

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



Zaira Robles Muniz, Administrative Specialist

Attest by the Mayor this 1 day of May, 2023.



Bill Rosacker, Mayor

Newberg

Housing Production Strategy

April 2023

Prepared for: City of Newberg

Draft Report

ECONorthwest

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Acknowledgements

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Executive Summary

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.¹ 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,² including a cost burden rate of 65% for renter households.

¹ 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.

² 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
Funding Sources			
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

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,³ 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.

³ 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.

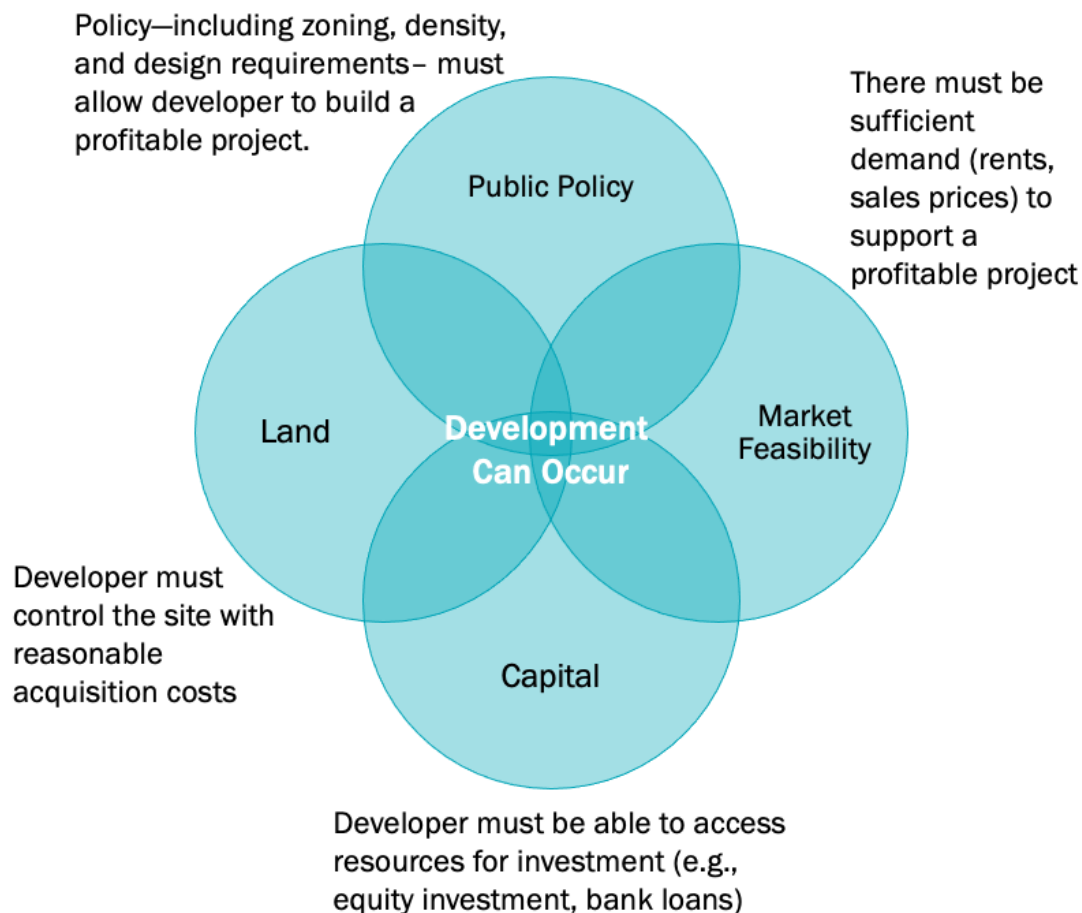
If the City is unable to or chooses not to implement an action within 90 days of the timeline proposed in the HPS, the City must notify DLCD about the action(s) that the City is taking to address this issue. The City may propose an alternative schedule for implementation or may identify a different action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

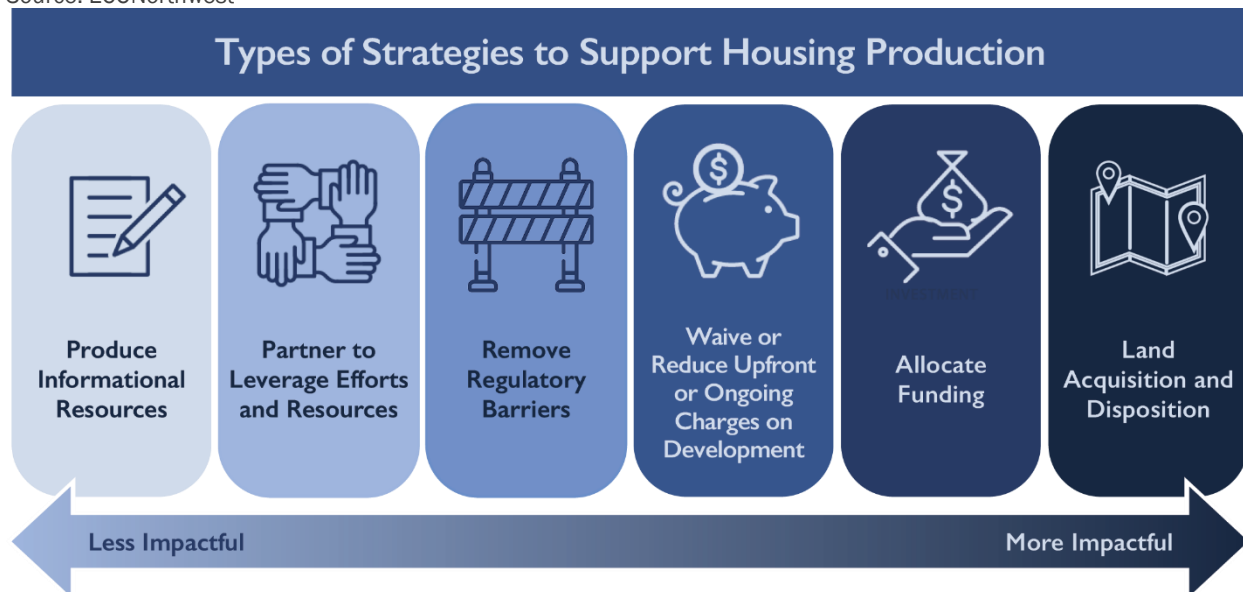


These factors all suggest that the City should consider a wide range of actions. Exhibit 3 shows the range of strategies, characterizing some strategies as more impactful and some as less impactful. More impactful strategies are those that provide funding or direct resources to support housing development (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 ⁴	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

⁴ 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

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

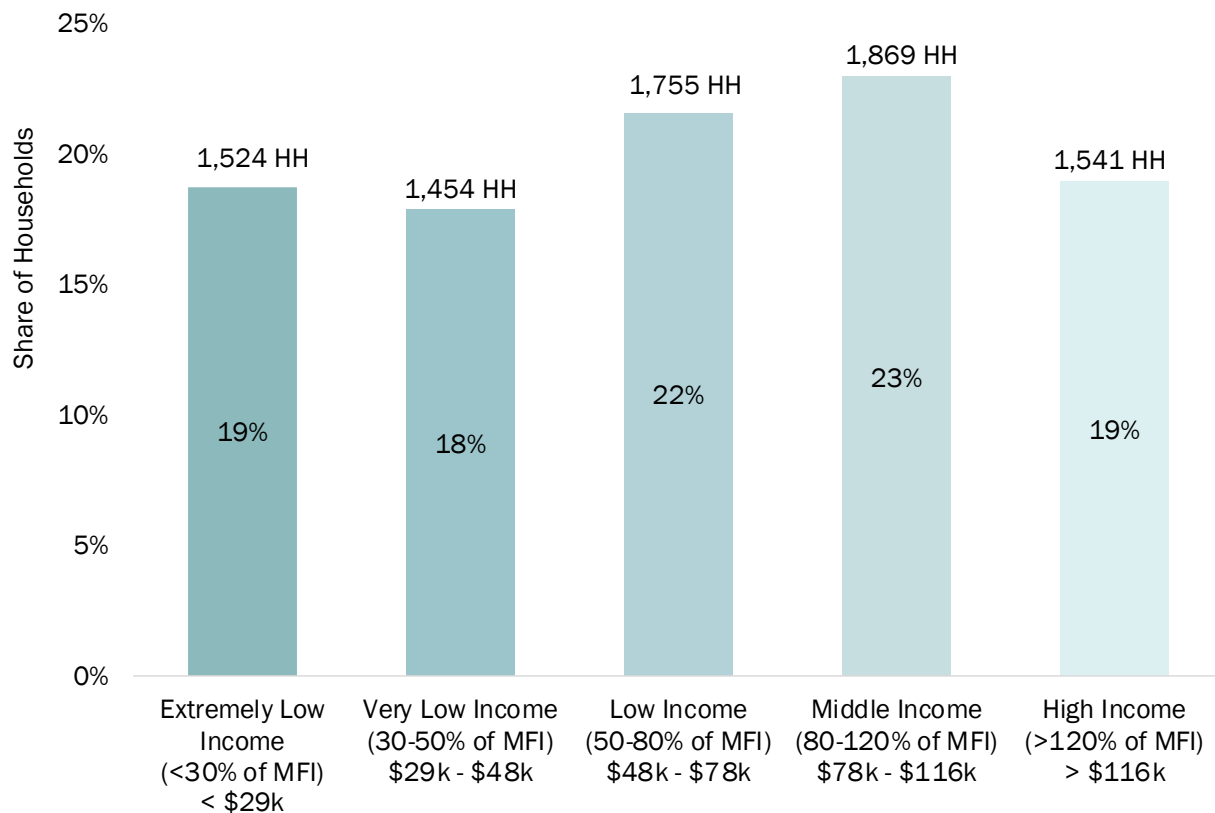
Fewer than half of households in Newberg can afford housing sales prices.

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
1-person					
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
2-people					
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
4-people					
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
6-people					
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)⁵ 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).⁶ Rent costs are comparatively more affordable but still pose a barrier to finding affordable housing for many households.

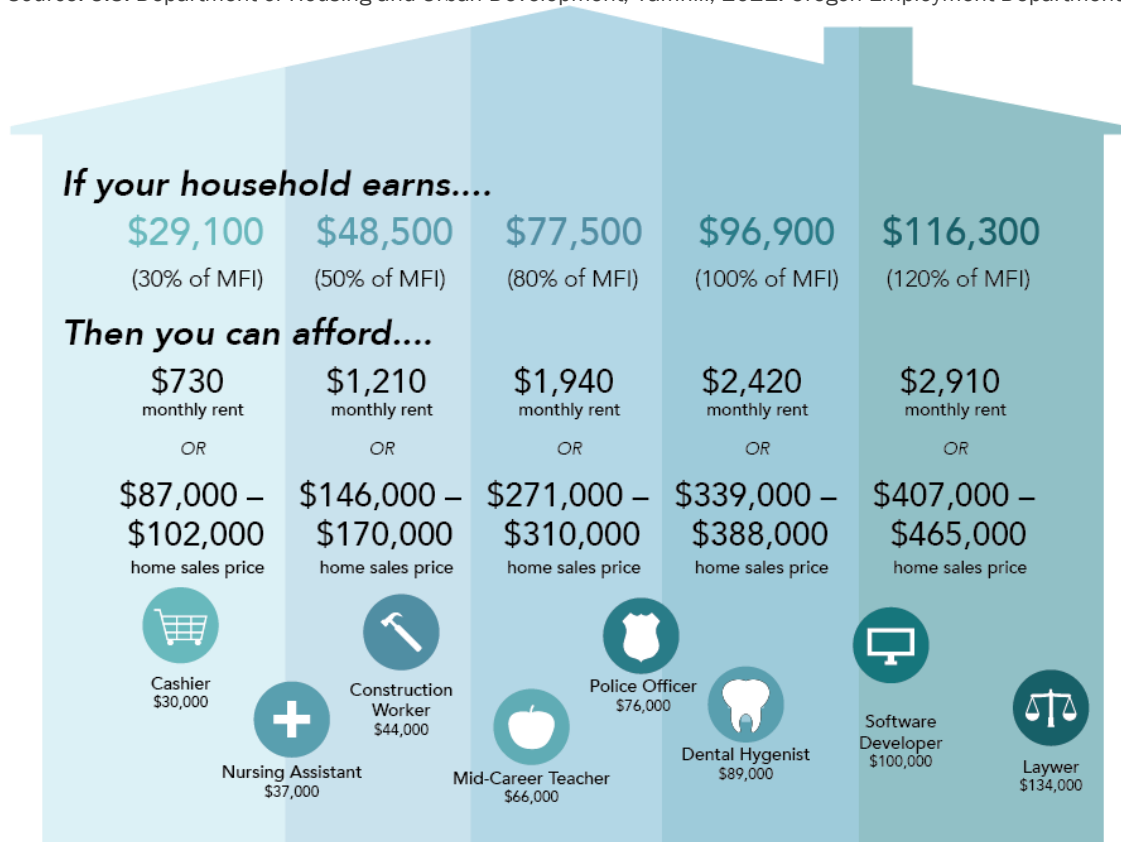
Because the local housing market cannot produce income-restricted, subsidized affordable housing (housing affordable at 60% or less of MFI) at sufficient levels – and because it cannot often produce low-income/workforce housing (housing affordable at 60% to 80% of MFI) without subsidy, 40% of households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

⁵ 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.

⁶ 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.

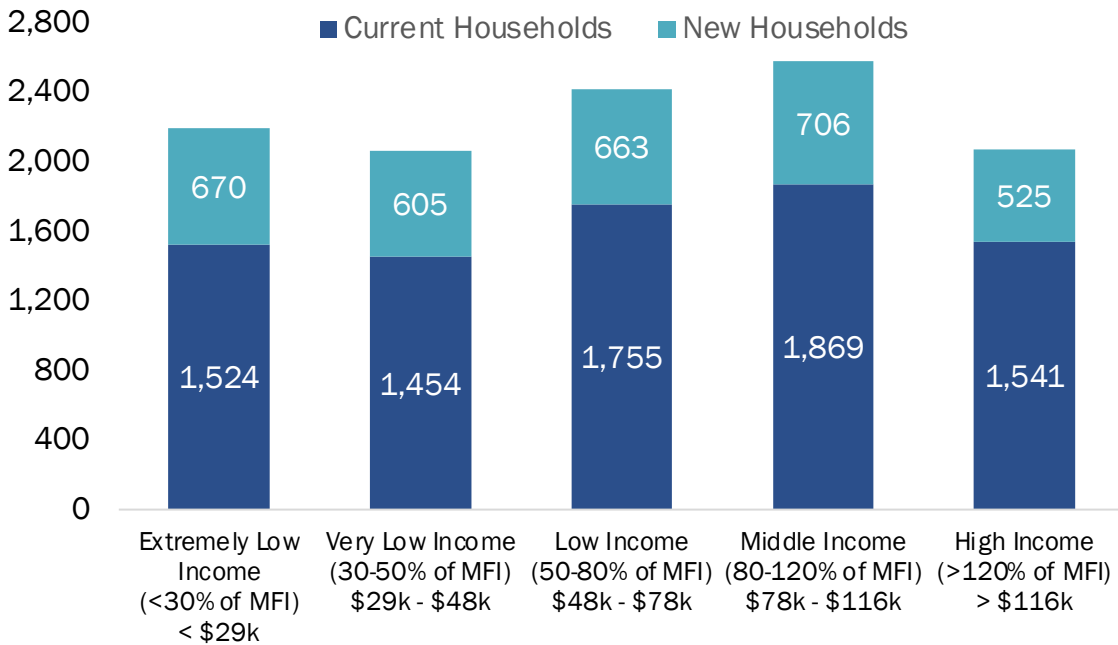


Newberg is forecast to grow by 3,169 new dwelling units between 2021 and 2041.

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).⁷⁸

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.



⁷ 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.

⁸ 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.**⁹

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.

⁹ 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.

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.

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

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
Actions				
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	■	■	■	
Funding Sources				
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.¹⁰

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.

¹⁰ 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				
Actions							
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				
Funding Sources							
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				
Funding Sources									
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.¹¹ 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.¹²

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.

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

¹² *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

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.¹³ 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.

¹³ 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.¹⁴

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>

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

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.¹⁵ 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?

¹⁵ 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"> ▪ Number of affordable units developed by income range ▪ Number of affordable projects developed
A. Support Development of Market-Rate Affordable Housing as Lead by the Newberg Workforce Housing Consortium	<ul style="list-style-type: none"> ▪ Number of units funded through the Workforce Housing Consortium ▪ Funding or forgone revenue from the City to support this housing development
B. Develop a Land Bank Strategy and Partnerships to Support Affordable Housing Development	<ul style="list-style-type: none"> ▪ Number of acres acquired for land banking ▪ Dwelling units produced in partnership with a land bank, community land trust, or housing cooperative
C. Support Preservation of Manufactured Home Parks	<ul style="list-style-type: none"> ▪ Track ownership of manufactured home parks and transfers of ownership ▪ Amount of funding used for rehabilitation or preservation ▪ Number of units where funding was given for rehabilitation or preservation ▪ New partnerships established or expanded for preservation
D. Provide Density Bonuses to Support Development of Affordable Housing	<ul style="list-style-type: none"> ▪ Densities of newly developed housing using this bonus ▪ Number of units produced using density bonus and their affordability levels
E. Reduce SDCs for Affordable Housing	<ul style="list-style-type: none"> ▪ Number of units produced and their affordability level ▪ Number of projects that utilize SDC exemption
F. Evaluate Ways to Lower SDCs without Imperiling City Infrastructure	<ul style="list-style-type: none"> ▪ Changes to SDC rates ▪ Change in number and type of units built after SDC changes
G. Support Application of Fair Housing Laws	<ul style="list-style-type: none"> ▪ Educational events and number of attendees ▪ Views of online materials (if any)
H. Produce Informational Resources for Low-Income Households or People Experiencing Homelessness	<ul style="list-style-type: none"> ▪ Number of inquiries about housing resources ▪ Number of people who utilized assistance programs or moved into long-term housing that inquired through resource center ▪ Views of online materials (if any)
I. Consider Restrictions and Conduct Inspections on STRs	<ul style="list-style-type: none"> ▪ Compare trends in license applications prior to restrictions to current levels
J. Allow Division of Lots for Middle Housing Types	<ul style="list-style-type: none"> ▪ Number of middle housing lot divisions ▪ Number of middle housing units built on one lot vs units on lots that were divided
K. Rezone land for housing and/or expand the Urban Growth Boundary	<ul style="list-style-type: none"> ▪ Number of acres re-zoned ▪ Increase in housing capacity of re-zoned land ▪ Number of acres brought into the UGB ▪ Increase in housing capacity from expansion of the UGB
L. Urban Renewal to Support Infrastructure Development	<ul style="list-style-type: none"> ▪ Amount of funding investments made with urban renewal dollars to support affordable housing ▪ Number of affordable units built in urban renewal district ▪ Amount of funding dispersed for off-site infrastructure

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

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 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:¹⁶

- 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

¹⁶ 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.

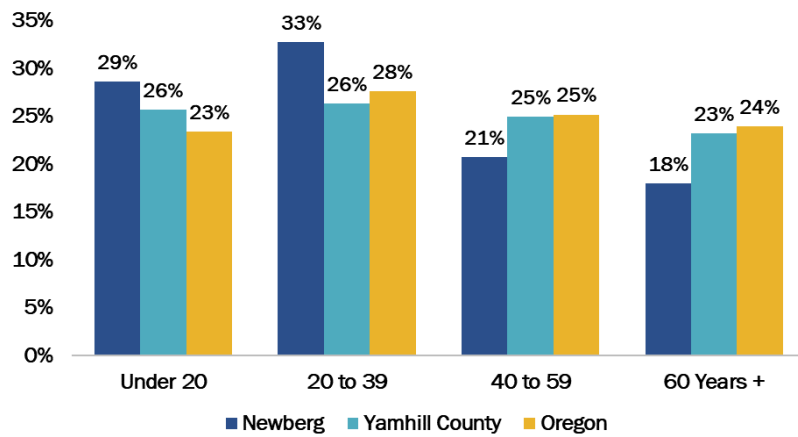
Growth in the number of seniors will result in demand for housing types specific to seniors, such as small and easy-to-maintain dwellings, assisted-living facilities, or age-restricted developments. Senior households will make a variety of housing choices, including remaining in their homes as long as 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.



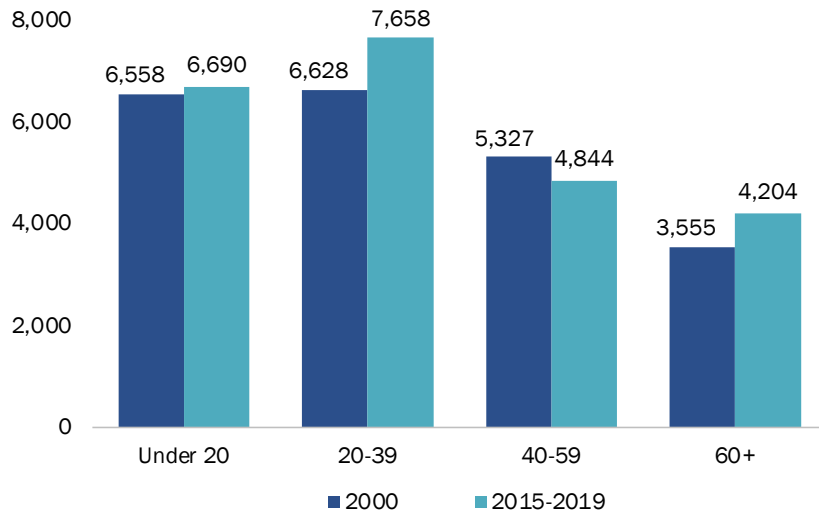
Between 2000 and 2015-2019, people 20 to 39 years old had the largest increase, adding 1,030 people.

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.¹⁷

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 characteristics¹⁸ in Newberg is important for understanding housing needs because people of color often face discrimination when looking for housing.

¹⁷ Population Research Center, PSU. Yamhill County Forecast

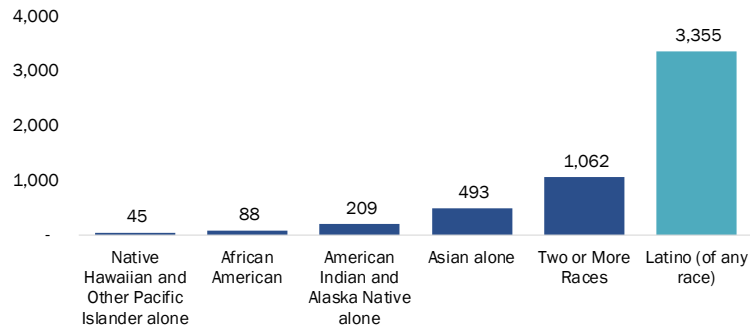
¹⁸ The U.S. Census Bureau considers race and ethnicity as two distinct concepts. Latino is an ethnicity and not a race, meaning individuals who identify as Latino may be of any race.

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 B03002.¹⁹

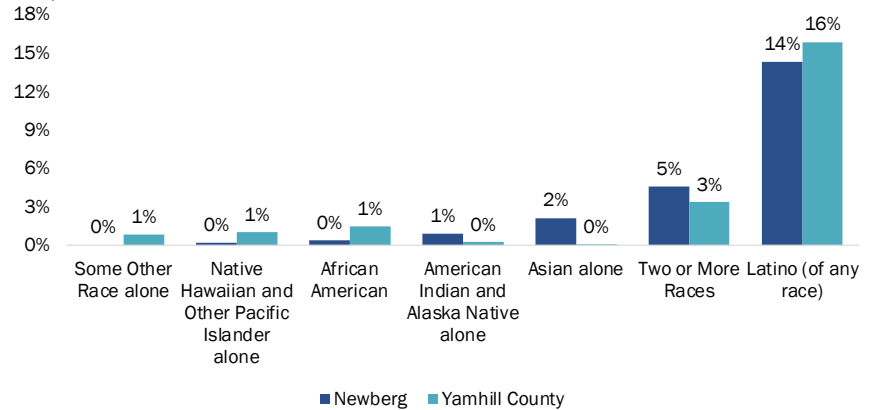


Residents who identify as Latino (of any race) account for around 14% of Newberg’s population. The largest racial group in Newberg is Two or More Races, who accounts for 5% of Newberg’s population.

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

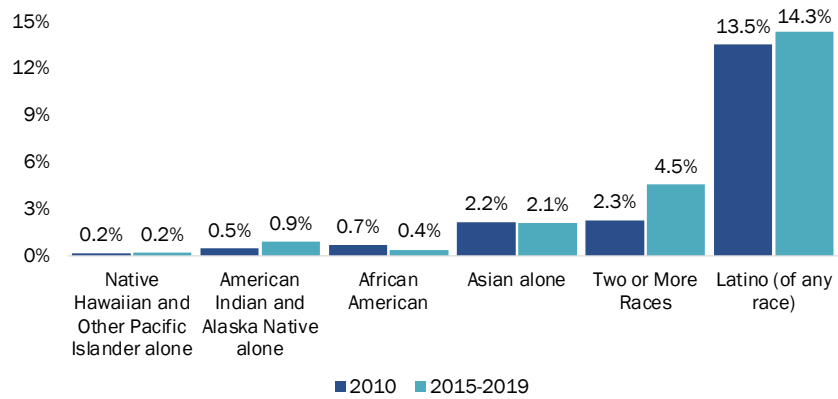


¹⁹ There were 0 people who identified as Some Other Race Alone in Newberg in 2019, thus this category has been removed.

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 B03002.²⁰



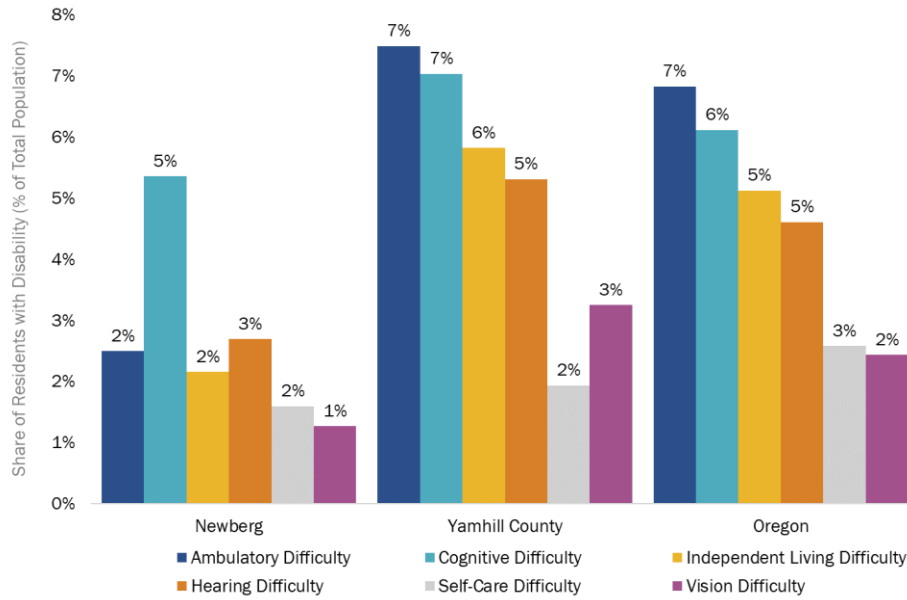
People with a Disability

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).

²⁰ 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.

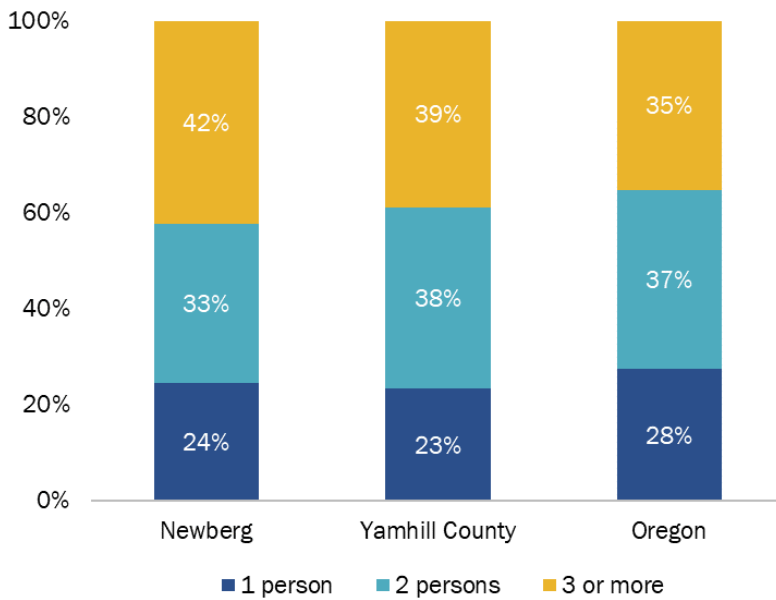


Newberg has a larger percentage (42%) of households with three or more people.

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.

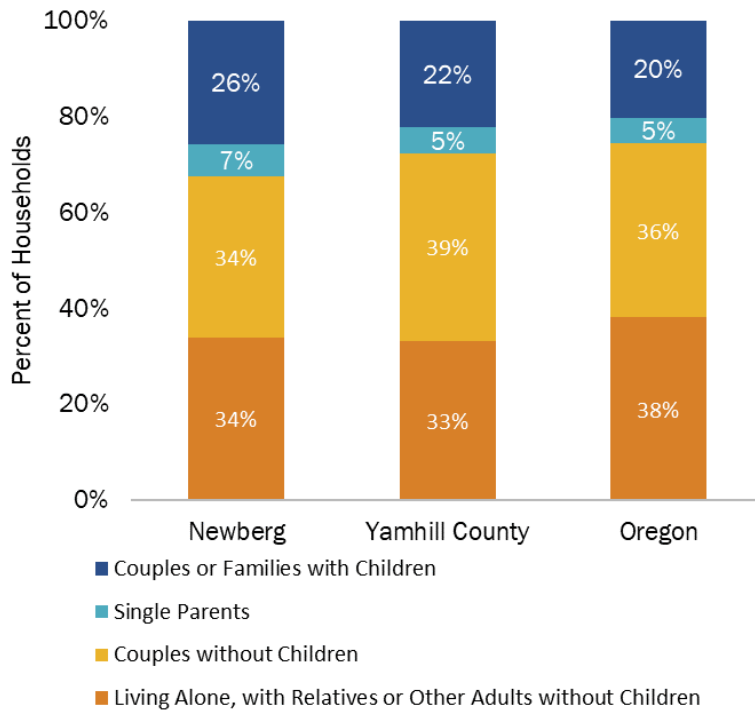


Newberg had a slightly larger share of households with children than Yamhill County.

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.



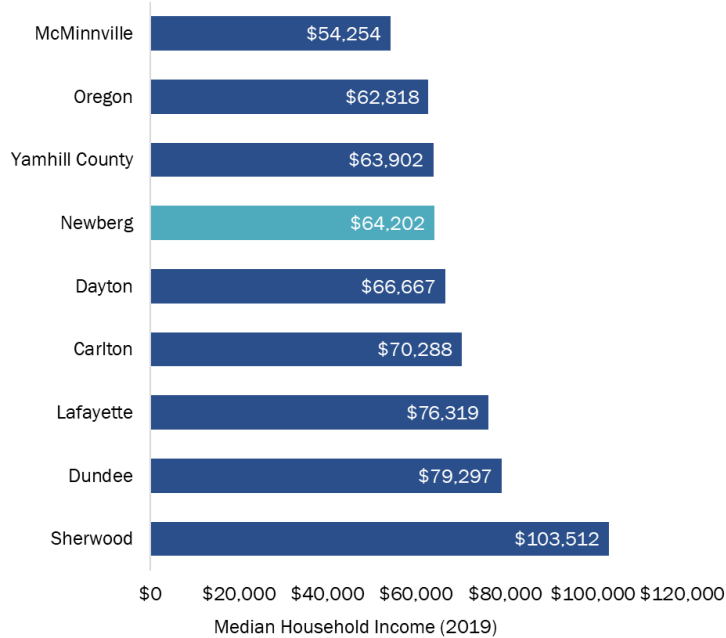
Household Income

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

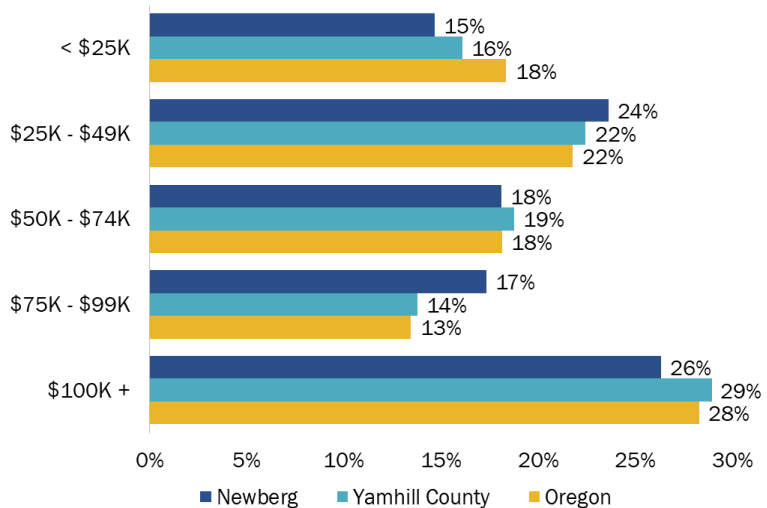
Source: U.S. Census Bureau, 2014-2018 ACS 5-year estimate, Table B25119.



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

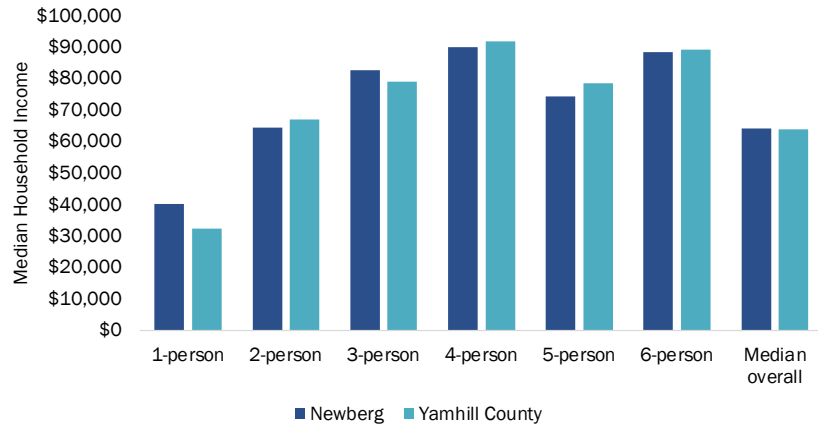
Source: U.S. Census Bureau, 2015-2019 ACS 5-year estimate, Table B19001.



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

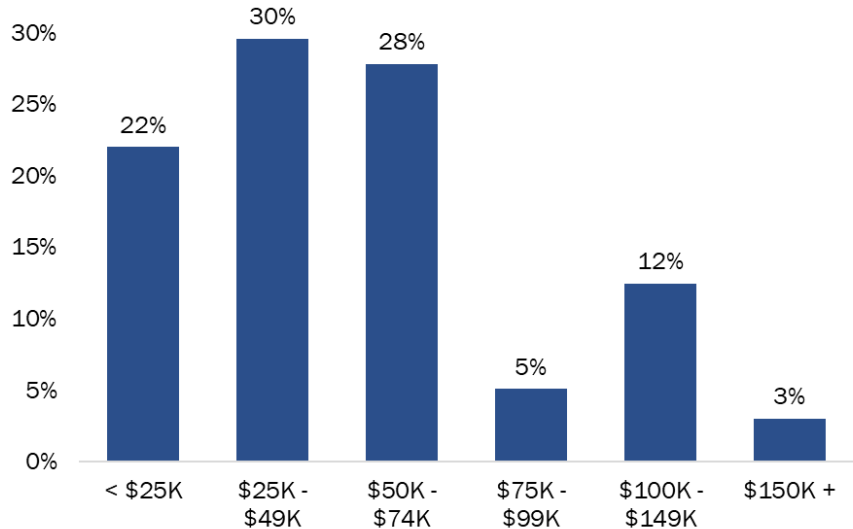
Source: U.S. Census Bureau, 2015-2019 ACS 5-year estimate, Table B19019
 Note: Exhibit 27 displays median household income for households in Newberg, with Yamhill County information providing additional context. Data for households with 7 or more people was removed, as none was available for Newberg.



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.

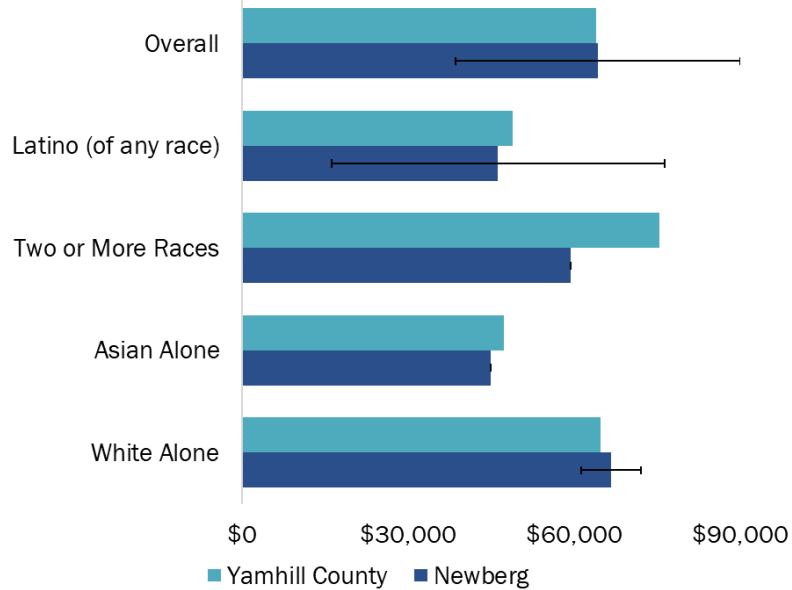


Exhibit 30 and Exhibit 31 compare household income for people of color (POC) households with White non-Hispanic households to show disparities in income levels. The income levels shown in these graphs are the same used throughout this report:

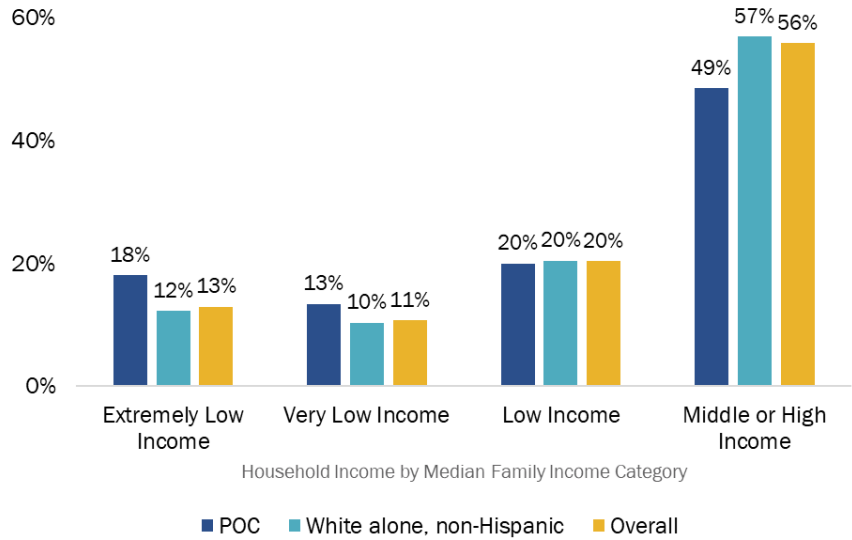
- Extremely Low Income: Less than 30% MFI
- Very Low Income: 30% to 50% of MFI
- Low Income: 50% to 80% of MFI
- Middle Income: 80% to 120% of MFI
- High Income: 120% of MFI or more

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.

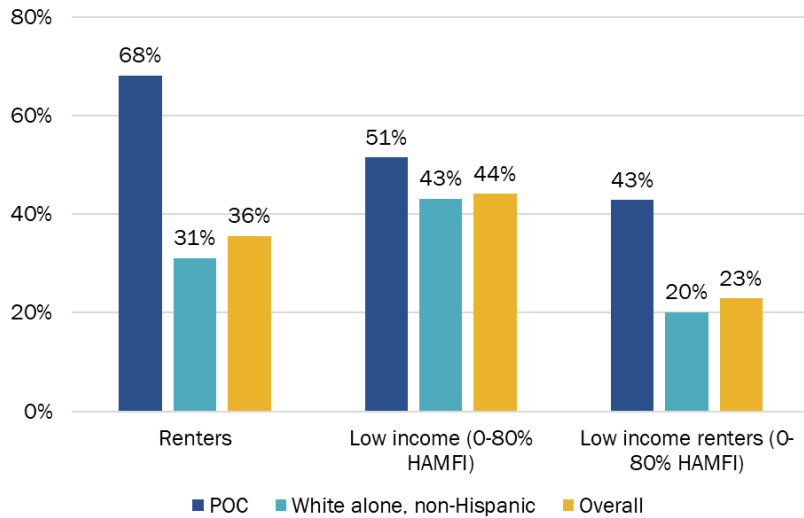


Households with a POC head had a much higher percentage of households that were renters, low-income, and low-income renters when compared to White and overall households.

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

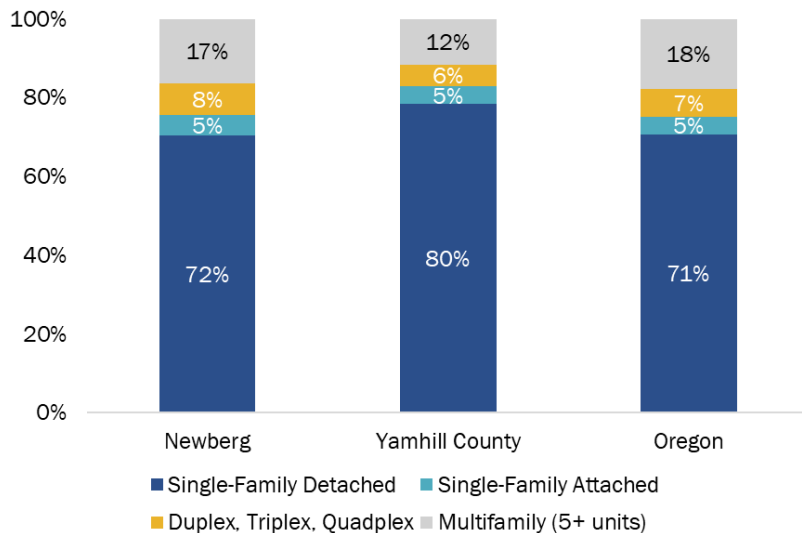
According to the 2015-2019 American Community Survey (ACS) from the U.S. Census, Newberg had 8,630 dwelling units, an increase of 2,203 dwelling units from 2000. A majority of new units built were single-family units. In that time, about 335 units of multifamily housing were built in Newberg, accounting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



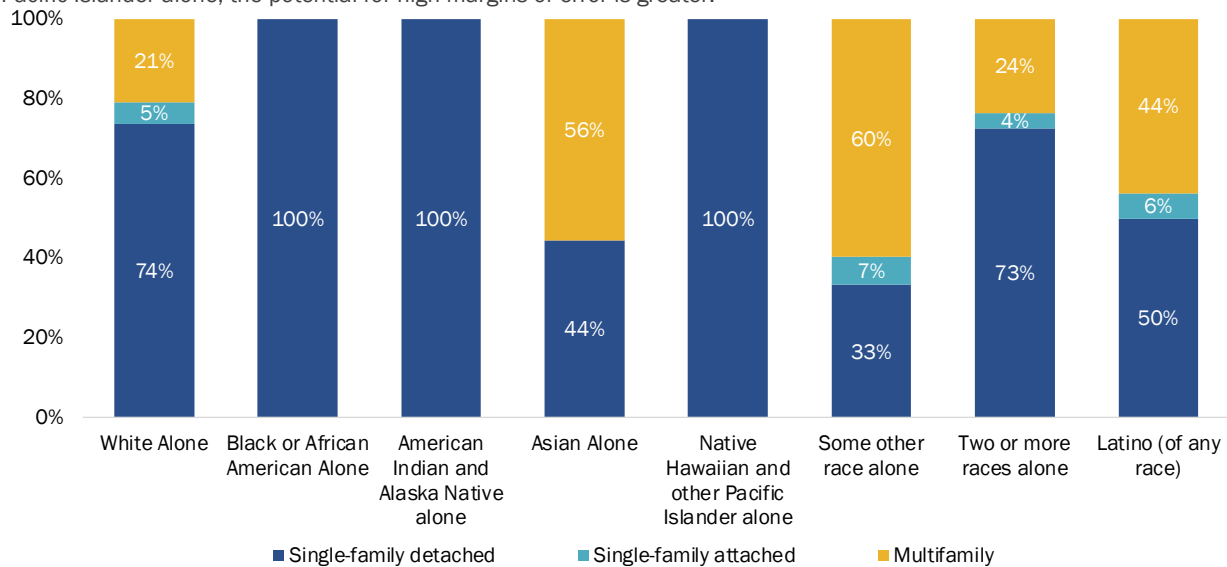
shows that households that identified as White Alone and Two or more Races Alone were most likely to live in single-family detached housing (74% and 73%) outside of those households that only had households living in single-family detached housing (Black or African American Alone, American Indian and 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.



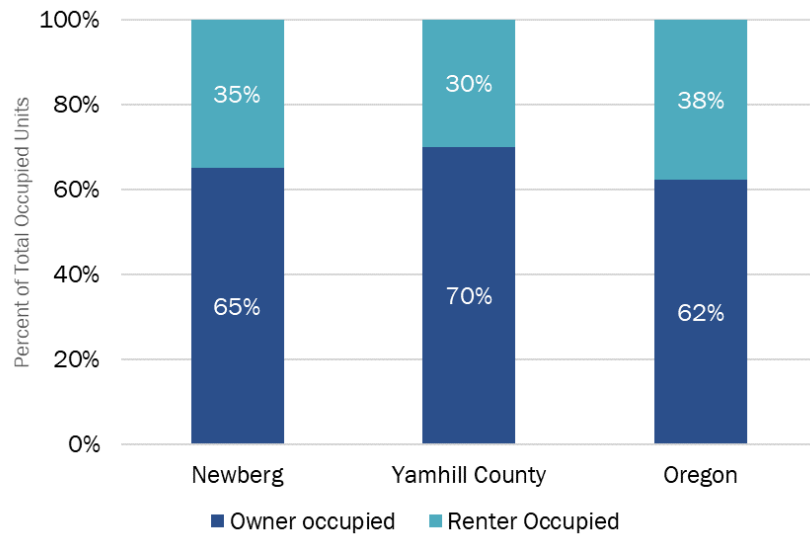
Housing Tenure

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.

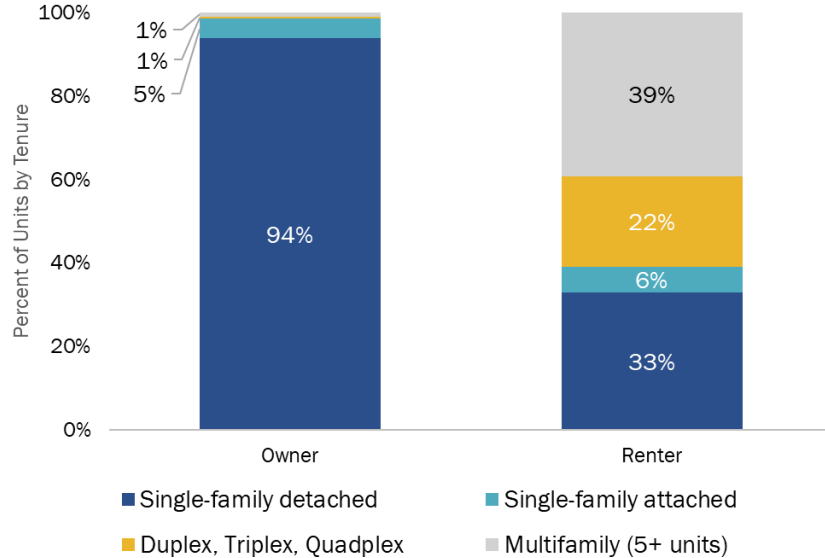


Newberg's renters are nearly evenly split between living in single-family detached, middle housing, and multifamily housing.

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.

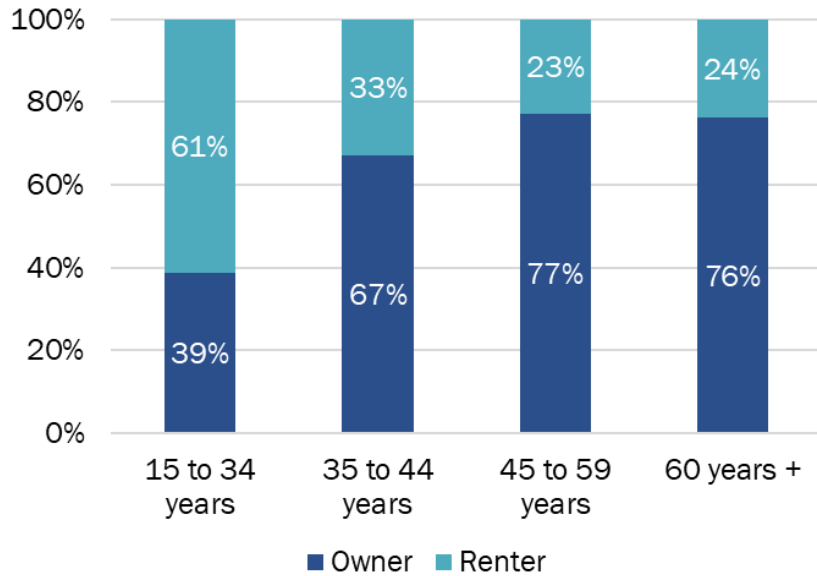


Newberg's homeownership rate increased with the age of the household.

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.

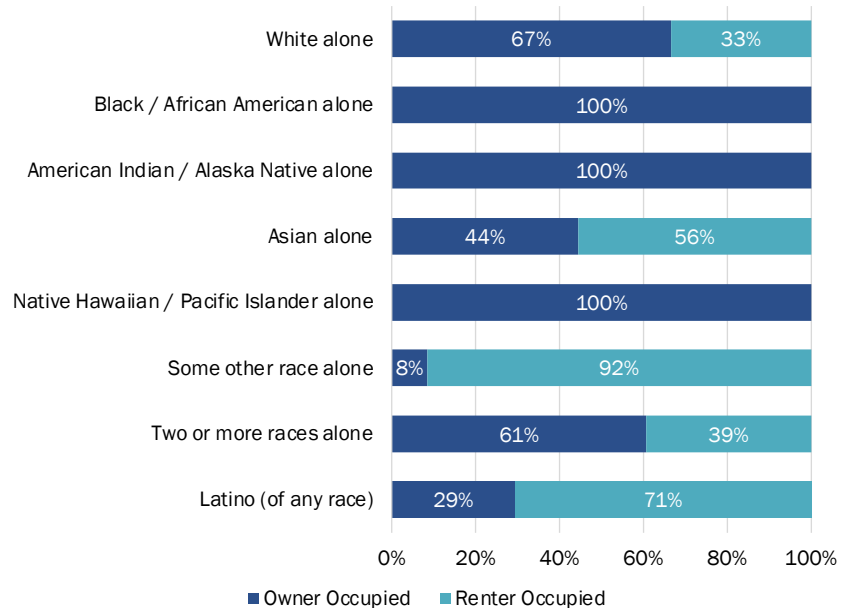


A majority of households that identified as White Alone, Black Alone, American Indian Alone, Native Hawaiian Alone, and Two or more races alone own their own home.

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.²¹

- **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.

²¹ 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			
Total			634	10	

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.²² 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.

²² 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.²³ 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.

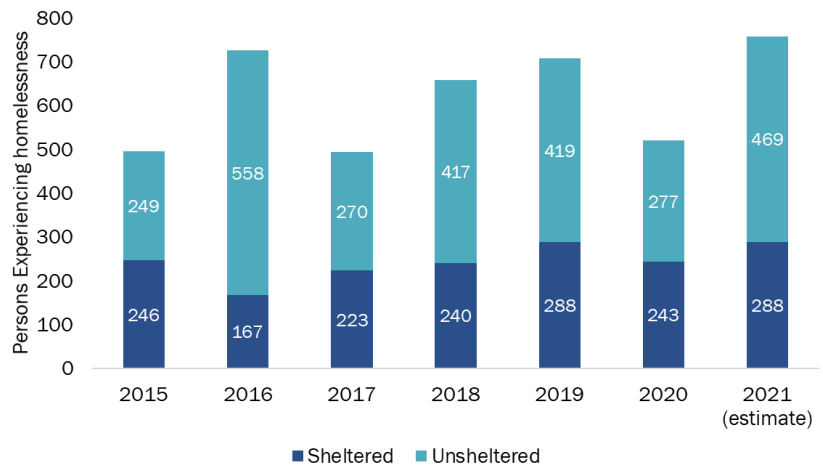
495 Persons **520 Persons**
2015 2020

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.



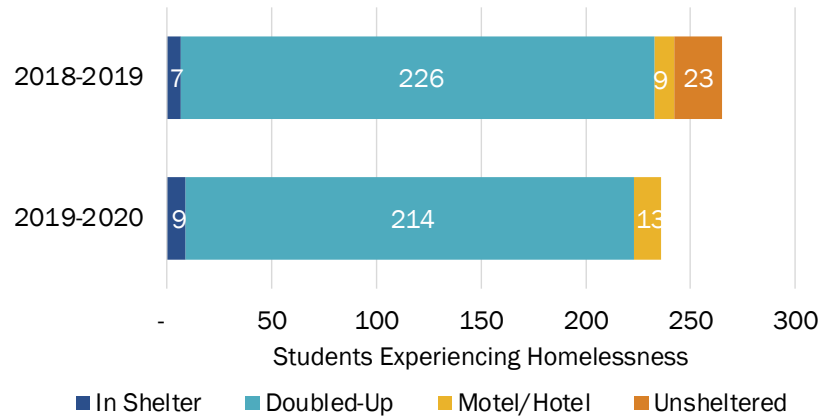
²³ The *reported* count for sheltered homelessness is what was collected/reported while the *estimated* count is the largest sheltered count reported during 2019-2021 in Yamhill County. For unsheltered, the 2021 PIT count is not available for all counties, so the report modeled it by adding the predicted 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

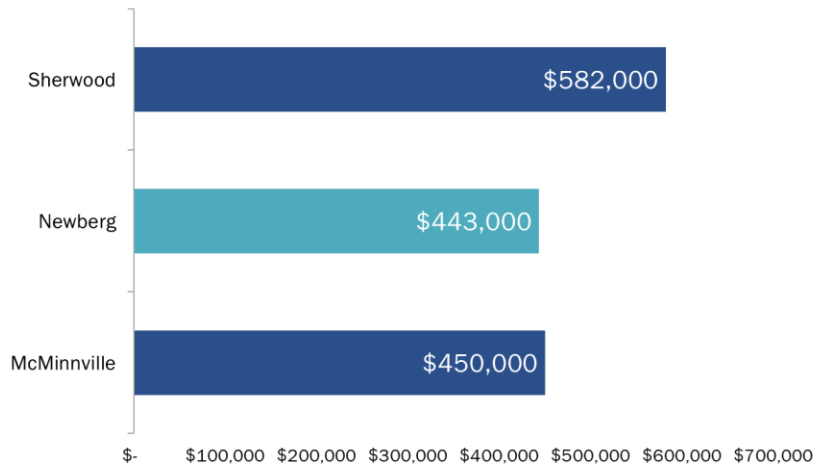
This section describes changes in sales prices, rents, and housing affordability in Newberg and a comparison of geographies. Both housing sale prices and rents have increased steadily in Newberg and Yamhill County over the last several years.

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.

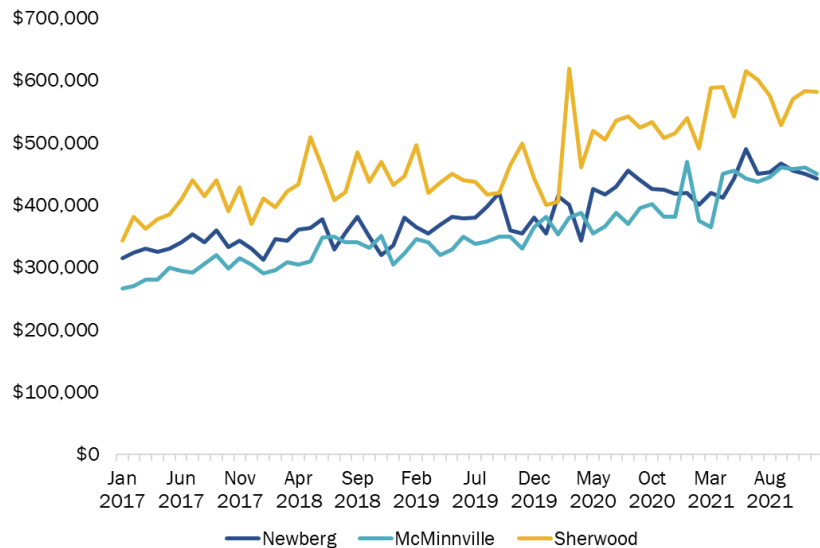


Newberg's median home sale price was generally in line with other cities in the region.

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

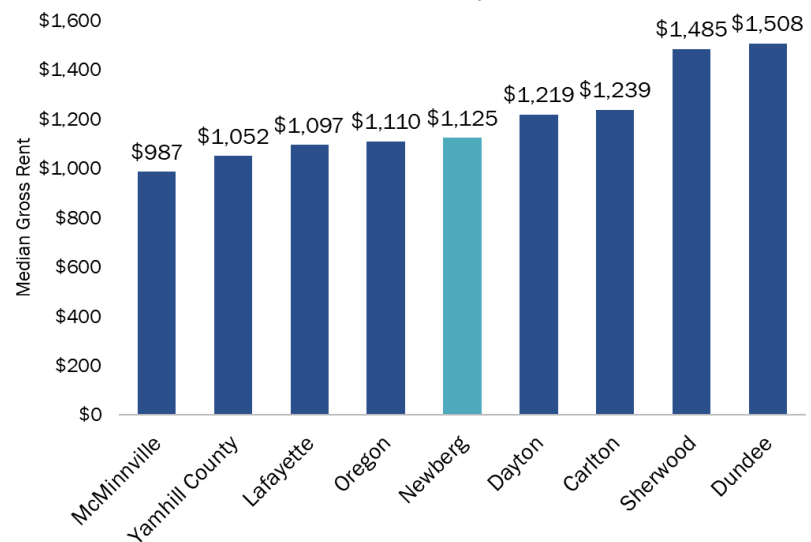
The median gross rent in Newberg was \$1,125 in the 2015-2019 period, up from \$633 in 2000. However, based on a survey of *currently available* rental properties in Newberg, the lowest asking rent for a one-bedroom studio apartment was about \$915 (Apartments.com, 2022).

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.

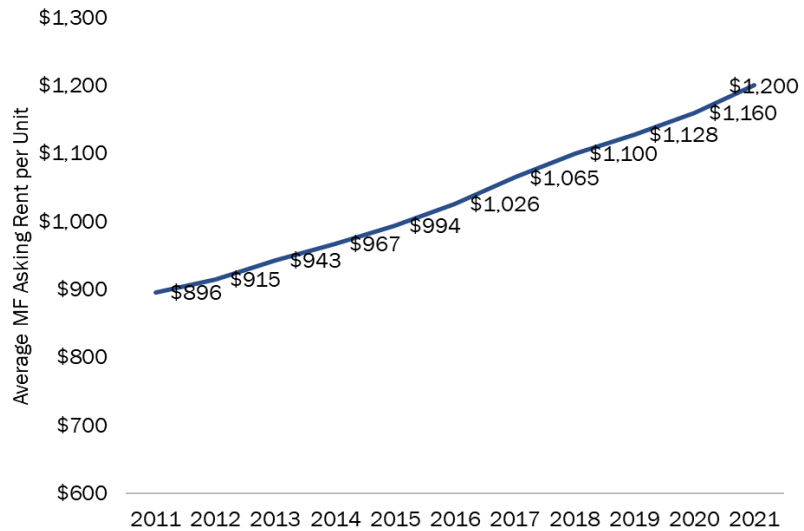


The average asking price per multifamily unit in Newberg has increased steadily over the past decade.

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

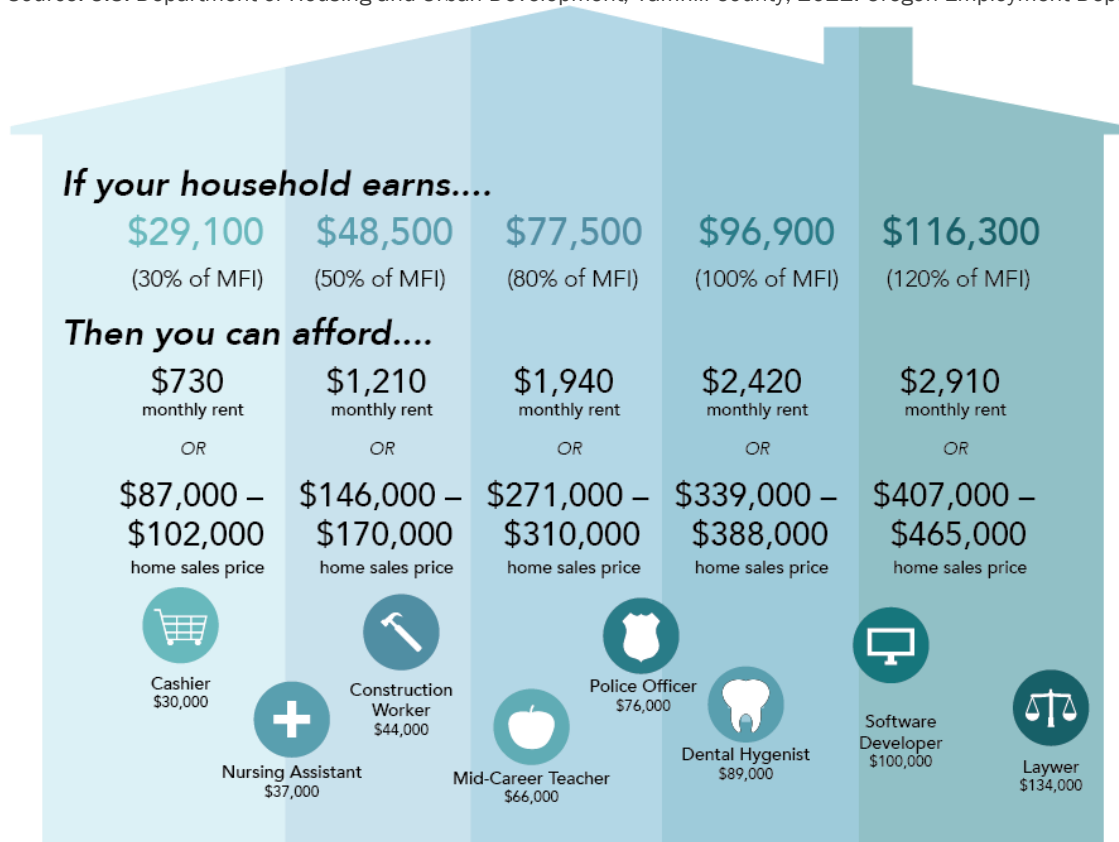
Financially attainable housing costs for households across the income spectrum in Yamhill County are identified in Exhibit 47. For example, a household earning Median Family Income (MFI) in Yamhill County (about \$96,900 per year)²⁴ can afford a monthly rent of about \$2,420 or a home roughly valued 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).

²⁴ 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.



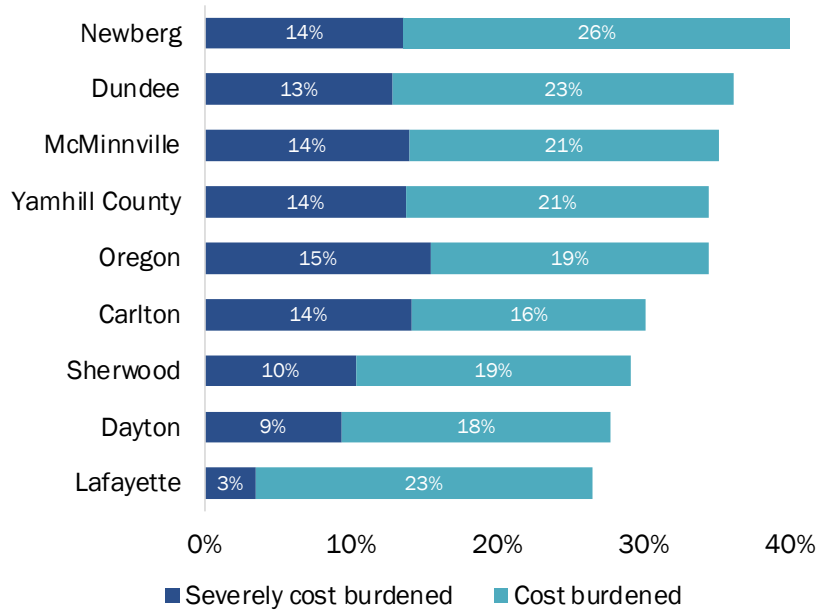
Because the local housing market cannot produce income-restricted, subsidized affordable housing at sufficient levels – and because it cannot often produce middle income/workforce housing without subsidy, 40% of households in Newberg are cost burdened (as Exhibit 48 through Exhibit 55 show). A household 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

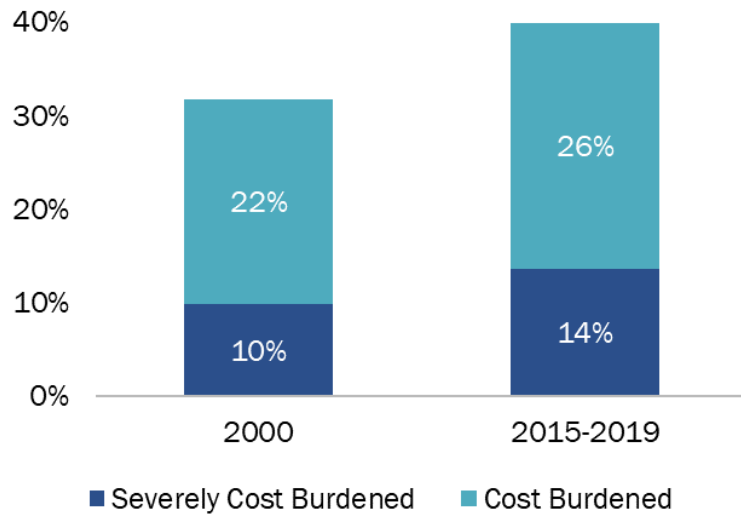
Source: U.S. Census Bureau, 2015-2019 ACS Tables B25091 and B25070.



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.

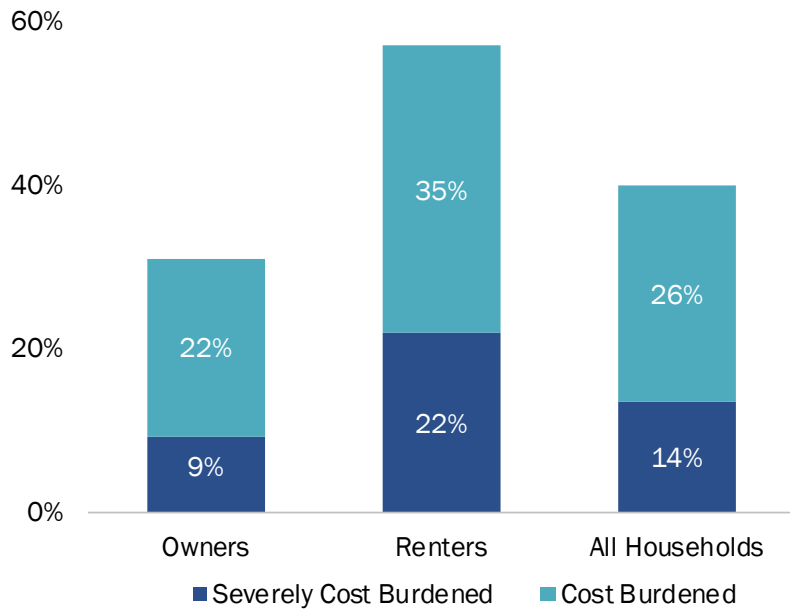


Renters are much more likely to be cost burdened than homeowners.

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).

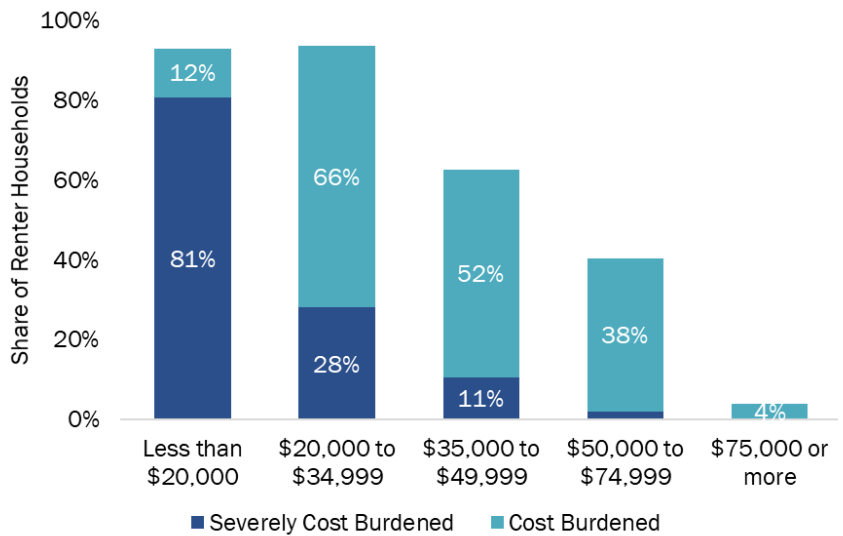
Exhibit 50. Housing Cost Burden by Tenure, Newberg, 2015-2019
Source: U.S. Census Bureau, 2015-2019 ACS Tables B25091 and B25070.



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.

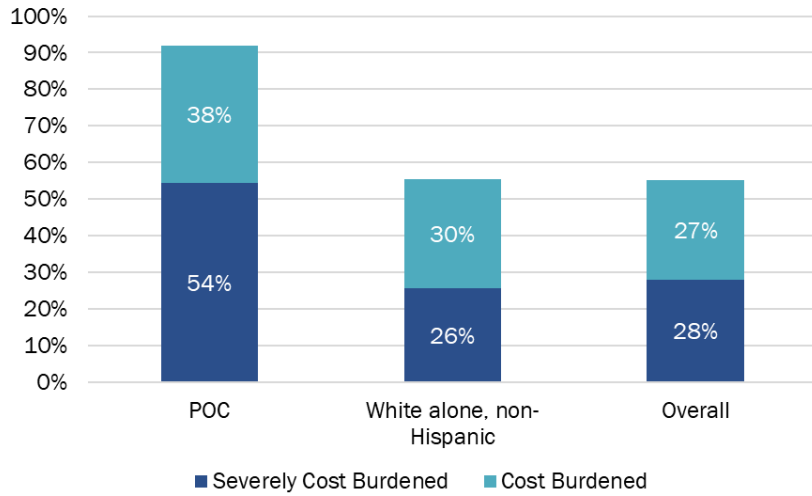


Households with a POC head had much higher rates of cost burdening than white alone and overall households.

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.

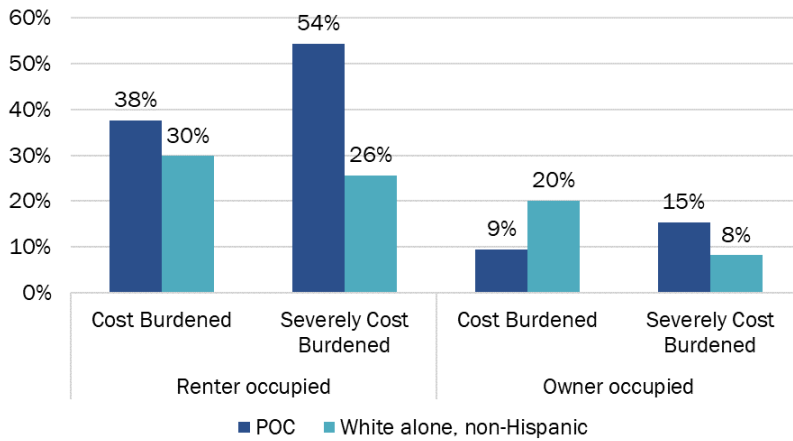


Exhibit 54 and Exhibit 55 show cost burden in Oregon for renter households for seniors, people of color, and people with disabilities.²⁵ This information is not readily available for a city with a population as small as Newberg, which is why we present statewide information. These exhibits show that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

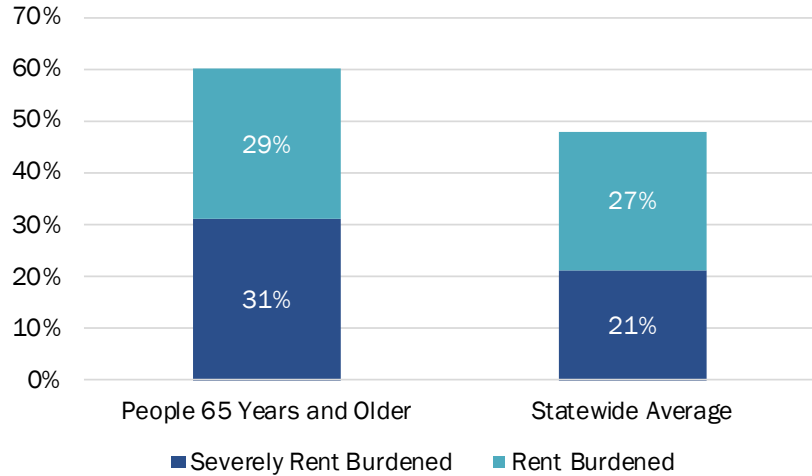
²⁵ From the report *Implementing a Regional Housing Needs Analysis Methodology in Oregon*, prepared for Oregon Housing and Community Services by ECONorthwest, March 2021.

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

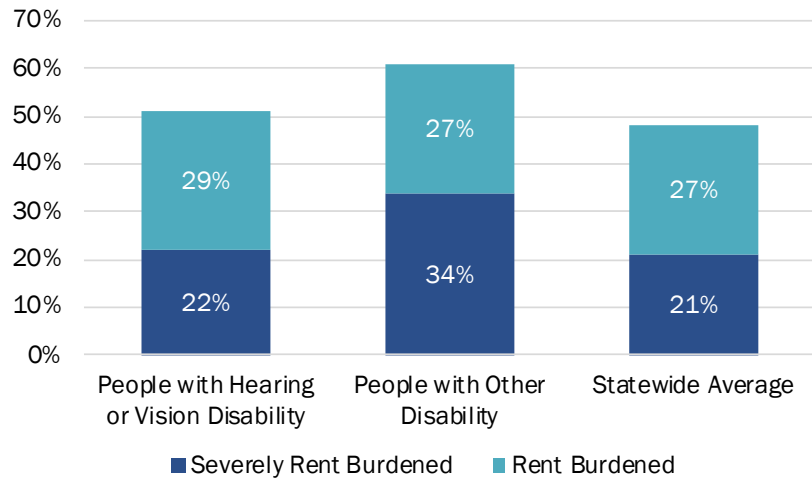
Source: Census, 2018 ACS 1-year PUMS Estimates. From the Report *Implementing a Regional Housing Needs Analysis Methodology in Oregon: Approach, Results, and Initial Recommendations* by ECONorthwest, August 2020.



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 units²⁶</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.

²⁶ 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

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

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,²⁷ 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.

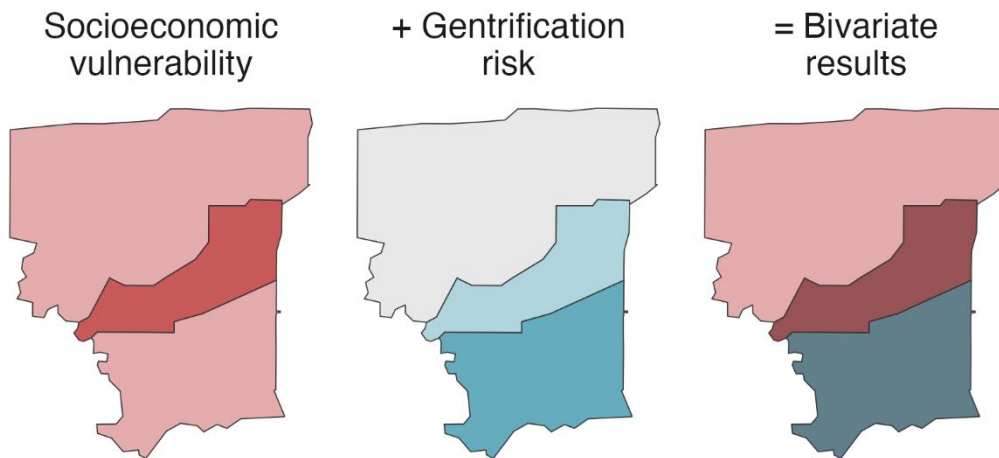
Within the **socioeconomic model**, we designed a model that identified the Newberg surrounding Metro region's most disproportionately cost-burdened demographic groups (such

²⁷ 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.²⁸

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.”*²⁹ 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.”](#)³⁰

²⁸ 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.

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

³⁰ 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.³¹ The analysis considers the following characteristics:³²

- **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)

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.

³¹ 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.

³² 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 Methodology³³

Typology	Vulnerable Population?	Demographic Change?	Housing Market Condition
Early-Stage Gentrification			
Susceptible	Yes	No	Adjacent
Early: Type 1	Yes	No	Accelerating
Early: Type 2	Yes	Yes	Adjacent
Mid-Stage Gentrification			
Dynamic	Yes	Yes	Accelerating
Late-Stage Gentrification			
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**

³³ ** 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).

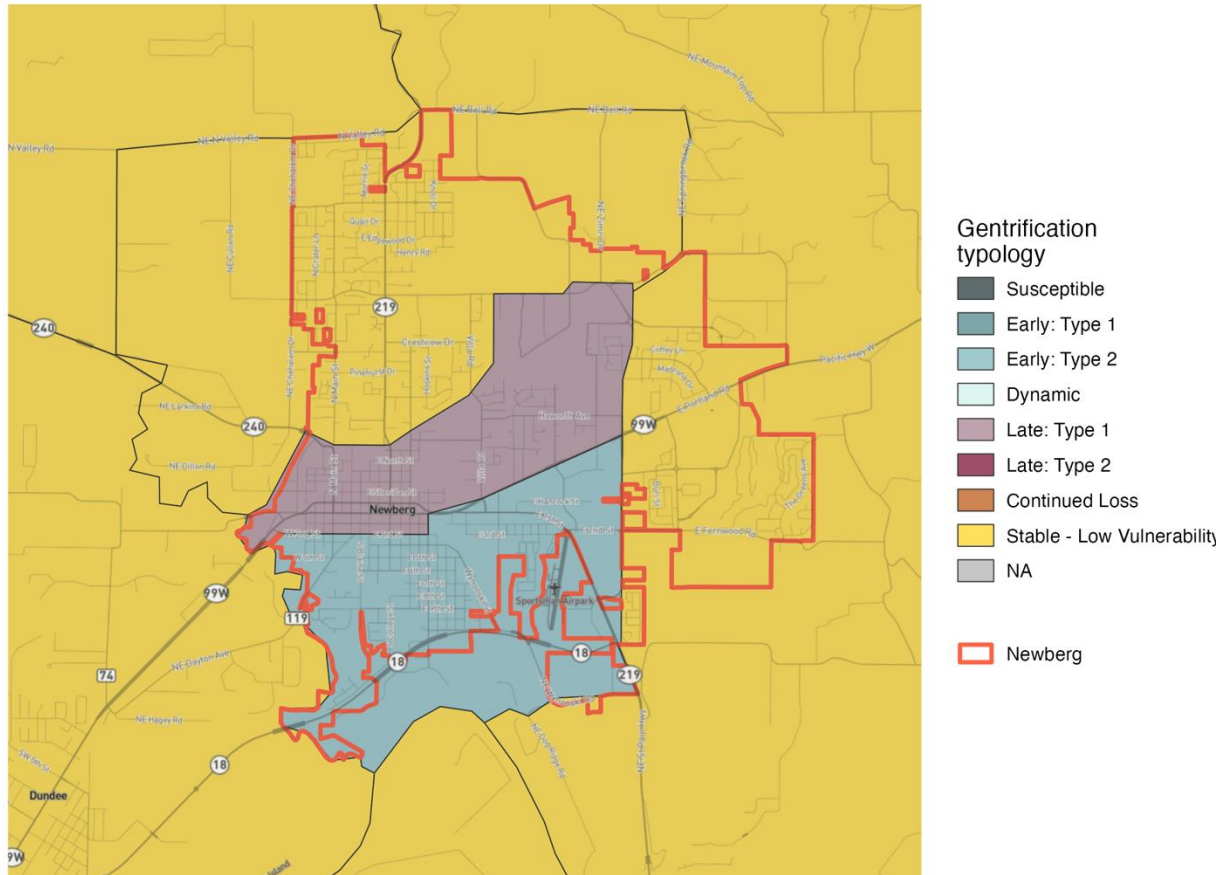
One tract in Newberg is classified as Early: Type 2, another is Late: Type 1 (see Exhibit 58). Demographic changes and housing price increases suggest that these areas are in the early stages of gentrification. This indicates that economically vulnerable neighborhoods may be at risk of experiencing gentrification, 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

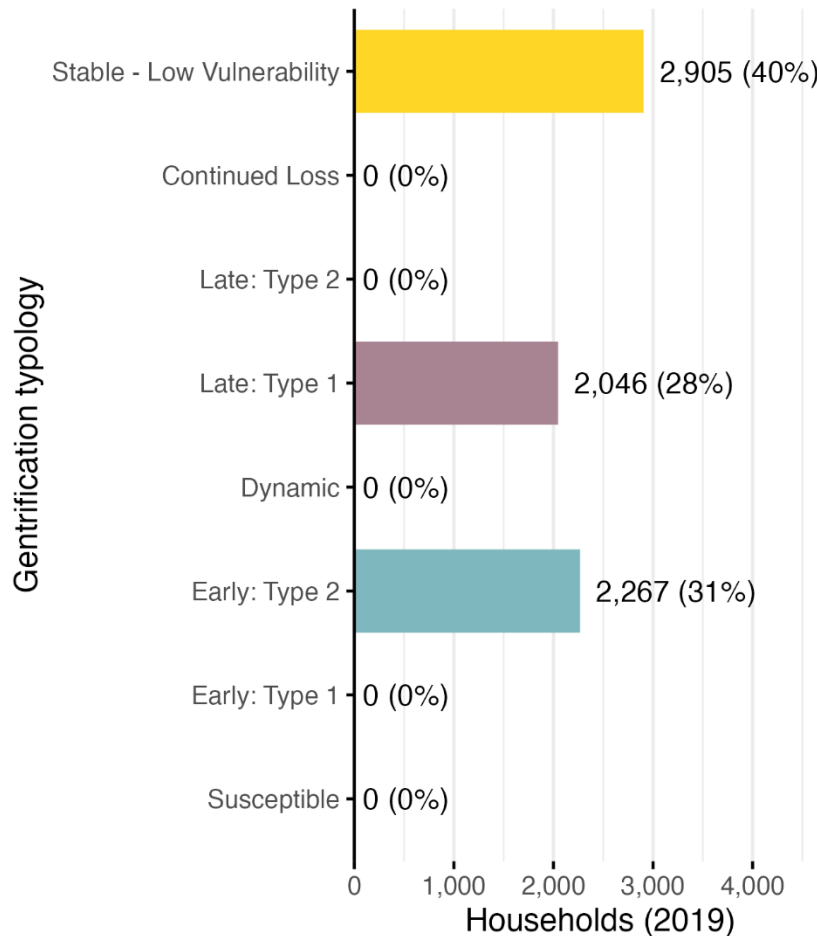
Source: ACS 2010, 2015, 2019 (5-year), RLIS, ECONorthwest, Bates/BPS



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?

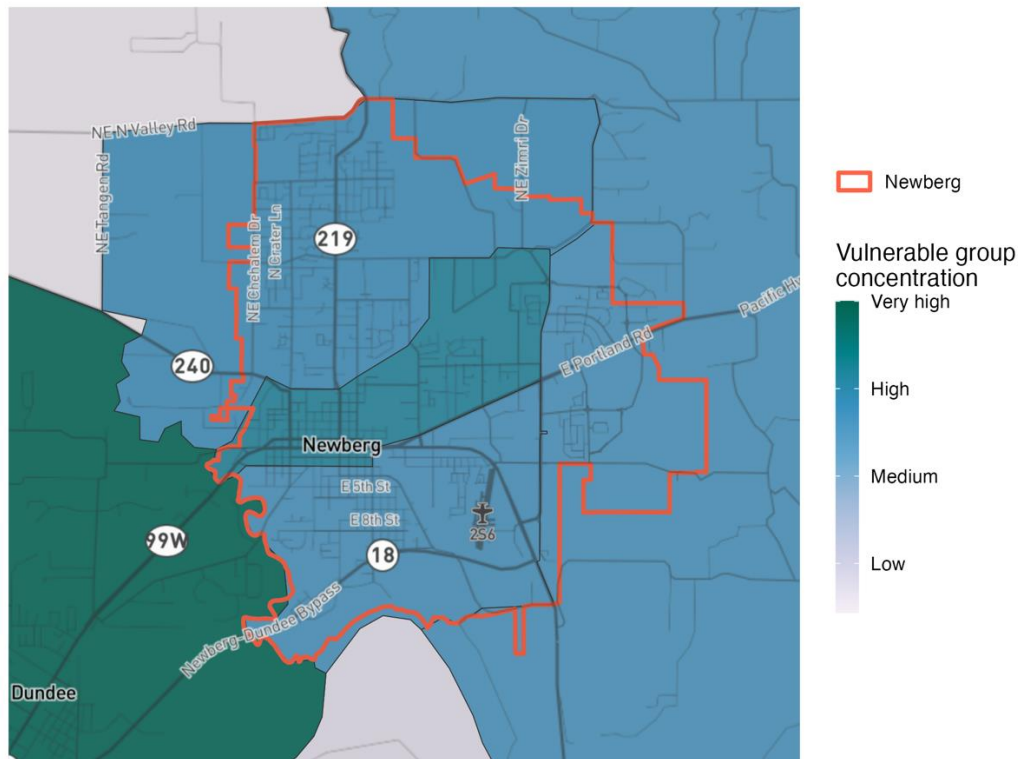
While the previous section provides information on how tracts in Newberg have or have not gentrified, based in part on the Dr. Bates/BPS methodology, this does not answer the question of which neighborhoods and demographic groups are most disproportionately burdened by housing costs. To address this 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



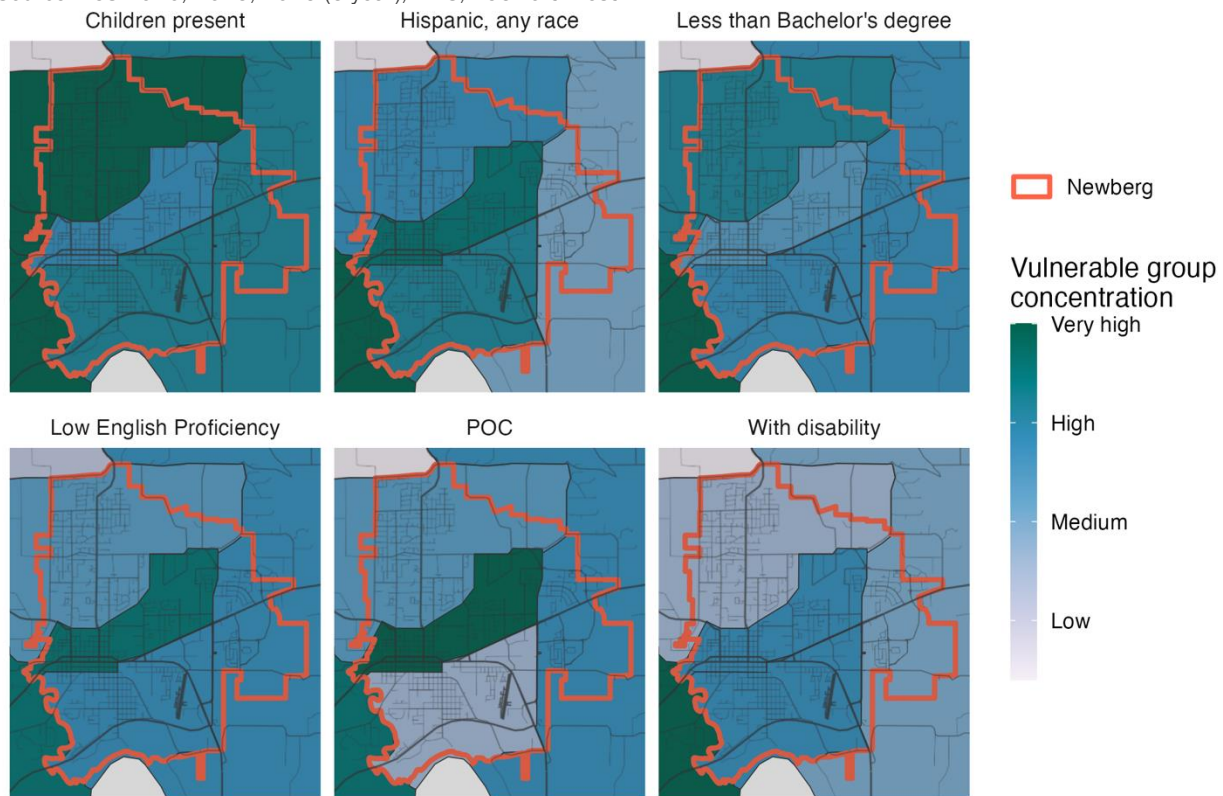
Who is most likely to be displaced if housing market conditions continue to appreciate or stay the same?

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?

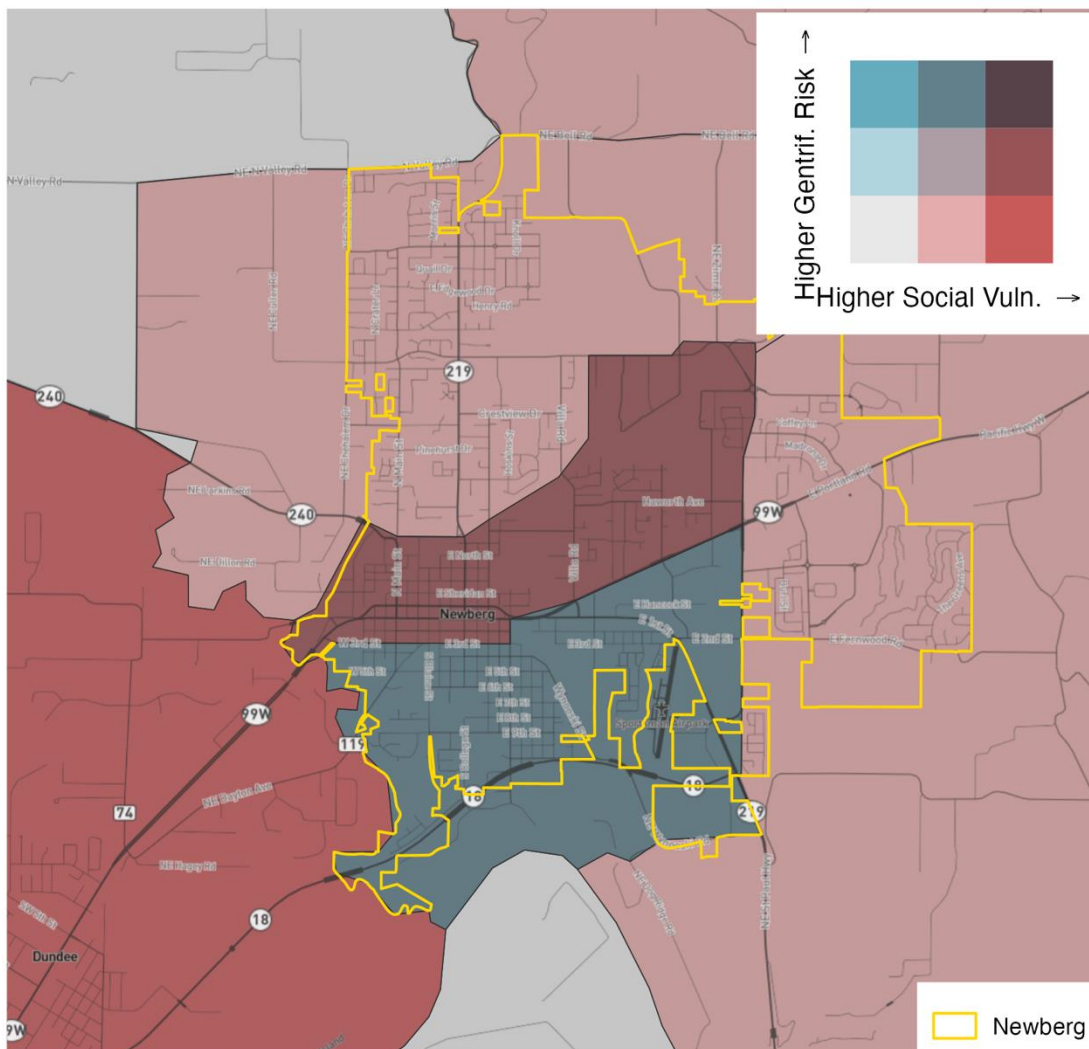
Central and Southern Newberg face highest risks to displacement, but none of it falls into the most severe category of risk.

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:

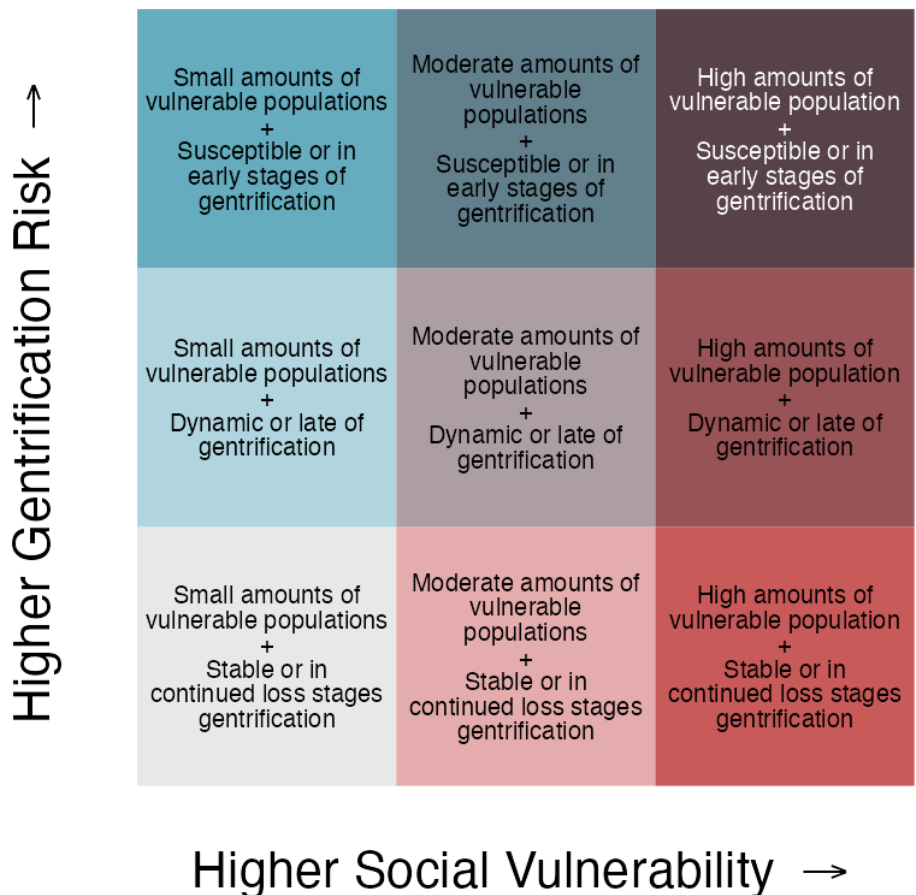
- higher shares of the region's POC
- higher shares of the region's population without a bachelor's degree or higher

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.

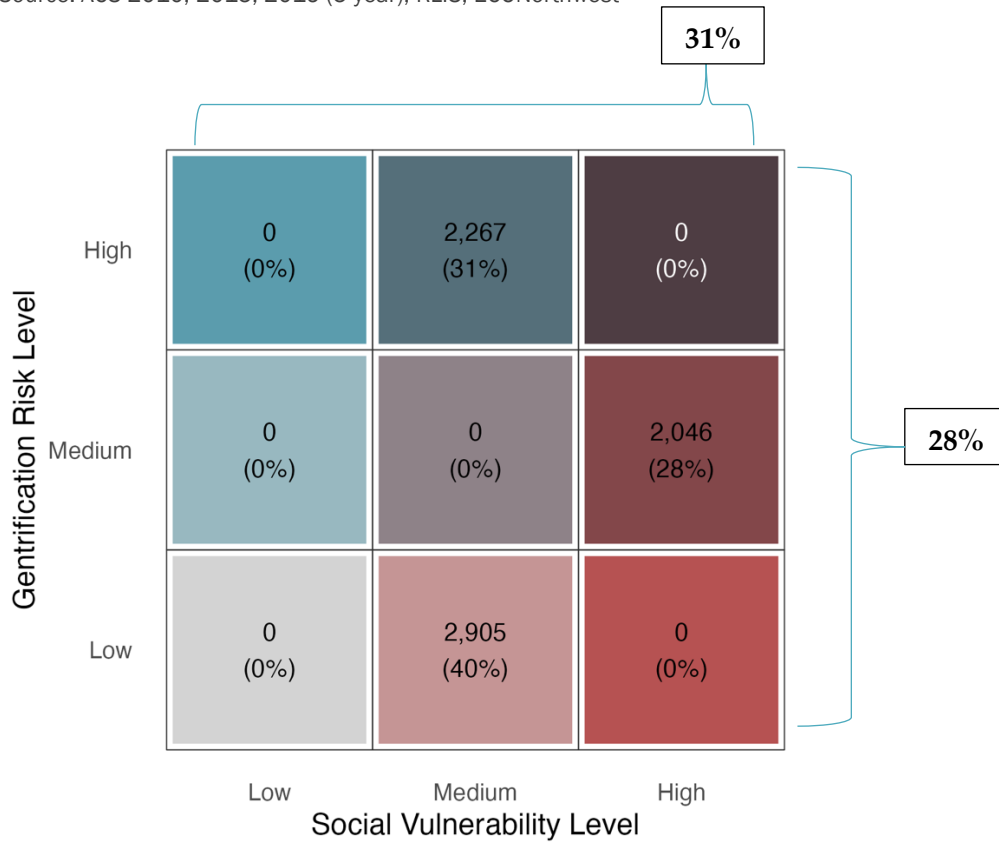
A little under a third (31%) of Newberg residents are at a moderate risk of displacement. The analysis describes the households and tracts that may be most at risk of displacement or additional cost burdening if the City continues business as usual. Slightly over a quarter (28%) of Newberg households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