems or markings on roadways or sidewalks.