

DATE: June 20, 2022
TO: Milwaukie Housing Capacity Technical Committee
CC: Laura Weigel, Joseph Briglio, City of Milwaukie
FROM: Beth Goodman, Ariel Kane, ECONorthwest
SUBJECT: Milwaukie: Housing Needs Projection

The City of Milwaukie contracted with ECONorthwest to develop the Milwaukie Housing Capacity Analysis (HCA) and Housing Production Strategy (HPS). Part of this project involves collecting and analyzing a wide range of information about housing in Milwaukie.

This memorandum presents information about housing development, demographic, and housing affordability data and trends that are important to understanding the dynamics of Milwaukie's housing market. It includes the preliminary housing needs projections based on Metro's housing forecast.

The trends and preliminary projections presented in this memorandum are intended to provide a starting point for discussion about Milwaukie's housing needs, as part of the Housing Capacity Analysis. The information presented in this memorandum combined with the Buildable Lands Inventory (to be presented in a future memorandum) form the basis of the Housing Capacity Analysis report. The unmet needs identified in this memorandum and in discussion will also inform the development of the Housing Production Strategy.

At the June 30, 2022, Housing Capacity Technical Committee (HCTC) meeting, we will present key information from this memorandum and discuss the implications of this information for housing needs in Milwaukie, considering the forecast of future housing growth and current (and future) housing needs beyond the forecast of household growth.

Historical and Recent Development Trends

Analysis of historical development trends in Milwaukie provides insight into the functioning of the local housing market. The mix of housing types and densities, in particular, are key variables in forecasting the capacity of residential land to accommodate new housing and to forecast future land need. The specific steps are described in Task 2 of the Department of Land Conservation and Development (DLCD) *Planning for Residential Lands Workbook* as:

1. Determine the time period for which the data will be analyzed.
2. Identify types of housing to address (all needed housing types).
3. Evaluate permit/subdivision data to calculate the actual mix, average actual gross density, and average actual net density of all housing types.

This Housing Capacity Analysis examines changes in Milwaukie's housing market from 2000 to 2019, as well as residential development from 2010 to 2022. We selected this time period because the period provides longer-term information about Milwaukie's housing market, including several economic cycles and changes in the housing market. In addition, data about

Milwaukie’s housing market during this period is readily available from sources such as the Census and the City building permit database.

The Housing Capacity Analysis presents information about residential development by housing type. There are multiple ways that housing types can be grouped. For example, they can be grouped by:

1. Structure type (e.g., single-dwelling detached, duplexes, triplexes, apartments, etc.).
2. Tenure (e.g., distinguishing unit type by owner or renter units).
3. Housing affordability (e.g., subsidized housing or units affordable at given income levels).
4. Some combination of these categories.

For the purposes of this study, we grouped housing types based on (1) whether the structure is stand-alone or attached to another structure and (2) the number of dwelling units in each structure. The housing types used in this analysis are consistent with needed housing types as defined in ORS 197.303 and Milwaukie Development Code:¹

- **Single-dwelling detached** includes single-dwelling detached units, cottage clusters, manufactured homes on lots and in mobile home parks, and accessory dwelling units.
- **Townhomes** are structures with a common wall where each dwelling unit occupies a separate lot.
- **Duplexes, triplexes and quadplexes** includes attached and detached units as allowed by Milwaukie Development Code on single lots but can also be on separate lots with the newly created SB 458.
- **Multi-dwelling** is all attached structures with five or more units.

In Milwaukie, government-assisted housing (ORS 197.303[b]) and housing for farmworkers (ORS 197.303[e]) can be any of the housing types listed above. Analysis within this report discusses housing affordability at a variety of incomes, as required in ORS 197.303.

¹ ORS 197.303 defines needed housing as “all housing on land zoned for residential use or mixed residential and commercial use that is determined to meet the need shown for housing within an urban growth boundary at price ranges and rent levels that are affordable to households within the county with a variety of incomes.”

Data Used in This Analysis

Throughout this analysis (including the subsequent section) we used data from multiple well-recognized and reliable data sources. One of the key sources for housing and household data is the U.S. Census. This report primarily uses data from three Census sources:²

- The **Decennial Census** is completed every ten years and is a survey of *all* households in the U.S. The Decennial Census collects detailed household information, such as number of people, household size, race and ethnicity, and age.
- The **American Community Survey (ACS)** is completed every year and is a *sample* of households in the U.S. The ACS collects detailed information about households, including demographics (e.g., number of people, age distribution, ethnic or racial composition, country of origin, language spoken at home, and educational attainment), household characteristics (e.g., household size and composition), housing characteristics (e.g., type of housing unit, year unit built, or number of bedrooms), housing costs (e.g., rent, mortgage, utility, and insurance), housing value, income, and other characteristics. The most up-to-date ACS data available for this report was for the 2015-2019 period.
- **Comprehensive Housing Affordability Strategy (CHAS)** is custom tabulations of American Community Survey (ACS) data from the US Census Bureau for the US Department of Housing and Urban Development (HUD). CHAS data show the extent of housing problems and housing needs, particularly for low-income households. CHAS data are typically used by local governments as part of their consolidated planning work to plan how to spend HUD funds and for HUD to distribute grant funds. The most up-to-date CHAS data covers the 2014-2018 period, which is a year older than the most recent ACS data for the 2015-2019 period.
- **Property Radar** provides real estate sales data.

This report primarily uses data from the 2015-2019 ACS for Milwaukie and comparison areas.³ Where information is available and relevant, we report information from the 2000 and 2010 Decennial Census.⁴ Among other data points, this report also includes data from Oregon's

² It is worth commenting on the methods used for the American Community Survey. The American Community Survey (ACS) is a national survey that uses continuous measurement methods. It uses a sample of about 3.54 million households to produce annually updated estimates for the same small areas (census tracts and block groups) formerly surveyed via the decennial census long-form sample. It is also important to keep in mind that all ACS data are estimates that are subject to sample variability. This variability is referred to as "sampling error" and is expressed as a band or "margin of error" (MOE) around the estimate.

This report uses Census and ACS data because, despite the inherent methodological limits, they represent the most thorough and accurate data available to assess housing needs. We consider these limitations in making interpretations of the data and have strived not to draw conclusions beyond the quality of the data.

³ Five-year 2020 ACS data was not available when this report was compiled.

⁴ The 2020 Census was completed at the end of 2020. However, extenuating circumstances brought on by the COVID-19 pandemic has led to some challenges with the data. The 2020 Decennial Census data is more limited than usual as a result of the COVID-19 pandemic. Where appropriate, this report uses 2015-2019 ACS data, rather than 2020 Decennial Census data, for up-to-date information.

Housing and Community Services Department, the US Department of Housing and Urban Development, and the City of Milwaukee.

Through this report, we attempt to bring in data about Black, Indigenous, and people of color (BIPOC) where possible in the information, to better explain disproportionate housing burdens for historically underrepresented groups. While this report attempts to make good use of the available data from the Census, it is important to acknowledge that the Census consistently undercounts BIPOC and low-income people. In developing policies, as part of the *Milwaukee Housing Production Strategy*, we will bring in feedback from underrepresented communities through outreach or additional research.

Trends in Housing Mix

This section provides an overview of changes in the mix of housing types in Milwaukie and compares Milwaukie to Clackamas County, the Portland Tri-County region, and to Oregon. These trends demonstrate the types of housing developed in Milwaukie historically. Unless otherwise noted, this section uses data from the 2000 and 2010 Decennial Census and the 2015-2019 American Community Survey 5-Year Estimates.

This section shows the following trends in housing mix in Milwaukie:

- **Milwaukie’s housing stock is predominantly single-dwelling detached housing units.** Sixty-seven percent of Milwaukie’s housing stock is single-dwelling detached; 25% is multi-dwelling (with five or more units per structure); 6% is duplexes, triplexes, or quadplexes; and 2% is single-dwelling attached (e.g., townhomes).
- **Single-dwelling detached housing accounted for the majority of new housing permitted in Milwaukie between 2010 and 2021.** About 76% of permits were for single-dwelling detached, 17% for multi-dwelling units, and 6% for accessory dwelling units.
- **Milwaukie is expected to have a substantial amount of multifamily development over the next several years.** The City has issued building permits for two multi-dwelling developments, totaling 249 units, so far in fiscal year 2022. Another 648 units across six multi-dwelling developments are currently at some stage of development/permit review.

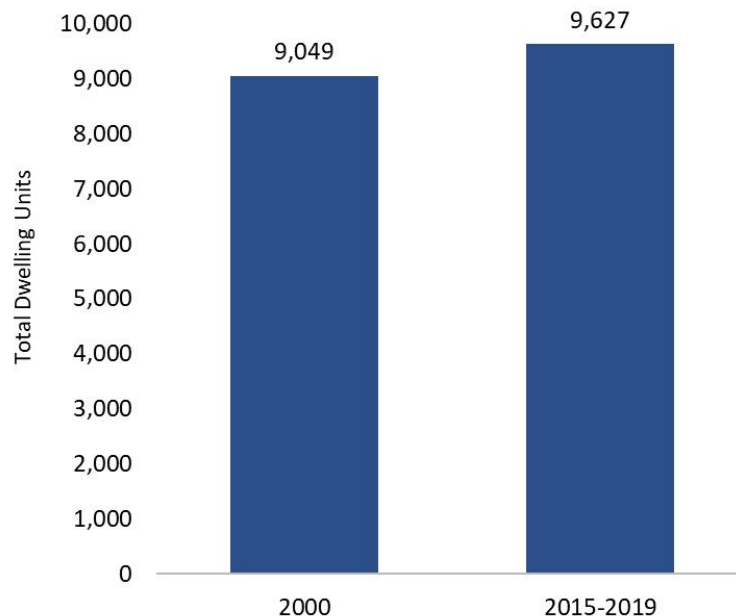
Housing Mix

The total number of dwelling units in Milwaukie increased 6% from 2000 to 2015-2019.

Milwaukie added 578 new dwelling units since 2000.

Exhibit 1. Total Dwelling Units, Milwaukie, 2000 and 2015-2019

Source: US Census Bureau, 2000 Decennial Census, SF3 Table H030, and 2015-2019 ACS Table B25024.

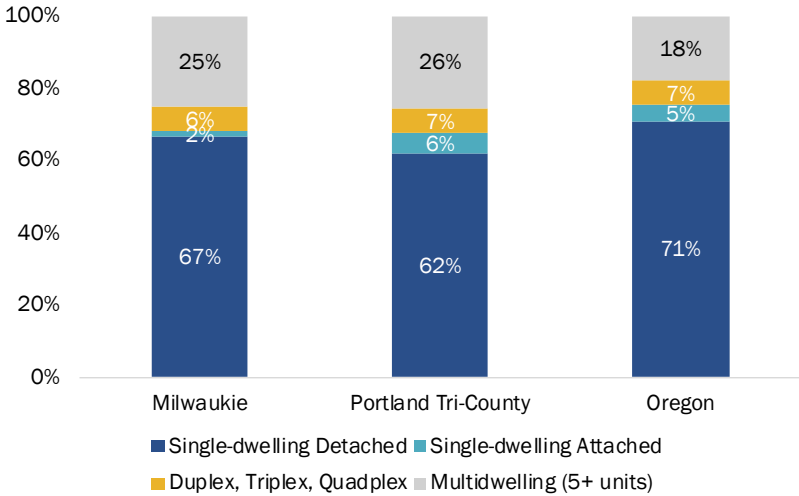


Sixty-seven percent of Milwaukie’s housing stock was single-dwelling detached.

Milwaukie had a smaller share of multi-dwelling housing (5+ units per structure) than the Portland region as well as a smaller share of duplex, triplex, and quadplex housing.

Exhibit 2. Housing Mix, Milwaukie, Portland Region, and Oregon, 2015-2019

Source: US Census Bureau, 2015-2019 ACS Table B25024.



From 2000 to 2015-2019, the share of single-dwelling detached and single-dwelling detached housing in Milwaukie remained constant while the share of multi-dwelling housing (5+ units) increased by 3%.

Exhibit 3. Change in Housing Mix, Milwaukie, 2000 and 2015-2019

Source: US Census Bureau, 2000 Decennial Census, SF3 Table H030, and 2015-2019 ACS Table B25024.

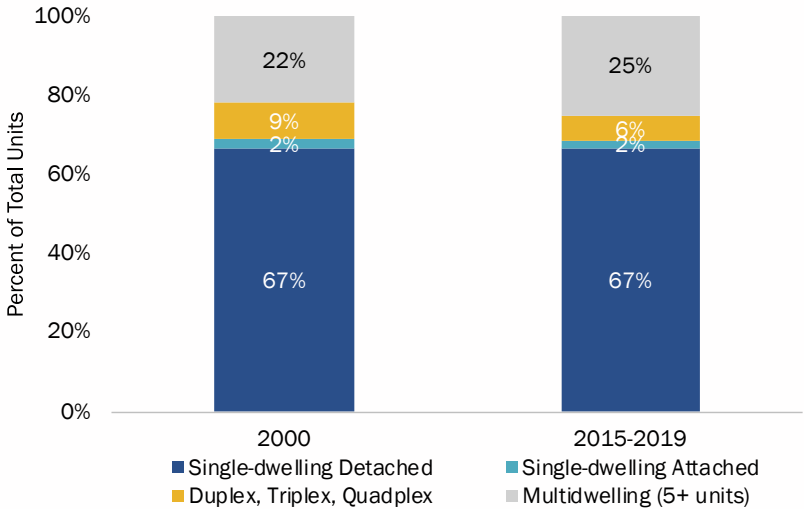
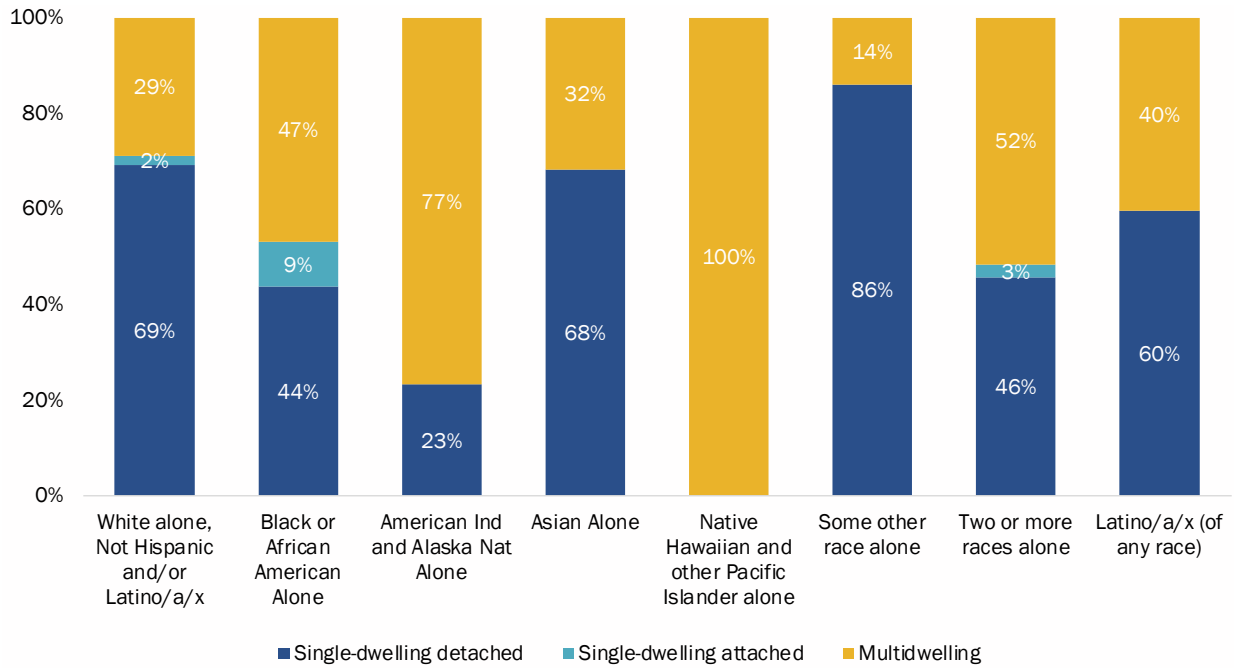


Exhibit 4 shows that households that identified as White Alone, Asian Alone, and Some Other Race Alone were most likely to live in single-dwelling detached housing (69%, 68%, and 86%, respectively). Black/African American households or those that identified as Two or more races were more likely to live in multi-dwelling units (47% and 52% respectively). Households that identified as American Indian and Alaska Native as well as Native Hawaiian and other Pacific Islander, lived in multi-dwelling housing at the highest rates (77% and 100%, respectively). Over half of the households that identified as Latino/a/x lived in single-dwelling detached housing (60%).

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Exhibit 4. Occupied Housing Structure by Race and Ethnicity, Milwaukee, 2015-2019

Source: US Census Bureau, 2015-2019 ACS Table B25032 A-I.

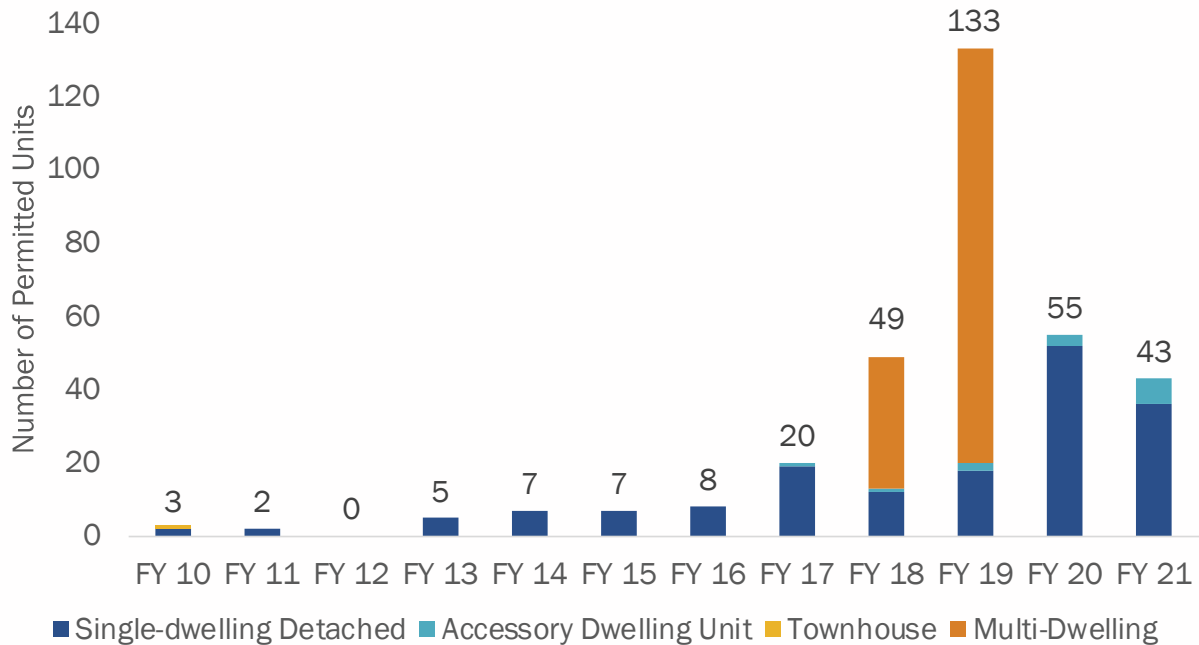


Building Permits

Over the 2010 to 2021 fiscal year period, Milwaukie issued 189 building permits for new residential construction, which includes a total of 332 permitted units. Of these 332 units, about 51% were for single-dwelling units, 45% were for multi-dwelling buildings, and 4% were for accessory dwelling units.⁵

Exhibit 5. Building Units for New Residential Construction By Structure Type, Milwaukie FY 2010 through FY 2021

Source: City of Milwaukie, Permit Database.



In addition to the permitted units shown above, the City has seen an increase in multi-dwelling development applications over the past fiscal year. The City has issued building permits for two multi-dwelling developments, totaling 249 units, so far in fiscal year 2022. Another 648 units across six multi-dwelling developments are currently at some stage of development/permit review. These data suggest a significant trend towards more multifamily development in the City in recent years.

⁵ Milwaukie building permit data includes duplexes in the single-dwelling category and triplexes under multi-dwelling.

Trends in Tenure

Housing tenure describes whether a dwelling is owner or renter occupied. This section shows:

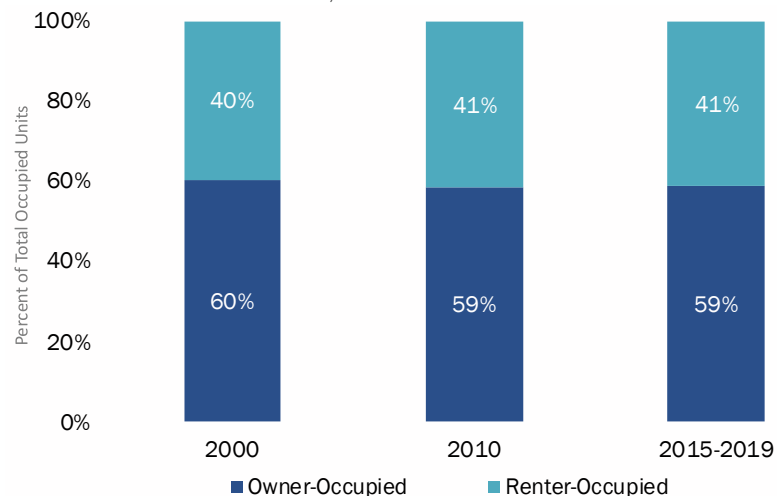
- **Homeownership rates in Milwaukie were slightly lower than the Portland regions and Oregon's rates.** About 59% of Milwaukie's households own their home. In comparison, 60% of Portland region's households and 62% of Oregon households are homeowners.
- **Homeownership rates in Milwaukie remained largely stable between 2000 and 2015-2019.** In 2000, 60% of Milwaukie households were homeowners. This decreased to 59% in 2010 and remained steady at 59% in 2015-2019.
- **Most of Milwaukie's homeowners (96%) live in single-dwelling detached housing, while almost half of renters (69%) lived in multi-dwelling housing** (including units in duplexes, triplexes, quadplexes, and housing with five or more units per structure).

The implications for the forecast of new housing are that Milwaukie has a balance of opportunities for homeownership and for renting. Relatively few multi-dwelling housing types (including duplexes) were owner occupied, which combined with information about housing affordability may suggest a need for homeownership opportunities for a wider range of housing types, such as town houses, cottage housing, and duplexes, triplexes, quadplexes, and possibly multi-unit condominiums. In addition, broadening the types of housing for rental may provide more opportunity for affordable rents.

The homeownership rate in Milwaukie decreased by 1% from 2000 to 2015-2019.

Exhibit 6. Tenure, Occupied Units, Milwaukie, 2000, 2010, 2015-19

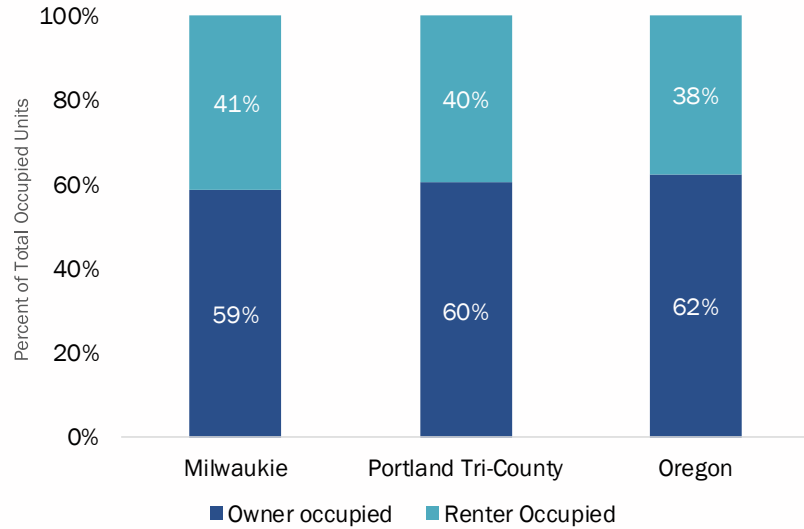
Source: US Census Bureau, 2000 Decennial Census SF1 Table H004, 2010 Decennial Census SF1 Table H4, 2015-2019 ACS Table B25003.



Milwaukie had a lower homeownership rate than the Portland region and Oregon.

Exhibit 7. Tenure, Occupied Units, Milwaukie, the Portland region, and Oregon, 2015-2019

Source: US Census Bureau, 2015-2019 ACS 5-Year Estimates, Table B25003.



Nearly all of Milwaukie's homeowners (96%) lived in single-dwelling detached housing.

In comparison, only 28% of Milwaukie households that rent lived in single-dwelling detached housing.

Less than a quarter of renters lived in duplex, triplex, or quadplex housing, and over half of renters lived in multi-dwelling housing.

Exhibit 8. Housing Units by Type and Tenure, Milwaukie, 2015-2019

Source: US Census Bureau, 2015-2019 ACS Table B25032.

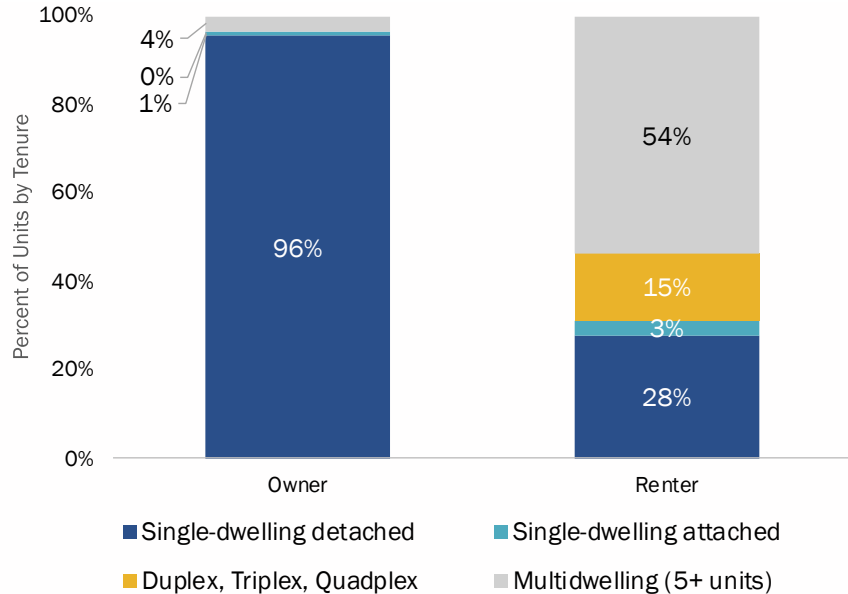
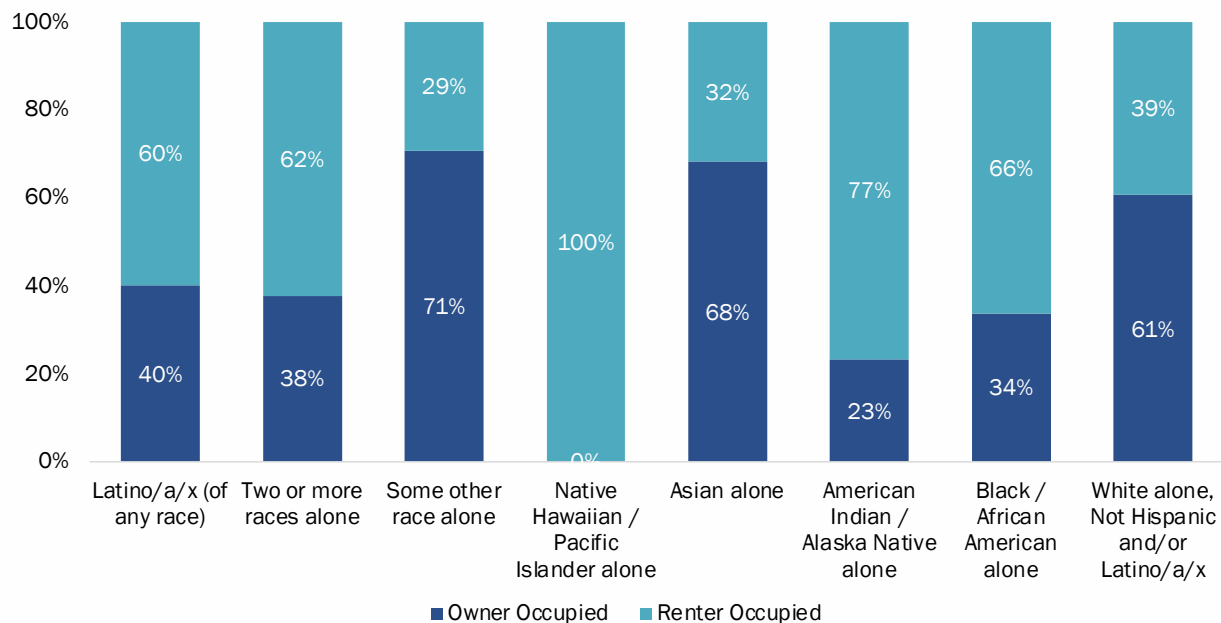


Exhibit 9 shows housing tenure by race and ethnicity for Milwaukie's households. Households that identified as Black/African American, American Indian and Alaska Natives Alone and Native Hawaiian/Pacific Islander had the lowest rates of home ownership (34%, 23% and 0% respectively). In comparison, 61% of households that identified as White Alone, 68% of households that identified as Asian Alone, and 71% of households that identified as Some other Race Alone were homeowners. About 40% of households who identified as Latino/a/x (of Any Race) owned their own home.

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Exhibit 9. Tenure by Race and by Ethnicity, Milwaukee, 2015-2019

Source: US Census Bureau, 2015-2019 ACS Table B25003A-I.

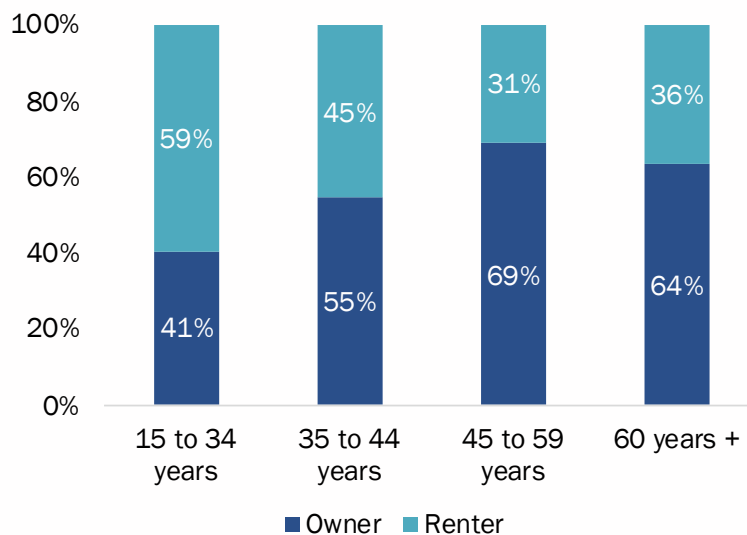


The homeownership rate in Milwaukee increased with age. In Milwaukee, about 55% of householders 35 years or older owned their homes.

The increase of homeownership with age (until age 60) is consistent with statewide ownership trends.

Exhibit 10. Tenure by Age of the Head of Household, Milwaukee, 2015-2019

Source: US Census Bureau, 2015-2019 ACS Table B25007.



Vacancy Rates

Housing vacancy is a measure of housing that is available to prospective renters and buyers. It is also a measure of unutilized housing stock. The Census defines vacancy as "unoccupied housing units . . . determined by the terms under which the unit may be occupied, e.g., for rent, for sale, or for seasonal use only." According to the 2010 Census, the vacancy rate in Milwaukie was 4.4%, compared to 5.6% for Portland region and 8.9% for Oregon. According to the 2015-2019 American Community Survey, the vacancy rate in Milwaukie was 5.2%, compared to 6.2% for Portland region and 9.3% for Oregon. In Spring 2022, *The Apartment Report* shows a vacancy rate of 2.68% in Milwaukie, compared a regional vacancy rate of 3.56%.⁶

Government-Assisted Housing

Governmental agencies and nonprofit organizations offer a range of housing assistance to low and moderate-income households in renting or purchasing a home. There are 14 government-assisted housing developments in Milwaukie with a total of 840 dwelling units.

Exhibit 11. Government-Assisted Housing, Milwaukie, 2019

Source: Oregon Department of Health and Human Services, Affordable Housing Inventory in Oregon, July 2019.

Note: bedroom size data not available for Jennings Lodge.

Development Name	Total Units	Unit Size					
		SRO	Studio	1-bd	2-bd	3-bd	4-bd
Avalon House	7	7	-	-	-	-	-
Cascade Meadows Senior Apts	61	-	-	61	-	-	-
Charbern Apts	53	-	6	38	8	1	-
Fox Pointe Apts	96	-	-	2	76	18	-
Hillside Manor	100	-	-	68	32	-	-
Hillside Park	100	-	-	65	35	-	-
Ikoï So Terrace	35	-	-	35	-	-	-
Jennings Lodge	5	-	-	-	-	-	-
Lake Crest Apts	229	-	30	59	120	20	-
Madrona House	4	4	-	-	-	-	-
North Main Apts	64	-	47	17	-	-	-
Seneca Terrace	32	-	-	-	32	-	-
Willamalane	52	-	-	16	24	12	-
Willard Street Duplex	2	-	-	-	2	-	-
Total	840	11	83	361	329	51	-

The Clackamas County Continuum of Care (CoC) region has 193 emergency shelter beds, 65 transitional shelter beds, and 1,313 permanently supportive housing beds supporting persons experiencing houselessness in the Clackamas County region.

⁶ The Apartment Report, Multifamily NW, Spring 2022.

Exhibit 12. Facilities and Housing Targeted to Households Experiencing Houselessness, Clackamas County Continuum of Care Region, 2021

Source: HUD 2021 Continuum of Care Homeless Assistance Programs, Housing Inventory Report, Clackamas County CoC.

Population Served	Emergency, Safe Haven, and Transitional Beds		Permanent Housing Beds
	Emergency Shelter	Transitional Housing	
Family Units	26	12	132
Family Beds	79	27	412
Adult-Only Beds	73	3	324
Child-Only Beds	-	-	-
Total Yr-Round Beds	152	30	736
Chronic Beds	n/a	n/a	180
Veteran Beds	15	-	257
Youth Beds	-	23	8

Manufactured Homes

Manufactured homes provide a source of affordable housing in Milwaukie. They provide a form of homeownership that can be made available to low and moderate-income households. Cities must plan for manufactured homes—both on lots and in parks (ORS 197.475-492).

Generally, manufactured homes in parks are owned by the occupants who pay rent for the space. Monthly housing costs are typically lower for a homeowner in a manufactured home park for several reasons, including the fact that property taxes levied on the value of the land are paid by the property owner, rather than the manufactured homeowner. The value of the manufactured home generally does not appreciate in the way a conventional home would, however. Manufactured homeowners in parks are also subject to the mercy of the property owner in terms of rent rates and increases. It is generally not within the means of a manufactured homeowner to relocate to another manufactured home to escape rent increases. Homeowners living in a park is desirable to some because it can provide a more secure community with on-site managers and amenities, such as laundry and recreation facilities. OAR 197.480(4) requires cities to inventory the mobile home or manufactured dwelling parks sited in areas planned and zoned or generally used for commercial, industrial, or high-density residential development. Exhibit 13. Inventory of Mobile/Manufactured Home Parks, Milwaukie UGB, 2022 presents the inventory of mobile and manufactured home parks within Milwaukie as of 2022.

Milwaukie has 2 manufactured home parks within its city limits. Within these parks, there are a total of 65 spaces (of which 0 spaces were vacant as of March 2022).

Exhibit 13. Inventory of Mobile/Manufactured Home Parks, Milwaukie UGB, 2022

Source: Oregon Manufactured Dwelling Park Directory, 2022

Name	Location	Type	Total Spaces	Vacant Spaces	Zone
King's Court Mobile City LLC	5990 SE King Rd	Family	43	0	R-3
Linwood Mobile Estates LLC	10523 SE Linwood Ave	55+	22	0	R-3
Total			65	0	

Demographic and Other Factors Affecting Residential Development in Milwaukie

Demographic trends are important for a thorough understanding of the dynamics of the Milwaukie housing market. Milwaukie exists in a regional economy; trends in the region impact the local housing market. This chapter documents demographic, socioeconomic, and other trends relevant to Milwaukie at the national, state, and regional levels.

Demographic trends provide a context for growth in a region; factors such as age, income, migration, and other trends show how communities have grown and how they will shape future growth. To provide context, we compare Milwaukie to Clackamas County and Oregon. We also compare Milwaukie to nearby cities where appropriate. Characteristics such as age and ethnicity are indicators of how the population has grown in the past and provide insight into factors that may affect future growth.

A recommended approach to conducting a housing capacity analysis is described in *Planning for Residential Growth: A Workbook for Oregon's Urban Areas*, the Department of Land Conservation and Development's guidebook on local housing needs studies. As described in the Workbook, the specific steps in the Housing Capacity Analysis are:

1. Project the number of new housing units needed in the next 20 years.
2. Identify relevant national, state, and local demographic and economic trends and factors that may affect the 20-year projection of structure type mix.
3. Describe the demographic characteristics of the population and, if possible, the housing trends that relate to demand for different types of housing.
4. Determine the types of housing that are likely to be affordable to the projected households based on household income.
5. Determine the needed housing mix and density ranges for each plan designation and the average needed net density for all structure types.
6. Estimate the number of additional needed units by structure type.

This chapter presents data to address steps 2, 3, and 4 in this list. The following chapter (page 59) presents data to address steps 1, 5, and 6 in this list.

Demographic and Socioeconomic Factors Affecting Housing Choice⁷

Analysts typically describe housing demand as the preferences for different types of housing (e.g., single-dwelling detached or apartment) and the ability to pay for that housing (the ability to exercise those preferences in a housing market by purchasing or renting housing; in other words, income or wealth).

Many demographic and socioeconomic variables affect housing choice. However, the literature about housing markets finds that age of the householder, size of the household, and income are most strongly correlated with housing choice.

- **Age of householder** is the age of the person identified (in the Census) as the head of household. Households make different housing choices at different stages of life. This chapter discusses generational trends, such as housing preferences of baby boomers (people born from about 1946 to 1964), millennials (people born from about 1980 to 2000), and Generation Z (people born after 1997).
- **Size of household** is the number of people living in the household. Younger and older people are more likely to live in single-person households. People in their middle years are more likely to live in multi-person households (often with children).
- **Household income** is probably the most important determinant of housing choice. Income is strongly related to the type of housing a household chooses (e.g., single-dwelling detached housing, duplexes, or buildings with more than five units) and to household tenure (e.g., rent or own).
- **Racial exclusion, neighborhood segregation, and exclusionary zoning** shaped development of Oregon's communities. The results of these policies are still seen in patterns of development and where people live.

This chapter focuses on these factors, presenting data that suggests how changes to these factors may affect housing need in Milwaukie over the next 20 years.

⁷ The research in this chapter is based on numerous articles and sources of information about housing and adapted to Milwaukie's unique circumstances from prior housing capacity analysis conducted by ECONorthwest.

National Trends⁸

This brief summary on national housing trends builds on previous work by ECONorthwest as well as Urban Land Institute (ULI) reports, conclusions from *The State of the Nation's Housing* report from the Joint Center for Housing Studies of Harvard University, and other research cited in this section. *The State of the Nation's Housing* report (2021) summarizes the national housing outlook as follows:

Even as the US economy continues to recover, the inequalities amplified by the COVID-19 pandemic remain front and center. Households that weathered the crisis without financial distress are snapping up the limited supply of homes for sale, pushing up prices and further excluding less affluent buyers from homeownership. At the same time, millions of households that lost income during the shutdowns are behind on their housing payments and on the brink of eviction or foreclosure. A disproportionately large share of these at-risk households are renters with low incomes and people of color. While policymakers have taken bold steps to prop up consumers and the economy, additional government support will be necessary to ensure that all households benefit from the expanding economy.

The domestic housing market sees many, interlocking challenges remaining as the world transitions from the COVID-19 pandemic. An extremely limited inventory of entry-level homes make housing unaffordable for many Americans, especially younger ones. However, the conditions for homebuying are ripe for many, resulting in strong demand in the market and increasing home sales prices to record levels. Furthermore, the costs of labor and materials to build new homes increased steeply. While current amount of new housing starts is robust, newly built homes will not make up the shortfall in residential housing in the near-term, especially for single-dwelling homes. The challenges and trends shaping the housing market are summarized below.

- **A continued bounce back in residential construction was led by an increase in single-dwelling and multi-dwelling housing starts.** After a sharp comeback in summer 2020 led by single-dwelling construction, single-dwelling housing starts fell below a 700,000-unit annual rate in April 2020 due to the COVID-19 pandemic. Following that dip, housing starts nearly doubled to a high of 1,315,000 new housing units in December 2020—marking it as the strongest month for single-dwelling homebuilding in over 13 years—with a consistent annual rate of production since then ranging from 1,061,000 to 1,255,000 units; most recently hitting 1,215,000 in February 2022. Multi-dwelling unit starts followed similar trends, reaching a 33-year high in January 2020 of more than half a million buildings with 5 units or more, then hitting a 6-year low in April 2020 of a quarter million. Since that low, multi-dwelling starts have increased 47%, reaching 501,000 units in February 2022.

⁸ These trends are based on information from (1) the Joint Center for Housing Studies of Harvard University's publication "The State of the Nation's Housing 2021," (2) Urban Land Institute, "2022 Emerging Trends in Real Estate," and (3) the US Census.

- **Strong construction numbers did not alleviate the shortage of existing homes for sale.** Inventories fell from three months in December 2019 to just under two months in December 2020, well below what is considered balanced (six months), with lower-cost and moderate-cost homes experiencing the tightest inventories. While *The State of the Nation's Housing* report cited the COVID-19 pandemic as sharing some blame for these tight conditions, the larger cause was the result of underproduction of new homes since mid-2000s. Restrictive land use regulations, the cost and availability of labor, and the cost of building materials were also cited as constraints on residential development.
- **Homeownership rates slowly, but consistently, increased.** After years of decline, the national homeownership rate increased slightly from 64.4% in 2018 to 65.5% in late 2021. Trends suggest the recent homeownership increases are among householders of all age groups, with households under age 35 making up the largest proportions of this increase. About 88% of net new growth (2013 to 2019) was among households with incomes of \$150,000 or more. Significant disparities also still exist between households of color and white households, with the Black-white homeownership gap being 28.1 percentage points in early 2021 and the Hispanic-white gap at 23.8 percentage points (a 1.8 percentage point decrease from 2019).
- **Housing affordability.** Despite a recent downward trend, 37.1 million American households spent more than 30% of their income on housing (Industry standard used for assessing affordability) in 2019, which is 5.6 million more households than in 2001. Renter households experienced cost burden at more than double the rate of homeowners (46% versus 21%) with the number of cost-burdened renters exceeding cost-burdened homeowners by 3.7 million in 2019. Affordability challenges were most likely to affect households with low incomes as 60% of renters and nearly half of homeowners earning less than \$25,000 were reported to be severely cost-burdened⁹ in 2019, as well as one in sixth renters and one in eight homeowners earning between \$25,000 and \$49,999. Households under the age of 25 and over the age of 85 had the highest rates of housing cost burden, as well as households of color.

The Department of Housing and Urban Development's guidelines indicate that households paying more than 30% of their income on housing experience "cost burden" and households paying more than 50% of their income on housing experience "severe cost burden." Using cost burden as an indicator is one method of determining how well a city is providing housing that is affordable to all households in a community.

- **Long-term growth and housing demand.** The Joint Center for Housing Studies forecasts that, nationally, demand for new homes could total as many as 10 million units between 2018 and 2028 if current low immigration levels continue. Much of the demand will come from baby boomers, millennials, Generation Z,¹⁰ and immigrants. The Urban Land

⁹ A household is considered cost-burdened if they spent 30% or more of their gross income on housing costs. They are severely cost burdened if they spent 50% or more of their gross income on housing costs.

¹⁰ According to the Pew Research Center, millennials were born between the years of 1981 to 1996 and Generation Z were born between 1997 and 2012 (inclusive). Read more about generations and their definitions here:

Institute cites an increased acceptance of working from home as increasing demand in more suburban or rural environments over closer-in markets.

- **Growth in rehabilitation market.**¹¹ Aging housing stock and poor housing conditions are growing concerns for jurisdictions across the United States. With the median age of the US housing stock rising to 41 years in 2019 from 34 years in 2009, Americans are spending in excess of \$400 billion per year on residential renovations and repairs. As housing rehabilitation becomes the primary solution to address housing conditions, the home remodeling market has grown nearly \$20 billion in 2017, topping out at \$433 billion in 2021.

Despite trends showing growth in the rehabilitation market, rising construction costs and complex regulatory requirements pose barriers to rehabilitation. Lower-income households (who are more likely to live in older housing than higher-income households), or households on fixed incomes, may defer maintenance for years due to limited financial means, escalating rehabilitation costs. At a certain point, the cost of improvements may outweigh the value of the structure, which may necessitate new responses such as demolition or redevelopment. Regardless, there is a rising urgency with the aging housing stock particularly in regard to increased disaster events caused by climate change. In 2019 spending on disaster repairs hit a record high of 10% of total rehabilitation spending and 2020 saw a record number of billion-dollar climate-related disasters.

- **Declining residential mobility.**¹² Residential mobility rates have declined steadily since 1980. Nearly one in five Americans moved every year in the 1980s, compared to one in ten Americans between 2018 and 2019. While residential mobility took a further dip in the initial stages of the COVID-19 pandemic, soon conditions emerged that encouraged homebuying, such as historically low mortgage rates, moves toward and the ensuing normalization of working from home, and a growing number of first-time Millennial buyers. Due to such conditions, existing home sales rose by more than 20% year over year from September 2020 through January 2021. These optimal buying conditions have created competition that puts an additional squeeze on the nationwide housing shortage, likely further dampening residential mobility.

Other reasons for decline in residential mobility include factors such as demographic, housing affordability, and labor-related changes. For instance, as baby boomers and millennials age, mobility rates are expected to fall, as people typically move less as they age. Harvard University's Research Brief (2020) also suggests that increasing housing

*****[pewresearch.org/fact-tank/2018/03/01/defining-generations-where-millennials-end-and-post-millennials-begin/](https://www.pewresearch.org/fact-tank/2018/03/01/defining-generations-where-millennials-end-and-post-millennials-begin/).

¹¹ These findings are copied from the Joint Center for Housing Studies. (2021). Improving America's Housing, Harvard University. Retrieved from:

*****.jchs.harvard.edu/sites/default/files/Harvard_JCHS_Improving_Americas_Housing_2019.pdf

¹² Frost, R. (2020). "Are Americans stuck in place? Declining residential mobility in the US." Joint Center for Housing Studies of Harvard University's Research Brief.

costs could be preventing people from moving if they are priced out of desired neighborhoods or if they prefer to stay in current housing as prices rise around them. Other factors that may impact mobility include the rise in dual-income households (which complicates job-related moves), the rise in work-from-home options, and the decline in company-funded relocations. While decline in mobility rates span all generations, they are greatest among young adults and renters, two of the more traditionally mobile groups.

- **Changes in housing demand.** Housing demand will be affected by changes in demographics, most notably the aging of baby boomers, housing preferences of millennials and Generation Z, and growth of immigrants.
 - *Baby boomers.* In 2020, the oldest members of this generation were in their seventies and the youngest were in their fifties. The continued aging of the baby boomer generation will affect the housing market. In particular, baby boomers will influence housing preference and homeownership trends. Preferences (and needs) will vary for boomers moving through their sixties, seventies, and eighties (and beyond). They will require a range of housing opportunities. For example, “aging baby boomers are increasingly renters-by-choice, [preferring] walkable, high-energy, culturally evolved communities.”¹³ Many seniors are also moving to planned retirement destinations earlier than expected, as they experience the benefits of work-from-home trends (accelerated by COVID-19). Additionally, the supply of caregivers is decreasing as people in this cohort move from giving care to needing care, making more inclusive, community-based, congregate settings more important. Senior households earning different incomes may make distinctive housing choices. For instance, low-income seniors may not have the financial resources to live out their years in a nursing home and may instead choose to downsize to smaller, more affordable units. Seniors living in proximity to relatives may also choose to live in multigenerational households.

Research shows that “older people in western countries prefer to live in their own familiar environment as long as possible,” but aging in place does not only mean growing old in their own homes.¹⁴ A broader definition exists, which explains that aging in place means “remaining in the current community and living in the residence of one’s choice.”¹⁵ Some boomers are likely to stay in their home as long as they are able, and some will prefer to move into other housing products, such as multi-dwelling housing or age-restricted housing developments, before they move into to a dependent-living facility or into a familial home. Moreover, “the aging of the US population, [including] the continued growth in the percentage of single-person households, and the demand for a wider range of housing choices in

¹³ Urban Land Institute. *Emerging Trends in Real Estate, United States and Canada*. 2019.

¹⁴ Vanleerberghe, Patricia, et al. (2017). *The quality of life of older people aging in place: a literature review*.

¹⁵ *Ibid.*

communities across the country is fueling interest in new forms of residential development, including tiny houses.”¹⁶

- *Millennials.* Over the last several decades, young adults have increasingly lived in multigenerational housing—more so than older demographics.¹⁷ However, as millennials move into their early to mid-thirties, postponement of family formation is ending, and millennials are more frequently becoming homeowners, frequently of detached, single-dwelling homes.

At the beginning of the 2007–2009 recession, millennials only started forming their own households. The number of millennials homeowners have seen an uptick over the past few years. While the overall U.S. homeownership rate slowly decreased from 2009 to 2019, the millennial homeownership rate increased from 33% in 2009 to 43% in 2019, with 6% of that growth since 2016. The age group of 35 years old and younger accounted for about 15% of the annual household growth in 2019, up from about 10% in 2018. Older millennials (those age 35-44) also accounted for a growing share of growth in homeownership.¹⁸ However, racial disparities also exist in millennial homeownership rates, with Non-Hispanic White homeowners accounting for 53%, Hispanic homeowners for 35%, and Black homeowners for 21%.¹⁹

As this generation continues to progress into their homebuying years, they will seek out affordable, modest-sized homes. This will prove challenging as the market for entry-level single-dwelling homes has remained stagnant. Although construction of smaller homes (< 1,800 sq. ft.) increased in 2019, it only represented 24% of single-dwelling units.

Millennials’ average wealth may remain far below boomers and Gen Xers, and student loan debt will continue to hinder consumer behavior and affect retirement savings. As of 2022, millennials comprised 43% of home buyers, while Gen Xers comprised 22% and boomers 29%.²⁰ “By the year 2061, it is estimated that \$59 trillion will be passed down from boomers to their beneficiaries,” presenting new opportunities for millennials (as well as Gen Xers).²¹

- *Generation Z.* In 2020, the oldest members of Generation Z were in their early twenties and the youngest in their early childhood years. By 2040, Generation Z will

¹⁶ American Planning Association. Making Space for Tiny Houses, Quick Notes.

¹⁷ According to the Pew Research Center, in 1980, just 11% of adults aged 25 to 34 lived in a multigenerational family household, and by 2008, 20% did (82% change). Comparatively, 17% of adults aged 65 and older lived in a multigenerational family household, and by 2008, 20% did (18% change).

¹⁸ The Joint Center for Housing Studies of Harvard University’s publication “The State of the Nation’s Housing 2021”

¹⁹ “Millennials and Housing: Homeownership Demographic Research.” Freddie Mac Single-Family, 2021.

*****sf.freddiemac.com/content/_assets/resources/pdf/fact-sheet/millennial-playbook_millennials-and-housing.pdf.

²⁰ National Association of Realtors. (2020). 2020 Home Buyers and Sellers Generational Trends Report, March 2020. Retrieved from: <https://www.nar.realtor/research-and-statistics/research-reports/home-buyer-and-seller-generational-trends>

²¹ PNC. (n.d.). Ready or Not, Here Comes the Great Wealth Transfer. Retrieved from: <https://www.pnc.com/en/about-pnc/topics/pnc-pov/economy/wealth-transfer.html>

be between 20 and 40 years old. While they are more racially and ethnically diverse than previous generations, when it comes to key social and policy issues, they look very much like millennials. Generation Z enters into adulthood with a strong economy and record-low unemployment, despite the uncertainties of the long-term impacts of COVID-19 Pandemic.²²

Gen Z individuals have only just started entering the housing market in the past few years, and with a maximum age range of 23 as of 2022, this age cohort is the smallest so far in terms of home buyers and sellers, accounting for 2% of each type. While researchers do not yet know how Generation Z will behave in adulthood, many expect they will follow patterns of previous generations.²³ A segment is expected to move to urban areas for reasons similar to previous cohorts (namely, the benefits that employment, housing, and entertainment options bring when they are in close proximity). However, this cohort is smaller than millennials (67 million vs. 72 million), which may lead to slowing real estate demand in city centers.

- *Immigrants.* Research on foreign-born populations shows that immigrants, more than native-born populations, prefer to live in multigenerational housing. Still, immigration and increased homeownership among minorities could also play a key role in accelerating household growth over the next 10 years. Current Population Survey estimates indicate that the number of foreign-born households rose by nearly 400,000 annually between 2001 and 2007, and they accounted for nearly 30% of overall household growth. Beginning in 2008, the influx of immigrants was stanching by the effects of the Great Recession. After a period of declines, the foreign-born population again began contributing to household growth, despite decline in immigration rates in 2019. The Census Bureau's estimates of net immigration in 2021 indicate that just 247,000 immigrants moved to the United States from abroad, down from a previous high of 1,049,000 between 2015-2016.²⁴ As noted in *The State of the Nation's Housing 2020* report, "because the majority of immigrants do not immediately form their own households upon arrival in the country, the drag on household growth from lower immigration only becomes apparent over time."
- *Diversity.* The growing diversity of American households will have a large impact on the domestic housing markets. Over the coming decade, minorities will make up a larger share of young households and constitute an important source of demand for both rental housing and small homes. The growing gap in homeownership rates between White and Black/African American households, as well as the larger share

²² Parker, K. & Igielnik, R. (2020). On the cusp of adulthood and facing an uncertain future: what we know about gen Z so far. Pew Research Center. Retrieved from: <https://www.pewsocialtrends.org/essay/on-the-cusp-of-adulthood-and-facing-an-uncertain-future-what-we-know-about-gen-z-so-far/>

²³ "2021 Home Buyers and Sellers Generational Trends Report." National Association of Realtors, 2021. ***** .nar.realtor/sites/default/files/documents/2021-home-buyers-and-sellers-generational-trends-03-16-2021.pdf.

²⁴ Jason Schachter, Pete Borsella, and Anthony Knapp (US Census, December 21, 2021), ***** .census.gov/library/stories/2021/12/net-international-migration-at-lowest-levels-in-decades.html.

of minority households that are cost burdened, warrants consideration. White households had a 74.4% homeownership rate in 2021 compared to a 43.1% rate for Black households²⁵. This 30-percentage point gap is the largest disparity since 1983. Although homeownership rates are increasing for some minorities, Black and Hispanic households are more likely to have suffered disproportionate impacts of the pandemic and forced sales could negatively impact homeownership rates. This, combined with systemic discrimination in the housing and mortgage markets and lower incomes relative to white households, leads to higher rates of cost burden for some groups of people. For example, of renters in arrears, Black renters account for 29% and Hispanic renters for 21%, compared to white renters at 11%. Additionally, for low-income renters earning less than \$25,000, Hispanic and Black renters faced higher cost burden rates (86 and 8 %respectively) than white renters at 80%. For low-income homeowners, 72% of Hispanics, 74% of Blacks and 84% of Asians faced cost burdens, compared to 68% of white households. As noted in *The State of the Nation's Housing (2020)* report, "the impacts of the pandemic have shed light on the growing racial and income disparities in the nation between the nation's haves and have-nots are the legacy of decades of discriminatory practices in the housing market and in the broader economy."

- **Changes in housing characteristics.** The US Census Bureau's Characteristics of New Housing Report (2020) presents data that show trends in the characteristics of new housing for the nation, state, and local areas. Several long-term trends in the characteristics of housing are evident from the New Housing Report:²⁶
 - *Larger single-dwelling units on smaller lots.* Between 2000 and 2020, the median size of new single-dwelling dwellings increased by nearly 10% nationally, from 2,057 sq. ft. to 2,261 sq. ft., and 14% in the western region from 2,014 sq. ft. in 1999 to 2,242 2,279 sq. ft. in 2020. Moreover, the percentage of new units smaller than 1,400 sq. ft. nationally decreased by a half, from 14% in 2000 to 7% in 2020. The percentage of units greater than 3,000 sq. ft. increased from 18% in 2000 to 23% of new single-dwelling homes completed in 2020. In addition to larger homes, a move toward smaller lot sizes was seen nationally. Between 2010 and 2020, the percentage of lots less than 7,000 sq. ft. increased from 25.5% to 34.8% of lots.

Based on national study about home buying preferences that differ by race/ethnicity, African American home buyers wanted a median unit size of 2,664 sq. ft. compared to 2,347 sq. ft. for Hispanic buyers, 2,280 sq. ft. for Asian buyers, and 2,197 sq. ft. for white buyers.²⁷ This same study found that minorities were less likely to want large lots.

²⁵ "Federal Reserve Economic Data: Fred: St. Louis Fed," Federal Reserve Economic Data (Federal Reserve Bank of St. Louis), accessed April 18, 2022, <https://fred.stlouisfed.org/>.

²⁶ US Census Bureau, Highlights of Annual 2020 Characteristics of New Housing. Retrieved from: [*****.census.gov/construction/chars/highlights.html](https://www.census.gov/construction/chars/highlights.html)

²⁷ Quint, Rose. (April 2014). *What Home Buyers Really Want: Ethnic Preferences*. National Association of Home Builders.

- *Larger multi-dwelling units.* Between 2000 and 2020, the median size of new multi-dwelling dwelling units increased by 4.6% nationally. In the western region, the median size increased by 3.6%. Nationally, the percentage of new multi-dwelling units with more than 1,200 sq. ft. increased from 29.5% in 2000 to 32.8% in 2020 and increased from 23.3% to 25.2% in the western region.
- *Household amenities.* Across the United States since 2013, an increasing number of new units had air-conditioning (fluctuating year by year at over 90% for both new single-dwelling and multi-dwelling units). In 2000, 93% of new single-dwelling houses had two or more bathrooms, compared to 96.8% in 2020. The share of new multi-dwelling units with two or more bathrooms decreased from 55% of new multi-dwelling units to 42.6%. As of 2020, 92% of new single-dwelling houses in the United States had garages for one or more vehicles (from 88% in 2000). Additionally, if work-from-home dynamics remain a more permanent option, then there may be rising demand for different housing amenities such as more space for home offices or larger yards for recreation.
- *Shared amenities.* Housing with shared amenities grew in popularity, as it may improve space efficiencies and reduce per-unit costs/maintenance costs. Single-room occupancies (SROs),²⁸ cottage clusters, cohousing developments, and multi-dwelling products are common housing types that take advantage of this trend. Shared amenities may take many forms and include shared bathrooms, kitchens, other home appliances (e.g., laundry facilities, outdoor grills), security systems, outdoor areas (e.g., green spaces, pathways, gardens, rooftop lounges), fitness rooms, swimming pools, tennis courts, and free parking.²⁹

State Trends

In August 2019, the State of Oregon passed statewide legislation—Oregon House Bill 2001 and 2003. **House Bill 2001 (HB2001)** required many Oregon communities to accommodate middle housing within single-family neighborhoods. “Medium cities”—those with 10,000 to 25,000 residents outside the Portland metro area—are required to allow duplexes on each lot or parcel where a single-family home is allowed. “Large cities”—those with over 25,000 residents and nearly all jurisdictions in the Portland metro urban growth boundary (UGB)—must meet the same duplex requirement, in addition to allowing single-family homes and

Middle housing is generally built at a similar scale as single-family homes but at higher residential densities. It provides a range of housing choices at different price points within a community.

²⁸ Single-room occupancies are residential properties with multiple single-room dwelling units occupied by a single individual. From: US Department of Housing and Urban Development. (2001). *Understanding SRO*. Retrieved from: <http://hudexchange.info/resources/documents/Understanding-SRO.pdf>

²⁹ Urbsworks. (n.d.). Housing Choices Guidebook: A Visual Guide to Compact Housing Types in Northwest Oregon. Retrieved from: https://www.oregon.gov/lcd/Publications/Housing-Choices-Booklet_DIGITAL.pdf

Saiz, Albert and Salazar, Arianna. (n.d.). Real Trends: The Future of Real Estate in the United States. Center for Real Estate, Urban Economics Lab.

triplexes, fourplexes, town homes, and cottage clusters in all areas that are zoned for residential use. Note that the middle housing types (other than duplexes) do not have to be allowed on *every* lot or parcel that allows single-family homes, which means that larger cities maintain some discretion.

House Bill 2003 (HB2003) envisions reforming Oregon’s housing planning system from a singular focus (on ensuring adequate available land) to a more comprehensive approach that also achieves these critical goals: (1) support and enable the construction of sufficient units to accommodate current populations and projected household growth and (2) reduce geographic disparities in access to housing (especially affordable and publicly supported housing). In that, HB 2003 required the development of a methodology for projecting *regional* housing need and required allocating that need to local jurisdictions. It also expanded local government responsibilities for planning to meet housing need by requiring cities to develop and adopt housing production strategies.

Oregon developed its *2021-2025 Consolidated Plan*, which includes a detailed housing needs analysis as well as strategies for addressing housing needs statewide. The plan concluded that the “state’s performance in accomplishing past goals has been very strong, and project areas of focus remain consistent with the current needs identified in this new five-year plan. Tenant based rental assistance, in particular, has demonstrated strong demand, as has the ongoing need for rental units (including those newly developed) which meet fair market rent standards, and community facilities. The unusual events during 2020—the COVID-19 pandemic and historical wildfire activity—tilt current needs and priorities toward housing stability efforts, as well as community health care projects and access to telehealth services.” It identified the following top needs in its Needs Assessment:³⁰

- The most common housing problem in Oregon is cost burden. Nearly 390,000 households pay more than 30% of their incomes in housing costs, up by 7% since the last five-year Consolidated Plan. Renters are more likely to be cost burdened. About 27% of Oregon renters households were found to be severely cost burdened. This proportion increased significantly from 2000 (19%) and disproportionate falls on persons of color in the state: more than 50% of households with persons of color are cost burdened compared to 34% of white households.
- Cost burden largely affects those with lower incomes—especially extremely low and very low-income renters, who have cost burden rates of 70 and 76%, respectively.
- According to Oregon’s Statewide Housing Plan for 2019-2023, more than 85,000 units affordable to extremely low-income households (making less than 30% AMI) are needed to meet demand and more than 26,000 units affordable to moderate income households,

³⁰ These conclusions are copied directly from the report, Oregon’s 2021–2025 Consolidated Plan. Retrieved from: [*****.oregon.gov/ohcs/development/Documents/conplan/2021-2025%20Action%20Plan/State-of-Oregon-2021-2025-Consolidated-Plan-Final-with-appendices.pdf](https://www.oregon.gov/ohcs/development/Documents/conplan/2021-2025%20Action%20Plan/State-of-Oregon-2021-2025-Consolidated-Plan-Final-with-appendices.pdf).

making 50% to 80% AMI are needed to meet demand. This is down from the previous gap of 102,500 units in the 2016-2021 Plan.

By income range and special need, the estimated needs of Oregon households include the following:

- Extremely low-income families—those earning incomes below the poverty level—total nearly 182,000 households in Oregon. Those with unmet housing needs will grow by 10,000 over the next five years.
- Low-income families—those earning incomes between the poverty level and the median income—total 261,000 in Oregon. Their needs will grow by much less (8,300 additional households) over the next five years.
- Elderly households (62+) total nearly 905,381 and live in 526,675 households. Of these households, 23% have unmet housing needs. Those with unmet housing needs are expected to grow by 7,000 households by 2025. Many of these needs will take the form of home accessibility modifications, home repairs, and home health care, as seniors make up a large share of residents who live alone and who have disabilities. Frail elderly (defined as an elderly person who requires assistance with three or more activities of daily living) total 61,518 residents.
- Oregon residents with disabilities total 581,000 and occupy 428,000 households. By 2025, these households with needs will grow by nearly 12,000.
- More than 300,000 persons in Oregon struggled with substance abuse challenges before the COVID-19 pandemic occurred, and these needs have grown during the pandemic. Oregonians who have ever had mental health challenges total 757,000 with 172,000 having serious mental health challenges.
- Approximately 178,000 residents 18 and older in Oregon have experienced some type of domestic violence, dating violence, sexual assault and/or stalking by an intimate partner in the previous year. In the most severe cases, these victims must leave their homes—an estimated 4,200 residents who are victims of domestic violence in Oregon require housing services each year.
- Nearly 16,000 people were identified as experiencing houselessness in Oregon in 2019, an increase of 13% since 2017. Two in three are unsheltered.
- Nearly 17,000 households live in substandard housing, based on Census surveys of housing units lacking complete plumbing or kitchen facilities. The number of households in substandard housing decreased by 4% compared to the 2021-2025 plan.
- Approximately 29,000 households live in units that are either overcrowded or severely overcrowded. The number of households in overcrowded conditions increased by 19% since the last plan. For housing to be considered affordable, a household should pay up to one-third of their income toward rent, leaving money left over for food, utilities, transportation, medicine, and other basic necessities.

As part of the Consolidated Plan’s Stakeholder perspective, activities to address urgent housing needs selected by the greatest number of respondents were:

- Housing activities that result in more rental units for households with income below 60% of AMI and households with incomes between 60% and 80% of AMI; emergency shelters for people who are houseless; and transitional housing for people moving out of houselessness;
- Repurposing vacant buildings for affordable housing; and
- Affordable and accessible housing for people with disabilities.
- In 2022, minimum wage in Oregon³¹ was \$12.75, compared to \$14.00 in the Portland metro and \$12.00 for nonurban counties.

Oregon developed its *Statewide Housing Plan 2019-2023* in 2019.³² The Plan identified six housing priorities to address in communities across the state over the 2019 to 2023 period (summarized below). In January 2022, Oregon Housing and Community Services (OHCS) released a summary of their progress.³³ The following section includes summaries and excerpts from their status report:

- **Equity and Racial Justice.** *Advance equity and racial justice by identifying and addressing institutional and systemic barriers that have created and perpetuated patterns of disparity in housing and economic prosperity.*

OHCS continued it built relationships, tools, and connections to further its equity and racial justice focus. OHCS continued to gather and update Culturally Specific Organization (CSO) list, tracking funding received by CSOs. OHCS developed customized tools for equity and racial analysis and got ready to start equity and inclusion training for OHCS staff and committee chairs

- **Houselessness.** *Build a coordinated and concerted statewide effort to prevent and end houselessness, with a focus on ending unsheltered houselessness of Oregon’s children and veterans.*

The Homeless Services Section (HSS) made progress in demonstrating increased Housing Stability with 26,940 households paid out via the Oregon Emergency Rental Assistance Program. Additional staffing and funding (\$100 million) were secured in order to build a program of eviction prevention. OHCS developed a dashboard to provide transparency into processing, equity, and capacity issues related to

³¹ The 2016 Oregon Legislature, Senate Bill 1532, established a series of annual minimum wage rate increases beginning July 1, 2016, through July 1, 2022. Retrieved from:

*****.oregon.gov/boli/whd/omw/pages/minimum-wage-rate-summary.aspx

³² This section uses many direct excerpts from the OHCS Statewide Housing Plan 2019-2023. Oregon Statewide Housing Plan. <https://www.oregon.gov/ohcs/Documents/swhp/SWHP-Report-Y1-Summary.pdf>

³³ This section uses many direct excerpts from the OHCS Statewide Housing Plan, Year 3 Quarter 1 Update September 2021 Report to HSC. Oregon Statewide Housing Plan, Status Reports.<https://www.oregon.gov/ohcs/Documents/swhp/01-07-2022-JAN-SWHP-Quarterly-Summary.pdf>

houselessness. OHCS executed grant agreements with HSS providers to deliver strategic housing stability services for those that have not been able to access supports. Work is ongoing to enter more partnerships with new investments in eviction prevention.

- **Permanent Supportive Housing.** *Invest in permanent supportive housing (PSH), a proven strategy to reduce chronic houselessness and reduce barriers to housing stability.*

OHCS funded and/or created 915 of their 1,000 PSH-unit targets. In addition, 416 of the 916 supportive home units were funded with PSH resource. Other accomplishments were developing a compliance and monitoring plan for PSH, distribution of service funds, outreach to partners to ensure PSH resource information is reaching tribal and rural partners, and a hiring staff to support the PSH program.

- **Affordable Rental Housing.** *Work to close the affordable rental housing gap and reduce housing cost burden for low-income Oregonians.*

OHCS funded and/or created 18,329 affordable rental homes of their 25,000-home target. OHCS developed internal tools such as a reporting matrix for analysis of sub-contracts and an incorporated Compliance Policy and conducted community outreach with a tribal housing workgroup rules committee. OHCS also conducted a survey to get initial feedback on key program topics and projected changes, along with additional outreach on related issues.

- **Homeownership.** *Provide more low and moderate-income Oregonians with the tools to successfully achieve and maintain homeownership, particularly in communities of color.*

OHCS assisted 1,187 households in becoming successful homeowners, part of its target to assist a total of 6,500 homes. OHCS made strides in double the number of homeowners of colors in its homeownership programs. OHCS launched new programs to support homeownership, including lending programs. In order to align programs with the needs of communities of color, OHCS developed relationships with underrepresented organizations, maintained addressing the needs of Communities of Color as a focus in its programmatic frameworks, and regularly shared and encouraged training opportunities with its team.

- **Rural Communities.** *Change the way OHCS does business in small towns and rural communities to be responsive to the unique housing and service needs and unlock the opportunities for housing development.*

OHCS focused on developing a better understanding of rural community needs and increasing rural capacity to build more affordable housing. OHCS hired a program manager for rural communities and delivered funding for multiple direct awards, increased funding for CSOs, and updated its Land Acquisition Program to include new funding amounts and set asides. OHCS funded and/or created 2,158 units in rural communities out of a total of 2,543 units in the 5-year goal, or 85% of its target.

Impacts of Racism on Housing Opportunities

Within Oregon and Clackamas County, historical policies affected and continue to affect availability of housing for BIPOC. These include (but are not limited) to the following governmental policies.

- **Racial exclusion and discrimination** in Oregon predate the ratification of the 14th amendment, the Chinese Exclusion Act, the Civil Rights Movement, and its statehood. Oregon’s historical discriminatory practices are not isolated to one particular racial or ethnic group; rather, they embodied European exceptionalism, ensured Anglo-American dominance, and provided white settlers and residents with advantages over non-white settlers. While some of these practices took place hundreds of years ago, others were carried well into the twentieth century, creating lasting impacts on the communities they targeted. These practices have shaped what Oregon’s communities look like today.
- **Neighborhood Segregation and Housing Biases** exhibited in Redlining, or the denial of services—including financial—based on race or ethnicity, was carried out in Oregon until the 1990s, long after the Fair Housing Act of 1968 was passed. In Clackamas County, private sellers, lending institutions, and real estate developers utilized racial covenants and exclusionary zoning to establish and maintain segregated neighborhoods in the early twentieth century. Some of these exclusionary communities would go on to become the county’s most affluent areas.³⁴
- **Exclusionary zoning** was used by Clackamas County to ensure its image of affluence. With the passage of Oregon Senate Bill 212 (1919), cities were allowed to create and enforce land use ordinances and form planning commissions. Twenty years later, Clackamas County become deeply involved in the planning process, regulating industrial zones and establishing limitations for housing density and restrictions against multifamily development.³⁵
- **Economic inequalities**, following the Great Recession, among non-White communities became further pronounced. Black people experienced unemployment rates double that of White people following the downtown while Native Americans had an unemployment rate 70 percent higher.³⁶ Milwaukie and Clackamas County have a considerable amount of work to do to address the historical inequalities, through development of new policies that support integrating equity into their decision-making systems.

³⁴ Portland State University. 2019. *Invisible Walls: Housing Discrimination in Clackamas County*, HST 4/595, Public History Seminar: Understanding Residential Segregation in Oregon

³⁵ Portland State University. 2019. *Invisible Walls: Housing Discrimination in Clackamas County*, HST 4/595, Public History Seminar: Understanding Residential Segregation in Oregon

³⁶ Bates, L.K., A., Curry-Stevens, and Coalition of Communities of Color. 2014. *The African American Community in Multnomah County: An Unsettling Profile*. Portland, OR: Portland State University; Curry-Stevens, A., A. Cross-Hemmer, and Coalition of Communities of Color. 2011. *The Native American Community in Multnomah County: An Unsettling Profile*. Portland, OR: Portland State University.

Regional and Local Demographic Trends May Affect Housing Need in Milwaukee

Demographic trends that might affect the key assumptions used in the baseline analysis of housing need are (1) the aging population, (2) changes in household size and composition, and (3) increases in diversity.

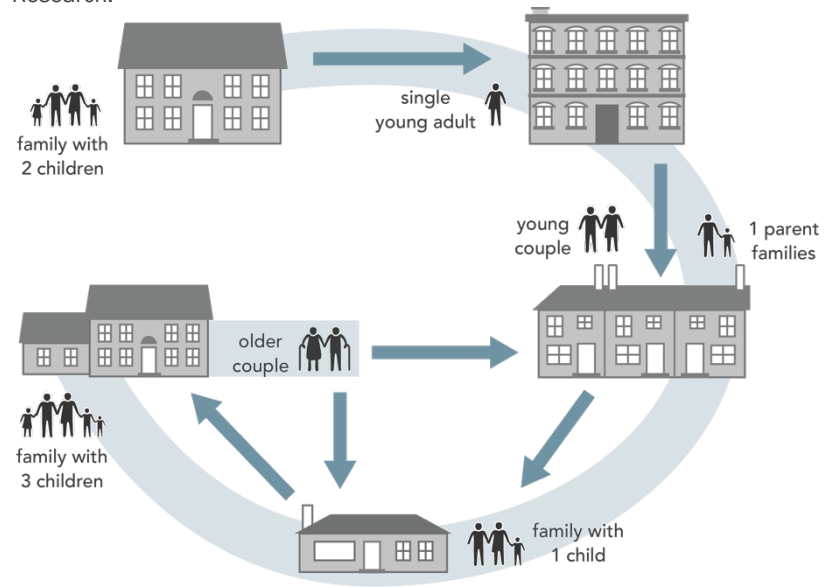
An individual's housing needs change throughout their life, with changes in income, family composition, and age. The types of housing needed by a 20-year-old college student differ from the needs of a 40-year-old parent with children, or an 80-year-old single adult. As Milwaukee's population ages, different types of housing will be needed to accommodate older residents. The housing characteristics by age data below reveal this cycle in action in Milwaukee.

Housing needs and preferences change in predictable ways over time, such as with changes in marital status and size of family.

Households of different sizes need different types of housing.

Exhibit 13. Effect of Demographic Changes on Housing Need

Source: ECONorthwest, adapted from Clark, William A.V. and Frans M. Dieleman. 1996. *Households and Housing*. New Brunswick, NJ: Center for Urban Policy Research.



Growing Population

Milwaukie's population growth will drive future demand for housing in the city over the planning period. Milwaukie must use this forecast as the basis for forecasting housing growth over the 2023 to 2043 period.

Exhibit 14 shows that Milwaukie's population grew by 4% between 2000 and 2021. Milwaukie added 745 new residents, at an average annual growth rate of 0.2%.

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Exhibit 14. Population, Milwaukie (city limits), the Portland region, Oregon, U.S., 2000, 2010, 2021

Source: US Decennial Census 2000 and 2010, and Portland State University, Population Research Center.

	2000	2010	2021	Change 2000 to 2021		
				Number	Percent	AAGR
U.S.	281,421,906	308,745,538	332,915,073	51,493,167	18%	0.8%
Oregon	3,421,399	3,831,074	4,266,560	845,161	25%	1.1%
Portland Tri-County	1,444,219	1,641,036	1,851,024	406,805	28%	1.2%
Milwaukie	20,490	20,291	21,235	745	4%	0.2%

Aging Population

This section shows two key characteristics of Milwaukie's population, with implications for future housing demand in Milwaukie:

- **Milwaukie's senior population grew between 2000 and 2019 and is expected to continue to increase.** Milwaukie currently has a smaller share of people over 60 years old than Clackamas County. The Clackamas County forecast share of residents aged 60 years and older will account for 27% of its population (2040), compared to 20% in the 2015-2019 period. It is reasonable to expect that Milwaukie's senior population will grow consistent with regional trends, which will increase demand for housing that is suitable for seniors.

The impact of growth in seniors in Milwaukie will depend, in part, on whether older people already living in Milwaukie continue to reside there as they retire. National surveys show that, in general, most retirees prefer to age in place by continuing to live in their current home and community as long as possible.³⁷

Growth in the number of seniors will result in demand for housing types specific to seniors, such as small and easy-to-maintain dwellings, assisted-living facilities, or age-restricted developments. Senior households will make a variety of housing choices, including remaining in their homes as long as they are able, downsizing to smaller single-dwelling homes (detached and attached) or multi-dwelling units, or moving into group housing (such as assisted-living facilities or nursing homes) as their health declines. The challenges aging seniors face in continuing to live in their community

³⁷ A survey conducted by the AARP indicates that 90% of people 50 years and older want to stay in their current home and community as they age. See <http://www.aarp.org/research>.

include changes in health-care needs, loss of mobility, the difficulty of home maintenance, financial concerns, and increases in property taxes.³⁸

- **Milwaukie has a slightly larger proportion of younger working-aged people than Clackamas County and Oregon.** About 32% of Milwaukie’s population is between 20 and 39 years old, compared to 30% of the Portland region and 28% of Oregon.

People roughly aged 20 to 40 now are referred to as the millennial generation and account for the largest share of population in Oregon. By 2040, they will be about 40 to 60 years of age. Generation Z (those aged roughly 10 to 19 now) will be between 30 and 40 years old. The forecast for Clackamas County shows growth across both of these age groups through 2040, with the largest growth for people 40 to 59 years old in 2040.

Milwaukie is currently attracting millennials. The community’s ability to continue to attract and retain people in this age group will depend, in large part, on whether the city has opportunities for housing that both appeals to and is affordable to millennials and Generation Z, as well as jobs that allow younger people to live and work in Milwaukie.

In the near-term, millennials and Generation Z may increase demand for rental units. Research suggests that millennials’ housing preferences may be similar to baby boomers, with a preference for smaller, less-costly units. Surveys about housing preference suggest that millennials want affordable single-dwelling homes in areas that offer transportation alternatives to cars, such as suburbs or small cities with walkable neighborhoods.³⁹ Recent growth in homeownership among millennials proves that millennials prefer to become homeowners, with the millennial homeownership rate increased from 33% in 2009 to 43% in 2019.⁴⁰ While researchers do not yet know how Generation Z will behave in adulthood, many expect they will follow patterns of previous generations.⁴¹

A survey of people living in the Portland region shows that millennials prefer single-dwelling detached housing. The survey finds that housing price is the most important factor in choosing housing for younger residents.⁴² The survey results suggest millennials are more likely than other groups to prefer housing in an urban neighborhood or town center. While this survey is older and for the entire Portland

³⁸ “Aging in Place: A toolkit for Local Governments” by M. Scott Ball.

³⁹ The American Planning Association, “Investing in Place; Two generations’ view on the future of communities.” 2014.

“Access to Public Transportation a Top Criterion for Millennials When Deciding Where to Live, New Survey Shows,” Transportation for America.

“Survey Says: Home Trends and Buyer Preferences,” National Association of Home Builders International Builders

⁴⁰ “Millennials and Housing: Homeownership Demographic Research.” Freddie Mac Single-Family, 2021.

*****sf.freddiemac.com/content/_assets/resources/pdf/fact-sheet/millennial-playbook_millennials-and-housing.pdf.

⁴¹ “2021 Home Buyers and Sellers Generational Trends Report.” National Association of Realtors, 2021.

*****.nar.realtor/sites/default/files/documents/2021-home-buyers-and-sellers-generational-trends-03-16-2021.pdf.

⁴² Davis, Hibbits, & Midghal Research, “Metro Residential Preference Survey,” May 2014.

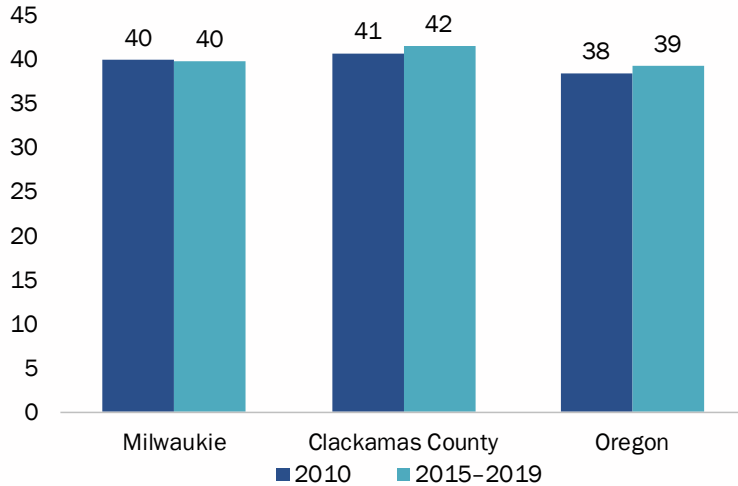
region, it shows similar results to national surveys and studies about housing preference for millennials.

Growth in millennials and Generation Z in Milwaukie will result in increased demand for both affordable single-dwelling detached housing (such as small single-dwelling detached units like cottages), as well as increased demand for affordable town houses and multi-dwelling housing. Growth in this population will result in increased demand for both ownership and rental opportunities, with an emphasis on housing that is comparatively affordable. There is potential for attracting new residents to housing in Milwaukie’s commercial areas, especially if the housing is relatively affordable and located in proximity to services.

From 2000 to 2015-2019, Milwaukie’s median age remained stable even as the median age for Clackamas County and Oregon increased.

Exhibit 15. Median Age, Milwaukie, Clackamas County, and Oregon, 2000 to 2015–2019

Source: US Census Bureau, 2000 Decennial Census Table B01002, 2015–2019 ACS, Table B01002.



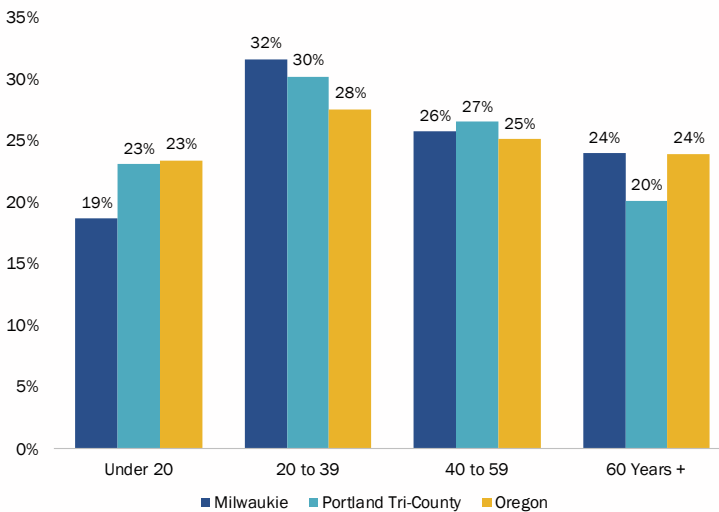
In the 2015-2019 period, about 57% of Milwaukie’s residents were between the ages of 20 and 59 years.

Milwaukie had a higher share of people over the age of 60 than the Portland region.

About a fifth of Milwaukie’s population is under 20 years old.

Exhibit 16. Population Distribution by Age, Milwaukie, the Portland region, and Oregon, 2015–2019

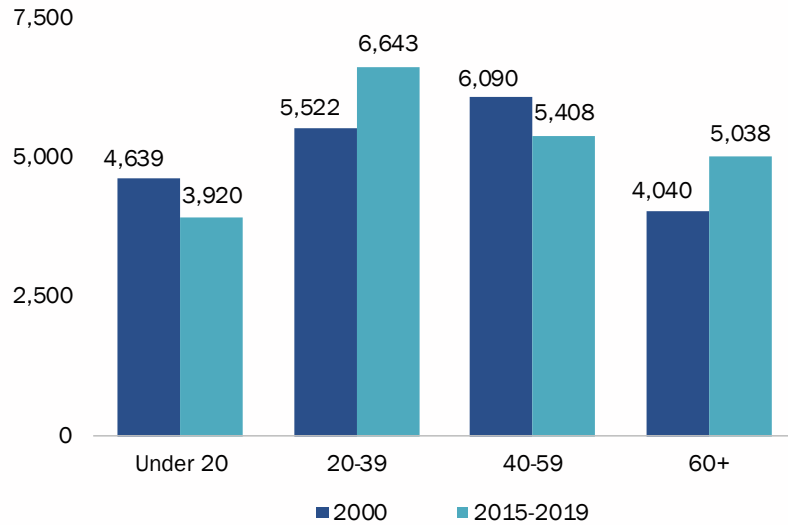
Source: US Census Bureau, 2015–2019 ACS, Table B01001.



Between 2000 and 2015-2019, all age groups in Milwaukie grew in size.

The largest increase in residents were those aged 20-39 (growth of 1,121 people) followed by those aged 60+ (growth of 998 people).

Exhibit 17. Population Growth by Age, Milwaukie, 2000, 2015-2019
Source: US Census Bureau, 2000 Decennial Census Table P012 and 2015-2019 ACS, Table B01001.

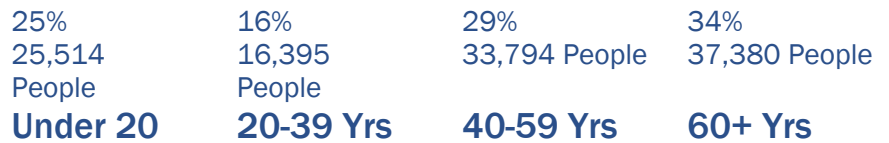


People in all age groups are expected to grow in Clackamas County over the next two decades.

The groups to add the most people is those over the age of 60 is forecast to grow by 34%, adding more than 37,000 new people. People aged 40 to 59 are forecast to grow by nearly as many, adding 34,000 people.

Exhibit 18. Fastest-Growing Age Groups, Clackamas County, 2020 to 2040

Source: PSU Population Research Center, Clackamas County Forecast, June 2021

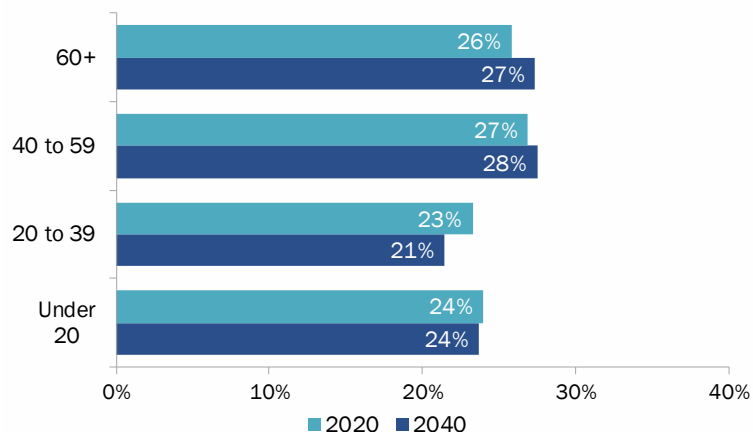


By 2040, it is forecasted that Clackamas County residents aged 40 and older will make up 55% of the county's total population.

This accounts for a 2% increase from this age cohort's population estimate for 2020.

Exhibit 19. Population Growth by Age Group, Clackamas County, 2020 and 2040

Source: PSU Population Research Center, Clackamas County Forecast, June 2018.



Increased Ethnic Diversity

The number of residents that identified as Latino/a/x increased in Milwaukie by 516 people, from 1,426 people in 2010 to 1,942 people in the 2015-2019 period. The US Census Bureau forecasts that at the national level, the Latino/a/x population will continue growing faster than most other non-Latino/a/x populations between 2020 and 2040. The Census forecasts that the Latino/a/x population will increase 93%, from 2016 to 2060, and foreign-born Latino/a/x populations will increase by about 40% in that same time.⁴³

Continued growth in the Latino/a/x population will affect Milwaukie's housing needs in a variety of ways. Growth in first and, to a lesser extent, second and third-generation Latino/a/x immigrants will increase demand for larger dwelling units to accommodate the, on average, larger household sizes for these households. In that, Latino/a/x households are twice likely to include multigenerational households than the general populace.⁴⁴ As Latino/a/x households change over generations, household size typically decreases, and housing needs become similar to housing needs for all households.

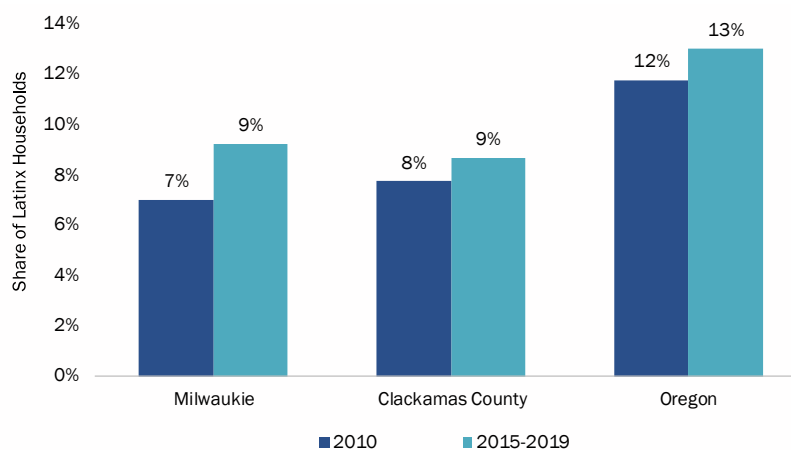
According to the *State of Hispanic Homeownership* report from the National Association of Hispanic Real Estate Professionals, the Latino population accounted for 29.2% of the nation's new household formation between 2017 and 2021.⁴⁵ The rate of homeownership for Latino households increased from 45.6% in 2015 to 48.4% in 2021. Latino homeownership growth has remained steady over the last decade and is at its highest rates since 2009.

The share of Milwaukie's households that identified as Latino/a/x increased from 2000 and 2015-2019 at a faster rate than both the county and the state.

Milwaukie was less ethnically diverse than both Clackamas County and Oregon in the 2015-2019 period.

Exhibit 20. Latino/a/x Population as Percent of Total Population, Milwaukie, Clackamas County, Oregon, 2010 and 2015-2019

Source: US Census Bureau, 2000 Decennial Census Table P008, 2015-2019 ACS Table B03002.



⁴³ US Census Bureau, *Demographic Turning Points for the United States: Population Projections for 2020 to 2060*.

⁴⁴ Pew Research Center. (2013). *Second-Generation Americans: A Portrait of the Adult Children of Immigrants*.

National Association of Hispanic Real Estate Professionals (2019). *2019 State of Hispanic Homeownership Report*.

⁴⁵ National Association of Hispanic Real Estate Professionals (2021). *2021 State of Hispanic Homeownership Report*.

Racial Diversity

While the majority of Milwaukie’s population is White, Milwaukie has residents of many races, as shown in [Exhibit 21](#), consistent with Clackamas County’s population.

In the 2015–2019 period, Milwaukie was just as racially diverse as Clackamas County and less racially diverse than Oregon.

Exhibit 21. Population by Race/Ethnicity as a Percent of Total Population, Milwaukie, Clackamas County, Oregon, 2015–2019

Source: US Census Bureau, 2015–2019 ACS Table B02001 and B03002.

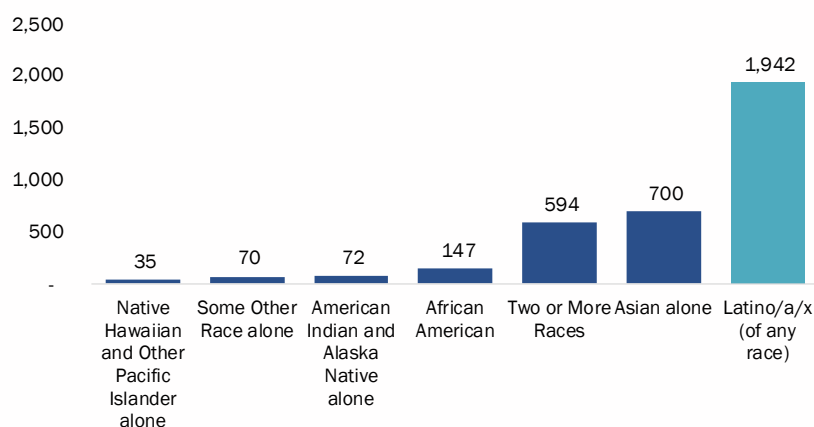
	Milwaukie	Clackamas Co.	Oregon
White Alone	83%	82%	76%
Latino/a/x (of any race)	9%	9%	13%
Two or More Races	3%	3%	4%
Asian Alone	3%	4%	4%
American Indian and Alaska Native Alone	0%	1%	1%
Black or African American Alone	1%	1%	2%
Native Hawaiian and Other Pacific Islander Alone	*	*	*
Some Other Race Alone	*	*	*

In Milwaukie, about 3,560 people identified as a race other than White Alone and over 1,942 people identified as Latino/a/x (of Any Race).

Not shown in the exhibit are the 17,449 people identifying as White, not Latino/a/x in Milwaukie.

Exhibit 22. Number of People by Race and Ethnicity, Milwaukie, 2015-2019

Source: US Census Bureau, 2015-2019 ACS, Table B03002.



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Household Size and Composition

Milwaukie's household composition shows that Milwaukie had a smaller percentage of households with children than the Portland region and the state. On average, Milwaukie's households are smaller than both Clackamas County's households and Oregon's.

Milwaukie's average household size was smaller than both Clackamas County's and Oregon's.

About 72% of Milwaukie's households were one and two-person households. Milwaukie has a smaller share of households with 3 or more people than the Portland region or Oregon.

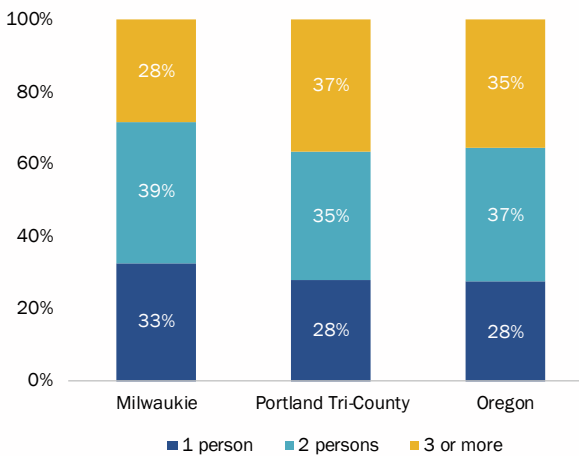
Exhibit 23. Average Household Size, Milwaukie, Clackamas County, Oregon, 2015-2019

Source: US Census Bureau, 2015-2019 ACS 5-Year Estimate, Table B25010.

2.25 Persons Milwaukie **2.59 Persons** Clackamas County **2.51 Persons** Oregon

Exhibit 24. Household Size, Milwaukie, the Portland region, Oregon, 2015-2019

Source: US Census Bureau, 2015-2019 ACS 5-Year Estimate, Table B25010.

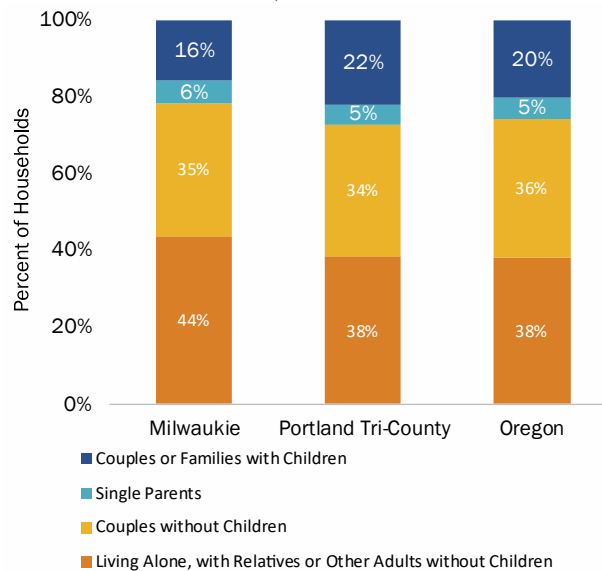


Milwaukie has a larger share of households with no children (79%) than the Portland region (72%) or State (74%).

About 16% of Milwaukie households have children, compared with 22% of the Portland region households and 20% of Oregon households.

Exhibit 25. Household Composition, Milwaukie, the Portland region, Oregon, 2015-2019

Source: US Census Bureau, 2015-2019 ACS 5-Year Estimate, Table DP02.



Income of Milwaukie Residents

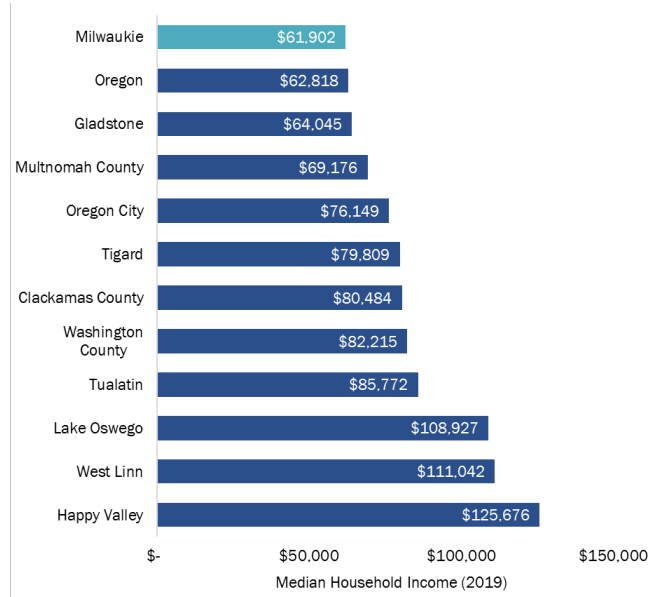
Income is a key determinant in housing choice and households' ability to afford housing. Milwaukie's median household income was substantially lower than the Clackamas County median (nearly \$18,600 lower). Adjusted for inflation, Milwaukie's household income decreased by 7% since 2000, consistent county and statewide trends. The decrease in household income (adjusted for inflation) occurred at a time when rent and housing prices in Milwaukie (and the whole region) increased substantially.

Over the 2015-2019 period, Milwaukie's median household income was below that of the county and the state.

Over this period, Milwaukie's median household income was \$61,902. Clackamas County's median household income was \$80,484 and Oregon's median household income was \$62,818.

Exhibit 26. Median Household Income, Milwaukie, Clackamas County, Oregon, Comparison Cities, 2015-2019

Source: US Census Bureau, 2015-2019 ACS 5-Year Estimate, Table B25119.

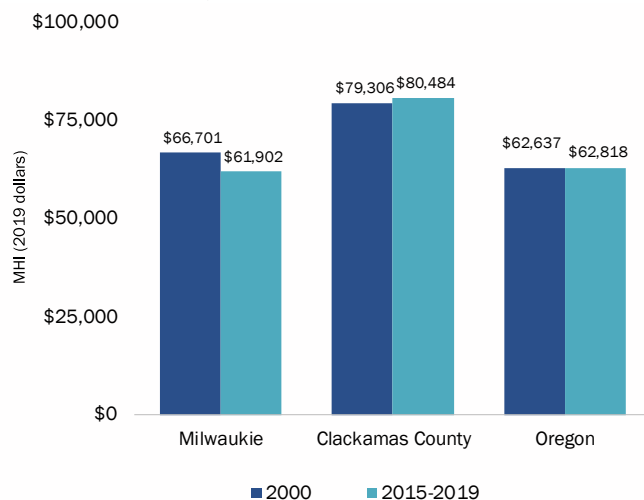


After adjusting for inflation, Milwaukie's median household income decreased by 7% from 2000 to 2015-2019.

Contrastingly, Clackamas County's and Oregon's median household income increased (by -1% and 0%, respectively).

Exhibit 27. Change in Median Household Income, Milwaukie, Clackamas County, Oregon, 2000 to 2015-2019, Inflation-Adjusted

Source: US Census Bureau, 2000 Decennial Census, Table HCT012; 2015-2019 ACS 5-Year Estimate, Table B25119.

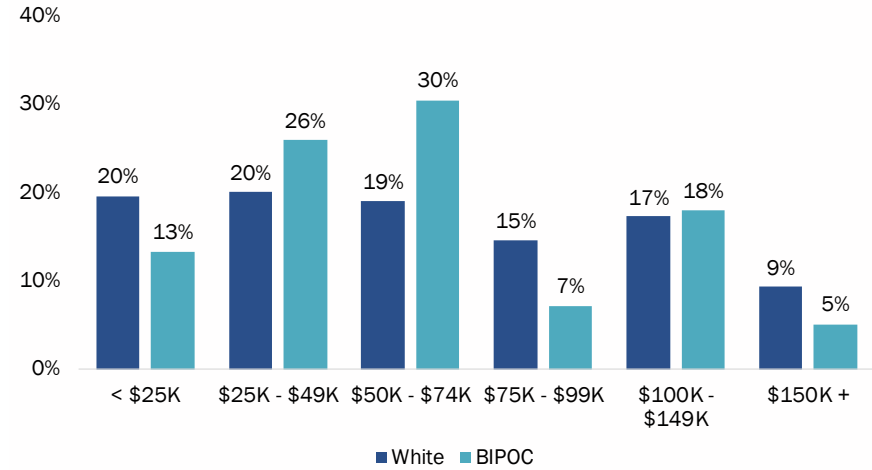


More than half of BIPOC households have household incomes below and \$74k (69%).

In contrast, White households are more consistently spread out, with 59% of White households with income below and \$74k.

Exhibit 28. Household Income, BIPOC and White Households, Milwaukie, 2015-2019

Source: ACS 5 Year Estimates, 2015-2019 Table B19001 A-I* White includes Hispanic of Latino Householders

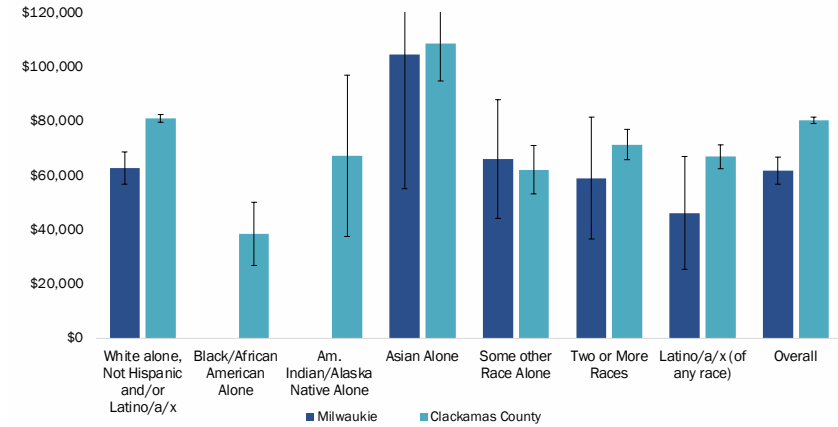


Income varies by race, with some communities of color having lower average household incomes than the overall average.

Income for Latino/a/x households (the largest community of color in Milwaukie) about \$46,280 or 75% of the overall average in Milwaukie.

Exhibit 29. Median Household Income by Race/Ethnicity of the Head of Household, Milwaukie, 2015-2019

Source: US Census Bureau, 2015-2019 ACS 5-Year Estimate, Table S1901. Note: This graph shows “whiskers” that indicate margin of error for this data. The margin of error is largest for groups with fewer people, such as Asian Alone in Milwaukie. Median family income for Portland-Vancouver-Hillsboro, OR-WA MSA was \$96,900 (US Department of Housing and Urban Development).

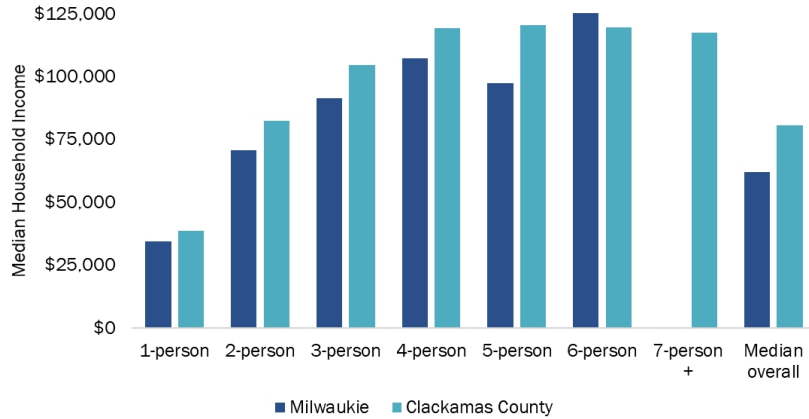


In general, larger households in Milwaukie have higher household incomes than smaller ones.

The largest increases across household sizes in income was from 1-person to 2-person income, a \$36,374 increase and 5 to 6 person households, a \$152,615 increase.

Exhibit 30. Household Income by Household Size, Milwaukie, 2015-2019

Source: US Census Bureau, 2015-2018 ACS 5-Year Estimate, Table B19019

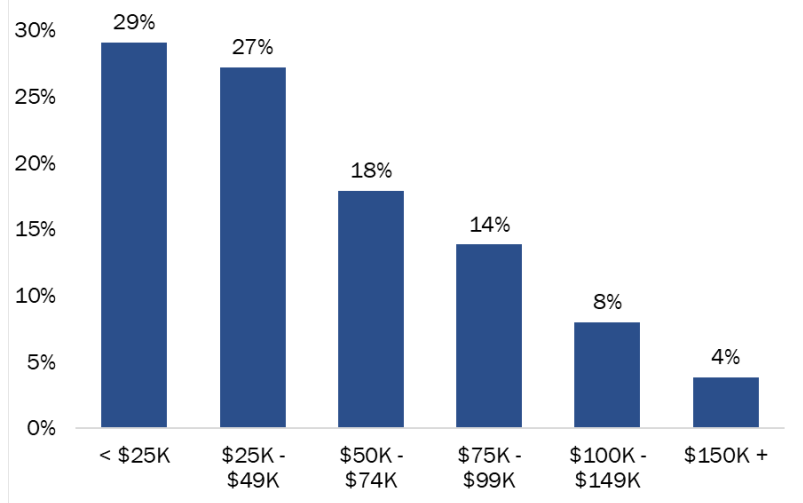


Seniors were more likely to be households with incomes at or below the average of about \$61,000.

Fifty-six percent of households with a head of household aged 65 or older earned less than \$50,000 per year, compared to the citywide average of 52% of households with an income of less than \$50,000.

Exhibit 31. Household Income by Age of Householder (Aged 65 Years and Older), Milwaukie, 2015-2019

Source: US Census Bureau, 2015-2019 ACS 5-Year Estimate, Table B19037.



Commuting Trends

Milwaukie is part of the complex, interconnected economy within the Portland Metro region. Of the more than 15,000 jobs in Milwaukie, 95% of workers commute into Milwaukie from other areas, most notably from Portland, Gresham, Oregon City, Oak Grove, and Happy Valley. More than 10,000 residents of Milwaukie commute out of the city for work, many of them to Portland, Beaverton, and Tigard.

About 15,198 people work in Milwaukie. A majority of these people commute into Milwaukie for work.

About 752 people live and work in Milwaukie, accounting for about 5% of jobs in Milwaukie.

About 10,267 people live in Milwaukie but commute outside of the city for work.

Exhibit 32. Commuting Flows, Milwaukie, 2019

Source: US Census Bureau, Census on the Map.



About 5% of people who work at businesses located in Milwaukie also live in Milwaukie.

The remainder commute from Portland and other parts of the Metro.

About 7% of Milwaukie residents worked in Milwaukie.

Exhibit 33. Places where Workers at Businesses in Milwaukie Lived, 2019

Source: US Census Bureau, Census on the Map.



Exhibit 34. Places where Milwaukie Residents Were Employed, 2019

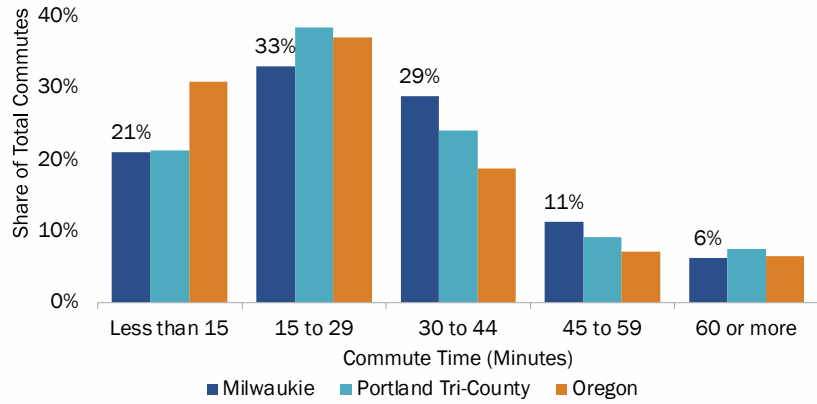
Source: US Census Bureau, Census On the Map.



Less than a quarter of Milwaukie residents (21%) had a commute time that took less than 15 minutes.

Exhibit 35. Commute Time by Place of Residence, Milwaukie, the Portland region, Oregon, 2015-2019

Source: US Census Bureau, 2015-2019 ACS 5-Year Estimate, Table B08303.



Populations with Special Needs

People Experiencing Houselessness

Gathering reliable data from individuals experiencing houselessness is difficult precisely because they are unstably housed. People can cycle in and out of houselessness and move around communities and shelters. Moreover, the definition of houselessness can vary between communities. Individuals and families temporarily living with relatives or friends are insecurely housed, but they are often neglected from houselessness data. Even if an individual is identified as lacking sufficient housing, they may be reluctant to share information. As a result, information about people experiencing houselessness in Milwaukie is not readily available.

According to HUD's 2021 Annual Homeless Assessment Report (AHAR), across the United States, the number of people experiencing *sheltered* homelessness has been decreasing since 2015, but the drop between 2020 and 2021 was steeper than in recent years.⁴⁶ It is likely that some of this decline is due to COVID-related precautions that resulted in fewer beds available (due to the need to have more space between beds). Other factors include people being unwilling to use shelter beds due to health risks as well as eviction moratoria and stimulus payments which may have prevented people from needing emergency shelter.

Pandemic-related disruptions to *unsheltered* homelessness counts made it difficult to determine if this population is increasing or decreasing in communities. Many communities chose not to conduct unsheltered PIT counts due to the risk of increasing COVID-19 transmission. While the communities that conducted unsheltered counts seem to indicate that this population did not increase, trends on unsheltered homelessness are known for only half of communities.

This section uses the following sources of information:

Point-in-Time (PIT) Count: The PIT count is a snapshot of individuals experiencing houselessness on a single night in a community. It records the number and characteristics (e.g., race, age, veteran status) of people who live in emergency shelters, transitional housing, rapid rehousing, Safe Havens, or PSH—as well as recording those who are unsheltered. HUD requires that communities and Continuums of Care (CoC) perform the PIT count during the last ten days of January on an annual basis for sheltered people and on a biennial basis for unsheltered people. Though the PIT count is not a comprehensive survey, it serves as a measure of houselessness at a given point of time and is used for policy and funding decisions.

McKinney Vento Data: The McKinney Vento Homeless Assistance Act authorized, among other programs, the Education for Homeless Children and Youth (EHCY) Program to support the academic progress of children and youths experiencing houselessness. The US Department of Education works with state coordinators and local liaisons to collect performance data on students experiencing houselessness. The data records the number of school-aged children who live in shelters or hotels/motels and those who are doubled up, unsheltered, or unaccompanied. This is a broader definition of houselessness than that used in the PIT.

Although these sources of information are known to undercount people experiencing houselessness, they are consistently available for counties in Oregon.

⁴⁶ The U.S. Department of Housing and Urban Development (2021). The 2021 Annual Homeless Assessment Report (AHAR) to Congress. Office of Community Planning and Development.

About 568 sheltered and unsheltered people were identified as experiencing houselessness in Clackamas County in 2022.

Clackamas County's Point-in-Time Houseless count decreased by 74% from 2015 to 2022.

Exhibit 36. Number of Persons Houseless, Sheltered and Unsheltered, Clackamas County, Point-in-Time Count, 2015, 2019, and 2022

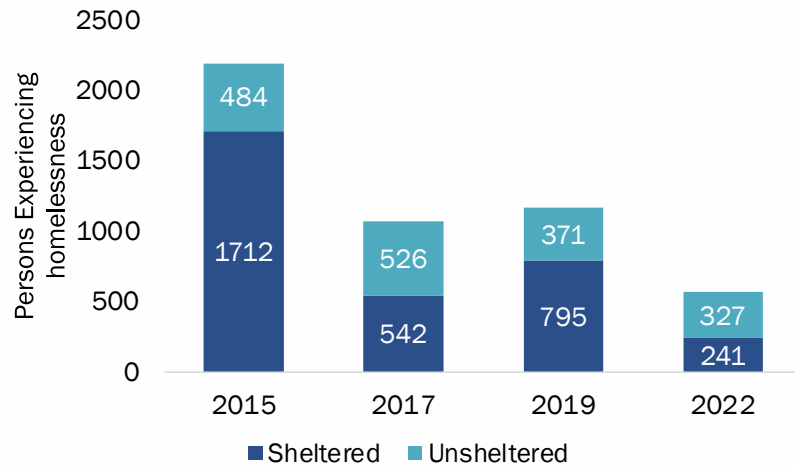
Source: Oregon Housing and Community Services.



Between 2015 and 2022, the number of persons that experienced sheltered houselessness shrunk by 56%, and the number of persons that experienced unsheltered houselessness decreased by about 38%.

Exhibit 37. Number of Persons Houseless by Living Situation, Clackamas County, Point-in-Time Count, 2015, 2017, 2019, and 2021

Source: Oregon Housing and Community Services.

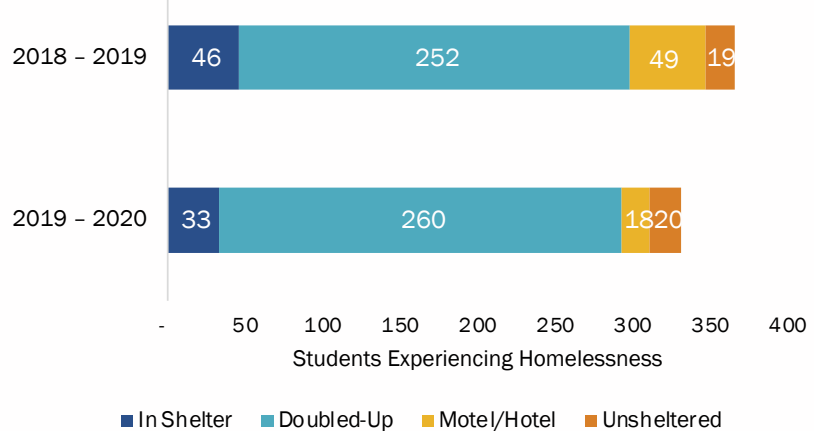


From the 2018-19 school year to the 2019-20 school year, student houselessness decreased by 10% (35 students), from 366 students in 2018-19 to 331 students in 2019-20.

Of the 331 students in 2019-20 experiencing houselessness, 71 were unaccompanied.

Exhibit 38. Students Houseless by Living Situation, North Clackamas School District, 2018 - 2019 and 2019 - 2020

Source: McKinney Vento, Houseless Student Data.



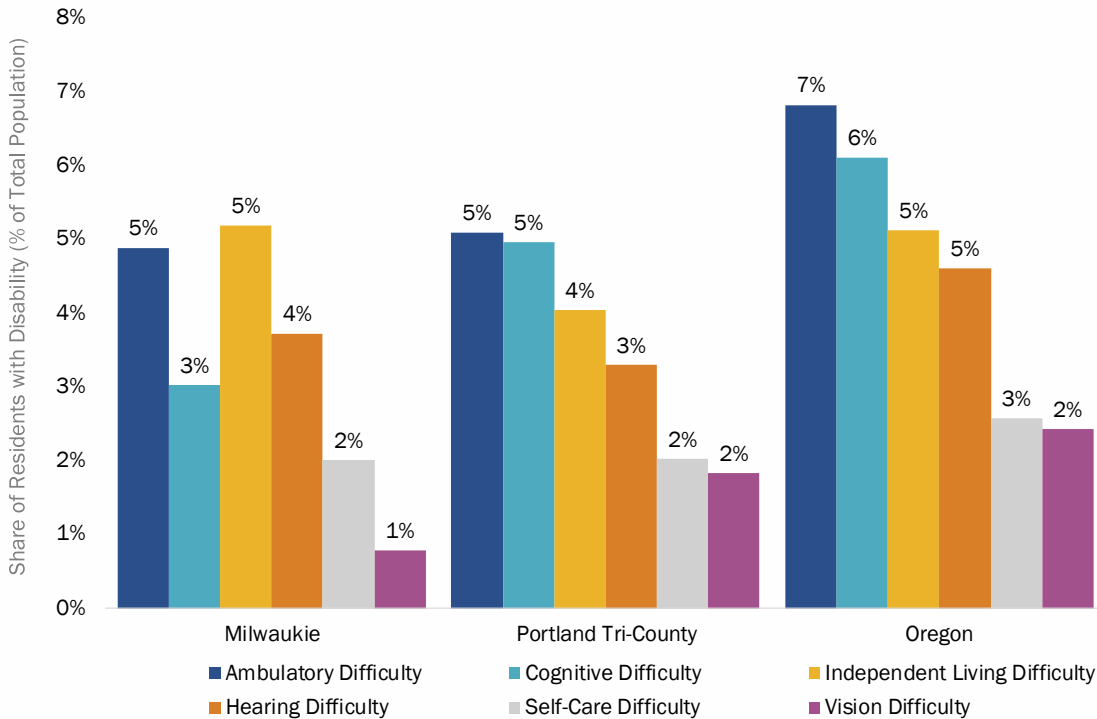
People with Disabilities

Exhibit 39 presents data on the share of residents living with disabilities in Milwaukie, the Portland region, and Oregon. Persons with disabilities often require housing accommodations such as single-story homes or ground floor dwelling units, unit entrances with no steps, wheel-in showers, widened doorways, and other accessibility features. Limited supply of these housing options poses additional barriers to housing access for these groups.

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Exhibit 39. Persons Living with a Disability by Type and as a Percent of Total Population Milwaukie, the Portland region, Oregon, 2015-2019

Source: US Census Bureau 2015-2019 ACS, Table K201803.



Regional and Local Trends Affecting Affordability in Milwaukie

This section describes changes in sales prices, rents, and housing affordability in Milwaukie, compared to geographies in the region. Overall, Milwaukie’s median home sales price is about \$525,000 ([Exhibit 40](#)).

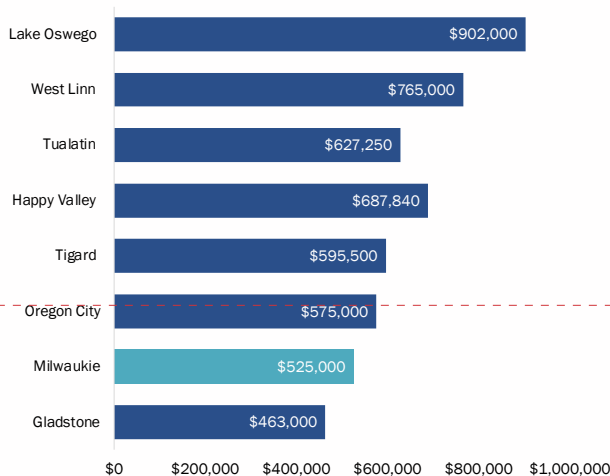
Changes in Housing Costs

Milwaukie’s median home sales price was \$525,000 in January to March of 2022.

Milwaukie’s median home sales price changed from \$178,900 in February 2012 to \$525,000, growth of about \$346,000 or 193%. This change in price is comparable to other cities in the Portland region ([Exhibit 41](#)).

Exhibit 40. Median Home Sales Price, Milwaukie and Comparison Cities, February 2022

Source: Redfin Data Center, 2022.



Milwaukie’s median home sales price was generally lower than that of other cities in the region.

Exhibit 41. Median Sales Price, Milwaukie and Comparison Cities, 2012 through 2022

Source: Redfin Data Center, 2022.

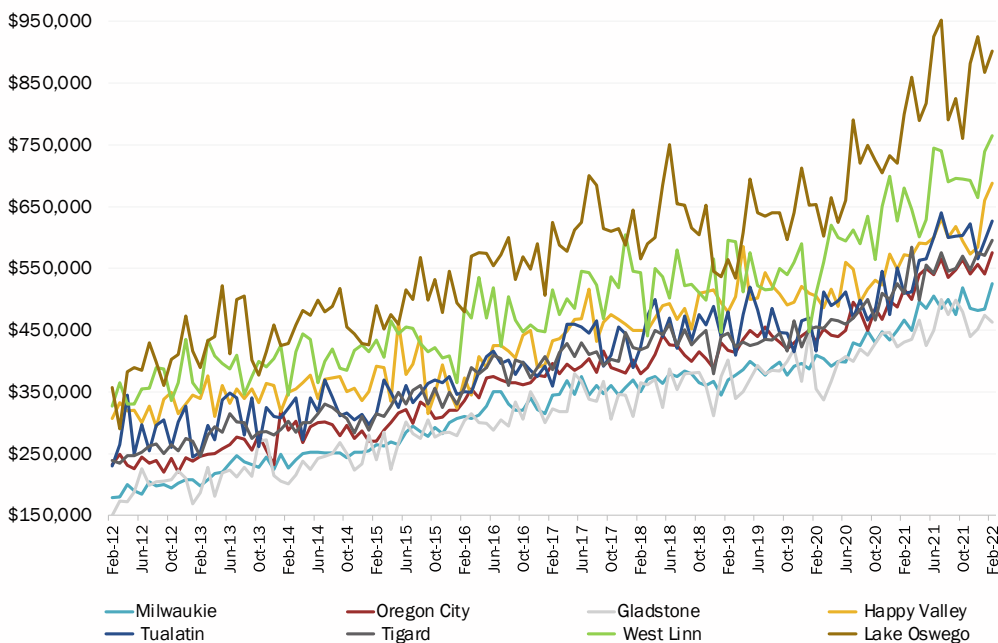
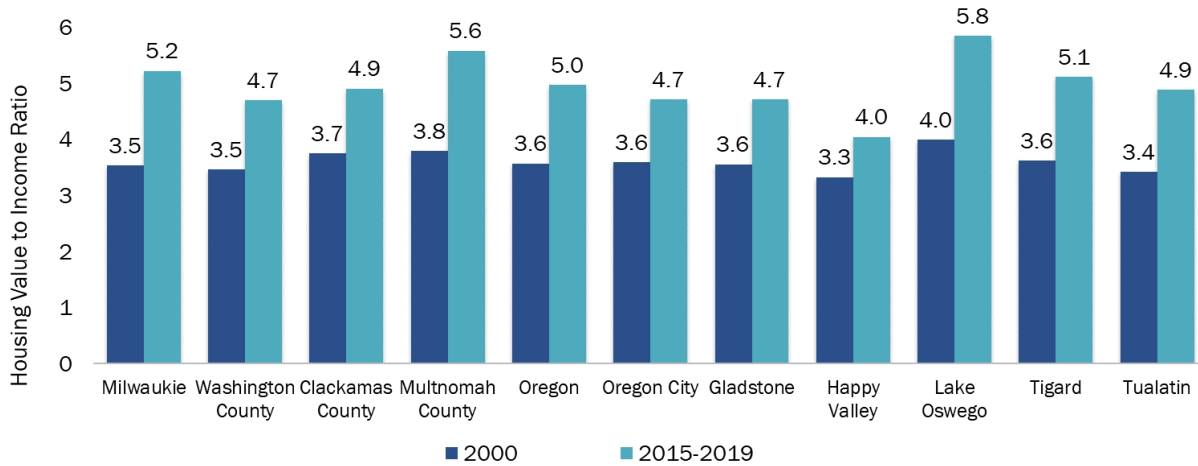


Exhibit 42 shows that, since 2000, housing costs in Milwaukie increased faster than incomes. The household-reported median value of a house in Milwaukie was 3.5 times the median household income in 2000 and 5.2 times the median household income in the 2015-2019 period.

Exhibit 42. Ratio of Median Housing Value to Median Household Income, Milwaukie, Comparison Counties, Oregon, and Comparison Cities, 2000 to 2015-2019⁴⁷

Source: US Census Bureau, 2000 Decennial Census (Table HCT012, H085); 2015-2019 ACS (Table B19013, B25077).



Rental Costs

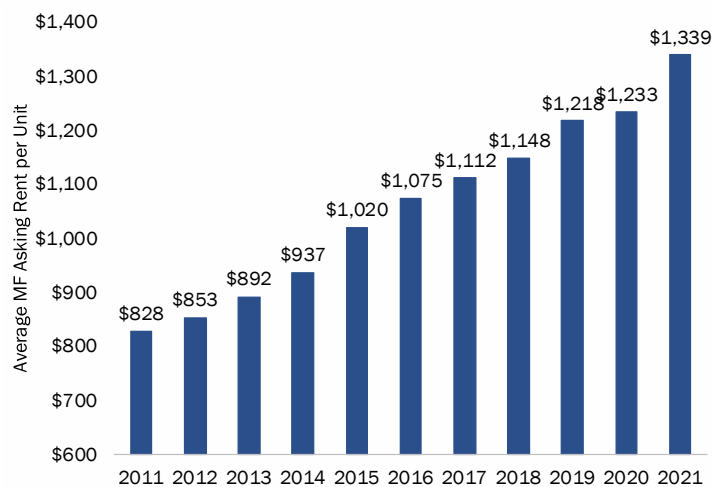
Multi-dwelling average asking rents were \$1,339 per unit in 2021, not including costs of utilities. The asking rents in 2021 vary from \$1,146 for a one-bedroom unit to \$1,683 for a three-bedroom unit.

The average asking price per multi-dwelling unit in Milwaukie has increased steadily over the past decade.

Between 2015 and 2021, Milwaukie’s average multi-dwelling asking rent increased by about \$319 (31%), from \$1,020 per month to \$1,339 per month.

Exhibit 43. Average Multi-dwelling Asking Rent per Unit, Milwaukie, 2011 through 2021

Source: CoStar.

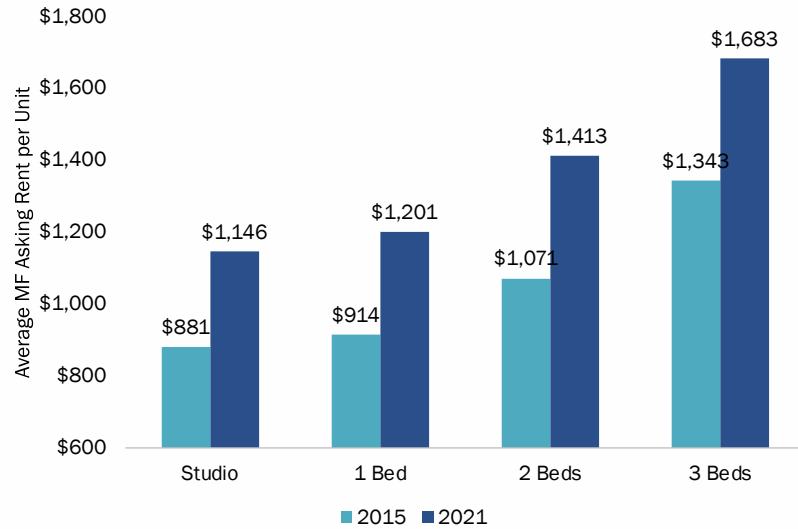


⁴⁷ This ratio compares the median value of housing in Milwaukie (and other places) to the median household income.

The average asking price per multi-dwelling unit in Milwaukie has increased steadily for all units, regardless of number of bedrooms.

Exhibit 44. Average Multi-dwelling Asking Rent per Unit by Number of Bedrooms, Milwaukie, 2015 and 2021

Source: CoStar.

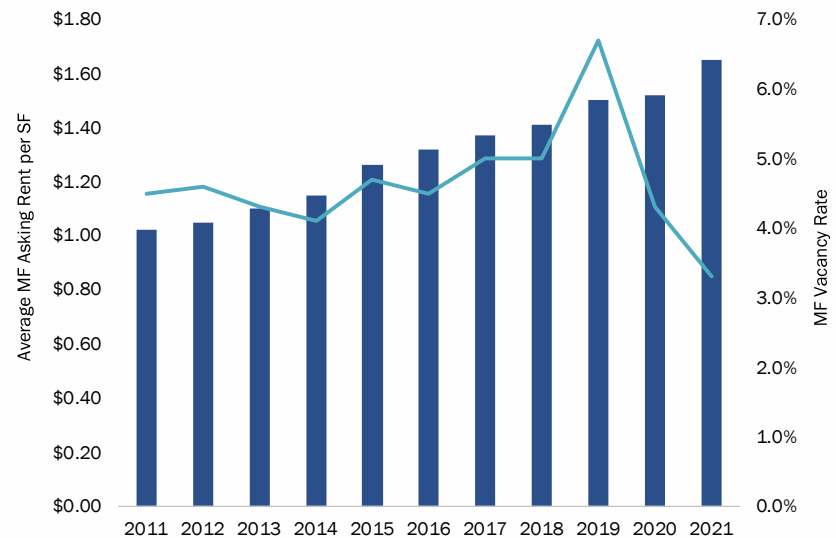


In 2021, Milwaukie's average multi-dwelling asking rent was \$1.65 per square foot, up from \$1.26 per square foot in 2015.

In this time, Milwaukie's multi-dwelling vacancy rate decreased from 4.7% in 2015 to 3.3% in 2021.

Exhibit 45. Average Multi-dwelling Asking Rent per Square Foot and Average Multi-dwelling Vacancy Rate, Milwaukie, 2010 through 2021

Source: CoStar.



Housing Affordability

A typical standard used to determine housing affordability is that a household should pay no more than a certain percentage of household income for housing, including payments and interest or rent, utilities, and insurance. The Department of Housing and Urban Development's guidelines indicate that households paying more than 30% of their income on housing experience "cost burden" and households paying more than 50% of their income on housing experience "severe cost burden." Using cost burden as an indicator is one method of determining how well a city is meeting the Goal 10 requirement to provide housing that is affordable to all households in a community.

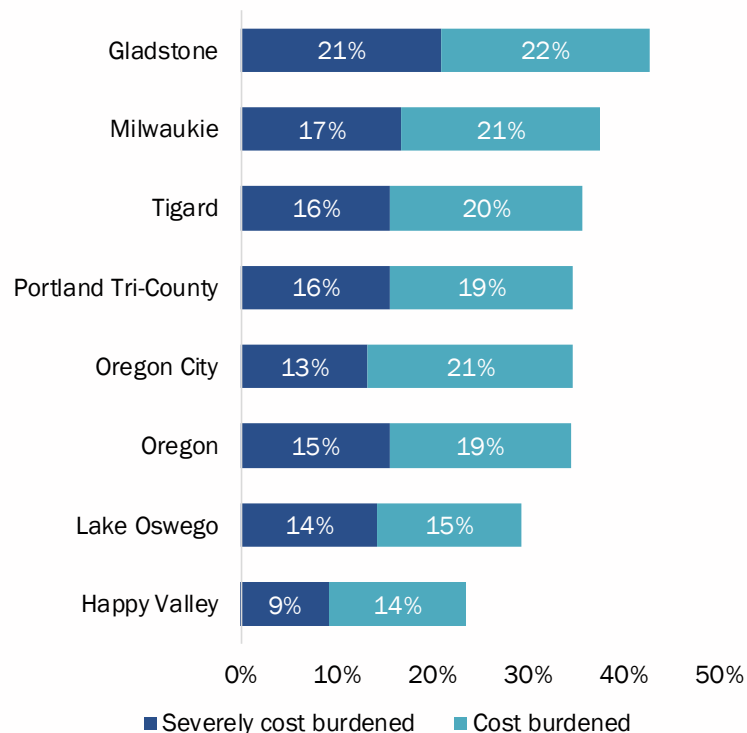
About 38% of Milwaukie's households were cost burdened in the 2015-2019 period and 17% were severely cost burdened. In this period, about 52% of *renter* households were cost burdened or severely cost burdened, compared with 29% of homeowners. Overall, a larger share of households in Milwaukie experienced cost burden, compared to households in the Portland region and Oregon.

Overall, about 38% of all households in Milwaukie were cost burdened.

Milwaukie had a higher share of cost-burdened households compared to the Portland region and the state.

Exhibit 46. Housing Cost Burden, Milwaukie, the Portland region, Oregon, Other Comparison Cities, 2015-2019

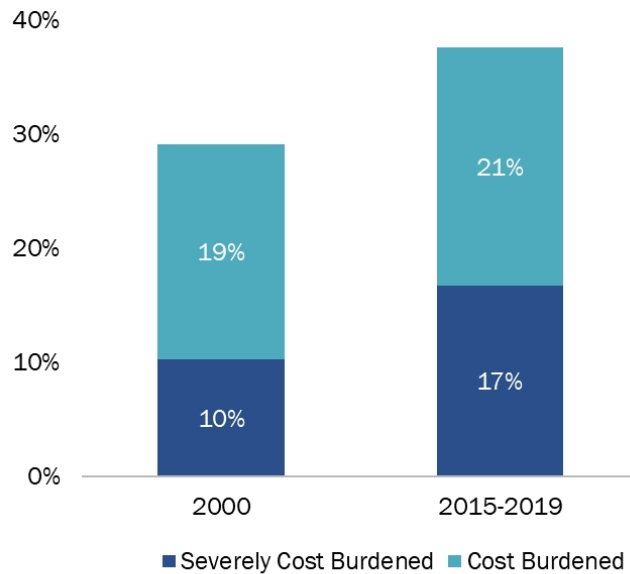
Source: US Census Bureau, 2015-2019 ACS Tables B25091 and B25070.



From 2000 to the 2015-2019 period, the number of cost-burdened and severely cost-burdened households grew by 9% in Milwaukee.

Exhibit 47. Change in Housing Cost Burden, Milwaukee, 2000 to 2015-2019

Source: US Census Bureau, 2000 Decennial Census, Tables H069 and H094 and 2015-2019 ACS Tables B25091 and B25070.



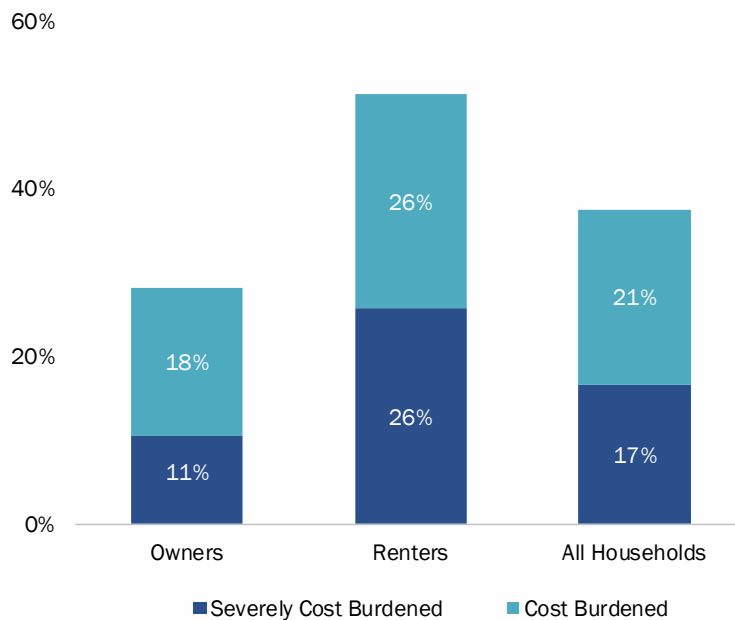
Renters are much more likely to be cost burdened than homeowners.

In the 2015-2019 period, about 52% of Milwaukee’s renters were cost burdened or severely cost burdened, compared to 29% of homeowners.

About 26% of Milwaukee’s renters were severely cost burdened (meaning they paid more than 50% of their income on housing costs alone).

Exhibit 48. Housing Cost Burden by Tenure, Milwaukee, 2015-2019

Source: US Census Bureau, 2015-2019 ACS Tables B25091 and B25070.



Cost burden is highest for the households with the lowest incomes.

Most households earning less than \$20k are cost burdened (79%), compared with 0% of households with an income of \$75k or more.

Exhibit 49. Cost-Burdened Renter Households, by Household Income, Milwaukee, 2015-2019

Source: US Census Bureau, 2015-2019 ACS Table B25074.



A higher proportion of BIPOC owner-occupied households are cost burdened (especially severely cost burdened) than white owner-occupied households.

In contrast, a higher proportion of white renter-occupied households are severely cost burdened (43% in total vs. 34%).

Exhibit 50. Cost-Burden, by Tenure for BIPOC and White populations, Milwaukee, 2014-2018

Source: CHAS, 2014-2018, Table 9

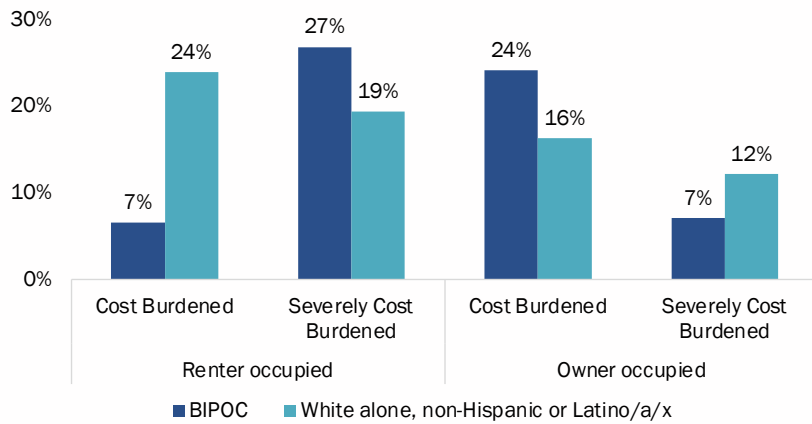


Exhibit 51 through Exhibit 53 show cost burden in Oregon for renter households for seniors, people of color, and people with disabilities.⁴⁸ This information is not readily available for a city with a population as small as Milwaukee, which is why we present statewide information. These exhibits show that these groups experience cost burden at higher rates than the overall statewide average.

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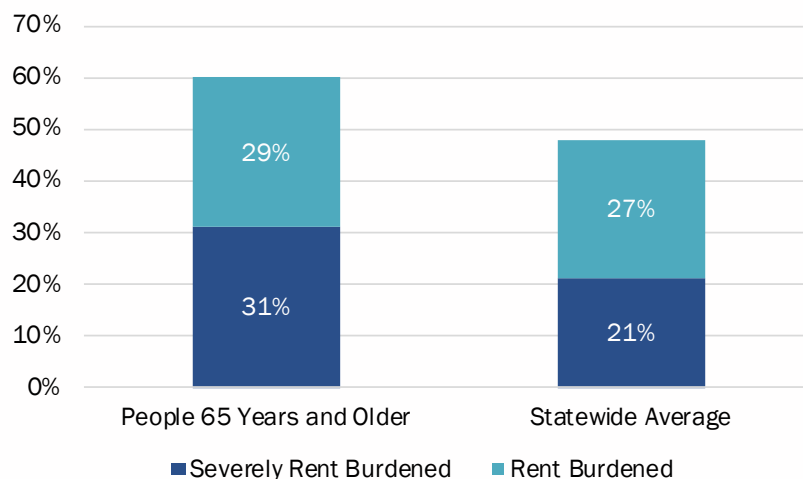
⁴⁸ From the report *Implementing a Regional Housing Needs Analysis Methodology in Oregon*, prepared for Oregon Housing and Community Services by ECONorthwest, March 2021.

Renters 65 years of age and older were disproportionately rent burdened compared to the state average.

About 60% of renters aged 65 years and older were rent burdened, compared with the statewide average of 48% of renters.

Exhibit 51. Cost-Burdened Renter Households, for People 65 Years of Age and Older, Oregon, 2018

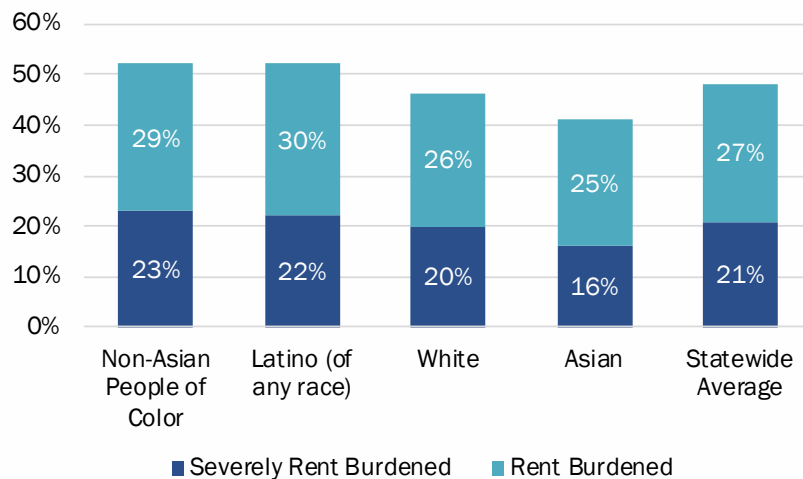
Source: US Census, 2018 ACS 1-Year PUMS Estimates. From the Report *Implementing a Regional Housing Needs Analysis Methodology in Oregon: Approach, Results, and Initial Recommendations* by ECONorthwest, August 2020.



Compared to the average renter household in Oregon, those that identified as a non-Asian person of color or as Latino/a/x were disproportionately rent burdened.

Exhibit 52. Cost-Burdened Renter Households, by Race and Ethnicity, Oregon, 2018

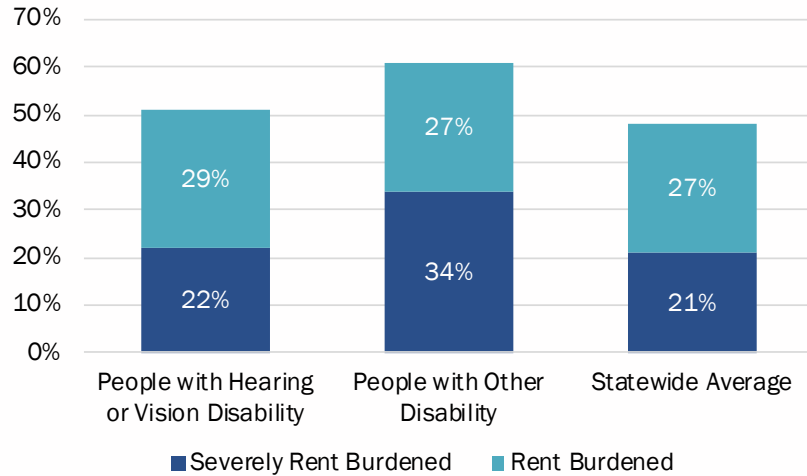
Source: US Census, 2018 ACS 1-Year PUMS Estimates. From the Report *Implementing a Regional Housing Needs Analysis Methodology in Oregon: Approach, Results, and Initial Recommendations* by ECONorthwest, August 2020.



Renters with a disability in Oregon were disproportionately cost burdened.

Exhibit 53. Cost-Burdened Renter Households, for People with Disabilities, Oregon, 2018

Source: US Census, 2018 ACS 1-Year PUMS Estimates. From the Report *Implementing a Regional Housing Needs Analysis Methodology in Oregon: Approach, Results, and Initial Recommendations* by ECONorthwest, August 2020.



While cost burden is a common measure of housing affordability, it does have some limitations. Two important limitations are:

- A household is defined as cost burdened if the housing costs exceed 30% of their income, regardless of actual income. The remaining 70% of income is expected to be spent on nondiscretionary expenses, such as food or medical care expenses. Households with higher incomes may be able to pay more than 30% of their income on housing without impacting the household’s ability to pay for necessary nondiscretionary expenses.
- Cost burden compares income to housing costs and does not account for accumulated wealth. As a result, the estimate of how much a household can afford to pay for housing does not include the impact of a household’s accumulated wealth. For example, a household of retired people may have relatively low income but may have accumulated assets (such as profits from selling another house) that allow them to purchase a house that would be considered unaffordable to them based on the cost-burden indicator.
- Cost burden does not account for debts, such as college loans, credit card debt, or other debts. As a result, households with high levels of debt may be less able to pay up to 30% of their income for housing costs.

Another way of exploring the issue of financial need is to review housing affordability at varying levels of household income.

Fair Market Rent for a 2-bedroom apartment in Portland-Vancouver-Hillsboro, OR-WA MSA is \$1,735.

Exhibit 54. HUD Fair Market Rent (FMR) by Unit Type, Portland-Vancouver-Hillsboro, OR-WA MSA, 2021

Source: US Department of Housing and Urban Development.

\$1,416	\$1,512	\$1,735	\$2,451	\$2,903
Studio	1-Bedroom	2-Bedroom	3-Bedroom	4-Bedroom

A household must earn at least \$30.03 per hour to afford a two-bedroom unit at Fair Market Rent (\$1,735) in Portland-Vancouver-Hillsboro, OR-WA MSA.

That is about \$62,000 for a full-time job. About 75% of Milwaukie's household have income below \$60,000 per year.

Exhibit 55. Affordable Housing Wage, Portland-Vancouver-Hillsboro, OR-WA MSA, 2021

Source: US Department of Housing and Urban Development; Oregon Bureau of Labor and Industries.

\$30.03 per hour

Affordable housing wage for two-bedroom unit in Portland-Vancouver-Hillsboro, OR-WA MSA

The Median Family Income (MFI) in the Portland region (and Clackamas County) in 2021 was \$96,900 for a household of four people. MFI is a standard used (and defined) by US Department of Housing and Urban Development on a county-by-county basis. It is used to estimate affordable rental costs for income-restricted housing based on household size. A household earning 100% of MFI (\$96,900) can afford a monthly rent of about \$2,420 or a home roughly valued between \$339,000 and \$388,000. As [Exhibit 57](#) shows, about 39% of Milwaukie's households have an income less than \$48,450 (50% or less of MFI) and cannot afford a two-bedroom apartment at Portland-Vancouver-Hillsboro, OR-WA MSA's Fair Market Rent (FMR) of \$1,735.

To afford the average asking rent of \$1,413, a household would need to earn about \$56,520 or 58% of MFI. About 40% of Milwaukie's households earn less than \$50,000 and cannot afford these rents. In addition, about 22% of Milwaukie's households have incomes of less than \$29,070 (30% of MFI) and are at risk of becoming houseless.

To afford the median home sales price of \$525,000, a household would need to earn about \$145,000 or 150% of MFI. About 9% of Milwaukie's households have income sufficient to afford this median home sales price.

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Exhibit 56. Financially Attainable Housing, by Median Family Income (MFI) for Portland-Vancouver-Hillsboro, OR-WA MSA (\$96,900), 2021

Source: US Department of Housing and Urban Development, 2021. Oregon Employment Department.

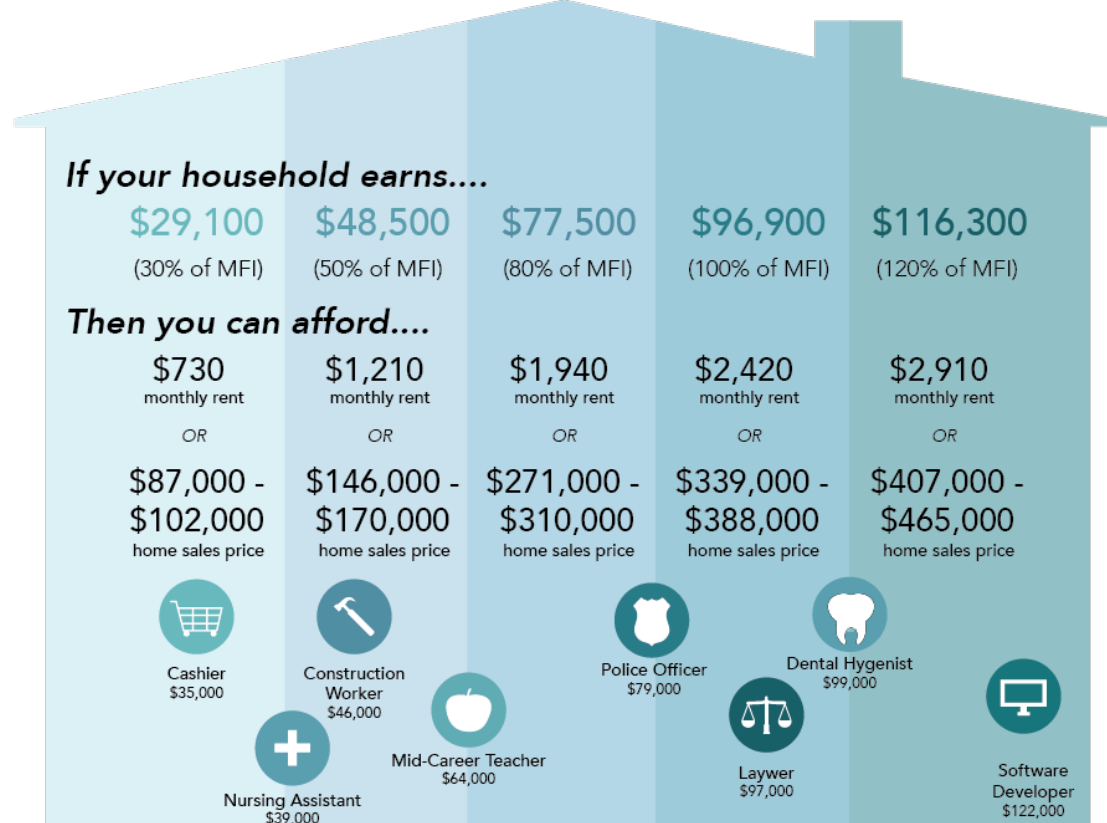


Exhibit 57 shows that 39% of Milwaukie’s households are extremely low or very low–income, with incomes below \$48,450. These households can afford monthly rent of \$1,210 or less, which is below the HUD Fair Market Rent of \$1,735 and below the market rent of for a two-bedroom unit of \$1,413. Private housing developers generally cannot build housing affordable to households in these income groups because the rents are too low to pay for the cost of development. Newly built housing for households with these incomes is generally income-restricted affordable housing, built with government subsidy.

About 22% of Milwaukie households are low income, with incomes between \$48,000 and \$78,000. These households can afford rents of \$1,210 to \$1,940. Only the highest income households in this group can afford market-rate housing (such as HUD Fair Market Rent of \$1,735 or market rent for a two-bedroom unit of \$1,413). Private housing developers generally cannot build housing affordable to households in this income group because the rents are too low to pay for the cost of development. Newly built housing for households in this income group is less commonly built and generally has some form of government subsidy to make development financially feasible.

About 21% of Milwaukie’s households are middle income (with incomes between \$78,000 and \$116,000) and 19% are high income (with incomes above \$116,000). These households can afford rental housing in Milwaukie, and some can afford the cost of homeownership (generally

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households with incomes above \$116,000). Private housing developers can build most types of housing affordable to these income groups without government subsidy.

Exhibit 57. Share of Households by Median Family Income (MFI) for Portland-Vancouver-Hillsboro, OR-WA MSA, Milwaukie, 2021

Source: US Department of HUD. US Census Bureau, 2015-2019 ACS Table 19001.

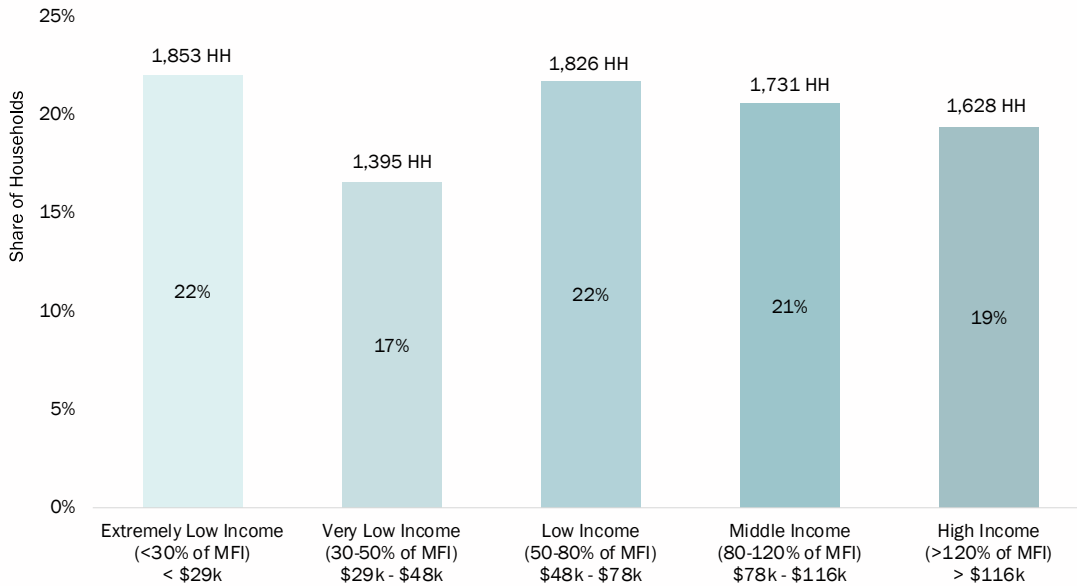


Exhibit 58 compares the number of households by income category with the number of units affordable to those households in Milwaukie. Milwaukie currently has a deficit of housing units for households earning 0-50% of the MFI (less than \$48,450 per year), resulting in cost burden of these households. Similarly, Milwaukie has a deficit of units affordable to households earning 50-80% of the MFI (\$48,450 to \$77,520) who are also cost burdened. This indicates a deficit of more affordable housing types (such as government-subsidized housing, existing lower-cost apartments, and manufactured housing). For households earning more than 80% of the MFI, some households are renting or buying down, which means that they are occupying units affordable to lower-income households. These households could afford more costly housing but either choose to live in less costly housing or cannot find higher-cost housing that meets their needs.

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Exhibit 58. Unit Affordability by Household Income, Milwaukie, 2014-2018

Source: CHAS, 2014-2018, Table 18.

Unit Affordability	Household Income			
	0-50% MFI \$0 to \$48,450	50-80% MFI \$48,450 to \$77,520	80% MFI \$77,520 +	
0-50% (Monthly housing costs of \$1,210 or less)	490	90	289	*Renting/
50-80% (Monthly housing costs of \$1,210-\$1,940)	860	655	1,525	Buying Down*
+80% (Monthly housing costs of \$1,940 or more)	770	565	3,850	

Summary of the Factors Affecting Milwaukie's Housing Needs

The purpose of the analysis thus far has been to provide background on the kinds of factors that influence housing choice. While the number and interrelationships among these factors ensure that generalizations about housing choice are difficult to make and prone to inaccuracies, it is a crucial step to informing the types of housing that will be needed in the future.

There is no question that age affects housing type and tenure. Mobility is substantially higher for people aged 20 to 34. People in that age group will also have on average, less income than people who are older, and they are less likely to have children. These factors mean that younger households are much more likely to be renters, and renters are more likely to be in multi-dwelling housing.

The data illustrates what more detailed research has shown and what most people understand intuitively: life cycle and housing choice interact in ways that are predictable in the aggregate, age of the household head is correlated with household size and income, household size and age of household head affect housing preferences, and income affects the ability of a household to afford a preferred housing type. The connection between socioeconomic and demographic factors and housing choice is often described informally by giving names to households with certain combinations of characteristics: the "traditional family," the "never-marrieds," the "dinks" (dual income, no kids), and the "empty nesters."⁴⁹ Thus, simply looking at the long wave of demographic trends can provide good information for estimating future housing demand.

Still, one is ultimately left with the need to make a qualitative assessment of the future housing market. The following is a discussion of how demographic and housing trends are likely to affect housing in Milwaukie over the next 20 years:

- **Housing affordability is a growing challenge in Milwaukie.** Housing affordability is a challenge in most of the Portland region in general, and Milwaukie is affected by these regional trends. Housing prices are increasing faster than incomes in Milwaukie and Clackamas County, which is consistent with state and national challenges. Since 2015, rental costs increased by about 31% and sales prices increased by about 98%. But incomes in Milwaukie (and the Portland region) have remained flat, with a decrease in income since 2000 when adjusted for inflation.

In addition, Milwaukie has a modest supply of multi-dwelling housing (about 25% of the city's housing stock), but over half of renter households are cost burdened (52%). Milwaukie's key challenge over the next 20 years is providing opportunities for the development of relatively affordable housing of all types, such as lower-cost single-dwelling housing, town homes, cottage housing, duplexes, triplexes, quadplexes, market-rate multi-dwelling housing, and income-restricted affordable housing

⁴⁹ See *Planning for Residential Growth: A Workbook for Oregon's Urban Areas* (June 1997).

- **Without substantial changes in housing policy, on average, future housing will look a lot like past housing.** That is the assumption that underlies any trend forecast, and one that is important when trying to address demand for new housing.

The City’s residential policies can impact the amount of change in Milwaukie’s housing market, to some degree. The City has adopted policies to allow for development of middle housing types, such as town homes, cottage housing, duplexes, triplexes, quadplexes. If the City adopts policies to increase opportunities to build multi-dwelling housing types (particularly multi-dwelling housing that is affordable to low and moderate-income households), a larger percentage of new housing developed over the next 20 years in Milwaukie may begin to address the city’s needs. **Where the future differs from the past, it is likely to move in the direction, on average, of smaller units and more diverse housing types.** Most of the evidence suggests that the bulk of the change will be in the direction of smaller average house and lot sizes for single-dwelling housing. This includes providing opportunities for the development of smaller single-dwelling detached homes, town homes, and multi-dwelling housing. However, the ongoing impacts of the COVID-19 pandemic may trigger a reversal of these trends, if more working-aged persons transition to permanent work-from-home situations.

Key demographic and economic trends that will affect Milwaukie’s future housing needs are (1) the aging of baby boomers, (2) the aging of millennials and Generation Z, and (3) the continued growth in the Hispanic and Latino/a/x population.

- *The baby boomer’s population is continuing to age.* Household sizes decrease as this population ages. The majority of baby boomers are expected to remain in their homes as long as possible, downsizing or moving when illness or other issues cause them to move. Demand for specialized senior housing, such as age-restricted housing or housing in a continuum of care from independent living to nursing home care, may grow in Milwaukie. Given the regional concentration of hospitals and health care, Milwaukie could attract a larger share of need for these types of housing.
- *Millennials and Generation Z will continue to form households and make a variety of housing choices.* As millennials and Generation Z age, generally speaking, their household sizes will increase, and their homeownership rates will peak by about age 55. Between 2023 and 2043, millennials and Generation Z will be a key driver in demand for housing for families with children. The ability to attract millennials and Generation Z will depend on the City’s availability of renter and ownership housing that is large enough to accommodate families while still being relatively affordable. It will also depend on the location of new housing in Milwaukie as many millennials prefer to live in more urban or walkable environments.⁵⁰ Homeownership is becoming increasingly common among millennials but financial barriers to homeownership remain for some millennials and Generation Z, resulting in need to

⁵⁰ Choi, Hyun June; Zhu, Jun; Goodman, Laurie; Ganesh, Bhargavi; Stochak, Sarah. (2018). Millennial Homeownership, Why is it So Low, and How Can We Increase It? Urban Institute.

*****.urban.org/research/publication/millennial-homeownership/view/full_report

rent housing, even if they prefer to become homeowners. Housing preferences for Generation Z are not yet known, but are expected to be similar to millennials, with the result that they will also need affordable housing, both for rental and later in life for ownership. Some millennials and Generation Z households will occupy housing that is currently occupied but becomes available over the planning period, such as housing that is currently owned or occupied by baby boomers. The need for housing large enough for families may be partially accommodated by these existing units.

- *Hispanic and Latino/a/x population will continue to grow.* Hispanic and Latino/a/x population growth will be an important driver in growth of housing demand, both for owner and renter-occupied housing. Growth in the Hispanic and Latino/a/x population will drive demand for housing for families with children. Given the lower income for Hispanic and Latino/a/x households, especially first-generation immigrants, growth in this group will also drive demand for affordable housing, both for ownership and renting.

In summary, an aging population; increasing housing costs; housing affordability concerns for seniors, millennials, Generation Z, and Latino/a/x populations; and other variables are factors that support the need for smaller and less expensive units and a broader array of housing choices.

Housing Need in Milwaukie

Projected New Housing Units Needed in the Next 20 Years

The results of the Housing Capacity Analysis are based on (1) Metro’s official household forecast for growth in Milwaukie over the 20-year planning period, (2) information about Milwaukie’s housing market relative to Clackamas County, other the Portland region, Oregon, and nearby cities, and (3) the demographic composition of Milwaukie’s existing population and expected long-term changes in the demographics of Clackamas County.

Forecast for Housing Growth

A 20-year household forecast (in this instance for 2023 to 2044) is the foundation for estimating needed new dwelling units. The forecast for Milwaukie is based on Metro’s 2045 Household Distributed Forecast.⁵¹ Exhibit 60 shows the forecast for two geographies:

- **Milwaukie city limits.** This is the area within the City of Milwaukie. This area is forecast to add 1,670 new dwelling units between 2023 and 2043.
- **Milwaukie Urban Growth Management Area (UGMA).**⁵² This is the area that is in unincorporated Clackamas County and expected to eventually annex into the Milwaukie city limits. This area currently has about 8,613 dwelling units and is expected to add about 961 additional dwelling units over the 20-year period.

⁵¹ Metro’s 2045 Distributed Forecast shows that the Milwaukie city limits had 9,141 households in 2020. The forecast shows Milwaukie growing to 11,328 households in 2045, an average annual growth rate of 0.86% for the 25-year period. Using this growth rate, ECONorthwest extrapolated the forecast to 2023 and 2043 in Exhibit 60.

⁵² The Metro 2045 Distributed Forecast does not include a forecast for the UGMA. The forecast in [Exhibit 60](#) is based on the Metro forecast by Transportation Analysis Zones (TAZ) within the UGMA. The TAZ are numbered 683, 690, 698, 699, 700, 701, 702, 854 to 870, and 886. For TAZ partially within the UGMA and partly outside of it, we assumed a portion of the household growth in that TAZ would be within the UGMA.

Exhibit 59. City of Milwaukie and Urban Growth Management Area Boundaries

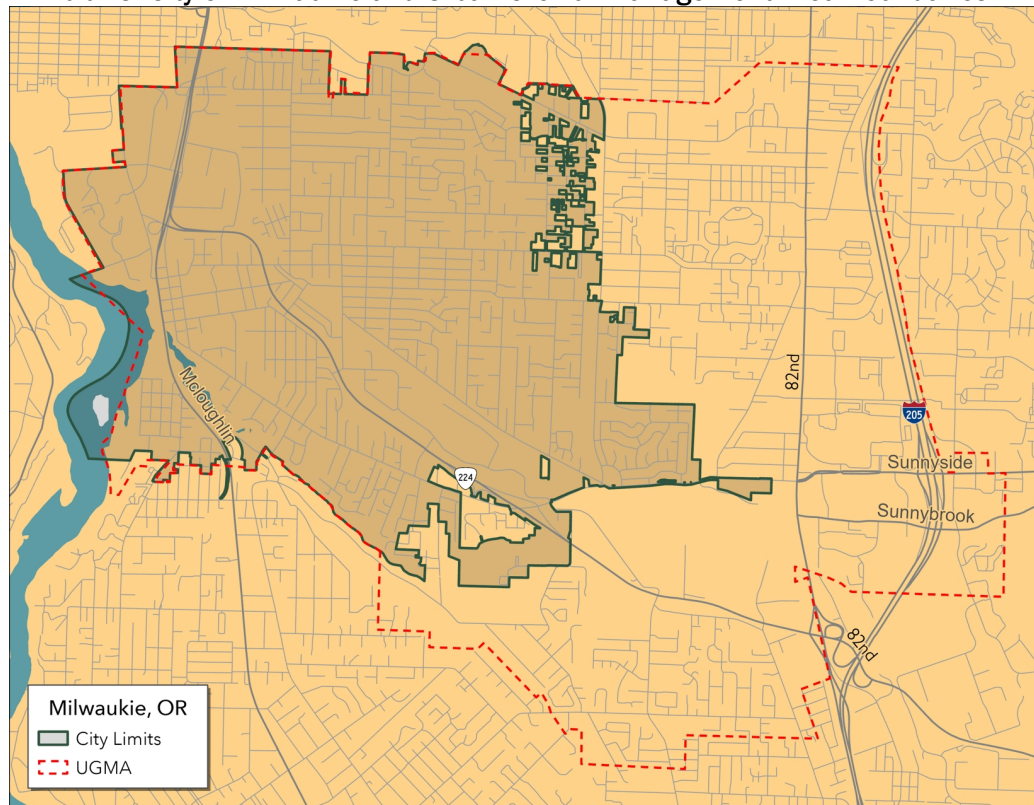


Exhibit 60. Forecast of Demand for New Dwelling Units, Milwaukie City Limits and the Milwaukie UGMA, 2023 to 2043

Source: Metro's 2045 Distributed Forecast. Calculations by ECONorthwest.

Year	Household Forecast Milwaukie City Limits	Household Forecast Milwaukie UGMA
2023	9,559	8,613
2043	11,230	9,574
Change 2023 to 2043		
Number	1,670	961
Percent	17%	11%
AAGR	0.81%	0.53%

Housing Units Needed Over the Next 20 Years

Exhibit 61 presents a forecast of new housing in Milwaukie's UGB for the 2023 to 2043 period. This section determines the needed mix and density for the development of new housing developed over this 20-year period in Milwaukie.

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Over the next 20 years, the need for new housing developed in Milwaukie will generally include a wider range of housing types and housing that is more affordable. This conclusion is based on the following information, found in the previous sections:

- Milwaukie’s existing housing mix is predominately single-dwelling detached. In the 2015-2019 period, 67% of Milwaukie’s housing was single-dwelling detached, 2% was single-dwelling attached, 6% was multi-dwelling housing (with two to four units per structure), and 25% was multi-dwelling housing (with five or more units per structure). Between 2010 and 2021, Milwaukie issued building permits, of which 76% were single-dwelling units (both single-dwelling detached and attached), 17% were multi-dwelling of all types, and 6% were accessory dwelling units.
- Demographic changes across Milwaukie suggest increases in demand for single-dwelling attached housing and multi-dwelling housing. The key demographic and socioeconomic trends that will affect Milwaukie’s future housing needs are an aging population, increasing housing costs, housing affordability concerns for millennials, Generation Z, and Latino/a/x populations. The implications of these trends are increased demand from smaller, older (often single-person) households and increased demand for affordable housing for families, both for ownership and rent.
- Milwaukie’s median household income was \$61,902, about \$18,000 lower than Clackamas County’s median. Since 2000, housing costs in Milwaukie increased faster than incomes. The median value of a house in Milwaukie was 3.5 times the median household income in 2000 and 5.2 times the median household income in the 2015-2019 period.
- About 38% of Milwaukie’s households are cost burdened (paying 30% or more of their household income on housing costs). About 52% of Milwaukie’s **renters** are cost burdened and about 29% of Milwaukie’s **homeowners** are cost burdened. Cost-burden rates in Milwaukie are similar to those in the Portland region.
- Milwaukie needs more affordable housing types for homeowners. Housing sales prices increased in Milwaukie over the last several years. Since 2015, rental costs increased by about 31% and sales prices increased by about 98%. But incomes in Milwaukie (and the Portland region) have remained flat, with a decrease in income since 2000 when adjusted for inflation.
- To afford the average asking rent of \$1,413, a household would need to earn about \$56,520 or 58% of MFI. About 40% of Milwaukie’s households earn less than \$50,000 and cannot afford these rents. In addition, about 22% of Milwaukie’s households have incomes of less than \$29,070 (30% of MFI) and are at risk of becoming houseless.
- To afford the median home sales price of \$525,000, a household would need to earn about \$145,000 or 150% of MFI. About 9% of Milwaukie’s households have income sufficient to afford this median home sales price.
- Milwaukie needs more affordable housing types for renters. To afford the average asking rent of for a two-bedroom unit of \$1,413 a household would need to earn about

\$56,520 or 58% of MFI. About 40% of Milwaukie’s households earn less than \$50,000 and cannot afford these rents. In addition, about 22% of Milwaukie’s households have incomes of less than \$29,070 (30% of MFI) and are at risk of becoming houseless.

These factors suggest that Milwaukie needs a broader range of housing types with a wider range of price points than are currently available in Milwaukie’s housing stock. This includes providing opportunity for the development of housing types across the affordability spectrum, such as single-dwelling detached housing (e.g., small-lot single-dwelling detached units, cottages, accessory dwelling units, and “traditional” single-dwelling homes), town houses, duplexes, triplexes, quadplexes, and multi-dwelling buildings with five or more units.

[Exhibit 61](#) shows the forecast of needed housing in the Milwaukie city limits and the UGMA during the 2023 to 2043 period. The projection is based on the following assumptions:

- The assumptions about the mix of housing (based on the discussion above) in [Exhibit 61](#) are as follows. This represents Milwaukie’s needed housing mix:
 - **About 40% of new housing will be single-dwelling detached**, a category which includes manufactured housing. About 67% of Milwaukie’s existing housing was single-dwelling detached in the 2015-2019 period.
 - **About 5% of new housing will be single-dwelling attached**. About 2% of Milwaukie’s existing housing was townhouse in the 2015-2019 period.
 - **About 20% of new housing will be duplexes, triplexes, and quadplexes**. About 6% of Milwaukie’s existing housing these housing types in the 2015-2019 period.
 - **About 35% of new housing will be multi-dwelling housing (with five or more units per structure)**. About 25% of Milwaukie’s existing housing were multi-dwelling in the 2015-2019 period.

The Milwaukie city limits are forecast to grow by 1,670 new dwelling units over the 20-year period, 40% of which will be single-dwelling detached housing.

Exhibit 61. Forecast of Demand for New Dwelling Units, Milwaukie city limits and Milwaukie UGMA UGB, 2023 to 2043

Source: Calculations by ECONorthwest.

Variable	Preliminary Housing Mix	
	Milwaukie City Limits	Milwaukie UGMA
Needed new dwelling units (2023-2043)	1,670	961
Dwelling units by structure type		
Single-dwelling detached		
Percent single-dwelling detached DU	40%	40%
Total new single-dwelling detached DU	668	384
Townhouse		
Percent townhouse DU	5%	5%
Total new townhouse DU	84	48
Duplex, Triplex, Quadplex		
Percent duplex, triplex, quadplex	20%	20%
Total new duplex, triplex, quadplex	334	192
Multidwelling (5+ units)		
Percent multidwelling (5+ units)	35%	35%
Total new multidwelling (5+ units)	585	336
Total new dwelling units (2023-2043)	1,670	961