

# PORTLAND PLAN

## Housing Affordability



PORTLAND PLAN BACKGROUND REPORT  
FALL 2009

**Planning and Sustainability Commission  
Recommended Draft  
JULY 12, 2011**



Bureau of Planning and Sustainability  
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# Acknowledgments

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# Housing Affordability



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## The Portland Plan

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### EXECUTIVE SUMMARY

Over the last several decades, Portland has been evolving from a city of single-family neighborhoods with a few concentrations of mostly inexpensive multifamily housing near its core area and along its former streetcar-lines to a more urban, and often more expensive, place. As the City's population and popularity as a place to live has grown, new apartment and condominium housing has been constructed in the central city; centers such as Gateway, Hollywood, and St. Johns; near MAX light rail stations; and along corridors such as NE MLK Jr. and Hawthorne Boulevards, Belmont and Burnside Streets. New row house and townhouse development has replaced many older single family homes and smaller multifamily rental properties inner city neighborhoods and some older apartment buildings have been converted to condominiums. Many single family rental properties have been fixed up and sold to homebuyers. While the housing supply has grown by several thousand units a year and existing housing has been improved, the cost of this new or renovated housing has usually been higher than the housing it replaced or the housing before improvement, which has resulted in a loss of affordable units available to both homebuyers and renters, particularly in Portland's centrally-located neighborhoods. At the same time, household incomes have not kept pace with rising housing prices and rents, so that more Portland households are paying a higher percentage of their incomes for housing.

As City's core and inner city neighborhoods have revitalized, low and moderate income households have been priced out and have had to find affordable housing to rent or buy further out, in less convenient locations where their commuting costs are higher and there is less access to public transit, jobs, shopping and services. Many of these households have moved east of I-205 where new housing development is occurring in some areas where paved streets and sidewalks are lacking making walking, biking and accessing transit difficult and unsafe..

Although the current recession and decrease in housing values has improved the affordability of for-sale housing somewhat, Portland's attractiveness as a place to live makes it likely that that housing prices and rents will continue to rise over the long term. This will make providing affordable housing for Portland's low and moderate income households a challenge as will pursuing specific City housing initiatives to provide housing opportunities for families with children in the Portland Public School District, increasing minority homeownership rates, and ending homelessness.

### DECLINING AFFORDABILITY

#### Portland's Households Are Paying More of Their Income for Housing Costs than in 2000

The most notable trend affecting the Portland housing market in the last decade has been the decline in affordability. Housing affordability is a function of both housing costs and incomes, and since 2000, both housing prices and rents in Portland have increased more than incomes. The result is that more households are "cost burdened," meaning that they pay a greater portion of their household income for housing costs than the 30 percent that is considered acceptable.

#### Portland's Households Pay More for Housing than Households Nationwide

A higher percentage of Portland households paid more than 30 percent of their income for housing than households nationwide in 2007. This holds true for both owner and renter households although the difference in "cost burdened" households is greater between owner households locally and nationally. One reason for this difference is that median household income nationally is greater than that of Portland households in that year, \$50,740 vs. \$47,143, while median monthly housing costs were more, \$936 vs. \$1,006. While median renter housing costs were slightly below the national median, \$779 for the nation and \$762 for Portland, so were renter household median incomes. The median monthly housing costs for home owners were significantly higher, \$1,084 for the nation vs. \$1,398 for Portland.

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### Cost Burdened Households in 2007 Portland and the Nation

	All Households		Owners		Renters	
	Portland	Nation	Portland	Nation	Portland	Nation
Not paying more than 30%	55%	64%	61%	69%	48%	51%
Paying More than 30%	<b>45%</b>	36%	<b>39%</b>	31%	<b>52%</b>	49%

#### Owner Households Have More Income Than Renter Households.

Owner households had much higher incomes as a group than renter households. In 2007, most households with incomes of less than \$35,000 were renters, and most households with incomes of more than \$35,000 were owner households. Some of this difference in income could be accounted for by household size. Most renter households consist of one person, while the most common size of owner households is two people. Some difference could also be accounted for by age as younger households are less likely to be home owners than middle-aged or older households. There are differences in the income levels of renter and owner households that pay too much for housing. A greater percentage of renters pay too much for housing but more owner households further up the income scale can be defined as “cost burdened.”

#### More Moderate and Middle Income Owner Households than Renter Households Pay Too Much of Their Income for Housing (2000 – 2007)

Although homeowners as a group had substantially higher incomes than renters between 2000 and 2007, the rise in monthly housing costs outpaced income growth and resulted in an increase in the percentage of owner households are defined as cost burdened. More middle income owner households were cost burdened than middle income renter households.

- **Increasing Housing Costs:** By 2007, monthly housing costs had increased about 40 percent for both for the three-quarters of the homeowners who have a mortgage and the one-quarter without one.
- **Increasing Housing Values:** The number of owner-occupied housing units with values less than \$200,000 decreased substantially, and the number valued at more than \$200,000 increased dramatically. In 2000, 73 percent of owner-occupied housing units were valued at \$200,000 or less in 2000, but in 2007 only 18 percent were valued below \$200,000.
- **A Higher Percentage of Owners with Cost Burdens:** About 40 percent of owner households in Portland were cost-burdened in 2007 and the number who were paying too much for housing varied by income. Most owner households with annual incomes of less than \$50,000 were cost burdened, as were some households in the \$50,000 to \$74,000 income range. Few owner households with an income of more than \$75,000 were cost burdened.

#### Most Renter Households Pay Too Much of Their Income for Housing, but Few With Incomes Above \$35,000 Do. (2000-2007)

The monthly housing costs for Portland’s renter households did not rise as much as those of homeowners, but the median income of renter households only increased 5 percent since 2000. Lower income households have been much more much more affected by the increase in housing costs than middle and higher income households.

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- **Renter Monthly Housing Costs:** Monthly housing costs for renters rose 23 percent between 2000 and 2007.
- **Loss of Affordable Rental Housing Units:** The number of rental units with monthly housing costs of less \$700—particularly in the \$400 to \$600 range—declined substantially. Units in the \$400 to \$600 range would be affordable to households with incomes of between \$16,000 and \$24,000 a year. A minimum wage worker working full time makes about \$17,500 a year. The number of rental units with monthly housing costs of \$800 or higher increased, particularly in the \$1,000 to \$1,250 range. Such units would be affordable to moderate- to middle-income households, with annual incomes of \$40,000 to \$50,000.
- **Condo Conversions and Foreclosures of Rental Properties:** Besides the increases in rent and utilities (rental housing costs), units affordable to low and moderate income households were lost due to condominium conversions; they are also in danger of being lost due to mobile home park closures. Recently, foreclosures on loans to investors in rental properties have led to tenants losing their housing even when they were current on their rent.
- **Cost Burdens:** Most renter households were cost burdened in 2007, although only a few renter households with an annual income of more than \$35,000 were cost burdened.

### Although Portland Has a Substantial Supply of Subsidized Rental Housing, There Are Not Enough Subsidized Units to Meet the Demand.

- **Subsidized Rental Housing Supply:** The number of subsidized housing units in the City of Portland was about 21,430 in 2007 according to Metro's Regional Affordable Rental Housing Unit Inventory and almost all of these are regulated (have rent and tenant income restrictions). This inventory was about 21 percent of the City's occupied rental housing units in 2007. Almost 45,000 (80 percent) of City of Portland renter households with incomes below \$35,000 were cost burdened in 2007 so it is likely that the supply of subsidized units is inadequate to meet the demand.

### Households Served by the Housing Authority of Portland and Local Nonprofits Are Mostly Very Low Income.

- **Housing Authority and Nonprofit Owners:** The Housing Authority of Portland (HAP) is the largest nonprofit owner of low income housing with almost 5,000 units in the City. They also provide about 6,600 rental housing vouchers (some of these vouchers are used in to rent units in projects with other housing subsidies). At least 3,600 households are on waiting lists for HAP housing or rental housing vouchers (for all of Multnomah County in 2009). This is an indication of the need for additional units affordable to low income households. The majority of the tenants in HAP's public housing or in the rental voucher program have incomes below \$11,000 a year. Other nonprofit housing providers (which applied to the City for a nonprofit tax exemption in 2009) provided at least 8,000 units. A survey by the Community Development Network of 5,000 of these units owned by nonprofits in 2004 indicated that almost 70 percent of the household living in these units had incomes at 30 percent of area median income or below.
- **Potential Loss of Subsidized Rental Housing Units:** Some subsidized rental units, at least 3,000, are at risk of losing their affordability in the future because they are located in privately-owned developments where federal or state contracts that have required rents be kept affordable to low-income households will expire at some point. A number of these units are located in buildings in Portland's Downtown and house elderly and disabled residents.

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### A NEW DEFINITION OF AFFORDABILITY: HOUSING AND TRANSPORTATION COSTS COMBINED

#### Another Factor That Increasingly Affects Housing Affordability Is Proximity to Jobs, Frequent Transit Service, Shopping and Services.

Because of increases in transportation costs due to rising fuel prices, many housing experts now consider housing affordability to be a function of both housing costs and location. Transportation costs are second only to housing costs as a percentage of household budgets nationwide. In the Portland metro area, households spend an average of about 50 percent of their income on housing and transportation costs combined according to a study of 28 metro areas by the Center of Neighborhood Technology in 2006. Nationally the average household expenditures spent on housing and transportation is 52 percent according to a recent federal study, so the City is doing somewhat better than the nation as a whole.

#### Low Income Households Pay a Greater Percentage of Their Income for Both Housing and Transportation Costs.

Lower income households tend to spend a higher portion of their income on transportation costs as they do on housing costs. One reason is that they may not be able to afford housing in neighborhoods that allow them to minimize their transportation costs by walking, biking and using public transit to commute to work and to other destinations. Many of the Portland neighborhoods with the best access to jobs, transit and services have become the most expensive, leading lower income households to move further out, where rents and housing prices are lower and transportation costs are higher. Rents and housing prices tend to decrease with distance from the city's core and tend to be much lower in far north and east Portland. These areas are furthest from the region's largest job centers including the Central City, which is the region's retail, business and cultural center. In addition, the movement of lower income households to outlying areas may be one reason that Portland Public Schools district has seen declining or flat enrollment and schools located in East Portland are overcrowded.

- **Owner-Occupied Housing Values:** Housing values were estimated to be lowest in far East and North Portland in early 2009. According Zillow.com, a national real estate firm that gathers information on housing values, the area east of 82nd Avenue in Portland has the lowest median home values; five of the six zip code areas had estimated median values below \$200,000 in the first quarter of 2009. Housing values for North Portland and Southeast areas of Portland were in the \$200,000 - \$250,000 range. Zip codes covering close in Eastside and Westside areas had estimated median home values over \$250,000.
- **Rents by Area:** Rents are substantially higher in Portland's centrally-located neighborhoods, such as downtown, the Lloyd and River districts, Northwest, and the inner eastside, than in the rest of the city, according to a local real estate firm that tracks rents in buildings with 100 or more units. Rents by both number of bedrooms and by square foot are as much as twice as high near the center of the city as further out.
- **Subsidized Housing by Area:** Although the Housing Authority of Portland's properties are somewhat dispersed throughout the city, the use of Section 8 rental housing vouchers has been increasing the most in areas far from the city center, such as in the far north (the St. Johns, Portsmouth and University Park neighborhoods) and East Portland (neighborhoods east of I-205). The use of housing vouchers has decreased in inner eastside neighborhoods (east of 39th Avenue and I-5). These inner-eastside neighborhoods have frequent transit service, convenient neighborhood commercial areas, and are close to the central city—the region's largest job center. These locational advantages would benefit lower income households.
- **Subsidized Housing Near Light Rail:** In the Portland metro area, Reconnecting America and the National Housing Trust estimates that there are 2,108 units within ½ mile of existing or proposed light rail stations with federal contracts to provide low income housing and 1,053 of these are owned by private for-profit owners. It will be important to preserve the affordability of the privately-owned units

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so that low income families and seniors have opportunities to live in places where they can access jobs and services.

A recent study compiled by a consultant for the Bureau of Planning and Sustainability in 2009 has shed light on the combined housing and transportation cost burdens faced by lower income Portland households. Preliminary findings indicate that “location-efficient” housing—housing located where transportation costs are minimized—can ease but not entirely eliminate the combined housing and transportation cost burden of lower income households. Providing housing opportunities for households of all types, sizes and incomes in neighborhoods that have good access to transit, jobs, and services will be a challenge in the Portland Plan process.

### THE RECENT HOUSING MARKET CRISIS

#### Foreclosure Activity Is Likely To Be Highest in East and North Portland Where Housing Prices Have Been the Lowest.

Even though the rise in housing prices far outpaced income growth since 2003, homeownership rates rose slightly during this period, from 56 percent to 57 percent. From 2000 to 2007, the Portland metro area median housing sales price rose from \$166,000 to \$290,000—almost 75 percent in seven years. Median household incomes for City of Portland households only rose 17 percent during this time. Some of the increase in homeownership may have been due to the availability of unconventional mortgage products, including adjustable-rate, interest-only and stated income loans that allowed people with insufficient income to purchase homes. Recently Portland metro area home prices and values, as those in the rest of the country, have fallen.

**High Cost Loan and Foreclosure Activity:** Because incomes have not kept pace with the increase in housing prices, it is not surprising that many households used unconventional mortgage products to purchase homes that they could not afford and therefore are now in trouble. Census tracts that had a higher percentage of conventional high-cost loans for both home purchase and refinancing in 2004 to 2006—the height of the housing boom—were located in far north and east Portland, where both incomes and housing prices tend to be lower than the rest of the city. (High cost loans have high interest rates and include subprime loans.) These are areas where foreclosure activity has been higher.

**Loss of Home Equity:** One consequence of the recent collapse of the housing bubble has been the loss of equity that Portland area households have in their homes. Zillow.com estimates that home values have fallen 18 percent since their peak in the second quarter of 2007 and that values are back to the place they were in the second quarter of 2005. This means that Portland area households have less of a financial cushion than they did previously and they may owe more on their homes than they are worth at this point. This is a problem if they need to sell them to prevent foreclosure.

**Rental Housing:** Another consequence of the collapse of the housing bubble and the larger economic downturn is that there has been an increased interest in rental housing on the part of government and private investors. New rental market-rate rental housing is being developed by local developers while plans to construct condominium projects have been placed on hold. Particularly in the Central City, the rental housing supply is increasing as housing units originally constructed as condos have come on the market as apartments.

**Homelessness:** Given high unemployment rates and increasing numbers of foreclosures, one consequence of the current economic crisis may be the increase in homelessness. A northwest commercial real estate firm that publishes a quarterly report on multifamily housing stated in their second quarter 2009 report that apartment vacancy was rising although the population was growing in the Portland metro area. They attribute this, at least in part, to tenants doubling up or moving in with their families. Those unable to stay with friends and family may end up on the streets or in shelters. The homeless population in Multnomah County was about 2,430 based on a one night count of individuals both in homeless shelters and on the street on January



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28, 2009. The combined sheltered and unsheltered count was 13 percent higher than 2007. It is possible that this figure will rise when a count for 2010 is done.

### FINDINGS AND RECOMMENDATIONS

#### Declining Housing Affordability - Findings

- The supply of inexpensive owner-occupied and renter-occupied housing units decreased between 2000 and 2007 and incomes of Portland households did not rise substantially during this time. As a consequence, more Portland's households were paying more than their 30 percent of their income for housing (were cost burdened) than in 2000.
- About 45 percent of Portland households were considered cost burdened in 2007 which was a higher percentage than the nation as a whole (36 percent).
- The majority of both owner and renter households with incomes below \$35,000 a year were paying too much of their income for housing (cost burdened) in 2007. Households in this income range needed housing that costs below \$875 a month.
- More than half of all renter households need units that are more affordable if they are not to be cost burdened. Almost all the renters needing more affordable units have incomes of less than \$35,000.
- There has been a significant decrease in the supply of rental units affordable to low-income households. This could be due to a number of factors such as rent increases, condominium conversions and the expiration of federal and local contracts with private owners to provide affordable units. If the supply of low-income housing units declines and the current recession deepens, more of Portland's residents will be homeless or at risk of homelessness.
- A smaller percentage of owner households are paying too much of their income for housing than renter households. However, more owner households were cost burdened in the moderate and middle income ranges than renter households in these income ranges. Low, income and some moderate and middle income owner households appear to need assistance with housing costs.
- Even with the current downturn in the housing market, it is unlikely that housing values and prices will fall enough to be more in line with household incomes, as was the case earlier in this decade. Because the population of the Portland metropolitan area is expected to continue to grow, the demand for homes to purchase will eventually increase when the economy improves. In addition, the cost of utilities is expected to continue to rise.

#### Declining Housing Affordability – Recommendations

- Bring the percentage of City of Portland households that are of cost burdened (45 percent) down to the national average (36 percent).
- Given that public resources to subsidize affordable housing are limited and probably inadequate, the construction of new unsubsidized housing affordable to low and moderate income should be promoted. This could include development of more reasonably-priced rental housing units such as smaller units with no parking, new SROs in centrally-located neighborhoods, and allowing the creation of more than one accessory rental in large homes in single-family zones. One outcome of the Portland Plan process could be to determine if regulatory and other barriers to this development exist.
- Provide incentives to the private market to construct affordably priced housing units both rental and owner-occupied.

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- Given the high cost of homeownership, additional resources should be made available to increase the number of shared equity homeownership opportunities, such as the local land trust model.

### A New Definition of Affordability: Housing and Transportation Costs – Findings

- Lower income households have higher housing and transportation cost burdens than higher income households.
- Housing prices vary by area of the city and are significantly lower in north and east Portland far from the city's core. However, these areas do not necessarily have the best access to frequent service transit, jobs and services.
- Rents are substantially higher in Portland's centrally located neighborhoods, such as downtown, the Lloyd and River districts, Northwest, and the inner eastside, than in the rest of the city. However, these areas have good access to transit, jobs and services.

### A New Definition of Affordability: Housing and Transportation Costs – Recommendations

- Housing and transportation costs as a percentage of household income should be combined into a single standard for "cost burden." This standard might be more useful when assessing housing affordability than the current one which takes into account housing costs but not the transportation cost burdens associated with location. This combined burden could be no more than 45-50 percent of household income.
- Encourage new development of affordably-priced rental units by both nonprofit and for-profit developers in areas of the City that have good access to frequent transit service, jobs and services. Also, local employers could be encouraged to provide support for workforce housing that would allow employees to live close to where they work.
- Provide better infrastructure, more frequent transit service, more jobs and more services to areas far from the city core where considerable new affordable housing construction is taking place, particularly in East Portland. This could relieve housing and transportation cost burdens of low and moderate income households living there.
- Since low-income households have higher housing and transportation cost burdens than higher income households, the preservation of subsidized housing near light rail and frequent service transit should be a priority. Also, the acceptance and use of Section 8 housing vouchers in close-in Portland neighborhoods should be encouraged so that households with these vouchers can live in areas with good access to transit, jobs and services.

### Current Housing Crisis - Findings

- As a result of the housing crisis, there is renewed interest in the provision of rental housing. A number of new condo projects were opened as rental housing rather than homeownership particularly in the Central City.
- With the increasing number of homes in foreclosure, the homeownership rate may decline in the short term, and certainly it will be more difficult for some potential homebuyers with lower incomes to obtain loans. This may adversely affect the City of Portland's objective of increasing the homeownership rates of minority households, which often have lower incomes than Portland households as a whole.

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### Current Housing Crisis - Recommendations

- If public resources are available, the City might purchase foreclosed homes in areas with good access to transit, jobs and services to convey to nonprofits to be preserved as permanently affordable rental or homeownership units. This could include foreclosed condos.
- Strengthen the social safety net to protect the most vulnerable homeless families and individuals.

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### INTRODUCTION

Housing affordability is a function of both housing costs and household incomes. 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 have been increasing due to rising housing prices and rents and relatively flat income growth. Although housing prices have declined since 2008, rising unemployment rates and the possibility that household incomes will decline, may result in no net increase in affordability.

This report includes information on housing affordability in Portland. This report separates information about housing affordability into the following categories:

1. Household income of owner and renter households;
2. Owner-occupied housing affordability;
3. Recent developments, including information on foreclosures;
4. Rental housing affordability; and
5. Other low-income units lost or at risk.

### HOUSEHOLD INCOME OF OWNER AND RENTER HOUSEHOLDS

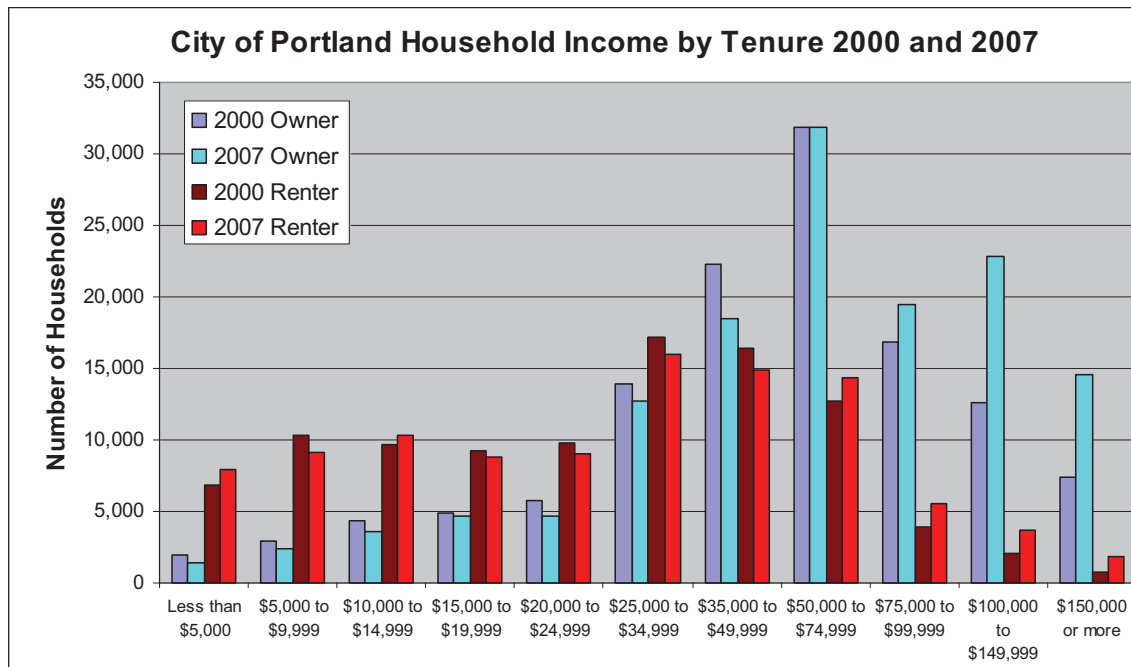
Homeowners tend to have more income than renters. Median incomes of homeowners have grown more than those of renter households between 2000 and 2007. The chart below shows the median incomes of City of Portland residents by tenure (whether property is rented or owned).

<b>Median Household Income for City of Portland Households by Tenure</b>			
	<b>2000</b>	<b>2007</b>	<b>% Change</b>
All Households	\$40,227	\$47,143	17%
Owner Occupied	\$53,949	\$65,313	21%
Renter Occupied	\$26,724	\$28,064	5%

*Source 2000 Census and 2007 American Community Survey  
Figure 1 - Median Household Income for City of Portland*

There are various possible reasons for the income disparity between renter and owner household incomes. One is that renter households are smaller than owner households. (See chart on Household Size by Tenure 2007 on next page.) Also, between 2000 and 2007, the renter households with higher incomes may have transitioned to homeownership. The homeownership rate rose from 56 percent to 57 percent between 2000 and 2007. Lastly, there was a marked increase in owner households that have incomes of \$100,000 a year or more in this time period.

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Source 2000 Census and 2007 American Community Survey

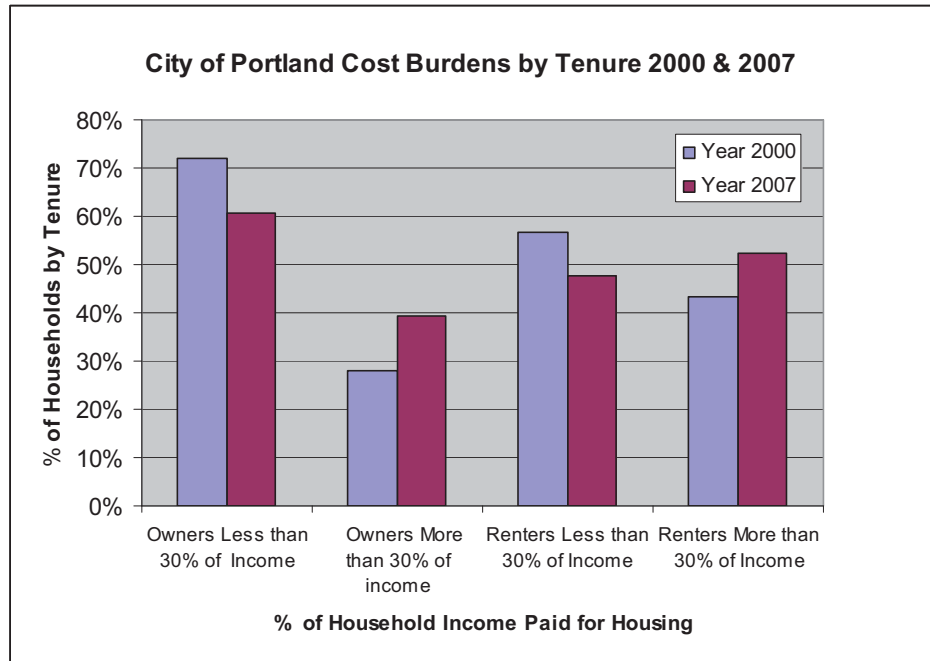
Figure 2 - City of Portland Household Income by Tenure 2000 and 2007

- The incomes of renter households have not changed appreciably between 2000 and 2007. The largest number of renter had incomes between \$25,000 to \$50,000 for both years.
- The largest number of owners had incomes between \$50,000 to \$75,000 for both years. However, there are fewer owner households with incomes under \$50,000 and a significant increase in owner households with incomes over \$100,000.

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### COST BURDENS BY TENURE

Cost burdens for both renters and owners rose between 2000 and 2007. Households are considered cost burdened if they pay more than 30 percent of their gross income for housing costs, which include rent, utilities and fuel costs for renters. They include mortgage or purchase contract payments, utilities, fuel costs, taxes and insurance for homeowners. As may be expected, more renter households than owner households are cost burdened. The majority of renters paid more than 30 percent of their income for housing in 2007.



Source 2000 Census and 2007 American Community Survey  
 Figure 3 - City of Portland Cost Burdens by Tenure 2000 & 2007

### HOUSEHOLD SIZE BY TENURE

One reason that renter households may be lower income and more likely to have cost burdens is that they are smaller than owner households.

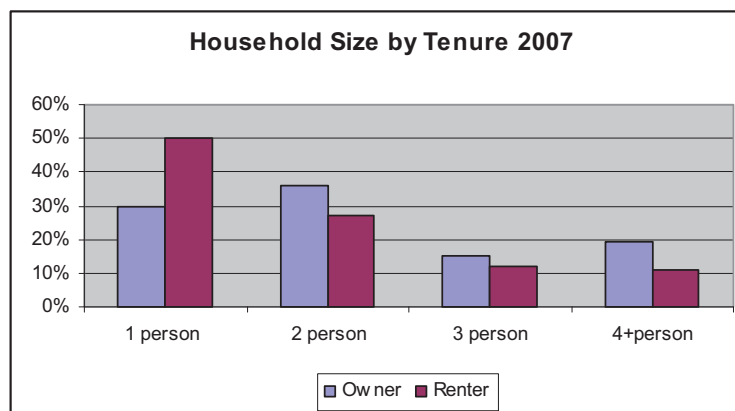
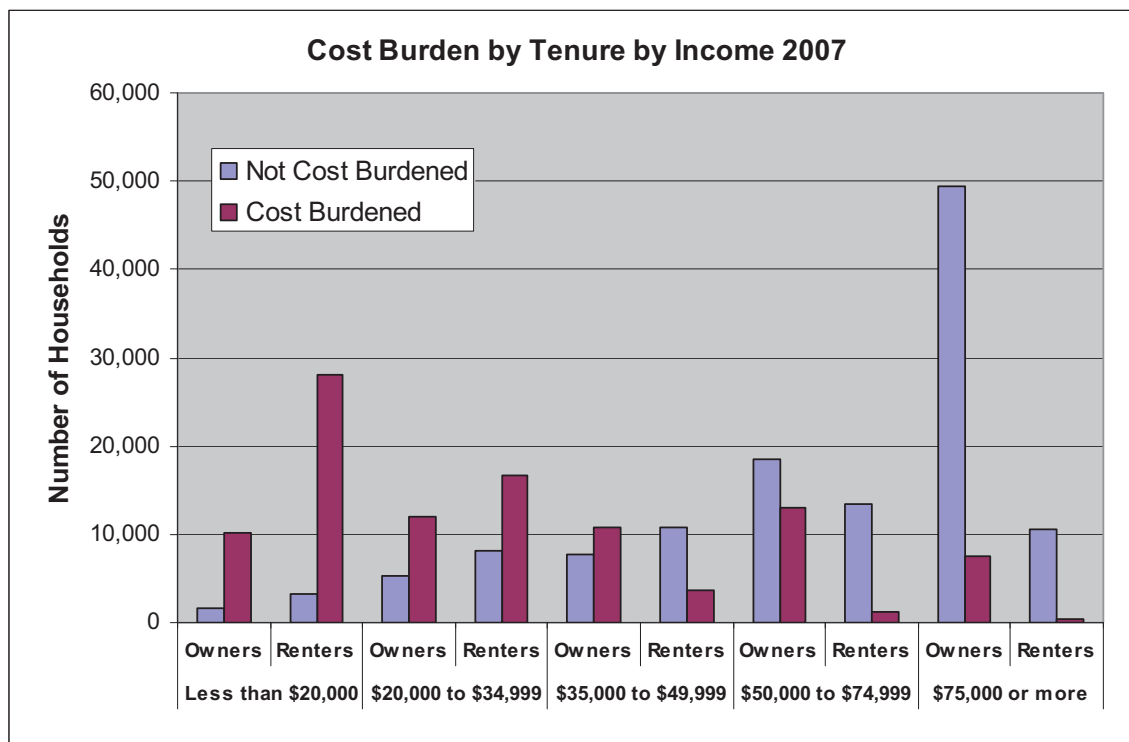


Figure 4 - Household Size by Tenure 2007

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## COST BURDEN BY INCOME AND TENURE

Both higher income homeowner and renter households are less likely to pay more than 30 percent of their income for housing than other households. However, more owner households pay more than 30 percent of their income for housing in the middle and upper income ranges.



Source: 2007 American Community Survey  
Figure 5 - Cost Burden by Tenure by Income 2007

- Significantly more renters with income under \$35,000 a year pay more than 30 percent of their income for housing than those that do not. However, the percentage of renter households with incomes over \$35,000 a year that pay too much for housing is very low.
- The majority of owner households that have incomes below \$35,000 a year pay too much for housing as do a majority in the moderate/middle income range of \$35,000- \$49,000 a year.
- In the income ranges above \$50,000 a year, owner households are more likely to be cost burdened than renter households, but the percentage declines as income goes up.

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### OWNER-OCCUPIED HOUSING AFFORDABILITY

#### MONTHLY OWNER COSTS

Homeowners with a mortgage have far higher monthly housing costs than those without a mortgage. These costs have increased by about 40 percent for both types of households since 2000.

Monthly Owner Costs 2000 and 2007			
Owner-Occupied Housing Units	2000	2007	% Change
With a mortgage	\$1,158	\$1,620	40%
Without a mortgage	\$355	\$494	39%

Source 2000 Census and 2007 American Community Survey  
Figure 6 - Monthly Owner Costs 2000 and 2007

Homeowners with mortgages generally have higher housing costs and are more likely to have cost burdens. About 76 percent of owner households had a mortgage. Those without mortgages generally have lower housing costs and are less likely to have cost burdens.

Cost Burden by Mortgage Status 2000 and 2007				
Owner-Occupied Units	2000		2007	
Owners with a Mortgage				
Not cost burdened	56,220	67%	56,282	54%
Cost burdened	27,964	<b>33%</b>	47,336	<b>46%</b>
Owners without a Mortgage				
Not cost burdened	24,303	88%	26,208	80%
Cost burdened	3,218	<b>12%</b>	6,488	<b>20%</b>

Source 2000 Census and 2007 American Community Survey  
Figure 7 - Cost Burden by Mortgage Status 2000 and 2007

- Cost burdens are significantly less for households without a mortgage.
- Both owner households with and without a mortgage experienced an increase in the prevalence of cost burdens between 2000 and 2007.



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### MORTGAGE STATUS BY MEDIAN INCOME

Households with mortgage have significantly higher incomes than those without. This may be due to the age of the householders.

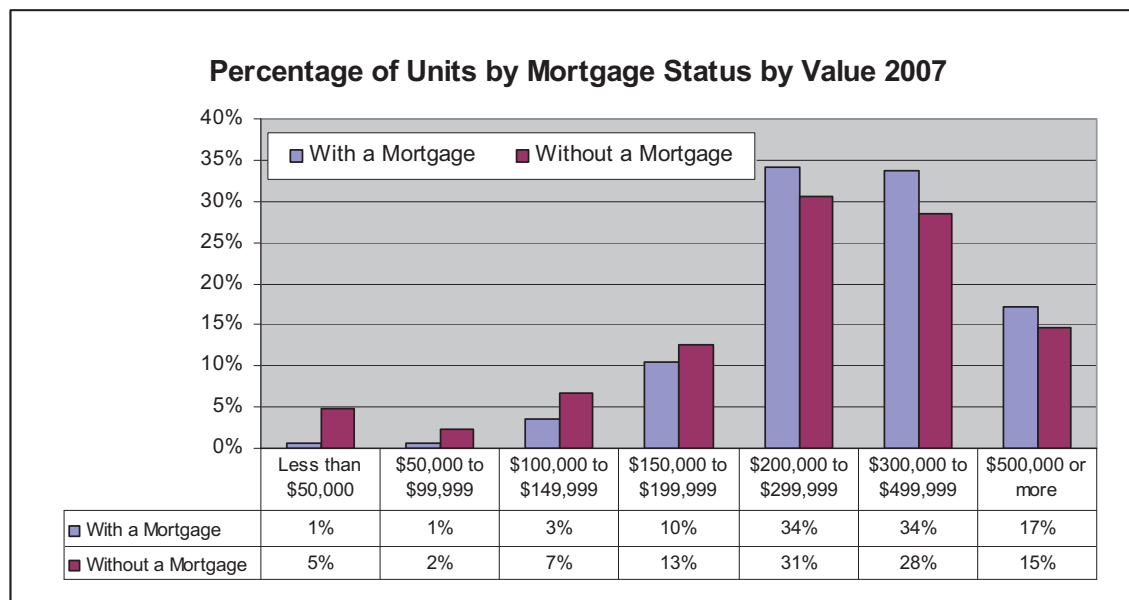
Median Income by Mortgage Status 2007	
All Owner Households	\$65,313
With a mortgage	\$70,741
Without a mortgage	\$45,551

Source: 2007 American Community Survey

Figure 8 - Median Income by Mortgage Status 2007

### MORTGAGE STATUS BY VALUE

While there are units both with a mortgage and without in all value ranges, a higher percentage of units without a mortgage are in the value ranges below \$200,000 and a smaller percentage in the value ranges above. Figure 9 shows the percentage by value by mortgage status category. Overall, three quarters of owner-occupied units have a mortgage.



Source: 2007 American Community Survey

Figure 9 - Percentage of Units by Mortgage Status by Value 2007

## The Portland Plan

### MORTGAGE STATUS INCLUDING SECOND MORTGAGE AND HOME EQUITY LOANS CITY OF PORTLAND 2007

The chart below indicates the number of homeowners with mortgages or similar purchase contracts and second mortgages or home equity loans.

<b>Mortgage Status including Second Mortgage and Home Equity Loans</b>				
	<b>2000</b>		<b>2007</b>	
	<b>Number of units</b>	<b>%</b>	<b>Number of Units</b>	<b>%</b>
Total:	112,296		136,705	
<b>Housing units with a mortgage, contract to purchase, or similar debt:</b>	<b>84,480</b>	<b>75%</b>	<b>103,781</b>	<b>76%</b>
With either a second mortgage or home equity loan, but not both:	21,906	26%	34,619	33%
Second mortgage only	11,049	13%	10,852	10%
Home equity loan only	10,857	13%	23,767	23%
Both second mortgage and home equity loan	436	1%	1,620	2%
No second mortgage and no home equity loan	62,138	74%	67,542	65%
<b>Housing units without a mortgage</b>	<b>27,816</b>	<b>25%</b>	<b>32,924</b>	<b>24%</b>

Source 2000 Census and 2007 American Community Survey

Figure 10 - Mortgage Status Including Second Mortgage and Home Equity Loans

Between 2000 and 2007, the number of housing units:

- With a mortgage or similar debt has increased slightly.
- With either a second mortgage or home equity loan has increased from approximately one quarter to one third of all units with a mortgage.
- With a home equity loan rose from 13 percent to almost a quarter of all units with a mortgage.

### VALUE OF OWNER-OCCUPIED UNITS 2000 AND 2007

The median value of owner-occupied units in the City of Portland roughly doubled between 2000 and 2007.

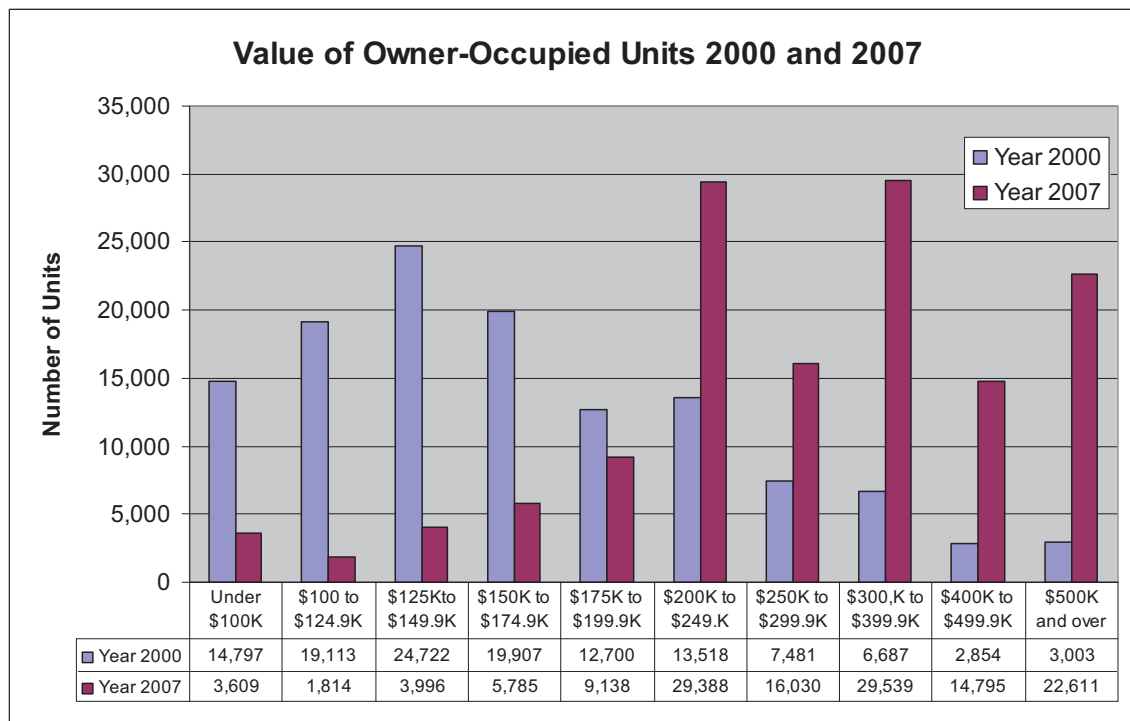
<b>Median Value of Owner Occupied Units</b>			
	<b>2000</b>	<b>2007</b>	<b>% Change</b>
Median value	\$154,700	\$295,600	91%

Source 2000 Census and 2007 American Community Survey

Figure 11 – Median Value of Owner-occupied Units

Although housing values have declined due to the recent economic downturn, the supply of owner-occupied housing units affordable to low- and moderate-income families likely decreased significantly.

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*Source 2000 Census and 2007 American Community Survey  
Figure 12 - Value of Owner Occupied Units 2000 and 2007*

- About 73 percent of owner-occupied units were valued under \$200,000 in 2000. By 2007, only 18 percent of owner-occupied housing units.
- Only 4 percent of owner-occupied units were valued at \$400,000 or over in 2000. By 2007, 28 percent of owner-occupied housing units were valued at \$400,000 or more.

## RECENT MEDIAN HOME VALUES BY AREA

Here are the median home values by zip code calculated by the Zillow.com. Their estimates are not the same as the median home values as calculated by the US Census, but Zillow does use public data sources in its estimates. The estimation of these values for the first quarter of 2009 provides some information on the differences in home values in the City of Portland and surrounding areas.

- The area with the estimated lowest home values are east of I-205. This is also the area of the City where poverty is becoming more concentrated.
- Most zip code areas on the Westside and close to the City core on the east side have housing values over \$250,000.

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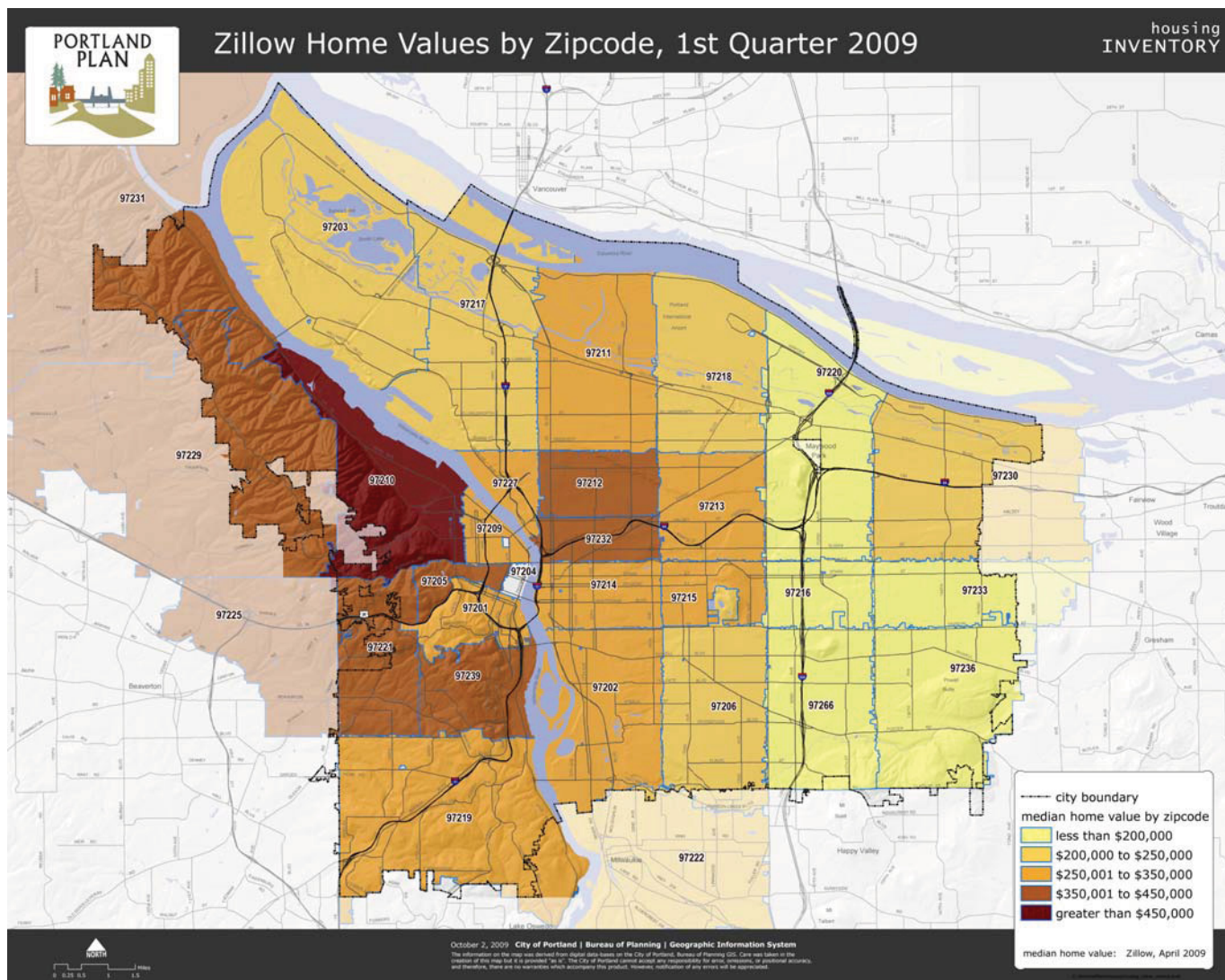
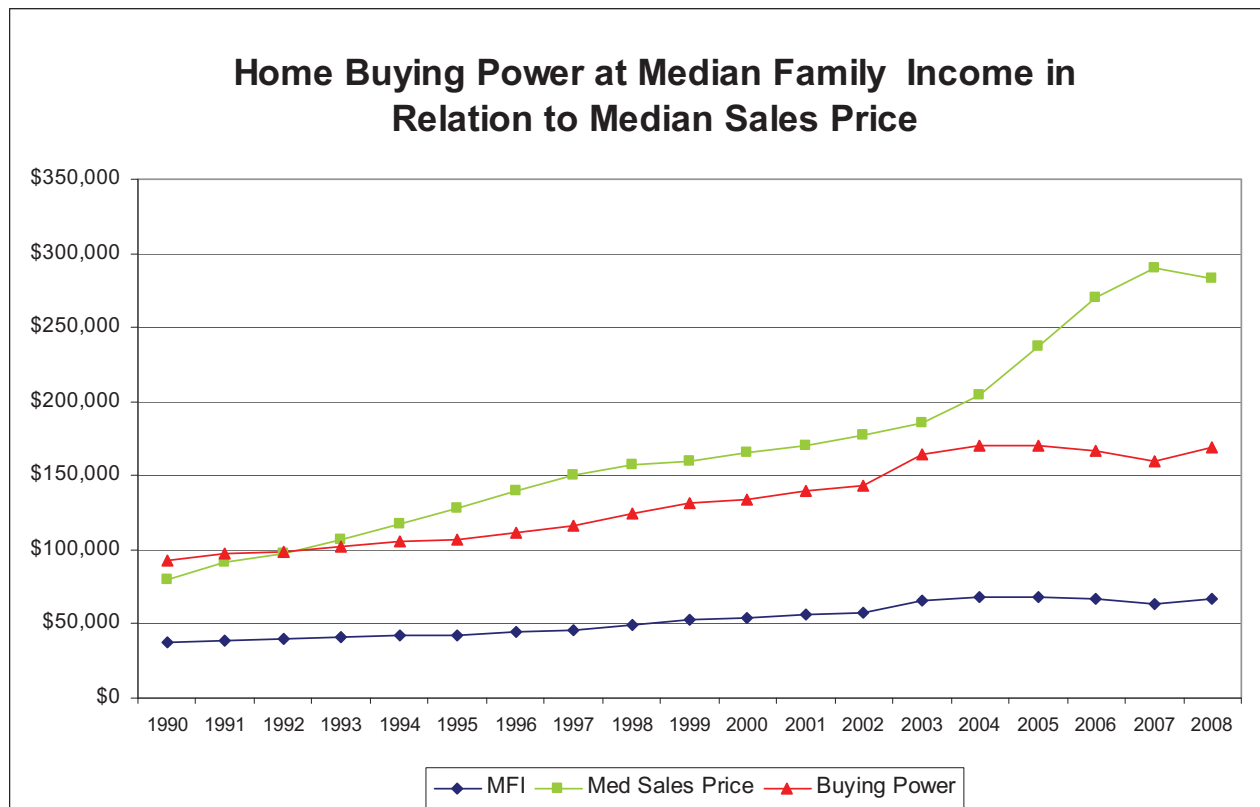


Figure 13 - Zillow Home Values by Zipcode, 1st Quarter 2009

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### HOME PRICES

City of Portland housing prices had been rising faster than incomes, particularly since 2003. In 2007, prices peaked, and the ability of a family with the area median income to buy a median priced home reached a low. Since the current housing market downturn began, affordability has been improving.



Source: Real Estate Report for Metropolitan Portland, 2008 median housing price for Jan-June only.  
Figure 14 - Home Buying Power at Median Family Income

- Between 1990 and 2003, the rise in median home prices more closely paralleled the increase in median family income.
- Between 2003 and 2007, incomes were flat and median housing prices soared putting the median priced home in the City of Portland out of reach of households with the area median family income.

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### HOUSING OPPORTUNITY INDEX

Another way of illustrating the loss of housing affordability in recent years is by looking at the Homebuyer Opportunity Index (HOI). This index from the National Association of Home Builders and Wells Fargo shows the percentage of metro area homes that would be affordable to households with the local median income based on standard mortgage underwriting criteria. For most of the period between 2003 and the third quarter of 2008, fewer than 50 percent of metro area homes were affordable to a household with the median-income (determined annually by the US Department of Housing and Urban Development).

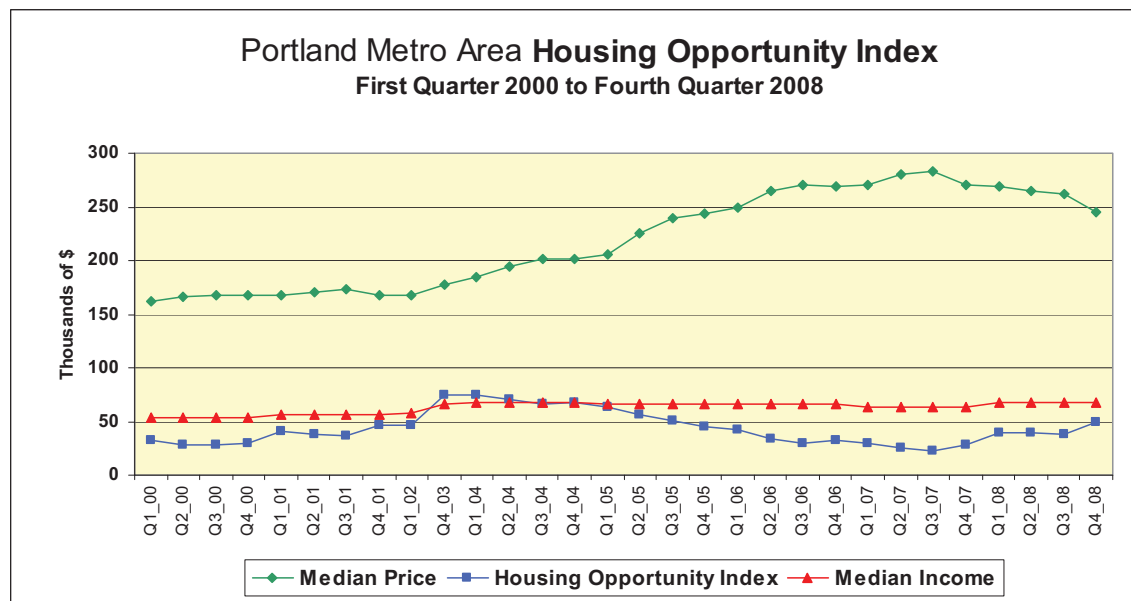


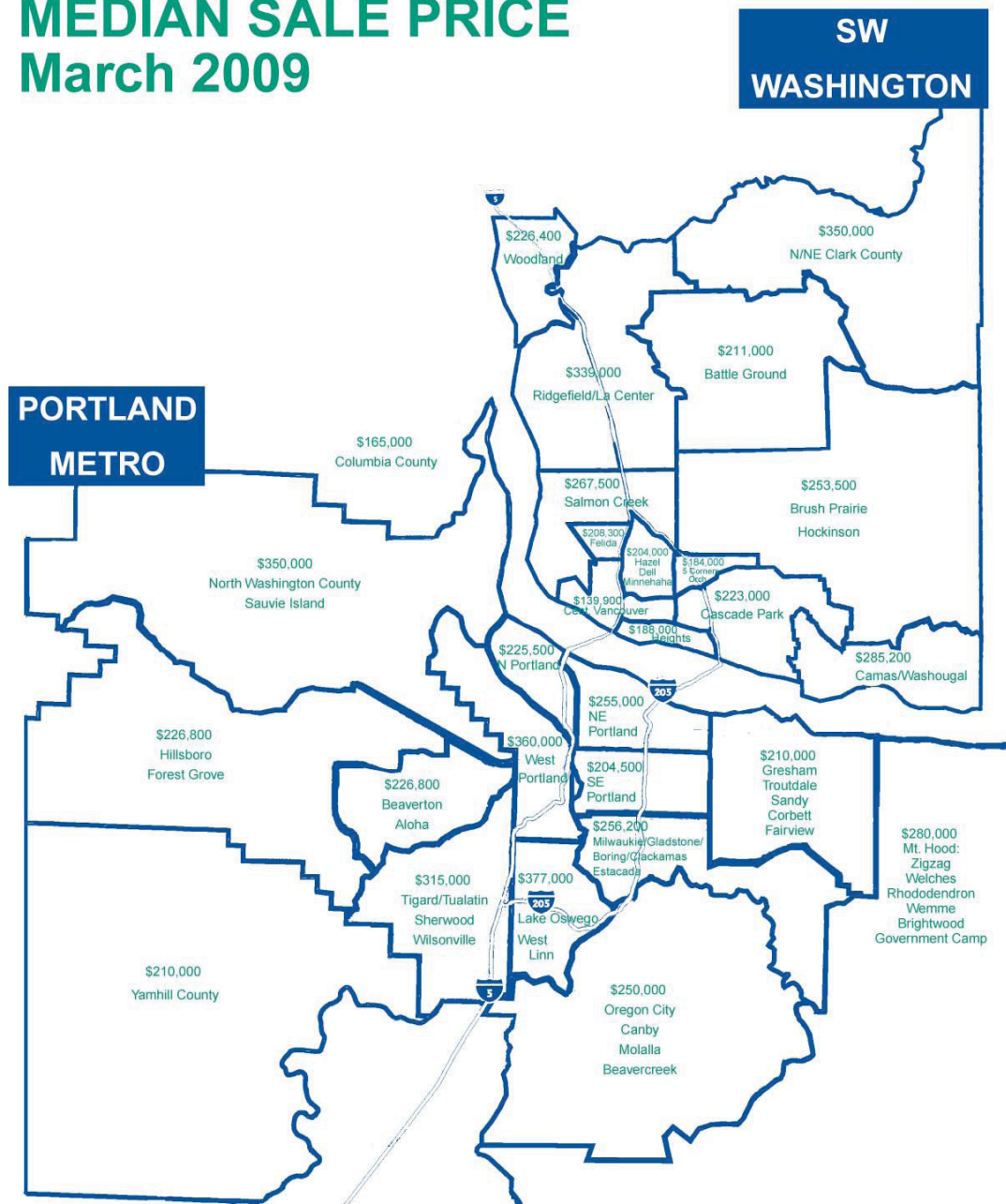
Figure 15 – Portland Metro Area Housing Opportunity Index

### HOME PRICES BY AREA

Some areas of Portland are more affordable than others. Figure 15 on the next page is from the March 2009 Market Action, a publication of the local RMLS. It shows the median sales prices for homes taken from RMLS listings in four areas of Portland and surrounding metro area communities. Median sales prices on Portland's Westside are considerably higher than on the east side. Median home prices are different from median values because only a portion of all homes are for sale at a given time and these homes might not be representative of all the owner-occupied homes in the City or metro area in terms of value.

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# MEDIAN SALE PRICE March 2009



From March 2009 Market Action, a publication of the RMLS  
Figure 16 - Portland Metro Map

## SUBSIDIZED HOMEOWNERSHIP

Some limited public resources are available for subsidizing homeownership for households below the area median income and for assisting those households whose homeownership rates have been lower than city households as a whole. The latter category includes households whose members belong to some racial and ethnic minority groups. These resources, which are provided by the federal, state and local government, include below market interest rate loans, loan guarantees, counseling and downpayment assistance. Several nonprofits provide homeownership opportunities through shared-equity arrangements where the nonprofit continues to own the land but sells the home to a buyer who agrees to limit the resale price of the home. One

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nonprofit builds new units for moderate income buyers and provides counseling and downpayment assistance to prospective homebuyers in exchange for a donation community service hours. The City of Portland provides a 10-year tax exemption for new single family homes in designated low and moderate income areas of the city to homebuyers below the area median income. The City also has programs designed to improve the homeownership rates of minority households.

## RECENT DEVELOPMENTS

### INCREASING FORECLOSURES

Although housing prices rose considerably faster than incomes in the last five years, many households were able to purchase homes through the use of nontraditional mortgage products including subprime mortgages as well as adjustable rate, interest only and payment option loans. These homebuyers are at risk of default if they are unable to make payments when their loans reset at higher rates or unable to sell their homes for as much as they owe on their loans. In the Portland area, as is in the rest of the country, housing price appreciation has reversed, the delinquency and foreclosure rates have risen and the inventory of unsold homes has increased since 2007. Given the increase in the unemployment rate in the last year or so, even those households with traditional mortgages are in danger of losing their homes if their members lose their jobs.

Below are graphs of preforeclosure and Real Estate Owned (REO) property filings in the Portland MSA between May 2007 and August 2009. Preforeclosure filings peaked in January 2009. REO filings (the last filing in the foreclosure process if the property has not been sold) increased steadily during that time.<sup>1</sup>

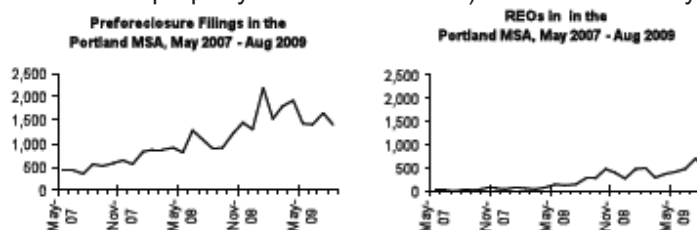


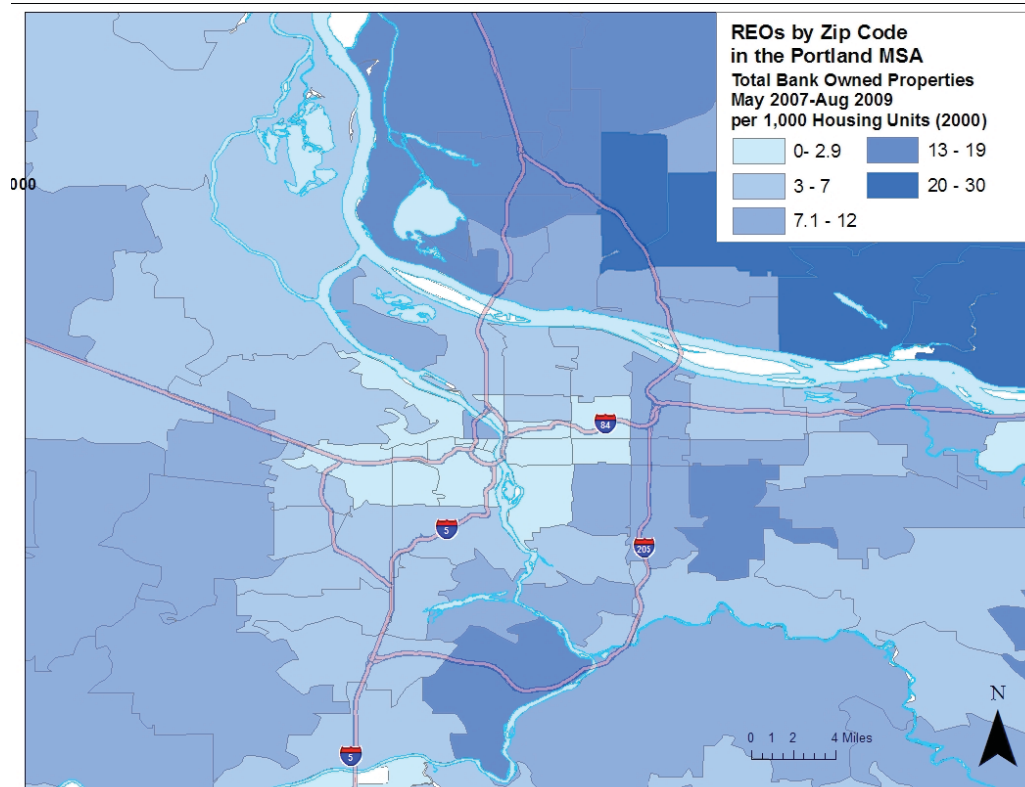
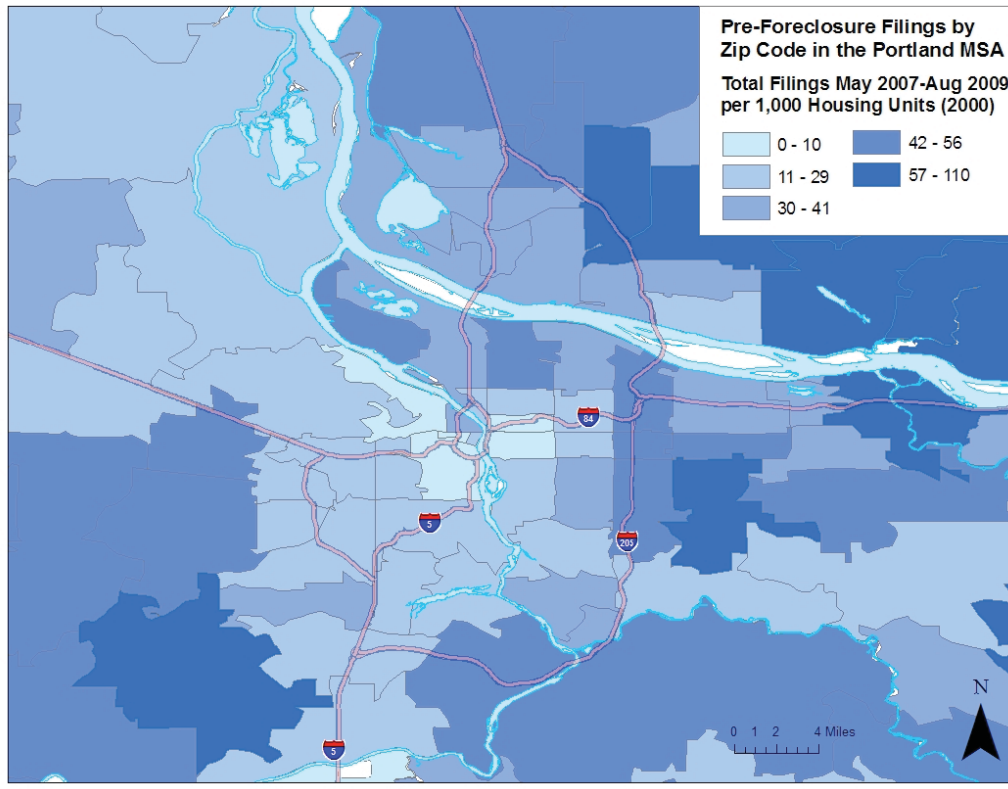
Figure 17 Preforeclosure and REO Filings May 2007-August 2009

Within the Portland metro area foreclosure activity varies considerably. On the next page are maps by zip code of both preforeclosure and REO filings per 1,000 households for May 2007-August 2009. The Portland zip codes with the highest foreclosure activity are in North, NE Portland and in the I-205 corridor East Portland. (Darker colors are higher rates). With the exception of one inner northeast zipcode (97211), these are also the zip codes with the lowest housing values as estimated by Zillow.com for the first quarter of 2009. (See map on page 18.) No City of Portland zip codes on the west side of the Willamette River have low housing values or high foreclosure needs scores.

<sup>1</sup> These graphs are from a briefing sheet distributed at an event on Foreclosures in Portland held September 22, 2009 by the Institute of Portland Metropolitan Studies of Portland State University. The information on which they are based is from RealtyTrac, a firm that reports on foreclosures nationwide.



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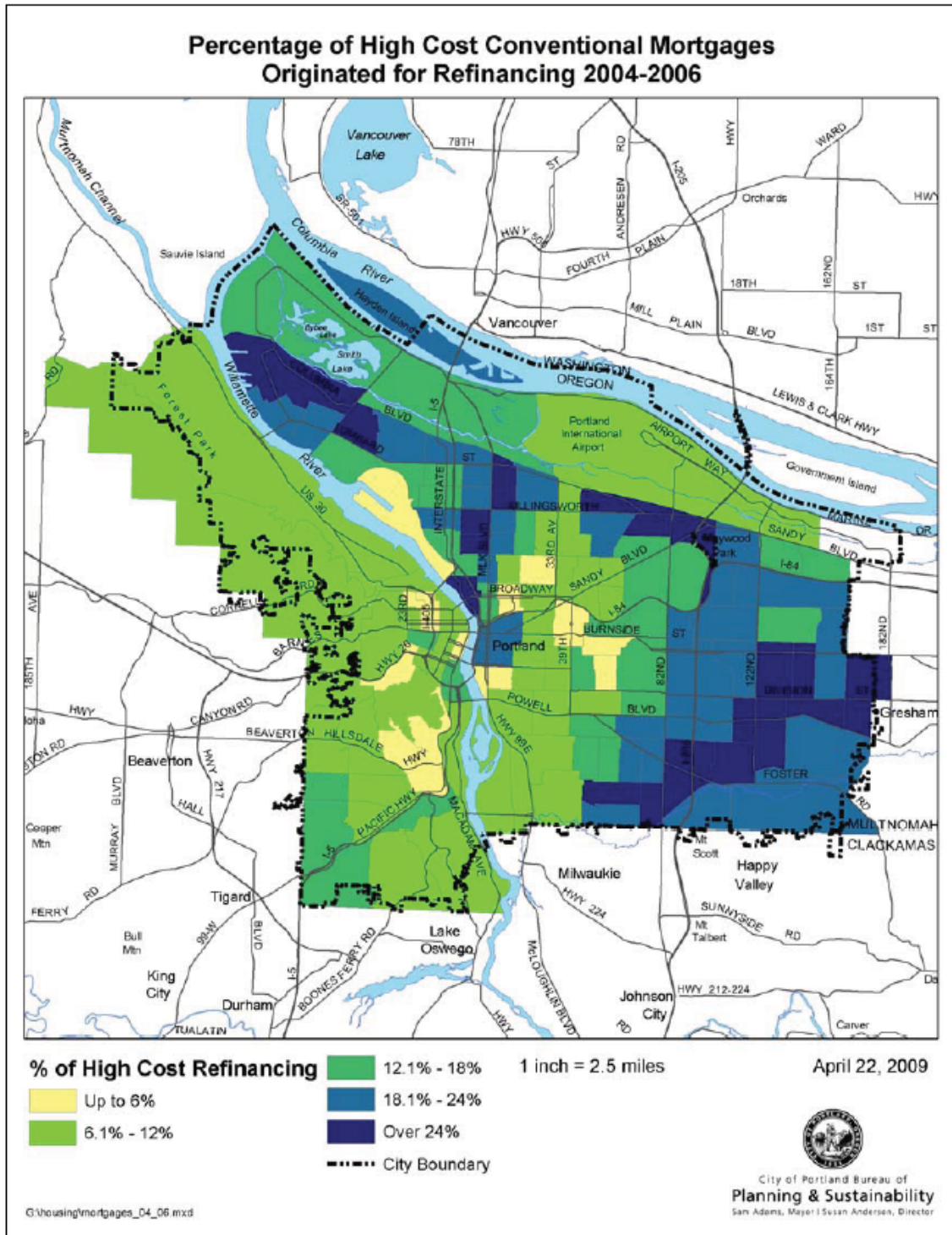
Source: RealtyTrac  
 Figures 18 and 19 Map of Foreclosure Filing by Zip Code May 2007-August 2009

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### HIGH COST LOANS BY AREA

One of the underlying indicators of future foreclosure activity is the number of high cost loans that are made to area households. High cost loans have high interest rates and the assumption is that households with high cost loans (such as subprime loans) are at greater risk for foreclosure. Information collected as part of the Home Mortgage Disclosure Act (HMDA) indicates that these loans were more prevalent in some areas of the City than others. The maps following show the percentage of high cost mortgage originations for both home purchase and refinancing by census tract for the years 2004-2006, the height of the housing boom. This small area data from the Foreclosure-Response.org website has been made available to help communities assess foreclosure risk and develop strategies. The website is sponsored by the Center for Housing Policy, KnowledgePlex, Inc., Local Initiatives Support Corporation (LISC) and the Urban Institute Information. If unemployment rates continue to rise, more homeowners with prime rate loans are likely to become delinquent and end up in foreclosure because of lack of income.

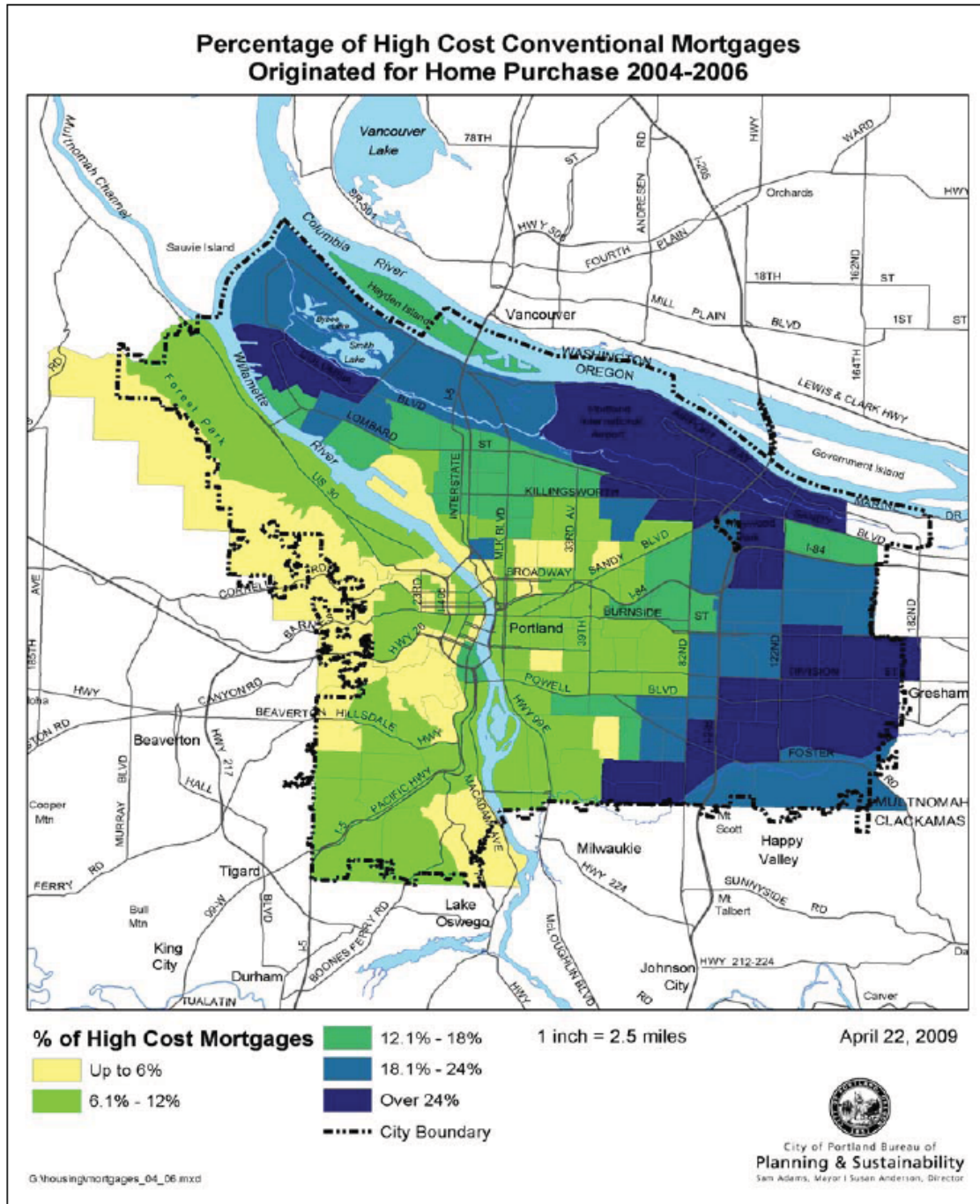
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Source: HMDA information for 2004-2006 reported by Foreclosure Response.org.

Figure 19 – Percentage of High Cost Conventional Mortgages Originated for Refinancing, 2004-2006

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Source: HMDA information for 2004-2006 reported by Foreclosure Response.org.

Figure 20 – Percentage of High Cost Conventional Mortgages Originated for Home Purchase, 2004-2006

- The areas with the highest percentage of high cost home purchase and refinancing loans are in East and far North Portland. This might indicate the prevalence of predatory lending in these areas.

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Predatory lending is any of a number of fraudulent, deceptive, discriminatory or unfavorable lending practices. Many of these practices are illegal, while others are legal but not in the best interest of the borrowers.

- The percentage of loans that are high cost is lower on the west side of the river and inner southeast neighborhoods.

### CHANGE IN HOME VALUES BY AREA

Another consequence of the current economic crisis that affects more households than those at risk of or in foreclosure is the decline in home values. As of the first quarter of 2009, Zillow.com estimates that home values in the Portland Vancouver metro area had fallen to the same level as in the second quarter of 2005.

<b>Market Trends for Portland-Vancouver Metro Area (1st Quarter 2009)</b>	
Quarter of Market Peak	2007-Q2
Zillow Home Value Index at Peak	\$298,680
Change from Peak (Pct)	-18.4%
Last Time Market was at Current Level	2005-Q2

Source: Zillow.com

Figure 21 - Market Trends for Portland-Vancouver Metro Area (1st Quarter 2009)

On the next page is an estimate by Zillow.com of the decline in home values by zip code for the City of Portland. All zip code areas were estimated to have experienced a decline in home values. The loss in value portrayed on the map is for the last year only, not since the 2007 peak.

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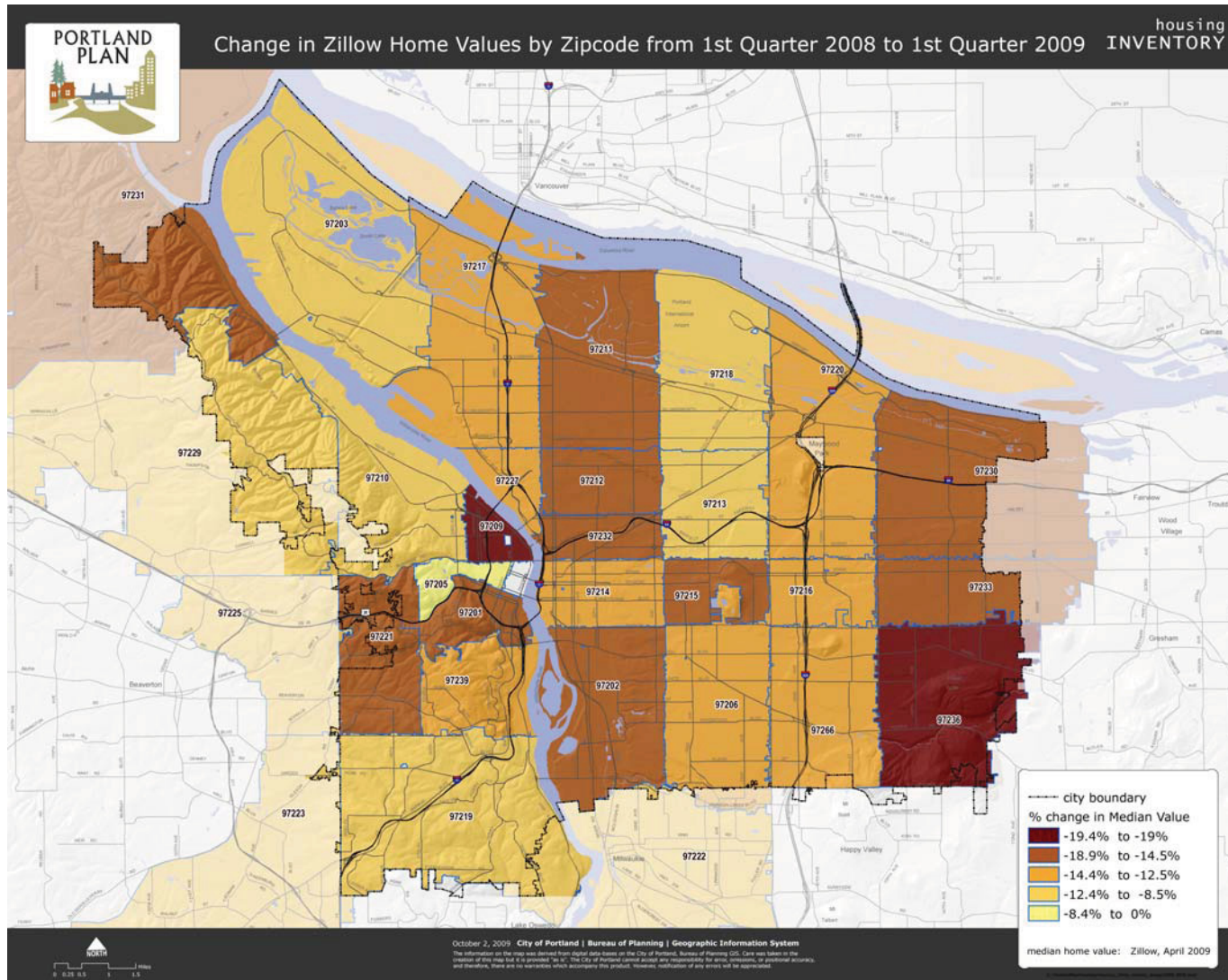


Figure 22 - Zillow Home Values by Zipcode, 1st Quarter 2009

## RENTAL HOUSING AFFORDABILITY

### RENTER'S MONTHLY HOUSING COSTS 2000 AND 2007

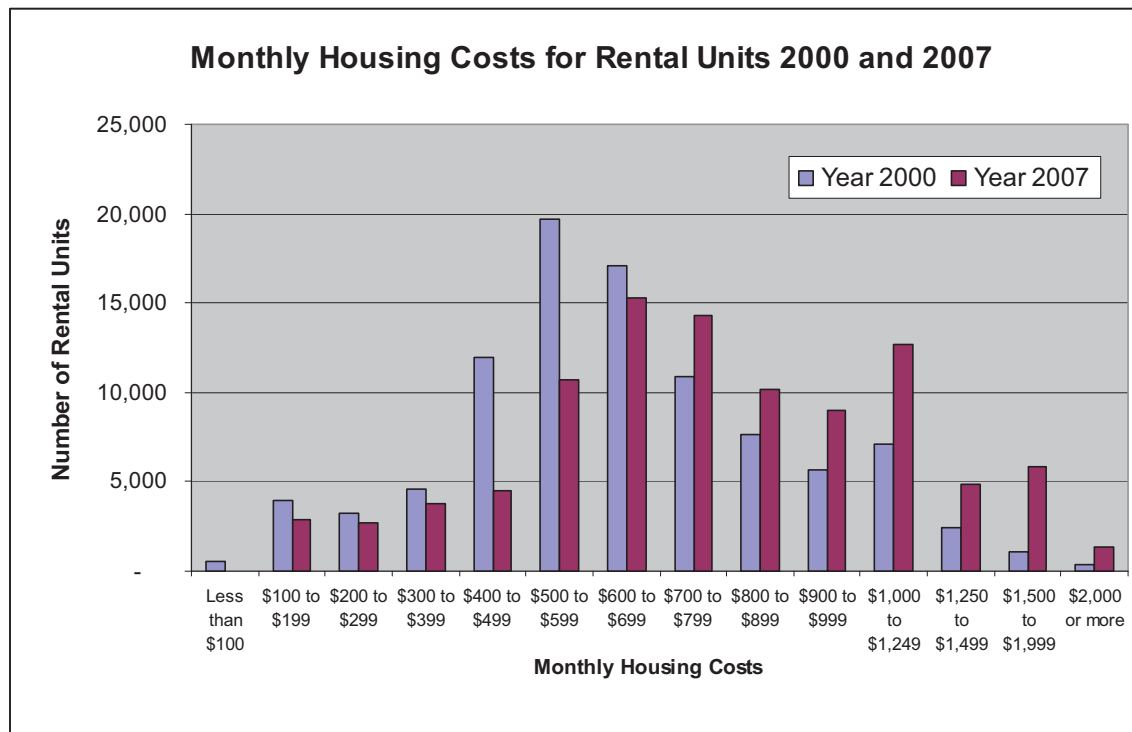
Census information for “gross rent” is used to estimate the monthly housing costs of renter households. Gross rent includes the “contract rent” plus the average monthly cost of utilities and fuels. Median renter household housing costs measured by gross rent raised half as much as owner monthly housing costs between 2000 and 2007. However, renters’ incomes increased only one-quarter as much as the incomes of owner households during that time.

<b>Median Monthly Costs for Rental Units 2000 and 2007</b>			
	<b>2000</b>	<b>2007</b>	<b>% Change</b>
Monthly Rental Costs	\$622	\$762	23%

Source 2000 Census and 2007 American Community Survey

Figure 23 - Median Monthly Costs for Rental Units 2000 and 2007

As is the case with lower value owner-occupied units, the number of inexpensive rental units as measured by estimated monthly housing costs has decreased significantly between 2000 and 2007.



Source 2000 Census and 2007 American Community Survey

Figure 24 - Monthly Housing Costs for Rental Units 2000 and 2007

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### Between 2000 and 2007:

- There has been a significant decline in the number of units with estimated monthly housing costs between \$400 and \$599 a month. About one third of all rental housing units had monthly housing costs in this range in 2000. Only 15 percent had rents in this range in 2007.
- A significant number of rentals had estimated monthly housing costs over \$1,000 a month. Only 11 percent of rental housing units had monthly housing costs that were \$1,000 and above in 2000 compared to one quarter of rental units in 2007.

Renter Household Incomes by Monthly Housing Costs 2007								
	Total Occupied-Units	Number of Renter Households by Income						
		Less than \$10,000	\$10,000 to \$19,999	\$20,000 to \$34,999	\$35,000 to \$49,999	\$50,000 to \$74,999	\$75,000 to \$99,999	\$100,000 or more
Gross Rent	98,077	15,233	18,546	24,706	14,602	14,140	5,475	5,375
Less than \$100	42	0	0	0	0	42	0	0
\$100 to \$199	2,878	2,101	510	187	80	0	0	0
\$200 to \$299	2,656	1,457	1,115	0	0	84	0	0
\$300 to \$399	3,794	1,803	1,101	460	227	0	0	203
\$400 to \$499	4,503	821	1,310	1,141	738	246	0	247
\$500 to \$599	10,680	1,948	2,667	3,706	1,240	1,005	114	0
\$600 to \$699	15,268	3,021	4,078	4,510	2,124	1,141	314	80
\$700 to \$799	14,325	1,200	2,612	4,236	2,149	2,756	1,023	854
\$800 to \$899	10,162	680	1,565	1,985	2,389	1,841	854	848
\$900 to \$999	8,961	737	1,351	3,034	1,693	993	392	761
\$1,000 to \$1,249	12,699	1,108	1,193	3,014	2,331	3,279	1,033	741
\$1,250 to \$1,499	4,891	198	236	749	645	1,384	795	884
\$1,500 to \$1,999	5,854	159	478	1,419	935	1,255	754	854
\$2,000 or more	1,364	0	330	265	51	114	196	408
30% Housing Cost at High End of the Income Range Except for \$100K+		\$250	\$500	\$875	\$1,250	\$1,875	\$2,500	\$2,500
Affordable Unit Need by Renter Household Income Range		11,675	14,510	10,466	1,631	1,369	0	0
Monthly housing costs by income range for rental households		All HHs over 30% of income	39,651	Some HHs over 30% of income	29,461	All HHs less than 30% of income	28,965	

Source 2007 American Community Survey

Figure 25: Renter Household Incomes by Monthly Housing Costs 2007

- Using a rough match between monthly housing costs and renter household incomes, at least 40,000 renter households are paying more than 30 percent of their income for rent and utilities. Most of these households have incomes below \$35,000. (Some of these households may have Section 8 vouchers so they were actually not cost-burdened because they pay only the portion of their rent and utilities that is 30 percent of their income.) However, assuming that 6,600 low



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income households have these vouchers, this leaves at least 33,000 cost-burdened households with incomes below \$35,000 a year. (The information on the number of available vouchers comes from the Housing Authority of Portland.)

- Relatively few households earning over \$35,000 are likely to be paying over 30 percent of their income for rent and utilities.
- Many higher income households reside in housing units that would be affordable to lower income households. For instance, 12,800 renter households with incomes between \$35,000 to over \$100,000 live in units with monthly housing costs of \$500–\$799 which would be affordable to households at \$34,999.

### METRO AREA HOUSING WAGE IN 2009

Low income households are the most impacted by housing cost burdens. A national study by the National Low Income Housing Coalition, *Out of Reach 2009*, provides information on the “housing wage.” This is the number of hours working at minimum wage (\$8.40 an hour) to not pay more than 30 percent of their income for a modestly priced rental unit at area Fair Market Rents (FMR). The metro housing wage information is useful because it factors in the size of the rental units.

No rental units at FMR are affordable to a household working 40 hours a week at minimum wage (an annual income of \$17,470 or about 35 percent of the 2009 area median income).

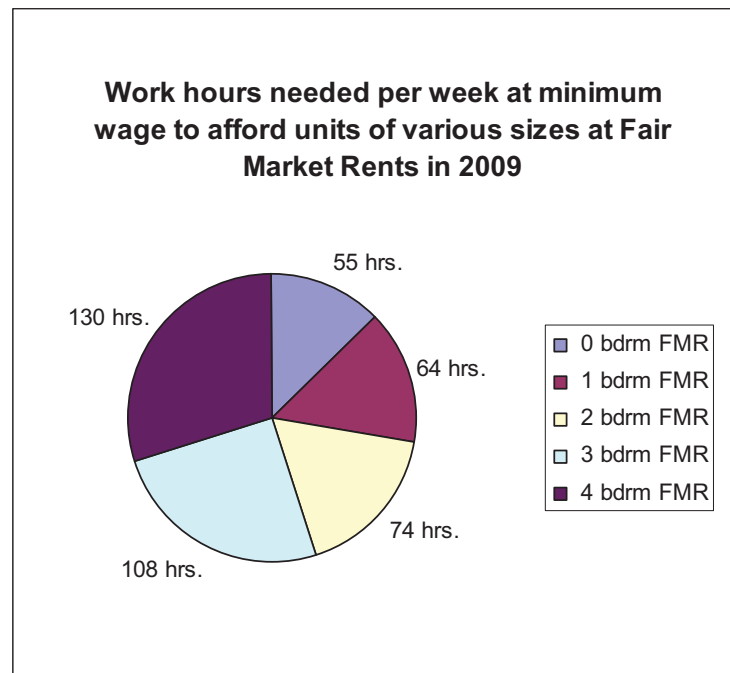


Figure 26 - Work Hours needed per week at minimum

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### Metro Area Fair Market Rents

Zero bedroom FMR	\$604
One bedroom FMR	\$700
Two bedroom FMR	\$809
Three bedroom FMR	\$1,178
Four bedroom FMR	\$1,415

Figure 27 - Metro Area Fair Market Rents

For renters earning the metro area mean renter income of \$31,500, two bedroom units are almost affordable to one wage earner with a full time job. Metro mean renter income is \$15.56 an hour, \$2,625 a month or \$31,500 a year.

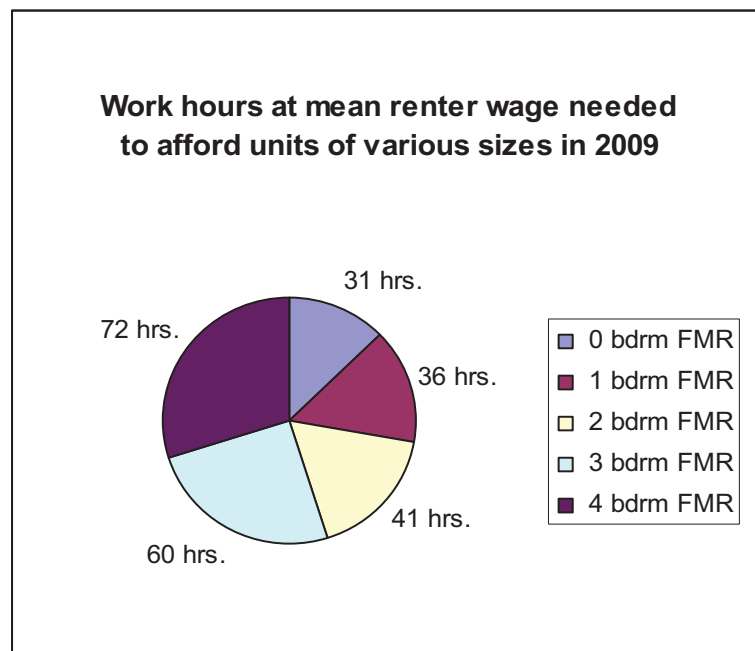


Figure 28 - Work hours at mean renter wage

- Smaller households with incomes over about \$32,000 a year are less likely to need more than one wage earner to afford a rental unit of two bedrooms or less.
- Large households generally need more than one wage earner to afford a larger size (three plus bedroom) unit. Single parents or married couples with children and only one wage earner would be at a disadvantage in renting larger units.

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### CURRENT RENTS BY SUBMARKETS

Average rents vary significantly by area in the city. According to the information provided by a local real estate firm, NAI Norris, Beggs and Simpson, average rents in Portland's Downtown area (which includes the River District, the Lloyd District and parts of Northwest) are between one and one-half to twice as high as rents for other areas of Portland when adjusted by price per square foot. Figure 24 shows boundaries of submarkets and Figure 25 monthly rents and rents per square foot.

Vacancy rates were lower in the Downtown neighborhoods in the fourth quarter of 2008 but have increased above those of submarkets outside the City core, possibly due to the larger number of recently constructed multifamily units in the Central City coming on the market, some of which were originally intended to be condominiums. Although the vacancy rate for the core area rose to 5.37 percent from 3.7 percent, the vacancy rate for "seasoned" units built before 1997 was 4.92 percent compared that of new units, 6.19 percent. A vacancy rate of less than 5 percent indicates a tight rental housing market. It should be noted that this information is based on a limited sample of larger rental properties – mostly 100 units or more. Most properties surveyed are market-rate rental properties but some are subsidized. The information presented below this chart shows that rents in Portland's north and eastern neighborhoods are significantly lower than those in neighborhoods near the City core.

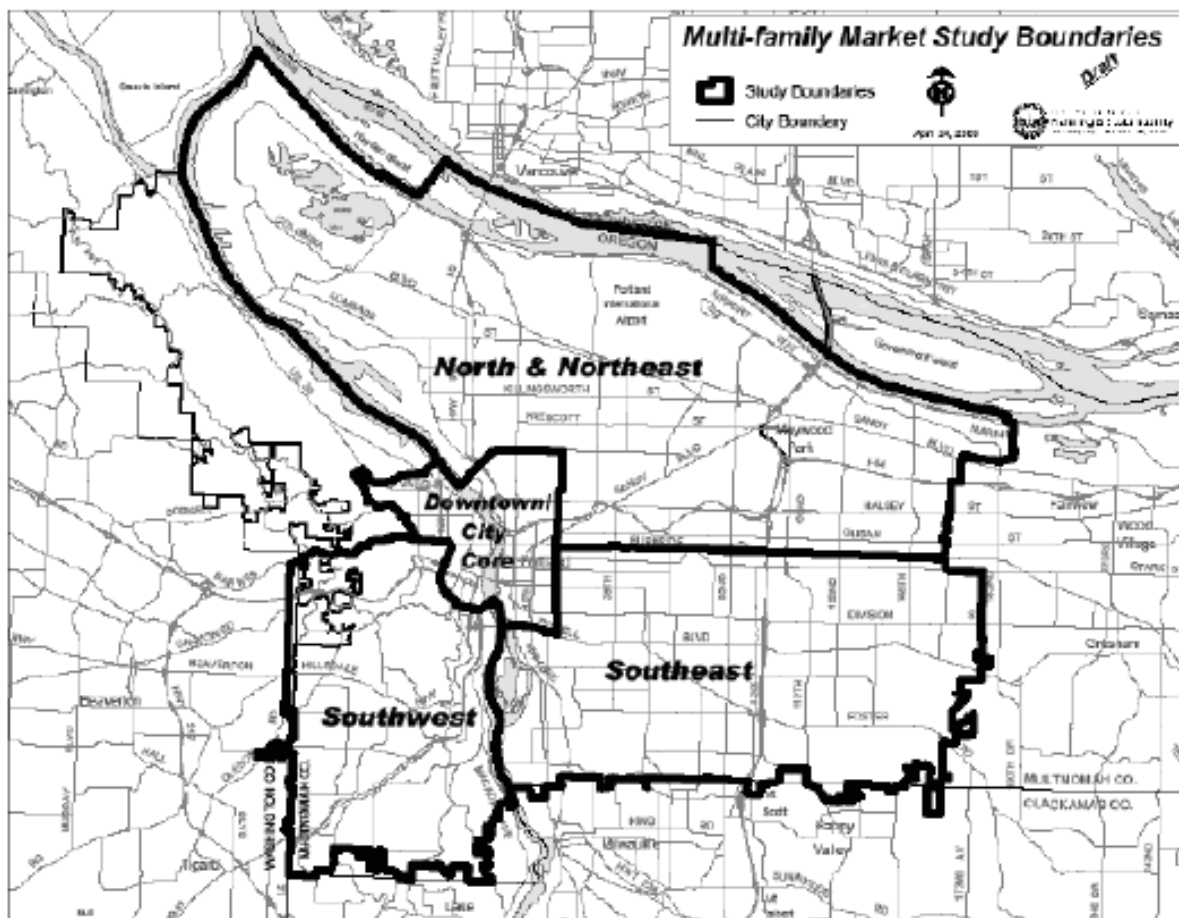


Figure 29 - Multi-family Market Study Boundaries

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Multifamily Report (Portland Only) on Average Rents Per Unit First Quarter 2009											
	Studio		1 Bedroom/ 1 Bath		2 bedroom/1 Bath		2 bedroom/2 Bath		3 bedroom/2 bath		
	Average rent	Per square ft.	Average rent	Per square ft.	Average rent	Per square ft.	Average rent	Per square ft.	Average rent	Per square ft.	Vacancy Rate
Downtown Portland	\$657	\$1.53	\$1,070	\$1.49	\$1,161	\$1.30	\$1,800	\$1.51	\$2,765	\$1.52	5.37%
SE Portland	\$513	\$1.11	\$593	\$0.89	\$685	\$0.78	\$745	\$0.74	\$889	\$0.76	5.54 %
N/NE Portland	\$738	\$1.22	\$654	\$0.96	\$714	\$0.79	\$895	\$0.88	\$849	\$0.78	4.38 %
SW Portland	\$513	\$1.24	\$627	\$0.91	\$706	\$0.80	\$914	\$0.86	\$1,008	\$0.80	4.28 %

Source: NAI Norris, Beggs and Simpson, Portland Metro Area Market Summaries/First Quarter 2009  
Figure 30 - Multifamily Report

- The difference in average rents between Downtown (and adjacent neighborhoods) and other areas is not as great for studios and one-bedroom units as larger units. Given higher land and construction costs for high rise buildings, studios and one bedroom units are the most common type of rental units in the Central City according to PDC's Central City Housing Inventory of 2005 they comprised 69 percent of all units. Single-room occupancy units (SROs) were 16.5 percent of all units. Two bedrooms were about 12 percent and three bedrooms 1 percent.
- Rents for larger units, two bedroom with two baths or three bedrooms in Portland's Downtown are much higher than other areas of the city. This is one explanation for the scarcity of families with children in Central City residential areas.

### THE SUBSIDIZED HOUSING SUPPLY

According to the December 2007 draft of Metro's Regional Affordable Rental Housing Unit Inventory, Portland had about **21,430 rental housing units were affordable to households at or below 80 percent of area median income that had public subsidy**. Almost all units were regulated (92 percent, or about 19,780 units). Not included in the Inventory are ownership units, market-rate rental units, Section 8 rental voucher units, dorms, homeless shelters and transitional housing. Section 8 rental voucher units total about 6,600 in the City. Some of these vouchers are used to rent housing in projects that receive other subsidies so it is difficult to determine how much larger the total number of subsidized units would be if the Section 8 vouchers are added in. It should be noted that subsidized units only provide a portion of the City's supply of housing units affordable to low and moderate income households, much of this housing is privately owned market-rate units, particularly in older buildings, and includes units in manufactured home parks.

The largest source of funding for subsidized low income housing in the City is the federal government. They fund the Housing Authority of Portland and provide funds for City housing programs through the Community Development Block Grant Program (CBDG), HOME and Housing for People with AIDS (HOPWA) programs. They also distribute Low Income Housing Tax Credits (LIHTC) through the State of Oregon Department of Housing and Community Services. The State of Oregon and the City of Portland also provide financial assistance for low income housing and require affordability agreements as a condition of that assistance.

### HOUSING AUTHORITY OF PORTLAND

The Housing Authority of Portland (HAP) is the largest nonprofit provider, operator and developer of low income housing in the City. HAP assists about **13,000 households** in the city with either housing or Section 8 vouchers. (HAP's service area includes all of Multnomah County.) As of March 2009, HAP has 4,960 housing units in the City of Portland according HAP staff. About 2,380 units are in their Public Housing

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portfolio and about 2,580 are in their Affordable Housing portfolio. HAP has about 6,600 Section 8 rental housing vouchers in use in the City of Portland. These vouchers are given to tenants to rent housing on the open market; HAP also distributes 1,630 project-based vouchers that are assigned to particular housing projects. Both the rental and project-based vouchers may be used in buildings that have other housing subsidies.

HAP provides housing for households up to 80 percent area median family income but most households that they serve are very low income. The households in their service area are very low for both Public Housing (\$10,219) and Section 8 vouchers (\$10,306). Almost 7,000 households were on the waiting list for low income housing assistance in March, 2009, about 3,665 for public housing and 3,261 for Section 8 vouchers. This is some indication of the pressing need for very low income housing.

### LOCATION OF HAP HOUSING AND SECTION 8 VOUCHER UNITS

Most of HAP's Public Housing and Affordable Housing properties are located east of the Willamette River but west of I-205 according to their January 2007 map. However, the number of households with of Section 8 rental vouchers has increased the most in East Portland and has decreased in many inner Northeast and Southeast neighborhoods between January 2001 and 2008. The change in location of Section 8 voucher usage mirrors the general trend of the migration of low income households out of inner North, Northeast and Southeast neighborhoods to neighborhoods east of 82nd Avenue.

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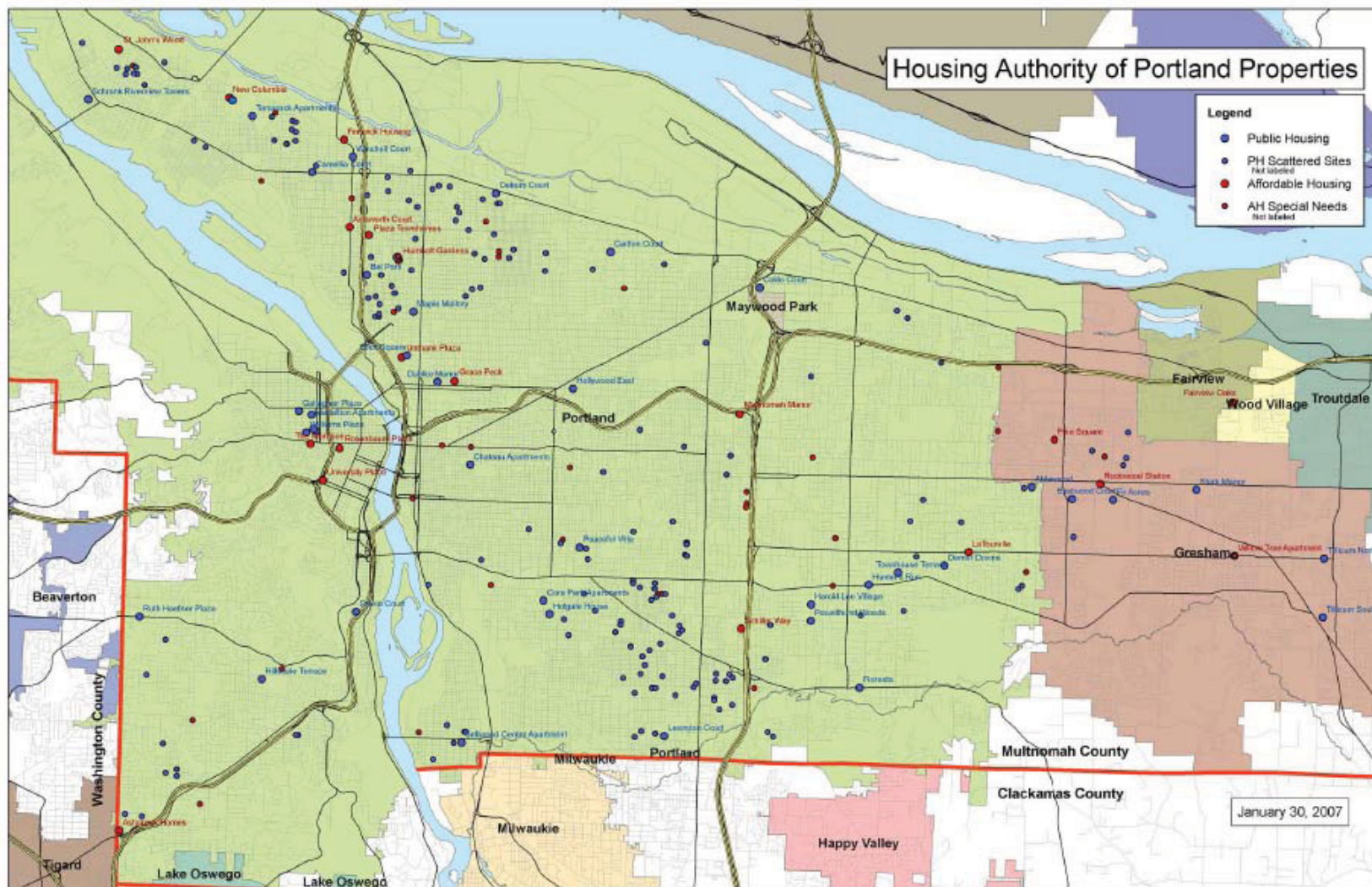


Figure 31 - Housing Authority of Portland Properties

The Portland Plan

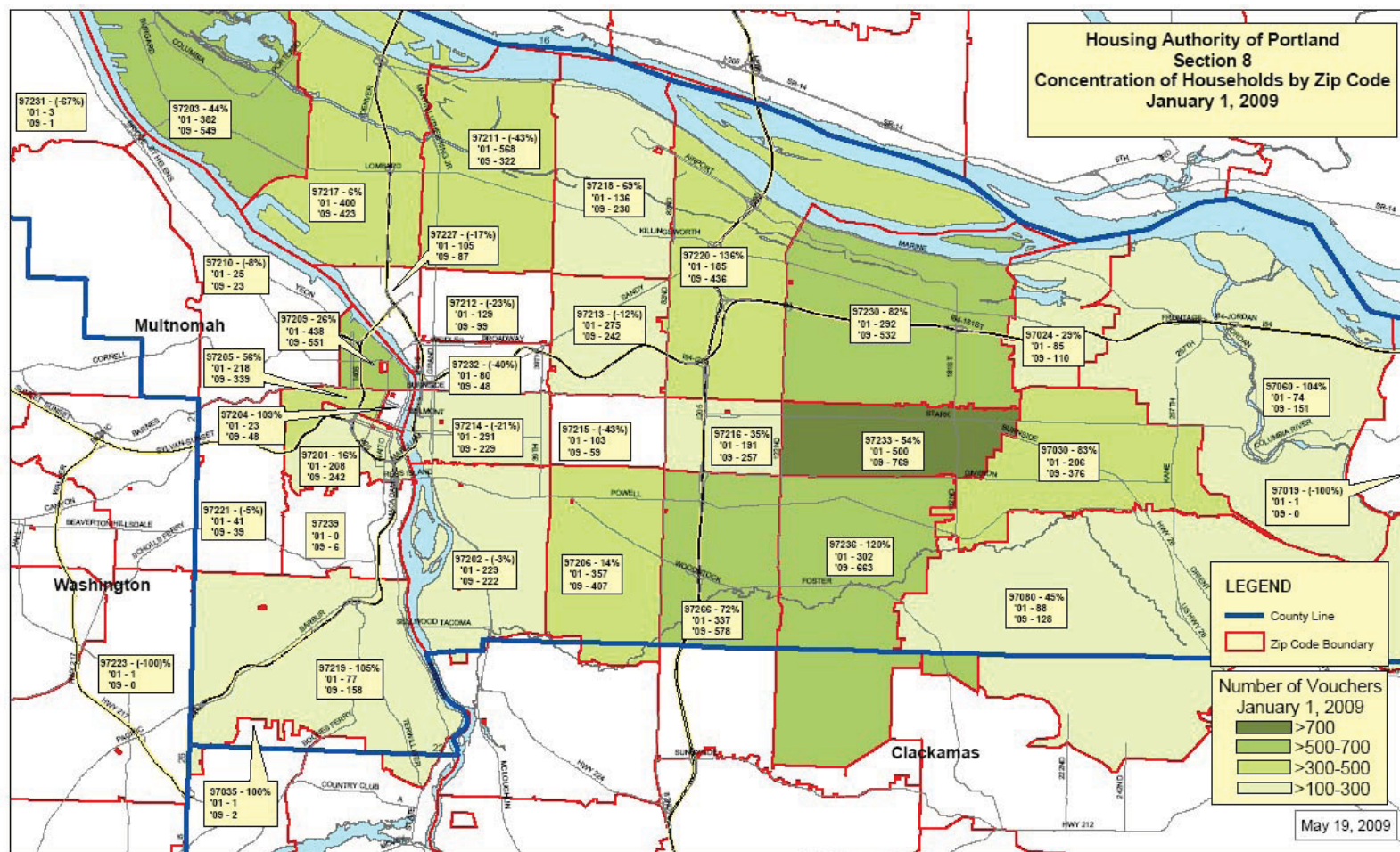


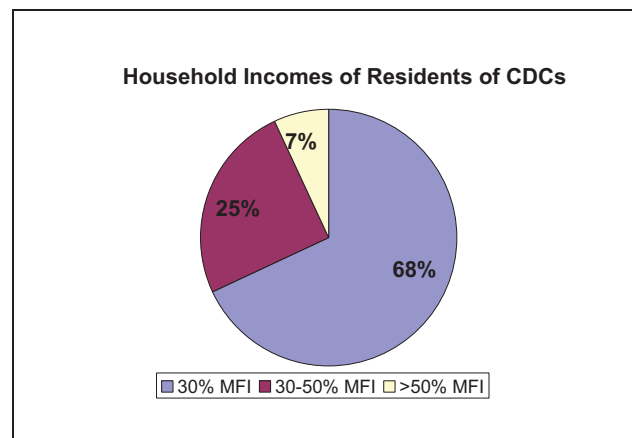
Figure 32 - Housing Authority of Portland Section 8 Concentration of Households by Zip Code

## The Portland Plan

### LOW INCOME HOUSING PROVIDED BY NONPROFITS

The City has a tax exemption program for nonprofit low income housing providers. This program exempts the residential portion of buildings reserved for low income households owned by nonprofit owners from property taxes. Mostly local community development corporations (CDCs) participate in the program. The total number of units in the program provides a good estimate of the units provided by nonprofit housing providers. (HAP, student, and privately-owned rent-restricted low income housing units and homeless shelters are not included in this program.) In 2008, there were about 40 organizations with **7,800 units** assisted by the program. Most of the nonprofits are local but some are not. Some organizations own only one property but others own numerous properties with hundreds of units. The City tax exemption is only one of a number of subsidies that support the housing owned and/or managed by these organizations.

The City requires that households residing in the units receiving tax exemption be low income (60 percent MFI or below) but does not require any other information about the households served. Many of the larger local organizations belong to the Oregon Opportunity Network, formerly the Community Development Network (CDN). In March 2004, CDN did a survey of over 5,000 housing units owned or managed by member CDCs. They found that 68 percent of the residents of the housing units owned by the CDCs had incomes below 30 percent MFI, 25 percent were between 30-50 percent MFI and 7 percent were over 50 percent MFI.



Source: March 2004 Survey by CDN of member organizations  
Figure 33 - Household Incomes of Residents of CDCs

These organizations as well as the Housing Authority of Portland are serving many very low income households.

### PRIVATELY OWNED SUBSIDIZED RENTAL UNITS

Another source of subsidized low income housing is privately owned multifamily housing with contracts with the federal, state or local government to provide low income housing. According to the information in the housing preservation database maintained by the Network for Affordable Housing (NOAH) and tax assessment information from Multnomah County, there appear to be at least 3,000 rent-restricted units. Most of these units have some sort of federal assistance such as is available through the project-based Section 8 program or Low Income Housing Tax Credit (LIHTC) programs. (These programs also subsidize projects owned by HAP and nonprofit housing providers as well.) Some also have below market interest loans from the State of Oregon Housing and Community Services or State tax credits in addition to federal assistance.



## The Portland Plan

In addition, the Portland Development Commission (PDC) provides some financial assistance or property acquisition from urban renewal funds in urban renewal areas and some General Fund dollars as well as the federal funds allocated to the City passed through BHCD. PDC also assembles and acquires sites for new housing development some of which is required to be affordable to low income households.

Lastly, the City supports low income housing development through system development charge waivers, waivers of other local fees, and mixed-income housing development that includes low income units through its multifamily tax exemption programs available in the Central City, urban renewal areas and transit-oriented areas such as the MAX light rail station areas. Many projects have some combination of assistance from all these sources.

### SUBSIDIZED HOUSING UNITS AT RISK

Privately-owned properties providing low income housing with federal, state and local financial assistance have rent restrictions for particular income levels and periods of time for which the affordability must be maintained. Most programs require the income levels served to be at or below 60 percent MFI or below but can go up as high as 80 percent MFI. These subsidized units are considered at risk when the expiration date of their affordability agreements nears and there is a possibility of them converting to market-rate rental or condominium projects. In addition, some properties that are held by limited partnerships where the nonprofit is a general partner may also be at risk if the partnership is dissolved after the expiration of affordability contracts with the federal or state government. Network for Oregon Affordable Housing (NOAH) has identified four projects in the city with a total of 184 units as particularly at-risk for loss of affordability in the near future.

According to information provided by NOAH, there appear to be about 55 properties with 3,000 units in privately-owned buildings in the city where rents are restricted because of affordability agreements that are required by programs such as the Section 8 project based or the Low Income Housing Tax Credit programs. At some point, the contracts to maintain the affordability of units for low income households will expire and these units may be lost. Some of these properties may be conveyed to nonprofits. Several expiring Section 8 project-based projects including Clay Towers, the Admiral Apartments and Walnut Park have recently been conveyed to nonprofits to preserve their affordability. These transfers often require some City subsidy such as the use of urban renewal funds.

### OTHER LOW INCOME HOUSING UNITS LOST OR AT RISK

#### RENT INCREASES

A significant amount of housing that is affordable to low income households is in danger of being lost during periods of increased demand for rental housing. Increased demand for rental units allows landlords to raise rents. Between 2000 and 2007, the supply of rental units affordable to low income households diminished considerably due to rent increases. This information is from the US Census and 2007 American Community Survey, and it is for all housing units both subsidized and unsubsidized. (See Figure 20, Renter Household Incomes by Monthly Costs 2000 and 2007.) The supply of rental units with monthly housing costs (rent plus utilities) at and below \$699 decreased by about 21,000 units between 2000 and 2007 and the supply of rental units with monthly housing costs \$700 and over increased by 22,000 units. The biggest loss was rental units with monthly housing costs between \$400 and \$599, about 16,500 units. Rental units with monthly housing costs in this range would be affordable to households with annual incomes of \$16,000 to \$23,960 (less than 50 percent of the area median income for households of all sizes).

#### CONDO CONVERSIONS

Although activity has slowed in recent years, over 4,500 rental units were converted to condominiums in Multnomah County between 2000 and 2007 with most of these units converted between 2005 and 2007.

## The Portland Plan

While a certain percentage of condominium units are bought by absentee owners and rented out, there was probably an overall loss of existing, often older, rental units. Currently, because of the downturn in the housing market, some new condominium projects are now being converted to rental housing particularly in the Central City. The listed rents for the new Central City units are usually over \$1,000 a month.

<b>Multnomah County Condo Activity</b>			
	<b>Conversion Units</b>	<b>New Units</b>	<b>Total Units</b>
2000	127	1,206	1,333
2001	33	407	440
2002	240	1,474	1,714
2003	175	1,481	1,656
2004	199	1,024	1,223
2005	1,498	5,523	7,021
2006	968	4,400	5,368
2007	1,379	2,312	3,691
	<b>4,619</b>	<b>17,827</b>	<b>22,446</b>

Figure 34 - Multnomah County Condo Activity

## CLOSURE OF MANUFACTURED HOME PARKS

Manufactured housing parks, also known as mobile home parks, provide an important supply of unsubsidized housing units affordable to low and moderate income households. Most park residents are low and moderate income, many of them elderly. The table in Figure 30 is from a 2007 Portland State University study on manufactured home parks. It shows the incomes of mobile home owners, whose units are located in mobile home parks. About three quarters of Portland manufactured home owners had incomes of less than \$30,000. It is unlikely that tenants who rent mobile homes in the parks have incomes that are any higher than home owners who reside in the parks.

## The Portland Plan

Income Profile of Mobile Home Owners, 2000			
Income	Oregon	Portland	
	# of Households	# of Households	%
\$0 to \$9,999 or less	22,410	634	22
\$10,000 to \$19,999	37,668	808	28
\$20,000 to \$29,999	29,578	676	24
\$30,000 to \$39,999	20,058	349	12
\$40,000 to \$49,999	10,845	208	7
\$50,000 to \$74,999	8,488	104	4
\$75,000 to \$99,999	1,805	30	1
\$100,000 or more	1,748	44	2
<b>Total # Mobile Homes</b>	<b>149,732</b>	<b>2,853</b>	

Source: U.S. Census Bureau, Census 2000 Sample Data File  
Figure 35 - Income Profile of Mobile Home Owners, 2000

Whether the manufactured home park resident owns or rents their manufactured home, the space that manufactured homes in parks occupy is almost always leased. Manufactured homes in parks accounted for about 3,600 housing units in 2007. These units are in danger of being lost if the manufactured home park owner decides to sell the park to a purchaser who wants to redevelop it for another type of housing such as apartments or condominiums. Manufactured home parks are currently allowed in two low density multifamily zones in the City but some older parks are zoned for commercial or light industrial uses. These parks are at additional risk for being cleared for nonresidential development.

Mobile Home Parks, 2007		
City/Unincorporated County	Parks (#)	Spaces
Fairview	12	696
Gresham	12	705
<b>Portland</b>	<b>73</b>	<b>3629</b>
Troutdale	5	270
Wood Village	5	417
Unincorporated County Areas	9	275
<b>Total</b>	<b>116</b>	<b>5,992</b>

Source: Manufactured Dwelling Park Directory, 2007  
Figure 36 - Mobile Home Parks, 2007

While there has not been any significant park closure activity in the City of Portland, between 2002 and 2007, a number of parks were lost in Clackamas and Washington Counties and hundreds of spaces were lost. While the recent downturn in the housing market has probably reduced pressure to redevelop manufactured home parks, park closures could become an issue in the future because of population growth will eventually cause the demand for new housing to rise in the next several decades.

## The Portland Plan

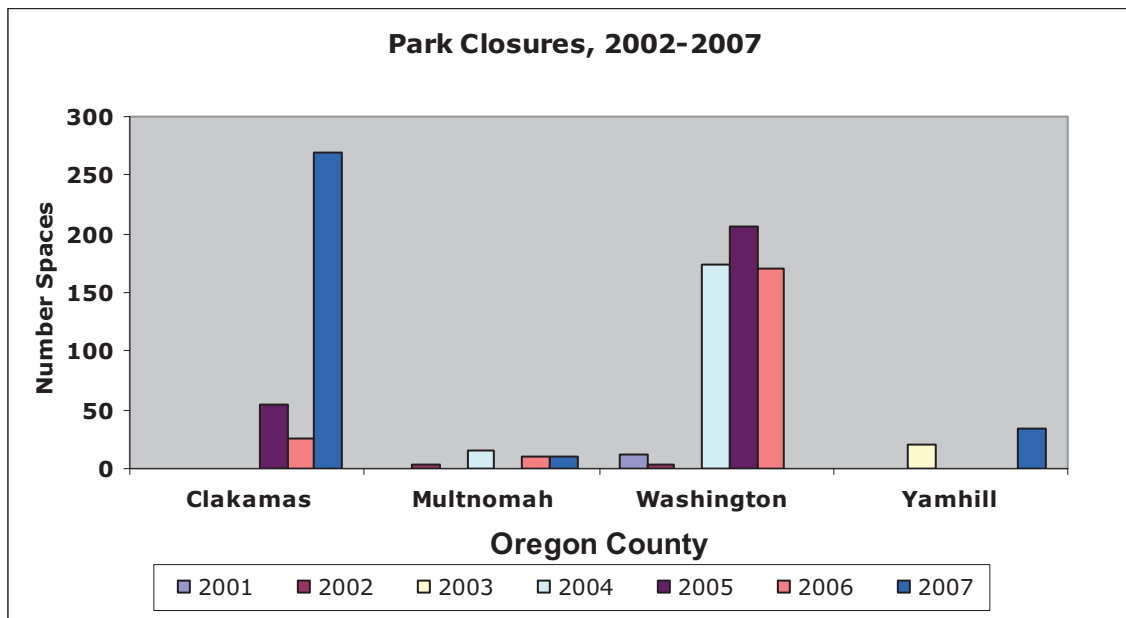


Figure 37 - Park Closures, 2002-2007

### FORECLOSURE OF INVESTOR OWNED RENTAL PROPERTIES

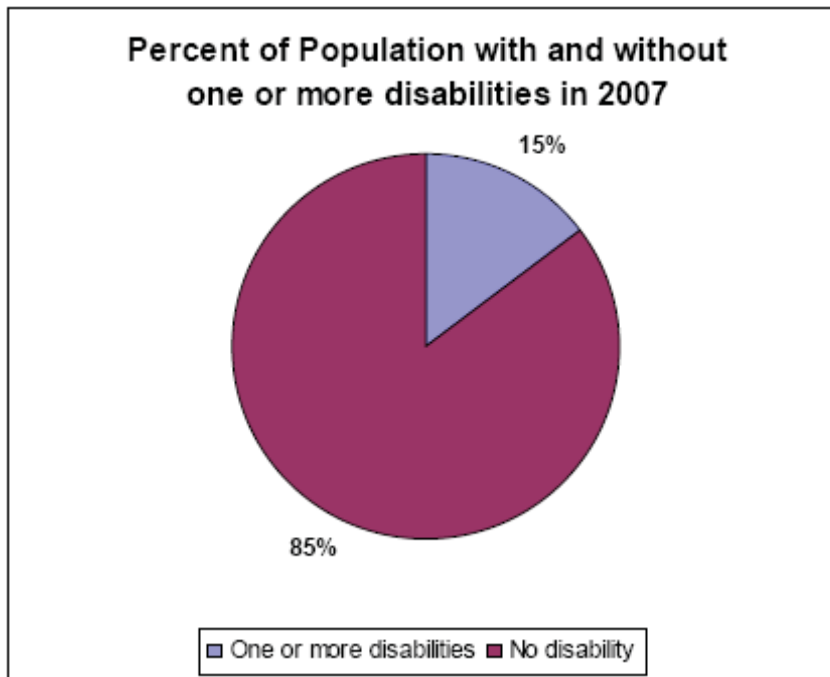
One consequence of the current foreclosure crisis is that both homeowners and investors with high cost loans are facing foreclosure. When residential properties of investors are foreclosed, the tenants of those properties may be evicted whether or not they have been current on their rent. According to Home Mortgage Disclosure Act (HMDA) information available for 2004-2006, about 1,900 high cost loans were made to investors in properties with 1-4 units or about 6.5 per 1,000 housing units (in properties 1-4 units in size) in the City.

### SPECIAL NEEDS HOUSING AND HOMELESSNESS

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 these segments of the population that most often are consistently financially burdened.

**The Portland Plan****SPECIAL NEEDS POPULATION**

According to the 2007 American Community Survey, nearly 15% of the total population of Portland, about 74,600 individuals, has one or more physical or mental disabilities. See Figure 33.



*Figure 38 - Percent of Population with and without one or more disabilities in 2007*

These individuals often need housing or a combination of housing and services that meet their needs. A higher percentage of this population has incomes below the poverty level, 30 percent, compared to the population without a disability, 12 percent. Because of limited income and other reasons, certain segments of the population with disabilities are at greater risk of homelessness than the general population.

## The Portland Plan

A portion of the subsidized housing supply is dedicated to elderly and/or disabled households and the need for this type of housing is likely to increase as the percentage of population with disabilities increases with age.

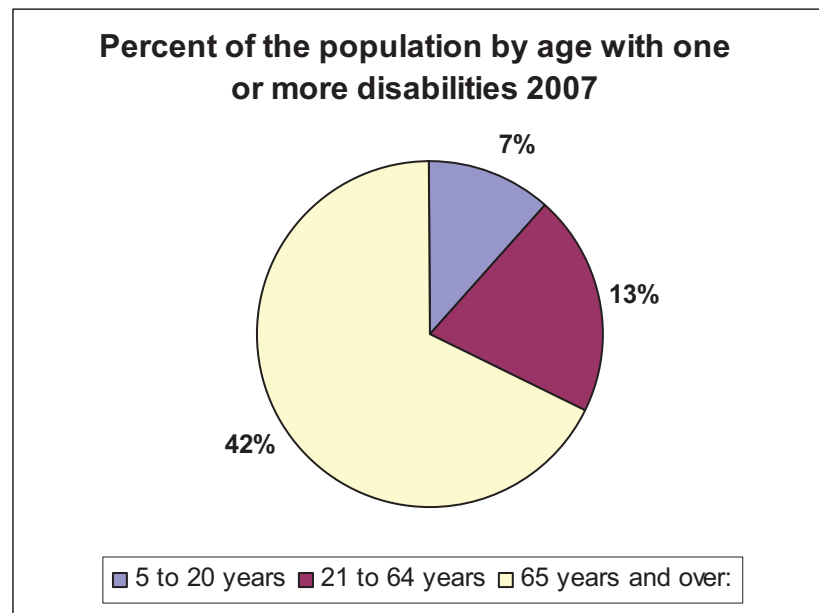


Figure 39 - Percent of the population by age with one or more disabilities 2007

According to the 2007 American Community Survey, a relatively small percentage of the age groups under 64 years old had disabilities. However, 42 percent of the population over 65 had a disability. As the large baby boom cohort ages, more households will need housing designed to accommodate those with disabilities.

## HOMELESS POPULATION

The homeless population in Multnomah County was about 2,430 based on a one night count on January 28, 2009. The count consisted of 1,591 persons homeless and sleeping outside including 78 individuals in families with children, 248 individuals in couples, 8 unaccompanied youth under 18 and 1,225 adults. In addition, there were 820 in homeless shelters and 27 vouchered into motels. This number does not take into account families and individuals who are doubled up or staying with friends or relatives. The combined sheltered and unsheltered count was 13 percent higher than 2007. Despite the City and County's efforts to reduce homelessness, it has been increasing.

In 2004, The City of Portland, Multnomah County and community stakeholders launched a 10-Year plan to end homelessness. This plan focuses on the most chronically homeless, streamlines access to existing services to prevent and reduce future homelessness, and concentrates resources on programs that offer measurable results. The first five-year (January 2005-June 2009) cumulative results for Portland Multnomah County include:

- 1,913 homeless families housed
- 2,191 chronically homeless persons moved into housing
- 2,737 other homeless households moved into housing
- 1,388 permanent supportive housing units opened or in development (63% of the 10-year plan's supportive housing goal achieved. Goal=2,200 units).

## The Portland Plan

Despite the progress made through the 10-Year plan to increase the number of permanent supportive housing units available for the chronically homeless, current economic conditions have increased both the number of chronically homeless and “new” homeless.