

COMPREHENSIVE PLAN UPDATE

Growth Scenarios Report



July 2015
PSC Recommended Draft



Bureau of Planning and Sustainability
Innovation. Collaboration. Practical Solutions.



City of Portland, Oregon
Charlie Hales, Mayor • Susan Anderson, Director

HOUSING CHOICE

PORTLAND PLAN

By 2035, preserve and add to the supply of affordable housing so that no less than 15 percent of the total housing stock is affordable to low-income households, including seniors on fixed incomes and persons with disabilities. By 2035, no more than 30 percent of city households (owners and renters) are cost burdened, which is defined as spending 50 percent or more of their household income on housing and transportation costs.

Housing choice is a complex issue that is shaped by household preferences based on factors such as age, family size and income level. Additionally, discrimination in the housing market influences choice. Such complexities make it difficult to assess the housing choice impact of different scenarios. The housing choice analysis encompasses the mix of housing types (buildings) and how those types are expected to meet forecasted demand for different households (people). On a basic level, Portland has the zoned capacity to enable the private sector to produce a sufficient supply of new housing units to meet forecasted demand. The scenarios also allow for a wide range of housing types that are expected to meet a wide range of household needs. The differences are in the minor shifts in the unit mix of housing types that can affect affordability and gentrification risk.

Expanding housing choice is dependent on three key components:

Location Diversity – Location matters. Housing choice in Portland always takes place within the context of the larger regional housing market, which offers different amenities and opportunities. Portland can increase location diversity by (1) targeting growth into key centers and corridors, and (2) creating more complete neighborhoods by improving services and access in areas that are currently not well served.

Unit Affordability – Affordability is a function of two components: housing cost/rent and household income. A mismatch between these two factors can result in a cost-burdened household, wherein 50 percent or more of household income is spent on housing and transportation costs. For many low-income households, affordable housing is difficult to find in the private market and they must rely on public programs to keep housing costs below the burden level. Affordability can also be affected by supply and demand. Failing to enable mixed-income housing development in high-demand areas can create tight market conditions, driving prices up.

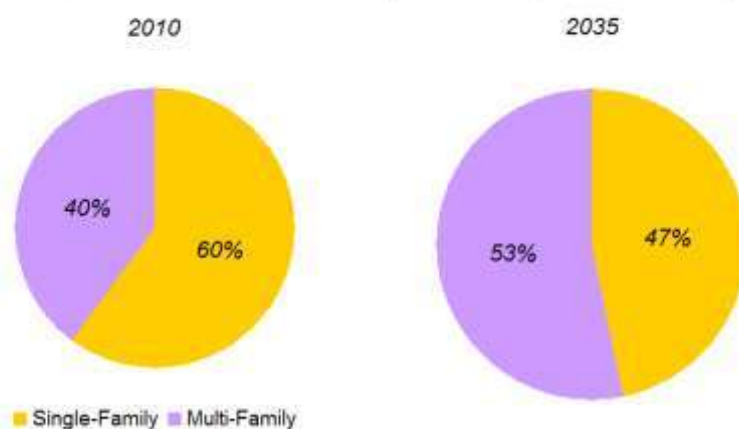
Unit Diversity – Housing unit diversity in an area can support a range of housing choices that respond to changing household needs such as larger family-sized units or multifamily rental opportunities adjacent to established single family neighborhoods.

The interaction of these components affects the level of housing choice available to each household differently. It is important to note that choice can be expanded independent of affordability by building more housing units and creating more complete neighborhoods (attractive locations). These issues have impacts on Portland's performance to the degree that Portland continues to grow. Housing unit diversity offers regional and citywide benefits, including lessening the burden of automobile travel across the region (resulting in fewer vehicle miles traveled), using existing infrastructure efficiently and supporting regional transportation corridors and employment centers.

Housing Mix

Overall, Portland provides a relatively balanced mix of housing types. Currently, single family houses make up nearly 60 percent of Portland’s housing stock. As a result of Portland being already urbanized, with limited opportunities for single family residential development, the vast majority (80 percent) of new housing units are expected to be in multifamily units. The supply of multifamily units is expected to grow by 95,000 units, far exceeding the expected single family growth of 26,000 units. Even though the new growth is skewed toward multifamily housing types, the overall mix in 2035 is still relatively balanced, with 47 percent being single family houses.

Chart 2: Single-Family–Multi-Family Unit Split.



Although the housing mix will shift, the share of the land area zoned within the City of Portland will remain consistent, with Single Family Residential covering about 42 percent of Portland’s land area. The mixed-use commercial areas and multifamily residential areas make up only about 10 percent of the land area, with the balance largely in industrial areas and open space.

Figure 27: Land Area by Zoning Designation.

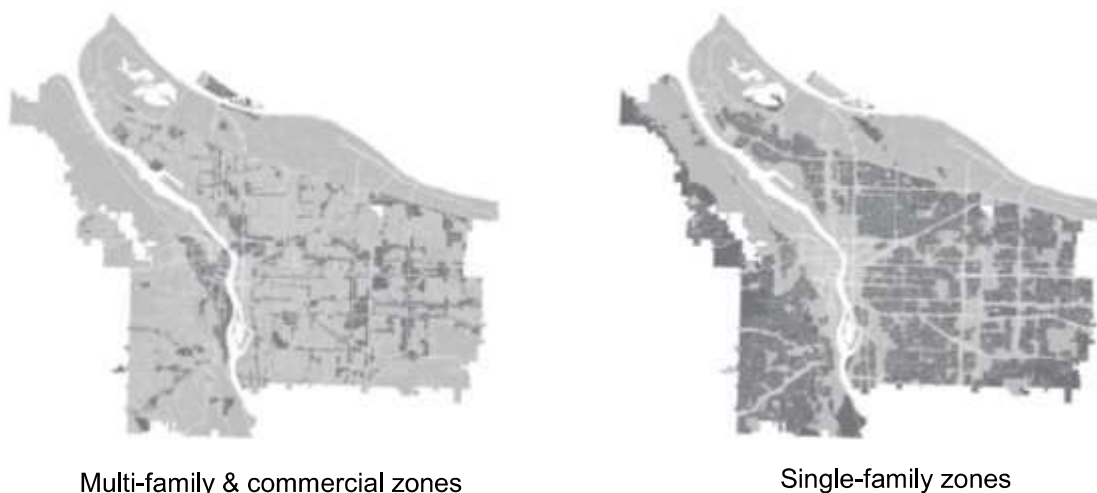


Table 12: Housing Types.












SINGLE FAMILY RESIDENCES		CORRIDOR APARTMENTS	
	<p>Detached House</p> <p>A one- to three-story detached, single family dwelling on its own lot. Typically, lot size is more than 5,000 square feet.</p>		<p>Plex</p> <p>A dwelling having apartments with separate entrances to six or more units. This includes two-story houses having a complete apartment on each floor and side-by-side apartments on a single lot that share a common wall.</p>
	<p>Small Lot Single Family Residence</p> <p>A one- to three-story detached, single family dwelling on its own lot, but a smaller (2500 sq foot) lot.</p>		<p>Corridor Apartment</p> <p>A four-story residential apartment building, typically with one on-street entrance and internal entrances to individual units.</p>
	<p>Attached House (Medium Density)</p> <p>Characterized by individual units that share a common wall, with each unit on its own lot. Examples include townhomes and rowhouses.</p>		<p>Neighborhood Mixed Use</p> <p>A four-story residential apartment building with commercial uses on the ground floor.</p>
	<p>Attached House (High Density)</p> <p>Characterized by individual units that share a common wall. Many high-density attached houses include shared open space amenities in backyards or courtyards. Examples include duplexes, triplexes and units with shared courtyards.</p>		<p>Single Room Occupancy Unit (SRO)</p> <p>A studio apartment that does not have its own washing, laundry and kitchen facilities. Examples include affordable housing projects, assisted living facilities and college dormitories.</p>
MID- TO HIGH-RISE APARTMENTS			
	<p>Mid-Rise Mixed Use (Small Units)</p> <p>A six- to ten-story building with ground floor office or retail uses. Allocated units of this type tend to be predominantly studios and one-bedroom units and tend to have smaller units.</p>		<p>Mid-Rise Mixed Use (Large Units)</p> <p>A six- to ten-story building with ground floor office or retail uses. Typical units are larger, one- to four-bedroom units, and have a smaller number of studio units as part of the overall mix.</p>
	<p>High-Rise Tower</p> <p>A 10+ story building containing residential apartments or condominium units. In addition to spectacular views, most high rises offer their residents a full range of amenities. Building features may include 24-hour concierge service, swimming pools, spas, saunas, tennis courts, exercise areas, party rooms and guest suites.</p>		

Chart 3: Housing Type Production by Scenario.



Table 13: Housing Type Production by Scenario.

	Default	Centers	Corridors	Central City Focused	Proposed Comprehensive Plan
SINGLE FAMILY RESIDENCES					
Detached Houses	14,000	14,000	13,000	14,000	14,000
Small-Lot Houses	3,000	3,000	3,000	3,000	3,000
Attached Med Density	5,000	5,000	5,000	5,000	5,000
Attached High Density	3,000	4,000	4,000	4,000	4,000
CORRIDOR APARTMENTS					
Plexes	8,000	8,000	7,000	6,000	7,000
Corridor Apts	16,000	16,000	16,000	11,000	14,000
SRO/Studios	9,000	9,000	10,000	10,000	13,000
Neighborhood Mixed Use	21,000	20,000	21,000	21,000	16,000
MID-TO-HIGH RISE APARTMENTS					
Mid-Rise (small units)	19,000	19,000	21,000	15,000	18,000
Mid-Rise (large units)	3,000	3,000	3,000	2,000	4,000
High-Rise	19,000	19,000	18,000	30,000	22,000
ACCESSORY DWELLING UNITS					
ADUs	3,000	3,000	3,000	3,000	3,000

Housing Types

Housing types found in Portland fall into three broad categories: single family residential, neighborhood and corridor apartments, and mid- to high-rise units. These categories are based on building types and include both rental and ownership/condos. The analysis shows that Portland expects to produce a wide range of housing types, with all of the scenarios producing a similar mix. The one exception is the Central City Focused scenario, which produces more high-rise towers and fewer plexes and corridor apartments, which could negatively affect housing affordability.

Household Types

Housing preference is usually shaped by the size and needs of a household. However, the actual choice and eventual place of residence for a household is significantly influenced by household income. Metro’s Metroscope model groups current (2010) and future households (2035) into eight different types (See Table 14) based on income, age, and size across the metro region. This grouping is helpful in estimating current and future affordable housing needs by helping identify and describe the household types that are most likely to struggle to meet the cost of housing based on their income.

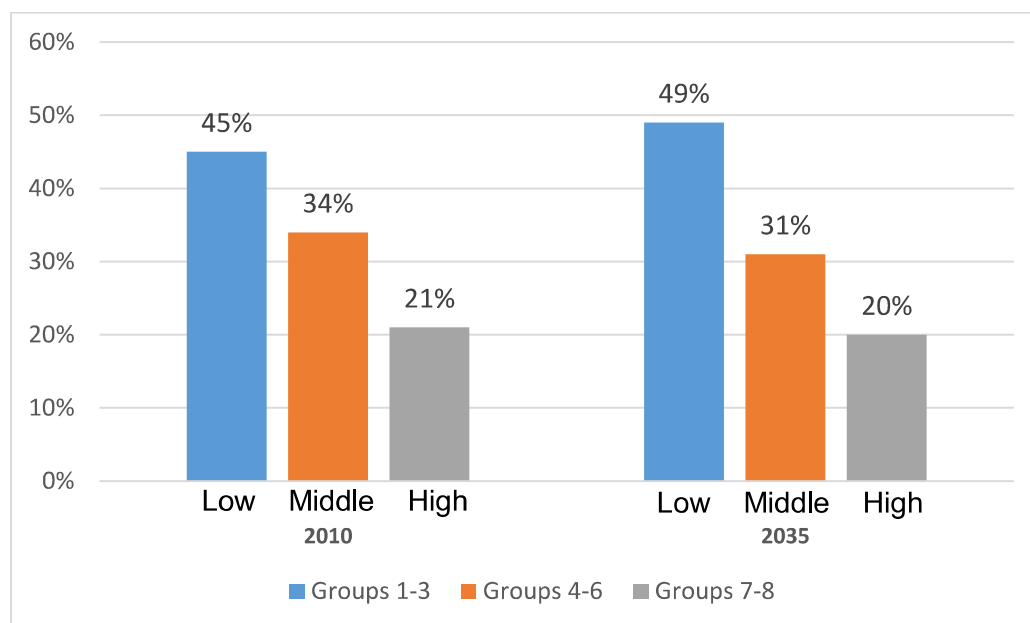
Metro’s most recent household projections provide insight regarding the share and number of households that struggle to find suitable housing today and are likely to face the same challenge through 2035. As can be noted from following table (Table 14), Groups 1, 2, & 3, are households that generally make less than 80% MFI and made-up 45% of households in Portland in 2010. By 2035, the share these household groups is projected to grow an additional three percent. The number of households in the lowest income group alone is projected to grow by 25,000.

Table 14: Households by Income Type (2010–2035)

	Household Type	Income	2010 Share	2010 Households	2035 Share	2035 Households	Percent Change	Amount Increase
Low	Group 1	<\$15,000	17%	43,004	18%	67,544	1%	24,540
	Group 2	\$15,000-\$24,999	13%	32,885	15%	56,285	2%	23,400
	Group 3	\$25,000-\$34,999	15%	37,944	16%	60,039	0%	22,095
Middle	Group 4	\$35,000-\$44,999	13%	32,885	13%	48,781	0%	15,896
	Group 5	\$45,000-\$59,999	13%	32,885	11%	41,276	-2%	8,391
	Group 6	\$60,000-\$74,999	8%	20,238	7%	26,268	0%	6,030
High	Group 7	\$75,000-\$99,999	10%	25,296	10%	37,523	0%	12,227
	Group 8	\$100,000+	11%	27,826	10%	37,523	-1%	9,697
	Total	-	100%	252,963	100%	375,239	-	122,276

Source: Metroscope, Gamma 2012

Figure 28: Household Types



Affordability and Cost Burden by Household Type

The nature of the housing stock, both existing and new, will influence the housing choice that households make today and in the future. Not every new household will be matched to a new unit. Older housing stock tends to be more affordable than new construction in many areas, and Portland’s existing housing stock will continue to be the predominant housing stock in the market. Market demand, amenity level and location can put increased market pressure on these areas due to low vacancy rates and lack of choice within a particular segment of stock (i.e. family housing, studios, etc.).

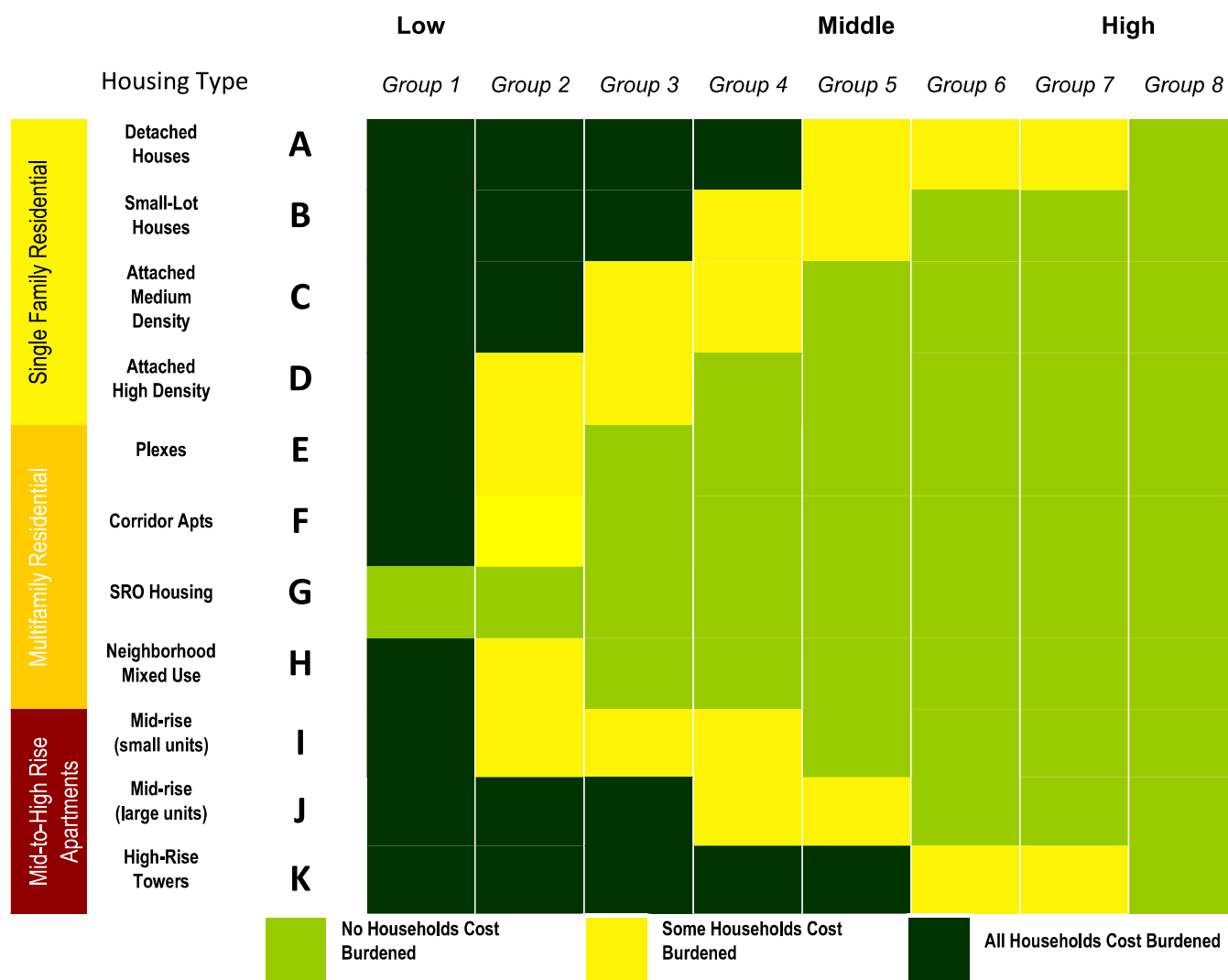
In general, the diversity of the housing type production should be sufficient to produce enough housing units to meet the future demand, except for the low-income groups, which will have fewer choices from new development. The illustration (Table 14) provides a cross match between housing unit types and the eight household types based on prevalent housing costs to help us understand the need for types of affordable housing units that will be required. For example, the number of Group 1 households is expected to grow by 25,000, but the scenarios expect to develop only another 8,000-10,000 units of SRO/small studio housing (the only housing type projected to be affordable to that group). This gap will put pressure on the existing affordable units and increase the number of cost-burdened households in this category. For Groups 2 and 3, the housing situation is a little better – they are expected to grow by another 45,000 households by 2035 with the expectation that an additional 68,000 housing units will be developed in categories that could be suitable and affordable to them. However, these households will face competition for that housing from the other higher income groups that will limit their housing choices. Ensuring that excess capacity exists in those housing types could help protect against upward price pressure.

Table 15: Household Types

<p>GROUP 1 <\$15,000</p>	<p>These are the lowest income households, whether they are renters or owners. Of the renters in this group, all live alone, and most are elderly. Among owners in Group 1, age and the number of people in the household are more evenly distributed. Example: A woman in her seventies renting an apartment, living alone on a very low income.</p>
<p>GROUP 2 \$15,000<\$25,000</p>	<p>These households can be any age, but their income is among the lowest. There are more renters than owners. About two-thirds are childless. However, one-third of the renter households in this group have school-age children, while only about one in six of the owners in this group have school-age children. Example: A family renting a home, two adults working at low-wage jobs, raising young children.</p>
<p>GROUP 3 \$25,000<\$35,000</p>	<p>With a bit more income than Group 2 households, these people are primarily in the 25-44 age bracket. The renters are mostly single-person households. Among owners, about half are two-person households, approximately one-third of which are families with school-age children. Example: Two thirty-somethings, both of whom work, and who have just bought their first home.</p>
<p>GROUP 4 \$35,000<\$45,000</p>	<p>With a broad age distribution, these households are usually childless, especially if they are renters. Owner households in Group 4 have more residents than renter households, and almost 40 percent of the group include school-age children. Example: Two people renting a home, both working, and with children who are grown up and living elsewhere.</p>
<p>GROUP 5 \$45,000<\$60,000</p>	<p>Group 5 households are larger and wealthier. People in the renter households of this category are not only older than those in the owner households, but also have smaller household sizes. The owners are more likely than not to have children. Example: Two parents in their late thirties, living in a home they own with children in junior high and high school.</p>
<p>GROUP 6 \$60,000<\$75,000</p>	<p>With more income than Group 5 households, almost half of the people in this group are between 25 and 44. Although the majority do not have school-age children, two- and three-person households are most common. The owner households are larger and more likely to have school-age children. Example: Two adults with well-paying jobs, one working full-time, the other part-time, raising elementary-school-age children and living in a home they own.</p>
<p>GROUP 7 \$75,000<\$100,000</p>	<p>Mostly without children, these households include the very high-income couples, especially for owners. Interestingly, the renter households in Group 7 are more likely to have children than the owner households in the group. Example: Two early-fifties adults working at well-paying jobs, owning their home.</p>
<p>GROUP 8 >\$100,000</p>	<p>Among owners, most of these households have children; about 60 percent of renter households have children. They are the highest earners, in their prime earning years. Example: A family with two parents in their late forties or early fifties, both working fulltime in high-paying jobs, raising children who are still in school and living with them in the home they own.</p>

Source: City of Portland. [Housing Demand and Supply Background Report](#), October 2012

Table 16: Housing Affordability by Household Type.



Performance of the Proposed Comprehensive Plan

The Proposed Comprehensive Plan does not yet ensure a supply of affordable units to the lowest income groups.

For example, while the projected supply of SRO/studio sized apartments has increased slightly relative to other scenarios, it is not yet meeting projected demands. The projected increase in SRO/Studio units can be attributed to the creation of the Campus Institution Zone which significantly increases the capacity for student housing at educational institutions and supportive housing for medical institutions. Additional increases in SRO/Studio units can be attributed to recent development trends in centers and corridors (such as the increasing number of studio and micro apartments being built) that are reflected in the allocation of housing through the Mixed Use Zones project.

Down-designations from R5 to R7 in the Proposed Plan have slightly reduced the supply of more affordable small lot single family development. Down-designations in East Portland and Southeast Portland have also decreased the capacity for duplexes, townhomes, and lower

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density multifamily development types. However, these down-designations were made to respond to infrastructure capacity challenges in East Portland including David Douglas School District capacity issues, access to frequent transit, and access to daily needs services.

Ideally these reductions in the supply of affordable single family and low-cost multifamily options would be offset by increasing the amount of land available for this kind of development in more opportunity-rich locations. For example, adding more R2.5 or R2 zoning near neighborhood centers could increase the supply of small lot single family homes, duplexes, townhomes, and low density multifamily development types. This should be a consideration as refinement plans are developed for centers and corridors.

Options for Improving Performance

Affordability will continue to be an issue that will need to be addressed, especially to meet the needs of low-income households, communities of color, aging populations and people with disabilities.

Keep Housing Affordable

The City needs to focus on keeping housing affordable and increasing the ability of the most vulnerable households to live in complete neighborhoods. This can be achieved through meeting the housing needs of households which will not be met by the market, building more affordable units in accessible amenity-rich locations, lowering transportation costs and increasing household prosperity, and improving services in areas that are affordable but not well served.

Create a Wide Range of Housing Choices

Producing a diverse supply of housing creates diverse communities with the opportunity for households to remain in their neighborhood as their lifestyles and housing needs change, especially in allowing older adults to age within their community.

Support Development of New and Innovative Housing Types

Changing household needs and preferences will create demand for new and different housing types. Recently, Portland has seen the development of innovative housing types such as co-housing, micro-apartments and accessory dwelling units.

School Enrollment

A growing community raises concerns about school enrollment and the impact on school facilities. The share of households with children is expected to decline by 3 percent, but given the overall growth in households, the total number of children is expected to increase. Forecasting accurate long-range school enrollment is complicated, but to meet the anticipated need it will be important to align strategies to expand choice for households with children while making upgrades to existing school facilities. The Bureau of Planning and Sustainability has been working closely with Portland Public Schools and David Douglas Schools to coordinate growth forecasts.

GENTRIFICATION RISK AREAS

PORTLAND PLAN

By 2035, no more than 30 percent of city households (owners and renters) are cost burdened, which is defined as spending 50 percent or more of their household income on housing and transportation costs.

The Portland Plan provides new direction on the issue of balancing neighborhood revitalization with the ability of residents to stay in place to enjoy the new amenities and benefits of that revitalization. The City has committed to ensuring that all communities are prosperous, healthy and accessible—but with increasing numbers of highly educated and more affluent newcomers coming to Portland, housing pressures rise. As some neighborhoods become more desirable, long-time residents with lower incomes, particularly in communities of color, have found themselves priced out and moving out—often to areas with fewer services, amenities and institutions. A risk assessment based on demographic and housing market changes that are indicators of changes in neighborhood character has identified areas of Portland that are at increased risk of gentrification or displacement. This performance measure assesses the level of risk based on the number of households that are in these areas.

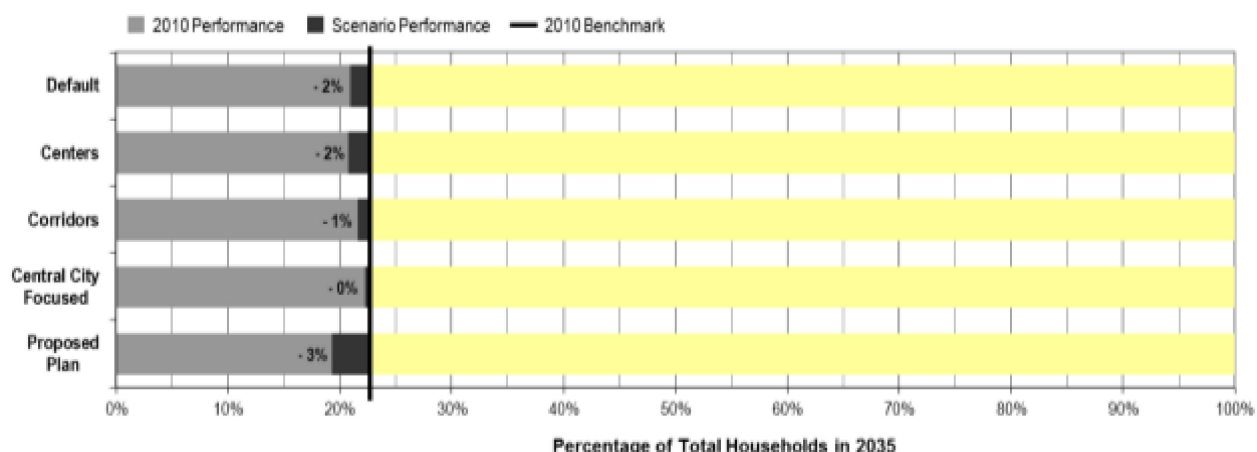


■ **Gentrification Risk Areas** identify places where there is risk of gentrification or displacement.

■ **Stable Neighborhoods** identify places where the risk of gentrification is less. These areas represent areas that have had relatively consistent indicators on property values, ownership and rental rates, household income and diversity.

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Chart 4: Performance Measures: Gentrification – Households in Gentrification Risk Areas.



Performance of the Proposed Comprehensive Plan

In 2010, the risk of gentrification posed to households was 22 percent. Relative to other scenarios, the Centers and Corridors growth strategy of the Proposed Comprehensive Plan spreads growth allocation more evenly across all parts of Portland with marginally less impact to communities at risk of gentrification. The City of Portland must continue to evaluate the impacts that investment decisions have on communities at risk of gentrification, develop and implement tools to increase the production of affordable housing, and support equitable economic development initiatives.

Options for Improving Performance

Develop more affordable housing

Development of affordable housing is at the heart of displacement mitigation strategies. The City should focus on creating more affordable housing and increasing the ability of low-income and minority households, and the most vulnerable households, to have the opportunity to stay in the neighborhood.

Lesson Learned: More Affordable Housing

Making investments to focus growth in high-performing areas can create more gentrification pressure. This means Portland will need to do a better job of aligning growth management and public investment strategies with affordable housing strategies.

Business development

As development or public investment occurs in at-risk neighborhoods, businesses facing gentrification need assistance through programs such as the City's Neighborhood Prosperity Initiative. The City also could focus workforce development and job training programs to enable lower income residents to qualify for a better job that would enable them to afford the increased housing costs.

Tracking and Program Evaluation

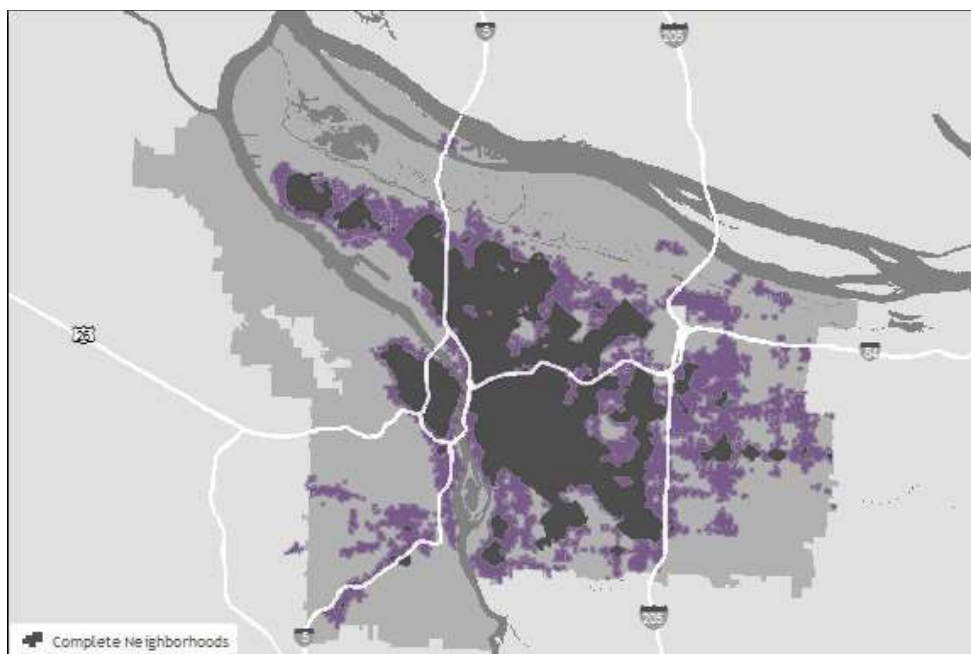
Using the Portland Plan's Framework for Equity as a guide to track neighborhood change, including changes in race, age, disability, ownership and other factors, could help the City anticipate the impacts of new policies and programs.

COMPLETE NEIGHBORHOODS

PORTLAND PLAN

By 2035, 80 percent of Portlanders live in a complete neighborhood with safe and convenient access to the goods and services needed in daily life. At least 80 percent of Portland's neighborhood market areas are economically healthy. They promote economic self-sufficiency of households through the strength and performance of local retail markets, job and business growth, and access to transit and nearby services that lower household

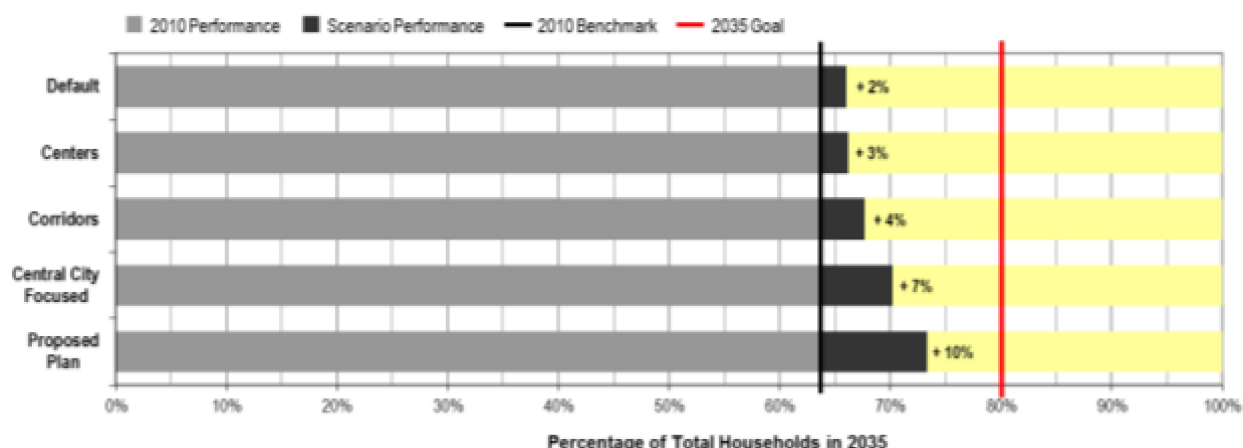
A “complete neighborhood” is a neighborhood where people have convenient access to the goods and services needed in daily life, which includes a variety of housing options, grocery stores and other commercial services, high-quality public schools, public open spaces, active transportation options and civic amenities. Providing more opportunities for more households to live in complete neighborhoods can help reduce household transportation costs, improve public health by making it easier to incorporate exercise into daily life and reduce carbon emissions. This performance measure is based on the City's 20-minute neighborhood index. The performance measure is based on the number of households located in a complete neighborhood.



■ **Complete Neighborhoods** identify places that are considered relatively complete on the 20-minute neighborhood index. Prioritizing development in these high-performing areas will take advantage of the existing infrastructure and services. These areas have a good active transportation system that connects neighborhood business districts, schools, parks and other amenities.

■ **Complete Neighborhood Gap Areas** identify places that lack access to one or more of the key components of a complete neighborhood. Some areas lack a strong neighborhood business district. Other areas lack a complete transportation system (sidewalks are missing, streets are unimproved, etc.), which can make it take longer or be more difficult to access the services one needs for daily living.

Chart 5: Performance Measures: Complete Neighborhoods – Households in a Complete Neighborhood.



Performance of the Proposed Comprehensive Plan

Today, nearly two-thirds (63 percent) of all Portland households live in complete neighborhoods. Performance of the Proposed Comprehensive Plan increased significantly relative to this measure. This 10% increase in complete neighborhoods is the result of several things. First, the proposed plan places more growth in existing complete neighborhoods than some of the other scenarios. Second, the proposed plan brings more non-conforming commercial uses into conformance - expanding access to commercial services. Finally, investments in frequent transit, the low-stress bike network and parks in parks deficient areas (in the CSP and TSP) also increased the complete neighborhood measure. Completeness increased the most in East Portland due to these investments in infrastructure.

Lesson Learned: More Complete Neighborhoods

Portland’s legacy development pattern means that to fully achieve this goal requires creating more complete neighborhoods, especially in East and Southwest Portland.

Options for Improving Performance

Create More Complete Neighborhoods in East Portland

The success in meeting this performance measure is dependent on creating more complete neighborhoods in East Portland, by providing more frequent transit, more sidewalks and bikeways and stronger business districts that serve neighborhood needs.

Create More Complete Neighborhoods in Southwest Portland

Much of Southwest Portland is challenged by topography, densities too low to support frequent transit, a relative scarcity of neighborhood commercial services and an incomplete street network. However, there are opportunities to create more complete neighborhoods along the Barbur Boulevard corridor and existing neighborhood business districts in Hillsdale, Multnomah Village and West Portland.

Expand Access and Create More Housing Options in Complete Neighborhoods

An important element of a complete neighborhood is that it has housing options to accommodate the needs of people of all ages and abilities. Neighborhoods in areas of North, Northeast and Southeast Portland present an opportunity to increase access to existing neighborhood business districts that will expand the coverage of complete neighborhoods. Also, encouraging the development of a range of housing types in these areas can expand the diversity of households that live in these areas.