



**To:** Patricia Diefenderfer, HPS Working Group, Portland Planning Commission  
**From:** Ariel Kane, Sam Brookham, Tom Armstrong  
**Date:** May 14, 2024  
**Subject:** Summary of Housing Need

## Purpose

A place to live is a basic human need, and ensuring access to fair and equitable housing is essential for providing Portlanders with the opportunities and security they need to lead healthy and successful lives. Unfortunately, Portland, like many other cities in the US, is facing an unprecedented housing crisis, making housing increasingly unaffordable for most residents. Escalating rents and home prices consistently outpace incomes, widening the gap between household earnings and housing costs. Affordable housing, defined as spending no more than 30 percent of income on housing costs, remains elusive for many. In 2021, the share of Portlanders spending more than 30 percent on housing costs was 36 percent of Portland households. Seventeen percent of all households were extremely cost burdened, spending more than 50 percent of their income on housing costs.

The purpose of the Housing Production Strategy is to continue to implement policies and programs that will help Portland meet its need for quality, affordable homes for a growing and socioeconomically diverse population, and ensure equitable housing access in a time of increased urgency. The City of Portland's 2035 Comprehensive Plan serves as policy guidance to provide adequate access to housing for a socially- and economically diverse population; support fair, equitable, healthy, and physically accessible housing; and maintain and expand a supply of permanently affordable housing for Portland's most vulnerable residents.

The Housing Production Strategy (HPS) is a set of strategies, and actions the City of Portland can take to promote the creation of housing that meets community members' needs. The [2045 Housing Needs Analysis \(HNA\)](#) identifies current and future housing needs in Portland expected by 2045.

## Portland's Housing Need

Portland faces an increasingly wide range of housing needs and growing challenges in meeting those needs. Below is a summary of key findings from the HNA as well as the additional housing needs assessment prepared as part of the HPS process. These analyses emphasize equitable outcomes for Portland's current and future residents and recognize that some communities face bigger challenges to meeting their housing needs—especially low-income households, communities of color, elders, people with disabilities, and people experiencing homelessness.



In 2022, less than one-third of for-sale home listings were affordable to households earning the median income in Portland. In addition, these same households could only afford the average rent in five out of Portland’s twenty-four neighborhoods. This level of mismatch between incomes and home costs exacerbates the prevalence of cost-burdened households. In 2021, over 50 percent of renter households were cost-burdened. The housing affordability gap widens significantly when considering median income by race and ethnicity, particularly for Black, Indigenous, and Latine households. According to Portland’s Housing Bureau’s 2022 State of Housing report, these households earning the average income could not afford the average home sale price in any Portland neighborhood. Notably, the average Black household is also unable to afford the average rent in any neighborhood.

## HOW MUCH GROWTH IS PORTLAND PLANNING FOR?

Metro’s 2019 regional population forecast allocated 97,471 new households to Portland, about 35 percent of the region’s growth, which is the basis for determining future needs. Adjustments are made to account for a vacancy rate, housing for those facing houselessness and for underproduction since 2010. These adjustments bring the estimated demand to 120,560 dwelling units by 2045.<sup>1</sup>



**279,797 HOUSEHOLDS IN 2021**



**296,479 UNITS IN 2021**



**97,471 NEW HOUSEHOLDS FORECASTED**



**97,471 TO 120,560 NEW UNITS NEEDED**



**377,268 HOUSEHOLDS IN 2045  
35% INCREASE**



**417,039 UNITS IN 2045  
41% INCREASE**

At a basic level, Portland has an estimated overall development capacity for 236,977 housing units, which is sufficient to meet the estimated demand of 120,560 units. However, the needs analysis goes further to address specific housing types.<sup>2</sup> Portland needs to support the development of 120,560 new units of housing by 2045 - an average of 5,200 units per year. Additionally, to align with Governor Kotek’s statewide housing production strategy, the City should “catch-up” the units from underproduction and for households experiencing houselessness and build 55,000 units by 2032, roughly, 6,000 units per year.

<sup>1</sup> This analysis is documented in the [2045 Housing Needs Analysis](#).

<sup>2</sup>The [Buildable Land Inventory \(BLI\)](#) considers vacant land, redevelopment feasibility, and constraints on development to estimate the future development capacity under current planning and zoning designations



## WHAT DOES THE NEED LOOK LIKE?

The City must plan to accommodate Portlanders with a diverse range of needs in terms of unit types and prices in locations that help meet the needs of all, including low-income populations, communities of color, and people of all ages and abilities. Portland’s future housing needs are not evenly distributed among the population in the city. “Priority populations” are those facing historic and ongoing disadvantages, especially those impacted by limited housing choice and access. The housing needs of these populations are briefly summarized below.<sup>3</sup>

The City has made significant strides in addressing housing affordability over the last decade. Since declaring a housing emergency in 2015, the City has successfully opened and preserved more than 4,300 units of regulated affordable housing, one-third of which were deeply affordable to households earning 0 – 30 percent of the area median income.<sup>4</sup> This achievement was primarily made possible with significant funding from local revenue sources and further supported by the City’s implementation of an inclusionary housing program and code amendments expediting the permitting process. The housing emergency has also helped increase shelters and services for people experiencing homelessness.

However, despite these efforts, the urgency of the situation persists and demands continued action by the City to address housing affordability.

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<sup>3</sup> Additional context is provided in [2045 Housing Needs Analysis](#).

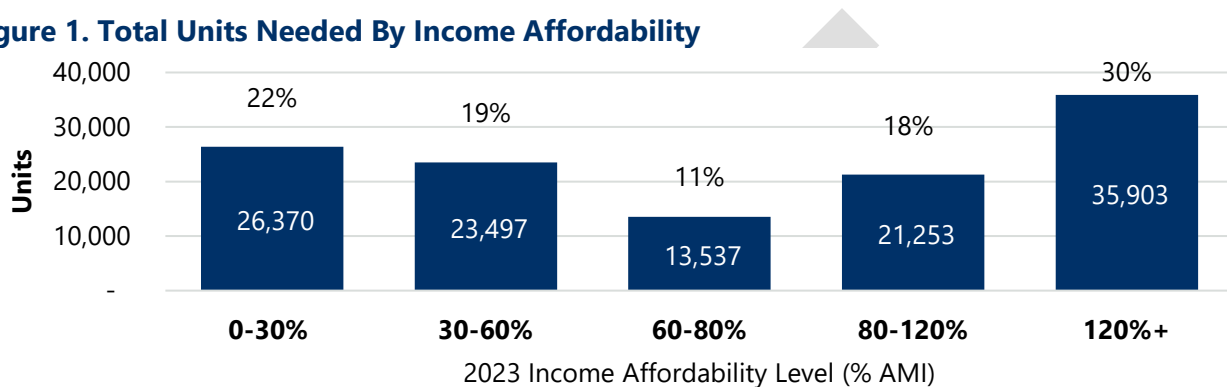
<sup>4</sup> [PHB State of Housing Report 2022](#) (using ACS 2020 5-Year Estimates)



## Housing Need by Income Affordability

In 2023, the Portland-Vancouver-Hillsboro regional 100% AMI ranged from \$80,000 for a single-person household to \$114,000 for a four-person family. If Portland is to maintain its income diversity, 53 percent, or more than 63,000 units, will need to be affordable to lower income (0-80% AMI) households. Development of new housing affordable to lower income households generally requires subsidy or other financial support.

**Figure 1. Total Units Needed By Income Affordability**



Source: BPS analysis

### Extremely Low-Income Households (0 to 30% AMI)

**Existing Households: 48,179**

**New Units: 18,211 to 26,370**

In 2023, a single-person household could earn at most \$23,700 and a household of four, \$33,900. Monthly affordable housing costs would be between \$700 and \$900. Meeting the housing needs of these households will require a combination of preserving existing income-restricted affordable housing and the development of new income-restricted affordable housing.

### Very Low-Income Households (30 to 60% AMI)

**Existing Households: 51,408**

**New Units: 19,431 to 23,497**

In 2023, a single-person household could earn at most \$48,000 and a household of four, \$68,600. Monthly affordable housing costs would be between \$1,300 and \$1,900. Meeting the needs of these households will require preserving existing affordable housing and development of new income-restricted affordable housing.

### Low-Income Households (60 to 80% AMI)

**Existing Households: 32,751**

**New Units: 12,379 to 13,537**



In 2023, a single-person household would earn at most \$63,200 and a household of four, \$90,200. Monthly affordable housing costs would be between \$1,800 and \$2,500.

### **Middle-Income Households (80 to 120% AMI)**

**Existing Households: 53,579**

**New Units: 20,697 to 21,253**

In 2023, a single-person household could earn at most \$96,100 and a household of four would earn \$137,300, with monthly affordable housing costs between \$2,700 and \$3,800.

### **High-Income Households (> 120% AMI)**

**Existing Households: 93,880**

**New Units: 35,853 to 35,903**

In 2023, a single-person household would earn more than \$96,100, and a household of four \$137,300. Monthly affordable housing costs would be greater than \$2,700.

Housing needs for high-earning households are likely to be met through private development. The development of housing that is affordable to high-income households is important in freeing up existing housing stock where households are renting or buying down, when it may be affordable to lower-income households.

## **Housing Needs of Specific Populations**

### **Black, Indigenous, and People of Color (BIPOC) Households**

**Existing Households: 81,526**

**New Units: 26,582 to 30,071**

In 2021, just 19 percent of Black householders earned more than 120 percent AMI, compared to 45 percent of white householders and 30 percent of BIPOC households overall. In a challenging housing market, income disparities further impede the ability of households to enter the market, build wealth through ownership, and further burden renters.

The impacts of a constrained housing supply are more starkly felt by Black, Indigenous, and Households of Color. Meeting the needs of these households will require addressing the affordability issues, as well as ensuring that people of color have access to housing without discrimination.



## Households Experiencing Houselessness

**Existing Households: 2,516**

**New Units: 4,604**

Many households currently experiencing houselessness have some income, but still cannot find an available, affordable home. To house households currently experiencing houselessness;

- 4,098 units are needed for households earning less than 30 percent AMI;
- 368 units are needed for households earning less than 60 percent but more than 30 percent AMI;
- 138 units are needed for households earning less than 80 percent but more than 60 percent AMI.

Meeting the housing needs of people experiencing houselessness ranges from emergency assistance to prevent houselessness, permanent supportive housing, and improved access to an affordable unit.

## Households With Members Who Have Disabilities

**Existing Households: 65,279**

**New Units: 21,277 to 26,318**

Overall, an estimated 22 to 27 percent of all households in Portland have at least one household member with disabilities (CHAS 2019, ACS 2021). Households earning less than 50 percent AMI are more likely to have members with disabilities. Adults with disabilities are more likely to rely on supplemental security income (SSI), which is insufficient to meet most basic needs.

Meeting the housing needs of these households will require addressing affordability issues, considering the characteristics of housing design as accessible and/or visitable, as well as ensuring access to housing without discrimination.

## Households With Older Adults

**Existing Households: 63,514**

**New Units: 22,126 to 27,367**

People over 65 years old are more likely to report a disability, and in Portland, 33 percent of people over 65 report having at least one disability, increasing the need for accessible units. As the proportion of older adults increases, the importance of establishing “aging in community” housing practices becomes increasingly significant and will drive demand for older adults.

Meeting the housing needs of these households will require addressing affordability issues, as well as ensuring access to housing without discrimination, and promoting the development of a variety of housing types, such as intergenerational housing, small easy-to-maintain dwellings, or assisted-living facilities.



## Large Households, Multigenerational Households, or Households with Children

**Existing Households: 83,293**

**New Units: 22,694 and 35,890**

If the trend for households from the 2017-2021 American Community Survey continues, 30 percent of new housing units will need to be able to accommodate three or more persons. Meeting the housing needs of these households in order to ensure there is not overcrowding will require providing larger units with a greater number of bedrooms and consideration of a variety of housing types in order to support intergenerational housing.

**Figure 2. Summary of Total Units Needed by Affordability and Household Need**

	EXISTING HOUSEHOLDS	NEW UNITS
EXTREMELY LOW INCOME (0 TO 30%)	48,179	18,211 to 26,370
VERY LOW INCOME (30 TO 60%)	51,408	19,431 to 23,497
LOW INCOME (60 TO 80%)	32,751	12,379 to 13,537
MIDDLE INCOME (80 TO 120%)	72,244	20,697 to 21,253
HIGH INCOME (> 120%)	126,585	35,853 to 35,903
HOUSEHOLDS EXPERIENCING HOUSELESSNESS	2,516	4,604
HOUSEHOLDS WITH MEMBERS WHO HAVE DISABILITIES	65,279	21,277 to 26,318
HOUSEHOLDS WITH CHILDREN	65,146	29,016 to 35,890
HOUSEHOLDS WITH OLDER ADULTS	63,514	22,126 to 27,367

## Where Is Housing Demand Located?

For the most part, the housing location analysis reveals a concentration of housing demand in key growth areas that are consistent with Portland’s Comprehensive Plan policies such as focusing growth in complete neighborhoods, centers and corridors, and high-opportunity areas with access to services and amenities.

However, when the location of housing demand is examined through the lenses of equity and resilience, the city’s expected patterns of growth unveil additional considerations. The racially concentrated areas of affluence and poverty analysis underscores the importance of addressing past exclusionary zoning practices to promote fair housing. These zoning patterns not only exclude low-income and protected-class households from accessing high-opportunity areas but also concentrate housing demand pressures in other neighborhoods, potentially driving up housing costs, which can be particularly harmful in economically vulnerable neighborhoods. Redressing these past practices can help distribute housing demand more evenly, increase housing opportunities in key growth areas, and thereby alleviate pressures in vulnerable neighborhoods.

Furthermore, recognizing the overlap between climate risk areas, particularly urban heat islands, and high-risk liquefaction zones, and Portland’s key growth areas are crucial for sustainable growth.



Implementing policies to mitigate climate risk impacts will enhance the resilience of vulnerable residents living in regulated affordable housing units located in these areas.

## What are the Barriers to Producing Needed Housing?

The barriers to the development of housing in Portland include issues that range across local, state, and federal issues.

- **Development and construction costs** - Nationally, development costs have significantly increased over the past few years. At the same time, rental rates and sale prices slowed, resulting in feasibility gaps for many residential projects.
- **Workforce availability** - Nationally and locally, limited availability of labor, particularly in the construction workforce, has also contributed to setbacks and challenges in the construction of needed housing.
- **Financing and investment funding and resources** - With banks and other lenders now less willing to lend, developers must seek other sources of funding. For some, that means reducing their capacity for other projects; for others, that means taking on less favorable loan conditions. For affordable housing developers, the pool of possible funders is small, and compliance can be challenging.
- **Regulatory burden** - The City continues to streamline the development review process to decrease the time it takes to obtain a permit. As well, the City will continue to review and amend development code regulations to consider how the cost of compliance affects development feasibility and housing affordability.
- **Mortgage and loan interest rates** - Interest rate increases have been consequential to development feasibility and housing affordability. For example; the monthly payment on a median-priced house has increased by more than 50 percent due to higher loan rates.
- **Resident ability to pay or compete** - Mismatches in the market, or underproduction of units at needed affordability levels, presents demand-side barriers, so even if housing gets built, it does not match the incomes or needs of current households, both renters and owners.





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## About City of Portland Bureau of Planning and Sustainability

The Bureau of Planning and Sustainability (BPS) develops creative and practical solutions to enhance Portland's livability, preserve distinctive places, and plan for a resilient future.



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