



# Housing development and affordability trends

Presented to Planning and  
Sustainability Commission

February 13, 2018



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# Overview

- Rapid-growth development cycle
- Sticking to the plan
- Development trends in 2017
- Affordability concerns



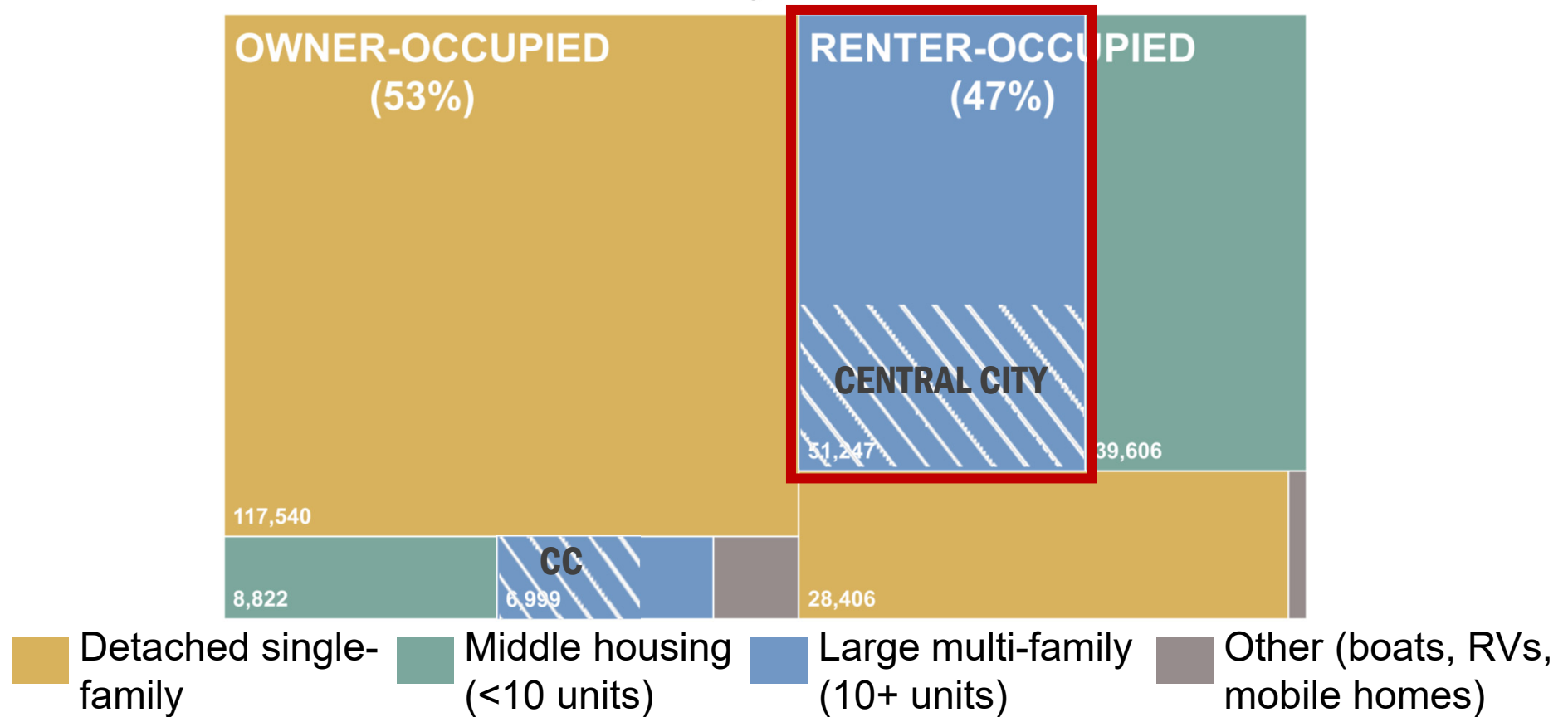
# Rapid-growth development cycle

- Most growth in larger rental mid- and high-rise
- Big increase in activity to beat IH requirements
- Record-breaking development cycle



# Housing stock today

## TENURE BY UNITS IN STRUCTURE PORTLAND, OR 2012-16



Source: U.S. Census Bureau, 2012-2016 ACS 5-year estimates, Table B25032.



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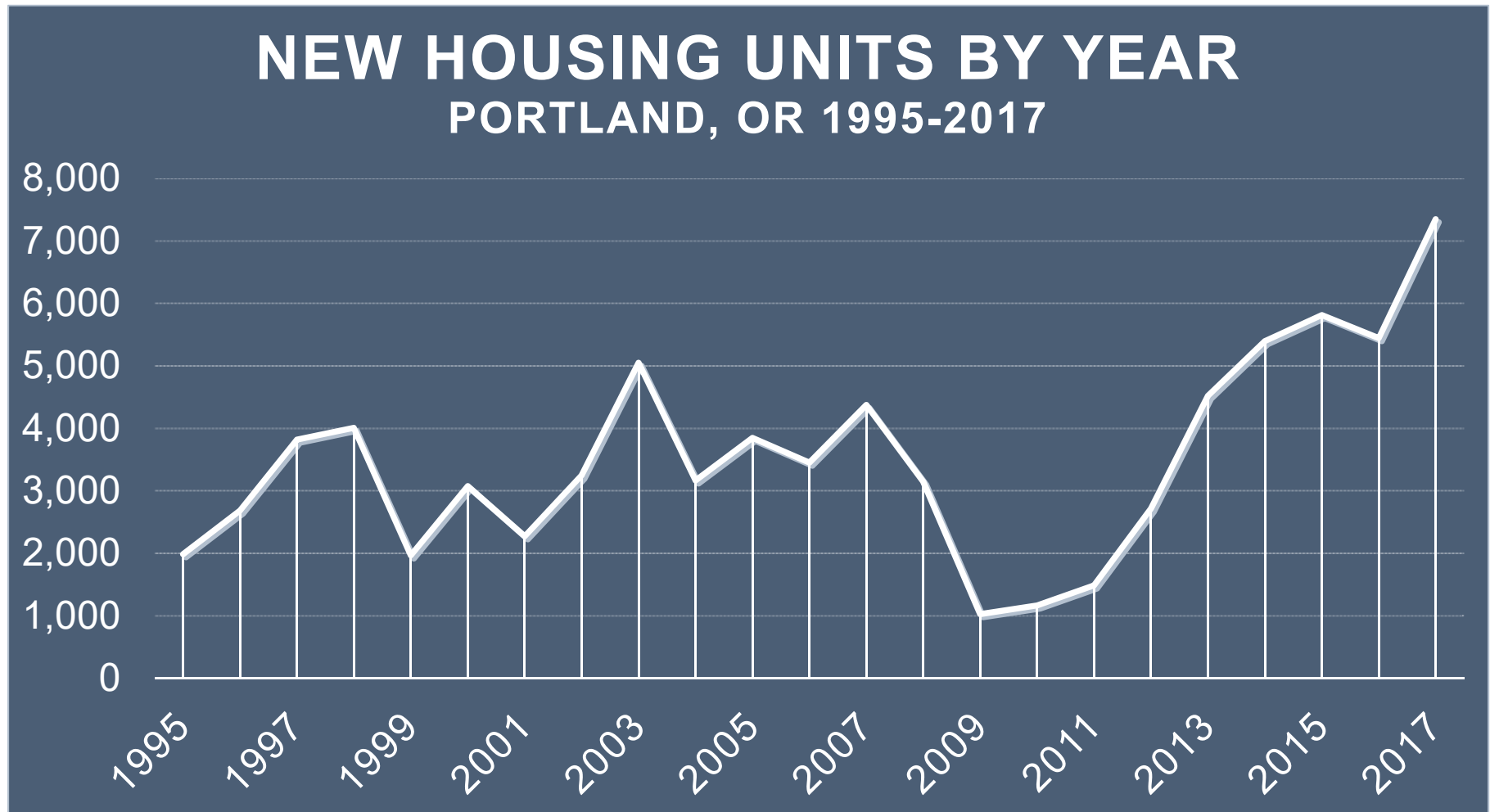


# “Permits” ... “units”?

- “Permit” and “unit” used interchangeably
- We mean the units associated with building permits that have been issued
  - SDCs paid—free to go build
- 18-24-month process
  - Will go online in 2018 or 2019



# 35% spike in units from last year



Source: City of Portland, Bureau of Development Services. Prepared by Bureau of Planning and Sustainability.

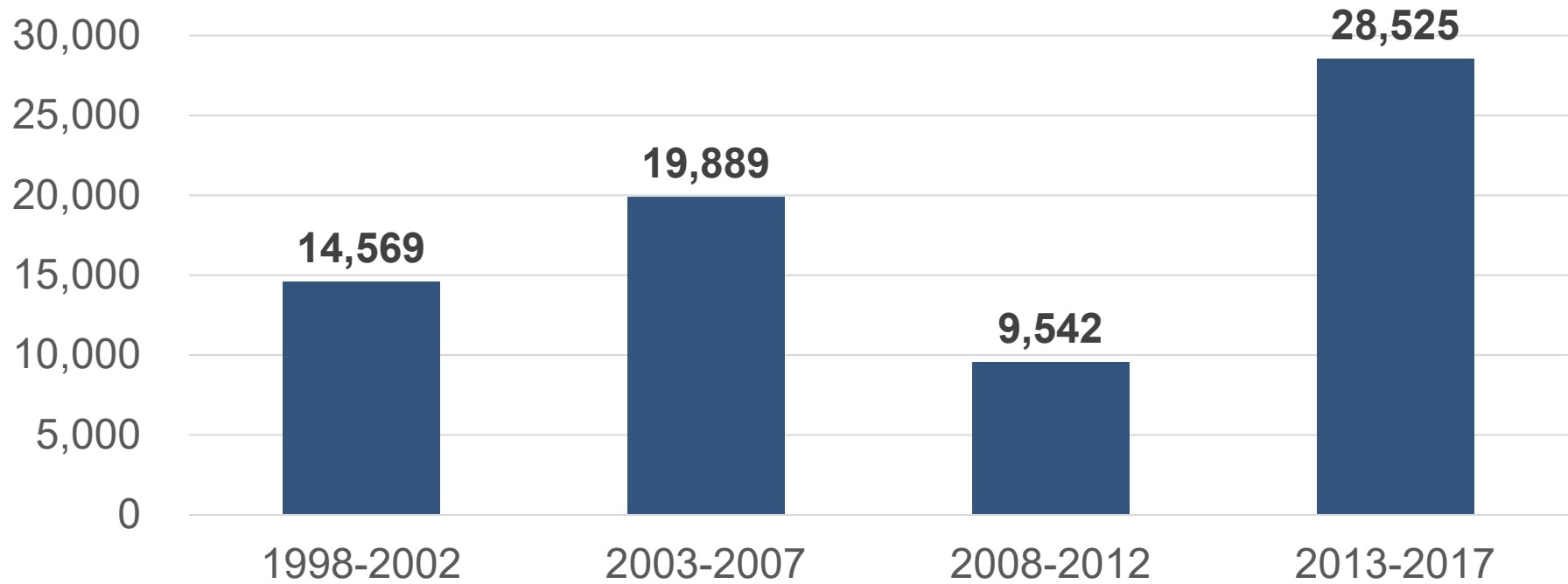


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# Record-breaking period

## FIVE-YEAR PERMITTED UNIT TOTALS PORTLAND, OR 1998-2017



Source: City of Portland, Bureau of Development Services. Prepared by Bureau of Planning and Sustainability.



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# Sticking to the plan

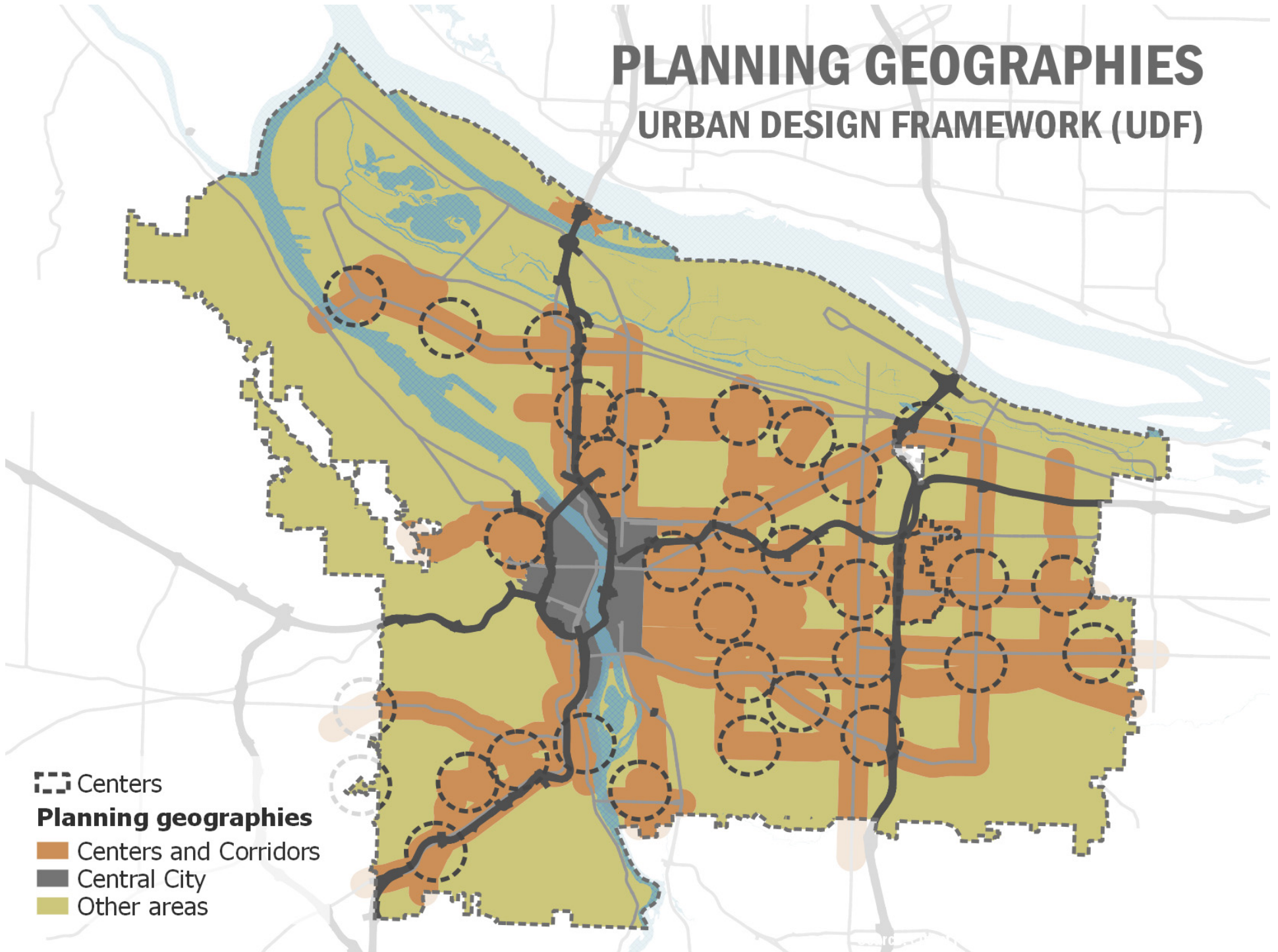
- Achieving 50/30/20 split of where growth goes
- Progressing at anticipated growth rate
- Building type of development planned for





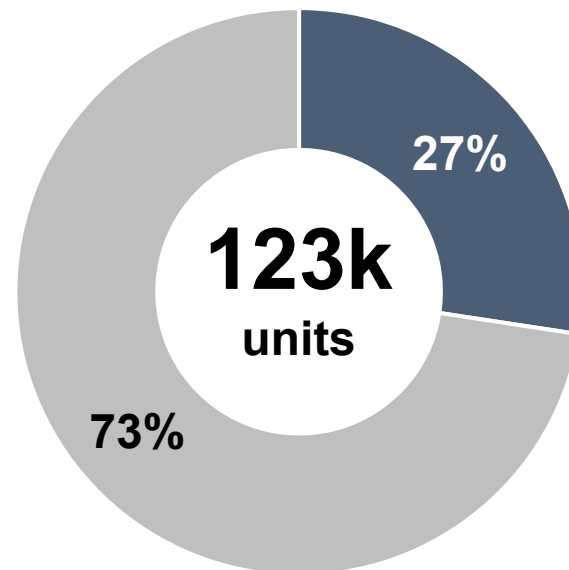
# PLANNING GEOGRAPHIES

## URBAN DESIGN FRAMEWORK (UDF)



# On track toward 2035 allocation

## UNITS PERMITTED AS SHARE OF ALLOCATED GROWTH PORTLAND, 2010-2035



■ Permitted units 2010-2017    ■ Expected units 2018-2035

Source: City of Portland, Bureau of Development Services. Prepared by Bureau of Planning and Sustainability.



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# Permit activity in 2017

- Larger projects driving majority of growth
- Studio and one-bedroom units galore!
- ADUs the new hidden incremental infill



# NEW UNITS BY BUILDING SIZE

## PERMIT ACTIVITY IN 2017

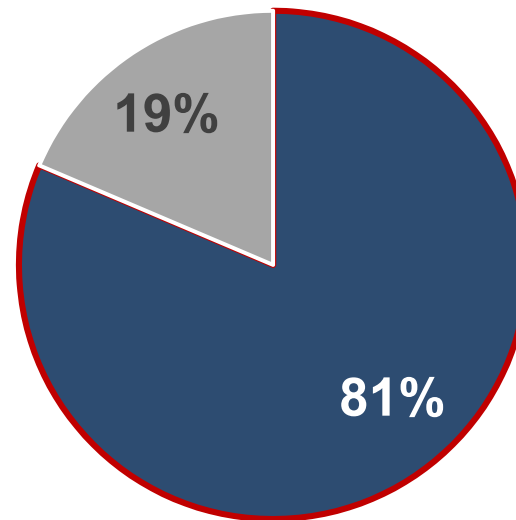
### Residential permits 2017

- Large multi-family (200+ units)
- Large multi-family (100-199 units)
- Medium multi-family (50-99 units)
- Medium multi-family (20-49 units)
- Small multi-family (10-19 units)
- Small multi-family (3-9 units)
- SFR, ADU, townhome, duplex

Source: City of Portland, Bureau of Development Services and Bureau of Planning and Sustainability.

# Single-family–multi-family split

## SHARE OF UNITS BY UNIT TYPE PORTLAND, OR 2017



■ Multi-family   ■ Single-family (or other)

Source: City of Portland, Bureau of Development Services. Prepared by Bureau of Planning and Sustainability.



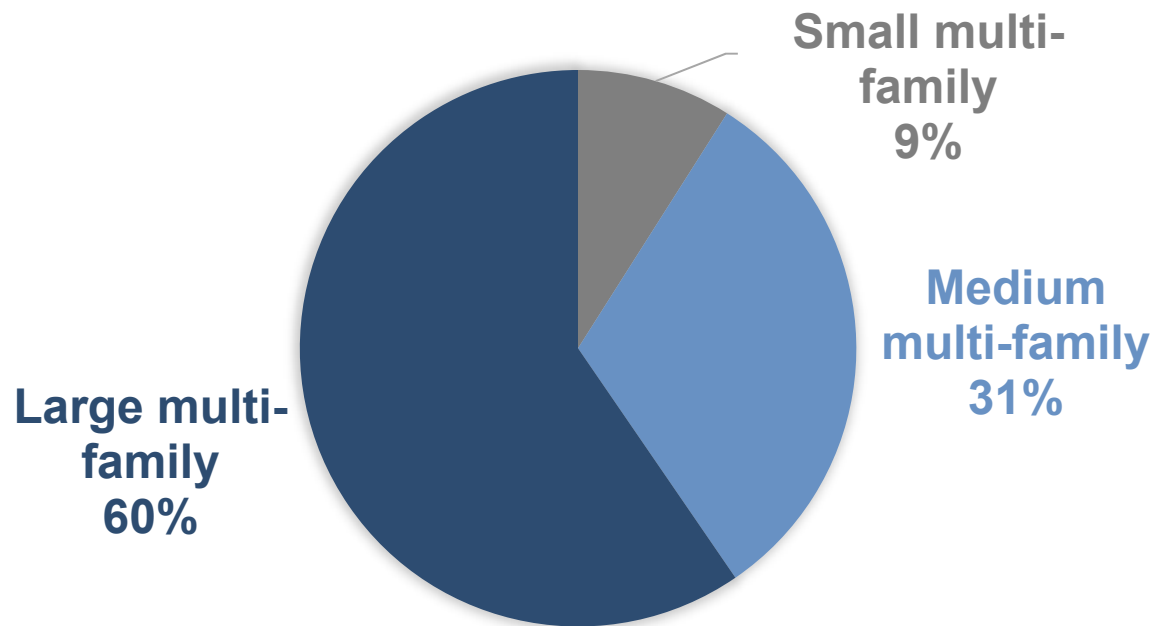
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# Most units in large structures

## DISTRIBUTION OF UNITS IN MULTI-FAMILY PROJECTS PORTLAND, OR 2017



Source: City of Portland, Bureau of Development Services. Prepared by Bureau of Planning and Sustainability.

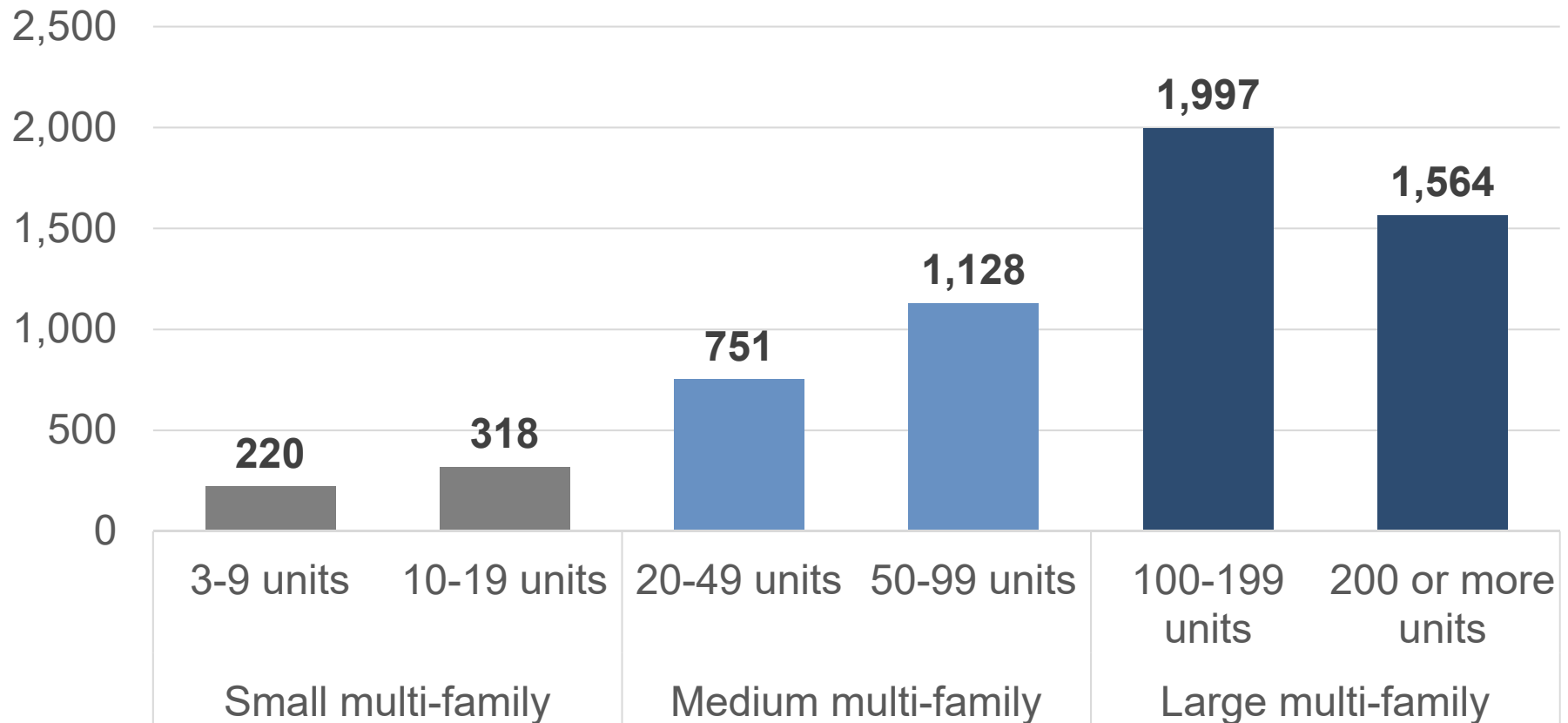


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# Most units in large structures

## MULTI-FAMILY UNIT COUNTS BY UNITS IN STRUCTURE PORTLAND, OR 2017



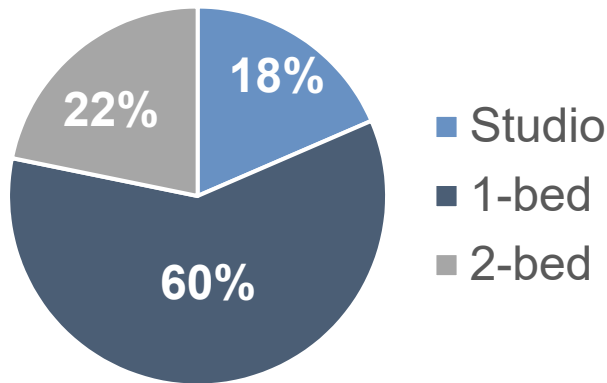
Source: City of Portland, Bureau of Development Services. Prepared by Bureau of Planning and Sustainability.



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# Profile of new multi-family units



East 12 Lofts on SE 12<sup>th</sup> & Taylor, built 2014.



**STUDIO**  
**480 ft<sup>2</sup>**  
**\$1,450**



**2-BED**  
**1,050 ft<sup>2</sup>**  
**\$2,620**



**1-BED**  
**670 ft<sup>2</sup>**  
**\$1,890**



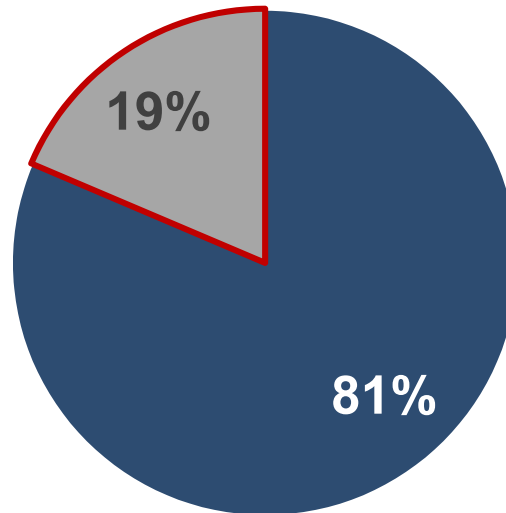
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# Single-family–multi-family split

## SHARE OF UNITS BY UNIT TYPE PORTLAND, OR 2017



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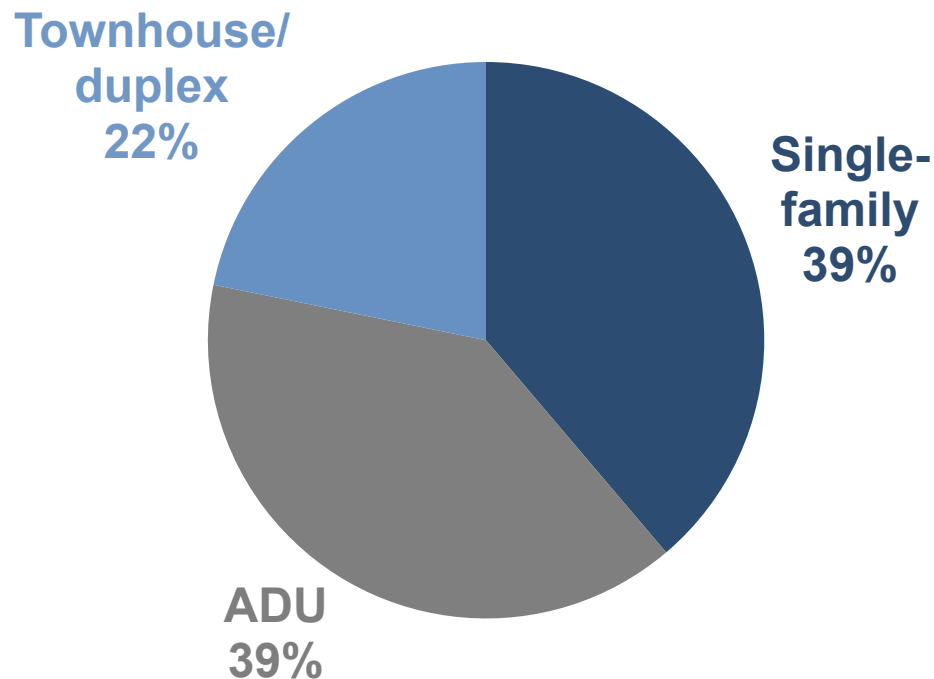


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# ADUs making big contributions

## DISTRIBUTION OF UNITS IN ONE- AND TWO-UNIT PROJECTS PORTLAND, OR 2017



Source: City of Portland, Bureau of Development Services. Prepared by Bureau of Planning and Sustainability.

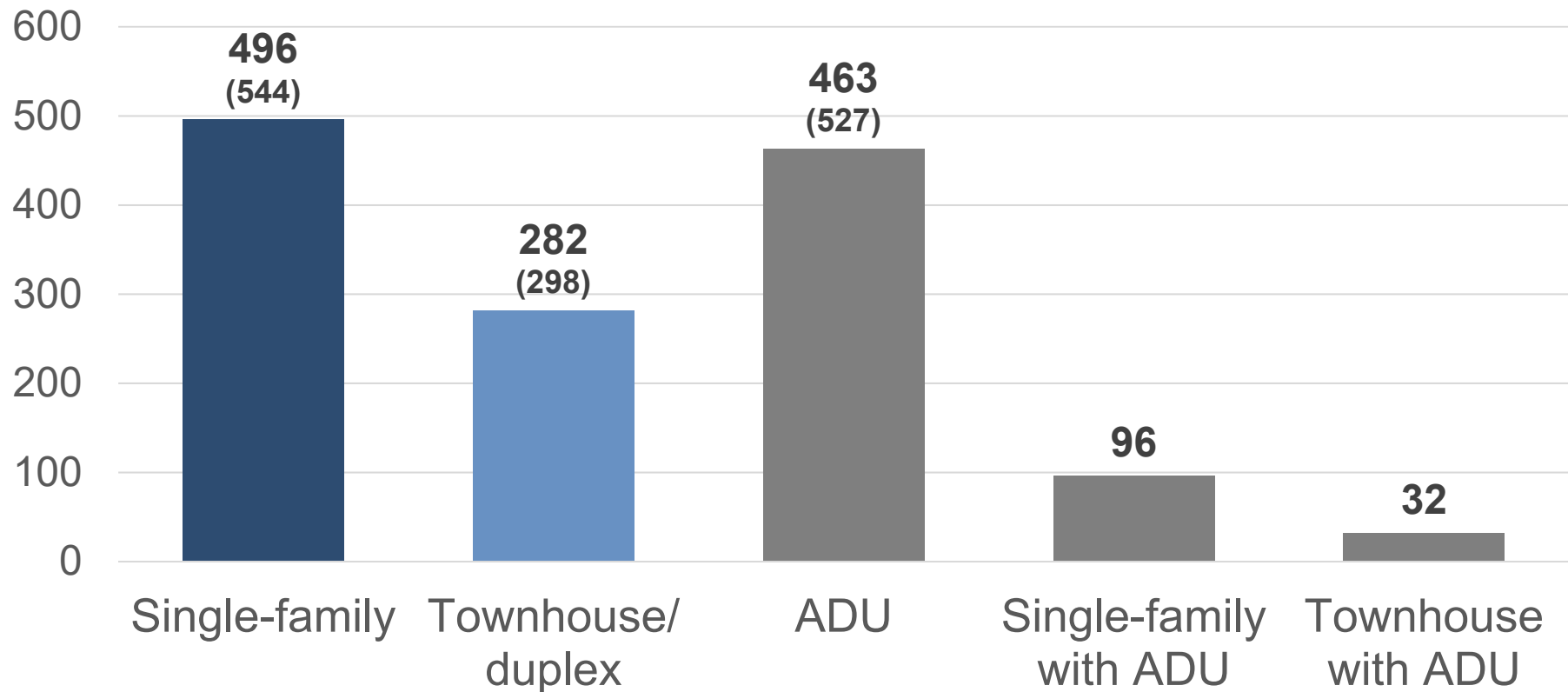


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# ADUs making big contributions

UNIT COUNTS BY UNIT TYPE  
(1- & 2-UNIT STRUCTURES) PORTLAND, OR 2017



Source: City of Portland, Bureau of Development Services. Prepared by Bureau of Planning and Sustainability.



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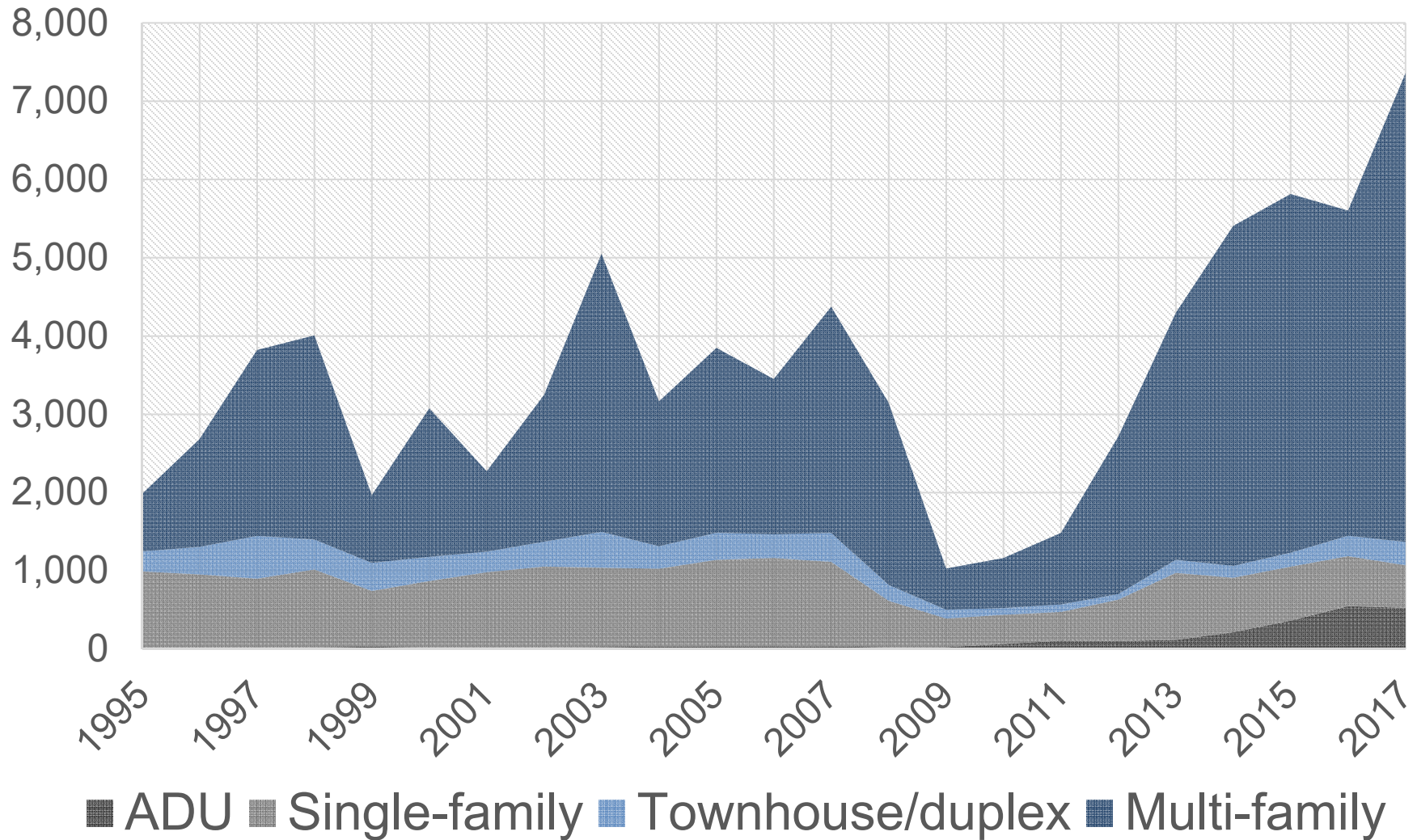
# Trends in unit type

- ADUs up! Multi-family up!
- Constrained land supply hinder single-family
- Slowdown in recession despite population increase



# NEW HOUSING UNITS BY UNIT TYPE

## PORTLAND, OR 1995-2017



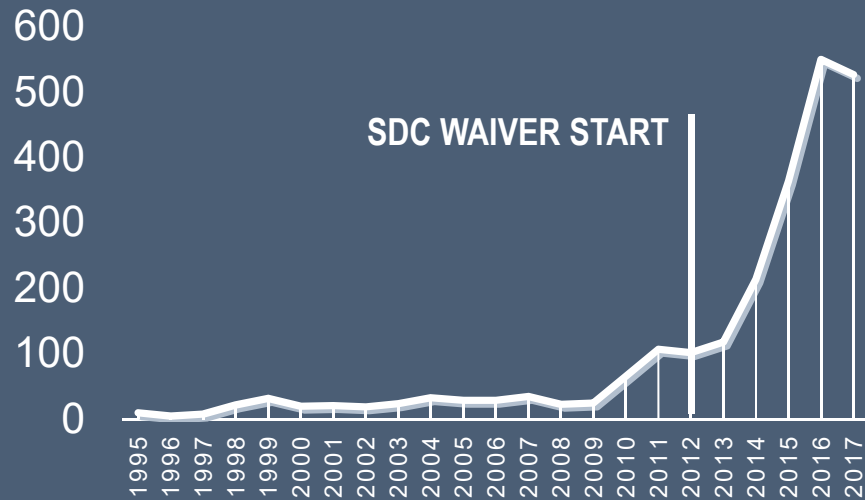
Source: City of Portland, Bureau of Development Services. Prepared by Bureau of Planning and Sustainability.



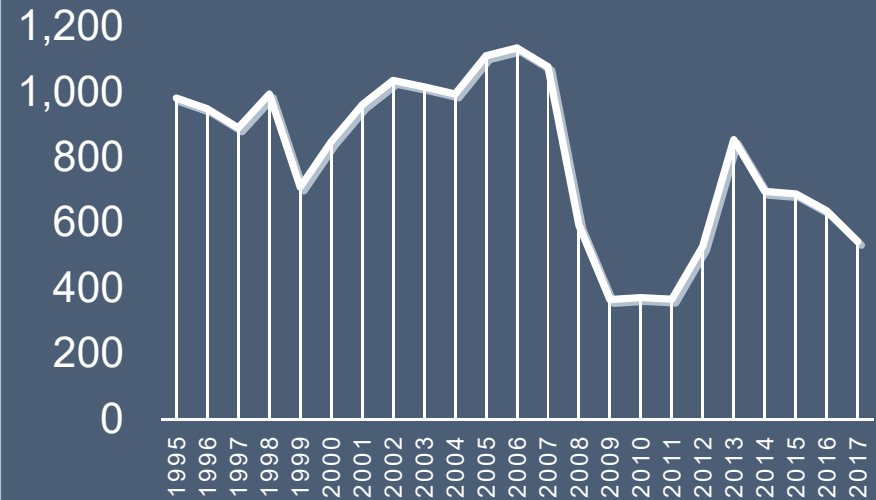
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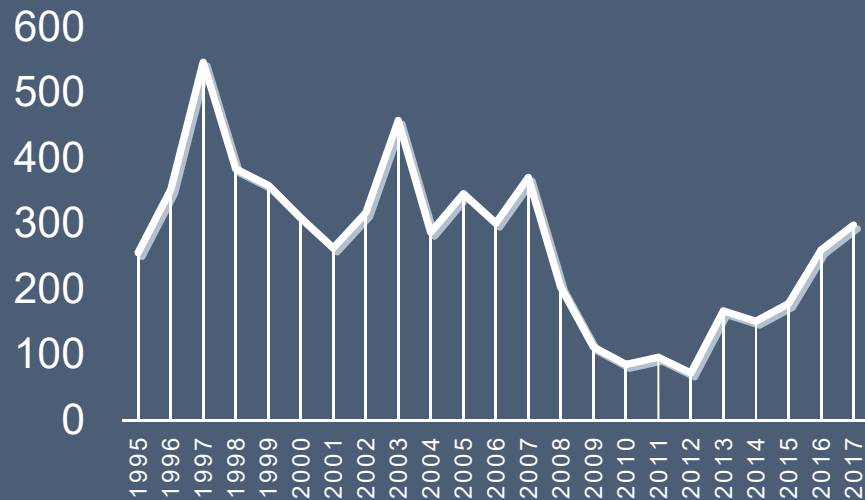
## ADU PERMITS



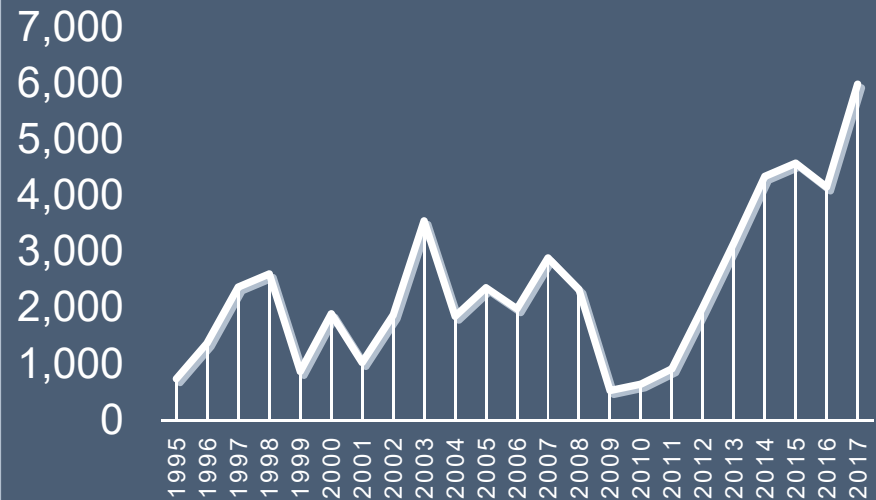
## SFR PERMITS



## TOWNHOUSE/DUPLEX



## MFR PERMITS



Source: City of Portland, Bureau of Development Services. Prepared by Bureau of Planning and Sustainability.



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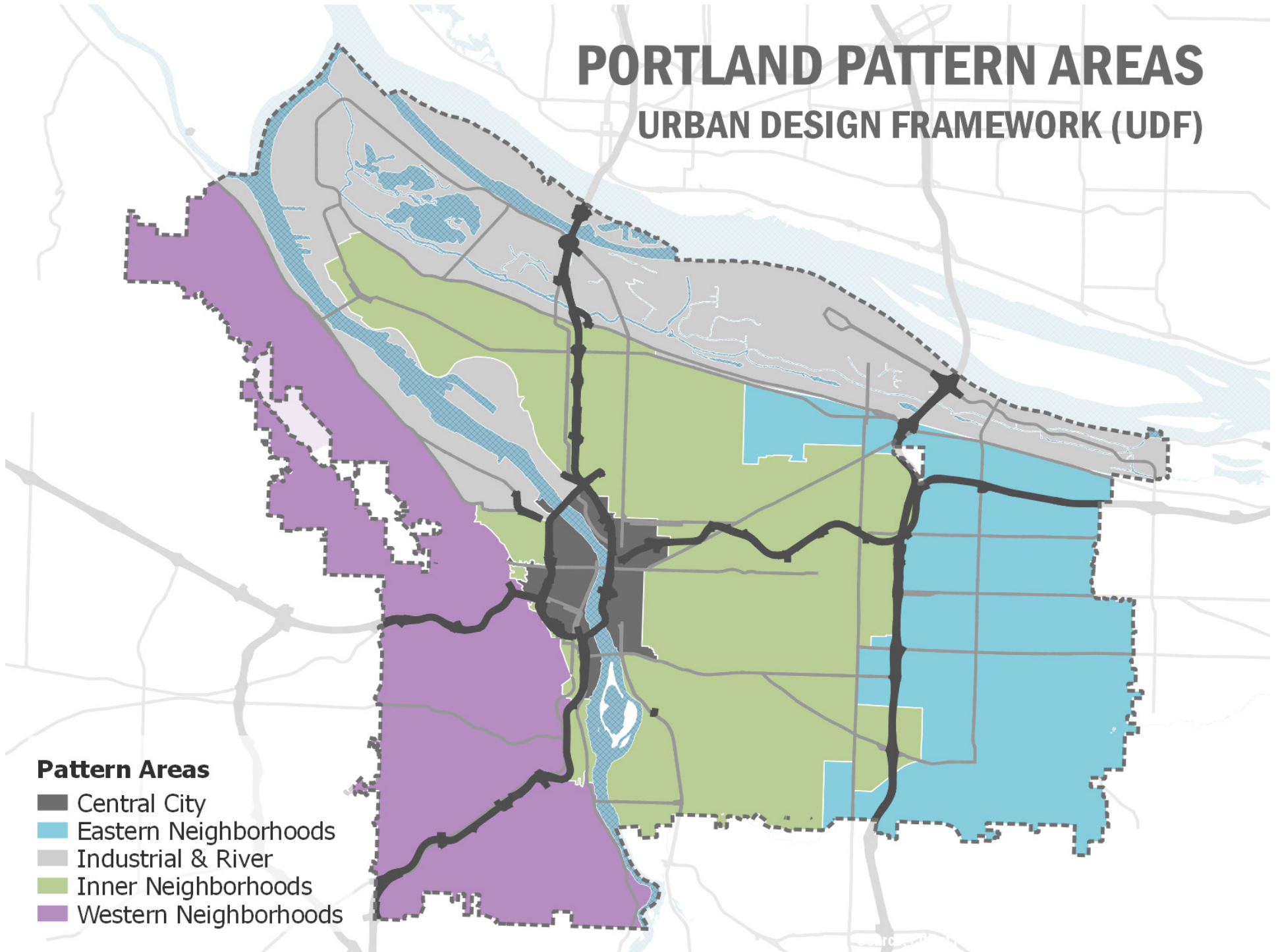
# Locational trends

- More growth in Central City and Inner Neighborhoods
- Slowdown in Eastern and Western Neighborhoods
- Demand-driven locational preferences a major driver



# PORTLAND PATTERN AREAS

## URBAN DESIGN FRAMEWORK (UDF)



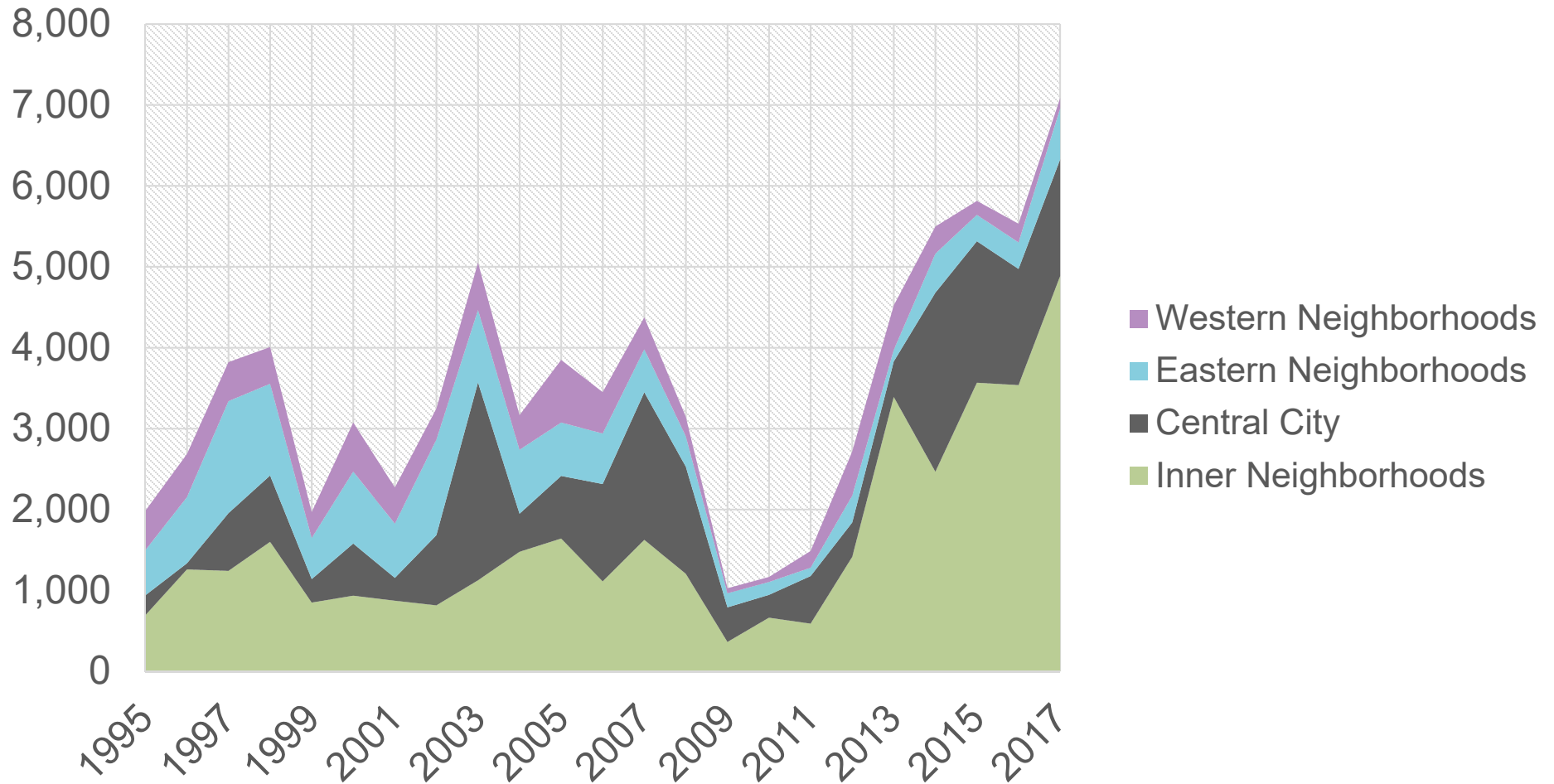
### Pattern Areas

- Central City
- Eastern Neighborhoods
- Industrial & River
- Inner Neighborhoods
- Western Neighborhoods



# NEW HOUSING UNITS BY PATTERN AREA

## PORTLAND, OR 1995-2017



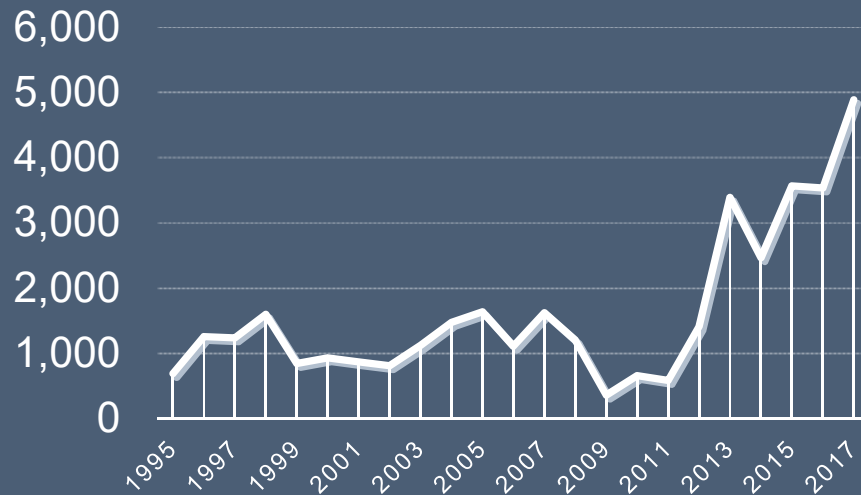
Source: City of Portland, Bureau of Development Services. Prepared by Bureau of Planning and Sustainability.



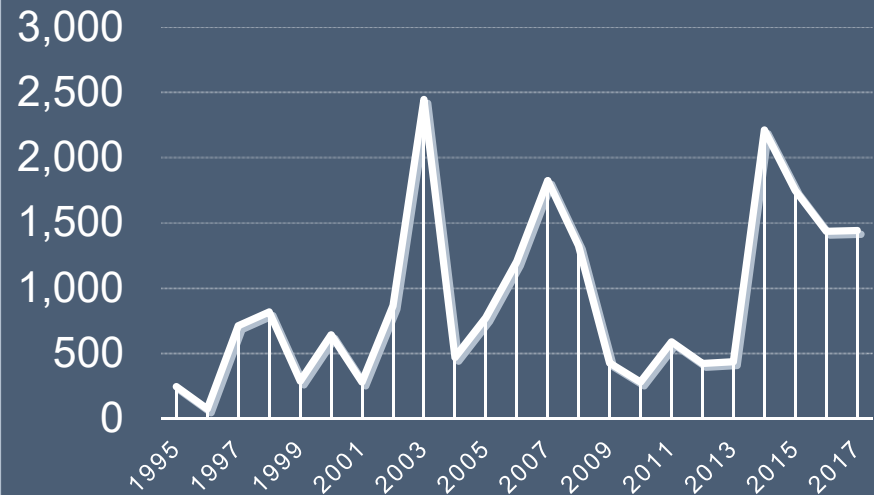
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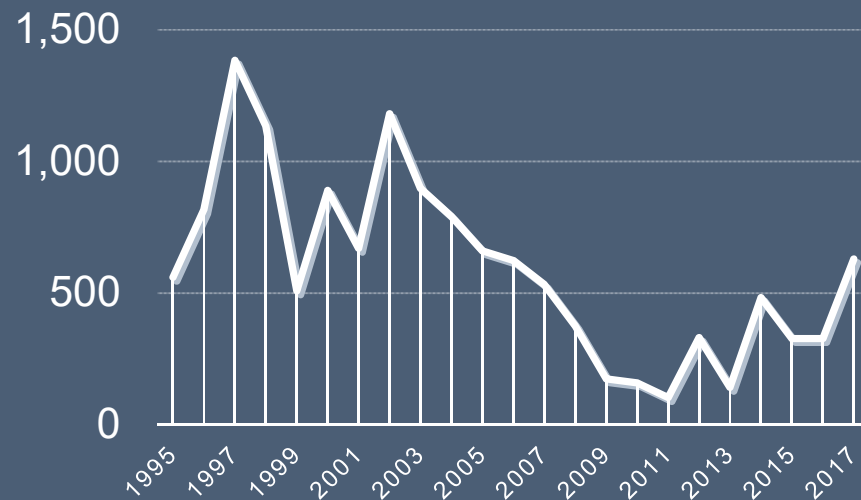
## INNER NEIGHBORHOODS



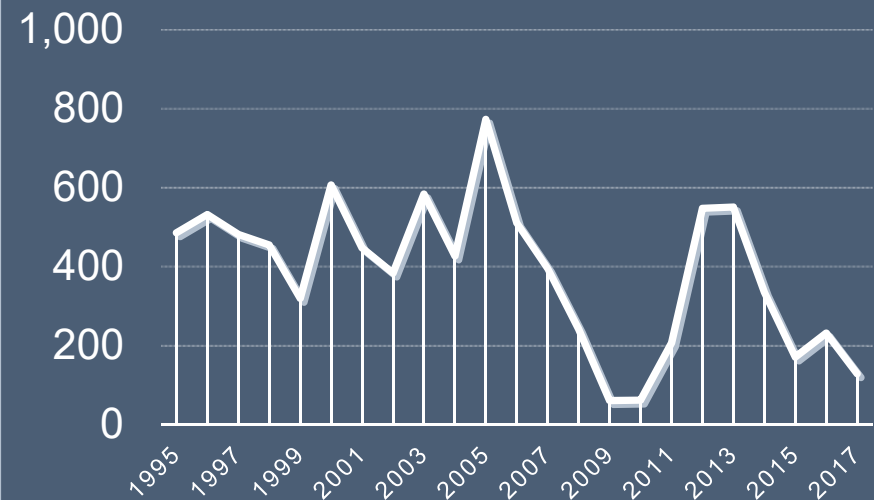
## CENTRAL CITY



## EASTERN NEIGHBORHOODS



## WESTERN NEIGHBORHOODS



Source: City of Portland, Bureau of Development Services. Prepared by Bureau of Planning and Sustainability.



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# Housing affordability trends 2000-2017

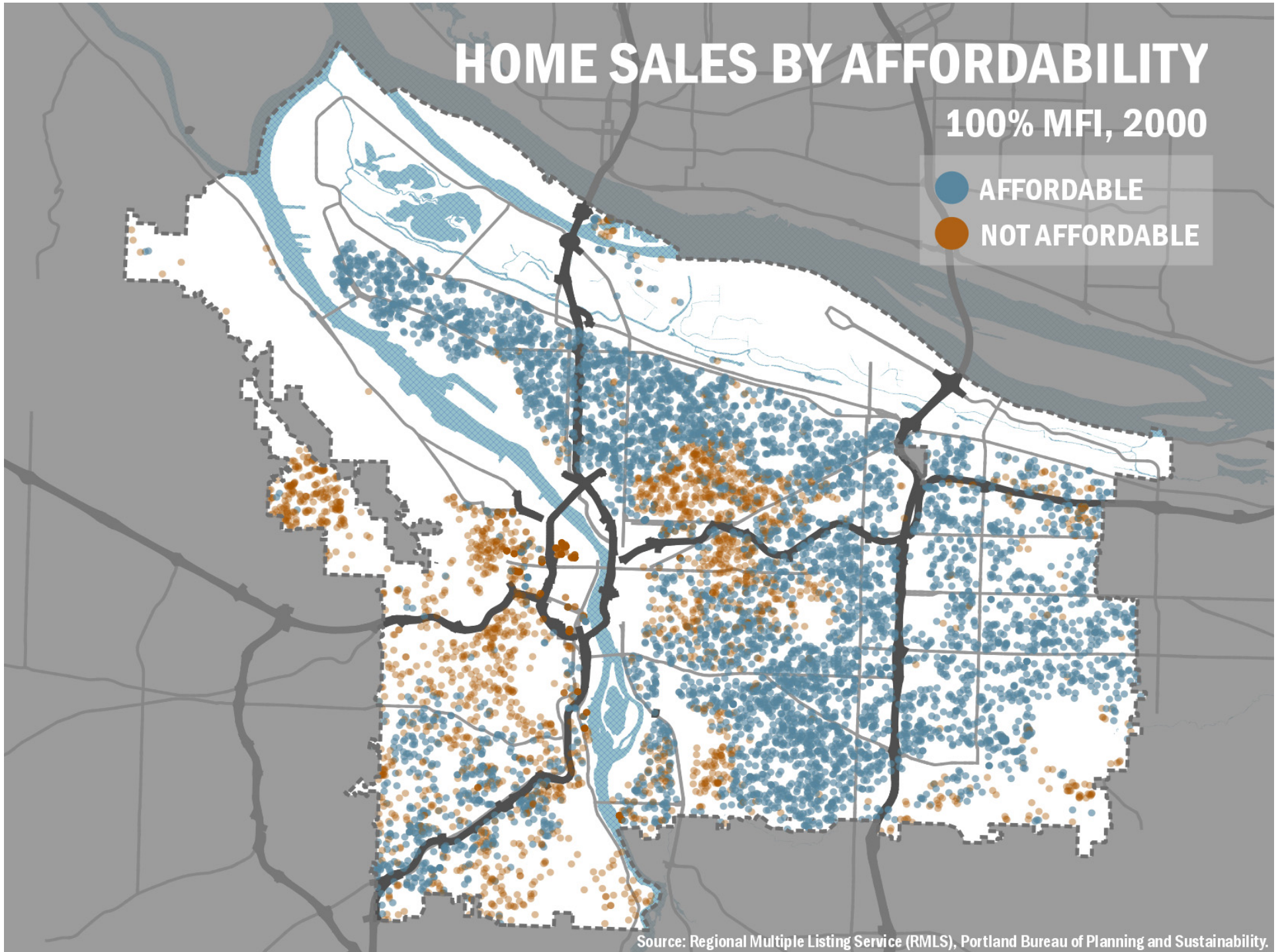
- Affordability crisis for moderate-income households
- Crisis exacerbated for households of color
- Rents rising quickest in close-in neighborhoods



# HOME SALES BY AFFORDABILITY

100% MFI, 2000

- AFFORDABLE
- NOT AFFORDABLE



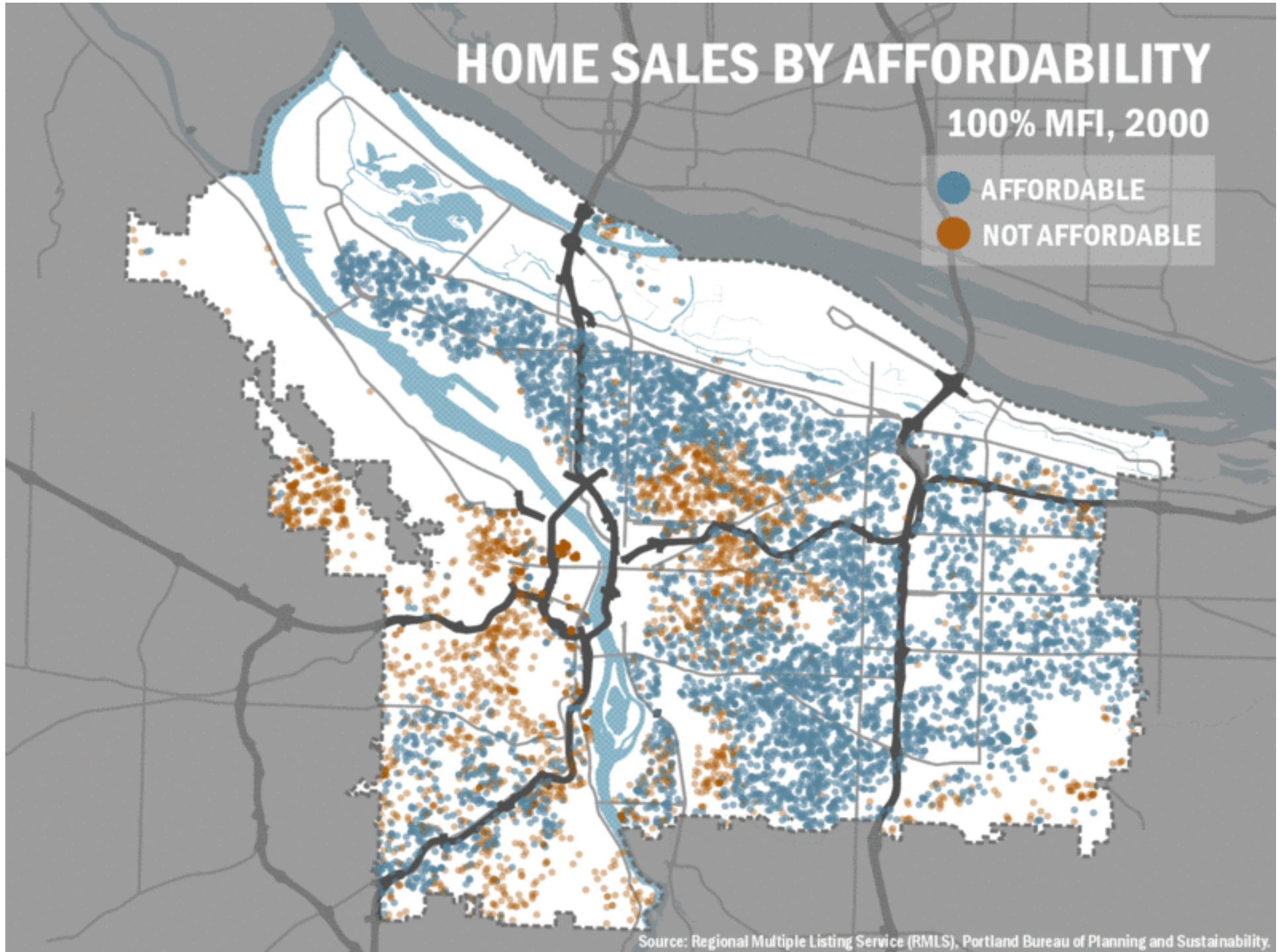
Source: Regional Multiple Listing Service (RMLS), Portland Bureau of Planning and Sustainability.



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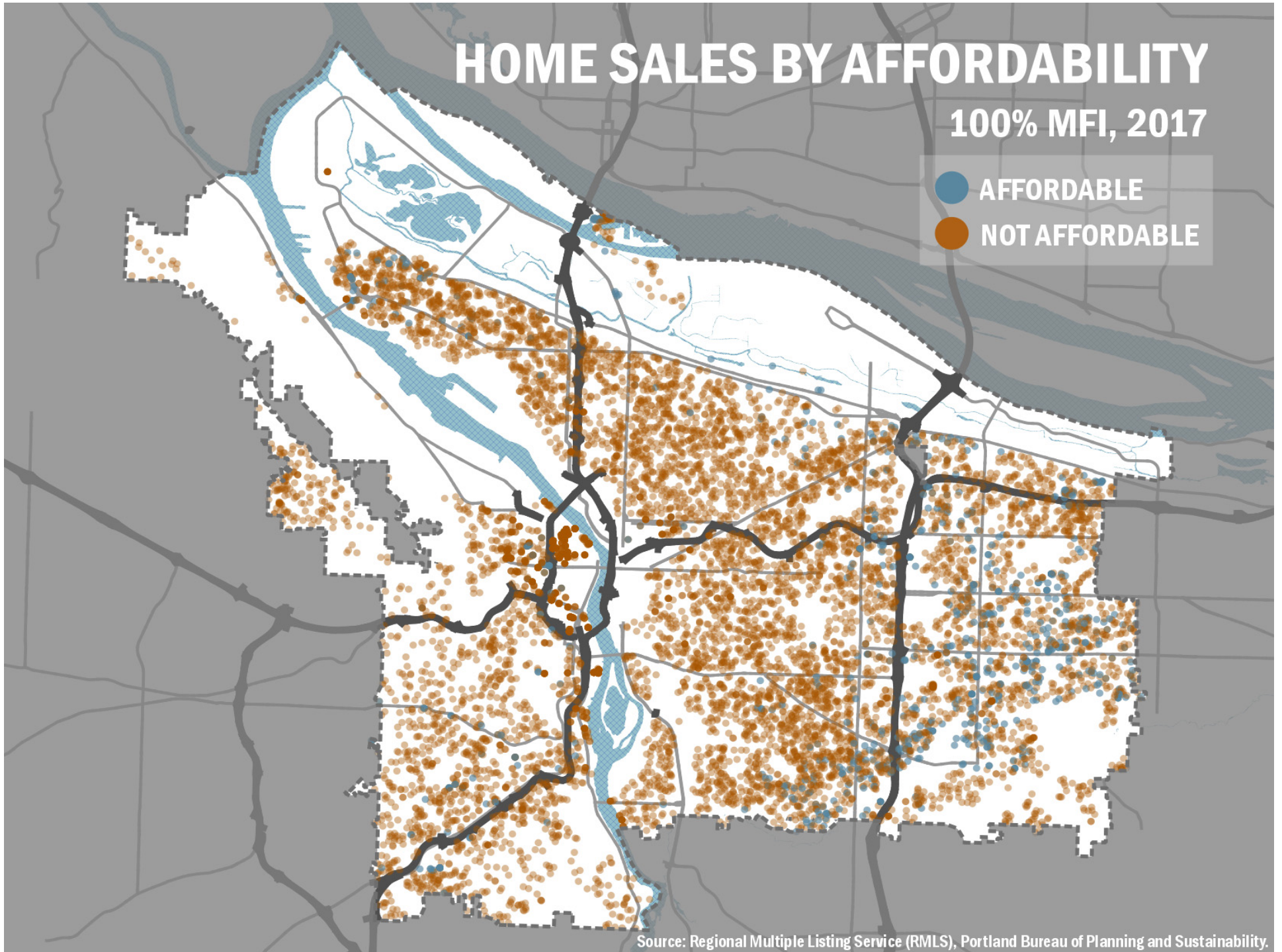


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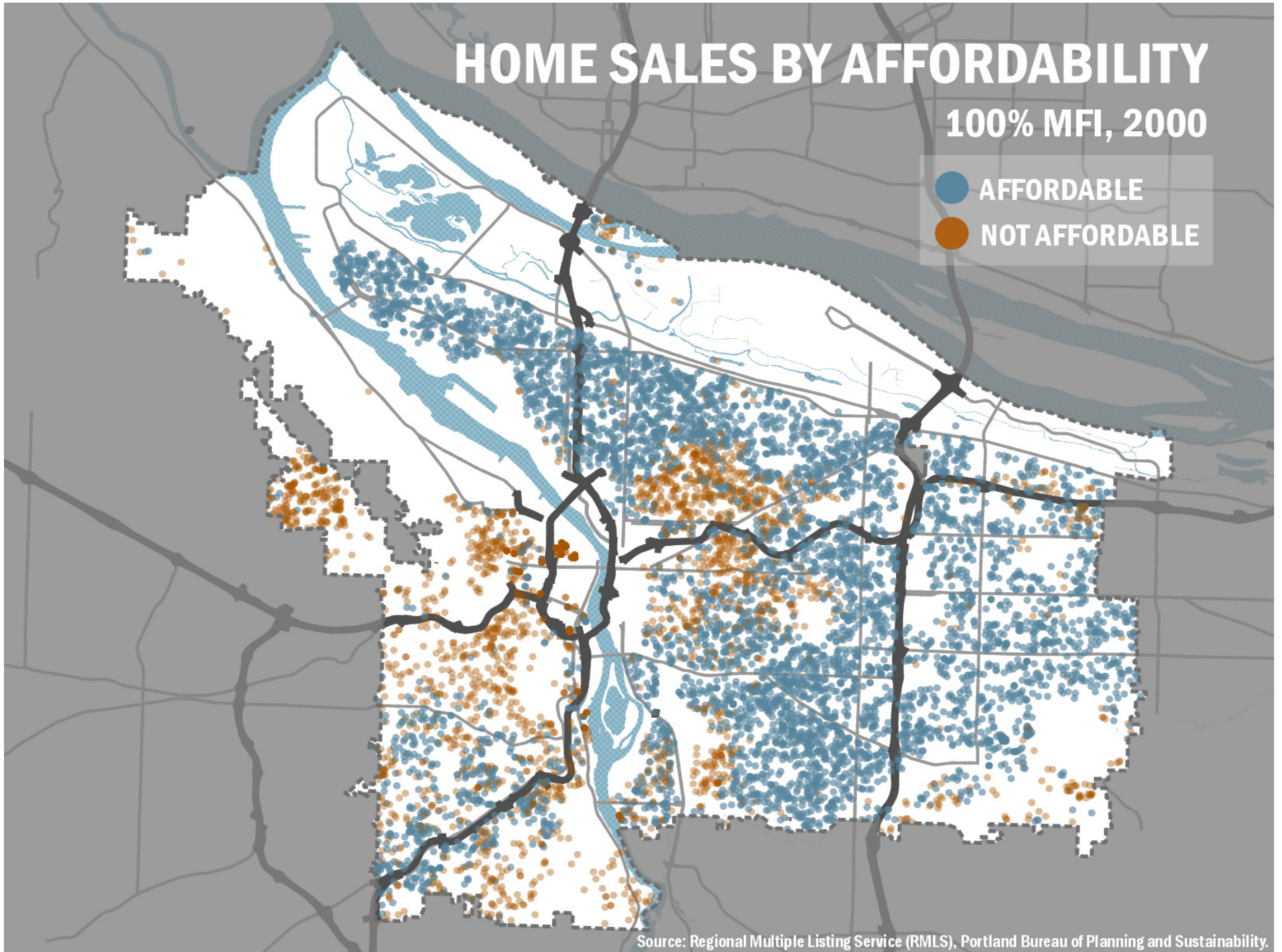
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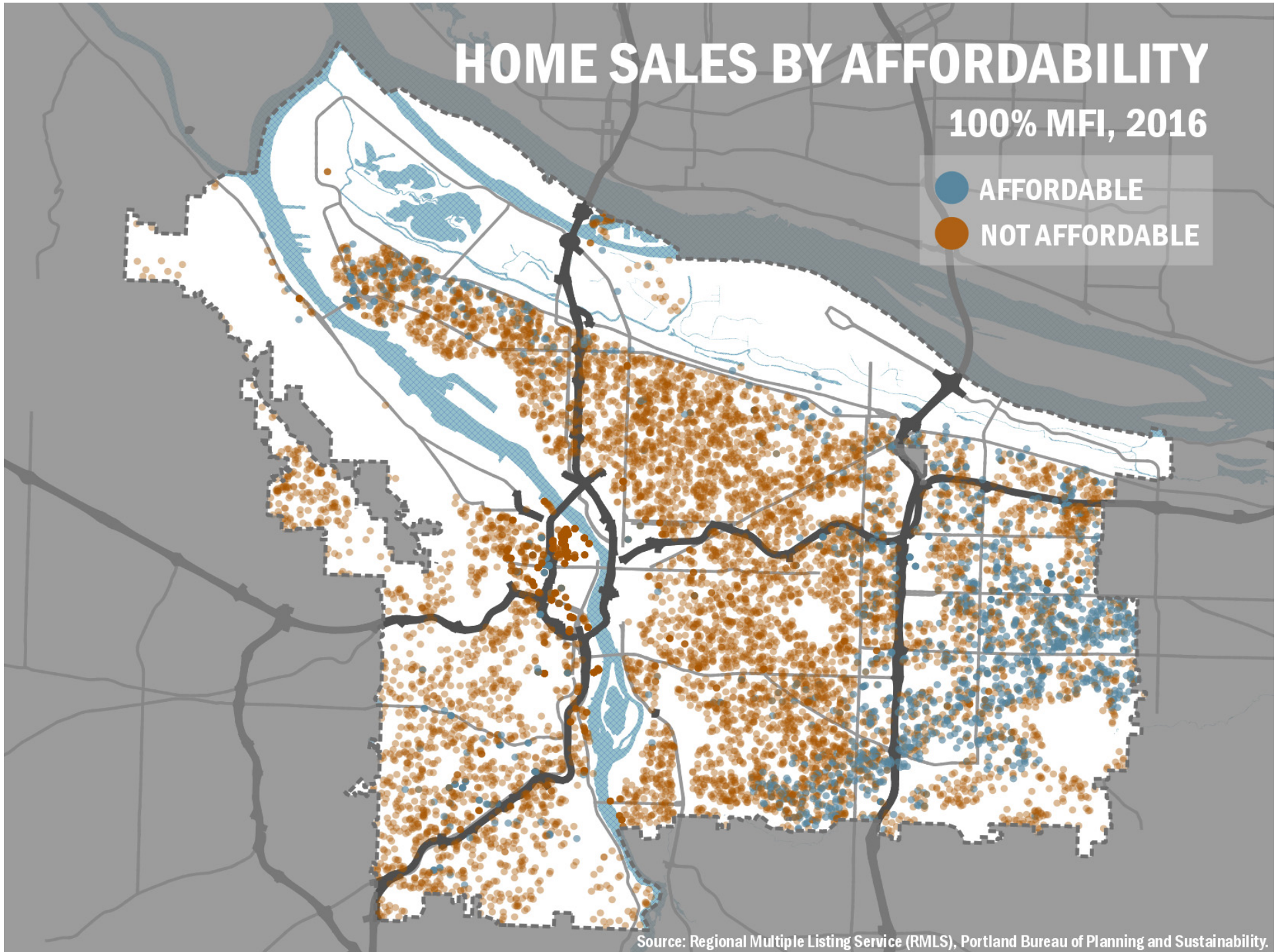
Source: Regional Multiple Listing Service (RMLS), Portland Bureau of Planning and Sustainability.



# HOME SALES BY AFFORDABILITY

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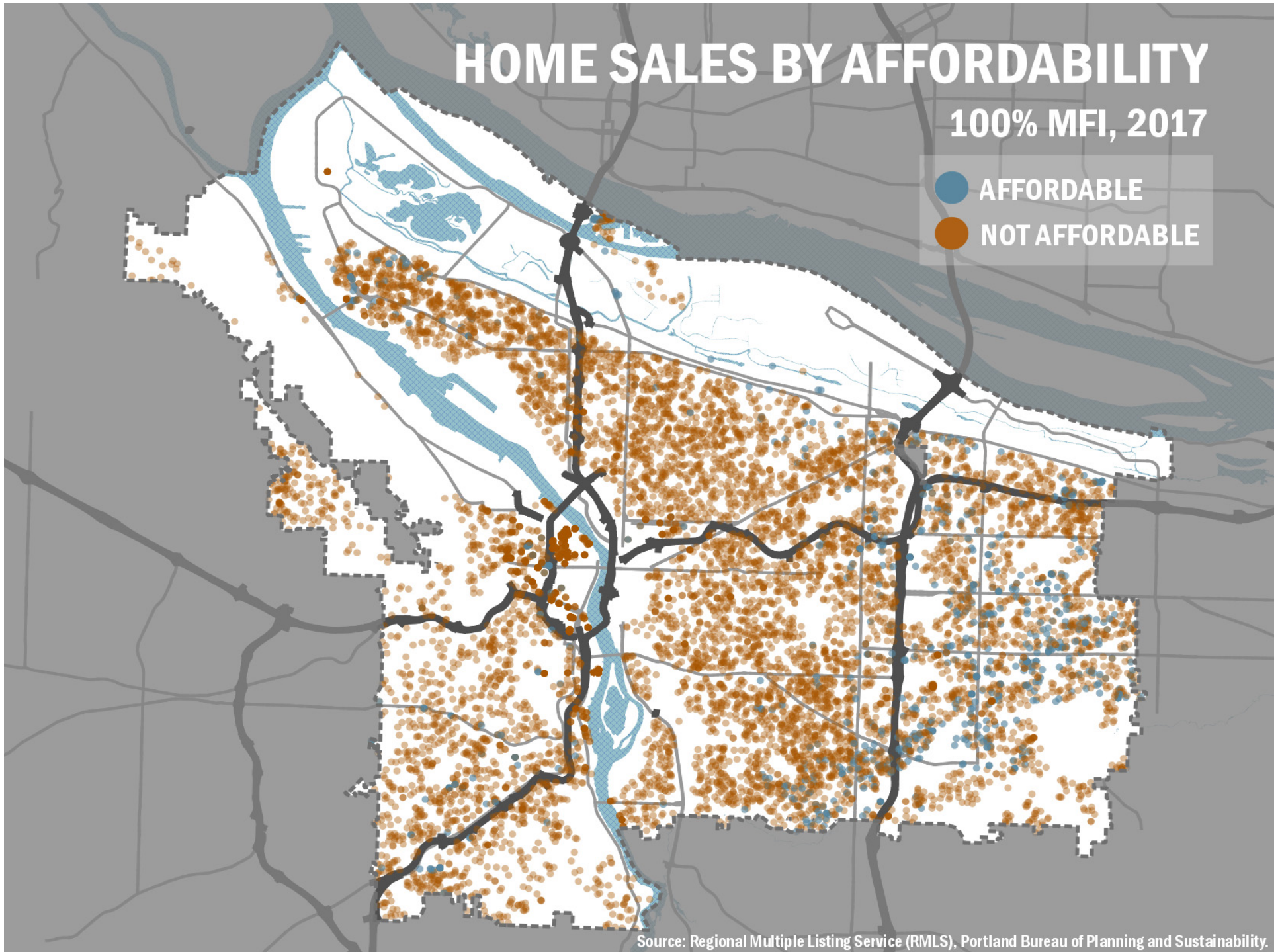
Source: Regional Multiple Listing Service (RMLS), Portland Bureau of Planning and Sustainability.



# HOME SALES BY AFFORDABILITY

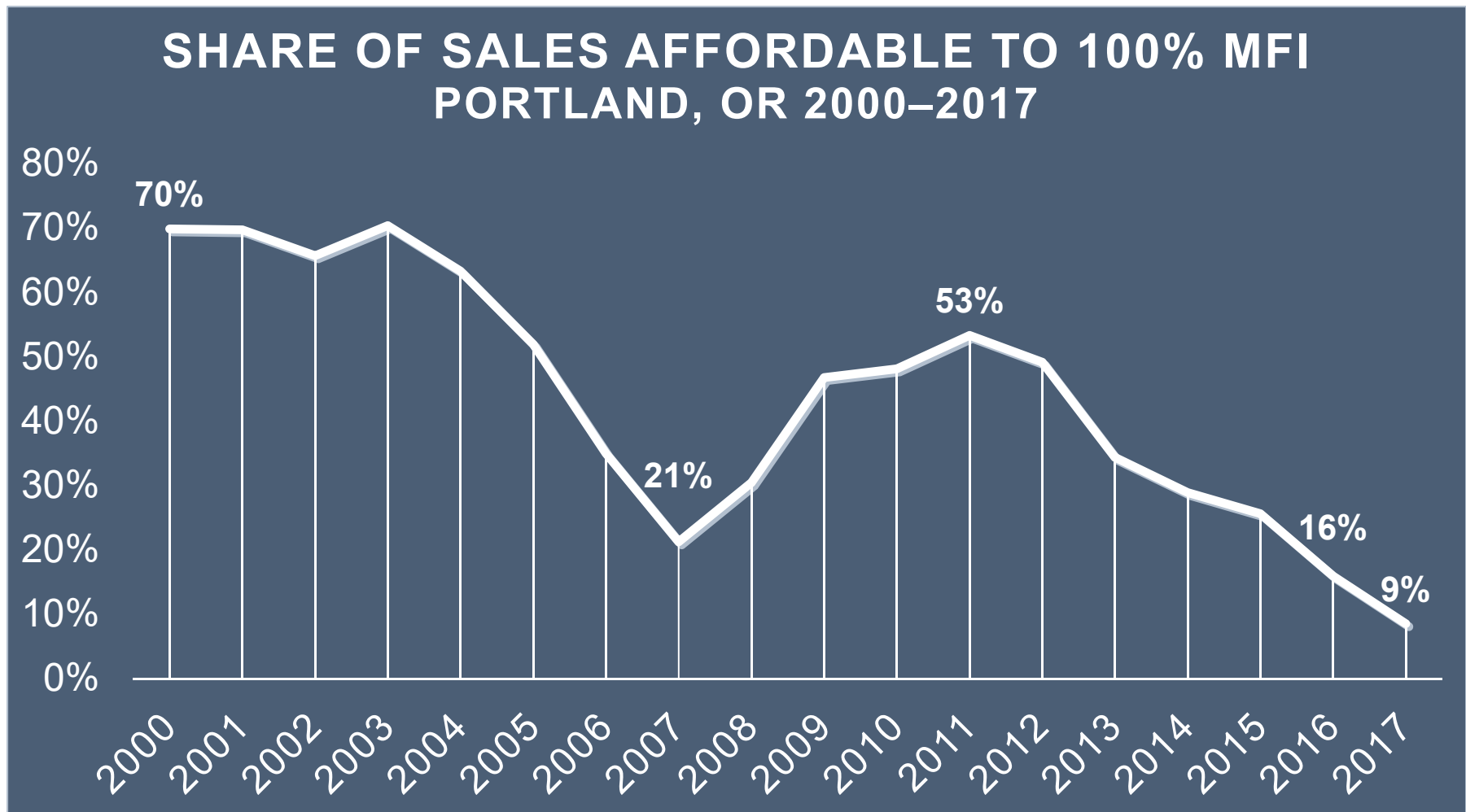
100% MFI, 2017

- AFFORDABLE
- NOT AFFORDABLE



Source: Regional Multiple Listing Service (RMLS), Portland Bureau of Planning and Sustainability.

# Affordable homes are disappearing



Source: Regional Multiple Listing Service (RMLS). Prepared by Portland Bureau of Planning and Sustainability.

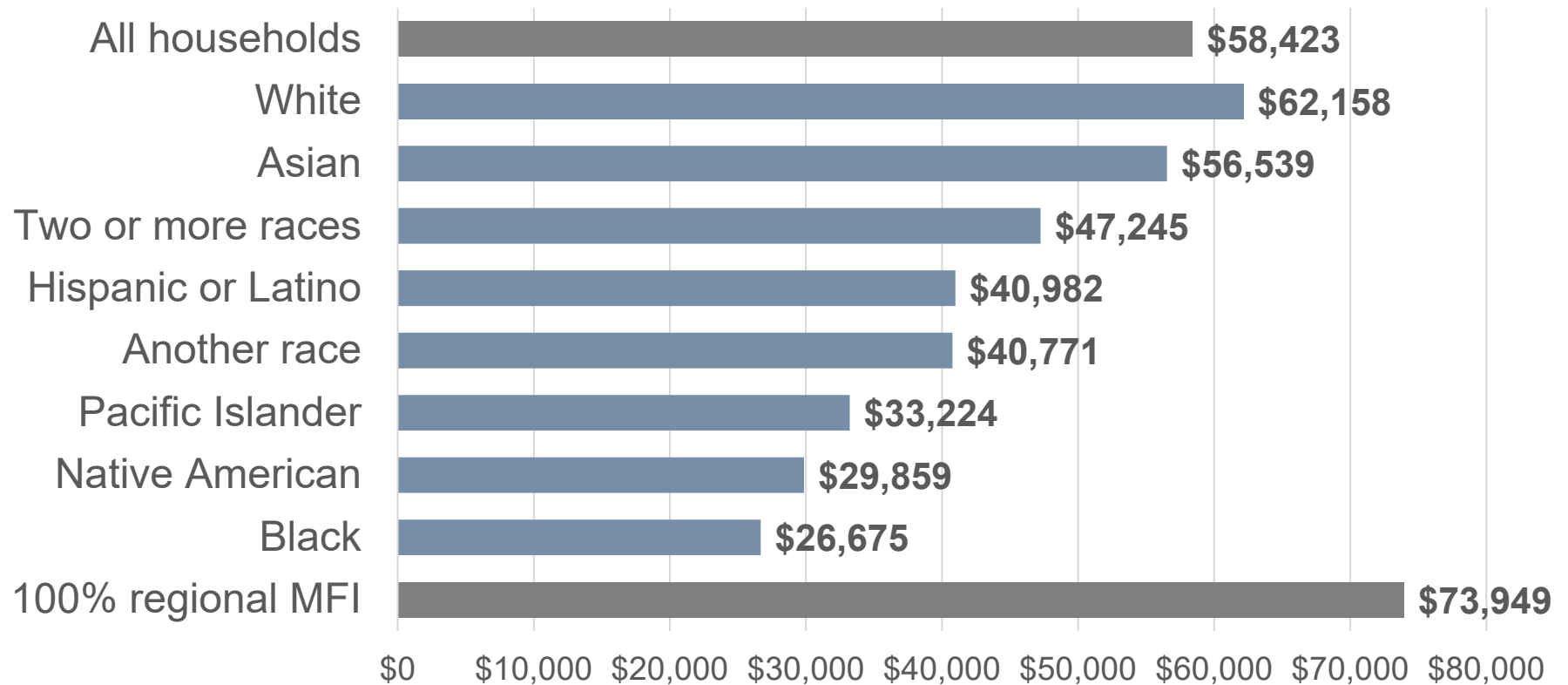


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# ...and there are racial disparities

## MEDIAN HOUSEHOLD INCOME BY RACE PORTLAND, OR 2012-16



Source: U.S. Census Bureau, 2012-2016 ACS 5-year estimates, Table B19013.



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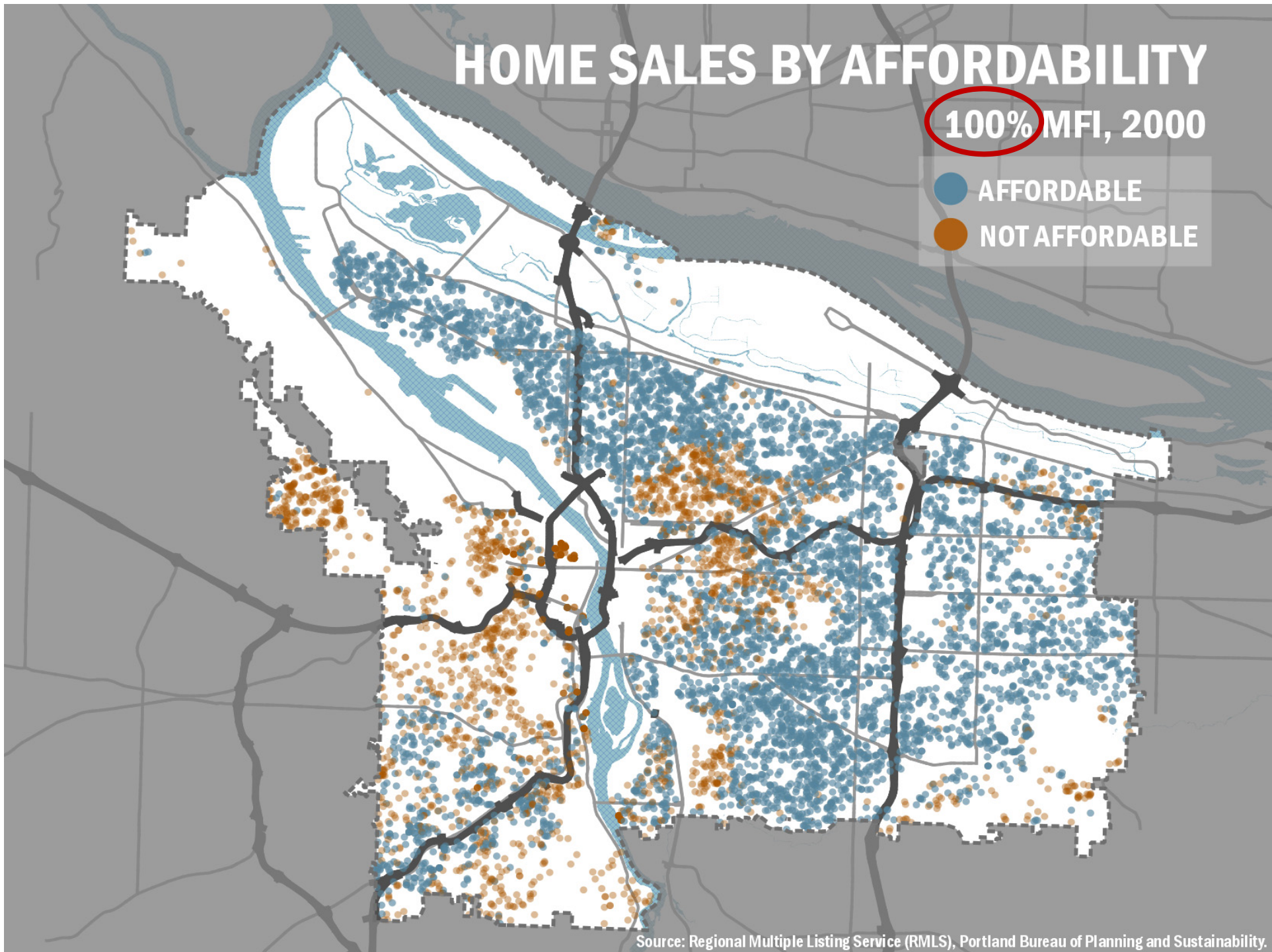




# HOME SALES BY AFFORDABILITY

100% MFI, 2000

- AFFORDABLE
- NOT AFFORDABLE



Source: Regional Multiple Listing Service (RMLS), Portland Bureau of Planning and Sustainability.



# HOME SALES BY AFFORDABILITY

50% MFI, 2000

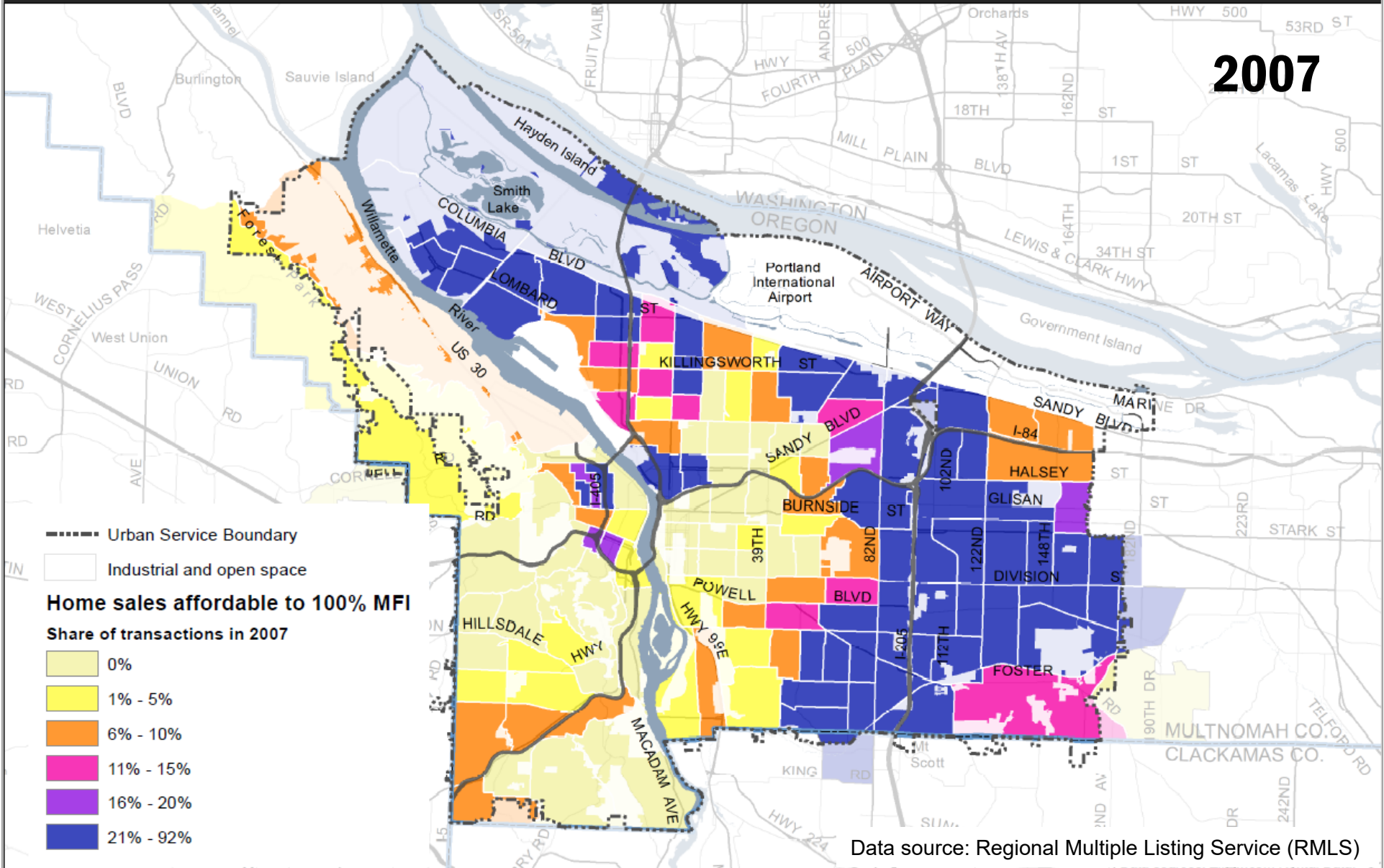
- AFFORDABLE
- NOT AFFORDABLE

Source: Regional Multiple Listing Service (RMLS), Portland Bureau of Planning and Sustainability.

# Share of home sales that were affordable

100% MFI for household of four in 2007

# 2007



Data source: Regional Multiple Listing Service (RMLS)

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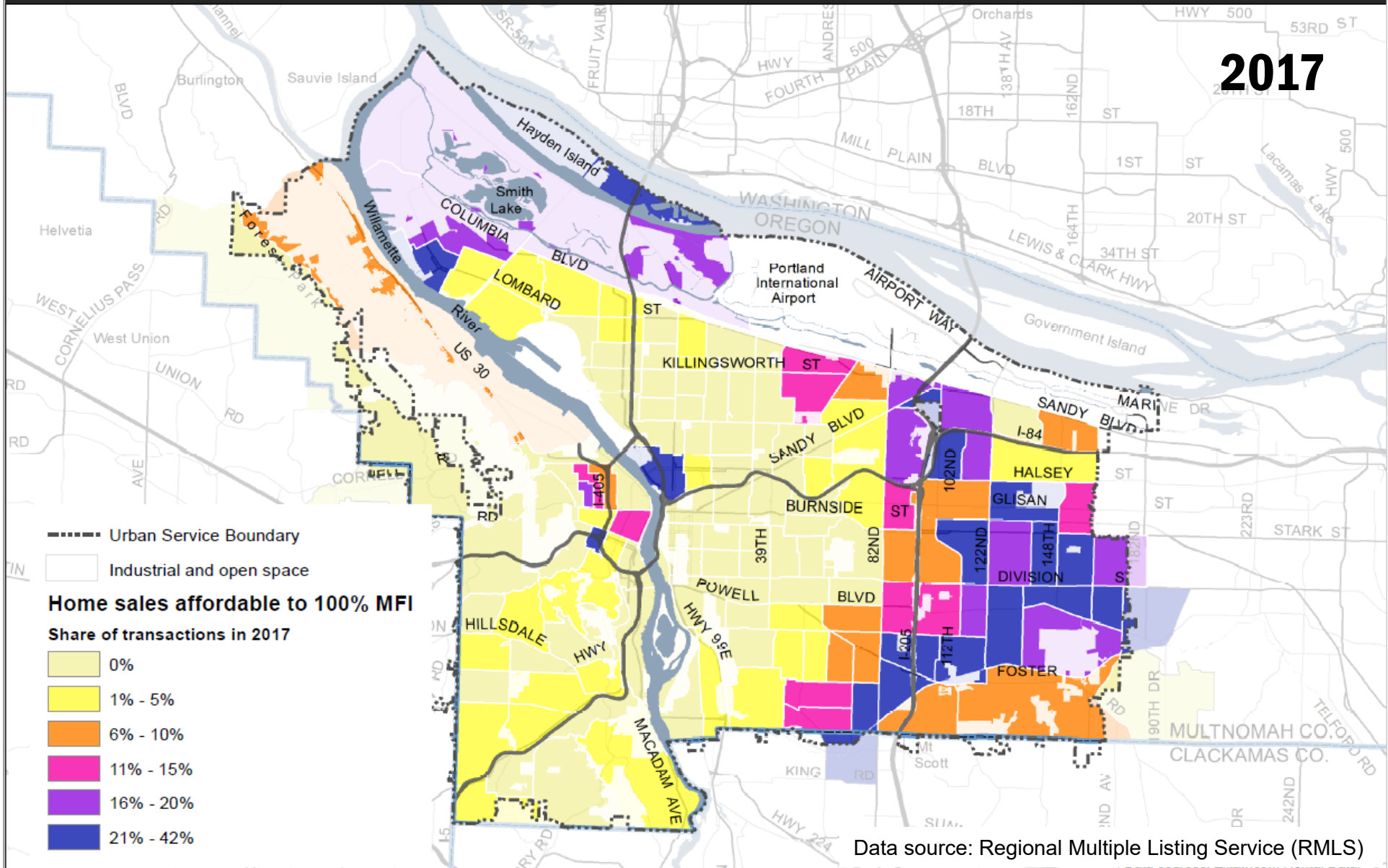
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# Share of home sales that were affordable

100% MFI for household of four in 2017

**2017**



Data source: Regional Multiple Listing Service (RMLS)

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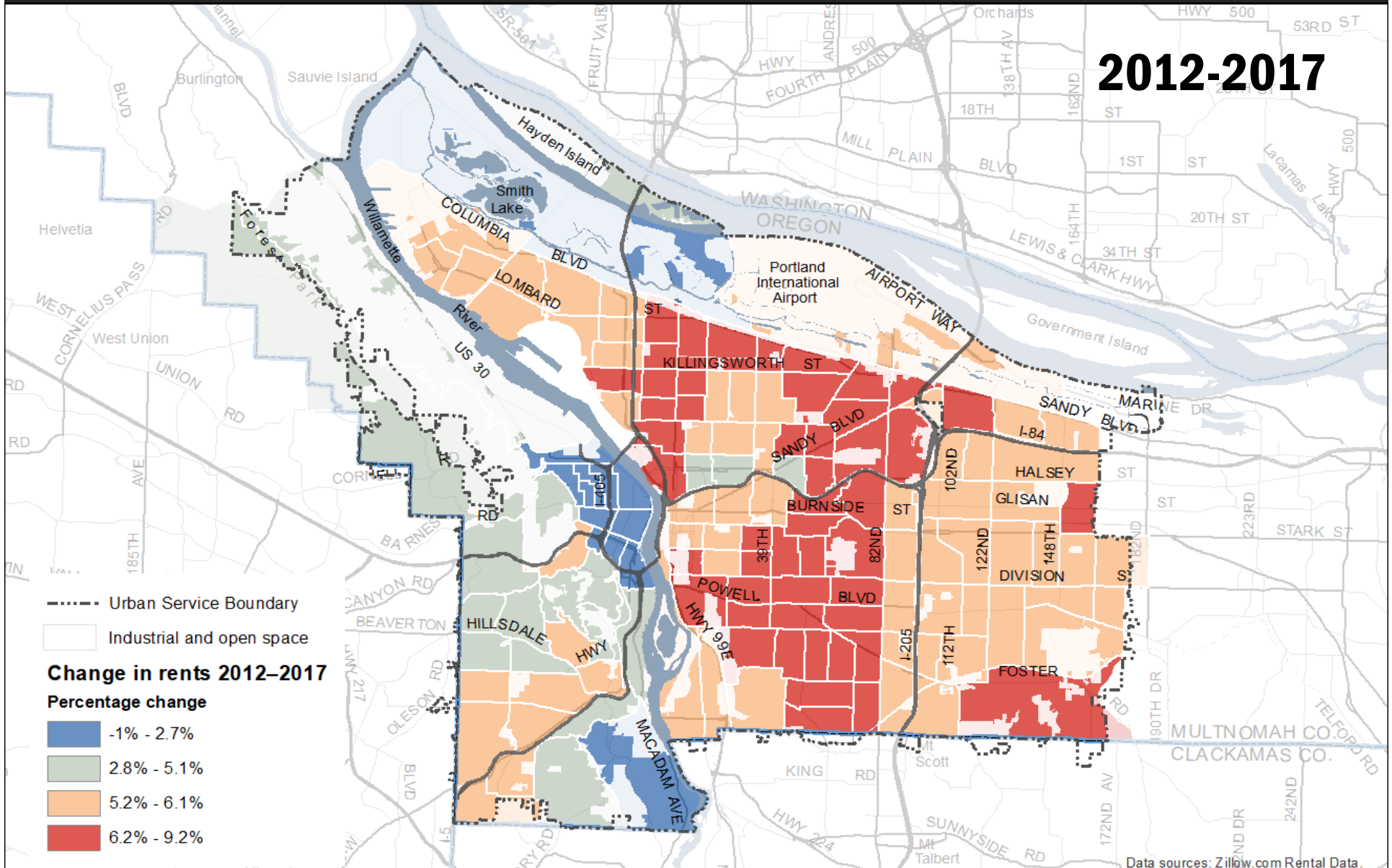
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# Change in residential rental rates

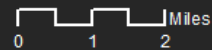
Percentage change 2012-2017

## 2012-2017



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Data sources: Zillow.com Rental Data



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# Key points

- Rapid growth in this development cycle
- Growing where we have expected growth
- Become severely unaffordable
  - Continue to be unaffordable to communities of color

