

PORTLAND PLAN

Comprehensive Plan Evaluation

An introductory research paper to assist in the Portland Plan Work Program development

HOUSING Technical Working Group

> DRAFT REPORT <

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Table of Contents

Introduction	1
Part 1: Existing Policy Framework	3
Possible Policy Changes and Gaps to Be Addressed	4
Objectives to be Revised or Added	5
Central City Plan - Housing Policy	7
Part 2: Key Trends and Issues	8
Population Growth	8
Growing Diversity & Aging	9
Peak Oil	11
Changing Economy	13
Housing Stock	15
Declining Affordability.....	16
The Subprime Mortgage and Foreclosure Crisis	18
Homelessness and Special Needs Housing.....	19
Part 3: Big Questions/Issues and Work Plan Implications	20
Growth Share	20
Affordability	20
Ending and Preventing Homelessness	22
Appendices	23

Introduction

Portland has a long and successful tradition of shaping its future through thoughtful planning. Much of what the community values about Portland is, at least in part, the legacy of the 1972 Downtown Plan, the 1980 Comprehensive Plan and the 1988 Central City Plan. However, these plans, which were intended to guide the city's growth over a 20-year period, are largely outdated. They no longer adequately prepare the community for the challenges and opportunities that lie ahead or provide guidance regarding how and where to make the next round of major investments in infrastructure and programs.

On November 13, 2007, the City received a letter from the state Department of Land Conservation and Development (DLCD) directing Portland to undertake Periodic Review of its Comprehensive Plan. The DLCD letter calls on Portland to evaluate the comprehensive plan provisions on economic development, housing, public facilities, transportation and urbanization to determine whether they are consistent with state law. The City will also evaluate supporting documents (e.g., forecasts, inventories, analyses and facilities plans) and implementing regulations (e.g., zoning). If the plan, supporting information or regulations are deficient, the City must prepare a Work Program to bring them into compliance with state law, and include a public outreach strategy that effectively involves the community in the planning effort.

Merely updating the comprehensive plan per state law will not provide the City with the coordinated, comprehensive guidance document needed to prepare for the opportunities and challenges that the community will likely face (e.g., global warming, a changing economy and projected population and job growth) or achieve the community's aspirations for the future.

Consequently, the City has launched a planning process to prepare a new over-arching plan for the City of Portland, the "Portland Plan." The Portland Plan will satisfy the state's Periodic Review requirements and address other issues and opportunities to prudently guide the City's physical, economic, social, and cultural development in a manner that meets community needs and aspirations.

To evaluate the current Comprehensive Plan and scope the Portland Plan, the City formed six Technical Working Groups (TWGs) to address the following topics: Economic Development, Environment, Housing, Infrastructure, Sustainability and Urban Form. Each topic had its own approach. Some existing committees, such as the Citywide Asset Managers Group that prepares the annual City Asset Report, were tapped to participate on the TWG. The groups began meeting in October 2007 and completed their discussions in February 2008. The number of meetings varied widely by topics. Generally, groups met at least monthly.

The TWGs were composed of staff from the Planning, Environmental Services, Housing and Community Development, Office of Sustainable Development and Transportation bureaus. In addition, staff from Parks and Recreation, Building and Development Services, Management and Finance, Water Bureau, Portland Development Commission, Port of Portland and the Housing Authority participated.

A transportation expert served on several TWGs because transportation concerns are woven into all the other topics. Transportation is also specifically addressed in the Comprehensive Plan Evaluation Report. This separate report summarizes the individual TWG reports.

Additional input was also considered from the Portland-Multnomah Food Policy Council, community health advocates, Portland Peak Oil Task Force, ReCode Portland, a project facilitated through Tryon Life Community Farm to promote regulations that support grassroots sustainability, and visionPDX. This input loop will be continued in future community meetings and at public hearings before the Planning Commission and City Council.

The TWGs were asked to examine at the Comprehensive Plan, other plans and regulations to help define the initial focus issues and identify the known goals, policies, needs, challenges and opportunities that the Portland Plan should address. Specifically, the TWGs were asked to do the following:

1. Summarize and assess the existing policy frameworks, including the Comprehensive Plan, 1988 Central City Plan, and other current policy statements to identify the following:
 - a. Which policies remain relevant,
 - b. Which do not, and
 - c. What is missing.
2. Prepare draft assessments of conditions and trends that they believe are most relevant and critical to understanding the issues to be addressed by the Portland Plan.
3. Identify additional research or analysis that should be undertaken to develop the policies for the Portland Plan and the Central Portland Plan.
4. Suggest particular planning projects for the Work Program, the complete list of planning projects/tasks that will need to be done, and set forward any specific staff or resources needed to accomplish those projects.

Some groups also responded to a draft "Suggested Approach" to the Portland Plan process that offered "5 Framing Ideas" that represent the big issues facing the community including: (1) Global Climate Change, (2) World Economy, (3) Affordable Living, (4) Investment in Green Infrastructure and (5) Character of Place. Over time, these five ideas evolved and included other ideas. Each TWG considered the ideas that seemed most relevant to their topic.

As the TWGs held discussions on the topics listed above, they were asked to always consider the community values expressed in visionPDX: community connectedness and distinctiveness; equity and accessibility; sustainability, accountability and leadership; inclusion and diversity; innovation and creativity; and safety.

This report is the TWGs summary of their group discussions. It is intended to help to start a citywide conversation on the issues, challenges and opportunities. It is hoped that individuals and groups will add to the conversation started by these reports.

Part 1: Existing Policy Framework

Statewide Land Use Planning

The State's land use planning regulations require the City of Portland to adopt a *Comprehensive Plan* that addresses housing and other goals in conformance with the **Statewide Planning goals**. One of these is Goal 10 Housing. Goal 10 calls for providing for the housing needs of the State's citizens. It requires that buildable land be inventoried and that local governments plan for housing types to meet the varying housing needs of local residents within their financial capabilities. Housing types include single and multifamily housing as well as manufactured homes. Because the City of Portland is an urban area, it is also required to comply with **Metropolitan Housing Rule** which requires that opportunities be provided for an adequate number of needed housing units and the efficient use of land within the Metropolitan Portland urban growth boundary. The needed housing types include government-assisted and manufactured housing. In addition, local standards for development of needed housing must be clear and objective, any restrictions on tenure must be justified, and at least 50 percent of all residential buildable land be designated for attached or multifamily housing. Every ten to fifteen years, the State requires the **periodic review** of comprehensive plans and land use regulations to ensure that local governments are responding to changes in local, regional and state conditions. The State is currently requiring the City of Portland to evaluate its *Comprehensive Plan*. This review has been incorporated into the Portland Plan process.

Portland's Comprehensive Plan Housing Policy

Comprehensive Plan Goal 4, Housing, is the City's Housing Policy and is a part of the overall policy framework for land use planning. The housing policy goal is intended to provide long-term guidance for policy makers and ensure the City's compliance with state planning requirements, Metro's planning for growth management, and regional and state transportation planning. The city implements its housing policy through the *Comprehensive Plan* map, through zoning and building code regulations and enforcement, and the City's funding of housing projects and programs. *Comprehensive Plan* map amendments, land use reviews, and urban renewal plans must also be consistent with the *Comprehensive Plan* policies including those of Goal 4, Housing.

Central City Plan Housing Policy

The *Central City Plan* includes Policy 3: Housing, which details the *Comprehensive Plan* Housing policies and objectives for the City's core. It is one of thirteen Functional Policies that address different areas of study. The CCP housing policy calls for keeping the Portland's Central City, Oregon's principal high-density housing area by keeping housing production in pace with new job creation. A Further Statement detailing this policy calls for the construction of 5,000 new housing units by the year 2010. The *Central City Plan* was adopted in 1988 and has been amended a number of times. In 1995, the new housing construction target was increased to 15,000 new units by 2010. The *Central City Plan* also includes District Policies for the various subdistricts of the Central City and some of these include additional housing policies including new housing construction targets. Some of the District policies have been updated since 1988; others have not.

Regional and Federal Mandates

Metro, the regional government for the Portland metropolitan area, has taken over some of the city's planning functions and sets requirements for local jurisdictions related to growth management. The **Region 2040 Growth Concept** sets the framework for absorbing new population and job growth. Title 1, Housing and Job Accommodation and Title 7, Affordable

Housing, of the **Urban Growth Management Functional Plan** set local requirements related to housing. These requirements should be addressed generally in our *Comprehensive Plan*.

The federal government requires that the City and other local jurisdictions that are recipients of federal grants – Community Development Block Grant (CBDG), HOME Investment Partnership, Housing Opportunities for Persons with AIDS (HOPWA), and Emergency Shelter Grant (ESG) to submit a combined housing and community development plan and grant application known as the **Consolidated Plan**. Portland compiles a *Consolidated Plan* in conjunction with the City of Gresham and Multnomah County. The City's *Comprehensive Plan* Housing Goal should generally address the housing needs identified in the *Consolidated Plan* for the City. The *Consolidated Plan* is updated every five years which is more frequent than the update of the housing policy required by the State. The most recent plan period is 2005-2010.

Possible Policy Changes and Gaps to Be Addressed

Comprehensive Plan Housing Policy

Goal 4, Housing, is one of the most recently updated *Comprehensive Plan* goals. On January 15, 1999, City Council adopted Ordinance 172954 which replaced the housing goal, polices and objectives adopted in 1978 with a new goal, fifteen new policies and related objectives. The new housing policy was the result of an extensive two-year public process that involved the Bureaus of Planning and Housing and Community Development, the Portland Development Commission and the Housing Authority of Portland. The new policies reflect the direction of community and neighborhood plans adopted in the 1980s and 1990s, the *Region 2040 Growth Concept* and *Urban Growth Management Functional Plan* and the *State Transportation Planning Rule*.

Recent Trends

Since the adoption of this new goal, continued population and job growth, a booming housing market, and other factors have led to an acceleration of housing related trends that were present at the end of the 1990s. Some of these developments may require changes to the housing policy objectives. The most important trend is decreasing housing affordability. Housing prices have increased dramatically in Portland's centrally located neighborhoods where there has been considerable new development and redevelopment. Many Portland households, including families with children, have been priced out of homeownership and rental housing in the Central City and close-in neighborhoods and are moving to surrounding communities. The rental housing supply has been depleted by condo conversions and the sale of substantial numbers of single family rental homes to homebuyers. In some far North and East Portland neighborhoods, manufactured home parks are in danger of sale and redevelopment because of increasing land values and demand for housing which could lead to the displacement of vulnerable residents who may be low income and/or elderly, residents.

Another change is the rapid increase in fuel costs (particularly oil). Rising fuel costs have been spurring the effort to look at housing and transportation costs together when considering overall housing affordability. Increasing fuel costs may increase the demand for attached and multifamily housing near frequent public transit service and job centers. Increases in home heating and cooling costs could also increase the demand for attached and multifamily housing and smaller detached homes.

Lastly, foreclosure rates may be increasing due to the combination of inflated housing prices and the use of subprime and other adjustable rate mortgages. While the Portland metro area is doing better than many other places in the nation, the slow down in the housing market will make it more difficult for homeowners to sell their properties. Home values of their neighbors may decrease and neighborhood livability affected if there is a number of foreclosed vacant homes in an area. Credit requirements will tighten and may make it more difficult for those desiring to purchase a home to do so and homeownership rates may actually decrease.

For more information on these and other trends affecting housing see Part 2, Conditions and Trend, of this report.

New Initiatives

In addition, the City has adopted a number of new initiatives that are not reflected in the *Comprehensive* and *Central City Plan* housing policies such as the *campaign to close the minority homeownership gap* and the *no net loss of low income housing in the Central City*. Another effort that might be reflected in a change to the policies is the 10-Year Plan to End Chronic Homelessness.

Following is a partial list of Housing Policy objectives that might be revised or added as part of the Portland Plan. Overall, the structure of the housing goal and most housing policies are probably not in need of revision although some of the objectives could be updated. As the Portland Plan progresses however, it may become clear that further changes should be made.

Objectives to be Revised or Added

Comprehensive Plan Goal 4, Housing

Housing Supply

Live/Work Housing. An objective could be added to Policy 4.1 Housing Availability that addresses the demand for live-work units and residential/commercial arrangements such as artist housing. Developments such as Milepost 5 may not have been envisioned when the housing policy was last updated.

Sustainable Housing. Additional green building objectives may need to be added to Policy 4.3 Sustainable Housing. An example is an objective that calls for construction of residential buildings with no net energy consumption. Another could call for balancing affordability considerations with those of sustainability when adopting green building standards. The Sustainability TWG also is addressing this issue.

Housing Opportunity

Access to Opportunity. Add an access to opportunity objective to 4.7 Balance Communities (or add a separate policy under Housing Opportunity) to enhance the notion of “balanced communities.”

An access to opportunity policy would call for ensuring that all households have the opportunity to live in locations that provide good access to transit and jobs as well as parks, schools and services. Some low, moderate and even middle-income households may not currently have the housing choices they need in this regard. (It is assumed

that high-income households can afford neighborhoods with good access to opportunity or have the means to compensate for the lack of access if they live in low density areas of the city far from transit, job centers and services).

Close the Minority Homeownership Gap. Add a new objective to 4.10 Housing Diversity (or 4.7 Fair Housing) that calls for closing the minority homeownership gap. City Council accepted the *Strategies to Increase Minority Homeownership Rates* in July 2004 which calls for closing the minority homeownership gap by 2015. There is no objective under of any the housing policies that explicitly address minority homeownership.

Housing Affordability

Consider Transportation and Housing Costs Together. A new objective under 4.11 Housing Affordability could be added that calls for locating affordable housing where access to frequent public transit is available or planned and infrastructure is in place that

allows biking and walking so that transportation costs can be minimized. This objective would acknowledge that housing and transportation costs should be considered together when determining overall affordability.

New Approaches to Affordable Housing. Add a new objective under 4.11 Housing Affordability to encourage new approaches to increasing the supply of affordable housing such as inclusionary housing policies that do not require the use of limited public financial resources.

Ending Homelessness. Changes to existing objectives or adding a new objective under 4.12 Housing Continuum may be necessary to reflect the objectives of the City and its other jurisdictional partners of the 10 Year Plan to End Chronic Homelessness.

Condominium Conversion. Objective F. under 4.12 Neighborhood Stability calls for requiring property owners to assist low-income residents when apartments are converted to condominiums. The City has an ordinance that requires this but it is unenforceable. A discussion is needed about whether to retain or revise this objective.

Aging in Place/Visitability. Revise existing Objective H or add a new objective under 4.14 Neighborhood Stability that strongly encourages construction of housing that is accessible/visitible and allows aging in place. This objective might more explicitly reference Universal Design and the visitability standard in particular. Visitability means that a physically challenged person can visit a home. While there are several housing policy objectives related to aging in place and accessibility to persons with disabilities, none calls for creating visitable housing.

Mobile Home Parks. Objective J. under 4.14 Neighborhood Stability calls for preserving existing mobile home parks. In recent years, the City's mobile home parks have been threatened with closure and redevelopment because of increasing land values and the potential for higher density and higher value development. However, there is still a demand for this affordable housing option. This objective might be revised and language adopted that calls for preserving this housing option rather than existing parks.

Gentrification/Displacement. Strengthen our objectives under 4.14 Neighborhood Stability or add new ones that call for creating mixed-income neighborhoods where low,

moderate and middle income households are not displaced due to market forces.

Central City Plan - Housing Policy

Growth Share. The *Central Portland Plan* could set a goal for the amount of regional growth (or the City's share) that is captured. The 1995 amendment to the *Central City Plan* housing target called for 15,000 new housing units by 2010. The *Central Portland Plan* could set a new more aggressive target or call for capturing a certain share of population growth. The City could also target Central City workers or certain types of households such as families with children.

No Net Loss of Low Income Housing. In 2001, the City Council passed Resolution No. 36021 calling for no net loss of housing units affordable to low income households in the Central City. PDC tracks the no net loss policy in its Central City Housing Inventory. This policy should be considered for addition to the *Central Portland Plan*.

Ending Homelessness. The 1988 CCP Housing and Human Service policies may need to be updated to reflect current City initiatives related to ending homelessness.

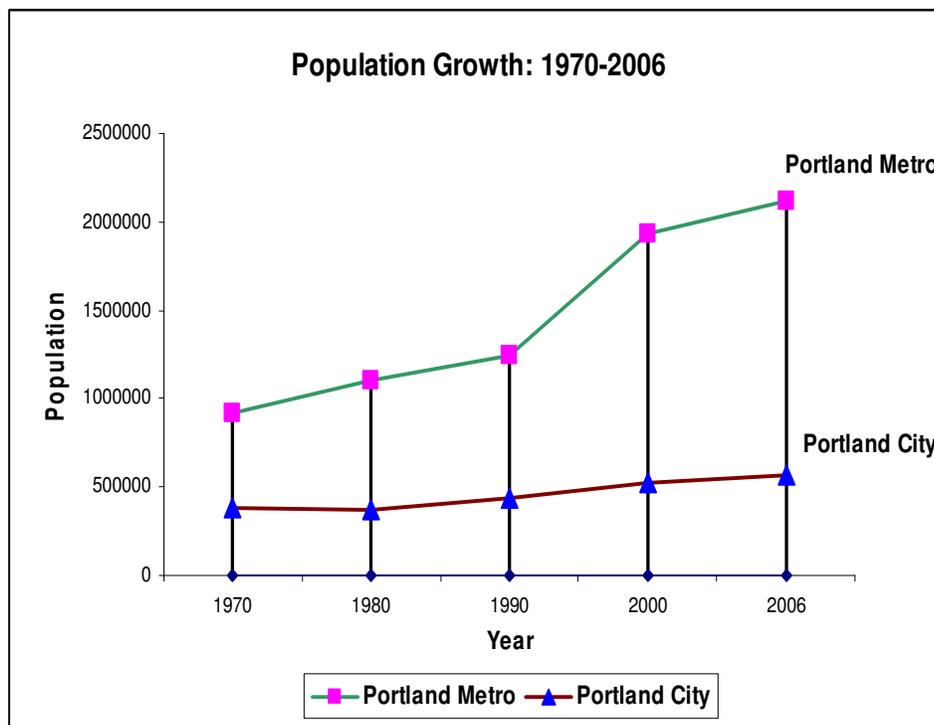
Part 2: Key Trends and Issues

Population Growth

The Portland metropolitan area has witnessed population growth all through the past decades. In the most recently released Census Bureau rankings, Portland is listed as the 23rd largest metro area nationally. Population projections for the future indicate that the region will continue to grow and add up to a million more people by the year 2040. The regional trend is mirrored by the City of Portland.

FACTS

- The metro area population is projected to reach over 2.8 million by 2030 while Portland is expected to add about 100,000 new residents in the same time period.
- The average annual growth rate is expected to range from a low of 0.8% to a high of about 2.0%. The base is expected to be about 1.5%.



CHALLENGES

- Prudent management of existing land supply while accommodating population growth will present itself as challenge for both the City and the Metro area.
- While housing supply will be able to meet demand, Portland may not be able to provide a complete spectrum of *housing choices* for its growing population.
- Population growth may spur gentrification on one hand and displacement of the poor on the other. The two trends are rather difficult to balance.

OPPORTUNITIES

- Population increase presents an overall growth opportunity for the City and provides an opportunity for dense or infill development in its Centers and Corridors.
- Older housing stock in poor condition may be cleared and new housing units developed.
- Steady housing demand should protect the Portland housing market from severe downturns including ones like the present sub prime mortgage crisis.

For more information on Portland’s population, see Appendix 1: Demographic and Income Profile and 2011 Forecast, pages 27-29.

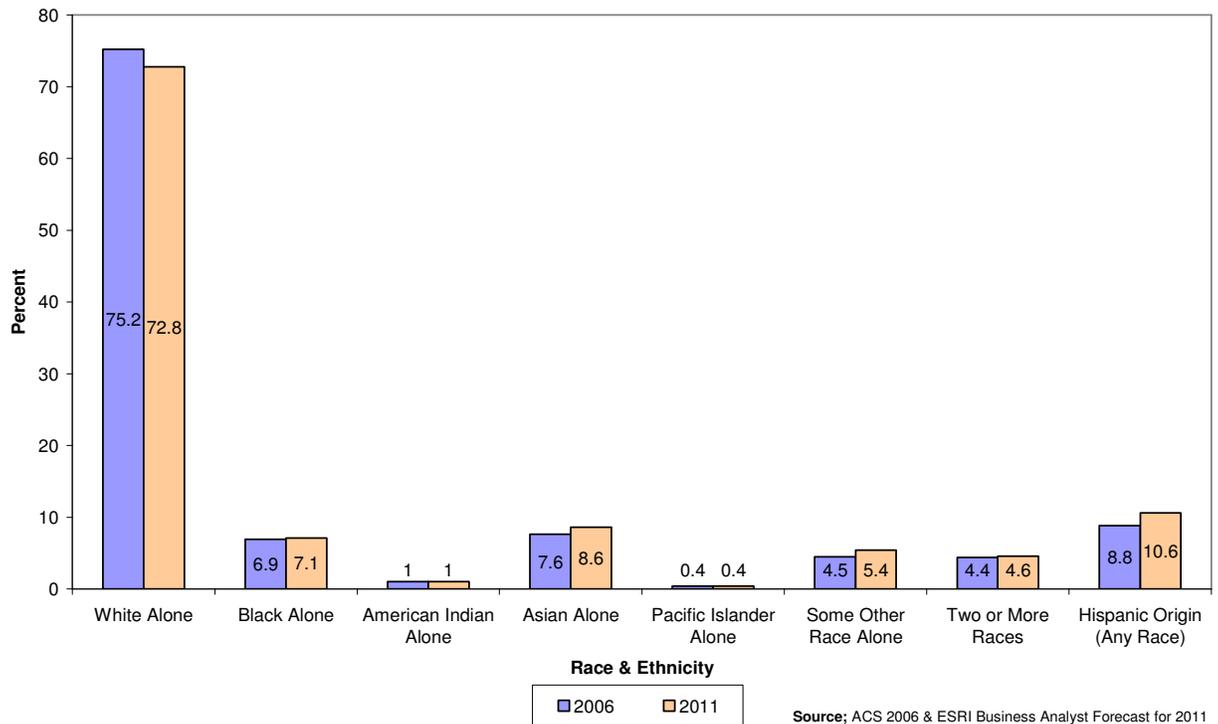
Growing Diversity & Aging

Along with population growth, the demographic characteristics of the Portland Metro (and the City) is also expected to change in the coming decades. The population will be more ethnically diverse and older.

FACTS

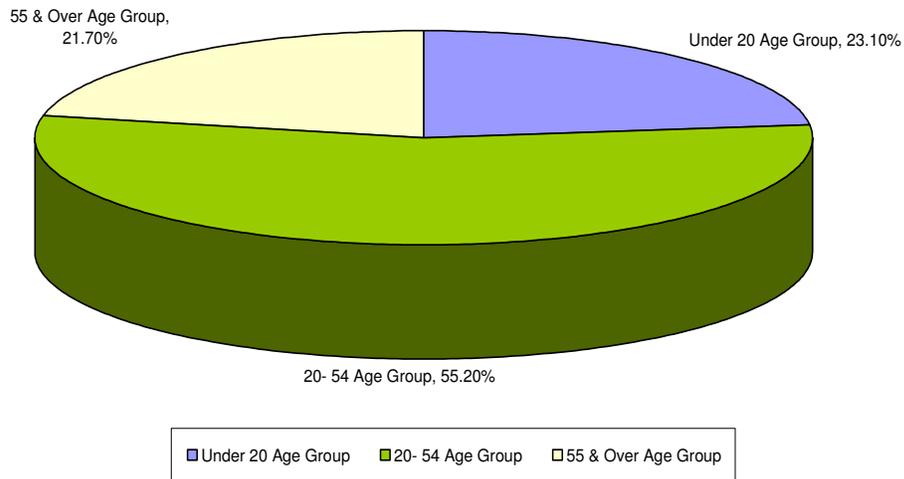
- Hispanics are projected to be the fastest growing ethnic minority group in the region.
- Asians are projected to be the largest racial minority (as opposed to ethnic group) in the region replacing blacks who have historically held this position.

Population by Race, Portland



- Portland’s population will be aging as nearly a quarter of area residents will be 55 years or over unless counterbalanced by in-migration of younger population:

Population by Age 2006, Portland



Source: ESRI Business Analyst

CHALLENGES

- Housing supply and stock will need to match the demographic shifts in age and race/ethnicity.
- Closing presently existing minority homeownership gaps may present a greater challenge.

OPPORTUNITIES

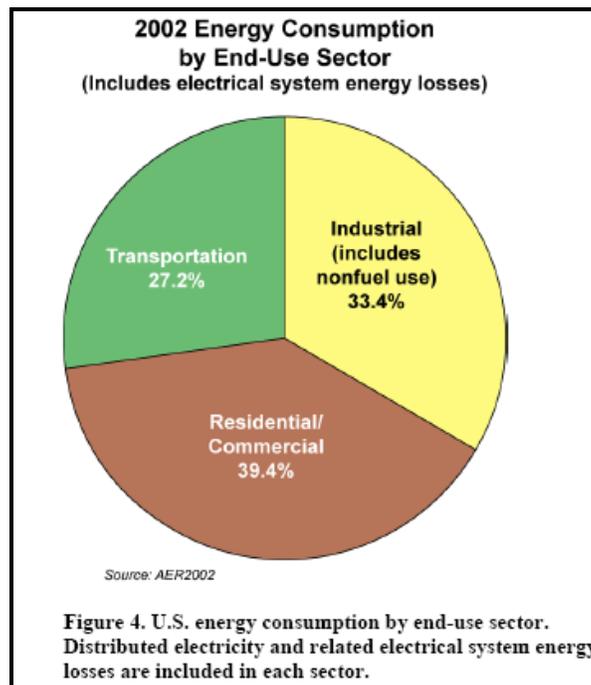
- Hispanic households are traditionally larger with presence of school age children. Housing such households near schools will bring opportunities for the households as well as the schools.
- Aging baby boomers are a significant target group for the housing market and other economic activities.

For more information on Portland’s population, see Appendix 1: Demographic and Income Profile and 2011 Forecast, pages 27-29.

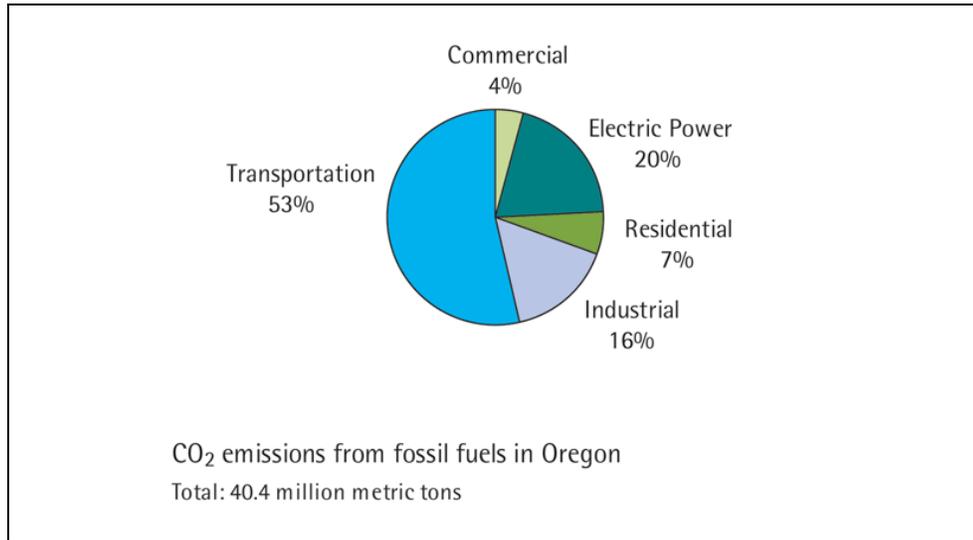
For more information on Portland’s households from 2000-2006, see Appendix 2: City of Portland Household Types.

**Peak Oil
FACTS**

- **Building operations currently consume 40% of all energy used in the U.S.** The AIA Board of Directors and U.S. Conference of Mayors adopted a program that calls for all new buildings to reduce fossil fuel use by 50% with a goal of gradually reaching carbon neutrality for all new and existing buildings by 2030.
- Just 50 years ago, the average American home was half the size of today. Even a partial reversal would yield significant reductions in home energy use.
- Residents of the most efficient **new housing projects enjoy utility bills less than 1/3** the amount they would have to pay in older, comparably-sized buildings.



Oregon CO2 Emissions (2003)



OPPORTUNITIES

- As car travel becomes more expensive due to rising oil prices, ***demands for housing closer to jobs, transit, retail stores, services, schools, parks and other frequent destinations will increase*** thereby encouraging more mixed-use and high density development and transit.
- ***Implement an access to opportunity standard*** when determining affordability which will aggregate both housing and transportation costs.
- Require that future building and infrastructure follow ***sustainable development guidelines and green building strategies that emphasize energy efficiency, conservation, and alternative energy supplies*** to reduce Portland's carbon footprint.
- ***Educate public on importance and benefits to them of reducing oil and natural gas consumption*** as well as the range of methods available for achieving (ie, efficiency, conservation, living in smaller spaces that reduce transportation distances).

CHALLENGES

- ***Portland's population may grow faster than forecast as a result of in-migration*** since it's heralded for its environmental ethic, livability, and sustainable development.
- ***Costwise heating, maintenance, and housing prices will likely take up larger amounts of people's budgets***, thereby pushing them towards lower-quality housing.

- **Unemployment will likely increase in the short term** causing the middle class to shrink and added demand on government programs like the Low-Income Home Energy Assistance Program and Section 8 Housing. The construction industry, mortgage finance, and real estate industries will be particularly impacted.
- **Low-income and vulnerable populations will be displaced, with residents relocating to "edge" areas with poor access to these services.** Low-income households already spend a much higher percentage of income on transportation, and the added costs associated with living farther from city centers will make life more difficult, causing further marginalization.

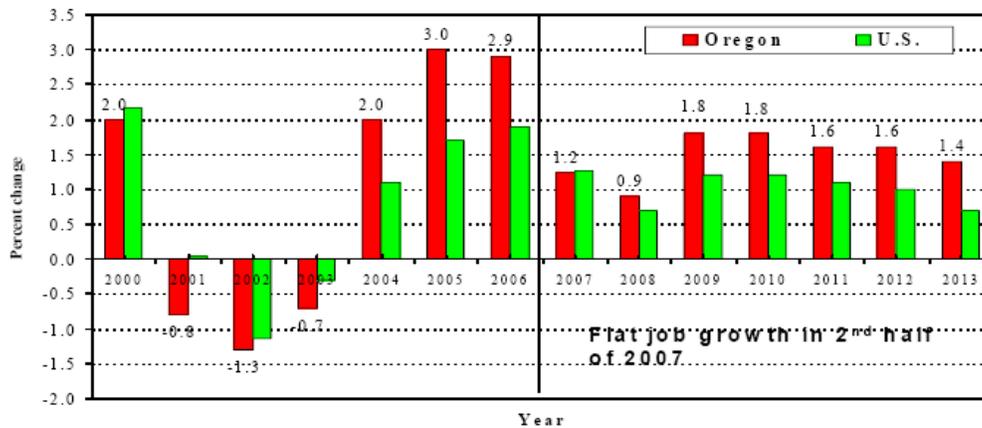
For information on combined housing and transportation costs, see Appendix 4: Links to Combined Housing and Transportation Costs on page 37.

Changing Economy

FACTS

- The national housing market served as the economy's weakest link in late 2007 as the pace of new-home construction plunged in July while the backlog of existing unsold houses rose to a 16-year high. House prices have kept falling.
- The decline of U.S. residential investment, by around -20% per annum in 2006 and 2007 diminished U.S. GDP by approximately 1%. However, this effect has been limited and will decline as the size of the residential construction sector itself shrinks and as resources are transferred into non-residential investment.
- Multnomah County had the fourth highest housing prices in the State in 2000 (last census year) with a median purchase price of \$156,600 and median rent of \$633.
- The number of employees in the nonfarm business sectors in the Portland-Vancouver-Beaverton Metropolitan Area region grew in 9 of 11 sectors between 2001-06 except for the following two: Manufacturing (-7%) and Information (-8%).
- The 1995-2005 average annual growth rate of Per Capita Personal Income for Multnomah County was 4.1% from \$25,310 to \$37,798.

Total Non-farm Employment Growth (Annual Percentage Change)



OPPORTUNITIES

- **Land development capacity** – approx. 400 acres of vacant or very underutilized land in the Central City alone are available for redevelopment over the next 20 years based on current zoning standards.
- **Universities in Portland continue to expand** – at least three institutions within the City are in the process of expanding which provides significant sources for housing demand in the City.
- **Live/work arrangements** – demand is increasing for innovative live/work spaces such as artist housing or other spaces that allow someone to use part of their living space as work or retail space.

CHALLENGES

- The slowing housing market has actually served as a major drag on the overall economy given the subprime loan crisis, credit crunch, and the ensuing instability in the global financial market.
- It will be **more expensive and difficult for groups at the bottom of the income spectrum to afford housing within the City** in the future since housing, utility, and transportation costs will take up greater shares of people's budgets.

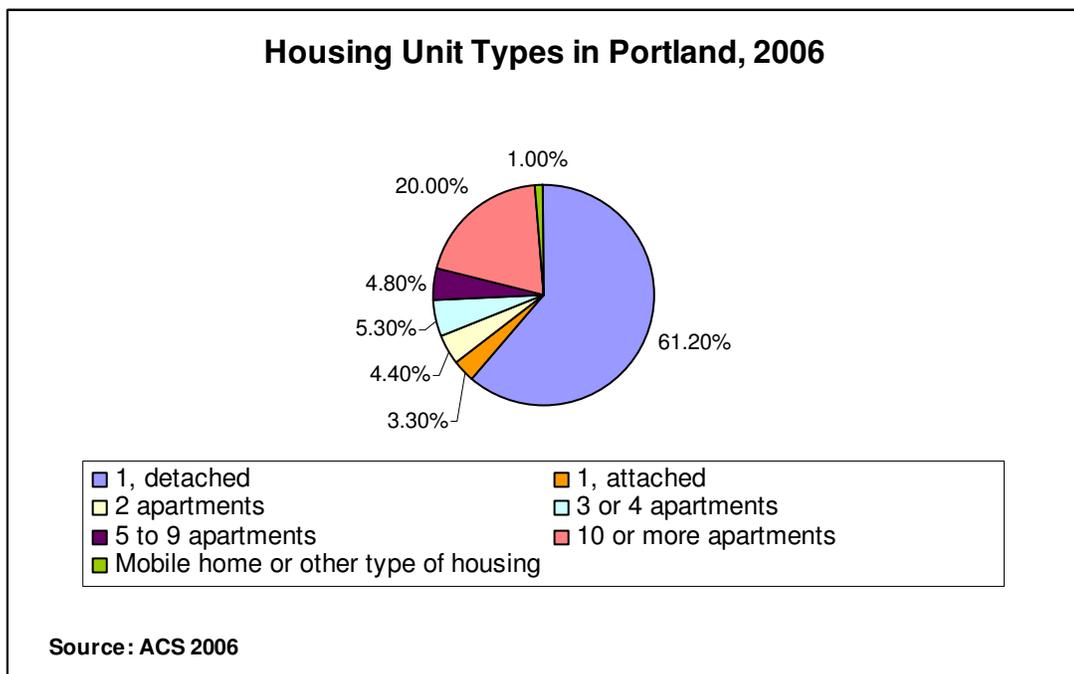
For more information on Portland's household incomes, see Appendix 1: Demographic and Income Profile and 2011 Forecast, pages 27-29.

Housing Stock

Much of Portland’s housing stock is characterized by older single family units. Recent permit activity indicates that the new housing units being built tend to be multi-family units as opposed to single family structures.

FACTS

- Nearly 63% of the housing stock comprises of detached or attached single family units.
- Larger multi-family units (10 or more apartments) constitute only 20 percent of the housing stock.
- About 34 percent of the housing stock in the City was built before 1939.



CHALLENGES

- Housing stock in poor condition presents a challenge for maintaining an adequate and affordable housing supply.
- Increasing the supply of quality rental units.
- Preservation of mobile home parks will present itself as a challenge as land supply gets increasingly constrained in the future.

OPPORTUNITIES

- Reconstruction and infill development opportunities to build adequate and quality housing supply.
- Conversion of units dependent upon fuel oil/kerosene etc. (estimated to be about 10% of all units) to a more sustainable form of heating.

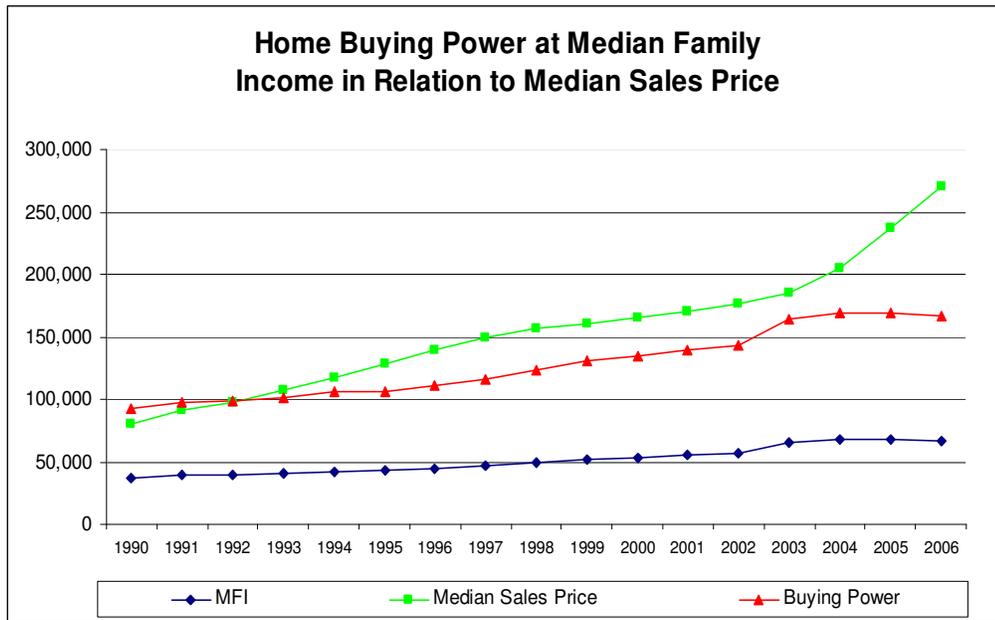
For more information on Portland’s Housing, See Appendix 3: Housing Profile.

Declining Affordability

Although Portland is one of the most affordable major West coast cities, decreasing housing affordability has become the most significant housing issue in the Portland metro area over the last decade. Cost burdens for both owners and renters are increasing due to rising housing prices and rents and flat income growth. Some households may be leaving the city to find more affordable housing both to rent and buy.

FACTS

- Portland metro area housing prices rose faster than incomes, particularly since 2003. The median sales price in 2000 according to information from the local RMLS Multiple Listing Service was \$166,000 in 2000 and \$270,500 in 2006, an increase of 63 percent.



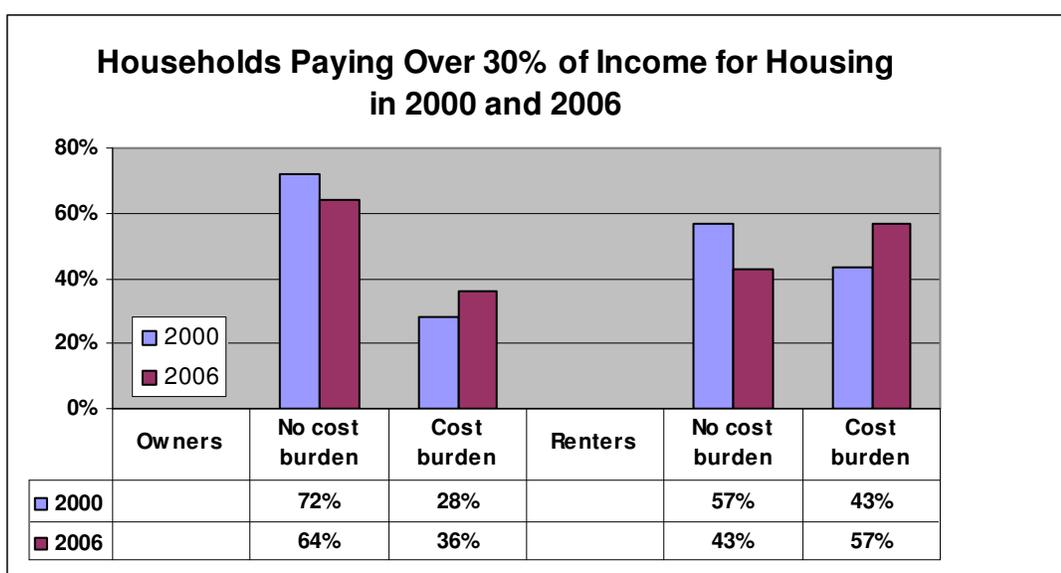
Source: PDC

- Housing costs for renters in the City of Portland have not risen as quickly as housing prices for metro area owners. Rental housing costs (median gross rent) have risen from \$622 in 2000 to \$721 in 2006, about 16 percent according to the US Census.
- However, the incomes of renter households are substantially less than those of owner households and have declined since 2000. This could be partially due to higher income renters transitioning to homeownership between 2000 and 2006. Rising housing prices will make it more difficult for renter households to make this transition in the future. (chart is on next page)

Median Household Income for City of Portland Households

	2000	2006	% change
All Households	\$40,227	\$44,273	10%
Owner Occupied	\$53,949	\$63,645	18%
Renter Occupied	\$26,724	\$25,751	-4%

- Cost burdens for both renters and owners are rising. The majority of renters pay more than 30 percent of their income for housing in 2006. A large number of renters, 29 percent, spend more than 50 percent of their income for housing in 2006.



Source: US Census

CHALLENGES

- Households have less income to cover other household expenses such as healthcare, education and transportation costs.
- Decrease in the housing choices and the ability of low/moderate income people to live closer to city centers or neighborhoods with desirable amenities.
- Longer commutes because of lack of housing affordability near employment centers.
- Loss of families with children from expensive inner city neighborhoods which leads to declining public school enrollments.
- Increasing need of public subsidy for affordable housing.

OPPORTUNITIES

- Decrease in market for larger homes that consume large amounts of natural resources to construct and have high heating costs.
- Possible increase in interest by employers in employer-assisted housing.
- Growing interest in transit-oriented development that will allow households to conserve on transportation costs and reduce global warming emissions.
- Creation of more alternative homeownership types (i.e., land trust model, limited equity cooperatives, co-housing, etc.) that may allow renters unable to afford the traditional single family home to transition into ownership.

The Subprime Mortgage and Foreclosure Crisis

Many households were able to purchase homes in recent years through the use of nontraditional mortgage products including subprime mortgages as well as adjustable rate, interest only, and payment option loans. These homebuyers may find themselves at risk of default if they find themselves unable to make payments when their loans reset at higher rates or sell their homes for as much as they owe on their loans. In the Portland area, as is in the rest of the country, the foreclosure rate is rising, housing price appreciation has slowed and the inventory of unsold homes has increased.

FACTS

- The foreclosure activity for the Portland Metro area rose 24 percent between 2006 and 2007 according to RealtyTrac's Year-End 2007 Metropolitan Foreclosure Report and involves over 5,000 area properties.
- Nationally, 20 percent of all mortgage originations were subprime loans in 2006 and these loans have higher default rates than prime loans according to Harvard University's 2007 *The State of Nation's Housing* report.

CHALLENGES

- Potential homebuyers will have more difficulty obtaining mortgages than in the past and the City's homeownership rate may decline.
- Disproportionately affects minority homeowners because of larger use of subprime mortgage products. Might negatively impact the minority homeownership rate and the amount of wealth accumulated by minority households.
- Potential adverse effects on neighborhoods with a large number of foreclosures – decline in housing values and vacant and abandoned properties.
- Local government revenues may decline due to decrease in housing values. Also, local governments may incur property maintenance costs of vacant properties.

OPPORTUNITIES

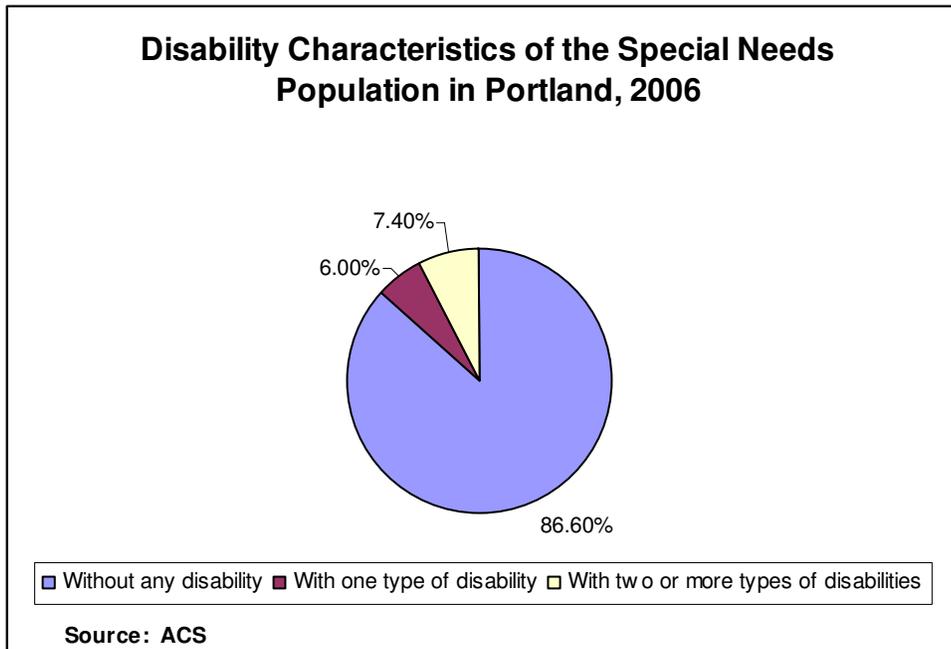
- More public oversight of the mortgage industry.
- More interest in government-sponsored loan programs.
- Local government will be able to educate homebuyers and homeowners about new federal and state homeownership initiatives.

Homelessness and Special Needs Housing

Portland’s demographic profile includes people who are homeless and also people with special needs who are not homeless. It is critical to address the housing needs of this segment of the population that most often is financially constrained as well.

FACTS

- The homeless population in the City is estimated to be at about 3,000. Also, nearly 600 of them are homeless families with children.
- According to the 2006 American Community Survey, nearly 13% of the total population of Portland has one or more physical or mental disability.



CHALLENGES

- Housing the homeless and the special needs population will continue to be a challenge.
- In addition to housing, provision of appropriate support services for the homeless and special needs population will continue to be a challenge.
- Preventing people from becoming homeless.

OPPORTUNITIES

- An effective permanent supportive housing program is an opportunity to ensure social equity.
- Portland will have an opportunity to implement initiatives like *Universal Design Standards* and *Complete Streets* that will not only better serve the needs of the disabled population but will also provide an opportunity for people to age in place.

Part 3: Big Questions/Issues and Work Plan Implications

Growth Share

Does Portland want to continue capturing 20 percent of the region's population growth as called for in Portland Future Focus? What type of households do we want to attract to the city? What share of growth and type of households do we want to attract and retain in the Central City?

Discussion

The HTWG group wanted to know the time frame for the growth share target. It might be possible to be more aggressive in the short term. The city appears to have been capturing over 20 percent of the region's growth as measured by building permit activity but may not be capturing 20 percent of the region's population growth since many of the city's units are small and house small households. We need to consider what type of growth we want to capture and consider both housing and household type.

The desired growth share for the city should be balanced by considerations of the adequacy of natural resources, open space, and school funding allocations. It would be useful to know the cumulative share of growth over time since the city needs to provide adequate open space per capita.

Work Plan Implications

Look at the type of residential development that the city is getting by zone and in the 2040 centers. Obtain Metro data on adequate amount of open space per person. Obtain population forecasts by household size, income and age for both Portland and the metropolitan area. Find out when Metro is going to issue its next round of regional population projections.

Affordability

How do we keep low and moderate income households from being priced out of many of Portland neighborhoods, particularly those that have good access to transportation, jobs and other opportunities to meet household's needs. This issue has a number of aspects that are listed below:

Access to Opportunity

Should an access to opportunity be adopted in addition to a Balanced Communities policy?

Discussion

Planning staff proposed an "access to opportunity policy" that calls for ensuring that low, moderate and middle income households are able to live in locations that provide good access to frequent transit service and jobs as well as parks, schools, services. Good access to public transit, jobs, and services can assist households in keeping their living costs affordable since transportation costs are increasing as rapidly. It could also entail improving "access to opportunity" in the neighborhoods that already have a large amount of affordable housing.

Generally, the group thought that the addition of an access to opportunity policy could provide balance when considered in conjunction with the Balanced Community policy. They did not want to eliminate the existing policy however.

Work Plan Implications

Map the affordability of Portland neighborhoods (or census tracts or TAZs) by housing and transportation costs (which are calculated by distance to job centers.) The housing and transportation affordability index or some other measure could be used. Compile information from Metro’s Regional Affordable Rental Housing Inventory on the location of affordable rental housing within and outside centers and corridors. Review the *Regional Equity Atlas* for information on accessibility of Portland neighborhoods to transit, parks and open spaces, full service groceries and other opportunities related to equity.

Middle income/Family/Workforce Households

Should the City try to attract and retain middle income/family households? Should the City try to attract and retain these households in the Central City?

Discussion

Middle income households may be declining as a share of Portland households. It is important to look at what is happening to the middle income group. Family households are declining as a share of the City’s households. There may be an overrepresentation of both low income and high income households in the Central City compared to the City and the region as a whole. Aging boomers may be holding on to large older homes needed by young families but are reluctant to move because of potential property tax increases if they move on to new units.

Workplan Implications

Track movement of moderate and middle-income households over time (1970s onward) to determine if they have been leaving the City. Track what is happening with families by income group over time. Also, look at a projection of households by age and income and determine if there are ways to encourage older households to move out of larger family size units. Assess whether there is an adequate supply of housing for seniors.

Gentrification/Displacement

Does the City want a policy calling for the creation of mixed-income neighborhoods where low and moderate income households are not displaced due to market pressures and gentrification?

Discussion

The group wanted an assessment of availability, balance, diversity, and affordability of housing throughout Portland to better understand it. Closing the minority homeownership gap might fit under this larger question.

Work Plan Implications

An assessment of availability, balance, diversity and housing throughout the city. Information on the minority homeownership gap by neighborhood or census tract. Review of best practices/policies for preventing displacement in improving neighborhoods.

Affordable Housing Supply

Should the City have a goal of retaining a stable supply of quality affordable housing?

Discussion

This question combines some more specific issues that have been discussed by the group. These are:

- Should the City have a policy calling for the creation of a permanent supply of affordable housing, both rental and homeownership?
- Should some restrictions/conditions be placed on the condo conversions to minimize loss of quality rental housing?
- Are there regulatory barriers that discourage the provision of affordable housing such as design review requirements for multifamily housing, and some zoning and building code regulations?
- Is the city at risk of losing affordable housing due to the age and condition of the housing stock?

Workplan Implications

Assess the adequacy of the City's housing supply to meet the housing needs of low and moderate households. Assess the loss of rental housing (and the increase in affordable homeownership opportunities) due to recent condo conversions. Assess the age and condition of the city's housing stock by tenure. Work with BDS and nonprofit developers to assess possible regulatory barriers to affordable housing.

Ending and Preventing Homelessness

Does Portland want to continue addressing both chronic homelessness and homeless prevention efforts beyond its current 10 year plan period? Should it continue its "housing first" approach to address homelessness?

Discussion

The HTWG group stressed the need to continue to work towards addressing issues of homelessness even beyond the current 10 year plan period to end chronic homelessness. The need to prevent possible homelessness for both individuals and families was also discussed. The group noted that one of the concerns highlighted by the community during the VisionPDX process was homelessness.

Work Plan Implications

Research the changing profile of homelessness. Since the 1990s, it is not just mostly single men who are homeless but entire families are falling into homelessness. This has policy implications. Additionally, the reasons for becoming homeless is proliferating – sub prime lending as a cause for foreclosure and eventual homelessness, military veterans becoming homeless for various reasons etc. are rather recent causalities. So an assessment of reasons for homelessness can help shape policy responses.

Appendices

Appendix 1: Portland's Demographic and Income Profile and 2011 Forecast

FROM ESRI - Source: Census, 200 Census of Population & Housing. ESRI forecasts for 2006 & 2011. **Data Note:** Income is expressed in current dollars.

Summary	2000	2006	2011
Population	529,121	549,134	568,509
Households	223,737	232,188	240,512
Families	118,447	120,852	122,968
Average Household Size	2.30	2.30	2.30
Owner Occupied Housing Units	124,767	133,248	137,518
Renter Occupied Housing Units	98,970	98,940	102,994
Median Age	35.2	36.7	38.0

Trends: 2006-2011 Annual Rate	Area	National
Population	0.7%	1.30%
Households	0.71%	1.33%
Families	0.35%	1.08%
Owner Households	0.63%	1.41%
Median Household Income	3.76%	3.32%

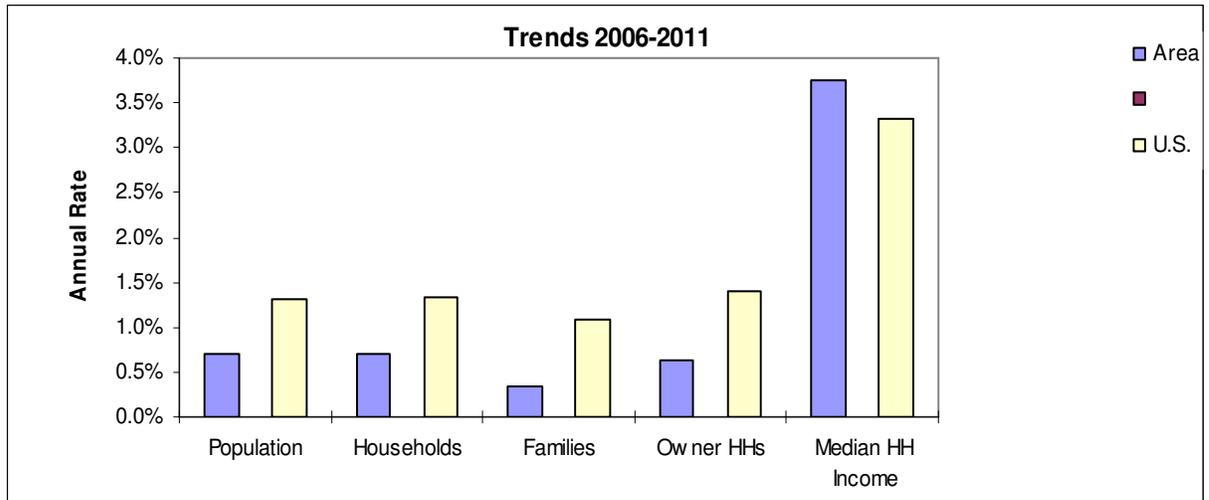
Households by Income	2000		2006		2011	
	#	%	#	%	#	%
< \$15,000	36,268	16.2%	29,486	12.7%	25,409	10.6%
\$15,000 - \$24,999	29,823	13.3%	22,848	9.8%	19,564	8.1%
\$25,000 - \$34,999	31,186	13.9%	24,893	10.7%	21,145	8.8%
\$35,000 - \$49,999	38,638	17.3%	38,316	16.5%	33,177	13.8%
\$50,000 - \$74,999	44,516	19.9%	46,944	20.2%	47,858	19.9%
\$75,000 - \$99,999	20,667	9.2%	29,329	12.6%	32,524	13.5%
\$100,000 - \$149,999	14,735	6.6%	24,399	10.5%	35,871	14.9%
\$150,000 - \$199,999	3,761	1.7%	8,403	3.6%	11,747	4.9%
\$200,000+	4,393	2.0%	7,570	3.3%	13,217	5.5%

Median Household Income	\$40,150	\$50,228	\$60,400
Average Household Income	\$52,592	\$67,077	\$82,293
Per Capita Income	\$22,643	\$28,874	\$35,371

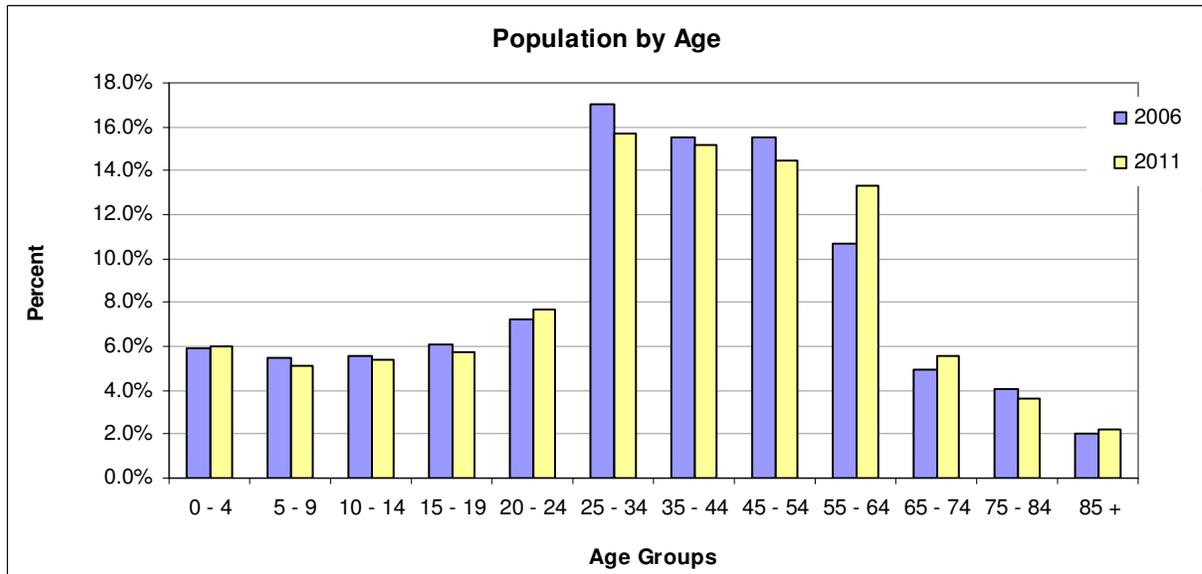
Population by Age	2000		2006		2011	
	#	%	#	%	#	%
0 - 4	32,300	6.1%	32,477	5.9%	34,015	6.0%
5 - 9	31,184	5.9%	30,374	5.5%	29,123	5.1%
10 - 14	30,031	5.7%	30,623	5.6%	30,589	5.4%
15 - 19	32,046	6.1%	33,317	6.1%	32,162	5.7%
20 - 24	40,454	7.6%	39,318	7.2%	43,991	7.7%
25 - 34	97,000	18.3%	93,609	17.0%	89,271	15.7%
35 - 44	86,604	16.4%	85,236	15.5%	86,248	15.2%
45 - 54	78,367	14.8%	84,902	15.5%	82,356	14.5%
55 - 64	39,972	7.6%	58,667	10.7%	75,843	13.3%
65 - 74	28,215	5.3%	27,124	4.9%	32,068	5.6%
75 - 84	23,829	4.5%	22,409	4.1%	20,484	3.6%
85+	9,119	1.7%	11,077	2.0%	12,359	2.2%

Appendix 1: Portland's Demographic and Income Profile and 2011 Forecast

Race and Ethnicity	2000		2006		2011	
	#	%	#	%	#	%
White Alone	412,241	77.9%	412,951	75.2%	414,141	72.8%
Black Alone	35,115	6.6%	37,846	6.9%	40,144	7.1%
American Indian Alone	5,587	1.1%	5,620	1.0%	5,637	1.0%
Asian Alone	33,470	6.3%	41,476	7.6%	49,056	8.6%
Pacific Islander Alone	1,993	0.4%	2,227	0.4%	2,440	0.4%
Some Other Race Alone	18,760	3.5%	24,866	4.5%	30,959	5.4%
Two or More Races	21,955	4.1%	24,149	4.4%	26,133	4.6%
Hispanic Origin (Any Race)	36,058	6.8%	48,054	8.8%	60,042	10.6%

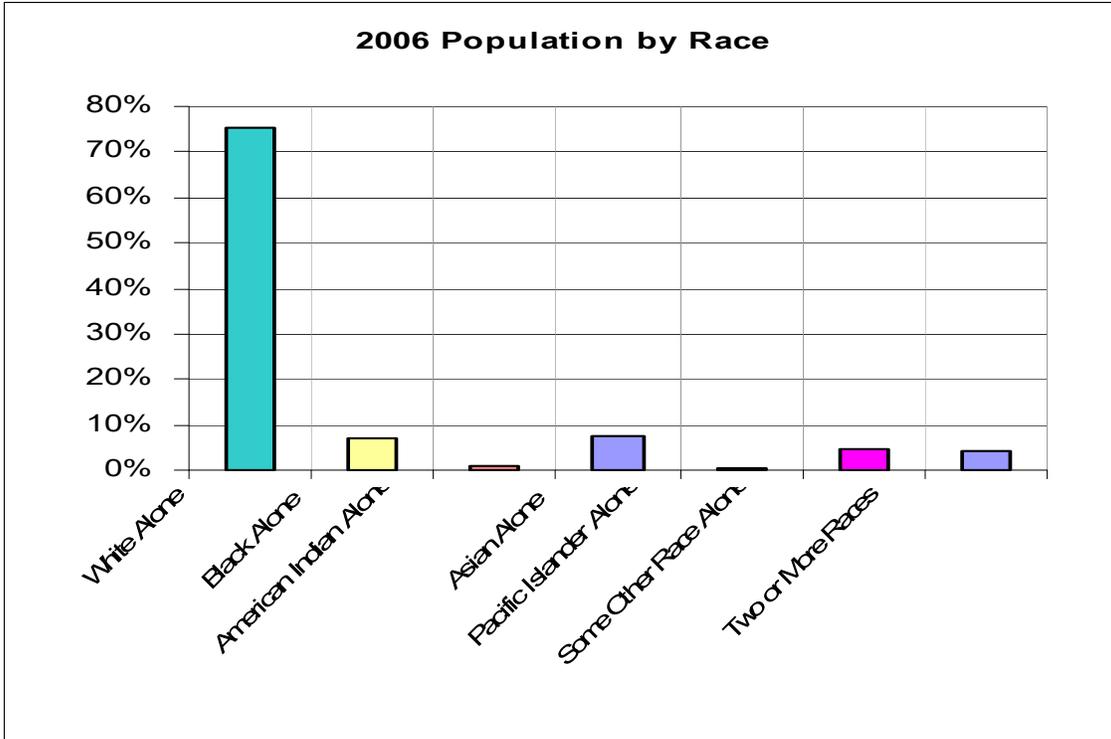


Source: Census, 2000 Census of Population and Housing. ESRI forecasts for 2006 and 2011

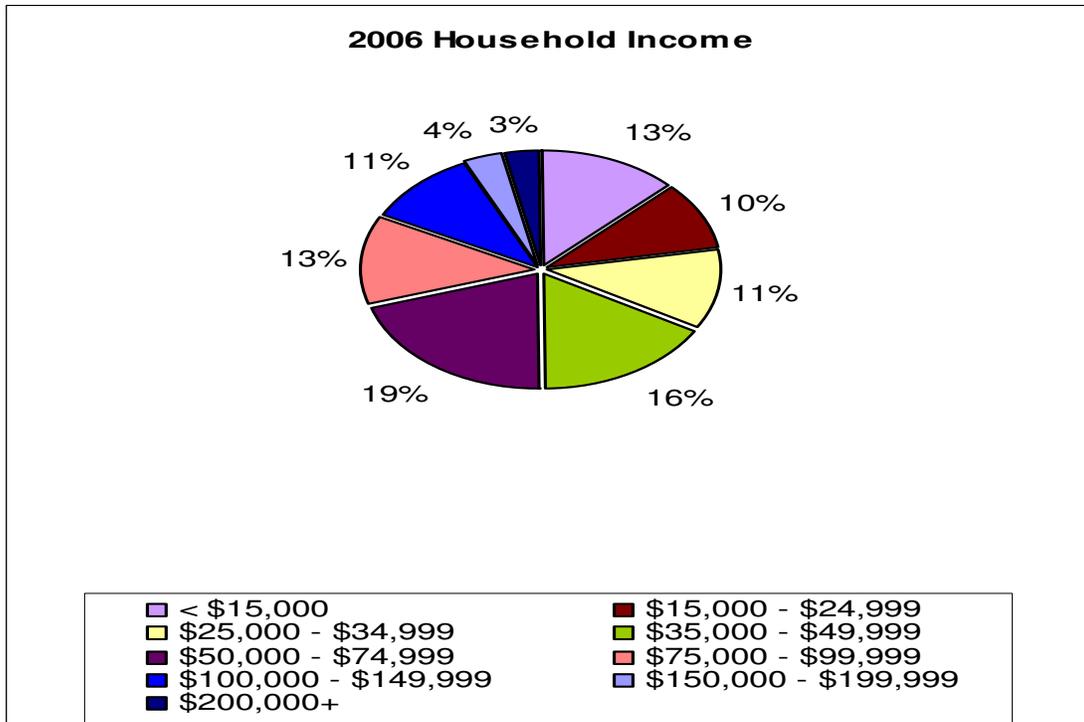


Source: Census, 2000 Census of Population and Housing. ESRI forecasts for 2006 and 2011

Appendix 1: Portland's Demographic and Income Profile and 2011 Forecast



Source: Census, 2000 Census of Population and Housing. ESRI forecasts for 2006 and 2011



Appendix 2: City of Portland Household Types

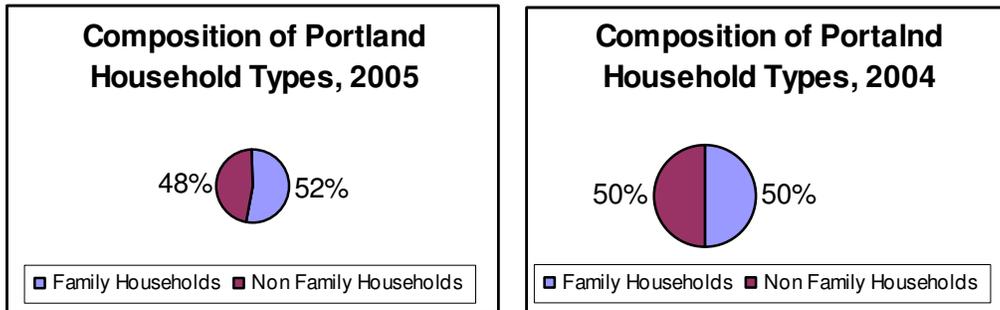
The following table provides a snapshot of the nature of *Households* in the City of Portland during the period 2000-2005:

Households	2000	2001	2002	2003	2004	2005
Total households	223,229	226,220	222,886	224,314	227,233	228,167
Non-family households	47.92%	49.02%	48.62%	48.50%	49.92%	48.08%
Family households (families)	52.08%	50.98%	51.38%	51.50%	50.08%	51.92%
Married-couple families	36.84%	37.38%	35.85%	37.34%	35.66%	38.21%
Female householder, no husband present	11.35%	9.73%	10.96%	10.55%	9.63%	10.15%
Male householder, no wife present	N/A	N/A	4.57%	3.61%	4.8%	3.57%
Families with own children under 18 years	24.19%	23.48%	25.46%	23.52%	23.01%	23.83%
Female Householder with own children under 18 years	6.97%	5.96%	7.14%	6.70%	5.66%	5.91%
Male Householder with own children under 18 years	N/A	N/A	2.93%	1.91%	2.16%	1.90%

Source: American Community Survey (ACS), 2000-2005

Comments:

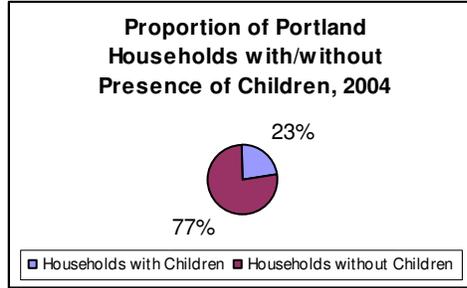
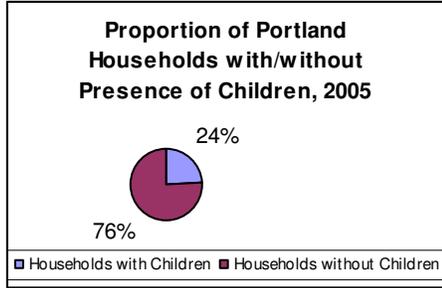
- The total number of *Households* in the City of Portland is on the rise since 2003. While the increase is rather small, it is still indicative of the fact that Portland is home to more *households* in 2005 as compared to 2003.
- The composition of households is beginning to lean in favor of *Family Households* when compared to *Non-family Households*. The following pie chart provides a portrait of the *Household Types* for the year 2005 and 2004:



Source: ACS, 2005

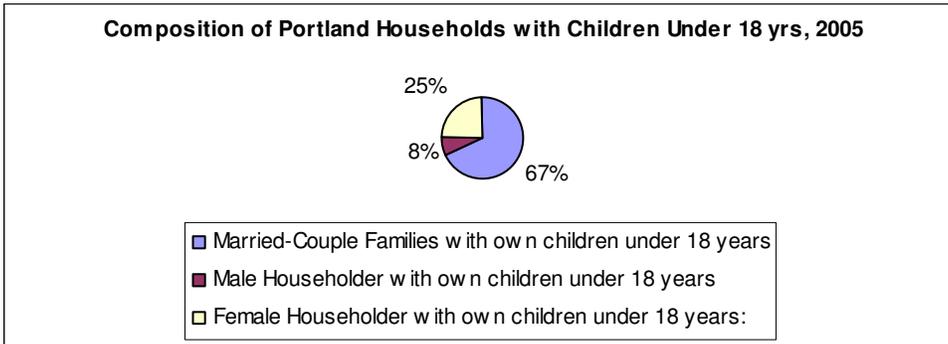
- The proportion of *Households with Presence of Children* also increased by 1% in the time period 2005-2004. It is noteworthy that in absolute numbers, *Portland in 2005 is home to 2090 more Families with Children under the age of 18yrs as compared to a year ago*. At the same time, *the increase in Households without presence of Children was only 1156 during the year 2004-2005*.

Appendix 2: City of Portland Household Types



Source: ACS, 2005

- A closer look at the nature of *Family Households with presence of children under age 18* for the year 2005 reveals the following make-up:



Source: ACS, 2005

It is noteworthy that while it is *Married-Couple Families* that constitute a large portion of families with children (67%), it is also apparent that significant proportion (25%) families with children are in fact *Female-Headed Households*.

Average Household size for Portland households (all household types):

Households	Average Size
Oregon	2.5
Portland-Vancouver-Beaverton Metro Area	2.57
PLACE	
Beaverton	2.59
Bend	2.24
Eugene	2.25
Gresham	2.57
Hillsboro	2.8
Medford	2.55
Portland	2.25
Salem	2.56

Source: ACS 2005

Comments:

- The average household size for Portland is lower than the state and the metro area. The size has decreased compared to Census 2000, which put the average at **2.3**

Appendix 3: Portland's Housing Profile

Census 2000 – Occupied Housing Units by Age of Householder and Home Ownership

	Occupied Units		Owner-Occupied Units	
	Number		Number	% of Occupied
Total	223,737		124,767	55.8%
15 - 24	15,086		1,278	8.5%
25 - 34	48,201		17,063	35.4%
35 - 44	48,543		28,275	58.2%
45 - 54	47,177		31,948	67.7%
55 - 64	24,851		17,360	69.9%
65 - 74	18,045		13,246	73.4%
75 - 84	16,149		11,977	74.2%
85+	5,685		3,620	63.7%

Census 2000 – Occupied Housing Units by Race/Ethnicity of Householder & Home Ownership

	Occupied Units		Owner Occupied Units	
	Number		Number	% of Occupied
Total	223,737		124,767	55.8%
White Alone	186,923		109,496	58.6%
Black Alone	13,201		5,044	38.2%
American Indian Alone	2,045		689	33.7%
Asian Alone	10,231		5,815	56.8%
Pacific Islander Alone	559		153	27.4%
Some Other Race Alone	4,563		1,217	26.7%
Two or More Races	6,215		2,353	37.9%
Hispanic Origin	9,307		2,831	30.4%

Appendix 3: Portland's Housing Profile

Census 2000 Housing Units by Units in Structure and Occupancy

	Housing Units		Occupied Units	
	Number	Percent	Number	Percent
Total	237,269	100.0%	223,752	100.0%
1, Detached Units	143,174	60.3%	137,755	61.6%
1, Attached Units	6,306	2.7%	5,770	2.6%
2 Units	10,108	4.3%	9,287	4.2%
3 to 4 Units	12,039	5.1%	11,051	4.9%
5 to 9 Units	11,764	5.0%	10,740	4.8%
10 to 19 Units	13,994	5.9%	12,984	5.8%
20 to 49 Units	15,275	6.4%	14,030	6.3%
50 or More Units	20,845	8.8%	18,730	8.4%
Mobile Home	3,262	1.4%	2,966	1.3%
Other	502	0.2%	439	0.2%

Source: U.S. Bureau of the Census, 2000 Census of Population and Housing

Source: ESRI

Appendix 4: Links to Combined Housing and Transportation Cost Studies

Combined Housing and Transportation Cost Studies

- 1) A Heavy Load study (October 2006) by Center for Housing Policy
http://www.cnt.org/repository/heavy_load_10_06.pdf
- 2) The Affordability Index: A New Tool for Measuring the True Affordability of a Housing Choice--Market Innovation Brief by the Center for Transit-Oriented Development and Center for Neighborhood Technology and published by the Brookings Institution's Metropolitan Policy Program (January 2006)
<http://www.cnt.org/repository/AffordabilityIndexBrief.pdf>
- 3) CNT website: Housing + Transportation-Moving the Region Toward Greater Affordability/Location Efficient Mortgages @ <http://www.cnt.org/ht/>
- 4) Housing & Transportation Cost Trade-offs and Burdens of Working Households in 28 Metros Center for Neighborhood Technology WITH Virginia Tech
See page 145 for map of Portland: Average Household Expenditures on Housing and Transportation as a Percentage of Average Tract Income, 2000
<http://www.cnt.org/repository/H-T-Tradeoffs-for-Working-Families-n-28-Metros-FULL.pdf>