

**NEWBERG HOUSING PRODUCTION STRATEGY (HPS) AGENDA  
CITIZEN ADVISORY COMMITTEE MEETING #3  
Tuesday, July 26, 2022 - 4:00 PM**

*Please click the link below to join the webinar:*

<https://us06web.zoom.us/j/83915786872?pwd=WVZuOkZud3J0WS81alk0MW9uRlgrUT09>

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**I. CALL MEETING TO ORDER**

**II. WELCOME**

Welcome and Introductions

**III. INITIATIVES FOR USE OF POTENTIAL ACTIONS**

- Discuss the proposed initiatives
- Do you have recommendations for changes to the initiatives?
- Are there any initiatives that we are overlooking?
- Discuss how the proposed actions fit into the initiatives

**IV. DISCUSSION OF POTENTIAL ACTIONS TO MEET HOUSING NEED**

- Do you have questions about any of the actions in the memorandum, where you need more information to understand the action?
- Which actions do you think are the most important to include in the HPS?
- Are there actions that could be left out of the HPS and achieve the results in the initiatives?

**V. PUBLIC COMMENTS**

**VI. NEXT STEPS**

- ECONorthwest will continue evaluating housing strategies for the HPS with City staff and interview key stakeholders
- Next CAC Meeting October 11<sup>th</sup> at 4PM

**VII. ADJOURNMENT**

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Meeting 3: July 26, 2022 at 4 PM  
Meeting 4: Oct 11, 2022 at 4 PM

Meeting 5: Nov 15, 2022 at 4 PM  
Meeting 6: Feb 21, 2023 at 4 PM

*ACCOMMODATION OF PHYSICAL IMPAIRMENTS: In order to accommodate persons with physical impairments, please notify the City Recorder's Office of any special physical or language accommodations you may need as far in advance of the meeting as possible as and no later than 48 business hours prior to the meeting. To request these arrangements, please contact the City Recorder at (503) 537-1283. For TTY services please dial 711.*

DATE: July 19, 2022  
TO: Newberg Housing Community Advisory Committee  
CC: Mary Heberling-Creighton, AICP; Doug Rux  
FROM: ECONorthwest  
SUBJECT: Housing Strategies (Actions) for Further Discussion

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Newberg is in the process of developing a Housing Production Strategy (HPS) to address the City's unmet housing needs. The Community Advisory Committee (CAC) are providing input on development of the HPS. Through this project, we have held the following Committee meetings:

- April 12 the CAC met to discuss desired project outcomes, review Newberg's key housing needs, remaining barriers, and preliminary strategies to consider for the HPS.
- May 17 the CAC met to discuss the strategies that could and should be included in the HPS to address the unmet housing needs in Newberg.

This memorandum will provide the basis for continued discussion of the strategies at the July 26, 2022 meeting with the CAC, focusing on the following questions:

- Are the actions included in this memorandum the appropriate strategies to address unmet housing need in Newberg?
- Are we missing any strategies that should be included in the HPS?
- Should we remove any of the strategies from the list to include in the HPS?
- Are there strategies that we need to do additional research or refinement on to better fit them to address Newberg's unmet housing needs?

Beyond the July CAC meeting, we will meet with the CAC three more times to: (1) continue refining the strategies, (2) review a draft of the selected strategies, and (3) review the full draft HPS.

This project discusses housing affordability. It focuses on support for housing development of two types of affordable housing: (1) housing affordable to very low-income and extremely low-income households and (2) housing affordable to low-income and middle-income households. The following describes these households, based on information from the HUD and the U.S. Census' American Community Survey.

- **Very low-income and extremely low-income households** are those who have an income of 30% to 50% of Yamhill County Median Family Income (MFI)<sup>1</sup> for a household of four which is an annual household income of \$29,100 to \$48,500. Development of housing affordable to households at this income level is generally accomplished through development of government-subsidized income-restricted housing. These households can afford monthly housing costs between \$730 and \$1,210.

- **Low-income households** are those who have income of 50% to 80% of Yamhill County’s MFI for a household of four or income between \$48,500 to \$77,500. The private housing market may develop housing affordable to households in this group, especially for the higher income households in the group. These households can afford monthly housing costs of \$1,210 to \$1,940.
- **Middle-income households** are those who have income of 80% to 120% of Yamhill County’s MFI for a household of four or income between \$77,500 to \$116,300. The private housing market may develop housing affordable to households in this group, especially for the higher income households in the group. These households can afford monthly housing costs of \$1,940to \$2,900.

This memorandum presents additional information about the strategies discussed at the May 17 meeting and begins to evaluate them for inclusion in the HPS. The memorandum is separated into two sections:

- Actions Under Consideration for Inclusion in the HPS
- Use of Strategies in Initiatives
- Preliminary evaluation of each action

## Actions Under Consideration for Inclusion in the HPS

The following actions are under consideration for inclusion in the HPS. This section presents some information about each action. If selected for inclusion in the HPS additional information will be included for each action. In Action A, we show all of the information that will be included in the HPS, with placeholders for information we will fill in later.

### A. Support Development of Market-Rate Affordable Housing

#### Rationale

As housing costs have outpaced wage growth and the housing supply remains constrained, middle to low-income earners continue to face affordability challenges when searching for housing in the cities in which they work. Workers are forced to look further out for more affordable housing options which results in longer commute times and increased traffic volumes throughout the region, negatively affecting quality of life.

#### Description

Cities can create partnerships with local employers to help employees secure more affordable housing options and expand housing choice. Newberg already has an ongoing partnership with the Newberg Workforce Housing Consortium that is made up of businesses and government entities that look for housing solutions.

Employer-assisted housing (EAH) can be provided directly to the individual employee in the form of mortgage subsidies, down-payment assistance, relocation payments and the like or the city can help to increase the supply of housing by requiring or encouraging employers to participate in the development of additional housing units through such actions as the provision of land, construction financing or purchase/lease guarantees, and down-payment assistance.

#### City Role

Partner, help with planning process

### B. Support Development of Income-Restricted Affordable Housing

#### Rationale

Households with income below 60% of MFI are often unable to find affordable housing in the private housing market and need access to income-restricted affordable housing. Some of these households also need more than affordable housing, such as support services necessary for them to remain in their housing.

#### Description

The City can work with partners, such as the housing authority or nonprofit developers, to support development of housing for households with very low incomes (or no incomes), such as households with incomes below 60% of MFI. The city can support these types of housing through facilitating the planning process, contributions of land (connected to the land banking action), direct project funding support, funding off-site infrastructure, or other types of resources or support development for these housing types.

In addition, the City can support development of income-restricted housing that includes services necessary to help a person transition from homelessness into housing. This type of housing is typically multifamily and often funded through state and federal sources. Income-restricted housing with services include:

- Rapid re-housing is an approach to working with service providers to assist qualified households to quickly exit homelessness and regain stability. This may be best for people who need initial support transitioning back into housing but do not need long-term ongoing services.
- Permanent Supportive Housing works with nonprofit housing developers and service providers to provide housing and supportive services for people who need ongoing services over the long term.
- Transitional housing provides support for people who need intensive services on a shorter-term basis, such as people existing corrections facilities or unaccompanied youth.

Newberg's Construction Excise Tax (CET) could play a major role in this strategy, as the funds are flexible and maybe be used on the strategies discussed above. Staff is currently working on developing criteria and priority projects that could be funded.

#### City Role

Partner, provide land or financial resources, help with the planning process

## C. Support Preservation of Income-Restricted Affordable Rental Housing

#### Rationale

Existing income-restricted affordable housing generally were financed with Low Income Housing Tax Credits (LIHTC) that expire and the housing may be converted to market-rate housing, increasing rents substantially. Preservation of existing income-restricted affordable housing is a more cost-effective strategy to maintain the supply than building new affordable housing.

#### Description

Encourage and support preservation of income-restricted affordable rental housing for households earning less than 60% of MFI, working with the State and affordable housing partners to ensure no net loss of regulated affordable housing units. With nothing in place to protect from loss of these units upon expiration of the LIHTC, these units could be lost. Newberg has two income-restricted buildings with LIHTC, one of which (Camellia Court) in the next decade.

The City could, at a minimum, track the expiration of the subsidies for these properties. Recent state legislation established a regulatory framework for expiration of LIHTC multifamily rental housing developments with expiring affordability restrictions across a range of state funding programs. Owners must give notice to local government and the state when affordability restrictions will expire, and owners must provide the opportunity for the state, local government, or designee to make an offer to purchase the property and to match a competing offer.

For these or other properties in a similar situation, the City could work to identify organizations (e.g., nonprofit affordable housing providers) that might be willing and able to acquire the properties if the owners seek to sell or convert them to market rate. The City could also reach out to the property owner before the end of the affordability period to offer technical assistance with preservation options and make them aware of any City programs or incentives available at that time to support maintaining affordability (e.g., tax exemptions).

#### City Role

Track expiration of LIHTC and work with property owners to renew LIHTC or otherwise preserve these units as income-restricted housing.

### D. Support Preservation of Manufactured Home Parks

#### Rationale

Preserve and support development of new manufacturing housing parks because they play a significant role in providing naturally occurring affordable housing.

#### Description

Preservation of manufactured home parks can be accomplished through a range of approaches, such as resident owned cooperatives or non-profit ownership. Oregon Housing and Community Services (OHCS) has received lottery bonds or general funds from the Oregon Legislature to preserve manufactured home parks through these approaches. The City could work with owners of manufactured home parks, especially those where redevelopment is being considered, to identify opportunities to preserve manufactured home parks through these approaches.

The City could partner with nonprofits, the housing authority, and manufactured home park owners to support preservation efforts, offering financial support where possible.

Currently, the City uses CDBG funds for repair of manufactured homes in partnership with Yamhill County Housing Authority. Funding repairs continues the preservation of manufactured homes and ensures residents are able to stay in these homes.

#### City Role

Work with owners of manufactured home parks, continue partnerships with Yamhill County Housing Authority on CDBG funds for repairs

### E. Develop a Land Bank Strategy and Partnerships to Support Affordable Housing Development

#### Rationale

Land control is critical because costs make affordable housing development difficult or financially infeasible. Control of land also allows the owner to determine how land is developed. Land costs account for a substantial portion of housing development costs. Thus, removing or reducing land costs can dramatically lower the costs of developing affordable housing.

## Description

Through **land banking**, the City can provide a pipeline of land for future development and control the type of development that may occur on that land. The City could pursue land banking in three ways:

- Designate city-owned land as surplus and contribute that land to the land bank, eventually conveying that land to affordable housing developers for development of housing at agreed-on level of affordability, such as housing affordable below 60% of MFI.
- Purchase properties for the purpose of building affordable housing and convey that land to affordable housing developers for development of housing at agreed-on level of affordability.
- Provide funds to support land banking done by another organization, with the purpose of building affordable housing in the future.

The land bank can provide land to support residential development, of either rental housing or ownership housing. To support development of land for rental housing, the City might partner with a nonprofit affordable housing developer to build housing affordable at less than 60% of MFI or a developer of mixed-income housing, which would include some amount of housing affordable between 60% and 80% of MFI and housing available at market rates (generally affordable to households earning more than 80% of MFI). Housing affordable to households with incomes of less than 60% of MFI is financed with state and federal funds, which mandate long-term affordable (e.g., maintaining affordability for 30 years or longer). Maintaining affordability of mixed-income housing may require direct agreements with the developer and owner, typically tied to low-cost land (such as land in a land bank) and other incentives (such as tax exemptions).

Building affordable housing for homeownership requires different considerations to ensure long-term affordability, beyond the first sale. One arrangement to ensure long-term affordability is a land trust. **Land trusts** support affordable housing development by holding land in perpetuity and selling or leasing the housing on the land at below-market rate prices. Land trusts most frequently provide opportunities for homeownership that remain affordable over the long-term.

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

A land trust is typically managed by a nonprofit organization that owns land and sells/leases the housing on the land to income-qualified buyers. Because the land is not included in the housing price for tenants/buyers, land trusts can achieve below-market pricing. Land trusts are most commonly used as a method for supporting affordable home ownership goals. The City's role would be one of supporting and partnering with the nonprofit that runs the land trust or developing a city-run land trust.



Another option for maintaining long-term affordability of affordable homeownership units is through a **housing cooperative**, which is one of two legal structures available to allow resident-ownership of multifamily property. Cooperatives provide a flexible and accessible homeownership model and are similar in concept to land trusts in that they allow for long-term affordable homeownership options. Instead of an individual family (or a land trust) owning a single-family home or a condominium, a cooperative corporation, or co-op, formed by the residents, owns housing, most often in the form of a multifamily building. Each resident household buys a share in the co-op building at a price that can be far below the cost of a down payment for a market rate single family home; this is called a “share price.” Purchasing this share makes the household a member of the co-op and entitles the household to live in a unit with a proprietary lease.

### City Role

The City could have multiple roles for land banking or partnering to ensure housing that maintains long-term affordability including:

- Partner-led project with a nonprofit developer, land trust, or housing cooperative in which City contributes funds or land to the project. City can contribute land to support the affordable housing development.
- City-led affordable housing development project with city-owned land banking. City can provide funds or land and help with parcel assembly.

The City may participate in multiple projects over time that involve different types of land banking strategy. The City’s role may vary on different projects, such as contributing city-owned surplus land for development, assisting with land purchase and assembly, providing funding to support land purchase, or leading an affordable housing development project that includes land banking as well as other strategies.

## F. Reduce SDCs for Income-Restricted Affordable Housing

### Rationale

One of the main ways a city can influence project costs is through SDCs, which can represent a substantial portion of development costs. When cities reduce or even waive SDCs, it can increase the financial feasibility of a project and facilitate more affordable housing production.

### Description

The city can adopt an SDC program that reduces Newberg’s transportation, water, sewer, and storm SDCs for developers of qualifying affordable housing projects. Advisory committee members have expressed interest in allowing reduced SDCs specifically for deeper affordability projects, such as those serving households earning at or below 80% of the MFI.

There are tradeoffs for both parties directly affected by the implementation (or no action taken) of this strategy. If the city waives SDCs for regulated affordable housing, the city will need to backfill the cost of the SDCs from another funding source. However, if the cost of SDCs (or development costs in general) render an affordable housing project financially infeasible, it may not get built.

## City Role

Establish a set of reduced SDC rates for regulated affordable housing projects.

## G. Reduce Permit Fees for Affordable Housing

### Rationale

Similar to reducing SDCs for affordable housing projects, reducing permit fees can help offset development costs, increasing the financial feasibility for projects operating on thin margins.

### Description

The city can create programs that reduce various development fees as an incentive to induce qualifying types of development or building features. There are a number of avenues to seek reduced or waived fees. For example, stormwater improvements can be made through the Commercial Stormwater Fee Reduction. Another example is reducing or waiving fees for ADUs. While the impact of this strategy is small, relative to reducing SDCs, it may still improve development feasibility for projects operating on thin margins.

Permit fees often help pay for essential city services, including employees. The city will need to evaluate the impacts of reducing fees to understand if this strategy is feasible or not. For example, if the city uses a high cost-recovery target to fund its planning department, reducing fees could present a financial challenge for the city.

### City Role

Revise the fee schedule to include reduced fees on permits for specific types of developments the city would like to incent.

## H. Implement the Multiple Unit Property Tax Exemption

### Rationale

The Multiple Unit Property Tax Exemption (MUPTE) program is flexible and eligibility criteria can be set locally, allowing the City to target its specific needs. It offers an incentive for preservation and development of housing for low- to moderate-income households. It can offer an incentive for mixed-income housing, providing a way to leverage private, market-rate development to expand affordable housing.

### Description

MUPTE allows cities to offer a partial property tax exemption (limited to the value of the housing, not the land) for multifamily development that meets specific locally established criteria, such as having an affordability agreement with a public agency. The terms of the affordability agreement can be set by the City – there are no specific income / affordability requirements in the state statute that enables the program. The

The City could explore using MUPTE in two possible ways:

- To incentivize mixed income development through inclusion of below-market units (units affordable below 80% of MFI) in otherwise market-rate developments.
- To incentivize owners of existing low-cost market rate housing to rehabilitate properties without displacing existing tenants or escalating rents.

What does the exemption apply to? It applies to rental housing for low-income and moderate-income persons, often in a mixed-income multifamily building. The exemption applies only to improvement value of the housing.

How long does it apply? The property tax exemption can be granted for up to 10 years, except that for low-income housing, exemption can be extended for as long as the housing is subject to the public assistance contract.

What taxing districts would participate? The property tax exemption only applies to city property taxes (which account for about 17% of property taxes in Newberg, inclusive of levies) unless the City gets affirmative support from at least 51% of overlapping taxing districts for the exemption to apply to their tax collections.

What are the administrative requirements? To implement the exemption, the City would take the following steps:

- Determine desired eligibility criteria (percentage of affordable or workforce housing or other public benefits, where the program applies, etc.).
- Seek agreement from taxing districts representing 51% or more of the combined levying authority on the property to include all of the taxing jurisdictions in the abatement. If the City is unable to get agreement from other taxing districts, the abatement will only apply to the City's portion of property taxes.
- Establish annual reporting and administration procedures.

#### City Role

Implement the exemption and execute on annual reporting and administration procedures

## I. Provide Density Bonuses to Support Development of Affordable Housing

#### Rationale

The City can use a density bonus to incentivize development of income-restricted housing in locations where it is particularly appropriate.

#### Description

The City can allow developers to build housing at densities higher than are usually allowed by the underlying zoning. Density bonuses are a commonly used tool to encourage greater housing density in appropriate areas (near services and in areas with adequate access to infrastructure), provided certain requirements are met. Bonus densities can also be used to encourage development of low-income or workforce affordable housing. An affordable housing bonus would allow for more housing units to be built than allowed by zoning if the proposed project provides a certain number of affordable units. A city can also stipulate the depth of affordability those units must reach (e.g., households earning up to or under 80 percent AMI).

To implement the density bonus, the City would amend its zoning code to allow for the bonus in appropriate zones, overlays, or subareas, establishing criteria for qualifying projects. Density bonuses are seen in several forms such as additional building height or floor area ratio (FAR) bonuses.

The City might provide density bonuses for specific types of affordable housing development, such as income-restricted affordable housing (see Action #).

## City Role

Amend the zoning code to allow a density bonus for qualifying projects.

## J. Establish Maximum Lot Size

### Rationale

Establishing maximum lot sizes is a common tool cities use to help leverage the housing market to build desired or needed housing units, such as smaller detached or attached single-family units that tend to be more affordable and missing in the existing supply.

### Description

Maximum lot sizes are a way to ensure that development in single-family zones occurs at densities that are consistent with urban densities, limiting the maximum of allowed lot sizes. Such standards are typically implemented through zoning code provisions in applicable residential zones. For example, a residential zone with a 5,000 sq. ft. minimum lot size might have an 8,000 sq. ft. maximum lot size yielding an effective net density range between 5.4 and 8.7 dwelling units per net acre. Cities may choose to establish maximum lot sizes in single-family residential zones to eliminate underbuilding in residential areas, make provision of services more cost effective, and deliver more middle housing options.

### City Role

Amend the zoning code to establish maximum lot sizes in residential zones.

## K. Develop Pre-Approved Plans for ADUs and Middle Housing

### Rationale

Pre-approved plans would reduce the need for architectural costs and reduce barriers to development of these housing types.

### Description

Newberg could lower the barriers to Accessory Dwelling Units (ADU) and middle housing typologies (i.e., cottage clusters, townhomes, and plexes) by providing a pre-approved set of plans for and designs that, if used by a developer or homeowner, would lead to automatic approvals and reduced permitting schedule.

The plans should be highly efficient, designed for constrained lots and low-cost solutions, and would allow for streamlined permitting. Newberg could adapt pre-approved plans developed by other cities or work with other cities to develop pre-approved plans that could be implemented regionally. Information sharing is a critical component for making this type of program a success. The more readily available information and resources are for a pre-approved plans program, the more it will spark interest from residents and developers. If the program is not well advertised, it will be underutilized.

### City Role

Work across departments to create or adapt pre-approved plan sets for ADUs and middle housing typologies. Create a centralized place (i.e. page on the City's website) to help interested parties locate the plan sets and find the procedural information needed to ensure a streamlined permit process.

## L. Produce Informational Resources for Low-Income Households or People Experiencing Homelessness

### Rationale

The City supports housing development for low-income households and supports partners who provide access to emergency shelters, but they are unable to directly provide these resources at this point in time. However, they can leverage their partnerships and help produce or provide informational resources.

### Description

Newberg already has an Affordable Housing Resource Center located on the second floor of the Public Library. It includes applications and instructions for several programs for renters and home ownership such as the Section 8 Housing Choice Voucher Program and the Housing Rehabilitation Program.

The City could leverage partnerships with schools and service providers who work with low-income and houseless populations, along with foster youth and their families to provide additional resources for the existing Resource Center. Additionally, the City could utilize social media to help spread the word on available resources

### City Role

The City can coordinate with partners to gather information in a central location.

## M. Support Access to Emergency Shelter

### Rationale

People experiencing homelessness need access to long-term housing. One step towards accessing long-term housing is emergency shelter.

### Description

Newberg does not have a permanent emergency shelter, but the City supports existing warming and cooling shelters. The city can work with partners to support access to emergency shelter, such as:

- Provide information what the types of shelters available on the City's website, including locations, qualifying individuals, and transportation options.
- Low barrier shelters are emergency shelters where identification is not required, pets may be allowed, and sobriety is not a requirement.
- Safe sleep options, such as religious organizations and nonprofits that host vehicles on their properties, identifying public areas where overnight parking is allowed, creating a city-sponsored RV park with low or no nightly fees, or allowing homeowners to host a tent or vehicle on their properties.
- Alternative shelter options, such as groupings of micro-homes, nonprofit sponsored mobile home park, or nonprofit-owned motel

## City Role

Newberg can support these types of housing by ensuring that they are allowed in the City's zoning code and through facilitating the planning process. The City may also contribute funds, land, or other resources to support development of these housing types.

## N. Consider Restrictions and Conduct Inspections on Short-term Rentals

### Rationale

There is growing concern from residents and staff members about the increase in the number of short-term rentals (STR) in Newberg, as staff reports seeing an increase in vacation rental applications. Short-term rentals typically occupy units in residential areas that would otherwise be used for long-term housing, decreasing the supply of housing available for local residents.

### Description

Newberg has at least 41 short-term rentals that have gone through the approval process or are currently in the approval process. It is known that there are probably more that have not gone through any city approval process and are operating in Newberg. This is the number that staff is aware of at this time.

The City defines short-term rentals into two categories:

- Bed and Breakfast Establishments, either as renting 2 or fewer rooms or 3 or more rooms
- Vacation Rentals

A bed and breakfast establishment is a single-family home where rooms are being rented, but requires that an on-site manager is present (property occupant or property owner).

A vacation rental is a single-family home that is entirely being rented out and property owners or property occupants are not present while it is being rented.

Short-term rentals are only allowed in single-family homes in residential zones. Requirements include providing off-street parking spaces, limit on the number of people allowed during a rental period, and must meet the standards in the Building Code for overnight sleeping facilities.

Depending on the zone of the property, a short-term rental will either need a Conditional Use approval (Type III public hearing with Planning Commission) or a Type II approval (public notice is required, but no public hearing). There are no restrictions on number of short-term rentals in Newberg or by location.

However, there are several other approaches a city can take to monitor or restrict STRs.

- Inspections: To ensure safety and code compliance, the City can inspect facilities for fire safety and compliance with applicable regulations. These inspections could be part of a one-time permitting process, the annual permit renewal, or may be required at an interval such as every two to five years.
- Restrictions: The City can limit the number or concentration of STRs in specific neighborhoods or areas of the city by implementing some of the following strategies.
  - Set a maximum percent of units or tax lots citywide that can be STRs

- Limit number citywide or per neighborhood
- Set a maximum percent of units or tax lots in specific neighborhoods or zones that can be STRs
- Set a minimum distance between STRs
- Limit number per street segment
- Set limits on STRs by census tract
- Limit owners to one STR permit
- Limit rental periods

### City Role

Once STR issues specific to Newberg are identified, the City can adopt policies or regulations that limit the expansion of STRs. The City can also adopt safety and code regulations that will require inspections.

## O. Support Application of Fair Housing Laws

### Rationale

Fair Housing Laws are designed to protect people from discrimination (based on race, color, national origin, religion, gender identity, sexual orientation, familial status, disability) when they are participating in renting or buying a home, mortgage lending, or any housing assistance.

### Description

Cities must decide the most appropriate ways to explicitly implement and support a policy of Affirmatively Furthering Fair Housing. At a minimum, the City could amend the comprehensive plan to explicitly include Fair Housing.

The City could proactively reach out to property owners and developers when discussing code or plan changes that could increase housing development opportunities. The City could work with these interested parties to develop plans that would address housing needs. City staff should be trained on how to identify potential Fair Housing violations and make referrals to the Fair Housing Council of Oregon and state and local enforcement agencies.

The City could ensure that there are opportunities for education about Fair Housing to residents, property owners, property managers, realtors, lenders, and others involved with real estate transactions with access to Fair Housing information and referrals. In addition, the city could partner with and fund Fair Housing Council of Oregon to provide periodic Fair Housing Audit Testing, customized outreach and education and other specialized services.

### City Role

Adopting Fair Housing as a Housing Policy and supporting outreach and education about Fair Housing policies.

## P. Implement all Housing Policies through a Lens of Social and Racial Equity

### Rationale

Persistent inequities exist within our social structures and economic systems. Public policy can perpetuate or even expand existing inequities, or it can work to dismantle them by ensuring underserved and disadvantaged people are included in policy decisions.

### Description

Disciplined attention must be paid to race, ethnicity, and other social and cultural markers (e.g., gender and sexuality) when collecting and analyzing data and drafting policy. Questions should be prompted at appropriate phases of decision-making to promote communication, conversation, and action. The following are example questions to consider when developing policy.

- Does the policy acknowledge the historical or current systems contexts that have produced disparate outcomes among groups?
- If surveys or data collecting are conducted, have we designed the instrument(s) to address common equity considerations, such as language, accessibility, or cultural norms?
- How have we addressed who would benefit or be burdened by a given decision, and what are the potential unintended consequences of the decision?
- Have we used culturally and geographically appropriate demographic descriptors in discussing racial and ethnic groups and other marginalized identities?
- Does our policy decision acknowledge and address relevant disparities?

### City Role

The City can develop a social and racial equity and inclusion lens that considers diverse perspectives to evaluate all housing policies.



## Funding Sources

The City implemented a Construction Excise Tax (CET), which is intended to provide funding to support development of affordable housing. Newberg adopted a CET in 2020. The funds from the CET are required by State law to be spent on developer incentives, supporting affordable housing programs, and homeownership programs. The City is currently developing a plan for using CET funds to support affordable housing and is expecting to complete it by the end of 2022. Funds from the CET can be used to support the actions discussed in the prior section. In addition, the funding strategies below can be used to support the actions above.

### Q. Use Urban Renewal to Support Housing and Infrastructure Development

#### Rationale

Urban renewal provides a flexible funding tool that can support many of the key strategies identified in the Housing Production Strategy.

#### Description

Urban renewal can be used to support development of affordable housing to support rehabilitation of existing housing in poor condition, possibly with future requirements that it remain affordable at an income level like 80% or less of MFI.

Urban renewal funds can also be used to support development of off-site infrastructure necessary to support new housing development. The City allows for use of urban renewal funds to pay for up to 25% of the costs of infrastructure development.

Newberg is in the process of establishing an Urban Renewal District. The majority of funding in Newberg's Urban Renewal Plan (adopted in 2021) is set aside for transportation and infrastructure projects. These projects are intended to facilitate mixed-use development, particularly in the Riverfront District's commercial areas and within the Downtown area.

The urban renewal district is intended implement the city's housing policies, for example:

- The City will encourage medium - to high density- housing in and adjacent to the commercial core of the Riverfront District medium-density residential uses in the western and northern portions of the Riverfront District.
- The City will encourage housing development in commercial areas within the Riverfront District as part of mixed use developments.

#### City Role

The City would continue to implement to Urban Renewal Plan and select projects to fund through Urban Renewal.

### R. Issue a General Obligation Bond to Support Housing and Infrastructure Development

#### Rationale

A General Obligation (GO) Bond could provide a stable, dedicated revenue source to fund infrastructure to support affordable housing, land acquisition, property acquisition, and direct

project subsidies through increased property tax rates. It is the primary funding source that could directly support housing below 60% of MFI.

#### Description

GO bonds are issued for a specific dollar amount and paid for over the period of the bond through increased property taxes. Because they are legally limited to use for capital investments and require a public vote to enact, these bonds are typically used for major infrastructure investments (such as roadway improvements that benefit all, or nearly all, of a city's residents). However, GO bonds can be used for land acquisition or affordable housing development if the city's residents agree to fund them. Bonds cannot be used for supportive services or for operations. GO bonds are not subject to Measure 5 and 50 rate limits. They can be structured to provide revenue in increments over time, rather than in one large up-front amount.

#### City Role

Develop funding plan, conduct polling/engagement, develop ballot initiative, implement projects (if successful)

## Use of the Actions in Initiatives

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

These initiatives have been refined based on discussions with City Staff. The draft initiatives are:

- **Support development of low- and moderate-income affordable rental housing.** This initiative seeks to increase the housing options for unregulated rental households earning between 60% and 120% of MFI (\$35,400 to \$70,800).
- **Increase opportunities for affordable homeownership.** This initiative seeks to increase the housing options for homeownership for households earning less than 120% of MFI (less than \$70,800)
- **Encourage development of income-restricted affordable housing units.** There are limited options available in Grants Pass that are affordable to households with income of less than 60% of MFI (\$35,400). This initiative supports development of housing affordable in this income group.
- **Preserve existing of low- and moderate-income affordable housing.** This initiative seeks to increase the housing options for rental households earning less than 120% of MFI (less than \$70,800).

Exhibit 1. Housing Initiatives and the Potential Actions

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

Action Name	Initiative Name			
	Support development of low- and moderate-income affordable rental housing	Increase opportunities for affordable homeownership	Encourage development of income-restricted affordable housing units	Preserve existing of low- and moderate-income affordable housing
<b>Actions</b>				
Support Development of Market-Rate Affordable Housing	■	■	□	□
Support Development of Income-Restricted Affordable Housing	■	□	■	
Support Preservation of Income-Restricted Affordable Rental Housing				■
Support Preservation of Manufactured Home Parks				■
Develop a Land Bank Strategy and Partnerships to Support Affordable Housing Development	■	■	□	
Reduce SDCs for Income-Restricted Affordable Housing	□	■	■	
Reduce Permit Fees for Affordable Housing	■	■	■	
Implement the Multiple Unit Property Tax Exemption	■	□	□	
Provide Density Bonuses to Support Development of Affordable Housing	□	□	■	□
Establish Maximum Lot Size and Minimum Density Standards	■	□		■
Develop Pre-Approved Plans for ADUs and Middle Housing Typologies	■			■
Produce Informational Resources for Low-Income Households or People Experiencing Homelessness				■

Action Name	Initiative Name			
	Support development of low- and moderate-income affordable rental housing	Increase opportunities for affordable homeownership	Encourage development of income-restricted affordable housing units	Preserve existing of low- and moderate-income affordable housing
Support Access to Emergency Shelter			<input type="checkbox"/>	
Consider Restrictions and Conduct Inspections on STRs		<input type="checkbox"/>		■
Support Application of Fair Housing Laws	■	■	■	<input type="checkbox"/>
Implement all Housing Policies through a Lens of Social and Racial Equity	■	■	■	■
<b>Funding Sources</b>				
Use Construction Excise Tax to Support Affordable Housing Development		■	■	■
Urban Renewal to Support Housing and Infrastructure Development	<input type="checkbox"/>	■	■	■
Issue a General Obligation Bond to Support Housing and Infrastructure Development	<input type="checkbox"/>	■	■	■

## Preliminary evaluation of each action

The proposed evaluation criteria, summarized below fall into five categories: impact, income-level served, feasibility, administrative complexity, flexibility.

### Income Level Served

The HPS is intended to result in development and preservation of housing affordable at all income levels. We discuss affordability Median Family Income (MFI) that is defined by the U.S. Department of Housing and Urban Services (HUD) for Yamhill County for a family of four people.

A household of four people earning 100% of MFI (about \$96,900) could afford monthly housing costs of \$2,420. The income and affordable monthly costs vary by household size. For example, a household of one person with an income of 100% MFI has income of \$41,300 and can afford monthly housing costs of \$1,033. A household of six people at 100% of MFI has an income of \$68,400 and can afford monthly housing costs of \$1,711.

We define income levels based on MFI for a household of four people, as follows:

<b>Extremely Low and Low Income</b>	<b>Low Income</b>	<b>Middle Income</b>	<b>High Income</b>
Extremely Low Income: Less than 30% MFI or \$29,000 or less for a household of four  Very-Low Income: 30% to 50% of MFI or \$29,000 to \$48,000 for a family of four	Low Income: 50% to 80% of MFI or \$48,000 to \$78,000 for a household of four	Middle Income: 80% to 120% of MFI or \$78,000 to \$116,000 for a household of four	High Income: 120% of MFI or more \$116,000 or more for a household of four
<i>37% of Newberg households</i>	<i>22% of Newberg households</i>	<i>23% of Newberg households</i>	<i>19% of Newberg households</i>
<i>Can afford \$730 and \$1,210 or less in monthly housing costs.</i>	<i>Can afford \$1,200 to \$1,950 in monthly housing costs.</i>	<i>Can afford \$1,950 to \$2,900 in monthly housing costs.</i>	<i>Can afford \$2,900 or more in monthly housing costs.</i>

## Impact for Housing Development

For many of the actions described below, we give an approximate scale of impact. **The purpose of the scale of impact is to provide some context for whether the policy tool generally results in a little or a lot of change in the housing market.** The scale of impact depends on conditions in the City, such as other the City’s other existing (or newly implemented) housing policies, the land supply, and housing market conditions. We define the scale of impact as follows:

Small	Moderate	Large
<p>Will not directly result in development of new housing or it may result in development of a small amount of new housing.</p> <p>May not improve housing affordability in and of itself.</p> <p>May be necessary but not sufficient to increase housing affordability.</p>	<p>Could directly result in development of new housing.</p> <p>May not improve housing affordability in and of itself.</p> <p>May be necessary but not sufficient to increase housing affordability.</p>	<p>Could directly result in development of new housing.</p> <p>May improve housing affordability in and of itself.</p> <p>May still need to work with other policies to increase housing affordability.</p>
<p>~1-3% of needed housing 32 to 95 new dwelling units<sup>2</sup></p>	<p>~3% to 5% of needed housing 95 to 158 new dwelling units</p>	<p>~5% to 10% (or more) of needed housing 158 to 317 new dwelling units</p>

## Administrative Complexity

Administrative complexity for implementation considers how much staff time and resources (financial or otherwise) are required to implement the action? Is it difficult or costly to administer once it is in place? For funding sources, the easier it is to administer the tax or fee, the more net revenue will be available for housing production or preservation. For other actions, this criterion assesses the costs to establish and maintain tool implementation. We define administrative complexity, as follows:

Low	Medium	High
<p>Requires some staff time to develop the action and requires some on-going staff time to implement the action.</p> <p>May require review by the Planning Commission. May require acceptance or adoption by City Council.</p> <p>Has relatively small funding or revenue impacts.</p>	<p>Requires more staff time to develop the action and requires more on-going staff time to implement the action.</p> <p>Will require review by the Planning Commission. Will require acceptance or adoption by City Council.</p> <p>Has relatively moderate funding or revenue impacts.</p>	<p>Requires significant staff time to develop the action and/or significant on-going staff time to implement the action.</p> <p>Will require review by the Planning Commission. Will require acceptance or adoption by City Council.</p> <p>Has relatively larger funding or revenue impacts.</p>

<sup>2</sup> Newberg’s Housing Needs Analysis projects that the City will grow by 3,169 new dwelling units in Newberg between 2021 and 2041 to accommodate new population growth.

## Feasibility

Feasibility assesses the acceptability of the action for stakeholders. It considers expected political acceptability for elected officials and the public at large likely to support or have concerns about the action. If the action is dependent on the action of another organizational entity, the action is likely to be less feasible than if the City controlled all aspects of tool implementation. We define feasibility, as follows:

More Feasible	Moderately Feasible	Less Feasible
Likely to have little resistance from stakeholder groups, the public at large, and/or elected officials.  The action may require little or no coordination with another organizational entity to implement or use.	Likely to have moderate resistance from stakeholder groups, the public at large, and/or elected officials.  The action may require one-time or on-going coordination with another organizational entity to implement or use.	Likely to have significant resistance from stakeholder groups, the public at large, and/or elected officials.  The action may require significant coordination with another organizational entity to implement or use in an on-going basis.

## Flexibility

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

We define feasibility, as follows:

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



Exhibit 2: Potential Actions and Level of Impact

Action Name	Level of Affordability Addressed			Impact for Development	Admin Complexity	Feasibility	Flexibility
	<50% MFI	50%-80% MFI	80%-120% MFI				
<b>Actions</b>							
Support Development of Market-Rate Affordable Housing	X	X	X	Small	Low	Moderate	More
Support Development of Income-Restricted Affordable Housing	X	X		Small to Moderate	Medium	Depends on funding	More
Support Preservation of Regulated Affordable Rental Housing	X	X		Small	Low	More	More
Support Preservation of Manufactured Home Parks	X	X		Small	Low	More	Moderate
Develop a Land Bank Strategy and Partnerships to Support Affordable Housing Development	X	X	X	Moderate to large	High	Moderate	More
Reduce SDCs for Income-Restricted Affordable Housing	X	X	X	Small	Medium	More	Moderate
Reduce Permit Fees for Affordable Housing	X			Small	Medium	More	More
Implement the Multiple Unit Property Tax Exemption		X	X	Small to Moderate	Medium	More	More
Provide Density Bonuses to Support Development of Affordable Housing				Small to Moderate	Medium	More	More
Establish Maximum Lot Size and Minimum Density Standards	X	X	X	Small to Moderate	Medium	More	More
Develop Pre-Approved Plans for ADUs and Middle Housing Typologies		X	X	Small	Low	More	Less
Produce Informational Resources for Low-Income Households or People Experiencing Homelessness	X	X		Small	Low	More	More

Action Name	Level of Affordability Addressed			Impact for Development	Admin Complexity	Feasibility	Flexibility
	<50% MFI	50%-80% MFI	80%-120% MFI				
Support Access to Emergency Shelter	X			opportunities to transition from homelessness	Low	More	Less
Consider Restrictions and Conduct Inspections on STRs		X	X	Small	Medium	Moderate	More
Support Application of Fair Housing Laws	X	X	X	Depends on the changes in policy making processes	Low	More	More
Implement all Housing Policies through a Lens of Social and Racial Equity	X	X	X	Will not result in housing development or preservation	Low	More	More
<b>Funding Sources</b>							
Use Construction Excise Tax to Support Affordable Housing Development	X	X	X	Depends on the amount of funding available.		More	More
Urban Renewal to Support Housing and Infrastructure Development	X	X	X	Moderate to large	High	More	More
Issue a General Obligation Bond to Support Housing and Infrastructure Development	X	X	X	Moderate to large	High	Less	More