

# REQUEST FOR COUNCIL ACTION



**Date Action Requested: May 1, 2023**

Order <input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution <input checked="" type="checkbox"/> Motion <input type="checkbox"/> Information <input type="checkbox"/>	
No. 2023-3889	
Subject: A Resolution accepting the 2023 Newberg Housing Production Strategy	Staff: Doug Rux, Director Department: Community Development File No. GRNT21-0002
Business Session	Order On Agenda: New Business
Hearing Type:	

**Is this item state mandated?** Yes  No

**If yes, please cite the state house bill or order that necessitated this action:** HB 2003 (2019)

## Recommendation:

Adopt Resolution 2023-3889.

## Executive Summary:

**A. SUMMARY:** The proposal does the following:

The 2023 Newberg Housing Production Strategy (HPS) contains a list of Strategies (A – L) to implement over an 8-year period. The HPS report identifies and describes actions and implementation steps to support development of housing, address housing affordability challenges, and encourage the preservation of existing affordable housing. With this Strategy, the City identifies a set of actions to support new and existing affordable development. The actions will encourage the development of more diverse housing types; grow partnerships with housing providers, developers, and agencies involved in housing issues; and increase housing stability for Newberg residents.

These actions are intended to provide the City with tools to support housing development and preservation, especially for housing affordable to people who live and work in Newberg. Taken on their own and separately, they may not result in a large change in the availability of affordable housing. But they provide the City with policies to support bold development proposals that can, taken together, create substantial change in availability of affordable housing.

**B. BACKGROUND:**

The Oregon Legislature adopted HB 2003 (2019) to address the production of housing in Oregon. The City of Newberg is one of the communities within Oregon that are affected by the legislation being a community over 10,000 in population (Attachment 1). Attachment 2 is the legislation adopted in 2019. Oregon Revised Statutes (ORS) 197.290 - 197.291 (Attachment 3) is the codified location of the legislation. Oregon Administrative Rules (OAR) 660-008 INTERPRETATION OF

GOAL 10 HOUSING further implements HB 2003. Specifically, OAR 660-008-0050 through 660-008-0070 (Attachment 4).

Newberg was originally scheduled to prepare a Housing Production Strategy (HPS) in 2024 according to DLCD's original schedule. The City would have initiated the activity in 2023 or 2024 as the process takes about 1 ½ years, as shared with the City Council, based on the Housing Work Program approved in 2020 and annually updated in November of each year. The City applied for a Technical Assistance Grant in 2021, per direction of the City Council (Attachment 5), which advanced the timeline to prepare and HPS to the 2022/2023 timeframe.

The HPS is a follow-up to the Housing Needs Analysis (aka Housing Capacity Analysis) originally prepared in 2018/2019 and accepted by City Council per Resolution No. 2019-3582. The document was not adopted by City Council or acknowledged by DLCD. This document was updated in 2020 to address the new population forecast by Portland State University in 2021 and accepted by City Council per Resolution No. 2020-3718. The document was not adopted by City Council or acknowledged by DLCD. The document was again updated in 2021 in response to Middle Housing requirements of HB 2001 and accepted by City Council per Resolution No. 2021-3752. As occurred with the two earlier versions the document was not adopted by City Council or acknowledged by DLCD.

The City was awarded a grant in the amount of \$70,000. The grant agreement was entered into on December 9, 2021. ECONorthwest was selected as the consultant of record for the project from the City Qualified Pool List. ECONorthwest has experience with Newberg as they were the consultant for preparing the Newberg Housing Needs Analysis.

A Citizens Advisory Committee was convened utilizing the Newberg Affordable Housing Commission per direction of the City Manager in coordination with the Mayor to provide feedback and guidance to staff and the project's consultant, ECONorthwest.

Newberg developed the Housing Production Strategy (HPS) to address the City's unmet housing needs. The Citizens Advisory Committee (CAC) provided input on development of the HPS. Through this project, CAC held the following meetings:

- April 12, 2022, the CAC met to discuss desired project outcomes, review Newberg's key housing needs, remaining barriers, and preliminary strategies to consider for the HPS. Attachment 6 is the CAC Packet.
- May 17, 2022, the CAC met to discuss the strategies that could and should be included in the HPS to address the unmet housing needs in Newberg. Attachment 7 is the CAC Packet.
- July 26, 2022, the CAC met to further refine strategies and to discuss how to prioritize and tailor actions to meet Newberg's specific housing needs. Attachment 8 is the CAC Packet.
- October 11, 2022, the CAC met to continue further refining strategies and prioritize actions into high, medium, and low. Attachment 9 is the CAC Packet.
- February 14, 2023, the CAC met to conduct their final review of the draft HPS and provide a recommendation to the Planning Commission and City Council. Attachment 10 is the CAC Packet.

A Public Open House (virtual) was held on January 30, 2023. Survey questions were included as part of the open house presentation to gain feedback from the public. Attachment 11 is the Power Point from the community presentation.

**C. PROCESS:**

The Ad Hoc Housing Production Strategy Citizens Advisory Committee reviewed the HPS and developed a recommendation. The Planning Commission and City Council have been briefed on the HPS. This report is only being reviewed for acceptance by the City Council after a recommendation from the Planning Commission. Following the Planning Commission's recommendation, the Newberg City Council will review the report and consider the matter. Acceptance of the HPS does not amend the current Newberg Comprehensive Plan or Development Code. The HPS contains strategies and actions to support housing development. Important dates related to this application are as follows:

1. 6/21/21: City Council adopted Resolution No. 2021-3748 supporting an application to DLCD for a Planning assistance Grant for HB 2003 Housing Production Strategy
2. 10/5/21: DLCD awarded a Planning Assistance Grant.
3. 12/9/21: DLCD and the City entered into a Planning Assistance Grant Agreement.
4. 4/12/22: Citizens Advisory Committee Meeting #1.
5. 2/10/22: Planning Commission Briefing.
6. 5/17/22: Citizens Advisory Committee Meeting #2.
7. 6/9/22: Planning Commission Briefing.
8. 7/5/22 : City Council Briefing.
9. 7/26/22: Citizens Advisory Committee Meeting #3.
10. 10/11/22: Citizens Advisory Committee Meeting #4.
11. 11/7/22: City Council Briefing (was canceled and rescheduled for December 5, 2022).
12. 11/10/22: Planning Commission Briefing.
13. 12/5/22: City Council Briefing (was canceled and rescheduled to December 19, 2022).
14. 12/19/22: City Council Briefing (was canceled and rescheduled to February

6, 2023).

15. 1/30/23: Community Open House (virtual).
16. 2/6/23: City Council Briefing (was rescheduled to March 6, 2023).
17. 2/14/23: Citizens Advisory Committee Meeting #5.
18. 3/6/23: City Council Briefing (was continued to March 20, 2023).
19. 3/20/23: City Council Briefing.
20. 4/13/23: Planning Commission review of final draft 2023 Newberg Housing Production Strategy.
21. 5/1/23: City Council review of the 2023 Newberg Housing Production Strategy.

**D. PUBLIC COMMENTS:**

As of the writing of this report, the City has received one comment from Mr. Talt. Attachment 12 includes the comment.

**E. DISCUSSION:**

The HPS document is divided into the following sections:

- Executive Summary
- Introduction
- Unmet Housing Needs
- Actions to Meet Future Needs
- Evaluation: Achieving Fair and Equitable Housing Outcomes
- Appendix A: Contextualizing Newberg’s Housing Needs
- Appendix B: Evaluation Criteria for Actions
- Appendix C: Trends in Gentrification and Displacement Risk In Newberg

Key to the HPS is the Strategies to address housing production. There are 11 Actions and one funding source identified over the next 8 years to work on. Timelines for the Actions are included in the far-right column. The Actions include:

Exhibit 1. Summary of HPS Strategies

Action Name	What is it?	How does the strategy help?	When would it take effect?
A. Support Development of Market-Rate Affordable Housing as Lead by the Newberg Workforce Housing Consortium	Partnerships with the Newberg Workforce Housing Consortium, who may build 15-30 rental units.	Supports development of housing for people working at businesses in Newberg.	2023

Action Name	What is it?	How does the strategy help?	When would it take effect?
B. Develop a Land Bank Strategy and Partnerships to Support Affordable Housing Development	Supports partnerships to develop housing by potentially using surplus city land to contribute to a land bank, as well as land trusts that develop affordable homeownership housing.	Can reduce the costs of development through contributions of land. Also supports partners developing affordable homeownership units.	2026
C. Support Preservation of Manufactured Home Parks	Partnerships to support residents to purchase manufactured home parks that may close. City could adopt a zone that allows manufactured home parks as a permitted use and prohibits other types of housing.	Preserve manufacturing home parks because they play a significant role in providing naturally occurring affordable housing.	2027
D. Provide Density Bonuses to Support Development of Affordable Housing	Allow developers to build housing at densities higher than are usually allowed by the underlying zoning, focusing on development of affordable units.	Provides an incentive for development of income-restricted housing in locations where it is particularly appropriate.	2029
E. Reduce systems development changes (SDCs) for Affordable Housing	Exempts SDCs for housing affordable to households with income below 60% of median family income for home ownership but not for renters.	Reducing SDCs for affordable development can make development more financially feasible.	2025
F. Evaluate Ways to Lower SDCs without Imperiling City Infrastructure	Evaluate SDC rate structure and Capital Improvement Plans to identify opportunities to reduce the costs of SDCs, with the intention of supporting new development in Newberg to meet housing needs.	Reducing SDCs can make development more financially feasible, while ensuring that the City is able to build new infrastructure necessary to support housing development.	2025
G. Support Application of Fair Housing Laws	Adopt Fair Housing Policies and partner with organizations to provide Fair Housing outreach and education.	Fair Housing Laws are designed to protect people from discrimination when they are participating in renting or buying a home, mortgage lending, or any housing assistance.	2023
H. Produce Informational Resources for Low-Income Households or People Experiencing Homelessness	Provide information through the Affordable Housing Resource Center in the Library and partner to provide resources through other service providers.	Provides resources to help people understand how to access low-income housing and emergency shelter.	2023
I. Consider Restrictions and Conduct Inspections on Short-term Rentals (STRs).	Evaluate whether the City should restrict short-term rentals, based on potential growth in the number of short-term rentals.	Ensures that more rental housing is available for long-term rental, rather than short-term rentals.	2027

Action Name	What is it?	How does the strategy help?	When would it take effect?
J. Allow Division of Lots for Middle Housing Types	Middle housing types (such as duplexes, triplexes, quadplexes, townhouses, and cottage clusters) can be on lots that enable them to be sold or owned individually more easily.	Allows for the land division of lots for middle housing types that enable them to be sold or owned individually.	2023
K. Rezone land for housing and/or expand the Urban Growth Boundary	Expand the amount of land within the UGB for housing development through rezoning land to residential uses, UGB expansion, and other options.	Increases land available for housing development, which can increase housing development.	2024-2026
<b>Funding Sources</b>			
L. Urban Renewal to Support Infrastructure Development	The City would continue to implement the Urban Renewal Plan and may select projects to fund using the Tax Increment Financing tool of the URA.	Provides a flexible funding tool that can support many of the strategies identified in the HPS if used within the URA boundary.	As funding is available

This list is different than the recommendation from the CAC. During the City Council review of the document on March 20, 2023, two Actions were removed (Reduce permit fees for affordable housing, and Implement Multiple Unit property tax exemption) and three new Actions were inserted (Evaluate Ways to Lower SDCs without Imperiling City Infrastructure; Expand land available for housing through rezoning, Urban Growth Boundary Expansion, and other options; and Allow Division of Lots for Middle Housing Types). Two Actions were modified (Develop a Land Bank Strategy and Partnerships to Support Affordable Housing Development by adding Potentially designate city land as surplus and contribute to land bank, and Reduce System Development charges (SDCs) for Affordable Housing) by limiting to 60% AMI for home ownership and not renters. Council asked that the Action to Provide Density Bonuses to Support Housing be moved to an outward time horizon. The time horizon has been set as 2029.

City Council additionally asked that the HPS be reviewed annually or as directed by City Council. Language has been added to the document under Monitoring Outcomes of the HPS to reflect that direction. There are OAR 660-008 provisions to modify or amend and adopted, not excepted, HPS that would need to be followed once the document is officially adopted at a future date. Staff also notes that once the HPS is officially adopted there is a 4-year report that is due per OAR 660-008.

In discussions with DLCD staff regarding the Grant, it has been indicated that the HPS does not need to be adopted at this time and can be accepted by the City Council. The HPS needs to be in adoption ready form and have been vetted with the Planning Commission and City Council. This version of the HPS will meet the DLCD requirements in order to get reimbursed for consultant costs per the grant agreement.

Stakeholders were also engaged in developing the HPS. This is summarized on pages 8 – 9 of the HPS document. This included service providers, affordable housing developers, and local housing developers and builders.

**F. AD HOC CITIZENS ADVISORY COMMITTEE**

The Citizens Advisory Committee met on February 14, 2023, and recommended the City Council accept the 2023 Newberg Housing Production Strategy.

**G. PLANNING COMMISSION RECOMMENDATION**

The Newberg Planning Commission met on April 13, 2023, and approved Resolution No. 2023-389 (Attachment 13) recommending that City Council adopt the 2023 Newberg Housing Production Strategy.

**Fiscal Impact:**

Funds to prepare the 2023 Newberg Housing Production Strategy were through a grant from the Oregon Department of Land Conservation and Development in the amount of \$70,000 and expended from 01-4110-533011. Implementation of the 2023 Newberg Housing Production Strategy will occur through funding allocations in future fiscal year budgets.

**ATTACHMENTS:**

Planning Commission Resolution No. 2023-389  
Exhibit “A”: 2023 Newberg Housing Production Strategy

- Attachments:
1. Map of Communities for HPS
  2. HB 2003
  3. ORS 197.290 - 197.291
  4. OAR 660-008-0050 through 660-008-0070
  5. Resolution No. 2021-3748
  6. Citizens Advisory Committee Packet April 12, 2022
  7. Citizens Advisory Committee Packet May 17, 2022
  8. Citizens Advisory Committee Packet July 26, 2022
  9. Citizens Advisory Committee Packet October 11, 2022
  10. Citizens Advisory Committee Packet February 14, 2023
  11. Public Open House Power Point January 30, 2023
  12. Public Comments
  13. Planning Commission Resolution 2023-389

# RESOLUTION No. 2023-3889

## A Resolution accepting the 2023 Newberg Housing Production Strategy

### Recitals:

1. City Council adopted Resolution No. 2021-3748 supporting an application to DLCD for a Planning assistance Grant for HB 2003 Housing Production Strategy.
2. DLCD awarded a Planning Assistance Grant. DLCD and the City entered into a Planning Assistance Grant Agreement on December 9, 2021.
3. A Citizens Advisory Committee was convened and met five (5) times in developing the 2023 Newberg Housing Production Strategy.
4. The Planning Commission was briefed three (3) times during development of the 2023 Newberg Housing Production Strategy.
5. The City Council was briefed three (3) times during development of the 2023 Newberg Housing Production Strategy.
6. A virtual Community Open House was held on January 30, 2023, to gain public feedback.
7. The Citizens Advisory Committee recommended on February 14, 2023, that the City Council accept the 2023 Newberg Housing Production Strategy.
8. The Planning Commission adopted Resolution 2023-389 on April 13, 2023, recommending the 2023 Newberg Housing Production Strategy be accepted by City Council.

### The City of Newberg Resolves as Follows:

1. The 2023 Newberg Housing Production Strategy is hereby accepted as included in Exhibit “A”. Exhibit “A” is included by reference.
2. The 2023 Newberg Housing Production Strategy will be reviewed on its progress on an annual basis (or on a frequency directed by the City Council) by providing an annual report to the City Council.

**Effective Date** of this resolution is the day after the adoption date, which is: May 2, 2023.

**Adopted** by the City Council of Newberg, Oregon, this 1st day of May, 2023



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Sue Ryan, City Recorder

**Attest** by the Mayor this 4<sup>th</sup> day of May, 2023.

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Bill Rosacker, Mayor

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# Newberg

## Housing Production Strategy

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April 2023

Prepared for: City of Newberg

Draft Report

**ECONorthwest**

ECONOMICS • FINANCE • PLANNING

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# Acknowledgements

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ECONorthwest prepared this report for the City of Newberg. ECONorthwest and the City of Newberg thank those who helped develop the Newberg Housing Production City. This project is funded by Oregon general fund dollars through the Department of Land Conservation and Development. The contents of this document do not necessarily reflect the views or policies of the State of Oregon.

## Housing Advisory Committee

- Shannon Eoff
- Joyce Del Rosario
- Melisa Dailey
- Larry Hampton
- Matthew Stidman
- Casey Banks
- EC Bell
- Megan Norton
- Leslie Murray

## City of Newberg

- Doug Rux, Community Development Director

## ECONorthwest, Consulting team

- Beth Goodman, Project Director
- Lee Ann Ryan, Project Manager
- Jamil Ditter, Research Analyst

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# Executive Summary

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This report presents a Housing Production Strategy (HPS) for the City of Newberg. A Housing Production Strategy is intended to include goals and strategic actions to work together to achieve equitable outcomes for all residents of Newberg, with an emphasis on improving outcomes for underserved communities, lower-income households, and people in state and federal protected classes.<sup>1</sup> This report is intended to meet the requirements of OAR 660-008, as described within the report.

The HPS is intended to address the housing needs identified in *Newberg's Housing Needs Analysis* (HNA) in 2021, which concluded that Newberg does not have sufficient land to accommodate future housing growth and that housing needs are changing as a result of demographic changes and a need for more affordable housing. Specifically, the HNA concluded:

- **Newberg is forecast to grow by about 3,169 new dwelling units between 2021 and 2041.** On average, this equates to 158 new dwelling units per year.
- **Changes in demographic characteristics will drive need for new housing.** The HNA forecast that Newberg will need more attached and multifamily housing in the future than the current housing stock provides. The HNA forecasts that 60% of new housing would be single-family detached, 8% single-family attached, 32% multifamily in structures with five or more units. The factors driving the shift in types of housing needed in Newberg include changes in demographics. The aging of senior populations and the household formation of young adults will drive demand for renter- and owner-occupied housing, such as small single-family detached housing, townhouses, cottage housing, duplexes, triplexes, quadplexes, and apartments or condominiums. Both groups may prefer housing in walkable neighborhoods, with access to services.
- **Newberg has an existing deficit of housing affordable to low- and middle-income households and is likely to have similar future deficits.** Newberg's existing deficit of housing that is affordable for extremely low and very low-income, low-income, and middle-income households indicates a need for subsidized affordable housing for renters and affordable homeownership. About 41% of Newberg's households are cost burdened,<sup>2</sup> including a cost burden rate of 65% for renter households.

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<sup>1</sup> Federal protected classes are race, color, national origin, gender, familial status, and disability. Oregon's additional protected classes are marital status, source of income, sexual orientation, and status as a domestic violence survivor. Under Fair Housing laws, it is illegal to deny access to housing based on the characteristics of people within these protected classes.

<sup>2</sup> A household is considered cost burdened if they pay 30% or more of their gross income on housing costs, such as rent, selected utilities like electricity and heating, and mortgage/interest/insurance. A household is severely cost burdened if they spend 50% or more of their gross income on housing costs.

- **Newberg does not have sufficient land designated for multifamily housing types.** Newberg does not have sufficient land to accommodate development in the High-Density Residential plan designation, with a deficit of 216 dwelling units. Newberg's deficit of High-Density Residential capacity (216 dwelling units) means that the City has an approximate deficit of 11 gross acres of high-density land for residential uses (at 19.3 dwelling units per gross acre).
- **Newberg does not have sufficient land to accommodate development in the Medium and High-Density Residential plan designations, with a deficit of 34 acres and 44 acres, respectively.** Newberg is not meeting its needed density for the overall average density of 7.4 dwelling units per gross acre, as the capacity (3,359 dwelling units) divided by unconstrained buildable acres (568 acres) is equal to 5.9. Newberg is meeting its needed densities in the Low, Medium, and High-Density Residential plan designations, as the future densities in these plan designations are consistent with the historical gross densities. The special area plans for the Northwest Newberg Specific Plan and Springbrook District were developed in 1993 and 2008, respectively. The expected densities in these areas, 4.9 dwelling units per gross acre in the Northwest Newberg Specific Plan and about 5.2 dwelling units per gross acre in the Springbrook District, are below the overall average density of 7.4 dwelling units per gross acre for the entire city. The Springbrook District's planned density has the greatest impact on overall average densities in Newberg, as expected housing in the Springbrook District accounts for about 40% of Newberg's housing capacity.

## Summary of Actions

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

These actions are intended to provide the City with tools to support housing development and preservation, especially of housing affordable to people who live and work in Newberg. Taken on their own and separately, they may not result in a large change in the availability of affordable housing. But they provide the City with policies to support bold development proposals that can, taken together, create substantial change in availability of affordable housing.



Exhibit 1. Summary of HPS Strategies

Action Name	What is it?	How does the strategy help?	When would it take effect?
A. Support Development of Market-Rate Affordable Housing as Lead by the Newberg Workforce Housing Consortium	Partnerships with the Newberg Workforce Housing Consortium, who may build 15-30 rental units.	Supports development of housing for people working at businesses in Newberg.	2023
B. Develop a Land Bank Strategy and Partnerships to Support Affordable Housing Development	Supports partnerships to develop housing by potentially using surplus city land to contribute to a land bank, as well as land trusts that develop affordable homeownership housing.	Can reduce the costs of development through contributions of land. Also supports partners developing affordable homeownership units.	2026
C. Support Preservation of Manufactured Home Parks	Partnerships to support residents to purchase manufactured home parks that may close. City could adopt a zone that allows manufactured home parks as a permitted use and prohibits other types of housing.	Preserve manufacturing home parks because they play a significant role in providing naturally occurring affordable housing.	2027
D. Provide Density Bonuses to Support Development of Affordable Housing	Allow developers to build housing at densities higher than are usually allowed by the underlying zoning, focusing on development of affordable units.	Provides an incentive for development of income-restricted housing in locations where it is particularly appropriate.	2029
E. Reduce systems development changes (SDCs) for Affordable Housing	Exempts SDCs for housing affordable to households with income below 60% of median family income for home ownership but not for renters.	Reducing SDCs for affordable development can make development more financially feasible.	2025
F. Evaluate Ways to Lower SDCs without Imperiling City Infrastructure	Evaluate SDC rate structure and Capital Improvement Plans to identify opportunities to reduce the costs of SDCs, with the intention of supporting new development in Newberg to meet housing needs.	Reducing SDCs can make development more financially feasible, while ensuring that the City is able to build new infrastructure necessary to support housing development.	2025
G. Support Application of Fair Housing Laws	Adopt Fair Housing Policies and partner with organizations to provide Fair Housing outreach and education.	Fair Housing Laws are designed to protect people from discrimination when they are participating in renting or buying a home, mortgage lending, or any housing assistance.	2023

Action Name	What is it?	How does the strategy help?	When would it take effect?
H. Produce Informational Resources for Low-Income Households or People Experiencing Homelessness	Provide information through the Affordable Housing Resource Center in the Library and partner to provide resources through other service providers.	Provides resources to help people understand how to access low-income housing and emergency shelter.	2023
I. Consider Restrictions and Conduct Inspections on Short-term Rentals (STRs).	Evaluate whether the City should restrict short-term rentals, based on potential growth in the number of short-term rentals.	Ensures that more rental housing is available for long-term rental, rather than short-term rentals.	2027
J. Allow Division of Lots for Middle Housing Types	Middle housing types (such as duplexes, triplexes, quadplexes, townhouses, and cottage clusters) can be on lots that enable them to be sold or owned individually more easily.	Allows for the land division of lots for middle housing types that enable them to be sold or owned individually.	2023
K. Rezone land for housing and/or expand the Urban Growth Boundary	Expand the amount of land within the UGB for housing development through re-zoning land to residential uses, UGB expansion, and other options.	Increases land available for housing development, which can increase housing development.	2024-2026
<b>Funding Sources</b>			
L. Urban Renewal to Support Infrastructure Development	The City would continue to implement the Urban Renewal Plan and may select projects to fund using the Tax Increment Financing tool of the URA.	Provides a flexible funding tool that can support many of the strategies identified in the HPS if used within the URA boundary.	As funding is available

The City developed four initiatives that address key housing needs in the city. The initiatives comprise a set of potential city-led strategies, funding sources, and potential partnerships with other entities that help to achieve an overarching desired outcome for the city’s housing policies. By bundling strategies and funding sources, the City acknowledges that several actions and partnerships are necessary to achieve the City’s housing desired outcomes. The initiatives and their corresponding actions for Newberg’s HPS include:

- **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). Key actions that build on each other:
  - Support Development of Market-Rate Affordable Housing
  - Evaluate Ways to Lower SDCs without Imperiling City Infrastructure

- Urban Renewal support can be critical to funding development of this type of housing in the urban renewal district.
- **Increase opportunities for affordable homeownership.** This initiative seeks to increase the housing options for homeownership for households earning less than 120% of MFI (less than \$70,800). Key actions that build on each other:
  - Use Construction Excise Tax to Support Affordable Housing Development
  - Urban Renewal to Support Infrastructure Development
  - Developing a land bank strategy and partnerships to support development of affordable housing, such as working with a community land trust to build affordable units for homeownership
  - Allow Division of Lots for Middle Housing Types
  - Evaluate Ways to Lower SDCs without Imperiling City Infrastructure
  - Rezone land for housing and/or expand the Urban Growth Boundary
- **Encourage development of income-restricted affordable housing units.** There are limited options available in Newberg 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. Key actions that build on each other:
  - Provide Density Bonuses to Support Development of Affordable Housing
  - Reduce SDCs for Income-Restricted Affordable Housing
  - Evaluate Ways to Lower SDCs without Imperiling City Infrastructure
  - Use Construction Excise Tax and/or Urban Renewal funding to support the actions above
- **Preserve existing low- and moderate-income affordable housing.** This initiative seeks to increase the housing options for rental households earning less than 120% of MFI (less than \$70,800). Key actions that build on each other:
  - Support Preservation of Manufactured Home Parks
  - Use Construction Excise Tax to Support Affordable Housing
  - Urban Renewal to Support Infrastructure

Implementation of the HPS is expected to occur over an eight-year period. Some actions may require further consideration, such as additional analysis, engagement of consultants, changes to existing standards or programs, discussions with decision makers, or public hearings. The City may be unable to or choose not to implement some strategic actions because of new information that arises from a detailed evaluation of the specifics of each strategic action. In that case, the City may identify a different action (or actions) to meet the specific housing need addressed by the strategic action.

The City will review its progress toward the plan on an annual basis (or on a frequency directed by the City Council) by providing an annual report to the City Council.

# 1. Introduction

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Access to housing that is affordable has long been a concern in Newberg, as it has across the state. In 2000, 32% of Newberg’s households were cost burdened, meaning they were paying 30% or more of their gross income on housing costs. By 2019, that increased to 40% of Newberg’s households. Cost burden is more common for renter households, 57% of whom are cost burdened, compared with 31% of owner households. The increases in cost burden and higher rates of cost burden for renter households illustrate the fact that housing costs have long increased faster than incomes, leaving people struggling to afford housing.

The City of Newberg has identified need for affordable housing as an important issue to the City. One of the Newberg City Council’s goals is to “promote development of housing affordability such as houselessness, transitional housing, workforce housing.”

The City completed a *Housing Needs Analysis* (HNA) in 2021, which showed that the city has unmet housing needs, including need for more housing affordable to households who live and work in Newberg. The City of Newberg has made several strides in its housing efforts over the last several years to address housing access, quality, and affordability concerns.

- CDBG Manufactured Home Repair Grant – 2016 and 2021
- Amendments to Accessory Dwelling Units – 2018
- Residential Use in First Floor in C-3 – 2019
- Removed ADU Parking Requirements – 2020
- Fee-in-lieu Parking for Residential Development in Downtown – 2020
- Establish a CET – 2020
- Adjust Timing on Payment of SDC – 2020
- Establish a Vertical Housing Development Zone (VHDZ) for tax abatement – 2021
- Housing Needs Analysis – 2021
- Middle Housing Code Updates – Duplexes – 2021
- Middle Housing Code Updates – Triplexes, Quadplexes, Townhomes, & Cottage Clusters – 2022
- Multifamily Code Update – 2023
- Annual Affordable Housing Trust Fund Notice of Funding Availability – ongoing

While the City has accomplished much to date, there is still work to be done to ensure Newberg’s existing and future housing needs are met. To build on their progress, the City applied for a grant with the Department of Land Conservation and Development in 2021 to produce a Housing Production Strategy (HPS).

This HPS is a follow-up to the City’s 2021 Housing Needs Analysis. The Housing Needs Analysis (HNA) is a technical document that will allow the City of Newberg to better understand its housing needs over the 2021-2041 timeframe. In particular, the HNA answers an important question about whether the city has enough unconstrained, buildable lands to accommodate its housing forecast – which is based on projected population growth – over the planning period. The Housing Production Strategy (HPS) uses the findings of the HNA (as well as the findings from other recent planning efforts) and crafts policies and actions to address Newberg’s housing needs, meet the city’s housing goals, and effect positive change in the community.

Importantly, the HPS includes actions to achieve equitable outcomes for all residents of Newberg, with an emphasis on improving outcomes for underserved communities, lower-income households, and people in state and federal protected classes. An HPS considers issues of Fair Housing, which is intended to provide access to housing choice for everyone, free from discrimination. Federal protected classes are race, color, national origin, religion, gender, familial status, and disability. Oregon’s additional protected classes are marital status, source of income, sexual orientation and gender identity, and status as a domestic violence survivor. Under Fair Housing laws, it is illegal to deny access to housing based on the characteristics of people within these protected classes.

This report provides information about Newberg’s housing needs. It provides an understanding of the issues (in Chapter 2), before solutions are proposed (in Chapter 3). This report draws its information and findings from several documents, including:

- Housing Needs Analysis – Adopted March 4, 2021, and Amended July 19, 2021
- Middle Housing Code Updates – Duplexes – Adopted June 7, 2021, Effective July 7, 2021
- Middle Housing Code Updates – Triplexes, Quadplexes, Townhomes & Cottage Clusters – Adopted December 6, 2021, Effective January 6, 2022
- Projects such as amendments to Accessory Dwelling unit requirements, establishment of a Vertical Housing Development Zone, establishment of a Construction Excise Tax, and other projects the City has worked on between 2018 and 2022
- Stakeholder engagement that was part of development of many of the plans above

Newberg completed the Newberg Housing Needs Analysis in 2021. Conclusions of the HNA are:

- **Newberg is forecast to grow by about 3,169 new dwelling units between 2021 and 2041.** On average, this equates to 158 new dwelling units per year.
- **Changes in demographic characteristics will drive need for new housing.** The HNA forecast that Newberg will need more attached and multifamily housing in the future than the current housing stock provides. The HNA forecasts that 60% of new housing would be single-family detached, 8% single-family attached, 32% multifamily in structures with five or more units. The factors driving the shift in types of housing

needed in Newberg include changes in demographics. The aging of senior populations and the household formation of young adults will drive demand for renter- and owner-occupied housing, such as small single-family detached housing, townhouses, cottage housing, duplexes, triplexes, quadplexes, and apartments or condominiums. Both groups may prefer housing in walkable neighborhoods, with access to services.

- **Newberg has an existing deficit of housing affordable to low- and middle-income households and is likely to have similar future deficits.** Newberg’s existing deficit of housing that is affordable for extremely low and very low-income, low-income, and middle-income households indicates a need for subsidized affordable housing for renters and affordable homeownership. About 41% of Newberg’s households are cost burdened,<sup>3</sup> including a cost burden rate of 65% for renter households.
- **Newberg does not have sufficient land designated for multifamily housing types.** Newberg does not have sufficient land to accommodate development in the High-Density Residential plan designation, with a deficit of 216 dwelling units. Newberg’s deficit of High-Density Residential capacity (216 dwelling units) means that the City has an approximate deficit of 11 gross acres of high-density land for residential uses (at 19.3 dwelling units per gross acre).
- **Newberg does not have sufficient land to accommodate development in the Medium and High-Density Residential plan designations, with a deficit of 34 acres and 44 acres, respectively.** Newberg is not meeting its needed density for the overall average density of 7.4 dwelling units per gross acre, as the capacity (3,359 dwelling units) divided by unconstrained buildable acres (568 acres) is equal to 5.9. Newberg is meeting its needed densities in the Low, Medium, and High-Density Residential plan designations, as the future densities in these plan designations are consistent with the historical gross densities. The special area plans for the Northwest Newberg Specific Plan and Springbrook District were developed in 1993 and 2008, respectively. The expected densities in these areas, 4.9 dwelling units per gross acre in the Northwest Newberg Specific Plan and about 5.2 dwelling units per gross acre in the Springbrook District, are below the overall average density of 7.4 dwelling units per gross acre for the entire city. The Springbrook District’s planned density has the greatest impact on overall average densities in Newberg, as expected housing in the Springbrook District accounts for about 40% of Newberg’s housing capacity.

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<sup>3</sup> A household is considered cost burdened if they pay 30% or more of their gross income on housing costs, such as rent, selected utilities like electricity and heating, and mortgage/interest/insurance. A household is severely cost burdened if they spend 50% or more of their gross income on housing costs.

## Requirements of a Housing Production Strategy

OAR 660-008 describes the requirements of a Housing Production Strategy (HPS) in sections 660-008-0050 through 660-008-0070. This section briefly describes these requirements and the review process conducted by staff with the Department of Land Conservation and Development (DLCD).

The HPS is required to include the following information:

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

The HPS will be advisory until the City adopts its HNA. At which point, the city will be required to submit the HPS to DLCD. The City is required to submit the HPS to DLCD after adoption by the City Council. The City is then required to monitor progress on implementation of the HPS and progress on production of housing related to the policies and actions in this report. Linking housing development directly to implementation of the actions in this report may be challenging or difficult to quantify. But City staff will be able to report building activity changes that occur before and after implementation of specific actions and will be able to provide qualitative feedback on action implementation based on partnership development and discussions with stakeholders.

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

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



Implementation of the HPS will take time because each action will require further consideration, such as additional analysis, engagement of consultants, changes to existing standards or programs, discussions with decision makers, or public hearings. The City has adopted and agreed to some of the actions listed in the HPS, such as those from the Homeless System Action Plan. For these actions, the HPS provides additional details about implementation of these actions and puts them into the broader context of Newberg's housing needs. For actions that the City has not yet agreed to take action on, the City may be unable or choose not to implement some of these actions because of new information that arises from further consideration about the specifics of each action.

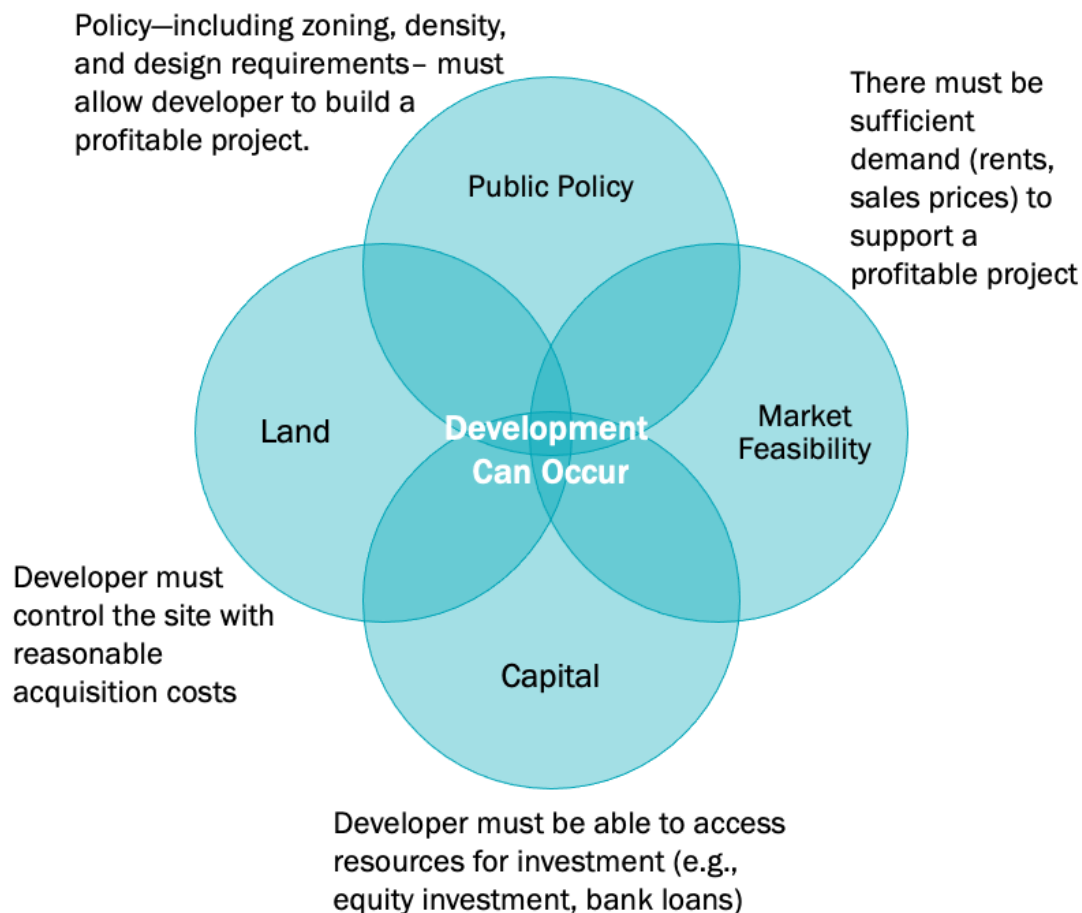
If the City is unable to or chooses not to implement an action within 90 days of the timeline proposed in the HPS, the City must notify DLCD about the action(s) that the City is taking to address this issue. The City may propose an alternative schedule for implementation or may identify a different action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

## Considerations for Implementing the Housing Production Strategy

As part of development of the HPS, it is important to understand a city's role in housing development. Supporting and leveraging the private market's ability to deliver market-rate development at the broadest possible range of price points is critical to increase the supply of housing more broadly, especially in light of the limited public funding available to support income-restricted housing. In an area with a reasonably strong housing market, a city's influence over market-rate development is substantial, despite the number of factors that the city does not control. The graphic in Exhibit 2 illustrates how four factors must intersect so that development can occur and where the City has the most influence.

Cities do not control all of these factors entirely. Public policy at the local level is shaped through state policy. Land is generally controlled by the individual landowners and development of infrastructure necessary to make land development can be prohibitively expensive. Market feasibility is largely affected by market forces, such as construction costs and achievable rents. Access to capital is largely controlled by investors and banks. However, cities can directly influence public policy (through its development code) and availability of land (through zoning, density, planning for new land needed for housing, redevelopment, government-owned surplus land, potential urban renewal and other types of projects and acquisitions, and infrastructure planning). Cities can also have a limited influence on market feasibility (through policies that reduce costs like tax abatements or waiving fees).

Exhibit 2. Four Necessary Factors that Allow Development of New Market-Rate Housing  
Source: ECONorthwest

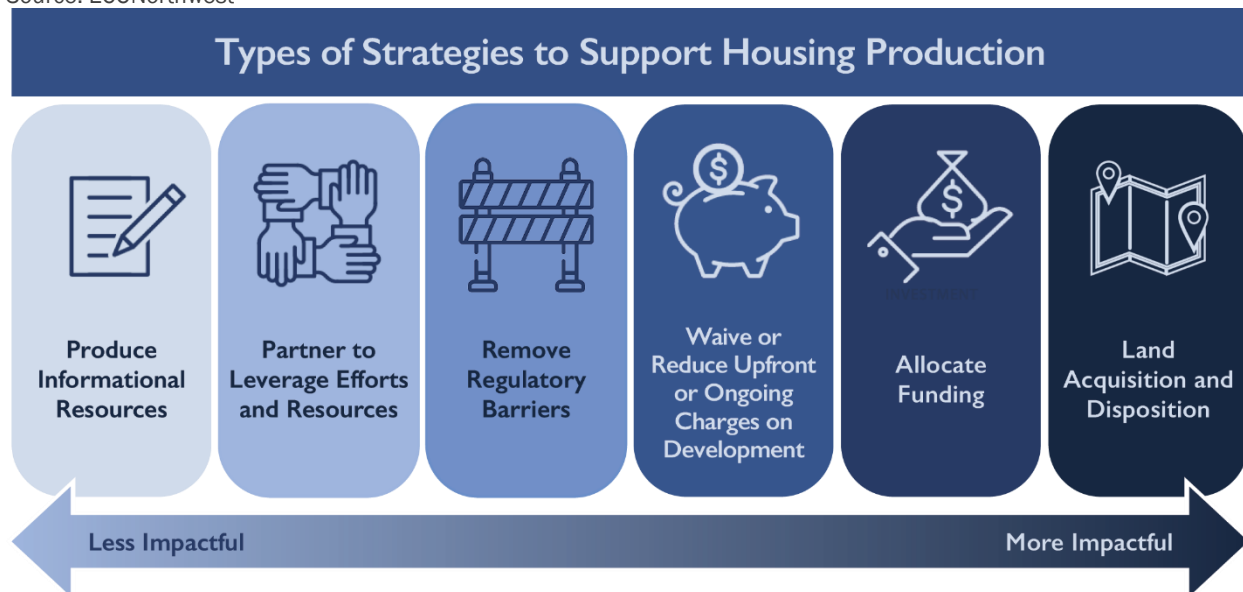


These factors all suggest that the City should consider a wide range of actions. Exhibit 3 shows the range of strategies, characterizing some strategies as more impactful and some as less impactful. More impactful strategies are those that provide funding or direct resources to support housing development (like land acquisition and disposition). These strategies are more impactful because funding and resources are the greatest constraint on development of income-restricted affordable housing (such as housing affordable to households with incomes below 80% of Median Family Income, or MFI).

While removing regulatory barriers and partnerships are shown as less impactful strategies, they are often necessary (but not sufficient on their own) to support housing development. For example, most changes to zoning standards will not, on their own, result in new affordable housing (especially multifamily housing) being built. The City needs other strategies to support development of affordable housing for people to live and work in Newberg.

This example also underscores the fact that many of the actions presented in this chapter build on each other. While a partnership on its own may not be sufficient to support development of housing, it may be key when combined with other actions.

Exhibit 3. Types of Strategies to Support Housing Production  
Source: ECONorthwest



## Building Equity into the HPS

Equity is both an outcome and a process. As an “outcome,” equity means that race or other markers of social identity would no longer predict one’s life outcomes (for instance in health, socioeconomic advantages, educational access, life expectancy, etc.). Achieving that outcome remains a challenge because our economic, political, and legal systems were, often unintentionally, designed and built to maintain inequality – and they continue to do so.

To achieve equitable outcomes, equity is also a process that people undertake to better understand, question, and disrupt historical and contemporary inequitable systems and structures. We can use this process to create policies that are based in equal opportunity and resources, and we can ensure that those most impacted by policies and practices are meaningfully involved in their creation and implementation.

Equitable housing goes beyond affordability. It aims to ensure all people have housing choices that are diverse, high quality, energy efficient, physically accessible, and reasonably priced, with access to employment opportunities, services, and amenities. This includes reducing rates of cost burden and increasing access to homeownership, especially for low-income households and vulnerable groups such as seniors, workers with low pay, people with disabilities, and communities of color. This broad definition of equitable housing includes choices for homes to buy or rent that are reasonably priced (relative to income) and accessible across all ages, household sizes, abilities, and incomes and are convenient to everyday needs such as schools, childcare, food, and parks.

Exhibit 4 provides an equity framework to increase the consideration of equity in the project process and implementation (including measuring impact). Creating equitable processes will

help ensure that diverse and underrepresented communities (including vulnerable and low-income communities) are able to influence and inform policy and program development.

Exhibit 4. Affordable Housing Strategy Equity Framework

Identify Unmet Housing Needs	Engagement Process <sup>4</sup>	HPS Plan Development	Measurement and Analysis
<p>Identify unmet housing needs, such as lower-income cost-burdened households</p> <p>Identify vulnerable people within the community who are at risk or who could benefit from access to more affordable housing</p>	<p>Engage community members to learn about their priorities, needs, and challenges to affordable housing</p> <p>Build community awareness and support through the engagement process</p> <p>Continue engagement in implementation of the actions within the HPS</p>	<p>Ensure that the actions in the HPS address Newberg’s unmet housing needs</p> <p>Identify outcomes within the HPS that respond to community needs and promote housing stability and choice, particularly for those households with the unmet housing need.</p>	<p>Develop measurements to understand the impact and progress toward increasing equity of the actions</p>

The HPS was developed within this equity framework. The actions in the HPS are intended to increase equitable housing outcomes as the City implements the recommendations of the HPS.

A key part of developing the HPS was consulting community members to learn about their priorities, needs, and challenges related to affordable housing. The stakeholder outreach process for developing the HPS was collaborative and included input from the following groups:

- **Newberg Housing Citizens Advisory Committee (CAC).** The CAC was convened by Newberg City staff to advise staff and ECONorthwest throughout the development of the HPS. The CAC met on a regular basis, reviewed draft materials, and provided feedback on contextualized housing needs, policy issues, and strategy development.
- **Discussions with Stakeholders.** The project included seven interviews with stakeholder groups to solicit feedback. Interviews included:
  - **Service providers** for vulnerable populations, to better understand the range of unmet housing needs for low-income households, youth and families, and people experiencing homelessness. The feedback from this discussion included a need to recognize that the demographics of those requesting services is shifting and priority should be given to providing more upstream resources like rental assistance and

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<sup>4</sup> Engagement builds on prior engagement that the City has done on other housing and community development projects, such as work on the Newberg Housing Capacity Analysis. It also includes engagement conducted as part of the HPS project. Implementation of the HPS will include additional engagement.

eviction prevention that will help prevent more households from becoming homeless.

- **Affordable housing developers** to understand the specific challenges to developing affordable housing, including recommendations about policies to support income-restricted housing development affordable to low-income households. This group discussed a need for city fee waivers (e.g., SDCs and permit fees), priority permitting, and readily available infrastructure that could assist with making the development process more streamlined and predictable to lower costs.
- **Local housing developers and builders** to understand the unique challenges in developing market-rate housing and recommendations about policies to support market-rate housing development affordable to middle-income households. The advice from this group focused on providing more flexibility within the zoning code to meet the range of local contexts in Newberg. A few examples include recalibrating parking requirements for downtown, creating density bonuses to leverage more diversity, and working backwards from a shared vision to solve barriers that can arise during the development process.
- **Public Open House.** A virtual open house was held on January 30, 2023, for members of the community to learn about the housing strategies, ask questions, and offer perspective and feedback.
- **Planning Commission.** The project included two presentations to Newberg’s Planning Commission. The first presentation (November 2022) was to introduce the draft policies and actions and the second (March 2023) was to present the final draft of the HPS report.
- **City Council.** The project included three presentations to Newberg’s City Council. The first presentation (July 2022) was to introduce the draft policies and actions, the second meeting (March 2023) was to present the full draft of the HPS report.

## Structure of the Report

The structure of this report is organized as follows:

- **Chapter 2. Unmet Housing Need** summarizes the findings about housing need in Newberg, with a focus on housing need at varying income levels and housing needs of specific groups of people.
- **Chapter 3. Actions to Meet Future Housing Need** presents the proposed policies and actions to meet the housing need described in Chapter 2.
- **Chapter 4. Evaluation: Achieving Fair and Equitable Housing Outcomes** presents an evaluation of the HPS through considerations of the location of housing, Fair Housing, housing choice, and other factors.
- **Appendix A: Contextualizing Newberg’s Housing Needs** presents the data and analysis necessary to understand Newberg’s housing needs in more detail.
- **Appendix B: Evaluation Criteria of Actions** summarizes proposed evaluation criteria in five categories: income level served, impact, administrative complexity, feasibility, and flexibility.
- **Appendix C: Trends in Gentrification and Displacement Risk in Newberg** presents an analysis of gentrification and displacement risk.

## 2. Unmet Housing Need in Newberg

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The Newberg *Housing Needs Analysis* (HNA) report describes the housing needs of current and future residents of Newberg based on some demographic and socioeconomic characteristics, such as age and income. It does not provide detailed data about housing needs for other demographic characteristics, such as race, ethnicity, people with a disability, or people experiencing homelessness. This chapter meets the HPS requirement to further contextualize housing need, beyond what the HNA provided.

This chapter provides additional information about the housing needs by income, age, race, ethnicity, and disability, as well as for people experiencing homelessness. It uses standard sources of information from the U.S. Census. It adds information from other sources, such as Oregon's Housing and Community Services Department, the United States Department of Housing and Urban Development, Redfin, Costar, and the City of Newberg.

This chapter presents a description of the housing needs that the Housing Production Strategy is intended to address, as well as existing policies to address Newberg's housing needs. It ends with a summary of the existing and expected barriers to development of needed housing.

### Methods

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

## Housing Needs Addressed by the Housing Production Strategy

The housing market produces some types of housing without need for public intervention, such as development of single-family detached housing. The HPS focuses on identifying policy and funding recommendations for promoting production of housing units that may require public intervention. This section describes the housing needs that are the focus of the HPS:

development of income-restricted and middle-income affordable housing and housing to meet the special needs of specific groups. This section describes Newberg housing needs based on analysis from the *Newberg Housing Needs Analysis* report (June 2021), household income, and additional analysis of unmet housing needs for underserved groups (based on analysis in Appendix A).

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

### Defining Median Family Income

Throughout this report, we discuss housing affordability based on 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. The terms used to describe housing affordability by income group are:

- Extremely Low Income: Less than 30% MFI or \$29,100 or less for a family of four
- Very-Low Income: 30% to 50% of MFI or \$29,100 to \$48,500 for a family of four
- Low Income: 50% to 80% of MFI or \$48,500 to \$77,500 for a family of four
- Middle Income: 80% to 120% of MFI or \$77,500 to \$116,300 for a family of four
- High Income: 120% or more of MFI or \$116,300 or more for a family of four



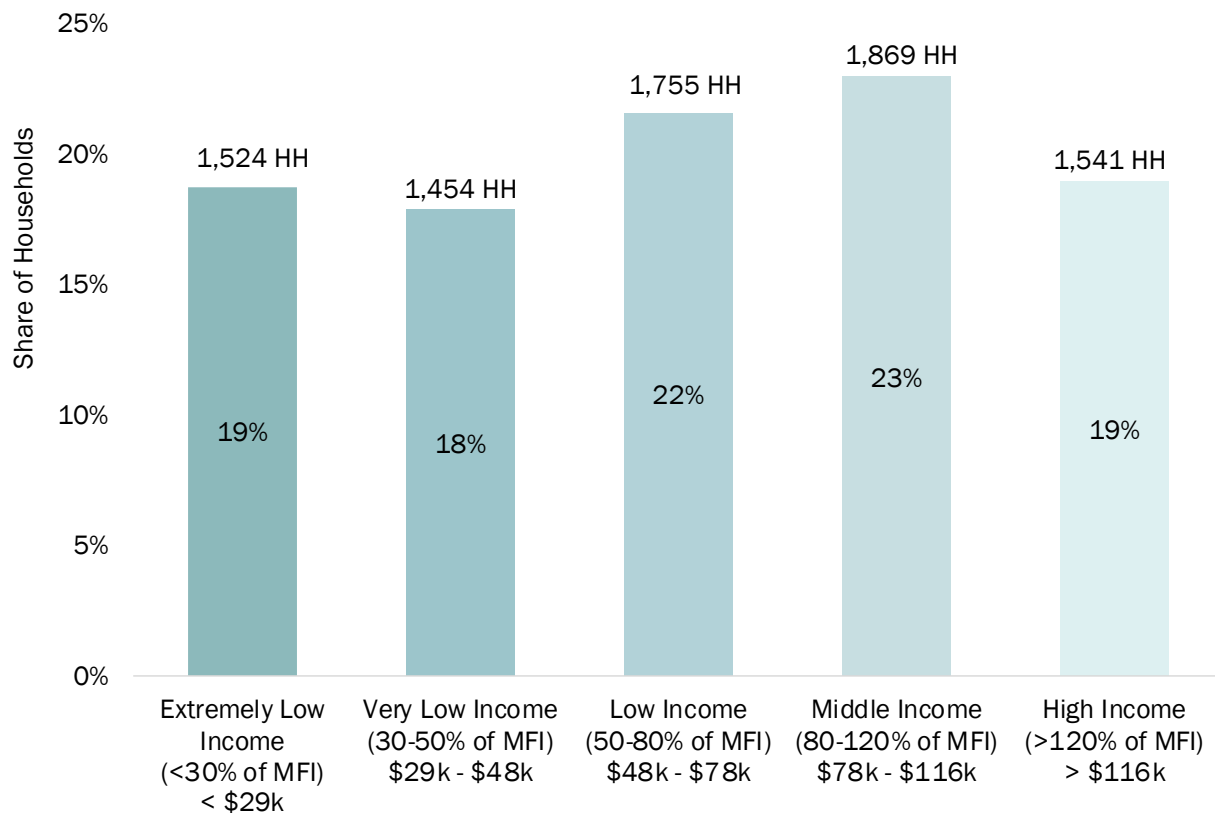
## Fewer than half of households in Newberg can afford housing sales prices.

Exhibit 5 shows that 37% of Newberg’s households had incomes less than 50% of MFI (\$48,000) and cannot afford a two-bedroom apartment at Yamhill County’s Fair Market Rent (FMR) of \$1,536 in 2021.

Fewer than one-fifth of Newberg households have income sufficient to afford the median home sales price of \$443,000 in Newberg. More than 40% of Newberg’s households are unable to afford the average asking rent in Newberg without cost burden.

Exhibit 5 Share of Households by Median Family Income (MFI) for Yamhill County (\$96,900), for a household of four, Newberg, 2021

Source: Analysis by ECONorthwest; U.S. Department of HUD, Newberg, 2021. U.S. Census Bureau, 2015-2019 ACS Table 19001.



## Median Family Income varies by household size.

The actual income thresholds vary in MFI based on household size. For example, a household of one person with an income of 80% of MFI has an income of \$54,269 compared to the income for a household of four (\$77,520) or a household of six people (\$89,947). The housing needs for a single person are different than those of a household of four people or six people. Throughout this document, we use HUD’s standard income for a household of four to illustrate housing needs.

**Exhibit 6. Median Family Income and Housing Affordability by Household Size, Yamhill County, 2021**

Source: Analysis by ECONorthwest; U.S. Department of HUD, Yamhill County, 2021.

	30% MFI	60% MFI	80% MFI	100% MFI	120% MFI
<b>1-person</b>					
Annual Income	\$ 20,349	\$ 40,704	\$ 54,269	\$ 67,830	\$ 81,396
Affordable Monthly Housing Cost	\$ 509	\$ 1,018	\$ 1,357	\$ 1,696	\$ 2,035
<b>2-people</b>					
Annual Income	\$ 23,256	\$ 46,536	\$ 62,036	\$ 77,520	\$ 93,024
Affordable Monthly Housing Cost	\$ 581	\$ 1,163	\$ 1,551	\$ 1,938	\$ 2,326
<b>4-people</b>					
Annual Income	\$ 29,070	\$ 58,140	\$ 77,520	\$ 96,900	\$ 116,280
Affordable Monthly Housing Cost	\$ 727	\$ 1,454	\$ 1,938	\$ 2,423	\$ 2,907
<b>6-people</b>					
Annual Income	\$ 35,666	\$ 67,459	\$ 89,947	\$ 112,404	\$ 134,885
Affordable Monthly Housing Cost	\$ 892	\$ 1,686	\$ 2,249	\$ 2,810	\$ 3,372

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

Because the local housing market cannot produce income-restricted, subsidized affordable housing at sufficient levels – and because it cannot often produce middle income/workforce housing without subsidy, nearly 40% of households in Newberg are cost burdened (as Exhibit 48 through Exhibit 51 in Appendix A show). About 57% of renter households are cost burdened, compared with 31% of homeowners. About 90% of Households of Color were cost burdened.

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

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

Housing costs for both rental and ownership units are both much higher than many residents can afford. Exhibit 7 shows financially attainable housing costs for households across the income spectrum in Yamhill County. For example, a household earning MFI in Yamhill County

(about \$96,900 per year)<sup>5</sup> can afford a monthly rent of about \$2,420 or a home roughly valued between \$339,000 and \$388,000 without cost burdening.

In Newberg, a household would need to earn \$126,600 (131% of MFI for a family of four) to afford the median sales price of a home in Newberg (\$443,000). A household would need to earn about \$67,800 (70% of MFI for a family of four) to afford the rent of a newly built, market-rate, two-bedroom apartment in Newberg (about \$1,700 per month, including utilities).<sup>6</sup> Rent costs are comparatively more affordable but still pose a barrier to finding affordable housing for many households.

Because the local housing market cannot produce income-restricted, subsidized affordable housing (housing affordable at 60% or less of MFI) at sufficient levels – and because it cannot often produce low-income/workforce housing (housing affordable at 60% to 80% of MFI) without subsidy, 40% of households in Newberg are cost burdened. Renter households are cost burdened more frequently (57% of renter households) than owner households (31%).

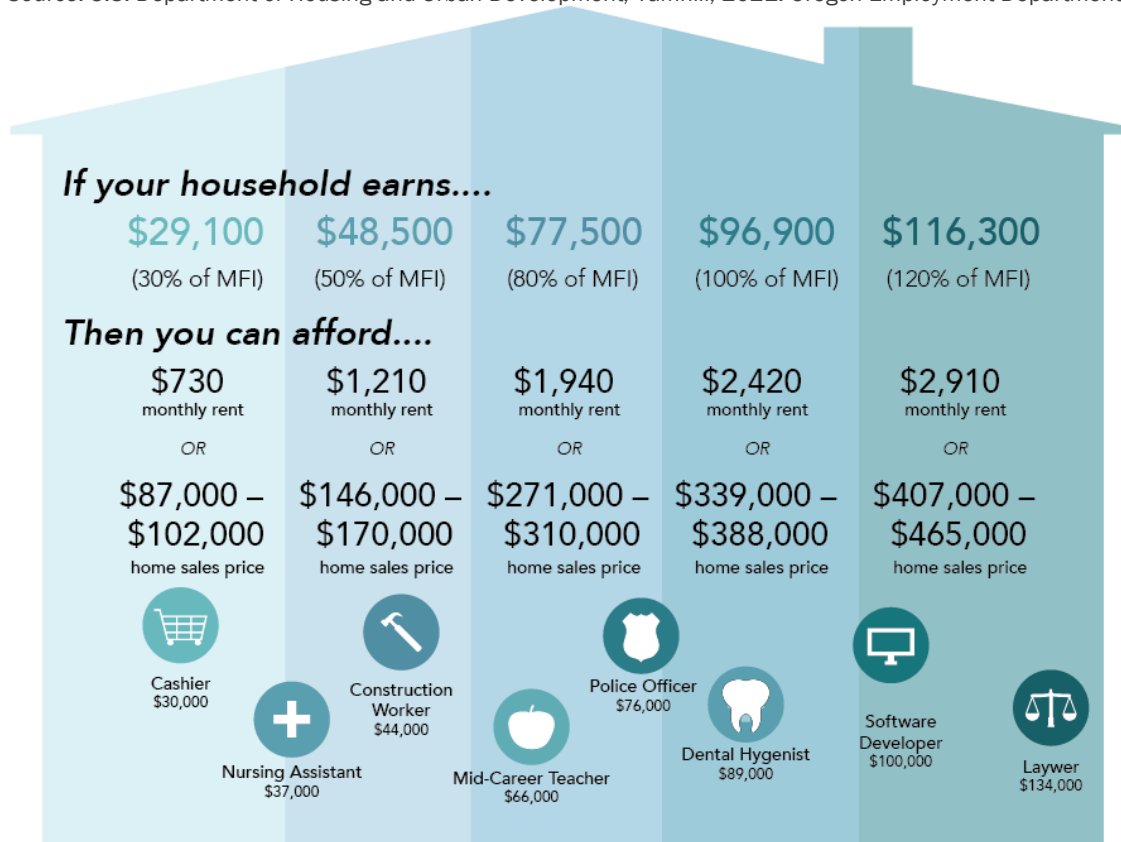
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<sup>5</sup> Note that Median Family Income for the region is different than Median Household Income (MHI) for Newberg. MFI is determined by HUD for each metropolitan area and non-metropolitan county. It is adjusted by family size – in that, 100% MFI is adjusted for a family of four. MHI is a more general term. MHI includes the income of the householder and all other individuals 15 years old and over in the household, whether they are related to the householder or not.

<sup>6</sup> Due to a lack of adequate rent data for Newberg, ECONorthwest contacted three market-rate multifamily properties to obtain asking rents. The estimated market rate rent (\$1,700, with utilities) is based on current rents for Meadowbrook Villas, T and C Apartments, and 800 E 2nd Street LLC.

Exhibit 7. Financially Attainable Housing, by Median Family Income (MFI) for Yamhill County (\$96,900), Newberg, 2021

Source: U.S. Department of Housing and Urban Development, Yamhill, 2021. Oregon Employment Department.

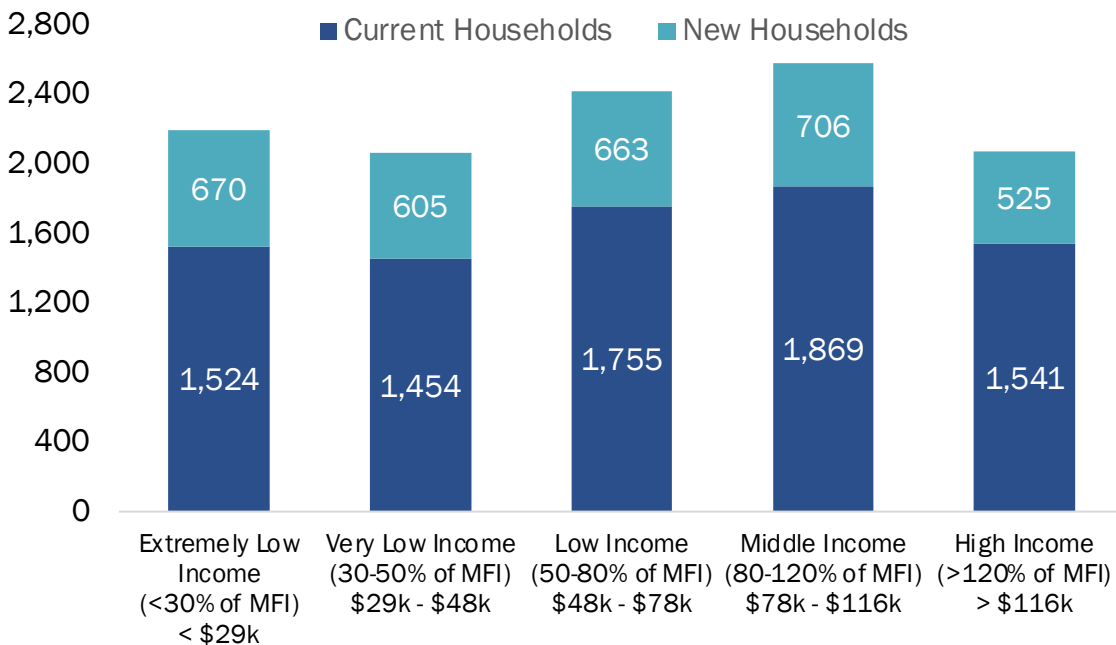


## Newberg is forecast to grow by 3,169 new dwelling units between 2021 and 2041.

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. These dwelling units will need to be available at a variety of income levels. Assuming future residents of Newberg have an income distribution that is the same as existing residents, 40% of new housing will need to be for those with very low or extremely low incomes (below 50% MFI).<sup>78</sup>

### Exhibit 8. Newberg’s Current and Future Households by Income, 2021 to 2041

Source: U.S. Census Bureau, 2015-2019 ACS 5-year estimate, Table B19001, U.S. Department of HUD 2021 MFI, PRC at PSU (2020-2040); and U.S. Department of HUD 2021 MFI. Note: Median Family Income (MFI) is estimated for a family of 4.



<sup>7</sup> Given the fact that incomes have grown at a relatively slow pace over the last two decades in comparison to housing costs (especially home sales prices), this may be a conservative assumption about the future affordability of housing.

<sup>8</sup> The HPS does not anticipate building new units for all existing households in Newberg that have problems affording housing costs. But the HPS does propose actions to stabilize the housing costs of existing lower-income households and may result in development of housing that is more affordable to these households, enabling them to stay in Newberg. Information about lower-income households and cost burden for existing households illustrates the existing housing need in Newberg.

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

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

- New households: **1,275** (from 2021 to 2041)
- Existing households: **2,978**

**What can they afford?** Rents (including basic utility costs) of not more than \$1,210 per month.

- A household would need to earn **\$67,800** to afford newly built multifamily rent of **\$1,700** (about 70% of MFI for a family of four). Households with incomes of less than 50% of MFI (representing 36 percent of Newberg residents) cannot afford this rent.

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

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

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

- New households: **663** (from 2021 to 2041)
- Existing households: **1,755**

**What can they afford?** Rents (including basic utility costs) of between \$1,210 and \$1,940 per month.

- A household would need to earn **\$67,800** to afford newly built multifamily rent of **\$1,700** (about 70% of MFI for a family of four). Some households in this income group cannot afford this rent.
- Households with this income range are likely to live in rental housing predominantly. Some households in this income range can afford average rent in Newberg, but many cannot afford newly built multifamily rents.

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

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

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

- New households: **706** (from 2021-2041)
- Existing households: **1,869**

*What can they afford?* Rents (including basic utility costs) of between \$1,940 and \$2,910 per month.

Rents (including basic utility costs) of between \$1,940 and \$2,910 per month.

- These households can afford rents higher than the newly built multifamily rent of **\$1,700**.
- Some households in the higher part of this range can afford the median home sales price in Newberg of **\$443,000**.
- Some households with income in the higher part of this range are likely to live in rental housing and some are likely to be homeowners. Households with incomes in the lower part of this income range may need assistance in attaining homeownership.

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

## Housing Needs of People of Color

*What we know about the need:* About 8% of Newberg’s population identify as non-Hispanic, Black, Asian, American Indian or Alaska Natives, Native Hawaiian or Pacific Islanders, two or more races, or another race. About 14% of Newberg’s population identify as Latino (any race). People of Color (POC) are more likely to rent their homes and to live in multifamily housing than the overall average in Newberg. **People of Color are cost burdened more frequently, with 38% cost burdened and 54% severely cost burdened.**<sup>9</sup>

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

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<sup>9</sup> People of Color includes Black, Latino, American Indian or Alaska Native, Asian, Native Hawaiian and Pacific Islanders, and people of another or multiple races. These categories were combined due to limited data availability.

## Housing Need of People with Disabilities

**What we know about the need:** The Census reports that about **9% of Newberg’s population** have one or more disability, such as ambulatory, vision, hearing, cognitive, self-care, or independent living disabilities.

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

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

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## Housing Need of People Experiencing Homelessness

**What we know about the need:** There are approximately **757 people** experiencing homelessness in Yamhill County in 2021. In addition, **263 students** in the Newberg School District experienced homelessness. The number of people experiencing homelessness in Newberg is not clearly known. In part, this is because people experiencing homelessness may move between neighboring cities.

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

## Stakeholder Engagement

The following is a summary of what City staff learned from a range of outreach and engagement efforts sponsored by the City of Newberg, as it relates to matters of housing and housing production.

- **Affordable Housing Task Force.** The Committee began meeting in July 2008 and reviewed a broad range of actions that could be taken to encourage affordable housing in Newberg. In 2009, the [Affordable Housing Action Plan](#) was adopted from the work of this committee.
- **Housing Newberg Group.** A group consisting of 38 stakeholders comprised of community members including housing developers; major employers; elected officials; city staff; housing advocates; faith community leaders; and members with expertise in property management, real estate sales, and mortgage lending. This group met 8 times between October 2016 and October 2017 to work toward constructive recommendations



for the development of a range of housing types – from high-density apartments to single-family detached homes.

Key recommendations from this group included inclusion of high-density land with annexation, allow ADUs as an outright permitted use, creation of a Construction Excise Tax (CET) program, education/community awareness, missing middle housing, subsidized work and living spaces, expedited review and permitting, public street standards that reduce the amount of public right-of-way and still meet fire department requirements, and system development charge (SDC) deferrals/loans.

- **HB 4006 Community Discussions on Rent-Burdened Households: Cause and Solutions.** Community meetings were held in 2018, 2019, 2020, and 2022 to discuss the causes of households being rent burdened in Newberg and consider solutions. Key outcomes: better knowledge for community members on what it means to be rent or mortgage burdened and severe burdened and the challenges of those individuals. These meetings fostered discussions among community members about solutions and opportunities to help those individuals and create more affordable housing in Newberg.
- **Middle Housing Open Houses and Surveys.** In 2020 and 2021, there were communitywide virtual open houses and surveys about HB 2001 and the middle housing code updates. The first survey received 192 total responses and the second survey received 72 total responses. The second virtual open house had about 10 community members present. Key outcomes: The information from the open houses and surveys informed the code amendments for middle housing. In June 2021, duplex code amendments were adopted. In December 2021, the other middle housing (triplexes, quadplexes, cottage clusters, and townhomes) code amendments were adopted.

These issues have been incorporated into the policies and actions presented in Chapter 3.

## Existing Policies to Address Newberg’s Housing Needs

This section lists existing measures that Newberg has implemented to support housing development and presents preliminary draft measures (or policies or strategies) that may be included in the HPS.

The City of Newberg has the following housing measures (or policies or strategies) currently in place to address Newberg’s housing needs:

### Regulatory Changes

- Amendments to Accessory Dwelling Units – Adopted and Effective July 2, 2018
  - This process amended the Comprehensive Plan and Development Code around updates to Accessory Dwelling Units (ADUs). These amendments included modifying the review process to Type I in all residential zones and the definition of ADUs. It increased the lot coverage in the R-1 low-density residential zone, deleted

design requirements for door and window standards, added text that the primary residence and ADU do not require owner occupancy, and added a requirement that the ADU and primary residence cannot be partitioned into separate lots.

- Residential Use, First Floor in C-3 – Adopted February 4, 2019, Effective February 5, 2019
  - The Development Code was amended to remove the requirement for first floor commercial use along E Second Street in the C-3 Central Business District zone. This was done to allow for more residential uses in the downtown area.
- Removed ADU Parking Requirements – Adopted March 16, 2020, Effective April 16, 2020
  - In accordance with HB 2001, the City removed the one off-street parking space requirement for ADUs in the Development Code.
- Housing Needs Analysis – Adopted March 4, 2021, and Amended July 19, 2021
  - The City conducted a Housing Needs Analysis (HNA) to provide information that informs future planning efforts, including development and redevelopment. The HNA report also provides information on the housing market in Newberg and describes the factors that will affect future housing demand in Newberg, such as changing demographics. The analysis will help decision makers understand whether Newberg has enough land to accommodate growth over the next twenty years.
- Middle Housing Code Updates – Duplexes – Adopted June 7, 2021, Effective July 7, 2021
  - The City amended the Development Code and Comprehensive Plan to allow duplexes on all lots/zones that allow single-family dwellings.
- Middle Housing Code Updates – Triplexes, Quadplexes, Townhomes & Cottage Clusters – Adopted December 6, 2021, Effective January 6, 2022
  - The City amended the Development Code and Comprehensive Plan to allow triplexes, quadplexes, townhomes, and cottages clusters in all residential zones.

## Incentives

- Fee-in-lieu Parking for Residential Development in Downtown – Adopted January 21, 2020, Effective February 20, 2020
  - This process amended the Development code to provide a fee-in-lieu option for on-site parking for residential development in the C-3 Central Business District, which is the downtown area of Newberg. The modification to the code allowed development with residential uses to meet the minimum parking requirements in three ways: 1) all minimum required parking will be provided on-site; or 2) less than the minimum required parking will be provided on-site with a fee-in-lieu being paid to the City of Newberg for the remainder of the required parking; or 3) a fee-in-lieu is paid to the City of Newberg for all required minimum off-street parking.

- Establish a Vertical Housing Development Zone (VHDZ) for Tax Abatement- Adopted May 17, 2021, Effective June 16, 2021
  - The City established a VHDZ with the purpose to encourage development of mixed-use multistory buildings with housing above commercial spaces in urban cores and to develop a larger base of mixed-use property in urban cores. In order to qualify for the VHDZ benefits, commercial uses must be designated on the ground floor and residential uses designated for all floors above the commercial use. Once a property is eligible for a VHDZ, property tax abatements are applied for a period of ten years.

## Funding Tools

- CDBG Manufactured Home Repair Grant – 2016 and 2021
  - The City of Newberg partnered with Yamhill County Affordable Housing Corporation (YCAHC) and the Housing Authority of Yamhill County (HAYC) to use Community Development Block Grant (CDBG) funds to assist lower-income residents living in manufactured homes in manufactured home parks to make necessary repairs and upgrades to their homes. These funds were granted in 2016 and 2021.
- Establish a CET – Adopted November 16, 2020, Effective December 20, 2020
  - The City established a Construction Excise Tax (CET) on all new residential, commercial, and industrial development. For commercial and industrial improvements, a 1% tax on the value of the improvement is required. For residential improvements, a 1% tax on the permit value will be required. Of the net revenue from tax collected from commercial and industrial improvements, 100% will go toward affordable housing programs. Construction excise taxes levied upon projects on residential improvements shall be used in the following manner: 1) 50% to fund developer incentives; 2) 15% to the Oregon Housing and Community Services Department to fund home ownership programs that provide down payment assistance; and 3) 35% to fund developer incentives and affordable housing programs.
- Adjust Timing on Payment of SDC – Adopted November 2020, Effective December 2020
  - The City amended the Municipal Code to delay payment of System Development Charges (SDCs) for single-family and duplex residential developments. Payment can now be made at least 48 hours prior to the request for an insulation inspection versus upon issuance of a building permit.

Further, the City of Newberg is currently in the process of:

- Annual Affordable Housing Trust Fund Notice of Funding Availability – ongoing
  - Every Sept/Oct the City sends out a Request for Proposals (RFP) to provide grants or loans to affordable housing development projects. In May 2021, Habitat for Humanity was provided a \$5,000 grant to assist their affordable housing programs.

## Existing and Expected Barriers to Development of Needed Housing

The barriers to development of needed housing in Newberg include:

- **Infrastructure necessary to support housing development.** Land without urban infrastructure (such as roads, water, sanitary sewer, and stormwater service) will need infrastructure available nearby before the land can be developed for residential uses. The cost of extending or developing new infrastructure is considerable, depending on the location.
- **Funding and resources (such as land) to support development of affordable housing.** Developing income-restricted housing for households with incomes below 60% of MFI nearly always requires federal, state, local, and/or philanthropic subsidy so that it can cover the costs of development and operations with restricted rents. Developing new housing affordable to households with incomes of 60% to 80% of MFI also typically requires government subsidy and/or funding from sources such as nonprofits. One of the key barriers to development of affordable housing is identifying sufficient funding to support its development. Options for funding affordable housing development include direct funding (i.e., monetary contributions for housing), contributions of land, and cost reductions (e.g., tax abatements or waiving fees).
- **Support from the community for development of affordable housing, including regulated affordable housing.** One of the big barriers to development of affordable housing and different types of housing (such as townhouses, duplexes, triplexes, quadplexes, and other types of multifamily housing) is community concern and resistance to development of these housing types. Developers and city staff will need to reach out to neighborhood groups and other stakeholders to gain support for development of these types of housing.
- **Developers capacity for building diverse housing types.** Capacity for development of housing includes developers willing and able to develop needed housing, nonprofits with the capacity to support development of affordable housing, and availability of skilled construction labor to do the housing development (or renovations). Each of these are potential barriers and can have different impacts on development of affordable housing. Capacity for the development community can include knowledge of development of new or innovative housing projects, ability to get financing to pay for housing development, and capacity to take on new housing development. Capacity for nonprofits can be a combination of staff capacity for executing on projects and funding to support affordable housing projects. After the Great Recession, some people exited the construction labor pool, making it difficult to find skilled construction tradespeople to support housing development.
- **Regulatory barriers to developing multifamily housing.** While changes to multifamily standards have been adopted in the last few years, the impacts of those changes have

not yet been analyzed with new projects. Evaluating the regulations to support the most efficient development and redevelopment of land for market-rate and income-restricted affordable housing is necessary to maximize the land designated for multifamily housing and the number of units built.

- **Establishing or broadening needed partnerships.** Ongoing community engagement, especially with underserved communities or people with specialized housing need, is necessary to ensure that the City understands the current housing needs of these groups. This is a potential barrier to needed housing development if the City does not have staff capacity to maintain this engagement or is unable to establish relationships with the communities in question. The City should consider partnering with local nonprofit organizations such as YCAP and Habitat for Humanity and Newberg's Workforce Housing Consortium to stay engaged with how the needs of vulnerable groups may evolve.

### 3. Actions to Meet Future Housing Need

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

The City developed four initiatives that address key housing needs in the city. The initiatives comprise a set of potential city-led strategies, funding sources, and potential partnerships with other entities that help to achieve an overarching desired outcome for the city’s housing policies. By bundling strategies and funding sources, the City acknowledges that several actions and partnerships are necessary to achieve the City’s housing desired outcomes. These initiatives have been refined based on discussions with City Staff.

- **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). Key actions that build on each other:
  - Support Development of Market-Rate Affordable Housing
  - Evaluate Ways to Lower SDCs without Imperiling City Infrastructure
  - Urban Renewal support can be critical to funding development of this type of housing in the urban renewal district.
- **Increase opportunities for affordable homeownership.** This initiative seeks to increase the housing options for homeownership for households earning less than 120% of MFI (less than \$70,800). Key actions that build on each other:
  - Use Construction Excise Tax to Support Affordable Housing Development
  - Urban Renewal to Support Infrastructure Development
  - Developing a land bank strategy and partnerships to support development of affordable housing, such as working with a community land trust to build affordable units for homeownership
  - Allow Division of Lots for Middle Housing Types
  - Evaluate Ways to Lower SDCs without Imperiling City Infrastructure
  - Rezone land for housing and/or expand the Urban Growth Boundary
- **Encourage development of income-restricted affordable housing units.** There are limited options available in Newberg 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. Key actions that build on each other:
  - Provide Density Bonuses to Support Development of Affordable Housing
  - Reduce SDCs for Income-Restricted Affordable Housing

- Evaluate Ways to Lower SDCs without Imperiling City Infrastructure
- Use Construction Excise Tax and/or Urban Renewal funding to support the actions above
- **Preserve existing low- and moderate-income affordable housing.** This initiative seeks to increase the housing options for rental households earning less than 120% of MFI (less than \$70,800). Key actions that build on each other:
  - Support Preservation of Manufactured Home Parks
  - Use Construction Excise Tax to Support Affordable Housing
  - Urban Renewal to Support Infrastructure

Exhibit 9. Housing Initiatives

Action Name	Initiative Name			
	Support development of low- and moderate-income affordable rental housing	Increase opportunities for affordable homeownership	Encourage development of income-restricted affordable housing units	Preserve existing low- and moderate-income affordable housing
<b>Actions</b>				
A. Support Development of Market-Rate Affordable Housing as Lead by the Newberg Workforce Housing Consortium	■			
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 Affordable Housing			■	
F. Evaluate Ways to Lower SDCs without Imperiling City Infrastructure	■	■	■	
G. Support Application of Fair Housing Laws	■	■	■	■
H. Produce Informational Resources for Low-Income Households or People Experiencing Homelessness			■	
I. Consider Restrictions and Conduct Inspections on STRs	■			
J. Allow Division of Lots for Middle Housing Types		■		

Action Name	Initiative Name			
	Support development of low- and moderate-income affordable rental housing	Increase opportunities for affordable homeownership	Encourage development of income-restricted affordable housing units	Preserve existing low- and moderate-income affordable housing
K. Rezone land for housing and/or expand the Urban Growth Boundary	■	■	■	
<b>Funding Sources</b>				
L. Urban Renewal to Support Infrastructure Development	■	■	■	■

### Funding the Actions

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

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

- Existing Urban Renewal District.** Urban renewal freezes property tax accumulation in a designated Urban Renewal District until the Urban Renewal District expires or pays off bonds. Urban renewal can be used to support development of affordable housing and 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.

Newberg established an Urban Renewal Area in the Riverfront District and Downtown area. The majority of funding in Newberg’s Urban Renewal Plan (adopted in 2021) is set aside for transportation and infrastructure projects. The City allows for use of urban renewal funds to pay for the costs of infrastructure development. These projects are intended to facilitate mixed-use development, particularly in the Riverfront District’s commercial areas and within the Downtown area. Newly developed infrastructure can be used to support housing, as well as employment uses.

- Construction Excise Tax (CET) Revenues.** The City implemented a Construction Excise Tax (CET), which is intended to provide funding to support development of affordable



housing. Newberg adopted the CET in 2020. Revenue from the CET will fluctuate with construction activity.<sup>10</sup>

The City recently developed a plan for using CET funds to support affordable housing. As of November 2022, the CET has generated approximately \$892,000 and funds can be distributed beginning in January 2023. CET funds generated from residential projects will be distributed as follows:

- 50% to fund developer incentives
- 35% for affordable housing programs
- 15% will be routed to OHCS for homeownership programs
- 4% can be used to cover administrative costs associated with operating the program
- 100% of the funds generated by the tax on commercial and industrial projects will fund developer incentives and affordable housing programs.

Use of the CET is **not** an action in the HPS, but this funding source is important for implementing the HPS.

### Other Funding Sources Considered

The City has a variety of other options for locally controlled funding sources that could support affordable housing. While this project did not include a robust funding analysis component, the project team discussed these funding sources with the Citizens Advisory Committee.

Exhibit 10 provides an overview of which funding sources advanced to the HPS.

Exhibit 10. Funding Sources Evaluated

Recommendation as an Action in the HPS?	Revenue Source	Rationale for Inclusion/Exclusion?
Yes	New Urban Renewal Area	Could provide a stable, dedicated revenue source in an area with limited existing infrastructure.
Use of CET will be key to funding the Actions in the HPS	Use of CET funding	Provides a funding source to support developer incentives and affordable housing programs.
No, staff will pursue outside of the HPS	Grants and State Funding	Pursue as the City has staff capacity. Without dedicated staff grants, may not provide substantial source of funding.
No, donations will be accepted as they are available	Private donations and gifts	Pursue as the City has staff capacity. Without dedicated staff, this is not likely to be a substantial source of funding.
No	New local option levy	Requires voter approval, unlikely to pass.
No	Increased lodging tax	Only 30% increased revenue could go to housing; 70% dedicated to tourism promotion.
No	Increased marijuana tax	No discussions related to increasing the tax locally.

<sup>10</sup> Newberg has a CET that is applied to residential, commercial, and industrial projects. The CET is a 1% tax on the building permit value.

No	Increase Systems Development Charges	Would place burden on market-rate development.
No	Increased utility fee	Difficult to target charges, not a large nexus between source and use of funds.
No	Increased building and planning permit fees	Sized to project valuation and staffing operational costs and capacity.
No	New business license fee	May hinder local business development.
No	New food and beverage tax	Requires voter approval, unlikely to pass.
No	New sales tax	Not politically feasible.
No	New payroll/business income tax	May not be politically feasible.
No	New real estate transfer tax	Not legal in Oregon.
No	New vacant/second home tax	Untested and possibly not legal in Oregon.

## Actions

This section presents the proposed actions for inclusion in the HPS.

### Summary of Actions

In developing the HPS, we evaluated each of the actions considered for inclusion in the HPS based on five criteria listed below. Appendix B provides more details about these evaluation criteria, beyond the following descriptions:

- **Income level served:** focuses on incomes below 120% of MFI as a way to best support housing affordable to households who are most likely to have difficulty affording housing.
- **Impact for housing development:** considers the potential scale of impact of the action, which provides some context for whether the policy tool generally results in a little or a lot of change in the housing market.
- **Administrative complexity:** considers how much staff time and resources (financial or otherwise) are required to implement the action and whether the action is difficult or costly to administer once it is in place.
- **Feasibility:** assesses the political and community acceptability of the action for stakeholders, as well as potential need to coordinate with other organizations.
- **Flexibility:** describes whether the action can be flexibly used to achieve multiple outcomes

Exhibit 11. Summary of Actions

Action Name	Level of Affordability Addressed			Impact for Development	Admin Complexity	Feasibility	Flexibility
	<50% MFI	50%-80% MFI	80%-120% MFI				
<b>Actions</b>							
A. Support Development of Market-Rate Affordable Housing as Lead by the Newberg Workforce Housing Consortium		X	X	Small	Medium	Moderate	More
B. Develop a Land Bank Strategy and Partnerships to Support Affordable Housing Development	X	X	X	Moderate to large	High	Moderate	More
C. Support Preservation of Manufactured Home Parks	X	X	X	Small	Low	More	Moderate
D. Provide Density Bonuses to Support Development of Affordable Housing	X	X		Small to Moderate	Medium	More	More
E. Reduce SDCs for Affordable Housing	X	Up to 60% MFI		Small	Medium	More	Moderate
F. Evaluate Ways to Lower SDCs without Imperiling City Infrastructure	X	X	X	Small	High	Moderate	More
G. Support Application of Fair Housing Laws	X	X	X	Depends on the changes in policy making processes	Medium	More	More
H. Produce Informational Resources for Low-Income Households or People Experiencing Homelessness	X			Small	Low	More	More
I. Consider Restrictions and Conduct Inspections on STRs		X	X	Small	Medium	Moderate	More
J. Allow Division of Lots for Middle Housing Types	X	X	X	Small	Low	More	More
K. Rezone land for housing and/or expand the Urban Growth Boundary	X	X	X	Moderate to Large	High	Moderate	More

Action Name	Level of Affordability Addressed			Impact for Development	Admin Complexity	Feasibility	Flexibility
	<50% MFI	50%-80% MFI	80%-120% MFI				
<b>Funding Sources</b>							
L. Urban Renewal to Support Infrastructure Development	X	X	X	Moderate to large	High	More	More

## Potential Partners

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

Exhibit 12. City and Partner Roles

Actions	City	Affordable and Market-Rate Developers	Other Government Agencies	Local Nonprofits	Other Partners
A. Support Development of Market-Rate Affordable Housing as Lead by the Newberg Workforce Housing Consortium	Provide technical assistance; support development	Implement development	Support development where appropriate		Workforce Housing Consortium to lead development
B. Develop a Land Bank Strategy and Partnerships to Support Affordable Housing Development	Identify partners, potential funding	Implement housing project	Potential contributors of land	Implement housing project	Identify funding sources
C. Support Preservation of Manufactured Home Parks	Provide technical assistance, work with partners		Support purchase and preservation	Support purchase and preservation	
D. Provide Density Bonuses to Support Development of Affordable Housing	Draft amendments and facilitate public processes	Help refine effective bonus structures			
E. Reduce SDCs for Affordable Housing	Develop criteria for reduction Identify funding source for backfilling	Help refine feasible affordability thresholds			
F. Evaluate Ways to Lower SDCs without Imperiling City Infrastructure	Change SDCs or Capital Improvement Plan				

Actions	City	Affordable and Market-Rate Developers	Other Government Agencies	Local Nonprofits	Other Partners
G. Support Application of Fair Housing Laws	Facilitate public process			Targeted outreach, education, resources	
H. Produce Informational Resources for Low-Income Households or People Experiencing Homelessness	Host additional resource center		Partner with City	Informational resource packages	
I. Consider Restrictions and Conduct Inspections on STRs	Adopt policies or regulations				
J. Allow Division of Lots for Middle Housing Types	Change regulations				
K. Rezone land for housing and/or expand the Urban Growth Boundary	Change the zoning map, expand the UGB		Yamhill County		Property owners: Provide input
L. Urban Renewal to Support Infrastructure Development	Partnership with Urban Renewal Agency	Interested developers	URA: Select projects; implement the Plan		Property owners: Provide input

### Implementation Schedule for Actions

The table below presents a draft schedule for implementation of the Housing Production Strategy. Each action will go through a period of development where staff works with decision makers to develop the specifics of the action, then potential adoption and implementation. The activities for each of these are described below.

- **Further refinement:** The actions will require some level of further refinement prior to adoption, which may range from simple logistics (such as developing materials about an existing program) to complicated coordination between multiple internal and external stakeholders (such as implementation of a tax abatement). The refinement period will occur before adoption.
- **Adoption:** This occurs when the City takes official action to adopt a strategic action (or uses another official acknowledgement that the City is going to execute on the strategic action). The table shows the expected time of adoption, which is expected to occur by the last day of the year shown.

- **Implementation:** This occurs when the City officially allows the strategic action to be used, represented by a tan color in the table.

Exhibit 13. Implementation Schedule

Actions	2023 or before	2024	2025	2026	2027	2028	2029	2030	2031
A. Support Development of Market-Rate Affordable Housing as Lead by the Newberg Workforce Housing Consortium	Adopt	Implement							
B. Develop a Land Bank Strategy and Partnerships to Support Affordable Housing Development				Adopt	Implement				
C. Support Preservation of Manufactured Home Parks					Adopt	Implement			
D. Provide Density Bonuses to Support Development of Affordable Housing							Adopt	Implement	
E. Reduce SDCs for Affordable Housing			Adopt	Implement					
F. Evaluate Ways to Lower SDCs without Imperiling City Infrastructure			Adopt	Implement					
G. Support Application of Fair Housing Laws	Adopt	Implement							
H. Produce Informational Resources for Low-Income Households or People Experiencing Homelessness	Adopt	Implement							
I. Consider Restrictions and Conduct Inspections on STRs					Adopt	Implement			
J. Allow Division of Lots for Middle Housing Types	Adopt	Implement							
K. Rezone land for housing and/or expand the Urban Growth Boundary		Begin Analysis		Adopt	Implement				
<b>Funding Sources</b>									
L. Urban Renewal to Support Infrastructure Development						Implement when funding available			

## A. Support Development of Market-Rate Affordable Housing as Lead by the Newberg Workforce Housing Consortium

### 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 in other communities, which may create difficulties for employers to hire and retain a workforce. As a result, many employers have started taking a more active role in housing development to better position themselves to recruit and retain their employee base.

### 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.

Newberg's Workforce Housing Consortium convened in 2019 and have since received \$3 million dollar in grant funds that will ultimately be used to either financially support or develop corporate partner housing for Newberg employees. The Workforce Housing Consortium is a group of employers including Friendsview Retirement Community, A-Dec, George Fox University, Providence Newberg Medical Center, Newberg Public Schools, Marquis Companies, and City of Newberg with plans of building and renting between 15 and 30 units of housing affordable to people who work at their businesses.

The Consortium Is still working on narrowing down target demographics for people they would rent to. However, the general goal is to fill the housing gap for those who do not qualify for income-restricted housing or are unable to access it for various reasons (e.g., long waitlists) and those who are unable to afford market-rate prices (e.g., households earning less than 120% MFI). The Consortium is also interested in a model that can support new employees moving into the area who need additional time to find the right housing but need a safe and affordable place to land while they do so. Approximately 15-30 rental housing units is the intended scale.

### City Role

The City of Newberg has been an ongoing partner to the Consortium, particularly in helping to identify buildable lands and facilitating connections with potential partners. The City can also offer technical assistance to the Workforce Housing Consortium by helping navigate permit requirements and compile site-specific development costs (e.g., required permit fees, utility connections, and necessary infrastructure upgrades). The City can also help navigate development regulations or even facilitate rezoning efforts to prep the site for residential development if necessary.

### Partners and their Role

Partner 1. The Newberg Workforce Housing Consortium, who are leading plans for developing workforce housing.

Partner 2. Local developers and housing-related nonprofits – City staff maintain relationships with local developers and service providers working in the region.

Partner 3. City Staff – Newberg’s Community Development and Public Works Departments can help provide technical assistance with development once a housing project is identified. The City could help the Workforce Housing Consortium identify potential housing developers and/or nonprofits that could partner on the housing project.

**Anticipated Impacts**

Populations Served	Income	Housing Tenure	Magnitude of New Units Produced
Low to middle-income households for workers at selected businesses in Newberg	Households with incomes below 120% of MFI	Renter	Moderate

**Potential Risks**

The housing would be limited to people who work at businesses that are participating in the Newberg Workforce Housing Consortium. Many people living in Newberg would not be able to access housing developed by the Consortium.

**Implementation Steps**

In this action, the City’s role is primarily as a partner and the City is not driving implementation of this action. The City’s implementation steps would focus on:

- Continue taking part in the Consortium’s regular meetings to best identify how and when the City needs to provide assistance.
- Assist with identifying possible developer partnerships and local buildable lands for housing development
- When a project and/or site is identified, outline permit processes and development fees required.
- Identify additional ways that the City could support developing of housing, possibly through use of other actions in the HPS like providing a density bonus (Action D) if needed to support the development.

**Funding or Revenue Implications**

If no specific funding or revenue source is identified at this time, staff time and available Community Development Department tools and resources will be relied on to provide support in the form of technical assistance and a convener of stakeholders.



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

### Rationale

Land control is critical to affordable housing development because overall development 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

The City can support development of income-restricted affordable housing (housing affordable at or below 60% of MFI) or moderate-income housing (housing affordable between 60% and 120% of MFI) by helping to reduce costs in a number of ways:

#### **Land banking**

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:

- Potentially 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 an 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 an 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's role could be to 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 affordability (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).

## Community Land Trusts

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.

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.

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.

## Housing Cooperative

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.

The City could support a housing cooperative in a similar way that it could support a community land trust, such as assisting the trust with land acquisition through land banking or through providing funding to support housing development.

## City Role

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 potentially 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.

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.

### Partners and their Role

Partner 1. 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 2: 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% MFI 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	Households with incomes below 120% of MFI	Renter or owner	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 120% of MFI for the foreseeable future, the housing costs may increase, making the housing less affordable.

### Implementation Steps

- Identify the way that the City would participate in a land bank, if at all.
  - Decide the City’s potential role in a land bank, such as establishing a formal land bank, having an informal land bank and working with partners to potentially donate surplus city-owned land to affordable housing development, or participating in an existing land bank.
  - Identify City-owned land that’s designated as surplus, to secure for future affordable housing development.

- Dedicate a funding source to set aside money for city-led land acquisition and/or parcel assembly to support affordable housing development.
- Research state or federal grant opportunities to help the City with land acquisition for affordable housing development.
- Identify the ways that the City would participate in a land trust or housing cooperative, if at all.
  - Provide technical assistance to a community land trust and/or a housing cooperative for developing housing.
  - Identify other city programs that can support housing development.
  - Establish a program with a dedicated funding source to help interested parties develop housing for a community land trust and/or a housing cooperative.
  - Partner with and contribute land or resources to a community land trust and/or a housing cooperative.

#### 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 were sold on the open market. If the City contributes funds for a land trust or housing cooperative, the City will need to identify a source of funding for the contributions.

## C. Support Preservation of Manufactured Home Parks

### Rationale

Preserve manufacturing home parks because they play a significant role in providing naturally occurring affordable housing.

### Description

Newberg has eight 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-2000s 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 nonprofit ownership. Since 2007, 30 manufactured home parks have been preserved statewide. In 2019, the Legislature funded a manufactured dwelling park loan program through OHCS to 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 include 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.<sup>11</sup> 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.<sup>12</sup>

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

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<sup>11</sup> Based on information from the report *Washington County's Manufactured Housing Communities: Facts, Risks, and Resource*, Final Report, April 2022.

<sup>12</sup> *Washington County's Manufactured Housing Communities: Facts, Risks, and Resource*, Final Report, April 2022.

### City Role

Work with owners of manufactured home parks to preserve manufactured home parks and continue partnerships with Housing Authority of Yamhill County on CDBG funds for repairs.

### Partners and their Role

Partner 1. Housing Authority of Yamhill County – 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

Preservation of manufactured home parks is likely to have a minor impact or no negative impact.

### Implementation Steps

- Establish relationships with the owners of manufactured home parks and resident groups (if any) to understand the status of manufactured home parks and potential sales.
- Identify other potential partnerships with nonprofits or manufactured home park owners to coordinate and support preservation efforts.
- Establish a monitoring program with the Housing Authority of Yamhill County to track necessary repairs and stability of using CDBG to fund them.
- Identify additional funding sources to assist with preservation efforts and offer financial support where possible.

### Funding or Revenue Implications

If no specific funding or revenue source is identified at this time, staff time and available Community Development 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 have density bonuses with 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	Households with incomes below 80% of MFI	Primarily Renter Could be 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 criteria for granting density bonuses to support affordable housing, including the number or percentage of affordable units needed for bonus eligibility, type of housing (single family, duplex, multifamily), income limits, and sale price or rent limits.

### 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 Affordable Housing

### Rationale

One of the main ways a city can influence project costs is through exempting some developments from paying Systems Development Charges (SDCs), which can represent a substantial portion of development costs. When cities reduce or exempt SDCs, it can increase the financial feasibility of a project and facilitate more affordable housing production. In most cases, the City will need to find an alternative funding source to pay (or “backfill”) the costs of SDCs exempted on specific projects.

### 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 homeownership housing projects. The City could consider exempting SDCs specifically for deeper affordability projects, such as those serving households earning at or below 60% of the MFI for homeownership and not renters. Most service providers that offer SDC exemptions or reductions in Oregon for affordable housing limit it to regulated/income-restricted affordable housing. Some cities have set a cap on the amount of waivers (number of units or dollar amount) they will issue for a given time period. Cities can choose to backfill foregone SDC revenue from other sources such as a CET fund and are typically advised to do so, but it is not required by state statute.

There are trade-offs 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, experts advise backfilling them to ensure the city can complete necessary infrastructure projects and avoid compromising equitable share protection for other SDC payers. However, if the cost of SDCs (or development costs in general) render an affordable housing project financially infeasible, it may not get built. Some ways that cities exempt SDCs include:

- 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% MFI 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.
- The City of Ashland exempts SDCs for both ownership and rental units with stricter eligibility requirements. Homebuyers must earn 60% Area Median Income (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.
- 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, and homeowner or regular maintenance fees not exceeding 30% of the monthly income for the targeted income level at 80% of AMI or less. The homebuyer shall agree to establishing a minimum period of 30 years for affordability.

- Some special districts also offer SDC waivers for affordable housing, including Tualatin Hills 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 for homeownership. The City may also consider exempting and backfilling the costs of SDCs for affordable housing with deeper affordability thresholds.

### Partners and their Role

Partner 1. City staff, including Newberg Community Development 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 could make projects feasible vs infeasible to ensure the program is utilized.

### Anticipated Impacts

Populations Served	Income	Housing Tenure	Magnitude of New Units Produced
Extremely low-income, very low-income, and low-income households	Households with incomes below 60% of MFI	Owner	Medium

### Potential Risks

The City should consider backfilling forgone revenue through the changes to SDCs. If the City is unable to make up forgone revenue, the City will have less funds to support development of infrastructure needed to support housing development. 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.
- Develop criteria for instances where the City may exempt SDCs for development of affordable housing, including income levels, housing types, and other criteria. Identify a funding source to backfill the SDCs not being paid by the developers.

#### Funding or Revenue Implications

Changes may reduce or delay SDC revenue to the City. The City may need to hire a consultant to help evaluate the methodology and provide recommendations. If the City needs to backfill the costs of SDCs, the City will need to identify a funding source to pay for the costs of SDCs.

## F. Evaluate Ways to Lower SDCs without Imperiling City Infrastructure

### Rationale

Cities use System Development Charges (SDCs) to pay for new infrastructure, such as water, wastewater, stormwater, sanitary sewers, parks, and transportation. This infrastructure is critically important to support housing and other growth in a community. The costs of SDCs add to the costs of developing housing.

### Description

The City will evaluate its SDC rate structure and Capital Improvement Plans to identify opportunities to reduce the costs of SDCs, with the intention of supporting new development in Newberg to meet housing needs. The evaluation may result in a change to the City's SDC rate-setting methodology, changes in the 5-Year Capital Improvement Program to reduce funding needed for infrastructure, or both.

### City Role

A City Council subcommittee, including community members, will work with the City's Engineering Division to conduct the evaluation.

### Partners and their Role

Partner 1. City staff, including Newberg Public Works Department; Newberg Finance Department; Newberg City Manager – can help identify financial implications of reducing SDCs.

### Anticipated Impacts

Populations Served	Income	Housing Tenure	Magnitude of New Units Produced
All	Any	Renter and Owner	Low to Moderate

### Potential Risks

If the City reduces SDCs too far, it may be unable to build new infrastructure necessary to support housing development. Reducing SDCs, without identifying funding sources to off-set the reductions, will leave the City with less funds to support development of necessary infrastructure.

### Implementation Steps

In this action, a subcommittee of the City Council, including community members, will work with staff from the City Engineering Division to evaluate opportunities to reduce SDCs while avoiding negative impacts on development of needed infrastructure.

### Funding or Revenue Implications

Decreases in SDCs reduce SDC revenue to the City, unless other funding sources are identified to off-set the decreases. The City may need to hire a consultant to help evaluate the methodology and provide recommendations about SDC changes.

## G. 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.

When creating or changing housing 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, and establish partnerships with nonprofits 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. Nonprofit 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.

### Funding or Revenue Implications

Staff time and available Planning Division tools and resources will be relied on to accomplish this strategy. There would likely be some cost for training and educational outreach about Fair Housing laws.

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

### Rationale

The City supports access to housing 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 toward 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. Nonprofits 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. Newberg Public Library – continue ongoing efforts with the library to supply the affordable housing resource center with any new resources as they become available.

Partner 3: Newberg-Dundee Police Department 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 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.

**Funding or Revenue Implications**

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



## I. 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 are aware of at this time.

The City categorizes short-term rentals in two ways:

- 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, limiting the number of people allowed during a rental period, and meeting 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 the number of STRs 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 the number of STRs 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.

### Funding or Revenue Implications

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

## J. Allow Division of Lots for Middle Housing Types

### Rationale

Newberg changed the Newberg Municipal Code in 2022 to allow for development of middle housing types (duplexes, triplexes, quadplexes, townhouses, and cottage clusters), as required by House Bill 2001 (2019). State law (SB 458) also allows for the land division of lots for middle housing types that enable them to be sold or owned individually. Newberg has not yet changed its zoning code to allow these land divisions.

### Description

Senate Bill 458 was adopted by the Oregon Legislature in 2021. This bill is a follow-up to House Bill 2001, which legalized middle housing in many cities throughout the state. The bill allows land divisions for middle housing types (duplexes, triplexes, quadplexes, townhouses, and cottage clusters) that enable them to be sold or owned individually. The new lots created from Senate Bill 458 are not granted additional development rights and must be maintained to meet the criteria applicable to the “parent lot.” Senate Bill 458 went into effect on June 30, 2022.

The City is currently considering changes to the Newberg Municipal Code to allow for these lot divisions.

### City Role

Amend the Newberg Municipal Code to allow for divisions of land for middle housing types.

### Partners and their Role

Partner 1. Newberg Community Development Planning Division – Working with the Planning Commission and City Council, develop changes to the Newberg Municipal Code to allow for division of land for middle housing types.

### Anticipated Impacts

Populations Served	Income	Housing Tenure	Magnitude of New Units Produced
All	Any but primarily housing affordable to households with income above 80% of MFI.	Owner	Small

### Potential Risks

Allowing for division of land for middle housing types is likely to have minor or no negative impacts.

### Implementation Steps

- Revise the Newberg Development Code to allow for division of land for middle housing types by working with the Newberg Planning Commission and City Council through a public process.

### Funding or Revenue Implications

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

## 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.

## K. Rezone land for housing and/or expand the Urban Growth Boundary

### Rationale

Increasing the amount of land within the UGB for housing development increases opportunities for developing new housing.

### Description

The City can re-zone land within the UGB to allow more housing development. This could include re-zoning residential land to allow higher density development or re-zoning land from non-residential uses to residential uses. It could also include changes to the zoning code to allow more mixed-use development in areas where mixed use development is not allowed or is limited. The *Newberg Housing Needs Analysis* report (June 2021) identified a surplus of 35 acres of land in Low Density that could be re-zoned to Medium or High Density Designations.

The City may also need to expand its UGB for residential land. The *Newberg Housing Needs Analysis* report (June 2021) identified a deficit of 34 acres of land in the Medium Density Designation and 44 acres in the High Density Designations. Part of evaluating a UGB expansion is evaluation of opportunities to increase land use efficiency, such as re-zoning land for residential development discussed above. If the City still has residential land deficits after identifying ways to increase land use efficiency within the UGB, the City would need to evaluate opportunities to expand the UGB to meet these deficits of land.

Evaluating opportunities for UGB expansion is a technical analysis that must follow requirements of Goal 14 and related State Statutes, most notably ORS 197A.320, which describes the priority of land for inclusion within a UGB. UGB expansion projects can be challenging and highly controversial and require engaging a range of stakeholders. The process typically takes two to three years and sometimes much longer.

### City Role

Re-zone land to residential uses and develop the analysis for a UGB expansion.

### Partners and their Role

Partner 1. Newberg Community Development Planning Division – Working with the Planning Commission and City Council, develop changes to the City’s zoning map and expand the UGB.

Partner 2. Yamhill County Planning Commission and Board of Commissioners – Adopt changes to the UGB.

Partner 3. Stakeholder and landowners in Yamhill County – Provide input into zoning map changes and the proposed change to the UGB.

### Anticipated Impacts

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

### Potential Risks

Re-zoning land can be a contentious process and will require input from a range of stakeholders, especially land owners. Expansion of the UGB can be a highly contentious, may take multiple years, and will require input from a range of stakeholders in Newberg and Yamhill County.

### Implementation Steps

- Revise the Newberg zoning map to add land for residential development, including potentially rezoning lower density land to higher density residential zones.
- Evaluate opportunities for UGB expansion, including evaluating land use efficiency measures to increase capacity within the existing UGB.

### Funding or Revenue Implications

Staff time and available Community Development Planning Division tools and resources will be relied on to re-zone land. The City will likely need to work with a consultant on the UGB expansion because of the complexity and time-consuming nature of the process.

## L. Use Urban Renewal to Support 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 funds can also be used to support development of off-site infrastructure necessary to support new housing development. Urban renewal can also 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.

Newberg recently established an urban renewal district that encompasses the Riverfront area and the Downtown area. 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 to 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 and 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 the Urban Renewal Plan and select projects to fund through Urban Renewal.

### Partners and their Role

Partner 1. Newberg Urban Renewal Agency – this is the agency that will implement the Urban Renewal Plan.

Partner 2. Local and Regional Developers – the City may want to engage developers interested in tackling projects in the urban renewal district to help prioritize infrastructure projects.

### 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 MFI	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, decreasing property tax revenues in the district.

### Implementation Steps

- Identify opportunities within the Urban Renewal Plan to support development of housing, primarily through development of new infrastructure to support housing or other approaches to supporting housing.

### Funding or Revenue Implications

Urban Renewal 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.

## 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. Some of these recommendations are broad, without a clear action at this point for the City. Others are good ideas but less likely to gain support as actions. They are included as recommendations for the City to act on in the 8-year planning period or to reconsider when next developing an HPS.

- **Evaluate Establishing Maximum Lot Sizes.** This 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.
- **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 plex development) by providing a pre-approved set of plans for 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.

- **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 no protections in place, these units could be lost upon expiration of the LIHTC. Newberg has two income-restricted buildings with LIHTC, one of which (Camellia Court) is 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).

- **Evaluate Issuing 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 a funding plan, then conducting polling/engagement, and lastly, developing a ballot initiative. However, its success hinges on a favorable public vote, so the City should consider using educational tools during engagement and outreach.

## 4. Evaluation: Achieving Fair and Equitable Housing Outcomes

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

### Evaluation of the Policies and Strategic Actions

OAR 660-008 requires an evaluation of all the HPS for achieving the following types of outcomes. The discussion below provides a brief evaluation of each of the expected outcomes for the policies and actions of the HPS, with a focus on housing opportunities for federal and state protected classes.<sup>13</sup> This is not intended to be an exhaustive evaluation of how each action addresses these outcomes but a high-level overview of the HPS as a whole.

- **Affordable Homeownership.** This criterion focuses on actions that support production of housing affordable for homeownership and includes actions to support development of housing affordable at less than 120% of MFI. Many of the actions in the HPS support development of affordable housing for homeownership through supporting development of lower-cost ownership housing, removing regulatory barriers to development of affordable ownership housing, supporting Fair Housing, and making capital improvements necessary to support affordable ownership housing. Some of the actions within the HPS that support affordable homeownership include:
  - *Existing actions and programs*
    - Regulatory changes: making ADUs easier to build, allowing missing middle housing, and other regulatory changes to support development of housing.
    - Adjusted timing on payment of SDCs for single-family and duplex residential developments, to reduce development costs early in the development process.
    - Provide grants or loans to affordable housing development projects from the Affordable Housing Trust Fund.
    - Use of CET to help qualifying homeowners with down payment or foreclosure-prevention assistance and assistance for qualifying developments related to system development, land acquisition, and required local improvements.

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<sup>13</sup> Federal protected classes are race, color, national origin, gender, familial status, and disability. Oregon’s additional protected classes are marital status, source of income, sexual orientation, and status as a domestic violence survivor. Under Fair Housing laws, it is illegal to deny access to housing based on the characteristics of people within these protected classes.

- ***Actions in the HPS***
  - Develop a Land Bank Strategy and Partnerships to Support Affordable Housing Development. A land bank, land trust, or cooperative housing is key to supporting development of affordable housing for homeownership.
  - Allow Division of Lots for Middle Housing Types
  - Reduce SDCs for Affordable Housing. Reduced SDCs could apply to ownership housing development if they meet certain affordability thresholds.
  - Use Urban Renewal to Support Infrastructure Development. Urban renewal funds can be used to support development of off-site infrastructure necessary to support new rental or ownership housing development.
  - Rezone land for housing and/or expand the Urban Growth Boundary
- **Affordable Rental Housing.** Supporting affordable rental housing includes actions to support production of both income-restricted affordable housing (affordable to households with incomes below 60% of MFI) and privately developed affordable housing (affordable for households with incomes between 61% and 80% of MFI). Actions within the HPS that support affordable rental housing development include:
  - ***Existing actions and programs***
    - Regulatory changes: making ADUs easier to build, allowing missing middle housing, and other regulatory changes to support development of housing.
    - Established a CET, with all funds going to support development of affordable housing.
    - Adjusted timing on payment of SDCs for single-family and duplex residential developments, to reduce development costs early in the development process.
    - Use of CET to provide qualifying households with rental assistance. The City may use CET funds to assist qualifying developments with system development, land acquisition, and required local improvements.
  - ***Actions in the HPS***
    - Provide Density Bonuses to Support Development of Affordable Housing. A density bonus could apply to rental or ownership housing development if they meet certain affordability thresholds.
    - Consider Restrictions and Conduct Inspections on Short-term Rentals. 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. If the City implemented restrictions on STRs, it could help stabilize the inventory of long-term rentals.

- Use Urban Renewal to Support Infrastructure Development. Urban renewal funds can also be used to support development of off-site infrastructure necessary to support new rental or ownership housing development.
- Rezone land for housing and/or expand the Urban Growth Boundary
- **Housing Stability.** Increasing housing stability includes actions that increase the stability of existing households and prevent displacement, mitigating gentrification resulting from public investments or redevelopment. Part of increasing housing stability will be preservation of existing housing, rehabilitation of housing, and development of more affordable ownership and rental housing. These items are discussed above. Actions within the HPS that address housing stability include:
  - *Existing actions and programs*
    - CDBG Manufactured Home Repair Grant program, which provides funds to lower-income residents living in manufactured homes in manufactured home parks to make necessary repairs and upgrades to their homes.
  - *Actions in the HPS*
    - Consider Restrictions and Conduct Inspections on Short-term Rentals. If the City implemented restrictions on STRs, it could help stabilize the inventory of long-term rentals.
    - Support Preservation of 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 nonprofit ownership. The City can assist in preserving and supporting development of new manufacturing housing parks because they play a significant role in providing naturally occurring affordable housing.
    - Actions in the HPS to support development of income-restricted affordable housing can increase housing stability by increasing the amount of affordable housing in Newberg. These actions include Action B, Action D, Action E, and Action K.
- **Housing Options for People Experiencing Homelessness.** Increasing options for people experiencing homelessness includes working with partners and identifying ways to address homelessness and actions that reduce the risk of households becoming homeless (especially for households with income below 30% MFI). The HPS includes the following options for people experiencing homelessness:
  - *Existing actions and programs*
    - The City conducted a study on car camping in partnership with PSU, however no action has been taken following the results of the study.
    - The City has historically supported Harvest House, a transitional residence in Newberg.

- The City provided ARPA funding to YCAP for a Navigation Center and to North Valley Friends Church and Providence for a transitional housing project.
- ***Actions in the HPS***
  - Produce Informational Resources for Low-Income Households or People Experiencing Homelessness. Nonprofits operating in the County offer a number of programs that many people struggling financially may be unaware exist. 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.
  - Actions in the HPS to support development of income-restricted affordable housing can increase housing options for people experiencing homelessness. These actions include Action B, Action D, and Action K.
- **Housing Choice.** Increasing housing choice involves increasing access to housing for communities of color, low-income communities, people with disabilities, and other state and federal protected classes. Increasing housing choice also means increasing access to existing or new housing that is located in neighborhoods with healthy and safe environments and high-quality community amenities, schooling, and employment and business opportunities. Actions within the HPS that increase housing choice include:
  - ***The City does not currently have existing actions and programs.***
  - ***Actions in the HPS***
    - Support Application of Fair Housing Laws. 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. Identifying ways in which the City can help mitigate against Fair Housing violations could expand housing choice for more vulnerable populations.
    - Actions in the HPS to support development of income-restricted affordable housing can increase housing choice. These actions include Action B, Action D, Action E, and Action K.
    - Rezone land for housing and/or expand the Urban Growth Boundary
- **Location of Housing.** Diversifying the location of housing requires increasing options for residential development that are compact, in mixed-use neighborhoods, and available to people within state and federal protected classes. This measure is intended, in part, to meet statewide greenhouse gas emission reduction goals. Actions within the HPS that support development of compact, mixed-use neighborhoods include:
  - ***Existing actions and programs***
    - Allowing residential uses on the first floor of building in C-3 Central Business District zone.

- Fee-in-lieu Parking for Residential Development in Downtown, which allowed development with residential uses to meet the minimum parking requirements in more flexible ways.
- Established a Vertical Housing Development Zone (VHDZ) for Tax Abatement, which supports development of mixed-use multistory buildings with housing above commercial spaces in urban cores and to develop a larger base of mixed-use property in urban cores.
- ***Actions in the HPS***
  - Provide Density Bonuses to Support Development of Affordable Housing. The City can use a density bonus to incentivize development of income-restricted housing in locations where it is particularly appropriate.
  - Consider Restrictions and Conduct Inspections on Short-term Rentals. The City could consider restrictions for STRs in priority locations to encourage and/or preserve a mix of housing types used for long-term housing.
  - Use Urban Renewal to Support Infrastructure Development. The City could use urban renewal funds to prioritize infrastructure projects in traditionally underserved areas or neighborhoods in the City.
  - Rezone land for housing and/or expand the Urban Growth Boundary
- **Fair Housing.** Supporting Fair Housing is accomplished by increasing access to housing for people in state and federal protected classes, Affirmatively Furthering Fair Housing, addressing disparities on access to housing opportunity for underserved communities, and decreasing patterns of segregations or concentrations of poverty. Actions within the HPS that further Fair Housing policies include:
  - *The City does not currently have any existing actions and programs.*
  - ***Actions in the HPS***
    - Support Application of Fair Housing Laws. 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.

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



## Assessment of Benefits and Burdens from the Action

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

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

Strategies	Benefits	Burdens
A. Support Development of Market-Rate Affordable Housing as Lead by the Newberg Workforce Housing Consortium	<p>Will benefit low- to middle-income households at selected businesses in Newberg.</p> <p>Will increase overall housing availability for people in Newberg, potentially decreasing competition for lower-cost housing slightly, providing a benefit to marginalized communities.</p>	<p>Unlikely to increase burdens on POC, people with disabilities, or seniors, assuming that the businesses participating in this action hire people from these groups as they would all potential workers.</p>
B. Develop a Land Bank Strategy and Partnerships to Support Affordable Housing Development	<p>Will benefit low- to middle-income households. The groups more likely to have incomes qualifying for this action are disproportionately marginalized communities, including POC, people with disabilities, and seniors. Some land trusts specialize in providing services to these communities.</p>	<p>Unlikely to increase burdens for these communities.</p> <p>Could have less positive impact for POC, people with disabilities, or seniors if these communities are not recruited from for participation in the resulting development.</p>
C. Support Preservation of Manufactured Home Parks	<p>Will benefit existing manufactured home park residents, who are likely to have extremely low, very-low, low-income households. The groups more likely to have incomes qualifying for this action are disproportionately POC, people with disabilities, and seniors.</p>	<p>Unlikely to increase burdens for these communities.</p> <p>If POC, people with disabilities, or seniors have been excluded from living in the manufactured home parks, they cannot benefit from this action.</p>
D. Provide Density Bonuses to Support Development of Affordable Housing	<p>Will benefit extremely low, very-low, low-income households. The groups more likely to have incomes qualifying for this action are disproportionately POC, people with disabilities, and seniors.</p>	<p>Unlikely to increase burdens for these communities.</p> <p>Could have less positive impact for POC, people with disabilities, or seniors if these communities are not recruited from for participation in the resulting development.</p>
E. Reduce SDCs for Affordable Housing	<p>Will benefit extremely low, very-low, low-income households. The groups more likely to have incomes qualifying for this action are disproportionately POC, people with disabilities, and seniors.</p>	<p>Unlikely to increase burdens for these communities.</p> <p>Could have less positive impact for POC, people with disabilities, or seniors if these communities are not recruited from for participation in the resulting development.</p>
F. Evaluate Ways to Lower SDCs without Imperiling City Infrastructure	<p>Will benefit households with all incomes.</p>	<p>If the action results in lower funding for developing infrastructure, this could negatively impact areas of the City with infrastructure deficiencies, which are more likely to be where lower-income households</p>

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

Strategies	Benefits	Burdens
		live. POC, people with disabilities, and seniors may be more likely to live in these areas.
G. Support Application of Fair Housing Laws	Will benefit households with all incomes with an emphasis on benefit to people most likely to experience housing discrimination, which includes POC, people with disabilities, seniors, and other protected classes.	Unlikely to increase burdens on POC, people with disabilities, seniors, and other protected classes.
H. Produce Informational Resources for Low-Income Households or People Experiencing Homelessness	Will benefit people with extremely-low or no-incomes, which may disproportionately include POC, people with disabilities, and seniors.	Unlikely to increase burdens on POC, people with disabilities, and seniors.
I. Consider Restrictions and Conduct Inspections on STRs	Will benefit renter households, at all income levels. STRs are more likely to be higher-cost housing. To the extent that POC, people with disabilities, and seniors live in lower-cost housing (which is less likely to be a STR), they may benefit less from this action than households living in housing more likely to be an STR.	Unlikely to increase burdens on POC, people with disabilities, and seniors.
J. Allow Division of Lots for Middle Housing Types	<p>Will benefit households at all income levels, with an emphasis on households that can afford middle housing types. To the extent that POC, people with disabilities, and seniors are lower-income, they may benefit less from this action than households with middle- and higher incomes, who may be more able to afford these housing types.</p> <p>Will increase overall housing availability for people in Newberg, potentially decreasing competition for lower-cost housing slightly, which may benefit marginalized communities.</p>	Unlikely to increase burdens on POC, people with disabilities, and seniors unless development displaces existing residents through redevelopment.
K. Rezone land for housing and/or expand the Urban Growth Boundary	Will benefit households at all income levels. May increase overall housing availability for people in Newberg, potentially decreasing competition for lower-cost housing slightly, which may benefit marginalized communities.	Unlikely to increase burdens on POC, people with disabilities, and seniors.
L. Urban Renewal to Support Infrastructure Development	Will benefit low- to middle-income households. The groups more likely to have incomes qualifying for this action have a proportionately larger percentage of POC, people with disabilities, and seniors.	May increase burdens on POC, people with disabilities, and seniors if development displaces existing residents through redevelopment.

## Monitoring Outcomes of the HPS

This is Newberg's first HPS. As a result, the City is required to describe how it will measure the implementation and progress of the HPS. This section focuses on these issues.

Newberg is required to report progress on implementation of the HPS to DLCD every four years.<sup>15</sup> This report must include:

- **A summary of the actions taken to implement the HPS.** If there are actions that the City has not implemented on the schedule for the first four years of the HPS (i.e., actions expected to be adopted by December 31, 2024), the City needs to provide an explanation of the barriers to implementation and a plan for addressing the need that the action was intended to address. That plan could include identification of other actions in the HPS that will meet the identified need, or it could include development of a new action to meet the need.
- **A reflection of the efficacy of the actions the City has implemented.** This reflection should discuss the outcomes the City is observing from the actions they have implemented to date and could include expectations for future outcomes.
- **A reflection of the efficacy of the actions in the context of the outcomes described above.** This section evaluates the goals and actions in the HPS for expected outcomes such as increasing housing options for affordable homeownership, affordable rental housing, housing stability, housing options for people experiencing homelessness, housing choice, location of housing, and Fair Housing. The report should describe whether the goals and actions implemented have resulted in the outcomes described above.

In addition, Newberg is required to report about actions that will not be adopted on the schedule presented in Exhibit 13. The City must notify DLCD that it will be unable to adopt the action within 90 days of the end of the timeline to implement the action. This notice must identify the actions or combinations of actions that the City will take to address the need that the action was intended to address. This could include identification of other actions in the HPS that will meet the identified need, or it could include development of a new action to meet the need.

The City will review its progress toward the plan on an annual basis (or on a frequency directed by the City Council) by providing an annual report to the City Council. During the review, the City will document the implementation actions taken over the previous year, along with the housing development activity that has occurred. Key questions that Council can consider in its assessment include:

- Are additional actions needed to address new or changing conditions?

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<sup>15</sup> This report is due to DLCD no later than December 31 four years after Newberg adopts its HPS.

- Is staff capacity sufficient to meaningfully advance the strategies?
- What benefits has the City seen from its efforts to date? Are the City’s residents, and especially its lower-income residents and communities of color, seeing a return on the investments that the City has made?

In addition, the City can track indicators of plan progress in Exhibit 15.

Exhibit 15. Monitoring by Strategy

Strategies	Annual monitoring
Overall Monitoring	<ul style="list-style-type: none"> <li>▪ Number of affordable units developed by income range</li> <li>▪ Number of affordable projects developed</li> </ul>
A. Support Development of Market-Rate Affordable Housing as Lead by the Newberg Workforce Housing Consortium	<ul style="list-style-type: none"> <li>▪ Number of units funded through the Workforce Housing Consortium</li> <li>▪ Funding or forgone revenue from the City to support this housing development</li> </ul>
B. Develop a Land Bank Strategy and Partnerships to Support Affordable Housing Development	<ul style="list-style-type: none"> <li>▪ Number of acres acquired for land banking</li> <li>▪ Dwelling units produced in partnership with a land bank, community land trust, or housing cooperative</li> </ul>
C. Support Preservation of Manufactured Home Parks	<ul style="list-style-type: none"> <li>▪ Track ownership of manufactured home parks and transfers of ownership</li> <li>▪ Amount of funding used for rehabilitation or preservation</li> <li>▪ Number of units where funding was given for rehabilitation or preservation</li> <li>▪ New partnerships established or expanded for preservation</li> </ul>
D. Provide Density Bonuses to Support Development of Affordable Housing	<ul style="list-style-type: none"> <li>▪ Densities of newly developed housing using this bonus</li> <li>▪ Number of units produced using density bonus and their affordability levels</li> </ul>
E. Reduce SDCs for Affordable Housing	<ul style="list-style-type: none"> <li>▪ Number of units produced and their affordability level</li> <li>▪ Number of projects that utilize SDC exemption</li> </ul>
F. Evaluate Ways to Lower SDCs without Imperiling City Infrastructure	<ul style="list-style-type: none"> <li>▪ Changes to SDC rates</li> <li>▪ Change in number and type of units built after SDC changes</li> </ul>
G. Support Application of Fair Housing Laws	<ul style="list-style-type: none"> <li>▪ Educational events and number of attendees</li> <li>▪ Views of online materials (if any)</li> </ul>
H. Produce Informational Resources for Low-Income Households or People Experiencing Homelessness	<ul style="list-style-type: none"> <li>▪ Number of inquiries about housing resources</li> <li>▪ Number of people who utilized assistance programs or moved into long-term housing that inquired through resource center</li> <li>▪ Views of online materials (if any)</li> </ul>
I. Consider Restrictions and Conduct Inspections on STRs	<ul style="list-style-type: none"> <li>▪ Compare trends in license applications prior to restrictions to current levels</li> </ul>
J. Allow Division of Lots for Middle Housing Types	<ul style="list-style-type: none"> <li>▪ Number of middle housing lot divisions</li> <li>▪ Number of middle housing units built on one lot vs units on lots that were divided</li> </ul>
K. Rezone land for housing and/or expand the Urban Growth Boundary	<ul style="list-style-type: none"> <li>▪ Number of acres re-zoned</li> <li>▪ Increase in housing capacity of re-zoned land</li> <li>▪ Number of acres brought into the UGB</li> <li>▪ Increase in housing capacity from expansion of the UGB</li> </ul>
L. Urban Renewal to Support Infrastructure Development	<ul style="list-style-type: none"> <li>▪ Amount of funding investments made with urban renewal dollars to support affordable housing</li> <li>▪ Number of affordable units built in urban renewal district</li> <li>▪ Amount of funding dispersed for off-site infrastructure</li> </ul>

In addition, the City could monitor current market conditions to help the Council understand the context in which the overall Housing Production Strategy is operating:

- Number and type of new homes produced and total within the city over time - tenure, size, sales price/asking rent, and unit type
- Share of rent-burdened residents
- Sales prices and rents for existing homes
- Number, location, and expiration date of regulated affordable units with change in units provided over time

When Newberg produces its next HPS in eight years, the City will be required to summarize the efficacy of each action included in this HPS. The information resulting from these measures will help Newberg to summarize the outcomes and efficacy of the actions in this HPS.

# Appendix A: Contextualizing Newberg’s Housing Needs

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This appendix provides information to contextualize Newberg’s housing needs. It provides an understanding of the issues before solutions are proposed. This appendix draws its information and findings from other planning efforts, described in the main report. Where appropriate, this appendix also draws on information gathered through the City of Newberg’s past engagement efforts with housing producers and consumers, including underrepresented communities.

As a part of providing context to better understand Newberg’ housing needs, this appendix presents information about housing in Newberg for race, ethnicity, age, disability status, and other characteristics of the community to understand disproportionate housing impacts on different groups.

## Demographic and Characteristics Affecting Newberg’s Housing Needs

This section describes unmet housing needs for people in Newberg by age, race and ethnicity, disability, household size and composition, and household income.

### Data Used in this Analysis

Throughout this analysis data is used from multiple well-recognized and reliable data sources. One of the key sources for housing and household data is the U.S. Census. This report primarily uses data from two Census sources:<sup>16</sup>

- The **Decennial Census**, which is completed every ten years and is a survey of *all* households in the U.S. The Decennial Census is considered the best available data for information such as demographics (e.g., number of people, age distribution, or ethnic or racial composition), household characteristics (e.g., household size and composition), and housing occupancy characteristics. As of 2010, the Decennial Census does not collect more detailed household information, such as income, housing costs, housing

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<sup>16</sup> It is worth commenting on the methods used for the American Community Survey. The American Community Survey (ACS) is a national survey that uses continuous measurement methods. It uses a sample of about 3.54 million households to produce annually updated estimates for the same small areas (census tracts and block groups) formerly surveyed via the decennial census long-form sample. It is also important to keep in mind that all ACS data are estimates that are subject to sample variability. This variability is referred to as “sampling error” and is expressed as a band or “margin of error” (MOE) around the estimate.

This report uses Census and ACS data because, despite the inherent methodological limits, they represent the most thorough and accurate data available to assess housing needs. We consider these limitations in making interpretations of the data and have strived not to draw conclusions beyond the quality of the data.

characteristics, and other important household information. Decennial Census data is available for 2000 and 2010.

- The **American Community Survey (ACS)**, which is completed every year and is a *sample* of households in the U.S. The ACS collects detailed information about households, including demographics (e.g., number of people, age distribution, ethnic or racial composition, country of origin, language spoken at home, and educational attainment), household characteristics (e.g., household size and composition), housing characteristics (e.g., type of housing unit, year unit built, or number of bedrooms), housing costs (e.g., rent, mortgage, utility, and insurance), housing value, income, and other characteristics.

This report uses data from the 2015-2019 ACS for Newberg and comparison areas. Where information is available and relevant, we report information from the 2000 and 2010 Decennial Census. Among other data points noted throughout this analysis, this report includes data from Oregon’s Housing and Community Services Department, the United States Department of Housing and Urban Development, Redfin, Property Radar, Costar, and City of Newberg.

### Age of People in Newberg

Growth in Newberg’s senior population, as well as other age cohorts, will continue to shape the city’s future housing needs. Seniors account for 18% of Newberg’s existing population and Yamhill County expects to have 11,600 more people over 60 years old by 2045 than in 2020.

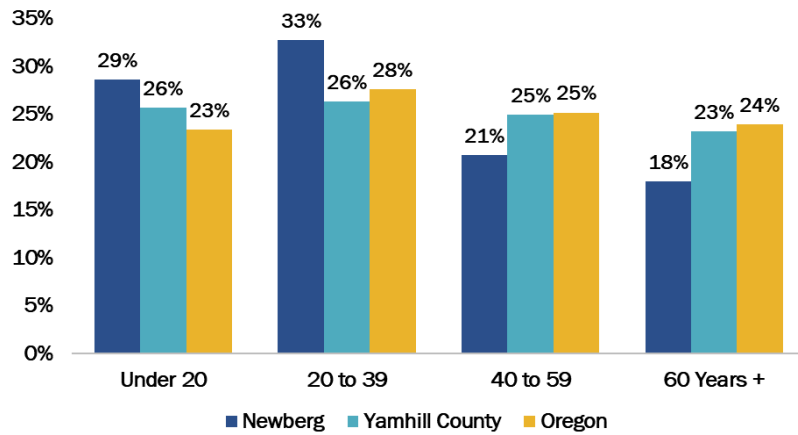
Growth in the number of seniors will result in demand for housing types specific to seniors, such as small and easy-to-maintain dwellings, assisted-living facilities, or age-restricted developments. Senior households will make a variety of housing choices, including remaining in their homes as long as they are able, downsizing to smaller single-family homes (detached and attached) or multifamily units, moving in with family, or moving into group housing (such as assisted-living facilities or nursing homes), as their health declines.

**In the 2015-2019 period, about 18% of Newberg's residents were over 60 years old.**

Newberg had a smaller share of people over the age of 60 than Yamhill County.

**Exhibit 16. Population Distribution by Age, Newberg, Yamhill County, and Oregon, 2015-2019**

Source: U.S. Census Bureau, 2015-2019 ACS, Table B01001.



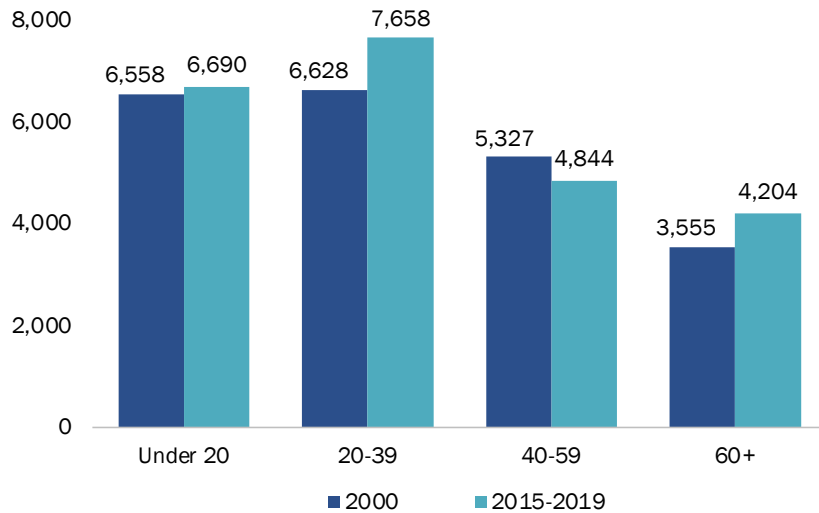
**Between 2000 and 2015-2019, people 20 to 39 years old had the largest increase, adding 1,030 people.**

**People over 60 years old had the second largest increase, adding 649 people.**

Over the next 25 years (2020 to 2045), the population aged 60 and older in Yamhill County is forecast to increase from 25 percent of the population to 28 percent of the population, a growth of about 11,000 people.<sup>17</sup>

**Exhibit 17. Population Growth by Age, Newberg, 2000, 2015-2019**

Source: U.S. Census Bureau, 2000 Decennial Census Table P012 and 2015-2019 ACS, Table B01001.



## Race and Ethnicity

Understanding the race and ethnicity characteristics<sup>18</sup> in Newberg is important for understanding housing needs because people of color often face discrimination when looking for housing.

<sup>17</sup> Population Research Center, PSU. Yamhill County Forecast

<sup>18</sup> The U.S. Census Bureau considers race and ethnicity as two distinct concepts. Latino is an ethnicity and not a race, meaning individuals who identify as Latino may be of any race.

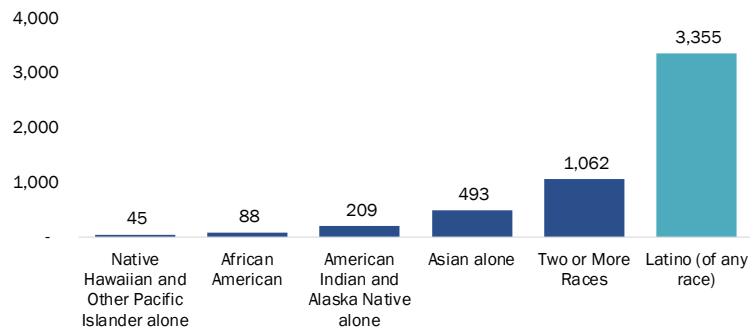


**About 5,450 people identify as a race other than White in Newberg. Over 3,350 people identify as Latino.**

Not shown in the exhibit are the 18,144 people identifying as White in Newberg.

**Exhibit 18. Population by Race/Ethnicity, Newberg, 2015-2019**

Source: U.S. Census Bureau, 2015-2019 ACS, Table B02001 and Table B03002.<sup>19</sup>

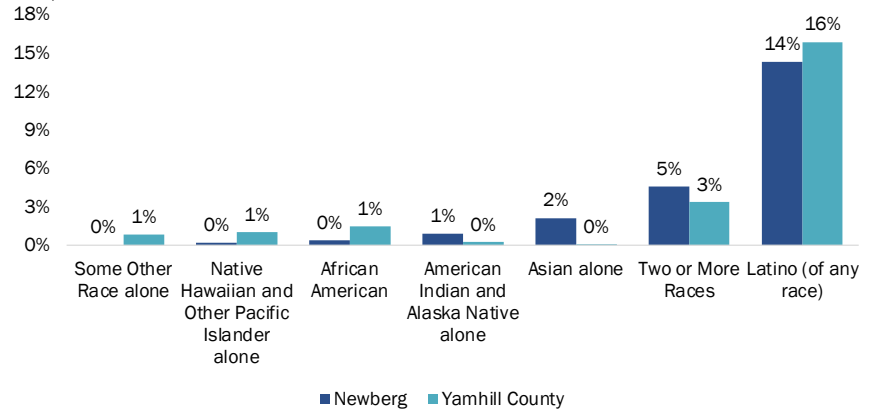


**Residents who identify as Latino (of any race) account for around 14% of Newberg’s population. The largest racial group in Newberg is Two or More Races, who accounts for 5% of Newberg’s population.**

Not shown in the exhibit is about 78% of Newberg’s population and 77% of Yamhill County’s population identifying as White.

**Exhibit 19. Population Distribution by Race and Ethnicity, Newberg and Yamhill County, 2015-2019**

Source: U.S. Census Bureau, 2000 Decennial Census Table B01002, 2015-2019 ACS, Table B01002

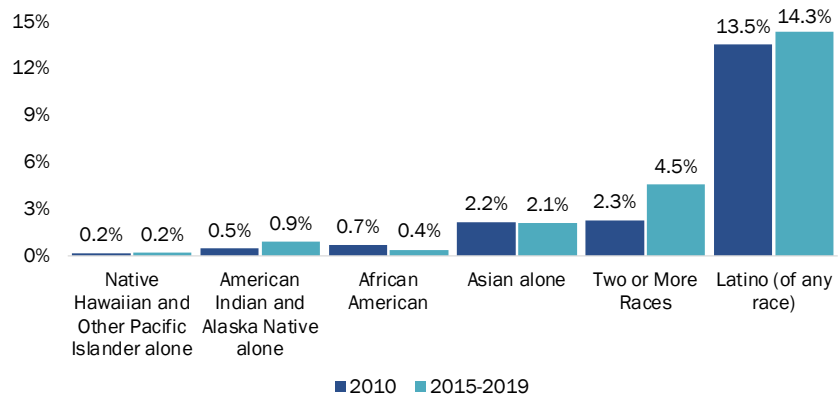


<sup>19</sup> There were 0 people who identified as Some Other Race Alone in Newberg in 2019, thus this category has been removed.

The share of Newberg’s households that identified as Latino (of any race) increased from 2,985 people in 2010 to 3,355 people in 2019, consistent with regional trends.

Exhibit 20. Change in Population by Race and Ethnicity as a Percent of the Total Population, Newberg, 2010 and 2015–2019

Source: U.S. Census Bureau, 2000 Decennial Census Table P008, 2015–2019 ACS Table B03002. <sup>20</sup>



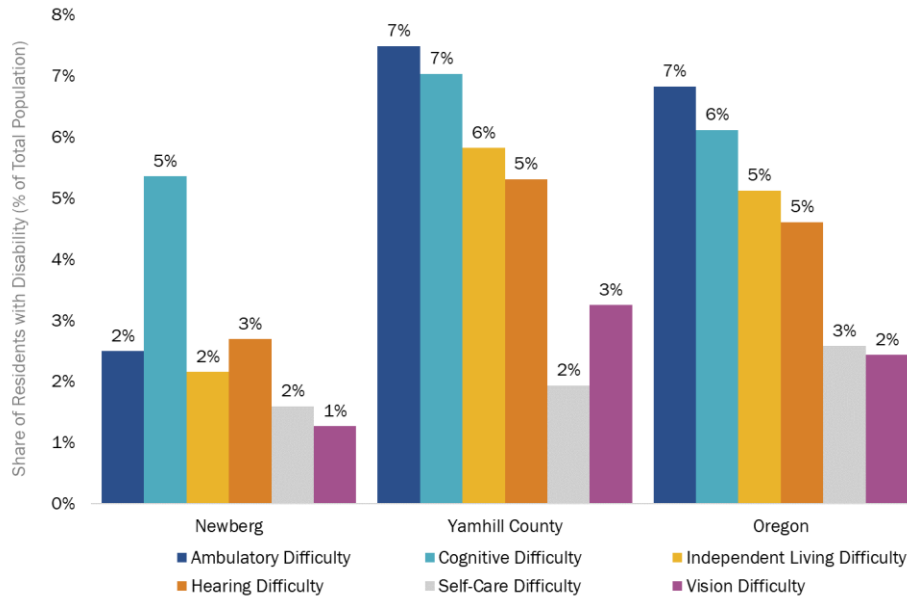
### People with a Disability

People with one or more disabilities have special housing needs because they may need housing that is physically accessible, housing that meets the needs of people with cognitive disability, or housing with specialized services. About 9% of Newberg’s population has one or more disabilities (around 2,200 people).

<sup>20</sup> There were 0 people who identified as Some Other Race Alone in Newberg in 2019, thus this category has been dropped. There were 23 people who identified as Some Other Race Alone in Newberg in 2010.

**Exhibit 21. Persons Living with a Disability by Type and as a Percent of Total Population Newberg, Yamhill County, Oregon, 2015-2019**

Source: U.S. Census Bureau 2015-2019 ACS, Table K201803.



**Household Size and Composition**

Housing need varies by household size and composition. The housing needs of a single-person household are different than those of a multigenerational family. On average, Newberg’s households are smaller than Yamhill County’s households but larger than Oregon’s.

**Newberg’s average household size was slightly smaller than Yamhill County’s households but larger than Oregon’s.**

**Exhibit 22. Average Household Size, Newberg, Yamhill County, Oregon, 2015-2019**

Source: U.S. Census Bureau, 2015-2019 ACS 5-year estimate, Table B25010.

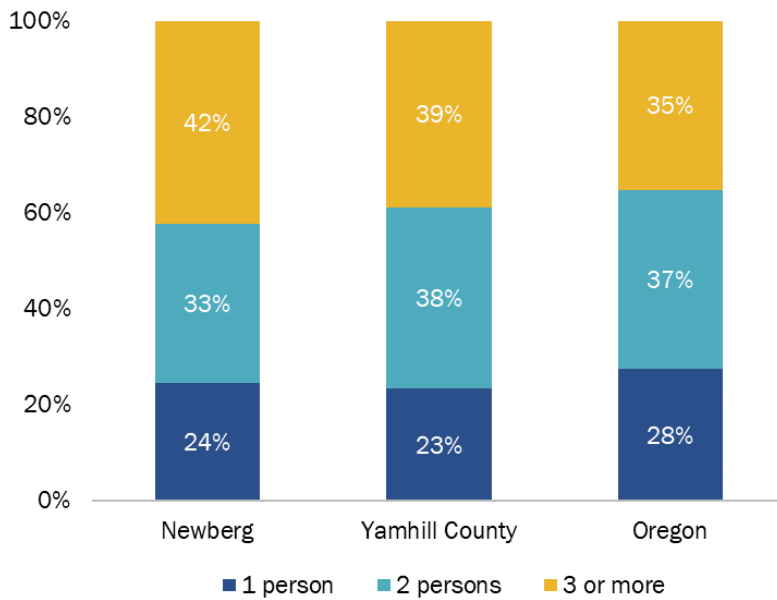


**Newberg has a larger percentage (42%) of households with three or more people.**

About 57% of Newberg’s households were one and two-person households.

**Exhibit 23. Household Size, Newberg, Yamhill County, and Oregon, 2015-2019**

Source: U.S. Census Bureau, 2015-2019 ACS 5-year estimate, Table B25009.

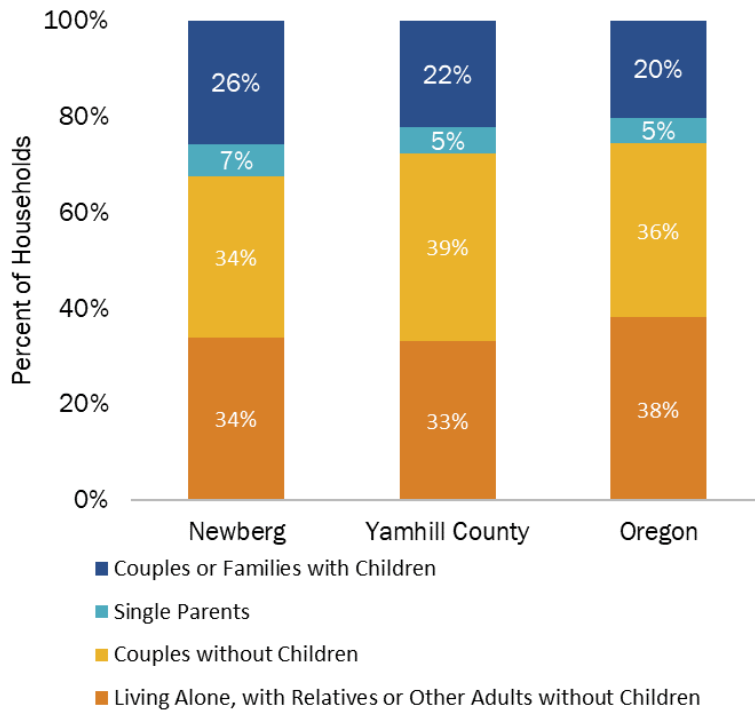


**Newberg had a slightly larger share of households with children than Yamhill County.**

About 33% of Newberg households have children, compared with 27% of Yamhill County households and 25% of Oregon households.

**Exhibit 24. Household Composition, Newberg, Yamhill County, and Oregon, 2015-2019**

Source: U.S. Census Bureau, 2015-2019 ACS 5-year estimate, Table B11012.



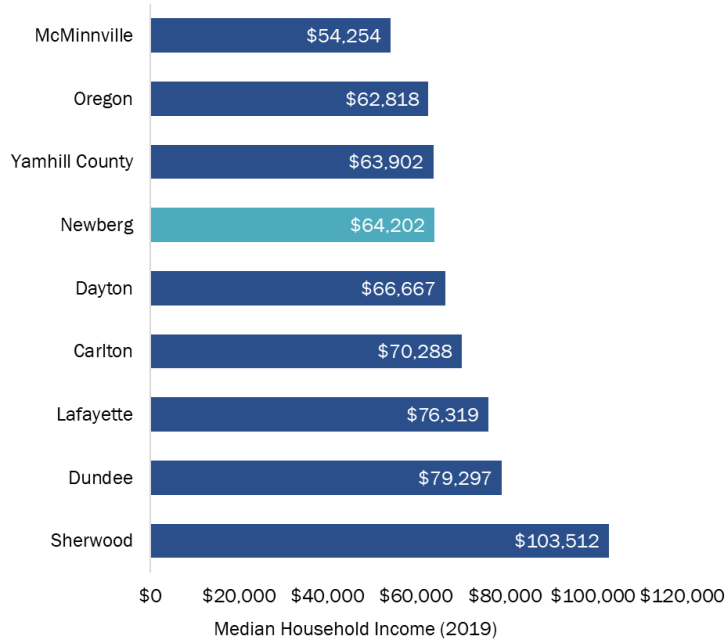
## Household Income

Income is one of the key determinants in housing choice and households' ability to afford housing. Income for residents living in Newberg was slightly higher than the Yamhill County median income and higher than the state's median income.

**Over the 2015-2019 period, Newberg's median household income was \$300 more than Yamhill County's.**

**Exhibit 25. Median Household Income, Newberg, Yamhill County, Oregon, Comparison Cities, 2015-2019**

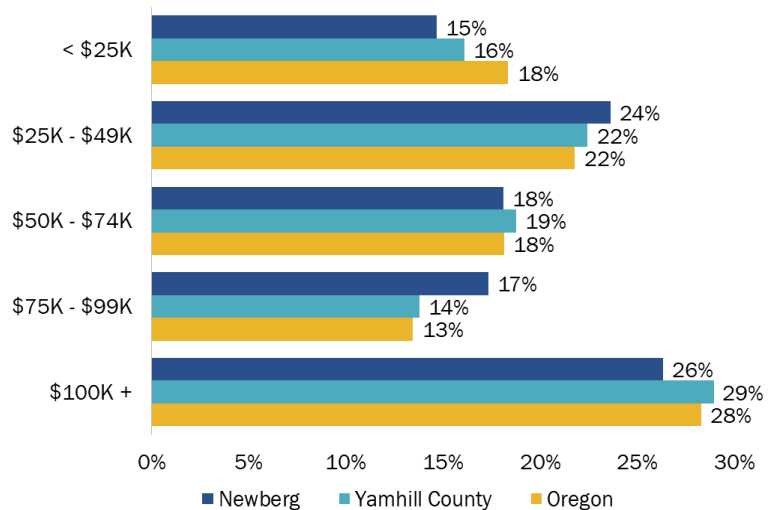
Source: U.S. Census Bureau, 2014-2018 ACS 5-year estimate, Table B25119.



**Slightly less than half of all households in Newberg (39%) earned less than \$50,000, compared to 38% of Yamhill County households, and 40% of Oregon households. Newberg has the same share of households earning more than \$75,000 compared to Yamhill County and slightly more than Oregon.**

**Exhibit 26. Household Income Distribution, Newberg, Yamhill County, Oregon, 2015-2019**

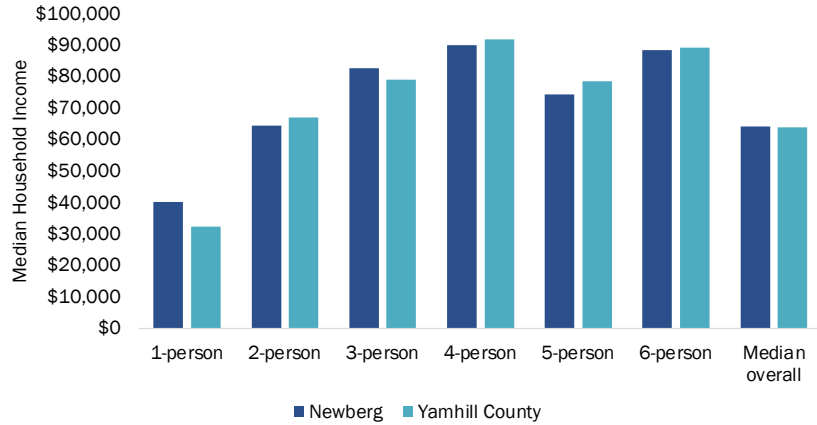
Source: U.S. Census Bureau, 2015-2019 ACS 5-year estimate, Table B19001.



**Median household incomes tend to increase with average household sizes, peaking with households with four to six people.**

**Exhibit 27. Median Household Income by Household Size, Newberg, 2015-2019**

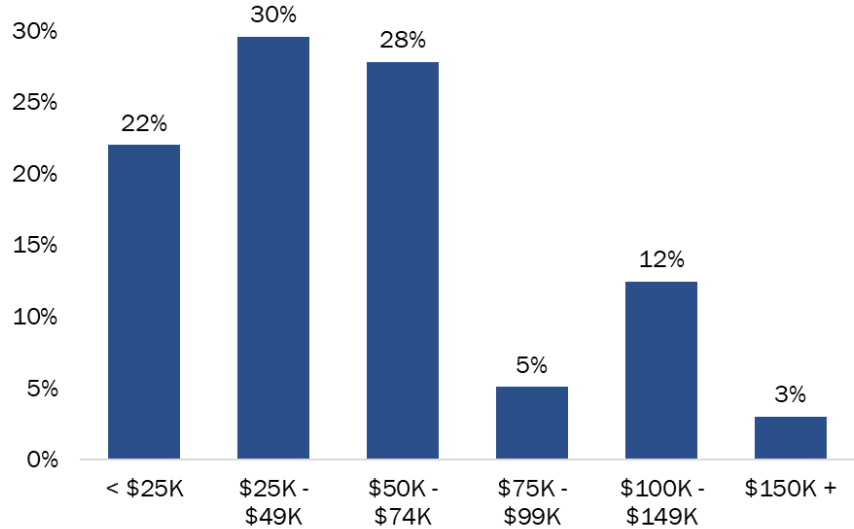
Source: U.S. Census Bureau, 2015-2019 ACS 5-year estimate, Table B19019  
 Note: Exhibit 27 displays median household income for households in Newberg, with Yamhill County information providing additional context. Data for households with 7 or more people was removed, as none was available for Newberg.



**Fifty-two percent of households with a head of household aged 65 or older earned less than \$50,000 per year.**

**Exhibit 28. Household Income Distribution for Householders Aged 65 Years and Older, Newberg, 2015-2019**

Source: U.S. Census Bureau, 2015-2019 ACS 5-year estimate, Table B19037.



**Household income varies among households with different races and ethnicities.**

In Newberg, median household income was proportionately higher for heads of households that identified as White.

The median household income for Latinos (of any race) in Newberg was about \$46,000, about 72% of the median income for all households.

**Exhibit 29. Median Household Income by Race and Ethnicity for the Head of Household, Newberg, 2015-2019**

Source: U.S. Census Bureau, 2015-2019 ACS 5-year estimate, Table S1901. Note: data was not available for heads of households identifying as a Native Hawaiian or Pacific Islander. Black bars denote the potential upper and lower bound of the estimate using the margin of error reported by the Census.

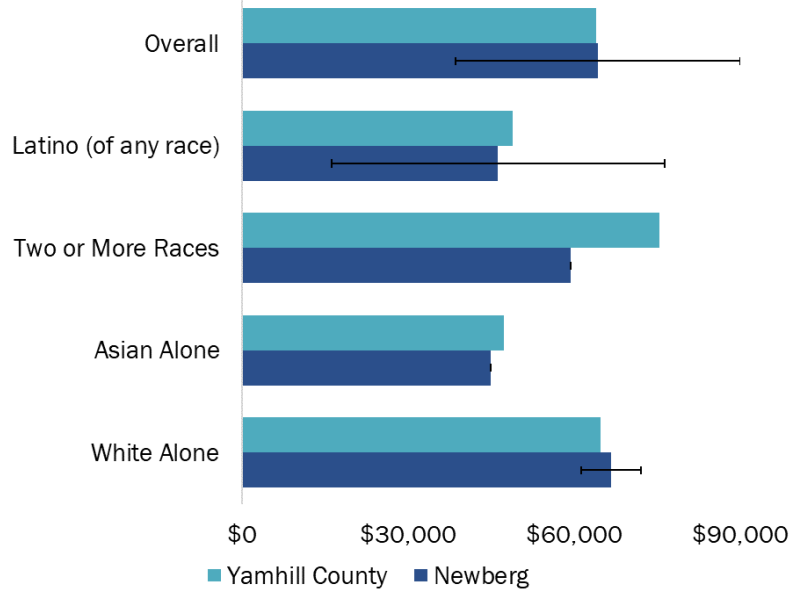


Exhibit 30 and Exhibit 31 compare household income for people of color (POC) households with White non-Hispanic households to show disparities in income levels. The income levels shown in these graphs are the same used throughout this report:

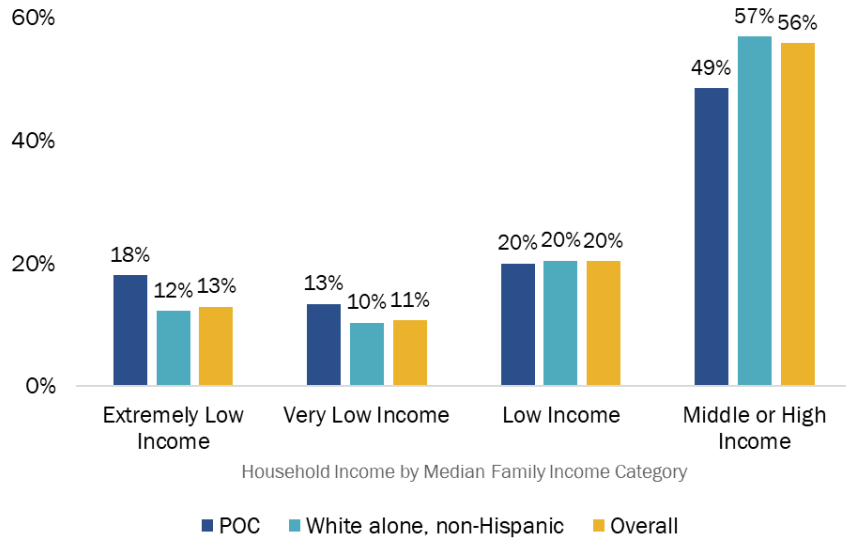
- Extremely Low Income: Less than 30% MFI
- Very Low Income: 30% to 50% of MFI
- Low Income: 50% to 80% of MFI
- Middle Income: 80% to 120% of MFI
- High Income: 120% of MFI or more

**Households with a POC head had lower incomes when compared to White and Overall households.**

POC households had higher percentages of households with extremely low and very low incomes, and a lower percentage of households with middle or high income.

**Exhibit 30. Household Income by Income Grouping POC, White non-Hispanic, and All Households, Newberg, 2014-2018**

Source: CHAS (Comprehensive Housing Affordability Strategy), 2014-2018, Table 2.

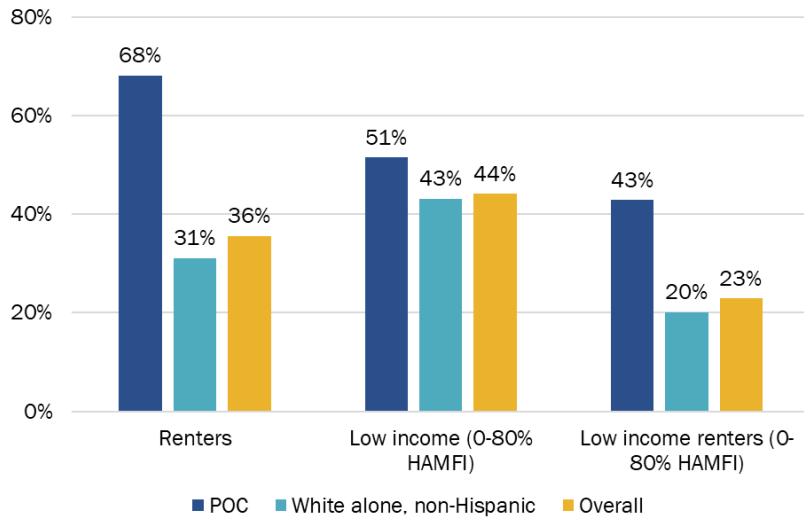


**Households with a POC head had a much higher percentage of households that were renters, low-income, and low-income renters when compared to White and overall households.**

POC households had more than double the percentage of renters and low-income renters when compared to White households.

**Exhibit 31. Comparison by Tenure and Income POC, White non-Hispanic, and All Households, Newberg, 2014-2018**

Source: CHAS (Comprehensive Housing Affordability Strategy), 2014-2018, Table 2.





## Housing Market Conditions and Trends

An analysis of housing market conditions and trends in Newberg provides insight into the functioning of the local housing market. The housing types used in this analysis are consistent with needed housing types as defined in ORS 197.303:

- **Single-family detached** includes single-family detached units, manufactured homes on lots and in mobile home parks, and accessory dwelling units.
- **Single-family attached** is all structures with a common wall where each dwelling unit occupies a separate lot, such as row houses or townhouses.
- **Duplex, Triplex, and Quadplex** are attached or detached units on a single lot.
- **Multifamily 5+** is all attached buildings with five or more units per structure.

### Existing Housing Stock

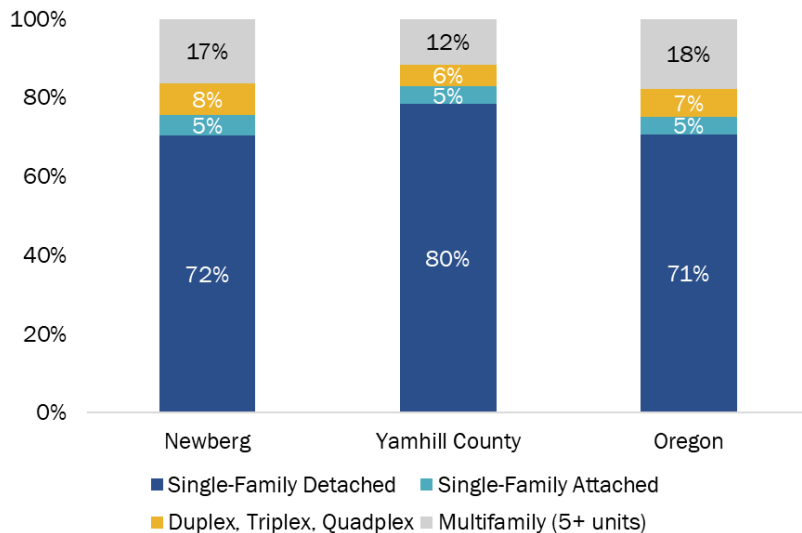
According to the 2015-2019 American Community Survey (ACS) from the U.S. Census, Newberg had 8,630 dwelling units, an increase of 2,203 dwelling units from 2000. A majority of new units built were single-family units. In that time, about 335 units of multifamily housing were built in Newberg, accounting for 14% of the 2,203 new units over that period.

#### About 72% of Newberg's housing stock was single-family detached housing.

Newberg had a larger share of multifamily housing (with 5+ units per structure) than Yamhill County, but a smaller share than the state. In addition, Newberg had a larger number of duplex, triplex, and quadplex housing than the county and state.

Exhibit 32. Housing Mix in Newberg, Yamhill County, and Oregon, 2015-2019

Source: U.S. Census Bureau, 2015-2019 ACS Table B25024.



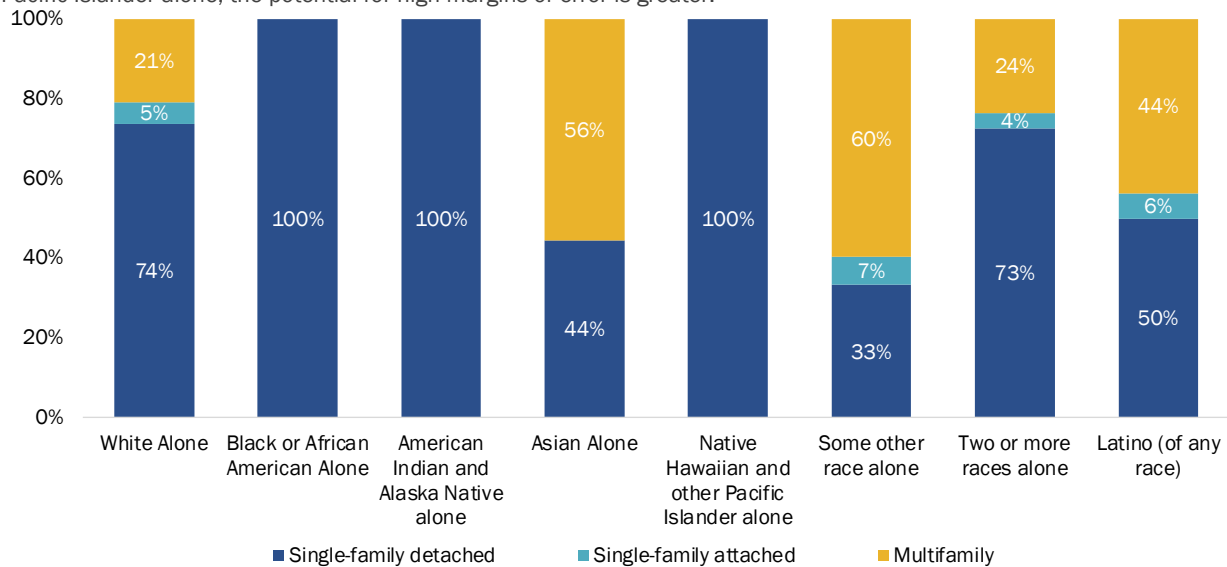
shows that households that identified as White Alone and Two or more Races Alone were most likely to live in single-family detached housing (74% and 73%) outside of those households that only had households living in single-family detached housing (Black or African American Alone, American Indian and Alaska Native Alone, and Native Hawaiian and other Pacific Islander Alone). Households that identified as Asian Alone and Some other Race Alone lived in multifamily housing at the highest rates (56% and 60%, respectively). Of any race, 50% of Latino

households lived in single-family detached housing. While this exhibit reflects the types of housing these groups *currently* live in and/or what they can currently afford to live in, it may not reflect their housing preferences.

Exhibit 33 shows that households that identified as White Alone and Two or more Races Alone were most likely to live in single-family detached housing (74% and 73%) outside of those households that only had households living in single-family detached housing (Black or African American Alone, American Indian and Alaska Native Alone, and Native Hawaiian and other Pacific Islander Alone). Households that identified as Asian Alone and Some other Race Alone lived in multifamily housing at the highest rates (56% and 60%, respectively). Of any race, 50% of Latino households lived in single-family detached housing. While this exhibit reflects the types of housing these groups *currently* live in and/or what they can currently afford to live in, it may not reflect their housing preferences.

**Exhibit 33. Occupied Housing Structure by Race and Ethnicity, Newberg, 2015-2019**

Source: U.S. Census Bureau, 2015-2019 ACS Table B25032 A-1. Note: For groups with small population sizes in Newberg, such as Black or African American alone, American Indian and Alaska Native alone, Asian alone, Native Hawaiian and other Pacific Islander alone, the potential for high margins of error is greater.



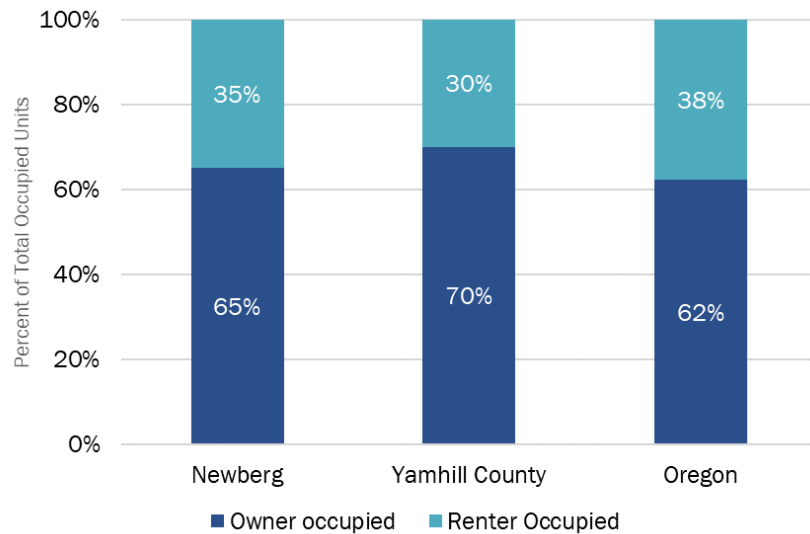
## Housing Tenure

Housing tenure describes whether a dwelling is owner or renter occupied. In the 2015-2019 period, about 65% of Newberg’s housing stock was owner occupied and 35% was renter occupied. Newberg’s homeownership rate increased by 2% since 2000.

**Newberg had a lower homeownership rate than Yamhill County but a higher homeownership rate than Oregon.**

**Exhibit 34. Tenure, Occupied Units, Newberg, Yamhill County, and Oregon, 2015-2019**

Source: U.S. Census Bureau, 2015-2019 ACS 5-Year Estimates, Table B25003.

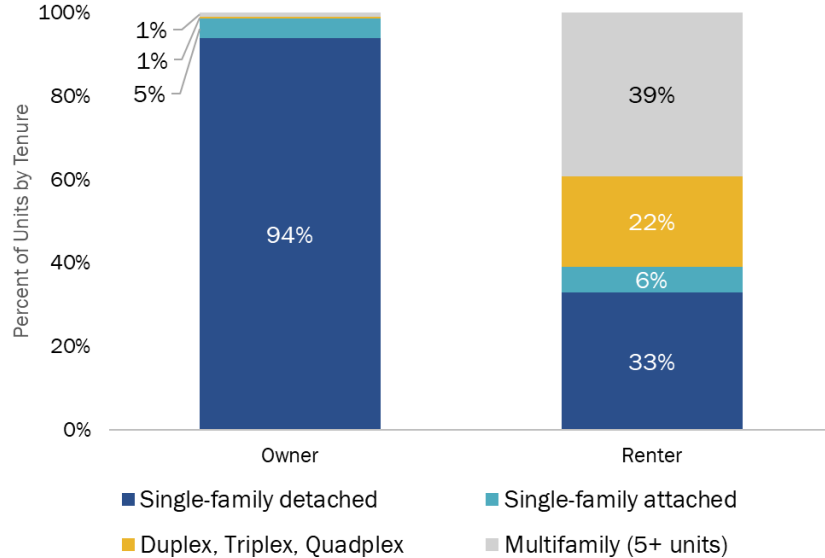


**Newberg's renters are nearly evenly split between living in single-family detached, middle housing, and multifamily housing.**

In comparison, nearly all of Newberg's homeowners (94%) lived in single-family detached housing.

**Exhibit 35. Housing Units by Type and Tenure, Newberg, 2015-2019**

Source: U.S. Census Bureau, 2015-2019 ACS Table B25032.

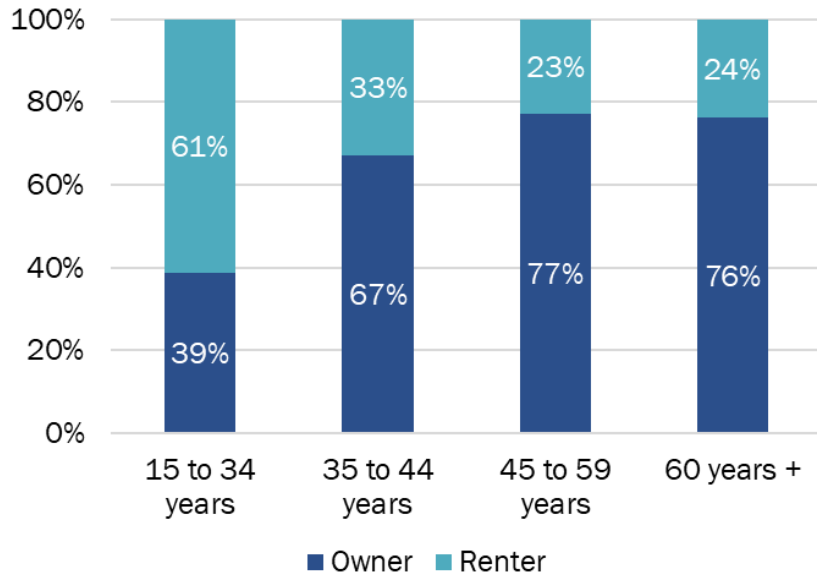


**Newberg's homeownership rate increased with the age of the household.**

In Newberg, about 76% of householders sixty years of age or older owned their homes.

**Exhibit 36. Housing Tenure by Age of the Head of Household, Newberg, 2015-2019**

Source: U.S. Census Bureau, 2015-2019 ACS Table B25007.

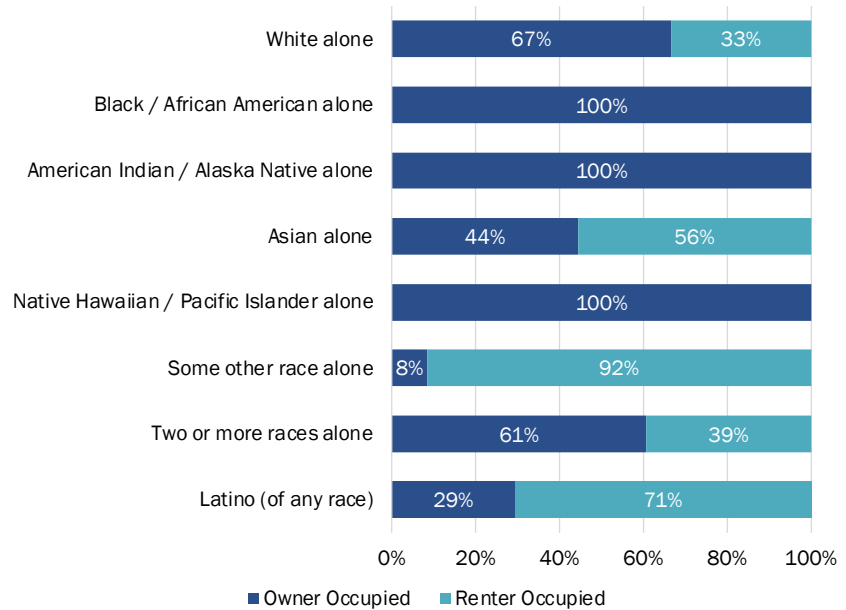


**A majority of households that identified as White Alone, Black Alone, American Indian Alone, Native Hawaiian Alone, and Two or more races alone own their own home.**

About 29% of households who identify as Latino (of any race) owned their own home.

**Exhibit 37. Tenure by Race and by Ethnicity, Newberg, 2015-2019**

Source: U.S. Census Bureau, 2015-2019 ACS Table B25003A-I. Note: For groups with small population sizes in Newberg, such as Black or African American alone, American Indian and Alaska Native alone, Asian alone, Native Hawaiian and other Pacific Islander alone, the potential for high margins of error is greater.



## Rent-Restricted and Emergency Housing

There are 9 government-assisted housing developments in Newberg with a total of 334 dwelling units. Nearly all of the 334 dwelling units (99%) are affordable units.<sup>21</sup>

- **Camellia Court Apartments** has 24 units of affordable housing for families.
- **Deborah Court** has 40 units of affordable housing for families.
- **Deskens Commons** has 55 units of affordable housing for families.
- **Fresa Park C** has 2 units of affordable housing for farmworkers.
- **Haworth Terrace Apartments** has 37 units for seniors, families, and people with disabilities.
- **Newberg Village** has 32 units of affordable housing for seniors.
- **Springbrook Place** has 15 units of affordable housing for persons with disabilities.
- **Vittoria Square** has 42 units of affordable housing for seniors.
- **Woodside Park** has 84 units of affordable housing for families.

Newberg had approximately 8,630 dwelling units in the 2015-2019 period. Rent-restricted units accounted for about 4% of Newberg's total housing stock.

None of Newberg's government-assisted housing developments specifically provide transitional housing for unhoused (homeless) individuals. Based on the 2020 Point-in-Time (PIT) count, Yamhill County had 520 unhoused individuals. Less than one-half (47%) were sheltered.

## Manufactured Homes

Manufactured homes provide a source of affordable housing in Newberg. They provide a form of homeownership that can be made available to low- and moderate-income households. Cities are required to plan for manufactured homes—both on lots and in parks (ORS 197.475-492).

Generally, manufactured homes in parks are owned by the occupants who pay rent for the space. Monthly housing costs are typically lower for a homeowner in a manufactured home park for several reasons, including the fact that property taxes levied on the value of the land are paid by the property owner, rather than the manufactured homeowner. The value of the manufactured home generally does not appreciate in the way a conventional home would, however, manufactured homeowners in parks are also subject to the mercy of the property owner in terms of rent rates and increases. It is generally not within the means of a manufactured homeowner to relocate to another manufactured home to escape rent increases.

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<sup>21</sup> Department of Oregon Housing and Community Services. (Jan. 2018). Affordable Housing Inventory in Oregon. Retrieved from: <http://www.oregon.gov/ohcs/Pages/research-multifamily-housing-inventory-data.aspx>.

For some manufactured homeowners, living in a park is desirable because it can provide a more secure community with on-site managers and amenities, such as laundry and recreation facilities.

Manufactured homes provide a source of affordable housing in Newberg. They provide a form of homeownership that can be made available to low- and moderate-income households. Cities are required to plan for manufactured homes—both on lots and in parks (ORS 197.475-492). Newberg has 8 manufactured home parks within its UGB. Within these parks, there are a total of 634 spaces (of which 10 spaces were vacant as of November 2020).

Exhibit 38. Inventory of Mobile/Manufactured Home Parks, Newberg UGB, 2018

Source: Oregon Manufactured Dwelling Park Directory.

Name	Location	Type	Total Spaces	Vacant Spaces	Zone and Comprehensive Plan
Azalea Gardens Mobile Manor	1103 N Springbrook Rd	Family	53	0	C-2 Community commercial
Chehalem Mobile Park	217 Old Hwy 99W	Family	46	0	R-2 Medium-density residential
Mountain View Mobile Home Park	2901 E 2nd St	55+	142	1	R-2 Medium-density residential
Newberg Mobile Park LLC	501 E Illinois St	55+	25	1	R-2 Medium-density residential
	2902 E 2nd Street		114	0	R-2 Medium-density residential
Nut Tree Ranch	301 East Columbia Dr		79	1	R-2 Medium-density residential
Ridgeview Village MHC	(Office)	Family	125	7	R-2 Medium-density residential
Springbrook Estates	1000 Wilsonville Road #76	Family	50	0	R-2 Medium-density residential
Sunrise Estates	300 S Everest Rd	Family			
<b>Total</b>			<b>634</b>	<b>10</b>	

## People Experiencing Homelessness

According to HUD’s 2021 Annual Homeless Assessment Report (AHAR), across the United States, the number of people experiencing *sheltered* homelessness has been decreasing since 2015, but the drop between 2020 and 2021 was steeper than in recent years.<sup>22</sup> It is likely that some of this decline is due to COVID-related precautions that resulted in fewer beds available (due to the need to have more space between beds). Other factors include people being unwilling to use shelter beds due to health risks as well as eviction moratoria and stimulus payments, which may have prevented people from needing emergency shelter.

<sup>22</sup> The U.S. Department of Housing and Urban Development (2021). The 2021 Annual Homeless Assessment Report (AHAR) to Congress. Office of Community Planning and Development.

Pandemic-related disruptions to *unsheltered* homelessness counts made it difficult to determine if this population is increasing or decreasing in communities. Many communities, including Newberg, chose not to conduct unsheltered PIT counts due to the risk of increasing COVID-19 transmission. While the communities that conducted unsheltered counts seem to indicate that this population did not increase, trends on unsheltered homelessness are known for only half of communities.

The Oregon Statewide Homelessness Estimates 2021 report from the Oregon Housing and Community Services presented two counts in their report – estimated and reported counts. The estimated counts were developed to address concerns that data limitations imposed by the COVID-19 pandemic resulted in an undercount.<sup>23</sup> This report uses the estimated count.

The following exhibits provide more localized estimates of homelessness in Newberg’s region.

**Yamhill County’s Point-in-Time Homeless count increased by 5% from 2015 to 2020.**

**Exhibit 39. Number of Persons Homeless, Yamhill County, Point-in-Time Count, 2015 and 2020**

Source: Oregon Housing and Community Services.

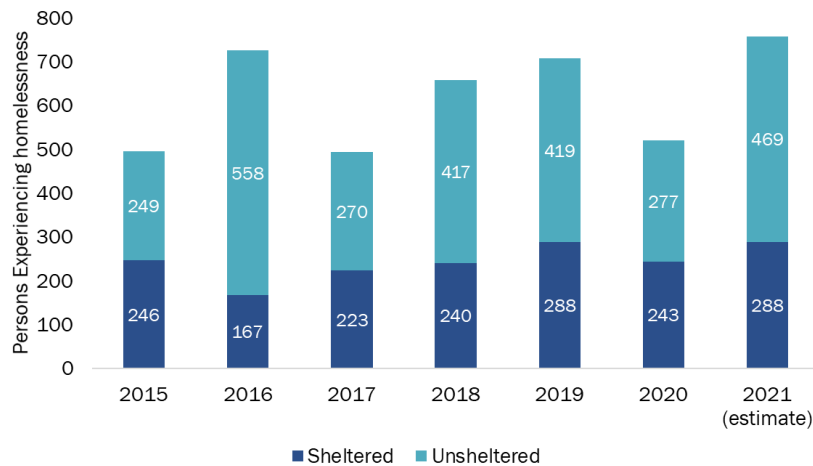
**495 Persons**      **520 Persons**  
2015                      2020

**Between 2015 and 2020, the number of persons that experienced sheltered homelessness decreased by 1% and the number of persons that experienced unsheltered homelessness increased by about 11%.**

**Exhibit 40. Point-in-Time Homelessness Estimates by Race and Ethnicity, Yamhill County, 2015-2021.**

Source: Annual Homeless Assessment Report (AHAR) data.

Note: OHCS reported two counts in 2021 – estimated and reported counts. This report uses the estimated counts.



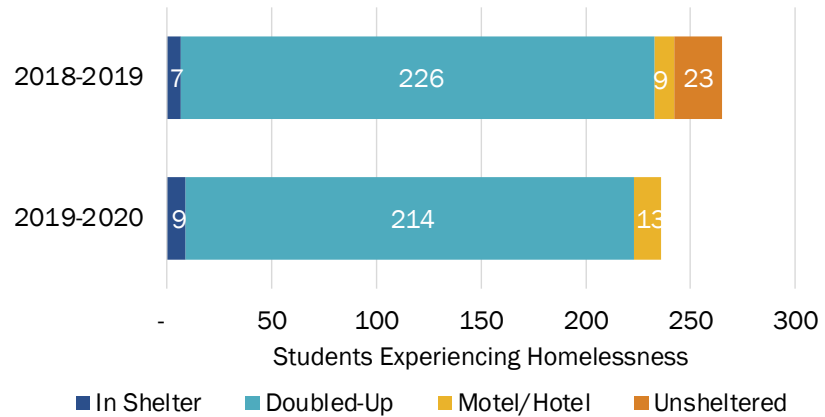
<sup>23</sup> The *reported* count for sheltered homelessness is what was collected/reported while the *estimated* count is the largest sheltered count reported during 2019-2021 in Yamhill County. For unsheltered, the 2021 PIT count is not available for all counties, so the report modeled it by adding the predicted 2019-2021 change, determined through analysis of past trends and other homelessness data, to the 2019 PIT count.

**From the 2018-19 school year to the 2019-20 school year, student homelessness decreased from 265 students to 263 students, a decrease of 2 students.**

Of the 263 students in 2019-20 experiencing homelessness, 27 were unaccompanied.

**Exhibit 41. Students Homeless by Living Situation, Newberg School District, 2018-2019 and 2019-2020**

Source: McKinney Vento, Homeless Student Data.



**Based on the Oregon's Regional Housing Capacity Analysis, Newberg will need about 229 housing units to accommodate people experiencing homelessness in the 2020-2040 period**

**Exhibit 42. Estimate of Future Housing Need for People Experiencing Homelessness, Newberg, 2020 to 2040**

Source: From the Report *Implementing a Regional Housing Capacity Analysis Methodology in Oregon: Approach, Results, and Initial Recommendations* by ECONorthwest, August 2020.

**229 Dwelling Units**

New Units Needed for People Experiencing Homelessness (2020-2040)

**11 Dwelling Units**

Annual Average



## Housing Affordability Considerations

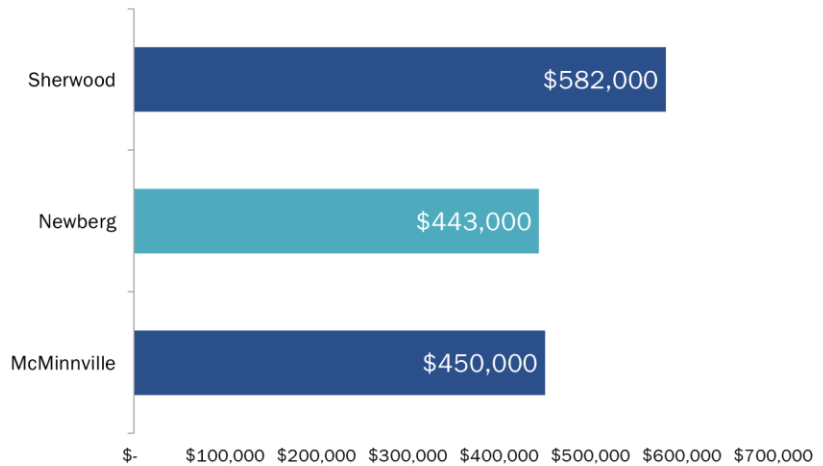
This section describes changes in sales prices, rents, and housing affordability in Newberg and a comparison of geographies. Both housing sale prices and rents have increased steadily in Newberg and Yamhill County over the last several years.

### Housing Sale Prices

**Newberg's median home sales price was \$443,000 in December of 2021.**

Exhibit 43. Median Home Sale Price, Newberg and Comparison Cities, December 2021

Source: Redfin 2021.

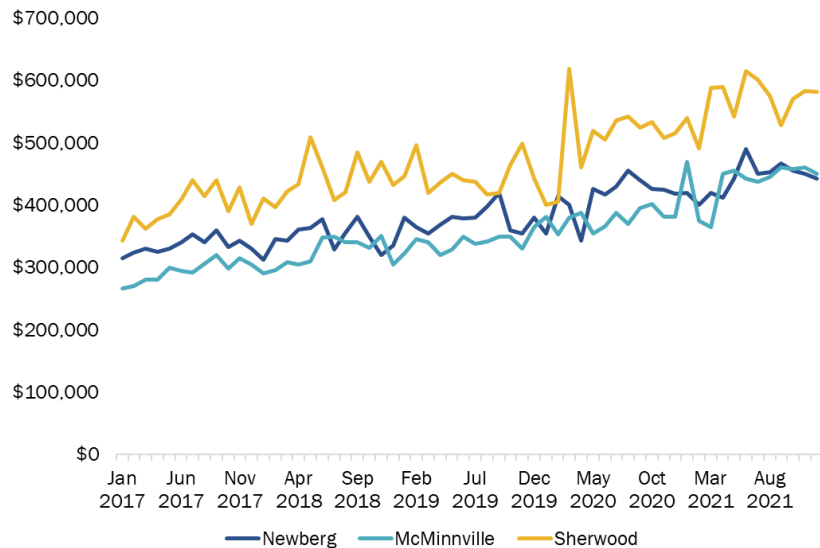


**Newberg's median home sale price was generally in line with other cities in the region.**

Between December 2017 and December 2021, the median sale price in Newberg increased by \$113,000 (34%).

Exhibit 44. Median Sales Price, Newberg Sub-Areas and Comparison Cities, 2017 through 2021

Source: Redfin 2021.



## Rental Costs

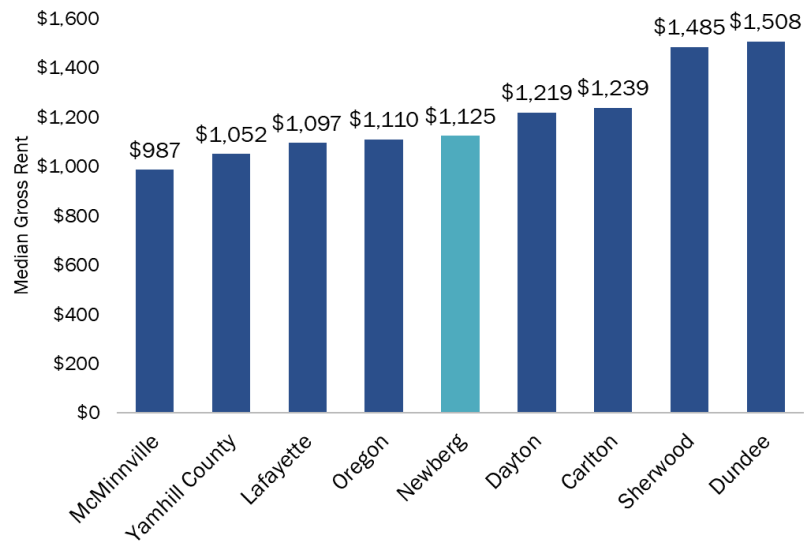
The median gross rent in Newberg was \$1,125 in the 2015-2019 period, up from \$633 in 2000. However, based on a survey of *currently available* rental properties in Newberg, the lowest asking rent for a one-bedroom studio apartment was about \$915 (Apartments.com, 2022).

Newberg has several new multifamily buildings that are not captured in the 2015-2019 ACS 5-year estimates. To get an understanding of current asking rents for newly built 2-bedroom multifamily units in Newberg, ECONorthwest contacted three multifamily developers and owners to obtain rent data. The median price of the observations for a 2-bedroom unit was \$1,450 (with an assumption of \$250 for utilities), which resulted in an estimate of \$1,700 in average rent.

**According to the 2015-2019 ACS, the median rent in Newberg was similar to the median rent in Oregon as a whole.**

Exhibit 45. Median Gross Rent, Newberg, Yamhill County, Oregon, and Comparison Cities, 2015-2019

Source: U.S. Census Bureau, 2015-2019 ACS 5-year estimate, Table B25064.

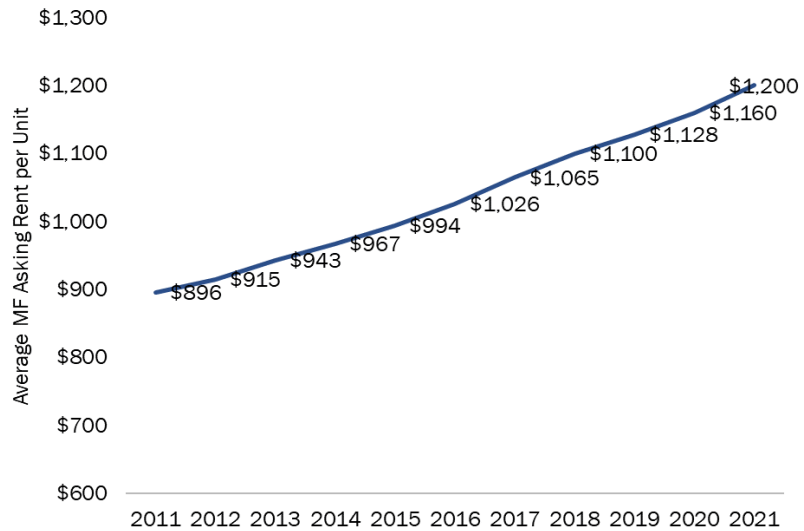


**The average asking price per multifamily unit in Newberg has increased steadily over the past decade.**

Between 2016 and 2021, Newberg’s average multifamily asking rent increased by about \$174, from \$1,026 per month to \$1,200 per month.

Exhibit 46. Average Multifamily Asking Rent per Unit, Newberg, 2011 through 2021

Source: CoStar 2021



## Housing Cost Burden

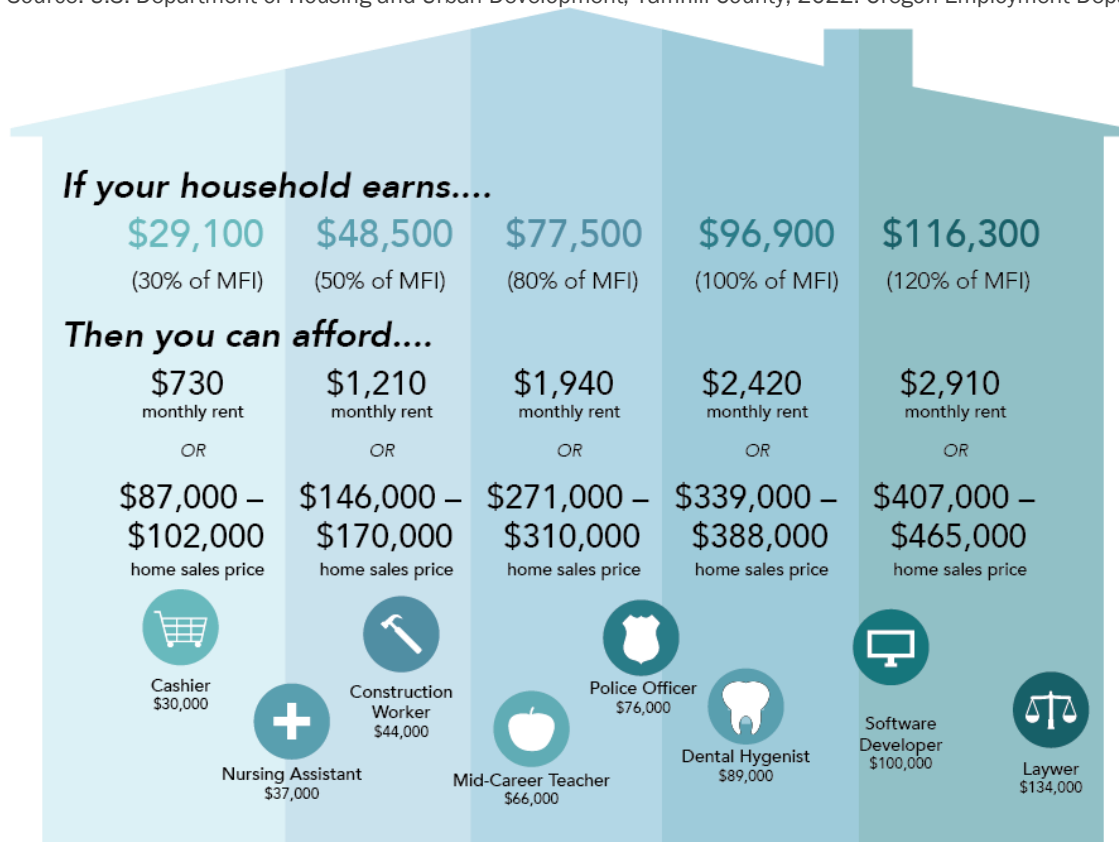
Financially attainable housing costs for households across the income spectrum in Yamhill County are identified in Exhibit 47. For example, a household earning Median Family Income (MFI) in Yamhill County (about \$96,900 per year)<sup>24</sup> can afford a monthly rent of about \$2,420 or a home roughly valued between \$339,000 and \$388,000 without cost burdening themselves.

In Newberg, a household would need to earn \$126,000 (131% of MFI for a family of four) to afford the median sales price of a home in Newberg (\$443,000). A household would need to earn about \$67,800 (70% of MFI for a family of four) to afford the rent of a new, market-rate, two-bedroom apartment in Newberg (\$1,700 per month).

<sup>24</sup> Note that Median Family Income for the region is different than Median Household Income (MHI) for Newberg. MFI is determined by HUD for each metropolitan area and non-metropolitan county. It is adjusted by family size – in that, 100% MFI is adjusted for a family of four. MHI is a more general term. MHI includes the income of the householder and all other individuals 15 years old and over in the household, whether they are related to the householder or not.

Exhibit 47. Financially Attainable Housing, by Median Family Income (MFI) for Yamhill County (\$96,900), Newberg, 2021

Source: U.S. Department of Housing and Urban Development, Yamhill County, 2022. Oregon Employment Department.



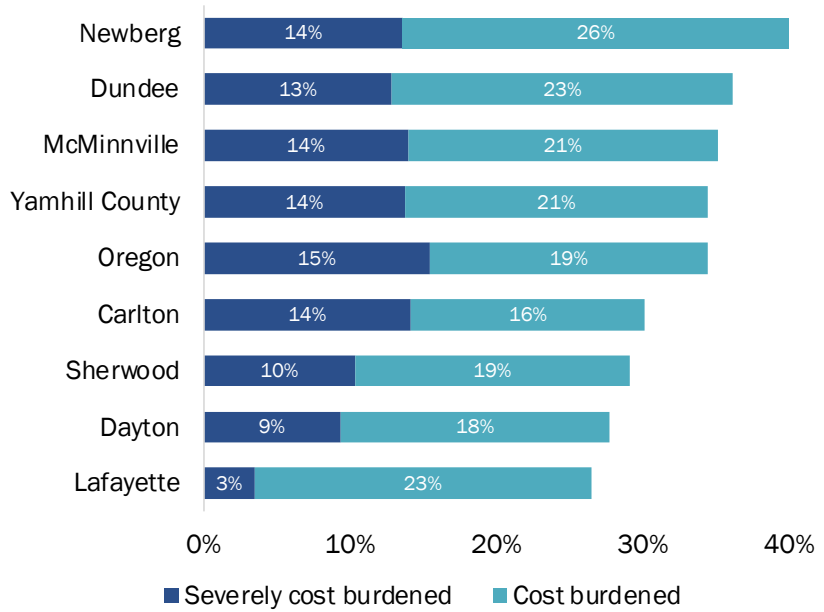
Because the local housing market cannot produce income-restricted, subsidized affordable housing at sufficient levels – and because it cannot often produce middle income/workforce housing without subsidy, 40% of households in Newberg are cost burdened (as Exhibit 48 through Exhibit 55 show). A household is defined as cost burdened if their housing costs exceed 30% of their gross income. A household that spends 50% or more of their gross income on housing costs is said to be severely cost burdened.

**Overall, about 40% of all households in Newberg were cost burdened.**

Newberg had a higher share of cost burdened households compared to Yamhill County and the state.

**Exhibit 48. Housing Cost Burden, Newberg, Yamhill County, Oregon and Other Comparison Cities, 2015-2019**

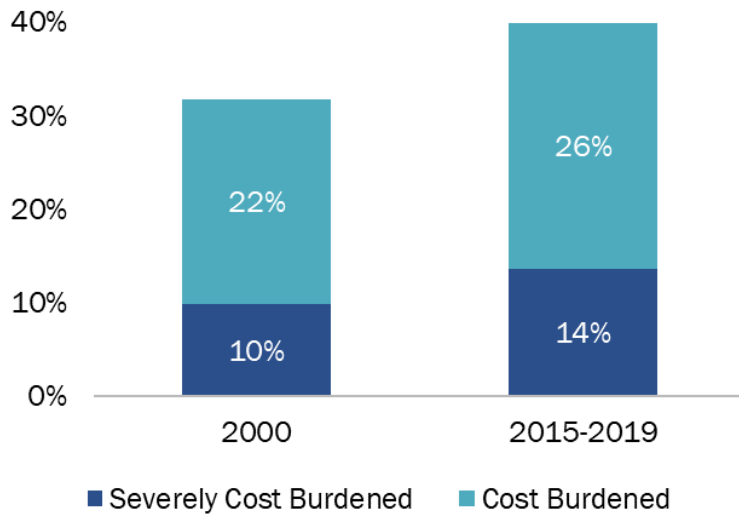
Source: U.S. Census Bureau, 2015-2019 ACS Tables B25091 and B25070.



**From 2000 to the 2015-2019 period, the number of cost-burdened and severely cost-burdened households grew by 8% in Newberg.**

**Exhibit 49. Change in Housing Cost Burden, Newberg, 2000 to 2015-2019**

Source: U.S. Census Bureau, 2000 Decennial Census, Table H094 and 2015-2019 ACS Tables B25091 and B25070.

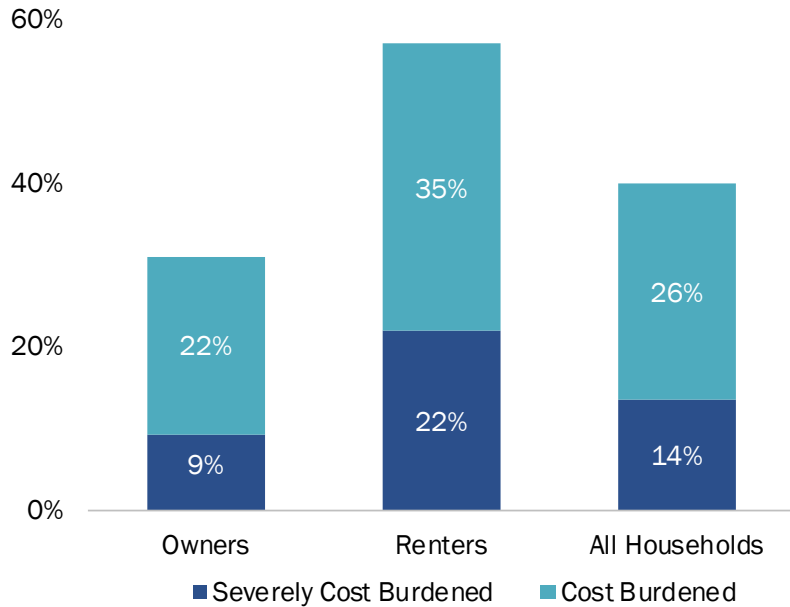


**Renters are much more likely to be cost burdened than homeowners.**

In the 2015-2019 period, about 57% of Newberg’s renters were cost burdened or severely cost burdened, compared to 31% of homeowners.

About 22% of Newberg’s renters were severely cost burdened (meaning they paid more than 50% of their income on housing costs alone).

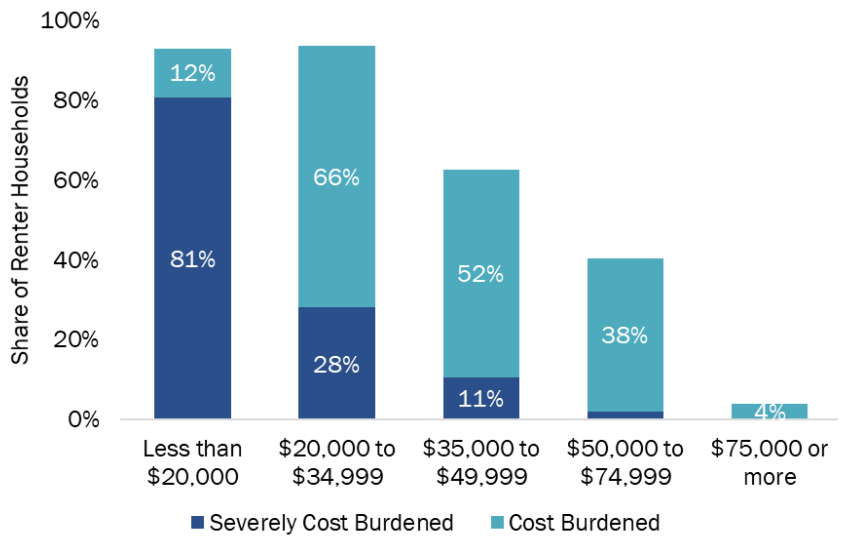
Exhibit 50. Housing Cost Burden by Tenure, Newberg, 2015-2019  
Source: U.S. Census Bureau, 2015-2019 ACS Tables B25091 and B25070.



**Most households earning less than \$35k are cost burdened.**

Exhibit 51. Cost Burdened Renter Households, by Household Income, Newberg, 2015-2019

Source: U.S. Census Bureau, 2015-2019 ACS Table B25074.

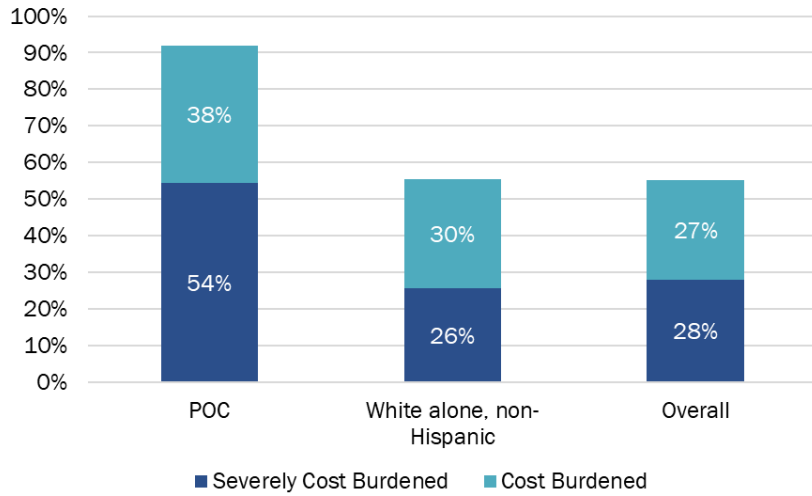


**Households with a POC head had much higher rates of cost burdening than white alone and overall households.**

54% of POC households were severely cost burdened, nearly double both white alone and overall households.

**Exhibit 52. Cost Burdened for POC, White non-Hispanic, and All Households, Newberg, 2014-2018**

Source: CHAS (Comprehensive Housing Affordability Strategy), 2014-2018 Table 9.



**Households with a POC head had much higher rates of severe cost burdening across both renter and owner households than white households.**

15% of owner-occupied POC households were severely cost burdened, compared with only 8% of owner-occupied white households.

**Exhibit 53. Cost Burdened by Tenure for POC, White non-Hispanic, and All Households, Newberg, 2014-2018**

Source: CHAS (Comprehensive Housing Affordability Strategy), 2014-2018 Table 9.

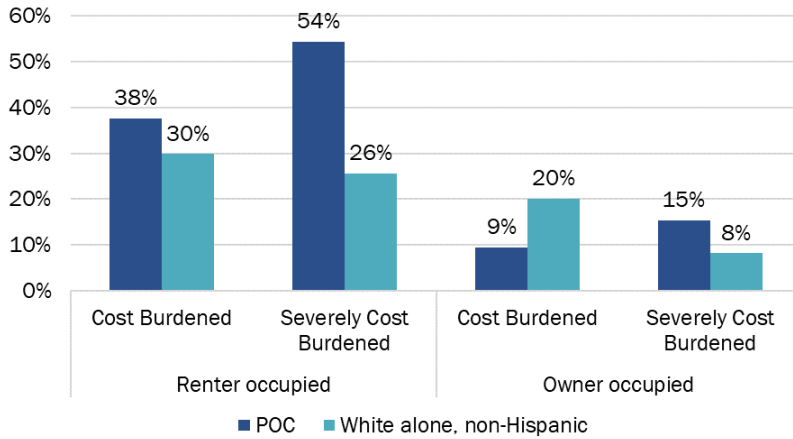


Exhibit 54 and Exhibit 55 show cost burden in Oregon for renter households for seniors, people of color, and people with disabilities.<sup>25</sup> This information is not readily available for a city with a population as small as Newberg, which is why we present statewide information. These exhibits show that these groups experience cost burden at higher rates than the overall statewide average.

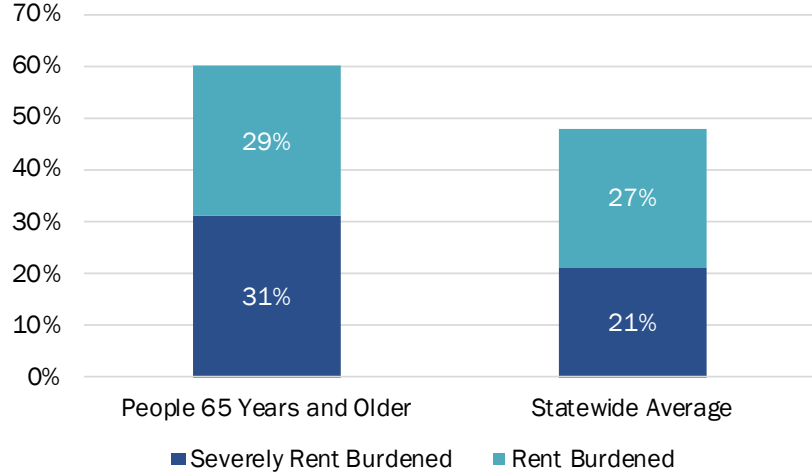
<sup>25</sup> From the report *Implementing a Regional Housing Needs Analysis Methodology in Oregon*, prepared for Oregon Housing and Community Services by ECONorthwest, March 2021.

**Renters 65 years of age and older were disproportionately rent burdened compared to the state average.**

About 60% of renters aged 65 years and older were rent burdened, compared with the statewide average of 48% of renters.

**Exhibit 54. Cost-Burdened Renter Households, for People 65 Years of Age and Older, Oregon, 2018**

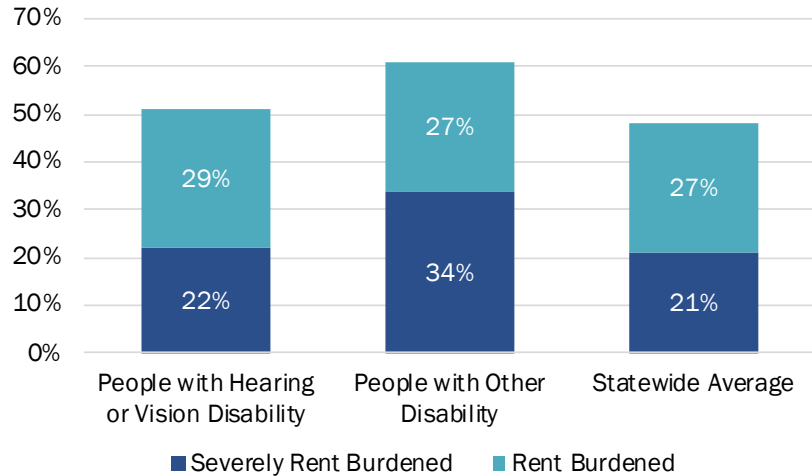
Source: Census, 2018 ACS 1-year PUMS Estimates. From the Report *Implementing a Regional Housing Needs Analysis Methodology in Oregon: Approach, Results, and Initial Recommendations* by ECONorthwest, August 2020.



**Renters with a disability in Oregon were disproportionately cost burdened.**

**Exhibit 55. Cost-Burdened Renter Households, for People with Disabilities, Oregon, 2018**

Source: Census, 2018 ACS 1-year PUMS Estimates. From the Report *Implementing a Regional Housing Needs Analysis Methodology in Oregon: Approach, Results, and Initial Recommendations* by ECONorthwest, August 2020.





## Findings from Outreach and Engagement

### Affordable Housing Citizens Advisory Committee

The Committee began meeting in July 2008 and reviewed a broad range of actions that could be taken to encourage affordable housing in Newberg. In 2009, the [Affordable Housing Action Plan](#) was adopted from the work of this committee.

### Housing Newberg Group

A group consisting of 38 stakeholders comprised of community members, including housing developers; major employers; elected officials; city staff; housing advocates; faith community leaders; and members with expertise in property management, real estate sales, and mortgage lending. This group met 8 times between October 2016 and October 2017 to work toward constructive recommendations for the development of a range of housing types – from high-density apartments to single-family detached homes.

Key recommendations from this group included: inclusion of high-density land with annexation, allow ADUs as an outright permitted use, creation of a Construction Excise Tax (CET) program, education/community awareness, missing middle housing, subsidized work and living spaces, expedited review and permitting, public street standards that reduce the amount of public right-of-way and still meet fire department requirements, and system development charge (SDC) deferrals/loans.

### HB 4006 Community Discussions on Rent-Burdened Households: Cause and Solutions

Community meetings were held in 2018, 2019, 2020, and 2022 related to the causes of households being rent burdened in Newberg and discussion around solutions.

Key outcomes: better knowledge for community members on what it means to be rent or mortgage burdened and severely cost burdened and the challenges those folks experience. Created discussions among community members on solutions and opportunities to help those folks and create more affordable housing in Newberg.

### Middle Housing Open Houses and Surveys

In 2020 and 2021, there were communitywide virtual open houses and surveys about HB 2001 and the middle housing code updates. The first survey received 192 total responses and the second survey received 72 total responses. The second virtual open house had about 10 community members present.

Key outcomes: The information from the open houses and surveys informed the code amendments for middle housing. In June 2021, duplex code amendments were adopted. In December 2021, the other middle housing (triplexes, quadplexes, cottage clusters, and townhomes) code amendments were adopted.

## Key Terms in the HPS

This appendix presents applicable key terms used in Newberg’s Contextualizing Housing Needs report. Per the Department of Land Conservation and Development, the following key terms will be incorporated into the Definitions section of OAR 660-008 (if they are not already):

- **Consumers of Needed Housing:** any person who inhabits or is anticipated to inhabit Needed Housing, as described in the definition of “Needed Housing” in ORS 197.303.
- **Housing Production Strategy Report:** the report cities must adopt within one year of their deadline to complete an updated Housing Capacity Analysis, pursuant to OAR 660-008-0050.
- **Housing Production Strategy:** a specific tool, action, policy, or measure a city will implement to meet the housing needs described in an adopted Housing Capacity Analysis. A Housing Production Strategy is one component of a Housing Production Strategy Report.
- **Needed Housing:** housing types determined to meet the need shown for housing within an urban growth boundary at particular price ranges and rent levels, including (but not limited to) renter and owner-occupied attached and detached single-family housing, multifamily housing, and manufactured homes.
- **Producers of Needed Housing:** developers, builders, service providers, or other persons or entities providing materials and funding needed to build housing. Producers of Needed Housing may include nonprofit organizations or public entities.
- **Unmet Housing Needed:** occurs when housing need determined pursuant to subsection(3)(b) is greater than the housing capacity (i.e., buildable residential land is insufficient to accommodate demand for housing).

# Appendix B: Evaluation Criteria for Actions

## Preliminary evaluation of each action

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

### Income Level Served

The HPS is intended to result in development and preservation of housing affordable at all income levels. We discuss affordability using Median Family Income (MFI) which 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: more than 120% of MFI or \$116,000 or more for a household of four
<i>37% of Newberg households</i>	<i>22% of Newberg households</i>	<i>23% of Newberg households</i>	<i>19% of Newberg households</i>
<i>Can afford \$730 and \$1,210 or less in monthly housing costs.</i>	<i>Can afford \$1,200 to \$1,950 in monthly housing costs.</i>	<i>Can afford \$1,950 to \$2,900 in monthly housing costs.</i>	<i>Can afford \$2,900 or more in monthly housing costs.</i>

## Impact for Housing Development

For many of the actions described below, we give an approximate scale of impact. **The purpose of the scale of impact is to provide some context for whether the policy tool generally results in a little or a lot of change in the housing market.** The scale of impact depends on conditions in the City, such as 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.
<i>~1-3% of needed housing 32 to 95 new dwelling units<sup>26</sup></i>	<i>~3% to 5% of needed housing 95 to 158 new dwelling units</i>	<i>~5% to 10% (or more) of needed housing 158 to 317 new dwelling units</i>

## 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 ongoing 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 ongoing 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 ongoing 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.

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<sup>26</sup> Newberg’s Housing Needs Analysis projects that the City will grow by 3,169 new dwelling units in Newberg between 2021 and 2041 to accommodate new population growth.

## Feasibility

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

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

## Flexibility

Flexibility assesses whether the action can be flexibly used to achieve multiple outcomes. Does the action 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.

# Appendix C: Trends in Gentrification and Displacement Risk in Newberg

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DATE: August 2, 2022  
TO: Mary Heberling-Creighton and Doug Rux  
FROM: Beth Goodman, Emmanuel Lopez, and Justin Sherrill  
SUBJECT: Trends in Gentrification and Displacement Risk in Newberg

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As the City of Newberg develops its Housing Production Strategy, staff are interested in understanding current trends in gentrification and displacement risk in Newberg. The Housing Production Strategy Project Team will use this information to inform potential actions that the City could take to mitigate the risk that the city's most vulnerable populations would be displaced from their housing.

The high-level results of our analysis reveal that:

- **The majority of Newberg residents live in neighborhoods that are at risk of gentrification.** Approximately 59% of households live in areas that are either susceptible to or in the early stages of gentrification. These areas generally have high levels of socioeconomic vulnerability, which may lead to housing insecurity or displacement. The only part of Newberg showing little to no gentrification risk is the city's northwestern area.
- **Newberg has a substantial number of households that are at-risk of displacement and are socioeconomically vulnerable, especially in the southern parts of the city.** Compared to the rest of the Metro region,<sup>27</sup> Newberg has higher concentrations of vulnerable populations such as people with less than a Bachelor's degree, Hispanic population, and People of Color.

In the following sections, we will examine results and trends in further detail. An overview of the methodologies used in this analysis are within this memorandum.

## Analysis Methodology

ECONorthwest conducted this analysis by combining two parallel models that look at 1) where the city's most **socioeconomically vulnerable populations** are currently clustered and (2) where **gentrification** has been most rapidly advancing within Newberg since 2010.

Within the **socioeconomic model**, we designed a model that identified the Newberg surrounding Metro region's most disproportionately cost-burdened demographic groups (such

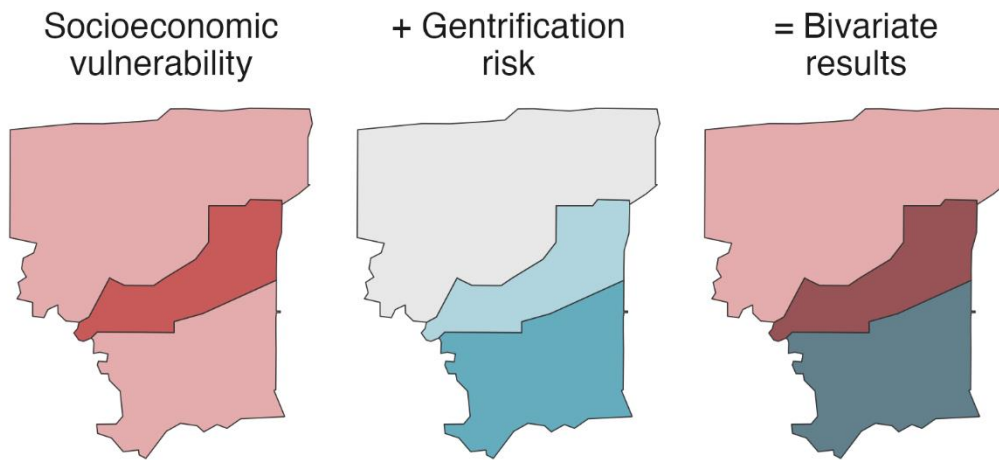
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<sup>27</sup> The Metro region comprises all cities within the Multnomah, Washington, and Clackamas Counties.

as households with children present or households with people of color, or households with people with a disability) using 2016-2020 ACS PUMS data, then compiled Census tract-level estimates of these demographic groups.

Within the **gentrification model**, we used Dr. Lisa Bates’ 2018 gentrification methodology that the Portland Bureau of Planning and Sustainability (BPS) used for the city of Portland, which identifies areas in different stages of gentrification, from stable (low risk of gentrification) to early-stage gentrification to late-stage gentrification. The data we used was like the data Dr. Bates used but shifted over a few years for ease of accessibility. For example, rather than using the decennial census, we used American Communities Surveys for the years of 2006-2010, 2011-2015, and 2016-2020. For housing market conditions, we utilized Property Radar data to capture median sale prices within a census tract for the years of 2010 and 2020.

Exhibit 56. Bivariate Analysis Outline



### Socioeconomic Vulnerability Methodology

In this part of the analysis, ECONorthwest answers the question, “Who is most likely to be displaced if housing market conditions were to further appreciate in price or stay the same?”

We began with identifying groups that are inequitably burdened by housing costs, meaning that these groups have higher rates of cost burden compared to all households. First, we developed a weighted vulnerability indexing analysis based on Oregon’s 2019 Public-Use Microdata Survey (PUMS) data at the state level to identify demographic groups that are unequally burdened by housing costs. This means that a given group’s share of the state’s cost-burdened households is greater than its total share of all state households. For example, households with a Hispanic/Latino head comprise 8.6% of the state’s households, but 13.4% of the state’s cost-burdened households – a difference of 4.8% points.

Our analysis identified six demographic groups that were most disproportionately burdened:

- Households with children present
- People of Color (neither White non-Hispanic, nor Hispanic/Latino people are included in this group)
- People of Hispanic/Latino origin, any race
- People five years and older who speak English “not well”
- People with one or more disabilities
- People 25 years and older who have an educational attainment of less than a Bachelor’s degree

Disproportionate cost burdening varies across the state. To capture this variation, ECONorthwest compared disproportionate cost burdening among these groups for six geographic areas of the state and compared levels of disproportionate cost burden among the demographic groups for Census tracts in Newberg with state and regional results.<sup>28</sup>

The result of this analysis is identification of Census tracts with lower and higher percentages of people in vulnerable groups. Census tracts with higher vulnerability levels would indicate places where it is more likely that not only current, but, absent any intervention, where continued housing cost burdening and possible displacement are more likely to occur.

### Gentrification & Displacement Methodology

Gentrification has many definitions such as *“a process of neighborhood change that includes economic change in a historically disinvested neighborhood —by means of real estate investment and new higher-income residents moving in – as well as demographic change – not only in terms of income level, but also in terms of changes in the education level or racial make-up of residents.”*<sup>29</sup> This analysis uses the methodology developed by Dr. Lisa Bates at Portland State University in tandem with the City of Portland’s Bureau of Planning and Sustainability (BPS) in their [“2018 Gentrification And Displacement Neighborhood Typology Assessment.”](#)<sup>30</sup>

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<sup>28</sup> ECONorthwest rank-ordered vulnerable demographic groups by six geographic areas of the state. We used the rank (1 through 6) as a weighting factor. Based on this rank-ordered list, we next used tract-level 2019 ACS estimates of all six demographic groups to calculate each tract’s percentage of its region’s total number of vulnerable groups. This share was then converted to decile ranks, and each decile rank was multiplied by the rank-ordered weighting factor. These “scores” were then summed for each tract, with total scores ranging between 21 and 210. Lastly, this score was then divided by the maximum possible value to compute a more intuitive percentage value, with “100%” indicating tracts with the **highest** levels of **all** vulnerable demographic groups.

<sup>29</sup> Chapple, K., & Thomas, T., and Zuk, M. (2021). Urban Displacement Project website. Berkeley, CA: Urban Displacement Project.

<sup>30</sup> In a previous anti-displacement in gentrification analysis, Dr. Lisa Bates of Portland State University and BPS used a large sample of 168 census tracts (as of 2019 Census Tract estimates) to measure and compare statistics. In this analysis ECONorthwest sought to maintain consistency with the previous methodology. Given that the City of Newberg has just 3 tracts, we used regional-level data to calculate the baseline statistics for each of the indicators of



The analysis identifies Census tracts in Newberg where gentrification is taking place or may take place in the future. These tracts where place-specific ordinances and location-specific research can serve to protect vulnerable populations and determine how much the data matches the lived experience of residents on the ground.

The Gentrification and Displacement Risk Analysis methodology used in this analysis mirrors closely to what BPS and Dr. Lisa Bates utilized in 2018 with an additional typology, explained below.<sup>31</sup> The analysis considers the following characteristics:<sup>32</sup>

- **Vulnerable populations** are ones with:
  - High rates of renting households relative to the region
  - Large shares of communities of color relative to the region
  - Large shares of adults (25 years and older) without a four-year degree relative to the region
  - Large shares of low-income households (below 80% Median Family Income) relative to the region
- **Demographic changes** (over the last decade or so) require three of the following four conditions being true or the **two bolded** were true:
  - Share of homeowners increased or decreased slower than the regional average
  - **Share of white population increased or decreased slower than the regional average**
  - **The share of adults with a four-year degree increased faster than the regional average**
  - Median household income increased faster than the regional average
- **Housing market conditions** are Census tracts with the following conditions:
  - **Adjacent tracts:**
    - Had low or moderate 2010 home values/rents
    - Experienced low or moderate 2010-2020 appreciation (or 2015-2020 rental appreciation)

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gentrification and social vulnerability analysis. We compared Newberg against the regional analysis. The intention behind this was to provide a more robust picture for what the City of Newberg should compare itself to. It would not have been effective to compare the city of Newberg only to the city of Newberg and Salem, but instead to compare it to the entire region to provide a more accurate depiction of housing market conditions, socioeconomic vulnerability, and other considerations in the analysis.

<sup>31</sup> The methods used by ECONorthwest draw from the work of Dr. Lisa Bates and BPS, but used the observation years of 2010, 2015, and 2020 for both Census and American Communities Surveys years.

<sup>32</sup> More information about the definitions for the “Vulnerable Population,” “Demographic Change,” and “Housing Market Condition” can all be found in the [2018 report here](#).

- Touched the boundary of at least one tract with high 2020 values and/or high 2010 appreciation (or 2010-2020 rental appreciation)
- **Accelerating tracts:**
  - Had low or moderate 2020 home values/rents
  - Experienced high 2010-2020 appreciation (or 2010-2020 rental appreciation)
- **Appreciated tracts:**
  - Had low or moderate 2010 home values/rents
  - Had high 2020 home values/rents
  - Experienced high 2010-2020 appreciation

This analysis of change (in populations, demographics, and housing markets) over time is completed at the regional and Census-tract levels, rather than at the household level. A basic limitation of census and ACS data is that they cannot provide longitudinal data on individual households between surveys (e.g., over +10-year spans of time). Whether or not low-income families in Newberg have been displaced from other neighborhoods in that time (tracts labeled Late: Type 1 or Dynamic) requires a much deeper level of analysis and qualitative analysis done by either academics or the City.

Exhibit 57 shows a summary of the typologies used in this analysis. They are:

- **Early-Stage Gentrification.** These tracts have not started to gentrify or show early signs that they could be gentrifying.
  - **Susceptible.** These tracts have higher shares of vulnerable populations but have not yet experienced demographic changes. Their housing market sales and rents were low or moderate in costs, but they are adjacent to tracts whose housing costs are already high or are increasing rapidly.
  - **Early: Type 1.** These tracts have higher shares of vulnerable populations but have not yet experienced demographic changes. Their housing market is still low or moderate in cost but has experienced high appreciation since 2010.
  - **Early: Type 2.** These tracts have higher shares of vulnerable populations but have experienced demographic changes showing the loss of vulnerable populations. Their housing market is low or moderate in costs, but they are adjacent to tracts whose housing costs are already high or are increasing rapidly.
- **Mid-Stage Gentrification.**
  - **Dynamic.** These tracts are currently undergoing gentrification. They have higher shares of vulnerable populations and have experienced demographic changes by losing vulnerable populations. Their housing market is still low or moderate in costs but has experienced high appreciation since 2010.

- **Late-Stage Gentrification.** These tracts have mostly gentrified but vulnerable populations may still reside in there. The housing market has completely shifted from low or moderate to high housing costs.
  - **Late: Type 1.** These tracts have higher shares of vulnerable populations but have experienced demographic changes by losing vulnerable populations proportionally. Their housing market used to be low or moderate in 2010 but has appreciated rapidly since, and now values are high.
  - **Late: Type 2.** These tracts no longer have high shares of vulnerable populations like they used to in 2010. They have experienced demographic changes by losing their once-high share of vulnerable populations. Their housing market is still low or moderate but has experienced high appreciation since 2010.
  - **Continued loss.** These tracts no longer have high shares of vulnerable populations like they used to in 2010 or in 2015. The share of white people is growing and/or the share of people with a four-year degree is growing. Their housing market used to be low or moderate in 2010 but has appreciated rapidly since, and now values are high.
- **Stable Low-Vulnerability Communities.** These tracts are ones that have had historically low levels of vulnerable populations relative to the region (from 2010-2020).

Exhibit 57. Gentrification/Displacement Methodology<sup>33</sup>

Typology	Vulnerable Population?	Demographic Change?	Housing Market Condition
<b>Early-Stage Gentrification</b>			
Susceptible	Yes	No	Adjacent
Early: Type 1	Yes	No	Accelerating
Early: Type 2	Yes	Yes	Adjacent
<b>Mid-Stage Gentrification</b>			
Dynamic	Yes	Yes	Accelerating
<b>Late-Stage Gentrification</b>			
Late: Type 1	Yes	Yes	Appreciated
Late: Type 2	Used to be in 2010 or 2015	Yes	Accelerating
Continued Loss	Used to be in 2010 or 2015	Increasing share of white people and adults with bachelor's degree	Appreciated
Stable - Low Vulnerability **	No	No	Any**

<sup>33</sup> \*\* The Stable – Low Vulnerability typology was developed to show tracts that have historically not had a vulnerable population (between 2010 and 2020) while also experiencing low amounts to no demographic change.

## What areas in Newberg have the greatest risk of gentrification and displacement?

The most at-risk areas are in the central and southern areas of Newberg, while the more stable, low-risk neighborhoods are located north of the downtown area and railroad line and east of Springbrook Road.

About a third of Newberg households (~31%) live in Census tracts that are in the early stages of gentrification, while around a quarter (28%) live in an area in late-stage gentrification. The remaining 40% are in low-risk areas (see Exhibit 59).

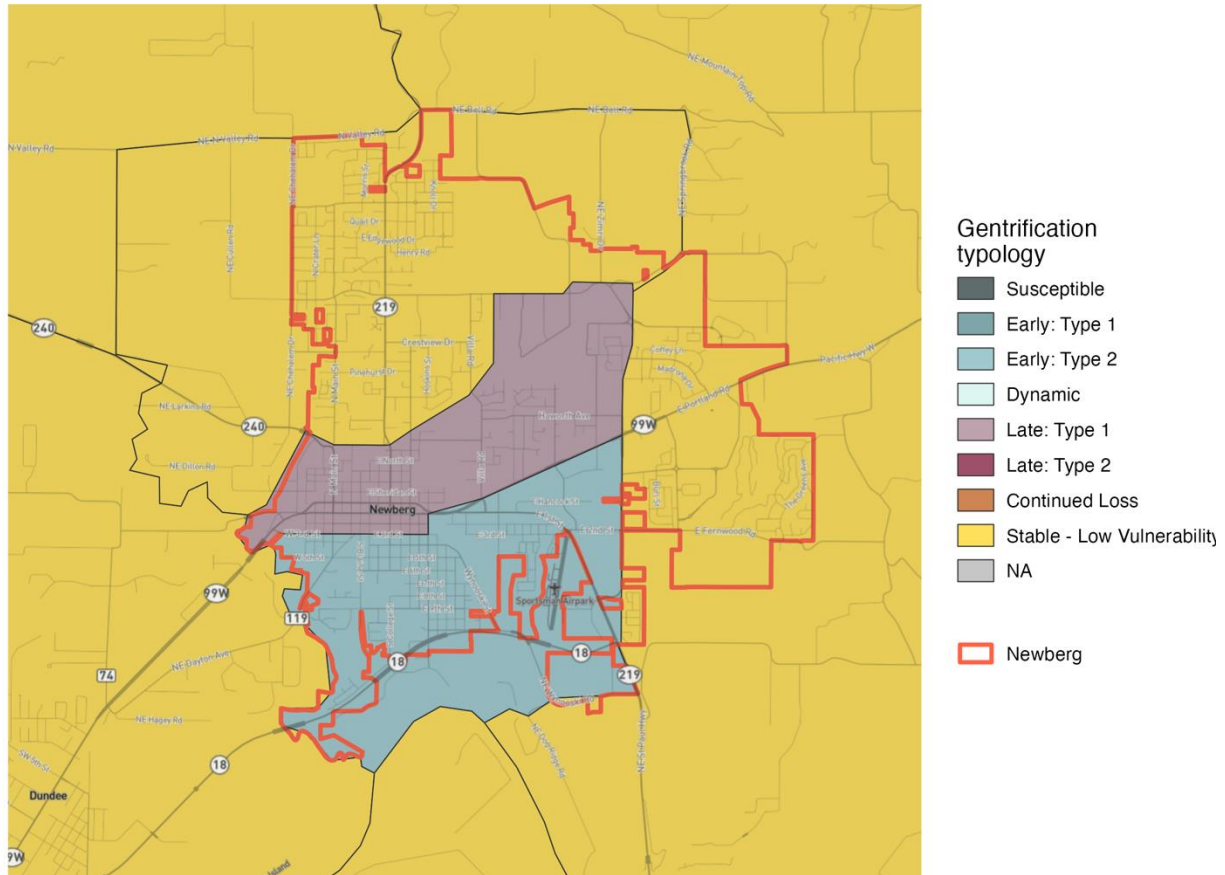
**One tract in Newberg is classified as Early: Type 2, another is Late: Type 1** (see Exhibit 58). Demographic changes and housing price increases suggest that these areas are in the early stages of gentrification. This indicates that economically vulnerable neighborhoods may be at risk of experiencing gentrification, which ultimately leads to rising housing costs, and potentially displacement. Early: Type 2 may indicate that some areas are already experiencing demographic change and gentrification to some degree and that these areas are also adjacent to high-priced housing markets. However, with the closest tract to that one being in the later stages of gentrification (Late: Type 1 - which tends to indicate a much higher demographic change while also indicating higher-value homes and rents), this demonstrates that populations may have already experienced displacement due to gentrifying neighborhoods previously because the housing values are now considered high for the (Metro) region.

**Areas in Newberg's northern and eastern regions and just outside the city are generally classified as Stable – Low Vulnerability** (see Exhibit 58). In these neighborhoods, incomes and housing prices are generally higher and have not changed at a greater rate than the regional average during the study period (2010-2020).

Exhibit 58 shows Newberg's gentrification typology by census tract.

### Exhibit 58. Gentrification Typology by Tract

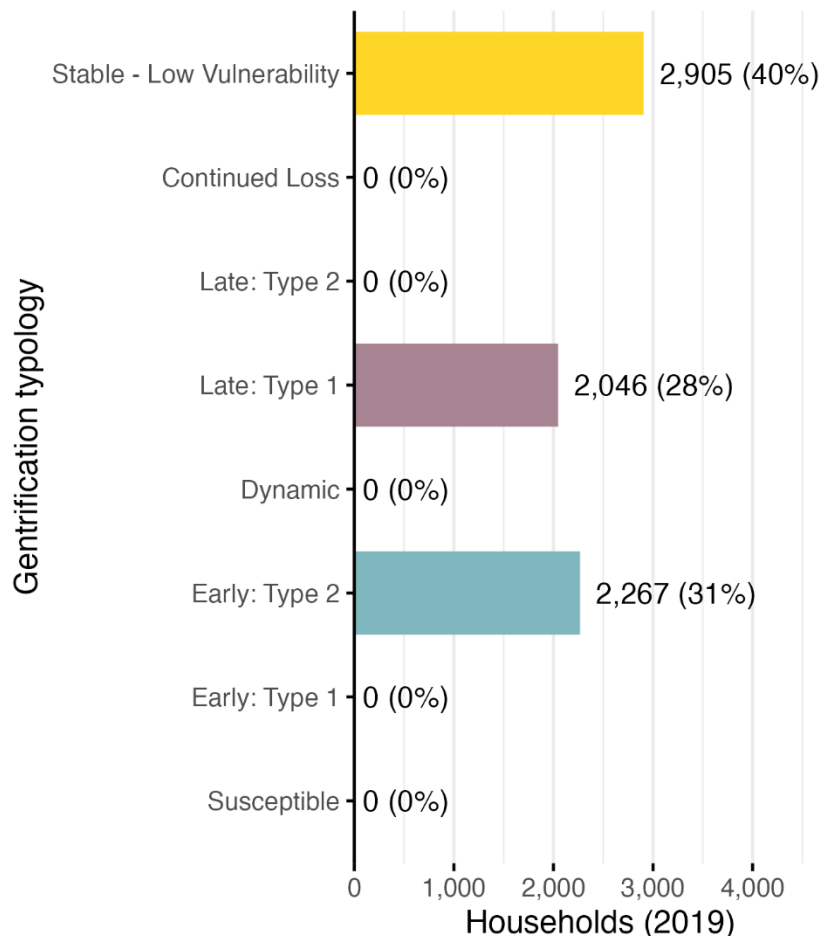
Source: ACS 2010, 2015, 2019 (5-year), RLIS, ECONorthwest, Bates/BPS



Fifty-nine percent (59%) of households in Newberg live in tracts that are in the early or later stages of gentrification, as shown in Exhibit 59. While this does not necessarily indicate that a little over half of *all households* are at risk of gentrification or have already experienced gentrifying neighborhoods, it indicates that the majority of Newberg shows signs of housing instability relative to its surrounding region.

Exhibit 59. Total Newberg Households by Tract Gentrification Typology

Source: ACS 2010, 2015, 2019 (5-year), RLIS, ECONorthwest



### Neighborhood-Level Observations Results

Gentrification can be quite a nuanced topic. While the data presents one story about an entire census tract, Newberg’s neighborhoods that are in the process of being gentrified may be a much smaller portion of that Census tract.

For Newberg, most tracts and households within those tracts fall under the definition of **Early: Type 2** and **Late: Type 1**. These typologies are characterized by having high levels of economic vulnerability, higher rates of demographic change, and having either nearby tracts (called “adjacent” tracts) becoming more valuable (rents and/or sale prices appreciating quickly) or being in an “appreciated” tract where rent values and home sale prices rose drastically between 2010 and 2020. These tracts are ones where the City may want to focus active monitoring to make sure that residents who are already cost burdened are not forced to leave due to gentrification.

## Where do Newberg’s most vulnerable residents live?

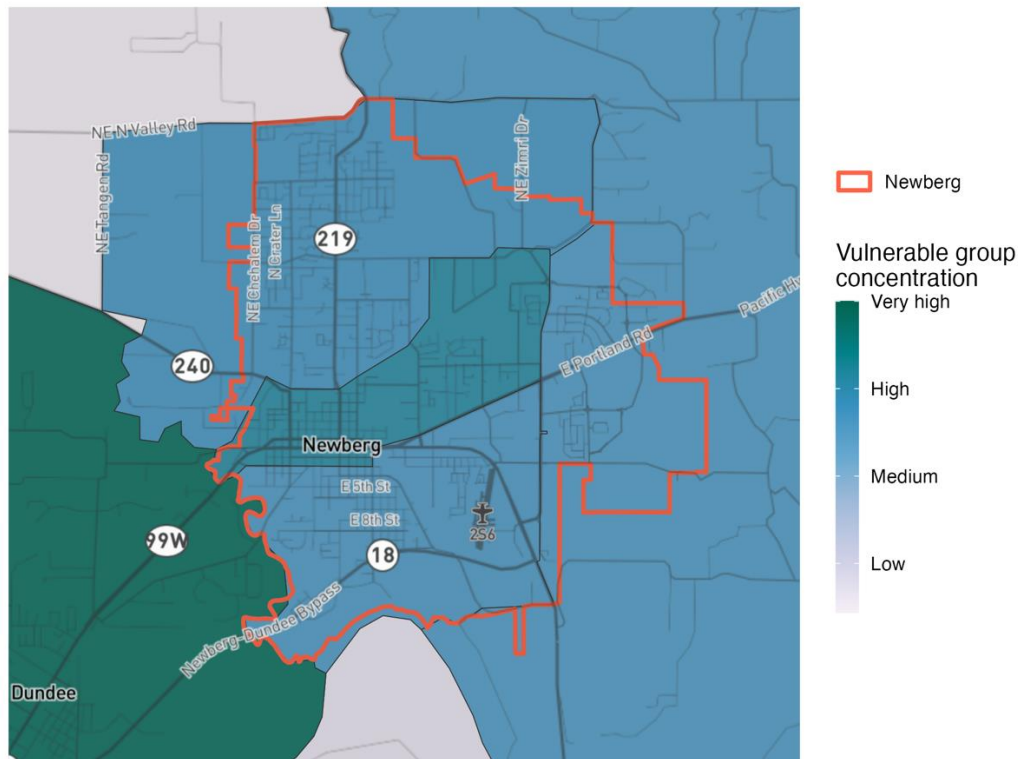
While the previous section provides information on how tracts in Newberg have or have not gentrified, based in part on the Dr. Bates/BPS methodology, this does not answer the question of which neighborhoods and demographic groups are most disproportionately burdened by housing costs. To address this issue, ECONorthwest developed a separate model (described on page 107) using ACS/census datasets to determine which tracts in Newberg are most acutely and unequally burdened by housing prices – the implication being that, should trends hold, the most burdened households today will likely be the first to be displaced tomorrow.

Tracts showing higher levels of vulnerability are mainly clustered around Newberg’s central boundary, but the rest of the city has moderate levels of vulnerability.

Exhibit 60 shows the results of the Socioeconomic Vulnerability model. These “medium-high” tracts contain the combined largest shares of the region’s most disproportionately cost-burdened demographic groups, such as people without a bachelor’s degree or higher, people of color, and people living with one or more disabilities. Lower-vulnerability tracts in Newberg are mostly found in the northern and southern ends of the city. The most vulnerable tract in Newberg is located in the central portion of the city. However, relative to the region, Newberg overall does not exhibit signs of severe levels of vulnerability. The tract just outside of southwest Newberg, in Dundee, is experiencing much higher rates of social vulnerability than any tract in Newberg.

Exhibit 60. Overall Socioeconomic Vulnerability by Tract

Source: ACS 2010, 2015, 2019 (5-year), RLIS, ECONorthwest



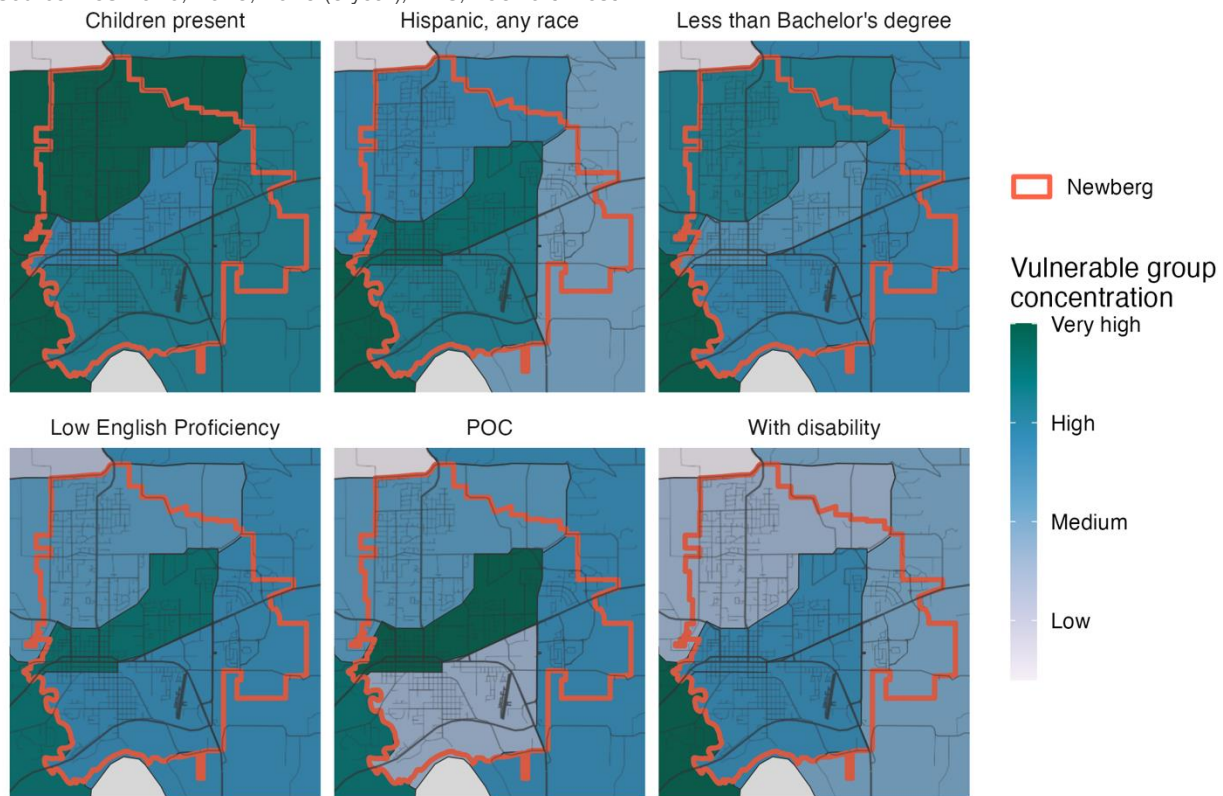
## Who is most likely to be displaced if housing market conditions continue to appreciate or stay the same?

Some interesting trends include a noticeable clustering of People of Color (POC) and Hispanic households in central Newberg, but more evenly distributed moderate rates of Less than a Bachelor's degree and Children Present populations across the City. Exhibit 61 shows the results of our Socioeconomic Vulnerability analysis, broken out by each demographic group examined.

Across the state of Oregon, having less than a Bachelor's degree was the strongest determinant of cost-burdened households. Newberg's largest vulnerable group is Less than a Bachelor's degree, though this group can also include relatively more financially secure elderly or retired residents.

Exhibit 61. Vulnerable Group Concentration by Tract

Source: ACS 2010, 2015, 2019 (5-year), RLIS, ECONorthwest



Note: LEP is Limited English Proficiency  
POC is People of Color

Exhibit 62 depicts the combined Socioeconomic Vulnerability model results in terms of number of households or population (depending on the specific census topic) that reside in tracts with intersecting gentrification typologies and socioeconomic vulnerability groupings. For instance, we find that the most common intersection of our model is the 3,219 people living in stable –



low vulnerability tracts and having an educational attainment of less than a bachelor’s degree. These groups are not mutually exclusive, so many demographic traits would be counted multiple times (i.e., a POC head of household, with children present, and with someone in the household having a disability).

Exhibit 62. Estimated Households or Population by Vulnerability Group and Gentrification Typology  
Source: ACS 2010, 2015, 2019 (5-year), RLIS, ECONorthwest

Gentrification Typology	Vulnerable Group					
	Children present (Households)	Hispanic, any race (Population)	Less than Bachelor's degree (Population)	Low English Proficiency (Population)	POC (Population)	With disability (Population)
Stable - Low Vulnerability	1,019	723	3,219	77	462	489
Continued Loss	0	0	0	0	0	0
Late: Type 2	0	0	0	0	0	0
Late: Type 1	636	1,222	2,529	218	957	663
Dynamic	0	0	0	0	0	0
Early: Type 2	711	1,021	3,011	84	267	684
Early: Type 1	0	0	0	0	0	0
Susceptible	0	0	0	0	0	0

Footnote 1. The color gradients demonstrate the total number of households, with light pink/red being low and dark red being high.

Most socioeconomically vulnerable residents in Newberg are in the “Less than Bachelor’s Degree” group, which falls in line with high degrees of housing cost burdening across the state of Oregon. This sub-group is concentrated in tracts that have started the process of gentrifying or are in the later stages of gentrification, thus placing them even more at risk.

## Where do areas with higher gentrification risk and vulnerable populations intersect?

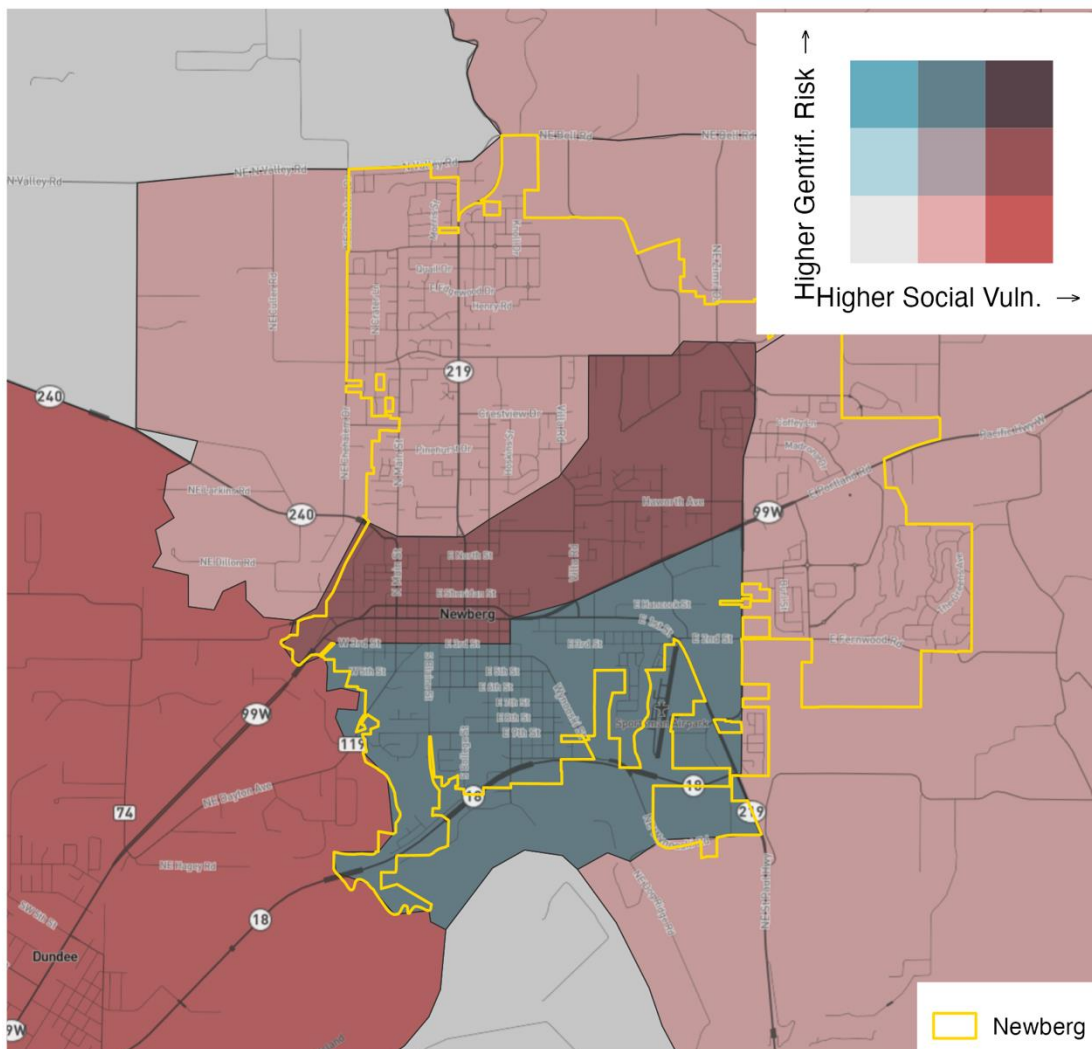
Central and Southern Newberg face highest risks to displacement, but none of it falls into the most severe category of risk.

Newberg has central and southern tracts with higher risk of gentrification, while the most northern and eastern portion of the tracts shows the lowest risk in the city.

Exhibit 63 shows areas with higher gentrification risk and areas with higher social vulnerability.

**Exhibit 63. Composite Gentrification & Socioeconomic Vulnerability Risk, by Tract**

Source: ACS 2010, 2015, 2019 (5-year), RLIS, ECONorthwest



Indicators of **higher gentrification risk** include:

- high shares of low-income households,
- changing socioeconomic demographics as compared to the region
- rising prices of housing for sales and rent

Indicators of **higher social vulnerability** include:

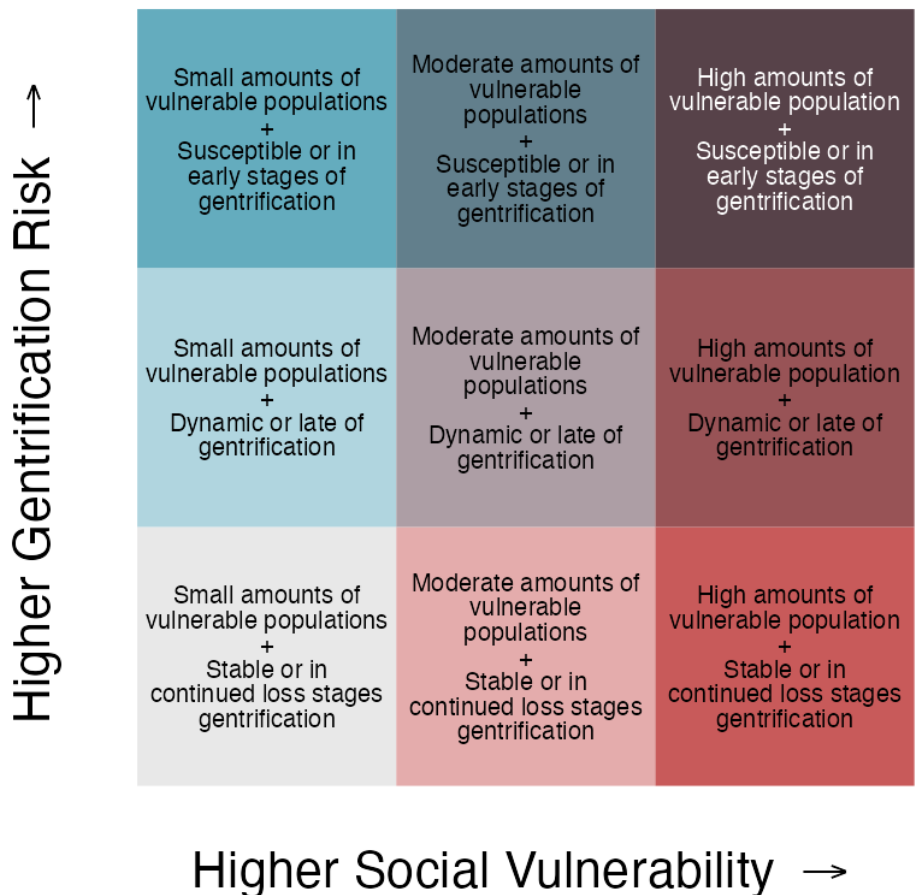
- higher shares of the region's POC
- higher shares of the region's population without a bachelor's degree or higher

**Error! Reference source not found.** provides more context about the risk for gentrification and the level of social vulnerability in Exhibit 63. The following describes the gentrification risk and

social vulnerability at each corner of the matrix in Exhibit 63 and Exhibit 64. **Error! Reference source not found.**

- **Top row, left side – in blue.** These areas are at risk of displacing existing populations but the populations in these areas are generally less vulnerable as compared to the region. This may also indicate that neighborhoods nearby are experiencing appreciations in home sales and rents.
- **Top row, right side – in dark violet.** These areas are the highest risk of displacement of existing vulnerable population, such as lower-income households, people of color, Latino households, or other vulnerable populations.
- **Bottom row, left side – in light grey.** These are areas with little risk of displacement and few vulnerable populations.
- **Bottom row, right side – in pink.** These areas have little existing risk of displacement but are home to vulnerable populations.

Exhibit 64. Gentrification & Socioeconomic Vulnerability Risk Matrix  
Source: ECONorthwest



The majority of Newberg residents live in neighborhoods that are at risk of gentrification or have been in heavily gentrified areas.

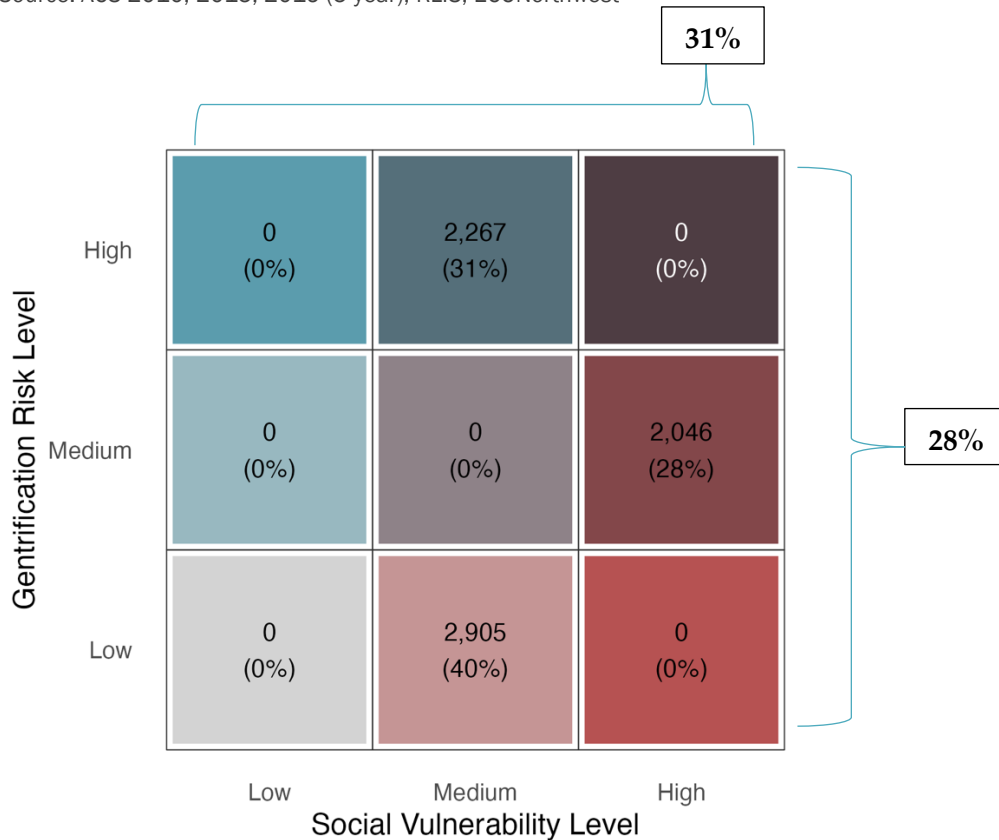
A little under a third (31%) of Newberg residents are at a moderate risk of displacement. The analysis describes the households and tracts that may be most at risk of displacement or additional cost burdening if the City continues business as usual. Slightly over a quarter (28%) of Newberg households live in Census tracts that combine a moderate gentrification risk and a moderate socioeconomic vulnerability level.

Exhibit 65 shows the percentage of households in Newberg in each of the groupings shown in Exhibit 63 and Exhibit 64. **Error! Reference source not found..**

- 31% of Newberg households reside within tracts identified as at moderate risk of gentrification (moderate levels of social vulnerability with early stages of gentrification).
- 28% of households reside in tracts identified as at high socioeconomic risk of housing displacement.

Exhibit 65. Newberg Households Within Composite Gentrification & Socioeconomic Vulnerability Groups

Source: ACS 2010, 2015, 2019 (5-year), RLIS, ECONorthwest



## Implications and Next Steps for the Housing Production Strategy

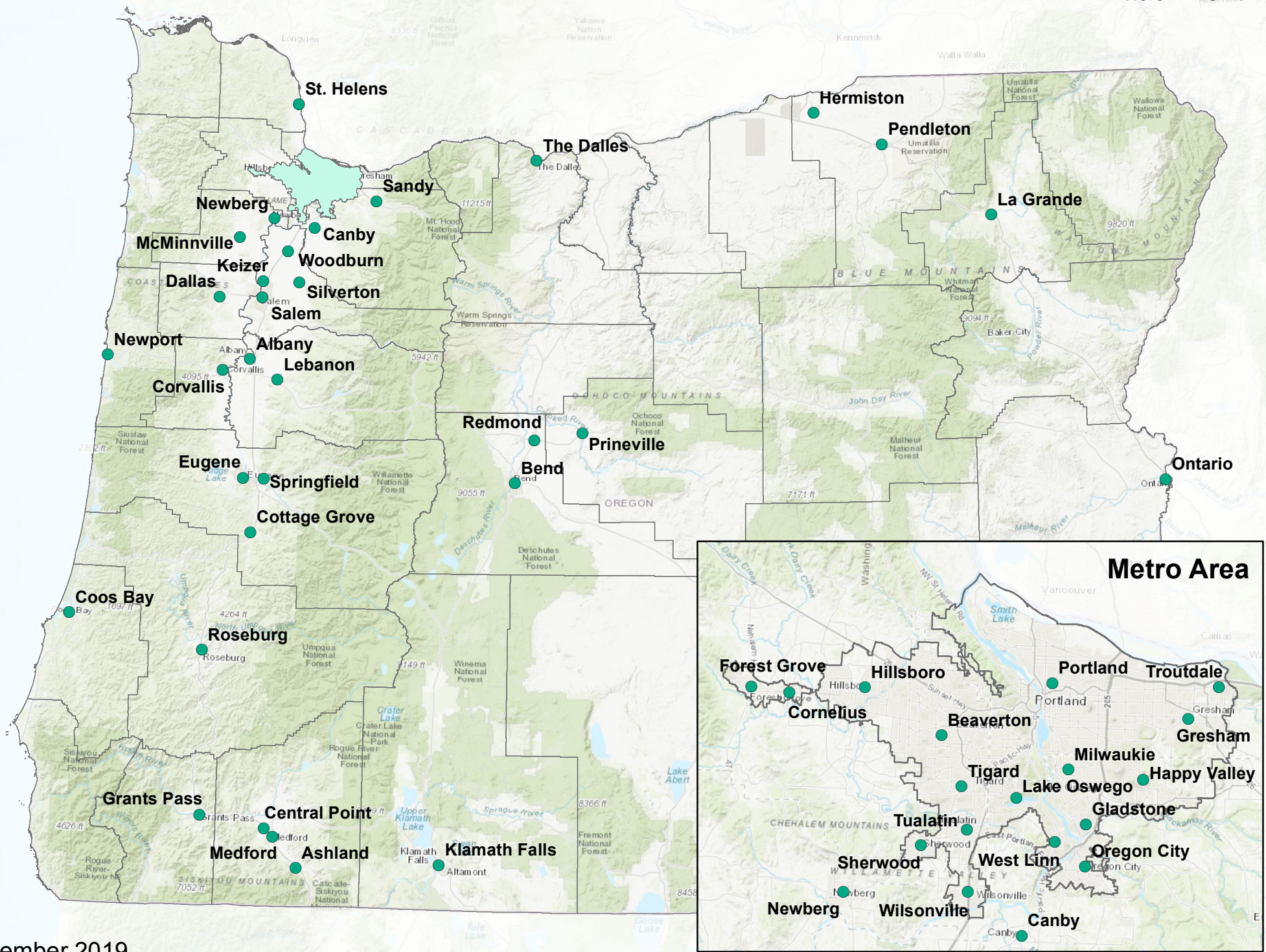
This analysis shows that substantial parts of Newberg are in early or late stages, however a little over a quarter (28%) of the households living in areas with high likelihoods of gentrification are also severely at risk of displacement or cost burdening. As neighborhoods that were once low income begin to appeal to new residents, it is important to recognize that the people living in those neighborhoods may not have the same economic opportunities as the people moving in.

For the City of Newberg to validate what is happening on the ground, it is important to consider neighborhood characteristics and design community charettes to accurately represent what change looks like to the residents there now. Newberg may want to take steps to further understand the potential for gentrification and potential displacement of vulnerable populations, such as conducting additional research about areas at risk for gentrification to better understand the demographic characteristics of people who may be displaced.

The HPS may include actions to preserve existing affordable housing, stabilize households, and prevent future displacement and gentrification.

# Cities Affected by HB 2003

Attachment 1



80th OREGON LEGISLATIVE ASSEMBLY--2019 Regular Session

**Enrolled**  
**House Bill 2003**

Sponsored by Representative KOTEK; Representatives FAHEY, KENY-GUYER, WILDE

CHAPTER .....

AN ACT

Relating to buildings; creating new provisions; amending ORS 197.296, 197.299, 197.303, 197.319, 197.320, 215.416, 215.441, 227.175, 227.500 and 455.062 and section 1, chapter 47, Oregon Laws 2018, and section 3, chapter 97, Oregon Laws 2019 (Enrolled Senate Bill 39); and declaring an emergency.

**Be It Enacted by the People of the State of Oregon:****SECTION 1. (1) As used in this section:**

- (a) "Area median income" means the median income for households established by the United States Department of Housing and Urban Development.
  - (b) "Existing housing stock" means housing, by affordability level and type, actually constructed in a city or Metro.
  - (c) "High income" means above 120 percent of the area median income.
  - (d) "Housing shortage" means the difference between the estimated housing units of different affordability levels and housing types needed to accommodate the existing population and the existing housing stock, measured in dwelling units.
  - (e) "Low income" means income above 50 percent and at or below 80 percent of the area median income.
  - (f) "Metro" means a metropolitan service district organized under ORS chapter 268.
  - (g) "Moderate income" means income above 80 percent and at or below 120 percent of the area median income.
  - (h) "Region" has the meaning given that term in ORS 284.752.
  - (i) "Very low income" means income at or below 50 percent of the area median income.
- (2) The Housing and Community Services Department, in coordination with the Department of Land Conservation and Development and the Oregon Department of Administrative Services, shall develop a methodology for calculating:
- (a) A regional housing needs analysis that identifies the total number of housing units necessary to accommodate anticipated populations in a region over the next 20 years based on:
    - (A) Trends in density and in the average mix of housing types of urban residential development;
    - (B) Demographic and population trends;
    - (C) Economic trends and cycles; and
    - (D) Equitable distribution of publicly supported housing within a region.
  - (b) An estimate of existing housing stock of each city and Metro.
  - (c) A housing shortage analysis for each city and Metro.

(d) An estimate of the number of housing units necessary to accommodate anticipated population growth over the next 20 years for each city and Metro.

(3) The methodologies for calculating the regional housing needs analysis, the estimate of existing housing stock, the housing shortage analysis and the estimate of housing necessary to accommodate growth that are developed under subsection (2) of this section must classify housing by:

(a) Housing type, including attached and detached single-family housing, multifamily housing and manufactured dwellings or mobile homes; and

(b) Affordability, by housing that is affordable to households with:

(A) Very low income;

(B) Low income;

(C) Moderate income; or

(D) High income.

(4) No later than September 1, 2020, the Housing and Community Services Department, in coordination with the Department of Land Conservation and Development and the Oregon Department of Administrative Services, shall conduct for each region a regional housing needs analysis and, for each city and Metro, shall estimate existing housing stock, conduct a housing shortage analysis and estimate the housing necessary to accommodate growth.

(5) In developing the methodologies and conducting the analyses under this section, the Housing and Community Services Department may:

(a) Consult or contract with subject matter experts, cities and Metro, regional solutions centers described in ORS 284.754 (2) and other jurisdictions that have created or conducted regional housing needs analyses.

(b) Consider the most recent consolidated population forecast produced by the Portland State University Population Research Center in making any relevant calculation or forecast.

(c) Consider any other relevant existing analyses, data and other information collected or produced by state agencies or public entities.

(d) Make changes to the regional boundaries in order to make regions more accurately align with shared employment, transportation or housing market dynamics.

**SECTION 2.** (1) No later than March 1, 2021, the Housing and Community Services Department, in consultation with the Department of Land Conservation and Development and the Oregon Department of Administrative Services, shall submit a report, in the manner provided in ORS 192.245 to an appropriate committee of the Legislative Assembly, that summarizes the findings of the regional housing needs analysis, estimate of housing stock, housing shortage analysis and estimate of housing necessary to accommodate growth conducted under section 1 (4) of this 2019 Act.

(2) No later than March 1, 2021, the Department of Land Conservation and Development, in consultation with the Oregon Department of Administrative Services and the Housing and Community Services Department, shall submit a report, in the manner provided in ORS 192.245, to an appropriate committee of the Legislative Assembly that evaluates:

(a) Whether a regional housing needs analysis and housing shortage analysis described in section 1 of this 2019 Act could appropriately allocate among the cities or local governments in a region the housing shortage described;

(b) How a regional housing needs analysis and housing shortage analysis may compare to existing assessments of housing need and capacity conducted by local governments under ORS 197.296 (3) and (10) in terms of:

(A) Cost and cost effectiveness;

(B) Reliability and accuracy;

(C) Repeatability; and

(D) Predictability;



(c) How a regional housing needs analysis and housing shortage analysis may relate to statewide planning goals related to housing and any rules and policies adopted pursuant to these goals and ORS 197.295 to 197.314;

(d) Whether different boundaries would be more appropriate for defining regions within the regional housing needs analysis based on:

(A) Relevance of data in appropriately defining a commuting, employment or housing market; or

(B) Ease or cost of collecting or analyzing data;

(e) Other ways in which the regional housing needs analysis or housing shortage analysis could be improved; and

(f) Whether the regional housing needs analysis, or an improved version, could serve as an acceptable methodology statewide for land use planning relating to housing.

(3) In preparing the report required under subsection (2) of this section, the Department of Land Conservation and Development may consult or contract with other state agencies, subject matter experts, private firms, local governments, regional solutions centers described in ORS 284.754 (2) and other jurisdictions that have created or conducted regional housing needs analyses.

**SECTION 3.** Sections 4 to 6 of this 2019 Act are added to and made a part of ORS 197.295 to 197.314.

**SECTION 4.** (1) A city with a population greater than 10,000 shall develop and adopt a housing production strategy under this section no later than one year after:

(a) The city's deadline for completing a housing capacity analysis under ORS 197.296 (2)(a);

(b) The city's deadline for completing a housing capacity analysis under ORS 197.296 (10)(b); or

(c) A date scheduled by the Land Conservation and Development Commission following the allocation of housing capacity to the city by a metropolitan service district under ORS 197.299 (2)(d).

(2) A housing production strategy must include a list of specific actions, including the adoption of measures and policies, that the city shall undertake to promote development within the city to address a housing need identified under ORS 197.296 (6) for the most recent 20-year period described in ORS 197.296 (2)(b). Actions under this subsection may include:

(a) The reduction of financial and regulatory impediments to developing needed housing, including removing or easing approval standards or procedures for needed housing at higher densities or that is affordable;

(b) The creation of financial and regulatory incentives for development of needed housing, including creating incentives for needed housing at higher densities or that is affordable; and

(c) The development of a plan to access resources available at local, regional, state and national levels to increase the availability and affordability of needed housing.

(3) In creating a housing production strategy, a city shall review and consider:

(a) Socioeconomic and demographic characteristics of households living in existing needed housing;

(b) Market conditions affecting the provision of needed housing;

(c) Measures already adopted by the city to promote the development of needed housing;

(d) Existing and expected barriers to the development of needed housing; and

(e) For each action the city includes in its housing production strategy:

(A) The schedule for its adoption;

(B) The schedule for its implementation;

(C) Its expected magnitude of impact on the development of needed housing; and

(D) The time frame over which it is expected to impact needed housing.

(4) The housing production strategy must include within its index a copy of the city's most recently completed survey under section 1 (2), chapter 47, Oregon Laws 2018.

(5) The adoption of a housing production strategy is not a land use decision and is not subject to appeal or review except as provided in section 5 of this 2019 Act.

**SECTION 5.** (1) No later than 20 days after a city's adoption or amendment of a housing production strategy under section 4 of this 2019 Act, a city shall submit the adopted strategy or amended strategy to the Department of Land Conservation and Development.

(2) The submission under subsection (1) of this section must include copies of:

(a) The signed decision adopting the housing production strategy or amended strategy;

(b) The text of the housing production strategy clearly indicating any amendments to the most recent strategy submitted under this section;

(c) A brief narrative summary of the housing production strategy; and

(d) The information reviewed and considered under section 6 (2) of this 2019 Act.

(3) On the same day the city submits notice of the housing production strategy or amended strategy, the city shall provide a notice to persons that participated in the proceedings that led to the adoption of the strategy and requested notice in writing.

(4) Within 10 days of receipt of the submission under subsection (1) of this section, the department shall provide notice to persons described under ORS 197.615 (3).

(5) The notices given under subsections (3) and (4) of this section must state:

(a) How and where materials described in subsection (2) of this section may be freely obtained;

(b) That comments on the strategy may be submitted to the department within 45 days after the department has received the submission; and

(c) That there is no further right of appeal.

(6) Based upon criteria adopted by the Land Conservation and Development Commission, including any criteria adopted under section 6 (2) of this 2019 Act, the department shall, within 120 days after receiving the submission under subsection (1) of this section:

(a) Approve the housing production strategy;

(b) Approve the housing production strategy, subject to further review and actions under section 6 (2) of this 2019 Act; or

(c) Remand the housing production strategy for further modification as identified by the department.

(7) A determination by the department under subsection (6) of this section is not a land use decision and is final and not subject to appeal.

**SECTION 6.** (1) The Land Conservation and Development Commission, in consultation with the Housing and Community Services Department, shall adopt criteria for reviewing and identifying cities with a population greater than 10,000 that have not sufficiently:

(a) Achieved production of needed housing within their jurisdiction; or

(b) Implemented a housing production strategy adopted under section 4 of this 2019 Act.

(2) The criteria adopted by the commission under subsection (1) of this section may include the city's:

(a) Unmet housing need as described in ORS 197.296 (6);

(b) Unmet housing need in proportion to the city's population;

(c) Percentage of households identified as severely rent burdened as described in section 1, chapter 47, Oregon Laws 2018;

(d) Recent housing development;

(e) Recent adoption of a housing production strategy under section 4 of this 2019 Act or adoption of actions pursuant to a housing production strategy;

(f) Recent or frequent previous identification by the Department of Land Conservation and Development under this section; or

(g) Other attributes that the commission considers relevant.

(3) The Department of Land Conservation and Development may review cities under the criteria adopted under subsection (2) of this section for the purposes of prioritizing actions by the department, including:

- (a) Awarding available technical or financial resources;
- (b) Providing enhanced review and oversight of the city's housing production strategy;
- (c) Requiring a report and explanation if a city does not implement an action within the approximate time frame scheduled within a housing production strategy;
- (d) Entering into agreements with the city relating to the city's modification or implementation of its housing production strategy; or
- (e) Petitioning the commission to act under ORS 197.319 to 197.335 to require the city to comply with ORS 197.295 to 197.314 or statewide land use planning goals related to housing or urbanization.

**SECTION 7.** No later than December 31, 2019, the Land Conservation and Development Commission shall adopt a schedule by which metropolitan service districts and cities described in ORS 197.296 (2)(a)(B) and (10)(c)(B) shall demonstrate sufficient buildable lands. Dates in the schedule may not be earlier than two years following the commission's creation of rules implementing sections 4 to 6 of this 2019 Act and the amendments to ORS 197.296 and 197.299 by sections 8 and 9 of this 2019 Act.

**SECTION 8.** ORS 197.296 is amended to read:

197.296. (1)(a) The provisions of subsections (2) to (9) of this section apply to metropolitan service district regional framework plans and local government comprehensive plans for lands within the urban growth boundary of a city that is located outside of a metropolitan service district and has a population of 25,000 or more.

(b) The Land Conservation and Development Commission may establish a set of factors under which additional cities are subject to the provisions of this section. In establishing the set of factors required under this paragraph, the commission shall consider the size of the city, the rate of population growth of the city or the proximity of the city to another city with a population of 25,000 or more or to a metropolitan service district.

(2)(a) *[At periodic review pursuant to ORS 197.628 to 197.651 or at any other legislative review of the comprehensive plan or regional framework plan that concerns the urban growth boundary and requires the application of a statewide planning goal relating to buildable lands for residential use,]* A local government shall demonstrate that its comprehensive plan or regional framework plan provides sufficient buildable lands within the urban growth boundary established pursuant to statewide planning goals to accommodate estimated housing needs for 20 years:

(A) At periodic review under ORS 197.628 to 197.651;

(B) As scheduled by the commission:

(i) At least once each eight years for local governments that are not within a metropolitan service district; or

(ii) At least once each six years for a metropolitan service district; or

(C) At any other legislative review of the comprehensive plan or regional framework plan that concerns the urban growth boundary and requires the application of a statewide planning goal relating to buildable lands for residential use.

(b) The 20-year period shall commence on the date initially scheduled for completion of the *[periodic or legislative]* review **under paragraph (a) of this subsection.**

(3) In performing the duties under subsection (2) of this section, a local government shall:

(a) Inventory the supply of buildable lands within the urban growth boundary and determine the housing capacity of the buildable lands; and

(b) Conduct an analysis of housing need by type and density range, in accordance with ORS 197.303 and statewide planning goals and rules relating to housing, to determine the number of units and amount of land needed for each needed housing type for the next 20 years.

(4)(a) For the purpose of the inventory described in subsection (3)(a) of this section, "buildable lands" includes:

- (A) Vacant lands planned or zoned for residential use;
- (B) Partially vacant lands planned or zoned for residential use;
- (C) Lands that may be used for a mix of residential and employment uses under the existing planning or zoning; and

(D) Lands that may be used for residential infill or redevelopment.

(b) For the purpose of the inventory and determination of housing capacity described in subsection (3)(a) of this section, the local government must demonstrate consideration of:

(A) The extent that residential development is prohibited or restricted by local regulation and ordinance, state law and rule or federal statute and regulation;

(B) A written long term contract or easement for radio, telecommunications or electrical facilities, if the written contract or easement is provided to the local government; and

(C) The presence of a single family dwelling or other structure on a lot or parcel.

(c) Except for land that may be used for residential infill or redevelopment, a local government shall create a map or document that may be used to verify and identify specific lots or parcels that have been determined to be buildable lands.

(5)(a) Except as provided in paragraphs (b) and (c) of this subsection, the determination of housing capacity and need pursuant to subsection (3) of this section must be based on data relating to land within the urban growth boundary that has been collected since the last [periodic] review [or] **under subsection (2)(a)(B) of this section** [five years, whichever is greater]. The data shall include:

(A) The number, density and average mix of housing types of urban residential development that have actually occurred;

(B) Trends in density and average mix of housing types of urban residential development;

(C) Demographic and population trends;

(D) Economic trends and cycles; and

(E) The number, density and average mix of housing types that have occurred on the buildable lands described in subsection (4)(a) of this section.

(b) A local government shall make the determination described in paragraph (a) of this subsection using a shorter time period than the time period described in paragraph (a) of this subsection if the local government finds that the shorter time period will provide more accurate and reliable data related to housing capacity and need. The shorter time period may not be less than three years.

(c) A local government shall use data from a wider geographic area or use a time period for economic cycles and trends longer than the time period described in paragraph (a) of this subsection if the analysis of a wider geographic area or the use of a longer time period will provide more accurate, complete and reliable data relating to trends affecting housing need than an analysis performed pursuant to paragraph (a) of this subsection. The local government must clearly describe the geographic area, time frame and source of data used in a determination performed under this paragraph.

(6) If the housing need determined pursuant to subsection (3)(b) of this section is greater than the housing capacity determined pursuant to subsection (3)(a) of this section, the local government shall take one or more of the following actions to accommodate the additional housing need:

(a) Amend its urban growth boundary to include sufficient buildable lands to accommodate housing needs for the next 20 years. As part of this process, the local government shall consider the effects of measures taken pursuant to paragraph (b) of this subsection. The amendment shall include sufficient land reasonably necessary to accommodate the siting of new public school facilities. The need and inclusion of lands for new public school facilities shall be a coordinated process between the affected public school districts and the local government that has the authority to approve the urban growth boundary;

(b) Amend its comprehensive plan, regional framework plan, functional plan or land use regulations to include new measures that demonstrably increase the likelihood that residential development will occur at densities sufficient to accommodate housing needs for the next 20 years without

expansion of the urban growth boundary. A local government or metropolitan service district that takes this action shall monitor and record the level of development activity and development density by housing type following the date of the adoption of the new measures; or

(c) Adopt a combination of the actions described in paragraphs (a) and (b) of this subsection.

(7) Using the analysis conducted under subsection (3)(b) of this section, the local government shall determine the overall average density and overall mix of housing types at which residential development of needed housing types must occur in order to meet housing needs over the next 20 years. If that density is greater than the actual density of development determined under subsection (5)(a)(A) of this section, or if that mix is different from the actual mix of housing types determined under subsection (5)(a)(A) of this section, the local government, as part of its periodic review, shall adopt measures that demonstrably increase the likelihood that residential development will occur at the housing types and density and at the mix of housing types required to meet housing needs over the next 20 years.

(8)(a) A local government outside a metropolitan service district that takes any actions under subsection (6) or (7) of this section shall demonstrate that the comprehensive plan and land use regulations comply with goals and rules adopted by the commission and implement ORS 197.295 to 197.314.

(b) The local government shall determine the density and mix of housing types anticipated as a result of actions taken under subsections (6) and (7) of this section and monitor and record the actual density and mix of housing types achieved. The local government shall compare actual and anticipated density and mix. The local government shall submit its comparison to the commission at the next *[periodic review or at the next legislative]* review of its urban growth boundary, *whichever comes first* **under subsection (2)(a) of this section.**

(9) In establishing that actions and measures adopted under subsections (6) and (7) of this section demonstrably increase the likelihood of higher density residential development, the local government shall at a minimum ensure that land zoned for needed housing is in locations appropriate for the housing types identified under subsection (3) of this section and is zoned at density ranges that are likely to be achieved by the housing market using the analysis in subsection (3) of this section. Actions or measures, or both, may include but are not limited to:

(a) Increases in the permitted density on existing residential land;

(b) Financial incentives for higher density housing;

(c) Provisions permitting additional density beyond that generally allowed in the zoning district in exchange for amenities and features provided by the developer;

(d) Removal or easing of approval standards or procedures;

(e) Minimum density ranges;

(f) Redevelopment and infill strategies;

(g) Authorization of housing types not previously allowed by the plan or regulations;

(h) Adoption of an average residential density standard; and

(i) Rezoning or redesignation of nonresidential land.

(10)(a) The provisions of this subsection apply to local government comprehensive plans for lands within the urban growth boundary of a city that is located outside of a metropolitan service district and has a population of less than 25,000.

(b) *[At periodic review pursuant to ORS 197.628 to 197.651 or at any other legislative review of the comprehensive plan that requires the application of a statewide planning goal relating to buildable lands for residential use,]* **As required under paragraph (c) of this subsection,** a city shall, according to rules of the commission:

(A) Determine the estimated housing needs within the jurisdiction for the next 20 years;

(B) Inventory the supply of buildable lands available within the urban growth boundary to accommodate the estimated housing needs determined under this subsection; and

(C) Adopt measures necessary to accommodate the estimated housing needs determined under this subsection.

**(c) The actions required under paragraph (b) of this subsection shall be undertaken:**

- (A) At periodic review pursuant to ORS 197.628 to 197.651;
- (B) On a schedule established by the commission for cities with a population greater than 10,000, not to exceed once each eight years; or
- (C) At any other legislative review of the comprehensive plan that requires the application of a statewide planning goal relating to buildable lands for residential use.

[(c)] (d) For the purpose of the inventory described in this subsection, “buildable lands” includes those lands described in subsection (4)(a) of this section.

**SECTION 8a. If House Bill 2001 becomes law, section 8 of this 2019 Act (amending ORS 197.296) is repealed and ORS 197.296, as amended by section 5, chapter \_\_\_\_\_, Oregon Laws 2019 (Enrolled House Bill 2001), is amended to read:**

197.296. (1)(a) The provisions of subsections (2) to (9) of this section apply to metropolitan service district regional framework plans and local government comprehensive plans for lands within the urban growth boundary of a city that is located outside of a metropolitan service district and has a population of 25,000 or more.

(b) The Land Conservation and Development Commission may establish a set of factors under which additional cities are subject to the provisions of this section. In establishing the set of factors required under this paragraph, the commission shall consider the size of the city, the rate of population growth of the city or the proximity of the city to another city with a population of 25,000 or more or to a metropolitan service district.

(2)(a) [At periodic review pursuant to ORS 197.628 to 197.651 or at any other legislative review of the comprehensive plan or regional framework plan that concerns the urban growth boundary and requires the application of a statewide planning goal relating to buildable lands for residential use,] A local government shall demonstrate that its comprehensive plan or regional framework plan provides sufficient buildable lands within the urban growth boundary established pursuant to statewide planning goals to accommodate estimated housing needs for 20 years:

- (A) At periodic review under ORS 197.628 to 197.651;
- (B) As scheduled by the commission:
  - (i) At least once each eight years for local governments that are not within a metropolitan service district; or
  - (ii) At least once each six years for a metropolitan service district; or
- (C) At any other legislative review of the comprehensive plan or regional framework plan that concerns the urban growth boundary and requires the application of a statewide planning goal relating to buildable lands for residential use.

(b) The 20-year period shall commence on the date initially scheduled for completion of the [periodic or legislative] review **under paragraph (a) of this subsection.**

(3) In performing the duties under subsection (2) of this section, a local government shall:

- (a) Inventory the supply of buildable lands within the urban growth boundary and determine the housing capacity of the buildable lands; and
- (b) Conduct an analysis of existing and projected housing need by type and density range, in accordance with all factors under ORS 197.303 and statewide planning goals and rules relating to housing, to determine the number of units and amount of land needed for each needed housing type for the next 20 years.

(4)(a) For the purpose of the inventory described in subsection (3)(a) of this section, “buildable lands” includes:

- (A) Vacant lands planned or zoned for residential use;
- (B) Partially vacant lands planned or zoned for residential use;
- (C) Lands that may be used for a mix of residential and employment uses under the existing planning or zoning; and
- (D) Lands that may be used for residential infill or redevelopment.

(b) For the purpose of the inventory and determination of housing capacity described in subsection (3)(a) of this section, the local government must demonstrate consideration of:

(A) The extent that residential development is prohibited or restricted by local regulation and ordinance, state law and rule or federal statute and regulation;

(B) A written long term contract or easement for radio, telecommunications or electrical facilities, if the written contract or easement is provided to the local government; and

(C) The presence of a single family dwelling or other structure on a lot or parcel.

(c) Except for land that may be used for residential infill or redevelopment, a local government shall create a map or document that may be used to verify and identify specific lots or parcels that have been determined to be buildable lands.

(5)(a) Except as provided in paragraphs (b) and (c) of this subsection, the determination of housing capacity pursuant to subsection (3)(a) of this section must be based on data relating to land within the urban growth boundary that has been collected since the last review [*or six years, whichever is greater*] **under subsection (2)(a)(B) of this section.** The data shall include:

(A) The number, density and average mix of housing types of urban residential development that have actually occurred;

(B) Trends in density and average mix of housing types of urban residential development;

(C) Market factors that may substantially impact future urban residential development; and

(D) The number, density and average mix of housing types that have occurred on the buildable lands described in subsection (4)(a) of this section.

(b) A local government shall make the determination described in paragraph (a) of this subsection using a shorter time period than the time period described in paragraph (a) of this subsection if the local government finds that the shorter time period will provide more accurate and reliable data related to housing capacity. The shorter time period may not be less than three years.

(c) A local government shall use data from a wider geographic area or use a time period longer than the time period described in paragraph (a) of this subsection if the analysis of a wider geographic area or the use of a longer time period will provide more accurate, complete and reliable data relating to trends affecting housing need than an analysis performed pursuant to paragraph (a) of this subsection. The local government must clearly describe the geographic area, time frame and source of data used in a determination performed under this paragraph.

(6) If the housing need determined pursuant to subsection (3)(b) of this section is greater than the housing capacity determined pursuant to subsection (3)(a) of this section, the local government shall take one or both of the following actions to accommodate the additional housing need:

(a) Amend its urban growth boundary to include sufficient buildable lands to accommodate housing needs for the next 20 years. As part of this process, the local government shall consider the effects of measures taken pursuant to paragraph (b) of this subsection. The amendment shall include sufficient land reasonably necessary to accommodate the siting of new public school facilities. The need and inclusion of lands for new public school facilities shall be a coordinated process between the affected public school districts and the local government that has the authority to approve the urban growth boundary.

(b) Amend its comprehensive plan, regional framework plan, functional plan or land use regulations to include new measures that demonstrably increase the likelihood that residential development will occur at densities sufficient to accommodate housing needs for the next 20 years without expansion of the urban growth boundary. A local government or metropolitan service district that takes this action shall adopt findings regarding the density expectations assumed to result from measures adopted under this paragraph based upon the factors listed in ORS 197.303 (2) and data in subsection (5)(a) of this section. The density expectations may not project an increase in residential capacity above achieved density by more than three percent without quantifiable validation of such departures. For a local government located outside of a metropolitan service district, a quantifiable validation must demonstrate that the assumed housing capacity has been achieved in areas that are zoned to allow no greater than the same authorized density level within the local jurisdiction or a jurisdiction in the same region. For a metropolitan service district, a quantifiable validation must demonstrate that the assumed housing capacity has been achieved in areas that are

zoned to allow no greater than the same authorized density level within the metropolitan service district.

(c) As used in this subsection, “authorized density level” has the meaning given that term in ORS 227.175.

(7) Using the housing need analysis conducted under subsection (3)(b) of this section, the local government shall determine the overall average density and overall mix of housing types at which residential development of needed housing types must occur in order to meet housing needs over the next 20 years. If that density is greater than the actual density of development determined under subsection (5)(a)(A) of this section, or if that mix is different from the actual mix of housing types determined under subsection (5)(a)(A) of this section, the local government, as part of its periodic review, shall adopt measures that demonstrably increase the likelihood that residential development will occur at the housing types and density and at the mix of housing types required to meet housing needs over the next 20 years.

(8)(a) A local government outside a metropolitan service district that takes any actions under subsection (6) or (7) of this section shall demonstrate that the comprehensive plan and land use regulations comply with goals and rules adopted by the commission and implement ORS 197.295 to 197.314.

(b) A local government shall determine the density and mix of housing types anticipated as a result of actions taken under subsections (6) and (7) of this section and monitor and record the actual density and mix of housing types achieved following the adoption of these actions. The local government shall compare actual and anticipated density and mix. The local government shall submit its comparison to the commission at the next [periodic review or at the next legislative] review of its urban growth boundary[, whichever comes first] **under subsection (2)(a) of this section.**

(9) In establishing that actions and measures adopted under subsections (6) and (7) of this section demonstrably increase the likelihood of higher density residential development, the local government shall at a minimum ensure that land zoned for needed housing is in locations appropriate for the housing types identified under subsection (3) of this section, is zoned at density ranges that are likely to be achieved by the housing market using the analysis in subsection (3) of this section and is in areas where sufficient urban services are planned to enable the higher density development to occur over the 20-year period. Actions or measures, or both, may include but are not limited to:

- (a) Increases in the permitted density on existing residential land;
- (b) Financial incentives for higher density housing;
- (c) Provisions permitting additional density beyond that generally allowed in the zoning district in exchange for amenities and features provided by the developer;
- (d) Removal or easing of approval standards or procedures;
- (e) Minimum density ranges;
- (f) Redevelopment and infill strategies;
- (g) Authorization of housing types not previously allowed by the plan or regulations;
- (h) Adoption of an average residential density standard; and
- (i) Rezoning or redesignation of nonresidential land.

(10)(a) The provisions of this subsection apply to local government comprehensive plans for lands within the urban growth boundary of a city that is located outside of a metropolitan service district and has a population of less than 25,000.

(b) [At periodic review pursuant to ORS 197.628 to 197.651 or at any other legislative review of the comprehensive plan that requires the application of a statewide planning goal relating to buildable lands for residential use.] **As required under paragraph (c) of this subsection,** a city shall, according to rules of the commission:

- (A) Determine the estimated housing needs within the jurisdiction for the next 20 years;
- (B) Inventory the supply of buildable lands available within the urban growth boundary to accommodate the estimated housing needs determined under this subsection; and
- (C) Adopt measures necessary to accommodate the estimated housing needs determined under this subsection.



- (c) **The actions required under paragraph (b) of this subsection shall be undertaken:**
- (A) **At periodic review pursuant to ORS 197.628 to 197.651;**
  - (B) **On a schedule established by the commission for cities with a population greater than 10,000, not to exceed once each eight years; or**
  - (C) **At any other legislative review of the comprehensive plan that requires the application of a statewide planning goal relating to buildable lands for residential use.**

[(c)] (d) For the purpose of the inventory described in this subsection, "buildable lands" includes those lands described in subsection (4)(a) of this section.

**SECTION 9.** ORS 197.299 is amended to read:

197.299. (1) A metropolitan service district organized under ORS chapter 268 shall complete the inventory, determination and analysis required under ORS 197.296 (3) not later than six years after completion of the previous inventory, determination and analysis.

(2)(a) The metropolitan service district shall take such action as necessary under ORS 197.296 (6)(a) to accommodate one-half of a 20-year buildable land supply determined under ORS 197.296 (3) within one year of completing the analysis.

(b) The metropolitan service district shall take all final action under ORS 197.296 (6)(a) necessary to accommodate a 20-year buildable land supply determined under ORS 197.296 (3) within two years of completing the analysis.

(c) The metropolitan service district shall take action under ORS 197.296 (6)(b), within one year after the analysis required under ORS 197.296 (3)(b) is completed, to provide sufficient buildable land within the urban growth boundary to accommodate the estimated housing needs for 20 years from the time the actions are completed.

(d) The metropolitan service district shall consider and adopt new measures that the governing body deems appropriate under ORS 197.296 (6)(b) **and shall allocate any housing capacity that is not accommodated under this section to be accommodated by the application of ORS 197.296 (6)(b) by cities within the metropolitan service district with a population greater than 10,000.**

(e) **Cities to which housing capacity is allocated under paragraph (d) of this subsection shall take steps, at least once every six years as scheduled by the Land Conservation and Development Commission, to demonstrably increase the likelihood that residential development will occur at densities sufficient to accommodate housing needs for the next 20 years as required by ORS 197.296 (6)(b).**

(3) The [*Land Conservation and Development*] commission may grant an extension to the time limits of subsection (2) of this section if the Director of the Department of Land Conservation and Development determines that the metropolitan service district has provided good cause for failing to meet the time limits.

(4)(a) The metropolitan service district shall establish a process to expand the urban growth boundary to accommodate a need for land for a public school that cannot reasonably be accommodated within the existing urban growth boundary. The metropolitan service district shall design the process to:

(A) Accommodate a need that must be accommodated between periodic analyses of urban growth boundary capacity required by subsection (1) of this section; and

(B) Provide for a final decision on a proposal to expand the urban growth boundary within four months after submission of a complete application by a large school district as defined in ORS 195.110.

(b) At the request of a large school district, the metropolitan service district shall assist the large school district to identify school sites required by the school facility planning process described in ORS 195.110. A need for a public school is a specific type of identified land need under ORS 197.298 (3).

(5) Three years after completing its most recent demonstration of sufficient buildable lands under ORS 197.296, a metropolitan service district may, on a single occasion, revise the determination

and analysis required as part of the demonstration for the purpose of considering an amendment to the metropolitan service district's urban growth boundary, provided:

(a) The metropolitan service district has entered into an intergovernmental agreement and has designated rural reserves and urban reserves under ORS 195.141 and 195.145 with each county located within the district;

(b) The commission has acknowledged the rural reserve and urban reserve designations described in paragraph (a) of this subsection;

(c) One or more cities within the metropolitan service district have proposed a development that would require expansion of the urban growth boundary;

(d) The city or cities proposing the development have provided evidence to the metropolitan service district that the proposed development would provide additional needed housing to the needed housing included in the most recent determination and analysis;

(e) The location chosen for the proposed development is adjacent to the city proposing the development; and

(f) The location chosen for the proposed development is located within an area designated and acknowledged as an urban reserve.

(6)(a) If a metropolitan service district, after revising its most recent determination and analysis pursuant to subsection (5) of this section, concludes that an expansion of its urban growth boundary is warranted, the metropolitan service district may take action to expand its urban growth boundary in one or more locations to accommodate the proposed development, provided the urban growth boundary expansion does not exceed a total of 1,000 acres.

(b) A metropolitan service district that expands its urban growth boundary under this subsection:

(A) Must adopt the urban growth boundary expansion not more than four years after completing its most recent demonstration of sufficient buildable lands under ORS 197.296; and

(B) Is exempt from the boundary location requirements described in the statewide land use planning goals relating to urbanization.

**SECTION 10.** ORS 197.303 is amended to read:

197.303. (1) As used in ORS [197.307] **197.295 to 197.314**, "needed housing" means all housing on land zoned for residential use or mixed residential and commercial use that is determined to meet the need shown for housing within an urban growth boundary at price ranges and rent levels that are affordable to households within the county with a variety of incomes, including but not limited to households with low incomes, very low incomes and extremely low incomes, as those terms are defined by the United States Department of Housing and Urban Development under 42 U.S.C. 1437a. "Needed housing" includes the following housing types:

(a) Attached and detached single-family housing and multiple family housing for both owner and renter occupancy;

(b) Government assisted housing;

(c) Mobile home or manufactured dwelling parks as provided in ORS 197.475 to 197.490;

(d) Manufactured homes on individual lots planned and zoned for single-family residential use that are in addition to lots within designated manufactured dwelling subdivisions; and

(e) Housing for farmworkers.

(2) Subsection (1)(a) and (d) of this section does not apply to:

(a) A city with a population of less than 2,500.

(b) A county with a population of less than 15,000.

(3) A local government may take an exception under ORS 197.732 to the definition of "needed housing" in subsection (1) of this section in the same manner that an exception may be taken under the goals.

**SECTION 10a.** If House Bill 2001 becomes law, section 10 of this 2019 Act (amending ORS 197.303) is repealed and ORS 197.303, as amended by section 6, chapter \_\_\_\_\_, Oregon Laws 2019 (Enrolled House Bill 2001), is amended to read:

197.303. (1) As used in ORS 197.295 to 197.314, “needed housing” means all housing on land zoned for residential use or mixed residential and commercial use that is determined to meet the need shown for housing within an urban growth boundary at price ranges and rent levels that are affordable to households within the county with a variety of incomes, including but not limited to households with low incomes, very low incomes and extremely low incomes, as those terms are defined by the United States Department of Housing and Urban Development under 42 U.S.C. 1437a. “Needed housing” includes the following housing types:

- (a) Attached and detached single-family housing and multiple family housing for both owner and renter occupancy;
- (b) Government assisted housing;
- (c) Mobile home or manufactured dwelling parks as provided in ORS 197.475 to 197.490;
- (d) Manufactured homes on individual lots planned and zoned for single-family residential use that are in addition to lots within designated manufactured dwelling subdivisions; and
- (e) Housing for farmworkers.

(2) For the purpose of estimating housing needs, as described in ORS 197.296 (3)(b), a local government shall use the population projections prescribed by ORS 195.033 or 195.036 and shall consider and adopt findings related to changes in each of the following factors since the last [*periodic or legislative review or six years, whichever is greater,*] **review under ORS 197.296 (2)(a)(B)** and the projected future changes in these factors over a 20-year planning period:

- (a) Household sizes;
- (b) Household demographics [*in terms of age, gender, race or other established demographic category*];
- (c) Household incomes;
- (d) Vacancy rates; and
- (e) Housing costs.

(3) A local government shall make the estimate described in subsection (2) of this section using a shorter time period than since the last [*periodic or legislative review or six years, whichever is greater,*] **review under ORS 197.296 (2)(a)(B)** if the local government finds that the shorter time period will provide more accurate and reliable data related to housing need. The shorter time period may not be less than three years.

(4) A local government shall use data from a wider geographic area or use a time period longer than the time period described in subsection (2) of this section if the analysis of a wider geographic area or the use of a longer time period will provide more accurate, complete and reliable data relating to trends affecting housing need than an analysis performed pursuant to subsection (2) of this section. The local government must clearly describe the geographic area, time frame and source of data used in an estimate performed under this subsection.

(5) Subsection (1)(a) and (d) of this section does not apply to:

- (a) A city with a population of less than 2,500.
- (b) A county with a population of less than 15,000.

(6) A local government may take an exception under ORS 197.732 to the definition of “needed housing” in subsection (1) of this section in the same manner that an exception may be taken under the goals.

**SECTION 11.** ORS 197.319 is amended to read:

197.319. (1) Before a person may request adoption of an enforcement order under ORS 197.320, the person shall:

- (a) Present the reasons, in writing, for such an order to the affected local government; and
- (b) Request:

(A) Revisions to the local comprehensive plan, land use regulations, special district cooperative or urban service agreement or decision-making process which is the basis for the order; or

(B) That an action be taken regarding the local comprehensive plan, land use regulations, special district agreement, **housing production strategy** or decision-making process that is the basis for the order.

(2)(a) The local government or special district shall issue a written response to the request within 60 days of the date the request is mailed to the local government or special district.

(b) The requestor and the local government or special district may enter into mediation to resolve issues in the request. The Department of Land Conservation and Development shall provide mediation services when jointly requested by the local government or special district and the requestor.

(c) If the local government or special district does not act in a manner which the requestor believes is adequate to address the issues raised in the request within the time period provided in paragraph (a) of this subsection, a petition may be presented to the Land Conservation and Development Commission under ORS 197.324.

(3) A metropolitan service district may request an enforcement order under ORS 197.320 (12) without first complying with subsections (1) and (2) of this section.

**SECTION 12.** ORS 197.320 is amended to read:

197.320. The Land Conservation and Development Commission shall issue an order requiring a local government, state agency or special district to take action necessary to bring its comprehensive plan, land use regulation, limited land use decisions or other land use decisions **or actions** into compliance with the goals, acknowledged comprehensive plan provisions, [or] land use regulations **or housing production strategy** if the commission has good cause to believe:

(1) A comprehensive plan or land use regulation adopted by a local government not on a compliance schedule is not in compliance with the goals by the date set in ORS 197.245 or 197.250 for such compliance;

(2) A plan, program, rule or regulation affecting land use adopted by a state agency or special district is not in compliance with the goals by the date set in ORS 197.245 or 197.250 for such compliance;

(3) A local government is not making satisfactory progress toward performance of its compliance schedule;

(4) A state agency is not making satisfactory progress in carrying out its coordination agreement or the requirements of ORS 197.180;

(5) A local government has no comprehensive plan or land use regulation and is not on a compliance schedule directed to developing the plan or regulation;

(6) A local government has engaged in a pattern or practice of decision making that violates an acknowledged comprehensive plan or land use regulation. In making its determination under this subsection, the commission shall determine whether there is evidence in the record to support the decisions made. The commission shall not judge the issue solely upon adequacy of the findings in support of the decisions;

(7) A local government has failed to comply with a commission order entered under ORS 197.644;

(8) A special district has engaged in a pattern or practice of decision-making that violates an acknowledged comprehensive plan or cooperative agreement adopted pursuant to ORS 197.020;

(9) A special district is not making satisfactory progress toward performance of its obligations under ORS chapters 195 and 197;

(10) A local government's approval standards, special conditions on approval of specific development proposals or procedures for approval do not comply with ORS 197.307 (4) or (6);

(11) A local government is not making satisfactory progress toward meeting its obligations under ORS 195.065; [or]

(12) A local government within the jurisdiction of a metropolitan service district has failed to make changes to the comprehensive plan or land use regulations to comply with the regional framework plan of the district or has engaged in a pattern or practice of decision-making that violates a requirement of the regional framework plan[.]; **or**

**(13) A city is not making satisfactory progress in taking actions listed in its housing production strategy under section 4 of this 2019 Act.**

**SECTION 13.** Section 1, chapter 47, Oregon Laws 2018, is amended to read:

**Sec. 1.** (1) For purposes of this section:

(a) A household is severely rent burdened if the household spends more than 50 percent of the income of the household on gross rent for housing.

(b) A regulated affordable unit is a residential unit subject to a regulatory agreement that runs with the land and that requires affordability for an established income level for a defined period of time.

(c) A single-family unit may be rented or owned by a household and includes single-family homes, duplexes, townhomes, row homes and mobile homes.

(2)(a) The Housing and Community Services Department shall annually provide to the governing body of each city in this state with a population greater than 10,000 the most current data available from the United States Census Bureau, or any other source the department considers at least as reliable, showing the percentage of renter households in the city that are severely rent burdened.

(b) *[The Housing and Community Services Department, in collaboration with]* The Department of Land Conservation and Development, **in consultation with the Housing and Community Services Department**, shall develop a survey form on which the governing body of a city may provide specific information related to the affordability of housing within the city, including~~l~~, *but not limited to:*

*[(A)]* the actions relating to land use and other related matters that the *[governing body]* city has taken to **encourage the development of needed housing**, increase the affordability of housing and reduce rent burdens for severely rent burdened households~~;~~ *and*].

*[(B)]* *The additional actions the governing body intends to take to reduce rent burdens for severely rent burdened households.*

(c) *[If the Housing and Community Services Department determines that at least 25 percent of the renter households in a city are severely rent burdened,]* The Department of **Land Conservation and Development** shall provide the governing body of the city with the survey form developed pursuant to paragraph (b) of this subsection.

(d) The governing body of the city shall return the completed survey form to the *[Housing and Community Services Department and the]* Department of Land Conservation and Development *[within 60 days of receipt]* **at least 24 months prior to a deadline for completing a housing production strategy under section 4 of this 2019 Act.**

(3)(a) In any year in which the governing body of a city is informed under this section that at least 25 percent of the renter households in the city are severely rent burdened, the governing body shall hold at least one public meeting to discuss the causes and consequences of severe rent burdens within the city, the barriers to reducing rent burdens and possible solutions.

(b) The Housing and Community Services Department may adopt rules governing the conduct of the public meeting required under this subsection.

(4) No later than February 1 of each year, the governing body of each city in this state with a population greater than 10,000 shall submit to the Department of Land Conservation and Development a report for the immediately preceding calendar year setting forth separately for each of the following categories the total number of units that were permitted and the total number that were produced:

- (a) Residential units.
- (b) Regulated affordable residential units.
- (c) Multifamily residential units.
- (d) Regulated affordable multifamily residential units.
- (e) Single-family units.
- (f) Regulated affordable single-family units.

**SECTION 14. Section 15 of this 2019 Act is added to and made a part of ORS chapter 197.**

**SECTION 15. (1) As used in this section, “public property” means all real property of the state, counties, cities, incorporated towns or villages, school districts, irrigation districts, drainage districts, ports, water districts, service districts, metropolitan service districts, housing authorities, public universities listed in ORS 352.002 or all other public or municipal corporations in this state.**

**(2) Notwithstanding any land use regulation, comprehensive plan, or statewide land use planning goal, a local government may allow the development of housing on public property provided:**

**(a) The real property is not inventoried as a park or open space as a protective measure pursuant to a statewide land use planning goal;**

**(b) The real property is located within the urban growth boundary;**

**(c) The real property is zoned for residential development or adjacent to parcels zoned for residential development;**

**(d) The housing complies with applicable land use regulations and meets the standards and criteria for residential development for the underlying zone of the land or the adjacent residential land described in paragraph (c) of this subsection;**

**(e) At least 50 percent of the residential units provided under this section is affordable to households with incomes equal to or less than 60 percent of the area median income, as defined in ORS 456.270; and**

**(f) The affordability of the residential units described in paragraph (e) of this subsection is subject to an affordable housing covenant, as described in ORS 456.270 to 456.295, held by the local government or the Housing and Community Services Department and with a duration of no less than 60 years.**

**(3) Notwithstanding any statewide land use planning goal, a local government may amend its comprehensive plan and land use regulations to allow public property to be used for the purposes described in subsection (2) of this section.**

**SECTION 16.** Notwithstanding ORS 197.646, a local government required to comply with the amendments to ORS 197.312 by section 6, chapter 745, Oregon Laws 2017, shall adopt land use regulations, or adopt amendments to its comprehensive plan, to comply with the amendments to ORS 197.312 by section 6, chapter 745, Oregon Laws 2017, no later than the effective date of this 2019 Act.

**SECTION 17.** ORS 215.416 is amended to read:

215.416. (1) When required or authorized by the ordinances, rules and regulations of a county, an owner of land may apply in writing to such persons as the governing body designates, for a permit, in the manner prescribed by the governing body. The governing body shall establish fees charged for processing permits at an amount no more than the actual or average cost of providing that service.

(2) The governing body shall establish a consolidated procedure by which an applicant may apply at one time for all permits or zone changes needed for a development project. The consolidated procedure shall be subject to the time limitations set out in ORS 215.427. The consolidated procedure shall be available for use at the option of the applicant no later than the time of the first periodic review of the comprehensive plan and land use regulations.

(3) Except as provided in subsection (11) of this section, the hearings officer shall hold at least one public hearing on the application.

(4)(a) A county may not approve an application if the proposed use of land is found to be in conflict with the comprehensive plan of the county and other applicable land use regulation or ordinance provisions. The approval may include such conditions as are authorized by statute or county legislation.

(b)(A) A county may not deny an application for a housing development located within the urban growth boundary if the development complies with clear and objective standards, including but not limited to clear and objective design standards contained in the county comprehensive plan or land use regulations.

(B) This paragraph does not apply to:

(i) Applications or permits for residential development in areas described in ORS 197.307 (5); or

(ii) Applications or permits reviewed under an alternative approval process adopted under ORS 197.307 (6).

(c) A county may not [*reduce the density of*] **condition** an application for a housing development **on a reduction in density** if:

(A) The density applied for is at or below the authorized density level under the local land use regulations; and

(B) At least 75 percent of the floor area applied for is reserved for housing.

(d) A county may not [*reduce the height of*] **condition** an application for a housing development **on a reduction in height** if:

(A) The height applied for is at or below the authorized height level under the local land use regulations;

(B) At least 75 percent of the floor area applied for is reserved for housing; and

(C) Reducing the height has the effect of reducing the authorized density level under local land use regulations.

(e) Notwithstanding paragraphs (c) and (d) of this subsection, a county may [*reduce the density or height of*] **condition** an application for a housing development **on a reduction in density or height only** if the reduction is necessary to resolve a health, safety or habitability issue or to comply with a protective measure adopted pursuant to a statewide land use planning goal. **Notwithstanding ORS 197.350, the county must adopt findings supported by substantial evidence demonstrating the necessity of the reduction.**

(f) As used in this subsection:

(A) "Authorized density level" means the maximum number of lots or dwelling units or the maximum floor area ratio that is permitted under local land use regulations.

(B) "Authorized height level" means the maximum height of a structure that is permitted under local land use regulations.

(C) "Habitability" means being in compliance with the applicable provisions of the state building code under ORS chapter 455 and the rules adopted thereunder.

(5) Hearings under this section shall be held only after notice to the applicant and also notice to other persons as otherwise provided by law and shall otherwise be conducted in conformance with the provisions of ORS 197.763.

(6) Notice of a public hearing on an application submitted under this section shall be provided to the owner of an airport defined by the Oregon Department of Aviation as a "public use airport" if:

(a) The name and address of the airport owner has been provided by the Oregon Department of Aviation to the county planning authority; and

(b) The property subject to the land use hearing is:

(A) Within 5,000 feet of the side or end of a runway of an airport determined by the Oregon Department of Aviation to be a "visual airport"; or

(B) Within 10,000 feet of the side or end of the runway of an airport determined by the Oregon Department of Aviation to be an "instrument airport."

(7) Notwithstanding the provisions of subsection (6) of this section, notice of a land use hearing need not be provided as set forth in subsection (6) of this section if the zoning permit would only allow a structure less than 35 feet in height and the property is located outside the runway "approach surface" as defined by the Oregon Department of Aviation.

(8)(a) Approval or denial of a permit application shall be based on standards and criteria which shall be set forth in the zoning ordinance or other appropriate ordinance or regulation of the county and which shall relate approval or denial of a permit application to the zoning ordinance and comprehensive plan for the area in which the proposed use of land would occur and to the zoning ordinance and comprehensive plan for the county as a whole.

(b) When an ordinance establishing approval standards is required under ORS 197.307 to provide only clear and objective standards, the standards must be clear and objective on the face of the ordinance.

(9) Approval or denial of a permit or expedited land division shall be based upon and accompanied by a brief statement that explains the criteria and standards considered relevant to the deci-

sion, states the facts relied upon in rendering the decision and explains the justification for the decision based on the criteria, standards and facts set forth.

(10) Written notice of the approval or denial shall be given to all parties to the proceeding.

(11)(a)(A) The hearings officer or such other person as the governing body designates may approve or deny an application for a permit without a hearing if the hearings officer or other designated person gives notice of the decision and provides an opportunity for any person who is adversely affected or aggrieved, or who is entitled to notice under paragraph (c) of this subsection, to file an appeal.

(B) Written notice of the decision shall be mailed to those persons described in paragraph (c) of this subsection.

(C) Notice under this subsection shall comply with ORS 197.763 (3)(a), (c), (g) and (h) and shall describe the nature of the decision. In addition, the notice shall state that any person who is adversely affected or aggrieved or who is entitled to written notice under paragraph (c) of this subsection may appeal the decision by filing a written appeal in the manner and within the time period provided in the county's land use regulations. A county may not establish an appeal period that is less than 12 days from the date the written notice of decision required by this subsection was mailed. The notice shall state that the decision will not become final until the period for filing a local appeal has expired. The notice also shall state that a person who is mailed written notice of the decision cannot appeal the decision directly to the Land Use Board of Appeals under ORS 197.830.

(D) An appeal from a hearings officer's decision made without hearing under this subsection shall be to the planning commission or governing body of the county. An appeal from such other person as the governing body designates shall be to a hearings officer, the planning commission or the governing body. In either case, the appeal shall be to a de novo hearing.

(E) The de novo hearing required by subparagraph (D) of this paragraph shall be the initial evidentiary hearing required under ORS 197.763 as the basis for an appeal to the Land Use Board of Appeals. At the de novo hearing:

(i) The applicant and other parties shall have the same opportunity to present testimony, arguments and evidence as they would have had in a hearing under subsection (3) of this section before the decision;

(ii) The presentation of testimony, arguments and evidence shall not be limited to issues raised in a notice of appeal; and

(iii) The decision maker shall consider all relevant testimony, arguments and evidence that are accepted at the hearing.

(b) If a local government provides only a notice of the opportunity to request a hearing, the local government may charge a fee for the initial hearing. The maximum fee for an initial hearing shall be the cost to the local government of preparing for and conducting the appeal, or \$250, whichever is less. If an appellant prevails at the hearing or upon subsequent appeal, the fee for the initial hearing shall be refunded. The fee allowed in this paragraph shall not apply to appeals made by neighborhood or community organizations recognized by the governing body and whose boundaries include the site.

(c)(A) Notice of a decision under paragraph (a) of this subsection shall be provided to the applicant and to the owners of record of property on the most recent property tax assessment roll where such property is located:

(i) Within 100 feet of the property that is the subject of the notice when the subject property is wholly or in part within an urban growth boundary;

(ii) Within 250 feet of the property that is the subject of the notice when the subject property is outside an urban growth boundary and not within a farm or forest zone; or

(iii) Within 750 feet of the property that is the subject of the notice when the subject property is within a farm or forest zone.

(B) Notice shall also be provided to any neighborhood or community organization recognized by the governing body and whose boundaries include the site.



(C) At the discretion of the applicant, the local government also shall provide notice to the Department of Land Conservation and Development.

(12) A decision described in ORS 215.402 (4)(b) shall:

(a) Be entered in a registry available to the public setting forth:

(A) The street address or other easily understood geographic reference to the subject property;

(B) The date of the decision; and

(C) A description of the decision made.

(b) Be subject to the jurisdiction of the Land Use Board of Appeals in the same manner as a limited land use decision.

(c) Be subject to the appeal period described in ORS 197.830 (5)(b).

(13) At the option of the applicant, the local government shall provide notice of the decision described in ORS 215.402 (4)(b) in the manner required by ORS 197.763 (2), in which case an appeal to the board shall be filed within 21 days of the decision. The notice shall include an explanation of appeal rights.

(14) Notwithstanding the requirements of this section, a limited land use decision shall be subject to the requirements set forth in ORS 197.195 and 197.828.

**SECTION 18.** ORS 227.175 is amended to read:

227.175. (1) When required or authorized by a city, an owner of land may apply in writing to the hearings officer, or such other person as the city council designates, for a permit or zone change, upon such forms and in such a manner as the city council prescribes. The governing body shall establish fees charged for processing permits at an amount no more than the actual or average cost of providing that service.

(2) The governing body of the city shall establish a consolidated procedure by which an applicant may apply at one time for all permits or zone changes needed for a development project. The consolidated procedure shall be subject to the time limitations set out in ORS 227.178. The consolidated procedure shall be available for use at the option of the applicant no later than the time of the first periodic review of the comprehensive plan and land use regulations.

(3) Except as provided in subsection (10) of this section, the hearings officer shall hold at least one public hearing on the application.

(4)(a) A city may not approve an application unless the proposed development of land would be in compliance with the comprehensive plan for the city and other applicable land use regulation or ordinance provisions. The approval may include such conditions as are authorized by ORS 227.215 or any city legislation.

(b)(A) A city may not deny an application for a housing development located within the urban growth boundary if the development complies with clear and objective standards, including [*but not limited to*] clear and objective design standards contained in the city comprehensive plan or land use regulations.

(B) This paragraph does not apply to:

(i) Applications or permits for residential development in areas described in ORS 197.307 (5); or

(ii) Applications or permits reviewed under an alternative approval process adopted under ORS 197.307 (6).

(c) A city may not [*reduce the density of*] **condition** an application for a housing development **on a reduction in density** if:

(A) The density applied for is at or below the authorized density level under the local land use regulations; and

(B) At least 75 percent of the floor area applied for is reserved for housing.

(d) A city may not [*reduce the height of*] **condition** an application for a housing development **on a reduction in height** if:

(A) The height applied for is at or below the authorized height level under the local land use regulations;

(B) At least 75 percent of the floor area applied for is reserved for housing; and

(C) Reducing the height has the effect of reducing the authorized density level under local land use regulations.

(e) Notwithstanding paragraphs (c) and (d) of this subsection, a city may [reduce the density or height of] **condition** an application for a housing development **on a reduction in density or height only** if the reduction is necessary to resolve a health, safety or habitability issue or to comply with a protective measure adopted pursuant to a statewide land use planning goal. **Notwithstanding ORS 197.350, the city must adopt findings supported by substantial evidence demonstrating the necessity of the reduction.**

(f) As used in this subsection:

(A) "Authorized density level" means the maximum number of lots or dwelling units or the maximum floor area ratio that is permitted under local land use regulations.

(B) "Authorized height level" means the maximum height of a structure that is permitted under local land use regulations.

(C) "Habitability" means being in compliance with the applicable provisions of the state building code under ORS chapter 455 and the rules adopted thereunder.

(5) Hearings under this section may be held only after notice to the applicant and other interested persons and shall otherwise be conducted in conformance with the provisions of ORS 197.763.

(6) Notice of a public hearing on a zone use application shall be provided to the owner of an airport, defined by the Oregon Department of Aviation as a "public use airport" if:

(a) The name and address of the airport owner has been provided by the Oregon Department of Aviation to the city planning authority; and

(b) The property subject to the zone use hearing is:

(A) Within 5,000 feet of the side or end of a runway of an airport determined by the Oregon Department of Aviation to be a "visual airport"; or

(B) Within 10,000 feet of the side or end of the runway of an airport determined by the Oregon Department of Aviation to be an "instrument airport."

(7) Notwithstanding the provisions of subsection (6) of this section, notice of a zone use hearing need only be provided as set forth in subsection (6) of this section if the permit or zone change would only allow a structure less than 35 feet in height and the property is located outside of the runway "approach surface" as defined by the Oregon Department of Aviation.

(8) If an application would change the zone of property that includes all or part of a mobile home or manufactured dwelling park as defined in ORS 446.003, the governing body shall give written notice by first class mail to each existing mailing address for tenants of the mobile home or manufactured dwelling park at least 20 days but not more than 40 days before the date of the first hearing on the application. The governing body may require an applicant for such a zone change to pay the costs of such notice.

(9) The failure of a tenant or an airport owner to receive a notice which was mailed shall not invalidate any zone change.

(10)(a)(A) The hearings officer or such other person as the governing body designates may approve or deny an application for a permit without a hearing if the hearings officer or other designated person gives notice of the decision and provides an opportunity for any person who is adversely affected or aggrieved, or who is entitled to notice under paragraph (c) of this subsection, to file an appeal.

(B) Written notice of the decision shall be mailed to those persons described in paragraph (c) of this subsection.

(C) Notice under this subsection shall comply with ORS 197.763 (3)(a), (c), (g) and (h) and shall describe the nature of the decision. In addition, the notice shall state that any person who is adversely affected or aggrieved or who is entitled to written notice under paragraph (c) of this subsection may appeal the decision by filing a written appeal in the manner and within the time period provided in the city's land use regulations. A city may not establish an appeal period that is less than 12 days from the date the written notice of decision required by this subsection was mailed. The notice shall state that the decision will not become final until the period for filing a local ap-

peal has expired. The notice also shall state that a person who is mailed written notice of the decision cannot appeal the decision directly to the Land Use Board of Appeals under ORS 197.830.

(D) An appeal from a hearings officer's decision made without hearing under this subsection shall be to the planning commission or governing body of the city. An appeal from such other person as the governing body designates shall be to a hearings officer, the planning commission or the governing body. In either case, the appeal shall be to a de novo hearing.

(E) The de novo hearing required by subparagraph (D) of this paragraph shall be the initial evidentiary hearing required under ORS 197.763 as the basis for an appeal to the Land Use Board of Appeals. At the de novo hearing:

(i) The applicant and other parties shall have the same opportunity to present testimony, arguments and evidence as they would have had in a hearing under subsection (3) of this section before the decision;

(ii) The presentation of testimony, arguments and evidence shall not be limited to issues raised in a notice of appeal; and

(iii) The decision maker shall consider all relevant testimony, arguments and evidence that are accepted at the hearing.

(b) If a local government provides only a notice of the opportunity to request a hearing, the local government may charge a fee for the initial hearing. The maximum fee for an initial hearing shall be the cost to the local government of preparing for and conducting the appeal, or \$250, whichever is less. If an appellant prevails at the hearing or upon subsequent appeal, the fee for the initial hearing shall be refunded. The fee allowed in this paragraph shall not apply to appeals made by neighborhood or community organizations recognized by the governing body and whose boundaries include the site.

(c)(A) Notice of a decision under paragraph (a) of this subsection shall be provided to the applicant and to the owners of record of property on the most recent property tax assessment roll where such property is located:

(i) Within 100 feet of the property that is the subject of the notice when the subject property is wholly or in part within an urban growth boundary;

(ii) Within 250 feet of the property that is the subject of the notice when the subject property is outside an urban growth boundary and not within a farm or forest zone; or

(iii) Within 750 feet of the property that is the subject of the notice when the subject property is within a farm or forest zone.

(B) Notice shall also be provided to any neighborhood or community organization recognized by the governing body and whose boundaries include the site.

(C) At the discretion of the applicant, the local government also shall provide notice to the Department of Land Conservation and Development.

(11) A decision described in ORS 227.160 (2)(b) shall:

(a) Be entered in a registry available to the public setting forth:

(A) The street address or other easily understood geographic reference to the subject property;

(B) The date of the decision; and

(C) A description of the decision made.

(b) Be subject to the jurisdiction of the Land Use Board of Appeals in the same manner as a limited land use decision.

(c) Be subject to the appeal period described in ORS 197.830 (5)(b).

(12) At the option of the applicant, the local government shall provide notice of the decision described in ORS 227.160 (2)(b) in the manner required by ORS 197.763 (2), in which case an appeal to the board shall be filed within 21 days of the decision. The notice shall include an explanation of appeal rights.

(13) Notwithstanding other requirements of this section, limited land use decisions shall be subject to the requirements set forth in ORS 197.195 and 197.828.

**SECTION 19.** ORS 215.441 is amended to read:

215.441. (1) If a church, synagogue, temple, mosque, chapel, meeting house or other nonresidential place of worship is allowed on real property under state law and rules and local zoning ordinances and regulations, a county shall allow the reasonable use of the real property for activities customarily associated with the practices of the religious activity, including:

- (a) Worship services.
- (b) Religion classes.
- (c) Weddings.
- (d) Funerals.
- (e) Meal programs.

(f) Child care, but not including private or parochial school education for prekindergarten through grade 12 or higher education.

(g) Providing housing or space for housing in a building **or buildings** that *[is]* **are** detached from the place of worship, provided:

(A) At least 50 percent of the residential units provided under this paragraph are affordable to households with incomes equal to or less than 60 percent of the median family income for the county in which the real property is located;

(B) The real property is in an area zoned for residential use that is located within the urban growth boundary; and

(C) The housing or space for housing complies with applicable land use regulations and meets the standards and criteria for residential development for the underlying zone.

(2) A county may:

(a) Subject real property described in subsection (1) of this section to reasonable regulations, including site review or design review, concerning the physical characteristics of the uses authorized under subsection (1) of this section; or

(b) Prohibit or restrict the use of real property by a place of worship described in subsection (1) of this section if the county finds that the level of service of public facilities, including transportation, water supply, sewer and storm drain systems is not adequate to serve the place of worship described in subsection (1) of this section.

(3) Notwithstanding any other provision of this section, a county may allow a private or parochial school for prekindergarten through grade 12 or higher education to be sited under applicable state law and rules and local zoning ordinances and regulations.

(4) Housing and space for housing provided under subsection (1)(g) of this section must be subject to a covenant appurtenant that restricts the owner and each successive owner of *[the]* a building or any residential unit contained in *[the]* a building from selling or renting any residential unit described in subsection (1)(g)(A) of this section as housing that is not affordable to households with incomes equal to or less than 60 percent of the median family income for the county in which the real property is located for a period of 60 years from the date of the certificate of occupancy.

**SECTION 20.** ORS 227.500 is amended to read:

227.500. (1) If a church, synagogue, temple, mosque, chapel, meeting house or other nonresidential place of worship is allowed on real property under state law and rules and local zoning ordinances and regulations, a city shall allow the reasonable use of the real property for activities customarily associated with the practices of the religious activity, including:

- (a) Worship services.
- (b) Religion classes.
- (c) Weddings.
- (d) Funerals.
- (e) Meal programs.

(f) Child care, but not including private or parochial school education for prekindergarten through grade 12 or higher education.

(g) Providing housing or space for housing in a building **or buildings** that *[is]* **are** detached from the place of worship, provided:

(A) At least 50 percent of the residential units provided under this paragraph are affordable to households with incomes equal to or less than 60 percent of the median family income for the county in which the real property is located;

(B) The real property is in an area zoned for residential use that is located within the urban growth boundary; and

(C) The housing or space for housing complies with applicable land use regulations and meets the standards and criteria for residential development for the underlying zone.

(2) A city may:

(a) Subject real property described in subsection (1) of this section to reasonable regulations, including site review and design review, concerning the physical characteristics of the uses authorized under subsection (1) of this section; or

(b) Prohibit or regulate the use of real property by a place of worship described in subsection (1) of this section if the city finds that the level of service of public facilities, including transportation, water supply, sewer and storm drain systems is not adequate to serve the place of worship described in subsection (1) of this section.

(3) Notwithstanding any other provision of this section, a city may allow a private or parochial school for prekindergarten through grade 12 or higher education to be sited under applicable state law and rules and local zoning ordinances and regulations.

(4) Housing and space for housing provided under subsection (1)(g) of this section must be subject to a covenant appurtenant that restricts the owner and each successive owner of [*the*] a building or any residential unit contained in [*the*] a building from selling or renting any residential unit described in subsection (1)(g)(A) of this section as housing that is not affordable to households with incomes equal to or less than 60 percent of the median family income for the county in which the real property is located for a period of 60 years from the date of the certificate of occupancy.

**SECTION 21.** ORS 455.062 is amended to read:

455.062. (1) A Department of Consumer and Business Services employee acting within the scope of that employment may provide typical plans and specifications:

(a) For structures of a type for which the provision of plans or specifications is exempted under ORS 671.030 from the application of ORS 671.010 to 671.220 and exempted under ORS 672.060 from the application of ORS 672.002 to 672.325; and

(b) Notwithstanding ORS 671.010 to 671.220 and 672.002 to 672.325, for structures that are metal or wood frame Use and Occupancy Classification Group U structures under the structural specialty code.

**(2) A Department of Consumer and Business Services employee, who is licensed or registered under ORS 671.010 to 671.220 or 672.002 to 672.325, who is acting within the scope of that employment and who is providing typical plans and specifications under subsection (1) of this section, is not required to seal or sign the typical plans and specifications and is not subject to disciplinary action under ORS 671.010 to 671.220 or 672.002 to 672.325 based on providing those typical plans and specifications.**

[2] (3) A building official or inspector, as those terms are defined in ORS 455.715, when acting within the scope of direct employment by a municipality, may provide typical plans and specifications for structures of a type for which the provision of plans or specifications is exempted under ORS 671.030 from the application of ORS 671.010 to 671.220 and exempted under ORS 672.060 from the application of ORS 672.002 to 672.325.

[3] This [*section*] **subsection** does not alter any applicable requirement under ORS 671.010 to 671.220 or 672.002 to 672.325 regarding stamps and seals for a set of plans for a structure.

**SECTION 21a.** If Senate Bill 39 becomes law, ORS 455.062, as amended by section 2, chapter 97, Oregon Laws 2019 (Enrolled Senate Bill 39), and section 21 of this 2019 Act, is amended to read:

455.062. (1) A Department of Consumer and Business Services employee acting within the scope of that employment may provide typical drawings and specifications:

(a) For structures of a type for which the provision of drawings or specifications is exempted under ORS 671.030 from the application of ORS 671.010 to 671.220 and exempted under ORS 672.060 from the registration requirements of ORS 672.002 to 672.325; and

(b) Notwithstanding ORS 671.010 to 671.220 and 672.002 to 672.325, for structures that are metal or wood frame Use and Occupancy Classification Group U structures under the structural specialty code.

(2) A Department of Consumer and Business Services employee, who is licensed or registered under ORS 671.010 to 671.220 or 672.002 to 672.325, who is acting within the scope of that employment and who is providing typical [plans] **drawings** and specifications under subsection (1) of this section, is not required to seal or sign the typical [plans] **drawings** and specifications and is not subject to disciplinary action under ORS 671.010 to 671.220 or 672.002 to 672.325 based on providing those typical [plans] **drawings** and specifications.

(3) A building official or inspector, as those terms are defined in ORS 455.715, when acting within the scope of direct employment by a municipality, may provide typical drawings or specifications for structures of a type for which the provision of drawings or specifications is exempted under ORS 671.030 from the application of ORS 671.010 to 671.220 and exempted under ORS 672.060 from the registration requirements of ORS 672.002 to 672.325. This subsection does not alter any applicable requirement under ORS 671.010 to 671.220 or 672.002 to 672.325 regarding stamps and seals for a set of plans for a structure.

**SECTION 21b.** If Senate Bill 39 becomes law, section 3, chapter 97, Oregon Laws 2019 (Enrolled Senate Bill 39), is amended to read:

**Sec. 3.** The amendments to ORS 455.062 and 672.060 by sections 1 and 2 [of this 2019 Act], **chapter 97, Oregon Laws 2019 (Enrolled Senate Bill 39), and section 21a of this 2019 Act** apply to work performed, and offers made, on or after the effective date of [this 2019 Act] **chapter 97, Oregon Laws 2019 (Enrolled Senate Bill 39).**

**SECTION 22.** In addition to and not in lieu of any other appropriation, there is appropriated to the Department of Land Conservation and Development, for the biennium beginning July 1, 2019, out of the General Fund, the amount of \$1,000,000, to provide technical assistance to local governments to implement sections 4 to 6 and 15 of this 2019 Act and the amendments to ORS 197.296, 197.299, 197.303, 197.319, 197.320, 215.416, 215.441, 227.175 and 227.500 and section 1, chapter 47, Oregon Laws 2018, by sections 8 to 13 and 17 to 20 of this 2019 Act.

**SECTION 23.** In addition to and not in lieu of any other appropriation, there is appropriated to the Housing and Community Services Department, for the biennium beginning July 1, 2019, out of the General Fund, the amount of \$655,274, for research, administration and reporting that relate to a regional housing needs analysis described in section 1 of this 2019 Act.

**SECTION 24.** (1) Sections 4 to 6 of this 2019 Act and the amendments to ORS 197.296, 197.299, 197.303, 197.319 and 197.320 and section 1, chapter 47, Oregon Laws 2018, by sections 8 to 13 of this 2019 Act become operative on January 1, 2020.

(2) The Land Conservation and Development Commission, the Department of Land Conservation and Development and the Housing and Community Services Department may take any action before the operative date specified in subsection (1) of this section that is necessary for the departments and the commission to exercise, on or after the operative date specified in subsection (1) of this section, all of the duties, functions and powers conferred on the departments and the commission by sections 4 to 6 of this 2019 Act and the amendments to ORS 197.296, 197.299, 197.303, 197.319, 197.320 and section 1, chapter 47, Oregon Laws 2018, by sections 8 to 13 of this 2019 Act.

**SECTION 25.** This 2019 Act being necessary for the immediate preservation of the public peace, health and safety, an emergency is declared to exist, and this 2019 Act takes effect on its passage.

**Passed by House June 26, 2019**

.....  
Timothy G. Sekerak, Chief Clerk of House

.....  
Tina Kotek, Speaker of House

**Passed by Senate June 30, 2019**

.....  
Peter Courtney, President of Senate

**Received by Governor:**

.....M,....., 2019

**Approved:**

.....M,....., 2019

.....  
Kate Brown, Governor

**Filed in Office of Secretary of State:**

.....M,....., 2019

.....  
Bev Clarno, Secretary of State

## ORS 197.290 – 197.291

**197.290 Housing production strategy.** (1) A city with a population greater than 10,000 shall develop and adopt a housing production strategy under this section no later than one year after the city's deadline for completing a housing capacity analysis under ORS 197.296 (2)(a) or (10)(b) or 197.297.

(2) A housing production strategy must include a list of specific actions, including the adoption of measures and policies, that the city shall undertake to promote development within the city to address a housing need identified under ORS 197.296 (6)(b) or (10)(b) or 197.297. Actions under this subsection may include:

(a) The reduction of financial and regulatory impediments to developing needed housing, including removing or easing approval standards or procedures for needed housing at higher densities or that is affordable;

(b) The creation of financial and regulatory incentives for development of needed housing, including creating incentives for needed housing at higher densities or that is affordable; and

(c) The development of a plan to access resources available at local, regional, state and national levels to increase the availability and affordability of needed housing.

(3) In creating a housing production strategy, a city shall review and consider:

(a) Socioeconomic and demographic characteristics of households living in existing needed housing;

(b) Market conditions affecting the provision of needed housing;

(c) Measures already adopted by the city to promote the development of needed housing;

(d) Existing and expected barriers to the development of needed housing; and

(e) For each action the city includes in its housing production strategy:

(A) The schedule for its adoption;

(B) The schedule for its implementation;

(C) Its expected magnitude of impact on the development of needed housing; and

(D) The time frame over which it is expected to impact needed housing.

(4) The housing production strategy must include within its index a copy of the city's most recently completed survey under ORS 456.586 (2).

(5) The adoption of a housing production strategy is not a land use decision and is not subject to appeal or review except as provided in ORS 197.291.

(6) A city with a population of 10,000 or less may develop a housing production strategy as provided in this section. [2019 c.640 §4; 2021 c.164 §3]



**197.291 Review of housing production strategy.** (1) No later than 20 days after a city's adoption or amendment of a housing production strategy under ORS 197.290, a city shall submit the adopted strategy or amended strategy to the Department of Land Conservation and Development.

(2) The submission under subsection (1) of this section must include copies of:

(a) The signed decision adopting the housing production strategy or amended strategy;

(b) The text of the housing production strategy clearly indicating any amendments to the most recent strategy submitted under this section;

(c) A brief narrative summary of the housing production strategy; and

(d) The information reviewed and considered under ORS 197.293 (2).

(3) On the same day the city submits notice of the housing production strategy or amended strategy, the city shall provide a notice to persons that participated in the proceedings that led to the adoption of the strategy and requested notice in writing.

(4) Within 10 days of receipt of the submission under subsection (1) of this section, the department shall provide notice to persons described under ORS 197.615 (3).

(5) The notices given under subsections (3) and (4) of this section must state:

(a) How and where materials described in subsection (2) of this section may be freely obtained;

(b) That comments on the strategy may be submitted to the department within 45 days after the department has received the submission; and

(c) That there is no further right of appeal.

(6) Based upon criteria adopted by the Land Conservation and Development Commission, including any criteria adopted under ORS 197.293 (2), the department shall, within 120 days after receiving the submission under subsection (1) of this section:

(a) Approve the housing production strategy;

(b) Approve the housing production strategy, subject to further review and actions under ORS 197.293 (2); or

(c) Remand the housing production strategy for further modification as identified by the department.

(7) A determination by the department under subsection (6) of this section is not a land use decision and is final and not subject to appeal. [2019 c.640 §5]

**OAR 660-008-005- - 660-008-0070****660-008-0050**

## Housing Production Strategy Report Structure

As provided in ORS 197.290(2), a city with a population of more than 10,000 people must develop and adopt a Housing Production Strategy Report that includes a list of specific actions, including the adoption of measures and policies that the city shall undertake to promote development within the city to address a housing need identified under ORS 197.296(3) or (10) for the most recent 20-year period described in the city's Housing Capacity Analysis. At a minimum, this Report must include the following components:

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

(a) At a minimum, this must include a discussion of:

(A) Socio-economic and demographic trends of households living in existing Needed Housing. This must include a disaggregation of households living in existing Needed Housing by race and ethnicity;

(B) Measures already adopted by the city to promote the development of Needed Housing;

(C) Market conditions affecting the provision of Needed Housing;

(D) Existing and expected barriers to the development of Needed Housing;

(E) An estimate of the number of people or households experiencing homelessness. Estimates must include, as available, the following data sources:

(i) An estimate of regional housing need for people experiencing homelessness provided by the state or regional entity;

(ii) The applicable Housing and Urban Development Point-in-Time count conducted by the Continuum of Care that the city is located within;

(iii) The applicable Housing and Urban Development Annual Homelessness Assessment Report; and

(iv) The applicable McKinney-Vento Homeless Student Data for all school districts that overlap with the city boundary.

(F) Percentage of Rent Burdened Households, as determined in the report described in OAR 813-112-0020(2);

(G) Housing tenure, including rental and owner households; and

(H) Housing needs for people with disabilities, including hearing, vision, cognitive, ambulatory, self-care difficulty, and independent living as provided in the applicable American Community Survey and other data sets, as available.

(b) A city may use the following types and sources of data to further contextualize housing need for the purposes of this section:

(A) The percentage of housing stock that is market rate compared to the percentage of housing stock that is subsidized to make it affordable;

(B) Units that the city has permitted but which have not yet been produced;

(C) Population groups that are not typically accounted for in a Housing Capacity Analysis, including but not limited to college and university students or second homeowners;

(D) Redevelopment rates that impact the preservation of existing affordable market-rate units; and

(E) Other types and sources of data to refine housing need for those experiencing homelessness, including:

(i) Data collected by local Coordinated Care Organizations;

(ii) Data collected by community action agencies;

(iii) The capacity of existing emergency shelters;

(iv) Rental and homeowner vacancy rates;

(v) Change in gross or net property values or rent over time;

(vi) Qualitative data that illustrate specific needs of people experiencing homelessness; and

(vii) Other local houseless population datasets

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

(a) A list and description of stakeholders who will be impacted by potential Housing Production Strategies, stating who was engaged and why, including Consumers of Needed Housing and Producers of Needed Housing;

(b) A summary of feedback received from each stakeholder group;

(c) A description of how the information from stakeholders influenced implementation of Housing Production Strategies adopted by the city as provided in section (3); and

(d) An evaluation of how to improve engagement practices for future housing engagement efforts conducted by the city.

(3) Strategies to Meet Future Housing Need – A Housing Production Strategy Report must identify a list of specific actions, measures, and policies needed to address housing needs identified in the most recent Housing Capacity Analysis. The strategies proposed by a city must collectively address the next 20-year housing need identified within the most recent Housing Capacity Analysis and contextualized within the Report as provided in section (1). A Housing Production Strategy Report may identify strategies including, but not limited to, those listed in the Housing Production Strategy Guidance for Cities published by the Commission under Exhibit B. For each identified Housing Production Strategy, the Housing Production Strategy Report must include:

(a) A description of the Housing Production Strategy chosen;

(b) A timeline for adoption of the Housing Production Strategy;

(c) A timeline for implementation of the Housing Production Strategy; and

(d) An estimated magnitude of impact of the Housing Production Strategy, including:

(A) Housing need addressed by the identified Housing Production Strategy by tenure and income;

(B) An estimate of the number of housing units that are anticipated to be created through implementation of the identified Housing Production Strategy;

(C) An analysis of the income and demographic populations that are anticipated to receive benefit or burden from the Housing Production Strategy, including:

(i) Low-income communities;

(ii) Communities of color;

(iii) People with disabilities; and

(iv) Other state and federal protected classes; and

(D) A time frame over which the Housing Production Strategy is expected to impact Needed Housing.

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

(a) Location of Housing - How the city is striving to meet statewide greenhouse gas emission reduction goals, established under Executive Order No. 20-04, by creating compact, mixed-use neighborhoods available to people who are members of state and federal protected classes. Within Metro, cities subject to this rule shall describe actions taken by the city to promote the production of regulated affordable units, as defined in ORS 456.586(1)(b); to promote the production of accessible dwelling units; to mitigate or avoid the displacement of members of state and federal protected classes; and to remove barriers and increase housing choice for members of state and federal protected classes within Region 2040 centers. Cities subject to this rule and OAR 660-012-0310(2) shall describe actions taken by the city to promote the production of regulated affordable units, as defined in ORS 456.586(1)(b); to

promote the production of accessible dwelling units; to mitigate or avoid the displacement of members of state and federal protected classes; and to remove barriers and increase housing choice for members of state and federal protected classes within climate-friendly areas. An accessible dwelling unit is a dwelling unit constructed to accommodate persons with disabilities, in compliance with the Americans with Disabilities Act and applicable construction requirements in adopted building codes;

(b) Fair Housing - How the city is affirmatively furthering fair housing for all state and federal protected classes. Affirmatively furthering fair housing means addressing disproportionate housing needs, patterns of integration and segregation, racially or ethnically concentrated areas of poverty, and disparities in access to housing opportunity;

(c) Housing Choice – How the city is facilitating access to housing choice for communities of color, low-income communities, people with disabilities, and other state and federal protected classes. Housing choice includes access to existing or new housing that is located in neighborhoods with high-quality community amenities, schooling, employment and business opportunities, and a healthy and safe environment.

(d) Housing options for residents experiencing homelessness – How the city is advocating for and enabling the provision of housing options for residents experiencing homelessness and how the city is partnering with other organizations to promote services that are needed to create permanent supportive housing and other housing options for residents experiencing homelessness;

(e) Affordable Homeownership and Affordable Rental Housing – How the city is supporting and creating opportunities to encourage the production of affordable rental housing and the opportunity for wealth creation via homeownership, primarily for state and federal protected classes that have been disproportionately impacted by past housing policies; and

(f) Gentrification, Displacement, and Housing stability – How the city is increasing housing stability for residents and mitigating the impacts of gentrification, as well as the economic and physical displacement of existing residents resulting from investment or redevelopment.

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

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

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

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

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

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

Statutory/Other Authority: ORS 197.040

Statutes/Other Implemented: ORS 197.290, ORS 197.291, ORS 197.293, ORS 197.296, ORS 197.303 & ORS 197.012

History:

LCDD 3-2022, amend filed 08/17/2022, effective 08/17/2022

LCDD 2-2022, temporary amend filed 06/01/2022, effective 06/01/2022 through 11/27/2022

LCDD 1-2022, amend filed 02/14/2022, effective 02/14/2022

LCDD 17-2020, adopt filed 12/22/2020, effective 01/01/2021

### **660-008-0055**

Review of Housing Production Strategy Reports

(1) No later than 20 days after a city's adoption or amendment of a Housing Production Strategy Report, a city must submit the adopted Report or amended Report to the Department.

(2) On the same day the city submits notice of the Housing Production Strategy Report or amended Report to the Department, the city must provide a notice to persons who participated in the proceedings that led to the adoption of the Housing Production Strategy Report and requested notice in writing.

(3) Within ten days of receipt of the submission under section (1), the Department must provide notice to persons described under ORS 197.615 (3).

(4) Notices given under sections (2) and (3) must state:

(a) How and where materials described under section (5) may be freely obtained;

(b) That comments on the Housing Production Strategy Report may be submitted to the Department within 45 days after the Department has received the submission under section (1); and

(c) That there is no further right of appeal of the Department's decision under section (7).

(5) The submission under section (1) must include copies of:

(a) The signed decision adopting the Housing Production Strategy Report or amended Report;

(b) The text of the Housing Production Strategy Report as provided in OAR 660-008-0050 and any amendments to the most recent Report submitted under section (1);

(c) A brief narrative summary of the Housing Production Strategy Report; and

(d) The information that the city reviewed and considered under section (6).

(6) The Department shall review the accuracy and sufficiency of the Housing Production Strategy Report based upon the following:

- (a) Unmet housing need as described in ORS 197.296(6);
  - (b) Unmet housing need in proportion to the city's population;
  - (c) Percentage of households identified as severely rent burdened;
  - (d) Recent housing development;
  - (e) Recent adoption of a Housing Production Strategy or implementation of actions therein;
  - (f) The city's response to address the housing needs of those experiencing homelessness;
  - (g) Increased access to housing opportunity including the elimination of barriers to fair and equitable housing options;
  - (h) Other attributes that the Commission considers relevant; and
  - (i) Recent or frequent failure to address the metrics listed in the criteria in this subsection.
- (7) The Department shall, within 120 days after receiving the submission under section (1):
- (a) Approve the Housing Production Strategy Report;
  - (b) Approve the Housing Production Strategy Report, subject to further review and actions recommended by the Department based on its review under section (6); or
  - (c) Remand the Housing Production Strategy Report for further modification as identified by the Department.
- (8) A determination by the Department under section (7) is not a land use decision and is final and not subject to appeal.
- (9) The Department will maintain an annual summary of proposed Housing Production Strategies included in Reports submitted under section (1) and reports submitted under OAR 660-008-0060.

Statutory/Other Authority: ORS 197.040

Statutes/Other Implemented: ORS 197.290, ORS 197.291, ORS 197.293, ORS 197.296 & ORS 197.303

History:

LCDD 17-2020, adopt filed 12/22/2020, effective 01/01/2021

### **660-008-0060**

#### Reporting on Housing Production Strategy Implementation

(1) Cities required to adopt a Housing Production Strategy Report under ORS 197.290(1), must submit a narrative report to the Department for review and comment based on the following schedule:

- (a) For cities that are within a metropolitan service district boundary, no later than December 31st three years after the city adopted a Housing Production Strategy Report; or

(b) For cities that are not within a metropolitan service district boundary, no later than December 31st four years after the city adopted a Housing Production Strategy Report.

(2) The narrative report a city submits under section (1) must include the following:

(a) A summary of the actions already taken by the city to implement the Strategies to Meet Future Housing Need adopted in the city's most recent Housing Production Strategy Report. If the city has not implemented Strategies to Meet Future Housing Need on the schedule adopted in their most recent Housing Production Strategy Report, the city must provide an explanation of the circumstances or factors that posed a barrier to implementation and a plan for addressing the identified need that the strategy addressed;

(b) A reflection of the relative efficacy of implemented Strategies to Meet Future Housing Need adopted in the city's most recent Housing Production Strategy Report; and

(c) A reflection of the actions taken in response to the factors identified in OAR 660-008-0050(4).

(3) Upon submittal of the narrative report developed under section (1), the Department will review the report for consistency with the Housing Production Strategy Report approved under criteria provided in OAR 660-008-0055(6). The Department may also consider reporting under ORS 456.586(4) as part of this review.

(4) Within ten days of receipt of the submission under section (1), the Department must provide notice to persons described under ORS 197.615 (3).

(5) Should the Department find the narrative report submitted under section (1) does not substantially comply with the criteria in OAR 660-008-0055(3), the Department may take action identified in OAR 660-008-0070.

Statutory/Other Authority: ORS 197.040

Statutes/Other Implemented: ORS 197.290, ORS 197.291, ORS 197.293, ORS 197.296 & ORS 197.303

History:

LCDD 17-2020, adopt filed 12/22/2020, effective 01/01/2021

### **660-008-0065**

#### **Non-Compliance in Adoption of Housing Capacity Analysis or Housing Production Strategy Report**

The Department will review a city's Housing Capacity Analysis and a city's Housing Production Strategy Report for compliance with the applicable portions ORS 197.296 and this division. If the city does not sufficiently meet the criteria provided in ORS 197.296 or this division, the Department may engage with the city in one or more of the following actions:

(1) If a city determines that it will be unable to adopt a Housing Capacity Analysis or Housing Production Strategy Report by the prescribed deadline, the city must notify the Department of the expected delinquency at least 60 days before the applicable deadline for a Housing Capacity Analysis or Housing Production Strategy Report. In response, the Department and the city may agree to remediation either



through enhanced review of documents, directed technical assistance to overcome the impediment as available, or other similar measures, and include timelines for completion.

(2) If the city has not submitted a Housing Production Strategy Report for Department review by the deadline provided in OAR 660-008-0050 and has not notified the Department of an expected delinquency, the Department may work with the city and may seek mitigation of the delinquency through an Intergovernmental Agreement outlining specific compliance actions, timeline of deliverables, and subsequent enforcement actions. The Intergovernmental Agreement may include directed technical assistance or financial resources.

(3) If the Department and the city have entered into an Intergovernmental Agreement under section (2) and the city, at the discretion of the Department, has not sufficiently mitigated the identified delinquency, the Department may remove the city from consideration of technical assistance or other financial resource awards.

(4) If the city does not adopt a Housing Capacity Analysis or Housing Production Strategy Report as provided in this division, does not enter into an Intergovernmental Agreement with the Department to remedy the deficiency, or does not comply with the terms of an Intergovernmental Agreement to remedy the deficiency, the Department may request the Commission to act under ORS 197.319 to 197.335 to require the city to comply with ORS 197.295 to 197.314, this division, or statewide land use planning goals related to housing or urbanization.

Statutory/Other Authority: ORS 197.040

Statutes/Other Implemented: ORS 197.290, ORS 197.291, ORS 197.293, ORS 197.296 & ORS 197.303

History:

LCDD 17-2020, adopt filed 12/22/2020, effective 01/01/2021

#### **660-008-0070**

**Non-Compliance in Adoption and Implementation of Strategies to Meet Future Housing Need Identified in a Housing Production Strategy Report**

The Department shall review a city's Housing Production Strategy Report and narrative reports pursuant to OAR 660-008-0060 based upon criteria provided in OAR 660-008-0055. If there is a delinquency in the adoption or implementation of an identified strategy, the Department may engage with the city in one or more of the following actions:

(1) If circumstances impede a city's ability to implement one or more Strategies to Meet Future Housing Need in coherence with the timeline adopted in the city's Housing Production Strategy Report, the city must notify the Department of the expected delinquency within 90 days of the end of the timeline to implement the specific Strategy to Meet Future Housing Need adopted in the city's Housing Production Strategy Report. The notice must identify specific actions, or a combination of actions, that the city is currently taking, or will take, to address the delinquency. This may include, but is not required to include, amendments to the adopted Housing Production Strategy Report such that the city identifies a different action, or combination of actions, to address the specific housing need. The Department and

the city may agree to remediation either through enhanced review of the documents, directed technical assistance to overcome the impediment as available, or other similar agreement.

(2) If a city does not take sufficient action to mitigate the identified delinquency, either through a failure to provide notice to the Department as provided in section (1) or through a failure to implement the specific actions, or combination of actions, by the timeline identified in the notice to the Department pursuant to section (1), the Department shall work with the city and may seek mitigation of the issues through an Intergovernmental Agreement outlining specific compliance actions, a timeline of deliverables, and subsequent enforcement actions. The Intergovernmental Agreement may or may not include directed technical assistance or financial resources.

(3) If the Department and the city have entered into an Intergovernmental Agreement under section (2) and the city, at the discretion of the Department, has not sufficiently mitigated the identified delinquency, the Department may remove the city from consideration of technical assistance or financial resource awards.

(4) If the Department finds that the city consistently or routinely does not satisfy the terms of Intergovernmental Agreements and the criteria provided in OAR 660-008-0055 or this section, the Department may petition the Commission to act under ORS 197.319 to 197.335 to require the city to comply with ORS 197.295 to 197.314, this division, or statewide land use planning goals related to housing or urbanization.

Statutory/Other Authority: ORS 197.040

Statutes/Other Implemented: ORS 197.290, ORS 197.291, ORS 197.293, ORS 197.296 & ORS 197.303

History:

LCDD 17-2020, adopt filed 12/22/2020, effective 01/01/2021



## *RESOLUTION No. 2021-3748*

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**A RESOLUTION SUPPORTING A GRANT APPLICATION AND AUTHORIZING THE COMMUNITY DEVELOPMENT DIRECTOR TO APPLY FOR A DLCD 2021-2023 DLCD PLANNING ASSISTANCE DIRECT GRANT FOR HB 2003 HOUSING PRODUCTION STRATEGY AND AUTHORIZING THE CITY MANAGER TO EXECUTE ALL GRANT AWARD CONTRACT DOCUMENTS**

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### **RECITALS:**

1. The City of Newberg was awarded a DLCD grant in June 2020 to prepare a Housing Production Strategy. Due to the COVID-19 pandemic and State funding limitations the grant award for the Housing Production Strategy was subsequently withdrawn by DLCD.
2. The Department of Land Conservation and Development (DLCD) provides resources to help Oregon communities prepare and update local land use plans and ordinances through the 2021-23 Planning Assistance Direct Grant program.
3. By the end of the 2021 legislative session, DLCD anticipates the Oregon Legislature to appropriate funds to DLCD for the purpose of providing planning assistance to local governments to provide planning assistance to local governments to implement the provisions specified in HB 2003, including housing needs analyses and housing production strategies.
4. The City of Newberg prepared and City Council accepted a Housing Needs Analysis, funded by a DLCD grant, on March 1, 2021.
5. As part of the 2021-23 Planning Assistance Direct Grant program the local government must include a resolution from the governing body of the city demonstrating support for the project. The proposed resolution would comply with the grant requirements.

### **THE CITY OF NEWBERG RESOLVES AS FOLLOWS:**

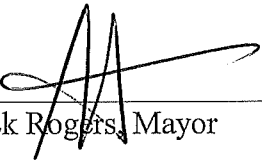
1. City Council supports the grant application and authorizes the Community Development Director to submit an application to the Department of Land Conservation and Development for a 2021-2023 Planning Assistance Direct Grant for planning project assistance to implement House Bill 2003 - Housing Production Strategy.
2. The City Manager is authorized to execute all grant award contract documents.

///

➤ **EFFECTIVE DATE** of this resolution is the day after the adoption date, which is: June 22,, 2021.  
**ADOPTED** by the City Council of the City of Newberg, Oregon, this 21<sup>st</sup> day of June, 2021.

  
\_\_\_\_\_  
Sue Ryan, City Recorder

**ATTEST** by the Mayor this 24<sup>th</sup> day of June, 2021.

  
\_\_\_\_\_  
Rick Roggs, Mayor



**NEWBERG HOUSING PRODUCTION STRATEGY (HPS) AGENDA  
CITIZEN ADVISORY COMMITTEE MEETING #1  
Tuesday, April 12, 2022 - 4:00 PM**

*Teleconference Meeting* – instructions to join electronically below:

Please click the link below to join the webinar:

<https://us06web.zoom.us/j/81453196167?pwd=Z2JBdG93eGtKUUIVKzdIMXY5eTUrZz09>

Passcode: 223140

Or Telephone:

Dial (for higher quality, dial a number based on your current location):

US: +1 253 215 8782 or +1 346 248 7799 or +1 669 900 6833 or +1 301 715 8592 or +1 312 626 6799  
or +1 929 205 6099

Webinar ID: 814 5319 6167

Passcode: 223140

International numbers available: <https://us06web.zoom.us/j/81453196167?pwd=Z2JBdG93eGtKUUIVKzdIMXY5eTUrZz09>

**I. CALL MEETING TO ORDER – 4:00 PM**

**II. ROLL CALL – 4:01 – 4:05 PM**

Welcome and Introductions

**III. OVERVIEW OF PROJECT – 4:05 – 4:15 PM**

Relationship to the [Housing Needs Analysis](#) and Schedule

**IV. GROUP DISCUSSION – 4:15 – 4:30 PM**

Desired outcomes of the Housing Production Strategy:

- What would make this project a success?
- What do you hope this project achieves?
- What are the risks of this project?

**V. REVIEW OF NEWBERG'S KEY HOUSING NEEDS – 4:30 – 5:05 PM**

- Are there key housing needs not discussed in the presentation?
- Do you have comments on the implications of housing need for specific groups?

**VI. REVIEW AND DISCUSSION OF NEWBERG'S EXISTING HOUSING MEASURES AND GAPS – 5:05 – 5:50 PM**

- Do you have feedback on the categories or strategies highlighted in the presentation?
- What are the barriers to developing housing not mentioned in the presentation?
- Are there groupings of strategies that the City should consider that are not discussed in the presentation?

**VII. PUBLIC COMMENTS – 5:50 – 5:55 PM**

**VIII. NEXT STEPS – 5:55 – 6:00 PM**

- ECONorthwest will finalize the list of strategies to include and begin evaluating housing strategies for the HPS with City staff
- Next CAC Meeting for HPS: May 17, 2022 at 4PM

**IX. ADJOURNMENT**

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Meeting 2: May 17, 2022 at 4 PM

Meeting 3: July 26, 2022 at 4 PM

Meeting 4: Oct 11, 2022 at 4 PM

Meeting 5: Nov 15, 2022 at 4 PM

Meeting 6: Feb 21, 2022 at 4 PM

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



# Newberg: Housing Production Strategy

Citizen Advisory Committee Meeting #1

April 12, 2022

**ECON**Northwest

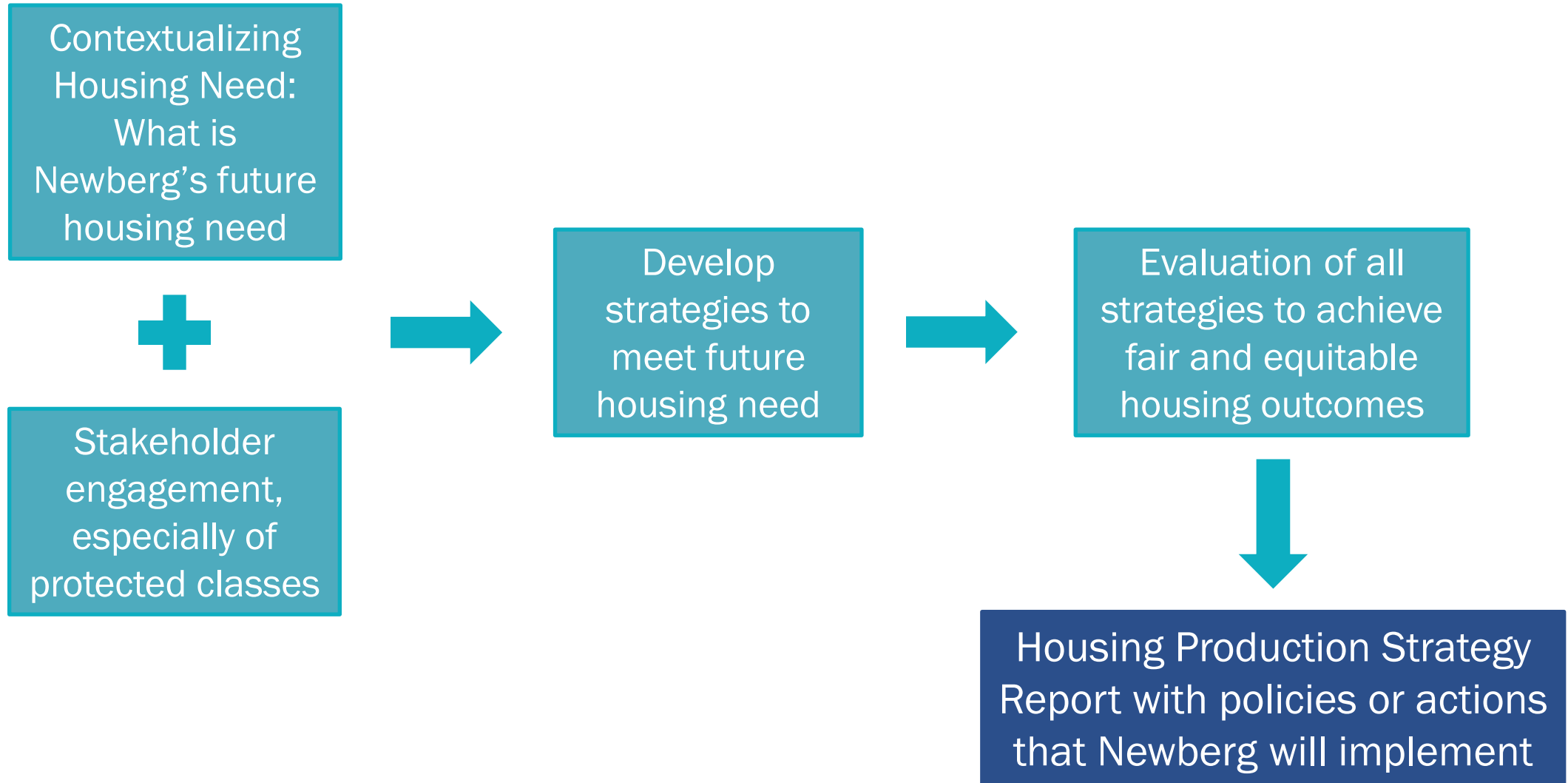
ECONOMICS • FINANCE • PLANNING



# Project Overview



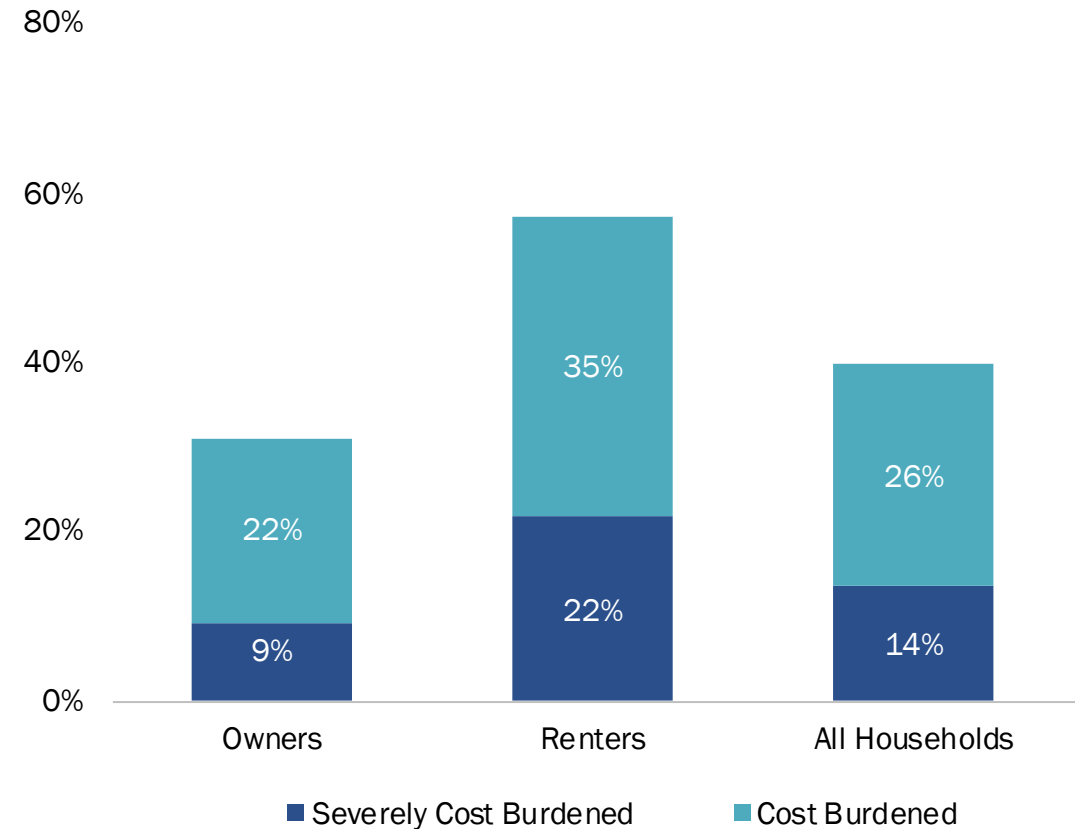
# A Housing Production Strategy is an 8 Year Action Plan



# Why is Newberg Conducting an HPS?

- Build on Newberg efforts to meet the city's housing needs
  - Housing Needs Analysis
  - Newberg Housing Strategy
  - Middle Housing – Community Outreach
  - Housing Newberg Group
  - Affordable Housing Task Force
- The City was given a grant by DLCD to complete the HPS

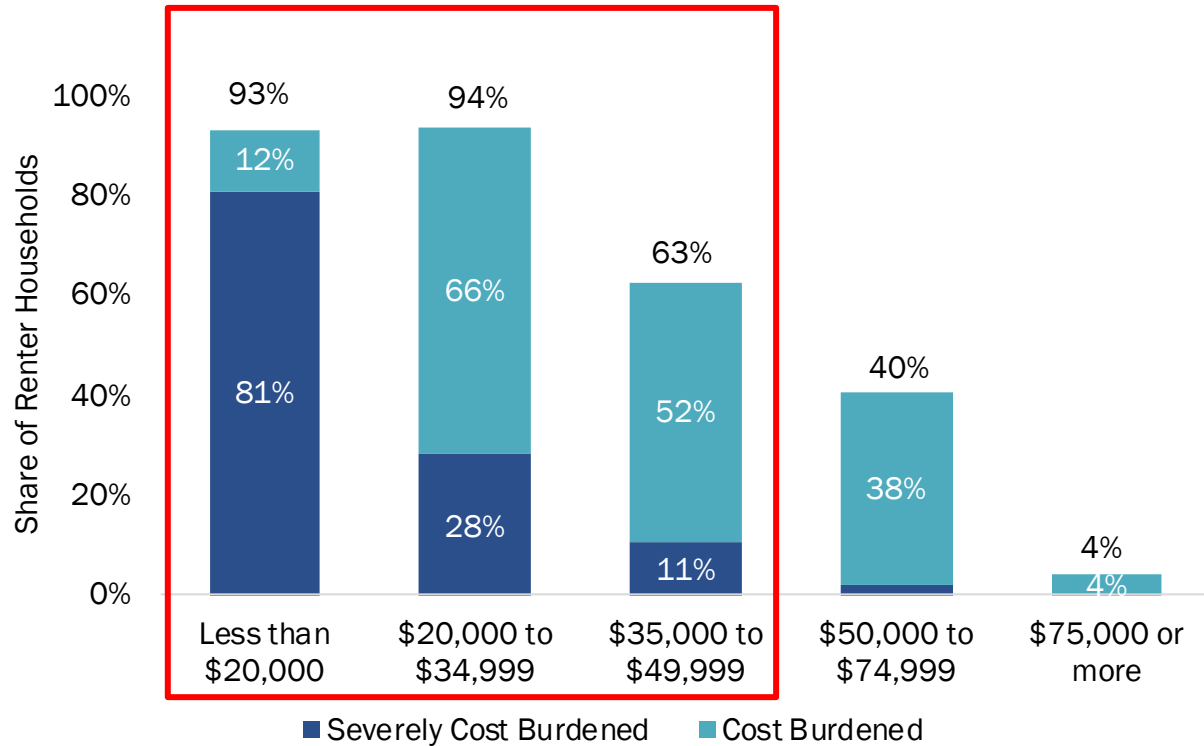
Cost Burden by Tenure, Newberg, 2015-2019



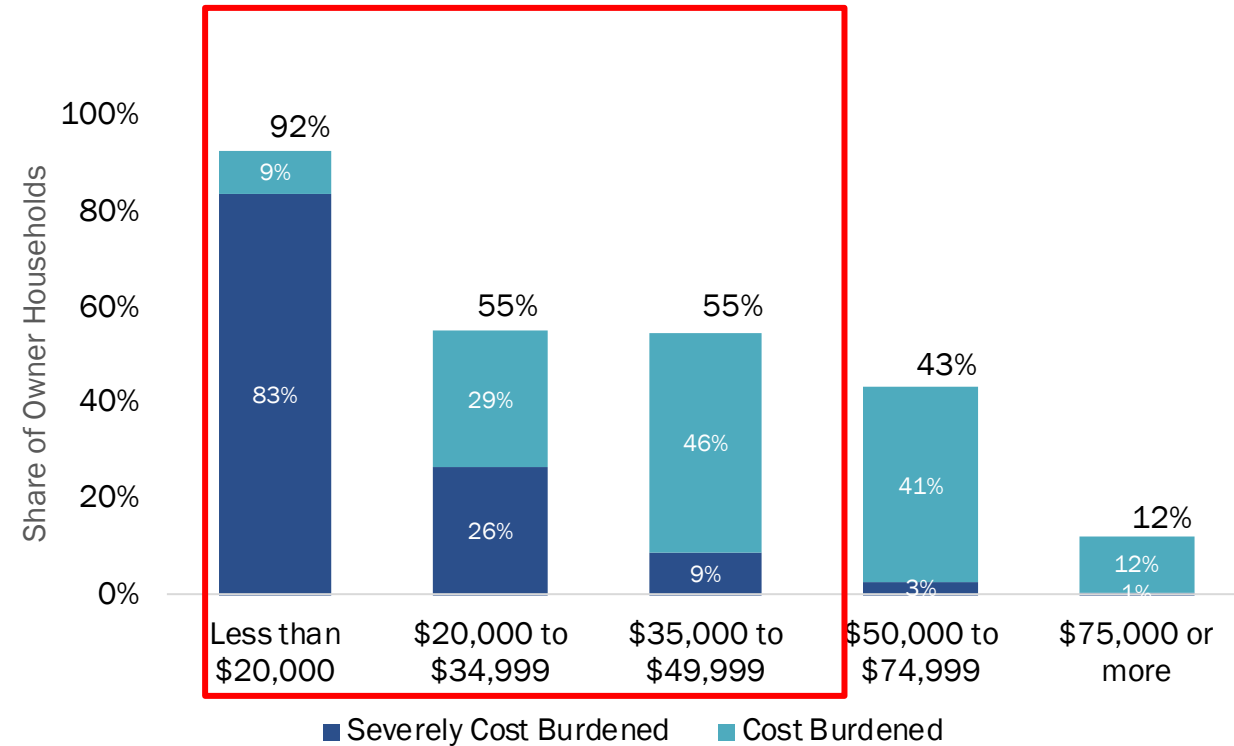
Source: U.S. Census, American Community Survey 2015-2019

# 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



# How is the HPS Connected to the HNA?

## Housing Needs Analysis

- Buildable lands inventory
- Housing market
- Demographics & socioeconomic characteristics
- Housing affordability
- Forecast of new housing
- Assessment of land sufficiency
- Housing Strategy

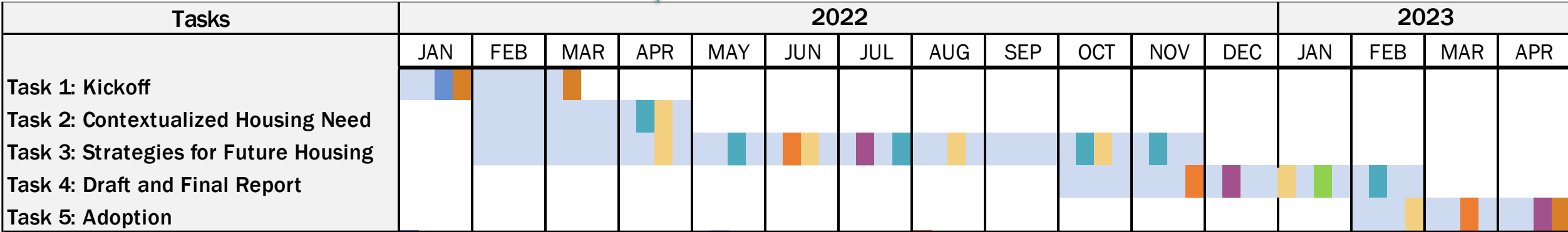


## Housing Production Strategy

- Refined understanding of housing need
- Evaluation of gaps in existing policies
- Identification of potential strategies
- Evaluation of new strategies
- Assessment of whether the strategies help achieve fair and equitable outcomes

# Project Schedule and Primary Tasks

We are here



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

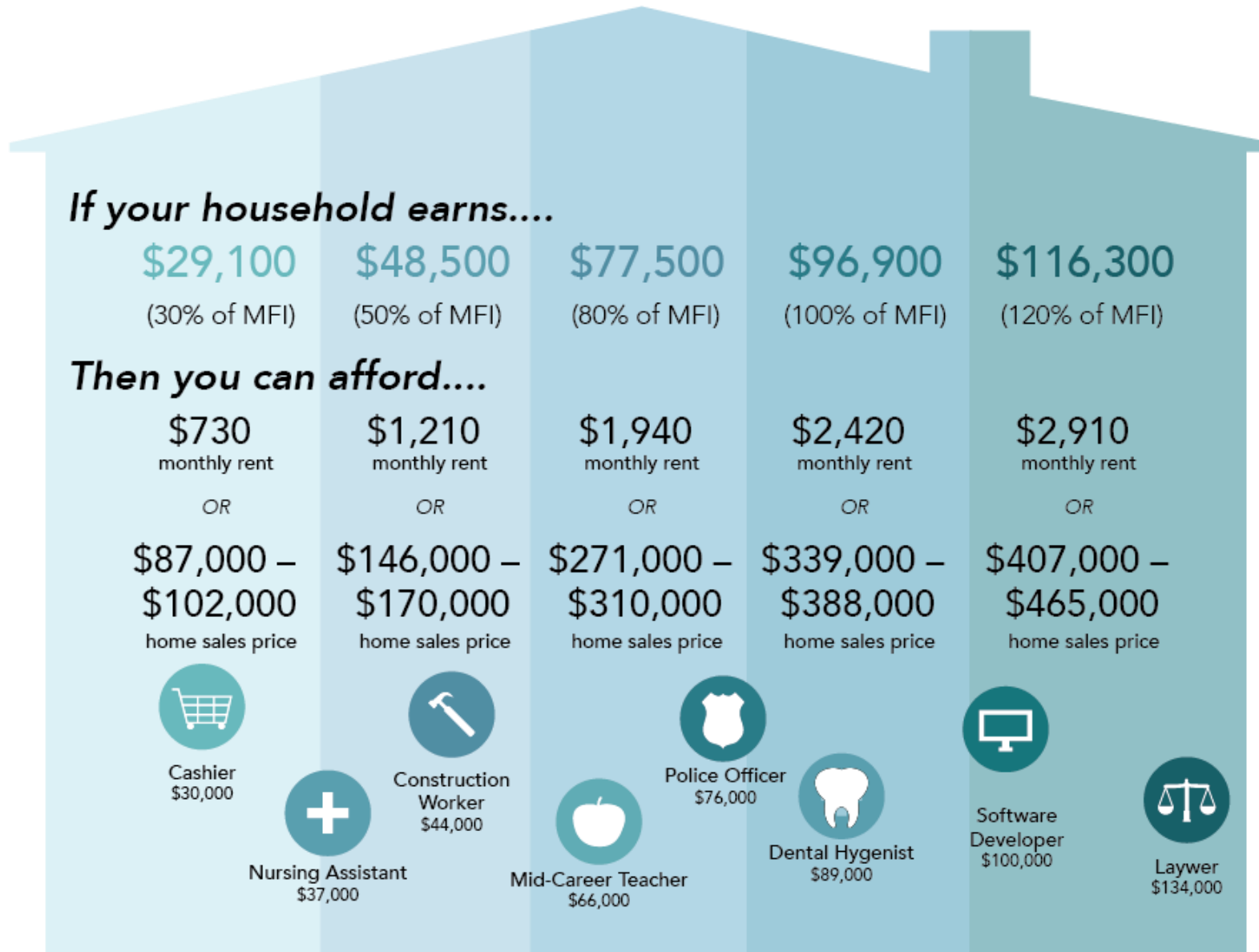


# Key Housing Needs in Newberg

# What is Housing Need?

- Housing that is affordable based on income
  - Access to housing where housing costs are less than 30% of a households' gross income
    - HUD standard that does not account for wealth, debts, special costs
- Access to housing that meets the unique needs of a household
  - Size and household composition
  - Location relative to work and school, "high opportunity" areas
  - Characteristics of unit and neighborhood
  - Access without discrimination (Fair Housing)

# 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.*

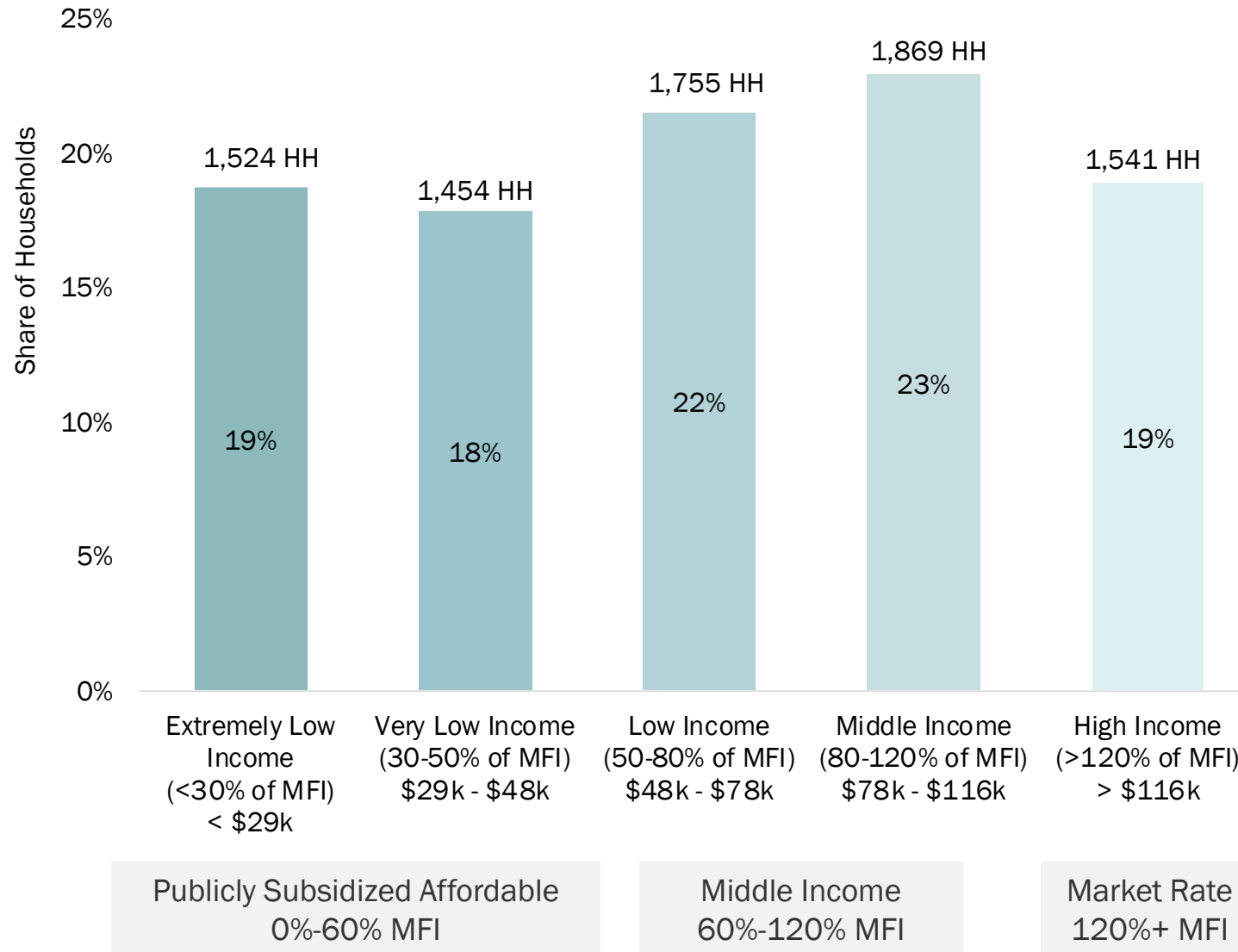
Average Asking Rent in Newberg (2021):

**\$1,200** (not including utilities)

*A household would need to earn about \$48,500 or 50% of MFI to afford this rent.*



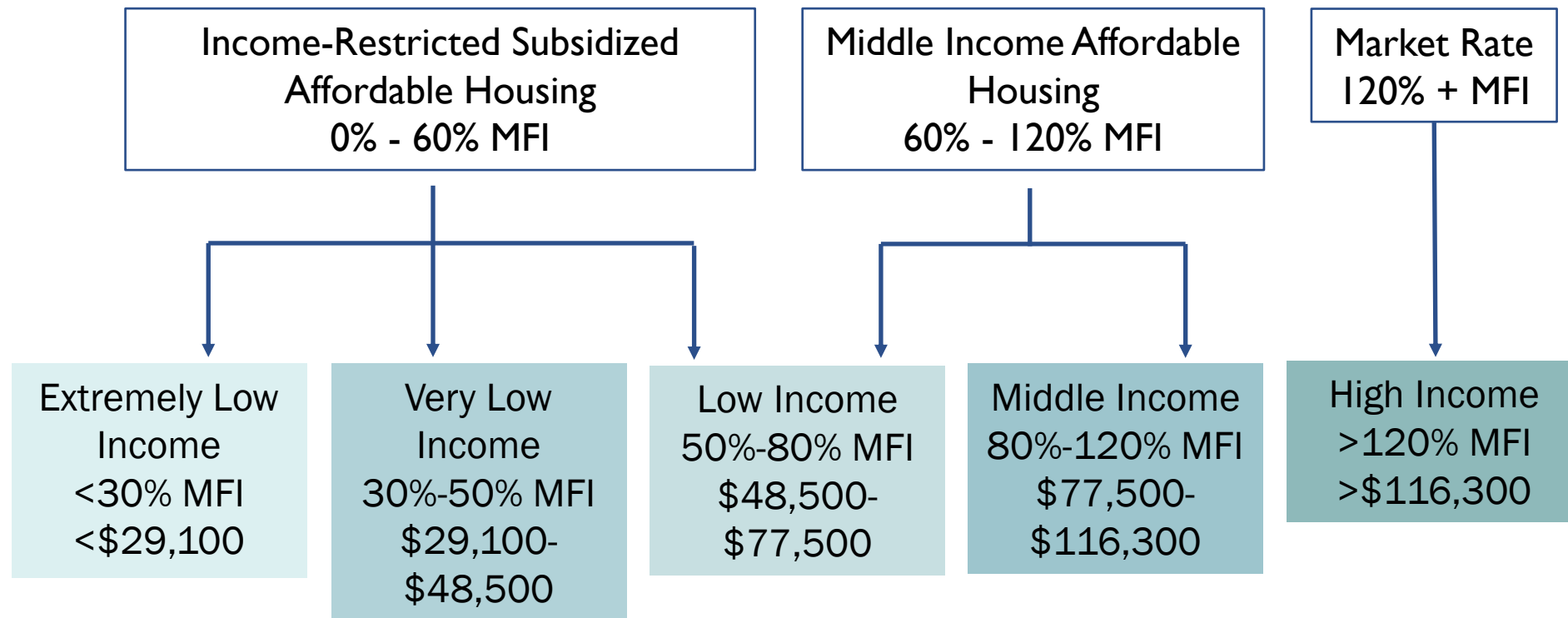
# Share of Households by Income Level, Newberg



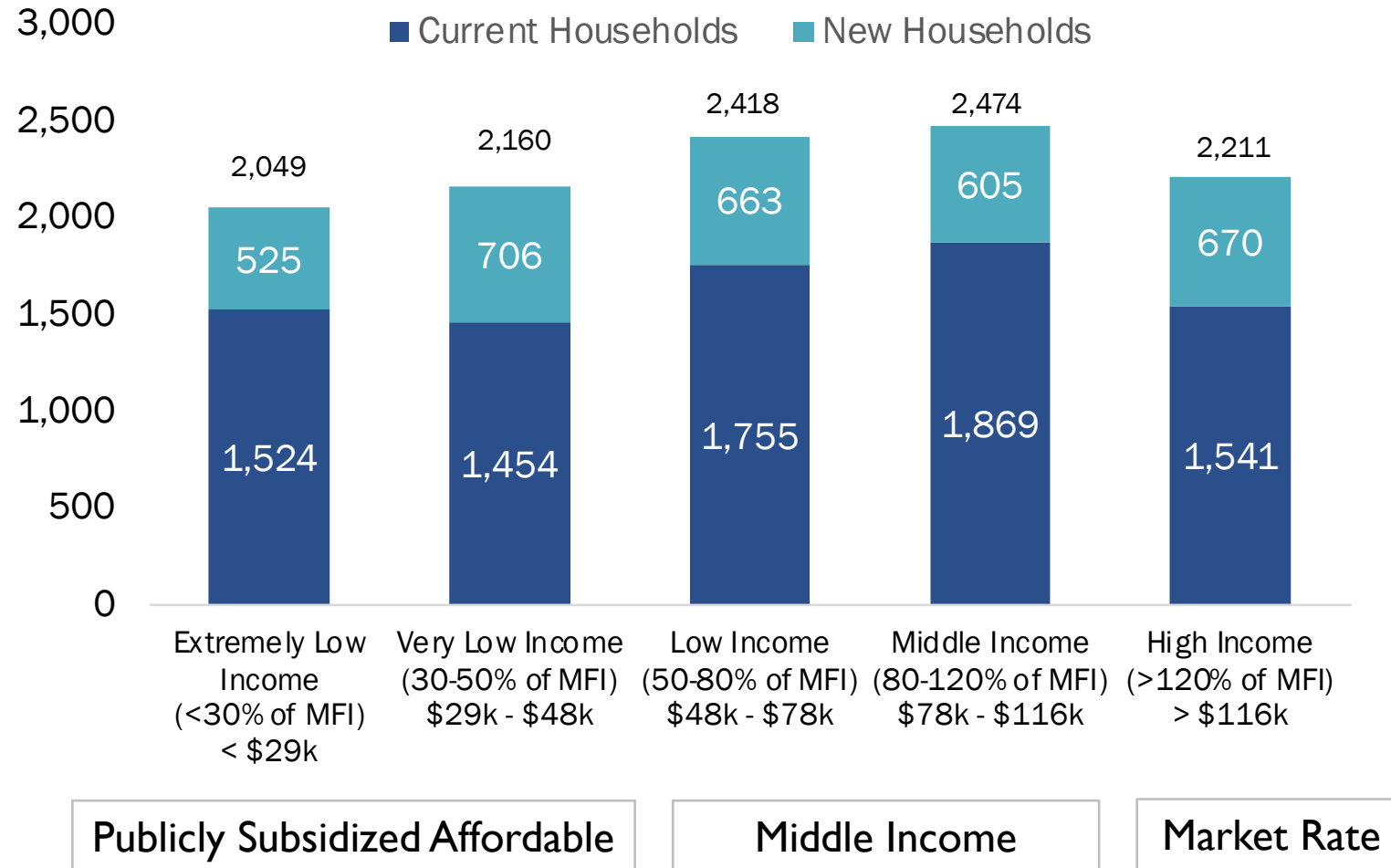
This chart is based on the HUD MFI for Yamhill County and the ACS household income distribution for Newberg.

# Housing Affordability by Income Levels

The housing market cannot produce income-restricted, subsidized affordable housing and often does not produce middle income affordable housing without subsidy.



# Newberg' Current & Future Households by Income



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.

# Summary of Housing Affordability Based on Income

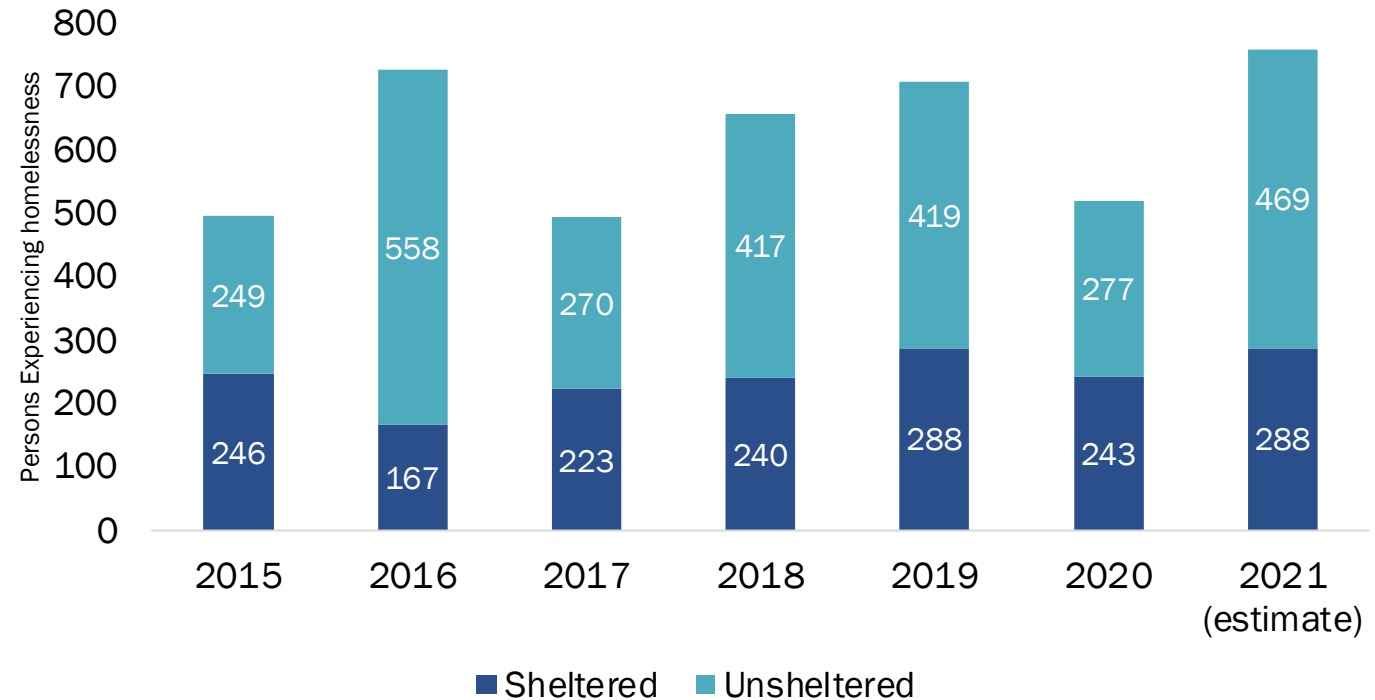
- A household would need to earn **\$48,500** to afford multifamily rent of **\$1,200** (50% of MFI for a family of four)
- A household would need to earn around **\$126,600** to afford the cost of a **house** around **\$443,000** (131% of MFI for a family of four)



# 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.

# Conclusion: Housing Need for People Experiencing Homelessness

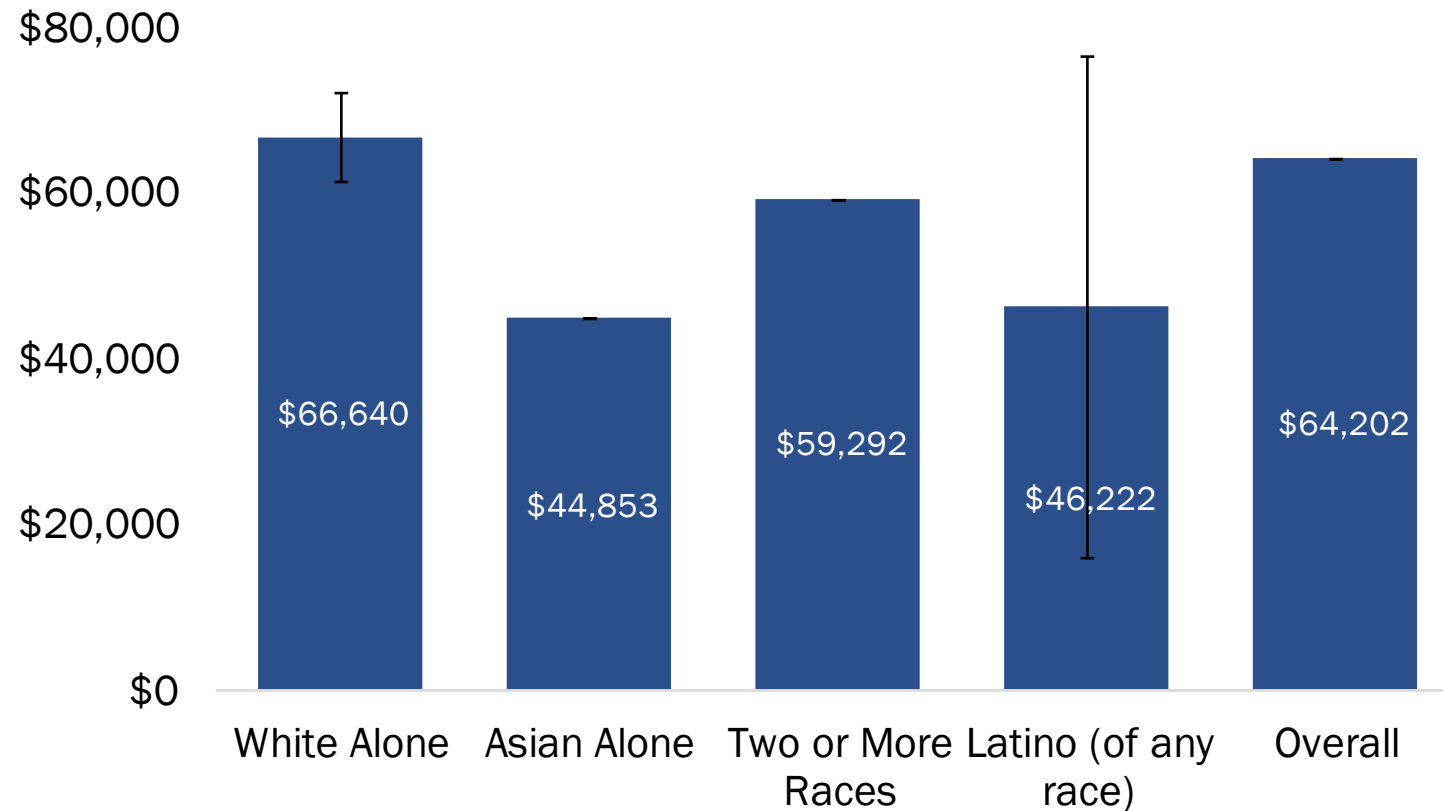
- Little data exists about the income of people experiencing homelessness
- Statewide income\* for people experiencing homelessness is:
  - 89% have income below 30% of MFI
  - 8% have income of 30% to 50% of MFI
  - 3% have income of 50% to 80% of MFI
- People experiencing homelessness are unable to afford market-rate housing
  - 757 persons were identified as homeless in Yamhill County in the 2021 estimated PIT Count
- Unique housing need that varies by reason for homelessness
  - Emergency assistance, including rent support
  - Permanent supportive housing, with services
  - Access to an affordable unit

\* Source: OHCS data from EHA/SHAP

From the Report *Implementing a Regional Housing Needs Analysis Methodology in Oregon: Approach, Results, and Initial Recommendations* by ECONorthwest, August 2020

# Ability to Pay for Housing by Race and Ethnicity

## Median Household Income by Selected Race and Ethnicity, 2015-2019



The largest racial and ethnic groups in Newberg are:

**White alone:** 18,144 people, 78% of population

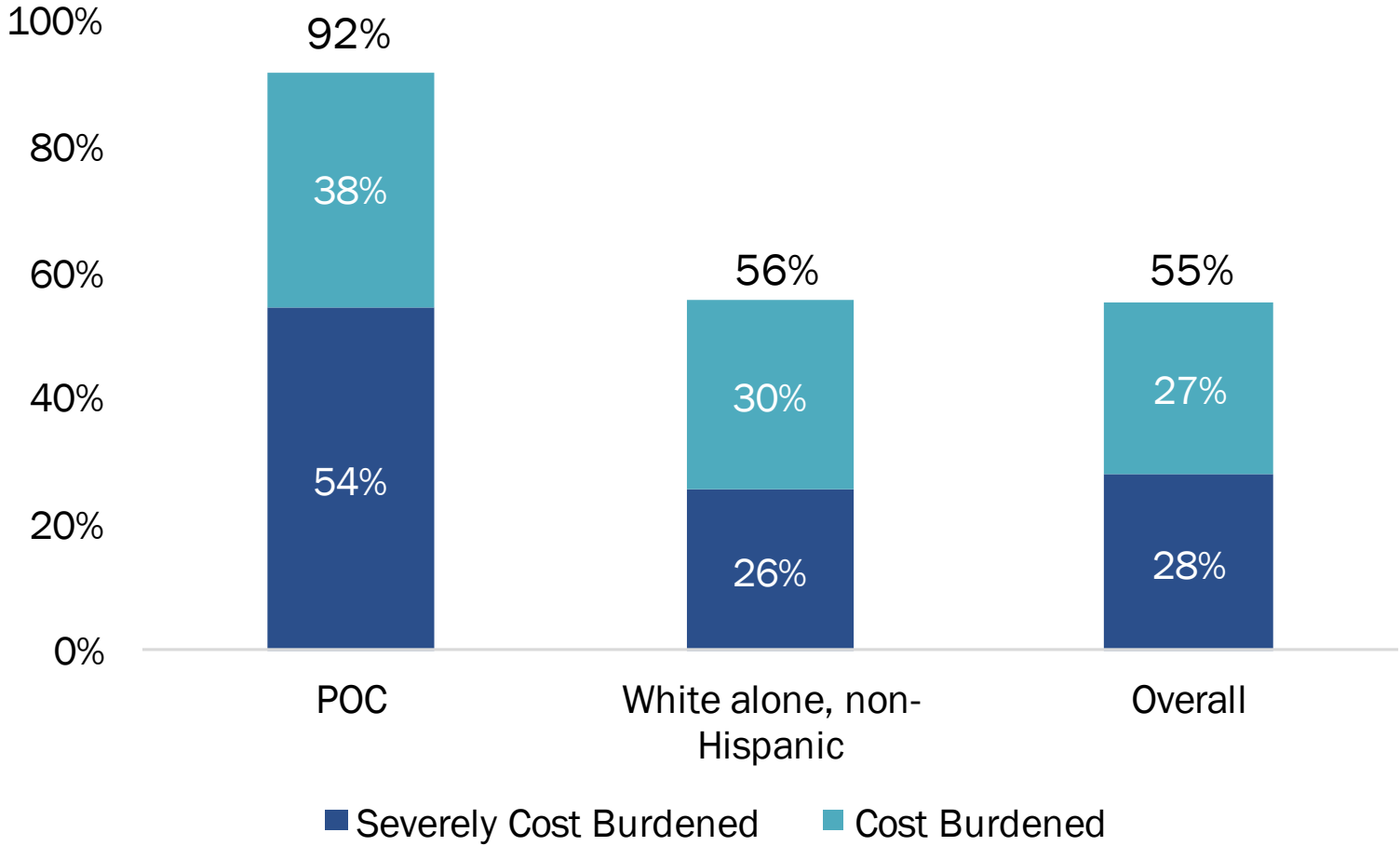
**Latino:** 3,355 people, 14% of population

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

Note: Other races not included due to lack of data and / or high margins of error

# Cost Burden by Race and Ethnicity

## Cost Burdened Households by Race and Ethnicity, 2014-2018



Source: CHAS 2014-2018, Table 9  
Note: POC includes Latino

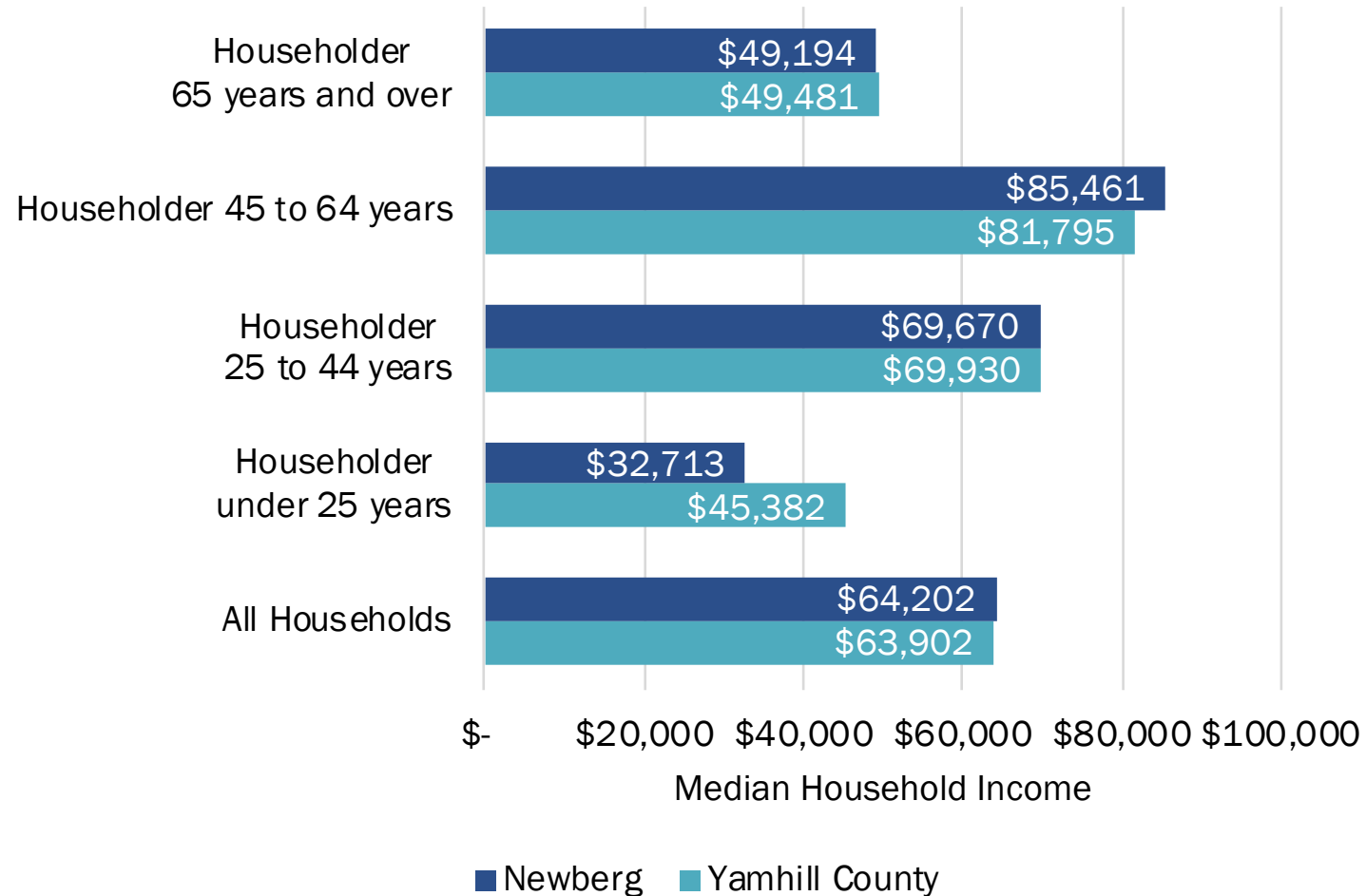


# Conclusion: Housing Need by Race and Ethnicity

- Racial and ethnic groups have disproportionate cost burden
  - In Newberg, households that identified as people of color (POC) were disproportionately cost burdened compared to the city's average.
  - Latino (any race) is the largest ethnic or racial Community of Color in Newberg (14% of the population) and has a median income lower than the city's average.
- Unique housing need
  - Access to affordable unit
  - Access to housing in locations with “high opportunity,” such as access to jobs, transit, services, or high-quality education
  - Access to housing without discrimination
- Uncertain housing preferences
  - Do some racial or ethnic groups rent at higher rates because of preference or because of lack of affordable homeownership opportunities?

# People Aged 65 Years and Older: Ability to Pay for Housing

## Median Household Income by Age



In Newberg, median household income for people over 65 years is 77% of the overall average.

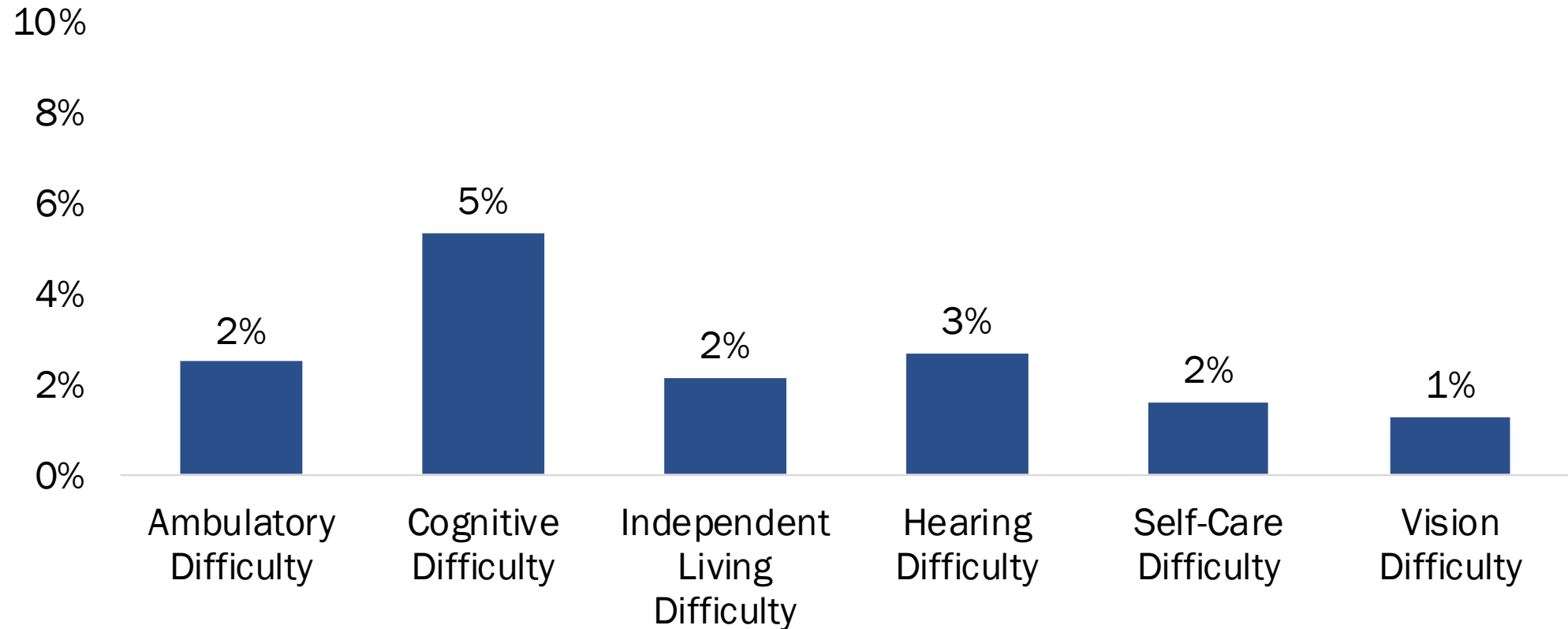
# Conclusion: Housing Need for People 65 Years and Older

- People 65 years of age and older are disproportionately cost burdened
  - 67% in the Willamette Valley Region\* are cost burdened
  - 4,204 people are over 65 years of age in Newberg and forecast to grow.
- Unique housing need that varies for seniors
  - Physically accessible housing
  - Access to affordable unit
  - Access to housing with needed services
  - Access to housing without discrimination

\*From the Report *Implementing a Regional Housing Needs Analysis Methodology in Oregon: Approach, Results, and Initial Recommendations* by ECONorthwest, August 2020

# Persons with a Disability

Share of Persons with a Disability by Type (% of Total Population),  
Newberg, 2015-2019



# Conclusion: Housing Need for People with a Disability

- People with a disability have disproportionate cost burden
  - 61% in the Willamette Valley Region\* are cost burdened
  - In Newberg, 2,187 residents have one or more disabilities and likely to grow with an aging population
- Unique housing need that varies by disability
  - Physically accessible housing
  - Access to affordable unit
  - Access to housing with needed services
  - Access to housing without discrimination

\*From the Report *Implementing a Regional Housing Needs Analysis Methodology in Oregon: Approach, Results, and Initial Recommendations* by ECONorthwest, August 2020



## Next Step: Developing the Housing Production Strategy (HPS)

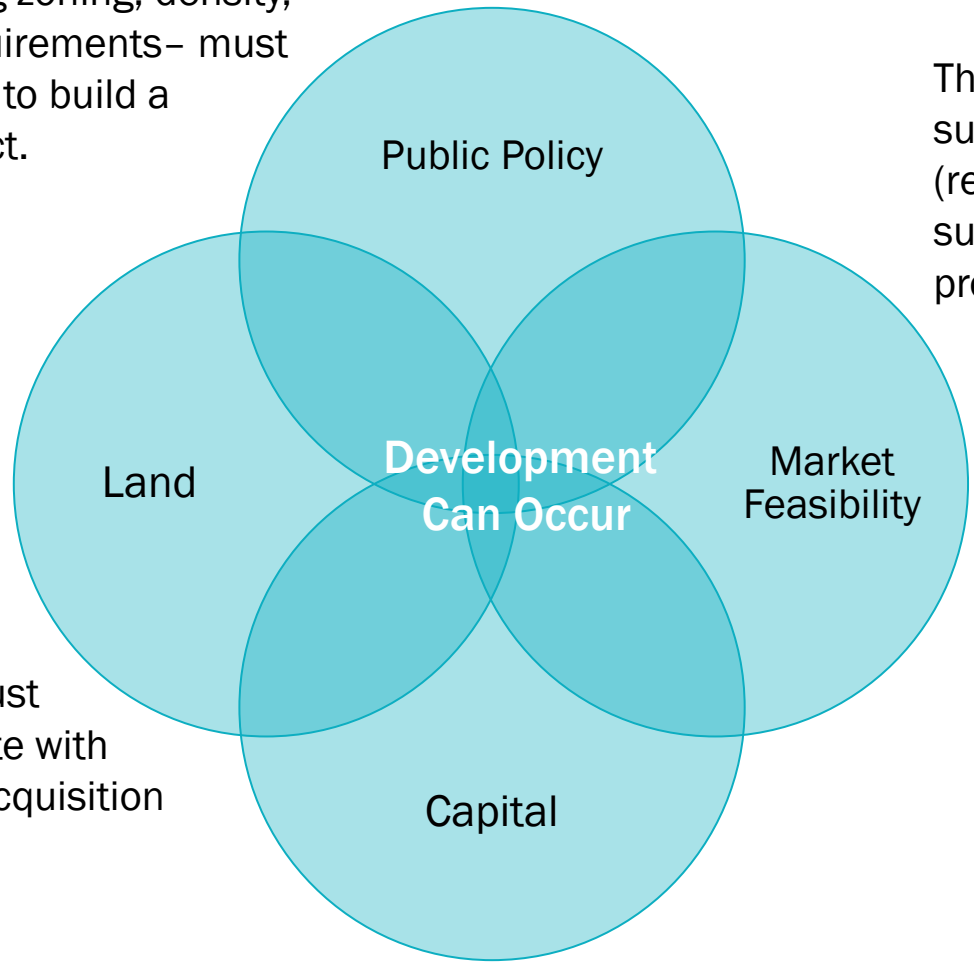
# What is a city's role housing development?

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.

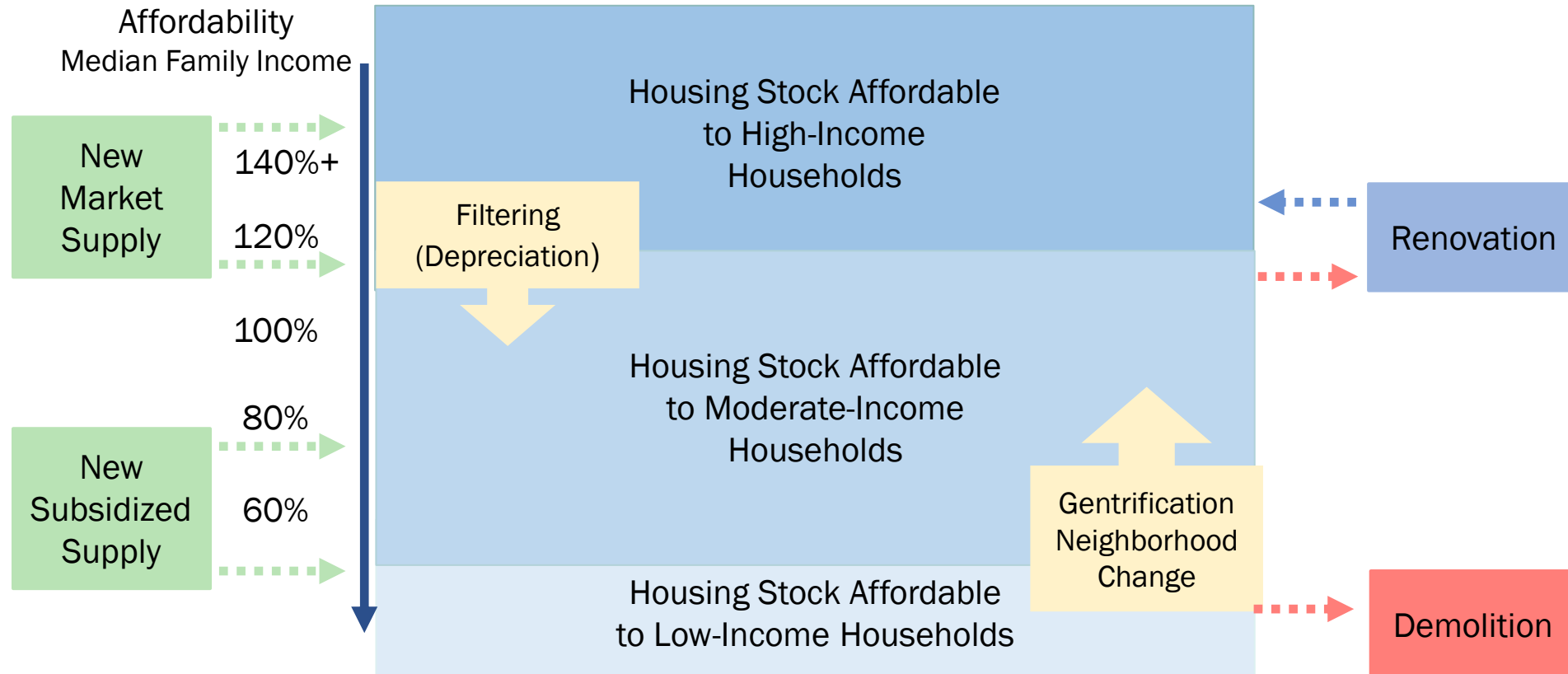
There must be sufficient demand (rents, sales prices) to support a profitable project



Developer must control the site with reasonable acquisition costs

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

# Housing Market Dynamics





# Develop Strategies to Meet Future Housing Need

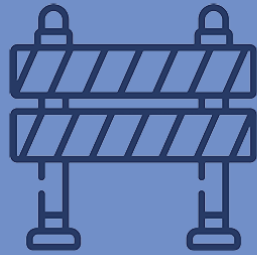
## Types of Strategies to Support Housing Production



Produce  
Informational  
Resources



Partner to  
Leverage Efforts  
and Resources



Remove  
Regulatory  
Barriers



Waive or  
Reduce Upfront  
or Ongoing  
Charges on  
Development



Allocate  
Funding



Land  
Acquisition and  
Disposition

Less Impactful

More Impactful

# 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.



# Evaluating the strategies together

Do the strategies achieve fair and equitable housing outcomes?

- Affordable homeownership and affordable rental housing
- Gentrification, displacement, and housing stability
- Housing options for residents experiencing homelessness
- Location of housing, within compact, mixed-use areas
- Housing Choice, in safe neighborhoods with high-quality amenities
- Fair Housing, especially for federal and state protected classes



Distributional  
Equity



Process  
Equity



Cross-generational  
Equity

# Existing Strategies in Newberg

- Amendments to Accessory Dwelling Units – 2018
- Residential use in first floor in C-3 –2019
- Removed ADU Parking requirements –2020
- Housing Needs Analysis – 2021
- Middle Housing Code Updates – Duplexes – 2021
- Middle Housing Code Updates – Triplexes, Quadplexes, Townhomes, & Cottage Clusters– 2022
- Fee-in-lieu Parking for Residential Development in Downtown – 2020
- Establish a Vertical Housing Development Zone (VHDZ) for Tax Abatement – 2021
- CDBG Manufactured Home Repair Grant – 2016 and 2020
- Establish a CET – 2020
- Adjust timing on payment of SDC – 2020
- Annual Affordable Housing Trust Fund Notice of Funding Availability – ongoing

# Potential Categories of Strategies for the HPS

- Provide support and safe housing options for people experiencing homelessness
- Expand affordable housing options for low-income renters (with income less than 60% MFI)
- Preserve and maintain existing housing and newly developed affordable to low- and moderate-income households (with income between 60% and 80% MFI)
- Support opportunities to achieve and maintain homeownership by moderate-income households (with income between 80% to 120% of MFI)



# Categories of Strategies (continued)

- Expand accessible housing options for people with disabilities and seniors
- Address regulatory issues to support development, preservation, and redevelopment of housing, including in commercial and mixed-use neighborhoods.
- Plan for and develop transportation and public infrastructure to support housing development
- Identify funding sources to implement the HPS



# Draft Housing Advisory Committee Work Plan Strategies

- The Newberg Housing Strategy provides a starting point for the HPS
- Summary of potential strategies for the HPS
  - Revise zoning code to increase allow smaller lot sizes
  - Evaluate tax exemptions for affordable housing
  - Consider using Urban Renewal
  - Consider establishing a Construction Excise Tax
  - Consider reducing or waiving fees for affordable housing
  - Evaluate options to fund affordable housing

# What are the barriers to developing affordable housing?

- Infrastructure necessary to support housing development
- Funding and resources (such as land) to support development of affordable housing
- Support from the community for development of affordable housing, including regulated affordable housing
- Capacity of the development community for development of diverse housing types
- Regulatory barriers to developing multifamily housing
- Establishing or broadening needed partnerships

**Are there other barriers to developing affordable housing in Newberg?**

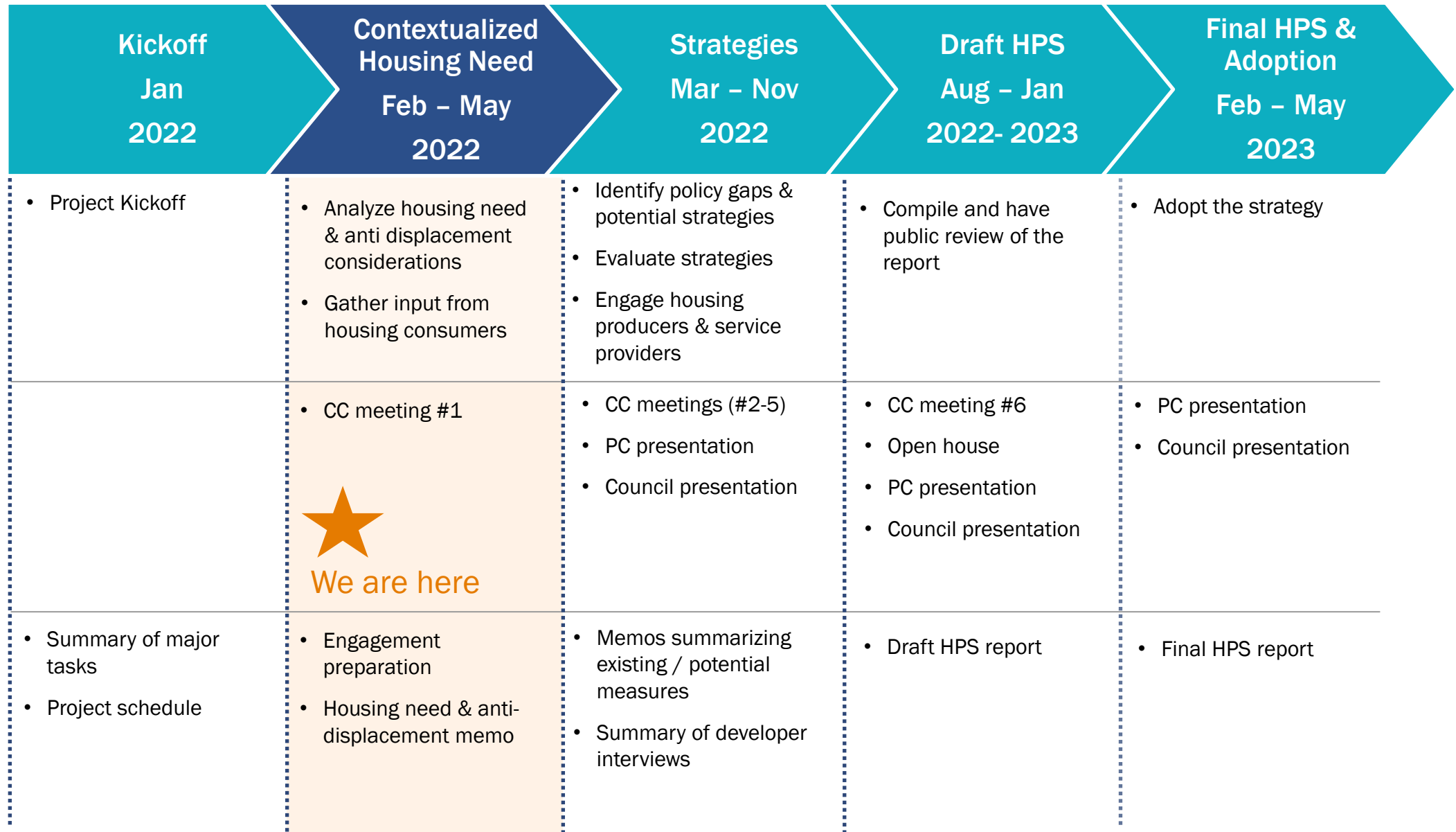


# Next Steps

TECHNICAL ANALYSIS

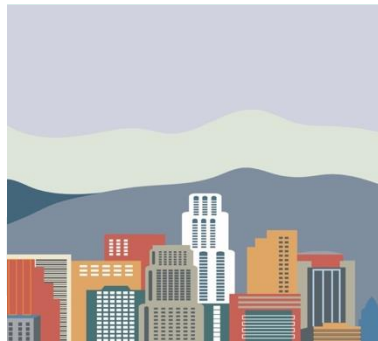
OUTREACH

DELIVERABLES



# **ECON**Northwest

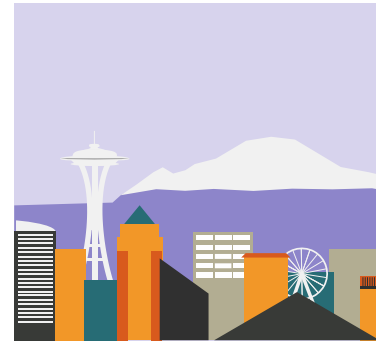
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Boise



**NEWBERG HOUSING PRODUCTION STRATEGY (HPS) AGENDA  
CITIZEN ADVISORY COMMITTEE MEETING #2  
Tuesday, May 17, 2022 - 4:00 PM**

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

<https://us06web.zoom.us/j/82676759136>

*Or Telephone:*

*Dial (for higher quality, dial a number based on your current location):*

*US: +1 253 215 8782 or +1 346 248 7799 or +1 669 900 6833 or +1 301 715 8592 or +1 312 626 6799  
or +1 929 205 6099*

*Webinar ID: 826 7675 9136*

*International numbers available: <https://us06web.zoom.us/u/knoQ2zg68>*

**I. CALL MEETING TO ORDER – 4:00 PM**

**II. WELCOME – 4:00 – 4:10 PM**

Welcome and Introductions

**III. BRIEF REVIEW OF UNMET HOUSING NEEDS – 4:10 – 4:30 PM**

- Any questions from Committee members who missed CAC Meeting #1?

**IV. DISCUSSION OF POTENTIAL STRATEGIES TO MEET HOUSING NEED – 4:30 – 5:35 PM**

- Discussion of strategies that could be included in HPS, including strategies from the Newberg Housing Strategy (January 2021)
- Of the strategies in the “Summary of Potential Strategies” table memorandum:
  - o Which do you think are the most important to include in the HPS?
  - o Are there strategies not in the memorandum that you think should be included in the HPS?

**V. PUBLIC COMMENTS – 5:40 – 5:45 PM**

**VI. NEXT STEPS – 5:45 – 5:50 PM**

- ECONorthwest will continue to refine the list of strategies to include and continue evaluating housing strategies for the HPS with City staff.
- Next CAC Meeting for HPS: July 26, 2022 at 4PM

**VII. ADJOURNMENT**

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Meeting 2: May 17, 2022 at 4 PM  
Meeting 3: July 26, 2022 at 4 PM  
Meeting 4: Oct 11, 2022 at 4 PM

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

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DATE: January 4, 2021  
TO: Newberg Planning Commission and City Council  
CC: Doug Rux, City of Newberg  
FROM: Beth Goodman and Margaret Raimann, ECONorthwest  
SUBJECT: NEWBERG HOUSING STRATEGY – 2020 UPDATE

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The City of Newberg is reviewing land sufficiency within its urban growth boundary (UGB). Part of the boundary review includes developing a housing needs analysis (HNA), which requires conducting an assessment that is consistent with Goal 10. The study is funded, in part, through a grant from the Department of Land Conservation and Development (DLCD).<sup>1</sup> The purpose of this project is to identify measures that increase the supply and affordability of housing within Newberg’s UGB.

The HNA uses a planning period of 2021–2041. According to population forecasts developed by the Population Research Center at Portland State University, Newberg’s population will exceed 25,000 by 2021. Cities with populations over 25,000 are subject to the provisions of ORS 197.296. The results of the HNA show that Newberg has a deficit of land designated for Medium and High-Density Residential. If cities that are subject to the ORS 197.296 provisions have a deficit of residential land, they must either (1) expand the UGB; (2) adopt measures that increase housing densities; or (3) a combination of the two.

Newberg last adopted a housing strategy in 2009. The actions identified in the 2009 Affordable Housing Action Plan were grouped under the following seven affordable housing strategies:

- Amend goals and policies of the Newberg Comprehensive Plan
- Retain the existing supply of affordable housing
- Insure an adequate land supply for affordable housing
- Change development code standards
- Amend the development fee schedule
- Develop and support public and private programs
- Strengthen economic development efforts

A key objective of the HNA and accompanying 2020 housing strategy is to identify options for changes to the City’s comprehensive plan and land-use regulations needed to address housing and residential land needs. This memorandum presents a housing strategy for Newberg, based on the results of the HNA and discussions with the Project Advisory Committee (PAC) as part of the 2019 HNA process. Parts of the strategy are updated to reflect the results of the 2020

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<sup>1</sup> This project is funded by Oregon general fund dollars through the Department of Land Conservation and Development. The contents of this document do not necessarily reflect the views or policies of the State of Oregon.

update process. The housing strategy presents a comprehensive package of interrelated policy changes that the PAC recommends the City address over the next one to four years.

The City staff expects to begin working with the Planning Commission to implement changes to the land-use code based on the final housing strategy, which will incorporate changes from the Planning Commission and City Council. Staff will also work with the City Council to make legislative policy changes described in this strategy, starting on high-priority changes in 2021.

## Strategic Priorities

The HNA provides a thorough analysis of the existing supply and affordability of housing in Newberg. It also concludes that Newberg will need 3,169 new housing units between 2021 and 2041. In reviewing the data and planning for needed housing for the 2021 through 2041 period, the Project Advisory Committee (PAC) endorsed four strategic priorities:

1. **Land Supply and Availability.** Statewide planning Goal 10 (Housing) requires cities to inventory residential lands and provide a 20-year supply of land for residential uses. The HNA concluded that Newberg has a deficit of residential land in the medium and high density plan designation. Not only is providing sufficient residential land a strategic priority, it is also a state requirement.
  - a. Ensure 20-year supply. The HNA concluded that Newberg has a deficit of residential land. The 20-year forecast for the 2021 to 2041 planning period showed that Newberg will need to accommodate 3,169 new dwelling units. The HNA identifies deficits of capacity and land for multifamily housing types and the Medium and High-Density Residential plan designations.

This strategic priority is to ensure a 20-year supply of residential land for multifamily and the High Density plan designations. Given that the City has identified deficits, it has an obligation to address those deficits. Moreover, by 2021, PSU forecasts that Newberg's population will exceed 25,000 persons, making the City subject to the requirements of ORS 197.296. Under the statutory requirements of ORS 197.296(6), Newberg must either:

- (a) Amend its urban growth boundary to include sufficient buildable lands to accommodate housing needs for the next twenty years. As part of this process, the local government shall consider the effects of measures taken pursuant to paragraph (b) of this subsection. The amendment shall include sufficient land reasonably necessary to accommodate the siting of new public school facilities. The need and inclusion of lands for new public school facilities shall be a coordinated process between the affected public school districts and the local government that has the authority to approve the urban growth boundary;
- (b) Amend its comprehensive plan, regional framework plan, functional plan or land-use regulations to include new measures that demonstrably increase

the likelihood that residential development will occur at densities sufficient to accommodate housing needs for the next twenty years without expansion of the urban growth boundary. A local government or metropolitan service district that takes this action shall monitor and record the level of development activity and development density by housing type following the date of the adoption of the new measures; or

c) Adopt a combination of the actions described in paragraphs (a) and (b) of this subsection.

Additional provisions regarding so-called land-use efficiency measures are also found in OAR 600-024. While Newberg has already implemented a number of land-use efficiency measures, this strategic priority includes consideration of additional actions.

The HNA is a first step in an urban growth boundary (UGB) review. While cities can look at residential land exclusive of employment land, it can create some serious problems. As such, the City is in the process of conducting an economic opportunities analysis (EOA) compliant with statewide planning Goal 9 to identify any employment land deficiencies. The City is also in the process of conducting an analysis of lands needed for other public uses (public facilities, parks, etc.). Taken together, these analyses will provide a comprehensive assessment of total land need and form the basis for a UGB review.

b. Ensure short-term supply to support development. Land in the UGB is not necessarily development ready. Land requires the full suite of backbone services (water, wastewater, transportation) before it is development ready. The experience throughout Oregon in recent years is that the cost of services is increasing, and cities are turning to creative ways to finance infrastructure.

2. **Provide opportunity for a wider variety of housing types (supply, affordability, quality).** Goal 10 is about more than land supply and affordability. Goal 10 states, “Plans shall encourage the availability of adequate numbers of needed housing units . . . and allow for flexibility of housing location, type, and density.” Moreover, ORS 197.303 requires the City to plan for needed housing types, including single-family detached, single-family attached, multifamily, government-assisted housing, manufactured dwellings on lots or in parks, and farmworker housing.

Newberg’s development code allows all these housing types. However, the market has focused primarily on single-family detached housing (72% of Newberg’s housing stock is single-family detached). Given the affordability issues identified in the HNA, a broader range of housing types can potentially provide housing that will address some of the community’s affordability issues.

Recently, planners have identified certain types of housing as the “missing middle.”

This concept, coined by Daniel Parolek of Opticos Design in Berkeley, CA, is conceived as a strategy to address the changing demographics of U.S. cities. These “middle” housing types can provide an appropriate housing choice and can be effective in filling the gap between supply and demand. Parolek defines these middle units as “a range of multi-unit or clustered housing types compatible in scale with single-family homes that help meet the growing demand for walkable urban living.”

Design is central to the middle housing concept. The idea is to fit higher-density housing types into the footprint of a typical detached single-family home. The intent is that residential development is higher density than traditional single-family detached but looks and feels like a typical home in the neighborhood. The compatibility of these units with its surrounding uses makes the idea of higher-density housing approachable to people who would otherwise raise issue.

3. **Develop mandates and incentives that support affordable housing.** The HNA clearly identifies a lack of housing that is affordable to households with annual incomes less than \$46,000. It is also clear that the private sector cannot feasibly develop lower-cost housing. Moreover, the amount of government support that is available for lower-cost housing is nowhere enough to meet identified needs.

The Newberg Housing Strategy distinguishes between three types of affordable housing: (1) housing affordable to very low-income and extremely low-income households, (2) housing affordable to low-income households, and (3) housing affordable to middle-income households. The following describes these households based on information from the Newberg Housing Needs Analysis.

- **Very low-income and extremely low-income households** are those who have an income of 50% or less of Yamhill County’s Median Family Income (MFI),<sup>2</sup> which is an annual household income of \$46,050. About 40% of Newberg’s households fit into this category. They can afford a monthly housing cost of \$1,151 or less.<sup>3</sup> Development of housing affordable to households at this income level is generally accomplished through development of government-subsidized income-restricted housing.
- **Low-income households** are those who have incomes between 50% and 80% of Yamhill County’s MFI, or an income between \$46,050 and \$73,680. About 21% of Newberg’s households fit into this category. They can afford a monthly housing cost of \$1,151 to \$1,842. The private housing market may develop housing affordable to households in this group, especially for the higher-income households in the group.

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<sup>2</sup> Median Family Income is determined by the U.S. Department of Housing and Urban Development. In 2020, Yamhill County’s MFI was \$92,100.

<sup>3</sup> This assumes that households pay less than 30% of their gross income on housing costs, including rent or mortgage, utilities, home insurance, and property taxes.



- **Middle-income households** are those who have incomes between 80% and 120% of Yamhill County’s MFI, or an income between \$73,680 to \$110,520. About 22% of Newberg’s households fit into this category. They can afford a monthly housing cost of \$1,842 to \$2,763. The private housing market may develop primarily new housing affordable to households in this group, especially for lower-value, owner- or renter-occupied units across all housing types.

This strategic priority is to evaluate mechanisms (mandates and/or incentives) that will support the development or preservation of affordable housing in Newberg.

4. **Plan for infrastructure development to support residential development.** Newberg already has functional plans for key services, and those plans are updated periodically. The functional plans and their related capital improvement programs, however, do not address new lands that might be brought into the UGB. Moreover, when developers identify land supply as an issue, it is frequently not in the context of long-term land supply but in the context of development ready lots.

Thus, the City should explore creative mechanisms for ensuring that a shorter-term supply of serviced land is available for development. This can take many forms—master planning, developer agreements, creative financing tools, etc.

## Newberg’s Comprehensive Plan Housing Policies

The Newberg Comprehensive Plan includes a set of policies that address housing. The Newberg Comprehensive Plan includes one housing goal:

To provide for diversity in the type, density, and location of housing within the City to ensure there is an adequate supply of affordable housing units to meet the needs of City residents of various income levels.

The plan also outlines three categories of policies intended to comply with Goal 10 and guide housing development in Newberg. These include (1) density policies, (2) location policies, and (3) mix policies.

The housing policies in the Newberg Comprehensive Plan were revised based on recommendations in the 2009 Newberg Affordable Housing Action Plan. A review of the policies by ECONorthwest concludes that the policies are compliant with statewide planning requirements. Moreover, the policies include some innovative approaches to addressing the three policy categories. Following is a brief overview of the policies:

- **Density policies.** This section starts with a statement that density, rather than housing type, is the primary consideration in establishing comprehensive plan designations. The density policies establish density targets, which the HNA shows were exceeded by residential development that occurred between 2000 and 2018 (Newberg achieved an average gross density of 7.4 dwellings per gross acre during this period) in the Low- and High-Density Residential plan designations. Observed densities in the medium-density residential designation were slightly lower than the target (9 dwelling units per

gross acre, compared to the observed density of 7.6).

The density policies also establish pathways for density credits or bonuses to account for land provided to the City for public facilities or “for diversity in the type, density and location of housing within the City to ensure there is an adequate supply of affordable housing units to meet the needs of City residents of various income levels.”

- **Location policies.** The plan includes three location policies. The first addresses the location of higher-density housing and encourages it to be located proximate to services, commercial areas, and public open spaces. The second states that the first policy is not a set of absolute requirements and that dispersal of higher-density housing throughout the community is an important locational objective. The final policy encourages medium-density housing adjacent to the commercial core of the Riverfront District.
- **Mix policies.** The mix policies start with a definition of “affordable housing.” They go on to encourage a range of strategies to address affordability, to encourage dispersal of multifamily housing throughout the community, and to recognize manufactured housing as a source of affordable housing. The policies also require that larger parcels include some land for higher-density housing types.

After reviewing the housing policies in the Newberg Comprehensive Plan, no modifications are recommended.

## Newberg Housing Strategy

The Newberg Housing Strategy is organized around the three broad strategic priorities. The broad goal of the Newberg Housing Strategy is to help the City manage the land within the UGB to meet current and future housing development capacity while maintaining the character and quality of life in Newberg and protecting public interests such as housing affordability, health, safety, and municipal revenues. The strategies and associated actions provide an implementation roadmap for the next one to four years.

The Newberg HNA Project Advisory Committee (PAC) convened five times over the course of the project. Two of the meetings focused on the technical elements of the study (the buildable lands inventory and the housing needs analysis), with the other two meetings focused on the strategy. The PAC reviewed and recommended a general set of strategies at the March 14 meeting. That meeting provided the foundation for the strategies in this section, which are described in detail in this document. The PAC was provided a draft of this strategy and endorsed the contents at the May 15 PAC meeting. In the 2020 update process, the City convened a Citizens Advisory Committee (CAC) to review the updated buildable lands inventory, housing forecast, and land sufficiency. The members of the CAC included five original members of the 2019 PAC and one additional member. ECONorthwest worked with City staff to update the strategy to align with the results of the updated HNA.

The strategies consider key findings from the HNA: the City has a long-term deficit of residential land, the market is not building enough housing that is affordable to households

with annual incomes of less than \$46,000, the composition of Newberg’s population is becoming more older and more diverse, the number of single-person households is increasing, and many others. This document presents a comprehensive strategy that provides a variety of opportunities to meet the housing needs of Newberg’s residents at all income levels.

Many of the actions described in the Newberg Housing Strategy will require legislative amendments to the City’s comprehensive plan and/or development code. These actions will be subject to standard notification and hearing procedures. Newberg Community Development staff will develop analysis and public input steps that are appropriate for each legislative action to ensure compliance with Goal 1 and the procedural elements of the Newberg Comprehensive Plan and Development Code.

## Summary and Schedule of Actions

The matrix below provides a summary of the strategic priorities and associated implementation actions as well as the proposed schedule for the actions. All actions listed to occur during the 2019 to 2021 period are currently in progress with estimated completion in 2020 or 2021.

**April 2022 note:** The items below with a strike through are ones that Newberg implemented since January 2021.

Strategic Priority	2019– 21	2021– 22	2022– 23	2023– 24	2024– 25	2025– 26
<b>Strategy 1: Ensure an adequate supply of land that is available and serviceable</b>						
<del>Action 1.1. Conduct a full analysis of land sufficiency within the Newberg UGB</del>	✓					
Action 1.2. Establish maximum lot size standards		✓				
Action 1.3. Establish minimum density standards		✓				
<del>Action 1.4. Evaluate expanded cluster development standards</del>	✓	✓				
Action 1.5. Evaluate expanding density bonuses				✓		
<b>Strategy 2: Provide opportunity for a wider variety of housing types (supply, affordability, quality)</b>						
<del>Action 2.1. Allow duplexes/triplexes/quadplexes in single family zones</del>	✓	✓	✓			
Action 2.2. Allow small/tiny homes		✓				
<b>Strategy 3: Develop mandates and incentives that support affordable housing</b>						
<del>Action 3.1. Establish vertical housing tax abatement district</del>	✓					

Action 3.2. Establish an affordable multifamily housing property tax abatement program			✓			
Action 3.3. Evaluate potential for urban renewal districts	✓					
Action 3.4. Establish a construction excise tax	✓					
Action 3.5. Reduced/waived building permit fee, planning fees, or SDCs		✓			✓	
Action 3.6. General fund/general obligation bonds			✓			✓

**Strategy 1: Ensure an Adequate Supply of Land that is Available and Serviceable**

This strategy is about ensuring an adequate land supply—not only a twenty-year supply (as Goal 10 requires) but also a pipeline of serviced land that is available for immediate development. The following recommended strategies and actions are intended to ensure an adequate supply of residential land through a combination of land-use efficiency measures and UGB review. Efficient use of Newberg’s residential land is key to ensuring that Newberg has opportunities to grow from 2021 to 2041, and beyond.

**Issue Statement**

Newberg has a limited supply of residential land within its UGB. The results of the HNA show that the City does not have enough land in Medium and High-Density Residential plan designations to accommodate expected growth over the 2021 to 2041 period. Newberg has a deficit of 37 gross acres in the Medium-Density Residential plan designation and a deficit of 44 gross acres in High-Density Residential designation. The HNA assumes that Newberg will accommodate some units in commercial plan designations, including units planned in the Downtown Improvement Plan.

Oregon’s Statewide Planning System requires cities that do not have enough land within their UGB to evaluate and implement policies to increase land use efficiency, expand the UGB, or both. Newberg has previously adopted, or is in the process of evaluating, policies aimed at increasing land use efficiency, and will need to evaluate options for expansion of the UGB to accommodate the residential land need, as identified in the HNA.

**Goal**

Maintain a twenty-year supply of land that is suitable and available for residential density. Ensure that land is designated so that the supply is adequate for all needed housing types at needed densities. Consider short-term residential land supply as part of ongoing functional planning efforts.

## Recommended Actions

### Action 1.1. Conduct a full analysis of land sufficiency within the Newberg UGB

Newberg will be required to amend its UGB as a result of the HNA and lands needed for other public uses (public facilities, parks, etc.). The City has already adopted many land-use efficiency measures; it will adopt additional measures as the result of this strategy. Those measures will focus on achieving the needed housing density and mix and will not result in additional land efficiency beyond what is documented in the HNA.

A UGB amendment is a complex process that is governed by a complex set of statutes and administrative rules. This process will be somewhat less complex, since the City has 550 acres of land in urban reserve areas (URAs)—these areas are first priority lands for inclusion in the UGB based on the ORS 197.320A priority scheme. The deficit of land identified in the HNA is considerably less than the amount of land in URAs.

The City should also review employment and other land needs as part of the boundary review. The HNA does not document lands needed for parks, schools, and other public and semipublic uses. Moreover, it does not identify employment land needs. Work done exploring the uses of the OAR 660-038 Simplified Boundary Review process identified a deficit of industrial land for a fourteen-year period. While it did not identify a deficit of commercial land, it is possible that a deficit exists. The City will need to complete an economic opportunities analysis (EOA) that complies with Goal 9 and OAR 660-009 to make this determination.

#### Timing for implementing the action: 2019–2021 (in process)

### Action 1.2. Establish maximum lot size standards

This approach ensures minimum densities in residential zones by limiting lot size. It places bounds on building at less than maximum allowable density. Maximum lot sizes can promote appropriate urban densities, efficiently use limited land resources, and reduce sprawl development.

This action would place an upper bound on lot size and a lower bound on density in single-family zones. For example, a residential zone with a 5,000 sq. ft. minimum lot size might have an 8,000 sq. ft. maximum lot size yielding an effective net density range between 5.4 and 8.7 dwelling units per net acre.

The City has already partially implemented this strategy—for lots in subdivisions, the R-1 zone has a lot size upper limit of 10,000 sq. ft. and the R-2 zone has an average lot size upper limit of 5,000 sq. ft.

This action would look at further reducing these maximum lot size limits—particularly for the R-1 zone.

#### Timing for implementing the action: 2022-2023

### Action 1.3. Establish minimum density standards

This policy is typically applied in single-family residential zones and places a lower bound on density. Minimum residential densities in single-family zones are typically implemented through maximum lot sizes. In multifamily zones, they are usually expressed as a minimum number of dwelling units per net acre. Such standards are typically implemented through zoning code provisions in applicable residential zones.

This policy increases land-holding capacity. Minimum densities promote developments consistent with local comprehensive plans and growth assumptions. They reduce sprawl development, eliminate underbuilding in residential areas, and make provision of services more cost effective.

The city has partially implemented this action—Newberg established density targets for residential plan designations, but not minimum densities. Comprehensive Plan Housing Policy 1.b establishes the following density targets:

- b. Target densities shall be as follows:

Units Per Classification	Gross Acre*
Urban Low Density	4.4
Urban Medium Density	9
Urban High Density	16.5

*\*Includes a 25 percent allowance for streets, walkways and other right-of-ways, utilities, small open spaces, preservation of resources, and similar features.*

Analysis conducted for the 2019 HNA showed that Newberg exceeded density targets in two of the three residential plan designations between 2000 and 2018. During this period, Newberg observed an average density of 7.4 dwelling units per gross acre—4.8 du/gra in the Low-Density Residential designation, 7.6 du/gra in the Medium-Density Residential, and 18.7 du/gra in the High-Density Residential designations.

This action would go one step further and would establish minimum density standards for residential zoning districts. The policy would need to acknowledge that meeting minimum density standards may not be possible in all instances and may preclude a right of development (for example, a proposal to place a single-family home on a legacy lot of 12,000 sq. ft. when the minimum density in the zone is 5 dwelling units per net acre or 8,712 sq. ft.). One way around this problem would be to only apply the standard to land divisions that create four or more lots).

**Timing for implementing the action: 2022-2023**

### Action 1.4. Evaluate expanded cluster development standards

Clustering allows developers to increase density on portions of a site while preserving other areas of the site. Clustering is a tool most commonly used to preserve natural areas or avoid

natural hazards during development. It uses characteristics of the site as a primary consideration in determining building footprints, access, etc. Clustering is typically processed during the site review phase of development review.

The City has already partially implemented this strategy—clustering can occur through the planned unit development (PUD) process.

Many Oregon cities have adopted cottage housing codes. A cottage housing development is generally composed of one or one-and-a-half story single-family detached housing units, with second stories often built into the pitch of the roof. A cottage housing development often has 800 to 1,300 square feet of built space, but cottages could be smaller or larger, depending on market demand and community design standards. Cottage housing is generally developed in clusters with very small lots, around common open space. Parking requirements for cottage housing are generally lower than for conventional housing, especially for smaller cottages, which are more likely to have a single occupant with one car.

Developing a cottage housing ordinance for Newberg will require addressing issues such as requirements for lot size or dimension, open space requirements, design standards, parking standards, and other development standards.

#### **Timing for implementing the action: 2019–2021 & 2021–2022**

##### **Action 1.5. Evaluate expanding density bonuses**

The local government allows developers to build housing at densities higher than are usually allowed by the underlying zoning. Density bonuses are commonly used as a tool to encourage greater housing density in desired areas, provided certain requirements are met. This strategy is generally implemented through provisions of the local zoning code and is allowed in appropriate residential zones.

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. Newberg does not currently have any policies related to density bonuses.

To be effective, this policy should create market incentives for desired housing types or densities. While the HNA did not include a housing market analysis, the research in the report suggests that density bonuses may not be enough of an incentive alone. This action should include a deeper evaluation of the Newberg housing market and analysis of how density bonuses might interact with other incentives.

#### **Timing for implementing the action: 2023-2024**

## Strategy 2: Provide Opportunity for a Wider Variety of Housing Types (Supply, Affordability, Quality)

### Issue Statement

Continued increases in housing costs may increase demand for denser housing (e.g., multifamily housing or smaller single-family housing). To the extent that denser housing types are more affordable than larger housing types, continued increases in housing costs will increase demand for denser housing.

Newberg's housing mix in the 2013–2017 period<sup>4</sup> was 71% single-family detached, 6% single-family attached, and 23% multifamily. The HNA assumes that the housing mix of new dwelling units in Newberg will be about 60% single-family detached, 8% single-family attached, and 32% multifamily. To achieve this mix, Newberg will need to implement policies that allow for a wider variety of housing types in residential plan designations, specifically single-family zones.

While Newberg has implemented policies that allow for duplexes in single-family zones, the City will also need to allow for higher-density housing types (e.g., triplexes and quadplexes) in these zones to achieve the new housing mix. Newberg has also implemented a policy that allows accessory dwelling units on single-family lots. This strategy suggests that the City also create policies that allow for tiny-home subdivisions and tiny homes in RV parks.

### Goal

The goal of Strategy 2 is to evaluate mechanisms that allow or encourage a broader variety of housing types in Newberg. The HNA does not recommend setting development targets for housing types beyond the needed housing types identified in ORS 197.303. The City, however, acknowledges that each of the statutorily defined needed housing types can include a range of subtypes.

### Recommended Actions

#### Action 2.1. Allow duplexes/triplexes/quadplexes in single-family zones

Allowing these housing types can increase overall density of residential development and may encourage a higher percentage of multifamily housing types. This approach would be implemented through the local zoning or development code and would list these housing types as outright allowable uses in appropriate residential zones. These housing types provide additional affordable housing options and allow more residential units than would be achieved by detached homes alone.

The City has already partially implemented this strategy. Newberg allows duplexes in the R-1 zone as a conditional use and R-2 zone as a permitted use, as well as triplexes and quadplexes in the R-2 zone. This strategy potentially move Newberg toward compliance with the requirements of HB 2001. House Bill 2001 requires cities over 25,000 to allow middle housing

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<sup>4</sup> Based on 2013-2017 ACS 5-year estimates for Newberg.



types in residential zones where single-family detached housing is allowed. The bill defines middle housing types as:

- (A) Duplexes
- (B) Triplexes
- (C) Quadplexes
- (D) Cottage clusters
- (E) Townhouses

**Timing for implementing the action: 2019-2021; 2021-2022; 2022-2023 (In process)**

### Action 2.2. Allow small/tiny homes

Tiny homes are typically dwellings that are 500 square feet or smaller. They include stand-alone units or very small multifamily units. Tiny houses, sometimes referred to as microhomes, are small stand-alone dwellings that are typically between 80 and 200 square feet.<sup>5</sup> They often have a kitchen and a bathroom, and they can be on wheels (temporary or transitional) or foundation (permanent). While there is no standardized definition for how small or large a tiny home can be, we use a threshold of 500 square feet or less. The following further characterizes the distinction between tiny homes and other similar, compact (or smaller) housing types.

### Exhibit 1. Overview of Compact (Smaller) Housing Types

Source: Note: Image sources are located in the endnotes.



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<sup>5</sup> Brown, Emily (2016). "Overcoming the Barriers to Micro-Housing: Tiny Houses, Big Potential." University of Oregon Department of Planning, Public Policy, and Management.

<sup>6</sup> Place and Native Voice. (2017). "Small Homes on Wheels." Image. <http://www.placeandnativevoice.org/small-homes-on-wheels/small-homes-on-wheels-small-homes-on-wheels-for-sale-small-wheels-home-depot/>

<sup>7</sup> Reimer, K. "My Favorite Small House Ideas." Image, Pinterest. <https://www.pinterest.com/klreimer0064/my-favorite-small-house-ideas/>

<sup>8</sup> Slate Ltd. (2017). "New Law Nets Homeowners Enormous Benefits." Image. <http://www.slateltd.com/remodeling-tips/new-law-nets-homeowners-enormous-benefits>

<sup>9</sup> Bertolet, Dan. (2008). "Scary Scary Cottages." Image. <http://hugeasscity.com/2008/11/29/scary-scary-cottages/>

<sup>10</sup> All Star Steamer. Image. <http://www.allstarsteamer.com/small-house/>

Tiny houses on wheels are nonpermanent, single-family dwelling units. They are typically less than 500 sq. ft. and no more than 500 sq. ft.

Tiny houses are permanent, single-family dwelling units. They are typically less than 500 sq. ft.

ADUs are secondary to a primary unit on a single lot. Zoning codes typically require that ADUs be smaller than the primary unit.

Cottage developments are groupings of single-family dwelling units clustered around a common area. They are typically under 1,000 to 1,200 sq. ft.<sup>11</sup>

A single-family dwelling is a stand-alone, residential building. They are typically more than 500 sq. ft. The U.S. average for a single-family dwelling is 2,677 sq. ft.<sup>12</sup>

Tiny homes can be sited in a variety of ways: locating them in RV parks (they are similar in many respects to Park Model RVs) and tiny-home subdivisions, or allowing them as accessory dwelling units. Smaller homes allow for smaller lots, increasing land-use efficiency. They provide opportunities for affordable housing, especially for homeowners.

This discussion focuses on permanent tiny houses, and while tiny homes do not have a single, standard definition, we define them here as “permanent, stand-alone, single-family residential dwellings of less than 500 sq. ft.”<sup>13</sup> Tiny homes may be sited on a lot or in a planned unit development (PUD). As a rule of thumb, tiny houses should not be used synonymously for other housing types, such as accessory dwelling units, and communities should also make the distinction between tiny homes on foundations (permanent) versus tiny homes on wheels (transitional or temporary).<sup>14</sup> That said, identifying tiny homes as small single-family dwellings is likely acceptable, although it is an evolving topic. State statute refers to tiny homes as “small homes.”

Newberg has not adopted any tiny home standards.

The experience of other cities suggests that developing appropriate tiny-home regulations is complex. We suggest that Newberg start by engaging in a community dialog about tiny homes. The dialog should be inclusive of residents, stakeholders, local elected officials, and the development community. We also recommend that the City evaluate what locations are appropriate for tiny home, since tiny house developments will not be suitable for every neighborhood or every area within a community.

### **Timing for implementing the action: 2021-2022**

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<sup>11</sup> State of Oregon, Department of Environmental Quality. (2016). *Character-Compatible, Space-Efficient Housing Options for Single-Dwelling Neighborhoods*. Report developed in partnership with Oregon Department of Transportation and Oregon Department of Land Conservation and Development.

<sup>12</sup> Statista. “The Statistical Portal: Average Size of Floor Area in New Single-Family Houses Built for Sale in the United States from 1975 to 2016 (in Square Feet).” <https://www.statista.com/statistics/529371/floor-area-size-new-single-family-homes-usa/>

<sup>13</sup> In Oregon, House Bill 2737 defines a “small home” as being no more than 600 sq. ft. in size. This has been made a part of ORS chapter 455.

<sup>14</sup> Buhl, Laura. (August 2018). “Tiny Homes in Oregon.” Department of Land Conservation and Development. Interview, conducted by Sadie DiNatale, ECONorthwest.

## Strategy 3: Develop Mandates and Incentives that Support Affordable Housing

### Issue Statement

Availability of housing that is affordable to households at all income levels is a key issue in Newberg. For the purposes of this strategy, affordable housing is defined as (1) housing for very low-income and extremely low-income households with an income of less than 50% of Median Family Income<sup>15</sup> (\$46,050 in 2020), (2) housing for low-income households with an income between 50% and 80% of MFI (\$46,050 to \$73,680 in 2020), and (3) housing for middle-income households with an income between 80% and 120% MFI (\$73,680 to \$110,520 in 2020).

Newberg's housing costs have increased faster than incomes since 2000. For example, the household reported median value of a house in Newberg was three times the median household income (MHI) in 2000, and 4.3 times MHI in the 2012–2016 period. More than a third of Newberg households are unable to afford the fair market rent as defined by HUD (\$1,495) on a two-bedroom rental in Newberg. In addition, 77% of the workers at businesses in Newberg live outside of the City or in nearby communities.

The City's policy options for providing opportunities to build housing, especially affordable housing (both market-rate and government-subsidized affordable housing) are limited. The most substantial ways the City can encourage development of housing is through ensuring that enough land is zoned for residential development, eliminating barriers to residential development where possible and providing infrastructure in a cost-effective way.

### Goal

The goal of this strategy is to promote more lower-cost housing, with a focus on low- and middle-income housing. This focus is to ensure housing that is affordable to service sector workers in Newberg.

### Recommended Actions

#### Action 3.1. Establish vertical housing tax abatement district

The 2017 Legislature passed legislation moving the administration of the Vertical Housing Program from Oregon Housing and Community Services (OHCS) to the local City and County beginning October 6, 2017. OHCS no longer administers this program.

The legislation subsidizes "mixed-use" projects to encourage dense development or redevelopment by providing a partial property tax exemption on increased property value for qualified developments. The exemption varies in accordance with the number of residential floors on a mixed-use project, with a maximum property tax exemption of 80 percent over ten

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<sup>15</sup> Based on U.S. Department of Housing and Urban Development Median Family Income of \$92,100 for Yamhill County in 2020.

years. An additional property tax exemption on the land may be given if some or all of the residential housing is for low-income persons (80 percent of area median income or below).

The City will need to review issues such as geographic applicability, eligibility, and other standards associated with the program to ensure that the program provides incentives to desired development types.

#### **Timing for implementing the action: 2019–2021 (In process)**

##### **Action 3.2. Establish an affordable multifamily housing property tax abatement program**

This action incentivizes construction of affordable housing by offering property tax abatements. Since 1985, the State of Oregon has allowed for affordable housing property tax abatements when they are sought separately by nonprofits that develop and operate affordable rental housing. Only the residential portion of a property located within a city that houses very low-income people, or space that is used directly in providing housing for its low-income residents, is eligible for a property tax exemption.

The Multiple-Unit Limited Tax Exemption Program is a program that is enabled by the state and managed by the local jurisdiction. Through the multifamily tax exemption, a jurisdiction can incentivize diverse housing options in urban centers that lack housing choices or workforce housing units. Through a competitive process, multi-unit projects can receive a property tax exemption for up to ten years on structural improvements to the property.

Though the state enables the program, each city has an opportunity to shape the program to achieve its goals by controlling the application process and fees, program requirements, criteria (return on investment, sustainability, inclusion of community space, percentage of affordable or workforce housing, etc.), program caps, and locations where the exemption is available. Moreover, the City can select projects on a case-by-case basis through a competitive process.

The purpose of this action is to provide an incentive for the development of government-subsidized and/or market-rate multifamily housing. In implementing the program, the City would need to develop the criteria for offering the exemption as well as its logistical details (as described above).

#### **Timing for implementing the action: 2022-2023**

##### **Action 3.3. Evaluate potential for urban renewal districts**

Tax increment finance revenues (TIFs) are generated by the increase in total assessed value in an urban renewal district from the time the district is first established. As property values increase in the district, the increase in total property taxes (i.e., City, County, school portions) is used to pay off the bonds. When the bonds are paid off, the entire valuation is returned to the general property tax rolls. TIFs defer property tax accumulation by the City and County until the urban renewal district expires or pays off bonds. Over the long term (most districts are established for a period of twenty or more years), the district could produce significant revenues for capital

projects. Urban renewal funds can be invested in the form of low-interest loans and/or grants for a variety of capital investments:

- Redevelopment projects, such as mixed-use or infill housing developments
- Economic development strategies, such as capital improvement loans for small or startup businesses that can be linked to family-wage jobs
- Streetscape improvements, including new lighting, trees, and sidewalks
- Land assembly for public as well as private reuse
- Transportation enhancements, including intersection improvements
- Historic preservation projects
- Parks and open spaces

As the City develops new or amends existing urban renewal plans, the City should consider including urban renewal projects that support development of government-subsidized and market-rate multifamily housing. Other cities primarily use urban renewal funds to support the development of affordable housing by purchasing land and accepting development proposals on that land. Cities typically require some percentage of housing to be affordable, or they make the inclusion of affordable housing a criterion for the evaluation of development proposals.

In addition, cities use urban renewal funds to directly invest in infrastructure projects that benefit housing development. The Newberg Urban Renewal Agency could offer grants or other incentives to help pay for affordable housing development or to help finance systems development costs.

#### **Timing for implementing the action: 2019–2021 (In process)**

#### **Action 3.4. Establish a construction excise tax**

The construction excise tax (CET) is a tax assessed on construction permits issued by local cities and counties. The tax is assessed as a percent of the value of the improvements for which a permit is sought, unless the project is exempted from the tax. In 2016, the Oregon Legislature passed Senate Bill 1533, which permits cities to adopt a construction excise tax (CET) on the value of new construction projects to raise funds for affordable housing projects. CETs may be residential only, commercial only, or residential and commercial. If the City were to adopt a CET, the tax would be up to 1% of the permit value on residential construction and an uncapped rate on commercial and industrial construction. The allowed uses for CET funding are defined by the state statute. The City may retain 4% of funds to cover administrative costs. The funds remaining must be allocated as follows, if the City uses a residential CET:

- 50% must be used for developer incentives (e.g., fee and SDC waivers, tax abatements, etc.).
- 35% may be used flexibly for affordable housing programs, as defined by the jurisdiction.
- 15% flows to Oregon Housing and Community Services for homeowner programs.

If the City implements a CET on commercial or industrial uses, 50% of the funds must be used for allowed developer incentives, while the remaining 50% is unrestricted. The rate may exceed 1% if levied on commercial or industrial uses.

This action should start with the analysis of the financial capacity of a CET based on historical construction rates and the amount of the CET. The fiscal potential will provide a foundation that (1) helps determine whether a CET would generate enough revenue to make an impact, and (2) helps focus discussion on how the city could generate the best return on investment of CET funds.

**Timing for implementing the action: 2019–2021 (In process)**

**Action 3.5. Reduced/waived building permit fee, planning fees, or SDCs**

Programs that reduce various development fees as an incentive to induce qualifying types of development or building features. There are a number of avenues to seek reduced or waived fees. For example, stormwater improvements can be made through the Commercial Stormwater Fee Reduction. There are commonly used tools, often implemented in conjunction with development agreements or other development negotiation processes.

Newberg has partially implemented this strategy: the City has a program to waive some SDCs for two low-income units a year. This action would expand the current program.

**Timing for implementing the action: 2024-2025**

**Action 3.6. General fund/general obligation bonds**

The City can use general fund monies on hand or can issue bonds backed by the full faith and credit of the City to pay for desired public improvements. This strategy allows funding for projects that is not dependent on revenue from the project to back the bond. Bonds can be used to develop essential infrastructure or provide funding for programs that lower the costs of housing development (such as SDC reductions or low-interest loan programs).

Property taxes are increased to pay back the GO bonds.

**Timing for implementing the action: 2025-2026**

DATE: April 28, 2022  
TO: Newberg Housing Production Strategy Citizen Advisory Committee  
CC: Mary Heberling-Creighton and Doug Rux  
FROM: Beth Goodman  
SUBJECT: HOUSING STRATEGIES AND ACTIONS FOR DISCUSSION

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This memorandum provides range of strategies and actions that the City could use to address the City’s housing needs. These strategies and actions have been used in other cities to address their housing needs. The strategies in this memorandum are intended to provide a starting point for discussions with the Citizen Advisory Committee (CAC) about strategies that could be included in the Newberg Housing Production Strategy (HPS). It builds from the “Newberg Housing Strategy – 2020 Update” (dated January 4, 2021).

This memorandum discusses housing affordability. It distinguishes between 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 50% or less of Yamhill County Median Family Income (MFI)<sup>1</sup> which is an annual household income of \$48,500. Development of housing affordable to households at this income level is generally accomplished through development of government-subsidized income-restricted housing.
- **Low-income and middle-income households** are those who have income of 50% to 120% of Yamhill County’s MFI or income between \$48,500 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.

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<sup>1</sup> Median Family Income is determined by the U.S. Department of Housing and Urban Development. In 2021, Yamhill County’s MFI was \$96,900 for a family of four.

## Housing Policies and Actions

This memorandum provides the City with information about potential policies that could be implemented in the City to address the City's housing needs. It provides a range of housing policy options for the City to consider as it addresses its housing needs. These policy options are commonly used by cities in Oregon and other states. Policy options are categorized as follows:

- Lower Development or Operational Costs
- Funding Sources to Support Residential Development
- Land Use Regulations
- Increase Housing Types
- Strategies to Manage Short-Term Rental Housing
- Strategies to Address Homelessness
- Approaches to Maintain Long-Term Affordability
- Policies to Support Housing Equity
- Programs that Provide Financial Assistance

The intention of this memorandum is to provide a toolbox of potential policies and actions that the City can use to address strategic issues. Newberg has already implemented some of the strategies listed in this memorandum and the "Newberg Housing Strategy – 2020 Update" identifies some of these strategies for implementation. CAC members may have suggestions for strategies not included in this memorandum that could and should be implemented in the Newberg HPS.

For many of the policy tools 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:

- A **small** impact may not directly result in development of new housing or it may result in development of a small amount of new housing, such as 1% to 3% of the needed housing. In terms of housing affordability, a small impact may not improve housing affordability in and of itself. A policy with a small impact may be necessary but not sufficient to increase housing affordability.
- A **moderate** impact is likely to directly result in development of new housing, such as 3% to 5% of needed housing. In terms of housing affordability, a moderate impact may not improve housing affordability in and of itself. A policy with a moderate impact may be necessary but not sufficient to increase housing affordability.



- A **large** impact is likely to directly result in development of new housing, , such as 5% to 10% (or more) of needed housing. In terms of housing affordability, a **large** impact may improve housing affordability in and of itself. A policy with a large impact may still need to work with other policies to increase housing affordability.

## Summary of Potential Strategies

The following is a summary of potential strategies to include in the HPS. This list was developed based on discussions with City staff and the consultants, as well as including strategies not yet completed by the City from the “Newberg Housing Strategy – 2020 Update.” The City would like to include a limited number of strategies in the HPS, focusing on strategies that can reasonably be implemented in the eight-year period of the HPS. This may be limited to 10 to 15 strategies.

Strategy Name	Included in the Housing Strategy	Level of Affordability Addressed				Complexity to Implement			Scale of Impact for Housing Development or Preservation		
		<30% MFI	30%-50% MFI	50%-80% MFI	80%-120% MFI	Low	Medium	High	Small	Moderate	Large
<b>Strategies to lower the cost of development</b>											
Develop a Land Bank Strategy, possibly partnering with a nonprofit land trust	No	X	X	X	X			X	Depends on scale of land bank		
Reduced / Waived Building Permit fee and Planning fees	Yes	X	X	X	X		X		X		
Reduced SDCs for regulated affordable housing	Yes	X	X				X		X		
Multiple-Unit Limited Tax Exemption Program	Yes, in progress			X	X		X		X		
Homebuyer Opportunity Limited Tax Exemption (HOLTE)	No		X	X	X		X		X		
Endorse Cooperative Housing Models	No			X	X	X			X		
<b>Funding Sources to Support Residential Development</b>											
Urban Renewal for <u>public infrastructure</u> to serve housing.	Yes, in progress	X	X	X	X			X			X
General Fund and General Obligation (GO) Bonds	Yes	X	X	X	X			X			X
<b>Land Use Regulations</b>											
Expedited / Fast-tracked Building Permit	No	X	X	X	X		X		X		
Revise existing density transfer policies to make residential cluster development more feasible	Partially	X	X	X	X		X			X	
Establish maximum lot size / minimum density standards	Yes	X	X	X	X						
Evaluate expanding density bonuses	Yes	X	X	X			X				
<b>Increase Housing Types</b>											

Strategy Name	Included in the Housing Strategy	Level of Affordability Addressed				Complexity to Implement			Scale of Impact for Housing Development or Preservation		
		<30% MFI	30%-50% MFI	50%-80% MFI	80%-120% MFI	Low	Medium	High	Small	Moderate	Large
Develop Pre-Approved Plan Sets for ADUs and Middle Housing Typologies	No	X	X	X	X	X			X		
<b>Strategies to Address Homelessness</b>											
Support access to emergency shelter	No	X	X					X	can provide opportunities to transition from homelessness		
Develop a Navigation Center	No	X	X					X	can provide opportunities to transition from homelessness		
<b>Strategies to Manage Short-Term Rental Housing</b>											
Inspections of STRs and consider restrictions/limitations	No			X	X		X		X		
<b>Approaches to Maintain Long-term Affordability</b>											
Support Preservation of Regulated Affordable Rental Housing	No	X	X	X		X			X		
Ordinances to Preserving Existing Affordable Housing Supply	No	X	X	X		X			X		
Add Restrictive Covenants to Ensure Affordability	No	X	X	X			X		X		
Support Preservation of Manufactured Home and Mobile Home Parks	No	X	X	X		X			X		
<b>Policies to Support Housing Equity</b>											
Implement all Housing Policies through a Lens of Social and Racial Equity	No	X	X	X	X	X			Depends on the changes in policy making processes		
Adopt Affirmatively Furthering Fair Housing as a Housing Policy in Comprehensive Plan and Provide Fair Housing Education, Referral, and Other Services	No	X	X	X	X	X			Will not result in housing development or preservation		
<b>Programs that Provide Financial Assistance</b>											
Newberg Workforce Housing Consortium. Partnership - businesses and government for housing solutions	No	X	X	X	X	X			X		

## Lower Development or Operational Costs

The following policies focus on ways in which the City and other entities involved in development can provide financial assistance to lower development or operational costs in a city in order to increase housing affordability and available housing stock.

Strategy Name	Description	Scale of Impact
<b>Programs or policies to lower the cost of development</b>		
Expand Land Banking, Parcel assembly, and Public Land Disposition Efforts	<p>Land banks support housing development by reducing or eliminating land cost from development, with the goal of increasing the affordability of housing. They can take several forms. Many are administered by a non-profit or non-governmental entity with a mission of managing a portfolio of properties to support affordable housing development over many years or decades. Ideally, a land bank is set up to manage financial and administrative resources, including strategic property disposal, for the explicit purpose of supporting affordable housing development. Cities can partner with non-profits or sometimes manage their own land banks. Cities may also donate, sell, or lease publicly-owned land for the development of affordable housing even without a formal 'land bank' organization.</p> <p>Parcel assembly involves the city's ability to purchase lands for the purpose of land aggregation or site assembly. It can directly address the issues related to limited multifamily lands being available in appropriate locations. Typical goals of parcel assembly programs are: (1) to provide sites for rental apartments in appropriate locations close to services and (2) to reduce the cost of developing multifamily rental units</p> <p>Parcel assembly can lower the cost of multifamily development because the City is able to purchase land in strategic locations over time. Parcel assembly is often associated with development of affordable housing (affordable to households with income below 60% of MFI), where the City partners with nonprofit affordable housing developers.</p> <p>The public sector sometimes controls land that has been acquired with resources that enable it to dispose of that land for private and/or nonprofit redevelopment. Land acquired with funding sources such as tax increment, EB-5, or through federal resources such as CDBG or HUD Section 108 can be sold or leased at below market rates for various projects to help achieve redevelopment objectives. This increases development feasibility by reducing development costs and gives the public sector leverage to achieve its goals via a development agreement process with the developer. Funding can come from Tax Increment, CDBG/HUD 108, or EB-5.</p> <p><i>Cities across Oregon use publicly land to support affordable and market-rate of housing development. In some cases, municipalities put surplus public land into land banks or land trusts.</i></p>	<p>Small to large.</p> <p>A land bank will have the biggest impact on production of low- and moderate-income affordable housing. Considering how difficult it is to build this type of affordable housing and the level of need for affordable housing, a land bank could increase nonprofits' capacity to build affordable housing.</p> <p>Parcel assembly is most likely to have an effect on a localized area, providing a few opportunities for new multifamily housing development over time.</p>

	<p><i>Tri-Met is evaluating re-use of construction staging sites for future affordable housing and/or transit-orient development sites.</i></p> <p><i>Cottage Grove worked with the school district to discuss and plan for use of surplus school district land for future housing development.</i></p> <p><i>The City of Hood River purchased a property at 780 Rand Road and is currently working on parcel assembly with Hood River County &amp; the adjacent landowner.</i></p>	
<p>Land Trusts</p>	<p>A land trust is typically a nonprofit organization that owns land and sells or 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.</p> <p>Land trusts are purposed for long-term stewardship of lands and buildings. Lands / buildings acquired may have need for remediation or redevelopment. Lands / buildings may have also been acquired to preserve affordability, prevent deferred maintenance, or protect against foreclosure.</p> <p>A City could support a land trust in several ways, including land write-downs (in parallel with a city land disposition strategy), permit fee or SDC waivers, and outright subsidies.</p> <p><i>Proud Ground (Portland Metro Area) was founded in 1999 and has grown into one of the largest community land trusts in the country. The organization focuses on affordable homeownership and controls ground leases associated with 270 homes in Multnomah, Washington, Clackamas, and Clark County.</i></p> <p><i>Big River Community Land Trust (BLCLT) was formed in 2020 to develop a supply of permanently affordable housing in the central Gorge area. Columbia-Cascade Housing Corporation also recently formed a Community Land Trust. BRCLT serves households earning 80 to 120 % MF while CCHC land trust serves households earning up to 100 % AMII. The City of Hood River is exploring partnership opportunities with local land trusts.</i></p> <p><b>Newberg does not currently have a land trust.</b></p>	<p><b>Scale of Impact - Small to large.</b> A land trust will have the biggest impact on production of low- and moderate-income affordable housing. Considering how difficult it is to build this type of affordable housing and the level of need for affordable housing, a land trust could increase nonprofits' capacity to build affordable housing.</p>
<p>Reduce / Waived Building Permit fee and Planning fees</p>	<p>Programs that reduce various development fees as an incentive to induce qualifying types of development or building features. There are a number of avenues to seek reduced or waived fees. For example, stormwater improvements can be made through the Commercial Stormwater Fee Reduction. There are commonly used tools, often implemented in conjunction with development agreements or other development negotiation processes.</p> <p><i>City of Portland offers SDC exemptions for affordable housing. Portland's SDC Exemption Program exempts developers of qualifying affordable housing projects from paying SDCs levied by the City of Portland for transportation, water, parks and environmental services. Eligible rental projects must serve</i></p>	<p><b>Scale of Impact – Small.</b> Can improve development feasibility.</p>

	<p>households earning at or below 60% of the AMI for a 60-year period. Portland also offers SDC waivers for development of ADUs.</p> <p>City of McMinnville offers SDC exemptions and reduced permit fees for affordable housing. Building and planning permit fees for new or remodel housing construction projects are reduced by 50% for eligible projects and SDCs for transportation, wastewater and parks are exempted at 100%.</p> <p>Reductions/exemptions are prorated for mixed use or mixed-income developments. The property must be utilized for housing for low-income persons for at least 10 years or the SDCs must be paid to the city.</p>	
<p>Reduce SDCs for regulated affordable housing</p>	<p>Reduce or offer waivers for SDCs for regulated affordable housing to help increase the financial feasibility. If the city waives SDCs for regulated affordable housing, the city will need to backfill the cost of the SDCs from another funding source.</p>	<p><b>Scale of Impact – Small to Moderate.</b> Can incentivize development of regulated affordable housing.</p>
<p><b>Tax abatement programs that decrease operational costs by decreasing property taxes</b></p>		
<p>Multiple-Unit Limited Tax Exemption Program (Locally Enabled and Managed)</p>	<p>Through the multifamily tax exemption, a jurisdiction can incent diverse housing options in urban centers lacking in housing choices or workforce housing units. Through a competitive process, multi-unit projects can receive a property tax exemption for up to ten-years on structural improvements to the property. Though the state enables the program, each City has an opportunity to shape the program to achieve its goals by controlling the geography of where the exemption is available, application process and fees, program requirements, criteria (return on investment, sustainability, inclusion of community space, percentage affordable or workforce housing, etc.), and program cap. The City can select projects on a case-by-case basis through a competitive process.</p> <p>The passing of HB 2377 - Multiunit Rental Housing Tax Exemption allows cities and counties to create a property tax exemption for newly rehabilitated or newly constructed multi-unit rental housing within their boundaries depending on the number of units made available to low-income households, for up to 10 consecutive years. The bill was crafted to strengthen the connection to affordability by requiring cities and counties to establish a schedule in which the number of years an exemption is provided increases directly with the percentage of units rented to households with an annual income at or below 120 percent of MFI, and at monthly rates that are affordable to such households. While not specifically referenced in the measure, ORS 308.701 defines “Multi-unit rental housing” as: “(a) residential property consisting of four or more dwelling units” and; “does not include assisted living facilities.”</p> <p>All new multifamily units that are built or renovated that offer rent below 120% of AMI are potentially eligible for this tax exemption. In a city with an AMI of \$55,000 (common outside of Portland), that’s rent of \$1,650 per month or less. The tax exemption is for all taxing districts which is administered by the City. Due to this, smaller jurisdictions may have more trouble managing this program.</p> <p>Local taxing jurisdictions that agree to participate—cities, school districts, counties, etc.</p> <p><i>The City of Eugene offers a ten-year Multi-Unit Property Tax Exemption (MUPTE) for projects in its eastern downtown core. Eugene’s criteria for granting MUPTE include: Project must provide 5 or more units of housing (not including student housing), development must meet minimum density standards,</i></p>	<p><b>Scale of Impact – Small to moderate.</b> The design of the tax abatement program will impact whether and how many developers use the tax abatement, which will affect the scale of the impact.</p>

	<p><i>development must comply with minimum green building requirements, a portion of construction and other contracting requirements must be through local business, the development must provide 30% of the units affordable at 100% of AMI or pay a fee of 10% of the value of the tax abatement toward supporting moderate income housing development, demonstrate that the project would not be financially feasible without the exemption by providing 10-year pro forma with and without MUPTE and comply with other criteria.</i></p> <p><i>The City of Salem’s Multi-Unit Housing Tax Incentive Program (MUHTIP) was adopted in 2012 to spur the construction of “transit supportive”<sup>2</sup> multi-unit housing in the city’s downtown core. In order to qualify for the exemption, projects must consist of at least two dwelling units, be located in the city’s “core area,” and include at least one public benefit.</i></p>	
Homebuyer Opportunity Limited Tax Exemption (HOLTE)	<p>This program allows property tax exemptions for some new residential construction. This program can serve as an incentive to stimulate the construction of new single-unit housing and encourage homeownership among low and moderate-income families. Ongoing administrative requirements include annual application process and ongoing monitoring to ensure owner-occupancy.</p> <p><i>In Portland, properties participating in the HOLTE Program receive a ten-year property tax exemption on the structural improvements of the single-unit housing as long as the single-unit housing and owner remain eligible per program requirements. The sale price cannot exceed 120% of the annual median sale price for single-unit housing the City of Portland.</i></p>	<b>Moderate to large.</b> An abatement can be an important incentive to enable new development.
Endorse Cooperative Housing Models	<p>A housing cooperative, along with a condominium, is one of two legal structures available to allow resident-ownership of multifamily property. Cooperatives provide a flexible and accessible homeownership model. Instead of an individual family 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.</p>	<b>Small to Moderate.</b>

<sup>2</sup> City of Salem, “Multi Unit Housing Tax Incentive Program,” <https://www.cityofsalem.net/Pages/multi-unit-housing-tax-incentive-program.aspx>.

## Funding Sources to Support Residential Development

The following policies focus on ways to pay for the costs of implementing the affordable housing programs and infrastructure development.

Strategy Name	Description	Scale of Impact
Urban Renewal / Tax Increment Finance (TIF)	<p>Tax increment finance revenues are generated by the increase in total assessed value in an urban renewal district from the time the district is first established. As property values increase in the district, the increase in total property taxes (i.e., City, County, school portions) is used to pay off the bonds. When the bonds are paid off, the entire valuation is returned to the general property tax rolls. TIFs defer property tax accumulation by the City and County until the urban renewal district expires or pays off bonds. Over the long term (most districts are established for a period of 20 or more years), the district could produce significant revenues for capital projects. Urban renewal funds can be invested in the form of low-interest loans and/or grants for a variety of capital investments:</p> <ul style="list-style-type: none"> <li>• Redevelopment projects, such as mixed-use or infill housing developments</li> <li>• Economic development strategies, such as capital improvement loans for small or startup businesses which can be linked to family-wage jobs</li> <li>• Streetscape improvements, including new lighting, trees, and sidewalks</li> <li>• Land assembly for public as well as private re-use</li> <li>• Transportation enhancements, including intersection improvements</li> <li>• Historic preservation projects</li> <li>• Parks and open spaces</li> </ul> <p>Urban renewal is a commonly used tool to support housing development in cities across Oregon.</p> <p>Cities can create a TIF set-aside for affordable housing development programs within designated Urban Renewal Areas. The target could be to set aside funds for affordable housing projects as a medium-term action, over the next 5 years or so. For example: Portland City Council designates 45% of the gross amount of TIF for designated housing purposes (rental housing for households under 60% of Area Median Income (AMI) and homeownership for households under 80% of AMI).</p> <p><i>Portland City Council designates 45% of the gross amount of TIF for designated housing purposes (rental housing for households under 60% of Area Median Income (AMI) and homeownership for households under 80% of AMI).</i></p> <p><b>Newberg is in the process of establishing an Urban Renewal District, which includes public infrastructure projects to support housing development.</b></p>	<p><b>Scale of Impact – Moderate to Large.</b> Urban Renewal funding is a flexible tool that allows cities to develop essential infrastructure or provides funding for programs that lower the costs of housing development (such as SDC reductions or low interest loan programs). Portland used Urban Renewal to catalyze redevelopment across the City, including the Pearl District and South Waterfront.</p>



Strategy Name	Description	Scale of Impact
Construction Excise Tax (CET)	<p>Funds land use planning throughout the region by taxing construction permits.</p> <p>CET is a tax assessed on construction permits issued by local cities and counties. The tax is assessed as a percent of the value of the improvements for which a permit is sought, unless the project is exempted from the tax. In 2016, the Oregon Legislature passed Senate Bill 1533 which permits cities to adopt a construction excise tax (CET) on the value of new construction projects to raise funds for affordable housing projects. CETs may be residential only, commercial only, or residential and commercial. If the City were to adopt a CET, the tax would be up to 1% of the permit value on residential construction and an uncapped rate on commercial and industrial construction. The allowed uses for CET funding are defined by the state statute. The City may retain 4% of funds to cover administrative costs. The funds remaining must be allocated as follows, if the City uses a residential CET:</p> <ul style="list-style-type: none"> <li>• 50% must be used for developer incentives (e.g. fee and SDC waivers, tax abatements, etc.)</li> <li>• 35% may be used flexibly for affordable housing programs, as defined by the jurisdiction.</li> <li>• 15% flows to Oregon Housing and Community Services for homeowner programs.</li> </ul> <p>If the City implements a CET on commercial or industrial uses, 50% of the funds must be used for allowed developer incentives and the remaining 50% are unrestricted. The rate may exceed 1% if levied on commercial or industrial uses.</p> <p><i>The City of Portland's CET went into effect in 2016. It levies a 1% CET on residential, commercial, and industrial development valued at \$100,000 or more, with all revenues going toward affordable housing. The revenues pay for production of housing at or below 60% AMI, developer incentives for inclusionary zoning, along with state homeownership programs.</i></p> <p><i>City of Bend adopted a CET of 0.3% on residential, commercial, and industrial development in 2006, with revenues dedicated to loans to fund developments by profit and nonprofit affordable housing developers. The fee has raised \$11 million as of 2016, allowing the City to lend money to fund 615 units. The fund has leveraged \$63 million in state and federal funding and \$14 million in equity.</i></p> <p><i>The City of Milwaukie adopted a CET on commercial, residential, and industrial development in November of 2017. The City exempted deed-restricted affordable housing, ADUs, and improvements less than \$100,000 from paying the CET. The adopting ordinance allocates funds as required by state statutes, specifying that flexible funds from the commercial improvements will be used 50% toward housing available to those making up to 120% of MFI, and 50% for economic development programs in areas with sub-area plans (such as Downtown and Riverfront, and the City's urban renewal areas).</i></p> <p><b>Newberg has CET funds and expects develop a plan for spending CET funds by the end of 2022.</b></p>	<p><b>Scale of Impact – Depends on the amount of funding available.</b></p>
Local Innovation and Fast Track	<p>The Local Innovation and Fast Track (LIFT) Housing Program's objective is to build new affordable housing for low income households, especially families. Funds are available for Serving Historically Underserved</p>	<p><b>Scale of Impact – Depends on the amount of funding available.</b></p>

Strategy Name	Description	Scale of Impact
(LIFT) Program for Affordable Rental Housing Development	Communities, Rural and Urban Set-asides, Urban Communities, Service to Communities of Color, and Rural Communities. Available for affordable homeownership units (below 80% AMI).	
General Fund and General Obligation (GO) Bonds	<p>Allows funding for a project that is not dependent on revenue from the project to back the bond. City can use general fund monies on hand or can issue bonds backed by the full faith and credit of the city to pay for desired public improvements.</p> <p>Property taxes are increased to pay back the GO bonds.</p> <p>General Obligation (GO) bonds provide a stable, dedicated revenue source through increased property tax rates. Cities or other jurisdictions can issue bonds backed by the full faith and credit of the jurisdiction to pay for capital construction and improvements. GO bonds are issued for a specific dollar amount and paid for over the period of the bond through increased property taxes. They can be structured to provide revenue in increments, over time, rather than in one large up-front amount. 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 development if the city's residents agree to fund them and at least one jurisdiction in Oregon – the City of Portland – is using this tool to construct affordable housing. Bonds cannot be used for supportive services or for operations.</p>	<p><b>Scale of Impact – Moderate to large.</b> GO Bonds can be used to develop essential infrastructure or provides funding for programs that lower the costs of housing development (such as SDC reductions or low interest loan programs).</p>
Local Improvement District (LID)	<p>Enables a group of property owners to share the cost of a project or infrastructural improvement.</p> <p>A special assessment district where property owners are assessed a fee to pay for capital improvements, such as streetscape enhancements, underground utilities, or shared open space. For residential property, the estimated assessment cannot exceed the pre-improvement value of the property based on assessor records.</p> <p>An ordinance must be passed through a public hearing process which must be supported by a majority of affected property owners. Part of this process includes an estimation of the improvement costs and the portion of those costs in which property owners will be responsible to pay for. The public hearing process allows for LIDs to be challenged by property owners.</p> <p>The City collects the funds and regardless if the actual cost is greater than the estimated cost (on which the assessment was based), the City may make a deficit assessment for the additional cost, which would be prorated among all benefitted properties. Another public hearing would be held, in the event that an additional assessment were placed property owners (due to underestimation).</p> <p><b>Newberg has provisions to allow LIDs and this may be a useful funding mechanism for infrastructure to support housing development.</b></p>	<p><b>Scale of Impact – Depends on the amount of funding available and Bonding capacity.</b></p>

Strategy Name	Description	Scale of Impact
CDBG	<p>The Community Development Block Grants program is a flexible program that provides annual grants on a formula basis to both local governments and States. Grants are awarded on a 1, 2, or 3-year period. It is required that at least 70% of the CDGB funds are used for activities that benefit low- and moderate-income. Additionally, each activity must address any threats to health or welfare in the community (for which other funding is unavailable). These funds can be used for acquisition and rehabilitation of existing affordable units, as well as new construction that prioritizes community development efforts.</p> <p>The City receives CDBG funds periodically and has sometimes used these funds to support housing projects such as rehabilitation for manufactured homes.</p>	<p><b>Scale of Impact – Depends on the amount of funding available.</b></p>

## Land Use Regulations

The following policies focus on ways in which the City can modify its current land use regulations in order to increase housing affordability and available housing stock. Policies are broken into two categories: those that affect regulatory changes, and those which increase the land available for housing.

Strategy Name	Description	Scale of Impact
<b>Regulatory Changes</b>		
Expedited / Fast-tracked Building Permit	<p>Expedite building permits for pre-approved development types or building characteristics (e.g. green buildings).</p> <p><i>City of Bend offers expedited review and permitting for affordable housing. Any residential or mixed-use development that receives local, state or federal affordable housing funding is eligible to receive a written decision by the Planning Department within two weeks of the date of submittal. For projects that require more complex planning review, a decision will be written or the first public hearing will be held within six weeks of the date of submittal.</i></p>	<p><b>Scale of Impact - Small.</b> Expedited permit processing will benefit a limited number of projects. It may be necessary but not sufficient to increase housing production on its own.</p>
Allow Clustered Residential Development	<p>Clustering allows developers to increase density on portions of a site, while preserving other areas of the site. Clustering is a tool most commonly used to preserve natural areas or avoid natural hazards during development. It uses characteristics of the site as a primary consideration in determining building footprints, access, etc. Clustering is typically processed during the site review phase of development review.</p> <p><b>Newberg expanded cluster development standards already (Action 1.4 in the Newberg Housing Strategy). The City is now interested in transfer credits to enhance feasibility.</b></p>	<p><b>Scale of Impact—Moderate.</b> Clustering can increase density, however, if other areas of the site that could otherwise be developed are not developed, the scale of impact can be reduced.</p>

## Increase Housing Types

The following policies focus on ways in which the City can increase the types of housing available in order to increase housing affordability. Policies focus on increasing housing density or the number of residents within existing City lots.

Strategy Name	Description	Scale of Impact
Develop Pre-Approved Plan Sets for ADUs and Middle Housing Typologies	<p>Provide a pre-approved set of plans for Accessory Dwelling Units (ADU) and middle housing typology (i.e., cottage clusters, townhomes, and other middle-income housing types) designs that, if used by a developer or homeowner, would lead to automatic approvals and reduced permitting schedule. Pre-approved plans would reduce the need for architectural costs and reduce barriers to development of these housing types.</p> <p>The plans should be highly efficient, designed for constrained lots and low-cost solutions, and would allow for streamlined permitting. Consider adapting pre-approved plans developed by other cities or working with other cities to develop pre-approved plans.</p>	<p><b>Scale of Impact – Small to Moderate.</b> Depends on interest from property owners and developers and use of the plans.</p>

## Strategies to Address Homelessness

The following strategies focus on ways that the City can address homelessness. Many of the strategies throughout this memorandum support development of affordable housing, which can help minimize homelessness, such as supporting regulated affordable housing. The strategies listed below are a few examples of additional strategies to address homelessness.

Strategy Name	Description	Scale of Impact
Support access to emergency shelter	<p>A City can work with partners to support access to emergency shelter, such as:</p> <ul style="list-style-type: none"> <li>• Low barrier shelters are emergency shelters where identification is not required, pets may be allowed, and sobriety is not a requirement.</li> <li>• Safe sleep options, such as religious organizations and nonprofits that host vehicles on their properties, identifying public areas where overnight parking is allowed, creating a city-sponsored RV part with low or no nightly fees, or allowing homeowners to host a tent or vehicle on their properties.</li> <li>• Alternative shelter options, such as groupings of micro-homes, nonprofit sponsored mobile home park, or nonprofit-owned motel</li> </ul> <p>A city can support these types of housing by ensuring that they are allowed in the City's zoning code and through facilitating the planning process. The City may also contribute funds, land, or other resources to support development of these housing types.</p> <p><b>Newport supports existing warming and cooling shelters.</b></p>	<p><b>Scale of Impact –</b> Emergency shelter does not result in development of new housing. But it can have an impact on providing opportunities to transition from homelessness to long-term housing.</p>

Strategy Name	Description	Scale of Impact
Develop a Navigation Center	<p>A navigation center provides emergency shelter beds for single adults, families, and couples. The navigation center should include support services such as coordinated entry assessment, housing placement, counseling, case management, medical services and referrals, and other services.</p>	<p><b>Scale of Impact</b> – A navigation does not result in development of new housing. But it can have an impact on providing opportunities to transition from homelessness to long-term housing.</p>
Support Targeted Housing Services	<p>The City can work with partners, such as the housing authority or nonprofit developers, to support development of housing for households with very low incomes (or no incomes) that includes services necessary to help a person transition from homelessness into housing. These types of housing include:</p> <ul style="list-style-type: none"> <li>• Rapid re-housing is an approach to working with service providers to assist qualified households to quickly exit homelessness and regain stability. This may be best for people who need initial support transitioning back into housing but do not need long-term ongoing services.</li> <li>• Permanent Supportive Housing works with nonprofit housing developers and service providers to provide housing and supportive services for people who need ongoing services over the long term.</li> <li>• Transitional housing provides support for people who need intensive services on a shorter-term basis, such as people exiting corrections facilities or unaccompanied youth.</li> </ul> <p>A city can support these types of housing by ensuring that they are allowed in the City’s zoning code and through facilitating the planning process. The City may also contribute funds, land, or other resources to support development of these housing types.</p> <p><b>Newberg is likely to support development of these types of housing as a partner to an organization who is taking a lead on developing these types of housing.</b></p>	<p><b>Scale of Impact – Small.</b> While this type of housing may result in a small number of units, it can have a big impact on providing opportunities to transition from homelessness to long-term housing.</p>

## Strategies to Manage Short-Term Rental Housing

The following strategies focus on ways that the City can regulate short-term rentals (STRs). Newberg requires a license for STRs but could consider additional policies, such as inspecting or limiting the number or amount of STRs.

Strategy Name	Description	Scale of Impact
Inspections of STRs and consider restrictions/ limitations	<p>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.</p> <p><i>Austin, TX: STR applicants must submit a certificate of occupancy or certify inspection to obtain an operating license.</i></p>	<p><b>Scale of Impact – Moderate.</b> Many other policies would be improved and supported by regular inspections.</p>
One STR per owner	<p>Each owner may only hold one STR permit, promoting small-scale STR ownership.</p>	<p><b>Scale of Impact – Low to Moderate.</b> This policy would prevent several or many STRs from being in a single ownership.</p>
“Grandfathering” provisions	<p>Cities often include “grandfathering” provisions in their regulatory structure for STRs, to accommodate existing STRs and create a smooth transition to the new regulatory context. The City could require current STR owners to apply for a non-conforming use permit, wherein owners must successfully prove their historic use. Such permits could have a set expiration date.</p>	<p><b>Scale of Impact – Low to Moderate.</b> The potential impact in would depend on how many owners are granted “grandfather” status and whether non-conforming use permits expire.</p>
Limitations on the number or percentage of STRs	<p>The City can limit the number or concentration of STRs in specific neighborhoods or areas of the city. The City can limit concentration of STRs through one, or a combination, of the following:</p> <ul style="list-style-type: none"> <li>• Set a maximum percent of units or tax lots citywide that can be STRs</li> <li>• Limit number citywide or per neighborhood</li> <li>• Set a maximum percent of units or tax lots in specific neighborhoods or zones that can be STRs</li> <li>• Set a minimum distance between STRs</li> <li>• Limit number per street segment</li> <li>• Set limits on STRs by census tract</li> </ul> <p><i>Cannon Beach, OR: Total vacation rental permits are cap at 92 citywide.</i></p> <p><i>Nashville, TN: Cap on number of non-owner occupied STRs in each Census Tract (</i></p> <p><i>Mendocino County, CA: County must maintain a ratio of "thirteen (13) long term residential dwelling units to one (1) single unit rental or vacation home."</i></p> <p><i>Austin, TX: Limits the percent of STRs by census tract</i></p> <p><i>Durango, CO: Limit of one STR per street segment.</i></p>	<p><b>Scale of Impact – Moderate to High.</b> Number or concentration limits can provide compromise for STR advocates, neighbors, and concerned citizens. The scale of impact depends on the current concentration of STRs and the imposed concentration limit.</p>

Strategy Name	Description	Scale of Impact
Limits on Rental Periods	<p>The City can place a limit on the number of days per year that a property can be rented. This can be done by prohibiting STRs from being rented more than a certain number of nights per year or set minimum night requirements (e.g., require a minimum of three nights stay).</p> <p><i>Telluride, CO: Short term rentals in the residential zone may be rented no more than a cumulative 29 days and no more than three times per calendar year. "For example, you may rent your property once for 15 days, once for 10 days and once for 4 days total in a calendar year."</i></p>	<p><b>Scale of Impact – Moderate to High.</b> The impact of this strategy would depend on whether current issues are associated with length or frequency of stays.</p>
Owner-occupied / owner-onsite exemptions	<p>If STRs are prohibited or strongly limited, an exception that would allow STRs would be allowing them in dwellings where the unit owner lives most or all of the year. For example, STR could be allowed in a unit that the owner lives in for a minimum number of months of the year (e.g., an owner who lives in the unit nine months of the year and rents it out three months of the year). STRs could also be limited to properties where the owner lives "onsite," such as rental of one or two rooms in a house that the owner lives in.</p> <p>Portland, OR: Allows short-term rental of housing provided owner lives there more than 9 months per year.</p> <p><i>Newberg has rules specific to STRs where the owner lives on-site.</i></p>	<p><b>Scale of Impact – Moderate to High.</b> This strategy would primarily affect rentals where the owner lives in the city part of the year or units where individual rooms are rented in an owner-occupied unit.</p>

## Approaches to Maintain Long-term Affordability

Strategy	Description	Scale of Impact
Support Preservation of Regulated Affordable Rental Housing	<p>Encourage and support preservation of affordable rental housing for households earning 0-60% Median Family Income, working with the State and affordable housing partners to ensure no net loss of regulated affordable housing units.</p> <p>The City could conduct outreach to LIHTC property owners to establish relationships with them and better understand their intentions when the tax credits are near to expiration.</p> <p>The City could work to identify organizations (e.g., nonprofit affordable housing providers) that might be willing and able to acquire the properties where 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).</p>	Scale of Impact – <b>Small to Moderate.</b>
Ordinances to Preserving Existing Affordable Housing Supply	<p>Housing preservation ordinances typically condition the demolition or replacement of certain housing types on the replacement of such housing elsewhere, fees in lieu of replacement, or payment for relocation expenses of existing tenants. Preservation of existing housing may focus on preservation of smaller, more affordable housing. Approaches include:</p> <ul style="list-style-type: none"> <li>• Housing preservation ordinances</li> <li>• Housing replacement ordinances</li> <li>• Single-room-occupancy ordinances</li> <li>• Regulating demolitions</li> </ul>	<p><b>Scale of Impact – Small to moderate.</b></p> <p>Preserving small existing housing can make a difference in the availability of affordable housing in a city but it is limited by the existing stock housing, especially smaller, more affordable housing. Cities with older housing stock are more likely to benefit from this policy.</p>
Add Restrictive Covenants to Ensure Affordability	<p>Adding restrictive covenants to ensure affordability over time at a certain income level for affordable housing developments. Restrictive covenants are usually placed on a property in exchange for a local or state government providing financial contribution to the project. These covenants work best over the short-term (up to 30 years); after that they become unable to accommodate changed circumstances.</p>	<p><b>Scale of Impact – Small to Moderate.</b></p> <p>Preserves affordable housing over covenant term.</p>
Support Preservation of Manufactured Home and Mobile Home Parks	<p>Preservation of manufactured home parks can be accomplished through a range of approaches, such as resident owned cooperatives or non-profit ownership. Oregon Housing and Community Services (OHCS) has regularly received lottery bonds or general funds from the Oregon Legislature to preserve manufactured home parks through these approaches. Hood River could work with owners of manufactured home parks, especially those where redevelopment is being considered, to identify opportunities to preserve manufactured home parks through these approaches.</p>	Scale of Impact – <b>Small to moderate.</b>



## Policies to Support Housing Equity

The following policies focus on ways to increase equity in decision making about housing and further fair housing within the city.

Strategy Name	Description	Scale of Impact
Implement all Housing Policies through a Lens of Social and Racial Equity	Develop a social and racial equity and inclusion lens to evaluate all housing policies.	<b>Scale of Impact – Small to Large.</b> Depends on the changes in policy making processes.
Adopt Affirmatively Furthering Fair Housing as a Housing Policy in Comprehensive Plan  and  Provide Fair Housing Education, Referral, and Other Services	Amend the comprehensive plan to explicitly make Affirmatively Furthering Fair Housing a Housing Policy. The city may consider whether the Comprehensive Plan is the appropriate location for this policy. A part of this policy is ensuring 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. Educate city staff 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 partner with and fund Fair Housing Council of Oregon to provide periodic Fair Housing Audit Testing, customized outreach and education and other specialized services.  Provide residents, property owners, property managers, realtors, lenders and others involved with real estate transactions with access to Fair Housing information and referrals. Educate city staff on how to identify potential Fair Housing violations and make referrals to the Fair Housing Council of Oregon and state and local enforcement agencies. Partner with and fund Fair Housing Council of Oregon to provide periodic Fair Housing Audit Testing, customized outreach and education and other specialized services.	<b>Scale of Impact – Small to Moderate.</b> Depends on the actions and existing and on-going discrimination.
Accessible Design	Provide incentives in the development code to increase the number of units designed to meet Universal Design, Lifelong Housing Certification, and other similar standards. This strategy could include pre-approved plan sets (e.g. single-family detached and townhomes with barrier-free / universal design), within the context of ADA and FHA rules.	<b>Scale of Impact – Small to Moderate.</b> Improve housing accessibility for populations that need special accommodations.

## Programs that Provide Financial Assistance

The following policies focus on ways in which the City and other community stakeholders can provide financial assistance to potential residents in order to increase housing affordability and accessibility for multiple income groups.

Strategy Name	Description	Scale of Impact
Housing Rehabilitation Programs	<p>Cities often offer home rehabilitation programs, which provide loans to low- and moderate-income households for rehabilitation projects such as making energy efficiency, code, and safety repairs. Some programs provide funding to demolish and completely reconstruct substandard housing.</p> <p><b>Newberg has a small rehabilitation program.</b></p>	<p><b>Scale of Impact - Small.</b> Limited fund availability means that relatively few households will be able to access housing rehabilitation funds.</p>
Weatherization Funds through Community Action Agencies	<p>Use weatherization funds administered by statewide network of Community Action Agencies to preserve aging housing stock occupied by income-qualified residents. The City could play an active role in supporting this program by providing informational/promotional assistance to residents.</p> <p><b>Newberg has a small weatherization program for manufactured housing.</b></p>	<p><b>Scale of Impact – Low to Moderate.</b> Depends on availability of funding.</p>
Employer-Assisted Housing	<p>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.</p> <p><b>Newberg has an ongoing partnership with the Newberg Workforce Housing Consortium that is made up of businesses and government entities that look for housing solutions.</b></p>	<p><b>Scale of Impact – Small to Moderate.</b> The scale of the impact of EAH programs will depend on the size of the employer, eligibility criteria, and the type of assistance offered. If one or more large employers offers an EAH program with substantial assistance that provides enough assistance to make housing in the city affordable for low- and moderate-income households, then an EAH program can have a sizeable impact.</p>



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

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

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

*Or Telephone:*

*Dial (for higher quality, dial a number based on your current location):*

*US: +1 253 215 8782 or +1 346 248 7799 or +1 669 444 9171 or +1 669 900 6833 or +1 386 347 5053 or +1  
564 217 2000 or +1 646 931 3860 or +1 929 205 6099 or +1 301 715 8592 or +1 312 626 6799*

*Webinar ID: 839 1578 6872*

*Passcode: 096247*

**I. CALL MEETING TO ORDER**

**II. WELCOME**

Welcome and Introductions

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

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

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

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

**V. PUBLIC COMMENTS**

**VI. NEXT STEPS**

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

**VII. ADJOURNMENT**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## Actions Under Consideration for Inclusion in the HPS

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

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

#### Rationale

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

#### Description

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

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

#### City Role

Partner, help with planning process

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

#### Rationale

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

#### Description

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

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

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

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

#### City Role

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

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

#### Rationale

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

#### Description

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

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



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

#### City Role

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

### D. Support Preservation of Manufactured Home Parks

#### Rationale

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

#### Description

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

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

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

#### City Role

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

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

#### Rationale

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

## Description

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

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

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

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

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

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

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

### City Role

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

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

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

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

### Rationale

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

### Description

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

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

## City Role

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

## G. Reduce Permit Fees for Affordable Housing

### Rationale

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

### Description

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

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

## City Role

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

## H. Implement the Multiple Unit Property Tax Exemption

### Rationale

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

### Description

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

The City could explore using MUPTE in two possible ways:

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

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

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

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

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

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

#### City Role

Implement the exemption and execute on annual reporting and administration procedures

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

#### Rationale

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

#### Description

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

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

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

## City Role

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

## J. Establish Maximum Lot Size

### Rationale

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

### Description

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

### City Role

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

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

### Rationale

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

### Description

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

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

### City Role

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

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

### Rationale

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

### Description

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

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

### City Role

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

## M. Support Access to Emergency Shelter

### Rationale

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

### Description

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

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

## City Role

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

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

### Rationale

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

### Description

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

The City defines short-term rentals into two categories:

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

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

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

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

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

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

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



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

### City Role

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

## O. Support Application of Fair Housing Laws

### Rationale

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

### Description

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

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

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

### City Role

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

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

### Rationale

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

### Description

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

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

### City Role

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

## Funding Sources

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

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

#### Rationale

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

#### Description

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

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

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

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

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

#### City Role

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

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

#### Rationale

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

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

### Description

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

### City Role

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

## Use of the Actions in Initiatives

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

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

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

Exhibit 1. Housing Initiatives and the Potential Actions

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

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

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

## Preliminary evaluation of each action

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

### Income Level Served

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

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

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

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



## Impact for Housing Development

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

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

## Administrative Complexity

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

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

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

## Feasibility

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

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

## Flexibility

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

We define feasibility, as follows:

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

Exhibit 2: Potential Actions and Level of Impact

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

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



**NEWBERG HOUSING PRODUCTION STRATEGY (HPS) AGENDA  
CITIZEN ADVISORY COMMITTEE MEETING #4  
Tuesday, October 11, 2022 - 4:00 PM**

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

<https://us06web.zoom.us/j/86386434282>

*Or Telephone:*

*Dial (for higher quality, dial a number based on your current location):*

*US: +1 669 900 6833 or +1 719 359 4580 or +1 253 215 8782 or +1 346 248 7799 or +1 669 444 9171  
or +1 929 205 6099 or +1 301 715 8592 or +1 309 205 3325 or +1 312 626 6799 or +1 386 347 5053 or +1  
564 217 2000 or +1 646 931 3860*

*Webinar ID: 863 8643 4282*

**I. CALL MEETING TO ORDER**

**II. WELCOME**

Welcome and Introductions

**III. OVERVIEW OF STAKEHOLDER ENGAGEMENT**

- Overview of interviews with housing providers in the Newberg area: for-profit, non-profit, affordable housing developers, etc.

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

- 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 address Newberg's unmet housing needs?
- Which strategies should be prioritized for implementation?

**V. PUBLIC COMMENTS**

**VI. NEXT STEPS**

- ECONorthwest will continue evaluating housing strategies for the HPS with City staff and interview key stakeholders
- Next CAC Meeting November 15<sup>th</sup> at 4PM

**VII. ADJOURNMENT**

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Meeting 5: Nov 15, 2022 at 4 PM

Meeting 6: Feb 21, 2023 at 4 PM

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

DATE: 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

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

- April 12 the CAC met to discuss desired project outcomes, review Newberg's key housing needs, remaining barriers, and preliminary strategies to consider for the HPS.
- May 17 the CAC met to discuss the strategies that could and should be included in the HPS to address the unmet housing needs in Newberg.
- 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)<sup>1</sup> for a household of four which is an annual household income of \$29,100 to \$48,500. Development of housing affordable to households at this income level is generally accomplished through development of government-subsidized income-restricted housing. These households can afford monthly housing costs between \$730 and \$1,210.

- **Low-income households** are those who have income of 50% to 80% of Yamhill County’s MFI for a household of four or income between \$48,500 to \$77,500. The private housing market may develop housing affordable to households in this group, especially for the higher income households in the group. These households can afford monthly housing costs of \$1,210 to \$1,940.
- **Middle-income households** are those who have income of 80% to 120% of Yamhill County’s MFI for a household of four or income between \$77,500 to \$116,300. The private housing market may develop housing affordable to households in this group, especially for the higher income households in the group. These households can afford monthly housing costs of \$1,940 to \$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
<ul style="list-style-type: none"> <li>A. Support Development of Market-Rate Affordable Housing</li> <li>B. Develop a Land Bank Strategy and Partnerships to Support Affordable Housing Development</li> <li>C. Support Preservation of Manufactured Home Parks</li> <li>D. Provide Density Bonuses to Support Development of Affordable Housing</li> <li>E. Reduce SDCs for Income-Restricted Affordable Housing</li> <li>F. Reduce Permit Fees for Affordable Housing</li> <li>G. Implement the Multiple Unit Property Tax Exemption</li> <li>H. Support Application of Fair Housing Laws</li> <li>I. Provide Informational Resources for Low-Income Households or People Experiencing Homelessness</li> <li>J. Consider Restrictions and Conduct Inspections on Short-term Rentals</li> <li>K. Use Urban Renewal to Support Housing and Infrastructure Development</li> </ul>	<ul style="list-style-type: none"> <li>• Establish maximum lot size</li> <li>• Develop Pre-Approved Plans for ADUs and Middle Housing</li> <li>• Implement all Housing Policies through a Lens of Social and Racial Equity</li> <li>• Support Preservation of Income-Restricted Affordable Rental Housing</li> <li>• Issue a General Obligation Bond to Support Housing and Infrastructure Development</li> </ul>	<ul style="list-style-type: none"> <li>• Homebuyer Opportunity Limited Tax Exemption (HOLTE)</li> <li>• Expedited / Fast-tracked Building Permit</li> <li>• Revise existing density transfer policies to make residential cluster development more feasible</li> <li>• Develop a Navigation Center</li> <li>• Add Restrictive Covenants to Ensure Affordability</li> </ul>

## 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.<sup>2</sup> 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.<sup>3</sup>

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.

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

<sup>3</sup> *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 incentive for preservation and development of housing for low- to moderate-income households. It can offer an incentive for mixed-income housing, providing a way to leverage private, market-rate development to expand affordable housing.

### Description

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

The City could explore using MUPTE in two possible ways:

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

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

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

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

### City Role

Implement the exemption and execute on annual reporting and administration procedures

### Partners and their Role

**Partner 1. Newberg Planning Department** – would be administrators 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

Action Name	Initiative Name			
	Support development of low- and moderate-income affordable rental housing	Increase opportunities for affordable homeownership	Encourage development of income-restricted affordable housing units	Preserve existing of low- and moderate-income affordable housing
<b>Actions</b>				
Support Development of Market-Rate Affordable Housing	■	■		
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	■	■	■	■

Action Name	Initiative Name			
	Support development of low- and moderate-income affordable rental housing	Increase opportunities for affordable homeownership	Encourage development of income-restricted affordable housing units	Preserve existing of low- and moderate-income affordable housing
Produce Informational Resources for Low-Income Households or People Experiencing Homelessness			■	
Consider Restrictions and Conduct Inspections on STRs	■			
<b>Funding Sources</b>				
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:

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

## Impact for Housing Development

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

Small	Moderate	Large
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.
<i>~1-3% of needed housing 32 to 95 new dwelling units<sup>4</sup></i>	<i>~3% to 5% of needed housing 95 to 158 new dwelling units</i>	<i>~5% to 10% (or more) of needed housing 158 to 317 new dwelling units</i>

## 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

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<sup>4</sup> Newberg’s Housing Needs Analysis projects that the City will grow by 3,169 new dwelling units in Newberg between 2021 and 2041 to accommodate new population growth.

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				
<b>Actions</b>							
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 to 60% MFI		Small	Medium	More	Moderate
Reduce Permit Fees for Income-Restricted Affordable Housing	X	Up to 60% MFI		Small	Medium	More	More
Implement the Multiple Unit Property Tax Exemption		X		Small to Moderate	Medium	More	Less



Action Name	Level of Affordability Addressed			Impact for Development	Admin Complexity	Feasibility	Flexibility
	<50% MFI	50%-80% MFI	80%-120% MFI				
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
<b>Funding Sources</b>							
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 (HPS) AGENDA  
CITIZEN ADVISORY COMMITTEE MEETING #4  
Tuesday, February 14, 2022 - 4:00 PM**

*Please click the link below to join the webinar:  
<https://us06web.zoom.us/j/84774597943>*

*Or Telephone:*

*Dial (for higher quality, dial a number based on your current location): US: +1 719 359 4580 or +1 253 205 0468 or +1 253 215 8782 or +1 346 248 7799 or +1 669 444 9171 or +1 669 900 6833 or +1 689 278 1000 or +1 929 205 6099 or +1 301 715 8592 or +1 305 224 1968 or +1 309 205 3325 or +1 312 626 6799 or +1 360 209 5623 or +1 386 347 5053 or +1 507 473 4847 or +1 564 217 2000 or +1 646 931 3860  
Webinar ID: 847 7459 7943*

**I. CALL MEETING TO ORDER**

**II. WELCOME**

Welcome and Introductions

**III. FINAL COMMENTS ON THE HOUSING PRODUCTION STRATEGY**

- Discuss funding sources
- Discuss partners
- Discuss adoption schedule
- Do you have any questions about the information in the document?
- Are there any suggested changes?

**IV. PUBLIC COMMENTS**

**V. NEXT STEPS**

- ECONorthwest will refine and make final edits to the document
- Planning Commission meeting: March 9, 2023
- City Council meeting: April 17, 2023

**VII. ADJOURNMENT**

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

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# Newberg

## Housing Production Strategy

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January 2023

Prepared for: City of Newberg

Draft Report

**ECONorthwest**

ECONOMICS • FINANCE • PLANNING

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# Acknowledgements

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ECONorthwest prepared this report for the City of Newberg. ECONorthwest and the City of Newberg thank those who helped develop the Newberg Housing Production City. This project is funded by Oregon general fund dollars through the Department of Land Conservation and Development. The contents of this document do not necessarily reflect the views or policies of the State of Oregon.

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# Executive Summary

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Will be included in final document



# 1. Introduction

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The City of Newberg has identified need for affordable housing as an important issue to the City. The Newberg City Council’s goals include “Promote development of housing affordability such as houselessness, transitional housing, workforce housing.”

The City completed a *Housing Needs Analysis* (HNA) in 2021, which showed that the city has unmet housing needs, including need for more housing affordable to households who live and work in Newberg. The City of Newberg has made several strides in its housing efforts over the last several years to address housing access, quality, and affordability concerns.

- CDBG Manufactured Home Repair Grant – 2016 and 2021
- Amendments to Accessory Dwelling Units – 2018
- Residential Use in First Floor in C-3 –2019
- Removed ADU Parking Requirements –2020
- Fee-in-lieu Parking for Residential Development in Downtown – 2020
- Establish a CET – 2020
- Adjust Timing on Payment of SDC – 2020
- Establish a Vertical Housing Development Zone (VHDZ) for tax abatement – 2021
- Housing Needs Analysis – 2021
- Middle Housing Code Updates – Duplexes – 2021
- Middle Housing Code Updates – Triplexes, Quadplexes, Townhomes, & Cottage Clusters– 2022
- Multifamily Code Update – 2023
- Annual Affordable Housing Trust Fund Notice of Funding Availability – ongoing

While the City has accomplished much to date, there is still work to be done to ensure Newberg’s existing and future housing needs are met. To build on their progress, the City applied for a grant with the Department of Land Conservation and Development in 2021 to produce a Housing Production Strategy (HPS).

This HPS is a follow-up to the City’s 2021 Housing Needs Analysis. The Housing Needs Analysis (HNA) is a technical document that will allow the City of Newberg to better

understand its housing needs over the 2021-2041 timeframe. In particular, the HNA answers an important question about whether the city has enough unconstrained, buildable lands to accommodate its housing forecast – which is based on projected population growth – over the planning period. The Housing Production Strategy (HPS) uses the findings of the HNA (as well as the findings from other recent planning efforts) and crafts policies and actions to address Newberg’s housing needs, meet the city’s housing goals, and affect positive change in the community.

Importantly, the HPS includes actions to achieve equitable outcomes for all residents of Newberg, with an emphasis on improving outcomes for underserved communities, lower-income households, and people in state and federal protected classes. An HPS considers issues of Fair Housing, which is intended to provide access to housing choice for everyone, free from discrimination. Federal protected classes are: race, color, national origin, religion, gender, familial status, and disability. Oregon’s additional protected classes are: marital status, source of income, sexual orientation and gender identity, and status as a domestic violence survivor. Under Fair Housing laws, it is illegal to deny access to housing based on the characteristics of people within these protected classes.

This report provides information about Newberg’s housing needs. It provides an understanding of the issues (in Chapter 2), before solutions are proposed (in Chapter 3). This report draws its information and findings from several documents including:

- Housing Needs Analysis– Adopted March 4, 2021 and Amended July 19, 2021
- Middle Housing Code Updates – Duplexes – Adopted June 7, 2021, Effective July 7, 2021
- Middle Housing Code Updates – Triplexes, Quadplexes, Townhomes, & Cottage Clusters – Adopted December 6, 2021, Effective January 6, 2022
- Projects such as amendments to Accessory Dwelling unit requirements, establishment of a Vertical Housing Development Zone, establishment of a Construction Excise Tax, and other projects the City has worked on between 2018 and 2022
- Stakeholder engagement that was part of development of many of the plans above

Newberg completed the Newberg Housing Needs Analysis in 2021. Conclusions of the HNA are:

- **Newberg is forecast to grow by about 3,169 new dwelling units between 2021 to 2041.** On average, this equates to 158 new dwelling units per year.
- **Changes in demographic characteristics will drive need for new housing.** The HNA forecast that Newberg will need more attached and multifamily housing in the future than the current housing stock provides. The HNA forecasts that 60% of new housing would be single-family detached, 8% single-family attached, 32% multifamily in structures with five or more units. The factors driving the shift in types of housing needed in Newberg include changes in demographics. The aging of senior populations and the household formation of young adults will drive demand for renter- and owner-

occupied housing, such as small single-family detached housing, townhouses, cottage housing, duplexes, triplexes, quadplexes, and apartments or condominiums. Both groups may prefer housing in walkable neighborhoods, with access to services.

- **Newberg has an existing deficit of housing affordable to low- and middle-income households and is likely to have similar future deficits.** Newberg’s existing deficit of housing that is affordable for extremely-low and very-low income, low-income, and middle-income households indicates a need for subsidized affordable housing for renters and affordable homeownership. About 41% of Newberg’s households are cost burdened,<sup>1</sup> including a cost burden rate of 65% for renter households.
- **Newberg does not have sufficient land designated for multifamily housing types.** Newberg does not have sufficient land to accommodate development in the High-Density Residential plan designation, with a deficit of 216 dwelling units. Newberg’s deficit of High-Density Residential capacity (216 dwelling units) means that the City has an approximate deficit of 11 gross acres of high-density land for residential uses (at 19.3 dwelling units per gross acre).
- **Newberg does not have sufficient land to accommodate development in the Medium and High-Density Residential plan designations, with a deficit of 34 acres and 44 acres, respectively.** Newberg is not meeting its needed density for the overall average density of 7.4 dwelling units per gross acre, as the capacity (3,359 dwelling units) divided by unconstrained buildable acres (568 acres) is equal to 5.9. Newberg is meeting its needed densities in the Low, Medium, and High-Density Residential plan designations, as the future densities in these plan designations are consistent with the historical gross densities. The special area plans for the Northwest Newberg Specific Plan and Springbrook District were developed in 1993 and 2008, respectively. The expected densities in these areas, 4.9 dwelling units per gross acre in the Northwest Newberg Specific Plan and about 5.2 dwelling units per gross acre in the Springbrook District, are below the overall average density of 7.4 dwelling units per gross acre for the entire city. The Springbrook District’s planned density has the greatest impact on overall average densities in Newberg, as expected housing in the Springbrook District accounts for about 40% of Newberg’s housing capacity.

---

<sup>1</sup> A household is considered cost burdened if they pay 30% or more of their gross income on housing costs, such as rent, selected utilities like electricity and heating, and mortgage/interest/insurance. A household is severely cost burdened if they spend 50% or more of their gross income on housing costs.

## Requirements of a Housing Production Strategy

OAR 660-008 describes the requirements of a Housing Production Strategy (HPS) in sections 660-008-0050 through 660-008-0070. This section briefly describes these requirements and review by staff with the Department of Land Conservation and Development (DLCD).

The HPS is required to include the following information. It is noted what chapter this information is included in, in this report:

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

The HPS will be advisory until the City adopts its HNA. At which point, the city will be required to submit the HPS to DLCD. The City is required to submit the HPS to DLCD after adoption by the City Council. The City is then required to monitor progress on implementation of the HPS and progress on production of housing related to the policies and actions in this report. Linking housing development directly to implementation of the actions in this report may be challenging or difficult to quantify. But City staff will be able to report building activity changes that occur before and after implementation of specific actions and will be able to provide qualitative feedback on action implementation based on partnership development and discussions with stakeholders.

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

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

Implementation of the HPS will take time because each action will require further consideration, such as additional analysis, engagement of consultants, changes to existing standards or programs, discussions with decision makers, or public hearings. The City has adopted and agreed to some of the actions listed in the HPS, such as those from the Homeless System Action Plan. For these actions, the HPS provides additional details about implementation of these actions and puts them into the broader context of Newberg's housing needs. For actions that the City has not yet agreed to take action on, the City may be unable or chose not to implement some of these actions because of new information that arises from further consideration about the specifics of each action.

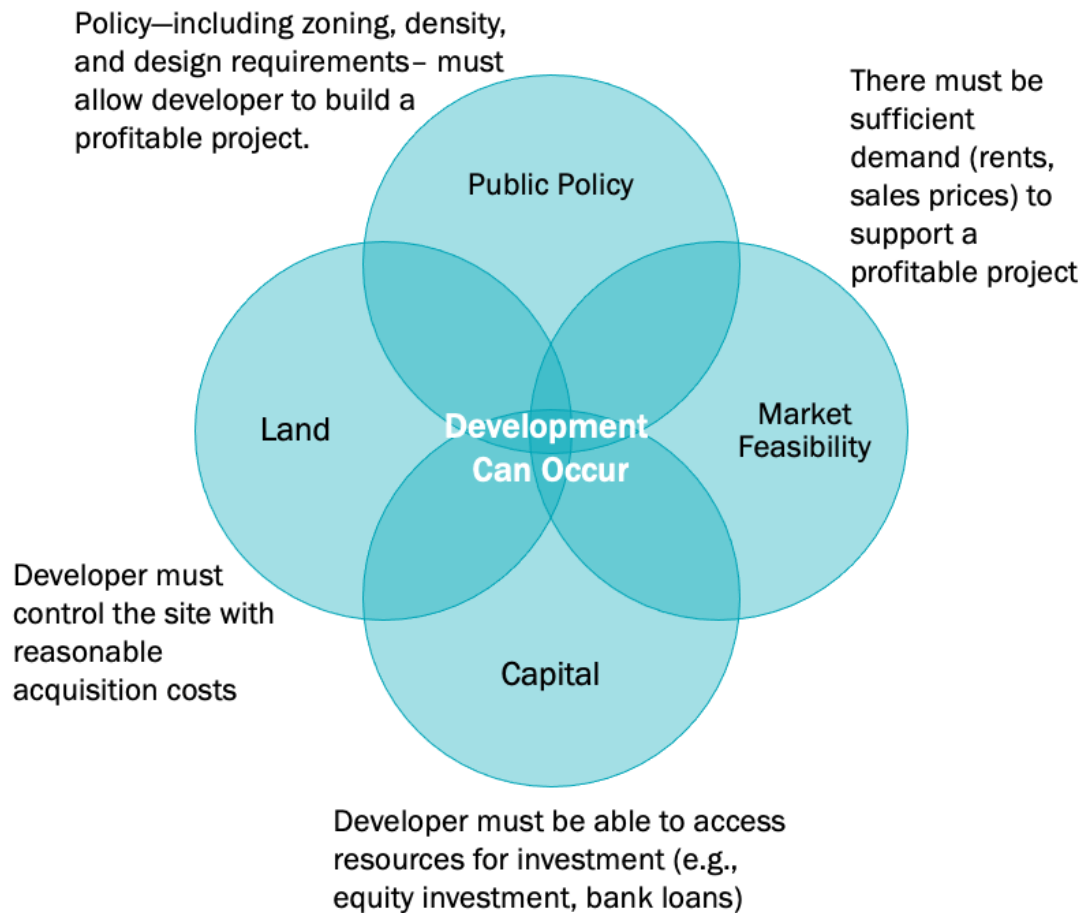
If the City is unable to or chooses not to implement an action within 90 days of the timeline proposed in the HPS, the City must notify DLCD about the action(s) that the City is taking to address this issue. The City may propose an alternative schedule for implementation or may identify a different action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

## Considerations for Implementing the Housing Production Strategy

As part of development of the HPS, it is important to understand a city's role in housing development. Supporting and leveraging the private market's ability to deliver market-rate development at the broadest possible range of price-points is critical to increase the supply of housing more broadly, especially in light of the limited public funding available to support income-restricted housing. In an area with a reasonably strong housing market, a city's influence over market-rate development is substantial, despite the number of factors that the city does not control. The graphic in Exhibit 1 illustrates how four factors must intersect so that development can occur, and where the City has the most influence.

Cities do not control all of these factors entirely. Public policy at the local level is shaped through state policy. Land is generally controlled by the individual land-owners and development of infrastructure necessary to make land development can be prohibitively expensive. Market feasibility is largely affected by market forces, such as construction costs and achievable rents. Access to capital is largely controlled by investors and banks. However, cities can directly influence public policy (through its development code) and availability of land (through zoning, density, planning for new land needed for housing, redevelopment, government owned surplus land, potential urban renewal and other types of projects and acquisitions, and infrastructure planning). Cities can also have a limited influence on market feasibility (through policies that reduce costs like tax abatements or waiving fees).

Exhibit 1. Four Necessary Factors that Allow Development of New Market-Rate Housing  
Source: ECONorthwest

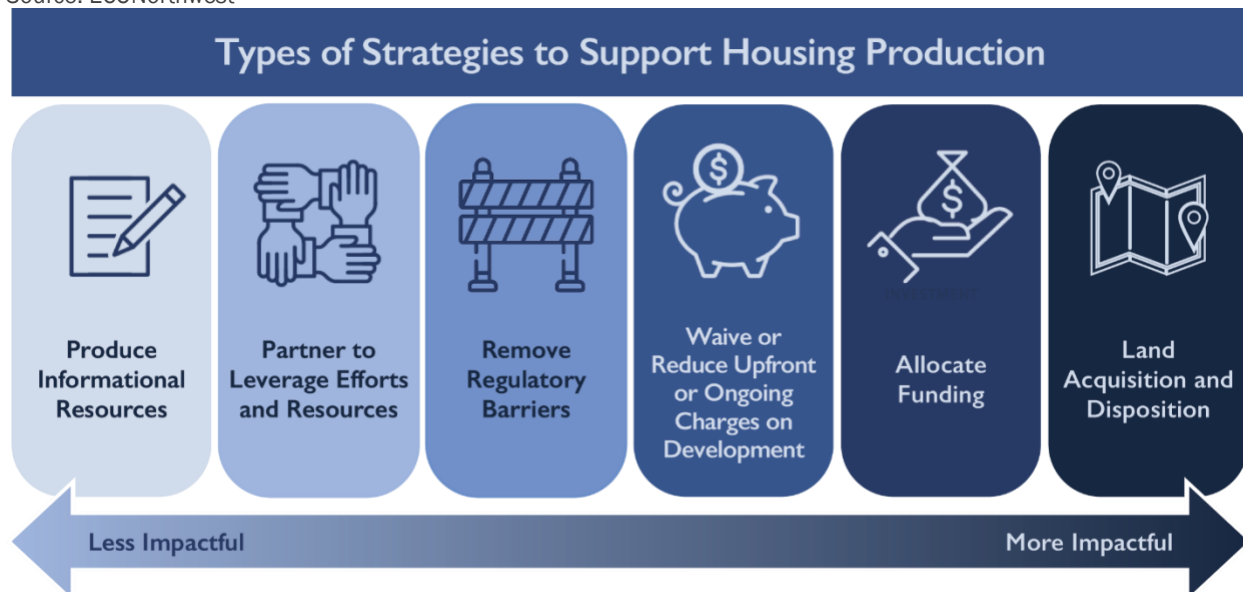


These factors all suggest that the City should consider a wide range of actions. Exhibit 2 shows the range of strategies, characterizing some strategies as more impactful and some as less impactful. More impactful strategies are those that provide funding or direct resources to support housing development (like land acquisition and disposition). These strategies are more impactful because funding and resources are the greatest constraint on development of income-restricted affordable housing (such as housing affordable to households with incomes below 80% of Median Family Income, or MFI).

While removing regulatory barriers and partnerships are shown as less impactful strategies, they are often necessary (but not sufficient on their own) to support housing development. For example, most changes to zoning standards will not, on their own, result in new affordable housing (especially multifamily housing) being built. The City needs other strategies to support development of affordable housing for people to live and work in Newberg.

This example also underscores the fact that many of the actions presented in this chapter build on each other. While a partnership on its own may not be sufficient to support development of housing, it may be key when combined with other actions.

Exhibit 2. Types of Strategies to Support Housing Production  
Source: ECONorthwest



## Building Equity into the HPS

Equity is both an outcome and a process. As an “outcome,” equity means that race or other markers of social identity would no longer predict one’s life outcomes (for instance in health, socioeconomic advantages, educational access, life expectancy, etc.). Achieving that outcome remains a challenge because our economic, political, and legal systems were, often unintentionally, designed and built to maintain inequality – and they continue to do so.

To achieve equitable outcomes, equity is also a process that people undertake to better understand, question, and disrupt historical and contemporary inequitable systems and structures. We can use this process to create policies that are based in equal opportunity and resources, and we can ensure that those most impacted by policies and practices are meaningfully involved in their creation and implementation.

Equitable housing goes beyond affordability. It aims to ensure all people have housing choices that are diverse, high quality, energy efficient, physically accessible, and reasonably priced, with access to employment opportunities, services, and amenities. This includes reducing rates of cost burden and increasing access to homeownership, especially for low-income households and vulnerable groups such as seniors, workers with low pay, people with disabilities, and communities of color. This broad definition of equitable housing includes choices for homes to buy or rent that are reasonably priced (relative to income) and accessible across all ages, household sizes, abilities, and incomes and are convenient to everyday needs such as schools, childcare, food, and parks.

Exhibit 3 provides an equity framework to increase the consideration of equity in the project process and implementation (including measuring impact). Creating equitable processes will

help ensure that diverse and underrepresented communities (including vulnerable and low-income communities) are able to influence and inform policy and program development.

Exhibit 3. Affordable Housing Strategy Equity Framework

Identify Unmet Housing Needs	Engagement Process <sup>2</sup>	HPS Plan Development	Measurement and Analysis
<p>Identify unmet housing needs, such as lower-income cost-burdened households</p> <p>Identify vulnerable people within the community who are at risk or who could benefit from access to more affordable housing</p>	<p>Engage community members to learn about their priorities, needs, and challenges to affordable housing</p> <p>Build community awareness and support through the engagement process</p> <p>Continue engagement in implementation of the actions within the HPS</p>	<p>Ensure that the actions in the HPS address Newberg’ unmet housing needs</p> <p>Identify outcomes within the HPS that respond to community needs and promote housing stability and choice, particularly for those households with the unmet housing need.</p>	<p>Develop measurements to understand the impact and progress toward increasing equity of the actions</p>

The HPS was developed within this equity framework. The actions in the HPS are intended to increase equitable housing outcomes as the City implements the recommendations of the HPS.

A key part of developing the HPS was consulting community members to learn about their priorities, needs, and challenges related to affordable housing. The stakeholder outreach process for developing the HPS was collaborative and included input from the following groups:

- **Newberg Housing Citizens Advisory Committee (CAC).** The CAC was convened by Newberg City staff to advise staff and ECONorthwest throughout the development of the HPS. The CAC met on a regular basis, reviewed draft materials, and provided feedback on contextualized housing needs, policy issues and strategy development.
- **Discussions with Stakeholders.** The project included seven interviews with stakeholder groups to solicit feedback. Interviews included:
  - **Service providers** for vulnerable populations, to better understand the range of unmet housing needs for low-income households, youth and families, and people experiencing homelessness. The feedback from this discussion included a need to recognize that the demographics of those requesting services is shifting and priority should be given to providing more upstream resources like rental assistance and

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<sup>2</sup> Engagement builds on prior engagement that the City has done on other housing and community development projects, such as work on the Newberg Housing Capacity Analysis. It also includes engagement conducted as part of the HPS project. Implementation of the HPS will include additional engagement.



eviction prevention that will help prevent more households from becoming homeless.

- **Affordable housing developers** to understand the specific challenges to developing affordable housing, including recommendations about policies to support income-restricted housing development affordable to low-income households. This group discussed a need for city fee waivers (e.g., SDCs and permit fees), priority permitting, and readily available infrastructure that could assist with making the development process more streamlined and predictable to lower costs.
- **Local housing developers and builders** to understand the unique challenges in developing market-rate housing and recommendations about policies to support market-rate housing development affordable to middle-income households. The advice from this group focused on providing more flexibility within the zoning code to meet the range of local contexts in Newberg. A few examples include recalibrating parking requirements for downtown, creating density bonuses to leverage more diversity, and working backwards from a shared vision to solve barriers that can arise during the development process.
- **Public Open House.** The next version of this report will include a description of this open house, which will be held on January 30<sup>th</sup>.
- **Planning Commission.** The project included two presentations to Newberg’s Planning Commission. The first presentation (November 2022) was to introduce the draft policies and actions and the second (March 2023) was to present the final draft of the HPS report.
- **City Council.** The project included three presentations to Newberg’s City Council. The first presentation (July 2022) was to introduce the draft policies and actions and the second (February 2023) was to present the first full draft of the HPS report, and the third meeting (April, 2023) was to present the final draft of the HPS report.

## Structure of the Report

The structure of this report is organized as follows:

- **Chapter 2. Unmet Housing Need** summarizes the findings about housing need in Newberg, with a focus on housing need at varying income levels and housing needs of specific groups of people.
- **Chapter 3. Actions to Meet Future Housing Need** presents the proposed policies and actions to meet the housing need described in Chapter 2.
- **Chapter 4. Evaluation: Achieving Fair and Equitable Housing Outcomes** presents an evaluation of the HPS through considerations of the location of housing, Fair Housing, housing choice, and other factors.
- **Appendix A: Contextualizing Newberg’s Housing Needs** presents the data and analysis necessary to understand Newberg’s housing needs in more detail.
- **Appendix B: Evaluation Criteria of Actions** summarizes proposed evaluation criteria in five categories: income-level served, impact, administrative complexity, feasibility, and flexibility.
- **Appendix B: Evaluation Criteria for Actions**
- **Preliminary evaluation of each action**

The proposed evaluation criteria, summarized below fall into five categories: income level served, impact, administrative complexity, feasibility, 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	Low Income: 50% to 80% of MFI or \$48,000	Middle Income: 80% to 120% of MFI or	High Income: 120% of MFI or more \$116,000

\$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	to \$78,000 for a household of four	\$78,000 to \$116,000 for a household of four	or more for a household of four
<i>37% of Newberg households</i>	<i>22% of Newberg households</i>	<i>23% of Newberg households</i>	<i>19% of Newberg households</i>
<i>Can afford \$730 and \$1,210 or less in monthly housing costs.</i>	<i>Can afford \$1,200 to \$1,950 in monthly housing costs.</i>	<i>Can afford \$1,950 to \$2,900 in monthly housing costs.</i>	<i>Can afford \$2,900 or more in monthly housing costs.</i>

## Impact for Housing Development

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

Small	Moderate	Large
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.
<i>~1-3% of needed housing 32 to 95 new dwelling units</i>	<i>~3% to 5% of needed housing 95 to 158 new dwelling units</i>	<i>~5% to 10% (or more) of needed housing 158 to 317 new dwelling units</i>

## 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 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 the action 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.

- Appendix C: Trends in Gentrification and Displacement Risk in Newberg presents an analysis of gentrification and displacement risk.

## 2. Unmet Housing Need in Newberg

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The Newberg *Housing Needs Analysis* (HNA) report describes the housing needs of current and future residents of Newberg based on some demographic and socioeconomic characteristics, such as age and income. It does not provide detailed data about housing needs for other demographic characteristics, such as race, ethnicity, people with a disability, or people experiencing homelessness. This chapter meets the HPS requirement to further contextualize housing need, beyond what the HNA provided.

This chapter provides additional information about the housing needs by income, age, race, ethnicity, disability and for people experiencing homelessness. It uses standard sources of information from the U.S. Census. It adds information from other sources, such as Oregon's Housing and Community Services Department, the United States Department of Housing and Urban Development, Redfin, Costar, and the City of Newberg.

This chapter presents a description of the housing needs that the Housing Production Strategy is intended to address, as well as existing policies to address Newberg's housing needs. It ends with a summary of the existing and expected barriers to development of needed housing.

### Methods

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

## Housing Needs Addressed by the Housing Production Strategy

The housing market produces some types of housing without need for public intervention, such as development of single-family detached housing. The HPS focuses on identifying policy and funding recommendations for promoting production of housing units that may require public intervention. This section describes the housing needs that are the focus of the HPS: development of income-restricted and middle-income affordable housing and housing to meet the special needs of specific groups. This section describes Newberg housing needs based on analysis from the *Newberg Housing Needs Analysis* report (June 2021), household income, and additional analysis of unmet housing needs for underserved groups (based on analysis in Appendix A).

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

### Defining Median Family Income

Throughout this report, we discuss housing affordability based on 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. The terms used to describe housing affordability by income group are:

- Extremely Low Income: Less than 30% MFI or \$29,100 or less for a family of four
- Very-Low Income: 30% to 50% of MFI or \$29,100 to \$48,500 for a family of four
- Low Income: 50% to 80% of MFI or \$48,500 to \$77,500 for a family of four
- Middle Income: 80% to 120% of MFI or \$77,500 to \$116,300 for a family of four
- High Income: 120% of MFI or more \$116,300 or more for a family of four



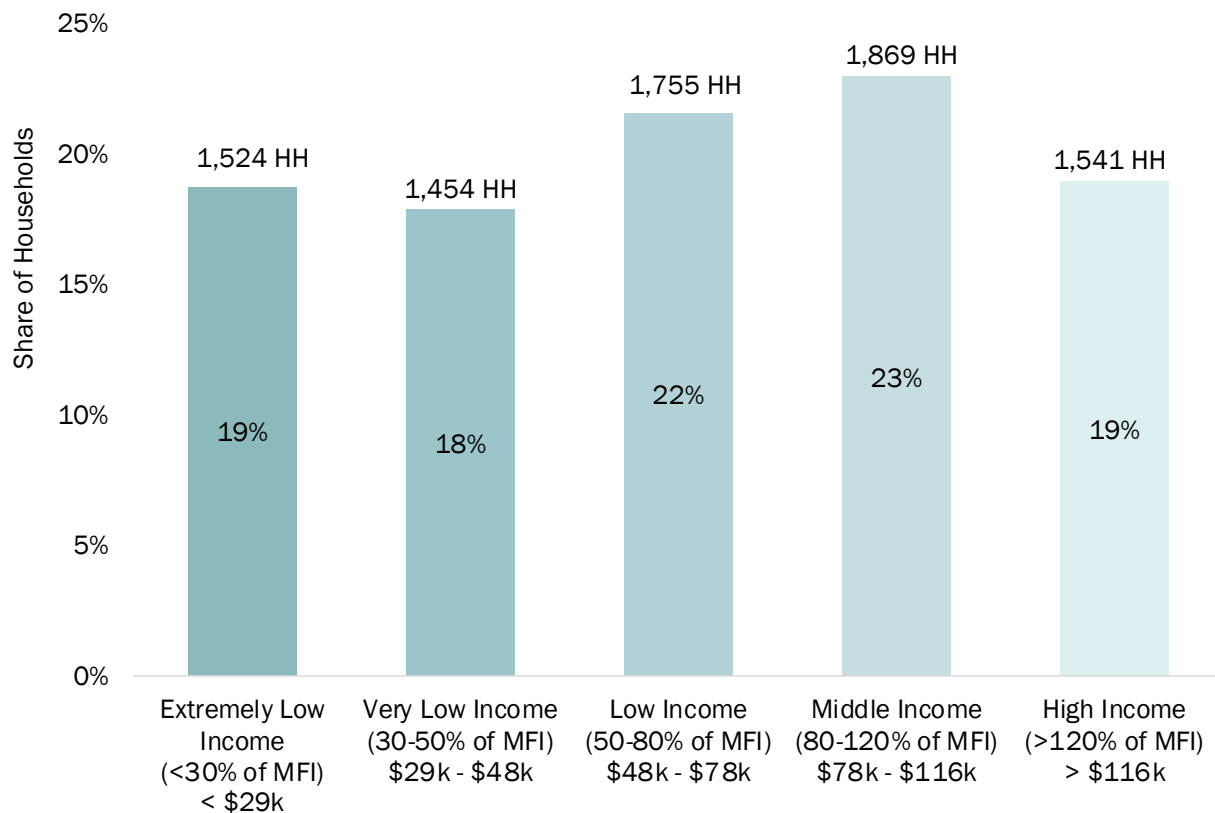
## Fewer than half of households in Newberg can afford housing sales prices.

Exhibit 4 shows that 37% of Newberg’s households had incomes less than 50% of MFI (\$48,000) and cannot afford a two-bedroom apartment at Yamhill County’s Fair Market Rent (FMR) of \$1,536 in 2021.

Fewer than one-fifth of Newberg households have income sufficient to afford the median home sales price of \$443,000 in Newberg. More than 40% of Newberg’s households are unable to afford the average asking rent in Newberg without cost burden.

Exhibit 4 Share of Households by Median Family Income (MFI) for Yamhill County (\$96,900), for a household of four, Newberg, 2021

Source: Analysis by ECONorthwest; U.S. Department of HUD, Newberg, 2021. U.S. Census Bureau, 2015-2019 ACS Table 19001.



## Median Family Income varies by household size.

The actual income thresholds vary in MFI based on household size. For example, a household of one person with an income of 80% of MFI has an income of \$54,269 compared to the income for a household of four (\$77,520) or a household of six people (\$89,947). The housing needs for a single person are different than those of a household of four people or six people. Throughout this document, we use HUD’s standard income for a household of four to illustrate housing needs.

Exhibit 5. Median Family Income and Housing Affordability by Household Size, Yamhill County, 2021  
Source: Analysis by ECONorthwest; U.S. Department of HUD, Yamhill County, 2021.

	30% MFI	60% MFI	80% MFI	100% MFI	120% MFI
<b>1-person</b>					
Annual Income	\$ 20,349	\$ 40,704	\$ 54,269	\$ 67,830	\$ 81,396
Affordable Monthly Housing Cost	\$ 509	\$ 1,018	\$ 1,357	\$ 1,696	\$ 2,035
<b>2-people</b>					
Annual Income	\$ 23,256	\$ 46,536	\$ 62,036	\$ 77,520	\$ 93,024
Affordable Monthly Housing Cost	\$ 581	\$ 1,163	\$ 1,551	\$ 1,938	\$ 2,326
<b>4-people</b>					
Annual Income	\$ 29,070	\$ 58,140	\$ 77,520	\$ 96,900	\$ 116,280
Affordable Monthly Housing Cost	\$ 727	\$ 1,454	\$ 1,938	\$ 2,423	\$ 2,907
<b>6-people</b>					
Annual Income	\$ 35,666	\$ 67,459	\$ 89,947	\$ 112,404	\$ 134,885
Affordable Monthly Housing Cost	\$ 892	\$ 1,686	\$ 2,249	\$ 2,810	\$ 3,372

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

Because the local housing market cannot produce income-restricted, subsidized affordable housing at sufficient levels – and because it cannot often produce middle income/workforce housing without subsidy, nearly 40% of households in Newberg are cost burdened (as Exhibit 46 through Exhibit 49 in Appendix A show). About 57% of renter households are cost burdened, compared with 31% of homeowners. About 90% of Households of Color were cost burdened.

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

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

Housing costs for both rental and ownership units are both much higher than many residents can afford. Exhibit 6 shows financially attainable housing costs for households across the income spectrum in Yamhill County. For example, a household earning MFI in Yamhill County

(about \$96,900 per year)<sup>3</sup> can afford a monthly rent of about \$2,420 or a home roughly valued between \$339,000 and \$388,000 without cost burdening.

In Newberg, a household would need to earn \$126,600 (131% of MFI for a family of four) to afford the median sales price of a home in Newberg (\$443,000). A household would need to earn about \$67,800 (70% of MFI for a family of four) to afford the rent of a newly built, market-rate, two-bedroom apartment in Newberg (about \$1,700 per month, including utilities).<sup>4</sup> Rent costs are comparatively more affordable but still pose a barrier to finding affordable housing for many households.

Because the local housing market cannot produce income-restricted, subsidized affordable housing (housing affordable at 60% or less of MFI) at sufficient levels – and because it cannot often produce low income/workforce housing (housing affordable at 60% to 80% of MFI) without subsidy, 40% of households in Newberg are cost burdened. Renter households are cost burdened more frequently (57% of renter households) than owner households (31%).

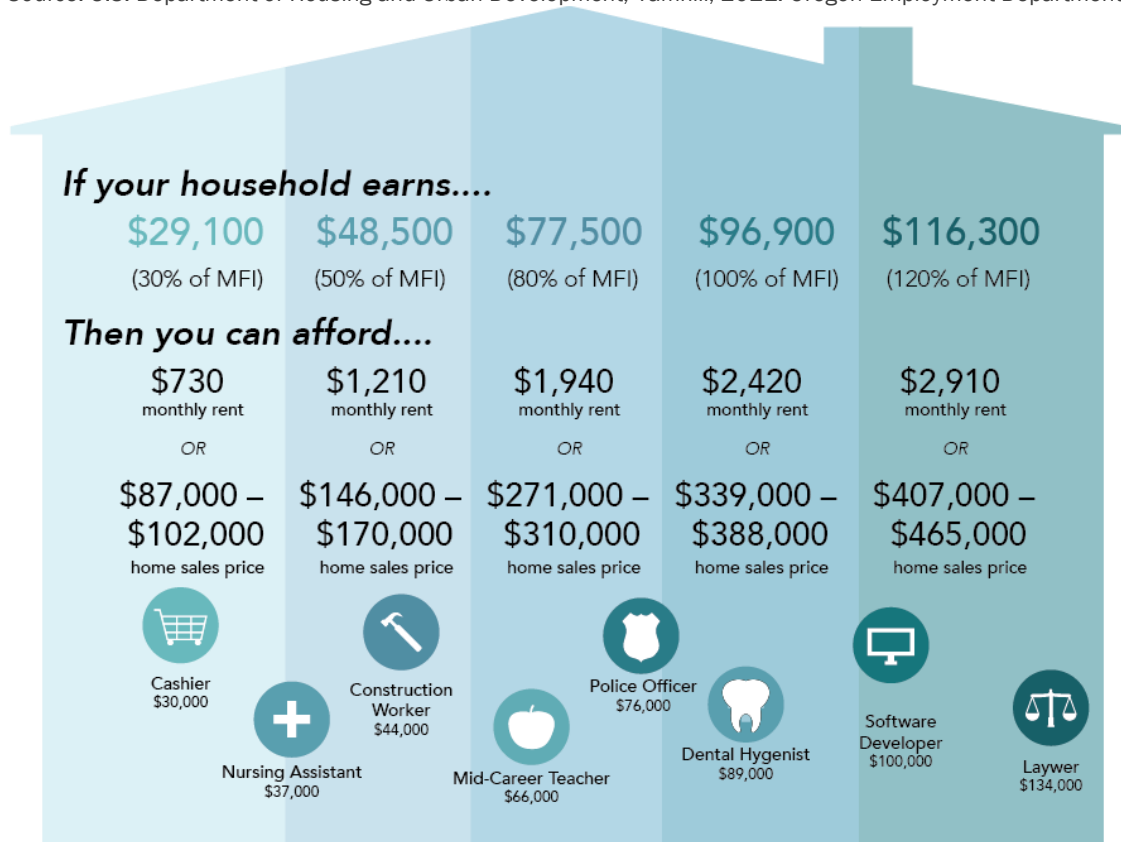
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<sup>3</sup> Note that Median Family Income for the region is different than Median Household Income (MHI) for Newberg. MFI is determined by HUD for each metropolitan area and non-metropolitan county. It is adjusted by family size – in that, 100% MFI is adjusted for a family of four. MHI is a more general term. MHI includes the income of the householder and all other individuals 15 years old and over in the household, whether they are related to the householder or not.

<sup>4</sup> Due to a lack of adequate rent data for Newberg, ECONorthwest contacted three market-rate multifamily properties to obtain asking rents. The estimated market rate rent (\$1,700, with utilities) is based on current rents for Meadowbrook Villas, T and C Apartments, and 800 E 2nd Street LLC.

Exhibit 6. Financially Attainable Housing, by Median Family Income (MFI) for Yamhill County (\$96,900), Newberg, 2021

Source: U.S. Department of Housing and Urban Development, Yamhill, 2021. Oregon Employment Department.

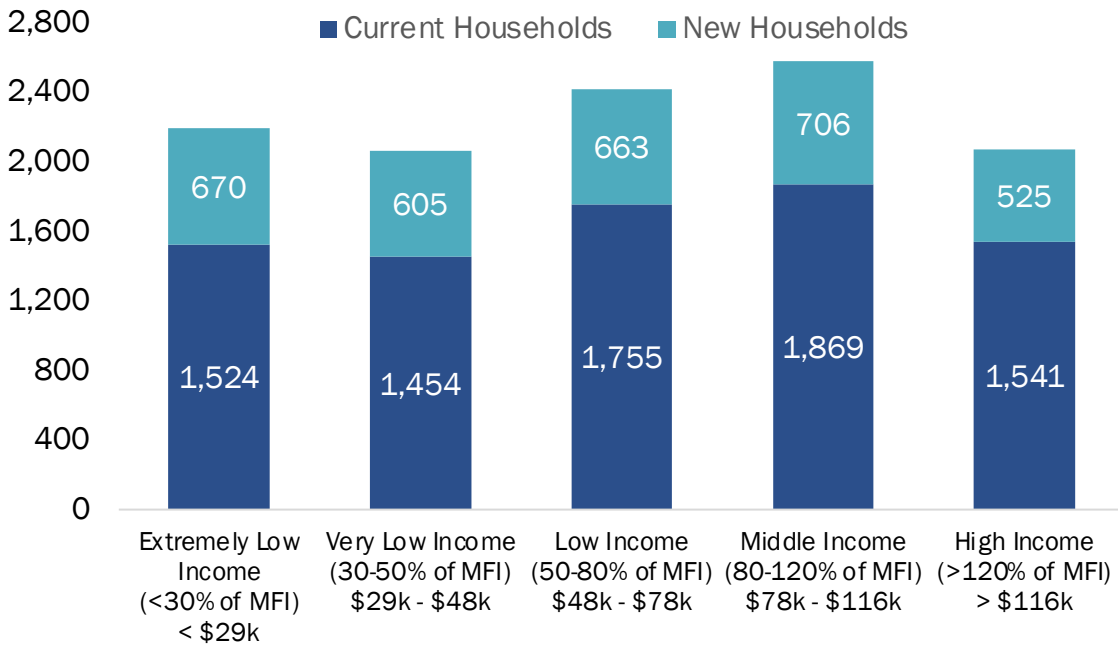


## Newberg is forecast to grow by 3,169 new dwelling units between 2021 and 2041.

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. These dwelling units will need to be available at a variety of income levels. Assuming future residents of Newberg have an income distribution that is the same as existing residents, 40% of new housing will need to be for those with very-low or extremely low incomes (below 50% MFI).<sup>56</sup>

### Exhibit 7. Newberg’s Current and Future Households by Income, 2021 to 2041

Source: U.S. Census Bureau, 2015-2019 ACS 5-year estimate, Table B19001, U.S. Department of HUD 2021 MFI, PRC at PSU (2020-2040); and U.S. Department of HUD 2021 MFI. Note: Median Family Income (MFI) is estimated for a family of 4.



<sup>5</sup> Given the fact that incomes have grown at a relatively slow pace over the last two decades in comparison to housing costs (especially home sales prices) this may be a conservative assumption about the future affordability of housing.

<sup>6</sup> The HPS does not anticipate building new units for all existing households in Newberg that have problems affording housing costs. But the HPS does propose actions to stabilize the housing costs of existing lower income households and may result in development of housing that is more affordable to these households, enabling them to stay in Newberg. Information about lower income households and cost burden for existing households illustrates the existing housing need in Newberg.

## Housing Needs for Extremely Low Income (Less than 50% MFI) Households

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

- New households: **1,275** (from 2021-2041)
- Existing households: **2,978**

**What can they afford?** Rents (including basic utility costs) of not more than \$1,210 per month.

- A household would need to earn **\$67,800** to afford newly built multifamily rent of **\$1,700** (about 70% of MFI for a family of four). Households with incomes of less than 50% of MFI (representing 36 percent of Newberg residents) cannot afford this rent.

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

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

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

- New households: **663** (from 2021-2041)
- Existing households: **1,755**

**What can they afford?** Rents (including basic utility costs) of between \$1,210 to \$1,940 per month.

- A household would need to earn **\$67,800** to afford newly built multifamily rent of **\$1,700** (about 70% of MFI for a family of four). Some households in this income group cannot afford this rent.
- Households with this income range are likely to live in rental housing predominantly. Some households in this income range can afford average rent in Newberg but many cannot afford newly built multifamily rents.

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

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

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

- New households: **706** (from 2021-2041)
- Existing households: **1,869**

**What can they afford?** Rents (including basic utility costs) of between \$1,940 to \$2,910 per month. Rents (including basic utility costs) of between \$1,940 to \$2,910 per month.

- These households can afford rents higher than the newly built multifamily rent of **\$1,700**.
- Some households in the higher part of this range can afford the median home sales price in Newberg of **\$443,000**.
- Some households with income in the higher part of this range are likely to live in rental housing and some are likely to be homeowners. Households with incomes in the lower part of this income range may need assistance in attaining homeownership.

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

### Housing Needs of People of Color

*What we know about the need:* About 8% of Newberg’s population identify as non-Hispanic Black, Asian, American Indian or Alaska Natives, Native Hawaiian or Pacific Islanders, two or more races, or another race. About 14% of Newberg’s population identify as Latino (any race). People of Color (POC) are more likely to rent their homes and to live in multifamily housing than the overall average in Newberg. **People of Color are cost burdened more frequently, with 38% cost burdened and 54% severely cost burdened.**<sup>7</sup>

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

### Housing Need of People with Disabilities

*What we know about the need:* The Census reports that about **9% of Newberg’s population** have one or more disability, such as ambulatory, vision, hearing, cognitive, self-care, or independent living disabilities.

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

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

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<sup>7</sup> People of Color includes Black, Latino, American Indian or Alaska Native, Asian, Native Hawaiian and Pacific Islanders, and people of another or multiple races. These categories were combined due to limited data availability.

City staff. It will also require approaches that encourage development of housing with specialized design standards to accommodate special needs.

## Housing Need of People Experiencing Homelessness

**What we know about the need:** There are approximately **757 people** experiencing homelessness in Yamhill County in 2021. In addition, **263 students** in the Newberg School District experienced homelessness. The number of people experiencing homelessness in Newberg is not clearly known. In part, this is because people experiencing homelessness may move between neighboring cities.

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

## Stakeholder Engagement

The following is a summary of what City staff learned from a range of outreach and engagement efforts sponsored by the City of Newberg, as it relates to matters of housing and housing production.

- **Affordable Housing Task Force.** The Committee began meeting in July 2008 and reviewed a broad range of actions that could be taken to encourage affordable housing in Newberg. In 2009, the [Affordable Housing Action Plan](#) was adopted from the work of this committee.
- **Housing Newberg Group.** A group consisting of 38 stakeholders comprised of community members including housing developers, major employers, elected officials, city staff, housing advocates, faith community leaders and members with expertise in property management, real estate sales and mortgage lending. This group met 8 times between October 2016 to October 2017 to work towards constructive recommendations for the development of a range of housing types – from high density apartments to single family detached homes.

Key recommendations from this group included: inclusion of high-density land with annexation, allow ADUs as an outright permitted use, creation of a Construction Excise Tax (CET) program, education/community awareness, missing middle housing, subsidized work and living spaces, expedited review and permitting, public street standards that reduce the amount of public right-of-way and still meet fire department requirements, and system development charge (SDC) deferrals/loans.

- **HB 4006 Community Discussions on Rent Burdened Households: Cause and Solutions.** Community meetings were held in 2018, 2019, 2020, and 2022 to discuss the causes of households being rent burdened in Newberg and consider solutions. Key outcomes: better knowledge for community members on what it means to be rent or mortgage



burdened and severe burdened and the challenges of those individuals. These meetings fostered discussions among community members about solutions and opportunities to help those individuals and create more affordable housing in Newberg.

- **Middle Housing Open Houses and Surveys.** In 2020 and 2021, there were community wide virtual open houses and surveys about HB 2001 and the middle housing code updates. The first survey received 192 total responses and the second survey received 72 total responses. The second virtual open house had about 10 community members present. Key outcomes: The information from the open houses and surveys informed the code amendments for middle housing. In June 2021, duplex code amendments were adopted. In December 2021, the other middle housing (triplexes, quadplexes, cottage clusters, and townhomes) code amendments were adopted.

These issues have been incorporated into the policies and actions presented in Chapter 3.

## Existing Policies to Address Newberg’s Housing Needs

This section lists existing measures that Newberg has implemented to support housing development and presents preliminary draft measures (or policies or strategies) that may be included in the HPS.

The City of Newberg has the following housing measures (or policies or strategies) currently in place to address Newberg’s housing needs:

### Regulatory Changes

- Amendments to Accessory Dwelling Units – Adopted and Effective July 2, 2018
  - This process amended the Comprehensive Plan and Development Code around updates to Accessory Dwelling Units (ADUs). These amendments included modifying the review process to Type I in all residential zones and the definition of ADUs. It increased the lot coverage in the R-1, low density residential zone, deleted design requirements for door and window standards, added text that the primary residence and ADU does not require owner occupancy, and added a requirement that the ADU and primary residence cannot be partitioned into separate lots.
- Residential Use, First Floor in C-3 – Adopted February 4, 2019, Effective February 5, 2019
  - The Development Code was amended to remove the requirement for first floor commercial use along E Second Street in the C-3 Central Business District zone. This was done to allow for more residential uses in the downtown area.
- Removed ADU Parking Requirements – Adopted March 16, 2020, Effective April 16, 2020
  - In accordance with HB 2001, the City removed the one off-street parking space requirement for ADUs in the Development Code.
- Housing Needs Analysis – Adopted March 4, 2021, and Amended July 19, 2021

- The City conducted a Housing Needs Analysis (HNA) to provide information that informs future planning efforts, including development and redevelopment. The HNA report also provides information on the housing market in Newberg and describes the factors that will affect future housing demand in Newberg, such as changing demographics. The analysis will help decision makers understand whether Newberg has enough land to accommodate growth over the next twenty years.
- Middle Housing Code Updates – Duplexes – Adopted June 7, 2021, Effective July 7, 2021
  - The City amended the Development Code and Comprehensive Plan to allow duplexes on all lots/zones that allow single-family dwellings.
- Middle Housing Code Updates – Triplexes, Quadplexes, Townhomes, & Cottage Clusters – Adopted December 6, 2021, Effective January 6, 2022
  - The City amended the Development Code and Comprehensive Plan to allow triplexes, quadplexes, townhomes, and cottages clusters in all residential zones.

## Incentives

- Fee-in-lieu Parking for Residential Development in Downtown – Adopted January 21, 2020, Effective February 20, 2020
  - This process amended the Development code to provide a fee-in-lieu option for on-site parking for residential development in the C-3 Central Business District, which is the downtown area of Newberg. The modification to the code allowed development with residential uses to meet the minimum parking requirements in three ways: 1) all minimum required parking will be provided on-site; or 2) less than the minimum required parking will be provided on-site with a fee-in-lieu being paid to the City of Newberg for the remainder of the required parking; or 3) a fee-in-lieu is paid to the City of Newberg for all required minimum off-street parking.
- Establish a Vertical Housing Development Zone (VHDZ) for Tax Abatement- Adopted May 17, 2021, Effective June 16, 2021
  - The City established a VHDZ with the purpose to encourage development of mixed-use multi-story buildings with housing above commercial spaces in urban cores and to develop a larger base of mixed-use property in urban cores. In order to qualify for the VHDZ benefits, commercial uses must be designated on the ground floor and residential uses designated for all floors above the commercial use. Once a property is eligible for a VHDZ, property tax abatements are applied for a period of ten years.

## Funding Tools

- CDBG Manufactured Home Repair Grant – 2016 and 2021
  - The City of Newberg partnered with Yamhill County Affordable Housing Corporation (YCAHC) and the Housing Authority of Yamhill County (HAYC) to use Community Development Block Grant (CDBG) funds to assist lower income residents living in manufactured homes in manufactured home parks to make

necessary repairs and upgrades to their homes. These funds were granted in 2016 and 2021.

- Establish a CET – Adopted November 16, 2020, Effective December 20, 2020
  - The City established a Construction Excise Tax (CET) on all new residential, commercial, and industrial development. For commercial and industrial improvements, a 1% tax on the value of the improvement is required. For residential improvements, a 1% tax on the permit value will be required. Of the net revenue from tax collected from commercial and industrial improvements, 100% will go towards affordable housing programs. Construction excise taxes levied upon projects on residential improvements shall be used for: 1) 50% to fund developer incentives; 2) 15% to the Oregon Housing and Community Services Department to fund home ownership programs that provide down payment assistance; 3) 35% to fund developer incentives and affordable housing programs.
- Adjust Timing on Payment of SDC – Adopted November 2020, Effective December 2020
  - The City amended the Municipal Code to delay payment of System Development Charges (SDCs) for single-family and duplex residential developments. Payment can now be made at least 48 hours prior to the request for an insulation inspection versus upon issuance of a building permit.

Further, the City of Newberg is currently in the process of:

- Annual Affordable Housing Trust Fund Notice of Funding Availability – ongoing
  - Every Sept/Oct the City sends out a Request for Proposals (RFP) to provide grants or loans to affordable housing development projects. In May 2021, Habitat for Humanity was provided a \$5,000 grant to assist their affordable housing programs.

## Existing and Expected Barriers to Development of Needed Housing

The barriers to development of needed housing in Newberg include:

- **Infrastructure necessary to support housing development.** Land without urban infrastructure (such as roads, water, sanitary sewer, and stormwater service) will need infrastructure available nearby before the land can be developed for residential uses. The cost of extending or developing new infrastructure is considerable, depending on the location.
- **Funding and resources (such as land) to support development of affordable housing.** Developing income-restricted housing for households with incomes below 60% of MFI nearly always requires federal, state, local, and/or philanthropic subsidy so that it can cover the costs of development and operations with restricted rents. Developing new housing affordable to households with incomes of 60% to 80% of MFI also typically requires government subsidy and/or funding from sources such as nonprofits. One of the key barriers to development of affordable housing is identifying sufficient funding to support its development. Options for funding affordable housing development include direct funding (i.e., monetary contributions for housing), contributions of land, and cost reductions (e.g., tax abatements or waiving fees).
- **Support from the community for development of affordable housing, including regulated affordable housing.** One of the big barriers to development of affordable housing and different types of housing (such as townhouses, duplexes, triplexes, quadplexes, and other types of multifamily housing) is community concern and resistance to development of these housing types. Developers and city staff will need to reach out to neighborhood groups and other stakeholders to gain support for development of these types of housing.
- **Capacity of the development community for development of diverse housing types.** Capacity for development of housing includes developers willing and able to develop needed housing, nonprofits with the capacity to support development of affordable housing, and availability of skilled construction labor to do the housing development (or renovations). Each of these are potential barriers and can have different impacts on development of affordable housing. Capacity for the development community can include knowledge of development of new or innovative housing projects, ability to get financing to pay for housing development, and capacity to take on new housing development. Capacity for nonprofits can be a combination of staff capacity for executing on projects and funding to support affordable housing projects. After the Great Recession, some people exited the construction labor pool, making it difficult to find skilled construction tradespeople to support housing development.
- **Regulatory barriers to developing multifamily housing.** While changes to multifamily standards have been adopted in the last few years, the impacts of those changes have

not yet been analyzed with new projects. Evaluating the regulations to support the most efficient development and redevelopment of land for market-rate and income-restricted affordable housing is necessary to maximize the land designated for multifamily housing and the number of units built.

- **Establishing or broadening needed partnerships.** On-going community engagement, especially with underserved communities or people with specialized housing need, is necessary to ensure that the City understands the current housing needs of these groups. This is a potential barrier to needed housing development if the City does not have staff capacity to maintain this engagement or is unable to establish relationships with the communities in question. The City should consider partnering with local non-profit organizations such as YCAP and Habitat for Humanity and Newberg's Workforce Housing Consortium to stay engaged with how the needs of vulnerable groups may evolve.

### 3. Actions to Meet Future Housing Need

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

The City developed four initiatives that address key housing needs in the city. The initiatives comprise a set of potential city-led strategies, funding sources, and potential partnerships with other entities that help to achieve an overarching desired outcome for the city’s housing policies. By bundling strategies and funding sources, the City acknowledges that several actions and partnerships are necessary to achieve the City’s housing desired outcomes. These initiatives have been refined based on discussions with City Staff.

- **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). Key actions that build on each other:
  - Support Development of Market-Rate Affordable Housing
  - Implement the Multiple Unit Property Tax Exemption
  - Urban Renewal support can be critical to funding development of this type of housing in the urban renewal district.
- **Increase opportunities for affordable homeownership.** This initiative seeks to increase the housing options for homeownership for households earning less than 120% of MFI (less than \$70,800). Key actions that build on each other:
  - Use Construction Excise Tax to Support Affordable Housing Development
  - Urban Renewal to Support Housing and Infrastructure Development
  - Developing a land bank strategy and partnerships to support development of affordable housing, such as working with a community land trust to build affordable units for homeownership
- **Encourage development of income-restricted affordable housing units.** There are limited options available in Newberg 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. Key actions that build on each other:
  - Provide Density Bonuses to Support Development of Affordable Housing
  - Reduce SDCs for Income-Restricted Affordable Housing
  - Reduce Permit Fees for Income-Restricted Affordable Housing
  - Use Construction Excise Tax and/or Urban Renewal funding to support the actions above

- **Preserve existing low- and moderate-income affordable housing.** This initiative seeks to increase the housing options for rental households earning less than 120% of MFI (less than \$70,800). Key actions that build on each other:
  - Support Preservation of Manufactured Home Parks
  - Use Construction Excise Tax to Support Affordable Housing
  - Urban Renewal to Support Housing and Infrastructure

Exhibit 8. Housing Initiatives

Action Name	Initiative Name			
	Support development of low- and moderate-income affordable rental housing	Increase opportunities for affordable homeownership	Encourage development of income-restricted affordable housing units	Preserve existing low- and moderate-income affordable housing
<b>Actions</b>				
A. Support Development of Market-Rate Affordable Housing as Lead by the Newberg Workforce Housing Consortium	■			
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 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. Produce Informational Resources for Low-Income Households or People Experiencing Homelessness			■	
J. Consider Restrictions and Conduct Inspections on STRs	■			
<b>Funding Sources</b>				
K. Urban Renewal to Support Housing and Infrastructure Development	■	■	■	■
L. Use Construction Excise Tax	□	■	■	■

## Funding the Actions

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

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

- **Existing Urban Renewal District.** Urban renewal freezes property tax accumulation in a designated Urban Renewal District until the Urban Renewal District expires or pays off bonds. Urban renewal can be used to support development of affordable housing and 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.

Newberg established an Urban Renewal Area in the Riverfront District and Downtown area. The majority of funding in Newberg's Urban Renewal Plan (adopted in 2021) is set aside for transportation and infrastructure projects. The City allows for use of urban renewal funds to pay for the costs of infrastructure development. These projects are intended to facilitate mixed-use development, particularly in the Riverfront District's commercial areas and within the Downtown area. Newly developed infrastructure can be used to support housing, as well as employment uses.

- **Construction Excise Tax (CET) Revenues.** The City implemented a Construction Excise Tax (CET), which is intended to provide funding to support development of affordable housing. Newberg adopted the CET in 2020. Revenue from the CET will fluctuate with construction activity.<sup>8</sup>

The City recently developed a plan for using CET funds to support affordable housing. As of November 2022, the CET has generated approximately \$892,000 and funds can be distributed beginning in January 2023. CET funds generated from residential projects will be distributed as follows:

- 50% to fund developer incentives
- 35% for affordable housing programs
- 15% will be routed to OHCS for homeownership programs

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<sup>8</sup> Newberg has a CET that is applied to residential, commercial, and industrial projects. The CET is a 1% tax on the building permit value.



- 4% can be used to cover administrative costs associated with operating the program
- 100% of the funds generated by the tax on commercial and industrial projects will fund developer incentives and affordable housing programs.

Use of the CET is **not** an action in the HPS but this funding source is important for implementing the HPS.

## Other Funding Sources Considered

The City has a variety of other options for locally controlled funding sources that could support affordable housing. While this project did not include a robust funding analysis component, the project team discussed these funding sources with the Citizens Advisory Committee.

Exhibit 9 provides an overview of which funding sources advanced to the HPS.

Exhibit 9. Funding Sources Evaluated

Recommendation as an Action in the HPS?	Revenue Source	Rationale for Inclusion/Exclusion?
Yes	New Urban Renewal Area	Could provide a stable, dedicated revenue source in an area with limited existing infrastructure.
Use of CET will be key to funding the Actions in the HPS	Use of CET funding	Provides a funding source to support developer incentives and affordable housing programs.
No, staff will pursue outside of the HPS	Grants and State Funding	Pursue as the City has staff capacity. Without dedicated staff grants, may not provide substantial source of funding.
No, donations will be accepted as they are available	Private donations and gifts	Pursue as the City has staff capacity. Without dedicated staff, this is not likely to be a substantial source of funding.
No	New local option levy	Requires voter approval, unlikely to pass.
No	Increased lodging tax	Only 30% increased revenue could go to housing; 70% dedicated to tourism promotion.
No	Increased marijuana tax	No discussions related to increasing the tax locally.
No	Increase Systems Development Charges	Would place burden on market-rate development.
No	Increased utility fee	Difficult to target charges, not a large nexus between source and use of funds.
No	Increased building and planning permit fees	Sized to project valuation and staffing operational costs and capacity.
No	New business license fee	May hinder local business development.
No	New food and beverage tax	Requires voter approval, unlikely to pass.
No	New sales tax	Not politically feasible.
No	New payroll/business income tax	May not be politically feasible.
No	New real estate transfer tax	Not legal in Oregon.
No	New vacant/second home tax	Untested and possibly not legal in Oregon.

## Actions

This section presents the proposed actions for inclusion in the HPS.

## Summary of Actions

In developing the HPS, we evaluated each of the actions considered for inclusion in the HPS based on five criteria listed below. Appendix B provides more details about these evaluation criteria, beyond the following descriptions:

- **Income level served:** focuses on incomes below 120% of MFI as a way to best support housing affordable to households who are most likely to have difficulty affording housing.
- **Impact for housing development:** considers the potential scale of impact of the action, which provides some context for whether the policy tool generally results in a little or a lot of change in the housing market.
- **Administrative complexity:** considers how much staff time and resources (financial or otherwise) are required to implement the action and whether the action is difficult or costly to administer once it is in place.
- **Feasibility:** assesses the political and community acceptability of the action for stakeholders, as well as potential need to coordinate with other organizations.
- **Flexibility:** describes whether the action can be flexibly used to achieve multiple outcomes

Exhibit 10. Summary of Actions

Action Name	Level of Affordability Addressed			Impact for Development	Admin Complexity	Feasibility	Flexibility
	<50% MFI	50%-80% MFI	80%-120% MFI				
<b>Actions</b>							
A. Support Development of Market-Rate Affordable Housing as Lead by the Newberg Workforce Housing Consortium		X	X	Small	Medium	Moderate	More
B. Develop a Land Bank Strategy and Partnerships to Support Affordable Housing Development	X	X	X	Moderate to large	High	Moderate	More
C. Support Preservation of Manufactured Home Parks	X	X	X	Small	Low	More	Moderate
D. Provide Density Bonuses to Support Development of Affordable Housing	X	X		Small to Moderate	Medium	More	More
E. Reduce SDCs for Affordable Housing	X	Up to 80% MFI		Small	Medium	More	Moderate
F. Reduce Permit Fees for Affordable Housing	X	X	X	Small	Medium	More	More
G. Implement the Multiple Unit Property Tax Exemption		X	X	Small to Moderate	Medium	More	Less
H. Support Application of Fair Housing Laws	X	X	X	Depends on the changes in policy making processes	Medium	More	More
I. Produce Informational Resources for Low-Income Households or People Experiencing Homelessness	X			Small	Low	More	More
J. Consider Restrictions and Conduct Inspections on STRs		X	X	Small	Medium	Moderate	More
<b>Funding Sources</b>							

Action Name	Level of Affordability Addressed			Impact for Development	Admin Complexity	Feasibility	Flexibility
	<50% MFI	50%-80% MFI	80%-120% MFI				
K. Urban Renewal to Support Housing and Infrastructure Development	X	X	X	Moderate to large	High	More	More

## Potential Partners

Implementing the actions in this strategy will require participation of key partners who have roles essential to the construction, delivery, and preservation of housing units. Exhibit 11 shows how each of the partners would play a role in different actions.

Exhibit 11. City and Partner Roles

Actions	City	Affordable and Market Rate Developers	Other Government Agencies	Local Nonprofits	Other Partners
A. Support Development of Market-Rate Affordable Housing as Lead by the Newberg Workforce Housing Consortium	Provide technical assistance; support development	Implement development	Support development where appropriate		Workforce Housing Consortium to lead development
B. Develop a Land Bank Strategy and Partnerships to Support Affordable Housing Development	Identify partners, potential funding	Implement housing project	Potential contributors of land	Implement housing project	Identify funding sources
C. Support Preservation of Manufactured Home Parks	Provide technical assistance, work with partners		Support purchase and preservation	Support purchase and preservation	
D. Provide Density Bonuses to Support Development of Affordable Housing	Draft amendments and facilitate public processes	Help refine effective bonus structures			
E. Reduce SDCs for Affordable Housing	Develop criteria for reduction Identify funding source for backfilling	Help refine feasible affordability thresholds			
F. Reduce Permit Fees for Affordable Housing	Identify feasible fee reductions Identify source to pay fees	Help identify effective fee reductions			

Actions	City	Affordable and Market Rate Developers	Other Government Agencies	Local Nonprofits	Other Partners
G. Implement the Multiple Unit Property Tax Exemption	Develop and administer program	Assist in identifying criteria for exemption	Consider exemption approval		
H. Support Application of Fair Housing Laws	Facilitate public process			Targeted outreach, education, resources	
I. Produce Informational Resources for Low-Income Households or People Experiencing Homelessness	Host additional resource center		Partner with City	Informational resource packages	
J. Consider Restrictions and Conduct Inspections on STRs	Adopt policies or regulations				
K. Urban Renewal to Support Housing and Infrastructure Development	Partnership with Urban Renewal Agency	Interested developers	URA: Select projects; implement the Plan		Property owners: Provide input

## Implementation Schedule for Actions

The table below presents a draft schedule for implementation of the Housing Production Strategy. Each action will go through a period of development where staff works with decision makers to develop the specifics of the action, then potential adoption and implementation. The activities for each of these are described below.

- **Further refinement:** The actions will require some level of further refinement prior to adoption, which may range from simple logistics (such as developing materials about an existing program) to complicated coordination between multiple internal and external stakeholders (such as implementation of a tax abatement). The refinement period will occur before adoption.
- **Adoption:** This occurs when the City takes official action to adopt a strategic action (or uses another official acknowledgement that the City is going to execute on the strategic action). The table shows the expected time of adoption.
- **Implementation:** This occurs when the City officially allows the strategic action to be used, represented by a tan color in the table.

Note to reviewers: This will be filled in after discussions with City Council

Exhibit 12. Implementation Schedule

Actions	2023 or before	2024	2025	2026	2027	2028	2029	2030	2031
A. Support Development of Market-Rate Affordable Housing as Lead by the Newberg Workforce Housing Consortium									
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 Affordable Housing									
F. Reduce Permit Fees for Affordable Housing									

Actions	2023 or before	2024	2025	2026	2027	2028	2029	2030	2031
G. Implement the Multiple Unit Property Tax Exemption									
H. Support Application of Fair Housing Laws									
I. Produce Informational Resources for Low-Income Households or People Experiencing Homelessness									
J. Consider Restrictions and Conduct Inspections on STRs									
<b>Funding Sources</b>									
K. Urban Renewal to Support Housing and Infrastructure Development									
Use Construction Excise Tax to Support Affordable Housing Development	X								

## A. Support Development of Market-Rate Affordable Housing as Lead by the Newberg Workforce Housing Consortium

### 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 in other communities, which may create difficulties for employers to hire and retain a workforce. As a result, many employers have started taking a more active role in housing development to better position themselves to recruit and retain their employee base.

### 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.

Newberg's Workforce Housing Consortium convened in 2019 and have since received \$3 million dollar in grant funds that will ultimately be used to either financially support or develop corporate partner housing for Newberg employees. The Workforce Housing Consortium is a group of employers including Friendsview Retirement Community, A-Dec, George Fox University, Providence Newberg Medical Center, Newberg Public Schools, Marquis Companies, and City of Newberg with plans of building and renting between 15 to 30 units of housing affordable to people who work at their businesses.

The Consortium is still working on narrowing down target demographics for people they would rent to. However, the general goal is to fill the housing gap for those who do not qualify for income-restricted housing or are unable to access it for various reasons (e.g. long waitlists) and those who are unable to afford market-rate prices (e.g. households earning less than 120% MFI). The Consortium is also interested in a model that can support new employees moving into the area who need additional time to find the right housing but need a safe and affordable place to land while they do so. Approximately 15-30 rental housing units is the intended scale.

### City Role

The City of Newberg has been an ongoing partner to the Consortium, particularly in helping to identify buildable lands and facilitating connections with potential partners. The City can also offer technical assistance to the Workforce Housing Consortium by helping navigate permit requirements and compile site specific development costs (e.g. required permit fees, utility connections, and necessary infrastructure upgrades). The City can also help navigate development regulations or even facilitate rezoning efforts to prep the site for residential development if necessary.

### Partners and their Role

Partner 1. The Newberg Workforce Housing Consortium, who are leading plans for developing workforce housing.



Partner 2. Local developers and housing related non-profits – City staff maintain relationships with local developers and service providers working in the region.

Partner 3. City Staff – Newberg’s Community Development and Public Works Departments can help provide technical assistance with development once a housing project is identified. The City could help the Workforce Housing Consortium identify potential housing developers and/or non-profits that could partner on the housing project.

**Anticipated Impacts**

Populations Served	Income	Housing Tenure	Magnitude of New Units Produced
Low to middle-income households for workers at selected businesses in Newberg	Households with incomes below 120% of MFI	Renter	Moderate

**Potential Risks**

The housing would be limited to people who work at businesses that are participating in the Newberg Workforce Housing Consortium. Many people living in Newberg would not be able to access housing developed by the Consortium.

**Implementation Steps**

In this action, the City’s role is primarily as a partner and the City is not driving implementation of this action. The City’s implementation steps would focus on:

- Continue taking part in the Consortium’s regular meetings to best identify how and when the City needs to provide assistance.
- Assist with identifying possible developer partnerships and local buildable lands for housing development
- When a project and/or site is identified, outline permit processes and development fees required.
- Identify additional ways that the City could support developing of housing, possibly through use of other actions in the HPS like: providing a density bonus (Action D) if needed to support the development, reducing permit fees (Action F), or granting a property tax exemption (Action G).

**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 Community Development Department tools and resources will be relied on to provide support in the form of technical assistance and a convener of stakeholders.

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

### Rationale

Land control is critical to affordable housing development because overall development 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

The City can support development of income-restricted affordable housing (housing affordable at or below 60% of MFI) or moderate income housing (housing affordable between 60% and 120% of MFI) by helping to reduce costs in a number of ways:

### Land banking

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 an 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 an 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's role could be to 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 affordability (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).

### **Community Land Trusts**

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.

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.

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.

### **Housing Cooperative**

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.

The City could support a housing cooperative in a similar way that it could support a community land trust, such as assisting the trust with land acquisition through land banking or through providing funding to support housing development.

### **City Role**

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.

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.

**Partners and their Role**

Partner 1. 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 2: 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% MFI 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	Households with incomes below 120% of MFI	Renter or owner	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 120% of MFI for the foreseeable future, the housing costs may increase, making the housing less affordable.

**Implementation Steps**

- Identify the way that the City would participate in a land bank, if at all.
  - Decide the City’s potential role in a land bank, such as establishing a formal land bank, having an informal land bank and working with partners to donate surplus city-owned land to affordable housing development, or participating in an existing land bank.

- Identify 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 and parcel assembly to support affordable housing development.
- Research state or federal grant opportunities to help the City with land acquisition for affordable housing development.
- Identify the ways that the City would participate in a land trust or housing cooperative, if at all.
  - Provide technical assistance to a community land trust and/or a housing cooperative for developing housing.
  - Identify other city programs that can support housing development.
  - Establish a program with a dedicated funding source to help interested parties develop housing for a community land trust and/or a housing cooperative.
  - Partner with and contribute land or resources to a community land trust and/or a housing cooperative.

### 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 a land trust or housing cooperative, the City will need to identify a source of funding for the contributions.

## C. Support Preservation of Manufactured Home Parks

### Rationale

Preserve manufacturing home parks because they play a significant role in providing naturally occurring affordable housing.

### Description

Newberg has eight 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 to 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.<sup>9</sup> 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.<sup>10</sup>

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

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<sup>9</sup> Based on information from the report *Washington County's Manufactured Housing Communities: Facts, Risks, and Resource*, Final Report, April 2022.

<sup>10</sup> *Washington County's Manufactured Housing Communities: Facts, Risks, and Resource*, Final Report, April 2022.

### City Role

Work with owners of manufactured home parks to preserve manufactured home parks and continue partnerships with Housing Authority of Yamhill County on CDBG funds for repairs.

### Partners and their Role

Partner 1. Housing Authority of Yamhill County – 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

Preservation of manufactured home parks is likely to have minor or have no negative impact.

### Implementation Steps

- Establish relationships with the owners of manufactured home park owners and resident groups (if any) to understand the status of manufactured home parks and potential sales.
- Identify other potential partnerships with nonprofits or manufactured home park owners to coordinate and support preservation efforts.
- Establish a monitoring program with the Housing Authority of Yamhill County to track necessary repairs and stability of using CDBG to fund them.
- Identify additional 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 Community Development 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 have density bonuses with 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	Households with incomes below 80% of MFI	Primarily Renter Could be 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 criteria for granting 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. Exempt SDCs for Affordable Housing

### Rationale

One of the main ways a city can influence project costs is through exempting some developments from paying Systems Development Charges (SDCs), which can represent a substantial portion of development costs. When cities reduce or exempt SDCs, it can increase the financial feasibility of a project and facilitate more affordable housing production. In most cases, the City will need to find an alternative funding source to pay (or “backfill”) the costs of SDCs exempted on specific projects.

### 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. The City could consider exempting SDCs specifically for deeper affordability projects, such as those serving households earning at or below 80% of the MFI. Most service providers that offer SDC exemptions or reductions in Oregon for affordable housing limit it to regulated/income-restricted affordable housing. Some cities have set a cap on the amount of waivers (number of units or dollar amount) they will issue for a given time period. Cities can choose to backfill foregone SDC revenue from other sources such as a CET fund and are typically advised to do so, but it is not required by state statute.

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, experts advise backfilling them to ensure the city can complete necessary infrastructure projects and avoid compromising equitable share protection for other SDC payers. However, if the cost of SDCs (or development costs in general) render an affordable housing project financially infeasible, it may not get built. Some ways that cities exempt SDCs include:

- 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% MFI 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.
- The City of Ashland exempts SDCs for both ownership and rental units with stricter eligibility requirements. Homebuyers must earn 60% Area Median Income (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.
- 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 AMI or less. The homebuyer shall agree to establishing a minimum period of 30 years for affordability.

- Some special districts also offer SDC waivers for affordable housing, including Tualatin Hills 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 and backfilling the costs of SDCs for affordable housing with deeper affordability thresholds.

### Partners and their Role

Partner 1. City staff, including Newberg Community Development 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
Extremely low income, very low-income, and low-income households	Households with incomes below 80% of MFI	Renter or Owner	Medium

### Potential Risks

The City should consider backfilling forgone revenue through the changes to SDCs. If the City is unable to make up forgone revenue, the City will have less funds to support development of infrastructure needed to support housing development. 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.
- Develop criteria for instances where the City may exempt SDCs for development of affordable housing, including income levels, housing types, and other criteria. Identify a funding source to backfill the SDCs not being paid by the developers.

### 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. If the City needs to backfill the costs of SDCs, the City will need to identify a funding source to pay for the costs of SDCs.

## 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 division, reducing fees could present a financial challenge for the City. The City may choose to off-set the reduction in permit fees by paying for them with a different funding source.

### 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 Community Development 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
Extremely 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 incentive for preservation and development of housing for low- to moderate-income households. It can offer an incentive for mixed-income housing, providing a way to leverage private, market-rate development to expand affordable housing.

### Description

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

The 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 Community Development Department – would be administrators 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. Overlapping tax districts – would need to agree to participate in the tax exemption, with affirmative support from at least 51% of overlapping taxing districts for the exemption to apply to their tax collections.

Partner 4. 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 what 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 MFI; Applies to rental housing that is affordable at incomes at or below 120%	Renter	Moderate

**Potential Risks**

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

**Implementation Steps**

To implement the exemption, the City would take the following steps:

- Reach out to developers to gauge their interest in this exemption.
- Determine desired eligibility criteria (percentage of affordable or workforce housing or other public benefits, where the program applies, etc.).
- Estimate the revenue loss that could result from the tax exemption and identify a replacement revenue source to support police and other City service.
- 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.
- Discuss topic with City Council at work sessions and in public hearings. City Council may choose to adopt MUPTE by resolution or ordinance following a public hearing.
- Establish annual reporting and administration procedures.
- Promote exemption to qualified projects

**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 foregoing 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.

When creating or changing housing 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**

Staff time and available Planning Division tools and resources will be relied on to accomplish this strategy. There would likely be some cost for training and educational outreach about Fair Housing laws.

## 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. Newberg Public Library – continue ongoing efforts with the library to supply the affordable housing resource center with any new resources as they become available.

Partner 3: Newberg-Dundee Police Department 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 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 Division 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 are aware of at this time.

The City categorizes short-term rentals in two ways:

- 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, limiting the number of people allowed during a rental period, and meeting 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 the number of STRs 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 the number of STRs 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 Division 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.

## K. 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.

Newberg recently established an urban renewal district that encompasses the Riverfront area and the Downtown area. 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 to 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 and 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 the Urban Renewal Plan and select projects to fund through Urban Renewal.

## Partners and their Role

Partner 1. Newberg Urban Renewal Agency – this is the agency that will implement the Urban Renewal Plan.

Partner 2. Local and Regional Developers – the City may want to engage developers interested in tackling projects in the urban renewal district to help prioritize infrastructure projects.

## 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 MFI	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, decreasing property tax revenues in the district.

## Implementation Steps

- Identify opportunities within the Urban Renewal Plan to support development of housing, either through development of new infrastructure to support housing or other approaches to supporting housing.

## 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

Urban Renewal 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.



## 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. Some of these recommendations are broad, without a clear action at this point for the City. Others are good ideas but less likely to gain support as actions. They are included as recommendations for the City to act on in the 8-year planning period or to re-consider when next developing an HPS.

- **Evaluate Establishing Maximum Lot Sizes.** This 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.
- **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) is 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).

- **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 plex development) by providing a pre-approved set of plans for 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.

- **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.

- **Evaluate Issuing 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 a funding plan, then conducting polling/engagement, and lastly, developing a ballot initiative. However, its success hinges on a favorable public vote, so the City should consider using educational tools during engagement and outreach.

## 4. Evaluation: Achieving Fair and Equitable Housing Outcomes

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

### Evaluation of the Policies and Strategic Actions

OAR 660-008 requires an evaluation of all the HPS for achieving the following types of outcomes. The discussion below provides a brief evaluation of each of the expected outcomes for the policies and actions of the HPS, with a focus on housing opportunities for federal and state protected classes.<sup>11</sup> This is not intended to be an exhaustive evaluation of how each action addresses these outcomes but a high-level overview of the HPS as a whole.

- **Affordable Homeownership.** This criterion focuses on actions that support production of housing affordable for homeownership and includes actions to support development of housing affordable at less than 120% of MFI. Many of the actions in the HPS support development of affordable housing for homeownership through supporting development of lower-cost ownership housing, removing regulatory barriers to development of affordable ownership housing, supporting Fair Housing, and making capital improvements necessary to support affordable ownership housing. Some of the actions within the HPS that support affordable homeownership include:
  - *Existing actions and programs*
    - Regulatory changes: making ADUs easier to build, allowing missing middle housing, and other regulatory changes to support development of housing.
    - Adjusted timing on payment of SDCs for single-family and duplex residential developments, to reduce development costs early in the development process.
    - Provide grants or loans to affordable housing development projects from the Affordable Housing Trust Fund.
    - Use of CET to help qualifying homeowners with down payment or foreclosure-prevention assistance, and assistance for qualifying developments related to system development, land acquisition, and required local improvements.

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<sup>11</sup> Federal protected classes are: race, color, national origin, gender, familial status, and disability. Oregon’s additional protected classes are: marital status, source of income, sexual orientation, and status as a domestic violence survivor. Under Fair Housing laws, it is illegal to deny access to housing based on the characteristics of people within these protected classes.

- ***Actions in the HPS***
  - Develop a Land Bank Strategy and Partnerships to Support Affordable Housing Development. A land bank, land trust, or cooperative housing are key ways to support development of affordable housing for homeownership.
  - Reduce Permit Fees for Affordable Housing. Reducing permit fees can help offset development costs, increasing the financial feasibility for projects operating on thin margins, which can make developing affordable housing for homeownership less costly.
  - Use Urban Renewal to Support Housing and Infrastructure Development. Urban renewal funds can be used to support development of off-site infrastructure necessary to support new rental or ownership housing development.
- **Affordable Rental Housing.** Supporting affordable rental housing includes actions to support production of both income-restricted affordable housing (affordable to households with incomes below 60% of MFI) and privately developed affordable housing (affordable for households with incomes between 61% and 80% of MFI). Actions within the HPS that support affordable rental housing development include:
  - ***Existing actions and programs***
    - Regulatory changes: making ADUs easier to build, allowing missing middle housing, and other regulatory changes to support development of housing.
    - Established a CET, with all funds going to support development of affordable housing.
    - Adjusted timing on payment of SDCs for single-family and duplex residential developments, to reduce development costs early in the development process.
    - Use of CET to provide qualifying households with rental assistance. The City may use CET funds to assist qualifying developments with system development, land acquisition, and required local improvements.
  - ***Actions in the HPS***
    - Provide Density Bonuses to Support Development of Affordable Housing. A density bonus could apply to rental or ownership housing development if they meet certain affordability thresholds.
    - Reduce SDCs for Income-Restricted Affordable Housing. Reduced SDCs could apply to both rental and ownership housing development if they meet certain affordability thresholds.
    - Reduce Permit Fees for Affordable Housing. Reduced SDCs could apply to both rental and ownership housing development if they meet certain affordability thresholds.
    - Implement the Multiple Unit Property Tax Exemption. The City can implement MUPTE to incentivize 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 rental housing.

- Consider Restrictions and Conduct Inspections on Short-term Rentals. 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. If the City implemented restrictions on STRs, it could help stabilize the inventory of long-term rentals.
- Use Urban Renewal to Support Housing and Infrastructure Development. Urban renewal funds can also be used to support development of off-site infrastructure necessary to support new rental or ownership housing development.
- **Housing Stability.** Increasing housing stability includes actions that increase the stability of existing households and prevent displacement, mitigating gentrification resulting from public investments or redevelopment. Part of increasing housing stability will be preservation of existing housing, rehabilitation of housing, and development of more affordable ownership and rental housing. These items are discussed above. Actions within the HPS that address housing stability include:
  - *Existing actions and programs*
    - CDBG Manufactured Home Repair Grant program, which provides funds to lower income residents living in manufactured homes in manufactured home parks to make necessary repairs and upgrades to their homes.
  - *Actions in the HPS*
    - Implement the Multiple Unit Property Tax Exemption. The City can implement MUPTE to incentivize preservation and development of housing for low- to moderate-income households.
    - Consider Restrictions and Conduct Inspections on Short-term Rentals. If the City implemented restrictions on STRs, it could help stabilize the inventory of long-term rentals.
    - Support Preservation of 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. The City can assist in preserving and supporting development of new manufacturing housing parks because they play a significant role in providing naturally occurring affordable housing.
    - Actions in the HPS to support development of income-restricted affordable housing can increase housing stability by increasing the amount of affordable housing in Newberg. These actions include Action B, Action D, Action E, Action F, and Action K.

- **Housing Options for People Experiencing Homelessness.** Increasing options for people experiencing homelessness includes working with partners and identifying ways to address homelessness and actions that reduce the risk of households becoming homeless (especially for households with income below 30% MFI). The HPS includes the following options for people experiencing homelessness:
  - *Existing actions and programs*
    - The City conducted a study on car camping in partnership with PSU, however no action has been taken following the results of the study.
    - The City has historically supported Harvest House, a transitional residence in Newberg.
    - The City provided ARPA funding to YCAP for a Navigation Center, and to North Valley Friends Church and Providence for a transitional housing project.
  - *Actions in the HPS*
    - Produce Informational Resources for Low-Income Households or People Experiencing Homelessness. Non-profits operating in the County offer a number of programs that many people struggling financially may be unaware exist. 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.
    - Actions in the HPS to support development of income-restricted affordable housing can increase housing options for people experiencing homelessness. These actions include Action B, Action D, Action E, Action F, and Action K.
- **Housing Choice.** Increasing housing choice involves increasing access to housing for communities of color, low-income communities, people with disabilities, and other state and federal protected classes. Increasing housing choice also means increasing access to existing or new housing that is located in neighborhoods with healthy and safe environments and high-quality community amenities, schooling, and employment and business opportunities. Actions within the HPS that increase housing choice include:
  - *The City does not currently have existing actions and programs.*
  - *Actions in the HPS*
    - **Support Application of Fair Housing Laws.** 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. Identifying ways in which the City can help mitigate against Fair Housing violations could expand housing choice for more vulnerable populations.

- Actions in the HPS to support development of income-restricted affordable housing can increase housing choice. These actions include Action B, Action D, Action E, Action F, and Action K.
- **Location of Housing.** Diversifying the location of housing requires increasing options for residential development that is compact, in mixed-use neighborhoods, and available to people within state and federal protected classes. This measure is intended, in part, to meet statewide greenhouse gas emission reduction goals. Actions within the HPS that support development of compact, mixed-use neighborhoods include:
  - *Existing actions and programs*
    - Allowing residential uses on the first floor of building in C-3 Central Business District zone.
    - Fee-in-lieu Parking for Residential Development in Downtown, which allowed development with residential uses to meet the minimum parking requirements in more flexible ways.
    - Established a Vertical Housing Development Zone (VHDZ) for Tax Abatement, which supports development of mixed-use multi-story buildings with housing above commercial spaces in urban cores and to develop a larger base of mixed-use property in urban cores.
  - *Actions in the HPS*
    - **Provide Density Bonuses to Support Development of Affordable Housing.** The City can use a density bonus to incentivize development of income-restricted housing in locations where it is particularly appropriate.
    - **Consider Restrictions and Conduct Inspections on Short-term Rentals.** The City could consider restrictions for STRs in priority locations to encourage and/or preserve a mix of housing types used for long-term housing.
    - **Use Urban Renewal to Support Housing and Infrastructure Development.** The City could use urban renewal funds to prioritize infrastructure projects in traditionally underserved areas or neighborhoods in the City.
- **Fair Housing.** Supporting Fair Housing is accomplished by increasing access to housing for people in state and federal protected classes, Affirmatively Furthering Fair Housing, addressing disparities on access to housing opportunity for underserved communities, and decreasing patterns of segregations or concentrations of poverty. Actions within the HPS that further Fair Housing policies include:
  - *The City does not currently have any existing actions and programs.*
  - *Actions in the HPS*
    - **Support Application of Fair Housing Laws.** 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.

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

## Monitoring Outcomes of the HPS

This is Newberg’s first HPS. As a result, the City is required to describe how it will measure the implementation and progress of the HPS. This section focuses on these issues.

Newberg is required to report progress on implementation of the HPS to DLCD every four years.<sup>12</sup> This report must include:

- **A summary of the actions taken to implement the HPS.** If there are actions that the City has not implemented on the schedule for the first four years of the HPS (i.e., actions expected to be adopted by December 31, 2024), the City needs to provide an explanation of the barriers to implementation and a plan for addressing the need that the action was intended to address. That plan could include identification of other actions in the HPS that will meet the identified need, or it could include development of a new action to meet the need.
- **A reflection of the efficacy of the actions the City has implemented.** This reflection should discuss the outcomes the City is observing from the actions they have implemented to date and could include expectations for future outcomes.
- **A reflection of the efficacy of the actions in the context of the outcomes described above.** This section evaluates the goals and actions in the HPS for expected outcomes such as increasing housing options for affordable homeownership, affordable rental housing, housing stability, housing options for people experiencing homelessness, housing choice, location of housing, and Fair Housing. The report should describe whether the goals and actions implemented have resulted in the outcomes described above.

In addition, Newberg is required to report about actions that will not be adopted on the schedule presented in Exhibit 12. The City must notify DLCD that it will be unable to adopt the action within 90 days of the end of the timeline to implement the action. This notice must identify the actions or combinations of actions that the City will take to address the need that the action was intended to address. This could include identification of other actions in the HPS

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<sup>12</sup> This report is due to DLCD no later than December 31 four years after Newberg adopts its HPS.

that will meet the identified need, or it could include development of a new action to meet the need.

The City will review its progress toward the plan on an annual basis by providing an annual report to the City Council. During the review, the City will document the implementation actions taken over the previous year, along with the housing development activity that has occurred. Key questions that Council can consider in its assessment include:

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

In addition, the City can track indicators of plan progress in Exhibit 13.

Exhibit 13. Monitoring by Strategy

Strategies	Annual monitoring
Overall Monitoring	<ul style="list-style-type: none"> <li>▪ Number of affordable units developed by income range</li> <li>▪ Number of affordable projects developed</li> </ul>
A. Support Development of Market-Rate Affordable Housing as Lead by the Newberg Workforce Housing Consortium	<ul style="list-style-type: none"> <li>▪ Number of units funded through the Workforce Housing Consortium</li> <li>▪ Funding or forgone revenue from the City to support this housing development</li> </ul>
B. Develop a Land Bank Strategy and Partnerships to Support Affordable Housing Development	<ul style="list-style-type: none"> <li>▪ Number of acres acquired for land banking</li> <li>▪ Dwelling units produced in partnership with a land bank, community land trust, or housing cooperative</li> </ul>
C. Support Preservation of Manufactured Home Parks	<ul style="list-style-type: none"> <li>▪ Track ownership of manufactured home parks and transfers of ownership</li> <li>▪ Amount of funding used for rehabilitation or preservation</li> <li>▪ Number of units where funding was given for rehabilitation or preservation</li> <li>▪ New partnerships established or expanded for preservation</li> </ul>
D. Provide Density Bonuses to Support Development of Affordable Housing	<ul style="list-style-type: none"> <li>▪ Densities of newly developed housing using this bonus</li> <li>▪ Number of units produced using density bonus and their affordability levels</li> </ul>
E. Reduce SDCs for Affordable Housing	<ul style="list-style-type: none"> <li>▪ Number of units produced and their affordability level</li> <li>▪ Number of projects that utilize SDC exemption</li> </ul>
F. Reduce Permit Fees for Affordable Housing	<ul style="list-style-type: none"> <li>▪ Number of units produced and their affordability level</li> <li>▪ Number of projects that utilize reduced permit fees</li> </ul>
G. Implement the Multiple Unit Property Tax Exemption	<ul style="list-style-type: none"> <li>▪ Number of inquiries about tax exemption</li> <li>▪ Number of projects (and units) granted tax exemption</li> </ul>
H. Support Application of Fair Housing Laws	<ul style="list-style-type: none"> <li>▪ Educational events and number of attendees</li> <li>▪ Views of online materials (if any)</li> </ul>
I. Produce Informational Resources for Low-Income Households or People Experiencing Homelessness	<ul style="list-style-type: none"> <li>▪ Number of inquiries about housing resources</li> <li>▪ Number of people who utilized assistance programs or moved into long-term housing that inquired through resource center</li> <li>▪ Views of online materials (if any)</li> </ul>
J. Consider Restrictions and Conduct Inspections on STRs	<ul style="list-style-type: none"> <li>▪ Compare trends in license applications prior to restrictions to current levels</li> </ul>

K. Urban Renewal to Support Housing and Infrastructure Development	<ul style="list-style-type: none"> <li>▪ Amount of funding investments made with urban renewal dollars to support affordable housing</li> <li>▪ Number of affordable units built in urban renewal district</li> <li>▪ Amount of funding dispersed for off-site infrastructure</li> </ul>
M. Use Construction Excise Tax to Support Affordable Housing Development	<ul style="list-style-type: none"> <li>▪ Number of affordable units and their level of affordability constructed through support of CET funds</li> <li>▪ Number of projects issuing CET funds</li> </ul>

In addition, the City could monitor current market conditions to help the Council understand the context in which the overall Housing Production Strategy is operating:

- Number and type of new homes produced and total within the city over time - tenure, size, sales price/asking rent, and unit type
- Share of rent-burdened residents
- Sales prices and rents for existing homes
- Number, location, and expiration date of regulated affordable units with change in units provided over time

When Newberg produces its next HPS in eight years, the City will be required to summarize the efficacy of each action included in this HPS. The information resulting from these measures will help Newberg to summarize the outcomes and efficacy of the actions in this HPS.

# Appendix A: Contextualizing Newberg’s Housing Needs

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This appendix provides information to contextualize Newberg’s housing needs. It provides an understanding of the issues before solutions are proposed. This appendix draws its information and findings from other planning efforts, described in the main report. Where appropriate, this appendix also draws on information gathered through the City of Newberg’s past engagement efforts with housing producers and consumers, including underrepresented communities.

As a part of providing context to better understand Newberg’s housing needs, this appendix presents information about housing in Newberg for race, ethnicity, age, disability status, and other characteristics of the community to understand disproportionate housing impacts on different groups.

## Demographic and Socio-Economic Characteristics Affecting Newberg’s Housing Needs

This section describes unmet housing needs for people in Newberg by age, race and ethnicity, disability, household size and composition, and household income.

### Data Used in this Analysis

Throughout this analysis data is used from multiple well-recognized and reliable data sources. One of the key sources for housing and household data is the U.S. Census. This report primarily uses data from two Census sources:<sup>13</sup>

- The **Decennial Census**, which is completed every ten years and is a survey of *all* households in the U.S. The Decennial Census is considered the best available data for information such as demographics (e.g., number of people, age distribution, or ethnic or racial composition), household characteristics (e.g., household size and composition), and housing occupancy characteristics. As of 2010, the Decennial Census does not collect more detailed household information, such as income, housing costs, housing

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<sup>13</sup> It is worth commenting on the methods used for the American Community Survey. The American Community Survey (ACS) is a national survey that uses continuous measurement methods. It uses a sample of about 3.54 million households to produce annually updated estimates for the same small areas (census tracts and block groups) formerly surveyed via the decennial census long-form sample. It is also important to keep in mind that all ACS data are estimates that are subject to sample variability. This variability is referred to as “sampling error” and is expressed as a band or “margin of error” (MOE) around the estimate.

This report uses Census and ACS data because, despite the inherent methodological limits, they represent the most thorough and accurate data available to assess housing needs. We consider these limitations in making interpretations of the data and have strived not to draw conclusions beyond the quality of the data.

characteristics, and other important household information. Decennial Census data is available for 2000 and 2010.

- The **American Community Survey (ACS)**, is completed every year and is a *sample* of households in the U.S. The ACS collects detailed information about households, including demographics (e.g., number of people, age distribution, ethnic or racial composition, country of origin, language spoken at home, and educational attainment), household characteristics (e.g., household size and composition), housing characteristics (e.g., type of housing unit, year unit built, or number of bedrooms), housing costs (e.g., rent, mortgage, utility, and insurance), housing value, income, and other characteristics.

This report uses data from the 2015-2019 ACS for Newberg and comparison areas. Where information is available and relevant, we report information from the 2000 and 2010 Decennial Census. Among other data points noted throughout this analysis, this report includes data from Oregon’s Housing and Community Services Department, the United States Department of Housing and Urban Development, Redfin, Property Radar, Costar, and City of Newberg.

### Age of People in Newberg

Growth in Newberg’s senior population, as well as other age cohorts, will continue to shape the city’s future housing needs. Seniors account for 18% of Newberg’s existing population and Yamhill County expects to have 11,600 more people over 60 years old by 2045 than in 2020.

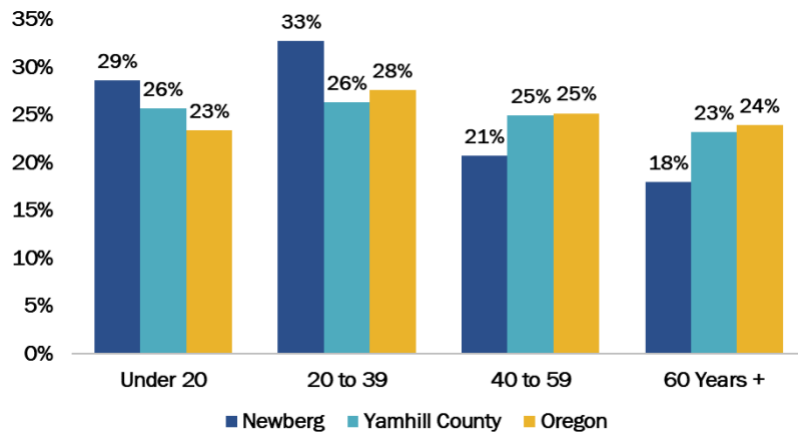
Growth in the number of seniors will result in demand for housing types specific to seniors, such as small and easy-to-maintain dwellings, assisted living facilities, or age-restricted developments. Senior households will make a variety of housing choices, including remaining in their homes as long as they are able, downsizing to smaller single-family homes (detached and attached) or multifamily units, moving in with family, or moving into group housing (such as assisted living facilities or nursing homes), as their health declines.

**In the 2015-2019 period, about 18% of Newberg’s residents were over 60 years old.**

Newberg had a smaller share of people over the age of 60 than Yamhill County.

Exhibit 14. Population Distribution by Age, Newberg, Yamhill County, and Oregon, 2015-2019

Source: U.S. Census Bureau, 2015-2019 ACS, Table B01001.

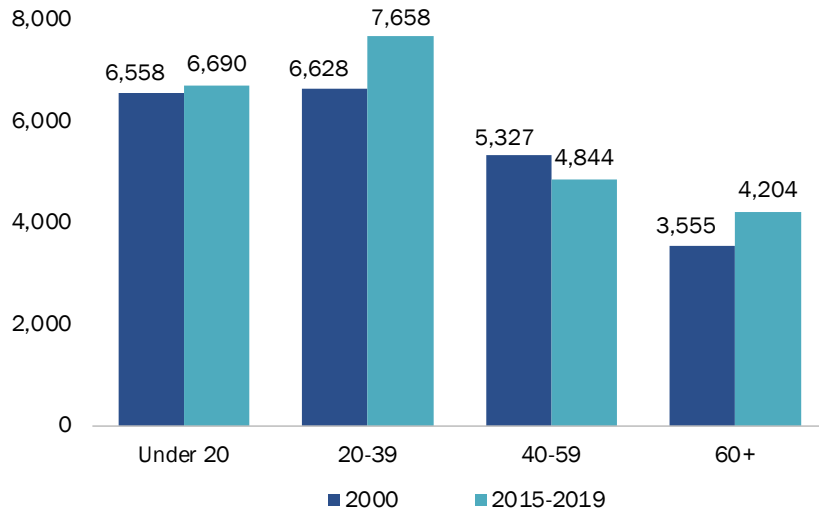


**Between 2000 and 2015-2019, people 20 to 39 years old had the largest increase, adding 1,030 people.**

**People over 60 years old had the second largest increase, adding 649 people.**

Over the next 25 years (2020 to 2045), the population aged 60 and older in Yamhill County is forecast to increase from 25 percent of the population to 28 percent of the population, a growth of about 11,000 people.<sup>14</sup>

**Exhibit 15. Population Growth by Age, Newberg, 2000, 2015–2019**  
Source: U.S. Census Bureau, 2000 Decennial Census Table P012 and 2015–2019 ACS, Table B01001.



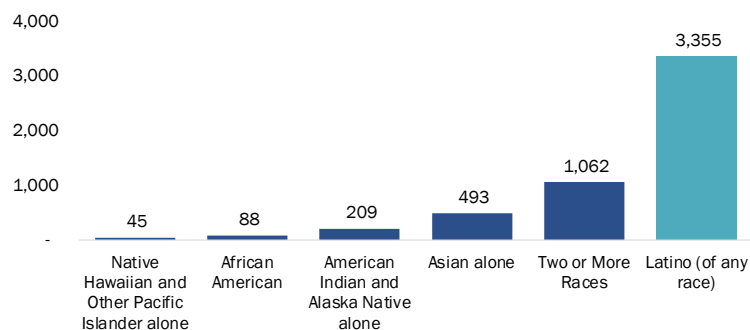
## Race and Ethnicity

Understanding the race and ethnicity characteristics<sup>15</sup> in Newberg is important for understanding housing needs because people of color often face discrimination when looking for housing.

**About 5,450 people identify as a race other than White in Newberg. Over 3,350 people identify as Latino.**

Not shown in the exhibit are the 18,144 people identifying as White in Newberg.

**Exhibit 16. Population by Race/Ethnicity, Newberg, 2015-2019**  
Source: U.S. Census Bureau, 2015-2019 ACS, Table B02001 and Table B03002.<sup>16</sup>



<sup>14</sup> Population Research Center, PSU. Yamhill County Forecast

<sup>15</sup> The U.S. Census Bureau considers race and ethnicity as two distinct concepts. Latino is an ethnicity and not a race, meaning individuals who identify as Latino may be of any race.

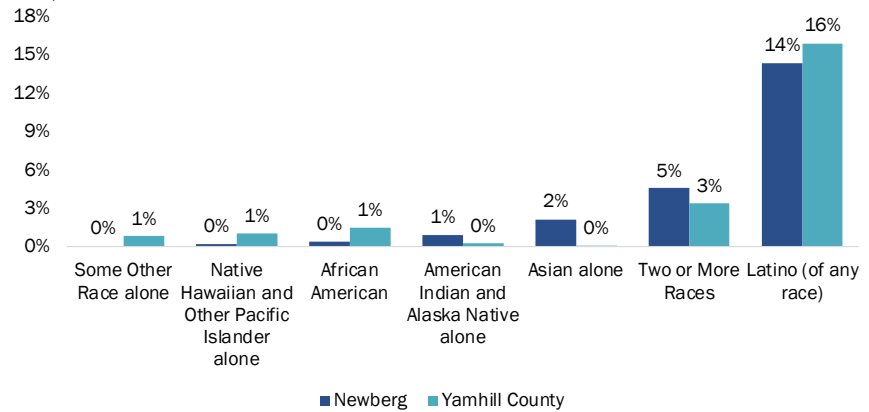
<sup>16</sup> There were 0 people who identified as Some Other Race Alone in Newberg in 2019, thus this category has been removed.

Residents who identify as Latino (of any race) account for around 14% of Newberg’s population. The largest racial group in Newberg are Two or More Races, who account for 5% of Newberg’s population.

Not shown in the exhibit, is about 78% of Newberg’s population and 77% of Yamhill County’s population identifying as White.

Exhibit 17. Population Distribution by Race and Ethnicity, Newberg and Yamhill County, 2015-2019

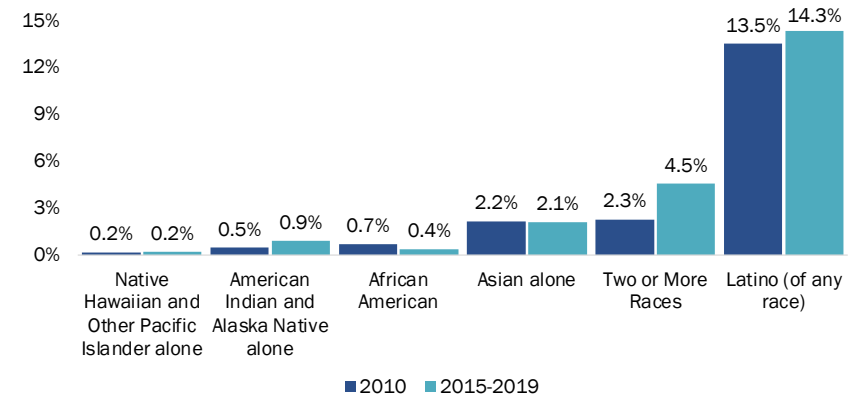
Source: U.S. Census Bureau, 2000 Decennial Census Table B01002, 2015-2019 ACS, Table B01002



The share of Newberg’s households that identified as Latino (of any race) increased from 2,985 people in 2010 to 3,355 people in 2019, consistent with regional trends.

Exhibit 18. Change in Population by Race and Ethnicity as a Percent of the Total Population, Newberg, 2010 and 2015-2019

Source: U.S. Census Bureau, 2000 Decennial Census Table P008, 2015-2019 ACS Table B03002. <sup>17</sup>



## People with a Disability

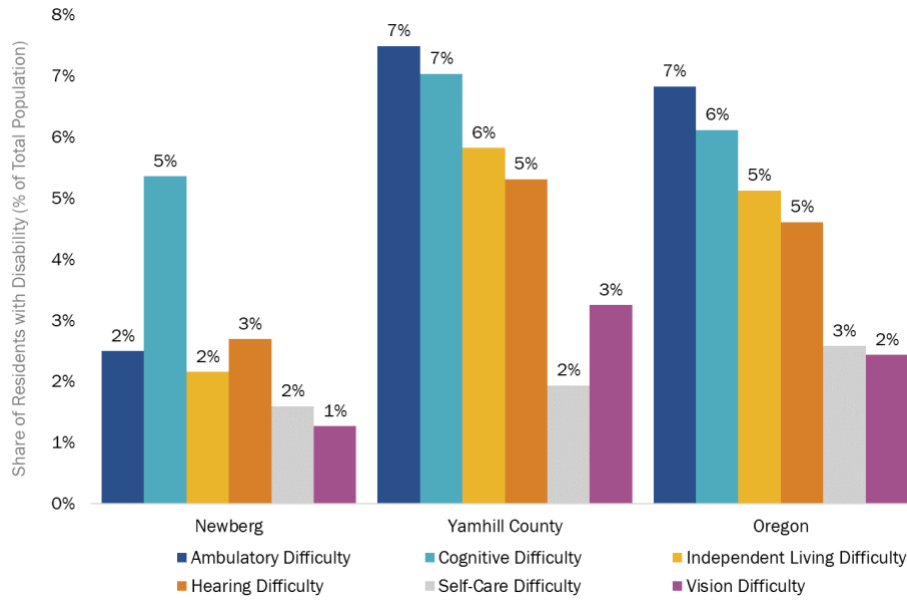
People with one or more disabilities have special housing needs because they may need housing that is physically accessible, housing that meets the needs of people with cognitive disability, or housing with specialized services. About 9% of Newberg’s population has one or more disabilities (around 2,200 people).

<sup>17</sup> There were 0 people who identified as Some Other Race Alone in Newberg in 2019, thus this category has been dropped. There were 23 people who identified as Some Other Race Alone in Newberg in 2010.



**Exhibit 19. Persons Living with a Disability by Type and as a Percent of Total Population Newberg, Yamhill County, Oregon, 2015-2019**

Source: U.S. Census Bureau 2015-2019 ACS, Table K201803.



**Household Size and Composition**

Housing need varies by household size and composition. The housing needs of a single-person household are different than those of a multi-generational family. On average, Newberg’s households are smaller than Yamhill County’s households but larger than Oregon’s.

**Newberg’s average household size was slightly smaller than Yamhill County’s households but larger than Oregon’s.**

**Exhibit 20. Average Household Size, Newberg, Yamhill County, Oregon, 2015-2019**

Source: U.S. Census Bureau, 2015-2019 ACS 5-year estimate, Table B25010.

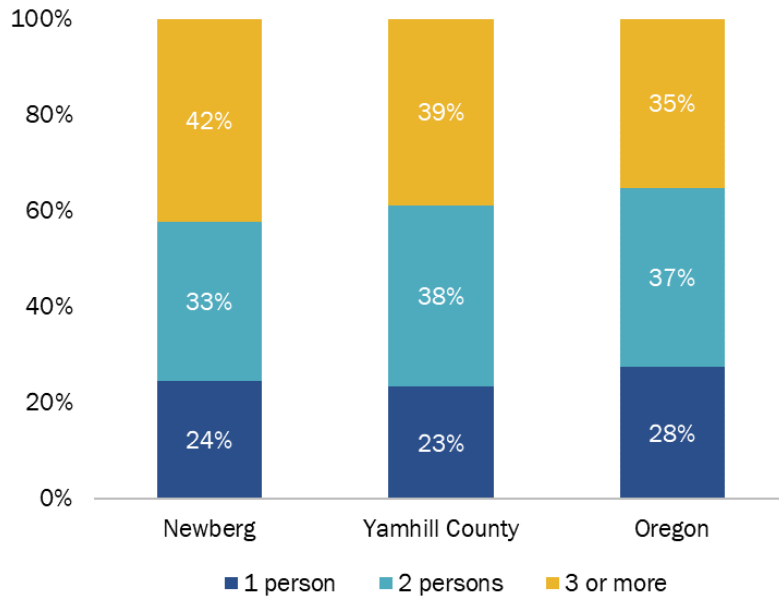


**Newberg has a larger percentage (42%) of three or more person households.**

About 57% of Newberg’s households were one and two person households.

**Exhibit 21. Household Size, Newberg, Yamhill County, and Oregon, 2015-2019**

Source: U.S. Census Bureau, 2015-2019 ACS 5-year estimate, Table B25009.

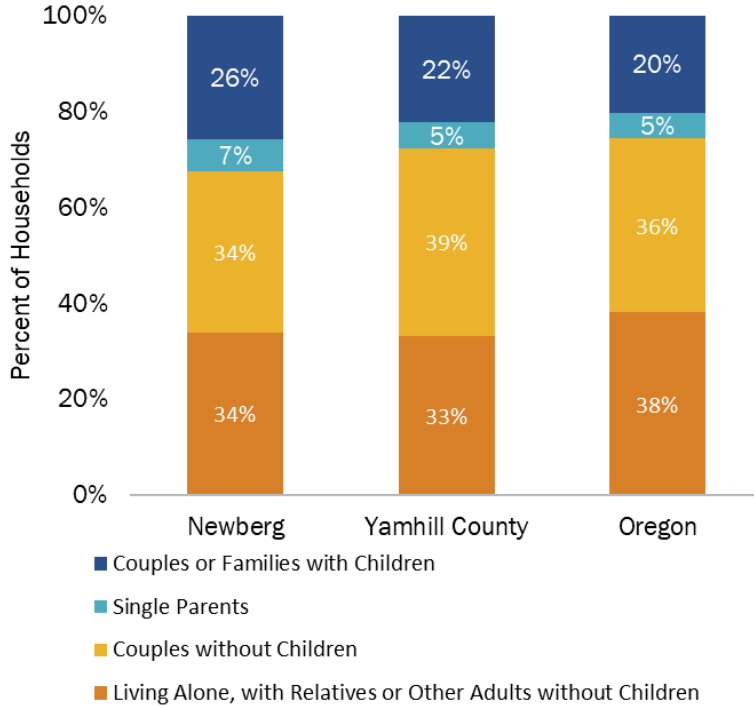


**Newberg had a slightly larger share of households with children than Yamhill County.**

About 33% of Newberg households have children, compared with 27% of Yamhill County households and 25% of Oregon households.

**Exhibit 22. Household Composition, Newberg, Yamhill County, and Oregon, 2015-2019**

Source: U.S. Census Bureau, 2015-2019 ACS 5-year estimate, Table B11012.



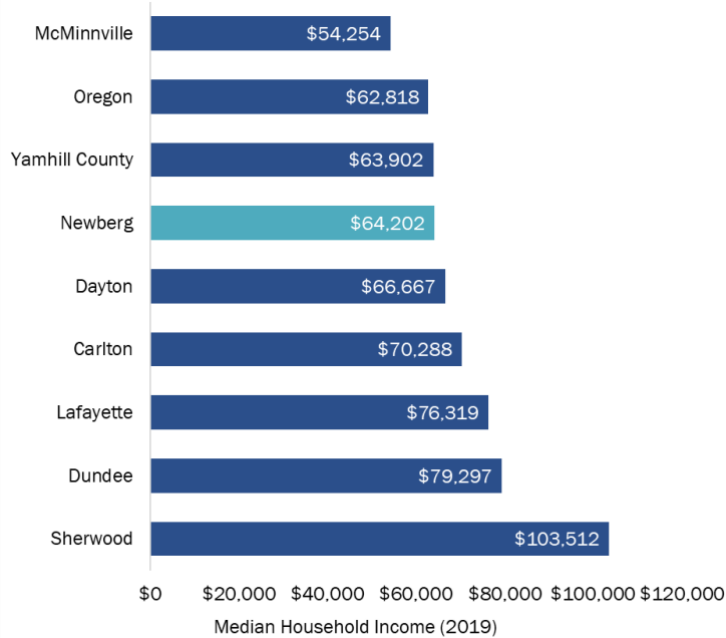
## Household Income

Income is one of the key determinants in housing choice and households' ability to afford housing. Income for residents living in Newberg was slightly higher than the Yamhill County median income and higher than the state's median income.

**Over the 2015-2019 period, Newberg's median household income was \$300 more than Yamhill County's.**

**Exhibit 23. Median Household Income, Newberg, Yamhill County, Oregon, Comparison Cities, 2015-2019**

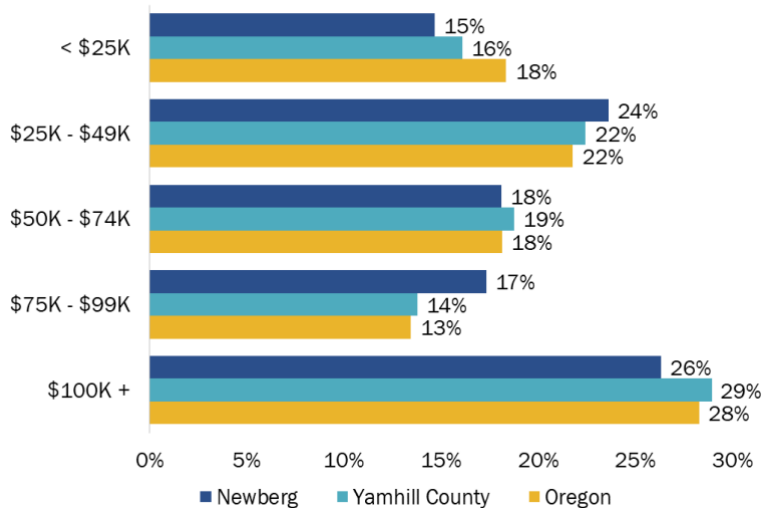
Source: U.S. Census Bureau, 2014-2018 ACS 5-year estimate, Table B25119.



**Slightly less than half of all households in Newberg (39%) earned less than \$50,000, compared to 38% of Yamhill County households, and 40% of Oregon households. Newberg has the same share of households earning more than \$75,000 compared to Yamhill County and slightly more than Oregon.**

**Exhibit 24. Household Income Distribution, Newberg, Yamhill County, Oregon, 2015-2019**

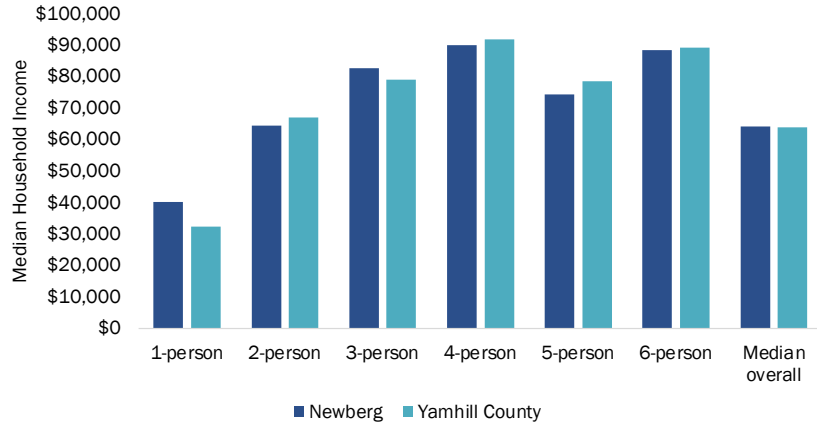
Source: U.S. Census Bureau, 2015-2019 ACS 5-year estimate, Table B19001.



**Median household incomes tend to increase with average household sizes, peaking with households with four to six people.**

**Exhibit 25. Median Household Income by Household Size, Newberg, 2015-2019**

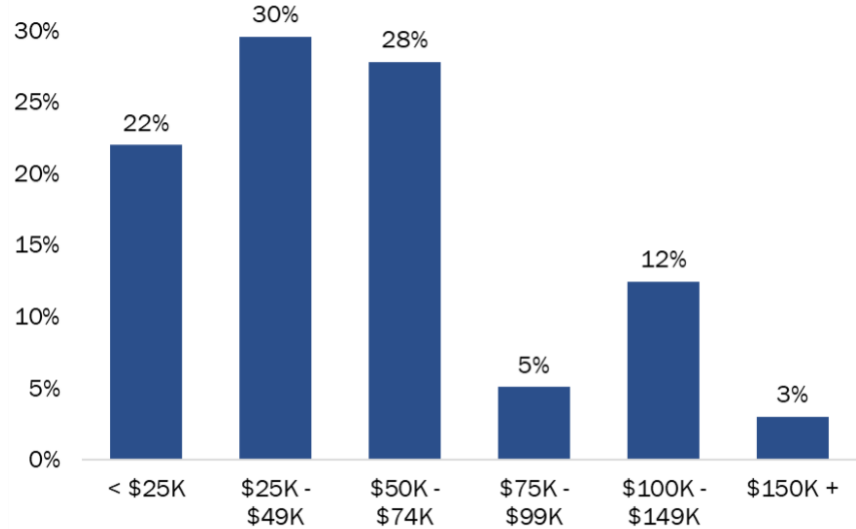
Source: U.S. Census Bureau, 2015-2019 ACS 5-year estimate, Table B19019  
 Note: Exhibit 25 displays median household income for households in Newberg, with Yamhill County information providing additional context. 7 or more persons per household data was removed as none was available for Newberg.



**Fifty-two percent of households with a head of household aged 65 or older earned less than \$50,000 per year.**

**Exhibit 26. Household Income Distribution for Householders Aged 65 Years and Older, Newberg, 2015-2019**

Source: U.S. Census Bureau, 2015-2019 ACS 5-year estimate, Table B19037.



**Household income varies among households with different races and ethnicities.**

In Newberg, median household income was proportionately higher for heads of households that identified as White.

The median household income for Latinos (of any race) in Newberg was about \$46,000, about 72% of the median income for all households.

**Exhibit 27. Median Household Income by Race and Ethnicity for the Head of Household, Newberg, 2015-2019**

Source: U.S. Census Bureau, 2015-2019 ACS 5-year estimate, Table S1901. Note: data was not available for heads of households identifying as a Native Hawaiian or Pacific Islander. Black bars denote the potential upper and lower bound of the estimate using the margin of error reported by the Census.

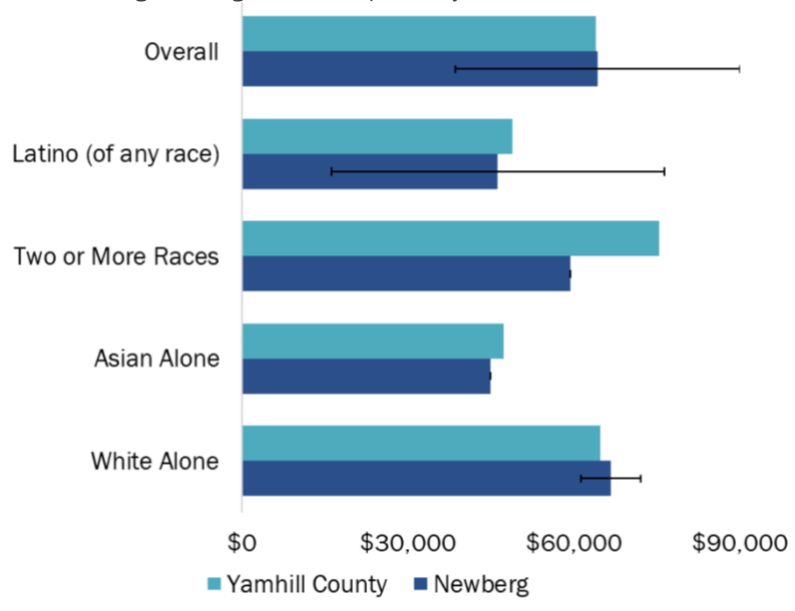


Exhibit 28 and Exhibit 29 compare household income for people of color (POC) households with White non-Hispanic households to show disparities in income levels. The income levels shown in these graphs are the same used throughout this report:

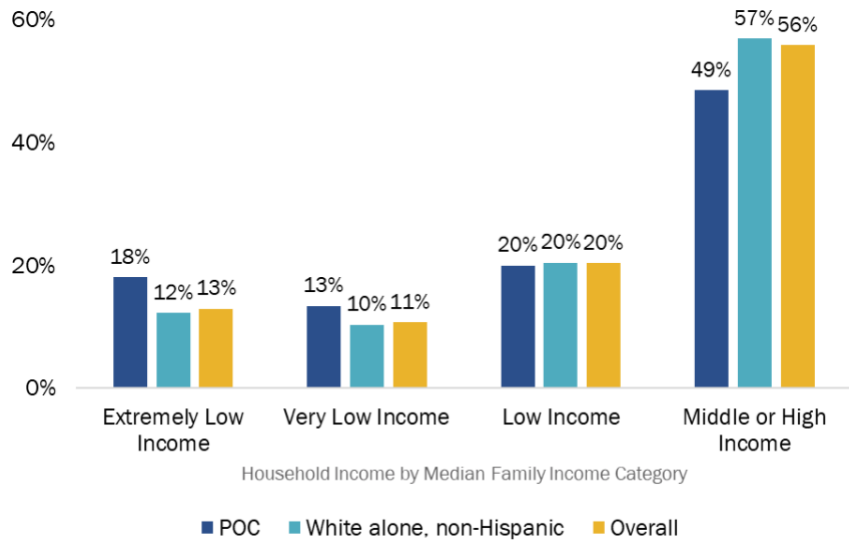
- Extremely Low Income: Less than 30% MFI
- Very-Low Income: 30% to 50% of MFI
- Low Income: 50% to 80% of MFI
- Middle Income: 80% to 120% of MFI
- High Income: 120% of MFI or more

**Households with a POC head had lower incomes when compared to White and Overall households.**

POC households had higher percentages of households with extremely low and very low incomes, and a lower percentage of households with middle or high income.

**Exhibit 28. Household Income by Income Grouping POC, White non-Hispanic, and All Households, Newberg, 2014-2018**

Source: CHAS (Comprehensive Housing Affordability Strategy), 2014-2018, Table 2.

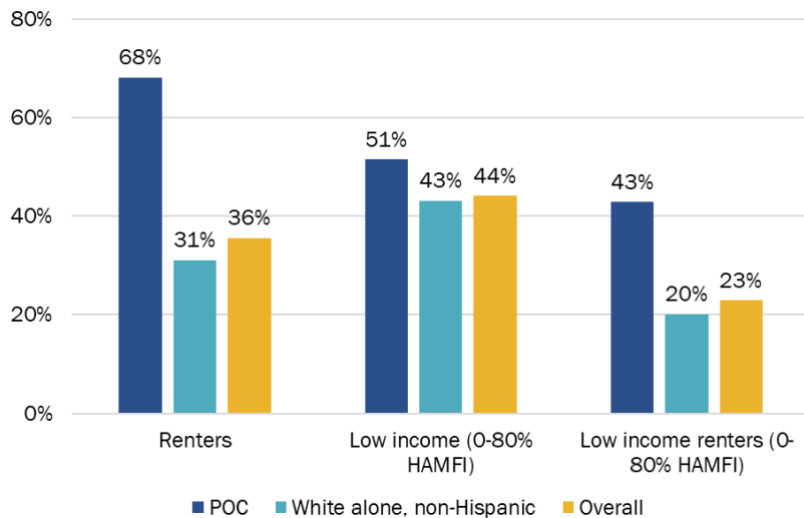


**Households with a POC head had a much higher percentage of households that were renters, low-income and low-income renters when compared to White and overall households.**

POC households had more than double the percentage of renters and low-income renters when compared to White households.

**Exhibit 29. Comparison by Tenure and Income POC, White non-Hispanic, and All Households, Newberg, 2014-2018**

Source: CHAS (Comprehensive Housing Affordability Strategy), 2014-2018, Table 2.



## Housing Market Conditions and Trends

An analysis of housing market conditions and trends in Newberg provides insight into the functioning of the local housing market. The housing types used in this analysis are consistent with needed housing types as defined in ORS 197.303:

- **Single-family detached** includes single-family detached units, manufactured homes on lots and in mobile home parks, and accessory dwelling units.
- **Single-family attached** is all structures with a common wall where each dwelling unit occupies a separate lot, such as row houses or townhouses.
- **Duplex, Triplex, and Quadplex** are attached or detached units on a single-lot.
- **Multifamily 5+** is all attached buildings with five or more units per structure.

### Existing Housing Stock

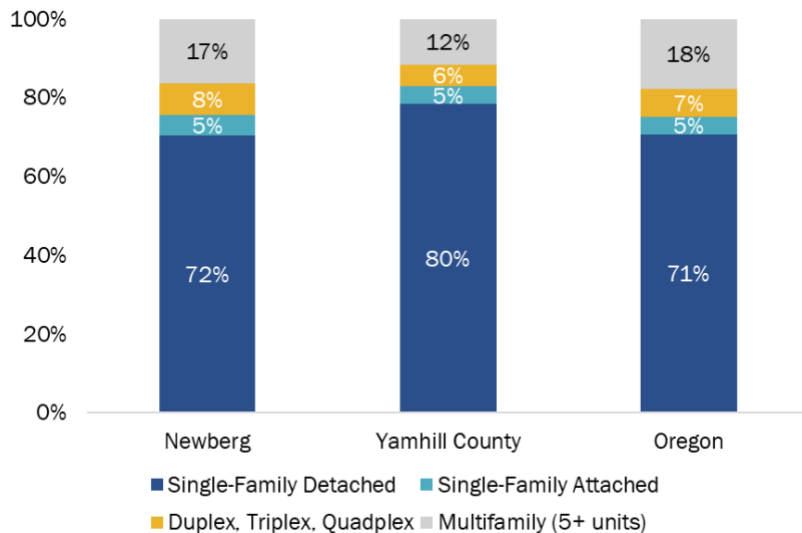
According to the 2015-2019 American Community Survey (ACS) from the U.S. Census, Newberg had 8,630 dwelling units, an increase of 2,203 dwelling units from 2000. A majority of new units built were single-family units. In that time, about 335 units of multifamily housing were built in Newberg, accounting for 14% of the 2,203 new units over that period.

#### About 72% of Newberg's housing stock was single-family detached housing.

Newberg had a larger share of multifamily housing (with 5+ units per structure) than Yamhill County, but a smaller share than the state. In addition, Newberg had a larger number of duplex, triplex, and quadplex housing than the county and state.

Exhibit 30. Housing Mix in Newberg, Yamhill County, and Oregon, 2015-2019

Source: U.S. Census Bureau, 2015-2019 ACS Table B25024.



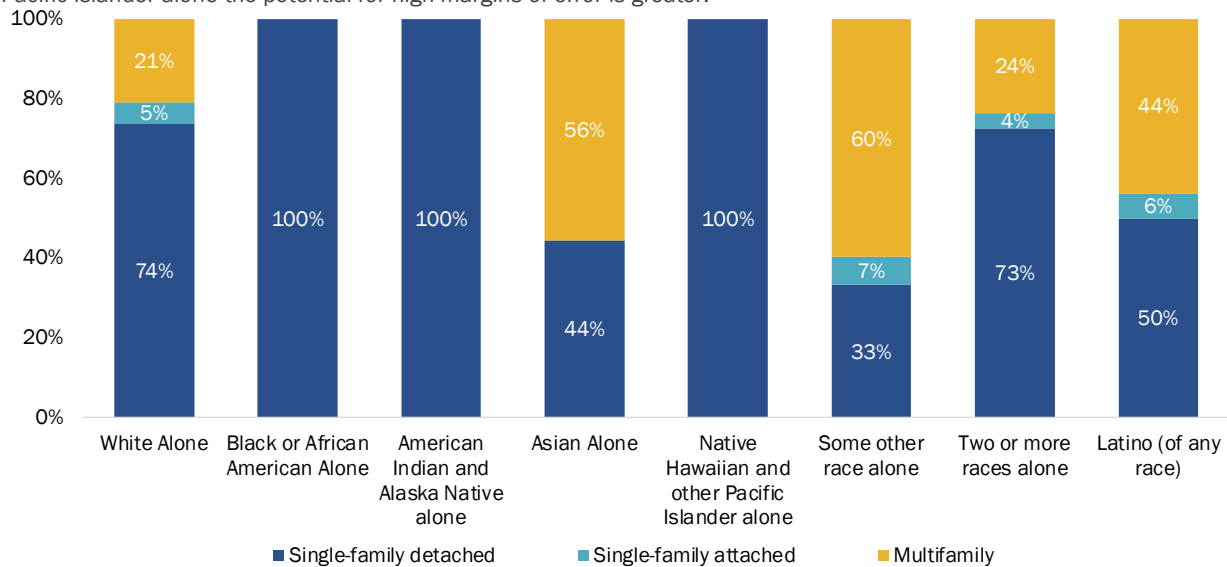
shows that households that identified as White Alone and Two or more Races Alone were most likely to live in single-family detached housing (74% and 73%) outside of those households that only had households living in single-family detached housing (Black or African American Alone, American Indian and Alaska Native Alone, and Native Hawaiian and other Pacific Islander Alone). Households that identified as Asian Alone and Some other Race Alone lived in multifamily housing at the highest rates (56% and 60%, respectively). Of any race, 50% of Latino

households lived in single-family detached housing. While this exhibit reflects the types of housing these groups *currently* live in and/or what they can currently afford to live in, it may not reflect their housing preferences.

Exhibit 31 shows that households that identified as White Alone and Two or more Races Alone were most likely to live in single-family detached housing (74% and 73%) outside of those households that only had households living in single-family detached housing (Black or African American Alone, American Indian and Alaska Native Alone, and Native Hawaiian and other Pacific Islander Alone). Households that identified as Asian Alone and Some other Race Alone lived in multifamily housing at the highest rates (56% and 60%, respectively). Of any race, 50% of Latino households lived in single-family detached housing. While this exhibit reflects the types of housing these groups *currently* live in and/or what they can currently afford to live in, it may not reflect their housing preferences.

**Exhibit 31. Occupied Housing Structure by Race and Ethnicity, Newberg, 2015-2019**

Source: U.S. Census Bureau, 2015-2019 ACS Table B25032 A-1. Note: For groups with small population sizes in Newberg, such as Black or African American alone, American Indian and Alaska Native alone, Asian alone, Native Hawaiian and other Pacific Islander alone the potential for high margins of error is greater.



## Housing Tenure

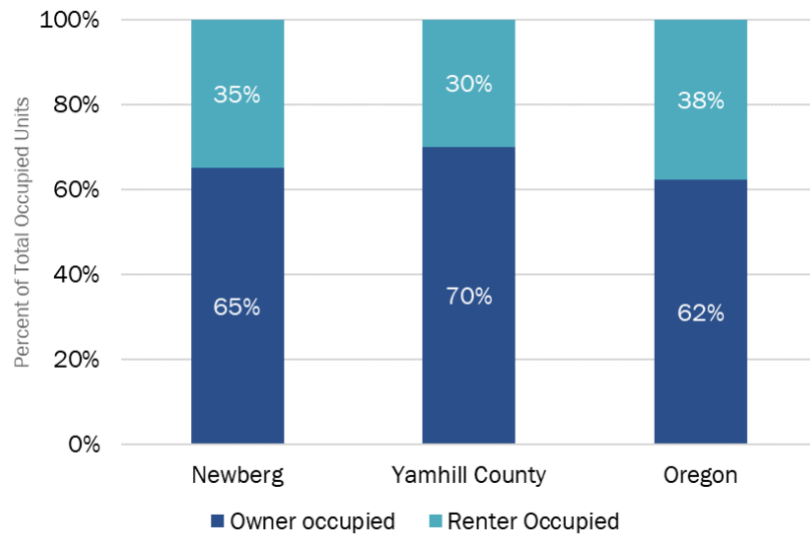
Housing tenure describes whether a dwelling is owner- or renter-occupied. In the 2015-2019 period, about 65% of Newberg’s housing stock was owner occupied and 35% was renter occupied. Newberg’s homeownership rate increased by 2% since 2000.



**Newberg had a lower homeownership rate than Yamhill County but a higher homeownership rate than Oregon.**

**Exhibit 32. Tenure, Occupied Units, Newberg, Yamhill County, and Oregon, 2015-2019**

Source: U.S. Census Bureau, 2015-2019 ACS 5-Year Estimates, Table B25003.

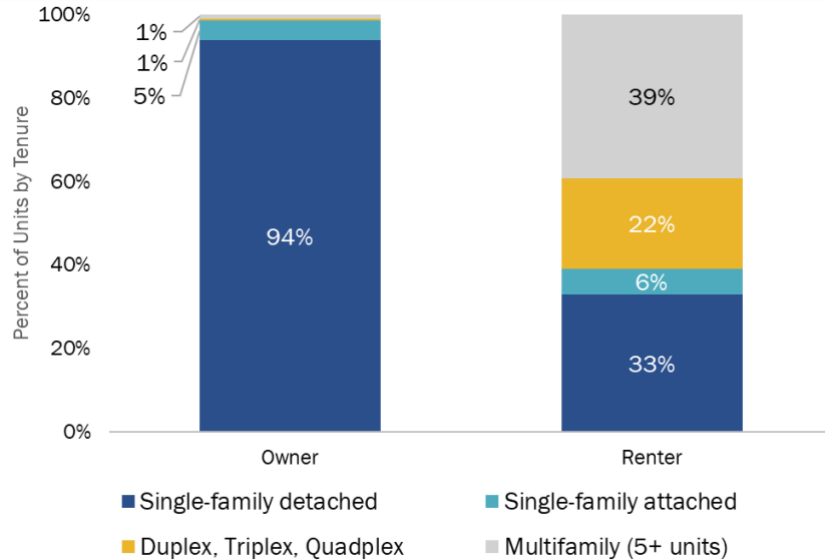


**Newberg’s renters are nearly evenly split between living in single-family detached, middle housing, and multifamily housing.**

In comparison, nearly all of Newberg’s homeowners (94%) lived in single-family detached housing.

**Exhibit 33. Housing Units by Type and Tenure, Newberg, 2015-2019**

Source: U.S. Census Bureau, 2015-2019 ACS Table B25032.

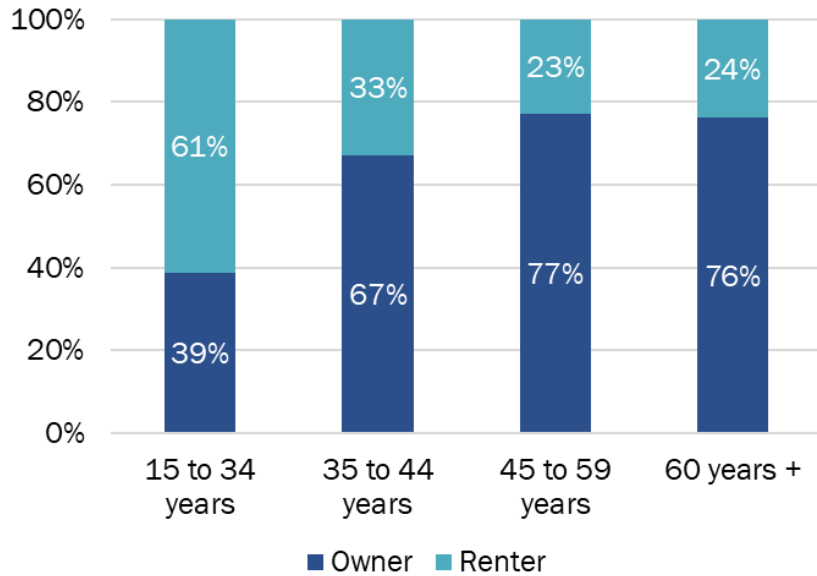


**Newberg's homeownership rate increased with the age of the household.**

In Newberg, about 76% of householders sixty years of age or older owned their homes.

**Exhibit 34. Housing Tenure by Age of the Head of Household, Newberg, 2015-2019**

Source: U.S. Census Bureau, 2015-2019 ACS Table B25007.

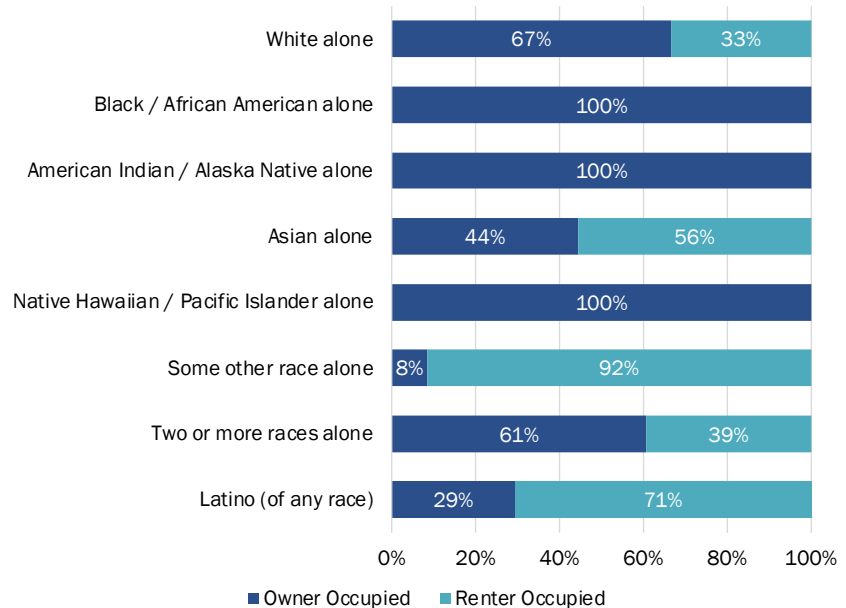


**A majority of households that identified as White Alone, Black Alone, American Indian Alone, Native Hawaiian Alone, and Two or more races alone own their own home.**

About 29% of households who identify as Latino (of any race) owned their own home.

**Exhibit 35. Tenure by Race and by Ethnicity, Newberg, 2015-2019**

Source: U.S. Census Bureau, 2015-2019 ACS Table B25003A-I. Note: For groups with small population sizes in Newberg, such as Black or African American alone, American Indian and Alaska Native alone, Asian alone, Native Hawaiian and other Pacific Islander alone, the potential for high margins of error is greater.



## Rent-Restricted and Emergency Housing

There are 9 government-assisted housing developments in Newberg with a total of 334 dwelling units. Nearly all of the 334 dwelling units (99%) are affordable units.<sup>18</sup>

- **Camellia Court Apartments** has 24 units of affordable housing for families.
- **Deborah Court** has 40 units of affordable housing for families.
- **Deskens Commons** has 55 units of affordable housing families.
- **Fresa Park C** has 2 units of affordable housing for farmworkers.
- **Haworth Terrace Apartments** has 37 units for seniors, families, and people with disabilities.
- **Newberg Village** has 32 units of affordable housing for seniors.
- **Springbrook Place** has 15 units of affordable housing for persons with disabilities.
- **Vittoria Square** has 42 units of affordable housing for seniors.
- **Woodside Park** has 84 units of affordable housing for families.

Newberg had approximately 8,630 dwelling units in the 2015-2019 period. Rent-restricted units accounted for about 4% of Newberg's total housing stock.

None of Newberg's government-assisted housing developments specifically provide transitional housing for unhoused (homeless) individuals. Based on the 2020 Point-in-Time (PIT) count, Yamhill County had 520 unhoused individuals. Less than one-half (47%) were sheltered.

## Manufactured Homes

Manufactured homes provide a source of affordable housing in Newberg. They provide a form of homeownership that can be made available to low- and moderate-income households. Cities are required to plan for manufactured homes—both on lots and in parks (ORS 197.475-492).

Generally, manufactured homes in parks are owned by the occupants who pay rent for the space. Monthly housing costs are typically lower for a homeowner in a manufactured home park for several reasons, including the fact that property taxes levied on the value of the land are paid by the property owner, rather than the manufactured homeowner. The value of the manufactured home generally does not appreciate in the way a conventional home would, however, manufactured homeowners in parks are also subject to the mercy of the property owner in terms of rent rates and increases. It is generally not within the means of a manufactured homeowner to relocate to another manufactured home to escape rent increases.

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<sup>18</sup> Department of Oregon Housing and Community Services. (Jan. 2018). Affordable Housing Inventory in Oregon. Retrieved from: <http://www.oregon.gov/ohcs/Pages/research-multifamily-housing-inventory-data.aspx>.

For some manufactured homeowners, living in a park is desirable because it can provide a more secure community with on-site managers and amenities, such as laundry and recreation facilities.

Manufactured homes provide a source of affordable housing in Newberg. They provide a form of homeownership that can be made available to low- and moderate-income households. Cities are required to plan for manufactured homes—both on lots and in parks (ORS 197.475-492). Newberg has 8 manufactured home parks within its UGB. Within these parks, there are a total of 634 spaces (of which 10 spaces were vacant as of November 2020).

Exhibit 36. Inventory of Mobile/Manufactured Home Parks, Newberg UGB, 2018

Source: Oregon Manufactured Dwelling Park Directory.

Name	Location	Type	Total Spaces	Vacant Spaces	Zone and Comprehensive Plan
Azalea Gardens Mobile Manor	1103 N Springbrook Rd	Family	53	0	C-2 Community commercial
Chehalem Mobile Park	217 Old Hwy 99W	Family	46	0	R-2 Medium-density residential
Mountain View Mobile Home Park	2901 E 2nd St	55+	142	1	R-2 Medium-density residential
Newberg Mobile Park LLC	501 E Illinois St	55+	25	1	R-2 Medium-density residential
	2902 E 2nd Street				R-2 Medium-density residential
Nut Tree Ranch		55+	114	0	R-2 Medium-density residential
Ridgeview Village MHC	301 East Columbia Dr (Office)	Family	79	1	R-2 Medium-density residential
Springbrook Estates	1000 Wilsonville Road		125	7	R-2 Medium-density residential
	#76	Family			
Sunrise Estates	300 S Everest Rd	Family	50	0	R-2 Medium-density residential
<b>Total</b>			<b>634</b>	<b>10</b>	

## People Experiencing Homelessness

According to HUD’s 2021 Annual Homeless Assessment Report (AHAR), across the United States, the number of people experiencing *sheltered* homelessness has been decreasing since 2015, but the drop between 2020 and 2021 was steeper than in recent years.<sup>19</sup> It is likely that some of this decline is due to COVID-related precautions that resulted in fewer beds available (due to the need to have more space between beds). Other factors include people being unwilling to use shelter beds due to health risks as well as eviction moratoria and stimulus payments which may have prevented people from needing emergency shelter.

<sup>19</sup> The U.S. Department of Housing and Urban Development (2021). The 2021 Annual Homeless Assessment Report (AHAR) to Congress. Office of Community Planning and Development.

Pandemic-related disruptions to *unsheltered* homelessness counts made it difficult to determine if this population is increasing or decreasing in communities. Many communities, including Newberg, chose not to conduct unsheltered PIT counts due to the risk of increasing COVID-19 transmission. While the communities that conducted unsheltered counts seem to indicate that this population did not increase, trends on unsheltered homelessness are known for only half of communities.

The Oregon Statewide Homelessness Estimates 2021 report from the Oregon Housing and Community Services presented two counts in their report – estimated and reported counts. The estimated counts were developed to address concerns that data limitations imposed by the COVID-19 pandemic resulted in an undercount.<sup>20</sup> This report uses the estimated count.

The following exhibits provide more localized estimates of homelessness in Newberg’s region.

**Yamhill County’s Point-in-Time Homeless count increased by 5% from 2015 to 2020.**

**Exhibit 37. Number of Persons Homeless, Yamhill County, Point-in-Time Count, 2015 and 2020**

Source: Oregon Housing and Community Services.

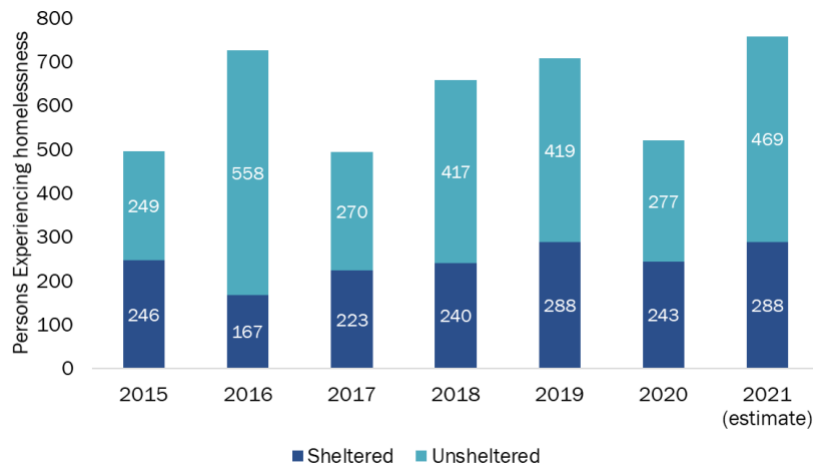
**495 Persons**      **520 Persons**  
2015                      2020

**Between 2015 and 2020, the number of persons that experienced sheltered homelessness decreased by 1% and the number of persons that experienced unsheltered homelessness increased by about 11%.**

**Exhibit 38. Point-in-Time Homelessness Estimates by Race and Ethnicity, Yamhill County, 2015-2021.**

Source: Annual Homeless Assessment Report (AHAR) data.

Note: OHCS reported two counts in 2021 – estimated and reported counts. This report uses the estimated counts.



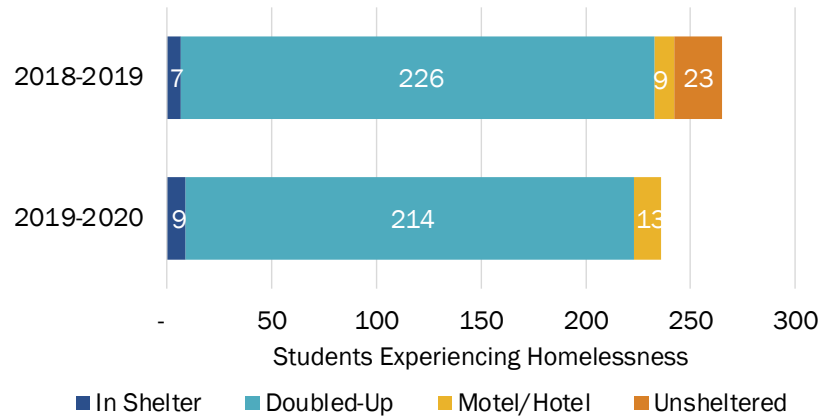
<sup>20</sup> The *reported* count for sheltered homelessness is what was collected/reported while the *estimated* count is the largest sheltered count reported during 2019-2021 in Yamhill County. For unsheltered, the 2021 PIT count is not available for all counties, so the report modeled it by adding the predicted 2019-2021 change, determined through analysis of past trends and other homelessness data, to the 2019 PIT count.

**From the 2018-19 school year to the 2019-20 school year, student homelessness decreased from 265 students to 263 students in 2019-20, a decrease of 2 students.**

Of the 263 students in 2019-20 experiencing homelessness, 27 were unaccompanied.

**Exhibit 39. Students Homeless by Living Situation, Newberg School District, 2018-2019 and 2019-2020**

Source: McKinney Vento, Homeless Student Data.



**Based on the Oregon’s Regional Housing Capacity Analysis, Newberg will need about 229 housing units to accommodate people experiencing homelessness in the 2020-2040 period**

**Exhibit 40. Estimate of Future Housing Need for People Experiencing Homelessness, Newberg, 2020 to 2040**

Source: From the Report *Implementing a Regional Housing Capacity Analysis Methodology in Oregon: Approach, Results, and Initial Recommendations* by ECONorthwest, August 2020.

**229 Dwelling Units**

New Units Needed for People Experiencing Homelessness (2020-2040)

**11 Dwelling Units**

Annual Average

## Housing Affordability Considerations

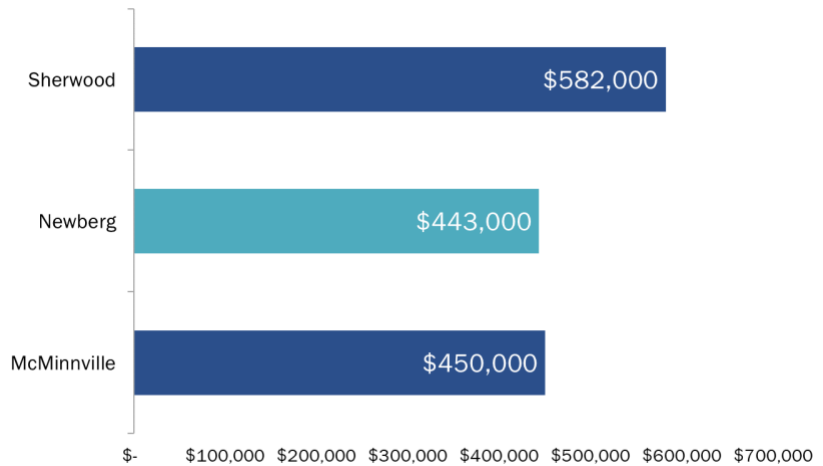
This section describes changes in sales prices, rents, and housing affordability in Newberg and a comparison of geographies. Both housing sale prices and rents have increased steadily in Newberg and Yamhill County over the last several years.

### Housing Sale Prices

**Newberg's median home sales price was \$443,000 in December of 2021.**

Exhibit 41. Median Home Sale Price, Newberg and Comparison Cities, December 2021

Source: Redfin 2021.

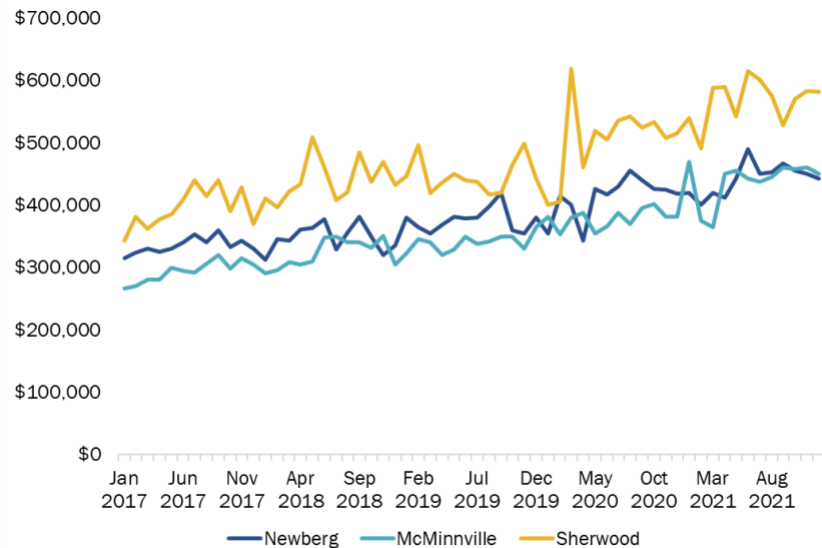


**Newberg's median home sale price was generally in line with other cities in the region.**

Between December 2017 and December 2021, the median sale price in Newberg increased by \$113,000 (34%).

Exhibit 42. Median Sales Price, Newberg Sub-Areas and Comparison Cities, 2017 through 2021

Source: Redfin 2021.



## Rental Costs

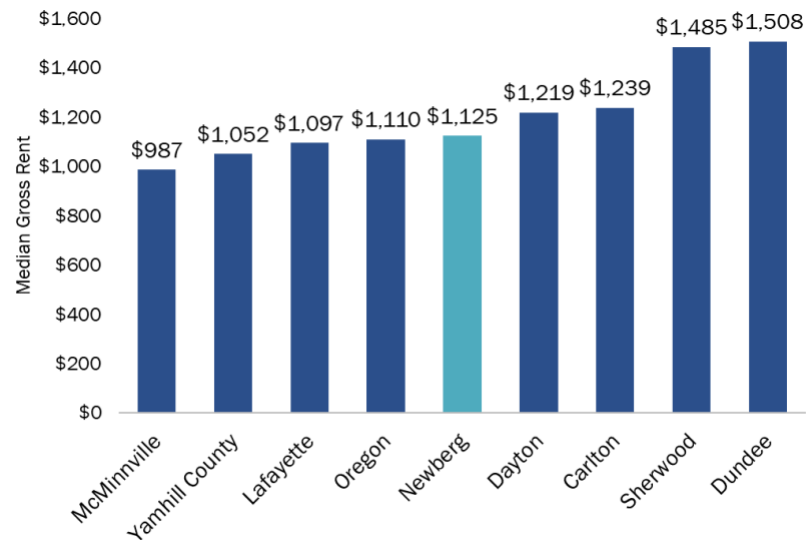
The median gross rent in Newberg was \$1,125 in the 2015-2019 period, up from \$633 in 2000. However, based on a survey of *currently available* rental properties in Newberg, the lowest asking rent for a one-bedroom, studio apartment was about \$915 (Apartments.com, 2022).

Newberg has several under new construction multifamily buildings that are not captured in the 2015-2019 ACS 5-year estimates. To get an understanding of current asking rents for newly built 2-bedroom multifamily units in Newberg, ECONorthwest contacted three multifamily developers and owners to obtain rent data. The median price of the observations for a 2-bedroom unit was \$1,450 (with an assumption of \$250 for utilities), which resulted in an estimate of \$1,700 in average rent.

**According to the 2015-2019 ACS, the median rent in Newberg was similar to the median rent in Oregon as a whole.**

Exhibit 43. Median Gross Rent, Newberg, Yamhill County, Oregon, and Comparison Cities, 2015-2019

Source: U.S. Census Bureau, 2015-2019 ACS 5-year estimate, Table B25064.



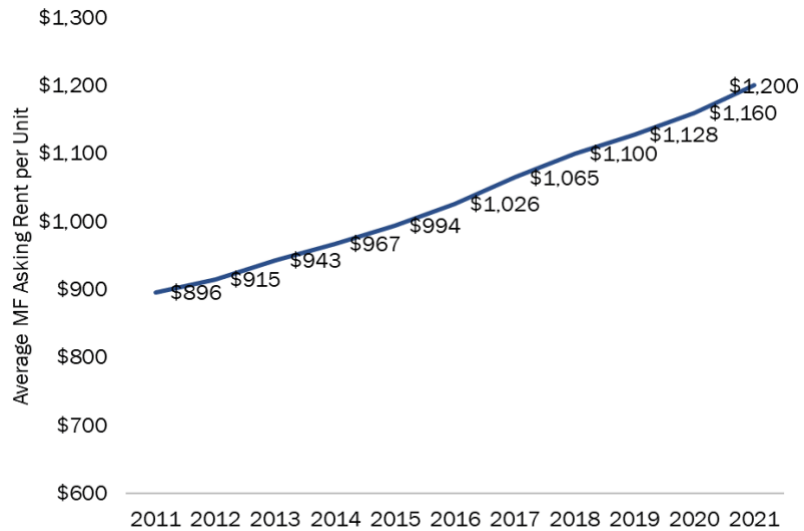


**The average asking price per multifamily unit in Newberg has increased steadily over the past decade.**

Between 2016 and 2021, Newberg’s average multifamily asking rent increased by about \$174, from \$1,026 per month to \$1,200 per month.

Exhibit 44. Average Multifamily Asking Rent per Unit, Newberg, 2011 through 2021

Source: CoStar 2021



## Housing Cost Burden

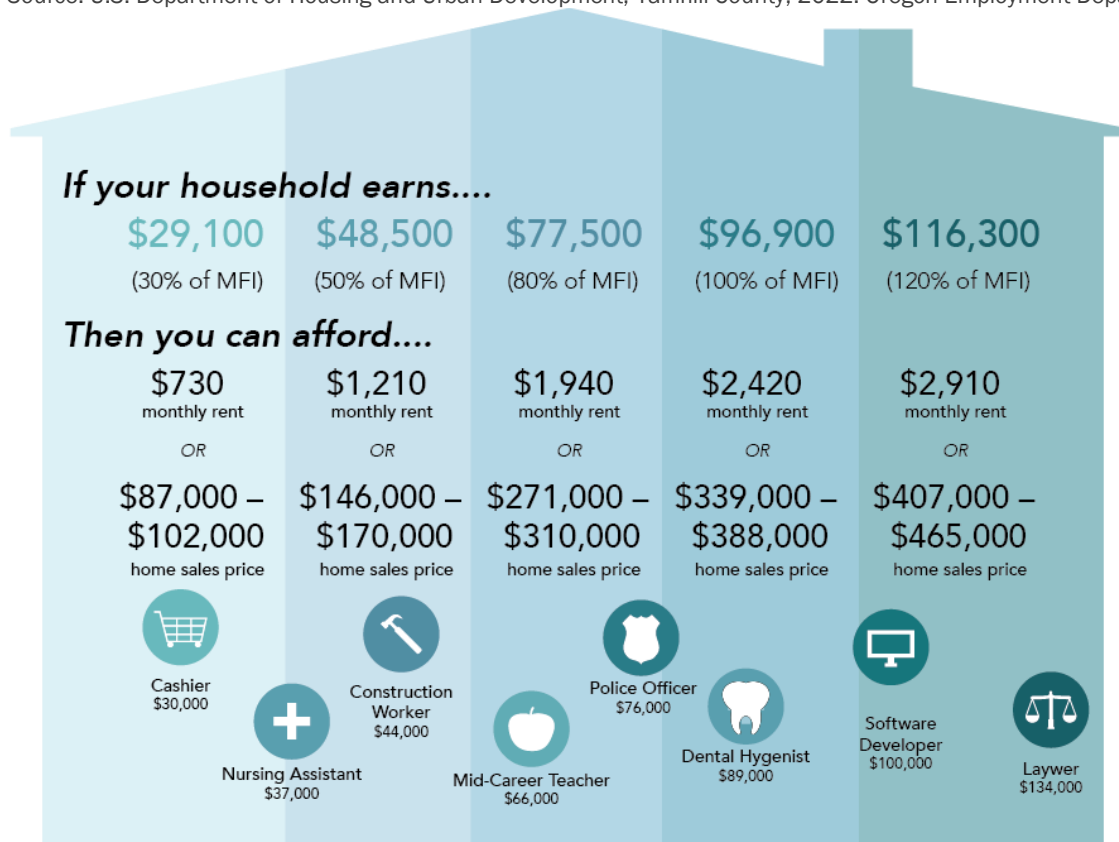
Financially attainable housing costs for households across the income spectrum in Yamhill County are identified in Exhibit 45. For example, a household earning Median Family Income (MFI) in Yamhill County (about \$96,900 per year)<sup>21</sup> can afford a monthly rent of about \$2,420 or a home roughly valued between \$339,000 and \$388,000 without cost burdening themselves.

In Newberg, a household would need to earn \$126,000 (131% of MFI for a family of four) to afford the median sales price of a home in Newberg (\$443,000). A household would need to earn about \$67,800 (70% of MFI for a family of four) to afford the rent of a new, market-rate, two-bedroom apartment in Newberg (\$1,700 per month).

<sup>21</sup> Note that Median Family Income for the region is different than Median Household Income (MHI) for Newberg. MFI is determined by HUD for each metropolitan area and non-metropolitan county. It is adjusted by family size – in that, 100% MFI is adjusted for a family of four. MHI is a more general term. MHI includes the income of the householder and all other individuals 15 years old and over in the household, whether they are related to the householder or not.

Exhibit 45. Financially Attainable Housing, by Median Family Income (MFI) for Yamhill County (\$96,900), Newberg, 2021

Source: U.S. Department of Housing and Urban Development, Yamhill County, 2022. Oregon Employment Department.



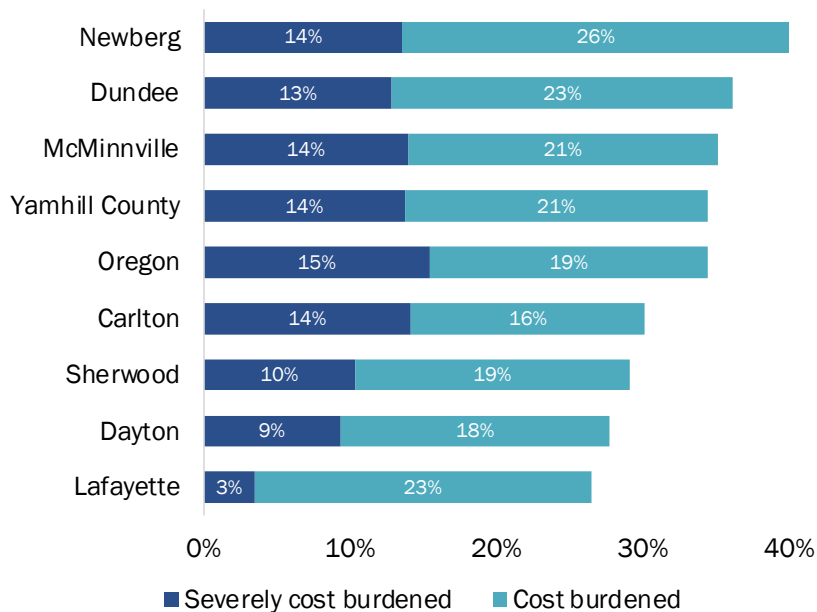
Because the local housing market cannot produce income-restricted, subsidized affordable housing at sufficient levels – and because it cannot often produce middle income/workforce housing without subsidy, 40% of households in Newberg are cost burdened (as Exhibit 46 through Exhibit 53 show). A household is defined as cost burdened if their housing costs exceed 30% of their gross income. A household that spends 50% or more of their gross income on housing costs is said to be severely cost burdened.

**Overall, about 40% of all households in Newberg were cost burdened.**

Newberg had a higher share of cost burdened households compared to Yamhill County and the state.

**Exhibit 46. Housing Cost Burden, Newberg, Yamhill County, Oregon and Other Comparison Cities, 2015-2019**

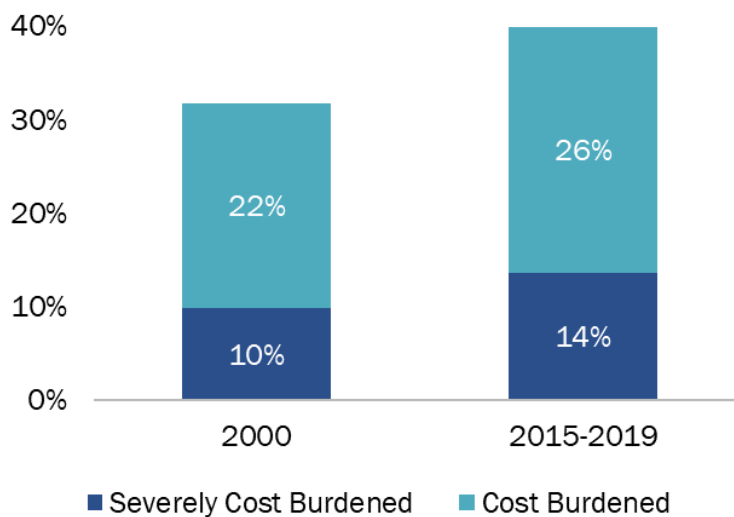
Source: U.S. Census Bureau, 2015-2019 ACS Tables B25091 and B25070.



**From 2000 to the 2015-2019 period, the number of cost-burdened and severely cost-burdened households grew by 8% in Newberg.**

**Exhibit 47. Change in Housing Cost Burden, Newberg, 2000 to 2015-2019**

Source: U.S. Census Bureau, 2000 Decennial Census, Table H094 and 2015-2019 ACS Tables B25091 and B25070.

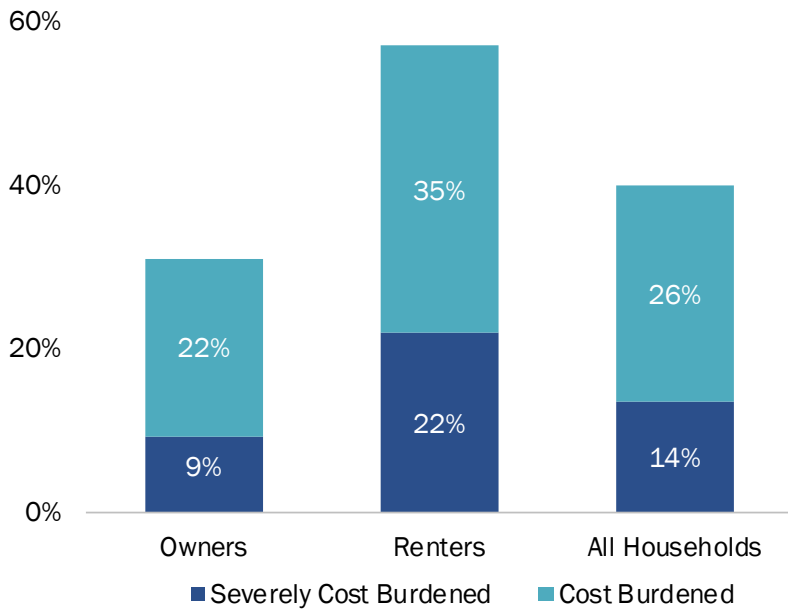


**Renters are much more likely to be cost burdened than homeowners.**

In the 2015-2019 period, about 57% of Newberg’s renters were cost burdened or severely cost burdened, compared to 31% of homeowners.

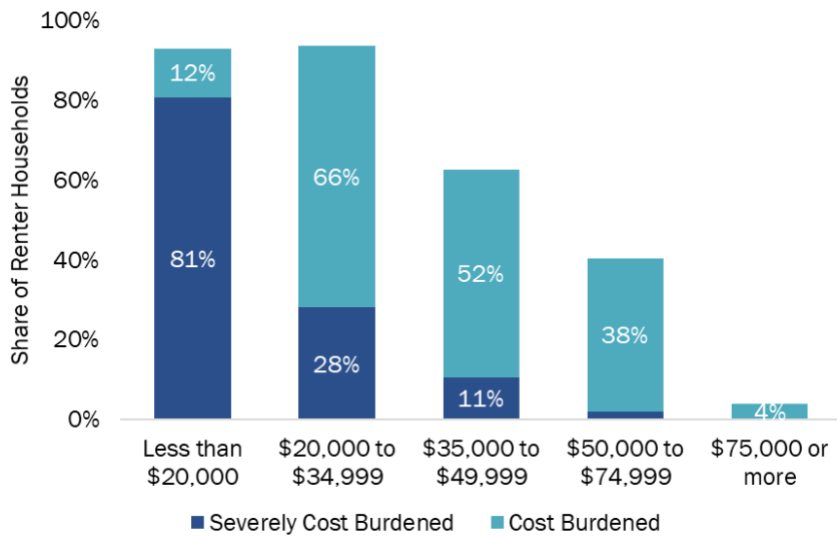
About 22% of Newberg’s renters were severely cost burdened (meaning they paid more than 50% of their income on housing costs alone).

Exhibit 48. Housing Cost Burden by Tenure, Newberg, 2015-2019  
Source: U.S. Census Bureau, 2015-2019 ACS Tables B25091 and B25070.



**Most households earning less than \$35k are cost burdened.**

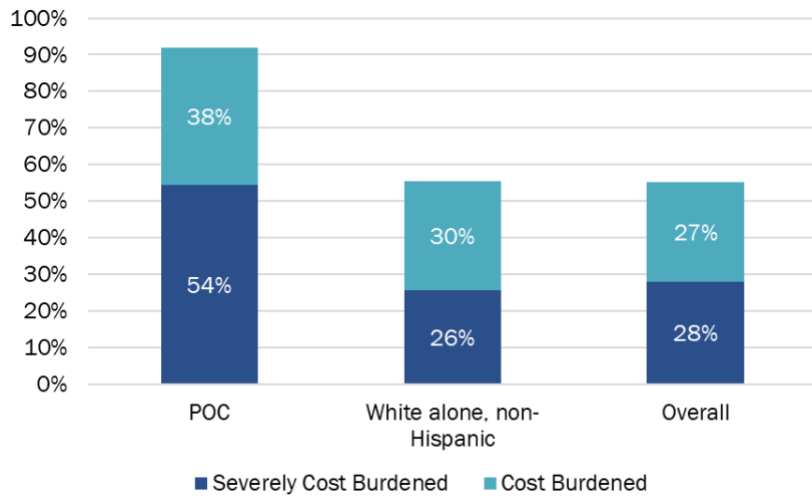
Exhibit 49. Cost Burdened Renter Households, by Household Income, Newberg, 2015-2019  
Source: U.S. Census Bureau, 2015-2019 ACS Table B25074.



**Households with a POC head had much higher rates of cost burdening than white alone and overall households.**

54% of POC households were severely cost-burdened, nearly double both white alone and overall households.

**Exhibit 50. Cost Burdened for POC, White non-Hispanic, and All Households, Newberg, 2014-2018**  
 Source: CHAS (Comprehensive Housing Affordability Strategy), 2014-2018 Table 9.



**Households with a POC head had much higher rates of severe cost burdening across both renter and owner households than white households.**

15% of owner occupied POC households were severely cost burdened, compared with only 8% of owner-occupied white households

**Exhibit 51. Cost Burdened by Tenure for POC, White non-Hispanic, and All Households, Newberg, 2014-2018**  
 Source: CHAS (Comprehensive Housing Affordability Strategy), 2014-2018 Table 9.

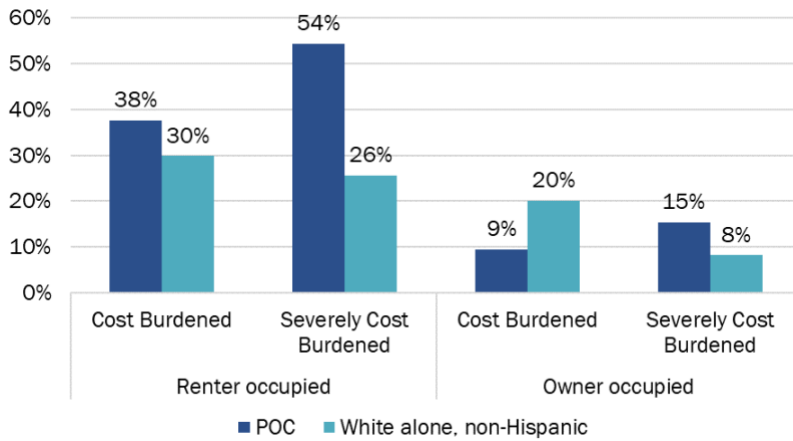


Exhibit 52 to Exhibit 53 show cost burden in Oregon for renter households for seniors, people of color, and people with disabilities.<sup>22</sup> This information is not readily available for a city with a population as small as Newberg, which is why we present statewide information. These exhibits show that these groups experience cost burden at higher rates than the overall statewide average.

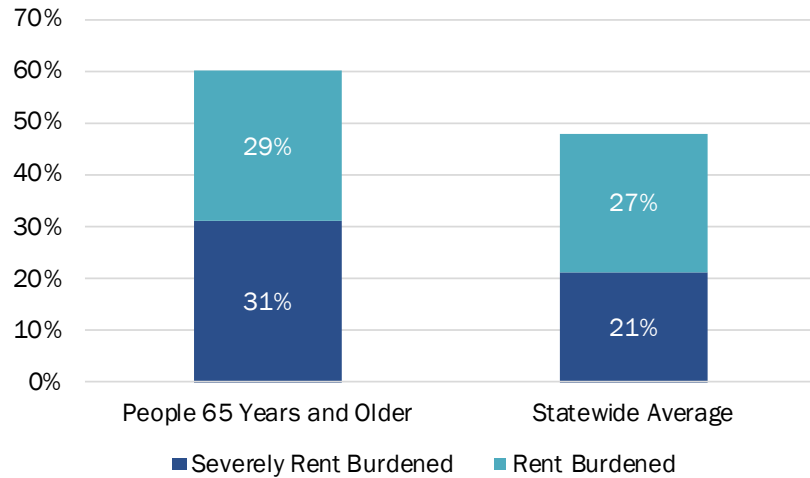
<sup>22</sup> From the report *Implementing a Regional Housing Needs Analysis Methodology in Oregon*, prepared for Oregon Housing and Community Services by ECONorthwest, March 2021.

**Renters 65 years of age and older were disproportionately rent burdened compared to the state average.**

About 60% of renters aged 65 years and older were rent burdened, compared with the statewide average of 48% of renters.

**Exhibit 52. Cost Burdened Renter Households, for People 65 Years of Age and Older, Oregon, 2018**

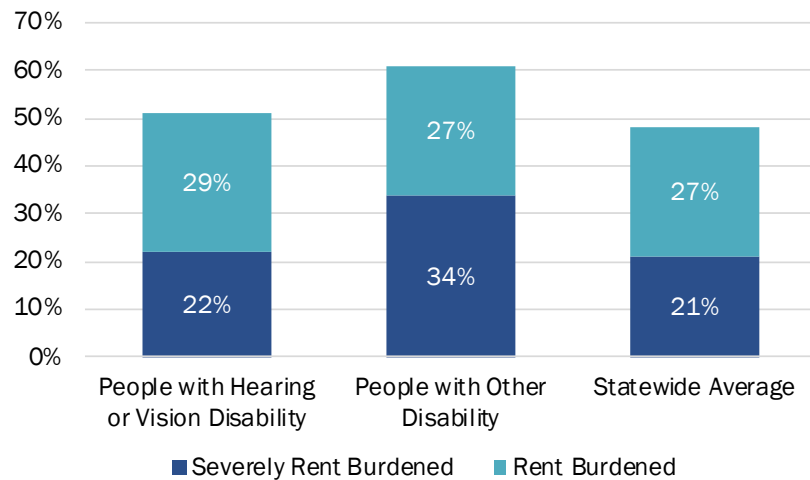
Source: Census, 2018 ACS 1-year PUMS Estimates. From the Report *Implementing a Regional Housing Needs Analysis Methodology in Oregon: Approach, Results, and Initial Recommendations* by ECONorthwest, August 2020.



**Renters with a disability in Oregon were disproportionately cost burdened.**

**Exhibit 53. Cost Burdened Renter Households, for People with Disabilities, Oregon, 2018**

Source: Census, 2018 ACS 1-year PUMS Estimates. From the Report *Implementing a Regional Housing Needs Analysis Methodology in Oregon: Approach, Results, and Initial Recommendations* by ECONorthwest, August 2020.



## Findings from Outreach and Engagement

### Affordable Housing Citizens Advisory Committee

The Committee began meeting in July 2008 and reviewed a broad range of actions that could be taken to encourage affordable housing in Newberg. In 2009, the [Affordable Housing Action Plan](#) was adopted from the work of this committee.

### Housing Newberg Group

A group consisting of 38 stakeholders comprised of community members including housing developers, major employers, elected officials, city staff, housing advocates, faith community leaders and members with expertise in property management, real estate sales and mortgage lending. This group met 8 times between October 2016 to October 2017 to work towards constructive recommendations for the development of a range of housing types – from high density apartments to single family detached homes.

Key recommendations from this group included: inclusion of high-density land with annexation, allow ADUs as an outright permitted use, creation of a Construction Excise Tax (CET) program, education/community awareness, missing middle housing, subsidized work and living spaces, expedited review and permitting, public street standards that reduce the amount of public right-of-way and still meet fire department requirements, and system development charge (SDC) deferrals/loans.

### HB 4006 Community Discussions on Rent Burdened Households: Cause and Solutions

Community meetings were held in 2018, 2019, 2020, and 2022 related to of the causes of households being rent burdened in Newberg and discussion around solutions.

Key outcomes: better knowledge for community members on what it means to be rent or mortgage burdened and severely cost burdened and the challenges those folks experience. Created discussions among community members on solutions and opportunities to help those folks and create more affordable housing in Newberg.

### Middle Housing Open Houses and Surveys

In 2020 and 2021, there were community wide virtual open houses and surveys about HB 2001 and the middle housing code updates. The first survey received 192 total responses and the second survey received 72 total responses. The second virtual open house had about 10 community members present.

Key outcomes: The information from the open houses and surveys informed the code amendments for middle housing. In June 2021, duplex code amendments were adopted. In December 2021, the other middle housing (triplexes, quadplexes, cottage clusters, and townhomes) code amendments were adopted.

## Key Terms in the HPS

This appendix presents applicable key terms used in Newberg’s Contextualizing Housing Needs report. Per the Department of Land Conservation and Development, the following key terms will be incorporated into the Definitions section of OAR 660-008 (if they are not already):

- **Consumers of Needed Housing:** any person who inhabits or is anticipated to inhabit Needed Housing, as described in the definition of “Needed Housing” in ORS 197.303.
- **Housing Production Strategy Report:** the report cities must adopt within one year of their deadline to complete an updated Housing Capacity Analysis, pursuant to OAR 660-008-0050.
- **Housing Production Strategy:** a specific tool, action, policy, or measure a city will implement to meet the housing needs described in an adopted Housing Capacity Analysis. A Housing Production Strategy is one component of a Housing Production Strategy Report.
- **Needed Housing:** housing types determined to meet the need shown for housing within an urban growth boundary at particular price ranges and rent levels, including (but not limited to) renter and owner-occupied attached and detached single-family housing, multifamily housing, and manufactured homes.
- **Producers of Needed Housing:** developers, builders, service providers, or other persons or entities providing materials and funding needed to build housing. Producers of Needed Housing may include non-profit organizations or public entities.
- **Unmet Housing Needed:** occurs when housing need determined pursuant to subsection(3)(b) is greater than the housing capacity (i.e., buildable, residential land is insufficient to accommodate demand for housing).



# Appendix B: Evaluation Criteria for Actions

## Preliminary evaluation of each action

The proposed evaluation criteria, summarized below fall into five categories: income level served, impact, administrative complexity, feasibility, 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
<i>37% of Newberg households</i>	<i>22% of Newberg households</i>	<i>23% of Newberg households</i>	<i>19% of Newberg households</i>
<i>Can afford \$730 and \$1,210 or less in monthly housing costs.</i>	<i>Can afford \$1,200 to \$1,950 in monthly housing costs.</i>	<i>Can afford \$1,950 to \$2,900 in monthly housing costs.</i>	<i>Can afford \$2,900 or more in monthly housing costs.</i>

## Impact for Housing Development

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

Small	Moderate	Large
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.
<i>~1-3% of needed housing 32 to 95 new dwelling units<sup>23</sup></i>	<i>~3% to 5% of needed housing 95 to 158 new dwelling units</i>	<i>~5% to 10% (or more) of needed housing 158 to 317 new dwelling units</i>

## 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.

<sup>23</sup> Newberg’s Housing Needs Analysis projects that the City will grow by 3,169 new dwelling units in Newberg between 2021 and 2041 to accommodate new population growth.

## Feasibility

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

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

## Flexibility

Flexibility assesses whether the action can be flexibly used to achieve multiple outcomes. Does the action 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.

# Appendix C: Trends in Gentrification and Displacement Risk in Newberg

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DATE: August 2, 2022  
TO: Mary Heberling-Creighton and Doug Rux  
FROM: Beth Goodman, Emmanuel Lopez, and Justin Sherrill  
SUBJECT: Trends in Gentrification and Displacement Risk in Newberg

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As the City of Newberg develops its Housing Production Strategy, staff are interested in understanding current trends in gentrification and displacement risk in Newberg. The Housing Production Strategy Project Team will use this information to inform potential actions that the City could take to mitigate the risk that the city's most vulnerable populations would be displaced from their housing.

The high-level results of our analysis reveal that:

- **The majority of Newberg residents live in neighborhoods that are at risk of gentrification.** Approximately 59% of households live in areas that are either susceptible to or in the early stages of gentrification. These areas generally have high levels of socioeconomic vulnerability, which may lead to housing insecurity or displacement. The only part of Newberg showing little to no gentrification risk is the city's northwestern area.
- **Newberg has a substantial number of households that are at-risk of displacement and are socioeconomically vulnerable, especially in the southern parts of the city.** Compared to the rest of the Metro region<sup>24</sup>, Newberg has higher concentrations of vulnerable populations such as people with less than a Bachelor's degree, Hispanic population, and People of Color.

In the following sections, we will examine results and trends in further detail. An overview of the methodologies used in this analysis are within this memorandum.

## Analysis Methodology

ECONorthwest conducted this analysis by combining two parallel models that look at 1) where the city's most **socioeconomically vulnerable populations** are currently clustered and (2) where **gentrification** has been most rapidly advancing within Newberg since 2010.

Within the **socioeconomic model**, we designed a model that identified the Newberg surrounding Metro region's most disproportionately cost-burdened demographic groups (such

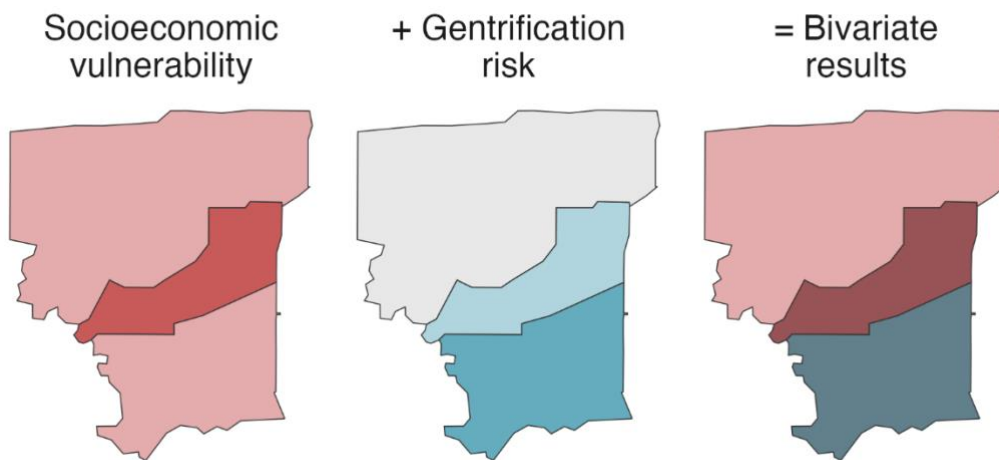
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<sup>24</sup> The Metro region comprises all cities within the Multnomah, Washington, and Clackamas counties.

as households with children present or households with people of color, or households with people with a disability) using 2016-2020 ACS PUMS data, then compiled Census tract-level estimates of these demographic groups.

Within the **gentrification model**, we used Dr. Lisa Bates’ 2018 gentrification methodology that the Portland Bureau of Planning and Sustainability (BPS) used for the city of Portland, which identifies areas in different stages of gentrification, from stable (low risk of gentrification) to early-stage gentrification to late-stage gentrification. The data we used was like the data Dr. Bates used but shifted over a few years for ease of accessibility, for example: rather than using decennial census, we used American Communities Surveys for the years of 2006-2010, 2011-2015, and 2016-2020. For housing market conditions, we utilized Property Radar data to capture median sale prices within a census tract for the years of 2010 and 2020.

Exhibit 54. Bivariate Analysis Outline



### Socioeconomic Vulnerability Methodology

In this part of the analysis, ECONorthwest answers the question, “Who is most likely to be displaced if housing market conditions were to further appreciate in price or stay the same?”

We began with identifying groups that are inequitably burdened by housing costs, meaning that these groups have higher rates of cost burden compared to all households. First, we developed a weighted vulnerability indexing analysis, based on Oregon’s 2019 Public-Use Microdata Survey (PUMS) data at the state level to identify demographic groups that are unequally burdened by housing costs. This means that a given group’s share of the state’s cost-burdened households is greater than its total share of all state households. For example, households with a Hispanic/Latino head comprise 8.6% of the state’s households, but 13.4% of the state’s cost-burdened households – a difference of 4.8% points.

Our analysis identified six demographic groups that were most disproportionately burdened:

- Households with children present
- People of Color (neither White non-Hispanic, nor Hispanic/Latino people are included in this group)
- People of Hispanic/Latino origin, any race
- People five years and older who speak English “not well”
- People with one or more disabilities
- People 25 years and older who have an educational attainment of less than a Bachelor’s degree

Disproportionate cost burdening varies across the state. To capture this variation, ECONorthwest compared disproportionate cost burdening among these groups for six geographic areas of the state and compared levels of disproportionate cost burden among the demographic groups for Census tracts in Newberg with state and regional results.<sup>25</sup>

The result of this analysis is identification of Census tracts with lower and higher percentages of people in vulnerable groups. Census tracts with higher vulnerability levels would indicate places where it is more likely that not only current, but where future housing cost burdening and possible displacement are more likely to occur.

### Gentrification & Displacement Methodology

Gentrification has many definitions such as *“a process of neighborhood change that includes economic change in a historically disinvested neighborhood —by means of real estate investment and new higher-income residents moving in – as well as demographic change – not only in terms of income level, but also in terms of changes in the education level or racial make-up of residents.”*<sup>26</sup> This analysis uses the methodology developed by Dr. Lisa Bates at Portland State University in tandem with the City of Portland’s Bureau of Planning and Sustainability (BPS) in their [“2018 Gentrification And Displacement Neighborhood Typology Assessment.”](#)<sup>27</sup>

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<sup>25</sup> ECONorthwest rank-ordered vulnerable demographic groups by six geographic areas of the state. We used the rank (1 through 6) as a weighting factor. Based on this rank-ordered list, we next used tract-level 2019 ACS estimates of all six demographic groups to calculate each tract’s percentage of its region’s total number of vulnerable groups. This share was then converted to decile ranks, and each decile rank was multiplied by the rank-ordered weighting factor. These “scores” were then summed for each tract, with total scores ranging between 21 to 210. Lastly, this score was then divided by the maximum possible value to compute a more intuitive percentage value, with “100%” indicating tracts with the **highest** levels of **all** vulnerable demographic groups.

<sup>26</sup> Chapple, K., & Thomas, T., and Zuk, M. (2021). Urban Displacement Project website. Berkeley, CA: Urban Displacement Project.

<sup>27</sup> In previous anti-displacement in gentrification analysis, Dr. Lisa Bates of Portland State University and BPS used a large sample of 168 census tracts (as of 2019 Census Tract estimates) to measure and compare statistics. In this analysis ECONorthwest sought to maintain consistency with the previous methodology. Given that the City of Newberg has just 3 tracts, we used regional level data to calculate the baseline statistics for each of the indicators of

The analysis identifies Census tracts in Newberg where gentrification is taking place or may take place in the future. These tracts where place-specific ordinances and location-specific research can serve to protect vulnerable populations and determine how much the data matches the lived experience of residents on the ground.

The Gentrification and Displacement Risk Analysis methodology used in this analysis mirrors closely to what BPS and Dr. Lisa Bates utilized in 2018 with an additional typology, explained below.<sup>28</sup> The analysis considers the following characteristics:<sup>29</sup>

- **Vulnerable populations** are ones with:
  - High rates of renting households relative to the region
  - Large shares of communities of color relative to the region
  - Large shares of adults (25 years and older) without a four-year degree relative to the region
  - Large shares of low-income households (below 80% Median Family Income) relative to the region
- **Demographic changes** (over the last decade or so) require three of the following four conditions being true or the **two bolded** were true:
  - Share of homeowners increased or decreased slower than the regional average
  - **Share of white population increased or decreased slower than the regional average**
  - **The share of adults with a four-year degree increased faster than the regional average**
  - Median household income increased faster than the regional average
- **Housing market conditions** are Census tracts with the following conditions:
  - **Adjacent tracts:**
    - Had low or moderate 2010 home values/rents
    - Experienced low or moderate 2010-2020 appreciation (or 2015-2020 rental appreciation)

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gentrification and social vulnerability analysis. We compared Newberg against the regional analysis. The intention behind this was to provide a more robust picture for what the City of Newberg should compare itself to. It would not have been effective to compare the city of Newberg only to the city of Newberg and Salem, but instead to compare it to the entire region to provide a more accurate depiction of housing market conditions, socioeconomic vulnerability, and other considerations in the analysis.

<sup>28</sup> The methods used by ECONorthwest draw from the work of Dr. Lisa Bates and BPS, but used the observation years of 2010, 2015, and 2020 for both Census and American Communities Surveys years.

<sup>29</sup> More information about the definitions for the “Vulnerable Population”, “Demographic Change”, and “Housing Market Condition” can all be found in the [2018 report here](#).

- Touched the boundary of at least one tract with high 2020 values and/or high 2010 appreciation (or 2010-2020 rental appreciation)
- **Accelerating tracts:**
  - Had low or moderate 2020 home values/rents
  - Experienced high 2010-2020 appreciation (or 2010-2020 rental appreciation)
- **Appreciated tracts:**
  - Had low or moderate 2010 home values/rents
  - Had high 2020 home values/rents
  - Experienced high 2010-2020 appreciation

This analysis of change (in populations, demographics, and housing markets) over time is completed at the regional and Census-tract levels, rather than at the household level. A basic limitation of census and ACS data is that they cannot provide longitudinal data on individual households between surveys (e.g. over +10 year spans of time). Whether or not low-income families in Newberg have been displaced from other neighborhoods in that time (tracts labeled Late: Type 1 or Dynamic) requires a much deeper level of analysis and qualitative analysis done by either academics or the City.

Exhibit 55 shows a summary of the typologies used in this analysis. They are:

- **Early-Stage Gentrification.** These tracts have not started to gentrify or show early signs that they could be gentrifying.
  - **Susceptible.** These tracts have higher shares of vulnerable populations but have not yet experienced demographic changes. Their housing market sales and rents were low or moderate in costs, but they are adjacent to tracts whose housing costs are already high or are increasing rapidly.
  - **Early: Type 1.** These tracts have higher shares of vulnerable populations but have not yet experienced demographic changes. Their housing market is still low or moderate in cost but has experienced high appreciation since 2010.
  - **Early: Type 2.** These tracts have higher shares of vulnerable populations but have experienced demographic changes showing the loss of vulnerable populations. Their housing market is low or moderate in costs, but they are adjacent to tracts whose housing costs are already high or are increasing rapidly.
- **Mid-Stage Gentrification.**
  - **Dynamic.** These tracts are currently undergoing gentrification. They have higher shares of vulnerable populations and have experienced demographic changes by losing vulnerable populations. Their housing market is still low or moderate in costs but has experienced high appreciation since 2010.



- **Late-Stage Gentrification.** These tracts have mostly gentrified but vulnerable populations may still reside in there. The housing market has completely shifted from low or moderate to high housing costs.
  - **Late: Type 1.** These tracts have higher shares of vulnerable populations but have experienced demographic changes by losing vulnerable populations proportionally. Their housing market used to be low or moderate in 2010 but has appreciated rapidly since, and now values are high.
  - **Late: Type 2.** These tracts no longer have high shares of vulnerable populations like they used to in 2010. They have experienced demographic changes by losing their once-high share of vulnerable populations. Their housing market is still low or moderate but has experienced high appreciation since 2010.
  - **Continued loss.** These tracts no longer have high shares of vulnerable populations like they used to in 2010 or in 2015. The share of white people is growing and/or the share of people with a four-year degree is growing. Their housing market used to be low or moderate in 2010 but has appreciated rapidly since, and now values are high.
- **Stable Low-Vulnerability Communities.** These tracts are ones that have had historically low levels of vulnerable populations relative to the region (from 2010-2020).

Exhibit 55. Gentrification/Displacement Methodology<sup>30</sup>

Typology	Vulnerable Population?	Demographic Change?	Housing Market Condition
<b>Early-Stage Gentrification</b>			
Susceptible	Yes	No	Adjacent
Early: Type 1	Yes	No	Accelerating
Early: Type 2	Yes	Yes	Adjacent
<b>Mid-Stage Gentrification</b>			
Dynamic	Yes	Yes	Accelerating
<b>Late-Stage Gentrification</b>			
Late: Type 1	Yes	Yes	Appreciated
Late: Type 2	Used to be in 2010 or 2015	Yes	Accelerating
Continued Loss	Used to be in 2010 or 2015	Increasing share of white people and adults with bachelor's degree	Appreciated
Stable - Low Vulnerability **	No	No	Any**

<sup>30</sup> \*\* The Stable – Low Vulnerability typology was developed to show tracts that have historically not had a vulnerable population (between 2010 and 2020) while also experiencing low amounts to no demographic change.

## What areas in Newberg are at most risk of gentrification and displacement?

The most at-risk areas are in the central and southern areas of Newberg, while the more stable, low-risk neighborhoods are located north of the downtown area and railroad line and east of Springbrook Road.

About a third of Newberg households (~31%) live in Census tracts that are in the early stages of gentrification, while around a quarter (28%) live in an area in late-stage gentrification. The remaining 40% are in low-risk areas (see Exhibit 57).

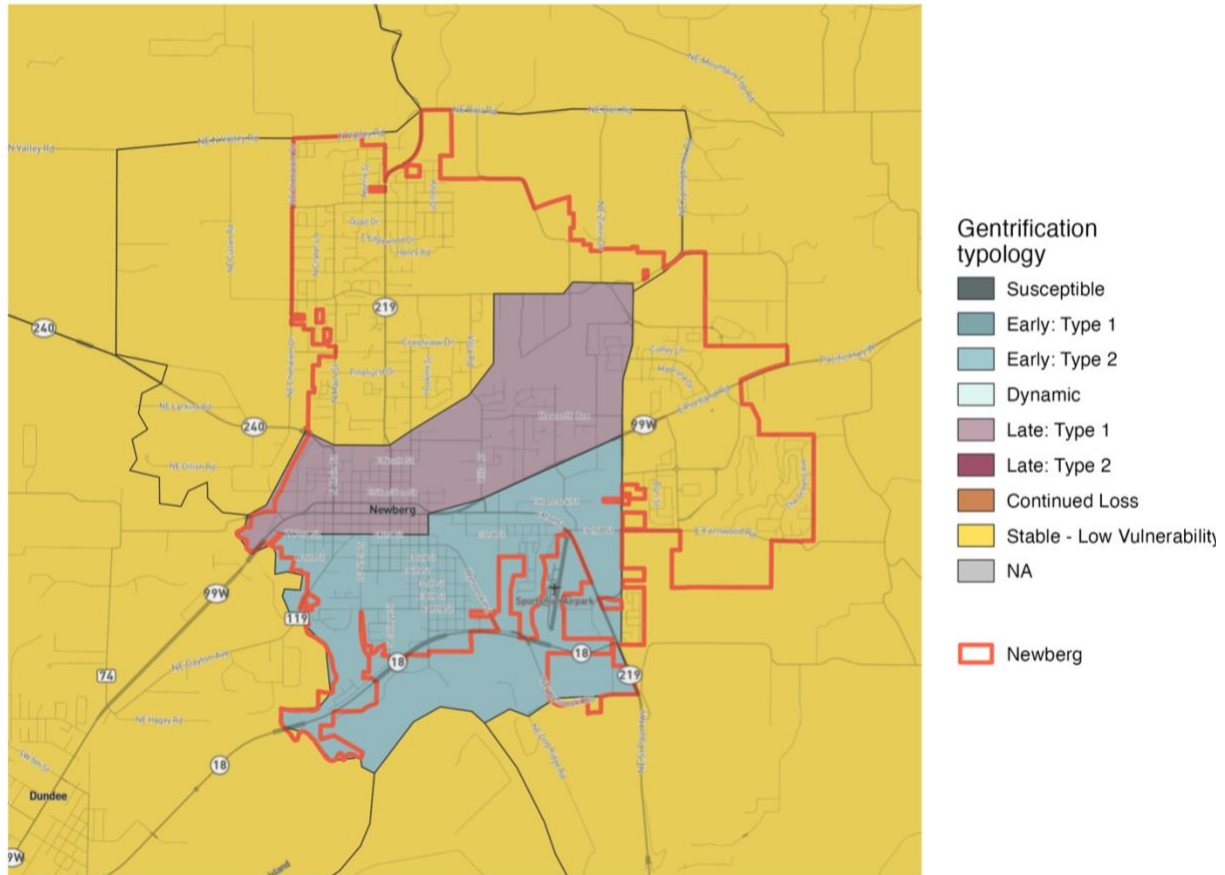
**One tract in Newberg is classified as Early: Type 2, another is Late: Type 1** (see Exhibit 56). Demographic changes and housing price increases suggest that these areas are in the early stages of gentrification. This indicates that economically vulnerable neighborhoods may be at-risk of experiencing gentrification which ultimately leads to rising housing costs, and potentially displacement. Early: Type 2 may indicate that some areas are already experiencing demographic change and gentrification to some degree, and that these areas are also adjacent to high priced housing markets. However, with the closest tract to that one being in the later stages of gentrification (Late: Type 1), which tends to indicate a much higher demographic change while also indicating higher value homes and rents demonstrates that populations may have already experienced displacement due to gentrifying neighborhoods previously because the housing values are now considered high for the (Metro) region.

**Areas in Newberg's northern and eastern regions and just outside the city are generally classified as Stable – Low Vulnerability** (see Exhibit 56). In these neighborhoods, incomes and housing prices are generally higher and have not changed at a greater rate than the regional average during the study period (2010-2020).

Exhibit 56 shows Newberg's gentrification typology by census tract.

### Exhibit 56. Gentrification Typology by Tract

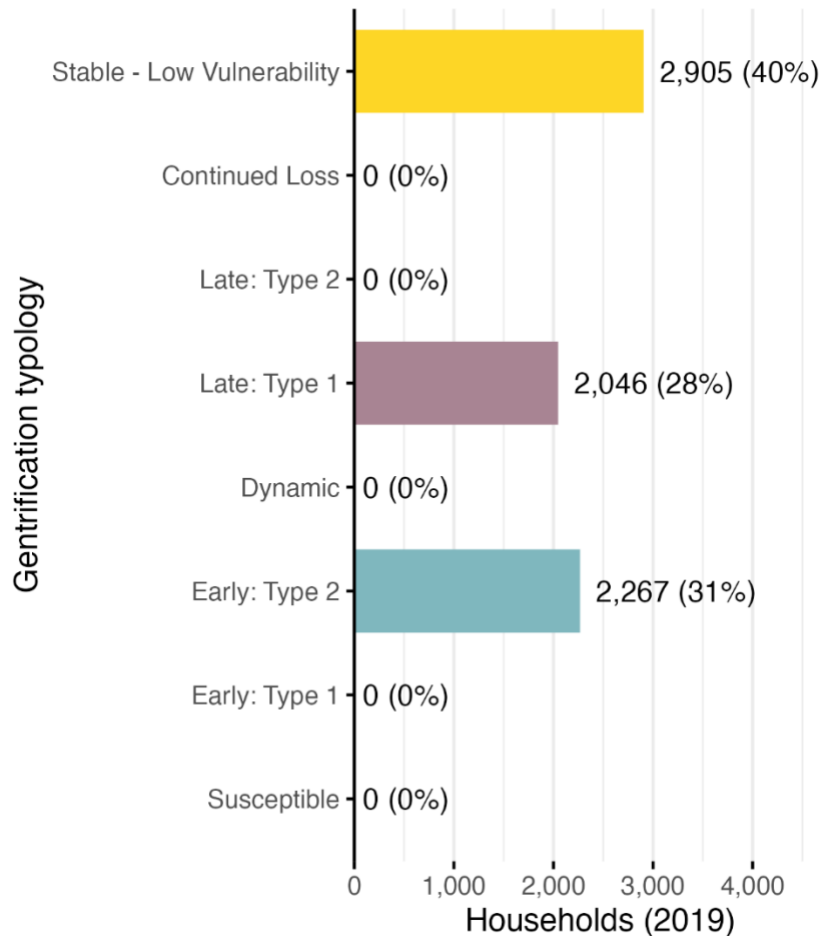
Source: ACS 2010, 2015, 2019 (5-year), RLIS, ECONorthwest, Bates/BPS



Fifty-nine percent (59%) of households in Newberg live in tracts that are in the early or later stages of gentrification, as shown in Exhibit 57. While this does not necessarily indicate that a little over half of *all households* are at risk of gentrification or have already experienced gentrifying neighborhoods, it indicates that the majority of Newberg shows signs of housing instability relative to its surrounding region.

Exhibit 57. Total Newberg Households by Tract Gentrification Typology

Source: ACS 2010, 2015, 2019 (5-year), RLIS, ECONorthwest



### Neighborhood-Level Observations Results

Gentrification can be quite a nuanced topic. While the data presents one story about an entire census tract, Newberg’s neighborhoods that are in the process of being gentrified may be a much smaller portion of that Census tract.

For Newberg, most tracts and households within those tracts fall under the definition of **Early: Type 2** and **Late: Type 1**. These typologies are characterized by having high levels of economic vulnerability, higher rates of demographic change, and having either nearby tracts (called “adjacent” tracts) becoming more valuable (rents and/or sale prices appreciating quickly) or being in an “appreciated” tract where rent values and home sale prices rose drastically between 2010 and 2020. These tracts are ones where the City may want to focus active monitoring to make sure that residents who are already cost-burdened are not forced to leave due to gentrification.

## Where do Newberg’s most vulnerable residents live?

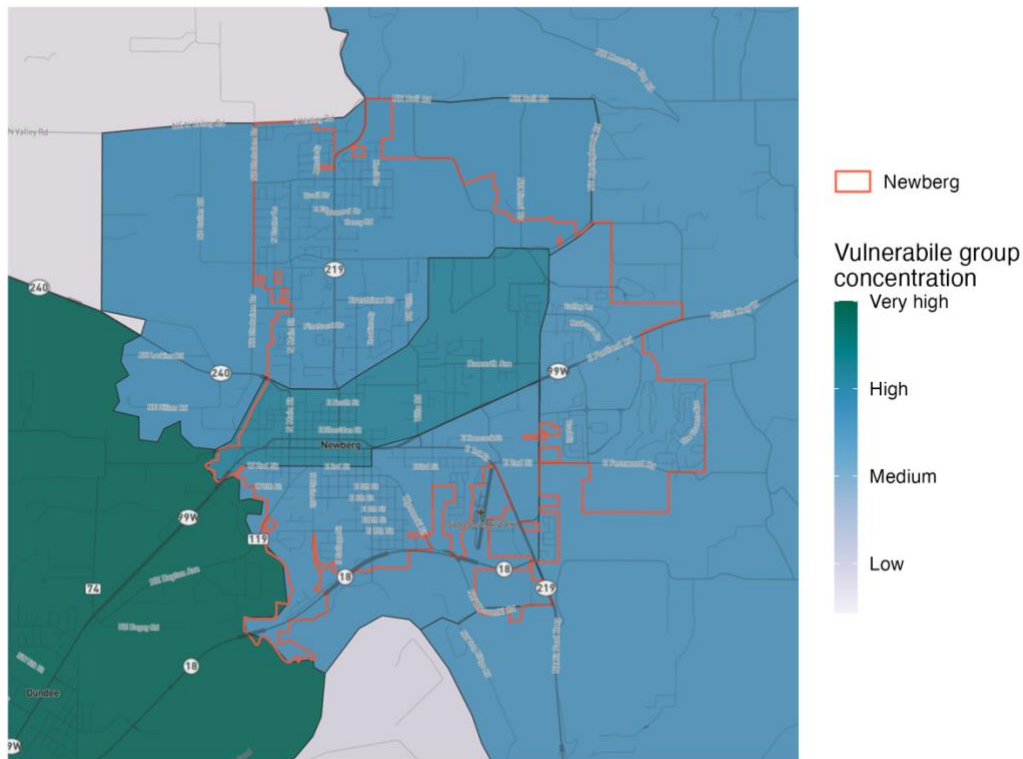
While the previous section provides information on how tracts in Newberg have or have not gentrified, based in part on the Dr. Bates/BPS methodology, this does not answer the question of which neighborhoods and demographic groups are most disproportionately burdened by housing costs. To address this issue, ECONorthwest developed a separate model (described on page 109) using ACS/census datasets to determine which tracts in Newberg are most acutely and unequally burdened by housing prices – the implication being that, should trends hold, the most burdened households today will likely be the first to be displaced tomorrow.

Tracts showing higher levels of vulnerability are mainly clustered around Newberg’s central boundary, but the rest of the city has moderate levels of vulnerability.

Exhibit 58 shows the results of the Socioeconomic Vulnerability model. These “medium-high” tracts contain the combined largest shares of the region’s most disproportionately cost burdened demographic groups, such as people without a bachelor’s degree or higher, people of color, and people living with one or more disabilities. Lower-vulnerability tracts in Newberg are mostly found in the northern and southern ends of the city. The most vulnerable tract in Newberg is located in the central portion of the city. However, relative to the region, Newberg overall does not exhibit signs of severe levels of vulnerability. The tract just outside of southwest Newberg, in Dundee, is experiencing much higher rates of social vulnerability than any tract in Newberg.

Exhibit 58. Overall Socioeconomic Vulnerability by Tract

Source: ACS 2010, 2015, 2019 (5-year), RLIS, ECONorthwest



## Who is most likely to be displaced if housing market conditions continue to appreciate or stay the same?

Some interesting trends include a noticeable clustering of People of Color (POC) and Hispanic households in central Newberg, but more evenly distributed moderate rates of Less than a Bachelor's degree and Children Present populations across the City. Exhibit 59 shows the results of our Socioeconomic Vulnerability analysis, broken out by each demographic group examined.

Across the state of Oregon, having less than a Bachelor's degree was the strongest determinant of cost-burdened households. Newberg's largest vulnerable group is Less than a Bachelor's degree, though this group can also include relatively more financially secure elder or retired residents.

### Exhibit 59. Vulnerable Group Concentration by Tract

Source: ACS 2010, 2015, 2019 (5-year), RLIS, ECONorthwest

Note: LEP is Limited English Proficiency

POC is People of Color

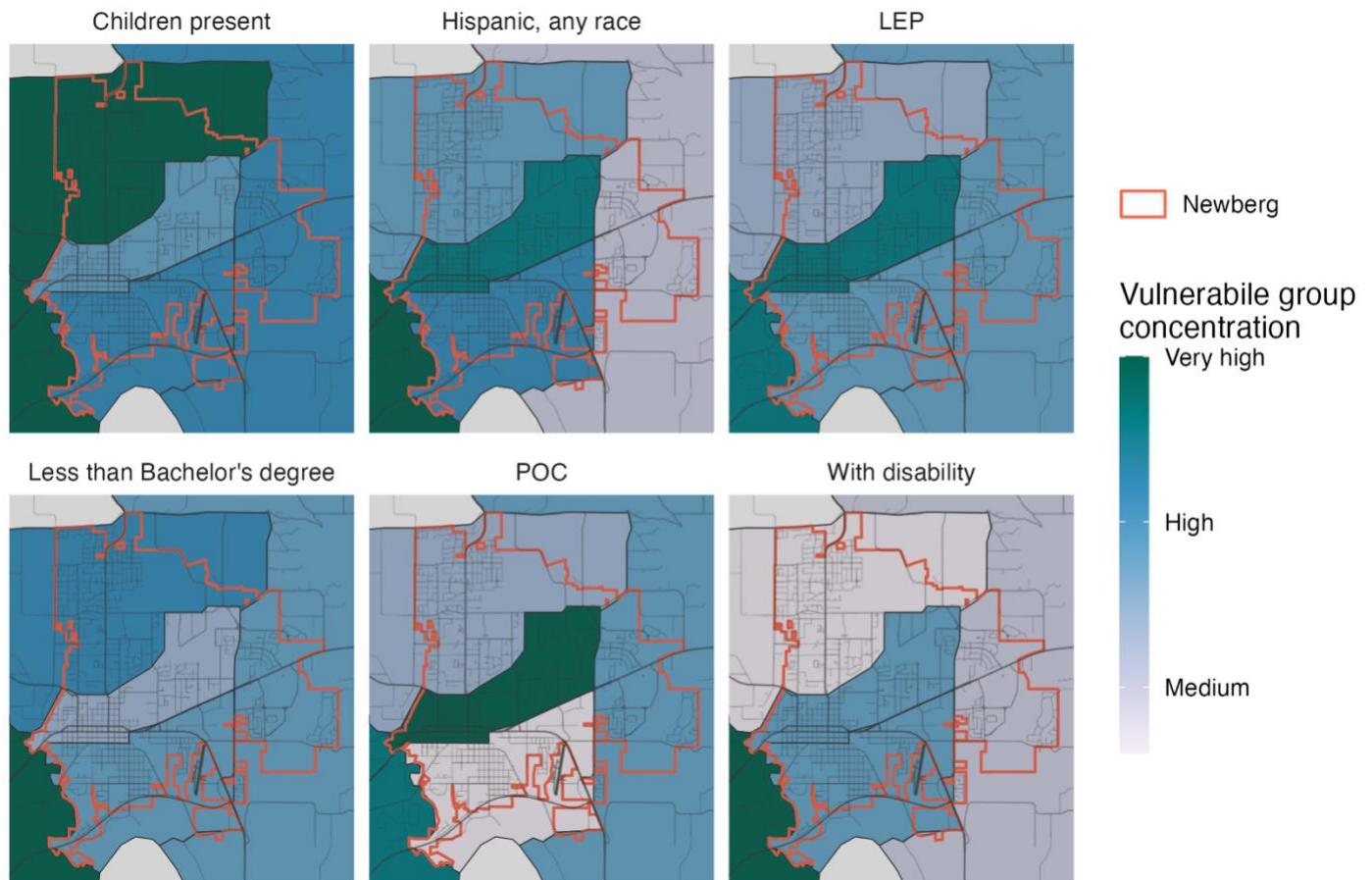


Exhibit 60 depicts the combined Socioeconomic Vulnerability model results in terms of number of households or population (depending on the specific census topic) that reside in tracts with

intersecting gentrification typologies and socioeconomic vulnerability groupings. For instance, we find that the most common intersection of our model is the 3,219 people living in stable – low vulnerability tracts and having an educational attainment of less than a bachelor’s degree. These groups are not mutually exclusive, so many demographic traits would be counted multiple times (i.e., a POC head of household, with children present, and with someone in the household having a disability).

**Exhibit 60. Estimated Households or Population by Vulnerability Group and Gentrification Typology**  
 Source: ACS 2010, 2015, 2019 (5-year), RLIS, ECONorthwest

Gentrification Typology	Stable - Low Vulnerability	1,019	723	3,219	77	462	489
	Continued Loss	0	0	0	0	0	0
	Late: Type 2	0	0	0	0	0	0
	Late: Type 1	636	1,222	2,529	218	957	663
	Dynamic	0	0	0	0	0	0
	Early: Type 2	711	1,021	3,011	84	267	684
	Early: Type 1	0	0	0	0	0	0
	Susceptible	0	0	0	0	0	0
		Children present (Households)	Hispanic, any race (Population)	Less than Bachelor's degree (Population)	Low English Proficiency (Population)	POC (Population)	With disability (Population)
		Vulnerable Group					

Footnote 1. The color gradients demonstrate the total number of households, with light pink/red being low and dark red being high.

Most socioeconomically vulnerable residents in Newberg are in the “Less than Bachelor’s Degree” group, which falls in line with high degrees of housing cost-burdening across the state of Oregon. This sub-group is concentrated in tracts that have started the process of gentrifying or are in the later stages of gentrification, thus placing them even more at risk.

# Where do areas with higher gentrification risk and vulnerable populations intersect?

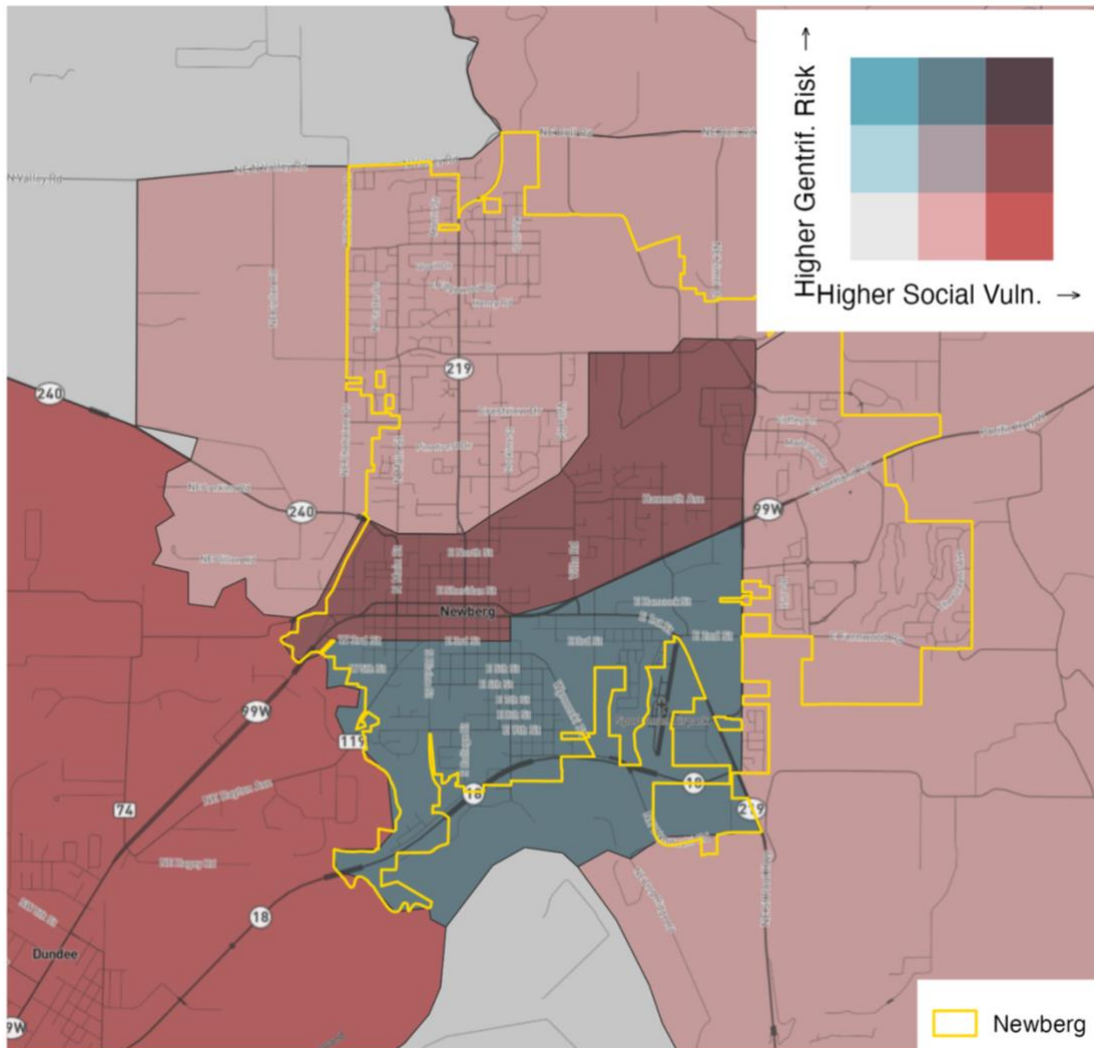
Central and Southern Newberg face highest risks to displacement, but none of it falls into the most severe category of risk.

Newberg has central and southern tracts with higher risk of gentrification, while the most northern and eastern portion of the tracts shows the lowest risk in the city.

Exhibit 61 shows areas with higher gentrification risk and areas with higher social vulnerability.

**Exhibit 61. Composite Gentrification & Socioeconomic Vulnerability Risk, by Tract**

Source: ACS 2010, 2015, 2019 (5-year), RLIS, ECONorthwest



Indicators of **higher gentrification risk** include:

- high shares of low-income households,
- changing socioeconomic demographics as compared to the region
- rising prices of housing for sales and rent

Indicators of **higher social vulnerability** include:

- higher shares of the region's POC
- higher shares of the region's population without a bachelor's degree or higher

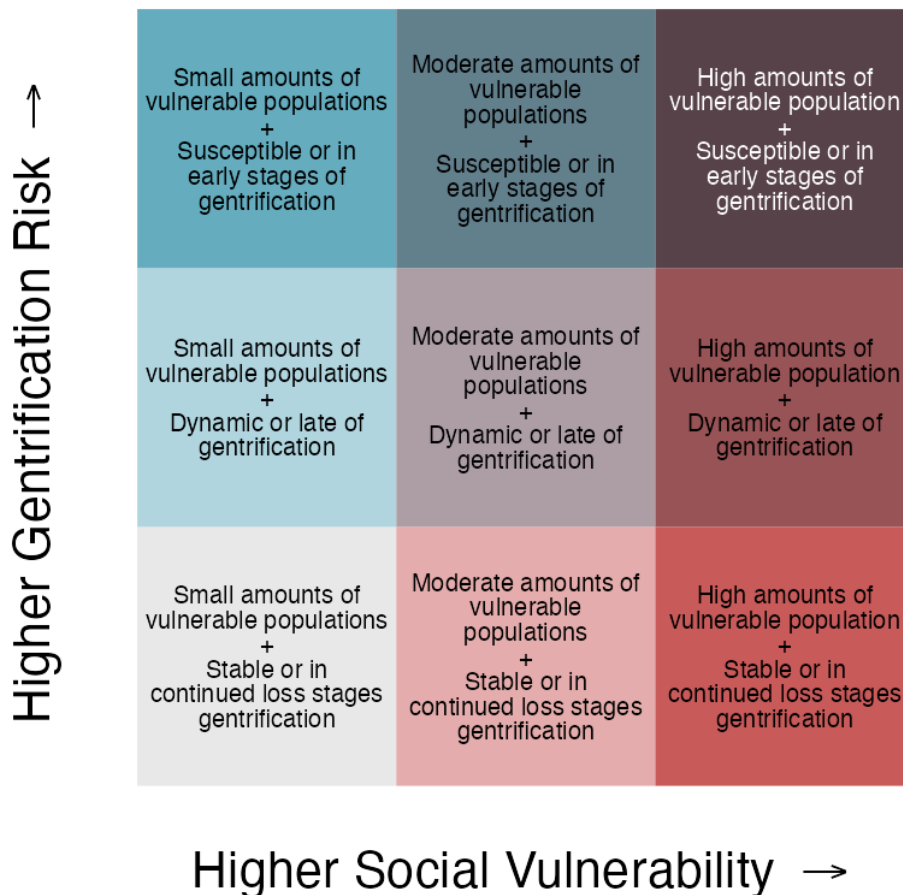
**Error! Reference source not found.** provides more context about the risk for gentrification and the level of social vulnerability in Exhibit 61. The following describes the gentrification risk and



social vulnerability at each corner of the matrix in Exhibit 61 and Exhibit 62. **Error! Reference source not found.**

- **Top row, left side – in blue.** These areas are at risk of displacing existing populations but the populations in these areas are generally less vulnerable as compared to the region. This may also indicate that neighborhoods nearby are experiencing appreciations in home sales and rents.
- **Top row, right side – in dark violet.** These areas are the highest risk of displacement of existing vulnerable population, such as lower-income households, people of color, Latino households, or other vulnerable populations.
- **Bottom row, left side – in light grey.** These are areas with little risk of displacement and few vulnerable populations.
- **Bottom row, right side – in pink.** These areas have little existing risk of displacement but are home to vulnerable populations.

Exhibit 62. Gentrification & Socioeconomic Vulnerability Risk Matrix  
Source: ECONorthwest



The majority of Newberg residents live in neighborhoods that are at risk of gentrification or have been in heavily gentrified areas.

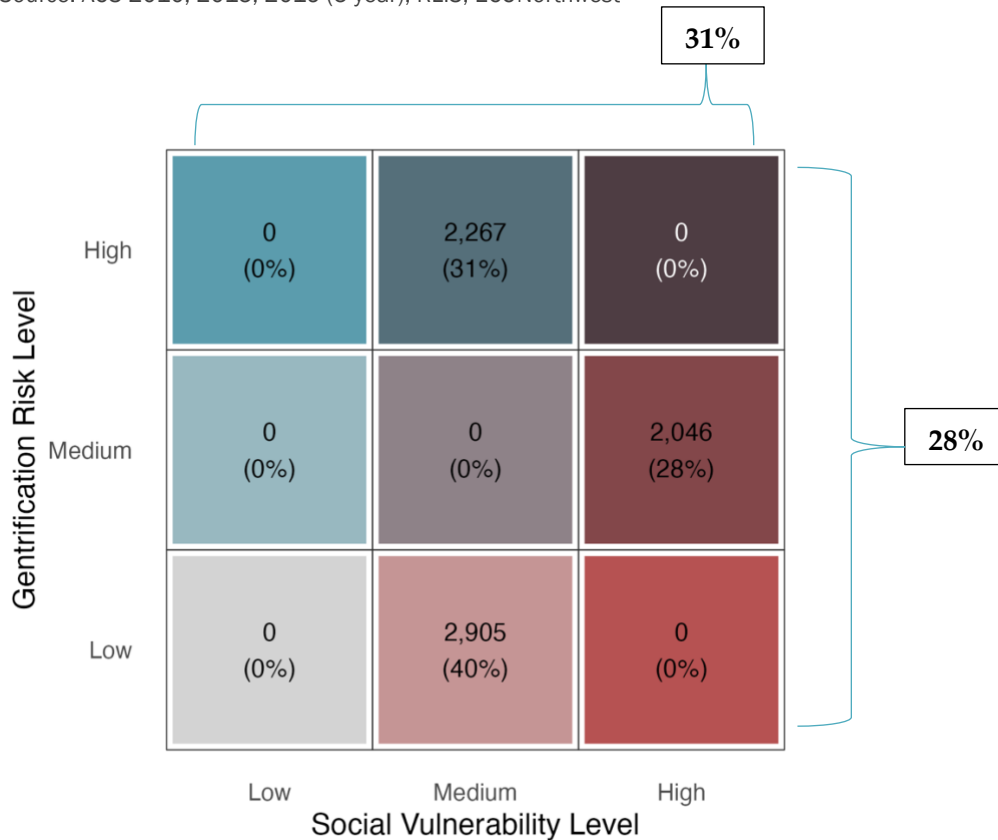
A little under a third (31%) of Newberg residents are at a moderate risk of displacement. The analysis describes the households and tracts that may be at most risk of displacement or additional cost-burdening if the City continues business as usual. Slightly over a quarter (28%) of Newberg households live in Census tracts that combine a moderate gentrification risk and a moderate socioeconomic vulnerability level.

Exhibit 63 shows the percentage of households in Newberg in each of the groupings shown in Exhibit 61 and Exhibit 62. **Error! Reference source not found..**

- 31% of Newberg households reside within tracts identified as at moderate risk of gentrification (moderate levels of social vulnerability with early stages of gentrification).
- 28% of households reside in tracts identified as at high socioeconomic risk of housing displacement.

Exhibit 63. Newberg Households Within Composite Gentrification & Socioeconomic Vulnerability Groups

Source: ACS 2010, 2015, 2019 (5-year), RLIS, ECONorthwest



## Implications and Next Steps for the Housing Production Strategy

This analysis shows that substantial parts of Newberg are in early stages of gentrification or at or at late stages, however a little over a quarter (28%) of the households living in areas with high likelihoods of gentrification are also severely at risk of displacement or cost-burdening. As neighborhoods that were once low-income begin to appear as appealing to new residents, it is important to recognize that the people living in those neighborhoods may not have the same economic opportunities as the people moving in.

For the City of Newberg to validate what is happening on the ground, it is important to consider neighborhood characteristics and design community charettes to accurately represent what change looks like to the residents there now. Newberg may want to take steps to further understand the potential for gentrification and potential displacement of vulnerable populations, such as conducting additional research about areas at risk for gentrification to better understand the demographic characteristics of people who may be displaced.

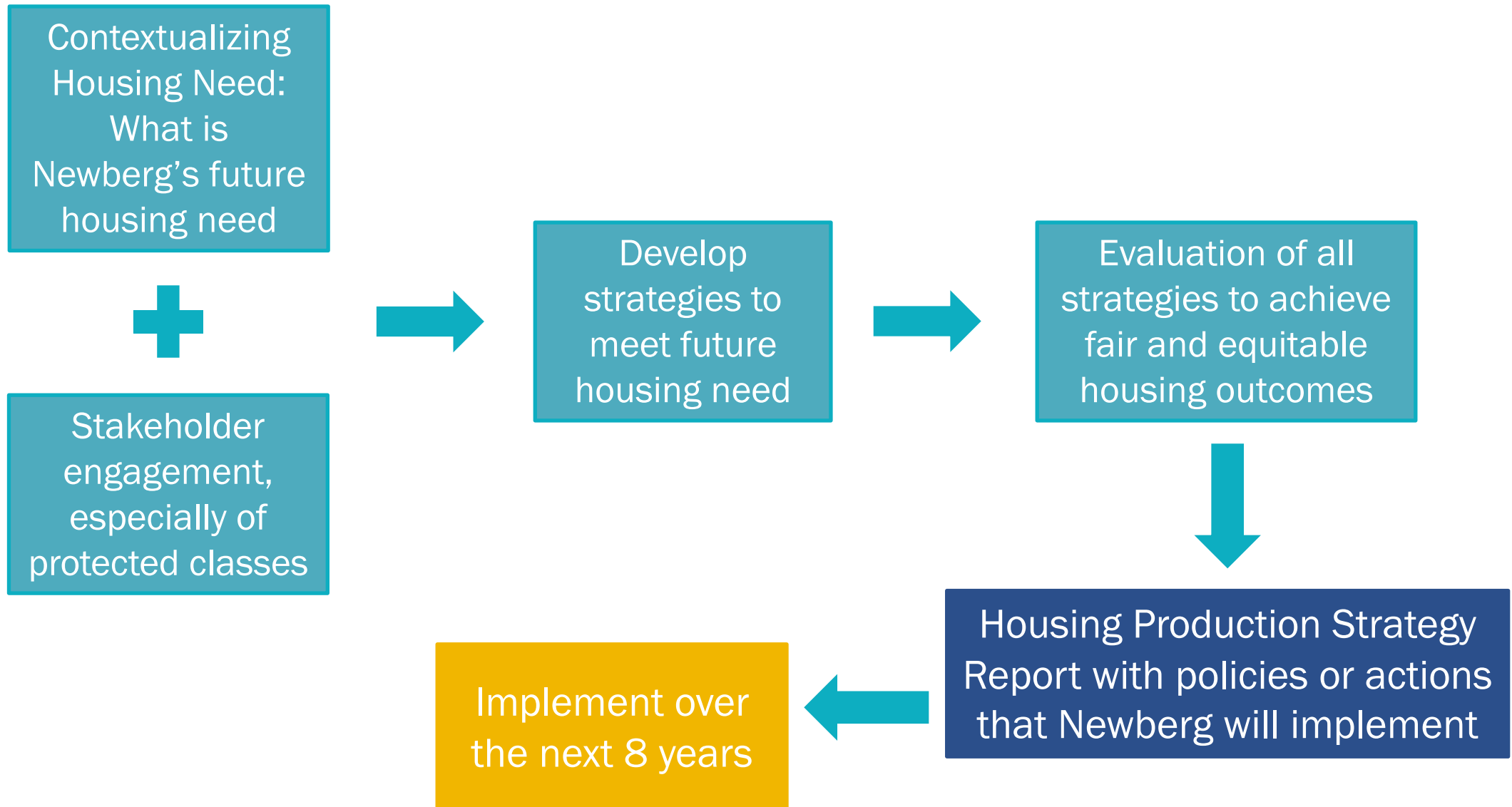
The HPS may include actions to preserve existing affordable housing, stabilize households, and prevent future displacement and gentrification.



# Newberg: Housing Production Strategy

Open House, January 30, 2023

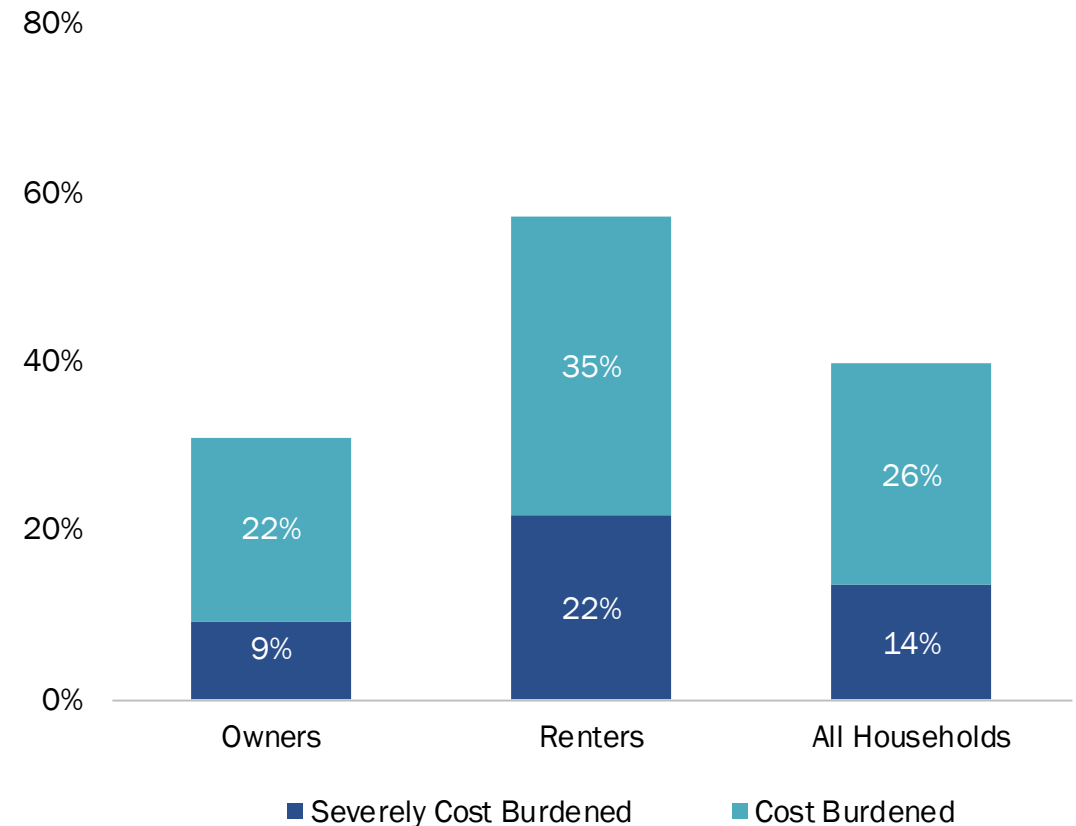
# Reminder: A Housing Production Strategy is an 8 Year Action Plan



# Why is Newberg Conducting an HPS?

- Build on Newberg efforts to meet the city's housing needs
  - Housing Needs Analysis
  - Newberg Housing Strategy
  - Middle Housing – Community Outreach
  - Housing Newberg Group
  - Affordable Housing Task Force
- The City was given a grant by DLCD to complete the HPS

Cost Burden by Tenure, Newberg, 2015-2019



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

## Who Did We Talk To?





## Reminder: Key Housing Needs in Newberg

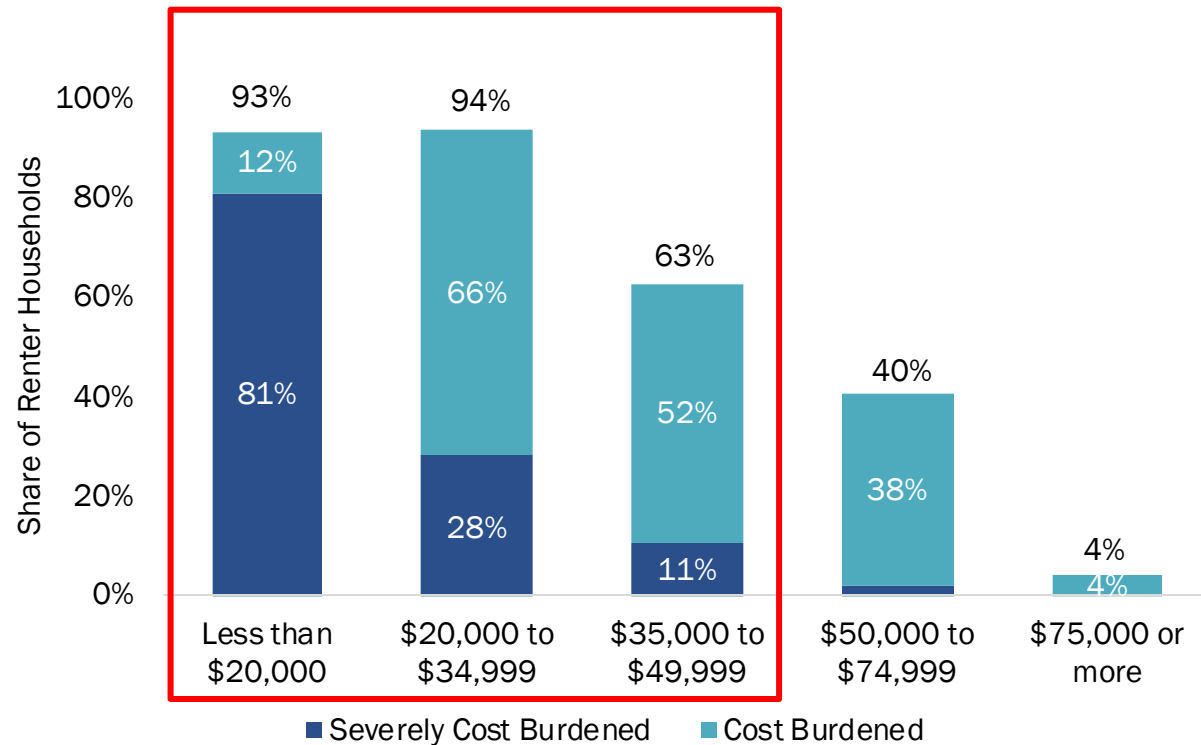
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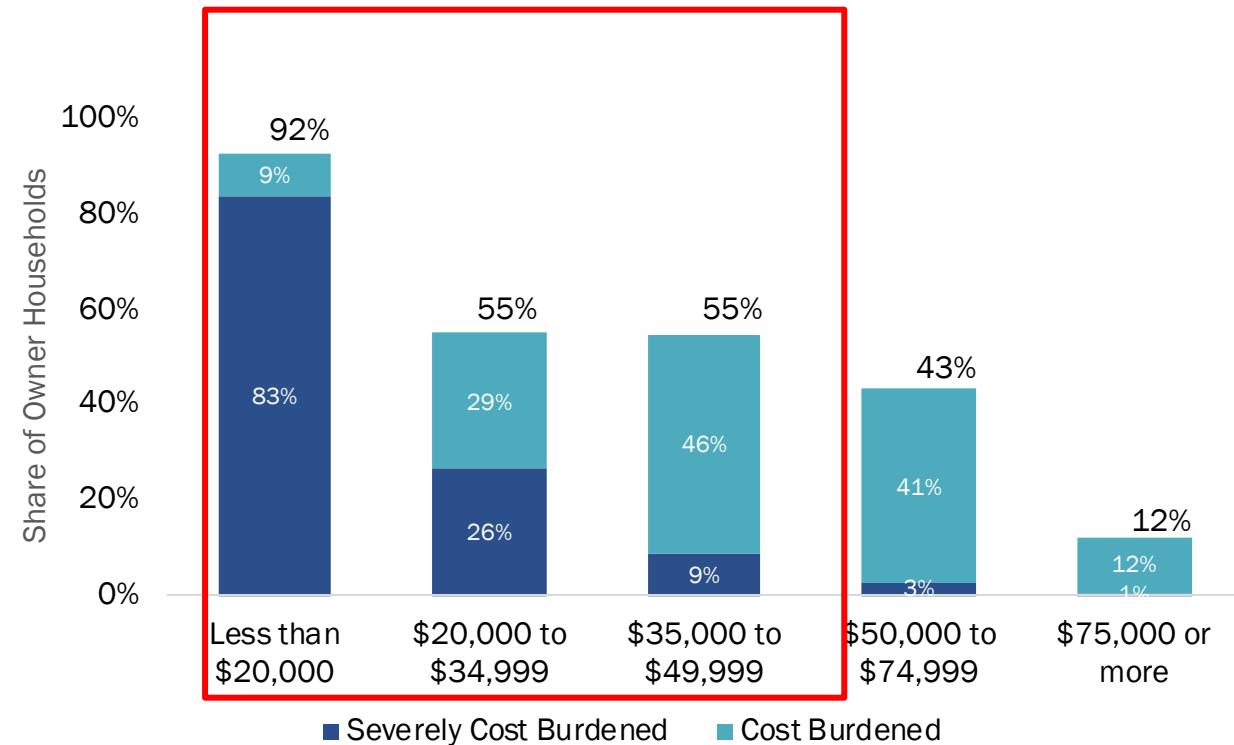


# Cost Burden by Tenure and Income, 2015-2019

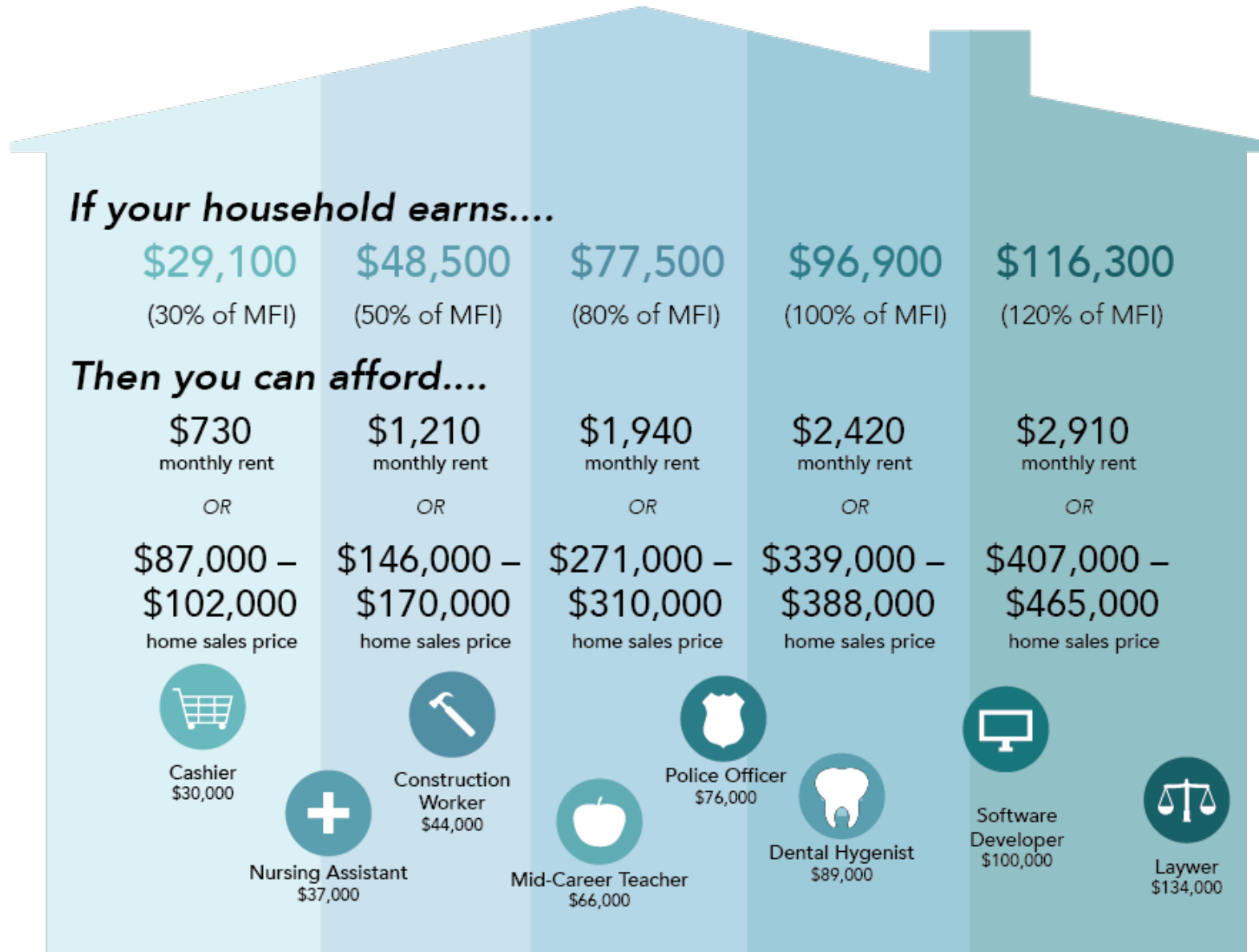
Cost Burden by Income for **Renter** Households, Newberg, 2015-2019



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



# 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.

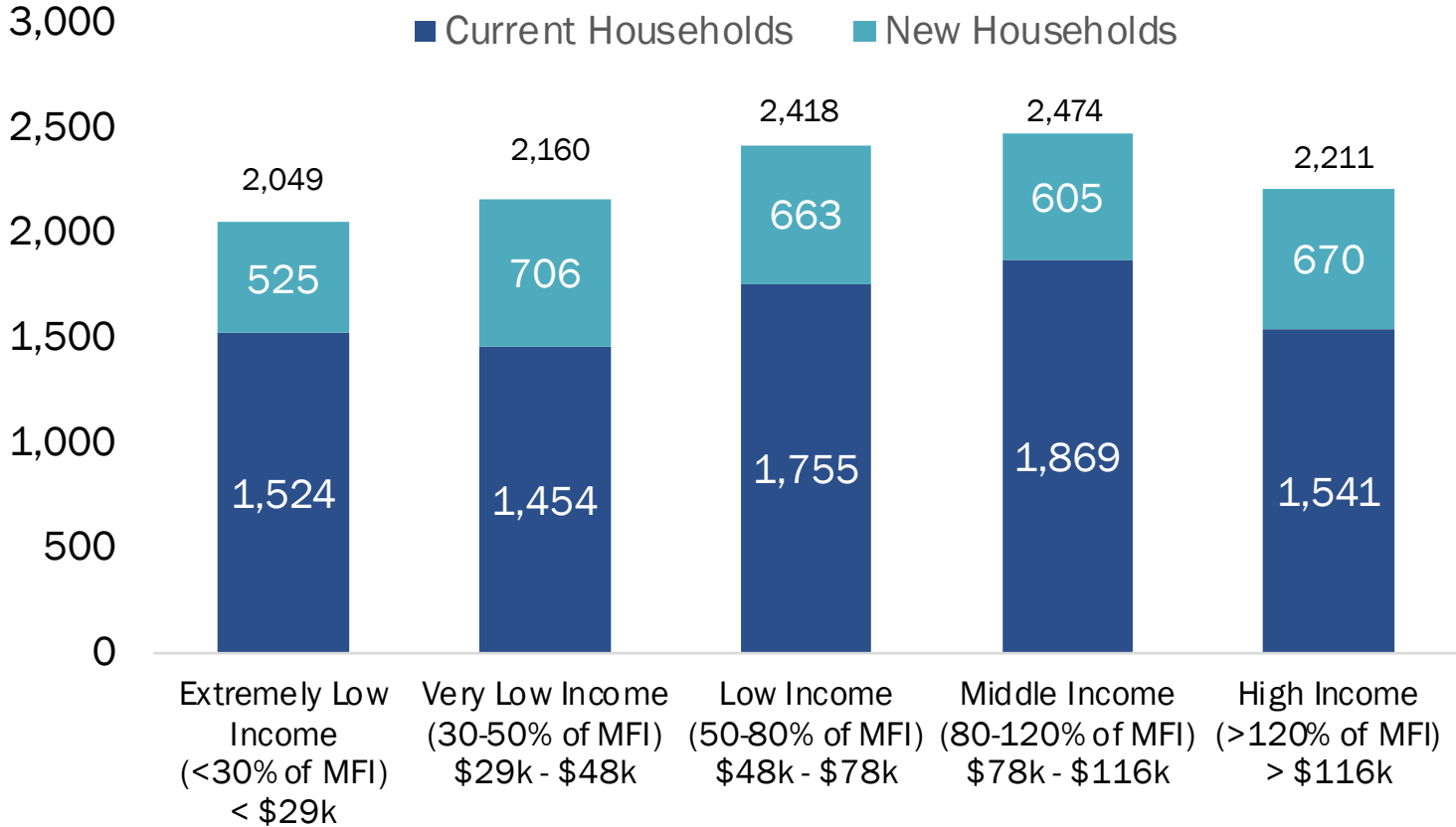
2-bedroom rent in newly built multifamily in Newberg (2022): **\$1,700\***

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

Income-Restricted Affordable

Middle Income

Market Rate

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.

# Summary of Housing Affordability Based on Income

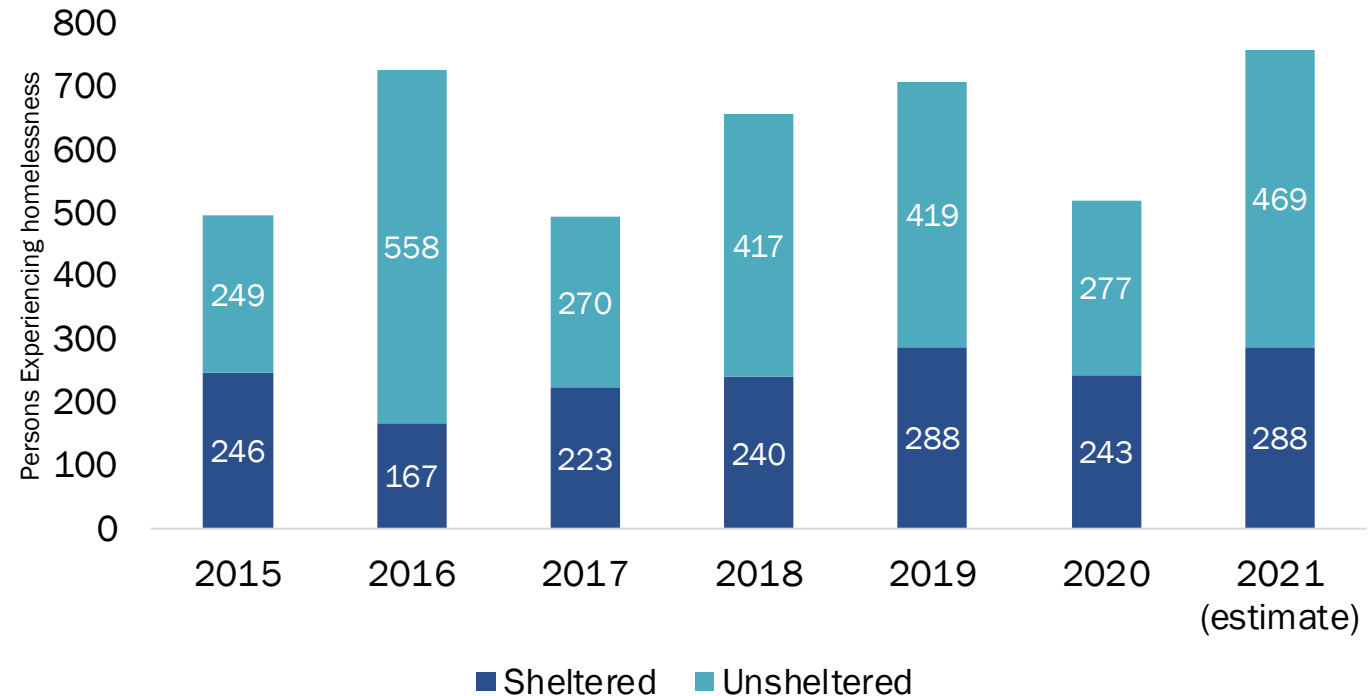
- A household would need to earn **\$67,800** to afford multifamily rent of **\$1,700** (70% of MFI for a family of four)
- A household would need to earn around **\$126,600** to afford the cost of a **house** around **\$443,000** (131% of MFI for a family of four)



# 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

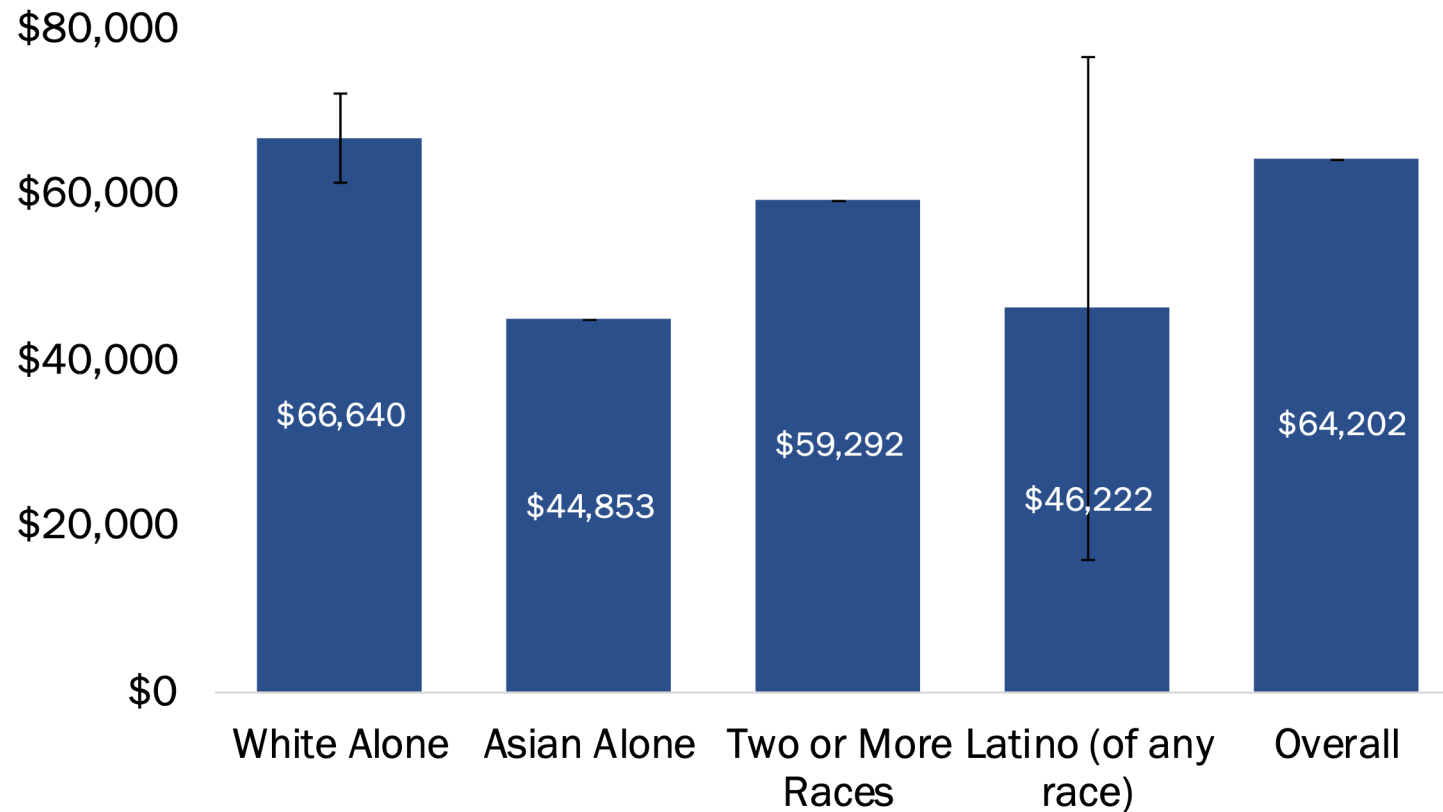


Source: Oregon Housing and Community Services.

Note: OHCS reported two counts in 2021 – estimated and reported counts. This is the estimated counts.

# Ability to Pay for Housing by Race and Ethnicity

## Median Household Income by Selected Race and Ethnicity, 2015-2019



The largest racial and ethnic groups in Newberg are:

**White alone:** 18,144 people, 78% of population

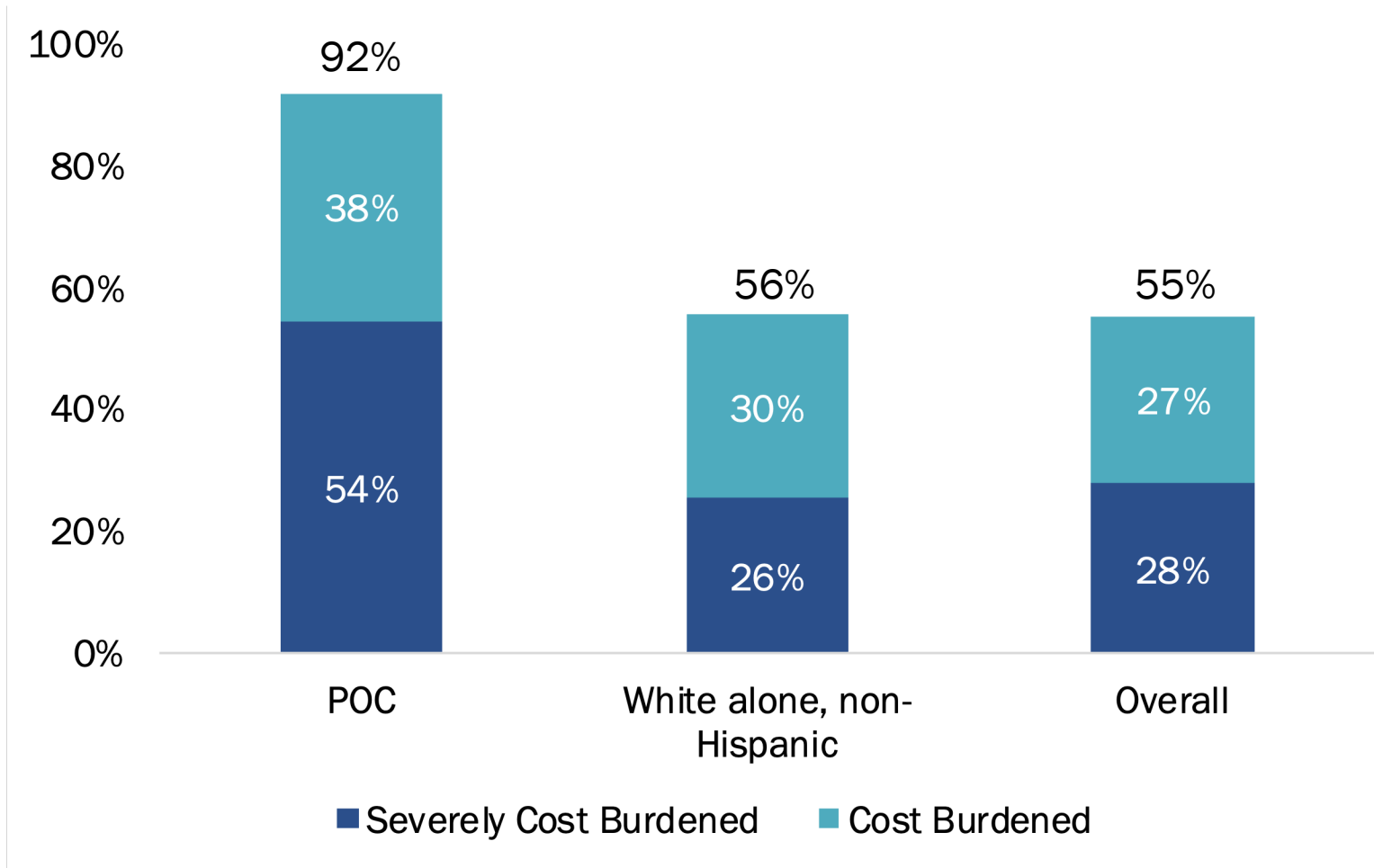
**Latino:** 3,355 people, 14% of population

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

Note: Other races not included due to lack of data and / or high margins of error

# Cost Burden by Race and Ethnicity

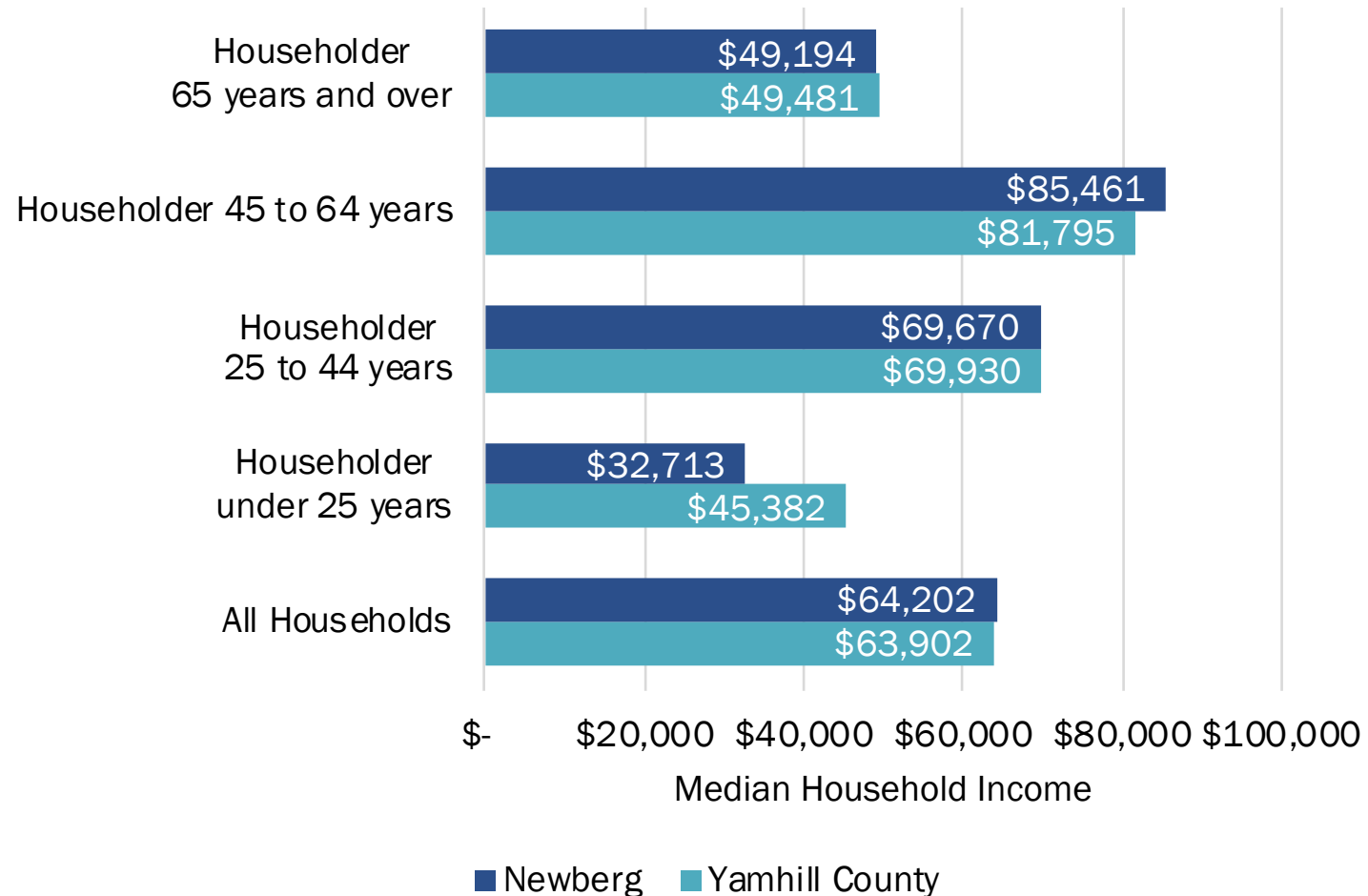
## Cost Burdened Households by Race and Ethnicity, 2014-2018



Source: CHAS 2014-2018, Table 9  
Note: POC includes Latino

# People Aged 65 Years and Older: Ability to Pay for Housing

## Median Household Income by Age



In Newberg, median household income for people over 65 years is 77% of the overall average.





# Housing Production Strategy (HPS)

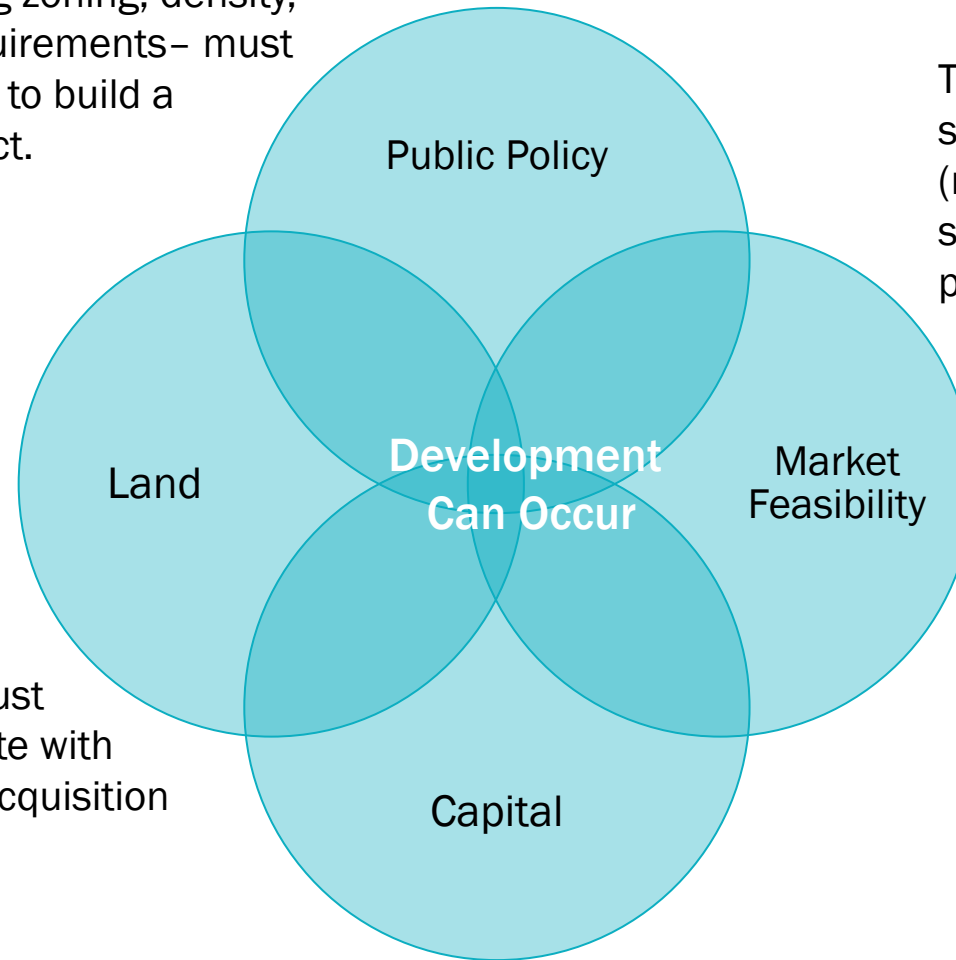
# What is a city's role housing development?

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)

# Develop Strategies to Meet Future Housing Need

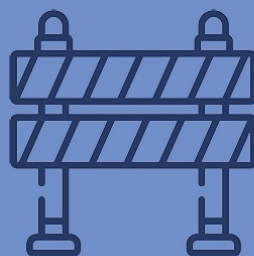
## Types of Strategies to Support Housing Production



Produce  
Informational  
Resources



Partner to  
Leverage Efforts  
and Resources



Remove  
Regulatory  
Barriers



Waive or  
Reduce Upfront  
or Ongoing  
Charges on  
Development



Allocate  
Funding



Land  
Acquisition and  
Disposition

Less Impactful

More Impactful

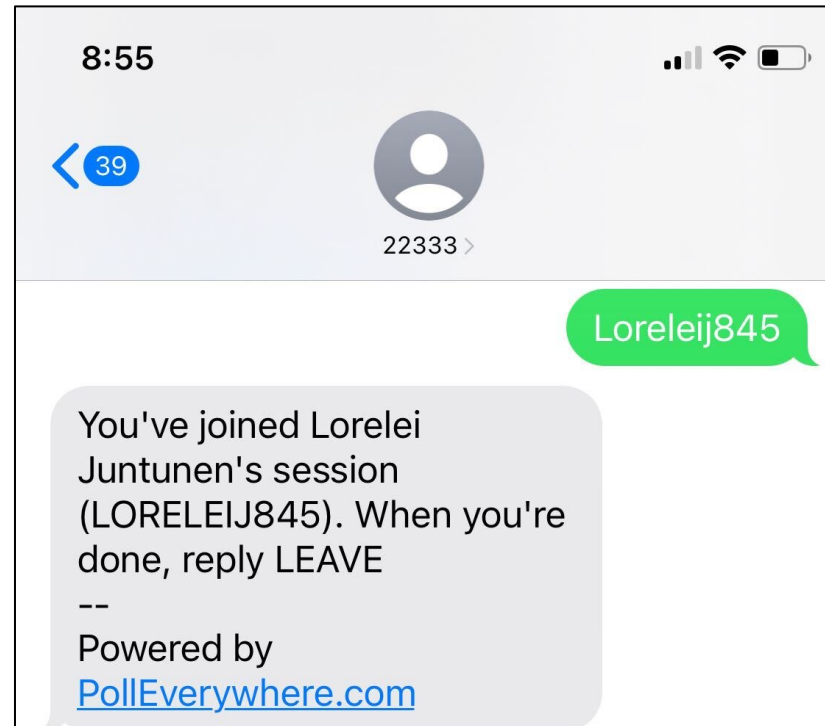
# Evaluating the strategies together

Do the strategies achieve fair and equitable housing outcomes?

- Affordable homeownership and affordable rental housing
- Gentrification, displacement, and housing stability
- Housing options for residents experiencing homelessness
- Location of housing, within compact, mixed-use areas
- Housing Choice, in safe neighborhoods with high-quality amenities
- Fair Housing, especially for federal and state protected classes

# Provide your input!

Join the activity by texting to number 22333  
the word LORELEIJ845 ←



When poll is active, respond at [pollev.com/loreleij845](https://pollev.com/loreleij845)

Text **LORELEIJ845** to **22333** once to join



# In which type of housing do you currently live?

1. Single Family Home

2. Duplex

3. Townhome

4. Apartment

5. Condominium

6. Manufactured or Mobile Home Park

7. Recreational vehicle, travel trailer

8. Group housing (ie Dormitories, Senior Assisted Living, Supportive Housing)

9. Living in temporary or transitional housing for unhoused persons

10. Currently un-housed (tent or car camping, etc)

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# Which of the following best describes your current housing situation?

1. Homeowner
2. Renter
3. Living with others and contributing to rent or mortgage payment
4. Living with others but not paying rent or mortgage
5. Living without regular or stable shelter (ie., camping, living in vehicle, couch surfing, living in a hotel, etc)

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### What other barriers have you personally faced when renting or buying housing in Newberg? (Select all that apply)

1. Housing that is available is not the right size
2. Lost competition between multiple rental applicants
3. Problems with credit history or rental history
4. Rental only available for a short time
5. Pets not being permitted or insufficient space for pets
6. None of the above

Total Results: 0

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📱 Text **LORELEIJ845** to **22333** once to join

# What financial barriers have you personally faced when renting or buying a house in Newberg? Select all that apply.

1. No available housing within my price range
2. Financing requirements were too difficult to qualify
3. Lost competition between multiple bidders
4. Not able to afford application fees, deposits, or other fees
5. None of the above

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- 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.



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# Should the City prioritize supporting housing development that's affordable to people who work at businesses in Newberg?

1. Low Importance
2. Medium Importance
3. High Importance

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# Should the City prioritize supporting the preservation of manufactured home parks?

1. Low Importance
2. Medium Importance
3. High Importance

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# Should the City prioritize implementing policies that support homeownership for lower-income households?

1. Low Importance
2. Medium Importance
3. High Importance

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When poll is active, respond at [pollev.com/loreleij845](https://pollev.com/loreleij845)

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# Should the City prioritize implementing policies to encourage development of affordable rental housing?

1. Low Importance
2. Medium Importance
3. High Importance

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# Which type of incentives should the City offer to support affordable housing development?

1. Density Bonuses
2. Reduced Development Fees
3. Tax Exemptions
4. All of the above
5. None of the above

When poll is active, respond at [pollev.com/loreleij845](https://pollev.com/loreleij845)

Text **LORELEIJ845** to **22333** once to join



# Should the City dedicate funding sources (e.g., CET and/or Urban Renewal) to directly support affordable housing projects?

1. Low Importance
2. Medium Importance
3. High Importance

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# Should the City consider restrictions on Short-term Rentals?

1. Low Importance
2. Medium Importance
3. High Importance

When poll is active, respond at [pollev.com/loreleij845](https://pollev.com/loreleij845)

Text **LORELEIJ845** to **22333** once to join



# Should the City prioritize training and education on Fair Housing Laws for both residents and landlords in Newberg?

1. Low Importance
2. Medium Importance
3. High Importance

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- Draft Housing Production Strategy
  - Continue discussions with Citizen Advisory Committee, Planning Commission, and City Council through April 2023



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Boise

Jim Talt  
201 Crestview Dr  
Newberg, OR 97132  
(503) 554 5461

March 23, 2023

Newberg City Council  
414 E First Street  
Newberg, OR 97132

**Attention:** Newberg City Councilors

**Subject:** Housing Production Strategy Due Date Per State of Oregon and DCLD

I spoke at the March 20 city council meeting regarding Newberg's draft Housing Production Strategy (HPS for short). One comment I made:

*"In light of the changed housing dynamic, changing economy, and a totally changed city council composition, this HPS is largely obsolete and I hope the Council is considering the creation of a subcommittee to update and revise our HPS."*

I feel that instead of working on the HPS Summary Statement, the council should direct that the entire document be re-evaluated, and I believe there is plenty of time to do so. As I stated at the end of my comments, "A careful reading of state law suggests that Newberg is not actually required to submit an HPS until 2025."

Per HB2003, the Oregon DLCD published a calendar schedule showing each cities deadline to complete and adopt a Housing Needs Analysis. Newberg is listed in year 2024 (see Exhibit 1 below).

Oregon law ORS197.290 states that a Housing Production Strategy must be completed *"no later than 1 year after the cities deadline for completing a Housing Needs Analysis."* (see Exhibit 2 below). Newberg's actual deadline for the HNA is 2024 therefore our deadline for the HPS is 2025.

The DLCD guidance is that *"a city that adopts its HNA prior to 2022 is not required to conduct a Housing Production Strategy in conjunction with that early HNA"* (see Exhibit 3 below). Newberg adopted our Housing Needs Analysis in July 2021.

The DLCD gave Newberg a grant to complete a Housing Production Strategy in accordance with state laws. I believe the law requires our HPS to be completed by 2025 and, therefore, we should not be in any danger of needing to 'repay' that money at this time.

Respectfully,

Jim Talt

**Exhibit 1. Oregon State Original Schedule for Newberg Housing Needs Analysis**

Page 4 of 33 : <http://records.sos.state.or.us/ORSOSWebDrawer/Recordhtml/8022012>

**Housing Capacity Analysis Update Schedule for Oregon  
Cities with a population above 10,000** (Required by ORS 197.296)

OAR 660, Division 8 – Exhibit A

*Adopted by the Land Conservation and Development Commission November 12, 2020.*

*Updated November 23, 2020.*

**Cities to adopt updated Housing Capacity Analyses (HNA) by December 31<sup>st</sup> of the listed year.**

	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>
1	Grants Pass	Ashland	Bend	Springfield	Eugene	Central Point
2	Newport	Beaverton	Hermiston	The Dalles	Troutdale	Corvallis
3		Forest Grove	Sandy			Cottage Grove
4		Gresham				St. Helens
5		Happy Valley				
6		Hillsboro				
7		Lake Oswego				
8		McMinnville				
9		Medford				
10		Milwaukie				
11		Portland				
12		Tigard				
13		West Linn				
14		Wilsonville				
			<b>Newberg</b>			
						
	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>
1	Albany*		Keizer*			
2	Canby*		Salem*			
3	Coos Bay*		Newberg*			

**Note: The asterisk denotes \*** - The listed cities are anticipated to adopt HNAs prior to the listed deadlines, thereby “resetting” their applicable deadline six years into the future for cities within Portland Metro or eight years for cities outside Portland Metro.

## Exhibit 2: Oregon Statute Governing Housing Production Strategy Schedule

[https://oregon.public.law/statutes/ors\\_197.290](https://oregon.public.law/statutes/ors_197.290)

Definitions for ORS 197

**197.290**  
Housing production strategy

**197.291**  
Review of housing production strategy

**197.293**  
Identification of cities with unmet housing needs

**197.296**  
Analysis of housing

Comprehensive Land Use Planning I

### ORS 197.290

## Housing production strategy

Source -  
Last accessed  
Mar. 11, 2023

TEXT    ANNOTATIONS

(1) A city with a population greater than 10,000 shall develop and adopt a housing production strategy under this section no later than one year after the city's deadline for completing a housing capacity analysis under ORS 197.296 (Analysis of housing capacity and needed housing by Metro, cities outside of Metro and smaller cities) (2)(a) or (10)(b) or 197.297 (Analysis of housing capacity and needed housing in Metro cities).

2024 per DLCD calender (exhibit 1 herein)

## Exhibit 3: DLCD Housing Production Strategies Forum Q&A On Schedule Requirements

Page 3 of 6: [https://www.oregon.gov/lcd/UP/Documents/20210223\\_HPS\\_Webinar\\_QA\\_Responses.pdf](https://www.oregon.gov/lcd/UP/Documents/20210223_HPS_Webinar_QA_Responses.pdf)

### Housing Production Strategies Open Forum

February 23, 2021

Question and Answer Written Response

(Published March 10, 2021)



**Q 7:** If a City is currently conducting a Housing Needs Analysis and expecting adoption by this June, will they also be subject to the requirement to finish their HPS within a year after that?

**A:** *The schedule that has been published per HB 2003 requirements, begins with the first HNA adopted in 2022. The Housing Production Strategy is tied to that deadline. If a City has a deadline of 2022, but updates their HNA prior to that time, they "reset" their timeline. If a City adopts an HNA prior to a 2022 deadline, they are not required to conduct a Housing Production Strategy in conjunction with that "early" HNA. That said, nothing prohibits a City from conducting an HPS with that HNA.*

**Newberg adopted its HNA in 2021**

**Q 8:** If a city adopts an HNA by June 30 of this year, what is the earliest they would need to adopt an HPS?

**A:** *HB 2003 states that the first Housing Production Strategy cannot be required until 2023. A Metro City that adopts an HNA in 2021, which is before the beginning of the HNA calendar, would "reset" their HNA/HPS schedule. Their next HNA deadline would be six years later (2027) and their first required HPS deadline would be (2028). For a Non-Metro City the cycle is every eight years instead of six years.*

!!



## **PLANNING COMMISSION RESOLUTION 2023-389**

---

### **A RESOLUTION RECOMMENDING THE CITY COUNCIL ACCEPT THE 2023 NEWBERG HOUSING PRODUCTION STRATEGY**

---

#### **RECITALS**

1. City Council adopted Resolution No. 2021-3748 supporting an application to DLCD for a Planning assistance Grant for HB 2003 Housing Production Strategy.
2. The Housing Production Strategy is being funded by a \$70,000 grant from the Oregon Department of Land Conservation and Development.
3. A Citizens Advisory Committee was convened utilizing the Newberg Affordable Housing Commission per direction of the City Manager in coordination with the Mayor to provide feedback and guidance to staff and the project's consultant, ECONorthwest.
4. The Citizens Advisory Committee met five times to review and develop the Housing Production Strategy.
5. The Newberg Planning Commission was briefed on February 10, 2022, June 9, 2022, and November 10, 2022, on the Housing Production Strategy.
6. The Newberg City Council was briefed on July 5, 2022, March 6, 2023, and March 20, 2023 on the Housing Production Strategy.
7. The Newberg Planning Commission reviewed and recommended accepting the Housing Production Strategy on April 13, 2022.

#### **The Newberg Planning Commission resolves as follows:**

1. The Commission hereby finds that recommending accepting of the 2023 Newberg Housing Production Strategy would be in the best interests of the city and recommends that the City Council accept the proposed Newberg Housing Production Strategy as shown in Exhibit "A".
2. This recommendation is based on the staff report, and Exhibit "A" and are hereby accepted and by this reference incorporated.

**Adopted by the Newberg Planning Commission this 13<sup>th</sup> day of April, 2023.**





---

Planning Commission Chair

ATTEST:



---

Planning Commission Secretary

List of Exhibits:

Exhibit "A": 2023 Newberg Housing Production Strategy

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# Newberg

## Housing Production Strategy

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March 2023

Prepared for: City of Newberg

Draft Report

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

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# Acknowledgements

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ECONorthwest prepared this report for the City of Newberg. ECONorthwest and the City of Newberg thank those who helped develop the Newberg Housing Production City. This project is funded by Oregon general fund dollars through the Department of Land Conservation and Development. The contents of this document do not necessarily reflect the views or policies of the State of Oregon.

## Housing Advisory Committee

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# Executive Summary

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This report presents a Housing Production Strategy (HPS) for the City of Newberg. A Housing Production Strategy is intended to include goals and strategic actions to work together to achieve equitable outcomes for all residents of Newberg, with an emphasis on improving outcomes for underserved communities, lower-income households, and people in state and federal protected classes.<sup>1</sup> This report is intended to meet the requirements of OAR 660-008, as described within the report.

The HPS is intended to address the housing needs identified in *Newberg's Housing Needs Analysis* (HNA) in 2021, which concluded that Newberg does not have sufficient land to accommodate future housing growth and that housing needs are changing as a result of demographic changes and a need for more affordable housing. Specifically, the HNA concluded:

- **Newberg is forecast to grow by about 3,169 new dwelling units between 2021 and 2041.** On average, this equates to 158 new dwelling units per year.
- **Changes in demographic characteristics will drive need for new housing.** The HNA forecast that Newberg will need more attached and multifamily housing in the future than the current housing stock provides. The HNA forecasts that 60% of new housing would be single-family detached, 8% single-family attached, 32% multifamily in structures with five or more units. The factors driving the shift in types of housing needed in Newberg include changes in demographics. The aging of senior populations and the household formation of young adults will drive demand for renter- and owner-occupied housing, such as small single-family detached housing, townhouses, cottage housing, duplexes, triplexes, quadplexes, and apartments or condominiums. Both groups may prefer housing in walkable neighborhoods, with access to services.
- **Newberg has an existing deficit of housing affordable to low- and middle-income households and is likely to have similar future deficits.** Newberg's existing deficit of housing that is affordable for extremely low and very low-income, low-income, and middle-income households indicates a need for subsidized affordable housing for renters and affordable homeownership. About 41% of Newberg's households are cost burdened,<sup>2</sup> including a cost burden rate of 65% for renter households.

---

<sup>1</sup> Federal protected classes are race, color, national origin, gender, familial status, and disability. Oregon's additional protected classes are marital status, source of income, sexual orientation, and status as a domestic violence survivor. Under Fair Housing laws, it is illegal to deny access to housing based on the characteristics of people within these protected classes.

<sup>2</sup> A household is considered cost burdened if they pay 30% or more of their gross income on housing costs, such as rent, selected utilities like electricity and heating, and mortgage/interest/insurance. A household is severely cost burdened if they spend 50% or more of their gross income on housing costs.

- **Newberg does not have sufficient land designated for multifamily housing types.** Newberg does not have sufficient land to accommodate development in the High-Density Residential plan designation, with a deficit of 216 dwelling units. Newberg's deficit of High-Density Residential capacity (216 dwelling units) means that the City has an approximate deficit of 11 gross acres of high-density land for residential uses (at 19.3 dwelling units per gross acre).
- **Newberg does not have sufficient land to accommodate development in the Medium and High-Density Residential plan designations, with a deficit of 34 acres and 44 acres, respectively.** Newberg is not meeting its needed density for the overall average density of 7.4 dwelling units per gross acre, as the capacity (3,359 dwelling units) divided by unconstrained buildable acres (568 acres) is equal to 5.9. Newberg is meeting its needed densities in the Low, Medium, and High-Density Residential plan designations, as the future densities in these plan designations are consistent with the historical gross densities. The special area plans for the Northwest Newberg Specific Plan and Springbrook District were developed in 1993 and 2008, respectively. The expected densities in these areas, 4.9 dwelling units per gross acre in the Northwest Newberg Specific Plan and about 5.2 dwelling units per gross acre in the Springbrook District, are below the overall average density of 7.4 dwelling units per gross acre for the entire city. The Springbrook District's planned density has the greatest impact on overall average densities in Newberg, as expected housing in the Springbrook District accounts for about 40% of Newberg's housing capacity.

## Summary of Actions

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

These actions are intended to provide the City with tools to support housing development and preservation, especially of housing affordable to people who live and work in Newberg. Taken on their own and separately, they may not result in a large change in the availability of affordable housing. But they provide the City with policies to support bold development proposals that can, taken together, create substantial change in availability of affordable housing.



Exhibit 1. Summary of HPS Strategies

Action Name	What is it?	How does the strategy help?	When would it take effect?
A. Support Development of Market-Rate Affordable Housing as Lead by the Newberg Workforce Housing Consortium	Partnerships with the Newberg Workforce Housing Consortium, who may build 15-30 rental units.	Supports development of housing for people working at businesses in Newberg.	2023
B. Develop a Land Bank Strategy and Partnerships to Support Affordable Housing Development	Supports partnerships to develop housing by using surplus city land to contribute to a land bank, as well as land trusts that develop affordable homeownership housing.	Can reduce the costs of development through contributions of land. Also supports partners developing affordable homeownership units.	2026
C. Support Preservation of Manufactured Home Parks	Partnerships to support residents to purchase manufactured home parks that may close. City could adopt a zone that allows manufactured home parks as a permitted use and prohibits other types of housing.	Preserve manufacturing home parks because they play a significant role in providing naturally occurring affordable housing.	2027
D. Provide Density Bonuses to Support Development of Affordable Housing	Allow developers to build housing at densities higher than are usually allowed by the underlying zoning, focusing on development of affordable units.	Provides an incentive for development of income-restricted housing in locations where it is particularly appropriate.	2029
E. Reduce systems development changes (SDCs) for Affordable Housing	Exempts SDCs for housing affordable to households with income below 60% of median family income.	Reducing SDCs for affordable development can make development more financially feasible.	2025
F. Evaluate Ways to Lower SDCs without Imperiling City Infrastructure	Evaluate SDC rate structure and Capital Improvement Plans to identify opportunities to reduce the costs of SDCs, with the intention of supporting new development in Newberg to meet housing needs.	Reducing SDCs can make development more financially feasible, while ensuring that the City is able to build new infrastructure necessary to support housing development.	2025
G. Support Application of Fair Housing Laws	Adopt Fair Housing Policies and partner with organizations to provide Fair Housing outreach and education.	Fair Housing Laws are designed to protect people from discrimination when they are participating in renting or buying a home, mortgage lending, or any housing assistance.	2023
H. Produce Informational Resources for Low-	Provide information through the Affordable Housing	Provides resources to help people understand how to	2023

Action Name	What is it?	How does the strategy help?	When would it take effect?
Income Households or People Experiencing Homelessness	Resource Center in the Library and partner to provide resources through other service providers.	access low-income housing and emergency shelter.	
I. Consider Restrictions and Conduct Inspections on Short-term Rentals (STRs).	Evaluate whether the City should restrict short-term rentals, based on potential growth in the number of short-term rentals.	Ensures that more rental housing is available for long-term rental, rather than short-term rentals.	2027
J. Allow Division of Lots for Middle Housing Types	Middle housing types (such as duplexes, triplexes, quadplexes, townhouses, and cottage clusters) can be on lots that enable them to be sold or owned individually more easily.	Allows for the land division of lots for middle housing types that enable them to be sold or owned individually.	2023
<b>Funding Sources</b>			
K. Urban Renewal to Support Infrastructure Development	The City would continue to implement the Urban Renewal Plan and may select projects to fund using the Tax Increment Financing tool of the URA.	Provides a flexible funding tool that can support many of the strategies identified in the HPS if used within the URA boundary.	As funding is available

The City developed four initiatives that address key housing needs in the city. The initiatives comprise a set of potential city-led strategies, funding sources, and potential partnerships with other entities that help to achieve an overarching desired outcome for the city’s housing policies. By bundling strategies and funding sources, the City acknowledges that several actions and partnerships are necessary to achieve the City’s housing desired outcomes. The initiatives and their corresponding actions for Newberg’s HPS include:

- **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). Key actions that build on each other:
  - Support Development of Market-Rate Affordable Housing
  - Evaluate Ways to Lower SDCs without Imperiling City Infrastructure
  - Urban Renewal support can be critical to funding development of this type of housing in the urban renewal district.
- **Increase opportunities for affordable homeownership.** This initiative seeks to increase the housing options for homeownership for households earning less than 120% of MFI (less than \$70,800). Key actions that build on each other:
  - Use Construction Excise Tax to Support Affordable Housing Development

- Urban Renewal to Support Infrastructure Development
- Developing a land bank strategy and partnerships to support development of affordable housing, such as working with a community land trust to build affordable units for homeownership
- Allow Division of Lots for Middle Housing Types
- Evaluate Ways to Lower SDCs without Imperiling City Infrastructure
- **Encourage development of income-restricted affordable housing units.** There are limited options available in Newberg 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. Key actions that build on each other:
  - Provide Density Bonuses to Support Development of Affordable Housing
  - Reduce SDCs for Income-Restricted Affordable Housing
  - Evaluate Ways to Lower SDCs without Imperiling City Infrastructure
  - Use Construction Excise Tax and/or Urban Renewal funding to support the actions above
- **Preserve existing low- and moderate-income affordable housing.** This initiative seeks to increase the housing options for rental households earning less than 120% of MFI (less than \$70,800). Key actions that build on each other:
  - Support Preservation of Manufactured Home Parks
  - Use Construction Excise Tax to Support Affordable Housing
  - Urban Renewal to Support Infrastructure

Implementation of the HPS is expected to occur over an eight-year period. Some actions may require further consideration, such as additional analysis, engagement of consultants, changes to existing standards or programs, discussions with decision makers, or public hearings. The City may be unable to or choose not to implement some strategic actions because of new information that arises from a detailed evaluation of the specifics of each strategic action. In that case, the City may identify a different action (or actions) to meet the specific housing need addressed by the strategic action.

The City will review its progress toward the plan on an annual basis (or on a frequency directed by the City Council) by providing an annual report to the City Council.

# 1. Introduction

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Access to housing that is affordable has long been a concern in Newberg, as it has across the state. In 2000, 32% of Newberg’s households were cost burdened, meaning they were paying 30% or more of their gross income on housing costs. By 2019, that increased to 40% of Newberg’s households. Cost burden is more common for renter households, 57% of whom are cost burdened, compared with 31% of owner households. The increases in cost burden and higher rates of cost burden for renter households illustrate the fact that housing costs have long increased faster than incomes, leaving people struggling to afford housing.

The City of Newberg has identified need for affordable housing as an important issue to the City. One of the Newberg City Council’s goals is to “promote development of housing affordability such as houselessness, transitional housing, workforce housing.”

The City completed a *Housing Needs Analysis* (HNA) in 2021, which showed that the city has unmet housing needs, including need for more housing affordable to households who live and work in Newberg. The City of Newberg has made several strides in its housing efforts over the last several years to address housing access, quality, and affordability concerns.

- CDBG Manufactured Home Repair Grant – 2016 and 2021
- Amendments to Accessory Dwelling Units – 2018
- Residential Use in First Floor in C-3 – 2019
- Removed ADU Parking Requirements – 2020
- Fee-in-lieu Parking for Residential Development in Downtown – 2020
- Establish a CET – 2020
- Adjust Timing on Payment of SDC – 2020
- Establish a Vertical Housing Development Zone (VHDZ) for tax abatement – 2021
- Housing Needs Analysis – 2021
- Middle Housing Code Updates – Duplexes – 2021
- Middle Housing Code Updates – Triplexes, Quadplexes, Townhomes, & Cottage Clusters – 2022
- Multifamily Code Update – 2023
- Annual Affordable Housing Trust Fund Notice of Funding Availability – ongoing

While the City has accomplished much to date, there is still work to be done to ensure Newberg’s existing and future housing needs are met. To build on their progress, the City applied for a grant with the Department of Land Conservation and Development in 2021 to produce a Housing Production Strategy (HPS).

This HPS is a follow-up to the City’s 2021 Housing Needs Analysis. The Housing Needs Analysis (HNA) is a technical document that will allow the City of Newberg to better understand its housing needs over the 2021-2041 timeframe. In particular, the HNA answers an important question about whether the city has enough unconstrained, buildable lands to accommodate its housing forecast – which is based on projected population growth – over the planning period. The Housing Production Strategy (HPS) uses the findings of the HNA (as well as the findings from other recent planning efforts) and crafts policies and actions to address Newberg’s housing needs, meet the city’s housing goals, and effect positive change in the community.

Importantly, the HPS includes actions to achieve equitable outcomes for all residents of Newberg, with an emphasis on improving outcomes for underserved communities, lower-income households, and people in state and federal protected classes. An HPS considers issues of Fair Housing, which is intended to provide access to housing choice for everyone, free from discrimination. Federal protected classes are race, color, national origin, religion, gender, familial status, and disability. Oregon’s additional protected classes are marital status, source of income, sexual orientation and gender identity, and status as a domestic violence survivor. Under Fair Housing laws, it is illegal to deny access to housing based on the characteristics of people within these protected classes.

This report provides information about Newberg’s housing needs. It provides an understanding of the issues (in Chapter 2), before solutions are proposed (in Chapter 3). This report draws its information and findings from several documents, including:

- Housing Needs Analysis – Adopted March 4, 2021, and Amended July 19, 2021
- Middle Housing Code Updates – Duplexes – Adopted June 7, 2021, Effective July 7, 2021
- Middle Housing Code Updates – Triplexes, Quadplexes, Townhomes & Cottage Clusters – Adopted December 6, 2021, Effective January 6, 2022
- Projects such as amendments to Accessory Dwelling unit requirements, establishment of a Vertical Housing Development Zone, establishment of a Construction Excise Tax, and other projects the City has worked on between 2018 and 2022
- Stakeholder engagement that was part of development of many of the plans above

Newberg completed the Newberg Housing Needs Analysis in 2021. Conclusions of the HNA are:

- **Newberg is forecast to grow by about 3,169 new dwelling units between 2021 and 2041.** On average, this equates to 158 new dwelling units per year.
- **Changes in demographic characteristics will drive need for new housing.** The HNA forecast that Newberg will need more attached and multifamily housing in the future than the current housing stock provides. The HNA forecasts that 60% of new housing would be single-family detached, 8% single-family attached, 32% multifamily in structures with five or more units. The factors driving the shift in types of housing

needed in Newberg include changes in demographics. The aging of senior populations and the household formation of young adults will drive demand for renter- and owner-occupied housing, such as small single-family detached housing, townhouses, cottage housing, duplexes, triplexes, quadplexes, and apartments or condominiums. Both groups may prefer housing in walkable neighborhoods, with access to services.

- **Newberg has an existing deficit of housing affordable to low- and middle-income households and is likely to have similar future deficits.** Newberg’s existing deficit of housing that is affordable for extremely low and very low-income, low-income, and middle-income households indicates a need for subsidized affordable housing for renters and affordable homeownership. About 41% of Newberg’s households are cost burdened,<sup>3</sup> including a cost burden rate of 65% for renter households.
- **Newberg does not have sufficient land designated for multifamily housing types.** Newberg does not have sufficient land to accommodate development in the High-Density Residential plan designation, with a deficit of 216 dwelling units. Newberg’s deficit of High-Density Residential capacity (216 dwelling units) means that the City has an approximate deficit of 11 gross acres of high-density land for residential uses (at 19.3 dwelling units per gross acre).
- **Newberg does not have sufficient land to accommodate development in the Medium and High-Density Residential plan designations, with a deficit of 34 acres and 44 acres, respectively.** Newberg is not meeting its needed density for the overall average density of 7.4 dwelling units per gross acre, as the capacity (3,359 dwelling units) divided by unconstrained buildable acres (568 acres) is equal to 5.9. Newberg is meeting its needed densities in the Low, Medium, and High-Density Residential plan designations, as the future densities in these plan designations are consistent with the historical gross densities. The special area plans for the Northwest Newberg Specific Plan and Springbrook District were developed in 1993 and 2008, respectively. The expected densities in these areas, 4.9 dwelling units per gross acre in the Northwest Newberg Specific Plan and about 5.2 dwelling units per gross acre in the Springbrook District, are below the overall average density of 7.4 dwelling units per gross acre for the entire city. The Springbrook District’s planned density has the greatest impact on overall average densities in Newberg, as expected housing in the Springbrook District accounts for about 40% of Newberg’s housing capacity.

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<sup>3</sup> A household is considered cost burdened if they pay 30% or more of their gross income on housing costs, such as rent, selected utilities like electricity and heating, and mortgage/interest/insurance. A household is severely cost burdened if they spend 50% or more of their gross income on housing costs.

## Requirements of a Housing Production Strategy

OAR 660-008 describes the requirements of a Housing Production Strategy (HPS) in sections 660-008-0050 through 660-008-0070. This section briefly describes these requirements and the review process conducted by staff with the Department of Land Conservation and Development (DLCD).

The HPS is required to include the following information:

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

The HPS will be advisory until the City adopts its HNA. At which point, the city will be required to submit the HPS to DLCD. The City is required to submit the HPS to DLCD after adoption by the City Council. The City is then required to monitor progress on implementation of the HPS and progress on production of housing related to the policies and actions in this report. Linking housing development directly to implementation of the actions in this report may be challenging or difficult to quantify. But City staff will be able to report building activity changes that occur before and after implementation of specific actions and will be able to provide qualitative feedback on action implementation based on partnership development and discussions with stakeholders.

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

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

Implementation of the HPS will take time because each action will require further consideration, such as additional analysis, engagement of consultants, changes to existing standards or programs, discussions with decision makers, or public hearings. The City has adopted and agreed to some of the actions listed in the HPS, such as those from the Homeless System Action Plan. For these actions, the HPS provides additional details about implementation of these actions and puts them into the broader context of Newberg's housing needs. For actions that the City has not yet agreed to take action on, the City may be unable or choose not to implement some of these actions because of new information that arises from further consideration about the specifics of each action.

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

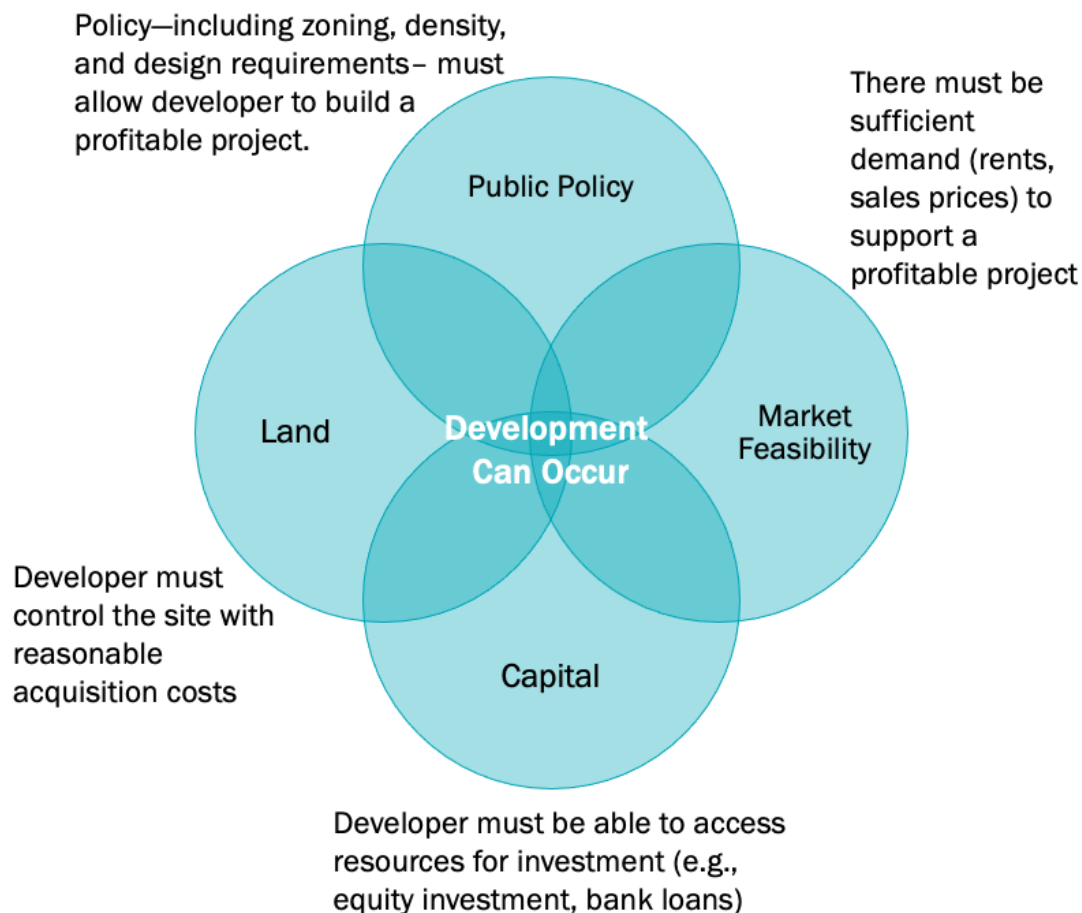
## Considerations for Implementing the Housing Production Strategy

As part of development of the HPS, it is important to understand a city's role in housing development. Supporting and leveraging the private market's ability to deliver market-rate development at the broadest possible range of price points is critical to increase the supply of housing more broadly, especially in light of the limited public funding available to support income-restricted housing. In an area with a reasonably strong housing market, a city's influence over market-rate development is substantial, despite the number of factors that the city does not control. The graphic in Exhibit 2 illustrates how four factors must intersect so that development can occur and where the City has the most influence.

Cities do not control all of these factors entirely. Public policy at the local level is shaped through state policy. Land is generally controlled by the individual landowners and development of infrastructure necessary to make land development can be prohibitively expensive. Market feasibility is largely affected by market forces, such as construction costs and achievable rents. Access to capital is largely controlled by investors and banks. However, cities can directly influence public policy (through its development code) and availability of land (through zoning, density, planning for new land needed for housing, redevelopment, government-owned surplus land, potential urban renewal and other types of projects and acquisitions, and infrastructure planning). Cities can also have a limited influence on market feasibility (through policies that reduce costs like tax abatements or waiving fees).



Exhibit 2. Four Necessary Factors that Allow Development of New Market-Rate Housing  
Source: ECONorthwest

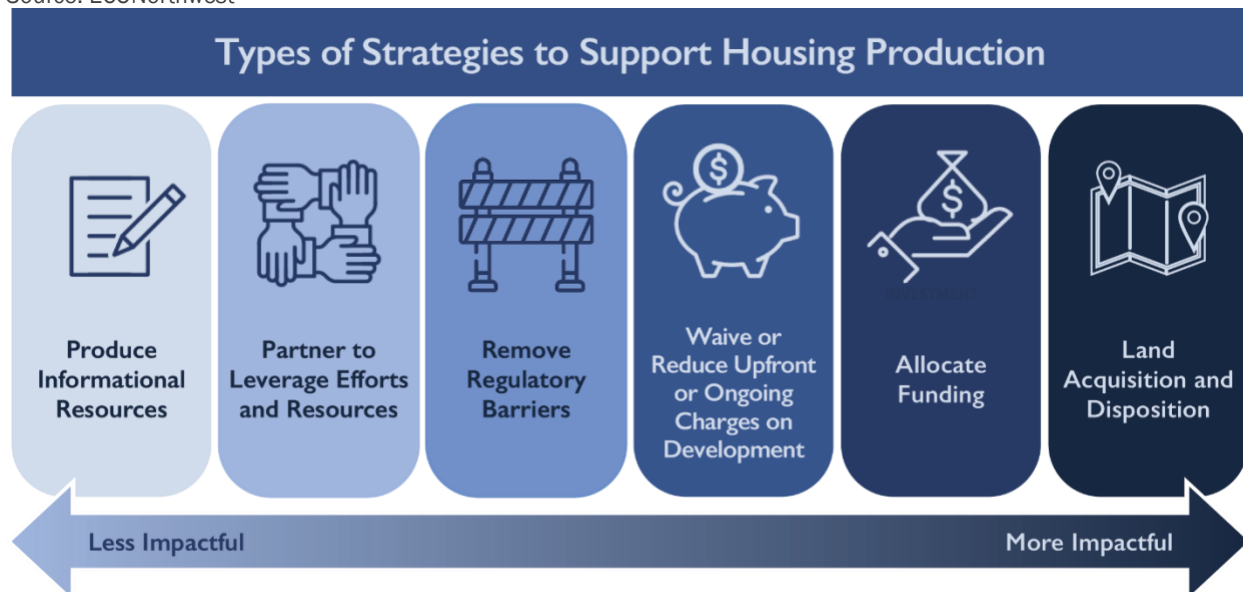


These factors all suggest that the City should consider a wide range of actions. Exhibit 3 shows the range of strategies, characterizing some strategies as more impactful and some as less impactful. More impactful strategies are those that provide funding or direct resources to support housing development (like land acquisition and disposition). These strategies are more impactful because funding and resources are the greatest constraint on development of income-restricted affordable housing (such as housing affordable to households with incomes below 80% of Median Family Income, or MFI).

While removing regulatory barriers and partnerships are shown as less impactful strategies, they are often necessary (but not sufficient on their own) to support housing development. For example, most changes to zoning standards will not, on their own, result in new affordable housing (especially multifamily housing) being built. The City needs other strategies to support development of affordable housing for people to live and work in Newberg.

This example also underscores the fact that many of the actions presented in this chapter build on each other. While a partnership on its own may not be sufficient to support development of housing, it may be key when combined with other actions.

Exhibit 3. Types of Strategies to Support Housing Production  
Source: ECONorthwest



## Building Equity into the HPS

Equity is both an outcome and a process. As an “outcome,” equity means that race or other markers of social identity would no longer predict one’s life outcomes (for instance in health, socioeconomic advantages, educational access, life expectancy, etc.). Achieving that outcome remains a challenge because our economic, political, and legal systems were, often unintentionally, designed and built to maintain inequality – and they continue to do so.

To achieve equitable outcomes, equity is also a process that people undertake to better understand, question, and disrupt historical and contemporary inequitable systems and structures. We can use this process to create policies that are based in equal opportunity and resources, and we can ensure that those most impacted by policies and practices are meaningfully involved in their creation and implementation.

Equitable housing goes beyond affordability. It aims to ensure all people have housing choices that are diverse, high quality, energy efficient, physically accessible, and reasonably priced, with access to employment opportunities, services, and amenities. This includes reducing rates of cost burden and increasing access to homeownership, especially for low-income households and vulnerable groups such as seniors, workers with low pay, people with disabilities, and communities of color. This broad definition of equitable housing includes choices for homes to buy or rent that are reasonably priced (relative to income) and accessible across all ages, household sizes, abilities, and incomes and are convenient to everyday needs such as schools, childcare, food, and parks.

Exhibit 4 provides an equity framework to increase the consideration of equity in the project process and implementation (including measuring impact). Creating equitable processes will

help ensure that diverse and underrepresented communities (including vulnerable and low-income communities) are able to influence and inform policy and program development.

Exhibit 4. Affordable Housing Strategy Equity Framework

Identify Unmet Housing Needs	Engagement Process <sup>4</sup>	HPS Plan Development	Measurement and Analysis
<p>Identify unmet housing needs, such as lower-income cost-burdened households</p> <p>Identify vulnerable people within the community who are at risk or who could benefit from access to more affordable housing</p>	<p>Engage community members to learn about their priorities, needs, and challenges to affordable housing</p> <p>Build community awareness and support through the engagement process</p> <p>Continue engagement in implementation of the actions within the HPS</p>	<p>Ensure that the actions in the HPS address Newberg’s unmet housing needs</p> <p>Identify outcomes within the HPS that respond to community needs and promote housing stability and choice, particularly for those households with the unmet housing need.</p>	<p>Develop measurements to understand the impact and progress toward increasing equity of the actions</p>

The HPS was developed within this equity framework. The actions in the HPS are intended to increase equitable housing outcomes as the City implements the recommendations of the HPS.

A key part of developing the HPS was consulting community members to learn about their priorities, needs, and challenges related to affordable housing. The stakeholder outreach process for developing the HPS was collaborative and included input from the following groups:

- **Newberg Housing Citizens Advisory Committee (CAC).** The CAC was convened by Newberg City staff to advise staff and ECONorthwest throughout the development of the HPS. The CAC met on a regular basis, reviewed draft materials, and provided feedback on contextualized housing needs, policy issues, and strategy development.
- **Discussions with Stakeholders.** The project included seven interviews with stakeholder groups to solicit feedback. Interviews included:
  - **Service providers** for vulnerable populations, to better understand the range of unmet housing needs for low-income households, youth and families, and people experiencing homelessness. The feedback from this discussion included a need to recognize that the demographics of those requesting services is shifting and priority should be given to providing more upstream resources like rental assistance and

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<sup>4</sup> Engagement builds on prior engagement that the City has done on other housing and community development projects, such as work on the Newberg Housing Capacity Analysis. It also includes engagement conducted as part of the HPS project. Implementation of the HPS will include additional engagement.

eviction prevention that will help prevent more households from becoming homeless.

- **Affordable housing developers** to understand the specific challenges to developing affordable housing, including recommendations about policies to support income-restricted housing development affordable to low-income households. This group discussed a need for city fee waivers (e.g., SDCs and permit fees), priority permitting, and readily available infrastructure that could assist with making the development process more streamlined and predictable to lower costs.
- **Local housing developers and builders** to understand the unique challenges in developing market-rate housing and recommendations about policies to support market-rate housing development affordable to middle-income households. The advice from this group focused on providing more flexibility within the zoning code to meet the range of local contexts in Newberg. A few examples include recalibrating parking requirements for downtown, creating density bonuses to leverage more diversity, and working backwards from a shared vision to solve barriers that can arise during the development process.
- **Public Open House.** A virtual open house was held on January 30, 2023, for members of the community to learn about the housing strategies, ask questions, and offer perspective and feedback.
- **Planning Commission.** The project included two presentations to Newberg’s Planning Commission. The first presentation (November 2022) was to introduce the draft policies and actions and the second (March 2023) was to present the final draft of the HPS report.
- **City Council.** The project included three presentations to Newberg’s City Council. The first presentation (July 2022) was to introduce the draft policies and actions, the second (February 2023) was to present the first full draft of the HPS report, and the third meeting (April, 2023) was to present the final draft of the HPS report.

## Structure of the Report

The structure of this report is organized as follows:

- **Chapter 2. Unmet Housing Need** summarizes the findings about housing need in Newberg, with a focus on housing need at varying income levels and housing needs of specific groups of people.
- **Chapter 3. Actions to Meet Future Housing Need** presents the proposed policies and actions to meet the housing need described in Chapter 2.
- **Chapter 4. Evaluation: Achieving Fair and Equitable Housing Outcomes** presents an evaluation of the HPS through considerations of the location of housing, Fair Housing, housing choice, and other factors.
- **Appendix A: Contextualizing Newberg's Housing Needs** presents the data and analysis necessary to understand Newberg's housing needs in more detail.
- **Appendix B: Evaluation Criteria of Actions** summarizes proposed evaluation criteria in five categories: income level served, impact, administrative complexity, feasibility, and flexibility.
- **Appendix C: Trends in Gentrification and Displacement Risk in Newberg** presents an analysis of gentrification and displacement risk.

## 2. Unmet Housing Need in Newberg

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The Newberg *Housing Needs Analysis* (HNA) report describes the housing needs of current and future residents of Newberg based on some demographic and socioeconomic characteristics, such as age and income. It does not provide detailed data about housing needs for other demographic characteristics, such as race, ethnicity, people with a disability, or people experiencing homelessness. This chapter meets the HPS requirement to further contextualize housing need, beyond what the HNA provided.

This chapter provides additional information about the housing needs by income, age, race, ethnicity, and disability, as well as for people experiencing homelessness. It uses standard sources of information from the U.S. Census. It adds information from other sources, such as Oregon's Housing and Community Services Department, the United States Department of Housing and Urban Development, Redfin, Costar, and the City of Newberg.

This chapter presents a description of the housing needs that the Housing Production Strategy is intended to address, as well as existing policies to address Newberg's housing needs. It ends with a summary of the existing and expected barriers to development of needed housing.

### Methods

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

## Housing Needs Addressed by the Housing Production Strategy

The housing market produces some types of housing without need for public intervention, such as development of single-family detached housing. The HPS focuses on identifying policy and funding recommendations for promoting production of housing units that may require public intervention. This section describes the housing needs that are the focus of the HPS: development of income-restricted and middle-income affordable housing and housing to meet the special needs of specific groups. This section describes Newberg housing needs based on analysis from the *Newberg Housing Needs Analysis* report (June 2021), household income, and additional analysis of unmet housing needs for underserved groups (based on analysis in Appendix A).

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

### Defining Median Family Income

Throughout this report, we discuss housing affordability based on 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. The terms used to describe housing affordability by income group are:

- Extremely Low Income: Less than 30% MFI or \$29,100 or less for a family of four
- Very-Low Income: 30% to 50% of MFI or \$29,100 to \$48,500 for a family of four
- Low Income: 50% to 80% of MFI or \$48,500 to \$77,500 for a family of four
- Middle Income: 80% to 120% of MFI or \$77,500 to \$116,300 for a family of four
- High Income: 120% or more of MFI or \$116,300 or more for a family of four

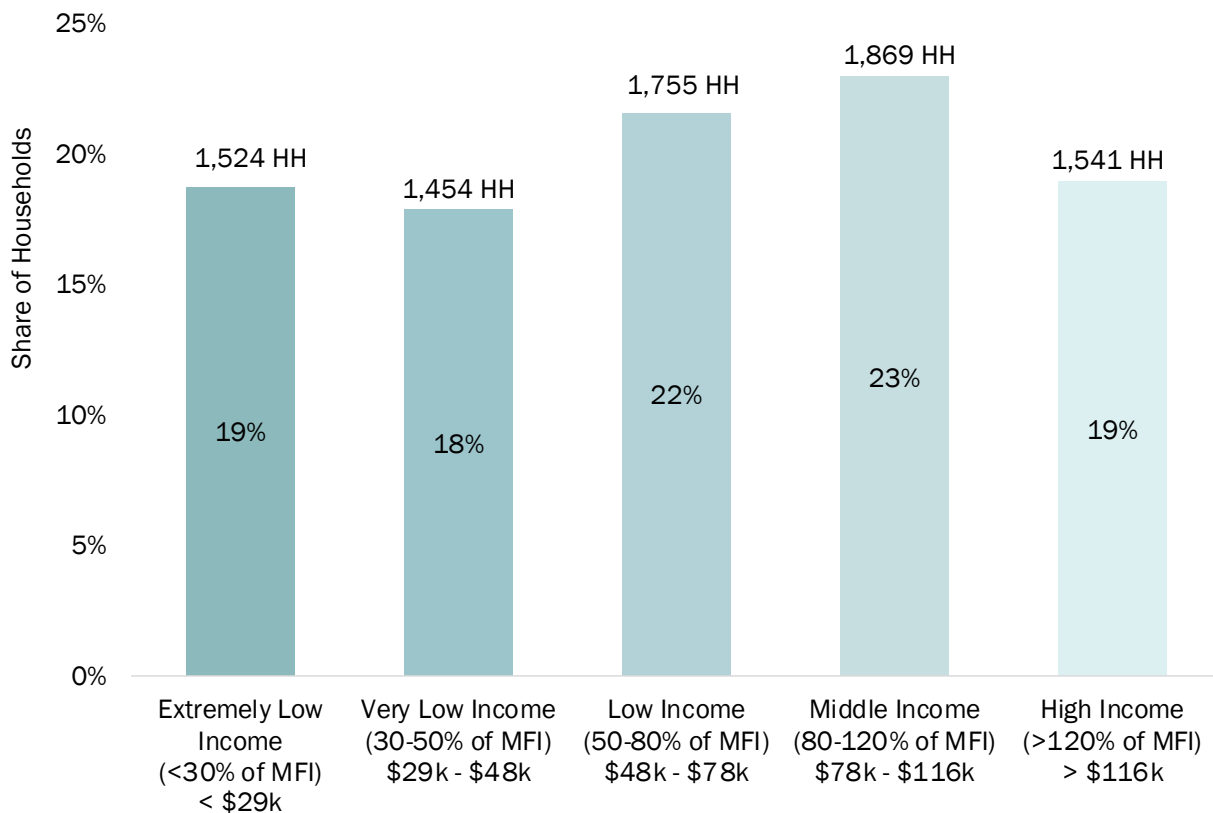
Fewer than half of households in Newberg can afford housing sales prices.

Exhibit 5 shows that 37% of Newberg’s households had incomes less than 50% of MFI (\$48,000) and cannot afford a two-bedroom apartment at Yamhill County’s Fair Market Rent (FMR) of \$1,536 in 2021.

Fewer than one-fifth of Newberg households have income sufficient to afford the median home sales price of \$443,000 in Newberg. More than 40% of Newberg’s households are unable to afford the average asking rent in Newberg without cost burden.

Exhibit 5 Share of Households by Median Family Income (MFI) for Yamhill County (\$96,900), for a household of four, Newberg, 2021

Source: Analysis by ECONorthwest; U.S. Department of HUD, Newberg, 2021. U.S. Census Bureau, 2015-2019 ACS Table 19001.





## Median Family Income varies by household size.

The actual income thresholds vary in MFI based on household size. For example, a household of one person with an income of 80% of MFI has an income of \$54,269 compared to the income for a household of four (\$77,520) or a household of six people (\$89,947). The housing needs for a single person are different than those of a household of four people or six people. Throughout this document, we use HUD’s standard income for a household of four to illustrate housing needs.

**Exhibit 6. Median Family Income and Housing Affordability by Household Size, Yamhill County, 2021**  
Source: Analysis by ECONorthwest; U.S. Department of HUD, Yamhill County, 2021.

	30% MFI	60% MFI	80% MFI	100% MFI	120% MFI
<b>1-person</b>					
Annual Income	\$ 20,349	\$ 40,704	\$ 54,269	\$ 67,830	\$ 81,396
Affordable Monthly Housing Cost	\$ 509	\$ 1,018	\$ 1,357	\$ 1,696	\$ 2,035
<b>2-people</b>					
Annual Income	\$ 23,256	\$ 46,536	\$ 62,036	\$ 77,520	\$ 93,024
Affordable Monthly Housing Cost	\$ 581	\$ 1,163	\$ 1,551	\$ 1,938	\$ 2,326
<b>4-people</b>					
Annual Income	\$ 29,070	\$ 58,140	\$ 77,520	\$ 96,900	\$ 116,280
Affordable Monthly Housing Cost	\$ 727	\$ 1,454	\$ 1,938	\$ 2,423	\$ 2,907
<b>6-people</b>					
Annual Income	\$ 35,666	\$ 67,459	\$ 89,947	\$ 112,404	\$ 134,885
Affordable Monthly Housing Cost	\$ 892	\$ 1,686	\$ 2,249	\$ 2,810	\$ 3,372

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

Because the local housing market cannot produce income-restricted, subsidized affordable housing at sufficient levels – and because it cannot often produce middle income/workforce housing without subsidy, nearly 40% of households in Newberg are cost burdened (as Exhibit 47 through Exhibit 50 in Appendix A show). About 57% of renter households are cost burdened, compared with 31% of homeowners. About 90% of Households of Color were cost burdened.

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

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

Housing costs for both rental and ownership units are both much higher than many residents can afford. Exhibit 7 shows financially attainable housing costs for households across the income spectrum in Yamhill County. For example, a household earning MFI in Yamhill County

(about \$96,900 per year)<sup>5</sup> can afford a monthly rent of about \$2,420 or a home roughly valued between \$339,000 and \$388,000 without cost burdening.

In Newberg, a household would need to earn \$126,600 (131% of MFI for a family of four) to afford the median sales price of a home in Newberg (\$443,000). A household would need to earn about \$67,800 (70% of MFI for a family of four) to afford the rent of a newly built, market-rate, two-bedroom apartment in Newberg (about \$1,700 per month, including utilities).<sup>6</sup> Rent costs are comparatively more affordable but still pose a barrier to finding affordable housing for many households.

Because the local housing market cannot produce income-restricted, subsidized affordable housing (housing affordable at 60% or less of MFI) at sufficient levels – and because it cannot often produce low-income/workforce housing (housing affordable at 60% to 80% of MFI) without subsidy, 40% of households in Newberg are cost burdened. Renter households are cost burdened more frequently (57% of renter households) than owner households (31%).

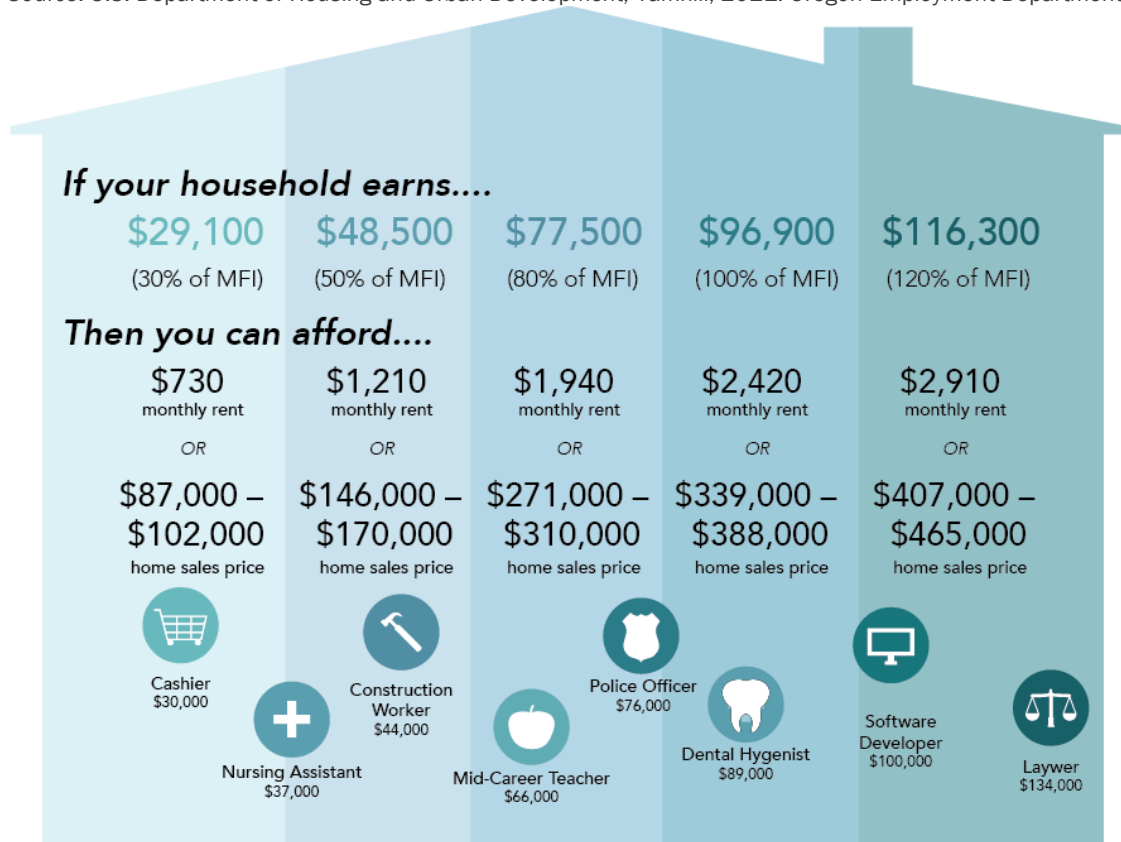
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<sup>5</sup> Note that Median Family Income for the region is different than Median Household Income (MHI) for Newberg. MFI is determined by HUD for each metropolitan area and non-metropolitan county. It is adjusted by family size – in that, 100% MFI is adjusted for a family of four. MHI is a more general term. MHI includes the income of the householder and all other individuals 15 years old and over in the household, whether they are related to the householder or not.

<sup>6</sup> Due to a lack of adequate rent data for Newberg, ECONorthwest contacted three market-rate multifamily properties to obtain asking rents. The estimated market rate rent (\$1,700, with utilities) is based on current rents for Meadowbrook Villas, T and C Apartments, and 800 E 2nd Street LLC.

Exhibit 7. Financially Attainable Housing, by Median Family Income (MFI) for Yamhill County (\$96,900), Newberg, 2021

Source: U.S. Department of Housing and Urban Development, Yamhill, 2021. Oregon Employment Department.

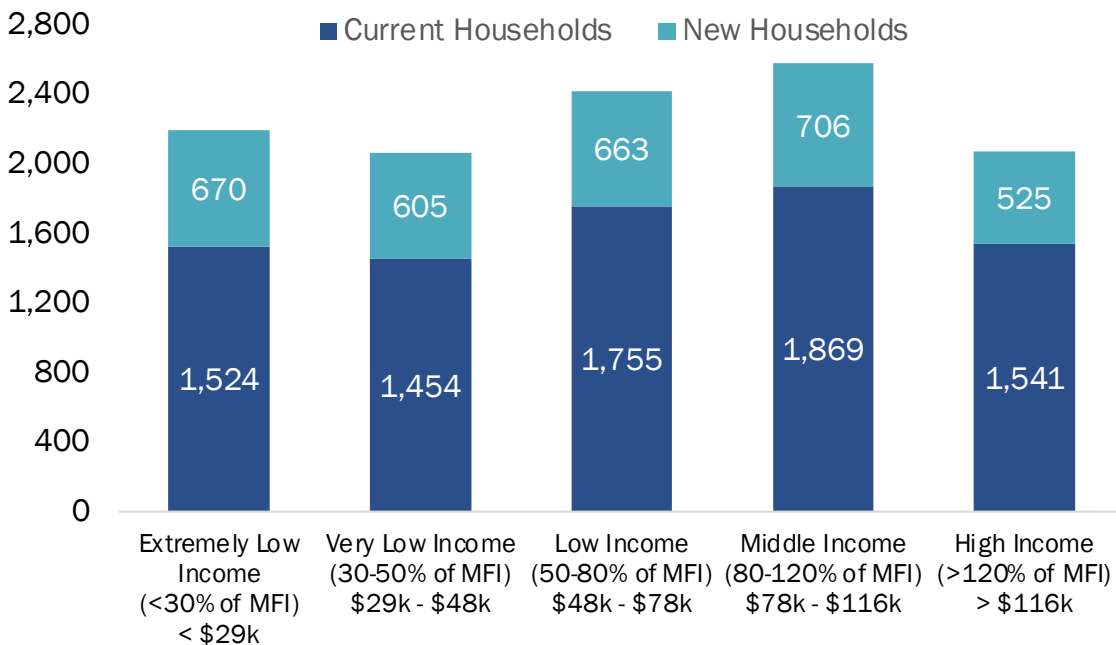


## Newberg is forecast to grow by 3,169 new dwelling units between 2021 and 2041.

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. These dwelling units will need to be available at a variety of income levels. Assuming future residents of Newberg have an income distribution that is the same as existing residents, 40% of new housing will need to be for those with very low or extremely low incomes (below 50% MFI).<sup>78</sup>

### Exhibit 8. Newberg’s Current and Future Households by Income, 2021 to 2041

Source: U.S. Census Bureau, 2015-2019 ACS 5-year estimate, Table B19001, U.S. Department of HUD 2021 MFI, PRC at PSU (2020-2040); and U.S. Department of HUD 2021 MFI. Note: Median Family Income (MFI) is estimated for a family of 4.



<sup>7</sup> Given the fact that incomes have grown at a relatively slow pace over the last two decades in comparison to housing costs (especially home sales prices), this may be a conservative assumption about the future affordability of housing.

<sup>8</sup> The HPS does not anticipate building new units for all existing households in Newberg that have problems affording housing costs. But the HPS does propose actions to stabilize the housing costs of existing lower-income households and may result in development of housing that is more affordable to these households, enabling them to stay in Newberg. Information about lower-income households and cost burden for existing households illustrates the existing housing need in Newberg.

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

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

- New households: **1,275** (from 2021 to 2041)
- Existing households: **2,978**

**What can they afford?** Rents (including basic utility costs) of not more than \$1,210 per month.

- A household would need to earn **\$67,800** to afford newly built multifamily rent of **\$1,700** (about 70% of MFI for a family of four). Households with incomes of less than 50% of MFI (representing 36 percent of Newberg residents) cannot afford this rent.

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

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

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

- New households: **663** (from 2021 to 2041)
- Existing households: **1,755**

**What can they afford?** Rents (including basic utility costs) of between \$1,210 and \$1,940 per month.

- A household would need to earn **\$67,800** to afford newly built multifamily rent of **\$1,700** (about 70% of MFI for a family of four). Some households in this income group cannot afford this rent.
- Households with this income range are likely to live in rental housing predominantly. Some households in this income range can afford average rent in Newberg, but many cannot afford newly built multifamily rents.

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

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

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

- New households: **706** (from 2021-2041)
- Existing households: **1,869**

**What can they afford?** Rents (including basic utility costs) of between \$1,940 and \$2,910 per month.

Rents (including basic utility costs) of between \$1,940 and \$2,910 per month.

- These households can afford rents higher than the newly built multifamily rent of **\$1,700**.
- Some households in the higher part of this range can afford the median home sales price in Newberg of **\$443,000**.
- Some households with income in the higher part of this range are likely to live in rental housing and some are likely to be homeowners. Households with incomes in the lower part of this income range may need assistance in attaining homeownership.

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

## Housing Needs of People of Color

**What we know about the need:** About 8% of Newberg’s population identify as non-Hispanic, Black, Asian, American Indian or Alaska Natives, Native Hawaiian or Pacific Islanders, two or more races, or another race. About 14% of Newberg’s population identify as Latino (any race). People of Color (POC) are more likely to rent their homes and to live in multifamily housing than the overall average in Newberg. **People of Color are cost burdened more frequently, with 38% cost burdened and 54% severely cost burdened.**<sup>9</sup>

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

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<sup>9</sup> People of Color includes Black, Latino, American Indian or Alaska Native, Asian, Native Hawaiian and Pacific Islanders, and people of another or multiple races. These categories were combined due to limited data availability.

## Housing Need of People with Disabilities

**What we know about the need:** The Census reports that about **9% of Newberg’s population** have one or more disability, such as ambulatory, vision, hearing, cognitive, self-care, or independent living disabilities.

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

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

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## Housing Need of People Experiencing Homelessness

**What we know about the need:** There are approximately **757 people** experiencing homelessness in Yamhill County in 2021. In addition, **263 students** in the Newberg School District experienced homelessness. The number of people experiencing homelessness in Newberg is not clearly known. In part, this is because people experiencing homelessness may move between neighboring cities.

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

## Stakeholder Engagement

The following is a summary of what City staff learned from a range of outreach and engagement efforts sponsored by the City of Newberg, as it relates to matters of housing and housing production.

- **Affordable Housing Task Force.** The Committee began meeting in July 2008 and reviewed a broad range of actions that could be taken to encourage affordable housing in Newberg. In 2009, the [Affordable Housing Action Plan](#) was adopted from the work of this committee.
- **Housing Newberg Group.** A group consisting of 38 stakeholders comprised of community members including housing developers; major employers; elected officials; city staff; housing advocates; faith community leaders; and members with expertise in property management, real estate sales, and mortgage lending. This group met 8 times between October 2016 and October 2017 to work toward constructive recommendations

for the development of a range of housing types – from high-density apartments to single-family detached homes.

Key recommendations from this group included inclusion of high-density land with annexation, allow ADUs as an outright permitted use, creation of a Construction Excise Tax (CET) program, education/community awareness, missing middle housing, subsidized work and living spaces, expedited review and permitting, public street standards that reduce the amount of public right-of-way and still meet fire department requirements, and system development charge (SDC) deferrals/loans.

- **HB 4006 Community Discussions on Rent-Burdened Households: Cause and Solutions.** Community meetings were held in 2018, 2019, 2020, and 2022 to discuss the causes of households being rent burdened in Newberg and consider solutions. Key outcomes: better knowledge for community members on what it means to be rent or mortgage burdened and severe burdened and the challenges of those individuals. These meetings fostered discussions among community members about solutions and opportunities to help those individuals and create more affordable housing in Newberg.
- **Middle Housing Open Houses and Surveys.** In 2020 and 2021, there were communitywide virtual open houses and surveys about HB 2001 and the middle housing code updates. The first survey received 192 total responses and the second survey received 72 total responses. The second virtual open house had about 10 community members present. Key outcomes: The information from the open houses and surveys informed the code amendments for middle housing. In June 2021, duplex code amendments were adopted. In December 2021, the other middle housing (triplexes, quadplexes, cottage clusters, and townhomes) code amendments were adopted.

These issues have been incorporated into the policies and actions presented in Chapter 3.

## Existing Policies to Address Newberg’s Housing Needs

This section lists existing measures that Newberg has implemented to support housing development and presents preliminary draft measures (or policies or strategies) that may be included in the HPS.

The City of Newberg has the following housing measures (or policies or strategies) currently in place to address Newberg’s housing needs:

### Regulatory Changes

- Amendments to Accessory Dwelling Units – Adopted and Effective July 2, 2018
  - This process amended the Comprehensive Plan and Development Code around updates to Accessory Dwelling Units (ADUs). These amendments included modifying the review process to Type I in all residential zones and the definition of ADUs. It increased the lot coverage in the R-1 low-density residential zone, deleted



design requirements for door and window standards, added text that the primary residence and ADU do not require owner occupancy, and added a requirement that the ADU and primary residence cannot be partitioned into separate lots.

- Residential Use, First Floor in C-3 – Adopted February 4, 2019, Effective February 5, 2019
  - The Development Code was amended to remove the requirement for first floor commercial use along E Second Street in the C-3 Central Business District zone. This was done to allow for more residential uses in the downtown area.
- Removed ADU Parking Requirements – Adopted March 16, 2020, Effective April 16, 2020
  - In accordance with HB 2001, the City removed the one off-street parking space requirement for ADUs in the Development Code.
- Housing Needs Analysis – Adopted March 4, 2021, and Amended July 19, 2021
  - The City conducted a Housing Needs Analysis (HNA) to provide information that informs future planning efforts, including development and redevelopment. The HNA report also provides information on the housing market in Newberg and describes the factors that will affect future housing demand in Newberg, such as changing demographics. The analysis will help decision makers understand whether Newberg has enough land to accommodate growth over the next twenty years.
- Middle Housing Code Updates – Duplexes – Adopted June 7, 2021, Effective July 7, 2021
  - The City amended the Development Code and Comprehensive Plan to allow duplexes on all lots/zones that allow single-family dwellings.
- Middle Housing Code Updates – Triplexes, Quadplexes, Townhomes & Cottage Clusters – Adopted December 6, 2021, Effective January 6, 2022
  - The City amended the Development Code and Comprehensive Plan to allow triplexes, quadplexes, townhomes, and cottages clusters in all residential zones.

## Incentives

- Fee-in-lieu Parking for Residential Development in Downtown – Adopted January 21, 2020, Effective February 20, 2020
  - This process amended the Development code to provide a fee-in-lieu option for on-site parking for residential development in the C-3 Central Business District, which is the downtown area of Newberg. The modification to the code allowed development with residential uses to meet the minimum parking requirements in three ways: 1) all minimum required parking will be provided on-site; or 2) less than the minimum required parking will be provided on-site with a fee-in-lieu being paid to the City of Newberg for the remainder of the required parking; or 3) a fee-in-lieu is paid to the City of Newberg for all required minimum off-street parking.

- Establish a Vertical Housing Development Zone (VHDZ) for Tax Abatement- Adopted May 17, 2021, Effective June 16, 2021
  - The City established a VHDZ with the purpose to encourage development of mixed-use multistory buildings with housing above commercial spaces in urban cores and to develop a larger base of mixed-use property in urban cores. In order to qualify for the VHDZ benefits, commercial uses must be designated on the ground floor and residential uses designated for all floors above the commercial use. Once a property is eligible for a VHDZ, property tax abatements are applied for a period of ten years.

## Funding Tools

- CDBG Manufactured Home Repair Grant – 2016 and 2021
  - The City of Newberg partnered with Yamhill County Affordable Housing Corporation (YCAHC) and the Housing Authority of Yamhill County (HAYC) to use Community Development Block Grant (CDBG) funds to assist lower-income residents living in manufactured homes in manufactured home parks to make necessary repairs and upgrades to their homes. These funds were granted in 2016 and 2021.
- Establish a CET – Adopted November 16, 2020, Effective December 20, 2020
  - The City established a Construction Excise Tax (CET) on all new residential, commercial, and industrial development. For commercial and industrial improvements, a 1% tax on the value of the improvement is required. For residential improvements, a 1% tax on the permit value will be required. Of the net revenue from tax collected from commercial and industrial improvements, 100% will go toward affordable housing programs. Construction excise taxes levied upon projects on residential improvements shall be used in the following manner: 1) 50% to fund developer incentives; 2) 15% to the Oregon Housing and Community Services Department to fund home ownership programs that provide down payment assistance; and 3) 35% to fund developer incentives and affordable housing programs.
- Adjust Timing on Payment of SDC – Adopted November 2020, Effective December 2020
  - The City amended the Municipal Code to delay payment of System Development Charges (SDCs) for single-family and duplex residential developments. Payment can now be made at least 48 hours prior to the request for an insulation inspection versus upon issuance of a building permit.

Further, the City of Newberg is currently in the process of:

- Annual Affordable Housing Trust Fund Notice of Funding Availability – ongoing
  - Every Sept/Oct the City sends out a Request for Proposals (RFP) to provide grants or loans to affordable housing development projects. In May 2021, Habitat for Humanity was provided a \$5,000 grant to assist their affordable housing programs.

## Existing and Expected Barriers to Development of Needed Housing

The barriers to development of needed housing in Newberg include:

- **Infrastructure necessary to support housing development.** Land without urban infrastructure (such as roads, water, sanitary sewer, and stormwater service) will need infrastructure available nearby before the land can be developed for residential uses. The cost of extending or developing new infrastructure is considerable, depending on the location.
- **Funding and resources (such as land) to support development of affordable housing.** Developing income-restricted housing for households with incomes below 60% of MFI nearly always requires federal, state, local, and/or philanthropic subsidy so that it can cover the costs of development and operations with restricted rents. Developing new housing affordable to households with incomes of 60% to 80% of MFI also typically requires government subsidy and/or funding from sources such as nonprofits. One of the key barriers to development of affordable housing is identifying sufficient funding to support its development. Options for funding affordable housing development include direct funding (i.e., monetary contributions for housing), contributions of land, and cost reductions (e.g., tax abatements or waiving fees).
- **Support from the community for development of affordable housing, including regulated affordable housing.** One of the big barriers to development of affordable housing and different types of housing (such as townhouses, duplexes, triplexes, quadplexes, and other types of multifamily housing) is community concern and resistance to development of these housing types. Developers and city staff will need to reach out to neighborhood groups and other stakeholders to gain support for development of these types of housing.
- **Developers capacity for building diverse housing types.** Capacity for development of housing includes developers willing and able to develop needed housing, nonprofits with the capacity to support development of affordable housing, and availability of skilled construction labor to do the housing development (or renovations). Each of these are potential barriers and can have different impacts on development of affordable housing. Capacity for the development community can include knowledge of development of new or innovative housing projects, ability to get financing to pay for housing development, and capacity to take on new housing development. Capacity for nonprofits can be a combination of staff capacity for executing on projects and funding to support affordable housing projects. After the Great Recession, some people exited the construction labor pool, making it difficult to find skilled construction tradespeople to support housing development.
- **Regulatory barriers to developing multifamily housing.** While changes to multifamily standards have been adopted in the last few years, the impacts of those changes have

not yet been analyzed with new projects. Evaluating the regulations to support the most efficient development and redevelopment of land for market-rate and income-restricted affordable housing is necessary to maximize the land designated for multifamily housing and the number of units built.

- **Establishing or broadening needed partnerships.** Ongoing community engagement, especially with underserved communities or people with specialized housing need, is necessary to ensure that the City understands the current housing needs of these groups. This is a potential barrier to needed housing development if the City does not have staff capacity to maintain this engagement or is unable to establish relationships with the communities in question. The City should consider partnering with local nonprofit organizations such as YCAP and Habitat for Humanity and Newberg's Workforce Housing Consortium to stay engaged with how the needs of vulnerable groups may evolve.

### 3. Actions to Meet Future Housing Need

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

The City developed four initiatives that address key housing needs in the city. The initiatives comprise a set of potential city-led strategies, funding sources, and potential partnerships with other entities that help to achieve an overarching desired outcome for the city’s housing policies. By bundling strategies and funding sources, the City acknowledges that several actions and partnerships are necessary to achieve the City’s housing desired outcomes. These initiatives have been refined based on discussions with City Staff.

- **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). Key actions that build on each other:
  - Support Development of Market-Rate Affordable Housing
  - Evaluate Ways to Lower SDCs without Imperiling City Infrastructure
  - Urban Renewal support can be critical to funding development of this type of housing in the urban renewal district.
- **Increase opportunities for affordable homeownership.** This initiative seeks to increase the housing options for homeownership for households earning less than 120% of MFI (less than \$70,800). Key actions that build on each other:
  - Use Construction Excise Tax to Support Affordable Housing Development
  - Urban Renewal to Support Infrastructure Development
  - Developing a land bank strategy and partnerships to support development of affordable housing, such as working with a community land trust to build affordable units for homeownership
  - Allow Division of Lots for Middle Housing Types
  - Evaluate Ways to Lower SDCs without Imperiling City Infrastructure
- **Encourage development of income-restricted affordable housing units.** There are limited options available in Newberg 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. Key actions that build on each other:
  - Provide Density Bonuses to Support Development of Affordable Housing
  - Reduce SDCs for Income-Restricted Affordable Housing
  - Evaluate Ways to Lower SDCs without Imperiling City Infrastructure

- Use Construction Excise Tax and/or Urban Renewal funding to support the actions above
- **Preserve existing low- and moderate-income affordable housing.** This initiative seeks to increase the housing options for rental households earning less than 120% of MFI (less than \$70,800). Key actions that build on each other:
  - Support Preservation of Manufactured Home Parks
  - Use Construction Excise Tax to Support Affordable Housing
  - Urban Renewal to Support Infrastructure

Exhibit 9. Housing Initiatives

Action Name	Initiative Name			
	Support development of low- and moderate-income affordable rental housing	Increase opportunities for affordable homeownership	Encourage development of income-restricted affordable housing units	Preserve existing low- and moderate-income affordable housing
<b>Actions</b>				
L. Support Development of Market-Rate Affordable Housing as Lead by the Newberg Workforce Housing Consortium	■			
M. Develop a Land Bank Strategy and Partnerships to Support Affordable Housing Development	□	■	■	
N. Support Preservation of Manufactured Home Parks				■
O. Provide Density Bonuses to Support Development of Affordable Housing	□		■	
P. Reduce SDCs for Affordable Housing			■	
Q. Evaluate Ways to Lower SDCs without Imperiling City Infrastructure	■	■	■	
R. Support Application of Fair Housing Laws	■	■	■	■
S. Produce Informational Resources for Low-Income Households or People Experiencing Homelessness			■	
T. Consider Restrictions and Conduct Inspections on STRs	■			
U. Allow Division of Lots for Middle Housing Types		■		
<b>Funding Sources</b>				

Action Name	Initiative Name			
	Support development of low- and moderate-income affordable rental housing	Increase opportunities for affordable homeownership	Encourage development of income-restricted affordable housing units	Preserve existing low- and moderate-income affordable housing
V. Urban Renewal to Support Infrastructure Development	■	■	■	■
L. Use Construction Excise Tax	□	■	■	■

## Funding the Actions

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

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

- Existing Urban Renewal District.** Urban renewal freezes property tax accumulation in a designated Urban Renewal District until the Urban Renewal District expires or pays off bonds. Urban renewal can be used to support development of affordable housing and 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.

Newberg established an Urban Renewal Area in the Riverfront District and Downtown area. The majority of funding in Newberg’s Urban Renewal Plan (adopted in 2021) is set aside for transportation and infrastructure projects. The City allows for use of urban renewal funds to pay for the costs of infrastructure development. These projects are intended to facilitate mixed-use development, particularly in the Riverfront District’s commercial areas and within the Downtown area. Newly developed infrastructure can be used to support housing, as well as employment uses.

- Construction Excise Tax (CET) Revenues.** The City implemented a Construction Excise Tax (CET), which is intended to provide funding to support development of affordable

housing. Newberg adopted the CET in 2020. Revenue from the CET will fluctuate with construction activity.<sup>10</sup>

The City recently developed a plan for using CET funds to support affordable housing. As of November 2022, the CET has generated approximately \$892,000 and funds can be distributed beginning in January 2023. CET funds generated from residential projects will be distributed as follows:

- 50% to fund developer incentives
- 35% for affordable housing programs
- 15% will be routed to OHCS for homeownership programs
- 4% can be used to cover administrative costs associated with operating the program
- 100% of the funds generated by the tax on commercial and industrial projects will fund developer incentives and affordable housing programs.

Use of the CET is **not** an action in the HPS, but this funding source is important for implementing the HPS.

### Other Funding Sources Considered

The City has a variety of other options for locally controlled funding sources that could support affordable housing. While this project did not include a robust funding analysis component, the project team discussed these funding sources with the Citizens Advisory Committee.

Exhibit 10 provides an overview of which funding sources advanced to the HPS.

Exhibit 10. Funding Sources Evaluated

Recommendation as an Action in the HPS?	Revenue Source	Rationale for Inclusion/Exclusion?
Yes	New Urban Renewal Area	Could provide a stable, dedicated revenue source in an area with limited existing infrastructure.
Use of CET will be key to funding the Actions in the HPS	Use of CET funding	Provides a funding source to support developer incentives and affordable housing programs.
No, staff will pursue outside of the HPS	Grants and State Funding	Pursue as the City has staff capacity. Without dedicated staff grants, may not provide substantial source of funding.
No, donations will be accepted as they are available	Private donations and gifts	Pursue as the City has staff capacity. Without dedicated staff, this is not likely to be a substantial source of funding.
No	New local option levy	Requires voter approval, unlikely to pass.
No	Increased lodging tax	Only 30% increased revenue could go to housing; 70% dedicated to tourism promotion.
No	Increased marijuana tax	No discussions related to increasing the tax locally.

<sup>10</sup> Newberg has a CET that is applied to residential, commercial, and industrial projects. The CET is a 1% tax on the building permit value.



No	Increase Systems Development Charges	Would place burden on market-rate development.
No	Increased utility fee	Difficult to target charges, not a large nexus between source and use of funds.
No	Increased building and planning permit fees	Sized to project valuation and staffing operational costs and capacity.
No	New business license fee	May hinder local business development.
No	New food and beverage tax	Requires voter approval, unlikely to pass.
No	New sales tax	Not politically feasible.
No	New payroll/business income tax	May not be politically feasible.
No	New real estate transfer tax	Not legal in Oregon.
No	New vacant/second home tax	Untested and possibly not legal in Oregon.

## Actions

This section presents the proposed actions for inclusion in the HPS.

### Summary of Actions

In developing the HPS, we evaluated each of the actions considered for inclusion in the HPS based on five criteria listed below. Appendix B provides more details about these evaluation criteria, beyond the following descriptions:

- **Income level served:** focuses on incomes below 120% of MFI as a way to best support housing affordable to households who are most likely to have difficulty affording housing.
- **Impact for housing development:** considers the potential scale of impact of the action, which provides some context for whether the policy tool generally results in a little or a lot of change in the housing market.
- **Administrative complexity:** considers how much staff time and resources (financial or otherwise) are required to implement the action and whether the action is difficult or costly to administer once it is in place.
- **Feasibility:** assesses the political and community acceptability of the action for stakeholders, as well as potential need to coordinate with other organizations.
- **Flexibility:** describes whether the action can be flexibly used to achieve multiple outcomes

Exhibit 11. Summary of Actions

Action Name	Level of Affordability Addressed			Impact for Development	Admin Complexity	Feasibility	Flexibility
	<50% MFI	50%-80% MFI	80%-120% MFI				
<b>Actions</b>							
A. Support Development of Market-Rate Affordable Housing as Lead by the Newberg Workforce Housing Consortium		X	X	Small	Medium	Moderate	More
B. Develop a Land Bank Strategy and Partnerships to Support Affordable Housing Development	X	X	X	Moderate to large	High	Moderate	More
C. Support Preservation of Manufactured Home Parks	X	X	X	Small	Low	More	Moderate
D. Provide Density Bonuses to Support Development of Affordable Housing	X	X		Small to Moderate	Medium	More	More
E. Reduce SDCs for Affordable Housing	X	Up to 60% MFI		Small	Medium	More	Moderate
F. Evaluate Ways to Lower SDCs without Imperiling City Infrastructure	X	X	X	Small	High	Moderate	More
G. Support Application of Fair Housing Laws	X	X	X	Depends on the changes in policy making processes	Medium	More	More
H. Produce Informational Resources for Low-Income Households or People Experiencing Homelessness	X			Small	Low	More	More
I. Consider Restrictions and Conduct Inspections on STRs		X	X	Small	Medium	Moderate	More
J. Allow Division of Lots for Middle Housing Types	X	X	X	Small	Low	More	More
<b>Funding Sources</b>							

Action Name	Level of Affordability Addressed			Impact for Development	Admin Complexity	Feasibility	Flexibility
	<50% MFI	50%-80% MFI	80%-120% MFI				
K. Urban Renewal to Support Infrastructure Development	X	X	X	Moderate to large	High	More	More

## Potential Partners

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

Exhibit 12. City and Partner Roles

Actions	City	Affordable and Market-Rate Developers	Other Government Agencies	Local Nonprofits	Other Partners
A. Support Development of Market-Rate Affordable Housing as Lead by the Newberg Workforce Housing Consortium	Provide technical assistance; support development	Implement development	Support development where appropriate		Workforce Housing Consortium to lead development
B. Develop a Land Bank Strategy and Partnerships to Support Affordable Housing Development	Identify partners, potential funding	Implement housing project	Potential contributors of land	Implement housing project	Identify funding sources
C. Support Preservation of Manufactured Home Parks	Provide technical assistance, work with partners		Support purchase and preservation	Support purchase and preservation	
D. Provide Density Bonuses to Support Development of Affordable Housing	Draft amendments and facilitate public processes	Help refine effective bonus structures			
E. Reduce SDCs for Affordable Housing	Develop criteria for reduction Identify funding source for backfilling	Help refine feasible affordability thresholds			
F. Evaluate Ways to Lower SDCs without Imperiling City Infrastructure	Change SDCs or Capital Improvement Plan				
G. Support Application of Fair Housing Laws	Facilitate public process			Targeted outreach,	

Actions	City	Affordable and Market-Rate Developers	Other Government Agencies	Local Nonprofits	Other Partners
				education, resources	
H. Produce Informational Resources for Low-Income Households or People Experiencing Homelessness	Host additional resource center		Partner with City	Informational resource packages	
I. Consider Restrictions and Conduct Inspections on STRs	Adopt policies or regulations				
J. Allow Division of Lots for Middle Housing Types	Change regulations				
K. Urban Renewal to Support Infrastructure Development	Partnership with Urban Renewal Agency	Interested developers	URA: Select projects; implement the Plan		Property owners: Provide input

### Implementation Schedule for Actions

The table below presents a draft schedule for implementation of the Housing Production Strategy. Each action will go through a period of development where staff works with decision makers to develop the specifics of the action, then potential adoption and implementation. The activities for each of these are described below.

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

Exhibit 13. Implementation Schedule

Actions	2023 or before	2024	2025	2026	2027	2028	2029	2030	2031
A. Support Development of Market-Rate Affordable Housing as Lead by the Newberg Workforce Housing Consortium	Adopt	Implement							
B. Develop a Land Bank Strategy and Partnerships to Support Affordable Housing Development				Adopt	Implement				
C. Support Preservation of Manufactured Home Parks					Adopt	Implement			
D. Provide Density Bonuses to Support Development of Affordable Housing							Adopt	Implement	
E. Reduce SDCs for Affordable Housing			Adopt	Implement					
F. Evaluate Ways to Lower SDCs without Imperiling City Infrastructure			Adopt	Implement					
G. Support Application of Fair Housing Laws	Adopt	Implement							
H. Produce Informational Resources for Low-Income Households or People Experiencing Homelessness	Adopt	Implement							
I. Consider Restrictions and Conduct Inspections on STRs					Adopt	Implement			
J. Allow Division of Lots for Middle Housing Types	Adopt	Implement							
<b>Funding Sources</b>									
K. Urban Renewal to Support Infrastructure Development						Implement when funding available			
Use Construction Excise Tax to Support Affordable Housing Development	Implement as funding is available								

## A. Support Development of Market-Rate Affordable Housing as Lead by the Newberg Workforce Housing Consortium

### 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 in other communities, which may create difficulties for employers to hire and retain a workforce. As a result, many employers have started taking a more active role in housing development to better position themselves to recruit and retain their employee base.

### 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.

Newberg's Workforce Housing Consortium convened in 2019 and have since received \$3 million dollar in grant funds that will ultimately be used to either financially support or develop corporate partner housing for Newberg employees. The Workforce Housing Consortium is a group of employers including Friendsview Retirement Community, A-Dec, George Fox University, Providence Newberg Medical Center, Newberg Public Schools, Marquis Companies, and City of Newberg with plans of building and renting between 15 and 30 units of housing affordable to people who work at their businesses.

The Consortium Is still working on narrowing down target demographics for people they would rent to. However, the general goal is to fill the housing gap for those who do not qualify for income-restricted housing or are unable to access it for various reasons (e.g., long waitlists) and those who are unable to afford market-rate prices (e.g., households earning less than 120% MFI). The Consortium is also interested in a model that can support new employees moving into the area who need additional time to find the right housing but need a safe and affordable place to land while they do so. Approximately 15-30 rental housing units is the intended scale.

### City Role

The City of Newberg has been an ongoing partner to the Consortium, particularly in helping to identify buildable lands and facilitating connections with potential partners. The City can also offer technical assistance to the Workforce Housing Consortium by helping navigate permit requirements and compile site-specific development costs (e.g., required permit fees, utility connections, and necessary infrastructure upgrades). The City can also help navigate development regulations or even facilitate rezoning efforts to prep the site for residential development if necessary.

### Partners and their Role

Partner 1. The Newberg Workforce Housing Consortium, who are leading plans for developing workforce housing.

Partner 2. Local developers and housing-related nonprofits – City staff maintain relationships with local developers and service providers working in the region.

Partner 3. City Staff – Newberg’s Community Development and Public Works Departments can help provide technical assistance with development once a housing project is identified. The City could help the Workforce Housing Consortium identify potential housing developers and/or nonprofits that could partner on the housing project.

**Anticipated Impacts**

Populations Served	Income	Housing Tenure	Magnitude of New Units Produced
Low to middle-income households for workers at selected businesses in Newberg	Households with incomes below 120% of MFI	Renter	Moderate

**Potential Risks**

The housing would be limited to people who work at businesses that are participating in the Newberg Workforce Housing Consortium. Many people living in Newberg would not be able to access housing developed by the Consortium.

**Implementation Steps**

In this action, the City’s role is primarily as a partner and the City is not driving implementation of this action. The City’s implementation steps would focus on:

- Continue taking part in the Consortium’s regular meetings to best identify how and when the City needs to provide assistance.
- Assist with identifying possible developer partnerships and local buildable lands for housing development
- When a project and/or site is identified, outline permit processes and development fees required.
- Identify additional ways that the City could support developing of housing, possibly through use of other actions in the HPS like providing a density bonus (Action D) if needed to support the development.

**Funding or Revenue Implications**

If no specific funding or revenue source is identified at this time, staff time and available Community Development Department tools and resources will be relied on to provide support in the form of technical assistance and a convener of stakeholders.

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

### Rationale

Land control is critical to affordable housing development because overall development 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

The City can support development of income-restricted affordable housing (housing affordable at or below 60% of MFI) or moderate-income housing (housing affordable between 60% and 120% of MFI) by helping to reduce costs in a number of ways:

#### **Land banking**

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:

- Potentially 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 an 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 an 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's role could be to 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 affordability (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).



## Community Land Trusts

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.

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.

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.

## Housing Cooperative

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.

The City could support a housing cooperative in a similar way that it could support a community land trust, such as assisting the trust with land acquisition through land banking or through providing funding to support housing development.

## City Role

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 potentially 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.

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.

### Partners and their Role

Partner 1. 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 2: 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% MFI 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	Households with incomes below 120% of MFI	Renter or owner	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 120% of MFI for the foreseeable future, the housing costs may increase, making the housing less affordable.

### Implementation Steps

- Identify the way that the City would participate in a land bank, if at all.
  - Decide the City’s potential role in a land bank, such as establishing a formal land bank, having an informal land bank and working with partners to potentially donate surplus city-owned land to affordable housing development, or participating in an existing land bank.
  - Identify City-owned land that’s designated as surplus, to secure for future affordable housing development.

- Dedicate a funding source to set aside money for city-led land acquisition and/or parcel assembly to support affordable housing development.
- Research state or federal grant opportunities to help the City with land acquisition for affordable housing development.
- Identify the ways that the City would participate in a land trust or housing cooperative, if at all.
  - Provide technical assistance to a community land trust and/or a housing cooperative for developing housing.
  - Identify other city programs that can support housing development.
  - Establish a program with a dedicated funding source to help interested parties develop housing for a community land trust and/or a housing cooperative.
  - Partner with and contribute land or resources to a community land trust and/or a housing cooperative.

#### 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 were sold on the open market. If the City contributes funds for a land trust or housing cooperative, the City will need to identify a source of funding for the contributions.

## C. Support Preservation of Manufactured Home Parks

### Rationale

Preserve manufacturing home parks because they play a significant role in providing naturally occurring affordable housing.

### Description

Newberg has eight 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-2000s 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 nonprofit ownership. Since 2007, 30 manufactured home parks have been preserved statewide. In 2019, the Legislature funded a manufactured dwelling park loan program through OHCS to 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 include 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.<sup>11</sup> 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.<sup>12</sup>

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

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<sup>11</sup> Based on information from the report *Washington County's Manufactured Housing Communities: Facts, Risks, and Resource*, Final Report, April 2022.

<sup>12</sup> *Washington County's Manufactured Housing Communities: Facts, Risks, and Resource*, Final Report, April 2022.

### City Role

Work with owners of manufactured home parks to preserve manufactured home parks and continue partnerships with Housing Authority of Yamhill County on CDBG funds for repairs.

### Partners and their Role

Partner 1. Housing Authority of Yamhill County – 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

Preservation of manufactured home parks is likely to have a minor impact or no negative impact.

### Implementation Steps

- Establish relationships with the owners of manufactured home parks and resident groups (if any) to understand the status of manufactured home parks and potential sales.
- Identify other potential partnerships with nonprofits or manufactured home park owners to coordinate and support preservation efforts.
- Establish a monitoring program with the Housing Authority of Yamhill County to track necessary repairs and stability of using CDBG to fund them.
- Identify additional funding sources to assist with preservation efforts and offer financial support where possible.

### Funding or Revenue Implications

If no specific funding or revenue source is identified at this time, staff time and available Community Development 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 have density bonuses with 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	Households with incomes below 80% of MFI	Primarily Renter Could be 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 criteria for granting density bonuses to support affordable housing, including the number or percentage of affordable units needed for bonus eligibility, type of housing (single family, duplex, multifamily), income limits, and sale price or rent limits.

### Funding or Revenue Implications

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

## E. Exempt SDCs for Affordable Housing

### Rationale

One of the main ways a city can influence project costs is through exempting some developments from paying Systems Development Charges (SDCs), which can represent a substantial portion of development costs. When cities reduce or exempt SDCs, it can increase the financial feasibility of a project and facilitate more affordable housing production. In most cases, the City will need to find an alternative funding source to pay (or “backfill”) the costs of SDCs exempted on specific projects.

### 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 homeownership housing projects. The City could consider exempting SDCs specifically for deeper affordability projects, such as those serving households earning at or below 60% of the MFI. Most service providers that offer SDC exemptions or reductions in Oregon for affordable housing limit it to regulated/income-restricted affordable housing. Some cities have set a cap on the amount of waivers (number of units or dollar amount) they will issue for a given time period. Cities can choose to backfill foregone SDC revenue from other sources such as a CET fund and are typically advised to do so, but it is not required by state statute.

There are trade-offs 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, experts advise backfilling them to ensure the city can complete necessary infrastructure projects and avoid compromising equitable share protection for other SDC payers. However, if the cost of SDCs (or development costs in general) render an affordable housing project financially infeasible, it may not get built. Some ways that cities exempt SDCs include:

- 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% MFI 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.
- The City of Ashland exempts SDCs for both ownership and rental units with stricter eligibility requirements. Homebuyers must earn 60% Area Median Income (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.
- 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, and homeowner or regular maintenance fees not exceeding 30% of the monthly income for the targeted income level at 80% of AMI or less. The homebuyer shall agree to establishing a minimum period of 30 years for affordability.

- Some special districts also offer SDC waivers for affordable housing, including Tualatin Hills 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 for homeownership. The City may also consider exempting and backfilling the costs of SDCs for affordable housing with deeper affordability thresholds.

### Partners and their Role

Partner 1. City staff, including Newberg Community Development 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 could make projects feasible vs infeasible to ensure the program is utilized.

### Anticipated Impacts

Populations Served	Income	Housing Tenure	Magnitude of New Units Produced
Extremely low-income, very low-income, and low-income households	Households with incomes below 60% of MFI	Owner	Medium

### Potential Risks

The City should consider backfilling forgone revenue through the changes to SDCs. If the City is unable to make up forgone revenue, the City will have less funds to support development of infrastructure needed to support housing development. 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.
- Develop criteria for instances where the City may exempt SDCs for development of affordable housing, including income levels, housing types, and other criteria. Identify a funding source to backfill the SDCs not being paid by the developers.

#### Funding or Revenue Implications

Changes may reduce or delay SDC revenue to the City. The City may need to hire a consultant to help evaluate the methodology and provide recommendations. If the City needs to backfill the costs of SDCs, the City will need to identify a funding source to pay for the costs of SDCs.

## F. Evaluate Ways to Lower SDCs without Imperiling City Infrastructure

### Rationale

Cities use System Development Charges (SDCs) to pay for new infrastructure, such as water, wastewater, stormwater, sanitary sewers, parks, and transportation. This infrastructure is critically important to support housing and other growth in a community. The costs of SDCs add to the costs of developing housing.

### Description

The City will evaluate its SDC rate structure and Capital Improvement Plans to identify opportunities to reduce the costs of SDCs, with the intention of supporting new development in Newberg to meet housing needs. The evaluation may result in a change to the City's SDC rate-setting methodology, changes in the 5-Year Capital Improvement Program to reduce funding needed for infrastructure, or both.

### City Role

A City Council subcommittee, including community members, will work with the City's Engineering Division to conduct the evaluation.

### Partners and their Role

Partner 1. City staff, including Newberg Public Works Department; Newberg Finance Department; Newberg City Manager – can help identify financial implications of reducing SDCs.

### Anticipated Impacts

Populations Served	Income	Housing Tenure	Magnitude of New Units Produced
All	Any	Renter and Owner	Low to Moderate

### Potential Risks

If the City reduces SDCs too far, it may be unable to build new infrastructure necessary to support housing development. Reducing SDCs, without identifying funding sources to off-set the reductions, will leave the City with less funds to support development of necessary infrastructure.

### Implementation Steps

In this action, a subcommittee of the City Council, including community members, will work with staff from the City Engineering Division to evaluate opportunities to reduce SDCs while avoiding negative impacts on development of needed infrastructure.

### Funding or Revenue Implications

Decreases in SDCs reduce SDC revenue to the City, unless other funding sources are identified to off-set the decreases. The City may need to hire a consultant to help evaluate the methodology and provide recommendations about SDC changes.

## G. 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.

When creating or changing housing 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, and establish partnerships with nonprofits 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. Nonprofit 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.

### Funding or Revenue Implications

Staff time and available Planning Division tools and resources will be relied on to accomplish this strategy. There would likely be some cost for training and educational outreach about Fair Housing laws.

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

### Rationale

The City supports access to housing 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 toward 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. Nonprofits 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. Newberg Public Library – continue ongoing efforts with the library to supply the affordable housing resource center with any new resources as they become available.

Partner 3: Newberg-Dundee Police Department 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 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.

### Funding or Revenue Implications

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

## I. 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 are aware of at this time.

The City categorizes short-term rentals in two ways:

- 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, limiting the number of people allowed during a rental period, and meeting 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 the number of STRs 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 the number of STRs 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.

### Funding or Revenue Implications

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

## J. Allow Division of Lots for Middle Housing Types

### Rationale

Newberg changed the Newberg Municipal Code in 2022 to allow for development of middle housing types (duplexes, triplexes, quadplexes, townhouses, and cottage clusters), as required by House Bill 2001 (2019). State law (SB 458) also allows for the land division of lots for middle housing types that enable them to be sold or owned individually. Newberg has not yet changed its zoning code to allow these land divisions.

### Description

Senate Bill 458 was adopted by the Oregon Legislature in 2021. This bill is a follow-up to House Bill 2001, which legalized middle housing in many cities throughout the state. The bill allows land divisions for middle housing types (duplexes, triplexes, quadplexes, townhouses, and cottage clusters) that enable them to be sold or owned individually. The new lots created from Senate Bill 458 are not granted additional development rights and must be maintained to meet the criteria applicable to the “parent lot.” Senate Bill 458 went into effect on June 30, 2022.

The City is currently considering changes to the Newberg Municipal Code to allow for these lot divisions.

### City Role

Amend the Newberg Municipal Code to allow for divisions of land for middle housing types.

### Partners and their Role

Partner 1. Newberg Community Development Planning Division – Working with the Planning Commission and City Council, develop changes to the Newberg Municipal Code to allow for division of land for middle housing types.

### Anticipated Impacts

Populations Served	Income	Housing Tenure	Magnitude of New Units Produced
All	Any but primarily housing affordable to households with income above 80% of MFI.	Owner	Small

### Potential Risks

Allowing for division of land for middle housing types is likely to have minor or no negative impacts.

### Implementation Steps

- Revise the Newberg Development Code to allow for division of land for middle housing types by working with the Newberg Planning Commission and City Council through a public process.

### Funding or Revenue Implications

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

## 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.

## K. Use Urban Renewal to Support 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 funds can also be used to support development of off-site infrastructure necessary to support new housing development. Urban renewal can also 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.

Newberg recently established an urban renewal district that encompasses the Riverfront area and the Downtown area. 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 to 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 and 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 the Urban Renewal Plan and select projects to fund through Urban Renewal.

## Partners and their Role

Partner 1. Newberg Urban Renewal Agency – this is the agency that will implement the Urban Renewal Plan.

Partner 2. Local and Regional Developers – the City may want to engage developers interested in tackling projects in the urban renewal district to help prioritize infrastructure projects.

## 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 MFI	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, decreasing property tax revenues in the district.

## Implementation Steps

- Identify opportunities within the Urban Renewal Plan to support development of housing, primarily through development of new infrastructure to support housing or other approaches to supporting housing.

## Funding or Revenue Implications

Urban Renewal 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.

## 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. Some of these recommendations are broad, without a clear action at this point for the City. Others are good ideas but less likely to gain support as actions. They are included as recommendations for the City to act on in the 8-year planning period or to reconsider when next developing an HPS.

- **Evaluate Establishing Maximum Lot Sizes.** This 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.
- **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 plex development) by providing a pre-approved set of plans for 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.

- **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 no protections in place, these units could be lost upon expiration of the LIHTC. Newberg has two income-restricted buildings with LIHTC, one of which (Camellia Court) is 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).

- **Evaluate Issuing 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 a funding plan, then conducting polling/engagement, and lastly, developing a ballot initiative. However, its success hinges on a favorable public vote, so the City should consider using educational tools during engagement and outreach.

## 4. Evaluation: Achieving Fair and Equitable Housing Outcomes

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

### Evaluation of the Policies and Strategic Actions

OAR 660-008 requires an evaluation of all the HPS for achieving the following types of outcomes. The discussion below provides a brief evaluation of each of the expected outcomes for the policies and actions of the HPS, with a focus on housing opportunities for federal and state protected classes.<sup>13</sup> This is not intended to be an exhaustive evaluation of how each action addresses these outcomes but a high-level overview of the HPS as a whole.

- **Affordable Homeownership.** This criterion focuses on actions that support production of housing affordable for homeownership and includes actions to support development of housing affordable at less than 120% of MFI. Many of the actions in the HPS support development of affordable housing for homeownership through supporting development of lower-cost ownership housing, removing regulatory barriers to development of affordable ownership housing, supporting Fair Housing, and making capital improvements necessary to support affordable ownership housing. Some of the actions within the HPS that support affordable homeownership include:
  - *Existing actions and programs*
    - Regulatory changes: making ADUs easier to build, allowing missing middle housing, and other regulatory changes to support development of housing.
    - Adjusted timing on payment of SDCs for single-family and duplex residential developments, to reduce development costs early in the development process.
    - Provide grants or loans to affordable housing development projects from the Affordable Housing Trust Fund.
    - Use of CET to help qualifying homeowners with down payment or foreclosure-prevention assistance and assistance for qualifying developments related to system development, land acquisition, and required local improvements.

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<sup>13</sup> Federal protected classes are race, color, national origin, gender, familial status, and disability. Oregon’s additional protected classes are marital status, source of income, sexual orientation, and status as a domestic violence survivor. Under Fair Housing laws, it is illegal to deny access to housing based on the characteristics of people within these protected classes.



- *Actions in the HPS*
  - **Develop a Land Bank Strategy and Partnerships to Support Affordable Housing Development.** A land bank, land trust, or cooperative housing is key to supporting development of affordable housing for homeownership.
  - Allow Division of Lots for Middle Housing Types
  - Reduce SDCs for Affordable Housing. Reduced SDCs could apply to ownership housing development if they meet certain affordability thresholds.
  - **Use Urban Renewal to Support Infrastructure Development.** Urban renewal funds can be used to support development of off-site infrastructure necessary to support new rental or ownership housing development.
  
- **Affordable Rental Housing.** Supporting affordable rental housing includes actions to support production of both income-restricted affordable housing (affordable to households with incomes below 60% of MFI) and privately developed affordable housing (affordable for households with incomes between 61% and 80% of MFI). Actions within the HPS that support affordable rental housing development include:
  - *Existing actions and programs*
    - Regulatory changes: making ADUs easier to build, allowing missing middle housing, and other regulatory changes to support development of housing.
    - Established a CET, with all funds going to support development of affordable housing.
    - Adjusted timing on payment of SDCs for single-family and duplex residential developments, to reduce development costs early in the development process.
    - Use of CET to provide qualifying households with rental assistance. The City may use CET funds to assist qualifying developments with system development, land acquisition, and required local improvements.
  
  - *Actions in the HPS*
    - **Provide Density Bonuses to Support Development of Affordable Housing.** A density bonus could apply to rental or ownership housing development if they meet certain affordability thresholds.
    - **Consider Restrictions and Conduct Inspections on Short-term Rentals.** 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. If the City implemented restrictions on STRs, it could help stabilize the inventory of long-term rentals.
    - **Use Urban Renewal to Support Infrastructure Development.** Urban renewal funds can also be used to support development of off-site infrastructure necessary to support new rental or ownership housing development.

- **Housing Stability.** Increasing housing stability includes actions that increase the stability of existing households and prevent displacement, mitigating gentrification resulting from public investments or redevelopment. Part of increasing housing stability will be preservation of existing housing, rehabilitation of housing, and development of more affordable ownership and rental housing. These items are discussed above. Actions within the HPS that address housing stability include:
  - *Existing actions and programs*
    - CDBG Manufactured Home Repair Grant program, which provides funds to lower-income residents living in manufactured homes in manufactured home parks to make necessary repairs and upgrades to their homes.
  - *Actions in the HPS*
    - Consider Restrictions and Conduct Inspections on Short-term Rentals. If the City implemented restrictions on STRs, it could help stabilize the inventory of long-term rentals.
    - **Support Preservation of 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 nonprofit ownership. The City can assist in preserving and supporting development of new manufacturing housing parks because they play a significant role in providing naturally occurring affordable housing.
    - Actions in the HPS to support development of income-restricted affordable housing can increase housing stability by increasing the amount of affordable housing in Newberg. These actions include Action B, Action D, Action E, and Action K.
- **Housing Options for People Experiencing Homelessness.** Increasing options for people experiencing homelessness includes working with partners and identifying ways to address homelessness and actions that reduce the risk of households becoming homeless (especially for households with income below 30% MFI). The HPS includes the following options for people experiencing homelessness:
  - *Existing actions and programs*
    - The City conducted a study on car camping in partnership with PSU, however no action has been taken following the results of the study.
    - The City has historically supported Harvest House, a transitional residence in Newberg.
    - The City provided ARPA funding to YCAP for a Navigation Center and to North Valley Friends Church and Providence for a transitional housing project.
  - *Actions in the HPS*

- **Produce Informational Resources for Low-Income Households or People Experiencing Homelessness.** Nonprofits operating in the County offer a number of programs that many people struggling financially may be unaware exist. 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.
- Actions in the HPS to support development of income-restricted affordable housing can increase housing options for people experiencing homelessness. These actions include Action B, Action D, and Action K.
- **Housing Choice.** Increasing housing choice involves increasing access to housing for communities of color, low-income communities, people with disabilities, and other state and federal protected classes. Increasing housing choice also means increasing access to existing or new housing that is located in neighborhoods with healthy and safe environments and high-quality community amenities, schooling, and employment and business opportunities. Actions within the HPS that increase housing choice include:
  - *The City does not currently have existing actions and programs.*
  - *Actions in the HPS*
    - **Support Application of Fair Housing Laws.** 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. Identifying ways in which the City can help mitigate against Fair Housing violations could expand housing choice for more vulnerable populations.
    - Actions in the HPS to support development of income-restricted affordable housing can increase housing choice. These actions include Action B, Action D, Action E, and Action K.
- **Location of Housing.** Diversifying the location of housing requires increasing options for residential development that are compact, in mixed-use neighborhoods, and available to people within state and federal protected classes. This measure is intended, in part, to meet statewide greenhouse gas emission reduction goals. Actions within the HPS that support development of compact, mixed-use neighborhoods include:
  - *Existing actions and programs*
    - Allowing residential uses on the first floor of building in C-3 Central Business District zone.
    - Fee-in-lieu Parking for Residential Development in Downtown, which allowed development with residential uses to meet the minimum parking requirements in more flexible ways.
    - Established a Vertical Housing Development Zone (VHDZ) for Tax Abatement, which supports development of mixed-use multistory buildings with housing

above commercial spaces in urban cores and to develop a larger base of mixed-use property in urban cores.

- *Actions in the HPS*

- **Provide Density Bonuses to Support Development of Affordable Housing.** The City can use a density bonus to incentivize development of income-restricted housing in locations where it is particularly appropriate.
- **Consider Restrictions and Conduct Inspections on Short-term Rentals.** The City could consider restrictions for STRs in priority locations to encourage and/or preserve a mix of housing types used for long-term housing.
- **Use Urban Renewal to Support Infrastructure Development.** The City could use urban renewal funds to prioritize infrastructure projects in traditionally underserved areas or neighborhoods in the City.

- **Fair Housing.** Supporting Fair Housing is accomplished by increasing access to housing for people in state and federal protected classes, Affirmatively Furthering Fair Housing, addressing disparities on access to housing opportunity for underserved communities, and decreasing patterns of segregations or concentrations of poverty. Actions within the HPS that further Fair Housing policies include:

- *The City does not currently have any existing actions and programs.*

- *Actions in the HPS*

- **Support Application of Fair Housing Laws.** 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.

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

## Monitoring Outcomes of the HPS

This is Newberg’s first HPS. As a result, the City is required to describe how it will measure the implementation and progress of the HPS. This section focuses on these issues.

Newberg is required to report progress on implementation of the HPS to DLCD every four years.<sup>14</sup> This report must include:

- **A summary of the actions taken to implement the HPS.** If there are actions that the City has not implemented on the schedule for the first four years of the HPS (i.e., actions expected to be adopted by December 31, 2024), the City needs to provide an explanation of the barriers to implementation and a plan for addressing the need that the action was intended to address. That plan could include identification of other actions in the HPS that will meet the identified need, or it could include development of a new action to meet the need.
- **A reflection of the efficacy of the actions the City has implemented.** This reflection should discuss the outcomes the City is observing from the actions they have implemented to date and could include expectations for future outcomes.
- **A reflection of the efficacy of the actions in the context of the outcomes described above.** This section evaluates the goals and actions in the HPS for expected outcomes such as increasing housing options for affordable homeownership, affordable rental housing, housing stability, housing options for people experiencing homelessness, housing choice, location of housing, and Fair Housing. The report should describe whether the goals and actions implemented have resulted in the outcomes described above.

In addition, Newberg is required to report about actions that will not be adopted on the schedule presented in Exhibit 13. The City must notify DLCD that it will be unable to adopt the action within 90 days of the end of the timeline to implement the action. This notice must identify the actions or combinations of actions that the City will take to address the need that the action was intended to address. This could include identification of other actions in the HPS that will meet the identified need, or it could include development of a new action to meet the need.

The City will review its progress toward the plan on an annual basis (or on a frequency directed by the City Council) by providing an annual report to the City Council. During the review, the City will document the implementation actions taken over the previous year, along with the housing development activity that has occurred. Key questions that Council can consider in its assessment include:

- Are additional actions needed to address new or changing conditions?

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<sup>14</sup> This report is due to DLCD no later than December 31 four years after Newberg adopts its HPS.

- Is staff capacity sufficient to meaningfully advance the strategies?
- What benefits has the City seen from its efforts to date? Are the City’s residents, and especially its lower-income residents and communities of color, seeing a return on the investments that the City has made?

In addition, the City can track indicators of plan progress in Exhibit 14.

Exhibit 14. Monitoring by Strategy

Strategies	Annual monitoring
Overall Monitoring	<ul style="list-style-type: none"> <li>▪ Number of affordable units developed by income range</li> <li>▪ Number of affordable projects developed</li> </ul>
A. Support Development of Market-Rate Affordable Housing as Lead by the Newberg Workforce Housing Consortium	<ul style="list-style-type: none"> <li>▪ Number of units funded through the Workforce Housing Consortium</li> <li>▪ Funding or forgone revenue from the City to support this housing development</li> </ul>
B. Develop a Land Bank Strategy and Partnerships to Support Affordable Housing Development	<ul style="list-style-type: none"> <li>▪ Number of acres acquired for land banking</li> <li>▪ Dwelling units produced in partnership with a land bank, community land trust, or housing cooperative</li> </ul>
C. Support Preservation of Manufactured Home Parks	<ul style="list-style-type: none"> <li>▪ Track ownership of manufactured home parks and transfers of ownership</li> <li>▪ Amount of funding used for rehabilitation or preservation</li> <li>▪ Number of units where funding was given for rehabilitation or preservation</li> <li>▪ New partnerships established or expanded for preservation</li> </ul>
D. Provide Density Bonuses to Support Development of Affordable Housing	<ul style="list-style-type: none"> <li>▪ Densities of newly developed housing using this bonus</li> <li>▪ Number of units produced using density bonus and their affordability levels</li> </ul>
E. Reduce SDCs for Affordable Housing	<ul style="list-style-type: none"> <li>▪ Number of units produced and their affordability level</li> <li>▪ Number of projects that utilize SDC exemption</li> </ul>
F. Evaluate Ways to Lower SDCs without Imperiling City Infrastructure	<ul style="list-style-type: none"> <li>▪ Changes to SDC rates</li> <li>▪ Change in number and type of units built after SDC changes</li> </ul>
G. Support Application of Fair Housing Laws	<ul style="list-style-type: none"> <li>▪ Educational events and number of attendees</li> <li>▪ Views of online materials (if any)</li> </ul>
H. Produce Informational Resources for Low-Income Households or People Experiencing Homelessness	<ul style="list-style-type: none"> <li>▪ Number of inquiries about housing resources</li> <li>▪ Number of people who utilized assistance programs or moved into long-term housing that inquired through resource center</li> <li>▪ Views of online materials (if any)</li> </ul>
I. Consider Restrictions and Conduct Inspections on STRs	<ul style="list-style-type: none"> <li>▪ Compare trends in license applications prior to restrictions to current levels</li> </ul>
J. Allow Division of Lots for Middle Housing Types	<ul style="list-style-type: none"> <li>▪ Number of middle housing lot divisions</li> <li>▪ Number of middle housing units built on one lot vs units on lots that were divided</li> </ul>
K. Urban Renewal to Support Infrastructure Development	<ul style="list-style-type: none"> <li>▪ Amount of funding investments made with urban renewal dollars to support affordable housing</li> <li>▪ Number of affordable units built in urban renewal district</li> <li>▪ Amount of funding dispersed for off-site infrastructure</li> </ul>

In addition, the City could monitor current market conditions to help the Council understand the context in which the overall Housing Production Strategy is operating:

- Number and type of new homes produced and total within the city over time - tenure, size, sales price/asking rent, and unit type
- Share of rent-burdened residents
- Sales prices and rents for existing homes
- Number, location, and expiration date of regulated affordable units with change in units provided over time

When Newberg produces its next HPS in eight years, the City will be required to summarize the efficacy of each action included in this HPS. The information resulting from these measures will help Newberg to summarize the outcomes and efficacy of the actions in this HPS.

# Appendix A: Contextualizing Newberg’s Housing Needs

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This appendix provides information to contextualize Newberg’s housing needs. It provides an understanding of the issues before solutions are proposed. This appendix draws its information and findings from other planning efforts, described in the main report. Where appropriate, this appendix also draws on information gathered through the City of Newberg’s past engagement efforts with housing producers and consumers, including underrepresented communities.

As a part of providing context to better understand Newberg’ housing needs, this appendix presents information about housing in Newberg for race, ethnicity, age, disability status, and other characteristics of the community to understand disproportionate housing impacts on different groups.

## Demographic and Characteristics Affecting Newberg’s Housing Needs

This section describes unmet housing needs for people in Newberg by age, race and ethnicity, disability, household size and composition, and household income.

### Data Used in this Analysis

Throughout this analysis data is used from multiple well-recognized and reliable data sources. One of the key sources for housing and household data is the U.S. Census. This report primarily uses data from two Census sources:<sup>15</sup>

- The **Decennial Census**, which is completed every ten years and is a survey of *all* households in the U.S. The Decennial Census is considered the best available data for information such as demographics (e.g., number of people, age distribution, or ethnic or racial composition), household characteristics (e.g., household size and composition), and housing occupancy characteristics. As of 2010, the Decennial Census does not collect more detailed household information, such as income, housing costs, housing

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<sup>15</sup> It is worth commenting on the methods used for the American Community Survey. The American Community Survey (ACS) is a national survey that uses continuous measurement methods. It uses a sample of about 3.54 million households to produce annually updated estimates for the same small areas (census tracts and block groups) formerly surveyed via the decennial census long-form sample. It is also important to keep in mind that all ACS data are estimates that are subject to sample variability. This variability is referred to as “sampling error” and is expressed as a band or “margin of error” (MOE) around the estimate.

This report uses Census and ACS data because, despite the inherent methodological limits, they represent the most thorough and accurate data available to assess housing needs. We consider these limitations in making interpretations of the data and have strived not to draw conclusions beyond the quality of the data.



characteristics, and other important household information. Decennial Census data is available for 2000 and 2010.

- The **American Community Survey (ACS)**, which is completed every year and is a *sample* of households in the U.S. The ACS collects detailed information about households, including demographics (e.g., number of people, age distribution, ethnic or racial composition, country of origin, language spoken at home, and educational attainment), household characteristics (e.g., household size and composition), housing characteristics (e.g., type of housing unit, year unit built, or number of bedrooms), housing costs (e.g., rent, mortgage, utility, and insurance), housing value, income, and other characteristics.

This report uses data from the 2015-2019 ACS for Newberg and comparison areas. Where information is available and relevant, we report information from the 2000 and 2010 Decennial Census. Among other data points noted throughout this analysis, this report includes data from Oregon’s Housing and Community Services Department, the United States Department of Housing and Urban Development, Redfin, Property Radar, Costar, and City of Newberg.

### Age of People in Newberg

Growth in Newberg’s senior population, as well as other age cohorts, will continue to shape the city’s future housing needs. Seniors account for 18% of Newberg’s existing population and Yamhill County expects to have 11,600 more people over 60 years old by 2045 than in 2020.

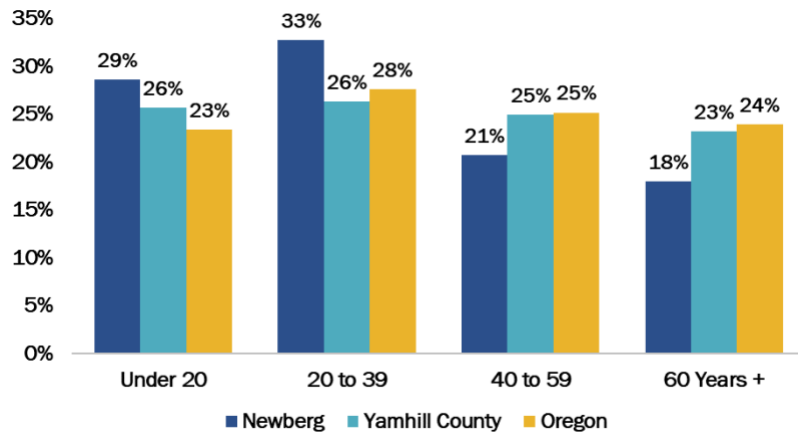
Growth in the number of seniors will result in demand for housing types specific to seniors, such as small and easy-to-maintain dwellings, assisted-living facilities, or age-restricted developments. Senior households will make a variety of housing choices, including remaining in their homes as long as they are able, downsizing to smaller single-family homes (detached and attached) or multifamily units, moving in with family, or moving into group housing (such as assisted-living facilities or nursing homes), as their health declines.

In the 2015-2019 period, about 18% of Newberg's residents were over 60 years old.

Newberg had a smaller share of people over the age of 60 than Yamhill County.

Exhibit 15. Population Distribution by Age, Newberg, Yamhill County, and Oregon, 2015-2019

Source: U.S. Census Bureau, 2015-2019 ACS, Table B01001.



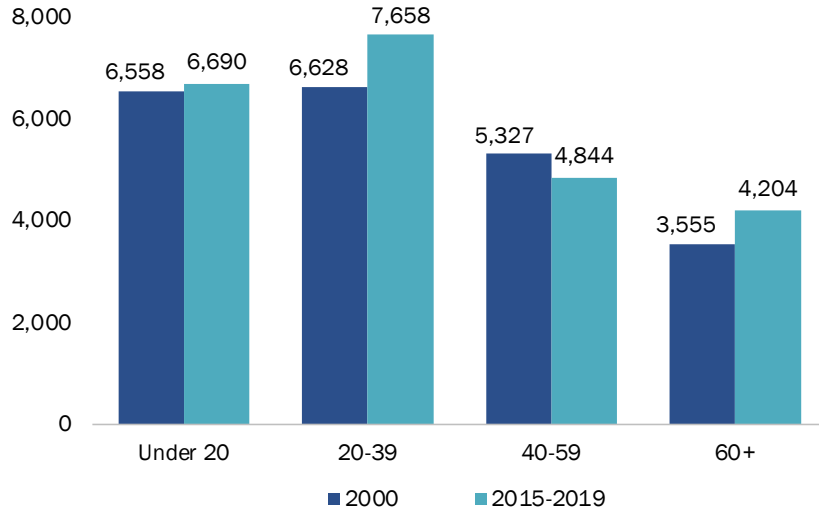
Between 2000 and 2015-2019, people 20 to 39 years old had the largest increase, adding 1,030 people.

People over 60 years old had the second largest increase, adding 649 people.

Over the next 25 years (2020 to 2045), the population aged 60 and older in Yamhill County is forecast to increase from 25 percent of the population to 28 percent of the population, a growth of about 11,000 people.<sup>16</sup>

Exhibit 16. Population Growth by Age, Newberg, 2000, 2015-2019

Source: U.S. Census Bureau, 2000 Decennial Census Table P012 and 2015-2019 ACS, Table B01001.



## Race and Ethnicity

Understanding the race and ethnicity characteristics<sup>17</sup> in Newberg is important for understanding housing needs because people of color often face discrimination when looking for housing.

<sup>16</sup> Population Research Center, PSU. Yamhill County Forecast

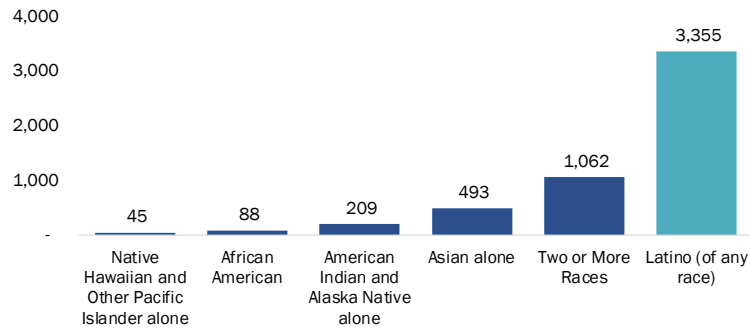
<sup>17</sup> The U.S. Census Bureau considers race and ethnicity as two distinct concepts. Latino is an ethnicity and not a race, meaning individuals who identify as Latino may be of any race.

**About 5,450 people identify as a race other than White in Newberg. Over 3,350 people identify as Latino.**

Not shown in the exhibit are the 18,144 people identifying as White in Newberg.

**Exhibit 17. Population by Race/Ethnicity, Newberg, 2015-2019**

Source: U.S. Census Bureau, 2015-2019 ACS, Table B02001 and Table B03002.<sup>18</sup>

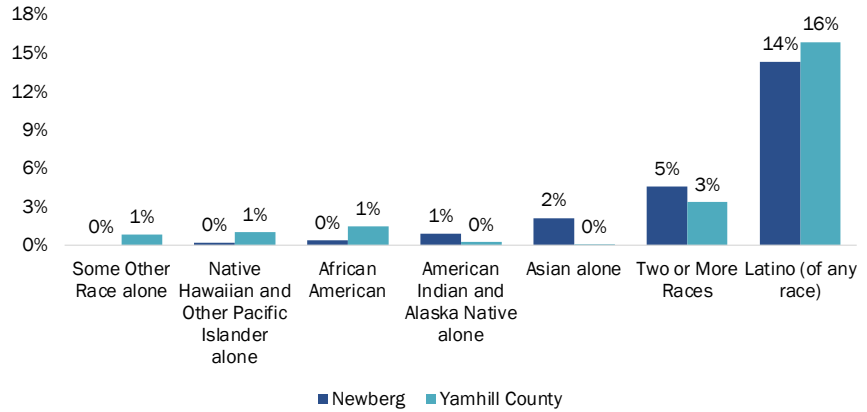


**Residents who identify as Latino (of any race) account for around 14% of Newberg’s population. The largest racial group in Newberg is Two or More Races, who accounts for 5% of Newberg’s population.**

Not shown in the exhibit is about 78% of Newberg’s population and 77% of Yamhill County’s population identifying as White.

**Exhibit 18. Population Distribution by Race and Ethnicity, Newberg and Yamhill County, 2015-2019**

Source: U.S. Census Bureau, 2000 Decennial Census Table B01002, 2015-2019 ACS, Table B01002

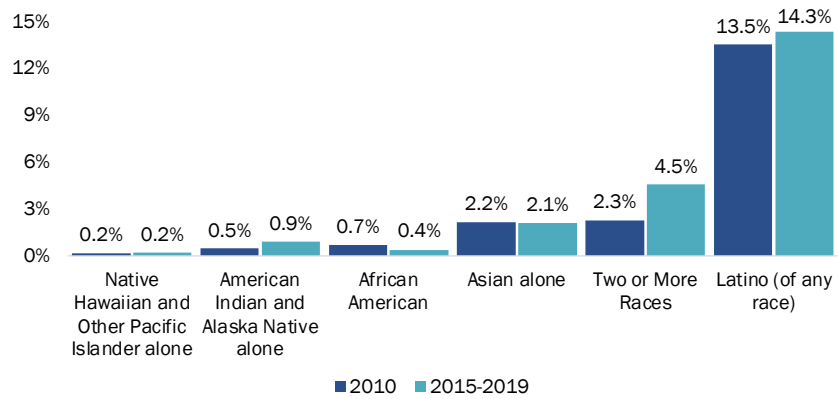


<sup>18</sup> There were 0 people who identified as Some Other Race Alone in Newberg in 2019, thus this category has been removed.

The share of Newberg’s households that identified as Latino (of any race) increased from 2,985 people in 2010 to 3,355 people in 2019, consistent with regional trends.

Exhibit 19. Change in Population by Race and Ethnicity as a Percent of the Total Population, Newberg, 2010 and 2015–2019

Source: U.S. Census Bureau, 2000 Decennial Census Table P008, 2015–2019 ACS Table B03002. <sup>19</sup>



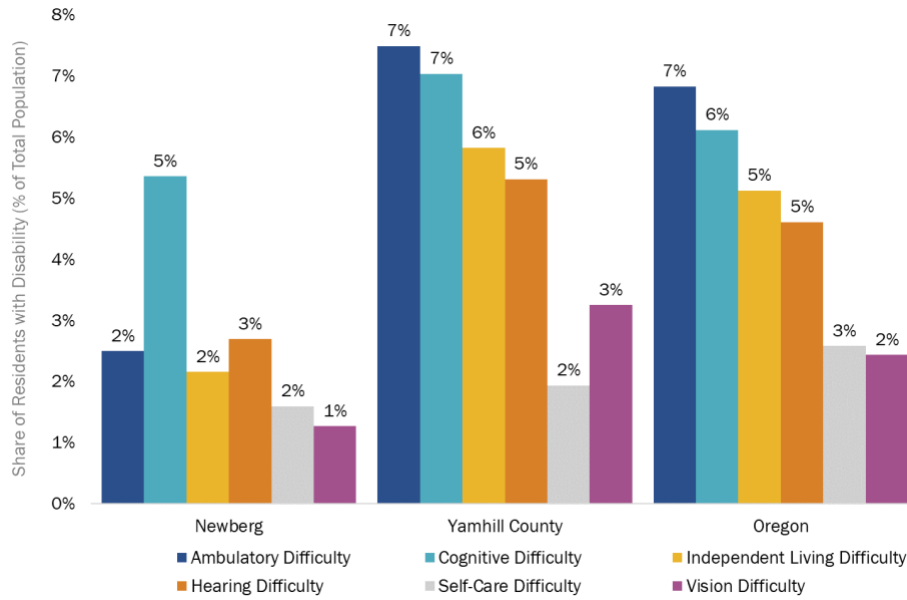
### People with a Disability

People with one or more disabilities have special housing needs because they may need housing that is physically accessible, housing that meets the needs of people with cognitive disability, or housing with specialized services. About 9% of Newberg’s population has one or more disabilities (around 2,200 people).

<sup>19</sup> There were 0 people who identified as Some Other Race Alone in Newberg in 2019, thus this category has been dropped. There were 23 people who identified as Some Other Race Alone in Newberg in 2010.

**Exhibit 20. Persons Living with a Disability by Type and as a Percent of Total Population Newberg, Yamhill County, Oregon, 2015-2019**

Source: U.S. Census Bureau 2015-2019 ACS, Table K201803.



**Household Size and Composition**

Housing need varies by household size and composition. The housing needs of a single-person household are different than those of a multigenerational family. On average, Newberg’s households are smaller than Yamhill County’s households but larger than Oregon’s.

**Newberg’s average household size was slightly smaller than Yamhill County’s households but larger than Oregon’s.**

**Exhibit 21. Average Household Size, Newberg, Yamhill County, Oregon, 2015-2019**

Source: U.S. Census Bureau, 2015-2019 ACS 5-year estimate, Table B25010.

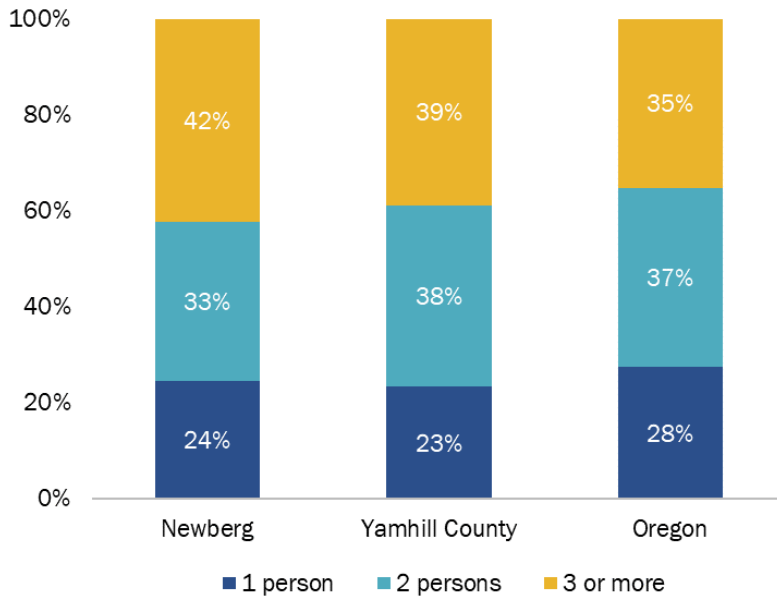


**Newberg has a larger percentage (42%) of households with three or more people.**

About 57% of Newberg’s households were one and two-person households.

**Exhibit 22. Household Size, Newberg, Yamhill County, and Oregon, 2015-2019**

Source: U.S. Census Bureau, 2015-2019 ACS 5-year estimate, Table B25009.

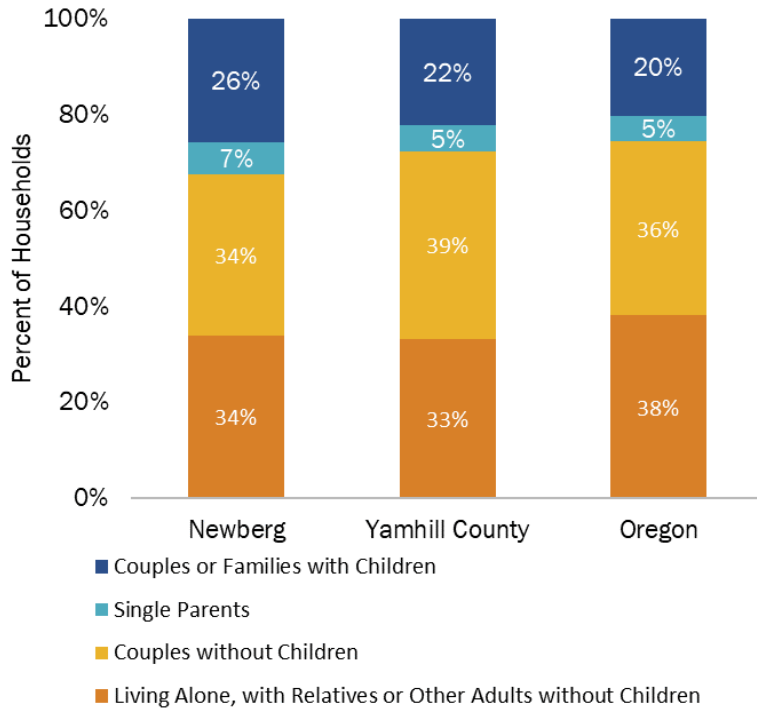


**Newberg had a slightly larger share of households with children than Yamhill County.**

About 33% of Newberg households have children, compared with 27% of Yamhill County households and 25% of Oregon households.

**Exhibit 23. Household Composition, Newberg, Yamhill County, and Oregon, 2015-2019**

Source: U.S. Census Bureau, 2015-2019 ACS 5-year estimate, Table B11012.



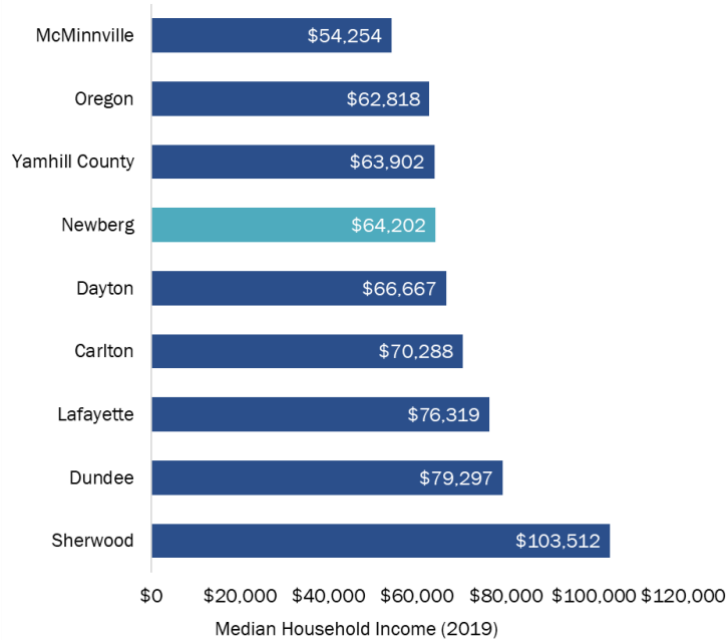
## Household Income

Income is one of the key determinants in housing choice and households' ability to afford housing. Income for residents living in Newberg was slightly higher than the Yamhill County median income and higher than the state's median income.

**Over the 2015-2019 period, Newberg's median household income was \$300 more than Yamhill County's.**

**Exhibit 24. Median Household Income, Newberg, Yamhill County, Oregon, Comparison Cities, 2015-2019**

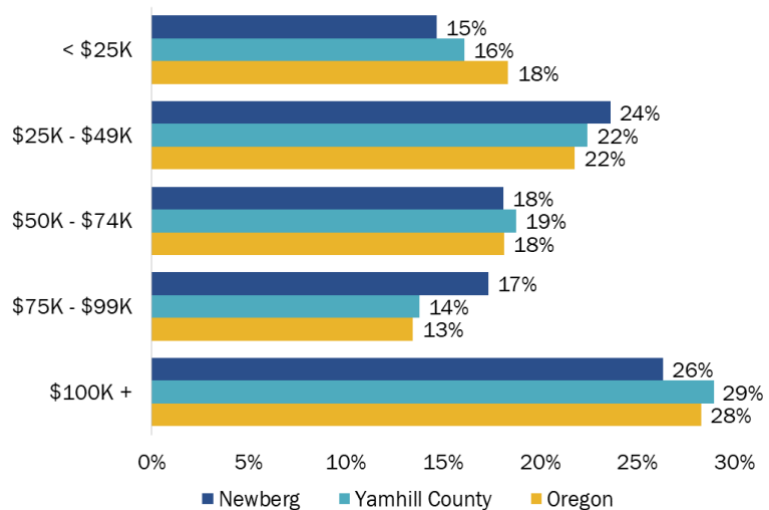
Source: U.S. Census Bureau, 2014-2018 ACS 5-year estimate, Table B25119.



**Slightly less than half of all households in Newberg (39%) earned less than \$50,000, compared to 38% of Yamhill County households, and 40% of Oregon households. Newberg has the same share of households earning more than \$75,000 compared to Yamhill County and slightly more than Oregon.**

**Exhibit 25. Household Income Distribution, Newberg, Yamhill County, Oregon, 2015-2019**

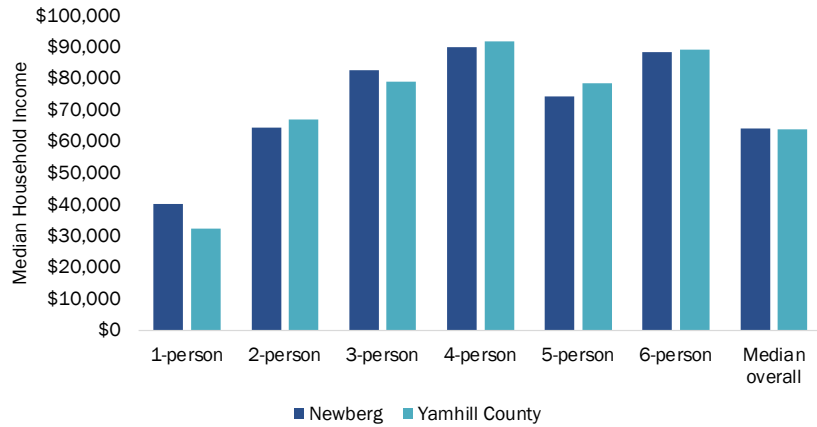
Source: U.S. Census Bureau, 2015-2019 ACS 5-year estimate, Table B19001.



**Median household incomes tend to increase with average household sizes, peaking with households with four to six people.**

**Exhibit 26. Median Household Income by Household Size, Newberg, 2015-2019**

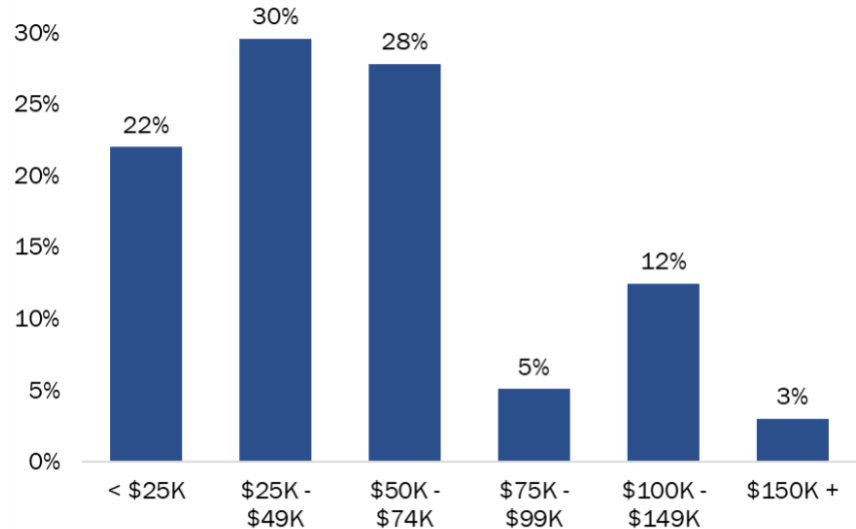
Source: U.S. Census Bureau, 2015-2019 ACS 5-year estimate, Table B19019  
 Note: Exhibit 26 displays median household income for households in Newberg, with Yamhill County information providing additional context. Data for households with 7 or more people was removed, as none was available for Newberg.



**Fifty-two percent of households with a head of household aged 65 or older earned less than \$50,000 per year.**

**Exhibit 27. Household Income Distribution for Householders Aged 65 Years and Older, Newberg, 2015-2019**

Source: U.S. Census Bureau, 2015-2019 ACS 5-year estimate, Table B19037.





**Household income varies among households with different races and ethnicities.**

In Newberg, median household income was proportionately higher for heads of households that identified as White.

The median household income for Latinos (of any race) in Newberg was about \$46,000, about 72% of the median income for all households.

**Exhibit 28. Median Household Income by Race and Ethnicity for the Head of Household, Newberg, 2015-2019**

Source: U.S. Census Bureau, 2015-2019 ACS 5-year estimate, Table S1901. Note: data was not available for heads of households identifying as a Native Hawaiian or Pacific Islander. Black bars denote the potential upper and lower bound of the estimate using the margin of error reported by the Census.

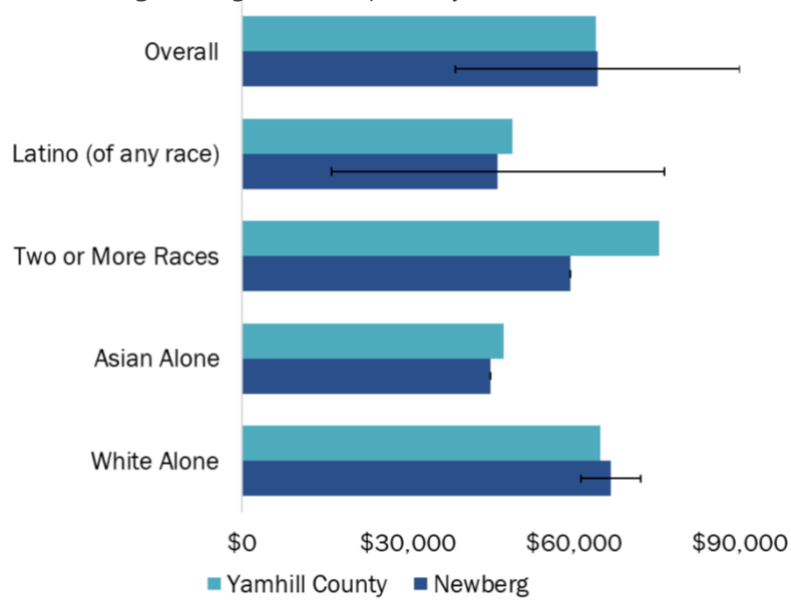


Exhibit 29 and Exhibit 30 compare household income for people of color (POC) households with White non-Hispanic households to show disparities in income levels. The income levels shown in these graphs are the same used throughout this report:

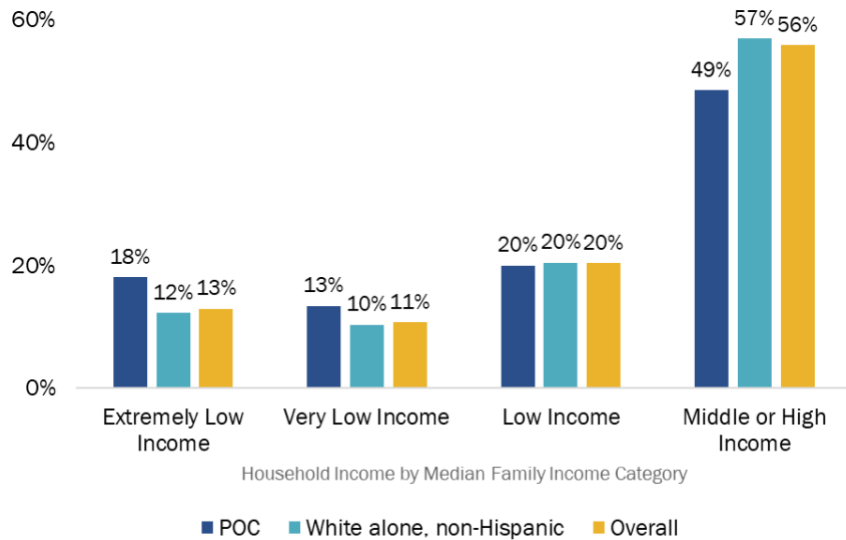
- Extremely Low Income: Less than 30% MFI
- Very Low Income: 30% to 50% of MFI
- Low Income: 50% to 80% of MFI
- Middle Income: 80% to 120% of MFI
- High Income: 120% of MFI or more

**Households with a POC head had lower incomes when compared to White and Overall households.**

POC households had higher percentages of households with extremely low and very low incomes, and a lower percentage of households with middle or high income.

Exhibit 29. Household Income by Income Grouping POC, White non-Hispanic, and All Households, Newberg, 2014-2018

Source: CHAS (Comprehensive Housing Affordability Strategy), 2014-2018, Table 2.

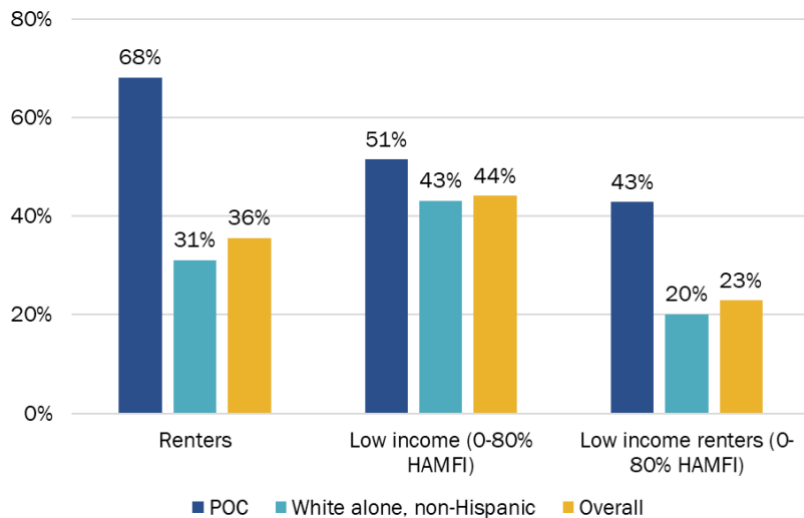


**Households with a POC head had a much higher percentage of households that were renters, low-income, and low-income renters when compared to White and overall households.**

POC households had more than double the percentage of renters and low-income renters when compared to White households.

Exhibit 30. Comparison by Tenure and Income POC, White non-Hispanic, and All Households, Newberg, 2014-2018

Source: CHAS (Comprehensive Housing Affordability Strategy), 2014-2018, Table 2.



## Housing Market Conditions and Trends

An analysis of housing market conditions and trends in Newberg provides insight into the functioning of the local housing market. The housing types used in this analysis are consistent with needed housing types as defined in ORS 197.303:

- **Single-family detached** includes single-family detached units, manufactured homes on lots and in mobile home parks, and accessory dwelling units.
- **Single-family attached** is all structures with a common wall where each dwelling unit occupies a separate lot, such as row houses or townhouses.
- **Duplex, Triplex, and Quadplex** are attached or detached units on a single lot.
- **Multifamily 5+** is all attached buildings with five or more units per structure.

### Existing Housing Stock

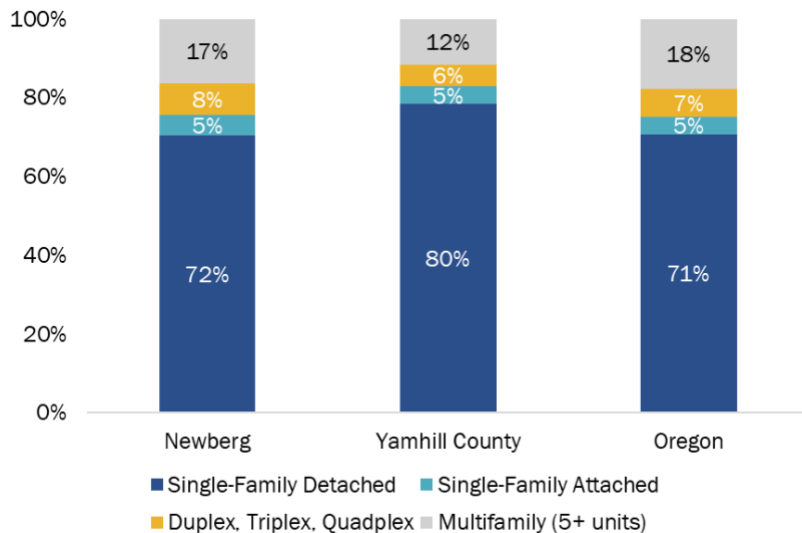
According to the 2015-2019 American Community Survey (ACS) from the U.S. Census, Newberg had 8,630 dwelling units, an increase of 2,203 dwelling units from 2000. A majority of new units built were single-family units. In that time, about 335 units of multifamily housing were built in Newberg, accounting for 14% of the 2,203 new units over that period.

#### About 72% of Newberg's housing stock was single-family detached housing.

Newberg had a larger share of multifamily housing (with 5+ units per structure) than Yamhill County, but a smaller share than the state. In addition, Newberg had a larger number of duplex, triplex, and quadplex housing than the county and state.

Exhibit 31. Housing Mix in Newberg, Yamhill County, and Oregon, 2015-2019

Source: U.S. Census Bureau, 2015-2019 ACS Table B25024.



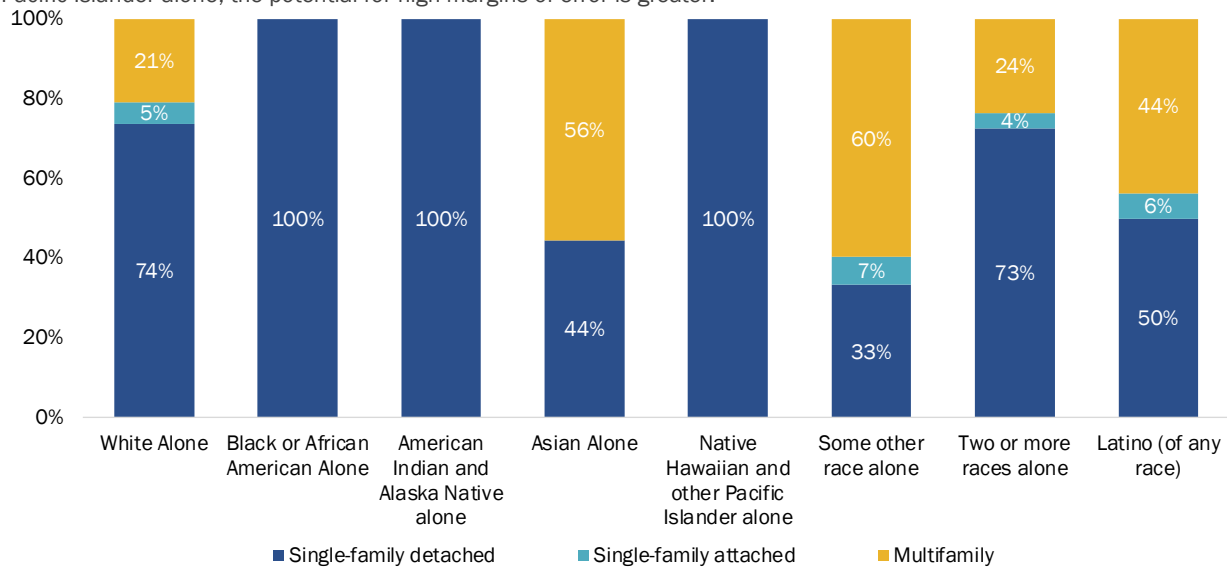
shows that households that identified as White Alone and Two or more Races Alone were most likely to live in single-family detached housing (74% and 73%) outside of those households that only had households living in single-family detached housing (Black or African American Alone, American Indian and Alaska Native Alone, and Native Hawaiian and other Pacific Islander Alone). Households that identified as Asian Alone and Some other Race Alone lived in multifamily housing at the highest rates (56% and 60%, respectively). Of any race, 50% of Latino

households lived in single-family detached housing. While this exhibit reflects the types of housing these groups *currently* live in and/or what they can currently afford to live in, it may not reflect their housing preferences.

Exhibit 32 shows that households that identified as White Alone and Two or more Races Alone were most likely to live in single-family detached housing (74% and 73%) outside of those households that only had households living in single-family detached housing (Black or African American Alone, American Indian and Alaska Native Alone, and Native Hawaiian and other Pacific Islander Alone). Households that identified as Asian Alone and Some other Race Alone lived in multifamily housing at the highest rates (56% and 60%, respectively). Of any race, 50% of Latino households lived in single-family detached housing. While this exhibit reflects the types of housing these groups *currently* live in and/or what they can currently afford to live in, it may not reflect their housing preferences.

**Exhibit 32. Occupied Housing Structure by Race and Ethnicity, Newberg, 2015-2019**

Source: U.S. Census Bureau, 2015-2019 ACS Table B25032 A-1. Note: For groups with small population sizes in Newberg, such as Black or African American alone, American Indian and Alaska Native alone, Asian alone, Native Hawaiian and other Pacific Islander alone, the potential for high margins of error is greater.



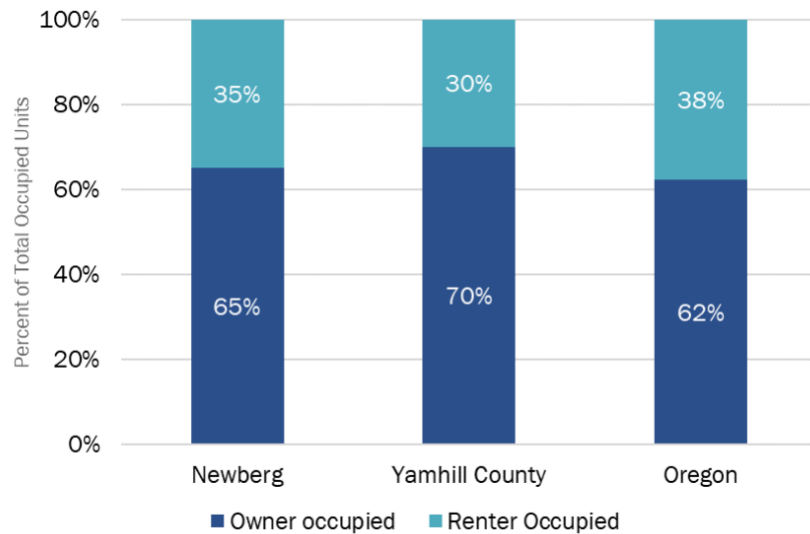
## Housing Tenure

Housing tenure describes whether a dwelling is owner or renter occupied. In the 2015-2019 period, about 65% of Newberg’s housing stock was owner occupied and 35% was renter occupied. Newberg’s homeownership rate increased by 2% since 2000.

**Newberg had a lower homeownership rate than Yamhill County but a higher homeownership rate than Oregon.**

**Exhibit 33. Tenure, Occupied Units, Newberg, Yamhill County, and Oregon, 2015-2019**

Source: U.S. Census Bureau, 2015-2019 ACS 5-Year Estimates, Table B25003.

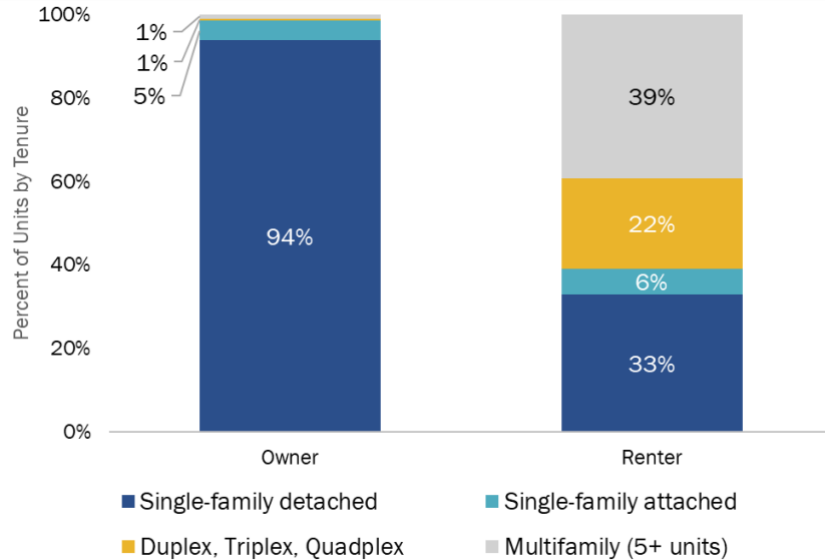


**Newberg’s renters are nearly evenly split between living in single-family detached, middle housing, and multifamily housing.**

In comparison, nearly all of Newberg’s homeowners (94%) lived in single-family detached housing.

**Exhibit 34. Housing Units by Type and Tenure, Newberg, 2015-2019**

Source: U.S. Census Bureau, 2015-2019 ACS Table B25032.

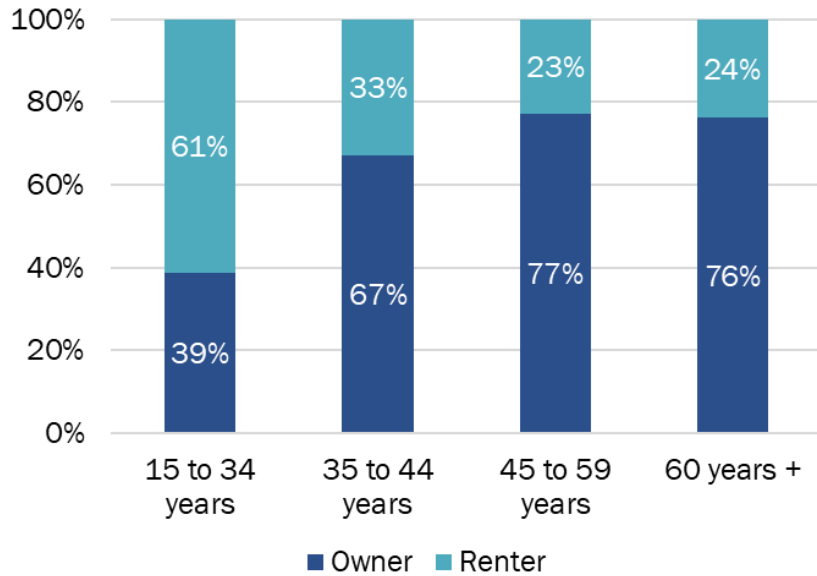


**Newberg's homeownership rate increased with the age of the household.**

In Newberg, about 76% of householders sixty years of age or older owned their homes.

**Exhibit 35. Housing Tenure by Age of the Head of Household, Newberg, 2015-2019**

Source: U.S. Census Bureau, 2015-2019 ACS Table B25007.

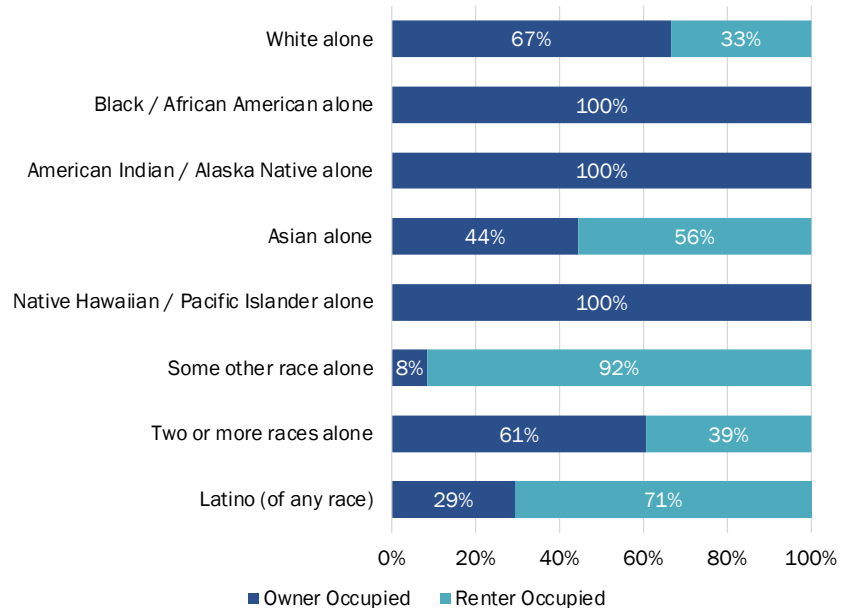


**A majority of households that identified as White Alone, Black Alone, American Indian Alone, Native Hawaiian Alone, and Two or more races alone own their own home.**

About 29% of households who identify as Latino (of any race) owned their own home.

**Exhibit 36. Tenure by Race and by Ethnicity, Newberg, 2015-2019**

Source: U.S. Census Bureau, 2015-2019 ACS Table B25003A-I. Note: For groups with small population sizes in Newberg, such as Black or African American alone, American Indian and Alaska Native alone, Asian alone, Native Hawaiian and other Pacific Islander alone, the potential for high margins of error is greater.



## Rent-Restricted and Emergency Housing

There are 9 government-assisted housing developments in Newberg with a total of 334 dwelling units. Nearly all of the 334 dwelling units (99%) are affordable units.<sup>20</sup>

- **Camellia Court Apartments** has 24 units of affordable housing for families.
- **Deborah Court** has 40 units of affordable housing for families.
- **Deskens Commons** has 55 units of affordable housing for families.
- **Fresa Park C** has 2 units of affordable housing for farmworkers.
- **Haworth Terrace Apartments** has 37 units for seniors, families, and people with disabilities.
- **Newberg Village** has 32 units of affordable housing for seniors.
- **Springbrook Place** has 15 units of affordable housing for persons with disabilities.
- **Vittoria Square** has 42 units of affordable housing for seniors.
- **Woodside Park** has 84 units of affordable housing for families.

Newberg had approximately 8,630 dwelling units in the 2015-2019 period. Rent-restricted units accounted for about 4% of Newberg's total housing stock.

None of Newberg's government-assisted housing developments specifically provide transitional housing for unhoused (homeless) individuals. Based on the 2020 Point-in-Time (PIT) count, Yamhill County had 520 unhoused individuals. Less than one-half (47%) were sheltered.

## Manufactured Homes

Manufactured homes provide a source of affordable housing in Newberg. They provide a form of homeownership that can be made available to low- and moderate-income households. Cities are required to plan for manufactured homes—both on lots and in parks (ORS 197.475-492).

Generally, manufactured homes in parks are owned by the occupants who pay rent for the space. Monthly housing costs are typically lower for a homeowner in a manufactured home park for several reasons, including the fact that property taxes levied on the value of the land are paid by the property owner, rather than the manufactured homeowner. The value of the manufactured home generally does not appreciate in the way a conventional home would, however, manufactured homeowners in parks are also subject to the mercy of the property owner in terms of rent rates and increases. It is generally not within the means of a manufactured homeowner to relocate to another manufactured home to escape rent increases.

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<sup>20</sup> Department of Oregon Housing and Community Services. (Jan. 2018). Affordable Housing Inventory in Oregon. Retrieved from: <http://www.oregon.gov/ohcs/Pages/research-multifamily-housing-inventory-data.aspx>.

For some manufactured homeowners, living in a park is desirable because it can provide a more secure community with on-site managers and amenities, such as laundry and recreation facilities.

Manufactured homes provide a source of affordable housing in Newberg. They provide a form of homeownership that can be made available to low- and moderate-income households. Cities are required to plan for manufactured homes—both on lots and in parks (ORS 197.475-492). Newberg has 8 manufactured home parks within its UGB. Within these parks, there are a total of 634 spaces (of which 10 spaces were vacant as of November 2020).

Exhibit 37. Inventory of Mobile/Manufactured Home Parks, Newberg UGB, 2018

Source: Oregon Manufactured Dwelling Park Directory.

Name	Location	Type	Total Spaces	Vacant Spaces	Zone and Comprehensive Plan
Azalea Gardens Mobile Manor	1103 N Springbrook Rd	Family	53	0	C-2 Community commercial
Chehalem Mobile Park	217 Old Hwy 99W	Family	46	0	R-2 Medium-density residential
Mountain View Mobile Home Park	2901 E 2nd St	55+	142	1	R-2 Medium-density residential
Newberg Mobile Park LLC	501 E Illinois St	55+	25	1	R-2 Medium-density residential
	2902 E 2nd Street				R-2 Medium-density residential
Nut Tree Ranch		55+	114	0	R-2 Medium-density residential
Ridgeview Village MHC	301 East Columbia Dr (Office)	Family	79	1	R-2 Medium-density residential
Springbrook Estates	1000 Wilsonville Road		125	7	R-2 Medium-density residential
	#76	Family			
Sunrise Estates	300 S Everest Rd	Family	50	0	R-2 Medium-density residential
<b>Total</b>			<b>634</b>	<b>10</b>	

## People Experiencing Homelessness

According to HUD’s 2021 Annual Homeless Assessment Report (AHAR), across the United States, the number of people experiencing *sheltered* homelessness has been decreasing since 2015, but the drop between 2020 and 2021 was steeper than in recent years.<sup>21</sup> It is likely that some of this decline is due to COVID-related precautions that resulted in fewer beds available (due to the need to have more space between beds). Other factors include people being unwilling to use shelter beds due to health risks as well as eviction moratoria and stimulus payments, which may have prevented people from needing emergency shelter.

<sup>21</sup> The U.S. Department of Housing and Urban Development (2021). The 2021 Annual Homeless Assessment Report (AHAR) to Congress. Office of Community Planning and Development.



Pandemic-related disruptions to *unsheltered* homelessness counts made it difficult to determine if this population is increasing or decreasing in communities. Many communities, including Newberg, chose not to conduct unsheltered PIT counts due to the risk of increasing COVID-19 transmission. While the communities that conducted unsheltered counts seem to indicate that this population did not increase, trends on unsheltered homelessness are known for only half of communities.

The Oregon Statewide Homelessness Estimates 2021 report from the Oregon Housing and Community Services presented two counts in their report – estimated and reported counts. The estimated counts were developed to address concerns that data limitations imposed by the COVID-19 pandemic resulted in an undercount.<sup>22</sup> This report uses the estimated count.

The following exhibits provide more localized estimates of homelessness in Newberg’s region.

**Yamhill County’s Point-in-Time Homeless count increased by 5% from 2015 to 2020.**

**Exhibit 38. Number of Persons Homeless, Yamhill County, Point-in-Time Count, 2015 and 2020**

Source: Oregon Housing and Community Services.

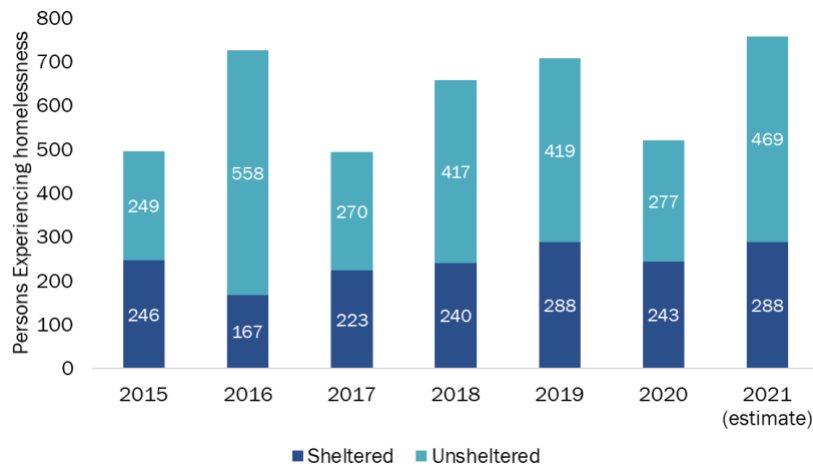
**495 Persons**      **520 Persons**  
2015                      2020

**Between 2015 and 2020, the number of persons that experienced sheltered homelessness decreased by 1% and the number of persons that experienced unsheltered homelessness increased by about 11%.**

**Exhibit 39. Point-in-Time Homelessness Estimates by Race and Ethnicity, Yamhill County, 2015-2021.**

Source: Annual Homeless Assessment Report (AHAR) data.

Note: OHCS reported two counts in 2021 – estimated and reported counts. This report uses the estimated counts.



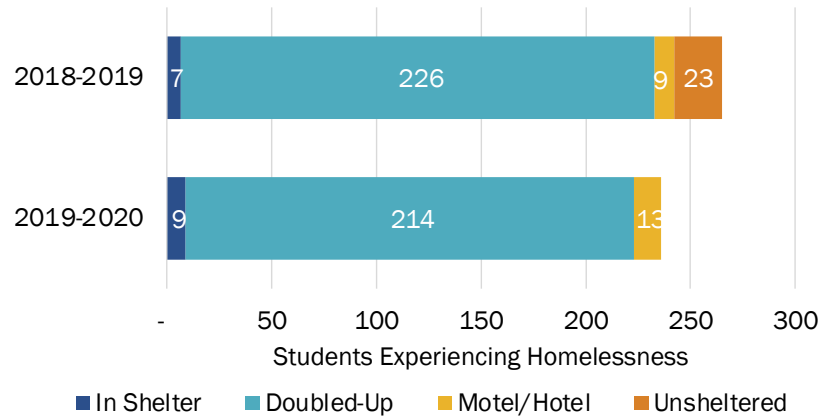
<sup>22</sup> The *reported* count for sheltered homelessness is what was collected/reported while the *estimated* count is the largest sheltered count reported during 2019-2021 in Yamhill County. For unsheltered, the 2021 PIT count is not available for all counties, so the report modeled it by adding the predicted 2019-2021 change, determined through analysis of past trends and other homelessness data, to the 2019 PIT count.

**From the 2018-19 school year to the 2019-20 school year, student homelessness decreased from 265 students to 263 students, a decrease of 2 students.**

Of the 263 students in 2019-20 experiencing homelessness, 27 were unaccompanied.

**Exhibit 40. Students Homeless by Living Situation, Newberg School District, 2018-2019 and 2019-2020**

Source: McKinney Vento, Homeless Student Data.



**Based on the Oregon’s Regional Housing Capacity Analysis, Newberg will need about 229 housing units to accommodate people experiencing homelessness in the 2020-2040 period**

**Exhibit 41. Estimate of Future Housing Need for People Experiencing Homelessness, Newberg, 2020 to 2040**

Source: From the Report *Implementing a Regional Housing Capacity Analysis Methodology in Oregon: Approach, Results, and Initial Recommendations* by ECONorthwest, August 2020.

**229 Dwelling Units**

New Units Needed for People Experiencing Homelessness (2020-2040)

**11 Dwelling Units**

Annual Average

## Housing Affordability Considerations

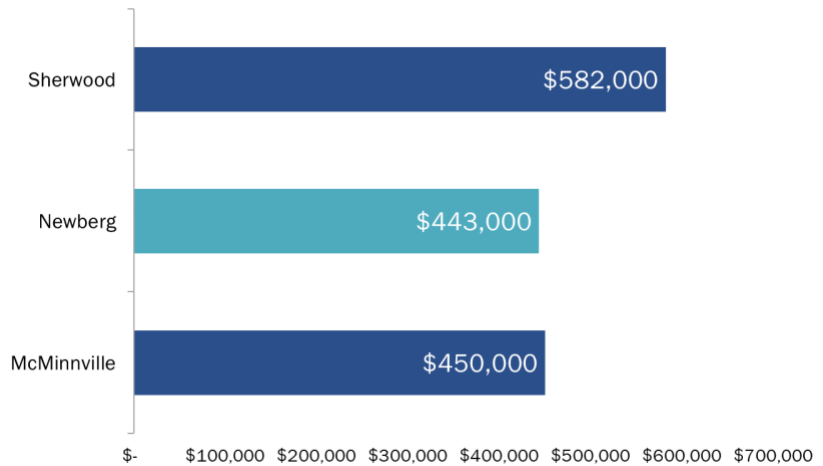
This section describes changes in sales prices, rents, and housing affordability in Newberg and a comparison of geographies. Both housing sale prices and rents have increased steadily in Newberg and Yamhill County over the last several years.

### Housing Sale Prices

**Newberg's median home sales price was \$443,000 in December of 2021.**

Exhibit 42. Median Home Sale Price, Newberg and Comparison Cities, December 2021

Source: Redfin 2021.

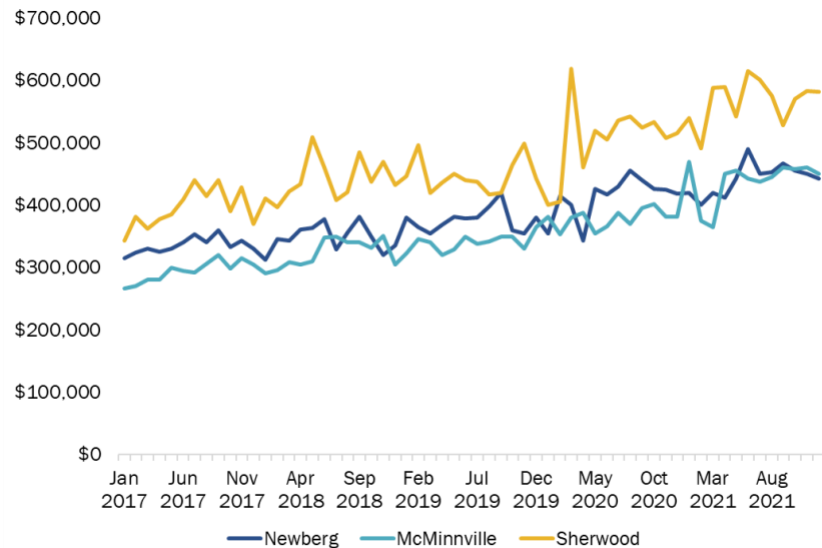


**Newberg's median home sale price was generally in line with other cities in the region.**

Between December 2017 and December 2021, the median sale price in Newberg increased by \$113,000 (34%).

Exhibit 43. Median Sales Price, Newberg Sub-Areas and Comparison Cities, 2017 through 2021

Source: Redfin 2021.



## Rental Costs

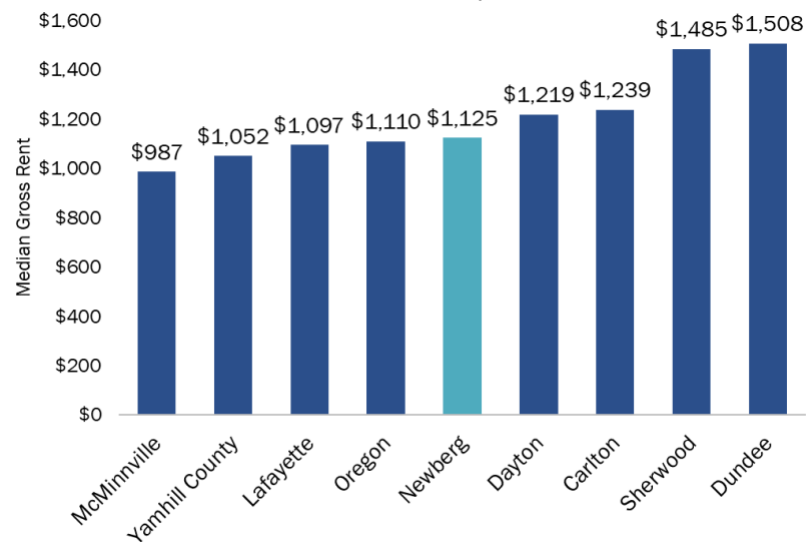
The median gross rent in Newberg was \$1,125 in the 2015-2019 period, up from \$633 in 2000. However, based on a survey of *currently available* rental properties in Newberg, the lowest asking rent for a one-bedroom studio apartment was about \$915 (Apartments.com, 2022).

Newberg has several new multifamily buildings that are not captured in the 2015-2019 ACS 5-year estimates. To get an understanding of current asking rents for newly built 2-bedroom multifamily units in Newberg, ECONorthwest contacted three multifamily developers and owners to obtain rent data. The median price of the observations for a 2-bedroom unit was \$1,450 (with an assumption of \$250 for utilities), which resulted in an estimate of \$1,700 in average rent.

**According to the 2015-2019 ACS, the median rent in Newberg was similar to the median rent in Oregon as a whole.**

Exhibit 44. Median Gross Rent, Newberg, Yamhill County, Oregon, and Comparison Cities, 2015-2019

Source: U.S. Census Bureau, 2015-2019 ACS 5-year estimate, Table B25064.

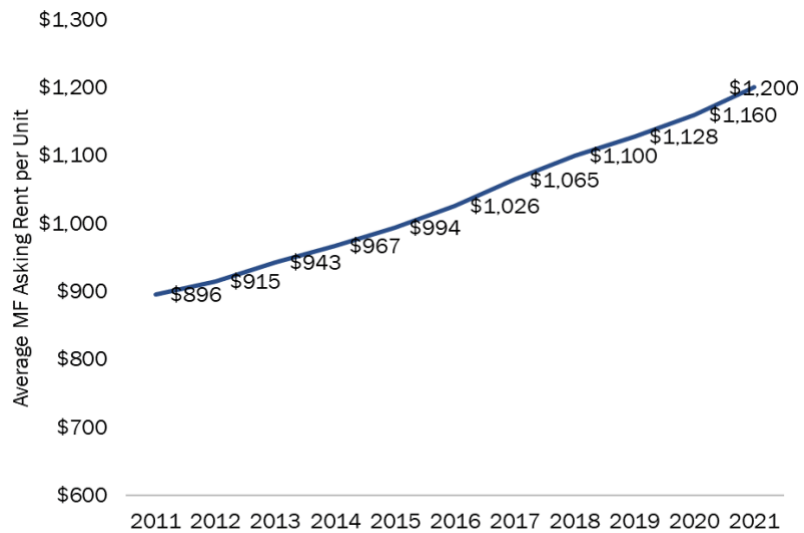


**The average asking price per multifamily unit in Newberg has increased steadily over the past decade.**

Between 2016 and 2021, Newberg’s average multifamily asking rent increased by about \$174, from \$1,026 per month to \$1,200 per month.

Exhibit 45. Average Multifamily Asking Rent per Unit, Newberg, 2011 through 2021

Source: CoStar 2021



## Housing Cost Burden

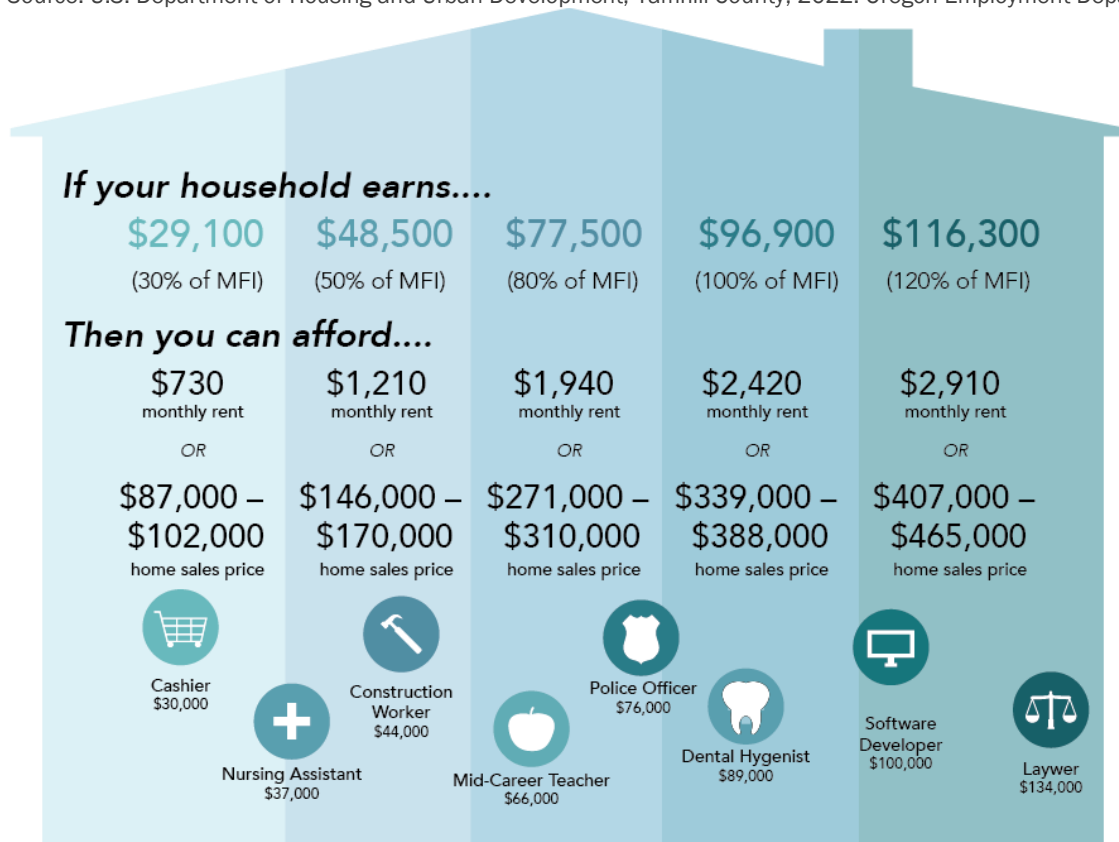
Financially attainable housing costs for households across the income spectrum in Yamhill County are identified in Exhibit 46. For example, a household earning Median Family Income (MFI) in Yamhill County (about \$96,900 per year)<sup>23</sup> can afford a monthly rent of about \$2,420 or a home roughly valued between \$339,000 and \$388,000 without cost burdening themselves.

In Newberg, a household would need to earn \$126,000 (131% of MFI for a family of four) to afford the median sales price of a home in Newberg (\$443,000). A household would need to earn about \$67,800 (70% of MFI for a family of four) to afford the rent of a new, market-rate, two-bedroom apartment in Newberg (\$1,700 per month).

<sup>23</sup> Note that Median Family Income for the region is different than Median Household Income (MHI) for Newberg. MFI is determined by HUD for each metropolitan area and non-metropolitan county. It is adjusted by family size – in that, 100% MFI is adjusted for a family of four. MHI is a more general term. MHI includes the income of the householder and all other individuals 15 years old and over in the household, whether they are related to the householder or not.

Exhibit 46. Financially Attainable Housing, by Median Family Income (MFI) for Yamhill County (\$96,900), Newberg, 2021

Source: U.S. Department of Housing and Urban Development, Yamhill County, 2022. Oregon Employment Department.



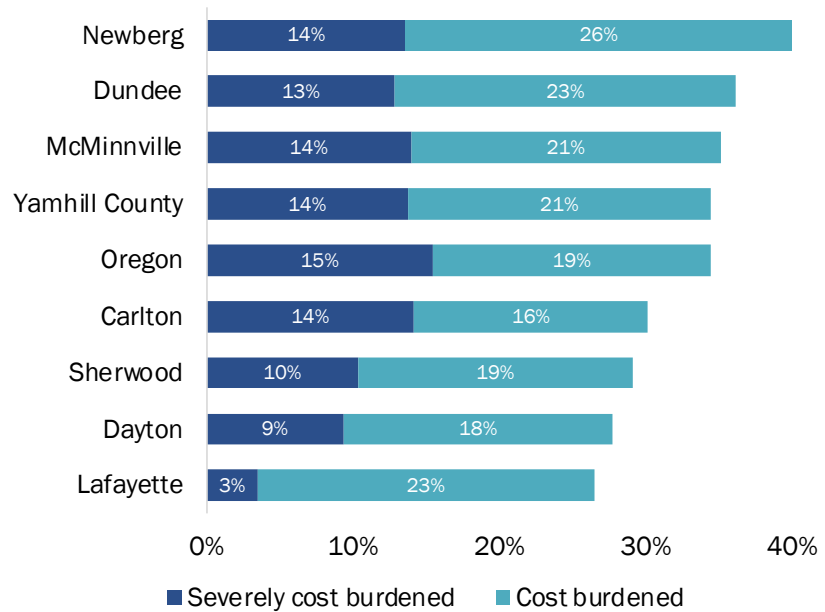
Because the local housing market cannot produce income-restricted, subsidized affordable housing at sufficient levels – and because it cannot often produce middle income/workforce housing without subsidy, 40% of households in Newberg are cost burdened (as Exhibit 47 through Exhibit 54 show). A household is defined as cost burdened if their housing costs exceed 30% of their gross income. A household that spends 50% or more of their gross income on housing costs is said to be severely cost burdened.

**Overall, about 40% of all households in Newberg were cost burdened.**

Newberg had a higher share of cost burdened households compared to Yamhill County and the state.

**Exhibit 47. Housing Cost Burden, Newberg, Yamhill County, Oregon and Other Comparison Cities, 2015-2019**

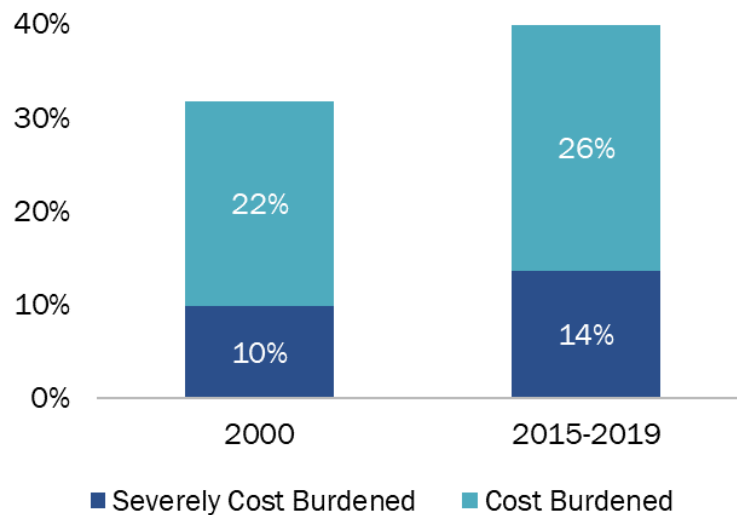
Source: U.S. Census Bureau, 2015-2019 ACS Tables B25091 and B25070.



**From 2000 to the 2015-2019 period, the number of cost-burdened and severely cost-burdened households grew by 8% in Newberg.**

**Exhibit 48. Change in Housing Cost Burden, Newberg, 2000 to 2015-2019**

Source: U.S. Census Bureau, 2000 Decennial Census, Table H094 and 2015-2019 ACS Tables B25091 and B25070.

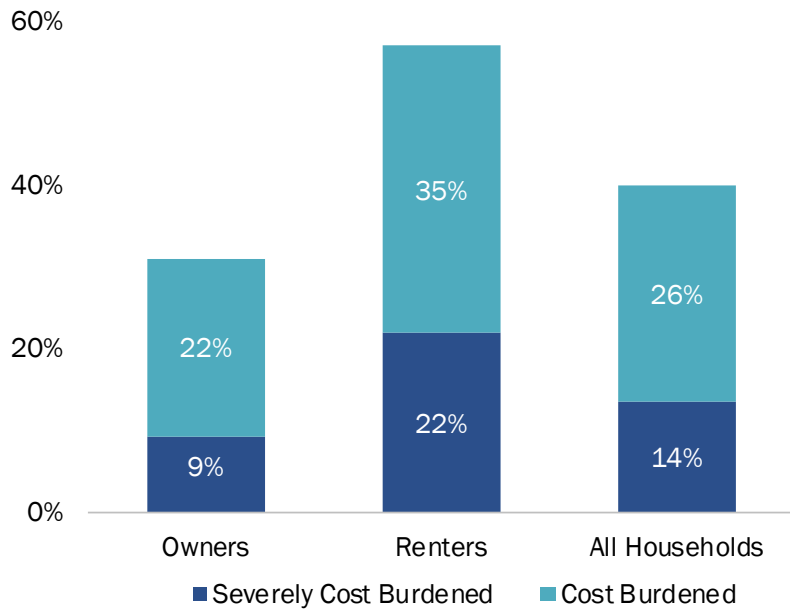


**Renters are much more likely to be cost burdened than homeowners.**

In the 2015-2019 period, about 57% of Newberg’s renters were cost burdened or severely cost burdened, compared to 31% of homeowners.

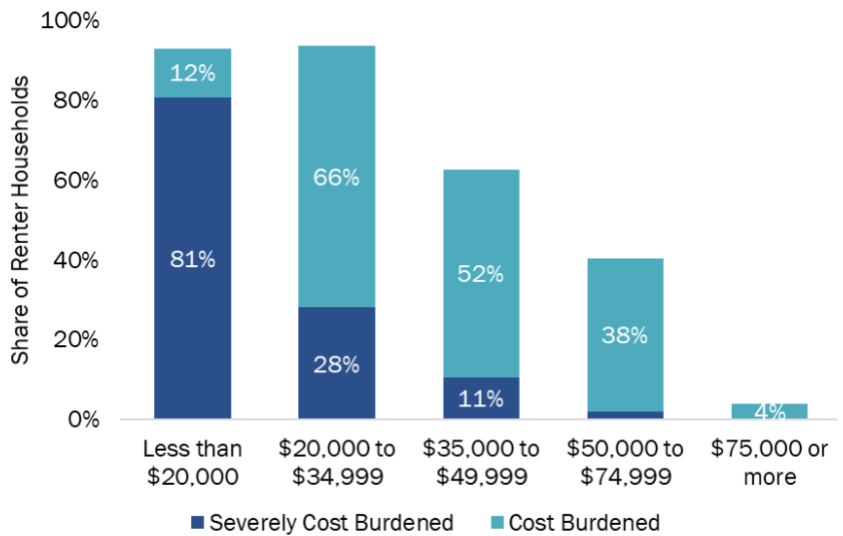
About 22% of Newberg’s renters were severely cost burdened (meaning they paid more than 50% of their income on housing costs alone).

Exhibit 49. Housing Cost Burden by Tenure, Newberg, 2015-2019  
Source: U.S. Census Bureau, 2015-2019 ACS Tables B25091 and B25070.



**Most households earning less than \$35k are cost burdened.**

Exhibit 50. Cost Burdened Renter Households, by Household Income, Newberg, 2015-2019  
Source: U.S. Census Bureau, 2015-2019 ACS Table B25074.

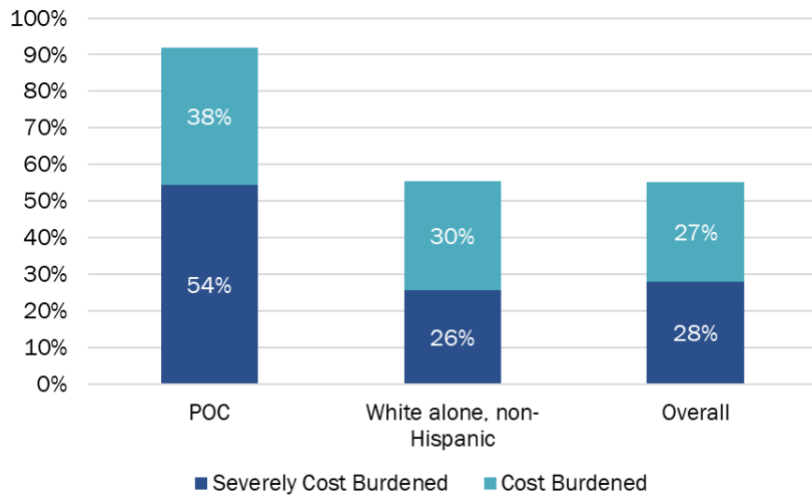




**Households with a POC head had much higher rates of cost burdening than white alone and overall households.**

54% of POC households were severely cost burdened, nearly double both white alone and overall households.

**Exhibit 51. Cost Burdened for POC, White non-Hispanic, and All Households, Newberg, 2014-2018**  
Source: CHAS (Comprehensive Housing Affordability Strategy), 2014-2018 Table 9.



**Households with a POC head had much higher rates of severe cost burdening across both renter and owner households than white households.**

15% of owner-occupied POC households were severely cost burdened, compared with only 8% of owner-occupied white households

**Exhibit 52. Cost Burdened by Tenure for POC, White non-Hispanic, and All Households, Newberg, 2014-2018**  
Source: CHAS (Comprehensive Housing Affordability Strategy), 2014-2018 Table 9.

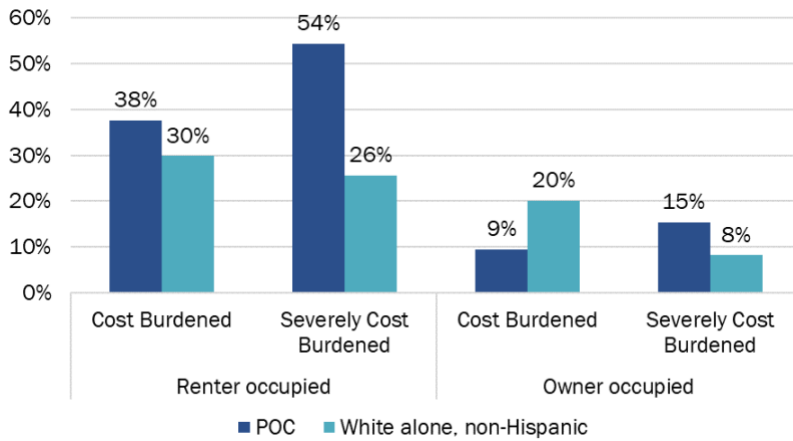


Exhibit 53 and Exhibit 54 show cost burden in Oregon for renter households for seniors, people of color, and people with disabilities.<sup>24</sup> This information is not readily available for a city with a population as small as Newberg, which is why we present statewide information. These exhibits show that these groups experience cost burden at higher rates than the overall statewide average.

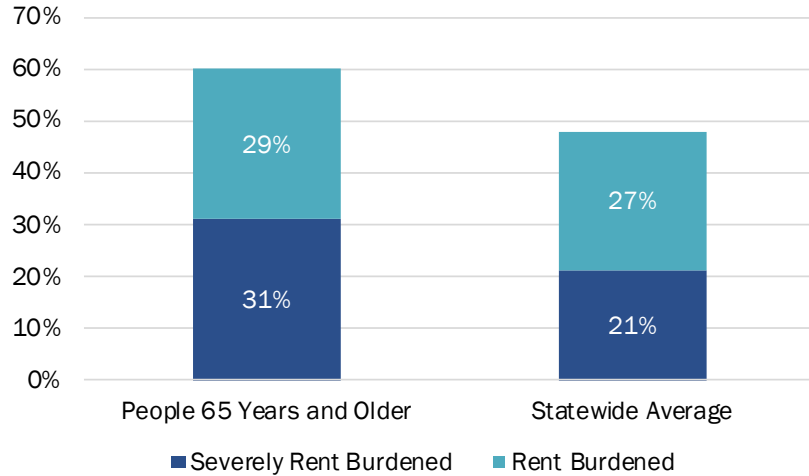
<sup>24</sup> From the report *Implementing a Regional Housing Needs Analysis Methodology in Oregon*, prepared for Oregon Housing and Community Services by ECONorthwest, March 2021.

**Renters 65 years of age and older were disproportionately rent burdened compared to the state average.**

About 60% of renters aged 65 years and older were rent burdened, compared with the statewide average of 48% of renters.

**Exhibit 53. Cost-Burdened Renter Households, for People 65 Years of Age and Older, Oregon, 2018**

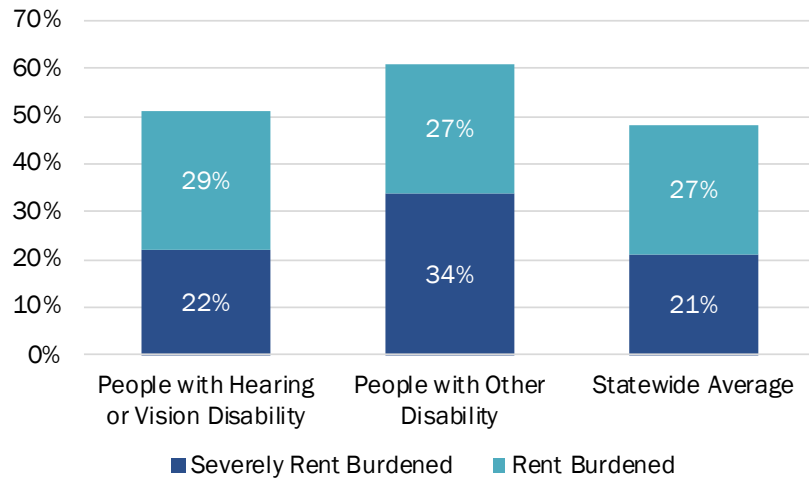
Source: Census, 2018 ACS 1-year PUMS Estimates. From the Report *Implementing a Regional Housing Needs Analysis Methodology in Oregon: Approach, Results, and Initial Recommendations* by ECONorthwest, August 2020.



**Renters with a disability in Oregon were disproportionately cost burdened.**

**Exhibit 54. Cost-Burdened Renter Households, for People with Disabilities, Oregon, 2018**

Source: Census, 2018 ACS 1-year PUMS Estimates. From the Report *Implementing a Regional Housing Needs Analysis Methodology in Oregon: Approach, Results, and Initial Recommendations* by ECONorthwest, August 2020.



## Findings from Outreach and Engagement

### Affordable Housing Citizens Advisory Committee

The Committee began meeting in July 2008 and reviewed a broad range of actions that could be taken to encourage affordable housing in Newberg. In 2009, the [Affordable Housing Action Plan](#) was adopted from the work of this committee.

### Housing Newberg Group

A group consisting of 38 stakeholders comprised of community members, including housing developers; major employers; elected officials; city staff; housing advocates; faith community leaders; and members with expertise in property management, real estate sales, and mortgage lending. This group met 8 times between October 2016 and October 2017 to work toward constructive recommendations for the development of a range of housing types – from high-density apartments to single-family detached homes.

Key recommendations from this group included: inclusion of high-density land with annexation, allow ADUs as an outright permitted use, creation of a Construction Excise Tax (CET) program, education/community awareness, missing middle housing, subsidized work and living spaces, expedited review and permitting, public street standards that reduce the amount of public right-of-way and still meet fire department requirements, and system development charge (SDC) deferrals/loans.

### HB 4006 Community Discussions on Rent-Burdened Households: Cause and Solutions

Community meetings were held in 2018, 2019, 2020, and 2022 related to the causes of households being rent burdened in Newberg and discussion around solutions.

Key outcomes: better knowledge for community members on what it means to be rent or mortgage burdened and severely cost burdened and the challenges those folks experience. Created discussions among community members on solutions and opportunities to help those folks and create more affordable housing in Newberg.

### Middle Housing Open Houses and Surveys

In 2020 and 2021, there were communitywide virtual open houses and surveys about HB 2001 and the middle housing code updates. The first survey received 192 total responses and the second survey received 72 total responses. The second virtual open house had about 10 community members present.

Key outcomes: The information from the open houses and surveys informed the code amendments for middle housing. In June 2021, duplex code amendments were adopted. In December 2021, the other middle housing (triplexes, quadplexes, cottage clusters, and townhomes) code amendments were adopted.

## Key Terms in the HPS

This appendix presents applicable key terms used in Newberg’s Contextualizing Housing Needs report. Per the Department of Land Conservation and Development, the following key terms will be incorporated into the Definitions section of OAR 660-008 (if they are not already):

- **Consumers of Needed Housing:** any person who inhabits or is anticipated to inhabit Needed Housing, as described in the definition of “Needed Housing” in ORS 197.303.
- **Housing Production Strategy Report:** the report cities must adopt within one year of their deadline to complete an updated Housing Capacity Analysis, pursuant to OAR 660-008-0050.
- **Housing Production Strategy:** a specific tool, action, policy, or measure a city will implement to meet the housing needs described in an adopted Housing Capacity Analysis. A Housing Production Strategy is one component of a Housing Production Strategy Report.
- **Needed Housing:** housing types determined to meet the need shown for housing within an urban growth boundary at particular price ranges and rent levels, including (but not limited to) renter and owner-occupied attached and detached single-family housing, multifamily housing, and manufactured homes.
- **Producers of Needed Housing:** developers, builders, service providers, or other persons or entities providing materials and funding needed to build housing. Producers of Needed Housing may include nonprofit organizations or public entities.
- **Unmet Housing Needed:** occurs when housing need determined pursuant to subsection(3)(b) is greater than the housing capacity (i.e., buildable residential land is insufficient to accommodate demand for housing).

# Appendix B: Evaluation Criteria for Actions

## Preliminary evaluation of each action

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

### Income Level Served

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

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

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

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

## Impact for Housing Development

For many of the actions described below, we give an approximate scale of impact. **The purpose of the scale of impact is to provide some context for whether the policy tool generally results in a little or a lot of change in the housing market.** The scale of impact depends on conditions in the City, such as 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.
<i>~1-3% of needed housing 32 to 95 new dwelling units<sup>25</sup></i>	<i>~3% to 5% of needed housing 95 to 158 new dwelling units</i>	<i>~5% to 10% (or more) of needed housing 158 to 317 new dwelling units</i>

## 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 ongoing 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 ongoing 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 ongoing 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.

<sup>25</sup> Newberg’s Housing Needs Analysis projects that the City will grow by 3,169 new dwelling units in Newberg between 2021 and 2041 to accommodate new population growth.

## Feasibility

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

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

## Flexibility

Flexibility assesses whether the action can be flexibly used to achieve multiple outcomes. Does the action 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.

# Appendix C: Trends in Gentrification and Displacement Risk in Newberg

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DATE: August 2, 2022  
TO: Mary Heberling-Creighton and Doug Rux  
FROM: Beth Goodman, Emmanuel Lopez, and Justin Sherrill  
SUBJECT: Trends in Gentrification and Displacement Risk in Newberg

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As the City of Newberg develops its Housing Production Strategy, staff are interested in understanding current trends in gentrification and displacement risk in Newberg. The Housing Production Strategy Project Team will use this information to inform potential actions that the City could take to mitigate the risk that the city's most vulnerable populations would be displaced from their housing.

The high-level results of our analysis reveal that:

- **The majority of Newberg residents live in neighborhoods that are at risk of gentrification.** Approximately 59% of households live in areas that are either susceptible to or in the early stages of gentrification. These areas generally have high levels of socioeconomic vulnerability, which may lead to housing insecurity or displacement. The only part of Newberg showing little to no gentrification risk is the city's northwestern area.
- **Newberg has a substantial number of households that are at-risk of displacement and are socioeconomically vulnerable, especially in the southern parts of the city.** Compared to the rest of the Metro region,<sup>26</sup> Newberg has higher concentrations of vulnerable populations such as people with less than a Bachelor's degree, Hispanic population, and People of Color.

In the following sections, we will examine results and trends in further detail. An overview of the methodologies used in this analysis are within this memorandum.

## Analysis Methodology

ECONorthwest conducted this analysis by combining two parallel models that look at 1) where the city's most **socioeconomically vulnerable populations** are currently clustered and (2) where **gentrification** has been most rapidly advancing within Newberg since 2010.

Within the **socioeconomic model**, we designed a model that identified the Newberg surrounding Metro region's most disproportionately cost-burdened demographic groups (such

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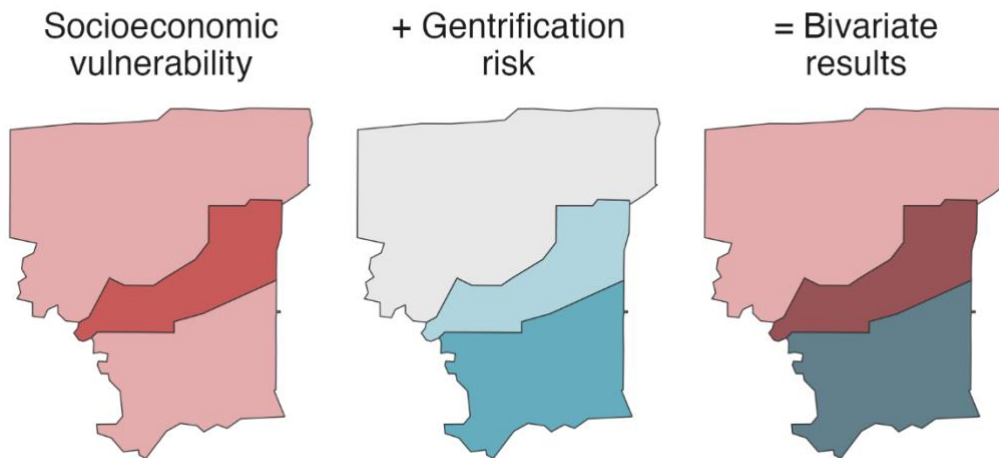
<sup>26</sup> The Metro region comprises all cities within the Multnomah, Washington, and Clackamas Counties.



as households with children present or households with people of color, or households with people with a disability) using 2016-2020 ACS PUMS data, then compiled Census tract-level estimates of these demographic groups.

Within the **gentrification model**, we used Dr. Lisa Bates’ 2018 gentrification methodology that the Portland Bureau of Planning and Sustainability (BPS) used for the city of Portland, which identifies areas in different stages of gentrification, from stable (low risk of gentrification) to early-stage gentrification to late-stage gentrification. The data we used was like the data Dr. Bates used but shifted over a few years for ease of accessibility. For example, rather than using the decennial census, we used American Communities Surveys for the years of 2006-2010, 2011-2015, and 2016-2020. For housing market conditions, we utilized Property Radar data to capture median sale prices within a census tract for the years of 2010 and 2020.

Exhibit 55. Bivariate Analysis Outline



### Socioeconomic Vulnerability Methodology

In this part of the analysis, ECONorthwest answers the question, “Who is most likely to be displaced if housing market conditions were to further appreciate in price or stay the same?”

We began with identifying groups that are inequitably burdened by housing costs, meaning that these groups have higher rates of cost burden compared to all households. First, we developed a weighted vulnerability indexing analysis based on Oregon’s 2019 Public-Use Microdata Survey (PUMS) data at the state level to identify demographic groups that are unequally burdened by housing costs. This means that a given group’s share of the state’s cost-burdened households is greater than its total share of all state households. For example, households with a Hispanic/Latino head comprise 8.6% of the state’s households, but 13.4% of the state’s cost-burdened households – a difference of 4.8% points.

Our analysis identified six demographic groups that were most disproportionately burdened:

- Households with children present
- People of Color (neither White non-Hispanic, nor Hispanic/Latino people are included in this group)
- People of Hispanic/Latino origin, any race
- People five years and older who speak English “not well”
- People with one or more disabilities
- People 25 years and older who have an educational attainment of less than a Bachelor’s degree

Disproportionate cost burdening varies across the state. To capture this variation, ECONorthwest compared disproportionate cost burdening among these groups for six geographic areas of the state and compared levels of disproportionate cost burden among the demographic groups for Census tracts in Newberg with state and regional results.<sup>27</sup>

The result of this analysis is identification of Census tracts with lower and higher percentages of people in vulnerable groups. Census tracts with higher vulnerability levels would indicate places where it is more likely that not only current, but, absent any intervention, where continued housing cost burdening and possible displacement are more likely to occur.

### Gentrification & Displacement Methodology

Gentrification has many definitions such as *“a process of neighborhood change that includes economic change in a historically disinvested neighborhood —by means of real estate investment and new higher-income residents moving in – as well as demographic change – not only in terms of income level, but also in terms of changes in the education level or racial make-up of residents.”*<sup>28</sup> This analysis uses the methodology developed by Dr. Lisa Bates at Portland State University in tandem with the City of Portland’s Bureau of Planning and Sustainability (BPS) in their [“2018 Gentrification And Displacement Neighborhood Typology Assessment.”](#)<sup>29</sup>

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<sup>27</sup> ECONorthwest rank-ordered vulnerable demographic groups by six geographic areas of the state. We used the rank (1 through 6) as a weighting factor. Based on this rank-ordered list, we next used tract-level 2019 ACS estimates of all six demographic groups to calculate each tract’s percentage of its region’s total number of vulnerable groups. This share was then converted to decile ranks, and each decile rank was multiplied by the rank-ordered weighting factor. These “scores” were then summed for each tract, with total scores ranging between 21 and 210. Lastly, this score was then divided by the maximum possible value to compute a more intuitive percentage value, with “100%” indicating tracts with the **highest** levels of **all** vulnerable demographic groups.

<sup>28</sup> Chapple, K., & Thomas, T., and Zuk, M. (2021). Urban Displacement Project website. Berkeley, CA: Urban Displacement Project.

<sup>29</sup> In a previous anti-displacement in gentrification analysis, Dr. Lisa Bates of Portland State University and BPS used a large sample of 168 census tracts (as of 2019 Census Tract estimates) to measure and compare statistics. In this analysis ECONorthwest sought to maintain consistency with the previous methodology. Given that the City of Newberg has just 3 tracts, we used regional-level data to calculate the baseline statistics for each of the indicators of

The analysis identifies Census tracts in Newberg where gentrification is taking place or may take place in the future. These tracts where place-specific ordinances and location-specific research can serve to protect vulnerable populations and determine how much the data matches the lived experience of residents on the ground.

The Gentrification and Displacement Risk Analysis methodology used in this analysis mirrors closely to what BPS and Dr. Lisa Bates utilized in 2018 with an additional typology, explained below.<sup>30</sup> The analysis considers the following characteristics:<sup>31</sup>

- **Vulnerable populations** are ones with:
  - High rates of renting households relative to the region
  - Large shares of communities of color relative to the region
  - Large shares of adults (25 years and older) without a four-year degree relative to the region
  - Large shares of low-income households (below 80% Median Family Income) relative to the region
- **Demographic changes** (over the last decade or so) require three of the following four conditions being true or the **two bolded** were true:
  - Share of homeowners increased or decreased slower than the regional average
  - **Share of white population increased or decreased slower than the regional average**
  - **The share of adults with a four-year degree increased faster than the regional average**
  - Median household income increased faster than the regional average
- **Housing market conditions** are Census tracts with the following conditions:
  - **Adjacent tracts:**
    - Had low or moderate 2010 home values/rents
    - Experienced low or moderate 2010-2020 appreciation (or 2015-2020 rental appreciation)

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gentrification and social vulnerability analysis. We compared Newberg against the regional analysis. The intention behind this was to provide a more robust picture for what the City of Newberg should compare itself to. It would not have been effective to compare the city of Newberg only to the city of Newberg and Salem, but instead to compare it to the entire region to provide a more accurate depiction of housing market conditions, socioeconomic vulnerability, and other considerations in the analysis.

<sup>30</sup> The methods used by ECONorthwest draw from the work of Dr. Lisa Bates and BPS, but used the observation years of 2010, 2015, and 2020 for both Census and American Communities Surveys years.

<sup>31</sup> More information about the definitions for the “Vulnerable Population,” “Demographic Change,” and “Housing Market Condition” can all be found in the [2018 report here](#).

- Touched the boundary of at least one tract with high 2020 values and/or high 2010 appreciation (or 2010-2020 rental appreciation)
- **Accelerating tracts:**
  - Had low or moderate 2020 home values/rents
  - Experienced high 2010-2020 appreciation (or 2010-2020 rental appreciation)
- **Appreciated tracts:**
  - Had low or moderate 2010 home values/rents
  - Had high 2020 home values/rents
  - Experienced high 2010-2020 appreciation

This analysis of change (in populations, demographics, and housing markets) over time is completed at the regional and Census-tract levels, rather than at the household level. A basic limitation of census and ACS data is that they cannot provide longitudinal data on individual households between surveys (e.g., over +10-year spans of time). Whether or not low-income families in Newberg have been displaced from other neighborhoods in that time (tracts labeled Late: Type 1 or Dynamic) requires a much deeper level of analysis and qualitative analysis done by either academics or the City.

Exhibit 56 shows a summary of the typologies used in this analysis. They are:

- **Early-Stage Gentrification.** These tracts have not started to gentrify or show early signs that they could be gentrifying.
  - **Susceptible.** These tracts have higher shares of vulnerable populations but have not yet experienced demographic changes. Their housing market sales and rents were low or moderate in costs, but they are adjacent to tracts whose housing costs are already high or are increasing rapidly.
  - **Early: Type 1.** These tracts have higher shares of vulnerable populations but have not yet experienced demographic changes. Their housing market is still low or moderate in cost but has experienced high appreciation since 2010.
  - **Early: Type 2.** These tracts have higher shares of vulnerable populations but have experienced demographic changes showing the loss of vulnerable populations. Their housing market is low or moderate in costs, but they are adjacent to tracts whose housing costs are already high or are increasing rapidly.
- **Mid-Stage Gentrification.**
  - **Dynamic.** These tracts are currently undergoing gentrification. They have higher shares of vulnerable populations and have experienced demographic changes by losing vulnerable populations. Their housing market is still low or moderate in costs but has experienced high appreciation since 2010.

- **Late-Stage Gentrification.** These tracts have mostly gentrified but vulnerable populations may still reside in there. The housing market has completely shifted from low or moderate to high housing costs.
  - **Late: Type 1.** These tracts have higher shares of vulnerable populations but have experienced demographic changes by losing vulnerable populations proportionally. Their housing market used to be low or moderate in 2010 but has appreciated rapidly since, and now values are high.
  - **Late: Type 2.** These tracts no longer have high shares of vulnerable populations like they used to in 2010. They have experienced demographic changes by losing their once-high share of vulnerable populations. Their housing market is still low or moderate but has experienced high appreciation since 2010.
  - **Continued loss.** These tracts no longer have high shares of vulnerable populations like they used to in 2010 or in 2015. The share of white people is growing and/or the share of people with a four-year degree is growing. Their housing market used to be low or moderate in 2010 but has appreciated rapidly since, and now values are high.
- **Stable Low-Vulnerability Communities.** These tracts are ones that have had historically low levels of vulnerable populations relative to the region (from 2010-2020).

Exhibit 56. Gentrification/Displacement Methodology<sup>32</sup>

Typology	Vulnerable Population?	Demographic Change?	Housing Market Condition
<b>Early-Stage Gentrification</b>			
Susceptible	Yes	No	Adjacent
Early: Type 1	Yes	No	Accelerating
Early: Type 2	Yes	Yes	Adjacent
<b>Mid-Stage Gentrification</b>			
Dynamic	Yes	Yes	Accelerating
<b>Late-Stage Gentrification</b>			
Late: Type 1	Yes	Yes	Appreciated
Late: Type 2	Used to be in 2010 or 2015	Yes	Accelerating
Continued Loss	Used to be in 2010 or 2015	Increasing share of white people and adults with bachelor's degree	Appreciated
Stable - Low Vulnerability **	No	No	Any**

<sup>32</sup> \*\* The Stable – Low Vulnerability typology was developed to show tracts that have historically not had a vulnerable population (between 2010 and 2020) while also experiencing low amounts to no demographic change.

## What areas in Newberg have the greatest risk of gentrification and displacement?

The most at-risk areas are in the central and southern areas of Newberg, while the more stable, low-risk neighborhoods are located north of the downtown area and railroad line and east of Springbrook Road.

About a third of Newberg households (~31%) live in Census tracts that are in the early stages of gentrification, while around a quarter (28%) live in an area in late-stage gentrification. The remaining 40% are in low-risk areas (see Exhibit 58).

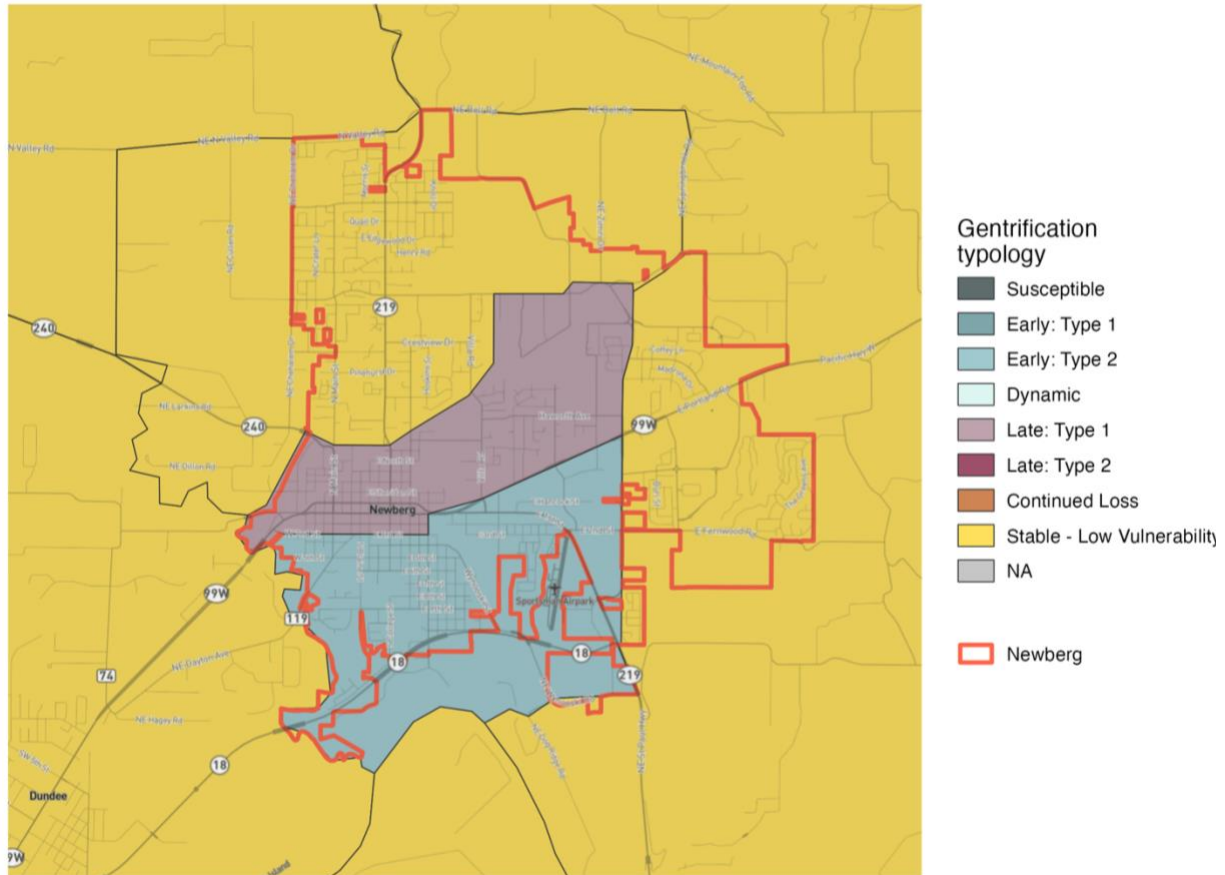
**One tract in Newberg is classified as Early: Type 2, another is Late: Type 1** (see Exhibit 57). Demographic changes and housing price increases suggest that these areas are in the early stages of gentrification. This indicates that economically vulnerable neighborhoods may be at risk of experiencing gentrification, which ultimately leads to rising housing costs, and potentially displacement. Early: Type 2 may indicate that some areas are already experiencing demographic change and gentrification to some degree and that these areas are also adjacent to high-priced housing markets. However, with the closest tract to that one being in the later stages of gentrification (Late: Type 1 - which tends to indicate a much higher demographic change while also indicating higher-value homes and rents), this demonstrates that populations may have already experienced displacement due to gentrifying neighborhoods previously because the housing values are now considered high for the (Metro) region.

**Areas in Newberg's northern and eastern regions and just outside the city are generally classified as Stable – Low Vulnerability** (see Exhibit 57). In these neighborhoods, incomes and housing prices are generally higher and have not changed at a greater rate than the regional average during the study period (2010-2020).

Exhibit 57 shows Newberg's gentrification typology by census tract.

### Exhibit 57. Gentrification Typology by Tract

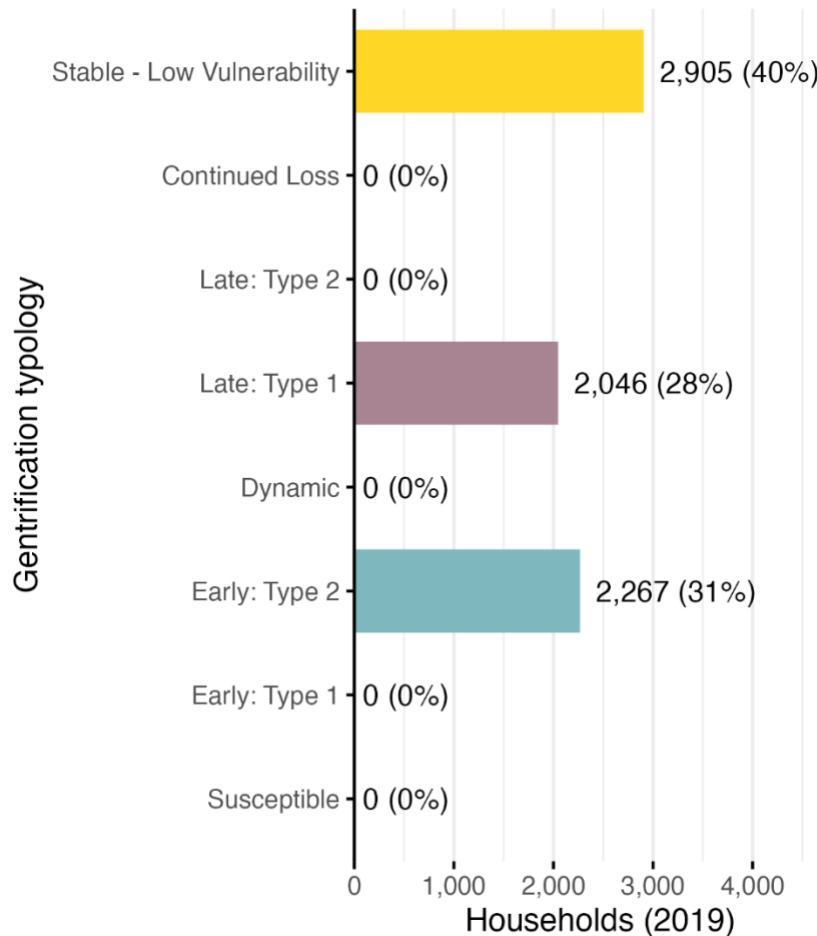
Source: ACS 2010, 2015, 2019 (5-year), RLIS, ECONorthwest, Bates/BPS



Fifty-nine percent (59%) of households in Newberg live in tracts that are in the early or later stages of gentrification, as shown in Exhibit 58. While this does not necessarily indicate that a little over half of *all households* are at risk of gentrification or have already experienced gentrifying neighborhoods, it indicates that the majority of Newberg shows signs of housing instability relative to its surrounding region.

Exhibit 58. Total Newberg Households by Tract Gentrification Typology

Source: ACS 2010, 2015, 2019 (5-year), RLIS, ECONorthwest



### Neighborhood-Level Observations Results

Gentrification can be quite a nuanced topic. While the data presents one story about an entire census tract, Newberg’s neighborhoods that are in the process of being gentrified may be a much smaller portion of that Census tract.

For Newberg, most tracts and households within those tracts fall under the definition of **Early: Type 2** and **Late: Type 1**. These typologies are characterized by having high levels of economic vulnerability, higher rates of demographic change, and having either nearby tracts (called “adjacent” tracts) becoming more valuable (rents and/or sale prices appreciating quickly) or being in an “appreciated” tract where rent values and home sale prices rose drastically between 2010 and 2020. These tracts are ones where the City may want to focus active monitoring to make sure that residents who are already cost burdened are not forced to leave due to gentrification.



## Where do Newberg’s most vulnerable residents live?

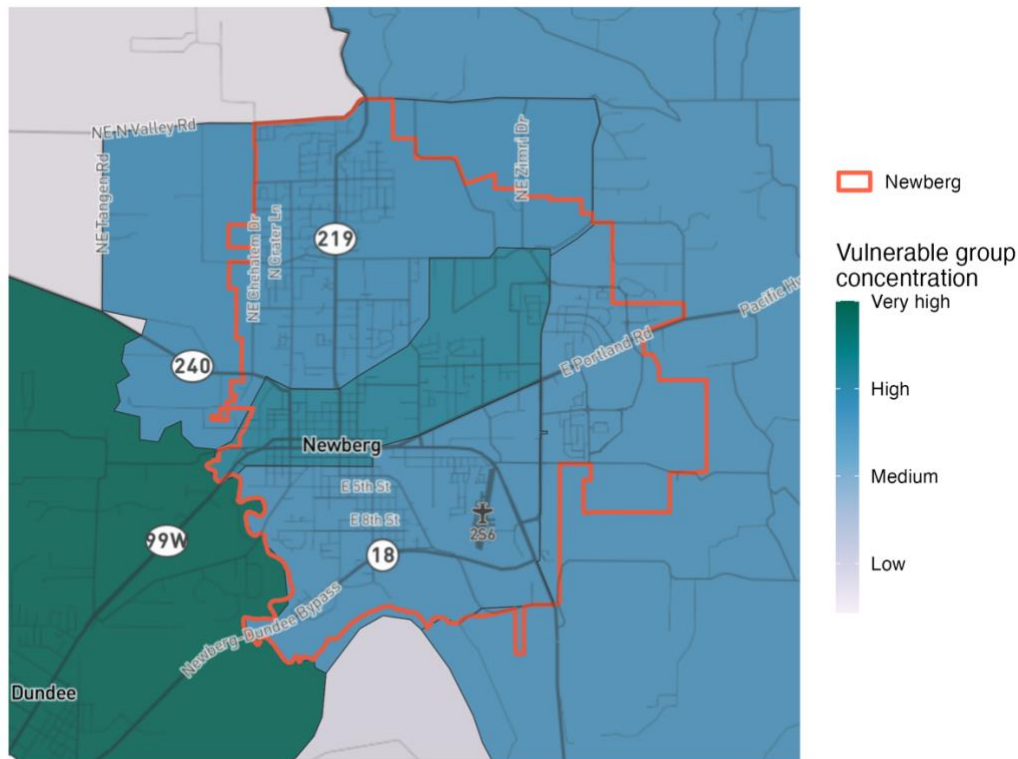
While the previous section provides information on how tracts in Newberg have or have not gentrified, based in part on the Dr. Bates/BPS methodology, this does not answer the question of which neighborhoods and demographic groups are most disproportionately burdened by housing costs. To address this issue, ECONorthwest developed a separate model (described on page 102) using ACS/census datasets to determine which tracts in Newberg are most acutely and unequally burdened by housing prices – the implication being that, should trends hold, the most burdened households today will likely be the first to be displaced tomorrow.

Tracts showing higher levels of vulnerability are mainly clustered around Newberg’s central boundary, but the rest of the city has moderate levels of vulnerability.

Exhibit 59 shows the results of the Socioeconomic Vulnerability model. These “medium-high” tracts contain the combined largest shares of the region’s most disproportionately cost-burdened demographic groups, such as people without a bachelor’s degree or higher, people of color, and people living with one or more disabilities. Lower-vulnerability tracts in Newberg are mostly found in the northern and southern ends of the city. The most vulnerable tract in Newberg is located in the central portion of the city. However, relative to the region, Newberg overall does not exhibit signs of severe levels of vulnerability. The tract just outside of southwest Newberg, in Dundee, is experiencing much higher rates of social vulnerability than any tract in Newberg.

Exhibit 59. Overall Socioeconomic Vulnerability by Tract

Source: ACS 2010, 2015, 2019 (5-year), RLIS, ECONorthwest



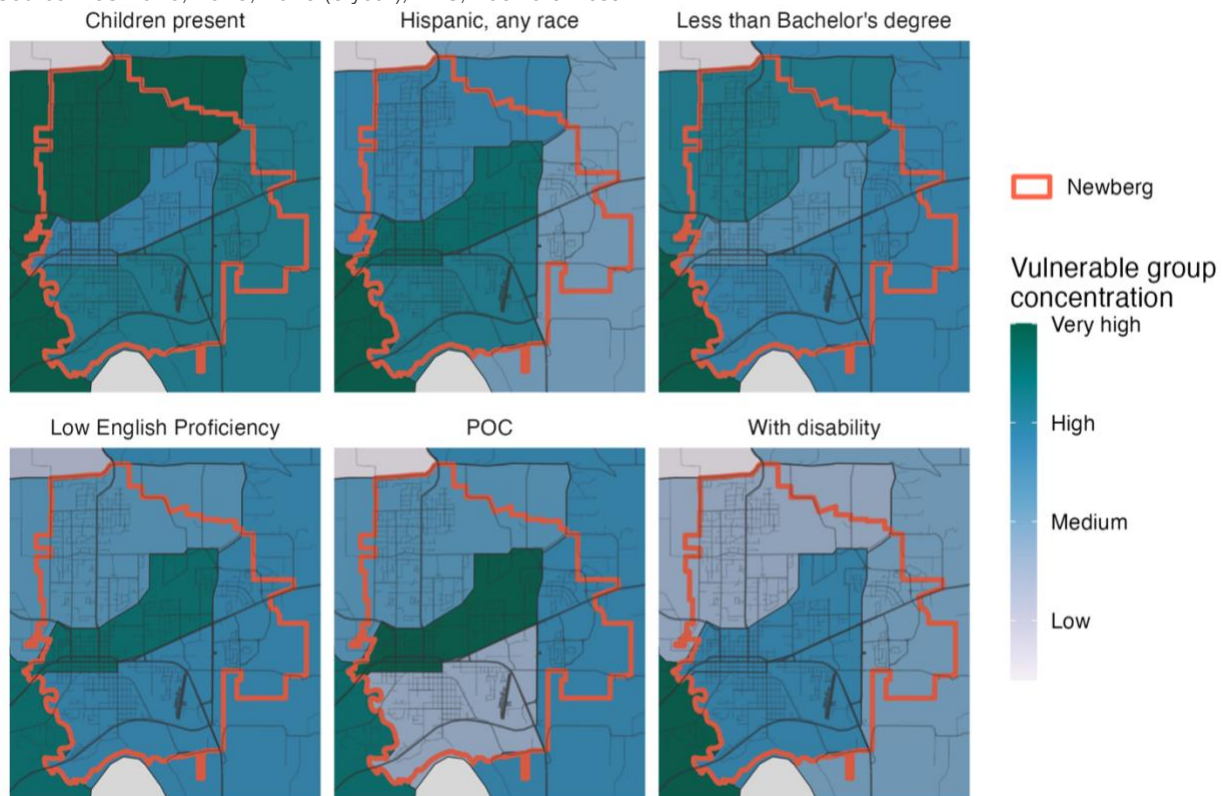
## Who is most likely to be displaced if housing market conditions continue to appreciate or stay the same?

Some interesting trends include a noticeable clustering of People of Color (POC) and Hispanic households in central Newberg, but more evenly distributed moderate rates of Less than a Bachelor’s degree and Children Present populations across the City. Exhibit 60 shows the results of our Socioeconomic Vulnerability analysis, broken out by each demographic group examined.

Across the state of Oregon, having less than a Bachelor’s degree was the strongest determinant of cost-burdened households. Newberg’s largest vulnerable group is Less than a Bachelor’s degree, though this group can also include relatively more financially secure elderly or retired residents.

**Exhibit 60. Vulnerable Group Concentration by Tract**

Source: ACS 2010, 2015, 2019 (5-year), RLIS, ECONorthwest



Note: LEP is Limited English Proficiency  
POC is People of Color

Exhibit 61 depicts the combined Socioeconomic Vulnerability model results in terms of number of households or population (depending on the specific census topic) that reside in tracts with intersecting gentrification typologies and socioeconomic vulnerability groupings. For instance, we find that the most common intersection of our model is the 3,219 people living in stable –

low vulnerability tracts and having an educational attainment of less than a bachelor’s degree. These groups are not mutually exclusive, so many demographic traits would be counted multiple times (i.e., a POC head of household, with children present, and with someone in the household having a disability).

Exhibit 61. Estimated Households or Population by Vulnerability Group and Gentrification Typology  
Source: ACS 2010, 2015, 2019 (5-year), RLIS, ECONorthwest

Gentrification Typology	Stable - Low Vulnerability	1,019	723	3,219	77	462	489
	Continued Loss	0	0	0	0	0	0
	Late: Type 2	0	0	0	0	0	0
	Late: Type 1	636	1,222	2,529	218	957	663
	Dynamic	0	0	0	0	0	0
	Early: Type 2	711	1,021	3,011	84	267	684
	Early: Type 1	0	0	0	0	0	0
	Susceptible	0	0	0	0	0	0
			Children present (Households)	Hispanic, any race (Population)	Less than Bachelor's degree (Population)	Low English Proficiency (Population)	POC (Population)
Vulnerable Group							

Footnote 1. The color gradients demonstrate the total number of households, with light pink/red being low and dark red being high.

Most socioeconomically vulnerable residents in Newberg are in the “Less than Bachelor’s Degree” group, which falls in line with high degrees of housing cost burdening across the state of Oregon. This sub-group is concentrated in tracts that have started the process of gentrifying or are in the later stages of gentrification, thus placing them even more at risk.

## Where do areas with higher gentrification risk and vulnerable populations intersect?

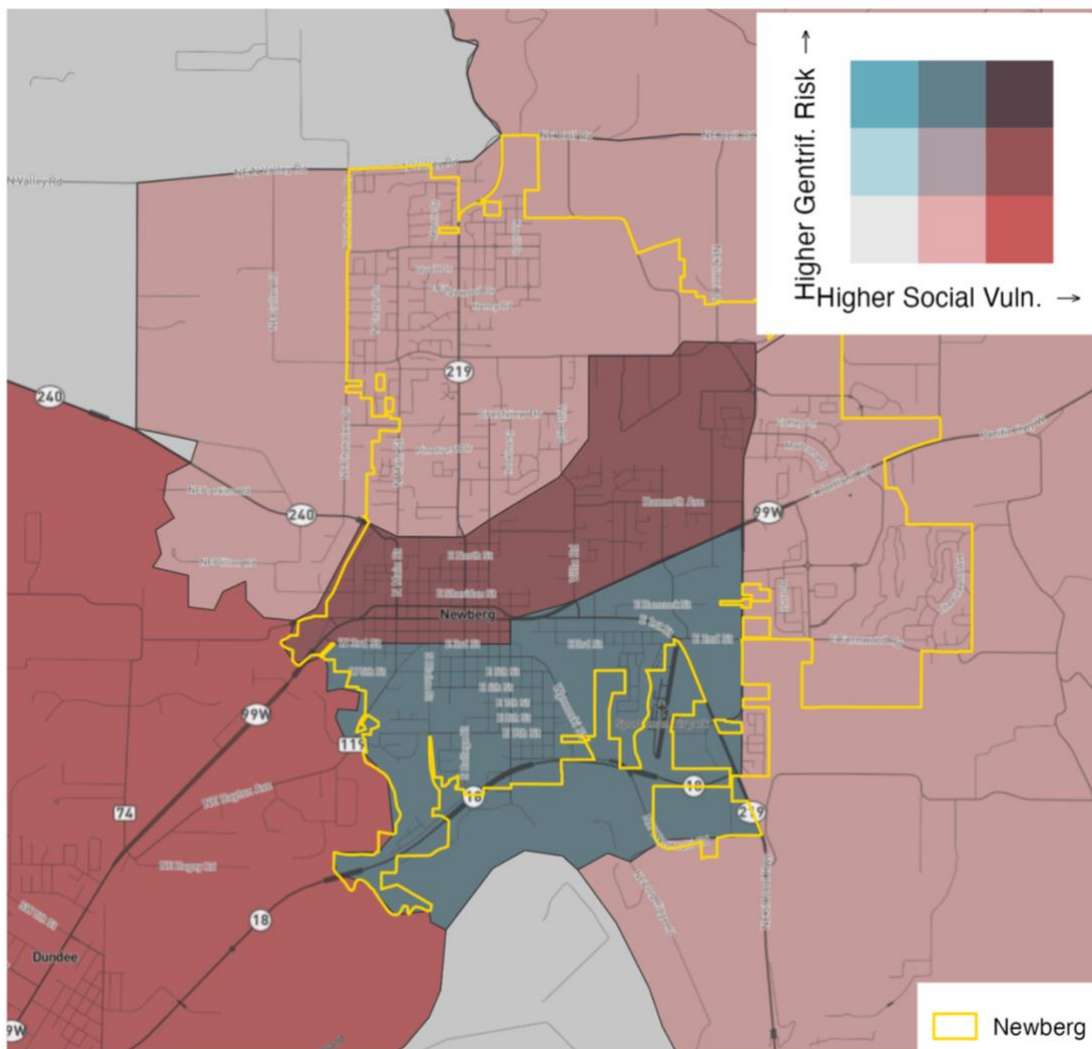
Central and Southern Newberg face highest risks to displacement, but none of it falls into the most severe category of risk.

Newberg has central and southern tracts with higher risk of gentrification, while the most northern and eastern portion of the tracts shows the lowest risk in the city.

Exhibit 62 shows areas with higher gentrification risk and areas with higher social vulnerability.

**Exhibit 62. Composite Gentrification & Socioeconomic Vulnerability Risk, by Tract**

Source: ACS 2010, 2015, 2019 (5-year), RLIS, ECONorthwest



Indicators of **higher gentrification risk** include:

- high shares of low-income households,
- changing socioeconomic demographics as compared to the region
- rising prices of housing for sales and rent

Indicators of **higher social vulnerability** include:

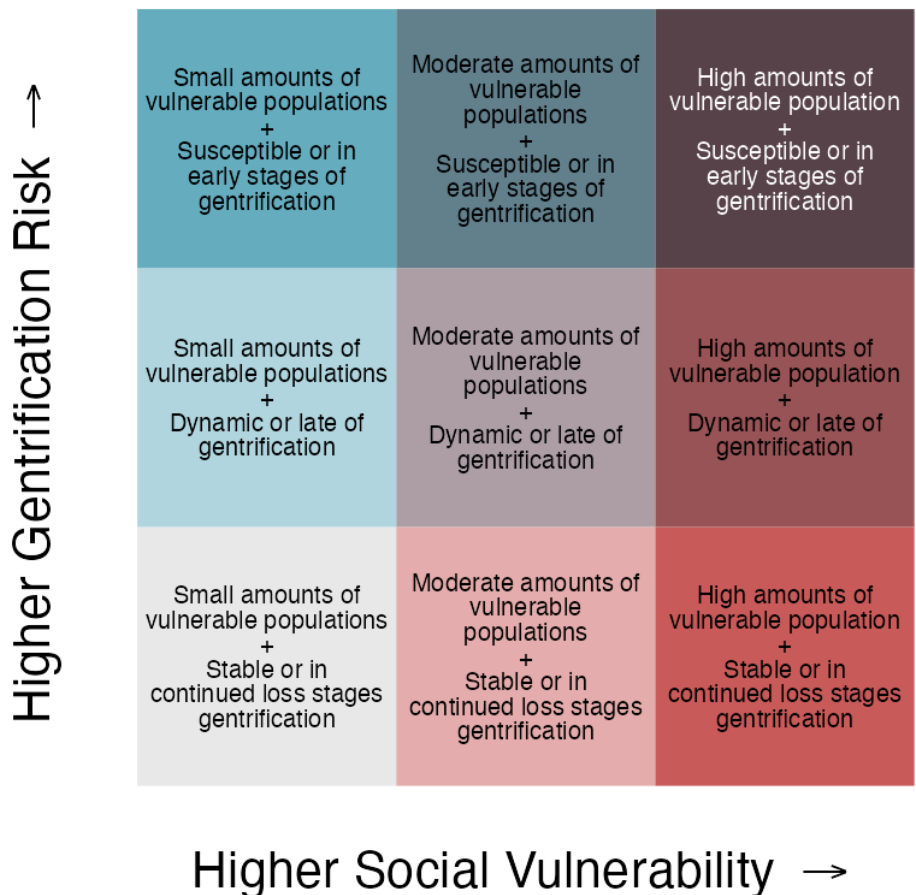
- higher shares of the region's POC
- higher shares of the region's population without a bachelor's degree or higher

**Error! Reference source not found.** provides more context about the risk for gentrification and the level of social vulnerability in Exhibit 62. The following describes the gentrification risk and

social vulnerability at each corner of the matrix in Exhibit 62 and Exhibit 63. **Error! Reference source not found.**

- **Top row, left side – in blue.** These areas are at risk of displacing existing populations but the populations in these areas are generally less vulnerable as compared to the region. This may also indicate that neighborhoods nearby are experiencing appreciations in home sales and rents.
- **Top row, right side – in dark violet.** These areas are the highest risk of displacement of existing vulnerable population, such as lower-income households, people of color, Latino households, or other vulnerable populations.
- **Bottom row, left side – in light grey.** These are areas with little risk of displacement and few vulnerable populations.
- **Bottom row, right side – in pink.** These areas have little existing risk of displacement but are home to vulnerable populations.

Exhibit 63. Gentrification & Socioeconomic Vulnerability Risk Matrix  
Source: ECONorthwest



The majority of Newberg residents live in neighborhoods that are at risk of gentrification or have been in heavily gentrified areas.

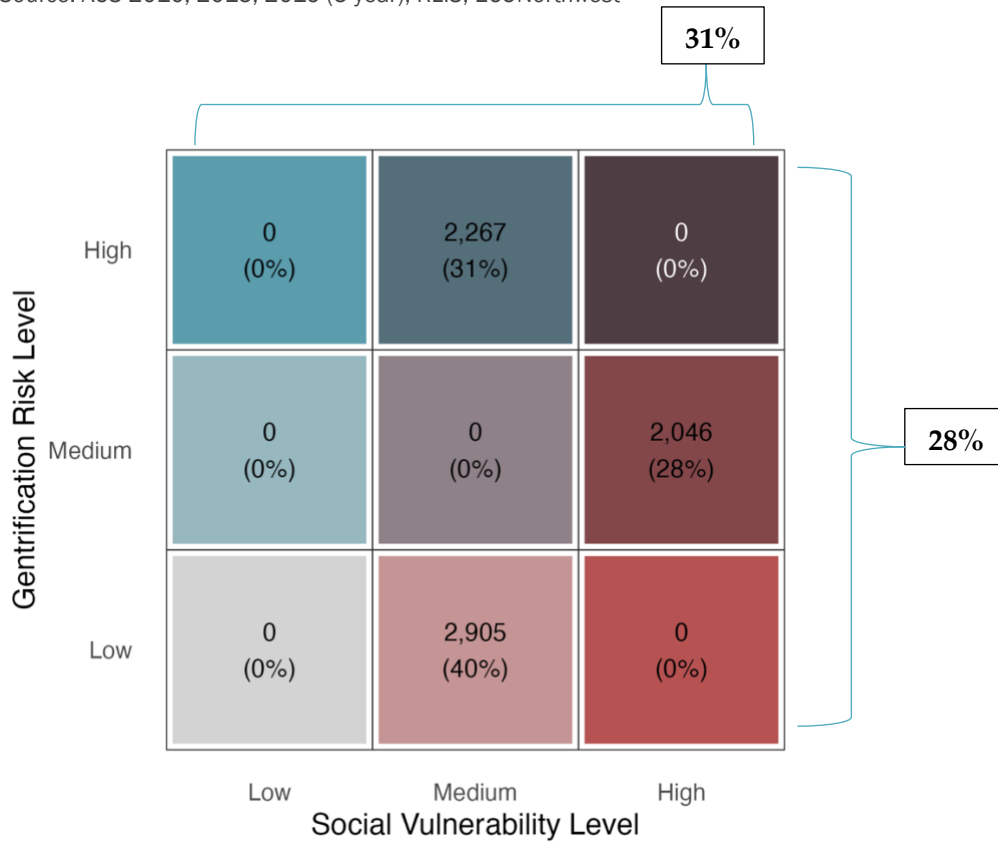
A little under a third (31%) of Newberg residents are at a moderate risk of displacement. The analysis describes the households and tracts that may be most at risk of displacement or additional cost burdening if the City continues business as usual. Slightly over a quarter (28%) of Newberg households live in Census tracts that combine a moderate gentrification risk and a moderate socioeconomic vulnerability level.

Exhibit 64 shows the percentage of households in Newberg in each of the groupings shown in Exhibit 62 and Exhibit 63. **Error! Reference source not found..**

- 31% of Newberg households reside within tracts identified as at moderate risk of gentrification (moderate levels of social vulnerability with early stages of gentrification).
- 28% of households reside in tracts identified as at high socioeconomic risk of housing displacement.

Exhibit 64. Newberg Households Within Composite Gentrification & Socioeconomic Vulnerability Groups

Source: ACS 2010, 2015, 2019 (5-year), RLIS, ECONorthwest



## Implications and Next Steps for the Housing Production Strategy

This analysis shows that substantial parts of Newberg are in early or late stages, however a little over a quarter (28%) of the households living in areas with high likelihoods of gentrification are also severely at risk of displacement or cost burdening. As neighborhoods that were once low income begin to appeal to new residents, it is important to recognize that the people living in those neighborhoods may not have the same economic opportunities as the people moving in.

For the City of Newberg to validate what is happening on the ground, it is important to consider neighborhood characteristics and design community charettes to accurately represent what change looks like to the residents there now. Newberg may want to take steps to further understand the potential for gentrification and potential displacement of vulnerable populations, such as conducting additional research about areas at risk for gentrification to better understand the demographic characteristics of people who may be displaced.

The HPS may include actions to preserve existing affordable housing, stabilize households, and prevent future displacement and gentrification.