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DATE: January 14, 2018
TO: Keizer Housing Needs Analysis Project Advisory Committee
CC: Nate Brown, City of Keizer; Angela Carnahan, DLCD
FROM: Bob Parker and Sadie DiNatale, ECONorthwest
SUBJECT: DRAFT HOUSING NEEDS PROJECTION COVER MEMORANDUM

The City of Keizer is developing a Housing Needs Analysis (HNA). The purpose of the HNA is to provide information to the City about Keizer's housing market, to provide a basis for updating the Housing Element and housing policies of Keizer's Comprehensive Land Use Plan, and to determine if the city has enough residential land to accommodate projected population growth. The geographic focus of the HNA is Keizer's portion of the Urban Growth Boundary (UGB).

The HNA will provide information about housing and socio-economic trends, forecast growth and land needs for housing, inventory buildable residential land r, and describe the need for new housing, and ultimately determine whether Keizer currently has enough land to meet identified housing needs. The HNA will provide a factual basis for understanding housing needs, particularly need for housing affordable for households of all income levels, and for developing policies to better meet Keizer's housing needs.

The HNA is funded through a grant from the Oregon Department of Land Conservation and Development (DLCD). The State contracted with ECONorthwest to develop the HNA in collaboration with City of Keizer staff, decisionmakers, and stakeholders in Keizer.

This memorandum presents an annotated outline of the Housing Needs analysis report, which provides context for the portions of the Housing Needs Analysis we are sharing with the Project Advisory Committee (PAC) ahead of the January meeting.

In addition, ECONorthwest is providing portions of the **draft** Housing Needs Analysis Report for review by the PAC. These sections of the report are intended to provide context for the discussion about Keizer's housing needs and the projection of housing growth at the January PAC meeting. These sections will be updated, and holes filled in, through continued development of the project. The sections of the report included with this memorandum are:

- **Chapter 3. Historical and Recent Development Trends** summarizes the state, regional, and local housing market trends affecting Keizer's housing market.
- **Chapter 4. Demographic and Other Factors Affecting Residential Development in Keizer** presents factors that affect housing need in Keizer, focusing on the key determinants of housing need: age, income, and household composition. This chapter also describes housing affordability in Keizer relative to the larger region.
- **Chapter 5. Housing Need in Keizer** presents the forecast for housing growth in Keizer.

Taken together, this memorandum and the attached sections of the draft Housing Needs Analysis are key deliverables for the Housing Needs Projection (Task 2 of the project scope).

Annotated Outline of the Housing Needs Analysis Report

This section presents an annotated outline of the HNA to provide context for the information presented in this memorandum, which is drawn directly from the draft HNA report.

Executive Summary

This chapter summarizes key findings for the HNA.

Chapter 1. Introduction

Chapter 1 provides background information regarding the purpose of housing needs analyses. It explains state requirements per Statewide Planning Goal 10 and other applicable requirements. The chapter's subsections are:

Framework for a Housing Needs Analysis

Organization of this report

Chapter 2. Residential buildable lands inventory

Chapter 2 will present the results of the buildable lands inventory for Keizer. The methodologies used to develop the buildable lands inventory and more detailed results of the inventory will be presented in Appendix A.

The chapter subsections are:

Definitions

Development Constraints

Buildable Lands (land base and vacant buildable land)

Note to reviewers: A draft of Chapter 2 will be provided to the PAC in advance of the February PAC meeting.

Chapter 3. Historical and Recent Development Trends

Chapter 3 will present data to illustrate how Keizer's housing market has changed over time. In general, we use the decennial census (2000 and 2010) and data from the American Community Survey (2012-2016). We include data from the U.S. Department of Housing and Urban Development, Redfin / Zillow, and population forecasts from Portland State University's Population Research Center. We also use data from OHCS's affordable housing inventory and Oregon's Manufactured Dwelling Park inventory.

The chapter subsections are:

Data used in the Analysis

Trends in Housing Mix (housing mix, building permits, residential development)

Trends in Tenure (owner vs renter)

Vacancy Rates

Government-Assisted Housing

Manufactured Homes

Note to reviewers: A draft of Chapter 3 is attached to this memorandum.

Chapter 4. Demographic and Other Factors Affecting Residential Development in Keizer

Chapter 4 will present key demographic and socioeconomic trends to describe the dynamics of Keizer's housing market. The chapter will present a wide-range of demographic and socioeconomic data but will focus on the factors most closely associated with housing choice: age, household composition, and income. The chapter will present information about housing affordability in Keizer, such as housing sales prices, rents, cost burden, and the relationship between change in income and housing costs over the last years.

The chapter subsections are:

Demographic and Socio-Economic Factors Affecting Housing Choice

National and Statewide Housing Trends

Regional and Local Trends Affecting Affordability in Keizer

Summary of the Factors Affecting Keizer's Housing Needs

Note to reviewers: A draft of Chapter 4 is attached to this memorandum.

Chapter 5. Housing Need in Keizer

Chapter 5 forecasts the need for new housing over the 20-year analysis period. It includes the forecast for new housing by type and by income.

The chapter subsections are:

Project New Housing Units Needed in the Next 20 years

Project Needed Housing by Income Level

Project Need for Government Assisted and Manufactured Housing

Note to reviewers: A partial draft of Chapter 5 is attached to this memorandum.

Chapter 6. Residential Land Sufficiency in Keizer

Chapter 6 presents an evaluation of the sufficiency of vacant residential land in Keizer to accommodate expected residential growth over the analysis period. The chapter contents are:

Capacity Analysis

Residential Land Sufficiency

Conclusions and Recommendations

> Note to reviewers: A draft of the results in Chapter 6 will be provided to the PAC at the March meeting, with a draft of Chapter 6 likely presented to the PAC at the April PAC meeting.

Appendix A. Residential Buildable Lands Inventory Methodologies

Appendix A provides more details into the general structure of the buildable land (supply) analysis. Appendix A subsections are:

Overview of Methodology

Definitions

Development Constraints

> Note to reviewers: A draft of Appendix A will be provided to the PAC at the February meeting,

3. Historical and Recent Development Trends

Analysis of historical development trends in Keizer provides insight into the functioning of the local housing market. The mix of housing types and densities, in particular, are key variables in forecasting future land need. The specific steps are described in Task 2 of the 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 HNA examines changes in Keizer housing market from 2000 to 2016, as well as residential development from 2007 to 2018. We selected this time period because (1) Keizer last completed periodic review in 2014, (2) the period provides information about Keizer's housing market before and after the national housing market bubble's growth and deflation, and (3) data about Keizer's housing market during this period is readily available from sources such as the Census and the City building permit database (which provides information for 2007 onwards).

The HNA 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-family detached, apartments, etc.).
2. Tenure (e.g., distinguishing unit type by owner or renter units).
3. Housing affordability (e.g., 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:

- **Single-family detached** includes single-family detached units, manufactured homes on lots and in mobile home parks, and accessory dwelling units.
- **Single-family attached** is all structures with a common wall where each dwelling unit occupies a separate lot, such as row houses or townhouses.
- **Multifamily** is all attached structures (e.g., duplexes, tri-plexes, quad-plexes, and structures with five or more units) other than single-family detached units, manufactured units, or single-family attached units.

Data Used in this Analysis

Throughout this analysis (including the subsequent Chapter 4), we used data from multiple sources, choosing data from 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 two Census sources:

- The **Decennial Census**, which is completed every ten years and is a survey of *all* households in the U.S. The Decennial Census is considered the best available data for information such as demographics (e.g., number of people, age distribution, or ethnic or racial composition), household characteristics (e.g., household size and composition), and housing occupancy characteristics. As of 2010, the Decennial Census does not collect more detailed household information, such as income, housing costs, housing characteristics, and other important household information. Decennial Census data is available for 2000 and 2010.
- The **American Community Survey (ACS)**, which is completed every year and is a *sample* of households in the U.S. From 2012 to 2016 or 2013 to 2017, the ACS sampled an average of 3.5 million households per year, or about 2.6% of the households in the nation. The ACS collects detailed information about households, such as: 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.
- **Keizer Building permit database**, which includes information on permits issued at the City of Keizer from 2007 to 2017.
- **Redfin and Property Radar**, which are online platforms providing real estate and property owner data. We use these sources to collect housing sale price data in aggregate and by property.

In general, this report uses data from the 2012-2016 ACS for Keizer **and 2013-2017 ACS for Keizer for data related to Safe Harbors.** Where information is available and relevant, we report information from the 2000 and 2010 Decennial Census. Among other data points, this report includes population, income, and housing price data from the Oregon Office of Economic Analysis, the Oregon Bureau of Labor and Industries, the United States Department of Housing and Urban Development, Redfin and Property Radar. It also uses the Oregon Department of Housing and Community Services affordable housing inventory and Oregon's Manufactured Dwelling Park inventory.

The foundation of the housing needs analysis is the population forecast for Keizer from the Oregon Population Forecast Program. The forecast is prepared by the Portland State University Population Research Center.

Trends in Housing Mix

This section provides an overview of changes in the mix of housing types in Keizer and compares Keizer to Marion County and to Oregon. These trends demonstrate the types of housing developed in Keizer historically. Unless otherwise noted, this chapter uses data from the 2000 and 2010 Decennial Census, and the 2013-2017 American Community Survey 5-Year Estimates.

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

- **Keizer's housing stock is predominantly single-family detached housing units.** Sixty-nine percent of Keizer's housing stock is single-family detached, 27% is multifamily, and 4% is single-family attached (e.g., townhouses).
- **Since 2000, Keizer's housing mix has remained relatively similar with a slight shift in multifamily unit composition.** Keizer's housing stock grew by about 14% (about 1,849 new units) between 2000 and the 2013-2017 period.
- **Single-family detached housing accounted for a little over half of new housing growth in Keizer between 2007 and 2017.** Fifty-six percent of new housing permitted between 2000 and 2017 was single-family detached housing, 44% was multifamily (including congregate care).

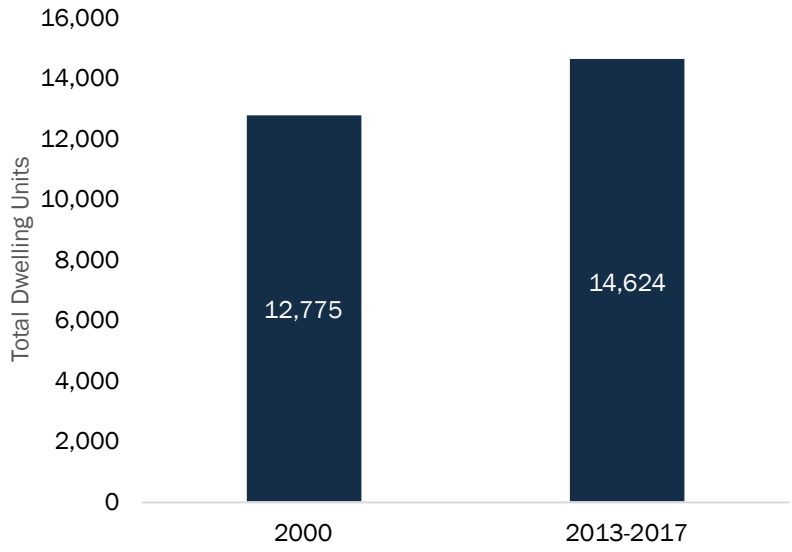
Housing Mix

The total number of dwelling units in Keizer increased by 14% from 2000 to 2013-2017.

Keizer added 1,849 new units since 2000.

Exhibit 1. Total Dwelling Units, Keizer, 2000 and 2013-2017

Source: U.S. Census Bureau, 2000 Decennial Census, SF3 Table H030, and 2013-2017 ACS Table B25024.

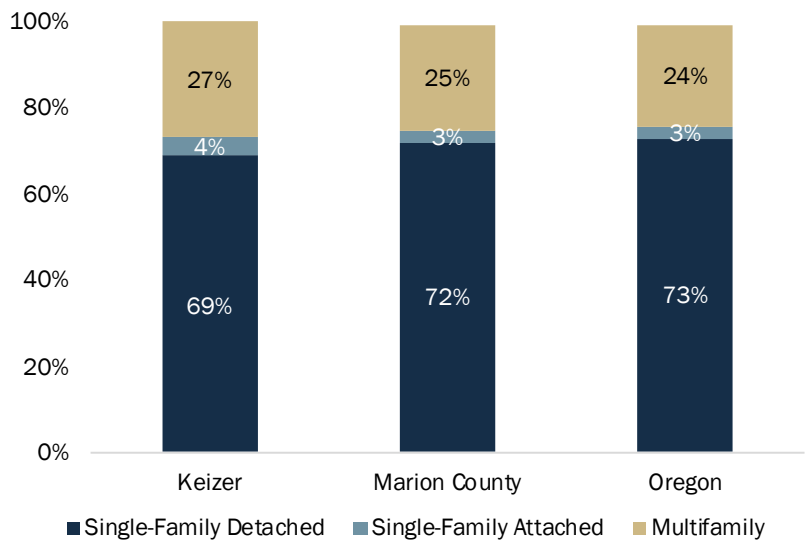


About 69% of Keizer's housing stock is single-family detached.

Keizer has a slightly larger share of multi-family housing than Marion County and Oregon.

Exhibit 2. Housing Mix, Keizer, Marion County, and Oregon, 2013-2017

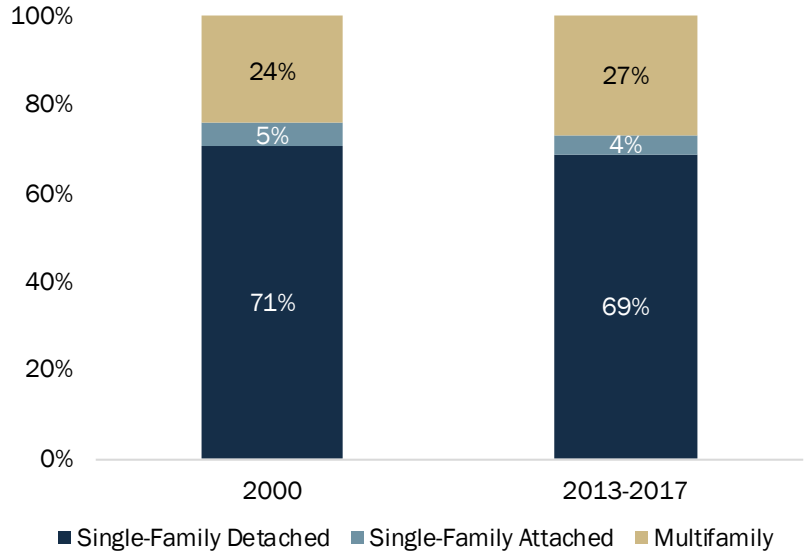
Source: U.S. Census Bureau, 2013-2017 ACS Table B25024.



From 2000 to 2013-2017, the share of single-family detached housing units declined by 2% as the share of multi-family housing units increased by 3%.

Exhibit 3. Change in Housing Mix, Keizer, 2000 and 2013-2017

Source: U.S. Census Bureau, 2000 Decennial Census, SF3 Table H030, and 2013-2017 ACS Table B25024.



Building Permits

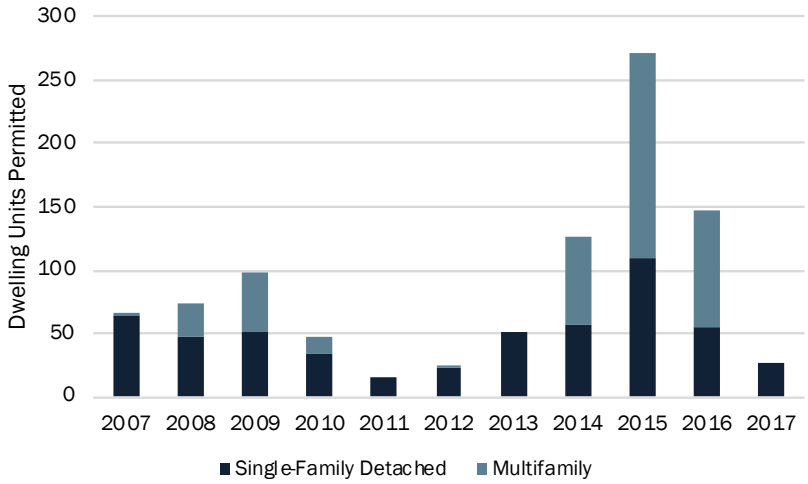
Over the 2007 to 2017 analysis period, Keizer issued permits for 949 dwelling units, with an annual average of 86 permits issued.

Of these 949 permits, about 56% were permits for single-family detached dwelling units.

In 2017, Keizer issued a total of 26 building permits, of which all permits were for single-family detached housing.

Exhibit 4. Building Permits by Type of Unit, Keizer, 2007 through 2017

Source: City of Keizer, Permit Database.



Residential Development in Commercial Zones

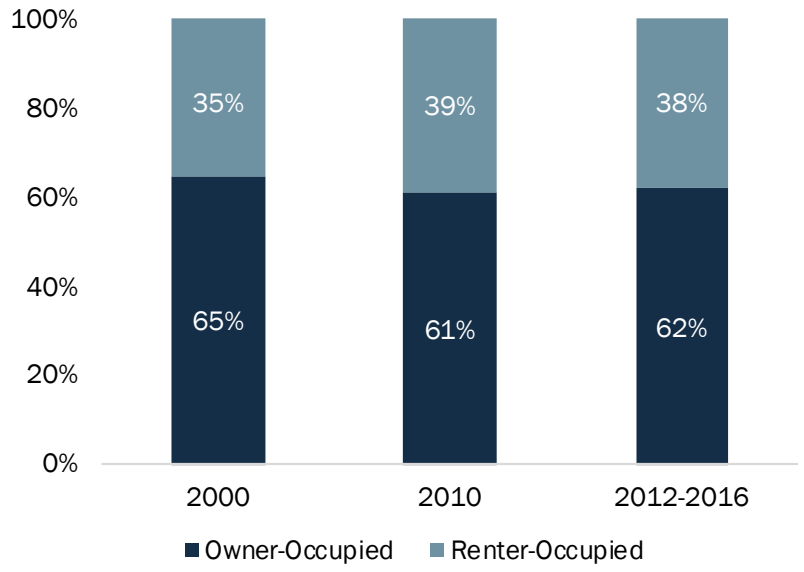
Note to reviewers: This section will be added in a future draft.

Trends in Tenure

Housing tenure describes whether a dwelling is owner- or renter-occupied. Homeownership in Keizer stayed relatively stable between 2000 and 2012-2016. In 2000, 65% of Keizer's households were homeowners. This dropped to 61% in 2010 and increased to 62% in 2012-2016. Nearly all Keizer homeowners (96%) live in single-family detached housing, while over half of renters (66%) live in multifamily housing.

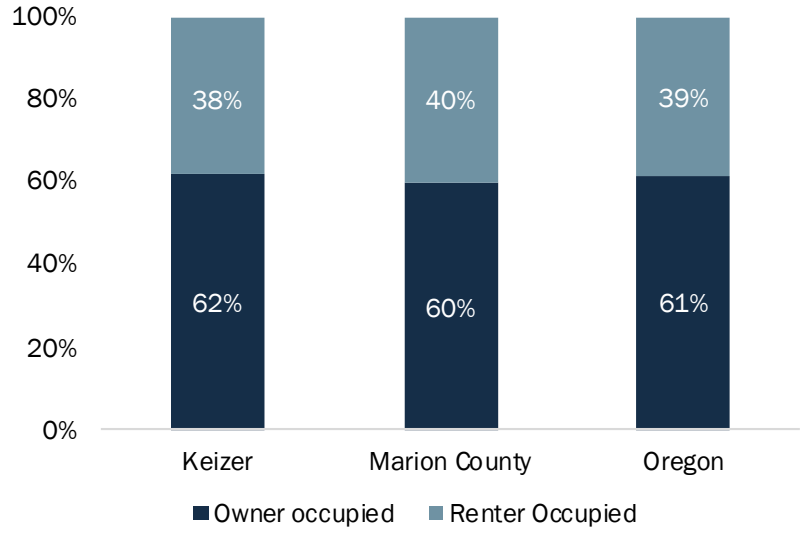
The homeownership rate in Keizer decreased by 4% from 2000 to 2010. It has since remained stable.

Exhibit 5. Tenure, Occupied Units, Keizer, 2000-2016
Source: U.S. Census Bureau, 2000 Decennial Census SF1 Table H004, 2010 Decennial Census SF1 Table H4, 2012-2016 ACS Table B24003.



Keizer has a similar share of homeowners and renters as Marion County and Oregon.

Exhibit 6. Tenure, Occupied Units, Keizer, Marion County, and Oregon, 2012-2016
Source: U.S. Census Bureau, 2012-2016 ACS Table B24003.

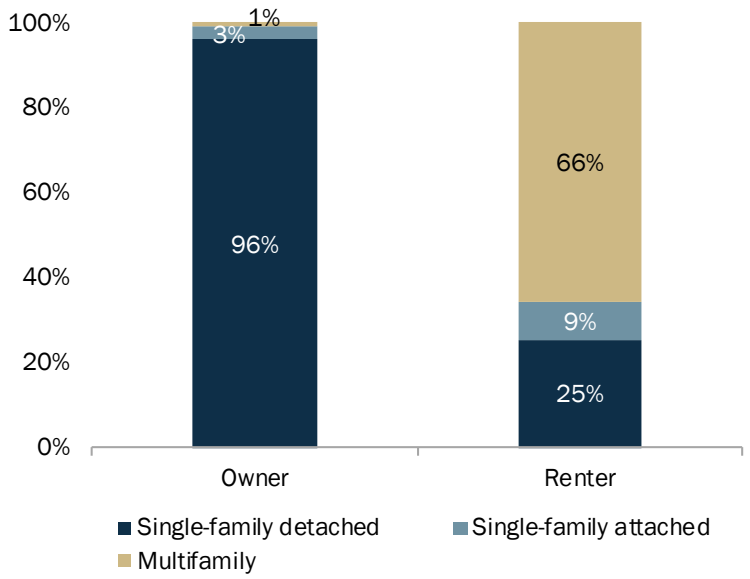


Nearly all homeowners (96%) live in single-family detached housing.

In comparison, 25% of renters live in single-family detached housing while 66% of renters live in multifamily housing. More renters that homeowners live in single-family attached housing.

Exhibit 7. Housing Units by Type and Tenure, Keizer, 2012-2016

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



Vacancy Rates

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." The 2010 Census identified vacancy through an enumeration, separate from (but related to) the survey of households. Enumerators are obtained using information from property owners and managers, neighbors, rental agents, and others.

According to the 2013-2017 Census, the vacancy rate in Keizer was 4.6%, compared to 6.6% for Marion County and 9.3% for Oregon.

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 eight government-assisted housing developments and properties in Keizer.

- **Briarwood Manor** has 10 units of affordable housing for seniors.
- **Chemawa Village** has 6 units of affordable housing for families.
- **Cottonwood** has 1 unit of affordable housing.
- **St. Monicas** has 12 units of affordable housing for families.
- **1446 Jodelle Ct N** has 1 unit of affordable housing for families.
- **1707 Chelan St NE** has 1 unit of affordable housing for families.
- **1867 Chelan St NE** has 1 unit of affordable housing for families.
- **4759 13th Ave N** has 1 unit of affordable housing for families.

Manufactured Homes

Manufactured homes provide a source of affordable housing in Keizer. They provide a form of homeownership that can be made available to low- and moderate-income households. Cities are required to 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 home owner. 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.

Keizer had 786 mobile homes in 2000, and 813 mobile homes in the 2012-2016 period, an increase of 27 dwellings. According to Census data, 97% of the mobile homes in Keizer were owner-occupied in the 2012-2016 period.

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 8 presents the inventory of mobile and manufactured home parks within Keizer in October of 2018.

Keizer has seven manufactured home parks within their portion of the UGB. Within these parks, there are a total of 586 spaces, two of which were vacant as of October 2018.

Exhibit 8. Inventory of Mobile/Manufactured Home Parks, Keizer's portion of UGB, 2018

Source: Oregon Manufactured Dwelling Park Directory.

Name	Location	Type	Total Spaces	Vacant Spaces	Comprehensive Plan Designation
Briarwood Estates	5098 Briarwood Circle N #1	Family	66	0	Low Density Residential
Kennedy Meadows Mobile Home Park	2096 Kennedy Circle NE	Family	99	0	Medium and High Density Residential
McNary Oaks Mobile Villa	5355 River Rd N	55+	122	0	Medium and High Density Residential
Rainbow Gardens Mobile Village, LLC	1011 Chemawa Road NE	55+	87	2	Medium and High Density Residential
Spring Meadow MHC, LLC	1505 Garwood Way N	Family	83	0	Low Density Residential
Stadium Village	3460 Tepper Parkway NE	55+	24	0	Low Density Residential
Wildwood Mobile Villa Inc	5510 Windsor Island Rd N	55+	105	0	Medium and High Density Residential
Oakwood Mobile Manor	1029 Oakwood St NE	Family	44	0	Median and High Density Residential
Total			**630**	**2**	

4. Demographic and Other Factors Affecting Residential Development in Keizer

Demographic trends are important for a thorough understanding of the dynamics of the Keizer housing market. Keizer exists in a regional economy; trends in the region impact the local housing market. This chapter documents demographic, socioeconomic, and other trends relevant to Keizer 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 Keizer to Marion County and Oregon. We also compare Keizer to nearby cities (Salem, Turner, Woodburn, Silverton, Monmouth, Dallas) 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 needs 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 needs 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. Chapter 5 presents data to address steps 1, 5, and 6 in this list.

Demographic and Socioeconomic Factors Affecting Housing Choice[1]

Analysts typically describe housing demand as the *preferences* for different types of housing (e.g., single-family 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, and Millennials, people born from about 1980 to 2000.
- **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 multiple person households (often with children).
- **Income** is the household income. 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-family detached, duplex, or a building with more than five units) and to household tenure (e.g., rent or own).

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[1] The research in this chapter is based on numerous articles and sources of information about housing, including:

Davis, Hibbits, & Midghal Research, "Metro Residential Preference Survey," May 2014.

The American Planning Association, "Investing in Place; Two generations' view on the future of communities," 2014.

Transportation for America, "Access to Public Transportation a Top Criterion for Millennials When Deciding Where to Live, New Survey Shows," 2014.

National Association of Home Builders International Builders, "Survey Says: Home Trends and Buyer Preferences," 2017.

Urban Land Institute, *The Case for Multi-family Housing*, 2003.

E. Zietz, *Multi-family Housing: A Review of Theory and Evidence.* Journal of Real Estate Research, Volume 25, Number 2. 2003.

C. Rombouts, *Changing Demographics of Homebuyers and Renters. Multi-family Trends*, Winter 2004.

J. McIlwain, *Housing in America: The New Decade,* Urban Land Institute, 2010.

D. Myers and S. Ryu, *Aging Baby Boomers and the Generational Housing Bubble*, Journal of the American Planning Association, Winter 2008.

M. Riche, *The Implications of Changing U.S. Demographics for Housing Choice and Location in Cities,* The Brookings Institution Center on Urban and Metropolitan Policy, March 2001.

L. Lachman and D. Brett, *Generation Y: America's New Housing Wave,* Urban Land Institute, 2010.

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

National Trends[2]

This brief summary on national housing trends builds on previous work by ECONorthwest, the Urban Land Institute (ULI) reports, and conclusions from *The State of the Nation's Housing, 2018* report from the Joint Center for Housing Studies of Harvard University. The Harvard report summarizes the national housing outlook as follows:

> "By many metrics, the housing market is on sound footing. With the economy near full employment, household incomes are increasing and boosting housing demand. On the supply side, a decade of historically low single-family construction has left room for expansion of this important sector of the economy. Although multifamily construction appears to be slowing, vacancy rates are still low enough to support additional rentals. In fact, to the extent that growth in supply outpaces demand, a slowdown in rent growth should help to ease affordability concerns."

However, challenges to a strong domestic housing market remain. High mortgage rates make housing unaffordable for many Americans, especially younger Americans. In addition to rising housing costs, wages have also failed to keep pace, worsening affordability pressures. Single-family and multifamily housing supplies remain tight, which compound affordability issues. *The State of the Nation's Housing* report emphasizes the importance of government assistance and intervention to keep housing affordable moving forward. Several challenges and trends shaping the housing market are summarized below:

- **Moderate new construction and tight housing supply, particularly for affordable housing.** New construction experienced its eighth year of gains in 2017 with 1.2 million units added to the national stock. Estimates for multifamily starts range between 350,000 to 400,000 (2017). The supply of for sale homes in 2017 averaged 3.9 months, below what is considered balanced (six months) and lower cost homes are considered especially scarce. The State of the Nation's Housing report cites lack of skilled labor, higher building costs, scarce developable land, and the cost of local zoning and regulation as impediments to new construction.
- **Demand shift from renting to owning.** After years of decline, the national homeownership rate increased from a 50-year low of 62.9% in 2016 (Q2) to 63.7% in 2017 (Q2). Trends suggest homeownership among householders aged 65 and older have remained strong and homeownership rates among young adults have begun stabilizing after years of decline.
- **Housing affordability.** In 2016, almost one-third of American households spent more than 30% of their income on housing. This figure is down from the prior year,

[2] 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 2018," (2) Urban Land Institute, "2018 Emerging Trends in Real Estate," and (3) the U.S. Census.

bolstered by a considerable drop in the owner share of cost-burdened households. Low-income households face an especially dire hurdle to afford housing. With such a large share of households exceeding the traditional standards for affordability, policymakers are focusing efforts on the severely cost-burdened. Among those earning less than $15,000, more than 70% of households paid more than half of their income on housing.

- **Long-term growth and housing demand.** The Joint Center for Housing Studies forecasts that nationally, demand for new homes could total as many as 12 million units between 2017 and 2027. Much of the demand will come from Baby Boomers, Millennials,[3] and immigrants. The Urban Land Institute cites the trouble of overbuilding in the luxury sector while demand is in mid-priced single-family houses affordable to a larger buyer pool.
- **Changes in housing preference.** Housing preference will be affected by changes in demographics; most notably, the aging of the Baby Boomers, housing demand from Millennials, and growth of immigrants.
    - *Baby Boomers.* The housing market will be affected by continued aging of the Baby Boomers, the oldest of whom were in their seventies in 2018 and the youngest of whom were in their fifties in 2018. Baby Boomers' housing choices will affect housing preference and homeownership. 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.[4] A broader definition exists which explains that aging in place also means "remaining in the current community and living in the residence of one's choice."[5] Therefore, 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 multifamily 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 U.S. population, [including] the continued growth in the percentage of single-person households, and the demand for a wider range of housing choices in communities across the country is fueling interest in new forms of residential development, including tiny houses."[6]
    - *Millennials.* Over the last several decades, young adults increasingly lived in multi-generational housing – and increasingly more so than older

[3] According to the Pew Research Center, Millennials were born between the years of 1981 to 1996 (inclusive). Read more about generations and their definitions here: http://www.pewresearch.org/fact-tank/2018/03/01/defining-generations-where-millennials-end-and-post-millennials-begin/.

To generalize, and because there is no official generation of millennial, we define this cohort as individuals born between 1980 and 2000.

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

[5] Ibid.

[6] American Planning Association. Making Space for Tiny Houses, Quick Notes.

demographics.[7] Despite this trend, as Millennials age over the next 20 years, they will be forming households and families. In 2018, the oldest Millennials were in their late-30s and the youngest were in their late-teens. By 2040, Millennials will be between 40 and 60 years old.

At the beginning of the 2007-2009 recession Millennials only started forming their own households. Today, Millennials are driving much of the growth in new households, albeit at slower rates than previous generations. From 2012 to 2017, millennials formed an average of 2.1 million net new households each year. Twenty-six percent of Millennials aged 25 to 34 lived with their parents (or other relatives) in 2017.

- *Immigrants.* Research on foreign-born populations find that immigrants, more than native-born populations, prefer to live in multi-generational housing. Still, immigration and increased homeownership among minorities could also play a key role in accelerating household growth over the next 10 years. Census Bureau 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 staunched by the effects of the Great Recession. After a period of declines, however, the foreign born are again contributing to household growth. The Census Bureau's estimates of net immigration in 2017–2018 indicate an that 1.2 million immigrants moved to the U.S. from abroad, down from 1.3 million immigrants in 2016-2017 but higher than the average annual pace of 850,000 during the period of 2009–2011. However, if recent Federal policies about immigration are successful, growth in undocumented and documented immigration could slow and cause a drag on household growth in the coming years.
- *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 whites and blacks, as well as the larger share of minority households that are cost burdened warrants consideration. Since 1994, the difference in homeownership rates between whites and blacks rose by 1.9 percentage points to 29.2% in 2017. Alternatively, the gap between white and Hispanic homeownership rates, and white and Asian homeownership rates, both decreased during this period but remained sizable at 26.1 and 16.5 percentage points, respectively. Although homeownership rates are increasing for some minorities, large shares of minority households are more likely to live in high-cost metro areas. This, combined with lower incomes than white households,

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

leads to higher rates of cost burden for minorities—47% for blacks, 44% for Hispanics, 37% for Asians/others, and 28% for whites in 2015.

- Changes in housing characteristics. The U.S. Census Bureau's Characteristics of New Housing Report (2017) 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:[8]
  - *Larger single-family units on smaller lots.* Between 1999 and 2017, the median size of new single-family dwellings increased by 20% nationally, from 2,028 sq. ft. to 2,426 sq. ft., and 20% in the western region from 2,001 sq. ft. in 1999 to 2,398 sq. ft in 2017. Moreover, the percentage of new units smaller than 1,400 sq. ft. nationally, decreased by more than half, from 15% in 1999 to 6% in 2017. The percentage of units greater than 3,000 sq. ft. increased from 17% in 1999 to 25% of new one-family homes completed in 2017. In addition to larger homes, a move towards smaller lot sizes is seen nationally. Between 2009 and 2017, the percentage of lots less than 7,000 sq. ft. increased from 25% to 31% of lots.
  - *Larger multifamily units.* Between 1999 and 2017, the median size of new multiple family dwelling units increased by 5.3% nationally and 2.4% in the Western region. Nationally, the percentage of new multifamily units with more than 1,200 sq. ft. increased from 28% in 1999 to 33% in 2017 and increased from 25% to 28% in the Western region.
  - *Household amenities.* Across the U.S. and since 2013, an increasing number of new units had air-conditioning (fluctuating year by year at over 90% for both new single-family and multi-family units). In 2000, 93% of new single-family houses had two or more bathrooms, compared to 97% in 2017. The share of new multifamily units with two or more bathrooms decreased from 55% of new multifamily units to 45%. As of 2017, 65% of new single-family houses in the U.S. had one or more garage (from 69% in 2000).

[8] U.S. Census Bureau, Highlights of Annual 2017 Characteristics of New Housing. Retrieved from: https://www.census.gov/construction/chars/highlights.html.

State Trends

Oregon's 2016-2020 Consolidated Plan includes a detailed housing needs analysis as well as strategies for addressing housing needs statewide. The plan concludes that "a growing gap between the number of Oregonians who need affordable housing and the availability of affordable homes has given rise to destabilizing rent increases, an alarming number of evictions of low- and fixed- income people, increasing homelessness, and serious housing instability throughout Oregon."

It identified the following issues that describe housing need statewide:[9]

- 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. Today, one in two Oregon households pays more than one-third of their income toward rent, and one in three pays more than half of their income toward rent.
- More school children are experiencing housing instability and homelessness. The rate of K-12 homeless children increased by 12% from the 2013-2014 school year to the 2014–2015 school year.
- Oregon has 28,500 rental units that are affordable and available to renters with extremely low incomes. There are about 131,000 households that need those apartments, leaving a gap of 102,500 units.
- Housing instability is fueled by an unsteady, low-opportunity employment market. Over 400,000 Oregonians are employed in low-wage work. Low-wage work is a growing share of Oregon's economy. When wages are set far below the cost needed to raise a family, the demand for public services grows to record heights.
- Women are more likely than men to end up in low-wage jobs. Low wages, irregular hours, and part-time work compound issues.
- People of color historically constitute a disproportionate share of the low-wage work force. About 45% of Latinos, and 50% of African Americans, are employed in low-wage industries.
- The majority of low-wage workers are adults over the age of 20, many of whom have earned a college degree, or some level of higher education.

[9] These conclusions are copied directly from the report: Oregon's 2016-2020 Consolidated Plan http://www.oregon.gov/ohcs/docs/Consolidated-Plan/2016-2020-Consolidated-Plan-Amendment.pdf.

- In 2019, minimum wage in Oregon[10] was $11.25, $12,50 in the Portland Metro, and $11.00 for non-urban counties.

Oregon's *2018 Statewide Housing Plan* identified six housing priorities to address in communities across the State over 2019 to 2023, summarized below. It includes relevant data to help illustrate the rationale for each priority. The *2018 Statewide Housing Plan* describes the Oregon Housing and Community Services' (OHCS) goals and implementation strategies for achieving the goals.[11]

- **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.*
  - Summary of the issue: In Oregon, 26% of people of color live below the poverty line in Oregon, compared to 15% of the White population.
  - 2019-2023 Goal: Communities of color will experience increased access to OHCS resources and achieve greater parity in housing stability, self-sufficiency and homeownership. OHCS will collaborate with its partners and stakeholders to create a shared understanding of racial equity and overcome systemic injustices faced by communities of color in housing discrimination, access to housing and economic prosperity.
- **Homelessness.** *Build a coordinated and concerted statewide effort to prevent and end homelessness, with a focus on ending unsheltered homelessness of Oregon's children and veterans.*
  - Summary of the issue: According to the Point-in-Time count, approximately 14,000 Oregonians experienced homelessness in 2017, an increase of nearly 6% since 2015. Oregon's unsheltered population increased faster than the sheltered population, and the state's rate of unsheltered homelessness is the third highest in the nation at 57%. The state's rate of unsheltered homelessness among people in families with children is the second highest in the nation at 52%.
  - 2019-2023 Goal: OHCS will drive toward impactful homelessness interventions by increasing the percentage of people who are able to retain permanent housing for at least six months after receiving homeless services to at least 85 percent. We will also collaborate with partners to end veterans' homelessness in Oregon and build a system in which every child has a safe and stable place to call home.

[10] The 2016 Oregon Legislature, Senate Bill 1532, established a series of annual minimum wage rate increases beginning July 1, 2016 through July 1, 2022. https://www.oregon.gov/boli/whd/omw/pages/minimum-wage-rate-summary.aspx

[11] Priorities and factoids are copied directly from the report: Oregon Housing and Community Services (November 2018). Breaking New Ground, Oregon's Statewide Housing Plan, Draft. https://www.oregon.gov/ohcs/DO/shp/OregonStatewideHousingPlan-PublicReviewDraft-Web.pdf

- **Permanent Supportive Housing.** *Invest in permanent supportive housing, a proven strategy to reduce chronic homelessness and reduce barriers to housing stability.*
  - Summary of the issue: Oregon needs about 12,388 units of permanent supportive housing to serve individuals and families with a range of needs and challenges.
  - 2019-2023 Goal: OHCS will increase our commitment to permanent supportive housing by funding the creation of 1,000 or more additional permanent supportive housing units to improve the future long-term housing stability for vulnerable Oregonians.
- **Affordable Rental Housing.** *Work to close the affordable rental housing gap and reduce housing cost burden for low-income Oregonians.*
  - Summary of the issue: Statewide, over 85,000 new units are needed to house those households earning below 30% of Median Family Income (MFI) in units affordable to them. The gap is even larger when accounting for the more than 16,000 units affordable at 30% of MFI, which are occupied by households at other income levels.
  - 2019-2023 Goal: OHCS will triple the existing pipeline of affordable rental housing — up to 25,000 homes in the development pipeline by 2023. Residents of affordable rental housing funded by OHCS will have reduced cost burden and more opportunities for prosperity and self-sufficiency.
- **Homeownership.** *Provide more low- and moderate-income Oregonians with the tools to successfully achieve and maintain homeownership, particularly in communities of color.*
  - Summary of the issue: In Oregon, homeownership rates for all categories of people of color are lower than for white Oregonians. For White non-Hispanic Oregonians, the home ownership rate is 63%. For Hispanic and non-White Oregonians, it is 42%. For many, homeownership rates have fallen between 2005 and 2016.
  - 2019-2023 Goal: OHCS will assist at least 6,500 households in becoming successful homeowners through mortgage lending products while sustaining efforts to help existing homeowners retain their homes. OHCS will increase the number of homebuyers of color in our homeownership programs by 50% as part of a concerted effort to bridge the homeownership gap for communities of color while building pathways to prosperity.
- **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.*
  - Summary of the issue: While housing costs may be lower in rural areas, incomes are lower as well: median family income is $42,750 for rural counties versus $54,420 for urban counties. Additionally, the median home values in rural Oregon are 30% higher than in the rural United States and median rents are 16% higher.

- 2019-2023 Goal: OHCS will collaborate with small towns and rural communities to increase the supply of affordable and market-rate housing. As a result of tailored services, partnerships among housing and service providers, private industry and local governments will flourish, leading to improved capacity, leveraging of resources and a doubling of the housing development pipeline.

Regional and Local Demographic Trends that may affect housing need in Keizer

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.

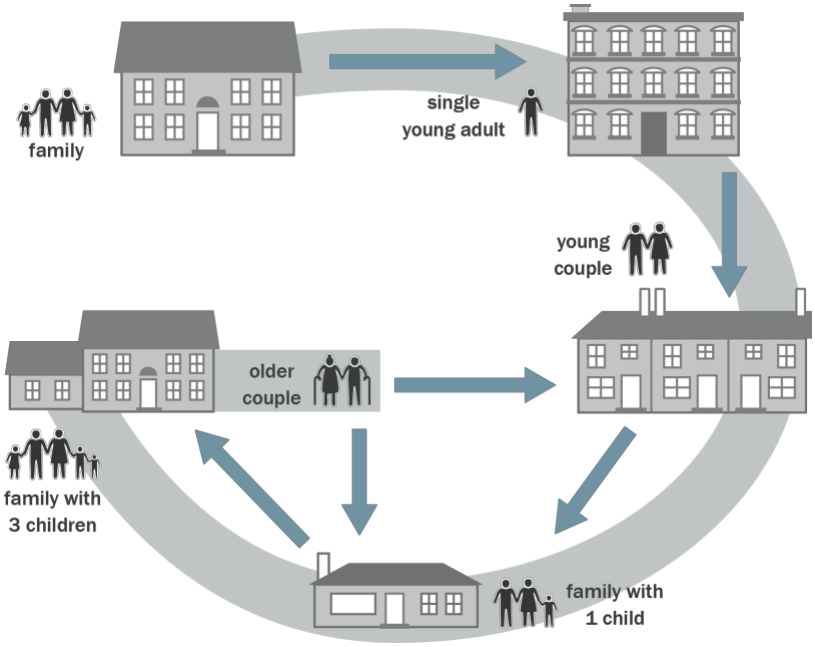
An individual's housing needs change throughout their life, with changes in income, family composition, and age. The types of housing needed by a 20-year-old college student differ from the needs of a 40-year-old parent with children, or an 80-year-old single adult. As Keizer's population ages, different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

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

Families of different sizes need different types of housing.

Exhibit 9. 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

Keizer's population growth will drive future demand for housing in the City over the planning period. The population forecast in Exhibit 11 is Keizer's official population forecast, from the Oregon Population Forecast Program. Keizer must use this forecast as the basis for forecasting housing growth over the 2019 to 2039 period.

Keizer's population grew by 75% between 1990 and 2017.

Keizer added about 16,500 new residents, at an average annual growth rate of 2.1%.

Exhibit 10. Population, Keizer, Marion County, Oregon, U.S., 1990-2017

Source: U.S. Decennial Census 1990, and Portland State University, Population Research Center.

			Change 1990 to 2017		
	1990	2017	Number	Percent	AAGR
U.S.	248,709,873	325,719,178	77,009,305	31%	1.0%
Oregon	2,842,321	4,141,100	1,298,779	46%	1.4%
Marion County	228,483	339,200	110,717	48%	1.5%
Keizer	21,884	38,345	16,461	75%	2.1%

Keizer's population within their portion of the UGB is projected to grow by 9,923 people between 2019 and 2039, at an average annual growth rate of 1.13%.[12]

Exhibit 11. Forecast of Population Growth, Keizer's portion of UGB, 2019 to 2039

Source: Portland State University Population Research Center's Oregon Population Forecast Program, Forecasts for Marion and Polk County, June 30, 2017. ECONorthwest estimated the Keizer portion of the UGB's population.

39,395	49,318	9,923	25% Increase
Residents in 2019	Residents in 2039	New Residents 2019-2039	1.13% AAGR

[12] This forecast of population growth is based on the Oregon Population Forecast Program. Oregon's Population Forecast Program (currently) combines Keizer and Salem's population forecast because they share a joint Urban Growth Boundary (UGB). The City of Keizer, City of Salem, and Department of Land Conservation and Development (DLCD) collaborated to determine Keizer's portion of the shared population forecast. Previous population forecast divisions for Salem and Keizer uses a split of 84.4% for Salem's UGB and 15.6% for Keizer's UGB (2032 Keizer Adopted Forecast and 2035 Salem Adopted Forecast). To maintain consistency with previously adopted forecasts, collaborators agreed to use the same assumption (84.4% Salem's portion of UGB / 15.6% Keizer's portion of UGB). Assuming Keizer's portion of the population is 15.6% of the total, Keizer is forecast to grow from 38,466 people in 2017 to 49,821 people in 2040. ECONorthwest extrapolated the population forecast for 2017 (to 2039) and 2040 (to 2039) based on the methodology specified in the following file (from the Oregon Population Forecast Program website):
http://www.pdx.edu/prc/sites/www.pdx.edu.prc/files/Population_Interpolation_Template.xlsx

Aging Population

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

- **Seniors.** The average age in Keizer is slightly older than Marion County but below the Statewide average. Keizer's share of population 60 years and older is about the same as the State and Marion County.

  Demand for housing for retirees will grow over the planning period, as the Baby Boomers continue to age and retire. The Marion County forecast share of residents aged 60 years and older will account for 25% of its population (2040), compared to around 21% in 2017.

  The impact of growth in seniors in Keizer will depend, in part, on whether older people already living in Keizer continue to reside there as they retire and whether Keizer attracts people nearing or in retirement, consistent with the expected changes in Marion County's age distribution. 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.[13]

  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-family homes (detached and attached) or multifamily 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 include: changes in healthcare needs, loss of mobility, the difficulty of home maintenance, financial concerns, and increases in property taxes.[14]

- **Keizer has a modest share of younger people.** About 28% of Keizer's and Marion County's population is under 20 years old, compared to Oregon's average of 24%. The forecast for population growth in Marion County shows the percent of people under 20 years old remaining relatively static at 28% in 2017 to 27% in 2040.

  People currently aged 18 to 38[15] are referred to as the Millennial generation and account for the largest share of population in Oregon.[16] By 2040, Millennials will be about 40 to

[13] 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.

[14] "Aging in Place: A toolkit for Local Governments" by M. Scott Ball.

[15] No formal agreement on when the Millennial generation starts or ends exists. For this report, we define the Millennial generation as individuals born in 1980 through 2000.

[16] Pew Research Center. (March 2018). "Defining generations: Where Millennials end and post-Millennials begin" by Michael Dimock. Retrieved from: http://www.pewresearch.org/fact-tank/2018/03/01/defining-generations-where-millennials-end-and-post-millennials-begin/.

60 years of age. The forecast for Marion County shows a small decline in Millennials from about 26% of the population in 2020 to about 23% of the population in 2040.

Keizer's ability 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. Retaining (or attracting) Millennials, will depend on availability of housing types (such as townhouses, cottages, duplexes and similar scale-multifamily housing, and apartments).

In the near-term, Millennials may increase demand for rental units. The long-term housing preference of Millennials is uncertain. Research suggests that Millennials' housing preferences may be similar to the Baby Boomers, with a preference for smaller, less costly units. Recent surveys about housing preference suggest that Millennials want affordable single-family homes in areas that offer transportation alternatives to cars, such as suburbs or small cities with walkable neighborhoods.[17]

A recent survey of people living in the Portland region shows that Millennials prefer single-family detached housing. The survey finds that housing price is the most important factor in choosing housing for younger residents.[18] 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 for the Portland region, it shows similar results as national surveys and studies about housing preference for Millennials.

There is potential for attracting new residents to housing in Keizer's commercial areas, especially if the housing is relatively affordable and located in proximity to services.

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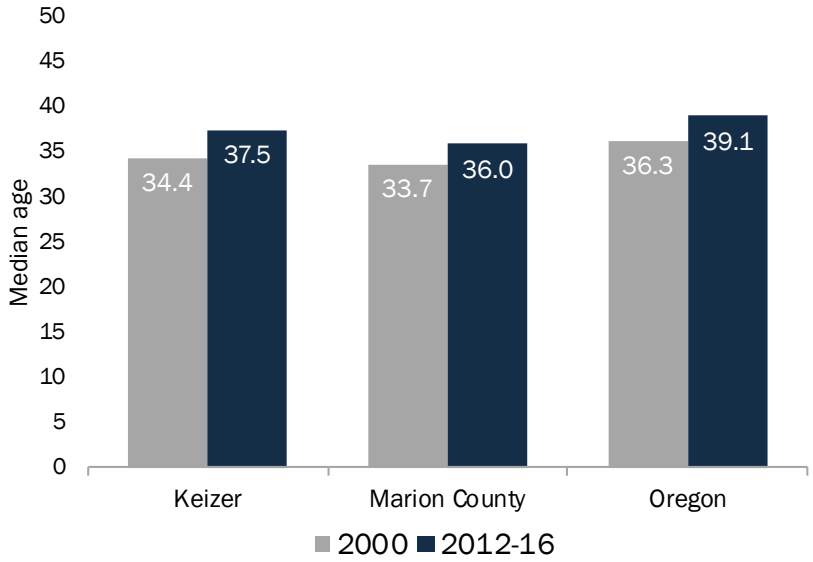
[17] The American Planning Association, "Investing in Place; Two generations' view on the future of communities." 2014.
"Access to Public Transportation a Top Criterion for Millennials When Deciding Where to Live, New Survey Shows," Transportation for America.
"Survey Says: Home Trends and Buyer Preferences," National Association of Home Builders International Builders

[18] Davis, Hibbits, & Midghal Research, "Metro Residential Preference Survey," May 2014.

From 2000 to 2012-2016, Keizer's median age increased from 34.4 to 37.5 years.

Exhibit 12. Median Age, Years, 2000 to 2012-2016

Source: U.S. Census Bureau, 2000 Decennial Census Table B01002, 2012-2016 ACS, Table B01002.

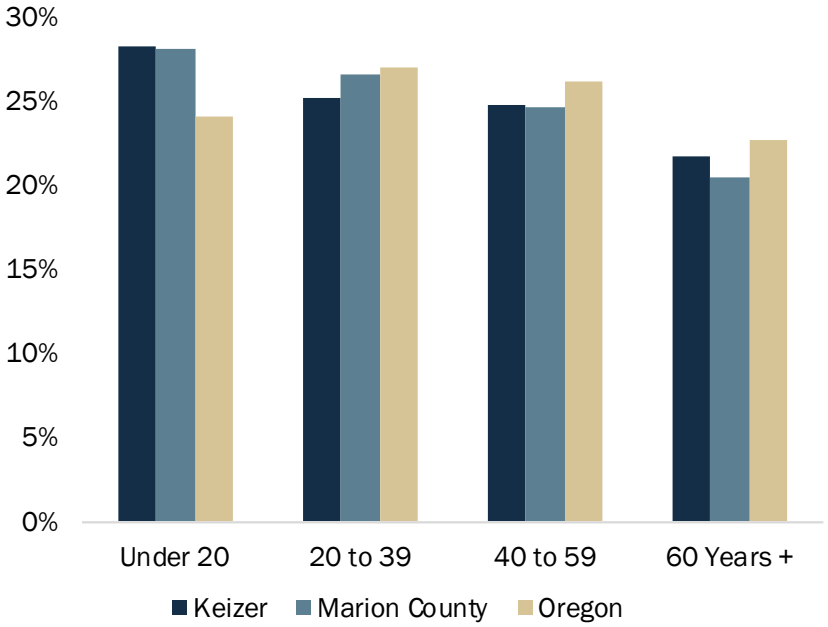


In 2016, about 50% of Keizer's residents were between the ages of 20 and 59 years.

About 28% of Keizer's population is under 20 years old, comparable to Marion County but a larger share than the state.

Exhibit 13. Population Distribution by Age, 2012-2016

Source: U.S. Census Bureau, 2012-2016 ACS, Table B01001.

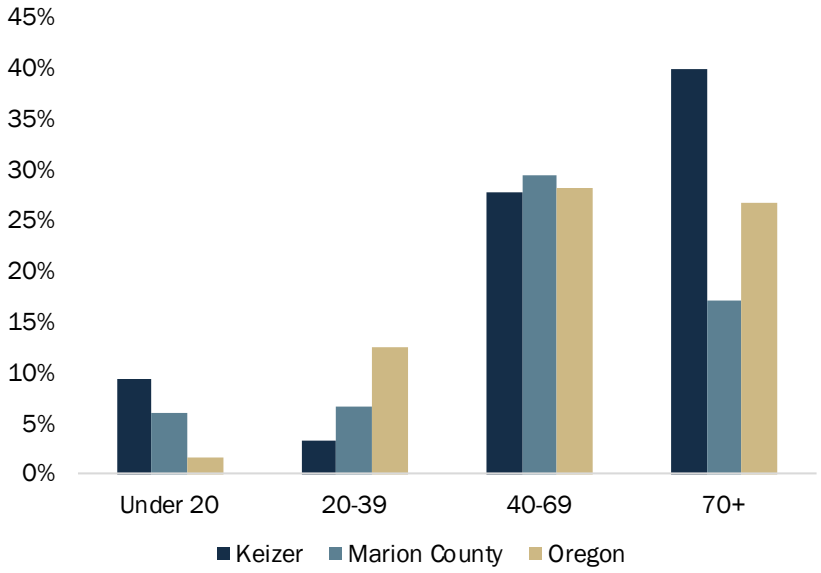


Between 2000 and 2012-2016, all age groups in Keizer, Marion County, and Oregon grew in size.

In Keizer, those aged 70 and older grew the most (40%), followed by those aged 40 to 69 (28%).

Exhibit 14. Population Growth by Age, 2000 to 2012-2016

Source: U.S. Census Bureau, 2000 Decennial Census Table P012 and 2012-2016 ACS, Table B01001.



Marion County's population forecast shows that the population of people aged 60 years and older will grow by 42%.

Exhibit 15. Share of Total Population Growth, by Age Group, Marion County, 2017 to 2040

Source: Portland State University, Population Research Center, Marion Forecast, June 2017.

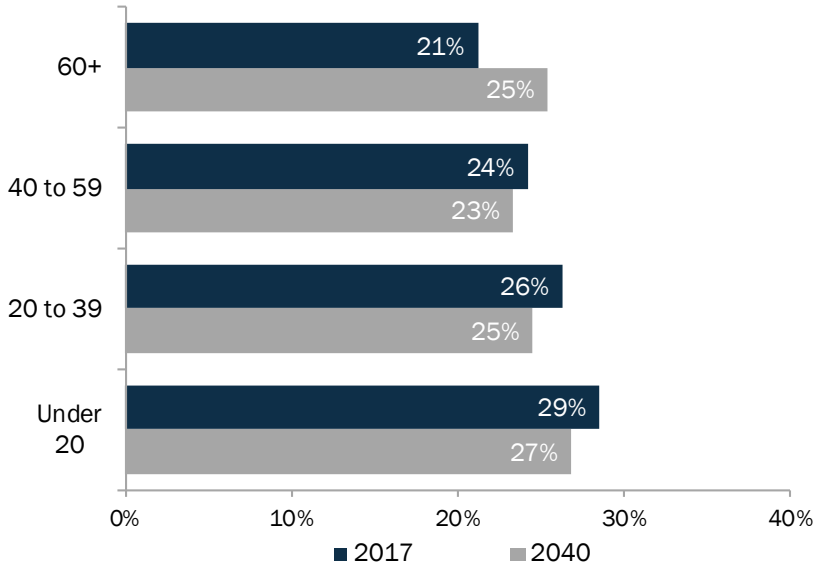
20%	17%	20%	42%
16,907 People	14,633 People	16,630 People	35,571 People
Under 20	**20-39 Years**	**40-59 Years**	**60+ Years**

By 2040, it is forecasted that Marion County residents aged 40 and older will make up 49% of the county's total population.

This accounts for a 4% increase from the county's 2017 age group estimate.

Exhibit 16. Population Growth by Age Group, Marion County, 2017, 2040

Source: Portland State University, Population Research Center, Marion County Forecast, June 2017.



Increased Ethnic Diversity

Keizer is becoming more ethnically diverse. The Hispanic and Latino population grew from 8% of Keizer's population in 2000 to 12% of the population in the 2012-2016 period, adding about 3,304 new Hispanic and Latino residents. Keizer is less ethnically diverse than Marion County and Oregon.

Continued growth in the Hispanic and Latino population will affect Keizer's housing needs in a variety of ways.[19] Growth in first and, to a lesser extent, second and third generation Hispanic and Latino immigrants will increase demand for larger dwelling units to accommodate the, on average, larger household sizes for these households. Foreign-born households, including Hispanic and Latino immigrants, are more likely to include multiple generations, requiring more space than smaller household sizes. As Hispanic and Latino households integrate over generations, household size typically decreases, and their housing needs become similar to housing needs for all households.

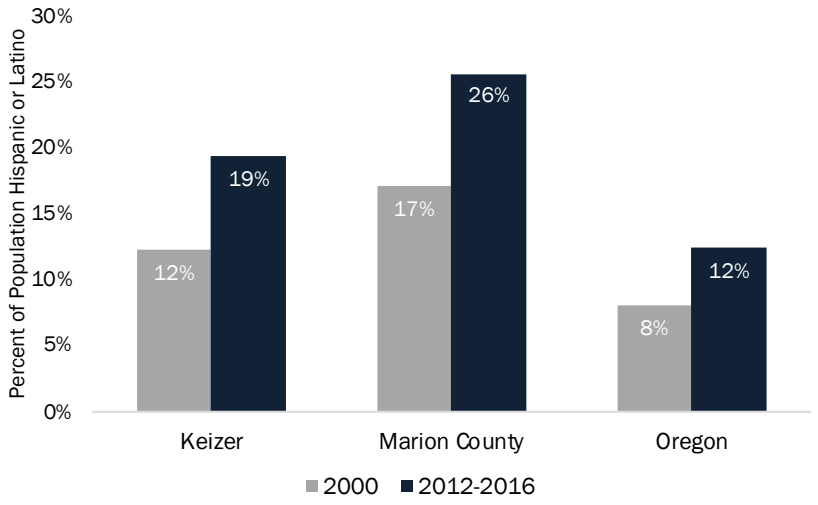
Growth in Hispanic and Latino households will result in increased demand for housing of all types, both for ownership and rentals, with an emphasis on housing that is comparatively affordable and can accommodate multiple generations.

Keizer's Hispanic/Latino population grew by 7% between 2000 and 2012-2016.

Keizer is less ethnically diverse than the county but more ethnically diverse than the state.

Exhibit 17. Hispanic or Latino Population as a Percent of the Total Population, 2000, 2012-2016

Source: U.S. Census Bureau, 2000 Decennial Census Table P008, 2012-2016 ACS Table B03002.



[19] The following articles describe housing preferences and household income trends for Hispanic and Latino families, including differences in income levels for first, second, and third generation households. In short, Hispanic and Latino households have lower median income than the national averages. First and second generation Hispanic and Latino households have median incomes below the average for all Hispanic and Latino households. Hispanic and Latino households have a strong preference for homeownership, but availability of mortgages and availability of affordable housing are key barriers to homeownership for this group.
Pew Research Center. *Second-Generation Americans: A Portrait of the Adult Children of Immigrants*, February 7, 2012.
National Association of Hispanic Real Estate Professionals. *2014 State of Hispanic Homeownership Report*, 2014.

Household Size and Composition

Keizer's average household size is slightly smaller than Marion County's average household size and slightly larger than Oregon's household sizes. Keizer has a larger share of households with children and a smaller share of nonfamily households, compared to Statewide averages.

Keizer's average household size is between that of Marion County and Oregon.

Exhibit 18. Average Household Size, Keizer, Marion County, Oregon, 2013-2017

Source: U.S. Census Bureau, 2013-2017 ACS 5-year estimate, Table B25010.

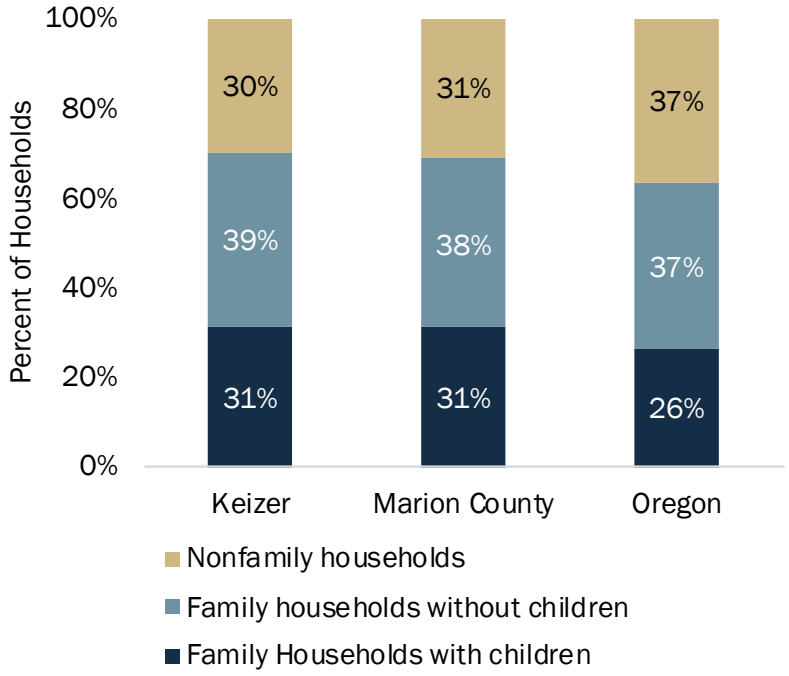
2.69 Persons	2.76 Persons	2.50 Persons
Keizer	Marion County	Oregon

Keizer has a larger share of households with children than Oregon, but a nearly identical household composition to the county.

About 31% of Keizer and Marion County households have children, compared to 26% of Oregon households.

Exhibit 19. Household Composition, Keizer, Marion County, Oregon, 2012-2016

Source: U.S. Census Bureau, 2012-2016 ACS 5-year estimate, Table DP02.



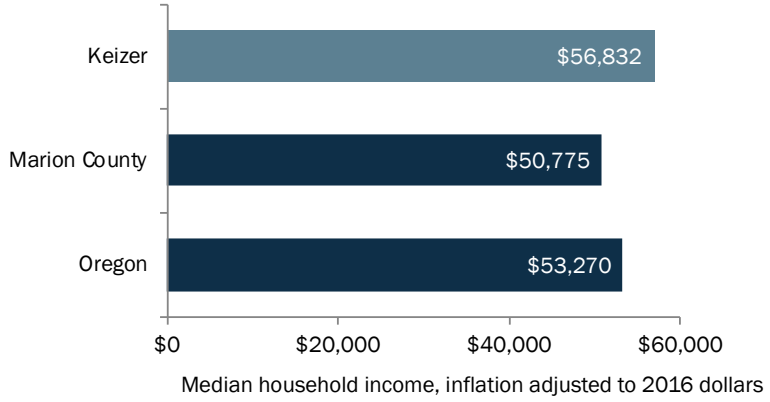
Income of Keizer Residents

Income is one of the key determinants in housing choice and households' ability to afford housing. Income for residents living in Keizer is greater than in Marion County and Oregon.

Over the 2012-2016 period, Keizer's median household income (MHI) was above that of the county and the state.

Exhibit 20. Median Household Income, Keizer, Marion County, Oregon, 2012-2016

Source: U.S. Census Bureau, 2012-2016 ACS 5-year estimate, Table B25119.

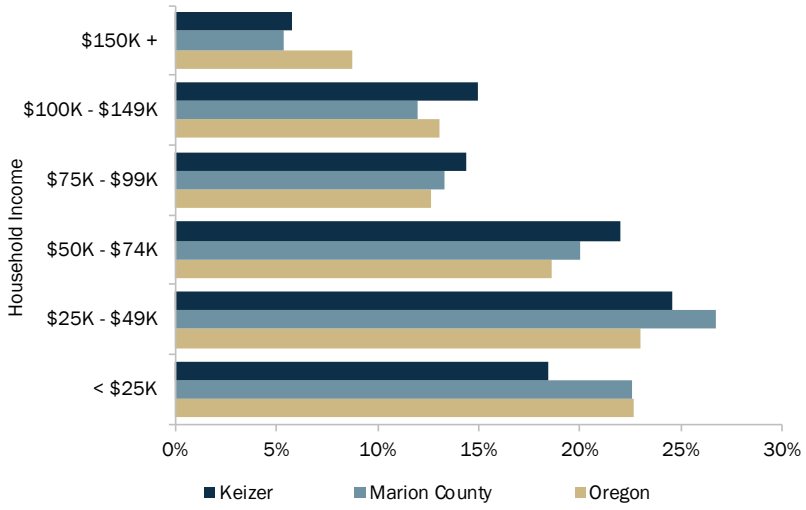


Keizer has more households earning $50,000 or more than the county or state.

For the 2012-2016 period, about 57% of Keizer households made more than $50,000 per year, compared to 51% of Marion County households, and 53% of Oregon households.

Exhibit 21. Household Income, Keizer, Marion County, Oregon, 2012-2016

Source: U.S. Census Bureau, 2012-2016 ACS 5-year estimate, Table B19001.

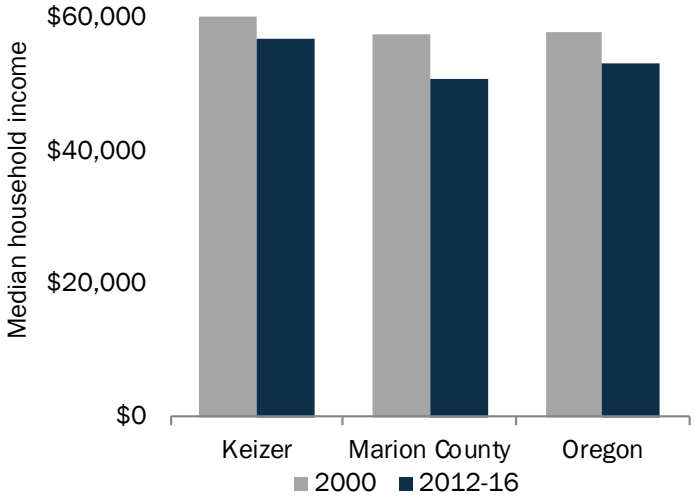


After adjusting for inflation, Keizer's median household income (MHI) decreased by 11% from $64,113 per year in 2000 to $56,832 per year in 2012-2016.

In this same time, Marion County's MHI decreased by 12% and Oregon's by 8%.

Exhibit 22. Median Household Income, Keizer, Marion County, Oregon, 2000 to 2012-2016, Inflation-adjusted

Source: U.S. Census Bureau, 2000 Decennial Census, Table HCT012; 2012-2016 ACS 5-year estimate, Table B25119.



Commuting Trends

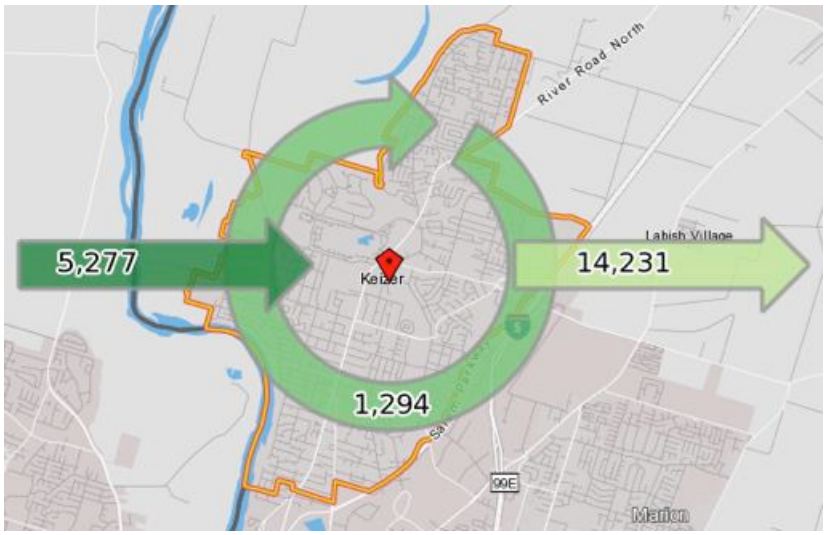
Keizer is part of the complex, interconnected economy of Marion County. Of the more than 6,500 people who work in Keizer, more than 80% of workers commute into Keizer from other areas, most notably from Salem. More than 14,200 residents of Keizer commute out of the city for work, many of them to Salem.

Keizer is part of an interconnected regional economy.

More than 5,200 people commute into Keizer for work, and more than 14,000 people living in Keizer commute out of the City for work.

Exhibit 23. Commuting Flows, Keizer, 2015

Source: U.S. Census Bureau, Census On the Map.



About 20% of people who work at businesses located in Keizer also live in Keizer.

The remainder commute from Salem, Portland, and other parts of Marion County.

Exhibit 24. Places Where Workers at Businesses in Keizer Lived, 2015

Source: U.S. Census Bureau, Census On the Map.

28%	20%	3%	3%	3%
Salem	Keizer	Portland	Hayesville	Four Corners

About 66% of Keizer residents work in Marion County.

Less than 10% of Keizer residents live and work within City limits.

Exhibit 25. Places Where Keizer Residents were Employed, 2015

Source: U.S. Census Bureau, Census On the Map.

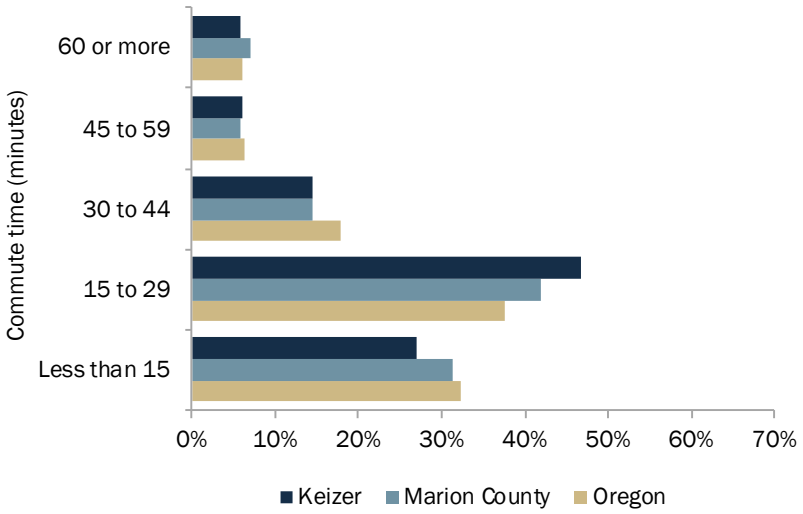
45%	8%	6%	3%	2%
Salem	Keizer	Portland	Hayesville	Woodburn

Most Keizer residents (74%) have a commute time that takes less than 30 minutes.

Similarly, about 73% of Marion County residents and 70% of Oregon residents have a commute time of less than 30 minutes.

Exhibit 26. Commute Time by Place of Residence, Keizer, Marion County, Oregon, 2012-2016

Source: U.S. Census Bureau, 2012-2016 ACS 5-year estimate, Table B08303.



Regional and Local Trends Affecting Affordability in Keizer

This section describes changes in sales prices, rents, and housing affordability in Keizer, Dallas, Monmouth, Salem, Silverton, Turner, Woodburn, Marion County, and Oregon since 2000.

Changes in Housing Costs

With a median sales price of $260,000 in 2017, Keizer's housing sales were slightly higher than other comparison cities in this analysis. Keizer's housing prices fluctuated along with comparison cities over the January 2016 to July 2018 time frame.

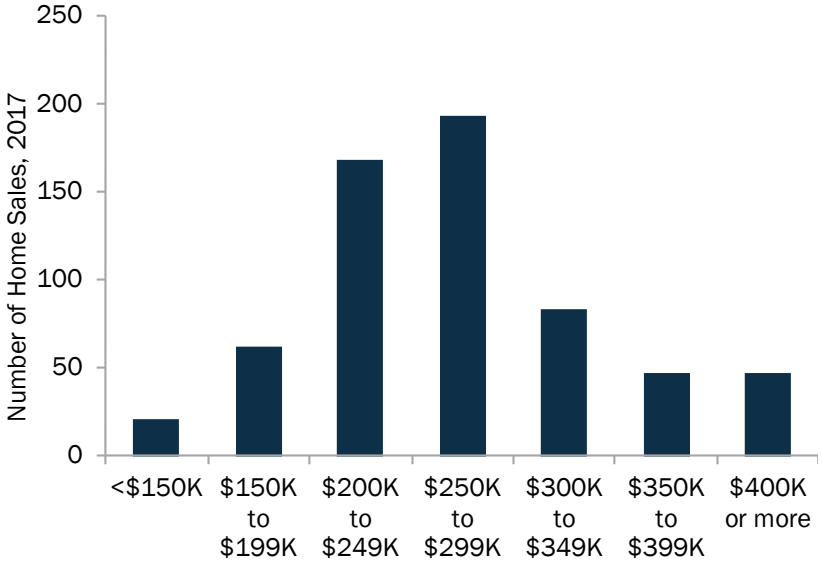
Keizer's median home sales price was similar to Salem's in 2018, but between Woodburn's and Dallas' median home sales price.

Exhibit 27. Median Home Sale Price, Keizer and Comparison Cities, 2018
Source: Redfin.

In 2017, more than half of homes (58%) sold in Keizer cost between $200,000 and $299,999.

About 3% of homes sold for less than $150,000, while 29% sold for more than $300,000.

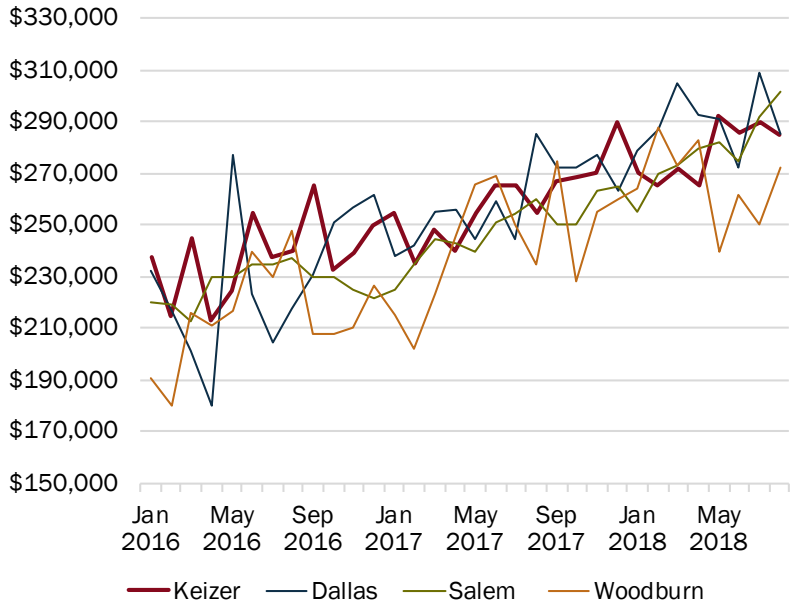
Exhibit 28. Distribution of Home Sale Prices, Keizer, 2017
Source: Property Radar.



Between January 2016 and July 2018, home sales prices in Keizer followed similar trends to other nearby cities.

Exhibit 29. Median Sales Price, Keizer and Comparison Cities, January 2016 – July 2018

Source: Redfin.



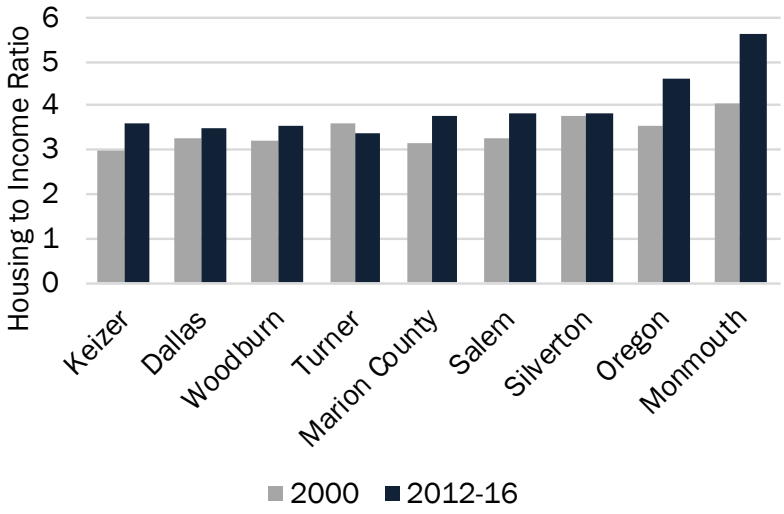
Since 2000, housing costs in Keizer increased faster than incomes.

The household reported median value of a house in Keizer was 3.0 times the median household income (MHI) in 2000, and 3.6 times MHI in 2016.

This decline of housing affordability was similar to Marion County but smaller than the state.

Exhibit 30. Ratio of Median Housing Value to Median Household Income, Keizer, Marion County, Oregon, Comparison Cities, 2000 to 2012-2016[20]

Source: U.S. Census Bureau, 2000 Decennial Census, Tables HCT012 and H085, and 2012-2016 ACS, Tables B19013 and B25077.



[20] This ratio compares the median value of housing in Keizer (and other places) to the median household income. Inflation-adjusted median owner values in Keizer decreased slightly from $192,384 in 2000 to $203,600 in 2012-2016. Over the same period, median income decreased from $65,016 to $56,832.

Rental Costs

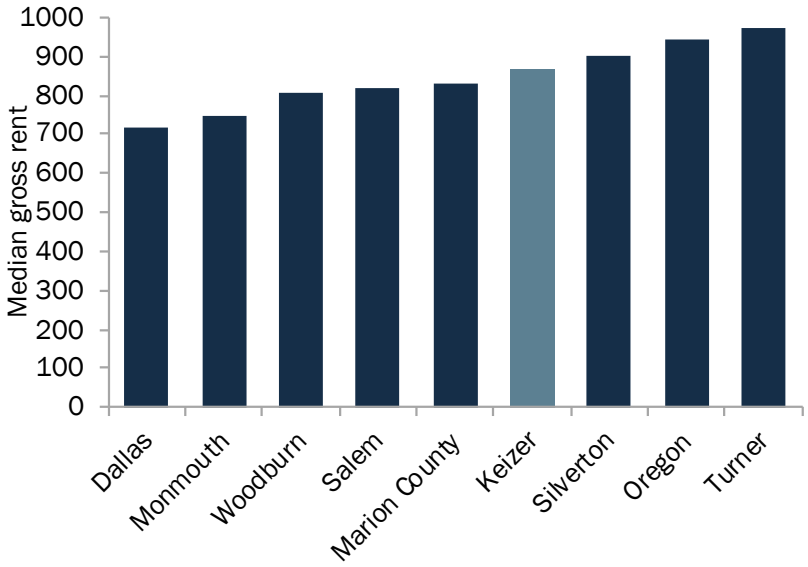
Rent costs in Keizer are higher than average for Marion County and are lower than average for Oregon. The following charts show gross rent (which includes the cost of rent plus utilities) for Keizer in comparison to other cities in the region based on Census data.

The median gross rent in Keizer is $715

Rent in Keizer was higher than Marion County's median rent and lower than Oregon's.

Exhibit 31. Median Gross Rent, Keizer, Marion County, Oregon, Other Comparison Cities, 2012-2016

Source: U.S. Census Bureau, 2012-2016 ACS 5-year estimate, Table B25064.

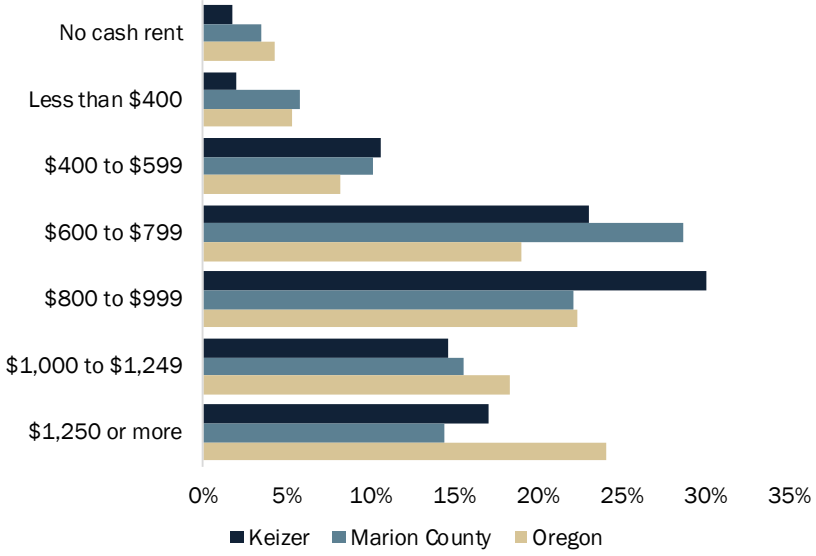


About two-thirds of renters in Keizer pay less than $1,000 per month.

About 17% of Keizer's renters paid $1,250 or more in gross rent per month, a larger share than Marion County (14%), but a smaller share than the state (24%).

Exhibit 32. Gross Rent, Keizer, Marion County, and Oregon, 2012-2016

Source: U.S. Census Bureau, 2012-2016 ACS Table B25063.



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 for housing affordability is consistent with the Goal 10 requirement to provide housing that is affordable to all households in a community.

About 36% of Keizer's households are cost burdened. About 54% of renter households are cost burdened, compared with 25% of homeowners. Overall, Keizer has a slightly smaller share of cost-burdened households than Marion County, Oregon, and some comparison cities.

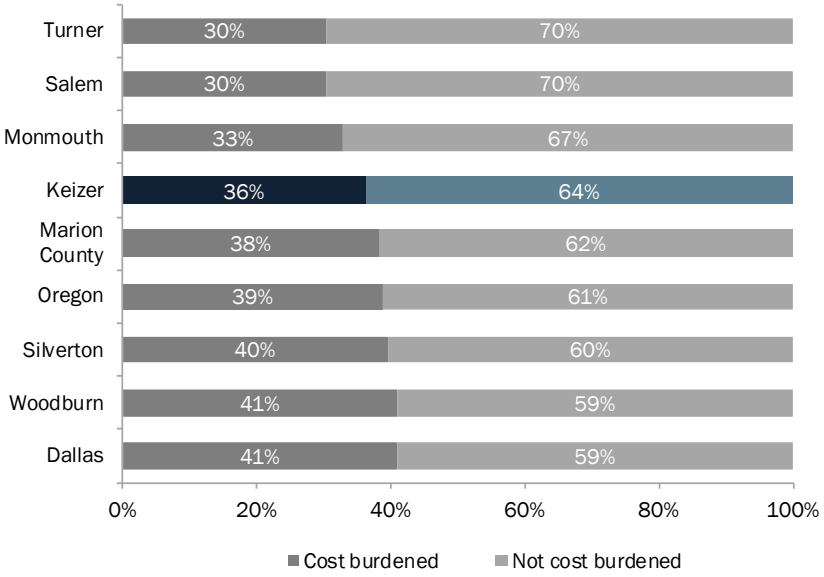
About 18% of Keizer's households have an income of less than $25,000 per year. These households can afford rent of less than $625 per month, or a home with a value of less than $62,500. Most, but not all, of these households are cost burdened.

Overall, about 36% of all households in Keizer are cost burdened.

Keizer has a smaller share of cost burdened households than both the state and the county for the 2012-2016 period.

Exhibit 33. Housing Cost Burden, Keizer, Marion County, Oregon, Other Comparison Cities, 2012-2016

Source: U.S. Census Bureau, 2012-2016 ACS Tables B25091 and B25070.

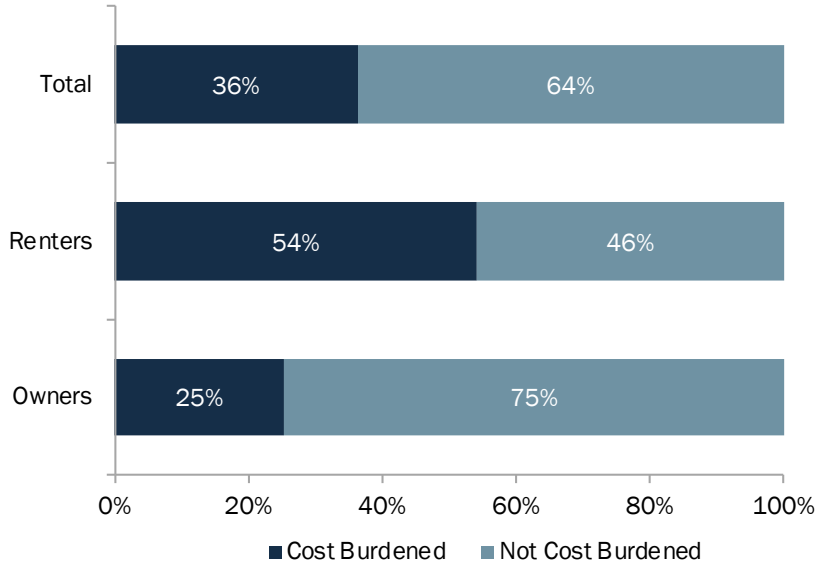


Renters are much more likely to be cost burdened than homeowners.

In the 2012-2016 period, about 54% of renters in Keizer were cost burdened, compared to 25% of homeowners.

Exhibit 34. Housing Cost Burden by Tenure, Keizer, 2012-2016

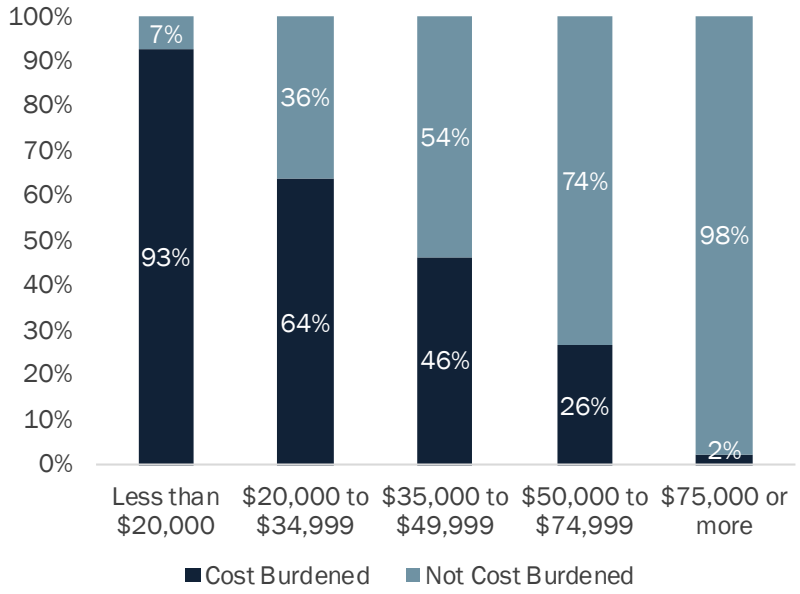
Source: U.S. Census Bureau, 2012-2016 ACS Tables B25091 and B25070.



Cost burden rates also vary by income. Nearly all households that earn less than $35,000 per year are cost burdened.

Exhibit 35. Housing Cost Burden by Income, Keizer, 2012-2016

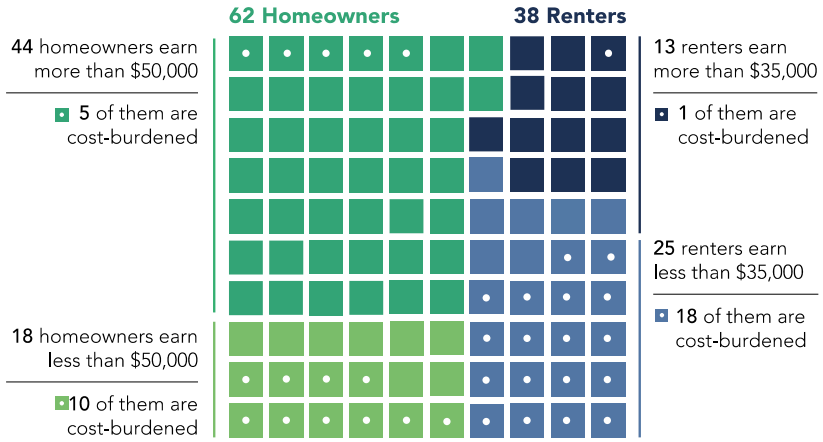
Source: U.S. Census Bureau, 2012-2016 ACS Table S2503.



Cost burden rates also vary by income. Many renter households that earn less than $35,000 per year are cost burdened.

Exhibit 36. Illustration of Cost Burden: If all of Keizer's Households were 100 Residents

Source: U.S. Census Bureau, 2012-2016 ACS Table S2503.



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 non-discretionary expenses, such as food or medical care, and on discretionary 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 non-discretionary 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.

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 Marion County is $886.

Exhibit 37. HUD Fair Market Rent (FMR) by Unit Type, Marion County, 2018

Source: U.S. Department of Housing and Urban Development.

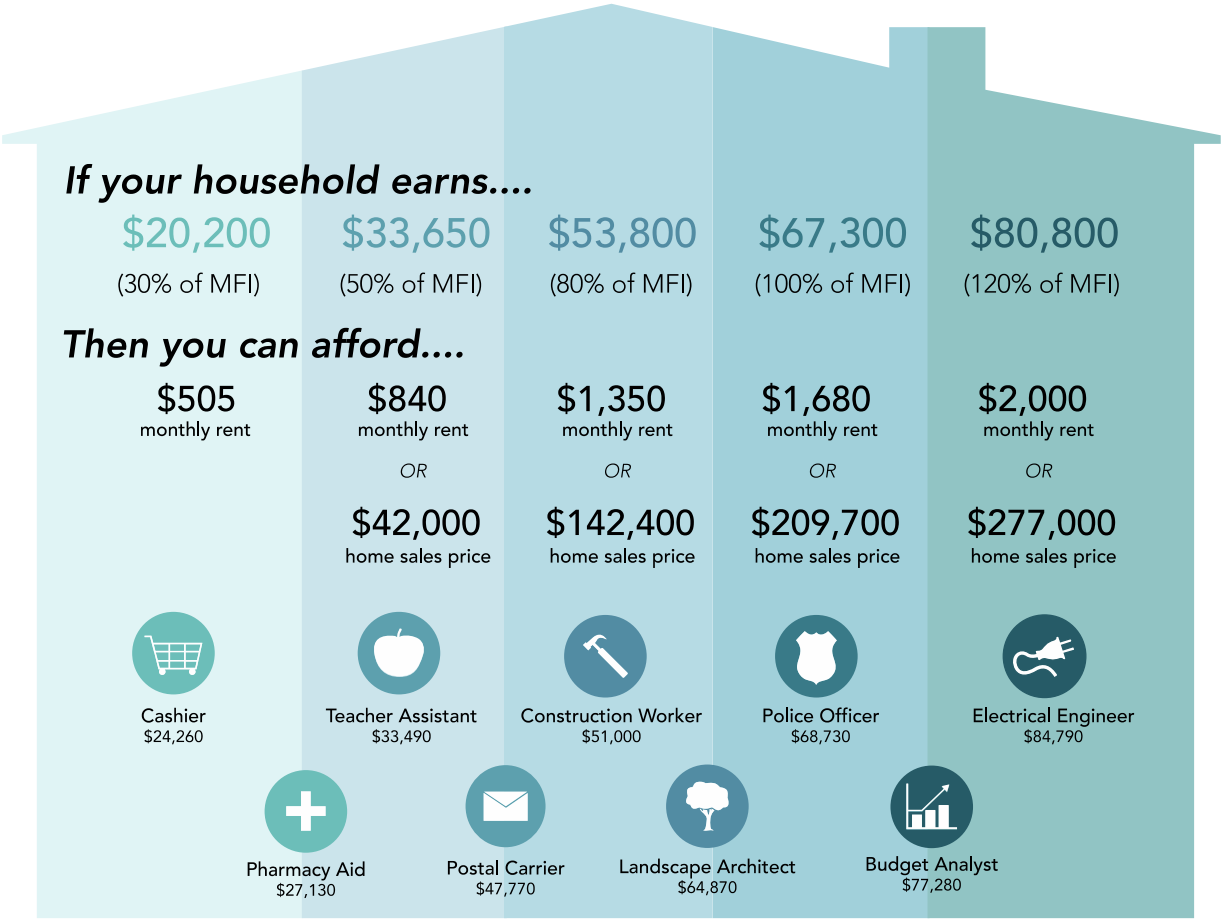
$594	$668	$886	$1,289	$1,560
Studio	1-Bedroom	2-Bedroom	3-Bedroom	4-Bedroom

A household must earn at least $17.04 per hour to afford a two-bedroom unit in Marion County.

Exhibit 38. Affordable Housing Wage, Marion County, 2017
Source: U.S. Department of Housing and Urban Development; Oregon Bureau of Labor and Industries.

$17.04/hour
Affordable Housing Wage for two-bedroom Unit in Marion County

Exhibit 39 Financially Attainable Housing, by Median Family Income (MFI) for Marion County ($67,300), Keizer, 2017
Source: U.S. Department of Housing and Urban Development, Marion County, 2018. Bureau of Labor Services, Salem MSA, 2017.



A household earning median income ($67,300) can afford a monthly rent of about $1,680 or a home valued at about $196,800.

About 28% of Keizer's households have income less than $33,650 and cannot afford a two-bedroom apartment at Marion County's Fair Market Rent (FMR) of $886.

Exhibit 40. Share of Households, by Median Family Income (MFI) for Marion County ($67,300), Keizer, 2017

Source: U.S. Department of Housing and Urban Development, Marion County, 2018. U.S. Census Bureau, 2012-2016 ACS Table 19001. *Note: MFI is Median Family Income, determined by HUD for Marion County.*

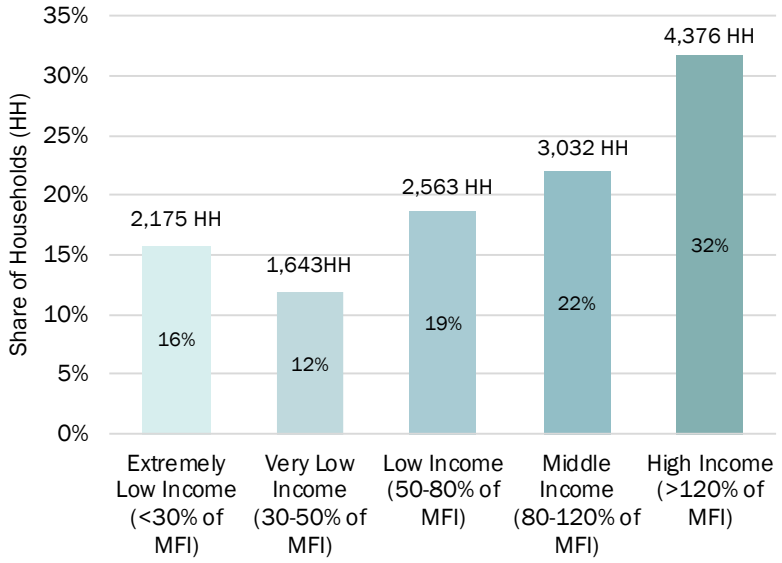


Exhibit 41 compares the number of households by income with the number of units affordable to those households in Keizer. Keizer currently has a deficit of housing affordable to households earning between $10,000 and $25,000, and greater than $75,000. The deficit of housing for households earning between $10,000 and $25,000 (between 15 and 37% of MFI) results in these households potentially living in housing that is more expensive than they can afford. Households in this income range are generally unable to afford market rate rents. When lower cost housing (such as government subsidized housing) is not available, these households pay more than they can afford in rent. This is consistent with the data about renter cost burden in Keizer.

Keizer has a deficit of housing types affordable at lower income levels such as new and used government-assisted housing, apartments, duplexes, tri- and quad-plexes, and manufactured housing. Keizer also has a deficit of housing types affordable for higher income levels such as higher-end apartments, single-family attached, and single-family detached housing.

Exhibit 41. Affordable Housing Costs and Units by Income Level, Keizer, 2016

Source: U.S. Census Bureau, 2012-2016 ACS, Table B19001, B25075, and B25063. *Note: MFI is Median Family Income, determined by HUD for Marion County. In 2018, Marion County's MFI was $67,300.*

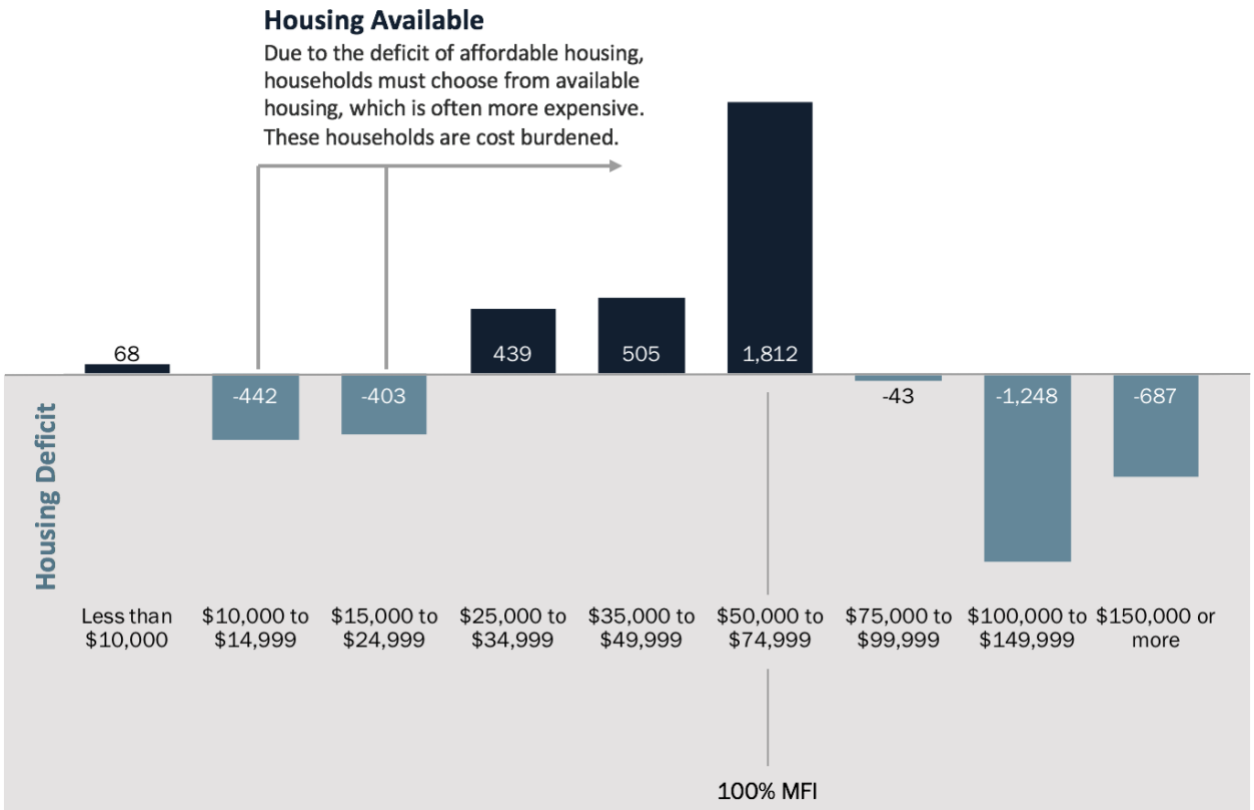
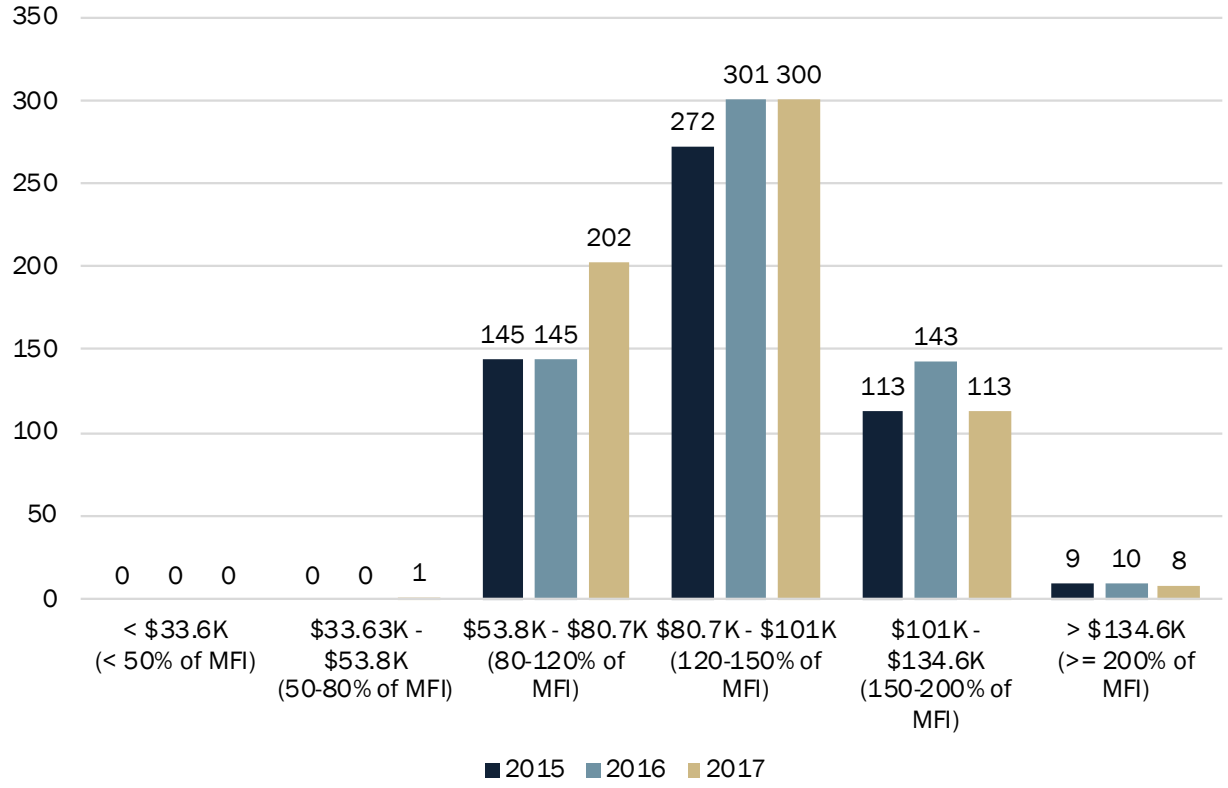


Exhibit 42 shows the distribution of home sales prices by affordability range for 2015, 2016, and 2017. Most housing sold in Keizer in these years were affordable to households earning between 80% and 200% of the Median Family Income (MFI), or a household income of about $53,840 to $134,600.

Exhibit 42. Distribution of Home Sales Prices by Affordability Range, Keizer, 2015, 2016, 2017
Source: Property Radar.



Summary of the Factors Affecting Keizer'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 multifamily 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."[21] 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 Keizer over the next 20 years:

- **Growth in housing will be driven by growth in population.** Between 1990 and 2017, Keizer's population grew by 16,461 people (75%). The population in Keizer's UGB is forecasted to grow from 39,395 to 49,318, an increase of 9,923 people (25%) between 2019 and 2039.[22]
- **Housing affordability is a growing challenge in Keizer.** It is a challenge in most of the region in general and Keizer is affected by these regional trends. Housing prices are increasing faster than incomes in Keizer and Marion County, which is consistent with state and national challenges. Keizer has a modest share of multifamily housing (about 27% of the city's housing stock), but over half of renter households are cost burdened. Keizer's key challenge over the next 20 years is providing opportunities for development of relatively affordable housing of all types, such as lower-cost single-family housing, townhouses and duplexes, market-rate multifamily housing, and government-subsidized affordable housing.

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

[22] This forecast is based on Keizer's official forecast from the Oregon Population Forecast Program for the 2019 to 2039 period (modified per the Department of Land Conservation and Development's guidance).

- **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 Keizer's housing market, to some degree. If the City adopts policies to increase opportunities to build smaller-scale single-family and multifamily housing types, a larger percentage of new housing developed over the next 20 years in Keizer may begin to address the city's needs. Examples of policies that the City could adopt to achieve this outcome include: allowing a wider range of housing types (e.g., duplex or townhouses) in single-family zones, ensuring that there is sufficient land zoned to allow single-family attached multifamily housing development, supporting development of government-subsidized affordable housing, and encouraging multifamily residential development in downtown. The degree of change in Keizer's housing market, however, will depend on market demand for these types of housing in Marion County.
- **If 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-family housing. This includes providing opportunities for development of smaller single-family detached homes, townhomes, and multifamily housing.

  Key demographic and economic trends that will affect Keizer's future housing needs are: (1) the aging of the Baby Boomers, (2) the aging of the Millennials, and (3) the continued growth in Hispanic and Latino population.

  - *The Baby Boomer's population is continuing to age.* By 2040, people 60 years and older will account for 25% of the population in Marion County (up from 21% in 2017). The changes that affect Keizer's housing demand as the population ages are that household sizes and homeownership rates decrease. 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 Keizer.
  - *Millennials will continue to form households and make a variety of housing choices.* By 2040, Millennials will be roughly between 40 and 60 years old. As they age, generally speaking, their household sizes will increase, and their homeownership rates will peak by about age 55. Between the 2019 and 2039 analysis period, Millennials will be a key driver in demand for housing for families with children. The ability to retain Millennials will depend on the City's availability of affordable renter and ownership housing. It will also depend on the location of new housing in Keizer, as many Millennials prefer to live in more

urban environments.[23] The decline in homeownership among the Millennial generation has more to do with financial barriers rather than the preference to rent.[24]

- *Hispanic and Latino population will continue to grow.* The U.S. Census projects that by about 2040, Hispanic and Latino population will account for one-quarter of the nation's population. The share of Hispanic and Latino population in the Western U.S. is likely to be higher. Hispanic and Latino population currently accounts for about 19% of Keizer's population. In addition, the Hispanic and Latino population is generally younger than the U.S. average, with many Hispanic and Latino people belonging to the Millennial generation.

  Hispanic and Latino population growth will be an important driver in growth of housing demand, both for owner- and renter-occupied housing. Growth in Hispanic and Latino population will drive demand for housing for families with children. Given the lower income for Hispanic and Latino households, especially first-generation immigrants, growth in this group will also drive demand for affordable housing, both for ownership and renting. [25]

In summary, an aging population, increasing housing costs (although lower than the Region), housing affordability concerns for Millennials and the Hispanic and Latino populations, and other variables are factors that support the conclusion of need for smaller and less expensive units and a broader array of housing choices. Growth of retirees will drive demand for small single-family detached houses and townhomes for homeownership, townhome and multifamily rentals, age-restricted housing, and assisted-living facilities. Growth in Millennials, Hispanic, and Latino populations will drive demand for affordable housing types, including demand for small, affordable single-family units (many of which may be ownership units) and for affordable multifamily units (many of which may be rental units).

- **No amount of analysis is likely to make the distant future completely certain: the purpose of the housing forecasting in this study is to get an approximate idea about the future (so policy choices can be made today).** Economic forecasters regard any

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[23] Choi, Hyun June; Zhu, Jun; Goodman, Laurie; Ganesh, Bhargavi; Strochak, Sarah. (2018). Millennial Homeownership, Why is it So Low, and How Can We Increase It? Urban Institute. https://www.urban.org/research/publication/millennial-homeownership/view/full_report

[24] Ibid.

[25] The following articles describe housing preferences and household income trends for Hispanic and Latino families, including differences in income levels for first, second, and third generation households. In short, Hispanic and Latino households have lower median income than the national averages. First and second generation Hispanic and Latino households have median incomes below the average for all Hispanic and Latino households. Hispanic and Latino households have a strong preference for homeownership, but availability of mortgages and availability of affordable housing are key barriers to homeownership for this group.

Pew Research Center. *Second-Generation Americans: A Portrait of the Adult Children of Immigrants*, February 7, 2012.

National Association of Hispanic Real Estate Professionals. *2014 State of Hispanic Homeownership Report*, 2014.

economic forecast more than three (or at most five) years out as highly speculative. At one year, one is protected from being disastrously wrong by the sheer inertia of the economic machine. A variety of factors or events could, however, cause growth forecasts to be substantially different.

5. Housing Need in Keizer

Project New Housing Units Needed in the Next 20 Years

The results of the housing needs analysis are based on: (1) the official population forecast for growth in Keizer over the 20-year planning period, (2) information about Keizer's housing market relative to Marion County, Oregon, and nearby cities, and (3) the demographic composition of Keizer's existing population and expected long-term changes in the demographics of Marion County.

Forecast for Housing Growth

This section describes the key assumptions and presents an estimate of new housing units needed in Keizer between 2019 and 2039. The key assumptions are based on the best available data and may rely on safe harbor provisions, when available.[26]

- **Population.** A 20-year population forecast (in this instance, 2019 to 2039) is the foundation for estimating needed new dwelling units. Keizer's UGB will grow from 39,395 persons in 2019[27] to 49,318 persons in 2039, an increase of 9,923 people.[28]
- **Persons in Group Quarters.[29]** Persons in group quarters do not consume standard housing units: thus, any forecast of new people in group quarters is typically derived from the population forecast for the purpose of estimating housing demand. Group

[26] A safe harbor is an assumption that a city can use in a housing needs analysis that the State has said will satisfy the requirements of Goal 14. OAR 660-024 defines a safe harbor as "… an optional course of action that a local government may use to satisfy a requirement of Goal 14. Use of a safe harbor prescribed in this division will satisfy the requirement for which it is prescribed. A safe harbor is not the only way, or necessarily the preferred way, to comply with a requirement and it is not intended to interpret the requirement for any purpose other than applying a safe harbor within this division."

[27] This forecast of population growth is based on the Oregon Population Forecast Program. Oregon's Population Forecast Program (currently) combines Keizer and Salem's population forecast because they share a joint Urban Growth Boundary (UGB). The City of Keizer, City of Salem, and Department of Land Conservation and Development (DLCD) collaborated to determine Keizer's portion of the shared population forecast. Previous population forecast divisions for Salem and Keizer uses a split of 84.4% for Salem's portion of UGB and 15.6% for Keizer's portion of UGB (2032 Keizer Adopted Forecast and 2035 Salem Adopted Forecast). To maintain consistency with previously adopted forecasts, collaborators agreed to use the same assumption (84.4% Salem's portion of UGB / 15.6% Keizer's portion of UGB). Assuming Keizer's portion of the population is 15.6% of the total, Keizer is forecast to grow from 38,466 people in 2017 to 49,821 people in 2040. ECONorthwest extrapolated the population forecast for 2017 (to 2039) and 2040 (to 2039).

[28] This forecast is based on 15.6% of the Salem/Keizer's UGB's official forecast from the Oregon Population Forecast Program for the 2019 to 2039 period.

[29] The Census Bureau's definition of group quarters is as follows: A group quarters is a place where people live or stay, in a group living arrangement, that is owned or managed by an entity or organization providing housing and/or services for the residents. The Census Bureau classifies all people not living in housing units (house, apartment, mobile home, rented rooms) as living in group quarters. There are two types of group quarters: (1) Institutional, such as correctional facilities, nursing homes, or mental hospitals and (2) Non-Institutional, such as college dormitories, military barracks, group homes, missions, or shelters.

quarters can have a big influence on housing in cities with colleges (dorms), prisons, or a large senior population (nursing homes). In general, any new requirements for these housing types will be met by institutions (colleges, government agencies, health-care corporations) operating outside what is typically defined as the housing market. Nonetheless, group quarters require residential land. They are typically built at densities that are comparable to that of multi-family dwellings.

The 2013-2017 American Community Survey shows that 0.9% of Keizer's population (358 people) was in group quarters. **For the 2019 to 2039 period, we assume that 0.9% of Keizer's new population, approximately 94 additional people, will be in group quarters.**

- **Household Size.** OAR 660-024 established a safe harbor assumption for average household size—which is the figure from the most-recent decennial Census at the time of the analysis. According to the 2013-2017 American Community Survey, the average household size in Keizer was 2.69 people. **Thus, for the 2019 to 2039 period, we assume an average household size of 2.69 persons.**

- **Vacancy Rate.** The Census defines vacancy as: "unoccupied housing units are considered vacant. Vacancy status is determined by the terms under which the unit may be occupied, e.g., for rent, for sale, or for seasonal use only." The 2010 Census identified vacant through an enumeration, separate from (but related to) the survey of households. The Census determines vacancy status and other characteristics of vacant units by enumerators obtaining information from property owners and managers, neighbors, rental agents, and others.

  Vacancy rates are cyclical and represent the lag between demand and the market's response to demand for additional dwelling units. Vacancy rates for rental and multifamily units are typically higher than those for owner-occupied and single-family dwelling units.

  OAR 660-024 established a safe harbor assumption for vacancy rate—which is the figure from the most-recent decennial Census. According to the 2013-2017 American Community Survey, Keizer's vacancy rate was 4.6%. **For the 2019 to 2039 period, we assume a vacancy rate of 4.6%.**

Keizer will have demand for 3,820 new dwelling units over the 20-year period, with an annual average of 191 dwelling units.

Exhibit 43. Forecast of demand for new dwelling units, Keizer UGB, 2019 to 2039

Source: Calculations by ECONorthwest.

Variable	New Dwelling Units (2019-2039)
Change in persons	9,923
minus Change in persons in group quarters	94
equals Persons in households	9,829
Average household size	2.69
New occupied DU	3,654
times Aggregate vacancy rate	4.6%
equals Vacant dwelling units	166
Total new dwelling units (2019-2039)	3,820
Annual average of new dwelling units	191

Housing Units Needed Over the Next 20 Years

Exhibit 43 presents a forecast of new housing in Keizer's UGB for the 2019 to 2039 period. This section determines the needed mix and density for the development of new housing developed over this 20-year period in Keizer.

> Note to reviewers: The following is draft conclusions. These may be refined through additional discussion and research.

In the future, the need for new housing developed in Keizer will generally include housing that is more affordable, with some housing located in walkable areas with access to services. This assumption is based on the following findings in the previous chapters:

- Demographic changes suggest moderate increases in demand for attached single-family housing and multifamily housing. The key demographic trends that will affect Keizer's future housing needs are: (1) the aging of the Baby Boomers, (2) aging of the Millennials, and (3) continued growth in Hispanic and Latino populations. Growth of these groups has the following implications for housing need in Keizer:
  - *Baby Boomers.* Growth in the number of seniors will have the biggest impacts on demand for new housing through demand for housing types specific to seniors, such as assisted living facilities or age-restricted developments. These households will make a variety of housing choices, including: remaining in their homes as long as they are able, downsizing to smaller single-family homes (detached and attached) or multifamily units, moving into age-restricted manufactured home parks (if space is available), or moving into group housing (such as assisted living facilities or nursing homes), as their health declines. In the last decade, medical advances and social motivations have allowed older adults in their 60s, 70s, and 80s to prolong moving or downsizing into smaller units.[30] This trend will slow as Baby Boomers continues to age. Minor increases in the share of Baby Boomers who downsize to smaller housing will result in increased demand for single-family attached, multifamily housing, and multi-generational housing types like accessory dwelling units. Some Baby Boomers may prefer housing in walkable neighborhoods, with access to services.
  - *Millennials.* Growth in Millennials will result in increased demand for both ownership and rental opportunities, with an emphasis on housing that is comparatively affordable. Some Millennials may prefer to locate in traditional single-family detached housing, at the edges of Keizer's UGB. Some Millennials will prefer to locate in walkable neighborhoods, possibly choosing small single-family detached houses, townhouses, or multifamily housing.
  - *Hispanic and Latino populations.* Growth in the number of Hispanic and Latino households will result in increased demand for housing of all types, both for

[30] Lehner, Josh. Fun Friday: Do People Really Downsize? Oregon Office of Economic Analysis. https://oregoneconomicanalysis.com/2018/05/18/fun-friday-do-people-really-downsize/

ownership and rentals, with an emphasis on housing that is comparatively affordable. Hispanic and Latino households are more likely to be larger than average, with more children and possibly with multigenerational households. The housing types that are most likely to be affordable to the majority of Hispanic and Latino households are existing lower-cost single-family housing, single-family housing with an accessory dwelling unit, and multifamily housing. In addition, growth in the number of farmworkers will increase need for affordable housing for farmworkers.

- About 36% of Keizer's households face housing affordability problems. About 54% of Keizer's renters have affordability problems. These factors indicate that Keizer needs more affordable housing types, especially for renters. A household earning median household income (about $67,300) could afford a home valued up to about $147,000, which is below the median home sales price of about $210,000 in Keizer.

  In addition, Keizer has a modest supply of multifamily housing, which accounts for 27% of the city's housing stock. Thirty-nine percent of Keizer's multifamily buildings are relatively small (2-4 units).

  Continued increases in housing costs may increase demand for denser housing (e.g., multifamily housing or smaller single-family housing). To the extent that denser housing types are more affordable than larger housing types, continued increases in housing costs will increase demand for denser housing.

These findings suggest that Keizer's needed housing mix is for a broader range of housing types than are currently available in Keizer's housing stock. The types of housing developments that Keizer will need to provide opportunity for over the next 20-years are: smaller single-family detached housing (e.g., cottages or small single-family detached units), manufactured housing, "traditional" single-family detached housing, townhouses, duplexes and quad-plexes, small apartment buildings, and larger apartment buildings.

Exhibit 43 shows a forecast of needed housing in the Keizer UGB during the 2019 to 2039 period. The projection is based on the following assumptions:

- Keizer's official forecast for population growth shows that the City will add 9,923 people over the 20-year period. Exhibit 43 shows that the new population will result in need for 3,820 new dwelling units over the 20-year period.
- The assumptions about the needed mix of housing in Exhibit 44 are:
  - **About 60% of new housing will be single-family detached**, a category which includes manufactured housing. Exhibit 3 shows that 69% of Keizer's housing was single-family detached in the 2013-2017 period.
  - **Nearly 7% of new housing will be single-family attached.** Exhibit 3 shows that 3% of Keizer's housing was single-family attached in the 2013-2017 period.
  - **About 33% of new housing will be multifamily**. Exhibit 3 shows that 27% of Keizer's housing was multifamily in the 2013-2017 period.

Note to reviewers: The final version of the document will only include a "needed mix" in the Exhibit below. The needed mix is intended to plan for housing that meets the housing needs of all residents of the Keizer portion of the UGB, at all levels of income. We will refine the "needed mix" through additional research and discussions with stakeholders, such as the PAC.

Keizer will have demand for 3,820 new dwelling units over the 20-year period, 60% of which will be single-family detached housing.

Exhibit 44. Forecast of demand for new dwelling units, Keizer UGB, 2019 to 2039

Source: Calculations by ECONorthwest.

Variable	Baseline Historical Housing Mix	Preliminary Needed Mix
Needed new dwelling units (2019-2039)	3,820	3,820
Dwelling units by structure type		
Single-family detached		
Percent single-family detached DU	69%	60%
equals **Total new single-family detached DU**	2,630	2,292
Single-family attached		
Percent single-family attached DU	4%	7%
equals **Total new single-family attached DU**	170	267
Multifamily		
Percent multifamily	27%	33%
Total new multifamily	1,020	1,261
equals Total new dwelling units (2019-2039)	**3,820**	**3,820**

The forecast of new units does not include dwellings that will be demolished and replaced. This analysis does not factor those units in; however, it assumes they will be replaced at the same site and will not create additional demand for residential land.

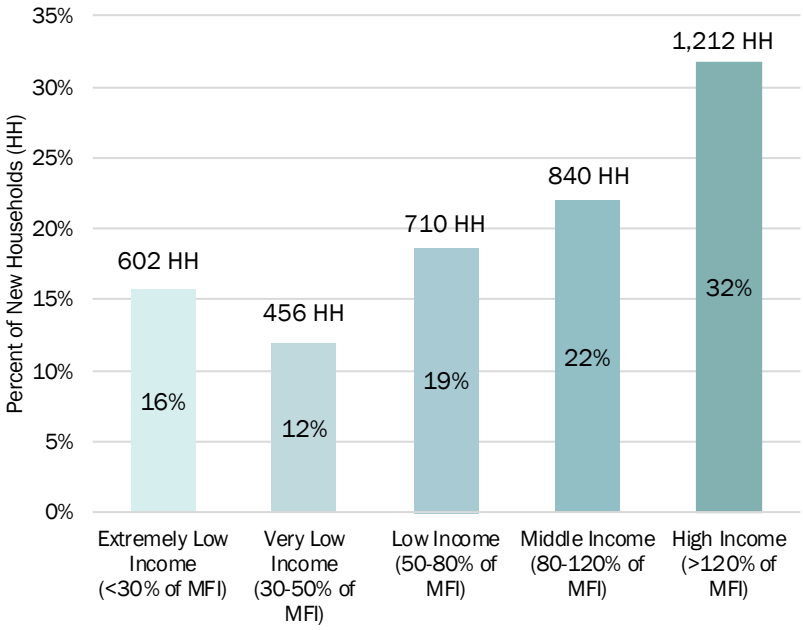
Needed Housing by Income Level

The next step in the housing needs analysis is to develop an estimate of need for housing by income and housing type. This analysis requires an estimate of the income distribution of current and future households in the community. Estimates presented in this section are based on (1) secondary data from the Census, and (2) analysis by ECONorthwest.

The analysis in the next Exhibit is based on American Community Survey data about income levels in Keizer, using information shown in Exhibit 43. Income is categorized into market segments consistent with HUD income level categories, using Marion County's 2018 Median Family Income (MFI) of $67,300. The Exhibit is based on current household income distribution, assuming that approximately the same percentage of households will be in each market segment in the future.

About 28% of Keizer's future households will have income below 50% of Marion County's median family income (less than $33,650 in 2016 dollars) and about 41% will have incomes between 50% and 120% of the county's MFI (between $33,650 and $80,760).

This trend shows a need for affordable housing types, such as government-subsidized affordable housing, manufactured homes, apartments, townhomes, duplexes, and smaller single-family homes.

Exhibit 45. Future (New) Households, by Median Family Income (MFI) for Marion County ($67,300), Keizer, 2019 to 2039

Source: U.S. Department of Housing and Urban Development. U.S. Census Bureau, 2012-2016 ACS Table 19001.