REQUEST FOR COUNCIL ACTION

Date Action Requested: (November 21, 2022)

Order ☐ Ordinance ☐ Resolution ☐ Motion ☐ Information ☒	
Subject: Housing Production Strategy Project Update	Staff: Mary Heberling-Creighton Department: Community Development File No.
Work Session ☒ Business Session ☐	Order On Agenda:

Recommendation: Information Only

Executive Summary:

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.
- July 26 the CAC met to further refine strategies and to discuss how to prioritize and tailor actions to meet Newberg's specific housing needs.
- October 11 the CAC met to continue further refining strategies and prioritize actions into high, medium and low.

Summary of Actions Considered for Inclusion in the HPS

Actions to Keep	Actions Moved to Recommendations	Removed Actions
A. Support Development of Market-Rate Affordable Housing B. Develop a Land Bank Strategy and Partnerships to Support Affordable Housing Development C. Support Preservation of Manufactured Home Parks D. Provide Density Bonuses to Support Development of Affordable Housing E. Reduce SDCs for Income-Restricted Affordable Housing F. Reduce Permit Fees for	A. Establish maximum lot size B. Develop Pre-Approved Plans for ADUs and Middle Housing C. Implement all Housing Policies through a Lens of Social and Racial Equity D. Support Preservation of Income-Restricted Affordable Rental Housing E. Issue a General Obligation Bond to Support Housing and Infrastructure Development	A. Homebuyer Opportunity Limited Tax Exemption (HOLTE) B. Expedited/Fast-tracked Building Permit C. Revise existing density transfer policies to make residential cluster development more feasible D. Develop a Navigation Center E. Add Restrictive Covenants to Ensure Affordability

Affordable Housing G. Implement The Multiple Unit Property Tax Exemption H. Support Application of Fair Housing Laws I. Provide Informational Resources for Low-Income Households or People Experiencing Homelessness J. Consider Restrictions and Conduct Inspections on Short-Term Rentals K. Use Urban Renewal to Support Housing and Infrastructure Development		

Actions were **moved to recommendations** after determining that those actions are things that the City may choose to do in the future, but are beyond the ability of the City to achieve over the next 8 years.

Actions that were determined to be **removed from the list** of strategies are summarized below:

- Homebuyer Opportunity Limited Tax Exemption (HOLTE) was removed because the Advisory Committee believes the incentive is too small and is unlikely to be well utilized, so other strategies should be prioritized.
- Expedited / Fast-tracked Building Permit was removed because the Advisory Committee did not perceive this strategy as an effective way to incentivize affordable housing.
- Develop a Navigation Center was removed because it requires a great deal of staff time and funding, and there does not appear to be a tangible need for the City to provide a service like this at this point in time.
- Revise existing density transfer policies to make residential cluster development more feasible was removed by city staff because they did not feel it was a priority at this point in time.
- Add Restrictive Covenants to Ensure Affordability was removed by the Community Advisory Committee as they felt there were more pressing priorities

Questions for City Council to discuss based off information provided above:

Land banking (Action B).

- What do you think the City's role should be in land banking? The ECONorthwest memorandum (Attachment A) provides some examples and options for city role.

Reduction of SDCs to support development of Income-restricted housing (Action E).

- Do you think the City should reduce or eliminate SDCs to support development of income-restricted affordable housing (which is housing affordable to households with incomes below 60% of median family income).

Reduction of permit fees to support development of Income-restricted housing (Action F).

- Do you think the City should reduce or eliminate permit fees to support development of income-restricted affordable housing (which is housing affordable to households with incomes below 60% of median family income).

Multiple Unit Property Tax Exemption (Action G).

- Do you think the City should evaluate implementing the Multiple Unit Property Tax Exemption to support development of multifamily housing affordable to households with incomes between 60% and 120% of median family income? This action would require the City to establish criteria for implementing the tax exemption, such as directing the affordability level for qualifying housing and location of where the tax exemption could be granted.

Project Tasks & Updated Schedule:

- Task 1: Project Kick-Off (January 1, 2022 – March 14, 2022)
- Task 2: Contextualized Housing Needs (Feb 2 – April 30)
- Task 3: Strategies to Accommodate Future Housing Needs (January 1 – Nov 30, 2022)
- Task 4: Draft and Final Report (Nov 1 – Feb 28, 2023)
- Task 5: Adoption (March 1 – April 28, 2023)

Fiscal Impact: N/A

Strategic Assessment: City Council Goal 3: Promote development of housing affordability

ECONorthwest
ECONOMICS · FINANCE · PLANNING

DATE: October 11, 2022
TO: Newberg Housing Community Advisory Committee
CC: Mary Heberling-Creighton, AICP; Doug Rux
FROM: ECONorthwest
SUBJECT: Housing Strategies (Actions) for Further Discussion

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.
- July 26 the CAC met to further refine strategies and to discuss how to prioritize and tailor actions to meet Newberg's specific housing needs.

This memorandum will provide the basis for continued discussion of the strategies at the October 11, 2022 meeting with the CAC, focusing on the following questions:

- Should we remove any of the strategies from the list to include in the HPS?
- Do any strategies need additional research or further refinement to better fit them to address Newberg's unmet housing needs?
- Which strategies should be prioritized for implementation?

Beyond the October CAC meeting, we will meet with the CAC two more times to (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)[1] 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 and July 26 meetings and evaluates 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

Summary of changes to the list of actions

Actions Moved to Recommendations

The City determined that the following actions are things that the City may choose to do in the future but that are beyond the ability of the City to achieve over the next 8 years. If that changes, the City could implement these actions. Information about each of the recommendations is included later in the memorandum:

- Establish maximum lot size
- Develop Pre-Approved Plans for ADUs and Middle Housing
- Implement all Housing Policies through a Lens of Social and Racial Equity
- Support Preservation of Income-Restricted Affordable Rental Housing
- Issue a General Obligation Bond to Support Housing and Infrastructure Development

Removed Actions

The City determined that the following actions should not be included in the HPS as strategies or recommendations. Some of these actions became elements of actions chosen for inclusion.

- Homebuyer Opportunity Limited Tax Exemption (HOLTE) was removed because the Advisory Committee believes the incentive is too small and is unlikely to be well-utilized, so other strategies should be prioritized.

- Expedited / Fast-tracked Building Permit was removed because the Advisory Committee did not perceive this strategy as an effective way to incentivize affordable housing.
- Develop a Navigation Center was removed because it requires a great deal of staff time and funding, and there does not appear to be a tangible need for the City to provide a service like this at this point in time.
- Revise existing density transfer policies to make residential cluster development more feasible was removed by city staff because they did not feel it was a priority at this point in time.
- Add Restrictive Covenants to Ensure Affordability was removed by the Community Advisory Committee as they felt there were more pressing priorities.

Exhibit 1. Summary of Actions Considered for Inclusion in the HPS

Actions to Keep	Actions Moved to Recommendations	Removed Actions
A. Support Development of Market-Rate Affordable Housing B. Develop a Land Bank Strategy and Partnerships to Support Affordable Housing Development C. Support Preservation of Manufactured Home Parks D. Provide Density Bonuses to Support Development of Affordable Housing E. Reduce SDCs for Income-Restricted Affordable Housing F. Reduce Permit Fees for Affordable Housing G. Implement the Multiple Unit Property Tax Exemption H. Support Application of Fair Housing Laws I. Provide Informational Resources for Low-Income Households or People Experiencing Homelessness J. Consider Restrictions and Conduct Inspections on Short-term Rentals K. Use Urban Renewal to Support Housing and Infrastructure Development	• Establish maximum lot size • Develop Pre-Approved Plans for ADUs and Middle Housing • Implement all Housing Policies through a Lens of Social and Racial Equity • Support Preservation of Income-Restricted Affordable Rental Housing • Issue a General Obligation Bond to Support Housing and Infrastructure Development	• Homebuyer Opportunity Limited Tax Exemption (HOLTE) • Expedited / Fast-tracked Building Permit • Revise existing density transfer policies to make residential cluster development more feasible • Develop a Navigation Center • Add Restrictive Covenants to Ensure Affordability

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

Note to reviewers: We need to have some discussions about progress and direction on the Newberg Workforce Housing Consortium. This item may change based on that discussion.

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

Partners and their Role

Partner 1. To be filled in later

Partner 2. To be filled in later

Anticipated Impacts

To be filled in later

Populations Served	Income	Housing Tenure	Magnitude of New Units Produced
	Households with incomes below 80% of MFI May include projects for households with income below 120% of MFI	Renter or Owner	Moderate to Large

Potential Risks
To be filled in later

Implementation Steps
To be filled in later

Implementation Timeline
To be filled in later

Timeline for Adoption	Implementation to Commence	Timeframe of Impact

Funding or Revenue Implications
To be filled in later

B. 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 can support a land trust or housing cooperative by offering assistance, such as providing information about the programs to prospective participants, technical assistance in the permitting and development process, or providing down payment assistance to lower the

owner's share purchase price. The City could maintain an inventory of land, publicly owned or otherwise, that is available and properly zoned for housing development. The City could also take a role in providing legal assistance for formation of a housing cooperative

The City could have multiple roles for land banking or partnering to ensure housing that maintains long-term affordability. The City's role may vary on different projects, such as identifying or 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. Specific City roles could include:

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

Partners and their Role

Partner 1. Newberg Area Habitat for Humanity - has recently built duplexes in Newberg and the Mayor Rogers is the Executive Director. Habitat for Humanity could assist the City with developing an affordable housing project.

Partner 2. Housing Authority of Yamhill County - provides subsidized affordable housing in the area, rental assistance, Section 8 vouchers, and could work with the City to develop affordable housing. The Housing Authority could also assist the City with identifying funding sources, such as federal and state grants to assist with land acquisition or construction.

Partner 3: Local Affordable Housing developers – Newberg has several affordable housing developers working in the area. The City could provide funding or land acquisition assistance that could make projects aimed at serving households below 60% AMI financially feasible that may not have been otherwise.

Anticipated Impacts

Populations Served	Income	Housing Tenure	Magnitude of New Units Produced
Low- and middle-income households	0-80% of MFI	Renter	Low to moderate

Potential Risks

If public land is used for affordable housing, it cannot be used for other city functions. However, the land would have been identified as surplus and not needed for city functions. Funds spent on affordable housing will be unavailable for other city services. If the City does not ensure that housing will be affordable at below 80% of MFI for the foreseeable future, the housing costs may increase, making the housing less affordable.

Implementation Steps

- Establish a land bank using City-owned land that's designated as surplus, to secure for future affordable housing development.
- Dedicate a funding source to either set aside money for city-led land acquisition or to support land banking facilitated by a non-profit.
- Establish a program with a dedicated funding source to help interested parties form a housing cooperative.
- Partner with and contribute land to a community land trust that is led by an existing entity, often a nonprofit organization.
- Research state or federal grant opportunities to help the City with land acquisition for affordable housing development.

Implementation Timeline

To be filled in later

Timeline for Adoption	Implementation to Commence	Timeframe of Impact

Funding or Revenue Implications

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

C. 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

Newberg has 8 manufactured home parks, as of 2018, with a total of 634 spaces. Manufactured home parks provide opportunities for affordable housing for homeowners of a type that is not otherwise present in the housing market. Closure of manufactured home parks was common in Oregon during the mid-2000's and new manufactured home parks have not been developed in Oregon cities in the last decade or more.

Oregon regulates closure of manufactured home parks (in ORS 90.645). The State requires owners of manufactured home parks to give notice of closure or conversion of a manufactured home park. Manufactured home park owners are required to pay households a fee (of between about $6,000 and $10,000) when closing manufactured home parks.

In the face of closure or sale of a manufactured home park, preservation of manufactured home parks can be accomplished through a range of approaches, such as resident owned cooperatives

or non-profit ownership. Since 2007, 30 manufactured home parks have been preserved statewide. In 2019, the Legislature funded a manufactured dwelling park loan program through OHCS specifically preserve manufactured home parks. Oregon Housing and Community Services (OHCS) works with Community Development Financial Institutions (CDFI) to preserve manufactured home parks through this loan fund.

Organizations that provide support for preservation of manufactured home parks includes: OHCS, Network for Oregon Affordable Housing, Banner Bank, and CDFIs. Nonprofits like CASA of Oregon and St. Vincent de Paul of Lane County have assisted with preservation of many of the 30 manufactured home parks.[2] Between 2019 and September 2021, OHCS' manufactured dwelling park loan program supported preservation of a manufactured home park in Newport

Another approach is adopting a zone that allows manufactured home parks as a permitted use and prohibits other types of single-family detached or multifamily housing. Cities such as Cornelius and Portland have taken this approach. [3]

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.

Partners and their Role

Partner 1. **Yamhill County Housing Authority** - Support the purchase and preservation of manufactured homes as permanently affordable housing.

Partner 2. **OHCS or Yamhill County** to identify funding sources that can be used to assist with preserving MHCs as affordable housing.

Anticipated Impacts

Populations Served	Income	Housing Tenure	Magnitude of New Units Produced
Extremely low, very-low, low-income households; Existing residents of manufactured home parks	Households with incomes below 80% of MFI	Renter or Owner	Low to Moderate

Potential Risks

Impacts are likely to be minor or have no negative impact.

[2] Based on information from the report *Washington County's Manufactured Housing Communities: Facts, Risks, and Resource*, Final Report, April 2022.

[3] *Washington County's Manufactured Housing Communities: Facts, Risks, and Resource*, Final Report, April 2022.

Implementation Steps

- Establish a monitoring program with Yamhill County Housing Authority to track necessary repairs and stability of using CDBG to fund them.
- Identify other potential partnerships with nonprofits or manufactured home park owners to coordinate and support preservation efforts.
- Identify funding sources to assist with preservation efforts and offer financial support where possible.

Implementation Timeline

To be filled in later

Timeline for Adoption	Implementation to Commence	Timeframe of Impact

Funding or Revenue Implications

If no specific funding or revenue source is identified at this time, staff time and available Planning Department tools and resources will be relied on to provide support in the form of letters of support, research on preservation options, targeted outreach and acting as a convener of stakeholders. Providing monetary resources to encourage development of new manufactured home parks or to help preserve existing parks could result in a higher-cost strategy.

D. 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 MFI).

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 decision of where to allow density bonuses should be strategic, balancing existing access to goods and services, while also identifying future opportunities to create more robust and accessible neighborhoods.

The City should also work to balance density bonuses with other code provisions such as required open space and parking ratios, to ensure incentive structures are attainable, especially on small infill development parcels.The City is currently working on a code audit to ensure development regulations align with state law to have clear and objective standards. Developer incentives have been part of those conversations, and relevant outcomes will be documented in this report.

City Role

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

Partners and their Role

Partner 1. **Newberg Community Development Planning Division** – City staff would need to coordinate with other City departments to ensure areas where density bonuses have adequate infrastructure capacity to support additional units. City staff would also need to draft zoning code amendments and facilitate the required public processes for adoption.

Partner 2. **Local or Regional Developers** – Could assist city staff in identifying effective bonus structures that increase project feasibility.

Anticipated Impacts

Populations Served	Income	Housing Tenure	Magnitude of New Units Produced
Extremely low income, very low–income, and low-income households	0-80% of MFI	Renter or Owner	Small to moderate

Potential Risks

While higher density buildings can add value to a real estate project, these buildings cost more to build. Even if the added income of having more on-site units is more than the cost to build higher, increasing the allowable density may not automatically add enough value to offset the cost of providing affordable housing.

Implementation Steps

- Engage the development community to better understand how density limits might be restricting development; identify what types of density incentives would be most beneficial (example types of incentives included in the description).
- Identify areas where density bonuses would be allowed
- Revise the Newberg Development Code to align open space requirements and parking standards with allowable densities by working with the Newberg Community Development Planning Division through a public process.
- Develop specific policy for allowing density bonuses to support affordable housing including the number or percentage of affordable units needed for bonus eligibility, type of housing (single family, duplex, multi-family), income limits, and sale price or rent limits.

Implementation Timeline

To be filled in later

Timeline for Adoption	Implementation to Commence	Timeframe of Impact

Funding or Revenue Implications

Staff time and available Community Development Planning Division tools and resources will be relied on to accomplish this strategy.

E. 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 or exempts 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 exempts or reduces SDCs for regulated affordable housing, the city will need to backfill the cost of the SDCs from another funding source, such as a CET fund. However, if the cost of SDCs (or development costs in general) render an affordable housing project financially infeasible, it may not get built.

The City of Portland has an SDC exemption program that is dependent on whether the exempted unit will be sold to homebuyers or rented. For the homebuyer program option, developments must meet certain affordability requirements. The unit must sell to a homebuyer that makes at or below 100% Median Family Income for a family of four. Units must sell for less than the price cap ($430,000) and units cannot be rented out, they must sell to homebuyers who will occupy the unit as the initial occupants. The City also offers an exemption program for rental units that meet certain affordability requirements. Exempted units must rent to households earning 60% MFI or below and must remain income-restricted for a 60-year period.

Lake Oswego exempts all SDCs for both affordable rental and ownership units that meet certain criteria. Both rental and owner-occupied units must be made affordable to households earning at or below 80% AMI. For homebuyers, the maximum initial purchase price will be determined upon entering the City of Lake Oswego Affordable Housing Program and will take into account the total monthly housing costs including principal, interest, taxes, homeowners or regular maintenance fees not exceeding 30% of the monthly income for the targeted income level at 80% of Area Median Income or less. The homebuyer shall agree to establishing a minimum period of 30 years for affordability.

The City of Ashland also waives SDCs for both ownership and rental units with stricter eligibility requirements. Homebuyers must earn 60% AMI or below to qualify and a deed restriction with a period of no less than 30 years of affordability is required. Rental units must rent to households earning 80% AMI or below and units must maintain affordability for no less than 60 years.

Some special districts also offer SDC waivers for affordable housing, including Tualatin Parks and Recreation District and Bend Parks and Recreation District.

When considering project qualification criteria, the City should ensure incentives are available to all scales of income-restricted affordable housing projects, regardless of the number of units, to encourage the participation of large and small developers.

City Role

Establish a set of reduced SDC rates for regulated affordable housing projects. The City may also consider exempting SDCs for affordable housing with deeper affordability thresholds.

Partners and their Role

Partner 1. **City staff** - including Newberg Planning and Public Works Department; Newberg Finance Department; Newberg City Manager – can help identify need for backfilling for exempted or reduced SDCs

Partner 2. **Local and Regional Developers** – can work with the City to identify affordability thresholds that will could make projects feasible vs infeasible to ensure the program is utilized.

Anticipated Impacts

Populations Served	Income	Housing Tenure	Magnitude of New Units Produced
Low- income households	0-80% of MFI	Renter or Owner	Medium

Potential Risks

The City will need to make up revenue forgone through the changes to SDCs. Implementation of an SDC exemption program would likely add upfront and ongoing administrative costs.

Implementation Steps

- Evaluate updates to the City's SDC methodology as well as criteria that would make certain types of housing eligible for an SDC reduction, exemption, or other incentive.
- Consider prioritizing areas that have already contributed to SDCs, such as areas that are redeveloping, as priority areas for an SDC reduction or other incentive.
- Should the City wish to amend their SDC methodology, a public vote is not required. Rather, an SDC methodology change may be established by ordinance or resolution.

Implementation Timeline

To be filled in later

Timeline for Adoption	Implementation to Commence	Timeframe of Impact

Funding or Revenue Implications

Changes may reduce or delay SDC revenue to the City. City may need to hire a consultant to help evaluate the methodology and provide recommendations.

F. 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. These fees could include fees such as: land use fees (design review, land divisions, planned unit development, comp plan/zone changes), public improvement permit fees (transportation, water, wastewater, stormwater), and building permit fees.

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.

Partners and their Role

Partner 1. **Newberg Planning Department** – typically development fees are collected within planning departments or departments where development services are administratively located.

Partner 2. **Newberg Finance Department** – staff in the finance department can help identify how permit fees are spent, to inform which fees could be reduced without compromising internal costs.

Anticipated Impacts

Populations Served	Income	Housing Tenure	Magnitude of New Units Produced
Low to -middle income	May include projects for households with income below 120% of MFI	Renter or Owner	Small

Potential Risks

Permit fees are collected to help pay for the services provided (i.e. a planner's salary who reviews the permit application). The City will need to ensure other funds are available to address any gaps that may be created from reduced fees.

Implementation Steps

- Evaluate the City's fee schedule and cost-recovery model to identify fees that could be reduced for affordable housing projects.
- Establish criteria for qualifying affordable housing projects.

Implementation Timeline

To be filled in later

Timeline for Adoption	Implementation to Commence	Timeframe of Impact

Funding or Revenue Implications

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

G. 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 incentivize 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.

City Role

Implement the exemption and execute on annual reporting and administration procedures

Partners and their Role

Partner 1. **Newberg Planning Department** – would be administers of the MUPTE program and would help determine where to apply the program and establish development criteria.

Partner 2. **Newberg Finance Department and overlapping tax districts** – city finance staff would help coordinate agreement with overlapping tax districts.

Partner 3. **Local and Regional Developers** – could help the City identify areas where MUPTE would be most effective at delivering multifamily housing. Since MUPTE has a few different program options, developers could also assist the City with identifying with program would be most effective in making projects more financially feasible to ensure the program is effective in incentivizing multifamily development.

Anticipated Impacts

Populations Served	Income	Housing Tenure	Magnitude of New Units Produced
Middle-income renter households	60-80% of Median Family Income; Applies to rental housing that is affordable at incomes at or below 120%	Renter	Moderate

Potential Risks

The City and participating taxing districts will lose property tax income for the duration of the exemption, reducing revenue for city services and revenue for participating taxing districts.

Implementation Steps

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 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.

Implementation Timeline

To be filled in later

Timeline for Adoption	Implementation to Commence	Timeframe of Impact

Funding or Revenue Implications

MUPTE reduces general fund revenues for all overlapping taxing districts. The City of Newberg must weigh the loss of tax revenue against value of the rent discounts offered by qualifying development.

H. 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. When creating policy, the City should be mindful of the specific barriers to accommodations people of varying cultures may face, understanding that housing needs can vary by culture along with the demographic factors we typically study (e.g. income, age, or household size). For example, some cultures may have more multigenerational households than others. The City could work with these interested parties to develop plans that would address the range of housing needs, including specific cultural preferences and values.

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.

Partners and their Role

Partner 1. **Newberg Community Development Planning Division** – would help facilitate a comprehensive plan amendment, conduct public outreach/education, establish partnerships with non-profits or other groups to help identify violations or housing gaps.

Partner 2. **Fair Housing Council of Oregon** – partner with the City to develop programs aimed at overcoming Fair Housing violations.

Partner 3. **Non-profit partners** – such as Unidos could help with targeted outreach, education and resource identification.

Anticipated Impacts

Populations Served	Income	Housing Tenure	Magnitude of New Units Produced
Seniors, those with disabilities, communities of color, and all state and federal protected classes.	All income levels	Renter or Owner	Moderate

Potential Risks

Impacts are likely to be minor or have no negative impact.

Implementation Steps

- Consider flexibility in expressly adopting AFFH federal guidance, which may change, in a long-term planning document. Consider whether the Comprehensive Plan, which is implemented through the Development Code, is the appropriate home for policies not implemented in that manner.
- Partner with and fund Fair Housing Council of Oregon to provide periodic Fair Housing Audit Testing, customized outreach and education, and other specialized services.

Implementation Timeline

To be filled in later

Timeline for Adoption	Implementation to Commence	Timeframe of Impact

Funding or Revenue Implications

No specific funding or revenue source is identified at this time. Staff time and available Planning Department tools and resources will be relied on to accomplish this strategy. Implementing remedial actions that affirmatively further Fair Housing is a regulatory mandate under the City's Community Development Block Grant (CDBG) program, and CDBG funding may be used to fund AFFH outreach, education, and testing activities.

I. 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 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. People experiencing homelessness need access to long-term housing. One step towards accessing long-term housing is emergency shelter. Information about Newberg's emergency shelter should be provided, such as the address, hours of operation, and who qualifies for use. Non-profits operating in the County offer a number of programs that many people struggling financially may be unaware exist. Yamhill Community Action Partnership (YCAP), for example, has an energy assistance program that helps households pay their utility bills. They also provide deposit and rent assistance. Information on YCAP and other similar service providers could also be provided in additional resource hubs.

These are essential resources and programs that could help elevate individuals and families to the next level of stability and potentially prevent additional individuals or households from becoming homeless. Therefore, it's important for the City to play a role in ensuring people have access to this critical information.

Beyond the existing resource center, the City could utilize its social media accounts or provide informational resources in the public safety building to help spread the word and make sure people have additional places to access physical copies of necessary applications.

City Role

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

Partners and their Role

Partner 1. **Yamhill Community Action Partnership** – could provide informational resource packages and applications.

Partner 2. **Yamhill Public Library System** - continue ongoing efforts with the library to supply the affordable housing resource center with any new resources as they become available.

Partner 3: **Newberg Public Safety Staff** – coordinate with administrative staff to set up an additional informational resource center in the City's Public Safety Building.

Anticipated Impacts

Populations Served	Income	Housing Tenure	Magnitude of New Units Produced
Extremely low-income households and people experiencing homelessness.	0-30% of MFI	Renter	No new units would be produced as part of this strategy. However, it could help move households into more stable housing.

Potential Risks

Impacts are likely to be minor or have no negative impact.

Implementation Steps

- Identify other partners to supply the resource center with additional materials.
- Set up a page on the City's website so people can access materials online.
- Utilize the City's social media platforms to inform people of where materials can be located and submitted. This should include a designated staff person to be responsible for gathering information and posting on a regular basis.

Implementation Timeline

To be filled in later

Timeline for Adoption	Implementation to Commence	Timeframe of Impact

Funding or Revenue Implications

No specific funding or revenue source is identified at this time. Staff time and available Planning Department tools and resources will be relied on to accomplish this strategy.

J. 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 over 40 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.

Partners and their Role

Partner 1. **Neighborhood groups and residents; Operators of short-term rentals** – it's important to include the perspective of residents, as a heavy concentration of STRs in one area can be perceived as negative for a number of reasons (i.e. safety, noise, or affordability). However, the City will also want to discuss changes in STR allowances with operators because it could have an impact on existing STRs, whose owners depend on their income.

Anticipated Impacts

Populations Served	Income	Housing Tenure	Magnitude of New Units Produced
Households located next to or nearby short-term rental housing	Any income level	Renter or Owner	This strategy is not anticipated to produce units, but it could regulate the supply of existing units rented out on a short-term basis.

Potential Risks

If the City is only requiring registration of short-term rentals, the potential risks are minimal. If the City limited or prohibited short-term rentals, this could impact tourism by removing a type of overnight accommodation or make it more difficult for a household dependent on short-term rentals for income to afford their housing.

Implementation Steps

- Have public discussions to determine the extent to which short-term rentals are perceived as an issue. Review code violations associated with short-term rentals (if any) to identify and measure negative impacts.
- If short-term rentals are problematic, evaluate regulations to restrict use or expansion of STRs.
- Work with Newberg's Planning Commission and City Council to adopt regulations and enforcement procedures by ordinance.

Implementation Timeline

To be filled in later

Timeline for Adoption	Implementation to Commence	Timeframe of Impact

Funding or Revenue Implications

No specific funding or revenue source is identified at this time. Staff time and available Planning Department tools and resources will be relied on to accomplish this strategy. However, monitoring these properties and enforcing regulation can be expensive.

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. CET funds can be used on funding Regulated Affordable housing development or partnering with local affordable housing providers to expand existing programs (e.g. rent vouchers, homeownership programs, or emergency rent assistance) to serve more city residents. Funds could also be used to cover the cost of SDCs or required infrastructure improvements, or as grants to provide gap financing.

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.

L. 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.

Partners and their Role

Partner 1. **Local and Regional Developers** – the City may want to engage developers interested in tackling projects in the urban renewal districts to help prioritize infrastructure projects.

Partner 2. **Newberg Public Works** – can help identify project construction costs.

Anticipated Impacts

Populations Served	Income	Housing Tenure	Magnitude of New Units Produced
Low- and middle-income householders	Households with incomes up to 80% of the Area Median Income	Renter or Owner	Moderate to High

Potential Risks

The City and participating taxing districts will forgo revenue increases from increasing property value for the duration of the Urban Renewal district(s), decreasing property tax revenues in the district(s).

Implementation Steps

- As part of Urban Renewal planning for a potential new district, evaluate whether a housing set-aside is an appropriate expenditure for the district and how much can be allocated while balancing the need for infrastructure investments.
- Should a new Urban Renewal district be deemed appropriate, proceed with the planning and adoption process for the new district. Establish priorities for the area, identify a project list, confirm financial feasibility, prepare required plan documents, and hold adoption hearings.

Implementation Timeline

Timeline for Adoption	Implementation to Commence	Timeframe of Impact
		After implementation, it would likely be several years before there is sufficient revenue in the Urban Renewal District to have enough funds to make significant investment in housing.

Funding or Revenue Implications

TIF results in foregone tax revenue for the City and other overlapping taxing districts for several decades, though it can (and should) grow the tax base in the long-term by supporting development that would not otherwise have occurred.

Actions Removed from Consideration for Inclusion in the HPS

There are many strategies that the City could pursue to meet its housing needs. However, to create an HPS that the City can reasonably act on in the 8-year timeframe the CAC and city staff worked to narrow down the list of potential actions. The actions included in this section were removed from consideration after careful evaluation from city staff and the Advisory Committee which was informed through stakeholder engagement and research.

Recommendations for Future Actions

The following actions, while important and useful, will not be included as strategies in the HPS. Instead, the HPS will include them as recommendations that the City may want to consider in the future or as part of another process. The City will not have to report on progress towards these actions.

R1. Establish Maximum Lot Size

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. 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. Cities should consider establishing 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.

R2. Develop Pre-Approved Plans for ADUs and Middle Housing

Newberg should consider lowering 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. Pre-approved plans can reduce the need for architectural assistance, reducing costs and eliminating barriers to the development of these housing types, encouraging more participation from homeowners or smaller scale developers.

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.

R3. Develop a Social and Racial Equity Lens for Implementing Housing Policy

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 contexts that have produced disparate outcomes among groups?
- How have we addressed who would benefit or be burdened by a given decision, and what are the potential unintended consequences of the decision?
- Who holds the ultimate decision-making authority? Have we included people of color and immigrant community stakeholders in making policy decisions?
- 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?

The City should develop a social and racial equity and inclusion lens that considers diverse perspectives to evaluate housing policy development.

R4. Support Preservation of Income-Restricted Affordable Rental Housing

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.

The city should 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).

R5. Issue a General Obligation Bond to Support Housing and Infrastructure Development

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.

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.

The City could consider using a GO Bond to support housing and infrastructure projects. This can be accomplished by first developing funding plan, conduct polling/engagement, develop ballot initiative. However, its success hinges on a favorable public vote so they City should consider using educational tools during engagement and outreach.

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 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 2. Housing Initiatives and the Potential Actions
■ Primary Focus of the initiative ☐ Secondary Focus of the initiative

	Initiative Name			
Action 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
Actions				
Support Development of Market-Rate Affordable Housing	■	■		
Develop a Land Bank Strategy and Partnerships to Support Affordable Housing Development	☐	■	■	
Support Preservation of Manufactured Home Parks				■
Provide Density Bonuses to Support Development of Affordable Housing	☐		■	
Reduce SDCs for Income-Restricted Affordable Housing		■	■	
Reduce Permit Fees for Income-Restricted Affordable Housing			■	
Implement the Multiple Unit Property Tax Exemption	■			
Support Application of Fair Housing Laws	■	■	■	■

	Initiative Name			
Action 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
Produce Informational Resources for Low-Income Households or People Experiencing Homelessness			■	
Consider Restrictions and Conduct Inspections on STRs	■			
Funding Sources				
Use Construction Excise Tax to Support Affordable Housing Development	□	■	■	■
Urban Renewal to Support Housing and Infrastructure Development	■	■	■	■

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:

Extremely Low and Low Income	Low Income	Middle Income	High Income
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
37% of Newberg households	*22% of Newberg households*	*23% of Newberg households*	*19% of Newberg households*
Can afford $730 and $1,210 or less in monthly housing costs.	*Can afford $1,200 to $1,950 in monthly housing costs.*	*Can afford $1,950 to $2,900 in monthly housing costs.*	*Can afford $2,900 or more in monthly housing costs.*

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
Will not directly result in development of new housing or it may result in development of a small amount of new housing. May not improve housing affordability in and of itself. May be necessary but not sufficient to increase housing affordability.	Could directly result in development of new housing. May not improve housing affordability in and of itself. May be necessary but not sufficient to increase housing affordability.	Could directly result in development of new housing. May improve housing affordability in and of itself. May still need to work with other policies to increase housing affordability.
~1-3% of needed housing *32 to 95 new dwelling units*[4]	*~3% to 5% of needed housing* *95 to 158 new dwelling units*	*~5% to 10% (or more) of needed housing* *158 to 317 new dwelling units*

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

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

[4] 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.

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 3: 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				
Actions							
Support Development of Market-Rate Affordable Housing		X	X	Small	Medium	Moderate	More
Develop a Land Bank Strategy and Partnerships to Support Affordable Housing Development	X	X	X	Moderate to large	High	Moderate	More
Support Preservation of Manufactured Home Parks	X	X		Small	Low	More	Moderate
Provide Density Bonuses to Support Development of Affordable Housing	X			Small to Moderate	Medium	More	More
Reduce SDCs for Income-Restricted Affordable Housing	X	Up t0 60% MFI		Small	Medium	More	Moderate
Reduce Permit Fees for Income-Restricted Affordable Housing	X	Up t0 60% MFI		Small	Medium	More	More
Implement the Multiple Unit Property Tax Exemption		X		Small to Moderate	Medium	More	Less

	Level of Affordability Addressed						
Action Name	<50% MFI	50%-80% MFI	80%-120% MFI	Impact for Development	Admin Complexity	Feasibility	Flexibility
Support Application of Fair Housing Laws	X	X	X	Depends on the changes in policy making processes	Medium	More	More
Produce Informational Resources for Low-Income Households or People Experiencing Homelessness	X	X		Small	Low	More	More
Consider Restrictions and Conduct Inspections on STRs		X	X	Small	Medium	Moderate	More
Funding Sources							
Use Construction Excise Tax to Support Affordable Housing Development	X	X		Depends on the amount of funding available.	Medium	More	More
Urban Renewal to Support Housing and Infrastructure Development	X	X	X	Moderate to large	High	More	More

Newberg: Housing Production Strategy

City Council, December 19, 2022

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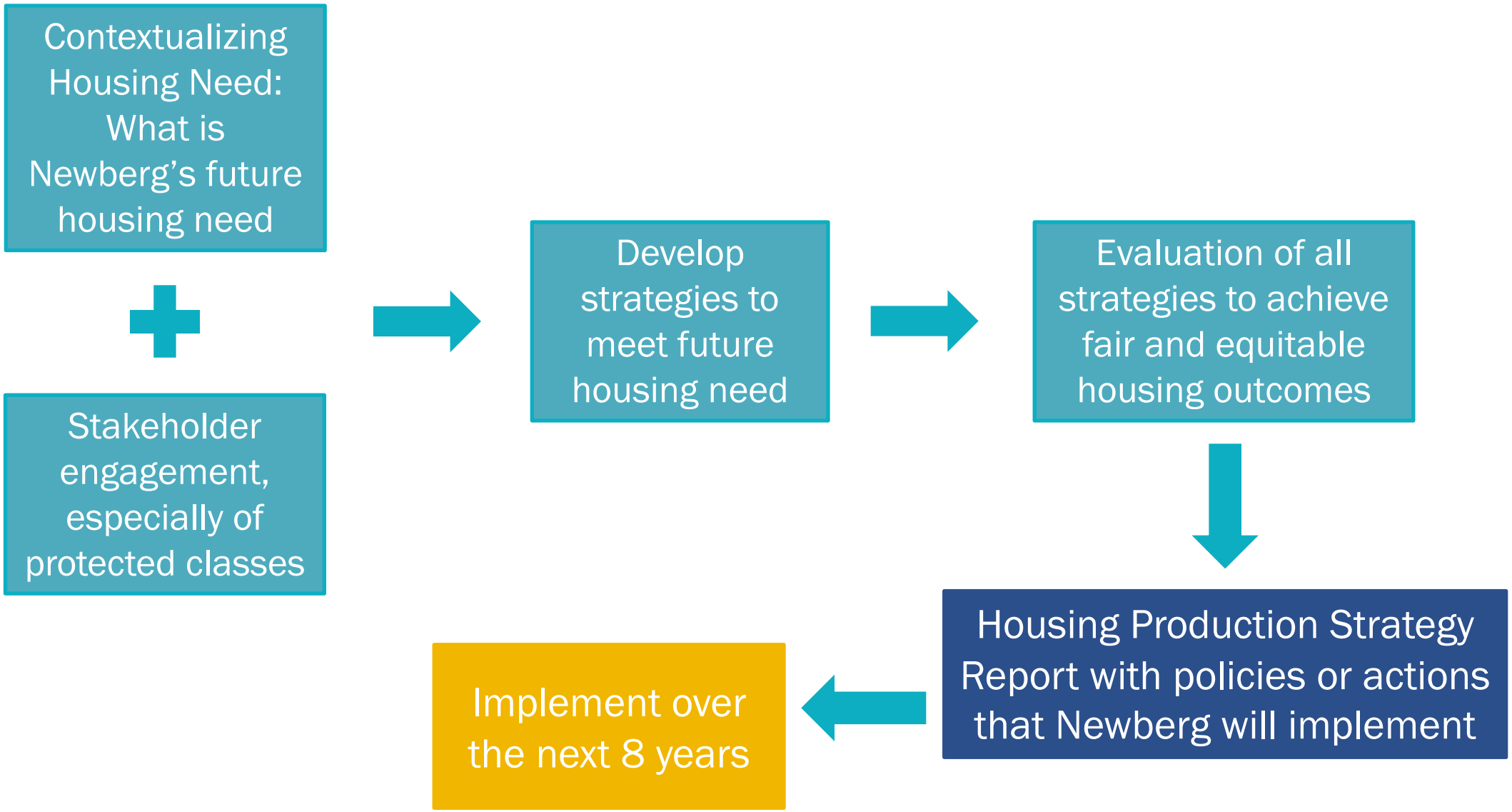
Reminder: A Housing Production Strategy is an 8 Year Action Plan



Project Schedule

We are here

Tasks	2022												2023			
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR
Task 1: Kickoff																
Task 2: Contextualized Housing Need				1 1												
Task 3: Strategies for Future Housing				2	2	1 3	1 3	4		4 5						
Task 4: Draft and Final Report											2	2	6	5		
Task 5: Adoption														7	3	3

Kickoff Meeting with City Staff
Ongoing Task
Planning Commission meeting
Citizens Committee Meeting
Draft Product
Open House
City Council Meeting
Final Product

Reminder: Key Housing Needs in Newberg

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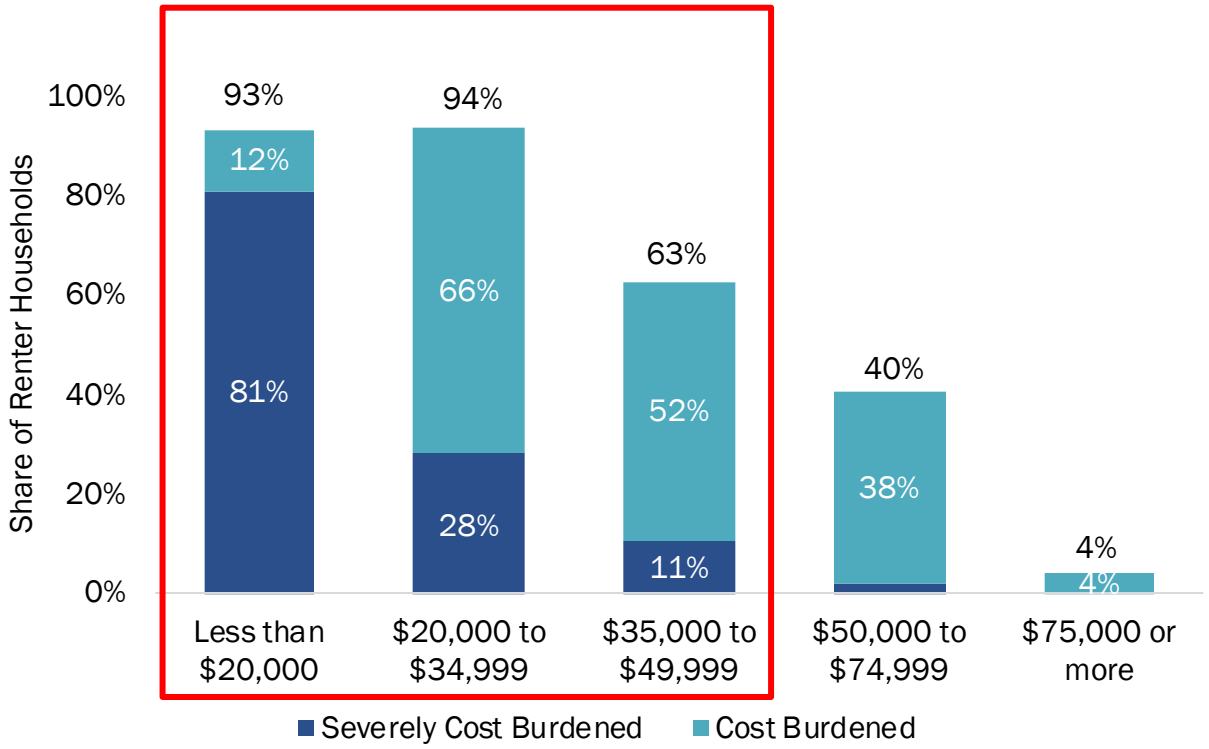
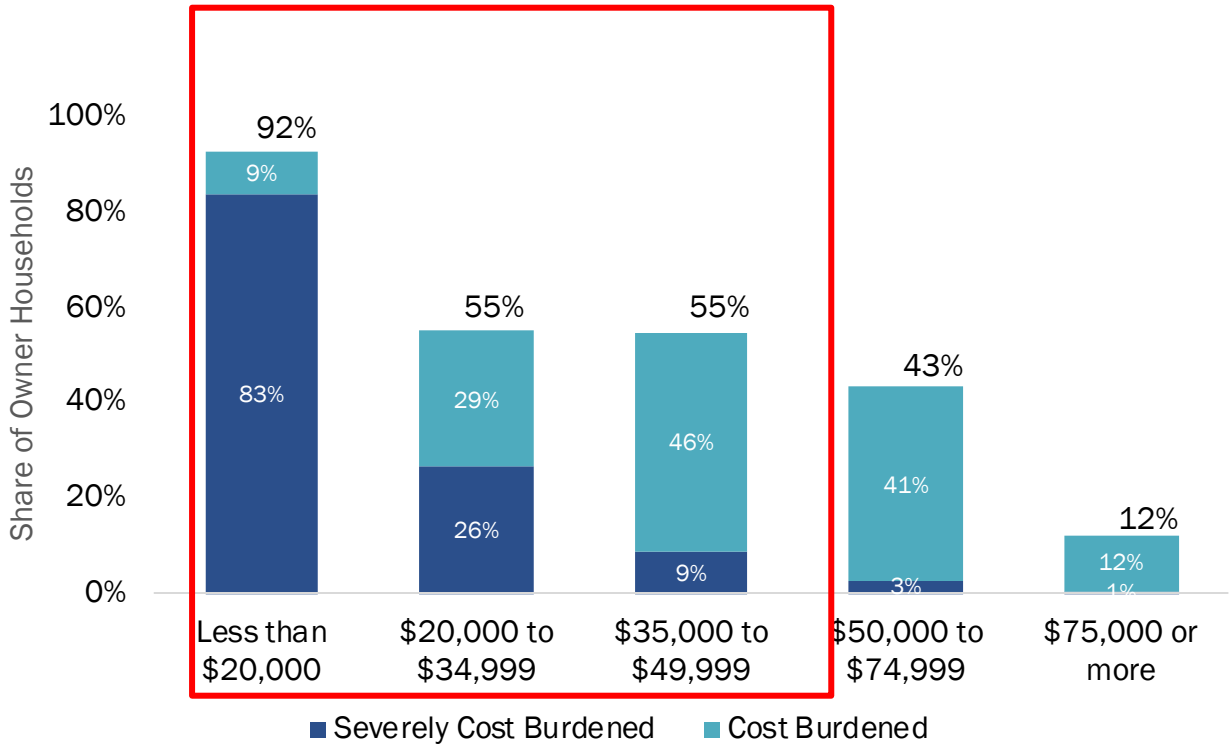
Cost Burden by Tenure and Income, 2015-2019

Cost Burden by Income for **Renter** Households, Newberg, 2015-2019

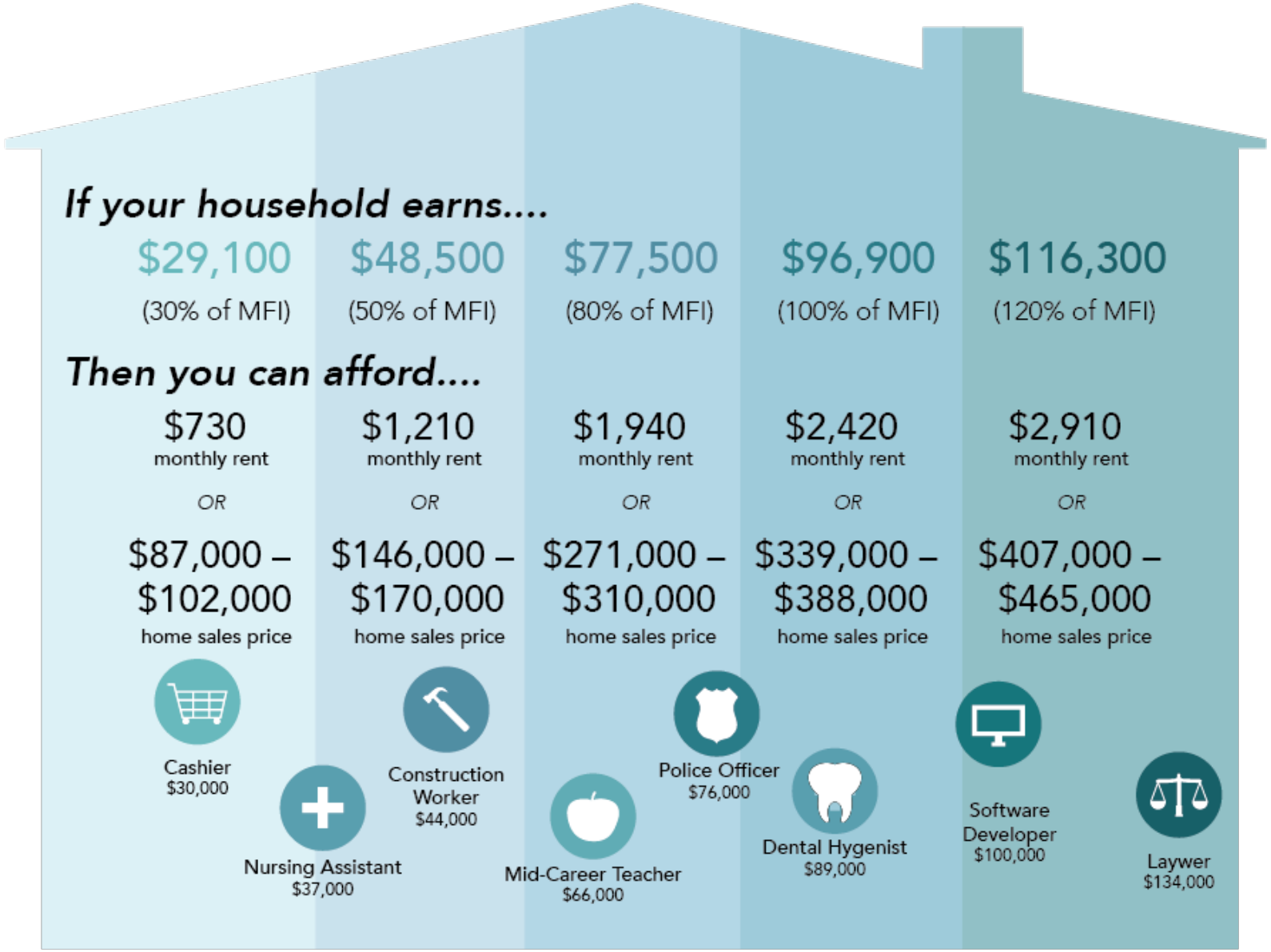


Cost Burden by Income for **Owner** Households, Newberg, 2015-2019



Source: U.S. Census, American Community Survey 2015-2019

Financially Attainable Housing



Median Home Sale Price in Newberg: **$443,000**

A household would need to earn about $126,600 (131% of MFI) to afford these prices.

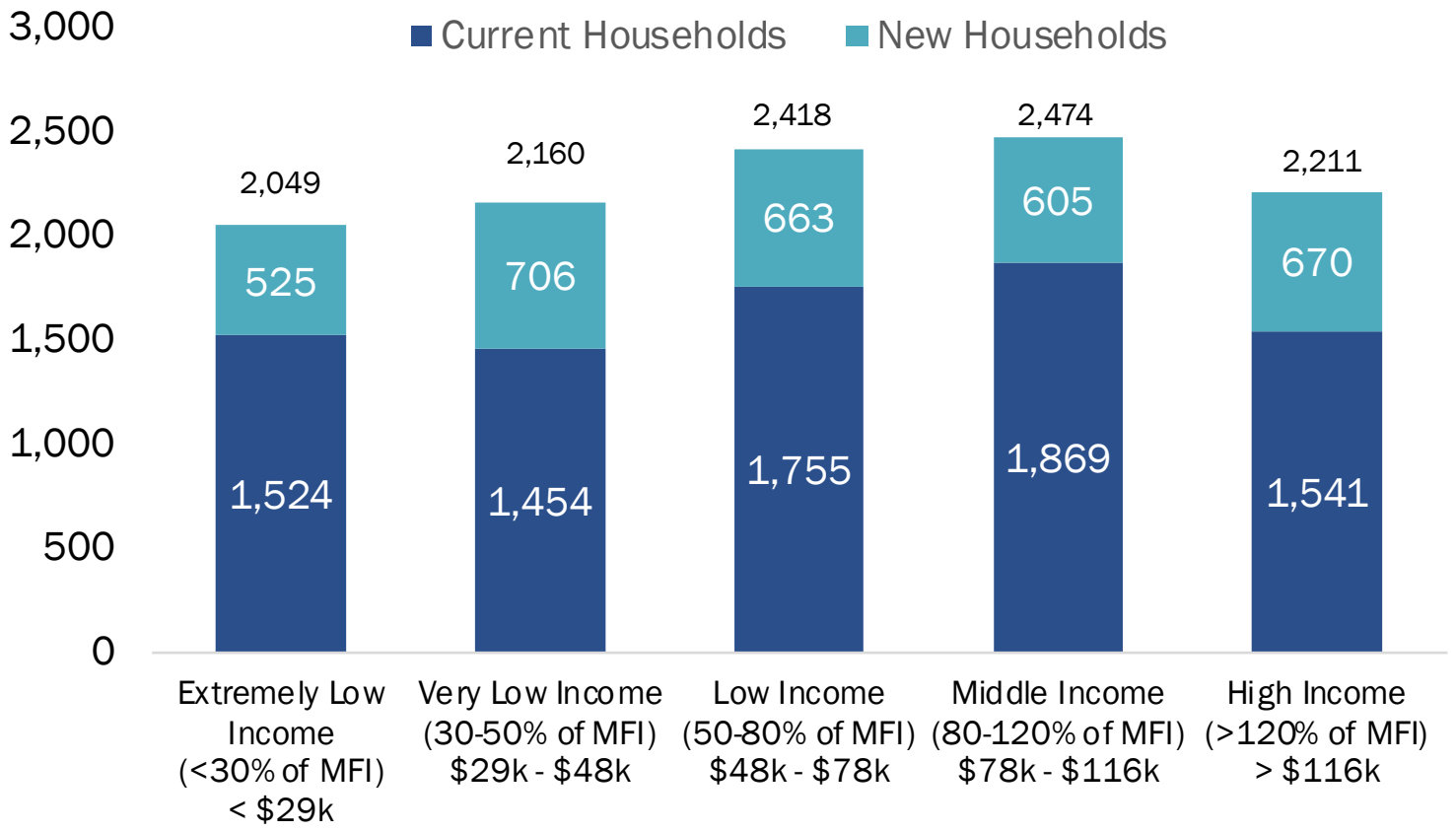
2-bedroom rent in newly built multifamily in Newberg (2022): **$1,700***

A household would need to earn about $67,800 or 70% of MFI to afford this rent.

**includes $1,450 per month for rent and $250 for utilities*

Source: U.S. Census Bureau, ACS 2015-2019, Table B19001; HUD, FY 2021 MFI.

Newberg' Current & Future Households by Income



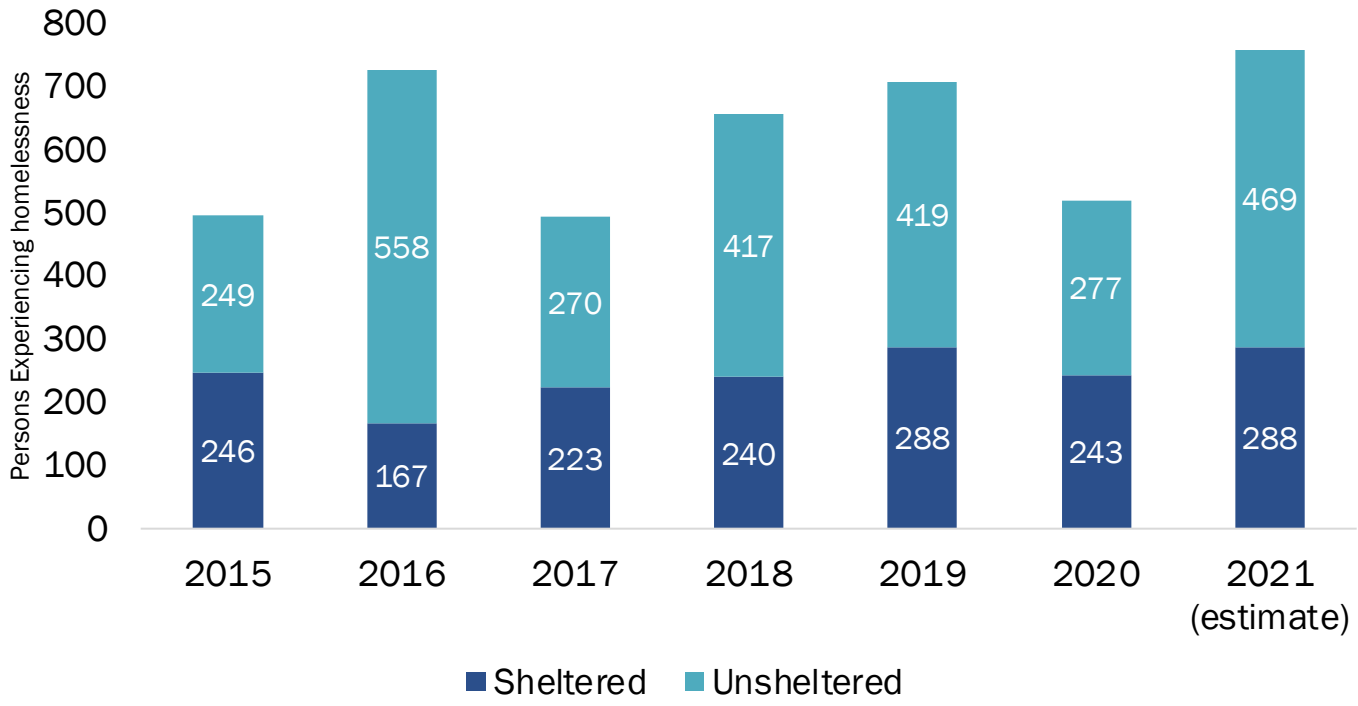
Existing households and forecast of new household growth from 2021-2041

Source: 2015-2019 ACS, U.S. Census; PRC at PSU (2020-2040); and U.S. Department of HUD 2021 MFI.
Median Family Income (MFI) is estimated for a family of 4.

Housing Needs Often Differ by Group

- People experiencing homelessness:
  - Temporarily or chronically
  - Alone or with children
- Racial or ethnic groups
- People over 65 years old
- People with disabilities

Point-in-Time Homelessness Estimates, Yamhill County, 2015-2021



Source: Oregon Housing and Community Services.
Note: OHCS reported two counts in 2021 – estimated and reported counts. This is the estimated counts.



Housing Production Strategy (HPS)

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Typical Roles in Affordable Housing Development

Programs or policies that are supportive of affordable housing development and preservation.
These roles are typical and vary in how they are implemented at different levels of government (and nonprofits).

Federal Government

- Provide and adminster federal funds for:
  - Community Development Block Grants and HOME funds
  - Housing choice vouchers
  - Loans for affordable housing development
  - Low Income Housing Tax Credits
- Establish federal Fair Housing laws

State Government

- Administer funding for some federal programs
- Provide and administer state funds for:
  - Assistance for homelessness
  - Housing bonds and loans
  - Infrastructure grants
  - Rental and homebuyer assistance
  - State tax abatement, exemptions, or credits
  - Weatherization and utility assistance
- Establish state Fair Housing laws

County & Housing Authorities

- Administer federal programs:
  - Community Development Block Grants and HOME funds
  - Housing choice vouchers
- Administer programs:
  - Assistance for homelessness
  - Rehabilitation
  - Rental and homebuyer assistance
  - Weatherization and utility assistance

City Governments

- Establish land use regulations
- Develop infrastructure
- Provide and administer local funding, like CET, Urban Renewal, or bonds for gap financing
- Administer programs:
  - Land banking and public land disposition
  - Local property tax exemptions
  - Weatherization and utility assistance

Developers & Nonprofit Agencies

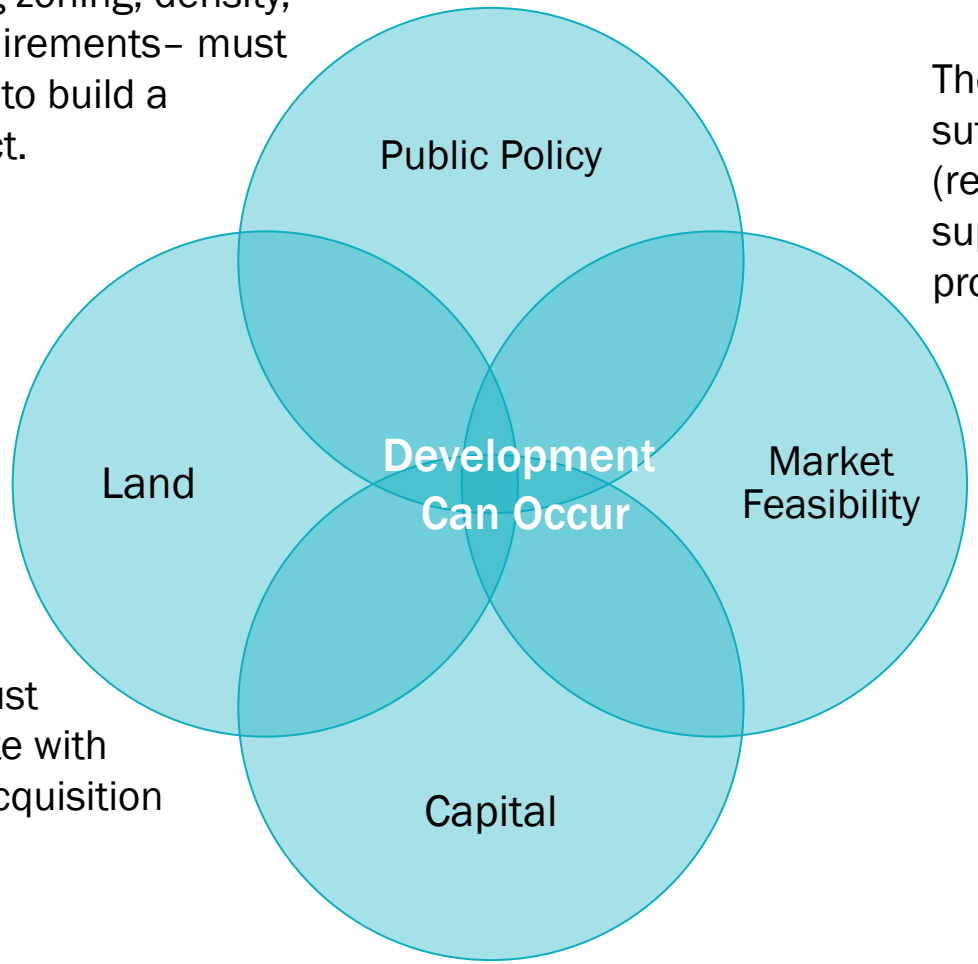
- Develop income-restricted multifamily housing
- Administer programs:
  - Assistance for homelessness
  - Rehabilitation
  - Rental and homebuyer assistance
  - Weatherization and utility assistance
- Implement community land trusts

What is a city's role housing development?

Cities can directly influence public policy, land, and infrastructure.

Cities may have limited influence on market feasibility

Policy—including zoning, density, and design requirements– must allow developer to build a profitable project.



There must be sufficient demand (rents, sales prices) to support a profitable project

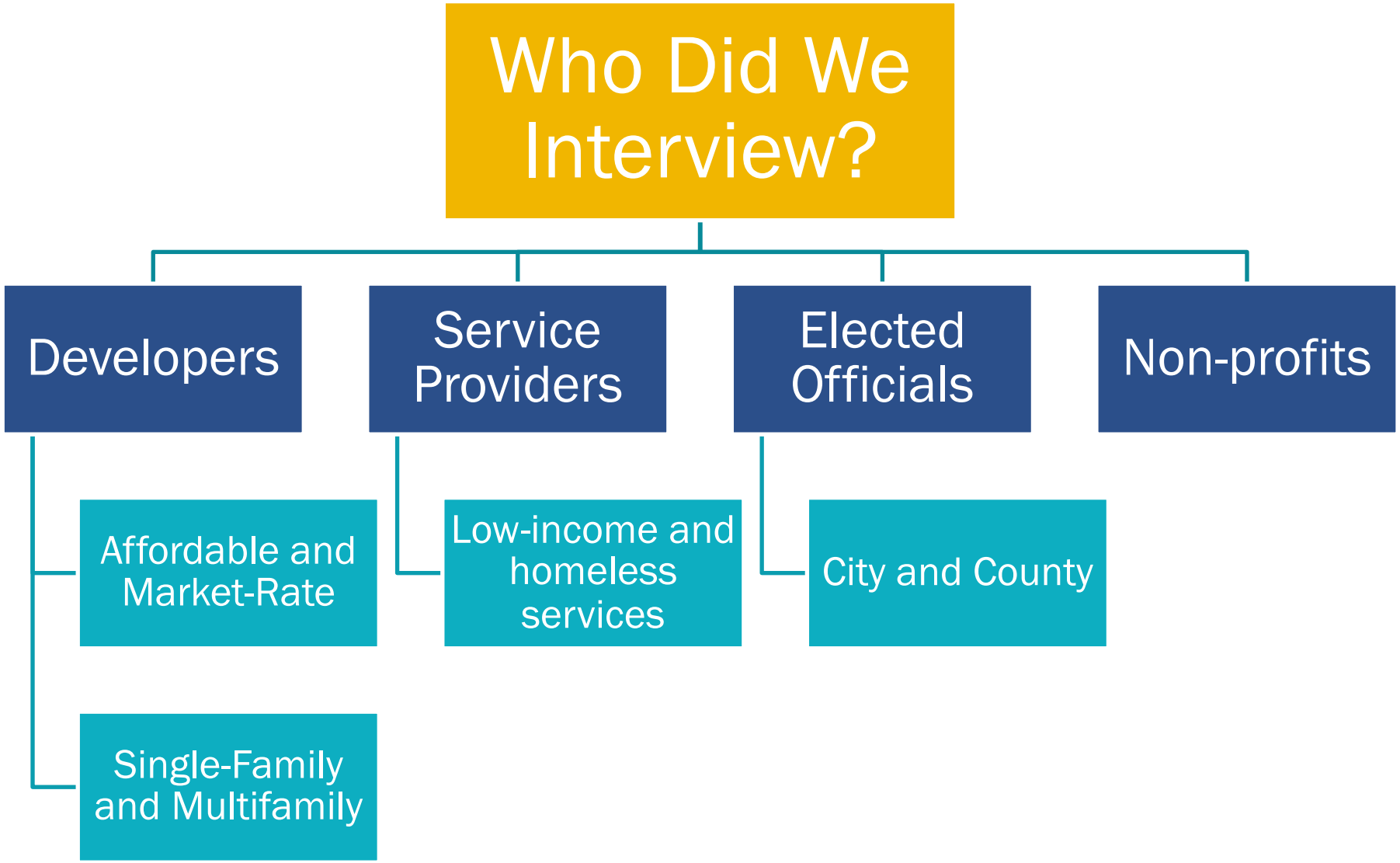
Developer must control the site with reasonable acquisition costs

Developer must be able to access resources for investment (e.g., equity investment, bank loans)

Requirements of Strategies in the HPS

- For strategies identified in the final HPS, the City of Newberg will:
  - Commit to implementation
  - Be required to update DLCD on implementation progress, and be required to comment on its effectiveness in the future
- Strategies not identified in the HPS may still be implemented by the City, but the City will not be held to specific action by the State.

Stakeholder Interviews



Summary of Feedback from Developers

Income-Restricted Housing

The following help support this type of development:

- SDC waivers, Fee reductions, Priority permitting
- Available infrastructure
- Limit Required Off-Site Improvements
- Flexibility in lot size
- Donated land for income-restricted/non-profit housing development is key to success
- Make incentives available to small projects too

Density Bonuses

- Helpful when balanced with parking requirements
- Should be strategic about where allowed

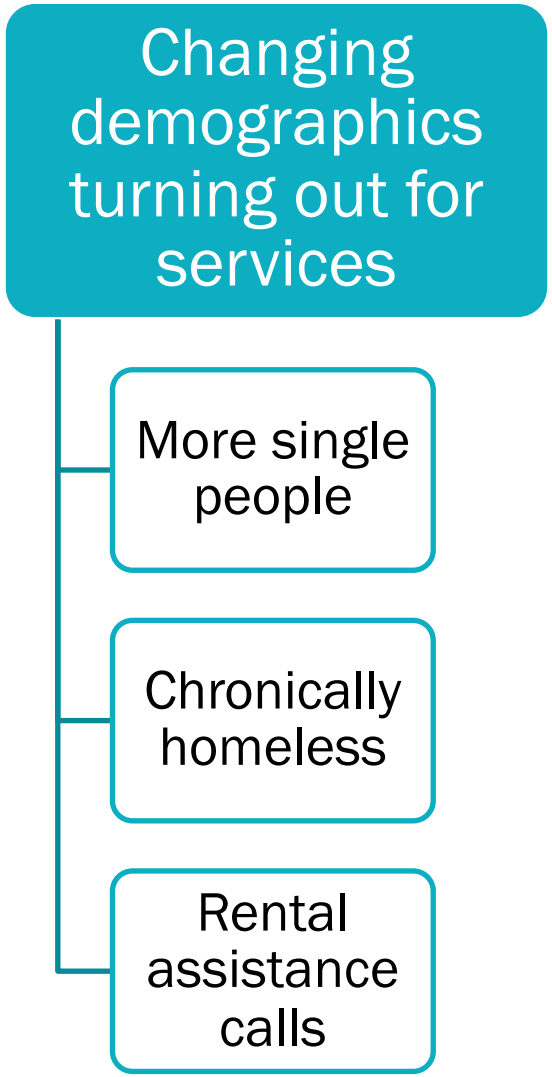
Land Bank/Trust

- City or county maintained land inventory, public or otherwise
- Fund to purchase land would attract more projects

Other

- Accessible and efficient permit processes
- Infrastructure partnerships needed
- Recalibrating parking requirements downtown should be a priority
- Work backwards from a shared vision in order to problem solve/reduce barriers
- SDC deferral to occupancy would be helpful, especially on larger developments
- Offer financial assistance for legal services for setting up co-ops

Summary of Feedback from Service Providers



Strategies

- Important for city to help with resource sharing
- No incentives for landlords to work with people accessing programs
  - Vouchers can't get used
- Need more upstream resources like rental assistance + eviction prevention

HPS Initiatives

- 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 low- and moderate-income affordable housing.

Action 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
Actions				
Support Development of Market-Rate Affordable Housing	■	■		
Develop a Land Bank Strategy and Partnerships to Support Affordable Housing Development	□	■	■	
Support Preservation of Manufactured Home Parks				■
Provide Density Bonuses to Support Development of Affordable Housing	□		■	
Reduce SDCs for Income-Restricted Affordable Housing		■	■	
Reduce Permit Fees for Income-Restricted Affordable Housing			■	
Implement the Multiple Unit Property Tax Exemption	■			

	Initiative Name			
Action 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
Funding Sources				
Use Construction Excise Tax to Support Affordable Housing Development	☐	■	■	■
Urban Renewal to Support Housing and Infrastructure Development	■	■	■	■

Recommendations

- Not included as strategies, but will include them as recommendations in the HPS to be considered in the future
  - Establish Maximum Lot Size
  - Develop Pre-Approved Plans for ADUs and Middle Housing
  - Develop a Social and Racial Equity Lens for Implementing Housing Policy
  - Support Preservation of Income-Restricted Affordable Rental Housing
  - Issue a General Obligation Bond to Support Housing and Infrastructure Development

Discussion Topics

- Comments on the strategies discussed?
  - Land Banking
  - SDCs and Permit fees
  - MUPTE
  - CET and Urban Renewal Funds
  - How it rolls into the strategy

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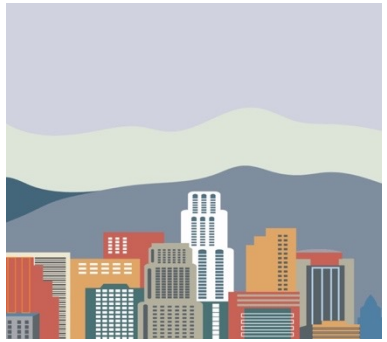

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