



RESIDENTIAL INFILL PROJECT (RIP) YEAR-ONE REPORT - EXECUTIVE SUMMARY

This executive summary is supplemental to the Residential Infill Project (RIP) Year-One Report. This document provides an overview of the project, critical takeaways, and data and sources used for the Year-One Report.

Project Overview

Cascadia Partners (CP) conducted a data analysis of new Single Dwelling (SD) sales in the R2.5, R5, and R7 zones in the three years leading up to RIP adoption and Middle Housing (MH) permit activity during the first 12 months following its implementation.

The Portland City Council adopted RIP1 on August 12, 2020, and most changes went into effect on August 1, 2021 in the R2.5, R5, and R7. This report analyzed the first year of adoption August 1, 2021-July 31, 2022 in R2.5-R7 zones. RIP1 allows duplexes, triplexes, fourplexes, and affordable sixplexes, as well as expanded ADU allowances.

The report demonstrates how the adoption of RIP impacted housing development in the relevant zones. It includes cumulative comparative data on how many and what type of housing units were built, statistics on key characteristics of the new units, and data on housing demolitions related to those new units. The report also features several case studies that illustrate the type of housing that is being built under the new RIP zoning allowances, including photos, sales data, and comparative sales info.

This study captures only 12 months of permit activity. Understanding RIP's longer term impact on housing production will likely take several years of continued monitoring. This period is also during the COVID-19 pandemic, which is not indicative of normal market trends.

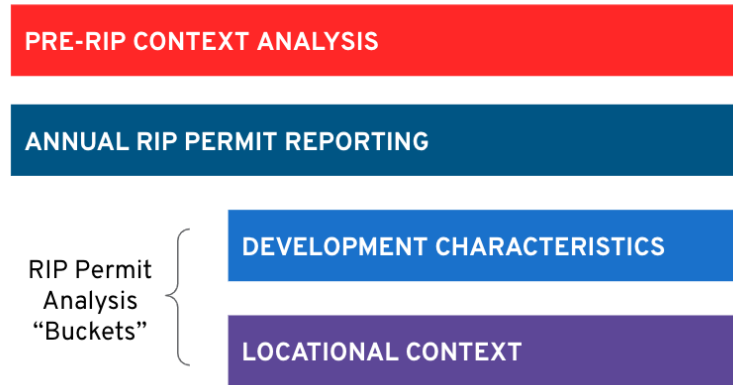
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The diagram below provides an overview of the reporting framework for the data analysis and summary.

Reporting Framework



Pre-RIP Context Analysis

In addition to allowing more units per parcel, RIP placed limits on the maximum floor area allowed for single unit dwellings. To understand the potential impact of these limits, residential sales were analyzed for the three years preceding RIP adoption (Q1 2018 - Q2 2022).

Because this is the first year of RIP changes, it was important to compare what was occurring before RIP to provide context for how these changes are impacting the housing market in Portland. For this context analysis, the focus was on new construction that was built above and below the RIP FAR limits for single dwelling homes. Under RIP, there are FAR caps specific to each zone:

Table 1: FAR by Zone and Units per Lot*

Units	R2.5	R5	R7
1	0.4 to 1	0.5 to 1	0.7 to 1
2	0.5 to 1	0.6 to 1	0.8 to 1
3+	0.6 to 1	0.7 to 1	0.9 to 1

*FARs for fourplexes were later increased with RIP2.

The Pre-RIP Context Analysis relied on Regional Multiple Listing Service (RMLS) data which captures open market sales transactions.

RMLS data from Q1 2018 - Q2 2022 was studied to understand trends in housing production in the R2.5-R7 zones prior to RIP adoption. In order to focus only on new housing

production, this data excluded sales of homes built prior to 2018. Home sale prices were inflation-adjusted to 2022 dollars.

Characteristics of new homes built since 2018 above the FAR limits set by RIP help show how RIP not only produces new housing types - it also truncates the highest of the high-end single family market. A key finding of this analysis is nearly half of the new detached single-family homes built and sold from Q1 2018 to Q2 2022 are not possible to build at those sizes under the zoning regulations ushered in by RIP. Sales trends for new detached single-family homes in the years leading up to RIP adoption suggest that RIP's impact is not just in what it allows, but also in what it does not. In fact, \$117,000 was the average home sales price difference between single family homes above and below FAR limits set by RIP.

RIP Data Analysis Overview

The RIP permit data analysis compares the housing production pipeline for all dwelling units in the R2.5, R5, and R7 zones for the 12 months following when RIP took effect (Aug 1, 2021 - July 31, 2022).

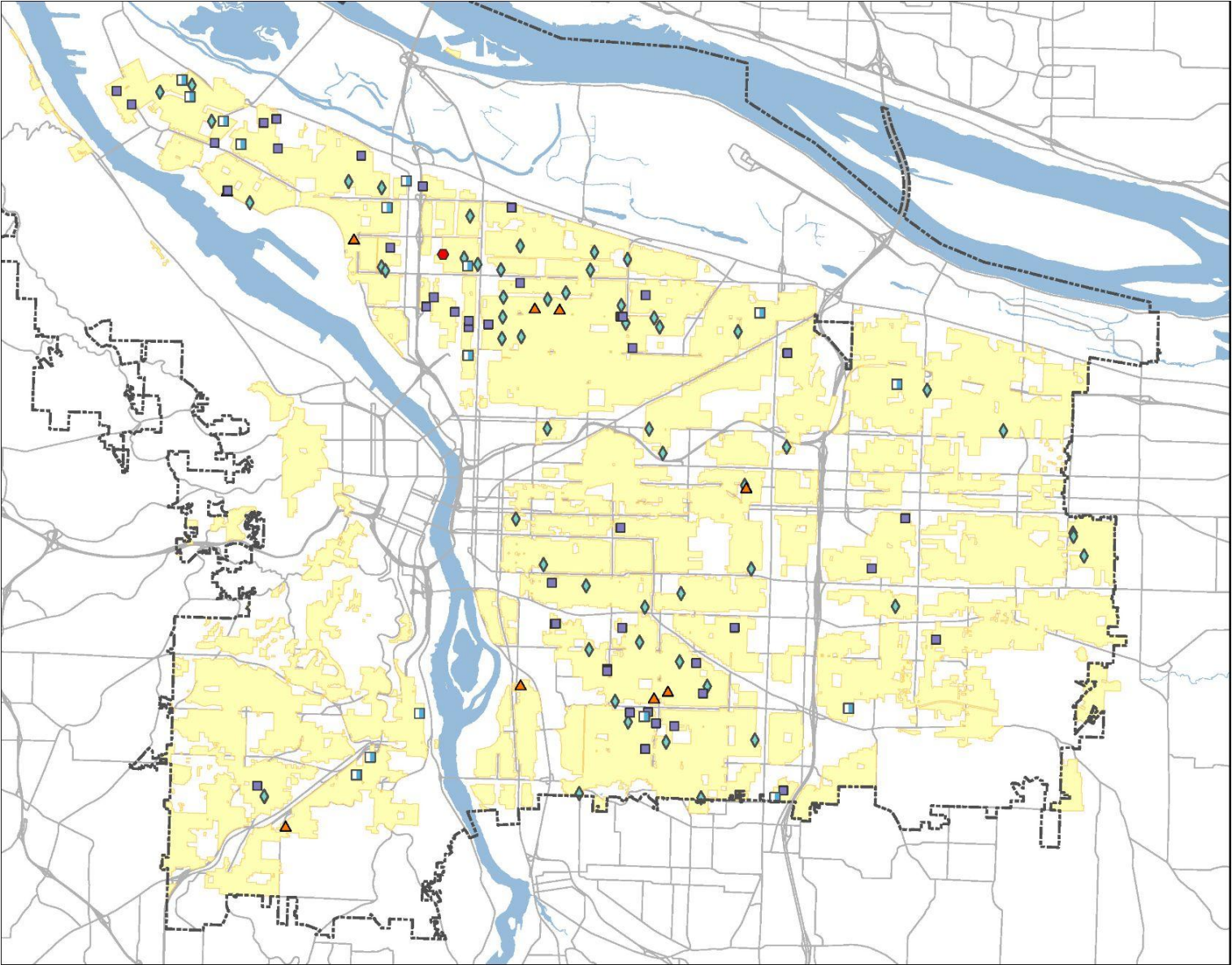
It is organized in two data analysis categories. The first, *Development Characteristics*, includes detailed summaries of Middle Housing development programs. The second, *Locational Context* focuses on the location of new Middle Housing units relative to other forms of housing built over the same time period.

Development Characteristics of RIP permits were analyzed to identify trends in lot sizes, unit sizes, bedroom mix, development programs, and parking configurations. This section demonstrated the trend for fourplexes as the preferred Middle Housing type among developers. It also highlighted the trend for smaller units as the number of units on site increases.

The Locational Context analyzed permit locations for all housing types to examine location preferences relative to centers, corridors, zones, and pattern areas. A greater share of the units built under the RIP were near centers, corridors, and transit stops. It is possible that developers of these units perceive benefits from proximity to regional amenities, such as public transportation and walkable retail.

A map of Middle Housing and ADU Allowance permits in the R2.5-R7 zones can be found on the next page.

Figure 1: Map of Middle Housing and Additional ADU Allowances in High Density Residential Zones

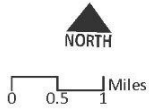


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RIP Y1 Middle Housing, ADU Allowance Permits

Legend

- City of Portland Boundary
- High Density SD Zones
- Custom
 - ADU Allowance
 - Duplex
 - Triplex
 - Fourplex
 - Sixplex



The information on this map was derived from City of Portland GIS database. Care was taken in the creation of this map but it is provided "as is". The City of Portland makes no warranty, representation, or guarantee, express or implied, for any use of this map.

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Key Takeaways from Analysis

The key takeaways from this analysis are:

1. Nearly half of the new detached single-family homes built and sold from Q1 2018 to Q2 2022 are not possible to build at those sizes under RIP. This means that RIP not only altered the nature of housing production, it also truncated the most expensive segment of the detached single-family housing market.
2. Detached single-family homes with high FARs tend to sell for higher prices due to their size (*\$117,000 on average*).
3. Units allowed by RIP represent the majority of units permitted in the R2.5 and R5 zones.
4. Three quarters of middle housing units were in fourplexes.
5. Developers of fourplexes appear to prefer larger than average lots in the R2.5 and R7 zones.
6. Even with new FAR limits for all building types, Middle Housing units tend to be much smaller than detached single dwellings.
7. Two bedroom units appear to be the “sweet spot” for fourplexes.
8. For Middle Housing types with 3+ units, developers tend to provide less parking. This is likely a result of needing more site area to achieve desired FAR.
9. The replacement rate of net new units for Middle Housing has been substantially higher than for single dwelling development. Had the 81 lots instead been developed with single family houses, there would be 190 fewer housing units constructed.
10. 86% of middle housing units are near designated Centers and Corridors compared to 60% of new single dwelling units.
11. 80% of middle housing units are within a 1/4 mile of transit compared to less than 53% of Single Dwelling homes permitted in this period.
12. Over 90% of Middle Housing units were constructed in the R2.5 and R5 zones, representing over three-fourths of all the units permitted in those zones.

Table 1 summarizes the number of units permitted under the new RIP1 standards. Table 2 provides a summary of all other housing types allowed in R2.5-R7 zones prior to RIP1 permitted during the same time period.

Table 2: RIP-Enabled Units Permitted by Housing Type (Aug 1, 2021- July 31, 2022)

RIP-Enabled Units Permitted	R2.5	R5	R7	Total
ADU Allowances*	22	37	10	69
Duplex	8	18	8	34
Triplex	3	21	3	27
Fourplex	100	92	12	204
Sixplex**	0	2	0	2

*ADU Allowance includes: a second ADU with a house, an ADU with a duplex, or a large basement ADU conversion

**Conversions to add units only include the additional units created. It does not include pre-existing units.

Table 3: Permit Activity by Housing Type (Aug 1, 2021- July 31, 2022)

Unit Permitted	R2.5	R5	R7	Total
Single Dwelling	21	34	23	78
ADU	42	113	25	180
Single Dwelling + ADU*	20	28	0	48
ADU Allowance	22	37	10	69
Middle Housing	113	135	23	271

*Single dwelling + ADU refers to a new house built with an ADU and represents 2 units.

Data Sources and Methods

The Pre-RIP Context Analysis relied on Regional Multiple Listing Service (RMLS) data which captures open market sales transactions from Q1 2018 - Q2 2022.

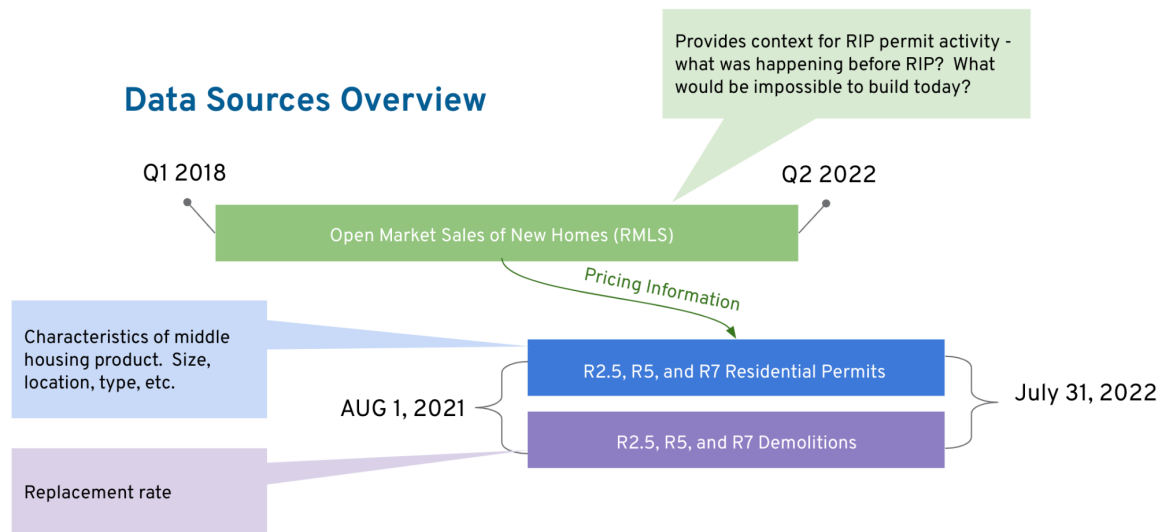
The RIP permit data analysis relies on information from the City of Portland’s permitting system, *AMANDA*, demolition permits, and detailed information from 85 permit applications submitted for Middle Housing projects during the first 12 months after RIP1 took effect.

The Year-One Report refers to various housing types permitted in the R2.5-R7 zones. These housing types are listed below.

01	Single Dwelling	Allowed Prior to RIP
02	ADU	
03	Single Dwelling + ADU	
04	Corner Duplex	
05	ADU Allowance	Allowed by RIP
06	Duplex	
07	Triplex	
08	Fourplex	
09	Sixplex	

The City also conducted geospatial analysis that evaluated permit activity across multiple categories to add context to the permit activity pulled from the first year of the RIP1 program.

The diagram below outlines how the data was used in the report.



Recommendations for Ongoing Reporting

The following recommendations are intended to improve the City of Portland’s workflow in future years of reporting on the RIP.

1. Because trends in housing production take time to identify, conduct recurring annual or bi-annual reporting on the residential development pipeline in zones where the RIP took effect.

2. Develop a definitive list of permit classifications and definitions to differentiate Middle Housing from other housing types.
3. Cross reference Middle Housing permits with sales data to gain better understanding of the pricing of for-sale units as more come online.
4. Cross reference Middle Housing permits with “schedule R” rental property registration data to gain a better sense of tenure.
5. Conduct further interviews with Middle Housing developers to understand perceived barriers to development as well as location, site, and development program preferences.
6. For Middle Housing permits, develop a streamlined workflow for extracting development programs from plansets. For all other permits, track lot and building size at a minimum. Track unit sizes for ADUs.